



# BULLETIN

BANK OF FINLAND

February 1994 Vol. 68 No. 2

Structural Changes in Finland's  
Net Foreign Debt

Reorganization of Financial  
Market Supervision in Finland

Demand for Different Payment  
Media in Finland

|  |     |
|--|-----|
| <b>Structural Changes in Finland's Net Foreign Debt</b><br>by Jorma Hietalahti   | 3   |
| <b>Reorganization of Financial Market Supervision in Finland</b><br>by Jorma Aranko  | 8   |
| <b>Demand for Different Payment Media in Finland</b><br>by Matti Virén   | 12  |
| Items: Presidential election<br>Finland's balance of payments in 1993<br>Direct investment capital flows in Finland's<br>balance of payments in 1993<br>Portfolio investment in Finland's balance of<br>payments in 1993<br>Publication of the Bank of Finland | 17  |
| Monetary and foreign exchange policy measures<br>from March 1993 to February 1994  | 20  |
| Finland in brief   | 22  |
| Statistics • List of tables on page  | S1  |
| Charts • List of charts on page  | S27 |

## PUBLISHER

**SUOMEN PANKKI  
FINLANDS BANK**

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

Telephone:  
National (90) 1831  
International + 358 0 1831

Telex: 121224 SPFB SF  
Telefax: 174872  
Cables: SUOMENPANKKI

Bulletin 2 • 94

**Editor-in-Chief**

Antero Arimo

**Editor**

Marja Hirvensalo-Niini

**Subscriptions**

Heli Virtanen

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

ISSN 0784-6509

Printed by Painatuskeskus Oy,  
Helsinki 1994

# STRUCTURAL CHANGES IN FINLAND'S NET FOREIGN DEBT

by **Jorma Hietalahti**, M Sc (Econ)  
 Monetary Policy Department  
 Bank of Finland

The past few years have seen a rapid increase in Finland's net foreign debt. Over the period 1988–1993, it tripled in relation to GDP (Chart 1). At present, Finland's net foreign debt (incl. direct investment and portfolio investment in shares) is equivalent to around 60 per cent of GDP and almost 60 per cent of GDP and almost two years' export earnings. At the end of 1993, Finland's net foreign debt amounted to FIM 277 billion.

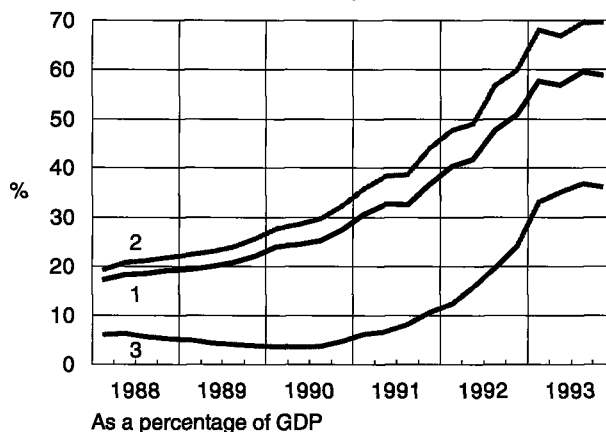
In the late 1980s, the growth of foreign debt was due to strong investment demand and a decline in the household saving ratio. With the onset of the 1990s, the current account deficit ceased widening as domestic demand started to slacken. The ensuing recession quickly eroded the tax base and swelled expenditure related to unemployment, with the result that the financial balance of the public sector deteriorated sharply.

Companies and the central government covered a substantial part of their financing requirements by raising foreign currency loans. Developments in the financial position of these sectors are reflected in the breakdown of foreign debt over the period 1988–1993: the private sector accumulated foreign debt in 1988–1990 and the central government in 1991–1993 (Table 1).

In 1988–1990, there was a net inflow of capital into the private sector totalling FIM 74 billion while the central government's capital inflows and outflows virtually offset each other (Table 1). In 1991–1993, the net capital flows of the central government and the private sector were massive but in opposite directions: net capital imports by

CHART 1.

## FINLAND'S NET FOREIGN DEBT



1. Total net debt  
 2. Net debt excl. direct investment  
 3. Central government's net foreign debt

TABLE 1. BREAKDOWN OF NET CAPITAL IMPORTS, 1988–1993<sup>1</sup>, BILLION FIM

|                             | 1988–1990 | 1991–1993 | Total |
|-----------------------------|-----------|-----------|-------|
| Private sector <sup>2</sup> | 73.8      | -82.2     | -8.4  |
| Central government          | -1.9      | 122.3     | 120.4 |
| Total                       | 71.9      | 40.1      | 112.0 |

<sup>1</sup> Preliminary figures for 1992 and 1993.

<sup>2</sup> Includes local government; the capital flows of this sector were modest in these years.

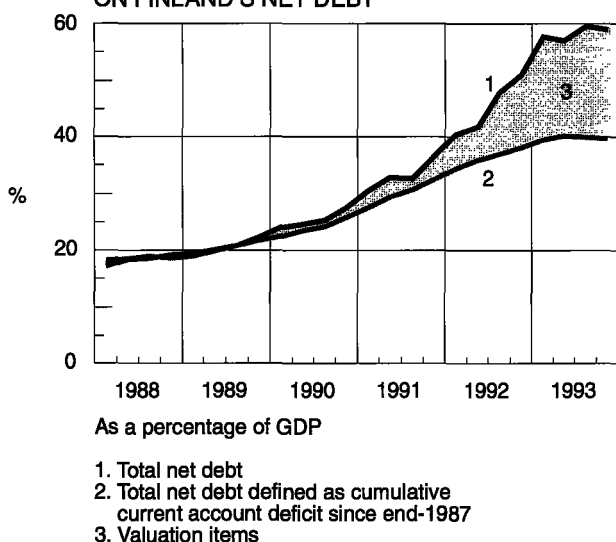
the central government amounted to FIM 122 billion and net capital exports by the private sector to FIM 82 billion (Table 1).

### VALUATION CHANGES TO NET FOREIGN DEBT

By definition, the current account deficit is equal to the increase in net foreign debt. In recent years, however, the link between the current account balance and the change in net foreign debt has been less

straightforward; because of valuation changes the difference between net debt positions at any two points in time has tended to deviate considerably from the cumulative current account deficit for the intervening period (Chart 2). The main valuation items are the depreciation of the markka vis-à-vis the currencies in which Finland's external liabilities are denominated, increases in the prices of markka-denominated securities and credit losses booked by banks. 3

CHART 2.

IMPACT OF VALUATION ITEMS  
ON FINLAND'S NET DEBTTABLE 2. NET DEBT OF THE PRIVATE SECTOR AND  
THE CENTRAL GOVERNMENT, 1991-1993,  
BILLION FIM

|                    | Net debt<br>1 Jan 1991<br>(1) | Net capital<br>imports<br>1991-1993<br>(2) | Valuation<br>items<br>1991-1993<br>(3) | Net debt<br>31 Dec 1993<br>(4)=1+2+3 |
|--------------------|-------------------------------|--|--|--------------------------------------|
| Central government | 24.7                          | 122.3                                      | 23.2                                   | 170.2                                |
| Private sector     | 151.6                         | -80.7                                      | 65.2                                   | 136.1                                |
| Total              | 176.3                         | 41.6                                       | 88.4                                   | 306.3                                |

In 1988-1990, the impact of valuation changes to net foreign debt was of minor significance—only some FIM 9 billion—and was due almost entirely to the effects of exchange rate movements. Thus, in these years, the change in net debt was of about the same magnitude as the current account deficit (Chart 2).

By contrast, valuation items made a major contribution to the growth of net foreign debt in the period 1991-1993 (Chart 2). Valuation changes during this period added FIM 23 billion to the central government's net foreign debt at the end of 1993 and FIM 65 billion to the private sector's net foreign debt (Table 4). Thus, they quickened the

build-up in the central government's net foreign debt and slowed the contraction in private sector debt. Without the effect of the valuation items in the period 1991-1993 Finland's net foreign debt would have been only 40 per cent of GDP at the end of 1993 (Chart 2).

**VALUATION ITEMS**

Of the various valuation items, exchange rate changes made the largest contribution to the increase in net debt in 1991-1993, reflecting the depreciation of the markka. The cumulative effect of exchange rate changes on the net debt position at the end of 1993 was

some FIM 65 billion.<sup>1</sup> Other valuation changes amounted to some FIM 23 billion (Table 2).

Other factors, besides exchange rate movements, affecting the valuation of net foreign debt were changes in the prices of markka-denominated bonds and in the stock market prices of Finnish shares. Prices of markka-denominated bonds rose as a consequence of the fall in Finnish interest rates. Share prices advanced strongly on the Helsinki Stock Exchange in 1993.

Both markka-denominated bonds and Finnish shares can now be sold freely to foreign investors. All controls on the sale of bonds abroad were lifted at the beginning of 1991 and two years later, at the beginning of 1993, restrictions on foreign ownership of shares in Finnish companies were abolished.

In 1991-1993, the rise in the price of markka securities raised the value of foreign holdings of these securities by FIM 21 billion in the end-1993 figures for net debt (Table 5). In 1993 alone, soaring share prices raised the value of shares held by foreign investors by FIM 12 billion; thus, the impact of valuation items was equivalent to more than twice the value of foreigner holdings of Finnish shares at the beginning of 1993. The market value of markka bonds increased by FIM 9 billion in the period 1991-1993.

The combined impact of exchange rate movements and changes in the prices of securi-

<sup>1</sup> The effect of exchange rate changes on net debt has been calculated according to the currency composition of net foreign debt (excl. direct investment). At the end of 1992, the currency composition of net foreign debt was as follows: the US dollar 25 per cent, the deutschmark 22 per cent, the Japanese yen and ECU 12 per cent each, the markka 10 per cent and other currencies 19 per cent. In the three-year period from the beginning of 1991 to the end of 1993, the Japanese yen appreciated by just under 70 per cent vis-à-vis the markka, the US dollar by some 60 per cent and the deutschmark by some 40 per cent. The ECU appreciated by over 30 per cent against the markka from the time the markka was pegged to the ECU in June 1991 until the end of 1993.

ties over the period 1991–1993 was some FIM 86 billion. The contribution of other factors to valuation changes was thus some FIM 2 billion (Table 2). By the end of 1993, banks had written off foreign loans as credit losses to the value of a few billion markkaa.

### **BUILD-UP OF PRIVATE SECTOR DEBT IN 1988–1990**

The economic boom and the removal of controls on companies' foreign borrowing were the main reasons for the massive capital imports by the private sector in the late 1980s. Exchange controls on foreign borrowing by the business sector were gradually dismantled in the years 1986–1990. During this period, the private sector's net foreign debt in relation to GDP doubled, amounting to about 30 per cent of GDP at the end of 1990.

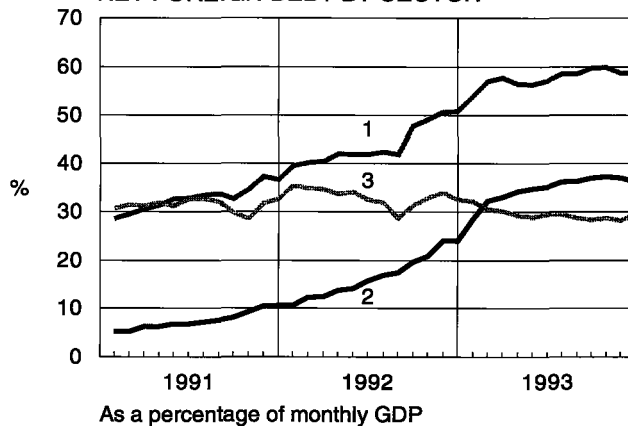
Companies were attracted to foreign currency borrowing by the large interest rate differential which had opened up between domestic and foreign interest rates. Deregulation made it easier for small companies and companies operating in the sheltered sector of the economy, in particular, to finance their investment with foreign capital. Banks began to actively market currency basket loans, which was a contributory factor to the popularity of foreign currency borrowing. These loans were designed to minimize the risks associated with exchange rate movements in individual currencies. At the end of 1990, outstanding domestic foreign currency loans – ie foreign currency loans granted by domestic financial institutions – amounted to FIM 101 billion.

Companies' direct long-term liabilities to foreign lenders also grew from some FIM 23 billion to FIM 44 billion in the period 1988–1990. As a rule, only large companies are able to raise loans directly from abroad.

Owing to high tax revenues, the central government posted

**CHART 3.**

### **NET FOREIGN DEBT BY SECTOR**



As a percentage of monthly GDP

1. Total net debt
2. Central government's net foreign debt
3. Private sector's net foreign debt

a financial surplus in 1988–1990. From 6.6 per cent at the end of 1987, the central government's net foreign debt in relation to GDP fell to 3.6 per cent in mid-1990, its lowest level since 1976 (Chart 1).

### **BUILD-UP OF CENTRAL GOVERNMENT DEBT IN 1991–1993**

In autumn 1990, the central government's financial position deteriorated rapidly. Central government revenue declined as a result of the recession while expenditure continued to rise. In 1991–1993, the central government borrowed a total of FIM 122 billion from abroad, of which FIM 109 billion consisted of foreign currency financing and FIM 13 billion of negotiable markka-denominated bonds.

The central government's massive capital imports led to a change in the sectoral structure of Finland's net foreign debt: as a counterweight to the build-up in central government debt the private sector ran down its external liabilities. In early 1993, the central government's net foreign debt exceeded that of the private sector (Chart 3). This was a historic turning point as

the net foreign debt of the central government has traditionally been smaller than that of the private sector in Finland.

At the end of 1993, the central government's foreign debt accounted for 36 per cent of GDP, ie ten times the corresponding figure for mid-1990 (Chart 1). Foreign currency liabilities accounted for FIM 157 billion – some 61 per cent – of the central government's total debt.

In 1991–1993, the central government's borrowing from abroad took place almost exclusively in the form of bond issues. The bulk of the bonds issued are bullet bonds with several years' maturity, repayments on which have not yet started. Interest payments on the central government's foreign currency debt rose to as high as FIM 10 billion in 1993.

Part of the central government's foreign financing has gone to supporting the banking sector. Banks, in turn, have used part of the support provided to run down their foreign liabilities. Thus, in this regard the banks' foreign debt has been converted into the central government's foreign debt.

## REDUCTION IN PRIVATE SECTOR DEBT IN 1991-1993

At the end of 1993, the private sector's net foreign debt amounted to just under 30 per cent of GDP (Chart 3). The reduction in private sector debt has been curbed by valuation changes, which in relative terms have had a larger effect on the private sector's net foreign debt than on that of the central government.

The heavy capital exports of the private sector in 1991-1993 were mainly reflected in a contraction in banks' net foreign debt. This, in turn, was associated with a decrease in companies' foreign currency loans in banks' balance sheets. By contrast, the net foreign debt of companies (excl. direct investment and shares) and other financial institutions increased slightly over these years.

As for the banks' net debt, the short-term component decreased most, by some FIM 85 billion in net terms in 1991-1993 (Table 3). At the end of 1993, it stood at a mere FIM 5 billion, with both gross liabilities and gross assets each totalling some FIM 60 billion.

The reduction in the banks' net foreign debt was associated with repayments of domestic foreign currency loans by companies. However, the realization of exchange rate risks, decline in domestic interest rates and fall in investment prompted companies to pay off these loans or convert them into markka ones. A major impetus to the decision to abandon foreign currency loans was the exchange rate losses incurred in 1991-1993 as a result of the devaluation and subsequent floating of the markka. Companies paid back domestic foreign cur-

rency loans totalling over FIM 60 billion in net terms in the period 1991-1993, which explains a large part of the decrease in banks' net foreign debt (Tables 3 and 4).

In net terms, loans raised by companies in their own name increased somewhat in the period 1991-1993. These loans were used by large companies, which were able to raise financing themselves in the international financial markets. Many of them are engaged in foreign trade and thus in a better position to avoid exchange rate losses.

At the end of 1993, companies' long-term foreign currency loans amounted to some FIM 140 billion (Table 4) and were evenly divided between loans raised by companies in their own name and those raised from domestic banks. The total amount of loans outstanding at the end of the year was only just under FIM 10 billion less than three years earlier although companies had repaid loans raised from domestic banks to the net amount of more than FIM 60 billion over this period (Table 4). The small decrease in the outstanding debt was attributable to valuation changes, which raised the amount of these loans by FIM 50 billion at the end of 1993.

TABLE 3. BANKS' NET FOREIGN DEBT, BILLION FIM

|                     | Net debt<br>1 Jan 1991 | Drawings -<br>repayments<br>1991-1993 | Valuation<br>items<br>1991-1993 | Net debt<br>31 Dec 1993 |
|---------------------|------------------------|---------------------------------------|---------------------------------|-------------------------|
|                     | (1)                    | (2)                                   | (3)                             | (4)=1+2+3               |
| Net long-term debt  | 28.0                   | -9.8                                  | 23.4                            | 41.6                    |
| Net short-term debt | 79.3                   | -85.8                                 | 11.0                            | 4.5                     |
| Net debt            | 107.3                  | -95.6                                 | 34.4                            | 46.1                    |

TABLE 4. COMPANIES' LONG-TERM FOREIGN CURRENCY LOANS, BILLION FIM

|  | Outstanding<br>debt<br>1 Jan 1991 | Drawings -<br>repayments<br>1991-1993 | Valuation<br>items<br>1991-1993 | Outstanding<br>debt<br>31 Dec 1993 |
|--|-----------------------------------|---------------------------------------|---------------------------------|------------------------------------|
|  | (1)                               | (2)                                   | (3)                             | (4)=1+2+3                          |
| Raised by companies<br>in their own name       | 44.1                              | 5.4                                   | 22.6                            | 72.1                               |
| Raised from domestic<br>financial institutions | 101.3                             | -64.1                                 | 28.1                            | 65.3                               |
| Total  | 145.4                             | -58.7                                 | 50.7                            | 137.4                              |

TABLE 5. FOREIGN HOLDINGS OF MARKKA-DENOMINATED SECURITIES, BILLION FIM

|         | Holdings<br>1 Jan 1991 | Net sales<br>1991-1993 | Change in prices<br>1991-1993 | Holdings<br>31 Dec 1993 |
|---------|------------------------|------------------------|-------------------------------|-------------------------|
|         | (1)                    | (2)                    | (3)                           | (4)=1+2+3               |
| Shares  | 5.0                    | 13.2                   | 12.3                          | 30.5                    |
| Bonds   | 4.4                    | 9.9                    | 9.5                           | 23.8                    |
| 6 Total | 9.4                    | 23.1                   | 21.8                          | 54.3                    |

## CHANGES IN MARKKA-DENOMINATED SECURITIES IN 1991-1993

At the end of 1992, markka-denominated debt amounted to some FIM 50 billion, accounting for about 20 per cent of Finland's net foreign debt (incl. direct investment and portfolio investment in shares). At the end of 1993, it totalled some FIM 85 billion, accounting for about 30 per cent of the net debt. The increase was due to heavy sales of markka-denominated securities to foreign investors in 1993.

In the period 1991-1993, net sales of markka-denominated bonds to foreign investors amounted to FIM 9.9 billion (Table 5). Net sales of govern-

ment bonds totalled FIM 13.0 billion, whereas net repurchases of private sector bonds totalled FIM 3.1 billion. At the end of 1993, the amount of markka-denominated bonds held by foreign investors stood at FIM 23.8 billion (Table 5).

In the course of 1993, net sales of Finnish shares abroad amounted to FIM 12.7 billion, of which some FIM 8 billion worth was sold through the Helsinki Stock Exchange and about FIM 4 billion was in the form of targeted issues (Table 5). Some FIM 11 billion of the shares sold were corporate sector shares.

Prices of markka-denominated securities and Finnish

shares traded in the secondary market were sensitive to pressures on the markka. Investments by foreigners in Finnish securities have substantially increased investors' exposure to the markka, which is an indication of stronger confidence in the markka. At the end of 1993, foreigners' markka investments in Finland amounted to FIM 54.3 billion. On the other hand, foreigners sold markkaa in the forward market, and their net forward position against markka stood at FIM 7.5 billion at the end of 1993.

In recent months, balance has been restored to Finland's current account and there was a

cumulative surplus of FIM 2 billion for the eight months from May to December 1993. In addition, the markka has been appreciating in recent months so that the impact of valuation changes to net foreign debt arising from exchange rate movements is diminishing. Thus it seems that the period of rapid accumulation of foreign debt is now over.

3 February 1994

# REORGANIZATION OF FINANCIAL MARKET SUPERVISION IN FINLAND

by **Jorma Aranko**, Director General  
Financial Supervision Authority

## FROM BOOM TO BUST

During the second half of the 1980s, the last vestiges of credit control, exercised by the central bank since the war years, were abolished. True money and capital markets emerged, new financial instruments were created and there was an unprecedented boom in lending and investment activity.

The dismantling of exchange controls on capital movements was an important element of this process. The credit standing of Finnish financial institutions and major corporate borrowers in the international financial community was excellent, thus ensuring the availability of ample additional liquidity.

As funding was no longer the scarce resource, competition between the lending institutions switched from the liabilities side of the balance sheet to the acquisition of new assets. A fierce battle for market shares in lending ensued.

Unfortunately, the boom was soon followed by a bust. In the space of just five years, from 1988 to 1992, the Finnish deposit banks experienced both their best and worst results ever. A pre-tax profit of nearly FIM 5 billion in 1988 turned into a loss of almost FIM 22 billion in 1992.

One of the main factors contributing to this disastrous development was the inadequate attention paid by the banks to their risk management in general and lending practices in particular.

Up until the 1990s, credit losses had constituted a relatively minor item in the banks' balance sheets. During the five-year period mentioned above, however, a 'quantum leap' took place as the losses grew by a factor of 20 from FIM 1.1 billion

(0.3 per cent of total loans) to FIM 22 billion (4.7 per cent).

## INEFFECTIVE LEGISLATION

In the 1980s, there had been some awareness of the necessity to rewrite the statutory framework within which the financial markets operated. The banking laws were revised over the period 1984-91, and a completely new set of laws governing the securities and derivatives markets was drafted and enacted in 1988-89.

However, in the general euphoria brought about by the new financial freedom and strong economic growth, this awareness was not keen enough. On the contrary, the prevailing mood was overwhelmingly opportunistic. Accordingly, the whole idea of reg-

ulation was regarded as harmful, and something which belonged to the past.

The reform of the legal structures came belatedly, and it did not go sufficiently far in the direction of stricter criteria for the monitoring and management of risks. The Banking Supervision Act was left unchanged save for the technical amendments made necessary by corresponding changes in the banking laws and the fact that the Banking Supervision Office also became responsible for the monitoring and regulating of the securities and derivatives markets.

The form of prudential supervision of the banking system originally conceived in 1922 and last revised in 1970 had quite clearly become ineffective and unable to cope with its in-

TABLE. KEY FIGURES FOR THE FINNISH DEPOSIT BANKS, 1988-31 AUGUST 1993, BILLION FIM\*

| All deposit banks / Year                                    | 1988  | 1989  | 1990  | 1991  | 1992  | 1-8/<br>1993 |
|---|-------|-------|-------|-------|-------|--------------|
| Income from financial operations                            | 12.2  | 12.9  | 15.0  | 13.9  | 10.6  | 9.0          |
| Other income  | 9.3   | 10.4  | 10.0  | 10.3  | 12.0  | 8.0          |
| Total income  | 21.5  | 23.3  | 25.0  | 24.2  | 22.6  | 17.0         |
| Expenses  | 14.1  | 16.5  | 17.9  | 18.7  | 18.8  | 12.3         |
| - staff costs   | 7.3   | 8.4   | 9.1   | 8.9   | 8.5   | 5.5          |
| Credit and guarantee losses                                 | 1.1   | 1.8   | 2.5   | 7.6   | 22.0  | 10.0         |
| Operating profit  | 6.3   | 5.0   | 4.6   | -2.1  | -18.2 | -5.3         |
| Depreciation  | 1.5   | 1.8   | 2.2   | 2.7   | 3.5   | 1.2          |
| Profit before extraordinary items, appropriations and taxes | 4.8   | 3.2   | 2.4   | -4.8  | -21.7 | -6.5         |
| Lending to the public                                       | 382.2 | 447.3 | 491.3 | 492.0 | 470.2 | 438.7        |
| Total assets  | 645.3 | 742.3 | 791.3 | 801.6 | 798.9 | 767.9        |
| Non-performing assets, net                                  |       |       |       | 41.8  | 55.0  | 59.7         |
| Capital adequacy (BIS), %                                   |       |       |       |       |       |              |
| - commercial banks  |       |       |       | 9.7   | 10.7  | 10.9         |

\* Groups consolidated



creasing duties in a complex and exacting new environment.<sup>1</sup>

As the losses continued to mount and the central bank and the government were required to come to the assistance of the banking system, the thinking began to change. The fact that deregulation should have been followed by effective reregulation of a new kind became generally accepted.

### **NEW LEGISLATION ON FINANCIAL SUPERVISION – THE FINANCIAL SUPERVISION AUTHORITY LINKED TO THE BANK OF FINLAND**

In 1992, a working group sat down to look at the various options available for modernizing and strengthening the supervisory system.

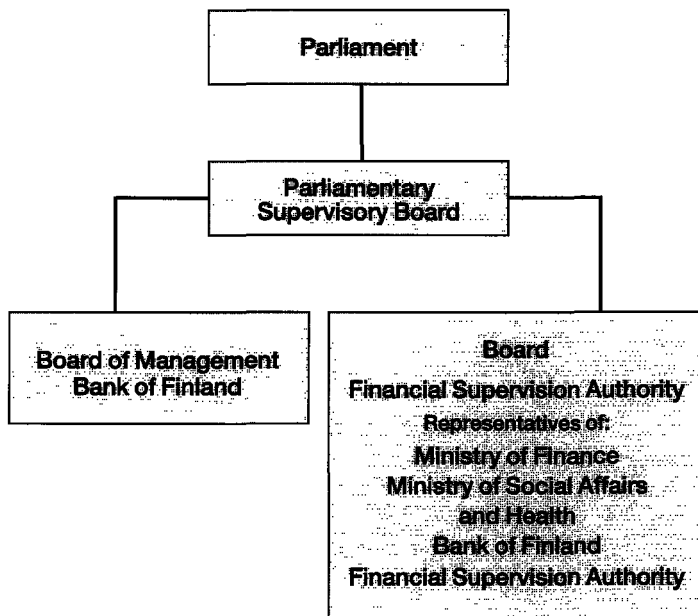
There had already been close cooperation between the central bank and the supervisory authority. The two institutions had parallel objectives and, as the latter was suffering from a chronic lack of resources, the central bank had in fact carried out certain of the authority's duties, especially in the fields of risk monitoring and the banks' foreign exchange operations.

It was therefore only natural that the working group should finally agree on a solution whereby the supervisory authority was incorporated into the administration of the central bank.

By officially combining the resources of the two institutions, considerable gains in efficiency and status could be achieved for the supervisory system with the least cost in terms of administration, reporting, data processing and research.

In order to prevent conflicts of interest and to preserve the legal right of appeal that the supervised institutions enjoy with regard to the decisions made by the supervisory body, the de-

CHART 1. STATUS OF THE FINANCIAL SUPERVISION AUTHORITY



cision-making processes of the Bank of Finland and the Financial Supervision Authority were kept strictly separate. Hence, for example, each has its own Board.

### **ORGANIZATION OF THE FINANCIAL SUPERVISION AUTHORITY**

The three key important reference groups, i.e. the Ministry of Finance as the norm-setter, the Bank of Finland as the lender of last resort and the Ministry of Health and Social Affairs in its capacity as the supervisor of insurance companies and pension funds, all have seats on the Board.

The Board deals with all general guidelines and notices issued by the Financial Supervision Authority, the appointment of leading officers and other important matters of principle. The representative of the Bank of Finland acts as *ex officio* Chairman of the Board.

All matters pertaining to any individual supervised entity are decided by the Director General, after discussion in the Man-

agement Group. The Management Group consists of an Adviser and all Unit Heads.

The Parliamentary Supervisory Board, together with the external auditors of the Bank of Finland, conduct an *ex post* review of the activities of the Financial Supervision Authority.

The Act on the Financial Supervision Authority became effective on 1 October 1993. The move to new premises took place the following week, and the new organization was completed by the end of the year.

Fourteen members of the Bank of Finland staff with special skills in the monitoring of risks and analytical work moved over to the Financial Supervision Authority, and a further seven staff will be recruited in the first weeks of 1994.

### **NEAR-TERM CHALLENGES**

Simultaneously with the process of reorganizing the supervisory system, the banking laws were brought in line with the requirements of the EEA treaty. The Credit Institutions Act en-

<sup>1</sup> Readers interested in finding out more about the history of banking supervision in Finland are referred to an article on the subject in the 1991 Special Issue of the Bank of Finland Bulletin, Financial Markets in Finland.

CHART 2. ORGANIZATION CHART OF THE FINANCIAL SUPERVISION AUTHORITY

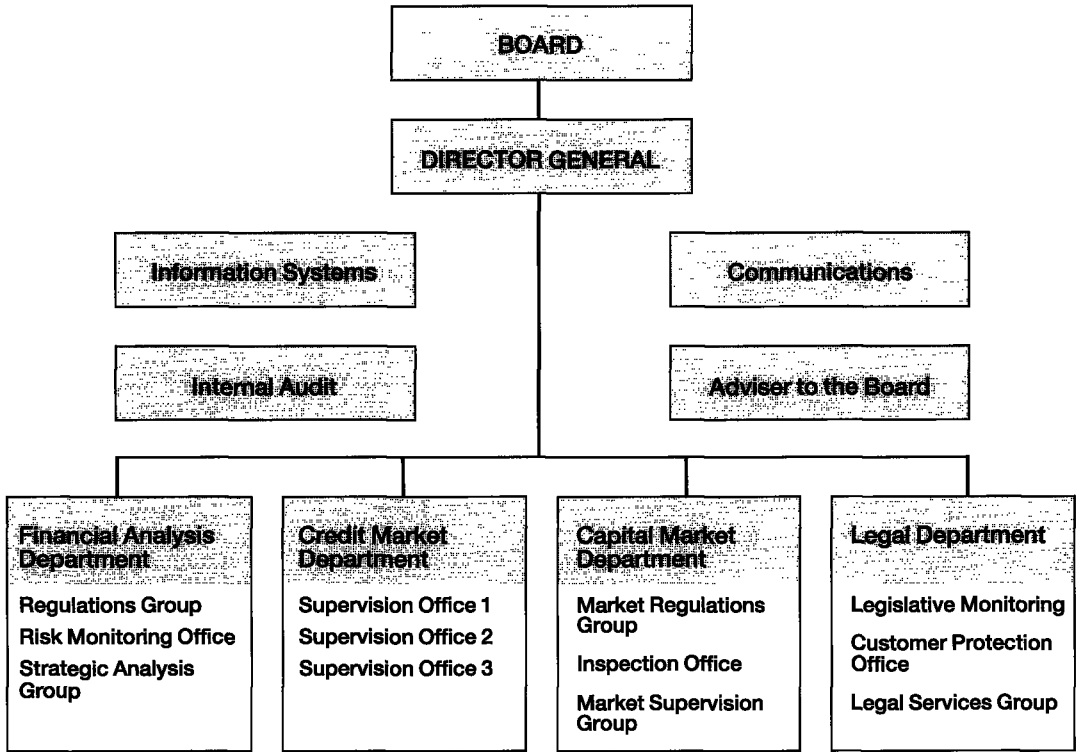
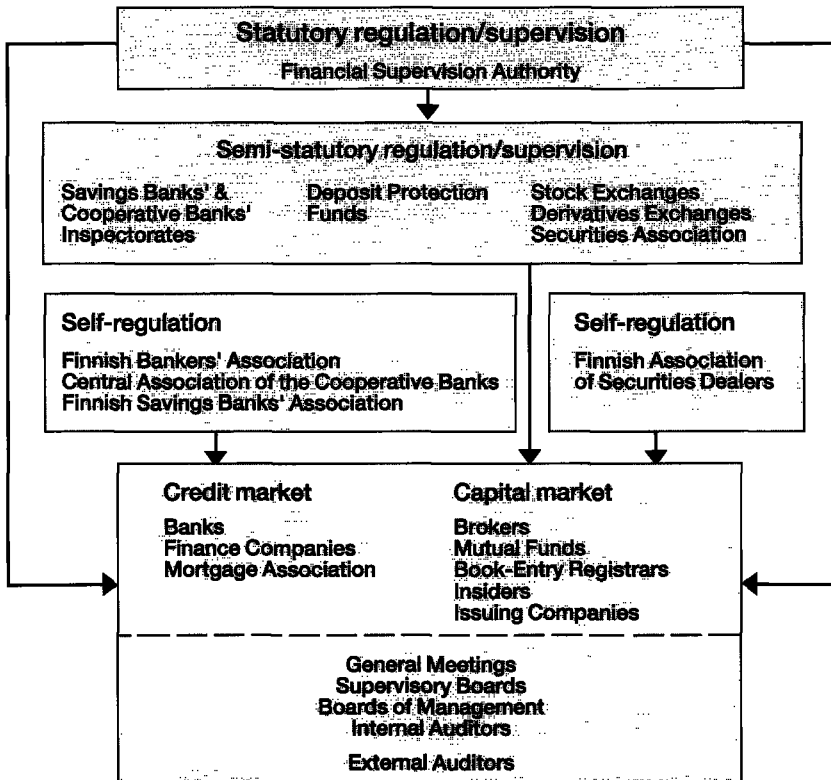


CHART 3. STRUCTURE OF FINANCIAL SUPERVISION IN FINLAND



tered into force on 1 January 1994.

The Financial Supervision Authority will issue a new set of corresponding guidelines and notices by the beginning of February.

The objectives and methods employed in the supervisory work will remain largely unchanged. The principal objective is the promotion and maintenance of public confidence in the financial system. In addition, the Financial Supervision Authority is charged with certain duties regarding customer protection as well as with the prevention of competitive mispractices.

The work towards the achievement of these objectives is carried out through an ongoing dialogue with the su-

pervised institutions and their customers, analysis of reports and on-site inspections. Developments in the securities markets are monitored, *inter alia*, on a real-time basis through a link with the electronic securities and derivatives trading systems.

All new issue prospectuses require approval by the Financial Supervision Authority prior to their release to potential investors.

The most urgent problems that are having to be addressed are connected with the banks' lending practices in general and with large exposures in particular. In credit analysis, more emphasis than hitherto is being placed on the application of the cash flow method in analyzing the creditworthiness of customers, the value of collater-

al and the profitability of projects to be financed.

In the more distant future, one of the most prominent legislative changes will be the reform of the deposit guarantee scheme with a view to reducing the present 100 per cent protection extended to all bank deposits. Special attention will have to be given to aspects that will reduce the likelihood of problems spreading through the entire banking system, should part of it lose its credibility in the eyes of investors and depositors. One of the options that could be considered in this context is the 'narrow banks' concept.

14 January 1994

# DEMAND FOR DIFFERENT PAYMENT MEDIA IN FINLAND

by **Matti Virén**<sup>1</sup>,  
Professor of Economics  
University of Turku

**T**his article summarizes some of the main findings of a recent Finnish survey study dealing with the use of different payment media in Finland (see Virén, 1993a). The purpose of the study was to find out the shares of different payment instruments and to examine how these shares are related to such personal characteristics as age, income, labour force participation and sex and to the size and timing of payments. The results of this survey can be used in forecasting the future demand for payment media and, in particular, the demand for notes and coin.

The demand for notes and coin is, of course, very important from the central bank's point of view, one obvious reason being the seigniorage which accrues to the central bank from currency in circulation. In Finland, currency is used very little while bank and postal giro transfers and debit and credit cards are used considerably more than on average in OECD countries.<sup>2</sup> In fact, the currency/GDP ratio is one of the lowest in the world, as can be seen from Table 1. A low currency ratio, in turn, implies a low level of seigniorage, which shows up in the central bank's total revenue. If seigniorage is already small, the central bank is obviously interested in future developments in the use of cur-

rency. If the use of currency seems likely to diminish to an insignificant level as a result of the increased use of other payment media, particularly payment cards of various kinds, the central bank will have to look for alternative sources of revenue. The use of currency could diminish not only because of the more widespread use of 'traditional' payment cards but also because of the introduction of new electronic ('smart') cards replacing notes and coin.

Seigniorage is not the only reason – nor necessarily even the most important reason – why central banks are interested in the development of payment media. Typically, all central banks, including the Bank of Finland, are responsible for the

stability and efficiency of payment systems. This responsibility is likely to assume greater importance in the future along with the development of increasingly sophisticated payment technology, and problems could become more frequent. Central banks also have to decide what kind of role they wish to play in the development of payment systems and payment technology. Irrespective of how active they are, they need more information on current payment systems and payment media. Finally, it should be pointed out that the development of payment media will also affect the medium-term targets and operating procedures of monetary policy.

TABLE 1. SOME INTERNATIONAL COMPARISONS OF PAYMENT SYSTEMS IN 1990

|                    | ATMs per capita | Share of card payments, % | Currency/ GDP, % | Seigniorage/ GDP, % |
|--------------------|-----------------|---------------------------|------------------|---------------------|
| Belgium            | .09             | 11                        | 6.7              | .61                 |
| Denmark            | .20             | 14                        | 2.8              | .51                 |
| Finland            | .57             | 14                        | 2.8              | .20                 |
| France             | .26             | 15                        | 4.1              | .52                 |
| Germany            | .18             | 1                         | 6.4              | .81                 |
| Italy              | .17             | 3                         | 4.8              | 1.07                |
| Japan              | .72             | 22                        | 10.0             | .61                 |
| Netherlands        | .18             | 2                         | 7.5              | .68                 |
| Norway             | .41             | 7                         | 5.0              | .60                 |
| Spain              | .36             | 9                         | 8.4              | 2.59                |
| Sweden             | .23             | 17                        | 4.6              | .81                 |
| Switzerland        | .33             | 6                         | 8.1              | ..                  |
| UK                 | .30             | 14                        | 2.9              | .41                 |
| United States      | .37             | 15                        | 4.5              | .49                 |
| Unweighted average | .31             | 11                        | 5.6              | .76                 |

ATMs per capita denotes the number of automated teller machines (ATM) and cash dispensers per 1000 inhabitants while the share of card payments denotes the value share of debit and credit card payments in all payments (excluding cash payments). Sources: Payment Systems in Eleven Developed Countries (BIS), 1991; Payment Systems in EC Member States (Committee of Governors of the Central Banks of the Member States of the European Community; prepared by an *ad hoc* Working Group on EC Payment Systems), 1992; The Finnish Bankers' Association and the author's calculations. The seigniorage estimates are annual averages for 1988–1991. The estimates have been derived using the so-called opportunity cost definition of seigniorage (see, eg, Gros, 1989).

<sup>1</sup> Professor Virén is a former research supervisor at the Bank of Finland. He currently serves as a research consultant for some of the Bank's research projects.

<sup>2</sup> Cheques are not used in everyday transactions by households. Overall, the Finnish payment system can be described as fairly advanced. For further international comparisons, see Boeschoten (1992).

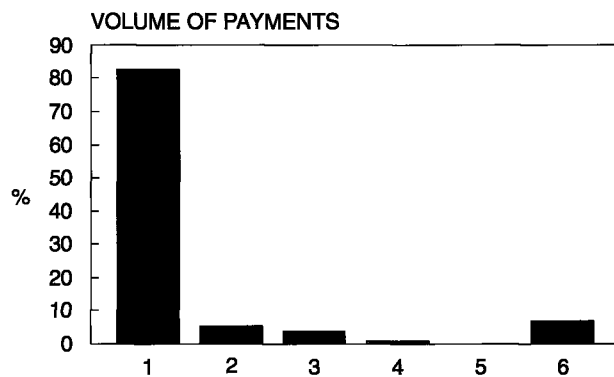
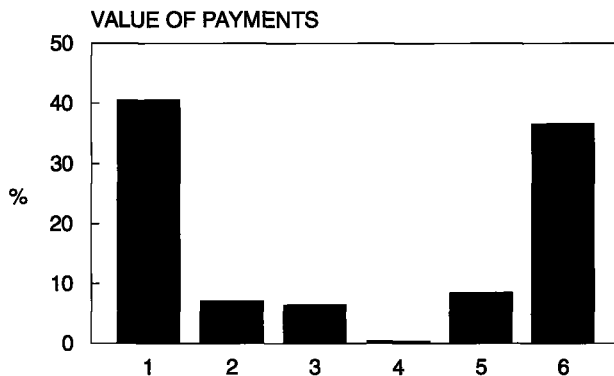
## SOCIOECONOMIC DETERMINANTS OF THE CHOICE OF PAYMENT MEDIA

The survey study was conducted in October-November 1992 among staff (current and retired) of the Bank of Finland and its branches, the note-printing works (Setec Oy) and the Mint of Finland Ltd (Rahapaja Oy). The final sample size (ie number of respondents) was 554. Each person recorded all payments over a period of 32 sample days, noting the exact amount of each payment and the payment medium used. In addition, there were background questions on age, sex, labour force status and cash holdings (for further details, see Virén, 1993a). To check the quality of the answers in this survey study, another survey was commissioned from the market research company Suomen Gallup Oy. The sample used in this survey was slightly larger (673) but only a few questions were asked. The results obtained from this survey were broadly in line with those of the Bank of Finland survey. In particular, both surveys suggested that one-third of all notes and coin is held by households. The distribution of cash holdings by denomination was, however, very similar to that in the Bank of Finland's balance sheet (see Virén, 1993b, for further details).

Chart 1 summarizes the survey findings. The upper panel of Chart 1 shows the shares of different payment media in the value of all payments over the one-month interval. The lower panel shows their respective shares in the volume (number) of all transactions. The figures show that cash is still the most widely used means of payment in Finland. About 40 per cent of all payments are made using cash and slightly less by means of bank or postal giro transfers. The shares of debit cards issued by banks and credit cards are about the same, somewhat less than 10 per cent. The role of cash is much more important in terms of the volume of transactions;

CHART 1.

### PERCENTAGE SHARES OF DIFFERENT PAYMENT MEDIA IN ALL PAYMENTS



1. Cash
2. Debit cards
3. Credit cards
4. Other (food stamps, direct credits etc)
5. Cheques
6. Transfers (bank and postal giro)

more than 80 per cent of all transactions are made in cash. Clearly, this indicates that cash is used mainly in small transactions and that the number of small transactions exceeds the number of large transactions.

Before dealing with the size of transactions, we briefly consider the role of personal characteristics in the choice of payment media. Table 2 contains some sample average values for the shares of different payment media. The figures in this table are easy to interpret. Thus, for example, it can be stated that the use of cash increases with age,<sup>3</sup> there is only a small difference in the use of cash between males and females, retired people use much more

cash than people who are in the labour force and, finally, people with high expenditure use less cash in relative terms. Actually, cash holdings increase along with the total value of payments.<sup>4</sup> It is interesting to note that the use of debit and credit

<sup>3</sup> The very young constitute an exception to this rule. One obvious explanation for this is that many of them do not have a regular job and thus cannot obtain a credit card. On the other hand, their outlays on housing expenditure are presumably rather low and thus bank and postal giro transfers are not needed to the same extent as with older people.

<sup>4</sup> A money demand function estimated from these cross-section data gives an estimate of 0.3 for the transactions elasticity of cash. Thus, it seems that there are clear returns to scale in the holding of cash. For further details, see Virén (1993a).

TABLE 2. USE OF DIFFERENT PAYMENT MEDIA AMONG DIFFERENT GROUPS OF PERSONS, PER CENT

|                  | Cash | Debit cards | Credit cards | Other | Cheques | Transfers |
|------------------|------|-------------|--------------|-------|---------|-----------|
| Age              |      |             |              |       |         |           |
| Below 25         | 50.8 | 11.4        | 5.2          | 0.6   | 0.0     | 32.3      |
| 25-30            | 29.1 | 7.5         | 3.8          | 0.6   | 0.0     | 59.0      |
| 31-35            | 42.1 | 10.2        | 10.1         | 0.2   | 0.0     | 37.4      |
| 36-40            | 44.7 | 8.3         | 8.4          | 0.4   | 0.0     | 38.3      |
| 41-45            | 30.4 | 5.6         | 4.8          | 0.2   | 27.0    | 32.0      |
| 46-50            | 41.6 | 7.6         | 7.4          | 0.7   | 0.1     | 42.7      |
| 51-55            | 54.2 | 4.1         | 7.1          | 0.8   | 0.1     | 33.8      |
| 56-60            | 47.2 | 7.5         | 8.8          | 0.1   | 0.0     | 36.4      |
| 61-65            | 55.3 | 13.2        | 4.4          | 1.1   | 0.0     | 26.0      |
| 66-99            | 60.4 | 3.8         | 6.7          | 0.8   | 2.0     | 26.3      |
| Female           | 38.9 | 6.3         | 5.6          | 0.5   | 13.5    | 35.3      |
| Male             | 42.5 | 8.5         | 7.7          | 0.2   | 1.2     | 39.9      |
| Working          | 38.0 | 6.8         | 6.4          | 0.4   | 10.1    | 38.4      |
| Retired          | 56.4 | 8.2         | 7.3          | 0.7   | 0.8     | 26.6      |
| High expenditure | 33.6 | 6.5         | 6.7          | 0.3   | 11.4    | 41.6      |
| Low expenditure  | 62.2 | 9.0         | 5.8          | 0.7   | 0.1     | 22.2      |
| All              | 40.6 | 7.1         | 6.5          | 0.4   | 8.6     | 36.8      |

All figures are value shares. 'Transfers' denotes payments by bank or postal giro and 'other' denotes payments made by means of food stamps, direct debit etc. 'High (low) expenditure' denotes above (below) median expenditure. Owing to rounding the rows do not always add up to 100.

cards does not seem to be highly dependent on age. The same is true for labour force participation status, the difference between retired people and those in the labour force being almost negligible. This suggests that future cohort effects in the use of debit and credit cards may not be important.

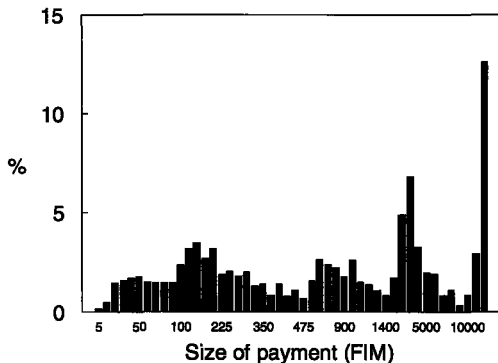
**PAYMENT SIZE AND THE CHOICE OF PAYMENT MEDIA**

Perhaps the most interesting results of the survey concern the relationship between the size of payment and the choice of payment media. Chart 2 gives information on the distribution of all payments in Finnish markkaa. Both the frequency distribution and the cumulative frequency distribution are shown for the value and volume of all

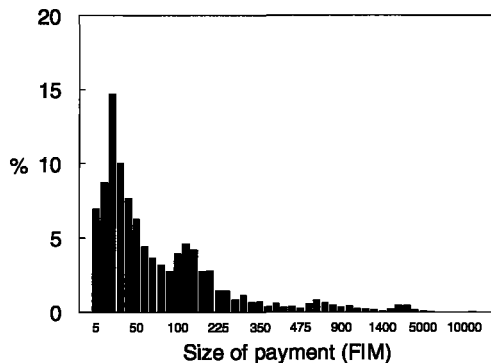
CHART 2.

DISTRIBUTION OF ALL PAYMENTS

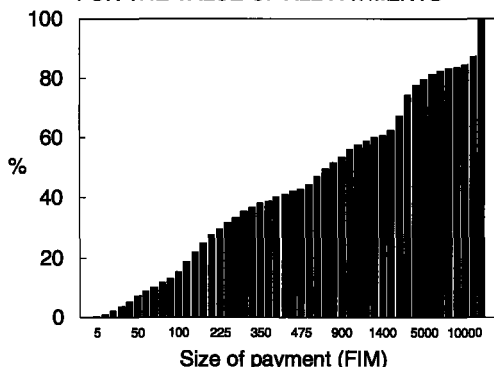
FREQUENCY DISTRIBUTION FOR THE VALUE OF ALL PAYMENTS



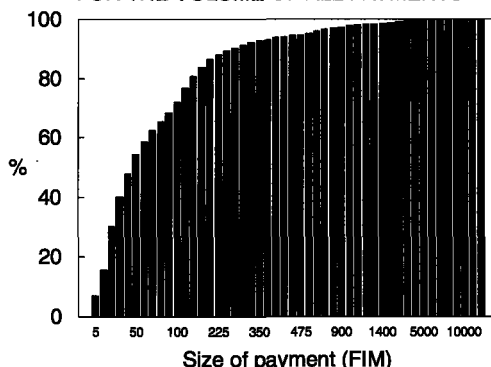
FREQUENCY DISTRIBUTION FOR THE VOLUME OF ALL PAYMENTS



CUMULATIVE FREQUENCY DISTRIBUTION FOR THE VALUE OF ALL PAYMENTS



CUMULATIVE FREQUENCY DISTRIBUTION FOR THE VOLUME OF ALL PAYMENTS



payments. In addition, Table 3 reports the value and volume shares of different payment media for payments of different size.

It can be seen that small transactions make up the major part of the volume of transactions but represent only a tiny fraction of the total value of transactions. Clearly, the opposite holds for large transactions. Thus, for example, payments exceeding FIM 500 account for less than 5 per cent of the total number of transactions. Small transactions are made almost exclusively by means of cash. In fact, cash is the most frequently used means of payment for medium-sized payments. Only when payments exceed FIM 500 do bank and postal giro transfers start to dominate the payment system.

Cheques are not used for everyday transactions by households in Finland. The sample contains only a few cheque payments: on average an individual makes a payment by cheque only once in two years. Given the size of the payments involved, one can surmise that they are connected with the purchase of dwellings or other expensive consumer durables. Finally, as far as debit and credit card transactions are concerned, it can be seen that cards are used mainly for medium-sized transactions (FIM 100-500). Slightly more than one-quarter of (the value of) payments of this size are made using cards, which is a relatively high figure.

### THE TIMING OF PAYMENTS

The survey revealed that the timing of payments is not constant over the days of the week or month. Indeed, quite clear seasonality can be detected for all payments. The interesting question here, however, is how seasonality in payments differs for different payment media. An answer can be found in Chart 3, which illustrates the seasonal pattern of payments made by

TABLE 3. VALUE AND VOLUME SHARES OF DIFFERENT PAYMENT MEDIA FOR PAYMENTS OF DIFFERENT SIZE, PER CENT

|                           | Cash  | Debit cards | Credit cards | Other | Cheques | Transfers | All   |
|---------------------------|-------|-------------|--------------|-------|---------|-----------|-------|
| Value shares, %           |       |             |              |       |         |           |       |
| Below FIM 30 <sup>1</sup> | 8.8   | 0.2         | 0.0          | 5.6   | 0.0     | 0.1       | 3.6   |
| FIM 31-100                | 24.8  | 9.5         | 6.1          | 33.3  | 0.1     | 1.2       | 11.7  |
| FIM 101-500               | 40.3  | 58.1        | 54.6         | 61.1  | 0.6     | 13.3      | 29.2  |
| FIM 501-                  | 26.1  | 32.2        | 39.2         | 0.0   | 99.3    | 85.3      | 55.5  |
| Total                     | 100.0 | 100.0       | 100.0        | 100.0 | 100.0   | 100.0     | 100.0 |
| Below FIM 30 <sup>2</sup> |       |             |              |       |         |           |       |
| Below FIM 30 <sup>2</sup> | 97.4  | 0.3         | 0.1          | 0.7   | 0.0     | 1.5       | 100.0 |
| FIM 31-100                | 85.8  | 5.7         | 3.4          | 1.3   | 0.1     | 3.8       | 100.0 |
| FIM 101-500               | 55.8  | 14.0        | 12.1         | 0.9   | 0.2     | 16.9      | 100.0 |
| FIM 501-                  | 19.0  | 4.1         | 4.6          | 0.0   | 15.3    | 57.0      | 100.0 |
| Total                     | 40.6  | 7.1         | 6.5          | 0.4   | 8.6     | 36.8      | 100.0 |
| Volume shares, %          |       |             |              |       |         |           |       |
| Below FIM 30 <sup>1</sup> | 48.0  | 1.6         | 0.5          | 20.7  | 0.0     | 6.0       | 40.4  |
| FIM 31-100                | 33.8  | 29.4        | 22.7         | 55.6  | 25.0    | 15.1      | 32.0  |
| FIM 101-500               | 16.7  | 62.0        | 67.5         | 23.7  | 45.8    | 40.6      | 22.9  |
| FIM 501-                  | 1.6   | 6.7         | 9.3          | 0.0   | 29.2    | 38.3      | 4.8   |
| Total                     | 100.0 | 100.0       | 100.0        | 100.0 | 100.0   | 100.0     | 100.0 |
| Below FIM 30 <sup>2</sup> |       |             |              |       |         |           |       |
| Below FIM 30 <sup>2</sup> | 98.2  | 0.2         | 0.1          | 0.5   | 0.0     | 1.0       | 100.0 |
| FIM 31-100                | 87.3  | 4.8         | 2.9          | 1.7   | 0.1     | 3.2       | 100.0 |
| FIM 101-500               | 60.4  | 14.3        | 12.0         | 1.0   | 0.1     | 12.2      | 100.0 |
| FIM 501-                  | 27.7  | 7.8         | 8.0          | 0.0   | 0.5     | 55.9      | 100.0 |
| Total                     | 82.8  | 5.2         | 4.1          | 1.0   | 0.1     | 6.8       | 100.0 |
| Memorandum items:         |       |             |              |       |         |           |       |
| average payment (FIM)     | 80.3  | 222.6       | 262.8        | 70.9  | 19647.8 | 865.8     | 168.6 |
| number of payments        | 48.5  | 3.1         | 2.4          | 0.6   | 0.05    | 4.1       | 58.9  |

The definitions of payment media are the same as in Table 2. Average payment denotes the average payment (in FIM) for an individual. Number of payments denotes the number of payments by an individual during the 32-day survey period. FIM 30 is used as a benchmark because it is the lowest payment which can be made by debit cards. Owing to rounding the columns and rows do not always add up to 100.

- <sup>1</sup> Columns add up to 100.  
<sup>2</sup> Rows add up to 100.

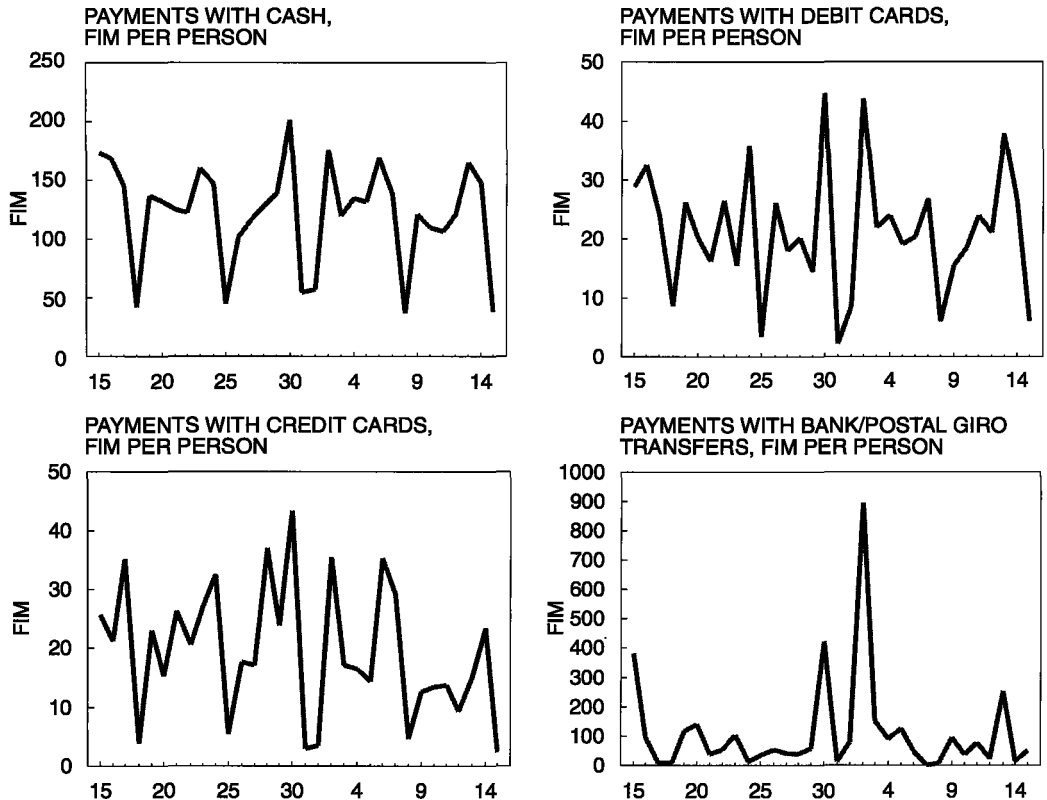
means of cash, debit cards, credit cards and bank/postal giro transfers. No seasonal pattern is evident in the few cheque payments in the survey and hence they, as too 'other' means of payment, are not shown.

In the case of cash payments, the day-of-the-week effect is quite striking (it should be noted that 31 October was a public holiday). In fact, seven dummies for the days of the week explain 88 per cent of the variability of cash payments during this 32-day period. With debit and credit cards, seasonality is less clear. Although Sundays (and Saturdays) can be clearly discerned, the weekdays cannot be distinguished in the same way. Finally, with bank and postal giro transfers there

are only very small systematic differences between different days of the week. By contrast, several days in the month stand out: the most important is the first weekday of the month (here 2 November), then the last weekday and, finally, the first weekday after the 14th of the month. For instance, it is quite obvious that transfers serve a completely different purpose from that of cash payments. Typical examples of transfers are rents, interest payments and repayments of loans. Therefore there is probably not much competition between cash and transfers. In contrast, debit and credit cards are used for purposes that are more similar to those for which cash is used and hence cards compete more

CHART 3.

PAYMENTS WITH DIFFERENT PAYMENT MEDIA, 15 OCTOBER - 15 NOVEMBER 1992



with cash than they do with transfers.

**SOME CONCLUSIONS**

Perhaps the most important result of the survey study is the finding which shows that notes and coin have a quite well-defined role in transactions by households, which is very different from other payment media. The use of cash dominates small transactions and it is hard to envisage any significant change taking place in this respect in the future. Only electronic ('smart') cards have the potential to displace cash, at least as regards coin. For medium-sized transactions, the situation is somewhat different, and notes and coin could lose further ground to debit and credit cards. One may, however, argue that this kind substitution is not very probable in the near

future in Finland. It is quite possible that the use of cards will become more expensive in the future because of the banks' new tariff policy.<sup>5</sup> Furthermore the lower limit for payments made by card may be increased. Finally, it can be pointed out that the use of payment media depends very much on various socioeconomic variables and habits, which can be presumed to be very persistent and not inclined to change very rapidly.

<sup>5</sup> So far, the use of debit cards issued by banks has been free of charge (as regards payment of purchases, withdrawal of cash and payment of bills via ATMs). Thus, the use of ATMs and cash dispensers has become very popular. It has been estimated that, for instance, more than half of the cash withdrawn from bank accounts in the form of cash is drawn from ATMs and cash dispensers.

REFERENCES

Boeschoten, W. (1992), *Currency Use and Payment Patterns*, Kluwer, Dordrecht.

Gros, D. (1989), *Seigniorage in the EC: The Implications of the EMS and Financial Market Integration*, IMF Working Paper 7/89.

Virén, M. (1993a), *The Use of Payment Media and the Demand for Money in Finland*, Bank of Finland, A:87 (in Finnish with English summary).

Virén, M. (1993b), *Large Banknotes Dominate Currency Demand*, Bank of Finland Bulletin 3/93, 8-13.

1 February 1994



## ITEMS

### PRESIDENTIAL ELECTION

Finland held its first direct presidential election in two rounds on 16 January and 6 February. The second round was necessary because none of the 11 candidates received an absolute majority in the first round.

In the first round, turnout was 82.2 per cent of eligible voters. The results were as follows:

|   | Per cent |
|---|----------|
| Martti Ahtisaari<br>(Social Democratic Party) | 25.9     |
| Elisabeth Rehn<br>(Swedish People's Party)    | 22.0     |
| Paavo Väyrynen (Centre Party)                 | 19.5     |
| Raimo Ilaskivi<br>(National Coalition Party)  | 15.2     |
| Keijo Korhonen (Independent)                  | 5.8      |
| Claes Andersson<br>(Left Wing Alliance)       | 3.8      |
| Pertti Virtanen (independent)                 | 3.0      |
| Eeva Kuuskoski (independent)                  | 2.6      |
| Sulo Aittoniemi (Rural Party)                 | 1.0      |
| Toimi Kankaanniemi<br>(Christian League)      | 1.0      |
| Pekka Tiainen (Independent)                   | 0.2      |

Mr Ahtisaari and Ms Rehn, being placed in the top two positions, went forward to the second round.

Martti Ahtisaari received 53.9 per cent of the votes in the second round and so became the duly elected President of the Republic for the term 1 March 1994 to 1 March 2000. Turnout in the second round was 82.3 per cent.

Martti Ahtisaari (56) is a qualified elementary school teacher. He has served in the Ministry for Foreign Affairs since 1965. His work has included a number of important United Nations assignments. Most recently (1992–1993), he served as chairman of the working group on Bosnia-Herzegovina at the UN's Yugoslavia Conference.

### FINLAND'S BALANCE OF PAYMENTS IN 1993

#### Current account

The balance-of-payments data for 1993 indicates a marked improvement in the external balance of the Finnish economy. According to preliminary data, the deficit on current account decreased by FIM 16.5 billion to FIM 5.5 billion; in the second half of the year, the current account swung into a surplus of FIM 2.3 billion. In 1992, the deficit had amounted to FIM 22 billion.

**Goods.** Compiled on a balance-of-payments basis, the trade account posted a surplus of FIM 30.9 billion, which was FIM 18.3 billion more than in 1992. The value of exports grew by a quarter. The sharpest increase was registered for exports of timber and metal and engineering products. The value of imports rose by 9 per cent.

**Services.** The deficit on the services account shrank by more than a third to FIM 3.5 billion, as against FIM 6.2 billion in 1992. The surplus on the transport account increased by FIM 1.2 billion, and amounted to FIM 5.5 billion. There was a marked improvement in the travel account: receipts increased by 16 per cent and travel expenditure decreased by the same amount. By contrast, the deficit on the other services account continued to widen.

**Investment income.** Payments of investment income abroad amounted to FIM 35.6 billion, while receipts of investment income from abroad totalled FIM 7.1 billion. The deficit on the investment income account was thus FIM 28.5 billion, an increase of FIM 4.5 billion from 1992.

#### Capital account

Net imports of capital amounted to FIM 6.6 billion in 1993. The private sector exported capital totalling FIM 40.1 billion, whereas the central government imported capital totalling FIM 48.7 billion. Most of the central government's imports of capital occurred during the first half of the year. As the capital inflow exceeded the amount required for the financing of the current account deficit, the Bank of Finland's foreign exchange reserves increased by FIM 1.1 billion. At the end of the year, the foreign exchange reserves amounted to FIM 33.3 billion.

**Loans.** Net drawings of long-term loans totalled FIM 16.5 billion, which was almost FIM 14.4 billion more than in 1992. Liabilities grew by FIM 15.5 billion. Financial institutions and the central government accounted for the major part of borrowing.

**Direct investment.** Finnish direct investment abroad totalled FIM 10.5 billion in net terms, of which FIM 7.8 billion was made during the last quarter of 1993. In the previous year, direct investment abroad totalled FIM 1.8 billion. Foreign direct investment in Finland amounted to FIM 3.4 billion.

**Portfolio investment.** Net capital imports in the form of portfolio investment amounted to FIM 32.9 billion. Net sales of Finnish securities to foreign investors totalled FIM 34.5 billion. Sales of Finnish bonds decreased by a third compared with the previous year and amounted to FIM 21.8 billion in net terms. Net sales of government bonds abroad totalled FIM 44.8 billion. Sales of Finnish shares abroad increased manyfold in the course of the year and 17

MAJOR BALANCE OF PAYMENTS ITEMS  
IN 1993, MILLION FIM<sup>1</sup>

|  | Receipts            | Expenditure              | Net     |
|--|---------------------|--------------------------|---------|
| Trade (exports fob,<br>imports cif)                                  | 133 927             | 103 078                  | 30 849  |
| Adjustment items   | -1 644              | -1 713                   | 69      |
| Trade account  | 132 283             | 101 365                  | 30 918  |
| Transport  | 10 603              | 5 144                    | 5 459   |
| Travel   | 7 079               | 9 237                    | -2 159  |
| Other services   | 9 977               | 16 788                   | -6 810  |
| Services account   | 27 660              | 31 169                   | -3 510  |
| GOODS AND SERVICES ACCOUNT   | 159 942             | 132 534                  | 27 408  |
| Investment income  | 7 107               | 35 616                   | -28 510 |
| Unrequited transfers   | 2 709               | 5 861                    | -3 152  |
| Other  | 4 553               | 5 825                    | -1 272  |
| A. CURRENT ACCOUNT   | 174 311             | 179 837                  | -5 526  |
|  | Change in<br>assets | Change in<br>liabilities | Net     |
| Loans  | 1 012               | 15 452                   | 16 464  |
| Direct investments   | -10 475             | 3 390                    | -7 085  |
| Portfolio investment   | -1 661              | 34 548                   | 32 887  |
| Other long-term capital  | -410                | -1 397                   | -1 807  |
| B. LONG-TERM CAPITAL<br>ACCOUNT                                      | -11 534             | 51 993                   | 40 459  |
| BASIC BALANCE (A+B)  |                     |                          | 34 933  |
| Trade credits  | -2 480              | 4 547                    | 2 067   |
| Short-term capital of banks  | -9 883              | -28 391                  | -38 274 |
| Other short-term capital   | -809                | -2 263                   | -3 072  |
| Errors and omissions   |                     |                          | 5 462   |
| C. SHORT-TERM CAPITAL<br>ACCOUNT                                     |                     |                          | -33 816 |
| OVERALL BALANCE<br>(A+B+C)   |                     |                          | 1 117   |
| Change in the foreign<br>exchange reserves of<br>the Bank of Finland |                     |                          | -1 117  |

Assets: increase -, decrease +  
Liabilities: increase +, decrease -

<sup>1</sup> Preliminary figures.

amounted to FIM 12.7 billion in net terms. The growth was due in part to the lifting of the restrictions on foreign ownership of shares in Finnish companies as from 1 January 1993.

**Short-term capital.** Net exports of short-term capital amounted to FIM 33.8 billion. Banks ran down their short-term net debt by FIM 38.3 billion. Net imports of short-term capital by companies amounted to FIM 2.1 billion.

### Net foreign debt

At the end of 1993, Finland's net foreign debt amounted to FIM 276.9 billion, which was equivalent to 59 per cent of GDP and 159 per cent of current account earnings. Net long-term debt amounted to FIM 297.9 billion and net short-term claims to FIM 21.0 billion. Net foreign debt increased by FIM 34.8 billion in the course of the year, FIM 34.7 billion of which was due to exchange rate changes and other valuation items<sup>1</sup>. The cen-

tral government's share of net foreign debt was FIM 170.2 billion and the banks' FIM 46.1 billion.

## DIRECT INVESTMENT CAPITAL FLOWS IN FINLAND'S BALANCE OF PAYMENTS IN 1993

### Finnish direct investment abroad

In 1993, the net export of direct investment capital by Finnish companies to subsidiaries and associates abroad doubled from the previous year. Net direct investment abroad totalled FIM 16 225 million. This represented just over 3 per cent of GDP and more than 40 per cent of estimated fixed investment by companies in Finland. When the sum of FIM 5 750 million, the amount by which the retained earnings of Finnish-owned companies are estimated to have decreased from the previous year, is deducted from the net direct investment outflow, there was a net increase of FIM 10 475 in direct investment abroad in the balance of payments.

Seventy-three per cent of the net direct investment outflow went to the EU area. Direct investment by manufacturing companies totalled FIM 14 842 million, most investments being made by companies in the metal and engineering and chemical industries.

Dividend and interest income amounted to FIM 1 848 million.

### Foreign direct investment in Finland

In 1993, net direct investment by foreign companies in subsidiaries and associates in Finland totalled FIM 4 140 million. When from this is deducted the sum of FIM 750 million, the amount by which the retained

<sup>1</sup> In addition to exchange rate changes, the amount of outstanding liabilities and assets is affected, *inter alia*, by changes in securities prices and by credit losses.

earnings of foreign-owned companies in Finland are estimated to have decreased in 1993, there was a net increase of FIM 3390 million in foreign direct investment in Finland in the balance of payments.

Of the net direct investment inflow, 39 per cent came from the EU area, 35 per cent from EFTA countries and 26 per cent from North America. Direct investment in manufacturing companies totalled FIM 1586 million.

Dividend and interest payments amounted to FIM 902 million.

### **PORTFOLIO INVESTMENT IN FINLAND'S BALANCE OF PAYMENTS IN 1993**

Portfolio investment<sup>2</sup> constitutes the most important item in Finland's balance of payments as regards the financing of the current account. Net capital imports in the form of portfolio investment amounted to FIM 32.9 billion in 1993, which was FIM 3.5 billion less than in 1992. Investment in foreign securities by Finnish investors increased slightly compared with the previous year, although the volumes remained modest.

Net sales of Finnish bonds abroad<sup>3</sup> amounted to FIM 21.8 billion, which was notably less than in 1992 (FIM 36.4 billion). This is due to the fact that redemptions of bonds issued by Finnish companies, banks and other financial institutions exceeded new sales of such bonds to foreign investors by FIM 24.4 billion. Net sales of government bonds abroad amounted to FIM 44.8 billion, a drop of FIM 3.4 billion from the previous year.

Foreign investors showed particular interest in Finnish

shares and markka-denominated government bonds.

Trading in shares was brisk, particularly during the latter half of the year. In September, for instance, Finnish stockbrokers sold more than FIM 4 billion's worth of Finnish shares to foreign investors and purchased them from abroad to the value of about FIM 1 billion. During the year as a whole, Finnish shares were sold abroad to the value of FIM 24.8 billion and purchased from abroad to the value of FIM 12.1 billion. The corresponding figures for 1992 were FIM 1.9 billion and FIM 1.5 billion. Net sales of shares abroad totalled FIM 12.7 billion in 1993, as against FIM 0.4 billion in 1992. In 1993, the total value of share issues targeted at foreign investors was at a record level, FIM 4.2 billion. At the end of the year, foreign investors held FIM 30.5 billion's worth of Finnish shares, compared with FIM 5.1 billion at the end of 1992.

Trading in markka-denominated bonds was brisk. In 1993, sales abroad totalled FIM 83.9 billion and purchases from abroad FIM 80.4 billion. Thus net sales of markka-denominated bonds abroad totalled FIM 3.5 billion. Net sales of markka-denominated government bonds abroad amounted to FIM 6.6 billion. By contrast, bonds issued by Finnish companies, banks and other financial institutions were repurchased from abroad in net terms. At the end of 1993, markka-denominated bonds held by foreign investors amounted to FIM 23.8 billion, of which almost 85 per cent, or FIM 20.1 billion's worth, were government bonds.

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

The publication "Payment and Settlement Systems in Finland" has appeared in the Bank of Finland Publication Series A (A:88), Helsinki 1993, 249 pp., ISBN 951-686-388-4, ISSN 0781-4429.

The aim of this collection of articles, which was originally published in Finnish at the end of 1992, is to provide an overall picture of domestic and cross-border payment systems in Finland and of the clearing and settlement arrangements applied in the Finnish securities and derivatives markets. The authors are all experts in the fields of banking, stock and derivatives exchanges and central banking.

The Finnish edition described payment and settlement systems in Finland as they were in the middle of 1992. The English edition also gives details of changes in the subsequent period up to the end of 1993. Besides descriptions of traditional payment media and payment systems, the volume contains detailed accounts of clearing and settlement systems in the money and capital markets. Since spring 1992, Finland has been in the process of changing over to a book-entry securities system in which ownership of physical securities is being replaced by computerized entries in accounts maintained in book-entry securities registers.

In recent years, the role of the central bank in preventing disturbances in large-value transactions, in particular, and in developing ways of managing the risks associated with such payments has assumed increased importance. The publication stresses that it is vital for the conduct and effects of monetary policy that payment and settlement systems function smoothly and that their infrastructure complies with international requirements. In addition to being operationally reliable and safe, payment systems must be fast, cost-effective and compatible with the systems of other countries. In the coming years, rationalization in the banking sector and ongoing integration in Europe will pose challenges to payment systems, including those in Finland.

<sup>2</sup> Transactions in securities with an original maturity of more than one year are defined as portfolio investment. The figures do not include purchases of shares in the form of direct investment.

<sup>3</sup> The value of Finnish securities sold abroad, net of redemptions and repurchases.

# MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM MARCH 1993 TO FEBRUARY 1994

1993

## MARCH

**Organization of the Government Guarantee Fund.** The internal organization of the Government Guarantee Fund is changed on 11 March. The changes are designed to improve the Fund's prerequisites for providing bank support. The main changes are: (1) the board of management of the Fund comprises at most five members, at least one of whom represents the Ministry of Finance; the Parliamentary Supervisory Board of the Bank of Finland continues to function as the Fund's supervisory body and appoints the members of the board; (2) the Fund has a full-time manager and other necessary full-time staff; and (3) the Fund assists the Ministry of Finance in the preparation of decisions concerning the use of funds set aside for bank support in the state budget; the Government makes decisions on support measures.

## APRIL

**Support to the Savings Bank of Finland.** On 27 April, the Government Guarantee Fund grants capital support totalling FIM 1.1 billion to the Savings Bank of Finland. Of this amount, FIM 150 million is used to increase the bank's share capital and FIM 950 to purchase the bank's preferred capital certificates.

## MAY

**Base rate.** The Parliamentary Supervisory Board lowers the 20 Bank of Finland's base rate from

7.5 per cent to 7.0 per cent with effect from 17 May.

**Cash reserve requirement.**

The Bank of Finland lowers the banks' cash reserve requirement from 5.5 per cent to 4.5 per cent of the cash reserve base at end-April.

**Maximum interest rate on transaction accounts.** Under the amendment to the law on income and wealth taxation, the maximum annual rate of interest payable on tax-exempt transaction accounts is lowered from 4.5 per cent to 2.5 per cent with effect from 6 May.

**Support to Skopbank.** On 24 May, the Government Guarantee Fund grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 700 million.

## JUNE

**Cash reserve requirement.**

The Bank of Finland lowers the banks' cash reserve requirement from 4.5 per cent to zero (0) per cent of the cash reserve base at end-May and returns the banks' cash reserve deposits on 1 June 1993.

**Termination of till-money credit facility.** The Bank of Finland decides to terminate its till-money agreements with the banks with effect from 30 June, when the till-money credits currently extended to the banks mature.

**Market in government securities.** On 15 June, the Bank of Finland announces measures designed to promote the functioning of the market in government securities by improving the operating

conditions of primary dealers. Among other things, the Bank starts to hold weekly repo auctions in government and Bank of Finland securities for the primary dealers. In addition, the Bank may, at its discretion, grant intraday credit to primary dealers and special short-term financing to non-bank primary dealers.

## JULY

**Introduction of minimum reserve system.** In June, an amendment to the Regulations for the Bank of Finland enters into force providing for a mandatory minimum reserve system. On 30 June, the Bank decides to terminate the existing cash reserve agreement with the banks and replace it by the minimum reserve system. Deposit banks and branches of foreign credit institutions are required to hold 2.0 per cent of their liquid deposits, 1.5 per cent of their other deposits and 1.0 per cent of their other domestic liabilities as non-interest-bearing minimum reserves at the Bank of Finland. The system is applied for the first time to the reserve base for June and the corresponding deposits are to be made by the end of July.

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 7.0 per cent to 6.5 per cent with effect from 15 July.

## AUGUST

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 6.5 per cent to 6.0 per cent with effect from 16 August.

### **Guarantee to the Union Bank of Finland and Kansallis-Osake-Pankki.**

On 19 August, the Government makes a decision in principle to guarantee the acquisition of new equity capital by the Union Bank of Finland (UBF) and Kansallis-Osake-Pankki (KOP). The final decision is subject to approval by Parliament of the necessary revisions to the budgetary powers.

The guarantee to be given to the UBF covers the issue of preferred capital certificates up to FIM 1 billion and that to KOP the issue of preferred capital certificates and subordinated debentures up to a total of FIM 1.8 billion. In the case of preferred capital certificates, the guarantee applies to both interest and principal and will remain in force for a maximum of 10 years.

The state will receive consideration against the guarantees, the probable value of which will cover the probable amount of expenses incurred by the state.

**Support to the Savings Bank of Finland.** On 19 August, the Government grants capital support totalling FIM 1 billion to the Savings Bank of Finland. Of this amount, FIM 250 million is used to increase the bank's share capital and FIM 750 million to purchase the bank's preferred capital certificates. As a result, the state's holding in the Savings Bank of Finland rises to 99 per cent.

## OCTOBER

**Establishment of asset management companies becomes possible.** The Act on the Government Guarantee

Fund is amended on 15 October so as to enable the Fund to own and administer shares in an asset management company, ie a company set up for the purpose of purchasing and administering the assets or liabilities of a bank subject to support measures taken by the Fund or the government.

**Sale of the Savings Bank of Finland to other banks.** On 22 October, the Government approves the proposal of the Government Guarantee Fund for an arrangement whereby the Savings Bank of Finland (SBF) is to be sold to four buyers. Kansallis-Osake-Pankki, Postipankki Ltd, Union Bank of Finland Ltd and the cooperative banks designated by the Central Association of the Cooperative Banks will each buy one-quarter of the business operations of the SBF.

## NOVEMBER

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

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

on loans raised by the fund, the latter will start repaying interest in 1997.

## DECEMBER

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

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

## 1994

## FEBRUARY

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

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

## LAND, CLIMATE AND POPULATION

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

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

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

## FORM OF GOVERNMENT

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

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

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

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

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

Of the 17 ministerial posts in the present Government appointed in April 1991, 8 are held by the Centre Party, 6 by the National Coalition Party, 2 by the Swedish People's Party and 1 by the Christian League. The Prime Minister is Mr Esko Aho of the Centre Party.

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

## INTERNATIONAL RELATIONS

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. In spring 1992, Finland signed the agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Community, and submitted her application for membership of the European Community. 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 co-operation programmes channel assistance via international organizations and, bilaterally, to a number of African, Asian and Latin American countries.

## THE ECONOMY

**Output and employment.** Of the gross domestic product of FIM 414 billion in basic values in 1992, 3 % was generated in agriculture and fishing, 2 % in forestry, 22 % in industry, 6 % in construction, 12 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 18 % in other private services and 22 % by producers of government services. Of total employment of 2.1

million persons in 1992, 9 % were engaged in primary production, 27 % in industry and construction and 64 % in services.

In 1992, expenditure on the gross domestic product in purchasers' values amounted to FIM 476 billion and was distributed as follows: net exports 1.2 % (exports 26.8 %, imports -25.6 %), gross fixed capital formation 18 %, private consumption 57 % and government consumption 25 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.7 % in 1990-92. Finland's GDP per capita in 1992 was USD 21 000.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1988-92, their share was, on average, 78.1 per cent, of which the share of EC countries was 47.7 percentage points and that of EFTA countries 20.2 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 14.4 per cent and the rest of the world for 9.6 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1992, the share of forest industry products in total merchandise exports was 38 %, the share of metal and engineering products 43 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 62 % of merchandise imports, fuels for 4 %, investment goods for 14 % and consumption goods for 22 %.

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

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 38 million cubic metres in 1992.

**Energy.** In 1992, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1992 were as follows: oil 29 %, coal 9 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 31 %, others 16 %. Compared

internationally (1990), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 39 %, as compared with 60 % in western Europe on average.

## **FINANCE AND BANKING**

**Currency.** Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the Bank of Finland decided to temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

**The Central Bank.** The Bank of Finland (Suomen Pankki - Finlands

Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board 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 and determination of the external value of the currency within the fluctuation limits. 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 7 branch offices in other towns.

**Other banks** (31 December 1992)  
Finland has three major groups of deposit banks with a total of about 2 700 offices. There are three big commercial banks with national branch networks and ten smaller ones, two of which are foreign-owned. The commercial banks have a total of 29 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 41 savings banks and 310 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 758 billion in outstanding

domestic credit at the end of 1992, 58 % was provided by deposit banks 3 % by private mortgage banks, 19 % by insurance companies, 3 % by other private credit institutions, 6 % by public financial institutions and 10 % 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, 75 % of the instruments, which totalled approximately FIM 158 billion at end-1992, 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 63 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 64 billion (at end-1992). Two foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1992 totalled FIM 162 billion; government bonds made up 27 % of the total. Turnover on the Stock Exchange in 1992 amounted to FIM 26 billion; the share of shares and subscription rights in the total was approximately 40 %.





|   |               |
|---|---------------|
| <b>1. THE BALANCE SHEET OF THE BANK OF FINLAND</b>  | <b>S2</b>     |
| 1.1 The balance sheet of the Bank of Finland  | S2            |
| 1.2 Time series for the balance sheet items<br>of the Bank of Finland   | S3            |
| <b>2. THE BANK OF FINLAND'S OPERATIONS<br/>IN THE MONEY AND FOREIGN EXCHANGE MARKETS<br/>AND THE BANKS' FORWARD EXCHANGE POSITION</b> | <b>S4</b>     |
| 2.1 Bank's liquidity position at the Bank of Finland  | S4            |
| 2.2 The Bank of Finland's minimum reserve system  | S4            |
| 2.3 The Bank of Finland's money market transactions   | S4            |
| 2.4 The Bank of Finland's transactions<br>in convertible currencies   | S5            |
| 2.5 Forward exchange market   | S5            |
| <b>3. RATES OF INTEREST</b>   | <b>S6</b>     |
| 3.1 Money market rates and rates applied<br>by the Bank of Finland  | S6            |
| 3.2 The Bank of Finland's liquidity facility  | S6            |
| 3.3 Weighted Eurorates and commercial ECU interest rate   | S6            |
| 3.4 Rates of interest applied by banks  | S7            |
| 3.5 Yields on bonds and debentures  | S7            |
| <b>4. RATES OF EXCHANGE</b>   | <b>S8</b>     |
| 4.1 Middle rates  | S8            |
| 4.2 Markka value of the ECU and currency indices  | S9            |
| <b>5. OTHER DOMESTIC FINANCING</b>  | <b>S10</b>    |
| 5.1 Bank funding from the public  | S10           |
| 5.2 Bank lending to the public  | S10           |
| 5.3 Money supply and monetary aggregates  | S11           |
| 5.4 Liabilities and assets of the central government  | S11           |
| 5.5 Markka bond market  | S12           |
| a) Issues   | S12           |
| b) Stock  | S12           |
| c) Turnover   | S13           |
| 5.6 Helsinki Stock Exchange   | S13           |
| <b>6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES<br/>AND ASSETS</b>   | <b>S14</b>    |
| 6.1 Current account   | S14           |
| 6.2 Capital account   | S15           |
| 6.3 Finland's foreign liabilities and assets  | S16           |
| 6.4 Finland's long-term foreign liabilities<br>and assets by sector   | S17           |
| <b>7. FOREIGN TRADE</b>   | <b>S18</b>    |
| 7.1 Exports, imports and the trade balance  | S18           |
| 7.2 Foreign trade: indices of volume, unit value and<br>terms of trade  | S18           |
| 7.3 Foreign trade by main groups  | S18           |
| 7.4 Foreign trade by regions and countries  | S19           |
| <b>8. DOMESTIC ECONOMIC DEVELOPMENTS</b>  | <b>S20</b>    |
| 8.1 Supply and use of resources   | S20           |
| 8.2 Volume of industrial production   | S20           |
| 8.3 Indicators of domestic supply and demand  | S21           |
| 8.4 Wages and prices  | S22           |
| 8.5 Labour, employment and unemployment   | S23           |
| 8.6 Central government finances: revenue, expenditure<br>and financial balance  | S24           |
| <b>NOTES AND EXPLANATIONS<br/>TO THE STATISTICAL SECTION</b>  | <b>S25 S1</b> |

# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

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

MILL. FIM

|  | 1993    |        | 1994    |         |         |
|--|---------|--------|---------|---------|---------|
|  | 31 Dec. | 7 Jan. | 14 Jan. | 21 Jan. | 31 Jan. |
| <b>ASSETS</b>  |         |        |         |         |         |
| <b>Gold and foreign currency claims</b>  | 33 472  | 33 785 | 38 706  | 40 845  | 41 174  |
| Gold   | 2 180   | 2 180  | 2 180   | 2 180   | 2 180   |
| Special drawing rights   | 664     | 661    | 656     | 653     | 645     |
| IMF reserve tranche  | 1 747   | 1 739  | 1 726   | 1 719   | 1 697   |
| Convertible currencies   | 28 882  | 29 206 | 34 144  | 36 294  | 36 652  |
| <b>Other foreign claims</b>  | 5 058   | 5 058  | 5 058   | 5 058   | 5 058   |
| Markka subscription to Finland's IMF quota   | 5 058   | 5 058  | 5 058   | 5 058   | 5 058   |
| Term credit  | -       | -      | -       | -       | -       |
| <b>Claims on financial institutions</b>  | 8 677   | 8 586  | 8 695   | 6 058   | 5 481   |
| Liquidity credits  | 1       | -      | 70      | 350     | -       |
| Certificates of deposit  | 1 844   | 1 874  | 1 654   | 478     | 40      |
| Securities with repurchase commitments   | 5 493   | 5 373  | 5 635   | 3 947   | 4 158   |
| Term credits   | -       | -      | -       | -       | -       |
| Bonds  | 1 101   | 1 101  | 1 098   | 1 045   | 1 045   |
| Other claims on financial institutions   | 238     | 238    | 238     | 238     | 238     |
| <b>Claims on the public sector</b>   | 1 788   | 1 770  | 1 758   | 1 756   | 1 739   |
| Treasury bills   | -       | -      | -       | -       | -       |
| Loans to the Government Guarantee Fund   | -       | -      | -       | -       | -       |
| Total coinage  | 1 788   | 1 770  | 1 758   | 1 756   | 1 739   |
| <b>Claims on corporations</b>  | 3 303   | 3 297  | 3 296   | 3 293   | 3 288   |
| Financing of domestic deliveries (KTR)   | 496     | 490    | 489     | 486     | 482     |
| Other claims on corporations   | 2 807   | 2 807  | 2 807   | 2 807   | 2 807   |
| <b>Other assets</b>  | 6 826   | 5 915  | 5 916   | 5 915   | 5 720   |
| Loans for stabilizing the money market   | 5 752   | 5 752  | 5 752   | 5 752   | 5 552   |
| Accrued items  | 907     | -      | -       | -       | -       |
| Other assets   | 166     | 163    | 164     | 163     | 168     |
| <b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b> | 1 400   | 1 400  | 1 400   | 1 400   | 1 400   |
| <b>Total</b>   | 60 524  | 59 812 | 64 829  | 64 325  | 63 860  |
| <b>LIABILITIES</b>   |         |        |         |         |         |
| <b>Foreign currency liabilities</b>  | 193     | 215    | 204     | 200     | 248     |
| Convertible currencies   | 193     | 215    | 204     | 200     | 248     |
| <b>Other foreign liabilities</b>   | 6 189   | 6 184  | 6 176   | 6 171   | 6 157   |
| IMF markka accounts  | 5 058   | 5 058  | 5 058   | 5 058   | 5 058   |
| Allocations of special drawing rights  | 1 131   | 1 126  | 1 118   | 1 113   | 1 099   |
| Other foreign liabilities  | -       | -      | -       | -       | -       |
| <b>Notes and coin in circulation</b>   | 14 994  | 14 659 | 14 275  | 14 079  | 14 084  |
| Notes  | 13 442  | 13 112 | 12 736  | 12 553  | 12 561  |
| Coin   | 1 552   | 1 547  | 1 539   | 1 526   | 1 523   |
| <b>Certificates of deposit</b>   | 14 837  | 16 645 | 21 740  | 23 430  | 22 440  |
| <b>Liabilities to financial institutions</b>   | 8 201   | 7 315  | 8 374   | 6 611   | 7 282   |
| Call money deposits  | 1 803   | 917    | 40      | 212     | 889     |
| Term deposits  | -       | -      | 1935    | -       | -       |
| Minimum reserve deposits   | 6 398   | 6 398  | 6 398   | 6 398   | 6 393   |
| Other liabilities to financial institutions  | -       | 1      | 1       | 2       | 0       |
| <b>Liabilities to the public sector</b>  | 784     | 786    | 785     | 785     | 904     |
| Cheque accounts  | 8       | 10     | 1       | 1       | 157     |
| Deposits of the Government Guarantee Fund  | 776     | 776    | 784     | 784     | 747     |
| Other liabilities to the public sector   | -       | -      | -       | -       | -       |
| <b>Liabilities to corporations</b>   | 2 087   | 2 003  | 1 996   | 1 964   | 1 947   |
| Deposits for investment and ship purchase  | 2 087   | 2 003  | 1 996   | 1 964   | 1 947   |
| <b>Other liabilities</b>   | 627     | 99     | 92      | 92      | 94      |
| Accrued items  | 536     | -      | -       | -       | -       |
| Other liabilities  | 92      | 99     | 92      | 92      | 94      |
| Valuation account and reserves   | 6 847   | 6 141  | 5 423   | 5 229   | 4 940   |
| <b>Capital accounts</b>  | 5 764   | 5 764  | 5 764   | 5 764   | 5 764   |
| Primary capital  | 5 000   | 5 000  | 5 000   | 5 000   | 5 000   |
| Reserve fund   | 764     | 764    | 764     | 764     | 764     |
| Profit/loss for the accounting year  | -       | -      | -       | -       | -       |
| <b>Total</b>   | 60 524  | 59 812 | 64 829  | 64 325  | 63 860  |

## 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 claims (10-11) |
|               | 1              | 2                      | 3                   | 4                           | 5                                     | 6                    | 7                                      | 8                 | 9                | 10            | 11          | 12                 |
| <b>1989</b>   | 2 179          | 966                    | 950                 | 18 780                      | 22 875                                | -564                 | 22 312                                 | 440               | 22 752           | 1 137         | 5 325       | -4 188             |
| <b>1990</b>   | 2 180          | 791                    | 783                 | 33 451                      | 37 205                                | -882                 | 36 324                                 | -364              | 35 960           | 1 314         | 1 321       | -7                 |
| <b>1991</b>   | 2 180          | 932                    | 1 136               | 29 336                      | 33 584                                | 33                   | 33 616                                 | -412              | 33 204           | 1 375         | 3           | 1 372              |
| <b>1992</b>   | 2 180          | 564                    | 1 732               | 24 940                      | 29 416                                | -                    | 29 416                                 | -2 897            | 26 519           | 2 446         | 90          | 2 356              |
| <b>1993</b>   | 2 180          | 664                    | 1 747               | 28 689                      | 33 280                                | -                    | 33 279                                 | -1 131            | 32 148           | 1 788         | 784         | 1 004              |
| <b>1993</b>   |                |                        |                     |                             |                                       |                      |  |                   |                  |               |             |                    |
| <b>Jan.</b>   | 2 180          | 595                    | 1 829               | 27 247                      | 31 851                                | -                    | 31 852                                 | -661              | 31 191           | 2 449         | 92          | 2 357              |
| <b>Feb.</b>   | 2 180          | 655                    | 1 972               | 23 778                      | 28 585                                | -                    | 28 585                                 | -710              | 27 875           | 2 121         | 90          | 2 031              |
| <b>March</b>  | 2 180          | 655                    | 1 974               | 22 521                      | 27 330                                | -                    | 27 330                                 | -716              | 26 614           | 1 954         | 102         | 1 852              |
| <b>April</b>  | 2 180          | 615                    | 1 842               | 29 986                      | 34 623                                | -                    | 34 624                                 | -678              | 33 946           | 2 639         | 59          | 2 580              |
| <b>May</b>    | 2 180          | 634                    | 1 819               | 29 778                      | 34 411                                | -                    | 34 410                                 | -692              | 33 718           | 2 416         | 64          | 2 352              |
| <b>June</b>   | 2 180          | 650                    | 1 866               | 32 156                      | 36 852                                | -                    | 36 851                                 | -699              | 36 152           | 1 396         | 591         | 805                |
| <b>July</b>   | 2 180          | 661                    | 1 899               | 30 157                      | 34 897                                | -                    | 34 898                                 | -681              | 34 217           | 1 396         | 150         | 1 246              |
| <b>Aug.</b>   | 2 180          | 680                    | 1 927               | 26 834                      | 31 621                                | -                    | 31 621                                 | -707              | 30 914           | 1 412         | 149         | 1 263              |
| <b>Sept.</b>  | 2 180          | 675                    | 1 869               | 22 134                      | 26 858                                | -                    | 26 858                                 | -704              | 26 154           | 1 444         | 149         | 1 295              |
| <b>Oct.</b>   | 2 180          | 668                    | 1 850               | 24 552                      | 29 250                                | -                    | 29 251                                 | -693              | 28 558           | 1 652         | 149         | 1 503              |
| <b>Nov.</b>   | 2 180          | 678                    | 1 854               | 26 159                      | 30 871                                | -                    | 30 871                                 | -689              | 30 182           | 1 801         | 649         | 1 152              |
| <b>Dec.</b>   | 2 180          | 664                    | 1 747               | 28 689                      | 33 280                                | -                    | 33 279                                 | -1 131            | 32 148           | 1 788         | 784         | 1 004              |
| <b>1994</b>   |                |                        |                     |                             |                                       |                      |  |                   |                  |               |             |                    |
| <b>Jan.</b>   | 2 180          | 645                    | 1 697               | 36 404                      | 40 926                                | -                    | 40 926                                 | -1 099            | 39 827           | 1 739         | 904         | 835                |

| End of period | Domestic financial sector    |   |  |                                     |   |                             | Corporate sector                        |                                       |                    |                               |  |
|---------------|------------------------------|---|--|-------------------------------------|---|-----------------------------|---|---------------------------------------|--------------------|-------------------------------|--|
|               | Term claims on deposit banks | Liquidity position of deposit banks, net <sup>1</sup> | Minimum reserve deposits of deposit banks <sup>2</sup> | Till-money credits to deposit banks | Other claims on 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>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>1991</b>   | 11 882                       | -2 206  | -10 361  | 3 528                               | 2 003                                       | 4 846                       | 1 086                                   | -6 854                                | -5 768             | 14 528                        | 8 880  |
| <b>1992</b>   | 3 738                        | -550  | -13 165  | 2 872                               | 1 700                                       | -5 405                      | 747                                     | -2 651                                | -1 904             | 14 508                        | 4 880  |
| <b>1993</b>   | 7 337                        | -1 802  | -6 398   | -                                   | 1 339                                       | 476                         | 496                                     | 720                                   | 1 216              | 14 994                        | 14 837   |
| <b>1993</b>   |                              |   |  |                                     |   |                             |   |                                       |                    |                               |  |
| <b>Jan.</b>   | 6 804                        | -3 732  | -14 734  | 3 023                               | 1 665                                       | -6 974                      | 728                                     | -2 072                                | -1 344             | 14 906                        | 6 710  |
| <b>Feb.</b>   | 7 448                        | -690  | -14 806  | 3 511                               | 1 639                                       | -2 898                      | 710                                     | -1 915                                | -1 205             | 13 840                        | 7 220  |
| <b>March</b>  | 8 069                        | 142   | -14 698  | 2 994                               | 1 626                                       | -1 867                      | 686                                     | -1 808                                | -1 122             | 13 720                        | 10 270   |
| <b>April</b>  | 2 688                        | -815  | -14 599  | 2 747                               | 1 608                                       | -8 371                      | 662                                     | -1 744                                | -1 082             | 13 834                        | 13 490   |
| <b>May</b>    | 5 359                        | -3 395  | -11 790  | 2 750                               | 1 591                                       | -5 485                      | 643                                     | 392                                   | 1 035              | 13 870                        | 16 190   |
| <b>June</b>   | 4 275                        | 945   | -  | -                                   | 1 556                                       | 6 776                       | 608                                     | 428                                   | 1 036              | 13 864                        | 28 367   |
| <b>July</b>   | 4 763                        | 75  | -6 262   | -                                   | 1 488                                       | 64                          | 592                                     | 475                                   | 1 067              | 13 553                        | 18 956   |
| <b>Aug.</b>   | 6 953                        | 408   | -6 310   | -                                   | 1 459                                       | 2 510                       | 575                                     | 524                                   | 1 099              | 13 297                        | 18 259   |
| <b>Sept.</b>  | 6 474                        | 1 764   | -6 338   | -                                   | 1 470                                       | 3 370                       | 555                                     | 597                                   | 1 152              | 13 317                        | 13 615   |
| <b>Oct.</b>   | 6 759                        | -386  | -6 320   | -                                   | 1 429                                       | 1 482                       | 535                                     | 614                                   | 1 149              | 13 653                        | 14 480   |
| <b>Nov.</b>   | 6 951                        | -1 373  | -6 476   | -                                   | 1 405                                       | 507                         | 517                                     | 642                                   | 1 159              | 15 836                        | 12 259   |
| <b>Dec.</b>   | 7 337                        | -1 802  | -6 398   | -                                   | 1 339                                       | 476                         | 496                                     | 720                                   | 1 216              | 14 994                        | 14 837   |
| <b>1994</b>   |                              |   |  |                                     |   |                             |   |                                       |                    |                               |  |
| <b>Jan.</b>   | 4 198                        | -889  | -6 393   | -                                   | 1 283                                       | -1 801                      | 482                                     | 860                                   | 1 342              | 14 084                        | 22 440   |

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

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

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

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

MILL. FIM

| Average of daily observations | Call money deposits | Liquidity credits <sup>1</sup> | Liquidity position, net <sup>1</sup> (1-2) |
|-------------------------------|---------------------|--------------------------------|--|
|                               | 1                   | 2                              | 3  |
| <b>1989</b>                   | 416                 | 369                            | 47   |
| <b>1990</b>                   | 806                 | 132                            | 674  |
| <b>1991</b>                   | 881                 | 985                            | -103                                       |
| <b>1992</b>                   | 2 103               | 437                            | 1 666                                      |
| <b>1993</b>                   | 831                 | 425                            | 407  |
| <b>1993</b>                   |                     |                                |  |
| <b>Jan.</b>                   | 1 511               | 594                            | 917  |
| <b>Feb.</b>                   | 1 305               | 23                             | 1 282                                      |
| <b>March</b>                  | 416                 | 1 008                          | -592                                       |
| <b>April</b>                  | 629                 | 390                            | 239  |
| <b>May</b>                    | 763                 | 186                            | 577  |
| <b>June</b>                   | 1 032               | 387                            | 645  |
| <b>July</b>                   | 981                 | 518                            | 462  |
| <b>Aug.</b>                   | 581                 | 311                            | 270  |
| <b>Sept.</b>                  | 482                 | 480                            | 2  |
| <b>Oct.</b>                   | 605                 | 759                            | -154                                       |
| <b>Nov.</b>                   | 714                 | 336                            | 378  |
| <b>Dec.</b>                   | 955                 | 103                            | 852  |
| <b>1994</b>                   |                     |                                |  |
| <b>Jan.</b>                   | 933                 | 105                            | 828  |

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

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

| End of period | Reserve requirement   |                      |                             | Cash reserve requirement, % | Deposits, mill. FIM<br>Total |
|---------------|-----------------------|----------------------|-----------------------------|-----------------------------|------------------------------|
|               | On liquid deposits, % | On other deposits, % | On domestic debt capital, % |                             |                              |
|               | 1                     | 2                    | 3                           | 4                           | 5                            |
| <b>1989</b>   | .                     | .                    | .                           | 9.1                         | 25 506                       |
| <b>1990</b>   | .                     | .                    | .                           | 7.0                         | 17 401                       |
| <b>1991</b>   | .                     | .                    | .                           | 4.0                         | 10 361                       |
| <b>1992</b>   | .                     | .                    | .                           | 5.0                         | 13 165                       |
| <b>1993</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 398                        |
| <b>1993</b>   |                       |                      |                             |                             |                              |
| <b>Jan.</b>   | .                     | .                    | .                           | 5.5                         | 14 734                       |
| <b>Feb.</b>   | .                     | .                    | .                           | 5.5                         | 14 806                       |
| <b>March</b>  | .                     | .                    | .                           | 5.5                         | 14 698                       |
| <b>April</b>  | .                     | .                    | .                           | 5.5                         | 14 599                       |
| <b>May</b>    | .                     | .                    | .                           | 4.5                         | 11 790                       |
| <b>June</b>   | .                     | .                    | .                           | -                           | -                            |
| <b>July</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 262                        |
| <b>Aug.</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 310                        |
| <b>Sept.</b>  | 2.0                   | 1.5                  | 1.0                         | .                           | 6 338                        |
| <b>Oct.</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 320                        |
| <b>Nov.</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 476                        |
| <b>Dec.</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 398                        |
| <b>1994</b>   |                       |                      |                             |                             |                              |
| <b>Jan.</b>   | 2.0                   | 1.5                  | 1.0                         | .                           | 6 393                        |

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

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

| During period | Purchases of money market instruments | Sales of money market instruments | Matured money market instruments, net | Money market transactions, net (1-2-3) |
|---------------|---------------------------------------|-----------------------------------|---------------------------------------|--|
|               | 1                                     | 2                                 | 3                                     | 4                                      |
| <b>1989</b>   | 131 110                               | 3 855                             | 99 245                                | 28 010                                 |
| <b>1990</b>   | 163 326                               | 26 379                            | 160 797                               | -23 850                                |
| <b>1991</b>   | 109 568                               | 30 380                            | 81 969                                | -2 781                                 |
| <b>1992</b>   | 76 230                                | 137 940                           | -60 417                               | -1 293                                 |
| <b>1993</b>   | 86 521                                | 146 899                           | -50 486                               | -9 892                                 |
| <b>1993</b>   |                                       |                                   |                                       |  |
| <b>Jan.</b>   | 5 490                                 | 5 400                             | 3 890                                 | -3 800                                 |
| <b>Feb.</b>   | 6 500                                 | 8 340                             | -260                                  | -1 580                                 |
| <b>March</b>  | 10 470                                | 12 750                            | 660                                   | -2 940                                 |
| <b>April</b>  | 5 870                                 | 11 310                            | 1 450                                 | -6 890                                 |
| <b>May</b>    | 4 250                                 | 21 140                            | -775                                  | -16 115                                |
| <b>June</b>   | 4 041                                 | 22 169                            | -19 911                               | 1 783                                  |
| <b>July</b>   | 7 070                                 | 12 260                            | -18 300                               | 13 110                                 |
| <b>Aug.</b>   | 7 240                                 | 14 950                            | -10 660                               | 2 950                                  |
| <b>Sept.</b>  | 7 920                                 | 7 720                             | -6 920                                | 7 120                                  |
| <b>Oct.</b>   | 10 110                                | 11 970                            | 1 180                                 | -3 040                                 |
| <b>Nov.</b>   | 8 310                                 | 9 200                             | -2 090                                | 1 200                                  |
| <b>Dec.</b>   | 9 250                                 | 9 690                             | 1 250                                 | -1 690                                 |
| <b>1994</b>   |                                       |                                   |                                       |  |
| <b>Jan.</b>   | 5 720                                 | 17 000                            | -3 130                                | -8 150                                 |

S4

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

| During period | Intervention in the foreign exchange market |            |   | Spot transactions related to forward contracts, net | Central government's foreign exchange transactions, net |
|---------------|---|------------|---|---|---|
|               | Spot purchases                              | Spot sales | Forward exchange intervention = change in forward exchange position |   |   |
|               | 1   | 2          | 3   |   |   |
| <b>1991</b>   | 35 120                                      | -69 940    | -14 820   | 12 820  | 12 260  |
| <b>1992</b>   | 20 050                                      | -70 640    | -1 650  | 390   | 45 060  |
| <b>1993</b>   | 25 120                                      | -45 080    | 7 460   | -6 910  | 33 240  |
| <b>1992</b>   |   |            |   |   |   |
| <b>Dec.</b>   | -   | -2 990     | 5 100   | -5 710  | -1 200  |
| <b>1993</b>   |   |            |   |   |   |
| <b>Jan.</b>   | -   | -9 390     | -440  | -580  | 12 660  |
| <b>Feb.</b>   | -   | -8 830     | 3 600   | -4 720  | 7 870   |
| <b>March</b>  | -   | -7 470     | -3 920  | 4 030   | 2 690   |
| <b>April</b>  | 3 610                                       | -3 010     | 4 510   | -1 650  | 10 820  |
| <b>May</b>    | 5 220                                       | -2 090     | 2 410   | -2 300  | 660   |
| <b>June</b>   | 6 040                                       | -1 010     | 1 220   | -1 600  | -1 690  |
| <b>July</b>   | 960   | -8 360     | -4 800  | 4 520   | -820  |
| <b>Aug.</b>   | 510   | -3 580     | 960   | -810  | -420  |
| <b>Sept.</b>  | -   | -1 170     | 2 050   | -1 950  | -1 770  |
| <b>Oct.</b>   | 2 790                                       | -100       | 1 540   | -1 510  | 2 980   |
| <b>Nov.</b>   | 2 270                                       | -70        | -40   | -   | -1 170  |
| <b>Dec.</b>   | 3 720                                       | -          | 370   | -340  | 1 430   |

## 2.5 FORWARD EXCHANGE MARKET, MILL. FIM

| End of period | Banks' forward positions with    |                                |           |                    |                      |                    |
|---------------|----------------------------------|--------------------------------|-----------|--------------------|----------------------|--------------------|
|               | Domestic companies               |                                |           | Foreign banks, net | Bank of Finland, net | Total, net (3+4+5) |
|               | Forward exchange bought by banks | Forward exchange sold by banks | Net (1-2) |                    |                      |                    |
| 1             | 2                                | 3                              | 4         | 5                  | 6                    |                    |
| <b>1989</b>   | 10 531                           | 3 563                          | 6 967     | 8 031              | 205                  | 15 204             |
| <b>1990</b>   | 11 609                           | 4 979                          | 6 631     | 10 100             | -6 098               | 10 633             |
| <b>1991</b>   | 33 004                           | 36 352                         | -3 348    | 2 550              | 8 953                | 8 155              |
| <b>1992</b>   | 39 195                           | 32 939                         | 6 256     | -11 197            | 7 133                | 2 192              |
| <b>1993</b>   | 38 373                           | 23 721                         | 14 652    | -7 548             | 1 939                | 9 043              |
| <b>1992</b>   |                                  |                                |           |                    |                      |                    |
| <b>Dec.</b>   | 39 195                           | 32 939                         | 6 256     | -11 197            | 7 133                | 2 192              |
| <b>1993</b>   |                                  |                                |           |                    |                      |                    |
| <b>Jan.</b>   | 35 125                           | 32 711                         | 2 414     | -9 056             | 6 433                | -209               |
| <b>Feb.</b>   | 33 968                           | 32 896                         | 1 072     | -8 308             | 2 585                | -4 651             |
| <b>March</b>  | 33 115                           | 34 059                         | -944      | -10 187            | 9 815                | -1 316             |
| <b>April</b>  | 36 298                           | 33 616                         | 2 682     | -11 158            | 7 460                | -1 016             |
| <b>May</b>    | 36 027                           | 31 763                         | 4 264     | -6 992             | 4 144                | 1 416              |
| <b>June</b>   | 36 401                           | 26 908                         | 9 493     | -5 785             | 2 204                | 5 912              |
| <b>July</b>   | 34 287                           | 26 687                         | 7 600     | -13 932            | 6 718                | 386                |
| <b>Aug.</b>   | 32 677                           | 26 607                         | 6 070     | -10 840            | 5 912                | 1 142              |
| <b>Sept.</b>  | 34 391                           | 29 105                         | 5 287     | -10 588            | 4 221                | -1 080             |
| <b>Oct.</b>   | 36 251                           | 31 071                         | 5 179     | -10 384            | 2 293                | -2 912             |
| <b>Nov.</b>   | 36 988                           | 26 544                         | 10 444    | -12 018            | 2 527                | 953                |
| <b>Dec.</b>   | 38 373                           | 23 721                         | 14 652    | -7 548             | 1 939                | 9 043              |

### 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              |                         |           |
|-------------------------------|---------------------------|---------|----------|----------|-----------|------------------------------------|-------------------------|-----------|
|                               |                           | 1 month | 3 months | 6 months | 12 months | Liquidity credit rate <sup>1</sup> | Call money deposit rate | Base rate |
|                               | 1                         | 2       | 3        | 4        | 5         | 6                                  | 7                       | 8         |
| <b>1989</b>                   | 10.21                     | 12.32   | 12.53    | 12.61    | 12.72     | 13.40                              | 4.00                    | 7.67      |
| <b>1990</b>                   | 10.57                     | 13.63   | 13.99    | 14.16    | 14.39     | 15.00                              | 4.00                    | 8.50      |
| <b>1991</b>                   | 14.89                     | 13.64   | 13.07    | 12.69    | 12.53     | 15.48                              | 4.00                    | 8.50      |
| <b>1992</b>                   | 13.32                     | 13.49   | 13.27    | 13.08    | 12.96     | 14.90                              | 7.41                    | 9.17      |
| <b>1993</b>                   | 7.71                      | 7.85    | 7.73     | 7.59     | 7.47      | 8.95                               | 4.95                    | 6.85      |
| <b>1993</b>                   |                           |         |          |          |           |                                    |                         |           |
| <b>Jan.</b>                   | 10.20                     | 10.53   | 10.64    | 10.63    | 10.57     | 11.49                              | 7.49                    | 8.50      |
| <b>Feb.</b>                   | 8.47                      | 9.16    | 9.19     | 9.22     | 9.30      | 10.34                              | 6.34                    | 8.00      |
| <b>March</b>                  | 9.13                      | 8.99    | 8.90     | 8.69     | 8.62      | 9.96                               | 5.96                    | 7.50      |
| <b>April</b>                  | 8.93                      | 8.85    | 8.73     | 8.57     | 8.44      | 9.85                               | 5.85                    | 7.50      |
| <b>May</b>                    | 8.48                      | 8.41    | 8.25     | 8.14     | 7.97      | 9.42                               | 5.42                    | 7.26      |
| <b>June</b>                   | 7.77                      | 7.70    | 7.62     | 7.57     | 7.55      | 8.72                               | 4.72                    | 7.00      |
| <b>July</b>                   | 7.45                      | 7.31    | 7.27     | 7.22     | 7.12      | 8.31                               | 4.31                    | 6.73      |
| <b>Aug.</b>                   | 6.18                      | 6.70    | 6.65     | 6.56     | 6.52      | 7.74                               | 3.74                    | 6.24      |
| <b>Sept.</b>                  | 6.35                      | 6.81    | 6.68     | 6.49     | 6.29      | 7.76                               | 3.76                    | 6.00      |
| <b>Oct.</b>                   | 6.97                      | 7.13    | 6.87     | 6.60     | 6.29      | 8.08                               | 4.08                    | 6.00      |
| <b>Nov.</b>                   | 6.76                      | 6.95    | 6.58     | 6.23     | 5.93      | 7.97                               | 3.97                    | 6.00      |
| <b>Dec.</b>                   | 6.22                      | 6.16    | 5.90     | 5.68     | 5.52      | 8.21                               | 4.21                    | 5.50      |
| <b>1994</b>                   |                           |         |          |          |           |                                    |                         |           |
| <b>Jan.</b>                   | 5.63                      | 5.38    | 5.19     | 5.05     | 5.01      | 7.44                               | 3.44                    | 5.50      |

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

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

|                         | The Bank of Finland's tender rate, % | Liquidity credit: interest rate margin, %-points | Liquidity credit: maturity, days | Call money deposits: interest rate margin, %-points |
|-------------------------|--------------------------------------|--|----------------------------------|---|
|                         | 1                                    | 2  | 3                                | 4   |
| <b>1992<sup>1</sup></b> | 13.85                                | <b>1992</b> +1.00                                | 7                                | -3.00   |
| <b>1993</b>             | 7.85                                 | <b>1993</b> +2.00                                | 7                                | -2.00   |
| <b>1993</b>             |                                      | <b>1993</b>                                      |                                  |   |
| <b>Jan.</b>             | 10.49                                | +1.00  | 7                                | -3.00   |
| <b>Feb.</b>             | 9.34                                 | +1.00  | 7                                | -3.00   |
| <b>March</b>            | 8.96                                 | +1.00  | 7                                | -3.00   |
| <b>April</b>            | 8.85                                 | +1.00  | 7                                | -3.00   |
| <b>May</b>              | 8.42                                 | +1.00  | 7                                | -3.00   |
| <b>June</b>             | 7.72                                 | +1.00  | 7                                | -3.00   |
| <b>July</b>             | 7.31                                 | +1.00  | 7                                | -3.00   |
| <b>Aug.</b>             | 6.74                                 | +1.00  | 7                                | -3.00   |
| <b>Sept.</b>            | 6.76                                 | +1.00  | 7                                | -3.00   |
| <b>Oct.</b>             | 7.08                                 | +1.00  | 7                                | -3.00   |
| <b>Nov.</b>             | 6.97                                 | +1.00  | 7                                | -3.00   |
| <b>Dec.</b>             | 6.21                                 | +2.00  | 7                                | -2.00   |
| <b>1994</b>             |                                      | <b>1994</b>                                      |                                  |   |
| <b>Jan.</b>             | 5.44                                 | +2.00  | 7                                | -2.00   |
| 03.01.1994              | 5.87                                 |  |                                  |   |
| 04.01.1994              | 5.77                                 |  |                                  |   |
| 05.01.1994              | 5.74                                 |  |                                  |   |
| 07.01.1994              | 5.73                                 |  |                                  |   |
| 13.01.1994              | 5.35                                 |  |                                  |   |
| 20.01.1994              | 5.21                                 |  |                                  |   |
| 26.01.1994              | 5.23                                 |  |                                  |   |
| 27.01.1994              | 5.25                                 |  |                                  |   |

<sup>1</sup> July - December

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

| Average of daily observations | ECU      | 3 currencies | Commercial ECU |
|-------------------------------|----------|--------------|----------------|
|                               | 3 months |              |                |
|                               | 1        | 2            | 3              |
| <b>1989</b>                   | 9.3      | 8.4          | 9.3            |
| <b>1990</b>                   | 10.5     | 9.1          | 10.4           |
| <b>1991</b>                   | 10.1     | 8.5          | 9.9            |
| <b>1992</b>                   | 10.4     | 7.8          | 10.6           |
| <b>1993</b>                   | 8.0      | 6.0          | 8.1            |
| <b>1993</b>                   |          |              |                |
| <b>Jan.</b>                   | 9.9      | 6.8          | 10.1           |
| <b>Feb.</b>                   | 9.9      | 6.6          | 9.6            |
| <b>March</b>                  | 9.3      | 6.4          | 9.2            |
| <b>April</b>                  | 8.6      | 6.3          | 8.9            |
| <b>May</b>                    | 7.9      | 6.1          | 7.9            |
| <b>June</b>                   | 7.6      | 6.1          | 7.5            |
| <b>July</b>                   | 7.7      | 5.9          | 7.8            |
| <b>Aug.</b>                   | 7.5      | 5.5          | 7.7            |
| <b>Sept.</b>                  | 7.4      | 5.5          | 7.7            |
| <b>Oct.</b>                   | 7.2      | 5.6          | 7.5            |
| <b>Nov.</b>                   | 6.8      | 5.4          | 7.0            |
| <b>Dec.</b>                   | 6.5      | 5.2          | 6.5            |
| <b>1994</b>                   |          |              |                |
| <b>Jan.</b>                   | 6.3      | 5.1          | 6.4            |

### 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> | 36-month tax-exempt deposits <sup>1</sup> | Other tax-exempt deposits, on 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  | 12   |
| <b>1989</b>        | 12.97                                  | 13.47             | 11.58 | 12.07              | 10.56                | 10.40                                    | 7.50                                      | .   | 4.50   | 5.67                                 | 11.92                                     | 7.37                                       |
| <b>1990</b>        | 13.24                                  | 15.62             | 13.33 | 13.85              | 11.84                | 11.61                                    | 7.50                                      | .   | 4.50   | 6.43                                 | 13.55                                     | 8.41                                       |
| <b>1991</b>        | 13.63                                  | 15.88             | 13.40 | 13.84              | 12.08                | 11.80                                    | 7.50                                      | .   | 4.50   | 7.10                                 | 13.22                                     | 8.97                                       |
| <b>1992</b>        | 14.04                                  | 15.86             | 13.32 | 13.75              | 12.46                | 12.13                                    | 7.50                                      | 8.50                                      | 4.50   | 7.41                                 | 12.84                                     | 9.14                                       |
| <b>1993</b>        | 9.69                                   | 13.55             | 9.40  | 9.75               | 10.20                | 9.92                                     | 3.50                                      | 4.50                                      | 2.00   | 4.78                                 | 8.87                                      | 6.15                                       |
| <b>1992 Dec.</b>   | 12.63                                  | 14.99             | 11.64 | 11.98              | 12.34                | 11.93                                    | 7.50                                      | 8.50                                      | 4.50   | 7.06                                 | 11.78                                     | 8.62                                       |
| <b>1993 Jan.</b>   | 11.87                                  | 15.36             | 12.32 | 12.53              | 11.89                | 11.68                                    | 6.50                                      | 7.50                                      | 4.50   | 6.56                                 | 11.18                                     | 8.04                                       |
| <b>Feb.</b>        | 12.07                                  | 14.78             | 11.34 | 11.68              | 11.33                | 11.15                                    | 5.50                                      | 6.50                                      | 4.50   | 6.05                                 | 10.51                                     | 7.53                                       |
| <b>March</b>       | 11.35                                  | 14.50             | 10.93 | 11.29              | 11.07                | 10.84                                    | 5.50                                      | 6.50                                      | 4.50   | 5.87                                 | 10.04                                     | 7.30                                       |
| <b>April</b>       | 10.82                                  | 14.23             | 10.29 | 10.60              | 10.89                | 10.62                                    | 5.50                                      | 6.50                                      | 4.60   | 5.74                                 | 9.72                                      | 7.11                                       |
| <b>May</b>         | 9.78                                   | 14.23             | 10.13 | 10.40              | 10.56                | 10.27                                    | 5.00                                      | 6.00                                      | 2.50   | 4.90                                 | 9.42                                      | 6.43                                       |
| <b>June</b>        | 5.59                                   | 13.88             | 9.51  | 9.44               | 10.35                | 10.06                                    | 5.00                                      | 6.00                                      | 2.50   | 4.75                                 | 9.08                                      | 6.18                                       |
| <b>July</b>        | 10.45                                  | 13.04             | 8.99  | 9.47               | 10.01                | 9.73                                     | 4.50                                      | 5.50                                      | 2.50   | 4.50                                 | 8.64                                      | 5.88                                       |
| <b>Aug.</b>        | 10.67                                  | 13.20             | 8.79  | 9.25               | 9.58                 | 9.26                                     | 4.00                                      | 5.00                                      | 2.50   | 4.10                                 | 8.09                                      | 5.44                                       |
| <b>Sept.</b>       | 7.66                                   | 12.97             | 8.39  | 8.68               | 9.38                 | 9.09                                     | 4.00                                      | 5.00                                      | 2.50   | 3.96                                 | 7.88                                      | 5.31                                       |
| <b>Oct.</b>        | 9.92                                   | 12.39             | 8.66  | 9.04               | 9.28                 | 8.97                                     | 4.00                                      | 5.00                                      | 2.50   | 3.89                                 | 7.77                                      | 5.24                                       |
| <b>Nov.</b>        | 9.51                                   | 12.77             | 8.29  | 8.64               | 9.21                 | 8.90                                     | 4.00                                      | 5.00                                      | 2.00   | 3.71                                 | 7.44                                      | 5.04                                       |
| <b>Dec.</b>        | 8.84                                   | 11.55             | 7.32  | 7.63               | 8.86                 | 8.50                                     | 3.50                                      | 4.50                                      | 2.00   | 3.33                                 | 6.99                                      | 4.58                                       |

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

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

| Period           | Reference rates calculated by the Bank of Finland |         | Taxable government bonds |                   | Taxable public issues | Taxfree public issues |
|------------------|---|---------|--------------------------|-------------------|-----------------------|-----------------------|
|                  | 3 years   | 5 years | 5 years                  | 10 years          |                       |                       |
|                  | 1   | 2       | 3                        | 4                 | 5                     | 6                     |
| <b>1989</b>      | 12.2  | 12.0    | 12.1                     | .                 | 11.9                  | 8.1                   |
| <b>1990</b>      | 13.7  | 13.5    | 13.2                     | .                 | 13.3                  | 9.2                   |
| <b>1991</b>      | 12.3  | 12.2    | 11.9                     | .                 | 12.6                  | 10.0                  |
| <b>1992</b>      | 13.1  | 13.0    | 12.1                     | 11.5 <sup>1</sup> | 13.8                  | 9.9                   |
| <b>1993</b>      | 8.5   | 8.9     | 8.2                      | 8.8               | 10.3                  | 6.6                   |
| <b>1992 Dec.</b> | 11.7  | 11.8    | 10.9                     | 11.0              | 13.2                  | 9.5                   |
| <b>1993 Jan.</b> | 11.4  | 11.6    | 10.7                     | 10.9              | 12.2                  | 8.6                   |
| <b>Feb.</b>      | 10.5  | 10.7    | 9.9                      | 10.3              | 12.1                  | 8.0                   |
| <b>March</b>     | 9.7   | 10.0    | 9.4                      | 9.9               | 11.4                  | 7.6                   |
| <b>April</b>     | 9.6   | 10.0    | 9.3                      | 9.8               | 11.0                  | 7.8                   |
| <b>May</b>       | 9.2   | 9.6     | 8.9                      | 9.5               | 11.0                  | 6.7                   |
| <b>June</b>      | 8.8   | 9.2     | 8.4                      | 9.0               | 9.3                   | 6.7                   |
| <b>July</b>      | 8.2   | 8.7     | 8.0                      | 8.5               | 11.1                  | 6.3                   |
| <b>Aug.</b>      | 7.4   | 7.9     | 7.2                      | 7.7               | 9.2                   | 5.9                   |
| <b>Sept.</b>     | 7.2   | 7.8     | 7.3                      | 7.9               | 8.3                   | 5.8                   |
| <b>Oct.</b>      | 7.1   | 7.6     | 6.9                      | 7.6               | 9.8                   | 5.5                   |
| <b>Nov.</b>      | 6.8   | 7.2     | 6.5                      | 7.2               | 9.0                   | 5.3                   |
| <b>Dec.</b>      | 6.5   | 7.0     | 6.2                      | 6.9               | 9.2                   | 4.9                   |

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

## 4. RATES OF EXCHANGE

### 4.1 MIDDLE RATES, FIM

| Average of daily quotations | New York | Montreal | London | Dublin | Stockholm | Oslo   | Copen-<br>hagen | Frankfurt<br>aM | Amster-<br>dam | Brussels | Zurich | Paris  |
|-----------------------------|----------|----------|--------|--------|-----------|--------|-----------------|-----------------|----------------|----------|--------|--------|
|                             | 1 USD    | 1 CAD    | 1 GBP  | 1 IEP  | 1 SEK     | 1 NOK  | 1 DKK           | 1 DEM           | 1 NLG          | 1 BEF    | 1 CHF  | 1 FRF  |
|                             | 1        | 2        | 3      | 4      | 5         | 6      | 7               | 8               | 9              | 10       | 11     | 12     |
| <b>1989</b>                 | 4.2897   | 3.624    | 7.032  | 6.082  | 0.6654    | 0.6213 | 0.5869          | 2.2818          | 2.0226         | 0.1089   | 2.6243 | 0.6725 |
| <b>1990</b>                 | 3.8233   | 3.277    | 6.808  | 6.325  | 0.6459    | 0.6110 | 0.6181          | 2.3664          | 2.1002         | 0.1145   | 2.7576 | 0.7024 |
| <b>1991</b>                 | 4.0457   | 3.533    | 7.131  | 6.511  | 0.6684    | 0.6236 | 0.6322          | 2.4380          | 2.1634         | 0.1184   | 2.8208 | 0.7169 |
| <b>1992</b>                 | 4.4835   | 3.706    | 7.875  | 7.636  | 0.7714    | 0.7222 | 0.7444          | 2.8769          | 2.5552         | 0.1397   | 3.2000 | 0.8486 |
| <b>1993</b>                 | 5.7189   | 4.434    | 8.582  | 8.371  | 0.7350    | 0.8059 | 0.8822          | 3.4584          | 3.0787         | 0.1655   | 3.8706 | 1.0096 |
| <b>1993</b>                 |          |          |        |        |           |        |                 |                 |                |          |        |        |
| <b>Jan.</b>                 | 5.4193   | 4.242    | 8.304  | 8.863  | 0.7475    | 0.7885 | 0.8699          | 3.3561          | 2.9850         | 0.1631   | 3.6685 | 0.9899 |
| <b>Feb.</b>                 | 5.8297   | 4.622    | 8.387  | 8.641  | 0.7747    | 0.8352 | 0.9247          | 3.5526          | 3.1565         | 0.1723   | 3.8416 | 1.0488 |
| <b>March</b>                | 5.9718   | 4.790    | 8.716  | 8.810  | 0.7720    | 0.8527 | 0.9441          | 3.6258          | 3.2254         | 0.1760   | 3.9274 | 1.0673 |
| <b>April</b>                | 5.5967   | 4.435    | 8.646  | 8.551  | 0.7519    | 0.8268 | 0.9131          | 3.5076          | 3.1212         | 0.1704   | 3.8346 | 1.0371 |
| <b>May</b>                  | 5.4792   | 4.317    | 8.493  | 8.321  | 0.7484    | 0.8067 | 0.8888          | 3.4137          | 3.0432         | 0.1660   | 3.7865 | 1.0126 |
| <b>June</b>                 | 5.5487   | 4.339    | 8.394  | 8.212  | 0.7489    | 0.7961 | 0.8793          | 3.3664          | 3.0017         | 0.1638   | 3.7713 | 1.0001 |
| <b>July</b>                 | 5.7775   | 4.506    | 8.638  | 8.150  | 0.7262    | 0.7906 | 0.8698          | 3.3682          | 2.9954         | 0.1631   | 3.8123 | 0.9897 |
| <b>Aug.</b>                 | 5.8307   | 4.462    | 8.699  | 8.110  | 0.7237    | 0.7915 | 0.8429          | 3.4363          | 3.0540         | 0.1618   | 3.8905 | 0.9818 |
| <b>Sept.</b>                | 5.7832   | 4.379    | 8.813  | 8.295  | 0.7219    | 0.8168 | 0.8707          | 3.5637          | 3.1734         | 0.1660   | 4.0737 | 1.0188 |
| <b>Oct.</b>                 | 5.7495   | 4.335    | 8.647  | 8.250  | 0.7172    | 0.8030 | 0.8682          | 3.5126          | 3.1255         | 0.1614   | 3.9946 | 1.0012 |
| <b>Nov.</b>                 | 5.8053   | 4.411    | 8.598  | 8.147  | 0.7026    | 0.7856 | 0.8578          | 3.4148          | 3.0428         | 0.1602   | 3.8777 | 0.9825 |
| <b>Dec.</b>                 | 5.7548   | 4.320    | 8.578  | 8.159  | 0.6887    | 0.7753 | 0.8585          | 3.3645          | 3.0038         | 0.1611   | 3.9282 | 0.9840 |
| <b>1994</b>                 |          |          |        |        |           |        |                 |                 |                |          |        |        |
| <b>Jan.</b>                 | 5.6920   | 4.324    | 8.496  | 8.138  | 0.7001    | 0.7580 | 0.8407          | 3.2662          | 2.9173         | 0.1571   | 3.8683 | 0.9612 |

| Average of daily quotations | Rome    | Vienna | Lisbon | Reykjavik | Madrid | Athens | Tallinn | Tokyo   | Mel-<br>bourne | ECU<br>Commer-<br>cial | SDR     |
|-----------------------------|---------|--------|--------|-----------|--------|--------|---------|---------|----------------|------------------------|---------|
|                             | 1 ITL   | 1 ATS  | 1 PTE  | 1 ISK     | 1 ESP  | 1 GRD  | 1 EEK   | 1 JPY   | 1 AUD          | 1 XEU                  | 1 XDR   |
|                             | 13      | 14     | 15     | 16        | 17     | 18     | 19      | 20      | 21             | 22                     | 23      |
| <b>1989</b>                 | 0.00313 | 0.3242 | 0.0273 | 0.0758    | 0.0362 | ..     | ..      | 0.03116 | 3.398          | 4.719                  | 5.49536 |
| <b>1990</b>                 | 0.00319 | 0.3363 | 0.0268 | 0.0656    | 0.0375 | ..     | ..      | 0.02647 | 2.988          | 4.864                  | 5.18322 |
| <b>1991</b>                 | 0.00326 | 0.3464 | 0.0280 | 0.0684    | 0.0389 | 0.022  | ..      | 0.03008 | 3.152          | 5.003                  | 5.52733 |
| <b>1992</b>                 | 0.00364 | 0.4088 | 0.0332 | 0.0778    | 0.0438 | 0.024  | 0.4060  | 0.03546 | 3.289          | 5.798                  | 6.31546 |
| <b>1993</b>                 | 0.00364 | 0.4916 | 0.0356 | 0.0846    | 0.0451 | 0.025  | 0.4323  | 0.05168 | 3.885          | 6.685                  | 7.98641 |
| <b>1993</b>                 |         |        |        |           |        |        |         |         |                |                        |         |
| <b>Jan.</b>                 | 0.00364 | 0.4771 | 0.0373 | 0.0849    | 0.0473 | 0.025  | 0.4195  | 0.04333 | 3.652          | 6.576                  | 7.46369 |
| <b>Feb.</b>                 | 0.00377 | 0.5049 | 0.0390 | 0.0898    | 0.0497 | 0.027  | 0.4441  | 0.04824 | 3.970          | 6.904                  | 7.99191 |
| <b>March</b>                | 0.00375 | 0.5153 | 0.0392 | 0.0918    | 0.0507 | 0.027  | 0.4532  | 0.05103 | 4.225          | 7.034                  | 8.24353 |
| <b>April</b>                | 0.00364 | 0.4985 | 0.0378 | 0.0886    | 0.0484 | 0.026  | 0.4384  | 0.04982 | 3.985          | 6.830                  | 7.90687 |
| <b>May</b>                  | 0.00371 | 0.4851 | 0.0362 | 0.0868    | 0.0453 | 0.025  | 0.4267  | 0.04970 | 3.826          | 6.672                  | 7.76351 |
| <b>June</b>                 | 0.00370 | 0.4784 | 0.0354 | 0.0858    | 0.0438 | 0.025  | 0.4208  | 0.05172 | 3.747          | 6.582                  | 7.82674 |
| <b>July</b>                 | 0.00365 | 0.4786 | 0.0345 | 0.0806    | 0.0430 | 0.025  | 0.4210  | 0.05365 | 3.913          | 6.564                  | 8.03185 |
| <b>Aug.</b>                 | 0.00363 | 0.4884 | 0.0336 | 0.0813    | 0.0420 | 0.025  | 0.4295  | 0.05621 | 3.957          | 6.555                  | 8.17177 |
| <b>Sept.</b>                | 0.00369 | 0.5064 | 0.0348 | 0.0833    | 0.0442 | 0.025  | 0.4455  | 0.05485 | 3.772          | 6.771                  | 8.20308 |
| <b>Oct.</b>                 | 0.00359 | 0.4994 | 0.0340 | 0.0823    | 0.0435 | 0.024  | 0.4391  | 0.05378 | 3.797          | 6.671                  | 8.09230 |
| <b>Nov.</b>                 | 0.00348 | 0.4856 | 0.0334 | 0.0811    | 0.0423 | 0.024  | 0.4268  | 0.05383 | 3.861          | 6.550                  | 8.06368 |
| <b>Dec.</b>                 | 0.00341 | 0.4785 | 0.0330 | 0.0800    | 0.0410 | 0.023  | 0.4206  | 0.05237 | 3.874          | 6.494                  | 7.96460 |
| <b>1994</b>                 |         |        |        |           |        |        |         |         |                |                        |         |
| <b>Jan.</b>                 | 0.00335 | 0.4647 | 0.0323 | 0.0779    | 0.0398 | 0.023  | 0.4083  | 0.05109 | 3.962          | 6.339                  | 7.81835 |



## 4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

| Average of daily observations | Markka value of the ECU<br>FIM/ECU | Currency indices, 1982=100    |                         |            |
|-------------------------------|------------------------------------|-------------------------------|-------------------------|------------|
|                               |                                    | Trade-weighted currency index | Payments currency index | MERM index |
|                               | 1                                  | 2                             | 3                       | 4          |
| <b>1989</b>                   | 4.73670                            | 98.4                          | 99.1                    | 102.8      |
| <b>1990</b>                   | 4.85697                            | 97.3                          | 96.8                    | 97.3       |
| <b>1991</b>                   | 5.00580                            | 101.4                         | 101.4                   | 102.8      |
| <b>1992</b>                   | 5.80140                            | 116.4                         | 115.7                   | 117.3      |
| <b>1993</b>                   | 6.69420                            | 132.4                         | 136.1                   | 141.8      |
| <b>1993</b>                   |                                    |                               |                         |            |
| <b>Jan.</b>                   | 6.57212                            | 128.9                         | 131.5                   | 134.7      |
| <b>Feb.</b>                   | 6.89952                            | 135.6                         | 139.2                   | 143.9      |
| <b>March</b>                  | 7.03656                            | 138.2                         | 142.1                   | 147.4      |
| <b>April</b>                  | 6.83031                            | 134.0                         | 136.4                   | 141.6      |
| <b>May</b>                    | 6.67350                            | 131.7                         | 133.7                   | 139.3      |
| <b>June</b>                   | 6.58470                            | 130.9                         | 133.6                   | 140.1      |
| <b>July</b>                   | 6.57241                            | 131.0                         | 135.3                   | 142.2      |
| <b>Aug.</b>                   | 6.60127                            | 131.9                         | 136.6                   | 143.9      |
| <b>Sept.</b>                  | 6.81414                            | 134.5                         | 138.4                   | 144.7      |
| <b>Oct.</b>                   | 6.69596                            | 132.6                         | 136.8                   | 142.8      |
| <b>Nov.</b>                   | 6.55386                            | 130.4                         | 135.3                   | 141.7      |
| <b>Dec.</b>                   | 6.49606                            | 128.9                         | 133.9                   | 139.8      |
| <b>1994</b>                   |                                    |                               |                         |            |
| <b>Jan.</b>                   | 6.34072                            | 126.9                         | 131.8                   | 137.7      |

## 5. OTHER DOMESTIC FINANCING

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

| End of period | Cheque and giro deposits | Transaction deposits | Time deposits | Other deposits | Markka deposits, total (1+2+3+4) | Foreign currency deposits | Total deposits (5+6) | Other funding | Total funding (7+8) |
|---------------|--------------------------|----------------------|---------------|----------------|----------------------------------|---------------------------|----------------------|---------------|---------------------|
|               | 1                        | 2                    | 3             | 4              | 5                                | 6                         | 7                    | 8             | 9                   |
| <b>1988</b>   | 25 473                   | 76 958               | 121 670       |                | 224 102                          | 4 643                     | 228 745              | 28 844        | 257 589             |
| <b>1989</b>   | 28 942                   | 85 396               | 125 748       |                | 240 085                          | 7 358                     | 247 444              | 35 298        | 282 742             |
| <b>1990</b>   | 30 953                   | 96 176               | 124 930       |                | 252 058                          | 6 818                     | 258 876              | 38 835        | 297 711             |
| <b>1991</b>   | 33 619                   | 86 442               | 122 126       | 19 615         | 261 802                          | 13 151                    | 274 953              | 52 760        | 327 713             |
| <b>1992</b>   | 34 832                   | 88 526               | 114 771       | 21 218         | 259 347                          | 14 626                    | 273 973              | 65 557        | 339 530             |
| <b>1992</b>   |                          |                      |               |                |                                  |                           |                      |               |                     |
| <b>Nov.</b>   | 34 675                   | 82 763               | 118 536       | 19 613         | 255 587                          | 14 807                    | 270 394              | 61 800        | 332 194             |
| <b>Dec.</b>   | 34 832                   | 88 526               | 114 771       | 21 218         | 259 347                          | 14 626                    | 273 973              | 65 557        | 339 530             |
| <b>1993</b>   |                          |                      |               |                |                                  |                           |                      |               |                     |
| <b>Jan.</b>   | 36 386                   | 90 643               | 112 861       | 21 500         | 261 390                          | 15 643                    | 277 033              | 62 732        | 339 766             |
| <b>Feb.</b>   | 34 514                   | 90 871               | 111 873       | 21 643         | 258 901                          | 16 995                    | 275 896              | 67 225        | 343 122             |
| <b>March</b>  | 36 713                   | 88 594               | 110 246       | 21 576         | 257 130                          | 16 498                    | 273 627              | 67 271        | 340 898             |
| <b>April</b>  | 34 626                   | 88 277               | 109 522       | 21 839         | 254 264                          | 15 708                    | 269 972              | 64 776        | 334 747             |
| <b>May</b>    | 36 856                   | 86 814               | 108 988       | 22 119         | 254 776                          | 14 521                    | 269 297              | 67 714        | 337 011             |
| <b>June</b>   | 36 554                   | 87 629               | 108 571       | 22 615         | 255 368                          | 13 402                    | 268 770              | 67 806        | 336 576             |
| <b>July</b>   | 35 787                   | 87 997               | 107 557       | 23 582         | 254 924                          | 15 616                    | 270 540              | 63 737        | 334 277             |
| <b>Aug.</b>   | 36 548                   | 88 515               | 105 708       | 23 870         | 254 640                          | 14 861                    | 269 502              | 65 157        | 334 659             |
| <b>Sept.</b>  | 35 312                   | 88 067               | 105 958       | 23 259         | 252 596                          | 16 642                    | 269 239              | 66 050        | 335 289             |
| <b>Oct.</b>   | 35 746                   | 89 439               | 109 350       | 22 387         | 256 922                          | 16 192                    | 273 114              | 67 315        | 340 429             |
| <b>Nov.</b>   | 36 098                   | 87 692               | 109 769       | 21 451         | 255 010                          | 15 799                    | 270 809              | 64 098        | 334 907             |

### 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>1988</b>   | 11 358                                 | 5 920             | 234 268 | 251 545                       | 50 235                   | 301 780             |
| <b>1989</b>   | 15 270                                 | 5 650             | 257 768 | 278 688                       | 73 176                   | 351 864             |
| <b>1990</b>   | 19 152                                 | 5 777             | 260 790 | 285 720                       | 103 134                  | 388 853             |
| <b>1991</b>   | 18 037                                 | 4 712             | 262 859 | 285 609                       | 107 714                  | 393 323             |
| <b>1992</b>   | 16 045                                 | 3 335             | 252 163 | 271 544                       | 95 168                   | 366 712             |
| <b>1992</b>   |  |                   |         |                               |                          |                     |
| <b>Nov.</b>   | 16 545                                 | 3 449             | 254 411 | 274 405                       | 101 162                  | 375 567             |
| <b>Dec.</b>   | 16 045                                 | 3 335             | 252 163 | 271 544                       | 95 168                   | 366 712             |
| <b>1993</b>   |  |                   |         |                               |                          |                     |
| <b>Jan.</b>   | 15 948                                 | 3 017             | 251 227 | 270 192                       | 96 543                   | 366 735             |
| <b>Feb.</b>   | 16 086                                 | 2 944             | 251 618 | 270 647                       | 97 973                   | 368 621             |
| <b>March</b>  | 15 718                                 | 2 894             | 251 528 | 270 140                       | 95 576                   | 365 717             |
| <b>April</b>  | 15 326                                 | 2 891             | 251 556 | 269 774                       | 88 604                   | 358 378             |
| <b>May</b>    | 15 198                                 | 2 848             | 251 553 | 269 599                       | 85 075                   | 354 675             |
| <b>June</b>   | 15 221                                 | 2 812             | 251 305 | 269 339                       | 83 482                   | 352 821             |
| <b>July</b>   | 15 192                                 | 2 858             | 251 610 | 269 660                       | 82 922                   | 352 582             |
| <b>Aug.</b>   | 15 427                                 | 2 670             | 251 295 | 269 392                       | 81 558                   | 350 950             |
| <b>Sept.</b>  | 15 425                                 | 2 656             | 251 667 | 269 748                       | 79 676                   | 349 424             |
| <b>Oct.</b>   | 15 094                                 | 2 780             | 251 342 | 269 216                       | 75 184                   | 344 401             |
| <b>Nov.</b>   | 14 872                                 | 2 664             | 250 554 | 268 090                       | 73 810                   | 341 899             |

### 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><br>(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>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            | - 19 072                         | 453 720              | 434 648     | - 85 385         | 141 524        | 266 383                   | 291 045        |
| <b>1991</b>   | - 86 555            | - 6 516                          | 470 852              | 464 336     | - 102 540        | 130 644        | 275 241                   | 310 924        |
| <b>1992*</b>  | - 68 099            | 81                               | 439 937              | 440 018     | - 97 909         | 134 829        | 274 011                   | 310 733        |
| <b>1992*</b>  |                     |                                  |                      |             |                  |                |                           |                |
| <b>Dec.</b>   | - 68 099            | 81                               | 439 937              | 440 018     | - 97 909         | 134 829        | 274 011                   | 310 733        |
| <b>1993*</b>  |                     |                                  |                      |             |                  |                |                           |                |
| <b>Jan.</b>   | - 58 784            | - 103                            | 441 263              | 441 160     | - 106 350        | 138 722        | 276 026                   | 315 321        |
| <b>Feb.</b>   | - 55 354            | - 997                            | 443 883              | 442 886     | - 114 185        | 136 779        | 273 346                   | 307 399        |
| <b>March</b>  | - 52 886            | - 162                            | 445 947              | 445 785     | - 121 904        | 135 990        | 270 994                   | 311 305        |
| <b>April</b>  | - 41 746            | 271                              | 431 871              | 432 142     | - 121 662        | 134 069        | 268 734                   | 308 513        |
| <b>May</b>    | - 39 870            | 687                              | 430 307              | 430 993     | - 121 897        | 134 801        | 269 227                   | 307 799        |
| <b>June</b>   | - 38 803            | 41                               | 429 134              | 429 175     | - 120 187        | 135 602        | 270 184                   | 307 449        |
| <b>July</b>   | - 34 515            | 1 349                            | 428 478              | 429 827     | - 125 718        | 135 157        | 269 594                   | 309 002        |
| <b>Aug.</b>   | - 33 338            | 2 158                            | 426 871              | 429 028     | - 126 590        | 136 005        | 269 101                   | 312 036        |
| <b>Sept.</b>  | - 29 387            | 4 183                            | 424 966              | 429 149     | - 132 462        | 134 600        | 267 299                   | 312 044        |
| <b>Oct.</b>   | - 20 713            | 3 530                            | 419 951              | 423 482     | - 130 352        | 136 989        | 272 417                   | 319 050        |
| <b>Nov.</b>   | - 15 113            | 3 430                            | 417 283              | 420 713     | - 133 987        | 137 095        | 271 614                   | 312 034        |
| <b>Dec.</b>   | ..                  | ..                               | ..                   | ..          | ..               | 141 435        | 279 139                   | 323 584        |

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

| End of period | Foreign currency-denominated debt |                            |                            |               | Markku-denominated 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>1989</b>   | 18 505                            | 852                        | 3 429                      | 22 786        | 24 126                  | 5 750                       | 250                      | 30 126        | 52 912                              | 43 499               | 21 248     |
| <b>1990</b>   | 20 917                            | 732                        | 3 144                      | 24 793        | 23 982                  | 8 263                       | -                        | 32 245        | 57 038                              | 48 121               | 23 114     |
| <b>1991</b>   | 38 703                            | 2 437                      | 2 506                      | 43 646        | 31 018                  | 12 208                      | 5 180                    | 48 406        | 92 052                              | 55 165               | 15 956     |
| <b>1992</b>   | 100 244                           | 3 669                      | 2 474                      | 106 387       | 40 578                  | 13 555                      | 14 762                   | 68 895        | 175 282                             | 61 671               | 19 781     |
| <b>1993</b>   | 142 824                           | 8 737                      | 4 016                      | 155 577       | 71 082                  | 16 060                      | 22 824                   | 109 966       | 265 543                             | ..                   | ..         |
| <b>1992</b>   |                                   |                            |                            |               |                         |                             |                          |               |                                     |                      |            |
| <b>Dec.</b>   | 100 244                           | 3 669                      | 2 474                      | 106 387       | 40 578                  | 13 555                      | 14 762                   | 68 895        | 175 282                             | 61 671               | 19 781     |
| <b>1993</b>   |                                   |                            |                            |               |                         |                             |                          |               |                                     |                      |            |
| <b>Jan.</b>   | 116 428                           | 7 343                      | 2 607                      | 126 378       | 41 597                  | 13 555                      | 16 900                   | 72 052        | 198 430                             | 62 268               | 22 958     |
| <b>Feb.</b>   | 130 937                           | 8 155                      | 4 440                      | 143 532       | 44 537                  | 13 598                      | 20 397                   | 78 532        | 222 064                             | 62 742               | 16 444     |
| <b>March</b>  | 135 192                           | 8 185                      | 4 422                      | 147 799       | 47 824                  | 13 593                      | 22 315                   | 83 732        | 231 531                             | 63 632               | 39 402     |
| <b>April</b>  | 139 909                           | 7 834                      | 4 221                      | 151 964       | 49 146                  | 12 897                      | 22 570                   | 84 613        | 236 577                             | 64 197               | 45 211     |
| <b>May</b>    | 139 488                           | 8 701                      | 4 209                      | 152 398       | 51 126                  | 12 771                      | 22 014                   | 85 911        | 238 309                             | 64 292               | 43 522     |
| <b>June</b>   | 139 102                           | 9 018                      | 4 263                      | 152 383       | 57 718                  | 12 770                      | 22 126                   | 92 614        | 244 997                             | 64 436               | 43 203     |
| <b>July</b>   | 142 159                           | 9 510                      | 4 409                      | 156 078       | 59 997                  | 12 769                      | 21 459                   | 94 225        | 250 303                             | 64 796               | 40 718     |
| <b>Aug.</b>   | 143 148                           | 9 457                      | 4 411                      | 157 016       | 63 086                  | 15 355                      | 23 460                   | 101 901       | 258 917                             | 65 317               | 43 091     |
| <b>Sept.</b>  | 145 375                           | 9 350                      | 4 409                      | 159 134       | 64 904                  | 15 354                      | 24 615                   | 104 873       | 264 007                             | 65 879               | 42 793     |
| <b>Oct.</b>   | 143 854                           | 8 868                      | 4 271                      | 156 993       | 69 251                  | 15 354                      | 23 754                   | 108 359       | 265 352                             | 66 435               | 42 816     |
| <b>Nov.</b>   | 144 122                           | 8 930                      | 4 090                      | 157 142       | 71 833                  | 15 313                      | 22 647                   | 109 793       | 266 935                             | 64 381               | 47 493     |
| <b>Dec.</b>   | 142 824                           | 8 737                      | 4 016                      | 155 577       | 71 082                  | 16 060                      | 22 824                   | 109 966       | 265 543                             | ..                   | ..         |

## 5.5 MARKKA BOND MARKET

### A) ISSUES, MILL. FIM

| During period | By sector    |                        |                    |                  |        | By type of loan |         |                    | Total<br>(1+2+3+4+5)<br>=<br>(6+7+8) |
|---------------|--------------|------------------------|--------------------|------------------|--------|-----------------|---------|--------------------|--------------------------------------|
|               | Corporations | Financial institutions | Central government | Local government | Others | Public issues   |         | Private placements |                                      |
|               |              |                        |                    |                  |        | Taxable         | Taxfree |                    |                                      |
|               | 1            | 2                      | 3                  | 4                | 5      | 6               | 7       | 8                  | 9                                    |
| <b>1989</b>   | 4 204        | 11 022                 | 5 717              | 233              | 13     | 11 146          | 2 997   | 7 046              | 21 189                               |
| <b>1990</b>   | 4 640        | 17 891                 | 4 420              | 490              | 1 007  | 17 234          | 607     | 10 607             | 28 447                               |
| <b>1991</b>   | 7 277        | 25 737                 | 11 073             | 1 320            | -      | 30 160          | -       | 15 247             | 45 407                               |
| <b>1992</b>   | 6 984        | 15 043                 | 12 965             | 2 674            | 4      | 23 858          | -       | 13 812             | 37 671                               |
| <b>1993*</b>  | 11 591       | 12 107                 | 38 101             | 2 235            | 63     | 52 641          | -       | 11 456             | 64 097                               |
| <b>1992</b>   |              |                        |                    |                  |        |                 |         |                    |                                      |
| <b>Dec.</b>   | 1 065        | 4 559                  | -                  | 600              | -      | 2 178           | -       | 4 046              | 6 224                                |
| <b>1993*</b>  |              |                        |                    |                  |        |                 |         |                    |                                      |
| <b>Jan.</b>   | 624          | 592                    | 1 766              | 276              | -      | 2 318           | -       | 940                | 3 258                                |
| <b>Feb.</b>   | 471          | 843                    | 3 480              | 200              | -      | 4 342           | -       | 652                | 4 995                                |
| <b>March</b>  | 871          | 657                    | 3 944              | 656              | 13     | 4 991           | -       | 1 149              | 6 140                                |
| <b>April</b>  | 504          | 206                    | 1 835              | 89               | -      | 2 124           | -       | 509                | 2 634                                |
| <b>May</b>    | 3 281        | 1 262                  | 2 761              | 407              | -      | 4 257           | -       | 3 454              | 7 711                                |
| <b>June</b>   | 3 132        | 670                    | 6 658              | 93               | -      | 7 107           | -       | 3 446              | 10 553                               |
| <b>July</b>   | 510          | 165                    | 2 286              | -                | -      | 2 451           | -       | 510                | 2 961                                |
| <b>Aug.</b>   | 372          | 632                    | 4 829              | 60               | -      | 5 879           | -       | 15                 | 5 894                                |
| <b>Sept.</b>  | 50           | 497                    | 2 023              | 10               | -      | 2 480           | -       | 100                | 2 580                                |
| <b>Oct.</b>   | 410          | 697                    | 5 126              | 222              | -      | 6 223           | -       | 232                | 6 455                                |
| <b>Nov.</b>   | 989          | 4 160                  | 2 793              | 18               | 50     | 7 828           | -       | 182                | 8 010                                |
| <b>Dec.</b>   | 377          | 1 726                  | 600                | 205              | -      | 2 642           | -       | 266                | 2 908                                |

### B) STOCK, MILL. FIM

| End of period | By sector    |                        |                    |                  |        | By type of loan |         |                    | Total<br>(1+2+3+4+5)<br>=<br>(6+7+8) |
|---------------|--------------|------------------------|--------------------|------------------|--------|-----------------|---------|--------------------|--------------------------------------|
|               | Corporations | Financial institutions | Central government | Local government | Others | Public issues   |         | Private placements |                                      |
|               |              |                        |                    |                  |        | Taxable         | Taxfree |                    |                                      |
|               | 1            | 2                      | 3                  | 4                | 5      | 6               | 7       | 8                  | 9                                    |
| <b>1989</b>   | 21 463       | 50 216                 | 29 381             | 1 555            | 290    | 41 162          | 27 742  | 34 001             | 102 906                              |
| <b>1990</b>   | 23 522       | 59 756                 | 28 812             | 1 756            | 1 298  | 52 273          | 22 970  | 39 902             | 115 145                              |
| <b>1991</b>   | 26 632       | 76 701                 | 35 195             | 2 766            | 3 726  | 76 346          | 18 096  | 50 578             | 145 020                              |
| <b>1992</b>   | 26 617       | 82 319                 | 44 005             | 5 237            | 3 358  | 89 534          | 13 917  | 58 085             | 161 536                              |
| <b>1993*</b>  | 32 946       | 74 497                 | 73 682             | 6 894            | 2 009  | 120 707         | 10 391  | 58 930             | 190 028                              |
| <b>1992</b>   |              |                        |                    |                  |        |                 |         |                    |                                      |
| <b>IV</b>     | 26 617       | 82 319                 | 44 005             | 5 237            | 3 358  | 89 534          | 13 917  | 58 085             | 161 536                              |
| <b>1993*</b>  |              |                        |                    |                  |        |                 |         |                    |                                      |
| <b>I</b>      | 27 751       | 81 343                 | 51 244             | 6 092            | 3 030  | 97 679          | 12 097  | 59 684             | 169 460                              |
| <b>II</b>     | 33 614       | 79 950                 | 60 316             | 6 618            | 2 369  | 107 775         | 11 558  | 63 534             | 182 867                              |
| <b>III</b>    | 33 334       | 77 791                 | 67 504             | 6 517            | 2 018  | 113 846         | 10 727  | 62 591             | 187 164                              |
| <b>IV</b>     | 32 946       | 74 497                 | 73 682             | 6 894            | 2 009  | 120 707         | 10 391  | 58 930             | 190 028                              |

## C) TURNOVER, MILL. FIM

| During period | Interbank | Between banks and customers | Primary dealers' transactions in benchmark government bonds |                       |                 |
|---------------|-----------|-----------------------------|---|-----------------------|-----------------|
|               |           |                             | Purchases from other primary dealers                        | Purchases from others | Sales to others |
|               | 1         | 2                           | 3   | 4                     | 5               |
| <b>1989</b>   | 6 500     | 9 660                       | .   | .                     | .               |
| <b>1990</b>   | 5 401     | 6 058                       | .   | .                     | .               |
| <b>1991</b>   | 3 343     | 29 134                      | .   | .                     | .               |
| <b>1992</b>   | 18 221    | 58 594                      | 10 744  | 12 156                | 13 354          |
| <b>1993</b>   | 45 966    | 241 273                     | 42 945  | 95 647                | 117 489         |
| <b>1993</b>   |           |                             |   |                       |                 |
| <b>Jan.</b>   | 2 566     | 10 760                      | 2 350   | 3 889                 | 4 923           |
| <b>Feb.</b>   | 2 762     | 14 290                      | 2 690   | 4 909                 | 7 933           |
| <b>March</b>  | 3 760     | 15 481                      | 3 400   | 5 482                 | 8 300           |
| <b>April</b>  | 2 073     | 12 289                      | 1 840   | 4 409                 | 7 048           |
| <b>May</b>    | 2 165     | 14 069                      | 2 114   | 4 977                 | 8 328           |
| <b>June</b>   | 2 539     | 21 079                      | 2 115   | 5 810                 | 7 307           |
| <b>July</b>   | 4 886     | 18 701                      | 4 725   | 7 990                 | 10 211          |
| <b>Aug.</b>   | 4 426     | 20 776                      | 4 387   | 9 812                 | 10 579          |
| <b>Sept.</b>  | 5 364     | 24 405                      | 5 124   | 11 436                | 12 459          |
| <b>Oct.</b>   | 4 958     | 33 749                      | 4 717   | 13 465                | 15 832          |
| <b>Nov.</b>   | 4 454     | 28 725                      | 4 069   | 12 703                | 12 069          |
| <b>Dec.</b>   | 6 012     | 26 948                      | 5 414   | 10 765                | 12 500          |
| <b>1994</b>   |           |                             |   |                       |                 |
| <b>Jan.</b>   | 8 899     | 41 502                      | 8 437   | 17 411                | 19 133          |

## 5.6 HELSINKI STOCK EXCHANGE

| Average of daily observations | Share prices                   |               |                |                   |                          |                   |                       |               |       | Turnover <sup>1</sup> , mill. FIM |                      |         |
|-------------------------------|--------------------------------|---------------|----------------|-------------------|--------------------------|-------------------|-----------------------|---------------|-------|-----------------------------------|----------------------|---------|
|                               | HEX index (28 Dec., 1990=1000) |               |                |                   |                          |                   |                       |               |       | Shares and subscription rights    | Bonds and debentures | Total   |
|                               | All-share index                | By ownership  |                |                   | By industry              |                   |                       |               |       |                                   |                      |         |
|                               |                                | Re-restricted | Non-restricted | Banks and finance | Insurance and investment | Manufacturing     | Of which:             |               |       |                                   |                      |         |
|                               |                                |               |                |                   |                          | Forest industries | Metal and engineering | Conglomerates |       |                                   |                      |         |
|                               | 1                              | 2             | 3              | 4                 | 5                        | 6                 | 7                     | 8             | 9     | 10                                | 11                   | 12      |
| <b>1989</b>                   | 1 827                          | 1 850         | 1 689          | 1 958             | 1 528                    | 1 818             | 1 728                 | 1 748         | 2 061 | 33 160                            | 7 375                | 40 536  |
| <b>1990</b>                   | 1 332                          | 1 324         | 1 393          | 1 263             | 1 185                    | 1 376             | 1 436                 | 1 282         | 1 474 | 15 521                            | 4 550                | 20 071  |
| <b>1991</b>                   | 962                            | 949           | 1 062          | 901               | 898                      | 1 003             | 1 075                 | 1 076         | 1 020 | 6 339                             | 1 315                | 7 655   |
| <b>1992</b>                   | 772                            | 759           | 868            | 425               | 467                      | 942               | 1 123                 | 1 206         | 890   | 10 277                            | 15 377               | 25 654  |
| <b>1993</b>                   | 1 240                          | .             | .              | 608               | 644                      | 1 601             | 1 695                 | 1 749         | 1 751 | 46 337                            | 59 977               | 106 314 |
| <b>1993</b>                   |                                |               |                |                   |                          |                   |                       |               |       |                                   |                      |         |
| <b>Jan.</b>                   | 875                            | .             | .              | 314               | 422                      | 1 143             | 1 158                 | 1 331         | 1 214 | 1 803                             | 4 114                | 5 917   |
| <b>Feb.</b>                   | 913                            | .             | .              | 348               | 449                      | 1 187             | 1 246                 | 1 378         | 1 250 | 2 268                             | 4 461                | 6 730   |
| <b>March</b>                  | 994                            | .             | .              | 429               | 483                      | 1 295             | 1 437                 | 1 417         | 1 371 | 3 019                             | 5 354                | 8 374   |
| <b>April</b>                  | 1 091                          | .             | .              | 464               | 551                      | 1 419             | 1 478                 | 1 566         | 1 535 | 3 019                             | 3 260                | 6 279   |
| <b>May</b>                    | 1 200                          | .             | .              | 575               | 602                      | 1 542             | 1 637                 | 1 748         | 1 644 | 4 451                             | 4 805                | 9 257   |
| <b>June</b>                   | 1 132                          | .             | .              | 508               | 600                      | 1 461             | 1 569                 | 1 597         | 1 570 | 1 906                             | 4 118                | 6 024   |
| <b>July</b>                   | 1 241                          | .             | .              | 579               | 631                      | 1 618             | 1 720                 | 1 659         | 1 808 | 2 810                             | 2 855                | 5 665   |
| <b>Aug.</b>                   | 1 410                          | .             | .              | 830               | 813                      | 1 782             | 1 954                 | 1 893         | 1 944 | 6 081                             | 4 509                | 10 589  |
| <b>Sept.</b>                  | 1 378                          | .             | .              | 790               | 788                      | 1 745             | 1 887                 | 1 860         | 1 913 | 4 689                             | 6 036                | 10 725  |
| <b>Oct.</b>                   | 1 502                          | .             | .              | 820               | 781                      | 1 943             | 1 958                 | 2 095         | 2 212 | 6 638                             | 6 936                | 13 574  |
| <b>Nov.</b>                   | 1 542                          | .             | .              | 810               | 770                      | 2 003             | 2 093                 | 2 156         | 2 253 | 4 842                             | 7 153                | 11 995  |
| <b>Dec.</b>                   | 1 549                          | .             | .              | 773               | 801                      | 2 003             | 2 114                 | 2 240         | 2 209 | 4 810                             | 6 375                | 11 185  |
| <b>1994</b>                   |                                |               |                |                   |                          |                   |                       |               |       |                                   |                      |         |
| <b>Jan.</b>                   | 1 797                          | .             | .              | 870               | 952                      | 2 315             | 2 357                 | 2 733         | 2 537 | 8 781                             | 276                  | 9 057   |

<sup>1</sup> During period.

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

### 6.1 CURRENT ACCOUNT, MILL.FIM

| During period | Exports of goods, fob | Transport receipts | Travel receipts | Other services receipts | Services receipts, total (2+3+4) | Exports of goods and services (1+5) | Investment income | Transfers and other income | Current account receipts (6+7+8) | Imports of goods, dif | Transport expenditure | Travel expenditure | Other services expenditure |
|---------------|-----------------------|--------------------|-----------------|-------------------------|----------------------------------|-------------------------------------|-------------------|----------------------------|----------------------------------|-----------------------|-----------------------|--------------------|----------------------------|
|               | 1                     | 2                  | 3               | 4                       | 5                                | 6                                   | 7                 | 8                          | 9                                | 10                    | 11                    | 12                 | 13                         |
| <b>1989</b>   | 98 265                | 7 662              | 4 497           | 6 277                   | 18 436                           | 116 701                             | 10 212            | 3 652                      | 130 565                          | 104 400               | 3 869                 | 8 969              | 8 759                      |
| <b>1990</b>   | 99 750                | 8 347              | 4 650           | 6 081                   | 19 077                           | 118 827                             | 12 739            | 4 461                      | 136 027                          | 101 967               | 4 363                 | 10 766             | 9 503                      |
| <b>1991</b>   | 91 100                | 7 508              | 5 044           | 5 636                   | 18 189                           | 109 289                             | 10 003            | 5 336                      | 124 628                          | 86 348                | 3 974                 | 11 089             | 11 011                     |
| <b>1992*</b>  | 105 809               | 8 643              | 6 089           | 7 730                   | 22 462                           | 128 272                             | 6 423             | 5 920                      | 140 614                          | 93 187                | 4 360                 | 10 962             | 13 369                     |
| <b>1993*</b>  | 132 283               | 10 603             | 7 079           | 9 977                   | 27 660                           | 159 942                             | 7 107             | 7 262                      | 174 311                          | 101 365               | 5 144                 | 9 237              | 16 788                     |
| <b>1991</b>   |                       |                    |                 |                         |                                  |                                     |                   |                            |                                  |                       |                       |                    |                            |
| <b>III</b>    | 22 749                | 2 030              | 1 629           | 1 274                   | 4 932                            | 27 681                              | 2 557             | 1 268                      | 31 506                           | 20 526                | 1 020                 | 2 899              | 2 439                      |
| <b>IV</b>     | 25 199                | 1 869              | 1 244           | 1 618                   | 4 731                            | 29 931                              | 2 047             | 1 359                      | 33 337                           | 22 912                | 967                   | 3 014              | 3 139                      |
| <b>1992*</b>  |                       |                    |                 |                         |                                  |                                     |                   |                            |                                  |                       |                       |                    |                            |
| <b>I</b>      | 24 783                | 2 002              | 1 159           | 1 702                   | 4 863                            | 29 645                              | 2 301             | 1 367                      | 33 313                           | 22 698                | 1 001                 | 2 725              | 3 422                      |
| <b>II</b>     | 26 452                | 2 152              | 1 493           | 1 681                   | 5 326                            | 31 778                              | 1 269             | 1 374                      | 34 421                           | 24 180                | 1 064                 | 2 813              | 3 039                      |
| <b>III</b>    | 24 820                | 2 323              | 1 958           | 1 923                   | 6 203                            | 31 023                              | 1 204             | 1 480                      | 33 707                           | 20 677                | 1 119                 | 2 853              | 3 242                      |
| <b>IV</b>     | 29 754                | 2 167              | 1 480           | 2 424                   | 6 071                            | 35 825                              | 1 649             | 1 699                      | 39 173                           | 25 632                | 1 176                 | 2 572              | 3 666                      |
| <b>1993*</b>  |                       |                    |                 |                         |                                  |                                     |                   |                            |                                  |                       |                       |                    |                            |
| <b>I</b>      | 30 951                | 2 442              | 1 351           | 2 894                   | 6 688                            | 37 639                              | 2 275             | 1 659                      | 41 574                           | 25 672                | 1 180                 | 2 401              | 4 390                      |
| <b>II</b>     | 32 587                | 2 649              | 1 763           | 2 402                   | 6 815                            | 39 401                              | 2 073             | 1 945                      | 43 419                           | 24 761                | 1 268                 | 2 276              | 3 960                      |
| <b>III</b>    | 32 070                | 2 848              | 2 203           | 2 233                   | 7 284                            | 39 354                              | 1 664             | 1 773                      | 42 791                           | 23 965                | 1 313                 | 2 242              | 4 151                      |
| <b>IV</b>     | 36 675                | 2 664              | 1 761           | 2 448                   | 6 873                            | 43 548                              | 1 095             | 1 884                      | 46 527                           | 26 967                | 1 382                 | 2 319              | 4 286                      |

| During period | Services expenditure, total (11+12+13) | Imports of goods and services (10+14) | Investment expenditure | Transfers and other expenditure | Current account expenditure (15+16+17) | Trade account (1-10) | Transport (2-11) | Travel (3-12) | Other services (4-13) | Services account (20+21+22) | Goods and services account (19+23) | Investment income, not (7-16) | Transfers and others, not (8-17) | Current account (24+25+26) = (9-18) |
|---------------|--|---------------------------------------|------------------------|---------------------------------|--|----------------------|------------------|---------------|-----------------------|-----------------------------|------------------------------------|-------------------------------|----------------------------------|-------------------------------------|
|               | 14                                     | 15                                    | 16                     | 17                              | 18                                     | 19                   | 20               | 21            | 22                    | 23                          | 24                                 | 25                            | 26                               | 27                                  |
| <b>1989</b>   | 21 596                                 | 125 996                               | 21 882                 | 7 561                           | 155 439                                | - 6 134              | 3 793            | - 4 471       | - 2 482               | - 3 160                     | - 9 294                            | - 11 670                      | - 3 910                          | - 24 874                            |
| <b>1990</b>   | 24 632                                 | 126 599                               | 26 973                 | 8 967                           | 162 540                                | - 2 218              | 3 984            | - 6 117       | - 3 422               | - 5 555                     | - 7 772                            | - 14 234                      | - 4 506                          | - 26 513                            |
| <b>1991</b>   | 26 074                                 | 112 421                               | 28 674                 | 10 529                          | 151 624                                | 4 752                | 3 534            | - 6 044       | - 5 374               | - 7 885                     | - 3 132                            | - 18 671                      | - 5 192                          | - 26 996                            |
| <b>1992*</b>  | 28 690                                 | 121 878                               | 30 424                 | 10 347                          | 162 649                                | 12 622               | 4 283            | - 4 873       | - 5 639               | - 6 228                     | 6 394                              | - 24 001                      | - 4 428                          | - 22 035                            |
| <b>1993*</b>  | 31 169                                 | 132 534                               | 35 616                 | 11 686                          | 179 837                                | 30 918               | 5 459            | - 2 159       | - 6 810               | - 3 510                     | 27 408                             | - 28 510                      | - 4 424                          | - 5 526                             |
| <b>1991</b>   |  |                                       |                        |                                 |  |                      |                  |               |                       |                             |                                    |                               |                                  |                                     |
| <b>III</b>    | 6 358                                  | 26 884                                | 6 716                  | 2 524                           | 36 124                                 | 2 223                | 1 010            | - 1 270       | - 1 165               | - 1 425                     | 797                                | - 4 159                       | - 1 257                          | - 4 618                             |
| <b>IV</b>     | 7 121                                  | 30 033                                | 6 510                  | 2 725                           | 39 268                                 | 2 288                | 902              | - 1 770       | - 1 521               | - 2 389                     | - 102                              | - 4 463                       | - 1 367                          | - 5 931                             |
| <b>1992*</b>  |  |                                       |                        |                                 |  |                      |                  |               |                       |                             |                                    |                               |                                  |                                     |
| <b>I</b>      | 7 148                                  | 29 845                                | 8 435                  | 3 124                           | 41 405                                 | 2 085                | 1 001            | - 1 566       | - 1 720               | - 2 285                     | - 200                              | - 6 134                       | - 1 758                          | - 8 092                             |
| <b>II</b>     | 6 916                                  | 31 096                                | 7 400                  | 2 381                           | 40 877                                 | 2 272                | 1 087            | - 1 320       | - 1 358               | - 1 590                     | 682                                | - 6 131                       | - 1 007                          | - 6 456                             |
| <b>III</b>    | 7 214                                  | 27 891                                | 6 765                  | 2 402                           | 37 058                                 | 4 143                | 1 204            | - 895         | - 1 319               | - 1 011                     | 3 132                              | - 5 561                       | - 922                            | - 3 351                             |
| <b>IV</b>     | 7 413                                  | 33 045                                | 7 824                  | 2 440                           | 43 309                                 | 4 122                | 991              | - 1 092       | - 1 241               | - 1 342                     | 2 780                              | - 6 174                       | - 741                            | - 4 136                             |
| <b>1993*</b>  |  |                                       |                        |                                 |  |                      |                  |               |                       |                             |                                    |                               |                                  |                                     |
| <b>I</b>      | 7 972                                  | 33 644                                | 10 352                 | 3 099                           | 47 095                                 | 5 279                | 1 262            | - 1 049       | - 1 496               | - 1 283                     | 3 995                              | - 8 076                       | - 1 440                          | - 5 521                             |
| <b>II</b>     | 7 505                                  | 32 265                                | 10 701                 | 2 689                           | 45 656                                 | 7 826                | 1 381            | - 512         | - 1 558               | - 690                       | 7 136                              | - 8 628                       | - 744                            | - 2 236                             |
| <b>III</b>    | 7 707                                  | 31 671                                | 7 149                  | 2 945                           | 41 766                                 | 8 105                | 1 534            | - 39          | - 1 917               | - 422                       | 7 683                              | - 5 486                       | - 1 172                          | 1 025                               |
| <b>IV</b>     | 7 987                                  | 34 954                                | 7 414                  | 2 953                           | 45 321                                 | 9 708                | 1 282            | - 558         | - 1 839               | - 1 114                     | 8 594                              | - 6 320                       | - 1 068                          | 1 206                               |

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

| During period | Imports of long-term capital |                                 |        |                         |                 | Exports of long-term capital |                             |        |                         |                 | Long-term capital account (5-10) | Basic balance |
|---------------|------------------------------|---------------------------------|--------|-------------------------|-----------------|------------------------------|-----------------------------|--------|-------------------------|-----------------|----------------------------------|---------------|
|               | Direct investment in Finland | Portfolio investment in Finland | Loans  | Other long-term capital | Total (1+2+3+4) | Direct investment abroad     | Portfolio investment abroad | Loans  | Other long-term capital | Total (6+7+8+9) |                                  |               |
|               | 1                            | 2                               | 3      | 4                       | 5               | 6                            | 7                           | 8      | 9                       | 10              | 11                               | 12            |
| <b>1989</b>   | 2 095                        | 14 756                          | 8 608  | 79                      | 25 538          | 13 327                       | 180                         | 5 323  | 273                     | 19 103          | 6 435                            | -18 439       |
| <b>1990</b>   | 3 010                        | 22 656                          | 19 674 | 169                     | 45 509          | 12 471                       | 577                         | -499   | 294                     | 12 843          | 32 666                           | 6 153         |
| <b>1991</b>   | -997                         | 37 284                          | 14 840 | 825                     | 51 952          | 4 240                        | -372                        | 1 052  | 101                     | 5 022           | 46 931                           | 19 935        |
| <b>1992*</b>  | 1 777                        | 36 772                          | 5 505  | 479                     | 44 532          | 1 821                        | 367                         | 3 461  | 304                     | 5 953           | 38 580                           | 16 545        |
| <b>1993*</b>  | 3 390                        | 34 548                          | 15 452 | -1 397                  | 51 993          | 10 475                       | 1 661                       | -1 012 | 410                     | 11 534          | 40 459                           | 34 933        |
| <b>1991</b>   |                              |                                 |        |                         |                 |                              |                             |        |                         |                 |                                  |               |
| <b>III</b>    | -435                         | 10 416                          | 2 747  | 114                     | 12 843          | 1 315                        | 434                         | -522   | -2                      | 1 225           | 11 617                           | 6 999         |
| <b>IV</b>     | -777                         | 2 937                           | 3 211  | 619                     | 5 989           | 587                          | -356                        | 697    | -44                     | 883             | 5 106                            | -825          |
| <b>1992*</b>  |                              |                                 |        |                         |                 |                              |                             |        |                         |                 |                                  |               |
| <b>I</b>      | 564                          | 4 173                           | -400   | 795                     | 5 132           | 624                          | 182                         | 621    | 273                     | 1 699           | 3 433                            | -4 659        |
| <b>II</b>     | 74                           | 12 934                          | 372    | -261                    | 13 119          | -208                         | 1 142                       | 121    | 187                     | 1 242           | 11 877                           | 5 421         |
| <b>III</b>    | 340                          | 5 302                           | 725    | 259                     | 6 626           | 775                          | -882                        | 1 117  | 182                     | 1 192           | 5 434                            | 2 083         |
| <b>IV</b>     | 799                          | 14 362                          | 4 808  | -314                    | 19 655          | 630                          | -75                         | 1 602  | -337                    | 1 820           | 17 836                           | 13 700        |
| <b>1993*</b>  |                              |                                 |        |                         |                 |                              |                             |        |                         |                 |                                  |               |
| <b>I</b>      | 206                          | 15 781                          | 8 994  | -384                    | 24 597          | 1 355                        | 2 981                       | -688   | -105                    | 3 543           | 21 054                           | 15 534        |
| <b>II</b>     | 803                          | 14 991                          | 4 440  | -477                    | 19 756          | 1 505                        | -1 094                      | 478    | 148                     | 1 037           | 18 720                           | 16 483        |
| <b>III</b>    | 415                          | 4 763                           | 3 274  | -456                    | 7 996           | -150                         | -764                        | -795   | 722                     | -987            | 8 983                            | 10 008        |
| <b>IV</b>     | 1 966                        | -986                            | -1 255 | -80                     | -355            | 7 765                        | 538                         | -6     | -355                    | 7 942           | -8 297                           | -7 091        |

| During period | Imports of short-term capital                  |               |                          |                  | Exports of short-term capital                  |               |                          |                  | Errors and omissions | Short-term capital account (16-20+21) | Overall balance excl. reserve movements (12+22) | Change in central bank's foreign exchange reserves |
|---------------|--|---------------|--------------------------|------------------|--|---------------|--------------------------|------------------|----------------------|---------------------------------------|---|--|
|               | Short-term capital imports of authorized banks | Trade credits | Other short-term capital | Total (13+14+15) | Short-term capital exports of authorized banks | Trade credits | Other short-term capital | Total (17+18+19) |                      |                                       |   |  |
|               | 13   | 14            | 15                       | 16               | 17   | 18            | 19                       | 20               | 21                   | 22                                    | 23  | 24   |
| <b>1989</b>   | 4 285  | 1 627         | 3 679                    | 9 592            | 1 462  | 475           | 710                      | 2 647            | 5 533                | 12 478                                | -5 961  | 5 961  |
| <b>1990</b>   | 16 258   | 1 119         | -1 357                   | 16 020           | -2 290   | -1 254        | 1 244                    | -2 300           | -9 381               | 8 939                                 | 15 092  | -15 092  |
| <b>1991</b>   | -13 436  | 399           | -1 301                   | -14 338          | 6 261  | 882           | 3 285                    | 10 427           | -1 574               | -26 339                               | -6 404  | 6 404  |
| <b>1992*</b>  | -29 022  | 7 998         | 10 626                   | -10 399          | -567   | 4 369         | 6 563                    | 10 365           | -5 030               | -25 794                               | -9 249  | 9 249  |
| <b>1993*</b>  | -28 391  | 4 547         | -2 263                   | -26 107          | 9 883  | 2 480         | 809                      | 13 171           | 5 462                | -33 816                               | 1 117   | -1 117   |
| <b>1991</b>   |  |               |                          |                  |  |               |                          |                  |                      |                                       |   |  |
| <b>III</b>    | -16 407  | 340           | -583                     | -16 650          | -3 091   | 1 027         | 1 869                    | -195             | 2 550                | -13 905                               | -6 905  | 6 905  |
| <b>IV</b>     | -4 383   | 1 232         | -2 481                   | -5 632           | -13 635  | 977           | -4 531                   | -17 189          | -4 908               | 6 649                                 | 5 824   | -5 824   |
| <b>1992*</b>  |  |               |                          |                  |  |               |                          |                  |                      |                                       |   |  |
| <b>I</b>      | -2 542   | 458           | 3 694                    | 1 610            | -4 134   | 1 003         | 1 723                    | -1 408           | 0                    | 3 018                                 | -1 641  | 1 641  |
| <b>II</b>     | -9 587   | 3 973         | 540                      | -5 074           | -1 612   | 1 167         | -3 403                   | -3 848           | -5 244               | -6 470                                | -1 049  | 1 049  |
| <b>III</b>    | -11 212  | 1 155         | 12 198                   | 2 141            | 6 064  | 217           | 154                      | 6 435            | -3 955               | -8 248                                | -6 165  | 6 165  |
| <b>IV</b>     | -5 681   | 2 411         | -5 805                   | -9 076           | -885   | 1 983         | 8 089                    | 9 187            | 4 169                | -14 094                               | -394  | 394  |
| <b>1993*</b>  |  |               |                          |                  |  |               |                          |                  |                      |                                       |   |  |
| <b>I</b>      | -3 093   | 411           | -5 857                   | -8 540           | 14 868   | 1 560         | -1 232                   | 15 197           | 2 509                | -21 228                               | -5 694  | 5 694  |
| <b>II</b>     | -5 939   | 2 435         | -1 386                   | -4 890           | -3 008   | 1 225         | -338                     | -2 121           | -3 009               | -5 778                                | 10 706  | -10 706  |
| <b>III</b>    | -10 464  | 4 828         | 2 770                    | -2 866           | 10 909   | 3 181         | 4 339                    | 18 429           | 220                  | -21 075                               | -11 067   | 11 067   |
| <b>IV</b>     | -8 895   | -3 127        | 2 210                    | -9 812           | -12 887  | -3 486        | -1 960                   | -18 333          | 5 742                | 14 264                                | 7 173   | -7 173   |

<sup>1</sup> Capital account data are based on surveys as from the beginning of 1991. The resulting figures conform more closely to the IMF's recommendations.

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

| End of period | Long-term liabilities        |                                 |         |                         |                 | Long-term assets         |                             |        |                         |                 | Long-term debt, net (5-10) |
|---------------|------------------------------|---------------------------------|---------|-------------------------|-----------------|--------------------------|-----------------------------|--------|-------------------------|-----------------|----------------------------|
|               | Direct investment in Finland | Portfolio investment in Finland | Loans   | Other long-term capital | Total (1+2+3+4) | Direct investment abroad | Portfolio investment abroad | Loans  | Other long-term capital | Total (6+7+8+9) |                            |
|               | 1                            | 2                               | 3       | 4                       | 5               | 6                        | 7                           | 8      | 9                       | 10              | 11                         |
| <b>1989</b>   | 16 093                       | 82 313                          | 40 110  | 994                     | 139 510         | 33 234                   | 7 680                       | 24 572 | 2 757                   | 68 243          | 71 267                     |
| <b>1990</b>   | 18 651                       | 98 399                          | 51 744  | 4 630                   | 173 424         | 43 931                   | 7 184                       | 25 595 | 5 487                   | 82 196          | 91 228                     |
| <b>1991</b>   | 17 443                       | 143 685                         | 75 772  | 5 827                   | 242 728         | 53 560                   | 7 430                       | 27 907 | 6 161                   | 95 057          | 147 671                    |
| <b>1992*</b>  | 19 260                       | 211 214                         | 96 081  | 7 919                   | 334 473         | 61 659                   | 9 165                       | 34 108 | 7 670                   | 112 602         | 221 871                    |
| <b>1993*</b>  | 22 650                       | 275 118                         | 119 084 | 6 870                   | 423 722         | 72 818                   | 11 409                      | 32 655 | 8 941                   | 125 823         | 297 899                    |
| <b>1991</b>   |                              |                                 |         |                         |                 |                          |                             |        |                         |                 |                            |
| <b>III</b>    | 18 273                       | 132 499                         | 68 747  | 4 877                   | 224 395         | 48 601                   | 7 392                       | 26 056 | 5 934                   | 87 983          | 136 412                    |
| <b>IV</b>     | 17 443                       | 143 685                         | 75 772  | 5 827                   | 242 728         | 53 560                   | 7 430                       | 27 907 | 6 161                   | 95 057          | 147 671                    |
| <b>1992*</b>  |                              |                                 |         |                         |                 |                          |                             |        |                         |                 |                            |
| <b>I</b>      | 18 017                       | 152 414                         | 78 844  | 6 768                   | 256 043         | 53 857                   | 7 900                       | 29 179 | 6 738                   | 97 674          | 158 369                    |
| <b>II</b>     | 18 101                       | 161 861                         | 77 058  | 6 441                   | 263 460         | 53 322                   | 9 089                       | 28 025 | 6 648                   | 97 084          | 166 376                    |
| <b>III</b>    | 18 451                       | 185 346                         | 86 042  | 7 290                   | 297 129         | 61 356                   | 8 618                       | 31 039 | 7 397                   | 108 410         | 188 719                    |
| <b>IV</b>     | 19 260                       | 211 214                         | 96 081  | 7 919                   | 334 473         | 61 659                   | 9 165                       | 34 108 | 7 670                   | 112 602         | 221 871                    |
| <b>1993*</b>  |                              |                                 |         |                         |                 |                          |                             |        |                         |                 |                            |
| <b>I</b>      | 19 466                       | 254 366                         | 115 633 | 8 233                   | 397 698         | 69 231                   | 12 628                      | 35 652 | 8 324                   | 125 835         | 271 863                    |
| <b>II</b>     | 20 269                       | 256 862                         | 116 641 | 7 363                   | 401 135         | 66 943                   | 11 472                      | 33 601 | 8 287                   | 120 304         | 280 832                    |
| <b>III</b>    | 20 684                       | 274 240                         | 123 272 | 7 255                   | 425 451         | 67 711                   | 10 834                      | 33 805 | 9 376                   | 121 726         | 303 725                    |
| <b>IV</b>     | 22 650                       | 275 118                         | 119 084 | 6 870                   | 423 722         | 72 818                   | 11 409                      | 32 655 | 8 941                   | 125 823         | 297 899                    |

| End of period | Short-term liabilities                   |  |               |                              |                     | Short-term assets                   |                                       |               |                         |                     | Short-term liabilities, net (16-21) | Debt, net (11+22) | Net interest and dividend expenditure | Net interest and dividend expenditure in relation to current account receipts |
|---------------|--|--|---------------|------------------------------|---------------------|-------------------------------------|---------------------------------------|---------------|-------------------------|---------------------|-------------------------------------|-------------------|---------------------------------------|---|
|               | Bank of Finland's short-term liabilities | Short-term liabilities of authorized banks | Trade credits | Other short-term liabilities | Total (12+13+14+15) | Bank of Finland's short-term assets | Short-term assets of authorized banks | Trade credits | Other short-term assets | Total (17+18+19+20) |                                     |                   |                                       |   |
|               | 12                                       | 13   | 14            | 15                           | 16                  | 17                                  | 18                                    | 19            | 20                      | 21                  | 22                                  | 23                | 24                                    | 25  |
| <b>1989</b>   | 3 558                                    | 88 751                                     | 12 697        | 12 883                       | 117 889             | 25 113                              | 33 569                                | 16 516        | 5 666                   | 80 864              | 37 024                              | 108 291           | 10 453                                | 8.0   |
| <b>1990</b>   | 3 922                                    | 106 548                                    | 13 466        | 13 864                       | 137 801             | 39 506                              | 27 190                                | 14 372        | 6 608                   | 87 676              | 50 125                              | 141 353           | 13 130                                | 9.7   |
| <b>1991</b>   | 3 149                                    | 99 502                                     | 13 798        | 14 703                       | 131 152             | 35 922                              | 36 727                                | 15 840        | 10 545                  | 99 034              | 32 118                              | 179 788           | 15 671                                | 12.7  |
| <b>1992*</b>  | 7 849                                    | 84 253                                     | 21 891        | 21 603                       | 135 597             | 33 966                              | 43 534                                | 21 323        | 16 505                  | 115 328             | 20 268                              | 242 139           | 19 007                                | 13.6  |
| <b>1993*</b>  | 6 382                                    | 60 380                                     | 26 376        | 21 659                       | 114 797             | 38 530                              | 55 872                                | 24 238        | 17 114                  | 135 755             | -20 957                             | 276 942           | 23 510                                | 13.6  |
| <b>1991</b>   |  |  |               |                              |                     |                                     |                                       |               |                         |                     |                                     |                   |                                       |   |
| <b>III</b>    | 2 826                                    | 99 953                                     | 12 500        | 16 703                       | 131 982             | 29 006                              | 47 064                                | 14 371        | 15 121                  | 105 561             | 26 421                              | 162 833           | 3 409                                 | 10.8  |
| <b>IV</b>     | 3 149                                    | 99 502                                     | 13 798        | 14 703                       | 131 152             | 35 922                              | 36 727                                | 15 840        | 10 545                  | 99 034              | 32 118                              | 179 788           | 3 713                                 | 11.1  |
| <b>1992*</b>  |  |  |               |                              |                     |                                     |                                       |               |                         |                     |                                     |                   |                                       |   |
| <b>I</b>      | 3 185                                    | 100 961                                    | 14 219        | 18 012                       | 136 376             | 35 429                              | 32 960                                | 17 007        | 12 637                  | 98 033              | 38 343                              | 196 712           | 4 886                                 | 14.7  |
| <b>II</b>     | 3 242                                    | 89 647                                     | 18 218        | 17 832                       | 128 939             | 33 516                              | 32 786                                | 18 123        | 8 804                   | 93 229              | 35 710                              | 202 086           | 4 882                                 | 14.2  |
| <b>III</b>    | 14 067                                   | 86 647                                     | 19 397        | 20 846                       | 140 956             | 29 484                              | 43 316                                | 18 829        | 9 425                   | 101 054             | 39 902                              | 228 622           | 4 313                                 | 12.8  |
| <b>IV</b>     | 7 849                                    | 84 253                                     | 21 891        | 21 603                       | 135 597             | 33 966                              | 43 534                                | 21 323        | 16 505                  | 115 328             | 20 268                              | 242 139           | 4 925                                 | 12.6  |
| <b>1993*</b>  |  |  |               |                              |                     |                                     |                                       |               |                         |                     |                                     |                   |                                       |   |
| <b>I</b>      | 5 836                                    | 86 548                                     | 22 279        | 19 173                       | 133 836             | 31 998                              | 60 816                                | 23 570        | 16 232                  | 132 615             | 1 221                               | 273 083           | 6 827                                 | 16.4  |
| <b>II</b>     | 6 173                                    | 78 062                                     | 24 661        | 16 779                       | 125 675             | 41 889                              | 56 831                                | 24 521        | 14 669                  | 137 910             | -12 235                             | 268 597           | 7 378                                 | 17.0  |
| <b>III</b>    | 6 293                                    | 69 318                                     | 29 519        | 19 669                       | 124 800             | 31 987                              | 68 640                                | 27 853        | 19 178                  | 147 659             | -22 859                             | 280 866           | 4 236                                 | 9.9   |
| <b>IV</b>     | 6 382                                    | 60 380                                     | 26 376        | 21 659                       | 114 797             | 38 530                              | 55 872                                | 24 238        | 17 114                  | 135 755             | -20 957                             | 276 942           | 5 069                                 | 10.9  |



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

| End of period | Long-term liabilities |        |                              |                    |       |                   | Long-term assets |        |                              |                    |       |                     | Long-term liabilities, not (6-12) |
|---------------|-----------------------|--------|------------------------------|--------------------|-------|-------------------|------------------|--------|------------------------------|--------------------|-------|---------------------|-----------------------------------|
|               | Corporate sector      | Banks  | Other financial institutions | Central government | Other | Total (1+2+3+4+5) | Corporate sector | Banks  | Other financial institutions | Central government | Other | Total (7+8+9+10+11) |                                   |
|               | 1                     | 2      | 3                            | 4                  | 5     | 6                 | 7                | 8      | 9                            | 10                 | 11    | 12                  | 13                                |
| <b>1989</b>   | 58 009                | 40 199 | 17 665                       | 23 063             | 574   | 139 510           | 34 828           | 26 048 | 2 313                        | 3 517              | 1 537 | 68 243              | 71 267                            |
| <b>1990</b>   | 65 553                | 56 394 | 21 694                       | 29 174             | 610   | 173 424           | 45 372           | 28 423 | 2 075                        | 4 279              | 2 047 | 82 196              | 91 228                            |
| <b>1991</b>   | 79 212                | 70 795 | 35 623                       | 56 377             | 721   | 242 728           | 57 749           | 27 641 | 2 121                        | 4 752              | 2 794 | 95 057              | 147 671                           |
| <b>1992*</b>  | 94 166                | 70 253 | 49 558                       | 118 081            | 2 415 | 334 473           | 69 963           | 30 619 | 3 096                        | 5 627              | 3 298 | 112 602             | 221 871                           |
| <b>1993*</b>  | 121 805               | 71 085 | 51 048                       | 176 980            | 2 803 | 423 722           | 82 485           | 29 480 | 3 695                        | 7 194              | 2 970 | 125 823             | 297 899                           |
| <b>1991</b>   |                       |        |                              |                    |       |                   |                  |        |                              |                    |       |                     |                                   |
| <b>III</b>    | 76 925                | 68 223 | 34 193                       | 44 332             | 723   | 224 395           | 51 794           | 26 862 | 2 138                        | 4 655              | 2 534 | 87 983              | 136 412                           |
| <b>IV</b>     | 79 212                | 70 795 | 35 623                       | 56 377             | 721   | 242 728           | 57 749           | 27 641 | 2 121                        | 4 752              | 2 794 | 95 057              | 147 671                           |
| <b>1992*</b>  |                       |        |                              |                    |       |                   |                  |        |                              |                    |       |                     |                                   |
| <b>I</b>      | 83 295                | 69 700 | 36 053                       | 65 370             | 1 624 | 256 043           | 58 653           | 28 466 | 2 298                        | 5 367              | 2 890 | 97 674              | 158 369                           |
| <b>II</b>     | 81 317                | 64 232 | 37 674                       | 78 534             | 1 703 | 263 460           | 58 461           | 28 235 | 2 290                        | 5 147              | 2 951 | 97 084              | 166 376                           |
| <b>III</b>    | 87 852                | 68 903 | 39 531                       | 98 824             | 2 020 | 297 129           | 66 650           | 30 514 | 2 451                        | 5 528              | 3 268 | 108 410             | 188 719                           |
| <b>IV</b>     | 94 166                | 70 253 | 49 558                       | 118 081            | 2 415 | 334 473           | 69 963           | 30 619 | 3 096                        | 5 627              | 3 298 | 112 602             | 221 871                           |
| <b>1993*</b>  |                       |        |                              |                    |       |                   |                  |        |                              |                    |       |                     |                                   |
| <b>I</b>      | 105 210               | 72 568 | 54 996                       | 162 000            | 2 925 | 397 698           | 77 690           | 34 825 | 3 350                        | 6 259              | 3 710 | 125 835             | 271 863                           |
| <b>II</b>     | 105 421               | 69 550 | 51 715                       | 171 676            | 2 774 | 401 135           | 76 033           | 31 136 | 3 297                        | 6 535              | 3 303 | 120 304             | 280 832                           |
| <b>III</b>    | 115 725               | 72 805 | 53 321                       | 180 678            | 2 922 | 425 451           | 77 369           | 30 522 | 3 625                        | 7 044              | 3 166 | 121 726             | 303 725                           |
| <b>IV</b>     | 121 805               | 71 085 | 51 048                       | 176 980            | 2 803 | 423 722           | 82 485           | 29 480 | 3 695                        | 7 194              | 2 970 | 125 823             | 297 899                           |

## 7. FOREIGN TRADE

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

| During period | Exports, feb | Imports, cif | Balance (1-2) |
|---------------|--------------|--------------|---------------|
|               | 1            | 2            | 3             |
| <b>1989</b>   | 99 784       | 105 516      | - 5 732       |
| <b>1990</b>   | 101 327      | 103 027      | - 1 700       |
| <b>1991</b>   | 92 842       | 87 744       | 5 098         |
| <b>1992*</b>  | 107 463      | 94 947       | 12 516        |
| <b>1993*</b>  | 133 927      | 103 078      | 30 849        |
| <b>1992*</b>  |              |              |               |
| <b>Dec.</b>   | 9 437        | 8 588        | 849           |
| <b>1993*</b>  |              |              |               |
| <b>Jan.</b>   | 9 274        | 6 606        | 2 668         |
| <b>Feb.</b>   | 10 646       | 9 088        | 1 558         |
| <b>March</b>  | 11 445       | 10 384       | 1 061         |
| <b>April</b>  | 11 429       | 9 654        | 1 775         |
| <b>May</b>    | 11 391       | 7 738        | 3 653         |
| <b>June</b>   | 10 177       | 7 773        | 2 404         |
| <b>July</b>   | 10 899       | 8 129        | 2 770         |
| <b>Aug.</b>   | 10 127       | 8 210        | 1 917         |
| <b>Sept.</b>  | 11 452       | 8 029        | 3 423         |
| <b>Oct.</b>   | 13 906       | 8 405        | 5 501         |
| <b>Nov.</b>   | 12 369       | 9 620        | 2 749         |
| <b>Dec.</b>   | 10 812       | 9 443        | 1 369         |

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

| Period       | Volume  |         | Unit value |         | Terms of trade |
|--------------|---------|---------|------------|---------|----------------|
|              | Exports | Imports | Exports    | Imports |                |
|              | 1       | 2       | 3          | 4       | 5              |
| <b>1989</b>  | 121     | 144     | 156        | 126     | 123            |
| <b>1990</b>  | 125     | 138     | 154        | 128     | 120            |
| <b>1991</b>  | 114     | 115     | 154        | 131     | 118            |
| <b>1992*</b> | 124     | 112     | 164        | 145     | 113            |
| <b>1993*</b> | 147     | 109     | 172        | 163     | 106            |
| <b>1991</b>  |         |         |            |         |                |
| <b>III</b>   | 113     | 109     | 156        | 132     | 119            |
| <b>IV</b>    | 124     | 118     | 157        | 135     | 116            |
| <b>1992*</b> |         |         |            |         |                |
| <b>I</b>     | 118     | 112     | 162        | 142     | 114            |
| <b>II</b>    | 125     | 118     | 162        | 143     | 113            |
| <b>III</b>   | 117     | 102     | 163        | 142     | 115            |
| <b>IV</b>    | 133     | 116     | 171        | 154     | 111            |
| <b>1993*</b> |         |         |            |         |                |
| <b>I</b>     | 135     | 107     | 175        | 166     | 106            |
| <b>II</b>    | 143     | 104     | 174        | 166     | 105            |
| <b>III</b>   | 141     | 103     | 174        | 165     | 105            |
| <b>IV</b>    | 165     | 116     | 170        | 161     | 105            |

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

| During period | Exports by industries, feb |                         |                            |   |             | Imports by use of goods, cif    |                                 |                |        |             |
|---------------|----------------------------|-------------------------|----------------------------|---|-------------|---------------------------------|---------------------------------|----------------|--------|-------------|
|               | Wood industry products     | Paper industry products | Chemical industry products | Metal and engineering industry products | Other goods | Raw materials (excl. crude oil) | Crude oil, fuels and lubricants | Finished goods |        | Other goods |
|               | 1                          | 2                       | 3                          | 4                                       | 5           | 6                               | 7                               | 8              | 9      | 10          |
| <b>1989</b>   | 7 416                      | 32 513                  | 8 844                      | 32 682                                  | 18 329      | 51 786                          | 8 310                           | 20 606         | 24 055 | 759         |
| <b>1990</b>   | 7 811                      | 31 658                  | 9 540                      | 35 493                                  | 16 825      | 49 210                          | 9 829                           | 19 364         | 23 888 | 736         |
| <b>1991</b>   | 6 984                      | 29 695                  | 10 539                     | 29 188                                  | 16 436      | 42 505                          | 9 399                           | 13 973         | 21 195 | 672         |
| <b>1992*</b>  | 7 892                      | 32 587                  | 12 172                     | 35 741                                  | 19 071      | 49 514                          | 9 745                           | 13 348         | 20 826 | 1 514       |
| <b>1993*</b>  | 10 889                     | 37 410                  | 14 192                     | 48 099                                  | 23 337      | 54 778                          | 10 911                          | 15 337         | 21 045 | 1 007       |
| <b>1992*</b>  |                            |                         |                            |   |             |                                 |                                 |                |        |             |
| <b>Dec.</b>   | 644                        | 2 949                   | 870                        | 3 421                                   | 1 553       | 4 280                           | 1 300                           | 1 122          | 1 534  | 352         |
| <b>1993*</b>  |                            |                         |                            |   |             |                                 |                                 |                |        |             |
| <b>Jan.</b>   | 706                        | 2 683                   | 1 051                      | 3 260                                   | 1 574       | 3 706                           | 546                             | 900            | 1 401  | 53          |
| <b>Feb.</b>   | 780                        | 3 083                   | 1 135                      | 3 645                                   | 2 003       | 4 370                           | 1 120                           | 1 672          | 1 855  | 71          |
| <b>March</b>  | 899                        | 3 441                   | 1 213                      | 3 911                                   | 1 981       | 4 663                           | 887                             | 2 848          | 1 923  | 63          |
| <b>April</b>  | 968                        | 3 414                   | 1 320                      | 3 755                                   | 1 972       | 5 445                           | 697                             | 1 352          | 2 062  | 98          |
| <b>May</b>    | 1 020                      | 3 100                   | 1 082                      | 4 262                                   | 1 927       | 4 537                           | 488                             | 1 050          | 1 606  | 57          |
| <b>June</b>   | 927                        | 2 931                   | 965                        | 3 698                                   | 1 656       | 4 286                           | 1 040                           | 906            | 1 482  | 59          |
| <b>July</b>   | 774                        | 2 753                   | 1 162                      | 4 385                                   | 1 825       | 4 358                           | 973                             | 983            | 1 645  | 170         |
| <b>Aug.</b>   | 668                        | 2 991                   | 1 255                      | 3 304                                   | 1 909       | 4 350                           | 969                             | 1 147          | 1 682  | 62          |
| <b>Sept.</b>  | 988                        | 3 255                   | 1 328                      | 3 767                                   | 2 114       | 4 360                           | 951                             | 873            | 1 713  | 132         |
| <b>Oct.</b>   | 1 133                      | 3 508                   | 1 258                      | 5 869                                   | 2 138       | 4 718                           | 863                             | 978            | 1 835  | 11          |
| <b>Nov.</b>   | 1 061                      | 3 294                   | 1 354                      | 4 479                                   | 2 181       | 4 969                           | 1 377                           | 1 282          | 1 946  | 46          |
| <b>Dec.</b>   | 964                        | 2 954                   | 1 069                      | 3 766                                   | 2 059       | 4 999                           | 1 107                           | 1 349          | 1 892  | 96          |

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

| Region and country                  | Exports, fob |                  |          |  | Imports, cif |                  |          |  |
|-------------------------------------|--------------|------------------|----------|--|--------------|------------------|----------|--|
|                                     | 1992 *       |                  | 1993 *   |  | 1992 *       |                  | 1993 *   |  |
|                                     | MIL. FIM     | Percentage share | MIL. FIM | Percentage change from the corresponding period of the previous year | MIL. FIM     | Percentage share | MIL. FIM | Percentage change from the corresponding period of the previous year |
|                                     | 1            | 2                | 3        | 4  | 5            | 6                | 7        | 8  |
| <b>All OECD countries</b>           | 88 347       | 82.2             | 102 135  | 15.6   | 75 180       | 79.1             | 81 607   | 8.5  |
| <b>OECD Europe</b>                  | 78 566       | 73.1             | 86 513   | 10.1   | 62 972       | 66.3             | 66 956   | 6.3  |
| Of which:                           |              |                  |          |  |              |                  |          |  |
| Austria                             | 1 368        | 1.3              | 1 427    | 4.3  | 1 162        | 1.2              | 1 179    | 1.4  |
| Belgium and Luxembourg              | 2 785        | 2.6              | 2 955    | 6.1  | 2 688        | 2.8              | 3 008    | 11.9   |
| Denmark                             | 3 858        | 3.6              | 4 479    | 16.1   | 3 192        | 3.4              | 3 231    | 1.2  |
| France                              | 7 204        | 6.7              | 7 114    | -1.2   | 4 382        | 4.6              | 4 716    | 7.6  |
| Germany                             | 16 806       | 15.6             | 17 628   | 4.9  | 16 085       | 16.9             | 16 901   | 5.1  |
| Italy                               | 4 302        | 4.0              | 4 350    | 1.1  | 3 425        | 3.6              | 3 811    | 11.3   |
| Netherlands                         | 5 628        | 5.2              | 6 729    | 19.6   | 3 458        | 3.6              | 3 847    | 11.2   |
| Norways                             | 3 775        | 3.5              | 4 277    | 13.3   | 3 825        | 4.0              | 5 010    | 31.0   |
| Spain                               | 2 842        | 2.6              | 3 263    | 14.8   | 1 167        | 1.2              | 1 245    | 6.7  |
| Sweden                              | 13 771       | 12.8             | 14 855   | 7.9  | 11 133       | 11.7             | 10 531   | -5.4   |
| Switzerland                         | 1 921        | 1.8              | 2 111    | 9.9  | 1 842        | 1.9              | 2 044    | 10.9   |
| United Kingdom                      | 11 519       | 10.7             | 14 020   | 21.7   | 8 213        | 8.6              | 9 160    | 11.5   |
| <b>Other OECD</b>                   | 9 781        | 9.1              | 15 622   | 59.7   | 12 209       | 12.9             | 14 651   | 20.0   |
| Of which:                           |              |                  |          |  |              |                  |          |  |
| Canada                              | 751          | 0.7              | 1 075    | 43.0   | 616          | 0.6              | 724      | 17.6   |
| Japan                               | 1 370        | 1.3              | 2 187    | 59.6   | 5 202        | 5.5              | 5 958    | 14.5   |
| United States                       | 6 365        | 5.9              | 10 506   | 65.1   | 5 792        | 6.1              | 7 498    | 29.5   |
| <b>Non- OECD European countries</b> | 7 310        | 6.8              | 12 679   | 73.4   | 9 681        | 10.2             | 11 207   | 15.8   |
| Of which:                           |              |                  |          |  |              |                  |          |  |
| Russia                              | 3 020        | 2.8              | 6 051    | 100.4  | 6 725        | 7.1              | 7 813    | 16.2   |
| <b>Other countries</b>              | 11 814       | 11.0             | 19 113   | 61.8   | 10 127       | 10.7             | 10 265   | 1.4  |
| Of which:                           |              |                  |          |  |              |                  |          |  |
| <b>OPEC countries</b>               | 1 927        | 1.8              | 3 266    | 69.5   | 1 497        | 1.6              | 542      | -63.8  |
| <b>TOTAL</b>                        | 107 471      | 100.0            | 133 927  | 24.6   | 94 988       | 100.0            | 103 079  | 8.5  |
| Of which:                           |              |                  |          |  |              |                  |          |  |
| <b>EC countries</b>                 | 57 150       | 53.2             | 62 850   | 10.0   | 44 801       | 47.2             | 47 974   | 7.1  |
| <b>EFTA countries</b>               | 20 959       | 19.5             | 22 799   | 8.8  | 18 033       | 19.0             | 18 831   | 4.4  |

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

| Period       | Consumption expenditure |         | Fixed investment |        | Change in stocks, incl. statistical discrepancy | Domestic demand (1+2+3+4+5) | Exports | Imports | GDP (6+7-8) |
|--------------|-------------------------|---------|------------------|--------|---|-----------------------------|---------|---------|-------------|
|              | Private                 | Public  | Private          | Public |   |                             |         |         |             |
|              | 1                       | 2       | 3                | 4      |   |                             |         |         |             |
| <b>1988</b>  | 258 821                 | 102 132 | 109 095          | 17 275 | 1 533   | 488 856                     | 115 761 | 116 898 | 487 719     |
| <b>1989</b>  | 269 879                 | 104 526 | 129 905          | 15 149 | 5 975   | 525 434                     | 117 241 | 127 311 | 515 364     |
| <b>1990</b>  | 269 754                 | 108 535 | 121 858          | 17 286 | 5 769   | 523 202                     | 118 828 | 126 600 | 515 430     |
| <b>1991</b>  | 260 031                 | 111 256 | 93 722           | 17 243 | -2 451  | 479 801                     | 110 965 | 111 755 | 479 011     |
| <b>1992*</b> | 246 714                 | 109 043 | 75 529           | 16 226 | 4 365   | 451 877                     | 122 059 | 112 989 | 460 947     |
| <b>1991</b>  |                         |         |                  |        |   |                             |         |         |             |
| <b>II</b>    | 65 178                  | 27 831  | 23 849           | 4 679  | -228  | 121 310                     | 26 188  | 27 095  | 120 404     |
| <b>III</b>   | 65 174                  | 27 846  | 22 011           | 4 305  | -1 360  | 117 975                     | 29 212  | 28 003  | 119 184     |
| <b>IV</b>    | 64 320                  | 27 817  | 21 014           | 3 919  | -1 512  | 115 557                     | 28 301  | 27 486  | 116 373     |
| <b>1992*</b> |                         |         |                  |        |   |                             |         |         |             |
| <b>I</b>     | 63 158                  | 27 411  | 20 416           | 4 221  | 165   | 115 371                     | 29 444  | 28 329  | 116 486     |
| <b>II</b>    | 61 828                  | 27 203  | 19 825           | 4 284  | 1 609   | 114 749                     | 30 618  | 29 208  | 116 159     |
| <b>III</b>   | 61 147                  | 27 169  | 18 581           | 3 851  | 1 540   | 112 287                     | 30 287  | 27 498  | 115 076     |
| <b>IV</b>    | 60 581                  | 27 260  | 16 708           | 3 870  | 1 051   | 109 470                     | 31 710  | 27 955  | 113 226     |
| <b>1993*</b> |                         |         |                  |        |   |                             |         |         |             |
| <b>I</b>     | 59 819                  | 26 065  | 16 320           | 3 316  | 1 501   | 107 021                     | 34 380  | 28 809  | 112 591     |
| <b>II</b>    | 58 675                  | 25 801  | 15 339           | 3 251  | 1 292   | 104 358                     | 34 836  | 27 172  | 112 023     |
| <b>III</b>   | 58 274                  | 25 738  | 15 453           | 3 403  | 3 325   | 106 193                     | 35 974  | 28 688  | 113 479     |

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

(seasonally adjusted figures)

| Period       | Total industry | Mining and quarrying | Manufacturing | Wood and paper industries | Metal and engineering industries | Other manufacturing | Energy and water supply |
|--------------|----------------|----------------------|---------------|---------------------------|----------------------------------|---------------------|-------------------------|
|              | (100.0)        | (1.3)                | (89.6)        | (16.8)                    | (31.3)                           | (41.5)              | (9.1)                   |
|              | 1              | 2                    | 3             | 4                         | 5                                | 6                   | 7                       |
| <b>1988</b>  | 97.1           | 94.1                 | 97.1          | 98.7                      | 93.8                             | 99.0                | 97.5                    |
| <b>1989</b>  | 100.3          | 101.9                | 100.5         | 102.3                     | 99.6                             | 100.8               | 97.9                    |
| <b>1990</b>  | 100.2          | 99.8                 | 100.2         | 100.1                     | 100.4                            | 100.1               | 100.0                   |
| <b>1991</b>  | 91.2           | 91.3                 | 89.9          | 91.5                      | 85.6                             | 92.6                | 103.6                   |
| <b>1992*</b> | 92.6           | 91.2                 | 91.5          | 94.8                      | 90.9                             | 90.6                | 103.2                   |
| <b>1992*</b> |                |                      |               |                           |                                  |                     |                         |
| <b>Nov.</b>  | 93.8           | 87.6                 | 92.1          | 98.0                      | 92.0                             | 89.9                | 111.5                   |
| <b>Dec.</b>  | 92.1           | 80.8                 | 90.8          | 96.9                      | 91.1                             | 88.8                | 107.4                   |
| <b>1993*</b> |                |                      |               |                           |                                  |                     |                         |
| <b>Jan.</b>  | 93.5           | 86.3                 | 92.1          | 98.6                      | 92.4                             | 88.6                | 105.6                   |
| <b>Feb.</b>  | 94.5           | 82.8                 | 93.0          | 100.2                     | 94.7                             | 89.5                | 106.1                   |
| <b>March</b> | 94.4           | 82.9                 | 92.8          | 100.7                     | 95.1                             | 88.1                | 109.1                   |
| <b>April</b> | 95.8           | 83.4                 | 94.8          | 104.3                     | 98.0                             | 88.7                | 105.4                   |
| <b>May</b>   | 93.1           | 78.7                 | 92.3          | 99.0                      | 96.7                             | 86.3                | 103.4                   |
| <b>June</b>  | 97.7           | 65.8                 | 97.5          | 106.8                     | 100.3                            | 90.8                | 109.5                   |
| <b>July</b>  | 98.2           | 81.9                 | 98.0          | 105.2                     | 100.9                            | 92.7                | 106.3                   |
| <b>Aug.</b>  | 95.5           | 73.3                 | 95.1          | 105.6                     | 95.8                             | 90.2                | 104.7                   |
| <b>Sept.</b> | 99.8           | 83.3                 | 99.1          | 110.1                     | 101.5                            | 92.8                | 110.6                   |
| <b>Oct.</b>  | 101.8          | 85.9                 | 101.2         | 113.0                     | 104.3                            | 94.3                | 109.9                   |
| <b>Nov.</b>  | 101.9          | 90.1                 | 100.7         | 109.8                     | 103.8                            | 95.0                | 113.5                   |

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

(seasonally adjusted figures)

| Period       | Volume of<br>wholesale<br>trade | Volume of<br>retail<br>trade | Volume of<br>construction<br>of buildings | Of which:                |                         |                    | Imports of<br>investment<br>goods | Monthly<br>indicator<br>of GDP |
|--------------|---------------------------------|------------------------------|---|--------------------------|-------------------------|--------------------|-----------------------------------|--------------------------------|
|              |                                 |                              |   | Residential<br>buildings | Industrial<br>buildings | Other<br>buildings |                                   |                                |
|              | 1                               | 2                            | 3   | 4                        | 5                       | 6                  | 7                                 | 8                              |
| <b>1988</b>  | 116.7                           | 113.0                        | 108.6                                     | 106.0                    | 113.4                   | 110.6              | 135.0                             | 111.4                          |
| <b>1989</b>  | 124.2                           | 117.0                        | 130.3                                     | 132.9                    | 137.6                   | 125.2              | 161.4                             | 116.7                          |
| <b>1990</b>  | 119.9                           | 111.7                        | 127.3                                     | 124.8                    | 161.7                   | 122.1              | 144.6                             | 117.5                          |
| <b>1991</b>  | 101.2                           | 103.9                        | 103.9                                     | 94.4                     | 127.7                   | 109.9              | 102.1                             | 110.2                          |
| <b>1992*</b> | 87.9                            | 93.8                         | 79.5                                      | 73.8                     | 76.2                    | 87.5               | 84.5                              | 106.9                          |
| <b>1992*</b> |                                 |                              |   |                          |                         |                    |                                   |                                |
| <b>Oct.</b>  | 84.8                            | 91.7                         | ..  | ..                       | ..                      | ..                 | ..                                | 105.7                          |
| <b>Nov.</b>  | 81.3                            | 86.3                         | ..  | ..                       | ..                      | ..                 | ..                                | 106.7                          |
| <b>Dec.</b>  | 82.6                            | 89.8                         | ..  | ..                       | ..                      | ..                 | ..                                | 106.6                          |
| <b>III</b>   | 86.6                            | 91.6                         | 78.1                                      | 73.4                     | 80.2                    | 82.6               | 64.1                              | 106.6                          |
| <b>IV</b>    | 82.9                            | 89.3                         | 67.4                                      | 59.9                     | 53.2                    | 75.0               | 80.1                              | 106.3                          |
| <b>1993*</b> |                                 |                              |   |                          |                         |                    |                                   |                                |
| <b>Jan.</b>  | 76.8                            | 87.2                         | ..  | ..                       | ..                      | ..                 | ..                                | 105.1                          |
| <b>Feb.</b>  | 82.4                            | 92.3                         | ..  | ..                       | ..                      | ..                 | ..                                | 106.5                          |
| <b>March</b> | 84.5                            | 91.6                         | ..  | ..                       | ..                      | ..                 | ..                                | 105.1                          |
| <b>April</b> | 81.0                            | 89.7                         | ..  | ..                       | ..                      | ..                 | ..                                | 104.5                          |
| <b>May</b>   | 81.9                            | 88.8                         | ..  | ..                       | ..                      | ..                 | ..                                | 103.0                          |
| <b>June</b>  | 86.5                            | 87.3                         | ..  | ..                       | ..                      | ..                 | ..                                | 104.8                          |
| <b>July</b>  | 84.9                            | 84.4                         | ..  | ..                       | ..                      | ..                 | ..                                | 104.5                          |
| <b>Aug.</b>  | 83.1                            | 85.2                         | ..  | ..                       | ..                      | ..                 | ..                                | 104.5                          |
| <b>Sept.</b> | 81.7                            | 85.8                         | ..  | ..                       | ..                      | ..                 | ..                                | 105.4                          |
| <b>Oct.</b>  | 79.6                            | 86.2                         | ..  | ..                       | ..                      | ..                 | ..                                | 106.1                          |
| <b>I</b>     | 81.2                            | 90.4                         | 57.6                                      | 60.6                     | 43.4                    | 61.8               | 117.6                             | 105.6                          |
| <b>II</b>    | 83.1                            | 88.6                         | 57.8                                      | 63.1                     | 45.2                    | 59.0               | 73.2                              | 104.1                          |
| <b>III</b>   | 83.2                            | 85.1                         | 57.7                                      | 59.3                     | 45.5                    | 54.5               | 67.7                              | 104.8                          |

## 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 gov-ern-ment | Local gov-ern-ment | Non-profit institu-tions |                      |                                       | Domestic goods | Imported goods |  | Exported goods    | Home market goods |                     |
|                         | 1                                 | 2             | 3                               | 4                    | 5                  | 6                        | 7                    | 8                                     | 9              | 10             | 11                                     | 12                | 13                | 14                  |
| <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</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</b>             | 148.2                             | 148.8         | 146.8                           | 149.8                | 144.7              | 150.0                    | 127.3                | 110.9                                 | 115.7          | 93.6           | 110.0                                  | 110.4             | 109.8             | 134.5               |
| <b>1991</b>             | 157.6                             | 158.3         | 156.2                           | 157.9                | 154.8              | 158.9                    | 132.6                | 111.2                                 | 115.8          | 94.2           | 109.9                                  | 108.7             | 110.4             | 137.3               |
| <b>1992<sup>1</sup></b> | 160.6                             | 160.9         | 159.9                           | 160.6                | 159.1              | 162.4                    | 136.0                | 112.4                                 | 115.6          | 100.9          | 112.6                                  | 113.4             | 112.3             | 134.9               |
| <b>1992<sup>1</sup></b> |                                   |               |                                 |                      |                    |                          |                      |                                       |                |                |  |                   |                   |                     |
| <b>Dec.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 136.8                | 113.4                                 | 115.5          | 105.9          | 114.0                                  | 115.9             | 113.0             | 134.0               |
| <b>III</b>              | 160.4                             | 160.5         | 159.3                           | 160.7                | 159.5              | 162.7                    | 136.2                | 112.2                                 | 115.6          | 99.6           | 112.8                                  | 113.3             | 112.6             | 134.0               |
| <b>IV</b>               | 161.2                             | 161.4         | 160.8                           | 161.0                | 160.3              | 163.0                    | 136.9                | 113.4                                 | 115.6          | 105.2          | 113.9                                  | 116.2             | 112.9             | 134.3               |
| <b>1993<sup>1</sup></b> |                                   |               |                                 |                      |                    |                          |                      |                                       |                |                |  |                   |                   |                     |
| <b>Jan.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.2                | 113.9                                 | 115.8          | 107.1          | 114.4                                  | 116.5             | 113.4             | 134.9               |
| <b>Feb.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.6                | 115.3                                 | 116.6          | 109.8          | 115.9                                  | 118.9             | 114.5             | 134.8               |
| <b>March</b>            | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.8                | 116.2                                 | 117.1          | 112.4          | 116.9                                  | 120.5             | 115.2             | 134.7               |
| <b>April</b>            | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 139.3                | 116.4                                 | 117.3          | 112.4          | 117.4                                  | 121.0             | 115.7             | 135.2               |
| <b>May</b>              | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 139.4                | 116.1                                 | 116.8          | 112.7          | 117.3                                  | 121.6             | 115.4             | 135.3               |
| <b>June</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 139.2                | 116.1                                 | 117.1          | 111.8          | 117.2                                  | 120.7             | 115.6             | 135.5               |
| <b>July</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.8                | 116.0                                 | 117.1          | 111.6          | 116.7                                  | 119.8             | 115.2             | 135.3               |
| <b>Aug.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.7                | 116.0                                 | 116.8          | 112.1          | 116.9                                  | 120.4             | 115.2             | 135.3               |
| <b>Sept.</b>            | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 139.0                | 116.1                                 | 117.4          | 110.9          | 117.4                                  | 121.1             | 115.7             | 135.6               |
| <b>Oct.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 139.1                | 115.9                                 | 117.2          | 110.8          | 117.4                                  | 121.4             | 115.5             | 135.7               |
| <b>Nov.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.9                | 115.7                                 | 117.2          | 110.0          | 116.8                                  | 120.4             | 115.2             | 135.7               |
| <b>Dec.</b>             | ..                                | ..            | ..                              | ..                   | ..                 | ..                       | 138.8                | 115.5                                 | 116.9          | 109.9          | 116.4                                  | 120.1             | 114.7             | 135.5               |
| <b>I</b>                | 161.7                             | 161.9         | 161.8                           | 161.6                | 161.0              | 163.5                    | 138.5                | 115.1                                 | 116.5          | 109.8          | 115.7                                  | 118.6             | 114.4             | 134.8               |
| <b>II</b>               | 162.0                             | 162.0         | 162.7                           | 161.9                | 161.5              | 164.0                    | 139.3                | 116.2                                 | 117.1          | 112.3          | 117.3                                  | 121.1             | 115.6             | 135.3               |
| <b>III</b>              | 161.8                             | 161.6         | 161.8                           | 162.3                | 161.9              | 164.3                    | 138.8                | 116.0                                 | 117.1          | 111.5          | 117.0                                  | 120.4             | 115.4             | 135.4               |

<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 | Agriculture and forestry | Industry | Construction |            |                   | Service industries |
|              |   | 1000 persons |                                    |                      |                         |                          |          |              |            |                   |                    |
|              |   | %            |                                    |                      |                         |                          |          |              |            |                   |                    |
|              | 1   | 2            | 3                                  | 4                    | 5                       | 6                        | 7        | 8            | 9          | 10                | 11                 |
| <b>1989</b>  | 68.7  | 2 559        | 2 470                              | 367                  | 2 104                   | 218                      | 561      | 199          | 1 492      | 89                | 3.5                |
| <b>1990</b>  | 68.4  | 2 556        | 2 467                              | 360                  | 2 108                   | 207                      | 556      | 205          | 1 500      | 88                | 3.4                |
| <b>1991</b>  | 67.4  | 2 533        | 2 340                              | 340                  | 2 000                   | 197                      | 502      | 179          | 1 461      | 193               | 7.6                |
| <b>1992</b>  | 66.1  | 2 502        | 2 174                              | 325                  | 1 849                   | 188                      | 454      | 150          | 1 382      | 328               | 13.1               |
| <b>1993</b>  | 65.3  | 2 484        | 2 041                              | 312                  | 1 729                   | 173                      | 423      | 124          | 1 319      | 444               | 17.9               |
| <b>1992</b>  |   |              |                                    |                      |                         |                          |          |              |            |                   |                    |
| <b>Dec.</b>  | 65.3  | 2 478        | 2 097                              | 310                  | 1 788                   | 182                      | 434      | 139          | 1 342      | 380               | 15.4               |
| <b>1993</b>  |   |              |                                    |                      |                         |                          |          |              |            |                   |                    |
| <b>Jan.</b>  | 65.7  | 2 491        | 2 092                              | 308                  | 1 784                   | 178                      | 437      | 127          | 1 350      | 399               | 16.0               |
| <b>Feb.</b>  | 65.7  | 2 492        | 2 077                              | 317                  | 1 761                   | 171                      | 424      | 131          | 1 352      | 415               | 16.6               |
| <b>March</b> | 65.2  | 2 474        | 2 054                              | 312                  | 1 741                   | 180                      | 430      | 131          | 1 312      | 421               | 17.0               |
| <b>April</b> | 65.5  | 2 489        | 2 057                              | 319                  | 1 738                   | 179                      | 428      | 129          | 1 322      | 432               | 17.3               |
| <b>May</b>   | 65.3  | 2 482        | 2 053                              | 317                  | 1 736                   | 175                      | 432      | 129          | 1 318      | 429               | 17.3               |
| <b>June</b>  | 64.8  | 2 464        | 2 007                              | 296                  | 1 711                   | 166                      | 420      | 127          | 1 294      | 456               | 18.5               |
| <b>July</b>  | 65.0  | 2 473        | 2 029                              | 315                  | 1 714                   | 172                      | 422      | 122          | 1 313      | 444               | 18.0               |
| <b>Aug.</b>  | 65.6  | 2 494        | 2 040                              | 307                  | 1 733                   | 163                      | 423      | 125          | 1 328      | 454               | 18.2               |
| <b>Sept.</b> | 65.5  | 2 494        | 2 020                              | 318                  | 1 702                   | 173                      | 423      | 118          | 1 308      | 474               | 19.0               |
| <b>Oct.</b>  | 65.1  | 2 481        | 2 015                              | 312                  | 1 702                   | 172                      | 414      | 123          | 1 306      | 466               | 18.8               |
| <b>Nov.</b>  | 65.3  | 2 488        | 2 028                              | 306                  | 1 722                   | 175                      | 412      | 120          | 1 320      | 460               | 18.5               |
| <b>Dec.</b>  | 65.3  | 2 489        | 2 016                              | 315                  | 1 701                   | 175                      | 415      | 114          | 1 311      | 473               | 19.0               |

## 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>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>1991</b>   | 41 054       | 73 251         | 1 136                           | 19 182        | 134 624   | 4 442                                     | 139 069                        | 45 085      | 101 220                 | 42 297           | 55 160                 |
| <b>1992</b>   | 34 312       | 69 541         | 1 512                           | 21 251        | 126 616   | 5 054                                     | 131 669                        | 49 207      | 105 184                 | 42 990           | 59 180                 |
| <b>1992</b>   |              |                |                                 |               |   |   |                                |             |                         |                  |                        |
| <b>Nov.</b>   | 2 984        | 5 925          | 110                             | 1 751         | 10 770  | 704                                       | 11 474                         | 3 806       | 9 072                   | 3 463            | 5 492                  |
| <b>Dec.</b>   | 853          | 6 371          | - 50                            | 2 978         | 10 152  | 1 043                                     | 11 195                         | 4 395       | 9 323                   | 3 671            | 5 263                  |
| <b>1993</b>   |              |                |                                 |               |   |   |                                |             |                         |                  |                        |
| <b>Jan.</b>   | - 560        | 5 900          | 70                              | 919           | 6 329   | 15  | 6 345                          | 4 129       | 9 084                   | 3 230            | 5 701                  |
| <b>Feb.</b>   | 3 730        | 4 446          | 240                             | 1 257         | 9 673   | 113                                       | 9 785                          | 3 869       | 7 807                   | 3 347            | 4 273                  |
| <b>March</b>  | 2 456        | 6 205          | 127                             | 3 496         | 12 284  | 2 119                                     | 14 403                         | 4 145       | 9 295                   | 3 698            | 5 440                  |
| <b>April</b>  | 3 875        | 4 926          | 93                              | 2 657         | 11 551  | 98  | 11 649                         | 3 835       | 9 436                   | 4 055            | 5 278                  |
| <b>May</b>    | 2 697        | 5 638          | 97                              | 2 688         | 11 120  | 510                                       | 11 630                         | 3 646       | 9 115                   | 3 958            | 5 013                  |
| <b>June</b>   | 2 870        | 5 633          | 86                              | 2 748         | 11 337  | 591                                       | 11 928                         | 4 110       | 8 842                   | 3 958            | 4 672                  |
| <b>July</b>   | 3 208        | 5 626          | 119                             | 1 759         | 10 712  | 197                                       | 10 909                         | 4 719       | 8 225                   | 3 287            | 4 696                  |
| <b>Aug.</b>   | 3 011        | 5 884          | 102                             | 2 166         | 11 163  | 154                                       | 11 318                         | 3 424       | 7 820                   | 3 395            | 4 102                  |
| <b>Sept.</b>  | 2 792        | 5 185          | 129                             | 2 247         | 10 353  | 108                                       | 10 461                         | 3 658       | 9 482                   | 3 371            | 5 987                  |
| <b>Oct.</b>   | 2 774        | 5 548          | 118                             | 1 072         | 9 512   | 64  | 9 576                          | 3 381       | 9 774                   | 3 375            | 6 235                  |
| <b>Nov.</b>   | 2 736        | 5 757          | 147                             | 2 672         | 11 312  | 2 638                                     | 13 952                         | 3 708       | 9 371                   | 3 437            | 5 820                  |

| 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>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                              | 1 201         | 1 879                |
| <b>1991</b>   | 5 370            | 6 368             | 158 044   | 13 328                                 | 171 372  | - 23 420               | - 32 304                         | 25 659        | - 6 645              |
| <b>1992</b>   | 5 042            | 8 499             | 167 932   | 35 501                                 | 203 433  | - 41 316               | - 71 764                         | 70 691        | - 1 071              |
| <b>1992</b>   |                  |                   |   |  |  |                        |                                  |               |                      |
| <b>Nov.</b>   | 410              | 102               | 13 390  | 1 010                                  | 14 400   | - 2 620                | - 2 926                          | 15 124        | 12 199               |
| <b>Dec.</b>   | 664              | 1 117             | 15 499  | 11 897                                 | 27 396   | - 5 347                | - 16 201                         | 3 174         | - 13 027             |
| <b>1993</b>   |                  |                   |   |  |  |                        |                                  |               |                      |
| <b>Jan.</b>   | 261              | 1 691             | 15 165  | 662                                    | 15 826   | - 8 836                | - 9 481                          | 16 891        | 7 410                |
| <b>Feb.</b>   | 290              | 842               | 12 808  | 1 289                                  | 14 097   | - 3 135                | - 4 312                          | 15 636        | 11 324               |
| <b>March</b>  | 313              | 2 248             | 16 001  | 3 211                                  | 19 211   | - 3 717                | - 4 808                          | 9 245         | 4 437                |
| <b>April</b>  | 306              | 1 554             | 15 131  | 2 060                                  | 17 191   | - 3 580                | - 5 542                          | 12 592        | 7 050                |
| <b>May</b>    | 318              | 1 156             | 14 235  | 1 351                                  | 15 586   | - 3 115                | - 3 956                          | 2 086         | - 1 870              |
| <b>June</b>   | 384              | 2 650             | 15 986  | 768                                    | 16 753   | - 4 649                | - 4 825                          | 4 424         | - 401                |
| <b>July</b>   | 406              | 914               | 14 264  | 3 935                                  | 18 200   | - 3 552                | - 7 291                          | 7 157         | - 134                |
| <b>Aug.</b>   | 416              | 874               | 12 534  | 723                                    | 13 258   | - 1 371                | - 1 940                          | 5 079         | 3 139                |
| <b>Sept.</b>  | 417              | 1 135             | 14 692  | 1 756                                  | 16 448   | - 4 339                | - 5 987                          | 3 529         | - 2 457              |
| <b>Oct.</b>   | 369              | 2 497             | 16 021  | 740                                    | 16 761   | - 6 509                | - 7 185                          | 6 076         | - 1 109              |
| <b>Nov.</b>   | 349              | 771               | 14 199  | 767                                    | 14 966   | - 2 887                | - 1 014                          | 1 230         | 216                  |



# NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

## GENERAL

### Source

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

### Symbols used

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

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

## NOTES AND EXPLANATIONS TO TABLES

### 1 THE BALANCE SHEET OF THE BANK OF FINLAND

**Table 1.2 Domestic financial sector.** Term claims on deposit banks (Column 13) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments. Liquidity position of deposit banks, net (Column 14): see explanation to Table 2.1. Other claims on financial institutions, net (Column 17) = bonds + other claims on financial institutions – other liabilities to financial institutions. *Corporate sector.* Special deposits and other items, net (Column 20) = bonds: other + other claims on corporations – deposits for investment and ship purchase – other liabilities to corporations.

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

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

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

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

struments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

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

**Table 2.5** 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 statistics cover all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

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

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

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

**Table 3.4** *Lending.* New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month(36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month deposits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24 month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12); markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. The yield on taxa-

ble public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. The yield on taxfree public issues (Column 6) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 5 and 6 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations.

#### 4 RATES OF EXCHANGE

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

#### 5 OTHER DOMESTIC FINANCING

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

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

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

**Table 5.4** Source: State Treasury Office. Other 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 loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

**Table 5.5** Source: Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Inter-bank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. The State Treasury and the five largest banks (KOP, Okobank, Postipankki, Skopbank and Union Bank of Finland) agreed on a market making arrangement for benchmark government

bonds with effect from 1 August 1992. Evli Securities Ltd was accepted as primary dealer with effect from 1 May 1993. The primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

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

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

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

**Table 6.2** Columns 1-5: Net change in long-term liabilities. Columns 6-10: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 7) (marketable instruments): Primary and secondary market transactions in securities. Loans (Column 3) (non-marketable instruments): Financial loans, import credits, prepayments related to exports and leasing credits. Other long-term capital (Column 4): 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, banks and other financial institutions. Loans (Column 8): Financial loans, development credits, export credits, prepayments related to imports and leasing credits. Other long-term capital (Column 9): Finland's subscriptions to international financial institutions + long-term deposits of banks + other long-term assets of central government, banks and other financial institutions.

**Table 6.3** Net foreign debt (Columns 1-23) 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 12-22 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: Statistics Finland. Seasonal adjustment is carried out by the Bank of Finland.

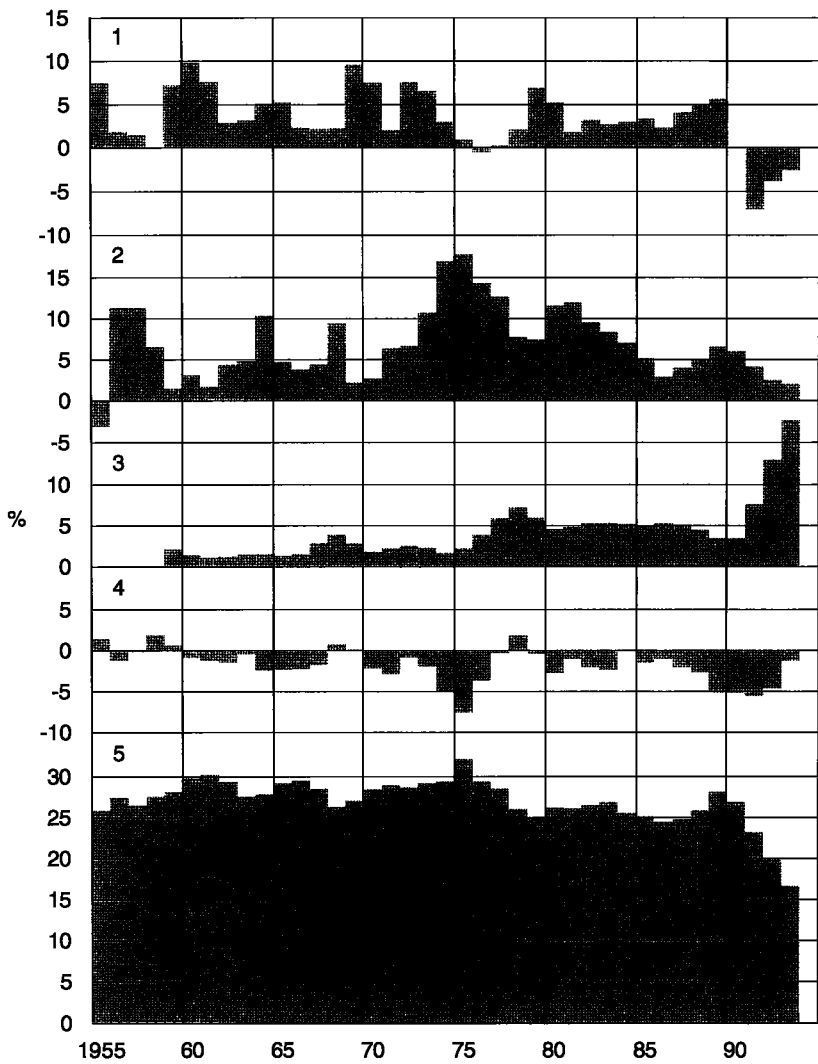
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

**Table 8.4** The 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 is 1985.

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

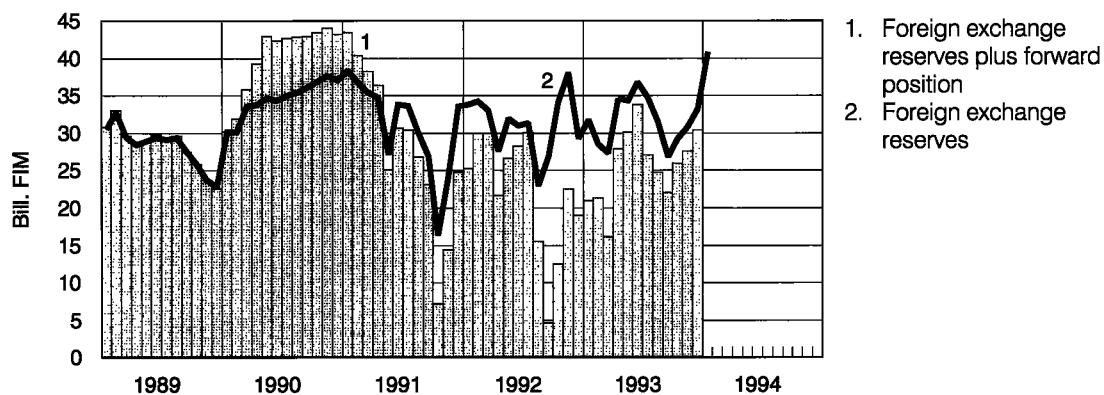
|  |     |
|--|-----|
| 1. Long-term indicators  | S28 |
| 2. The Bank of Finland's foreign exchange reserves and forward position                | S29 |
| 3. Forward market  | S29 |
| 4. Rates of interest applied by the Bank of Finland                                    | S29 |
| 5. Banks' liquidity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

1. LONG-TERM INDICATORS

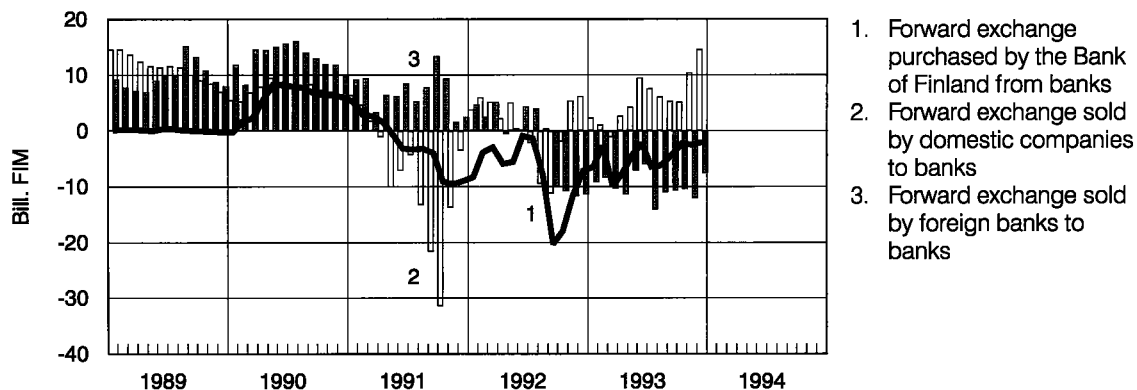


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

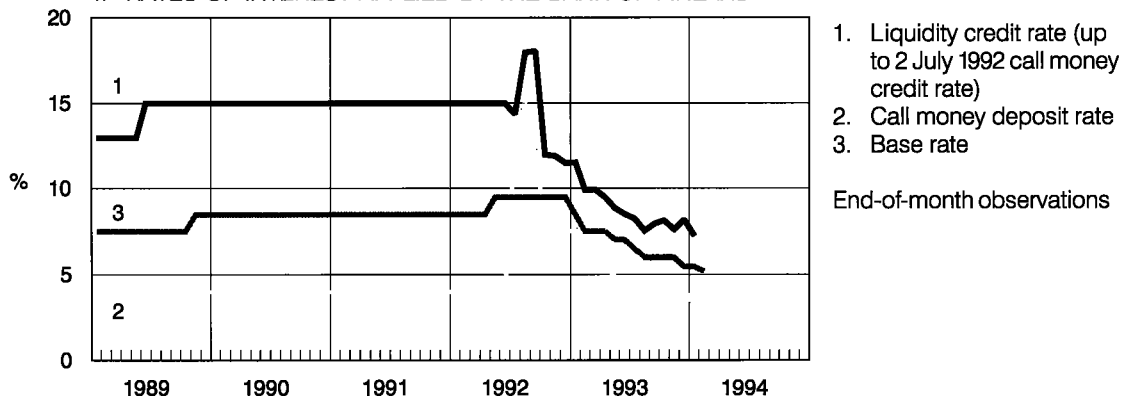
## 2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



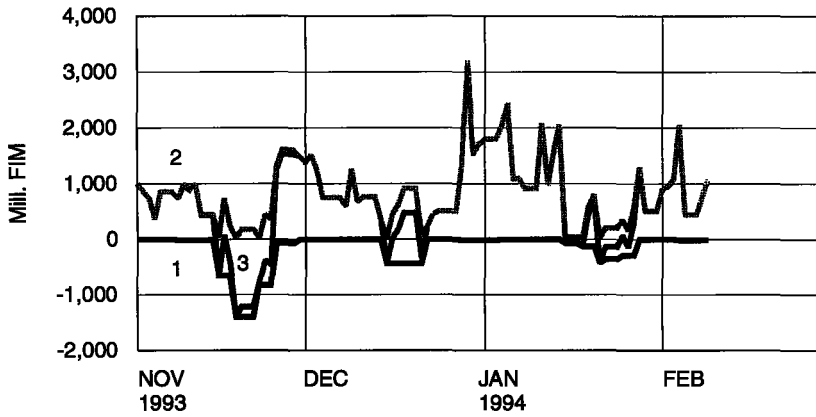
## 3. FORWARD MARKET



## 4. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND

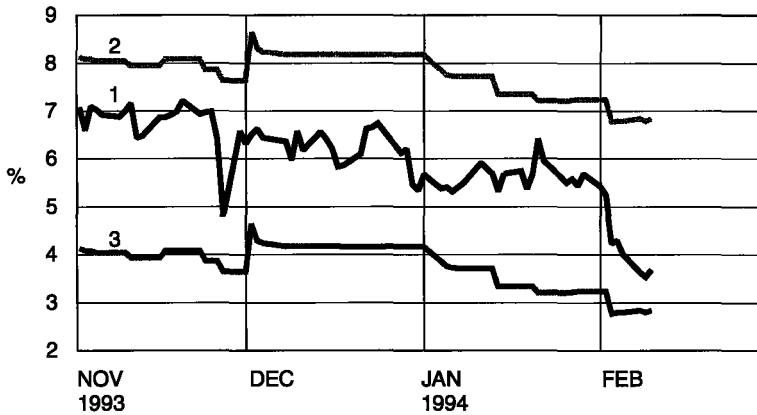


5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



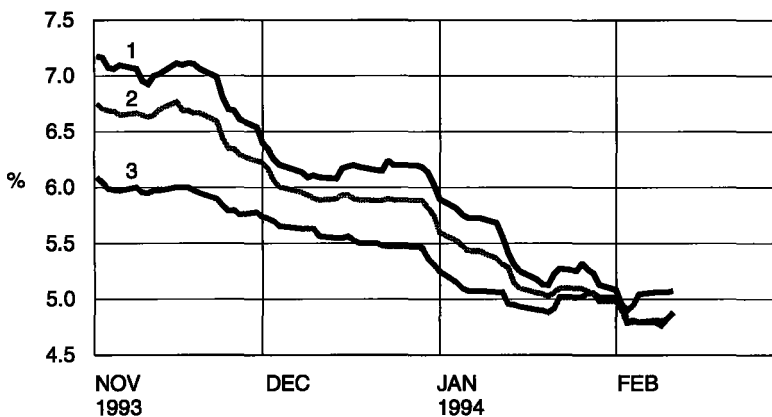
- 1. Liquidity credits (-)
- 2. Call money deposits
- 3. Net

6. LIQUIDITY MANAGEMENT INTEREST RATES



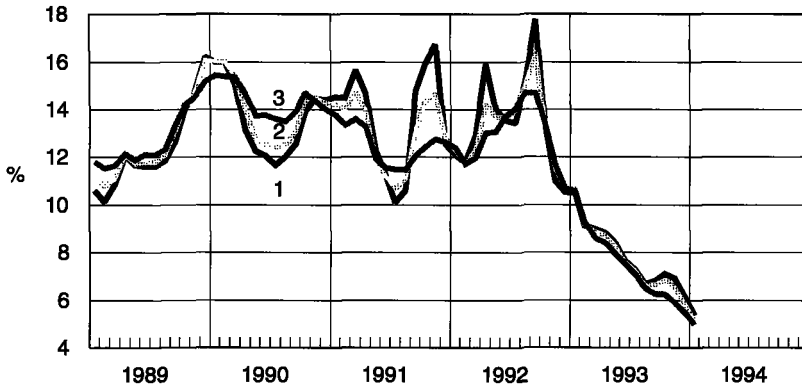
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



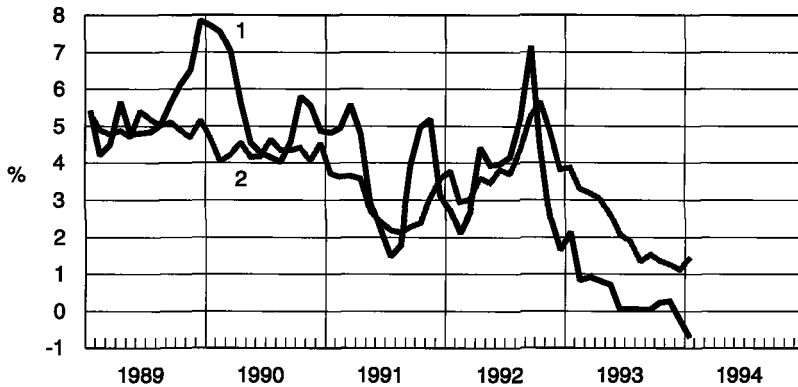
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



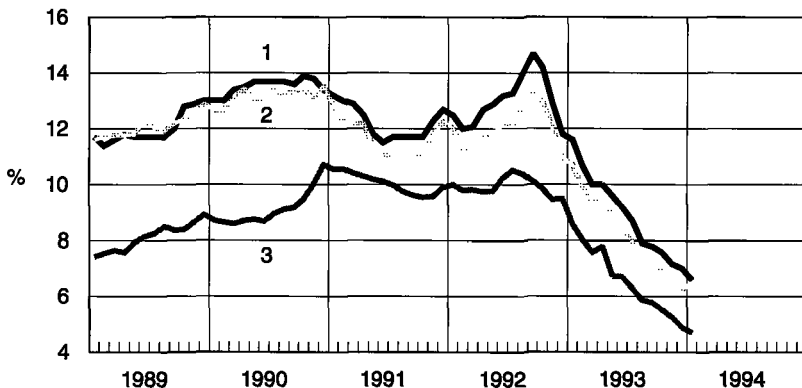
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



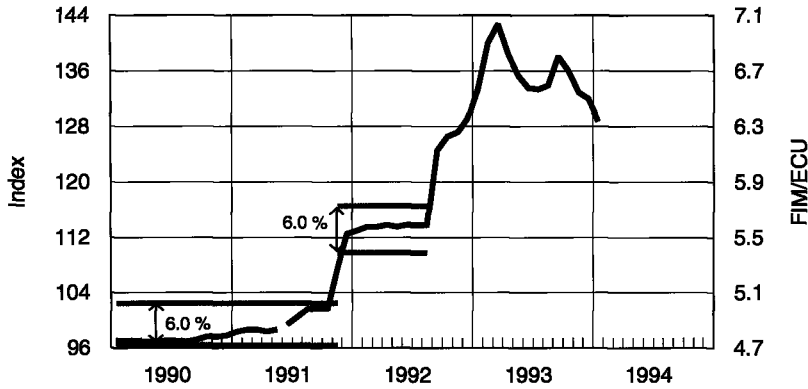
1. 3-month HELIBOR *minus* 3-month DEM eurorate
2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



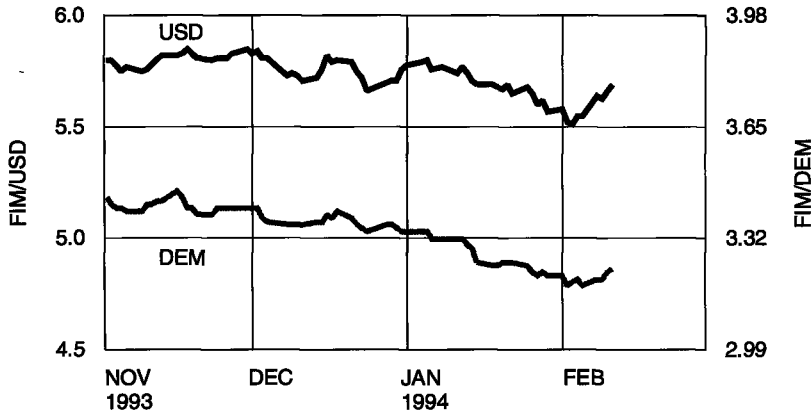
1. Bank of Finland's 5-year reference rate
2. Until April 1991, yield on (4-5 year) taxable government bonds  
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
3. Yield on (4-5 year) tax-free government bonds

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



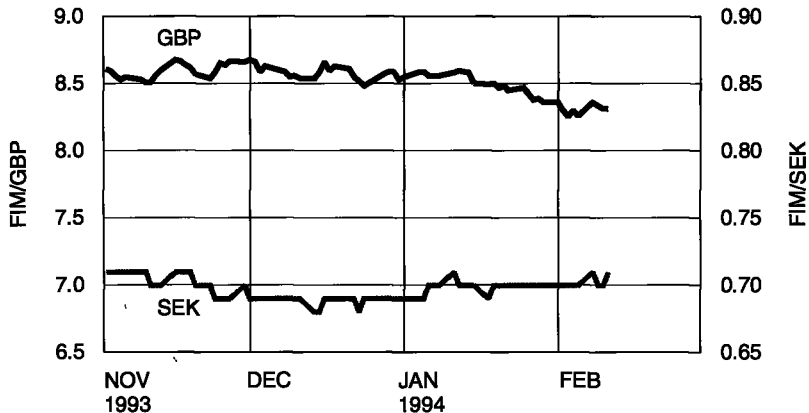
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953-5.02207 in the period 7 June - 14 November 1991, and 5.39166-5.72516 in the period 15 November 1991 - 7 September 1992. Since 8 September 1992,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

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



Middle rates  
DEM = right scale  
USD = left scale

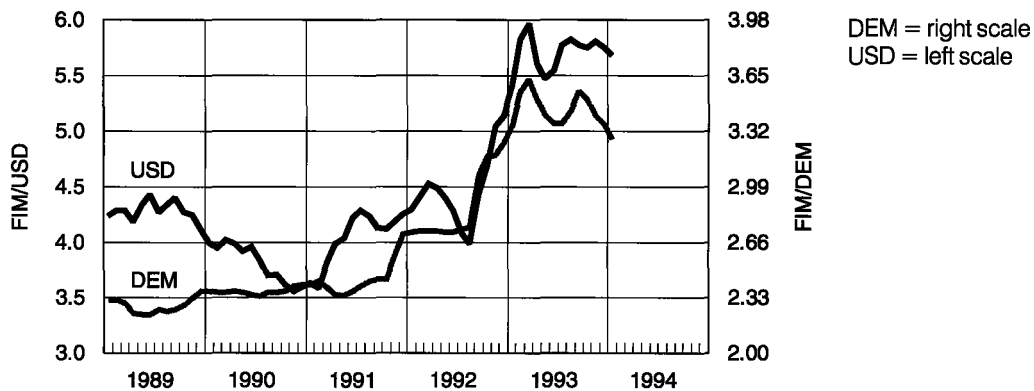
13. DAILY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



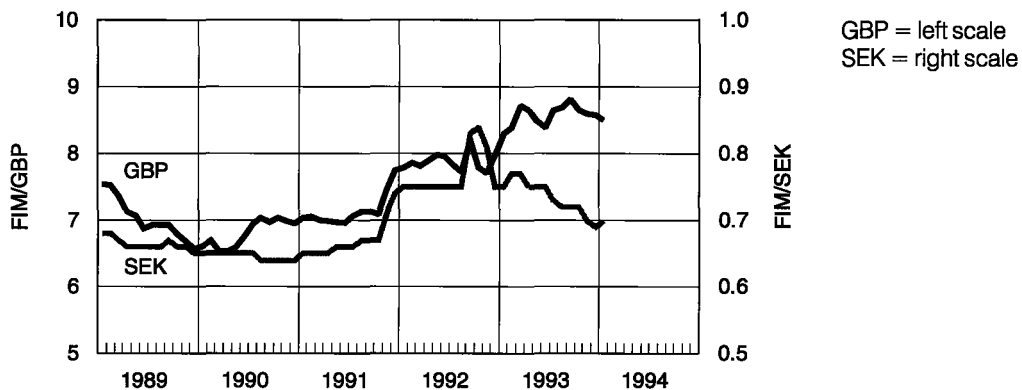
Middle rates  
GBP = left scale  
SEK = right scale



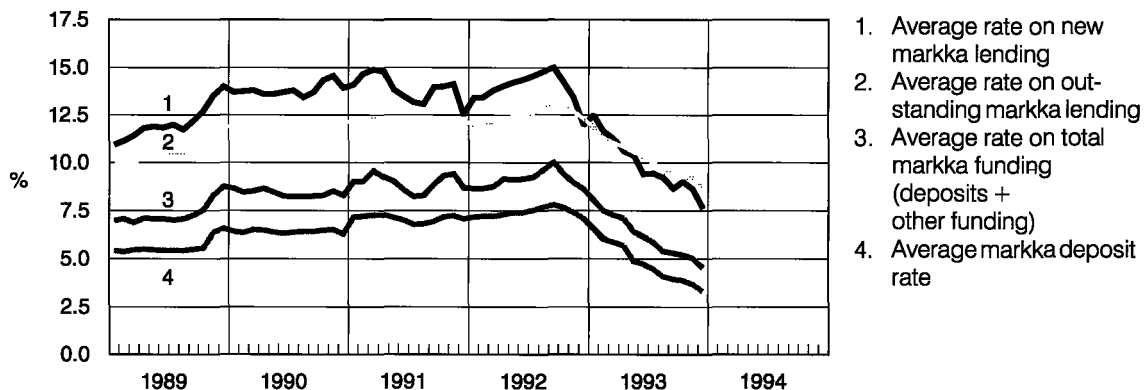
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



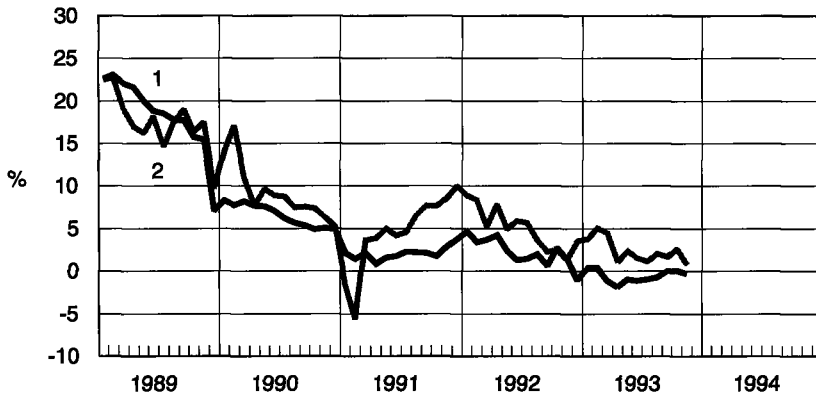
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



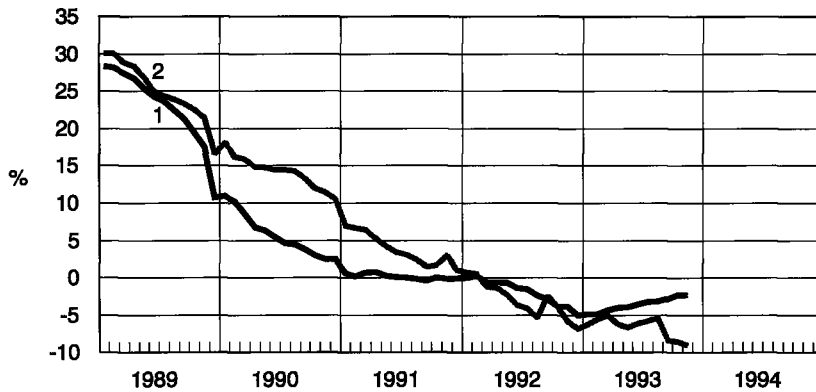
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

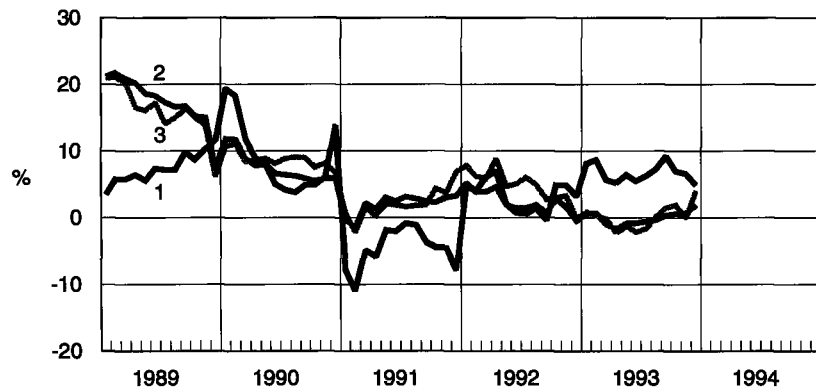
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

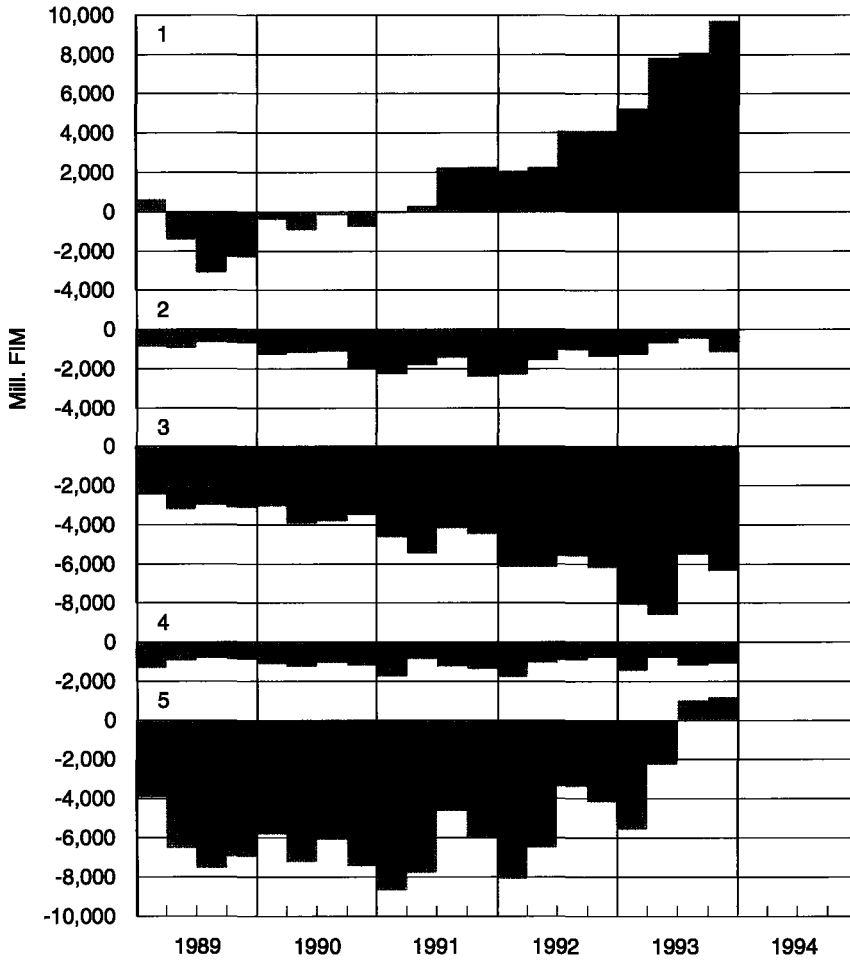
19. MONEY SUPPLY



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

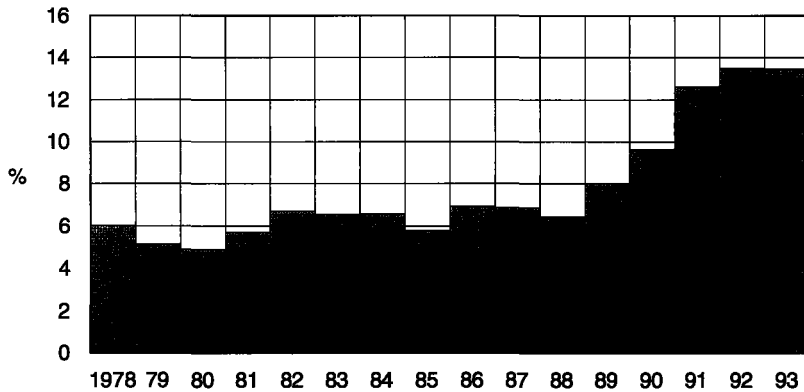
Change from the corresponding month of the previous year, per cent

## 20. CURRENT ACCOUNT



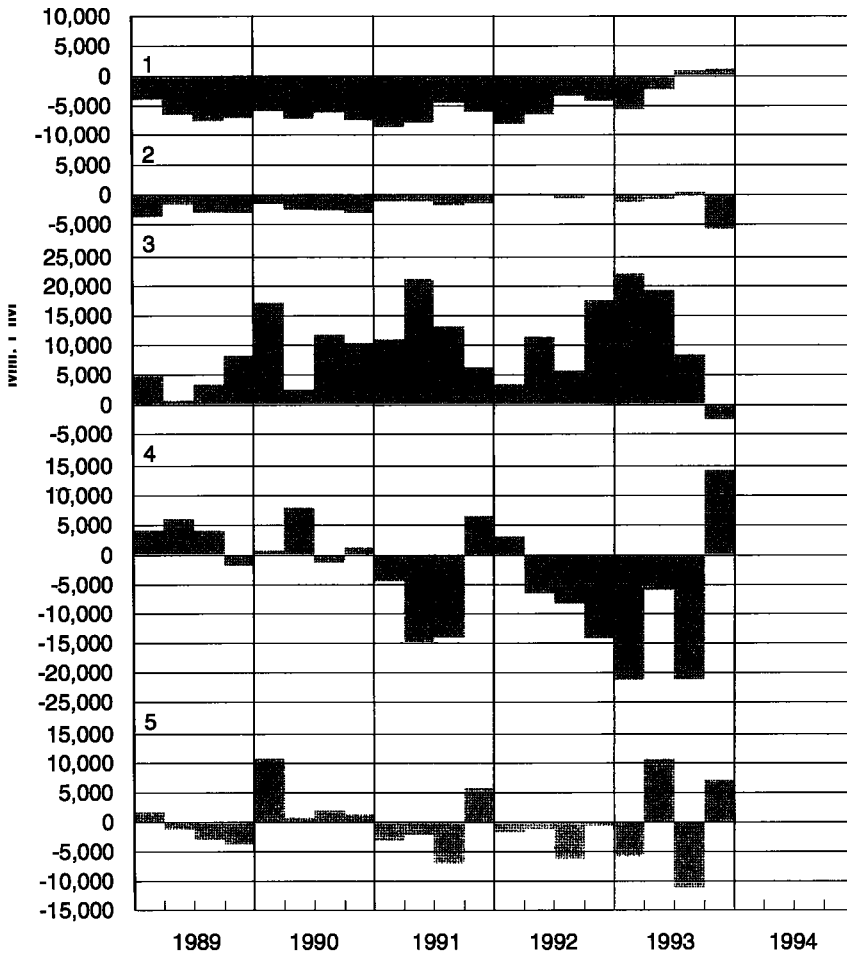
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

## 21. NET INTEREST AND DIVIDEND EXPENDITURE



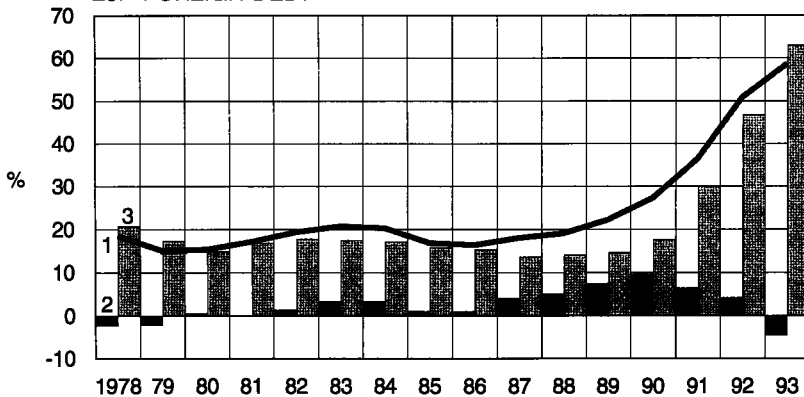
As a percentage of current account receipts

## 22. BALANCE OF PAYMENTS



1. Current account
2. Direct investment
3. Other long-term capital account
4. Short-term capital account
5. Overall balance = change in the foreign exchange reserves of the Bank of Finland

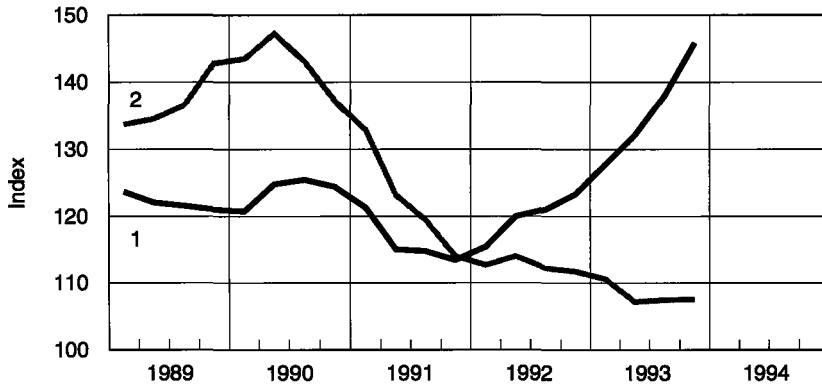
## 23. FOREIGN DEBT



1. Total foreign net debt
2. Short-term net debt
3. Long-term net debt

As a percentage of GDP

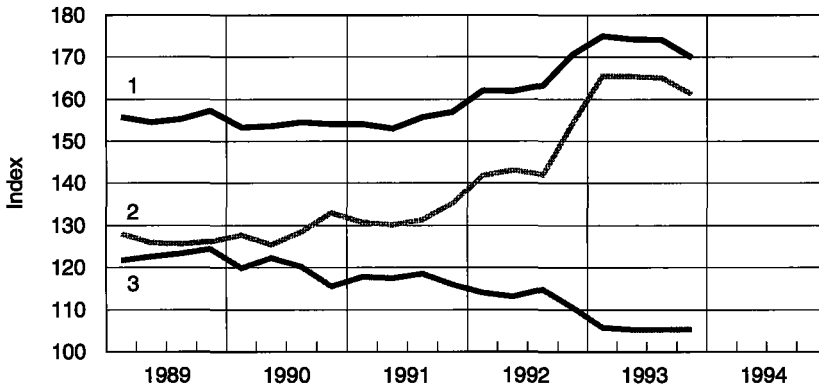
### 24. FOREIGN TRADE



1. Total exports
2. Total imports

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

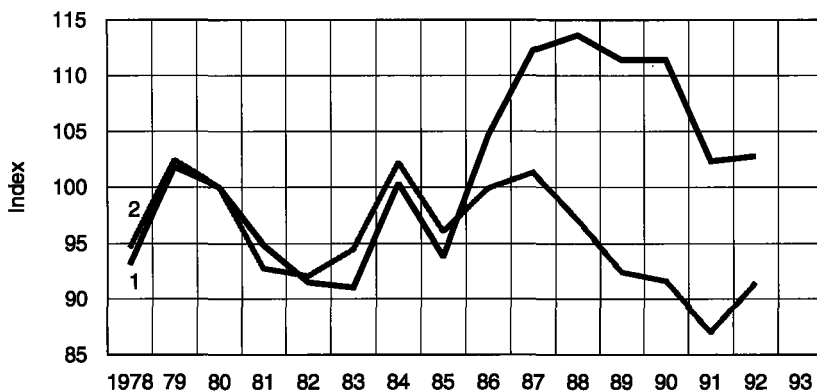
### 25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

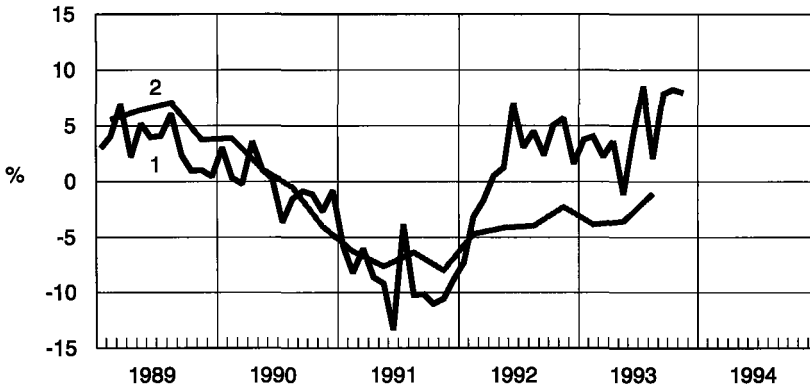
### 26. FINLAND'S EXPORT PERFORMANCE



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

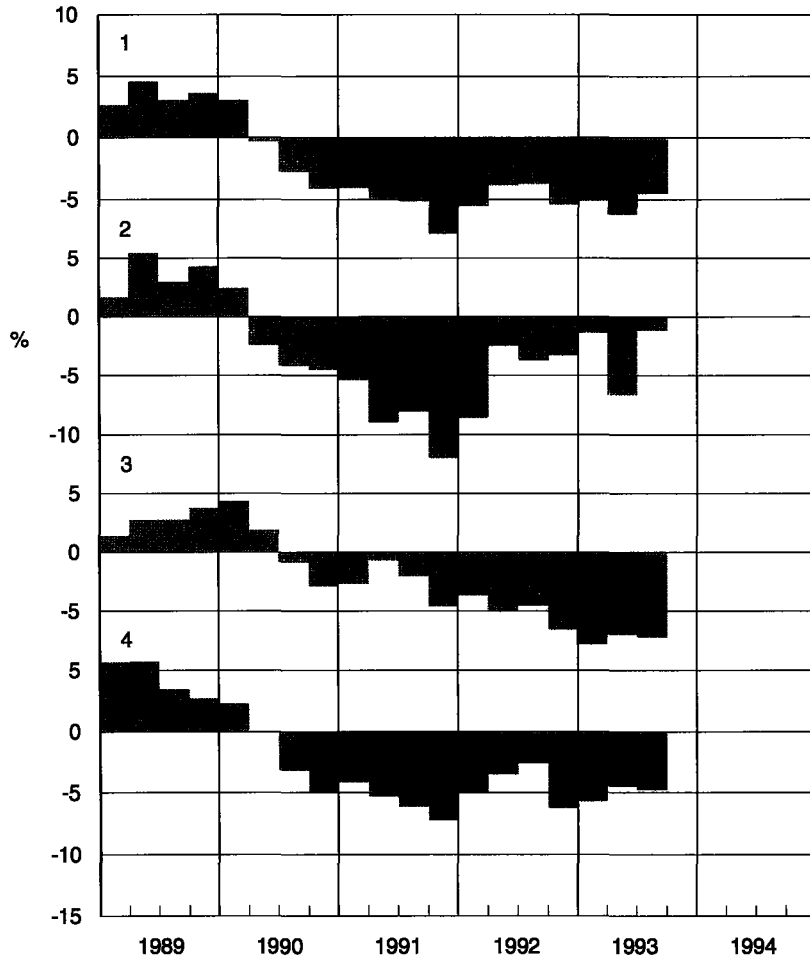
1980 = 100

27. PRODUCTION



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

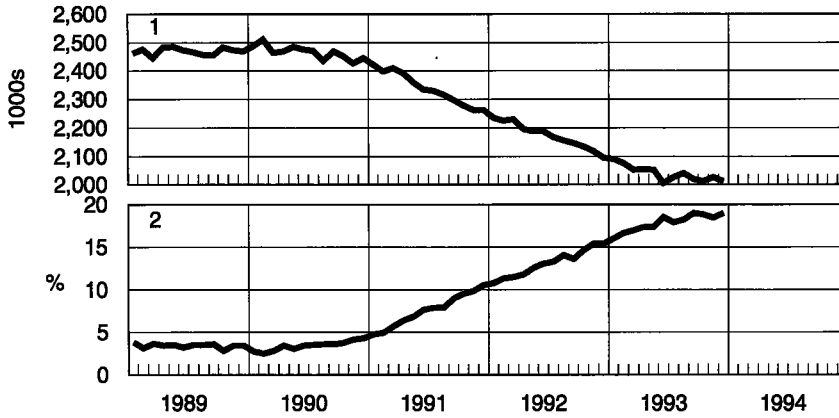
28. FIXED INVESTMENT



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

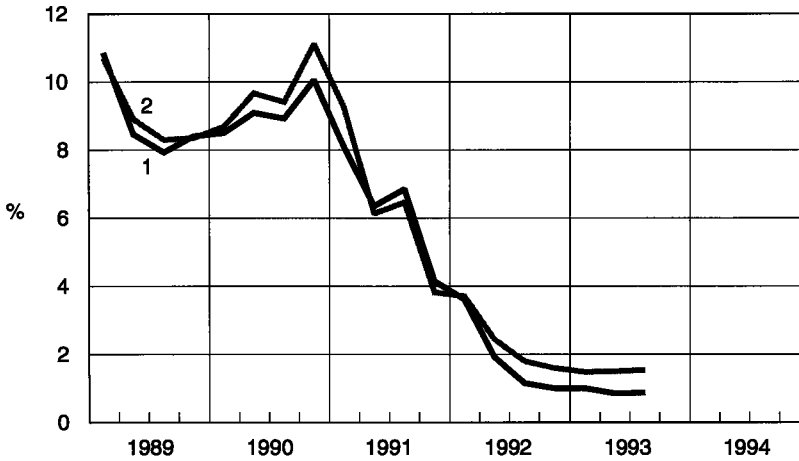
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



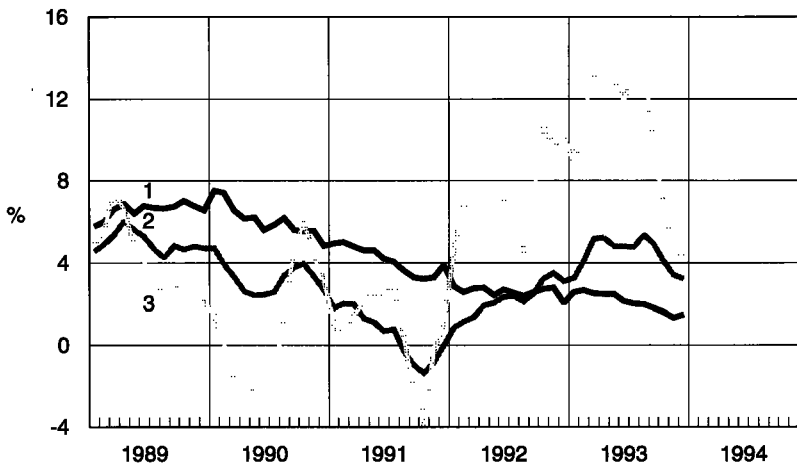
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES



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

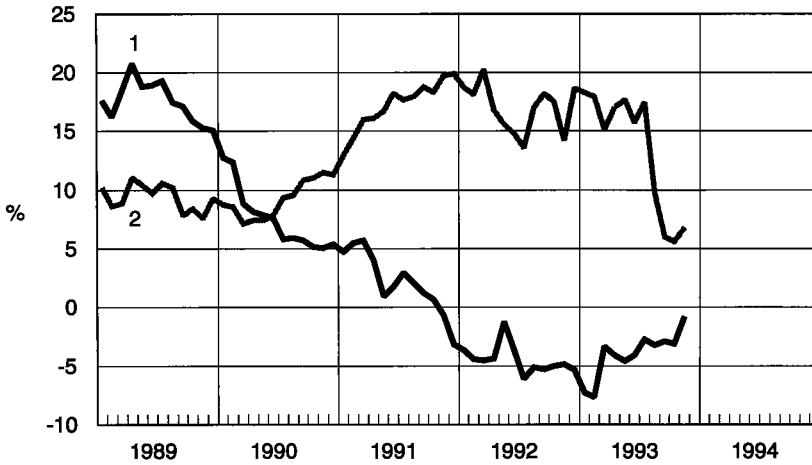
Change from the corresponding quarter of the previous year, per cent



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

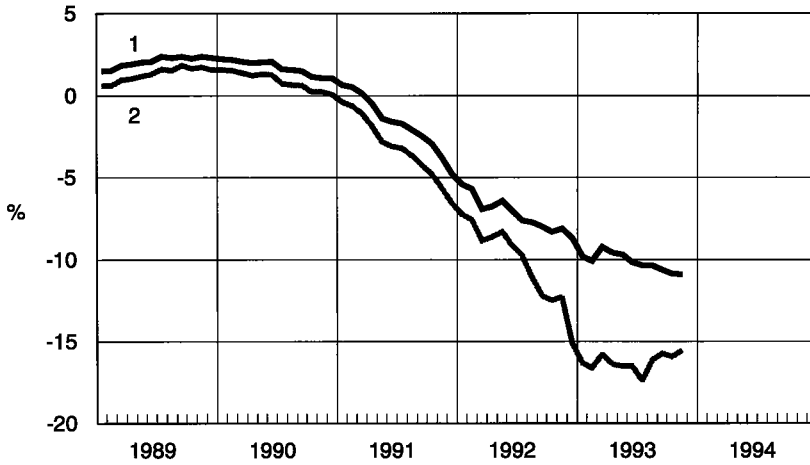
Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



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

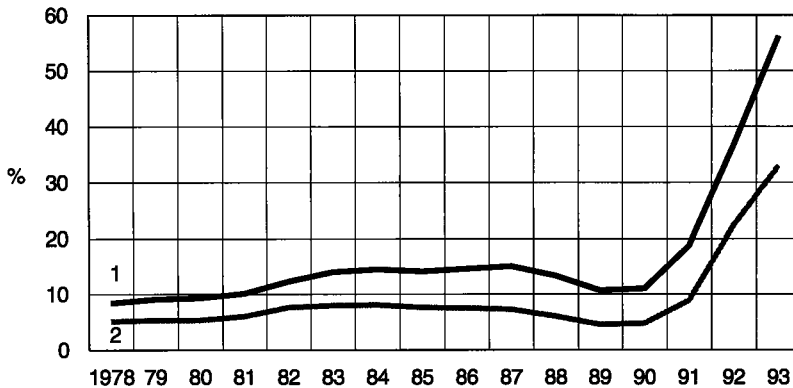
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

32. CENTRAL GOVERNMENT DEBT



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

As a percentage of GDP



# BANK OF FINLAND\*

1 January 1994

---

## THE PARLIAMENTARY SUPERVISORY BOARD

---

PENTTI MÄKI-HAKOLA, Chairman  
JUSSI RANTA, Vice Chairman  
ANNELI JÄÄTTEENMÄKI

MAURI MIETTINEN  
TUULIKKI HÄMÄLÄINEN  
OLAVI ALA-NISSILÄ

JÖRN DONNER  
ESKO SEPPÄNEN  
TELLERVO RENKO

---

## THE BOARD OF MANAGEMENT

---

SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

---

## DIRECTOR

---

PENTTI KOIVIKKO

---

## DEPARTMENTS AND OTHER UNITS

---

Accounting OSSI LEPPÄNEN

Administration URPO LEVO

Data Processing JUHANI RAPELI (acting head)

Economics JOHNNY ÅKERHOLM

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

Information ANTTI JUUSELA

Internal Audit TIMO MÄNNISTÖ

Legal Affairs ARNO LINDGREN

Market Operations MARKUS FOGELHOLM

Monetary Policy PENTTI PIKKARAINEN

Organization and Management Development  
PIRKKO POHJOISAHO-AARTI

Payments and Settlements RAIMO HYVÄRINEN

Payment Instruments ANTTI HEINONEN

Personnel RIITTA JOKINEN,  
Adviser to the Board: ANTON MÄKELÄ

Publication Services ANTERO ARIMO (acting head)

Research HEIKKI KOSKENKYLÄ (acting head),  
Adviser to the Board: KARI PUUMANEN

Security JYRKI AHVONEN

Statistical Services ESA OJANEN

Eastern European Economies KARI PEKONEN

---

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

---

## BRANCH OFFICES

---

Jyväskylä, Kuopio, Lahti, Oulu, Tampere, Turku, Vaasa

---

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

---

VELI TARVAINEN, Managing Director

---

\* Since 1 October 1993, the Financial Supervision Authority has functioned as an independent body in connection with the Bank of Finland.