



BULLETIN

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Regulation of the Interbank Money
Market

The Employment Pension Scheme
and the Financial Markets

BANK OF FINLAND BULLETIN

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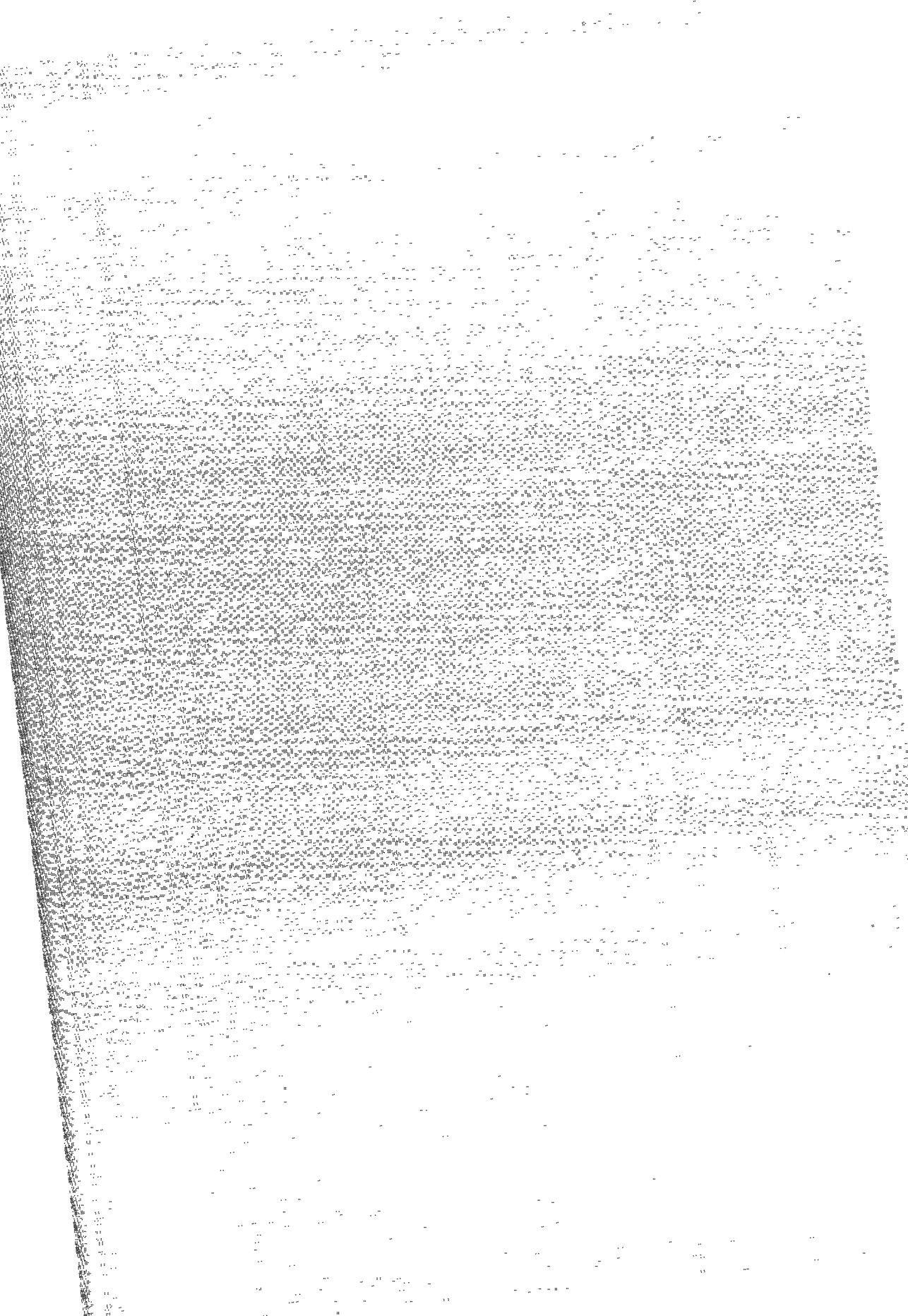
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REGULATION OF THE INTERBANK MONEY MARKET

by **Antti Suvanto**, Head of Office
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A properly functioning money market is a relatively recent phenomenon in Finland. Activity in the market did not begin to reach significant proportions until 1987 after the Bank of Finland had exempted bank CDs from the cash reserve requirement. The market's subsequent expansion was rapid up till 1990, when the value of outstanding bank CDs reached FIM 90 billion at its maximum. Since then, the size of the market has fluctuated around that level.

The market for bank CDs is a liquid market, with daily turnover in the interbank market running in the region of FIM 10 billion. In addition to the banks, nonbank customers, mainly institutions and firms, participate in the market as investors. As from the beginning of 1991, foreign institutions have shown some interest in markka-denominated bank CDs.

The market for bank CDs is the cornerstone of the Finnish money market. Although Treasury bills are traded in the money market in a similar fashion to bank CDs, the outstanding stock of Treasury bills is not sufficiently large for them to serve as the base instrument for the market. For this reason, practically all outright open market operations by the Bank of Finland are executed in the CD market. The HELIBOR interest rates, which are used as reference rates in a large number of financial contracts, are based on CD quotations by the five biggest commercial banks.

Although the money market has functioned satisfactorily, its inherent problem is the fact that CDs are privately issued paper and are thus not necessarily homogeneous. In fact, their heterogeneity became evident in

early 1991 in the form of risk premia; i.e. spreads for CDs, expressed in relation to the market makers' quotations for their own paper. These premia are displayed continually on the Reuters screen.

As the size of the money market grew, the banks acquired increasingly large exposures *vis à vis* each other. As a result, the CD-based money market became overstretched in relation to the absorptive capacity of the banking system. This has occasionally created difficulties, and at times there have been bilateral exchanges of CDs between market makers in order to unwind such exposures.

SELF-REGULATION

From the very beginning, the participating banks were active in developing a properly functioning infrastructure for money market dealings. The Money Market Dealers' Association, which was founded in 1987, developed the technical rules for market making in money market instruments. Later on, the Association drafted the ethical rules for money market dealing. These rules, which were jointly accepted in January 1989, defined the principles of *self-regulation*.

The Bank of Finland participated in formulating the technical and ethical rules for trading in money market instruments. The Bank of Finland has also indirectly influenced the regulation of the money market. For example, the Bank has imposed certain counterparty requirements on those banks who have access to central bank liquidity and who are counterparties in the central bank's open market operations. These requirements include, *inter alia*, minimum capital requirements, regular risk

reporting to the central bank, as well as tested ability to serve as a market maker for money market instruments.

TOWARDS FORMAL RULES

The pressure for more formal regulation of the money market arose from three sources. First, as indicated above, the inherent fragility of the market based on privately issued paper had created tensions from time to time. Secondly, the new Securities Act of 1989 extended the definition of a security to cover bank CDs and other negotiable money market instruments, in addition to listed securities. Thirdly, the law on unit trusts (mutual funds) is in the process of being reformed. The proposal drafted in 1990 conforms to the regulations defined in the EC directive on unit trusts and investment companies. This directive allows investment by so-called UCITS (undertakings for collective investments in transferable securities) in securities listed on a stock exchange or in securities otherwise traded in a regulated market.

In summer 1990, the Banking Supervision Office and the Bank of Finland launched bilateral discussions aimed at developing the regulatory and supervisory framework for money market activity and at determining how supervisory responsibilities should be shared between the two bodies. With respect to the latter issue, it was agreed that the Bank of Finland should undertake discussions with the banking community on the rules to be applied in the interbank trade in money market instruments, whereas the Banking Supervision Office would be responsible for the supervision

of the market as regards the protection of (nonbank) customers.

In early 1991, the Bank of Finland started negotiations with its money market counterparties; *i.e.* the banks actively participating in the money market. The negotiations ended in an agreement called *A Code of Conduct for Money Market Dealings*.

A CODE OF CONDUCT FOR MONEY MARKET DEALINGS

The agreement was signed on the April 24, 1991 between the Bank of Finland and 10 commercial banks and one savings bank.¹ Since that date one more savings bank and one more commercial bank have become parties to the agreement with the consent of the Bank of Finland.²

The agreement consists of two parts, the main text of the agreement and an appendix. The text of the agreement (see box³) defines the basic principles to be applied in money market dealings between the signatories to the agreement and the banks who have subsequently become parties to it. The appendix defines the technical rules for money market trading. The appendix is essentially the same as the 1989 rules agreed upon by the Money Market Dealers' Association and referred to above.

The agreement is based upon the principles of conventional business conduct, free pricing and free entry. It allows for market evolution; for instance, its scope can be extended to apply to new instruments, provided that technical rules for trading and pricing practices are specified and commonly agreed upon by the parties to the agreement. At present, the agreement covers trading in bank CDs and Treasury bills. In addition, the agreement defines the participants' responsibility for disclosing information to the Bank of Finland and to other parties to the agreement.

A party is not permitted to make decisions in consultation with another party which aim at influencing market prices. Nor is it otherwise allowed to apply practices in money market dealings which are contrary to conventional business conduct.

A party to the agreement is required, upon request, to make binding buying and selling quotations on the telephone for the instruments which are recognized as objects of trade under the agreement. In addition, the parties are required to display indicative two-way prices on public electronic information screens, such as Reuters. The two-way quotes should apply to basic amounts (FIM 20 million).

For amounts differing in size from the basic amount, the requesting party is obliged to inform the other party of this when asking for a quote.

The agreement set up the ethical committee, whose task is to develop the code of conduct, to monitor market conduct and to settle questions of interpretation. The committee consists of nine members and a representative of the Bank of Finland, who acts as chairperson.

The appendix to the agreement defines a number of technical issues, such as the market hours, the instruments covered by the agreement, the dealing practices, the delivery of instruments, the confirmation of deals and the procedures to be applied in the case of payment errors.

December 3, 1991

¹ Banque Indosuez Finlande, Kansallis-Osake-Pankki, Midland Montagu Osakepankki, Nordbanken Finland, Okobank, Postipankki, Savings Bank of Helsinki, Skopbank, STS-Bank, Union Bank of Finland and Ålandsbanken.

² Tampereen Aluesäästöpankki and Svenska Handelsbanken.

³ The English text is a translation; only the Finnish and Swedish agreement texts are binding. A copy of the English translation of the appendix is available upon request from the Bank of Finland.

**Agreement between the Bank of Finland and the banks listed in section 1 below on
A CODE OF CONDUCT FOR MONEY MARKET DEALINGS**

1 Parties to the agreement

The agreement has been concluded between the Bank of Finland and the following entities which are referred to in section 5 below and which act as market makers in the money market:

(names of banks)

Any other entity which actively participates in the money market may undertake to comply with this agreement. Upon receiving the consent of the Bank of Finland, such an entity will be regarded as a party to the agreement together with all existing parties to the agreement which have not objected to this in writing within one week of having been informed of the Bank of Finland's consent.

2 Money market dealings

Under this agreement, money market dealings denote dealings between the parties to the agreement in the securities and other money market instruments which are referred to in section 3 below.

3 Money market instruments

The Bank of Finland sets minimum requirements for the securities and other money market instruments accepted for use in money market dealings under this agreement as well as for the issuers of such instruments.

In so far as it is separately mentioned in the code of conduct annexed to this agreement, the agreement may apply to money market dealings between the parties to the agreement in bank certificates of deposit, Treasury bills, commercial paper, local authority paper issued by municipalities or municipal federations and separately defined bonds. The agreement may also apply to other money market instruments which are the object of trading in the money market and derivatives of these, as well as to fixed-term investments between the parties to the agreement.

In the code of conduct in the annex to this agreement, the trading and pricing principles and other technical details are defined separately for each instrument.

4 Conventional business conduct

A party to this agreement is not permitted to enter into an agreement or make a decision in consultation with another party which aims at influencing the market price level of any money market instrument referred to in this agreement. Nor is it otherwise allowed to apply practices in money market dealings between parties which are contrary to conventional business conduct.

5 Acting as a market maker

Each party to the agreement shall inform the Bank of Finland and the other parties to the agreement of the issuers and instruments for which it undertakes to act as market maker.

With the exception of the Bank of Finland, the entities that are parties to the agreement shall undertake to act as market makers, within their set limits, for an essential part of the money market instruments issued by the other parties.

The parties to the agreement which act as market makers shall in their dealings with each other, whenever asked on the telephone, give binding buying and selling quotations for instruments which are the object of trading and display indicative two-way prices on public electronic information systems, for example Reuters. In addition, market makers shall give the Bank of Finland binding buying and selling quotations for instruments which are the object of trading.

6 Information and reporting

The parties to the agreement shall provide the Bank of Finland with data on turnover and prices of dealings in money market instruments as well as with any other information requested by the Bank of Finland.

The parties to the agreement shall notify the Bank of Finland of the names of the persons who are responsible for money market dealings. Any significant changes in the organization or operational procedures of the units which are in charge of money market operations shall be reported to the Bank of Finland without delay.

The Bank of Finland shall notify the parties to the agreement and the banking supervision authorities of the names of the persons who are responsible for money market dealings or serve on the ethical committee of the money market.

The Bank of Finland shall provide the Banking Supervision Office with a copy of this agreement and the annexed code of conduct and inform it of any subsequent amendments and additions to these documents.

7 The ethical committee of the money market

For the purpose of developing the code of conduct for the money market, monitoring conduct in the market and settling questions of interpretation, the parties to the agreement shall set up an ethical committee, the chairman of which is to be appointed by the Bank of Finland.

Disputes and questions of interpretation shall, in the first instance, be settled between the parties concerned. They may also be brought to the ethical committee for arbitration.

A party to this agreement is entitled to have any conduct, practice or interpretation of the code of conduct in respect of money market dealings taken up for consideration by the ethical committee.

The opinion of the ethical committee shall be brought to the attention of the Banking Supervision Office and of all parties to this agreement. The committee may, at its discretion, publish its opinion.

8 Breach of agreement

The Bank of Finland may, at its discretion, in cases where it considers that a breach of agreement has occurred, demand that the person who is responsible be replaced or suspend the party from dealing with the central bank and from access to central bank financing for a fixed period or indefinitely.

9 Amendments to the agreement

Amendments to the agreement require the consent of all parties to the agreement.

The responsible persons referred to in section 6 of this agreement and the responsible person appointed by the Bank of Finland shall together, in the code of conduct annexed to this agreement, agree on the instruments this agreement applies to and on the principles to be applied to dealings in and pricing of these instruments. These same persons shall also agree on amendments to the code of conduct in the money market. Amendments require unanimity.

10 Entry into force and cancellation

This agreement shall enter into force on 24 April 1991.

A party to the agreement can withdraw from the agreement by giving notice in writing to the Bank of Finland, which shall inform the other parties. The period of notice is one month, beginning from the first day of the calendar month following the notice of termination.

11 Publication of the agreement

This agreement will be published by act of the Bank of Finland and the other parties to the agreement.

THE EMPLOYMENT PENSION SCHEME AND THE FINANCIAL MARKETS

by **Pertti Pylkkönen**, M.Pol.Sc.
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BACKGROUND

The social insurance system occupies a central position in Finland's welfare state. Social expenditure currently accounts for about one-quarter of GDP. Pension expenditure, which constitutes the largest item of private social expenditure, amounted to some 10 per cent of GDP in 1990. Of total pension expenditure, two-thirds is related to private and public sector employment pensions and one-third to national pensions.

Changes in the age structure of the population and the completion of the phase-in period of the pension system will quickly boost social expenditure, especially pension expenditure, as a percentage of GDP in the early years of the next century. Likewise, the share of pensions in the aggregate disposable income of the total economy is expected to continue growing from the current level of almost 15 per cent.

Finland's statutory pension system is composed of two component parts with differing objectives: the national pension scheme aimed at securing a minimum level of income and the earnings-related, employment pension scheme.

The foundations of the national pension scheme were laid in the 1930s. The 1937 National Pensions Act was the first pension law to cover the entire populace. The law was reformed in the mid-1950s, whereupon everyone became entitled to the same basic pension. National pensions are financed partly by employee and employer contributions and partly by current expenditure of the central government on a pay-as-you-go basis.

The employment pension scheme was established in 1962 when the basic laws governing earnings-related pensions, the Employees' Pension Act (TEL) and the Temporary Employees' Pension Act (LEL), came into force. These pensions are partially funded; in 1990, pension expenditure under the TEL and LEL schemes was about 60 per cent of the combined sum of their income from contributions and investment.

The employment pension scheme was later extended to cover self-employed persons and farmers, among others.

Up until recent years, earnings-related pensions in the public sector were based on the pay-as-you-go principle. The funding of local government pensions (KVTEL) began in 1988 and that of central government pensions (VEL) in 1990. The funding of central and local government pensions is based on more elementary principles than those applied in the private sector.

A special feature of the Finnish pension system is the coordination of benefits paid out under the national and employment pension schemes. The purpose of coordination is to prevent the total of pension benefits from different sources from exceeding a predetermined target level. If the combined pension benefits exceed the target level, each pension is reduced by the same proportion so as to obtain the target level.

During the time it has been in force, the TEL scheme has accumulated large assets. By the end of 1990, its assets totalled more than FIM 110 billion. These funds are of great importance to the domestic financial markets. Of the total

outstanding amount of markka-denominated credit extended to firms, direct loans from pension insurance institutions accounted for some 40 per cent at the end of 1990. At the same time, these institutions accounted for one-fifth of the total outstanding amount of markka-denominated credit in the economy.

This article examines the pension scheme of the private sector (TEL), with special emphasis on the significance of the scheme's funding arrangements for the domestic financial markets. The operations of the TEL scheme also have important effects on aggregate economic activity, but these are not discussed here.

The private sector pension scheme (TEL) is at the hub of the earnings-related pension system because it covers by far the largest segment of wage earners and because it contains the above-mentioned coordination rules for all pension schemes. Moreover, the TEL scheme accounts for some 90 per cent of all funding associated with statutory pension insurance.

SALIENT FEATURES OF THE PRIVATE SECTOR EMPLOYMENT PENSION SCHEME (TEL)

TEL covers wage earners in the enterprise sector, of whom there are over a million. The basic purpose of the employment pension scheme is to secure wage earners' consumption standards after retirement. In the private sector, each year of employment entitles a wage earner to a pension benefit of 1.5 per cent of the income on which the calculation of the pension is based. The maximum pension in the private sector, which requires 40 years of employment, amounts to 60 per

cent of the income on which the pension is based, at all income levels.

Pensions being earned and pensions being paid out are adjusted according to changes in the TEL index, which are calculated as the average of the changes in the consumer price index and the index of wage and salary earnings. Adjustments, which are effected once a year, are financed on a pay-as-you-go basis.

The employment pension scheme of the private sector is decentralized in that employers can, subject to certain requirements, choose which type of insurance institution they wish to manage their employees' pensions. A firm can either take out insurance from an employment pension insurance company or it can set up its own pension society or pension foundation. At the end of 1991, there were 7 insurance companies providing statutory employment pension insurance, 12 pension societies and almost 100 pension foundations. In addition to compulsory employment pension insurance, employers may also offer their employees voluntary supplementary pensions.

Employers in the TEL scheme pay contributions at a rate confirmed annually by the Ministry of Social Affairs and Health. TEL contributions comprise a pension funding component, a pooled component and an administrative expenses component.

Some 75 per cent of total pension expenditure consists of unfunded costs. This expenditure, for which the insurance institutions are jointly responsible, is financed on a pay-as-you-go basis by means of the pooled component of the contribution together with that part of the fund's return on investment that exceeds 5 per cent. The pooled component is calculated annually so that, together with the afore-mentioned part of the return on investment, it approximately covers the unfunded part of the total joint expenditure of the pension institutions.

The employment pension scheme for local government employees (KVTEL) is broadly similar to the TEL scheme. One fundamental difference is that there is no borrowing back of pension contributions under the KVTEL scheme.

TEL FUNDS

As mentioned above, the private sector employment pension scheme is partially based on the funding principle. At the end of 1990, the funds together amounted to some FIM 112 billion, i.e. 75 per cent of the total wages of those covered by the employment pension scheme or over 20 per cent of gross domestic product at market prices (Chart 1). The accumulation of funds in connection with the step-by-step implementation of the TEL scheme is expected to continue all the way up till about the year 2010, when on present projections the funds will begin to be drawn down as the country's large age cohorts born after the Second World War reach the age of retirement.

The funds receive their income partly from the funding portion of the contributions and partly from investment earnings. The size of an individual's fund is determined according to received and future pension

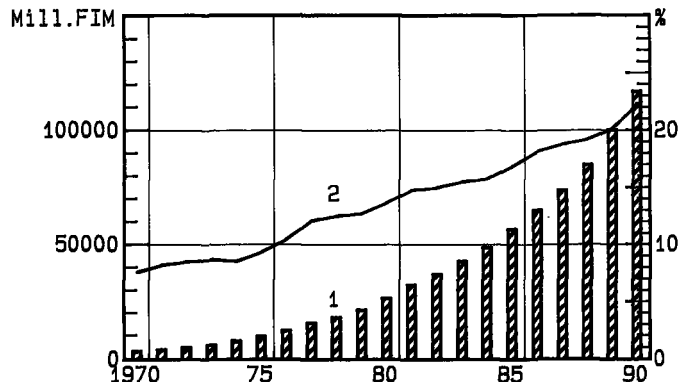
benefits for which the pension institution is liable, assuming the fund earns income at the rate of 5 per cent. Thus, funds are only credited with a 5 per cent return on their investments, the remaining part being used to cover the costs of the pay-as-you-go system. The funds' real growth and degree of funding liability has been highly dependent on inflation.

The assets accumulated in the employment pension funds are managed by the employment pension insurance companies, pension societies and pension foundations. There are certain restrictions as regards investment activity, to which we shall return later. The major portion of the assets, some 80 per cent, is lent back to the companies paying contributions, either as so-called premium loans or promissory-note loans.

PENSION INSURANCE INSTITUTIONS IN THE FINANCIAL MARKETS

A special feature of Finland's financial system up until the mid-1980s was its strict regulation by the authorities. Among the most important characteristics of this regulation were administered interest rates, fairly tight control of capital movements and the exemption from taxation of deposits

CHART 1.
TOTAL ASSETS OF EMPLOYMENT PENSION FUNDS



1. Employment pension funds, million FIM (left scale)
2. Employment pension funds as a percentage of GDP (right scale)

and bonds, which, in turn, helped to support the administered interest rate system.

The statutory pension system has also played a supportive role in the administrative control of the financial markets.

The regulation of investment by employment pension funds is now the main remnant of regulation in Finland's financial markets. The funds' investment activity is regulated in several different ways. The borrowing back of contributions in the form of premium loans is regulated by means of TEL legislation. Firms are allowed to pay a part of their annual pension contributions in the form of promissory notes, i.e. to borrow back that part of their contributions which is not needed for current pension payments.

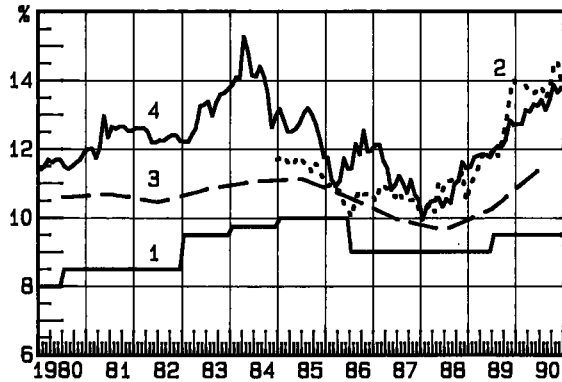
The interest rate on premium loans is an administered rate which has generally been clearly lower than long-term market rates (Chart 2). However, the opportunity costs associated with premium loans have made the effective costs of such loans to firms almost as high as those on other long-term markka financing.¹

One special feature of premium loans is that the interest component of financing costs is the same for all firms. The risks attaching to firms are not reflected in the nominal interest rate payable on such loans, but they do influence the effective costs of the loans in terms of the pricing of the required collateral.

Strict limits have been set within which the funds can conduct their investment activities. In practice, sufficient security must be given for all investments, and the annual return on investments must be at least equal to the computational interest rate (currently 9.5 per cent). All "unregulated" investment by pension insurance companies is also subject to guidelines ap-

¹ As regards the opportunity costs associated with premium loans, it can be noted that if firms do not borrow back the permitted part of their contributions, they can obtain a refund for part of the contributions they have paid. The amount depends on the insurance institution's earnings from its other investment activity.

CHART 2.
LONG-TERM INTEREST RATES, PER CENT



1. Rate on TEL premium loans
2. Average rate on new bank loans
3. Average rate on employment pension institutions' new promissory-note loans
4. Effective annual return on taxable fixed-rate bonds

proved and monitored by the pension scheme participants. TEL pension societies and foundations have more freedom in this respect as well as in respect of the annual return on investment, a lower level of which can be compensated for by higher contributions. TEL societies cannot extend premium loans at all. This type of lending is associated only with the TEL insurance companies and foundations.

Despite regulation, the funding and management of private sector pensions has been entrusted to private insurance companies, pension societies and pension foundations. The net savings of financial institutions are generated almost entirely by institutions that handle pension insurance, which also account for a significant share of the economy's aggregate net savings.

Consequently, insurance institutions play a major role in the financing of firms' long-term investment. Particularly in the past two years, these institutions have again increased in importance as a source of long-term markka financing. With the rise in domestic market interest rates, firms have increasingly

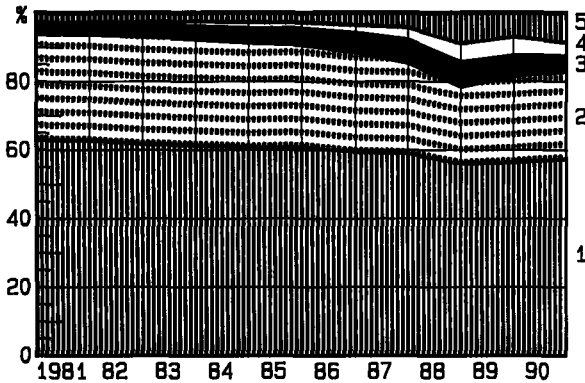
looked to insurance institutions rather than banks for their markka loans.

In 1990, insurance institutions together accounted for over 16 per cent of total outstanding markka loans of FIM 735 billion and for over one-quarter of the total outstanding loans extended to firms. The vast bulk, over 90 per cent, of lending by insurance institutions represents loans granted by institutions engaged in the provision of pension insurance services.

About half of the loans extended by pension insurance institutions to firms has been used to finance investment by industrial companies, especially in the forest and metal and engineering industries. Over one-third has gone to finance investment in the closed sector, particularly in commerce, transport and construction.

Lending and investment by pension insurance institutions has focused primarily on premium loans; their share is about 60 per cent. Another important form of lending is the granting of ordinary promissory-note loans. Investment in securities, by contrast, has accounted for a relatively small proportion of pension institutions' investment;

**CHART 3.
BREAKDOWN OF PENSION INSURANCE
COMPANIES' INVESTED ASSETS, 1980 - 1990**



1. Premium loans
2. Promissory-note loans
3. Bonds
4. Shares
5. Real estate and other

some 10 per cent of total investment has been in shares and marketable interest rate instruments (Chart 3).

Investment in securities is restrained to some extent by current legislation on insurance institutions, which limits a substantial share of such investment to certain relatively safe investment outlets prescribed by law or by the authorities. This restricts the institutions' investment activity, for example, with respect to unsecured interest rate instruments.

The relative importance of pension insurance institutions as financial intermediaries nevertheless declined somewhat in the latter half of the 1980s as the financial markets went through a period of structural change. The liberalization of borrowing from abroad has been a particularly important factor in this respect. Banks have increased their market share as the volume of foreign currency-denominated loans has grown. However, in terms of markka lending, the pension insurance institutions have maintained or even slightly increased their relative importance in recent years; in particular, the share of premium loans

in firms' markka borrowing has begun to rise again.

THE OUTLOOK FOR EMPLOYMENT PENSION FUNDS

There are no plans to change, at least in the near future, the basic elements of the employment pension scheme. As a result of the agreement on the creation of the European Economic Area (EEA), foreign insurance companies will be able to compete on equal terms with domestic insurance companies in the provision of earnings-related pension insurance. This is part of the agreement whereby the TEL scheme has remained outside the scope of the actual EC directives.

Although the basic elements of the TEL scheme remain unchanged, minor adjustments are being made on a continuing basis. One important new feature, due to be introduced from the beginning of 1993, is employee contributions to the pension funds.

As the pension system matures and the age structure of the population changes, contribution rates will increase in the coming years. Long-term projections indicate that contribution rates will have to rise by more than half a

percentage point a year. It has been provisionally agreed that employers and employees will pay equal shares of future increases in overall TEL contributions. Contributions are estimated to increase to 35-40 per cent of wages in the next century unless changes are made in funding techniques or retirement patterns.

There are also plans to make the administered interest rate on premium loans flexible. It has been suggested that changes in the rate be tied to some long-term reference rate, so that the rate on premium loans would move in line with long-term market rates, albeit to a somewhat lesser degree.

The current economic recession will slow the growth of pension funds in the years ahead because of the slow growth of or even a decline in aggregate nominal wages, which are the basis for contributions, and because further increases in contribution rates will be forgone as a counter-cyclical measure.

Employment pension funds will continue to grow until the early part of the next century. Relative to payroll, the growth could come to a halt around the period 2010-2015.

From the point of view of the financial markets, this probably means that the importance of employment pension funds as a source of markka financing to firms will continue to increase. This will at least be true in the short term for the reason that Finnish banks are currently facing difficulties related primarily to cyclical factors.

Over the longer term too, the growth of bank lending and provision of guarantee services to firms will be restrained by capital adequacy requirements. This will also bolster the growing importance of pension insurance institutions as a source of long-term markka funds.

DEVALUATION OF THE MARKKA

On November 14, 1991, the Bank of Finland decided to temporarily float the markka because of mounting pressure against the currency in the foreign exchange market. On the following day, November 15, the Government decided, on the basis of a proposal by the Parliamentary Supervisory Board of the Bank of Finland, to raise the limits of the markka's fluctuation range against the ECU by 14 per cent, implying a 12.3 per cent fall in the external value of the markka. The new midpoint is 5.55841 (FIM/ECU), and the markka may now fluctuate against the ECU in a range of 5.39166 to 5.72516.

INCOMES POLICY AGREEMENT

The devaluation of the markka on November 15, 1991 removed the prerequisites for implementation of the proposal for a comprehensive incomes policy agreement drawn up by Mr. Kalevi Sorsa, Member of the Board of Management of the Bank of Finland. The central organizations of employers and unions nevertheless wished to keep to the original goal of reaching a pay settlement by November 29, 1991, and, in fact, a new incomes policy agreement for 1992 and 1993 was concluded on that date. The aim of the agreement is to minimize the rise in prices and costs following the devaluation.

Main features of the agreement

Wages. The incomes policy agreement covers a two-year period, ending on October 31, 1993. Nominal wages and salaries will not be raised during the first year of the agreement. As regards the agreement period starting on February 1, 1993 the parties are to complete negotiations on pay and related matters and a possible index clause by November 30, 1992.

If, during the period from December 1991 to October 1992, the rise in the consumer price index exceeds 5.4 per cent, wages and salaries will be raised at the beginning of February 1993 to compensate for the amount in excess of this threshold. If, however, the implied pay increase is less than 0.5 per cent it will not be effected.

Employment pension contributions. From the beginning of 1993, employees will start paying contributions to compulsory earnings-related pension schemes at a rate equivalent to 3 per cent of their wages and salaries subject to withholding tax. Of this contribution, 2.5 percentage points will be used for reducing employers' contributions and 0.5 percentage point for funding pensions.

From the beginning of 1994, 50 per cent of any annual increase in employment pension contribution rates will be borne by employees.

Government measures.

The Government has undertaken to carry out broadly the same measures as were conditionally attached to Mr. Sorsa's proposal for a comprehensive incomes policy agreement¹.

SECOND SUPPLEMENTARY BUDGET

The second supplementary budget for 1991 was approved by Parliament at the end of November. It provides for a total increase in central government expenditure of FIM 4.8 billion, which is about 3 per cent of total expenditure in the ordinary budget. The increase in outlays mainly reflects the impact of Finland's severe economic recession on central government finances. Hence, the biggest appropriations are for unemployment benefits, measures promoting employment, transfers to the Social Security Institution and interest payments on central government debt. Altogether, budgeted outlays for 1991 are now set to grow by about 19 per cent from the previous year in nominal terms, or about 12-13 per cent in real terms.

Central government revenue is estimated to decrease by about FIM 6 billion in net terms compared to what was estimated in the first supplementary budget in May. The main reason for the decrease is the lower yield from indirect taxes resulting from the fall in the volume of domestic demand. Tax revenue is expected to fall by about FIM 14 billion from the level estimated in the ordinary budget. To finance the 1991 budget, the Government proposes an increase of FIM 10.9 billion in its borrowing powers. This, in addition to earlier borrowing, will increase budgeted net borrowing powers to FIM 27.5 billion this year.

¹ See the item in the October issue of the Bulletin.

FINLAND'S BALANCE OF PAYMENTS IN JANUARY-SEPTEMBER 1991

Current account

The current account showed a cumulative deficit of FIM 18.0 billion for the first three quarters of this year, FIM 1.1 billion less than in the same period a year ago. The trade account registered a surplus of FIM 2.8 billion; the surplus was FIM 2.3 billion for the third quarter alone. The largest single contribution to the current account deficit came from interest payments on foreign debt.

Goods. Compiled on a balance-of-payments basis, the trade account (incl. adjustment items) showed a surplus of FIM 2.4 billion, as against a deficit of FIM 1.5 billion for January-September 1990. The volume of exports fell by 10 per cent. Exports of metal and engineering products decreased by nearly one-quarter and exports of paper products by 3 per cent. The volume of exports of chemical products grew by 7 per cent. The volume of imports was down 17 per cent from the corresponding period a year ago. Imports of investment goods declined by one-third and those of consumer goods, raw materials and intermediate goods by 14 per cent. Export prices remained at the same level as in the first three quarters of 1990, while import prices rose by 3 per cent.

Services. The deficit on the services account grew further. The surplus on the transport account narrowed slightly to FIM 2.7 billion. The deficit on the travel account shrank because receipts increased by 11 per cent and expenditure by only 2 per cent. The deficit on the other services account widened as expenditure grew faster than receipts.

Investment income. Interest payments on foreign debt totalled FIM 22.6 billion, 14 per cent more than a year earlier. Finland's interest income on its foreign assets amounted to FIM 10.6 billion.

MAJOR BALANCE OF PAYMENTS ITEMS IN JANUARY-SEPTEMBER 1991, MILLION FIM¹

	Receipts	Expenditure	Net
Trade (exports f.o.b., imports c.i.f.)	67 253	64 467	2 786
Adjustment items	-1 180	-809	-371
Trade account	66 073	63 658	2 415
Transport	5 728	3 069	2 658
Travel	3 854	8 132	-4 278
Other services	4 530	7 673	-3 143
Services account	14 112	18 874	-4 762
GOODS AND SERVICES ACCOUNT	80 185	82 532	-2 347
Investment income	10 581	22 580	-11 999
Unrequited transfers	838	3 807	-2 968
Other	2 559	3 197	-637
A. CURRENT ACCOUNT	94 164	112 116	-17 952
	Change in assets	Change in liabilities	Net
Loans	49	9 449	9 497
Direct investment	-5 806	524	-5 282
Portfolio investment	33	31 809	31 842
Other long-term capital	-116	156	41
B. LONG-TERM CAPITAL ACCOUNT	-5 840	41 938	36 098
BASIC BALANCE (A+B)		18 146	18 146
Trade credits	-653	26	-626
Short-term capital of authorized banks	-22 423	-5 296	-27 719
Other short-term capital	-7 448	1 453	-5 995
Errors and omissions		3 966	3 966
C. SHORT-TERM CAPITAL ACCOUNT		-30 374	-30 374
OVERALL BALANCE (A+B+C)		-12 228	-12 228
Change in the foreign exchange reserves of the Bank of Finland		12 228	12 228

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

¹ Preliminary figures.

Capital account

Net imports of long-term capital totalled FIM 36.1 billion and net exports of short-term capital FIM 30.4 billion. As the inflow of capital did not cover the current account deficit, the Bank of Finland's foreign exchange reserves decreased by FIM 12.2 billion.

Loans. Long-term loans raised by Finnish borrowers amounted to FIM 9.5 billion. Net drawings of long-term loans by

Finnish companies totalled FIM 4.8 billion and those by financial institutions FIM 3.4 billion. Net drawings of long-term export credits granted to foreign customers amounted to FIM 1.5 billion. Outstanding loans granted by financial institutions fell by FIM 1.1 billion.

Direct investment. Finnish direct investment abroad totalled FIM 5.8 billion and foreign direct investment in Finland FIM 0.5 billion.

Portfolio investment. Net capital imports in the form of portfolio investment amounted to FIM 31.8 billion. Net sales of Finnish bonds abroad were especially brisk: FIM 31.2 billion or almost twice as much as in the same period a year earlier. The central government accounted for just under half of these sales. Sales of Finnish shares abroad amounted to FIM 0.6 billion. Finnish investment in foreign securities was slightly less than a year ago.

Short-term capital. Net short-term liabilities related to imports decreased by FIM 2.2 billion and receivables and prepayments related to exports by FIM 1.6 billion. The net short-term liabilities of the banks fell by FIM 27.7 billion. About half of this outflow represented forward cover operations by the banks. The net capital exports (excl. trade-related credits) of other sectors totalled FIM 6.0 billion.

Foreign exchange reserves. The Bank of Finland's convertible foreign exchange reserves decreased by FIM 13 232 million. Owing to an increase of FIM 1 004 million in tied currencies, the liability on the account turned into a claim. At the end of September, the convertible foreign exchange reserves stood at FIM 26 928 million and net tied currency claims at FIM 48 million.

Net foreign debt

At the end of September, Finland's net foreign debt amount-



ed to FIM 159 512 million: long-term foreign debt totalled FIM 132 651 million and short-term foreign debt FIM 26 861 million. The central government's share of net foreign debt was FIM 40 840 million.

**ÅLAND'S
COMMEMORATIVE
COIN 1991**

It is now 70 years since the League of Nations passed a resolution which left the Åland Islands as a part of Finland, with certain guarantees concerning language and culture. To commemorate this occasion, the Mint of Finland has struck a silver coin in the denomination of 100 markkaa.

On the obverse of the commemorative coin there is Åland's coat of arms and the text "Åland, 1921-1991". The reverse shows a sailing vessel, depicting one of Åland's most important trades,

seafaring, and the text "Finland, 100 mk, Suomi".

The issue comprises 100 000 pieces. The silver content of the coin is 925 ‰, the weight 24 grammes and the diameter 35 mm.

The coin was issued on December 11, 1991 and it is legal tender. Foreign sales are handled by the commercial banks and the Mint of Finland.

**BOARD OF
MANAGEMENT**

The President of the Republic, on the proposal of the Parliamentary Supervisory Board, appointed Ms. Sirkka Hämäläinen, Dr. Sc. (Econ.), to the Board of Management with effect from December 9, 1991. Ms. Hämäläinen replaces Mr. Markku Puntila, who resigned from the Board as from December 1, 1991.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM DECEMBER 1990 TO NOVEMBER 1991

1990

DECEMBER

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

1991

JANUARY

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

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

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

Cash reserve requirement.

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

FEBRUARY

Cash reserve requirement.

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

APRIL

Counter-cyclical deposits.

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

MAY

Cash reserve requirement.

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

JUNE

Cash reserve requirement.

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

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

On the basis of a proposal by the Bank of Finland, the Government decides on June 4, 1991 to present a bill to Parliament providing for the amendment of section 2 of the Currency Act. By the

amendment, which is approved on June 7, the markka is unilaterally linked to the EC's official accounting and currency unit, the European Currency Unit (ECU), from June 7, 1991.

The amendment does not involve any change in the fluctuation range of the markka. The new fluctuation margins and the midpoint are set so as to correspond with the fluctuation margins and midpoint applied to the old currency index. The midpoint is defined on the basis of the exchange rates confirmed by the EC on June 6, 1991 at 3.15 pm (Finnish time). The new midpoint is 4.87580 (FIM/ECU). The markka may fluctuate within margins of 3 per cent on either side of the midpoint, i.e. between FIM 4.72953 and FIM 5.02207.

Foreign Exchange

Regulations. The Bank of Finland decides to rescind all controls on the raising of loans abroad by private individuals and comparable corporate entities as from October 1, 1991. This measure completes the abolition of exchange control in Finland.

JULY

Cash reserve requirement.

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

AUGUST

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.2 per cent to 4.9 per cent of the cash reserve base at end-July 1991.

SEPTEMBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.9 per cent to 4.6 per cent of the cash reserve base at end-August 1991.

Skopbank. On September 19, 1991, the Bank of Finland decides to take control of Skopbank so as to restore confidence in the bank's activities and states that it will ensure Skopbank's solvency and liquidity under all circumstances.

OCTOBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.6 per cent to 4.3 per cent of the cash reserve base at end-September 1991.

Call money credit rate. On October 23, 1991, the Bank of Finland temporarily ceases to apply the 30 per cent penalty rate on call money credit.

The Bank of Finland's borrowing powers. On October 25, 1991, the Parliamentary Supervisory Board decides to raise the Bank's foreign borrowing powers from USD 1.5

billion to USD 5 billion; the previous borrowing powers dated from 1980.

NOVEMBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.3 per cent to 4.0 per cent of the cash reserve base at end-October 1991.

Call money credit rate. On November 8, 1991, the Bank of Finland reinstates the 30 per cent penalty rate on call money credit.

On November 14, 1991, the Parliamentary Supervisory Board of the Bank of Finland extends the authority of the Bank of Finland to set interest rates.

The maximum call money credit rate is raised from 30 per cent to 50 per cent. The Bank of Finland raises the interest rate on call money credit from 15 per cent to 20 per cent, implying a penalty rate of 40 per cent.

On November 19, 1991, the Bank of Finland lowers the interest rate on call money credit to 15 per cent again, implying a 30 per cent penalty rate.

Devaluation of the markka.

On November 14, 1991, the Bank of Finland decides to allow the markka's exchange rate to float temporarily. The next day, November 15, the Government decides, on the basis of a proposal by the Parliamentary Supervisory Board, to raise the limits of the markka's fluctuation range against the ECU by 14 per cent, implying a 12.3 per cent fall in the external value of the markka. The new midpoint is 5.55841 (FIM/ECU) and the limits are 5.39166 and 5.72516.

Till-money credits. The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not financed by the Bank of Finland under the till-money credit arrangement. The combined total of base amounts is kept unchanged in proportion to currency in circulation with the public. Owing to a reduction in currency in circulation with the public, the combined total of the banks' base amounts falls by FIM 49 million and amounts to FIM 1 194 million as from the last business day in November.



FINLAND IN BRIEF

LAND, CLIMATE AND POPULATION

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

Finland has a population of 4 998 700 (Jan. 1, 1991) and an average population density of 16.4 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 492 500 inhabitants, Espoo (Esbo) 172 650, Tampere (Tammerfors) 172 600, Turku (Åbo) 159 200 and Vantaa (Vanda) 154 900.

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

FORM OF GOVERNMENT

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, March 1, 1988 to March 1, 1994, is Dr. Mauno Koivisto.

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

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish 16 People's Party 12; The Greens 10;

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

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

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

INTERNATIONAL RELATIONS

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

Finland's development 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.

The Finnish economy is essentially based on private enterprise, with over 80 % of manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic product of FIM 458 billion in basic values in 1990, 3 % was generated in agriculture and fishing, 3 % in forestry, 23 % in industry, 9 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 5 % in finance and insurance, 20 % in other private services and 18 % by producers of government services. Of total employment of 2.5 million persons in 1990, 8 % were engaged in primary production, 31 %

in industry and construction and 61% in services.

In 1990, expenditure on the gross domestic product in purchasers' values amounted to FIM 525 billion and was distributed as follows: net exports -1.4 % (exports 22.7 %, imports -24.1 %), gross fixed capital formation 26 %, private consumption 52 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 38 % and the net tax ratio (net taxes in relation to GDP) 25 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 4.3 % in 1990-89. Finland's GDP per capita in 1990 was USD 27 500.

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

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

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw 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 55 million cubic metres in 1990.

Energy. In 1990, gross consumption of primary energy amounted to 31 Mtoe, of which industry accounted for 46 %, heating for 21 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1988 were as follows: oil 30 %, coal 12 %, nuclear power 14 %, hydro-electric power, peat and other indigenous sources 29 %, others 15 %. Compared

internationally (1989), 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 40 %, 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 November 1, 1977 to June 7, 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from November 30, 1988 the range was 6 percentage points). Since June 7, 1991, the markka has been pegged to the European Currency Unit, the ECU. The 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 4.87580 (FIM/ECU). Since the devaluation of the markka on November 15, 1991, the midpoint has been 5.55841 and the fluctuation limits FIM 5.39166 and FIM 5.72516, where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value. Under the Currency Act, the fluctuations limits are set by the Government on the proposal of the Bank of Finland.

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

At the beginning of 1991 the remaining exchange controls were dismantled except for those concerning foreign borrowing by private individuals. The latter controls were removed as from October 1, 1991.

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

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

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain

specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 12 branch offices in other towns.

Other banks (Dec. 31, 1990). Finland has three major groups of deposit banks with a total of more than 3 500 offices. There are three big commercial banks with national branch networks and ten smaller ones, four of which are foreign-owned. The commercial banks have a total of 28 foreign branches, subsidiaries and associate banks and 25 representative offices abroad. There are 150 savings banks and 338 cooperative banks with their own extensive branch networks. In addition, foreign banks have 8 representative offices in Finland.

During 1991 there have been some changes in the status of foreign-owned banks. Since August 1, 1991 three subsidiaries and two branches owned by foreign commercial banks have been operating in Finland.

Financial market. Of the total stock of FIM 733 billion in outstanding domestic credit at the end of 1990, 64 % was provided by deposit banks, 3 % by private mortgage banks, 16 % by insurance companies, 4 % by other private credit institutions, 4 % by public financial institutions and 8 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 67 % of the instruments, which totalled approximately FIM 150 billion at end-1990, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 74 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 85 billion (at end-1990). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1990 totalled FIM 116 billion; government

bonds made up 25 % of the total. Turnover on the Stock Exchange in 1990 amounted to FIM 20 billion; the share of shares and subscription rights in the total was approximately 77 %.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

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

	1990		1991			
	Nov.31	Dec.31	Nov.8	Nov.15	Nov.22	Nov.29
ASSETS						
Gold and foreign currency claims	37 851	37 307	16 950	16 929	20 171	24 259
Gold	2 180	2 180	2 180	2 180	2 180	2 180
Special drawing rights	783	791	846	863	940	954
IMF reserve tranche	774	783	1 087	1 090	1 187	1 193
Convertible currencies	34 035	33 478	12 795	12 757	15 824	19 894
Tied currencies	79	75	42	40	40	39
Other foreign claims	2 572	2 574	2 443	2 443	2 443	2 490
Markka subscription to Finland's IMF quota	2 197	2 198	2 046	2 046	2 046	2 046
Term credit	375	376	397	397	397	444
Claims on financial institutions	18 371	15 190	31 220	30 768	27 366	26 340
Call money credits	—	—	5 755	3 306	0	13
Certificates of deposit	12 709	9 411	12 173	15 496	15 399	14 507
Securities with repurchase commitments	—	—	7 757	6 431	6 431	6 236
Till-money credits	3 307	3 427	3 471	3 471	3 471	3 519
Bonds	2 116	2 115	1 827	1 826	1 826	1 826
Other claims on financial institutions	238	238	238	238	238	238
Claims on the public sector	1 322	1 314	1 374	1 375	1 378	1 388
Bonds	0	0	3	3	3	3
Total coinage	1 322	1 314	1 372	1 372	1 375	1 385
Claims on corporations	1 728	1 678	1 344	1 334	1 327	1 325
Financing of domestic deliveries (KTR)	1 265	1 223	922	915	909	906
Bonds: KTR credits	261	254	218	215	214	214
Bonds: Other	8	8	3	3	3	3
Other claims on corporations	193	193	201	201	201	201
Other assets	117	900	149	1 878	1 878	1 881
Subsidiary loans	—	—	—	1 730	1 730	1 730
Accrued items	—	770	—	—	—	—
Other assets	117	131	149	148	148	151
Total	61 961	58 964	53 481	54 729	54 563	57 684
LIABILITIES						
Foreign currency liabilities	1 361	983	30	24	43	28
Convertible currencies	20	27	29	22	42	26
Tied currencies	1 342	957	1	1	1	1
Other foreign liabilities	2 929	2 938	2 833	2 835	2 905	2 909
IMF markka accounts	2 197	2 198	2 046	2 046	2 046	2 046
Allocations of special drawing rights	732	740	787	789	859	863
Notes and coin in circulation	13 467	14 555	13 428	13 377	13 532	13 490
Notes	12 336	13 399	12 251	12 199	12 353	12 299
Coin	1 131	1 156	1 177	1 178	1 179	1 191
Certificates of deposit	—	—	3 930	3 810	3 230	6 650
Liabilities to financial institutions	21 655	17 855	11 051	11 083	12 442	11 869
Call money deposits	1 746	418	2	35	1 394	1 593
Cash reserve deposits	19 878	17 401	11 047	11 047	11 047	10 276
Other liabilities to financial institutions	30	36	1	1	1	0
Liabilities to the public sector	1 832	1 321	3	3	3	3
Cheque accounts	0	1	—	—	—	—
Pension fund deposits	511	—	—	—	—	—
Counter-cyclical deposits	1 318	1 317	—	—	—	—
Other liabilities to the public sector	3	3	3	3	3	3
Liabilities to corporations	10 003	9 925	7 857	7 807	7 738	7 661
Deposits for investment and ship purchase	10 003	9 925	7 855	7 807	7 738	7 661
Other liabilities to corporations	—	—	3	—	—	—
Other liabilities	59	1 774	103	104	99	98
Accrued items	—	1 718	—	—	—	—
Other liabilities	59	56	103	104	99	98
Valuation account and reserves	4 491	3 448	8 482	9 922	8 808	9 211
SITRA's capital	400	400	—	—	—	—
Capital accounts	5 764	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—	—
Total	61 961	58 964	53 481	54 729	54 563	57 684

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	2 3571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1990	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1990												
Nov.	2 180	783	774	34 015	37 752	-1 263	36 489	-357	36 132	1 322	1 832	510
Dec.	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1991												
Jan.	2 180	1 027	881	34 295	38 383	-288	38 095	-362	37 733	1 339	1 321	-18
Feb.	2 180	968	863	32 839	36 850	-526	36 324	-365	35 959	1 354	1 323	-31
March	2 180	1 001	892	31 441	35 514	-397	35 117	-376	34 741	1 388	1 320	-68
April	2 180	945	1 065	30 681	34 871	-260	34 611	-386	34 225	1 388	3	-1 385
May	2 180	833	1 091	23 154	27 258	-17	27 241	-387	26 854	1 405	4	-1 401
June	2 180	1 021	1 115	29 588	33 904	29	33 933	-394	33 539	1 411	4	-1 407
July	2 180	853	1 111	29 535	33 679	56	33 735	-399	33 336	1 391	4	-1 387
Aug.	2 180	875	1 086	25 966	30 107	55	30 162	-401	29 761	1 382	3	-1 379
Sept.	2 180	863	1 142	22 743	26 928	49	26 977	-400	26 577	1 398	3	-1 395
Oct.	2 180	868	1 145	12 242	16 435	42	16 477	-404	16 073	1 375	3	-1 372
Nov.	2 180	954	1 193	19 868	24 195	38	24 233	-419	23 814	1 388	3	-1 385

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1989	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-
1990	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1990											
Nov.	12 709	-1 746	19 878	3 307	-2 324	-3 284	1 526	9 802	-8 276	13 467	-
Dec.	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1991											
Jan.	6 948	-1 300	17 215	3 614	-2 262	-5 691	1 448	9 330	-7 882	13 397	640
Feb.	8 171	-1 601	15 682	3 926	-2 239	-2 947	1 419	9 226	-7 807	13 170	1 430
March	11 829	350	15 740	3 535	-2 234	2 208	1 374	8 974	-7 600	13 412	3 770
April	11 193	-441	15 845	3 429	-2 169	505	1 336	8 587	-7 251	13 244	3 280
May	16 252	1 282	14 700	3 442	-2 181	8 457	1 310	8 076	-6 766	14 406	2 380
June	12 715	-1 996	14 161	3 786	-2 164	2 508	1 273	8 190	-6 917	13 972	2 850
July	10 515	-1 877	13 546	3 740	-2 127	959	1 236	8 074	-6 838	13 841	1 090
Aug.	12 159	-1 078	12 707	3 631	-2 133	4 138	1 212	7 993	-6 781	13 613	370
Sept.	13 289	285	11 842	3 542	-2 105	7 379	1 172	7 973	-6 801	13 621	610
Oct.	13 587	13 383	11 047	3 471	-2 066	21 460	1 143	7 896	-6 753	13 500	4 090
Nov.	20 743	-1 580	10 276	3 519	-2 064	14 470	1 120	7 457	-337	13 490	6 650

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1986					1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1989	131 110	3 855	99 245	28 010	-425	441	27 144
1990	163 326	26 379	160 797	-23 850	-38	-151	-23 737
1990							
Nov.	4 160	50	5 940	-1 830	-15	1 495	-3 340
Dec.	3 150	350	6 250	-3 450	-	-1 328	-2 122
1991							
Jan.	3 230	640	5 320	-2 730	-	882	-3 612
Feb.	3 810	1 760	2 480	-430	6	307	-731
March	9 600	1 790	4 360	3 450	756	-1 195	5 401
April	13 060	1 200	8 990	2 870	-752	39	2 079
May	12 670	1 180	7 950	3 540	1 366	-357	5 263
June	9 603	2 980	9 493	-2 870	-1 305	1 973	-6 148
July	6 865	160	7 366	-661	-71	-190	-542
Aug.	11 430	280	7 380	3 770	21	-778	4 569
Sept.	11 670	680	10 360	630	277	-1 086	1 993
Oct.	15 350	6 710	8 990	-350	13 086	-12	12 748
Nov.	9 850	6 340	7 020	-3 510	-13 371	1 592	-18 473

2.2 FORWARD EXCHANGE MARKET, MILL.FIM

End of period	Banks' forward positions with					
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks				
	1	2	3	4	5	6
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1989	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
1990	11 609	4 979	6 631	10 100	-6 098	10 633
1990						
Oct.	12 042	4 677	7 366	12 031	-6 633	12 764
Nov.	12 218	5 220	6 999	11 840	-6 492	12 347
Dec.	11 609	4 979	6 631	10 100	-6 098	10 633
1991						
Jan.	13 191	6 724	6 467	9 165	-5 260	10 372
Feb.	12 545	7 871	4 673	9 413	-3 028	11 058
March	13 919	12 231	1 688	3 336	-2 593	2 431
April	14 088	15 045	-957	6 496	-1 568	3 971
May	15 130	25 075	-9 945	6 181	663	-3 101
June	16 144	23 123	-6 980	8 500	3 159	4 679
July	16 228	20 422	-4 194	5 350	3 257	4 413
Aug.	16 961	30 053	-13 092	7 757	3 187	-2 148
Sept.	17 020	38 496	-21 477	13 454	3 947	-4 076
Oct.	22 174	53 395	31 222	9 433	9 034	-12 755

2.3 BANKS' CENTRAL BANK POSITION, MILL.FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1986	7 117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1989	373	15 146	15 519	403	465	23 035	23 903	-8 384
1990	142	24 056	24 198	790	1 924	23 406	26 120	-1 922
1990								
Nov.	167	13 511	13 678	327	-	20 843	21 170	-7 492
Dec.	188	10 310	10 499	698	-	18 981	19 679	-9 181
1991								
Jan.	36	7 764	7 800	816	546	17 395	18 757	-10 957
Feb.	128	7 368	7 496	420	1 260	17 160	18 840	-11 344
March	474	9 094	9 568	535	3 253	15 690	19 477	-9 909
April	49	12 235	12 284	999	3 288	15 743	20 030	-7 746
May	148	11 837	11 985	1 319	2 504	15 808	19 631	-7 645
June	535	15 926	16 461	2 332	2 469	14 646	19 447	-2 986
July	34	10 038	10 073	1 132	1 856	14 142	17 130	-7 057
Aug.	24	10 002	10 026	865	683	13 492	15 040	-5 014
Sept.	219	14 983	15 202	418	412	12 678	13 508	1 694
Oct.	5 126	12 287	17 413	405	2 094	11 817	14 316	3 098
Nov.	4 422	20 294	24 716	429	4 043	10 996	15 468	9 248

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED

BY THE BANK OF FINLAND, PER CENT

	Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
			1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10	
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.	
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.	
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5	
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	7.9	.	
1990											
Nov.	15.19	14.48	14.53	14.40	14.38	15.00	4.00	8.50	7.8	.	
Dec.	15.55	14.40	14.30	14.08	14.02	15.00	4.00	8.50	7.0	.	
1991											
Jan.	15.10	14.55	14.21	13.96	13.78	15.00	4.00	8.50	6.7	.	
Feb.	14.91	14.48	14.02	13.66	13.36	15.00	4.00	8.50	6.2	.	
March	18.90	15.66	14.72	14.10	13.64	15.00	4.00	8.50	6.2	.	
April	16.33	14.69	13.97	13.52	13.28	15.00	4.00	8.50	6.2	.	
May	13.12	12.25	11.98	11.94	11.95	15.00	4.00	8.50	5.8	.	
June	13.45	11.29	11.25	11.41	11.56	15.00	4.00	8.50	5.5	.	
July	9.48	10.09	10.69	11.19	11.52	15.00	4.00	8.50	5.2	.	
Aug.	10.20	10.62	11.09	11.28	11.50	15.00	4.00	8.50	4.9	.	
Sept.	19.84	14.80	13.20	12.45	12.07	15.00	4.00	8.50	4.6	.	
Oct.	15.72	15.95	14.38	13.01	12.46	15.00	4.00	8.50	4.3	.	
Nov.	20.94	16.75	14.66	13.25	12.77	16.23	4.00	8.50	4.0	.	

3.2 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

	Average of daily observations	3 months			Commercial ECU
		ECU	3 currencies	14 currencies	
	1	2	3	4	
1986	7.7	5.9	..	..
1987	7.0	5.6	8.0	7.1	
1988	6.9	6.0	8.0	7.0	
1989	9.3	8.4	9.8	9.3	
1990	10.5	9.1	10.9	10.4	
1990					
Nov.	10.4	9.2	11.1	10.0	
Dec.	10.8	9.4	11.2	10.4	
1991					
Jan.	10.8	9.2	11.0	10.5	
Feb.	10.5	8.8	10.4	9.8	
March	10.2	8.7	10.2	9.5	
April	10.1	8.6	10.1	9.4	
May	9.9	8.4	9.8	9.7	
June	9.9	8.4	9.6	10.1	
July	10.0	8.5	9.6	10.0	
Aug.	10.0	8.4	9.6	9.9	
Sept.	9.8	8.3	9.4	9.8	
Oct.	9.9	8.3	9.5	9.9	
Nov.	10.0	8.2	9.5	10.0	

3.3 COVERED EURODOLLAR RATE, PER CENT

	Average of daily observations	3 months			
		1 month	3 months	6 months	12 months
	1	2	3	4	
1986	12.0	11.7	11.5	11.1	
1987	9.8	9.9	9.9	10.1	
1988	9.5	9.8	9.9	10.2	
1989	11.8	12.1	12.1	12.1	
1990	13.2	13.7	13.9	14.1	
1990					
Nov.	14.3	14.4	14.2	14.1	
Dec.	14.1	14.0	13.8	13.7	
1991					
Jan.	14.1	14.1	13.7	13.6	
Feb.	14.2	13.9	13.4	13.1	
March	15.3	14.5	13.8	13.3	
April	14.5	13.8	13.3	13.0	
May	12.1	11.9	11.9	11.8	
June	11.7	11.7	11.5	11.6	
July	10.3	11.0	11.4	11.6	
Aug.	11.1	10.9	11.3	11.5	
Sept.	14.9	13.4	12.5	12.0	
Oct.	15.7	14.4	13.0	12.3	
Nov.	16.3	14.3	13.1	12.6	

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding				
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	Other tax-exempt deposits, on max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total							
	1	2	3	4	5	6	7	8	9	10	11
1986	10.89	12.30	9.76	10.64	9.03	9.07	7.00	2.75	4.66	11.84	5.35
1987	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	4.50	6.43	13.55	8.41
1990											
Oct.	14.78	15.86	13.71	14.36	11.91	11.69	7.50	4.50	6.48	12.92	8.32
Nov.	14.38	15.99	14.11	14.57	12.02	11.79	7.50	4.50	6.52	13.60	8.53
Dec.	14.47	15.94	13.29	13.94	12.14	11.94	7.50	4.50	6.30	13.84	8.31
1991											
Jan.	15.00	16.40	13.39	14.11	12.18	11.97	7.50	4.50	7.20	13.91	9.04
Feb.	15.45	16.36	14.01	14.69	12.18	11.96	7.50	4.50	7.23	13.83	9.06
March	14.99	16.45	14.44	14.91	12.31	12.16	7.50	4.50	7.29	15.07	9.62
April	15.85	16.45	14.17	14.80	12.25	11.99	7.50	4.50	7.29	13.93	9.26
May	15.50	15.05	13.37	13.85	12.20	11.96	7.50	4.50	7.14	13.25	9.03
June	13.98	15.55	13.02	13.54	11.91	11.56	7.50	4.50	7.05	12.35	8.61
July	12.00	15.54	12.80	13.19	11.67	11.28	7.50	4.50	6.79	11.69	8.21
Aug.	12.54	15.35	12.70	13.09	11.70	11.38	7.50	4.50	6.82	11.73	8.29
Sept.	12.81	15.74	13.78	13.96	11.96	11.76	7.50	4.50	6.95	12.95	8.87
Oct.	12.48	16.07	13.83	14.01	12.19	11.96	7.50	4.50	7.18	13.63	9.36

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7	8
1986	..	..	..	11.7	..	..	8.3	11.3
1987	..	..	..	11.2	11.1	11.2	8.1	10.7
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
1990	13.7	13.5	13.2	13.3	13.3	13.2	9.2	13.0
1990								
Oct.	14.0	13.9	13.7	13.7	13.5	14.0	9.5	13.5
Nov.	13.9	13.8	13.7	13.4	13.3	13.5	10.0	13.6
Dec.	13.5	13.4	13.3	13.2	13.2	12.9	10.7	13.3
1991								
Jan.	13.2	13.2	13.0	13.4	13.3	13.2	10.6	13.1
Feb.	13.0	13.0	12.6	13.3	13.4	13.4	10.6	12.7
March	13.0	12.9	12.5	13.2	13.1	13.8	10.4	12.4
April	12.7	12.5	12.2	13.0	11.8	14.1	10.3	12.1
May	11.9	11.8	11.5	12.4	12.1	12.5	10.2	11.2
June	11.5	11.5	11.1	11.7	11.5	12.7	10.1	11.1
July	11.8	11.7	11.2	12.4	12.2	12.6	10.0	10.8
Aug.	11.7	11.7	11.2	11.9	11.9	12.3	9.8	11.2
Sept.	11.7	11.7	11.3	12.2	12.0	12.7	9.6	11.3
Oct.	11.8	11.7	11.4	12.2	12.2	12.7	9.6	11.1

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quo- tations	Montreal	London	Dublin	Stockholm	Oso	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	Zurich	
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
1989	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
1990	3.831	3.287	6.827	6.347	0.6479	0.6130	0.6197	2.3721	2.1053	0.11480	2.7635
1990											
Nov.	3.569	3.072	7.015	6.433	0.6420	0.6155	0.6264	2.4006	2.1285	0.11645	2.8394
Dec.	3.611	3.117	6.974	6.449	0.6438	0.6177	0.6284	2.4197	2.1451	0.11699	2.8293
1991											
Jan.	3.650	3.162	7.064	6.457	0.6481	0.6188	0.6281	2.4171	2.1440	0.11737	2.8693
Feb.	3.597	3.119	7.082	6.478	0.6508	0.6224	0.6324	2.4324	2.1583	0.11821	2.8434
March	3.835	3.319	7.035	6.398	0.6535	0.6152	0.6248	2.3990	2.1284	0.11651	2.7770
April	4.001	3.473	7.007	6.292	0.6547	0.6051	0.6141	2.3506	2.0858	0.11431	2.7796
May	4.047	3.525	6.992	6.320	0.6587	0.6061	0.6164	2.3578	2.0922	0.11469	2.7824
June	4.228	3.699	6.983	6.355	0.6592	0.6088	0.6163	2.3737	2.1072	0.11539	2.7662
July	4.298	3.745	7.087	6.434	0.6647	0.6169	0.6217	2.4030	2.1332	0.11679	2.7733
Aug.	4.245	3.710	7.148	6.509	0.6705	0.6232	0.6292	2.4323	2.1582	0.11820	2.7906
Sept.	4.143	3.646	7.148	6.530	0.6711	0.6244	0.6323	2.4405	2.1656	0.11853	2.7910
Oct.	4.127	3.661	7.113	6.534	0.6706	0.6243	0.6323	2.4413	2.1667	0.11863	2.7910
Nov.	4.202	3.722	7.475	6.920	0.7091	0.6600	0.6670	2.5893	2.2979	0.12575	2.9249

Average of daily quo- tations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tokyo	Mel- bourne	ECU Commer- cial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
1986	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	..	0.03028	..	..	5.94432
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	..	0.03050	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	..	0.03273	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	..	0.03122	3.423	4.731	5.49375
1990	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	..	0.02654	3.011	4.875	5.18345
1990											
Nov.	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	..	0.02770	2.782	4.949	5.14440
Dec.	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	..	0.02706	2.799	4.963	5.14894
1991											
Jan.	0.7131	0.00323	0.3438	0.0274	0.0685	0.0385	..	0.02729	2.863	4.981	5.18185
Feb.	0.7162	0.00325	0.3461	0.0279	0.0686	0.0390	..	0.02761	2.840	5.002	5.17020
March	0.7063	0.00323	0.3412	0.0278	0.0690	0.0387	..	0.02802	2.980	4.927	5.29584
April	0.6969	0.00318	0.3342	0.0273	0.0692	0.0382	..	0.02921	3.138	4.844	5.39487
May	0.6969	0.00319	0.3354	0.0273	0.0694	0.0382	..	0.02932	3.151	4.847	5.42606
June	0.7013	0.00321	0.3376	0.0273	0.0702	0.0382	0.0230	0.03024	3.231	4.879	5.56841
July	0.7095	0.00324	0.3417	0.0281	0.0711	0.0385	0.0230	0.03117	3.331	4.938	5.66884
Aug.	0.7172	0.00327	0.3459	0.0286	0.0715	0.0391	0.0230	0.03103	3.338	4.992	5.65829
Sept.	0.7186	0.00328	0.3471	0.0287	0.0713	0.0390	0.0230	0.03080	3.304	5.002	5.59644
Oct.	0.7177	0.00328	0.3472	0.0286	0.0713	0.0388	0.0230	0.03158	3.291	5.000	5.61024
Nov.	0.7593	0.00345	0.3681	0.0299	0.0743	0.0410	0.0241	0.03243	3.324	5.285	5.80952

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU		Currency indices, 1982=100		
	FIM/ECU	Deviation from the midpoint, %	Bank of Finland's trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4	5
1986	4.99433	.	103.9	106.3	110.4
1987	5.08273	.	103.3	103.2	106.1
1988	4.96108	.	102.0	101.1	104.7
1989	4.73670	.	98.4	98.4	102.8
1990	4.85697	.	97.3	96.1	97.3
1990					
Nov.	4.91748	.	97.7	95.3	96.2
Dec.	4.93315	.	97.9	95.7	96.4
1991					
Jan.	4.94224	.	98.4	96.3	97.0
Feb.	4.97232	.	98.8	96.3	97.0
March	4.91308	.	98.7	97.2	98.8
April	4.83628	.	98.4	97.4	100.2
May	4.84342	.	98.7	97.9	100.8
June	4.86741	-0.2	99.6	99.2	103.0
July	4.92615	1.0	100.8	100.5	104.6
Aug.	4.98131	2.2	101.6	101.0	104.7
Sept.	4.99324	2.4	101.5	100.5	103.9
Oct.	4.98879	2.3	101.5	100.4	104.2
Nov.	5.27668	0.9	106.8	105.2	108.3

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
1986	19 368	69 887	70 082		159 337	4 259	163 596	15 888	179 484
1987	21 320	76 160	83 742		181 222	3 915	185 137	17 892	203 029
1988	25 473	76 958	121 658		224 090	4 561	228 650	28 844	257 494
1989*	28 935	85 396	125 732		240 063	7 133	247 197	35 298	282 495
1990*	30 941	96 176	124 826		251 943	6 787	258 730	38 835	297 565
1990*									
Aug.	28 170	87 972	129 679		245 820	7 373	253 194	43 287	296 481
Sept.	27 532	88 268	129 608		245 409	7 217	252 626	45 619	298 245
Oct.	28 582	87 094	129 545		245 221	8 027	253 248	46 999	300 247
Nov.	28 246	87 218	129 197		244 662	7 885	252 547	48 882	301 428
Dec.	30 941	96 176	124 826		251 943	6 787	258 731	38 835	297 566
1991*									
Jan.	27 937	82 243	137 848		248 027	7 318	255 345	43 928	299 274
Feb.	27 134	82 061	139 773		248 968	8 376	257 344	43 071	300 415
March	26 108	85 091	124 425	14 571	250 196	10 514	260 710	48 606	309 316
April	26 206	83 128	120 375	18 715	248 424	10 189	258 613	47 977	306 590
May	27 362	84 933	120 227	18 685	251 207	10 083	261 290	52 377	313 667
June	29 915	86 765	118 641	19 342	254 663	10 408	265 071	47 550	312 621
July	29 535	86 235	118 359	19 372	253 500	9 701	263 201	49 001	312 202
Aug.	27 506	86 719	118 438	18 563	251 227	11 608	262 835	53 386	316 221

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
1986	7 542	6 354	152 335	166 231	24 450	190 681
1987	8 507	5 177	178 698	192 382	36 475	228 857
1988	11 358	5 920	234 268	251 545	49 910	301 455
1989*	15 270	5 651	255 410	276 331	71 323	347 654
1990*	19 152	5 777	260 790	285 720	102 595	388 314
1990*						
Aug.	18 440	5 886	260 023	284 349	96 478	380 827
Sept.	19 260	5 863	263 147	288 270	98 093	386 363
Oct.	16 655	5 735	262 920	285 310	98 118	383 428
Nov.	19 156	5 724	262 268	287 148	100 547	387 695
Dec.	19 152	5 777	260 790	285 720	102 595	388 314
1991*						
Jan.	18 897	5 549	259 464	283 910	104 010	387 920
Feb.	18 653	5 491	259 415	283 559	104 379	387 938
March	18 428	5 410	259 616	283 454	105 093	388 546
April	18 292	5 416	259 028	282 735	103 798	386 533
May	17 798	5 271	259 334	282 404	105 448	387 852
June	17 942	5 190	259 851	282 983	106 285	389 269
July	17 787	5 021	259 880	282 687	88 095	370 782
Aug.	16 584	4 925	260 790	282 299	106 508	388 806

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1986	-16 784	-13 884	237 514	223 630	-37 751	96 874	169 095	170 076
1987	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
1988	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
1989*	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
1990*	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1990*								
Aug.	-73 077	-17 034	445 492	428 458	-97 511	126 332	257 870	291 948
Sept.	-76 042	-16 415	450 006	433 591	-99 650	128 399	257 900	293 609
Oct.	-76 332	-15 648	449 765	434 117	-100 348	127 713	257 436	291 707
Nov.	-80 013	-16 483	452 668	436 185	-98 428	128 127	257 744	291 414
Dec.	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1991*								
Jan.	-83 269	-15 187	457 639	442 452	-98 044	122 453	261 139	289 898
Feb.	-86 676	-11 118	458 501	447 383	-99 285	121 053	261 423	288 823
March	-81 750	-7 736	454 073	446 337	-101 181	121 271	263 406	294 244
April	-81 026	-9 236	451 259	442 023	-99 964	119 229	261 033	290 233
May	-81 899	-9 355	452 770	443 415	-95 112	124 190	266 403	297 849
June	-79 812	-9 512	454 529	445 017	-96 677	127 454	268 528	298 899
July	-84 565	-9 819	460 838	451 019	-99 124	126 403	267 329	296 597
Aug.	-79 060	-9 209	462 953	453 743	-109 459	124 941	265 224	296 956

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

End of period	Foreign debt			Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	.	32 245	57 038	49 094	23 114
1990											
Oct.	19 325	330	3 181	22 836	22 404	5 182	.	27 586	50 422	48 689	18 034
Nov.	19 832	330	3 183	23 345	23 363	5 182	.	28 545	51 890	48 725	19 035
Dec.	20 917	732	3 144	24 793	23 982	8 263	.	32 245	57 038	49 094	23 114
1991											
Jan.	21 876	1 290	2 978	26 144	23 483	8 261	285	32 029	58 173	49 792	26 381
Feb.	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	50 389	18 467
March	25 405	1 736	2 910	30 051	24 769	8 256	925	33 950	64 001	51 188	20 871
April	24 784	1 759	2 675	29 218	25 082	7 783	1 725	34 590	63 808	52 208	24 167
May	25 174	1 779	2 711	29 664	25 994	7 608	2 125	35 727	65 391	52 602	19 794
June	24 909	1 828	2 669	29 406	26 754	7 608	2 330	36 692	66 098	53 112	17 306
July	25 760	1 813	2 689	30 262	27 122	9 008	2 330	38 460	68 722	53 679	17 215
Aug.	26 028	1 837	2 633	30 498	28 315	9 008	2 330	39 653	70 151	54 303	15 108
Sept.	28 417	1 817	2 350	32 584	29 058	9 008	2 530	40 595	73 179	54 971	16 859
Oct.	32 338	1 848	2 362	36 548	30 070	9 008	2 670	41 748	78 296	..	..

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990*	4 640	17 917	4 420	490	1 007	17 260	607	10 607	28 473
1990*									
Oct.	842	485	2 312	-	-	2 772	-	867	3 639
Nov.	64	1 215	165	-	-	435	-	1 009	1 444
Dec.	836	3 857	150	150	-	3 007	-	1 986	4 993
1991*									
Jan.	1 054	3 489	2 000	-	-	4 787	-	1 756	6 543
Feb.	272	733	-	-	-	683	-	322	1 004
March	271	1 015	500	29	-	1 267	-	548	1 815
April	161	1 988	1 800	-	-	3 018	-	931	3 949
May	815	2 030	1 475	50	-	3 488	-	882	4 369
June	880	3 220	-	315	-	2 368	-	2 047	4 415
July	1 592	2 113	-	-	-	1 521	-	2 184	3 705
Aug.	275	855	5 440	50	-	6 465	-	155	6 620
Sept.	449	1 802	300	250	-	2 652	-	149	2 801
Oct.	327	1 404	205	25	-	727	-	1 234	1 961

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1986	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
1989	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990*	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1990*									
III	22 386	56 266	26 997	1 691	1 303	47 058	23 623	37 962	108 643
IV	23 522	<u>59 756</u>	28 812	1 756	<u>1 298</u>	52 273	22 970	39 902	115 145
1991*									
I	24 169	62 451	29 594	1 466	4 006	58 366	20 638	42 680	121 684
II	23 269	67 588	30 932	1 760	4 395	63 588	19 971	44 384	127 943
III	25 034	69 492	33 235	2 037	3 744	70 002	18 614	44 926	133 542

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices											Turnover ¹ , mill. FIM			
	HEX index (Dec. 28, 1990=1000)									Unitas index ² , 1975=100		Shares and subscription rights	Bonds and debentures	Total	
	All-share index	By ownership		By industry						All-share index	Banks industry				
		Re-stricted	Non-stricted	Banks and finance	Insurance and investment	Manufacturing	Of which								
							Forest industries	Metal and engineering	Con-glomerates						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1986	..	..	..	..	..	..	..	..	..	350	254	357	9 488	6 479	15 968
1987	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	546	319	603	26 641	4 604	31 245
1988	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	677	404	734	31 734	5 718	37 452
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	742	441	793	33 160	7 375	40 536
1990	1 332	1 324	1 395	1 263	1 185	1 376	1 436	1 282	1 474	536	283	595	15 521	4 550	20 071
1990															
Nov.	1 026	1 025	1 033	1 030	958	1 031	1 060	1 034	1 025	410	230	449	1 727	233	1 960
Dec.	1 012	1 009	1 030	1 003	977	1 019	1 018	1 025	1 031	404	223	444	1 058	810	1 869
1991															
Jan.	910	905	945	929	908	901	951	928	872	357	203	387	498	310	808
Feb.	951	940	1 025	959	930	955	1 032	1 028	941	377	210	412	535	204	739
March	1 092	1 077	1 198	1 075	971	1 135	1 235	1 241	1 150	.	.	.	953	141	1 094
April	1 138	1 123	1 243	1 060	993	1 210	1 279	1 263	1 273	.	.	.	607	117	724
May	1 071	1 051	1 210	1 001	1 000	1 123	1 169	1 171	1 179	.	.	.	692	62	754
June	1 031	1 010	1 184	977	963	1 076	1 089	1 128	1 139	.	.	.	710	111	821
July	983	971	1 076	912	942	1 023	1 032	1 094	1 076	.	.	.	307	51	358
Aug.	986	971	1 095	915	950	1 025	1 049	1 098	1 073	.	.	.	324	58	382
Sept.	914	897	1 032	829	904	948	1 007	1 037	974	.	.	.	373	61	433
Oct.	846	833	945	755	807	891	988	994	889	.	.	.	447	40	487
Nov.	831	819	927	727	745	884	1 038	978	856	.	.	.	406	36	442

¹ The calculation of the Unitas index was discontinued as from March 1991.

² During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL.FIM

During period	Exports of goods, f.o.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 808	3 609	104 050	76 736	2 160	5 587	5 415
1987	83 826	6 387	3 736	6 099	16 222	100 048	6 162	3 231	109 441	81 867	2 610	6 811	6 488
1988	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
1989	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
1990*	99 750	8 347	4 650	5 837	18 834	118 583	12 739	4 461	135 783	101 967	4 363	10 766	9 503
1989													
I	24 944	1 853	869	1 322	4 044	28 988	1 949	851	31 788	24 292	820	1 922	2 170
II	23 370	1 948	1 078	1 376	4 401	27 771	2 684	930	31 385	24 762	947	2 170	2 234
III	22 534	1 982	1 421	1 466	4 869	27 403	2 368	927	30 698	25 637	1 022	2 431	2 070
IV	27 418	1 879	1 129	2 114	5 122	32 540	3 211	944	36 694	29 708	1 080	2 446	2 285
1990*													
I	24 356	1 984	794	1 560	4 338	28 694	3 190	1 084	32 967	24 732	928	2 514	2 250
II	26 481	2 096	1 070	1 485	4 651	31 132	3 299	1 142	35 573	27 406	1 104	2 581	2 190
III	22 902	2 189	1 598	1 125	4 912	27 814	2 607	1 104	31 526	23 063	1 054	2 912	2 089
IV	26 011	2 078	1 188	1 667	4 933	30 944	3 642	1 130	35 716	26 766	1 277	2 760	2 974
1991*													
I	22 000	1 840	933	1 677	4 451	26 451	3 802	1 107	31 360	22 083	1 007	2 612	2 727
II	21 268	1 924	1 275	1 441	4 639	25 907	3 165	1 192	30 264	20 975	1 040	2 602	2 486
III	22 805	1 963	1 645	1 413	5 022	27 827	3 614	1 098	32 540	20 600	1 021	2 918	2 460

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure (17)	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26) = net (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1986	13 162	89 898	11 814	5 964	107 675	4 329	3 597	-2 392	201	1 406	5 735	-7 006	-2 355	-3 625
1987	15 909	97 775	13 356	5 860	116 990	1 960	3 778	-3 075	-390	313	2 273	-7 194	-2 629	-7 550
1988	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
1989	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
1990*	24 632	126 599	26 973	8 724	162 296	-2 218	3 984	-6 117	-3 666	-5 798	-8 016	-14 234	-4 263	-26 513
1989														
I	4 911	29 203	4 364	2 120	35 687	652	1 034	-1 053	-848	-867	-215	-2 415	-1 269	-3 899
II	5 351	30 114	5 887	1 884	37 885	-1 393	1 001	-1 092	-858	-950	-2 343	-3 203	-954	-6 500
III	5 522	31 160	5 332	1 730	38 222	-3 103	960	-1 010	-604	-654	-3 757	-2 964	-804	-7 524
IV	5 811	35 519	6 299	1 827	43 645	-2 291	799	-1 316	-171	-689	-2 980	-3 088	-883	-6 951
1990*														
I	5 693	30 425	6 218	2 106	38 749	-377	1 056	-1 720	-690	-1 354	-1 731	-3 028	-1 023	-5 782
II	5 874	33 281	7 198	2 317	42 796	-925	992	-1 511	-705	-1 223	-2 148	-3 899	-1 175	-7 223
III	6 054	29 117	6 415	2 071	37 604	-161	1 136	-1 314	-964	-1 142	-1 304	-3 808	-967	-6 078
IV	7 011	33 777	7 141	2 229	43 147	-755	801	-1 572	-1 307	-2 078	-2 833	-3 499	-1 098	-7 430
1990*														
I	6 346	28 429	7 800	2 868	39 097	-83	833	-1 678	-1 050	-1 896	-1 979	-3 998	-1 761	-7 737
II	6 129	27 104	7 923	2 077	37 104	293	884	-1 328	-1 046	-1 490	-1 196	-4 759	-885	-6 840
III	6 399	26 999	6 857	2 058	35 914	2 205	942	-1 272	-1 047	-1 377	828	-3 242	-960	-3 374

6.2 CAPITAL ACCOUNT¹, 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
1986	1 722	9 301	-3 265	87	7 845	4 109	2 320	2 388	266	9 083	-1 238	-4 863
1987	1 165	9 319	1 370	91	11 945	5 015	2 285	4 927	272	12 499	-554	-8 104
1988	2 218	14 457	2 960	85	19 720	10 919	1 248	4 249	292	16 708	3 013	-8 319
1989	2 095	14 756	8 608	79	25 538	13 327	180	4 747	273	18 527	7 011	-17 863
1990*	2 969	22 656	19 674	169	45 468	11 854	546	1 807	294	14 501	30 967	4 454
1989												
I	30	7 696	728	42	8 496	3 575	-381	2 142	159	5 495	3001	-898
II	372	1 415	1 076	-22	2 841	1 990	413	1 254	0	3 657	-816	-7 316
III	681	2 841	1 481	-16	4 987	3 626	338	935	12	4 911	76	-7 448
IV	1 012	2 804	5 323	75	9 214	4 136	-190	416	102	4 464	4 750	-2 201
1990*												
I	423	6 788	12 238	126	19 575	2 099	302	807	156	3 364	16 211	10 429
II	457	2 836	1 657	-34	4 916	2 786	-425	395	0	2 756	2 160	-5 063
III	75	6 702	2 518	-26	9 269	2 579	284	195	10	3 068	6 201	122
IV	2 014	6 330	3 261	103	11 708	4 389	385	410	128	5 312	6 396	-1 034
1991*												
I	559	8 008	3 402	-267	11 703	2 226	4	20	184	2 434	9 269	1 532
II	344	14 449	3 539	484	18 816	1 796	-368	659	-61	2 025	16 791	9 950
III	-379	9 352	2 507	-61	11 419	1 784	331	-728	-7	1 380	10 039	6 664

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 unauthorized 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
1986	6 019	-3 796	514	2 736	7 181	-92	955	8 043	2 240	-3 068	-7 930	7 930
1987	19 324	-665	3 835	22 494	-9 346	-183	1 268	-8 261	-6 915	23 839	15 736	-15 736
1988	10 950	-399	-811	9 740	1 754	644	1 995	4 393	3 155	8 501	183	-183
1989	4 285	1 627	3 679	9 592	1 873	475	710	3 058	5 368	11 902	-5 961	5 961
1990*	12 352	1 471	-1 822	12 000	-4 318	-864	814	-4 368	-5 731	10 638	15 092	-15 092
1989												
I	5 699	-287	1 686	7 098	6 536	214	25	6 774	2 395	2 718	1 820	-1 820
II	10 783	-2 108	1 604	10 280	3 808	214	1 036	5 058	920	6 141	-1 174	1 174
III	4 047	1 107	537	5 690	3 860	24	264	4 148	2 919	4 462	-2 987	2 987
IV	-16 243	2 915	-148	-13 476	-12 331	24	-615	-12 922	-865	-1 419	-3 620	3 620
1990*												
I	19 514	735	956	21 205	10 570	-593	1 575	11 552	-9 235	417	10 847	-10 847
II	9 095	793	-1 742	8 146	5 078	-593	-103	4 382	2 073	5 837	774	-774
III	-2 325	-351	517	-2 158	-3 743	-58	238	-3 563	532	1 937	2 059	-2 059
IV	-13 932	293	-1 554	-15 192	-16 223	379	-896	-16 740	899	2 447	1 412	-1 412
1991*												
I	14 459	-679	2 529	16 308	22 242	-247	4 007	26 002	5 061	-4 633	-3 102	3 102
II	-7 077	-674	-588	-8 339	1 240	-1 193	2 002	2 049	-1 783	-12 171	-2 221	2 221
III	-12 678	1 380	-488	-11 786	-1 059	2 092	1 439	2 472	688	-13 570	-6 905	6 905

¹ 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
1986	8 056	48 039	30 283	739	87 117	11 590	4 690	9 441	1 920	27 641	59 476
1987	10 339	54 317	30 379	830	95 865	17 892	6 975	13 638	2 192	40 697	55 168
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	18 002	2 484	52 908	62 754
1989	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*	17 896	96 543	54 858	4 630	173 926	42 868	7 184	25 749	5 487	81 288	92 639
1989											
I	13 186	75 798	33 132	957	123 073	26 702	7 798	20 067	2 643	57 210	65 863
II	14 041	77 417	34 118	935	126 511	27 619	8 287	21 469	2 643	60 018	66 494
III	15 205	79 950	35 418	919	131 492	30 172	8 392	22 317	2 655	63 536	67 956
IV	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*											
I	16 674	85 070	50 790	1 120	153 654	34 778	8 113	23 149	2 913	68 953	84 701
II	16 690	85 823	52 247	1 086	155 846	37 010	7 715	23 501	2 913	71 139	84 707
III	16 324	89 500	54 362	1 060	161 246	39 034	7 631	23 553	2 923	73 141	88 105
IV	17 896	96 543	54 858	4 630	173 926	42 868	7 184	25 749	5 487	81 288	92 639
1991*											
I	18 455	111 430	59 590	4 234	193 708	45 094	7 214	26 139	5 925	84 372	109 336
II	18 799	125 751	64 739	4 741	214 030	46 890	6 885	27 259	6 027	87 061	126 969
III	18 420	130 844	66 607	4 718	220 589	48 674	7 241	26 144	5 879	87 938	132 651

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net investment expenditure in relation to current account receipts	Net investment 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
1986	3 455	56 881	12 135	5 999	78 469	16 613	43 389	15 580	3 700	79 282	-813	58 663	7 006	6.7
1987	3 362	73 132	11 470	9 691	97 654	31 134	34 043	15 397	2 663	83 238	14 417	69 585	7 194	6.6
1988	3 341	83 828	11 070	9 039	107 278	32 037	35 797	16 041	4 789	88 664	18 614	81 367	7 656	6.2
1989	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	11 670	8.9
1990*	3 922	104 087	13 859	13 650	135 518	39 506	31 626	14 764	6 677	92 574	42 945	135 583	14 234	10.5
1989														
I	3 278	90 535	10 783	10 671	115 267	33 376	42 333	16 255	4 793	96 756	18 511	84 374	2 415	7.6
II	3 136	100 345	8 676	12 438	124 595	32 142	46 141	16 468	5 965	100 716	23 879	90 372	3 203	10.2
III	3 919	104 777	9 783	12 965	131 443	29 839	50 001	16 492	6 212	102 544	28 899	96 855	2 964	9.7
IV	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	3 088	8.4
1990*														
I	4 036	108 663	13 432	13 808	139 940	35 895	48 239	15 924	7 218	107 276	32 663	117 364	3 028	9.2
II	4 195	118 120	14 226	12 066	148 607	36 764	53 318	15 331	7 126	112 539	36 067	120 775	3 899	11.0
III	4 071	116 509	13 521	12 544	146 645	38 454	49 575	15 273	7 325	110 627	36 019	124 124	3 808	12.1
IV	3 922	104 087	13 859	13 650	135 518	39 506	31 626	14 764	6 677	92 574	42 945	135 583	3 499	9.8
1991*														
I	3 399	119 227	13 071	17 102	152 798	37 748	52 558	14 514	11 465	116 285	36 514	145 849	3 998	12.7
II	2 889	113 157	12 388	17 386	145 820	36 023	53 397	13 342	13 882	116 643	29 176	156 145	4 759	15.7
III	2 826	102 649	13 768	16 813	136 057	29 006	49 550	15 441	15 199	109 196	26 861	159 512	3 242	10.0

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

End of period	Long-term liabilities						Long-term assets						Long-term liabilities, net (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
1986	39 068	11 992	8 516	27 031	510	87 117	13 910	10 180	793	2 309	449	27 641	59 476
1987	39 522	17 365	9 777	28 691	509	95 865	19 493	14 509	3 403	2 653	639	40 697	55 168
1988	46 471	27 427	14 339	26 926	499	115 662	25 093	20 192	3 573	3 101	949	52 908	62 754
1989	58 602	40 199	17 671	23 063	574	140 109	34 999	24 058	2 313	3 517	1 537	66 424	73 685
1990*	67 809	56 394	21 467	27 635	621	173 926	44 292	28 594	2 075	4 280	2 047	81 288	92 639
1989													
I	47 855	32 799	15 871	26 033	515	123 073	28 466	20 772	3 592	3 299	1 081	57 210	65 863
II	49 629	34 075	18 050	24 257	500	126 511	29 563	22 107	3 807	3 329	1 212	60 018	66 494
III	52 901	36 375	17 942	23 783	491	131 492	31 816	23 317	3 695	3 374	1 334	63 536	67 956
IV	58 602	40 199	17 671	23 063	574	140 109	34 999	24 058	2 313	3 517	1 537	66 424	73 685
1990*													
I	63 692	47 491	19 388	22 478	604	153 654	35 982	25 170	2 388	3 699	1 714	68 953	84 701
II	62 978	50 028	20 615	21 588	636	155 846	37 768	25 664	2 118	3 734	1 855	71 139	84 707
III	62 508	54 380	21 038	22 647	673	161 246	39 084	26 562	1 763	3 772	1 960	73 141	88 105
IV	67 809	56 394	21 467	27 635	621	173 926	44 292	28 594	2 075	4 280	2 047	81 288	92 639
1991*													
I	72 742	58 297	25 809	36 123	737	193 708	46 777	28 578	2 114	4 651	2 252	84 372	109 336
II	78 601	65 895	30 012	38 814	708	214 030	48 958	28 607	2 093	5 040	2 362	87 061	126 969
III	78 576	66 702	30 243	44 332	735	220 589	50 580	28 055	2 115	4 655	2 533	87 938	132 651

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1986	82 579	77 601	4 978
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989	99 782	105 516	-5 734
1990*	101 338	103 018	-1 680
1990*			
Oct.	8 986	10 115	-1 129
Nov.	8 960	8 381	579
Dec.	8 442	8 518	-76
1991*			
Jan.	7 692	7 501	191
Feb.	6 946	7 224	-278
March	7 665	7 570	95
April	8 704	7 872	832
May	7 651	7 183	468
June	5 294	6 199	-905
July	8 026	7 071	955
Aug.	7 063	6 698	365
Sept.	8 146	7 147	999
Oct.	8 521	7 832	689

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
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1989	121	144	156	126	123
1990*	125	138	154	128	120
1990*					
1989					
II	116	136	155	126	123
III	112	141	155	126	124
IV	134	163	157	126	125
1990*					
I	122	134	153	128	120
II	132	151	154	126	122
III	114	124	155	129	120
IV	130	139	154	133	116
1991*					
I	110	117	154	131	118
II	107	112	153	130	118
III	113	109	156	132	119

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1986	6 947	24 600	7 858	26 115	17 059	39 236	10 126	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 477	612
1988	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
1989	7 418	32 513	8 843	32 682	18 326	51 786	8 311	20 605	24 056	758
1990*	7 810	31 673	9 541	35 494	16 820	49 194	9 836	19 368	23 891	729
1990*										
Oct.	693	2 871	854	3 008	1 560	4 604	1 747	1 569	2 181	14
Nov.	696	2 846	826	3 095	1 497	4 065	811	1 494	1 951	60
Dec.	594	2 447	746	3 365	1 290	3 821	1 239	1 682	1 715	61
1991*										
Jan.	597	2 394	897	2 409	1 395	3 536	781	1 292	1 810	82
Feb.	555	2 394	821	1 920	1 256	3 653	427	1 221	1 916	7
March	571	2 616	902	2 260	1 316	3 691	527	1 174	2 168	10
April	578	2 577	896	3 297	1 356	3 912	600	1 326	1 998	36
May	592	2 454	835	2 396	1 374	3 773	700	1 091	1 612	7
June	283	1 009	804	2 035	1 163	3 001	905	957	1 299	37
July	705	3 284	693	2 135	1 209	3 453	670	1 109	1 833	6
Aug.	572	2 590	733	1 857	1 311	3 225	796	992	1 650	35
Sept.	643	2 442	955	2 579	1 527	3 530	858	1 015	1 734	10
Oct.	656	2 681	969	2 630	1 585	3 562	1 205	1 130	1 801	134

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1990		1991*		1990		1991*	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	77 533	76.5	62 502	-3.6	82 355	79.9	57 435	-16.3
OECD Europe	68 001	67.1	55 169	-2.5	67 601	65.6	47 422	-15.9
Of which:								
Austria	1 117	1.1	1 009	6.7	1 401	1.4	876	-25.1
Belgium and Luxembourg	2 247	2.2	1 995	9.6	2 839	2.8	1 837	-23.7
Denmark	3 538	3.5	2 852	-2.9	3 369	3.3	2 524	-12.1
France	6 237	6.2	4 484	-14.6	4 427	4.3	2 993	-21.2
Federal Republic of Germany ¹	13 003	12.8	11 793	12.0	17 897	17.4	12 125	-20.1
Italy	3 227	3.2	2 680	-0.2	4 766	4.6	3 123	-23.2
Netherlands	4 347	4.3	3 834	6.2	3 276	3.2	2 507	-7.4
Norway	3 067	3.0	2 497	-2.0	3 512	3.4	3 365	23.8
Spain	2 210	2.2	2 033	12.4	1 159	1.1	790	-15.9
Sweden	14 456	14.3	10 651	-13.1	13 407	13.0	8 829	-20.6
Switzerland	1 806	1.8	1 492	-2.6	1 804	1.8	1 302	-12.1
United Kingdom	10 724	10.6	7 992	-12.7	7 822	7.6	5 273	-17.0
Other OECD	9 532	9.4	7 333	-11.3	14 754	14.3	10 013	-18.4
Of which:								
Canada	1 124	1.1	607	-39.9	810	0.8	470	-32.9
Japan	1 445	1.4	1 156	-3.2	6 628	6.4	4 433	-21.7
United States	5 898	5.8	4 735	-8.1	6 974	6.8	4 789	-14.6
Non-OECD European countries	13 888	13.7	5 010	-55.3	12 266	11.9	7 961	-25.9
Of which:								
Soviet Union	12 884	12.7	3 722	-63.6	10 202	9.9	6 246	-29.4
Other countries	9 917	9.8	8 197	4.2	8 397	8.2	6 901	2.6
Of which:								
OPEC countries	1 727	1.7	1 572	23.2	935	0.9	1 144	52.0
TOTAL	101 338	100.0	75 708	-9.8	103 018	100.0	72 297	-16.0
Of which:								
EEC countries	47 078	46.5	39 142	-0.6	47 263	45.9	32 930	-17.8
EFTA countries	20 540	20.3	15 741	-9.3	20 195	19.6	14 404	-13.0

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

8. DOMESTIC ECONOMIC DEVELOPMENTS

8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1985 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1986	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989	218 775	77 117	95 178	11 234	14 057	416 361	107 551	128 834	395 078
1990*	219 847	80 531	88 428	12 658	13 343	414 807	109 434	127 509	396 732
1989									
I	54 157	19 116	21 592	2 773	3 178	100 816	27 811	31 463	97 164
II	54 625	19 190	24 129	2 652	2 601	103 195	25 814	30 319	98 691
III	54 943	19 332	24 602	2 831	4 648	106 356	26 553	32 971	99 938
IV	55 050	19 479	24 855	2 979	5 025	107 389	27 372	34 081	100 680
1990*									
I	55 036	19 887	23 665	3 135	3 212	104 935	27 277	32 444	99 768
II	55 438	20 039	22 513	3 337	5 024	106 351	28 944	34 414	100 881
III	55 059	20 234	21 379	3 068	3 076	102 816	27 200	30 301	99 715
IV	54 314	20 371	20 870	3 118	3 397	102 071	26 013	30 349	97 734
1991*									
I	52 991	20 075	20 274	3 079	2 875	99 294	25 503	29 486	95 311
II	52 372	20 219	18 806	3 308	1 288	95 993	24 236	26 692	93 536

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989	114.6	117.9	115.0	116.6	121.5	109.6	110.5
1990*	113.9	115.5	114.0	114.6	121.8	108.0	112.9
1990*							
Sept.	112.4	118.2	112.3	112.9	120.3	106.6	111.4
Oct.	110.8	110.0	110.3	111.4	117.6	104.9	114.6
Nov.	110.7	104.7	110.0	110.5	117.8	104.4	115.1
Dec.	112.6	117.8	112.2	112.0	121.5	105.5	113.2
1991*							
Jan.	110.0	116.3	108.8	106.8	118.1	102.3	118.0
Feb.	107.2	107.0	104.9	104.6	111.2	99.7	124.9
March	108.0	107.0	107.0	107.4	114.6	100.4	118.0
April	105.5	96.9	104.3	107.0	109.9	99.1	120.1
May	104.1	85.4	102.7	106.7	109.6	95.6	123.3
June	99.0	74.1	98.5	90.9	102.3	96.6	113.6
July	107.7	93.8	106.0	106.3	110.7	103.1	123.2
Aug.	101.7	128.4	99.6	101.2	101.5	97.5	119.5
Sept.	101.7	113.6	98.5	102.3	102.0	94.8	129.5

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.4
1990*	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.5
1990*								
Aug.	121.9	113.1	..	..	..	..	..	117.6
Sept.	115.8	107.7	..	..	..	..	..	116.4
Oct.	118.3	110.9	..	..	..	..	..	115.5
Nov.	111.1	109.3	..	..	..	..	..	114.6
Dec.	108.1	106.5	..	..	..	..	..	113.8
1990*								
II	122.4	113.6	134.3	134.0	163.8	125.2	167.5	117.8
III	119.8	111.6	119.8	120.5	162.6	111.4	122.1	116.6
IV	112.5	108.9	117.5	109.8	165.9	115.6	145.2	114.6
1991*								
Jan.	110.3	103.8	..	..	..	..	..	113.6
Feb.	107.3	103.1	..	..	..	..	..	112.0
March	98.3	101.3	..	..	..	..	..	110.9
April	107.3	105.2	..	..	..	..	..	111.6
May	100.6	104.3	..	..	..	..	..	110.4
June	96.8	103.7	..	..	..	..	..	108.3
July	112.4	110.0	..	..	..	..	..	112.5
Aug.	99.7	105.1	..	..	..	..	..	110.0
1991*								
I	105.3	102.7	113.1	110.0	156.0	108.5	110.7	112.2
II	101.6	104.4	113.1	102.6	156.7	115.7	100.9	110.1

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 (SIC3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1986	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	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
1989	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
1990	148.2	148.9	146.9	149.8	144.8	150.1	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1990														
Oct.	..	..	..	..	..	..	129.2	113.2	117.3	98.0	111.4	110.6	111.7	136.8
Nov.	..	..	..	..	..	..	129.1	112.6	117.1	96.4	110.9	110.6	111.1	136.8
Dec.	..	..	..	..	..	..	129.0	112.1	116.7	95.3	110.4	109.6	110.9	136.8
II	148.2	148.9	147.4	149.4	144.9	150.2	126.9	110.2	115.4	91.3	109.7	110.5	109.4	135.0
III	148.4	149.1	147.0	150.2	144.8	150.4	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
IV	153.3	154.1	152.5	153.9	150.0	154.0	129.1	112.6	117.0	96.6	110.9	110.3	111.2	136.8
1991														
Jan.	..	..	..	..	..	..	130.9	111.9	116.7	94.0	110.2	108.9	110.8	137.1
Feb.	..	..	..	..	..	..	131.6	111.6	116.7	92.8	110.2	109.2	110.7	136.8
March	..	..	..	..	..	..	131.7	111.5	116.5	93.3	109.8	108.6	110.4	137.4
April	..	..	..	..	..	..	132.2	111.2	116.0	93.5	109.5	108.7	109.9	137.4
May	..	..	..	..	..	..	132.8	111.2	116.0	93.6	109.4	108.4	109.9	137.4
June	..	..	..	..	..	..	132.7	111.1	116.0	93.5	109.8	109.0	110.2	137.2
July	..	..	..	..	..	..	132.7	111.0	115.6	94.0	109.6	108.3	110.2	137.8
Aug.	..	..	..	..	..	..	132.8	110.8	115.2	94.5	109.4	108.2	110.1	137.5
Sept.	..	..	..	..	..	..	133.0	110.8	115.3	94.4	109.7	108.5	110.3	137.8
Oct.	..	..	..	..	..	..	133.3	111.0	115.6	94.4	109.8	108.0	110.7	137.5
I	154.4	155.5	153.7	154.6	150.8	154.3	131.4	111.6	116.6	93.4	110.1	108.9	110.6	137.1
II	157.5	158.2	156.6	158.2	154.4	158.2	132.6	111.1	116.0	93.5	109.6	108.7	110.0	137.3

¹ 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
1986	69.1	2 569	2 431	359	2 071	266	589	185	1 391	1 659	5.4	
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	1 563	5.1	
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	1 387	4.6	
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	1 066	3.5	
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	1 058	3.4	
1990												
Sept.	68.4	2 561	2 475	338	2 137	207	553	214	1 501	86	3.4	
Oct.	68.3	2 555	2 455	349	2 106	205	551	200	1 499	100	3.9	
Nov.	67.8	2 539	2 435	347	2 087	205	546	202	1 482	105	4.1	
Dec.	68.3	2 559	2 447	337	2 110	199	549	200	1 498	112	4.4	
1991												
Jan.	67.9	2 545	2 418	329	2 090	203	529	200	1 486	126	5.0	
Feb.	67.4	2 527	2 384	389	1 995	198	522	194	1 470	143	5.7	
March	68.3	2 564	2 410	364	2 047	199	525	186	1 500	153	6.0	
April	67.9	2 548	2 385	347	2 038	198	511	193	1 483	163	6.4	
May	67.3	2 529	2 355	351	2 004	196	514	186	1 460	174	6.9	
June	67.2	2 524	2 334	361	1 973	192	508	179	1 454	190	7.5	
July	67.2	2 526	2 328	330	1 999	196	497	181	1 454	197	7.8	
Aug.	67.2	2 528	2 328	329	1 999	206	493	182	1 447	200	7.9	
Sept.	67.0	2 521	2 302	1 322	979	190	485	167	1 460	220	8.7	

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
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1990											
Sept.	3 274	5 539	83	1 746	10 642	565	11 208	3 274	6 238	2 993	3 109
Oct.	3 135	6 208	75	1 151	10 569	218	10 787	3 520	7 862	3 526	4 143
Nov.	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192
Dec.	4 045	8 332	222	2 740	15 339	278	15 616	3 730	8 101	3 311	4 150
1991											
Jan.	2 877	6 212	229	1 127	10 445	7	10 452	3 623	6 893	3 045	3 703
Feb.	2 995	6 373	111	1 174	10 653	121	10 775	3 421	7 309	3 079	3 422
March	2 876	5 452	126	1 522	9 976	64	10 040	3 453	7 218	3 431	3 667
April	2 954	5 586	44	2 607	11 191	1 771	12 962	3 638	8 726	3 286	5 333
May	1 575	6 096	70	1 471	9 212	341	9 553	3 784	8 164	3 600	4 278
June	5 619	6 144	-81	1 615	13 297	499	13 797	3 789	8 622	4 041	4 109
July	5 450	6 176	97	1 794	13 517	144	13 661	4 778	7 889	3 360	4 290
Aug.	3 120	6 425	77	1 020	10 642	157	10 799	3 247	7 817	3 387	4 205
Sept.	3 336	6 164	69	1 303	10 872	124	10 996	3 610	7 895	3 458	4 271

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)
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	4 202	4 880
1990									
Sept.	523	274	10 309	539	10 848	333	360	-63	298
Oct.	583	599	12 564	793	13 357	-1 994	-2 569	937	-1 632
Nov.	565	114	11 745	804	12 549	648	545	1 492	2 038
Dec.	738	370	12 939	926	13 866	2 400	1 750	4 738	6 489
1991									
Jan.	340	612	11 468	916	12 383	-1 023	-1 931	2 173	242
Feb.	333	288	11 351	774	12 125	-698	-1 350	-152	-1 502
March	380	641	11 692	958	12 649	-1 716	-2 609	4 634	2 025
April	418	1 050	13 832	2 893	16 725	-2 641	-3 763	-17	-3 780
May	505	891	13 344	1 051	14 394	-4 132	-4 841	1 080	-3 760
June	450	311	13 172	1 429	14 601	125	-804	492	-312
July	460	187	13 314	847	14 162	203	-501	2 382	1 881
Aug.	416	-67	11 413	826	12 240	-771	-1 441	1 180	-261
Sept.	498	523	12 526	829	13 355	-1 654	-2 359	3 242	883

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

Table 1.2 Domestic financial sector. Term claim on deposit banks (Column 13) = term credits (from December 1986 to July 1987) + bank certificates of deposit held by the Bank of Finland (since March 1987). Other liabilities to financial institutions, net (Column 17) = capital import deposits + other liabilities to financial institutions - bonds and debentures - other claims on financial institutions. **Corporate sector.** Claims in the form of special financing (Column 19) = export bills + new-export credits + financing of domestic deliveries. Special deposits, net (Column 20) = deposits for investment and ship purchase + capital import deposits + export deposits + other liabilities to corporations - bonds - other claims on corporations.

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

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

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

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

3 RATES OF INTEREST

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

Table 3.2 The rates shown are based on the lending rates quoted for the respective currencies in the Euro-market. ECU (Column 1): the weights of the ECU basket. 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent. 14 currencies (Column 3): weighted according to the relative shares of the respective countries in Finland's foreign trade (= weights of the Bank of Finland's trade-weighted currency index = the old Bank of Finland currency index). Until March 1989, the index consisted of 12 currencies.

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

Table 3.4 Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans.

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

Table 3.5 Secondary market yields.

Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. From June 1990 onwards, the yield on taxable government bonds (Column 3) is calculated by the Bank of Finland as the monthly average of the offered rates quoted daily by the five largest banks. The yield is calculated on a bullet bond due on March 15, 1994 with a coupon rate of 13 per cent. The annual figure for 1990 is calculated as the arithmetic mean of yields on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The yield on taxfree public issues (Column 7) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. **The offer yield on fixed-rate taxable public bonds and debentures** (Column 8) is the average yield weighted by issue amounts - in the case of government bonds by amounts sold - on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

4 RATES OF EXCHANGE

Table 4.2 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. The midpoint (Column 2) was FIM 4.87580 from June 7 to November 14, 1991, and has been FIM 5.55841 since November 15, 1991. The markka may fluctuate ± 3 per cent around the midpoint. The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 4): The weights are moving averages of S25

of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 5): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of the Central Statistical Office 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. Since the beginning of 1987, 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: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

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

M_2 (Column 7) = M_1 + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland). M_3 (Column 8) = M_2 + bank CDs held by the public.

Table 5.4 Source: State Treasury Office. *Foreign debt*. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

Table 5.5 Source: Table B: Central Statistical Office of Finland from the beginning of 1991. Tables A and B on the markka bond market include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland.

Table 5.6 Source: The Helsinki Stock Exchange.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts.

Table 6.2 Columns 1-5: 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: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

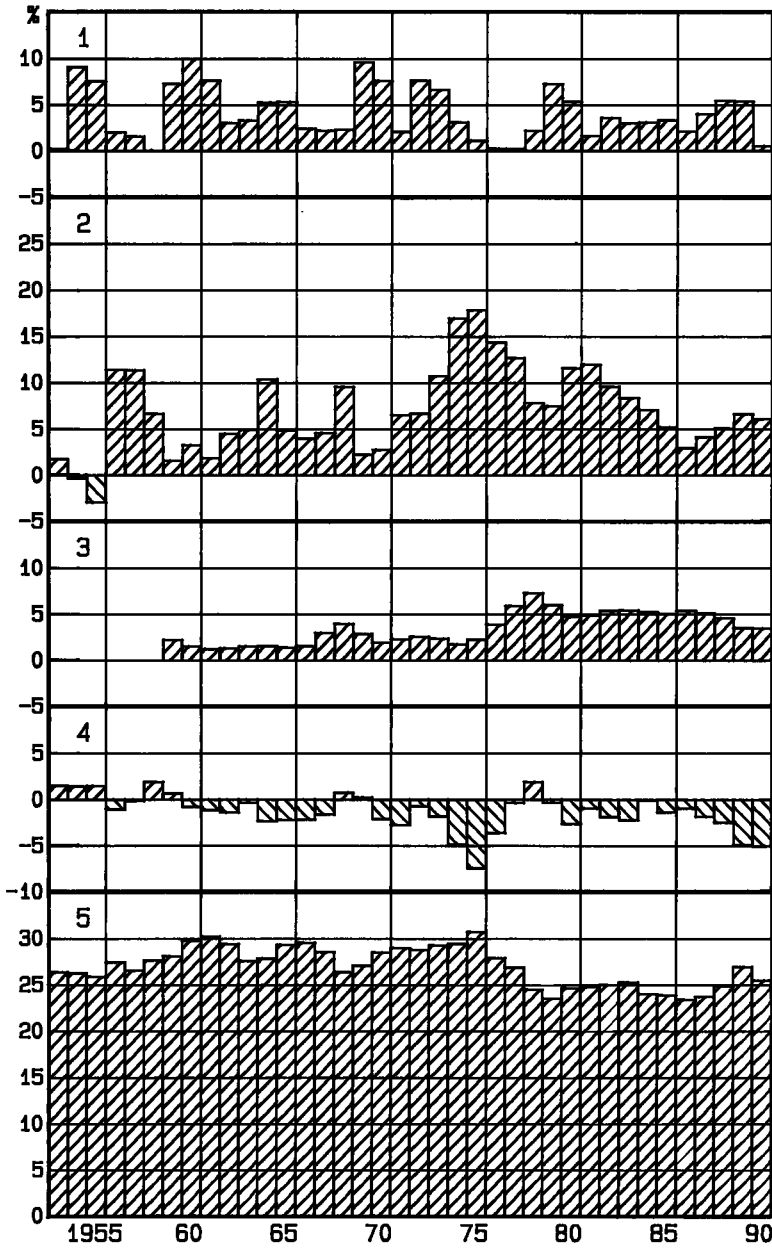
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

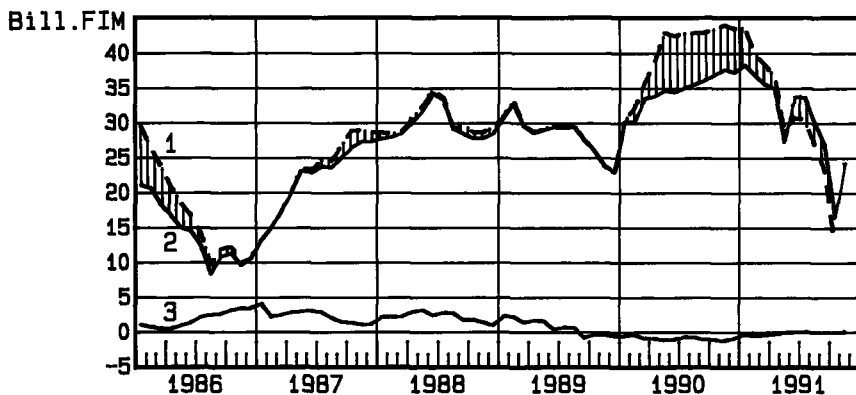
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied by the Bank of Finland	S31
9. 3-month covered Eurodollar rate and 3-month Eurorates	S31
10. Rates on bonds and debentures	S31
11. Bank of Finland currency index and the markka value of the ECU	S32
12. Markka value of the ECU	S32
13. Changes in the exchange rates of selected Nordic currencies	S32
14. Changes in the exchange rates of selected major currencies	S33
15. Bank funding from the public	S33
16. Bank lending to the public	S33
17. Money supply	S34
18. Direct investment	S34
19. Central government debt	S34
20. Current account	S35
21. Foreign debt	S35
22. Balance of payments	S36
23. Net investment expenditure	S36
24. Foreign trade	S37
25. Foreign trade: prices and terms of trade	S37
26. Finland's export performance	S37
27. Production	S38
28. Fixed investment	S38
29. Employment and unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

1. LONG-TERM INDICATORS



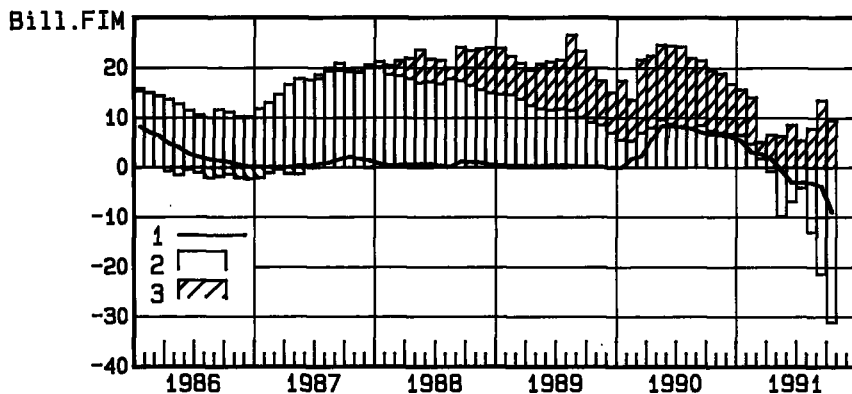
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



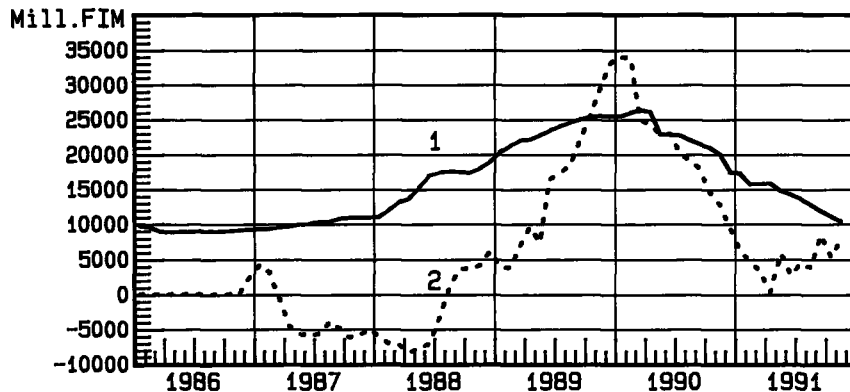
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



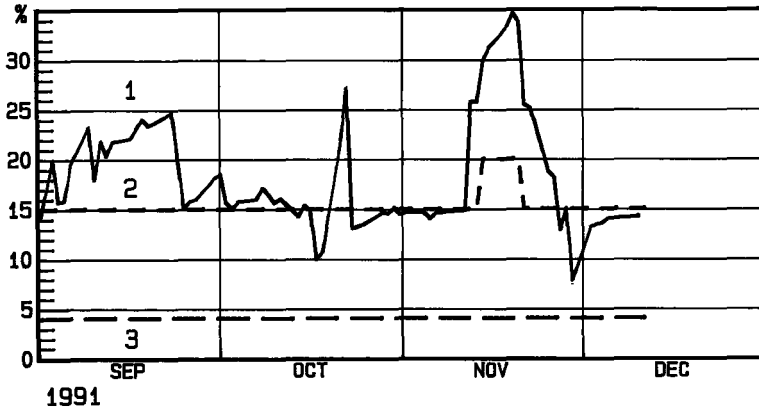
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



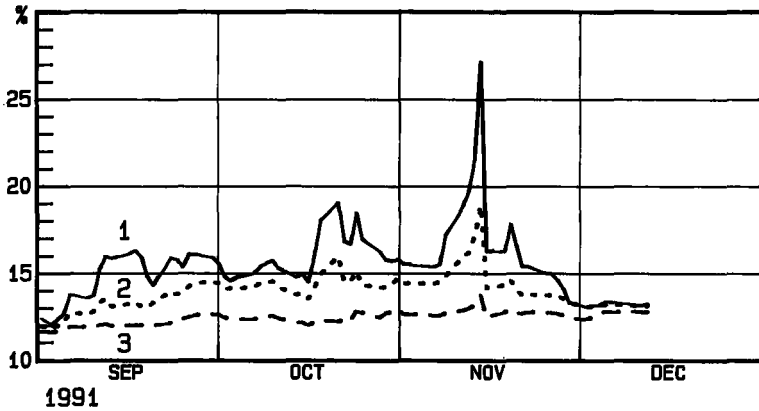
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



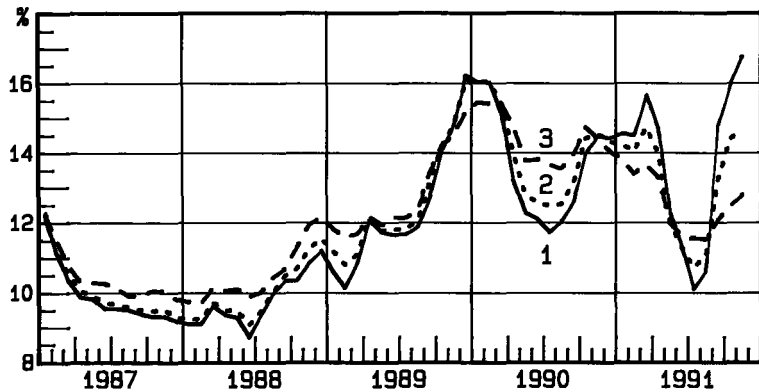
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



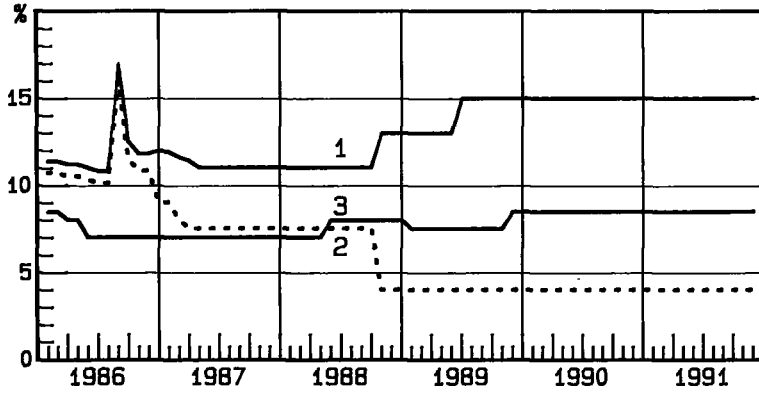
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



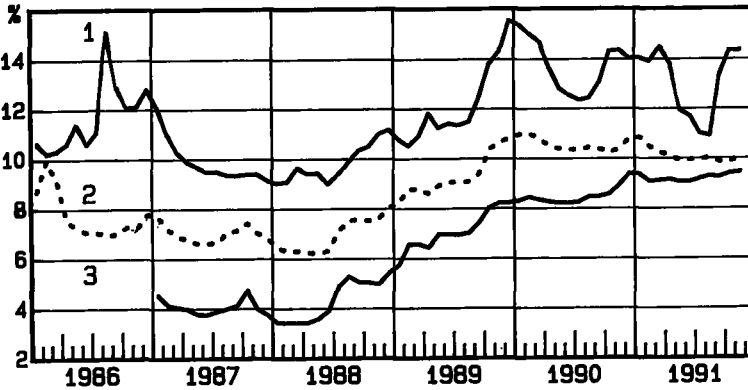
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



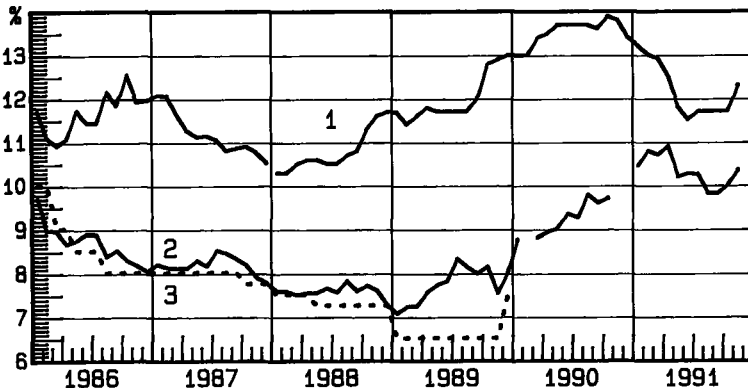
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



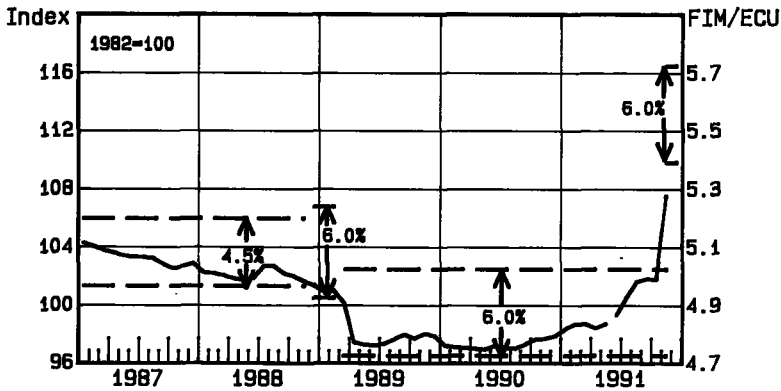
- 1. Covered Eurodollar rate
- 2. ECU rate
- 3. DEM Eurorate

10. RATES ON BONDS AND DEBENTURES



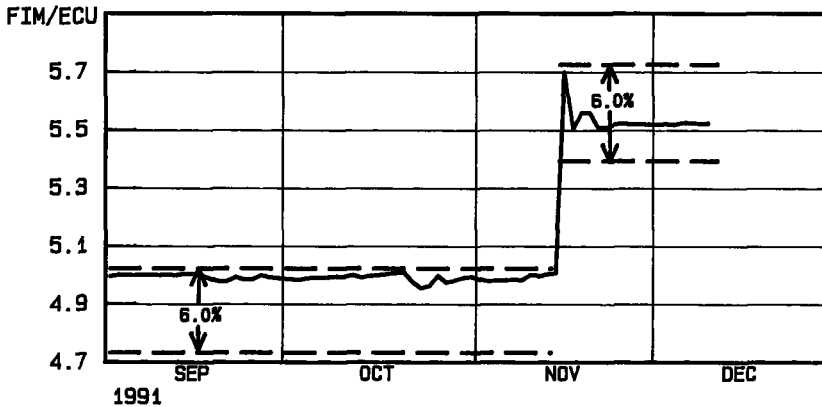
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

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



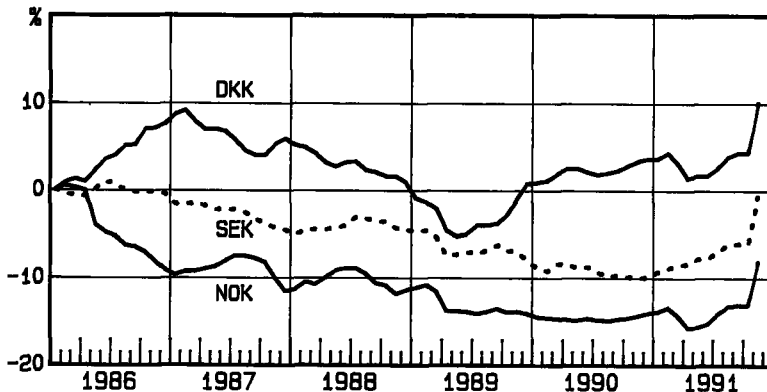
Until June 7, 1991, the Bank of Finland currency index. From June 7, 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953 - 5.02207 in the period June 7 - November 14, 1991, and have been 5.39166 - 5.72516 since November 15, 1991. Monthly averages

12. MARKKA VALUE OF THE ECU



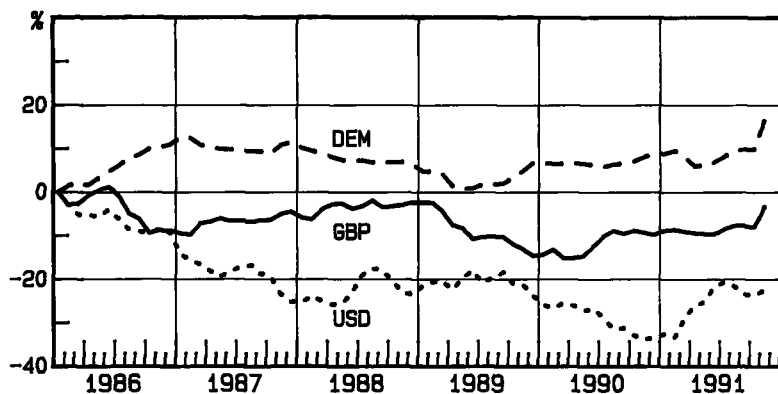
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



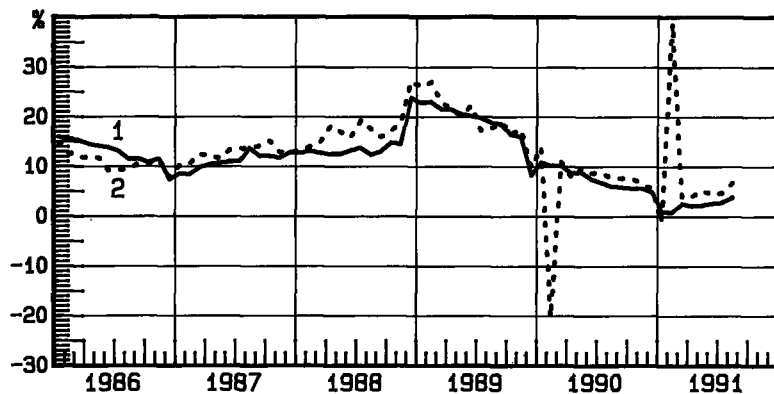
Monthly changes in markka selling rates calculated from the average rates for January 1986

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



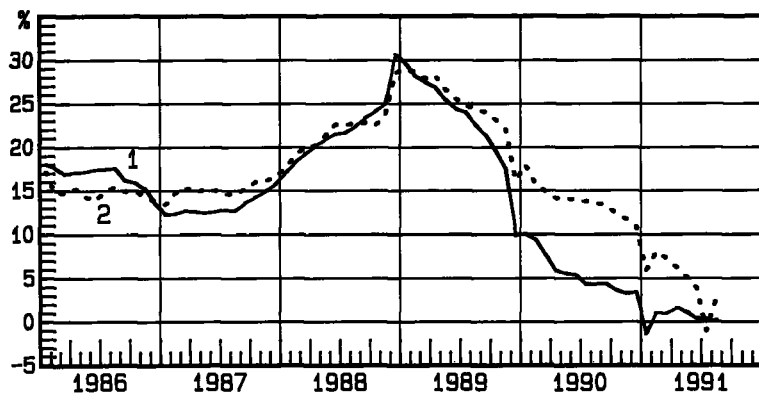
Monthly changes in markka selling rates calculated from the average rates for January 1986

15. BANK FUNDING FROM THE PUBLIC



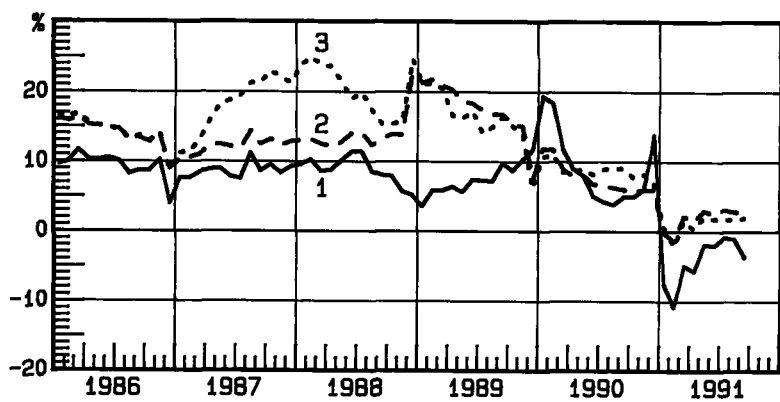
1. Markka deposits
2. Total funding
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



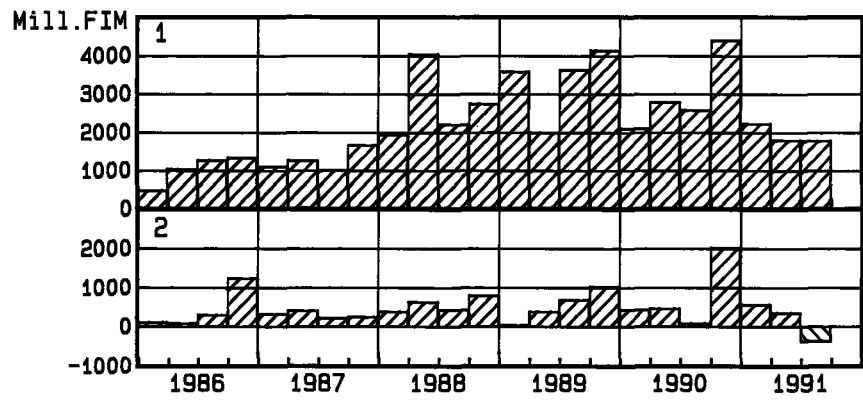
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



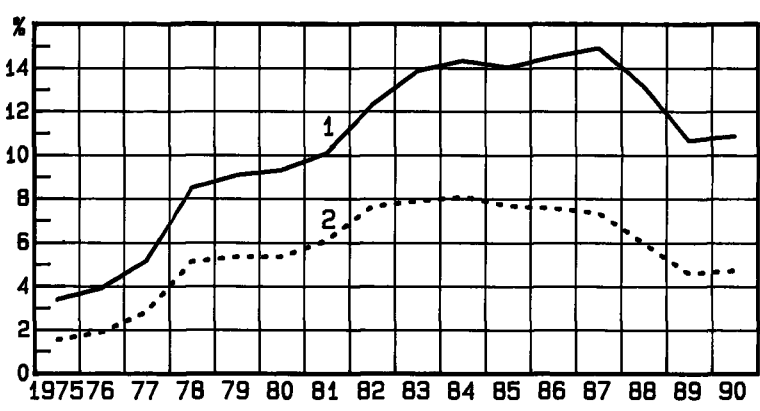
1. Narrow money supply (M1)
 2. Broad money supply (M2)
 3. M2 + bank CDs held by the public (M3)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



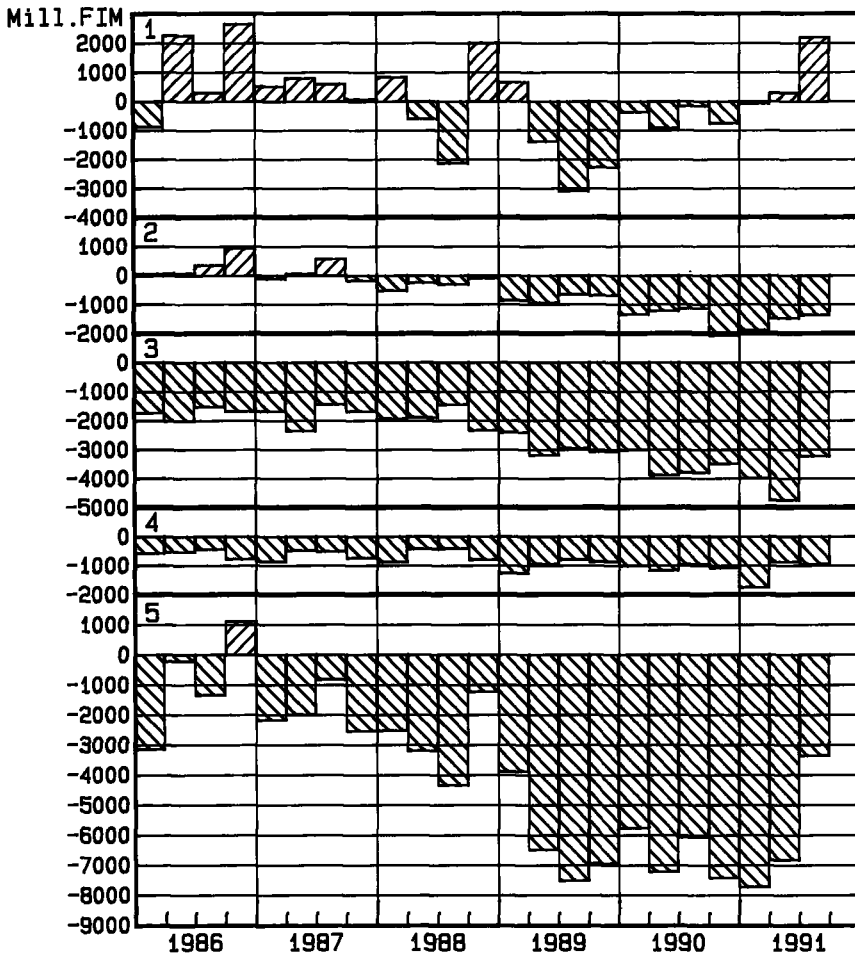
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



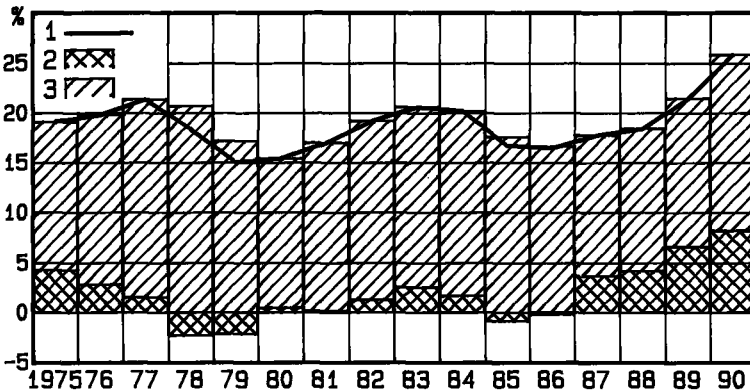
1. Total debt
 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



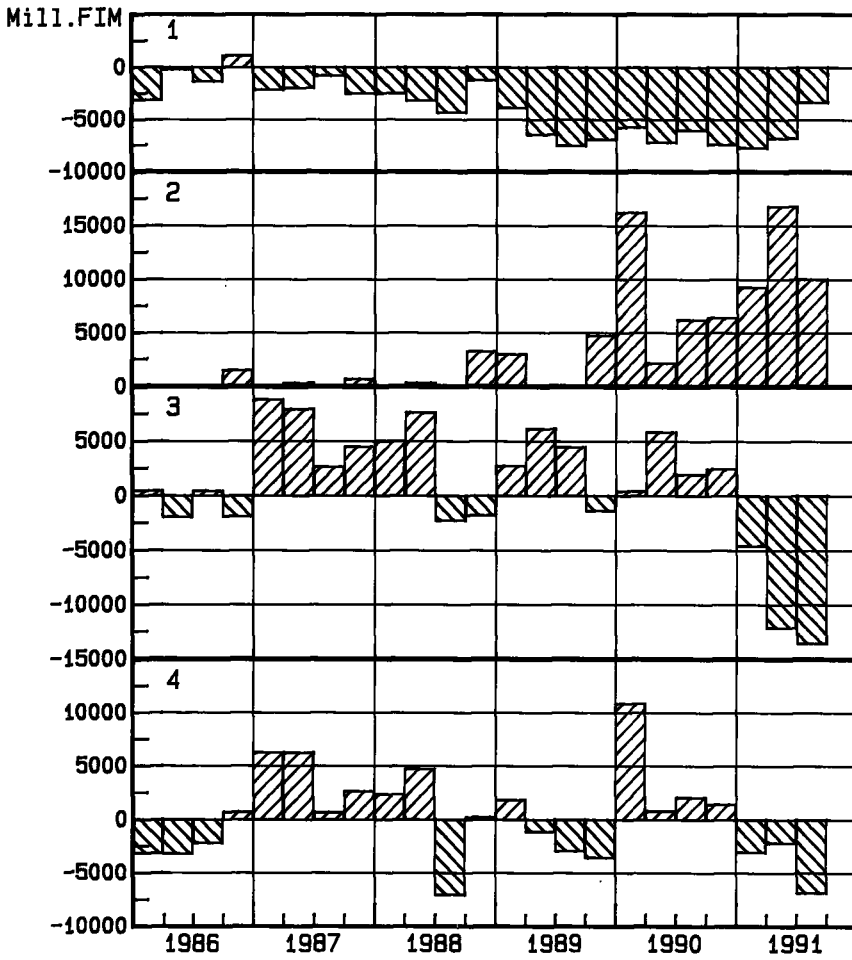
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

21. FOREIGN DEBT



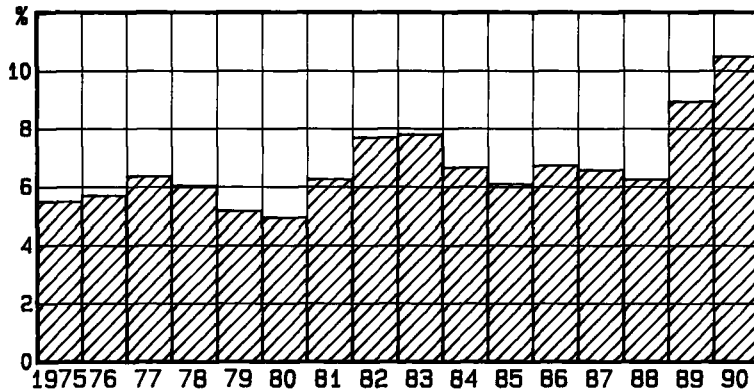
1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



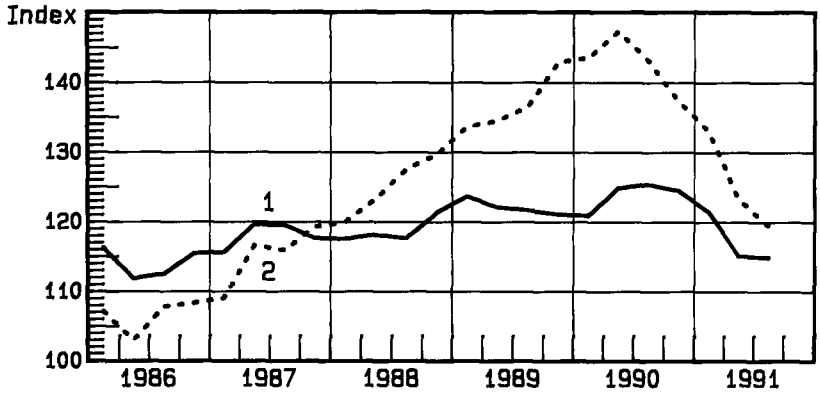
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. NET INVESTMENT EXPENDITURE



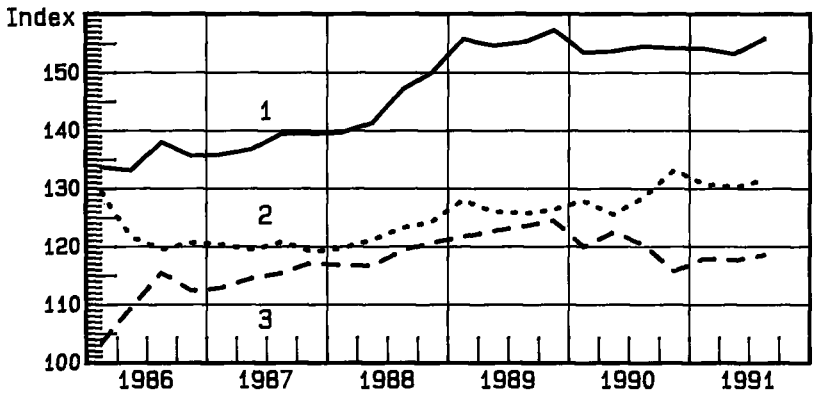
As a percentage of current account receipts

24. FOREIGN TRADE



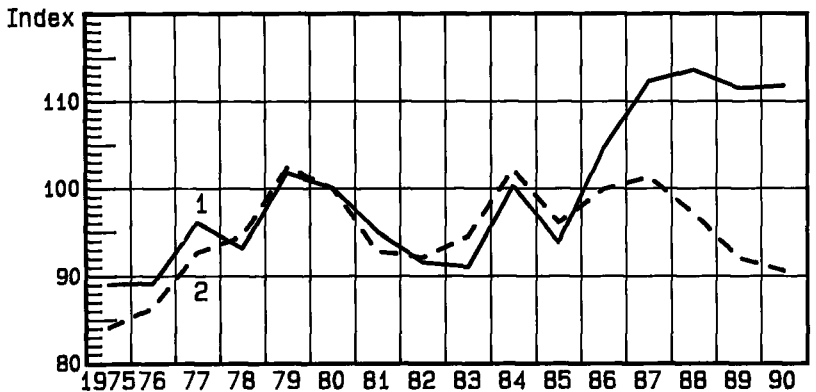
1. Total exports
 2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



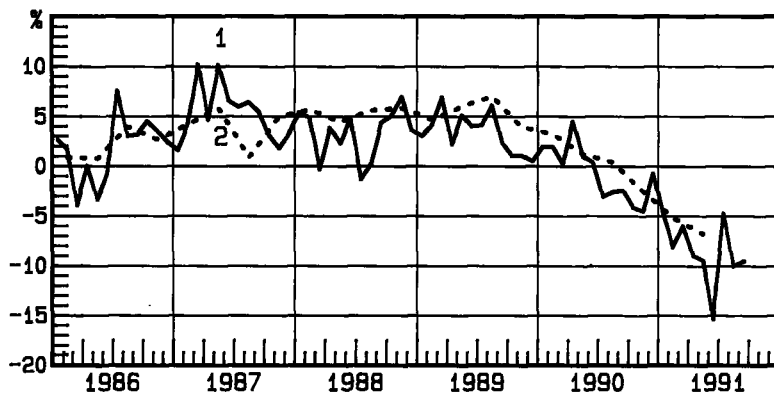
1. Unit value index of exports
 2. Unit value index of imports
 3. Terms of trade
- 1980 = 100

26. FINLAND'S EXPORT PERFORMANCE



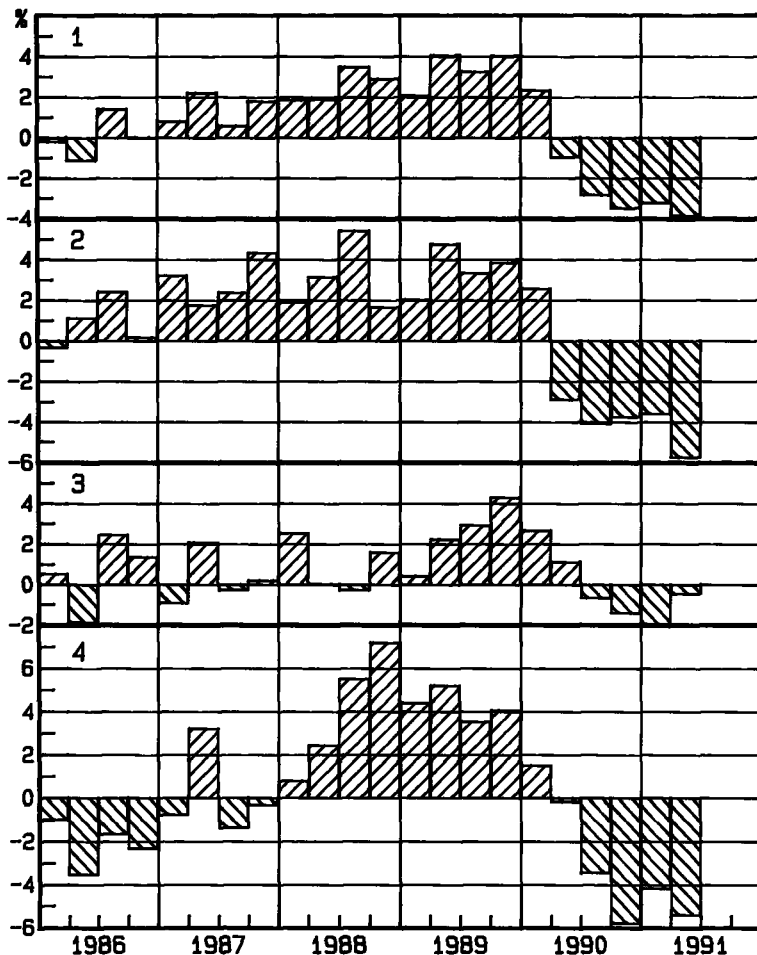
1. Value of exports to OECD countries in relation to imports of OECD countries
 2. Volume of exports to OECD countries in relation to imports of OECD countries
- 1980 = 100

27. PRODUCTION



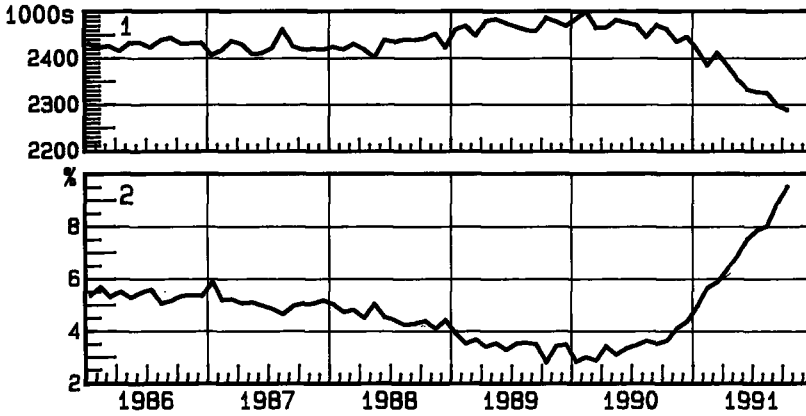
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



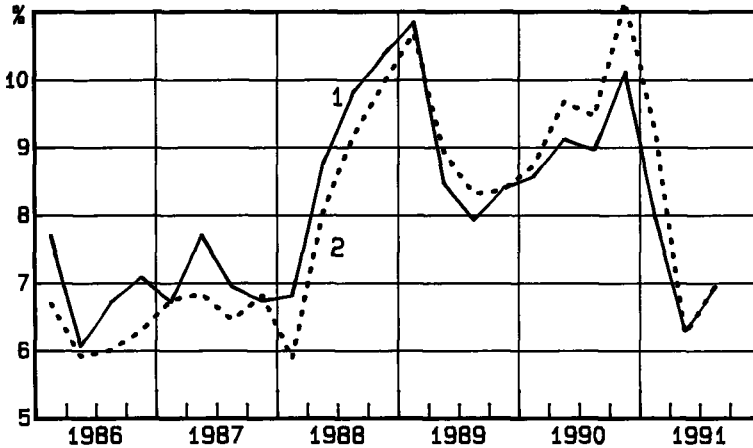
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

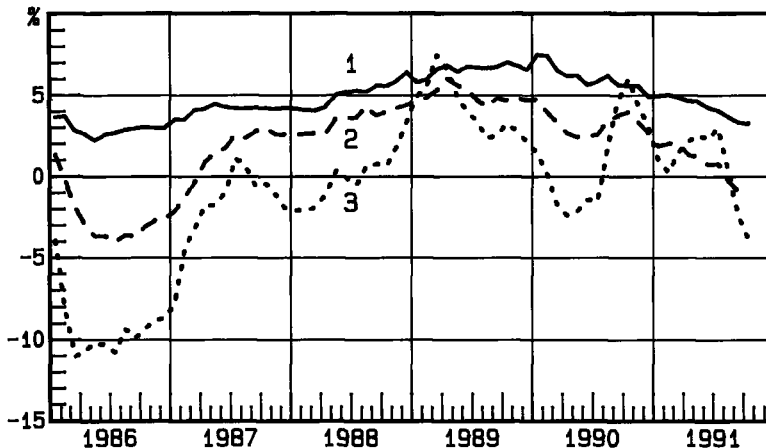


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

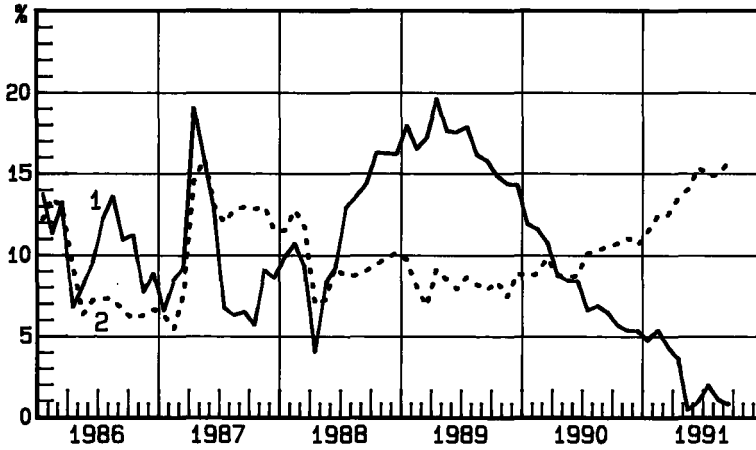


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



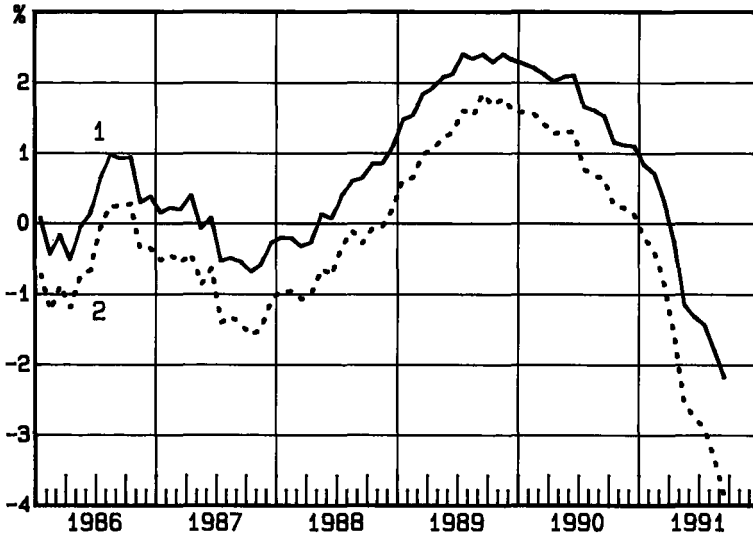
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

Changes calculated from 12-month moving totals and shown as at the last month, per cent



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

12-month moving total shown as at the last month and as a percentage of GDP

BANK OF FINLAND

December 9, 1991

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JUSSI RANTA, Vice Chairman
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Board and the Board of Management

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