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International Operations of Finnish
Manufacturing in the 1980s

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Different Age Groups in Finland

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

Telex: 121224 SPFB SF
 Telefax: 174872
 Cables: SUOMENPANKKI

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FINNISH DIRECT INVESTMENT ABROAD AND THE INTERNATIONAL OPERATIONS OF FINNISH MANUFACTURING IN THE 1980s

by **Helvi Kinnunen**, M.Pol.Sc.
 Research Department
 Bank of Finland

Up to the early 1980s, Finnish direct investment abroad was rather modest, with outward investment flows growing only marginally from year to year. It was not until the latter half of the 1980s that the rate of growth accelerated significantly, and in recent years the pace of internationalization among Finnish companies has been very rapid (Chart 1).

Partly because of the late start, the degree of internationalization of the Finnish economy, measured in terms of the ratio of Finland's stock of direct investment assets abroad to GDP, is still relatively low. In 1990, it was about 9 per cent, whereas the corresponding figure in many other European countries was close to 20 per cent. However, with the acceleration in the growth of direct investment towards the end of the decade, Finland has joined the ranks of the European countries whose economies are rapidly becoming integrated with the international economy. In 1990, the outward direct investment flow already amounted to 2.5 per cent of GDP.

In 1989, the stock of direct investment assets abroad, calculated from balance sheet data, totalled some FIM 31.5 billion. Direct investment has clearly focused on two major sectors: manufacturing and financial services. Capital totalling some FIM 1 billion has been invested in numerous sales companies. Other sectors, such as transport and construction, have not invested abroad to any significant extent (Chart 2).

The financial sector's direct investment assets abroad amounted to less than FIM 8 billion in 1989. Altogether, there were 67 Finnish-owned financial sector firms operating abroad in 1989. In addition, there were 28 Finnish-owned

insurance institutions and branches of Finnish insurance companies. A major role in the internationalization of Finnish banks has been played by their foreign branches, the first of which began to operate in 1984. Measured in terms of

CHART 1.
FINNISH DIRECT INVESTMENT FLOWS ABROAD,
1981 - 90, BILLION FIM

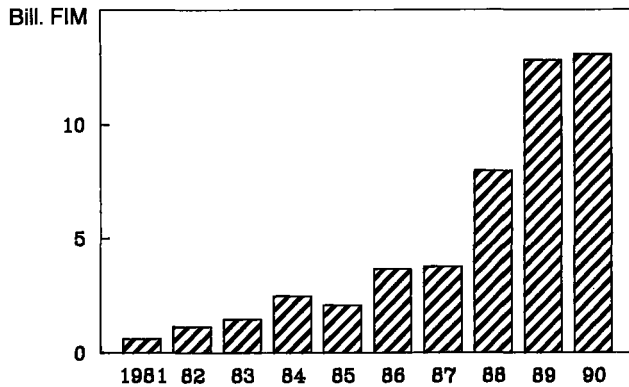
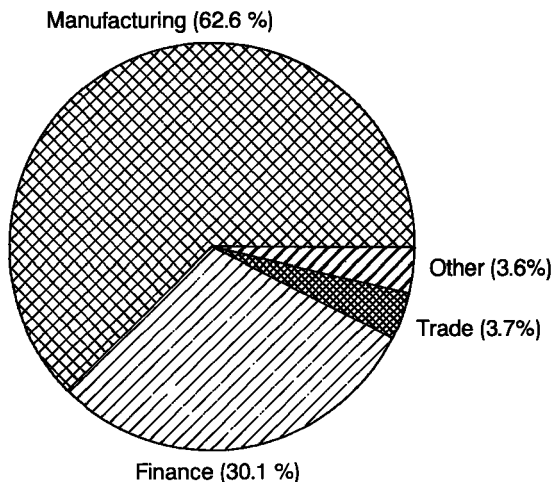


CHART 2.
DISTRIBUTION OF THE STOCK OF DIRECT INVESTMENT ASSETS ABROAD BY MAIN SECTOR,
1989, PER CENT



balance sheet totals, branches have already outgrown bank subsidiaries abroad. In 1989, the combined balance sheet total of branches and subsidiaries exceeded FIM 100 billion.

THE INTERNATIONALIZATION OF MANUFACTURING OPERATIONS IN THE 1980s

Finnish manufacturing's direct investment assets abroad increased tenfold in the period 1981-1989 (Chart 3). The metal and engineering industries have experienced the most rapid expansion abroad. For the forest-based industries, which have the longest history of manufacturing operations abroad, the rate of growth has been slower. The chemical industries began to expand across national borders in the middle of the decade. Other sectors that have acquired production capacity abroad include food, clay, glass and stone products and textiles.

The regional distribution of manufacturing's direct investment abroad can be seen from Chart 4. In the mid-1980s, the importance of the European Community as an area of overseas expansion increased significantly. The EFTA area — basically Sweden — has also been an important host to Finnish manufacturing firms. In the mid-1980s and again in 1989, Finnish companies invested heavily in productive facilities in North America. Direct investment in the developing countries has been of relatively minor significance.

Both domestic and external factors have contributed to the growth of manufacturing firms' operations abroad. The single most important factor boosting foreign direct investment was the EC's announcement in the mid-1980s of its intention to create an integrated market. This increased the willingness of companies to establish a presence within the Community.

CHART 3.
MANUFACTURING'S DIRECT INVESTMENT ASSETS ABROAD BY SECTOR, 1981 - 89, BILLION FIM

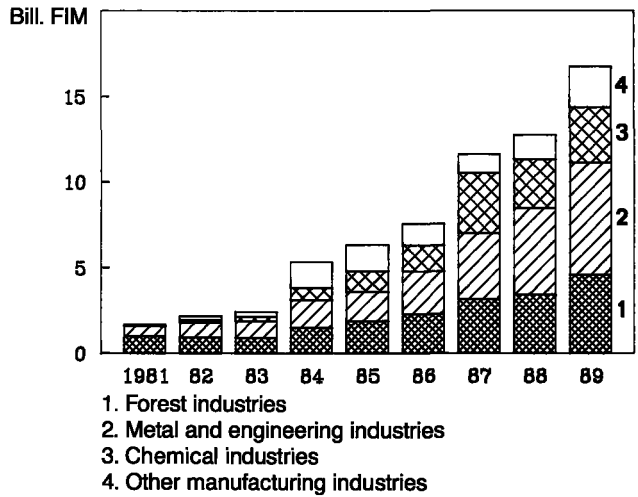
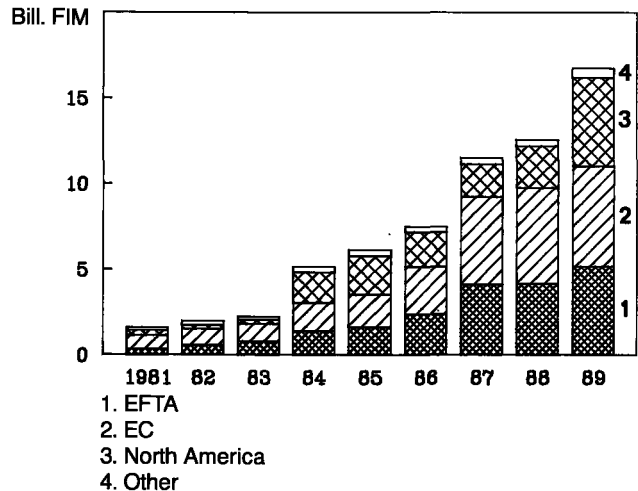


CHART 4.
MANUFACTURING'S DIRECT INVESTMENT ASSETS ABROAD BY REGION, 1981 - 89, BILLION FIM



Domestic factors also provided a powerful inducement to manufacturing to expand its operations abroad. Growth potential was already limited in many sectors of the domestic economy. For example, the demand for chemical industry products was no longer growing at its previous rate, and the only way for these companies to reap the gains from large-scale production was through acquisitions of manufacturing facilities abroad.

The expansion of Finnish manufacturing abroad has taken place largely through acquisitions of foreign companies. Some 70 per cent of the major investments in the period 1982-1987 involved takeovers of existing companies, which have been used to acquire production capacity for the most part in the investing company's main line of business. In other words, expansion abroad has taken place primarily through horizontal integration.

Another typical feature of these investments is that they have generally involved majority ownership. For example, in 1989, only about 5 per cent of manufacturing's stock of direct investment assets abroad consisted of minority interests, and even here the investor's stake was close to 30 per cent on average. Minority interests have been acquired to some extent in developing countries, which have in fact often set local majority ownership as a precondition for such investment. Minority interests have also been acquired to some degree in Sweden and the United States.

The internationalization of Finnish companies has been highly concentrated in that it is primarily the big companies with a heavy involvement in foreign trade that have expanded their production abroad. Although the number of firms investing abroad has increased year by year, the fifteen largest investors accounted for 80 per cent on average of manufacturing's stock of direct investment assets in the 1980s. The fact that the list of leading investors has remained more or less unchanged further implies that most of the growth in investment in the 1980s was due to continued expansion abroad by the same companies. The largest investors have also accounted for a substantial part of total exports of goods. For example, in 1988, the exports of the fifteen largest investors made up nearly 30 per cent of the total value of exports of goods.

Sectoral and regional distribution of manufacturing industry's international operations

Direct investment abroad has given Finnish companies control of some 120 000 industrial jobs and total turnover of over FIM 70 billion¹. Internationalization has also resulted in part of Finland's export trade being transformed into companies' internal commercial operations. Some 10 per cent of the value of exports by companies with international operations consists of exports to their own manufacturing units abroad.

Forest industries

The forest-based industries began expanding abroad before other manufacturing sectors. It was natural that they should play the role of forerunners as they had already become integrated with international markets to a fairly high degree through foreign trade. Furthermore, the forest industries have been able to turn the country's comparative advantage in this sector into a competitive edge in foreign markets. The comparative advantage in the availability of raw material resources has been used to achieve technical superiority. Technical knowledge in production can be exploited by the firm equally well abroad as in the home market at no additional cost. Indeed, expansion abroad through horizontal

integration has been typical of forest industry firms.

The forest industries' production overseas has consisted almost entirely of the manufacture of paper products. Expansion abroad by the woodworking industries, for example, has been minimal. The forest industries' turnover from international operations has increased by more than 10 per cent a year on average (Table 1). Growth has been relatively steady and even slow compared with other sectors.

Finnish-owned forest industry companies have established operations mainly in those countries that have been important export markets for the sector. In recent years, however, the relative share of investment in North America has declined substantially. The EC's plan for the creation of a single market of 300 million consumers has been attracting Finnish forest industry companies to the United Kingdom and Continental Europe since 1985. In 1989, the paper industry's biggest presence abroad was in the United Kingdom, although production was also substantial in Germany and France.

The expansion of the forest industries' international operations has been motivated, on the one hand, by efforts of firms to strengthen their market position, which, in recent years, have taken the form of large-scale acquisitions. On the other hand, foreign direct investment has been a reaction to increasingly stiffer competitive conditions in Europe. Since forest industry products are for the most part standardized, price is the chief

¹The analysis below covers enterprises located abroad which are at least 50 per cent Finnish-owned.

TABLE 1. FOREST INDUSTRIES: EMPLOYMENT AND TURNOVER, 1981-1989

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Number of employees	10 163	9 732	9 582	9 453	10 702	11 312	12 636	13 141	15 331
Turnover, FIM million	4 220	5 114	5 549	6 534	7 351	7 883	9 285	10 363	11 590
Growth of turnover, %		21	9	18	12	7	18	12	12
Turnover by region, %									
EFTA	1	1	0	1	1	2	2	5	9
EC	83	78	73	72	82	85	88	84	82
North America	16	21	26	27	17	13	10	10	9
Other	0	0	0	0	0	0	0	0	0

TABLE 2. CHEMICAL INDUSTRIES: EMPLOYMENT AND TURNOVER, 1981-1989

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Number of employees	574	1 465	1 972	6 052	6 536	8 485	11 479	16 879	15 598
Turnover, FIM million	205	586	1 167	3 224	5 333	6 375	9 963	14 540	18 244
Growth of turnover, %		186	99	176	65	20	56	46	25
Turnover by region, %									
EFTA	41	545	45	62	39	33	28	33	35
EC	16	20	38	27	48	42	57	50	51
North America	43	26	17	11	14	24	14	15	12
Other	0	0	0	0	0	1	1	2	2

TABLE 3. METAL AND ENGINEERING INDUSTRIES: EMPLOYMENT AND TURNOVER, 1981-1989

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Number of employees	12 251	15 014	16 438	19 151	24 787	29 854	40 259	58 503	71 155
Turnover, FIM million	3 075	4 743	5 956	7 349	10 099	13 605	18 691	29 308	33 910
Growth of turnover, %		54	26	23	37	35	37	57	16
Turnover by region, %									
EFTA	38	44	55	46	50	58	58	54	43
EC	33	25	24	21	18	16	22	28	32
North America	6	11	16	19	20	17	13	13	25
Other	23	20	4	13	11	9	6	4	0

means of competition. This tends to favour large, efficient units.

Chemical industries

The expansion of the chemical industries' international operations began on a significant scale in the mid-1980s (Table 2). Market positions have been strengthened through horizontal integration in both the plastics and fertilizer industries. Capacity for further processing of refined oil products has also been acquired abroad.

Apart from the developments in the EC area, expansion across national borders has been spurred by the slackening of domestic demand. Sluggish growth in markets for chemical products has induced firms to gain market share through acquisitions of companies. Production capacity has been acquired not only in the EC area but also in Sweden.

In 1989, chemical products were manufactured by Finnish-owned companies in more than 20 countries. Sweden accounted for one third of total

turnover, including most of the manufacture of plastics products and paints. Chemicals, i.e. fertilizers, raw materials for plastics etc, were manufactured in Continental Europe and North America.

Metal and engineering industries

In the 1980s, the metal and engineering industries' turnover from international operations increased more than tenfold, and the number of employees abroad increased by nearly 60 000 (Table 3). Capacity has been acquired abroad primarily in the mechanical and electrical engineering industries but also to some extent in the metal products and basic metals industries.

Mechanical engineering is the most internationalized sector of the metal and engineering industries. Besides machinery and equipment needed in industry, lifts, agricultural machinery and other items are manufactured abroad. The leading sectors of the machine shop industry

have been those involved in the manufacture of machinery and equipment used in the forest and other processing industries. Thus, the special advantage of the mechanical engineering industry in this area is associated with a specific structural feature of Finnish manufacturing, namely the prominent position of the forest industries. The mechanical engineering industry has acquired a substantial amount of manufacturing plant in Sweden, which accounted for half of the industry's turnover abroad in 1989. France was also an important location for production in the European countries. North America accounted for more than 10 per cent of the foreign turnover of Finnish-owned mechanical engineering companies.

In the mid-1980s, the manufacture abroad of electrical engineering and electronics products increased sharply. At the end of 1989, the foreign turnover of the electrical engineering industry already accounted for a third of the total foreign turnover of Finnish-owned companies in

TABLE 4. OTHER MANUFACTURING INDUSTRIES: EMPLOYMENT AND TURNOVER, 1981-1989

	1981	1982	1983	1984	1985	1986	1987	1988	1989
Number of employees	1 671	2 821	3 321	8 007	8 018	10 896	12 130	12 960	18 945
Turnover, FIM million	254	780	986	3 525	3 388	4 821	4 690	5 752	9 617
Growth of turnover, %		207	26	259	-4	42	-3	23	67
Turnover by region, %									
EFTA	34	67	63	27	28	53	47	45	27
EC	17	9	6	7	10	7	13	12	13
North America	49	24	31	66	62	40	40	42	60
Other	0	0	0	0	0	0	0	0	0

the metal and engineering industries. Heavy investment by the electrical engineering industry in research and development has produced the technical knowhow that has enabled it to increase its share of this highly competitive market. Germany has been the main host country; half of the industry's foreign employees are to be found there. The industry has also invested heavily in production capacity in Sweden through acquisitions.

The basic metals industry has focused on Sweden. In 1989, the industry had a turnover in excess of FIM 7 billion and employed nearly 12 000 people abroad. The labour-intensive metal products industry employed nearly 8 000 people abroad; production was concentrated in Sweden, the United States and Spain.

Other manufacturing industries

The most internationalized of the other manufacturing industries (Table 4) is the food industry. In 1989, employment abroad exceeded 4 000 and turnover amounted to just over FIM 2 billion. Manufacturing capacity abroad was located chiefly in the United States and, to some extent, in Sweden and Ireland. The building materials industry has also expanded abroad to a certain degree, mainly in Sweden. The international operations of the textiles and clothing industry were concentrated in the United States and Portugal.

CONCLUDING REMARKS

With the expansion of manufacturing abroad through direct investment, the dependence of the Finnish economy on international markets has become more diverse. The vigorous growth of direct investment abroad by the chemical and metal and engineering industries during the latter half of the 1980s has altered the pattern of the main industrial sectors' relations with foreign countries. If production abroad is considered equivalent to exports, it can be observed that sales abroad no longer depend to such a high degree on the forest industries.

Within the various industrial sectors, the acquisition of manufacturing facilities abroad has resulted in a shift away from the traditional areas, which are closely related to investments and production in the forest industries, to products which are subject to worldwide competition and not directly affected by the cyclical fluctuations typical of the forest industries. In the chemical industries, expansion abroad has seen the focus of activities shift from the production of basic chemicals to the production of fertilizers and plastics products. In the metal and engineering industries, particularly electrical engineering has expanded its international operations. Similarly, mechanical engineering has increased its capacity abroad, except for the manufacture of industrial machinery.

As Finnish manufacturing has expanded its operations abroad, so their profitability has increased on average. Since the mid-1980s, it has not differed significantly from that of the corresponding activities in Finland. In 1989, however, the profitability of international operations suffered a setback while performance at home remained good². This reversal has not been reflected to any significant extent in repatriated earnings, which have generally been modest relative to the amount of capital invested. In view of the fact that Finnish companies only really began to expand their operations abroad in the latter half of the 1980s, it is clear that retained earnings have been needed to finance the operating costs of foreign units. Profits have also been used to strengthen capital structures, as the capital ratios of the companies acquired abroad have typically been low.

² See the item on direct investment in the October 1990 issue of the Bulletin.

SAVING AND INDEBTEDNESS AMONG DIFFERENT AGE GROUPS IN FINLAND

by **Jouko Vilmunen**, M.Pol.Sc.,
Economics Department,
Bank of Finland
and **Matti Virén**, Professor,
Department of Economics,
University of Turku

INTRODUCTION

Recently, increasing attention has been paid to household saving behaviour in Finland. This has at least partly been prompted by the dramatic decline in the household saving rate (saving in relation to disposable income) in the late 1980s. In fact, the household saving rate even fell below zero in 1988, and although it has subsequently experienced a partial recovery, it is still rather low, both in comparison with pre-1984 levels and saving rates in many other OECD countries.

This article begins by briefly reviewing recent trends in aggregate saving and indebtedness in the household sector and comparing them with international experience. Aggregate figures conceal important differences in income and consumption, and hence saving behaviour, among different age groups in the household sector. Accordingly, the main concern of the article is with examining these differences and the way in which household assets and liabilities are distributed among households in different age groups. Differences in spending and saving patterns among different age groups in the population also have important policy implications and this issue is touched upon in the concluding section.

AGGREGATE HOUSEHOLD SAVING AND INDEBTEDNESS

In the period 1960-1983, the household net saving rate in Finland fluctuated in a fairly

stable manner around 4-5 per cent without any discernible upward or downward trend. International evidence from other OECD countries suggests that this is a relatively low rate. To some extent, this can be attributed to the definition of the household sector employed in Finland, which, in addition to households proper, includes nonprofit institutions.

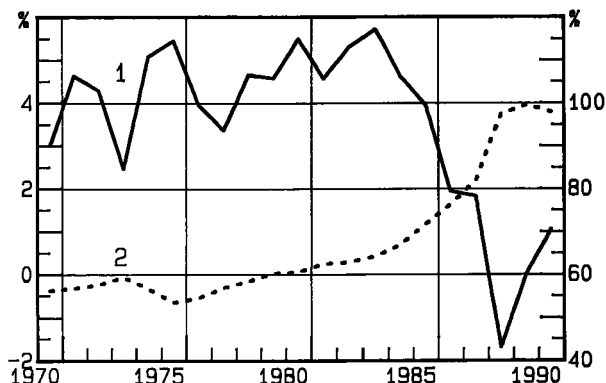
The observed fall in the household saving rate in 1984 coincides with the onset of financial market deregulation in Finland. The strict control of average bank lending rates prevailing since the second world war was partially relaxed in 1983 and abolished in full in 1986¹. This initial phase of the deregulation process increased the supply of credit to the household sector by diverting (domestic) financial re-

sources from the business sector, which now had better access to financial resources in international markets. The business sector also served as a conduit for the flow of international financing to the household sector. Together, these factors have led to the virtual elimination of the liquidity constraints that households faced up till the middle of the 1980s.

However, the removal of liquidity constraints brought about by the liberalization of financial markets cannot by itself explain the observed decline in the household saving rate, since the ensuing increase in available credit only provides the potential for realizing consumption-investment plans. To explain the fall, one must be able to explain why households have been unwilling to save. We shall not go into this important problem

¹ See Malkamäki and Solttila (1991).

CHART 1.
HOUSEHOLD SAVING AND INDEBTEDNESS



Per cent of households' net disposable income

1. Saving (left scale)
2. Indebtedness (right scale)

in any detail here². We merely note that from 1983 to 1989, households made increasing use of the available sources of credit. Measured by the ratio of household debt to disposable income, household indebtedness increased from 65 per cent in 1983 to approximately 100 per cent in 1989 (Chart 1). Most of this increase in household indebtedness occurred in the period 1987—1988 along with a sharp decline in the household saving rate from 3.7 per cent to —1.5 per cent.

The increase in household debt since 1983 is large relative to the underlying level in the period 1960—1983 when the ratio of debt to disposable income varied between 50 and 60 per cent. To put this into some kind of international perspective, cross-country values for a sample of countries over the period 1980—1985 are reported in Table 1.

According to Table 1, there are large cross-country differences in households' total indebtedness, with Finland lying midway between countries like Greece and Italy at one extreme and Sweden at the other. A second interesting

² See e.g. Kostianen (1989) for a list of possible factors explaining the decline in the household saving rate.

point to emerge from Table 1 is the distribution of total consumer debt between personal consumer loans and housing loans. As they stand, the figures seem to suggest that the relative share of personal consumer loans in total consumer debt has been higher in Finland than in any of the other countries in the sample.

DISTRIBUTION OF PRIVATE CONSUMPTION AND DISPOSABLE INCOME AMONG DIFFERENT AGE GROUPS IN THE HOUSEHOLD SECTOR

A comparison of the aggregate household saving rate and household indebtedness in Finland suggests that the observed increase in the latter does not necessarily correspond to the changes that have occurred in the former. In other words, the improved availability of credit has not only been used to finance consumption expenditure but also household investments, which, in turn, implies that households' assets have also increased, although only complete flow-of-funds data would tell us the extent to which this has happened. But these aggregate figures refer only to

the household sector as a whole, and as such are not capable of explaining the distribution of households' assets and liabilities among different households. In particular, they tell us nothing about the way aggregate income and consumption are distributed among different age groups within the household sector. Disaggregating income-consumption flows by the age of the household is potentially important, since it enables us to relate the saving behaviour of the household to its age. Furthermore, certain theoretical models of life-cycle saving behaviour³, with finite lives and no bequest motives, suggest that there can be important differences in the saving behaviour of households of different age.

In the case of Finland, it turns out that there are striking differences between age groups⁴ both in terms of their saving, on the one hand, and their assets and liabilities, on the other. Chart 2 shows household disposable income and consumption expenditure in six consecutive household age groups. Within each age group, total disposable income and consumption expenditure are averaged out over the number of households within that particular age group⁵.

Chart 2 suggests clearly negative saving rates for households aged under 45 years. The excess of (mean) consumption expenditure over disposable income is greatest for households in the 35—44

TABLE 1. HOUSEHOLD INDEBTEDNESS IN SELECTED COUNTRIES

Country	Consumer debt in relation to disposable income, %		
	Personal consumer loans	Housing loans	Total consumer debt
Finland	23.2	40.5	63.7
Greece	0.2	8.0	8.2
Italy	3.3	6.3	9.6
Japan	3.9	27.2	31.1
Spain	5.5	7.1	12.6
Sweden	35.8	78.4	114.2
UK	9.1	42.5	51.6
USA	20.6	67.6	78.8

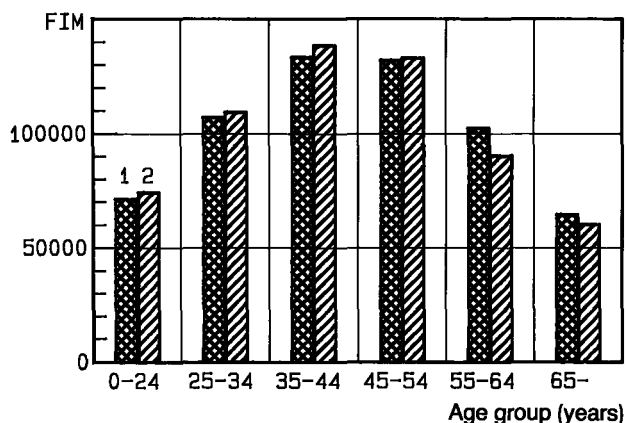
Data source:
Jappelli, T. & Pagano, M. (1988)
and Finnish National Accounts.

³ Empirical evidence as to the potential importance of the age distribution of households in explaining certain observed statistical regularities between e.g. private consumption and interest rates is available nowadays; see e.g. Sheshinski & Tanzi (1989).

⁴ Households are allocated into six different age groups in our data.

⁵ Data sources are the 1988 survey of households' assets and liabilities (Central Statistical Office of Finland, 1991) and the 1985 household expenditure survey (Central Statistical Office of Finland, 1988). The sample sizes in these surveys are about 5300 and 8200, respectively.

CHART 2.
HOUSEHOLD DISPOSABLE INCOME AND CON-
SUMPTION EXPENDITURE BY AGE GROUP IN 1988



1. Disposable income
2. Consumption expenditure

years age bracket, the implied saving rate being approximately —4 per cent in 1988. For households aged at least 45 and under 55 years, consumption expenditure and disposable income seem to be roughly equal, while for households aged over 55 disposable income exceeds consumption expenditure by a clear margin. The implied saving rates for the last two age groups are approximately 12 per cent and 6 per cent, respectively. It can further be noted that since households aged 65 and over have a clearly positive saving rate, they do not

exhaust their earlier savings in order to maintain their life-cycle consumption path during the retirement period but rather accumulate more assets, which, in turn, results in larger bequests, whether intentional or not.

Overall, then, consumption expenditure in excess of disposable income seems to be a typical feature of younger households, and the negative saving of households in the younger age groups is, at least to some extent⁶, offset in

⁶ The base year in these calculations is 1988. In that year, the household (excluding non-profit institutions) saving rate was 0.4 per cent.

aggregate household income-consumption flows by positive saving by the elderly.

DISTRIBUTION OF HOUSEHOLD ASSETS AND LIABILITIES AMONG DIFFERENT AGE GROUPS

The data in Chart 2 show how income and consumption profiles are related to the age of the household. Of particular interest as regards the implied age-specific saving rates is the distribution of household assets and liabilities among different age groups, particularly financial assets. The distribution of household assets and liabilities by age group not only provides us with information about the age-specific portfolio balance, but also about the resources obtained to finance consumption and investment plans. Data on the distribution of household assets and liabilities by age group are presented in Table 2, and are derived from the 1988 survey of household assets and liabilities. Data on assets and liabilities within each age group are shown in terms of average figures (FIM per household).

As regards net financial wealth, Table 2 gives qualitatively the same picture as for the household saving rate; that is that younger households are

TABLE 2. DISTRIBUTION OF AVERAGE HOUSEHOLD INCOME, ASSETS AND LIABILITIES BY AGE GROUP, 1988

	Age group (years)							All
	0-24	25-34	35-44	45-54	55-64	65-99		
Sample size	287	892	1 325	1 068	888	816	5 276	
Total number of households	176 676	445 246	453 339	324 846	292 345	404 405	2 096 857	
Income	71 186	106 916	133 221	131 821	102 153	64 236	104 555	
Deposits	13 892	22 740	29 633	43 791	37 386	39 850	32 088	
Total assets	20 090	37 046	51 532	70 408	55 986	58 133	50 625	
Housing loans	29 460	93 098	85 241	45 241	18 092	5 013	51 197	
Student loans	9 685	12 278	1 761	1 285	629	35	4 097	
Consumer loans	10 080	12 124	15 111	11 812	4 520	1 028	9 350	
Total debt	55 122	136 218	122 669	80 338	34 253	8 777	79 004	
Net financial wealth	-35 032	-99 172	-71 137	-9 930	21 733	49 356	-28 379	
Housing wealth								
— own home	62 499	184 745	293 323	299 546	257 181	182 621	224 106	
— second home	3 667	13 286	30 397	50 675	46 752	24 800	28 331	

All values (except for the numbers of households belonging to the sample and to the total population) are average values in FIM per household. The data correspond to the situation on December 31, 1988. The age group is determined on the basis of the age of the head of the household (usually the age of the man). Total assets also include equities, bonds and other assets; total debt, in turn, also includes agricultural loans and other loans. The data source is the survey of households' assets and liabilities (Central Statistical Office of Finland, 1991).

typically net debtors and that the net wealth position is reversed once we move into the upper tail of the age distribution of households. But there are also some differences between the saving rates implied by Chart 2 and the wealth data in Table 2.

First, the distribution of net financial wealth among different age groups is more polarized than the corresponding distribution of household saving rates. Net indebtedness peaks in the 25—34 years age group, whereas the age-specific saving rate reaches its minimum in the 35—44 years age group. Thus maximum net indebtedness seems to occur at an earlier phase of a household's life cycle. A possible explanation for this may be the distribution of household liabilities by age group, especially housing and student loans, which seem to reach their maximum in the 25—34 years age bracket, after which they fall very sharply as the age of the household increases. In contrast, total assets (excluding housing wealth), continue growing up until the 45—54 years age group. Another possible reason for these differences could be bequests, which may mainly accrue to households within the 35—44 and 45—54 years age groups.

The second difference which emerges is that net financial wealth does not fall among households aged at least 65 years, whereas the saving rate of this group does. This is because net financial wealth is largely determined by the behaviour of the household debt profile, which falls very steeply as the age of the household increases. As can be seen from Table 2, total assets also fall with age after peaking in the 45—54 years age group, but much more moderately than the corresponding debt profile. So, whereas households do not completely exhaust their savings to maintain their life-cycle

consumption upon retirement, Table 2 also seems to suggest that neither do they deplete their wealth during retirement. This tends to increase bequests even further beyond the level implied by the distribution of household savings by age group.

It can be argued that net financial wealth is too narrow a wealth concept for describing the life-cycle net wealth position of households, especially so in Finland where the bulk of household assets consists of housing wealth, which is a form of real wealth. Furthermore, given the widespread availability of credit nowadays, a given consumption path can be maintained, if needed, by incurring more debt, whereupon housing wealth comes into the picture, for example as collateral. The question that arises in this context is whether, and if so, to what extent, the distribution of net wealth by age group changes if age-specific housing wealth is also included on the asset side of the portfolio. The last two rows in Table 2 give estimates of the distribution of (mean) housing wealth across different age groups. As can be seen, it resembles the distribution for households' total financial assets. Comparing the income and housing wealth profiles, it can be seen that the former peaks earlier in the household life cycle than does the latter.

Thus, at the overall level, the distribution of net wealth among households in different age groups becomes determined mainly by the way in

which housing wealth is distributed within the household sector, reflecting the overwhelmingly large share of housing wealth in households' portfolios. It should be noted, however, that the shape of the net wealth profile, i.e. net financial wealth plus housing wealth, closely resembles that of the total asset profile.

Another related distinction typically drawn in studying the distribution of household assets and liabilities among different age groups is the division of households into active and retired ones. Table 3 shows the distribution of household assets and liabilities between active and retired households in 1988.

There seem to be no significant differences between active and retired households as regards holdings of financial assets. The greater differences evident in the total net wealth positions of these two groups are due to differences in their holdings of housing wealth and their debt positions. The total debt of the retired households is on average only about 10 per cent of the debt of the active households. The distribution of debt between active and retired households implies that, in terms of net financial wealth, active households are net debtors, while in terms of net wealth, i.e. with housing wealth added on the asset side, there is only a slight net

⁷ Owing to various pension schemes, the effective retirement age is well below 65 in Finland. In the survey of household assets and liabilities in 1988, which is our primary data source, the retirement status of households was explicitly asked.

TABLE 3. DISTRIBUTION OF MEAN WEALTH BETWEEN ACTIVE AND RETIRED HOUSEHOLDS, 1988

	Active	Retired
Sample size	4 151	1 125
Total number of households	1 563 030	533 827
Total assets	51 170	49 286
Total debt	102 040	10 354
Housing wealth		
— own home	240 439	173 193
— second home	29 439	25 112

The definitions and data sources are the same as in Table 2.

wealth margin in favour of retired households. A qualification is necessary here, however, as this margin would probably increase substantially were the numbers to be computed on a per capita basis, i.e. taking the size of the household into account⁸.

SUMMARY AND SOME POLICY IMPLICATIONS

To recapitulate, in 1988 at least, the shape taken by the distribution of net financial wealth by age group in the data is perhaps best explained in terms of the debt profile; average household debt falls very sharply as the age of the household increases after peaking at an average age of 30 years. As an equally sharp reduction on the financial assets side cannot be observed, net financial wealth is bound to increase with the age of the household⁹. But what is particularly interesting here is that net financial wealth shows no sign of falling even for households very near the end of the life cycle.

All three profiles — disposable income, financial assets and housing wealth — are hump-shaped, but they differ in that the last two peak as the

household reaches middle age, while the income profile peaks earlier in the household's life cycle. Furthermore, up to middle age, consumption grows faster than disposable income, resulting in negative saving rates for these households. Thereafter, the consumption profile falls very sharply, even to the extent that the data for elderly persons show clearly positive saving rates. Thus, retired households and those at retirement age show no obvious sign of exhausting their savings in order to maintain the life-cycle consumption path; savings continue to accumulate and this shows up in bequests. In this sense, it is rather difficult to reconcile the data with a prototype theoretical life-cycle path of household income, saving and assets¹⁰.

The data set used here and the results obtained from it raise some questions as regards, for example, interest rate policy. Imagine, for instance, the effects of an increase in interest rates. As the price of future consumption falls, there is an incentive to postpone consumption to the future, i.e. to save. This is the familiar intertemporal substitution effect of an increase in interest rates. On the other hand, income on interest-bearing assets increases, which provides an incentive to increase current consumption. This is the familiar income effect associated with an in-

crease in interest rates, and it counteracts the substitution effect. Thus, the net effect on consumption or saving of an increase in interest rates obviously depends on whether the substitution or income effect dominates.

To relate this argument to the present context, it can be noted that the relative importance of the substitution effect (or income effect) varies between generations of households owing to different life expectancy. Typically, younger households, with longer life expectancy, may be more sensitive to intertemporal substitution, whereas the elderly, with much shorter life expectancy, may be less sensitive. Hence, for the elderly, the income effect dominates.¹¹ Depending in particular on the age distribution of the population and the way net wealth is distributed among households of different age, the above argument may result in a positive relationship between the interest rate and aggregate private consumption, or a negative relationship between household saving and the interest rate, a prediction invoked to explain observed regularities in some actual data sets (see e.g. Sheinkind and Tanzi, *ibid.*).

⁸ A further qualification refers to the deficient data base and relates to an obvious reporting bias and lack of or deficient data on various wealth items such as agricultural capital, social security wealth and consumer durables. Housing wealth may also be underrepresented to some extent, since the two components of housing wealth tabulated above do not capture speculative housing investments.

⁹ This conclusion is reinforced by the fact that, on the basis of sectoral flow-of-funds tables, the survey results are considerably downward biased on the asset side, whereas liabilities are surprisingly accurately reported. Furthermore, the undervaluation of assets seems to increase with the age of the household. Evidence of this is provided by the distribution of the deposits of one large commercial bank among different age groups, according to which about 40 per cent of all deposits accrue to households aged 65 and over, whereas our data report a figure of about 25 per cent. This concentration of deposits seems to have a high degree of persistence, since as much as some 17 per cent of all deposits in this particular commercial bank accrue to households aged 75 and over.

¹⁰ A qualification is needed here. In order to adhere to and properly evaluate various life cycle theories of savings, a different type of data structure should be employed. More precisely, time series panel data or longitudinal data on different generations of households should be employed, perhaps for different age cohorts. This amounts to gathering information on the same set of households of the particular generation or age at various points in time. This would make it possible to trace out the relevant longitudinal profiles needed for a more appropriate evaluation of the various life cycle frameworks. The data used here, however, are a pure cross-sectional data set, which only gives information on the distribution of households' balance sheets by age group at a particular point in time.

¹¹ This argument carries more weight if we assume that, in addition to finite lives, no bequest motives are in operation, and that wealth effects due to human capital are absent or insignificant.

The possibility of a negative relationship between household saving and interest rates resulting from a particular generational structure of the population, where the generations are economically distinct, emphasizes the importance of studying the changes in the distribution of household wealth by age group. Thus, tax deductions for interest expenses and the taxation of interest income and bequests deserve increased attention because they affect the distribution of wealth in different age groups of the population.

April 4, 1991

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PARLIAMENTARY ELECTIONS OF 1991

Parliamentary elections were held on March 17, 1991. Of the 3 832 069 persons eligible to vote, 72.0 per cent cast ballots (76.4 per cent in the last parliamentary elections).

The following table shows the percentage distribution of votes in 1991 and 1987:

	1991	1987
Centre Party	24.8	17.6
Social Democratic Party	22.1	24.1
National Coalition Party	19.3	23.1
Left-Wing Alliance ¹	10.1	13.6
The Greens	6.8	4.0
Swedish People's Party	5.5	5.3
Rural Party	4.8	6.3
Christian League	3.1	2.6
Others	3.5	3.3
Total	100.0	100.0

The distribution of seats in Parliament is as follows:

	1991	1987
Centre Party	55	40
Social Democratic Party	48	56
National Coalition Party	40	53
Left-Wing Alliance ¹	19	20
Swedish People's Party	12	13
The Greens	10	4
Christian League	8	5
Rural Party	7	9
Liberal Party of Finland	1	—
Total	200	200

The new Parliament assembled for its first session on April 4.

¹The results for the Left-Wing Alliance in 1991 are compared with the combined results for the People's Democratic League and the Democratic Alternative in 1987.

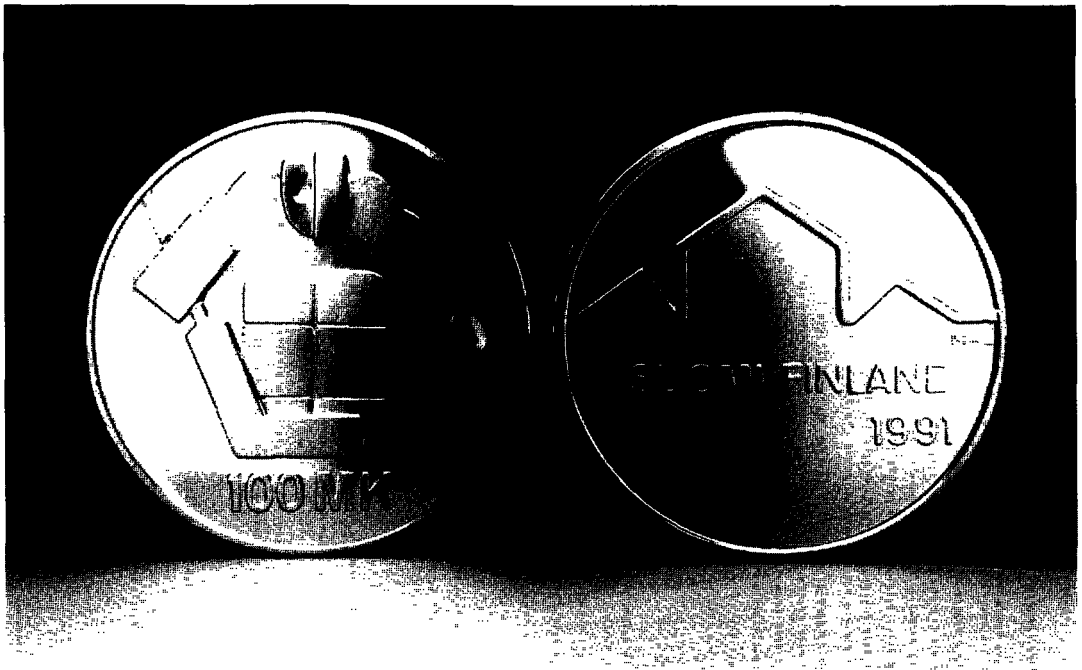
WORLD ICE HOCKEY CHAMPIONSHIPS 1991 COMMEMORATIVE COIN

On the occasion of the World Ice Hockey Championships to be held in Finland from April 19 to May 4, 1991, the Mint of Finland has struck a commemorative silver coin in the denomination of 100 markkaa. It was designed by Arto Lappalainen.

On the obverse of the commemorative coin there is a line describing the contour of Turku castle and the text "Suomi Finland 1991". The reverse depicts an ice hockey goalkeeper standing in readiness and bears the text "100 mk".

The issue comprises 150 000 pieces. The silver content of the coin is 830 ‰, the weight 24 grammes and the diameter 35mm.

The coin was issued on April 16, 1991 and it is legal tender. Foreign sales are handled by the commercial banks.



MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM JANUARY 1990 TO APRIL 1991

1990

JANUARY

Prime rates. The Bank of Finland complements its recommendations on reference rates to banks by permitting them to apply their own prime rates in all their lending and deposit-taking, with effect from January 1, 1990.

Money market operations.

As from January 1, 1990, only CDs issued by banks which meet the following requirements can be accepted for use in money market dealings: the bank's capitalization exceeds the minimum amount set by the Bank of Finland, the bank meets the minimum capital adequacy requirements set by the BIS and operates as a market maker in the CD market. These banks may at the same time act as the Bank of Finland's market counterparties and may be granted access to call money credit. As a rule, a one-year transition period will be applied in the introduction of the new requirements for banks which are already entitled to call money credit and in whose CDs the Bank of Finland deals.

Cash reserve requirement.

The Bank of Finland adjusts the cash reserve requirement for certain banks. Together with the current 8 per cent ratio, the banks' average deposit requirement remains at about 9.1 per cent of the cash reserve base in December.

Provided bank lending does not accelerate sharply in January-February 1990,

the collection of additional deposits under the supplementary cash reserve agreement will be discontinued. The non-interest-bearing additional deposits collected on the basis of the lending growth figures at the end of December 1989 will remain at the Bank of Finland and be refunded at the latest in July-December of the current year in six equal instalments at the end of each month.

FEBRUARY

Foreign Exchange Regulations.

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

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

Helsinki Stock Exchange or the OTC market.

MARCH

Finance companies accorded the right to act as an intermediary in the provision of foreign financing.

The Bank of Finland decides that, with effect from March 1, 1990, finance companies may apply for the right to act as an intermediary in foreign loan transactions and raise foreign loans to the extent permitted by the limits on their foreign currency positions. Previously only deposit banks were accorded this right.

APRIL

Cash reserve agreement.

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

MAY

Cash reserve requirement.

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

JULY

Foreign Exchange Regulations.

The Bank of Finland allows private persons to undertake foreign investments and grant loans of over one year's maturity to non-residents without upper limit as from July 1, 1990. This liberalization measure also applies to corporate entities, such as housing and real estate companies, considered comparable to private persons. Furthermore, local authorities are allowed to make foreign investments, grant loans of over one year's maturity to non-residents and raise foreign loans of over one year's maturity for financing their own operations.

The Bank of Finland also increases the opportunities of financial sector enterprises to engage in foreign operations. In addition to banks, mortgage banks and credit companies are, with effect from July 1, 1990, able to apply for the right to act as an intermediary in foreign loan transactions and raise foreign loans and the right to make foreign investments within the limits of their foreign currency positions. Finance companies have been able to apply for the right to act as an intermediary in foreign loan transactions since March 1, 1990.

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

SEPTEMBER

Foreign Exchange Regulations.

By decision of the Bank of Finland, derivative instruments based on Finnish shares and warrants carrying the right to purchase restricted shares

may be sold to non-residents as from September 1, 1990. However, legislation restricting foreigners' ownership rights prohibits the transfer of restricted shares underlying derivative contracts and warrants to non-residents.

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

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

NOVEMBER

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

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

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

DECEMBER

Cash reserve deposits.

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

1991

JANUARY

Repurchase agreements.

Repurchase agreements are introduced in money market dealings between

the Bank of Finland and the banks from the beginning of 1991. This new type of transaction complements the present system of central bank financing.

Foreign Exchange Regulations.

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

Termination of clearing system.

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

Cash reserve requirement.

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

FEBRUARY

Cash reserve requirement.

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

APRIL

Counter-cyclical deposits.

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



LAND, CLIMATE AND POPULATION

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

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

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

FORM OF GOVERNMENT

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

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

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1987, the seats of the various parties in Parliament are distributed as follows:

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish People's Party 12; The Greens 10; Christian League 8; Rural Party 7; and Liberal Party of Finland 1.

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

INTERNATIONAL RELATIONS

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

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

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

THE ECONOMY

Output and employment. The Finnish economy is essentially based on private enterprise, with over 80 % of manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic product of FIM 431 billion in basic values in 1989, 3 % was generated in agriculture and fishing, 3 % in forestry, 25 % in industry, 9 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 4 % in finance and insurance, 19 % in

other private services and 17 % by producers of government services. Of total employment of 2.5 million persons in 1990, 8 % were engaged in primary production, 31 % in industry and construction and 61 % in services.

In 1990, expenditure on the gross domestic product in purchasers' values amounted to FIM 525 billion and was distributed as follows: net exports -1.4 % (exports 22.8 %, imports -24.2 %), gross fixed capital formation 27 %, private consumption 52 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 38 % and the net tax ratio (net taxes in relation to GDP) 26 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 4.3 % in 1990-89. Finland's GDP per capita in 1989 was USD 23 300. According to preliminary data, this put Finland in second place after Switzerland among the 24 member countries of the OECD.

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

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

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 660 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch. The annual growth increment totals 68 million cubic metres and the total drain calculated on the basis of commercial

fellings was 59 million cubic metres in 1989.

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

FINANCE AND BANKING

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

International payments.

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

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

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

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

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

Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 12 branch offices in other towns.

Other banks (Dec. 31, 1989).

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

Financial markets. Of the total stock of FIM 669 billion in outstanding domestic credit at the end of 1989, 65 % was provided by deposit banks, 3 % by private mortgage banks, 15 % by insurance companies, 5 % by other private credit institutions, 4 % by public financial institutions and 8 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 71 % of the instruments, which totalled approximately FIM 150 billion at end-1989, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 83 listed companies on

the Helsinki Stock Exchange, with a market capitalization value of FIM 125 billion (at end-1989). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1989 totalled FIM 105 billion; government bonds made up 28 % of the total. Turnover on the Stock Exchange in 1989 amounted to FIM 41 billion; the share of shares and subscription rights in the total was approximately 82 %.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1990		1991			
	March 30	Dec. 31	March 8	March 15	March 22	March 31
ASSETS						
Gold and foreign currency claims	33 760	37 307	38 093	38 473	34 537	35 626
Gold	2 180	2 180	2 180	2 180	2 180	2 180
Special drawing rights	791	791	968	977	983	1 001
IMF reserve tranche	910	783	863	871	877	892
Convertible currencies	29 751	33 478	34 013	34 373	30 425	31 483
Tied currencies	128	75	68	72	72	70
Other foreign claims	3 144	2 574	2 502	2 503	2 509	2 514
Markka subscription to Finland's IMF quota	2 126	2 198	2 121	2 121	2 121	2 121
Term credit	1 018	376	381	382	388	393
Claims on financial institutions	36 245	15 190	13 804	14 158	18 009	18 361
Call money credits	704	—	7	324	644	762
Certificates of deposit	22 422	9 411	5 511	4 725	6 447	6 933
Securities with repurchase commitments	—	—	2 124	2 948	4 757	4 896
Term credits	6 531	—	—	—	—	—
Till-money credits	4 002	3 427	3 926	3 926	3 926	3 535
Bonds	2 347	2 115	1 997	1 997	1 997	1 997
Other claims on financial institutions	238	238	238	238	238	238
Claims on the public sector	1 203	1 314	1 352	1 351	1 389	1 388
Bonds	7	0	0	0	0	0
Total coinage	1 196	1 314	1 352	1 351	1 389	1 388
Claims on corporations	2 058	1 678	1 611	1 592	1 582	1 572
Financing of exports	1	—	—	—	—	—
Financing of domestic deliveries (KTR)	1 566	1 223	1 162	1 147	1 137	1 130
Bonds: KTR credits	290	254	248	248	248	244
Bonds: Other	17	8	8	5	5	5
Other claims on corporations	185	193	193	193	192	192
Other assets	109	900	114	114	115	120
Accrued items	—	770	—	—	—	—
Other assets	109	131	114	114	115	120
Total	76 520	58 964	57 476	58 191	58 141	59 581
LIABILITIES						
Foreign currency liabilities	1 156	983	615	723	564	509
Convertible currencies	66	27	37	42	44	42
Tied currencies	1 090	957	578	681	520	467
Other foreign liabilities	2 871	2 938	2 865	2 872	2 877	2 890
IMF markka accounts	2 126	2 198	2 121	2 121	2 121	2 121
Allocations of special drawing rights	745	740	744	751	756	769
Notes and coin in circulation	14 782	14 555	13 198	13 158	13 129	13 412
Notes	13 681	13 399	12 069	12 031	12 000	12 266
Coin	1 101	1 156	1 129	1 127	1 129	1 146
Certificates of deposit	1 050	—	3 270	3 490	3 770	3 770
Liabilities to financial institutions	29 620	17 855	15 969	16 183	15 696	16 153
Call money deposits	8	418	286	500	13	412
Term deposits	2 959	—	—	—	—	—
Cash reserve deposits	26 465	17 401	15 682	15 682	15 682	15 740
Capital import deposits	150	—	—	—	—	—
Other liabilities to financial institutions	38	36	1	1	1	1
Liabilities to the public sector	6 655	1 321	1 321	1 321	1 320	1 320
Cheque accounts	0	1	0	—	—	—
Pension fund deposits	5 053	—	—	—	—	—
Counter-cyclical deposits	1 319	1 317	1 317	1 317	1 317	1 317
Export deposits	280	—	—	—	—	—
Other liabilities to the public sector	3	3	4	4	3	3
Liabilities to corporations	10 617	9 925	9 385	9 291	9 230	9 171
Deposits for investment and ship purchase	10 129	9 925	9 385	9 291	9 230	9 171
Capital import deposits	488	—	—	—	—	—
Other liabilities to corporations	—	—	—	—	—	—
Other liabilities	60	1 774	105	100	102	100
Accrued items	—	1 718	—	—	—	—
Other liabilities	60	56	105	100	102	100
Valuation account and reserves	3 544	3 448	4 984	5 290	5 689	6 493
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	76 520	58 964	57 476	58 191	58 141	59 581

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	23 571	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												
March	2 180	791	910	29 685	33 566	-962	32 604	273	32 877	1 203	6 655	5 452
April	2 180	779	899	30 034	33 892	-920	32 972	-40	32 932	1 217	6 950	5 733
May	2 180	796	902	30 875	34 753	-1 163	33 590	-39	33 551	1 229	7 205	5 976
June	2 180	778	865	30 550	34 373	-1 065	33 308	-40	33 268	1 285	7 205	5 920
July	2 180	771	858	31 272	35 081	-694	34 387	-43	34 344	1 266	6 635	5 369
Aug.	2 180	780	813	31 799	35 572	-684	34 888	-352	34 536	1 281	5 685	4 404
Sept.	2 180	790	823	32 386	36 179	-1 059	35 120	-358	34 762	1 358	4 925	3 567
Oct.	2 180	792	825	33 191	36 988	-1 022	35 966	-363	35 603	1 329	3 970	2 641
Nov.	2 180	783	774	34 015	37 753	-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

End of period	Domestic financial sector						Corporate sector			Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	Terms claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)		
	13	14	15	16	17	18	19	20	21	22	23
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											
March	25 994	696	26 465	4 002	-2 397	6 624	1 857	10 415	-8 558	14 782	1 050
April	24 818	855	26 069	3 770	-2 374	5 748	1 809	10 480	-8 671	13 762	690
May	23 498	-1 008	22 855	3 627	-2 357	5 619	1 761	10 388	-8 627	13 501	630
June	22 911	-480	22 750	3 207	-2 310	5 198	1 706	10 226	-8 520	13 655	40
July	20 057	-485	22 679	3 752	-2 416	3 061	1 662	10 165	-8 503	13 592	40
Aug.	19 123	-787	21 999	3 196	-2 394	1 927	1 632	10 259	-8 627	13 314	40
Sept.	17 754	-527	21 395	3 186	-2 357	1 375	1 588	10 235	-8 647	13 418	—
Oct.	14 501	-236	20 877	3 695	-2 334	-583	1 548	9 902	-8 354	13 392	—
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

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							
March	24 811	4 739	27 435	-7 363	698	-1 365	-5 300
April	16 470	150	17 452	-1 132	305	146	-973
May	15 510	1 610	15 130	-1 230	-998	865	-3 093
June	15 310	250	14 220	840	-8	-536	1 368
July	7 290	—	10 970	-3 680	7	12	-3 685
Aug.	10 230	20	11 440	-1 230	4	306	-1 532
Sept.	11 110	100	11 340	-330	0	-260	-70
Oct.	4 850	50	8 340	-3 540	1	-290	-3 249
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

2.2 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					Total, net (3+4+5)
	Domestic companies		Net (1-2)	Foreign banks, net	Bank of Finland, net	
	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	10 531	3 563	6 967	8 031	205	15 204
1990	11 627	5 130	6 497	10 767	-6 098	11 166
1990						
Feb.	9 073	3 764	5 309	8 215	-1 741	11 783
March	10 328	3 418	6 910	14 739	-2 323	19 326
April	11 327	3 403	7 924	14 493	-5 546	16 871
May	12 591	3 029	9 562	15 073	-8 339	16 296
June	11 858	3 140	8 718	15 692	-8 229	16 181
July	11 694	3 567	8 126	16 094	-8 013	16 207
Aug.	11 504	3 659	7 845	14 059	-7 745	14 159
Sept.	12 407	3 978	8 429	13 037	-6 922	14 544
Oct.	12 136	4 829	7 307	12 719	-6 633	13 393
Nov.	12 305	5 369	6 936	12 561	-6 492	13 005
Dec.	11 627	5 130	6 497	10 767	-6 098	11 166
1991						
Jan.	13 227	6 873	6 354	9 809	-5 260	10 903
Feb.	12 553	8 017	4 536	10 099	-3 028	11 607

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								
March	131	36 855	36 987	1 885	7 299	26 094	35 278	1 709
April	222	26 291	26 513	406	908	26 452	27 766	-1 254
May	175	26 112	26 287	700	654	25 965	27 319	-1 032
June	79	22 624	22 703	534	290	22 848	23 671	-969
July	3	21 435	21 438	542	40	22 748	23 330	-1 892
Aug.	35	19 648	19 683	615	40	22 657	23 312	-3 629
Sept.	18	18 165	18 184	584	17	21 939	22 539	-4 356
Oct.	14	15 893	15 906	974	-	21 378	22 352	-6 445
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

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										
March	8.97	15.08	15.38	15.40	15.37	15.00	4.00	8.50	8.0	.
April	8.86	13.16	13.94	14.33	14.70	15.00	4.00	8.50	8.0	.
May	9.47	12.25	12.77	13.17	13.74	15.00	4.00	8.50	8.0	.
June	8.22	12.07	12.52	13.17	13.79	15.00	4.00	8.50	8.0	.
July	8.23	11.69	12.45	13.01	13.63	15.00	4.00	8.50	8.0	.
Aug.	8.76	12.03	12.51	12.94	13.52	15.00	4.00	8.50	8.0	.
Sept.	9.62	12.59	13.09	13.46	13.93	15.00	4.00	8.50	8.0	.
Oct.	12.48	13.97	14.41	14.57	14.72	15.00	4.00	8.50	8.0	.
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	.

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

Average of daily observations	3 currencies ¹				12 currencies ²			
	1 month	3 months	6 months	12 months	1 month	3 months	6 months	12 months
	1	2	3	4	5	6	7	8
1986	5.9	5.9	5.9	5.8	..	..	..	..
1987	5.4	5.6	5.7	5.8	7.9	8.0	8.1	8.2
1988	5.9	6.0	6.2	6.4	7.8	8.0	8.1	8.3
1989	8.3	8.4	8.5	8.5	9.7	9.8	9.9	9.9
1990	8.9	9.1	9.2	9.4	10.8	10.9	11.1	11.2
1990								
March	8.9	9.1	9.4	9.7	11.2	11.4	11.6	11.8
April	8.8	9.1	9.3	9.7	10.9	11.1	11.3	11.6
May	8.8	9.0	9.2	9.5	10.6	10.7	10.9	11.2
June	8.8	8.9	9.1	9.4	10.5	10.6	10.8	11.0
July	8.9	8.9	9.1	9.2	10.4	10.6	10.7	10.9
Aug.	8.9	9.0	9.2	9.3	10.5	10.7	10.9	11.1
Sept.	8.9	9.0	9.2	9.4	10.5	10.8	11.0	11.2
Oct.	8.8	9.0	9.1	9.2	10.8	10.9	10.9	11.1
Nov.	8.9	9.2	9.2	9.2	11.0	11.1	11.0	11.0
Dec.	9.5	9.4	9.3	9.2	11.2	11.2	11.1	11.0
1991								
Jan.	9.0	9.2	9.3	9.3	10.9	11.0	10.9	10.9
Feb.	8.8	8.8	8.7	8.8	10.4	10.4	10.3	10.3
March	8.7	8.7	8.7	8.8	10.3	10.2	10.1	10.1

3.3 COVERED EURO-DOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1986	12.0	11.6	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.5	9.7	9.9	10.2
1989	11.8	12.0	12.1	12.1
1990	13.2	13.7	13.9	14.1
1990				
March	14.3	14.7	14.8	14.7
April	12.7	13.6	13.9	14.4
May	12.1	12.8	13.2	13.8
June	11.8	12.5	13.0	13.6
July	11.5	12.3	12.9	13.5
Aug.	11.9	12.4	12.8	13.4
Sept.	12.4	13.1	13.3	13.7
Oct.	13.8	14.3	14.4	14.5
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

¹ DEM 60 per cent, USD 30 per cent, GBP 10 per cent.

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

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding				
	New credits			Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	Other tax-exempt deposits, 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											
Feb.	S	S	S	S	12.00	11.89	7.50	4.50	6.36	14.35	8.50
March	14.71	15.64	12.99	13.84	11.94	11.76	7.50	4.50	6.52	14.52	8.53
April	11.92	15.56	13.29	13.61	11.77	11.53	7.50	4.50	6.49	14.05	8.66
May	12.86	15.40	13.17	13.61	11.71	11.44	7.50	4.50	6.40	13.60	8.50
June	13.25	15.36	13.19	13.73	11.66	11.41	7.50	4.50	6.34	13.01	8.26
July	12.73	15.43	13.35	13.84	11.60	11.30	7.50	4.50	6.39	12.94	8.22
Aug.	11.33	15.39	13.24	13.46	11.63	11.34	7.50	4.50	6.42	12.78	8.22
Sept.	12.05	15.51	13.50	13.73	11.70	11.39	7.50	4.50	6.44	12.82	8.28
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

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								
Feb.	13.5	13.0	S	S	S	S	S	12.9
March	13.8	13.4	13.2	13.2	13.3	13.1	8.6	13.0
April	13.8	13.5	13.4	13.3	13.5	13.1	8.7	12.7
May	13.8	13.7	13.1	13.5	13.6	13.5	8.8	13.3
June	13.8	13.7	13.4	13.3	13.3	13.6	8.7	13.1
July	13.8	13.7	13.4	13.3	13.5	13.1	9.0	13.2
Aug.	13.7	13.7	13.4	13.3	13.5	13.1	9.1	13.1
Sept.	13.7	13.6	13.5	13.3	13.4	13.1	9.2	13.0
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

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Frankfurt a.M. 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 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											
March	4.030	3.416	6.561	6.308	0.6548	0.6125	0.6177	2.3648	2.1001	0.11399	2.6677
April	4.000	3.439	6.557	6.362	0.6546	0.6117	0.6217	2.3704	2.1060	0.11472	2.6899
May	3.931	3.351	6.612	6.351	0.6503	0.6111	0.6213	2.3666	2.1041	0.11469	2.7738
June	3.966	3.385	6.780	6.318	0.6516	0.6133	0.6186	2.3540	2.0913	0.11461	2.7822
July	3.848	3.328	6.959	6.300	0.6473	0.6112	0.6166	2.3463	2.0824	0.11404	2.7628
Aug.	3.710	3.245	7.061	6.346	0.6431	0.6106	0.6182	2.3628	2.0973	0.11495	2.8338
Sept.	3.715	3.212	6.993	6.358	0.6451	0.6125	0.6200	2.3667	2.1000	0.11514	2.8450
Oct.	3.627	3.133	7.060	6.386	0.6434	0.6135	0.6235	2.3785	2.1100	0.11559	2.8302
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

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Reykjavik 1 ISK	Madrid 1 ESP	Tokyo 1 JPY	Moscow 1 SUR	Melbourne 1 AUD	ECU 1 XEU	SDR 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	7.228	..	..	5.94432
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	0.03050	6.965	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	0.03273	6.891	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	0.03122	6.817	3.423	4.731	5.49375
1990	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	0.02654	6.553	3.011	4.875	5.18345
1990											
March	0.7021	0.00322	0.3362	0.0270	0.0682	0.0370	0.02634	6.610	3.067	4.827	5.23570
April	0.7072	0.00324	0.3372	0.0270	0.0680	0.0375	0.02528	6.582	3.075	4.847	5.19392
May	0.7044	0.00323	0.3366	0.0270	0.0679	0.0380	0.02562	6.575	3.017	4.849	5.17416
June	0.7011	0.00322	0.3348	0.0271	0.0683	0.0382	0.02582	6.620	3.105	4.850	5.20247
July	0.7009	0.00322	0.3338	0.0270	0.0680	0.0384	0.02581	6.549	3.068	4.856	5.16136
Aug.	0.7057	0.00322	0.3361	0.0270	0.0677	0.0384	0.02519	6.480	3.020	4.899	5.09787
Sept.	0.7081	0.00318	0.3367	0.0270	0.0680	0.0378	0.02681	6.523	3.083	4.898	5.15451
Oct.	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	0.02794	6.500	2.933	4.919	5.16932
Nov.	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	0.02770	6.465	2.782	4.949	5.14440
Dec.	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	0.02706	6.504	2.799	4.963	5.14894
1991											
Jan.	0.7131	0.00323	0.3438	0.0274	0.0685	0.0385	0.02729	6.553	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	0.0691	0.0387	0.02802	..	2.980	4.927	5.29584

4.2 CURRENCY INDICES, 1982=100

Average of daily observations	Bank of Finland currency index	Other currency indices		Currency	Weights of the Bank of Finland currency index As from January 2, 1991
		Payments currency index	MERM index		
	1	2	3		4
1986	103.9	106.3	110.4	USD	8.6
1987	103.3	103.2	106.1	GBP	12.6
1988	102.0	101.1	104.7	SEK	18.6
1989	98.4	98.4	102.8	NOK	4.0
1990	97.3	96.1	97.3	DKK	4.5
				DEM¹	19.4
1990				NLG	5.0
March	97.0	96.8	98.7	BEF	3.3
April	97.0	96.7	98.0	CHF	2.4
May	96.9	96.3	97.5	FRF	6.9
June	97.2	96.7	97.9	ITL	5.2
July	97.1	96.0	96.9	ATS	1.6
Aug.	97.0	95.5	95.7	ESP	2.1
Sept.	97.3	95.6	96.6	JPY	5.7
Oct.	97.7	95.4	96.6		
Nov.	97.7	95.3	96.2		
Dec.	97.9	95.7	96.4		
1991					
Jan.	98.4	96.3	97.0		
Feb.	98.8	96.3	97.0		
March	98.7	97.2	98.9		

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

5. OTHER DOMESTIC FINANCING

5.1 BANK DEPOSITS BY THE PUBLIC, MILL. FIM

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

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
1989*						
Dec.	15 270	5 651	255 410	276 331	71 323	347 654
1990*						
Jan.	17 098	5 545	257 211	279 853	79 984	359 837
Feb.	17 489	5 528	257 444	280 460	78 896	359 357
March	16 766	5 629	256 786	279 181	82 101	361 282
April	17 095	5 666	255 254	278 014	85 607	363 621
May	17 429	5 809	252 263	275 501	90 326	365 827
June	17 659	5 887	258 422	281 968	93 398	375 366
July	17 458	5 842	258 684	281 984	94 753	376 737
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

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	-18 868	407 433	388 565	-77 997	124 295	251 519	272 603
1990*	-82 881	-19 162	448 864	429 702	-80 439	141 524	266 383	291 045
1989*								
Dec.	-59 049	-18 868	407 433	388 565	-77 997	124 295	251 519	272 603
1990*								
Jan.	-55 383	-16 776	420 643	403 866	-86 645	132 626	261 839	288 245
Feb.	-55 962	-18 534	421 808	403 274	-81 927	135 906	265 385	295 331
March	-62 202	-19 004	424 958	405 954	-85 956	127 499	257 796	289 726
April	-66 857	-16 136	426 742	410 606	-86 245	126 520	257 504	289 429
May	-66 737	-15 311	431 336	416 026	-90 636	126 524	258 653	291 815
June	-69 256	-15 410	435 821	420 412	-89 111	130 169	262 044	293 491
July	-68 930	-17 378	437 063	419 685	-91 585	127 416	259 171	291 732
Aug.	-71 996	-17 092	440 238	423 146	-93 279	126 332	257 870	291 948
Sept.	-75 962	-16 321	448 600	432 279	-98 417	128 399	257 900	293 609
Oct.	-76 332	-15 619	448 359	432 739	-98 971	127 713	257 436	291 707
Nov.	-80 013	-16 454	451 262	434 807	-97 051	128 127	257 744	291 414
Dec.	-82 881	-19 162	448 864	429 702	-80 439	141 524	266 383	291 045

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	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	..	..
1990											
Feb.	18 322	729	3 303	22 354	23 122	5 728	—	28 850	51 204	46 060	20 715
March	18 310	663	3 155	22 128	22 403	5 723	—	28 126	50 254	46 432	22 657
April	17 508	666	3 143	21 317	22 136	5 360	—	27 496	48 813	46 853	18 457
May	17 501	503	3 122	21 126	21 734	5 185	—	26 919	48 045	47 206	17 268
June	17 537	502	3 061	21 100	21 827	5 182	—	27 009	48 109	47 558	16 764
July	18 482	499	3 185	22 166	22 061	5 182	—	27 243	49 409	48 006	19 082
Aug.	18 515	501	3 180	22 196	21 978	5 182	120	27 280	49 476	48 222	18 948
Sept.	18 590	502	3 190	22 282	22 126	5 182	300	27 608	49 890	48 158	18 903
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	..	..
1991											
Jan.	21 876	1 290	2 978	26 144	23 483	8 261	285	32 029	58 173	..	..
Feb.	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	..	..

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
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	18 448	4 420	490	1 007	17 791	607	10 607	29 004
1990*									
Feb.	437	2 888	—	—	—	1 976	357	992	3 325
March	602	2 242	—	—	—	980	—	1 864	2 844
April	162	730	—	—	—	620	—	272	892
May	350	481	1 373	340	157	2 170	—	531	2 701
June	273	1 436	—	—	500	1 140	—	1 069	2 209
July	200	550	—	—	150	570	—	330	900
Aug.	431	1 804	270	—	200	2 234	—	471	2 705
Sept.	44	1 810	150	—	—	1 645	250	109	2 004
Oct.	842	485	2 312	—	—	2 772	—	867	3 639
Nov.	64	1 215	165	—	—	435	—	1 009	1 444
Dec.	836	3 990	150	150	—	3 140	—	1 986	5 126
1991*									
Jan.	1 054	4 137	2 000	—	—	5 435	—	1 756	7 191
Feb.	352	900	—	—	—	850	—	402	1 252

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
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
1989*									
IV	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990*									
I	22 820	53 691	27 774	1 531	296	42 697	25 730	37 685	106 112
II	22 072	53 719	27 433	1 803	954	43 651	24 544	37 786	105 981
III	22 386	56 266	26 997	1 691	1 303	47 058	23 623	37 962	108 643
IV	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices										Turnover ² , mill. FIM					
	HEX index (Dec. 28, 1990 = 1000)										Unitas index ¹ , 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-re-stricted	Banks and finance	Insurance and investment	Manu-facturing	Of which									
	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																
March	1 577	1 569	1 653	1 423	1 354	1 658	1 821	1 483	1 779	638	320	715	1 520	599	2 120	
April	1 465	1 455	1 554	1 366	1 271	1 525	1 639	1 370	1 632	594	314	660	850	250	1 100	
May	1 413	1 396	1 541	1 348	1 254	1 452	1 523	1 314	1 581	572	308	632	1 199	632	1 876	
June	1 404	1 388	1 527	1 341	1 237	1 449	1 521	1 314	1 578	567	306	628	804	341	1 101	
July	1 326	1 308	1 468	1 283	1 167	1 380	1 387	1 289	1 511	538	291	598	468	216	684	
Aug.	1 313	1 308	1 358	1 238	1 161	1 372	1 385	1 306	1 487	532	280	594	870	145	1 015	
Sept.	1 162	1 160	1 180	1 073	1 086	1 196	1 211	1 170	1 252	468	241	520	544	172	716	
Oct.	1 042	1 043	1 032	1 037	988	1 043	1 090	1 023	1 049	417	233	455	680	427	1 107	
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	281	1 094	

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

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

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

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

6.2 CAPITAL ACCOUNT, MILL. FIM

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

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

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

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

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

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

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

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
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*			
Feb.	8 028	8 107	-79
March	8 207	8 565	-358
April	9 076	9 916	-840
May	9 034	9 458	-424
June	8 773	8 367	406
July	7 134	7 715	-581
Aug.	7 655	8 185	-530
Sept.	8 514	7 369	1 145
Oct.	8 987	10 107	-1 120
Nov.	8 963	8 379	584
Dec.	8 444	8 530	-86
1991*			
Jan.	7 687	7 531	156
Feb.	7 004	7 264	-260

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*					
1988					
III	113	134	147	123	119
IV	136	137	150	124	121
1989					
I	123	132	156	128	122
II	116	136	155	126	123
III	112	141	155	126	124
IV	134	163	157	126	125
1990*					
I	122	134	154	128	120
II	132	152	154	126	122
III	114	124	155	128	121
IV	130	140	154	133	116

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
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*										
Feb.	666	2 447	830	2 594	1 491	4 054	428	1 577	1 979	69
March	622	2 784	758	2 609	1 434	4 205	478	1 666	2 177	39
April	681	2 815	805	3 301	1 474	4 593	718	2 012	2 403	190
May	849	2 828	812	3 075	1 470	4 641	760	1 782	2 192	83
June	740	2 592	746	3 306	1 389	4 110	768	1 614	1 830	45
July	494	2 423	632	2 478	1 107	3 692	557	1 482	1 899	85
Aug.	514	2 766	824	2 304	1 247	3 902	815	1 503	1 942	23
Sept.	645	2 525	877	2 938	1 529	3 487	974	1 207	1 669	32
Oct.	693	2 871	854	3 008	1 561	4 600	1 743	1 569	2 181	14
Nov.	696	2 849	826	3 095	1 497	4 049	825	1 494	1 951	60
Dec.	594	2 449	746	3 365	1 290	3 824	1 248	1 682	1 715	61
1991*										
Jan.	598	2 392	892	2 411	1 394	3 510	822	1 282	1 815	102
Feb.	555	2 401	830	1 918	1 300	3 667	452	1 221	1 917	7

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1990*		1991* January		1990*		1991* January	
	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	77 535	76.5	6 137	-8.0	82 370	80.0	5 942	-10.0
OECD Europe	68 003	67.1	5 529	8.5	67 618	65.6	4 886	-8.1
Of which:								
Austria	1 117	1.1	84	-19.0	1 401	1.4	79	21.2
Belgium and Luxembourg	2 248	2.2	190	24.3	2 838	2.8	181	-27.2
Denmark	3 538	3.5	288	9.9	3 369	3.3	206	-13.9
France	6 237	6.2	481	-4.1	4 427	4.3	365	-11.0
Federal Republic of Germany ¹	13 004	12.8	1 172	22.8	17 903	17.4	1 202	-17.1
Italy	3 228	3.2	263	28.2	4 765	4.6	304	-20.2
Netherlands	4 348	4.3	363	11.1	3 275	3.2	256	9.3
Norway	3 067	3.0	243	1.6	3 515	3.4	375	92.8
Spain	2 210	2.2	206	33.8	1 159	1.1	111	-9.8
Sweden	14 455	14.3	1 116	-1.5	13 389	13.0	954	-14.5
Switzerland	1 806	1.8	172	32.0	1 804	1.8	138	4.1
United Kingdom	10 724	10.6	777	-4.0	7 849	7.6	540	1.6
Other OECD	9 531	9.4	608	-61.4	14 752	14.3	1 057	-17.7
Of which:								
Canada	1 124	1.1	48	-67.7	809	0.8	53	4.4
Japan	1 445	1.4	117	-9.1	6 628	6.4	484	-20.7
United States	5 898	5.8	383	-69.0	6 976	6.8	493	-17.7
Non-OECD European countries	13 893	13.7	689	-29.7	12 261	11.9	819	-23.4
Of which:								
Soviet Union	12 888	12.7	586	-33.9	10 196	9.9	662	-23.2
Other countries	9 910	9.8	861	-1.1	8 388	8.1	770	18.8
Of which:								
OPEC countries	1 728	1.7	164	12.5	928	0.9	290	583.0
TOTAL	101 338	100.0	7 687	-9.8	103 018	100.0	7 531	-9.5
Of which:								
EEC countries	47 080	46.5	3 884	12.7	47 295	44.9	3 328	-11.4
EFTA countries	20 540	20.3	1 620	0.5	20 179	19.6	1 549	0.1

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*	218 243	77 389	94 252	11 257	14 694	415 835	107 551	128 834	394 552
1990*	218 468	79 798	91 345	12 237	9 313	411 161	109 913	126 699	394 375
1988									
III	52 740	18 882	21 143	3 039	2 352	98 155	26 422	31 224	93 353
IV	53 464	18 993	21 081	2 855	2 388	98 781	27 437	29 724	96 493
1989*									
I	54 006	19 146	21 525	2 771	3 155	100 603	27 828	31 632	96 799
II	54 476	19 283	23 572	2 710	2 306	102 346	25 804	30 125	98 026
III	54 789	19 420	24 255	2 852	4 309	105 625	26 473	32 831	99 267
IV	54 972	19 541	24 901	2 924	4 923	107 260	27 446	34 247	100 460
1990*									
I	54 645	19 736	24 358	3 054	2 491	104 284	27 262	32 566	98 980
II	54 983	19 889	22 695	3 291	3 678	104 537	28 907	33 965	99 479
III	54 691	20 027	22 080	2 969	1 312	101 080	27 512	29 973	98 618
IV	54 148	20 146	22 212	2 923	1 832	101 261	26 232	30 195	97 298

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985 = 100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	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*	113.8	117.2	114.1	115.9	120.7	108.6	110.2
1990*	112.4	114.5	112.4	114.3	119.6	106.3	112.1
1990*							
Jan.	114.3	115.7	113.9	114.5	120.9	108.1	118.3
Feb.	114.8	118.0	114.8	116.3	123.8	107.2	114.9
March	113.9	109.7	114.1	116.6	119.9	108.0	114.0
April	116.1	114.8	115.1	117.5	123.9	110.2	114.0
May	114.2	136.8	114.1	114.1	120.5	108.9	112.0
June	113.5	121.9	114.2	119.5	121.5	106.2	107.0
July	110.7	87.1	111.6	113.5	117.4	106.2	112.3
Aug.	111.3	124.7	111.6	112.4	118.9	105.9	106.9
Sept.	110.7	115.5	110.8	112.8	117.9	104.9	109.3
Oct.	109.2	108.0	108.9	111.6	115.3	103.3	112.4
Nov.	109.1	103.7	108.6	110.6	115.6	103.0	112.8
Dec.	111.2	117.9	111.1	112.4	119.7	104.1	111.7
1991*							
Jan.	108.9	121.8	107.3	106.1	116.3	101.0	119.3

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
1985	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
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	106.8
1988*	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.5
1989*	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.0
1989*								
Dec.	123.0	114.1	..	..	..	..	..	115.1
IV	126.7	115.7	134.8	142.0	138.1	133.4	194.7	116.2
1990*								
Jan.	126.3	113.2	..	..	..	..	..	116.6
Feb.	122.4	102.9	..	..	..	..	..	115.4
March	125.2	119.8	..	..	..	..	..	117.0
April	123.6	115.7	..	..	..	..	..	117.0
May	124.3	113.6	..	..	..	..	..	117.7
June	119.0	112.0	..	..	..	..	..	116.2
July	121.7	113.5	..	..	..	..	..	116.9
Aug.	121.8	112.9	..	..	..	..	..	116.8
Sept.	116.2	107.9	..	..	..	..	..	115.9
Oct.	118.8	111.5	..	..	..	..	..	115.1
Nov.	111.2	109.9	..	..	..	..	..	114.0
Dec.	108.5	107.5	..	..	..	..	..	113.9
I	124.6	112.0	137.9	135.0	154.4	135.3	148.3	116.3
II	122.3	113.7	132.1	130.2	167.0	123.8	167.6	117.0
III	119.9	111.4	119.0	118.9	170.1	107.7	122.5	116.6
IV	112.8	109.6	122.1	117.8	180.7	109.1	146.0	114.3

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors				Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index	
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government			Non-profit institutions	Domes- tic goods		Import- ed goods	Export- ed goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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
1989¹	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
1990¹	148.2	148.4	146.3	149.5	146.9	148.4	127.3	110.9	115.7	93.6	110.0	110.4	109.9	134.5
1989¹														
IV	139.2	140.1	137.2	140.0	135.8	139.2	122.5	108.9	113.4	92.4	109.2	111.5	108.1	128.9
1990¹														
Feb.	..	..	..	..	..	..	125.3	109.2	113.8	92.5	108.9	110.2	108.2	130.8
March	..	..	..	..	..	..	125.7	109.3	114.1	91.9	109.0	110.1	108.5	131.7
April	..	..	..	..	..	..	126.4	109.7	114.7	91.4	109.6	110.4	109.2	134.7
May	..	..	..	..	..	..	127.0	110.5	115.8	91.2	109.8	110.6	109.5	135.0
June	..	..	..	..	..	..	127.3	110.5	115.8	91.3	109.9	110.4	109.6	135.2
July	..	..	..	..	..	..	127.5	110.5	115.8	91.2	110.1	110.6	109.8	135.3
Aug.	..	..	..	..	..	..	128.1	111.5	116.3	94.1	110.4	110.2	110.6	135.4
Sept.	..	..	..	..	..	..	128.8	112.3	116.6	96.5	110.7	110.4	110.8	135.7
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
I	143.0	143.3	140.5	145.8	140.0	144.5	125.2	109.3	113.9	92.5	109.1	110.6	108.4	131.0
II	148.4	148.6	147.2	149.4	147.2	148.3	126.9	110.2	115.4	91.3	109.8	110.5	109.4	135.0
III	148.6	148.7	146.8	149.6	147.6	148.5	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
IV	152.9	152.9	150.7	153.2	152.6	152.1	129.1	112.6	117.0	96.6	110.9	110.3	111.2	136.8
1991¹														
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

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		
%											%
	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	138	5.4
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
1990											
Jan.	68.7	2 560	2 491	379	2 112	219	568	201	1 504	69	2.7
Feb.	69.0	2 574	2 492	370	2 122	215	561	211	1 505	81	3.2
March	68.4	2 550	2 477	360	2 117	211	552	206	1 508	73	2.9
April	68.6	2 558	2 469	364	2 105	212	562	201	1 495	89	3.5
May	68.5	2 556	2 480	361	2 118	203	550	215	1 511	77	3.0
June	68.5	2 559	2 472	354	2 117	201	560	209	1 502	87	3.4
July	68.5	2 558	2 470	360	2 110	209	562	205	1 494	88	3.4
Aug.	67.9	2 537	2 450	349	2 100	201	552	203	1 494	87	3.4
Sept.	68.5	2 563	2 472	359	2 113	201	551	209	1 511	91	3.5
Oct.	68.2	2 554	2 453	353	2 100	204	551	200	1 498	101	3.9
Nov.	67.7	2 538	2 434	355	2 079	205	547	202	1 481	104	4.1
Dec.	68.3	2 560	2 449	349	2 100	200	551	201	1 497	111	4.3
1991											
Jan.	67.9	2 546	2 425	344	2 081	206	534	202	1 483	121	4.8

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

During period	Revenue						Expenditure				
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1985	25 750	47 578	546	10 415	84 290	2 071	86 361	24 835	49 269	21 183	26 866
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
1989											
Nov.	3 199	7 013	47	1 396	11 655	391	12 045	2 942	6 912	2 817	3 944
Dec.	3 518	7 813	-60	2 471	13 742	209	13 951	2 877	7 315	2 752	3 831
1990											
Jan.	3 134	6 035	76	1 244	10 490	4	10 494	3 290	5 810	2 890	2 813
Feb.	3 287	5 580	50	908	9 825	49	9 873	3 170	6 209	2 717	3 181
March	3 073	6 407	50	1 151	10 681	87	10 768	3 274	6 215	3 084	2 937
April	4 165	5 512	53	2 051	11 780	1 567	13 347	3 412	6 995	3 337	3 129
May	3 107	7 592	62	1 650	12 412	337	12 749	3 547	6 974	2 982	3 718
June	3 374	6 942	44	1 278	11 638	142	11 780	3 470	6 329	3 644	2 544
July	4 052	6 765	76	1 294	12 187	14	12 201	4 131	6 660	2 985	3 340
Aug.	3 390	6 584	84	1 337	11 395	297	11 692	3 225	6 222	2 965	3 057
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	4 142
Nov.	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
1985	5 700	4 936	84 739	4 982	89 722	-449	-3 361	3 506	145
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
1989									
Nov.	758	193	10 805	503	11 308	850	737	-387	351
Dec.	1 107	-41	11 258	479	11 736	2 484	2 215	1 063	3 277
1990									
Jan.	371	591	10 062	672	10 735	427	-241	-1 141	-1 382
Feb.	361	150	9 890	382	10 272	-65	-398	-365	-763
March	377	537	10 402	505	10 907	279	-139	-949	-1 088
April	392	639	11 438	2 022	13 459	342	-111	-1 216	-1 328
May	501	929	11 952	772	12 724	461	25	-802	-777
June	536	288	10 622	760	11 382	1 016	398	-16	383
July	487	114	11 392	589	11 981	795	221	1 491	1 712
Aug.	529	322	10 299	557	10 856	1 096	836	95	931
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

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

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

3 RATES OF INTEREST

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

Table 3.2 The rates shown are based on the lending rates quoted for the respective currencies in the Euromarket.

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

Table 3.4 *Lending.* New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month tax-exempt deposits (Column 7): 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 1 percentage point (since December 1989). Other tax-exempt deposits (Column 8): Deposits other than 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 4 percentage points (since January 1989). Up till December 1988, the figures for tax-exempt deposits (Columns 7 and 8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. All markka deposits (Column 9): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 10): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 11); markka deposits by the public

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

Table 3.5 *Secondary market yields.* Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. From June 1990 onwards, the yield on taxable government bonds (Column 3) is calculated by the Bank of Finland as the monthly average of the offered rates quoted daily by the five largest banks. The yield is calculated on a bullet bond due on March 15, 1994 with a coupon rate of 13 per cent. The annual figure for 1990 is calculated as the arithmetic mean of yields on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The yield on taxfree public issues (Column 7) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations are the averages of monthly observations. *The offer yield* on fixed-rate taxable public bonds and debentures (Column 8) is the average yield weighted by issue amounts - in the case of government bonds by amounts sold - on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

4 RATES OF EXCHANGE

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

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

5 OTHER DOMESTIC FINANCING

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

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

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

bank CDs held by the public, other market funding and foreign currency deposits by the public). M_1 (Column 6) = currency in circulation - banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public. M_2 (Column 7) = M_1 + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland). M_3 (Column 8) = M_2 + bank CDs held by the public.

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

Table 5.5 Tables A and B on the markka bond market include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland.

Table 5.6 Source: The Helsinki Stock Exchange.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

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

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

Table 6.3 Net foreign debt (Columns 1-24) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates.

Table 6.4 All direct investments have been placed under the corporate sector (Columns 1 and 6). Other (Column 9) consists mainly of long-term assets of private persons.

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

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

Tables 8.1-8.5 Source: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

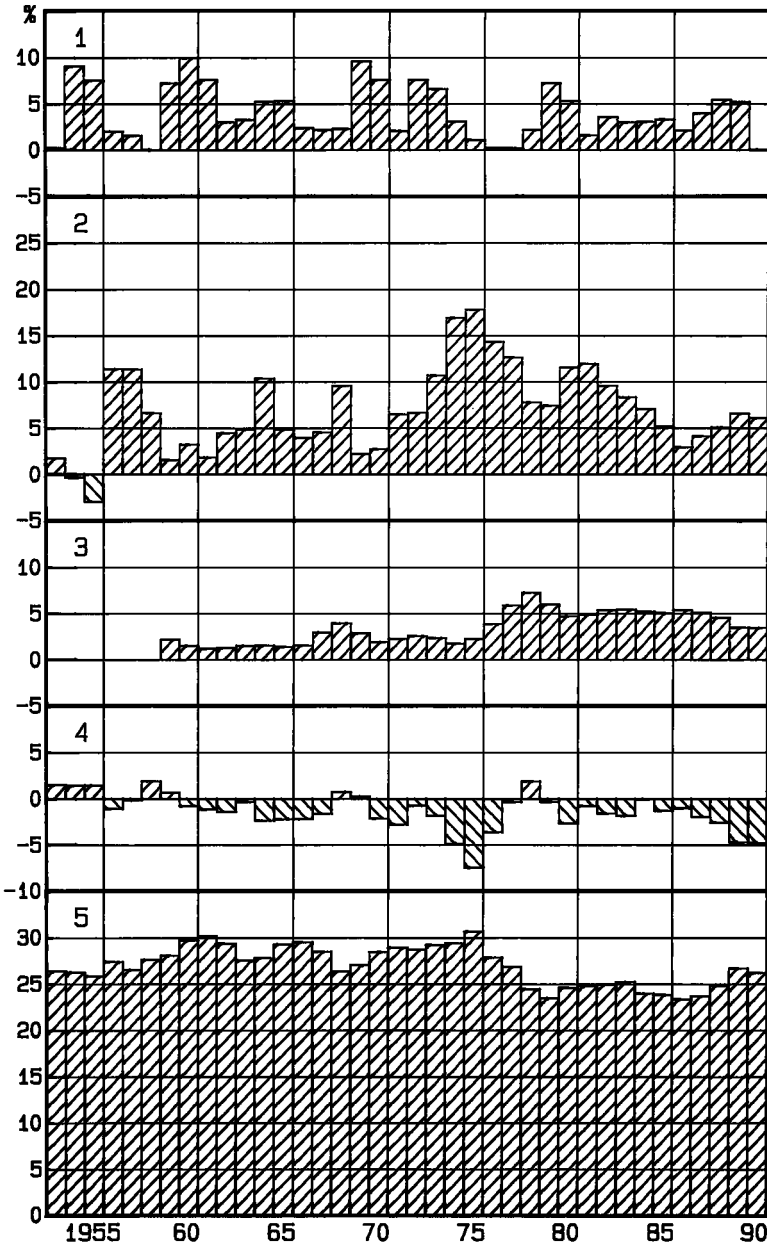
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

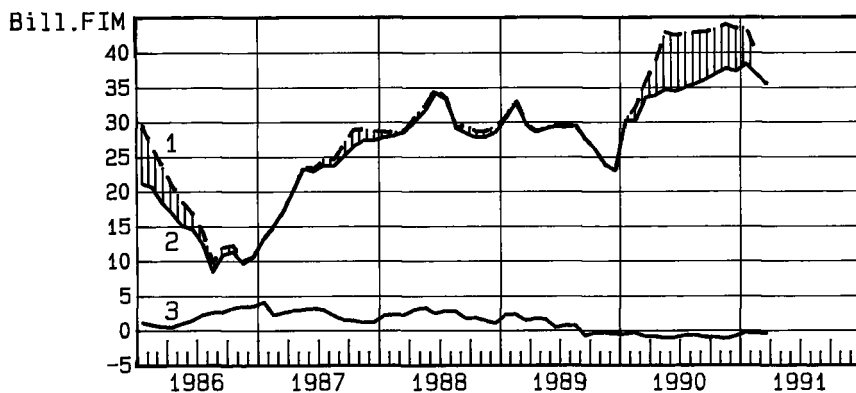
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied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

1. LONG-TERM INDICATORS



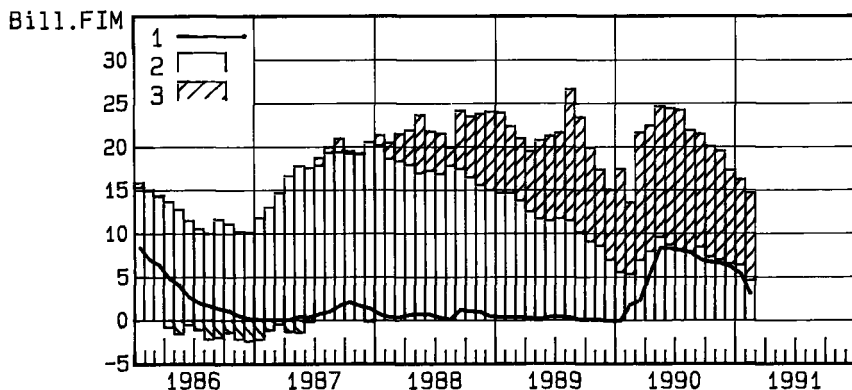
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



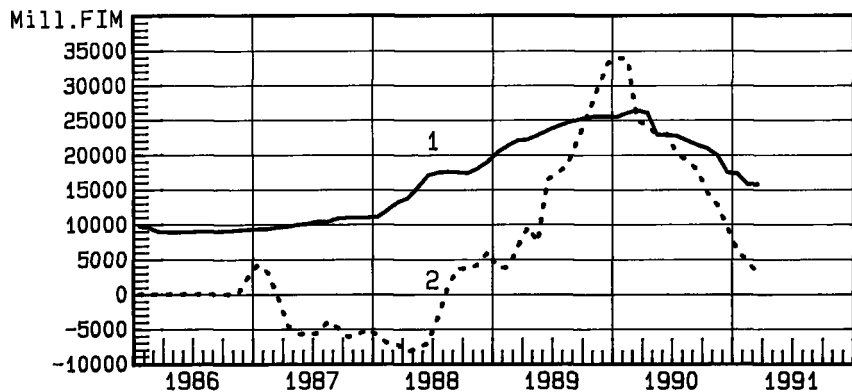
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



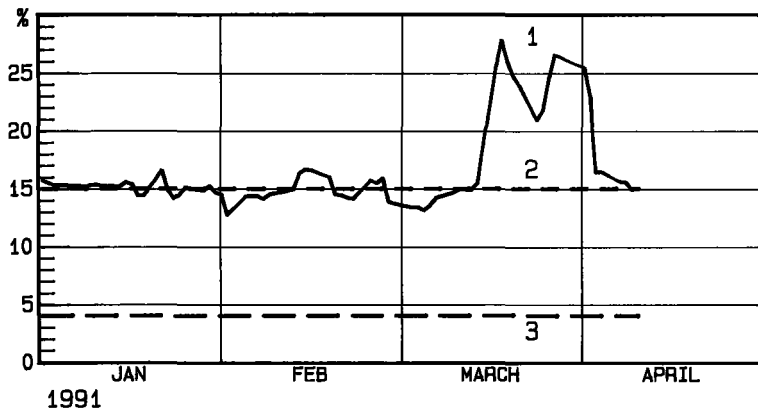
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



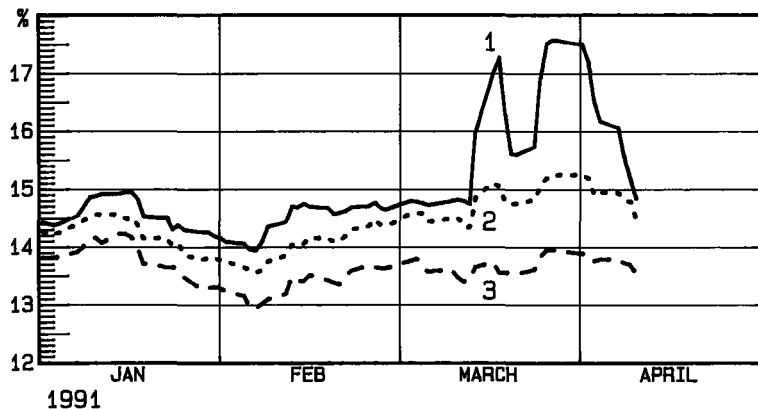
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



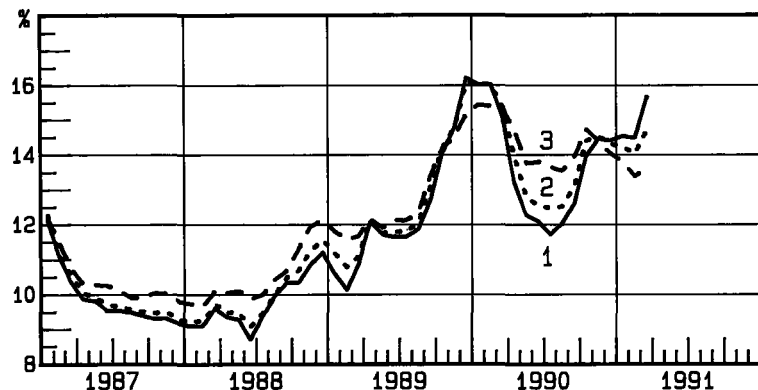
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



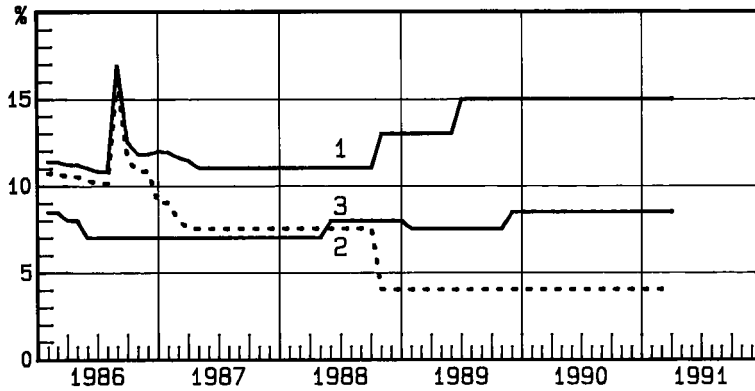
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



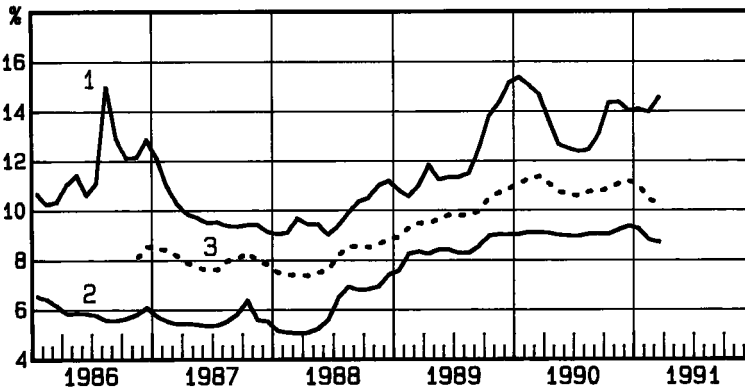
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



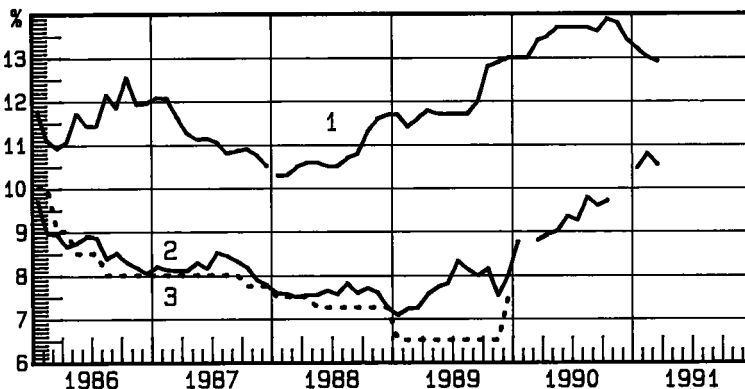
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



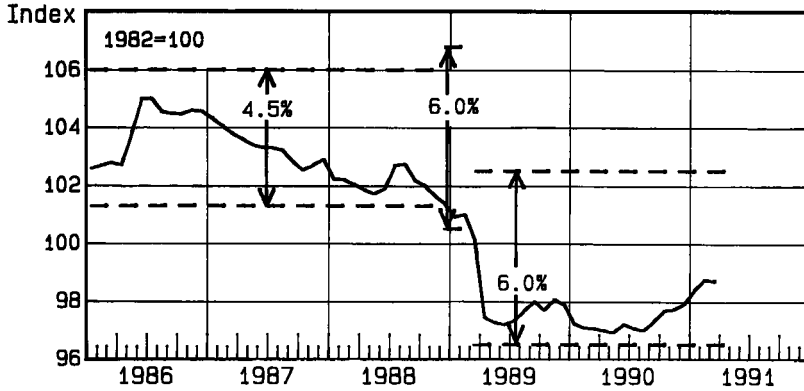
- 1. Covered Eurodollar rate
- 2. 3-currency basket rate (DEM 60 %, USD 30 %, GBP 10 %)
- 3. 14-currency basket rate (Bank of Finland currency index weights)

10. RATES ON BONDS AND DEBENTURES



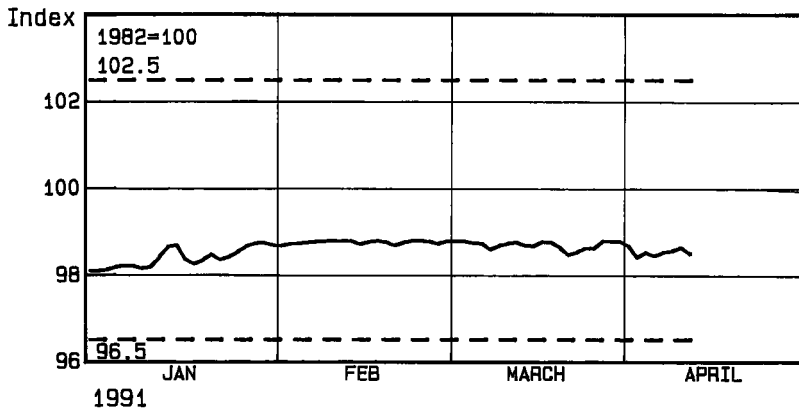
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

11. BANK OF FINLAND CURRENCY INDEX



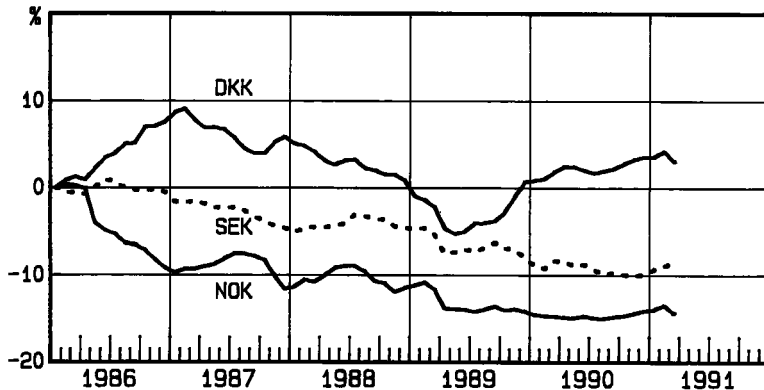
4.5 % and 6.0 % = fluctuation range of the index
Monthly averages

12. BANK OF FINLAND CURRENCY INDEX



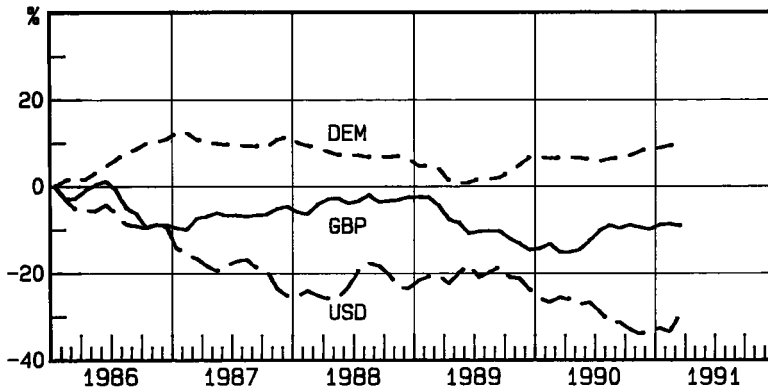
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



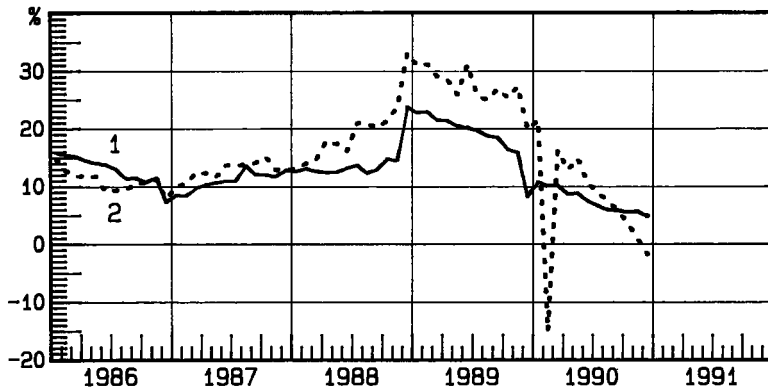
Monthly changes in markka selling rates calculated from the average rates for January 1986

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



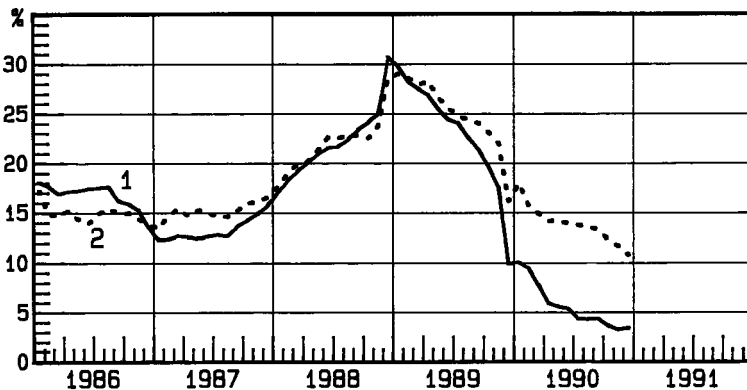
Monthly changes in markka selling rates calculated from the average rates for January 1986

15. BANK DEPOSITS FROM THE PUBLIC



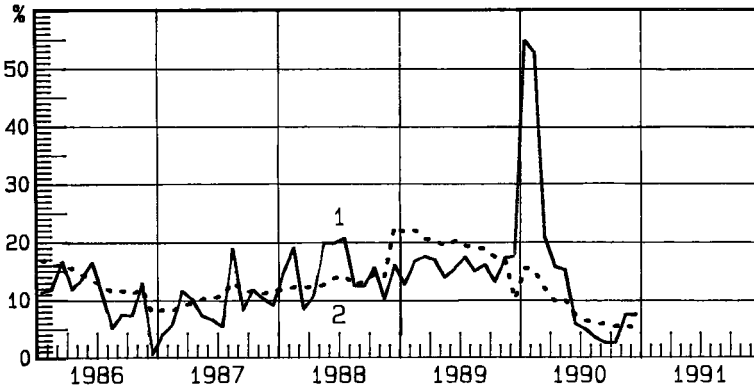
1. Regulated deposits
2. Total deposits
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



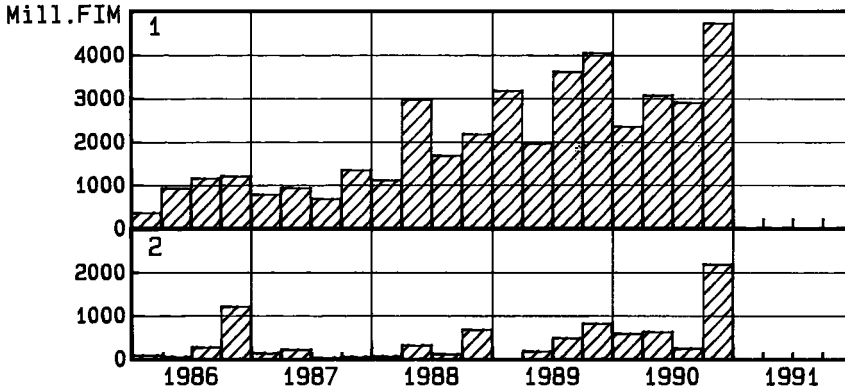
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



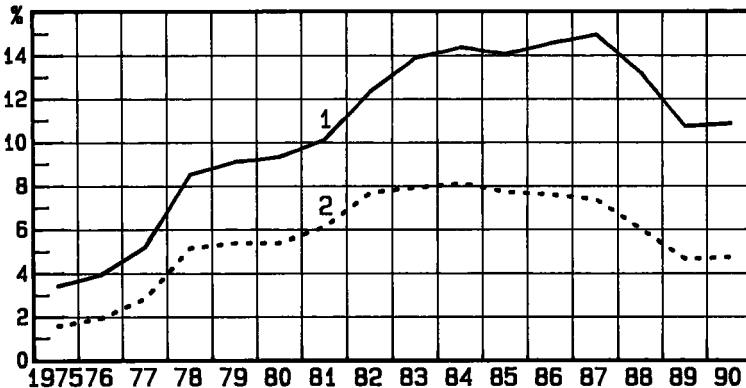
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



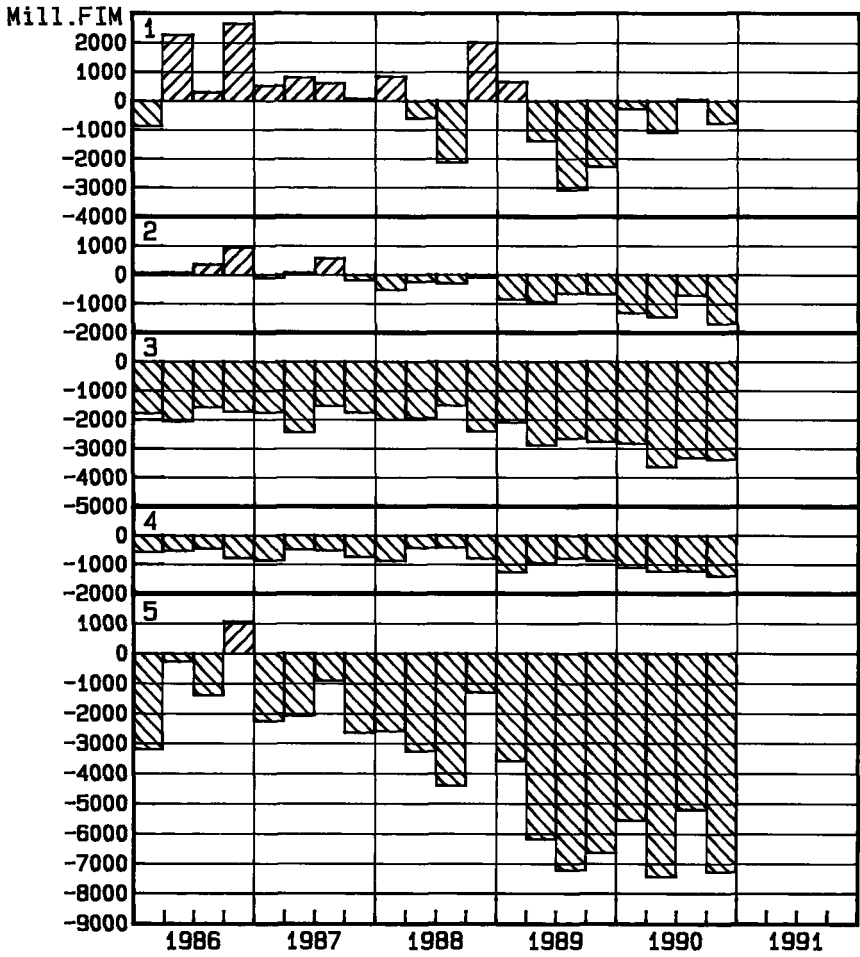
- 1. Finnish direct investment abroad, net
- 2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



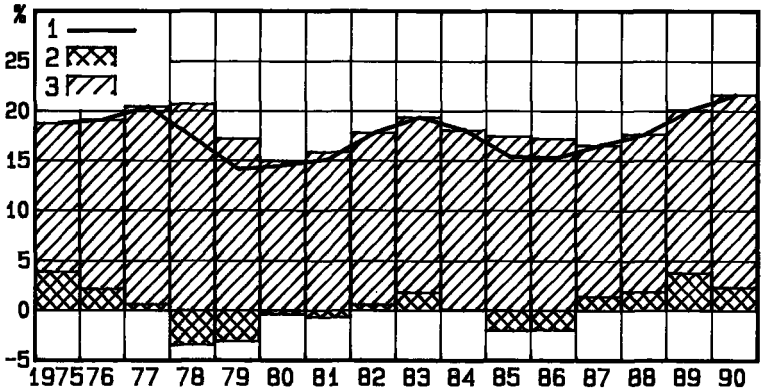
- 1. Total debt
 - 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



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

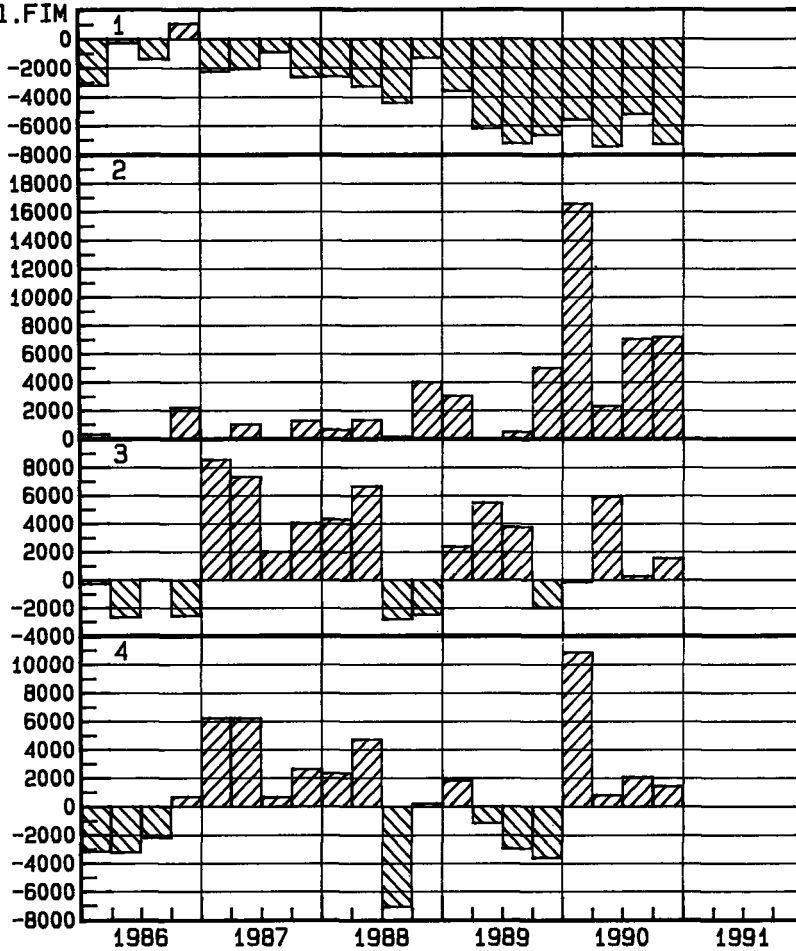
21. FOREIGN DEBT



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

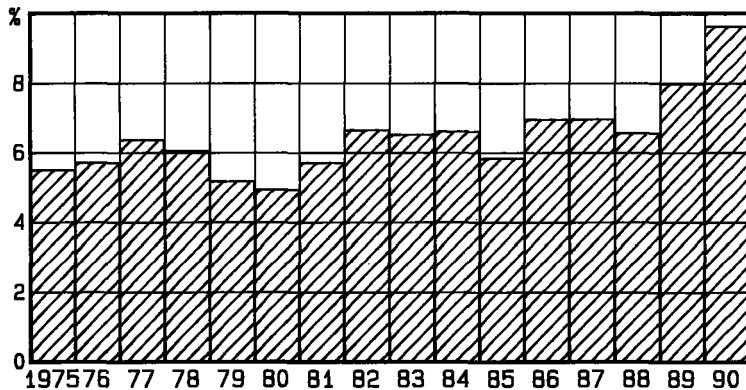
22. BALANCE OF PAYMENTS

Mill.FIM



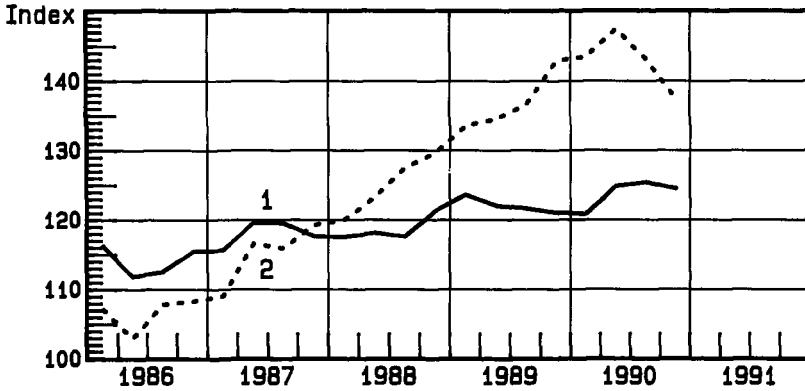
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. NET INVESTMENT EXPENDITURE



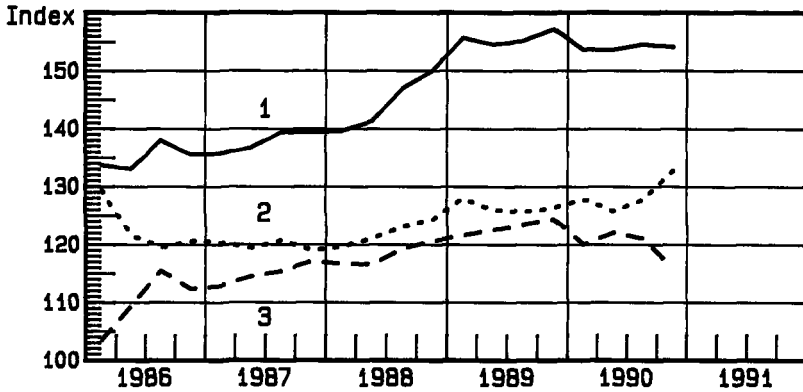
As a percentage of current account receipts

24. FOREIGN TRADE



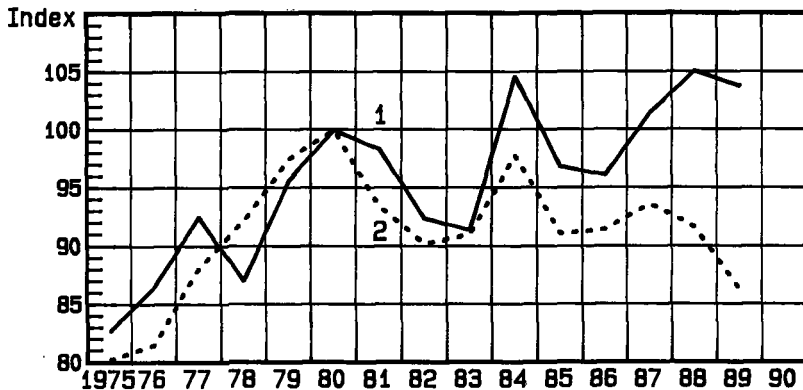
1. Total exports
 2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



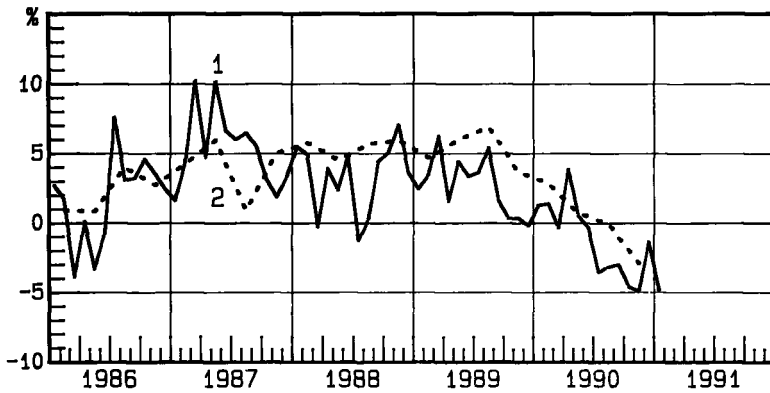
1. Unit value index of exports
 2. Unit value index of imports
 3. Terms of trade
- 1980 = 100

26. FINLAND'S EXPORT PERFORMANCE



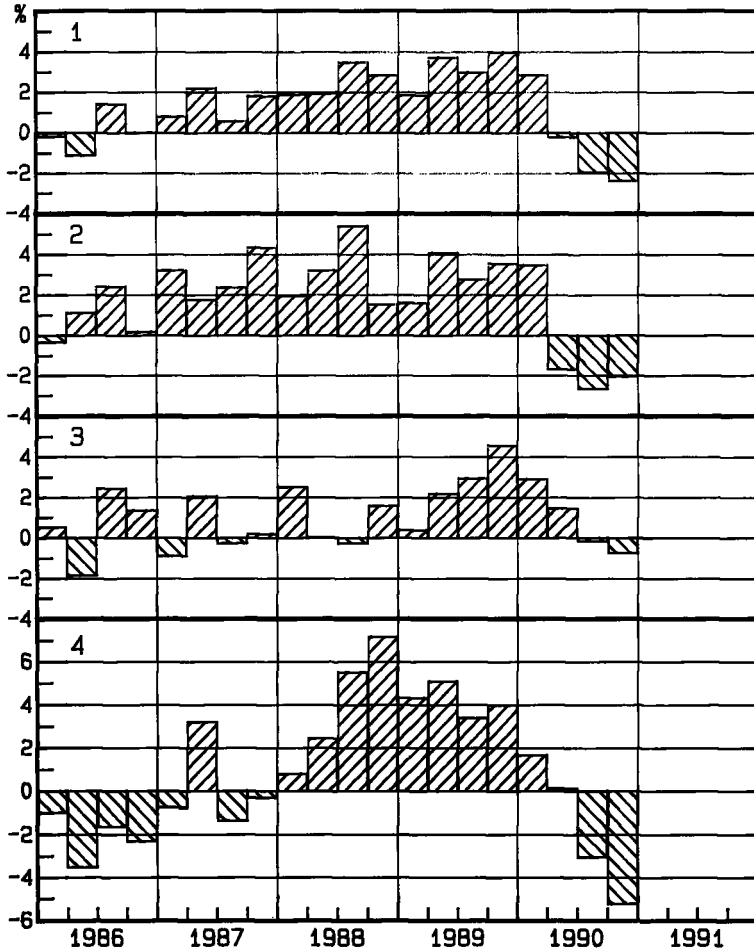
1. Value of exports to western countries in relation to exports of OECD Europe
 2. Volume of western exports in relation to exports of OECD Europe
- 1980 = 100

27. PRODUCTION



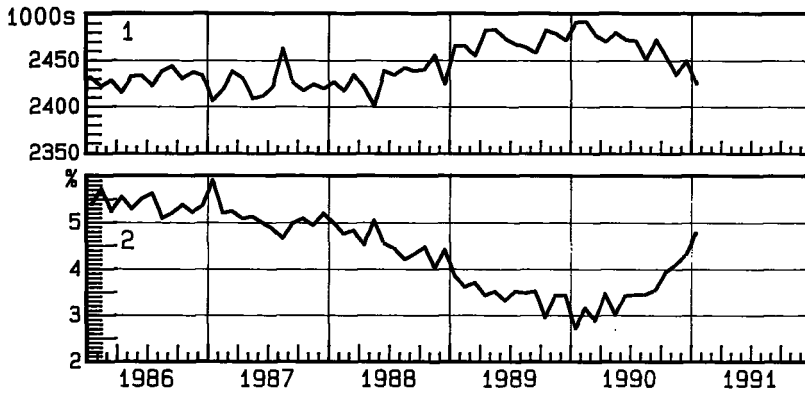
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



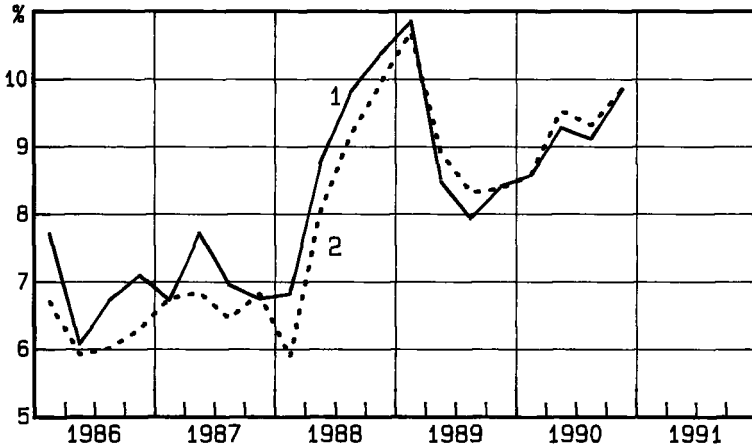
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

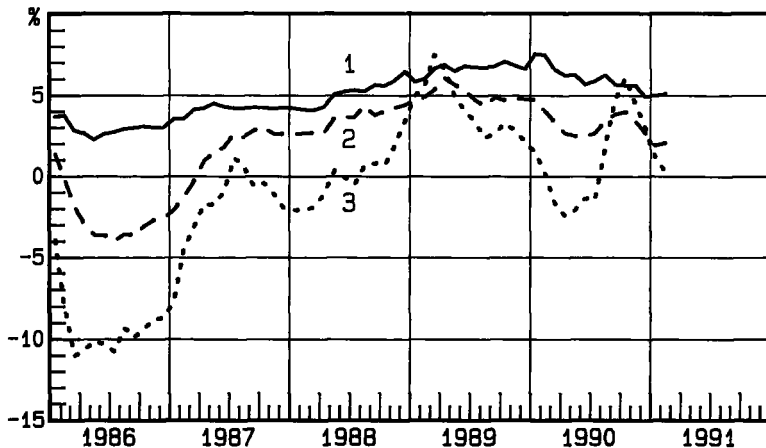


1. Employment, 1000 persons
2. Unemployment rate, per cent

30. PRICES AND WAGES

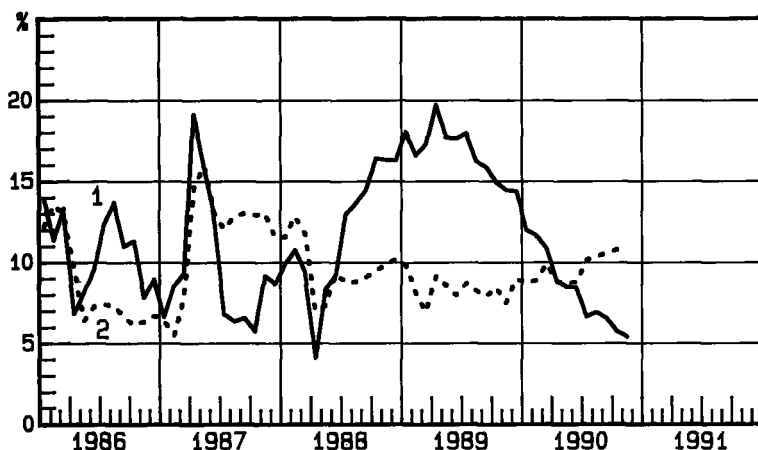


1. Index of wage and salary earnings, all wage and salary earners
 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



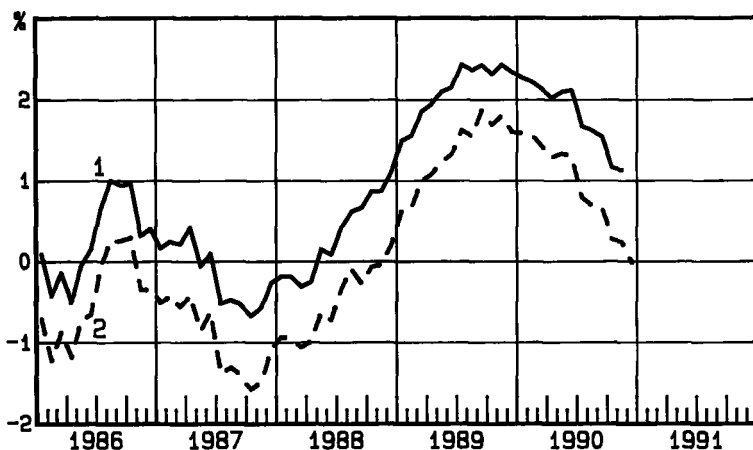
1. Consumer price index
 2. Wholesale price index
 3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

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



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

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

BANK OF FINLAND

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