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Prime Rate as a Reference Rate in
Finland

Demand for Money in Finland

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by Tapio Korhonen

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by Antti Ripatti

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Incomes policy agreement

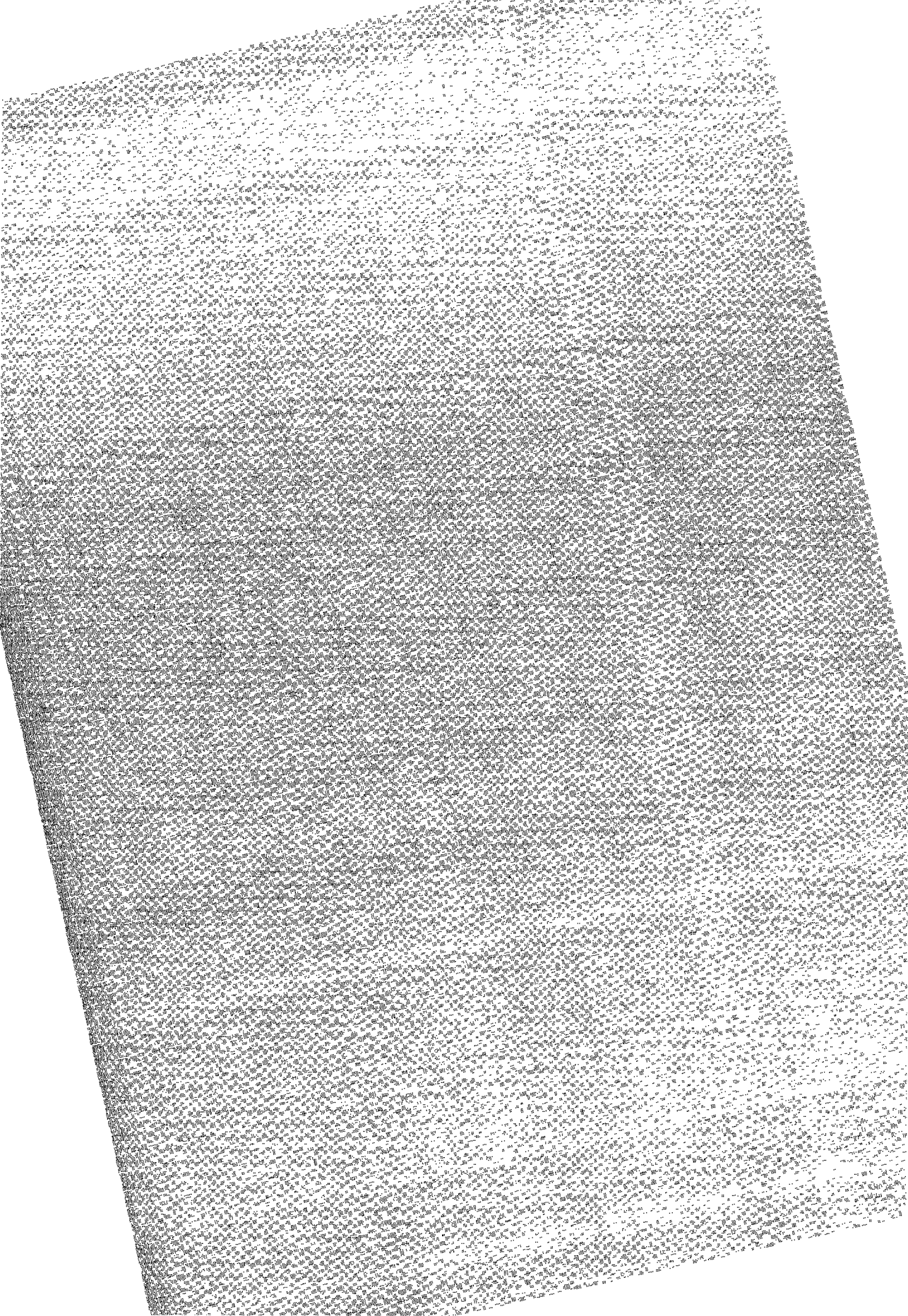
Finland's balance of payments, January-September 1992

Survey of direct investment in 1991

The Bank of Finland to start quoting the Estonian kroon

The 75th anniversary gold and silver coins

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PRIME RATE AS A REFERENCE RATE IN FINLAND

by **Tapio Korhonen**, Head of Office
Central Bank Policy Department
Bank of Finland

REFERENCE RATES

A relatively large number of different reference rates are used in Finland, primarily in banks' deposit-taking and lending. The most important ones have an official status in that they are published by the Bank of Finland. However, HELIBOR rates and long-term reference rates (3- and 5-year) are based completely on market rates, the former on CD rates and the latter on yields on bonds issued or guaranteed by banks. The Bank of Finland's base rate is a genuine administrative reference rate, which used to have a key role in the financial markets. The Parliamentary Supervisory Board decides on changes in the base rate on the proposal of the Board of Management of the Bank of Finland.

Banks already used their own reference rates to a minor extent in the 1980s. Their use became more explicitly defined at the beginning of 1990 when the Bank of Finland decided to allow banks to introduce prime rates as reference rates in both deposit-taking and lending. The Bank of Finland presumed that banks would apply certain uniform principles regarding the definition of prime rate. These principles included the interpretation of prime rate as the lending rate to be charged to first-class customers and the extensive provision of information on interest rates to the public; the Bank of Finland undertook, *inter alia*, to publish the prime rates of different banks and the margins applied to loans and deposits linked to such rates. When prime rates were changed, deposit and lending rates tied to them had to be changed by the same amount.

Postipankki was the only bank to introduce its own prime

rate immediately after this decision and subsequently it has been joined only by the Okobank Group (cooperative banks and Okobank). However, these banks, Postipankki in particular, use prime rate extensively in both their deposit-taking and lending. Like other banks, these banks still use other reference rate systems of their own, based mainly on the overnight rate, to a certain extent. Of all loans tied to banks' own reference rates, loans tied to prime rate account for about three-quarters.

SCOPE OF APPLICATION OF PRIME RATE

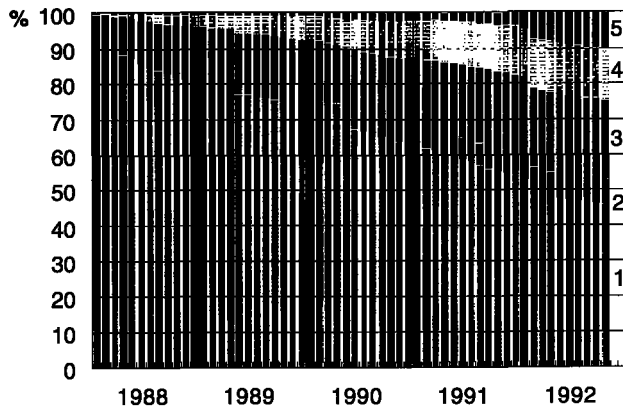
Prime rate in Finland does not correspond very well to its foreign counterparts. Postipankki applies it only to household loans

while the Okobank Group grants loans linked to prime rate mainly to small- and medium-sized companies, in addition to households. Neither is it by itself a very reliable indicator of the cost of borrowing.

Recently, the majority of new loans granted by Postipankki and about half of those granted by the Okobank Group have been linked to prime rate. For all banks, more than one-quarter of new markka loans have been tied to banks' own reference rates. As much as nearly half of new housing loans have been linked to them, which reflects the recent increase in market share by both Postipankki and the Okobank Group. Most of the loans tied to prime rate have fairly long maturities but there are also credit lines, for example, that are tied to it.

CHART 1.

BREAKDOWN OF BANKS' OUTSTANDING MARKKA LOANS BY INTEREST RATE LINKAGE



1. Tied to base rate (incl. fixed-rate until April 1990)
2. Fixed-rate
3. Tied to HELIBOR (1-12 month)
4. Tied to long-term reference rates
5. Tied to own reference rates and other interest rates ("other interest rates" refers to state-subsidized study loans tied to the average rate on deposits)

About one-quarter of Postipankki's and one-tenth of the cooperative banks' outstanding markka loans are tied to prime rate. For the banking sector as a whole, loans tied to banks' own reference rates still account for only about 5 per cent of outstanding markka loans (Chart 1).

On the deposits side, again about 5 per cent of all deposits are tied to banks' own reference rates (Chart 2). However, the proportions of deposits and loans tied to prime rate vary among the banks. Postipankki has distinctly more deposits than loans tied to prime rate whereas the cooperative banks' deposits amount to over half of their loans. One reason for this is that Postipankki has extended the use of prime rate to transactions accounts as well.

The use of prime rates has increased faster than that of any other reference rate during the past few years. HELIBOR rates and long-term reference rates have also acquired a bigger share at the expense of the Bank of Finland's base rate. As late as the latter part of the 1980s, the base rate virtually dominated banks' deposits and loans; now its share has fallen clearly to below half of both outstanding deposits and loans. Lately, only just over 10 per cent of new loans have been tied to base rate. The significance of this administrative interest rate is, in fact, rapidly decreasing owing to its rigidity. The share of fixed-rate bank loans has remained small.

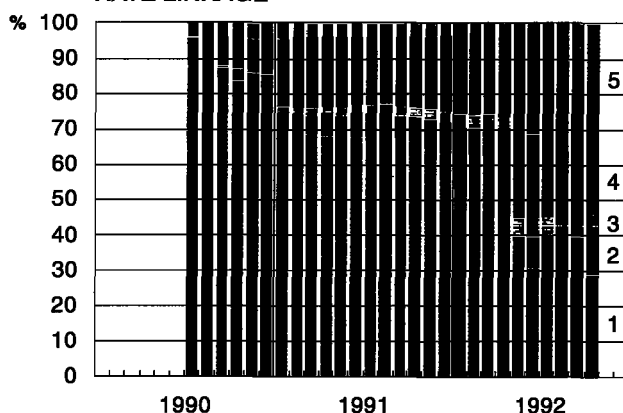
Prime rate is defined as the lending rate applied to loans to top-class customers. As such it is little used in Finland; only 1 or 2 per cent of Postipankki's prime-rate loans have been granted without a margin while the corresponding share for the cooperative banks has been about 5 per cent. All in all, loans granted at prime rate amount to only just under FIM 500 million.

LEVEL OF INTEREST RATES

Because of the small amount of loans granted at prime rate, the prime rate cannot be considered an important indicator of the level

CHART 2.

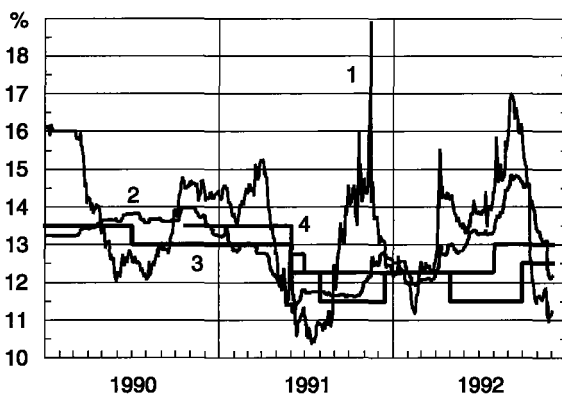
BREAKDOWN OF BANKS' OUTSTANDING MARKKA DEPOSITS BY INTEREST RATE LINKAGE



1. Tied to base rate
2. Tied to HELIBOR
3. Tied to banks' own reference rates
4. Fixed-rate
5. Other (owing to a legislative change includes tax-exempt transactions accounts since May 1992)

CHART 3.

PRIME RATES AND MARKET RATES



1. 3-month HELIBOR
2. 5-year reference rate
3. Postipankki's prime
4. OKOBANK Group's prime

of bank lending rates in Finland. Moreover, prime rates have not followed changes in market rates in a systematic fashion (Chart 3).

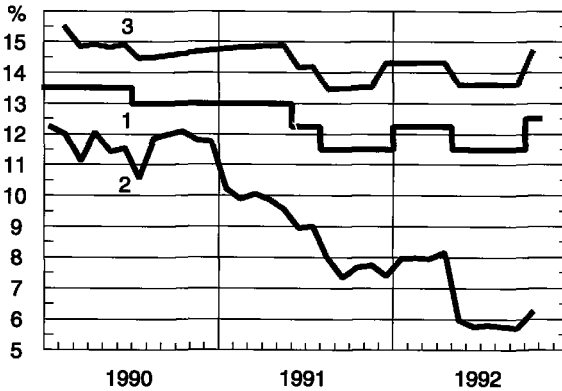
Banks have adjusted their prime rates rather seldom, about twice a year on average. Only once have banks changed it at the same time and both prime rates have been at the same level only for short intervals. The difference between them has some-

times been as much as 1 1/2 percentage points for up to a few months at a time. The changes have not been directly related to the Bank of Finland's decisions on interest rates. Thus prime rates have not been a sensitive indicator of interest rate policy in Finland.

Up until the first few months of 1992, changes in prime rates tended to follow general move-

CHART 4.

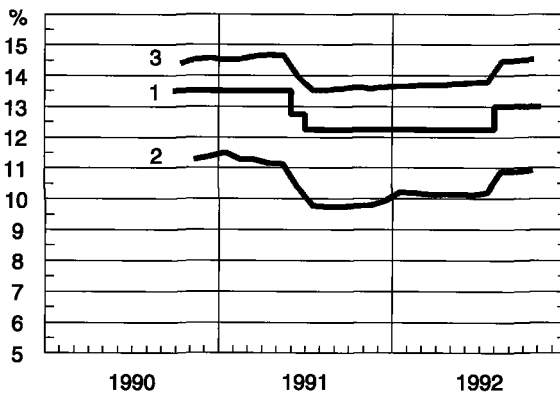
POSTIPANKKI



1. Prime rate
2. Average rate on outstanding deposits tied to prime rate
3. Average rate on outstanding loans tied to prime rate

CHART 5.

OKOBANK GROUP



1. Prime rate
2. Average rate on outstanding deposits tied to prime rate
3. Average rate on outstanding loans tied to prime rate

ments in market rates, usually with a lag of a few months. Furthermore, the level of prime rates was, on average, close to market rates up until the early part of 1992.

This year the linkage of prime rates to market rates has been weaker. Postipankki even lowered its prime rate at the beginning of May when the trend in market rates was upward (Chart 4); true, HELIBOR rates did move temporarily lower right after the bout of speculation in early April. Postipankki kept its prime rate at 11.5 per cent until

the beginning of October, regardless of the fact that market rates were several percentage points higher for many months. It was then raised to 12.5 per cent just when interest rates turned down. Cooperative banks followed market developments more closely and raised their prime rate to 13 per cent at the beginning of August (Chart 5).

The cost of borrowing tied to prime rates has therefore been fairly steady despite the unsettled conditions in the market during the past few years. This corresponds with the original aim of

this system at the time of its introduction. The average rate on new loans as well as that on outstanding loans has varied between 13.5 and 15 per cent. At the same time, the yield on 5-year private bonds has varied between 11.5 and 15 per cent and HELIBOR rates have fluctuated even more.

The interest rate on loans tied to prime rate is usually substantially higher than prime rate. The average margin on loans granted by Postipankki has been about two percentage points and that on loans granted by the Okobank Group slightly less. This difference seems to have largely compensated for the fact that Postipankki's prime rate has, on average, been half a point lower than that applied by the Okobank Group.

As regards deposit rates, the margin on prime rate has been of about the same magnitude as that for loans, ie two percentage points, for the Okobank Group. In Postipankki the margin for deposits tied to prime rate has grown in a trend-like fashion and it has lately been almost 6 percentage points owing to the widespread use of prime rate as a reference rate for transactions accounts.

The sizable differences between market rates and prime rates have at times been reflected in the average interest rate margin. The high level of market rates has been evident in an increase in the average rate on lending and deposits tied to prime rate (without any rise in prime rate itself). The situation seems to have been more or less rectified every time there has been a change in prime rate.

Even the cooperative banks' loans tied to prime rate have usually been more expensive than, for example, funds raised through the issue of 5-year bonds. This reflects the fact that these loans are primarily used by small- and medium-sized companies and households.

This year the differential in relation to market rates has, however, for long periods been just the opposite. In both the cooperative banks and especially Postipank-

ki, financing tied to prime rate has been inexpensive for borrowers considering the circumstances, while depositors have been paid a relatively low rate of interest on their deposits. Interest rate differentials do not, however, seem to have caused significant shifts in deposits or loans. On the contrary, deposits tied to prime rate more than doubled between the beginning of the year and the end of October. Opportunities for arbitrage have been restricted because of the limited availability to companies of financing tied to prime rate.

**CONCLUDING
REMARKS**

The need to introduce prime rates was apparently largely the

result of the rigidity of the base rate and its continuing low level compared with market rates. Banks wanted a reference rate for households which would follow market rates fairly closely but which would nevertheless be more stable.

Personal customers have widely accepted the tying of loans and deposits to prime rate even though in principle the system gives the banks the unilateral right to change the rate of interest. There has been critical public discussion on this matter from time to time. In practice, whether a prime rate or some market rate is used as a bench mark makes little difference from the customer's point of view. Competition and publicity limit banks' freedom quite considerably in this respect.

Most banks have not introduced a prime rate. There would seem to be several reasons for this. The prime rate system is not considered particularly dynamic from the international point of view. Attracting deposits tied to prime rate is regarded as especially difficult. The determination of interest rates is also considered problematic.

1 December 1992

DEMAND FOR MONEY IN FINLAND

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Monetary aggregates are widely used as intermediate targets for monetary policy, especially in countries with a floating exchange rate. The usefulness of monetary targeting depends, of course, on the stability and predictability of the demand for monetary assets. Following the temporary suspension of the markka's ECU peg on 8 September 1992, the question has arisen as to whether monetary aggregates should be substituted for the fixed exchange rate as an intermediate target of Finnish monetary policy.

Given the intention to return to fixed exchange rate policies as soon as conditions in international and domestic financial markets allow and the fact that the shift to a floating exchange rate regime as such is likely to cause unpredictable disturbances in the demand for money, the Bank of Finland has decided to refrain from applying explicit monetary targeting techniques. Rather, maintenance of low inflation has been directly set as the target for monetary policy. It is, however, clear that under a floating exchange regime the relevance of continuous monitoring of monetary aggregates is greatly accentuated because of the information they contain on the state of the financial markets. For this reason, it has become important to know more about the determinants and stability of money demand and to evaluate the causal relationships in the behaviour of Finnish monetary aggregates.

This article is based on an econometric study of the demand for money in Finland by the present author (1992) covering the period from January 1981 to July 1992. The demand for money in Finland is approached from the

point of view of employing monetary aggregates as intermediate targets of monetary policy. Thus the focus is on aspects such as the stability of money demand and the causal links between money, prices, income and interest rates.

The Bank of Finland introduced new definitions of its official monetary aggregates at the beginning of 1991.¹ Narrow money, M1, consists of cash held by the public and cheque, savings and transactions accounts in banks. Broad money, M2, consists of M1 plus other bank deposits, primarily time deposits. The broadest aggregate, M3, which equals M2 plus bank certificates of deposit, is not discussed here.

The traditional *ad hoc* approaches, which divide motives for holding money into transactions, precautionary and speculative motives, have later acquired more solid microeconomic foundations. In theoretical models of money demand the level of money balances usually depends positively on the price level, income and the return on money, and negatively on the opportunity cost of holding money.

There is an extensive literature dealing with the choice of the empirical counterparts of the theoretical variables. For example, money can be measured as a simple sum of the assets it comprises or the assets can be weighted according to their yields. Söderlund (1988) compares the stability of monetary aggregates computed as a simple sum or Divisia-indexes. However, here we only consider the published aggregates, which are simple sums of their components.

¹ See Jokinen (1991) for details.

INSTITUTIONAL CHANGES AND THE DEVELOPMENT OF MONETARY AGGREGATES

Finnish financial markets underwent profound change in the 1980s. The traditional system of credit rationing and interest rate regulation was progressively dismantled in the course of the decade. Firms' increasing sensitivity to the return on their liquid assets led in the early 1980s to the emergence of a grey money market outside the scope of regulatory controls. The Bank of Finland sought to gradually incorporate the market into the official system by allowing banks to pass on a part of the cost of their market-rate funding to their lending rates as from 1983. A major change took place in 1987 when there was a shift in the implementation of monetary policy from reliance on administrative controls to open market operations. By that time, practically all the restrictions on banks' lending rates had been removed.

The liberalization of the forward exchange markets in 1980 linked domestic market interest rates more closely to international rates. Short-term trade-related capital movements were already completely free at that time. The controls on long-term capital movements were gradually dismantled in the late 1980s. The final step was the abolition of the controls on foreign currency borrowing by households in October 1991. This period of rapid change in the financial system was accompanied by changes in the behaviour of money demand.

Monetary aggregates were also affected by major institutional changes such as the reform of capital income taxation. The sharp rise in M2 in December

1988 (see Chart 1) was due to the introduction of a new capital gains tax at the beginning of 1989. Anticipation of the tax boosted activity in the property market, which affected both bank lending and money demand. There was a particularly heavy flow of funds into tax-exempt 24-month time deposits in expectation of the imminent termination of the tax exemption of household deposits. The effects of the subsequent maturing of these 24-month deposits is discernible in the sharp rise in the figure for M1 in December 1990.

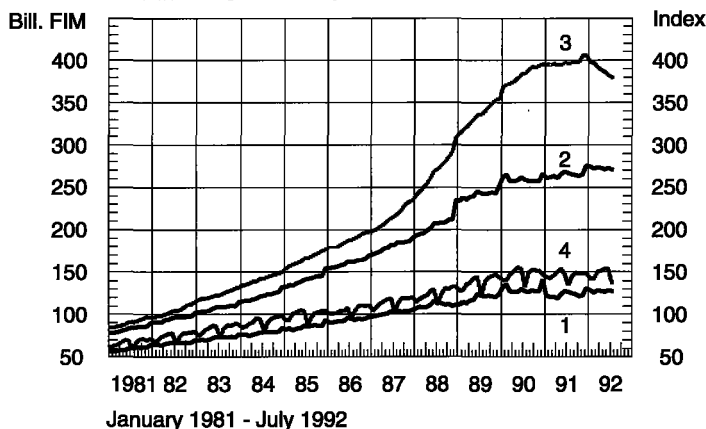
There was a temporary rise in the amount of cash prior to the strike in the banking sector in February 1990. The most important shock to the M1 during the period occurred, however, in connection with the introduction of a final withholding tax of 10 per cent on interest income in January 1991 – 15 per cent since January 1992. As the withholding tax made deposits bearing a high market rate of interest more lucrative than before, part of the money held in savings accounts was converted into time deposits.

The amount of money typically increases strongly in December, when interest income and tax rebates are paid, and in summer, when extra cash is needed for the vacation period. Lately, in 1991 and 1992, the seasonal pattern of M1 has been disturbed by a change in the timetable for tax rebates.

Banks' (markka and foreign currency) lending to the public increased rapidly during the period of deregulation from 1986 to 1989. After the abolition of controls on long-term capital movements, banks' foreign currency lending to firms rose particularly fast, contributing to the expansion of domestic demand and consequently to the growing deficit on current account. The deregulation period was also characterized by the rapid development of new financial markets and instruments, which may have altered the demand for monetary assets.

CHART 1.

M1 AND M2, BANK LENDING AND NOMINAL GDP INDICATOR



1. M1 (left scale)
2. M2 (left scale)
3. Bank lending (left scale)
4. Nominal GDP indicator, 1985 = 100 (right scale)

STABILITY OF MONEY DEMAND

The use of monthly figures in estimation of money demand functions restricts the choice of transaction variables in demand-for-money functions. The natural candidate is the monthly indicator of GDP (referred to here as the GDP volume index), which is a combined index of various indicators such as industrial production, retail sales, consumption of electricity etc. It contains a large seasonal component. The price measure used is the consumer price index. The opportunity cost of money is measured by the covered 3-month Eurodollar rate for the markka.² Short-term interest rates have tended to peak and be quite volatile during periods of exchange rate speculation. There were bouts of speculation in autumn 1986 and again in autumn 1991, and the most recent one started in April 1992. Domestic inflation was also used as an additional cost variable, but it proved insignificant.

Stability of money demand is usually evaluated in terms of the velocity of money, ie the ratio of in-

come to some monetary aggregate. From the point of view of monetary targeting it is desirable that velocity stays constant over time without exhibiting any kind of trend. Usually, more stable relations are achieved by supplementing income with other determinants of money demand. In Finland, the velocity of M1 has been trend-free since 1980 whereas the velocity of M2 has not (Chart 2). The downward-sloping velocity of M2 indicates that M2 is not only transactions-based. Since a major part of it consists of time deposits, the growth of M2 also reflects the growth of financial wealth.

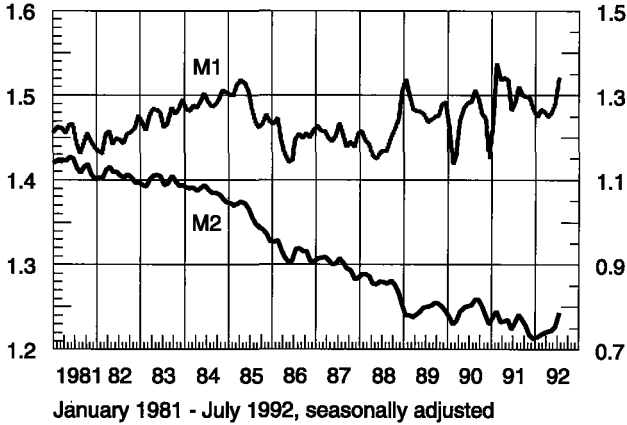
According to the estimation results with Finnish data, a change in the price level causes a proportional change in money. One can therefore analyze real money – money divided by prices – instead of nominal money. The following results are based on the analysis of real money.

A fairly robust and stable relationship between real M1, is real income and interest rates appears to have prevailed during the period examined. When M1 is regressed on interest rates as well as income, it is possible to explain part of the turmoil in velocity in the middle of the 1980s.

² Since the introduction of HELIBOR rates in 1987, the variable has followed 3-month HELIBOR closely.

CHART 2.

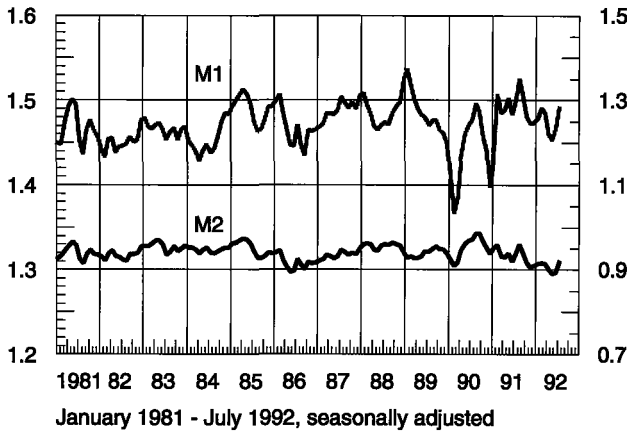
VELOCITIES OF M1 AND M2



In log form
M1 (left scale)
M2 (right scale)

CHART 3.

ADJUSTED VELOCITIES OF M1 AND M2



In log form
M1 (left scale)
M2 (right scale)

due to the deregulation and development of financial markets. The money creation process may have changed during the 1980s as a result of the abolition of the controls on banks' lending and firms' borrowing abroad. Such a money supply effect can be taken into account by regressing M2 on banks' real lending. In that case the transactions elasticity reaches unity. The interest rate elasticities are somewhat smaller than in the case of M1. This seems quite natural given the more illiquid nature of time deposits, the main component of M2. These adjusted velocities are shown in Chart 3. The improvement in the pure velocity figures is quite clear; stability is preserved over the period of financial deregulation.

EFFECTS OF MONEY

Equilibrium in long-run money demand is not usually achieved immediately on account of uncertainties, rigidities, contracts etc. Rather, the actual money series follow error correction processes tending to the long-run equilibrium values. This makes it possible to analyze how excess money, ie the equilibrium error, affects inflation, GDP and interest rates. In the study, inflation, GDP and interest rates were regressed on excess money and other variables and the causal relationships between variables were analyzed. When interpreting the results it should be emphasized that the estimation was done using data from the fixed exchange rate period and that the changes in excess money have been quite small.

A strong result of the analysis of M1 and M2 is that interest rates have not been determined by the demand-for-money variables. Neither money, excess money, prices nor GDP have directly affected the level of short-term interest rates. Rather, movements in short-term interest rates have been determined by foreign interest rates and exchange rate expectations. This gives empirical support for the theory of the small open economy under fixed ex-

Real GDP grew faster than real M1 during the 1980s, implying that less money was needed for more transactions. This may reflect increasing returns to scale in the use of M1 and innovations in the payment system.

The long-term semi-elasticity of M1 with respect to the interest rate is quite high, 1.5, while the short-term semi-elasticity is much lower, only 0.4. This means that a one percentage point change in short-term rates would

cause a 0.004 per cent change in M1 immediately and a 0.015 per cent change in the long run. At the present level of M1 that means changes of approximately FIM 500 million and 2000 million, respectively.

Real M2 has grown nearly two times faster than GDP volume. The transaction elasticity is 1.8, while the "historical" estimates have been around 1.6 (see Suvanto, 1980). One possibility is that this "extra" growth in M2 is

change rates and free capital movements.

Another important result is that excess money has not directly affected inflation either. This result has been confirmed in some other countries, eg Denmark (see Juselius, 1992). On the other hand, the money series statistically lead the real GDP series, but this is probably only due to expected transactions.

In some countries foreign currencies are used as substitutes for the domestic currency for transactions purposes as well. In such cases part of the demand for money is channelled to foreign currencies, and higher foreign interest rates or expected devaluation might attract domestic investors. In the Finnish case currency substitution effects cannot be found in the data for M1 and M2 during the 1980s.

CONCLUSIONS

As might be expected, the monetary aggregates M1 and M2 do not seem to have played an important role under the fixed exchange rate regime. They were determined mainly by transactions and interest rates. The aggregates did not influence prices or interest rates. Money seems to have led transactions, however. This is probably due to the precautionary motive for holding money.

The long-run demand-for-money relationships, especially for M1, seem to have been fairly stable over the estimation period. On the other hand, money demand has been subject to significant and unpredictable short-term shocks caused by changes in capital gains and deposit taxation. Finally, it is also clear that the results reported above are not di-

rectly applicable in a floating exchange rate regime.

7 December 1992

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ITEMS

INCOMES POLICY AGREEMENT

Under the two-year incomes policy agreement reached in November 1991, there were no contractual increases in wages and salaries during the first year. An agreement on pay and related matters for the second year of the contract starting on 1 February 1993 was reached at the end of November 1992. According to the agreement, there will be no contractual increases in wages and salaries next year either. The agreement, like that for the first year, includes an index clause. If, during the period from October 1992 to September 1993, the rise in consumer price index exceeds 4.3 per cent, wages and salaries will be raised by the amount in excess of 3.9 per cent.

FINLAND'S BALANCE OF PAYMENTS, JANUARY-SEPTEMBER 1992

Current account

The current account is improving rapidly. It showed a deficit of FIM 15.2 billion for the first three quarters of this year. This is FIM 3.4 billion less than in the corresponding period a year ago, if calculated according to the same definitions¹. The main contribution to the improvement came from merchandise trade, which registered a surplus of FIM 8.4 billion in January-September, FIM 4.1 billion of which in the third quarter.

MAJOR BALANCE OF PAYMENTS ITEMS IN JANUARY-SEPTEMBER 1992, MILLION FIM¹

	Receipts	Expenditure	Net
Trade (exports fob, imports cif)	77 307	68 906	8 401
Adjustment items	- 1 384	- 1 144	- 240
Trade account	75 923	67 762	8 161
Transport	6 287	3 334	2 954
Travel	4 553	8 308	- 3 755
Other services	4 636	9 513	- 4 877
Services account	15 476	21 154	- 5 678
GOODS AND SERVICES ACCOUNT	91 399	88 917	2 483
Investment income	8 366	22 468	- 14 102
Unrequited transfers	1 117	4 035	- 2 919
Other	2 938	3 565	- 627
A.CURRENT ACCOUNT	103 819	118 985	- 15 166
	Change in assets	Change in liabilities	Net
Loans	- 1 095	- 28	- 1 123
Direct investment	- 6 015	917	- 5 098
Portfolio investment	- 400	22 302	21 902
Other long-term capital	- 371	506	135
B.LONG-TERM CAPITAL ACCOUNT	- 7 880	23 698	15 817
BASIC BALANCE (A+B)			652
Trade credits	- 2 561	5 963	3 402
Short-term capital of banks	- 86	- 22 614	- 22 700
Other short-term capital	1 221	16 008	17 228
Errors and omissions			- 7 438
C.SHORT-TERM CAPITAL ACCOUNT			- 9 507
OVERALL BALANCE (A+B+C)			- 8 856
Change in the foreign exchange reserves of the Bank of Finland			8 856
Assets: increase - , decrease +			
Liabilities: increase + , decrease -			

¹ Preliminary figures.

¹ The 1992 data on reinvested earnings from direct investment are not yet available.

Goods. Compiled on a balance-of-payments basis, the trade account (incl. adjustment items) posted a surplus of FIM 8.2 billion, as against a deficit of FIM 2.5 billion in the first three quarters of last year. The volume of exports increased by a total of 9 per cent. Exports of metal and engineering products grew by 12 per cent and exports of chemical products by one-fifth. The volume of imports was down by 2 per cent from the corresponding period a year ago. Imports of investment goods declined by 13 per cent in volume and imports of consumer goods by 8 per cent. Export prices rose by 5 per cent and import prices by 9 per cent.

Services. The deficit on the services account grew further but the rate of increase slowed. The transport account improved notably, showing a surplus of FIM 3.0 billion. The deficit on the travel account narrowed; receipts rose by 20 per cent and expenditure by only 3 per cent. The deficit on the other services account widened as a result of a rapid increase in expenditure.

Investment income. Interest payments on Finland's foreign debt amounted to FIM 22.5 billion, while interest income from abroad amounted to FIM 8.4 billion. Net interest expenditure remained roughly the same as a year ago, since interest on new loans does not fall due for payment until next year. A fall in foreign interest rates and a change in the structure of outstanding debt have partly offset the effects of the increase in debt and the fall in the value of the markka.

Capital account

Net imports of long-term capital amounted to FIM 15.8 billion while net exports of short-term capital totalled FIM 9.5 billion. As the net inflow of capital did not cover the current account deficit, the Bank of Finland's foreign exchange reserves decreased by FIM 8.9 billion.

Loans. Repayments of long-term non-marketable promissory notes exceeded drawings by FIM 0.4 billion. The banks accounted 12 for FIM 1.5 billion of the capital

outflow. Net drawings of long-term export credits granted to foreign customers amounted to FIM 1.4 billion.

Direct investment. Finnish direct investment abroad totalled FIM 6.0 billion in net terms. Foreign direct investment in Finland amounted to FIM 0.9 billion, net.

Portfolio investment. Net sales of Finnish securities abroad amounted to FIM 22.3 billion. Sales of bonds totalled FIM 22.0 billion. Bonds issued by the public sector were sold to the value of FIM 32.0 billion. By contrast, redemptions and repayments of bonds issued abroad by borrowers in the private sector exceeded new sales of such bonds by a substantial margin. Sales of Finnish shares abroad were insignificant. Finnish investment in foreign bonds and shares amounted to only FIM 0.4 billion.

Short-term capital. Net short-term liabilities related to imports grew by FIM 3.5 billion and prepayments and receivables related to exports by FIM 0.1 billion. Net short-term exports of capital by banks amounted to FIM 22.7 billion. The Bank of Finland raised foreign credit totalling FIM 10.3 billion.

Foreign exchange reserves. The Bank of Finland's foreign exchange reserves fell by FIM 8 856 million and totalled FIM 26 971 million at the end of September.

Net foreign debt

At the end of September, Finland's net foreign debt totalled FIM 220 541 million, of which net long-term debt accounted for FIM 176 658 million and net short-term debt for FIM 43 883 million. The central government's share of net foreign debt was FIM 93 823 million.

SURVEY OF DIRECT INVESTMENT IN 1991²

According to the Bank of Finland's direct investment survey, earnings from Finnish direct investment abroad and from foreign direct investment in Finland

showed a net negative balance of FIM 2.4 billion for Finland in 1991, and accounted for 9 per cent of Finland's current account deficit. At the end of 1991, the book value, ie stock, of Finnish direct investment abroad exceeded the corresponding value of foreign direct investment in Finland by FIM 35.8 billion.

In 1991, the stock of Finnish direct investment abroad increased by FIM 9.4 billion, of which net capital outflows accounted for FIM 4.3 billion and exchange rate changes and other changes in value for FIM 5.1 billion. The stock of foreign direct investment in Finland decreased by FIM 1.2 billion.

Finnish direct investment abroad

Stock of investment³. According to the survey the stock of Finnish enterprises' investments in their subsidiaries and associates abroad amounted to FIM 53.3 billion at the end of 1991, of which the share of investments in shareholders' equity was FIM 39.1 billion. Manufacturing companies accounted for FIM 41.0 billion of the total. The most important manufacturing sector as regards both direct investors and direct investment enterprises was metal and engineering. Enterprises in the finance and insurance sector had direct investments abroad totalling FIM 6.7 billion. Nearly half of the total

² Those Finnish enterprises' foreign subsidiaries and associates whose balance sheet total exceeded FIM 50 million were included in the survey for 1991. These enterprises account for about 90 per cent of the stock of investment abroad. As regards the Finnish subsidiaries and associates of foreign enterprises, the survey covered all manufacturing companies, financial institutions and other large direct investment enterprises. Sampling was applied to small direct investment enterprises.

The data on direct investment stocks and earnings in this notification have been adjusted to reflect the coverage of the survey.

³ The stock has been calculated by adding parent-company loans to the capital account (shareholders' equity + reserves + valuation items) of the direct investment enterprise weighted by the direct investor's ownership share. Since 1991, loans granted to investors by their direct investment enterprises have been deducted from the value of the direct investment stock.

TABLE. DIRECT INVESTMENT EARNINGS AND DIRECT INVESTMENT STOCKS, 1991, MILLION FIM

	Finnish direct investment abroad	Foreign direct investment in Finland
Dividends and interest	1 652	1 125
Reinvested earnings	- 3 855	- 918
Direct investment earnings, total	- 2 203	207
Value of direct investment at end-year	53 285	17 443

stock of direct investment was located in the EC area.

Direct investment earnings. In 1991, Finland had negative direct investment earnings totalling FIM 2 203 million. The losses of manufacturing companies amounted to FIM 1 580 million and those of enterprises in the finance and insurance sector to FIM 689 million.

Direct investment earnings consist of repatriated earnings and reinvested earnings⁴. Finnish companies repatriated FIM 1 652 million in the form of earnings from their foreign subsidiaries and associates, of which FIM 768 million represented dividends and FIM 884 million interest. Finnish-owned subsidiaries and associates did not have any reinvested earnings in net terms. Finnish-owned companies recorded a combined loss, after dividends, of FIM 3 855 million in 1991.

Finnish-owned manufacturing operations abroad. In 1991, the total turnover of Finnish manufacturing companies abroad was FIM 100.4 billion, of which the metal and engineering industries accounted for almost a half. Manufacturing companies employed 136 500 persons abroad.

The survey indicates that the average profitability of Finnish-

owned manufacturing companies, measured in terms of operating income, remained at the level of the previous year. Operating income was 7 per cent of turnover. Measured in terms of net income, average profitability weakened in comparison with the previous year. Net losses were equivalent to 2 per cent of turnover in 1991.

According to the survey, the average profitability of the forest and chemical industries abroad deteriorated in comparison with the previous year. Operating income was 12 per cent of turnover in the forest industries and 8 per cent in the chemical industries. Profitability in the metal and engineering industries, measured in terms of operating income, remained at the level of the previous year, ie 5 per cent.

In 1991, the EC area was the most profitable region for manufacturing as a whole, measured in terms of operating income, although profitability weakened in comparison with the previous year. In the EFTA region profitability improved slightly while in North America profitability remained at the level of the previous year.

There were sharp variations in profitability both across subsidiaries and associates as well as by sector and region. Some 50 per cent of all companies and subgroups reported a net profit. A total five companies and subgroups accounted for about one-quarter of total reported profits and losses.

Foreign direct investment in Finland

Stock of investment. According to the survey, the stock of investments by foreign enterprises in their subsidiaries and associates located in Finland was FIM 17.4 billion at the end of 1991, of which investment in shareholders' equity amounted to FIM 14.0 billion. Manufacturing companies accounted for 45 per cent of the stock of investment, more than half of which was invested in the metal and engineering industries. The share of sales companies in the total stock of investment was 39 per cent. Investment by companies from the EFTA area accounted for 52 per cent of the total stock.

Direct investment earnings. Direct investment earnings totalled FIM 207 million in 1991. Manufacturing companies had earnings amounting to FIM 659 million whereas sales companies had negative earnings of FIM 222 million.

Direct investment earnings consist of remitted earnings and reinvested earnings. Foreign-owned companies remitted FIM 1 125 million to their foreign investors, FIM 867 million in the form of dividends and FIM 258 million in the form of interest. Foreign-owned subsidiaries and associates did not have any reinvested earnings in net terms. Foreign-owned enterprises recorded a combined loss after dividends of FIM 918 million in 1991.

THE BANK OF FINLAND TO START QUOTING THE ESTONIAN KROON

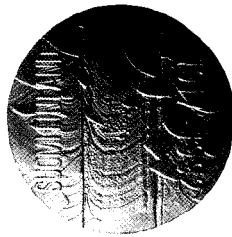
Effective 1 December 1992, the Bank of Finland will include the Estonian kroon among the currencies for which it publishes daily quotations. Like the rates for the other currencies on the list, the rate quoted for the kroon will be the middle rate.

The decision to start quoting the kroon is based on the favourable developments in trade and other economic relations between Estonia and Finland. As 13

⁴ Reinvested earnings are equal to income weighted by the investor's ownership share before adjustment items, excluding dividends paid during the accounting period weighted by the investor's ownership share. Up till 1989, the proposed dividend for the previous accounting period was used instead of dividends paid during the current accounting period.



The gold coin



The silver coin

a result of closer economic contacts, the public's need for information on the kroon's exchange rate has increased.

For some time now, buying and selling rates for the kroon have been quoted in the Finnish banking market. As is the case with other currencies, the Bank of Finland does not engage in foreign exchange dealings with the public in the kroon.

The rate quoted for the kroon by the Bank of Finland will, until further notice, be based on the kroon's fixed rate against the deutschmark (1 DEM = 8 kroons).

THE 75TH ANNIVERSARY GOLD AND SILVER COINS

To commemorate the 75th anniversary of Finnish independence, the Mint of Finland has struck a gold coin in the denomination of 1000 markkaa and a silver coin in the denomination of 100 markkaa.

On the obverse of the 1000 markkaa coin there is a stylized lake scene and on the reverse of the 100 markkaa coin a stylized spruce forest. Both coins bear the inscriptions "1917-1992" and "Suomi Finland". The reverse of

both denominations shows small rectangles depicting shimmering water, as well as the text "1000 mk" and "100 mk", respectively.

The 1000 markkaa issue comprises 35 000 coins and the 100 markkaa issue 300 000 coins. The gold used in the 1000 markkaa coin is from Lapland and the coin is composed of 90 per cent gold, 5 per cent silver and 5 per cent copper. The weight of the coin is 9 grammes and the diameter 22.1 mm.

The silver content of the 100 markkaa coin is 92.5 per cent, the weight 24 grammes and the diameter 35 mm.

The period for advance orders for the 1000 markkaa coin has expired. The 100 markkaa coin was issued on 3 December 1992. Foreign sales are handled by the commercial banks and the Mint of Finland. Both denominations are legal tender.

PUBLICATION OF THE BANK OF FINLAND

The publication "Economic Policy Coordination in an Integrating Europe", edited by Dr Homa Motamen-Scobie of the European Economics and Financial Centre, London, and Dr Christian

C. Starck of the Bank of Finland has been published in the Bank of Finland Publication Series C (C:8), Helsinki 1992, 244 pp. ISBN 951-686-333-7, ISSN 0781-4429.

The publication consists of ten papers presented at an international workshop entitled "Economic Policy Coordination" held at the Bank of Finland in January 1992.

Traditionally, policy coordination efforts have been channelled primarily towards external factors and have been focussed mainly on the trade side and exchange rate management. In the current climate of European integration, however, external considerations go way beyond the issues concerning current account surpluses and deficits.

Indeed, policy coordination is called for in almost every sphere of economic activity across this continent – and in particular for the member countries of the European Community. Checks and balances have to be imposed on all diverging pressures across the participating countries. While effective coordination can prevent such tensions, the risk remains that these tensions could resurface.

The papers collected in this volume – albeit portraying only a cross-section of those presented at the workshop – attest to the diversity, yet depth, of the research carried out at central banks and other institutions. In particular, the papers highlight the increasingly important topic of economic policy coordination.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM JANUARY 1992 TO DECEMBER 1992

JANUARY

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.0 per cent to 3.7 per cent of the cash reserve base at end-December.

APRIL

Interest on cash reserve deposits.

As part of the financial support package for the banking sector, the Parliamentary Supervisory Board raises the rate of interest payable on the banks' cash reserve deposits at the Bank of Finland by one percentage point with effect from 1 April. The new rate is 3-month HELIBOR less two percentage points, not however less than 8 per cent.

Call money credit rate. On 5 April, the Parliamentary Supervisory Board extends the powers of the Bank of Finland to set interest rates. The maximum call money credit rate is raised from 50 per cent to 80 per cent.

The Government Guarantee Fund. The law establishing the Government Guarantee Fund is approved by Parliament on 30 April. The purpose of the fund is to help ensure the stability of deposit banking and secure depositors' claims. The fund is authorized to use up to FIM 20 billion for these purposes. Decisions on possible support measures by the fund are taken by the representatives of the Ministry of Finance, the Banking Supervision Office and the Bank of Finland on the board of the fund.

MAY

Base rate. As part of the financial support package for the banking sector, the

Parliamentary Supervisory Board raises the Bank of Finland's base rate by one percentage point to 9.5 per cent with effect from 1 May. As a result of this decision, the banks are allowed to raise the rate of interest on loans that are tied to the base rate by one percentage point, but the Bank of Finland recommends that the rise should not be applied to rates that are already 12 per cent or more. Owing to an amendment to the law on the tax relief of deposits and bonds, the base-rate rise does not apply to interest rates on tax-exempt deposits.

JUNE

Government Guarantee Fund becomes new owner of Skopbank.

On 12 June, the Parliamentary Supervisory Board approves a deal whereby Scopulus Oy, owned by the Bank of Finland, sells its holdings of Skopbank shares and preferred capital certificates to the Government Guarantee Fund.

Government offer of capital for banks. Based on the decision by the Government in March to make available FIM 8 billion for investment in banks' core capital, the Government makes a formal offer of investment to the banks on 17 June. Capital will be offered to Finnish deposit banks according to their size, as measured by risk-weighted assets and off-balance-sheet commitments calculated according to BIS standards. The capital will be available at two dates, either in August or in December, depending on the preference of the bank.

Government Guarantee Fund supports the Savings Bank of Finland. On 26 June,

the Government Guarantee Fund decides to grant capital support amounting to FIM 5.5 billion and a guarantee of FIM 1.7 billion to the Savings Bank of Finland. The latter will be established in autumn 1992 by merging 41 savings banks.

JULY

The system for regulating bank liquidity changes.

The Bank of Finland decides to replace the existing call money facility by a new system for regulating the supply of bank liquidity with effect from 1 July. The new system differs from that applied hitherto in that deposit and borrowing rates are closer to market interest rates and move in line with changes in market rates. In addition, the Bank of Finland may, at its discretion, extend the maturity of liquidity credit from one day up to four weeks.

Central banks of Finland and EC countries strengthen cooperation.

The central banks of the European Communities and the Bank of Finland decide on 15 July to strengthen their monetary cooperation. The primary means of achieving this is a network of credits available whenever necessary to support the foreign exchange reserves.

AUGUST

Government offer of capital.

Fifty-three savings banks and four commercial banks (Kansallis-Osake-Pankki, Postipankki, Skopbank and STS-Bank) accept, by 14 August, the offer of capital made by the Government. The total amount of capital raised is FIM 4.6 billion.

SEPTEMBER

Floating of the markka. On 8 September, the Bank of Finland decides to temporarily float the markka because of continuing pressure against the currency in the foreign exchange market. The decision is taken with the consent of the Government in accordance with the Currency Act.

OCTOBER

Cash reserve requirement. The Bank of Finland raises the banks' cash reserve requirement from 3.7 per cent to 4.0 per cent of the cash reserve base at end-September.

Termination of payments agreement. The payments

agreement between Finland and Bulgaria is terminated on 16 October. Immediately after this, the effecting of clearing payments is discontinued, the clearing accounts are closed and there is a changeover to the use of convertible currencies in trade between the two countries.

NOVEMBER

Cash reserve requirement. The Bank of Finland raises the banks' cash reserve requirement from 4.0 per cent to 4.5 per cent of the cash reserve base at end-October.

Till-money credits. The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not financed by the Bank of Finland

under the till-money credit arrangement. The combined total of base amounts is raised to 20 per cent of currency in circulation with the public. The combined total of the banks' base amounts rises by FIM 597 million and amounts to FIM 1 791 million as from the last business day in November.

DECEMBER

Cash reserve requirement. The Bank of Finland raises the banks' cash reserve requirement from 4.5 per cent to 5.0 per cent of the cash reserve base at end-November.

Visiting Scholars Programme

BANK OF FINLAND

The Bank of Finland welcomes applications from foreign scholars for a post available to academic visitors during 1993.

A visiting scholar would be expected to conduct research on a subject relevant to the field of monetary / financial economics and policy, as agreed between the applicant and the Research Department. The results of the research could be presented in a report, publishable in the Bank's series; the scholar would also be expected to participate in the exchange of comments and advice among researchers working at the Bank.

The department is willing to consider both short and long-term (up to one year) visits. Normally, only one scholar could be received at any one time.

Remuneration for visiting scholars will be determined on the basis of the research experience of the selected applicant.

Persons interested in applying are invited to write to Dr. Heikki Koskenkylä, Head of the Research Department, enclosing a CV and specifying their academic and research background, suggestions for research topics and salary requirement. The address is:

**Research Department
BANK OF FINLAND
P.O.Box 160
SF-00101 Helsinki, Finland**

LAND, CLIMATE AND POPULATION

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

Finland has a population of 5 029 300 (1 January 1992) and an average population density of 16.5 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 497 400 inhabitants, Espoo (Esbo) 175 700, Tampere (Tammerfors) 174 150, Turku (Åbo) 159 500 and Vantaa (Vanda) 157 450.

There are two official languages: 93.5 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

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

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

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

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish

18 People's Party 12; The Greens 10;

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

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

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

INTERNATIONAL RELATIONS

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. In spring 1992, Finland signed the agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Community, and submitted her application for membership of the European Community. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

THE ECONOMY

Output and employment. Of the gross domestic product of FIM 440 billion in basic values in 1991, 3 % was generated in agriculture and fishing, 2 % in forestry, 21 % in industry, 8 % in construction, 10 % in trade, restaurants and hotels, 8 % in transport and communications, 4 % in finance and insurance, 22 % in other private services and 21 % by producers of government services. Of total employment of 2.3

million persons in 1991, 8 % were engaged in primary production, 29 % in industry and construction and 63% in services.

In 1991, expenditure on the gross domestic product in purchasers' values amounted to FIM 503 billion and was distributed as follows: net exports -0.6 % (exports 21.8 %, imports -22.4 %), gross fixed capital formation 23 %, private consumption 55 % and government consumption 24 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 37 % and the net tax ratio (net taxes in relation to GDP) 20 %, 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 4.0 % in 1990-91. Finland's GDP per capita in 1991 was USD 24 800.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1987-91, their share was, on average, 76.6 per cent, of which the share of EC countries was 45.5 percentage points and that of EFTA countries 20.8 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 14.1 per cent and the rest of the world for 9.3 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1991, the share of forest industry products in total merchandise exports was 40 %, the share of metal and engineering products 41 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 56 % of merchandise imports, fuels for 4 %, investment goods for 16 % and consumption goods for 24 %.

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

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 43 million cubic metres in 1991.

Energy. In 1991, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 44 %, heating for 22 %, transportation for 14 % and other purposes for 20 %. The sources of primary energy in 1991 were as follows: oil 29 %, coal 12 %, nuclear power 15 %, hydro-electric

power, peat and other indigenous sources 30 %, others 14 %. Compared internationally (1990), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 39 %, as compared with 60 % in western Europe on average.

FINANCE AND BANKING

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

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.

The remaining exchange controls were dismantled as from 1 October 1991.

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

With effect from 1 January 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 and determination of the external value of the currency within the fluctuation limits. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 8 branch offices in other towns.

Other banks (31 December 1991). Finland has three major groups of deposit banks with a total of more than

3 000 offices. There are three big commercial banks with national branch networks and ten smaller ones, two of which are foreign-owned. The commercial banks have a total of 32 foreign branches, subsidiaries and associate banks and 27 representative offices abroad. There are 86 savings banks and 328 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

Financial market. Of the total stock of FIM 776 billion in outstanding domestic credit at the end of 1991, 62 % was provided by deposit banks, 3 % by private mortgage banks, 17 % by insurance companies, 4 % by other private credit institutions, 4 % by public financial institutions and 9 % 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, 81 % of the instruments, which totalled approximately FIM 150 billion at end-1991, 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 65 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 64 billion (at end-1991). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1991 totalled FIM 145 billion; government bonds made up 24 % of the total. Turnover on the Stock Exchange in 1991 amounted to FIM 8 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

	1991		1992		
	31 Dec.	6 Nov.	13 Nov.	23 Nov.	30 Nov.
ASSETS					
Gold and foreign currency claims	33 662	35 452	32 137	36 911	38 152
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	932	1 020	1 038	553	552
IMF reserve tranche	1 136	1 373	1 379	1 912	1 908
Convertible currencies	29 381	30 879	27 540	32 266	33 512
Tied currencies	34	—	—	—	—
Other foreign claims	2 690	2 714	2 713	4 215	4 210
Markka subscription to Finland's IMF quota	2 260	2 330	2 330	3 814	3 814
Term credit	430	384	384	401	396
Claims on financial institutions	17 413	11 283	10 022	10 327	15 642
Liquidity credits	—	83	—	0	1 914
Certificates of deposit	9 157	4 316	2 966	3 779	5 790
Securities with repurchase commitments	2 725	1 710	1 661	1 376	3 421
Term credits	—	—	220	—	—
Till-money credits	3 528	3 432	3 432	3 432	2 778
Bonds	1 765	1 505	1 505	1 502	1 502
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	1 375	8 481	8 500	5 408	1 466
Bonds	3	—	—	—	—
Loans to the Government Guarantee Fund	—	7 052	7 052	3 942	—
Total coinage	1 372	1 428	1 447	1 466	1 466
Claims on corporations	1 288	1 517	1 512	1 502	1 499
Financing of domestic deliveries (KTR)	879	634	632	623	620
Bonds: KTR credits	207	171	168	168	167
Bonds: Other	2	500	500	500	500
Other claims on corporations	201	211	211	211	211
Other assets	2 916	9 720	9 720	9 719	9 724
Loans for stabilizing the money market	1 730	9 574	9 574	9 574	9 574
Accrued items	1 034	—	—	—	—
Other assets	153	146	146	145	150
Total	59 346	69 166	64 604	68 082	70 692
LIABILITIES					
Foreign currency liabilities	46	44	47	38	38
Convertible currencies	45	44	47	38	38
Tied currencies	1	—	—	—	—
Other foreign liabilities	3 102	14 503	8 292	9 849	7 068
IMF markka accounts	2 260	2 330	2 330	3 814	3 814
Allocations of special drawing rights	843	983	987	1 007	1 005
Other foreign liabilities	—	11 190	4 974	5 029	2 250
Notes and coin in circulation	14 528	13 517	13 481	13 573	14 062
Notes	13 306	12 282	12 226	12 295	12 779
Coin	1 222	1 235	1 255	1 278	1 282
Certificates of deposit	8 880	12 540	13 920	13 340	14 885
Liabilities to financial institutions	12 567	11 538	12 266	13 498	11 941
Call money deposits	2 206	1 116	1 844	3 075	39
Cash reserve deposits	10 361	10 421	10 421	10 421	11 900
Other liabilities to financial institutions	0	1	1	1	3
Liabilities to the public sector	3	50	50	50	6 173
Cheque accounts	—	2	2	2	2
Deposits of the Government Guarantee Fund	—	—	—	—	6 171
Other liabilities to the public sector	3	48	48	48	—
Liabilities to corporations	7 057	3 978	3 969	3 956	3 949
Deposits for investment and ship purchase	7 057	3 978	3 969	3 956	3 949
Other liabilities to corporations	—	—	—	—	—
Other liabilities	1 682	411	382	258	258
Accrued items	1 584	—	—	—	—
Other liabilities	98	411	382	258	258
Valuation account and reserves	5 715	6 820	6 432	7 756	6 556
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—
Total	59 346	69 166	64 604	68 082	70 692

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net claims (10-11)
	1	2	3	4	5	6	7	8	9	10	11	12
1987	2 128	899	793	23 571	27 391	1 212	28 604	1 131	29 735	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	22 312	440	22 752	1 137	5 325	- 4 188
1990	2 180	791	783	33 451	37 205	- 882	36 324	- 364	35 960	1 314	1 321	- 7
1991	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
1991												
Nov.	2 180	954	1 193	19 868	24 195	38	24 231	- 419	23 812	1 388	3	1 385
Dec.	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
1992												
Jan.	2 180	946	1 234	29 512	33 872	30	33 901	- 482	33 419	1 379	4	1 375
Feb.	2 180	1 070	1 232	29 834	34 316	27	34 343	- 490	33 853	1 382	4	1 378
March	2 180	1 198	1 201	28 522	33 101	24	33 124	- 532	32 592	1 383	4	1 379
April	2 180	1 199	1 242	22 981	27 602	21	27 622	- 540	27 082	1 387	4	1 383
May	2 180	1 045	1 235	27 547	32 007	17	32 025	- 545	31 480	1 397	4	1 393
June	2 180	1 007	1 200	26 724	31 111	14	31 125	- 538	30 587	2 920	4	2 916
July	2 180	942	1 280	27 033	31 435	8	31 443	- 526	30 917	2 904	4	2 900
Aug.	2 180	861	1 195	18 830	23 066	0	23 066	- 2 449	20 617	4 404	4	4 400
Sept.	2 180	1 001	1 328	22 470	26 979	- 7	26 970	- 11 206	15 764	8 480	38	8 442
Oct.	2 180	1 025	1 360	29 610	34 175	-	34 175	- 11 797	22 378	8 507	51	8 456
Nov.	2 180	552	1 908	33 474	38 114	-	38 114	- 2 858	35 256	1 466	6 173	- 4 707

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Liquidity position of deposit banks, net ¹	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other claims on financial institutions, net	Net claims (13+14+15+16+17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19+20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
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	-
1991	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880
1991											
Nov.	20 743	- 1 580	- 10 276	3 519	2 064	14 470	1 120	- 7 457	- 6 337	13 490	6 650
Dec.	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880
1992											
Jan.	7 136	- 651	- 9 928	3 806	1 947	2 310	1 053	- 5 974	- 4 921	13 323	10 640
Feb.	2 982	468	- 9 891	3 869	1 935	- 637	1 030	- 5 535	- 4 505	13 271	11 110
March	3 508	- 219	- 9 783	3 521	1 925	- 1 048	995	- 5 287	- 4 292	14 243	13 030
April	11 306	- 1 997	- 9 856	3 917	1 899	5 269	967	- 4 513	- 3 546	13 822	16 450
May	8 562	- 750	- 9 851	3 709	1 923	3 593	946	- 3 775	- 2 829	13 787	20 600
June	10 380	- 152	- 9 773	3 483	1 882	5 820	904	- 4 022	- 3 118	13 896	21 790
July	14 304	- 7 507	- 9 812	3 654	1 818	2 457	882	- 3 851	- 2 969	13 790	19 350
Aug.	15 914	- 13 405	- 9 772	3 534	1 794	- 1 935	861	- 3 527	- 2 666	13 562	6 930
Sept.	13 354	- 811	- 9 762	3 450	1 758	7 989	832	- 3 412	- 2 580	13 459	13 720
Oct.	5 520	- 219	- 10 421	3 432	1 748	60	807	- 3 315	- 2 508	13 493	12 540
Nov.	9 211	1 875	- 11 900	2 778	1 737	3 701	787	- 3 238	- 2 451	14 062	14 885

¹ Call money claims on deposit banks, net, until 2 July 1992.

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

2.1 BANKS' LIQUIDITY POSITION

AT THE BANK OF FINLAND, MILL. FIM

Average of daily observations	Call money deposits	Liquidity credits ¹	Liquidity position, net ¹ (1-2)
	1	2	3
1987	703	481	222
1988	621	127	494
1989	416	369	47
1990	806	132	674
1991	881	985	-103
1991			
Nov.	400	4 457	-4 057
Dec.	815	31	784
1992			
Jan.	822	63	759
Feb.	572	42	530
March	327	102	225
April	1 008	1 323	-315
May	486	141	345
June	715	45	669
July	3 540	26	3 514
Aug.	8 895	0	8 894
Sept.	3 974	1 687	2 287
Oct.	2 191	876	1 314
Nov.	1 512	296	1 215

¹ Call money credits and call money position until 2 July 1992.

2.2 THE BANK OF FINLAND'S CASH RESERVE SYSTEM

End of period	Cash reserve deposits	of which: additional deposits	Ordinary cash reserve requirement	Additional requirement
	MILL. FIM		%	
	1	2	3	4
1987	10 941	.	4.9	.
1988	19 039	.	7.6	.
1989	25 506	3 159	8.0	1.1
1990	17 401	.	7.0	.
1991	10 361	.	4.0	.
1991				
Dec.	10 361	.	4.0	.
1992				
Jan.	9 928	.	3.7	.
Feb.	9 891	.	3.7	.
March	9 783	.	3.7	.
April	9 856	.	3.7	.
May	9 851	.	3.7	.
June	9 773	.	3.7	.
July	9 812	.	3.7	.
Aug.	9 772	.	3.7	.
Sept.	9 762	.	3.7	.
Oct.	10 421	.	4.0	.
Nov.	11 900	.	4.5	.
Dec.	..	.	5.0	.

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1987	1 263	23 658	-17 520	-4 875
1988	13 840	19 190	-16 850	11 500
1989	131 110	3 855	99 245	28 010
1990	163 326	26 379	160 797	-23 850
1991	109 568	30 380	81 969	-2 781
1991				
Nov.	9 850	6 340	7 020	-3 510
Dec.	2 430	6 660	2 260	-6 490
1992				
Jan.	2 000	7 790	-80	-5 710
Feb.	1 710	8 460	1 170	-7 920
March	2 000	9 420	-5 290	-2 130
April	11 310	17 310	-9 200	3 200
May	6 630	15 240	1 930	-10 540
June	8 200	14 860	-6 600	-60
July	11 700	13 300	-9 798	8 198
Aug.	6 520	7 650	-14 659	13 529
Sept.	4 300	19 920	-5 930	-9 690
Oct.	1 760	10 740	-2 060	-6 920
Nov.	8 030	7 570	-1 980	2 440

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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	- 69 940	- 14 820	12 820	12 260
1991					
Oct.	730	- 19 910	- 5 470	5 300	2 210
Nov.	14 330	- 6 880	- 520	- 100	2 120
Dec.	6 840	- 170	1 020	- 430	1 110
1992					
Jan.	710	-	190	- 730	- 740
Feb.	-	- 4 000	4 280	- 4 240	7 150
March	50	- 250	1 200	- 1 200	1 250
April	2 960	- 16 650	- 2 790	1 650	6 040
May	3 870	-	500	- 320	930
June	1 480	- 2 380	2 530	3 390	5 370
July	470	- 5 790	1 450	- 1 590	3 760
Aug.	110	- 17 700	- 6 110	6 350	3 170
Sept.	-	- 20 880	- 14 860	11 610	2 800
Oct.	5 870	-	670	- 2 210	3 510

2.5 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
1987	21 671	1 158	20 513	- 233	- 1 287	18 994
1988	16 488	1 543	14 946	9 086	- 377	23 654
1989	<u>10 531</u>	<u>3 563</u>	<u>6 967</u>	<u>8 031</u>	<u>205</u>	<u>15 204</u>
1990	11 609	4 979	6 631	10 100	- 6 098	10 633
1991	33 004	36 352	- 3 348	2 550	8 953	8 155
1991						
Oct.	22 174	53 395	- 31 222	9 433	9 034	- 12 755
Nov.	37 546	51 191	- 13 645	1 551	9 601	- 2 493
Dec.	33 004	36 352	- 3 348	2 550	8 953	8 155
1992						
Jan.	31 732	27 973	3 759	4 673	8 276	16 708
Feb.	31 502	25 516	5 987	2 441	3 774	12 202
March	27 850	22 720	5 130	5 216	2 937	13 283
April	29 812	27 586	2 227	- 423	5 815	7 619
May	29 457	24 458	4 999	408	5 531	10 938
June	28 942	28 750	192	4 412	807	5 411
July	27 567	29 494	- 1 927	4 013	1 328	3 414
Aug.	25 399	34 767	- 9 368	421	7 933	- 1 014
Sept.	34 168	45 232	- 11 065	- 9 827	20 158	- 734
Oct.	37 048	38 820	- 1 771	- 10 681	17 921	5 469

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1991								
Nov.	20.94	16.75	14.66	13.25	12.77	16.23	4.00	8.50
Dec.	10.89	12.55	12.78	12.71	12.63	15.00	4.00	8.50
1992*								
Jan.	11.41	12.09	12.25	12.33	12.39	15.00	4.00	8.50
Feb.	10.74	11.78	11.74	11.74	11.75	15.00	4.00	8.50
March	14.27	12.95	12.38	12.08	11.99	15.00	4.00	8.50
April	17.24	15.94	14.21	13.38	13.04	15.00	4.00	8.50
May	14.39	14.05	13.73	13.28	13.10	15.00	4.00	9.50
June	13.58	13.58	13.70	13.83	13.76	15.00	4.00	9.50
July	13.47	13.45	13.96	14.19	14.07	14.37	12.13	9.50
Aug.	15.02	15.25	15.09	14.97	14.69	16.84	14.65	9.50
Sept.	16.65	17.79	16.41	15.29	14.71	19.15	13.43	9.50
Oct.	12.23	13.34	13.37	13.32	13.39	14.69	8.96	9.50
Nov.	10.66	11.04	11.50	11.63	11.72	12.03	8.03	9.50

¹ Call money credit rate until 2 July 1992.

3.2 THE BANK OF FINLAND'S LIQUIDITY FACILITY

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Average of daily observations	ECU interest rate, PER CENT		
					1	2	3
1992							
July	13.37	July	+1.00	7	-1.00		
Aug.	15.84	Aug.	+1.00	14	-2.00		
Sept.	18.15	Sept.	+1.00	14	-5.00		
Oct.	13.69	Oct.	+1.00	7	-3.00		
Nov.	11.03	Nov.	+1.00	7	-3.00		
12 Nov.	10.98						
20 Nov.	10.88						
23 Nov.	11.35						
26 Nov.	11.01						
27 Nov.	10.94						

3.3 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily observations	ECU interest rate, PER CENT		
	1	2	3
1987	7.0	5.6	7.1
1988	6.9	6.0	6.9
1989	9.3	8.4	9.3
1990	10.5	9.1	10.4
1991	10.1	8.5	9.9
1991			
Nov.	10.0	8.2	10.0
Dec.	10.4	8.2	10.6
1992			
Jan.	10.2	8.0	10.4
Feb.	10.2	8.1	10.3
March	10.3	8.2	10.2
April	10.3	8.2	10.2
May	10.2	8.1	10.2
June	10.4	8.0	10.5
July	10.7	7.9	10.8
Aug.	10.9	8.0	11.1
Sept.	11.0	7.5	11.6
Oct.	10.3	7.2	11.1
Nov.	9.9	7.3	10.4

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding				
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	Other tax-exempt deposits, on max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total							
	1	2	3	4	5	6	7	8	9	10	11
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
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	4.50	7.10	13.22	8.97
1991											
Oct.	12.48	16.07	13.83	14.01	12.19	11.96	7.50	4.50	7.18	13.63	9.36
Nov.	14.19	16.29	13.71	14.16	12.21	11.87	7.50	4.50	7.24	13.63	9.41
Dec.	10.15	15.25	12.35	12.51	12.15	11.79	7.50	4.50	7.08	12.63	8.71
1992											
Jan.	12.52	15.42	13.14	13.41	12.06	11.76	7.50	4.50	7.19	12.29	8.66
Feb.	13.79	15.58	12.96	13.47	12.00	11.76	7.50	4.50	7.21	12.15	8.67
March	14.21	15.73	13.36	13.81	11.97	11.70	7.50	4.50	7.23	12.32	8.77
April	12.31	16.24	13.75	14.06	12.08	11.76	7.50	4.50	7.33	13.09	9.16
May	15.34	15.59	13.82	14.22	12.50	12.21	7.50	4.50	7.42	12.95	9.12
June	15.17	15.47	14.04	14.39	12.61	12.29	7.50	4.50	7.42	12.94	9.15
July	15.96	16.19	14.06	14.56	12.63	12.29	7.50	4.50	7.55	12.94	9.26
Aug.	16.21	16.56	14.33	14.81	12.81	12.52	7.50	4.50	7.71	13.64	9.68
Sept.	16.56	16.94	14.52	15.00	13.01	12.72	7.50	4.50	7.80	14.39	10.03
Oct.	16.70	16.29	13.76	14.29	12.87	12.43	7.50	4.50	7.66	13.11	9.41

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues
	3 years	5 years			Financial institutions	Corporations	
	1	2	3	4	5	6	7
1987	..	..	..	11.2	11.1	11.2	8.1
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1
1990	13.7	13.5	13.2	13.3	13.3	13.2	9.2
1991	12.3	12.2	11.9	12.6	12.5	13.0	10.0
1991							
Oct.	11.8	11.7	11.4	12.2	12.2	12.7	9.6
Nov.	12.4	12.3	12.1	12.5	12.5	12.5	9.6
Dec.	12.7	12.7	12.4	13.6	13.6	13.1	9.9
1992							
Jan.	12.5	12.5	12.3	13.0	12.9	13.1	10.0
Feb.	12.1	12.0	11.2	12.7	12.4	12.9	9.8
March	12.1	12.1	11.3	12.4	12.4	12.6	9.8
April	12.8	12.7	11.9	12.8	12.7	14.0	9.8
May	13.0	12.9	11.8	13.0	12.6	13.9	9.8
June	13.3	13.2	12.2	14.2	14.2	..	10.2
July	13.6	13.3	12.1	14.1	14.3	13.9	10.5
Aug.	14.3	14.0	12.8	14.5	14.7	14.3	10.4
Sept.	15.0	14.7	13.3	15.3	15.3	..	10.1
Oct.	14.3	14.2	13.0	15.3	15.3	..	9.9

4. RATES OF EXCHANGE

4.1 MIDDLE RATES, FIM

Average New York of daily quotations	Montreal	London	Dublin	Stockholm	Ozlo	Copen-hagen	Frankfurt aM	Amster-dam	Brussels	Zurich	
1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	
1	2	3	4	5	6	7	8	9	10	11	
1987	4.396	3.316	7.193	6.535	0.6932	0.6528	0.6427	2.4459	2.1706	0.11773	2.9496
1988	4.187	3.405	7.446	6.377	0.6829	0.6424	0.6220	2.3842	2.1185	0.11390	2.8631
1989	4.290	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.10890	2.6243
1990	3.823	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.11447	2.7576
1991	4.046	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.11841	2.8208
1991											
Nov.	4.194	3.712	7.454	6.900	0.7071	0.6580	0.6655	2.5843	2.2934	0.12545	2.9189
Dec.	4.258	3.722	7.753	7.229	0.7420	0.6892	0.6974	2.7142	2.4086	0.13176	3.0648
1992											
Jan.	4.297	3.715	7.775	7.246	0.7476	0.6926	0.7016	2.7220	2.4170	0.13218	3.0636
Feb.	4.423	3.741	7.856	7.289	0.7523	0.6966	0.7046	2.7304	2.4267	0.13259	3.0375
March	4.533	3.802	7.814	7.278	0.7522	0.6954	0.7032	2.7279	2.4236	0.13256	3.0051
April	4.495	3.783	7.895	7.270	0.7538	0.6962	0.7039	2.7280	2.4233	0.13258	2.9655
May	4.402	3.672	7.975	7.256	0.7540	0.6962	0.7033	2.7162	2.4129	0.13196	2.9529
June	4.290	3.587	7.945	7.269	0.7544	0.6967	0.7069	2.7238	2.4178	0.13235	3.0051
July	4.077	3.420	7.824	7.292	0.7545	0.6966	0.7107	2.7356	2.4261	0.13279	3.0576
Aug.	3.985	3.350	7.734	7.289	0.7540	0.6962	0.7120	2.7462	2.4358	0.13328	3.0659
Sept.	4.439	3.635	8.209	8.066	0.8271	0.7653	0.7904	3.0602	2.7170	0.14848	3.4724
Oct.	4.695	3.771	7.791	8.340	0.8410	0.7774	0.8218	3.1725	2.8180	0.15398	3.5775
Nov.	5.048	3.982	7.714	8.394	0.8140	0.7805	0.8263	3.1812	2.8281	0.15465	3.5330

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Roykjevnik	Madrid	Athens	Tokyo	Mel-bourne	ECU Commercial	SDR
1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	1 AUD	1 XEU	1 XDR	
12	13	14	15	16	17	18	19	20	21	22	
1987	0.7314	0.00339	0.3477	0.0312	0.1138	0.0356	..	0.03042	3.082	5.065	5.68010
1988	0.7029	0.00322	0.3391	0.0291	0.0980	0.0359	..	0.03266	3.288	4.944	5.61826
1989	0.6725	0.00313	0.3242	0.0273	0.0758	0.0362	..	0.03116	3.398	4.719	5.49375
1990	0.7024	0.00319	0.3363	0.0268	0.0656	0.0375	..	0.02647	2.988	4.864	5.18345
1991	0.7169	0.00326	0.3464	0.0280	0.0684	0.0389	0.0224	0.03008	3.152	5.003	5.53082
1991											
Nov.	0.7563	0.00343	0.3671	0.0296	0.0718	0.0408	0.0231	0.03236	3.299	5.275	5.80952
Dec.	0.7943	0.00359	0.3855	0.0306	0.0746	0.0425	0.0240	0.03322	3.292	5.520	5.98926
1992											
Jan.	0.7981	0.00361	0.3867	0.0314	0.0752	0.0430	0.0240	0.03432	3.212	5.550	6.04989
Feb.	0.8021	0.00364	0.3883	0.0317	0.0758	0.0435	0.0240	0.03467	3.325	5.584	6.14937
March	0.8036	0.00363	0.3877	0.0317	0.0760	0.0432	0.0239	0.03412	3.438	5.580	6.19184
April	0.8066	0.00362	0.3875	0.0320	0.0759	0.0433	0.0231	0.03368	3.428	5.586	6.16396
May	0.8079	0.00361	0.3860	0.0326	0.0755	0.0434	0.0230	0.03369	3.328	5.581	6.11371
June	0.8091	0.00360	0.3869	0.0328	0.0752	0.0433	0.0224	0.03381	3.246	5.583	6.05642
July	0.8106	0.00361	0.3888	0.0323	0.0744	0.0430	0.0220	0.03245	3.039	5.585	5.88609
Aug.	0.8096	0.00362	0.3901	0.0318	0.0739	0.0428	0.0220	0.03155	2.890	5.582	5.80390
Sept.	0.8993	0.00380	0.4346	0.0348	0.0819	0.0455	0.0244	0.03620	3.208	6.092	6.46534
Oct.	0.9350	0.00358	0.4509	0.0356	0.0838	0.0446	0.0243	0.03876	3.359	6.197	6.73373
Nov.	0.9404	0.00370	0.4522	0.0357	0.0840	0.0444	0.0244	0.04075	3.483	6.247	7.00171

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU		Currency indices, 1982=100		
	FIM/ECU	Deviation from the midpoint, %	Bank of Finland's trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4	5
1987	5.08273	.	103.3	103.9	106.1
1988	4.96108	.	102.0	101.7	104.7
1989	4.73670	.	98.4	99.0	102.8
1990	4.85697	.	97.3	96.7	97.3
1991	5.00580	.	101.4	101.3	102.8
1991					
Nov.	5.27668	0.9	106.8	106.4	108.3
Dec.	5.52866	- 0.5	111.5	110.3	111.9
1992					
Jan.	5.55238	- 0.1	112.1	111.1	113.0
Feb.	5.58207	0.4	112.9	112.5	114.4
March	5.57515	0.3	112.9	113.1	115.0
April	5.58563	0.5	112.9	112.9	114.5
May	5.58167	0.4	112.7	112.2	113.6
June	5.58600	0.5	112.6	111.4	112.8
July	5.58744	0.5	111.9	109.6	110.3
Aug.	5.58723	0.5	111.5	108.8	109.1
Sept.	6.13433	.	122.6	119.9	120.8
Oct.	6.22713	.	124.6	123.5	125.3
Nov.	6.25533	.	125.4	126.0	129.2

5. OTHER DOMESTIC FINANCING

5.1 BANK FUNDING FROM THE PUBLIC, MILL. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1987	21 327	76 160	83 248		180 735	3 923	184 658	17 892	202 550
1988	25 473	76 958	121 670		224 102	4 643	228 745	28 844	257 589
1989	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1991									
Sept.	28 607	84 769	119 427	18 087	250 890	12 476	263 366	58 761	322 127
Oct.	28 160	83 526	120 091	17 992	249 769	15 774	265 543	58 038	323 582
Nov.	28 911	83 328	121 547	18 277	252 063	16 779	268 841	58 774	327 615
Dec.	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992									
Jan.	32 780	84 701	123 513	19 094	260 087	12 274	272 361	54 706	327 068
Feb.	29 417	86 031	123 652	18 666	257 767	12 350	270 117	56 202	326 319
March	30 899	87 563	123 296	18 185	259 943	11 805	271 748	54 436	326 184
April	30 762	86 090	124 087	18 119	259 058	12 665	271 722	59 353	331 076
May	30 791	84 805	123 555	17 922	257 073	11 441	268 514	60 635	329 148
June	33 330	84 552	122 504	17 714	258 101	10 418	268 519	62 836	331 355
July	32 419	83 953	122 788	18 003	257 163	10 665	267 828	62 293	330 121
Aug.	33 067	83 283	122 056	17 976	256 381	11 525	267 906	60 054 ^f	327 961
Sept.	30 779	82 078	120 918	18 662	252 436	15 698	268 134	61 377	329 510

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
1987	8 507	5 177	180 360	194 044	36 954	230 998
1988	11 358	5 920	234 268	251 545	50 235	301 780
1989	15 270	5 650	257 768	278 688	73 176	351 864
1990	19 152	5 777	260 790	285 720	103 134	388 853
1991	18 037	4 712	262 859	285 609	107 714	393 323
1991						
Sept.	18 677	4 823	262 019	285 519	105 186	390 704
Oct.	18 419	4 714	263 042	286 175	105 113	391 288
Nov.	17 978	4 576	262 685	285 239	113 156	398 395
Dec.	18 037	4 712	262 859	285 609	107 714	393 323
1992						
Jan.	17 450	4 167	262 309	283 926	107 075	391 001
Feb.	17 650	4 099	262 813	284 563	105 703	390 266
March	17 215	3 996	260 983	282 194	102 701	384 895
April	17 407	3 927	259 782	281 116	101 104	382 220
May	17 403	3 916	259 295	280 613	99 035	379 649
June	17 344	3 899	257 990	279 234	96 635	375 869
July	16 959	3 848	257 777	278 583	95 334	373 917
Aug.	17 249	3 719	256 976	277 944	92 605	370 550
Sept.	17 366	3 610	256 359	277 335	103 654	380 989

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
1987	- 25 484	- 14 977	277 068	262 090	- 45 769	105 829	190 837	206 175
1988	- 40 670	- 15 356	353 681	338 325	- 63 387	111 259	234 268	256 947
1989	- 59 049	- 18 691	408 344	389 653	- 79 084	124 295	251 519	272 603
1990	- 82 881	- 19 072	453 720	434 648	- 85 385	141 524	266 383	291 045
1991	- 86 555	- 6 516	470 852	464 336	- 102 540 ^r	130 644 ^r	275 241 ^r	310 924 ^r
1991								
Oct.	- 76 079	- 8 627	469 184	460 557	- 121 185	122 012	263 293	304 260
Nov.	- 85 011	- 7 109	482 382	475 274	- 124 801 ^r	122 497 ^r	265 462 ^r	302 168 ^r
Dec.	- 86 555	- 6 516	470 852	464 336	- 102 540 ^r	130 644 ^r	275 241 ^r	310 924 ^r
1992								
Jan.	- 92 949	- 5 295	471 797	466 502	- 99 040	128 325	274 513	312 534
Feb.	- 86 492	- 4 895	470 980	466 085	- 108 021	125 875	271 572	306 696
March	- 87 007	- 5 201	467 987	462 785	- 102 093	128 701	273 685	311 738
April	- 83 331	- 4 726	465 590	460 864	- 104 416	127 554	273 117	315 983
May	- 83 053	- 4 327	463 477	459 151	- 104 706	126 652	271 391	311 877
June	- 75 847	- 2 899	459 867	456 968	- 108 783	128 496	272 338	314 149
July	- 70 776	- 3 718	457 463	453 745	- 111 703	127 189	271 265	314 330
Aug.	- 65 517	- 1 835	456 190	454 354	- 118 720	126 771	270 118	311 644
Sept.	..	..	..	..	..	123 157	266 188	307 307
Oct.	..	..	..	..	..	127 747	270 434	312 925

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

End of period	Foreign currency-denominated debt				Markka-denominated debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	38 436	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	41 011	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	43 499	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	-	32 245	57 038	48 121	23 114
1991	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 319	15 956
1991											
Oct.	32 338	1 848	2 362	36 548	30 070	9 008	2 670	41 748	78 296	54 858	17 991
Nov.	37 875	2 014	2 601	42 490	30 825	10 408	4 180	45 413	87 903	55 105	16 909
Dec.	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 320	15 956
1992											
Jan.	38 613	2 525	2 500	43 638	31 064	12 205	6 881	50 150	93 788	55 994	11 536
Feb.	45 885	2 904	2 466	51 255	32 232	12 205	6 430	50 867	102 122	56 721	17 967
March	47 575	2 843	2 401	52 819	32 629	12 199	7 201	52 029	104 848	57 725	18 423
April	53 972	2 837	2 383	59 192	32 814	11 614	7 257	51 685	110 877	58 257	17 029
May	55 006	2 861	2 376	60 243	33 881	11 460	8 257	53 598	113 841	58 803	21 068
June	60 146	3 099	2 166	65 411	34 316	11 460	10 384	56 160	121 571	59 398	20 284
July	63 957	3 063	1 641	68 661	35 193	11 460	10 658	57 311	125 972	59 964	22 293
Aug.	66 790	3 050	1 630	71 470	34 862	11 460	11 901	58 223	129 693	60 326	20 510
Sept.	79 848	3 579	2 209	85 636	36 152	11 460	12 193	59 805	145 441	61 094	21 269
Oct.	84 008	3 599	2 549	90 156	37 427	11 460	14 533	63 420	153 576	..	22 952

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)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
1991*	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
1991*									
Oct.	327	1 300	205	403	-	623	-	1 612	2 234
Nov.	1 142	2 646	100	223	-	1 613	-	2 497	4 111
Dec.	244	6 335	-	-	-	4 092	-	2 486	6 578
1992*									
Jan.	662	846	5 030	70	-	5 925	-	683	6 608
Feb.	770	1 569	-	450	-	1 519	-	1 270	2 789
March	442	953	235	310	-	1 445	-	494	1 940
April	53	1 512	-	570	4	338	-	1 801	2 139
May	1 104	627	2 706	171	-	3 617	-	991	4 608
June	1 242	815	215	42	-	1 160	-	1 154	2 314
July	399	10	-	86	-	50	-	445	495
Aug.	18	1 522	175	20	-	1 697	-	38	1 735
Sept.	5	1 075	190	77	-	345	-	1 002	1 347
Oct.	1 371	696	1 205	208	-	1 550	-	1 930	3 480

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
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
1991*	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1991*									
III	25 034	69 492	33 235	2 037	3 744	70 002	18 614	44 926	133 542
IV	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992*									
I	26 650	77 864	36 796	3 555	3 724	80 892	15 977	51 720	148 589
II	26 383	80 295	37 744	4 306	3 721	83 427	15 314	53 707	152 449
III	26 079	80 658	39 579	4 457	3 720	86 058	14 329	54 106	154 493

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover ¹ , mill. FIM		
	HEX index (28 Dec., 1990 = 1000)									Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry								
		Re-restricted	Non-restricted	Banks and finance	Insurance and investment	Manufacturing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
1987	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	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	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	33 160	7 375	40 536
1990	1 330	1 322	1 393	1 260	1 182	1 374	1 435	1 281	1 472	15 521	4 550	20 071
1991	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
1991												
Nov.	831	819	927	727	745	884	1 038	978	856	406	36	442
Dec.	787	779	853	664	618	857	1 060	955	807	487	125	612
1992												
Jan.	852	837	961	681	646	950	1 187	1 056	909	790	69	859
Feb.	904	889	1 011	649	653	1 040	1 252	1 244	990	648	65	712
March	858	845	959	595	612	991	1 159	1 204	941	581	41	622
April	805	791	907	530	552	941	1 124	1 171	878	418	23	441
May	849	838	929	542	538	1 014	1 202	1 317	950	674	104	778
June	788	776	877	411	474	972	1 182	1 298	904	606	511	1 118
July	722	710	811	345	425	901	1 082	1 210	835	406	902	1 308
Aug.	639	628	719	286	343	803	969	1 120	728	313	898	1 211
Sept.	576	564	667	205	250	750	944	1 085	653	614	1 449	2 062
Oct.	651	637	747	227	289	852	1 017	1 184	791	1 233	2 208	3 441
Nov.	809	796	905	344	429	1 033	1 184	1 311	1 012	1 474	2 562	4 037

¹ During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, fob	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Trans- port ex- penditure	Travel ex- penditure	Other services ex- penditure	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
1987	83 826	6 387	3 736	6 099	16 222	100 048	6 162	3 231	109 441	81 867	2 610	6 811	6 488	
1988	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390	
1989	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759	
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503	
1991*	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 120	124 412	86 348	3 974	11 089	11 011	
1990														
I	24 356	1 984	794	1 621	4 399	28 755	3 190	1 084	33 028	24 733	928	2 514	2 250	
II	26 482	2 096	1 070	1 546	4 712	31 194	3 299	1 142	35 635	27 406	1 104	2 581	2 190	
III	22 902	2 189	1 598	1 186	4 973	27 875	2 607	1 104	31 587	23 063	1 054	2 912	2 089	
IV	26 010	2 078	1 188	1 728	4 994	31 004	3 642	1 130	35 776	26 765	1 277	2 760	2 974	
1991*														
I	21 947	1 759	915	1 462	4 136	26 084	3 022	1 242	30 348	22 015	968	2 592	2 833	
II	21 204	1 850	1 256	1 282	4 389	25 593	2 376	1 323	29 293	20 895	1 019	2 583	2 599	
III	22 749	2 030	1 629	1 274	4 932	27 681	2 557	1 233	31 471	20 526	1 020	2 899	2 439	
IV	25 199	1 869	1 244	1 618	4 731	29 931	2 047	1 322	33 300	22 912	967	3 014	3 139	
1992*														
I	24 740	1 882	1 135	1 565	4 582	29 322	3 592	1 304	34 218	22 736	1 038	2 690	3 439	
II	26 404	2 111	1 469	1 465	5 045	31 449	2 724	1 328	35 501	24 243	1 166	2 790	2 953	
III	24 779	2 294	1 948	1 606	5 849	30 628	2 050	1 422	34 100	20 783	1 131	2 827	3 121	
During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Invest- ment ex- penditure	Trans- fers and other ex- penditure	Current account expan- diture (15+16+17)	Trade account (1-10)	Trans- port (3-12)	Travel (3-12)	Other services (4-13)	Services account and services account (20+21+22)	Goods and services account (19+23)	Invest- ment income, net (7-16)	Trans- fers and others, net (8-17)	Current account (24+25+26)= (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1987	15 909	97 775	13 356	5 860	116 990	1 960	3 778	-3 075	-390	313	2 273	-7 194	-2 629	-7 550
1988	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
1989	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
1990	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
1991*	26 074	112 421	28 674	10 013	151 108	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
1990														
I	5 693	30 426	6 218	2 167	38 811	-378	1 056	-1 720	-629	-1 293	-1 671	-3 028	-1 084	-5 783
II	5 874	33 281	7 198	2 378	42 857	-924	992	-1 511	-644	-1 163	-2 087	-3 899	-1 236	-7 222
III	6 054	29 117	6 415	2 132	37 665	-161	1 136	-1 314	-903	-1 082	-1 243	-3 808	-1 028	-6 078
IV	7 011	33 776	7 141	2 289	43 206	-755	801	-1 572	-1 246	-2 017	-2 772	-3 499	-1 159	-7 430
1991*														
I	6 394	28 408	7 642	2 973	39 023	-67	791	-1 677	-1 371	-2 257	-2 325	-4 620	-1 731	-8 676
II	6 201	27 096	7 805	2 161	37 063	309	831	-1 326	-1 317	-1 812	-1 503	-5 429	-838	-7 771
III	6 358	26 884	6 716	2 190	35 790	2 223	1 010	-1 270	-1 165	-1 425	797	-4 159	-957	-4 319
IV	7 121	30 033	6 510	2 689	39 232	2 288	902	-1 770	-1 521	-2 389	-102	-4 463	-1 367	-5 931
1992*														
I	7 167	29 903	8 595	3 013	41 511	2 003	844	-1 555	-1 874	-2 585	-581	-5 003	-1 709	-7 293
II	6 908	31 151	7 481	2 287	40 919	2 162	945	-1 321	-1 488	-1 864	298	-4 757	-959	-5 418
III	7 079	27 862	6 392	2 300	36 555	3 996	1 164	-879	-1 515	-1 230	2 766	-4 342	-878	-2 455

6.2 CAPITAL ACCOUNT¹, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (5-10)	Basic balance
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)		
	1	2	3	4	5	6	7	8	9	10	11	12
1987	1 165	9 828	861	91	11 945	5 015	2 285	1 669	272	9 241	2 704	-4 846
1988	2 218	14 355	3 062	85	19 720	10 919	1 248	3 931	292	16 390	3 331	-8 001
1989	2 095	14 756	8 608	79	25 538	13 327	180	5 323	273	19 103	6 435	-18 439
1990	3 010	22 656	19 674	169	45 509	12 471	577	-499	294	12 843	32 666	6 153
1991*	-997	38 004	12 945	561	50 512	4 303	-371	838	101	4 871	45 641	18 945
1990												
I	575	6 788	12 238	126	19 727	2 038	302	1 438	156	3 934	15 793	10 010
II	326	2 836	1 657	-34	4 785	2 739	-425	2 374	0	4 688	97	-7 125
III	85	6 702	2 518	-26	9 279	2 640	284	-2 963	10	-29	9 308	3 230
IV	2 024	6 330	3 261	103	11 718	5 054	416	-1 348	128	4 250	7 468	38
1991*												
I	116	7 776	3 602	-267	11 228	1 199	-16	17	165	1 365	9 863	1 188
II	99	16 668	3 779	484	21 030	1 171	-434	589	-19	1 307	19 723	11 952
III	-435	10 402	2 775	-61	12 681	1 330	434	-520	-2	1 242	11 440	7 121
IV	-777	3 157	2 788	404	5 573	603	-354	753	-44	957	4 615	-1 316
1992*												
I	680	3 864	-979	900	4 465	2 672	186	281	273	3 412	1 053	-6 240
II	167	12 917	446	-392	13 137	1 355	1 144	-266	29	2 261	10 876	5 458
III	70	5 522	505	-1	6 096	1 988	-930	1 080	69	2 207	3 888	1 434

During period	Imports of short-term capital				Exports of short-term capital				Errors and omissions	Short-term capital account (16-20+21)	Overall balance excl. reserve movements (12+22)	Change in central bank's foreign exchange reserves
	Short-term capital imports of authorized banks	Trade credits	Other short-term capital	Total (13+14+15)	Short-term capital exports of authorized banks	Trade credits	Other short-term capital	Total (17+18+19)				
	13	14	15	16	17	18	19	20	21	22	23	24
1987	19 324	-665	3 835	22 494	-6 088	-183	1 268	-5 003	-6 915	20 581	15 736	-15 736
1988	10 950	-399	-811	9 740	2 331	644	1 995	4 971	3 415	8 183	183	-183
1989	4 285	1 627	3 679	9 592	1 462	475	710	2 647	5 533	12 478	-5 961	5 961
1990	16 258	1 119	-1 357	16 020	-2 290	-1 254	1 244	-2 300	-9 381	8 939	15 092	-15 092
1991*	-13 133	817	-1 301	-13 617	6 261	957	3 285	10 503	-1 229	-25 349	-6 404	6 404
1990												
I	19 514	731	956	21 201	8 907	-593	1 575	9 889	-10 475	836	10 847	-10 847
II	9 095	594	-1 742	7 947	2 936	-593	-103	2 240	2 192	7 899	774	-774
III	-1 155	-201	517	-838	-729	-34	238	-525	-857	-1 170	2 059	-2 059
IV	-11 196	-6	-1 088	-12 290	-13 404	-34	-467	-13 905	-241	1 374	1 412	-1 412
1991*												
I	18 038	-1 035	2 367	19 370	22 472	-602	3 978	25 847	2 187	-4 290	-3 102	3 102
II	-10 815	3	-605	-11 416	515	-516	1 972	1 971	-786	-14 173	-2 221	2 221
III	-16 261	392	-583	-16 453	-3 091	1 048	1 869	-174	2 252	-14 026	-6 905	6 905
IV	-4 094	1 456	-2 481	-5 118	-13 635	1 027	-4 534	-17 141	-4 883	7 140	5 824	-5 824
1992*												
I	-2 010	339	3 549	1 877	-4 134	987	1 720	-1 426	1 295	4 599	-1 641	1 641
II	-9 527	4 071	489	-4 967	-1 612	1 213	-3 244	-3 643	-5 183	-6 507	-1 049	1 049
III	-11 077	1 553	11 969	2 446	5 832	360	303	6 495	-3 550	-7 599	-6 165	6 165

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

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

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1987	10 339	54 317	30 379	830	95 865	17 892	6 975	15 371	2 192	42 430	53 435
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	19 417	2 484	54 323	61 339
1989	16 093	82 313	40 110	994	139 510	33 234	7 680	24 572	2 757	68 243	71 267
1990	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991*	17 443	148 446	69 422	5 427	240 737	53 285	7 561	27 707	6 161	94 713	146 024
1990											
I	16 556	85 070	50 790	1 120	153 536	34 829	7 898	25 771	2 913	71 411	82 125
II	16 769	86 559	52 247	1 086	156 661	37 124	7 457	28 102	2 913	75 596	81 065
III	16 741	90 866	54 362	1 060	163 029	39 321	7 330	24 996	2 923	74 570	88 459
IV	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991*											
I	18 714	113 555	56 270	4 234	192 773	45 383	7 307	25 856	5 914	84 459	108 313
II	18 760	130 670	61 363	4 741	215 534	46 808	6 917	26 904	6 061	86 690	128 844
III	18 273	136 365	63 708	4 718	223 064	48 391	7 385	25 837	5 934	87 547	135 517
IV	17 443	148 446	69 422	5 427	240 737	53 285	7 561	27 707	6 161	94 713	146 024
1992*											
I	18 123	155 845	70 333	6 513	250 814	55 957	8 053	28 992	6 738	99 740	151 074
II	18 290	164 865	68 739	6 061	257 955	57 312	9 242	27 836	6 503	100 893	157 061
III	18 360	188 993	76 587	6 652	290 592	67 486	8 542	30 798	7 109	113 934	176 658

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+23)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1987	3 362	73 132	11 470	9 691	97 654	31 134	32 310	15 397	2 663	81 505	16 150	69 585	7 542	6.9
1988	3 341	83 828	11 070	9 039	107 278	32 037	32 108	16 041	4 789	84 975	22 303	83 642	7 933	6.5
1989	3 558	88 751	12 697	12 883	117 889	25 113	33 569	16 516	5 666	80 864	37 024	108 291	10 453	8.0
1990	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	13 130	9.7
1991*	3 149	100 837	14 233	14 703	132 921	35 922	36 727	15 845	10 578	99 072	33 849	179 873	15 734	12.7
1990														
I	4 036	108 663	13 428	13 808	139 936	35 895	42 476	15 924	7 218	101 513	38 423	120 548	2 752	8.3
II	4 195	118 120	14 023	12 066	148 404	36 764	45 412	15 331	7 126	104 634	43 770	124 835	3 623	10.2
III	4 071	117 679	13 468	12 544	147 763	38 454	44 683	15 297	7 325	105 759	42 004	130 463	3 532	11.2
IV	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	3 223	9.0
1991*														
I	3 399	127 305	12 323	17 232	160 259	37 748	48 792	13 766	11 366	111 672	48 587	156 901	3 886	12.8
II	2 889	117 997	12 318	17 498	150 702	36 023	50 406	13 271	13 753	113 453	37 249	166 092	4 695	16.0
III	2 826	100 908	12 710	16 703	133 147	29 006	47 064	14 326	15 153	105 549	27 599	163 116	3 424	10.9
IV	3 149	100 837	14 233	14 703	132 921	35 922	36 727	15 845	10 578	99 072	33 849	179 873	3 729	11.2
1992*														
I	3 185	102 919	14 549	18 439	139 092	35 429	32 960	17 002	12 823	98 214	40 878	191 952	5 003	14.6
II	3 242	91 661	18 646	18 265	131 813	33 516	32 786	18 164	9 106	93 572	38 241	195 303	4 757	13.4
III	14 067	89 413	20 209	20 894	144 584	29 484	42 364	18 971	9 882	100 700	43 883	220 541	4 342	12.7

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

End of period	Long-term liabilities						Long-term assets						Long-term liabilities, net (6-12)
	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (1+2+3+4+5)	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (7+8+9+10+11)	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1987	39 522	17 365	9 777	28 691	509	95 865	19 493	16 242	3 403	2 653	639	42 430	53 435
1988	46 471	27 427	14 339	26 926	499	115 662	25 093	21 607	3 573	3 101	949	54 323	61 339
1989	58 009	40 199	17 665	23 063	574	139 510	34 828	26 048	2 313	3 517	1 537	68 243	71 267
1990	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991*	79 256	68 764	35 626	56 377	713	240 737	57 457	27 619	2 092	4 752	2 794	94 713	146 024
1990													
I	63 564	47 288	19 317	22 763	604	153 536	35 903	27 707	2 388	3 699	1 714	71 411	82 125
II	63 097	49 935	20 635	22 359	636	156 661	37 981	29 908	2 118	3 734	1 855	75 596	81 065
III	62 837	54 562	21 377	23 580	673	163 029	39 882	27 193	1 763	3 772	1 960	74 570	88 459
IV	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991*													
I	71 346	58 048	26 532	36 123	724	192 773	47 427	28 015	2 114	4 651	2 252	84 459	108 313
II	77 127	65 685	33 213	38 814	696	215 534	49 671	27 523	2 093	5 040	2 362	86 690	128 844
III	77 071	66 742	34 196	44 332	723	223 064	51 407	26 843	2 109	4 655	2 534	87 547	135 517
IV	79 256	68 764	35 626	56 377	713	240 737	57 457	27 619	2 092	4 752	2 794	94 713	146 024
1992*													
I	80 578	67 182	36 066	65 370	1 617	250 814	60 400	28 811	2 271	5 367	2 890	99 740	151 074
II	78 323	61 658	37 744	78 534	1 695	257 955	61 792	28 738	2 265	5 147	2 951	100 893	157 061
III	84 524	66 238	39 314	98 504	2 012	290 592	71 537	31 180	2 422	5 528	3 268	113 934	176 658

7. FOREIGN TRADE

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989	99 784	105 516	- 5 732
1990	101 327	103 027	- 1 700
1991*	92 842	87 741	5 101
1991*			
Oct.	8 494	7 885	609
Nov.	8 950	7 272	1 678
Dec.	8 207	8 130	77
1992*			
Jan.	7 585	7 222	363
Feb.	8 282	7 760	522
March	9 329	8 155	1 174
April	8 743	8 429	314
May	9 099	8 089	1 010
June	9 022	8 088	934
July	7 965	6 766	1 199
Aug.	7 651	6 875	776
Sept.	9 659	7 492	2 167
Oct.	10 211	8 733	1 478

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
1987	118	119	138	119	116
1988	121	130	145	122	119
1989	121	144	156	126	123
1990	125	138	154	128	120
1991*	114	115	154	131	118
1990					
II	132	151	154	126	122
III	114	124	155	129	120
IV	130	139	154	133	116
1991*					
I	110	117	154	131	118
II	107	112	153	130	118
III	113	109	156	132	119
IV	124	118	156	135	116
1992*					
I	118	112	162	142	114
II	125	118	162	143	113
III	117	102	163	142	115

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, feb					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1987	7 470	27 058	7 770	26 230	16 988	41 175	9 406	14 138	17 478	610
1988	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
1989	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991*	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	669
1991*										
Oct.	654	2 681	965	2 628	1 566	3 607	1 215	1 130	1 803	130
Nov.	661	2 835	1 062	2 880	1 512	3 550	962	1 006	1 732	22
Dec.	576	2 429	976	2 793	1 433	3 576	952	1 658	1 649	295
1992*										
Jan.	528	2 444	987	2 197	1 429	3 574	690	1 092	1 747	119
Feb.	643	2 589	1 087	2 302	1 661	3 907	608	1 283	1 895	67
March	654	2 761	1 180	3 092	1 642	4 258	665	1 047	2 079	106
April	748	2 799	1 066	2 574	1 556	4 301	707	1 384	1 915	122
May	712	2 569	1 073	3 189	1 556	4 105	894	1 429	1 624	37
June	680	2 643	967	3 157	1 575	4 553	731	1 159	1 538	107
July	504	2 391	763	3 125	1 182	3 460	789	900	1 541	76
Aug.	531	2 352	919	2 353	1 496	3 657	698	751	1 552	217
Sept.	685	2 916	1 026	3 246	1 786	4 116	559	906	1 790	121
Oct.	797	3 187	1 031	3 334	1 862	4 477	1 062	1 199	1 890	105

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, feb				Imports, cif			
	1991*		1992* January-October		1991*		1992* January-October	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of 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	75 795	81.6	73 005	16.8	70 023	79.8	61 692	7.4
OECD Europe	67 025	72.2	65 030	17.9	57 776	65.8	51 623	8.9
Of which:								
Austria	1 227	1.3	1 156	14.5	1 054	1.2	955	9.0
Belgium and Luxembourg	2 403	2.6	2 292	14.9	2 252	2.6	2 187	19.1
Denmark	3 445	3.7	3 189	11.8	2 993	3.4	2 630	4.1
France	5 492	5.9	6 154	37.3	3 673	4.2	3 443	15.0
Germany	14 331	15.4	14 053	19.2	14 834	16.9	13 415	10.6
Italy	3 303	3.6	3 546	32.4	3 661	4.2	2 868	- 8.2
Netherlands	4 653	5.0	4 619	20.5	2 974	3.4	2 838	13.0
Norway	3 079	3.3	3 128	25.3	3 978	4.5	2 930	- 12.3
Spain	2 534	2.7	2 346	15.4	1 008	1.1	951	20.4
Sweden	12 884	13.9	11 363	6.7	10 806	12.3	9 167	3.8
Switzerland	1 813	2.0	1 587	6.4	1 573	1.8	1 562	19.9
United Kingdom	9 613	10.4	9 325	16.7	6 739	7.7	6 651	26.0
Other OECD	8 770	9.4	7 975	8.8	12 247	14.0	10 069	0.5
Of which:								
Canada	720	0.8	655	7.8	547	0.6	530	12.9
Japan	1 393	1.5	1 094	- 5.3	5 287	6.0	4 346	- 2.0
United States	5 648	6.1	5 239	10.6	6 032	6.9	4 723	- 1.4
Non-OECD European countries	6 531	7.0	5 765	12.7	9 577	10.9	7 372	- 7.9
Of which:								
Russia ¹	4 521	4.9	2 297	..	7 455	8.5	5 052	..
Other countries	10 516	11.3	8 777	8.7	8 141	9.3	8 545	25.0
Of which:								
OPEC countries	1 977	2.1	1 472	- 6.4	1 306	1.5	1 330	17.0
TOTAL	92 842	100.0	87 546	15.7	87 741	100.0	77 609	7.4
Of which:								
EC countries	47 567	51.2	47 340	21.0	40 224	45.8	36 833	11.8
EFTA countries	19 113	20.6	17 334	10.1	17 447	19.9	14 678	2.0

¹ Until the end of 1991, the Soviet Union; figures for Estonia, Latvia and Lithuania were included in those for the Soviet Union until October 1991.

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
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989	218 775	77 117	95 178	11 234	14 056	416 360	107 552	128 834	395 078
1990	219 293	80 525	88 429	12 720	13 992	414 959	109 236	127 735	396 460
1991*	210 939	83 032	68 597	13 303	5 165	381 036	102 565	112 937	370 664
1990									
I	54 876	19 887	23 890	3 196	2 450	104 298	27 277	32 187	99 387
II	55 459	20 051	22 350	3 262	4 596	105 718	29 143	34 363	100 498
III	54 825	20 228	21 213	3 060	3 513	102 839	26 496	30 277	99 058
IV	54 132	20 359	20 977	3 203	3 433	102 104	26 321	30 907	97 517
1991*									
I	53 223	20 470	19 445	3 250	2 726	99 113	25 392	29 684	94 821
II	52 996	20 699	17 318	3 734	1 318	96 064	24 360	27 441	92 984
III	52 775	20 886	16 412	3 306	249	93 630	26 792	28 204	92 217
IV	51 945	20 977	15 422	3 013	872	92 229	26 021	27 608	90 642
1992*									
I	51 316	20 355	15 659	3 057	2 115	92 501	27 366	28 894	90 974
II	50 044	20 573	16 182	3 103	2 781	92 684	28 246	29 595	91 334

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other man- ufacturing	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
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989	114.6	117.9	115.0	116.6	121.5	109.6	110.5
1990	114.2	115.7	114.4	114.6	122.0	108.7	112.9
1991*	104.1	106.4	102.4	104.7	104.9	99.7	117.6
1991*							
Sept.	100.8	110.9	98.3	104.2	98.0	96.6	122.5
Oct.	99.9	105.0	97.5	103.9	97.9	95.0	120.6
Nov.	99.6	97.9	98.1	104.5	95.8	95.9	113.4
Dec.	102.3	104.2	101.4	105.5	105.1	98.6	111.2
1992*							
Jan.	103.3	106.4	101.6	105.4	106.3	96.9	115.9
Feb.	105.2	111.1	103.8	111.7	110.2	95.9	114.6
March	107.3	119.4	105.8	109.9	116.4	96.8	116.5
April	108.5	114.7	106.8	108.3	118.7	98.4	118.8
May	108.8	143.0	107.0	111.2	118.0	98.1	112.9
June	112.0	183.4	107.5	109.8	121.7	99.1	111.8
July	114.4	116.8	115.3	100.5	128.1	108.5	107.3
Aug.	110.1	98.2	110.5	110.1	129.1	97.7	110.6
Sept.	105.4	97.3	104.6	113.0	115.6	93.7	115.0

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
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.3
1990	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.5
1991*	101.2	103.9	103.9	94.4	127.7	109.9	102.1	110.8
1991*								
Aug.	98.8	104.4	..	..	..	..	..	110.1
Sept.	99.2	103.6	..	..	..	..	..	110.2
Oct.	95.6	103.0	..	..	..	..	..	109.2
Nov.	95.0	102.5	..	..	..	..	..	109.3
Dec.	95.5	100.4	..	..	..	..	..	109.7
II	102.7	104.7	112.8	101.4	169.1	120.8	100.9	110.8
III	101.7	104.9	98.8	89.3	89.6	110.8	86.6	111.2
IV	95.4	102.0	89.9	78.2	97.9	97.0	111.3	109.4
1992*								
Jan.	96.5	104.1	..	..	..	..	..	108.7
Feb.	88.6	98.9	..	..	..	..	..	109.2
March	91.5	97.1	..	..	..	..	..	110.5
April	88.9	96.0	..	..	..	..	..	109.3
May	83.0	92.8	..	..	..	..	..	109.0
June	94.6	93.8	..	..	..	..	..	110.9
July	93.7	92.5	..	..	..	..	..	111.3
Aug.	80.4	88.4	..	..	..	..	..	110.2
I	92.2	100.1	88.1	82.8	92.7	96.1	87.9	109.5
II	88.8	94.2	82.9	80.9	79.2	90.3	106.7	109.7

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	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.8	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1991¹	157.6	158.3	156.2	157.9	154.8	158.9	132.6	111.2	115.8	94.2	109.9	108.7	110.4	137.3
1991¹														
Oct.	..	..	..	..	..	..	133.3	111.0	115.6	94.4	109.8	108.0	110.7	137.5
Nov.	..	..	..	..	..	..	133.4	111.2	115.3	96.1	110.1	108.4	110.9	137.4
Dec.	..	..	..	..	..	..	134.0	111.3	115.4	96.3	110.8	110.7	110.9	137.1
III	158.6	158.9	156.4	159.5	156.6	161.0	132.8	110.8	115.4	94.3	109.6	108.3	110.2	137.7
IV	159.6	160.1	158.3	159.9	157.3	161.4	133.6	111.1	115.4	95.6	110.3	109.0	110.8	137.3
1992¹														
Jan.	..	..	..	..	..	..	134.7	111.8	115.4	98.4	111.1	111.4	111.0	136.5
Feb.	..	..	..	..	..	..	135.0	112.0	115.6	99.0	111.4	111.6	111.3	136.5
March	..	..	..	..	..	..	135.4	112.1	115.6	99.2	111.5	111.7	111.4	136.5
April	..	..	..	..	..	..	135.9	112.3	115.8	99.8	112.0	112.0	112.0	135.5
May	..	..	..	..	..	..	136.0	112.3	115.7	99.9	112.5	112.6	112.4	134.8
June	..	..	..	..	..	..	136.3	112.3	115.7	100.0	112.8	113.2	112.6	133.7
July	..	..	..	..	..	..	136.1	112.2	115.9	99.0	112.9	113.2	112.8	134.0
Aug.	..	..	..	..	..	..	135.9	112.0	115.7	98.6	112.4	111.8	112.7	133.7
Sept.	..	..	..	..	..	..	136.4	112.2	115.2	101.3	113.2	115.0	112.3	134.5
Oct.	..	..	..	..	..	..	136.9	113.3	115.7	104.3	113.8	115.9	112.8	134.7
I	160.1	160.5	159.3	160.5	158.0	161.8	135.0	111.9	115.5	98.9	111.3	111.6	111.2	136.5
II	160.6	161.1	160.1	160.9	158.4	162.3	136.1	112.3	115.7	99.9	112.4	112.6	112.3	134.7
III	160.6	160.8	159.4	161.4	158.9	162.6	136.2	112.2	115.6	99.6	112.8	113.3	112.6	134.0

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries			
		1000 persons										
		1	2	3	4	5	6	7	8	9	10	11
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	
1991	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6	
1991												
Oct.	67.0	2 527	2 284	330	1 954	199	480	165	1 440	242	9.6	
Nov.	66.8	2 522	2 273	337	1 936	195	474	166	1 438	249	9.9	
Dec.	66.9	2 525	2 257	330	1 927	197	473	159	1 428	268	10.6	
1992												
Jan.	66.5	2 511	2 236	332	1 904	195	467	153	1 421	275	11.0	
Feb.	66.7	2 520	2 226	327	1 899	193	468	182	1 384	293	11.6	
March	66.5	2 515	2 221	329	1 891	197	461	154	1 409	294	11.7	
April	65.8	2 486	2 190	327	1 863	185	456	150	1 399	296	11.9	
May	66.1	2 499	2 188	333	1 855	189	451	154	1 394	311	12.4	
June	66.3	2 506	2 185	332	1 853	191	452	156	1 385	322	12.8	
July	65.8	2 490	2 162	328	1 834	186	452	146	1 378	328	13.2	
Aug.	66.5	2 517	2 162	332	1 831	187	446	151	1 378	354	14.1	
Sept.	65.7	2 490	2 147	323	1 824	187	457	151	1 352	343	13.8	
Oct.	66.1	2 504	2 139	321	1 818	182	457	132	1 367	365	14.6	

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1991											
Sept.	3 336	6 164	69	1 303	10 872	124	10 996	3 610	7 895	3 458	4 271
Oct.	3 080	5 759	99	1 150	10 088	85	10 174	3 763	9 259	3 433	5 574
Nov.	3 296	6 173	229	1 763	11 461	711	12 172	3 728	10 423	4 263	5 979
Dec.	3 876	6 691	66	2 636	13 270	418	13 688	3 927	10 463	3 857	5 844
1992											
Jan.	2 963	5 805	98	867	9 733	10	9 743	4 311	8 447	3 360	4 963
Feb.	2 854	6 461	84	1 098	10 497	7	10 504	4 000	8 004	3 387	4 449
March	- 420	5 048	227	2 355	7 210	2 041	9 251	3 889	9 055	3 808	4 542
April	4 629	5 583	119	2 373	12 704	83	12 787	4 022	9 590	3 818	5 394
May	3 068	5 722	131	2 012	10 933	32	10 965	3 782	9 010	3 658	5 183
June	4 310	5 615	135	2 097	12 157	339	12 496	4 390	8 760	4 005	4 514
July	3 662	6 074	275	1 234	11 245	78	11 323	5 073	7 975	3 469	4 319
Aug.	3 422	5 938	130	1 528	11 018	393	11 411	3 483	8 170	3 413	4 553
Sept.	3 091	5 663	117	1 510	10 381	137	10 517	3 887	8 179	3 440	4 575

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)
1987	7 089	4 732	100 738	5 672	106 410	- 1 090	- 4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
1991	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
1991									
Sept.	498	523	12 526	829	13 355	- 1 654	- 2 359	3 242	883
Oct.	567	713	14 302	993	15 295	- 4 214	- 5 121	4 991	- 130
Nov.	458	327	14 936	1 012	15 947	- 3 475	- 3 775	5 865	2 089
Dec.	526	892	15 809	798	16 607	- 2 539	- 2 920	- 211	- 3 131
1992									
Jan.	340	846	13 944	792	14 737	- 4 211	- 4 994	1 161	- 3 833
Feb.	314	1 168	12 486	839	13 324	- 1 989	- 2 820	7 885	5 065
March	378	1 355	14 677	3 305	17 981	- 7 467	- 8 730	3 545	- 5 185
April	394	684	14 690	683	15 374	- 1 986	- 2 587	5 474	2 887
May	400	366	13 558	826	14 385	- 2 625	- 3 420	3 216	- 203
June	476	1 006	14 632	2 574	17 205	- 2 475	- 4 709	8 162	3 453
July	398	479	13 925	683	14 608	- 2 680	- 3 285	5 185	1 900
Aug.	387	331	12 371	7 005 ^r	19 375 ^r	- 1 353	- 7 964	4 133	- 3 831 ^r
Sept.	442	816	13 324	4 950	18 275	- 2 943	- 7 758	5 267	- 2 491

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

Table 2.2 The cash reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is announced at the end of the previous month and is determined on the basis of the cash reserve base for that month. Since 1 April 1992, the rate of interest paid on cash reserve deposits has been 2 percentage points less than three-month HELIBOR but at least 8 per cent. A supplementary cash reserve agreement was applied from April 1989 to end-1990. The (non-interest-bearing) additional deposits made under this agreement varied according to the bank or group of banks concerned, the amounts being based on the rate of growth in lending.

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

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

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

Table 2.5 As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The statistics cover all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

3 RATES OF INTEREST

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

Table 3.2 The Bank of Finland's tender rate (column 1) is determined in tenders held by the Bank of Finland, in which the banks are asked to make bids or offers for money market instruments with a maturity of one month. The tender rate is the weighted average of accepted bids or offers, expressed as a simple annual interest rate. If, when requesting bids or offers, the Bank of Finland announces an acceptable interest rate (fixed-rate tender), the tender rate is the same as the rate announced by the Bank. The monthly figure for the tender rate is the arithmetic average of calendar day figures.

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

Table 3.3 The rates shown are based on the lending rates quoted for the respective currencies in the Euro-

market. ECU (Column 1): the weights of the ECU basket, 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent.

Table 3.4 Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month 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 2 percentage points (since May 1992). 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 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. Until January 1992, the yield was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The 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 S25

non-financial corporations. The yield on tax-free public issues (Column 7) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations.

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. The midpoint (Column 2) was FIM 4.87580 from 7 June to 14 November 1991, and FIM 5.55841 from 15 November 1991 to 7 September 1992, and the fluctuation limits were ± 3 per cent around the midpoint. Since 8 September 1992 the markka has been floating. The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 4): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 5): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

5 OTHER DOMESTIC FINANCING

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

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

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign

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

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

Table 5.5 Source: Table B: Statistics Finland from the beginning of 1991. Tables A and B 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. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures annually

from the September issue of the Bulletin. (The annual figure is divided evenly between quarterly figures.)

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

Table 6.3 Net foreign debt (Columns 1-23) at the end of a period is classified in the same way as the corresponding data on changes in the capital account (Table 6.2). The items included in net foreign debt have been translated into markkaa using the spot rates for each date. Thus the figures include the impact of changes in exchange rates.

Table 6.4 The sectoral figures for short-term foreign liabilities and assets correspond to the figures shown in Columns 12-22 of Table 6.3.

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

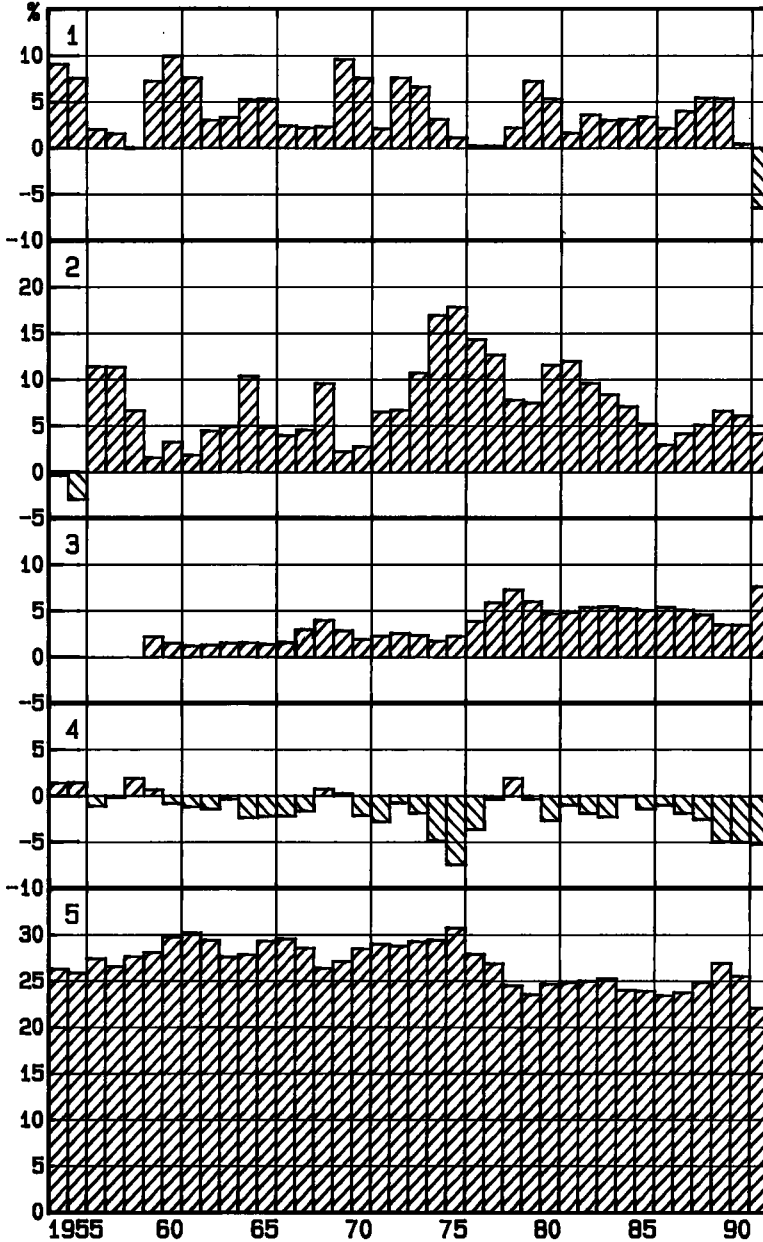
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year is 1985.

Table 8.6 Source: Ministry of Finance.

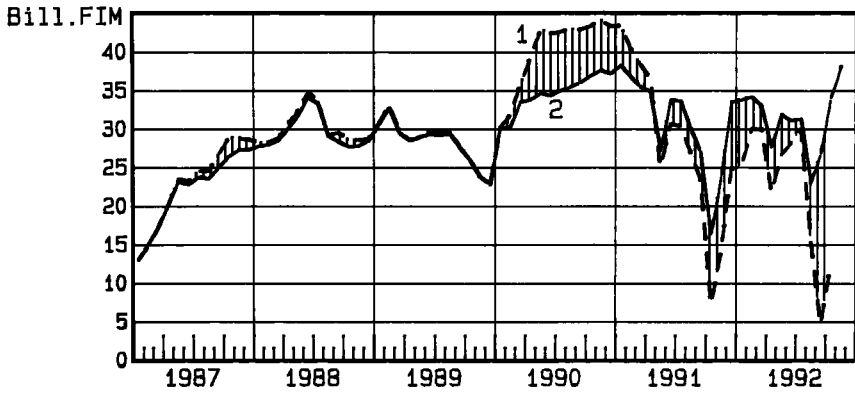
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Liquidity management interest rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates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

1. LONG-TERM INDICATORS



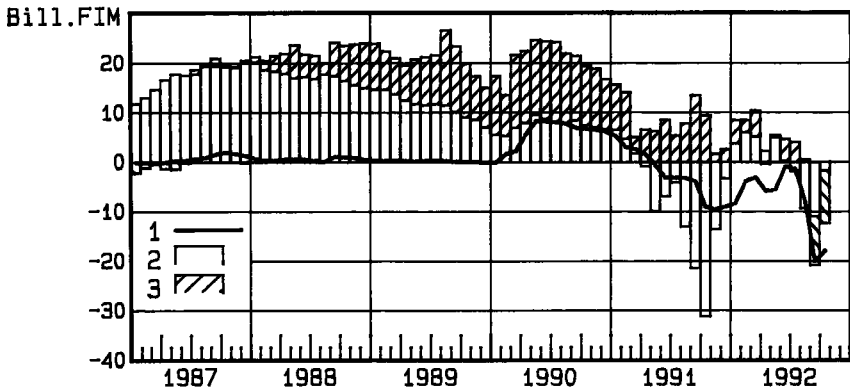
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



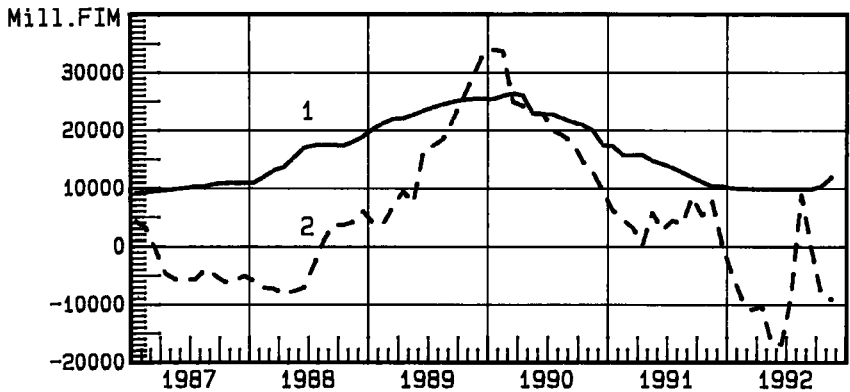
- 1. Convertible foreign exchange reserves plus forward position
- 2. Convertible foreign exchange reserves

3. FORWARD MARKET



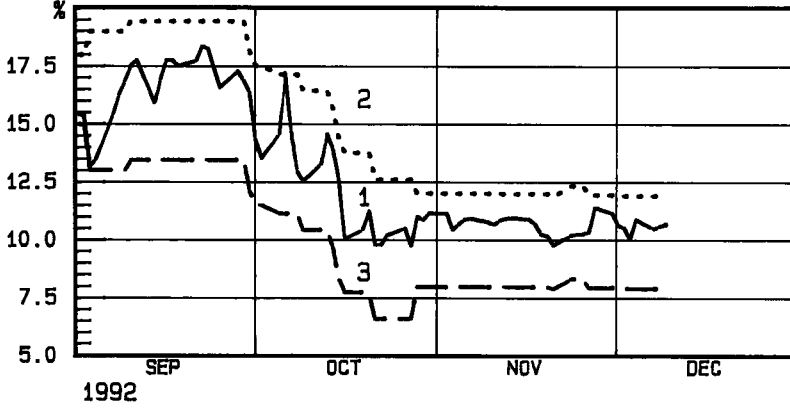
- 1. Forward exchange purchased by the Bank of Finland from banks
- 2. Forward exchange sold by companies to banks
- 3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



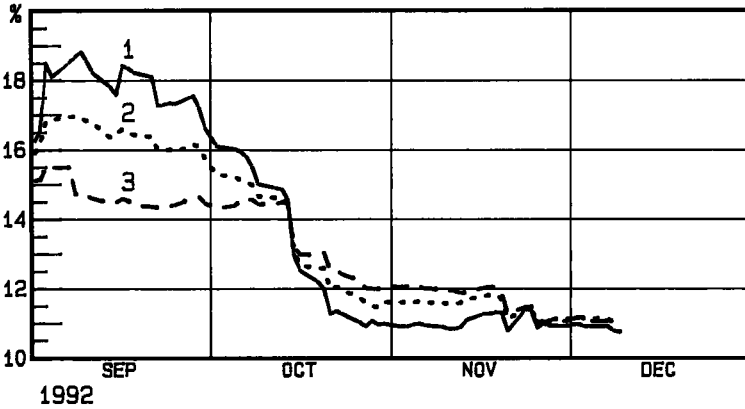
- 1. Cash reserve deposits
- 2. Bank of Finland's holdings of money market instruments, net

5. LIQUIDITY MANAGEMENT INTEREST RATES



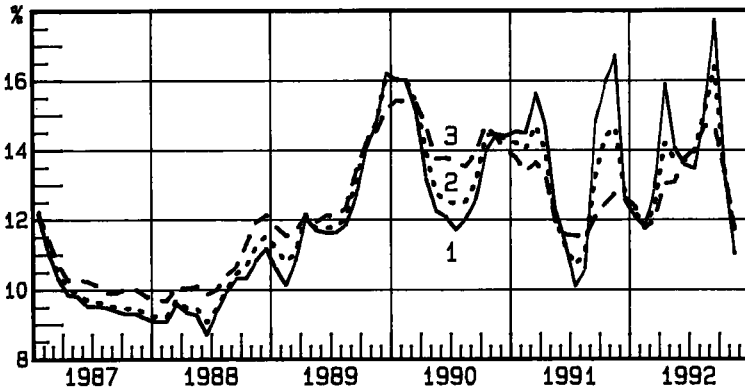
- 1. Inter-bank overnight rate
 - 2. Liquidity credit rate (up to 2 July call money credit rate)
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



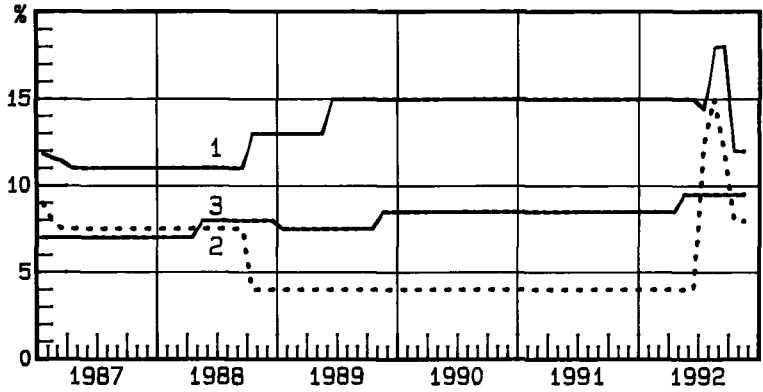
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



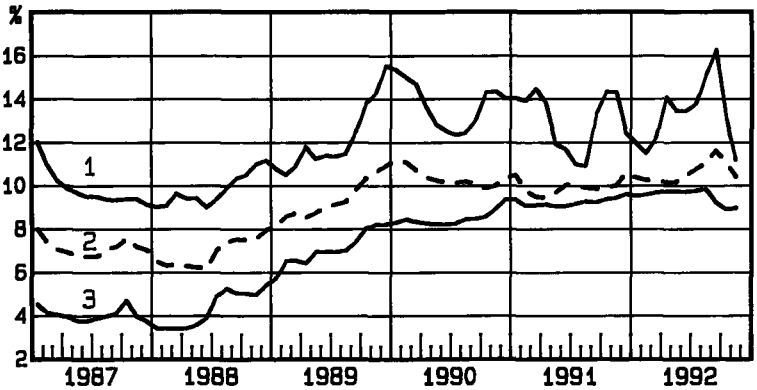
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



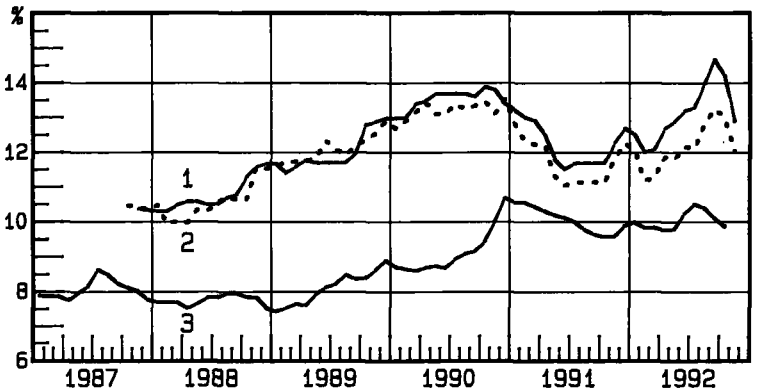
- 1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



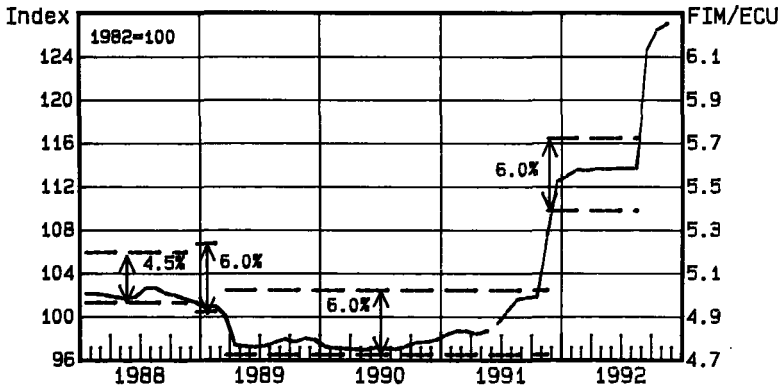
- 1. Covered Eurodollar rate
- 2. ECU rate
- 3. DEM Eurorate

10. YIELDS ON BONDS



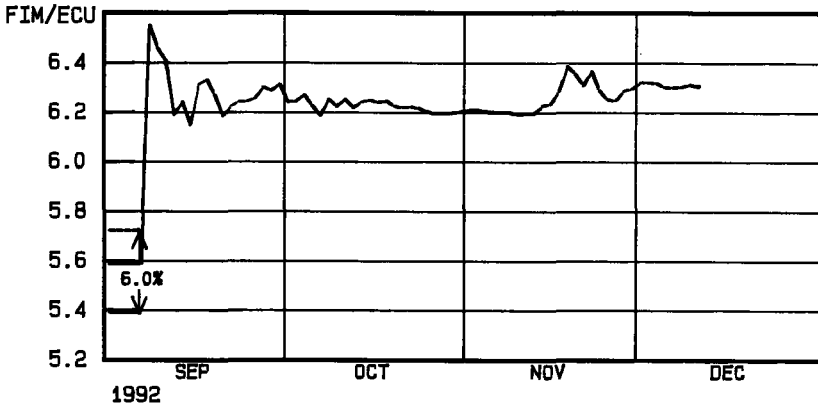
- 1. Bank of Finland's 5-year reference rate
- 2. Until April 1991, yield on (4-5 year) taxable government bonds
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
- 3. Yield on (4-5 year) taxfree government bonds

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



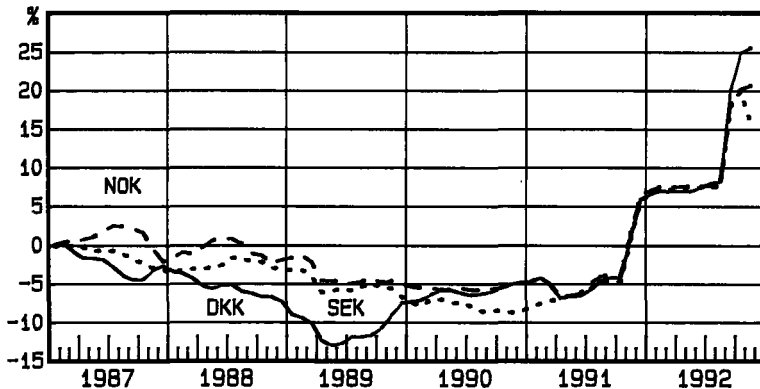
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953 — 5.02207 in the period 7 June — 14 November 1991, and 5.39166 — 5.72516 in the period 15 November 1991 — 7 September 1992. Since 8 September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

12. MARKKA VALUE OF THE ECU



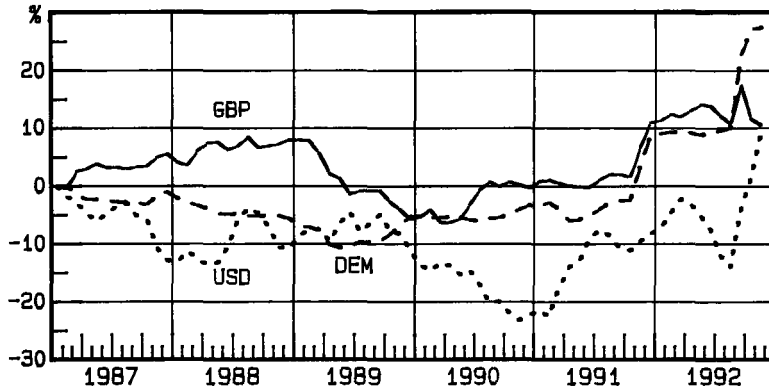
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



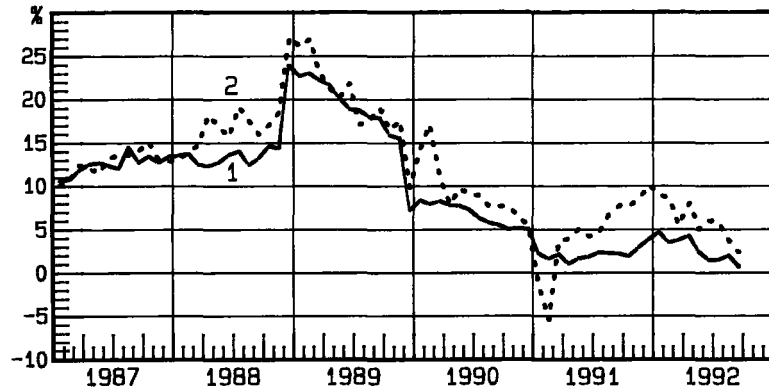
Monthly changes in markka middle rates calculated from the average rates for January 1987

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



Monthly changes in markka middle rates calculated from the average rates for January 1987

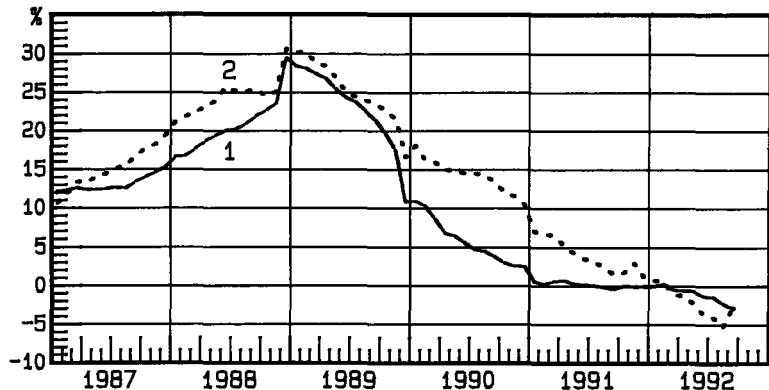
15. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

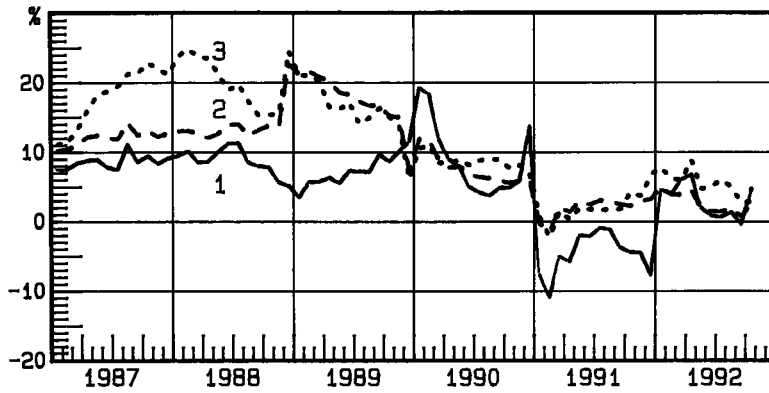
16. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

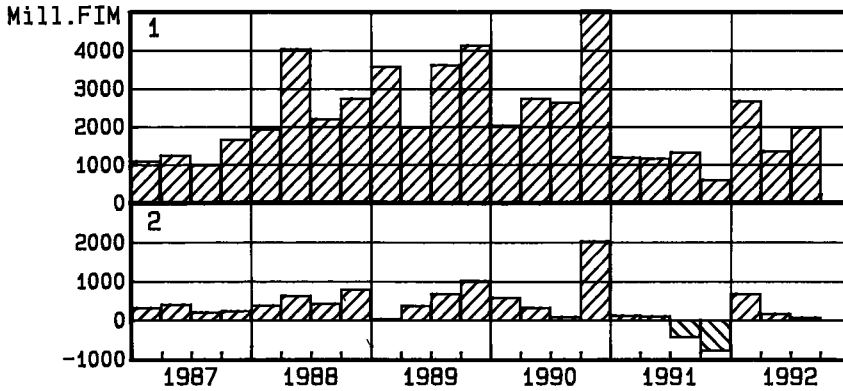
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



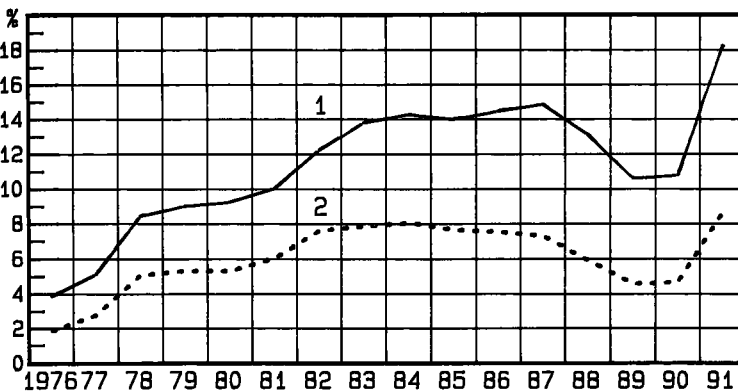
1. Narrow money supply (M1)
 2. Broad money supply (M2)
 3. M2 + bank CDs held by the public (M3)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

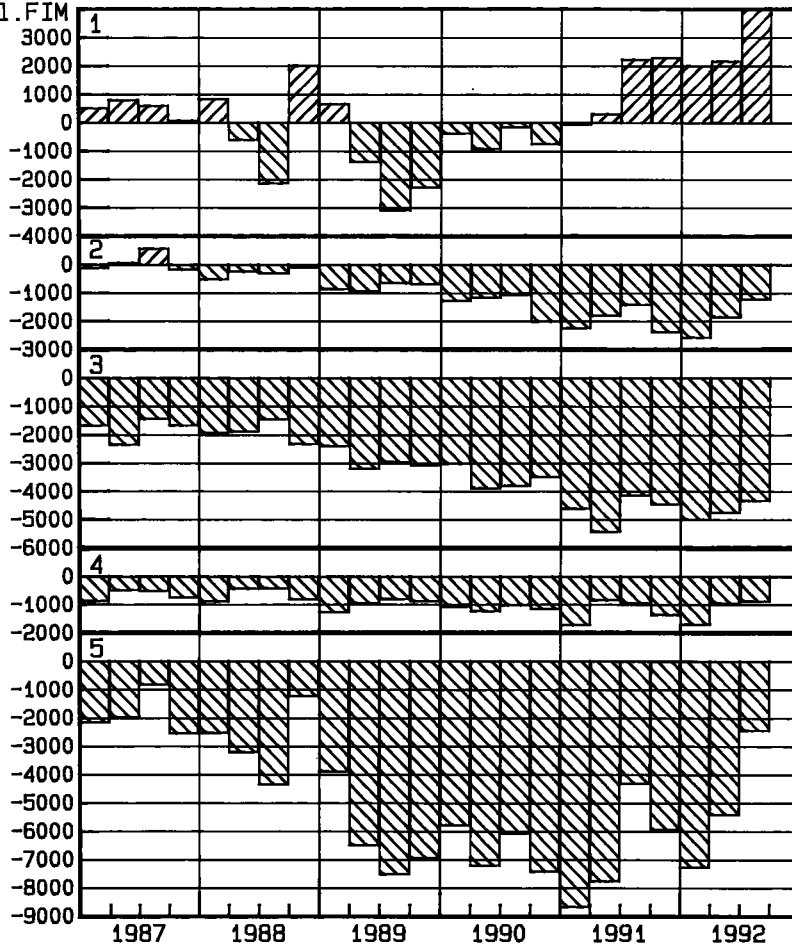
19. CENTRAL GOVERNMENT DEBT



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

20. CURRENT ACCOUNT

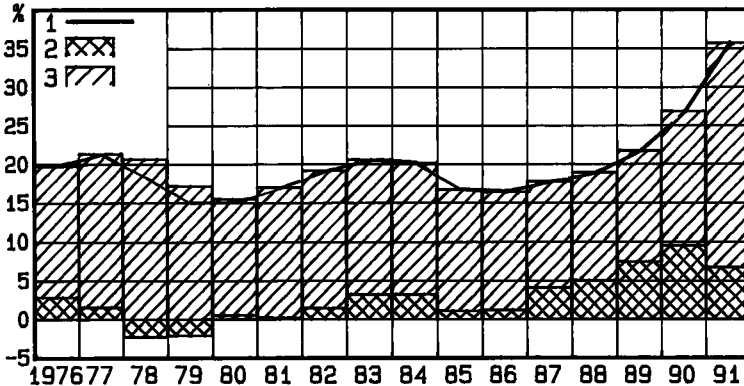
Mill. FIM



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

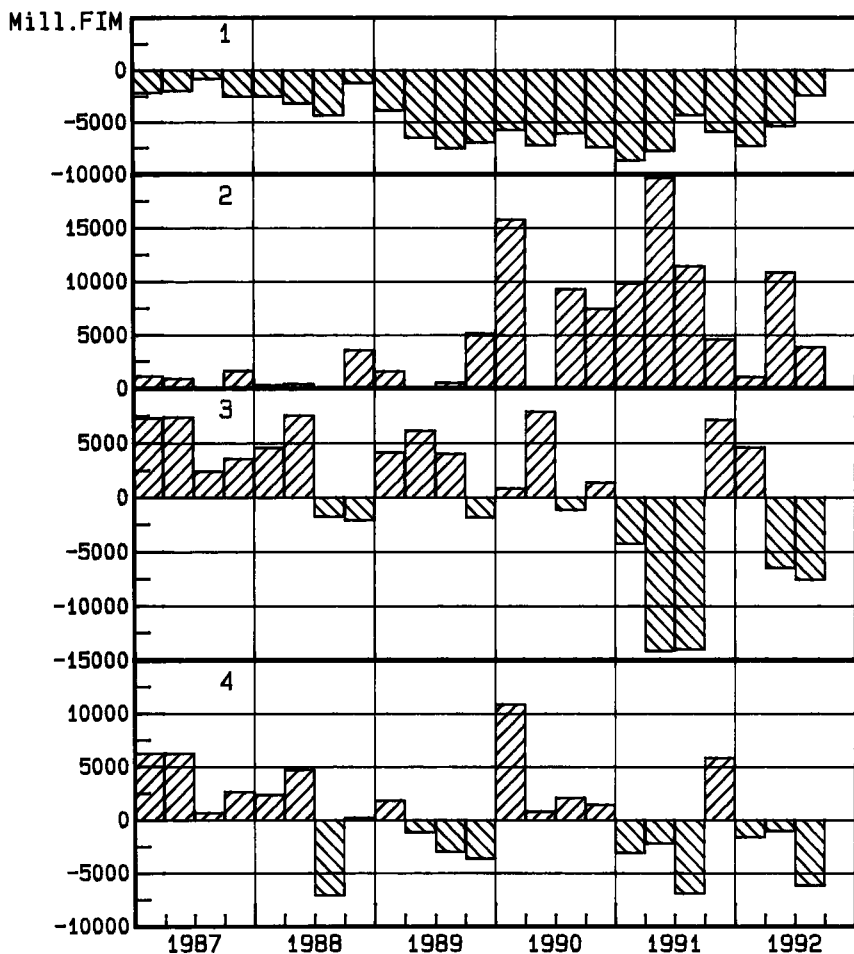
21. FOREIGN DEBT

%



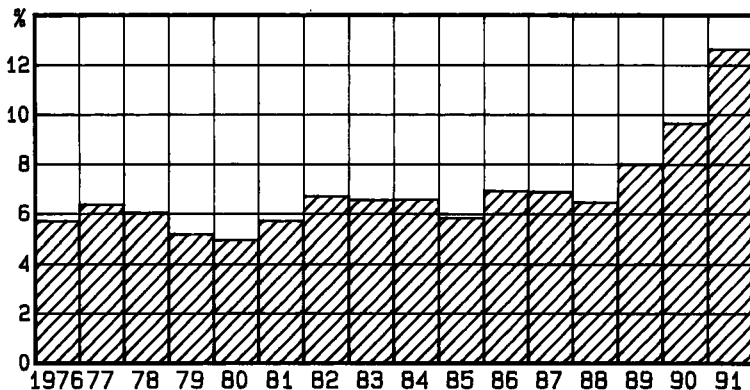
1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



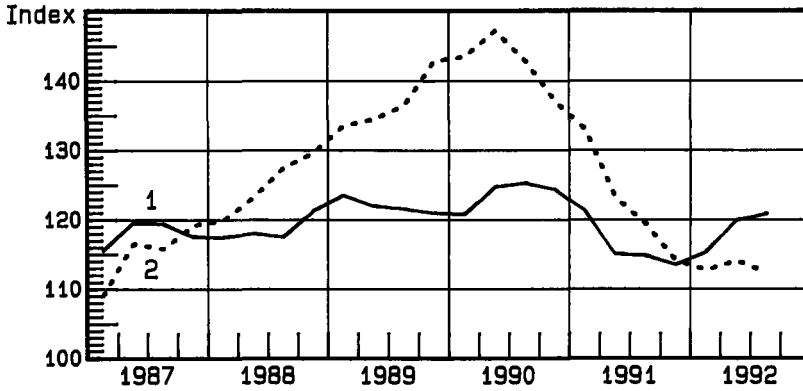
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance = change in the foreign exchange reserves of the Bank of Finland

23. NET INTEREST AND DIVIDEND EXPENDITURE



As a percentage of current account receipts

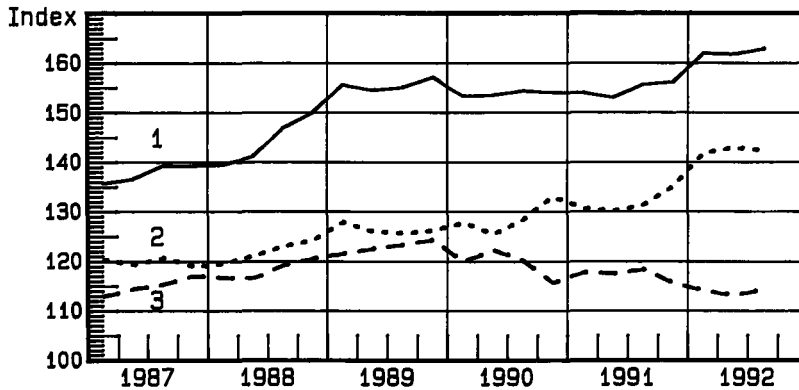
24. FOREIGN TRADE



1. Total exports
2. Total imports

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

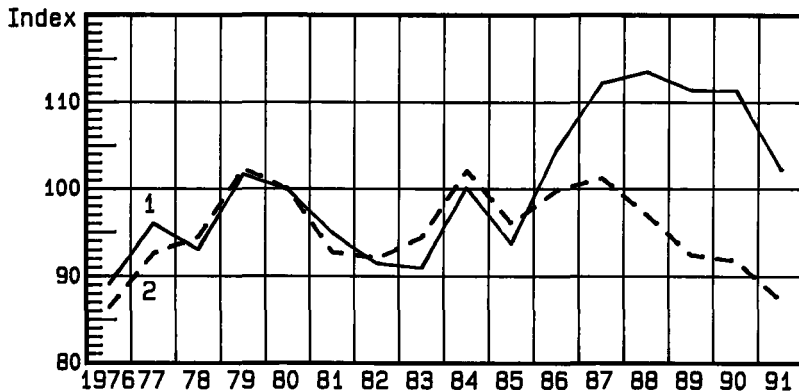
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

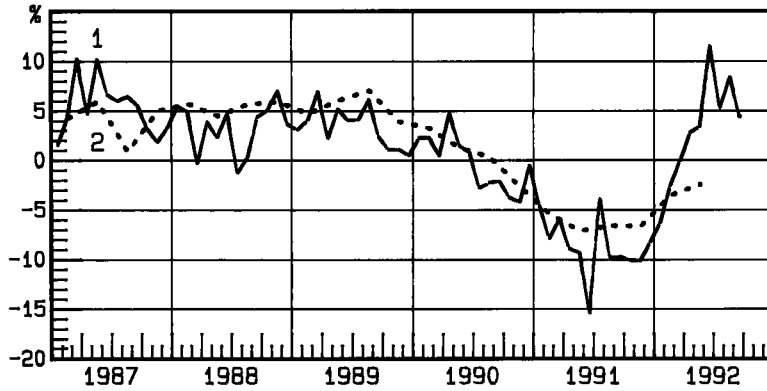
26. FINLAND'S EXPORT PERFORMANCE



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

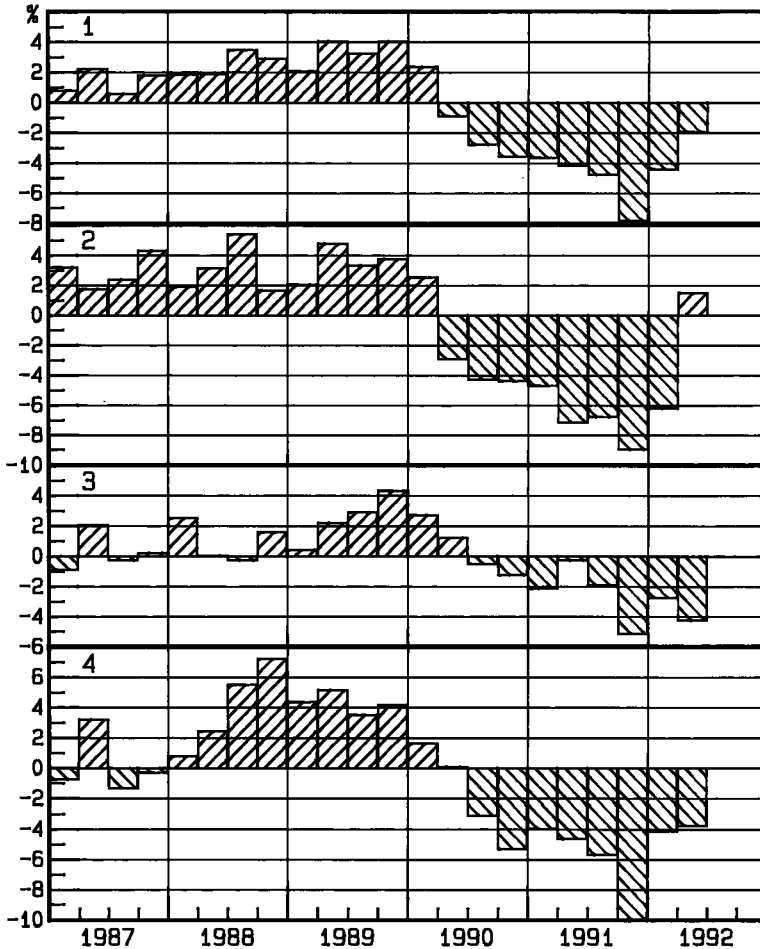
1980 = 100

27. PRODUCTION



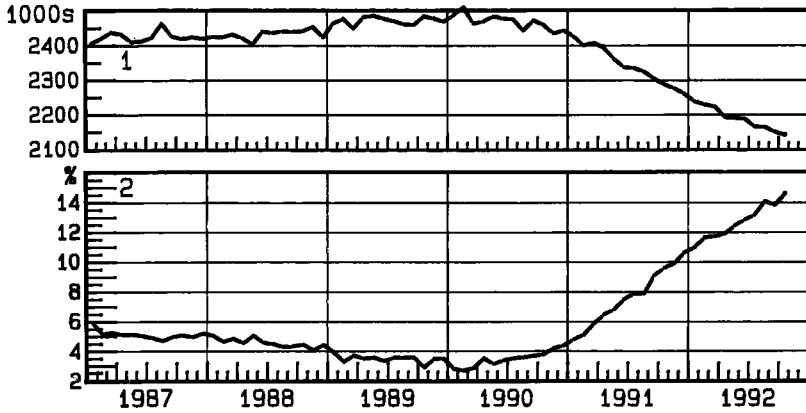
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



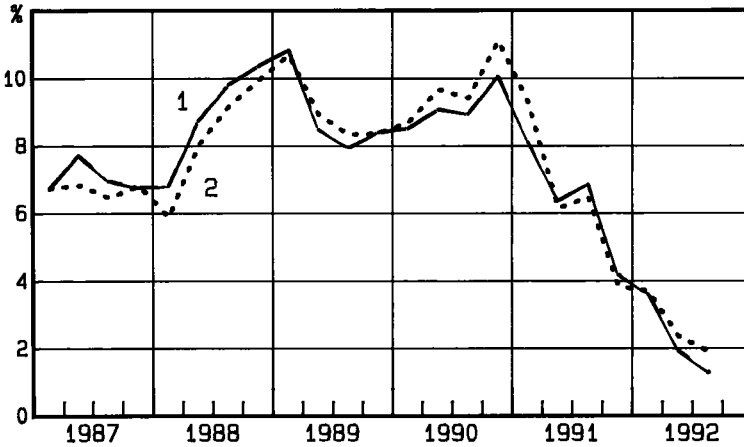
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

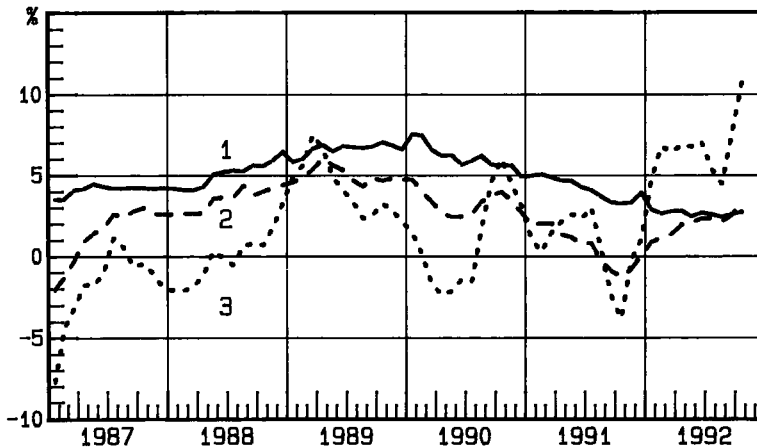


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

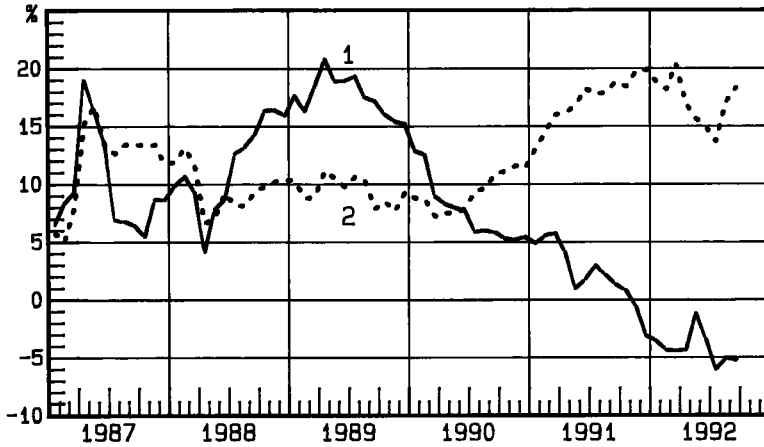


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



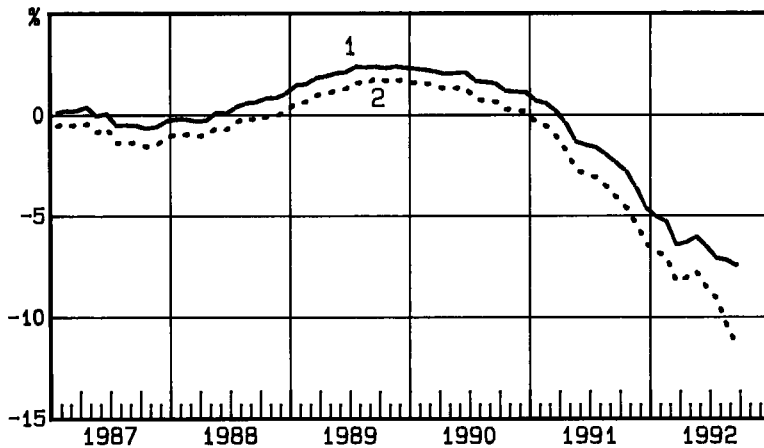
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



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

12-month changes calculated from 12-month moving totals and 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

1 November 1992

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JUSSI RANTA, Vice Chairman
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HANNU TENHIÄLÄ
ANNELI JÄÄTTEENMÄKI

TUULIKKI HÄMÄLÄINEN
ESKO SEPPÄNEN

MAURI MIETTINEN
JÖRN DONNER

THE BOARD OF MANAGEMENT

SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

DIRECTOR

PENTTI KOIVIKKO

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Legal Affairs ARNO LINDGREN

Administration Department URPO LEVO,
Building Manager BENGT PALMROOS

Market Operations Department MARKUS FOGELHOLM

Payments and Settlement Department RAIMO HYVÄRINEN

Central Bank Policy Department JOHNNY ÅKERHOLM

Payment Instruments Department REIJO MÄKINEN

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Secretary to the Parliamentary Supervisory
Board and the Board of Management

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SETEC OY

VELI TARVAINEN, Managing Director
