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Recent Financial Market
Developments and Monetary Policy

The European Economic Area
and Finland

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RECENT FINANCIAL MARKET DEVELOPMENTS AND MONETARY POLICY

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OUTPUT FALLS

The Finnish economy remained in the doldrums in the final months of 1991 and unemployment continued to rise. Output in the fourth quarter declined from the third quarter, but in industry there were some signs that the trough of the recession had been passed. Developments in exports to western markets also point to a recovery. A recent survey carried out by the Federation of Finnish Industries showed clear signs of increasing confidence with regard to economic recovery.

Preliminary national accounts statistics indicate that real GDP decreased by 6 per cent for the year as a whole, with domestic demand falling by 8 per cent. The high level of household indebtedness and high interest rates weakened consumer demand. Private consumption declined by more than 4 per cent in 1991. For instance, car sales were down by about one-third from the previous year. The household saving ratio has been rising rapidly; from its low point of about 1 per cent of household disposable income in late 1988 it climbed to about 6 per cent in 1991.

The downward trend in fixed investment was maintained throughout 1991. Business fixed investment decreased by nearly 20 per cent for the year as a whole and residential investment by more than 20 per cent. Housing prices continued to fall in the fourth quarter. In December, housing prices in the greater Helsinki area were about 20 per cent lower than in the same period a year earlier. According to a recent investment survey carried out by the Bank of Finland,¹

investment activity in industry will remain sluggish in 1992.

Owing to a sharp fall in output, demand for labour declined significantly. In December 1991, the number of employed persons was 6.6 per cent lower than twelve months earlier. The increase in the number of unemployed was particularly sharp towards the end of the year. In the last quarter of 1991, the number of unemployed grew by 77 000, and the seasonally adjusted rate of unemployment exceeded 10 per cent in December.

The twelve-month rate of inflation, which stood at 4.9 per cent in December 1990, decelerated to 3.9 per cent in December 1991. For the year on average, the increase in consumer prices was 4.1 per cent. Much of the decline in inflation was due to the fall in the prices of dwellings and the only modest increases in import prices. Consumer price inflation is expected to remain moderate in the months ahead despite the recent devaluation of the markka.

The abrupt adjustment of the economy is slowly starting to bear fruit. The sharp decline in domestic demand, together with the improvement in export performance, is reflected in the external balance. The trade balance improved markedly in the second half of 1991 and registered a surplus of FIM 4.6 billion for the year as a whole, compared to a deficit of FIM 2.2 billion in the previous year. As regards the current account, however, the improvement was less pronounced because of rising interest payments.

¹ See also the item in this issue of the Bulletin.

INCOMES AGREEMENT REACHED

On November 29, 1991, a new incomes agreement, covering a two-year period ending on October 31, 1993, was reached. The agreement provides for zero pay increases in 1992, thus augmenting the beneficial impact of the devaluation on the competitive position of Finnish export industry. The agreement includes an index clause. If consumer prices rise by more than 5.8 per cent between December 1991 and October 1992 employees will be compensated. The agreement also includes a clause concerning the introduction of employees' contributions to compulsory earnings-related pension schemes in 1993.²

TURBULENT FINANCIAL MARKETS

Financial markets were turbulent in the latter part of the year. As the number of bankruptcies and unemployed increased, calls for a devaluation of the markka intensified. As a result, interest rates moved higher and the interest rate differential vis-à-vis foreign interest rates widened to some 4 percentage points in late September.

The pressure against the markka mounted in August in connection with the Government's budget proposal for 1992. The proposal did not include the kind of measures the market felt were necessary for correcting the structural deficiencies in the economy in the longer run. The budget proposal included a large number of legislative changes designed to cut public expenditure, but the

² See also the item in the December 1991 issue of the Bulletin.

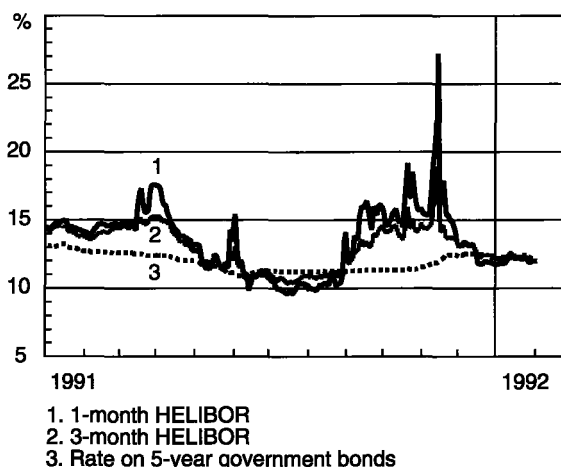
passing of these "savings bills" was considered uncertain, since any reductions in public expenditure require a 2/3 majority in Parliament. Despite rising interest rates, the Bank of Finland had to sell foreign currency in the spot exchange market in support of the markka in the course of the autumn.

The foreign exchange market remained unsettled in the autumn. The slow progress in the wage negotiations, which had been under way since the end of the summer, together with reports that there were differences in opinion about economic policies within the Government, triggered a heavy capital outflow on October 21. From mid-August to October 21, the Bank of Finland sold foreign currency in the spot exchange market totalling the equivalent of FIM 28 billion. As a result of the Bank's intervention, the liquidity of the banking sector was squeezed substantially and short-term money market rates rose sharply. The banks' call money borrowing from the Bank of Finland reached a high point of over FIM 18 billion in October, while the overnight rate in the interbank market climbed to over 27 per cent. At the same time, one-month HELIBOR peaked at over 19 per cent (Chart).

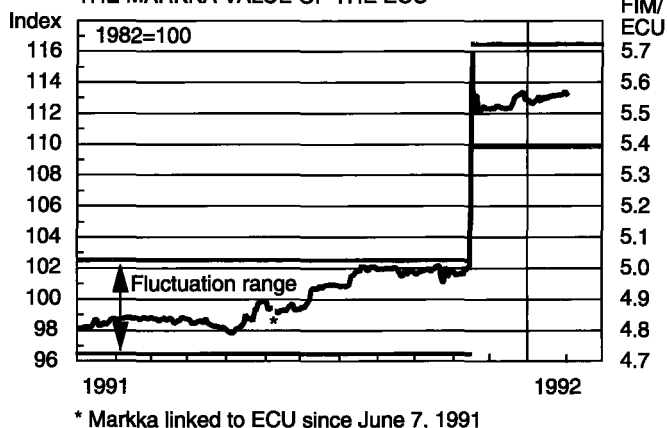
After the central labour market organizations had accepted the proposal for a comprehensive incomes policy agreement drawn up by Mr. Kalevi Sorsa, member of the board of management of the Bank of Finland, on October 22, tension in the foreign exchange market eased for a while. The proposal aimed at a 7 per cent cut in nominal labour costs in 1992. To alleviate the pressure on bank profitability, the Bank of Finland decided to temporarily suspend the rule according to which banks have to pay twice the normal rate for their call money borrowing whenever the five-day moving average of their daily position at the Bank is negative. The rule was restored on November 12, 1991.

CHART.

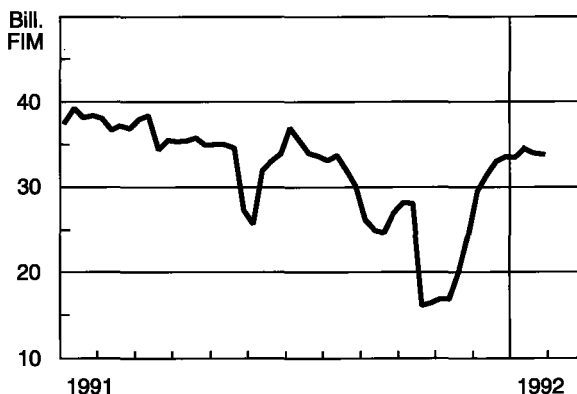
KEY INTEREST RATES



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



CONVERTIBLE FOREIGN EXCHANGE RESERVES



THE DEVALUATION OF THE MARKKA

The deadline set for signing union-level pay settlements was November 29, 1991. Despite the wage agreement concluded at the centralized level, uncertainty about the reaching of pay settlements at the union level added to market nervousness and induced further capital outflows in early November. Moreover, growing doubts as to whether the Government was fully committed to a stable exchange rate increased the pressure against the markka, and, in spite of high interest rates, the Bank had to sell currency in the spot exchange market in support of the markka. Since the situation seemed likely to remain uncertain because there were no clear credible policy alternatives to the incomes settlement and since, moreover, the foreign exchange reserves (including the forward position of the Bank) had practically been depleted, the board of management allowed the markka to float in the afternoon of November 14. On the following day the markka was devalued by 12.3 per cent. The new fluctuation range for the markka's rate against the ECU was set at 5.39166 and 5.72516; the old fluctuation range was 4.72953 and 5.02207.

After the November devaluation, the markka's exchange rate against the ECU settled at close to the mid-point of the band (Chart). As the uncertainty in the foreign exchange market abated the capital outflow was reversed. From November 18 to the end of January 1992, the Bank of Finland bought foreign currency totalling the equivalent of FIM 22 billion, and at the end of January the foreign exchange reserves stood at FIM 34 billion (Chart). With the currency inflow, short-term interest rates started to decline. Three-month HELIBOR fell to 12 per cent at the end of January, while the interest rate differential vis-à-vis foreign interest rates narrowed to around 1.5 percentage points. Long-term interest rates increased by about half a percentage point after the

devaluation. The long-term interest rate differential vis-à-vis foreign interest rates stood at about 3.5 percentage points at the end of January.

VOLATILE CAPITAL FLOWS

Restlessness in the foreign exchange market contributed to heavy capital flows towards the end of 1991. Prior to the devaluation of the markka, capital outflows increased markedly as companies hedged their foreign exposures and took positions against the markka. When the market calmed down after the devaluation, capital flows were reversed.

Preliminary balance of payment statistics indicate that the current account deficit, which had been FIM 26.5 billion in 1990, narrowed to some FIM 23 billion in 1991; i.e. to about 4.5 per cent of GDP. Since net capital imports amounted to FIM 17 billion, the Bank of Finland's currency reserves fell by FIM 6 billion. Finland's net external debt, which was 26 per cent in 1990, rose to 35 per cent of GDP in 1991. Part of the increase was due to the devaluation of the markka.

The bulk of capital imports took the form of portfolio investments. Net portfolio investments amounted to FIM 35 billion, of which about FIM 23 billion consisted of sales of foreign currency-denominated bonds. Owing to the weakening in the financial position of the central government sector, the central government's net financing requirement increased to about FIM 30 billion in 1991. Of this amount, FIM 14 billion was covered by foreign currency borrowing. Finnish direct investment abroad amounted to FIM 8 billion, while direct investment in Finland was modest, in line with the trend of previous years.

NEW BOND ISSUES AT RECORD HIGH

New issues of markka-denominated bonds almost doubled in 1991 to about FIM 47 billion. As a result of the central government's deteriorating fi-

nancial position, issues of government bonds increased rapidly in the second half of 1991. After the devaluation of the markka, sales of markka-denominated government bonds experienced temporary difficulties and some of the issues had to be withdrawn. In the second half of 1991, government issues of foreign currency-denominated bonds amounted to some FIM 11 billion, while issues of markka-denominated bonds amounted to nearly FIM 4 billion. In 1991, more than half of the central government's issues of foreign currency bonds were denominated in ECU and Japanese yen.

Sales of bonds issued by banks also increased substantially. One-third of all issues of markka bonds were by banks. The steep increase in sales of bonds by banks reflected in part the introduction of a 10 per cent withholding tax on interest income from the beginning of 1991. Traditionally, the banks have raised the bulk of their funds through deposit-taking. As a result of the new tax arrangement, an increasing share of banks' activities is now being financed in the bond market. Although the withholding tax was raised to 15 per cent from the beginning of 1992, banks are expected to remain active in the bond market in 1992.

The increase in bond issues also boosted activity in the secondary market. Turnover in the interbank market in the second half of 1991 amounted to FIM 18 billion, while turnover on the Helsinki Stock Exchange was negligible.

The downward trend in prices of shares traded on the Helsinki Stock Exchange continued throughout most of 1991. The stock market nevertheless showed some signs of recovery in late December and the stronger trend was maintained into the new year. The stock price index, having declined by 35 per cent in the course of 1990, fell by a further 22 per cent during 1991. At the end of the year, the price index was some

60 per cent below the high levels reached in mid-1989. Stock prices advanced markedly in January of this year, however. Turnover on the Helsinki Stock Exchange was very low compared to other Nordic stock exchanges.

CENTRAL GOVERNMENT'S FINANCIAL POSITION DETERIORATES

The central government budget for 1992 was approved by Parliament on January 16. The budget projects a deficit before interest payments and financial transactions of nearly FIM 25 billion, or about 5 per cent of GDP³. The most important factors influencing the budget were the rapid decline in the tax base and the sharp rise in unemployment benefits. Total central government revenue (excl. net borrow-

ing) is estimated at FIM 138 billion. In addition, an extra 2 per cent social security contribution was imposed on all personal taxable income. This revenue will go to the Social Security Institution.

On the expenditure side, only some of the 40 or so "savings bills", which were included in the budget proposal, were passed by Parliament. These bills were aimed at achieving savings in government outlays totalling about FIM 10 billion. As it was, cuts totalling about FIM 4 billion were approved by Parliament. Central government expenditure on employment is projected to increase by more than one-quarter. Total budgeted central government expenditure (excl. repayments of central government debt) is estimated at FIM 173 billion.

In the three years up to and including 1990, central government debt declined to about 11 per cent of GDP. The recession has, however, put severe pressure on the central government's financial position. In 1992, the central government's net financing requirement (incl. extra-budgetary funds) is projected to rise further to some FIM 40 billion. At the end of 1991, gross central government debt stood at FIM 92 billion, or about 18 per cent of GDP, of which about 60 per cent represented foreign debt. In 1992, gross central government debt is projected to increase to some 26 per cent of GDP.

February 5, 1992

³ For details of the central government budget for 1992, see the article by Chris-Marie Rasi in the January 1992 issue of the Bulletin.

THE EUROPEAN ECONOMIC AREA AND FINLAND

by **Peter Nyberg**, Adviser
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CURRENT STATE OF THE EUROPEAN ECONOMIC AREA

A political agreement on a European Economic Area (EEA) was reached between the seven EFTA states¹ and the EC Commission in late October 1991. Shortly afterwards, it proved necessary to resume negotiations on certain legal aspects of the agreement.² The agreement still has to be accepted by the Parliaments of all the parties involved.

Despite these uncertainties, the EFTA states remain confident that the agreement will come into force, as planned, on January 1, 1993. In Finland, as in most other EFTA countries, a comprehensive overhaul of existing legislation is under way to ensure compliance by that date. To be sure, a substantial part of this work represents legislative changes which Finland would, in any event, have considered necessary to enact at some time in the near future.

SCOPE AND CONTENTS OF THE EEA

The EEA is essentially an area within which goods, capital, services and people may move freely. No discrimination between nationals of different EEA countries is allowed. To ensure economic agents equal opportunities in all countries, they are subject to common and virtually identical rules and regulations. In effect, the EFTA countries adopted those rules which currently existed in the EC, in some cases with special adaptations for the EFTA states. Consequently, the legal framework for

economic transactions in Finland will, starting from January 1, 1993, be essentially the same as that in the EC.

The agreement is limited in scope, however. Not all goods are included – for example, most agricultural products are excluded – nor will the parties necessarily adopt the same policies towards countries outside the EEA. Likewise, most policy coordination within the area – for example, in the fields of trade in services, and monetary and economic policy – falls outside the scope of the agreement. Each party thus retains its full national autonomy in these matters. In practice, however, at least trade and monetary and economic policy are likely to become more similar within the area.

Special institutions are to be set up to ensure that the agreement functions properly. Experts from the EFTA countries are expected to take part in the preparation of – though not decisions on – new EC legislation. A high-level EEA council will be responsible for decision-making at the political level on overall development and desired changes in the agreement. A joint EEA committee will in most cases decide on new EEA rules and regulations, administer the agreement, solve problems and ensure national compliance. It was originally envisaged that an EEA court of justice would be set up to rule on internal disputes but, owing to legal complications, the precise role of the court is now the subject of renegotiation.

The EFTA states have recourse to the same safeguards as the EC member states; for instance, restrictions on capital movements in certain very specific cases. In addition, they have unilateral recourse to

safeguard measures in the event that the agreement causes other forms of severe dislocation. Since, however, an unsatisfied party also has the right to countermeasures, the use of which carries the risk of undermining the entire agreement, resort to these less clearly defined safeguards is likely to be rare indeed.

In the following, only questions relating to financial markets will be discussed.

REQUIRED CHANGES IN FINNISH FINANCIAL REGULATIONS

In recent years, substantial changes have taken place in the rules and regulations applying to Finnish financial markets. Exchange control has been completely abolished. Insurance and banking legislation, including mandatory solvency requirements for banks, has already been brought close into line with the guidelines adopted by the EC. Likewise, the rules governing the securities market are already virtually identical to those applied in the EC. Foreign banks are allowed to set up branches in Finland.

There are a few exceptions to the general requirement that financial legislation in Finland be the same in all essential respects as that scheduled to take effect in the EC on January 1, 1993. First, ownership of secondary residences need not be liberalized as regards non-residents. Second, there are two notable adjustment periods:

(1) Direct investment (i.e. foreign acquisitions of Finnish companies and real estate) may be restricted up to January 1, 1996. The adjustment period was considered necessary to give time for the required legal procedures to be completed. It now seems possible that foreign ownership of Finnish real assets

¹ Austria, Finland, Iceland, Lichtenstein, Norway, Sweden and Switzerland.

² The negotiations are continuing at the time of writing. The article is written on the assumption that the problems encountered will be resolved.

might be liberalized sooner than initially envisaged.

(2) Credit institutions in Finland that do not comply with the common solvency requirements when the EEA enters into force will have until January 1, 1995 in which to do so. Until these requirements are met, the institution in question will not be allowed to conduct business in other parts of the EEA. The authorities will, of course, take the necessary measures to ensure that institutions fulfill the requirements as soon as possible. In practice, non-compliant credit institutions will not be cleared for an EEA banking licence.

Thus, starting from January 1, 1993, the licence to operate as a credit institution in the EEA will normally be valid throughout the area, subject to home country supervisory control. Establishment in Finland will therefore be easier than before for EEA institutions. Establishment through free acquisition of a Finnish company (financial or non-financial) may also become possible fairly soon. Finnish institutions eligible for a licence will have unhindered access to EEA financial markets.

Some aspects of EC legislation, including bank-insurance company ownership, are currently being studied in Finland. Should Finnish law eventually contain stricter criteria than allowed for in relevant EC Directives, it will be binding on Finnish financial institutions only. Institutions from EEA countries that operate in Finland would then have the advantage of being able to operate according to the more permissive EC minimum standards.

NO DIRECT HARMONIZATION OF POLICY

Among the important features of the EC are increasingly far-reaching cooperation in monetary matters and a common trade policy (including rules on establishment). The EEA, by contrast, does not imply mandatory coordination of policies.

Monetary and economic policy discussions will be held between the EC and the EFTA countries. Despite the very obvious link between monetary policy and capital movements, no formal need for coordination or cooperation is foreseen. Given the free movement of capital between the EEA states, some degree of harmonization is nevertheless likely to emerge in practice. For instance, Norway, Sweden and Finland have each established unilateral links between their currencies and the ECU. The recent Finnish devaluation did not involve the ECU link itself but only its target band.

Another key element of common EC policy concerns establishment of financial institutions. Institutions from third countries may establish in the EC provided that their home countries offer EC institutions adequate market access on national terms. This reciprocity requirement has not been adopted in the EEA agreement, and hence Finland may apply its own policy to entrants from third countries. If, however, their home countries do not meet reciprocity criteria set by other EEA partners, the entrants may be restricted to operating with a licence which is valid in Finland only.

Finland, for its part, will, as far as possible, treat all foreign entrants on equal and equitable terms. Notwithstanding this, it seems unlikely that access to the Finnish market only would be attractive to foreign entrants. Therefore divergences between Finnish and EC establishment practices are likely to remain small.

EFFECTS OF INTEGRATION ON FINNISH FINANCIAL MARKETS

As Finland has already liberalized its domestic rules and regulations and brought them close into line with international guidelines, the additional impact of the EEA agreement on domestic financial markets is likely to be rather limited. As, moreover, many major Finnish financial institutions have already estab-

lished themselves in the EC, the impact of the EEA on their market access abroad is likely to be equally modest.

The EEA will nevertheless subject Finnish financial institutions and markets to some additional adjustment requirements. Since such adjustment must occur in the immediate aftermath of a severe economic recession, the pressures for a rapid restructuring of the banking sector, in particular, will be strong over the next few years. Such pressures could ease somewhat if the expected positive effects of the agreement on economic growth and asset prices begin to materialize fairly soon.

First, Finland is having to bring its legislation more closely into line with EC legal principles and at a considerably faster pace than would probably have been the case without an EEA agreement. This applies particularly to the issue of foreign ownership.

Second, adoption of EC competition rules is likely to require a less tolerant view of non-competitive practices than hitherto. Fortunately, such practices are now less of a problem in the Finnish financial markets than they were just a few years ago.

Third, avoiding "large risks" in Finland is, in practice, likely to involve speeding up the amalgamation of small and medium-sized local banks. Ways must be devised to diversify the risk attaching to very small loan portfolios. Some of the affected banks are both profitable and solid and in no immediate need of portfolio reorganization. The ongoing consolidation of the savings bank sector will help in this respect, however.

Fourth, Finnish financial institutions will need to focus on building a stronger capital base over the next few years. The EEA agreement, while itself partly responsible for this need, will also make it easier to do this in cooperation with interested foreign partners.

February 5, 1992

THE BANK OF FINLAND'S INVESTMENT INQUIRY

The decline in industrial investment that started in 1990 accelerated in 1991, and fixed investment by companies is expected to fall further in 1992. According to the Bank of Finland's investment inquiry, the volume of fixed investment in total industry decreased by over one-fifth in 1991¹. Companies' planned investments for 1992 are down by just under 10 per cent from 1991. The sharp weakening in companies' internal financing has also led to a decrease in intangible investment.

With the contraction in output, the capacity utilization rate in manufacturing fell by 7 percentage points in 1991 from its level in the previous year and amounted to 81 per cent on average. Companies expect that their capacity utilization rates will start rising in the second half of 1992.

The effects of the markka's devaluation and the incomes policy agreement are not reflected in the inquiry, which was carried out in October-December 1991. The marked improvement in manufacturing competitiveness will boost the recovery of output and hence the rise in capacity utilization. The effects of these economic policy measures will be felt more slowly in fixed investment.

¹ When comparing the results of the Bank of Finland's investment inquiry with official statistics and data from other surveys of investment intentions it should be noted that the Bank's inquiry covers domestic purchases of new fixed assets. Purchases and sales of used capital goods, acquisitions of building sites and land, business acquisitions and investment abroad fall outside the scope of the inquiry.

Fixed investment

According to survey data on investment intentions compiled by the Bank of Finland, the value of fixed investment in industry amounted to FIM 25 billion in 1991 and the value of investment in manufacturing to FIM 19.5 billion. In manufacturing, the volume of fixed investment decreased by 23 per cent, i.e. to roughly the same level it was on average in the early 1980s. Indicative of the worsening investment conditions in the course of 1991 is the fact that, in the spring 1991 inquiry, the volume of investment in manufacturing was estimated to decline by about 15 per cent. The largest drop – one-third – in fixed investment in 1991 was recorded by the metal and engineering industries. Investment in the forest industries decreased by over one-quarter and that in the other manufacturing sectors by 14 per cent. The volume of fixed investment by state-owned companies fell by only a few per cent from its level in 1990. Investment by companies in the private sector declined by 26 per cent. Investment plans were cut back most by small and medium-sized firms.

Overall, industrial companies' planned investments for 1992 are down by about 10 per cent compared with 1991. According to the inquiry, investment by manufacturing will decrease by a further 14 per cent. In the forest industries planned investments for 1992 are nearly one-third lower than in 1991 and in the metal and engineering industries 10 per cent lower. Investment by the other manufacturing sectors is estimated to remain at roughly the same level as in 1991, largely as a result of an increase in investment by the chemical industry. By contrast, investment in the energy sector is expected to increase by more than one-tenth.

Intangible investment

According to the inquiry, manufacturing spent FIM 2.7 billion on intangible investment in 1991. Most of this amount represented outlays on research and development. The metal and engineering industries accounted for 36 per cent of intangible investment, the chemical industry for about one-third and the forest industries for 14 per cent. Nearly all sectors devoted

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

	1990*	1991	Planned 1992
By sector			
Forest industries	-15	-26	-31
Metal and engineering industries	-10	-33	-10
Other manufacturing	-1	-14	-1
MANUFACTURING	-9	-23	-14
ENERGY AND WATER SUPPLY	-12	-15	13
TOTAL INDUSTRY (incl. mining)	-10	-21	-9
By type of investment			
Construction	-2	-24	-16
Machinery and equipment	-9	-20	-6

* According to national accounts.

TABLE 2. INTANGIBLE INVESTMENT IN MANUFACTURING, 1990-1992

	1990 Million FIM	Planned		1992 Million FIM	Percentage change
		1991 Million FIM	Percentage change		
Forest industries	494	381	-23	378	-1
Metal and engineering industries	1 043	962	-8	841	-13
Other manufacturing	1 281	1 354	6	1 232	-9
MANUFACTURING	2 818	2 698	-4	2 450	-9

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

	1990		1991		1992	
	I	II	I	II	I	II
Forest industries	92	89	84	82	81	83
Metal and engineering industries	91	89	83	79	79	81
Other manufacturing	86	84	80	78	79	80
MANUFACTURING	89	87	82	79	80	81

less resources to intangible investment in 1991 than in the previous year, as the value of these outlays fell by 4 per cent. According to the inquiry, intangible investment will decrease further this year.

Capacity utilization

The volume of manufacturing output fell by one-tenth in the course of 1991 and as a result the capacity utilization rate in manufacturing dropped by 7 percentage points to 81 per cent on average. The results of the inquiry indicate that productive capacity in manufacturing has decreased to some extent, partly as a result of bankruptcies and the scrapping of unprofitable capacity.

Companies expect the decline in their capacity utilization rates to come to a halt in the first half of 1992 and to start rising towards the end of the year. Companies expect capacity utilization to rise at least slightly in nearly all sectors.

FINLAND'S BALANCE OF PAYMENTS IN 1991

Current Account

In 1991, the current account deficit decreased by FIM 3 billion compared with the previous year. The decline in the deficit was largely due to a marked improvement in the trade balance.

According to preliminary data for 1991, the deficit on current account amounted to FIM 23.4 billion, equivalent to about 4.6 per cent of nominal GDP. In 1990, the deficit had amounted to FIM 26.5 billion.

Goods. Compiled on a balance-of-payments basis, the trade account (incl. adjustment items¹) posted a surplus of FIM 4.6 billion. In 1990, the trade balance had shown a deficit of FIM 2.2 billion. Despite a modest pick-up in exports in the autumn, the value of exports was still 8 per cent lower than in the previous year. Exports of paper products fell by 3 per cent in value, pulp exports by one-quarter and metal product and engineering exports by one-fifth. The value of imports decreased by 15 per cent. Imports of investment goods decreased most, by nearly one-third.

Services. The deficit on the services account grew further. There was a marked weakening in the transport account, the surplus narrowing to FIM 3.3 billion. The deficit on the travel account shrank slightly as receipts increased by 8 per cent while expenditure reached the same

¹ Fuel, stevedoring and other loading and unloading costs related to ships and airplanes, goods exported and imported for processing, minor items cleared through customs and adjustments for exchange rate changes.

level as in the previous year. The deficit on the other services account increased by about the same amount as expenditure.

Investment income. Interest payments on foreign debt totalled nearly FIM 30 billion, 11 per cent more than a year earlier. Finland's interest income on its foreign assets amounted to FIM 13.8 billion. Reinvested earnings from direct investment are not included in the data for 1991.

Capital Account

Net imports of long- and short-term capital totalled FIM 17.0 billion in 1991. There was an inflow of long-term capital amounting to FIM 38.9 billion, FIM 8.6 billion more than a year earlier. By contrast, there was an outflow of short-term capital totalling FIM 21.9 billion. The net inflow of capital was not sufficient to cover the current account deficit, and so the Bank of Finland's foreign exchange reserves decreased by FIM 6.4 billion.

Loans. Capital imports in the form of long-term loans amounted to FIM 11.4 billion, FIM 6.5 billion less than a year earlier. Outstanding liabilities in the form of loans increased by FIM 12.3 billion. The major part of these funds was raised by companies and financial institutions. Net drawings of long-term export credits granted to foreign customers amounted to FIM 2.0 billion.

Direct investment. Finnish direct investment abroad totalled FIM 8.5 billion in net terms and foreign direct investment in Finland FIM 0.1 billion.

Portfolio investment. Net capital imports in the form of portfolio investment amounted to FIM 35.5 billion. Finnish bonds were issued abroad and sold abroad via the secondary market to the value of FIM 34.8 billion in net terms; markka-denominated bonds accounted for FIM 11.7 billion of this amount. Thus capital raised in the form of bond financing was up by nearly a half from the previous year. Sales of bonds declined noticeably in the last quarter of the year, however. The

MAJOR BALANCE OF PAYMENTS ITEMS
IN 1991, MILLION FIM¹

	Receipts	Expenditure	Net
Trade (exports f.o.b., imports c.i.f.)	92 872	87 720	5 152
Adjustment items	-1 612	-1 042	-570
Trade account	91 260	86 678	4 582
Transport	8 037	4 442	3 595
Travel	5 000	11 100	-6 100
Other services	5 986	10 547	-4 562
Services account	19 023	26 089	-7 067
GOODS AND SERVICES ACCOUNT	110 283	112 767	-2 485
Investment income	13 776	29 934	-16 158
Unrequited transfers	1 201	5 104	-3 903
Other	3 400	4 274	-874
A. CURRENT ACCOUNT	128 660	152 080	-23 420
	Change in assets	Change in liabilities	Net
Loans	-905	12 293	11 388
Direct investment	-8 501	131	-8 370
Portfolio investment	590	34 876	35 466
Other long-term capital	-87	561	474
B. LONG-TERM CAPITAL ACCOUNT	-8 902	47 861	38 958
BASIC BALANCE (A+B)			15 538
Trade credits	-1 662	1 534	-128
Short-term capital of banks	-3 654	-15 246	-18 900
Other short-term capital	-3 223	-985	-4 208
Errors and omissions			1 294
C. SHORT-TERM CAPITAL ACCOUNT			-21 942
OVERALL BALANCE (A+B+C)			-6 404
Change in the foreign exchange reserves of the Bank of Finland			6 404

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

¹ Preliminary figures.

central government accounted for almost two-thirds of the bonds sold. Sales of Finnish shares were again negligible. Purchases of foreign securities by Finnish investors decreased by FIM 0.6 billion.

Short-term capital. Short-term capital exports by banks totalled FIM 18.9 billion. Forward cover operations accounted for a major part of the fluctuations in banks' capital transactions. Net exports of short-term capital (incl. trade credits) by companies amounted to FIM 2.6 billion.

Foreign exchange reserves. The Bank of Finland's

convertible foreign exchange reserves decreased by FIM 7393 million. As there was an increase of FIM 989 million in tied currency reserves, the liability on tied currency account turned into a claim. At the end of the year, the convertible foreign exchange reserves stood at FIM 33 583 million and net tied currency claims at FIM 33 million.

Net foreign debt

At the end of the year, Finland's net foreign debt amounted to FIM 178.9 billion, or 35 per cent of GDP. Long-term foreign debt totalled FIM 144.3 billion

and short-term foreign debt FIM 34.6 billion. The central government's share of net foreign debt was FIM 52.7 billion.

FINNISH DIRECT INVESTMENT ABROAD AND FOREIGN DIRECT INVESTMENT IN FINLAND IN 1991 Finnish direct investment abroad

In 1991, the net direct investment outflow was 40 per cent less than in the previous year. Direct investment abroad totalled FIM 8 501 million, which was equivalent to just under 2 per cent of GDP.

Of the net outflow of direct investment capital, investment by Finnish companies in subsidiaries, associates and branches abroad accounted for FIM 7 951 million. This was equivalent to just under 15 per cent of companies' fixed investment in Finland. Fifty-five per cent of net direct investment abroad went to EC countries, 20 per cent to EFTA countries and 22 per cent to North America.

Households' investments in real estate and dwellings abroad totalled FIM 550 million.

Dividend and interest income amounted to FIM 959 million.

Foreign direct investment in Finland

In 1991, net direct investment by foreign companies in subsidiaries, associates and branches in Finland totalled FIM 131 million. The modest amount of net foreign direct investment in Finland was the result of a few exceptionally large repayments of capital abroad.

The net inflow of capital from EC countries amounted to FIM 897 million. In contrast, repayments of direct investment capital to EFTA countries totalled FIM 669 million and those to North America FIM 95 million.

Dividend and interest expense amounted to FIM 906 million.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM FEBRUARY 1991 TO JANUARY 1992

1991

FEBRUARY

Cash reserve requirement.

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

APRIL

Counter-cyclical deposits.

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

MAY

Cash reserve requirement.

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

JUNE

Cash reserve requirement.

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

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

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

Foreign Exchange

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

JULY

Cash reserve requirement.

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

AUGUST

Cash reserve requirement.

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

SEPTEMBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.9 per cent to 4.6 per cent

of the cash reserve base at end-August 1991.

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

OCTOBER

Cash reserve requirement.

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

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

The Bank of Finland's borrowing powers. On October 25, 1991, the Parliamentary Supervisory Board decides to raise the Bank's foreign borrowing powers from USD 1.5 billion to USD 5 billion; the previous borrowing powers dated from 1980.

NOVEMBER

Cash reserve requirement.

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

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

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

The maximum call money credit rate is raised from 30 per cent to 50 per cent. The Bank of Finland raises the interest rate on call money credit from 15 per cent to 20 per cent, implying a penalty rate of 40 per cent. On November 19, 1991, the Bank of Finland lowers the interest rate on call money credit to 15 per cent again, implying a 30 per cent penalty rate.

Devaluation of the markka.

On November 14, 1991, the Bank of Finland decides to allow the markka's exchange rate to float temporarily. The next day, November 15, the Government decides, on the basis of a

proposal by the Parliamentary Supervisory Board, to raise the limits of the markka's fluctuation range against the ECU by 14 per cent, implying a 12.3 per cent fall in the external value of the markka. The new midpoint is 5.55841 (FIM/ECU) and the limits are 5.39166 and 5.72516.

Till-money credits. The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not financed by the Bank of Finland under the till-money credit arrangement. The combined total of base amounts is kept unchanged in proportion to currency in circulation with the

public. Owing to a reduction in currency in circulation with the public, the combined total of the banks' base amounts falls by FIM 49 million and amounts to FIM 1 194 million as from the last business day in November.

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.

FINLAND IN BRIEF

LAND, CLIMATE AND POPULATION

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

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

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

FORM OF GOVERNMENT

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

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

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

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish 14 People's Party 12; The Greens 10;

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

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

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

INTERNATIONAL RELATIONS

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

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

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

THE ECONOMY

Output and employment.

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

engaged in primary production, 31 % in industry and construction and 61 % in services.

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

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

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

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

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

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

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

sources 29 %, others 15 %. Compared internationally (1989), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 40 %, as compared with 60 % in western Europe on average.

FINANCE AND BANKING

Currency. Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From November 1, 1977 to June 7, 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from November 30, 1988 the range was 6 percentage points). Since June 7, 1991, the markka has been pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was 4.87580 (FIM/ECU). Since the devaluation of the markka on November 15, 1991, the midpoint has been 5.55841 and the fluctuation limits FIM 5.39166 and FIM 5.72516, where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value. Under the Currency Act, the fluctuations limits are set by the Government on the proposal of the Bank of Finland.

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

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

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

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

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other

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

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

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

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

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

There are 74 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 85 billion (at end-1990). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1990 totalled FIM 116 billion; government bonds made up 25 % of the total. Turnover on the Stock Exchange in 1990

amounted to FIM 20 billion; the share of shares and subscription rights in the total was approximately 77 %.

[REDACTED]

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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		1991		
	Dec. 31	Jan. 8	Jan. 15	Jan. 23	Jan. 31
ASSETS					
Gold and foreign currency claims	33 662	33 589	34 612	34 123	34 027
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	932	919	935	945	946
IMF reserve tranche	1 136	1 139	1 216	1 230	1 234
Convertible currencies	29 381	29 318	30 248	29 737	29 637
Tied currencies	34	33	32	31	31
Other foreign claims	2 690	2 690	2 633	2 595	2 593
Markka subscription to Finland's IMF quota	2 260	2 260	2 203	2 203	2 203
Term credit	430	430	430	392	391
Claims on financial institutions	17 413	15 703	14 793	14 291	12 894
Call money credits	—	1	1	0	3
Certificates of deposit	9 157	8 554	8 737	8 235	6 014
Securities with repurchase commitments	2 725	1 617	569	569	1 122
Till-money credits	3 528	3 528	3 528	3 528	3 806
Bonds	1 765	1 765	1 720	1 720	1 710
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	1 375	1 378	1 379	1 379	1 379
Bonds	3	3	3	3	3
Total coinage	1 372	1 374	1 375	1 375	1 376
Claims on corporations	1 288	1 280	1 267	1 261	1 256
Financing of domestic deliveries (KTR)	879	873	860	854	852
Bonds: KTR credits	207	204	204	204	201
Bonds: Other	2	2	2	2	2
Other claims on corporations	201	201	201	201	201
Other assets	2 916	1 877	1 878	3 302	4 767
Loans for stabilizing the money market	1 730	1 730	1 730	3 154	4 613
Accrued items	1 034	—	—	—	—
Other assets	153	147	148	148	154
Total	59 346	56 517	56 561	56 950	56 916
LIABILITIES					
Foreign currency liabilities	46	69	71	107	126
Convertible currencies	45	68	69	106	125
Tied currencies	1	1	1	1	1
Other foreign liabilities	3 102	3 105	3 063	3 072	3 075
IMF markka accounts	2 260	2 260	2 203	2 203	2 203
Allocations of special drawing rights	843	845	860	869	872
Notes and coin in circulation	14 528	14 143	13 751	13 561	13 323
Notes	13 306	12 929	12 547	12 361	12 128
Coin	1 222	1 214	1 204	1 199	1 195
Certificates of deposit	8 880	9 220	9 600	9 550	10 640
Liabilities to financial institutions	12 567	11 398	10 761	11 655	10 582
Call money deposits	2 206	1 035	398	1 294	654
Cash reserve deposits	10 361	10 361	10 361	10 361	9 928
Other liabilities to financial institutions	0	2	1	1	1
Liabilities to the public sector	3	4	4	4	4
Cheque accounts	—	—	—	—	—
Other liabilities to the public sector	3	4	4	4	4
Liabilities to corporations	7 057	6 710	6 411	6 295	6 177
Deposits for investment and ship purchase	7 057	6 710	6 411	6 295	6 177
Other liabilities to corporations	—	—	—	—	—
Other liabilities	1 682	106	98	98	98
Accrued items	1 584	—	—	—	—
Other liabilities	98	106	98	98	98
Valuation account and reserves	5 715	5 998	7 038	6 843	7 126
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	56 517	56 561	56 950	56 916

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1987	2 128	899	793	23 571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1990	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1991	2 180	932	1 136	29 336	33 584	33	33 617	-412	33 205	1 375	3	-1 372
1991												
Jan.	2 180	1 027	881	34 295	38 383	-288	38 095	-362	37 733	1 339	1 321	-18
Feb.	2 180	968	863	32 839	36 850	-526	36 324	-365	35 959	1 354	1 323	-31
March	2 180	1 001	892	31 441	35 514	-397	35 117	-376	34 741	1 388	1 320	-68
April	2 180	945	1 065	30 681	34 871	-260	34 611	-386	34 225	1 388	3	-1 385
May	2 180	833	1 091	23 154	27 258	-17	27 241	-387	26 854	1 405	4	-1 401
June	2 180	1 021	1 115	29 588	33 904	29	33 933	-394	33 539	1 411	4	-1 407
July	2 180	853	1 111	29 535	33 679	56	33 735	-399	33 336	1 391	4	-1 387
Aug.	2 180	875	1 086	25 966	30 107	55	30 162	-401	29 761	1 382	3	-1 379
Sept.	2 180	863	1 142	22 743	26 928	49	26 977	-400	26 577	1 398	3	-1 395
Oct.	2 180	868	1 145	12 242	16 435	42	16 477	-404	16 073	1 375	3	-1 372
Nov.	2 180	954	1 193	19 868	24 195	38	24 233	-419	23 814	1 388	3	-1 385
Dec.	2 180	932	1 136	29 336	33 584	33	33 617	-412	33 205	1 375	3	-1 372
1992												
Jan.	2 180	946	1 234	29 512	33 872	30	33 902	-482	33 420	1 379	4	-1 375

End of period	Domestic financial sector					Corporate sector					
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
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											
Jan.	6 948	-1 300	17 215	3 614	-2 262	-5 691	1 448	9 330	-7 882	13 397	640
Feb.	8 171	-1 601	15 682	3 926	-2 239	-2 947	1 419	9 226	-7 807	13 170	1 430
March	11 829	350	15 740	3 535	-2 234	2 208	1 374	8 974	-7 600	13 412	3 770
April	11 193	-441	15 845	3 429	-2 169	505	1 336	8 587	-7 251	13 244	3 280
May	16 252	1 282	14 700	3 442	-2 181	8 457	1 310	8 076	-6 766	14 406	2 380
June	12 715	-1 996	14 161	3 786	-2 164	2 508	1 273	8 190	-6 917	13 972	2 850
July	10 515	-1 877	13 546	3 740	-2 127	959	1 236	8 074	-6 838	13 841	1 090
Aug.	12 159	-1 078	12 707	3 631	-2 133	4 138	1 212	7 993	-6 781	13 613	370
Sept.	13 289	285	11 842	3 542	-2 105	7 379	1 172	7 973	-6 801	13 621	610
Oct.	13 587	13 383	11 047	3 471	-2 066	21 460	1 143	7 896	-6 753	13 500	4 090
Nov.	20 743	-1 580	10 276	3 519	-2 064	14 470	1 120	7 457	-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

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1989	131 110	3 855	99 245	28 010	-425	441	27 144
1990	163 326	26 379	160 797	-23 850	-38	-151	-23 737
1991	109 568	30 380	81 969	-2 781	-	1 788	-4 569
1991							
Jan.	3 230	640	5 320	-2 730	-	882	-3 612
Feb.	3 810	1 760	2 480	-430	6	307	-731
March	9 600	1 790	4 360	3 450	756	-1 195	5 401
April	13 060	1 200	8 990	2 870	-752	39	2 079
May	12 670	1 180	7 950	3 540	1 366	-357	5 263
June	9 603	2 980	9 493	-2 870	-1 305	1 973	-6 148
July	6 865	160	7 366	-661	-71	-190	-542
Aug.	11 430	280	7 380	3 770	21	-778	4 569
Sept.	11 670	680	10 360	630	277	-1 086	1 993
Oct.	15 350	6 710	8 990	-350	13 086	-12	12 748
Nov.	9 850	6 340	7 020	-3 510	-13 371	1 592	-18 473
Dec.	2 430	6 660	2 260	-6 490	-13	613	-7 116
1992							
Jan.	2 000	7 790	-80	-5 710	3	-1 552	-4 155

2.2 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
1990						
Dec.	11 609	4 979	6 631	10 100	-6 098	10 633
1991						
Jan.	13 191	6 724	6 467	9 165	-5 260	10 372
Feb.	12 545	7 871	4 673	9 413	-3 028	11 058
March	13 919	12 231	1 688	3 336	-2 593	2 431
April	14 088	15 045	-957	6 496	-1 568	3 971
May	15 130	25 075	-9 945	6 181	663	-3 101
June	16 144	23 123	-6 980	8 500	3 159	4 679
July	16 228	20 422	-4 194	5 350	3 257	4 413
Aug.	16 961	30 053	-13 092	7 757	3 187	-2 148
Sept.	17 020	38 496	-21 477	13 454	3 947	-4 076
Oct.	22 174	53 395	-31 222	9 433	9 034	-12 755
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

2.3 BANKS' CENTRAL BANK POSITION, MILL.FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1989	373	15 146	15 519	403	465	23 035	23 903	-8 384
1990	142	24 056	24 198	790	1 924	23 406	26 120	-1 922
1991	936	12 293	13 229	868	2 728	14 154	17 749	-4 520
1991								
Jan.	36	7 764	7 800	816	546	17 395	18 757	-10 957
Feb.	128	7 368	7 496	420	1 260	17 160	18 840	-11 344
March	474	9 094	9 568	535	3 253	15 690	19 477	-9 909
April	49	12 235	12 284	999	3 288	15 743	20 030	-7 746
May	148	11 837	11 985	1 319	2 504	15 808	19 631	-7 645
June	535	15 926	16 461	2 332	2 469	14 646	19 447	-2 986
July	34	10 038	10 073	1 132	1 856	14 142	17 130	-7 057
Aug.	24	10 002	10 026	865	683	13 492	15 040	-5 014
Sept.	219	14 983	15 202	418	412	12 678	13 508	1 694
Oct.	5 126	12 287	17 413	405	2 094	11 817	14 316	3 098
Nov.	4 422	20 294	24 716	429	4 043	10 996	15 468	9 248
Dec.	36	15 685	15 721	743	10 325	10 279	21 347	-5 626

1992									
Jan.	33	9 212	9 246	937	9 728	10 347	21 012	-11 766	55

3. RATES OF INTEREST

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

Average of daily ob- servations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	7.9	.
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50	5.3	.
1991										
Jan.	15.10	14.55	14.21	13.96	13.78	15.00	4.00	8.50	6.7	.
Feb.	14.91	14.48	14.02	13.66	13.36	15.00	4.00	8.50	6.2	.
March	18.90	15.66	14.72	14.10	13.64	15.00	4.00	8.50	6.2	.
April	16.33	14.69	13.97	13.52	13.28	15.00	4.00	8.50	6.2	.
May	13.12	12.25	11.98	11.94	11.95	15.00	4.00	8.50	5.8	.
June	13.45	11.29	11.25	11.41	11.56	15.00	4.00	8.50	5.5	.
July	9.48	10.09	10.69	11.19	11.52	15.00	4.00	8.50	5.2	.
Aug.	10.20	10.62	11.09	11.28	11.50	15.00	4.00	8.50	4.9	.
Sept.	19.84	14.80	13.20	12.45	12.07	15.00	4.00	8.50	4.6	.
Oct.	15.72	15.95	14.38	13.01	12.46	15.00	4.00	8.50	4.3	.
Nov.	20.94	16.75	14.66	13.25	12.77	16.23	4.00	8.50	4.0	.
Dec.	10.89	12.55	12.78	12.71	12.63	15.00	4.00	8.50	4.0	.
1992										
Jan.	11.41	12.09	12.26	12.33	12.39	15.00	4.00	8.50	3.7	.

3.2 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily obser- vations	ECU	3 currencies	14 currencies	Commercial ECU
	3 months			
	1	2	3	4
1987	7.0	5.6	8.0	7.1
1988	6.9	6.0	8.0	6.9
1989	9.3	8.4	9.9	9.3
1990	10.5	9.1	10.9	10.4
1991	10.1	8.5	9.9	9.9
1991				
Jan.	10.8	9.2	11.0	10.5
Feb.	10.5	8.8	10.4	9.8
March	10.2	8.7	10.2	9.5
April	10.1	8.6	10.1	9.4
May	9.9	8.4	9.8	9.7
June	9.9	8.4	9.6	10.1
July	10.0	8.5	9.6	10.0
Aug.	10.0	8.4	9.6	9.9
Sept.	9.8	8.3	9.4	9.8
Oct.	9.9	8.3	9.5	9.9
Nov.	10.0	8.2	9.5	10.0
Dec.	10.4	8.2	10.1	10.6
1992				
Jan.	10.2	8.0	9.8	10.4

3.3 COVERED EURODOLLAR RATE, PER CENT

Average of daily obser- vations	1 month	3 months	6 months	12 months
	1	2	3	4
1987	9.8	9.9	9.9	10.1
1988	9.5	9.8	9.9	10.2
1989	11.8	12.1	12.1	12.1
1990	13.2	13.7	13.9	14.1
1991	13.5	13.0	12.6	12.4
1991				
Jan.	14.1	14.1	13.7	13.6
Feb.	14.2	13.9	13.4	13.1
March	15.3	14.5	13.8	13.3
April	14.5	13.8	13.3	13.0
May	12.1	11.9	11.9	11.8
June	11.7	11.7	11.5	11.6
July	10.3	11.0	11.4	11.6
Aug.	11.1	10.9	11.3	11.5
Sept.	14.9	13.4	12.5	12.0
Oct.	15.7	14.4	13.0	12.3
Nov.	16.3	14.3	13.1	12.6
Dec.	11.9	12.4	12.3	12.3
1992				
Jan.	11.7	12.0	12.0	12.1

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding				
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total							
	1	2	3	4	5	6	7	8	9	10	11
1986	10.89	12.30	9.76	10.64	9.03	9.07	7.00	2.75	4.66	11.84	5.35
1987	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	4.50	6.43	13.55	8.41
1990											
Nov.	14.38	15.99	14.11	14.57	12.02	11.79	7.50	4.50	6.52	13.60	8.53
Dec.	14.47	15.94	13.29	13.94	12.14	11.94	7.50	4.50	6.30	13.84	8.31
1991											
Jan.	15.00	16.40	13.39	14.11	12.18	11.97	7.50	4.50	7.20	13.91	9.04
Feb.	15.45	16.36	14.01	14.69	12.18	11.96	7.50	4.50	7.23	13.83	9.06
March	14.99	16.45	14.44	14.91	12.31	12.16	7.50	4.50	7.29	15.07	9.62
April	15.85	16.45	14.17	14.80	12.25	11.99	7.50	4.50	7.29	13.93	9.26
May	15.50	15.05	13.37	13.85	12.20	11.96	7.50	4.50	7.14	13.25	9.03
June	13.98	15.55	13.02	13.54	11.91	11.56	7.50	4.50	7.05	12.35	8.61
July	12.00	15.54	12.80	13.19	11.67	11.28	7.50	4.50	6.79	11.69	8.21
Aug.	12.54	15.35	12.70	13.09	11.70	11.38	7.50	4.50	6.82	11.73	8.29
Sept.	12.81	15.74	13.78	13.96	11.96	11.76	7.50	4.50	6.95	12.95	8.87
Oct.	12.48	16.07	13.83	14.01	12.19	11.96	7.50	4.50	7.18	13.63	9.36
Nov.	14.19	16.29	13.71	14.16	12.21	11.87	7.50	4.50	7.24	13.63	9.41

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Tax-free public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7	8
1987	..	..	.	11.2	11.1	11.2	8.1	10.7
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
1990	13.7	13.5	13.2	13.3	13.3	13.2	9.2	13.0
1991	12.3	12.2	12.4	12.6	12.5	13.0	10.0	11.7
1990								
Dec.	13.5	13.4	13.3	13.2	13.2	12.9	10.7	13.3
1991								
Jan.	13.2	13.2	13.0	13.4	13.3	13.2	10.6	13.1
Feb.	13.0	13.0	12.6	13.3	13.4	13.4	10.6	12.7
March	13.0	12.9	12.5	13.2	13.1	13.8	10.4	12.4
April	12.7	12.5	12.2	13.0	11.8	14.1	10.3	12.1
May	11.9	11.8	11.5	12.4	12.1	12.5	10.2	11.2
June	11.5	11.5	11.1	11.7	11.5	12.7	10.1	11.1
July	11.8	11.7	11.2	12.4	12.2	12.6	10.0	10.8
Aug.	11.7	11.7	11.2	11.9	11.9	12.3	9.8	11.2
Sept.	11.7	11.7	11.3	12.2	12.0	12.7	9.6	11.3
Oct.	11.8	11.7	11.4	12.2	12.2	12.7	9.6	11.1
Nov.	12.4	12.3	12.1	12.5	12.5	12.5	9.6	11.2
Dec.	12.7	12.7	12.4	13.6	13.6	13.1	9.9	12.2

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quo- tations	Montreal	London	Dublin	Stockholm	Oslo	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	Zurich	
1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	
1	2	3	4	5	6	7	8	9	10	11	
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
1989	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
1990	3.831	3.287	6.827	6.347	0.6479	0.6130	0.6197	2.3721	2.1053	0.11480	2.7635
1991	4.053	3.543	7.159	6.540	0.6713	0.6264	0.6345	2.4464	2.1709	0.11887	2.8300
1991											
Jan.	3.650	3.162	7.064	6.457	0.6481	0.6188	0.6281	2.4171	2.1440	0.11737	2.8693
Feb.	3.597	3.119	7.082	6.478	0.6508	0.6224	0.6324	2.4324	2.1583	0.11821	2.8434
March	3.835	3.319	7.035	6.398	0.6535	0.6152	0.6248	2.3990	2.1284	0.11651	2.7770
April	4.001	3.473	7.007	6.292	0.6547	0.6051	0.6141	2.3506	2.0858	0.11431	2.7796
May	4.047	3.525	6.992	6.320	0.6587	0.6061	0.6164	2.3578	2.0922	0.11469	2.7824
June	4.228	3.699	6.983	6.355	0.6592	0.6088	0.6163	2.3737	2.1072	0.11539	2.7662
July	4.298	3.745	7.087	6.434	0.6647	0.6169	0.6217	2.4030	2.1332	0.11679	2.7733
Aug.	4.245	3.710	7.148	6.509	0.6705	0.6232	0.6292	2.4323	2.1582	0.11820	2.7906
Sept.	4.143	3.646	7.148	6.530	0.6711	0.6244	0.6323	2.4405	2.1656	0.11853	2.7910
Oct.	4.127	3.661	7.113	6.534	0.6706	0.6243	0.6323	2.4413	2.1667	0.11863	2.7910
Nov.	4.202	3.722	7.475	6.920	0.7091	0.6600	0.6670	2.5893	2.2979	0.12575	2.9249
Dec.	4.266	3.732	7.774	7.249	0.7440	0.6912	0.6989	2.7192	2.4131	0.13206	3.0708
1992											
Jan.	4.305	3.725	7.796	7.266	0.7496	0.6946	0.7031	2.7270	2.4215	0.13248	3.0696

Average of daily quo- tations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tokyo	Mel- bourne	ECU Commer- cial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	..	0.03050	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	..	0.03273	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	..	0.03122	3.423	4.731	5.49375
1990	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	..	0.02654	3.011	4.875	5.18345
1991	0.7208	0.00328	0.3479	0.0283	0.0710	0.0392	0.0234	0.03016	3.176	5.019	5.53082
1991											
Jan.	0.7131	0.00323	0.3438	0.0274	0.0685	0.0385	..	0.02729	2.863	4.981	5.18185
Feb.	0.7162	0.00325	0.3461	0.0279	0.0686	0.0390	..	0.02761	2.840	5.002	5.17020
March	0.7063	0.00323	0.3412	0.0278	0.0690	0.0387	..	0.02802	2.980	4.927	5.29584
April	0.6969	0.00318	0.3342	0.0273	0.0692	0.0382	..	0.02921	3.138	4.844	5.39487
May	0.6969	0.00319	0.3354	0.0273	0.0694	0.0382	..	0.02932	3.151	4.847	5.42606
June	0.7013	0.00321	0.3376	0.0273	0.0702	0.0382	0.0230	0.03024	3.231	4.879	5.56841
July	0.7095	0.00324	0.3417	0.0281	0.0711	0.0385	0.0230	0.03117	3.331	4.938	5.66884
Aug.	0.7172	0.00327	0.3459	0.0286	0.0715	0.0391	0.0230	0.03103	3.338	4.992	5.65829
Sept.	0.7186	0.00328	0.3471	0.0287	0.0713	0.0390	0.0230	0.03080	3.304	5.002	5.59644
Oct.	0.7177	0.00328	0.3472	0.0286	0.0713	0.0388	0.0230	0.03158	3.291	5.000	5.61024
Nov.	0.7593	0.00345	0.3681	0.0299	0.0743	0.0410	0.0241	0.03243	3.324	5.285	5.80952
Dec.	0.7973	0.00361	0.3865	0.0309	0.0771	0.0427	0.0250	0.03329	3.317	5.530	5.98926
1992											
Jan.	0.8011	0.00363	0.3877	0.0317	0.0777	0.0432	0.0250	0.03439	3.237	5.560	6.04989

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	103.2	106.1
1988	4.96108	.	102.0	101.1	104.7
1989	4.73670	.	98.4	98.4	102.8
1990	4.85697	.	97.3	96.1	97.3
1991	5.00580	.	101.4	100.1	102.8
1991					
Jan.	4.94224	.	98.4	96.3	97.0
Feb.	4.97232	.	98.8	96.3	97.0
March	4.91308	.	98.7	97.2	98.8
April	4.83628	.	98.4	97.4	100.2
May	4.84342	.	98.7	97.9	100.8
June	4.86741	-0.2	99.6	99.2	103.0
July	4.92615	1.0	100.8	100.5	104.6
Aug.	4.98131	2.2	101.6	101.0	104.7
Sept.	4.99324	2.4	101.5	100.5	103.9
Oct.	4.98879	2.3	101.5	100.4	104.2
Nov.	5.27668	0.9	106.8	105.2	108.3
Dec.	5.52866	-0.5	111.5	109.4	111.9
1992					
Jan.	5.55238	-0.1	112.1	110.0	113.0

5. OTHER DOMESTIC FINANCING

5.1 BANK FUNDING FROM THE PUBLIC, MILL. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1986	19 368	69 887	70 082		159 337	4 259	163 596	15 888	179 484
1987	21 320	76 160	83 742		181 222	3 915	185 137	17 892	203 029
1988	25 473	76 958	121 658		224 089	4 561	228 650	28 844	257 494
1989	28 942	85 396	125 748		240 086	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
1990									
Nov.	28 249	87 218	129 357		244 824	7 925	252 749	48 882	301 631
Dec.	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991									
Jan.	27 951	82 243	138 181		248 374	7 828	256 202	43 928	300 130
Feb.	27 148	82 061	140 027		249 237	8 618	257 855	43 071	300 926
March	26 116	85 099	123 080	16 205	250 500	10 568	261 068	48 606	309 674
April	26 204	83 128	120 397	18 693	248 422	10 264	258 686	47 977	306 663
May	27 279	84 918	120 217	18 685	251 098	10 137	261 235	52 377	313 612
June	29 916	86 765	118 644	19 341	254 667	10 448	265 114	47 550	312 665
July	29 535	86 235	118 362	19 368	253 500	9 746	263 245	49 001	312 246
Aug.	27 517	86 732	118 573	18 569	251 391	11 633	263 024	53 386	316 410
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

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1986	7 542	6 354	152 335	166 231	24 450	190 681
1987	8 507	5 177	178 698	192 382	36 475	228 857
1988	11 358	5 920	234 268	251 546	49 910	301 456
1989	15 270	5 650	257 768	278 688	73 176	351 864
1990	19 152	5 777	260 790	285 720	103 134	388 854
1990						
Nov.	19 156	5 724	260 635	285 516	101 185	386 701
Dec.	19 152	5 777	260 790	285 720	103 134	388 854
1991						
Jan.	18 897	5 549	259 464	283 910	104 329	388 239
Feb.	18 653	5 491	259 415	283 559	104 691	388 250
March	18 428	5 410	259 775	283 612	105 706	389 319
April	18 292	5 416	259 028	282 736	104 407	387 143
May	17 798	5 271	259 334	282 404	106 066	388 470
June	17 947	5 190	259 851	282 988	106 895	389 884
July	17 787	5 021	259 880	282 687	107 005	389 693
Aug.	18 679	4 925	260 927	284 531	106 764	391 295
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

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1986	-16 784	-13 884	237 514	223 630	-37 751	96 874	169 095	170 076
1987	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
1988	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
1989	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
1990	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1990								
Nov.	-80 013	-16 483	452 668	436 185	-98 428	128 127	257 744	291 414
Dec.	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1991								
Jan.	-83 269	-15 187	457 639	442 452	-98 044	122 453	261 139	289 898
Feb.	-86 676	-11 118	458 501	447 383	-99 285	121 053	261 423	288 823
March	-81 750	-7 736	454 073	446 337	-101 181	121 271	263 406	294 244
April	-81 026	-9 236	451 259	442 023	-99 964	119 229	261 033	290 233
May	-81 899	-9 355	452 770	443 415	-95 112	124 190	266 403	297 849
June	-79 812	-9 512	454 529	445 017	-96 677	127 454	268 528	298 899
July	-84 565	-9 819	460 838	451 019	-99 124	126 403	267 329	296 597
Aug.	-79 060	-9 209	462 953	453 743	-109 459	124 941	265 224	296 956
Sept.	-75 824	-12 356	463 583	451 227	-111 093	123 637	264 310	299 216
Oct.	-76 079	-11 646	464 834	453 188	-113 816	122 012	263 293	304 260
Nov.	-85 011	-10 502	478 032	467 530	-117 926	121 627	264 592	301 299

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

End of period	Foreign debt				Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
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	0	32 245	57 038	48 121 ^r	23 114
1991	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	..	..
1990											
Dec.	20 917	732	3 144	24 793	23 982	8 263	0	32 245	57 038	48 121 ^r	23 114
1991											
Jan.	21 876	1 290	2 978	26 144	23 483	8 261	285	32 029	58 173	48 819 ^r	26 381
Feb.	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	49 416 ^r	18 467
March	25 405	1 736	2 910	30 051	24 769	8 256	925	33 950	64 001	50 215 ^r	20 871
April	24 784	1 759	2 675	29 218	25 082	7 783	1 725	34 590	63 808	51 235 ^r	24 167
May	25 174	1 779	2 711	29 664	25 994	7 608	2 125	35 727	65 391	51 629 ^r	19 794
June	24 909	1 828	2 669	29 406	26 754	7 608	2 330	36 692	66 098	52 139 ^r	17 306
July	25 760	1 813	2 689	30 262	27 122	9 008	2 330	38 460	68 722	52 706 ^r	17 215
Aug.	26 028	1 837	2 633	30 498	28 315	9 008	2 330	39 653	70 151	53 330 ^r	15 108
Sept.	28 417	1 817	2 350	32 584	29 058	9 008	2 530	40 595	73 179	53 998 ^r	16 859
Oct.	32 338	1 848	2 362	36 548	30 070	9 008	2 670	41 748	78 296	54 858 ^r	17 991
Nov.	37 875	2 014	2 601	42 490	30 825	10 408	4 180	45 413	87 903	55 105 ^r	16 909
Dec.	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	..	..

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 placings	
						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	17 917	4 420	490	1 007	17 260	607	10 607	28 473
1991*	7 252	27 138	11 073	1 320	—	31 442	—	15 341	46 783
1990 Dec.	836	3 857	150	150	—	3 007	—	1 986	4 993
1991*									
Jan.	1 054	3 058	2 000	—	—	4 356	—	1 756	6 111
Feb.	272	485	—	—	—	435	—	322	757
March	271	1 015	500	29	—	1 267	—	548	1 815
April	161	1 457	1 800	—	—	2 487	—	931	3 418
May	613	2 030	1 475	50	—	3 488	—	680	4 167
June	880	3 207	—	315	—	2 355	—	2 047	4 401
July	1 592	2 107	—	—	—	1 515	—	2 184	3 699
Aug.	275	817	4 693	50	—	5 680	—	155	5 835
Sept.	449	1 468	300	250	—	2 318	—	149	2 467
Oct.	327	1 302	205	403	—	624	—	1 612	2 236
Nov.	1 117	2 646	100	223	—	1 613	—	2 472	4 086
Dec.	244	7 548	—	—	—	5 305	—	2 486	7 791

B) STOCK, MILL. FIM

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

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices											Turnover ¹ , mill. FIM				
	HEX index (Dec. 28, 1990=1000)										Unitas index ¹ , 1975=100			Shares and sub- scription rights	Bonds and debentures	Total
	All-share index	By ownership			By industry				All-share index	Banks	Indus- try					
		Re- stricted	Non- re- stricted	Banks and finance	Insurance and invest- ment	Manu- facturing	Of which									
							Forest indus- tries	Metal and engi- neering				Con- glomerates				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
1987	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	546	319	603	26 641	4 604	31 245	
1988	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	677	404	734	31 734	5 718	37 452	
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	742	441	793	33 160	7 375	40 536	
1990	1 332	1 324	1 395	1 263	1 185	1 376	1 436	1 282	1 474	536	283	595	15 521	4 550	20 071	
1991	962	949	1 062	901	898	1 003	1 075	1 076	1 020	367	206	400	6 339	1 315	7 655	
1991																
Jan.	910	905	945	929	908	901	951	928	872	357	203	387	498	310	808	
Feb.	951	940	1 025	959	930	955	1 032	1 028	941	377	210	412	535	204	739	
March	1 092	1 077	1 198	1 075	971	1 135	1 235	1 241	1 150	.	.	.	953	141	1 094	
April	1 138	1 123	1 243	1 060	993	1 210	1 279	1 263	1 273	.	.	.	607	117	724	
May	1 071	1 051	1 210	1 001	1 000	1 123	1 169	1 171	1 179	.	.	.	692	62	754	
June	1 031	1 010	1 184	977	963	1 076	1 089	1 128	1 139	.	.	.	710	111	821	
July	983	971	1 076	912	942	1 023	1 032	1 094	1 076	.	.	.	307	51	358	
Aug.	986	971	1 095	915	950	1 025	1 049	1 098	1 073	.	.	.	324	58	382	
Sept.	914	897	1 032	829	904	948	1 007	1 037	974	.	.	.	373	61	433	
Oct.	846	833	945	755	807	891	988	994	889	.	.	.	447	40	487	
Nov.	831	819	927	727	745	884	1 038	978	856	.	.	.	406	36	442	
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	

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

² During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.a.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
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*	91 260	8 037	5 000	5 986	19 023	110 283	13 776	4 601	128 660	86 678	4 442	11 100	10 547
1989													
III	22 534	1 982	1 421	1 466	4 869	27 403	2 368	927	30 698	25 637	1 022	2 431	2 070
IV	27 418	1 879	1 129	2 114	5 122	32 540	3 211	944	36 694	29 708	1 080	2 446	2 285
1990*													
I	24 356	1 984	794	1 621	4 399	28 755	3 190	1 084	33 028	24 732	928	2 514	2 250
II	26 481	2 096	1 070	1 546	4 712	31 193	3 299	1 142	35 634	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	26 011	2 078	1 188	1 728	4 994	31 005	3 642	1 130	35 777	26 766	1 277	2 760	2 974
1991*													
I	21 987	1 912	933	1 646	4 492	26 479	3 802	1 104	31 385	22 083	973	2 612	2 727
II	21 255	1 996	1 275	1 410	4 680	25 935	3 169	1 189	30 293	20 975	1 133	2 602	2 486
III	22 793	2 106	1 645	1 385	5 136	27 928	3 618	1 092	32 639	20 600	1 063	2 918	2 460
IV	25 225	2 023	1 146	1 546	4 715	29 940	3 187	1 215	34 343	23 020	1 273	2 968	2 874

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers 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*	26 089	112 767	29 934	9 378	152 080	4 582	3 595	-6 100	-4 562	-7 067	-2 485	-16 158	-4 777	-23 420
1989														
III	5 522	31 160	5 332	1 730	38 222	-3 103	960	-1 010	-604	-654	-3 757	-2 964	-804	-7 524
IV	5 811	35 519	6 299	1 827	43 645	-2 291	799	-1 316	-171	-689	-2 980	-3 088	-883	-6 951
1990*														
I	5 693	30 425	6 218	2 167	38 810	-377	1 056	-1 720	-629	-1 293	-1 670	-3 028	-1 084	-5 782
II	5 874	33 261	7 198	2 378	42 857	-925	992	-1 511	-644	-1 163	-2 087	-3 899	-1 236	-7 223
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	33 777	7 141	2 289	43 207	-755	801	-1 572	-1 246	-2 017	-2 772	-3 499	-1 159	-7 430
1991*														
I	6 312	28 395	7 826	2 834	39 055	-96	939	-1 678	-1 081	-1 821	-1 916	-4 024	-1 729	-7 670
II	6 222	27 197	7 933	2 043	37 173	281	863	-1 328	-1 077	-1 542	-1 261	-4 765	-854	-6 880
III	6 440	27 040	6 881	2 024	35 945	2 192	1 043	-1 272	-1 075	-1 304	888	-3 262	-932	-3 306
IV	7 115	30 136	7 294	2 477	39 907	2 205	750	-1 822	-1 329	-2 400	-195	-4 107	-1 262	-5 564

6.2 CAPITAL ACCOUNT¹, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (8-10)	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	9 319	1 370	91	11 945	5 015	2 285	4 927	272	12 499	-554	-8 104
1988	2 218	14 457	2 960	85	19 720	10 919	1 248	4 249	292	16 708	3 013	-8 319
1989	2 095	14 756	8 608	79	25 538	13 327	180	4 747	273	18 527	7 011	-17 863
1990*	3 023	22 656	19 674	169	45 522	12 548	546	1 807	294	15 195	30 327	3 814
1991*	131	34 876	12 293	561	47 861	8 501	-590	905	87	8 902	38 958	15 538
1989												
III	681	2 841	1 481	-16	4 987	3 626	338	935	12	4 911	76	-7 448
IV	1 012	2 804	5 323	75	9 214	4 136	-190	416	102	4 464	4 750	-2 201
1990*												
I	574	6 788	12 238	126	19 726	2 055	302	807	156	3 320	16 406	10 624
II	272	2 836	1 657	-34	4 731	2 928	-425	395	0	2 898	1 833	-5 390
III	84	6 702	2 518	-26	9 278	2 658	284	195	10	3 147	6 131	53
IV	2 093	6 330	3 261	103	11 787	4 907	385	410	128	5 830	5 957	-1 473
1991*												
I	549	8 008	3 402	-267	11 693	2 090	4	18	165	2 278	9 416	1 746
II	358	14 185	3 758	484	18 784	1 697	-368	643	-19	1 953	16 832	9 952
III	-269	9 243	2 752	-61	11 665	1 966	402	-527	-2	1 839	9 826	6 520
IV	-507	3 440	2 381	404	5 718	2 748	-628	771	-58	2 833	2 885	-2 679

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	-9 346	-183	1 268	-8 261	-6 915	23 839	15 736	-15 736
1988	10 950	-399	-811	9 740	1 754	644	1 995	4 393	3 155	8 501	183	-183
1989	4 285	1 627	3 679	9 592	1 873	475	710	3 058	5 368	11 902	-5 961	5 961
1990*	12 352	1 471	-1 822	12 000	-4 318	-864	814	-4 368	-5 091	11 278	15 092	-15 092
1991*	-15 246	1 534	-985	-14 697	3 654	1 662	3 223	8 540	1 294	-21 942	-6 404	6 404
1989												
III	4 047	1 107	537	5 690	3 860	24	264	4 148	2 919	4 462	-2 987	2 987
IV	-16 243	2 915	-148	-13 476	-12 331	24	-615	-12 922	-865	-1 419	-3 620	3 620
1990*												
I	19 514	735	956	21 205	10 570	-593	1 575	11 552	-9 430	222	10 847	-10 847
II	9 095	793	-1 742	8 146	5 078	-593	-103	4 382	2 400	6 164	774	-774
III	-2 325	-351	517	-2 158	-3 743	-58	238	-3 563	602	2 007	2 059	-2 059
IV	-13 932	293	-1 554	-15 192	-16 223	379	-896	-16 740	1 338	2 885	1 412	-1 412
1991*												
I	14 459	-679	2 412	16 192	22 260	-247	3 978	25 991	4 952	-4 848	-3 102	3 102
II	-7 077	-674	-588	-8 339	1 197	-1 193	1 972	1 976	-1 857	-12 172	-2 221	2 221
III	-16 120	1 380	-337	-15 077	-5 103	2 036	1 873	-1 194	458	-13 425	-6 905	6 905
IV	-6 508	1 508	-2 472	-7 472	-14 700	1 066	-4 599	-18 233	-2 258	8 503	5 824	-5 824

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	13 638	2 192	40 697	55 168
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	18 002	2 484	52 908	62 754
1989	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*	17 896	96 543	54 846	4 630	173 915	42 868	7 184	25 595	5 487	81 133	92 782
1991*	18 027	143 769	74 609	5 427	241 832	56 339	7 139	27 919	6 122	97 518	144 314
1989											
III	15 205	79 950	35 418	919	131 492	30 172	8 392	22 317	2 655	63 536	67 956
IV	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*											
I	16 812	85 070	50 790	1 120	153 792	34 561	8 113	23 149	2 913	68 736	85 056
II	16 629	85 823	52 247	1 086	155 785	36 760	7 715	23 501	2 913	70 889	84 896
III	16 258	89 500	54 362	1 060	161 180	38 690	7 631	23 553	2 923	72 797	88 383
IV	17 896	96 543	54 846	4 630	173 915	42 868	7 184	25 595	5 487	81 133	92 782
1991*											
I	18 445	111 430	59 579	4 234	193 687	44 958	7 214	25 982	5 917	84 072	109 615
II	18 803	125 488	64 991	4 741	214 023	46 655	6 885	27 086	6 061	86 687	127 335
III	18 534	130 483	67 136	4 718	220 871	48 621	7 302	26 013	5 934	87 870	133 001
IV	18 027	143 769	74 609	5 427	241 832	56 339	7 139	27 919	6 122	97 518	144 314

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net investment expenditure (24-25)	Net investment expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1987	3 362	73 132	11 470	9 691	97 654	31 134	34 043	15 397	2 663	83 238	14 417	69 585	7 194	6.6
1988	3 341	83 828	11 070	9 039	107 278	32 037	35 797	16 041	4 789	88 664	18 614	81 367	7 656	6.2
1989	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	11 670	9.0
1990*	3 922	104 087	13 859	13 650	135 518	39 506	31 626	14 764	6 608	92 504	43 014	135 796	14 234	10.5
1991*	3 149	100 636	15 316	14 481	133 582	35 922	35 610	16 891	10 523	98 946	34 635	178 949	16 158	12.6
1989														
III	3 919	104 777	9 783	12 965	131 443	29 839	50 001	16 492	6 212	102 544	28 899	96 855	2 964	9.7
IV	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	3 088	8.4
1990*														
I	4 036	108 663	13 432	13 808	139 940	35 895	48 239	15 924	7 218	107 276	32 663	117 719	3 028	9.2
II	4 195	118 120	14 226	12 066	148 607	36 764	53 318	15 331	7 126	112 539	36 067	120 963	3 899	10.9
III	4 071	116 509	13 521	12 544	146 645	38 454	49 575	15 273	7 325	110 627	36 019	124 402	3 808	12.1
IV	3 922	104 087	13 859	13 650	135 518	39 506	31 626	14 764	6 608	92 504	43 014	135 796	3 499	9.8
1991*														
I	3 399	119 227	13 071	17 102	152 798	37 748	52 566	14 514	11 366	116 194	36 605	146 220	4 024	12.8
II	2 889	113 157	12 388	17 386	145 820	36 023	53 362	13 342	13 753	116 480	29 340	156 675	4 765	15.7
III	2 826	100 119	13 768	16 837	133 551	29 006	47 502	15 385	15 153	107 045	26 506	159 507	3 262	10.0
IV	3 149	100 636	15 316	14 481	133 582	35 922	35 610	16 891	10 523	98 946	34 635	178 949	4 107	12.0

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

End of period	Long-term liabilities						Long-term assets						Long-term liabilities, net (6-12)
	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (1+2+3+4+5)	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (7+8+9+10+11)	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1987	39 522	17 365	9 777	28 691	509	95 865	19 493	14 509	3 403	2 653	639	40 697	55 168
1988	46 471	27 427	14 339	26 926	499	115 662	25 093	20 192	3 573	3 101	949	52 908	62 754
1989	58 602	40 199	17 671	23 063	574	140 109	34 999	24 058	2 313	3 517	1 537	66 424	73 685
1990*	67 585	56 394	21 680	27 635	621	173 915	44 579	28 153	2 075	4 279	2 047	81 133	92 782
1991*	83 478	69 325	31 672	56 537	820	241 832	58 818	29 286	2 065	4 752	2 597	97 518	144 314
1989													
III	52 901	36 375	17 942	23 783	491	131 492	31 816	23 317	3 695	3 374	1 334	63 536	67 956
IV	58 602	40 199	17 671	23 063	574	140 109	34 999	24 058	2 313	3 517	1 537	66 424	73 685
1990*													
I	63 700	47 491	19 518	22 478	604	153 792	35 917	25 018	2 388	3 699	1 714	68 736	85 056
II	62 810	50 028	20 722	21 588	636	155 785	38 010	25 172	2 118	3 734	1 855	70 889	84 896
III	62 359	54 380	21 121	22 647	673	161 180	39 755	25 547	1 763	3 772	1 960	72 797	88 383
IV	67 585	56 394	21 680	27 635	621	173 915	44 579	28 153	2 075	4 279	2 047	81 133	92 782
1991*													
I	72 749	58 297	25 781	36 123	737	193 687	47 197	27 857	2 114	4 651	2 252	84 072	109 615
II	78 621	65 895	29 985	38 814	708	214 023	49 433	27 758	2 093	5 040	2 362	86 687	127 335
III	78 706	66 897	30 201	44 332	735	220 871	51 286	27 286	2 109	4 655	2 534	87 870	133 001
IV	83 478	69 325	31 672	56 537	820	241 832	58 818	29 286	2 065	4 752	2 597	97 518	144 314

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
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*	92 876	87 720	5 156
1990*			
Dec.	8 442	8 518	-76
1991*			
Jan.	7 692	7 501	191
Feb.	6 946	7 224	-278
March	7 665	7 546	119
April	8 704	7 871	833
May	7 651	7 184	467
June	5 294	6 202	-908
July	8 026	7 069	957
Aug.	7 057	6 706	351
Sept.	8 156	7 139	1 017
Oct.	8 495	7 833	662
Nov.	8 973	7 281	1 692
Dec.	8 217	8 164	53

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

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	Investment goods	Consumer goods	8
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*	7 009	29 699	10 538	29 163	16 467	42 440	9 445	14 009	21 205	621
1990*										
Dec.	594	2 447	746	3 365	1 290	3 821	1 239	1 682	1 715	61
1991*										
Jan.	597	2 394	897	2 412	1 392	3 536	781	1 292	1 810	82
Feb.	555	2 394	821	1 920	1 256	3 654	427	1 221	1 916	6
March	571	2 616	902	2 260	1 316	3 668	527	1 174	2 168	9
April	578	2 577	896	3 297	1 356	3 912	600	1 326	1 998	35
May	592	2 454	835	2 396	1 374	3 774	700	1 091	1 612	7
June	283	1 009	804	2 035	1 163	3 005	905	957	1 299	36
July	705	3 277	693	2 135	1 216	3 453	670	1 109	1 833	4
Aug.	572	2 587	733	1 854	1 311	3 225	806	992	1 650	33
Sept.	643	2 442	955	2 548	1 568	3 534	854	1 015	1 734	2
Oct.	655	2 681	965	2 630	1 564	3 567	1 205	1 128	1 803	130
Nov.	680	2 835	1 062	2 880	1 516	3 544	979	1 003	1 732	23
Dec.	578	2 433	975	2 796	1 435	3 568	991	1 701	1 650	254

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1990		1991 [*] January—November		1990		1991 [*] January—November	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	77 533	76.5	69 642	-2.8	82 355	79.9	63 293	-16.3
OECD Europe	68 001	67.1	61 584	-1.8	67 601	65.6	52 372	-15.7
Of which:								
Austria	1 117	1.1	1 136	9.7	1 401	1.4	965	-25.9
Belgium and Luxembourg	2 247	2.2	2 208	7.8	2 839	2.8	2 020	-23.0
Denmark	3 538	3.5	3 201	-1.7	3 369	3.3	2 776	-10.7
France	6 237	6.2	5 029	-12.7	4 427	4.3	3 293	-20.3
Federal Republic of Germany ¹	13 003	12.8	13 200	11.6	17 897	17.4	13 446	-19.0
Italy	3 227	3.2	2 987	0.2	4 766	4.6	3 384	-23.8
Netherlands	4 347	4.3	4 273	6.8	3 276	3.2	2 748	-8.3
Norway	3 067	3.0	2 761	-1.7	3 512	3.4	3 619	17.2
Spain	2 210	2.2	2 253	11.1	1 159	1.1	909	-14.1
Sweden	14 456	14.3	11 887	-11.5	13 407	13.0	9 683	-21.3
Switzerland	1 806	1.8	1 672	-0.3	1 804	1.8	1 430	-13.8
United Kingdom	10 724	10.6	8 920	-11.0	7 822	7.6	6 032	-14.7
Other OECD	9 532	9.4	8 058	-9.9	14 754	14.3	10 921	-18.7
Of which:								
Canada	1 124	1.1	667	-37.5	810	0.8	509	-32.3
Japan	1 445	1.4	1 266	-5.7	6 628	6.4	4 842	-21.6
United States	5 898	5.8	5 203	-6.3	6 974	6.8	5 225	-15.6
Non-OECD European countries	13 888	13.7	5 613	-55.3	12 266	11.9	8 766	-24.2
Of which:								
Soviet Union	12 884	12.7	4 077	-64.4	10 202	9.9	6 874	-27.6
Other countries	9 906	9.8	9 404	8.1	8 406	8.2	7 497	2.2
Of which:								
OPEC countries	1 727	1.7	1 752	21.3	935	0.9	1 201	53.0
TOTAL	101 327	100.0	84 659	-8.9	103 027	100.0	79 556	-15.8
Of which:								
EEC countries	47 078	46.5	43 710	-0.1	47 263	45.9	36 543	-16.9
EFTA countries	20 540	20.3	17 558	-7.8	20 195	19.6	15 729	-14.6

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

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1986	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989	218 775	77 117	95 178	11 234	14 056	416 360	107 552	128 834	395 078
1990*	219 654	80 600	88 534	12 691	13 675	415 154	109 236	127 735	396 655
1989									
II	54 628	19 200	24 002	2 629	2 231	102 691	25 920	30 315	98 297
III	54 931	19 318	24 631	2 859	4 199	105 937	26 318	32 815	99 441
IV	55 065	19 472	24 967	2 976	4 836	107 316	27 366	34 237	100 445
1990*									
I	54 989	19 919	23 655	3 135	3 038	104 735	27 383	32 618	99 500
II	55 407	20 079	22 289	3 306	4 465	105 546	29 134	34 284	100 397
III	54 974	20 224	21 504	3 127	2 911	102 741	26 724	30 242	99 223
IV	54 284	20 378	21 085	3 123	3 261	102 131	25 995	30 591	97 535
1991*									
I	53 015	20 123	20 223	3 030	2 430	98 821	25 741	29 585	94 978
II	52 383	20 278	18 644	3 242	676	95 224	24 430	26 565	93 089
III	52 465	20 408	17 291	3 186	-283	93 068	27 060	27 524	92 603

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry (100.0)	Mining and quarrying (1.6)	Manufacturing (87.9)	Wood and paper industries (16.5)	Metal and engineering industries (30.0)	Other manufacturing (41.4)	Energy and water supply (10.5)
	1	2	3	4	5	6	7
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989	114.6	117.9	115.0	116.6	121.5	109.6	110.5
1990*	113.9	115.5	114.0	114.6	121.8	108.0	112.9
1990*							
Nov.	110.7	104.7	110.0	110.5	117.8	104.4	115.1
Dec.	112.6	117.8	112.2	112.0	121.5	105.5	113.2
1991*							
Jan.	110.0	116.3	108.8	106.8	118.1	102.3	118.0
Feb.	107.2	107.0	104.9	104.6	111.2	99.7	124.9
March	108.0	107.0	107.0	107.4	114.6	100.3	118.0
April	105.5	96.9	104.2	107.0	109.7	99.2	120.1
May	104.1	85.4	102.7	106.7	109.6	95.6	123.3
June	98.9	74.1	98.5	90.9	102.3	96.5	113.6
July	107.7	93.8	106.0	106.3	110.4	103.3	123.2
Aug.	101.7	128.4	99.6	101.3	101.5	97.5	119.5
Sept.	101.7	113.6	98.6	102.3	102.2	95.0	129.5
Oct.	99.8	106.1	96.5	102.4	99.8	92.5	127.3
Nov.	99.8	96.3	97.8	101.4	101.1	94.2	114.2

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.3
1990*	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.5
1990*								
Oct.	118.3	110.9	..	..	..	..	..	115.9
Nov.	111.1	109.3	..	..	..	..	..	114.6
Dec.	108.1	106.5	..	..	..	..	..	113.8
III	119.8	111.6	119.8	120.5	162.6	111.4	122.1	116.5
IV	112.5	108.9	117.5	109.8	165.9	115.6	145.2	114.7
1991*								
Jan.	110.3	103.8	..	..	..	..	..	113.8
Feb.	107.3	103.1	..	..	..	..	..	112.1
March	98.3	101.3	..	..	..	..	..	111.1
April	107.3	105.2	..	..	..	..	..	111.8
May	100.6	104.3	..	..	..	..	..	110.6
June	96.8	103.7	..	..	..	..	..	108.4
July	112.4	110.0	..	..	..	..	..	112.3
Aug.	99.7	105.1	..	..	..	..	..	109.7
Sept.	100.0	102.4	..	..	..	..	..	109.9
Oct.	94.6	102.9	..	..	..	..	..	109.0
I	105.3	102.7	113.1	110.0	156.0	108.5	110.7	112.3
II	101.6	104.4	116.0	105.4	159.9	122.8	100.9	110.2
III	104.1	105.8	96.7	88.7	83.4	103.8	86.5	110.6

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			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1986	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.9	146.9	149.8	144.8	150.1	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1990														
Dec.	..	-	..	..	..	..	129.0	112.1	116.7	95.3	110.4	109.6	110.9	136.8
III	148.4	149.1	147.0	150.2	144.8	150.4	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
IV	153.3	154.1	152.5	153.9	150.0	154.0	129.1	112.6	117.0	96.6	110.9	110.3	111.2	136.8
1991														
Jan.	..	-	..	..	..	..	130.9	111.9	116.7	94.0	110.2	108.9	110.8	137.1
Feb.	..	-	..	..	..	..	131.6	111.6	116.7	92.8	110.2	109.2	110.7	136.8
March	..	-	..	..	..	..	131.7	111.5	116.5	93.3	109.8	108.6	110.4	137.4
April	..	-	..	..	..	..	132.2	111.2	116.0	93.5	109.5	108.7	109.9	137.4
May	..	-	..	..	..	..	132.8	111.2	116.0	93.6	109.4	108.4	109.9	137.4
June	..	-	..	..	..	..	132.7	111.1	116.0	93.5	109.8	109.0	110.2	137.2
July	..	-	..	..	..	..	132.7	111.0	115.6	94.0	109.6	108.3	110.2	137.8
Aug.	..	-	..	..	..	..	132.8	110.8	115.2	94.5	109.4	108.2	110.1	137.5
Sept.	..	-	..	..	..	..	133.0	110.8	115.3	94.4	109.7	108.5	110.3	137.8
Oct.	..	-	..	..	..	..	133.3	111.0	115.6	94.4	109.8	108.0	110.7	137.5
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
I	154.4	155.5	153.7	154.6	150.8	154.3	131.4	111.6	116.6	93.4	110.1	108.9	110.6	137.1
II	157.5	158.2	156.6	158.2	154.4	158.2	132.6	111.1	116.0	93.5	109.6	108.7	110.0	137.3
III	158.7	159.0	157.2	159.7	156.6	159.9	132.8	110.8	115.4	94.3	109.6	108.3	110.2	137.7

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				Unem-ployed	Unem-employment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Con-struction	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
1990											
Dec.	68.2	2 558	2 446	353	2 093	198	548	200	1 499	112	4.4
1991											
Jan.	67.8	2 544	2 420	344	2 076	202	531	201	1 486	125	4.9
Feb.	67.4	2 528	2 386	348	2 038	198	524	194	1 470	142	5.6
March	68.3	2 564	2 415	359	2 056	200	527	188	1 500	150	5.8
April	67.9	2 548	2 389	344	2 045	198	514	193	1 484	159	6.2
May	67.4	2 530	2 360	342	2 018	197	516	186	1 461	170	6.7
June	67.2	2 524	2 337	345	1 992	193	510	179	1 455	187	7.4
July	67.2	2 526	2 330	330	2 000	196	498	181	1 455	196	7.8
Aug.	67.2	2 529	2 327	340	1 987	205	494	181	1 447	202	8.0
Sept.	67.0	2 522	2 298	327	1 971	189	485	164	1 459	224	8.9
Oct.	67.0	2 526	2 283	330	1 953	198	481	159	1 446	243	9.6
Nov.	66.9	2 525	2 276	338	1 938	196	473	166	1 441	250	9.9
Dec.	67.0	2 529	2 260	332	1 928	197	473	158	1 433	268	10.6

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:	
	1	2	3	4	5	6	7	8	9	10	11
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1990											
Nov.	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192
Dec.	4 045	8 332	222	2 740	15 339	278	15 616	3 730	8 101	3 311	4 150
1991											
Jan.	2 877	6 212	229	1 127	10 445	7	10 452	3 947	7 435	3 102	4 188
Feb.	2 995	6 373	111	1 174	10 653	121	10 775	3 421	7 309	3 079	3 422
March	2 876	5 452	126	1 522	9 976	64	10 040	3 453	7 218	3 431	3 667
April	2 954	5 586	44	2 607	11 191	1 771	12 962	3 638	8 726	3 286	5 333
May	1 575	6 096	70	1 471	9 212	341	9 553	3 784	8 164	3 600	4 278
June	5 619	6 144	-81	1 615	13 297	499	13 797	3 789	8 622	4 041	4 109
July	5 450	6 176	97	1 794	13 517	144	13 661	4 778	7 889	3 360	4 290
Aug.	3 120	6 425	77	1 020	10 642	157	10 799	3 247	7 817	3 387	4 205
Sept.	3 336	6 164	69	1 303	10 872	124	10 996	3 610	7 895	3 458	4 271
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

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)
	12	13	14	15	16	17	18	19	20
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	4 202	4 880
1990									
Nov.	565	114	11 745	804	12 549	648	545	1 492	2 038
Dec.	738	370	12 939	926	13 866	2 400	1 750	4 738	6 489
1991									
Jan.	359	612	12 353	918	13 272	-1 908	-2 820	2 173	-647
Feb.	333	288	11 351	774	12 125	-698	-1 350	-152	-1 502
March	380	641	11 692	958	12 649	-1 716	-2 609	4 634	2 025
April	418	1 050	13 832	2 893	16 725	-2 641	-3 763	-17	-3 780
May	505	891	13 344	1 051	14 394	-4 132	-4 841	1 080	-3 760
June	450	311	13 172	1 429	14 601	125	-804	492	-312
July	460	187	13 314	847	14 162	203	-501	2 382	1 881
Aug.	416	-67	11 413	826	12 240	-771	-1 441	1 180	-261
Sept.	498	523	12 526	829	13 355	-1 654	-2 359	3 242	883
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

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

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

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

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

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

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

3 RATES OF INTEREST

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

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

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

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

Table 3.5 Secondary market yields.

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

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. The midpoint (Column 2) was FIM 4.87580 from June 7 to November 14, 1991, and has been FIM 5.55841 since November 15, 1991. The markka may fluctuate ± 3 per cent around the midpoint. The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 4): The weights are moving averages of S25

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

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: 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. Since the beginning of 1987, the figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

Table 5.2 Source: 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 pub-

lic, excl. deposits with the Bank of Finland). M_3 (Column 8) = M_2 + bank CDs held by the public.

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

Table 5.5 Source: Table B: 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.

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.

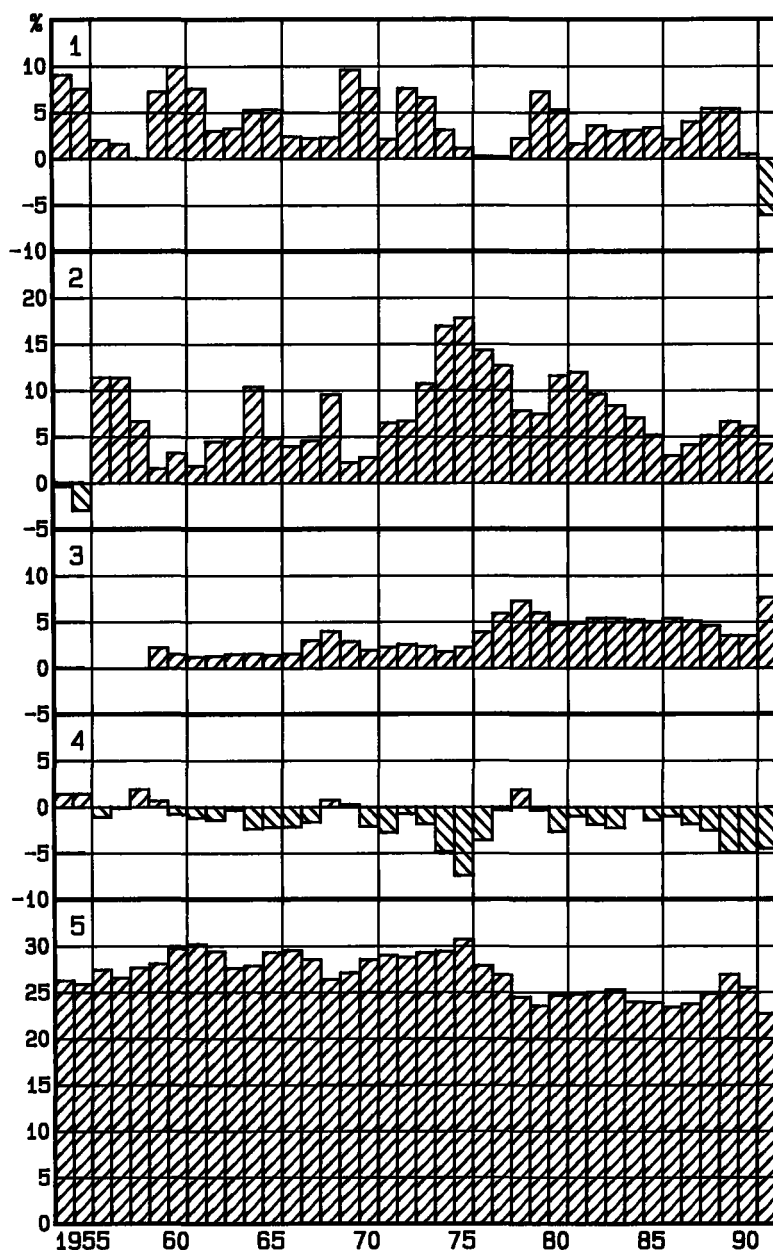
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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 of the new CPI is 1985, while the base year of the index shown until end-1984 is 1981.

Table 8.6 Source: Ministry of Finance.

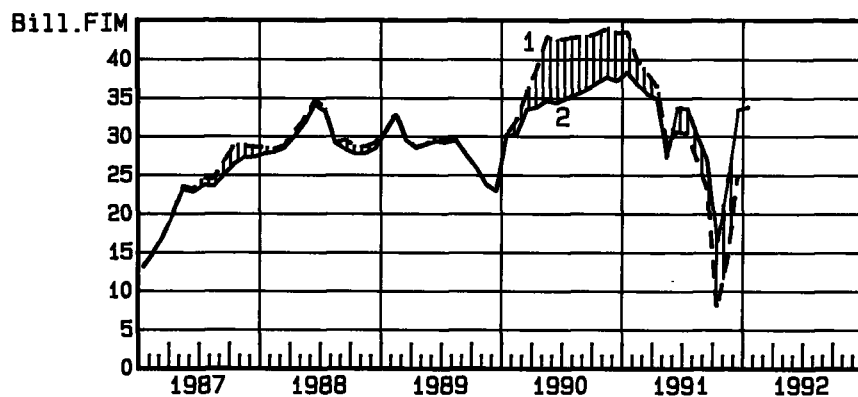
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
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5. Overnight rates	S30
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27. Production	S38
28. Fixed investment	S38
29. Employment and the unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

1. LONG-TERM INDICATORS



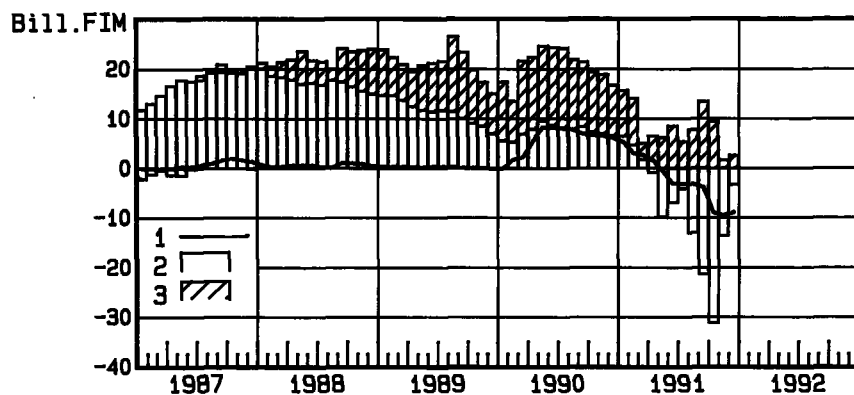
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



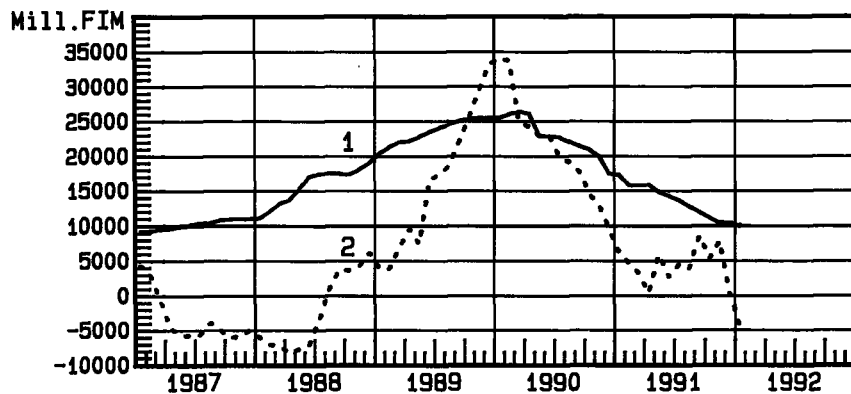
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves

3. FORWARD MARKET



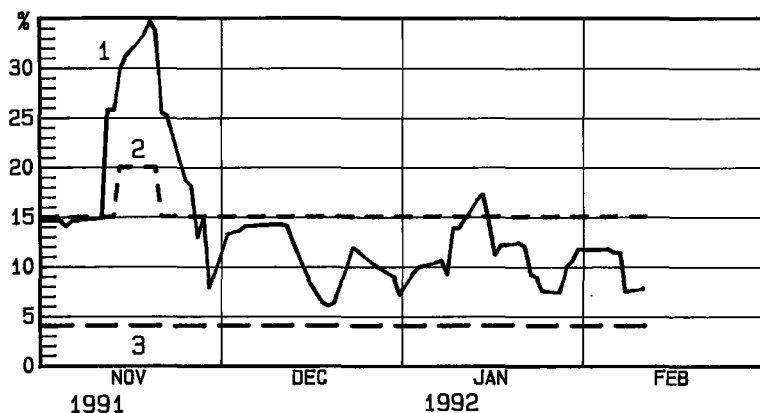
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY

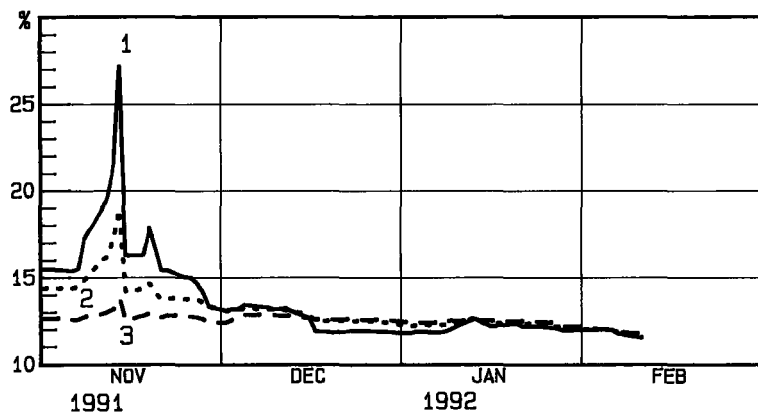


1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

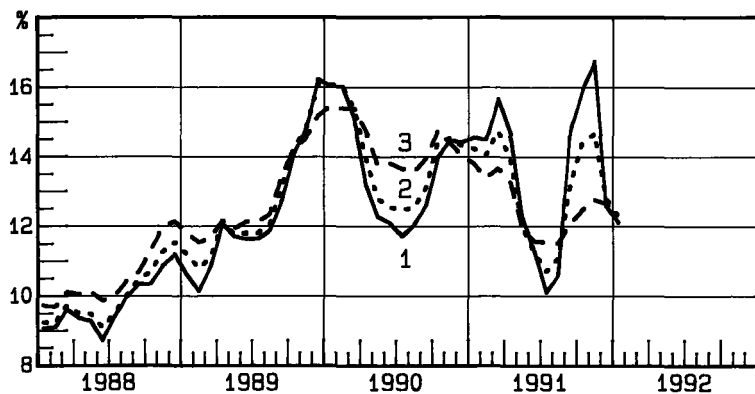
5. OVERNIGHT RATES



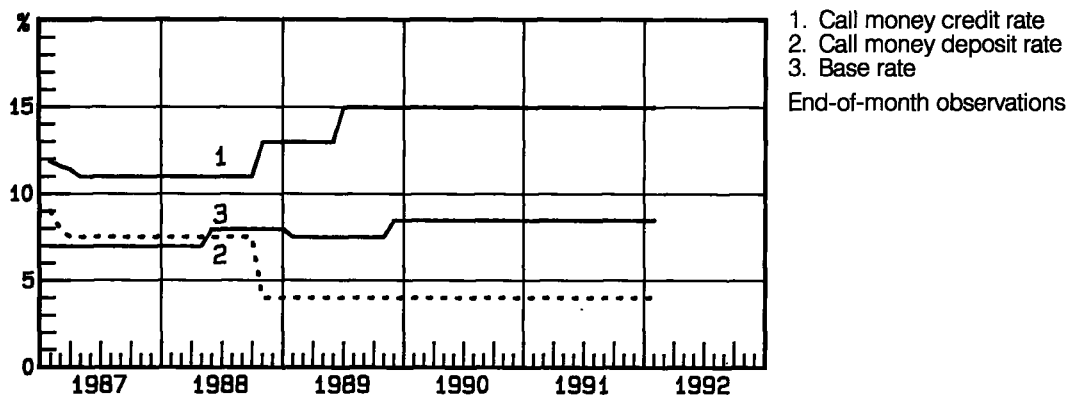
6. HELIBOR RATES OF INTEREST



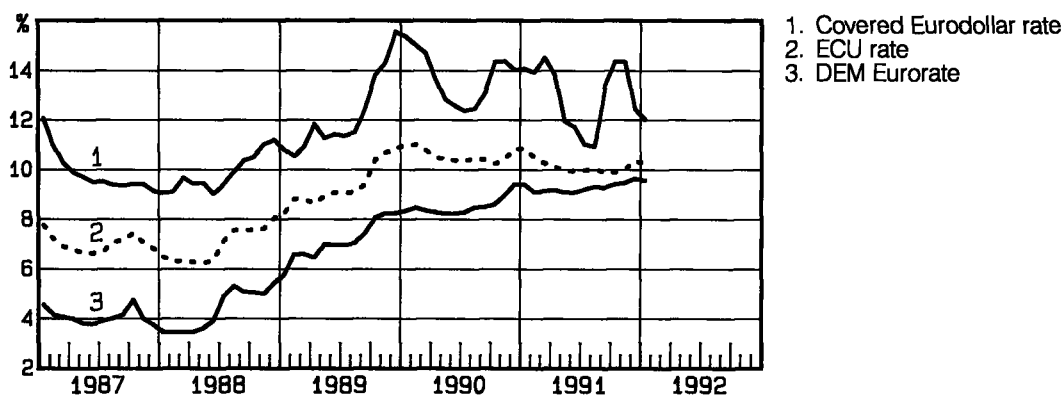
7. HELIBOR RATES OF INTEREST



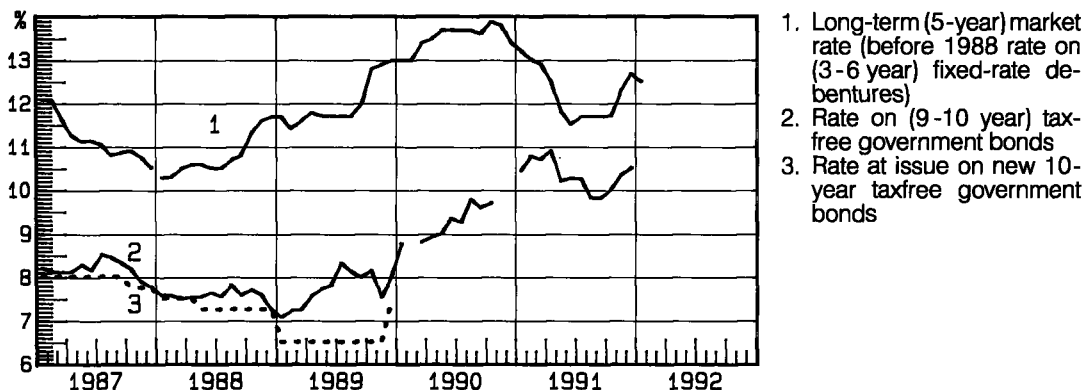
8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



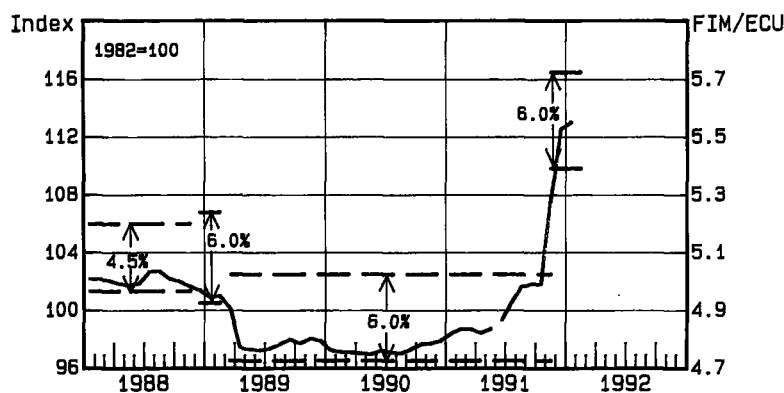
9. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH EUORATES



10. RATES ON BONDS AND DEBENTURES

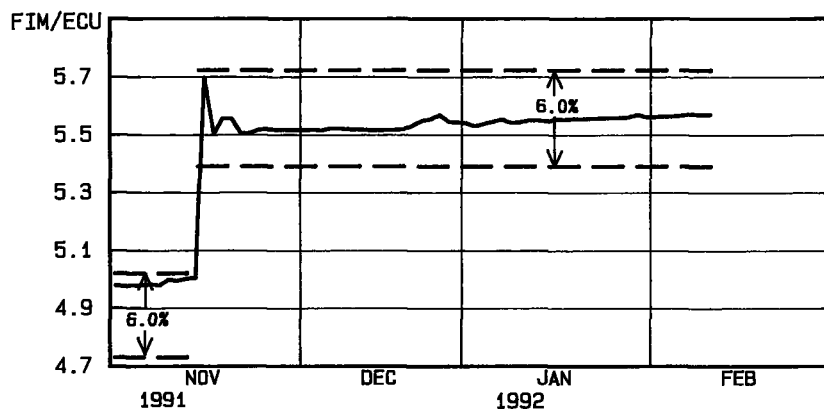


11. BANK OF FINLAND CURRENCY INDEX AND THE MARKKA VALUE OF THE ECU



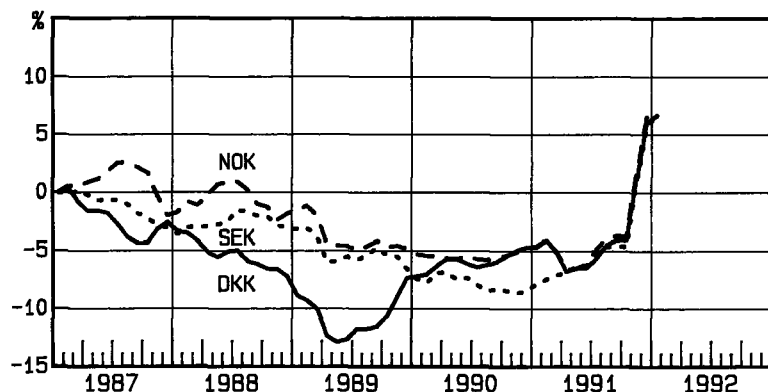
Until June 7, 1991, the Bank of Finland currency index. From June 7, 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953 - 5.02207 in the period June 7 - November 14, 1991, and have been 5.39166 - 5.72516 since November 15, 1991. Monthly averages

12. MARKKA VALUE OF THE ECU



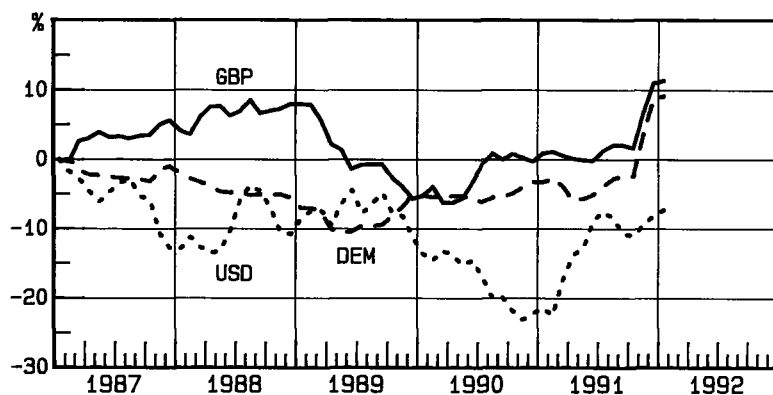
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



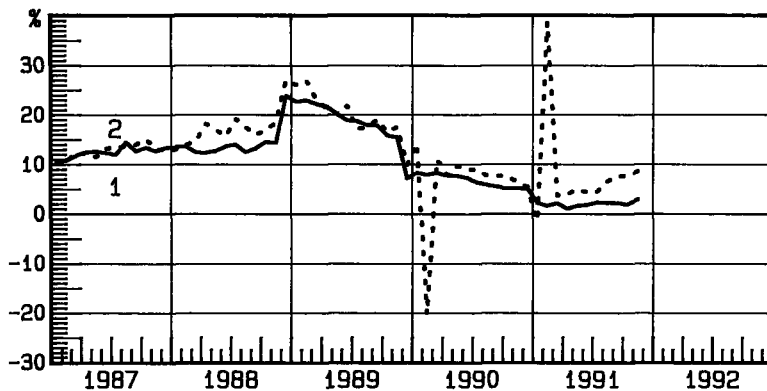
Monthly changes in markka selling rates calculated from the average rates for January 1987

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



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

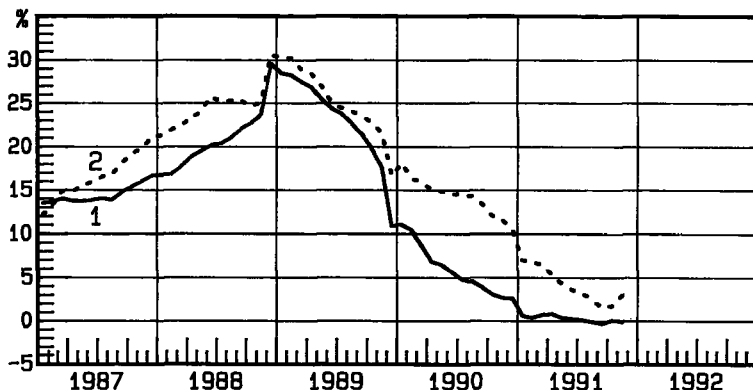
15. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

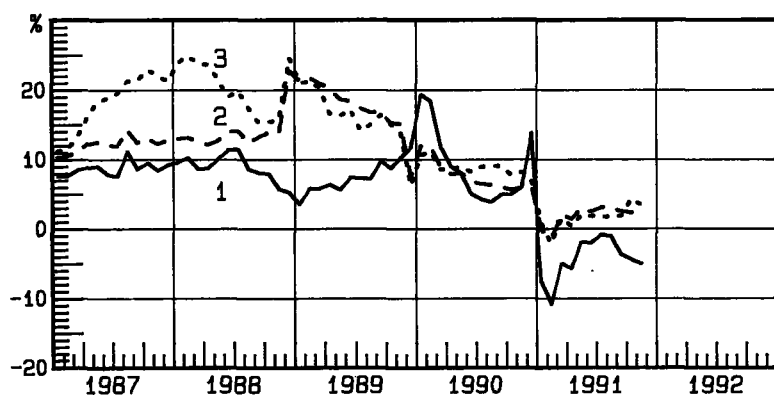
16. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

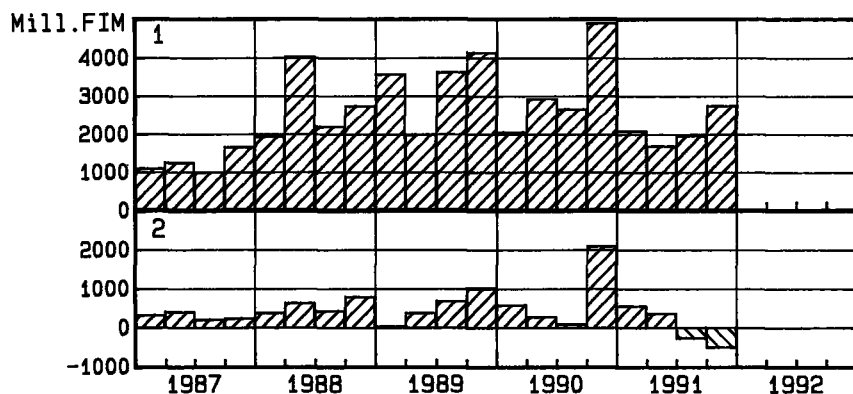
17. MONEY SUPPLY



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

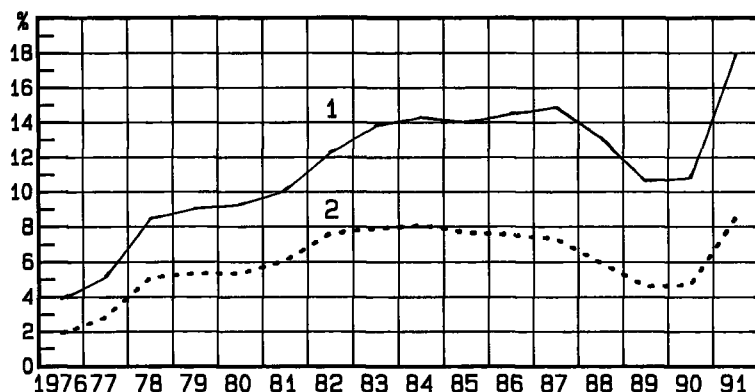
Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



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

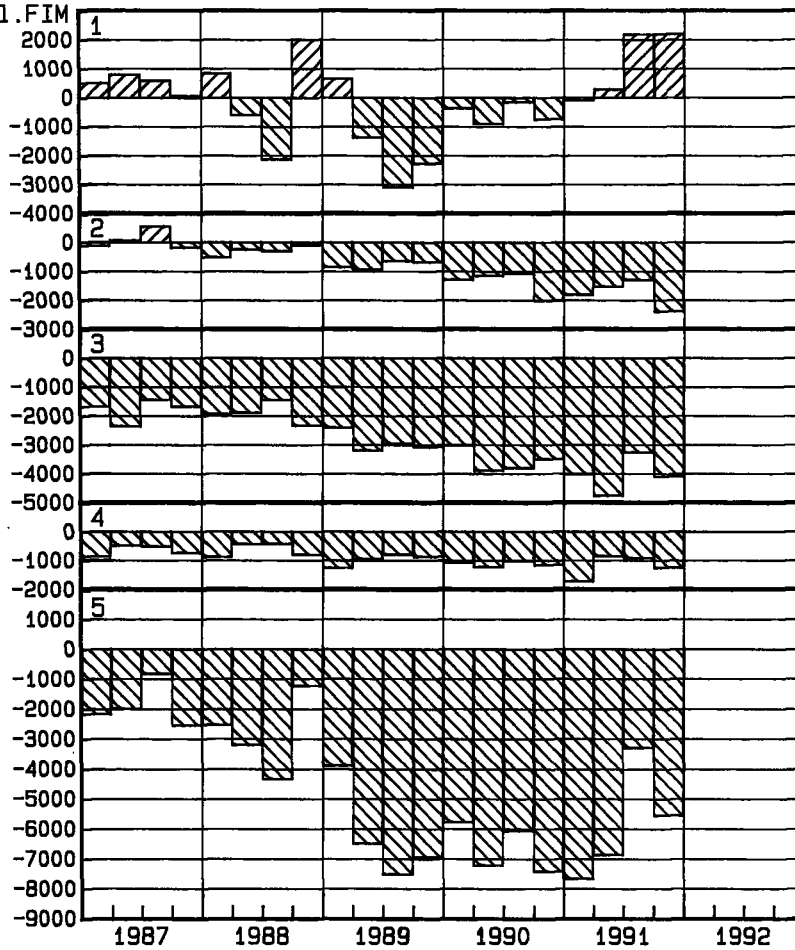
19. CENTRAL GOVERNMENT DEBT



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

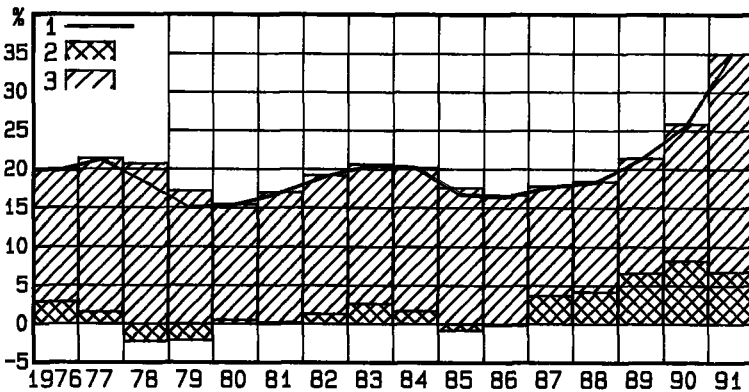
20. CURRENT ACCOUNT

Mill.FIM



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

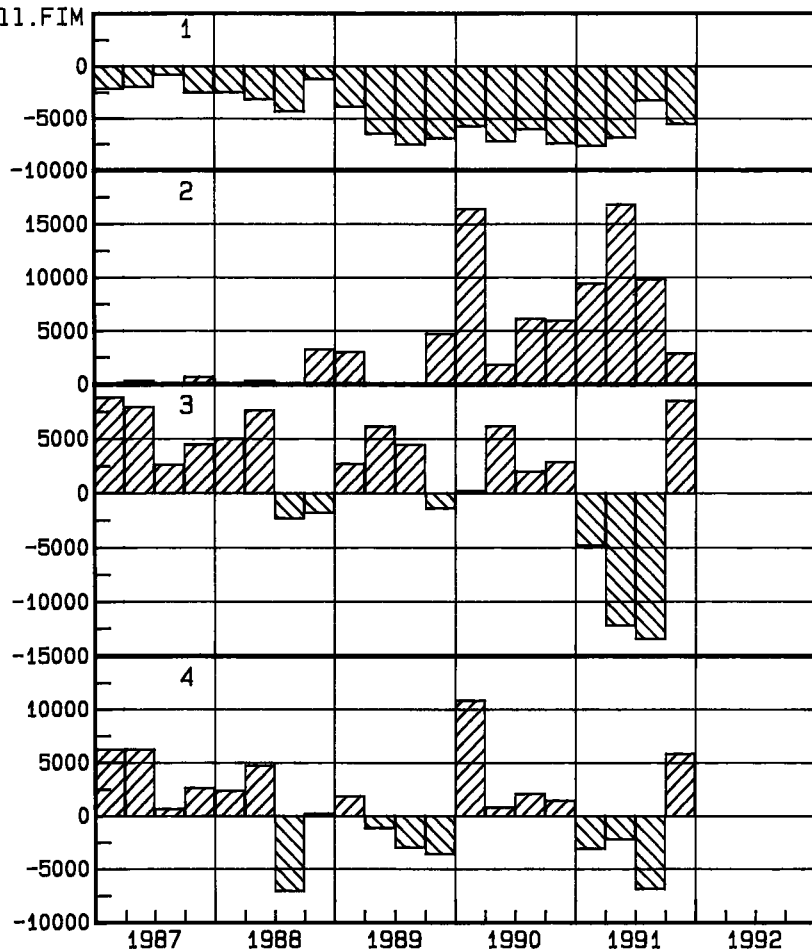
21. FOREIGN DEBT



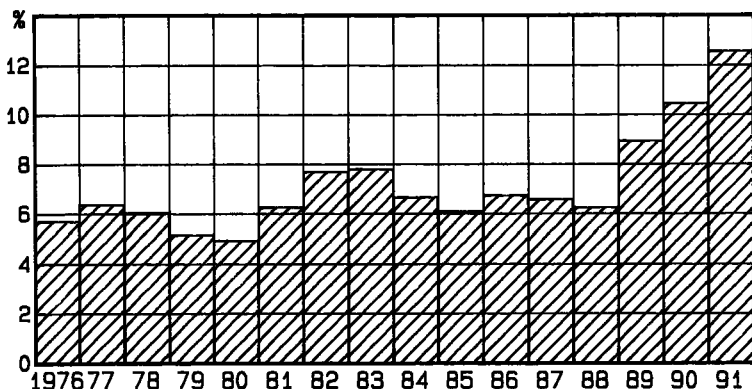
1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS

Mill.FIM

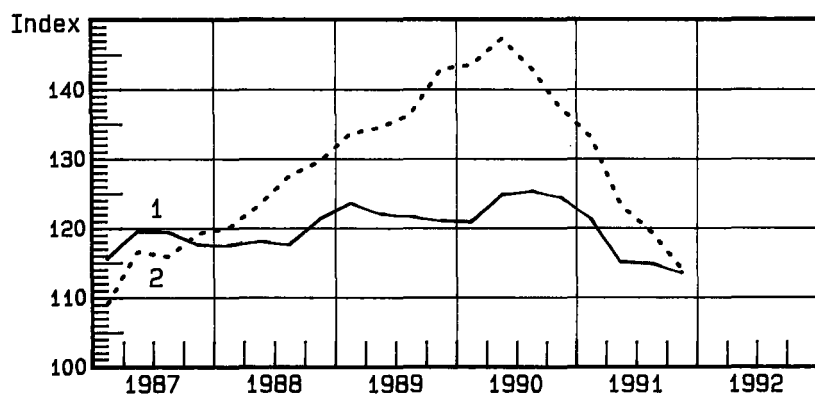


23. NET INVESTMENT EXPENDITURE

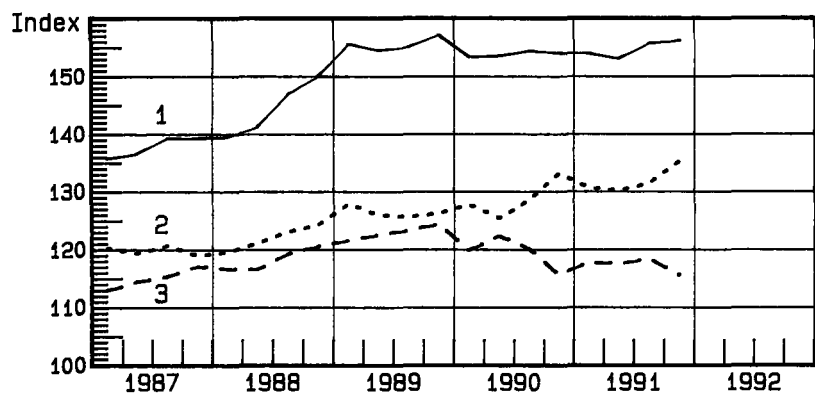


As a percentage of current account receipts

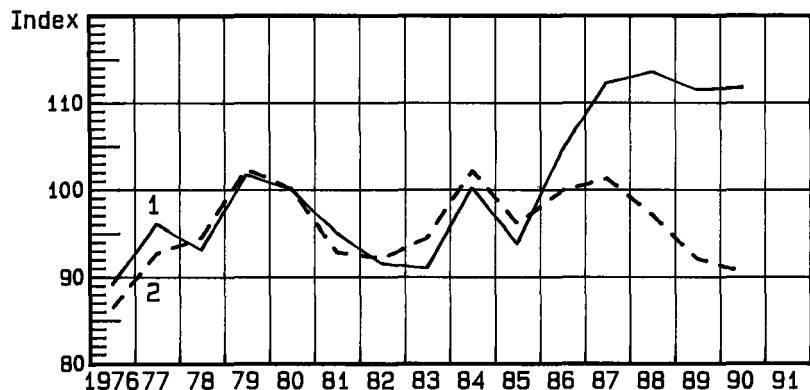
24. FOREIGN TRADE



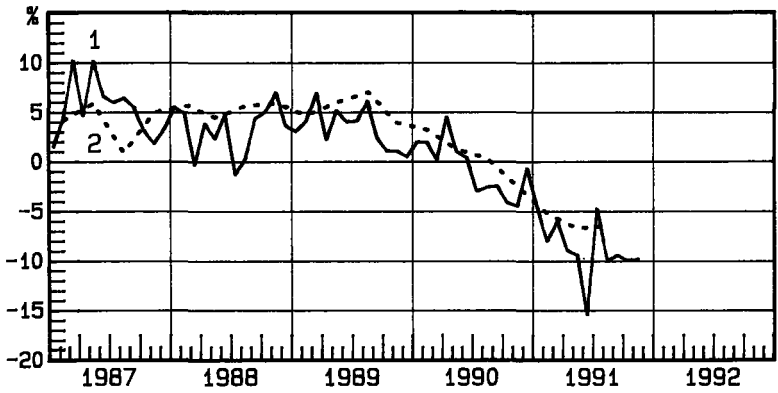
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



26. FINLAND'S EXPORT PERFORMANCE

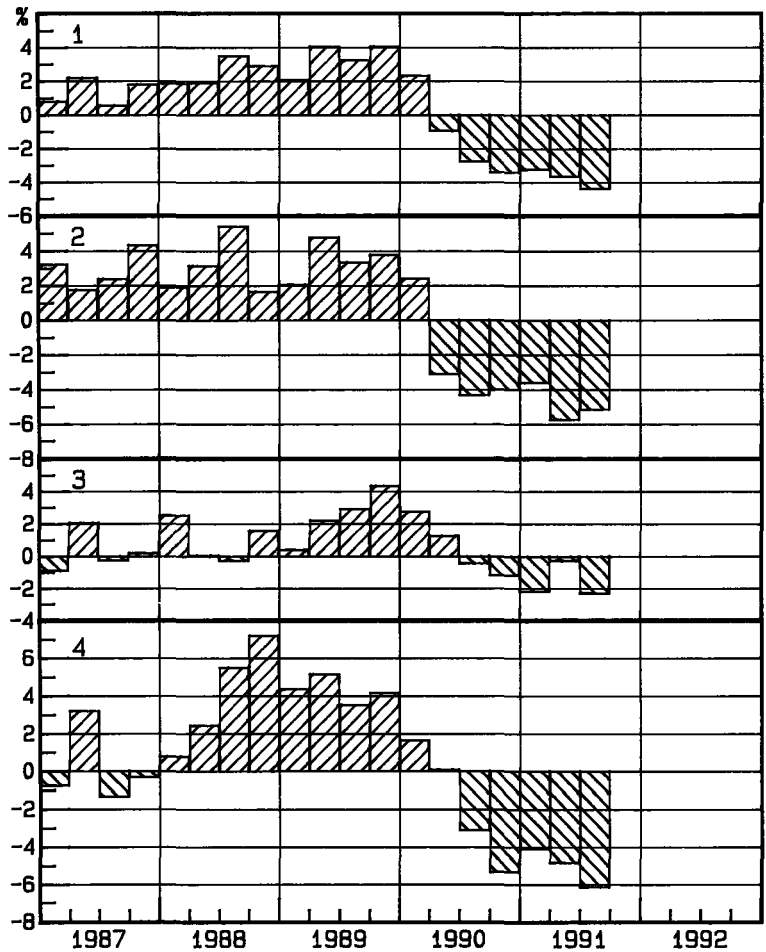


27. PRODUCTION



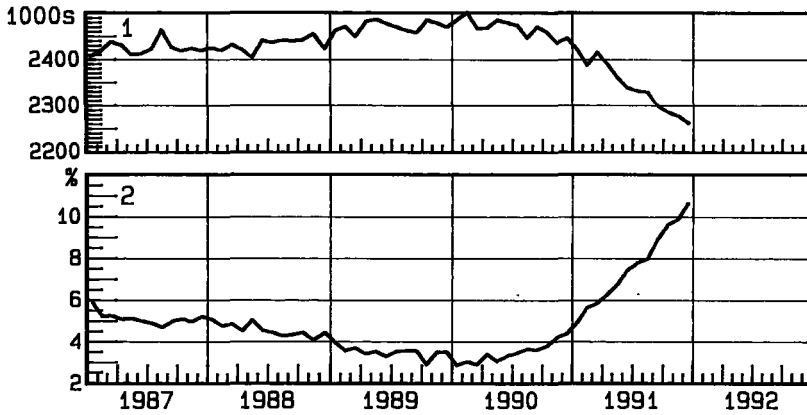
- 1. Industrial production, change in volume from the corresponding month of the previous year, per cent
- 2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



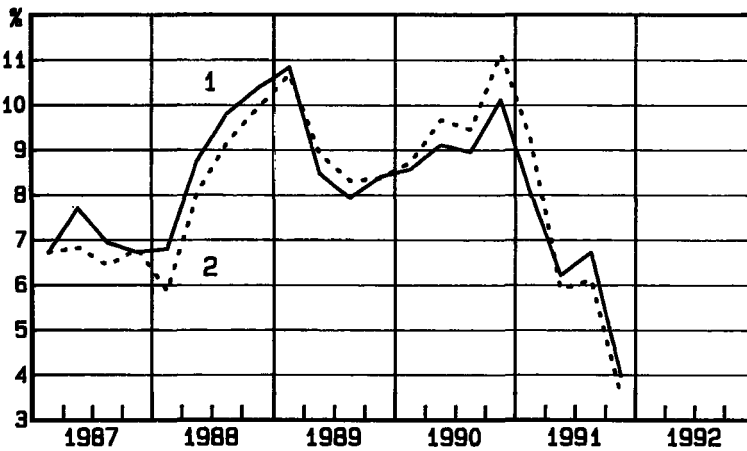
- 1. Total fixed investment
 - 2. Investment in machinery and equipment
 - 3. Building investment, excl. residential buildings
 - 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



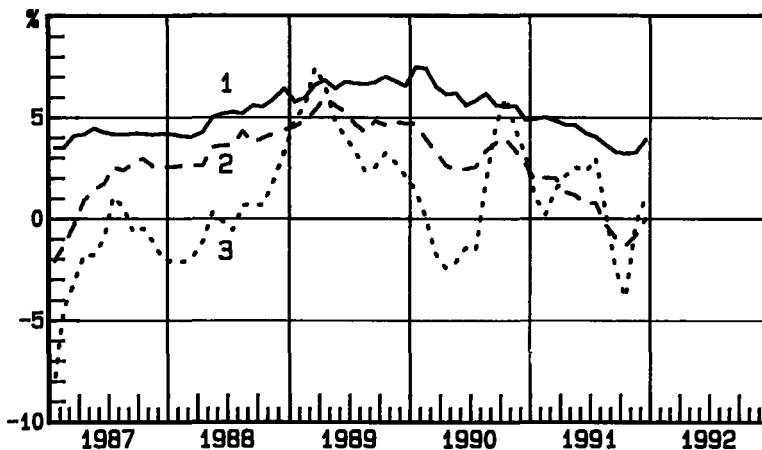
1. Employment, 1000 persons
2. Unemployment rate, per cent

30. PRICES AND WAGES



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

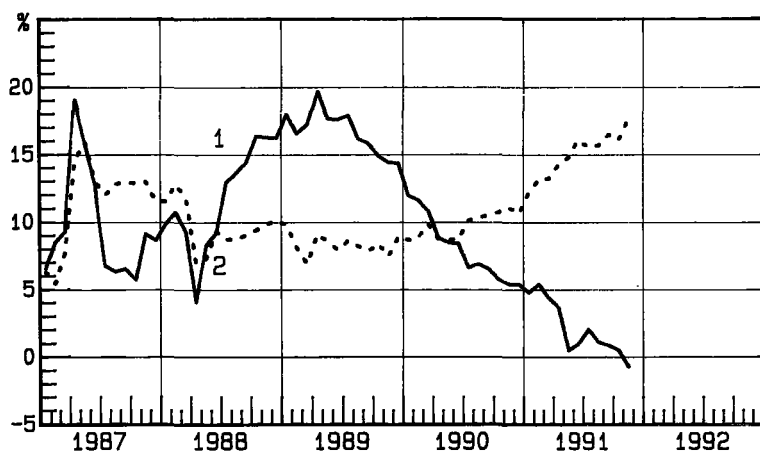
Change from the corresponding quarter of the previous year, per cent



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

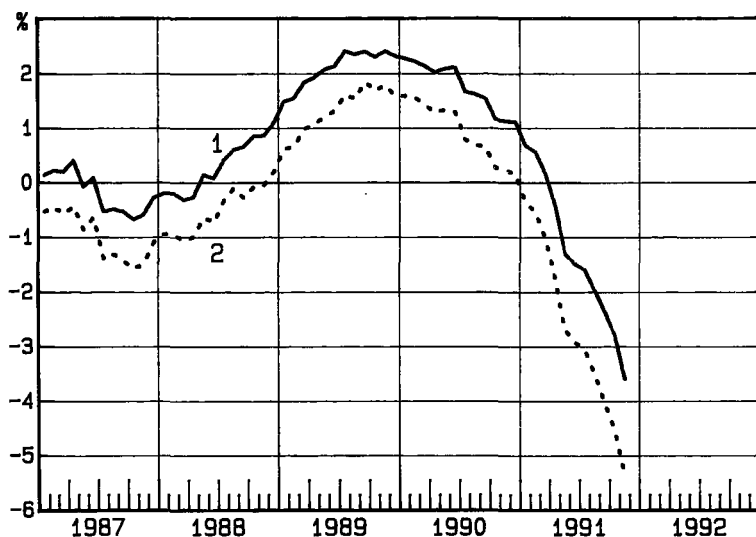
Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

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



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

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

BANK OF FINLAND

December 9, 1991

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JUSSI RANTA, Vice Chairman
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Secretary to the Parliamentary Supervisory
Board and the Board of Management

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SETEC OY

VELI TARVAINEN, Managing Director