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Statement by Dr Sirkka Härmäläinen,  
Governor of the Bank of Finland,  
on the Occasion of the Closing of  
the Accounts for 1992

Wages, Prices and the Exchange Rate  
in Finland

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## STATEMENT BY DR SIRKKA HÄMÄLÄINEN, GOVERNOR OF THE BANK OF FINLAND, ON THE OCCASION OF THE CLOSING OF THE ACCOUNTS FOR 1992

In 1992, Finland's economic environment was characterized by sluggish international demand and turbulence in the international currency and money markets. These factors further impeded the restructuring of the Finnish economy and compounded the problems associated with the credibility of economic policy.

Although the world economy went into recession, Finland's exports developed favourably as a result of sharply improved competitiveness. Underlying this improvement were the devaluation of the markka in autumn 1991, a reduction in indirect labour costs, pay settlements involving no contractual wage increases, a fall in the prices of roundwood and a substantial improvement in productivity. The change in the exchange rate led, however, to the emergence of a serious dichotomy in the economy and rising unemployment.

The weakening of the markka deepened domestic demand more than might have been anticipated on the basis of the experience of recent decades. It worsened the prospects for firms producing for the domestic market because of the rise in import costs and the reduction in consumers' purchasing power. The devaluation also significantly raised financing costs through large exchange rate losses and a rise in interest rates. Both short- and long-term interest rates were, in real terms, more than 2½ percentage points higher after the devaluation of 1991 than they had been before.

Given the current depressed state of domestic demand, the cost pressures caused by the rise in import prices and in taxes and public charges have only partially shown up in domestic prices; a

significant part of the rise in costs has instead been reflected in a squeeze on firms' profit margins. While the domestic rate of inflation has stayed below the international level, bankruptcies and unemployment have increased. The difficulties encountered by small and medium-sized firms in the domestic sector have been a major cause of the growth of unemployment and banks' loan losses.

After the devaluation of November 1991 the Bank of Finland sought to bring down interest rates by restoring confidence in the exchange rate. Under fixed exchange rates, the possibilities of the central bank to influence market confidence, currency flows and market interest rates through its own actions alone are, however, virtually non-existent. For most of the year, the markets showed little confidence in the prospect of restoring balance to the central government budget, despite decisions on major spending cuts by the Government. The Bank of Finland concluded currency swap agreements with European central banks and supported the exchange rate through currency sales, in addition to which the central government borrowed heavily from abroad. Interest rates nevertheless remained high, and the markka was the first European currency to be floated, in early September.

The floating of the markka helped to keep conditions in Finland's financial markets fairly stable when tensions within the EMS intensified after mid-September. But because of the rapid growth of foreign debt, there has been no room to relax the tight rein on government spending. Market confidence in economic policy increased after the Government decided in October to

take steps, in addition to those already announced, to strengthen the budget balance and after a pay settlement was reached under which nominal wages were to be kept unchanged for the second year running. The differential between short-term domestic and European market interest rates disappeared completely and the gap with respect to long-term rates narrowed significantly. This, in turn, made it possible to cut the base rate with effect from the beginning of 1993.

In principle, the floating of the markka provides the central bank with some room for manoeuvre and autonomy in interest rate policy, provided it is accepted that the exchange rate could weaken further. In Finland, however, the leeway in policy is severely limited by the rapid growth of foreign debt, the sheltered sector's vulnerability to exchange rate risk and the inflationary pressures that have already built up as a result of the devaluation. Low inflation is also a key goal of economic policy now that the markka is floating.

To ensure the availability of adequate foreign financing, it will be necessary to pursue a policy that safeguards the country's creditworthiness. This implies the need for low inflation and fiscal consolidation. When demand, in time, begins to recover, an acceleration of inflation would halt the current process of cost adjustment and strengthening of export activity and would add a permanent risk premium to domestic interest rates. It would then be necessary to conduct a highly restrictive economic policy over a long period of time, with adverse consequences for employment.

The coming year will be a very difficult one for the economy. The slump in domestic activity will

continue and no improvement is expected in the employment situation. There will be extremely little room for manoeuvre in economic policy. Nonetheless, everything possible should be done to further lower the level of interest rates. Above all, it is essential that the final decisions should be taken as quickly as possible concerning the Government's plan for balancing the budget over the medium term. Only in this way can we avert the danger of being forced to tighten budgetary policy still further in 1993. Moreover, it is important that the run-up to next autumn's wage talks should not be marked by any overdramatization or uncertainty that would push interest rates higher. A renewal of turbulence in the money market would be disastrous as regards employment.

The application for EC membership implies the acceptance of the economic policy objectives entailed by integration. The objectives appear to be demanding in the light of Finland's past performance and current economic difficulties. However, it should be

borne in mind that Finland is not committing itself to something that is not in its own immediate economic interests. Even if Finland were to remain outside the EC, these adjustments in the economy and economic policy would be unavoidable and in accord with the country's own interests.

The serious economic situation is also reflected in the Bank of Finland's financial results for the past two years. Skopbank ran into difficulties in September 1991, and the Bank of Finland was forced to temporarily take control of the bank as no other authority with a mandate to undertake such an operation existed at the time; the Government Guarantee Fund was not set up until April 1992. Skopbank was sold to the Government Guarantee Fund last June, but the takeover and related removal of risk exposures from Skopbank's balance sheet caused the Bank of Finland losses totalling FIM 5.3 billion. Of this sum, FIM 2.6 billion has been deducted from income for 1991 and FIM 1.7 billion has been trans-

ferred to the balance sheet for 1992 to be written off in subsequent years. Imputed interest foregone amounts to some FIM 1 billion. In addition, the Bank of Finland is responsible for FIM 9.5 billion of risk financing tied up in the companies set up by it to manage the assets acquired from Skopbank. The ultimate losses due to this item will not be known precisely until these assets are sold off in the course of time. The Bank's financial results for last year were also heavily strained by exchange rate losses incurred in connection with the floating of the markka.

The losses have substantially weakened the Bank of Finland's balance sheet. In order to safeguard the Bank of Finland's ability to carry out its basic economic policy duties as laid down in its regulations, the strengthening of the balance sheet will have to be a prime goal in the years ahead.

8 January 1993

# WAGES, PRICES AND THE EXCHANGE RATE IN FINLAND

by **Timo Tyrväinen**, Lic Pol Sc  
Economics Department  
Bank of Finland

The severe economic recession in Finland and the structural imbalances contributing to it – for example, the rapid growth of external indebtedness – led to the markka being devalued by 12.3 per cent in November 1991. The state of the economy nevertheless continued to deteriorate and the markka came under renewed speculative pressure in the course of 1992. In September 1992, Finland decided to allow its currency to float and since then it has depreciated by about 15 per cent. Thus, within eighteen months, the markka has depreciated by more than 25 per cent against the ECU.

The depreciation of the currency and related gains in price competitiveness have boosted the recovery of exports and helped improve the balance on current account. As productivity growth remained rapid and wage growth slowed down sharply, unit labour costs in relation to competitor countries declined by some 10 per cent in 1992, measured in national currencies. Together with the exchange rate impact, this has resulted in the largest change in the competitive position of the Finnish manufacturing industry over the past 30 years.

So far, the depreciation of the markka has not led to an acceleration of domestic inflation. As a result of weak demand, the 12-month increase in consumer prices was about 2 per cent in 1992. In November 1992, the terms were agreed for the second year of the comprehensive two-year wage settlement in force until the end of October 1993. The current year will be the second one in succession in which there will be no change in contractual wages. This will help Finnish companies

to maintain their competitive edge in 1993.

Finland's past experience indicates, however, that any deviation between unit labour costs in Finland and in competitor countries tends to disappear in the longer run. Against this background, an attempt is made in this article to evaluate to what extent the improvement in the competitive position might remain permanent and to what extent and how rapidly the benefits will be transmitted into domestic wages and prices.

## EXPERIENCES OF THE 1980s

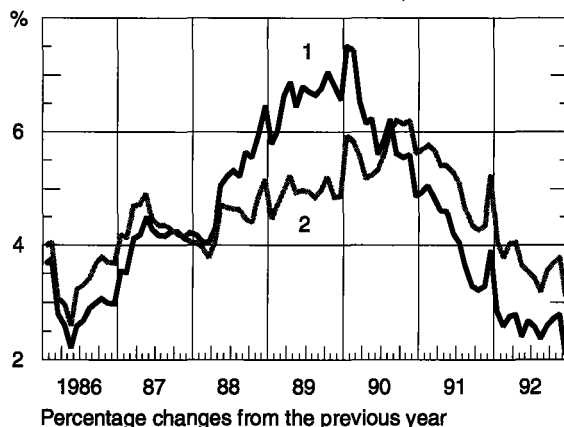
In the 1980s, the performance of the Finnish economy was favourable in many respects. From 1979 to 1989, real GDP grew by more than 43 per cent while the corresponding average for OECD Europe was almost 20 percentage points less. Several factors contributed to the good performance. The terms-of-trade im-

proved by 15–25 per cent in the course of the decade, depending on the measure applied. For OECD Europe, the respective gain was 5 per cent. So, the product composition of Finnish exports was obviously favourable. During the same period, the bilateral trade with the former Soviet Union tended to develop counter-cyclically in relation to western demand and thus to offset part of the adverse effects due to oil price variation. In addition, productivity growth was very rapid in Finland. These factors created room for rapid growth of real wages and domestic demand. Corporate profitability exceeded its long-run average and capacity utilization rose to high levels.

The prolonged period of growth led, however, to overheating in the economy in the late 1980s, triggering a surge in domestic costs and an explosion of asset prices. For example, from spring 1987 to spring 1989 average house prices in Finland rose

CHART 1.

CONSUMER PRICES IN FINLAND, 1986 - 1992

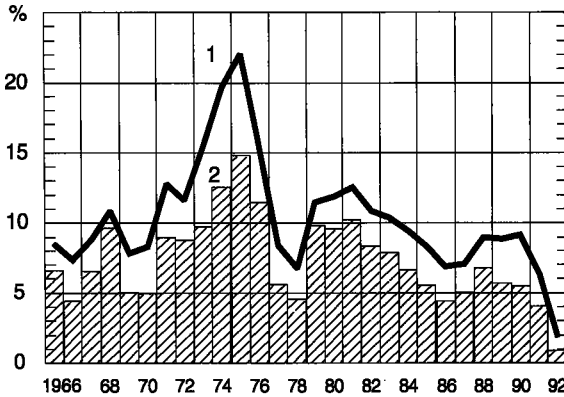


1. CPI
2. CPI, excl. the effect of house prices

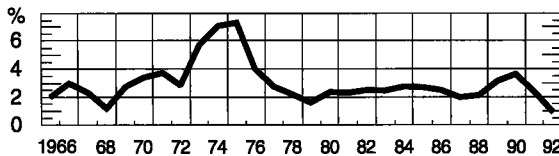
CHART 2.

WAGES AND DEMAND FOR LABOUR  
IN FINLAND, 1965 - 1992\*

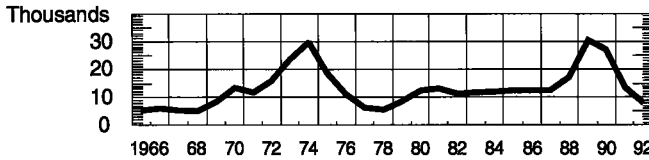
WAGE EARNINGS (1) AND CONTRACT WAGES (2)



WAGE DRIFT



NUMBER OF VACANCIES\*\*



\* The figures for 1992 are forecasts.

\*\* There is a break in the series for vacancies in 1988, when a new employment act made it obligatory for employers to publish all vacancies. This appears to have increased the number of vacancies by as much as one-third.

by more than 80 per cent, implying a rise in real prices of over 60 per cent. This had an impact on the consumer price index (CPI)<sup>1</sup> equivalent to more than 1½ percentage points in 1989 (Chart 1). This, in turn, increased wage growth since trade unions tend to base their wage claims on developments in the CPI.

The growth of nominal wages was faster than in competitor countries throughout the decade but was absorbed by rapid pro-

ductivity growth. Employers and trade unions seem to have anticipated the labour market situation fairly well, as is indicated by the stability of wage drift. In 1989-90, however, wage drift was swelled by soaring labour demand (Chart 2).

Towards the end of the 1980s, the profitability of the sheltered sector was boosted by buoyant domestic demand. Prices in the services sector grew far faster than prices in sectors exposed to foreign competition. In response to soaring profits, wages also rose substantially. The banks' generous lending policy facilitated the shift of resources into this sector.

THE RECESSION

The disintegration of the former Soviet Union led to the collapse of Finland's trade with this region. At the same time, demand in Finland's main western markets weakened and the favourable trend in the terms of trade was reversed as global excess capacity in the forest industries depressed export prices.

The contraction of domestic demand was exacerbated by the high indebtedness of firms and households and the rapid fall in asset prices. Private investment turned down sharply and the growth of households' real disposable income was halted. From mid-1990 to the end of 1992, the unemployment rate climbed from 4 per cent to 15 per cent.

Wages

Because of the sharp deterioration in the economic situation, the devaluation of November 1991 did not lead to compensatory wage claims. There were no contractual wage increases in 1992, and wage drift was modest. Hence, declining employment had a direct negative effect on wage earners' incomes while higher taxes reduced real take-home pay.

Some additional remarks on the effects of taxes are warranted here since there is evidence of real wage resistance in Finland. This refers to the fact that nominal wages do not fully and instantaneously absorb the effect of higher taxes. As a result, a higher tax burden tends to lead to higher labour costs and therefore to lower employment.

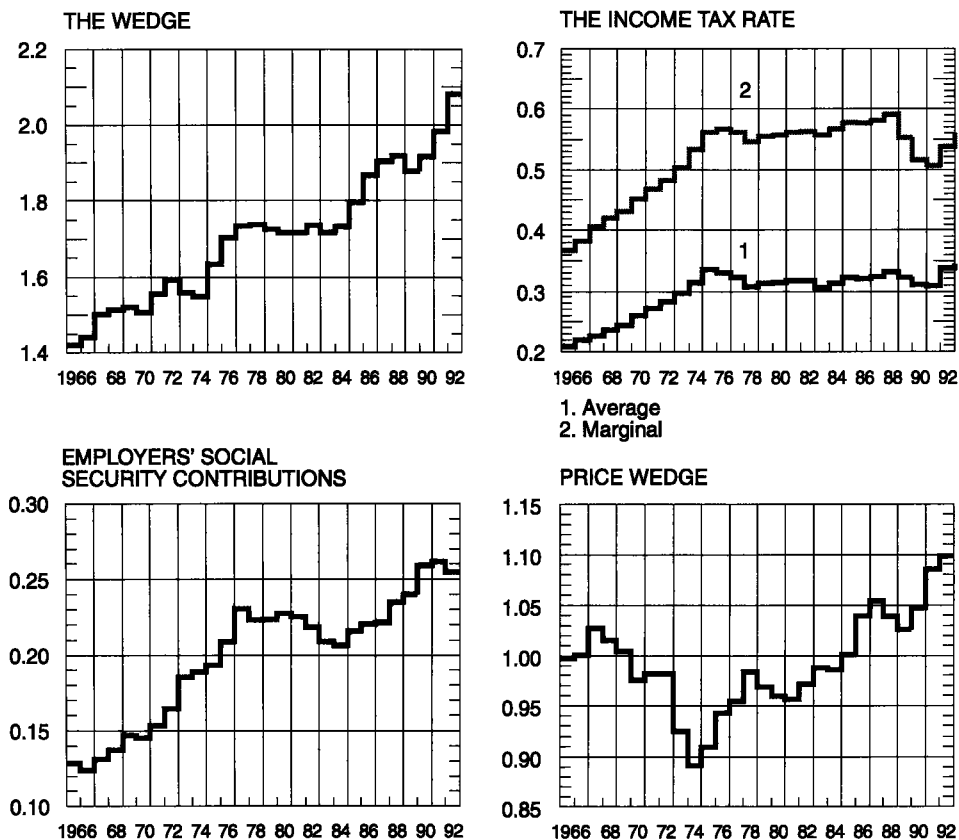
The effect of tax rates can be analyzed separately or by combining them into a term called the "wedge" (Chart 3). The wedge consists of factors which induce a difference between the real take-home pay and the real labour cost. The former can be considered to be the target variable for trade unions while the latter is the strategic variable for firms and also determines the demand for labour.

The wedge consists of income taxes and employers' social security contributions. Indi-

<sup>1</sup> In the CPI, housing costs are estimated on the basis of capital costs, of which depreciation accounts for the major part. Depreciation is evaluated on the basis of movements in the market value of old houses.

CHART 3.

THE WEDGE\* AND ITS COMPONENTS IN FINLAND, 1965 - 1992  
Private sector, excl. agriculture and forestry



\* For the definition see "Unions, wage bargaining and employment in Finland: a bargaining model approach" by the present author, in the May 1990 issue of the Bulletin.

rect taxes matter since they lead to higher consumer prices (PC) unless producer prices (P) adjust accordingly. In addition, the price wedge (PC/P) is influenced by the relative price of imports and, finally, by profit margins in the domestic trade and service sectors.

In Finland, there has been a steady long-run increase in the aggregate wedge. However, in 1990-1992 the increase was exceptionally large. The pro-cyclical tax policy which contributed to this can only be understood in the light of the need to halt the rapid deterioration in the public sector deficit caused by the banking crisis, escalating outlays on unem-

ployment and the erosion of the tax base.

Employers' social security contribution rates were lowered in 1992<sup>2</sup>. By contrast, income taxation was tightened substantially. In addition, the price wedge increased because of higher indirect taxes and public sector prices. Import prices played a major role as well. All in all, the wage pressure generated by the change in the wedge in 1990-92 may have been of the magnitude

<sup>2</sup> Employers' social security contribution rates for 1993 have been raised significantly. In addition, new measures analogous to higher income taxes are being introduced in order to finance the additional outlays due to heavy unemployment.

of 7-8 per cent as regards nominal wages and somewhat less as regards real labour costs. The fact that wage growth has been slow despite these pressures indicates considerable moderation in wage claims, which is obviously due to the rapid growth of unemployment.

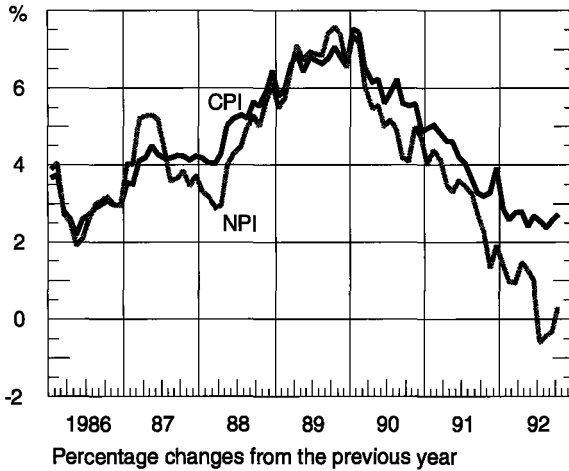
**Prices**

In December 1992, the CPI was 2.1 per cent higher than twelve months earlier. Exclusion of the impact of falling house prices gives an inflation rate one percentage point higher than this.

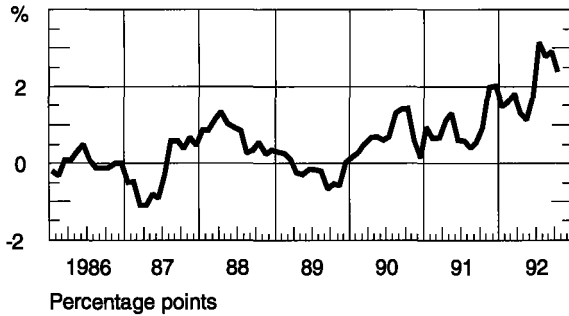
The net price index (NPI) is calculated by applying the same basket of commodities as in the

CHART 4.

CONSUMER PRICE INDEX (CPI) AND THE NET PRICE INDEX (NPI), 1986 - 1992



THE DIFFERENCE = CPI - NPI



CPI but excluding taxes and public sector tariffs and prices. The NPI indicates that the effect of the government sector on consumer prices has increased significantly within the last year or so. This is due to attempts to increase government revenue in order to limit the budget deficit. In the twelve months ending in October 1992, the impact of the government sector corresponds to about 2½ percentage points of the rise in the CPI. It is striking that not much more than half of this is estimated to have been passed through to consumers. The rest has been absorbed through a shrinking of margins of firms in the private sector.

A much debated issue during the past months has been the effect of the depreciation of the markka on domestic consumer price inflation. From October

in aggregate import prices was less than 5 per cent and that in consumer goods imports around 7 per cent despite the 12.3 per cent devaluation in November 1991. However, without devaluation these prices would have declined. A rough estimate is that import prices have risen by 1-2 percentage points less than indicated by a direct estimate.<sup>3</sup> Thus foreign companies have absorbed part of the exchange rate effect.

Statistics Finland estimates that import prices added around 1 percentage point to the CPI in the twelve months ending in August 1992. Therefore, the pass-through of import prices was far from full. An estimate taking ac-

<sup>3</sup> This conclusion is based on an investigation of import prices in Finland and in a non-devaluing neighbouring country, Sweden.

count of the shares of imported commodities would imply an effect which is double the actual one. Domestic agents have therefore adjusted their margins.

In the period between August and November 1992 - ie in the immediate aftermath of the floating of the markka - import prices rose by more than 7 per cent. Statistics Finland estimates that the related effect on the CPI has been about three-quarters of a percentage point so far. This indicates that the pass-through has not necessarily been quicker than that following the 1991 devaluation.

Altogether, the depreciation of the markka appears to have added some 2 percentage points to the rise in the CPI in the twelve months up to the end of November 1992. Taking into account also the impact of the government sector and adjusting for house prices, prices of domestic non-government agents have declined. Firms in the private sector have adjusted not only to higher import prices but also to higher government prices and taxes.

**WILL THE DEVALUATION CYCLE BE BROKEN?**

Over past decades, wages and prices in Finland have tended to grow faster than in competitor countries. The corollary of this has been frequent exchange rate adjustments. A contributory factor is undoubtedly the exceptional volatility of Finnish exports and particularly of foreign trade prices.

The series describing unit labour costs in Finland and her trading partners display a regular pattern with certain special features (see Chart 5, where years in which there are major effects due to devaluations are shaded). Whenever unit labour costs in the Finnish manufacturing industry have deviated "sufficiently" from the reference level<sup>4</sup>, a period of

<sup>4</sup> In modern economics, a long-run equilibrium relation has a very special property: whenever a factor deviates from the equilibrium level, the need arises for adjustment to correct the disequilibrium.



adjustment follows in which the deviation is reduced. A specific feature is that deviation in both directions has tended to last for several years in succession. However, in the longer run, no permanent effect of exchange rate adjustments on competitiveness can be observed.

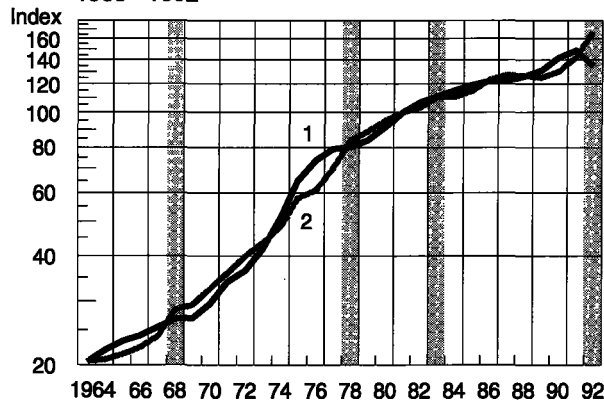
The unemployment rate in Finland has usually been below the average for competitor countries. Whenever the situation has been the reverse, unit labour costs in Finland have responded. This happened at the end of the 1960s, at the end of the 1970s and again in 1992. The general conclusion is, however, that lost competitiveness has never been restored primarily by adjusting domestic costs. Rather, Finnish labour costs vis-à-vis foreign competitors have been reduced by means of exchange rates. This is the core of the particular combination of low real wage rigidity<sup>5</sup> and high nominal wage rigidity characteristic of the Finnish labour market.

The course of the "devaluation cycle" is typically as follows. The process starts with a devaluation that is considered necessary in order to correct sizable imbalances in the economy. However, the improved profitability in export industries that results induces wage claims by the trade unions and higher stumpage prices for forest owners. The impact of devaluation on the business climate in general is strong. Profits start to spill over to sheltered sectors. Wage-wage links start to play their role. This leads to an overall rise in wage inflation, which, in turn, boosts price inflation and, finally, the competitive edge gained because of the devaluation disappears and the need for a new devaluation arises, typically in connection with some adverse exogenous shock.

From the forecasting point of view, the preconditions for the process sketched above are as

CHART 5.

UNIT LABOUR COSTS IN MANUFACTURING IN FINLAND AND 14 COMPETITOR COUNTRIES, 1963 - 1992\*



In common currency, 1981 = 100

\* The figures for 1992 are forecasts.

- 1. Finland
- 2. Competitor countries

follows. First, the income shares of capital and labour must be stable in the long run despite the volatility due to devaluations. Second, the relative wage structure must be stable despite the very different direct effects of devaluations on different sectors. If these preconditions are not met, there may be lasting effects on relative wages and/or prices. If the first does not hold, the income shares within the manufacturing industry change. If the latter does not hold, the structure of sectoral wage relations is altered.

As noted above, the weakening of the markka since November 1991 has given rise to relatively little inflation and in the light of the new wage settlements the prospects for 1993 are encouraging. Whether this signifies a more permanent change in relation to past experience with "devaluation cycles" remains to be seen. There are risks of renewed imbalances emerging in the export sector. When the cyclical situation becomes more "normal", the present level of competitiveness is likely to turn out to be "excessive". Accordingly, wage drift can be expected to accelerate when profit margins improve and demand for labour recovers. However, unemployment is projected

to stay exceptionally high for several years to come. Therefore, the boost to wage drift is unlikely to be as strong as historical comparisons would suggest.

The other potential problem is the wage-wage link. The present polarization between economic conditions in the open and sheltered sectors will, however, reduce the importance of this transmission channel. In sheltered sectors, the demand for labour is likely to remain subdued for at least the next five years or more. In these circumstances, it is reasonable to expect that the wage-wage links will be considerably weaker than in the past. On the other hand, the resulting restructuring of wage differentials will probably remove at least part of the distortionary effects caused by 25 years of comprehensive national wage settlements.

A substantial part of the price effects of the depreciation of the markka have not yet been passed through to prices. This largely reflects the current very weak demand conditions, which have squeezed both import prices and domestic profit margins. It is difficult to envisage this being a permanent state. When the recovery eventually gets under way, pent-up price pressures are likely

<sup>5</sup> Real wage resistance, which is discussed above, is a property related to the determination of the equilibrium real wage level. Real wage rigidity describes the speed of adjustment towards this equilibrium.

to be released. There will, however, be forces at work mitigating against this. First, the fact that profit margins will inevitably remain low for quite some time to come will compel firms to improve their efficiency. Therefore, margins could recover at a lower price level than would have been the case with less efficient companies. Second, ongoing integration and the sharpening of competition that it entails will exert downward pressures on the Finnish price level. This process and related expectations are likely to dampen the willingness of companies to increase prices of domestic goods and services even when demand starts to pick up.

### CONCLUSIONS

To sum up, the depreciation of the markka has, together with the pricing behaviour of the public sector, provided a major inflationary shock to the economy. However, the current state of the

economy – not least the growing imbalances in the labour market – are such that inflation is unlikely to accelerate significantly within the next year or so. Even in the longer run, part of the recent changes in relative prices and wages are likely to remain.

The argumentation above indicates that the competitive edge could be maintained longer than in the wake of earlier devaluations. Structural problems confronting the economy, as too the adjustment to the drastic changes that have occurred in Finland's export markets, will require a major improvement in performance in western markets. This explains the need for exceptionally good competitiveness in the years ahead. In the longer run, the competitiveness gap is likely to decrease. If there is room for the markka to appreciate, this would reduce the risk of a price-wage spiral and thus pave the way for balanced growth in subsequent years. The reactions of the mar-

kets in the recent past have been moulded by the serious economic problems referred to above. Consequently, how and when the competitive gap adjusts ultimately depends on how the markets perceive the present disequilibrium.

15 January 1993

### LITERATURE

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Tyrväinen, T. (1992): *Wage Setting, Taxes and Demand for Labour: Multivariate Analysis of the Cointegrating Relations*, Bank of Finland, Discussion Papers 22/92.

**THE BANK OF FINLAND'S INVESTMENT INQUIRY**

According to the Bank of Finland's inquiry conducted in October–December 1992, the volume of fixed investment decreased by just over 5 per cent in total industry and by just under one-tenth in manufacturing in 1992. According to the inquiry, the volume of investment will decrease by nearly one-fifth in total industry and by as much as one-quarter in manufacturing in 1993.<sup>1</sup>

The contraction in investment will not be as uniform in 1993 as it has been in recent years. Though investment in several industries is set to increase, sharp cutbacks in the forest industries, in particular, mean that the level of investment for total industry will fall significantly.

On account of increased production for exports, capacity utilization rose slightly in the course of 1992. Companies expect their capacity utilization rates to rise further in 1993.

Rapid changes in business conditions increase the uncertainty attached to investment plans and estimates. Apparently, the effects of the economic policy measures taken in the autumn – the proposed cuts in government spending, the floating of the markka and the freezing of wages – and the subsequent fall in interest rates are not yet fully reflected in the investment inten-

tions reported in the October–December inquiry. On the other hand, the need of companies to reduce their debt levels together with low capacity utilization rates, especially in industries serving the domestic market, will further delay the pick-up in investment activity.

**Fixed investment**

According to the survey data, the value of fixed investment in total industry amounted to FIM 21.5 billion in 1992 and the value of fixed investment in manufacturing to FIM 16 billion. The volume of investment decreased in nearly all sectors, by 15 per cent in the forest industries and by some 10 per cent in the metal and engineering industries. The volume of investment in the sector 'other manufacturing' increased as a result of major investments in the chemical industry.

The investment ratio has fallen to very low levels in several sectors. In manufacturing as a whole, the ratio of fixed investment to value added fell in 1992 to the level it had been during the weakest years of the recession in

the latter part of the 1970s. With the continuing decline in investment, the investment ratio is likely to fall to an exceptionally low level.

The drop of nearly one-quarter in manufacturing investment in 1993 will mainly be due to an expected fall of almost 40 per cent in investment in the paper industry. In contrast, the investment intentions of companies in the metal and engineering industries point to a slight increase in investment in 1993. The upturn in investment in the chemical industry, which started in 1992, will continue. The textiles, clothing, leather and footwear industries and companies manufacturing non-metallic mineral products intend to increase their acquisitions of new fixed assets. In addition, investment in mining and quarrying and in energy and water supply will grow slightly.

**Intangible investment**

According to the investment inquiry, manufacturing companies spent about FIM 2.6 billion on intangible investment in 1992. Most of this amount represented

TABLE 1. ANNUAL CHANGE IN THE VOLUME OF INDUSTRIAL FIXED INVESTMENT, 1991–1993, PER CENT

	1991*	Planned	
		1992	1993
By sector			
Forest industries	- 26	- 15	- 38
Metal and engineering industries	- 27	- 11	4
Other manufacturing	- 28	2	- 23
MANUFACTURING	- 27	- 9	- 25
ENERGY AND WATER SUPPLY	7	2	2
TOTAL INDUSTRY (incl. mining)	- 20	- 7	- 18
By type of investment			
Construction	- 4	- 2	- 20
Machinery and equipment	- 26	- 8	- 17

\* According to national accounts.

<sup>1</sup> 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.

TABLE 2. INTANGIBLE INVESTMENT IN MANUFACTURING, 1991-1993

	1991		Planned		
			1992		1993
	Million FIM	Million FIM	Percentage change	Million FIM	Percentage change
Forest industries	466	355	- 24	328	- 8
Metal and engineering industries	825	827	0	855	3
Other manufacturing	1 428	1 467	3	1 330	- 9
<b>MANUFACTURING</b>	<b>2 719</b>	<b>2 649</b>	<b>- 3</b>	<b>2 513</b>	<b>- 5</b>

TABLE 3. CAPACITY UTILIZATION RATE IN MANUFACTURING, 1991-1993, PER CENT

	1991		1992		1993	
	I	II	I	II	I	II
Forest industries	84	82	80	81	82	83
Metal and engineering industries	83	79	82	82	83	84
Other manufacturing	80	78	78	80	78	81
<b>MANUFACTURING</b>	<b>82</b>	<b>79</b>	<b>80</b>	<b>81</b>	<b>81</b>	<b>83</b>

outlays on research, development and training. In real terms this is somewhat less than in 1991. Companies also expect their intangible investment to decrease slightly in nominal terms in 1993. The forest industries accounted for just under 15 per cent of intangible investment in 1992, the metal and engineering industries for one-third and the chemical industry for some 40 per cent.

### Capacity utilization

The volume of manufacturing output increased by 4-5 per cent in 1992. According to the inquiry, the capacity utilization rate remained practically unchanged for the year on average, although it rose slightly in the latter part of the year. The rise in capacity utilization was curbed by the slump in activity in sectors dependent on domestic demand and the additional capacity introduced in the forest industries.

The capacity utilization rate in manufacturing is expected to rise from 81 per cent in the second half of 1992 to 83 per cent in the second half of 1993, which is still lower than the average for the 1980s. Companies' expectations concerning capacity utilization are cautious in view of the fact

that manufacturing output has been growing for a year now. Since a low rate of investment means only a small amount of new capacity is being introduced, an increase in the volume of manufacturing will raise the capacity utilization rate by an almost equal amount.

### NORDIC CENTRAL BANKS REVISE SWAP AGREEMENT

The Nordic central banks have decided to revise and substantially enlarge their agreement on short-term currency support, which has been in force since 1 January 1984. The revision of the agreement marks a continuation of the long-standing cooperation in foreign exchange policy between the Nordic central banks. The swap agreement was originally concluded in 1962 and subsequently revised in 1976 and 1984.

The revised agreement enters into force on 1 January 1993 for an indefinite period. Under the agreement, the central banks of Denmark, Finland, Norway and Sweden will each be entitled to receive foreign currency support from the other Nordic countries

up to the equivalent of ECU 2 000 million and the central bank of Iceland up to the equivalent of ECU 200 million. In addition, each central bank is obliged to provide support up to the equivalent of ECU 1000 million; Iceland up to the equivalent of ECU 100 million.

According to the agreement, the participating central banks are required to treat any application for support in excess of the above-mentioned amounts in a positive spirit.

A precondition for receiving currency support is that the borrowing country has, prior to using the support, carried out currency intervention of its own and taken monetary policy measures.

### NEW LEGISLATION ON FOREIGN OWNERSHIP

The 1939 Restriction Act was repealed at the end of 1992, and new legislation lifting the restrictions on foreign ownership of Finnish companies came into force on 1 January 1993. The purchase of real estate by foreigners has also been eased under the new legislation.

The former difference between "restricted" and "free" shares has been abolished by the new legislation, and foreigners are now allowed to buy Finnish shares without any restrictions.

For a three-year transition period - from 1993 to 1995 - there will be a monitoring system covering approximately the one hundred largest Finnish companies. Acquisition of shares that leads to the control of one-third of the voting rights in such a company must be reported to the authorities.

The Government has the right to intervene if essential national interests are jeopardized by such an acquisition. This right will, however, be used with extreme caution and only in very exceptional cases. From the beginning of 1996 this monitoring will cease for all companies except those producing defence equipment.

Acquisition of real estate has also been liberalized. There are

no longer any limitations on the acquisition of real estate for business purposes. Some restrictions still remain concerning secondary residences; these are based on considerations related to eg environmental protection.

## MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM JANUARY 1992 TO JANUARY 1993

1992

### JANUARY

**Cash reserve requirement.**

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

### APRIL

**Interest on cash reserve deposits.**

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

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

**The Government Guarantee Fund.**

The law establishing the Government Guarantee Fund is approved by Parliament on 30 April. The purpose of the fund is to help ensure the stability of deposit banking and secure depositors' claims. The fund is authorized to use up to FIM 20 billion for these purposes.

Decisions on possible support measures by the fund are taken by the representatives of the Ministry of Finance, the Banking Supervision Office and the Bank of Finland on the board of the fund.

### MAY

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

### JUNE

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

**Government offer of capital for banks.**

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

depending on the preference of the bank.

**Government Guarantee Fund supports the Savings Bank of Finland.** On 26 June, the Government Guarantee Fund decides to grant capital support amounting to FIM 5.5 billion and a guarantee of FIM 1.7 billion to the Savings Bank of Finland. The latter will be established in autumn 1992 by merging 41 savings banks.

## JULY

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

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

## AUGUST

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

## SEPTEMBER

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

## OCTOBER

**Tax-exempt deposits.** On 16 October, the law on the tax relief of deposits and bonds is amended to grant tax-exempt status to 36-month fixed-rate deposits providing the interest rate on them is not more than the Bank of Finland's base rate less one percentage point and they are made between 1 September 1992 and 31 December 1993. The tax-exempt status of 24-month deposits is extended to apply to deposits made up to the end of 1994.

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

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

## NOVEMBER

**Amendment to the Currency Act.** On 13 November, section 2 of the Currency Act is amended so as to enable the Government, on the basis of a proposal of the Bank of Finland, to authorize the Bank to abandon the limits on the markka's range of fluctuation for an indefinite period. In addition, the Government can cancel such authorization, after taking into consideration the

conditions prevailing in the money and foreign exchange markets. Prior to making the decision, the Government must request the opinion of the Bank of Finland on the matter.

**Decision to continue the floating of the markka.** On 13 November, the Government, in accordance with the amendment to the Currency Act, decides to authorize the Bank of Finland to continue the floating of the markka.

**Letter of intent between the Government Guarantee Fund and Kansallis-Osake-Pankki.** On 24 November, Kansallis-Osake-Pankki buys the majority shareholding in STS-Bank Ltd from the STS Foundation. On the same date, the Government Guarantee Fund and Kansallis-Osake-Pankki sign a letter of intent on the establishment of an asset management company ("bad bank") for the management of STS-Bank's bad loans. The agreement is conditional on the Act on the Government Guarantee Fund being amended to permit the establishment of such a company.

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

**Till-money credits.** The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not financed by the Bank of Finland under the till-money credit arrangement. The combined total of base amounts is raised to 20 per cent of currency in circulation with the public. The combined total of the banks' base amounts rises by FIM 597 million and amounts to FIM 1 791 million as from the last business day in November.

## DECEMBER

**Government offer of capital to banks.** Two commercial banks (Union Bank of Finland

and Okobank), 14 savings banks and 57 cooperative banks accept, by 16 December, the offer of capital made by the Government. The total amount of capital raised in this context is FIM 3.3 billion.

**Government Guarantee Fund grants support to Skopbank and the Savings Bank of Finland.**

The Government Guarantee Fund decides, on 22 December, to grant capital support totalling FIM 1.5 billion to Skopbank and, on 30 December, to grant capital support totalling FIM 4.7 billion to the Savings Bank of Finland.

**Cash reserve requirement.**

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

1993

JANUARY

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 9.5 per cent to 8.5 per cent with effect from 1 January.

**Cash reserve requirement.**

The Bank of Finland raises the banks' cash reserve requirement from 5.0 per cent to 5.5 per cent of the cash reserve base at end-December.

**Interest on cash reserve deposits.** The Bank of Finland decides to lower the rate of interest paid on cash reserve deposits as from 1 January in accordance with the current cash reserve agreement. The new interest rate will be 3 percentage points below

three-month HELIBOR, however not less than 8 per cent.

**Swap agreement between the Nordic central banks.**

The Nordic central banks decide to revise and substantially enlarge their agreement on short-term currency support, which has been in force since 1 January 1984. The revised agreement enters into force on 1 January for an indefinite period.

**New legislation on foreign ownership.**

The 1939 Restriction Act is repealed at the end of December, and new legislation lifting the restrictions on foreign ownership of Finnish companies enters into force on 1 January. The new legislation also liberalizes the acquisition of real estate by foreigners.





# Visiting Scholars Programme

BANK OF FINLAND

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

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

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

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

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

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

## LAND, CLIMATE AND POPULATION

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

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

There are two official languages: 93.5 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-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 6 December 1917 Finland declared her independence. The republican constitution adopted in 1919 remains essentially unchanged today.

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

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

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish 18 People's Party 12; The Greens 10;

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

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

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

## INTERNATIONAL RELATIONS

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

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

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

## THE ECONOMY

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

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

In 1991, expenditure on the gross domestic product in purchasers' values amounted to FIM 503 billion and was distributed as follows: net exports -0.6 % (exports 21.8 %, imports -22.4 %), gross fixed capital formation 23 %, private consumption 55 % and government consumption 24%. Finland's gross tax ratio (gross taxes in relation to GDP) was 37 % and the net tax ratio (net taxes in relation to GDP) 20 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 4.0 % in 1990-91. Finland's GDP per capita in 1991 was USD 24 800.

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

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

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

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

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

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

## FINANCE AND BANKING

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

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

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

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

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

**The Central Bank.** The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market and determination of the external value of the currency within the fluctuation limits. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 8 branch offices in other towns.

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

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

**Financial market.** Of the total stock of FIM 776 billion in outstanding domestic credit at the end of 1991, 62 % was provided by deposit banks, 3 % by private mortgage banks, 17 % by insurance companies, 4 % by other private credit institutions, 4 % by public financial institutions and 9 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 81 % of the instruments, which totalled approximately FIM 150 billion at end-1991, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 65 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 64 billion (at end-1991). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1991 totalled FIM 145 billion; government bonds made up 24 % of the total. Turnover on the Stock Exchange in 1991 amounted to FIM 8 billion; the share of shares and subscription rights in the total was approximately 82 %.



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# 1. THE BALANCE SHEET OF THE BANK OF FINLAND

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

MILL. FIM

	1991		1992		
	31 Dec.	8 Dec.	15 Dec.	23 Dec.	31 Dec.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	33 662	33 127	32 229	31 025	29 517
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	932	555	557	562	564
IMF reserve tranche	1 136	1 919	1 710	1 727	1 732
Convertible currencies	29 381	28 473	27 782	26 555	25 041
Tied currencies	34	—	—	—	—
<b>Other foreign claims</b>	2 690	4 199	4 418	4 426	4 867
Markka subscription to Finland's IMF quota	2 260	3 814	4 025	4 025	4 464
Term credit	430	386	393	401	404
<b>Claims on financial institutions</b>	17 413	19 519	17 102	17 048	14 595
Liquidity credits	—	253	3	633	1 585
Certificates of deposit	9 157	5 701	5 681	4 791	3 930
Securities with repurchase commitments	2 725	9 066	6 929	7 135	4 408
Term credits	—	—	—	—	100
Till-money credits	3 528	2 778	2 778	2 778	2 872
Bonds	1 765	1 483	1 473	1 473	1 462
Other claims on financial institutions	238	238	238	238	238
<b>Claims on the public sector</b>	1 375	1 465	1 465	1 446	2 446
Bonds	3	—	—	—	—
Loans to the Government Guarantee Fund	—	—	—	—	1 000
Total coinage	1 372	1 465	1 465	1 446	1 446
<b>Claims on corporations</b>	1 288	1 494	1 484	1 481	1 458
Financing of domestic deliveries (KTR)	879	617	607	604	587
Bonds: KTR credits	207	166	166	166	160
Bonds: Other	2	500	500	500	500
Other claims on corporations	201	211	211	211	211
<b>Other assets</b>	2 916	9 719	9 722	9 723	10 925
Loans for stabilizing the money market	1 730	9 574	9 574	9 574	9 474
Accrued items	1 034	—	—	—	1 298
Other assets	153	145	148	149	153
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	—	—	—	—	1 700
<b>Total</b>	<b>59 346</b>	<b>69 524</b>	<b>66 420</b>	<b>65 150</b>	<b>65 509</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	46	39	89	76	101
Convertible currencies	45	39	89	76	101
Tied currencies	1	—	—	—	—
<b>Other foreign liabilities</b>	3 102	7 071	7 310	7 351	7 764
IMF markka accounts	2 260	3 814	4 025	4 025	4 464
Allocations of special drawing rights	843	1 011	1 013	1 023	1 026
Other foreign liabilities	—	2 247	2 272	2 303	2 274
<b>Notes and coin in circulation</b>	14 528	14 052	14 177	14 771	14 508
Notes	13 306	12 765	12 887	13 467	13 209
Coin	1 222	1 287	1 290	1 304	1 299
<b>Certificates of deposit</b>	8 880	14 885	9 605	8 415	4 880
<b>Liabilities to financial institutions</b>	12 567	12 183	14 017	12 802	20 000
Call money deposits	2 206	283	2 116	901	2 135
Term deposits	—	—	—	—	4 700
Cash reserve deposits	10 361	11 900	11 900	11 900	13 165
Other liabilities to financial institutions	0	0	1	2	—
<b>Liabilities to the public sector</b>	3	6 006	6 113	6 126	90
Cheque accounts	—	2	2	5	72
Deposits of the Government Guarantee Fund	—	6 003	6 111	6 121	18
Other liabilities to the public sector	3	—	—	—	—
<b>Liabilities to corporations</b>	7 057	3 870	3 838	3 777	3 362
Deposits for investment and ship purchase	7 057	3 870	3 838	3 777	3 362
<b>Other liabilities</b>	1 682	265	258	258	4 399
Accrued items	1 584	—	—	—	4 242
Other liabilities	98	265	258	258	156
<b>Valuation account and reserves</b>	5 715	5 389	5 250	5 810	4 642
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—
<b>Total</b>	<b>59 346</b>	<b>69 524</b>	<b>66 420</b>	<b>65 150</b>	<b>65 509</b>

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net claims (10-11)
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	- 775
<b>1989</b>	2 179	966	950	18 780	22 875	- 564	22 312	440	22 752	1 137	5 325	- 4 188
<b>1990</b>	2 180	791	783	33 451	37 205	- 882	36 324	- 364	35 960	1 314	1 321	- 7
<b>1991</b>	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	24 940	29 416	- 7	29 416	- 2 897	26 519	2 446	90	2 356
<b>1991</b>												
<b>Dec.</b>	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
<b>1992</b>												
<b>Jan.</b>	2 180	946	1 234	29 512	33 872	30	33 901	- 482	33 419	1 379	4	1 375
<b>Feb.</b>	2 180	1 070	1 232	29 834	34 316	27	34 343	- 490	33 853	1 382	4	1 378
<b>March</b>	2 180	1 198	1 201	28 522	33 101	24	33 124	- 532	32 592	1 383	4	1 379
<b>April</b>	2 180	1 199	1 242	22 981	27 602	21	27 622	- 540	27 082	1 387	4	1 383
<b>May</b>	2 180	1 045	1 235	27 547	32 007	17	32 025	- 545	31 480	1 397	4	1 393
<b>June</b>	2 180	1 007	1 200	26 724	31 111	14	31 125	- 538	30 587	2 920	4	2 916
<b>July</b>	2 180	942	1 280	27 033	31 435	8	31 443	- 526	30 917	2 904	4	2 900
<b>Aug.</b>	2 180	861	1 195	18 830	23 066	0	23 066	- 2 449	20 617	4 404	4	4 400
<b>Sept.</b>	2 180	1 001	1 328	22 470	26 979	- 7	26 970	- 11 206	15 764	8 480	38	8 442
<b>Oct.</b>	2 180	1 025	1 360	29 610	34 175	-	34 175	- 11 797	22 378	8 507	51	8 456
<b>Nov.</b>	2 180	552	1 908	33 474	38 114	-	38 114	- 2 858	35 256	1 466	6 173	- 4 707
<b>Dec.</b>	2 180	564	1 732	24 940	29 416	-	29 416	- 2 897	26 519	2 446	90	2 356

End of period	Domestic financial sector					Corporate sector					
	Term claims on deposit banks	Liquidity position of deposit banks, net <sup>1</sup>	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other claims on financial institutions, net	Net claims (13+14+15+16+17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19+20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
<b>1988</b>	7 187	335	- 19 039	2 920	3 733	- 4 864	2 823	- 6 579	- 3 756	11 550	1 130
<b>1989</b>	33 230	- 531	- 25 506	3 310	2 248	12 751	2 000	- 10 604	- 8 604	13 129	-
<b>1990</b>	9 411	- 418	- 17 401	3 427	2 317	- 2 664	1 477	- 9 724	- 8 247	14 555	-
<b>1991</b>	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880
<b>1992</b>	3 738	- 550	- 13 165	2 872	1 700	- 5 405	747	- 2 651	- 1 904	14 508	4 880
<b>1991</b>											
<b>Dec.</b>	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880
<b>1992</b>											
<b>Jan.</b>	7 136	- 651	- 9 928	3 806	1 947	2 310	1 053	- 5 974	- 4 921	13 323	10 640
<b>Feb.</b>	2 982	468	- 9 891	3 869	1 935	- 637	1 030	- 5 535	- 4 505	13 271	11 110
<b>March</b>	3 508	- 219	- 9 783	3 521	1 925	- 1 048	995	- 5 287	- 4 292	14 243	13 030
<b>April</b>	11 306	- 1 997	- 9 856	3 917	1 899	5 269	967	- 4 513	- 3 546	13 822	16 450
<b>May</b>	8 562	- 750	- 9 851	3 709	1 923	3 593	946	- 3 775	- 2 829	13 787	20 600
<b>June</b>	10 380	- 152	- 9 773	3 483	1 882	5 820	904	- 4 022	- 3 118	13 896	21 790
<b>July</b>	14 304	- 7 507	- 9 812	3 654	1 818	2 457	882	- 3 851	- 2 969	13 790	19 350
<b>Aug.</b>	15 914	- 13 405	- 9 772	3 534	1 794	- 1 935	861	- 3 527	- 2 666	13 562	6 930
<b>Sept.</b>	13 354	- 811	- 9 762	3 450	1 758	7 989	832	- 3 412	- 2 580	13 459	13 720
<b>Oct.</b>	5 520	- 219	- 10 421	3 432	1 748	60	807	- 3 315	- 2 508	13 493	12 540
<b>Nov.</b>	9 211	1 875	- 11 900	2 778	1 737	3 701	787	- 3 238	- 2 451	14 062	14 885
<b>Dec.</b>	3 738	- 550	- 13 165	2 872	1 700	- 5 405	747	- 2 651	- 1 904	14 508	4 880

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

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

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

Average of daily observations	Call money deposits	Liquidity credits'	Liquidity position, net' (1-2)
	1	2	3
<b>1988</b>	621	127	494
<b>1989</b>	416	369	47
<b>1990</b>	806	132	674
<b>1991</b>	881	985	- 103
<b>1992</b>	2 103	437	1 666
<b>1991</b>			
<b>Dec.</b>	815	31	784
<b>1992</b>			
<b>Jan.</b>	822	63	759
<b>Feb.</b>	572	42	530
<b>March</b>	327	102	225
<b>April</b>	1 008	1 323	- 315
<b>May</b>	486	141	345
<b>June</b>	715	45	669
<b>July</b>	3 540	26	3 514
<b>Aug.</b>	8 895	0	8 894
<b>Sept.</b>	3 974	1 687	2 287
<b>Oct.</b>	2 191	876	1 314
<b>Nov.</b>	1 512	296	1 215
<b>Dec.</b>	1 193	640	553

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

### 2.2 THE BANK OF FINLAND'S CASH RESERVE SYSTEM

End of period	Cash reserve deposits	of which: additional deposits	Ordinary cash reserve requirement	Additional requirement
	1	2	3	4
	MILL. FIM		%	
<b>1988</b>	19 039	.	7.6	.
<b>1989</b>	25 506	3 159	8.0	1.1
<b>1990</b>	17 401	.	7.0	.
<b>1991</b>	10 361	.	4.0	.
<b>1992</b>	13 165	.	5.0	.
<b>1992</b>				
<b>Jan.</b>	9 928	.	3.7	.
<b>Feb.</b>	9 891	.	3.7	.
<b>March</b>	9 783	.	3.7	.
<b>April</b>	9 856	.	3.7	.
<b>May</b>	9 851	.	3.7	.
<b>June</b>	9 773	.	3.7	.
<b>July</b>	9 812	.	3.7	.
<b>Aug.</b>	9 772	.	3.7	.
<b>Sept.</b>	9 762	.	3.7	.
<b>Oct.</b>	10 421	.	4.0	.
<b>Nov.</b>	11 900	.	4.5	.
<b>Dec.</b>	13 165	.	5.0	.
<b>1993</b>				
<b>Jan.</b>	..	.	5.5	.

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
<b>1988</b>	13 840	19 190	- 16 850	11 500
<b>1989</b>	131 110	3 855	99 245	28 010
<b>1990</b>	163 326	26 379	160 797	- 23 850
<b>1991</b>	109 568	30 380	81 969	- 2 781
<b>1992</b>	76 230	137 940	- 49 457	- 12 253
<b>1991</b>				
<b>Dec.</b>	2 430	6 660	2 260	- 6 490
<b>1992</b>				
<b>Jan.</b>	2 000	7 790	- 80	- 5 710
<b>Feb.</b>	1 710	8 460	1 170	- 7 920
<b>March</b>	2 000	9 420	- 5 290	- 2 130
<b>April</b>	11 310	17 310	- 9 200	3 200
<b>May</b>	6 630	15 240	1 930	- 10 540
<b>June</b>	8 200	14 860	- 6 600	- 60
<b>July</b>	11 700	13 300	- 9 798	8 198
<b>Aug.</b>	6 520	7 650	- 14 659	13 529
<b>Sept.</b>	4 300	19 920	- 5 930	- 9 690
<b>Oct.</b>	1 760	10 740	- 2 060	- 6 920
<b>Nov.</b>	8 030	7 570	- 1 980	2 440
<b>Dec.</b>	12 070	5 680	3 040	3 350



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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
<b>1991</b>	35 120	- 69 940	- 14 820	12 820	12 260
<b>1991</b>					
Nov.	14 330	- 6 880	- 520	- 100	2 120
Dec.	6 840	- 170	1 020	- 430	1 110
<b>1992</b>					
Jan.	710	-	190	- 730	- 740
Feb.	-	- 4 000	4 280	- 4 240	7 150
March	50	- 250	1 200	- 1 200	1 250
April	2 960	- 16 650	- 2 790	1 650	6 040
May	3 870	-	500	- 320	930
June	1 480	- 2 380	2 530	3 390	5 370
July	470	- 5 790	1 450	- 1 590	3 760
Aug.	110	- 17 700	- 6 110	6 350	3 170
Sept.	-	- 20 880	- 14 860	11 610	2 800
Oct.	5 870	-	670	- 2 210	3 510
Nov.	4 530	-	6 190	- 6 610	13 020

## 2.5 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					Total, net (3+4+5)
	Domestic companies			Foreign banks, net	Bank of Finland, net	
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
<b>1987</b>	21 671	1 158	20 513	- 233	- 1 287	18 994
<b>1988</b>	16 488	1 543	14 946	9 086	- 377	23 654
<b>1989</b>	10 531	3 563	6 967	8 031	205	15 204
<b>1990</b>	11 609	4 979	6 631	10 100	- 6 098	10 633
<b>1991</b>	33 004	36 352	- 3 348	2 550	8 953	8 155
<b>1991</b>						
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
<b>1992</b>						
Jan.	31 732	27 973	3 759	4 673	8 276	16 708
Feb.	31 502	25 516	5 987	2 441	3 774	12 202
March	27 850	22 720	5 130	5 216	2 937	13 283
April	29 812	27 586	2 227	- 423	5 815	7 619
May	29 457	24 458	4 999	408	5 531	10 938
June	28 942	28 750	192	4 412	807	5 411
July	27 567	29 494	- 1 927	4 013	1 328	3 414
Aug.	25 399	34 767	- 9 368	421	7 933	- 1 014
Sept.	34 168	45 232	- 11 065	- 9 827	20 158	- 734
Oct.	37 048	38 820	- 1 771	- 10 681	17 921	5 469
Nov.	40 986	35 550	5 436	- 11 623	11 617	5 430

### 3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
<b>1988</b>	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63
<b>1989</b>	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1991</b>								
<b>Dec.</b>	10.89	12.55	12.78	12.71	12.63	15.00	4.00	8.50
<b>1992</b>								
<b>Jan.</b>	11.41	12.09	12.25	12.33	12.39	15.00	4.00	8.50
<b>Feb.</b>	10.74	11.78	11.74	11.74	11.75	15.00	4.00	8.50
<b>March</b>	14.27	12.95	12.38	12.08	11.99	15.00	4.00	8.50
<b>April</b>	17.24	15.94	14.21	13.38	13.04	15.00	4.00	8.50
<b>May</b>	14.39	14.05	13.73	13.28	13.10	15.00	4.00	9.50
<b>June</b>	13.58	13.58	13.70	13.83	13.76	15.00	4.00	9.50
<b>July</b>	13.47	13.45	13.96	14.19	14.07	14.37	12.13	9.50
<b>Aug.</b>	15.02	15.25	15.09	14.97	14.69	16.84	14.65	9.50
<b>Sept.</b>	16.65	17.79	16.41	15.29	14.71	19.15	13.43	9.50
<b>Oct.</b>	12.23	13.34	13.37	13.32	13.39	14.69	8.96	9.50
<b>Nov.</b>	10.66	11.04	11.50	11.63	11.72	12.03	8.03	9.50
<b>Dec.</b>	10.20	10.55	10.68	10.70	10.70	11.69	7.69	9.50

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

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

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points
1	2	3	4
<b>1992</b>			
<b>July</b>	13.37	July +1.00	7 - 1.00
<b>Aug.</b>	15.84	Aug. +1.00	14 - 2.00
<b>Sept.</b>	18.15	Sept. +1.00	14 - 5.00
<b>Oct.</b>	13.69	Oct. +1.00	7 - 3.00
<b>Nov.</b>	11.03	Nov. +1.00	7 - 3.00
<b>Dec.</b>	10.69	Dec. +1.00	7 - 3.00
2 Dec.	10.90		
14 Dec.	10.50		
21 Dec.	10.51		

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

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
<b>1988</b>	6.9	6.0	6.9
<b>1989</b>	9.3	8.4	9.3
<b>1990</b>	10.5	9.1	10.4
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1991</b>			
<b>Dec.</b>	10.4	8.2	10.6
<b>1992</b>			
<b>Jan.</b>	10.2	8.0	10.4
<b>Feb.</b>	10.2	8.1	10.3
<b>March</b>	10.3	8.2	10.2
<b>April</b>	10.3	8.2	10.2
<b>May</b>	10.2	8.1	10.2
<b>June</b>	10.4	8.0	10.5
<b>July</b>	10.7	7.9	10.8
<b>Aug.</b>	10.9	8.0	11.1
<b>Sept.</b>	11.0	7.5	11.6
<b>Oct.</b>	10.3	7.2	11.1
<b>Nov.</b>	9.9	7.3	10.4
<b>Dec.</b>	10.3	7.2	10.9

### 3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markku deposits and other markku funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markku funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1987</b>	10.50	12.31	10.01	10.62	8.99	8.91	7.00	.	2.75	4.47	10.13	5.29
<b>1988</b>	10.22	12.27	10.50	10.72	9.88	9.74	8.00	.	3.75	5.24	9.80	6.20
<b>1989</b>	12.97	13.47	11.58	12.07	10.56	10.40	7.50	.	4.50	5.67	11.92	7.37
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1991</b>												
<b>Nov.</b>	14.19	16.29	13.71	14.16	12.21	11.87	7.50	.	4.50	7.24	13.63	9.41
<b>Dec.</b>	10.15	15.25	12.35	12.51	12.15	11.79	7.50	.	4.50	7.08	12.63	8.71
<b>1992</b>												
<b>Jan.</b>	12.52	15.42	13.14	13.41	12.06	11.76	7.50	.	4.50	7.19	12.29	8.66
<b>Feb.</b>	13.79	15.58	12.96	13.47	12.00	11.76	7.50	.	4.50	7.21	12.15	8.67
<b>March</b>	14.21	15.73	13.36	13.81	11.97	11.70	7.50	.	4.50	7.23	12.32	8.77
<b>April</b>	12.31	16.24	13.75	14.06	12.08	11.76	7.50	.	4.50	7.33	13.09	9.16
<b>May</b>	15.34	15.59	13.82	14.22	12.50	12.21	7.50	.	4.50	7.42	12.95	9.12
<b>June</b>	15.17	15.47	14.04	14.39	12.61	12.29	7.50	.	4.50	7.42	12.94	9.15
<b>July</b>	15.96	16.19	14.06	14.56	12.63	12.29	7.50	.	4.50	7.55	12.94	9.26
<b>Aug.</b>	16.21	16.56	14.33	14.81	12.81	12.52	7.50	.	4.50	7.71	13.64	9.68
<b>Sept.</b>	16.56	16.94	14.52	15.00	13.01	12.72	7.50	8.50	4.50	7.80	14.39	10.03
<b>Oct.</b>	16.70	16.29	13.76	14.29	12.87	12.43	7.50	8.50	4.50	7.66	13.11	9.41
<b>Nov.</b>	14.18	15.74	13.10	13.47	12.70	12.26	7.50	8.50	4.50	7.41	12.26	8.99

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

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

Period	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues
	3 years	5 years			Financial institutions	Corporations	
		1	2	3	4	5	6
<b>1987</b>	..	..	.	11.2	11.1	11.2	8.1
<b>1988</b>	10.7	10.8	10.6	10.6	10.6	10.6	7.8
<b>1989</b>	12.2	12.0	12.1	11.9	12.0	12.0	8.1
<b>1990</b>	13.7	13.5	13.2	13.3	13.3	13.2	9.2
<b>1991</b>	12.3	12.2	11.9	12.6	12.5	13.0	10.0
<b>1991</b>							
<b>Nov.</b>	12.4	12.3	12.1	12.5	12.5	12.5	9.6
<b>Dec.</b>	12.7	12.7	12.4	13.6	13.6	13.1	9.9
<b>1992</b>							
<b>Jan.</b>	12.5	12.5	12.3	13.0	12.9	13.1	10.0
<b>Feb.</b>	12.1	12.0	11.2	12.7	12.4	12.9	9.8
<b>March</b>	12.1	12.1	11.3	12.4	12.4	12.6	9.8
<b>April</b>	12.8	12.7	11.9	12.8	12.7	14.0	9.8
<b>May</b>	13.0	12.9	11.8	13.0	12.6	13.9	9.8
<b>June</b>	13.3	13.2	12.2	14.2	14.2	..	10.2
<b>July</b>	13.6	13.3	12.1	14.1	14.3	13.9	10.5
<b>Aug.</b>	14.3	14.0	12.8	14.5	14.7	14.3	10.4
<b>Sept.</b>	15.0	14.7	13.3	15.3	15.3	..	10.1
<b>Oct.</b>	14.3	14.2	13.0	15.3	15.3	..	9.9
<b>Nov.</b>	12.8	12.9	12.0	14.7	14.3	15.3	9.4

## 4. RATES OF EXCHANGE

### 4.1 MIDDLE RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt aM	Amsterdam	Brussels	Zurich	Paris
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	4.187	3.405	7.446	6.377	0.6829	0.6424	0.6220	2.3842	2.1185	0.11390	2.8631	0.7029
<b>1989</b>	4.290	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.10890	2.6243	0.6725
<b>1990</b>	3.823	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.11447	2.7576	0.7024
<b>1991</b>	4.046	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.11841	2.8208	0.7169
<b>1992</b>	4.483	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.13973	3.2000	0.8486
<b>1991</b>												
<b>Dec.</b>	4.258	3.722	7.753	7.229	0.7420	0.6892	0.6974	2.7142	2.4086	0.13176	3.0648	0.7943
<b>1992</b>												
<b>Jan.</b>	4.297	3.715	7.775	7.246	0.7476	0.6926	0.7016	2.7220	2.4170	0.13218	3.0636	0.7981
<b>Feb.</b>	4.423	3.741	7.856	7.289	0.7523	0.6966	0.7046	2.7304	2.4267	0.13259	3.0375	0.8021
<b>March</b>	4.533	3.802	7.814	7.278	0.7522	0.6954	0.7032	2.7279	2.4236	0.13256	3.0051	0.8036
<b>April</b>	4.495	3.783	7.895	7.270	0.7538	0.6962	0.7039	2.7280	2.4233	0.13258	2.9655	0.8066
<b>May</b>	4.402	3.672	7.975	7.256	0.7540	0.6962	0.7033	2.7162	2.4129	0.13196	2.9529	0.8079
<b>June</b>	4.290	3.587	7.945	7.269	0.7544	0.6967	0.7069	2.7238	2.4178	0.13235	3.0051	0.8091
<b>July</b>	4.077	3.420	7.824	7.292	0.7545	0.6966	0.7107	2.7356	2.4261	0.13279	3.0576	0.8106
<b>Aug.</b>	3.985	3.350	7.734	7.289	0.7540	0.6962	0.7120	2.7462	2.4358	0.13328	3.0659	0.8096
<b>Sept.</b>	4.439	3.635	8.209	8.066	0.8271	0.7653	0.7904	3.0602	2.7170	0.14848	3.4724	0.8993
<b>Oct.</b>	4.695	3.771	7.791	8.340	0.8410	0.7774	0.8218	3.1725	2.8180	0.15398	3.5775	0.9350
<b>Nov.</b>	5.048	3.982	7.714	8.394	0.8140	0.7805	0.8263	3.1812	2.8281	0.15465	3.5330	0.9404
<b>Dec.</b>	5.136	4.034	7.969	8.570	0.7457	0.7710	0.8395	3.2477	2.8890	0.15784	3.6137	0.9526

Average of daily quotations	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tallinn	Tokyo	Melbourne	ECU Commercial	SDR
	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1988</b>	0.00322	0.3391	0.0291	0.0980	0.0359	..	..	0.03266	3.288	4.944	5.61826
<b>1989</b>	0.00313	0.3242	0.0273	0.0758	0.0362	..	..	0.03116	3.398	4.719	5.49375
<b>1990</b>	0.00319	0.3363	0.0268	0.0656	0.0375	..	..	0.02647	2.988	4.864	5.18345
<b>1991</b>	0.00326	0.3464	0.0280	0.0684	0.0389	0.0224	..	0.03008	3.152	5.003	5.53082
<b>1992</b>	0.00364	0.4088	0.0332	0.0778	0.0438	0.0235	0.4060	0.03546	3.289	5.798	6.31247
<b>1991</b>											
<b>Dec.</b>	0.00359	0.3855	0.0306	0.0746	0.0425	0.0240	..	0.03322	3.292	5.520	5.98926
<b>1992</b>											
<b>Jan.</b>	0.00361	0.3867	0.0314	0.0752	0.0430	0.0240	..	0.03432	3.212	5.550	6.04989
<b>Feb.</b>	0.00364	0.3883	0.0317	0.0758	0.0435	0.0240	..	0.03467	3.325	5.584	6.14937
<b>March</b>	0.00363	0.3877	0.0317	0.0760	0.0432	0.0239	..	0.03412	3.438	5.580	6.19184
<b>April</b>	0.00362	0.3875	0.0320	0.0759	0.0433	0.0231	..	0.03368	3.428	5.586	6.16396
<b>May</b>	0.00361	0.3860	0.0326	0.0755	0.0434	0.0230	..	0.03369	3.328	5.581	6.11371
<b>June</b>	0.00360	0.3869	0.0328	0.0752	0.0433	0.0224	..	0.03381	3.246	5.583	6.05642
<b>July</b>	0.00361	0.3888	0.0323	0.0744	0.0430	0.0220	..	0.03245	3.039	5.585	5.88609
<b>Aug.</b>	0.00362	0.3901	0.0318	0.0739	0.0428	0.0220	..	0.03155	2.890	5.582	5.80390
<b>Sept.</b>	0.00380	0.4346	0.0348	0.0819	0.0455	0.0244	..	0.03620	3.208	6.092	6.46534
<b>Oct.</b>	0.00358	0.4509	0.0356	0.0838	0.0446	0.0243	..	0.03876	3.359	6.197	6.73373
<b>Nov.</b>	0.00370	0.4522	0.0357	0.0840	0.0444	0.0244	..	0.04075	3.483	6.247	7.00171
<b>Dec.</b>	0.00364	0.4615	0.0362	0.0817	0.0455	0.0246	0.4060	0.04141	3.542	6.359	7.13363

## 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
<b>1988</b>	4.96108	.	102.0	101.7	104.7
<b>1989</b>	4.73670	.	98.4	99.1	102.8
<b>1990</b>	4.85697	.	97.3	96.8	97.3
<b>1991</b>	5.00580	.	101.4	101.4	102.8
<b>1992</b>	5.80140	.	116.4	115.7	117.3
<b>1991</b>					
<b>Dec.</b>	5.52866	-0.5	111.5	110.4	111.9
<b>1992</b>					
<b>Jan.</b>	5.55238	-0.1	112.1	111.1	113.0
<b>Feb.</b>	5.58207	0.4	112.9	112.5	114.4
<b>March</b>	5.57515	0.3	112.9	113.2	115.0
<b>April</b>	5.58563	0.5	112.9	113.0	114.5
<b>May</b>	5.58167	0.4	112.7	112.2	113.6
<b>June</b>	5.58600	0.5	112.6	111.5	112.8
<b>July</b>	5.58744	0.5	111.9	109.7	110.3
<b>Aug.</b>	5.58723	0.5	111.5	108.8	109.1
<b>Sept.</b>	6.13433	.	122.6	120.0	120.8
<b>Oct.</b>	6.22713	.	124.6	123.5	125.3
<b>Nov.</b>	6.25533	.	125.2	126.0	129.2
<b>Dec.</b>	6.36242	.	125.0	126.5	129.8

## 5. OTHER DOMESTIC FINANCING

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

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
<b>1987</b>	21 327	76 160	83 248		180 735	3 923	184 658	17 892	202 550
<b>1988</b>	25 473	76 958	121 670		224 102	4 643	228 745	28 844	257 589
<b>1989</b>	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1991</b>									
<b>Oct.</b>	28 160	83 526	120 091	17 992	249 769	15 774	265 543	58 038	323 582
<b>Nov.</b>	28 911	83 328	121 547	18 277	252 063	16 779	268 841	58 774	327 615
<b>Dec.</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>									
<b>Jan.</b>	32 780	84 701	123 513	19 094	260 087	12 274	272 361	54 706	327 068
<b>Feb.</b>	29 417	86 031	123 652	18 666	257 767	12 350	270 117	56 202	326 319
<b>March</b>	30 899	87 563	123 296	18 185	259 943	11 805	271 748	54 436	326 184
<b>April</b>	30 762	86 090	124 087	18 119	259 058	12 665	271 722	59 353	331 076
<b>May</b>	30 791	84 805	123 555	17 922	257 073	11 441	268 514	60 635	329 148
<b>June</b>	33 330	84 552	122 504	17 714	258 101	10 418	268 519	62 836	331 355
<b>July</b>	32 419	83 953	122 788	18 003	257 163	10 665	267 828	62 293	330 121
<b>Aug.</b>	33 067	83 283	122 056	17 976	256 381	11 525	267 906	60 054	327 961
<b>Sept.</b>	30 779	82 078	120 918	18 662	252 436	15 698	268 134	61 377	329 510
<b>Oct.</b>	34 447	82 734	119 726	19 659	256 566	15 429	271 995	59 666	331 661

### 5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1987</b>	8 507	5 177	180 360	194 044	36 954	230 998
<b>1988</b>	11 358	5 920	234 268	251 545	50 235	301 780
<b>1989</b>	15 270	5 650	257 768	278 688	73 176	351 864
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1991</b>						
<b>Oct.</b>	18 419	4 714	263 042	286 175	105 113	391 288
<b>Nov.</b>	17 978	4 576	262 685	285 239	113 156	398 395
<b>Dec.</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>						
<b>Jan.</b>	17 450	4 167	262 309	283 926	107 075	391 001
<b>Feb.</b>	17 650	4 099	262 813	284 563	105 703	390 266
<b>March</b>	17 215	3 996	260 983	282 194	102 701	384 895
<b>April</b>	17 407	3 927	259 782	281 116	101 104	382 220
<b>May</b>	17 403	3 916	259 295	280 613	99 035	379 649
<b>June</b>	17 344	3 899	257 990	279 234	96 635	375 869
<b>July</b>	16 959	3 848	257 777	278 583	95 334	373 917
<b>Aug.</b>	17 249	3 719	256 976	277 944	92 605	370 550
<b>Sept.</b>	17 366	3 610	256 359	277 335	103 654	380 989
<b>Oct.</b>	16 738	3 538	255 133	275 409	100 976	376 385

### 5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
<b>1987</b>	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
<b>1988</b>	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
<b>1989</b>	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
<b>1990</b>	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
<b>1991</b>	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
<b>1991</b>								
<b>Nov.</b>	-85 011	-7 109	482 382	475 274	-124 801	122 497	265 462	302 168
<b>Dec.</b>	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
<b>1992</b>								
<b>Jan.</b>	-92 949	-5 295	471 797	466 502	-99 040	128 325	274 513	312 534
<b>Feb.</b>	-86 492	-4 895	470 980	466 085	-108 021	125 875	271 572	306 696
<b>March</b>	-87 007	-5 201	467 987	462 785	-102 093	128 701	273 685	311 738
<b>April</b>	-83 331	-4 726	465 590	460 864	-104 416	127 554	273 117	315 983
<b>May</b>	-83 053	-4 327	463 477	459 151	-104 706	126 652	271 391	311 877
<b>June</b>	-75 847	-2 899	459 867	456 968	-108 783	128 496	272 338	314 149
<b>July</b>	-70 776	-3 718	457 463	453 745	-111 703	127 189	271 265	314 330
<b>Aug.</b>	-65 517	-1 835	456 178	454 342	-118 708	126 771	270 118	311 644
<b>Sept.</b>	-70 526	4 256	454 777	459 032	-122 318	123 157	266 188	307 307
<b>Oct.</b>	..	..	..	..	..	128 012	270 850	313 340
<b>Nov.</b>	..	..	..	..	..	128 588	270 186	313 556

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

End of period	Foreign currency-denominated debt				Markka-denominated debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
<b>1987</b>	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	38 436	11 553
<b>1988</b>	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	41 011	15 858
<b>1989</b>	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	43 499	21 248
<b>1990</b>	20 917	732	3 144	24 793	23 982	8 263	-	32 245	57 038	48 121	23 114
<b>1991</b>	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 319	15 956
<b>1991</b>											
<b>Nov.</b>	37 875	2 014	2 601	42 490	30 825	10 408	4 180	45 413	87 903	55 105	16 909
<b>Dec.</b>	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 320	15 956
<b>1992</b>											
<b>Jan.</b>	38 613	2 525	2 500	43 638	31 064	12 205	6 881	50 150	93 788	55 994	11 536
<b>Feb.</b>	45 885	2 904	2 466	51 255	32 232	12 205	6 430	50 867	102 122	56 721	17 967
<b>March</b>	47 575	2 843	2 401	52 819	32 629	12 199	7 201	52 029	104 848	57 725	18 423
<b>April</b>	53 972	2 837	2 383	59 192	32 814	11 614	7 257	51 685	110 877	58 257	17 029
<b>May</b>	55 006	2 861	2 376	60 243	33 881	11 460	8 257	53 598	113 841	58 803	21 068
<b>June</b>	60 146	3 099	2 166	65 411	34 316	11 460	10 384	56 160	121 571	59 398	20 284
<b>July</b>	63 957	3 063	1 641	68 661	35 193	11 460	10 658	57 311	125 972	59 964	22 293
<b>Aug.</b>	66 790	3 050	1 630	71 470	34 862	11 460	11 901	58 223	129 693	60 326	20 510
<b>Sept.</b>	79 848	3 579	2 209	85 636	36 152	11 460	12 193	59 805	145 441	61 094	21 269
<b>Oct.</b>	84 008	3 599	2 549	90 156	37 427	11 460	14 533	63 420	153 576	61 826	22 952
<b>Nov.</b>	85 971	3 704	2 599	92 274	38 928	11 460	14 716	65 104	157 378	..	22 448

## 5.5 MARKKA BOND MARKET

### A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1987</b>	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
<b>1988</b>	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
<b>1989</b>	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
<b>1990</b>	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
<b>1991*</b>	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
<b>1991*</b>									
<b>Nov.</b>	1 142	2 646	100	223	-	1 613	-	2 497	4 111
<b>Dec.</b>	244	6 335	-	-	-	4 092	-	2 486	6 578
<b>1992*</b>									
<b>Jan.</b>	662	846	5 030	70	-	5 925	-	683	6 608
<b>Feb.</b>	770	1 589	-	450	-	1 539	-	1 270	2 809
<b>March</b>	442	953	235	310	-	1 445	-	494	1 940
<b>April</b>	53	1 512	-	570	4	338	-	1 801	2 139
<b>May</b>	1 104	627	3 239	171	-	4 150	-	991	5 141
<b>June</b>	1 242	815	215	42	-	1 160	-	1 154	2 314
<b>July</b>	399	10	-	86	-	50	-	445	495
<b>Aug.</b>	18	1 459	175	20	-	1 634	-	38	1 671
<b>Sept.</b>	2	1 069	190	77	-	335	-	1 002	1 337
<b>Oct.</b>	1 371	696	2 025	208	-	2 370	-	1 930	4 300
<b>Nov.</b>	140	1 350	200	120	-	1 560	-	250	1 810

### B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
<b>1987</b>	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
<b>1988</b>	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
<b>1989</b>	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
<b>1990</b>	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
<b>1991*</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1991*</b>									
<b>III</b>	25 034	69 492	33 235	2 037	3 744	70 002	18 614	44 926	133 542
<b>IV</b>	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
<b>1992*</b>									
<b>I</b>	26 650	77 864	36 796	3 555	3 724	80 892	15 977	51 720	148 589
<b>II</b>	26 383	80 295	37 744	4 306	3 721	83 427	15 314	53 707	152 449
<b>III</b>	26 079	80 658	39 579	4 457	3 720	86 058	14 329	54 106	154 493



### C) TURNOVER, MILL. FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1988</b>					
<b>1989</b>	6 500	9 660	.	.	.
<b>1990</b>	5 401	6 058	.	.	.
<b>1991</b>	3 343	29 134	.	.	.
<b>1992</b>	18 221	58 241	10 744	12 026	12 859
<b>1991</b>					
<b>Dec.</b>	372	4 815	.	.	.
<b>1992</b>					
<b>Jan.</b>	333	4 433	.	.	.
<b>Feb.</b>	820	3 922	.	.	.
<b>March</b>	636	3 608	.	.	.
<b>April</b>	2 480	2 493	.	.	.
<b>May</b>	360	1 618	.	.	.
<b>June</b>	846	1 848	.	.	.
<b>July</b>	859	2 604	.	.	.
<b>Aug.</b>	3 756	5 058	3 574	2 130	1 798
<b>Sept.</b>	3 272	7 360	2 930	2 566	2 218
<b>Oct.</b>	1 918	8 934	1 600	2 059	3 171
<b>Nov.</b>	1 481	8 432	1 270	2 339	2 849
<b>Dec.</b>	1 460	7 930	1 370	2 932	2 823

### 5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990 = 1000)									Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry								
		Re-restricted	Non-restricted	Banks and finance	Insurance and investment	Manufacturing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1988</b>	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	31 734	5 718	37 452
<b>1989</b>	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
<b>1990</b>	1 330	1 322	1 393	1 260	1 182	1 374	1 435	1 281	1 472	15 521	4 550	20 071
<b>1991</b>	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
<b>1992</b>	772	759	868	425	467	942	1 123	1 206	890	10 277	15 377	25 654
<b>1991</b>												
<b>Dec.</b>	787	779	853	664	618	857	1 060	955	807	487	125	612
<b>1992</b>												
<b>Jan.</b>	852	837	961	681	646	950	1 187	1 056	909	790	69	859
<b>Feb.</b>	904	889	1 011	649	653	1 040	1 252	1 244	990	648	65	712
<b>March</b>	858	845	959	595	612	991	1 159	1 204	941	581	41	622
<b>April</b>	805	791	907	530	552	941	1 124	1 171	878	418	23	441
<b>May</b>	849	838	929	542	538	1 014	1 202	1 317	950	674	104	778
<b>June</b>	788	776	877	411	474	972	1 182	1 298	904	606	511	1 118
<b>July</b>	722	710	811	345	425	901	1 082	1 210	835	406	902	1 308
<b>Aug.</b>	639	628	719	286	343	803	969	1 120	728	313	898	1 211
<b>Sept.</b>	576	564	667	205	250	750	944	1 085	653	614	1 449	2 062
<b>Oct.</b>	651	637	747	227	289	852	1 017	1 184	791	1 233	2 208	3 441
<b>Nov.</b>	809	796	905	344	429	1 033	1 184	1 311	1 012	1 474	2 562	4 037
<b>Dec.</b>	845	829	959	329	424	1 096	1 203	1 296	1 127	2 521	6 543	9 064

<sup>1</sup> During period.

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

### 6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, feb	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, cif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1987</b>	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
<b>1988</b>	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
<b>1989</b>	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
<b>1990</b>	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
<b>1991*</b>	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 120	124 412	86 348	3 974	11 089	11 011
<b>1990</b>													
<b>I</b>	24 356	1 984	794	1 621	4 399	28 755	3 190	1 084	33 028	24 733	928	2 514	2 250
<b>II</b>	26 482	2 096	1 070	1 546	4 712	31 194	3 299	1 142	35 635	27 406	1 104	2 581	2 190
<b>III</b>	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
<b>IV</b>	26 010	2 078	1 188	1 728	4 994	31 004	3 642	1 130	35 776	26 765	1 277	2 760	2 974
<b>1991*</b>													
<b>I</b>	21 947	1 759	915	1 462	4 136	26 084	3 022	1 242	30 348	22 015	968	2 592	2 833
<b>II</b>	21 204	1 850	1 256	1 282	4 389	25 593	2 376	1 323	29 293	20 895	1 019	2 583	2 599
<b>III</b>	22 749	2 030	1 629	1 274	4 932	27 681	2 557	1 233	31 471	20 526	1 020	2 899	2 439
<b>IV</b>	25 199	1 869	1 244	1 618	4 731	29 931	2 047	1 322	33 300	22 912	967	3 014	3 139
<b>1992*</b>													
<b>I</b>	24 740	1 882	1 135	1 565	4 582	29 322	3 592	1 304	34 218	22 736	1 038	2 690	3 439
<b>II</b>	26 404	2 111	1 469	1 465	5 045	31 449	2 724	1 328	35 501	24 243	1 166	2 790	2 953
<b>III</b>	24 779	2 294	1 948	1 606	5 849	30 628	2 050	1 422	34 100	20 783	1 131	2 827	3 121

During period	Services expenditure, total (11+12 +13)	Imports of goods and services (10+14)	Investment expenditure (15)	Transfers and other expenditure (16)	Current account expenditure (15+16 +17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account and services (20+21 +22)	Goods 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
<b>1987</b>	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
<b>1988</b>	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
<b>1989</b>	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
<b>1990</b>	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
<b>1991*</b>	26 074	112 421	28 674	10 013	151 108	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
<b>1990</b>														
<b>I</b>	5 693	30 426	6 218	2 167	38 811	-378	1 056	-1 720	-629	-1 293	-1 671	-3 028	-1 084	-5 783
<b>II</b>	5 874	33 281	7 198	2 378	42 857	-924	992	-1 511	-644	-1 163	-2 087	-3 899	-1 236	-7 222
<b>III</b>	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
<b>IV</b>	7 011	33 776	7 141	2 289	43 206	-755	801	-1 572	-1 246	-2 017	-2 772	-3 499	-1 159	-7 430
<b>1991*</b>														
<b>I</b>	6 394	28 408	7 642	2 973	39 023	-67	791	-1 677	-1 371	-2 257	-2 325	-4 620	-1 731	-8 676
<b>II</b>	6 201	27 096	7 805	2 161	37 063	309	831	-1 326	-1 317	-1 812	-1 503	-5 429	-838	-7 771
<b>III</b>	6 358	26 884	6 716	2 190	35 790	2 223	1 010	-1 270	-1 165	-1 425	797	-4 159	-957	-4 319
<b>IV</b>	7 121	30 033	6 510	2 689	39 232	2 288	902	-1 770	-1 521	-2 389	-102	-4 463	-1 367	-5 931
<b>1992*</b>														
<b>I</b>	7 167	29 903	8 595	3 013	41 511	2 003	844	-1 555	-1 874	-2 585	-581	-5 003	-1 709	-7 293
<b>II</b>	6 908	31 151	7 481	2 287	40 919	2 162	945	-1 321	-1 488	-1 864	298	-4 757	-959	-5 418
<b>III</b>	7 079	27 862	6 392	2 300	36 555	3 996	1 164	-879	-1 515	-1 230	2 766	-4 342	-878	-2 455

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

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

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

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

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

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

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

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

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

## 7. FOREIGN TRADE

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
<b>1987</b>	85 516	82 807	2 709
<b>1988</b>	92 902	92 118	784
<b>1989</b>	99 784	105 516	- 5 732
<b>1990</b>	101 327	103 027	- 1 700
<b>1991*</b>	92 842	87 741	5 101
<b>1991*</b>			
<b>Nov.</b>	8 950	7 272	1 678
<b>Dec.</b>	8 207	8 130	77
<b>1992*</b>			
<b>Jan.</b>	7 585	7 222	363
<b>Feb.</b>	8 282	7 760	522
<b>March</b>	9 329	8 155	1 174
<b>April</b>	8 743	8 429	314
<b>May</b>	9 099	8 089	1 010
<b>June</b>	9 022	8 088	934
<b>July</b>	7 965	6 766	1 199
<b>Aug.</b>	7 651	6 875	776
<b>Sept.</b>	9 659	7 492	2 167
<b>Oct.</b>	10 211	8 733	1 478
<b>Nov.</b>	10 613	8 753	1 860

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
<b>1987</b>	118	119	138	119	116
<b>1988</b>	121	130	145	122	119
<b>1989</b>	121	144	156	126	123
<b>1990</b>	125	138	154	128	120
<b>1991*</b>	114	115	154	131	118
<b>1991*</b>					
<b>II</b>	132	151	154	126	122
<b>III</b>	114	124	155	129	120
<b>IV</b>	130	139	154	133	116
<b>1991*</b>					
<b>I</b>	110	117	154	131	118
<b>II</b>	107	112	153	130	118
<b>III</b>	113	109	156	132	119
<b>IV</b>	124	118	156	135	116
<b>1992*</b>					
<b>I</b>	118	112	162	142	114
<b>II</b>	125	118	162	143	113
<b>III</b>	117	102	163	142	115

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

During period	Exports by industries, feb					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
<b>1987</b>	7 470	27 058	7 770	26 230	16 988	41 175	9 406	14 138	17 478	610
<b>1988</b>	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
<b>1989</b>	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
<b>1990</b>	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
<b>1991*</b>	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	669
<b>1991*</b>										
<b>Nov.</b>	661	2 835	1 062	2 880	1 512	3 550	962	1 006	1 732	22
<b>Dec.</b>	576	2 429	976	2 793	1 433	3 576	952	1 658	1 649	295
<b>1992*</b>										
<b>Jan.</b>	528	2 444	987	2 197	1 429	3 574	690	1 092	1 747	119
<b>Feb.</b>	643	2 589	1 087	2 302	1 661	3 907	608	1 283	1 895	67
<b>March</b>	654	2 761	1 180	3 092	1 642	4 258	665	1 047	2 079	106
<b>April</b>	748	2 799	1 066	2 574	1 556	4 301	707	1 384	1 915	122
<b>May</b>	712	2 569	1 073	3 189	1 556	4 105	894	1 429	1 624	37
<b>June</b>	680	2 643	967	3 157	1 575	4 553	731	1 159	1 538	107
<b>July</b>	504	2 391	763	3 125	1 182	3 460	789	900	1 541	76
<b>Aug.</b>	531	2 352	919	2 353	1 496	3 657	698	751	1 552	217
<b>Sept.</b>	685	2 916	1 026	3 246	1 786	4 116	559	906	1 790	121
<b>Oct.</b>	797	3 187	1 031	3 334	1 862	4 477	1 062	1 199	1 890	105
<b>Nov.</b>	770	3 010	1 213	3 789	1 831	4 816	1 064	1 039	1 755	79

## 7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, feb				Imports, cif			
	1991*		1992*		1991*		1992*	
	MIIL FIM	Percentage share	MIIL FIM	Percentage change from the corresponding period of the previous year	MIIL FIM	Percentage share	MIIL FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	75 795	81.6	81 179	16.6	70 023	79.8	68 555	8.3
<b>OECD Europe</b>	67 025	72.2	72 296	17.4	57 776	65.8	57 376	9.5
Of which:								
Austria	1 227	1.3	1 273	12.0	1 054	1.2	1 060	9.9
Belgium and Luxembourg	2 403	2.6	2 549	15.5	2 252	2.6	2 445	21.0
Denmark	3 445	3.7	3 566	11.5	2 993	3.4	2 945	6.4
France	5 492	5.9	6 682	33.1	3 673	4.2	3 818	15.9
Germany	14 331	15.4	15 549	17.8	14 834	16.9	14 838	10.3
Italy	3 303	3.6	3 948	32.2	3 661	4.2	3 156	-6.8
Netherlands	4 653	5.0	5 132	20.2	2 974	3.4	3 156	14.6
Norway	3 079	3.3	3 495	26.6	3 978	4.5	3 379	-6.8
Spain	2 534	2.7	2 603	15.6	1 008	1.1	1 077	18.4
Sweden	12 884	13.9	12 684	6.7	10 806	12.3	10 178	5.0
Switzerland	1 813	2.0	1 760	5.3	1 573	1.8	1 706	19.3
United Kingdom	9 613	10.4	10 540	18.2	6 739	7.7	7 381	22.4
<b>Other OECD</b>	8 770	9.4	8 883	10.2	12 247	14.0	11 179	2.3
Of which:								
Canada	720	0.8	708	6.1	547	0.6	578	13.5
Japan	1 393	1.5	1 235	-2.5	5 287	6.0	4 781	-1.3
United States	5 648	6.1	5 812	11.7	6 032	6.9	5 290	1.2
<b>Non-OECD European countries</b>	6 531	7.0	6 560	14.2	9 577	10.9	8 558	-3.0
Of which:								
Russia <sup>1</sup>	4 521	4.9	2 698	..	7 455	8.5	5 909	..
<b>Other countries</b>	10 516	11.3	10 420	12.1	8 141	9.3	9 249	24.7
Of which:								
<b>OPEC countries</b>	1 977	2.1	1 671	-4.6	1 306	1.5	1 350	12.4
<b>TOTAL</b>	92 842	100.0	98 159	15.9	87 741	100.0	86 362	8.6
Of which:								
<b>EC countries</b>	47 567	51.2	52 564	20.3	40 224	45.8	40 862	11.8
<b>EFTA countries</b>	19 113	20.6	19 325	10.1	17 447	19.9	16 386	4.1

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

## 8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1987</b>	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
<b>1988</b>	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
<b>1989</b>	218 775	77 117	95 178	11 234	14 056	416 360	107 552	128 834	395 078
<b>1990</b>	219 293	80 525	88 429	12 720	13 992	414 959	109 236	127 735	396 460
<b>1991*</b>	211 181	82 338	68 465	12 701	6 723	381 408	101 932	112 277	371 063
<b>1990</b>									
<b>II</b>	55 368	20 075	22 277	3 257	4 605	105 583	29 140	34 271	100 452
<b>III</b>	54 718	20 205	21 286	3 092	3 705	103 006	26 511	30 355	99 163
<b>IV</b>	54 290	20 307	20 973	3 201	3 436	102 206	26 349	30 943	97 613
<b>1991*</b>									
<b>I</b>	53 303	20 435	19 371	3 138	2 735	98 981	25 267	29 503	94 745
<b>II</b>	52 902	20 539	17 216	3 525	1 652	95 834	24 280	27 145	92 969
<b>III</b>	53 818	20 638	16 478	3 167	- 143	93 957	26 685	28 160	92 483
<b>IV</b>	52 158	20 726	15 400	2 871	1 479	92 636	25 700	27 470	90 866
<b>1992*</b>									
<b>I</b>	51 316	20 353	15 624	2 947	1 970	92 209	27 168	28 634	90 743
<b>II</b>	49 881	20 431	15 857	2 907	2 920	91 995	28 259	29 229	91 026
<b>III</b>	49 420	20 497	15 350	2 857	3 081	91 206	27 302	27 411	91 097

### 8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(16.5)
	1	2	3	4	5	6	7
<b>1987</b>	107.2	99.9	107.2	106.5	110.2	105.4	107.8
<b>1988</b>	110.9	108.8	111.0	113.1	114.5	107.6	110.1
<b>1989</b>	114.6	117.9	115.0	116.6	121.5	109.6	110.5
<b>1990</b>	114.2	115.7	114.4	114.6	122.0	108.7	112.9
<b>1991*</b>	104.1	106.4	102.4	104.7	104.9	99.7	117.6
<b>1991*</b>							
<b>Oct.</b>	99.9	105.0	97.5	103.9	97.9	95.0	120.6
<b>Nov.</b>	99.6	97.9	98.1	104.5	95.8	95.9	113.4
<b>Dec.</b>	102.3	104.2	101.4	105.5	105.1	98.6	111.2
<b>1992*</b>							
<b>Jan.</b>	103.3	106.4	101.6	105.4	106.4	96.9	115.9
<b>Feb.</b>	105.2	111.1	103.8	111.7	110.3	95.8	114.6
<b>March</b>	107.2	119.4	105.7	109.9	116.4	96.7	116.5
<b>April</b>	108.5	114.7	106.8	108.3	118.7	98.4	118.8
<b>May</b>	108.5	143.0	106.8	111.2	118.0	97.6	112.9
<b>June</b>	111.8	183.4	107.3	109.8	121.7	98.6	111.8
<b>July</b>	114.2	116.8	115.0	100.5	128.0	107.8	107.3
<b>Aug.</b>	109.9	98.2	110.3	110.5	128.8	97.1	110.7
<b>Sept.</b>	105.5	97.4	104.8	113.2	115.8	93.8	115.0
<b>Oct.</b>	108.7	76.8	106.6	113.7	116.1	97.3	132.6



### 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
<b>1987</b>	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
<b>1988</b>	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
<b>1989</b>	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.3
<b>1990</b>	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.5
<b>1991*</b>	101.2	103.9	103.9	94.4	127.7	109.9	102.1	110.8
<b>1991*</b>								
<b>Sept.</b>	99.2	103.6	..	..	..	..	..	110.2
<b>Oct.</b>	95.6	103.0	..	..	..	..	..	109.2
<b>Nov.</b>	95.0	102.5	..	..	..	..	..	109.3
<b>Dec.</b>	95.5	100.4	..	..	..	..	..	109.7
<b>III</b>	101.7	104.9	98.8	89.3	89.6	110.8	86.6	111.2
<b>IV</b>	95.4	102.0	89.9	78.2	97.9	97.0	111.3	109.4
<b>1992*</b>								
<b>Jan.</b>	96.5	104.1	..	..	..	..	..	108.7
<b>Feb.</b>	88.6	98.9	..	..	..	..	..	109.2
<b>March</b>	91.5	97.1	..	..	..	..	..	110.5
<b>April</b>	88.9	96.0	..	..	..	..	..	109.3
<b>May</b>	83.0	92.8	..	..	..	..	..	109.0
<b>June</b>	94.6	93.8	..	..	..	..	..	110.9
<b>July</b>	93.7	92.5	..	..	..	..	..	111.3
<b>Aug.</b>	80.4	88.4	..	..	..	..	..	110.2
<b>Sept.</b>	89.1	96.3	..	..	..	..	..	110.7
<b>I</b>	92.2	100.1	88.1	82.8	92.7	96.1	87.9	109.5
<b>II</b>	88.8	94.2	84.1	81.9	77.8	96.1	106.7	109.7
<b>III</b>	87.7	92.4	80.3	74.2	85.3	80.2	64.1	110.7

## 8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
<b>1987</b>	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
<b>1988</b>	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
<b>1989</b>	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
<b>1990</b>	148.2	148.8	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
<b>1991<sup>1</sup></b>	157.6	158.3	156.2	157.9	154.8	158.9	132.6	111.2	115.8	94.2	109.9	108.7	110.4	137.3
<b>1991<sup>1</sup></b>														
<b>Nov.</b>	..	..	..	..	..	..	133.4	111.2	115.3	96.1	110.1	108.4	110.9	137.4
<b>Dec.</b>	..	..	..	..	..	..	134.0	111.3	115.4	96.3	110.8	110.7	110.9	137.1
<b>III</b>	158.6	158.9	156.4	159.5	156.6	161.0	132.8	110.8	115.4	94.3	109.6	108.3	110.2	137.7
<b>IV</b>	159.6	160.1	158.3	159.9	157.3	161.4	133.6	111.1	115.4	95.6	110.3	109.0	110.8	137.3
<b>1992<sup>1</sup></b>														
<b>Jan.</b>	..	..	..	..	..	..	134.7	111.8	115.4	98.4	111.1	111.4	111.0	136.5
<b>Feb.</b>	..	..	..	..	..	..	135.0	112.0	115.6	99.0	111.4	111.6	111.3	136.5
<b>March</b>	..	..	..	..	..	..	135.4	112.1	115.6	99.2	111.5	111.7	111.4	136.5
<b>April</b>	..	..	..	..	..	..	135.9	112.3	115.8	99.8	112.0	112.0	112.0	135.5
<b>May</b>	..	..	..	..	..	..	136.0	112.3	115.7	99.9	112.5	112.6	112.4	134.8
<b>June</b>	..	..	..	..	..	..	136.3	112.3	115.7	100.0	112.8	113.2	112.6	133.7
<b>July</b>	..	..	..	..	..	..	136.1	112.2	115.9	99.0	112.9	113.2	112.8	134.0
<b>Aug.</b>	..	..	..	..	..	..	135.9	112.0	115.7	98.6	112.4	111.8	112.7	133.7
<b>Sept.</b>	..	..	..	..	..	..	136.4	112.2	115.2	101.3	113.2	115.0	112.3	134.5
<b>Oct.</b>	..	..	..	..	..	..	136.9	113.3	115.7	104.3	113.8	115.9	112.8	134.7
<b>Nov.</b>	..	..	..	..	..	..	137.1	113.4	115.5	105.5	114.1	116.7	112.8	134.4
<b>I</b>	160.1	160.5	159.3	160.5	158.0	161.8	135.0	111.9	115.5	98.9	111.3	111.6	111.2	136.5
<b>II</b>	160.6	161.1	160.1	160.9	158.4	162.3	136.1	112.3	115.7	99.9	112.4	112.6	112.3	134.7
<b>III</b>	160.6	160.8	159.4	161.4	158.9	162.6	136.2	112.2	115.6	99.6	112.8	113.3	112.6	134.0

<sup>1</sup> Preliminary figures for columns 1—6.

## 8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
%		1000 persons									
	1	2	3	4	5	6	7	8	9	10	11
<b>1987</b>	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
<b>1988</b>	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
<b>1989</b>	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1991</b>											
<b>Nov.</b>	66.7	2 516	2 272	337	1 935	197	478	164	1 433	245	9.7
<b>Dec.</b>	66.9	2 525	2 257	330	1 926	197	472	159	1 429	268	10.6
<b>1992</b>											
<b>Jan.</b>	66.5	2 511	2 236	331	1 905	195	467	153	1 421	275	11.0
<b>Feb.</b>	66.7	2 520	2 227	327	1 900	193	468	182	1 383	293	11.6
<b>March</b>	66.5	2 515	2 221	329	1 892	197	461	154	1 409	294	11.7
<b>April</b>	65.8	2 487	2 192	327	1 864	186	457	151	1 398	295	11.9
<b>May</b>	66.1	2 502	2 189	333	1 856	189	451	155	1 394	312	12.5
<b>June</b>	66.3	2 509	2 186	332	1 854	191	452	156	1 386	323	12.9
<b>July</b>	65.9	2 493	2 163	328	1 835	185	452	147	1 379	330	13.2
<b>Aug.</b>	66.5	2 518	2 162	331	1 831	187	445	151	1 379	356	14.1
<b>Sept.</b>	65.7	2 490	2 146	322	1 824	185	456	151	1 353	344	13.8
<b>Oct.</b>	66.0	2 502	2 137	320	1 816	181	456	133	1 368	365	14.6
<b>Nov.</b>	66.3	2 512	2 129	315	1 815	176	445	142	1 366	383	15.2

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
<b>1987</b>	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
<b>1988</b>	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
<b>1989</b>	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1991</b>											
<b>Oct.</b>	3 080	5 759	99	1 150	10 088	85	10 174	3 763	9 259	3 433	5 574
<b>Nov.</b>	3 296	6 173	229	1 763	11 461	711	12 172	3 728	10 423	4 263	5 979
<b>Dec.</b>	3 876	6 691	66	2 636	13 270	418	13 688	3 927	10 463	3 857	5 844
<b>1992</b>											
<b>Jan.</b>	2 963	5 805	98	867	9 733	10	9 743	4 311	8 447	3 360	4 963
<b>Feb.</b>	2 854	6 461	84	1 098	10 497	7	10 504	4 000	8 004	3 387	4 449
<b>March</b>	- 420	5 048	227	2 355	7 210	2 041	9 251	3 889	9 055	3 808	4 542
<b>April</b>	4 629	5 583	119	2 373	12 704	83	12 787	4 022	9 590	3 818	5 394
<b>May</b>	3 068	5 722	131	2 012	10 933	32	10 965	3 782	9 010	3 658	5 183
<b>June</b>	4 310	5 615	135	2 097	12 157	339	12 496	4 390	8 760	4 005	4 514
<b>July</b>	3 662	6 074	275	1 234	11 245	78	11 323	5 073	7 975	3 469	4 319
<b>Aug.</b>	3 422	5 938	130	1 528	11 018	393	11 411	3 483	8 170	3 413	4 553
<b>Sept.</b>	3 091	5 663	117	1 510	10 381	137	10 517	3 887	8 179	3 440	4 575
<b>Oct.</b>	2 896	5 336	136	1 448	9 816	187	10 003	4 169	9 599	3 498	5 933

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
<b>1987</b>	7 089	4 732	100 738	5 672	106 410	- 1 090	- 4 280	7 604	3 324
<b>1988</b>	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
<b>1989</b>	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
<b>1991</b>									
<b>Oct.</b>	567	713	14 302	993	15 295	- 4 214	- 5 121	4 991	- 130
<b>Nov.</b>	458	327	14 936	1 012	15 947	- 3 475	- 3 775	5 865	2 089
<b>Dec.</b>	526	892	15 809	798	16 607	- 2 539	- 2 920	- 211	- 3 131
<b>1992</b>									
<b>Jan.</b>	340	846	13 944	792	14 737	- 4 211	- 4 994	1 161	- 3 833
<b>Feb.</b>	314	1 168	12 486	839	13 324	- 1 989	- 2 820	7 885	5 065
<b>March</b>	378	1 355	14 677	3 305	17 981	- 7 467	- 8 730	3 545	- 5 185
<b>April</b>	394	684	14 690	683	15 374	- 1 986	- 2 587	5 474	2 887
<b>May</b>	400	366	13 558	826	14 385	- 2 625	- 3 420	3 216	- 203
<b>June</b>	476	1 006	14 632	2 574	17 205	- 2 475	- 4 709	8 162	3 453
<b>July</b>	398	479	13 925	683	14 608	- 2 680	- 3 285	5 185	1 900
<b>Aug.</b>	387	331	12 371	7 005	19 375	- 1 353	- 7 964	4 133	- 3 831
<b>Sept.</b>	442	816	13 324	4 950	18 275	- 2 943	- 7 758	5 267	- 2 491
<b>Oct.</b>	439	1 229	15 436	937	16 373	- 5 620	- 6 370	8 365	1 995

# NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

## GENERAL

### Source

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

### Symbols used

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

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

## NOTES AND EXPLANATIONS TO TABLES

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

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

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

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

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

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

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

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

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

### 3 RATES OF INTEREST

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

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

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

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

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

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

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. From June 1990 onwards, the yield on taxable government bonds (Column 3) is calculated by the Bank of Finland as the monthly average of the offered rates quoted daily by the five largest banks. Until January 1992, the yield was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The annual figure for 1990 is calculated as the arithmetic mean of yields on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible deben-

S25

tures) 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.

#### 4 RATES OF EXCHANGE

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

#### 5 OTHER DOMESTIC FINANCING

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

**Table 5.2 Source:** Statistics Finland. The public comprises households and non-profit institutions, enterprises

government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

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

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

**Table 5.5 Source:** Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. The State Treasury and, at this stage, the five largest banks (Kansallis-Osake-Pankki,

Okobank, Postipankki, Skopbank and Union Bank of Finland have agreed on a market making arrangement for benchmark government bonds with effect from 1 August 1992. Transactions (purchases) between primary dealers (Column 3) comprise transactions in benchmark government bonds between the banks that have signed the market making agreement. Purchases and sales between banks and others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

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

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

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

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

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

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

#### 7 FOREIGN TRADE

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

**Table 7.2** The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4)

according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

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

### 8 DOMESTIC ECONOMIC DEVELOPMENTS

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

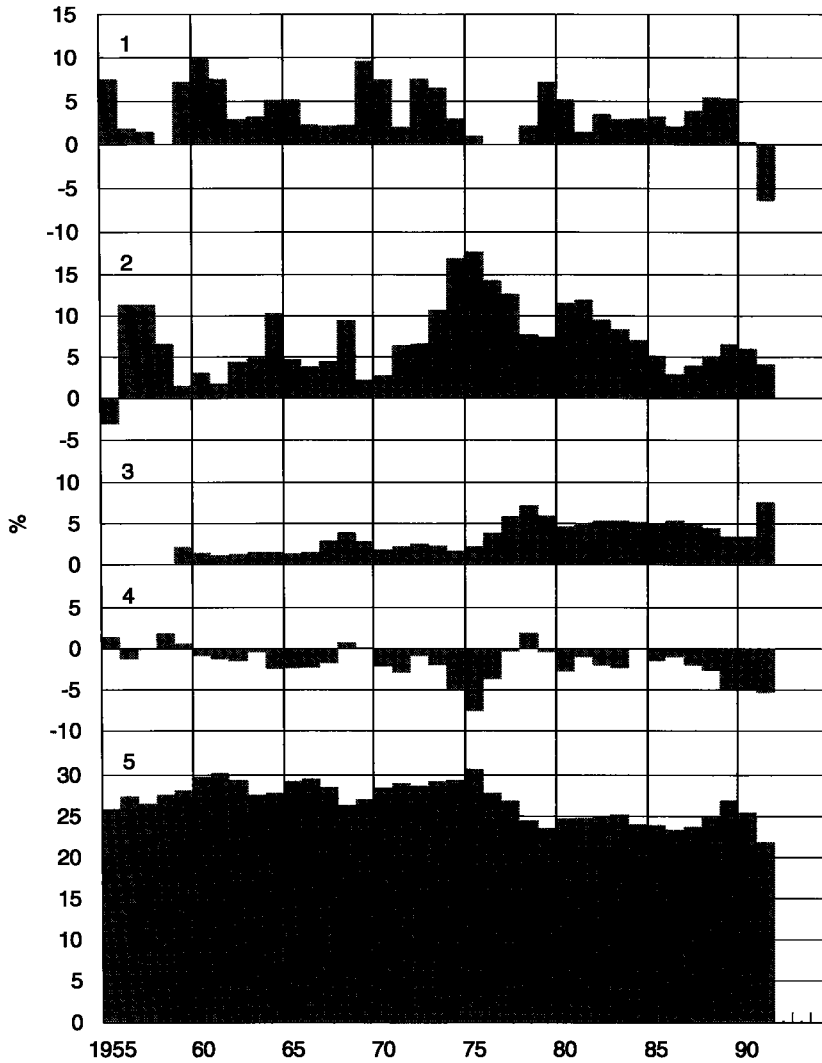
**Table 8.3** The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

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

1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
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12. Daily spot rates for the markka against the Deutschmark and the US dollar	S32
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15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S33
16. Banks' markka lending rates and markka funding rates	S33
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19. Money supply	S34
20. Current account	S35
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23. Foreign debt	S36
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29. Employment and the unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

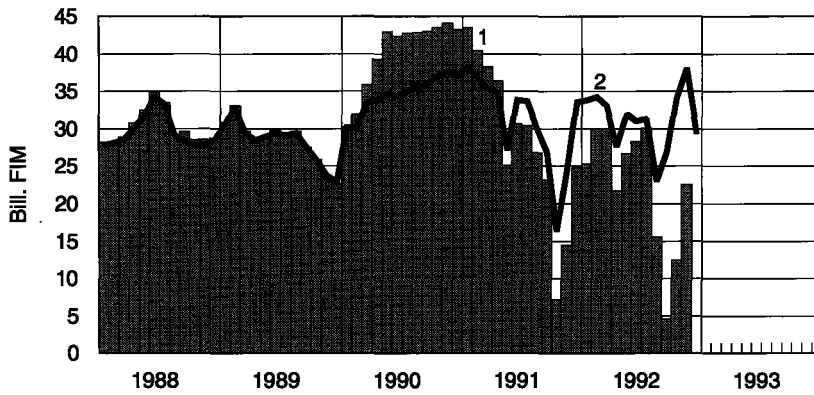
1. LONG-TERM INDICATORS



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

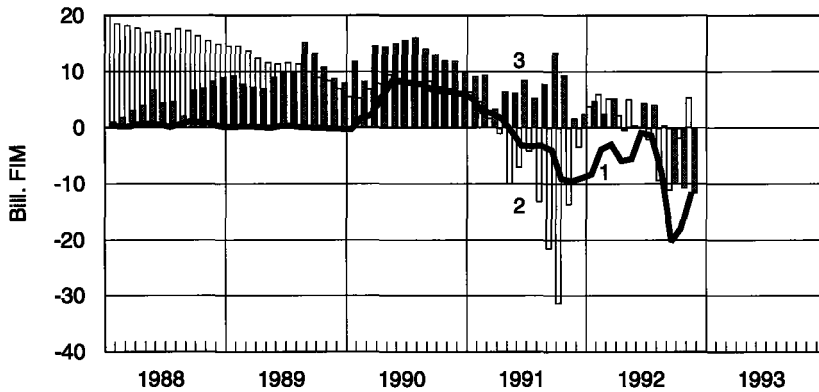


## 2. THE BANK OF FINLAND'S FOREIGN EXCHANGE RESERVES AND FORWARD POSITION



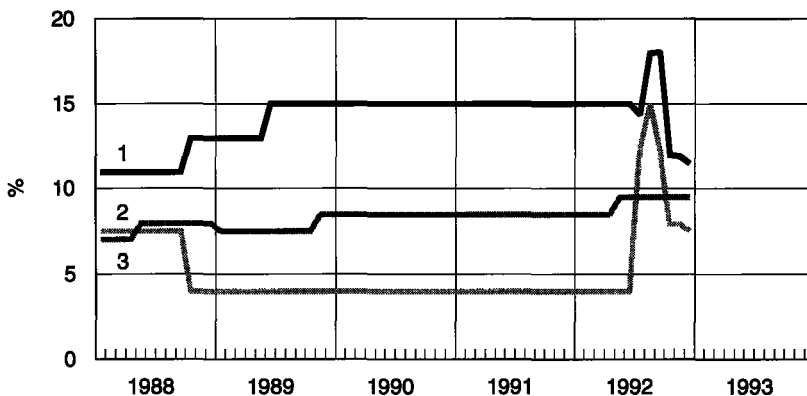
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

## 3. FORWARD MARKET



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

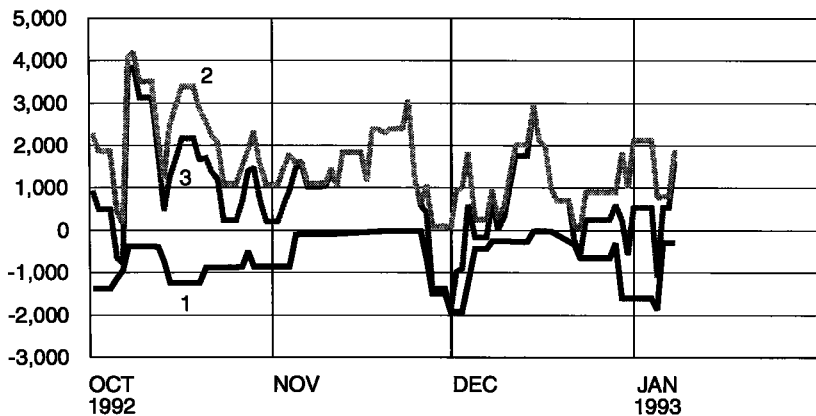
## 4. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Call money deposit rate
3. Base rate

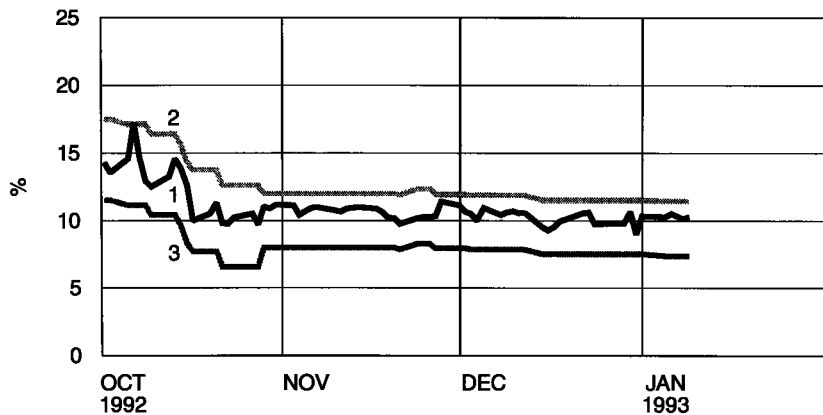
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



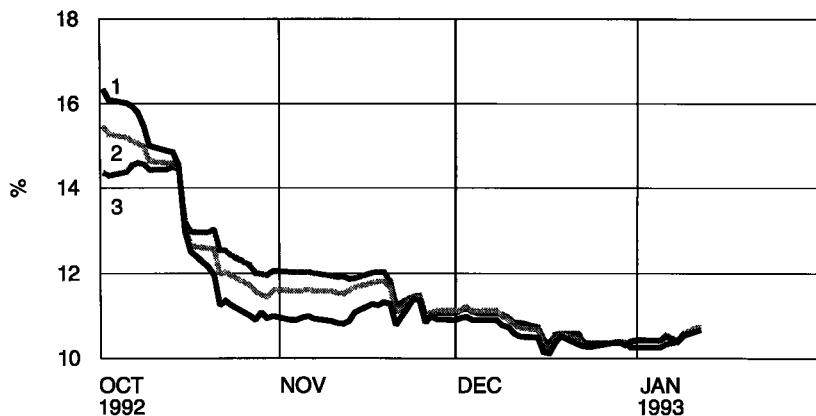
- 1. Liquidity credits (-)
- 2. Call money deposits
- 3. Net

6. LIQUIDITY MANAGEMENT INTEREST RATES



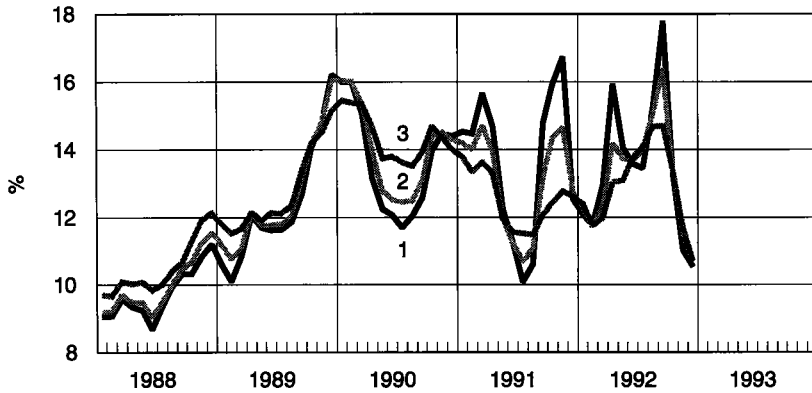
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



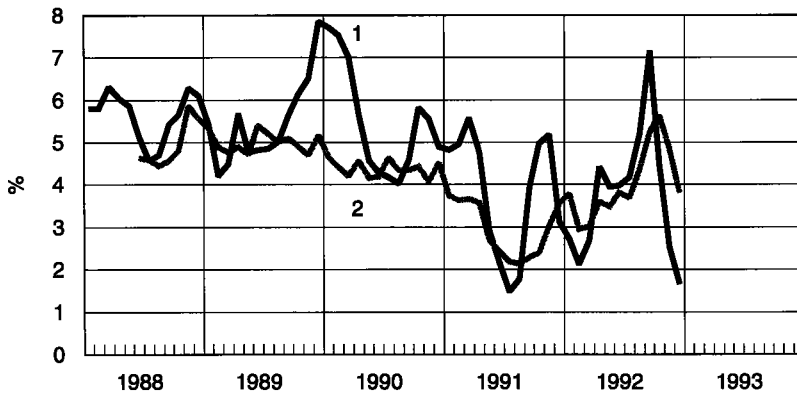
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



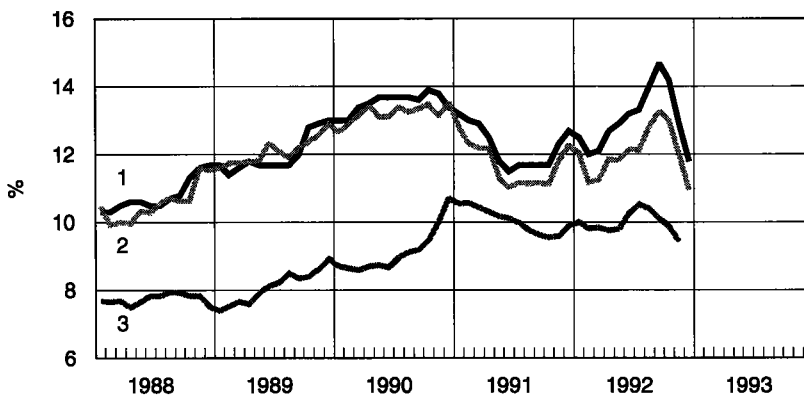
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



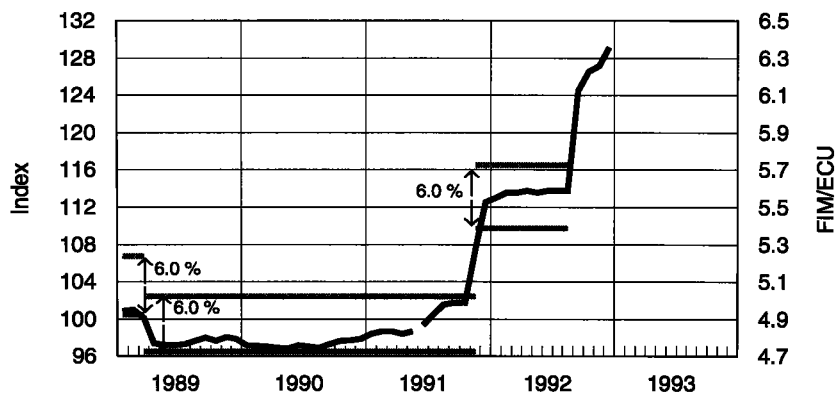
1. 3-month HELIBOR *minus* 3-month DEM eurorate
2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



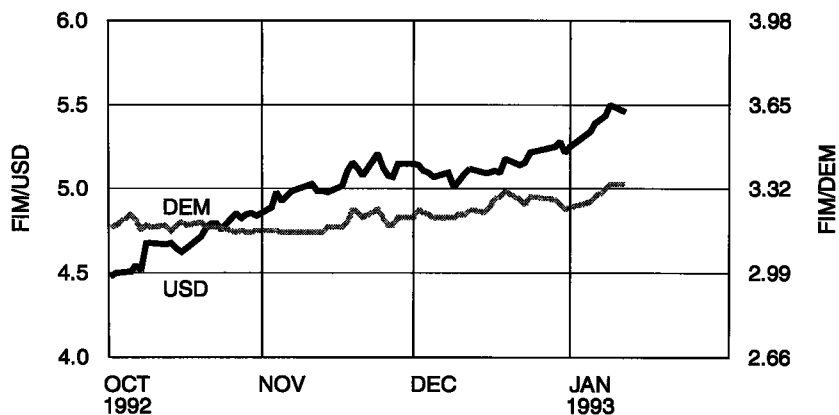
1. Bank of Finland's 5-year reference rate
2. Until April 1991, yield on (4-5 year) taxable government bonds  
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
3. Yield on (4-5 year) tax-free government bonds

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



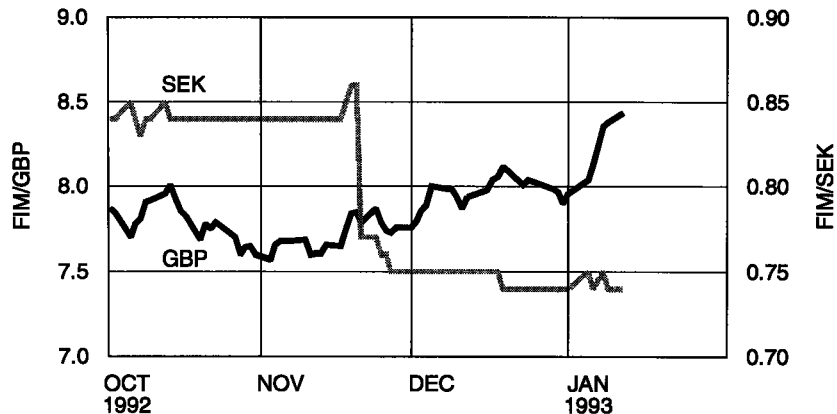
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992,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

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



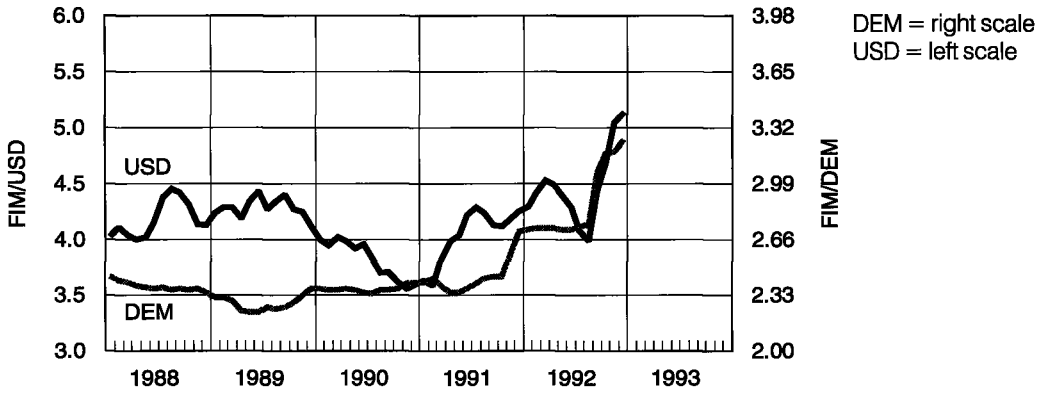
Middle rates  
DEM = right scale  
USD = left scale

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

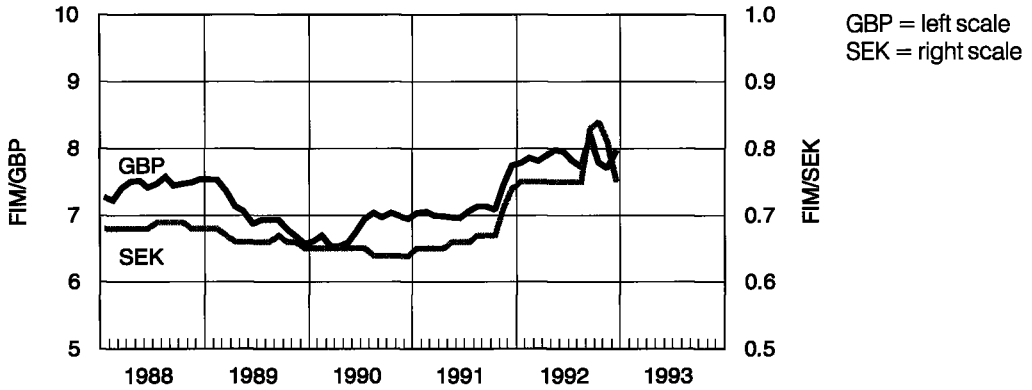


Middle rates  
GBP = left scale  
SEK = right scale

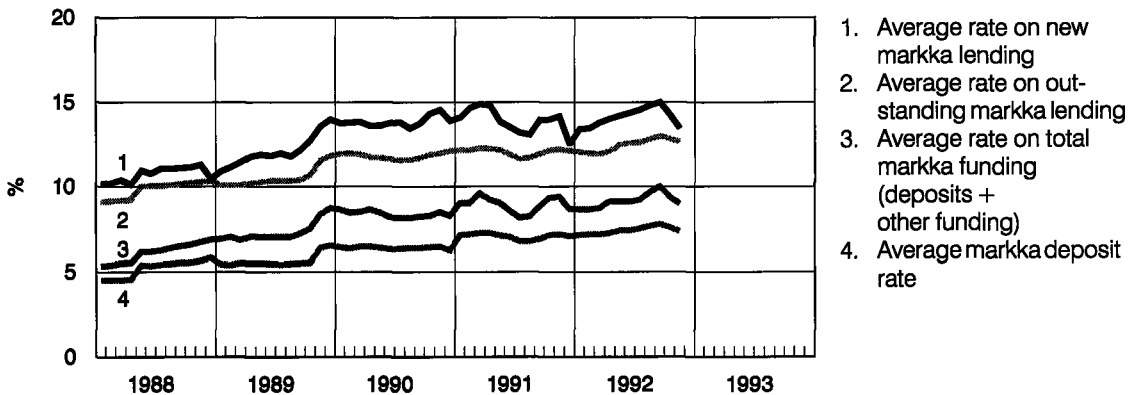
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



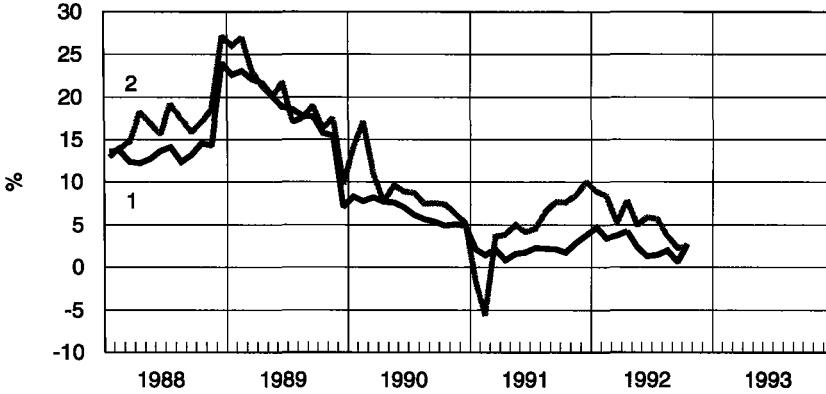
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



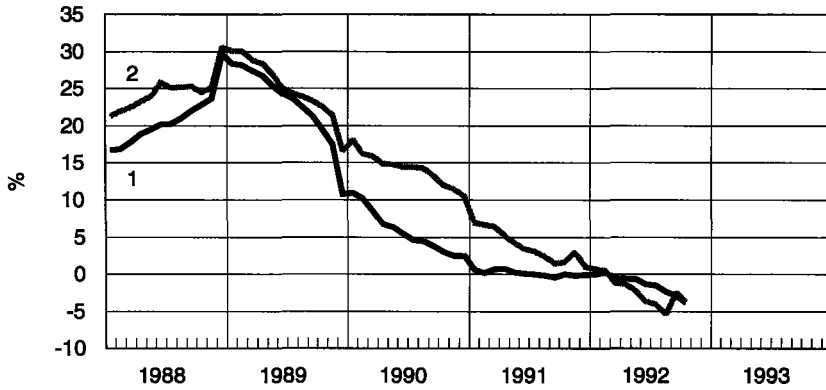
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

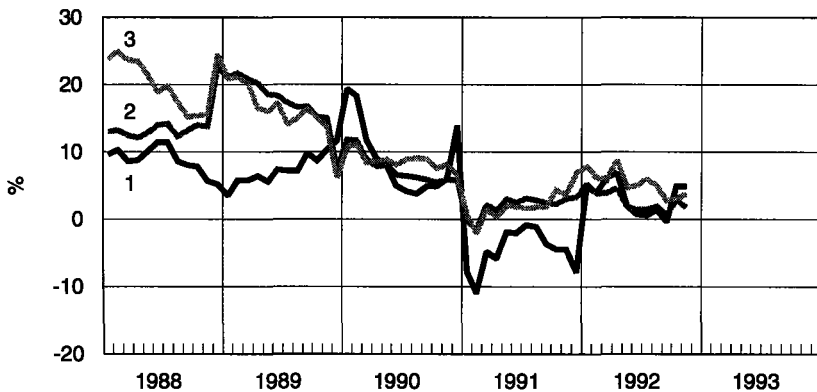
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

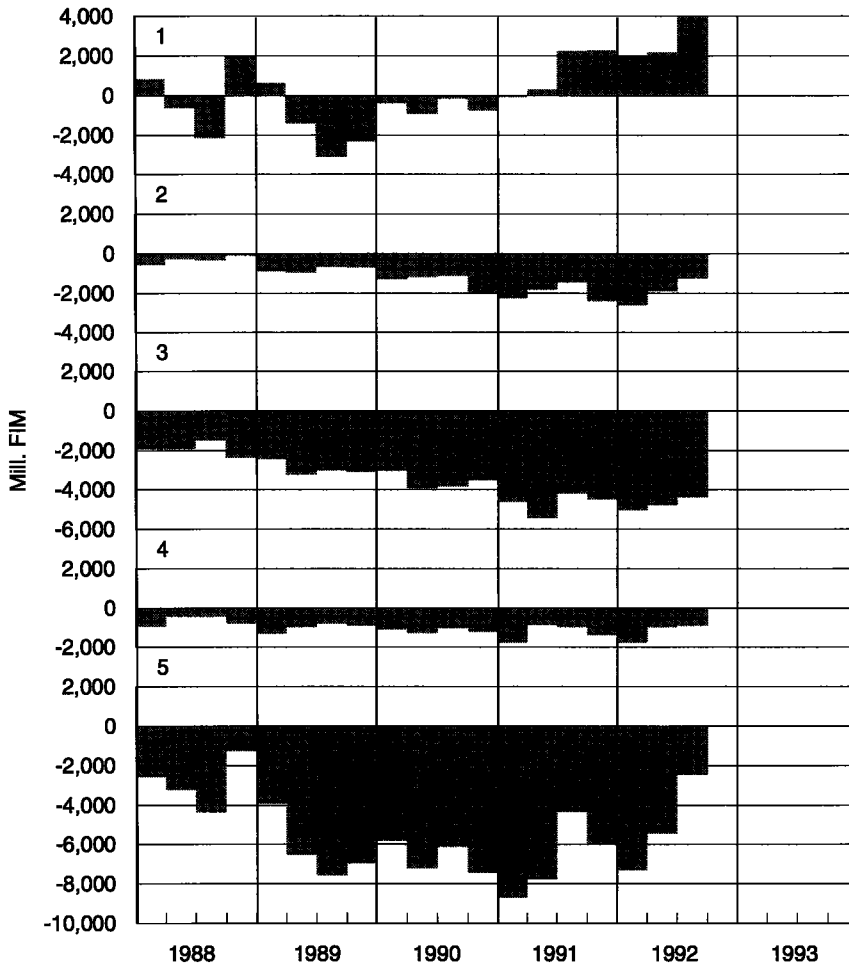
19. MONEY SUPPLY



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

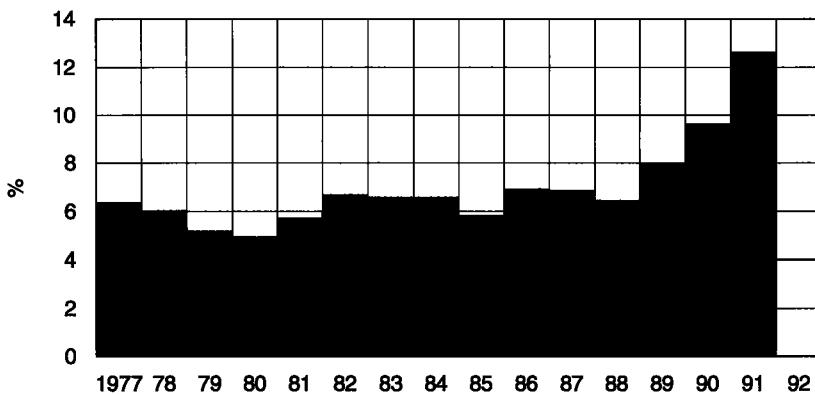
Change from the corresponding month of the previous year, per cent

## 20. CURRENT ACCOUNT



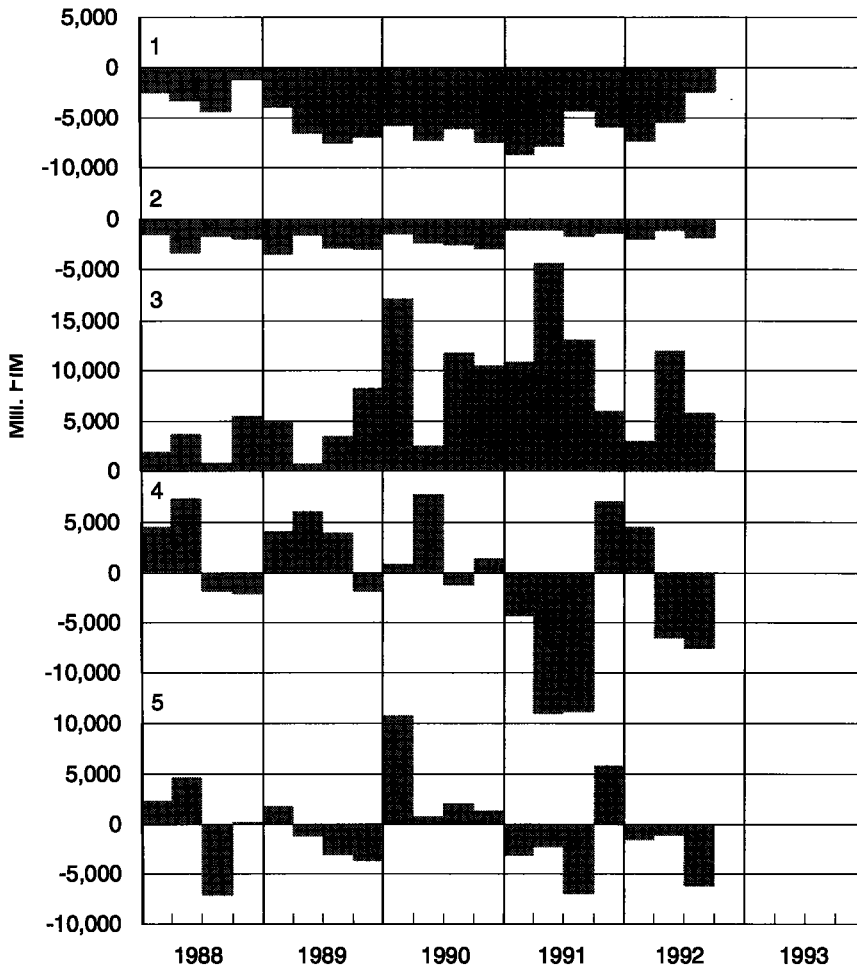
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

## 21. NET INTEREST AND DIVIDEND EXPENDITURE



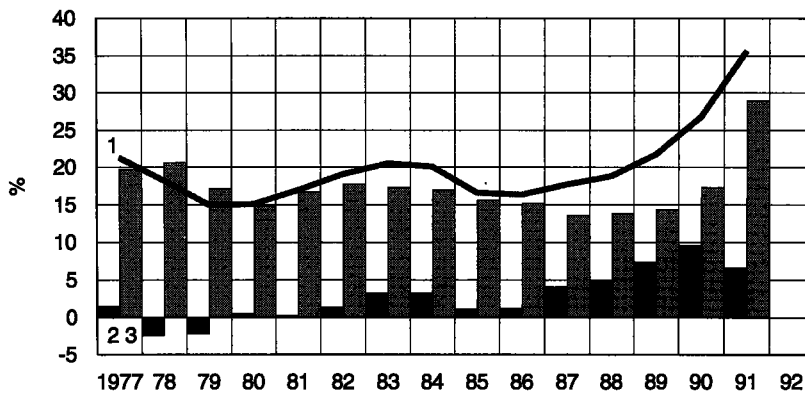
As a percentage of current account receipts

## 22. BALANCE OF PAYMENTS



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

## 23. FOREIGN DEBT

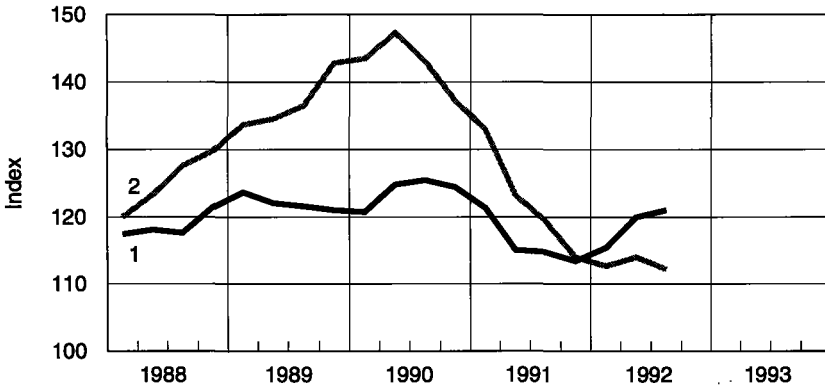


1. Total foreign net debt
2. Short-term net debt
3. Long-term net debt

As a percentage of GDP



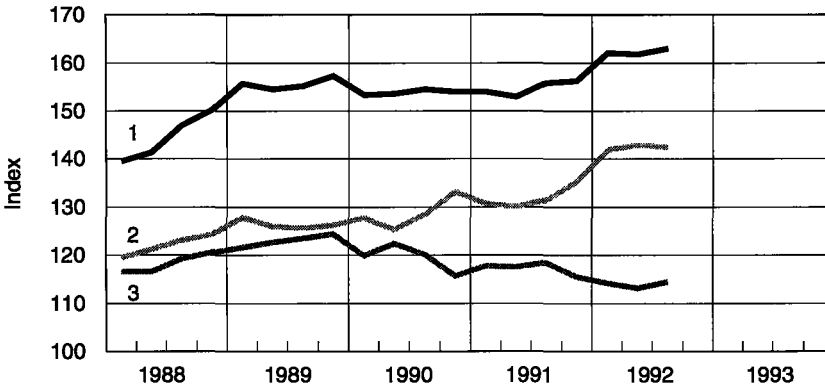
24. FOREIGN TRADE



- 1. Total exports
- 2. Total imports

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

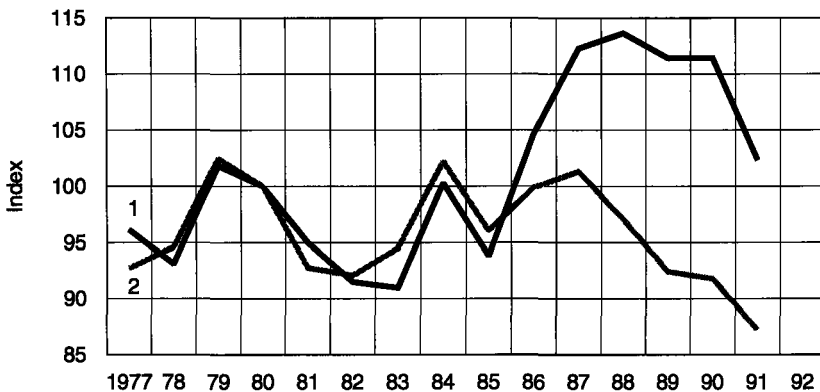
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

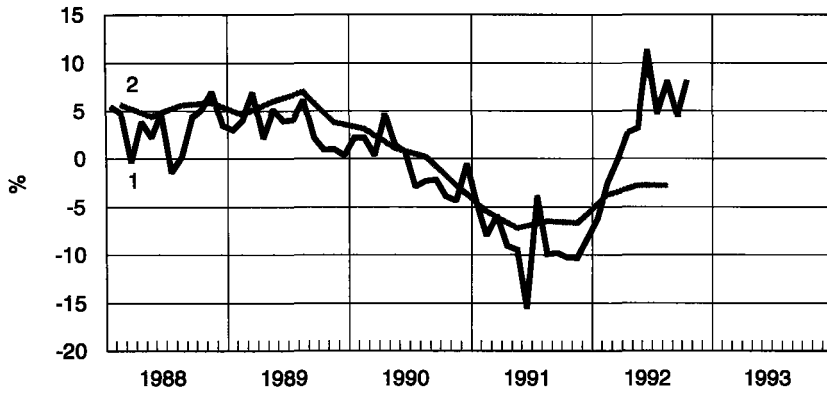
26. FINLAND'S EXPORT PERFORMANCE



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

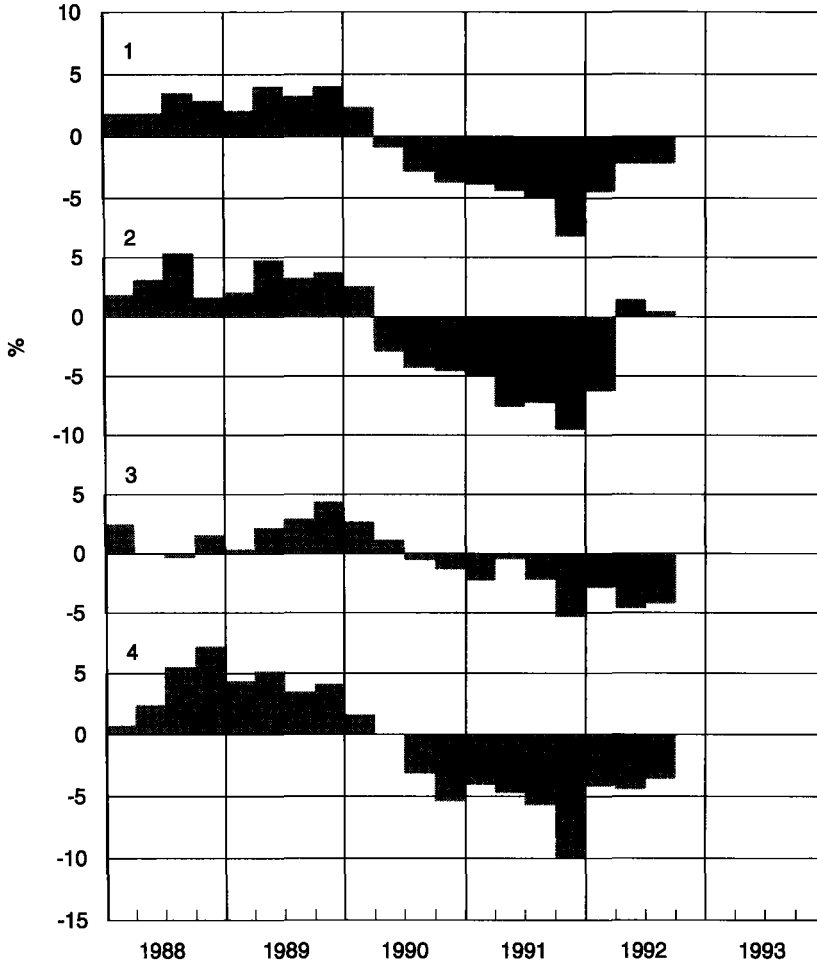
1980 = 100

27. PRODUCTION



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

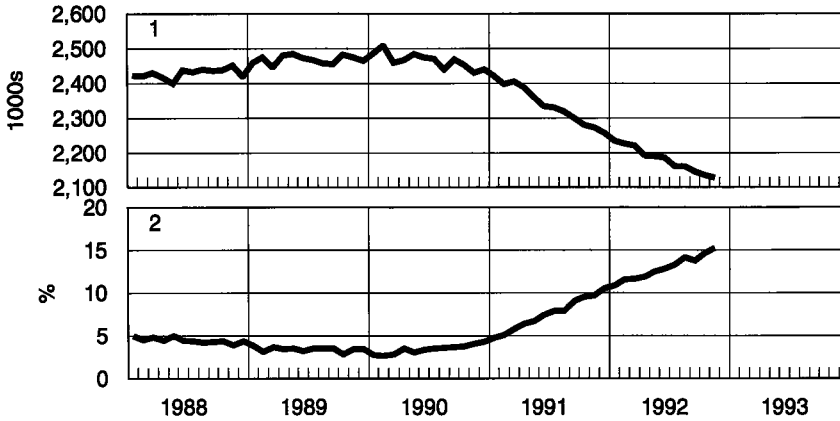
28. FIXED INVESTMENT



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

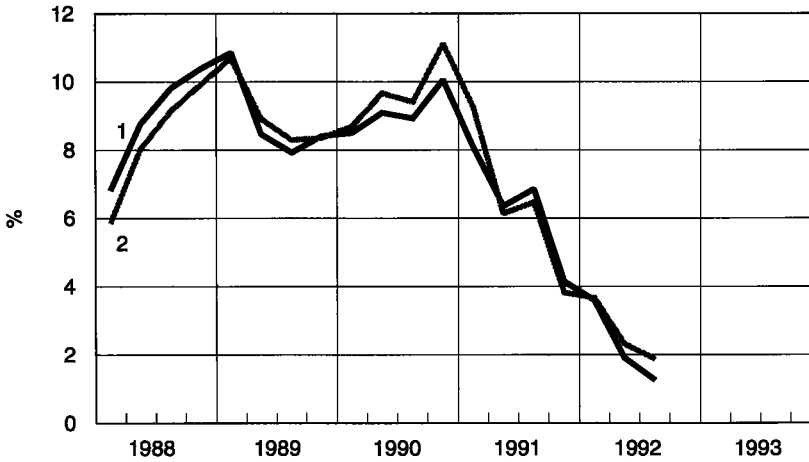
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

### 29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



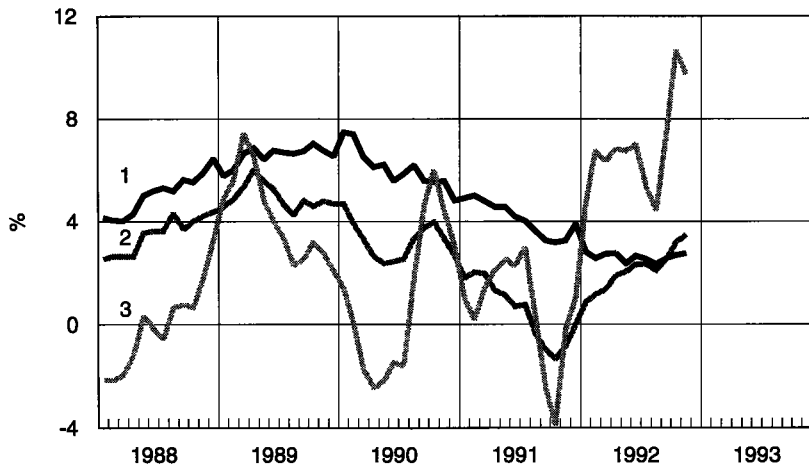
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

### 30. PRICES AND WAGES



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

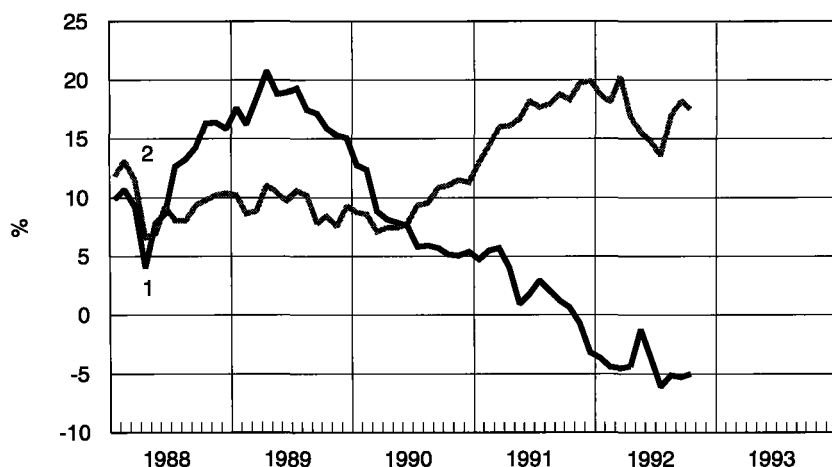
Change from the corresponding quarter of the previous year, per cent



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

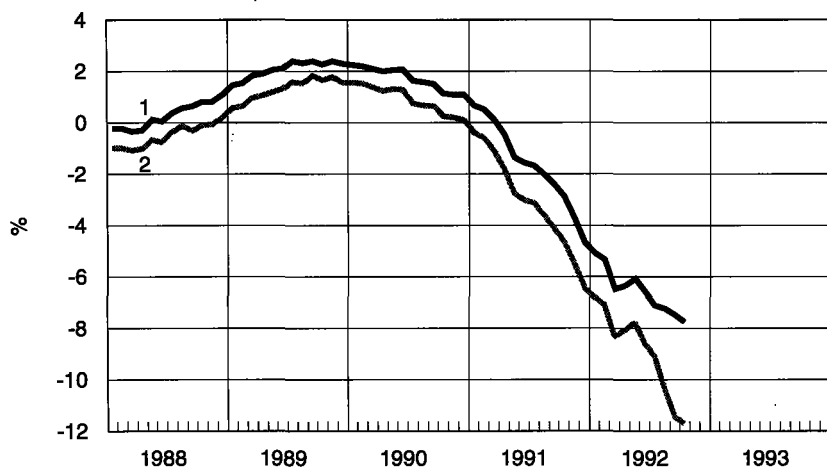
Change from the corresponding month of the previous year, per cent

### 31. CENTRAL GOVERNMENT FINANCES



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

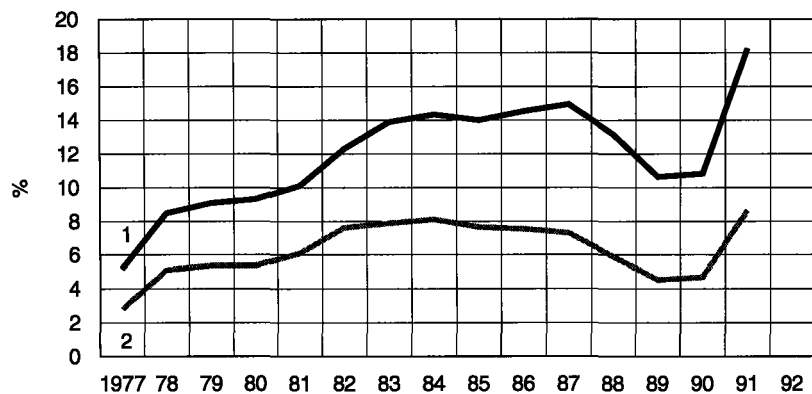
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

### 32. CENTRAL GOVERNMENT DEBT



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

As a percentage of GDP

# BANK OF FINLAND

1 January 1993

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## THE PARLIAMENTARY SUPERVISORY BOARD

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PENTTI MÄKI-HAKOLA, Chairman  
JUSSI RANTA, Vice Chairman  
SEPPÖ KÄÄRIÄINEN

HANNU TENHIÄLÄ  
ANNELI JÄÄTTEENMÄKI

TUULIKKI HÄMÄLÄINEN  
ESKO SEPPÄNEN

MAURI MIETTINEN  
JÖRN DONNER

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## THE BOARD OF MANAGEMENT

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SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

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## DIRECTOR

---

PENTTI KOMIKKO

---

## UNITS

---

Accounting Department OSSI LEPPÄNEN

Legal Affairs ARNO LINDGREN

Administration Department URPO LEVO,  
Building Manager BENGT PALMROOS

Market Operations Department MARKUS FOGELHOLM

Payments and Settlement Department RAIMO HYVÄRINEN

Central Bank Policy Department JOHNNY ÅKERHOLM

Payment Instruments Department ANTTI HEINONEN

Data Processing Department RIITTA JOKINEN

Personnel Department ANTON MÄKELÄ,  
Project Manager ANNELI SOINI

Economics Department KARI PUUMANEN

Publication Services ANTERO ARIMO (ad interim)

Financial Markets Department

KAIJU KALLIO (acting head),  
Advisers: PETER NYBERG, RÄLF PAULI

Research Department HEIKKI KOSKENKYLÄ

Security JYRKI AHVONEN

Information ANTTI JUUSELA

Statistical Services Department ESA OJANEN

Internal Audit Department TIMO MÄNNISTÖ

Unit for Eastern European Economies KARI PEKONEN

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

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## BRANCH OFFICES

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8 branches: Jyväskylä, Kotka, Kuopio, Lahti, Oulu, Tampere, Turku, Vaasa

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## SETEC OY

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VELI TARVAINEN, Managing Director

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