



BULLETIN

BANK OF FINLAND

April 1994 Vol. 68 No. 4

Derivatives Markets in Finland
Bank Deposits and
Their Taxation

Derivatives Markets in Finland

by Pertti Pykkönen

3

Bank Deposits and Their Taxation

by Jaana Rantama and Heikki Solttila

8

Items:	Finland concludes its membership talks with the European Union	
	Bond forwards	
	Publication of the Bank of Finland	14

Measures concerning monetary and foreign exchange policy and the financial markets	15
---	----

Finland in brief	18
------------------	----

Statistics • List of tables on page	S1
-------------------------------------	----

Charts • List of charts on page	S27
---------------------------------	-----

PUBLISHER

**SUOMEN PANKKI
FINLANDS BANK**

P.O.Box 160,
FIN-00101 HELSINKI,
FINLAND

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

Telex: 121224 SPFB SF
Telefax: 174872
Cables: SUOMENPANKKI

Bulletin 4 • 94

Editor-in-Chief

Antero Arimo

Editor

Marja Hirvensalo-Niini

Subscriptions

Heli Virtanen

The contents of the Bulletin
may be freely quoted,
but due acknowledgement
is requested.

ISSN 0784-6509

Printed by Painatuskeskus Oy,
Helsinki 1994

DERIVATIVES MARKETS IN FINLAND

by **Pertti Pylkkönen**, M Pol Sc
Financial Markets Department
Bank of Finland

Because of financial market regulation, up until the mid-1980s the use of derivative instruments in Finland was largely limited to customized forward exchange contracts between banks and firms. Forward contracts were used for hedging export receivables and import liabilities. There were no other derivative products available in Finland at that time.

With the subsequent deregulation and development of the financial markets, the demand in Finland for other derivative products in addition to forward exchange contracts began to grow after the mid-1980s. Over-the-counter (OTC) trading in derivatives based on interest rate-instruments – forward rate agreements (FRAs) – was introduced in November 1987 when the banks began trading with each other and with firms. The underlying asset was a notional certificate of deposit issued by one of Finland's major banks.

Trading in standardized derivative instruments was also launched in autumn 1987. It is noteworthy that this activity began with index options and futures, which are based on baskets of the most actively traded shares on the stock exchange. Efforts were also made to initiate trade in stock options and futures, which are based on individual shares. However, demand for these products was poor, and, as a result of the downturn in share prices in spring 1989, they were removed from the market for a period of several years.

Although liquidity in the money market was good by the end of the 1980s, there was no demand for standardized interest rate derivatives. Moreover, the bond market was so under-

developed and illiquid that it was impossible to launch trade in interest rate derivatives based on long-term rates, even in the OTC market. The advent of trade in standardized derivatives based on short-term interest rates was further hampered by the fact that the banks tended to offer companies only OTC products.

The market for currency futures and options has also been slow to develop in Finland. For hedging, companies have for the most part used only forward contracts tailor-made by banks.

In autumn 1992, the downturn in Finnish share prices was reversed, and the ensuing rise has continued up until recent times. During this period liquidity has improved markedly, at the same time boosting investor interest in derivative products based on individual shares.

As a result of the sharp growth of central government debt, activity in the bond market has also gained new life and liquidity has increased rapidly. Improved liquidity and pricing in the market for benchmark government bonds have paved the way for the inauguration of a market for bond forwards.

With the expansion of the securities markets, liquidity in the derivatives markets has also begun to improve during the past six months. New products, both standardized and OTC, have been introduced, and investors have begun to use them for hedging and other purposes.

DERIVATIVES EXCHANGES AND PRODUCTS

So far, two organized exchanges for derivative instru-

ments have been granted a licence to operate in Finland: the Finnish Options Exchange (FOE), which started operations in November 1987, and the Finnish Options Market (FOM), which began trading in May 1988. Both exchanges also handle the related clearing and settlement functions. The maintenance of a marketplace and clearing house for trade in standardized derivatives falls within the scope of organized exchange activities subject to authorization.

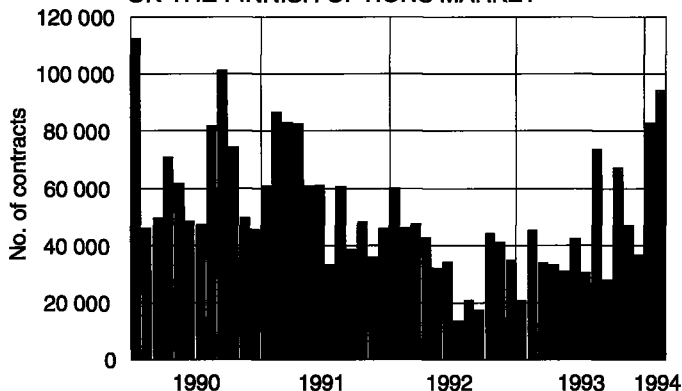
Trading on both of these derivatives exchanges started with products based on stock indices. Initially, the exchanges competed in the same products, but owing to small volumes they have subsequently sought to specialize in different products. Now the FOM concentrates mainly on share-based derivatives and the FOE on foreign currency and interest rate derivatives (Chart 1).

In 1993, turnover on the FOM, measured in terms of premia, amounted to some FIM 700 million and about 2 400 contracts were traded daily on average. For some years now trading on the FOM has focused on index products, but last autumn trading in stock futures picked up sharply. Stock options were introduced in October, and trading got off to a brisk start.

Turnover on the FOE, also measured in terms of premia, amounted to nearly FIM 60 million in 1993, and some 800 contracts were traded daily on average. Trading focused on foreign currency derivatives, although daily turnover was down somewhat on the previous year. The volume of trading in interest rate futures increased, with average daily turnover of some 240 contracts.

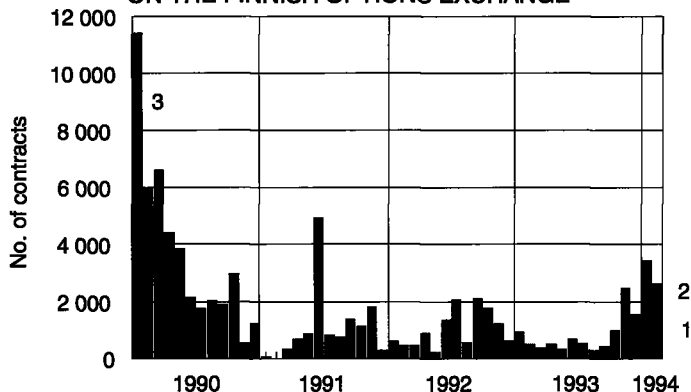
CHART 1.

TRADING VOLUME
ON THE FINNISH OPTIONS MARKET



1. Index derivatives
2. Stock futures
3. Stock options

TRADING VOLUME
ON THE FINNISH OPTIONS EXCHANGE



1. Currency derivatives
2. Interest rate derivatives
3. Other index derivatives

Transactions in the Finnish derivatives markets are conducted through the trading systems of the respective exchanges. The customer gives his buy or sell order to a broker, who handles orders on the exchange, which is always the other counterparty in a transaction. A broking firm can also act as a market maker. There are 17 brokers on the FOM and 15 on the FOE, and the number of market makers is currently five and three, respectively.

A derivatives exchange can accept limited companies, co-operatives or savings banks as

requirements laid down in the exchange's rules. A foreign securities broker can be accepted as an exchange broker with the permission of the Ministry of Finance.

Market making rights can be granted to Finnish credit institutions and securities broking firms as well as to branches of foreign institutions located in Finland.

Broking rights can be granted by Finnish derivatives exchanges to persons residing in the EEA who comply with the requirements of the exchange concerned.

Standardized stock derivatives

As liquidity in the stock market has increased, the demand for derivatives based on individual shares has grown. As a result, the FOM has expanded its product range during the last two years to include stock options (STOX options) and stock futures (STOX futures). It is now possible to trade on the FOM in stock options based on the shares of eight different listed companies and stock futures based on the shares of 13 different listed companies.

The underlying asset for a STOX derivative instrument is a fixed number of shares together with their related rights on the exercise date. The buyer (seller) of a STOX futures contract undertakes to buy (sell) the underlying shares at the pre-agreed price on the expiration date of the contract.

Trading on the FOM is conducted on the FOM's electronic trading system and trades are cleared and settled through the FOM's clearing house. The liquidity of stock futures varies greatly because not all of the contracts are handled by market makers. In the case of an open position, a STOX futures contract is exercised on the expiration date by confirming the delivery of the underlying shares at the pre-agreed prices on the delivery date. In the case of a position that has been closed out, confirmation is made of the cash sum to be paid or received on the delivery date as the difference between contract prices on the expiration date.

In stock (STOX) options trading, the contracts traded are usually put or call options for the two nearest expiration months. Expiration dates are the third Thursday of March, June, September and December. STOX options are American options, ie options that can be exercised at any time prior to expiration of the contract.

On or before the expiration date, a STOX option is exercised by confirming, at the re-

quest of the buyer, the availability of the underlying shares which are to be delivered at the pre-agreed price on the delivery date. The option expires immediately if the buyer has not exercised it by the expiration date.

FOX index products are based on a notional basket composed of 25 of the most traded shares on the Helsinki Stock Exchange.

The composition of the basket is revised twice a year. The coverage of the basket is comprehensive; the shares included account for 90 per cent of the market capitalization of all listed shares. The relative share of index products in total trading volume on the FOM has fallen slightly in recent years in favour of stock options and stock futures.

The FOE does not quote derivatives based on individual shares and trading in its FOM-25 index products was discontinued in 1990.

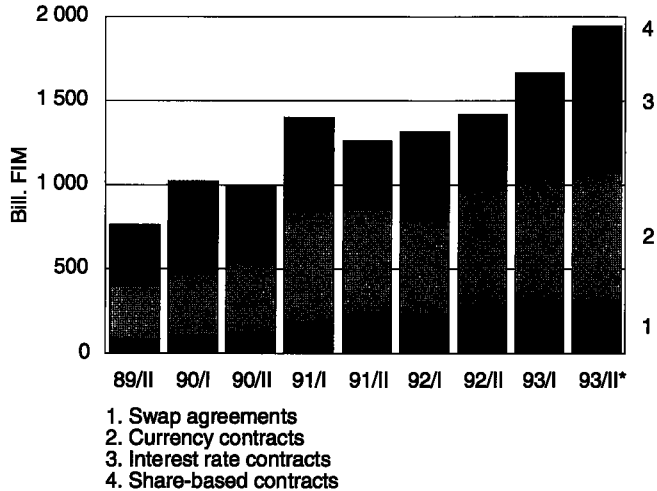
Standardized interest rate derivatives

Both the FOM and FOE now provide a marketplace for standardized interest rate derivatives. The FOE quotes three, six and nine-month interest rate futures (SOPMM futures). In practice, trade is conducted in three-month contracts, for which the underlying asset is a notional three-month loan contract for FIM 1 million. Trades are settled on the expiration date as the difference between the three-month HELIBOR and the contract rate. The net value of the underlying asset is always settled in cash, and both the buyer and seller of the contract are required to deposit collateral (margin) in compliance with the exchange's rules.

On the FOM, the underlying asset can also be a FIM 1 million benchmark government bond maturing in 1997 or 2004. At present, there are no market makers for bond futures in the SOM's trading system, nor has the FOM yet commenced trade in these products.

CHART 2.

BANKS' OFF-BALANCE SHEET DERIVATIVES



* November 1993

Standardized currency derivatives

Both of the derivative exchanges also offer investors standardized currency options and futures. Trading in standardized currency derivatives is concentrated mainly on the FOE. The underlying assets are the US dollar, Deutschmark, Swedish krona and pound sterling.

Trading volumes in standardized currency derivatives have picked up somewhat since autumn 1992, when the Finnish markka was floated. However, as Finnish firms generally hedge their currency exposures by taking out forward contracts with banks, the market for standardized currency derivatives has remained modest in size.

OTC MARKETS FOR DERIVATIVES

Large numbers of derivative contracts are also transacted over the counter. Banks enter into contracts among themselves and with companies. Under the 1988 Act governing derivatives markets, non-standardized derivative agreements, ie OTC products traded outside

derivatives exchanges, can only be offered to business undertakings.

The deregulation of the financial and foreign exchange markets that took place in the 1980s set the stage for the growth of off-balance sheet commitments related to derivatives. After bank CDs were excluded from banks' cash reserve requirements in 1987, the CD-based money market began to grow rapidly. As interest rate movements became more volatile, both investors and borrowers needed instruments for managing new kinds of risk.

The first off-balance sheet interest rate derivatives, forward rate agreements, were traded in autumn 1987. Dealing in interest rate options began two years later. At the end of the 1980s, banks also began to enter into interest rate swap agreements. However, at that time the bond market was still so thin and pricing so haphazard that long-term interest rate contracts based on bonds were not introduced.

Since 1989, banks' off-balance sheet items have been growing faster than their balance sheets. At the end of 1989, the authorized banks' off-balance sheet items amounted to 5

nearly FIM 800 billion, which was about twice their combined balance sheet total. By November 1993, the ratio had grown to three to one (Chart 2).

Interest rate derivatives of various kinds constitute a major off-balance sheet item. The nominal value of interest rate derivatives outstanding increased from over FIM 350 billion at the end of 1989 and to nearly FIM 900 billion in November 1993. At that time, FRAs accounted for about 75 per cent of all outstanding interest rate contracts. The share of interest rate futures has been slowly increasing in relative terms, amounting to some FIM 140 billion in November. The number of calls and puts outstanding has also increased, although it is still very modest.

Various kinds of currency derivatives are another large off-balance sheet item. Currency derivatives comprise contracts to buy or sell currency in the form of options, futures or forwards. The total nominal value of outstanding contracts grew from FIM 300 billion at the end of 1989 to FIM 750 billion in November 1993.

Traditional forward exchange contracts still account for the vast majority of currency derivatives. Trading in currency options has remained modest and these instruments have not displaced traditional forward contracts as a hedging vehicle.

The fastest growing off-balance sheet derivative items have, however, been various kinds of swap agreements. The value of swaps outstanding stood at nearly FIM 100 million at the end of 1989 and by November 1993 it had increased nearly fourfold. The amount of interest rate swaps, in particular, has grown rapidly, from about FIM 50 billion at the end of 1989 to FIM 230 billion in November 1993.

By contrast, the use of share-based derivatives has been growing slowly and these instruments are of minor importance in banks' off-balance sheet items. In Finland, these

derivatives are traded primarily through the FOM. Banks do not have large amounts of them, either on or off their balance sheets.

BOND FORWARDS

A market for forward contracts based on benchmark government bonds was opened in January 1994. An agreement on a market making arrangement was signed on 20 January by the Bank of Finland and the primary dealers for domestic benchmark government bonds (Kansallis-Osake-Pankki, Okobank, Postipankki, Skopbank, Unitas and Evli Fixed Income Securities). Trading began on 24 January. The basis for the agreement was the code of conduct for primary dealers in benchmark government bonds.

The broking firm Unibörs Securities, which is also a primary dealer, has subsequently signed the agreement.

The way was paved for the launching of a market in bond forwards when the secondary market for the underlying bonds became sufficiently liquid for the purpose of efficient pricing. The derivatives market was opened in order to provide support for the growing market for benchmark bonds, thereby providing investors, market makers and other intermediaries with the opportunity to hedge against changes in interest rates.

The market for government bonds has grown substantially since 1992 as a consequence of the central government's large budget deficits of recent years. Liquidity in the bond market has increased significantly, not only because of the public sector's growing borrowing requirements, but also because of the introduction of the primary dealer system for benchmark government serial bonds.¹ Moreover after foreign investors were allowed to buy bonds, a large

number of new investors has been attracted to the market, thus further increasing liquidity.

The opening of the forwards market has also supported activity in the benchmark bond market. The introduction of a bond forward contract based on the benchmark bond maturing in 1997 increased investors' interest in the underlying bond in January-February, and its share of total turnover in benchmark bonds rose to about one-fifth, or nearly FIM 20 billion. Trading in another bond forward contract, based on the benchmark bond maturing in 2004, started in early April.

By the end of March, the stock of bond forwards outstanding had grown to some FIM 8 billion. Average daily turnover, however, has fallen somewhat from its initial level of FIM 200 million. The first contracts traded were the March and June forwards, with the latter generating slightly more activity.

Specification of bond forward contracts

The bond forwards introduced in January are OTC instruments, ie they are not traded on the derivative exchanges.

The government bond maturing on 15 June 1997 was selected as the underlying asset for the first bond forward contract. It has a coupon of 11 per cent and a term of five years. At the end of February, FIM 10.8 billion worth of these bonds were outstanding.

The second bond to be used as an underlying asset for bond forwards is the longest benchmark bond, having a term of 11 years and maturing on 15 March 2004. The coupon is 9.5 per cent. FIM 12 billion worth of these bonds are currently outstanding. Both of the underlying bonds are liquid and are good indicators of long-term interest rate expectations.

The value dates for bond forwards are the third Wednesday of March, June, September and December. If this particular day

¹ For more details of the primary dealer system in Finland, see the article by Kristina Rantalainen in the February 1993 issue of the Bulletin.

is not a business day, the value date is the following business day. The settlement date is the same as the value date. The fixing date is five banking days prior to the value date. A bond can be used as an underlying asset for a new forward contract only as long as it falls due at least two years after the value date of the contract.

The fixing rate is determined on the fixing date for each contract at the tender arranged by the Bank of Finland at 13.00.

On the settlement date for a bond forward, the seller pays the buyer according to a pre-agreed formula if the agreed interest rate exceeds the fixing rate and the seller pays the buyer if the fixing rate exceeds the agreed rate.

At present, trades in bond forwards are not subject to centralized netting. If on any settlement date both parties have payment obligations to each other in respect of bond forward

contracts, the sums are netted and only the balance is settled in cash. It is hoped that in the future centralized netting of trades in bond forwards will be possible through the Helsinki Money Market Center.

FUTURE PROSPECTS

The central government's continuing heavy borrowing requirements will lead to a significant expansion of the market for benchmark government bonds in the years ahead, thereby increasing market liquidity. Growing investor interest is also expected to improve the liquidity of the market for derivatives based on long-term interest rates.

Domestic unit trusts (mutual funds) have been growing rapidly in recent months. Under legislative changes that came into force at the beginning of this year, Finnish unit trusts can now use derivative instruments for hedging purposes. The new le-

gislation also allows unit trusts that invest exclusively in equities or fixed-income instruments. Such unit trusts will constitute an important new investor group in the Finnish share and debt instrument markets, and they might also increase liquidity in the derivatives markets.

The shares of both listed and OTC companies are currently being transferred to the book-entry security system and preparations are under way to add bonds to the system. These developments are helping to improve the functioning of Finland's capital markets and paving the way for growth in the markets for derivatives based on these assets.

5 April 1994

BANK DEPOSITS AND THEIR TAXATION

by **Jaana Rantama**, M Pol Sc
and **Heikki Solttila**, M Pol Sc
Financial Markets Department
Bank of Finland

The deregulation of the financial markets in the mid-1980s prompted a proliferation of different types of deposit accounts, including those enabling depositors to make deposits at market rates of interest. But since the interest paid on these accounts was taxed in the same way as earned income, after a capital income deduction, these taxable accounts did not gain wide popularity. The situation changed essentially in 1991 with the introduction of a withholding tax – a final tax levied at source – on interest income, the most important legislative reform affecting the taxation of deposits in recent years. Since the beginning of 1991, the withholding tax has been applied to interest income on taxable bank deposits and bonds.

The importance of tax-exempt deposits, whose maximum rate of interest is administratively regulated, has decreased while deposits subject to the withholding tax have become more popular. The former nevertheless still constitute an important saving outlet, and it is partly for this reason that the dismantling of the arrangements for the tax exemption of deposits has not progressed as rapidly as was intended some years ago.

FROM CARTELS TO COMPETITION

In the 1930s, the economic depression led to debt problems and, on the initiative of the Bank of Finland, an interbank agreement on deposit interest rates was signed in 1931. This agreement was designed to curb unhealthy competition between banks. Interest rate regulation was aimed at creating the

prerequisites for a lowering of lending rates and for easing farmers' and companies' debt problems. During the second world war, interest rate regulation was extended to apply also to domestic lending rates, and government bonds were granted tax exemption.

In the postwar era, economic growth and full employment were set as the prime objectives of economic policy. As in many other countries, comprehensive regulation of the financial markets and capital movements was considered the appropriate way to attain these objectives. As a consequence of regulation and administered interest rates, the importance of the capital market as a source of financing for companies dwindled into relative insignificance.

Starting in the early 1980s, an expanding 'grey' market emerged alongside the regulated market. Interest rates in the grey market, which were determined by the free interplay of supply and demand, were notably higher than those in the regulated market. By the mid-1980s, market pressure had built up to the extent that it was no longer possible to block financial intermediation outside the scope of regulation by administrative means. Consequently, the Bank of Finland began to dismantle the lending rate controls step by step. At the same time, the interbank deposit rate cartel, which guaranteed tax exemption of deposits in wide use, ie deposits to which uniform terms were applied by a minimum of two banking groups, started to break down.

Another factor besides the high level of unregulated interest rates contributing to the increasing popularity of taxable

deposits was the deduction for capital income allowed in personal income taxation. However, it was not until 1989, when the capital income deduction was increased, that taxable deposits actually became a serious alternative. Even then, the deduction was still relatively small and this, together with the fact that deposits had to be declared to the tax authorities, prevented larger deposits from being transferred to accounts at market interest rates. It was not until the introduction of the withholding tax that households were provided with extensive opportunities to benefit from money market rates.

TAXATION OF DEPOSITS

For decades, tax-exempt deposits have formed the core of Finnish deposits. Funds in these accounts and interest paid on them do not have to be declared to the tax authorities. Tax-exempt accounts can be roughly divided into two main types: transaction accounts, from which funds can be withdrawn without notice and which often include a bank (debit) card, and fixed-term deposit accounts, for which the term has been agreed on in advance.

Previously, the terms and conditions applied to accounts were based on interbank agreements. But, since the beginning of 1989, the criteria for the tax exemption of, for instance, interest income have been laid down in legislation. Moreover, there is now a tendency for both the interest rates applied and the criteria for tax exemption to vary annually (Table).

FIXED-TERM DEPOSITS

The interest rate on 24-month tax-exempt deposits was equal to the Bank of Finland's base rate until the end of 1988. According to the Act on the tax relief of deposits and bonds that took effect at the beginning of 1989, 24-month deposits were tax exempt if the interest payable on them was at most the Bank of Finland's base rate less 2 percentage points. Subsequently, the margin in relation to the base rate has varied between 1 and 2 percentage points.

In October 1992, the Act was amended to allow banks to offer 36-month tax-exempt deposits up to the end of 1993 at an interest rate which was not more than the base rate less one percentage point. At the same time, the tax exemption of 24-month deposits was extended to apply to deposits made up until the end of 1994.

TRANSACTION ACCOUNTS

At the beginning of 1989, the tax-exempt status of transaction accounts was also defined in the Act on the tax relief of deposits and bonds. The maximum rate of interest was set at the base rate less 4 percentage points. Under an amendment to the Act on income and wealth taxation that took effect in May 1992, the maximum rate on tax-exempt transaction accounts was set at 4.5 per cent and the link with the base rate was severed. At present, the maximum rate of interest is 2 per cent, though banks may, of course, pay a lower rate than this.

ACT ON INTEREST INCOME SUBJECT TO THE WITHHOLDING TAX

A tax reform with major implications for the functioning of the financial markets was implemented at the beginning of 1991 when households' interest income on domestic bank deposits and bonds was made subject to a 10 per cent withholding tax. Initially, the Act was enacted for

TABLE. TAXATION OF DEPOSITS

Effective date	Maximum interest rate		Withholding tax, %	
	Transaction accounts	Fixed-term deposit accounts		
		24-month		36-month
1 Jan 1989	Base rate less 4 %-pts	Base rate less 2 %-pts		
1 Dec 1989		Base rate less 1 %-pt		
1 Jan 1991			10 %	
1 Jan 1992			15 %	
1 May 1992	4.5 %	Base rate less 2 %-pts		
22 Oct 1992				
1 Jan 1993			20 %	
6 May 1993	2.5 %			
1 Nov 1993	2 %			
1 Jan 1994			25 %	

only one year but at the beginning of 1992 its validity was extended by two years and the tax rate was raised to 15 per cent. At the same time, some minor amendments were made to the Act, which were designed to reduce tax arbitrage made possible by the tax deductibility of interest income and the withholding tax. With effect from the beginning of 1993, the Act was made permanent and the rate of withholding tax was raised to 20 per cent. At the beginning of the current year, the rate of withholding tax was raised to 25 per cent, ie the same as the uniform flat rate applied to capital income.¹

CHANGE IN THE STRUCTURE OF DEPOSITS

The last 24-month tax-exempt deposits bearing the same rate of interest as the base rate, ie 8.5 per cent, matured in December 1990. These deposits amounted to some FIM 32 billion. This was an exceptionally high figure because normally the amount of 24-month deposits maturing monthly in 1990 was in the region of FIM 2 – 2.5 billion. The reason for the surge in the amount of deposits maturing in December 1990 can be

traced back to events at the end of 1988. There was a record number of business acquisitions in the final months of 1988 in advance of a tightening of capital gains taxation. A large proportion of the proceeds from these deals was deposited in fixed-term accounts. Another major factor was the lowering of the maximum interest rate payable on tax-exempt fixed-term deposits by 2 percentage points from the beginning of 1989.

Effects of the withholding tax on the structure of deposits

The entry into force of the withholding tax extended interest rate competition to bank deposits. It also induced changes in the structure of bank deposits (Chart 1). A large proportion of the funds in tax-exempt fixed-term deposits which matured in December 1990 was shifted temporarily to tax-exempt transaction accounts bearing an interest rate of 4.5 per cent in anticipation of the entry into force of the withholding tax. Consequently, the average rate of interest on bank deposits fell sharply in December 1990 from its level in November.

In January 1991, the funds that had been temporarily deposited in transaction accounts were transferred to market-rate accounts subject to the withholding tax. As a result, the out-

¹ For more details, see the article by Heikki Koskenkylä in the October 1993 issue of the Bulletin.

CHART 1.

**BREAKDOWN OF BANK DEPOSITS
BY TYPE OF ACCOUNT**

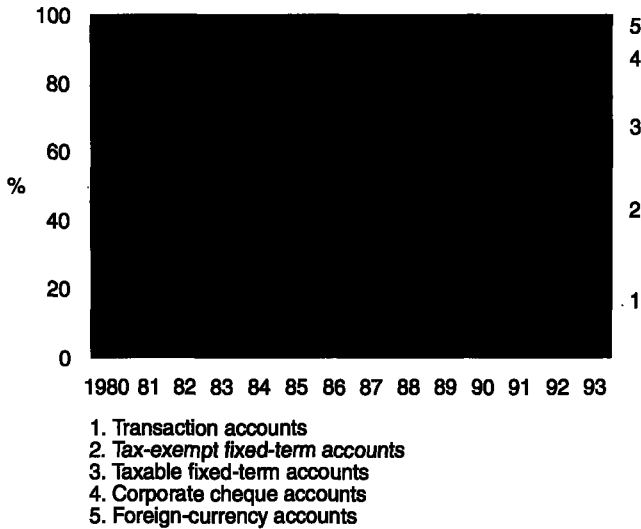
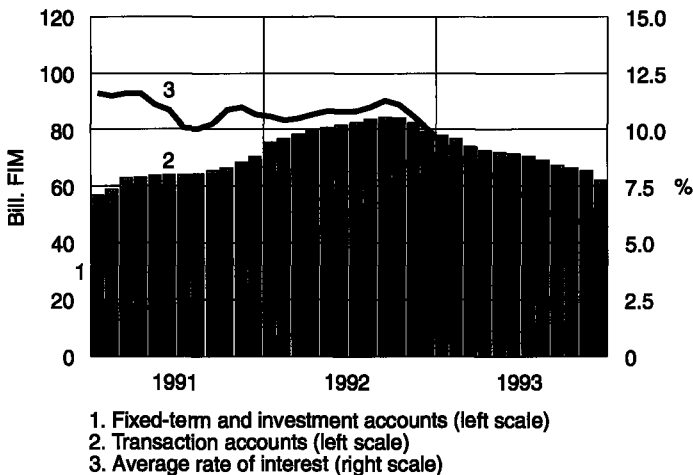


CHART 2.

**DEPOSITS SUBJECT TO THE WITHHOLDING TAX:
AMOUNTS OUTSTANDING AND
AVERAGE INTEREST RATE**



standing amount of tax-exempt deposits decreased by almost FIM 33 billion in just one month. Some FIM 30 billion was deposited in short-term investment accounts while the remaining FIM 3 billion or so was evidently invested in bonds. Another FIM 30 billion of households' deposits already held in taxable accounts became subject to the withholding tax. So, at the end of January 1991, deposits subject to the withholding tax totalled some FIM 60 billion (Chart 2).

As was expected, the largest shift of funds from tax-exempt accounts was from 24-month accounts. Deposits in these accounts decreased by some FIM 25 billion in the period from October 1990 to January 1991, accounting for some 65 per cent of the tax-exempt fixed-term deposits which matured during this period (Chart 3). The shift of funds from tax-exempt transaction accounts to taxable accounts at the turn of the year was rather small, especially considering that the total amount of funds in the former accounts was some FIM 80 billion. One explanation for this could be that a major part of bank deposits and wealth in Finland is owned by pensioners, to whom the ease and simplicity of making bank deposits is more important than their yield.

Though the shift of funds from households' tax-exempt accounts to accounts subject to the withholding tax was relatively large in January 1991, it subsequently levelled off substantially. The structure of deposits became established according to the situation prevailing in the first half of 1991, with some 30 per cent of households' deposits in taxable accounts and the rest in tax-exempt accounts.

**Interbank competition
for maturing deposits**

With the release of liquid funds totalling some 15 per cent of total deposits from tax-exempt fixed-term accounts at the end of 1990, most banks sought to maintain their market shares

by offering competitive rates on accounts subject to the withholding tax. As a result, the average rate paid on households' taxable accounts jumped abruptly to more than twice the comparable level on tax-exempt accounts.

At the beginning of 1991, the rate of interest paid on new deposits subject to the withholding tax was some 4 percentage points lower than market interest rates (Chart 4). Since then, the interest rate differential between deposits subject to the withholding tax and HELIBOR rates has narrowed as the rate of interest on new deposits has typically been some 1–1.5 percentage points below market interest rates. The fact that average rates of interest were the same in 1993 was attributable to fixed-rate deposits and the term structure of deposits.

Although there were considerable differences between the rates of interest offered by banks at the time the withholding tax took effect and even after it, market shares changed surprisingly little. Customers have thus remained remarkably faithful to their banks in spite of deregulation. Customer loyalty has continued to be a potent force, and has even been accentuated during the period of turmoil that the banking sector has undergone over the past few years. Especially as far as tax-exempt accounts are concerned, changes in market shares between various banking groups have been minor.

PRESENT STRUCTURE OF DEPOSITS

The steady popularity of low-interest tax-exempt transaction accounts is a good example of the behaviour of Finnish depositors. Although short-term market-rate deposits yield an appreciably higher return than transaction accounts, even after the deduction of withholding tax, this has had little impact on the amount of funds deposited in transaction accounts. Since the beginning of 1991,

CHART 3.

24-MONTH TAX-EXEMPT DEPOSITS: AMOUNT OUTSTANDING AND MAXIMUM TAX-EXEMPT INTEREST RATE

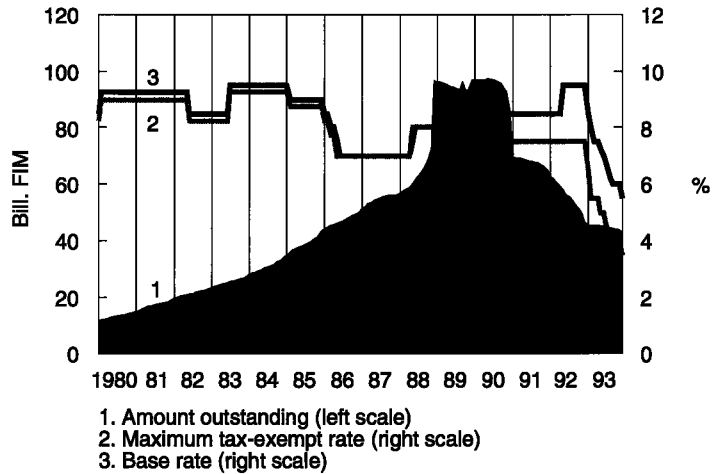


CHART 4.

KEY INTEREST RATES

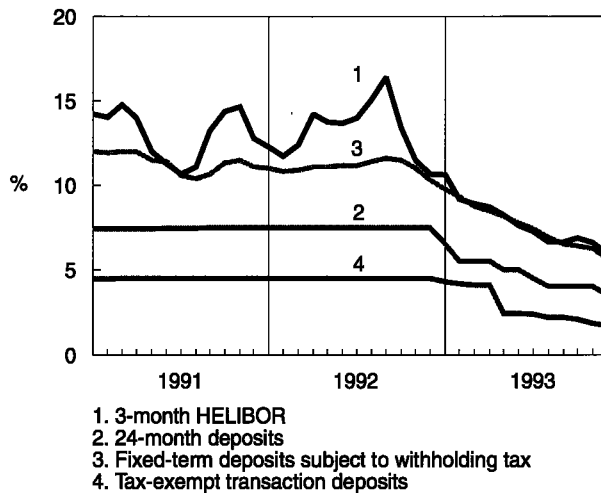
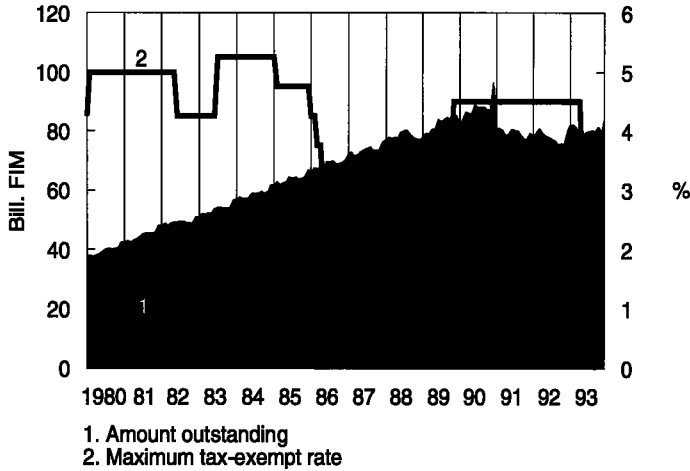


CHART 5.

**TAX-EXEMPT TRANSACTION ACCOUNTS:
AMOUNT OUTSTANDING AND MAXIMUM
TAX-EXEMPT INTEREST RATE**



deposits in these accounts have remained in the region of FIM 80 billion, ie some FIM 40 000 per household (Chart 5). This must be considered a fairly high figure taking into account the purpose for which these accounts are used. Moreover, the relative share of these deposits in all deposits has, of late, tended to increase rather than decrease. This can be largely attributed to the liquidity of these deposits and the fact that the differential between the interest rate on these deposits and the after-tax rate on new market-rate deposits has virtually disappeared.

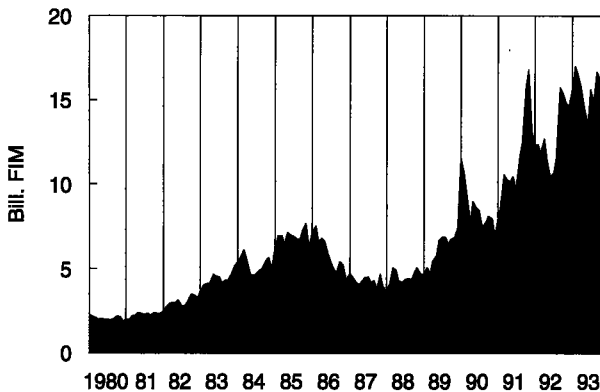
Fixed-term tax-exempt deposits have also been quite popular. As a rule, funds maturing in these accounts are redeposited in a similar account. One indication of this is that, at the end of 1991, funds in 24-month tax-exempt accounts totalled FIM 65 billion, ie as much as they had done prior to the surge in deposits caused by business acquisitions in 1988. One obvious reason for this is that these accounts are safe and simple to use. The cost in this case is lower interest income than on taxable accounts.

In the course of 1993, there was a clear shift from 24-month tax-exempt deposits to 36-month tax-exempt deposits. During the same period, the amount of new 24-month deposits was exceptionally low in comparison with previous years. In addition, as market interest rates have declined, funds have been transferred from taxable accounts to 36-month tax-exempt accounts in particular. At the end of 1993, funds in these accounts amounted to just over FIM 23 billion. The popularity of these accounts probably stems from the length of the tax-exempt period and concerns that the withholding tax rate might be raised.

The popularity of deposits subject to the withholding tax was at its peak in autumn 1992 when funds in these accounts amounted to some FIM 85 billion. Their popularity was clearly

CHART 6.

**FOREIGN-CURRENCY DEPOSITS:
AMOUNT OUTSTANDING**



due to the relatively high rates they attracted and the large differential in relation to tax-exempt deposits, some 5.5 percentage points at its highest. When market interest rates subsequently began to decline and the differential in relation to the base rate narrowed, the popularity of deposits subject to the withholding tax began to wane and interest rates on them to decline. At the end of 1993, these deposits totalled some FIM 62 billion, ie FIM 18 billion less than a year earlier. Over the same period, the amount of tax-exempt deposits increased by some FIM 15 billion.

FOREIGN CURRENCY DEPOSITS AND DEPOSITS WITH SAVINGS ASSOCIATIONS

Households' foreign currency deposits and deposits with savings associations are sub-

ject to the same tax provisions as bank deposits. According to legislation, any capital gains on foreign currency deposits must, however, be declared to the tax authorities. Deposits with savings associations can be accepted by cooperative societies operating as commercial enterprises, and only members of the cooperative are allowed to make such deposits.

The outstanding amount of foreign currency deposits rose to a high level during the speculative attacks against the marka in the early 1990s, as compared with the situation a few years earlier (Chart 6). Companies' transaction accounts naturally make up the bulk of foreign currency deposits though households' foreign currency deposits have also increased.

At the end of 1993, deposits in accounts with savings associations totalled just over FIM 3 billion, ie a minor amount in comparison with bank deposits.

TAX SUBSIDY CONTINUES IN PART

The subsidy to banks inherent in the tax exemption of deposits has not disappeared though it has diminished, in particular with the decline in interest rates. The exemption of deposits from tax may have been justified at the time of comprehensive interest rate regulation but the present tax exemption of fixed-term deposits can only be considered a remnant of the old system. As far as transaction accounts are concerned, tax exemption and low interest rates may, however, be justified since the accounts provide transaction services. These services are compensation for the interest income forgone by the depositor.

5 April 1994

FINLAND CONCLUDES ITS MEMBERSHIP TALKS WITH THE EUROPEAN UNION

Finland submitted its application for membership of the European Communities on 18 March 1992. The negotiations between the EC and Finland, Sweden, Austria and Norway started on 1 February 1993. Accords on the terms of entry into the union for Finland, Sweden and Austria were reached on 1 March and for Norway on 16 March 1994.

The negotiations were divided by subject into 29 groups of issues. Agreement was reached on the least controversial issues first. In the Finnish negotiations the most difficult issues were those related to agricultural and regional questions.

The accords on the terms of entry were confirmed by the representatives of the 12 on 30 March 1994. Prior to the confirmation, the EU solved two of its internal problems, ie the question of voting rules to be applied

after the enlargement and the question of how the rules governing the transition to the third stage of European Monetary Union should be interpreted.

The membership accords will first have to be passed by the European Parliament and later ratified by national parliaments. In Finland a consultative referendum will be held in the autumn, most likely in September. The aim is that Finland, together with Sweden, Austria and Norway, should join the European Union on 1 January 1995.

BOND FORWARDS

On 24 January 1994 the market makers in benchmark government bonds began trading in markka-denominated bond forwards. The underlying asset is the serial bond that matures on 15 June 1997. It has also been decided to commence trading in a bond forward contract based on the serial bond maturing 15 March 2004. The

value dates for bond forwards are the third Wednesday of March, June, September and December. Contracts expiring on two different dates are traded concurrently. At present, June and September forwards are being traded. The fixing rate for each contract is determined at a fixing arranged by the Bank of Finland at 13.00 on the fixing date of the contract. The first fixing was held on 9 March 1994.

PUBLICATION OF THE BANK OF FINLAND

The Bank of Finland Year Book for 1993 has been published. The Year Book includes the Governor's review, a review of monetary policy and other central bank activities in 1993, as well as the financial statements and accompanying notes. Various banking transactions undertaken by the Bank during the year under review are included in a statistical appendix. Helsinki 1994. 91 pp. ISSN 0081-9468.

MEASURES CONCERNING MONETARY AND FOREIGN EXCHANGE POLICY AND THE FINANCIAL MARKETS

1993

MARCH

Organization of the Government Guarantee Fund. The internal organization of the Government Guarantee Fund is changed on 11 March. The changes are designed to improve the Fund's prerequisites for providing bank support. The main changes are: (1) the board of management of the Fund comprises at most five members, at least one of whom represents the Ministry of Finance; the Parliamentary Supervisory Board of the Bank of Finland continues to function as the Fund's supervisory body and appoints the members of the board; (2) the Fund has a full-time manager and other necessary full-time staff; and (3) the Fund assists the Ministry of Finance in the preparation of decisions concerning the use of funds set aside for bank support in the state budget; the Government makes decisions on support measures.

APRIL

Support to the Savings Bank of Finland. On 27 April, the Government Guarantee Fund grants capital support totalling FIM 1.1 billion to the Savings Bank of Finland. Of this amount, FIM 150 million is used to increase the bank's share capital and FIM 950 to purchase the bank's preferred capital certificates.

MAY

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from

7.5 per cent to 7.0 per cent with effect from 17 May.

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.5 per cent to 4.5 per cent of the cash reserve base at end-April.

Maximum interest rate on transaction accounts. Under the amendment to the law on income and wealth taxation, the maximum annual rate of interest payable on tax-exempt transaction accounts is lowered from 4.5 per cent to 2.5 per cent with effect from 6 May.

Support to Skopbank. On 24 May, the Government Guarantee Fund grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 700 million.

JUNE

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.5 per cent to zero (0) per cent of the cash reserve base at end-May and returns the banks' cash reserve deposits on 1 June 1993.

Termination of till-money credit facility. The Bank of Finland decides to terminate its till-money agreements with the banks with effect from 30 June, when the till-money credits currently extended to the banks mature.

Market in government

securities. On 15 June, the Bank of Finland announces measures designed to promote the functioning of the market in government securities by improving the operating

conditions of primary dealers. Among other things, the Bank starts to hold weekly repo auctions in government and Bank of Finland securities for the primary dealers. In addition, the Bank may, at its discretion, grant intraday credit to primary dealers and special short-term financing to non-bank primary dealers.

JULY

Introduction of minimum reserve system.

In June, an amendment to the Regulations for the Bank of Finland enters into force providing for a mandatory minimum reserve system. On 30 June, the Bank decides to terminate the existing cash reserve agreement with the banks and replace it by the minimum reserve system.

Deposit banks and branches of foreign credit institutions are required to hold 2.0 per cent of their liquid deposits, 1.5 per cent of their other deposits and 1.0 per cent of their other domestic liabilities as non-interest-bearing minimum reserves at the Bank of Finland. The system is applied for the first time to the reserve base for June and the corresponding deposits are to be made by the end of July.

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 7.0 per cent to 6.5 per cent with effect from 15 July.

AUGUST

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 6.5 per cent to 6.0 per cent with effect from 16 August.

15

Guarantee to the Union Bank of Finland and Kansallis-Osake-Pankki.

On 19 August, the Government makes a decision in principle to guarantee the acquisition of new equity capital by the Union Bank of Finland (UBF) and Kansallis-Osake-Pankki (KOP). The final decision is subject to approval by Parliament of the necessary revisions to the budgetary powers.

The guarantee to be given to the UBF covers the issue of preferred capital certificates up to FIM 1 billion and that to KOP the issue of preferred capital certificates and subordinated debentures up to a total of FIM 1.8 billion. In the case of preferred capital certificates, the guarantee applies to both interest and principal and will remain in force for a maximum of 10 years.

The state will receive consideration against the guarantees, the probable value of which will cover the probable amount of expenses incurred by the state.

Support to the Savings Bank of Finland. On 19 August, the Government grants capital support totalling FIM 1 billion to the Savings Bank of Finland. Of this amount, FIM 250 million is used to increase the bank's share capital and FIM 750 million to purchase the bank's preferred capital certificates. As a result, the state's holding in the Savings Bank of Finland rises to 99 per cent.

OCTOBER

Establishment of asset management companies becomes possible. The Act on the Government Guarantee Fund is amended on 15 October so as to enable the Fund to own and administer shares in an asset management company,

ie a company set up for the purpose of purchasing and administering the assets or liabilities of a bank subject to support measures taken by the Fund or the government.

Sale of the Savings Bank of Finland to other banks. On 22 October, the Government approves the proposal of the Government Guarantee Fund for an arrangement whereby the Savings Bank of Finland (SBF) is to be sold to four buyers. Kansallis-Osake-Pankki, Postipankki Ltd, Union Bank of Finland Ltd and the cooperative banks designated by the Central Association of the Cooperative Banks will each buy one-quarter of the business operations of the SBF.

NOVEMBER

Establishment of the asset management company Arsenal Ltd. On 18 November, the Government establishes an asset management company called Arsenal Ltd to own and administer the non-performing assets of the Savings Bank of Finland (SBF). These assets were not included in those parts of the SBF sold to four banking groups in October.

Support to the security fund of the cooperative banks. On 18 November, the Government gives a guarantee for a maximum amount of FIM 900 million in respect of interest payments on loans raised by the security fund of the cooperative banks. If, on the basis of this guarantee, the Government has to pay interest on loans raised by the fund, the latter will start repaying interest in 1997.

DECEMBER

Base rate. The Parliamentary Supervisory Board lowers the

Bank of Finland's base rate from 6.0 per cent to 5.5 per cent with effect from 1 December.

Collateral requirements for banks' intra-day and liquidity credit. The Bank of Finland specifies the collateral requirements for banks' liquidity credit and intra-day credit with effect from 1 December. The intra-day overdraft limits introduced on banks' current accounts on 1 March 1993 become permanent and liquidity credit must always be fully collateralized. Banks which fulfil the criteria for access to central bank liquidity credit are required to deposit collateral equivalent to 25 per cent of their overdraft limits whereas other banks are required to deposit collateral for the full amount of their limits.

Support to Skopbank. On 22 December, the Government grants capital support to Skopbank by purchasing preferred capital certificates issued by Skopbank to the total value of FIM 350 million.

1994

JANUARY

Commencement of trade in bond forwards. In accordance with an agreement concluded between the Bank of Finland and the primary dealers, the latter begin trading in markka-denominated bond forward contracts on 24 January.

FEBRUARY

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.5 per cent to 5.25 per cent with effect from 1 February.

[REDACTED]

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 5 080 100 (31 December 1993) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 509 500 inhabitants, Espoo (Esbo) 182 500, Tampere (Tammerfors) 176 600, Vantaa (Vanda) 161 400 and Turku (Åbo) 160 500.

There are two official languages: 93.4 % 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 1994 to 1 March 2000, is Mr Martti Ahtisaari.

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 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 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, the Council of Europe in 1989 and the EBRD in 1991.

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 cooperation 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 414 billion in basic values in 1992, 3 % was generated in agriculture and fishing, 2 % in forestry, 22 % in industry, 6 % in construction, 12 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 18 % in other private services and 22 % by producers of government services. Of total employment of 2.0

million persons in 1993, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1992, expenditure on the gross domestic product in purchasers' values amounted to FIM 476 billion and was distributed as follows: net exports 1.2 % (exports 26.8 %, imports -25.6 %), gross fixed capital formation 18 %, private consumption 57 % and government consumption 25 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic 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 3.7 % in 1990-92. Finland's GDP per capita in 1992 was USD 21 000.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1989-93, their share was, on average, 78.5 per cent, of which the share of EC countries was 48.4 percentage points and that of EFTA countries 19.5 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 12.6 per cent and the rest of the world for 10.7 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1993, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 45 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 59 % of merchandise imports, fuels for 5 %, investment goods for 15 % and consumption goods for 20 %.

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 38 million cubic metres in 1992.

Energy. In 1992, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1992 were as follows: oil 29 %, coal 9 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 31 %, others 16 %. 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). From 7 June 1991 to 7 September 1992, the markka was 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 first 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. 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.

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 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 and open market operations in the money and foreign exchange market. 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 6 branch offices in other towns.

Other banks (31 December 1992). Finland has three major groups of deposit banks with a total of about 2 700 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 29 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 41 savings banks and 310 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 758 billion in outstanding domestic credit at the end of 1992, 58 % was provided by deposit banks 3 % by private mortgage banks, 19 % by insurance companies, 3 % by other private credit institutions, 6 % by public financial institutions and 10 % 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, 80 % of the instruments, which totalled approximately FIM 189 billion at end-1993, 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 58 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 137 billion (at end-1993). Two foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1993 totalled FIM 190 billion; government bonds made up 39 % of the total. Turnover on the Stock Exchange in 1993 amounted to FIM 106 billion; the share of shares and subscription rights in the total was approximately 44 %.



1. THE BALANCE SHEET OF THE BANK OF FINLAND	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION	S4
2.1 Bank's liquidity position at the Bank of Finland	S4
2.2 The Bank of Finland's minimum reserve system	S4
2.3 The Bank of Finland's money market transactions	S4
2.4 The Bank of Finland's transactions in convertible currencies	S5
2.5 Forward exchange contracts	S5
3. RATES OF INTEREST	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 The Bank of Finland's liquidity facility	S6
3.3 Weighted Eurorates and commercial ECU interest rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Yields on bonds and debentures	S7
4. RATES OF EXCHANGE	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
5. OTHER DOMESTIC FINANCING	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS	S14
6.1 Current account	S14
6.2 Capital account	S15
6.3 Finland's foreign liabilities and assets	S16
6.4 Finland's long-term foreign liabilities and assets by sector	S17
7. FOREIGN TRADE	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, unit value and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
8. DOMESTIC ECONOMIC DEVELOPMENTS	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

S25 S1

1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1993		1994		
	31 Dec.	8 March	18 March	23 March	31 March
ASSETS					
Gold and foreign currency claims	33 472	45 469	44 846	44 772	42 646
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	664	656	651	658	661
IMF reserve tranche	1 747	1 674	1 662	1 679	1 688
Convertible currencies	28 882	40 960	40 353	40 255	38 117
Other foreign claims	5 058	5 092	5 092	5 092	5 092
Markka subscription to Finland's IMF quota	5 058	5 092	5 092	5 092	5 092
Term credit	—	—	—	—	—
Claims on financial institutions	8 677	3 649	3 362	3 775	5 083
Liquidity credits	1	—	—	—	—
Certificates of deposit	1 844	867	538	538	855
Securities with repurchase commitments	5 493	1 536	1 583	1 997	2 987
Term credits	—	—	—	—	—
Bonds	1 101	1 007	1 003	1 003	1 003
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	1 788	1 761	1 784	1 775	1 793
Treasury bills	—	—	—	—	—
Loans to the Government Guarantee Fund	—	—	—	—	—
Total coinage	1 788	1 761	1 784	1 775	1 793
Claims on corporations	3 303	3 269	3 265	3 263	3 256
Financing of domestic deliveries (KTR)	496	462	458	457	449
Other claims on corporations	2 807	2 807	2 807	2 807	2 807
Other Assets	6 826	5 101	5 095	4 995	4 994
Loans for stabilizing the money market	5 752	4 932	4 932	4 832	4 832
Accrued items	907	—	—	—	—
Other assets	166	169	163	163	162
Capitalized expenditures and losses due to safeguarding the stability of the money market	1 400	1 400	1 400	1 400	1 400
Total	60 524	65 740	64 844	65 072	64 264
LIABILITIES					
Foreign currency liabilities	193	176	162	150	142
Convertible currencies	193	176	162	150	142
Other foreign liabilities	6 189	6 197	6 190	6 201	6 207
IMF markka accounts	5 058	5 092	5 092	5 092	5 092
Allocations of special drawing rights	1 131	1 106	1 098	1 109	1 115
Other foreign liabilities	—	—	—	—	—
Notes and coin in circulation	14 994	13 879	13 871	13 842	14 194
Notes	13 442	12 340	12 328	12 296	12 638
Coin	1 552	1 539	1 543	1 547	1 556
Certificates of deposit	14 837	25 735	25 032	25 032	23 435
Liabilities to financial institutions	8 201	6 992	7 019	6 935	7 359
Call money deposits	1 803	646	676	593	1 083
Term deposits	—	—	—	—	—
Minimum reserve deposits	6 398	6 346	6 343	6 343	6 276
Other liabilities to financial institutions	—	0	0	0	0
Liabilities to the public sector	784	301	172	172	251
Cheque accounts	8	2	1	1	1
Deposits of the Government Guarantee Fund	776	299	171	171	250
Other liabilities to the public sector	—	—	—	—	—
Liabilities to corporations	2 087	1 850	1 832	1 822	1 804
Deposits for investment and ship purchase	2 087	1 850	1 832	1 822	1 804
Other liabilities	627	106	95	97	96
Accrued items	536	—	—	—	—
Other liabilities	92	106	95	97	96
Valuation account and reserves	6 847	4 739	4 708	5 056	5 011
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—
Total	60 524	65 740	64 844	65 072	64 264

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
1989	2 179	966	950	18 780	22 875	-564	22 312	440	22 752	1 137	5 325	-4 188
1990	2 180	791	783	33 451	37 205	-882	36 324	-364	35 960	1 314	1 321	-7
1991	2 180	932	1 136	29 336	33 584	33	33 616	-412	33 204	1 375	3	1 372
1992	2 180	564	1 732	24 940	29 416	-	29 416	-2 897	26 519	2 446	90	2 356
1993	2 180	664	1 747	28 689	33 280	-	33 279	-1 131	32 148	1 788	784	1 004
1993												
March	2 180	655	1 974	22 521	27 330	-	27 330	-716	26 614	1 954	102	1 852
April	2 180	615	1 842	29 986	34 623	-	34 624	-678	33 946	2 639	59	2 580
May	2 180	634	1 819	29 778	34 411	-	34 410	-692	33 718	2 416	64	2 352
June	2 180	650	1 866	32 156	36 852	-	36 851	-699	36 152	1 396	591	805
July	2 180	661	1 899	30 157	34 897	-	34 898	-681	34 217	1 396	150	1 246
Aug.	2 180	680	1 927	26 834	31 621	-	31 621	-707	30 914	1 412	149	1 263
Sept.	2 180	675	1 869	22 134	26 858	-	26 858	-704	26 154	1 444	149	1 295
Oct.	2 180	668	1 850	24 552	29 250	-	29 251	-693	28 558	1 652	149	1 503
Nov.	2 180	678	1 854	26 159	30 871	-	30 871	-689	30 182	1 801	649	1 152
Dec.	2 180	664	1 747	28 689	33 280	-	33 279	-1 131	32 148	1 788	784	1 004
1994												
Jan.	2 180	645	1 697	36 404	40 926	-	40 926	-1 099	39 827	1 739	904	835
Feb.	2 180	657	1 676	41 876	46 389	-	46 389	-1 107	45 282	1 768	300	1 468
March	2 180	661	1 688	37 975	42 504	-	42 504	-1 115	41 389	1 793	251	1 542

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Liquidity position of deposit banks, net ¹	Minimum reserve deposits of deposit banks ²	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 loans, 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
1989	33 230	-531	-25 506	3 310	2 248	12 751	2 000	-10 604	-8 604	13 129	-
1990	9 411	-418	-17 401	3 427	2 317	-2 664	1 477	-9 724	-8 247	14 555	-
1991	11 882	-2 206	-10 361	3 528	2 003	4 846	1 086	-6 854	-5 768	14 528	8 880
1992	3 738	-550	-13 165	2 872	1 700	-5 405	747	-2 651	-1 904	14 508	4 880
1993	7 337	-1 802	-6 398	-	1 339	476	496	720	1 216	14 994	14 837
1993											
March	8 069	142	-14 698	2 994	1 626	-1 867	686	-1 808	-1 122	13 720	10 270
April	2 688	-815	-14 599	2 747	1 608	-8 371	662	-1 744	-1 082	13 834	13 490
May	5 359	-3 395	-11 790	2 750	1 591	-5 485	643	392	1 035	13 870	16 190
June	4 275	945	-	-	1 556	6 776	608	428	1 036	13 864	28 367
July	4 763	75	-6 262	-	1 488	64	592	475	1 067	13 553	18 956
Aug.	6 953	408	-6 310	-	1 459	2 510	575	524	1 099	13 297	18 259
Sept.	6 474	1 764	-6 338	-	1 470	3 370	555	597	1 152	13 317	13 615
Oct.	6 759	-386	-6 320	-	1 429	1 482	535	614	1 149	13 653	14 480
Nov.	6 951	-1 373	-6 476	-	1 405	507	517	642	1 159	15 836	12 259
Dec.	7 337	-1 802	-6 398	-	1 339	476	496	720	1 216	14 994	14 837
1994											
Jan.	4 198	-889	-6 393	-	1 283	-1 801	482	860	1 342	14 084	22 440
Feb.	1 802	-426	-6 346	-	1 250	-3 720	466	950	1 416	13 855	26 290
March	3 842	-1 083	-6 276	-	1 241	-2 276	449	1 003	1 452	14 194	23 435

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

² Cash reserve deposits prior to 1 July 1993.

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

2.1 BANKS' LIQUIDITY POSITION AT THE BANK OF FINLAND,

MILL. FIM

Average of daily observations	Call money deposits	Liquidity credits ¹	Liquidity position, net ¹ (1-2)
	1	2	3
1989	416	369	47
1990	806	132	674
1991	881	985	- 103
1992	2 103	437	1 666
1993	831	425	407
1993			
March	416	1 008	- 592
April	629	390	239
May	763	186	577
June	1 032	387	645
July	981	518	462
Aug.	581	311	270
Sept.	482	480	2
Oct.	605	759	- 154
Nov.	714	336	378
Dec.	955	103	852
1994			
Jan.	933	105	828
Feb.	767	0	767
March	715	0	715

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

2.2 THE BANK OF FINLAND'S MINIMUM RESERVE SYSTEM²

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On liquid deposits, %	On other deposits, %	On domestic debt capital, %		
	1	2	3	4	5
1989	.	.	.	9.1	25 506
1990	.	.	.	7.0	17 401
1991	.	.	.	4.0	10 361
1992	.	.	.	5.0	13 165
1993	2.0	1.5	1.0	.	6 398
1993					
March	.	.	.	5.5	14 698
April	.	.	.	5.5	14 599
May	.	.	.	4.5	11 790
June	.	.	.	.	-
July	2.0	1.5	1.0	.	6 262
Aug.	2.0	1.5	1.0	.	6 310
Sept.	2.0	1.5	1.0	.	6 338
Oct.	2.0	1.5	1.0	.	6 320
Nov.	2.0	1.5	1.0	.	6 476
Dec.	2.0	1.5	1.0	.	6 398
1994					
Jan.	2.0	1.5	1.0	.	6 393
Feb.	2.0	1.5	1.0	.	6 346
March	2.0	1.5	1.0	.	6 276

² Cash reserve system prior to 1 July 1993

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
1989	131 110	3 855	99 245	28 010
1990	163 326	26 379	160 797	- 23 850
1991	109 568	30 380	81 969	- 2 781
1992	76 230	137 940	- 60 417	- 1 293
1993	86 521	146 899	- 50 486	- 9 892
1993				
March	10 470	12 750	660	- 2 940
April	5 870	11 310	1 450	- 6 890
May	4 250	21 140	- 775	- 16 115
June	4 041	22 169	- 19 911	1 783
July	7 070	12 260	- 18 300	13 110
Aug.	7 240	14 950	- 10 660	2 950
Sept.	7 920	7 720	- 6 920	7 120
Oct.	10 110	11 970	1 180	- 3 040
Nov.	8 310	9 200	- 2 090	1 200
Dec.	9 250	9 690	1 250	- 1 690
1994				
Jan.	5 720	17 000	- 3 130	- 8 150
Feb.	3 940	19 430	- 10 230	- 5 260
March	5 770	22 180	- 21 540	5 130

S4

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		
1991	35 120	- 69 940	- 14 820	12 820	12 260
1992	20 050	- 70 640	- 1 650	390	45 060
1993	25 120	- 45 080	7 460	- 6 910	33 240
1993					
Feb.	-	- 8 830	3 600	- 4 720	7 870
March	-	- 7 470	- 3 920	4 030	2 690
April	3 610	- 3 010	4 510	- 1 650	10 820
May	5 220	- 2 090	2 410	- 2 300	660
June	6 040	- 1 010	1 220	- 1 600	- 1 690
July	960	- 8 360	- 4 800	4 520	- 820
Aug.	510	- 3 580	960	- 810	- 420
Sept.	-	- 1 170	2 050	- 1 950	- 1 770
Oct.	2 790	- 100	1 540	- 1 510	2 980
Nov.	2 270	- 70	- 40	-	- 1 170
Dec.	3 720	-	370	- 340	1 430
1994					
Jan.	12 550	-	2 720	- 2 680	- 1 490
Feb.	1 310	- 750	- 270	280	4 670

2.5 FORWARD EXCHANGE CONTRACTS, MILL. FIM

Stock at end of period	Finnish banks' forward contracts								Non-residents' forward contracts with Finnish customers (excl. Finnish banks)		
	With Finnish customers (excl. Finnish banks)			With foreign customers			With the Bank of Finland	Total	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net	Currency purchases from foreign customers	Currency sales to foreign customers	Net	Net forward purchases from the Bank of Finland	Net			
1	2	3	4	5	6	7	8	9	10	11	
1989	10 531	3 563	6 967	44 885	36 854	8 031	205	15 204	..	..	..
1990	11 609	4 979	6 631	21 179	11 079	10 100	- 6 098	10 633	237	55	183
1991	33 004	36 352	- 3 348	40 056	37 505	2 550	8 953	8 155	1 404	645	759
1992	39 195	32 939	6 256	21 142	32 339	- 11 197	7 133	2 192	1 614	1 929	- 315
1993	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
1993											
Feb.	33 968	32 896	1 072	17 145	25 453	- 8 308	2 585	- 4 651	4 191	1 683	2 508
March	33 115	34 059	- 944	16 445	26 632	- 10 187	9 815	- 1 316	4 096	1 586	2 510
April	36 298	33 616	2 682	15 031	26 189	- 11 158	7 460	- 1 016	4 305	1 763	2 542
May	36 027	31 763	4 264	16 521	23 513	- 6 992	4 144	1 416	3 882	1 214	2 668
June	36 401	26 908	9 493	16 072	21 858	- 5 785	2 204	5 912	5 237	1 275	3 962
July	34 287	26 687	7 600	15 428	29 360	- 13 932	6 718	386	6 882	854	6 029
Aug.	32 677	26 607	6 070	15 791	26 631	- 10 840	5 912	1 142	7 013	1 063	5 950
Sept.	34 391	29 105	5 287	14 931	25 519	- 10 588	4 221	- 1 080	7 072	1 625	5 447
Oct.	36 251	31 071	5 179	14 928	25 313	- 10 384	2 293	- 2 912	9 942	2 313	7 629
Nov.	36 988	26 544	10 444	14 010	26 027	- 12 018	2 527	953	8 755	1 840	6 915
Dec.	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
1994											
Jan.	43 162	19 298	23 864	13 803	23 618	- 9 815	439	14 488	13 494	2 622	10 872
Feb.	41 288	16 030	25 258	17 043	23 240	- 6 197	489	19 550	14 423	2 903	11 520

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1993								
March	9.13	8.99	8.90	8.69	8.62	9.96	5.96	7.50
April	8.93	8.85	8.73	8.57	8.44	9.85	5.85	7.50
May	8.48	8.41	8.25	8.14	7.97	9.42	5.42	7.26
June	7.77	7.70	7.62	7.57	7.55	8.72	4.72	7.00
July	7.45	7.31	7.27	7.22	7.12	8.31	4.31	6.73
Aug.	6.18	6.70	6.65	6.56	6.52	7.74	3.74	6.24
Sept.	6.35	6.81	6.68	6.49	6.29	7.76	3.76	6.00
Oct.	6.97	7.13	6.87	6.60	6.29	8.08	4.08	6.00
Nov.	6.76	6.95	6.58	6.23	5.93	7.97	3.97	6.00
Dec.	6.22	6.16	5.90	5.68	5.52	8.21	4.21	5.50
1994								
Jan.	5.63	5.38	5.19	5.05	5.01	7.44	3.44	5.50
Feb.	4.52	4.82	4.82	4.88	5.05	6.84	2.84	5.25
March	4.38	4.82	4.80	4.88	5.12	6.76	2.76	5.25

¹ Call money credit rate until 2 July 1992.

3.2 THE BANK OF FINLAND'S LIQUIDITY FACILITY

	The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	
					1	2	3	4
1992¹	13.85	1992	+1.00	7	-3.00
1993	7.87	1993	+2.00	7	-2.00
1993		1993			
March	8.96	March	+1.00	7	-3.00
April	8.85	April	+1.00	7	-3.00
May	8.42	May	+1.00	7	-3.00
June	7.72	June	+1.00	7	-3.00
July	7.31	July	+1.00	7	-3.00
Aug.	6.74	Aug.	+1.00	7	-3.00
Sept.	6.76	Sept.	+1.00	7	-3.00
Oct.	7.08	Oct.	+1.00	7	-3.00
Nov.	6.97	Nov.	+1.00	7	-3.00
Dec.	6.21	Dec.	+2.00	7	-2.00
1994		1994			
Jan.	5.44	Jan.	+2.00	7	-2.00
Feb.	4.84	Feb.	+2.00	7	-2.00
March	4.76	March	+2.00	7	-2.00
01.03.1994	4.80				
02.03.1994	4.77				
03.03.1994	4.75				
07.03.1994	4.65				
08.03.1994	4.56				
09.03.1994	4.59				
15.03.1994	4.74				
18.03.1994	4.79				
25.03.1994	4.92				
30.03.1994	4.96				

¹ July - December

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	
1989	9.3	8.4	9.3	
1990	10.5	9.1	10.4	
1991	10.1	8.5	9.9	
1992	10.4	7.8	10.6	
1993	8.0	6.0	8.1	
1993				
March	9.3	6.4	9.2	
April	8.6	6.3	8.9	
May	7.9	6.1	7.9	
June	7.6	6.1	7.5	
July	7.7	5.9	7.8	
Aug.	7.5	5.5	7.7	
Sept.	7.4	5.5	7.7	
Oct.	7.2	5.6	7.5	
Nov.	6.8	5.4	7.0	
Dec.	6.5	5.2	6.5	
1994				
Jan.	6.3	5.1	6.4	
Feb.	6.3	5.1	6.4	
March	6.2	5.2	6.3	

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markkin deposits and other markkin funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markkin 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
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	.	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1993												
Feb.	12.07	14.78	11.34	11.68	11.33	11.15	5.50	6.50	4.50	6.05	10.51	7.53
March	11.35	14.50	10.93	11.29	11.07	10.84	5.50	6.50	4.50	5.87	10.04	7.30
April	10.82	14.23	10.29	10.60	10.89	10.62	5.50	6.50	4.50	5.74	9.72	7.11
May	9.78	14.23	10.13	10.40	10.56	10.27	5.00	6.00	2.50	4.90	9.42	6.43
June	5.59	13.88	9.51	9.44	10.35	10.06	5.00	6.00	2.50	4.75	9.08	6.18
July	10.45	13.04	8.99	9.47	10.01	9.73	4.50	5.50	2.50	4.50	8.64	5.88
Aug.	10.67	13.20	8.79	9.25	9.58	9.26	4.00	5.00	2.50	4.10	8.09	5.44
Sept.	7.66	12.97	8.39	8.68	9.38	9.09	4.00	5.00	2.50	3.96	7.88	5.31
Oct.	9.92	12.39	8.66	9.04	9.28	8.97	4.00	5.00	2.50	3.89	7.77	5.24
Nov.	9.51	12.77	8.29	8.64	9.21	8.90	4.00	5.00	2.00	3.71	7.44	5.04
Dec.	8.83	11.55	7.32	7.62	8.85	8.48	3.50	4.50	2.00	3.33	6.94	4.55
1994												
Jan.	8.09	11.25	7.35	7.62	8.58	8.22	3.50	4.50	2.00	3.11	6.41	4.19
Feb.	8.25	11.92	7.14	7.46	8.34	7.97	3.25	4.25	2.00	2.93	5.95	3.92

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Reference rates calculated by the Bank of Finland		Taxable government bonds		Taxable public issues	Taxfree public issues
	3 years	5 years	5 years	10 years		
	1	2	3	4	5	6
1989	12.2	12.0	12.1	.	11.9	8.1
1990	13.7	13.5	13.2	.	13.3	9.2
1991	12.3	12.2	11.9	.	12.6	10.0
1992	13.1	13.0	12.1	11.5 ¹	13.8	9.9
1993	8.5	8.9	8.2	8.8	10.3	6.6
1993						
Feb.	10.5	10.7	9.9	10.3	12.1	8.0
March	9.7	10.0	9.4	9.9	11.4	7.6
April	9.6	10.0	9.3	9.8	11.0	7.8
May	9.2	9.6	8.9	9.5	11.0	6.7
June	8.8	9.2	8.4	9.0	9.3	6.7
July	8.2	8.7	8.0	8.5	11.1	6.3
Aug.	7.4	7.9	7.2	7.7	9.2	5.9
Sept.	7.2	7.8	7.3	7.9	8.3	5.8
Oct.	7.1	7.6	6.9	7.6	9.8	5.5
Nov.	6.8	7.2	6.5	7.2	9.0	5.3
Dec.	6.5	7.0	6.2	6.9	9.2	4.9
1994						
Jan.	6.1	6.6	5.8	6.4	7.8	4.7
Feb.	6.1	6.6	5.9	6.4	7.8	4.8

¹ November and December only.

4. RATES OF EXCHANGE

4.1 MIDDLE RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslø	Copenhagen	Frankfurt aM	Amsterdam	Brussels	Zurich	Paris
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLD	1 BEF	1 CHF	1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
1989	4.2897	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.1089	2.6243	0.6725
1990	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.1145	2.7576	0.7024
1991	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.1184	2.8208	0.7169
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.1397	3.2000	0.8486
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	3.4584	3.0787	0.1655	3.8706	1.0096
1993												
March	5.9718	4.790	8.716	8.810	0.7720	0.8527	0.9441	3.6258	3.2254	0.1760	3.9274	1.0673
April	5.5967	4.435	8.646	8.551	0.7519	0.8268	0.9131	3.5076	3.1212	0.1704	3.8346	1.0371
May	5.4792	4.317	8.493	8.321	0.7484	0.8067	0.8888	3.4137	3.0432	0.1660	3.7865	1.0126
June	5.5487	4.339	8.394	8.212	0.7489	0.7961	0.8793	3.3664	3.0017	0.1638	3.7713	1.0001
July	5.7775	4.506	8.638	8.150	0.7262	0.7906	0.8698	3.3682	2.9954	0.1631	3.8123	0.9897
Aug.	5.8307	4.462	8.699	8.110	0.7237	0.7915	0.8429	3.4363	3.0540	0.1618	3.8905	0.9818
Sept.	5.7832	4.379	8.813	8.295	0.7219	0.8168	0.8707	3.5637	3.1734	0.1660	4.0737	1.0188
Oct.	5.7495	4.335	8.647	8.250	0.7172	0.8030	0.8682	3.5126	3.1255	0.1614	3.9946	1.0012
Nov.	5.8053	4.411	8.598	8.147	0.7026	0.7856	0.8578	3.4148	3.0428	0.1602	3.8777	0.9825
Dec.	5.7548	4.320	8.578	8.159	0.6887	0.7753	0.8585	3.3645	3.0038	0.1611	3.9282	0.9840
1994												
Jan.	5.6920	4.324	8.496	8.138	0.7001	0.7580	0.8407	3.2662	2.9173	0.1571	3.8683	0.9612
Feb.	5.5838	4.165	8.257	7.930	0.6992	0.7451	0.8245	3.2147	2.8669	0.1560	3.8297	0.9462
March	5.5326	4.057	8.248	7.932	0.6992	0.7530	0.8343	3.2688	2.9089	0.1586	3.8681	0.9591

Average of daily quotations	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tullin	Tokyo	Melbourne	ECU Commercial	SDR
	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 BEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1989	0.00313	0.3242	0.0273	0.0758	0.0362	..	..	0.03116	3.398	4.719	5.49536
1990	0.00319	0.3363	0.0268	0.0656	0.0375	..	..	0.02647	2.988	4.864	5.18322
1991	0.00326	0.3464	0.0280	0.0684	0.0389	0.022	..	0.03008	3.152	5.003	5.52733
1992	0.00364	0.4088	0.0332	0.0778	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	0.00364	0.4916	0.0356	0.0846	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
1993											
March	0.00375	0.5153	0.0392	0.0918	0.0507	0.027	0.4532	0.05103	4.225	7.034	8.24353
April	0.00364	0.4985	0.0378	0.0886	0.0484	0.026	0.4384	0.04982	3.985	6.830	7.90687
May	0.00371	0.4851	0.0362	0.0868	0.0453	0.025	0.4267	0.04970	3.826	6.672	7.76351
June	0.00370	0.4784	0.0354	0.0858	0.0438	0.025	0.4208	0.05172	3.747	6.582	7.82674
July	0.00365	0.4786	0.0345	0.0806	0.0430	0.025	0.4210	0.05365	3.913	6.564	8.03185
Aug.	0.00363	0.4884	0.0336	0.0813	0.0420	0.025	0.4295	0.05621	3.957	6.555	8.17177
Sept.	0.00369	0.5064	0.0348	0.0833	0.0442	0.025	0.4455	0.05485	3.772	6.771	8.20308
Oct.	0.00359	0.4994	0.0340	0.0823	0.0435	0.024	0.4391	0.05378	3.797	6.671	8.09230
Nov.	0.00348	0.4856	0.0334	0.0811	0.0423	0.024	0.4268	0.05383	3.861	6.550	8.06368
Dec.	0.00341	0.4785	0.0330	0.0800	0.0410	0.023	0.4206	0.05237	3.874	6.494	7.96460
1994											
Jan.	0.00335	0.4647	0.0323	0.0779	0.0398	0.023	0.4083	0.05109	3.962	6.339	7.81835
Feb.	0.00331	0.4573	0.0318	0.0764	0.0395	0.022	0.4018	0.05251	4.000	6.236	7.74733
March	0.00332	0.4647	0.0318	0.0767	0.0398	0.022	0.4086	0.05264	3.937	6.309	7.75651

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100		
		Trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4
1989	4.73670	98.4	99.1	102.8
1990	4.85697	97.3	96.8	97.3
1991	5.00580	101.4	101.4	102.8
1992	5.80140	116.4	115.7	117.3
1993	6.69420	132.4	136.1	141.8
1993				
March	7.03656	138.2	142.1	147.4
April	6.83031	134.0	136.4	141.6
May	6.67350	131.7	133.7	139.3
June	6.58470	130.9	133.6	140.1
July	6.57241	131.0	135.3	142.2
Aug.	6.60127	131.9	136.6	143.9
Sept.	6.81414	134.5	138.4	144.7
Oct.	6.69596	132.6	136.8	142.8
Nov.	6.55386	130.4	135.3	141.7
Dec.	6.49606	128.9	133.9	139.8
1994				
Jan.	6.34072	126.9	131.8	137.7
Feb.	6.23914	125.4	129.8	136.4
March	6.31275	126.3	130.2	136.6

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	Markku 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
1989	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
1992									
Dec.	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993									
Jan.	36 386	90 643	112 861	21 500	261 390	15 643	277 033	62 732	339 766
Feb.	34 514	90 871	111 873	21 643	258 901	16 995	275 896	67 225	343 122
March	36 713	88 594	110 246	21 576	257 130	16 498	273 627	67 271	340 898
April	34 626	88 277	109 522	21 839	254 264	15 708	269 972	64 776	334 747
May	36 856	86 814	108 988	22 119	254 776	14 521	269 297	67 714	337 011
June	36 554	87 629	108 571	22 615	255 368	13 402	268 770	67 806	336 576
July	35 787	87 997	107 557	23 582	254 924	15 616	270 540	63 737	334 277
Aug.	36 548	88 515	105 708	23 870	254 640	14 861	269 502	65 157	334 659
Sept.	35 312	88 067	105 958	23 259	252 596	16 642	269 239	66 050	335 289
Oct.	35 746	89 439	109 350	22 387	256 922	16 192	273 114	67 314	340 428
Nov.	36 098	87 692	109 769	21 451	255 010	15 799	270 809	64 128 ^f	334 937
Dec.	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markku lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1989	15 270	5 650	257 768	278 688	73 176	351 864
1990	19 152	5 777	260 790	285 720	103 134	388 853
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1993	14 217	2 223	248 406	264 846	66 931	331 777
1992						
Dec.	16 045	3 335	252 163	271 544	95 168	366 712
1993						
Jan.	15 948	3 017	251 227	270 192	96 543	366 735
Feb.	16 086	2 944	251 618	270 647	97 973	368 621
March	15 718	2 894	251 528	270 140	95 576	365 717
April	15 326	2 891	251 556	269 774	88 604	358 378
May	15 198	2 848	251 553	269 599	85 075	354 675
June	15 221	2 812	251 305	269 339	83 482	352 821
July	15 192	2 858	251 610	269 660	82 922	352 582
Aug.	15 427	2 670	251 295	269 392	81 558	350 950
Sept.	15 425	2 656	251 667	269 748	79 676	349 424
Oct.	15 094	2 780	251 342	269 216	75 184	344 401
Nov.	14 872	2 664	250 554	268 090	73 810	341 899
Dec.	14 217	2 223	248 406	264 846	66 931	331 777

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1989	- 59 049	- 18 691	408 344	389 653	- 79 084	124 295	251 519	272 603
1990	- 82 881	- 19 072	453 720	434 648	- 85 385	141 524	266 383	291 045
1991	- 86 555	- 6 516	470 852	464 336	- 102 540	130 644	275 241	310 924
1992	- 68 099	81	439 937	440 018	- 97 909	134 829	274 011	310 733
1993*	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408
1993*								
Feb.	- 55 354	- 997	443 883	442 886	- 114 185	136 779	273 346	307 399
March	- 52 886	- 162	445 947	445 785	- 121 904	135 990	270 994	311 305
April	- 41 746	271	431 871	432 142	- 121 662	134 069	268 734	308 513
May	- 39 870	687	430 307	430 993	- 121 897	134 801	269 227	307 799
June	- 38 803	41	429 134	429 175	- 120 187	135 602	270 184	307 449
July	- 34 515	1 349	428 478	429 827	- 125 718	135 157	269 594	309 002
Aug.	- 33 338	2 158	426 871	429 028	- 126 590	136 005	269 101	312 036
Sept.	- 29 387	4 183	424 966	429 149	- 132 462	134 600	267 299	312 044
Oct.	- 20 713	3 530	419 951	423 482	- 130 352	136 989	272 417	319 050
Nov.	- 23 710	3 430	417 372	420 803	- 125 479	137 095	271 614	312 034
Dec.	- 25 989	1 848	403 742	405 589	- 100 006	141 759	279 595	322 408
1994								
Jan.	- 23 257	1 175	398 813	399 988	- 96 717	145 274	280 014	328 262
Feb.	..	..	..	..	..	146 600	278 650	327 690

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
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	43 499	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	-	32 245	57 038	48 121	23 114
1991	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 165	15 956
1992	100 244	3 669	2 474	106 387	40 578	13 555	14 762	68 895	175 282	61 671	19 781
1993	142 824	8 737	4 016	155 577	71 082	16 060	22 824	109 966	265 543	..	..
1993											
Feb.	130 937	8 155	4 440	143 532	44 537	13 598	20 397	78 532	222 064	62 742	16 444
March	135 192	8 185	4 422	147 799	47 824	13 593	22 315	83 732	231 531	63 632	39 402
April	139 909	7 834	4 221	151 964	49 146	12 897	22 570	84 613	236 577	64 197	45 211
May	139 488	8 701	4 209	152 398	51 126	12 771	22 014	85 911	238 309	64 292	43 522
June	139 102	9 018	4 263	152 383	57 718	12 770	22 126	92 614	244 997	64 436	43 203
July	142 159	9 510	4 409	156 078	59 997	12 769	21 459	94 225	250 303	64 796	40 718
Aug.	143 148	9 457	4 411	157 016	63 086	15 355	23 460	101 901	258 917	65 317	43 091
Sept.	145 375	9 350	4 409	159 134	64 904	15 354	24 615	104 873	264 007	65 879	42 793
Oct.	143 854	8 868	4 271	156 993	69 251	15 354	23 754	108 359	265 352	66 435	42 816
Nov.	144 122	8 930	4 090	157 142	71 833	15 313	22 647	109 793	266 935	64 381	47 493
Dec.	142 824	8 737	4 016	155 577	71 082	16 060	22 824	109 966	265 543	..	..
1994											
Jan.	140 312	7 544	3 021	150 877	72 215	18 260	19 629	110 104	260 981	..	..
Feb.	148 138	6 914	3 076	158 128	74 481	18 260	19 391	112 132	270 260	..	.. S11

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
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
1991	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
1992	6 984	15 043	12 965	2 674	4	23 858	-	13 812	37 671
1993*	11 691	12 107	38 101	2 235	63	52 741	-	11 456	64 197
1993*									
Feb.	471	843	3 480	200	-	4 342	-	652	4 995
March	871	657	3 944	656	13	4 991	-	1 149	6 140
April	504	206	1 835	89	-	2 124	-	509	2 634
May	3 281	1 262	2 761	407	-	4 257	-	3 454	7 711
June	3 132	670	6 658	93	-	7 107	-	3 446	10 553
July	510	165	2 286	-	-	2 451	-	510	2 961
Aug.	372	632	4 829	60	-	5 879	-	15	5 894
Sept.	50	497	2 023	10	-	2 480	-	100	2 580
Oct.	410	697	5 126	222	-	6 223	-	232	6 455
Nov.	989	4 160	2 793	18	50	7 828	-	182	8 010
Dec.	477	1 726	600	205	-	2 742	-	266	3 008
1994*									
Jan.	-	2 000	2 216	45	-	4 261	-	-	4 261
Feb.	530	7	2 359	280	-	3 176	-	-	3 176

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
1989	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
1993*	32 946	74 497	73 682	6 894	2 009	120 707	10 391	58 930	190 028
1992									
IV	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
1993*									
I	27 751	81 343	51 244	6 092	3 030	97 679	12 097	59 684	169 460
II	33 614	79 950	60 316	6 618	2 369	107 775	11 558	63 534	182 867
III	33 334	77 791	67 504	6 517	2 018	113 846	10 727	62 591	187 164
IV	32 946	74 497	73 682	6 894	2 009	120 707	10 391	58 930	190 028

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
1989	6 500	9 660	.	.	.
1990	5 401	6 058	.	.	.
1991	3 343	29 134	.	.	.
1992	18 221	58 594	10 744	12 156	13 354
1993	45 966	241 273	42 945	95 647	117 489
1993					
March	3 760	15 481	3 400	5 482	8 300
April	2 073	12 289	1 840	4 409	7 048
May	2 165	14 069	2 114	4 977	8 328
June	2 539	21 079	2 115	5 810	7 307
July	4 886	18 701	4 725	7 990	10 211
Aug.	4 426	20 776	4 387	9 812	10 579
Sept.	5 364	24 405	5 124	11 436	12 459
Oct.	4 958	33 749	4 717	13 465	15 832
Nov.	4 454	28 725	4 069	12 703	12 069
Dec.	6 012	26 948	5 414	10 765	12 500
1994					
Jan.	8 899	41 502	8 437	17 411	19 133
Feb.	14 265	40 081	12 427	16 883	18 485
March	34 926	56 958	32 256	28 635	28 693

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover ¹ , mill. FIM		
	HEX index (28 Dec., 1990=1000)									Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry								
		Re-stricted	Non-re-stricted	Banks and finance	Insurance and investment	Manufacturing	Of which:					
	1	2	3	4	5	6	7	8	9	10	11	12
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
1990	1 332	1 324	1 393	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
1991	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
1992	772	759	868	425	467	942	1 123	1 206	890	10 277	15 377	25 654
1993	1 240	.	.	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
1993												
March	994	.	.	429	483	1 295	1 437	1 417	1 371	3 019	5 354	8 374
April	1 091	.	.	464	551	1 419	1 478	1 566	1 535	3 019	3 260	6 279
May	1 200	.	.	575	602	1 542	1 637	1 748	1 644	4 451	4 805	9 257
June	1 132	.	.	508	600	1 461	1 569	1 597	1 570	1 906	4 118	6 024
July	1 241	.	.	579	631	1 618	1 720	1 659	1 808	2 810	2 855	5 665
Aug.	1 410	.	.	830	813	1 782	1 954	1 893	1 944	6 081	4 509	10 589
Sept.	1 378	.	.	790	788	1 745	1 887	1 860	1 913	4 689	6 036	10 725
Oct.	1 502	.	.	820	781	1 943	1 958	2 095	2 212	6 638	6 936	13 574
Nov.	1 542	.	.	810	770	2 003	2 093	2 156	2 253	4 842	7 153	11 995
Dec.	1 549	.	.	773	801	2 003	2 114	2 240	2 209	4 810	6 375	11 185
1994												
Jan.	1 797	.	.	870	952	2 315	2 357	2 733	2 537	8 781	276	9 057
Feb.	1 917	.	.	942	1 008	2 462	2 410	2 982	2 704	6 395	558	6 953
March	1 861	.	.	824	948	2 423	2 249	2 842	2 793	7 060	334	7 394

¹ During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, feb	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account receipts (6+7+8)	Imports of goods, dif	Trans- port ex- pend- iture	Travel ex- pend- iture	Other services ex- pend- iture
	1	2	3	4	5	6	7	8	9	10	11	12	13
1989	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992*	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993*	132 283	10 603	7 079	9 977	27 660	159 942	7 107	7 262	174 311	101 365	5 144	9 237	16 788
1991													
III	22 749	2 030	1 629	1 274	4 932	27 681	2 557	1 268	31 506	20 526	1 020	2 899	2 439
IV	25 199	1 869	1 244	1 618	4 731	29 931	2 047	1 359	33 337	22 912	967	3 014	3 139
1992*													
I	24 783	2 002	1 159	1 702	4 863	29 645	2 301	1 367	33 313	22 698	1 001	2 725	3 422
II	26 452	2 152	1 493	1 681	5 326	31 778	1 269	1 374	34 421	24 180	1 064	2 813	3 039
III	24 820	2 323	1 958	1 923	6 203	31 023	1 204	1 480	33 707	20 677	1 119	2 853	3 242
IV	29 754	2 167	1 480	2 424	6 071	35 825	1 649	1 699	39 173	25 632	1 176	2 572	3 666
1993*													
I	30 951	2 442	1 351	2 894	6 688	37 639	2 275	1 659	41 574	25 672	1 180	2 401	4 390
II	32 587	2 649	1 763	2 402	6 815	39 401	2 073	1 945	43 419	24 761	1 268	2 276	3 960
III	32 070	2 848	2 203	2 233	7 284	39 354	1 664	1 773	42 791	23 965	1 313	2 242	4 151
IV	36 675	2 664	1 761	2 448	6 873	43 548	1 095	1 884	46 527	26 967	1 382	2 319	4 286

During period	Services ex- pend- iture, total (11+12 +13)	Imports of goods and services (10+14)	Invest- ment ex- pend- iture	Trans- fers and other ex- pend- iture	Current account ex- pend- iture (15+16 +17)	Trade account (1-10)	Trans- port (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21 +22)	Goods and serv- ices account (19+23)	Invest- ment income, net (7-16)	Trans- fers, and others, net (8-17)	Current account (24+25 +26)=
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1989	21 596	125 996	21 882	7 561	155 439	- 6 134	3 793	- 4 471	- 2 482	- 3 160	- 9 294	- 11 670	- 3 910	- 24 874
1990	24 632	126 599	26 973	8 967	162 540	- 2 218	3 984	- 6 117	- 3 422	- 5 555	- 7 772	- 14 234	- 4 506	- 26 513
1991	26 074	112 421	28 674	10 529	151 624	4 752	3 534	- 6 044	- 5 374	- 7 885	- 3 132	- 18 671	- 5 192	- 26 996
1992*	28 690	121 878	30 424	10 347	162 649	12 622	4 283	- 4 873	- 5 639	- 6 228	6 394	- 24 001	- 4 428	- 22 035
1993*	31 169	132 534	35 616	11 686	179 837	30 918	5 459	- 2 159	- 6 810	- 3 510	27 408	- 28 510	- 4 424	- 5 526
1991														
III	6 358	26 884	6 716	2 524	36 124	2 223	1 010	- 1 270	- 1 165	- 1 425	797	- 4 159	- 1 257	- 4 618
IV	7 121	30 033	6 510	2 725	39 268	2 288	902	- 1 770	- 1 521	- 2 389	- 102	- 4 463	- 1 367	- 5 931
1992*														
I	7 148	29 845	8 435	3 124	41 405	2 085	1 001	- 1 566	- 1 720	- 2 285	- 200	- 6 134	- 1 758	- 8 092
II	6 916	31 096	7 400	2 381	40 877	2 272	1 087	- 1 320	- 1 358	- 1 590	682	- 6 131	- 1 007	- 6 456
III	7 214	27 891	6 765	2 402	37 058	4 143	1 204	- 895	- 1 319	- 1 011	3 132	- 5 561	- 922	- 3 351
IV	7 413	33 045	7 824	2 440	43 309	4 122	991	- 1 092	- 1 241	- 1 342	2 780	- 6 174	- 741	- 4 136
1993*														
I	7 972	33 644	10 352	3 099	47 095	5 279	1 262	- 1 049	- 1 496	- 1 283	3 995	- 8 076	- 1 440	- 5 521
II	7 505	32 265	10 701	2 689	45 656	7 826	1 381	- 512	- 1 558	- 690	7 136	- 8 628	- 744	- 2 236
III	7 707	31 671	7 149	2 945	41 766	8 105	1 534	- 39	- 1 917	- 422	7 683	- 5 486	- 1 172	1 025
IV	7 987	34 954	7 414	2 953	45 321	9 708	1 282	- 558	- 1 839	- 1 114	8 594	- 6 320	- 1 068	1 206

6.2 CAPITAL ACCOUNT¹, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (5-10)	Basic balance
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)		
	1	2	3	4	5	6	7	8	9	10	11	12
1989	2 095	14 756	8 608	79	25 538	13 327	180	5 323	273	19 103	6 435	-18 439
1990	3 010	22 656	19 674	169	45 509	12 471	577	-499	294	12 843	32 666	6 153
1991	-997	37 284	14 840	825	51 952	4 240	-372	1 052	101	5 022	46 931	19 935
1992*	1 777	36 772	5 505	479	44 532	1 821	367	3 461	304	5 953	38 580	16 545
1993*	3 390	34 548	15 452	-1 397	51 993	10 475	1 661	-1 012	410	11 534	40 459	34 933
1991												
III	-435	10 416	2 747	114	12 843	1 315	434	-522	-2	1 225	11 617	6 999
IV	-777	2 937	3 211	619	5 989	587	-356	697	-44	883	5 106	-825
1992*												
I	564	4 173	-400	795	5 132	624	182	621	273	1 699	3 433	-4 659
II	74	12 934	372	-261	13 119	-208	1 142	121	187	1 242	11 877	5 421
III	340	5 302	725	259	6 626	775	-882	1 117	182	1 192	5 434	2 083
IV	799	14 362	4 808	-314	19 655	630	-75	1 602	-337	1 820	17 836	13 700
1993*												
I	206	15 781	8 994	-384	24 597	1 355	2 981	-688	-105	3 543	21 054	15 534
II	803	14 991	4 440	-477	19 756	1 505	-1 094	478	148	1 037	18 720	16 483
III	415	4 763	3 274	-456	7 996	-150	-764	-795	722	-987	8 983	10 008
IV	1 966	-986	-1 255	-80	-355	7 765	538	-6	-355	7 942	-8 297	-7 091

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
1989	4 285	1 627	3 679	9 592	1 462	475	710	2 647	5 533	12 478	-5 961	5 961
1990	16 258	1 119	-1 357	16 020	-2 290	-1 254	1 244	-2 300	-9 381	8 939	15 092	-15 092
1991	-13 436	399	-1 301	-14 338	6 261	882	3 285	10 427	-1 574	-26 339	-6 404	6 404
1992*	-29 022	7 998	10 626	-10 399	-567	4 369	6 563	10 365	-5 030	-25 794	-9 249	9 249
1993*	-28 391	4 547	-2 263	-26 107	9 883	2 480	809	13 171	5 462	-33 816	1 117	-1 117
1991												
III	-16 407	340	-583	-16 650	-3 091	1 027	1 869	-195	2 550	-13 905	-6 905	6 905
IV	-4 383	1 232	-2 481	-5 632	-13 635	977	-4 531	-17 189	-4 908	6 649	5 824	-5 824
1992*												
I	-2 542	458	3 694	1 610	-4 134	1 003	1 723	-1 408	0	3 018	-1 641	1 641
II	-9 587	3 973	540	-5 074	-1 612	1 167	-3 403	-3 848	-5 244	-6 470	-1 049	1 049
III	-11 212	1 155	12 198	2 141	6 064	217	154	6 435	-3 955	-8 248	-6 165	6 165
IV	-5 681	2 411	-5 805	-9 076	-885	1 983	8 089	9 187	4 169	-14 094	-394	394
1993*												
I	-3 093	411	-5 857	-8 540	14 868	1 560	-1 232	15 197	2 509	-21 228	-5 694	5 694
II	-5 939	2 435	-1 386	-4 890	-3 008	1 225	-338	-2 121	-3 009	-5 778	10 706	-10 706
III	-10 464	4 828	2 770	-2 866	10 909	3 181	4 339	18 429	220	-21 075	-11 067	11 067
IV	-8 895	-3 127	2 210	-9 812	-12 887	-3 486	-1 960	-18 333	5 742	14 264	7 173	-7 173

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

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

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1989	16 093	82 313	40 110	994	139 510	33 234	7 680	24 572	2 757	68 243	71 267
1990	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991	17 443	143 685	75 772	5 827	242 728	53 560	7 430	27 907	6 161	95 057	147 671
1992*	19 260	211 214	96 081	7 919	334 473	61 659	9 165	34 108	7 670	112 602	221 871
1993*	22 650	275 118	119 084	6 870	423 722	72 818	11 409	32 655	8 941	125 823	297 899
1991											
III	18 273	132 499	68 747	4 877	224 395	48 601	7 392	26 056	5 934	87 983	136 412
IV	17 443	143 685	75 772	5 827	242 728	53 560	7 430	27 907	6 161	95 057	147 671
1992*											
I	18 017	152 414	78 844	6 768	256 043	53 857	7 900	29 179	6 738	97 674	158 369
II	18 101	161 861	77 058	6 441	263 460	53 322	9 089	28 025	6 648	97 084	166 376
III	18 451	185 346	86 042	7 290	297 129	61 356	8 618	31 039	7 397	108 410	188 719
IV	19 260	211 214	96 081	7 919	334 473	61 659	9 165	34 108	7 670	112 602	221 871
1993*											
I	19 466	254 366	115 633	8 233	397 698	69 231	12 628	35 652	8 324	125 835	271 863
II	20 269	256 862	116 641	7 363	401 135	66 943	11 472	33 601	8 287	120 304	280 832
III	20 684	274 240	123 272	7 255	425 451	67 711	10 834	33 805	9 376	121 726	303 725
IV	22 650	275 118	119 084	6 870	423 722	72 818	11 409	32 655	8 941	125 823	297 899

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net interest and dividend expenditure (24-25)	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
1989	3 558	88 751	12 697	12 883	117 889	25 113	33 569	16 516	5 666	80 864	37 024	108 291	10 453	8.0
1990	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	13 130	9.7
1991	3 149	99 502	13 798	14 703	131 152	35 922	36 727	15 840	10 545	99 034	32 118	179 788	15 671	12.7
1992*	7 849	84 253	21 891	21 603	135 597	33 966	43 534	21 323	16 505	115 328	20 268	242 139	19 007	13.6
1993*	6 382	60 380	26 376	21 659	114 797	38 530	55 872	24 238	17 114	135 755	-20 957	276 942	23 510	13.6
1991														
III	2 826	99 953	12 500	16 703	131 982	29 006	47 064	14 371	15 121	105 561	26 421	162 833	3 409	10.8
IV	3 149	99 502	13 798	14 703	131 152	35 922	36 727	15 840	10 545	99 034	32 118	179 788	3 713	11.1
1992*														
I	3 185	100 961	14 219	18 012	136 376	35 429	32 960	17 007	12 637	98 033	38 343	196 712	4 886	14.7
II	3 242	89 647	18 218	17 832	128 939	33 516	32 786	18 123	8 804	93 229	35 710	202 086	4 882	14.2
III	14 067	86 647	19 397	20 846	140 956	29 484	43 316	18 829	9 425	101 054	39 902	228 622	4 313	12.8
IV	7 849	84 253	21 891	21 603	135 597	33 966	43 534	21 323	16 505	115 328	20 268	242 139	4 925	12.6
1993*														
I	5 836	86 548	22 279	19 173	133 836	31 998	60 816	23 570	16 232	132 615	1 221	273 083	6 827	16.4
II	6 173	78 062	24 661	16 779	125 675	41 889	56 831	24 521	14 669	137 910	-12 235	268 597	7 378	17.0
III	6 293	69 318	29 519	19 669	124 800	31 987	68 640	27 853	19 178	147 659	-22 859	280 866	4 236	9.9
IV	6 382	60 380	26 376	21 659	114 797	38 530	55 872	24 238	17 114	135 755	-20 957	276 942	5 069	10.9

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
1989	58 009	40 199	17 665	23 063	574	139 510	34 828	26 048	2 313	3 517	1 537	68 243	71 267
1990	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991	79 212	70 795	35 623	56 377	721	242 728	57 749	27 641	2 121	4 752	2 794	95 057	147 671
1992*	94 166	70 253	49 558	118 081	2 415	334 473	69 963	30 619	3 096	5 627	3 298	112 602	221 871
1993*	121 805	71 085	51 048	176 980	2 803	423 722	82 485	29 480	3 695	7 194	2 970	125 823	297 899
1991													
III	76 925	68 223	34 193	44 332	723	224 395	51 794	26 862	2 138	4 655	2 534	87 983	136 412
IV	79 212	70 795	35 623	56 377	721	242 728	57 749	27 641	2 121	4 752	2 794	95 057	147 671
1992*													
I	83 295	69 700	36 053	65 370	1 624	256 043	58 653	28 466	2 298	5 367	2 890	97 674	158 369
II	81 317	64 232	37 674	78 534	1 703	263 460	58 461	28 235	2 290	5 147	2 951	97 084	166 376
III	87 852	68 903	39 531	98 824	2 020	297 129	66 650	30 514	2 451	5 528	3 268	108 410	188 719
IV	94 166	70 253	49 558	118 081	2 415	334 473	69 963	30 619	3 096	5 627	3 298	112 602	221 871
1993*													
I	105 210	72 568	54 996	162 000	2 925	397 698	77 690	34 825	3 350	6 259	3 710	125 835	271 863
II	105 421	69 550	51 715	171 676	2 774	401 135	76 033	31 136	3 297	6 535	3 303	120 304	280 832
III	115 725	72 805	53 321	180 678	2 922	425 451	77 369	30 522	3 625	7 044	3 166	121 726	303 725
IV	121 805	71 085	51 048	176 980	2 803	423 722	82 485	29 480	3 695	7 194	2 970	125 823	297 899

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
1989	99 784	105 516	- 5 732
1990	101 327	103 027	- 1 700
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993*	133 927	103 078	30 849
1993*			
Feb.	10 646	9 092	1 554
March	11 445	10 384	1 061
April	11 429	9 654	1 775
May	11 391	7 738	3 653
June	10 177	7 773	2 404
July	10 899	8 129	2 770
Aug.	10 127	8 210	1 917
Sept.	11 452	8 029	3 423
Oct.	13 906	8 405	5 501
Nov.	12 369	9 620	2 749
Dec.	10 812	9 443	1 369
1994*			
Jan.	11 819	8 223	3 596
Feb.	10 862	7 405	3 457

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
1989	121	144	156	126	123
1990	125	138	154	128	120
1991	114	115	154	131	118
1992	124	112	164	145	113
1993*	147	109	172	163	106
1993*					
1991					
III	113	109	156	132	119
IV	124	118	157	135	116
1992					
I	118	112	162	142	114
II	125	118	162	143	113
III	117	102	163	142	115
IV	133	116	171	154	111
1993*					
I	135	107	175	166	106
II	143	104	174	166	105
III	141	103	174	165	105
IV	165	116	170	161	105

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
1989	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993*	10 889	37 410	14 192	48 099	23 337	54 778	10 911	15 337	21 045	1 007
1993*										
Feb.	780	3 083	1 135	3 645	2 003	4 370	1 120	1 672	1 855	75
March	899	3 441	1 213	3 911	1 981	4 663	887	2 848	1 923	63
April	968	3 414	1 320	3 755	1 972	5 445	697	1 352	2 062	98
May	1 020	3 100	1 082	4 262	1 927	4 537	488	1 050	1 606	57
June	927	2 931	965	3 698	1 656	4 286	1 040	906	1 482	59
July	774	2 753	1 162	4 385	1 825	4 358	973	983	1 645	170
Aug.	668	2 991	1 255	3 304	1 909	4 350	969	1 147	1 682	62
Sept.	988	3 255	1 328	3 767	2 114	4 360	951	873	1 713	132
Oct.	1 133	3 508	1 258	5 869	2 138	4 718	863	978	1 835	11
Nov.	1 061	3 294	1 354	4 479	2 181	4 969	1 377	1 282	1 946	46
Dec.	964	2 954	1 069	3 766	2 059	4 999	1 107	1 349	1 892	96
1994*										
Jan.	978	3 009	1 282	4 272	2 278	4 511	691	1 153	1 807	61
Feb.	1 018	3 060	1 060	3 741	1 983	4 215	603	934	1 620	33

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, feb				Imports, cif			
	1993*		1994* January-February		1993*		1994* January-February	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
1	2	3	4	5	6	7	8	
All OECD countries	102 135	76.3	16 854	12.5	81 607	79.2	12 376	0.7
OECD Europe	86 513	64.6	14 662	11.5	66 956	65.0	9 973	3.9
Of which:								
Austria	1 427	1.1	228	7.4	1 179	1.1	182	25.8
Belgium and Luxembourg	2 955	2.2	566	16.7	3 008	2.9	470	21.6
Denmark	4 479	3.3	960	44.4	3 231	3.1	483	12.3
France	7 114	5.3	1 186	10.1	4 716	4.6	681	2.7
Germany	17 628	13.2	3 020	8.9	16 901	16.4	2 363	4.0
Italy	4 350	3.2	660	-17.0	3 811	3.7	586	8.5
Netherlands	6 729	5.0	1 259	20.1	3 847	3.7	552	-1.3
Norway	4 277	3.2	718	21.2	5 010	4.9	875	-4.7
Spain	3 263	2.4	523	18.2	1 245	1.2	272	26.2
Sweden	14 855	11.1	2 366	4.6	10 531	10.2	1 640	7.7
Switzerland	2 111	1.6	363	18.6	2 044	2.0	291	2.2
United Kingdom	14 020	10.5	2 287	17.0	9 160	8.9	1 204	-4.7
Other OECD	15 622	11.7	2 191	19.7	14 651	14.2	2 403	-10.8
Of which:								
Canada	1 075	0.8	147	-7.8	724	0.7	117	14.2
Japan	2 187	1.6	339	43.9	5 958	5.8	1 029	15.8
United States	10 506	7.8	1 382	19.4	7 498	7.3	1 196	-27.4
Non- OECD European countries	12 679	9.5	2 685	84.8	11 207	10.9	1 582	-14.3
Of which:								
Russia	6 051	4.5	1 343	107.7	7 813	7.6	1 161	-18.4
Other countries	19 113	14.3	3 142	-9.8	10 264	10.0	1 669	7.2
Of which:								
OPEC countries	3 266	2.4	423	7.9	542	0.5	68	45.1
TOTAL	133 927	100.0	22 681	13.9	103 078	100.0	15 628	-0.4
Of which:								
EC countries	62 850	46.9	10 818	12.6	47 974	46.5	6 950	3.8
EFTA countries	22 799	17.0	3 692	9.0	18 831	18.3	2 996	4.2

8. DOMESTIC ECONOMIC DEVELOPMENTS

8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1990 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
1989	269 879	104 526	129 905	15 149	5 975	525 434	117 241	127 311	515 364
1990	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992*	246 714	109 043	75 529	16 226	4 365	451 877	122 059	112 989	460 947
1993*	235 469	102 736	60 682	14 541	6 052	419 480	142 819	113 109	449 190
1991									
III	65 247	27 862	21 896	4 278	-1 490	117 793	29 403	28 079	119 117
IV	64 262	27 816	21 019	3 995	-1 349	115 743	28 160	27 517	116 385
1992*									
I	63 142	27 345	20 458	4 202	238	115 385	29 303	28 210	116 477
II	61 843	27 248	19 874	4 237	1 321	114 524	30 692	29 152	116 064
III	61 256	27 201	18 419	3 811	1 321	112 007	30 607	27 641	114 973
IV	60 473	27 250	16 777	3 976	1 485	109 961	31 457	27 986	113 433
1993*									
I	59 822	25 809	15 923	3 617	1 634	106 805	34 213	28 800	112 218
II	58 732	25 686	14 871	3 641	920	103 850	34 975	27 241	111 584
III	58 317	25 610	15 028	3 795	2 670	105 420	36 367	28 715	113 072
IV	58 598	25 630	14 860	3 489	828	103 405	37 264	28 353	112 316

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1990=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)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
1989	100.3	101.9	100.5	102.3	99.6	100.8	97.9
1990	100.2	99.8	100.2	100.1	100.4	100.1	100.0
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992*	92.6	91.2	91.5	94.8	90.9	90.6	103.2
1993*	97.2	80.8	96.3	104.8	98.8	90.9	108.6
1993*							
Jan.	93.6	88.7	92.3	99.9	92.3	88.4	105.8
Feb.	93.9	84.9	92.6	98.6	94.1	89.4	106.1
March	93.9	84.0	92.5	99.6	94.8	88.1	109.4
April	95.4	84.8	94.5	103.2	97.5	89.0	105.6
May	92.9	78.9	92.2	99.6	95.8	86.7	103.9
June	97.1	64.6	96.6	105.8	98.6	91.0	111.1
July	97.8	80.7	97.2	105.9	100.0	91.8	108.1
Aug.	96.4	75.5	95.7	105.4	96.9	90.9	106.7
Sept.	99.8	75.4	99.1	108.6	102.1	93.0	110.5
Oct.	101.2	81.8	100.6	111.1	104.2	93.7	111.3
Nov.	101.7	82.8	100.8	110.0	103.9	94.6	110.7
Dec.	102.3	88.0	100.9	109.8	105.7	93.9	114.3
1994*							
S20 Jan.	101.7	87.5	100.5	111.6	101.5	94.2	112.6

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
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	116.7
1990	119.9	111.7	127.3	124.8	161.7	122.1	144.6	117.5
1991	101.2	103.9	103.9	94.4	127.7	109.9	102.1	110.3
1992*	87.9	93.8	79.5	73.8	76.2	87.5	84.5	106.9
1993*	82.6	87.8	57.9	59.4	51.0	66.9	83.1	105.3
1992*								
Dec.	82.4	89.1	..	..	..	..	..	106.5
IV	83.2	89.3	68.4	61.4	51.8	71.2	80.1	106.1
1993*								
Jan.	77.3	86.8	..	..	..	..	..	105.0
Feb.	83.0	91.7	..	..	..	..	..	106.4
March	85.2	90.9	..	..	..	..	..	105.1
April	81.2	88.9	..	..	..	..	..	104.5
May	81.6	88.1	..	..	..	..	..	103.0
June	85.5	86.8	..	..	..	..	..	104.9
July	83.7	85.6	..	..	..	..	..	104.5
Aug.	83.6	86.2	..	..	..	..	..	104.5
Sept.	81.9	85.7	..	..	..	..	..	105.4
Oct.	80.7	86.2	..	..	..	..	..	105.8
Nov.	83.5	87.0	..	..	..	..	..	107.0
Dec.	83.4	89.2	..	..	..	..	..	107.8
I	81.8	89.8	58.5	61.1	45.5	62.8	118.1	105.5
II	82.8	87.9	57.8	60.6	50.2	62.4	73.5	104.1
III	83.1	85.8	57.9	59.2	45.5	63.3	60.4	104.8
IV	82.5	87.5	57.4	56.4	62.7	79.1	79.0	106.8

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
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.8	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1991	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
1992¹	160.6	160.9	159.9	160.6	159.1	162.4	136.0	112.4	115.6	100.9	112.6	113.4	112.3	134.9
1993¹	161.9	161.9	162.3	162.1	161.6	164.1	138.9	115.8	116.9	111.0	116.7	120.2	115.1	135.3
1992¹														
IV	161.2	161.4	160.8	161.0	160.3	163.0	136.9	113.4	115.6	105.2	113.9	116.2	112.9	134.3
1993¹														
Feb.	..	..	..	..	..	..	138.6	115.3	116.6	109.8	115.9	118.9	114.5	134.8
March	..	..	..	..	..	..	138.8	116.2	117.1	112.4	116.9	120.5	115.2	134.7
April	..	..	..	..	..	..	139.3	116.4	117.3	112.4	117.4	121.0	115.7	135.2
May	..	..	..	..	..	..	139.4	116.1	116.8	112.7	117.3	121.6	115.4	135.3
June	..	..	..	..	..	..	139.2	116.1	117.1	111.8	117.2	120.7	115.6	135.5
July	..	..	..	..	..	..	138.8	116.0	117.1	111.6	116.7	119.8	115.2	135.3
Aug.	..	..	..	..	..	..	138.7	116.0	116.8	112.1	116.9	120.4	115.2	135.3
Sept.	..	..	..	..	..	..	139.0	116.1	117.4	110.9	117.4	121.1	115.7	135.6
Oct.	..	..	..	..	..	..	139.1	115.9	117.2	110.8	117.4	121.4	115.5	135.7
Nov.	..	..	..	..	..	..	138.9	115.7	117.2	110.0	116.8	120.4	115.2	135.7
Dec.	..	..	..	..	..	..	138.8	115.5	116.9	109.9	116.4	120.1	114.7	135.5
I	161.7	161.9	161.8	161.6	161.0	163.5	138.5	115.1	116.5	109.8	115.7	118.6	114.4	134.8
II	162.0	162.0	162.7	161.9	161.5	164.0	139.3	116.2	117.1	112.3	117.3	121.1	115.6	135.3
III	161.8	161.6	161.8	162.3	161.9	164.3	138.8	116.0	117.1	111.5	117.0	120.4	115.4	135.4
IV	162.3	162.2	163.0	162.4	162.1	164.7	139.0	115.7	117.1	110.2	116.9	120.6	115.1	135.6
1994¹														
Jan.	..	..	..	..	..	..	138.5	115.7	117.4	109.6	116.7	120.4	115.1	136.5
Feb.	..	..	..	..	..	..	139.0	116.1	118.0	109.2	116.7	119.3	115.5	136.5

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
1000 persons											
	%									%	
	1	2	3	4	5	6	7	8	9	10	11
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
1991	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
1992	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
1993	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9
1993											
Feb.	65.5	2 485	2 077	315	1 762	172	422	132	1 351	407	16.4
March	65.2	2 475	2 055	313	1 742	180	430	131	1 313	421	17.0
April	65.5	2 489	2 058	320	1 738	179	428	129	1 323	431	17.3
May	65.3	2 483	2 054	318	1 736	175	432	129	1 318	429	17.3
June	64.8	2 464	2 006	294	1 712	167	420	127	1 292	458	18.6
July	65.0	2 473	2 029	315	1 715	173	422	122	1 312	443	17.9
Aug.	65.6	2 494	2 041	307	1 734	164	423	126	1 328	453	18.2
Sept.	65.5	2 494	2 020	318	1 703	173	422	118	1 308	474	19.0
Oct.	65.1	2 480	2 014	312	1 702	172	413	123	1 306	465	18.8
Nov.	65.3	2 487	2 027	307	1 720	175	412	119	1 321	460	18.5
Dec.	65.3	2 488	2 015	318	1 697	173	416	113	1 312	473	19.0
1994											
Jan.	64.6	2 463	1 961	321	1 640	171	408	115	1 267	502	20.4
Feb.	65.5	2 497	2 053	321	1 732	171	419	110	1 353	444	17.8

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 207	105 184	42 990	59 180
1992											
Nov.	2 984	5 925	110	1 751	10 770	704	11 474	3 806	9 072	3 463	5 492
Dec.	853	6 371	- 50	2 978	10 152	1 043	11 195	4 395	9 323	3 671	5 263
1993											
Jan.	- 560	5 900	70	919	6 329	15	6 345	4 129	9 084	3 230	5 701
Feb.	3 730	4 446	240	1 257	9 673	113	9 785	3 869	7 807	3 347	4 273
March	2 456	6 205	127	3 496	12 284	2 119	14 403	4 145	9 295	3 698	5 440
April	3 875	4 926	93	2 657	11 551	98	11 649	3 835	9 436	4 055	5 278
May	2 697	5 638	97	2 688	11 120	510	11 630	3 646	9 115	3 958	5 013
June	2 870	5 633	86	2 748	11 337	591	11 928	4 110	8 842	3 958	4 672
July	3 208	5 626	119	1 759	10 712	197	10 909	4 719	8 225	3 287	4 696
Aug.	3 011	5 884	102	2 166	11 163	154	11 318	3 424	7 820	3 395	4 102
Sept.	2 792	5 185	129	2 247	10 353	108	10 461	3 658	9 482	3 371	5 987
Oct.	2 774	5 548	118	1 072	9 512	64	9 576	3 381	9 774	3 375	6 235
Nov.	2 736	5 757	147	2 672	11 312	2 638	13 952	3 708	9 371	3 437	5 820

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)
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
1991	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
1992	5 042	8 499	167 932	35 501	203 433	- 41 316	- 71 764	70 691	- 1 071
1992									
Nov.	410	102	13 390	1 010	14 400	- 2 620	- 2 926	15 124	12 199
Dec.	664	1 117	15 499	11 897	27 396	- 5 347	- 16 201	3 174	- 13 027
1993									
Jan.	261	1 691	15 165	662	15 826	- 8 836	- 9 481	16 891	7 410
Feb.	290	842	12 808	1 289	14 097	- 3 135	- 4 312	15 636	11 324
March	313	2 248	16 001	3 211	19 211	- 3 717	- 4 808	9 245	4 437
April	306	1 554	15 131	2 060	17 191	- 3 580	- 5 542	12 592	7 050
May	318	1 156	14 235	1 351	15 586	- 3 115	- 3 956	2 086	- 1 870
June	384	2 650	15 986	768	16 753	- 4 649	- 4 825	4 424	- 401
July	406	914	14 264	3 935	18 200	- 3 552	- 7 291	7 157	- 134
Aug.	416	874	12 534	723	13 258	- 1 371	- 1 940	5 079	3 139
Sept.	417	1 135	14 692	1 756	16 448	- 4 339	- 5 987	3 529	- 2 457
Oct.	369	2 497	16 021	740	16 761	- 6 509	- 7 185	6 076	- 1 109
Nov.	349	771	14 199	767	14 966	- 2 887	- 1 014	1 230	216

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 minimum 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 determined on the basis of the reserve base for the previous month. No interest is paid on minimum reserve deposits. The cash reserve figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

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

struments, 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 The markka value of forward contracts is given.

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 and annual values for the tender rate are the arithmetic means 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 and annual values for maturity and interest rate margins are the last values recorded in each month or year.

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): 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. 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. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. 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. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) 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 yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. The yield on taxable public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. The yield on taxfree pub-

lic issues (Column 6) 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 5 and 6 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. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): 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 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

5 OTHER DOMESTIC FINANCING

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

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

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). *Domestic credit*. Claims on the central government, net

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

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

Table 5.5 Source: Table B: Statistics Finland from the beginning of 1991. Tables A and B 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. Inter-bank 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 the five largest banks (KOP, Okobank, Postipankki, Skopbank and Union Bank of Finland) agreed on a market making arrangement for benchmark government bonds with effect from 1 August 1992. Evli Securities Ltd was accepted as primary dealer with effect from 1 May 1993. The primary dealers' quotes are published daily (page JVKD on Reuters). Purchases from and sales to 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.

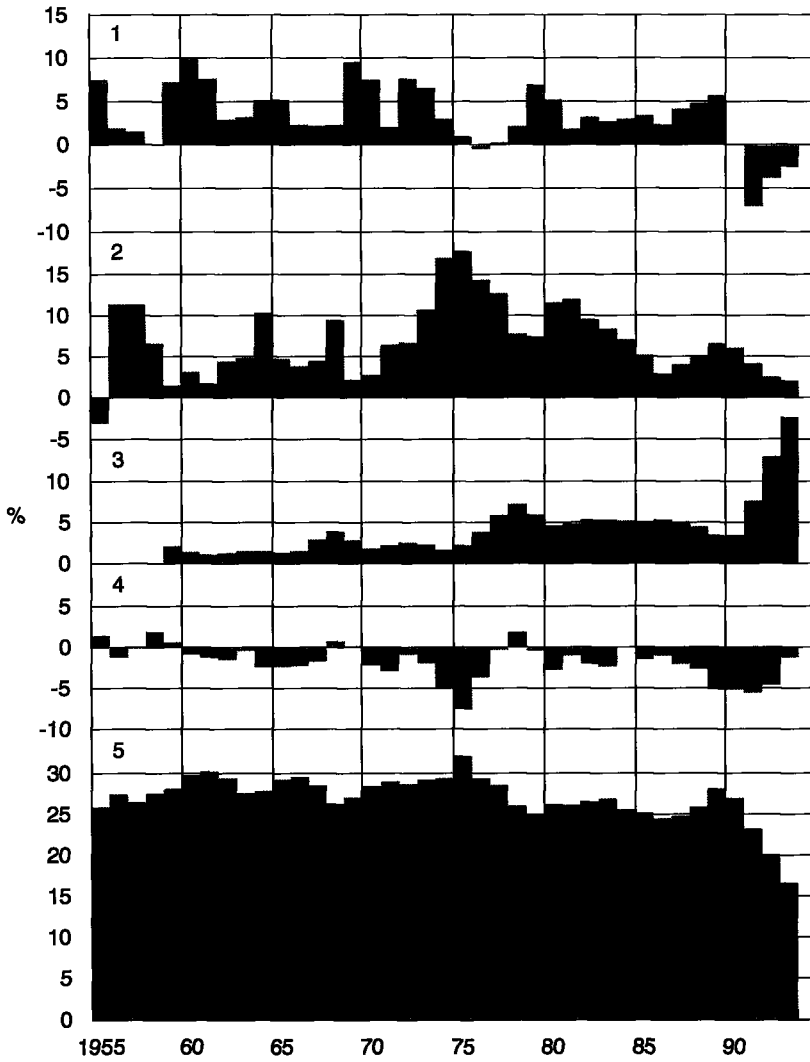
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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.

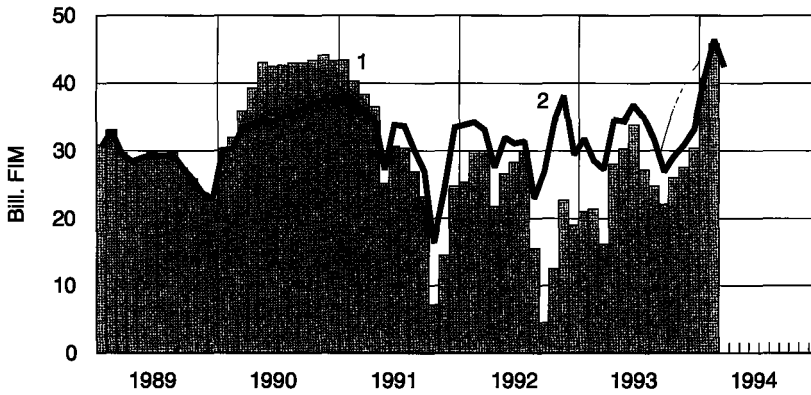
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Rates of interest applied by the Bank of Finland	S29
5. Banks' liquidity position with the Bank of Finland	S30
6. Liquidity management interest rates	S30
7. HELIBOR rates of interest, daily	S30
8. HELIBOR rates of interest, monthly	S31
9. Differential between Finnish and German interest rates	S31
10. Yields on bonds	S31
11. Bank of Finland currency index and the markka value of the ECU	S32
12. Daily spot rates for the markka against the Deutschmark and the US dollar	S32
13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S32
14. Monthly spot rates for the markka against the Deutschmark and the US dollar	S33
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
17. Bank funding from the public	S34
18. Bank lending to the public	S34
19. Money supply	S34
20. Current account	S35
21. Net interest and dividend expenditure	S35
22. Balance of payments	S36
23. Foreign debt	S36
24. Foreign trade	S37
25. Foreign trade: prices and terms of trade	S37
26. Finland's export performance	S37
27. Production	S38
28. Fixed investment	S38
29. Employment and the unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40
32. Central government debt	S40

1. LONG-TERM INDICATORS



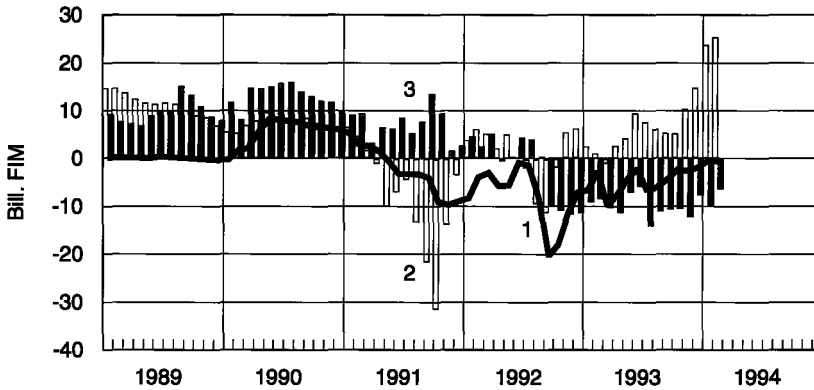
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



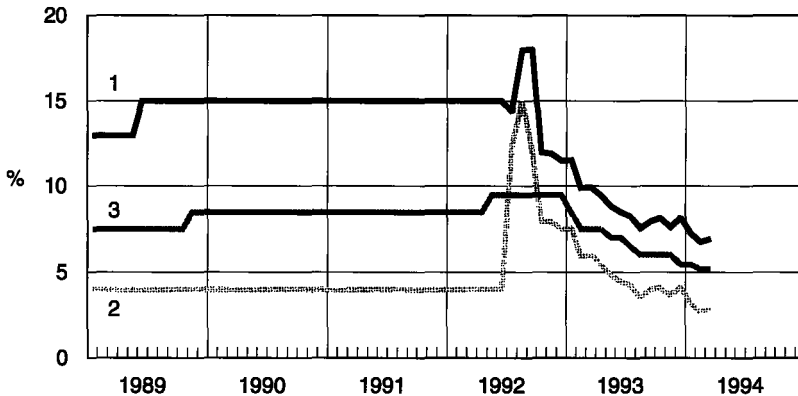
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

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

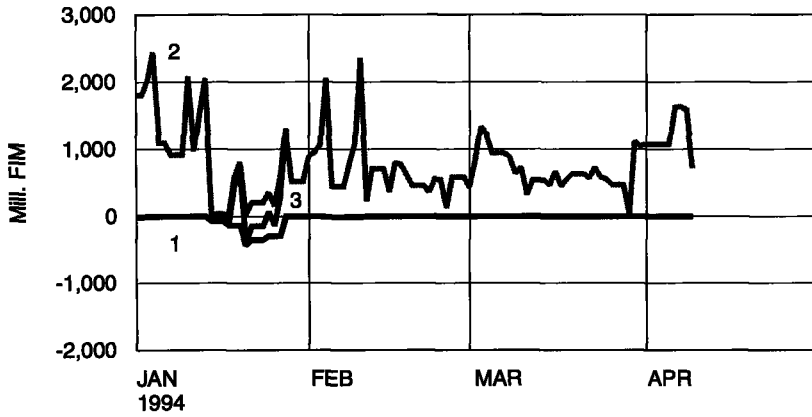
4. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



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

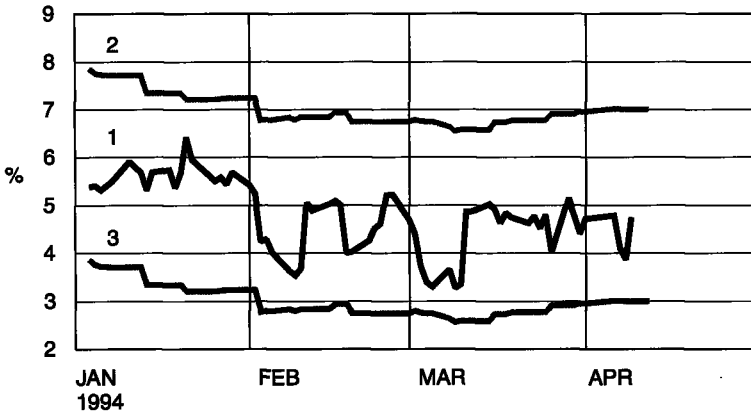
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



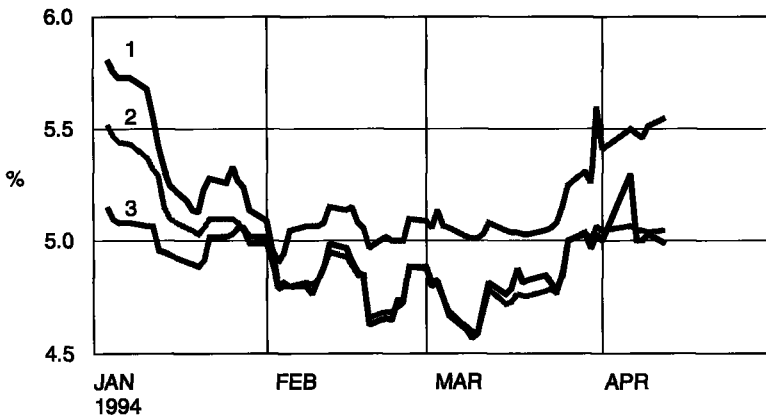
- 1. Liquidity credits (-)
- 2. Call money deposits
- 3. Net

6. LIQUIDITY MANAGEMENT INTEREST RATES



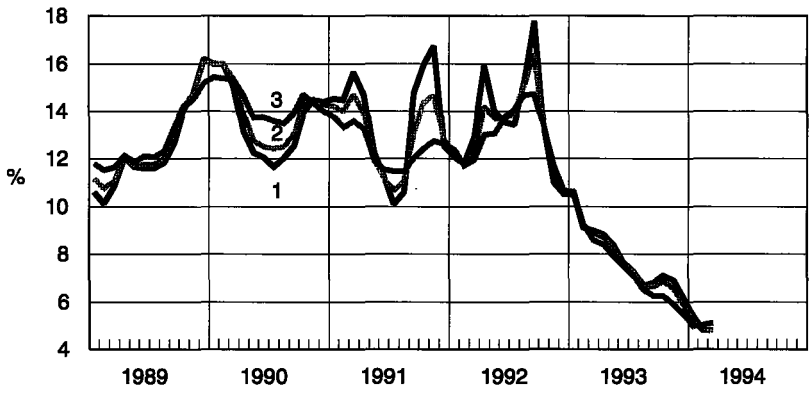
- 1. Inter-bank overnight rate
 - 2. Liquidity credit rate
 - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



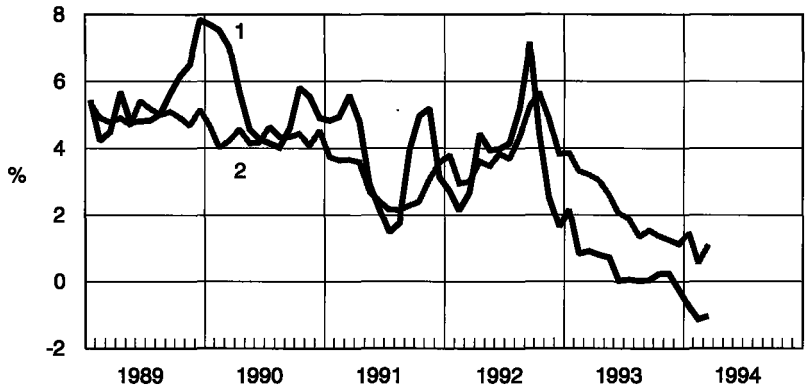
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



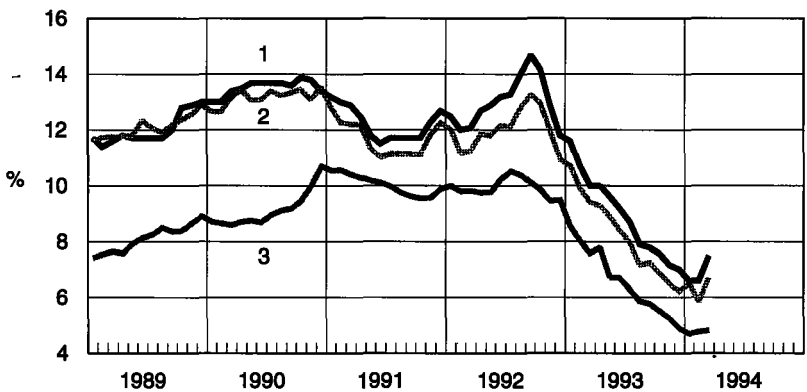
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



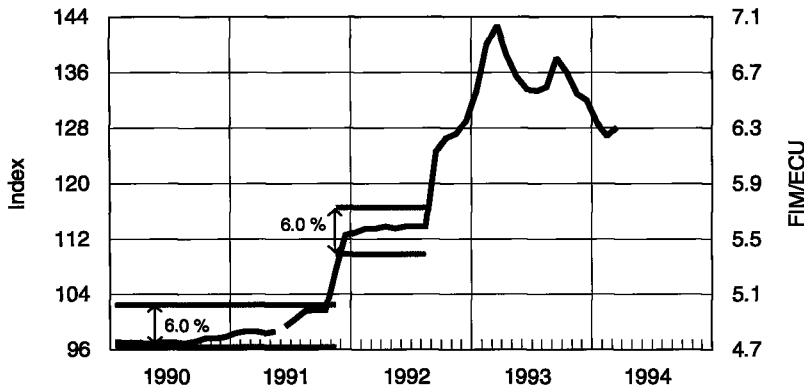
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



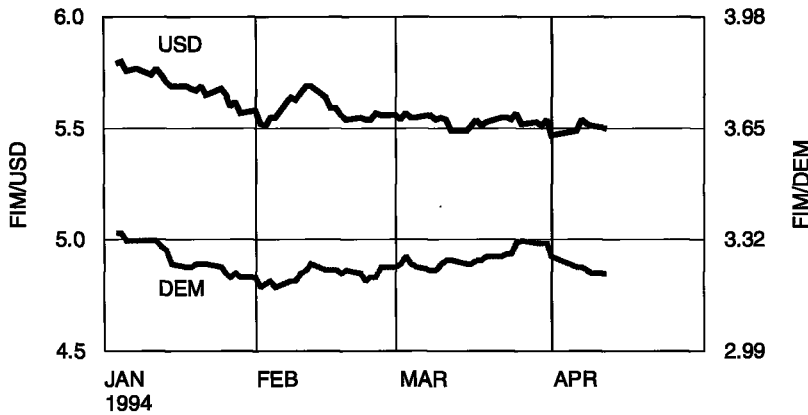
- 1. Bank of Finland's 5-year reference rate
- 2. Until April 1991, yield on (4-5 year) taxable government bonds
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
- 3. Yield on (4-5 year) tax-free government bonds

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



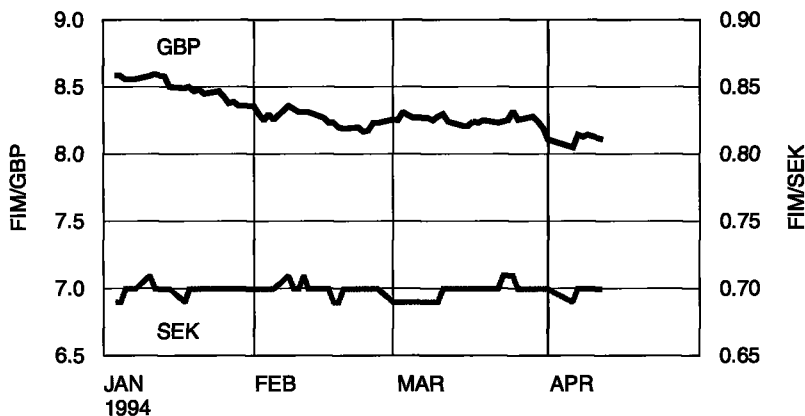
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992,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

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



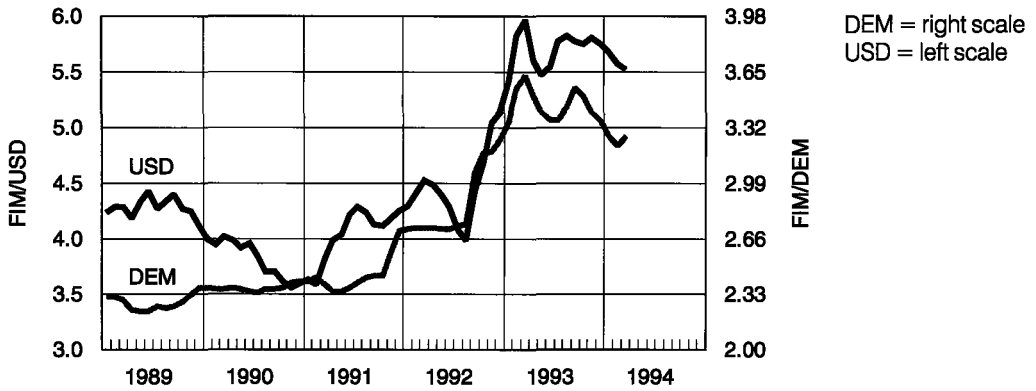
Middle rates
DEM = right scale
USD = left scale

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

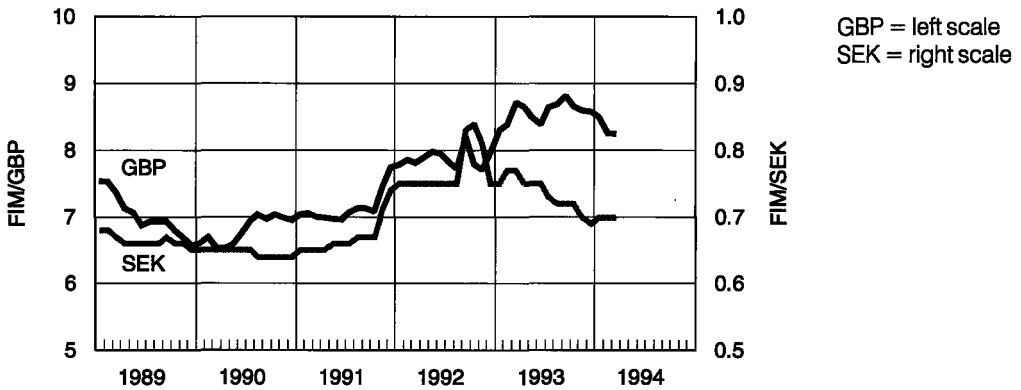


Middle rates
GBP = left scale
SEK = right scale

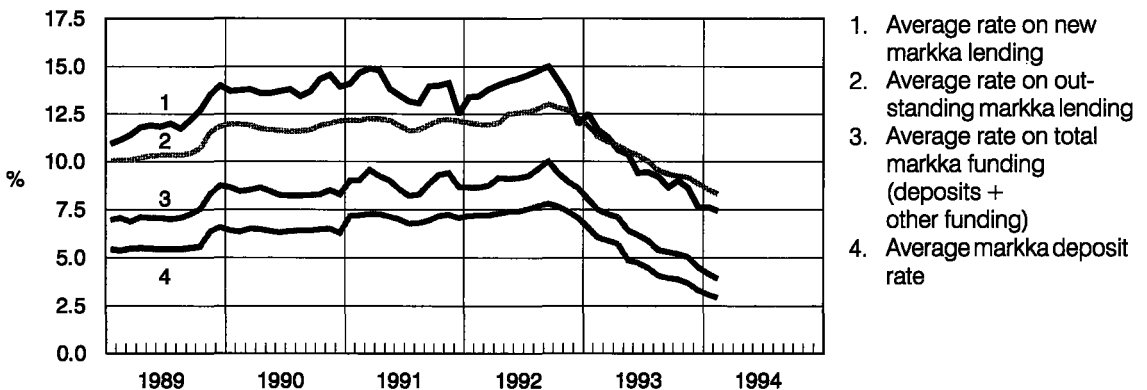
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



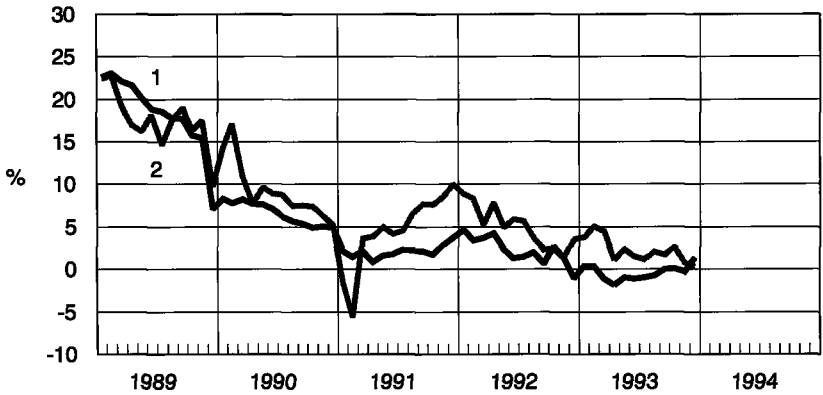
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



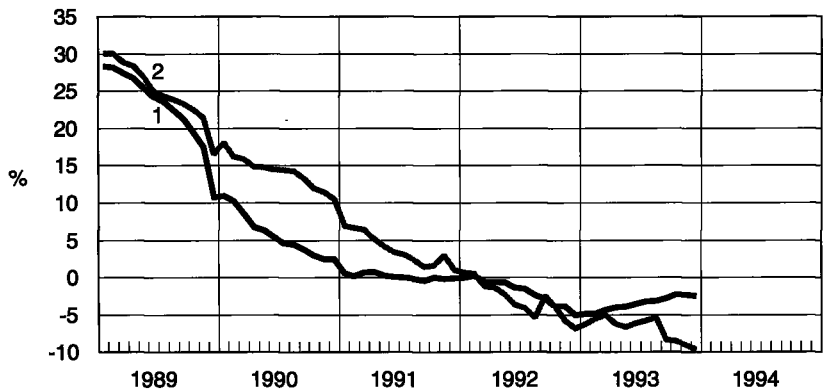
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

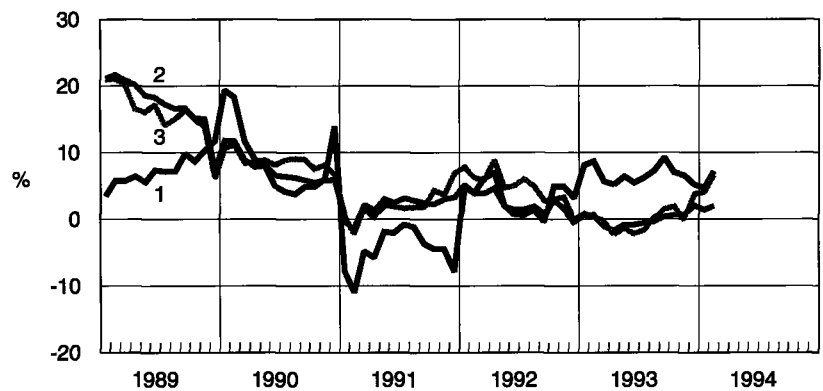
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

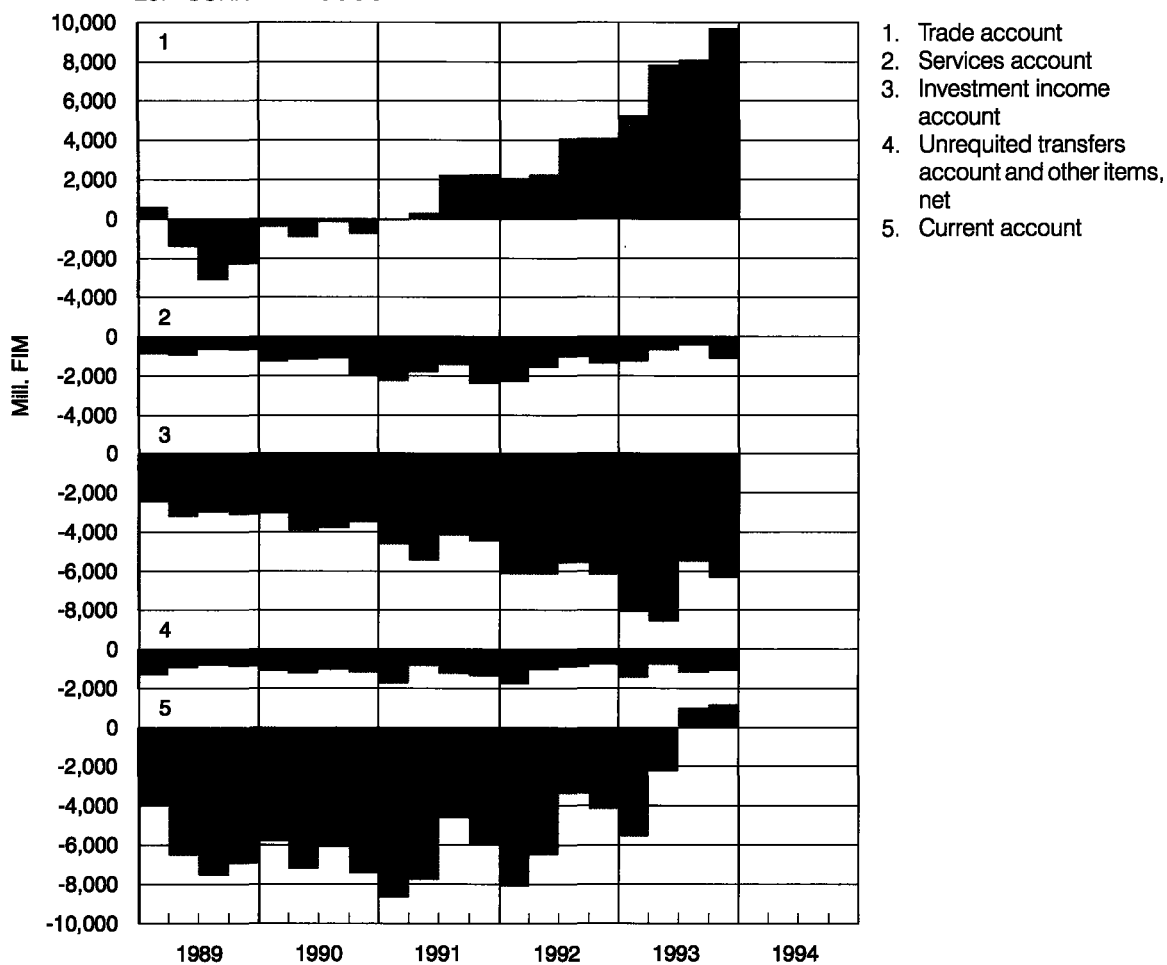
19. MONEY SUPPLY



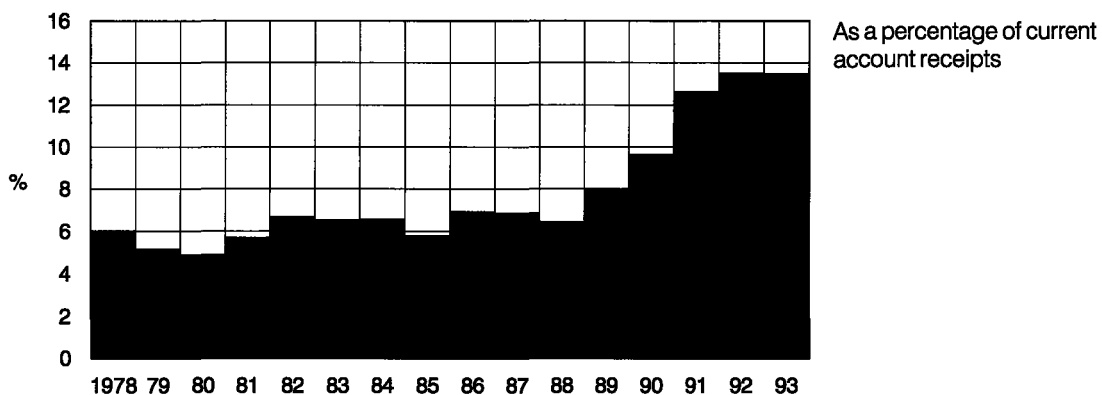
- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

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

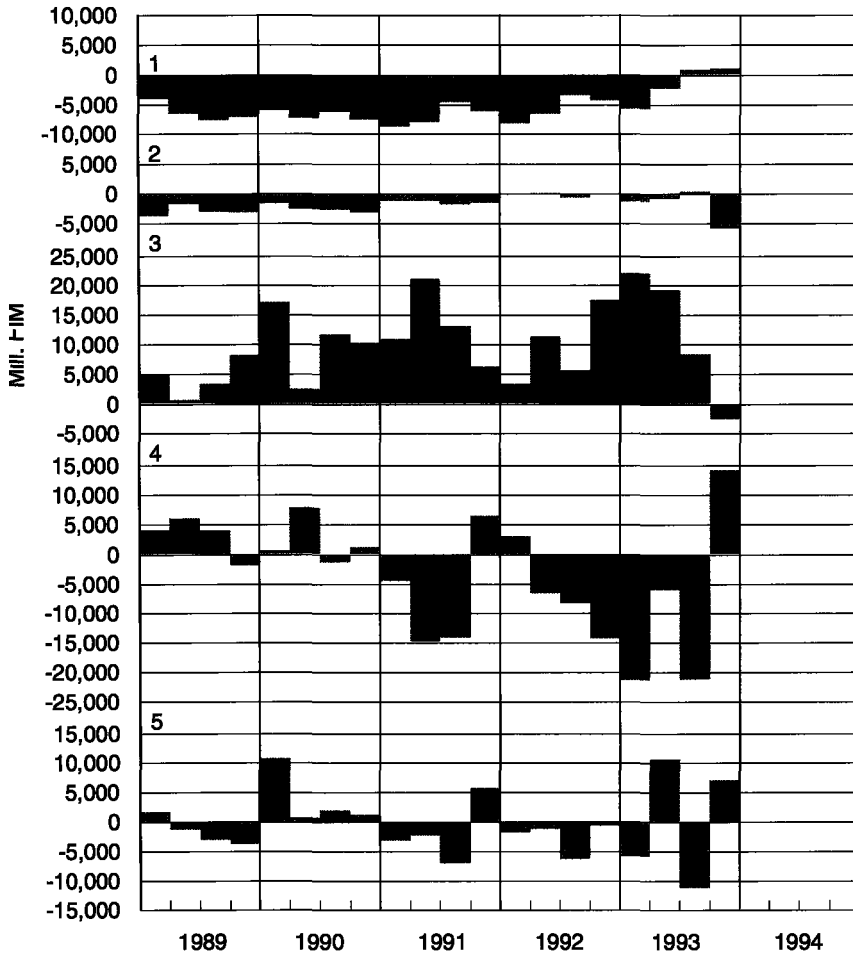
20. CURRENT ACCOUNT



21. NET INTEREST AND DIVIDEND EXPENDITURE

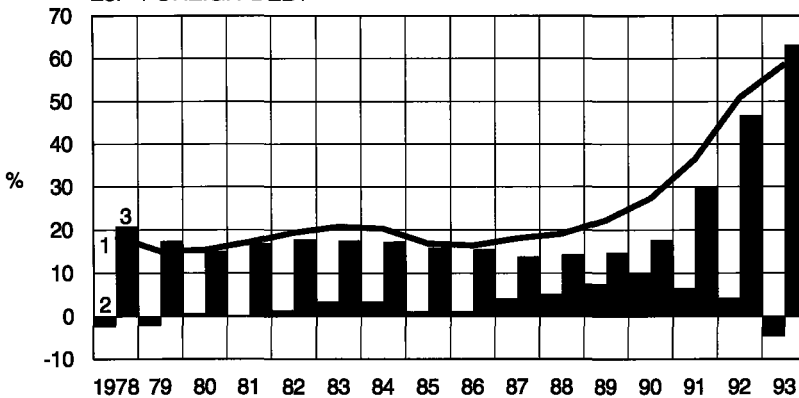


22. BALANCE OF PAYMENTS



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

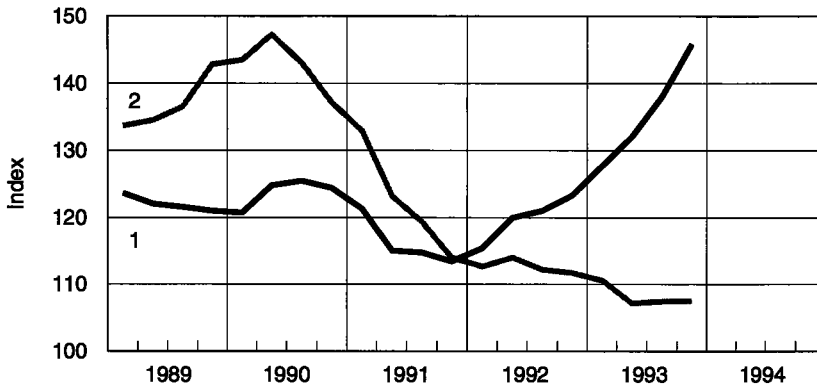
23. FOREIGN DEBT



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

As a percentage of GDP

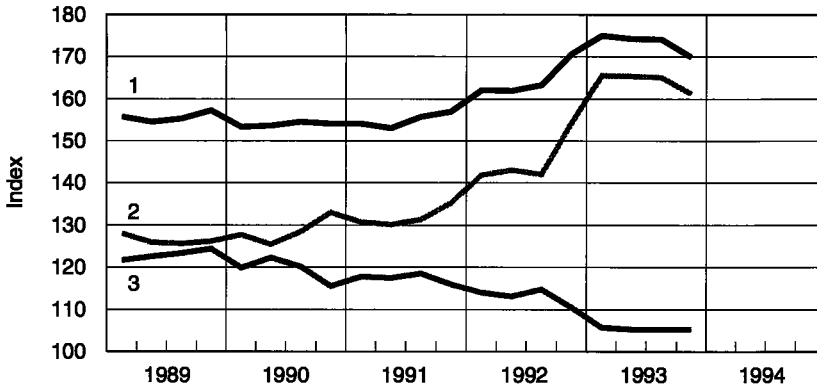
24. FOREIGN TRADE



1. Total exports
2. Total imports

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

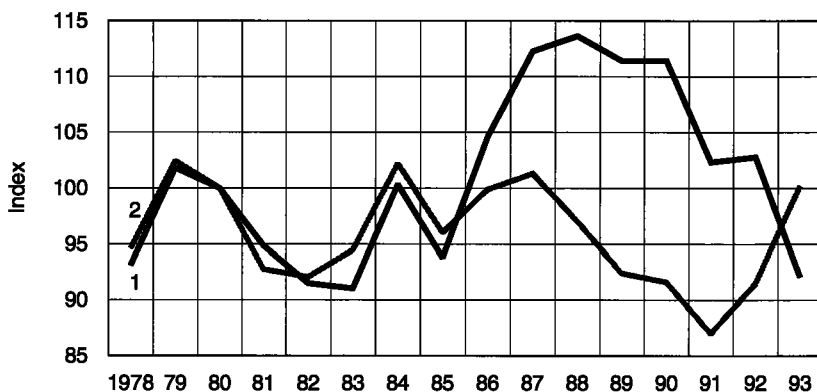
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

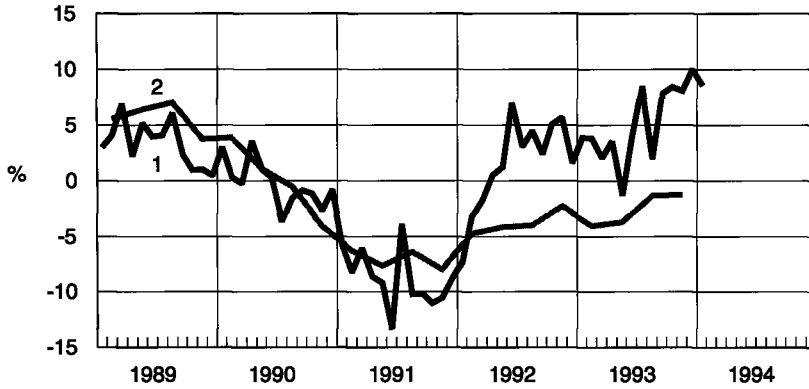
26. FINLAND'S EXPORT PERFORMANCE



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

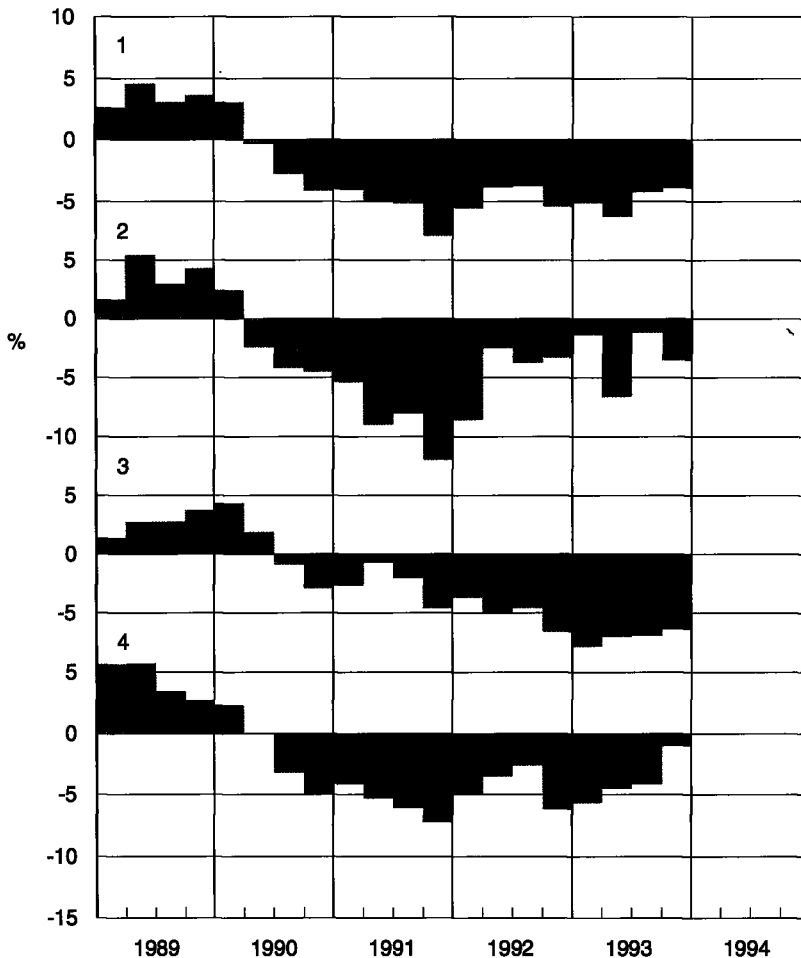
1980 = 100

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

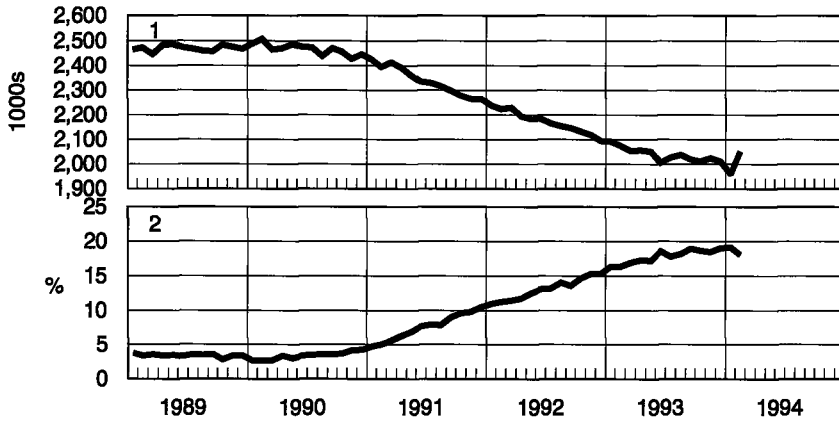
28. FIXED INVESTMENT



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

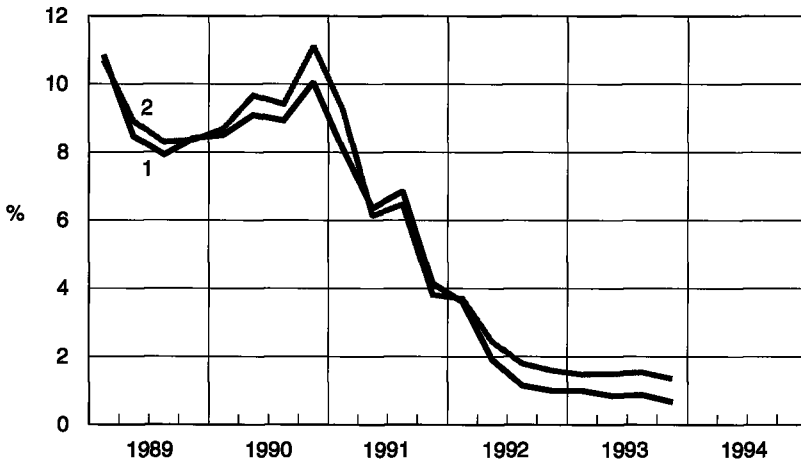
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



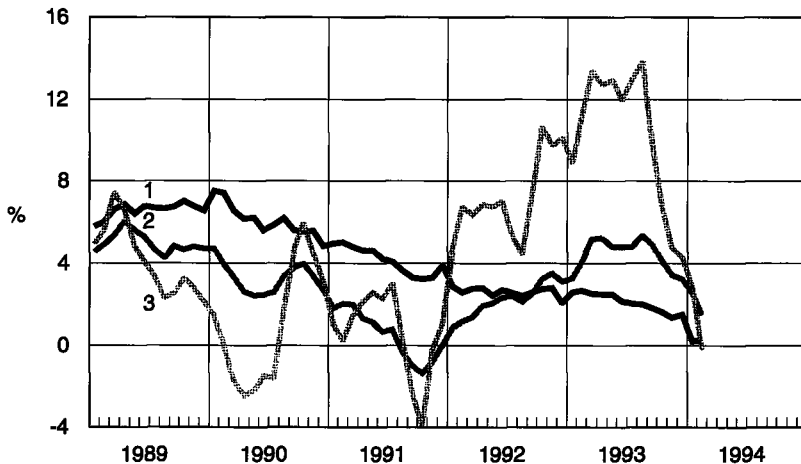
- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

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

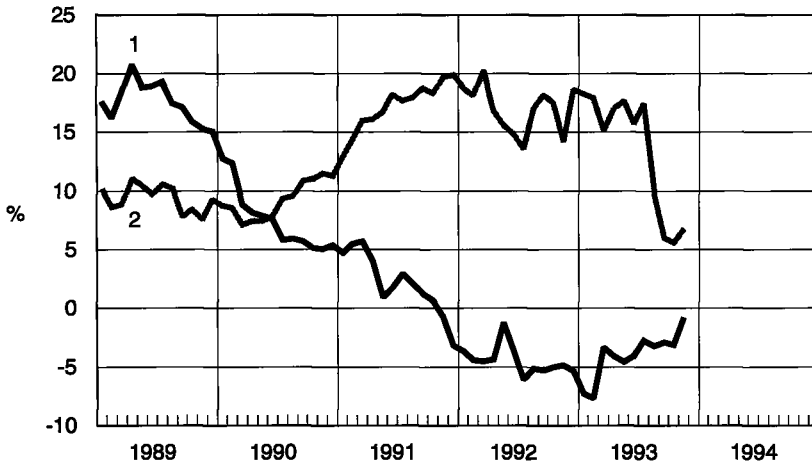
Change from the corresponding quarter of the previous year, per cent



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

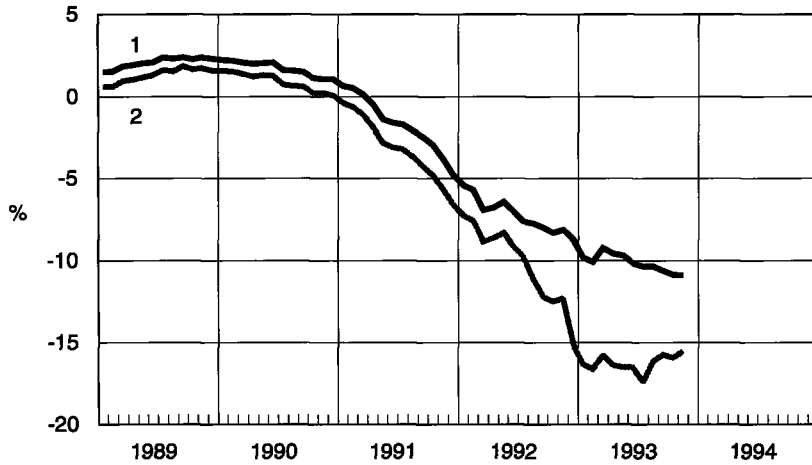
Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



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

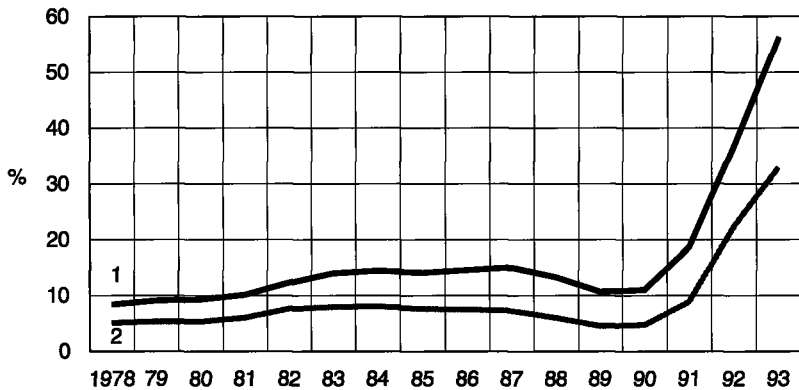
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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*

11 April 1994

THE PARLIAMENTARY SUPERVISORY BOARD

PENTTI MÄKI-HAKOLA, Chairman
JUSSI RANTA, Vice Chairman
ANNELI JÄÄTTEENMÄKI

MAURI MIETTINEN
TUULIKKI HÄMÄLÄINEN
OLAVI ALA-NISSILÄ

JÖRN DONNER
ESKO SEPPÄNEN
TELLERVO RENKO

THE BOARD

SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

DIRECTOR

PENTTI KOIVIKKO

DEPARTMENTS AND OTHER UNITS

Accounting OSSI LEPPÄNEN

Administration URPO LEVO

Data Processing PERTTI SIMOLA

Economics JOHNNY ÅKERHOLM

Financial Markets KAARLO JÄNNÄRI,
Advisers to the Board: HEIKKI KOSKENKYLÄ,
PETER NYBERG, RALF PAULI

Information ANTTI JUUSELA

Internal Audit TIMO MÄNNISTÖ

International Secretariat KJELL PETER SÖDERLUND

Legal Affairs ARNO LINDGREN

Market Operations MARKUS FOGELHOLM

Monetary Policy PENTTI PIKKARAINEN

Organization and Management Development
PIRKKO POHJOISAHO-AARTI

Payments and Settlements RAIMO HYVÄRINEN

Payment Instruments ANTTI HEINONEN

Personnel RIITTA JOKINEN,
Adviser to the Board: ANTON MÄKELÄ

Publication Services ANTERO ARIMO (acting head)

Research PEKKA ILMAKUNNAS,
Adviser to the Board: KARI PUUMANEN

Security JYRKI AHVONEN

Statistical Services ESA OJANEN

Eastern European Economies KARI PEKONEN

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

BRANCH OFFICES

Kuopio, Oulu, Tampere, Turku, Vaasa

SETEC OY (Security Printing House fully owned by the Bank of Finland)

VELI TARVAINEN, Managing Director

* Since 1 October 1993, the Financial Supervision Authority has functioned as an independent body in connection with the Bank of Finland.