

# BULLETIN

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Economic developments, inflation  
and monetary policy

Wages, taxes and employment  
in Finland

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## PUBLISHER

**SUOMEN PANKKI  
FINLANDS BANK**

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

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

Telex: 121224 SPFBFI  
Telefax: +358 0 174872  
Cables: SUOMENPANKKI

Electronic mail:  
X.400: S=PUBLICATIONS; A=MAILNET; P=BOFNET; C=FI  
Internet: PUBLICATIONS@BOFNET.MAILNET.FI

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**Editor-in-Chief**  
Sirikka Hämäläinen

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EU commemorative coin



# **Economic developments, inflation and monetary policy**

**F**inland's economy has continued to perform favourably despite a modest deceleration in the growth of output. During the autumn, the budget and wage outcomes, together with the employment programme, have increased the credibility of economic policy. The positive reception given to Finland's convergence programme at the meeting of EU economics and finance ministers (ECOFIN) also helped to increase the credibility of Finland's economic policy.

Inflationary pressures have remained subdued. Import prices are continuing to decline because of the markka's stability and declining world prices for certain product groups. The reduction in indirect labour costs entailed in the employment programme has a constraining effect on domestic inflation. Moreover, as the moderate trend in wages becomes more visible, there is a further alleviating impact on price pressures.

As a logical follow-up to the reduced inflationary pressures and economic policy measures taken thus far, the Bank of Finland lowered its monetary benchmark interest rate in October–November. The tender rate was cut three times, by a combined amount of 1.25 percentage points, to 4.75 per cent. Short-term interest rate differentials vis-à-vis the strong European currencies narrowed to the level that prevailed at the beginning of the year.

## **Output growth levels off**

It appears that the economy has passed through the peak-growth phase of the current cycle. Based on the monthly indicator of total output, GDP posted only a slight increase in July–September compared to the second quarter. Compared to the corresponding periods in 1994, output increased by 3.1 per cent in the third quarter and 5.4 per cent in the first half. In July–September manufacturing output increased by 8.1 per cent as compared to the same period a year ago. Seasonally-adjusted output growth in the metal and engineering industries came to a halt during the summer months. Output volume in the forest industry has remained at about the same level all year. Data for the summer however paint an overly pessimistic picture of the economy.

The deceleration in the growth of manufacturing is partly due to capacity constraints which have hindered the expansion of production. The rate of

capacity utilization has been high, especially in the paper and metal and engineering industries. According to the Confederation of Finnish Industry and Employers survey of business confidence, about one-third of the firms in the metal and engineering industries were experiencing capacity constraints. The Confederation of Finnish Industry and Employers reports that the possibility of expanding output will improve in the coming months as new production capacity comes on stream in the metal and engineering industries.

The outlook for manufacturing has become more cautious. Expectations of a further improvement in economic conditions have generally dissipated. The outlook for exports however is still positive, and profitability is expected to continue to improve. For the forest industry, both output and exports are forecast to remain stable in the coming months, at about the same level as in the autumn. The metal and engineering industries, by contrast, are expected to see another slight improvement in conditions.

The growth in private consumption has been picking up gradually since the latter half of 1993 when households began to regain confidence in an improving economy. The latest figures on retail sales show that consumption growth has slowed since the beginning of the year. Households have been cautious in spending decisions. The willingness to take on debt is at a low level, as can be seen *inter alia* in the fact that automobile sales are still slack despite the pick-up in the economy. The outlook for consumption is bolstered by wage increases and tax refunds, which together with a stable price level could spur consumption growth as the year comes to a close.

Investment has not yet generated significant multiplier effects on the economy. The bulk of investment funds has gone into machinery and equipment, which are to a large extent imported from abroad, and there are still no signs of an end to the construction recession.

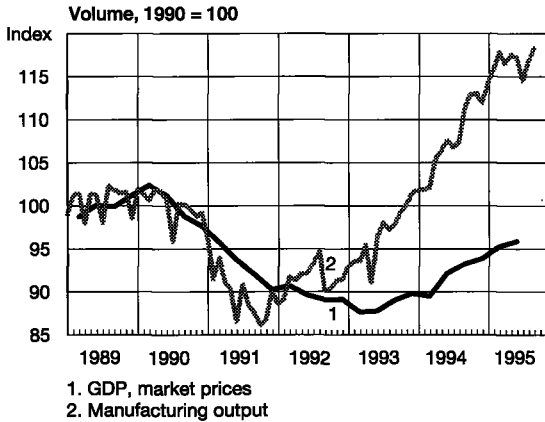
## **Dichotomous economic performance continues**

The volume of merchandise exports was 5.7 per cent higher in July–September than in the corresponding period a year ago. As compared to the

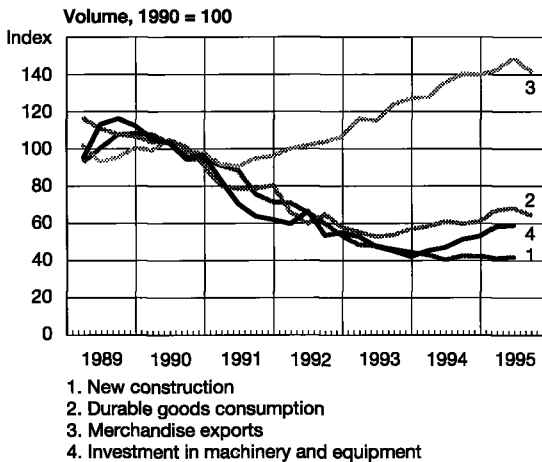
**Chart 1.**

**Indicators of output and demand**

**Gross domestic product and manufacturing output**



**Demand indicators**



previous quarter however exports declined, owing mainly to the absence of ship deliveries in the third quarter. The positive trend in Finnish exports has been enhanced by the fact that international growth has focused on machinery and equipment investment in the manufacturing sector. This is reflected in the robust growth in metal and engineering exports. The situation in the forest industries is somewhat unclear. The mechanical forest industry has been in a recession for some time, as seen in the decline in prices on world markets. Nonetheless, the prices of sawn goods reversed their downward trend in August and moved up slightly in September–October. Exports of pulp and paper products have slowed because producers have restricted supply in an attempt to prevent price reductions.

Growth of the Finnish economy has continued to be largely export-driven (Chart 1). In the domestic sector, growth has remained sluggish because of the recession in the construction industry. In the labour markets, this can be seen in the slow pace of the improvement. In August–September the unemployment rate fell largely because of a reduction in the supply of labour. In October the number of employed increased only slightly and the unemployment rate remained unchanged from September. According to the workforce survey, the number of unemployed was 409 000 and the seasonally-adjusted unemployment rate was 16.8 per cent.

**The balance of payments remains strong as central government deficit declines**

The current account has remained strong. The deficit posted in October was largely due to temporary factors. In January–October the trade balance posted a surplus of FIM 33.4 billion, to which the contribution of a nearly 10 per cent improvement in the terms of trade was significant. The deficits on the services and investment income accounts have decreased substantially.

The central government's net borrowing requirement, as measured by the 12-month moving total, declined from about FIM 80 billion in early summer to FIM 71 billion in September 1995. The government's financial balance is expected to improve further as the year comes to a close and several exceptional timing factors fall out of the picture. The Ministry of Finance has estimated that the net borrowing requirement for 1995 will amount to FIM 67 billion, ie about the same as in 1994. However, the so-called primary net borrowing requirement (net borrowing requirement less the central government's net interest expenditures, bank support and net costs of EU membership) could decline by nearly one-third this year. In the draft budget, the net borrowing requirement for 1996 is estimated to decline to about FIM 41 billion.

In October the Government decided on certain measures aimed at alleviating unemployment. The objective of the employment programme is to reduce unemployment by one-half, to 8–9 per cent, by 1999. The estimated effect of the proposed measures on the central government's financial balance is less than FIM 0.5 billion for 1996 and FIM 1.6 billion per year on average over the period 1997–1999.

**The price level has remained stable**

Indices that measure consumer price inflation remained almost unchanged during August–October. The 12-month rate of change in consumer prices has slowed from nearly 2 per cent at the beginning of the year to less than 0.5 per cent (Chart 2). In October the 12-month change was 0.3 per cent. The indicator of underlying inflation remained in July–September at about its average level for the previous quarter. The 12-month change in the indi-



cator has been negative as from July; the change in September was -0.6 per cent.

International inflation has been lower than expected, which has eased the pressure on import prices. In October the import price index was 0.4 per cent lower than in October 1994. The decline in food prices has continued even after the direct price effects of EU membership were fully realized. Food prices turned down again, after having remained stable during the summer months, and in October food prices were 3 per cent lower than in July. The changed market situation in the Finnish food industry is reflected in the fact that according to the Confederation of Industry and Employers survey of business confidence, the food industry expects the price decline to continue in the near future.

In accordance with the 2-year wage settlement agreed in the autumn, negotiated wages go up by 2 per cent on average in November and almost 2 per cent in October 1996. The extremely moderate agreed rise in labour costs will be further restrained by reductions in unemployment insurance premiums that are included in the Government's employment programme. The reductions will amount to about 1½ percentage points and will be effective from the beginning of 1996.

Because of sluggish demand, housing prices have continued to decline. For the country as a whole, the decline in July-September was 1.9 per cent compared to the previous quarter. In the Greater Helsinki area, housing prices continued to decline in October. Stumpage (standing timber) prices have also been falling since the beginning of summer, in July-September by 3.3 per cent compared to the second quarter of this year.

Inflation expectations have continued to recede. According to the survey of business confidence, prices in several sectors are expected to decline in the near future. Price rises are expected mainly in the forest and construction industries. The survey signalled cost increases only in the forest and consumer goods industries.

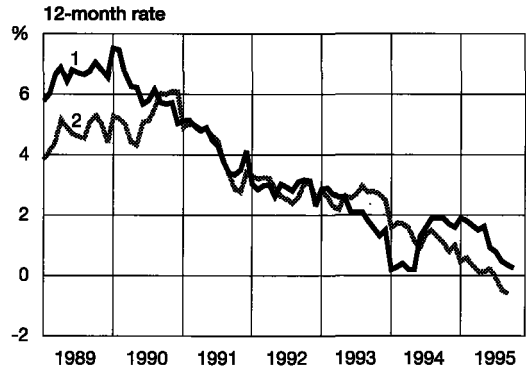
The pick-up in underlying inflation that was expected for next year could be more subdued than was estimated in the previous article. The 12-month rate of underlying inflation is now forecast to remain very modest until the end of 1995 (Chart 2). It is then expected to accelerate to nearly 2 per cent by the end of next year. In the light of current information, it seems that inflation pressures will be relatively subdued again in 1997.

### **Pressures in the international currency markets**

At the end of September, the international currency markets were in an uneasy state. The depreciation of the dollar and discussions about the EMU caused some disturbance, especially in the European money and currency markets. In October calm was restored to the markets, but in November condi-

**Chart 2.**

### **Inflation**



1. Consumer price index
2. Indicator of underlying inflation

tions again became somewhat disturbed, largely because of a re-kindling of problems in Mexico and uncertainty regarding the US debt limit and budget. In the latter half of November the US dollar strengthened significantly when an agreement in principle was reached on the budget issue.

As a result of the weakening of the dollar in late September, the currencies of several EU countries depreciated against the Deutschmark. The hardest hit currencies were those that had been under pressure already in the spring. Spain and Italy were also faced with economic policy problems, and in France the situation developed into a full-blown policy crisis. The new French Government encountered credibility problems regarding its economic policy. The central bank was obliged to tighten monetary policy because of a sharp fall in the value of the franc. In October the central bank lowered interest rates as market conditions calmed down. In mid-November central bank rates were lowered again as the Government announced its programme of spending cuts in social security. The public sector savings programme led to a strike at the beginning of December, but this has not led to any turbulence in the money and foreign exchange markets.

In Sweden the external value of the krona and interest rates have fluctuated widely this year. In the autumn, confidence in economic policy increased substantially. The krona has appreciated significantly and long-term interest rates have come down. For instance, in November the krona reached its strongest level, vis-à-vis the ECU, since the beginning of 1994.

### **The markka remains stable**

In the domestic money and currency markets, interest centred on the wage negotiations in August–September. The markets were firmly confident that a moderate settlement was imminent, as reflected in falling interest rates and the markka's stable external value. On the day the wage agreement was signed, the markka appreciated by several penniä against the major currencies. The longest-term (12-month) HELIBOR rate and the shortest-term (2-year) bond yield declined the most, by 0.2 percentage point.

The external value of the markka remained stable in the period October–November, during which the tender rate was being lowered. The cuts were expected by the markets and were viewed as being supportive of the favourable performance of the economy.

The markka's exchange rate against the Deutschmark remained close to 3:1. According to the trade-weighted index, the markka's external value is presently stronger than it was just before the markka was floated in September 1992. The strengthening of the Swedish krona has also been reflected in its markka value, which has now reached 65 penniä, ie 5 penniä more than at the beginning of September. Against the dollar, the markka appreciated 2.5 per cent in September–November.

The Bank of Finland's foreign exchange reserves declined in September–November by FIM 1.2 billion, largely due to central government amortizations of foreign currency-denominated loans. At

the end of November, the foreign exchange reserves stood at FIM 50.5 billion.

### **Long-term rates have fallen by more than two percentage points since April**

The credibility of the Government's new economic programme, the positive tone of the economy and the decline in international interest rates pushed long-term interest rates down by 2.8 percentage points during the period April–November. During the same period, Finnish long-term rates declined by more than was the case in many of the other EU countries. For instance, in April–November the German long-term rate declined by 0.9 percentage point, the Danish rate by 1.6 percentage points and the French rate by 0.9 percentage point. Owing to domestic factors, the longest-term interest rate has declined by almost 2 percentage points relative to the German long-term rate.

The longest-term (8.5-year) interest rate is now about 7.3 per cent, ie slightly below the Danish long-term rate and slightly above the French rate (Table). The longest-term rate is however presently about 1.1 percentage points higher than at the end of January 1994, before the sharp rise in international interest rates.

At the end of September movements in international interest rates boosted long-term market rates. Discussion concerning the EMU and the rise in US long-term rates also pushed up Finnish rates, even though wage negotiations were making favourable progress. In October–November long-term rates returned to their level of mid-September. The cuts in the tender rate had virtually no effect on the longest-term market rates.

### **HELIBOR rates reflect strong expectations of a decline in interest rates**

The longest-term (12-month) HELIBOR rate followed the downward trend in long-term rates over the period April–November and is now 2.3 percentage points lower than at the beginning of April. The shortest-term HELIBOR rate, which is strongly influenced by the tender rate, declined in April–November by about 1 percentage point, ie closely in line with the change in the tender rate (Chart 3).

Because long-term interest rates have declined faster than short-term rates, the yield curve has flattened to some extent. The spread between the longest-term (8.5-year) bond yield and the 3-month interest rate has narrowed since the spring from about 4 percentage points to 2.6 percentage points (Chart 4). In Germany the spread between the 10-year bond yield and the 3-month interest rate is 2.3 percentage points, ie slightly narrower than in Finland. The German long-term yield is high in light of short-term rates and inflation expectations for the economy. One reason for this is speculation concerning the future European currency, which in the

#### **Short-term (3-month) market interest rates, per cent**

	31 July	30 September	30 November
Germany	4.6	4.1	3.9
France	6.2	6.4	6.4
Belgium	4.6	4.3	3.9
UK	6.9	6.8	6.6
Italy	10.9	10.7	10.6
Denmark	6.4	5.8	5.2
Sweden	9.2	9.0	8.9
USA	5.9	6.0	5.9
Finland	6.1	6.0	4.7

#### **Long-term market interest rates, per cent**

	31 July	30 September	30 November
Germany	6.8	6.7	6.2
France	7.4	7.5	6.9
Belgium	7.3	7.1	6.7
UK	8.2	8.1	7.6
Italy	12.1	11.9	11.5
Denmark	8.3	8.0	7.3
Sweden	10.4	9.5	8.7
USA	6.5	6.3	5.8
Finland	8.6	8.1	7.3

minds of investors might be weaker than the present Deutschmark. Investors' interest in the longest-term DEM bonds has diminished recently.

Expectations of a cut in the tender rate strengthened in the early autumn when the likelihood of a moderate pay settlement increased. Particularly in mid-September, expectations of a rate cut were strongly reflected in the shortest-term (1-6 months) HELIBOR rates, which dropped below the tender rate. For a time, the yield curve for short-term market rates was inverted.

In October expectations of a cut in the tender rate quickly regained momentum. The shortest-term (1-6 months) market rates dropped below the tender rate, and forward rate agreements signalled that the 3-month rate would decline during the following months. With respect to HELIBOR rates, the yield curve was nearly flat in October. The yields on shorter-term bonds declined to about the same extent as the HELIBOR rates.

Even after the second cut in the tender rate at the beginning of November, the markets continued to hold strong expectations of a further lowering of interest rates. In mid-November the shortest-term HELIBOR rates were again lower than the tender rate and forward rate agreements continued to reflect an expected decline in interest rates.

The tender rate was lowered for the third time in mid-November, in response not only to favourable economic fundamentals but also to the markets' increased confidence in Finland's economy and economic policy. Lower market interest rates in other European countries also argued for the cut in the tender rate, and after the cut the markets continued to display a healthy tone.

Owing to the low level of market interest rates and the subdued outlook for inflation, the base rate was also lowered two times, altogether by 0.5 percentage point. The first cut in the base rate came in connection with the October reduction in the tender rate and the second cut came at the end of November. From 15 December, the base rate will be 4.75 per cent. Because of the rate cuts, the banks also reduced their own prime rates in the autumn, and these rates now range from 5.75 per cent to 6.75 per cent.

In the autumn the Bank of Finland revised its minimum reserve system so that from October 1995 the minimum reserve requirement is met on the basis of monthly averages. Based on two months of experience, it can be said that the revised system has performed as expected.

### **Loan demand continues to be slack**

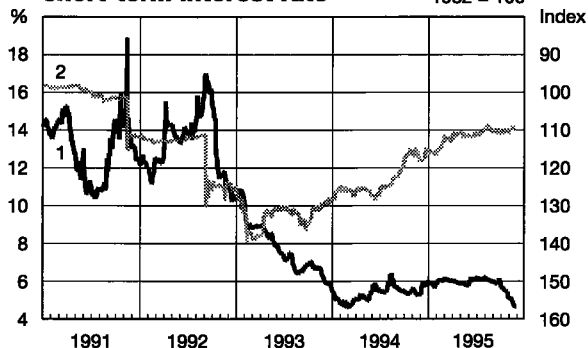
There are no visible signs of a pick-up in bank lending. For several months, the outstanding amount of bank lending has stood at FIM 264 billion. The excess of deposits over lending stock currently amounts to about FIM 17 billion.

Companies' demand for bank loans continues to be slack, and the volume of share issues

**Chart 3.**

### **External value of the markka and short-term interest rate**

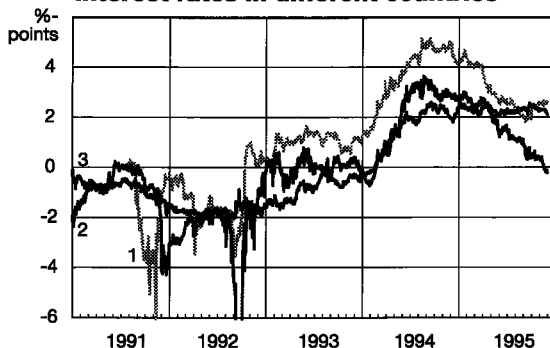
1982 = 100



- 1. 3-month HELIBOR rate (left scale)
- 2. Trade-weighted currency index (right scale)

**Chart 4.**

### **Spreads between 10-year and 3-month interest rates in different countries**



- 1. Finland
- 2. Sweden
- 3. Germany

has also decreased from last year. In January-September companies' share issues on the Helsinki Stock Exchange amounted to less than FIM 2 billion compared to FIM 10 billion last year. Again using January-September for comparative purposes, companies' bond issues amounted to less than FIM 1 billion this year as against almost FIM 4 billion in 1994 and about FIM 10 billion in 1993. According to different surveys, companies are financing their investments out of profits.

Growth of both the narrow money stock (M1) and the broad money stock (M2) have been fairly stable during the last half year. Narrow money has grown at a rate of some 7 per cent and broad money by some 3.5 per cent. Fluctuations in the broadest monetary aggregate (M3) are influenced by the public's holdings of certificates of deposit.

**Preconditions for  
price stability improving**

The inflation outlook is very favourable. As the year comes to a close, changes in the indicator of underlying inflation will remain small. It is forecast that in 1996 the 12-month change in the indicator will increase to about 2 per cent at most and that in 1997 it will decline slightly. It is however possible that food prices will continue to decline over a fairly long period, which together with decelerating growth may keep the inflation rate lower than the present forecast. Besides inflation, the other key barometers of economic performance that have developed favourably are the balance of payments and central government finances. Now that the measures included last spring in the Government's economic programme have been put into effect, the economy is well positioned for another favourable performance next year.

The domestic factor causing the greatest concern is the painfully slow decline in unemployment. The Government's employment programme should however have a favourable effect on employment. One of the reasons for the weakness of domestic demand has been the high real interest rate. However, continued stability in inflation and effective economic policies are reducing the uncertainty over future developments and setting the stage for a decline in the real interest rate and a recovery in the domestic markets.

8 December 1995

# Wages, taxes and employment in Finland

by **Timo Tyrväinen**, Dr Soc Sc (Econ)  
Economics Department  
Bank of Finland

**T**his article<sup>1</sup> discusses the determination of wages and employment in Finland. Given the country's very high level of unemployment, this is an issue of major importance today. The focus of interest is on the impact of taxes on equilibrium in the labour market, particularly those taxes that influence the 'wedge', ie the amount by which the employer's real labour cost exceeds the employee's real take-home pay.

According to the evidence, taxes affect wage developments in Finland. The rule of thumb is that about half of any tightening of taxation persists in the form of higher labour costs while the other half reduces employees' real take-home pay.

A lasting increase in labour costs leads to a fall in employment and a rise in 'equilibrium unemployment'. The long-run effect is the same no matter whether taxes are collected in the form of income taxes, indirect taxes or social security contributions. Thus, shifting from one form of taxing labour to another does not offer a long-term solution to the unemployment problem.

Since the early 1980s, higher taxes seem to have led to an increase of almost 10 per cent in real labour costs in Finland. This has reduced private sector employment by several per cent.

## **How to investigate wage setting in a unionized labour market?**

There are two important institutional features of the Finnish labour market which should be taken into account when modelling wage setting. The first concerns the role of trade unions. In the mid-1960s, the unionization rate was 33 per cent; ten years later it was almost 80 per cent and it subsequently rose further. In contrast to many other countries, union membership has not declined in Finland even during the past few years.

In the economic literature, interest in the role and behaviour of trade unions has long traditions. Broadly speaking, the early literature of the 1940s concluded that unions could be thought of as bodies which maximize the welfare of their members. This presumption carries over to the research discussed in this article.

The second institutional feature typical of Finland is that, in recent decades, collective wage bargaining has played a vital role in the wage-setting process. The wage settlement procedure is highly centralized and synchronized. Indeed, even non-unionized workers have been covered by collective agreements since 1971, as non-organized employers are also required to implement comprehensive settlements. An agreement is binding for the whole industry if it covers more than 50 per cent of the employees in that industry.

In Finland, the period 1964–1996 saw only six years when no central agreement was reached (for more details, see Tyrväinen, 1989). In these six years, settlements were concluded at industry level. So, any analysis of the Finnish labour market must take into account the role of collective bargaining.

But how to analyze bargaining between two parties, ie employers and employees? One possibility is to apply the tools provided by game theory. Developments in game theory during the late 1970s and early 1980s, in particular, introduced a theoretically well-defined way to link the analysis of union behaviour and the analysis of wage setting. Bargaining models indicate how an equilibrium between the contradicting interests of firms and unions can be defined.

The wage-employment equilibrium is defined by variables influencing profits, on the one hand, and the welfare of the union, on the other. In addition, a role is played by factors which define the welfare of the parties in the event that an agreement is not reached. Finally, the relative bargaining power of unions matters.

The resulting equilibrium is a state from which no party has an incentive to depart once this state has been achieved. In this equilibrium, a long-run relationship between wages and (un)employment holds. If this relationship does not imply full employment, an 'unemployment equilibrium' prevails.

Analysis of the wage-employment equilibrium is of particular importance in a country suffering from massive unemployment. But how does one find out where the equilibrium lies? How can one investigate its determinants empirically?

It was only in the latter half of the 1980s that econometricians and statisticians found ways to

<sup>1</sup> The article summarizes the analysis and results of the author's doctoral thesis *Wage Determination, Taxes, and Employment: Evidence from Finland*.

consider long-run relationships and the related equilibrium in an empirically satisfactory fashion. The important advances made in econometrics are due to the investigation of such issues as cointegration and error correction. The resulting estimation techniques have been applied in the research reported in this article<sup>2</sup>.

### **The 'wedge' and 'real wage resistance'**

In the theoretical set-up discussed above, taxes that may influence equilibrium in the labour market can be summarized by one term, the 'tax wedge'. The 'tax wedge' is the most important element of the 'wedge', which is the difference between the real labour cost paid by the firm and real take-home pay, the latter being of importance for the union. 'Real wage resistance' occurs if real labour costs rise as a result of higher taxes and other components of the wedge.

The wedge consists of 1) income taxes (including employees' social security contributions), 2) payroll taxes and 3) the 'price wedge', ie the difference between consumer prices and producer prices. The price wedge contains indirect taxes. In addition, it is influenced by the relative import price of consumer goods (weighted by the import share) and possibly by profit margins in the trade sector.

Empirical analysis of real wage resistance seeks to find out whether changes in the wedge have had an impact on labour costs. Whether these effects are temporary or persistent is also a matter of empirical evidence. If they turn out to be persistent, they lead to a shift in the level of equilibrium (un)employment.

*The OECD Jobs Study: Evidence and Explanations* reviews international evidence on real wage resistance. Numerous studies have revealed long-run effects of taxes on labour costs. A cross-country analysis by Symons & Robertson (1990) indicates, however, that in the long run the wedge is fully borne by labour. This is in spite of substantial 'short-run' effects which are quite long-lasting: on average, for 16 OECD countries, a 1 per cent rise in the wedge induces an immediate rise in labour costs of 1/2 per cent, and nearly half of this effect remains after 5 years. Given other lags in the system, this implies that a change in the wedge can have a significant impact on employment for at least a decade. Layard et al. (1991) refer to these long lags and suggest that researchers who have considered the effects as 'permanent' may have had difficulties in discriminating between permanent and temporary effects.

Thus, the most one can say is that there is a large body of evidence showing that taxes have

long-lasting effects on product wages, and hence on equilibrium in the economy, via real wage resistance. On the other hand, the distinction between the long run and the short run (or equilibrium and adjustment) has been adequately addressed in only a very small part of the research carried out in the 1970s or 1980s. As indicated above, methods which can be presumed to perform better in this respect are fairly new.

### **Higher taxes have led to a higher equilibrium unemployment rate in Finland**

The reason for the special interest in real wage resistance is obvious (see Chart). In Finland, the wedge is very large by international standards. In addition, the increase in the wedge has been so large that, if real wage resistance occurs, its impact on (un)employment must be of major order.

As can be seen in the chart, the wedge has increased in a more or less trendwise manner in Finland over the past 20 years. This is despite the fact that the various components of the wedge have moved in opposite directions in some years. Let us consider briefly the three components of the wedge.

Employers' social security contributions have increased substantially over the observation period. In most years, this has reflected legislative actions taken to improve social security and pension schemes in Finland. In recent years, however, contribution rates have been raised to finance the cost of rising unemployment.

There has been considerable variation in the average income tax. In the 1970s, this was because inflation adjustments in tax scales were not always consistent with the prevailing inflation rate. The reduction in the average income tax rate at the end of the 1980s seems to be due to the Government's plans to ease taxation of incomes. During the recession of the early 1990s, budgetary problems, aggravated by rising unemployment, led to a sharp tightening in income taxation.

As can be seen from the chart, the rise in the price wedge is very large. The tightening of indirect taxation throughout the period examined has been an important contributory factor to this development. Another major factor is that prices of consumer goods imported into Finland have tended to rise more than prices of goods produced in Finland, not only those sold in the home market but those going for export, in particular. Thus, the recent rise in the price wedge is also due to the excessive depreciation of the markka<sup>3</sup> in 1991–1993.

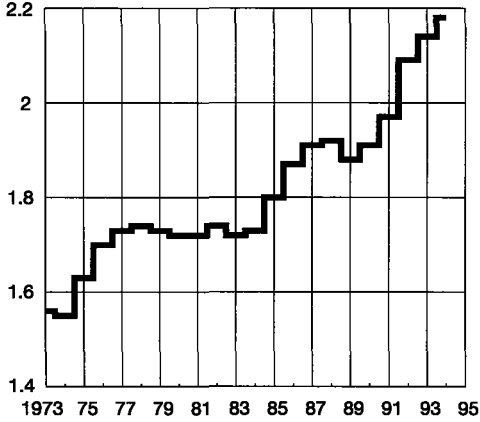
<sup>2</sup> Engle & Granger (1987) introduced a two-stage procedure for estimation. In the set-up more recently proposed by Johansen (1988, 1991), long-run relationships and related dynamic error correction equations are estimated simultaneously. In this procedure, time-invariant equilibrium relationships are distinguished from dynamic short-run variation. The Johansen procedure was applied in generating the results discussed in this article.

<sup>3</sup> A market-induced devaluation of the Finnish markka took place in November 1991. In September 1992, the markka was floated as a result of the turmoil in the European currency markets. In March 1993, the markka was almost 40 per cent weaker vis-à-vis the ECU than 18 months earlier. Since then, the markka has appreciated considerably.

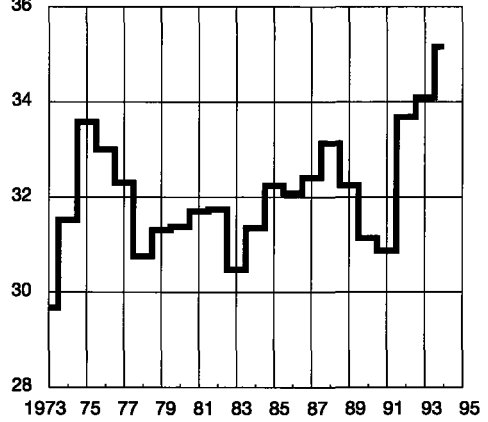
**Chart.**

**The wedge and its components in Finland, 1965 - 1994:  
private sector, excl. agriculture and forestry**

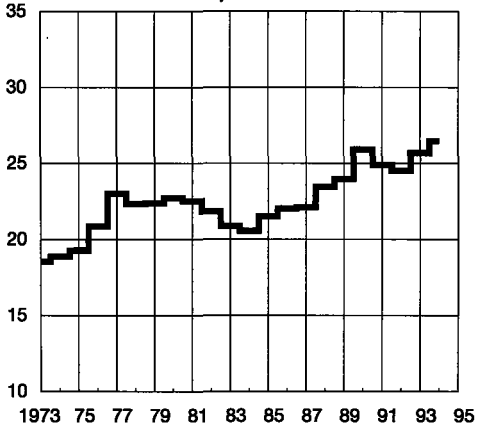
**A. The wedge**



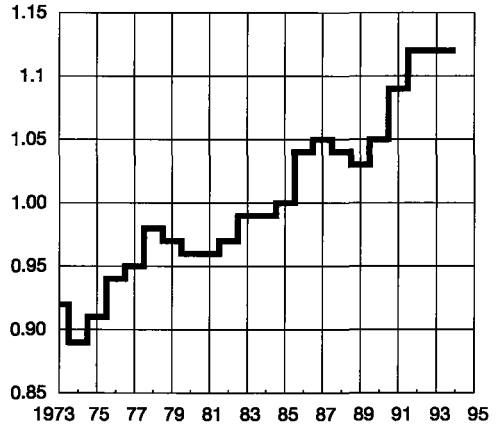
**B. Income tax rate, %**



**C. Employers' social security contributions, %**



**D. Price wedge, index 1985 = 1**



The aggregate wedge, A, is influenced by B, the (average) income tax rate  $\tau_a$  of a representative (average) wage earner, C, the employers' social security contribution rate, s, and D, the ratio of the private consumption deflator, PC, and producer prices, P, according to the formula:  
 $(\text{REAL LABOUR COST})/(\text{REAL TAKE-HOME PAY}) = \text{WEDGE} = (1+s)PC/P(1-\tau_a)$ .

The study on which this article is based provides evidence showing that real wage resistance has been in operation in Finland. Wages and employment adjust towards an equilibrium determined by prices, productivity and *taxation*. In this state, the labour market parties are 'satisfied' with the outcome in the sense that they do not alter their behaviour. Consequently, not even a high rate of unemployment necessarily leads to a downward adjustment of wages.

Contract wages, normally for 1–2 years ahead, are set in collective agreements. Any other wage changes occurring during the agreement period are the result of wage drift. Wage drift only partly reflects developments which are purely market-determined. A large part of wage drift arises from negotiations between local unions and firms. Wage drift adjusts real wages towards the equilibrium state described above while collective agreements are in effect.

As already indicated, the key taxes are those determining the amount by which the employer's real labour cost exceeds the employee's real take-home pay.

Thus, the tax wedge affects the development of wages. A lasting increase in labour costs leads to a fall in employment and a rise in 'equilibrium unemployment'. The rule of thumb is that about half of any tightening of taxation persists in the form of higher labour costs; the other half reduces employees' real take-home pay.

According to the evidence, the long-run effect is the same no matter whether taxes are levied in the form of income taxes, indirect taxes or social security contributions. In other words, wages react in the same way to a cut in purchasing power which is due to, say, a one percentage point increase in income tax as they do to a cut which is due to a one percentage point increase in value-added tax.

Consequently, shifting from one form of taxing labour to another does not offer a long-term solution. If the aim is to reduce the harmful effects of taxation on unemployment, then the overall level of taxes on labour should be lowered.

As far as tax effects on employment are concerned, Finland is not necessarily an exception. Drawing from Tyrväinen (1995a), OECD (1994) presents results for 10 OECD economies. Signs of real wage resistance were discovered in all the economies examined, although it differed in degree across countries.

Given the presence of real wage resistance, an important message for economic policy is that taxation should not be considered in isolation from the labour market. Taxes influence both wages and employment. As higher taxes are not fully absorbed

by changes in nominal wages, lower employment results. This outcome represents an increase in the equilibrium unemployment rate.

Particularly in the Nordic countries, with their exceptionally high tax rates, this is a matter of vital importance. It is worth noting that according to *eg the OECD Jobs Study*, it was merely the growth in public employment that helped these countries to keep unemployment in check during the 1970s and 1980s.

Since the early 1980s, higher taxes seem to have led to an increase in real labour costs amounting to almost 10 per cent in Finland. This has reduced employment in the private sector by several per cent.

As the effects of taxation are not felt immediately and the most recent tightening of taxation took place in 1993–1994, the harmful effects of taxation are likely to add to wage pressures over the next few years. Although the current high level of unemployment will evidently dampen this inflationary pressure, the impact of compensatory claims will tend *ceteris paribus* to impede the improvement in employment. When a comprehensive wage contract is in effect, wage drift acts as the channel through which such inflationary pressure could materialize. The best way to prevent this would be to reduce the size of the tax wedge within the room created by cuts in public spending. In its recent decisions, the Finnish Government has taken the first steps in this direction.

6 December 1995

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## Item

### **EU commemorative coin**

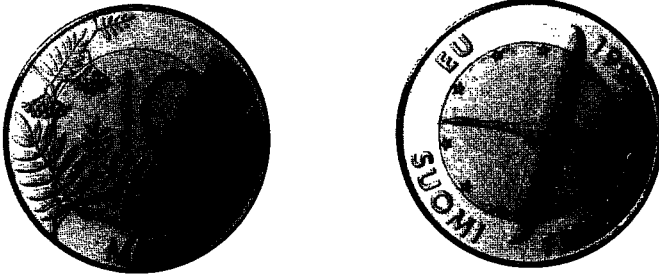
To commemorate Finland's accession to the European Union, the Mint of Finland Ltd has struck a coin in the denomination of 10 markkaa.

The obverse of the commemorative coin features a flying swan and the 12 stars of the EU and bears the inscriptions 'EU 1995' and 'Suomi Finland'. The reverse of the coin is the same as the reverse of the 10 markka coin that has been in circulation since November 1993. The obverse of the coin was designed by the sculptor Pertti Mäkinen and the reverse by Antti Neuvonen.

The 10 markka coin has a dual-metal construction, with a centre of aluminium-bronze and an outer ring of cupro-nickel, and weighs 8.8 grammes. The issue has been limited to 500 000 coins.

The coin is also being minted with a centre of gold and an outer ring of silver. The gold content of the centre is 584 o/oo and the silver content of the outer ring 925 o/oo. On the obverse of the coin are the chemical symbols for gold and silver, Au and Ag. The coin weighs 12.2 grammes. Both types of the coin have a diameter of 27.25 mm.

The coin was issued on 28 November 1995 and is legal tender. Foreign sales are handled by the commercial banks and the Mint of Finland Ltd.





# Measures concerning monetary and foreign exchange policy and the financial markets

1995

## FEBRUARY

**Tender rate.** On 10 February, the Bank of Finland raises its tender rate from 5.5 per cent to 5.75 per cent.

## MARCH

**Increase in the capital of Asset Management Company Arsenal Ltd.** On 23 March, the Government decides to raise the share capital of Asset Management Company Arsenal Ltd by FIM 8 billion. The capital injection is necessary to cover losses incurred during the year.

## APRIL

**Long-term reference rates.** On 21 April, the Bank of Finland recommends that the three- and five-year reference rates calculated by it should no longer be used as reference rates for new loans.

## JUNE

**HELIBOR rates.** As from 1 June, the method of calculating the HELIBOR rates is revised. As a rule, all the banks which have been accepted by the Bank of Finland as counterparties in its money market operations are taken into account in the calculation; the highest and lowest rates quoted for each maturity are omitted.

**Counterparties in the Bank of Finland's money market operations and the instruments employed.** On 1 June, the Bank of Finland revises the criteria applied in the selection of counterparties for its money market operations and accords priority status to risk-free securities.

**Weekly repo auctions discontinued.** On 1 June, the Bank of Finland discontinues the weekly tenders (repo auctions) which it arranges for market makers in benchmark government bonds.

**Skopbank to be sold to Svenska Handelsbanken.** On the proposal of the Government Guarantee Fund, the Government approves, on 2 June, an arrangement whereby the sound parts of Skopbank will be sold to the Swedish bank Svenska Handelsbanken. The deal involves mainly the parent bank Skopbank's good loans and

guarantees as well as the share capital of Industrialization Fund of Finland Ltd and SKOP Finance Ltd., which are part of the Skopbank group. Also included in the deal are Skopbank subsidiaries Finnish Real Estate Bank Ltd and the credit card company Aktiiviraha Oy.

**Tender rate.** On 9 June, the Bank of Finland raises its tender rate from 5.75 per cent to 6.00 per cent.

## OCTOBER

**The minimum reserve system.** The Bank of Finland decides to revise the banks' minimum reserve system as from 2 October so that the minimum reserve requirement is henceforth based on a monthly average.

**Tender rate.** On 5 October, the Bank of Finland lowers its tender rate from 6.0 per cent to 5.5 per cent. In addition, the interest rate on banks' excess reserves is cut from 4.0 per cent to 3.5 per cent.

## NOVEMBER

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.25 per cent to 5.00 per cent with effect from 1 November.

**Tender rate.** The Bank of Finland lowers its tender rate from 5.5 per cent to 5.0 per cent on 1 November and from 5.0 per cent to 4.75 per cent on 20 November. In addition, the interest rate on banks' excess reserves is cut from 3.5 per cent to 3.0 per cent on 1 November and from 3.0 per cent to 2.75 per cent on 20 November.

**The Savings Bank of Finland – SBF and Siltapankki become asset management companies.** The Ministry of Finance revokes the authorization of the Savings Bank of Finland and Siltapankki as from 30 November 1995. In addition, Siltapankki is transferred to the Arsenal Group.

## DECEMBER

**Base rate.** The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 5.00 per cent to 4.75 per cent with effect from 15 December 1995.

# Finland in brief

## Land, climate and population

Finland covers an area of more than 338 000 square kilometres. The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and 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 5 098 427 (31 December 1994) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 516 100 inhabitants, Espoo (Esbo) 186 600, Tampere (Tammerfors) 179 300, Vantaa (Vanda) 164 600 and Turku (Åbo) 162 300.

There are two official languages: 93.1 % of the population speaks Finnish as its mother tongue and 5.8 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

## Form of government

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, 1 March 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 1995, the seats of the various parties in Parliament are distributed as follows:

Social Democratic Party 63; Centre Party 44; National Coalition Party 39; Left Wing Alliance 22; Swedish People's Party 12; Green League 9; Christian League 7; Progressive Finnish Party 2; Rural Party 1; and Ecological Party 1.

Of the 18 ministerial posts in the present Government appointed in April 1995, 7 are held by the Social Democratic Party, 5 by the National Coalition Party, 2 by the Left Wing Alliance, 2 by the Swedish People's Party, 1 by the Green League and 1 by an expert with no party affiliation. The Prime Minister is Mr Paavo Lipponen of the Social Democratic Party.

Finland is divided into 455 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, the EBRD in 1991 and the EU in 1995.

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. The agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Union came into effect at the beginning of 1994. Finland's negotiations to join the European Union were concluded in spring 1994. The accession treaty was signed in Corfu in June. In autumn 1994, a consultative referendum was held in which the majority of the voters (56.9 %) were in favour of membership. The Finnish Parliament ratified the accession treaty in November. The accession treaty having been ratified by each Member State, Finland became a member of the European Union on 1 January 1995. 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 444 billion in basic values in 1994, 3 % was generated in agriculture and fishing, 3 % in forestry, 25 % in industry, 5 % in construction, 11 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 21 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1994, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1994, expenditure on the gross domestic product in purchasers' values amounted to FIM 508 billion and was distributed as follows: net exports 6 % (exports 35.7 %, imports -29.5 %), gross fixed capital formation 14 %, private consumption 56 % and government consumption 22 %. 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 3.6 % in 1990-94. Finland's GDP per capita in 1994 was USD 19 100.

**Foreign trade.** OECD countries absorb the bulk of Finnish merchandise exports. In 1990–94, their share was, on average, 78.3 %, of which the share of EC countries was 48.8 percentage points and that of EFTA countries 18.8 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union/Russia) accounted for 9.9 % and the rest of the world for 11.8 %. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1994, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 44 % and the share of other goods 20 %. Raw materials and intermediate goods (incl. crude oil) accounted for 60 % of merchandise imports, fuels for 5 %, investment goods for 14 % 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 1 910 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

The annual growth increment totals 78 million cubic metres and the total drain was about 62 million cubic metres in 1994.

**Energy.** In 1994, gross consumption of primary energy amounted to 31.6 Mtoe, of which industry accounted for 46 %, heating for 22 %, transportation for 13 % and other purposes for 19 %. The sources of primary energy in 1993 were as follows: oil 28 %, coal 13 %, nuclear power 14 %, hydro-electric power, peat and other indigenous sources 31 %, others 14 %. Compared internationally (1993), Finland's consumption of 5.7 toe (OECD definition) per capita was 1.7 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 41 %, as compared with 62 % 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 4 branch offices in other towns.

**Other banks** (31 December 1994). Finland has three major groups of deposit banks with a total of about 2 149 offices. There are three big commercial banks with national branch networks and ten smaller ones. The commercial banks have a total of 27 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 302 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and eight representative offices in Finland.

**Financial market.** Of the total stock of FIM 683 billion in outstanding domestic credit at the end of September 1994, 53 % was provided by deposit banks, 23 % by insurance companies, 5 % by other private credit institutions, 7 % by public financial institutions and 12 % 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, 77 % of the instruments, which totalled approximately FIM 174 billion at end-1994, were bank certificates of deposit (including central bank paper). Other negotiable money market instruments consist of Treasury bills, commercial paper and local authority paper.

There are 66 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 181 billion (at end-1994). Domestic bonds and debentures in circulation at end-1994 totalled FIM 200 billion; government bonds made up 47 % of the total. Turnover on the Stock Exchange in 1994 amounted to FIM 71 billion; the share of shares and subscription rights in the total was approximately 97 %.



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# 1. The balance sheet of the Bank of Finland

## 1.1 The balance sheet of the Bank of Finland, mill. FIM

	1994		1995		
	31 Dec.	8 Nov.	15 Nov.	23 Nov.	30 Nov.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	52 743	47 576	48 303	50 354	50 503
Gold	2 180	1 742	1 742	1 742	1 742
Special drawing rights	1 537	1 366	1 406	1 410	1 421
IMF reserve tranche	1 354	1 661	1 667	1 653	1 666
ECU-claim on the European Monetary Institute	.	3 308	3 286	3 288	3 279
Foreign currency claims	47 672	39 498	40 202	42 261	42 396
<b>Other foreign claims</b>	4 595	4 063	4 063	4 063	4 063
Markka subscription to Finland's quota in the IMF	4 595	4 006	4 006	4 006	4 006
Share in the European Monetary Institute	.	57	57	57	57
<b>Claims on financial institutions</b>	2 520	8 674	6 958	6 958	6 395
Liquidity credits	-	482	-	-	-
Certificates of deposit	443	-	-	-	-
Securities with repurchase commitments	1 037	7 195	5 964	5 964	5 409
Term credits	-	-	-	-	-
Bonds	802	484	481	481	473
Other claims on financial institutions	238	513	513	513	513
<b>Claims on the public sector</b>	1 806	1 801	1 802	1 804	1 819
Treasury bills	-	-	-	-	-
Total coinage	1 806	1 801	1 802	1 804	1 819
<b>Claims on corporations</b>	3 149	2 901	2 896	2 893	2 892
Financing of domestic deliveries (KTR)	316	201	196	192	192
Other claims on corporations	2 833	2 701	2 701	2 701	2 701
<b>Other assets</b>	6 524	5 528	5 516	5 565	5 599
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	1 832	851	832	879	915
Other assets	159	144	153	155	152
<b>Valuation account</b>	-	2 054	2 391	2 230	2 144
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	<b>72 737</b>	<b>73 997</b>	<b>73 330</b>	<b>75 267</b>	<b>74 816</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	130	1 188	1 188	1 264	1 263
<b>Other foreign liabilities</b>	5 579	4 910	4 913	4 906	4 913
IMF markka accounts	4 595	4 006	4 006	4 006	4 006
Allocations of special drawing rights	985	904	907	900	906
Other foreign liabilities	-	-	-	-	-
<b>Notes and coin in circulation</b>	14 315	14 168	14 115	14 231	14 321
Notes	12 675	12 476	12 422	12 537	12 620
Coin	1 640	1 692	1 692	1 694	1 701
<b>Certificates of deposit</b>	35 236	37 135	36 421	39 554	38 082
<b>Liabilities to financial institutions</b>	7 912	7 588	7 697	6 342	7 286
Minimum reserve deposits	6 526	7 313	7 422	6 067	7 011
Call money deposits	1 387	-	-	-	-
Term deposits	-	-	-	-	-
Other liabilities to financial institutions	-	275	275	275	275
<b>Liabilities to the public sector</b>	93	77	76	75	75
Cheque accounts	0	0	0	0	0
Deposits of the Government Guarantee Fund	93	76	76	75	75
Other liabilities to the public sector	-	-	-	-	-
<b>Liabilities to corporations</b>	1 548	1 099	1 095	1 080	1 070
Deposits for investment and ship purchase	1 548	1 099	1 095	1 080	1 070
<b>Other liabilities</b>	461	370	364	354	345
Accrued items	437	329	329	321	305
Other liabilities	24	41	35	33	40
<b>Valuation account</b>	-	-	-	-	-
<b>Provisions</b>	1 698	1 698	1 698	1 698	1 698
Pension provision	1 329	1 329	1 329	1 329	1 329
Other provisions	369	369	369	369	369
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	-	-	-	-	-
<b>Total</b>	<b>72 737</b>	<b>73 997</b>	<b>73 330</b>	<b>75 267</b>	<b>74 816</b>



## 1.2 Time series for the balance sheet items of the Bank of Finland, mill. FIM

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign currency claims	Foreign exchange reserves (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	2 180	791	783	.	33 478	37 232	-1 273	35 960	1 314	1 321	-7
<b>1991</b>	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
<b>1994</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1994</b>											
<b>Nov.</b>	2 180	1 461	1 388	.	49 154	54 184	-1 121	53 063	1 872	51	1 821
<b>Dec.</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1995</b>											
<b>Jan.</b>	1 742	1 370	1 366	3 700	46 627	54 805	-1 490	53 315	1 767	184	1 583
<b>Feb.</b>	1 742	1 775	1 326	3 606	45 608	54 058	-1 544	52 514	1 765	68	1 697
<b>March</b>	1 742	1 616	1 329	3 619	45 185	53 492	-1 149	52 343	1 763	68	1 695
<b>April</b>	1 742	1 295	1 290	3 460	42 535	50 321	-1 583	48 738	1 773	101	1 672
<b>May</b>	1 742	1 028	1 437	3 481	42 847	50 536	-1 644	48 892	1 772	194	1 578
<b>June</b>	1 742	1 278	1 425	3 477	43 484	51 407	-1 617	49 790	1 793	554	1 239
<b>July</b>	1 742	1 383	1 518	3 361	43 659	51 662	-1 945	49 717	1 797	53	1 744
<b>Aug.</b>	1 742	1 275	1 584	3 333	43 816	51 750	-1 902	49 848	1 804	56	1 748
<b>Sept.</b>	1 742	1 457	1 579	3 323	40 294	48 395	-1 829	46 566	1 797	76	1 721
<b>Oct.</b>	1 742	1 385	1 671	3 315	39 624	47 738	-1 954	45 784	1 801	76	1 725
<b>Nov.</b>	1 742	1 421	1 666	3 279	42 396	50 503	-2 113	48 390	1 819	75	1 744

End of period	Domestic financial sector					Corporate sector				
	Term claims on deposit banks, net	Liquidity position of deposit banks <sup>1</sup>	Minimum reserve deposits of deposit banks <sup>1</sup>	Other claims on financial institutions, net	Net claims <sup>2</sup> (12+13+14+15)	Claims in the form of special financing	Special deposits and other items, net	Net claims (17+18)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	12	13	14	15	16	17	18	19	20	21
<b>1990</b>	9 411	- 418	-17 401	5 744	-2 665	1 477	-9 724	-8 247	14 555	0
<b>1991</b>	11 882	-2 206	-10 361	5 531	4 846	1 086	-6 854	-5 768	14 528	8 880
<b>1992</b>	3 738	- 550	-13 165	4 572	-5 405	747	-2 651	-1 904	14 508	4 880
<b>1993</b>	7 337	-1 802	-6 398	1 339	476	496	720	1 216	14 994	14 837
<b>1994</b>	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236
<b>1994</b>										
<b>Nov.</b>	492	-2 026	-6 674	1 094	-7 113	331	1 222	1 553	13 776	34 406
<b>Dec.</b>	1 480	-1 387	-6 526	1 040	-5 392	316	1 285	1 601	14 315	35 236
<b>1995</b>										
<b>Jan.</b>	944	- 719	-6 511	1 003	-5 284	307	1 354	1 661	13 592	36 282
<b>Feb.</b>	2 328	-1 618	-6 521	947	-4 863	295	1 447	1 742	14 087	36 943
<b>March</b>	2 701	-1 048	-6 516	937	-3 926	285	1 501	1 786	13 846	37 991
<b>April</b>	2 922	-1 124	-6 798	906	-4 094	273	1 561	1 834	14 121	35 448
<b>May</b>	2 242	- 794	-6 523	886	-4 189	259	1 599	1 858	14 270	34 742
<b>June</b>	3 019	- 707	-6 646	852	-3 482	244	1 638	1 882	14 374	35 555
<b>July</b>	3 425	- 525	-6 765	829	-3 037	235	1 653	1 888	14 544	36 982
<b>Aug.</b>	3 053	- 624	-6 574	823	-3 322	224	1 669	1 893	14 325	36 809
<b>Sept.</b>	6 261	- 672	-6 557	779	- 189	217	1 692	1 909	14 229	37 321
<b>Oct.</b>	6 178	-5 768	-5 768	728	1 138	202	1 752	1 954	14 129	37 596
<b>Nov.</b>	5 409	-7 011	-7 011	711	- 891	192	1 631	1 823	14 321	38 082

<sup>1</sup> From October 1995, the liquidity position of deposit banks largely consists of minimum reserve deposits (see also Table 2.1).

<sup>2</sup> From October 1995, net claims is the sum of columns 12, 13 and 15.

## 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	Minimum reserve deposits	Call money deposits	Liquidity credits	Liquidity position, net
	1	2	3	4
1990	.	806	132	674
1991	.	881	985	-103
1992	.	2 103	437	1 666
1993	.	831	425	407
1994	.	1 393	10	1 383
1994	.			
Nov.	.	2 038	0	2 038
Dec.	.	1 160	0	1 160
1995	.			
Jan.	.	1 196	0	1 196
Feb.	.	1 210	4	1 206
March	.	1 750	0	1 750
April	.	853	0	853
May	.	833	2	831
June	.	607	30	577
July	.	803	0	803
Aug.	.	873	204	669
Sept.	.	1 067	922	146
Oct.	6 736	.	0	6 736
Nov.	6 632	.	110	6 522

### 2.2 The Bank of Finland's minimum reserve system

End of period	Reserve requirement			Mill. FIM	Minimum reserve deposits, mill. FIM <sup>1</sup>	Excess reserves, mill. FIM <sup>1</sup> (5-4)
	On deposits repayable on demand, %	On other deposits, %	On other items, %			
	1	2	3	4	5	6
1993	2.0	1.5	1.0	6398	6398	.
1994	2.0	1.5	1.0	6526	6526	.
1994	.					
Nov.	2.0	1.5	1.0	6674	6674	.
Dec.	2.0	1.5	1.0	6526	6526	.
1995	.					
Jan.	2.0	1.5	1.0	6511	6511	.
Feb.	2.0	1.5	1.0	6521	6521	.
March	2.0	1.5	1.0	6516	6516	.
April	2.0	1.5	1.0	6798	6798	.
May	2.0	1.5	1.0	6523	6523	.
June	2.0	1.5	1.0	6646	6646	.
July	2.0	1.5	1.0	6765	6765	.
Aug.	2.0	1.5	1.0	6574	6574	.
Sept.	2.0	1.5	1.0	6557	6557	.
Oct.	2.0	1.5	1.0	6557	6697	140
Nov.	2.0	1.5	1.0	6545	6741	196

<sup>1</sup> Daily averages as from 2 October 1995.

### 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
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
1994	35 540	351 820	-295 165	-21 115
1994	.			
Nov.	1 630	35 210	-34 400	820
Dec.	1 470	34 680	-34 790	1 580
1995	.			
Jan.	2 580	36 050	-31 590	-1 880
Feb.	3 490	36 940	-34 710	1 260
March	4 260	40 440	-35 360	-820
April	2 400	34 970	-35 680	3 110
May	3 710	32 780	-28 590	-480
June	3 060	35 556	-32 401	-95
July	3 385	36 980	-32 530	-1 065
Aug.	3 040	36 810	-33 550	-220
Sept.	9 350	37 350	-33 740	5 740
Oct.	5 380	37 610	-28 110	-4 120
Nov.	4 680	34 843	-15 540	-3 020

## 2.4 The Bank of Finland's transactions in convertible currencies, mill. FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
<b>1991</b>	35 120	-69 940	-14 820	12 820	12 260
<b>1992</b>	20 050	-70 640	-1 650	390	45 060
<b>1993</b>	25 120	-45 080	7 460	-6 910	33 240
<b>1994</b>	20 930	-12 900	9 060	-8 930	24 660
<b>1994</b>					
Oct.	5 110	-220	5 070	-5 090	2 280
Nov.	210	-520	770	-530	60
Dec.	1 750	-300	870	-1 120	-960
<b>1995</b>					
Jan.	-	-190	3 290	-3 260	4 360
Feb.	-	-90	-280	-90	720
March	-	-1 440	-1 710	1 350	-50
April	400	-	-2 650	6 290	-6 010
May	-	-	-1 230	1 300	-1 040
June	-	-	-1 120	1 110	-813
July	-	-	-2 470	2 450	-2 072
Aug.	4 000	-780	3 510	-3 410	-70
Sept.	450	-1 970	-100	-	-2 640
Oct.	-	-180	-830	860	-330

## 2.5 Forward exchange contracts between Finnish markkaa and other currencies, mill. FIM

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total				Net currency sales
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net (3+6)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (8-9)	Net currency sales
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	11 609	4 979	6 631	21 179	11 079	10 100	16 731	237	55	183	-6 098
<b>1991</b>	33 004	36 352	-3 348	40 056	37 505	2 550	-798	1 404	645	759	8 953
<b>1992</b>	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	-315	7 133
<b>1993</b>	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
<b>1994</b>	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
<b>1994</b>											
Oct.	44 821	19 418	25 403	20 662	30 252	-9 589	15 814	14 945	2 659	12 286	-4 436
Nov.	46 460	21 508	24 952	18 515	28 808	-10 293	14 659	16 058	4 036	12 023	-5 075
Dec.	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
<b>1995</b>											
Jan.	53 808	22 928	30 880	21 342	31 748	-10 407	20 473	19 972	4 698	15 274	-9 436
Feb.	54 500	23 006	31 494	21 161	36 433	-15 273	16 221	20 618	3 533	17 086	-9 485
March	57 611	25 712	31 899	23 283	36 466	-13 182	18 717	20 806	4 775	16 030	-8 055
April	57 779	24 331	33 447	22 063	33 135	-11 073	22 374	19 221	5 194	14 027	-4 909
May	59 058	24 236	34 822	23 178	33 876	-10 698	24 124	17 363	5 967	11 395	-3 562
June	56 010	21 745	34 265	22 744	36 052	-13 308	20 957	17 184	5 360	11 824	-2 461
July	54 311	20 649	33 662	22 825	33 288	-10 463	23 199	16 028	4 688	11 340	0
Aug.	58 236	19 237	39 000	24 721	37 101	-12 379	26 621	16 288	5 142	11 146	-3 416
Sept.	58 838	21 341	37 497	23 891	38 339	-14 448	23 049	13 840	6 002	7 838	-3 416
Oct.	56 689	20 187	36 503	25 509	39 525	-14 015	22 488	14 986	6 228	8 758	-2 572

### 3. Rates of interest

#### 3.1 Money market rates and rates applied by the Bank of Finland, per cent

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Excess-reserve rate <sup>2</sup>	Base rate
	1	2	3	4	5	6	7	8
<b>1990</b>	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1993</b>	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
<b>1994</b>	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
<b>1994</b>								
<b>Nov.</b>	4.30	5.07	5.43	6.05	6.79	7.06	3.06	5.25
<b>Dec.</b>	4.57	5.41	5.70	6.18	7.02	7.38	3.38	5.25
<b>1995</b>								
<b>Jan.</b>	4.43	5.50	5.85	6.32	7.14	7.50	3.50	5.25
<b>Feb.</b>	5.27	5.71	5.99	6.32	6.97	7.66	3.66	5.25
<b>March</b>	4.66	5.78	6.06	6.48	7.07	7.75	3.75	5.25
<b>April</b>	5.00	5.75	5.97	6.31	6.82	7.75	3.75	5.25
<b>May</b>	5.06	5.72	5.87	6.06	6.45	7.75	3.75	5.25
<b>June</b>	5.77	5.93	6.02	6.21	6.57	7.93	3.93	5.25
<b>July</b>	5.40	5.97	6.13	6.40	6.80	8.00	4.00	5.25
<b>Aug.</b>	6.04	5.99	6.08	6.25	6.56	8.00	4.00	5.25
<b>Sept.</b>	6.20	5.97	5.95	5.97	6.04	8.00	4.00	5.25
<b>Oct.</b>	5.61	5.58	5.61	5.65	5.76	7.57	3.57	5.25
<b>Nov.</b>	4.90	4.90	4.93	4.99	5.11	6.90	2.90	5.00

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

<sup>2</sup> Call money deposit rate until 2 October 1995.

#### 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	Excess-reserve rate	
	1	2	3	4	5	
<b>1992<sup>1</sup></b>	13.85	<b>1992</b>	+1.00	7	-3.00	.
<b>1993</b>	7.87	<b>1993</b>	+2.00	7	-2.00	.
<b>1994</b>	5.11	<b>1994</b>	+2.00	7	-2.00	.
<b>1994</b>		<b>1994</b>				
<b>Nov.</b>	5.06	<b>Nov.</b>	+2.00	7	-2.00	.
<b>Dec.</b>	5.38	<b>Dec.</b>	+2.00	7	-2.00	.
<b>1995</b>		<b>1995</b>				
<b>Jan.</b>	5.50	<b>Jan.</b>	+2.00	7	-2.00	.
<b>Feb.</b>	5.66	<b>Feb.</b>	+2.00	7	-2.00	.
<b>March</b>	5.75	<b>March</b>	+2.00	7	-2.00	.
<b>April</b>	5.75	<b>April</b>	+2.00	7	-2.00	.
<b>May</b>	5.75	<b>May</b>	+2.00	7	-2.00	.
<b>June</b>	5.93	<b>June</b>	+2.00	7	-2.00	.
<b>July</b>	6.00	<b>July</b>	+2.00	7	-2.00	.
<b>Aug.</b>	6.00	<b>Aug.</b>	+2.00	7	-2.00	.
<b>Sept.</b>	6.00	<b>Sept.</b>	+2.00	7	-2.00	.
<b>Oct.</b>	5.57	<b>Oct.</b>	+2.00	7	.	.
<b>Nov.</b>	4.90	<b>Nov.</b>	+2.00	7	.	3.50
08.12.1994	5.01	02.10.1995				4.00
09.12.1994	5.50	05.10.1995				3.50
29.12.1994	5.55	01.11.1995				3.00
04.01.1995	5.50	20.11.1995				2.75
10.02.1995	5.75					
09.06.1995	6.00					
05.10.1995	5.50					
01.11.1995	5.00					
20.11.1995	4.75					

<sup>1</sup> 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
<b>1990</b>	10.5	9.1	10.4
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1993</b>	8.0	6.0	8.1
<b>1994</b>	5.9	5.2	6.1
<b>1994</b>			
<b>Nov.</b>	5.8	5.5	5.9
<b>Dec.</b>	6.1	5.8	6.3
<b>1995</b>			
<b>Jan.</b>	6.0	5.6	6.3
<b>Feb.</b>	6.0	5.6	6.1
<b>March</b>	6.7	5.6	6.9
<b>April</b>	6.3	5.3	6.4
<b>May</b>	6.2	5.2	6.3
<b>June</b>	6.1	5.2	6.2
<b>July</b>	5.9	5.2	6.1
<b>Aug.</b>	5.7	5.1	5.9
<b>Sept.</b>	5.6	4.9	5.6
<b>Oct.</b>	5.7	4.9	5.8
<b>Nov.</b>	5.5	4.8	5.5

### 3.4 Rates of interest applied by banks, per cent

Average for period	Lending						Markka deposits and other markka funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1993</b>	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
<b>1994</b>	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
<b>1994</b>												
<b>Oct.</b>	8.26	11.61	7.28	7.49	8.15	7.91	3.25	4.25	2.00	3.05	6.10	4.10
<b>Nov.</b>	7.75	11.72	7.01	7.21	8.09	7.83	3.25	4.25	2.00	3.04	6.09	4.08
<b>Dec.</b>	7.62	10.69	6.44	6.71	8.05	7.76	3.25	4.25	2.00	3.11	6.17	4.10
<b>1995</b>												
<b>Jan.</b>	7.79	11.55	7.22	7.40	8.11	7.84	3.25	4.25	2.00	3.15	6.27	4.18
<b>Feb.</b>	8.46	11.54	7.29	7.50	8.11	7.83	3.25	4.25	2.00	3.17	6.33	4.18
<b>March</b>	8.40	11.58	7.62	7.80	8.16	7.89	3.25	4.25	2.00	3.22	6.41	4.22
<b>April</b>	7.80	11.39	7.54	7.68	8.17	7.90	3.25	4.25	2.00	3.23	6.45	4.23
<b>May</b>	8.15	11.52	7.54	7.71	8.16	7.89	3.25	4.25	2.00	3.23	6.45	4.23
<b>June</b>	8.13	11.61	7.43	7.60	8.14	7.85	3.25	4.25	2.00	3.21	6.53	4.13
<b>July</b>	9.68	11.63	7.81	8.00	8.16	7.87	3.25	4.25	2.00	3.22	6.54	4.15
<b>Aug.</b>	8.98	11.58	7.80	7.98	8.14	7.84	3.25	4.25	2.00	3.21	6.52	4.16
<b>Sept.</b>	8.46	11.63	7.65	7.83	8.10	7.82	3.25	4.25	2.00	3.20	6.35	4.14
<b>Oct.</b>	7.73	11.56	7.28	7.43	7.98	7.68	3.25	4.25	2.00	3.09	6.19	4.03

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

### 3.5 Yields on bonds and shares, per cent

Period	Bonds				Shares
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield
	3 years	5 years	5 years	10 years	
	1	2	3	4	5
<b>1990</b>	13.7	13.5	13.3	.	4.0
<b>1991</b>	12.3	12.2	11.8	.	3.9
<b>1992</b>	13.1	13.0	12.0	11.5	3.1
<b>1993</b>	8.5	8.9	8.2	8.8	1.8
<b>1994</b>	8.5	9.3	8.4	9.0	1.4
<b>1994</b>					
<b>Oct.</b>	9.5	10.5	9.4	10.1	1.5
<b>Nov.</b>	9.6	10.5	9.5	10.2	1.5
<b>Dec.</b>	9.6	10.5	9.5	10.2	1.7
<b>1995</b>					
<b>Jan.</b>	9.5	10.3	9.4	10.2	1.3
<b>Feb.</b>	9.3	10.2	9.3	10.2	1.5
<b>March</b>	9.2	10.1	9.2	10.2	2.3
<b>April</b>	8.7	9.4	8.4	9.4	2.6
<b>May</b>	8.2	8.9	7.8	8.8	3.3
<b>June</b>	8.3	8.9	7.7	8.7	3.1
<b>July</b>	8.5	9.0	7.8	8.7	2.8
<b>Aug.</b>	8.1	8.6	7.3	8.3	2.7
<b>Sept.</b>	7.6	8.1	7.2	8.0	2.6
<b>Oct.</b>	7.4	8.0	7.5	7.9	2.9

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt am Main 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1990</b>	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	0.0656	2.3664	2.1002	0.1145	2.7576
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
<b>1994</b>	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
<b>1994</b>												
<b>Nov.</b>	4.7172	3.458	7.500	7.385	0.6418	0.7015	0.7833	0.0699	3.0659	2.7353	0.1490	3.6448
<b>Dec.</b>	4.8455	3.488	7.554	7.435	0.6447	0.7068	0.7864	0.0704	3.0823	2.7528	0.1499	3.6450
<b>1995</b>												
<b>Jan.</b>	4.7358	3.352	7.458	7.375	0.6344	0.7071	0.7851	0.0698	3.0930	2.7591	0.1501	3.6782
<b>Feb.</b>	4.6433	3.315	7.300	7.256	0.6288	0.7041	0.7832	0.0697	3.0913	2.7576	0.1501	3.6526
<b>March</b>	4.3769	3.111	7.004	6.993	0.6021	0.6979	0.7770	0.0680	3.1138	2.7768	0.1509	3.7378
<b>April</b>	4.2650	3.096	6.862	6.948	0.5810	0.6889	0.7855	0.0676	3.0947	2.7641	0.1505	3.7580
<b>May</b>	4.3155	3.172	6.854	6.999	0.5919	0.6860	0.7832	0.0673	3.0663	2.7390	0.1490	3.6980
<b>June</b>	4.2983	3.120	6.853	7.004	0.5920	0.6891	0.7858	0.0678	3.0668	2.7406	0.1493	3.7104
<b>July</b>	4.2488	3.121	6.776	6.968	0.5917	0.6882	0.7852	0.0674	3.0587	2.7305	0.1488	3.6755
<b>Aug.</b>	4.3000	3.173	6.743	6.902	0.5949	0.6784	0.7680	0.0666	2.9773	2.6583	0.1448	3.5959
<b>Sept.</b>	4.3717	3.240	6.810	6.953	0.6127	0.6829	0.7710	0.0665	2.9902	2.6693	0.1454	3.6750
<b>Oct.</b>	4.2696	3.174	6.738	6.890	0.6248	0.6845	0.7776	0.0661	3.0188	2.6953	0.1468	3.7265
<b>Nov.</b>	4.2400	3.134	6.629	6.814	0.6427	0.6785	0.7724	0.0656	2.9934	2.6724	0.1456	3.7109

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1990</b>	0.7024	0.00319	0.3363	0.0268	0.0375	..		0.02647	2.988	4.864	5.18322
<b>1991</b>	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
<b>1992</b>	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
<b>1994</b>	0.9406	0.00324	0.4573	0.0314	0.0390	0.021	0.4021	0.05106	3.814	6.175	7.46629
<b>1994</b>											
<b>Nov.</b>	0.8930	0.00298	0.4355	0.0300	0.0368	0.0199	0.3832	0.04813	3.559	5.838	6.93950
<b>Dec.</b>	0.8949	0.00297	0.4379	0.0301	0.0366	0.0199	0.3853	0.04838	3.752	5.874	7.03528
<b>1995</b>											
<b>Jan.</b>	0.8946	0.00294	0.4396	0.0300	0.0357	0.0199	0.3866	0.04752	3.625	5.859	6.94337
<b>Feb.</b>	0.8889	0.00287	0.4393	0.0299	0.0356	0.0197	0.3864	0.04725	3.460	5.811	6.86328
<b>March</b>	0.8790	0.00259	0.4424	0.0296	0.0341	0.0192	0.3892	0.04833	3.216	5.700	6.72357
<b>April</b>	0.8814	0.00249	0.4398	0.0293	0.0343	0.0190	0.3868	0.05101	3.139	5.671	6.71986
<b>May</b>	0.8670	0.00261	0.4360	0.0291	0.0350	0.0189	0.3833	0.05078	3.143	5.647	6.72395
<b>June</b>	0.8736	0.00262	0.4362	0.0291	0.0353	0.0190	0.3833	0.05083	3.094	5.665	6.72042
<b>July</b>	0.8788	0.00264	0.4349	0.0291	0.0355	0.0189	0.3823	0.04871	3.088	5.662	6.61807
<b>Aug.</b>	0.8654	0.00268	0.4234	0.0287	0.0349	0.0185	0.3722	0.04547	3.186	5.569	6.49492
<b>Sept.</b>	0.8670	0.00271	0.4251	0.0287	0.0348	0.0186	0.3738	0.04353	3.298	5.580	6.40629
<b>Oct.</b>	0.8643	0.00266	0.4290	0.0287	0.0349	0.0184	0.3773	0.04242	3.237	5.546	6.39697
<b>Nov.</b>	0.8677	0.00266	0.4255	0.0285	0.0348	0.0181	0.3742	0.04162	3.160	5.496	6.33703

## 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
<b>1990</b>	4.85697	97.3	96.8	97.3
<b>1991</b>	5.00580	101.4	101.4	102.8
<b>1992</b>	5.80140	116.4	115.7	117.3
<b>1993</b>	6.69420	132.4	136.0	141.8
<b>1994</b>	6.19108	123.2	125.5	131.8
<b>1994</b>				
<b>Nov.</b>	5.86886	116.3	116.9	122.9
<b>Dec.</b>	5.89101	117.0	118.4	124.2
<b>1995</b>				
<b>Jan.</b>	5.87972	115.9	117.1	122.6
<b>Feb.</b>	5.84352	114.9	115.8	121.3
<b>March</b>	5.76731	112.4	112.3	118.2
<b>April</b>	5.72937	111.2	110.5	117.4
<b>May</b>	5.70402	111.3	110.9	118.0
<b>June</b>	5.71859	111.5	110.8	117.9
<b>July</b>	5.71263	110.9	110.1	116.7
<b>Aug.</b>	5.60862	109.4	109.4	115.2
<b>Sept.</b>	5.63392	110.3	110.6	115.6
<b>Oct.</b>	5.64587	110.4	110.0	114.6
<b>Nov.</b>	5.61404	110.0	109.5	114.0

## 5. Other domestic financing

### 5.1 Bank funding from the public, mill. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
<b>1990</b>	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
<b>1991</b>	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
<b>1992</b>	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
<b>1993</b>	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
<b>1994</b>	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
<b>1994</b>									
<b>July</b>	43 391	98 775	106 511	21 391	270 067	16 517	286 584	70 634	357 218
<b>Aug.</b>	44 503	97 970	107 529	20 969	270 970	14 957	285 927	64 382	350 309
<b>Sept.</b>	40 588	97 976	107 427	20 722	266 712	12 839	279 551	56 424	335 974
<b>Oct.</b>	41 393	98 519	107 168	20 272	267 352	14 479	281 832	52 354	334 186
<b>Nov.</b>	42 319	98 059	107 511	20 141	268 030	11 895	279 925	46 810	326 735
<b>Dec.</b>	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
<b>1995</b>									
<b>Jan.</b>	41 912	100 114	109 274	19 729	271 028	11 588	282 616	37 173	319 788
<b>Feb.</b>	42 583	103 613	108 069	19 960	274 225	12 844	287 069	44 259	331 328
<b>March</b>	43 698	104 071	108 784	20 259	276 812	12 769	289 581	47 289	336 870
<b>April</b>	45 487	104 920	108 622	20 467	279 495	11 987	291 483	55 118	346 601
<b>May</b>	45 373	103 337	108 316	20 671	277 697	12 264	289 961	48 998	338 959
<b>June</b>	47 640	105 219	108 954	20 606	282 418	12 759	295 177	44 648	339 825
<b>July</b>	48 359	105 161	108 755	20 811	283 087	12 420	295 507	62 174	357 681

### 5.2 Bank lending to the public, mill. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
<b>1990</b>	19 152	5 777	260 790	285 720	103 134	388 853
<b>1991</b>	18 037	4 712	262 859	285 609	107 714	393 323
<b>1992</b>	16 045	3 335	252 163	271 544	95 168	366 712
<b>1993</b>	14 217	2 223	248 406	264 846	66 931	331 777
<b>1994</b>	13 241	1 301	242 417	256 958	45 138	302 096
<b>1994</b>						
<b>July</b>	14 061	1 733	245 591	261 386	56 128	317 513
<b>Aug.</b>	13 859	1 680	244 474	260 013	53 977	313 990
<b>Sept.</b>	14 068	1 642	243 874	259 584	51 258	310 842
<b>Oct.</b>	13 583	1 594	244 191	259 368	47 775	307 143
<b>Nov.</b>	13 274	1 522	244 044	258 840	46 902	305 742
<b>Dec.</b>	13 241	1 301	242 417	256 958	45 138	302 096
<b>1995</b>						
<b>Jan.</b>	12 991	1 240	242 556	256 787	43 726	300 513
<b>Feb.</b>	12 951	1 190	242 803	256 944	42 579	299 523
<b>March</b>	12 797	1 157	242 000	255 954	42 316	298 270
<b>April</b>	12 657	1 159	242 911	256 727	39 550	296 277
<b>May</b>	12 448	1 145	242 338	255 930	38 260	294 190
<b>June</b>	12 216	1 070	241 834	255 120	37 831	292 951
<b>July</b>	11 845	1 074	242 045	254 963	36 353	291 316



### 5.3 Money supply and monetary aggregates, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
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
1994*	12 844	6 092	364 359	370 451	-96 600	154 357	286 696	328 509
1994*								
Oct.	12 826	3 250	370 923	374 174	-103 332	152 568	283 668	335 896
Nov.	12 535	3 611	369 603	373 214	-101 461	152 745	284 288	331 096
Dec.	12 844	6 092	364 359	370 451	-96 600	154 357	286 696	328 509
1995*								
Jan.	..	..	..	..	..	153 993	285 771	325 743
Feb.	..	..	..	..	..	158 107	289 245	328 804
March	..	..	..	..	..	159 929	292 215	332 244
April	..	..	..	..	..	163 101	295 579	331 882
May	..	..	..	..	..	162 089	294 022	332 613
June	..	..	..	..	..	164 865	296 555	340 057
July	..	..	..	..	..	164 621	296 313	342 997
Aug.	..	..	..	..	..	163 430	295 142	337 306
Sept.	..	..	..	..	..	161 646	292 667	338 042
Oct.	..	..	..	..	..	163 296	292 334	334 382

### 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 (3+8)	Out-standing lending	Cash funds
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items	Total (4+5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1990	20 917	3 876	24 793	23 982	8 263	-	.	32 245	57 038	48 121	23 114
1991	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
1992	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
1993	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	66 851	43 012
1994											
Oct.	160 626	15 042	175 668	84 786	16 865	31 666	-5 487	127 830	303 498	67 459	39 910
Nov.	163 035	16 371	179 406	88 690	16 794	32 656	-5 479	132 661	312 067	66 924	42 051
Dec.	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	66 851	43 012
1995											
Jan.	167 765	16 137	183 902	96 649	17 080	38 658	-6 019	146 368	330 270	67 186	52 460
Feb.	165 516	15 884	181 400	105 442	17 080	37 320	-6 039	153 803	335 203	67 382	54 954
March	166 342	17 306	183 648	115 230	17 053	38 990	-6 041	165 232	348 880	67 593	47 978
April	163 779	14 335	178 114	119 148	16 433	41 596	-5 599	171 578	349 692	68 109	47 895
May	164 510	14 515	179 025	121 943	16 399	40 535	-5 585	173 292	352 317	67 767	43 954
June	164 086	14 555	178 641	122 461	15 788	36 529	-5 587	169 191	347 832	68 114	32 648
July	160 563	14 192	174 755	122 953	15 781	35 526	-5 627	168 633	343 388	67 947	30 029
Aug.	159 404	13 799	173 203	129 417	17 531	34 804	-5 641	176 111	349 314	67 971	31 864
Sept.	159 093	13 532	172 625	134 142	17 530	31 525	-5 649	177 552	350 177	68 426	35 250
Oct.	158 207	14 100	172 307	134 673	17 530	34 287	-5 692	180 798	353 105	..	32 117

## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1990	4 640	17 891	4 420	490	1 007	28 447
1991	7 277	25 737	11 073	1 320	-	45 407
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994*	4 053	9 899	31 553	593	-	46 099
1994*						
Oct.	-	1 042	3 044	-	-	4 087
Nov.	400	891	4 137	-	-	5 428
Dec.	-	663	4 525	-	-	5 187
1995*						
Jan.	100	333	5 109	-	-	5 542
Feb.	53	244	9 230	-	-	9 526
March	354	459	10 543	26	-	11 382
April	1	118	3 943	-	-	4 061
May	22	228	3 852	-	-	4 103
June	100	1 115	2 329	-	-	3 544
July	-	-	505	-	-	505
Aug.	1	101	6 796	-	-	6 898
Sept.	110	1 980	9 752	-	-	11 842
Oct.	-	150	5 020	-	-	5 170

### B) Stock, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
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	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994*	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1994*									
Oct.	30 278	68 293	86 648	7 110	953	134 732	7 616	50 934	193 282
Nov.	30 505	67 586	90 548	7 030	950	138 626	7 588	50 405	196 619
Dec.	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995*									
Jan.	29 808	66 232	98 507	6 879	953	145 960	6 946	49 473	202 379
Feb.	29 569	63 945	107 300	6 841	933	153 376	6 715	48 498	208 588
March	29 286	62 312	117 085	6 849	926	162 629	6 234	47 596	216 458
April	29 110	61 856	120 406	6 841	925	166 382	6 223	46 533	219 138
May	28 789	61 418	123 166	6 500	918	168 582	5 885	46 324	220 791
June	28 448	61 539	123 685	6 439	916	169 327	5 877	45 823	221 027
July	27 777	60 876	124 177	6 387	666	169 253	5 873	44 757	219 889
Aug.	27 557	59 771	130 640	6 378	666	174 867	5 545	44 600	225 012
Sept.	27 635	60 015	135 365	7 372	665	181 295	5 251	44 506	231 052
Oct.	27 602	59 561	135 897	7 463	363	181 435	5 058	44 393	230 886

### C) Turnover, mill. FIM

During period	Interbank transactions	Transactions 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
1990	5 401	6 058	.	.	.
1991	3 343	29 134	.	.	.
1992	18 383	58 757	10 744	12 156	13 354
1993	47 803	246 104	42 945	95 647	117 489
1994	184 599	359 697	173 096	150 908	176 647
1994					
Nov.	12 351	24 444	11 742	9 818	13 363
Dec.	7 842	17 304	7 531	6 784	9 281
1995					
Jan.	8 855	30 706	8 481	12 246	16 423
Feb.	7 716	28 452	7 287	10 833	14 291
March	14 858	35 736	11 622	14 835	19 126
April	16 904	32 257	14 802	12 917	15 353
May	12 869	39 905	10 693	16 951	17 208
June	14 530	33 598	12 355	14 317	14 300
July	5 792	17 266	5 681	7 115	9 607
Aug.	11 210	42 367	10 698	20 105	20 057
Sept.	19 708	50 201	18 676	22 799	24 815
Oct.	11 843	40 102	11 615	17 944	21 776
Nov.	10 782	40 739	10 060	18 386	21 090

### 5.6 Helsinki Stock Exchange

Average of daily observations	Share prices							Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and subscription rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manufacturing	Of which:					
				Forest industries	Metal and engineering	Conglomerates				
	1	2	3	4	5	6	7	8	9	10
1990	1 332	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
1991	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
1992	772	425	467	943	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
1994	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
1994										
Nov.	1 908	604	694	2 617	2 207	2 568	3 672	5 629	102	5 731
Dec.	1 832	576	640	2 524	2 128	2 375	3 589	5 100	70	5 170
1995										
Jan.	1 869	524	598	2 616	2 224	2 381	3 788	5 582	130	5 712
Feb.	1 802	543	577	2 512	2 146	2 240	3 645	7 016	132	7 148
March	1 648	509	533	2 292	1 905	2 038	3 343	5 464	76	5 540
April	1 688	497	556	2 365	2 040	2 138	3 408	5 340	92	5 432
May	1 829	516	613	2 587	2 072	2 259	3 896	5 823	122	5 946
June	1 919	560	631	2 731	2 113	2 154	4 401	7 843	65	7 908
July	2 107	526	694	3 066	2 289	2 346	4 858	7 114	24	7 138
Aug.	2 155	506	709	3 149	2 218	2 443	4 832	7 010	56	7 066
Sept.	2 231	504	751	3 276	2 176	2 492	5 045	8 649	59	8 708
Oct.	2 031	455	688	2 955	1 967	2 309	4 716	8 721	60	8 781
Nov.	1 887	417	657	2 708	1 807	2 105	4 478	6 942	132	7 074

<sup>1</sup> During period.

## 6. Balance of payments, foreign liabilities and assets

### 6.1 Current account, mill. FIM

During period	Exports of goods, fob	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 601	136 166	101 967	4 363	10 766	9 503
<b>1991</b>	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
<b>1992</b>	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
<b>1993</b>	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
<b>1994*</b>	151 751	11 385	7 314	11 808	30 508	182 259	9 617	4 919	196 796	118 300	5 862	8 697	16 800
<b>1993</b>													
I	31 016	2 366	1 351	2 778	6 495	37 511	1 862	1 470	40 844	25 715	1 303	2 401	4 445
II	32 625	2 646	1 763	2 281	6 690	39 315	1 753	1 756	42 824	24 818	1 351	2 276	4 015
III	32 116	2 832	2 203	2 102	7 138	39 253	1 250	1 584	42 088	23 992	1 473	2 242	4 206
IV	36 793	2 586	1 761	2 218	6 565	43 358	1 271	1 695	46 324	27 034	1 520	2 319	4 341
<b>1994*</b>													
I	34 382	2 663	1 524	2 839	7 026	41 408	1 764	1 289	44 462	24 767	1 295	1 998	4 213
II	38 486	2 902	1 860	2 649	7 411	45 897	2 802	1 190	49 889	29 458	1 455	2 151	3 967
III	37 322	3 092	2 230	2 960	8 282	45 604	2 027	1 180	48 811	28 743	1 549	2 256	3 899
IV	41 561	2 728	1 700	3 360	7 788	49 349	3 025	1 260	53 634	35 332	1 563	2 291	4 721
<b>1995*</b>													
I	40 688	2 729	1 523	4 016	8 269	48 957	3 527	1 611	54 095	29 055	1 479	2 340	4 741
II	45 298	3 044	1 914	3 648	8 606	53 904	3 734	1 608	59 245	32 591	1 565	2 653	4 662
III	40 500	3 337	2 244	3 681	9 262	49 762	2 980	2 193	54 935	32 100	1 643	2 703	3 957

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26) = (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1990</b>	24 632	126 599	26 973	9 107	162 680	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
<b>1991</b>	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
<b>1992</b>	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
<b>1993</b>	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
<b>1994*</b>	31 359	149 659	31 801	8 596	190 056	33 452	5 523	-1 382	-4 992	-851	32 600	-22 184	-3 676	6 740
<b>1993</b>														
I	8 149	33 864	10 137	2 808	46 809	5 301	1 063	-1 049	-1 667	-1 654	3 648	-8 275	-1 338	-5 965
II	7 642	32 461	10 493	2 393	45 347	7 806	1 295	-512	-1 735	-952	6 854	-8 740	-637	-2 523
III	7 921	31 913	6 805	2 640	41 358	8 124	1 360	-39	-2 104	-783	7 341	-5 555	-1 055	730
IV	8 180	35 213	7 145	2 549	44 907	9 760	1 066	-558	-2 123	-1 615	8 145	-5 874	-854	1 417
<b>1994*</b>														
I	7 506	32 274	9 423	2 683	44 380	9 614	1 368	-474	-1 374	-480	9 134	-7 659	-1 393	82
II	7 573	37 031	8 733	1 959	47 722	9 028	1 447	-291	-1 318	-162	8 866	-5 930	-769	2 167
III	7 704	36 447	6 246	1 971	44 664	8 580	1 542	-26	-939	578	9 157	-4 220	-791	4 147
IV	8 575	43 907	7 399	1 984	53 289	6 230	1 166	-591	-1 361	-787	5 443	-4 375	-724	344
<b>1995*</b>														
I	8 560	37 615	9 450	3 455	50 521	11 633	1 250	-817	-724	-291	11 342	-5 924	-1 844	3 574
II	8 879	41 470	10 232	2 935	54 637	12 707	1 480	-739	-1 014	-273	12 434	-6 498	-1 327	4 609
III	8 304	40 404	6 764	2 861	50 029	8 400	1 693	-459	-276	958	9 358	-3 785	-668	4 906

## 6.2 Capital and financial account, mill. FIM

During period	Imports of capital												Total (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment					Total (8+9+10+11)	
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1990</b>	3 010	376	22 280	1 440	-923	..	21 733	1 156	16 635	-725	17 307	34 372	59 115
<b>1991</b>	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	131	-9 737	-6 098	27 192
<b>1992</b>	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	1 690	-17 415	-12 084	27 653
<b>1993</b>	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 357	-5 347	-24 454	-19 977	23 687
<b>1994*</b>	8 240	13 400	21 977	-5 783	-1 565	-65	33 748	2 722	647	-232	-1 160	1 977	43 965
<b>1993</b>													
I	439	1 405	15 542	320	-2 314	..	14 632	1 900	7 326	901	-8 593	1 533	16 604
II	927	1 515	16 269	3 420	-1 348	..	16 435	-196	815	-1 268	-6 612	-7 261	10 101
III	631	6 529	2 267	2 523	-2 755	..	6 041	-836	-1 495	1 671	-8 143	-8 803	-2 131
IV	2 948	3 300	-3 725	-2 646	2 036	..	1 611	3 599	-1 289	-6 650	-1 106	-5 446	-887
<b>1994*</b>													
I	3 844	4 389	4 669	526	-1 587	31	7 501	-908	-3 980	772	6 687	2 572	13 917
II	3 029	2 404	5 341	-3 808	3 118	268	11 132	-868	1 312	-1 748	-3 078	-4 383	9 778
III	2 372	5 181	16 528	783	-2 253	-383	19 073	177	-1 363	964	-5 534	-5 756	15 689
IV	-1 005	1 426	-4 562	-3 283	-843	20	-3 958	4 321	4 678	-220	765	9 544	4 581
<b>1995*</b>													
I	2 573	392	150	-1 432	-1 976	184	-1 250	-2 622	-484	9	8 540	5 443	6 766
II	-1 177	3 466	-9 431	-3 556	-724	633	-6 056	843	-3 266	-766	-1 369	-4 559	-11 792
III	84	3 580	-2 161	1 275	1 378	843	3 640	-984	-3 108	-200	-1 231	-5 523	-1 798

During period	Exports of capital											Errors and omissions	Change in central bank's reserve assets (increase -)	
	Direct investment abroad	Portfolio investment					Other investment							Total (14+19+24)
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
<b>1990</b>	10 353	2	575	1 171	..	1 748	-1 565	2 953	935	-3 480	-1 157	10 944	-6 240	-15 417
<b>1991</b>	-501	-369	-3	1 499	..	1 128	-726	2 341	1 054	6 587	9 256	9 883	2 012	7 375
<b>1992</b>	-3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	-1 008	9 180
<b>1993</b>	8 050	873	767	1 932	..	3 571	1 923	-839	-6 063	14 698	9 720	21 341	5 214	-1 219
<b>1994*</b>	22 447	-43	-4 702	-859	-276	-5 881	2 435	-7 460	1 856	5 826	2 657	19 224	-5 977	-25 504
<b>1993</b>														
I	614	158	2 823	-577	..	2 404	1 623	-726	-1 516	15 515	14 896	17 914	1 689	5 586
II	709	2	-1 095	-972	..	-2 065	518	-185	247	-3 766	-3 186	-4 543	-1 437	-10 684
III	-845	77	-841	3 975	..	3 211	-190	-1 008	1 514	9 514	9 829	12 195	2 577	11 019
IV	7 572	636	-120	-494	..	21	-28	1 081	-6 308	-6 564	-11 819	-4 226	2 385	-7 141
<b>1994*</b>														
I	5 401	43	-662	211	-201	-609	-1 294	-1 849	2 612	-5 814	-6 345	-1 553	-5 273	-10 279
II	4 808	-68	-3 273	-4 446	-27	-7 814	1 735	-2 625	-460	6 191	4 841	1 835	63	-10 172
III	4 897	-18	-1 173	420	-52	-824	-414	-251	-268	9 847	8 914	12 987	-2 928	-3 921
IV	7 341	0	407	2 956	4	3 367	2 408	-2 734	-28	-4 399	-4 753	5 955	2 162	-1 132
<b>1995*</b>														
I	1 764	-217	1 609	-2 244	-48	-900	929	-1 234	-2 174	11 503	9 025	9 888	1 240	-1 691
II	1 714	7	-129	-2 838	31	-2 929	2 369	-150	-427	-7 437	-5 645	-6 860	-965	1 288
III	1 316	3	-124	542	-35	385	-608	1 044	957	2 836	4 229	5 930	1 231	1 592

### 6.3 Finland's international investment position, mill. FIM

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment						
		Shares	Bonds	Of which: marka denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other	Total (8+9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1990</b>	18 651	5 052	95 530	6 385	23 856	..	124 438	13 915	51 937	7 969	89 662	163 483	306 572
<b>1991</b>	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
<b>1992</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993</b>	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
<b>1994*</b>	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
<b>1993</b>													
<b>I</b>	19 812	8 121	253 159	16 281	17 007	..	278 287	15 193	96 786	13 135	76 093	201 207	499 306
<b>II</b>	20 763	11 901	254 886	21 118	15 573	..	282 360	14 897	93 408	11 461	67 494	187 260	490 383
<b>III</b>	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
<b>IV</b>	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
<b>1994*</b>													
<b>I</b>	27 918	39 079	266 672	28 950	12 244	-8 855	309 140	17 116	87 372	4 724	58 746	167 958	505 016
<b>II</b>	30 846	42 719	269 689	22 831	15 286	-8 809	318 885	16 230	88 589	2 964	55 420	163 203	512 934
<b>III</b>	33 010	56 036	269 901	24 895	11 909	-7 591	330 255	16 277	81 907	3 752	47 152	149 088	512 353
<b>IV</b>	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
<b>1995*</b>													
<b>I</b>	34 300	53 488	252 618	20 319	7 222	-7 563	305 765	17 830	81 170	3 369	53 433	155 801	495 866
<b>II</b>	33 083	79 430	241 326	16 939	5 965	-8 304	318 418	18 641	77 377	2 580	51 169	149 767	501 267
<b>III</b>	33 137	93 020	230 971	19 116	7 644	-1 975	329 660	17 610	70 943	2 364	49 344	140 262	503 058

Position at end of period	Assets												Total assets (14+19+24)
	Direct investment abroad	Portfolio investment					Other investment						
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)		
14	15	16	17	18	19	20	21	22	23	24	25		
<b>1990</b>	40 800	762	6 447	2 173	..	9 383	16 549	24 825	5 726	65 754	112 854	163 037	
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444	
<b>1992</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
<b>1993</b>	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
<b>1994*</b>	59 451	1 034	4 751	9 115	487	15 388	26 678	24 847	7 055	106 465	165 046	239 885	
<b>1993</b>													
<b>I</b>	51 575	676	11 952	7 766	..	20 394	23 664	36 976	12 275	92 392	165 307	237 277	
<b>II</b>	47 722	671	10 801	6 627	..	18 099	23 888	34 148	12 159	97 321	167 516	233 337	
<b>III</b>	48 332	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	239 893	
<b>IV</b>	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
<b>1994*</b>													
<b>I</b>	54 424	1 236	9 576	10 910	622	22 343	24 718	32 788	8 107	90 621	156 234	233 001	
<b>II</b>	58 238	1 146	5 953	6 338	550	13 987	26 392	29 981	7 449	105 988	169 811	242 036	
<b>III</b>	58 314	1 055	4 311	6 087	561	12 014	24 682	28 350	6 955	112 579	172 566	242 894	
<b>IV</b>	59 451	1 034	4 751	9 115	487	15 388	26 678	24 847	7 055	106 465	165 046	239 885	
<b>1995*</b>													
<b>I</b>	59 709	672	5 485	5 768	156	12 081	27 297	22 668	4 985	115 389	170 339	242 129	
<b>II</b>	60 651	680	5 597	2 807	114	9 198	29 456	22 142	4 602	105 086	161 286	231 135	
<b>III</b>	61 601	710	4 965	3 291	199	9 164	28 630	22 983	5 568	104 338	161 518	232 284	

6.4 Finland's net international investment position (liabilities less assets), by sector, mill. FIM

Position at end of period	Corporate sector	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9
<b>1990</b>	34 853	110 111	-36 700	9 910	24 751	610	143 535	13 130	9.7
<b>1991</b>	28 483	107 434	-34 046	18 960	52 748	719	174 298	15 671	12.7
<b>1992</b>	30 501	82 343	-27 546	28 283	113 674	2 347	229 602	19 011	13.6
<b>1993</b>	51 382	45 658	-33 279	29 737	167 444	2 956	263 898	21 897	12.8
<b>1994*</b>	78 640	34 022	-52 606	22 381	182 517	2 987	267 942	20 296	10.5
<b>1993</b>									
<b>I</b>	35 201	65 514	-27 782	29 660	156 500	2 937	262 029	6 640	16.3
<b>II</b>	37 584	61 511	-37 288	27 269	165 160	2 810	257 046	7 103	16.6
<b>III</b>	45 851	44 622	-27 318	27 224	173 332	2 967	266 680	3 918	9.3
<b>IV</b>	51 382	45 658	-33 279	29 737	167 444	2 956	263 898	4 237	9.1
<b>1994*</b>									
<b>I</b>	61 203	52 013	-42 504	28 987	169 083	3 233	272 015	7 187	16.2
<b>II</b>	61 566	51 328	-52 617	26 252	181 120	3 248	270 898	5 458	10.9
<b>III</b>	73 884	34 084	-52 998	25 118	186 302	3 069	269 459	3 748	7.7
<b>IV</b>	78 640	34 022	-52 606	22 381	182 517	2 987	267 942	3 903	7.3
<b>1995*</b>									
<b>I</b>	70 091	23 473	-53 298	21 155	189 262	3 053	253 737	5 699	10.5
<b>II</b>	90 848	27 199	-50 742	20 053	179 575	3 199	270 132	6 273	10.4
<b>III</b>	99 533	19 699	-47 488	19 981	176 029	3 022	270 775	3 560	6.5

## 7. Foreign trade

### 7.1 Exports, imports and the trade balance, mill. FIM

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
1990	101 327	103 027	-1 700
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993	134 112	103 167	30 945
1994*	153 859	120 200	33 659
1994*			
Oct.	13 397	10 087	3 310
Nov.	13 982	10 968	3 014
Dec. <sup>1</sup>	14 713	14 757	-44
1995* <sup>1</sup>			
Jan.	13 713	8 811	4 903
Feb.	11 851	9 321	2 530
March	14 762	10 778	3 984
April	14 368	10 001	4 367
May	14 800	12 000	2 800
June	16 300	10 800	5 500
July	12 600	9 600	3 000
Aug.	13 300	11 300	2 000
Sept.	14 600	11 200	3 400
Oct.	14 100	12 900	1 200

<sup>1</sup> See Notes and explanations to the statistical section.

### 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
1990	125	138	154	128	120
1991	114	115	154	131	118
1992	124	112	164	145	113
1993	147	109	172	163	106
1994*	166	130	175	158	111
1992					
III	117	102	163	142	115
IV	133	116	171	154	111
1993					
I	135	108	176	165	106
II	143	105	174	165	105
III	141	101	174	165	105
IV	165	116	170	161	105
1994*					
I	155	107	170	161	106
II	168	129	175	158	111
III	161	124	178	161	111
IV	180	156	176	158	112

### 7.3 Foreign trade by main groups, mill. FIM

During period	Exports by industries, fob					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
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	10 910	37 430	14 205	48 158	23 409	54 792	10 904	15 396	21 066	1 009
1994*	14 114	41 300	15 639	55 558	27 248	65 899	11 628	17 147	24 606	920
1994*										
April	1 167	3 488	1 164	4 317	2 207	4 836	961	1 663	1 915	43
May	1 431	3 506	1 511	4 538	2 371	6 075	1 290	1 317	2 232	15
June	1 318	3 358	1 289	4 882	2 458	5 513	867	1 192	1 950	77
July	1 015	3 287	1 315	5 802	1 712	4 823	955	1 227	1 792	382
Aug.	935	3 437	1 258	3 816	2 111	5 419	1 029	1 386	2 031	19
Sept.	1 313	3 586	1 354	4 320	2 592	5 656	1 054	1 384	2 027	41
Oct.	1 268	3 566	1 313	4 937	2 313	5 645	803	1 485	2 051	103
Nov.	1 357	3 719	1 453	4 968	2 485	6 191	1 012	1 557	2 180	28
Dec.	1 290	3 662	1 400	5 883	2 478	7 790	1 597	2 492	2 783	95
1995*										
Jan.	1 235	4 376	1 230	4 725	2 147	5 255	419	1 278	1 769	90
Feb.	1 164	2 650	1 132	4 864	2 041	5 366	331	1 313	1 946	365
March	1 298	4 184	1 328	5 548	2 404	6 203	515	1 508	2 362	190
April	1 255	3 946	1 229	5 772	2 166	5 717	718	1 367	1 987	212



## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1994*		1995* January-April		1994*		1995* January-April	
	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
<b>All OECD countries</b>	115 277	74.9	..	..	93 014	77.4	..	..
<b>OECD Europe</b>	97 873	63.6	33 413	7.9	74 466	62.0	24 776	12.4
Of which:								
Austria	1 597	1.0	669	35.2	1 347	1.1	488	23.7
Belgium and Luxembourg	3 457	2.2	1 751	54.5	3 284	2.7	1 256	28.2
Denmark	5 283	3.4	1 852	2.5	3 661	3.0	1 341	22.5
France	7 774	5.1	2 585	2.8	4 902	4.1	1 705	13.4
Germany	20 662	13.4	7 466	13.8	17 713	14.7	6 460	25.0
Italy	4 591	3.0	1 835	29.8	4 660	3.9	1 633	18.8
Netherlands	7 866	5.1	2 547	-2.7	4 339	3.6	1 601	25.6
Norway	4 862	3.2	1 711	12.6	5 745	4.8	1 505	-11.2
Spain	3 547	2.3	1 441	29.6	1 576	1.3	532	-0.8
Sweden	16 818	10.9	5 435	6.6	12 522	10.4	4 790	31.8
Switzerland	2 325	1.5	786	6.7	2 105	1.8	660	6.7
United Kingdom	15 907	10.3	5 854	19.1	10 004	8.3	3 154	6.9
<b>Other OECD</b>	17 404	11.3	..	..	18 548	15.4	..	..
Of which:								
Canada	1 031	0.7	412	37.7	837	0.7	227	6.0
Japan	3 174	2.1	1 242	45.0	7 809	6.5	2 465	9.8
United States	11 033	7.2	3 423	18.6	9 163	7.6	2 552	-14.7
<b>Non-OECD European countries</b>	18 428	12.0	5 738	8.6	14 970	12.5	4 212	23.4
Of which:								
Russia	7 994	5.2	2 353	-4.0	10 661	8.9	2 933	21.6
<b>Other countries</b>	20 154	13.1	..	..	12 216	10.2	..	..
Of which:								
<b>OPEC countries</b>	2 446	1.6	..	..	590	0.5	..	..
<b>TOTAL</b>	153 859	100.0	55 627	17.6	120 200	100.0	39 584	14.6
Of which:								
<b>EC countries</b>	71 489	46.5	32 662	15.0	52 447	43.6	24 311	24.0
<b>EFTA countries</b>	25 725	16.7	2 550	11.0	21 812	18.1	2 172	-8.0

## 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
<b>1990</b>	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
<b>1991</b>	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
<b>1992</b>	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
<b>1993</b>	240 177	103 028	60 638	13 890	10 131	427 864	142 459	113 752	456 571
<b>1994*</b>	244 493	102 385	60 362	12 519	23 113	442 872	160 294	128 104	475 062
<b>1993</b>									
I	60 204	25 936	15 788	3 632	2 687	108 247	34 729	30 014	112 962
II	59 522	25 852	15 515	3 413	1 215	105 517	34 401	26 799	113 119
III	59 781	25 778	14 723	3 577	3 149	107 008	36 280	28 534	114 754
IV	60 670	25 462	14 612	3 268	3 080	107 092	37 049	28 405	115 736
<b>1994*</b>									
I	61 172	25 404	14 290	3 284	2 106	106 256	37 769	28 714	115 311
II	60 280	25 563	14 602	3 220	5 981	109 646	39 963	30 916	118 693
III	61 050	25 502	15 565	3 046	6 661	111 824	41 059	32 755	120 128
IV	61 991	25 916	15 905	2 969	8 365	115 146	41 503	35 719	120 930
<b>1995*</b>									
I	63 262	25 294	17 182	2 824	4 167	112 729	44 265	34 188	122 806
II	64 012	25 826	16 671	2 703	4 340	113 552	45 080	35 097	123 535

### 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
<b>1990</b>	100.2	99.8	100.2	100.1	100.4	100.1	100.0
<b>1991</b>	91.2	91.3	89.9	91.5	85.6	92.6	103.6
<b>1992</b>	92.4	88.4	91.4	94.6	91.1	90.2	103.0
<b>1993</b>	97.4	86.1	96.4	104.5	99.7	90.8	107.9
<b>1994*</b>	107.9	96.1	107.4	115.5	118.4	95.8	114.3
<b>1994*</b>							
Sept.	111.4	106.1	111.3	117.0	129.4	97.2	115.6
Oct.	112.5	93.4	112.9	117.8	129.9	98.1	112.3
Nov.	112.5	95.3	113.1	116.3	132.0	98.1	110.0
Dec.	111.8	91.3	111.9	120.1	129.0	96.5	112.9
<b>1995*</b>							
Jan.	114.0	82.5	114.4	118.7	134.0	97.7	113.1
Feb.	114.8	87.6	115.9	120.6	135.0	99.5	106.9
March	116.9	88.7	117.8	120.2	137.4	99.1	111.3
April	115.9	83.7	116.5	119.4	138.9	97.7	113.5
May	116.7	67.1	117.6	119.4	144.0	97.1	115.3
June	116.5	82.4	117.2	118.7	141.1	98.0	114.2
July	114.2	90.8	114.5	125.8	129.2	98.8	117.7
Aug.	117.0	158.2	116.7	120.7	139.1	96.8	112.8
Sept.	117.0	98.3	118.3	115.1	151.9	96.5	108.0

### 8.3 Indicators of domestic supply and demand, 1985=100 (seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1990</b>	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
<b>1993</b>	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.6
<b>1994*</b>	87.6	89.3	53.5	56.7	57.2	48.7	97.3	109.8
<b>1994*</b>								
<b>Aug.</b>	90.7	89.3	..	..	..	..	..	109.4
<b>Sept.</b>	90.7	91.1	..	..	..	..	..	110.8
<b>Oct.</b>	89.1	89.0	..	..	..	..	..	111.8
<b>Nov.</b>	91.6	89.9	..	..	..	..	..	111.8
<b>Dec.</b>	90.4	91.3	..	..	..	..	..	112.6
<b>1994*</b>								
<b>II</b>	86.8	88.8	51.4	56.1	48.3	46.2	97.8	109.8
<b>III</b>	89.4	89.1	54.1	53.8	64.4	47.9	84.4	110.0
<b>IV</b>	90.4	90.1	53.7	51.8	71.0	48.9	132.9	112.1
<b>1995*</b>								
<b>Jan.</b>	90.2	92.8	..	..	..	..	..	114.4
<b>Feb.</b>	91.0	93.3	..	..	..	..	..	114.2
<b>March</b>	90.1	91.5	..	..	..	..	..	115.9
<b>April</b>	87.7	92.2	..	..	..	..	..	114.8
<b>May</b>	91.6	94.1	..	..	..	..	..	114.9
<b>June</b>	89.8	92.7	..	..	..	..	..	113.7
<b>July</b>	90.5	87.8	..	..	..	..	..	113.0
<b>Aug.</b>	95.4	90.6	..	..	..	..	..	114.0
<b>1995*</b>								
<b>I</b>	90.4	92.5	52.5	54.5	79.3	42.2	..	114.8
<b>II</b>	89.7	93.0	53.3	55.2	95.7	40.7	..	114.4

## 8.4 Wages and prices, 1990=100

Period	Index of wage and salary earnings	By sectors			Consumer price index	Indicator of underlying inflation	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private	Of which: Manufacturing (SIC 3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1990</b>	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>1991</b>	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
<b>1992</b>	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
<b>1993</b>	109.2	108.8	110.0	110.1	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
<b>1994<sup>1</sup></b>	111.5	111.6	115.0	111.3	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
<b>1994</b>													
<b>Oct.</b>	..	..	..	..	111.9	112.1	107.1	104.0	118.2	108.4	111.0	107.3	102.9
<b>Nov.</b>	..	..	..	..	111.6	111.7	107.1	104.1	118.5	108.4	111.3	107.2	102.9
<b>Dec.</b>	..	..	..	..	111.5	111.7	107.2	104.3	118.0	108.7	111.5	107.4	102.8
<b>1994<sup>1</sup></b>													
<b>II</b>	111.2	111.3	114.6	111.1	110.6	111.3	105.9	102.3	119.3	106.4	109.1	105.2	101.9
<b>III</b>	111.5	111.7	115.3	111.3	111.6	111.7	106.8	103.4	119.4	108.1	111.6	106.5	102.3
<b>IV</b>	112.5	112.9	116.9	112.0	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
<b>1995</b>													
<b>Jan.</b>	..	..	..	..	111.4	110.8	107.0	104.1	117.8	109.1	113.2	107.3	103.2
<b>Feb.</b>	..	..	..	..	111.8	111.5	107.5	104.2	119.5	109.5	114.7	107.2	103.6
<b>March</b>	..	..	..	..	111.8	111.4	107.5	104.4	119.1	109.4	114.6	107.1	103.5
<b>April</b>	..	..	..	..	111.9	111.5	108.0	104.9	119.2	110.1	116.0	107.5	103.7
<b>May</b>	..	..	..	..	112.0	111.4	108.3	105.2	119.5	110.8	117.6	107.8	103.6
<b>June</b>	..	..	..	..	112.4	111.5	108.1	105.2	119.1	110.8	117.9	107.8	103.5
<b>July</b>	..	..	..	..	112.3	111.4	107.8	104.9	118.5	110.9	118.7	107.6	103.6
<b>Aug.</b>	..	..	..	..	112.1	111.2	105.8	102.4	118.5	111.1	118.9	107.8	103.6
<b>Sept.</b>	..	..	..	..	112.2	111.3	106.0	102.7	118.4	111.8	120.4	108.1	103.7
<b>Oct.</b>	..	..	..	..	112.2	..	105.9	102.7	117.7	112.1	121.3	108.1	103.4
<b>1995<sup>1</sup></b>													
<b>I</b>	114.7	115.8	121.2	113.1	111.7	111.2	107.3	104.2	118.8	109.3	114.2	107.2	103.4
<b>II</b>	116.3	117.3	123.5	114.7	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6

<sup>1</sup> Preliminary figures for columns 1-4.

## 8.5 Labour, employment and unemployment (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
	%			1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
<b>1990</b>	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9
<b>1994</b>	64.8	2 480	2 024	312	1 712	167	426	113	1 317	456	18.4
<b>1994</b>											
<b>Oct.</b>	64.8	2 482	2 040	312	1 728	161	425	122	1 332	442	17.8
<b>Nov.</b>	64.6	2 475	2 038	308	1 730	168	434	112	1 325	436	17.6
<b>Dec.</b>	64.9	2 487	2 051	309	1 742	164	437	118	1 331	436	17.5
<b>1995</b>											
<b>Jan.</b>	64.8	2 483	2 044	299	1 744	162	444	123	1 314	439	17.7
<b>Feb.</b>	64.5	2 473	2 048	292	1 757	164	435	119	1 330	424	17.2
<b>March</b>	64.9	2 489	2 069	297	1 772	160	453	124	1 333	419	16.8
<b>April</b>	65.3	2 505	2 067	293	1 774	160	456	123	1 328	438	17.5
<b>May</b>	65.5	2 513	2 068	312	1 756	165	454	114	1 334	445	17.7
<b>June</b>	65.3	2 505	2 073	304	1 769	163	464	122	1 325	432	17.2
<b>July</b>	65.6	2 519	2 079	300	1 779	149	468	119	1 343	439	17.4
<b>Aug.</b>	64.8	2 488	2 065	313	1 752	161	452	120	1 332	422	17.0
<b>Sept.</b>	65.1	2 499	2 078	306	1 771	160	453	119	1 346	421	16.8
<b>Oct.</b>	65.4	2 512	2 089	312	1 777	153	492	121	1 323	423	16.8

## 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:	
	1	2	3	4	5	6	7	8	9	Local government	Other domestic sectors
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
<b>1993</b>	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
<b>1994</b>	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
<b>1994</b>											
<b>Sept.</b>	2 671	5 289	127	1 489	9 576	81	9 658	3 866	8 399	3 147	5 182
<b>Oct.</b>	2 736	5 834	101	1 243	9 914	228	10 141	3 859	11 109	3 138	7 867
<b>Nov.</b>	2 632	5 608	72	1 956	10 268	975	11 243	4 013	8 368	3 164	5 009
<b>Dec.</b>	3 490	5 710	113	3 766	13 079	484	13 563	7 273	7 912	3 648	3 942
<b>1995</b>											
<b>Jan.</b>	2 850	6 369	80	1 059	10 358	31	10 388	3 190	9 872	3 099	5 712
<b>Feb.</b>	- 924	6 038	93	3 238	8 445	62	8 507	4 109	7 744	3 020	4 092
<b>March</b>	4 153	3 485	30	2 688	10 356	171	10 528	4 627	11 724	3 410	8 061
<b>April</b>	3 055	5 675	59	3 621	12 410	2 738	15 147	4 162	10 804	4 578	5 480
<b>May</b>	4 352	5 120	58	3 588	13 118	713	13 832	4 240	11 641	4 358	6 634
<b>June</b>	3 068	4 755	958	2 619	11 400	87	11 486	4 581	10 309	3 382	6 293
<b>July</b>	3 578	5 996	52	1 851	11 477	481	11 958	4 686	7 838	3 104	4 126
<b>Aug.</b>	3 365	6 294	142	2 654	12 455	173	12 628	3 668	6 995	2 256	4 253
<b>Sept.</b>	3 014	5 827	63	3 228	12 132	299	12 431	3 732	8 566	3 104	4 942
During period	Expenditure					Financial balance					
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)		
	12	13	14	15	16	17	18	19	20		
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879		
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645		
<b>1992</b>	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155		
<b>1993</b>	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009		
<b>1994</b>	3 737	22 358	183 000	17 886	200 760	-54 401	-64 860	73 193	8 336		
<b>1994</b>											
<b>Sept.</b>	321	1 748	14 334	6 490	20 824	-4 758	-11 166	13 203	2 037		
<b>Oct.</b>	314	1 705	16 987	555	17 541	-7 073	-7 400	4 430	-2 969		
<b>Nov.</b>	344	1 060	13 785	587	14 372	-3 517	-3 129	5 473	2 344		
<b>Dec.</b>	625	1 718	17 528	2 155	19 683	-4 449	-6 120	5 236	- 884		
<b>1995</b>											
<b>Jan.</b>	180	4 018	17 260	407	17 668	-6 902	-7 280	13 669	6 389		
<b>Feb.</b>	244	1 367	13 464	647	14 111	-5 019	-5 604	9 435	3 832		
<b>March</b>	187	3 601	20 139	443	20 583	-9 783	-10 055	12 242	2 186		
<b>April</b>	158	2 007	17 131	7 292	24 423	-4 721	-9 276	2 225	-7 051		
<b>May</b>	218	1 445	17 544	2 454	19 999	-4 426	-6 167	1 719	-4 448		
<b>June</b>	262	3 222	18 374	2 487	20 861	-6 974	-9 375	-3 851	-13 226		
<b>July</b>	258	1 361	14 143	707	14 851	-2 666	-2 893	-1 344	-4 236		
<b>Aug.</b>	223	784	11 670	468	12 140	785	488	5 741	6 230		
<b>Sept.</b>	227	3 574	16 099	814	16 913	-3 967	-4 482	1 450	-3 033		

# 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, net (Column 12) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits – term deposits. Liquidity position of deposit banks (Column 13): see explanation to Table 2.1. Other claims on financial institutions, net (Column 15) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions – other liabilities to financial institutions.

### 2 The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position

**Table 2.1** Minimum reserve deposits (Column 1): See explanations to Table 2.2. Liquidity credits (Column 3): see explanations to Table 3.2. Liquidity position, net (Column 4) is obtained by subtracting Column 3 from Column 1.

**Table 2.2** From 2 October 1995, banks fulfil their minimum reserve requirement as a monthly average of deposits. From October 1995, the requirement and deposits are shown for the month during which the requirement is to be fulfilled. Before deposits were shown for the previous month, because deposits were matched with the requirement on the last banking day of that month. The requirement is determined on the basis of the reserve base two months earlier (up to September 1995 one month earlier). The reserve base was changed on 31 March 1995 to comply with the new balance sheet format.

**Table 2.3** Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, 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 payment 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** The interbank overnight rate (Column 1) is weighted using amounts of interbank deposits as weights. Since 1 June 1995, HELIBOR rates (Helsinki Interbank Offered Rate) (Columns 2–5) have been calculated on the basis of the bid rates (offered rates for funds) quoted for their own certificates of deposit by all the banks that have been accepted by the Bank of Finland as counterparties in money market operations. An additional condition is that a bank gives regular quotations. The highest and lowest rates quoted for each maturity are omitted and an arithmetic average calculated for the remaining rates. The quotations are taken daily at 1 p.m.

**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 obtain liquidity credit from the Bank of Finland to fulfil their minimum reserve requirement. They can obtain liquidity credit 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 in use prior to October 1995 was obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. From 2 October 1995, the interest rate paid on excess reserves is determined separately by the Bank of Finland. 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 average 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. Until June 1993, 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. From July 1993 onwards the yield is calculated on a bullet bond due on 15 March 2004 with a coupon rate of 9.50 per cent. The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

#### 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 foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placements; long-term promissory notes are bank loans. Miscellaneous items (Column 7) include, inter alia, the liability for coinage (total coinage), promissory notes given to international financial organizations and, as a minus item, the liability to the State Pension Fund. 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 A: Financial Supervision from the beginning of 1994. 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-denominat-



ed bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by primary dealers and banks entitled to central bank financing. As from 14 July 1995 the following act as primary dealers: Alfred Berg Pankkiirillike Oy, Evli Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ), Branch Operation in Finland and Unibank A/S. 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. Bank of Finland releases data daily (page SPFI on Reuters and page 20981 on Telerate) on the trading in benchmark government bonds among primary dealers and between primary dealers and their customers.

**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 trade figures for 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU. 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. (The annual figure is divided evenly between quarterly figures.)

**Tables 6.2–6.4** Since the beginning of 1994, the former capital account of Finland's balance of payments has been compiled according to the IMF's new recommendations (IMF Balance of Payments Manual, Fifth Edition, 1993). As a result of the new classification, the contents of many of the items in the capital and financial account have been revised to some extent. In the same context, a number of other revisions and clarifications have been made. The main changes are listed below.

**Table 6.2** Short-term foreign exchange transfers related to cash management flows between direct investors and their direct investment enterprises are classified as direct investment (Columns 1 and 14). Loans received by resident direct investors from group 'in-house' finance companies located abroad (intra-group loans) are also classified as direct investment (Column 14). Money market instruments are classified as portfolio investment (Columns 5 and 17). Premiums and margin payments arising from transactions in financial derivatives are included as a new item under portfolio investment (Columns 6 and 18). Financial derivatives also include payments arising from currency and interest rate swaps related to loans, i.e. outstanding loans are recorded according to the original loan contract. Medium-term notes (MTNs) are included under bonds (Columns 3 and 16). The category other investment (Columns 8–12 and 20–24) covers transactions related to trade credits, loans, currency and deposits and other assets and liabilities. Transactions in assets and liabilities related to short- and long-term supplier credits and advance payments related to imports and exports are recorded under trade credits (Columns 8 and 20). The item 'Other' (Columns 11 and 23) includes transactions in short- and long-term assets and liabilities of different sectors not covered by any of the items above. In

addition, this category includes changes in the central government's subscriptions to and quotas in international organizations as well as transactions in the Bank of Finland's short- and long-term assets and liabilities (excl. reserve items). The most important sub-item under the item 'other' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 27) comprise gold, special drawing rights (SDRs), the reserve position in the IMF and convertible currency claims. A negative figure implies an increase in reserves.

**Table 6.3** The data are classified as in Table 6.2. The items 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** This contains data on Finland's net international investment position (liabilities less assets) classified by sector.

## 7 Foreign trade

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

**Table 7.1** The exceptionally large foreign trade figures for December 1994 are largely due to a one-off timing change in the compilation of foreign trade statistics caused by Finland's entry into the EU. This increased the value of imports by some FIM 3 billion and the value of exports by just under FIM 1 billion.

The trade figures for May–October 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU.

**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 8.2** The indices of industrial production are adjusted for the number of working days in each month. This causes in small differences the annual averages from the corresponding unadjusted figures. For this reason the indices for 1990 also differ marginally from conventional base-year figures, i.e. 100.0.

**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.

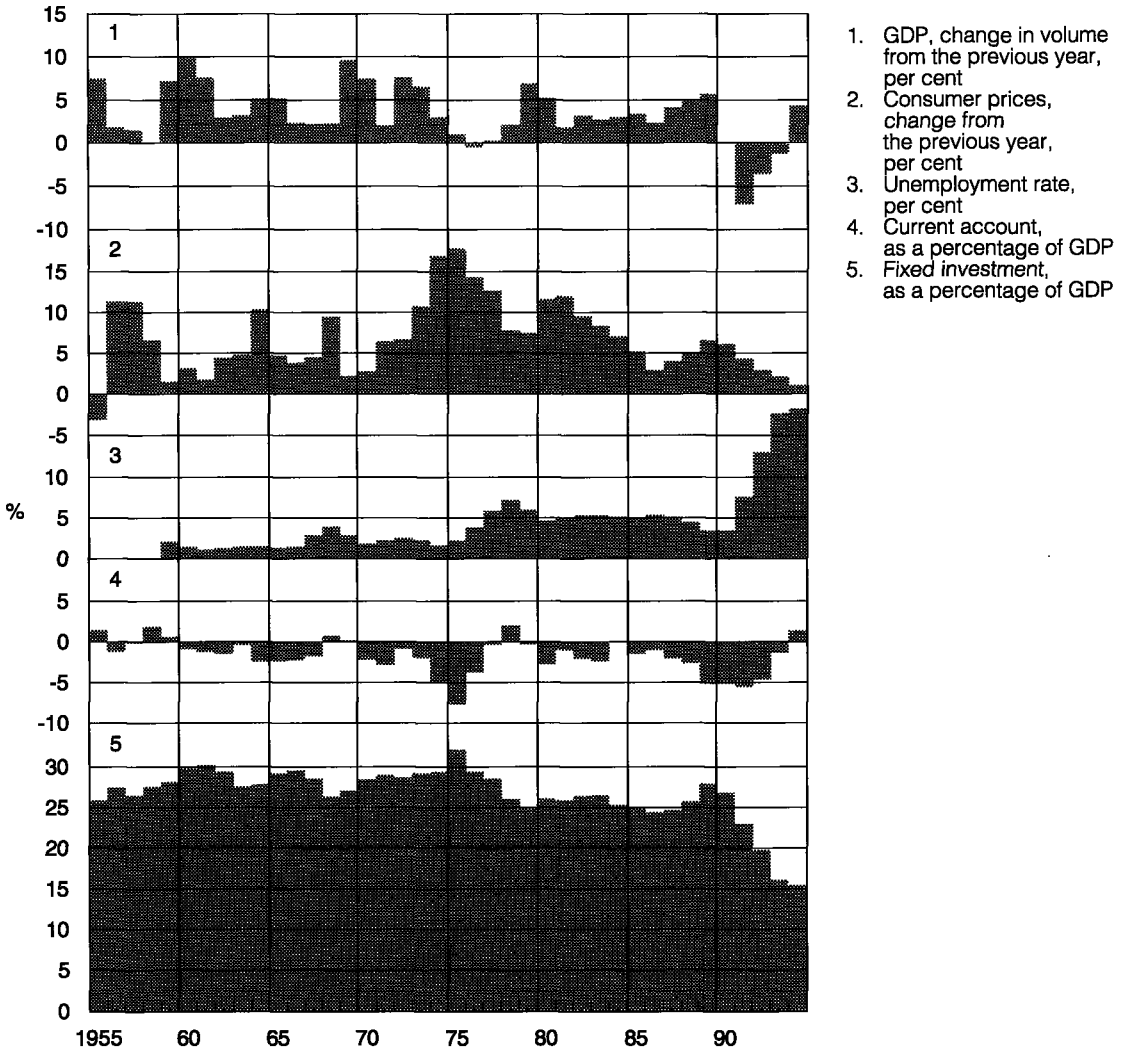
**Table 8.4** The indicator of underlying inflation (Column 6) is the consumer price index from which the effect of indirect taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed (see the article by Pentti Pikkariainen and Timo Tyrväinen in the June – July 1993 issue of the Bulletin). Statistics Finland calculates the indicator and publishes it together with the consumer price index on the 15th of every month (or the next business day). It is lagged by one month in comparison with the consumer price index.

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



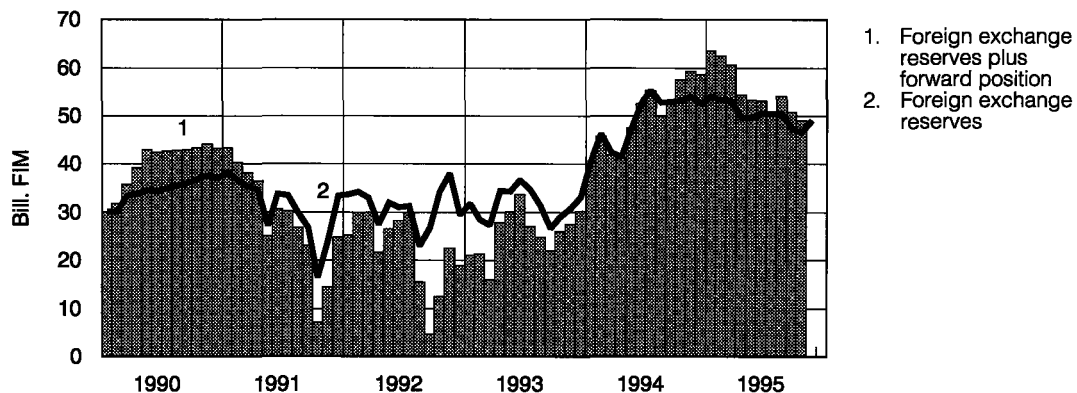
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## 1. Long-term indicators

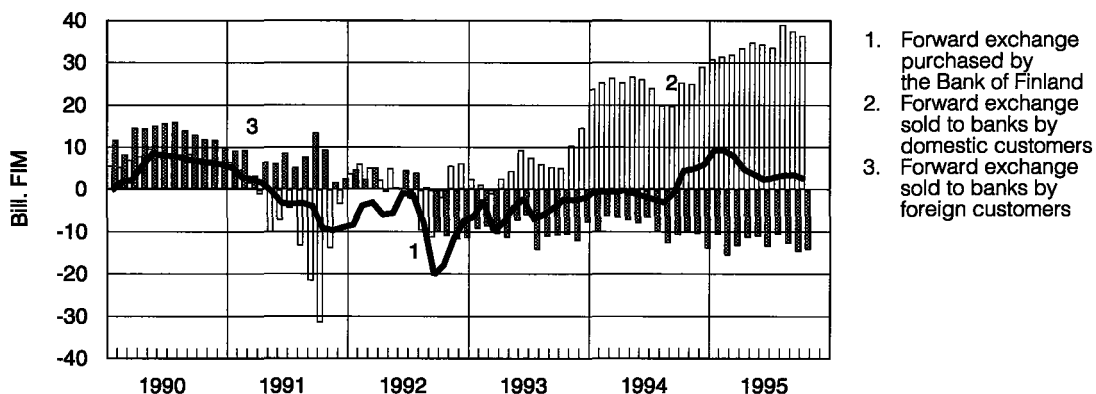


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

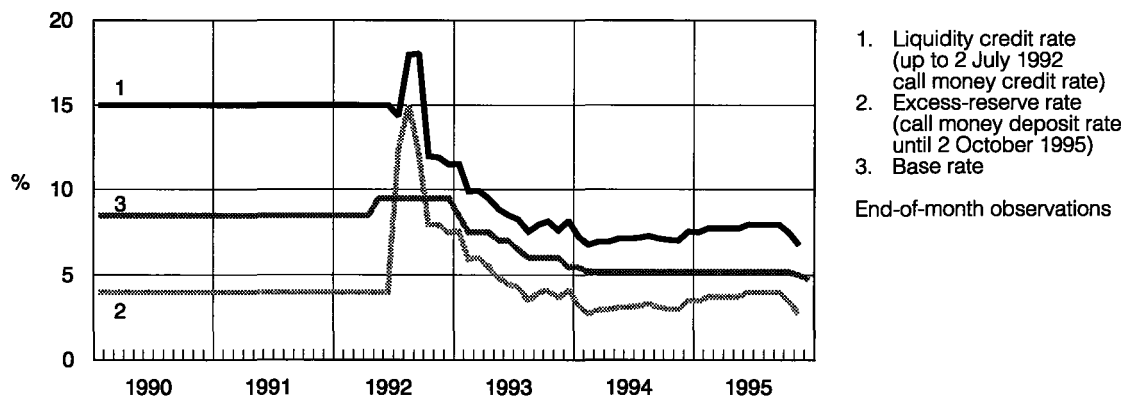
## 2. The Bank of Finland's foreign exchange reserves and forward position



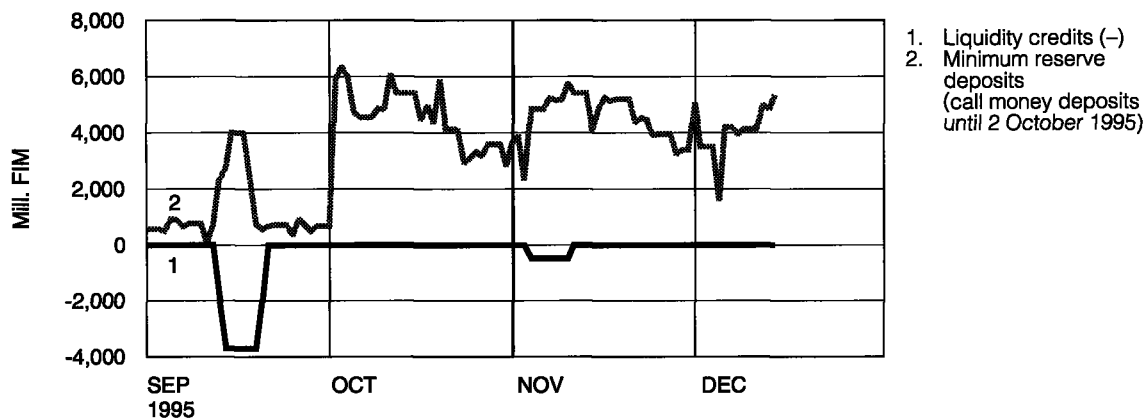
## 3. Forward market



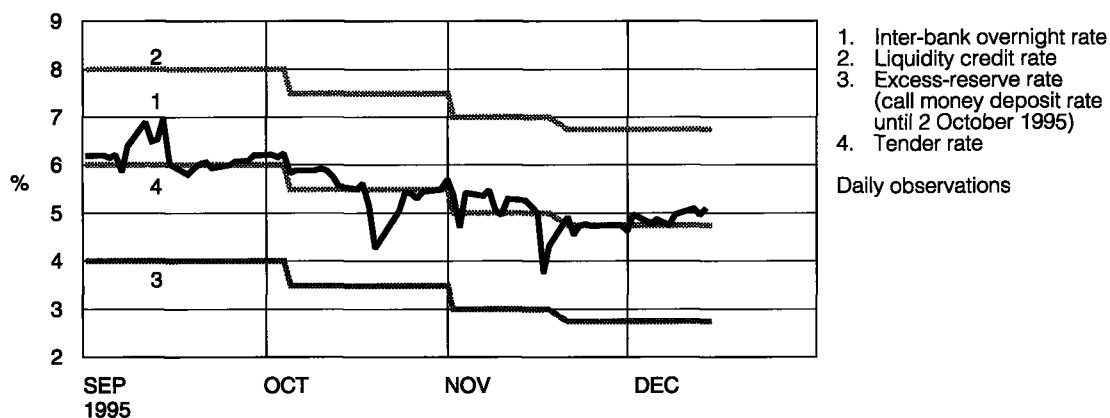
## 4. Rates of interest set by the Bank of Finland



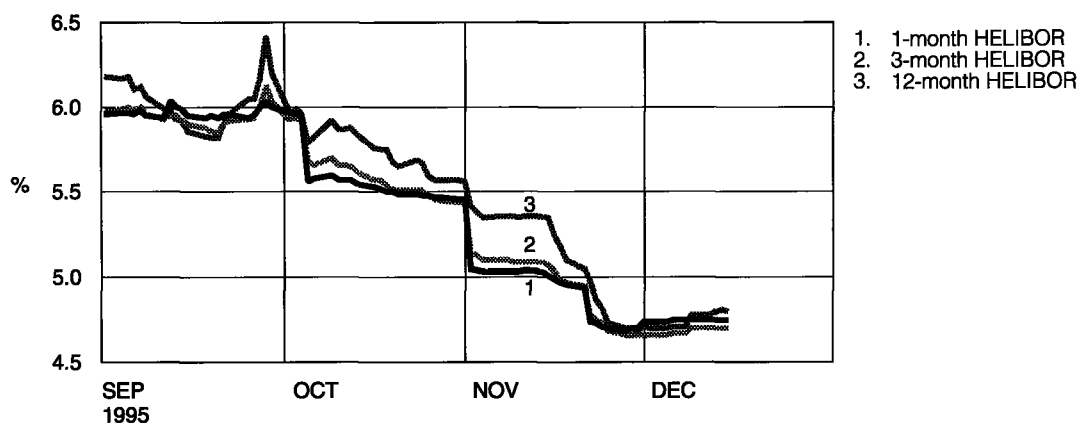
### 5. Banks' liquidity position at the Bank of Finland



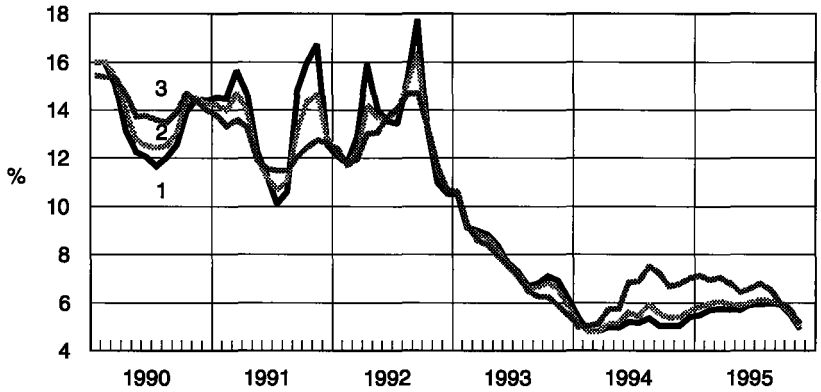
### 6. Liquidity management interest rates



### 7. HELIBOR rates of interest, daily

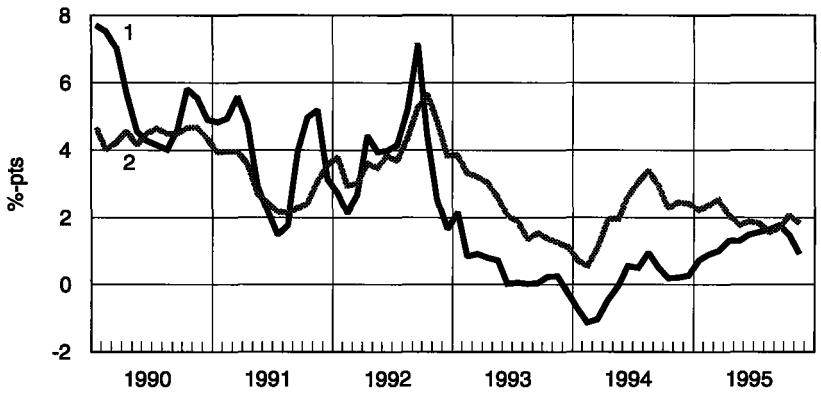


### 8. HELIBOR rates of interest, monthly



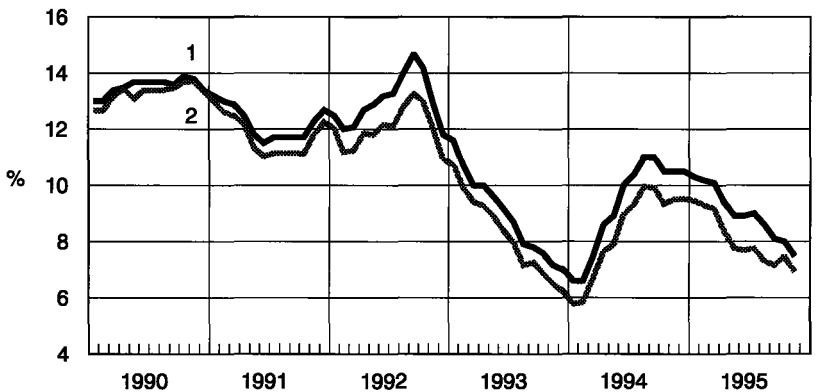
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

### 9. Differential between Finnish and German interest rates



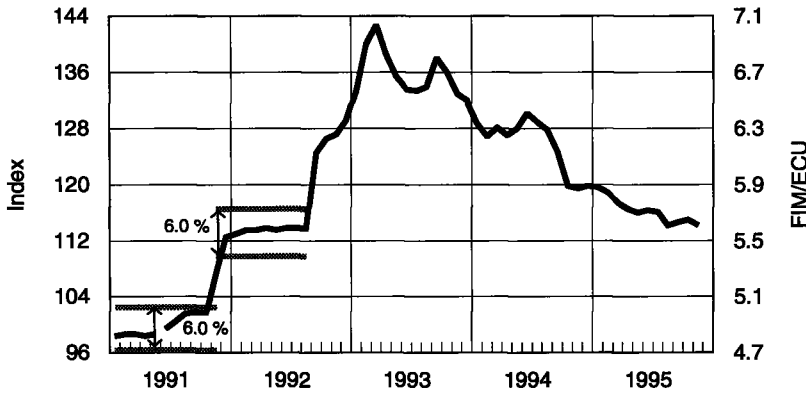
- 1. 3-month HELIBOR minus 3-month DEM eurorate
- 2. 5-year Finnish government bond yield minus 5-year German government bond yield

### 10. Bond yields



- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds

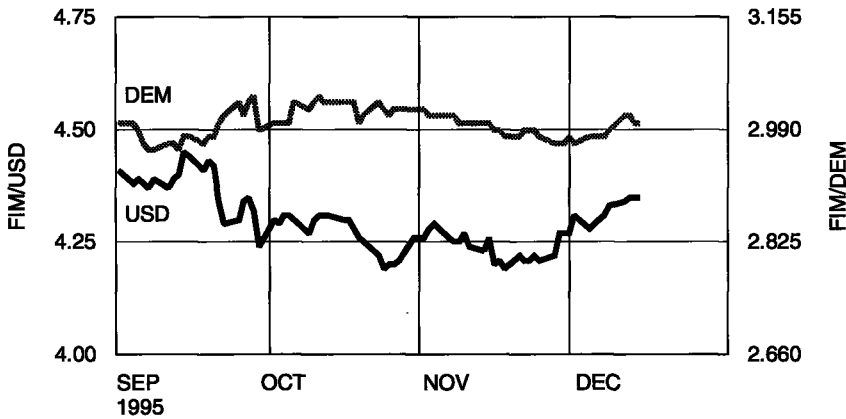
### 11. Bank of Finland currency index and the markka value of the ECU



Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU.

Monthly averages

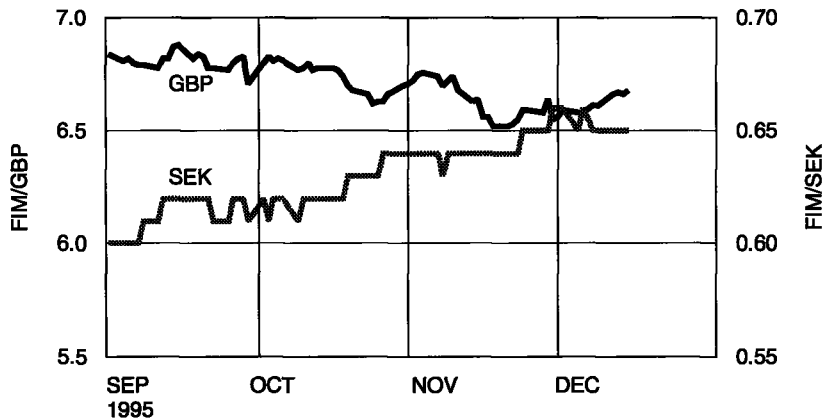
### 12. Daily spot rates for the markka against the Deutschmark and the US dollar



Middle rates

DEM = right scale  
USD = left scale

### 13. Daily spot rates for the markka against the pound sterling and the Swedish krona

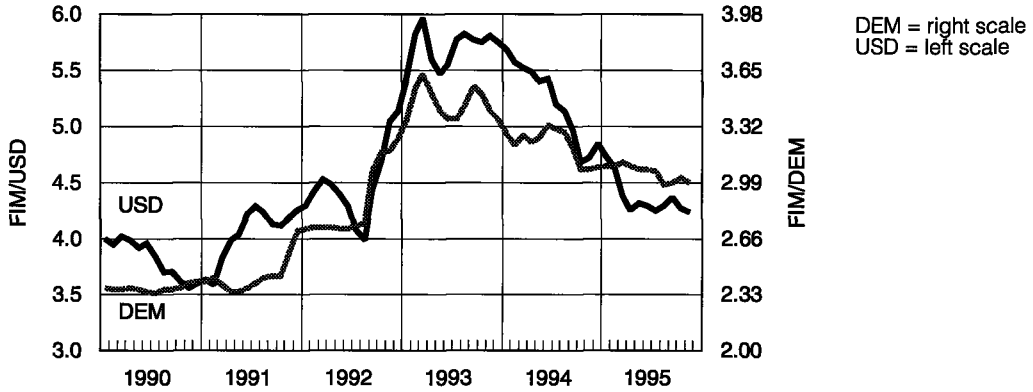


Middle rates

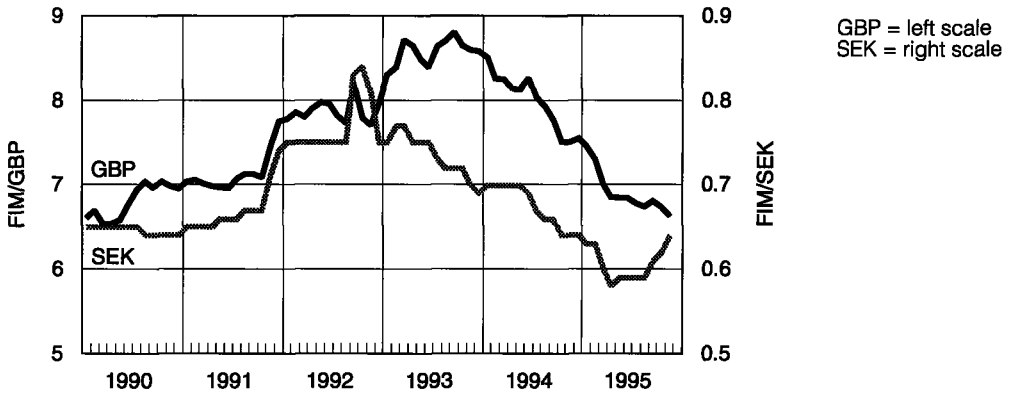
GBP = left scale  
SEK = right scale



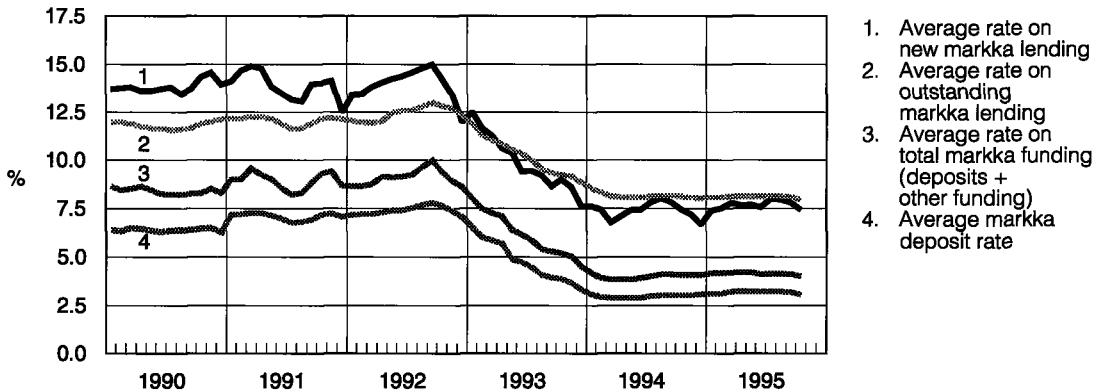
**14. Monthly spot rates for the markka against the Deutschmark and the US dollar**



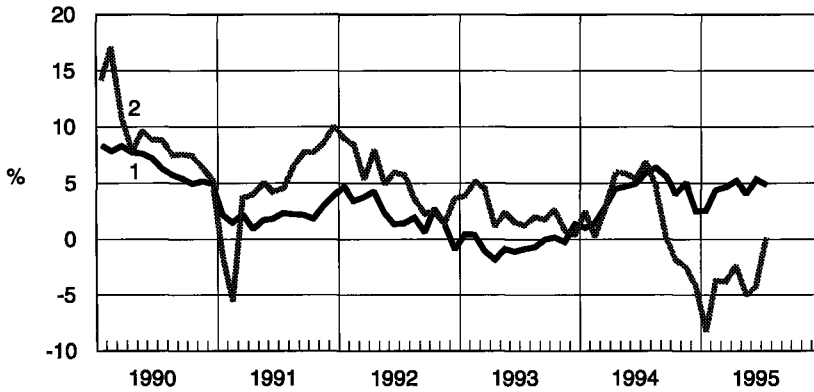
**15. Monthly spot rates for the markka against the pound sterling and the Swedish krona**



**16. Banks' markka lending rates and markka funding rates**



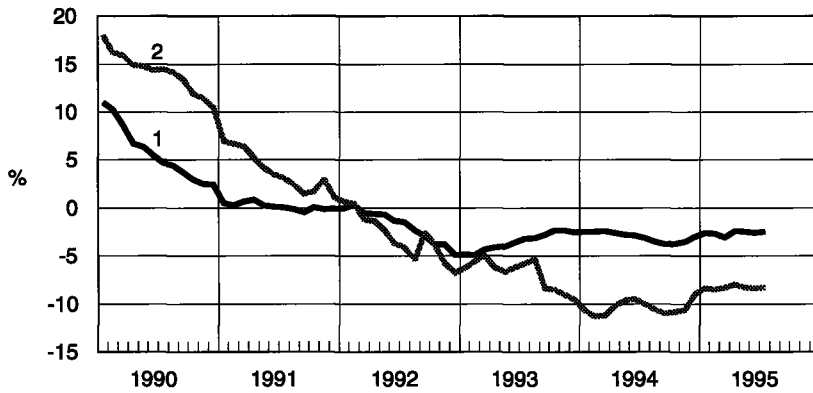
### 17. Bank funding from the public



- 1. Markka deposits
- 2. Total funding

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

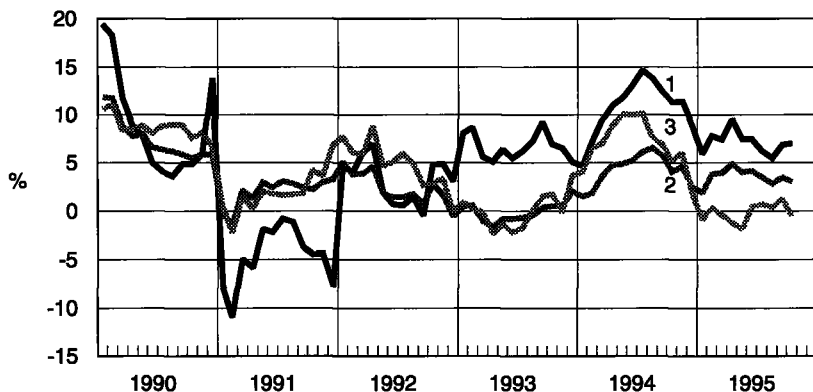
### 18. Bank lending to the public



- 1. Markka lending
- 2. Total lending

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

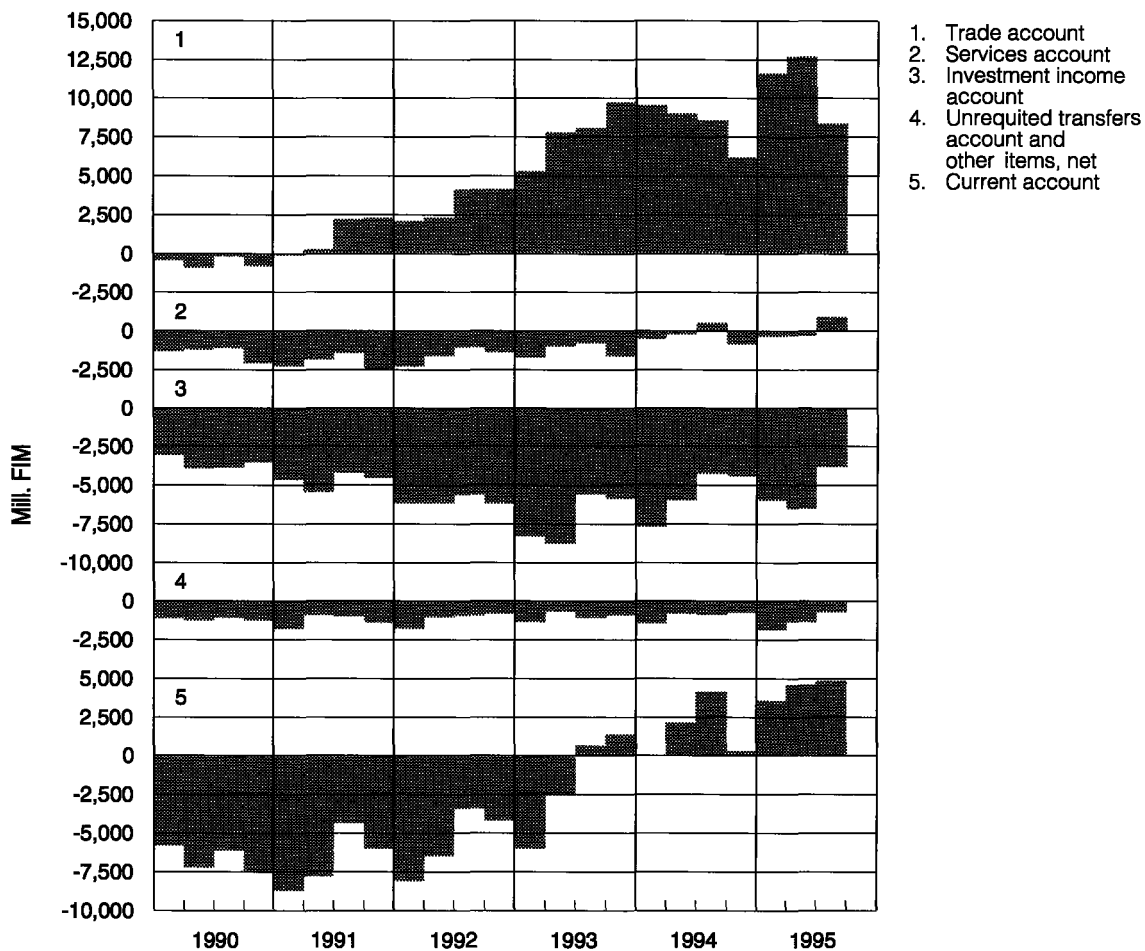
### 19. Money supply



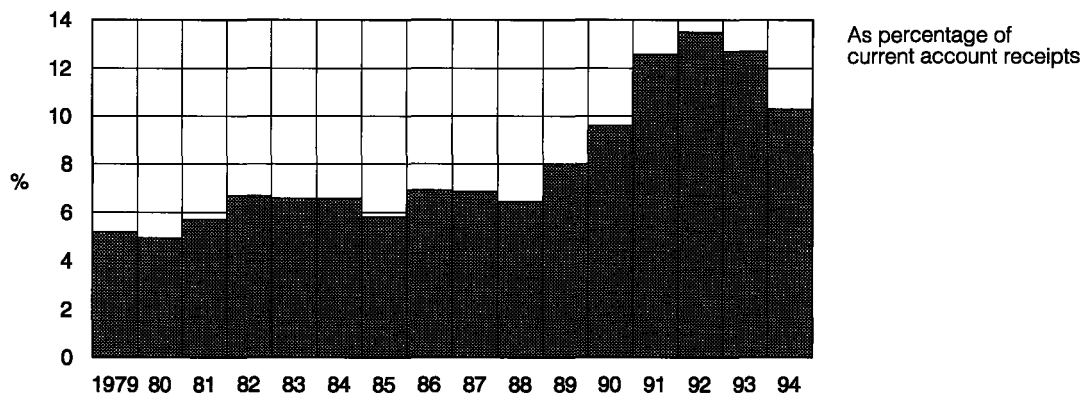
- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

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

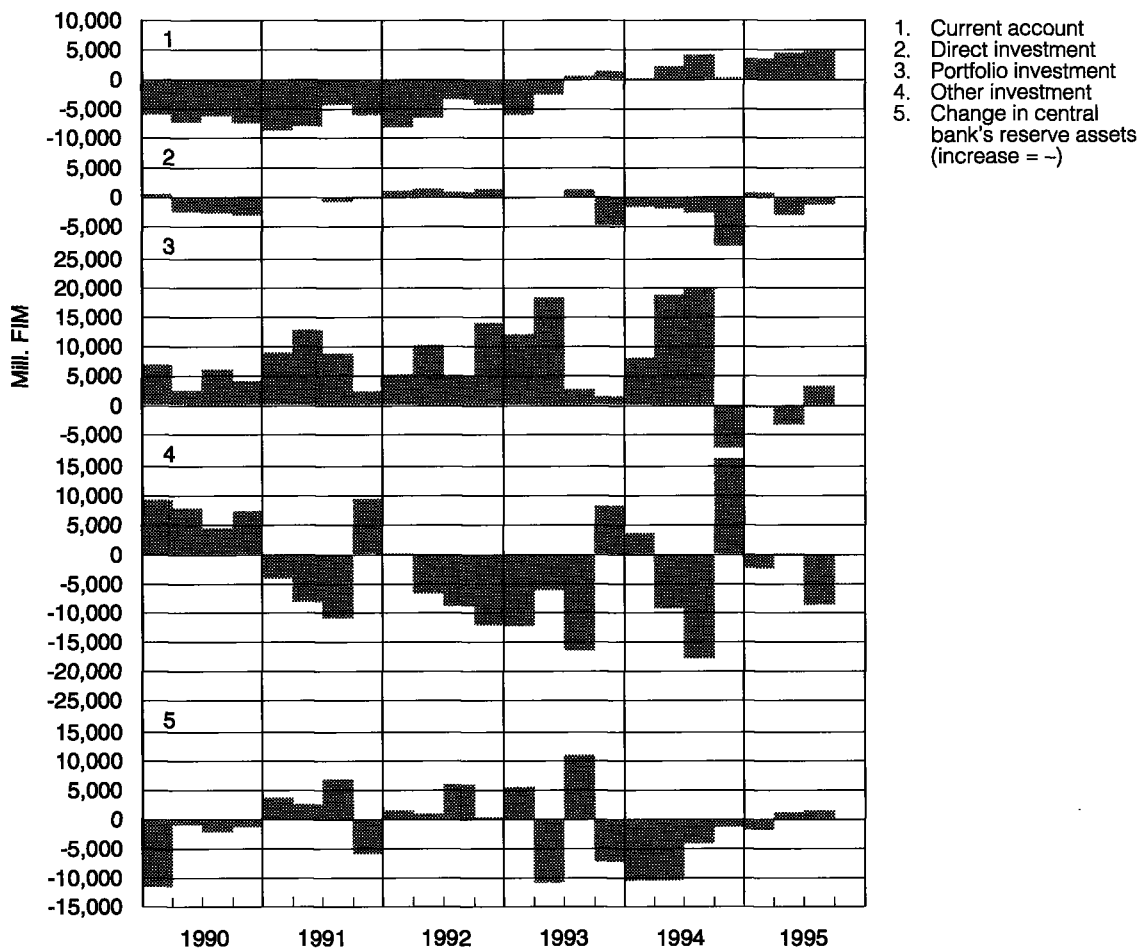
## 20. Current account



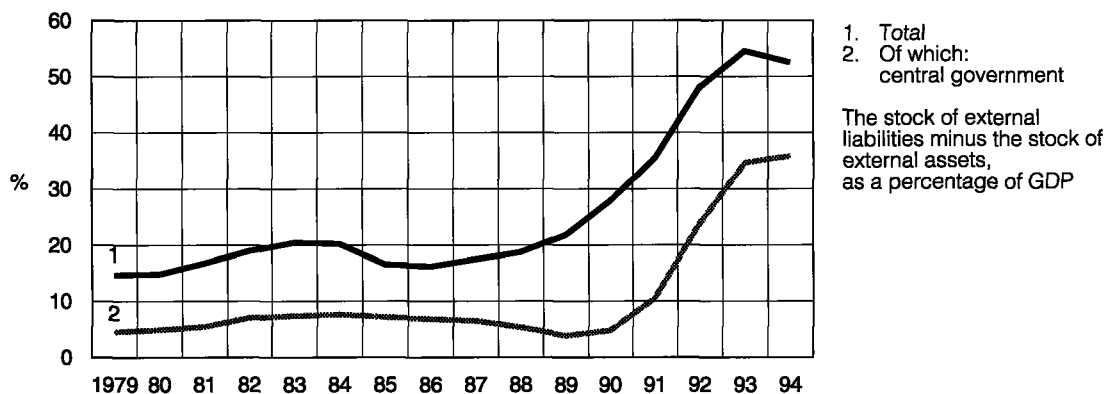
## 21. Net interest and dividend expenditure



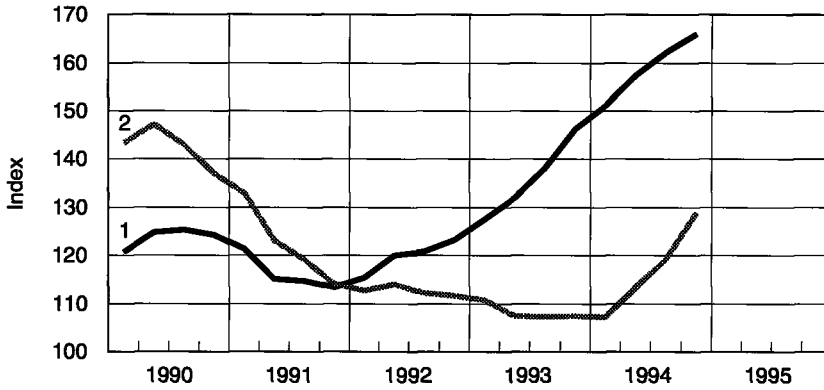
## 22. Balance of payments



## 23. Finland's net international investment position



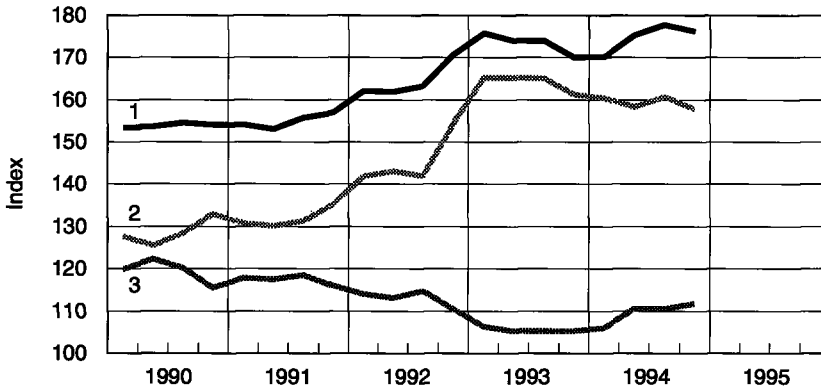
## 24. Foreign trade



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

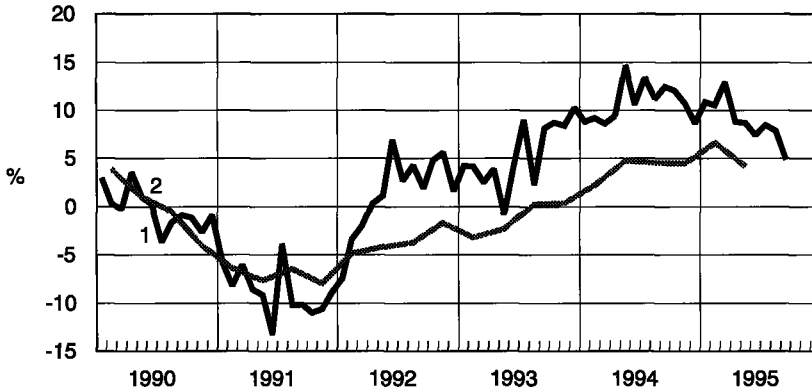
## 26. Finland's export performance



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

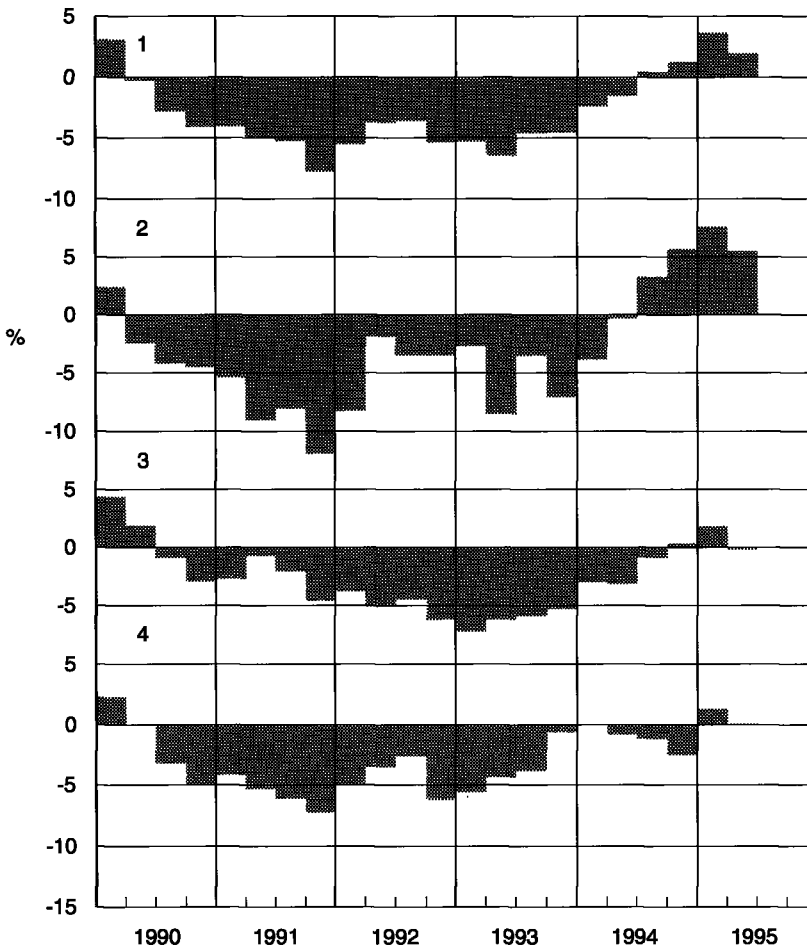
1980 = 100

## 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

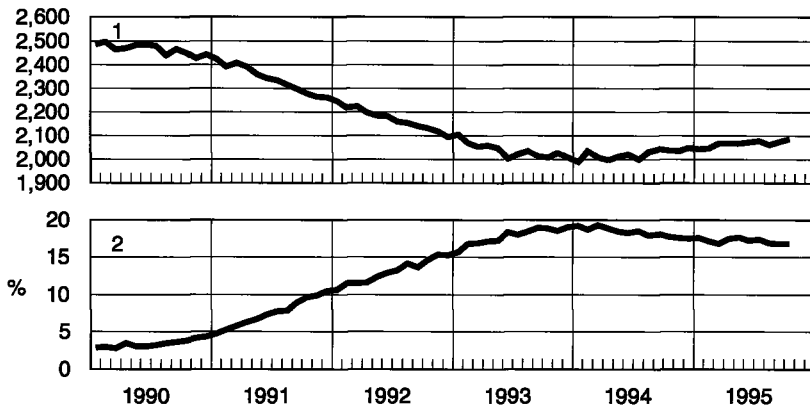
## 28. Fixed investment



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

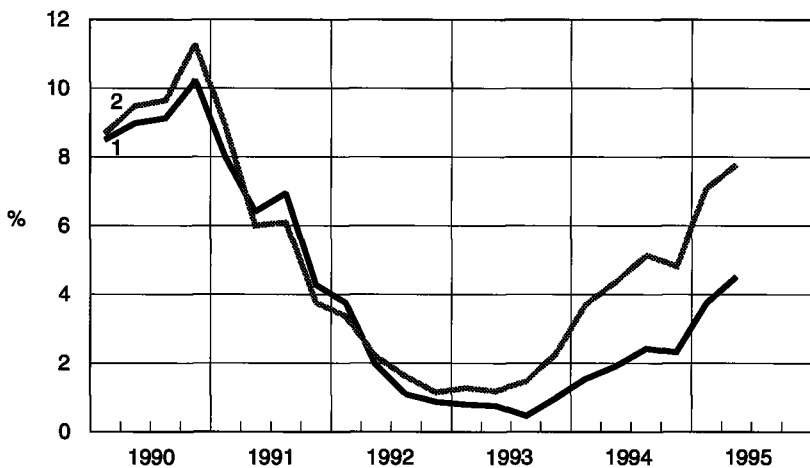
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

## 29. Employment and unemployment rate



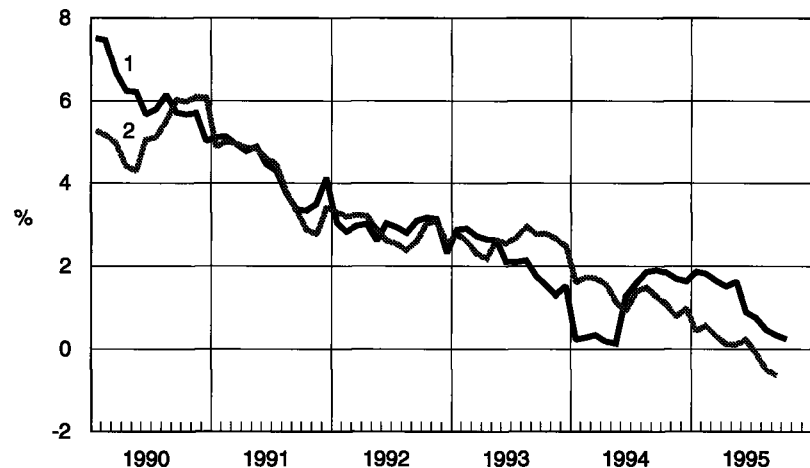
1. Employment, 1000 persons
2. Unemployment rate, per cent

## 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

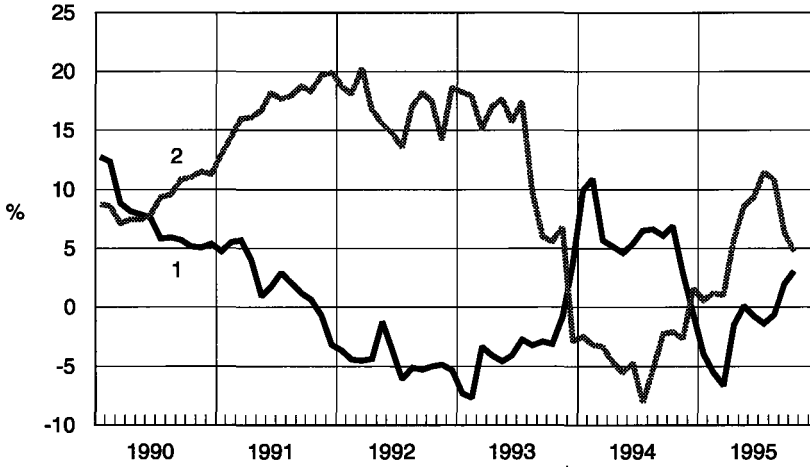
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

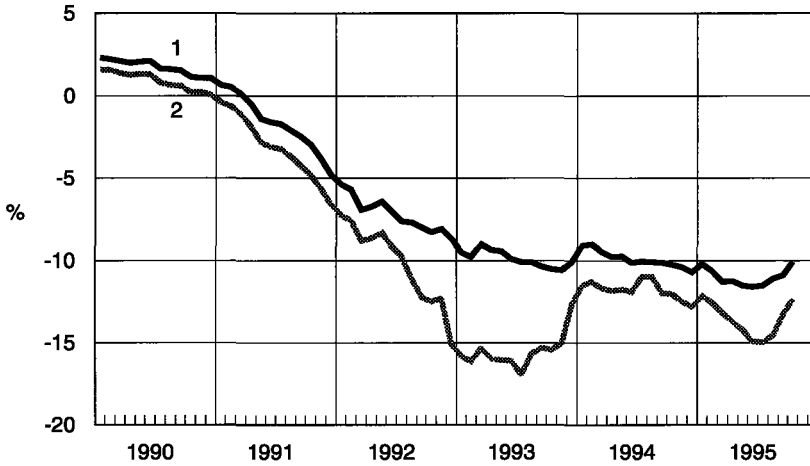
Change from the corresponding month of the previous year, per cent

### 31. Central government finances



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

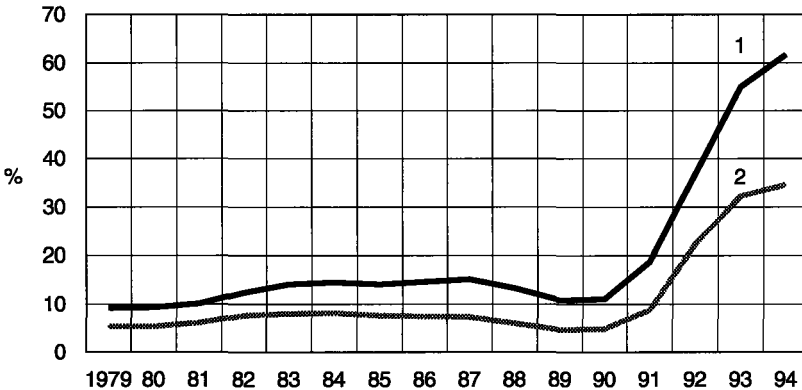
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

### 32. Central government debt



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

As a percentage of GDP



# BANK OF FINLAND

1 November 1995

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## THE PARLIAMENTARY SUPERVISORY BOARD

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MATTI PUHAKKA, Vice Chairman  
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KIMMO SASI  
TUULIKKI HÄMÄLÄINEN  
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ESKO OLLILA

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PENTTI KOIVIKKO

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Administration URPO LEVO

Data Processing PERTTI SIMOLA

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Financial Markets KAARLO JÄNNÄRI,  
Advisers to the Board: HEIKKI KOSKENKYLÄ,  
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**SETEC OY** (security printing house fully owned by the Bank of Finland)

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VELI TARVAINEN, Managing Director

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