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Inflation, monetary policy and
economic performance

The Finnish banking sector:
performance and future prospects

Inflation, monetary policy and economic performance	3
The Finnish banking sector: performance and future prospects by Heikki Koskenkylä and Jukka Vesala	8
Items: Financial Supervision Authority: a new Director General and a new organization Publication of the Bank of Finland	13
Measures concerning monetary and foreign exchange policy and the financial markets	15
Finland in brief	18
Statistics • List of tables on page	S1
Charts • List of charts on page	S29

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Inflation, monetary policy and economic performance

The Finnish markka depreciated somewhat between December 1995 and April 1996 because of a weakening of export performance and increased ERM speculation. The downtrend was reversed in May and the markka appreciated, mainly as a result of a pickup in foreigners' investments in markka-denominated assets. Thus, in May the speculative activity connected with possible ERM linkage turned in favour of the markka.

At the beginning of June the differential between the three-month HELIBOR rate and the corresponding German interest rate was 0.4 percentage point. The decline in the tender rate has passed through to banks' own reference rates, and interest rates on new loans have also declined.

The rise in consumer prices has remained subdued and inflation expectations remain moderate. The markka's depreciation has pushed inflation up only slightly. Exchange rate effects have been partly offset by a decline in foreign-currency-denominated import prices. Wage drift has remained moderate. Thus there are no indications of inflation pressures which might jeopardize the Bank of Finland's inflation target in the next few years.

Domestic factors – especially increases in corporate investment and household consumption expenditure – have sustained moderate output growth in the early months of 1996. Export volume contracted in the first four months due to sluggish demand in Finland's main export markets in Western Europe and to efforts to reduce inventories, which have constrained exports and manufacturing output. In the first quarter of 1996, real GDP grew by less than one per cent on the year-earlier quarter but hardly at all on the last quarter of 1995. The concentration of output growth in labour-intensive sectors has enabled a continuing improvement in employment.

During the spring months, there have been some indications of a pickup in economic activity. The rise in stock prices for instance can be seen as an indication of improved economic performance. According to a survey carried out at the beginning of April, industrial enterprises expected output volume to pick up in the second quarter of 1996. Similarly, expectations of service companies and consumers are cautiously optimistic.

Confidence factors – eg views regarding the export market outlook – have a major impact on the

rate of economic growth. In this context, the main concern is for near-term economic performance in Europe – particularly in Germany – which affects the Finnish economy via exports and expectations.

The decline in foreign interest rates which have a major impact on Finnish money market rates came to a halt in the early part of the year. This appears to have been affected by the indicators of economic recovery. It is unlikely that foreign short-term money market rates will decline in the near future. As a result, Finland has very little room for monetary policy manoeuvring. Nonetheless, the subdued inflation outlook provides a good foundation for a continuation of stable interest rates in the coming years.

Subdued outlook for prices

Consumer price inflation has accelerated slightly in 1996 after the decline in food prices ended. In April, the twelve-month change in the CPI was 0.7 per cent. Underlying inflation has been lower; in March the twelve-month rate was only 0.2 per cent. In the first quarter the total change in the indicator of underlying inflation was 0.5 per cent, which translates into an annual rate of about 2 per cent (Chart 1).

No such changes have occurred in the factors affecting consumer prices that would essentially alter previous assessments of future price developments. The most recent (April) survey results also indicate that inflation will remain low.¹ Both companies and consumers expect the CPI to rise by only 1–1½ per cent over the next 12 months, ie up to early spring 1997.

The international rate of inflation slowed in the early months of 1996. Costs have stabilized and sluggish demand has intensified price competition. World market prices of cyclically sensitive commodities in particular have declined, although oil and food prices rose during the winter months as inventory levels proved to be low relative to demand. The average twelve-month change in EU countries' consumer prices was 2.7 per cent in

¹ Statistics Finland: Survey of consumer confidence, April 1996. Confederation of Finnish Industry and Employers, Ministry of Trade and Industry, Bank of Finland: Teollisuus- ja palveluyritysten rahotuskysely 1/96 (Financial survey of industrial and service companies 1/96).

Chart 1.

Consumer prices

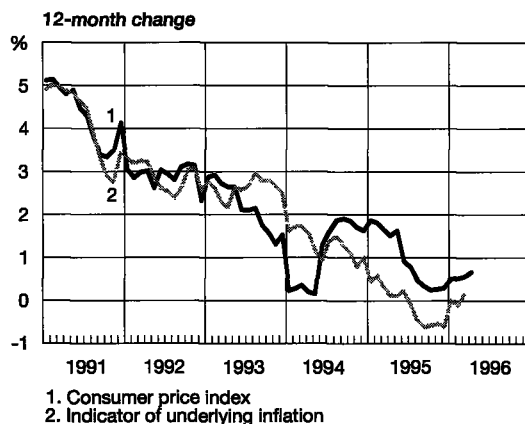
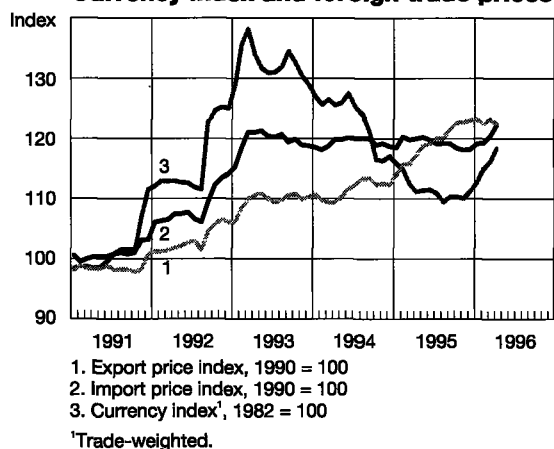


Chart 2.

Currency index and foreign trade prices



April. Nine of the 15 EU countries had an inflation rate of 2 per cent or less. Cross-country differences in inflation narrowed in the initial months of 1996.

The rise in markka-denominated export prices came to a halt at the end of 1995. In the period January–April of the current year, export prices and producer prices remained unchanged on average. According to the April survey of business confidence, industrial enterprises expect producer prices to decline slowly in the second quarter. However, expectations for a reversal of the decline in cyclically more sensitive export prices such as the price of pulp, have firmed in recent weeks.

The rise in the merchandise import price index in early 1996 was mainly accounted for by a 20 per cent increase in the price of oil. In May, the world market price of crude oil fell sharply and thus Finland's oil import price will also decline. With the

exception of the price of oil, Finland's foreign-currency-denominated import prices have come down. Therefore, the markka's depreciation has not put significant pressure on domestic prices. Thus developments in recent months have accorded with the lessons of recent years: because companies' margins act as a buffer, the effects of exchange rate changes do not pass through to import prices rapidly or fully in the context of a floating exchange rate and subdued demand (Chart 2).

Price stability has also been supported by a deceleration in the rise of domestic production costs. The autumn 1995 wage agreement implies a marked slowing in the rate of increase in wages and salaries. Taking into account the effects of previous wage agreements and wage drift, the level of earnings was still slightly over 5 per cent higher in the first quarter of the current year compared to the year-earlier quarter. Real earnings rose by 4 ½ per cent.

Wage drift has continued to diminish, accounting for less than one percentage point of the rise in earnings in the first quarter. Because production bottlenecks in connection with skilled labour and capacity have disappeared, cost drift will remain subdued in the near future.

According to preliminary data, employment grew by more than total output from the first quarter of 1995 to the first quarter of 1996. Labour productivity took an exceptional slight downturn. This reflects the fact that output growth has focused on labour-intensive sectors while sectors that have reduced output have had relatively little impact on employment. The rise in unit labour costs resulting from increasingly labour-intensive production does not necessarily imply an increase in inflationary pressure. Particularly in export sectors, producer prices will not rise as much as labour costs, which means that profitability will decline.

As earlier projected, conditions for a continuation of subdued inflation over the coming years are still favourable. Wage and salary developments are likely to follow very closely the course set by moderate agreements that are in force till January 1998. Nor are international economic developments expected to cause significant upward pressure on inflation. Intensifying international competition and the focus of industrial countries on the goal of price stability will help stem the emergence of inflationary pressures.

Monetary policy eased in Europe

The slowing of inflation and continued moderate inflation expectations, stemming from sluggish growth, have created some leeway for monetary easing in Europe. In the USA more robust economic growth has kindled some fear of inflation and thus long-term interest rates have risen. The Federal Reserve has kept the key reference rates unchanged since January. Moreover, no further decline is expected in Japanese interest rates.

In April the Bundesbank lowered its key rates by ½ percentage point. The discount rate was low-

ered to 2.5 per cent and the Lombard rate to 4.5 per cent. Despite the lowering of these rates, the repo rate, which serves as a benchmark for short-term money market rates, was kept unchanged. It has remained at 3.3 per cent since the beginning of February. The rate cuts had only a very minor impact on short-term money market rates. Key interest rates have also been lowered in other ERM countries in the wake of the German cuts.

After the Bank of Finland lowered the tender rate in March, the differential between Finland's short-term money market rate and the corresponding German rate narrowed to about ½ percentage point; in May it narrowed further.

In Sweden, confidence in the economy and in economic policy has increased and the Swedish krona has appreciated. Because this has been accompanied by a slowdown in inflation, the repo rate has been cut several times this year. Developments in short-term market rates indicate that the markets expect a further cut in the repo rate from its current level of 6.3 per cent.

Although short-term interest rates are at historical lows, long-term interest rates have been persistently high in many EU countries. This has kept the yield curve sharply upsloping. The fact that long-term interest rates have remained high is a reflection of longer-term inflation expectations and inflation uncertainty. Uncertainty about the consolidation of public finances and EMU progress are other factors adding to the upward pressure on long-term interest rates.

Lending and deposit rates have declined

Monetary easing is reflected in a decline in deposit and lending rates. In October–April the average rate on new loans fell by 2.1 percentage points and the average rate on lending stock by 1.3 percentage points. In April banks' average nominal lending rates on new loans were at a record low level, 5.75 per cent. The average markka lending rate was 6.8 per cent at the end of April, which is the lowest since the 1960s (Chart 3).

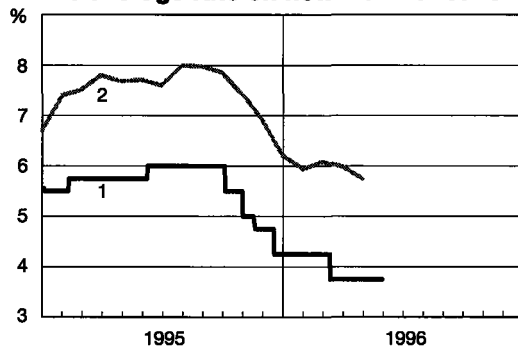
Average deposit rates have also declined as market rates and the base rate have declined while the share of low-yield transaction accounts has grown. The decline in the average interest rate on the stock of deposits was less than that on outstanding lending in the period from October to April. This has resulted in a narrowing of the margin between banks' lending and funding rates. An abundance of supply in the credit markets has also contributed to the narrowing of the interest rate margin, which was 4.5 percentage points in March compared to about 5 percentage points a year earlier.

A new government bond issued

Removal of the threat of a general strike (linked to proposed cuts in unemployment benefits) and some positive economic news helped to push do-

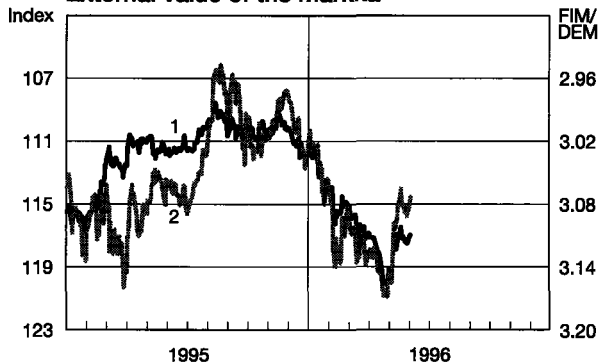
Chart 3.

Tender rate and the average rate on new markka loans



1. Tender rate
2. Average rate on new markka loans

External value of the markka



1. Trade-weighted currency index, 1982 = 100
2. FIM/DEM

Rise = markka strengthens

mestic long-term interest rates down faster than foreign rates in the latter half of May. The Finnish long-term (eight-year) rate is now about 0.8 percentage point higher than the German long-term (ten-year) rate. The last time the interest rate differential dropped below 1 percentage point was in January this year.

At the end of April, the government issued a new ten-year bond. The initial auction was a success. As soon as the new bond has been issued in sufficient quantity (probably in June), it will be classified as a benchmark bond. The yield on the bond set at the auction was 7.65 per cent, which is 0.4 percentage point higher than the yield on the eight-year bond. At the end of May, the new bond was yielding 7.5–7.6 per cent, ie slightly more than 1 percentage point higher than the corresponding German rate and ¼ percentage point higher than the corresponding Danish rate.

The markka depreciated in early 1996

The favourable performance of the US economy has continued to strengthen the dollar against the Deutschmark. The dollar has appreciated more than 3 per cent against the German currency since the beginning of April. By contrast, the dollar is no longer gaining on the Japanese yen.

In recent months, the Deutschmark has also depreciated against almost all other European currencies. Nonetheless, the Finnish markka depreciated 6.5 per cent against the Deutschmark from November to the end of April. As measured by the trade-weighted index, the markka depreciated by 9 per cent.

The markka's depreciation resulted from a weakening of export performance and increasing speculation concerning an ERM linkup. At the beginning of May, the trend in the markka's external value was reversed and the markka appreciated, largely as a result of foreigners' increasing investment in markka-denominated assets.

Growth of monetary aggregates was moderate

Because the growth of the monetary aggregates has been mirroring the subdued pace of economic growth, one does not detect an inflationary sign here either. The growth of all the monetary aggregates has slowed this year. In particular, the slowdown in the growth of M2 – the broad monetary aggregate, composed of cash held by the public, transaction and current accounts and other deposits – is partly the consequence of a contraction in the deposit base, which started already in January. During the period January–April deposits contracted by a total of FIM 11 billion, mainly because some of the funds released from maturing tax-exempt time deposits are being moved out of the banking sector. Since the beginning of this year, the opening of new tax-exempt time deposits has been prohibited. At least for the moment, transaction accounts appear to be an attractive depository for liquid assets whereas the regular longer-term investment outlets entail a degree of uncertainty. The internal structure of deposits continued to develop as in recent months, ie transaction accounts grew and term accounts contracted.

Of the investment objects that compete with bank deposits, the stock of government 'yield' bonds expanded by FIM 10 billion in the period January–May. Also mutual funds have grown in recent months. Net purchases of mutual fund units amounted to FIM 1.1 billion in the period January–April. Bond funds continued to be the most popular type of mutual fund.

The stock of markka lending remained virtually unchanged in early 1996. However, the stock of housing loans started to grow slowly in the early months of spring, for the first time in six months. According to Statistics Finland, demand in the housing market picked up in the first quarter of 1996. House prices also started to rise in early 1996.

Prices of existing two-room flats rose by 7 per cent in the Greater Helsinki area in the period January–May.

The pickup in the housing market does not necessarily show up in a distinct increase in the stock of housing loans because, according to a survey by Statistics Finland, many buyers still intend to finance their purchases with sales proceeds from current dwellings and savings. A survey by the Finnish Bankers' Association also indicates that households are cautious about borrowing.

Growth in demand and output focuses on the domestic market sector

Outside of Europe, uncertainty about the recovery of the international economy has receded. Growth is firmly in place in the USA and Japan, and the Southeast Asian and developing countries have not experienced a slowdown in growth.

In Europe, economic growth is sluggish, particularly in Germany where repeated bouts of bad news have kept expectations cautious. The German situation has been reflected in many other countries via trade relations and expectations. In many countries domestic factors – particularly uncertainty about the public sector deficit problem – have also had a restraining effect on growth. Some room for optimism is found in the pull that is coming from non-European export markets as well as indications that expectations are beginning to look up.

Finnish export volume was down about 3 per cent in January–April on the year-earlier period and also down from the last quarter of 1995. Moreover, sluggish export demand reduced the number of new orders in early 1996. In the first quarter of 1996, manufacturing output fell to its year-earlier level. The weaker performance of the forest industry has had an increasing impact also on forestry. The volume of felling was almost one-third less in March–April than a year ago, which in itself reduced the growth of total output by one percentage point for the period.

Positive features in Finland's economic performance in early 1996 have included growth in households' consumption demand and in corporate investment. The pickup in private consumption at around the turn of the year partly reflects a non-recurrent increase in disposable income as a result of tax refunds. However, consumers' cautiously optimistic expectations point to a longer-term pickup in consumption. Growth in private consumption will be maintained by large investment projects underway in the manufacturing sector in particular. Uncertainty about economic growth is reflected in a cautious attitude towards launching new investment projects. The results of an investment survey² carried out in April indicate that industrial investment will level off in 1997.

² Investment survey by the Confederation of Finnish Industry and Employers.

The increase in basic house repairs is stimulating construction sector output and employment, which have indeed started to revive slowly. The increase in the demand for housing is centred on existing flats, whose prices have started to rise almost throughout the country.

In 1995 output growth focused on the service sector and this trend has continued this year. In the first quarter of 1996, output of sectors which rely heavily on exports – manufacturing, forestry and energy supply – was at the same level as in the corresponding period last year and in the final months of 1995. However, output in private service sectors was more than 2 per cent higher than a year ago (Chart 4).

Employment continued to improve in the early months of 1996. Because growth has accelerated in the service sectors and output contraction is restricted to capital-intensive sectors, employment has improved even though total output remains sluggish. In January–April 1996, the number of employed was on average 40 000 ie about 2 per cent higher than a year ago while the jobless figure was reduced by just under 16 000. The growth in the labour supply has slowed the reduction in the unemployment rate. The seasonally-adjusted unemployment rate was 16.2 per cent in April this year.

Current account surplus will decline

According to the revised foreign trade statistics, the surplus on the balance of trade rose to over FIM 47 billion in 1995 and the current account surplus to close to FIM 24.7 billion, ie to 4.5 per cent of GDP. The improvement of the terms of trade, which had widened the merchandise trade surplus, came to an end at the end of 1995. In the period December 1995 to April 1996, the terms of trade have weakened by almost 4 per cent. Furthermore, the surplus on the balance of trade has been reduced by a contraction in export volume and a simultaneous increase in imports. On the other hand, the burden of interest expense on external debt has been reduced with the reduction in the net external debt. The current account will continue to post sizable, albeit declining, surpluses during the course of 1996.

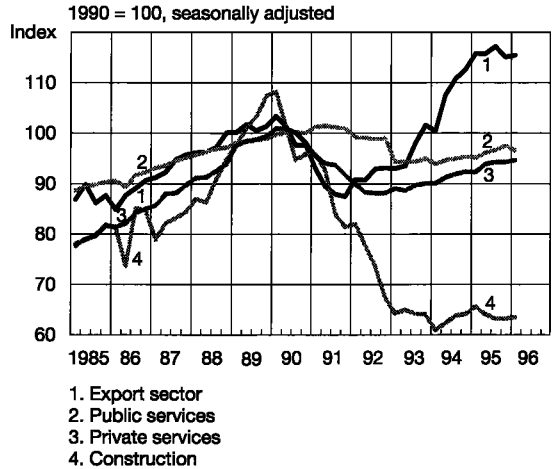
The surplus on the current account, which is equivalent to the economy's excess of saving over investment, is still linked to the sizable financial surplus of the private sector. Companies and households have used their financial surplus to pay down debt and increase liquid asset holdings.

Public finances improving

At the beginning of 1996 the stance of fiscal policy was tightened further. Central government expenditure cuts will be increased by FIM 9 ½ billion in 1996. Income transfers to municipalities and households will each be reduced by FIM 3 ½–4 billion. On the other hand, taxes and charges levied by the government and other public institutions will be reduced by over FIM 5 billion in net terms.

Chart 4.

Output by sector



Taxation of wages and salaries will be reduced by some FIM 3 ½ billion. Public finances will be strongly influenced by overall economic developments and by structural factors, such as the continuing rapid growth of central government debt.

As tax revenue has increased, the central government deficit started to shrink in the latter half of 1995. The rapid growth in tax revenue – boosted by corporate tax payments, which tend to fall due in the early part of the year – as well as the narrowing of the deficit have continued in early 1996. As a result of an increase in wages and private consumption, the widening of the tax base has been more rapid than the growth in total output. For the twelve-month period from April 1995 to March 1996, the central government's borrowing requirement was just under FIM 47 billion, ie some FIM 12 billion less than for 1995. The decline in the central government deficit is unlikely to be sufficient to reduce the general government financial deficit in 1996 to the target level laid down in the Maastricht Treaty, ie a maximum of 3 per cent of GDP.

4 June 1996

- Keywords: inflation, monetary policy, economic performance

The Finnish banking sector: performance and future prospects

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In 1995 Finnish deposit banks' operating losses were smaller than in recent years. This was almost entirely attributable to a reduction in loan and guarantee losses, which fell markedly in all banking groups (Table). Banks' nonperforming assets also continued to decrease, albeit at a fairly slow pace, particularly in the latter half of 1995 (Chart 1). Unless economic performance turns out to be substantially poorer than forecast, loan losses could decline to their 'normal' level (ie some 1 per cent of outstanding lending) in two or three years. In this sense, the Finnish banking crisis, which resulted from a surge in loan losses and shook the Finnish banking system and the entire economy, is subsiding.

Table. Performance of Finnish deposit banks* in 1992-1996 (Q1), billion FIM

	1992**	1993**	1994**	1995**	1995 (l)**	1996 (l)**
Net income from financial operations	10.7	13.0	13.7	12.4	3.17	2.82
Other income	9.5	9.7	8.6	8.2	1.33	2.64
Total income	20.2	22.7	22.3	20.6	4.50	5.46
Total expenses (incl. depreciation)	16.8	17.2	17.9	17.2	4.55	4.01
PROFIT BEFORE LOAN AND GUARANTEE LOSSES	3.4	5.5	4.4	3.4	-0.05	1.45
Loan and guarantee losses	14.0	14.7	11.2	6.2	2.70	0.83
OPERATING PROFIT/LOSS	-10.6	-9.2	-6.8	-2.8	-2.75	0.61
Balance sheet total	688.9	726.8	667.8	616.6	..	605.1
Nonperforming assets, net	38.1	35.9	25.4	19.6	..	18.8
(BIS/CIA) risk-weighted assets and liabilities	..	488.5	419.5	371.7	..	379.5
Solvency, % (BIS/CIA)	..	10.7	11.7	11.9	..	12.2

* Commercial banks as groups, Okobank and each of the cooperative banks as separate entities (compensation by the mutual insurance company of cooperative banks is entered as a decrease in loan losses and reimbursements by the security fund of cooperative banks as extraordinary income, which does not show up in the operating profit/loss).

** Excl. Sittapankki, Savings Bank of Finland (SBF) and Asset Management Company Arsenal Ltd.

Source: Financial Supervision Authority.

At the end of 1995, the combined solvency ratio for all deposit banks was satisfactory (12.2 per cent). The fact that solvency has been maintained at a reasonable level is partly attributable to a notable decrease in banks' risk-weighted assets and off-balance-sheet liabilities. In evaluating this figure one should take into account that some FIM 6.5 billion of banks' Tier 1 capital (which totals FIM 29 billion) consisted of preferred capital certificates subscribed by the government.

Underlying profitability is currently the banks' major problem

Nevertheless, the banks' combined operating loss of almost FIM 3 billion reflects that serious profitability problems still existed in 1995. The figure includes some FIM 1.6 billion of nonrecurrent value adjustments for loan losses in connection with the merger of Kansallis-Osake-Pankki (KOP) and the Union Bank of Finland to form the Merita Bank Group. Naturally, some of these losses would otherwise have been included in KOP's results for 1995, but because of the merger they were moved up to the first quarter.

Underlying profitability (ie profit before loan and guarantee losses) decreased by some FIM 1 billion from 1994, which also had a major impact on the operating loss for 1995. This figure also included several nonrecurrent items.¹

However, weaker underlying profitability cannot be fully accounted for by these items. The banks' two income components – net income from financial operations and other income – fell from 1994. Net income from financial operations contracted largely as a result of a decrease in outstanding lending, shrinking balance sheets and a narrowing of the interest rate margin. In addition, a decrease in service charges on loans reduced banks' other income. Banks' operating costs have not yet been sufficiently reduced relative to lost income (Table). However, banks' staff and branch networks have already been substantially downsized. Banks' net in-

¹ Both Postipankki and KOP had to record losses on securities trade at their respective New York branches. Together, these losses totalled some FIM 600 million. Likewise, the depreciation figure includes about FIM 250 million in value adjustments connected with the merger of KOP and Union Bank of Finland. Merita Bank's other income increased because of capital gains on share trades amounting to about FIM 850 million.

come from financial operations continued to decline in the first quarter of 1996. By contrast, banks' other income improved mainly because of gains on securities trade. Banks' combined operating profit rose to about FIM 600 million in the first quarter of 1996 (Table).

Credit demand has been subdued and the interest rate margin narrowed

The past recession has made companies and households more keenly aware of the dangers of overindebtedness. The demand for new loans has remained subdued for two years despite the favourable performance of the economy. Loans have also been repaid at a fairly rapid pace, which, together with heavy write-offs, explains the substantial contraction in the stock of bank lending, particularly foreign-currency-denominated lending (Chart 2).

Since early 1992 households' demand for credit has been curbed in large part by income uncertainty, which stems from the high level of unemployment and large share of nonpermanent employment relationships. Companies have determinedly reduced their debt to equity ratios, which have been high by international standards. This has been made possible by strong profitability, especially among export companies. New investments have also been largely financed by retained earnings. Furthermore, the tax reforms of 1991–1994 substantially reduced the tax benefits of debt financing as compared to equity and retained earnings financing. One positive result of these developments has been that banks' credit risks have been reduced.

The narrowing of the interest rate margin reflects intensifying competition among banks since the recession, particularly in corporate lending. This has been largely due to an oversupply of debt finance as well as a step-up in Swedish banks' activity in the Finnish credit markets to some extent. Furthermore, the decline in the level of interest rates has squeezed the banks' interest rate margin because the decline in average lending rates has been larger and faster than that of deposit rates (Chart 3). A marked increase in the share of lending tied to short-term market (HELIBOR) rates and a corresponding decrease in the share of lending tied to less flexible reference rates have made lending rates more responsive to changes in market rates (Chart 4). The narrowing of the interest rate margin started in 1994 and has continued at a more rapid pace in late 1995 and early 1996.

The impact of the narrower interest rate margin on net income from financial operations has been partly offset by a reduction in financing costs for low-yield assets due to the fall in interest rates. In addition, the lower interest rate level will have favourable indirect effects on banks in the longer run because it will help revive credit demand and the real estate market and boost asset prices.

Chart 1.

Nonperforming assets and loan losses of Finnish deposit banks

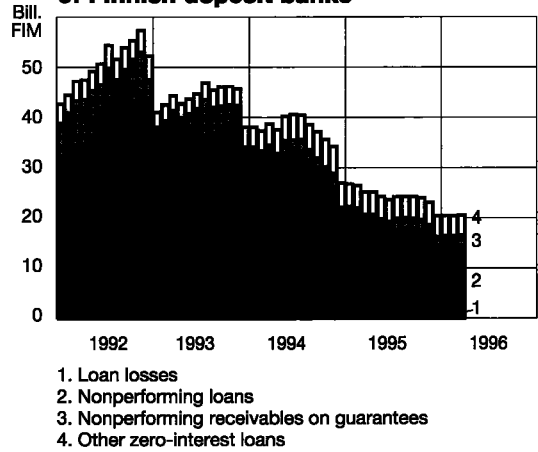


Chart 2.

Deposit banks' outstanding lending

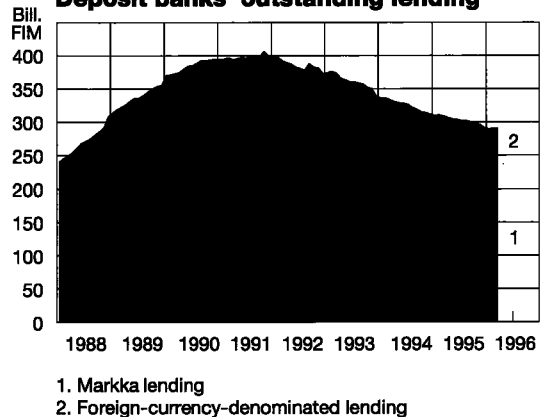
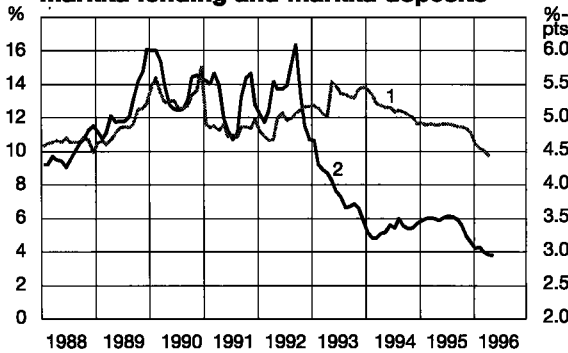


Chart 3.

Interest rate margin between banks' markka lending and markka deposits



- 1. Interest rate margin (right scale)
- 2. 3-month HELIBOR (left scale)

The lower interest rate level has also had a positive impact on banks' other income in the early months of 1996. Positive value adjustments and capital gains on bond and share trading portfolios strengthened banks' financial results enough to generate clearly positive operating profits for the first quarter of 1996 (Table). It is difficult to assess the total effect of the fall in interest rates on banks' profitability.

There are also factors present that may have a restraining impact on the narrowing of the interest rate margin. The returns on corporate lending are beginning to reach such low levels that we are likely to see an easing of the downward pressure. The continuous growth of the share of tax-exempt demand deposits held by the public, mainly at the expense of accounts subject to withholding tax (Chart 5: item 'other deposits' (5)) is lowering banks' average funding costs and stabilizing the interest rate margin. With interest rates at such a low level, depositors have generally been content with the return on demand deposits.

On the other hand, the narrowing of the interest rate margin may have already accelerated because deposit rates are already so low on average that there is very little room for any further lowering. Moreover, tighter competition from foreign banks may further depress lending rates. Banks' access to low-cost funding, in Finland as in other countries, is threatened by competing investment outlets, such as various insurance products, bonds and different modes of collective investment, which attract funds from demand and fixed-term deposits.

Cost cutting - a necessary prerequisite for improved profitability

A major challenge to Finnish banks is to increase their income/cost ratios, which are low on average. Measured by this ratio, the cost efficiency of Finnish banks is weak compared for example with that of their Swedish rivals. It would not seem possible to significantly increase net income from financial operations in the short term because credit demand is unlikely to grow so much in the next few years as to compensate for recent declines and because the interest rate margin has narrowed. Consequently, the banks need to cut costs. Last year all the large banks announced sizable restructuring projects the effects of which will be fully felt in banks' results in 1997-1998.

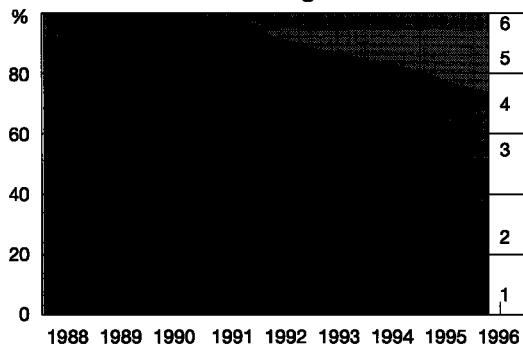
Although banks' net income from financial operations has suffered, banks' operating profits are likely to grow this year and again next year as costs and loan losses decline, unless the economy performs much worse than forecast.

Demand for markka loans is stabilizing and possibly reviving

Household loans are the most important component of banks' outstanding markka lending and therefore banks would suffer if households continue

Chart 4.

Interest rate linkages of banks' markka lending



- 1. Tied to Bank of Finland's base rate
- 2. Fixed-rate
- 3. Tied to HELIBOR rates
- 4. Tied to 3- or 5-year reference rate
- 5. Tied to prime rates
- 6. Other

to feel apprehensive about their incomes. Households' cautiousness stems from the prolonged high unemployment. In particular, banks' younger customers, who have the greatest borrowing needs, are likely to continue to suffer from job uncertainty.

Lower interest rates and the distinct easing of the debt burdens of bank customers' – households in particular – should begin to have a reviving effect on credit demand and thus increase banks' net income from financial operations. Furthermore, inflationary pressures can be expected to remain quite subdued in future. This will help to enable a steady course for domestic interest rates. It is however difficult to estimate how long the recession-inspired aversion to borrowing will continue. Some tentative indications of stronger demand for markka loans can be detected for example in the survey of consumer confidence and in the credit market statistics for the early months of 1996. It appears that at least banks' outstanding markka lending has stabilized. Foreign-currency-denominated lending still appears to be decreasing but is now only of minor importance to banks' profitability.

If economic performance deteriorates, for example because international economic growth fails to meet expectations, banks' profits will decline because credit demand would slacken and the rate of decline in nonperforming assets would slow down. Banks' credit exposures are largely in the domestic market sector and thus any weakening of sector prospects would jeopardize banks' profitability. However, the most recent forecasts indicate that the Finnish economy could return to rapid growth in 1997; inter alia, the simultaneous easing of monetary policy that has occurred in many countries would have beneficial effects on economic performance.

Finnish banks have recovered more slowly than other Nordic country banks

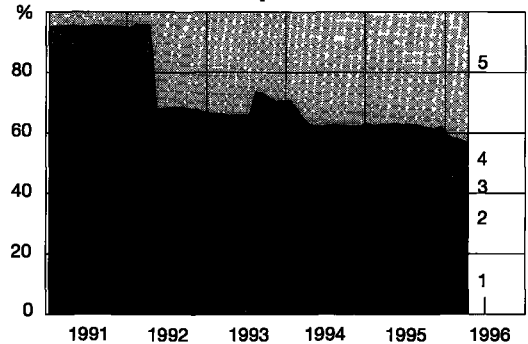
The banking sectors in the other Nordic countries have already almost fully recovered from the crisis. Many banks in Norway, Sweden and Denmark showed strong profits for 1995. Large banks' return on equity was in the region of 15–20 per cent and solvency 12–15 per cent.

The main factor in Finland's slower recovery is the relative severity and length of the recession here. In Finland the fall in real GDP was greatest in 1991–1993. In Norway and Denmark, real GDP did not decline at all.

The deep recession raised the amount of low-yield financial and real assets to a very high level in Finland. Low-yield assets comprise nonperforming assets and below-market-yield lending and real estate. In the other Nordic countries, the amount of low-yield bank assets is currently considerably smaller. The higher amount of low-yield assets has further reduced the ratio of net interest income to balance sheet total for Finnish banks as compared to other Nordic countries (Chart 6). Rapid and sta-

Chart 5.

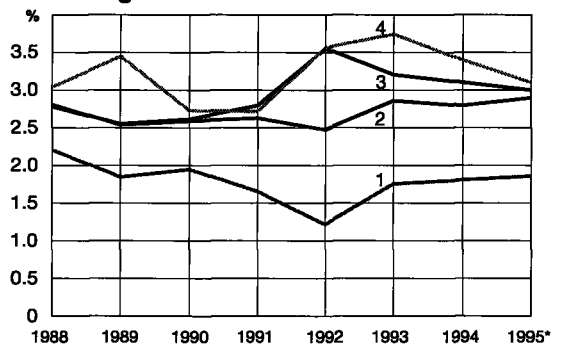
Interest rate linkages of banks' markka deposits



- 1. Tied to Bank of Finland's base rate
- 2. Fixed-rate
- 3. Tied to HELIBOR rates
- 4. Tied to prime rates
- 5. Other

Chart 6.

Banks in the Nordic countries: Ratio of net interest income to average balance sheet total



- 1. Finland
- 2. Sweden
- 3. Denmark
- 4. Norway

ble economic growth and maintenance of a low interest rate level are the prerequisites for a rapid ridance of Finnish banks' low-yield assets.

The banking crisis has hit Finland harder than the other Nordic countries, and government support to banks has been higher here. Banks will have to repay a considerable amount of bank support (some FIM 6.5 billion excl. Skopbank). In addition, there is interest due, which this year amounts to some FIM 400 million altogether. Payment of principal and interest on bank support will constrain banks' dividend distributions in the near future. In the other Nordic countries, the repayment of bank support is now almost completed.

Measured by the ratio of income to costs, the cost efficiency of Finnish banks is clearly weaker than in Sweden. Of all the Nordic countries, Finland seems to have had the largest amount of overcapacity in the banking sector. Denmark has also had substantial overcapacity relative to the size of the economy.

The narrowing of the interest rate margin puts a burden on banks in all Nordic countries. Competition has evidently heightened in the Nordic banking markets and is expected to heighten further. Norway now has the narrowest margin between bank lending and deposit rates intermediation – just 3.5 percentage points on average – and it is expected to continue to shrink. In all Nordic countries, banks should prepare themselves for the possibility of a continued narrowing of the interest rate margin.

27 May 1996

• Keywords: banking sector, profitability, solvency

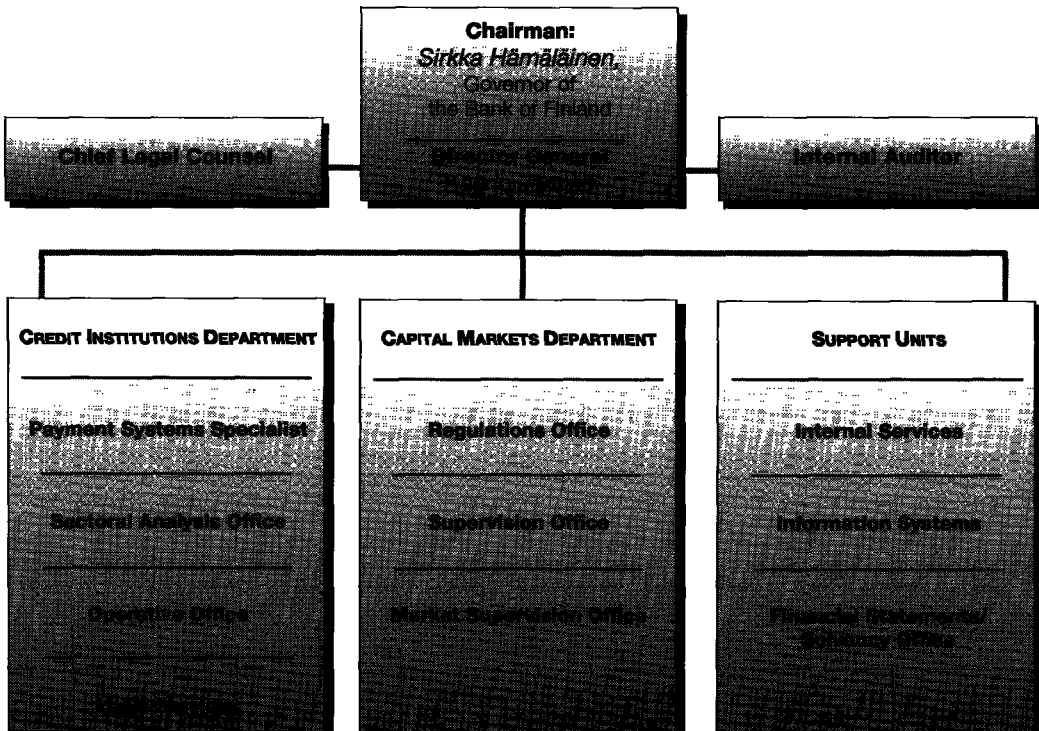
Items

Financial Supervision Authority: a new Director General and a new organization

The Financial Supervision Authority, which functions in connection with the Bank of Finland, is now headed by a new Director General. The President of the Republic appointed Mr Kaarlo Jännäri Director General of the Financial Supervision Authority for a five-year term as of 1 February 1996. Mr Jännäri transferred to his new position from the Bank of Finland, where he served as Head of the Financial Markets Department. Mr Jorma Aranko, the former Director General, retired on 31 January 1996.

The organization of the Financial Supervision Authority was changed as of 1 June 1996. Under the new organizational structure, the Financial Supervision Authority is divided into three departments: Credit Institutions Department, Capital Markets Department and Support Units. The post of Chief Legal Counsel was newly established. The organizational change is based on the findings of a working group which had convened last year to consider the possibilities of revamping the organization. The aim of the organizational change is to ensure, by means of consistent development of operational objectives and modes, that the Financial Supervision Authority will be better equipped to meet the supervisory challenges of the future.

Organization of the Financial Supervision Authority as of 1 June 1996



Publication of the Bank of Finland

A new publication has appeared in the Bank of Finland's E series: *Realignment Expectations in the ERM: Causes and Measurement* by Sinimaaria Ranki (E:4)

The purpose of this study is to analyze realignment expectations in the exchange rate mechanism of the European Monetary System (EMS), in particular with reference to the five-year period (1987–1992) during which no realignments were effected. The period chosen for this study provides an interesting sample in this respect, because, in mid-1990, the EMS faced a historical asymmetric shock to German Monetary Unification (GMU). Dramatic changes in the fundamentals of the system's anchor country can help us to detect channels through which macroeconomic developments affect the pressure to realign and, therefore, expectations of such realignments.

We estimate the expected rate of depreciation of the exchange rate within the band, subtract the results from the interest rate differential and obtain values for the expected rate of devaluation. Finally, the estimated values for the expected rate of devaluation are regressed on selected macroeconomic variables in order to measure the extent to which the expected rate of devaluation depends on economic fundamentals. The model was constructed by including the typically most important factors in exchange rate determination.

We observed increased exchange rate credibility in the form of decreasing devaluation expectations over the period 1987–1992. The explanation for this increase in the stability of the EMS is that

German interest rates and inflation were moving upwards and hence approaching the corresponding variables of the other EMS countries. It was the convergence of these variables that eased the pressure on the nominal exchange rates. Therefore, signs of the 1992 crisis could not be foreseen in the expectations.

Our results emphasize the role of the relative cyclical positions of the pegging countries vis-à-vis the anchor country of the system. Thus, expectations of possible realignments as a means of adjustment were realized first after it could be seen that there was a discrepancy between the cyclically related needs of the economies in the other EMS countries and the high interest rates imposed on the ERM by Germany. These discrepancies became visible first in the traditional weak-currency countries that faced the most difficult domestic economic problems. In the hard-currency countries, by contrast, devaluation expectations could not be seen even in the dawn of the crisis. All in all, the results of this study suggest that the crisis was due to the reversal in the German business cycle at a point when the anchor country was pursuing a tight monetary policy to restrain domestic inflation pressures.

- **Keywords:** Exchange Rate Mechanism, target zone, devaluation expectations, exchange rates, German Monetary Unification

Helsinki 1996. ISBN 951-686-507-0. ISSN 1238-1691

Measures concerning monetary and foreign exchange policy and the financial markets

1995

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 5.50 per cent to 5.00 per cent on 1 November and from 5.00 per cent to 4.75 per cent on 20 November. In addition, the interest rate on banks' excess reserves is cut from 3.50 per cent to 3.00 per cent on 1 November and from 3.00 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. 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.

Tender rate. On 19 December, the Bank of Finland lowers its tender rate from 4.75 per cent to 4.25 per cent. In addition, the interest rate on banks' excess reserves is cut from 2.75 per cent to 2.25 per cent.

1996

JANUARY

Reorganization of the responsibilities of the government and the Bank of Finland. On 9 January, the Cabinet Economic Policy Committee took the following decisions in principle:

- responsibility for the Sponda group, which is owned by the Bank of Finland and which was set up to manage Skopbank's assets (real estate and shares), will be transferred to the Council of State
- the government will settle its coinage-related debt to the Bank of Finland in the amount of some FIM 2 billion.

The required measures will be prepared in connection with the first supplementary budget for 1996.

The Government Guarantee Fund. On 9 January, the Cabinet Economic Policy Committee decides to propose that the Government Guarantee Fund be transferred to the authority of the Council of State as from the beginning of April.

FEBRUARY

Base rate. The Parliamentary Supervisory Board lowers the Bank of Finland's base rate from 4.75 per cent to 4.50 per cent with effect from 1 February.

MARCH

Tender rate. On 13 March, the Bank of Finland lowers its tender rate from 4.25 per cent to 3.75 per cent. In addition, the interest rate on banks' excess reserves is cut from 2.25 per cent to 1.75 per cent.

MAY

The Government Guarantee Fund moves to the Ministry of Finance. On 1 May, the Government Guarantee Fund ceased to operate as a separate unit and its employment contracts were allowed to expire. The Fund, which was previously subordinate to Parliament was made subordinate to the Government, operating in connection with the Ministry of Finance. Fund personnel were also transferred to the Ministry.

The Government takes over Sponda. On 23 May, the Finnish Government bought the entire share capital of Sponda Oy at a purchase price of FIM 1 248 million. The Bank of Finland originally set up Sponda Oy in 1991 to manage the real estate and equity assets transferred from Skopbank after the bank ran into severe liquidity and solvency problems.

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 5 116 800 (31 December 1995) and an average population density of 16.6 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 525 000 inhabitants, Espoo (Esbo) 191 200, Tampere (Tammerfors) 182 700, Vantaa (Vanda) 166 500 and Turku (Åbo) 164 700.

There are two official languages: 92.9 % 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 2.1 million persons in 1995, 7.6 % were engaged in primary production, 27.8 % in industry and construction and 64.6 % 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 1995, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 36 % and the share of other goods 28 %. 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 1 887 million cubic metres, of which 46 % is pine, 36 % spruce and 15 % broad-leaved species, chiefly birch.

The annual growth increment totals 77 million cubic metres and the total drain was about 62 million cubic metres in 1995.

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 1995). Finland has three major groups of deposit banks with a total of 1 953 offices. There are two big commercial banks with national branch networks and five smaller ones. The commercial banks have a total of 19 foreign branches, subsidiaries and associate banks and 21 representative offices abroad. There are 40 savings banks and 301 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and nine representative offices in Finland.

Financial market. Of the total stock of FIM 679 billion in outstanding domestic credit at the end of September 1995, 50 % was provided by deposit banks, 26 % by insurance companies, 5 % by other private credit institutions, 6 % 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, 69 % of the instruments, which totalled approximately FIM 142 billion at end-1995, 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 73 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 191 billion (at end-1995). Domestic bonds and debentures in circulation at end-1995 totalled FIM 234 billion; government bonds made up 62 % of the total. Turnover on the Stock Exchange in 1995 amounted to FIM 84 billion; the share of shares and subscription rights in the total was approximately 99 %.

1. The balance sheet of the Bank of Finland	S2
1.1 The balance sheet of the Bank of Finland	S2
1.2 Time series for the balance sheet items of the Bank of Finland	S3
2. The Bank of Finland's operations in the money and foreign exchange markets and the banks' forward exchange position	S4
2.1 The Bank of Finland's minimum reserve system and standing facilities	S4
2.2 The Bank of Finland's money market transactions	S4
2.3 The Bank of Finland's transactions in convertible currencies	S5
2.4 Forward exchange contracts	S5
3. Rates of interest	S6
3.1 Money market rates and rates applied by the Bank of Finland	S6
3.2 The Bank of Finland's liquidity facility	S6
3.3 Weighted Eurorates and commercial ECU interest rate	S6
3.4 Rates of interest applied by banks	S7
3.5 Yields on bonds and shares	S7
4. Rates of exchange	S8
4.1 Middle rates	S8
4.2 Markka value of the ECU and currency indices	S9
5. Other domestic financing	S10
5.1 Bank funding from the public	S10
5.2 Bank lending to the public	S10
5.3 Money supply and monetary aggregates	S11
5.4 Liabilities and assets of the central government	S11
5.5 Markka bond market	S12
a) Issues	S12
b) Stock	S12
c) Turnover	S13
5.6 Helsinki Stock Exchange	S13
6. Balance of payments, foreign liabilities and assets	S14
6.1 Current account	S14
6.2 Capital and financial account	S15
6.3 Finland's international investment position	S16
6.4 Finland's net international investment position (liabilities less assets), by sector	S17
7. Foreign trade	S18
7.1 Exports, imports and the trade balance	S18
7.2 Foreign trade: indices of volume, prices and terms of trade	S18
7.3 Foreign trade by main groups	S18
7.4 Foreign trade by regions and countries	S19
8. Domestic economic developments	S20
8.1 Supply and use of resources	S20
8.2 Volume of industrial production	S20
8.3 Indicators of domestic supply and demand	S21
8.4 Wages and prices	S22
8.5 Labour, employment and unemployment	S23
8.6 Central government finances: revenue, expenditure and financial balance	S24
Notes and explanations to the statistical section	S25

1. The balance sheet of the Bank of Finland

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

	1995		1996		
	31 Dec.	8 May	15 May	23 May	31 May
ASSETS					
Gold and foreign currency claims	48 865	40 168	40 929	40 612	35 985
Gold	1 742	1 742	1 742	1 742	1 742
Special drawing rights	1 569	1 382	1 477	1 469	1 474
IMF reserve tranche	1 685	1 987	1 959	1 948	1 953
ECU-claim on the European Monetary Institute	3 363	3 042	3 002	2 992	3 002
Foreign currency claims	40 506	32 016	32 749	32 461	27 814
Other foreign claims	3 969	3 794	3 793	3 793	3 793
Markka subscription to Finland's quota in the IMF	3 911	3 733	3 733	3 733	3 733
Share in the European Monetary Institute	58	61	60	60	60
Claims on financial institutions	8 831	5 078	5 069	10 208	11 874
Liquidity credits	-	-	-	-	-
Certificates of deposit	-	-	-	-	-
Securities with repurchase commitments	7 076	3 430	3 430	8 568	10 237
Term credits	-	-	-	-	-
Bonds	417	300	291	291	289
Other claims on financial institutions	1 339	1 348	1 348	1 349	1 348
Claims on the public sector	1 882	1 873	1 873	7 257	6 670
Treasury bills	-	-	-	-	-
Total coinage	1 882	1 873	1 873	1 877	1 880
Loans for stabilizing the money market	-	-	-	4 532	3 942
Claims on corporations	2 886	2 464	2 460	2 456	2 456
Financing of domestic deliveries (KTR)	185	137	132	129	129
Other claims on corporations	2 700	2 327	2 327	2 327	2 327
Other assets	5 645	5 309	5 300	742	603
Loans for stabilizing the money market	4 532	4 532	4 532	-	-
Accrued items	972	650	641	616	470
Other assets	141	127	127	127	134
Valuation account	643	-	-	-	-
Capitalized expenditures and losses due to safeguarding the stability of the money market	1 400	1 400	1 400	1 400	1 400
Total	74 121	60 086	60 824	66 469	62 781
LIABILITIES					
Foreign currency liabilities	1 214	732	728	812	807
Other foreign liabilities	4 837	4 728	4 714	4 709	4 711
IMF markka accounts	3 911	3 734	3 734	3 734	3 734
Allocations of special drawing rights	927	994	980	975	978
Other foreign liabilities	-	-	-	-	-
Notes and coin in circulation	15 611	14 818	14 896	14 824	14 967
Notes	13 868	13 095	13 176	13 097	13 244
Coin	1 743	1 724	1 720	1 727	1 723
Certificates of deposit	27 090	22 430	25 970	25 970	20 700
Liabilities to financial institutions	16 777	6 391	3 961	8 404	9 901
Reserve deposits	15 676	5 280	2 851	7 293	8 790
Term deposits	-	-	-	-	-
Other liabilities to financial institutions	1 101	1 110	1 110	1 110	1 110
Liabilities to the public sector	75	0	0	0	0
Cheque accounts	0	0	0	0	0
Deposits of the Government Guarantee Fund	75	-	-	-	-
Other liabilities to the public sector	-	-	-	-	-
Liabilities to corporations	994	819	791	789	786
Deposits for investment and ship purchase	994	819	791	789	786
Other liabilities	327	276	270	270	256
Accrued items	300	243	243	243	229
Other liabilities	27	33	27	27	27
Valuation account	-	2 696	2 297	3 496	3 457
Provisions	1 431	1 431	1 431	1 431	1 431
Pension provision	1 431	1 431	1 431	1 431	1 431
Other provisions	-	-	-	-	-
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	-	-	-	-	-
Total	74 121	60 086	60 824	66 469	62 781

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
1991	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
1992	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
1993	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
1994	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
1995	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1995											
May	1 742	1 028	1 437	3 481	42 847	50 536	-1 644	48 892	1 772	194	1 578
June	1 742	1 278	1 425	3 477	43 484	51 407	-1 617	49 790	1 793	554	1 239
July	1 742	1 383	1 518	3 361	43 659	51 662	-1 945	49 717	1 797	53	1 744
Aug.	1 742	1 275	1 584	3 333	43 816	51 750	-1 902	49 848	1 804	56	1 748
Sept.	1 742	1 457	1 579	3 323	40 294	48 395	-1 829	46 566	1 797	76	1 721
Oct.	1 742	1 385	1 671	3 315	39 624	47 738	-1 954	45 784	1 801	76	1 725
Nov.	1 742	1 421	1 666	3 279	42 396	50 503	-2 113	48 390	1 819	75	1 744
Dec.	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1996											
Jan.	1 742	1 174	1 716	3 337	36 023	43 993	-1 378	42 615	1 879	132	1 747
Feb.	1 742	1 061	1 767	3 376	37 832	45 778	-1 484	44 294	1 880	54	1 826
March	1 742	1 165	1 802	3 435	35 330	43 475	-1 364	42 111	1 874	40	1 834
April	1 742	1 401	1 864	3 070	33 986	42 063	-1 481	40 582	1 873	342	1 531
May	1 742	1 474	1 953	3 002	27 814	35 985	-1 725	34 260	6 670	0	6 670

End of period	Domestic financial sector				Corporate sector				
	Term claims on deposit banks, net	Reserve deposits of deposit banks ¹	Other claims on financial institutions, net	Net claims (12+13+14)	Claims in the form of special financing	Special deposits and other items, net	Net claims (16+17)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland
	12	13	14	15	16	17	18	19	20
1991	11 882	-10 361	3 325	4 846	1 086	-6 854	-5 768	14 528	8 880
1992	3 738	-13 165	4 022	-5 405	747	-2 651	-1 904	14 508	4 880
1993	7 337	-6 398	- 463	476	496	720	1 216	14 994	14 837
1994	1 480	-6 526	- 347	-5 392	316	1 285	1 601	14 315	35 236
1995	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1995									
May	2 242	-6 523	92	-4 189	259	1 599	1 858	14 270	34 742
June	3 019	-6 646	145	-3 482	244	1 638	1 882	14 374	35 555
July	3 425	-6 765	304	-3 037	235	1 653	1 888	14 544	36 982
Aug.	3 053	-6 574	199	-3 322	224	1 669	1 893	14 325	36 809
Sept.	6 261	-6 557	107	- 189	217	1 692	1 909	14 229	37 321
Oct.	6 178	-5 768	728	1 138	202	1 752	1 954	14 129	37 596
Nov.	5 409	-7 011	711	- 891	192	1 631	1 823	14 321	38 082
Dec.	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1996									
Jan.	3 182	-18 155	624	-14 349	170	1 756	1 926	14 293	16 743
Feb.	2 095	-8 092	2 046	-3 951	159	1 808	1 968	14 428	28 325
March	2 244	-6 564	598	-3 722	153	1 825	1 978	14 448	25 426
April	3 430	-8 831	304	-5 097	138	1 628	1 767	14 759	20 350
May	10 237	-8 790	527	1 974	129	1 541	1 670	14 967	20 700

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

2.1 The Bank of Finland's minimum reserve system and standing facilities

	Reserve requirement			Required reserves ¹ , mill. FIM	Excess reserves, mill. FIM	Total reserves, mill. FIM (4+5)	Liquidity credits, mill. FIM
	On deposits payable on demand, %	On other deposits, %	On other items, %				
	1	2	3	4	5	6	7
1993	2.0	1.5	1.0	6 398	.	.	440
1994	2.0	1.5	1.0	6 526	.	.	14
1995	2.0	1.5	1.0	6 557	.	.	123
1995 I-IX X-XII	2.0	1.5	1.0	6 530	616	7 146	37
1995							
May	2.0	1.5	1.0	6 523	.	.	2
June	2.0	1.5	1.0	6 646	.	.	30
July	2.0	1.5	1.0	6 765	.	.	0
Aug.	2.0	1.5	1.0	6 574	.	.	212
Sept.	2.0	1.5	1.0	6 557	.	.	857
Oct.	2.0	1.5	1.0	6 557	140	6 697	0
Nov.	2.0	1.5	1.0	6 545	196	6 741	112
Dec.	2.0	1.5	1.0	6 487	1 512	7 999	0
1996							
Jan.	2.0	1.5	1.0	6 541	217	6 758	0
Feb.	2.0	1.5	1.0	6 681	251	6 932	50
March	2.0	1.5	1.0	6 699	240	6 939	278
April	2.0	1.5	1.0	6 672	148	6 821	153
May	2.0	1.5	1.0	6 624	105	6 730	0

¹ As of 2 October 1995, the minimum reserve requirement is fulfilled on an averaging basis; until 2 October 1995, end of month figures.

2.2 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
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
1995	50 435	434 810	-393 930	9 555
1995				
May	3 710	32 780	-28 590	-480
June	3 060	35 560	-32 400	-100
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	38 080	-30 380	-3 020
Dec.	5 100	31 240	-37 290	11 150
1996				
Jan.	3 250	26 000	-22 850	100
Feb.	2 100	27 420	-24 080	-1 240
March	2 280	24 350	-21 300	-770
April	3 500	16 320	-26 040	13 220
May	10 500	20 060	-12 880	3 320

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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	-69 940	-14 820	12 820	12 260
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
1995	4 910	-5 470	-6 170	9 170	-10 135
1995					
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
Nov.	60	-	-2 580	2 570	120
Dec.	-	- 820	-	-	-2 310
1996					
Jan.	-	-3 970	-	-	-1 150
Feb.	-	-1 330	-	-	2 440
March	-	- 440	-	-	-1 970
April	-	-1 100	-	-	-1 710

2.4 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				
	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	
1991	33 004	36 352	-3 348	40 056	37 505	2 550	- 798	1 404	645	759	8 953
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	- 315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1995	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
1995											
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	13 741	6 046	7 695	-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
Nov.	58 789	21 279	37 510	29 384	45 295	-15 911	21 599	15 154	6 539	8 615	0
Dec.	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
1996											
Jan.	62 881	24 416	38 465	38 155	61 008	-22 854	15 611	15 426	9 221	6 205	0
Feb.	69 329	29 225	40 105	44 599	67 131	-22 532	17 573	16 168	9 036	7 132	0
March	69 288	29 810	39 478	47 057	66 398	-19 341	20 137	15 413	8 400	7 013	0
April	65 120	29 781	35 340	42 328	63 860	-21 532	13 808	15 326	8 836	6 490	0

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 ¹	Excess-reserve rate ²	Base rate
		1	2	3	4	5	6	7	8
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
1995								
May	5.06	5.72	5.87	6.06	6.45	7.75	3.75	5.25
June	5.77	5.93	6.02	6.21	6.57	7.93	3.93	5.25
July	5.40	5.97	6.13	6.40	6.80	8.00	4.00	5.25
Aug.	6.04	5.99	6.08	6.25	6.56	8.00	4.00	5.25
Sept.	6.20	5.97	5.95	5.97	6.04	8.00	4.00	5.25
Oct.	5.61	5.58	5.61	5.65	5.76	7.57	3.57	5.25
Nov.	4.90	4.90	4.93	4.99	5.11	6.90	2.90	5.00
Dec.	4.60	4.56	4.54	4.57	4.66	6.56	2.56	4.86
1996								
Jan.	4.30	4.21	4.20	4.24	4.41	6.25	2.25	4.75
Feb.	4.05	4.27	4.28	4.33	4.58	6.25	2.25	4.50
March	3.83	3.95	4.01	4.12	4.36	5.94	1.94	4.50
April	3.91	3.76	3.82	3.95	4.21	5.75	1.75	4.50
May	4.01	3.75	3.76	3.86	4.16	5.75	1.75	4.50

¹ Call money credit rate until 2 July 1992.

² 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		
1992¹	13.85	1992	+1.00	7	-3.00	.
1993	7.87	1993	+2.00	7	-2.00	.
1994	5.11	1994	+2.00	7	-2.00	.
1995	5.63	1995	+2.00	7	.	2.25
1995		1995				
May	5.75	May	+2.00	7	-2.00	.
June	5.93	June	+2.00	7	-2.00	.
July	6.00	July	+2.00	7	-2.00	.
Aug.	6.00	Aug.	+2.00	7	-2.00	.
Sept.	6.00	Sept.	+2.00	7	-2.00	.
Oct.	5.57	Oct.	+2.00	7	.	3.50
Nov.	4.90	Nov.	+2.00	7	.	2.75
Dec.	4.56	Dec.	+2.00	7	.	2.25
1996		1996				
Jan.	4.25	Jan.	+2.00	7	.	2.25
Feb.	4.25	Feb.	+2.00	7	.	2.25
March	3.94	March	+2.00	7	.	1.75
April	3.75	April	+2.00	7	.	1.75
May	3.75	May	+2.00	7	.	1.75
19.12.1995	4.25	19.12.1995				2.25
13.03.1996	3.75	13.03.1996				1.75

¹ July-December.

3.3 Weighted Eurorates and commercial ECU interest rate, per cent

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1993	8.0	6.0	8.1
1994	5.9	5.2	6.1
1995	5.9	5.2	6.0
1995			
May	6.2	5.2	6.3
June	6.1	5.2	6.2
July	5.9	5.2	6.1
Aug.	5.7	5.1	5.9
Sept.	5.6	4.9	5.6
Oct.	5.7	4.9	5.8
Nov.	5.5	4.8	5.5
Dec.	5.3	4.7	5.3
1996			
Jan.	4.8	4.5	4.9
Feb.	4.6	4.2	4.7
March	4.6	4.3	4.7
April	4.4	4.2	4.5
May	4.3	4.3	4.4

3.4 Rates of interest applied by banks, per cent

Average for period	Lending					Markka deposits and other markka funding						
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on 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	
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50		4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1994	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
1995	7.85	11.33	7.30	7.46	8.04	7.75	2.75	3.75	2.00	3.13	6.29	4.08
1995												
April	7.80	11.39	7.54	7.68	8.17	7.90	3.25	4.25	2.00	3.23	6.45	4.23
May	8.15	11.52	7.54	7.71	8.16	7.89	3.25	4.25	2.00	3.23	6.45	4.23
June	8.13	11.61	7.43	7.60	8.14	7.85	3.25	4.25	2.00	3.21	6.53	4.13
July	9.68	11.63	7.81	8.00	8.16	7.87	3.25	4.25	2.00	3.22	6.54	4.15
Aug.	8.98	11.58	7.80	7.98	8.14	7.84	3.25	4.25	2.00	3.21	6.52	4.16
Sept.	8.46	11.63	7.68	7.86	8.11	7.82	3.25	4.25	2.00	3.20	6.35	4.14
Oct.	7.73	11.56	7.28	7.43	7.98	7.68	3.25	4.25	2.00	3.09	6.19	4.03
Nov.	6.86	11.48	6.80	6.92	7.78	7.45	3.00	4.00	2.00	2.92	6.04	3.81
Dec.	6.53	9.30	6.10	6.21	7.46	7.13	2.75	3.75	2.00	2.69	5.27	3.38
1996												
Jan.	6.30	11.05	5.81	5.94	7.18	6.88	2.75	3.75	2.00	2.55	5.17	3.29
Feb.	5.79	9.32	6.04	6.08	6.99	6.70	2.50	3.50	2.00	2.44	4.98	3.15
March	5.13	10.78	5.93	5.99	6.88	6.57	2.50	3.50	2.00	2.37	4.63	3.00
April	4.83	8.19	5.71	5.75	6.77	6.43	2.50	3.50	2.00	2.32	4.71	2.99

¹ 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
1991	12.3	12.2	11.8		3.9
1992	13.1	13.0	12.0	11.5 ¹	3.1
1993	8.5	8.9	8.2	8.8	1.8
1994	8.5	9.3	8.4	9.0	1.4
1995	8.2	8.9	7.9	8.8	2.6
1995					
April	8.7	9.4	8.4	9.4	2.6
May	8.2	8.9	7.8	8.8	3.3
June	8.3	8.9	7.7	8.7	3.1
July	8.5	9.0	7.8	8.7	2.8
Aug.	8.1	8.6	7.3	8.3	2.7
Sept.	7.6	8.1	7.2	8.0	2.6
Oct.	7.4	8.0	7.5	7.9	2.6
Nov.	6.7	7.5	7.0	7.5	3.1
Dec.	6.5	7.3	6.7	7.4	3.5
1996					
Jan.	6.1	6.9	6.3	7.0	2.2
Feb.	6.4	7.3	6.9	7.7	2.1
March	6.4	7.5	6.8	7.7	3.0
April	6.1	7.2	6.5	7.5	3.0

¹ November and December only.

4. Rates of exchange

4.1 Middle rates, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Reykjavik	Frankfurt am Main	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 ISK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1991	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
1994	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
1995	4.3658	3.181	6.891	6.999	0.6123	0.6889	0.7790	0.0674	3.0471	2.7202	0.1481	3.6941
1995												
May	4.3155	3.172	6.854	6.999	0.5919	0.6860	0.7832	0.0673	3.0663	2.7390	0.1490	3.6980
June	4.2983	3.120	6.853	7.004	0.5920	0.6891	0.7858	0.0678	3.0668	2.7406	0.1493	3.7104
July	4.2488	3.121	6.776	6.968	0.5917	0.6882	0.7852	0.0674	3.0587	2.7305	0.1488	3.6755
Aug.	4.3000	3.173	6.743	6.902	0.5949	0.6784	0.7680	0.0666	2.9773	2.6583	0.1448	3.5959
Sept.	4.3717	3.240	6.810	6.953	0.6127	0.6829	0.7710	0.0665	2.9902	2.6693	0.1454	3.6750
Oct.	4.2696	3.174	6.738	6.890	0.6248	0.6845	0.7776	0.0661	3.0188	2.6953	0.1468	3.7265
Nov.	4.2400	3.134	6.629	6.814	0.6427	0.6785	0.7724	0.0656	2.9934	2.6724	0.1456	3.7109
Dec.	4.3351	3.165	6.669	6.893	0.6531	0.6822	0.7766	0.0663	3.0083	2.6866	0.1464	3.7246
1996												
Jan.	4.4425	3.251	6.797	7.032	0.6608	0.6923	0.7859	0.0673	3.0398	2.7145	0.1479	3.7670
Feb.	4.5520	3.309	6.991	7.200	0.6611	0.7107	0.8026	0.0687	3.1048	2.7725	0.1510	3.8076
March	4.6019	3.370	7.026	7.234	0.6836	0.7158	0.8062	0.0694	3.1140	2.7818	0.1515	3.8459
April	4.7313	3.482	7.169	7.402	0.7040	0.7285	0.8147	0.0709	3.1434	2.8109	0.1530	3.8805
May	4.7568	3.475	7.207	7.437	0.6996	0.7233	0.8038	0.0706	3.1028	2.7755	0.1509	3.7924

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Madrid	Athens	Tallinn	Tokyo	Melbourne	ECU Commercial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1991	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
1992	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
1994	0.9406	0.00324	0.4573	0.0314	0.0390	0.0215	0.4021	0.05106	3.814	6.175	7.46629
1995	0.8748	0.00268	0.4331	0.0291	0.0350	0.0189	0.3809	0.04663	3.238	5.644	6.61196
1995											
May	0.8670	0.00261	0.4360	0.0291	0.0350	0.0189	0.3833	0.05078	3.143	5.647	6.72395
June	0.8736	0.00262	0.4362	0.0291	0.0353	0.0190	0.3833	0.05083	3.094	5.665	6.72042
July	0.8788	0.00264	0.4349	0.0291	0.0355	0.0189	0.3823	0.04871	3.088	5.662	6.61807
Aug.	0.8654	0.00268	0.4234	0.0287	0.0349	0.0185	0.3722	0.04547	3.186	5.569	6.49492
Sept.	0.8670	0.00271	0.4251	0.0287	0.0348	0.0186	0.3738	0.04353	3.298	5.580	6.40629
Oct.	0.8643	0.00266	0.4290	0.0287	0.0349	0.0184	0.3773	0.04242	3.237	5.546	6.39697
Nov.	0.8677	0.00266	0.4255	0.0285	0.0348	0.0181	0.3742	0.04162	3.160	5.496	6.33703
Dec.	0.8733	0.00272	0.4276	0.0287	0.0354	0.0182	0.3760	0.04258	3.213	5.530	6.43793
1996											
Jan.	0.8878	0.00281	0.4323	0.0293	0.0361	0.0185	0.3800	0.04206	3.293	5.609	6.51994
Feb.	0.9028	0.00289	0.4414	0.0299	0.0368	0.0188	0.3881	0.04305	3.439	5.704	6.67427
March	0.9095	0.00294	0.4427	0.0301	0.0370	0.0190	0.3892	0.04346	3.549	5.772	6.72716
April	0.9262	0.00302	0.4470	0.0306	0.0377	0.0195	0.3929	0.04411	3.719	5.882	6.86087
May	0.9170	0.00306	0.4412	0.0302	0.0372	0.0196	0.3878	0.04474	3.790	5.844	6.87179

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
	1	2	3
1991	5.00580	101.4	101.4
1992	5.80140	116.4	115.7
1993	6.69420	132.4	136.0
1994	6.19108	123.2	125.5
1995	5.70936	111.6	111.5
1995			
May	5.70402	111.3	110.9
June	5.71859	111.5	110.8
July	5.71263	110.9	110.1
Aug.	5.60862	109.4	109.4
Sept.	5.63392	110.3	110.6
Oct.	5.64587	110.4	110.0
Nov.	5.61404	110.0	109.5
Dec.	5.65470	111.2	111.0
1996			
Jan.	5.73809	112.7	112.9
Feb.	5.86385	115.0	115.3
March	5.89568	116.2	116.4
April	5.98143	118.3	118.8
May	5.93160	117.8	118.5

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
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
1994	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228 ^r	326 651 ^r
1995	52 496	110 455	103 573	22 166	288 689	13 679	302 369	37 851 ^r	340 220 ^r
1995									
Jan.	41 912	100 114	109 274	19 729	271 028	11 588	282 616	37 173	319 788
Feb.	42 583	103 613	108 069	19 960	274 225	12 844	287 069	44 259	331 328
March	43 698	104 071	108 784	20 259	276 812	12 769	289 581	47 289	336 870
April	45 487	104 920	108 622	20 467	279 495	11 987	291 483	55 118	346 601
May	45 373	103 337	108 316	20 671	277 697	12 264	289 961	48 998	338 959
June	47 640	105 219	108 954	20 606	282 418	12 759	295 177	44 648	339 825
July	48 359	105 161	108 755	20 811	283 087	12 420	295 507	62 174	357 681
Aug.	46 983	105 397	108 792	20 795	281 966	12 488	294 454	62 337	356 791
Sept.	44 089	105 789	108 047	20 852	278 776	12 165	290 941	57 174	348 115
Oct.	47 040	104 602	105 406	21 553	278 602	12 247	290 849	64 497	355 346
Nov.	48 730	107 047	104 174	21 797	281 748	13 250	294 998	50 785	345 784
Dec.	52 496	110 455	103 573	22 166	288 689	13 679	302 369	37 851 ^r	340 220 ^r
1996									
Jan.	50 193	112 802	95 502	24 819	283 316	13 011	296 327	50 008	346 335

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
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1993	14 217	2 223	248 406	264 846	66 931	331 777
1994	13 241	1 301	242 417	256 958	45 138	302 096
1995	12 348	901	235 074 ^r	248 323	32 252	280 575 ^r
1995						
Jan.	12 991	1 240	242 556	256 787	43 726	300 513
Feb.	12 951	1 190	242 803	256 944	42 579	299 523
March	12 797	1 157	242 000	255 954	42 316	298 270
April	12 657	1 159	242 911	256 727	39 550	296 277
May	12 448	1 145	242 338	255 930	38 260	294 190
June	12 216	1 070	241 834	255 120	37 831	292 951
July	11 845	1 074	242 045	254 963	36 353	291 316
Aug.	11 860	1 058	242 323	255 242	36 230	291 472
Sept.	12 317	1 004	241 909	255 230	35 166	290 396
Oct.	12 180	992	241 103	254 275	34 006	288 281
Nov.	12 283	943	240 328	253 554	32 926	286 480
Dec.	12 348	901	235 074 ^r	248 323	32 252	280 575 ^r
1996						
Jan.	12 013	792	234 240	247 046	32 406	279 452

5.3 Money supply and monetary aggregates, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
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	365 712	371 804	-97 953	154 357	286 696	328 509
1995*	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1995*								
April	20 550	6 940	376 188	383 128	-108 099	163 101	295 579	331 882
May	13 031	9 909	374 729	384 639	-103 647	162 089	294 022	332 613
June	16 161	14 503	371 622	386 125	-105 731	164 865	296 555	340 057
July	20 128	15 931	370 015	385 946	-109 760	164 621	296 313	342 997
Aug.	22 843	15 953	369 481	385 434	-113 050	163 475	295 227	337 391
Sept.	25 915	18 486	367 613	386 098	-119 347	161 659	292 667	338 041
Oct.	28 085	20 208	365 657	385 865	-121 619	163 287	292 331	334 378
Nov.	26 219	16 770	363 830	380 600	-110 948	167 812	295 871	328 102
Dec.	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1996*								
Jan.	21 471	11 984	352 179	364 163	-89 028	175 684	296 607	331 664
Feb.	29 249	11 003	352 172	363 176	-97 378	178 502	295 047	326 917
March	29 809	12 156	352 365	364 520	-101 358	178 878	292 971	334 924
April	..	..	..	..	..	181 793	292 878	327 421

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
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	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	66 855	41 878
1995											
April	163 779	14 335	178 114	119 148	16 433	41 596	-5 599	171 578	349 692	68 916	47 895
May	164 510	14 515	179 025	121 943	16 399	40 535	-5 585	173 292	352 317	68 573	43 954
June	164 086	14 555	178 641	122 461	15 788	36 529	-5 587	169 191	347 832	68 921	32 648
July	160 563	14 192	174 755	122 953	15 781	35 526	-5 627	168 633	343 388	68 755	30 029
Aug.	159 404	13 799	173 203	129 417	17 531	34 804	-5 641	176 111	349 314	68 779	31 864
Sept.	159 093	13 532	172 625	134 142	17 530	31 525	-5 649	177 552	350 177	69 233	35 250
Oct.	158 207	14 100	172 307	134 673	17 530	34 287	-5 692	180 798	353 105	69 390	32 117
Nov.	156 263	14 145	170 408	139 244	17 503	38 769	-5 675	189 841	360 249	67 749	45 082
Dec.	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	66 855	41 878
1996											
Jan.	159 917	13 867	173 784	148 462	17 437	40 160	-5 670	200 389	374 173	67 195	38 351
Feb.	167 905	14 099	182 004	150 312	17 437	42 259	-5 682	204 326	386 330	67 258	53 668
March	168 150	14 304	182 454	150 650	17 909	44 939	-5 697	207 998	390 452	67 471	45 117
April	172 009	15 082	187 091	158 510	17 369	43 946	-5 298	214 724	401 815	..	48 628

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
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
1995*	643	5 075	66 557	26	-	72 301
1995*						
April	1	101	3 943	-	-	4 044
May	22	228	3 852	-	-	4 103
June	100	1 115	2 329	-	-	3 544
July	2	-	505	-	-	507
Aug.	1	105	6 796	-	-	6 902
Sept.	110	1 890	9 752	-	-	11 751
Oct.	-	150	5 020	-	-	5 170
Nov.	-	204	4 761	-	-	4 965
Dec.	-	410	4 717	-	-	5 126
1996*						
Jan.	-	-	6 405	-	-	6 405
Feb.	-	150	1 899	-	-	2 049
March	-	525	2 661	-	-	3 186
April	850	-	7 887	-	-	8 737

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
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
1995	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1995									
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
Nov.	27 233	57 647	140 404	7 462	359	184 619	4 976	43 510	233 105
Dec.	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1996									
Jan.	26 029	53 447	149 692	5 814	357	190 638	4 521	40 180	235 339
Feb.	25 942	52 473	151 541	5 679	357	191 868	4 290	39 834	235 992
March	25 636	51 586	151 876	5 619	355	191 786	3 910	39 376	235 072
April	26 394	50 926	159 228	5 612	355	200 094	3 899	38 522	242 515

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
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
1995	147 037	436 052	133 357	190 069	215 879
1995					
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
Dec.	11 970	44 723	11 387	21 621	21 833
1996					
Jan.	22 987	59 858	22 069	26 431	29 781
Feb.	28 639	49 337	28 117	23 641	24 870
March	21 686	47 221	21 298	22 895	23 603
April	12 424	35 405	12 336	15 989	15 769
May	13 809	27 849	13 505	12 223	11 995

5.6 *Helsinki Stock Exchange*

Average of daily observations	Share prices							Turnover ¹ , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and subscription rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manufacturing	Of which:					
1	2				3	4	5	6	7	8	9	10
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
1995	1 918	500	638	2 741	2 062	2 255	4 251	83 019	1 075	84 094
1995										
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
Dec.	1 769	437	635	2 496	1 740	2 109	4 448	7 515	126	7 641
1996										
Jan.	1 710	476	671	2 363	1 686	2 116	4 452	7 241	62	7 302
Feb.	1 810	472	735	2 507	1 796	2 267	4 798	8 238	51	8 289
March	1 851	458	776	2 568	1 951	2 330	5 051	7 758	54	7 812
April	1 867	412	747	2 618	2 040	2 399	5 188	7 940	32	7 972
May	1 995	418	754	2 820	2 095	2 622	5 532	10 860	42	10 902

¹ 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
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
1994*	152 022	11 385	7 314	11 808	30 508	182 530	9 617	4 919	197 067	118 684	5 862	8 697	16 800
1995*	172 248	12 047	7 536	15 364	34 947	207 195	13 106	9 224	229 525	124 896	6 095	10 450	18 853
1993													
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
1994*													
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	41 832	2 728	1 700	3 360	7 788	49 620	3 025	1 260	53 905	35 716	1 563	2 291	4 721
1995*													
I	40 932	2 818	1 499	3 959	8 277	49 208	3 298	1 609	54 116	29 671	1 479	2 326	4 965
II	45 717	3 104	1 891	3 659	8 654	54 371	3 435	1 616	59 421	31 690	1 565	2 639	4 751
III	39 337	3 283	2 243	3 807	9 333	48 670	2 891	2 210	53 770	29 372	1 598	2 707	4 275
IV	46 263	2 841	1 903	3 939	8 683	54 946	3 483	3 789	62 217	34 163	1 453	2 779	4 863
1996*													
I	42 900	2 895	1 679	3 456	8 029	50 929	4 180	1 634	56 743	32 000	1 521	2 590	4 314

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
1991	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
1992	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993	31 891	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
1994*	31 359	150 043	31 801	8 596	190 440	33 339	5 523	-1 382	-4 992	-851	32 487	-22 184	-3 676	6 627
1995*	35 399	160 295	32 080	12 485	204 861	47 352	5 952	-2 914	-3 490	-452	46 900	-18 974	-3 262	24 664
1993														
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
1994*														
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	44 291	7 399	1 984	53 673	6 117	1 166	-591	-1 361	-787	5 330	-4 375	-724	231
1995*														
I	8 770	38 441	9 205	3 330	50 975	11 261	1 339	-827	-1 006	-493	10 768	-5 906	-1 720	3 141
II	8 955	40 645	9 972	2 970	53 587	14 027	1 540	-748	-1 092	-301	13 726	-6 538	-1 354	5 834
III	8 580	37 952	6 536	2 985	47 473	9 965	1 686	-464	-468	754	10 718	-3 645	-775	6 298
IV	9 095	43 258	6 368	3 200	52 826	12 100	1 387	-875	-924	-412	11 688	-2 885	588	9 391
1996*														
I	8 426	40 426	7 994	4 425	52 844	10 900	1 373	-911	-859	-396	10 504	-3 813	-2 791	3 900

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: marka-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		
1991	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	131	-9 737	-6 098	27 192	
1992	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	1 690	-17 415	-12 084	27 653	
1993	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 457	-5 347	-24 454	-19 877	23 787	
1994*	8 240	13 400	21 977	-5 783	-2 134	-65	33 179	2 732	647	-232	-1 160	1 987	43 405	
1995*	4 006	8 734	-17 868	-3 634	1 421	2 351	-5 363	-832	-6 982	-768	9 444	862	-495	
1993														
IV	2 948	3 300	-3 725	-2 646	2 036	..	1 611	3 599	-1 189	-6 650	-1 106	-5 346	-787	
1994*														
I	3 844	4 389	4 669	526	-1 665	31	7 423	-908	-3 980	772	6 687	2 572	13 839	
II	3 029	2 404	5 341	-3 808	3 264	268	11 278	-868	1 312	-1 748	-3 078	-4 383	9 924	
III	2 372	5 181	16 528	783	-2 119	-383	19 207	177	-1 363	964	-5 534	-5 756	15 823	
IV	-1 005	1 426	-4 562	-3 283	-1 614	20	-4 729	4 330	4 678	-220	765	9 554	3 819	
1995*														
I	2 516	392	150	-1 423	-1 889	149	-1 198	-2 623	-333	9	8 540	5 593	6 910	
II	-1 330	3 482	-9 335	-3 501	-974	523	-6 303	844	-3 206	-766	-1 369	-4 498	-12 131	
III	88	2 940	-2 503	932	1 618	1 071	3 126	-1 033	-3 192	-200	-544	-4 969	-1 755	
IV	2 732	1 920	-6 181	358	2 666	608	-987	1 980	-252	190	2 818	4 736	6 481	
1996*														
I	1 480	1 247	3 171	1 991	1 481	979	6 877	-2 599	3 668	-1 081	360	348	8 705	
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	
1991	-501	-369	-3	1 499	..	1 128	-726	2 341	1 054	6 814	9 483	10 110	2 239	7 375
1992	-3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 975	14 763	14 506	-293	9 180
1993	8 050	873	767	1 932	..	3 571	1 923	-839	-5 969	15 545	10 660	22 282	6 055	-1 219
1994*	22 447	291	-4 625	-855	-279	-5 469	1 213	-7 460	3 104	6 658	3 516	20 494	-4 034	-25 504
1995*	6 624	521	2 994	-5 492	-165	-2 143	3 411	-2 703	-1 349	13 320	12 678	17 160	-8 490	1 480
1993														
IV	7 572	636	-120	-494	..	21	-28	1 081	-6 399	-6 238	-11 585	-3 991	2 520	-7 141
1994*														
I	5 401	356	-558	215	-202	-188	-1 958	-1 849	3 279	-5 606	-6 135	-922	-4 563	-10 279
II	4 808	-41	-3 337	-4 448	-27	-7 854	1 600	-2 625	-319	6 400	5 055	2 009	91	-10 172
III	4 897	-45	-1 166	422	-53	-842	-153	-251	-524	10 055	9 127	13 182	-2 867	-3 921
IV	7 341	20	437	2 956	2	3 415	1 724	-2 734	669	-4 191	-4 532	6 225	3 305	-1 132
1995*														
I	2 147	-139	1 472	-2 249	-45	-961	700	-1 234	-1 935	11 630	9 161	10 347	1 986	-1 691
II	1 309	106	-80	-2 798	31	-2 741	2 419	-150	-464	-7 241	-5 436	-6 867	-1 858	1 288
III	1 086	443	-108	521	-37	819	-173	1 044	476	2 955	4 302	6 207	71	1 592
IV	2 082	111	1 711	-967	-115	740	465	-2 364	574	5 976	4 651	7 474	-8 689	291
1996*														
I	5 508	586	3 642	2 438	-21	6 644	26	2 432	-2 257	8 314	8 514	20 667	808	7 254

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: market-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	
1991	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
1992	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
1993	24 391	30 375	266 269	27 402	14 995	-6 103	305 536	18 206	90 825	4 025	54 188	167 243	497 170
1994*	31 846	60 558	258 823	22 285	10 309	-6 877	322 814	20 465	82 649	3 430	46 566	153 111	507 771
1995*	35 666	63 746	228 676	19 638	10 099	-390	302 132	19 241	69 252	2 568	53 557	144 617	482 415
1993													
IV	24 391	30 375	266 269	27 402	14 995	-6 103	305 536	18 206	90 825	4 025	54 188	167 243	497 170
1994*													
I	27 918	39 079	269 077	30 065	12 245	-8 855	311 546	17 029	85 196	4 724	58 746	165 694	505 158
II	30 846	42 719	272 094	23 945	15 286	-8 809	321 290	16 143	86 412	2 964	55 420	160 939	513 075
III	33 010	56 036	272 306	26 009	11 864	-7 591	332 615	16 190	79 730	3 752	47 152	146 825	512 449
IV	31 846	60 558	258 823	22 285	10 309	-6 877	322 814	20 465	82 649	3 430	46 566	153 111	507 771
1995*													
I	34 243	53 488	254 534	21 433	7 065	-7 754	307 334	17 766	79 143	3 369	53 433	153 711	495 288
II	32 873	79 430	243 399	18 054	5 577	-8 525	319 881	18 578	75 411	2 580	51 169	147 738	500 491
III	32 931	93 020	233 054	20 230	7 262	-2 278	331 057	17 498	68 882	2 364	50 032	138 776	502 764
IV	35 666	63 746	228 676	19 638	10 099	-390	302 132	19 241	69 252	2 568	53 557	144 617	482 415
1996*													
I	37 208	68 674	241 673	21 555	11 220	370	321 936	16 807	77 097	1 518	55 496	150 918	510 062

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	
1991	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	73 392	125 931	182 338
1992	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	78 257	147 562	209 565
1993	53 090	1 783	10 709	11 030	447	23 968	26 256	35 981	5 799	91 127	159 162	236 221
1994*	59 451	1 866	4 778	9 115	488	16 246	25 500	24 847	8 257	109 847	168 451	244 148
1995*	64 756	2 638	8 489	2 736	180	14 043	28 565	20 983	7 304	115 606	172 459	251 259
1993												
IV	53 090	1 783	10 709	11 030	447	23 968	26 256	35 981	5 799	91 127	159 162	236 221
1994*												
I	54 424	2 047	9 576	10 911	622	23 156	23 989	32 788	8 842	93 378	158 996	236 575
II	58 238	1 984	5 961	6 339	550	14 834	25 551	29 981	8 300	108 953	172 785	245 857
III	58 314	1 866	4 319	6 087	561	12 833	24 158	28 350	7 493	115 752	175 753	246 900
IV	59 451	1 866	4 778	9 115	488	16 246	25 500	24 847	8 257	109 847	168 451	244 148
1995*												
I	60 188	1 581	5 868	5 835	160	13 444	25 960	22 668	6 352	118 897	173 878	247 510
II	60 718	1 704	6 057	2 977	118	10 857	28 185	22 142	5 915	108 686	164 929	236 503
III	61 224	2 175	5 826	3 503	203	11 706	27 796	22 978	6 397	108 057	165 227	238 157
IV	64 756	2 638	8 489	2 736	180	14 043	28 565	20 983	7 304	115 606	172 459	251 259
1996*												
I	72 927	3 377	12 613	5 684	259	21 933	29 242	24 246	5 357	120 950	179 795	274 655

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

Position at end of period	Corporate sector	Households and nonprofit institutions	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6+7)	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	10
1991	31 277	-2 794	107 434	-34 046	18 960	51 854	719	173 403	15 671	12.7
1992	33 761	-3 260	82 343	-27 546	28 283	112 064	2 347	227 992	19 011	13.6
1993	54 315	-3 436	45 658	-33 279	29 737	164 892	3 062	260 949	21 897	12.8
1994*	81 344	-3 503	33 800	-52 606	22 381	179 113	3 093	263 623	20 296	10.5
1995*	71 920	-2 296	17 576	-47 708	14 098	174 481	3 085	231 156	18 074	7.9
1993										
IV	54 315	-3 436	45 658	-33 279	29 737	164 892	3 062	260 949	4 237	9.1
1994*										
I	64 119	-3 692	52 014	-42 504	28 987	166 321	3 339	268 583	7 187	16.2
II	64 536	-3 781	51 328	-52 617	26 252	178 145	3 354	267 218	5 458	10.9
III	76 665	-3 564	34 039	-52 998	25 117	183 115	3 175	265 550	3 748	7.7
IV	81 344	-3 503	33 800	-52 606	22 381	179 113	3 093	263 623	3 903	7.2
1995*										
I	72 298	-3 362	23 055	-53 298	20 202	185 724	3 159	247 778	5 681	10.5
II	93 587	-3 498	26 416	-50 742	18 988	175 932	3 305	263 988	6 313	10.6
III	102 403	-3 602	19 542	-47 488	18 156	172 368	3 227	264 607	3 420	6.4
IV	71 920	-2 296	17 576	-47 708	14 098	174 481	3 085	231 156	2 660	4.3
1996*										
I	75 777	-2 355	3 048	-42 679	10 292	188 001	3 322	235 408	3 708	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
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993	134 112	103 165	30 947
1994	154 164	120 612	33 552
1995*	172 771	129 705	43 066
1995* ¹			
April	14 621	10 829	3 792
May	14 871	10 966	3 905
June	16 964	10 382	6 582
July	11 641	9 419	2 222
Aug.	13 408	10 134	3 274
Sept.	15 033	10 447	4 586
Oct.	15 553	11 628	3 925
Nov.	15 848	11 734	4 114
Dec.	15 082	10 630	4 452
1996* ¹			
Jan.	13 600	10 100	3 500
Feb.	14 400	10 500	3 900
March	14 900	11 400	3 500
April	14 500	11 300	3 200

7.2 Foreign trade: indices of volume, prices and terms of trade, 1990=100

Period	Volume (seasonally adjusted)		Prices		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1991	93.1	84.3	98.5	100.9	97.6
1992	102.7	84.7	103.1	108.6	95.0
1993	120.6	83.6	109.7	119.6	91.7
1994	136.6	98.0	111.4	119.3	93.3
1995*	143.0	105.5	119.2	119.2	100.0
1995* ¹					
April	144.7	102.3	117.2	120.0	97.7
May	143.9	103.4	118.8	120.2	98.8
June	170.7	103.3	119.1	119.8	99.4
July	123.1	97.7	120.0	119.2	100.7
Aug.	142.9	100.7	120.0	119.2	100.7
Sept.	144.1	105.2	121.6	119.2	102.0
Oct.	143.0	106.3	122.6	118.4	103.5
Nov.	144.3	104.6	122.7	118.1	103.9
Dec.	144.7	120.0	123.0	118.2	104.1
1996* ¹					
Jan.	134.7	104.3	123.2	119.1	103.4
Feb.	144.0	108.6	122.4	119.3	102.6
March	138.6	106.5	123.2	120.4	102.3
April	137.3	104.7	122.5	122.2	100.2

¹ See Notes and explanations to the statistical section.

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
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
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	23 411	54 792	10 904	15 396	21 066	1 007
1994	14 198	41 249	15 725	55 895	27 097	66 156	11 687	17 227	24 649	828
1995*	13 221	47 941	16 233	68 346	28 919	69 608	9 121	18 176	24 560	4 865
1994										
Dec.	1 317	3 669	1 420	6 071	2 516	7 978	1 614	2 565	2 844	104
1995* ¹										
Jan.	1 301	3 735	1 245	4 768	2 310	5 346	507	1 317	1 827	130
Feb.	1 151	3 651	1 237	4 912	2 039	5 569	717	1 354	2 020	268
March	1 314	4 188	1 498	5 737	2 553	6 339	585	1 518	2 417	247
April	1 261	4 021	1 247	5 829	2 263	5 931	1 167	1 412	2 062	257
May	1 199	4 117	1 357	5 899	2 299	6 234	800	1 601	1 990	341
June	1 252	4 181	1 659	7 066	2 806	6 119	605	1 392	1 924	342
July	735	3 941	1 184	3 846	1 935	5 067	787	1 222	1 845	498
Aug.	890	4 206	1 223	4 503	2 586	5 580	740	1 315	1 996	503
Sept.	1 063	4 263	1 370	5 503	2 834	6 060	642	1 385	2 080	280
Oct.	1 079	3 991	1 735	6 469	2 279	6 214	839	1 720	2 239	616
Nov.	1 079	3 984	1 244	6 755	2 786	5 710	819	1 896	2 206	1 103
Dec.	897	3 663	1 234	7 059	2 229	5 439	913	2 044	1 954	280

7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1994**		Jan. 1995-Dec. 1995*		1994**		Jan. 1995-Dec. 1995*	
	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total
	1	2	3	4	5	6	7	8
All OECD countries	115 696	75.0	129 281	11.7	93 316	77.4	102 090	9.4
EU	71 562	46.4	100 511	11.7	52 567	43.6	75 614	13.7
Austria	1 600	1.0	1 495	-6.6	1 349	1.1	1 550	14.9
Belgium and Luxembourg	3 461	2.2	5 189	49.9	3 291	2.7	3 719	13.0
Denmark	5 287	3.4	5 564	5.2	3 668	3.0	4 100	11.8
France	7 784	5.0	7 970	2.4	4 911	4.1	5 151	4.9
Germany	20 678	13.4	23 491	13.6	17 736	14.7	19 718	11.2
Greece	893	0.6	944	5.8	328	0.3	342	4.5
Ireland	708	0.5	864	22.1	896	0.7	1 072	19.6
Italy	4 605	3.0	4 934	7.1	4 685	3.9	5 090	8.6
Netherlands	7 874	5.1	7 376	-6.3	4 352	3.6	4 791	10.1
Portugal	805	0.5	869	8.0	1 092	0.9	1 052	-3.6
Spain	3 550	2.3	4 395	23.8	1 587	1.3	1 652	4.1
Sweden	16 846	10.9	17 694	5.0	12 576	10.4	14 755	17.3
United Kingdom	15 917	10.3	18 169	14.1	10 021	8.3	10 515	4.9
Other OECD countries	44 135	28.6	28 769	18.0	40 748	33.8	26 475	-11.0
Of which:								
Australia	1 963	1.3	2 330	18.7	694	0.6	930	34.1
Canada	1 035	0.7	1 223	18.2	839	0.7	810	-3.4
Japan	3 186	2.1	4 495	41.1	7 838	6.5	7 939	1.3
Norway	4 881	3.2	5 229	7.1	5 761	4.8	5 236	-9.1
Switzerland	2 325	1.5	2 277	-2.1	2 109	1.7	2 142	1.6
United States	11 037	7.2	11 664	5.7	9 202	7.6	8 976	-2.5
Other countries	38 468	25.0	45 379	18.0	27 232	22.6	24 240	-11.0
Of which:								
Estonia	3 381	2.2	4 117	21.8	1 127	0.9	1 535	36.2
Czech Republic	855	0.6	774	-9.6	438	0.4	458	4.5
Hungary	1 163	0.8	799	-31.3	410	0.3	337	-17.8
Poland	2 551	1.7	2 251	-11.7	1 549	1.3	1 366	-11.8
Russia	8 029	5.2	8 441	5.1	10 697	8.9	9 013	-15.7
China	2 261	1.5	2 602	15.1	1 830	1.5	1 702	-7.0
Hongkong	1 827	1.2	2 434	33.2	840	0.7	699	-16.8
Korea	2 124	1.4	2 251	6.0	916	0.8	962	5.0
Malaysia	824	0.5	994	20.7	909	0.8	837	-7.9
Singapore	1 440	0.9	1 438	-0.2	631	0.5	572	-9.3
Thailand	1 103	0.7	1 640	48.7	516	0.4	486	-5.8
Taiwan	766	0.5	903	17.9	1 146	1.0	1 098	-4.2
Brazil	569	0.4	829	45.8	907	0.8	491	-45.9
TOTAL	154 164	100.0	174 660	13.3	120 547	100.0	126 330	4.8
Of which:								
Africa	2 650	1.7	2 761	4.2	774	0.6	600	-22.5
The Americas	14 561	9.4	17 354	6.7	13 101	10.9	12 098	-7.7
Asia	18 274	11.9	23 694	29.7	16 171	13.4	15 665	-3.1
Europe	116 505	75.6	128 236	10.1	89 697	74.4	96 967	8.1
Oceania	2 174	1.4	2 615	213.0	868	0.7	1 001	-2.5

* In 1994 Sweden and Austria were not EU members.

8. Domestic economic developments

8.1 Supply and use of resources, mil. 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
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
1993	240 177	103 028	60 638	13 890	10 221	427 954	142 459	113 842	456 571
1994*	244 449	103 931	60 445	13 893	20 717	443 435	161 376	128 223	476 588
1995*	254 651	105 084	67 240	13 148	23 360	463 483	173 643	140 507	496 619
1993									
III	59 818	25 772	14 718	3 585	3 384	107 277	36 245	28 736	114 786
IV	60 746	25 498	14 542	3 389	2 784	106 959	37 279	28 200	116 038
1994*									
I	61 079	25 712	14 355	3 480	1 480	106 106	37 978	28 631	115 453
II	60 163	25 911	14 632	3 502	5 795	110 003	39 896	31 154	118 745
III	61 108	25 954	15 590	3 464	6 133	112 249	41 224	32 851	120 622
IV	62 099	26 354	15 868	3 447	7 309	115 077	42 278	35 587	121 768
1995*									
I	63 137	25 622	17 167	3 382	4 415	113 723	43 564	33 714	123 573
II	63 694	26 337	16 101	3 326	3 919	113 377	44 532	33 935	123 974
III	63 603	26 408	16 817	3 224	7 501	117 553	42 327	35 280	124 600
IV	64 217	26 717	17 155	3 216	7 525	118 830	43 220	37 578	124 472

8.2 Volume of industrial production, 1990=100 (seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	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
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992	92.4	88.4	91.4	94.6	91.1	90.2	103.0
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994	108.5	96.2	108.1	117.0	119.5	95.8	114.3
1995	116.0	95.6	116.7	116.5	142.4	97.5	111.1
1995							
March	115.9	96.1	116.4	120.8	137.6	98.8	112.9
April	115.4	93.0	115.9	120.0	138.0	97.8	113.8
May	116.2	75.5	117.0	120.0	146.0	97.1	114.5
June	116.3	93.3	117.0	119.8	140.5	98.2	112.2
July	115.4	92.1	116.1	123.2	130.6	98.3	114.9
Aug.	116.8	127.7	117.2	119.8	143.8	96.9	110.2
Sept.	116.6	96.6	117.8	115.3	147.8	96.6	108.3
Oct.	115.0	100.6	116.2	110.4	148.1	96.7	106.1
Nov.	116.6	97.0	117.7	107.7	151.5	96.0	108.4
Dec.	117.4	90.0	118.2	101.1	155.8	96.3	112.2
1996							
Jan.	115.5	85.8	115.9	107.3	143.8	96.7	114.8
Feb.	114.9	80.3	114.5	107.0	141.0	96.0	120.8
March	117.4	78.3	117.6	109.4	149.3	98.0	119.0

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
1991	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
1992	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
1993	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.6
1994*	87.6	89.3	53.5	56.7	57.2	48.7	97.3	110.1
1995*	91.4	92.3	50.8	49.5	85.0	44.1	..	114.5
1994* IV	90.2	90.2	54.0	54.3	71.0	49.1	132.9	112.5
1995* March	90.3	90.9	..	..	..	..	..	115.7
April	88.0	91.5	..	..	..	..	..	114.3
May	92.2	93.4	..	..	..	..	..	114.5
June	90.5	92.1	..	..	..	..	..	113.6
July	91.5	89.9	..	..	..	..	..	113.3
Aug.	93.6	91.1	..	..	..	..	..	114.9
Sept.	90.4	92.9	..	..	..	..	..	114.7
Oct.	92.8	91.4	..	..	..	..	..	114.9
Nov.	93.7	93.7	..	..	..	..	..	115.5
Dec.	92.9	95.0	..	..	..	..	..	114.8
1995* I	90.5	92.1	52.2	55.0	77.4	43.2	..	114.4
II	90.2	92.3	52.6	53.2	92.8	44.4	..	114.1
III	91.8	91.3	50.3	47.3	86.2	45.6	..	114.3
IV	93.1	93.3	48.3	42.6	83.5	43.2	..	115.1
1996* Jan.	97.5	98.3	..	..	..	..	..	115.6
Feb.	97.4	95.4	..	..	..	..	..	115.2
March	85.9	90.3	..	..	..	..	..	114.3

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
1991	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
1992	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
1993	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
1994	111.4	111.6	114.9	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
1995¹	116.6	117.3	123.1	115.0	112.0	111.3	106.9	103.8	118.5	110.8	118.0	107.7	103.5
1995													
April	..	..	..	..	111.9	111.5	108.0	104.9	119.2	110.1	116.0	107.5	103.7
May	..	..	..	..	112.0	111.4	108.3	105.2	119.5	110.8	117.6	107.8	103.6
June	..	..	..	..	112.4	111.5	108.1	105.2	119.1	110.8	117.9	107.8	103.5
July	..	..	..	..	112.3	111.4	107.8	104.9	118.5	110.9	118.7	107.6	103.6
Aug.	..	..	..	..	112.1	111.2	105.8	102.4	118.5	111.1	118.9	107.8	103.6
Sept.	..	..	..	..	112.2	111.3	106.0	102.7	118.4	111.8	120.4	108.1	103.7
Oct.	..	..	..	..	112.2	111.4	105.9	102.7	117.7	112.1	121.3	108.1	103.4
Nov.	..	..	..	..	111.9	111.1	105.7	102.5	117.4	111.9	121.4	107.9	103.2
Dec.	..	..	..	..	111.8	111.0	105.7	102.5	117.4	112.1	121.5	108.1	103.2
1995¹													
I	114.6	115.5	120.9	112.6	111.7	111.2	107.3	104.2	118.8	109.3	114.2	107.2	103.4
II	116.0	116.7	122.8	114.4	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6
III	116.6	117.3	123.1	115.2	112.2	111.3	106.5	103.3	118.5	111.3	119.3	107.8	103.6
IV	119.2	119.8	125.4	117.8	112.0	111.2	105.8	102.6	117.5	112.0	121.4	108.0	103.3
1996													
Jan.	..	..	..	..	112.0	110.8	106.2	102.0	118.4	112.4	121.6	108.5	102.1
Feb.	..	..	..	..	112.4	111.4	106.1	102.7	118.6	112.3	120.7	108.7	101.9
March	..	..	..	..	112.5	111.6	106.0	102.2	119.7	112.0	121.3	108.0	102.0
April	..	..	..	..	112.7	..	106.1	102.0	121.5	111.7	120.6	107.9	102.1
1996¹													
I	120.5	121.2	126.7	118.9	112.3	111.3	106.1	102.3	118.9	112.2	121.2	108.4	102.0

¹ 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)	By industrial status		By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture, forestry and fishing	Mining, manufacturing and energy supply	Other industries		
1	2	3	4	5	6	7	8	9	10	
1991	67.4	2 533	2 340	340	2 000	197	502	1 640	193	7.6
1992	66.1	2 502	2 174	325	1 849	188	454	1 533	328	13.1
1993	65.3	2 484	2 041	312	1 729	173	423	1 444	444	17.9
1994	64.8	2 480	2 024	312	1 712	167	426	1 430	456	18.4
1995	65.1	2 497	2 068	304	1 764	158	456	1 454	430	17.2
1995										
April	65.2	2 501	2 061	301	1 760	159	454	1 448	440	17.6
May	65.4	2 511	2 067	314	1 753	163	455	1 449	444	17.7
June	65.2	2 505	2 072	309	1 764	161	460	1 452	432	17.3
July	65.5	2 517	2 078	303	1 775	153	463	1 461	439	17.5
Aug.	64.8	2 487	2 064	314	1 749	160	454	1 449	424	17.0
Sept.	65.0	2 497	2 075	306	1 769	158	453	1 464	421	16.9
Oct.	65.3	2 510	2 087	308	1 778	154	468	1 465	423	16.9
Nov.	65.1	2 501	2 078	304	1 774	156	460	1 462	422	16.9
Dec.	64.8	2 493	2 070	296	1 774	150	463	1 457	423	17.0
1996										
Jan.	65.4	2 513	2 096	298	1 798	153	468	1 476	417	16.6
Feb.	65.1	2 501	2 086	298	1 788	154	464	1 467	415	16.6
March	65.1	2 505	2 087	300	1 787	150	465	1 472	418	16.7
April	65.5	2 520	2 112	309	1 803	153	470	1 490	408	16.2

8.6 Central government finances: revenue, expenditure and financial balance,

mill FIM, cash flow basis

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
	1	2	3	4	5	6	7	8	9	10	11
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
1993	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
1994	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
1995	40 092	66 902	1 720	35 837	144 550	7 923	152 473	51 446	113 644	39 481	67 514
1995											
March	4 153	3 486	30	2 688	10 356	171	10 528	4 627	11 724	3 410	8 061
April	3 055	5 674	59	3 621	12 409	2 738	15 147	4 162	10 804	4 578	5 480
May	4 352	5 119	58	3 588	13 118	713	13 832	4 240	11 641	4 358	6 634
June	3 068	4 755	958	2 619	11 400	87	11 486	4 581	10 309	3 382	6 293
July	3 579	5 996	52	1 851	11 477	481	11 958	4 686	7 838	3 104	4 126
Aug.	3 365	6 294	142	2 654	12 455	173	12 628	3 668	6 995	2 256	4 254
Sept.	3 015	5 826	63	3 228	12 131	299	12 431	3 732	8 566	3 104	4 942
Oct.	3 237	5 825	51	2 752	11 865	405	12 270	4 090	8 265	3 110	4 484
Nov.	4 994	5 973	74	2 838	13 879	2 165	16 044	4 514	9 696	2 768	6 481
Dec.	5 347	5 549	60	5 700	16 657	598	17 254	5 846	10 189	3 292	6 954
1996											
Jan.	3 735	7 181	110	3 792	14 818	165	14 983	3 930	12 283	2 974	7 881
Feb.	3 693	7 341	1 089	3 784	15 907	233	16 141	4 064	7 922	2 839	4 692
March	5 458	5 992	150	1 841	13 441	137	13 578	4 486	9 261	3 475	5 194

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
1991	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645
1992	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155
1993	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009
1994	3 737	22 358	183 000	17 886	200 760	-54 401	-64 860	73 193	8 336
1995	3 208	26 336	194 635	16 765	211 399	-50 085	-58 926	54 071	-4 854
1995									
March	187	3 601	20 140	443	20 583	-9 783	-10 056	12 242	2 186
April	158	2 007	17 131	7 292	24 423	-4 722	-9 276	2 225	-7 051
May	218	1 445	17 544	2 454	19 999	-4 426	-6 167	1 719	-4 448
June	262	3 222	18 374	2 487	20 861	-6 974	-9 375	-3 851	-13 226
July	258	1 361	14 143	707	14 851	-2 666	-2 892	-1 344	-4 236
Aug.	223	784	11 671	469	12 140	784	488	5 741	6 230
Sept.	227	3 574	16 100	813	16 913	-3 968	-4 483	1 450	-3 033
Oct.	332	1 755	14 442	613	15 056	-2 578	-2 786	2 191	-595
Nov.	315	1 113	15 638	590	16 228	-1 759	-184	8 689	8 505
Dec.	603	2 089	18 726	-159	18 567	-2 070	-1 313	1 905	593
1996									
Jan.	151	5 235	21 599	623	22 221	-6 781	-7 238	6 755	-484
Feb.	260	1 544	13 790	453	14 243	2 117	1 898	10 359	12 256
March	185	4 560	18 492	393	18 884	-5 051	-5 306	760	-4 546

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. Other claims on financial institutions, net (Column 14) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions + liquidity credits – call money deposits (until September 1995) – 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 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. Liquidity credits (Column 7): see explanations, Table 3.2.

Table 2.2 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 2.3 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 2.4 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.

Credit institutions which are subject to the minimum reserve requirement and maintain a current account with the Bank of Finland may obtain liquidity credit to cover overdrafts and 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. Since 2 October 1995, the monthly average of a bank's call money deposits exceeding the minimum reserve requirement has been treated as excess reserve. The interest rate paid on excess reserves is determined separately by the Bank of Finland. The values for maturity and interest rate margins are the last values recorded in each period.

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. The yields on five-year and ten-year government bonds (Columns 3 and 4) are calculated by the Bank of Finland as averages of the bid rates quoted daily by the primary dealers. The five-year yield is based on quotations for a fixed-rate bullet serial bond (1/94, 15 September 1994 – 15 September 2001). The ten-year yield is based on quotations for a fixed-rate bullet housing bond (1/92, 15 March 1992 – 15 March 2002). As from 1 June 1993, the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/93, 15 March 1993 – 15 March 2004). 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.

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 placings; 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.

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-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by primary dealers and banks entitled to central bank financing. As from 14 July 1995 the following act as primary dealers: Alfred Berg Pankkiiriliike 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 (except for table 7.2). All tables refer to foreign trade in goods.

Table 7.1 The trade figures for January–April 1996 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 from the export and the import values, deflated by the price indices (Columns 3 and 4). Deflation and seasonal adjustments are carried out by the Bank of Finland. The export and the import price indices are provided by Statistics Finland. The terms of trade (Column 5) is the ratio of the export price index to the import price index, multiplied by 100.

Table 7.4 In addition to all EU countries, those countries are listed whose combined shares of Finland's exports and imports are at least 1 per cent.

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.

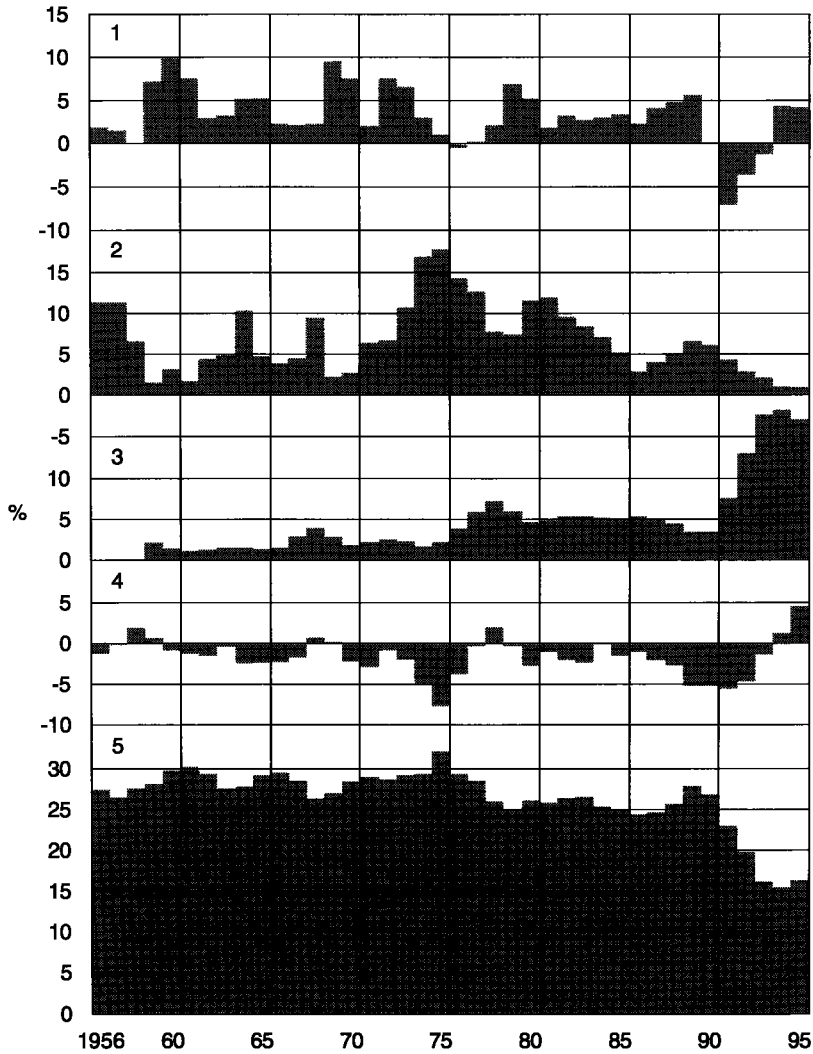
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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 Pikkarainen 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.

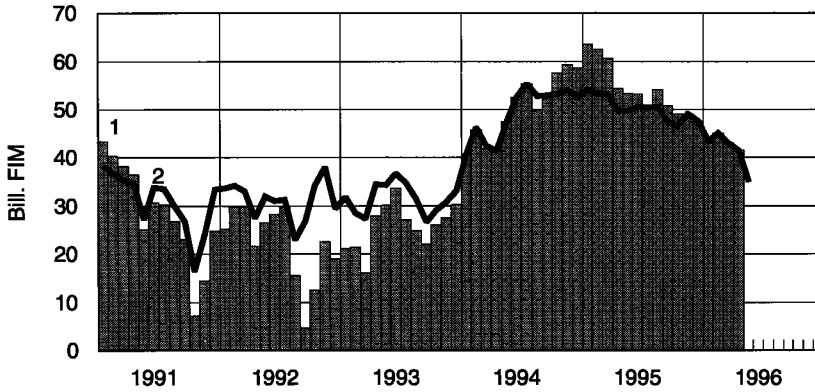
1. Long-term indicators	S30
2. The Bank of Finland's foreign exchange reserves and forward position	S31
3. Forward market	S31
4. Rates of interest set by the Bank of Finland	S31
5. Banks' liquidity position at the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR rates of interest, daily	S32
8. HELIBOR rates of interest, monthly	S33
9. Differential between Finnish and German interest rates	S33
10. Bond yields	S33
11. Bank of Finland currency index and the markka value of the ECU	S34
12. Daily spot rates for the markka against the Deutschemark and the US dollar	S34
13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S34
14. Monthly spot rates for the markka against the Deutschemark and the US dollar	S35
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S35
16. Banks' markka lending rates and markka funding rates	S35
17. Bank funding from the public	S36
18. Bank lending to the public	S36
19. Money supply	S36
20. Current account	S37
21. Net interest and dividend expenditure	S37
22. Balance of payments	S38
23. Finland's net international investment position	S38
24. Foreign trade	S39
25. Foreign trade: prices and terms of trade	S39
26. Finland's export performance	S39
27. Production	S40
28. Fixed investment	S40
29. Employment and the unemployment rate	S41
30. Prices and wages	S41
31. Central government finances	S42
32. Central government debt	S42

1. Long-term indicators



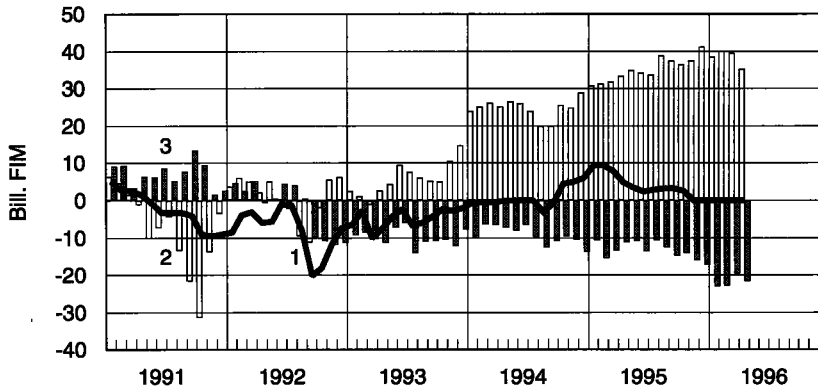
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



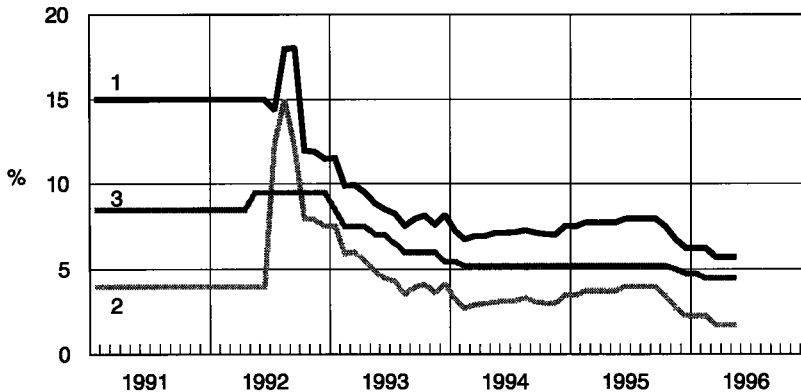
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. Forward market



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

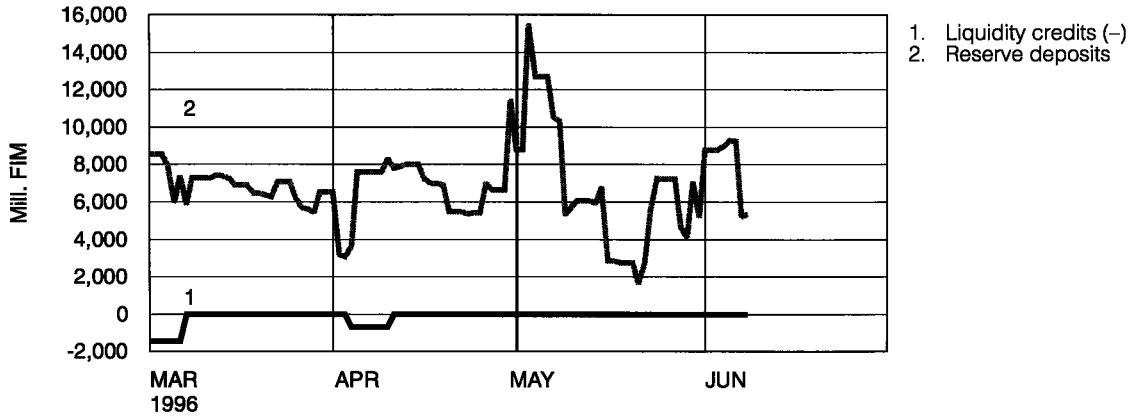
4. Rates of interest set by the Bank of Finland



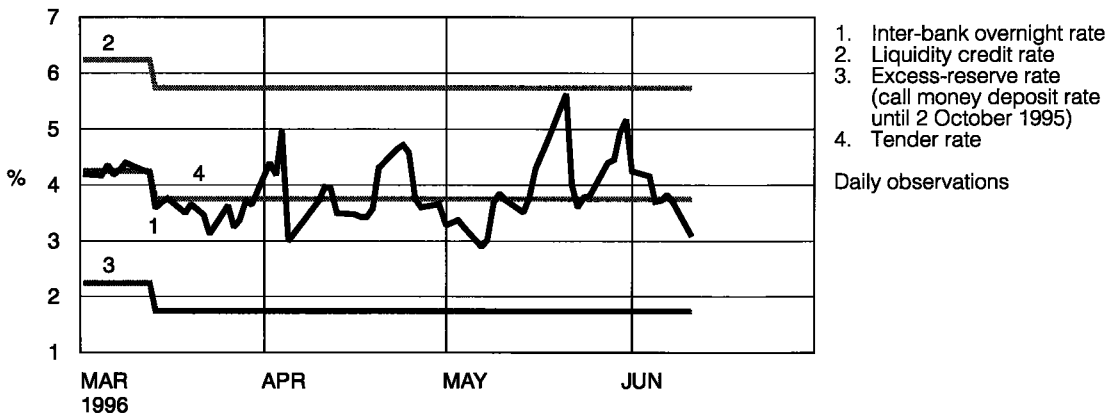
1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Excess-reserve rate (call money deposit rate until 2 October 1995)
3. Base rate

End-of-month observations

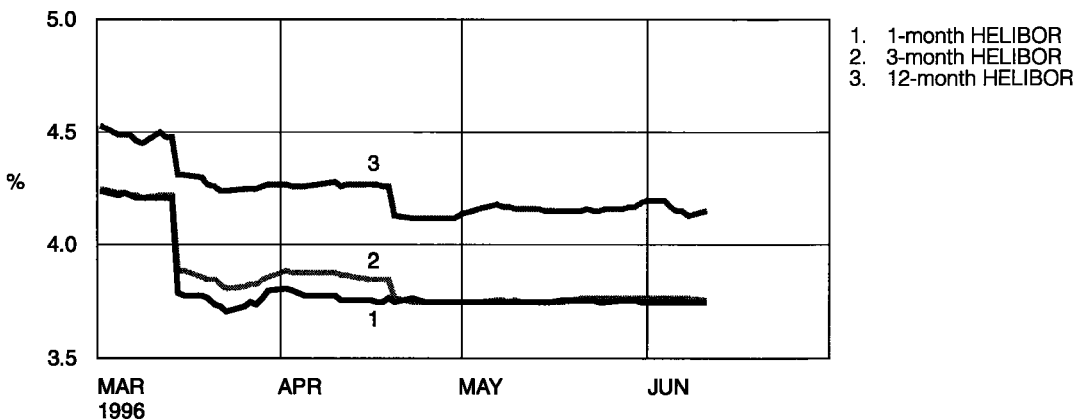
5. Banks' liquidity position at the Bank of Finland



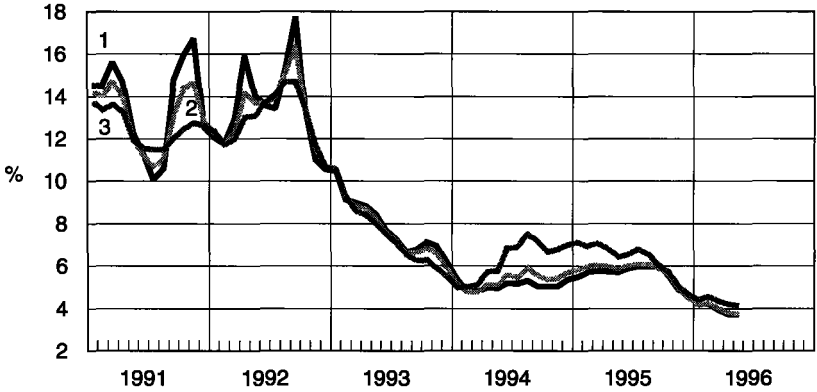
6. Liquidity management interest rates



7. HELIBOR rates of interest, daily

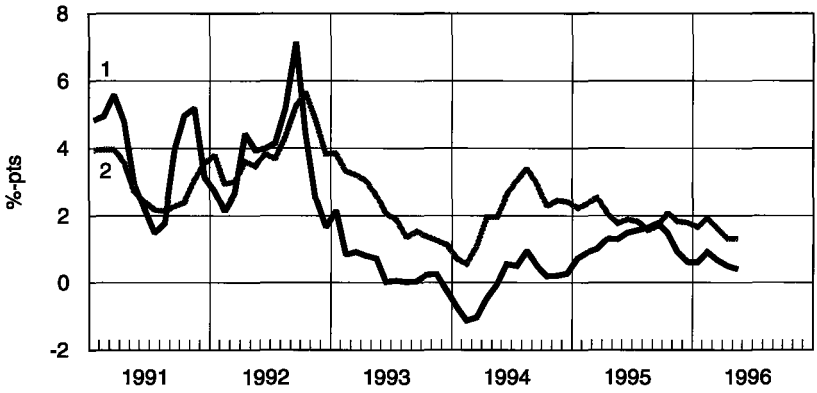


8. HELIBOR rates of interest, monthly



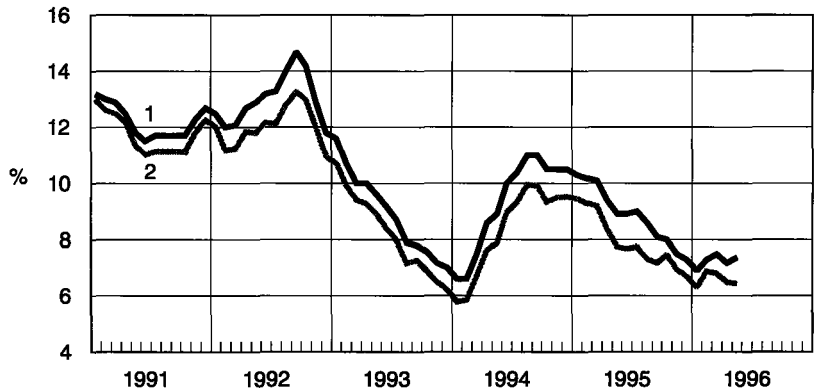
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. Differential between Finnish and German interest rates



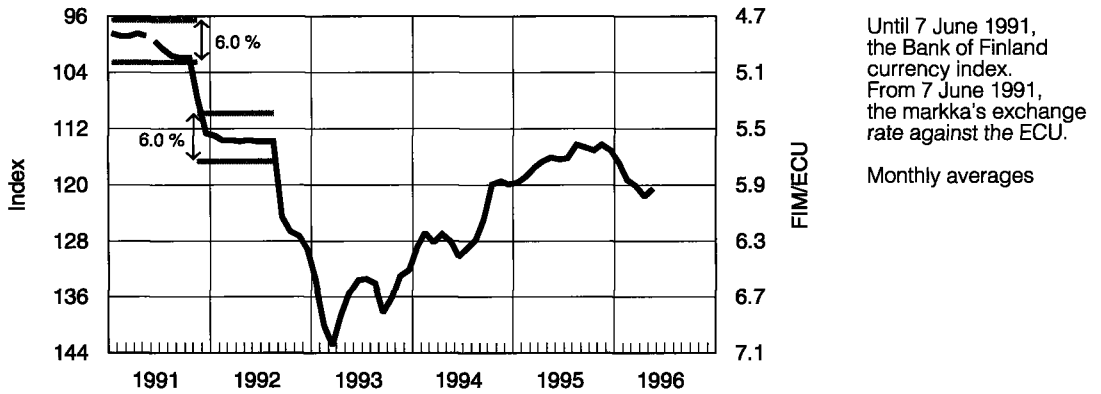
- 1. 3-month HELIBOR minus 3-month DEM eurorate
- 2. 5-year Finnish government bond yield minus 5-year German government bond yield

10. Bond yields

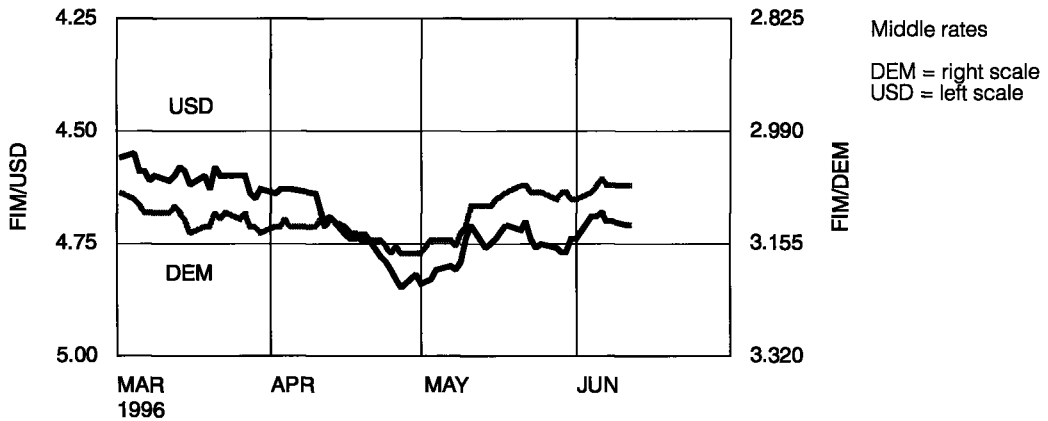


- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds

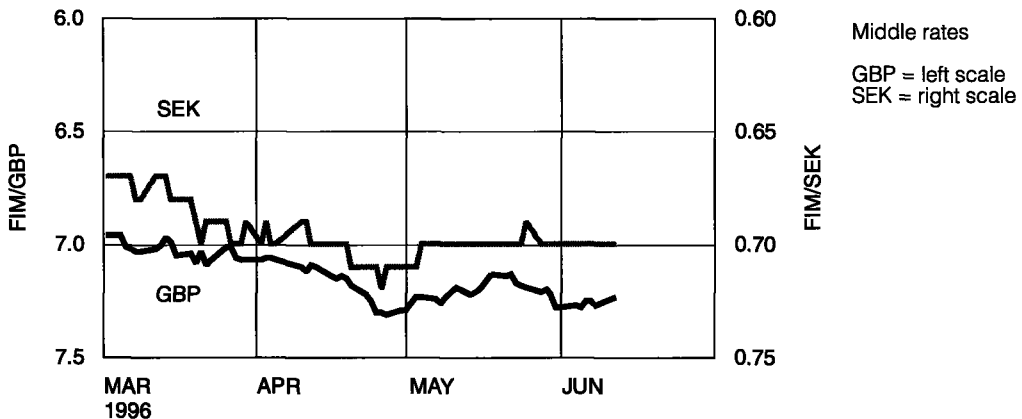
11. Bank of Finland currency index and the markka value of the ECU



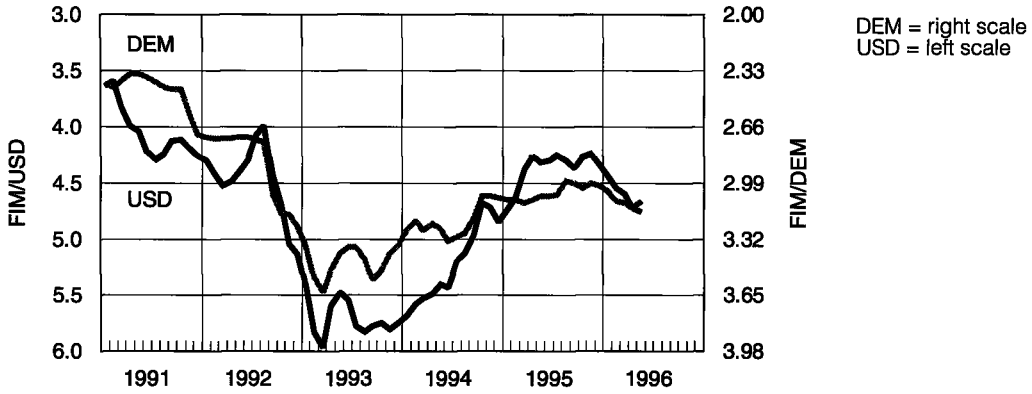
12. Daily spot rates for the markka against the Deutschemerk and the US dollar



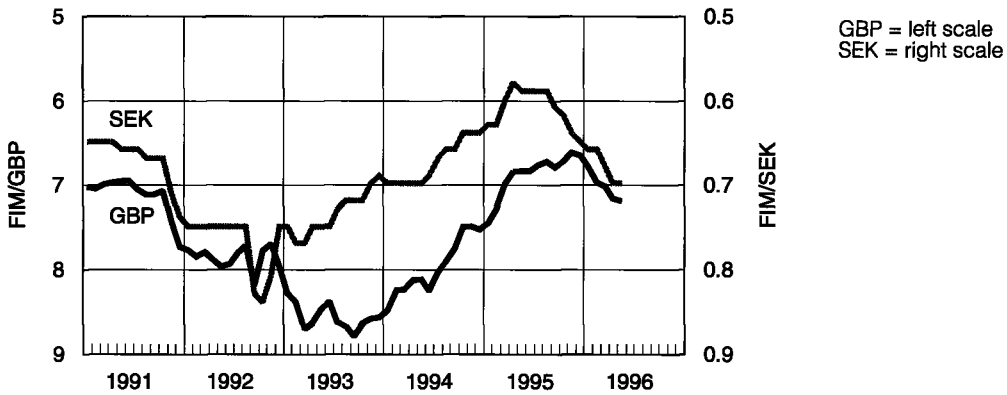
13. Daily spot rates for the markka against the pound sterling and the Swedish krona



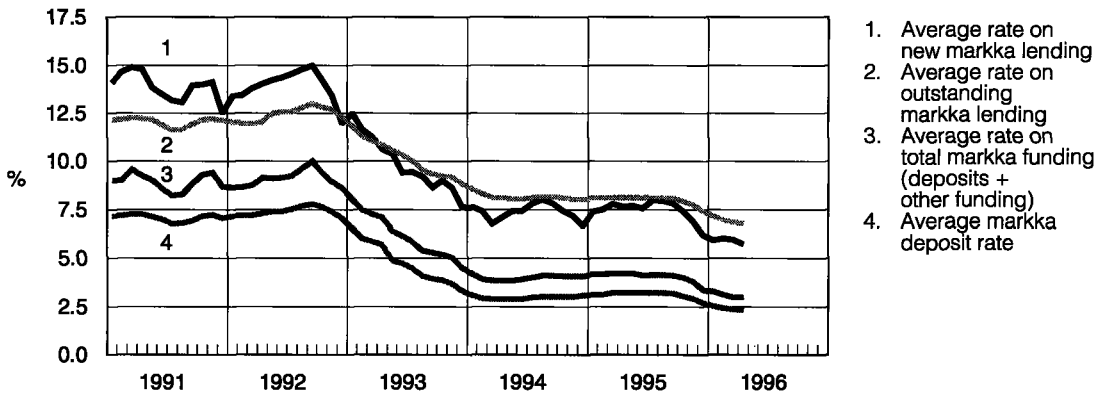
14. Monthly spot rates for the markka against the Deutschemark and the US dollar



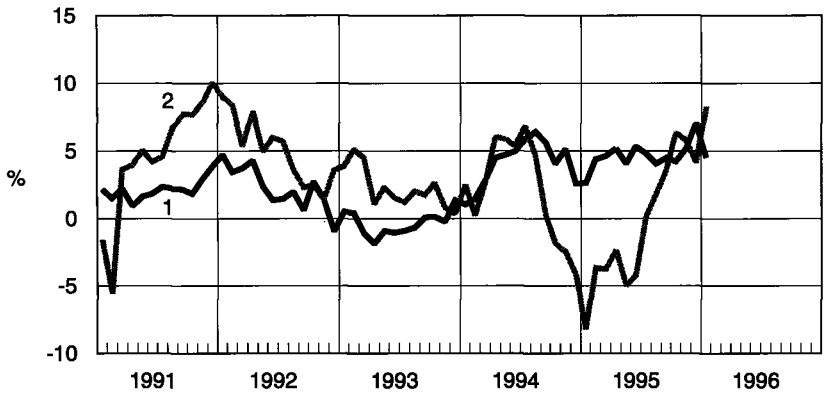
15. Monthly spot rates for the markka against the pound sterling and the Swedish krona



16. Banks' markka lending rates and markka funding rates



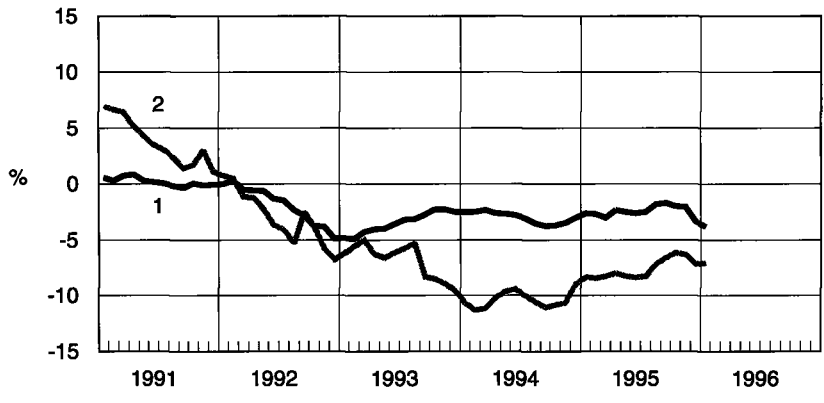
17. Bank funding from the public



- 1. Markka deposits
- 2. Total funding

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

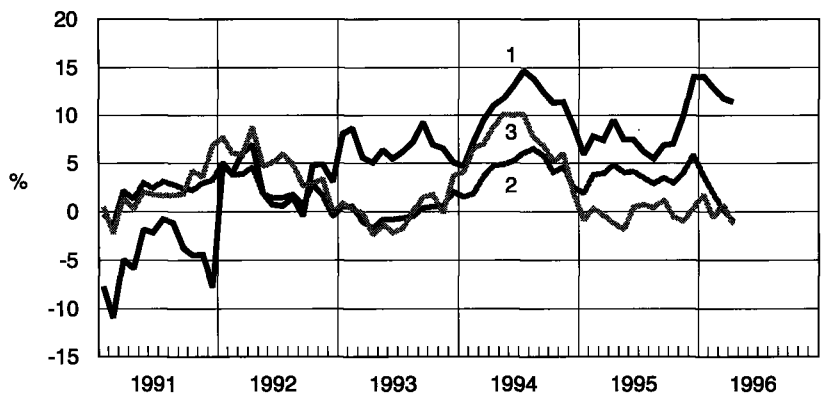
18. Bank lending to the public



- 1. Markka lending
- 2. Total lending

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

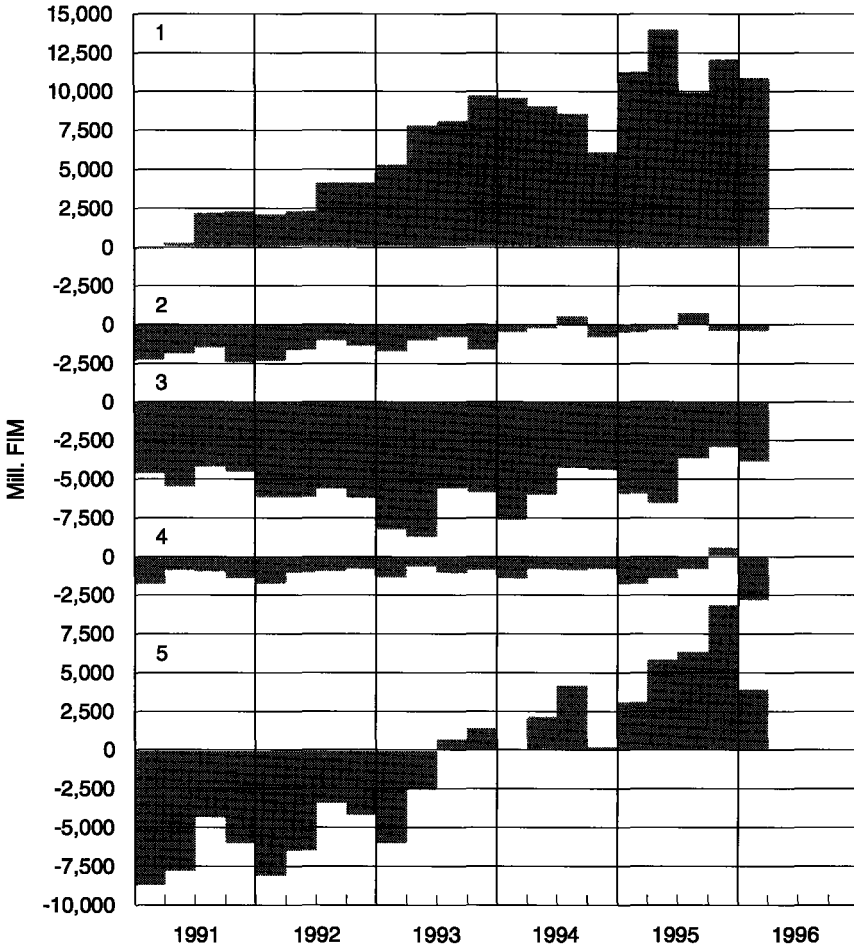
19. Money supply



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

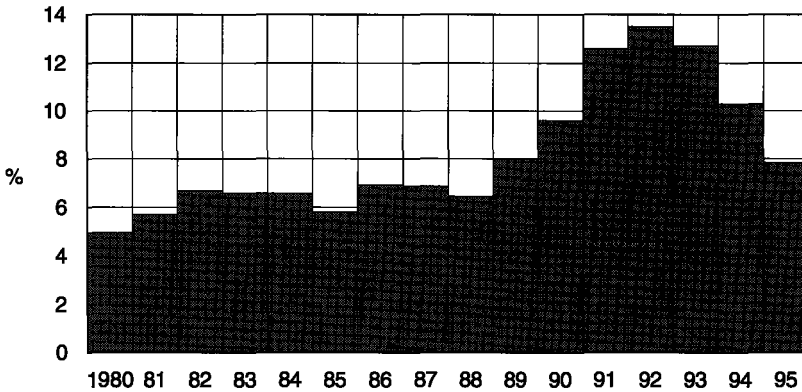
Change from the corresponding month of the previous year, per cent

20. Current account



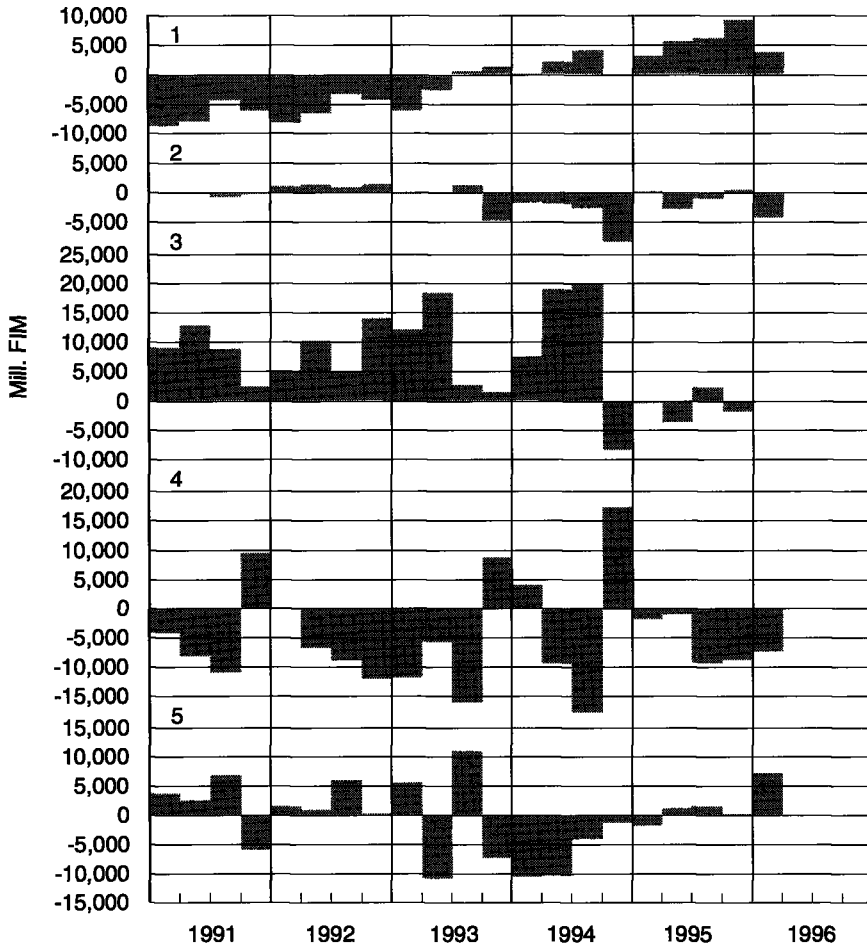
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

21. Net interest and dividend expenditure



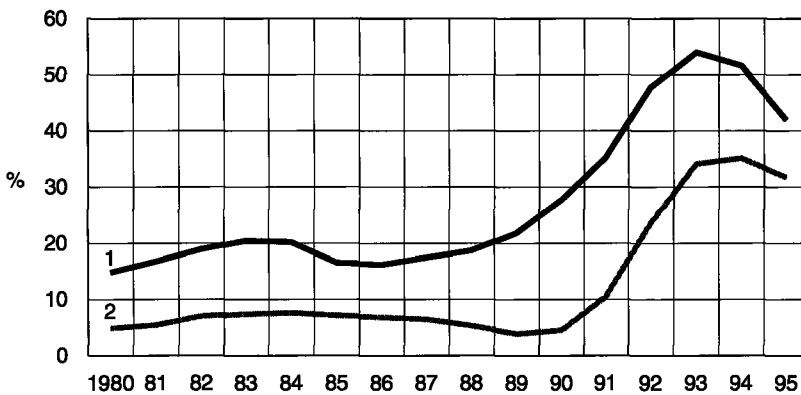
As percentage of current account receipts

22. Balance of payments



1. Current account
2. Direct investment
3. Portfolio investment
4. Other investment
5. Change in central bank's reserve assets (increase = -)

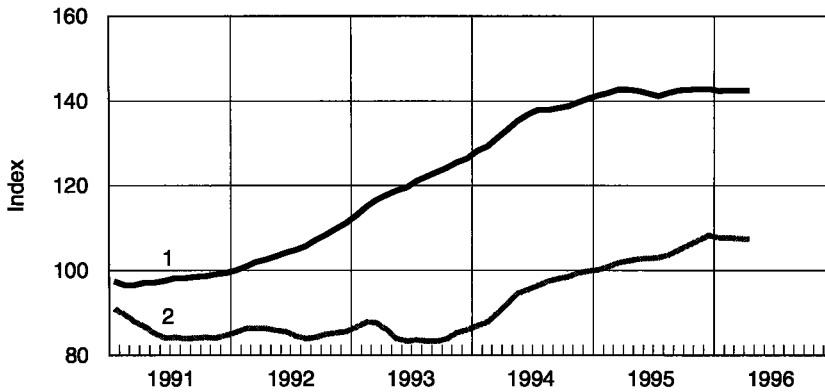
23. Finland's net international investment position



1. Total
2. Of which:
central government

The stock of external liabilities minus the stock of external assets, as a percentage of GDP

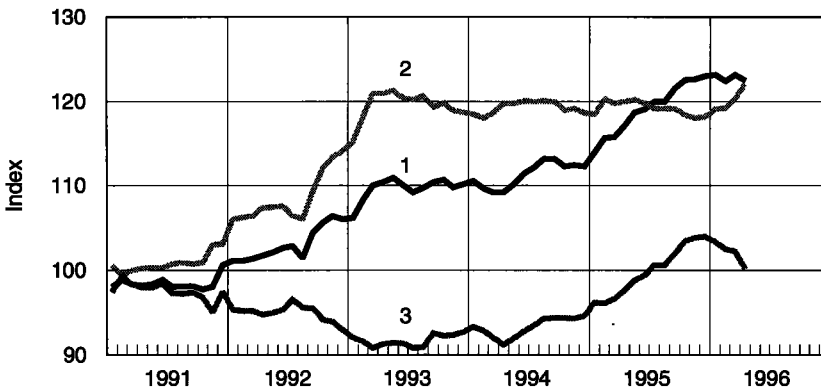
24. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

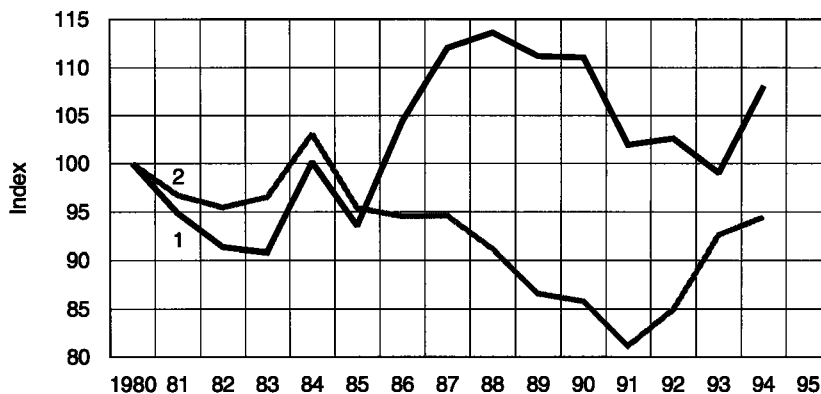
25. Foreign trade: prices and terms of trade



1. Export prices
2. Import prices
3. Terms of trade

Index 1990 = 100

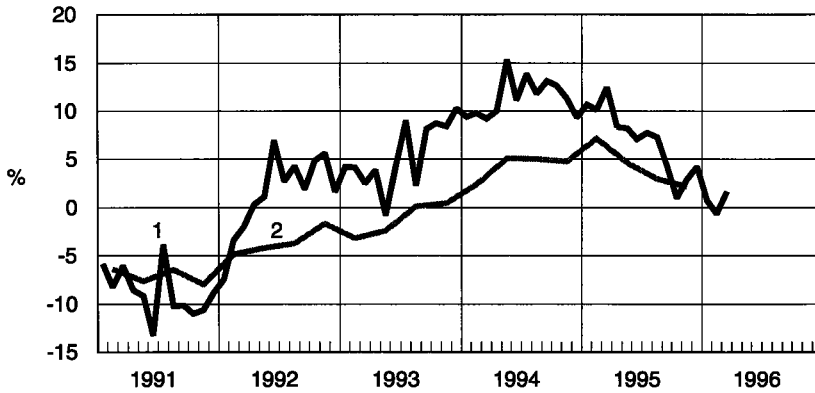
26. Finland's export performance



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

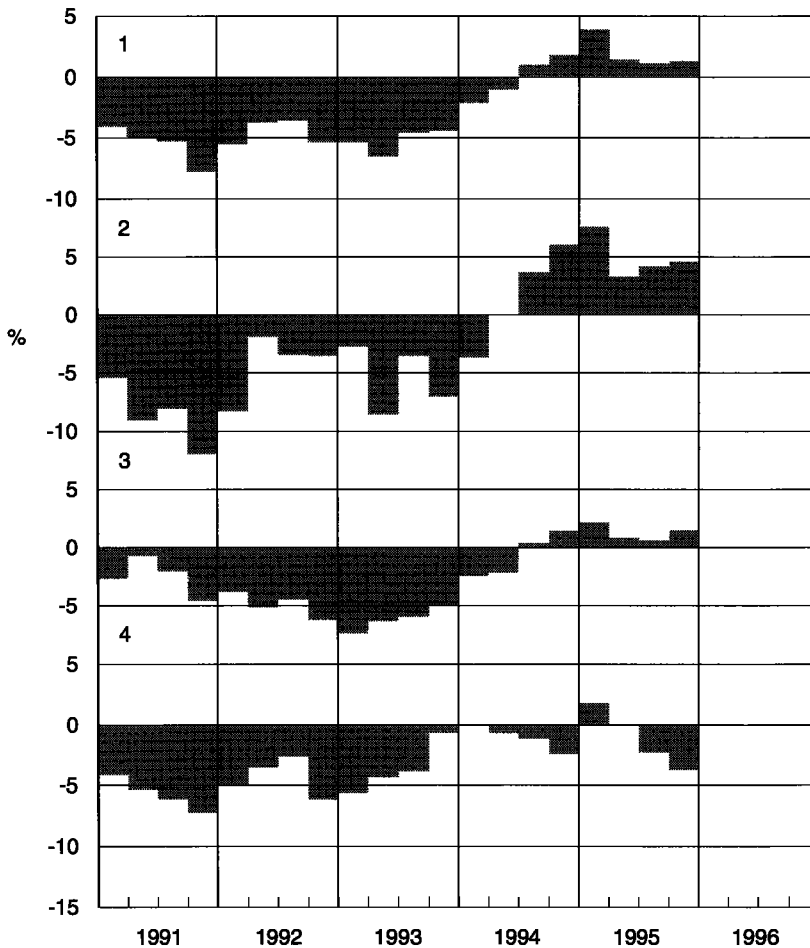
1980 = 100

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

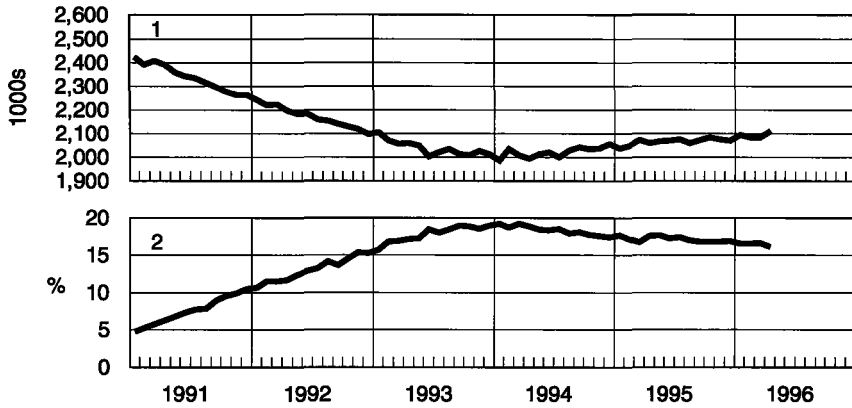
28. Fixed investment



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

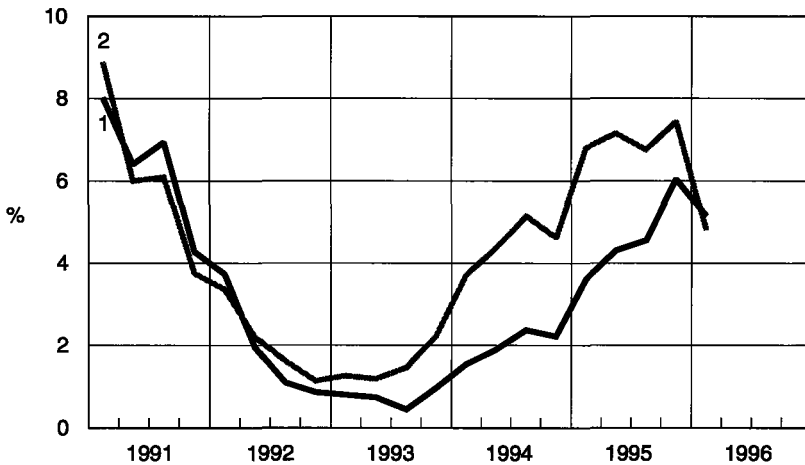
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. Employment and unemployment rate



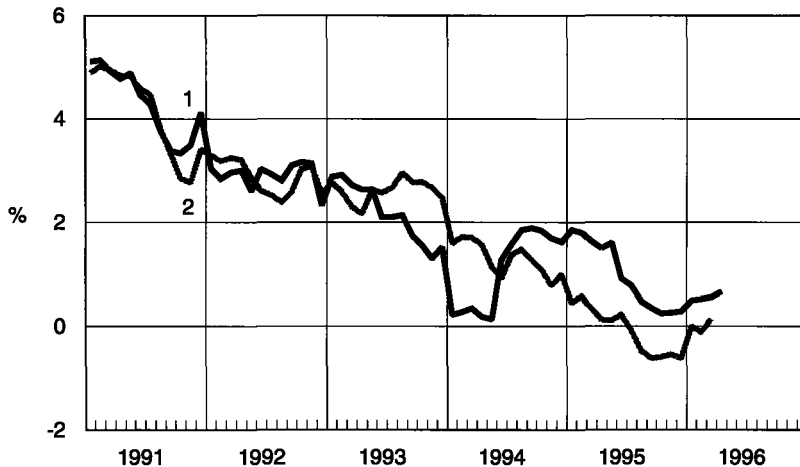
1. Employment, 1000 persons
2. Unemployment rate, per cent

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

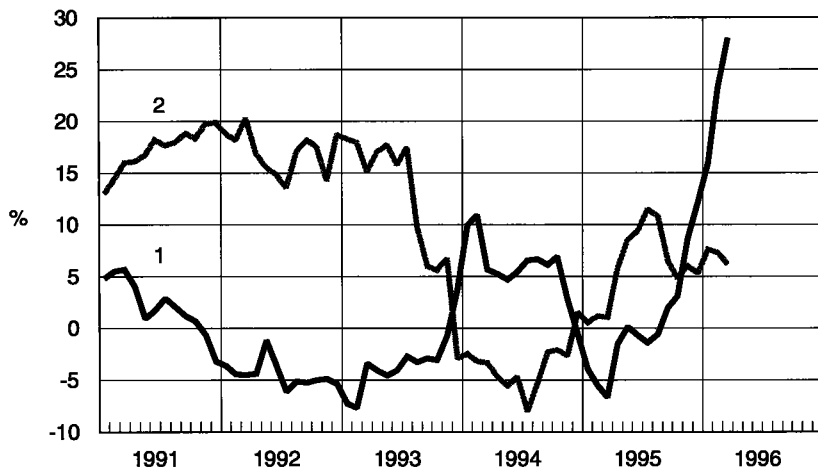
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

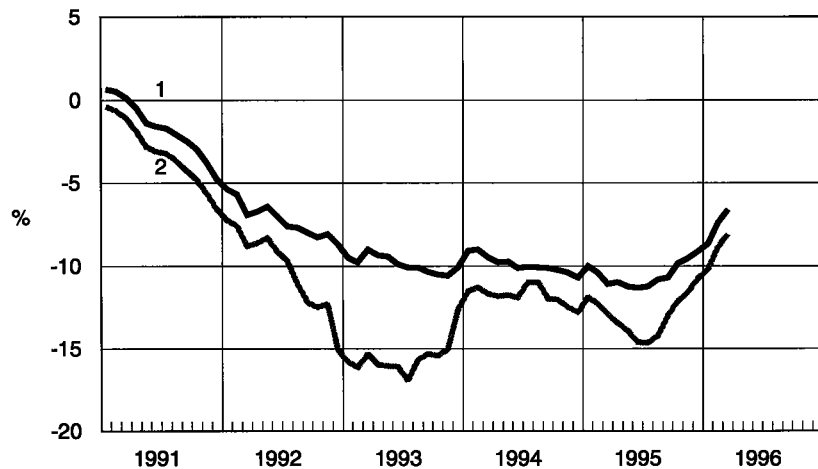
Change from the corresponding month of the previous year, per cent

31. Central government finances



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

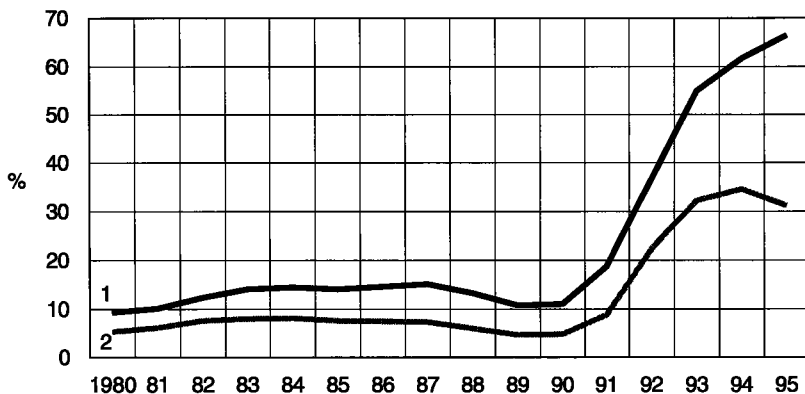
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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 July 1996

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