



BULLETIN

BANK OF FINLAND

June–July 1994 Vol. 68 No. 6–7

Economic Developments, Inflation
and Monetary Policy

Structural Change
in Finland's Foreign Trade

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Edited
by the Bank of Finland's
Publication and Language
Services

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ISSN 0748-6509

Printed by Painatuskeskus Oy,
Helsinki 1994

WORLD ECONOMY RECOVERING

There has been less divergence in the economic performance of the industrialized nations over the last few months. After several years of recession, optimism has also increased in continental Europe, and there are signs that economic activity is starting to recover. Output has continued to rise in North America and the United Kingdom. Although growth in the United States lost momentum in the first quarter of the year, this was a temporary slowdown, caused by exceptional factors. In Sweden, total output began to pick up towards the end of last year, and since January growth expectations have strengthened further.

Internationally, inflation has remained subdued. The six-month annualized change in consumer prices in the European OECD countries was 1.6 per cent in March; the 12-month change was 3.2 per cent. The rise in prices has also slowed substantially in countries with a long history of inflation and currency depreciation. This can be attributed to wage restraint, supported by the greater prominence given in monetary policy to preventing a resurgence of inflationary pressures. World commodity prices have also remained low in relation to the prices of manufactured goods. Just recently, however, the prices of some commodities have risen sharply.

But despite low inflation, long-term interest rates have been rising both in the US and in Europe. This has been interpreted as the result of portfolio adjustments by investors, though uncertainty about economic policy and inflation may also be

a contributory factor. In any event, there is no clear justification in terms of economic fundamentals for a rise in interest rates, so there is every reason to assume that it will not be permanent. And as long as this is the case, it will not pose any threat to economic growth.

GROWTH PICKS UP IN FINLAND

In Finland, too, signs of economic recovery have strengthened in the last few months. The upturn in output that started last summer has continued this year. In March, the monthly indicator of total output showed a rise of 0.4 per cent from the end of 1993 (Chart 1). The growth of output was temporarily checked by a dispute over timber prices in February and by a strike in the food industry in March. In the months ahead, the growth of total output will increasingly benefit from the spread of the effects of export

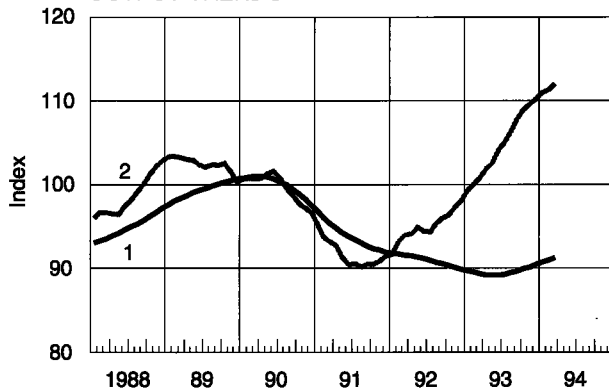
growth from manufacturing into other sectors of the economy.

Manufacturing exports continue to be the driving force of output growth. The volume of exports of goods rose by 17 per cent in January-April from the same period a year ago while manufacturing production showed a first-quarter increase of 9.5 per cent from the previous year. The survey of business confidence conducted by the Confederation of Finnish Industry and Employers in March indicated that companies expect export orders to increase further in the coming months. The prolonged expansion of production in the export sector has started to have an impact on growth in the domestic market as well. Energy production, wholesale trade and output in the transport sector have all increased since January.

Indicators of domestic consumer demand suggest that the recession has now bottomed out. Retail sales figures for Jan-

CHART 1.

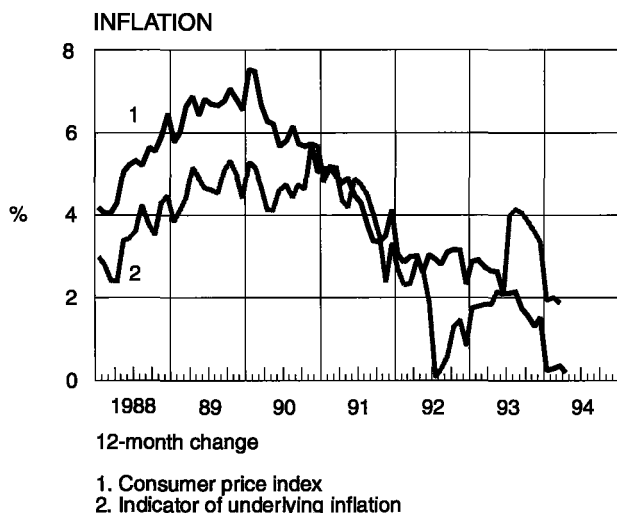
OUTPUT TRENDS



Volume index, 1990 = 100

1. Monthly indicator of total output
2. Manufacturing production

CHART 2.



uary-February were up on their autumn low, and 17 per cent more passenger cars were registered in the first quarter of 1994 than a year earlier.

The clearest evidence that the recession is over, however, is provided by expectations, which are now substantially more optimistic. The latest survey of consumer confidence by Statistics Finland shows that households' expectations about the economic outlook are fairly positive. The survey of business confidence by the Confederation of Finnish Industry and Employers also points to greater optimism among firms about business prospects. Business investment activity was still sluggish early in the year, but during the spring some major investment decisions have been made that will boost investment substantially in the latter part of the year.

Thanks to soaring exports, the trade surplus widened to FIM 12.7 billion in the first four months of the year. The current account was still slightly in deficit, however, because of the large amount of interest payments on foreign debt early in the year. The deficit has nevertheless shrunk by over FIM 6 billion compared with the corresponding period in 1993.

The recovery of the economy has also been evident in a slight rise in the level of employment. According to Statistics Finland, the unemployment rate remained unchanged at around 19 per cent in the first four months of the year, and the number of unemployed job-seekers registered at Employment Service offices fell by 47 500 in the same period. Some 40 000 young people will be employed by the end of the year under a programme included in the second supplementary budget 1994.

The central government had a net borrowing requirement of about FIM 17 billion in the first quarter, ie nearly FIM 2 billion less than in the same period in 1993. The 12-month moving total for the deficit suggests progress towards better balance, but certain technical factors – including lower tax rebates than in 1993, savings in personnel costs booked at the end of last year and increases in extraordinary income – overstate the true extent of the improvement.

INFLATION LOW

Inflation has remained low in the first months of the year (Chart 2). The 12-month change

in the consumer price index was only 0.2 per cent in April. Prices have risen by 0.5 per cent since the beginning of the year, ie at an annual rate of 1.5 per cent. Lower interest rates have slowed the rise in the consumer price index by a total of 1.1 percentage points. The indicator of underlying inflation (the consumer price index less the effect of housing-related capital costs, public subsidies and indirect taxes) rose by 1.9 per cent in the twelve months to March 1994. The annual increase in underlying inflation has eased slightly further in the current year, the annual rate over the last three months being only 1.7 per cent.

Both external and internal factors have helped stabilize prices. The most important external factors have been the low rate of international inflation and the appreciation of the markka, which have kept the price pressures emanating from the rise in commodity prices in check. The external value of the markka strengthened by about 3 per cent between the end of December and the end of April, as measured by the Bank of Finland's trade-weighted currency index. Over the same period, commodity prices rose by about 7 per cent in dollar terms, as measured by the HWWA non-energy index, and import prices by just under 1 per cent.

Domestic cost factors have not generated any upward pressure on prices either, as labour costs in relation to the volume of output have continued to fall in the first months of the year and capital costs have fallen as a result of lower interest rates. Some attempts at widening profit margins in prices have been perceptible in recent months, and wholesale and producer prices have risen slightly despite falling costs. Ultimately, however, the scope for price rises has been limited by the continuing depressed state of demand.

The target set for inflation – to stabilize the annual rise in the indicator of underlying inflation at 2 per cent by 1995 – has been achieved earlier than expected.

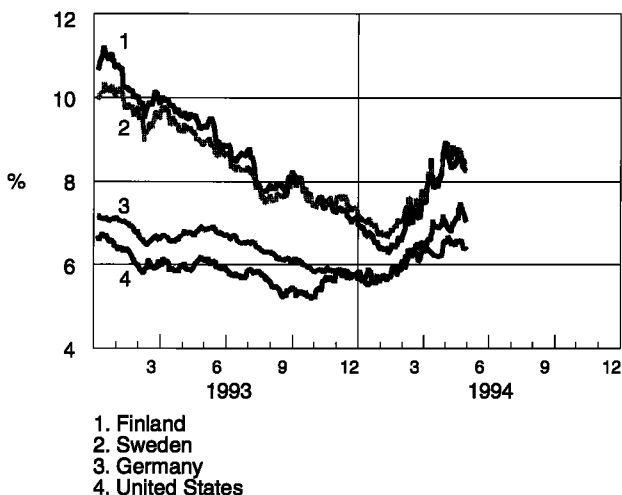
Developments in the consumer price index for April suggest that the underlying inflation rate will remain low in April, too, and so far there are no factors discernible on the cost side that are likely to significantly alter this trend in the coming months. So far, the rise in import prices has been confined mainly to raw materials, which have only a minor impact on the consumer price index. Measured in terms of the annual rate of change, the index should reach a low point in the middle of 1994, as the monthly changes in underlying inflation were very small in the second half of last year.

Asset prices have shown further signs of a gentle recovery. House prices started to edge up in late 1993, and the upward trend has been maintained in the current year but price developments have varied considerably. For example, the prices of small flats in the metropolitan area of Helsinki rose by 8 per cent in the first four months of the year but have remained more or less at their end-1993 level in other parts of the country. Moreover, the rise in prices in the metropolitan area has been confined chiefly to dwellings in the centre of Helsinki. Increased industrial demand for raw materials pushed the price of timber slightly higher at the end of December and again in January. In February, representatives of forest owners and the forest industries negotiated an increase of about 8 per cent in average stumpage prices (the price of standing timber) from their end-1993 level. Timber prices have subsequently risen to close to the agreed level. The rise in share prices was reversed in February after interest rates moved higher. At the end of May, the HEX all-share index was about one-fifth higher than at the beginning of the year.

As yet, the rise in asset prices has not been alarming in terms of general price developments. The rise in timber prices represents a recovery after the sharp falls of the past few years. Stumpage prices have been at

CHART 3.

TEN-YEAR BOND YIELDS



a low level relative to export prices in recent years. The rapid revival of the timber trade after the agreement on prices was reached indicates that stumpage prices are not expected to rise much further in the near future.

FALL IN INTEREST RATES COMES TO A HALT

The steady fall in interest rates throughout 1993 came to a halt in the early months of this year. It is worth noting that long-term rates started rising markedly as from February (Chart 3). Whereas the yield on ten-year government bonds was only just over 6 per cent at its lowest point in January, it was just over 9 per cent at the end of May. There are several reasons for the upturn in long rates, which reflect both international trends and domestic factors.

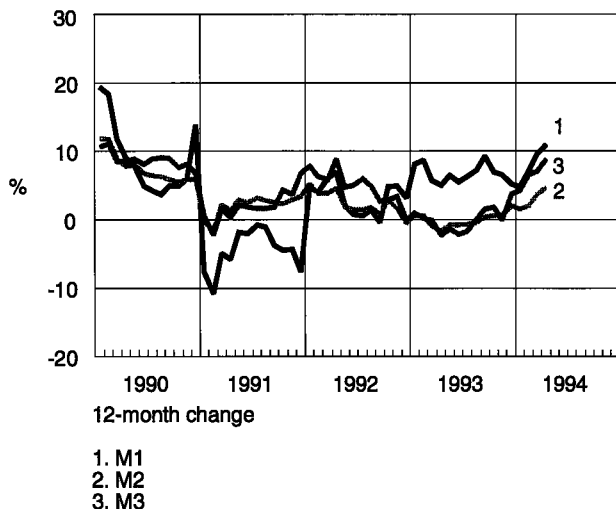
International bond yields began to rise in February, when the US Federal Reserve raised the key federal funds rate, signalling the end of several years of monetary policy easing. Expectations of a further tightening of monetary policy and factors related to derivative trading in the bond markets prompted a rise in long-term rates in the

United States, and this was immediately reflected in interest rates in other OECD countries. In Europe, interest rates rose most in the countries most severely hit by the currency market turmoil in 1992 or with large public deficits. In Sweden, and particularly in Finland, the rise in interest rates was induced by capital movements, as foreign investors unwound their bond positions. As the domestic bond market is still rather thin with relatively few market participants, the sales by foreign investors generated upward pressure on interest rates. In the first four months of the year, foreigners sold more than FIM 5 billion worth of markka-denominated government bonds back to Finland. The differential between ten-year yields in Finland and Germany widened from under one percentage point to well over two points in the course of the spring.

The thinness of the market is probably not the only reason for the growing gap between Finnish and foreign long rates. Doubts about how effectively fiscal policy can halt further growth in public debt and the inflationary pressures that could result from economic growth may also have contributed to pushing up interest rates. Un-

CHART 4.

MONETARY AGGREGATES



certainty about Finland's EU membership has possibly been another factor at work.

Despite the rise in long-term rates, short-term rates have been fairly stable throughout the spring. The Bank of Finland's tender rate has remained at around the 5 per cent level, but the three-month HELIBOR rose by about half a percentage point in the March-May period, to just over 5 per cent.¹ As Germany relaxed its monetary policy around the same time by cutting short-term rates, the differential between Finnish and German short-term rates started to narrow in the early part of March, and, by early May, Finnish short-term rates were again higher than corresponding German rates.

As a result of the rise in long-term rates, the yield curve has steepened sharply. Whereas the differential between ten-year and three-month rates averaged only one and a half percentage points in January-February, it had risen to about three percentage points by the end of May. The steepening in the yield curve reflects not only international factors, but also inflation

¹ After this article was written, short-term rates also started to rise again, and the tender rate rose to 5.3 per cent in the second week of June.

expectations, expectations of a rise in interest rates and the liquidity risk attached to the thinness of the bond market.

The Bank of Finland's base rate has been kept at the same level since the cut effected at the beginning of February. The banks' prime rates have also been unchanged since the cuts at the beginning of March. The average rate on new markka loans continued falling until March, when it was 6.74 per cent. Rates rose slightly in April. The average rate on outstanding markka loans stood at 8.1 per cent at the end of April, or nearly three percentage points lower than one year earlier. Thus the rise in long-term rates has not been reflected to any significant degree in bank lending rates, at least for the time being.

MARKKA RELATIVELY STABLE

The external value of the markka has fluctuated only slightly on the foreign exchanges during the current year. It appreciated markedly in January, but fell back temporarily with the Swedish krona in February, when the US Federal Reserve raised interest rates. It again weakened slightly around the end of May and the beginning of

June. The occasionally softer tone of the markka has been associated mainly with capital movements caused by the sale of markka-denominated bonds. The confidence of Finnish companies in the future value of the markka has grown, as reflected in their forward currency positions. At the end of March, they had a net forward markka purchases position of nearly FIM 40 billion, a rise of almost FIM 14 billion since the end of December.

The first months of the year have also been marked by a rise in the foreign exchange reserves. This is primarily due to foreign borrowing by the central government, which has a direct impact on the reserves. Firms have also been net importers of capital.

MONEY SUPPLY INCREASING, CREDIT DECLINING

Changes in monetary and credit aggregates have given a rather conflicting picture of financial market developments over the past months. Whereas the growth rates of monetary aggregates continued to rise, credit counterparts have fallen further.

In April, the 12-month growth rate for narrow money (M1) rose to 11 per cent. By contrast, the growth of broad money (M2) was more subdued, at 4.8 per cent, while the growth rate for the broadest money aggregate (M3) accelerated to 7.1 per cent (Chart 4). The pick-up in the growth of narrow money is evidently related to the economic recovery. In the case of M3, the rise in the growth rate is associated mainly with a reduction in government cash funds. This has entailed the sale of government holdings of CDs in the market, as a result of which the outstanding amount of CDs held by the public has risen, without any corresponding increase in CDs issued by banks. Consequently, M2 is currently a better indicator of the growth of the money stock than M3.

The decline in credit aggregates has continued in the course of the spring. In April, total outstanding bank lending decreased by 10 per cent and markka lending by 2.4 per cent compared with the same period in 1993.

Bank profitability has suffered to some extent, since the market value of bonds held in banks' portfolios has fallen with the rise in long-term interest rates. Some banks have announced that, partly for this reason, their results for the first four months of the year could turn out to be poorer than expected.

PROSPECTS FOR INFLATION

Assessment of monetary conditions in the light of monetary indicators is no easy task. The gap between short and long-term interest rates is a reflection of, on the one hand, market liquidity problems and, on the other hand, of rising interest rate and possibly inflation expectations, and in that case

also of easy monetary policy. Because of the thinness of markets, any steepening in the yield curve cannot be directly interpreted as an increase in inflation expectations. Though the growth rates of M1 and M3 are fairly fast, overall trends in money and credit aggregates certainly do not yet point to any acceleration in inflation, but rather to a gradual recovery of the economy.

Developments in the real economy would not seem to justify faster inflation in the near future. Taken as a whole, demand is still depressed and high unemployment is keeping any rise in labour costs in check, so for the time being there would not seem to be any significant pressures for general price rises. In contrast, demand for certain products and in certain sectors could generate pressure for wider profit margins. The changeover to value-added tax will exert upward pressure on consumer prices, but not on underlying inflation. VAT is expected to have a one-off impact of about one percentage point on

prices, but the impact will be spread out over a period of several months. On the other hand, EU membership would result in a corresponding decrease in prices over the next few years.

The subdued price developments have supported real income formation, thus easing pressures in this respect in the run-up to next autumn's pay negotiations. The autumn pay round will, however, be crucial as regards achieving the inflation target is concerned. It is essential that pay settlements remain in line with the capacity of different sectors to absorb pay increase, as they did last autumn. As yet, there is no reason to think this will not be the case. If, however, expectations of higher inflation increase, or uncertainty about policy emerges, interest rates will remain high or rise further.

3 June 1994

STRUCTURAL CHANGE IN FINLAND'S FOREIGN TRADE¹

by Juhana Hukkinen, MA
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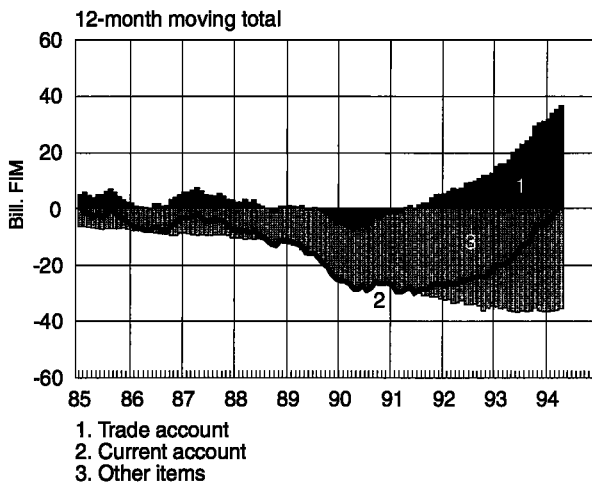
Finland's economic recession has now passed its trough. Led by exports, total output started to pick up gradually in the latter part of 1993. Over the past two years,

the volume of merchandise exports has grown by some 30 per cent while the volume of imports has remained broadly flat. The value-added content of exports has increased and exports have

expanded into new market areas. A decline in the share of merchandise exports going to western Europe has been accompanied by a rise in the share absorbed by Asian countries.

CHART 1.

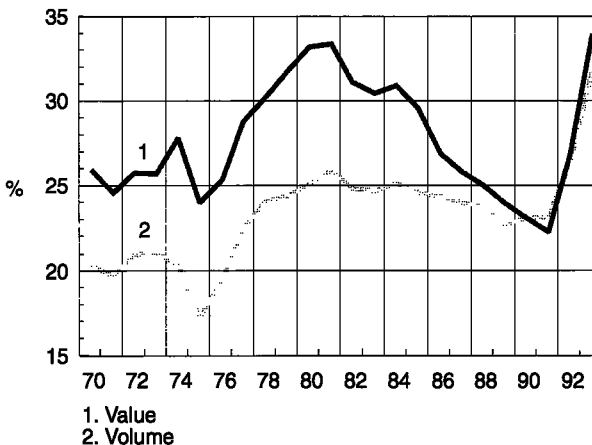
CURRENT ACCOUNT, 1985 - 1994*



*March 1994

CHART 2.

SHARE OF EXPORTS IN TOTAL OUTPUT,
1970 - 1993



IMPROVEMENT IN THE STRUCTURAL DEFICIT ON CURRENT ACCOUNT

From being in balance in 1984, the current account moved into a deficit of FIM 25 billion (5.5 per cent of GDP) in 1989 (Chart 1). Half of the deterioration was due to a worsening of the trade account, one-quarter to the poor performance of the services account and one-quarter to adverse trends in the factor income and transfers account. The external balance was weak during the 1980s and foreign debt was accumulated at a rapid pace, especially in the latter part of the decade. Both cyclical and structural factors contributed to these developments.

From the end of the 1970s right the way up until 1989, the Finnish economy grew at a faster rate than most of the other industrialized economies. Domestic demand and output grew twice as fast in Finland as in her most important export markets. The price level also rose faster in Finland than in competitor countries, and, measured by conventional cost and price indicators, Finland's competitiveness weakened by 10 to 20 per cent between 1978 and 1989. There was a sharp deterioration in the external balance in the latter half of the decade; the current account deficit widened to some 5 per cent of

¹ Finland's foreign trade from the 1950s to the late 1980s is discussed in Foreign Trade, a special issue of the Bulletin published in 1988.

GDP in 1989 and remained at that level in 1990.

The growth of demand and output in the 1980s focused on the sheltered (non-tradeables) sector of the economy, ie private services, the public sector and housing construction. Productive resources also shifted into these sectors and the output shares of the open (tradeables) sector, ie manufacturing, and exports declined. During the 1980s, the share of exports in total output fell by 10 percentage points at current prices and by about 3 percentage points calculated in constant prices (Chart 2).

The sharp drop in the share of exports in the value of total output also reflected Finland's more rapid of inflation in relation to other countries (as reflected in export prices) and underlying productivity differences between the open and sheltered sectors of the economy. In the 1980s, the average annual increase in labour productivity was 5.3 per cent in the open sector but slightly less than 3 per cent in the sheltered sector. Moreover, the prices of non-tradeables rose by about one-quarter more than those of tradeables (Chart 3). The shift in relative prices in favour of the sheltered sector is even more pronounced, if one compares the 1980s with the 1970s. The change in relative prices induced a flow of productive resources out of the open sector into the sheltered sector.

The external balance was further weakened by the contraction of Finland's trade with the Soviet Union in the late 1980s and its subsequent collapse in 1991. With the onset of transition in the Soviet Union, the ensuing economic dislocation and the termination of the bilateral clearing trade arrangements, the value of Finland's exports to the Soviet Union fell by 65 per cent (FIM 8.4 billion) in 1991 from the previous year and imports by 27 per cent (FIM 2.8 billion). As a consequence of the demise of the Soviet Union, Finland suddenly lost more than

CHART 3.

RELATIVE PRICES IN THE OPEN SECTOR, 1970 - 1993

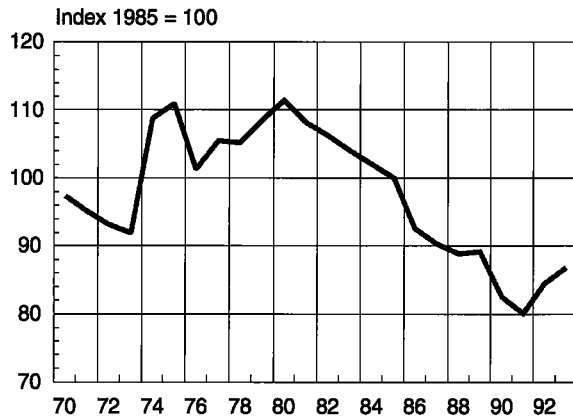


CHART 4.

RELATIVE UNIT LABOUR COSTS IN MANUFACTURING, 1982 - 1993



8 per cent of her exports. At the same time, Finland's trade with the Soviet Union swung from its customary surplus into a large deficit (nearly FIM 3 billion). Whereas the Soviet Union still absorbed 13 per cent of Finland's total exports in 1990, the figure for 1991 was less than 5 per cent. Since Finland's trade with the Soviet Union had been the largest among the western industrialized countries in the 1980s, both in absolute and relative terms, the collapse of this trade constituted a major structural shock to the Finnish economy.

EXPORT-LED GROWTH

The exacerbation of economic imbalances, due to both external and internal factors, led to a sharp decline in the external value of the markka in the period 1991-1993. However, during the same period, pay agreements were very moderate and labour productivity improved at a rapid pace. Thanks to exceptionally strong competitiveness (Chart 4), exports grew notably faster than export markets in 1992 and 1993 (Chart 5). The volume of merchandise exports increased by a total of some 30 per cent

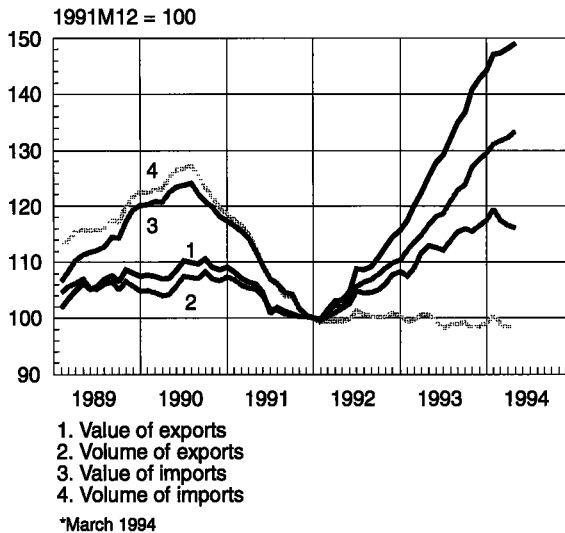
CHART 5.

FINLAND'S EXPORT MARKETS AND FINNISH EXPORTS TO WESTERN MARKETS, 1982 - 1993



CHART 6.

VOLUME AND VALUE OF EXPORTS AND IMPORTS, 1989 - 1994*



over this two-year period while imports remained approximately unchanged (Chart 6). The share of the open sector in the economy grew and the relative prices of traded goods rose (Charts 1 and 2). In 1991, the trade account moved into surplus, and by 1993 the foreign trade surplus had soared to 10 FIM 31 billion.

The strong recovery of exports is also apparent in the improvement in the structure of exports that has accompanied it. In the 1980s, exports continued to be hampered by both the direction (geographical composition of markets) and the composition of merchandise exports. Finnish exports went to countries where demand was grow-

ing more slowly than world markets on average and were composed of goods the demand for which was growing more slowly than the average. Now the situation has changed to some extent, as can be seen in the improved structure and greater flexibility of the open sector. Flexibility is essential in conditions where growth of demand varies significantly across individual market areas and industries.

The commodity composition of Finnish exports has diversified substantially since the latter half of the 1980s. One of the most prominent trends since the 1970s has been the decline in the relative importance of the forest industries and the rise in the relative importance of the metal and engineering industries (Table 1). With the continuation of this trend, however, the most significant changes have been taking place within these two major export sectors.

Forest industry products (wood and paper products) managed to maintain their export share up until the second half of the 1980s by raising the value-added content of their products. The share of total forest products exports accounted for by highly processed forest industry products, such as printing and writing papers, increased, as demand for them grew faster than that for other forest industry products. By contrast, the export share of less highly processed products, such as sawn timber and pulp, declined. The share of Finland's total exports accounted for by the forest industries fell from 56 per cent in 1970 to 36 per cent in 1993.

The rise in the value-added content has been particularly striking in the exports of the metal and engineering industries, and the composition of exports has diversified rapidly. Wood and paper industry machines and vehicles have accounted for a diminishing share of metal and engineering industry exports, whereas the other mechanical engineering industries and electrical machinery have

increased their shares substantially. The fastest export growth in recent years has been recorded by the high value-added electrical and electronics industries, which accounted for some 45 per cent of the total export growth of the metal and engineering industries in 1993. The share of electrical and electronic products in total exports rose to 11 per cent from less than 8 per cent in the previous year.

Another trend, especially evident over the past two years, has been the geographical diversification of export markets. The economic recession in the EU and EFTA countries has limited the potential for growth in the past two years in these traditionally important markets for Finnish exports. In the same period, exports to Southeast Asia, former CMEA countries and North America, for example, have increased sharply (Table 2).

Soaring exports to Southeast Asia

The collapse of trade with the former Soviet Union at the beginning of the 1990s and the recession in western Europe have induced Finnish firms to redirect their exports. Southeast Asia's² rapid economic growth and the strong demand potential this has generated have attracted Finnish firms to these markets. Moreover, improved competitiveness has facilitated entry into new markets. This alone, however, does not explain the success of Finnish exporters in the region; it is also the result of several years' of intensive efforts to penetrate export markets in Southeast Asia.

Finnish exports to Southeast Asia grew throughout the 1980s. At the beginning of the decade the region accounted for only 1.5 per cent of total exports; even by the end of the decade the share was still very modest. Southeast Asia did not begin to gain importance for

TABLE 1. COMPOSITION OF FINNISH EXPORTS BY MANUFACTURING SECTOR, 1970-1993

	Share, %						
	1970	1980	1985	1990	1991	1992	1993
Food, beverages and tobacco	3.5	3.0	2.6	2.2	2.1	2.2	2.6
Textiles, clothing and leather	6.6	7.8	6.3	3.3	2.8	2.6	2.3
Wood and wood products	15.9	14.7	8.0	7.7	7.5	7.3	8.1
Paper and printing	40.1	29.8	29.8	31.2	32.0	30.3	27.9
Chemicals	4.3	11.3	11.7	9.4	11.4	11.3	10.6
Basic metals	6.2	6.7	7.5	8.0	9.3	9.6	8.8
Metal products and machinery	18.8	21.9	29.1	35.0	31.4	33.3	35.9
Other manufacturing industries	4.6	4.8	5.0	3.1	3.6	3.4	3.7
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total, mill. FIM	9 687	52 795	84 028	101 327	92 842	107 463	133 927

Source: National Board of Customs

TABLE 2. GEOGRAPHICAL COMPOSITION OF FINNISH EXPORTS, 1986-1993

	Share, %							
	1986	1987	1988	1989	1990	1991	1992	1993
EFTA	22.0	22.7	20.5	20.2	20.3	20.6	19.5	17.0
EU	38.3	42.1	43.9	44.0	46.5	51.2	53.2	46.9
North America	6.5	6.9	7.0	7.8	6.9	6.9	6.6	8.6
Pacific region	2.6	2.5	3.0	3.4	2.5	2.6	2.5	3.0
Former CMEA region	22.0	17.3	16.8	16.4	14.4	7.0	6.8	9.5
Southeast Asia	2.3	3.0	2.6	3.1	3.3	4.9	5.2	7.9
Other	6.1	5.6	6.2	5.2	6.1	6.8	6.2	7.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0

Source: National Board of Customs

TABLE 3. FINNISH EXPORTS TO SOUTHEAST ASIA BY COUNTRY, 1992 AND 1993

	1992			1993		
	Mill. FIM	Growth, %	Share, %	Mill. FIM	Growth, %	Share, %
Thailand	667	+48	0.6	1 618	+143	1.2
China	1 234	+31	1.1	1 468	+19	1.1
Republic of Korea	838	+20	0.8	1 416	+69	1.1
Indonesia	323	+9	0.3	1 305	+304	1.0
Philippines	281	+143	0.2	1 032	+296	0.8
Hong Kong	712	+38	0.7	1 188	+67	0.9
Singapore	550	+17	0.5	1 059	+93	0.8
Taiwan	648	-12	0.6	858	+32	0.6
Malaysia	365	+25	0.3	631	+73	0.5
Total	5 598	+24	5.1	10 575	+89	7.9

Source: National Board of Customs

Finnish exports until the start of the 1990s. In 1991, total Finnish exports declined by 8 per cent but exports to Southeast Asia grew by 36 per cent. In 1992-1993, Finnish exports to the nine Southeast Asian countries grew rapidly in value terms, accounting for 7.9 per cent of the total value of exports. In terms of export value, the major Southeast

Asian export markets for Finland are Thailand, China and the Republic of Korea (Table 3).

The commodity composition of exports to Southeast Asia differs from that of Finland's total exports in that the export share of the metal and engineering industries is much larger. The value-added content of exports is also higher than the average. 11

² Here Southeast Asia refers to the following nine countries: Thailand, China, the Republic of Korea, the Philippines, Indonesia, Hong Kong, Singapore, Taiwan and Malaysia.

TABLE 4. VALUE AND COMPOSITION OF FINLAND'S EASTERN TRADE, 1990-1993

EXPORTS	%			
	1990	1991	1992	1993
Food and beverages	6.2	7.2	11.6	15.1
Raw materials and energy	3.6	3.7	6.5	3.0
Chemical products	7.6	14.3	8.6	6.4
Machinery, transport equipment	45.2	38.8	42.9	41.8
Paper and paperboard	17.4	8.4	2.7	2.8
Textiles and clothing	5.8	5.7	7.8	6.7
Other products	14.2	21.8	20.0	24.2
Total	100.0	100.0	100.0	100.0
Total, mill. FIM	12 888	4 522	4 587	8 803

IMPORTS	%			
	1990	1991	1992	1993
Food and beverages	0.2	0.3	0.8	0.6
Wood	7.6	7.5	10.5	11.3
Metalliferous ores and metal scrap	1.5	3.1	6.2	6.9
Energy	69.2	72.0	58.2	53.8
Other raw materials	0.6	0.3	0.6	0.7
Chemical products	3.5	4.8	5.3	7.8
Machinery, transport equipment	7.9	5.4	4.2	2.9
Metal products	3.9	3.4	5.0	7.6
Textiles and clothing	0.4	0.8	2.6	4.0
Other products	5.2	2.4	6.6	4.4
Total	100.0	100.0	100.0	100.0
Total, mill. FIM	10196	7461	7638	9291

Source: National Board of Customs

TABLE 5. COMPOSITION OF FINNISH IMPORTS, 1975-1993

	Share, %						
	1975	1980	1985	1990	1991	1992	1993
Raw materials	49.8	46.3	47.4	47.8	48.4	52.1	53.1
Crude oil	11.1	20.0	15.1	6.1	7.1	6.3	6.1
Fuels and lubricants	6.0	7.0	6.8	3.5	3.6	4.0	4.5
Investment goods	18.7	13.7	14.3	18.8	15.9	14.1	14.9
Consumer goods	14.2	12.8	15.9	23.2	24.2	21.9	20.4
Other	0.2	0.2	0.5	0.7	0.8	1.6	1.0
Total	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Total, mill. FIM	28002	58250	81520	103027	87744	94947	103078

Source: National Board of Customs

About 70 per cent of exports is accounted for by metal and engineering industry products, if, in addition to machinery, equipment and transport equipment, metal products are also included. The last-mentioned category accounts for some 7 per cent of exports. A large part of exports of machinery and equipment consists of power engines, motors and special-purpose machines for different industries (63 per cent). The electronic media are also well represented, currently ranking as the second largest category of exports to these countries. Countries in this region are investing heavily in infrastructure; 12 for example, 19 per cent of Finn-

ish exports to Thailand and 13 per cent of exports to Malaysia consist of telecommunications products. The key export markets for telephone and radio equipment are Thailand and China. As for forest industry products, their share of total exports fell from the level of one-quarter that prevailed in the 1980s to less than one-fifth in 1993. Paper and cardboard comprised the bulk of these exports.

Finland's imports from Southeast Asia grew steadily throughout the 1980s. In 1993, imports from this region amounted to FIM 5.8 billion and accounted for 5.6 per cent of total imports. They largely com-

prised electronics products, such as office and data processing equipment, and other electrical machinery. Electrical machinery and equipment accounted for nearly 45 per cent of imports in 1993. The share of textiles and footwear was some 23 per cent. Other imports included foodstuffs, metal products, toys, chemical products and sports equipment.

Finland's trade account with Southeast Asia has been in surplus since the beginning of 1991. In 1993, the surplus was nearly FIM 4.8 billion or about 16 per cent of Finland's total foreign trade surplus.

Finland's eastern trade reviving

In 1992, the decline in Finland's eastern trade³ came to a halt and both exports and imports actually increased slightly in value on the previous year. Despite poor economic conditions and an unstable operating environment in the area of the former Soviet Union, trade expanded significantly in 1993. In value terms, Finland's exports nearly doubled and imports rose by about one-fifth. But despite rapid growth, eastern trade still accounts for a smaller share of total exports (6.6 per cent) than does trade with the USA (7.7 per cent) or Southeast Asia (7.9 per cent). Russia ranks only seventh as a country of destination for Finnish exports. The concentrated nature of Finland's eastern trade is clearly seen in the fact that Russia and the Baltic states together account for 95 per cent of the total. As exports grew faster than imports, Finland's deficit in the trade with the region shrank from FIM 3 billion in 1992 to FIM 0.5 billion in 1993.

The biggest structural change in eastern exports, as compared with the situation prevailing at the end of the bilateral trade era, is the sharp decline in paper industry exports (Table 4).

³ Here eastern trade refers to trade with the area of the former Soviet Union, ie Russia, the other CIS countries and the Baltic states.

Whereas these exports accounted for over 17 per cent of exports to the Soviet Union in 1990, the corresponding figure for the past two years has been less than 3 per cent. With the collapse in exports of paper, exports of machinery and transport equipment have increased rapidly in value (87 per cent growth in 1993 compared with the previous year). These exports have also increased in volume terms, although less rapidly, partly due to the depreciation of the markka. The export share of machinery and transport equipment has remained in excess of 40 per cent, with motor vehicles accounting for nearly one-quarter of this. Raw materials, chemical products and textiles have each retained their export shares at the levels prevailing when the bilateral system was terminated.

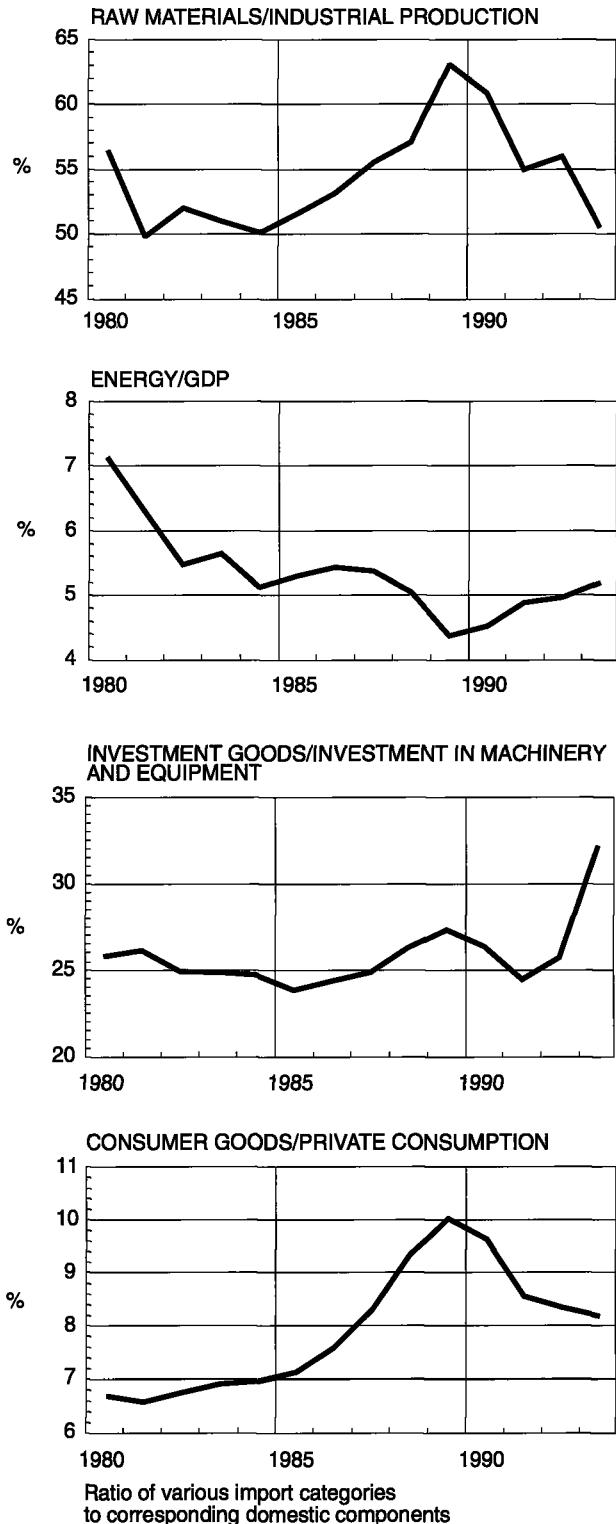
It would seem that exporters of foodstuffs and certain manufactured goods (such as various construction-related goods and furniture) have been the prime beneficiaries of the changes that have occurred in the markets making up the former Soviet Union. Foodstuffs already account for 15 per cent of total exports. Its large share can perhaps be attributed to factors connected with the transition, such as problems in food supply in areas close to Finland, export subsidies and the generally slower response by exporters in other industries. The situation is likely to change in this respect, partly because Finnish investment in nearby areas will eventually reduce the need to import food from Finland.

STRUCTURAL CHANGES IN IMPORTS

The share of imports in total domestic demand grew very little from the beginning of the 1970s up to the mid-1980s, but during the latter half of the 1980s it expanded substantially and the market share of all the main groups of imports increased, except for crude oil and fuel. Demand in excess of do-

CHART 7.

IMPORT PENETRATION, 1980 - 1993



mestic production capacity led to rapid growth in imports and in their share of aggregate supply. At the same time, the share of imports accounted for by manufactured goods – investment and consumer goods – increased markedly (Table 5). The propensity to import consumer goods (imports/private consumption) increased the most, by some 40 per cent (Chart 7).

In 1990, slackening domestic demand led to a sharp decrease in imports and the propensity to import both investment and consumer goods began to decline. However, the level of import penetration has remained high even though domestic demand has fallen steeply. Because the domestic production base is narrow, it is often impossible to find domestic substitutes for imported goods. The loss of competitiveness during the economic overheating of the late 1980s, the collapse of eastern exports and the severe domestic recession appear to have resulted in the loss of certain kinds of production capacity that would now be viable, given Finland's current price competitiveness. The loss of capacity has been concentrated among small, labour-intensive firms, which has exacerbated the unemployment situation.

Part of the increase in the propensity to import is due to structural changes that have occurred within industry. The forest industries now use more imported inputs – timber and various additives – in their increasingly more highly processed products. The propensity to import rose in the metal and engineering industries because of the decline in eastern trade, whereby the 'local content' rule associated with this trade came to apply to an ever-smaller share of the sector's total exports. With the end of the clearing system, the local content rule was abolished altogether. Specialization and the aim to achieve economies of scale have also led to the increasing use of imported inputs, for example, in connection with the rapid growth of the electrical and electronics industries. Particularly with respect to consumer goods, the rapid rise in the propensity to import has been partly the result of the narrowness of domestic supply.

CONCLUDING REMARKS

The growth of exports and manufacturing production has so far been based mainly on a rise in the level of capacity utilization. Since capacity that was

previously used to satisfy domestic demand has been shifted increasingly to production for export, the creation of new production capacity has been postponed. Companies' positive expectations concerning the growth of exports and production, coupled with their reduced debt levels, have paved the way for a resumption of investment.

However, there is nothing to suggest a strong wave of investment embracing all economic sectors and areas of production over the next couple of years. The services sector, which depends heavily on domestic demand, still has an unusually large amount of unused capacity, eg office and other business premises. For this reason, the investment cycle will not be a factor contributing to the emergence of new deficits in the current account. Thus, taken as a whole, the conditions seem favourable for a continuation of export-led growth and for structural improvements in the economy as the relative share of the open sector in the economy increases.

1 June 1994

EXPANSION OF THE PRIMARY DEALER SYSTEM FOR BENCHMARK GOVERNMENT BONDS

The State Treasury and the Bank of Finland have signed agreements with the American investment bank Goldman Sachs International on issuance and market making in respect of Finnish benchmark government bonds. The agreements, which come into force 1 June 1994, increase the number of primary dealers to eight.¹

When the system was introduced in August 1992 it comprised the Bank of Finland, the State Treasury and the five major domestic banks. In May 1993 Evli Fixed Income Securities joined the system and in October 1993 the Danish firm Unibørs Securities became the system's first foreign intermediary.

¹ Goldman Sachs International will commence operations as a primary dealer at a date to be announced later.

Currently, there is some FIM 47 billion worth of benchmark government bonds outstanding. Daily turnover in the secondary market has grown from FIM 200 million initially to FIM 2 billion in spring 1994. The primary dealer system has helped to make the markets for markka instruments more attractive to both domestic and foreign investors.

SUPPLEMENTARY BUDGET

The second supplementary budget for 1994 was approved by Parliament in June. It provides for a FIM 1.4 billion increase in budgeted central government outlays. About FIM 0.7 billion has been allocated for various measures designed to provide education and jobs for 44 000 young people. This implies an estimated FIM 0.3 billion reduction in unemployment benefits. Another FIM 0.4 billion has been earmarked for interest

payments on markka-denominated debt. The remaining outlays consist of miscellaneous statutory appropriations.

Tax revenue and other income are estimated to fall FIM 0.3 billion short of the originally budgeted figure. The supplementary budget will be financed by additional borrowing totalling FIM 1.8 billion. Budgeted expenditure for 1994 is now set at FIM 196.6 billion, which exceeds the originally budgeted figure by FIM 3 billion. The net borrowing requirement for the entire central government sector for this year is now estimated at around FIM 69 billion.

COMMEMORATIVE COIN FOR THE EUROPEAN ATHLETICS CHAMPIONSHIPS

To commemorate the European Athletics Championships to be held in Helsinki in August 1994, the Mint of Finland Ltd has



struck a silver coin in the denomination of 100 markkaa.

The obverse of the commemorative coin shows two runners against a background consisting of a stylized section of the running track of the Olympic Stadium. It bears the inscription "1994 EM". The reverse shows a view of part of the Olympic Stadium together with a leafy branch of a tree. It bears the inscription "100 mk, Suomi Finland".

The issue has been limited to 100 000 coins, plus a maximum of 20 000 special quality proof coins. The silver content of the coin is 925 o/oo, the weight 24 grammes and the diameter 35 mm.

The coin was issued on 13 June 1994 and it is legal tender.

Foreign sales are handled by the commercial banks and the Mint of Finland Ltd.

**CORRECTION TO
THE ARTICLE ON
DERIVATIVES MARKETS
IN FINLAND IN
THE APRIL 1994 ISSUE
OF THE BANK OF
FINLAND BULLETIN**

Some errors have been detected in the article "Derivatives Markets in Finland" in the April 1994 issue of the Bank of Finland Bulletin. In the section on swap agreements in the left-hand column on page 6, it states that the value of swaps outstanding stood at nearly FIM

100 million at the end of 1989. The value of swaps outstanding at the the end of 1989 was, in fact, nearly FIM 100 billion.

The following errors have been noted in the section on derivatives exchanges in the right-hand column on page 3. Turnover on the Finnish Options Exchange (FOE), measured in terms of premia, amounted to nearly FIM 50 million in 1993 and not FIM 60 million. In the same paragraph, it was also stated that the average daily turnover of interest rate futures in the FOE amounted to some 240 contracts in 1993. As can be discerned from Chart 1 in the article, the text should read that the average monthly turnover of interest rate futures amounted to some 240 contracts in 1993.

MEASURES CONCERNING MONETARY AND FOREIGN EXCHANGE POLICY AND THE FINANCIAL MARKETS

1993

MARCH

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

APRIL

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

MAY

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

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

Cash reserve requirement.

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

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

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

JUNE

Cash reserve requirement.

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

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

Market in government

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

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

JULY

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

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

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

AUGUST

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

17

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

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

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

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

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

OCTOBER

Establishment of asset management companies becomes possible.

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

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

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

NOVEMBER

Establishment of the asset management company Arsenal Ltd.

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

Support to the security fund of the cooperative banks.

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

DECEMBER

Base rate. The Parliamentary Supervisory Board lowers the

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

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

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

1994

JANUARY

Commencement of trade in bond forwards.

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

FEBRUARY

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



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

There are two official languages: 93.4 % of the population speaks Finnish as its mother tongue and 5.9 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-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 1991, the seats of the various parties in Parliament are distributed as follows:

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

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

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

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

INTERNATIONAL RELATIONS

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982, the MIGA in 1988, the Council of Europe in 1989 and the EBRD in 1991.

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. The agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Community was signed in spring 1992 and came into effect at the beginning of 1994. In spring 1992, Finland submitted her application for membership of the European Community, and the negotiations were concluded in spring 1994. The agreement on membership, due to become effective at the beginning of 1995, is still subject to a consultative national referendum and ratification by Parliament. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

THE ECONOMY

Output and employment. Of the gross domestic product of FIM 414 billion in basic values in 1992, 3 % was generated in agriculture and fishing, 2 % in forestry, 22 % in industry, 6 % in

construction, 12 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 18 % in other private services and 22 % by producers of government services. Of total employment of 2.0 million persons in 1993, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

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

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.7 % in 1990-92. Finland's GDP per capita in 1992 was USD 21 000.

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

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

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

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 38 million cubic metres in 1993.

Energy. In 1992, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 45 %, heating for 22 %, transportation

for 14 % and other purposes for 19 %. The sources of primary energy in 1992 were as follows: oil 29 %, coal 9 %, nuclear power 15 %, hydro-electric power, peat and other indigenous sources 31 %, others 16 %. Compared internationally (1990), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 39 %, as compared with 60 % in western Europe on average.

FINANCE AND BANKING

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

the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

The Central Bank. The Bank of Finland (Suomen Pankki – Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance and open market operations in the money and foreign exchange market. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 5 branch offices in other towns.

Other banks (31 December 1993). Finland has three major groups of deposit banks with a total of about 2 640 offices. There are three big commercial banks with national branch networks and ten smaller ones, one of which is foreign-owned. The commercial banks have a total of 32 foreign branches, subsidiaries and associate banks and 31 representative offices abroad. There are 40 savings banks and 304 cooperative banks with their own extensive branch

networks. In addition, foreign banks have three branches and eight representative offices in Finland.

Financial market. Of the total stock of FIM 758 billion in outstanding domestic credit at the end of 1992, 58 % was provided by deposit banks 3 % by private mortgage banks, 19 % by insurance companies, 3 % by other private credit institutions, 6 % by public financial institutions and 10 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 80 % of the instruments, which totalled approximately FIM 189 billion at end-1993, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 58 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 136 billion (at end-1993). Domestic bonds and debentures in circulation at end-1993 totalled FIM 190 billion; government bonds made up 39 % of the total. Turnover on the Stock Exchange in 1993 amounted to FIM 106 billion; the share of shares and subscription rights in the total was approximately 44 %.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL. FIM

	1993		1994		
	31 Dec.	6 May	13 May	23 May	31 May
ASSETS					
Gold and foreign currency claims	33 472	49 502	49 598	49 044	47 728
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	664	647	649	646	654
IMF reserve tranche	1 747	1 589	1 594	1 589	1 591
Convertible currencies	28 882	45 087	45 175	44 629	43 303
Other foreign claims	5 058	5 154	5 154	5 154	5 154
Markka subscription to Finland's IMF quota	5 058	5 154	5 154	5 154	5 154
Term credit	—	—	—	—	—
Claims on financial institutions	8 677	3 488	3 817	3 305	4 405
Liquidity credits	1	—	329	—	—
Certificates of deposit	1 844	2 276	2 276	2 008	2 017
Securities with repurchase commitments	5 493	—	—	100	1 191
Term credits	—	—	—	—	—
Bonds	1 101	973	973	959	959
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	1 788	1 820	1 830	1 823	1 827
Treasury bills	—	—	—	—	—
Loans to the Government Guarantee Fund	—	—	—	—	—
Total coinage	1 788	1 820	1 830	1 823	1 827
Claims on corporations	3 303	3 245	3 241	3 233	3 236
Financing of domestic deliveries (KTR)	496	427	422	414	413
Other claims on corporations	2 807	2 819	2 819	2 819	2 824
Other Assets	6 826	4 988	4 990	4 990	4 996
Loans for stabilizing the money market	5 752	4 832	4 832	4 832	4 832
Accrued items	907	—	—	—	—
Other assets	166	156	158	158	164
Capitalized expenditures and losses due to safeguarding the stability of the money market	1 400	1 400	1 400	1 400	1 400
Total	60 524	69 598	70 029	68 948	68 746
LIABILITIES					
Foreign currency liabilities	193	132	132	121	116
Convertible currencies	193	132	132	121	116
Other foreign liabilities	6 189	6 244	6 247	6 243	6 245
IMF markka accounts	5 058	5 154	5 154	5 154	5 154
Allocations of special drawing rights	1 131	1 090	1 093	1 090	1 091
Other foreign liabilities	—	—	—	—	—
Notes and coin in circulation	14 994	13 908	14 130	14 126	14 164
Notes	13 442	12 357	12 572	12 563	12 600
Coin	1 552	1 551	1 558	1 564	1 564
Certificates of deposit	14 837	29 865	29 367	28 522	28 412
Liabilities to financial institutions	8 201	7 033	7 562	7 249	6 846
Call money deposits	1 803	621	1 151	837	485
Term deposits	—	—	—	—	—
Minimum reserve deposits	6 398	6 411	6 411	6 411	6 360
Other liabilities to financial institutions	—	0	0	1	0
Liabilities to the public sector	784	61	61	126	61
Cheque accounts	8	1	1	65	1
Deposits of the Government Guarantee Fund	776	61	61	61	61
Other liabilities to the public sector	—	—	—	—	—
Liabilities to corporations	2 087	1 801	1 799	1 793	1 790
Deposits for investment and ship purchase	2 087	1 801	1 799	1 793	1 790
Other liabilities	627	98	90	93	93
Accrued items	536	—	—	—	—
Other liabilities	92	98	90	93	93
Valuation account and reserves	6 847	4 692	4 877	4 910	5 254
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Profit/loss for the accounting year	—	—	—	—	—
Total	60 524	69 598	70 029	68 948	68 746

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

MILL. FIM

End of period	Foreign sector							Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies	Foreign exchange reserves (1+2+3+4)	Other claims, net	Net claims (5+6)	Claims	Liabilities	Net claims (8-9)
	1	2	3	4	5	6	7	8	9	10
1989	2 179	966	950	18 822	22 917	- 166	22 752	1 137	5 325	- 4 188
1990	2 180	791	783	33 478	37 232	- 1 273	35 960	1 314	1 321	- 7
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
1993										
May	2 180	634	1 819	29 976	34 609	- 890	33 718	2 416	64	2 352
June	2 180	650	1 866	32 332	37 028	- 875	36 152	1 396	591	805
July	2 180	661	1 899	30 342	35 082	- 866	34 217	1 396	150	1 246
Aug.	2 180	680	1 927	27 014	31 801	- 887	30 914	1 412	149	1 263
Sept.	2 180	675	1 869	22 359	27 083	- 929	26 154	1 444	149	1 295
Oct.	2 180	668	1 850	24 766	29 464	- 907	28 558	1 652	149	1 503
Nov.	2 180	678	1 854	26 375	31 087	- 905	30 182	1 801	649	1 152
Dec.	2 180	664	1 747	28 882	33 473	- 1 324	32 148	1 788	784	1 004
1994										
Jan.	2 180	645	1 697	36 652	41 174	- 1 347	39 827	1 739	904	835
Feb.	2 180	657	1 676	42 067	46 580	- 1 298	45 282	1 768	300	1 468
March	2 180	661	1 688	38 117	42 646	- 1 257	41 389	1 793	251	1 542
April	2 180	650	1 597	37 197	41 623	- 1 229	40 394	1 828	39	1 789
May	2 180	654	1 591	43 303	47 728	- 1 207	46 521	1 827	61	1 766

End of period	Domestic financial sector					Corporate sector				
	Term claims on deposit banks, net	Liquidity position of deposit banks ¹	Minimum reserve deposits of deposit banks ²	Other claims on financial institutions, net	Net claims (11+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
	11	12	13	14	15	16	17	18	19	20
1989	33 230	- 531	- 25 506	5 558	12 751	2 000	- 10 604	- 8 604	13 129	-
1990	9 411	- 418	- 17 401	5 744	- 2 665	1 477	- 9 724	- 8 247	14 555	-
1991	11 882	- 2 206	- 10 361	5 531	4 846	1 086	- 6 854	- 5 768	14 528	8 880
1992	3 738	- 550	- 13 165	4 572	- 5 405	747	- 2 651	- 1 904	14 508	4 880
1993	7 337	- 1 802	- 6 398	1 339	476	496	720	1 216	14 994	14 837
1993										
May	5 359	- 3 395	- 11 790	4 341	- 5 485	643	392	1 035	13 870	16 190
June	4 275	945	-	1 556	6 776	608	428	1 036	13 864	28 367
July	4 763	75	- 6 262	1 488	64	592	475	1 067	13 553	18 956
Aug.	6 953	408	- 6 310	1 459	2 509	575	524	1 099	13 297	18 259
Sept.	6 474	1 764	- 6 338	1 470	3 369	555	597	1 152	13 317	13 615
Oct.	6 759	- 386	- 6 320	1 429	1 481	535	614	1 149	13 653	14 480
Nov.	6 951	- 1 373	- 6 476	1 405	507	517	642	1 159	15 836	12 259
Dec.	7 337	- 1 802	- 6 398	1 339	476	496	720	1 216	14 994	14 837
1994										
Jan.	4 198	- 889	- 6 393	1 283	- 1 801	482	860	1 342	14 084	22 440
Feb.	1 802	- 426	- 6 346	1 250	- 3 720	466	950	1 416	13 855	26 290
March	3 842	- 1 083	- 6 276	1 241	- 2 276	449	1 003	1 452	14 194	23 435
April	2 093	- 483	- 6 411	1 220	- 3 581	431	1 014	1 445	13 927	21 695
May	3 208	- 485	- 6 360	1 197	- 2 441	413	1 034	1 447	14 164	28 412

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

² Cash reserve deposits prior to 1 July 1993.

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

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

Average of daily observations	Call money deposits	Liquidity credits ¹	Liquidity position, net ¹ (1-2)
	1	2	3
1989	416	369	47
1990	806	132	674
1991	881	985	- 103
1992	2 103	437	1 666
1993	831	425	407
1993			
May	763	186	577
June	1 032	387	645
July	981	518	462
Aug.	581	311	270
Sept.	482	480	2
Oct.	605	759	- 154
Nov.	714	336	378
Dec.	955	103	852
1994			
Jan.	933	105	828
Feb.	767	0	767
March	715	0	715
April	1 275	0	1 275
May	891	16	875

2.2 THE BANK OF FINLAND'S MINIMUM RESERVE SYSTEM²

End of period	Reserve requirement			Cash reserve requirement, %	Deposits, mill. FIM Total
	On liquid deposits, %	On other deposits, %	On domestic debt capital, %		
	1	2	3	4	5
1989	.	.	.	9.1	25 506
1990	.	.	.	7.0	17 401
1991	.	.	.	4.0	10 361
1992	.	.	.	5.0	13 165
1993	2.0	1.5	1.0	.	6 398
1993					
May	.	.	.	4.5	11 790
June	.	.	.	-	-
July	2.0	1.5	1.0	.	6 262
Aug.	2.0	1.5	1.0	.	6 310
Sept.	2.0	1.5	1.0	.	6 338
Oct.	2.0	1.5	1.0	.	6 320
Nov.	2.0	1.5	1.0	.	6 476
Dec.	2.0	1.5	1.0	.	6 398
1994					
Jan.	2.0	1.5	1.0	.	6 393
Feb.	2.0	1.5	1.0	.	6 346
March	2.0	1.5	1.0	.	6 276
April	2.0	1.5	1.0	.	6 411
May	2.0	1.5	1.0	.	6 360

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

² Cash reserve system prior to 1 July 1993

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1989	131 110	3 855	99 245	28 010
1990	163 326	26 379	160 797	- 23 850
1991	109 568	30 380	81 969	- 2 781
1992	76 230	137 940	- 60 417	- 1 293
1993	86 521	146 899	- 50 486	- 9 892
1993				
May	4 250	21 140	- 775	- 16 115
June	4 041	22 169	- 19 911	1 783
July	7 070	12 260	- 18 300	13 110
Aug.	7 240	14 950	- 10 660	2 950
Sept.	7 920	7 720	- 6 920	7 120
Oct.	10 110	11 970	1 180	- 3 040
Nov.	8 310	9 200	- 2 090	1 200
Dec.	9 250	9 690	1 250	- 1 690
1994				
Jan.	5 720	17 000	- 3 130	- 8 150
Feb.	3 940	19 430	- 10 230	- 5 260
March	5 770	22 180	- 21 540	5 130
April	4 080	17 730	- 13 435	- 215
May	2 000	27 940	- 20 790	- 5 150

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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	- 69 940	- 14 820	12 820	12 260
1992	20 050	- 70 640	- 1 650	390	45 060
1993	25 120	- 45 080	7 460	- 6 910	33 240
1993					
April	3 610	- 3 010	4 510	- 1 650	10 820
May	5 220	- 2 090	2 410	- 2 300	660
June	6 040	- 1 010	1 220	- 1 600	- 1 690
July	960	- 8 360	- 4 800	4 520	- 820
Aug.	510	- 3 580	960	- 810	- 420
Sept.	-	- 1 170	2 050	- 1 950	- 1 770
Oct.	2 790	- 100	1 540	- 1 510	2 980
Nov.	2 270	- 70	- 40	-	- 1 170
Dec.	3 720	-	370	- 340	1 430
1994					
Jan.	12 550	-	2 720	- 2 680	- 1 490
Feb.	1 310	- 750	- 270	280	4 670
March	-	- 2 200	-	-	- 1 800
April	-	-	330	- 330	- 700

2.5 FORWARD EXCHANGE CONTRACTS, MILL. FIM

Stock at end of period	Finnish banks' forward contracts								Non-residents' forward contracts with Finnish customers (excl. Finnish banks)		
	With Finnish customers (excl. Finnish banks)			With foreign customers			With the Bank of Finland	Total	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net	Currency purchases from foreign customers	Currency sales to foreign customers	Net	Net forward purchases from the Bank of Finland	Net			
1	2	3	4	5	6	7	8	9	10	11	
1989	10 531	3 563	6 967	44 885	36 854	8 031	205	15 204	..	..	..
1990	11 609	4 979	6 631	21 179	11 079	10 100	- 6 098	10 633	237	55	183
1991	33 004	36 352	- 3 348	40 056	37 505	2 550	8 953	8 155	1 404	645	759
1992	39 195	32 939	6 256	21 142	32 339	- 11 197	7 133	2 192	1 614	1 929	- 315
1993	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
1993											
April	36 298	33 616	2 682	15 031	26 189	- 11 158	7 460	- 1 016	4 305	1 763	2 542
May	36 027	31 763	4 264	16 521	23 513	- 6 992	4 144	1 416	3 882	1 214	2 668
June	36 401	26 908	9 493	16 072	21 858	- 5 785	2 204	5 912	5 237	1 275	3 962
July	34 287	26 687	7 600	15 428	29 360	- 13 932	6 718	386	6 882	854	6 029
Aug.	32 677	26 607	6 070	15 791	26 631	- 10 840	5 912	1 142	7 013	1 063	5 950
Sept.	34 391	29 105	5 287	14 931	25 519	- 10 588	4 221	- 1 080	7 072	1 625	5 447
Oct.	36 251	31 071	5 179	14 928	25 313	- 10 384	2 293	- 2 912	9 942	2 313	7 629
Nov.	36 988	26 544	10 444	14 010	26 027	- 12 018	2 527	953	8 755	1 840	6 915
Dec.	38 373	23 721	14 652	14 346	21 895	- 7 548	1 939	9 043	11 632	2 173	9 459
1994											
Jan.	43 162	19 298	23 864	13 803	23 618	- 9 815	439	14 488	13 494	2 622	10 872
Feb.	41 288	16 030	25 258	17 043	23 240	- 6 197	489	19 550	14 542	2 903	11 639
March	42 814	16 519	26 295	18 003	24 476	- 6 473	489	20 311	14 280	2 599	11 682
April	40 494	15 128	25 366	15 807	22 872	- 7 065	135	18 436	16 236	4 104	12 133

3. RATES OF INTEREST

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

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1993								
May	8.48	8.41	8.25	8.14	7.97	9.42	5.42	7.26
June	7.77	7.70	7.62	7.57	7.55	8.72	4.72	7.00
July	7.45	7.31	7.27	7.22	7.12	8.31	4.31	6.73
Aug.	6.18	6.70	6.65	6.56	6.52	7.74	3.74	6.24
Sept.	6.35	6.81	6.68	6.49	6.29	7.76	3.76	6.00
Oct.	6.97	7.13	6.87	6.60	6.29	8.08	4.08	6.00
Nov.	6.76	6.95	6.58	6.23	5.93	7.97	3.97	6.00
Dec.	6.22	6.16	5.90	5.68	5.52	8.21	4.21	5.50
1994								
Jan.	5.63	5.38	5.19	5.05	5.01	7.44	3.44	5.50
Feb.	4.52	4.82	4.82	4.88	5.05	6.84	2.84	5.25
March	4.39	4.82	4.80	4.88	5.12	6.76	2.76	5.25
April	4.31	5.01	5.13	5.43	5.75	6.99	2.99	5.25
May	4.29	4.97	5.14	5.46	5.78	6.97	2.97	5.25

¹ Call money credit rate until 2 July 1992.

3.2 THE BANK OF FINLAND'S LIQUIDITY FACILITY

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Average of daily observations	ECU and Commercial ECU interest rate, per cent				
					1	2	3		
1992¹	13.85	1992	+1.00	7	-3.00	1989	9.3	8.4	9.3
1993	7.87	1993	+2.00	7	-2.00	1990	10.5	9.1	10.4
						1991	10.1	8.5	9.9
						1992	10.4	7.8	10.6
						1993	8.0	6.0	8.1
1993		1993				1993			
May	8.42	May	+1.00	7	-3.00	May	7.9	6.1	7.9
June	7.72	June	+1.00	7	-3.00	June	7.6	6.1	7.5
July	7.31	July	+1.00	7	-3.00	July	7.7	5.9	7.8
Aug.	6.74	Aug.	+1.00	7	-3.00	Aug.	7.5	5.5	7.7
Sept.	6.76	Sept.	+1.00	7	-3.00	Sept.	7.4	5.5	7.7
Oct.	7.08	Oct.	+1.00	7	-3.00	Oct.	7.2	5.6	7.5
Nov.	6.97	Nov.	+1.00	7	-3.00	Nov.	6.8	5.4	7.0
Dec.	6.21	Dec.	+2.00	7	-2.00	Dec.	6.5	5.2	6.5
1994		1994				1994			
Jan.	5.44	Jan.	+2.00	7	-2.00	Jan.	6.3	5.1	6.4
Feb.	4.84	Feb.	+2.00	7	-2.00	Feb.	6.3	5.1	6.4
March	4.76	March	+2.00	7	-2.00	March	6.2	5.2	6.3
April	4.99	April	+2.00	7	-2.00	April	6.0	5.1	6.2
May	4.97	May	+2.00	7	-2.00	May	5.7	5.0	5.9
02.05.1994	4.97								
03.05.1994	4.99								
04.05.1994	4.95								
09.05.1994	4.92								
26.05.1994	5.10								
27.05.1994	5.13								

S6 ¹ July - December

3.3 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily observations	ECU and Commercial ECU interest rate, per cent		
	1	2	3
1989	9.3	8.4	9.3
1990	10.5	9.1	10.4
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1993	8.0	6.0	8.1
1993			
May	7.9	6.1	7.9
June	7.6	6.1	7.5
July	7.7	5.9	7.8
Aug.	7.5	5.5	7.7
Sept.	7.4	5.5	7.7
Oct.	7.2	5.6	7.5
Nov.	6.8	5.4	7.0
Dec.	6.5	5.2	6.5
1994			
Jan.	6.3	5.1	6.4
Feb.	6.3	5.1	6.4
March	6.2	5.2	6.3
April	6.0	5.1	6.2
May	5.7	5.0	5.9

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markku deposits and other markku funding					
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, on max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markku funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	.	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	.	4.50	6.43	13.55	8.41
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1993												
April	10.82	14.23	10.29	10.60	10.89	10.62	5.50	6.50	4.50	5.74	9.72	7.11
May	9.78	14.23	10.13	10.40	10.56	10.27	5.00	6.00	2.50	4.90	9.42	6.43
June	5.59	13.88	9.51	9.44	10.35	10.06	5.00	6.00	2.50	4.75	9.08	6.18
July	10.45	13.04	8.99	9.47	10.01	9.73	4.50	5.50	2.50	4.50	8.64	5.88
Aug.	10.67	13.20	8.79	9.25	9.58	9.26	4.00	5.00	2.50	4.10	8.09	5.44
Sept.	7.66	12.97	8.39	8.68	9.38	9.09	4.00	5.00	2.50	3.96	7.88	5.31
Oct.	9.92	12.39	8.66	9.04	9.28	8.97	4.00	5.00	2.50	3.89	7.77	5.24
Nov.	9.51	12.77	8.29	8.64	9.21	8.90	4.00	5.00	2.00	3.71	7.44	5.04
Dec.	8.83	11.55	7.32	7.62	8.85	8.48	3.50	4.50	2.00	3.33	6.94	4.55
1994												
Jan.	8.09	11.25	7.35	7.62	8.58	8.22	3.50	4.50	2.00	3.11	6.41	4.19
Feb.	8.25	11.92	7.14	7.46	8.34	7.97	3.25	4.25	2.00	2.93	5.95	3.92
March	4.99	11.73	6.73	6.78	8.17	7.79	3.25	4.25	2.00	2.88	5.77	3.85
April	7.29	11.68	6.87	7.10	8.11	7.90	3.25	4.25	2.00	2.88	5.79	3.85

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Reference rates calculated by the Bank of Finland		Taxable government bonds		Taxable public issues	Taxfree public issues
	3 years	5 years	5 years	10 years		
	1	2	3	4	5	6
1989	12.2	12.0	12.1	.	11.9	8.1
1990	13.7	13.5	13.2	.	13.3	9.2
1991	12.3	12.2	11.9	.	12.6	10.0
1992	13.1	13.0	12.1	11.5 ¹	13.8	9.9
1993	8.5	8.9	8.2	8.8	10.3	6.6
1993						
April	9.6	10.0	9.3	9.8	11.0	7.8
May	9.2	9.6	8.9	9.5	11.0	6.7
June	8.8	9.2	8.4	9.0	9.3	6.7
July	8.2	8.7	8.0	8.5	11.1	6.3
Aug.	7.4	7.9	7.2	7.7	9.2	5.9
Sept.	7.2	7.8	7.3	7.9	8.3	5.8
Oct.	7.1	7.6	6.9	7.6	9.8	5.5
Nov.	6.8	7.2	6.5	7.2	9.0	5.3
Dec.	6.5	7.0	6.2	6.9	9.2	4.9
1994						
Jan.	6.1	6.6	5.8	6.4	7.8	4.7
Feb.	6.1	6.6	5.9	6.4	7.8	4.8
March	6.6	7.5	6.7	7.3	7.7	4.8
April	7.7	8.6	7.6	8.2	7.2	4.8

¹ November and December only.

4. RATES OF EXCHANGE

4.1 MIDDLE RATES, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Frankfurt aM	Amsterdam	Brussels	Zurich	Paris
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	1 FRF
	1	2	3	4	5	6	7	8	9	10	11	12
1989	4.2897	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.1089	2.6243	0.6725
1990	3.8233	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.1145	2.7576	0.7024
1991	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.1184	2.8208	0.7169
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	2.8769	2.5552	0.1397	3.2000	0.8486
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	3.4584	3.0787	0.1655	3.8706	1.0096
1993												
May	5.4792	4.317	8.493	8.321	0.7484	0.8067	0.8888	3.4137	3.0432	0.1660	3.7865	1.0126
June	5.5487	4.339	8.394	8.212	0.7489	0.7961	0.8793	3.3664	3.0017	0.1638	3.7713	1.0001
July	5.7775	4.506	8.638	8.150	0.7262	0.7906	0.8698	3.3682	2.9954	0.1631	3.8123	0.9897
Aug.	5.8307	4.462	8.699	8.110	0.7237	0.7915	0.8429	3.4363	3.0540	0.1618	3.8905	0.9818
Sept.	5.7832	4.379	8.813	8.295	0.7219	0.8168	0.8707	3.5637	3.1734	0.1660	4.0737	1.0188
Oct.	5.7495	4.335	8.647	8.250	0.7172	0.8030	0.8682	3.5126	3.1255	0.1614	3.9946	1.0012
Nov.	5.8053	4.411	8.598	8.147	0.7026	0.7856	0.8578	3.4148	3.0428	0.1602	3.8777	0.9825
Dec.	5.7548	4.320	8.578	8.159	0.6887	0.7753	0.8585	3.3645	3.0038	0.1611	3.9282	0.9840
1994												
Jan.	5.6920	4.324	8.496	8.138	0.7001	0.7580	0.8407	3.2662	2.9173	0.1571	3.8683	0.9612
Feb.	5.5838	4.165	8.257	7.930	0.6992	0.7451	0.8245	3.2147	2.8669	0.1560	3.8297	0.9462
March	5.5326	4.057	8.248	7.932	0.6992	0.7530	0.8343	3.2688	2.9089	0.1586	3.8681	0.9591
April	5.4911	3.974	8.139	7.885	0.6965	0.7455	0.8246	3.2336	2.8795	0.1571	3.8174	0.9438
May	5.4072	3.918	8.134	7.956	0.7008	0.7529	0.8335	3.2629	2.9075	0.1585	3.8275	0.9531

Average of daily quotations	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tallinn	Tokyo	Melbourne	ECU Commercial	SDR
	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1989	0.00313	0.3242	0.0273	0.0758	0.0362	..	..	0.03116	3.398	4.719	5.49536
1990	0.00319	0.3363	0.0268	0.0656	0.0375	..	..	0.02647	2.988	4.864	5.18322
1991	0.00326	0.3464	0.0280	0.0684	0.0389	0.022	..	0.03008	3.152	5.003	5.52733
1992	0.00364	0.4088	0.0332	0.0778	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	0.00364	0.4916	0.0356	0.0846	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98758
1993											
May	0.00371	0.4851	0.0362	0.0868	0.0453	0.025	0.4267	0.04970	3.826	6.672	7.76351
June	0.00370	0.4784	0.0354	0.0858	0.0438	0.025	0.4208	0.05172	3.747	6.582	7.82674
July	0.00365	0.4786	0.0345	0.0806	0.0430	0.025	0.4210	0.05365	3.913	6.564	8.03185
Aug.	0.00363	0.4884	0.0336	0.0813	0.0420	0.025	0.4295	0.05621	3.957	6.555	8.17177
Sept.	0.00369	0.5064	0.0348	0.0833	0.0442	0.025	0.4455	0.05485	3.772	6.771	8.20308
Oct.	0.00359	0.4994	0.0340	0.0823	0.0435	0.024	0.4391	0.05378	3.797	6.671	8.09230
Nov.	0.00348	0.4856	0.0334	0.0811	0.0423	0.024	0.4268	0.05383	3.861	6.550	8.06368
Dec.	0.00341	0.4785	0.0330	0.0800	0.0410	0.023	0.4206	0.05237	3.874	6.494	7.96460
1994											
Jan.	0.00335	0.4647	0.0323	0.0779	0.0398	0.023	0.4083	0.05109	3.962	6.339	7.81835
Feb.	0.00331	0.4573	0.0318	0.0764	0.0395	0.022	0.4018	0.05251	4.000	6.236	7.74733
March	0.00332	0.4647	0.0318	0.0767	0.0398	0.022	0.4086	0.05264	3.937	6.309	7.75651
April	0.00338	0.4597	0.0317	0.0761	0.0398	0.022	0.4042	0.05310	3.934	6.251	7.71250
May	0.00339	0.4639	0.0316	0.0762	0.0396	0.022	0.4079	0.05215	3.916	6.288	7.65245

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100		
		Trade-weighted currency index	Payments currency index	MERM Index
	1	2	3	4
1989	4.73670	98.4	99.1	102.8
1990	4.85697	97.3	96.8	97.3
1991	5.00580	101.4	101.4	102.8
1992	5.80140	116.4	115.7	117.3
1993	6.69420	132.4	136.1	141.8
1993				
May	6.67350	131.7	133.7	139.3
June	6.58470	130.9	133.6	140.1
July	6.57241	131.0	135.3	142.2
Aug.	6.60127	131.9	136.6	143.9
Sept.	6.81414	134.5	138.4	144.7
Oct.	6.69596	132.6	136.8	142.8
Nov.	6.55386	130.4	135.3	141.7
Dec.	6.49606	128.9	133.9	139.8
1994				
Jan.	6.34072	126.9	131.8	137.7
Feb.	6.23914	125.6	129.8	136.4
March	6.31275	126.5	130.2	136.6
April	6.25477	125.5	129.2	135.8
May	6.29981	125.9	129.0	135.3

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
1991	7 277	25 737	11 073	1 320	-	30 160	-	15 247	45 407
1992	6 984	15 043	12 965	2 674	4	23 858	-	13 812	37 671
1993*	11 691	12 134	36 512	2 235	63	51 179	-	11 456	62 634
1993*									
April	504	206	1 835	89	-	2 124	-	509	2 634
May	3 281	1 262	2 616	407	-	4 111	-	3 454	7 566
June	3 132	670	6 658	93	-	7 107	-	3 446	10 553
July	510	165	2 286	-	-	2 451	-	510	2 961
Aug.	372	632	3 833	60	-	4 883	-	15	4 898
Sept.	50	497	2 023	10	-	2 480	-	100	2 580
Oct.	410	697	4 859	222	-	5 956	-	232	6 188
Nov.	989	4 160	2 793	18	50	7 828	-	182	8 010
Dec.	477	1 753	600	205	-	2 769	-	266	3 034
1994*									
Jan.	-	2 000	2 216	45	-	4 261	-	-	4 261
Feb.	530	7	2 359	280	-	3 176	-	-	3 176
March	2 260	1 160	2 555	190	-	6 165	-	-	6 165
April	100	1 480	942	-	-	2 522	-	-	2 522

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1989	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 617	82 319	44 005	5 237	3 358	89 534	13 917	58 085	161 536
1993*	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
1993*									
I	27 751	81 343	51 244	6 092	3 030	97 679	12 097	59 684	169 460
II	33 614	79 950	60 316	6 618	2 369	107 775	11 558	63 534	182 867
III	33 334	77 791	67 504	6 517	2 018	113 846	10 727	62 591	187 164
IV	32 996	74 372	73 682	6 894	2 009	120 571	10 391	58 991	189 953
1994*									
I	34 235	72 084	77 676	7 255	1 007	126 390	8 898	56 969	192 258

C) TURNOVER, MILL. FIM

During period	Interbank	Between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
1989	6 500	9 660	.	.	.
1990	5 401	6 058	.	.	.
1991	3 343	29 134	.	.	.
1992	18 221	58 594	10 744	12 156	13 354
1993	45 966	241 273	42 945	95 647	117 489
1993					
May	2 165	14 069	2 114	4 977	8 328
June	2 539	21 079	2 115	5 810	7 307
July	4 886	18 701	4 725	7 990	10 211
Aug.	4 426	20 776	4 387	9 812	10 579
Sept.	5 364	24 405	5 124	11 436	12 459
Oct.	4 958	33 749	4 717	13 465	15 832
Nov.	4 454	28 725	4 069	12 703	12 069
Dec.	6 012	26 948	5 414	10 765	12 500
1994					
Jan.	8 899	41 502	8 437	17 411	19 133
Feb.	14 265	40 081	12 427	16 883	18 485
March	34 926	56 958	32 256	28 635	28 693
April	24 666	37 825	23 300	17 241	17 960
May	10 588	20 896	9 731	8 753	10 958

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices								Turnover ¹ , mill. FIM			
	HEX index (28 Dec., 1990=1000)								Shares and subscription rights	Bonds and debentures	Total	
	All-share index	By ownership		By industry								
		Re-stricted	Non-re-stricted	Banks and finance	Insurance and investment	Manufacturing	Of which:					
						Forest industries	Metal and engineering	Conglomerates				
	1	2	3	4	5	6	7	8	9	10	11	12
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
1990	1 332	1 324	1 393	1 263	1 185	1 376	1 436	1 282	1 474	15 521	4 550	20 071
1991	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
1992	772	759	868	425	467	942	1 123	1 206	890	10 277	15 377	25 654
1993	1 240	.	.	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
1993												
May	1 200	.	.	575	602	1 542	1 637	1 748	1 644	4 451	4 805	9 257
June	1 132	.	.	508	600	1 461	1 569	1 597	1 570	1 906	4 118	6 024
July	1 241	.	.	579	631	1 618	1 720	1 659	1 808	2 810	2 855	5 665
Aug.	1 410	.	.	830	813	1 782	1 954	1 893	1 944	6 081	4 509	10 589
Sept.	1 378	.	.	790	788	1 745	1 887	1 860	1 913	4 689	6 036	10 725
Oct.	1 502	.	.	820	781	1 943	1 958	2 095	2 212	6 638	6 936	13 574
Nov.	1 542	.	.	810	770	2 003	2 093	2 156	2 253	4 842	7 153	11 995
Dec.	1 549	.	.	773	801	2 003	2 114	2 240	2 209	4 810	6 375	11 185
1994												
Jan.	1 797	.	.	870	952	2 315	2 357	2 733	2 537	8 781	276	9 057
Feb.	1 917	.	.	942	1 008	2 462	2 410	2 982	2 704	6 395	558	6 953
March	1 861	.	.	824	948	2 423	2 249	2 842	2 793	7 060	334	7 394
April	1 815	.	.	771	914	2 376	2 188	2 689	2 818	4 849	107	4 956
May	1 839	.	.	749	862	2 427	2 207	2 723	2 891	4 035	71	4 105

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
1989	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
1991	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
1992*	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
1993*	132 283	10 602	7 079	9 977	27 658	159 941	7 107	7 262	174 310	101 365	5 144	9 237	16 788
1991													
IV	25 199	1 869	1 244	1 618	4 731	29 931	2 047	1 359	33 337	22 912	967	3 014	3 139
1992*													
I	24 783	2 002	1 159	1 702	4 863	29 645	2 301	1 367	33 313	22 698	1 001	2 725	3 422
II	26 452	2 152	1 493	1 681	5 326	31 778	1 269	1 374	34 421	24 180	1 064	2 813	3 039
III	24 820	2 323	1 958	1 923	6 203	31 023	1 204	1 480	33 707	20 677	1 119	2 853	3 242
IV	29 754	2 167	1 480	2 424	6 071	35 825	1 649	1 699	39 173	25 632	1 176	2 572	3 666
1993*													
I	30 951	2 442	1 351	2 894	6 688	37 639	2 275	1 659	41 574	25 672	1 180	2 401	4 390
II	32 587	2 649	1 763	2 402	6 815	39 401	2 073	1 945	43 419	24 761	1 268	2 276	3 960
III	32 070	2 847	2 203	2 233	7 284	39 353	1 664	1 773	42 790	23 965	1 313	2 242	4 151
IV	36 675	2 663	1 761	2 448	6 872	43 547	1 095	1 884	46 526	26 967	1 382	2 319	4 286
1994*													
I	34 459	2 791	1 396	2 480	6 667	41 126	1 307	1 784	44 216	24 672	1 170	1 846	4 219

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure (15+17)	Current account expenditure (15+16+17)	Trade account (1-10)	Transfers and other (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
1989	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
1990	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
1991	26 074	112 421	28 674	10 529	151 624	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-5 192	-26 996
1992*	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
1993*	31 169	132 534	35 616	11 686	179 837	30 918	5 458	-2 159	-6 810	-3 511	27 407	-28 510	-4 424	-5 527
1991														
IV	7 121	30 033	6 510	2 725	39 268	2 288	902	-1 770	-1 521	-2 389	-102	-4 463	-1 367	-5 931
1992*														
I	7 148	29 845	8 435	3 124	41 405	2 085	1 001	-1 566	-1 720	-2 285	-200	-6 134	-1 758	-8 092
II	6 916	31 096	7 400	2 381	40 877	2 272	1 087	-1 320	-1 358	-1 590	682	-6 131	-1 007	-6 456
III	7 214	27 891	6 765	2 402	37 058	4 143	1 204	-895	-1 319	-1 011	3 132	-5 561	-922	-3 351
IV	7 413	33 045	7 824	2 440	43 309	4 122	991	-1 092	-1 241	-1 342	2 780	-6 174	-741	-4 136
1993*														
I	7 972	33 644	10 352	3 099	47 095	5 279	1 262	-1 049	-1 496	-1 283	3 995	-8 076	-1 440	-5 521
II	7 505	32 265	10 701	2 689	45 656	7 826	1 381	-512	-1 558	-690	7 136	-8 628	-744	-2 236
III	7 707	31 671	7 149	2 945	41 766	8 105	1 534	-39	-1 917	-423	7 682	-5 486	-1 172	1 025
IV	7 987	34 954	7 414	2 953	45 321	9 708	1 281	-558	-1 839	-1 115	8 593	-6 320	-1 068	1 205
1994*														
I	7 236	31 908	9 687	3 208	44 803	9 787	1 621	-450	-1 739	-569	9 219	-8 381	-1 424	-586

6.2 CAPITAL ACCOUNT¹, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (5-10)	Basic balance
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)		
	1	2	3	4	5	6	7	8	9	10	11	12
1989	2 095	14 756	8 608	79	25 538	13 327	180	5 323	273	19 103	6 435	- 18 439
1990	3 010	22 656	19 674	169	45 509	12 471	577	- 499	294	12 843	32 666	6 153
1991	- 997	37 284	14 840	825	51 952	4 240	- 372	1 052	101	5 022	46 931	19 935
1992*	1 777	36 772	5 505	479	44 532	1 821	367	3 461	304	5 953	38 580	16 545
1993*	3 390	34 548	15 452	- 1 397	51 993	10 475	1 661	- 1 012	410	11 534	40 459	34 933
1991												
IV	- 777	2 937	3 211	619	5 989	587	- 356	697	- 44	883	5 106	- 825
1992*												
I	564	4 173	- 400	795	5 132	624	182	621	273	1 699	3 433	- 4 659
II	74	12 934	372	- 261	13 119	- 208	1 142	121	187	1 242	11 877	5 421
III	340	5 302	725	259	6 626	775	- 882	1 117	182	1 192	5 434	2 083
IV	799	14 362	4 808	- 314	19 655	630	- 75	1 602	- 337	1 820	17 836	13 700
1993*												
I	206	15 781	8 994	- 384	24 597	1 355	2 981	- 688	- 105	3 543	21 054	15 534
II	803	14 991	4 440	- 477	19 756	1 505	- 1 094	478	148	1 037	18 720	16 483
III	415	4 763	3 274	- 456	7 996	- 150	- 764	- 795	722	- 987	8 983	10 008
IV	1 966	- 986	- 1 255	- 80	- 355	7 765	538	- 6	- 355	7 942	- 8 297	- 7 091
1994*												
I	2 679	6 047	- 4 016	- 478	4 232	4 450	- 851	- 1 625	- 254	1 721	2 511	1 925

During period	Imports of short-term capital				Exports of short-term capital				Errors and omissions	Short-term capital account (16-20+21)	Overall balance excl. reserve movements (12+22)	Change in central bank's foreign exchange reserves
	Short-term capital imports of authorized banks	Trade credits	Other short-term capital	Total (13+14+15)	Short-term capital exports of authorized banks	Trade credits	Other short-term capital	Total (17+18+19)				
	13	14	15	16	17	18	19	20	21	22	23	24
1989	4 285	1 627	3 679	9 592	1 462	475	710	2 647	5 533	12 478	- 5 961	5 961
1990	16 258	1 119	- 1 357	16 020	- 2 290	- 1 254	1 244	- 2 300	- 9 381	8 939	15 092	- 15 092
1991	- 13 436	399	- 1 301	- 14 338	6 261	882	3 285	10 427	- 1 574	- 26 339	- 6 404	6 404
1992*	- 29 022	7 998	10 626	- 10 399	- 567	4 369	6 563	10 365	- 5 030	- 25 794	- 9 249	9 249
1993*	- 28 391	4 547	- 2 263	- 26 107	9 883	2 480	809	13 171	5 462	- 33 816	1 117	- 1 117
1991												
IV	- 4 383	1 232	- 2 481	- 5 632	- 13 635	977	- 4 531	- 17 189	- 4 908	6 649	5 824	- 5 824
1992*												
I	- 2 542	458	3 694	1 610	- 4 134	1 003	1 723	- 1 408	0	3 018	- 1 641	1 641
II	- 9 587	3 973	540	- 5 074	- 1 612	1 167	- 3 403	- 3 848	- 5 244	- 6 470	- 1 049	1 049
III	- 11 212	1 155	12 198	2 141	6 064	217	154	6 435	- 3 955	- 8 248	- 6 165	6 165
IV	- 5 681	2 411	- 5 805	- 9 076	- 885	1 983	8 089	9 187	4 169	- 14 094	- 394	394
1993*												
I	- 3 093	411	- 5 857	- 8 540	14 868	1 560	- 1 232	15 197	2 509	- 21 228	- 5 694	5 694
II	- 5 939	2 435	- 1 386	- 4 890	- 3 008	1 225	- 338	- 2 121	- 3 009	- 5 778	10 706	- 10 706
III	- 10 464	4 828	2 770	- 2 866	10 909	3 181	4 339	18 429	220	- 21 075	- 11 067	11 067
IV	- 8 895	- 3 127	2 210	- 9 812	- 12 887	- 3 486	- 1 960	- 18 333	5 742	14 264	7 173	- 7 173
1994*												
I	5 788	- 2 484	435	3 739	- 3 044	- 1 962	359	- 4 647	- 31	8 355	10 279	- 10 279

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

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

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1989	16 093	82 313	40 110	994	139 510	33 234	7 680	24 572	2 757	68 243	71 267
1990	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991	17 443	143 685	75 772	5 827	242 728	53 560	7 430	27 907	6 161	95 057	147 671
1992*	19 260	211 214	96 081	7 919	334 473	61 659	9 165	34 108	7 670	112 602	221 871
1993*	22 650	275 118	119 084	6 870	423 722	72 818	11 409	32 655	8 941	125 823	297 899
1991											
IV	17 443	143 685	75 772	5 827	242 728	53 560	7 430	27 907	6 161	95 057	147 671
1992*											
I	18 017	152 414	78 844	6 768	256 043	53 857	7 900	29 179	6 738	97 674	158 369
II	18 101	161 861	77 058	6 441	263 460	53 322	9 089	28 025	6 648	97 084	166 376
III	18 451	185 346	86 042	7 290	297 129	61 356	8 618	31 039	7 397	108 410	188 719
IV	19 260	211 214	96 081	7 919	334 473	61 659	9 165	34 108	7 670	112 602	221 871
1993*											
I	19 466	254 366	115 633	8 233	397 698	69 231	12 628	35 652	8 324	125 835	271 863
II	20 269	256 862	116 641	7 363	401 135	66 943	11 472	33 601	8 287	120 304	280 832
III	20 684	274 240	123 272	7 255	425 451	67 711	10 834	33 805	9 376	121 726	303 725
IV	22 650	275 118	119 084	6 870	423 722	72 818	11 409	32 655	8 941	125 823	297 899
1994*											
I	24 825	298 823	87 125	5 620	416 393	56 649	11 464	29 791	7 611	105 514	310 879

End of period	Short-term liabilities					Short-term assets					Short-term debt, net (11+22)	Debt, net (11+22)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1989	3 558	88 751	12 697	12 883	117 889	25 113	33 569	16 516	5 666	80 864	37 024	108 291	10 453	8.0
1990	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	13 130	9.7
1991	3 149	99 502	13 798	14 703	131 152	35 922	36 727	15 840	10 545	99 034	32 118	179 788	15 671	12.7
1992*	7 849	84 253	21 891	21 603	135 597	33 966	43 534	21 323	16 505	115 328	20 268	242 139	19 007	13.6
1993*	6 382	60 380	26 376	21 659	114 797	38 530	55 872	24 238	17 114	135 755	-20 957	276 942	23 510	13.6
1991														
IV	3 149	99 502	13 798	14 703	131 152	35 922	36 727	15 840	10 545	99 034	32 118	179 788	3 713	11.1
1992*														
I	3 185	100 961	14 219	18 012	136 376	35 429	32 960	17 007	12 637	98 033	38 343	196 712	4 886	14.7
II	3 242	89 647	18 218	17 832	128 939	33 516	32 786	18 123	8 804	93 229	35 710	202 086	4 882	14.2
III	14 067	86 647	19 397	20 846	140 956	29 484	43 316	18 829	9 425	101 054	39 902	228 622	4 313	12.8
IV	7 849	84 253	21 891	21 603	135 597	33 966	43 534	21 323	16 505	115 328	20 268	242 139	4 925	12.6
1993*														
I	5 836	86 548	22 279	19 173	133 836	31 998	60 816	23 570	16 232	132 615	1 221	273 083	6 827	16.4
II	6 173	78 062	24 661	16 779	125 675	41 889	56 831	24 521	14 669	137 910	-12 235	268 597	7 378	17.0
III	6 293	69 318	29 519	19 669	124 800	31 987	68 640	27 853	19 178	147 659	-22 859	280 866	4 236	9.9
IV	6 382	60 380	26 376	21 659	114 797	38 530	55 872	24 238	17 114	135 755	-20 957	276 942	5 069	10.9
1994*														
I	5 234	57 756	17 221	10 979	91 191	47 738	44 711	21 000	13 887	127 336	-36 146	274 734	7 781	17.6

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

End of period	Long-term liabilities						Long-term assets						Long-term debt, net (6-12)
	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (1+2+3+4+5)	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (7+8+9+10+11)	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1989	58 009	40 199	17 665	23 063	574	139 510	34 828	26 048	2 313	3 517	1 537	68 243	71 267
1990	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991	79 212	70 795	35 623	56 377	721	242 728	57 749	27 641	2 121	4 752	2 794	95 057	147 671
1992*	94 166	70 253	49 558	118 081	2 415	334 473	69 963	30 619	3 096	5 627	3 298	112 602	221 871
1993*	121 805	71 085	51 048	176 980	2 803	423 722	82 485	29 480	3 695	7 194	2 970	125 823	297 899
1991													
IV	79 212	70 795	35 623	56 377	721	242 728	57 749	27 641	2 121	4 752	2 794	95 057	147 671
1992*													
I	83 295	69 700	36 053	65 370	1 624	256 043	58 653	28 466	2 298	5 367	2 890	97 674	158 369
II	81 317	64 232	37 674	78 534	1 703	263 460	58 461	28 235	2 290	5 147	2 951	97 084	166 376
III	87 852	68 903	39 531	98 824	2 020	297 129	66 650	30 514	2 451	5 528	3 268	108 410	188 719
IV	94 166	70 253	49 558	118 081	2 415	334 473	69 963	30 619	3 096	5 627	3 298	112 602	221 871
1993*													
I	105 210	72 568	54 996	162 000	2 925	397 698	77 690	34 825	3 350	6 259	3 710	125 835	271 863
II	105 421	69 550	51 715	171 676	2 774	401 135	76 033	31 136	3 297	6 535	3 303	120 304	280 832
III	115 725	72 805	53 321	180 678	2 922	425 451	77 369	30 522	3 625	7 044	3 166	121 726	303 725
IV	121 805	71 085	51 048	176 980	2 803	423 722	82 485	29 480	3 695	7 194	2 970	125 823	297 899
1994*													
I	120 869	66 281	51 195	174 794	3 254	416 393	52 889	24 358	18 122	7 229	2 916	105 514	310 879

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
1989	99 784	105 516	- 5 732
1990	101 327	103 027	- 1 700
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993*	133 927	103 078	30 849
1993*			
April	11 432	9 665	1 767
May	11 391	7 738	3 653
June	10 177	7 773	2 404
July	10 899	8 129	2 770
Aug.	10 127	8 210	1 917
Sept.	11 452	8 029	3 423
Oct.	13 906	8 405	5 501
Nov.	12 369	9 620	2 749
Dec.	10 812	9 443	1 369
1994*			
Jan.	11 896	8 300	3 596
Feb.	10 927	7 401	3 526
March	12 126	9 444	2 682
April	12 341	9 398	2 943

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1989	121	144	156	126	123
1990	125	138	154	128	120
1991	114	115	154	131	118
1992	124	112	164	145	113
1993	147	109	172	163	106
1991					
IV	124	118	157	135	116
1992					
I	118	112	162	142	114
II	125	118	162	143	113
III	117	102	163	142	115
IV	133	116	171	154	111
1993					
I	135	108	176	165	106
II	143	105	174	165	105
III	141	101	174	165	105
IV	165	116	170	161	105
1994*					
I	155	107	170	161	106

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
1989	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993*	10 889	37 410	14 192	48 099	23 337	54 778	10 911	15 337	21 045	1 007
1993*										
April	969	3 414	1 320	3 755	1 974	5 442	697	1 357	2 063	106
May	1 020	3 100	1 082	4 262	1 927	4 537	488	1 050	1 606	57
June	927	2 931	965	3 698	1 656	4 286	1 040	906	1 482	59
July	774	2 753	1 162	4 385	1 825	4 358	973	983	1 645	170
Aug.	668	2 991	1 255	3 304	1 909	4 350	969	1 147	1 682	62
Sept.	988	3 255	1 328	3 767	2 114	4 360	951	873	1 713	132
Oct.	1 133	3 508	1 258	5 869	2 138	4 718	863	978	1 835	11
Nov.	1 061	3 294	1 354	4 479	2 181	4 969	1 377	1 282	1 946	46
Dec.	964	2 954	1 069	3 766	2 059	4 999	1 107	1 349	1 892	96
1994*										
Jan.	978	3 009	1 282	4 272	2 355	4 511	691	1 153	1 807	138
Feb.	1 018	3 060	1 060	3 741	2 048	4 215	603	934	1 620	29
March	1 026	3 623	1 248	4 061	2 168	5 141	755	1 309	2 193	46
April	1 165	3 487	1 156	4 338	2 195	4 811	976	1 657	1 911	43

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, fob				Imports, cif			
	1993*		1994* January-April		1993*		1994* January-April	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	102 135	76.3	35 719	9.5	81 607	79.2	27 613	- 3.2
OECD Europe	86 513	64.6	31 012	9.2	66 956	65.0	21 997	- 5.3
Of which:								
Austria	1 427	1.1	495	3.5	1 179	1.1	394	4.6
Belgium and Luxembourg	2 955	2.2	1 134	9.7	3 008	2.9	977	7.8
Denmark	4 479	3.3	1 808	24.3	3 231	3.1	1 093	- 1.0
France	7 114	5.3	2 518	9.0	4 716	4.6	1 503	- 2.6
Germany	17 628	13.2	6 579	11.1	16 901	16.4	5 160	- 24.0
Italy	4 350	3.2	1 415	- 12.3	3 811	3.7	1 371	7.5
Netherlands	6 729	5.0	2 620	14.0	3 847	3.7	1 271	- 0.9
Norway	4 277	3.2	1 519	22.4	5 010	4.9	1 691	- 7.6
Spain	3 263	2.4	1 113	13.0	1 245	1.2	536	18.8
Sweden	14 855	11.1	5 098	7.1	10 531	10.2	3 626	6.4
Switzerland	2 111	1.6	738	14.4	2 044	2.0	618	- 2.9
United Kingdom	14 020	10.5	4 919	8.9	9 160	8.9	2 940	7.5
Other OECD	15 622	11.7	4 707	11.8	14 651	14.2	5 616	6.3
Of which:								
Canada	1 075	0.8	299	- 26.1	724	0.7	215	1.8
Japan	2 187	1.6	879	54.3	5 958	5.8	2 242	8.4
United States	10 506	7.8	2 887	8.3	7 498	7.3	2 992	3.9
Non-OECD European countries	12 679	9.5	5 281	52.9	11 207	10.9	3 407	- 8.7
Of which:								
Russia	6 051	4.5	2 453	57.0	7 813	7.6	2 411	- 12.7
Other countries	19 113	14.3	6 289	- 6.5	10 264	10.0	3 523	1.1
Of which:								
OPEC countries	3 266	2.4	935	10.1	542	0.5	140	51.0
TOTAL	133 927	100.0	47 289	10.5	103 078	100.0	34 543	- 3.3
Of which:								
EC countries	62 850	46.9	22 889	9.4	47 974	46.5	15 578	- 7.9
EFTA countries	22 799	17.0	7 883	10.1	18 831	18.3	6 364	1.4

8. DOMESTIC ECONOMIC DEVELOPMENTS

8.1 SUPPLY AND USE OF RESOURCES, MILL. FIM, 1990 PRICES

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1989	269 879	104 526	129 905	15 149	5 975	525 434	117 241	127 311	515 364
1990	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992*	246 714	109 043	75 529	16 226	4 365	451 877	122 059	112 989	460 947
1993*	235 469	102 736	60 682	14 541	6 052	419 480	142 819	113 109	449 190
1991									
III	65 247	27 862	21 896	4 278	-1 490	117 793	29 403	28 079	119 117
IV	64 262	27 816	21 019	3 995	-1 349	115 743	28 160	27 517	116 385
1992*									
I	63 142	27 345	20 458	4 202	238	115 385	29 303	28 210	116 477
II	61 843	27 248	19 874	4 237	1 321	114 524	30 692	29 152	116 064
III	61 256	27 201	18 419	3 811	1 321	112 007	30 607	27 641	114 973
IV	60 473	27 250	16 777	3 976	1 485	109 961	31 457	27 986	113 433
1993*									
I	59 822	25 809	15 923	3 617	1 634	106 805	34 213	28 800	112 218
II	58 732	25 686	14 871	3 641	920	103 850	34 975	27 241	111 584
III	58 317	25 610	15 028	3 795	2 670	105 420	36 367	28 715	113 072
IV	58 598	25 630	14 860	3 489	828	103 405	37 264	28 353	112 316

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1990=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	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
1989	100.3	101.9	100.5	102.3	99.6	100.8	97.9
1990	100.2	99.8	100.2	100.1	100.4	100.1	100.0
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992*	92.6	91.2	91.5	94.8	90.9	90.6	103.2
1993*	97.2	80.8	96.3	104.8	98.8	90.9	108.6
1993*							
March	93.9	84.0	92.5	99.6	94.8	88.1	109.4
April	95.4	84.8	94.5	103.2	97.5	89.0	105.6
May	92.9	78.9	92.2	99.6	95.8	86.7	103.9
June	97.1	64.6	96.6	105.8	98.6	91.0	111.1
July	97.8	80.7	97.2	105.9	100.0	91.8	108.1
Aug.	96.4	75.5	95.7	105.4	96.9	90.9	106.7
Sept.	99.8	75.4	99.1	108.6	102.1	93.0	110.5
Oct.	101.2	81.8	100.6	111.1	104.2	93.7	111.3
Nov.	101.7	82.8	100.8	110.0	103.9	94.6	110.7
Dec.	102.3	88.0	100.9	109.8	105.7	93.9	114.3
1994*							
Jan.	101.7	87.5	100.4	111.6	102.2	94.2	112.6
Feb.	103.6	72.4	101.6	109.3	108.5	94.1	122.6
March	102.1	82.3	100.6	110.6	112.8	87.7	117.4

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	116.7
1990	119.9	111.7	127.3	124.8	161.7	122.1	144.6	117.5
1991	101.2	103.9	103.9	94.4	127.7	109.9	102.1	110.3
1992*	87.9	93.8	79.5	73.8	76.2	87.5	84.5	106.9
1993*	82.6	87.8	57.9	59.4	51.0	66.9	82.8	105.3
1992*								
IV	83.2	89.3	68.4	61.4	51.8	71.2	80.1	106.0
1993*								
Feb.	83.0	91.7	..	..	..	..	..	106.5
March	85.2	90.9	..	..	..	..	..	105.1
April	81.2	88.9	..	..	..	..	..	104.5
May	81.6	88.1	..	..	..	..	..	103.0
June	85.5	86.8	..	..	..	..	..	104.9
July	83.7	85.6	..	..	..	..	..	104.6
Aug.	83.6	86.2	..	..	..	..	..	104.7
Sept.	81.9	85.7	..	..	..	..	..	105.5
Oct.	80.7	86.2	..	..	..	..	..	105.8
Nov.	83.5	87.0	..	..	..	..	..	106.8
Dec.	83.4	89.2	..	..	..	..	..	107.1
1993*								
I	81.8	89.8	58.5	61.1	45.5	62.8	117.8	105.6
II	82.8	87.9	57.8	60.6	50.2	62.4	73.2	104.1
III	83.1	85.8	57.9	59.2	45.5	63.3	60.4	104.9
IV	82.5	87.5	57.4	56.4	62.7	79.1	78.7	106.6
1994*								
Jan.	79.3	85.5	..	..	..	..	..	106.7
Feb.	85.0	89.5	..	..	..	..	..	106.8

8.4 WAGES AND PRICES, 1985=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 (SIC3)				Public	Domestic goods		Imported goods	Exported goods		Home market goods
	1	2	3	4	5	6	7	8	9	10	11	12	13
1989	135.7	136.5	133.8	134.0	120.0	117.4	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.8	146.8	146.5	127.3	123.1	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1991	157.6	158.3	156.2	155.9	132.6	128.3	111.2	115.8	94.2	109.9	108.7	110.4	137.3
1992¹	160.6	160.9	159.9	159.7	136.0	130.4	112.4	115.6	100.9	112.6	113.4	112.3	134.9
1993¹	161.9	161.9	162.3	161.8	138.9	134.1	115.8	116.9	111.0	116.7	120.2	115.1	135.3
1992¹													
IV	161.2	161.4	160.8	160.5	136.9	130.4	113.4	115.6	105.2	113.9	116.2	112.9	134.3
1993													
April	..	..	..	..	139.3	133.8	116.4	117.3	112.4	117.4	121.0	115.7	135.2
May	..	..	..	..	139.4	134.2	116.1	116.8	112.7	117.3	121.6	115.4	135.3
June	..	..	..	..	139.2	134.5	116.1	117.1	111.8	117.2	120.7	115.6	135.5
July	..	..	..	..	138.8	134.3	116.0	117.1	111.6	116.7	119.8	115.2	135.3
Aug.	..	..	..	..	138.7	134.4	116.0	116.8	112.1	116.9	120.4	115.2	135.3
Sept.	..	..	..	..	139.0	135.0	116.1	117.4	110.9	117.4	121.1	115.7	135.6
Oct.	..	..	..	..	139.1	135.2	115.9	117.2	110.8	117.4	121.4	115.5	135.7
Nov.	..	..	..	..	138.9	135.1	115.7	117.2	110.0	116.8	120.4	115.2	135.7
Dec.	..	..	..	..	138.8	135.0	115.5	116.9	109.9	116.4	120.1	114.7	135.5
1993¹													
I	161.7	161.9	161.8	161.2	138.5	132.6	115.1	116.5	109.8	115.7	118.6	114.4	134.8
II	162.0	162.0	162.7	161.6	139.3	134.1	116.2	117.1	112.3	117.3	121.1	115.6	135.3
III	161.8	161.6	161.8	162.0	138.8	134.6	116.0	117.1	111.5	117.0	120.4	115.4	135.4
IV	162.3	162.2	163.0	162.2	139.0	135.1	115.7	117.1	110.2	116.9	120.6	115.1	135.6
1994													
Jan.	..	..	..	..	138.5	134.6	115.7	117.4	109.6	116.7	120.4	115.1	136.5
Feb.	..	..	..	..	139.0	135.4	116.1	118.0	109.2	116.7	119.3	115.5	136.5
March	..	..	..	..	139.3	135.6	116.4	118.2	109.8	116.9	118.9	116.0	136.7
April	..	..	..	..	139.6	..	116.8	118.4	110.8	117.0	118.8	116.2	136.7

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+9)	By industrial status			By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries			
		1000 persons									%	
		1	2	3	4	5	6	7	8	9	10	11
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5	
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4	
1991	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6	
1992	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1	
1993	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9	
1993												
April	65.6	2 493	2 061	319	1 742	179	428	129	1 325	432	17.3	
May	65.4	2 484	2 051	315	1 736	175	430	130	1 316	433	17.4	
June	64.9	2 467	2 017	305	1 711	170	416	125	1 306	450	18.2	
July	65.0	2 474	2 023	309	1 713	173	418	119	1 313	451	18.2	
Aug.	65.5	2 491	2 034	302	1 732	167	421	124	1 321	457	18.4	
Sept.	65.4	2 490	2 021	320	1 701	172	425	116	1 308	469	18.8	
Oct.	65.1	2 480	2 016	316	1 700	172	416	124	1 304	465	18.7	
Nov.	65.3	2 485	2 024	291	1 732	172	414	120	1 318	462	18.6	
Dec.	65.2	2 485	2 013	319	1 694	171	419	113	1 310	472	19.0	
1994												
Jan.	64.7	2 468	1 992	353	1 639	169	410	116	1 298	476	19.3	
Feb.	65.4	2 493	2 025	296	1 729	169	419	110	1 327	468	18.8	
March	65.1	2 487	2 009	311	1 697	165	421	107	1 316	479	19.2	
April	64.6	2 470	1 996	312	1 684	163	418	110	1 304	474	19.2	

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
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291 ^r	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
1993											
March	2 456	6 205	127	3 496	12 284	2 119	14 403	4 145	9 295	3 698	5 440
April	3 875	4 926	93	2 657	11 551	98	11 649	3 835	9 436	4 055	5 278
May	2 697	5 638	97	2 688	11 120	510	11 630	3 646	9 115	3 958	5 013
June	2 870	5 633	86	2 748	11 337	591	11 928	4 110	8 842	3 958	4 672
July	3 208	5 626	119	1 759	10 712	197	10 909	4 719	8 225	3 287	4 696
Aug.	3 011	5 884	102	2 166	11 163	154	11 318	3 424	7 820	3 395	4 102
Sept.	2 792	5 185	129	2 247	10 353	108	10 461	3 658	9 482	3 371	5 987
Oct.	2 774	5 548	118	1 072	9 512	64	9 576	3 381	9 774	3 375	6 235
Nov.	2 736	5 757	147	2 672	11 312	2 638	13 952	3 708	9 371	3 437	5 820
Dec.	2 078	6 543	115	5 142	13 878	759	14 637	4 256	10 357	3 609	6 318
1994											
Jan.	2 827	6 024	67	1 857	10 775	27	10 802	3 699	9 936	3 118	6 609
Feb.	2 757	5 500	115	1 770	10 142	496	10 637	3 090	8 334	3 084	4 939
March	3 774	4 727	100	2 283	10 884	2 386	13 270	4 097	9 474	3 521	5 820

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
	12	13	14	15	16	17	18	19	20
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
1991	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
1992	5 042	8 499	168 016 ^r	35 501	203 516 ^r	- 41 400 ^r	- 71 847 ^r	70 691	- 1 155 ^r
1993	4 306	18 076	177 870	19 753	197 623	- 48 646	- 61 030	84 036	23 009
1993									
March	313	2 248	16 001	3 211	19 211	- 3 717	- 4 808	9 245	4 437
April	306	1 554	15 131	2 060	17 191	- 3 580	- 5 542	12 592	7 050
May	318	1 156	14 235	1 351	15 586	- 3 115	- 3 956	2 086	- 1 870
June	384	2 650	15 986	768	16 753	- 4 649	- 4 825	4 424	- 401
July	406	914	14 264	3 935	18 200	- 3 552	- 7 291	7 157	- 134
Aug.	416	874	12 534	723	13 258	- 1 371	- 1 940	5 079	3 139
Sept.	417	1 135	14 692	1 756	16 448	- 4 339	- 5 987	3 529	- 2 457
Oct.	369	2 497	16 021	740	16 761	- 6 509	- 7 185	6 076	- 1 109
Nov.	349	771	14 199	767	14 966	- 2 887	- 1 014	1 230	216
Dec.	477	1 744	16 834	2 491	19 325	- 2 956	- 4 688	91	- 4 596
1994									
Jan.	187	3 336	17 158	545	17 703	- 6 383	- 6 901	519	- 6 383
Feb.	224	1 202	12 850	1 044	13 895	- 2 708	- 3 258	7 659	4 402
March	245	3 120	16 936	3 116	20 052	- 6 052	- 6 782	- 41	- 6 823

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 11) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits - term deposits. Liquidity position of deposit banks (Column 12): see explanation to Table 2.1. Other claims on financial institutions, net (Column 14) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions - other liabilities to financial institutions.

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

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

Table 2.2 The minimum reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is determined on the basis of the reserve base for the previous month. No interest is paid on minimum reserve deposits. The cash reserve figures for 1989 include the additional deposit requirement of 1.1 per cent under the supplementary cash reserve agreement in force at the time, together with the corresponding non-interest-bearing deposits of FIM 3 159 million.

Table 2.3 Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

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

Table 2.5 The markka value of forward contracts is given.

3 RATES OF INTEREST

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

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

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

Table 3.3 The rates shown are based on the lending rates quoted for the respective currencies in the Euro-market. ECU (Column 1): the weights of the ECU basket. 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent.

Table 3.4 Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observa-

tions until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. Deposits. 24-month and 36-month tax-exempt deposits (Columns 7 and 8): from May (September) 1992, 24-month(36-month) deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less two percentage points (one percentage point). In the period from January 1989 to April 1992, 24-month deposits (Column 7) were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less one percentage point. Other tax-exempt deposits (Column 9): in the period from January 1989 to April 1992, deposits other than 24-month deposits were tax-exempt if they carried a rate of interest which was at most the Bank of Finland's base rate less 4 percentage points. From May 1992, deposits other than 24 month or 36-month deposits are tax-exempt if they carry a maximum rate of interest as prescribed by law. The maximum rate was first set at 4.5 per cent. From 6 May 1993 it has been 2.5 per cent. All markka deposits (Column 10): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 11): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 12); markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

Table 3.5 Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. Yields on taxable government bonds (Columns 3 and 4) are calculated by the Bank of Finland in a similar fashion. Until January 1992, the yield on 5-year taxable government bonds (Column 3) was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The yield on 10-year taxable government bonds (Column 4) is calculated on a housing bond (bullet) due on 15 March 2002 with a coupon rate of 10.75 per cent. The yield on taxable public issues (Column 5) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. The yield on taxfree public issues (Column 6) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The S25

Bank of Finland calculates the yields for columns 5 and 6 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations.

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. Since 8 September 1992 the markka has been floating. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 3): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 4): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

5 OTHER DOMESTIC FINANCING

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

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

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central govern-

ment - 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 (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

Table 5.5 Source: Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Inter-bank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by the banks entitled to central bank financing. The State Treasury and the five largest banks (KOP, Okobank, Postipankki, Skopbank and Union Bank of Finland) agreed on a market making arrangement for benchmark government bonds with effect from 1 August 1992. Evli Securities Ltd (from 1 December 1993 Evli Fixed Income Securities)

was accepted as primary dealer with effect from 1 May 1993 and the Danish broking firm Unibørs Securities from 1 October 1993. Unibørs is the first foreign primary dealer in benchmark government bonds; it has not established operations in Finland. The primary dealers' quotes are published daily (page JVVD on Reuters). Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers.

Table 5.6 Source: The Helsinki Stock Exchange.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

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

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

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

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

Tables 6.2, 6.3 and 6.4 include classification changes due to the IMF's new recommendations, as a result of which there are some breaks in the series. Revised time series will be published in a later issue, in which connection the contents of the new series will be explained in detail.

7 FOREIGN TRADE

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

Table 7.2 The volume indices (Columns 1 and 2) are calculated according to the Paasche formula and the unit value indices (Columns 3 and 4) according to the Laspeyres formula. The terms of trade (Column 5) is the ratio of the export unit value index to the import unit value index multiplied by one hundred.

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

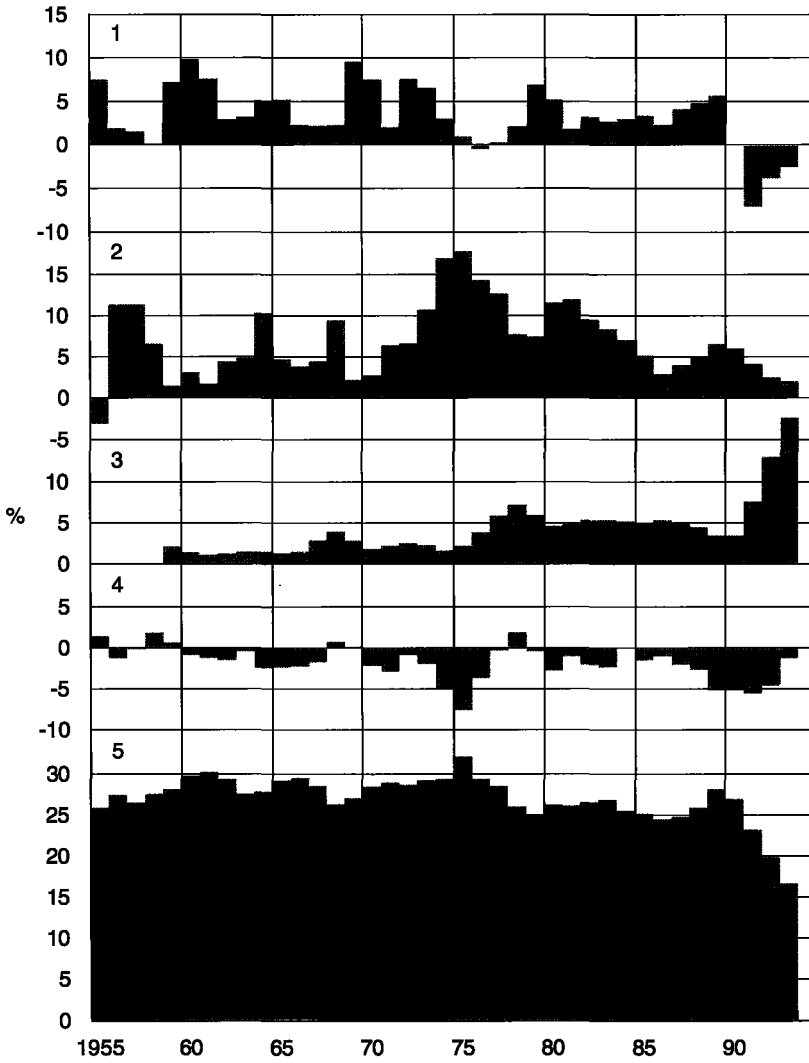
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The 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.

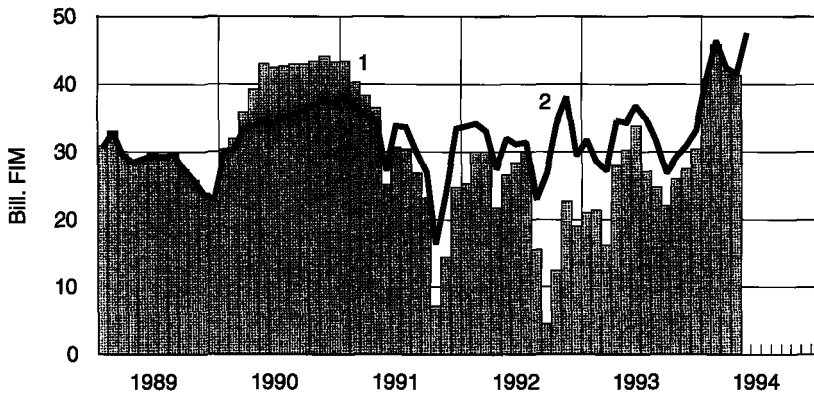
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Rates of interest applied by the Bank of Finland	S29
5. Banks' liquidity position with the Bank of Finland	S30
6. Liquidity management interest rates	S30
7. HELIBOR rates of interest, daily	S30
8. HELIBOR rates of interest, monthly	S31
9. Differential between Finnish and German interest rates	S31
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11. Bank of Finland currency index and the markka value of the ECU	S32
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13. Daily spot rates for the markka against the pound sterling and the Swedish krona	S32
14. Monthly spot rates for the markka against the Deutschmark and the US dollar	S33
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16. Banks' markka lending rates and markka funding rates	S33
17. Bank funding from the public	S34
18. Bank lending to the public	S34
19. Money supply	S34
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21. Net interest and dividend expenditure	S35
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29. Employment and the unemployment rate	S39
30. Prices and wages	S39
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1. LONG-TERM INDICATORS



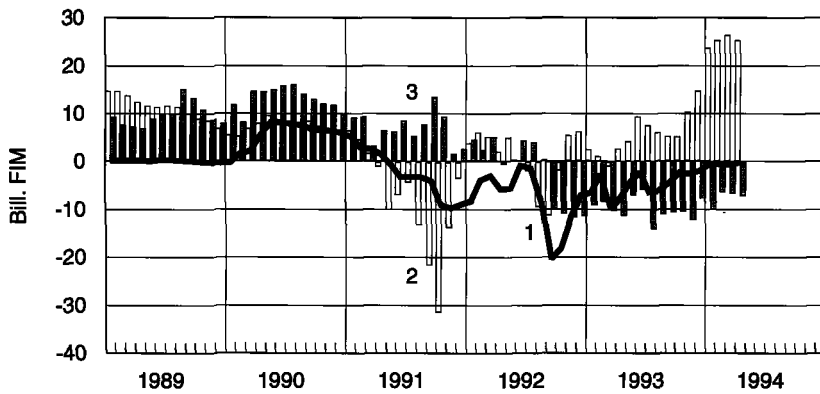
- 1. GDP, change in volume from the previous year, per cent
- 2. Consumer prices, change from the previous year, per cent
- 3. Unemployment rate, per cent
- 4. Current account, as a percentage of GDP
- 5. Fixed investment, as a percentage of GDP

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



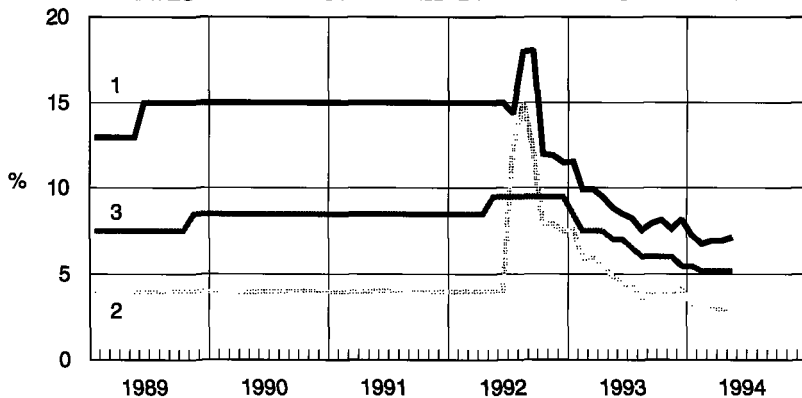
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

3. FORWARD MARKET



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

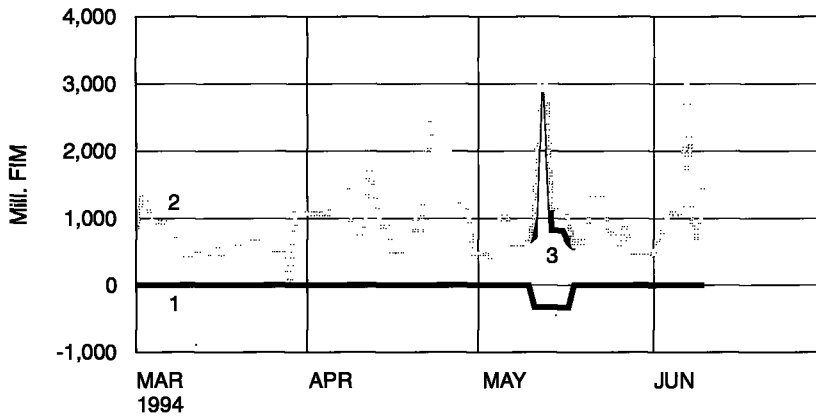
4. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



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

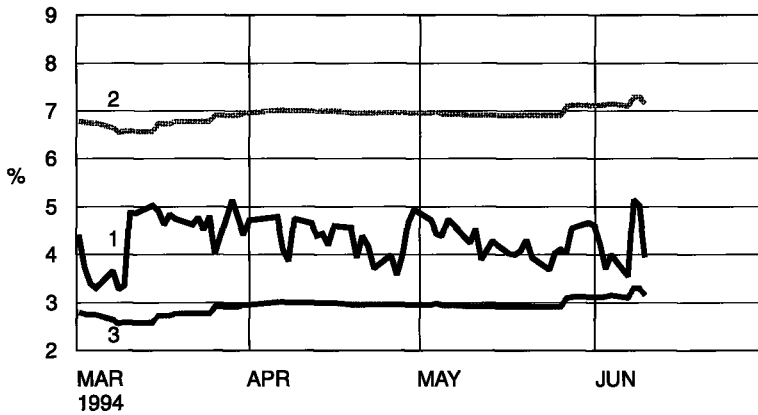
End-of-month observations

5. BANKS' LIQUIDITY POSITION WITH THE BANK OF FINLAND



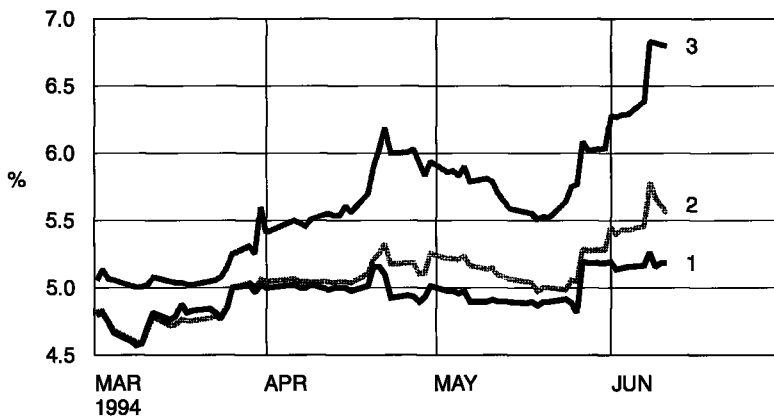
- 1. Liquidity credits (-)
- 2. Call money deposits
- 3. Net

6. LIQUIDITY MANAGEMENT INTEREST RATES



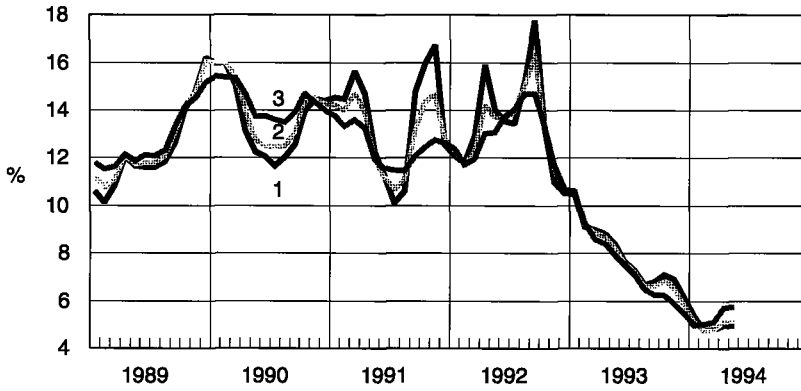
- 1. Inter-bank overnight rate
 - 2. Liquidity credit rate
 - 3. Call money deposit rate
- Daily observations

7. HELIBOR RATES OF INTEREST, DAILY



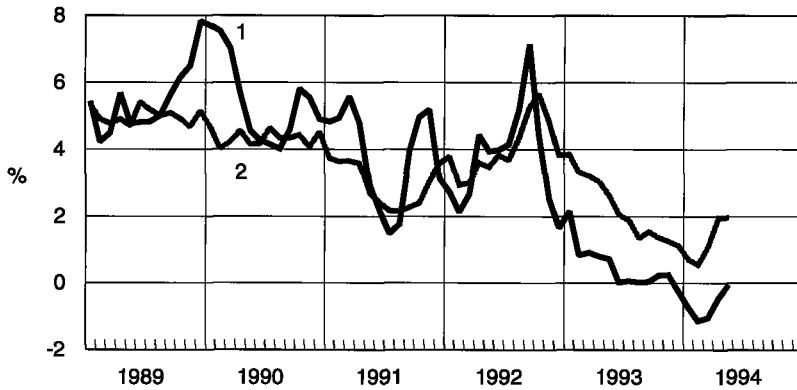
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

8. HELIBOR RATES OF INTEREST, MONTHLY



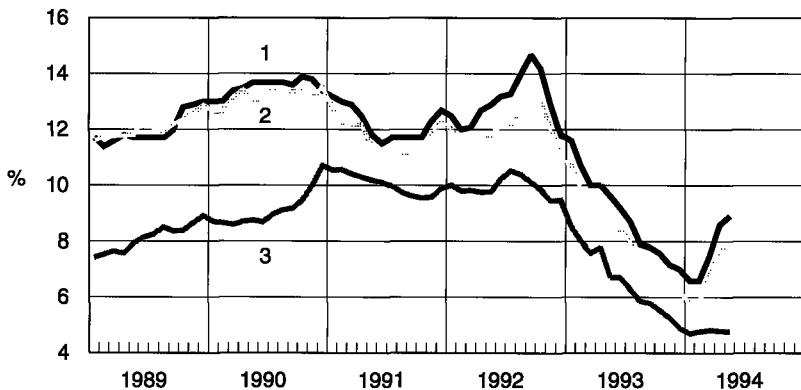
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

9. DIFFERENTIAL BETWEEN FINNISH AND GERMAN INTEREST RATES



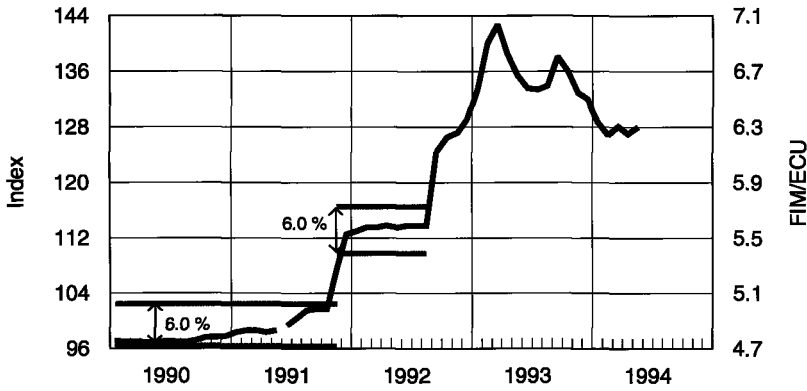
- 1. 3-month HELIBOR *minus* 3-month DEM eurorate
- 2. 5-year Finnish government bond yield *minus* 5-year German government bond yield

10. YIELDS ON BONDS



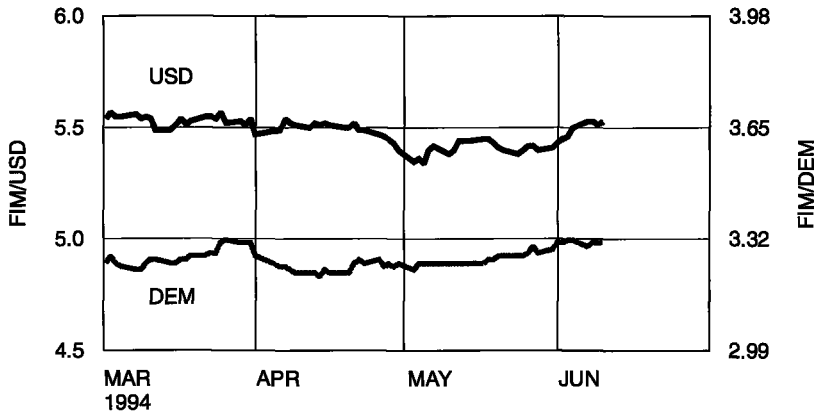
- 1. Bank of Finland's 5-year reference rate
- 2. Until April 1991, yield on (4-5 year) taxable government bonds
Since May 1991, yield on government bond due on 15 March 1996, coupon rate 11.75 per cent
- 3. Yield on (4-5 year) tax-free government bonds

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



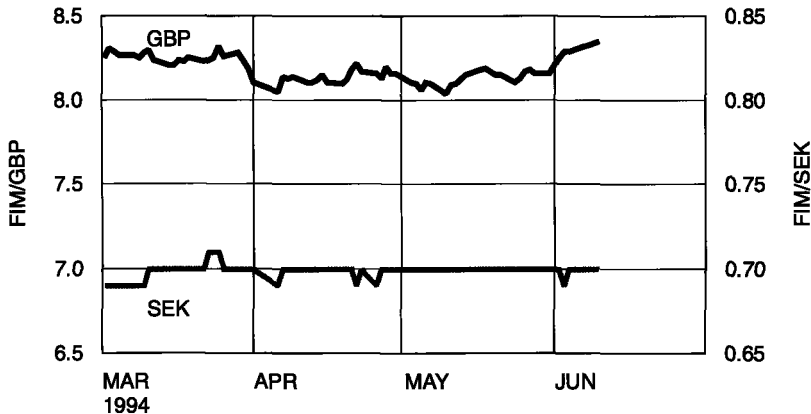
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953–5.02207 in the period 7 June – 14 November 1991, and 5.39166–5.72516 in the period 15 November 1991 – 7 September 1992. Since 8 September 1992,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

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



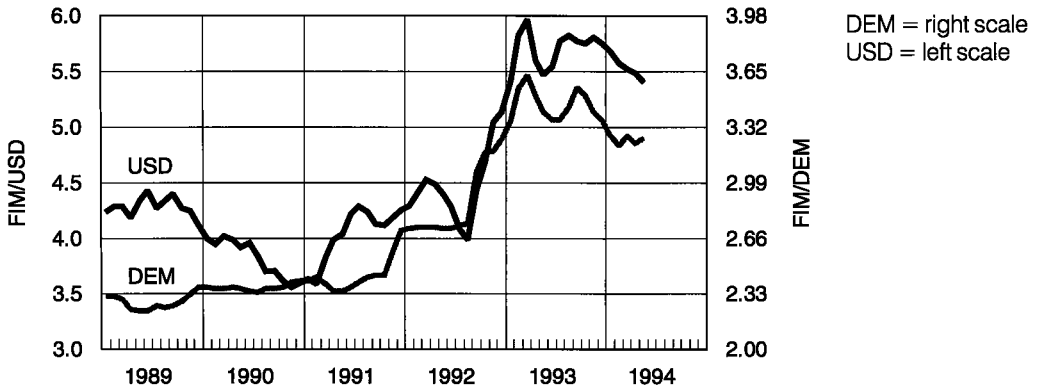
Middle rates
DEM = right scale
USD = left scale

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

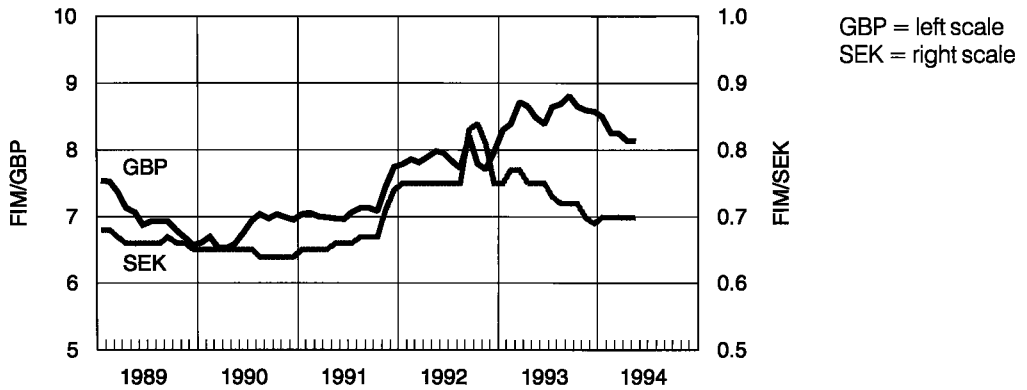


Middle rates
GBP = left scale
SEK = right scale

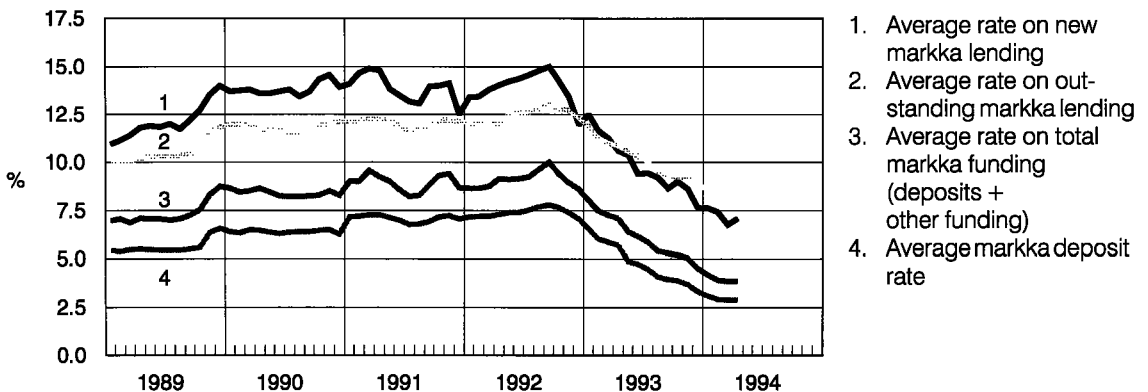
14. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE DEUTSCHMARK AND THE US DOLLAR



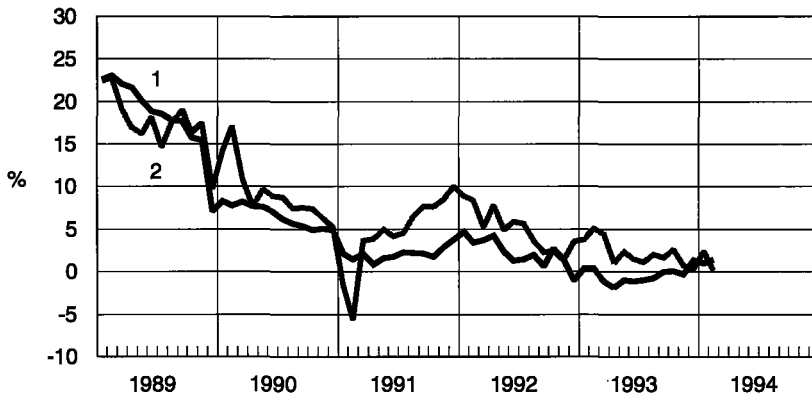
15. MONTHLY SPOT RATES FOR THE MARKKA AGAINST THE POUND STERLING AND THE SWEDISH KRONA



16. BANKS' MARKKA LENDING RATES AND MARKKA FUNDING RATES



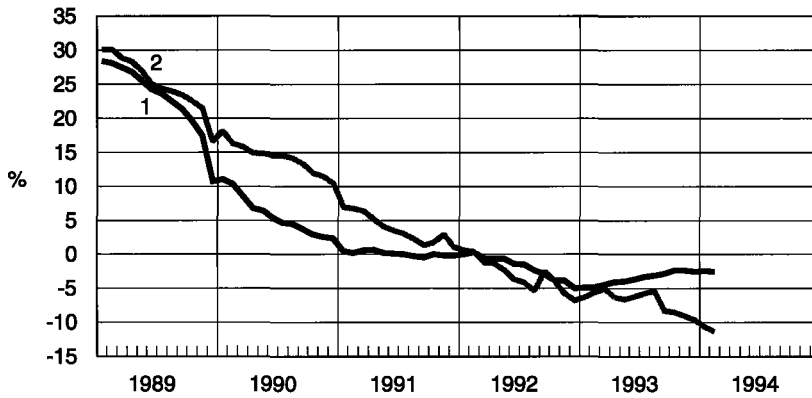
17. BANK FUNDING FROM THE PUBLIC



- 1. Markka deposits
- 2. Total funding

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

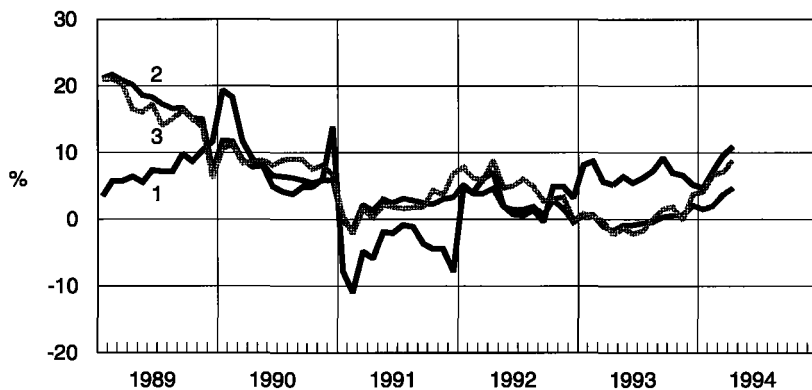
18. BANK LENDING TO THE PUBLIC



- 1. Markka lending
- 2. Total lending

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

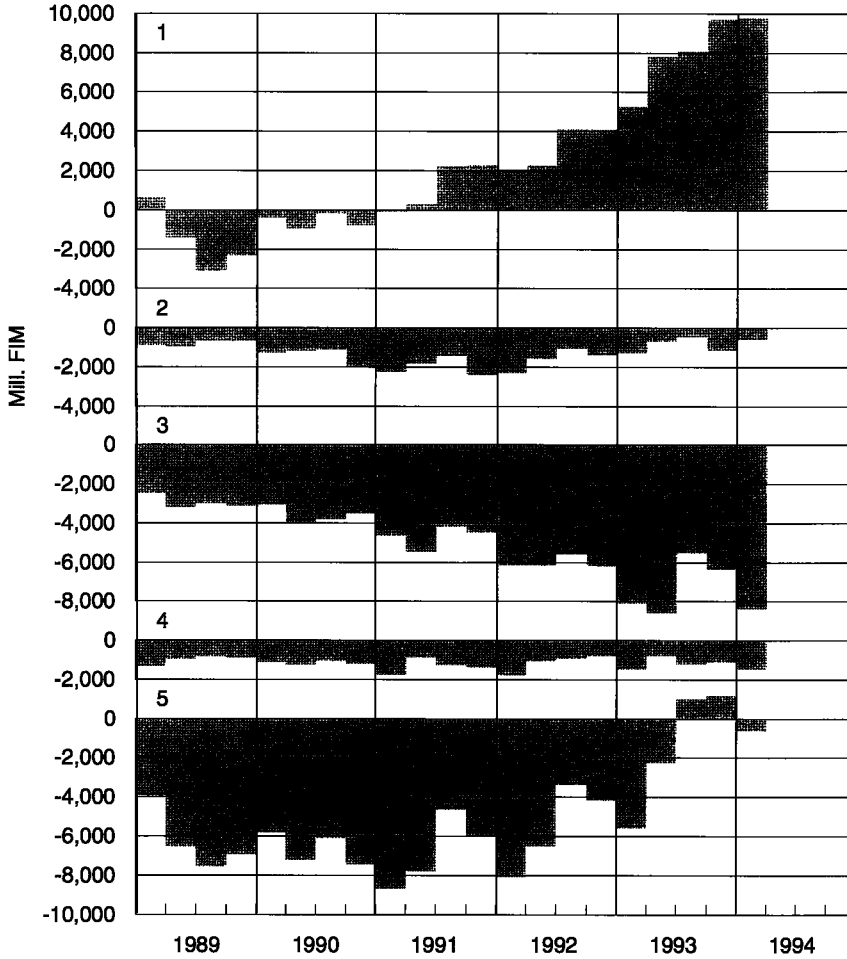
19. MONEY SUPPLY



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

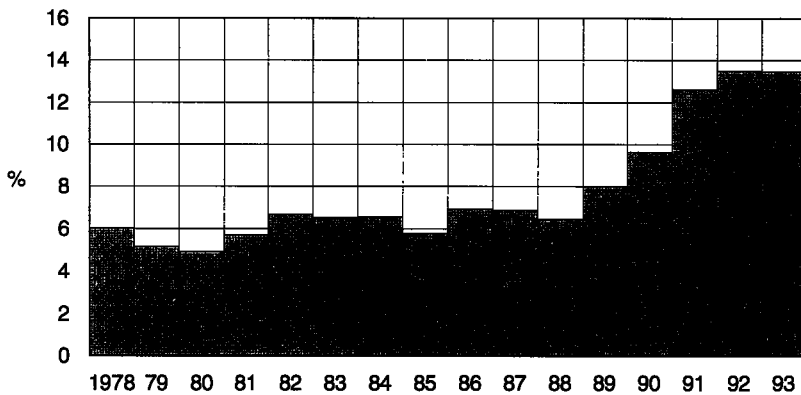
Change from the corresponding month of the previous year, per cent

20. CURRENT ACCOUNT



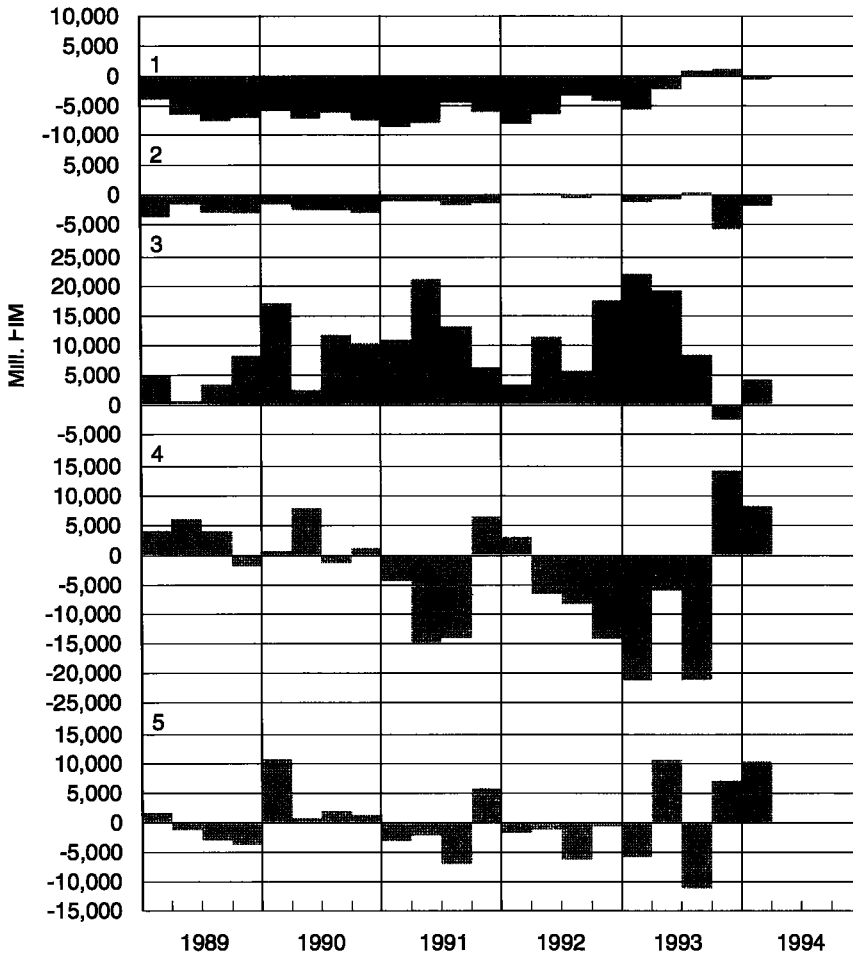
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. NET INTEREST AND DIVIDEND EXPENDITURE



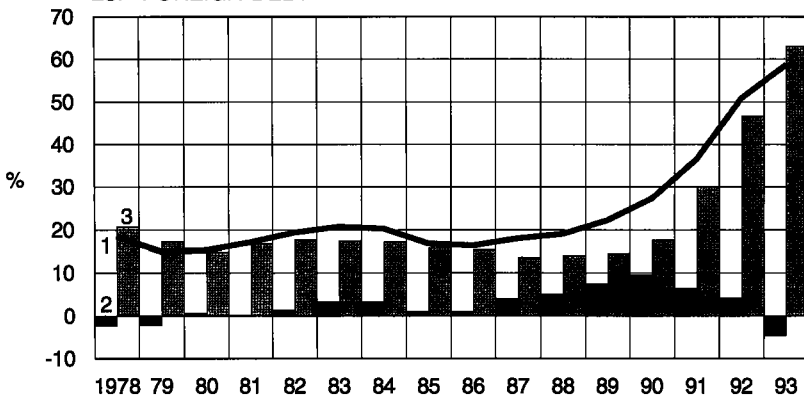
As a percentage of current account receipts

22. BALANCE OF PAYMENTS



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

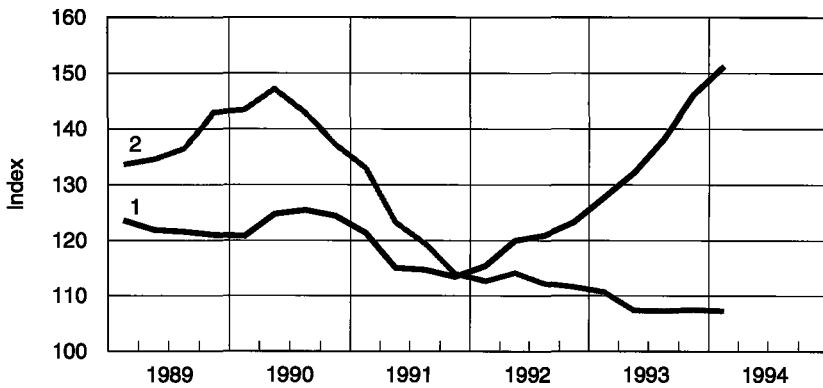
23. FOREIGN DEBT



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

As a percentage of GDP

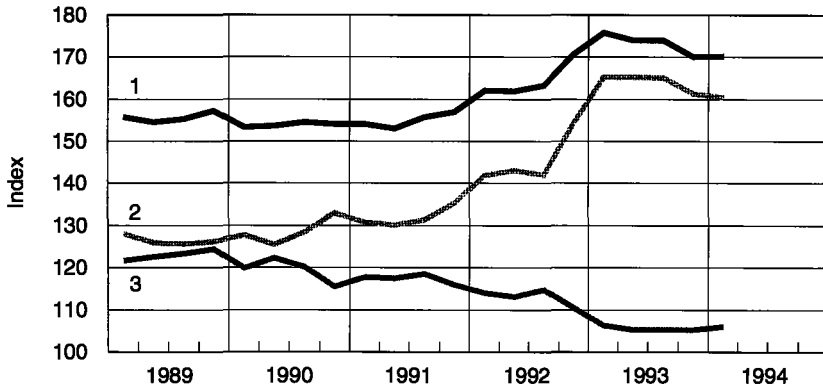
24. FOREIGN TRADE



- 1. Total exports
- 2. Total imports

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

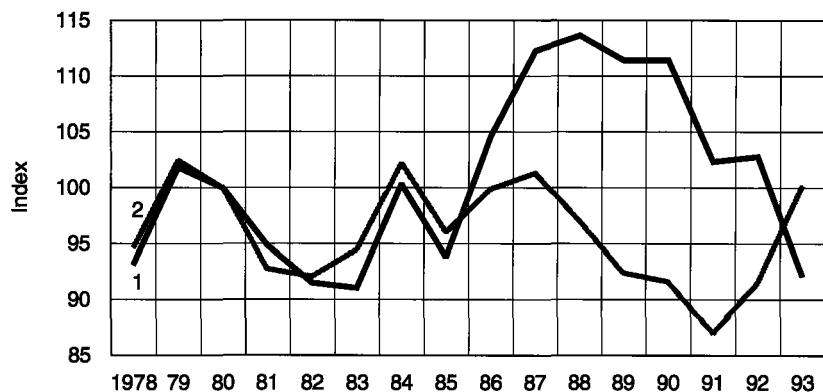
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



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

1980 = 100

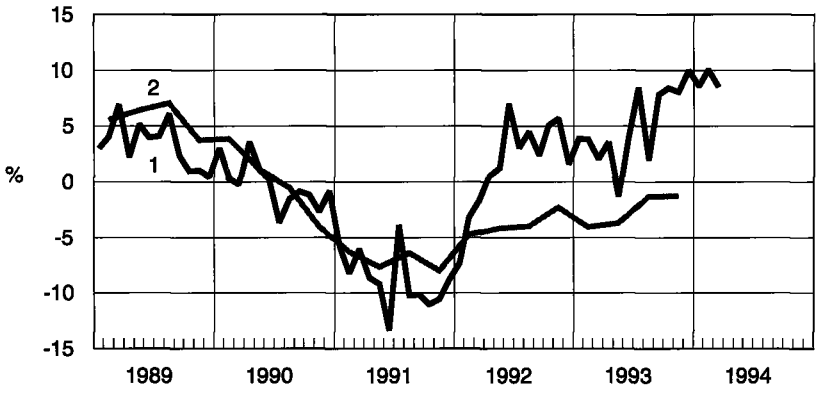
26. FINLAND'S EXPORT PERFORMANCE



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

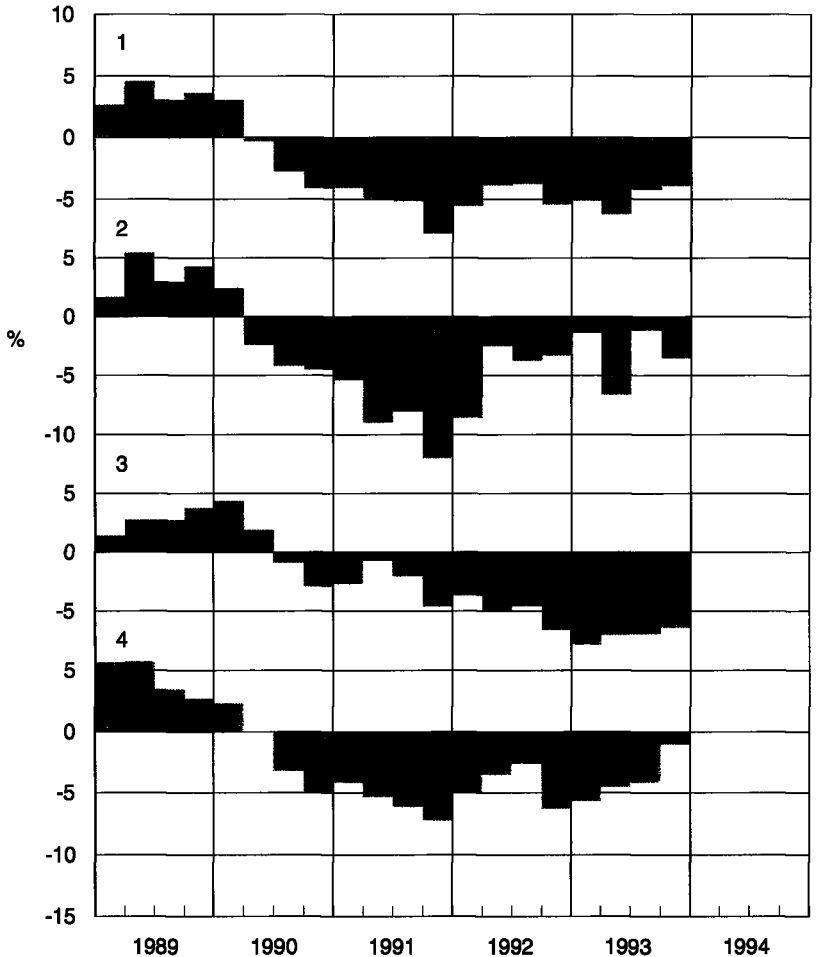
1980 = 100

27. PRODUCTION



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

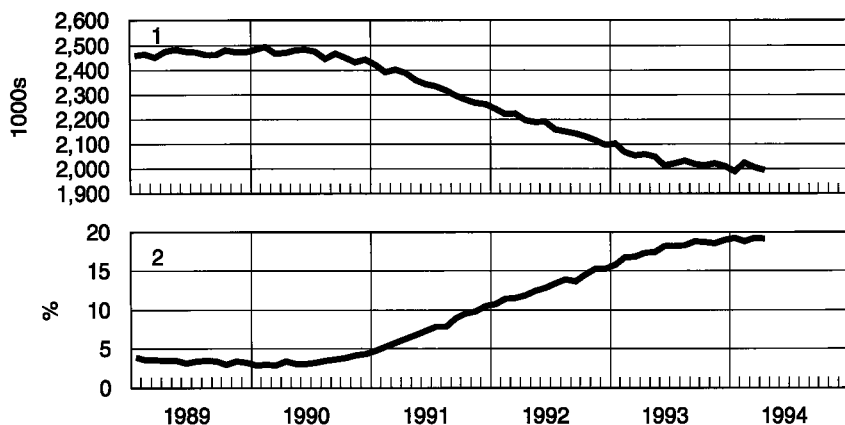
28. FIXED INVESTMENT



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

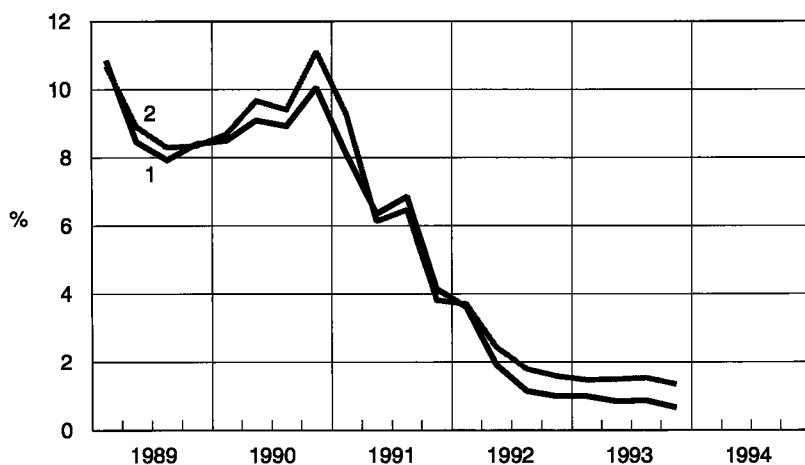
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



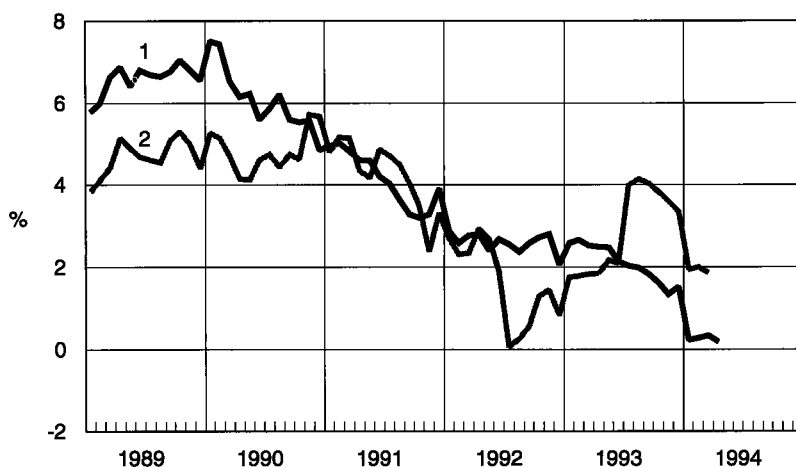
1. Employment, 1000 persons
2. Unemployment rate, per cent

30. PRICES AND WAGES



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

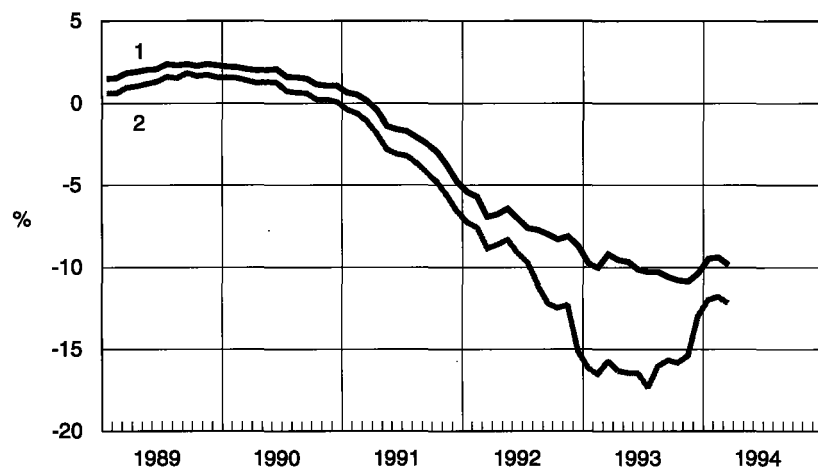
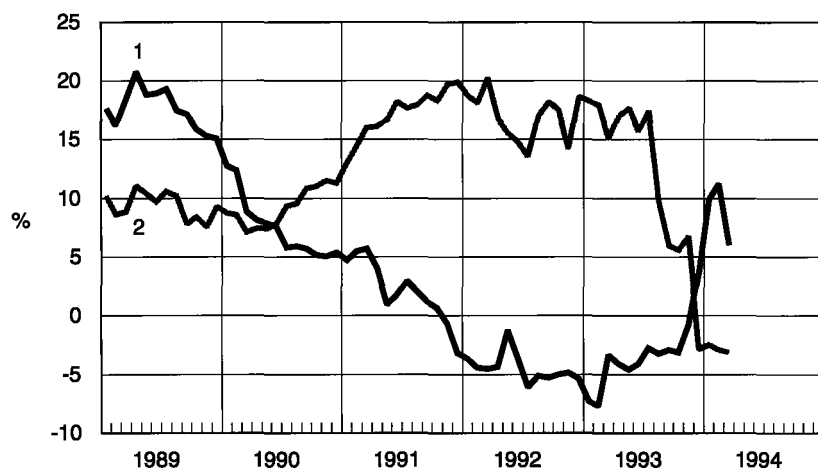
Change from the corresponding quarter of the previous year, per cent



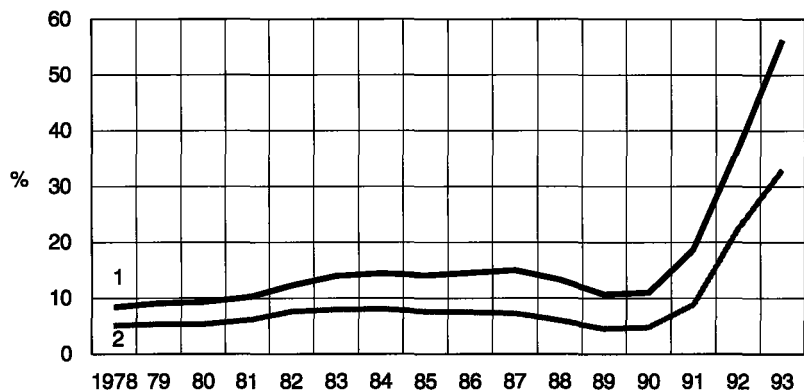
1. Consumer price index
2. Indicator of underlying inflation

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

31. CENTRAL GOVERNMENT FINANCES



32. CENTRAL GOVERNMENT DEBT



BANK OF FINLAND*

1 May 1994

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JÖRN DONNER
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VELI TARVAINEN, Managing Director

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