



BULLETIN

BANK OF FINLAND

October 1991 Vol. 65 No. 10

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Banking Services in Finland

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PUBLISHER

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ISSN 0784-6509

EFFECTS OF THE WITHHOLDING TAX

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Practically all household deposits were tax-exempt until the beginning of 1989 when new tax relief legislation made the tax-exemption of deposits conditional on the level of the interest rate paid on them. Interest income from deposits subject to taxation was taxed according to normal income taxation. The result of this tax arrangement was that there was no interest rate competition in the deposit markets.

One of the most important tax reforms affecting financial markets in Finland in recent years was the adoption at the beginning of 1991 of a withholding tax – a final tax levied at source – on interest income from deposits and bonds. Now households' deposits are either completely tax-exempt (tax-exemption still being determined by the level of the interest rate) or they are deposits (held mostly in high-interest accounts) from which tax is deducted by the bank at source. Companies' deposits continue to be taxed according to normal income taxation.

The 10 per cent withholding tax is levied on interest earned by resident individuals and domestic estates on bank deposits and bonds. The withholding tax applies only to interest income; the underlying assets are not subject to wealth tax. Neither interest nor assets need be declared to the tax authorities. The withholding tax is not levied on interest paid abroad or on interest income received from abroad.

The withholding tax law was passed by Parliament with effect for just one year. A Government bill providing for the extension of the law by a further year has been presented to Parliament. The bill proposes an increase in the withholding tax rate to 15 per cent from the beginning of 1992. It also includes a proposal for some minor changes to the law designed to

prevent the payment of wages in the form of interest and thus to curtail the use of the withholding tax for tax arbitrage purposes.

NEW ACCOUNTS POPULAR

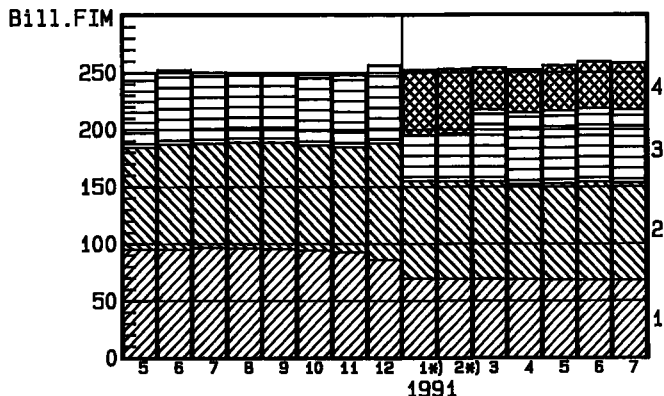
The introduction of the withholding tax marked the extension of interest rate competition into the area of bank deposits and at the same time changed their structure. The last outstanding tax-exempt 24-month deposits on which interest was payable at the same rate as the Bank of Finland's base rate, i.e. 8.5 per cent, matured in December 1990. Altogether, they totalled some FIM 32 billion, which was an exceptionally large amount in comparison to normal monthly figures for 1990 of FIM 1.5 to FIM 2.5 billion.

The main reasons for the heavy surge in tax-exempt deposits at the end of 1988 were the tightening of capital gains taxation and reduction in the maximum

interest rate on tax-exempt 24-month deposits from the beginning of 1989. There was a record number of business acquisitions in the last months of 1988 in anticipation of the tightening. A large proportion of the proceeds from these sales was deposited in fixed-term accounts. Furthermore, the maximum rate payable on 24-month deposits was lowered by two percentage points from the beginning of 1989 (though it was subsequently raised by one percentage point from the beginning of November 1989). Consequently, it was advantageous to renew 24-month deposits maturing in the first half of 1989 already in 1988.

A large proportion of the funds freed from the tax-exempt fixed-term deposits that matured in December 1990 was invested temporarily in tax-exempt transactions accounts paying interest at 4.5 per cent in anticipation of the entry into force of the withholding

CHART 1.
BANKS' MARKKA DEPOSITS, BILLION FIM



1. Tax-exempt 24-month accounts
2. Other tax-exempt (mainly transactions) accounts
3. Taxable deposits (since January 1991 only deposits subject to withholding tax)
4. Other taxable deposits

*) Some banks were not able to separate deposits subject to withholding tax from other taxable deposits in Jan. - Feb. 1991

tax. This explains why the average rate paid by banks on deposits fell sharply in December compared to November.

In December 1990, tax-exempt deposits declined by FIM 33 billion (Chart 1). Of this amount, some FIM 30 billion was placed in high-yield investment accounts subject to the withholding tax and some FIM 3 billion was apparently invested in bonds. In all, deposits subject to the withholding tax amounted to some FIM 60 billion at the end of January 1991. Thus FIM 30 billion worth of households' deposits already held in taxable accounts also became subject to the withholding tax.

With the release of liquid funds from tax-exempt fixed-term accounts, most banks sought to maintain their market shares by offering competitive rates on accounts subject to the withholding tax. This resulted in a rise in the average interest rate paid on households' taxable accounts to twice the average rate paid on tax-exempt accounts.

Despite the rise in the yield on taxable deposits, between October 1990 and January 1991 the outstanding amount of tax-exempt 24-month deposits declined by only 65 per cent of the amount that matured during the

TABLE. BANK DEPOSITS (BILLION FIM) AND INTEREST RATES (%), END-JULY 1991

	Commercial banks		Savings banks		Cooperative banks		Total ¹	
	Amount	Interest rate	Amount	Interest rate	Amount	Interest rate	Amount	Interest rate
Tax-exempt accounts	65.9	5.8	43.5	5.8	43.7	5.7	153.1	5.78
Accounts subject to withholding tax	29.3	9.5	18.4	10.9	16.6	10.3	64.3	10.13
- fixed-term	18.4	10.5	14.7	11.3	11.3	10.9	44.4	10.88
- other	10.9	7.8	3.7	9.4	5.3	8.9	19.9	8.46
Other taxable accounts	23.6	4.4	8.4	6.9	8.7	6.5	40.7	5.34
- giro	15.1	3.0	4.9	5.3	4.6	3.0	24.6	3.02
- other	8.5	6.8	3.5	9.2	4.1	10.4	16.1	8.88
Total	118.8	6.4	70.3	7.3	69.0	6.9	258.1	6.79

same period. Furthermore, the shift of funds from tax-exempt transactions accounts to accounts subject to the withholding tax at the turn of the year was surprisingly restrained in view of the fact that the former accounts amount to some FIM 85 billion, i.e. some FIM 40 000 per household.

The reason for this could be that a large part of bank deposits in Finland are owned by older people to whom the ease and simplicity of making deposits is more important than the rate of return. Evidently, only the most yield-conscious depositors, who already had taxable deposits, have tried to take advantage of the rise in deposit rates that has come with the imposition of the withholding tax.

DEPOSIT GROWTH LEVELS OFF IN THE COURSE OF THE YEAR

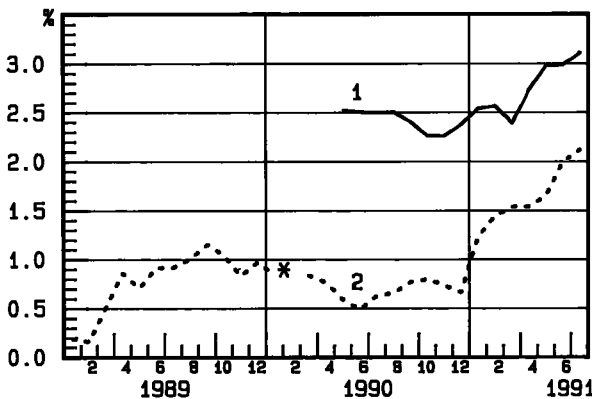
In January 1991, some 15 per cent of households' bank deposits were transferred from tax-exempt accounts to accounts subject to the withholding tax. Since then, the shift of funds between accounts has slowed. In the period from the end of January to the end of July, the amount of deposits subject to the withholding tax grew by only some FIM 4 billion. So, the structure of deposits has stabilized since the beginning of the year, with some 30 per cent of households' deposits now held in taxable accounts and the rest in tax-exempt accounts (Table).

Although there were substantial differences in the interest rates paid by different banks at the time the withholding tax was introduced – and still are – changes in market shares have been fairly small. Customer loyalty is therefore still a significant factor despite the liberalization of the markets. If there has been any shift in funds between banks, interest rate differences have evidently not been the main reason for this.

EFFECTS OF THE WITHHOLDING TAX ON BANK PROFITABILITY

If the structure and volume of deposits and deposit rates remain the same as at the end of July, banks' interest costs on deposits will grow by FIM 2.0 billion in 1991, as compared to the previous year. Part of this amount, some FIM 0.5 billion, is attributable to an increase in the amount of deposits.

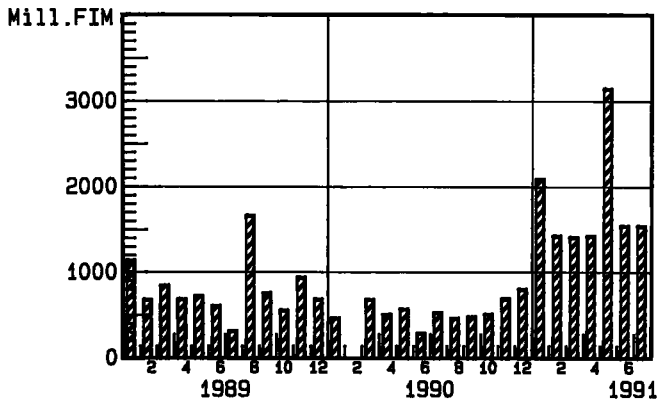
CHART 2. INTEREST RATE MARGINS



1. Average margin on new household loans linked to 3-month HELIBOR
2. Average margin on new loans linked to 3-year reference rate

* Bank strike

**CHART 3.
BOND TRANSACTIONS BETWEEN BANKS AND
THEIR CUSTOMERS**



Hence the combined effect of changes in balance sheet structure and interest rates would be some FIM 1.5 billion. Though part of this is due to the increase in the popularity of taxable accounts in 1990 and the tax strike, the biggest part is due to the withholding tax. The effect of the withholding tax is nevertheless smaller than was widely expected at the end of last year.

Tax revenue from deposits subject to the withholding tax will amount to just under FIM 700 million in 1991, and so depositors' interest income will increase by some FIM 1.3 billion. These figures do not take into account taxes paid on interest income last year.

The effect of the withholding tax on banks' interest rate margins is difficult to estimate because the banks are attempting to adjust their lending rates to changing circumstances. As indicated by

Chart 2, the banks' average interest rate margin on new market-rate loans to households has widened markedly in recent months. This is probably at least partly due to the withholding tax. The reason why the margin increased in spring 1991 is clear. When the demand for credit eased while interest rates remained high, the banks did not want to raise their lending rates. Later, when market rates were falling, the situation changed. The margin increased because, in order to compensate for higher average deposit rates, the banks did not lower their lending rates correspondingly.

**WITHHOLDING TAX
BOOSTS BOND MARKET**

The banks have made increasing use of bonds in their funding since the introduction of the withholding tax. Apparently, households have increased their

investments in bonds following the advent of the tax, because bond transactions between banks and their customers have increased manyfold this year (Chart 3). The reasons for the increased volume of investment in bonds could be their higher returns as compared to deposits, the combination of a long maturity with the liquidity of a small nominal value and interest rate expectations, which have increased interest in fixed-rate instruments. Bond investment is attractive not only to individuals, but especially to tax-exempt organizations because their dividend income has been squeezed with the adoption of the imputation ('avoir fiscal') system in corporate taxation.

If, as is planned, the withholding tax is made permanent, bond maturities are likely to lengthen. This would enable banks to use bonds as a means of reducing their interest rate risk on loans tied to three- and five-year reference rates. In addition, the central government budget deficit should provide an additional boost to new issue activity in the bond market and improve the efficiency of the secondary market in the coming years. Thus it is clear that in the future bonds will become increasingly important both as a medium for investment and as a source of funds for banks.

October 1, 1991

TRENDS IN THE DEMAND FOR AND PRICING OF BANKING SERVICES IN FINLAND

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The 1980s were a period of exceptional growth and qualitative change in the market for banking services in Finland. The most conspicuous aspects of this process were the removal of exchange and interest rate controls, the emergence of organized money markets, and the rapid growth of bank lending and securities trading in the latter half of the decade.

These developments and the subsequent tightening of credit conditions have had obvious macroeconomic significance, and it is mainly from this perspective that they have been regularly reviewed in the Bulletin. This article views the process from a somewhat different angle. We look at the more microeconomic changes in the banking services market – trends in volumes and prices of some of the most important services provided by banks.

The evidence presented below indicates that the volume of banking services grew at an extraordinarily rapid pace throughout the 1980s. Since the income earned by banks from the provision of these services has not grown equally quickly, we conclude that the effective prices of banking services have fallen significantly, at least in real terms. Notwithstanding this, the profitability of basic banking services does not seem to have declined. This points to a dramatic improvement in productivity, possibly as a result of a shift from manual to automatic and increasingly electronic banking.

PRODUCERS OF BANKING SERVICES

The financial services industry in Finland is dominated by deposit banks, of which there are three types: commercial, savings and cooperative banks. Despite differ-

TABLE 1. VALUE ADDED IN THE FINNISH FINANCIAL SERVICES INDUSTRY BY TYPE OF INSTITUTION, 1990

	% of total value added	
Bank of Finland	13.6	
Deposit banks	75.5	
of which: Commercial banks		46.2
Savings banks		14.2
Cooperative banks		15.1
Other financial intermediaries	11.0	
of which: Private		7.2
Government-owned		3.8
Total	100.0 % = FIM 19 billion	

TABLE 2. BREAKDOWN OF DEPOSIT BANKS' INCOME¹

	1990, mill.FIM	1981-90, real change p.a.
Interest earnings, net	13 782	7.8 %
Non-interest banking income:		
Fees and commissions	3 703	12.7 %
Guarantees and commitments	985	2.0 %
Foreign exchange dealings	763	0.5 %
Other banking income	2 361	11.4 %
Total income from banking services	21 594	8.1 %
Investment and extraordinary items:		
Sales of property	927	26.5 %
Dividends etc.	678	16.4 %
Miscellaneous items	2 278	23.4 %
Total income of deposit banks	25 477	9.4 %

¹ Real changes measured against the Consumer Price Index

ences in corporate form and somewhat different clienteles, they all operate on a universal banking basis and offer a broadly similar range of services. The significance of deposit banks for the financial services industry is apparent from Table 1.

In Finland, unlike some other countries, the share of the deposit banks in the financial services industry did not decline in the 1980s. Excluding the special credit institutions owned by the government, nonbank financial firms account for only 7 per cent of the total value added in the financial services industry. Further, the deposit banks also have a large interest in "other financial intermediaries", since most mortgage banks and finance companies belong to deposit bank groups. The structure of the Finnish financial services industry thus allows us to concentrate here merely on the activities of deposit banks

without omitting a large portion of the market from the analysis.

Table 2 gives a breakdown of deposit banks' income by source. It observes the national accounting approach applied by the Central Statistical Office of Finland, which divides the income of banks into two groups: income from the provision of banking services, and other income categories (mainly investment income and extraordinary items). The first group defines banks' service output. Income from investments is excluded on the grounds that it is simply a return on invested capital and not compensation for the provision of financial services or intermediation. As our focus is on services, income items not included in total service output are listed in Table 2 only to indicate their importance to Finnish banks.

Net interest income is clearly the most significant item of bank income. In 1990, it accounted for

TABLE 3. VOLUME INDICATORS OF BANKING SERVICES (1986 = 100)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1981-90 change p.a.
Deposits and depositor services:											
Deposits in domestic currency (R)	71	74	78	82	90	100	108	117	130	120	6.0 %
Number of deposit accounts	96	97	97	97	99	100	98	101	95	92	-0.5 %
Number of transfers cleared	38	49	65	71	84	100	107	130	152	168	17.9 %
Lending to the public:											
Lending in domestic currency (R)	69	73	77	82	91	100	111	137	141	137	7.9 %
Total lending (R)	68	74	78	83	92	100	114	143	154	162	10.1 %
Foreign exchange turnover (R)	-	-	-	-	-	100	128	204	178	202	19.2 %
Guarantees and commitments (R)	52	56	61	69	83	100	112	140	146	139	11.6 %
Securities:											
Turnover in listed shares (R)	5	8	16	25	34	100	261	296	296	135	43.7 %
Issues of stocks and bonds (R)	23	38	57	70	86	100	102	95	86	99	17.6 %

Note: R = deflated with the Consumer Price Index.

63.8 per cent of deposit banks' total output and 54.0 per cent of their total income. Other important income items deriving from services rendered are fees and commissions (17.1 per cent of total output), bank guarantee commissions (4.6 per cent) and income from foreign exchange dealings (3.5 per cent). Other service income (10.9 per cent) includes certain types of income from real estate, electronic data processing services and trading in shares. The most significant trend in the structure of income is the gradual increase in the share of fees and commissions.

Unfortunately, the income statement data provides incomplete information regarding the relative shares of different types of banking services in total income. In particular, sources of fees and commissions are not public information, and sources of net interest income can at best be deduced by various imputation methods. This makes it especially difficult to assess the contributions to banks' income of traditional deposit banking services, such as lending, deposit-taking and depositor services, including the making of payments and provision of cash. Somewhat better information is available on foreign exchange business, guarantees and commitments.

As regards banks' revenue from loans, deposits and depositor services, these cannot be unambiguously separated from each other. The bundling of deposits and depositor services has been at least as prevalent in Finland as in other countries.

Many of the services rendered to depositors, such as payment services, statements of account and the like, have traditionally been provided either "free of charge" or at much below cost. Since the use of these services has grown so rapidly, it would be misleading to look at deposits as a product with constant characteristics.

Furthermore, there is also evidence of the bundling of loans with deposits. An examination of income from deposit operations (assuming that banks can invest funds at money market rates) reveals that income from deposits alone has exceeded the entire net interest income reported by the banks. This is because lending rates were lower than money market rates even for most of the latter part of the 1980s, when interest ceilings on loans had already been removed.¹ The reason for this was the existence until 1990 of various tax impediments to deposit rate competition. It appears that, at least until last year, lending at low interest rates has been used as a means of competing for deposits, and thus the pricing of loans cannot be separated from competition in the deposit market.

VOLUME OF BANKS' OUTPUT

We now turn to the analysis of some indicators of the volume of services produced by the deposit banks. The indicators, describing deposits, lending, guarantees and commitments, foreign

exchange dealings, security issues and trading in listed shares, are reported in Table 3.

The first three lines in the table describe the growth of deposit business. In banking studies, the traditional indicators of this are the balance sheet value of deposits (in real terms) and the number of accounts. In the Finnish case, the growth in the number of accounts was actually negative for the 1980s (-0.5 per cent annually), while real deposit balances grew at an annual rate of some 6 per cent. However, these volume measures of deposit business do not take into account the volume of services provided to depositors and will thus be biased whenever there is significant change in the "service intensity" of deposit accounts.

One of the most important trends of the 1980s as regards deposit banking was the automation of services resulting from technological progress. The improvement in the quality of services provided has been evident first of all in the growth in the number of cash dispensers, which has enabled depositors to use bank accounts on a 24-hour basis, seven days a week, and has shortened the distance to the nearest service point. Wider use of debit cards and EFTPOS terminals has also made it easier to use bank accounts in payments. All this has led to a rapid increase in the velocity of deposits and dramatic growth in the volume of payments handled by banks.

In Finland, the fastest growing categories of payments have been payments by giro and debit

¹The reader can easily verify this by referring to Tables 3.1 and 3.4 in the statistical section of the Bulletin.

cards. According to statistics compiled by The Finnish Bankers' Association², the number of debit card transactions grew at a remarkable annual rate of 45 per cent in 1986–1990. At the same time, the use of cheques by households is quickly losing importance.

In Table 3, the volume of payment services is measured in terms of the number of interbank clearing transactions recorded by the Bank of Finland. By this measure, the number of payments has grown much faster than the real value of deposits, and hence the "service intensity" of accounts has increased. This conclusion is reinforced by the velocity of deposits: the ratio of the value of withdrawals to the average balance more than doubled in the course of the 1980s.

The volume of lending also grew rapidly during the 1980s (some 10 per cent annually in real terms). The real growth of foreign currency loans was particularly vigorous (some 21 per cent annually in the 1980s). Among the factors contributing to the rapid growth was deregulation, which improved banks' opportunities of adding debt financing to their ordinary deposit base. Equity financing also played a significant role in banks' funding in the 1980s. Before the downturn in share prices at the end of the 1980s, capital was readily available and commercial banks increased their real equity capital by a factor of 3.4 (some 14 per cent annually) in 1981–1990.

The data in the table shows that off-balance sheet banking and trading activities also grew very rapidly in the last decade. Guarantees and other commitments grew by some 12 per cent a year in real terms in the 1980s. As this is faster than the growth of banks' markka lending, it appears that the relative importance of off-balance sheet financial services to banking as a whole has increased. We have comparable statistics on sales and purchases of foreign currency only after 1986.

² Payment systems and banking technology in Finland 1986–1990. The Finnish Bankers' Association, Helsinki, 1991.

TABLE 4. SELECTED INDICATORS OF THE PRICING OF BANKING SERVICES

	1985	1986	1987	1988	1989	1990
Index of real service charges	100	104	110	119	119	144
Charge on bank guarantees, %	1.00	1.00	0.93	0.84	0.76	0.78
Average interest rate margin, %	4.4	4.4	4.5	4.6	4.9	5.4
Interest rate margin (new lending), %	4.9	5.2	5.6	5.3	6.1	6.9

but even this data confirms that the real value of foreign exchange dealings also grew very rapidly (19.2 per cent annually). In addition, the volume of certain other chargeable banking services, e.g. securities trading and new issue activity, increased sharply.

PRICES OF BANKING SERVICES

The institutional basis of bank service pricing has undergone a number of changes in Finland since the early 1980s. The most important milestones in the deregulation process are described below.

The initial impetus to change was provided by the decision to allow the entry of foreign banks, at first in the form of subsidiaries; the first subsidiary obtained a licence in 1982. The market share of foreign entrants has remained small, but their presence is thought to have intensified competition in certain services aimed at large corporate customers. For instance, the entry of foreign banks is widely cited as one reason for the narrowing in currency spreads in large transactions observed in the 1980s. In 1985, banks finally terminated their agreement on service charges, which had been administered by The Finnish Bankers' Association.

The long-standing ceiling on average lending rates was lifted by the Bank of Finland in August 1986. Later, after the Bank of Finland had started to quote HELIBOR interbank money market rates, the use of floating rate contracts in lending was gradually allowed (in place of the traditional practice of linking interest rates to the Bank of Finland's base rate). The deregulation of lending rate controls reduced the incentives for banks to tie lending to previous deposit relationships.

Traditionally, the interest rates paid on household deposits had

been determined by a deposit rate agreement among the banks. In practice, deposit rates were very rigid and usually adjusted only when the Bank of Finland's base rate was changed. The system was supported by tax laws, which granted tax-free status to interest income from deposits covered by the cartel agreement. This rigid deposit rate system survived with little change until the beginning of 1991, when interest income on deposits was excluded from the personal income tax base and a final 10 per cent withholding tax was imposed in its place. This prompted vigorous interest rate competition for deposits. The banks introduced new deposit accounts (both time deposit and current accounts) with higher interest rates than before, and about a third of household deposits are now held in such accounts.³

The ending of the deposit rate cartel reduced incentives to provide free services to depositors. Consequently, over the last two years or so, banks have introduced service charges for many previously free services. Further, many old charges have been increased. Precise quantification of these changes is difficult, however, as data on service charges is very incomplete. The only price index in this area is the banking service charges component of the Consumer Price Index. Some available figures describing the changes in banks' pricing practices in the latter half of the 1980s are given in Table 4.

The interest rate margins shown in Table 4 are the differences between the average interest rate on deposits and the average rate on outstanding loans and the rate applied in new lending. Taken as such, these indicators would suggest that banking

³ See the article by Helka Jokinen and Heikki Solttila in this issue of the Bulletin.

TABLE 5. INDICATORS FOR REAL PRICES OF CERTAIN BANKING ACTIVITIES (1986 = 100)

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1981-90, change p.a.
Loans and depositor services	160	146	118	120	116	100	112	104	95	97	-5.3 %
Foreign exchange dealings	-	-	-	-	-	100	79	52	55	73	-7.4 %
Guarantees and commitments	139	137	133	134	120	100	96	67	63	62	-8.6 %

services had become much more expensive in real terms: only the average charge on bank guarantees appears to have declined.⁴ The index of real service charges, which measures banking charges paid by consumers (relative to the CPI), has risen sharply; this trend has continued in 1991, and in August the index of real service charges stood at 155.7. Finally, the margin between banks' average deposit and lending rates has been increasing, especially if calculated on the basis of the average rate on new lending.⁵ This trend has been reversed this year with the intensification of deposit rate competition. By June, margins had narrowed by about 0.5 percentage point (to 4.9 per cent for the average stock and to 6.4 per cent for new lending).

The direct observation of service prices is obviously hampered by the complications caused by multimarket price discrimination and the extensive bundling of products, both of which characterize the market for banking services. Indeed, a quite different picture from that given by Table 4 of the behaviour of effective prices for services is obtained by comparing total compensation for services rendered with the corresponding service volumes. We now turn to the examination of some of the main categories of services from this perspective.

Table 5 gives some rough indicators of price trends in different categories of banking services. The effective price of the aggregate consisting of loans, deposits, and depositor services is calculated by dividing the compensation for them (net interest

income plus a portion of fees and commissions) by a volume indicator.⁶ The volume indicator for these services is obtained as a weighted average of the index of the volume of payments business (taken to represent depositor services) and the real stock of loans outstanding by their respective output shares.

Note that the real value of deposits does not enter our volume calculation. This is justified by the observation that if no "free" services were provided to depositors, the deposit rate paid could not differ from the market rate (assuming that deposits do not differ in quality from market instruments and thus cannot differ in price), and so the interest rate margin represents compensation for loan services and free depositor services only. The actual proportions of loan and deposit services are not known exactly.⁷ The conclusions drawn below are not, however, sensitive to moderate changes in the weights applied.

The estimates for prices of lending and deposit services obtained in this way have clearly declined in real terms (some 5 per cent a year in 1981-1990) and hence give a very different picture of price developments for these services than do service fees and the interest rate margin. In 1990, the downward trend in our estimated prices was, however, reversed as the index rose slightly in real terms. The results nevertheless demonstrate that it is important to take the amount of services provided into account, and that failure to do so could lead to erroneous conclusions regarding price movements in the financial services industry.

Our results indicate a broadly similar price decline in bank guar-

antees (including other similar commitments) and foreign exchange services, both of which are used mainly by corporate customers. The price index of bank guarantees is estimated by dividing commission income by a volume indicator, the real value of contingent liabilities. The results suggest a marked decline in the real prices of bank guarantees in the 1980s. This decline is even stronger than that reported by the Confederation of Finnish Industries on a subset of these services (reproduced in Table 4).

Banks' income from foreign exchange dealings derives from differences between buying and selling rates. This income is only partly attributable to the spreads applied in foreign exchange dealings, as changes in exchange rates also affect banks' results through their (limited) open currency positions. The estimated real "price", calculated as the ratio of income from foreign exchange business to the volume of foreign exchange dealings (currency bought and sold), has nevertheless declined markedly in recent years; spreads between buying and selling prices may have narrowed by as much as one-third during the years 1986-1990.

COMPETITION AND COST EFFICIENCY

All in all, our results suggest that, taking into account the volume of services actually provided, real effective prices in banking have decreased remarkably since the early 1980s. This trend continued until 1990, when prices of many service aggregates apparently turned up slightly. As regards foreign exchange business, this could be due merely to transitory factors. The rise in lending and deposit prices could relate to anticipation of the introduction of the withholding tax on interest

⁴ This is based on a survey by the Confederation of Finnish Industries (Tehdas-teollisuuden rahoituskustannukset 1990, TKL, Helsinki 1991).

⁵ We have adjusted the interest rate on banks' new lending by giving the different lending categories weights which correspond to the categories' shares in the outstanding stock of loans.

⁶ We assumed that 50 per cent of fees and commissions relate to loans and depositor services.

⁷ We gave 30 per cent to lending and 70 per cent to depositor services.

TABLE 6. DEPOSIT BANKS' SURPLUS FROM BANKING ACTIVITIES, MILL. FIM

	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990	1981 90, change p.a. ¹
Business profit	1 200	1 457	1 506	1 646	2 689	2 661	3 347	6 501	2 179	3 366	5.6 %
Net operating surplus (NOS)	1 137	1 402	1 315	1 595	2 287	1 875	2 822	3 127	3 204	5 306	11.8 %
NOS, less credit losses	1 108	1 285	1 224	1 484	2 137	1 602	2 216	2 072	1 460	3 162	5.8 %
Ditto, at current lending rates ²	-	-	-	-	2 794	2 854	4 133	3 624	4 410	7 295	15.4 %

¹ In relation to the Consumer Price Index

² Average growth given for 1985-1990

income or to increased credit risk in connection with new loans.

There are several possible explanations of the trend-like decline in prices. It may in part be a result of stiffening competition in the supply of some banking services, due to, among other things, de-regulatory measures effected since the early 1980s. Probably, part of the decline in prices also derives from productivity increases due to technological improvements in banking, and especially in the provision of services to depositors. The speed at which new technology enhancing productivity is adopted might, of course, also be taken as evidence of competition in the industry.

To evaluate the impact of competition on the one hand and cost-saving technological advances on the other, one needs to examine developments in the profitability of banking. Unfortunately, the accounting profits reported by banks are influenced by a number of other factors besides the pro-

duction and sale of banking services. These factors include income from investing banks' own funds, various extraordinary items such as sales of property, and the use of accelerated depreciation of real assets for smoothing taxable profits. An adjusted profitability measure is clearly needed. One such measure, "net operating surplus" in the national accounts, is reported in Table 6 for the deposit banks.

Looking at developments in the net operating surplus of deposit banks it can be seen that, if anything, the profitability of basic banking activities increased during the 1980s. Given the concurrent reduction in real effective prices, this suggests that the improvements in bank productivity must have been very great indeed.

As is shown in Table 6, the picture of profitability in banking is, however, highly conditional on the treatment of interest rate risk and credit losses in the calculations.

Exposure to both of these risks has had a depressing effect on bank profits. Subtracting credit losses from the operating surplus would eliminate most of any real growth in the figures, and in 1991 a decrease in profits is expected. However, if we re-evaluate net interest income at the rates applied in new lending (this shows the profitability of current decisions), the trend in profitability again becomes more favourable. Thus, the growth of productivity has probably been the dominant factor behind the observed developments in prices of banking services.

October 4, 1991

**BANK OF FINLAND
TAKES CONTROL OF
SKOPBANK**

On September 19, 1991, the Bank of Finland decided to take control of Skopbank so as to restore confidence in the bank's activities. The Bank of Finland assumed responsibility for all Skopbank's domestic and foreign liabilities on a consolidated basis and stated that it would ensure Skopbank's solvency and liquidity under all circumstances.

By means of a targeted issue of additional equity, the Bank of Finland will acquire a majority of both share capital and voting power in Skopbank. The shares will be held by a holding company owned by the Bank of Finland.

A key element of the programme for stabilizing Skopbank is the removal of the largest equity, credit and real estate exposures from the bank's balance sheet by transferring them to two other holding companies owned by the Bank of Finland. In addition, Skopbank's management has been reorganized.

These decisions were prepared and will be implemented in cooperation with the Banking Supervision Office.

The arrangements will strengthen the operating conditions of the entire savings banks group in Finland.

* * *

On September 30, 1991, the Supervisory Board of Skopbank appointed Mr. Kaarlo Vilho Jännäri, M. Sc. (Econ.), as the bank's Chief General Manager and Chairman of the Board of Management, with immediate effect. Mr. Jännäri comes to the post having served as head of the Bank of Finland's Financial Markets Department. Mr. Heikki Karppinen remains Managing Director of Skopbank.

**SURVEY OF DIRECT
INVESTMENT
IN 1990**

According to the Bank of Finland's direct investment survey, earnings from Finnish direct investment abroad and from foreign direct investment in Finland contributed FIM 2 241 million, in net terms, to the current account deficit in 1990. At the end of 1990, the stock of Finnish direct investment abroad exceeded that of foreign direct investment in Finland by FIM 25 billion.

Only those Finnish-owned subsidiaries and associates whose balance sheet total exceeded FIM 50 million were included in the survey. These enterprises account for about 90 per cent of the total stock of direct investment abroad.

As regards foreign-owned subsidiaries and associates located in Finland, the survey covered all manufacturing companies, financial institutions and other enterprises with significant direct investments in Finland. Sampling was used for foreign-owned enterprises with minor investments in Finland. The data presented here on direct investment stocks and direct investment earnings have been adjusted to reflect the coverage of the survey.

**Finnish direct
investment abroad**

Stock of investment¹. According to the survey, the book value of the stock of Finnish enterprises' investments in their subsidiaries and associates abroad amounted to FIM 42.9 billion at the end of 1990. Manufacturing companies accounted for FIM 31.8 billion of the total, the most important manufacturing sector

being metal and engineering. Enterprises in the finance and insurance sector had direct investments abroad totalling FIM 7.7 billion. Nearly half of the total stock of direct investment was located in the EC area.

Reinvested earnings² and direct investment earnings. The survey indicates that Finnish-owned subsidiaries and associates did not have any reinvested earnings, in net terms, in 1990. When reported losses and dividends paid during the accounting period are deducted from reported profits for the accounting period, the result is a negative figure of FIM 1 705 million.

Finnish companies repatriated FIM 524 million in the form of dividends and interest from their subsidiaries and associates abroad. Thus direct investment earnings (repatriated earnings plus reinvested earnings) were negative and amounted to FIM 1 181 million. Manufacturing companies had negative direct investment earnings of FIM 220 million and enterprises in the finance and insurance sector negative earnings of FIM 1 020 million.

Finnish-owned manufacturing operations abroad. In 1990, the total turnover of Finnish manufacturing companies abroad was FIM 98.4 billion. Half of that amount was accounted for by the metal and engineering industries. Manufacturing companies employed 141 000 persons abroad.

The survey indicates that the average profitability of Finnish-owned manufacturing companies, measured in terms of both operating income and net income, remained at the level of the previous year; operating income accounted for 7 per cent of turnover while net income was nil.

2 Reinvested earnings are equal to income weighted by the investor's ownership share before adjustment items, excluding dividends paid during the accounting period weighted by the investor's ownership share. Up till 1989, the proposed dividend for the previous accounting period was used instead of dividends paid during the current accounting period.

1 The stock has been calculated by adding parent-company loans of more than one year to the capital account (shareholders' equity + reserves + valuation items) of the direct investment enterprise weighted by the direct investor's ownership share.

TABLE. DIRECT INVESTMENT STOCKS AND DIRECT INVESTMENT EARNINGS, 1990, MILLION FIM

	Finnish direct investment abroad	Foreign direct investment in Finland
Dividends and interest	524	1 738
Reinvested earning	-1 705	-678
Direct investment earnings, total	-1 181	1 060
Stock of direct investment at end-year	42 868	17 896

According to the survey, the profitability of the forest and chemical industries abroad improved in comparison with the previous year. Operating income in relation to turnover rose to the level reached in 1987 and 1988. Operating income was 14 per cent in the forest industries and 10 per cent in the chemical industries. Profitability in the metal and engineering industries, measured in terms of operating income, remained at the level of the previous year, i.e. 5 per cent. By contrast, profitability in the other manufacturing sectors declined on average.

In 1990, the EC area emerged as the most profitable market area for manufacturing as a whole. In North America and the EFTA region the weakening in profitability continued.

The profitability figures are averages. There were again sharp variations in profitability both among subsidiaries and associates as well as by sector and region. Some 55 per cent of all companies and sub-groups reported a net profit. Five companies and sub-groups together accounted for more than one-quarter of total reported profits and five accounted for about one-fifth of total reported losses.

Foreign direct investment in Finland

Stock of foreign direct investment. The total book value of foreign companies' investments in subsidiaries and associates located in Finland was FIM 17.9 billion at the end of 1990. Of the total, manufacturing companies accounted for 42 per cent, more than half being invested in the metal and engineering industries. The share of sales companies in the total stock of investment was 40 per cent. Investment from the EFTA area accounted for 55 per cent of the total stock.

Reinvested earnings and direct investment earnings. According to the survey, foreign-owned subsidiaries and associates did not have any reinvested earnings, in net terms, in 1990. When reported losses and dividends paid during the accounting period are deducted from reported profits for the accounting period, the result is a negative figure of FIM 678 million.

Foreign-owned companies remitted FIM 1 738 million to their owners in the form of dividends and interest. Hence, direct investment earnings (repatriated earnings plus reinvested earnings) totalled FIM 1 060 million. The direct investment earnings

of manufacturing companies amounted to FIM 529 million and that of sales companies to FIM 483 million.

THE BANK OF FINLAND TO CLOSE EIGHT OF ITS BRANCHES

On September 27, 1991, the Parliamentary Supervisory Board decided, on the basis of a proposal by the Board of Management, to seek the Government's approval for closing the Joensuu, Jyväskylä, Kotka, Lahti, Mikkeli, Pori, Rovaniemi and Vaasa branches.

According to the proposal, the four smallest branches, Joensuu, Mikkeli, Pori and Rovaniemi will close by June 30, 1992 and the Jyväskylä, Kotka, Lahti and Vaasa branches by June 30, 1994.

The function of the Bank of Finland's branches is to maintain the supply of notes and coin in their respective regions. To enhance the efficiency and security of currency supply, the Bank of Finland has installed automated note-sorting machines for the handling of banknotes. Besides the Head Office, these machines have been installed in the Kuopio, Oulu, Tampere and Turku branches. Advances in currency handling techniques and in arrangements for ordering and transporting notes and coin now make it possible to supply the whole country from these four branches.

Negotiations on the closures have been conducted with the staff in accordance with the co-determination agreement.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM NOVEMBER 1990 TO OCTOBER 1991

1990

NOVEMBER

Till-money credits. The agreement under which the Bank of Finland grants interest-free till-money credits to deposit banks is revised as from November 30. In the same context banks' base amounts are raised in proportion to the increase in notes and coin held by the public.

Export deposits. The Government decides to refund the export deposits levied on pulp and wood-free printing paper, with accrued interest, in lump sum by the end November.

DECEMBER

Cash reserve deposits. The Bank of Finland decides to lower the cash reserve requirement from 8.0 per cent to 7.0 per cent by the end of the year. The reduction will be carried out in weekly steps of 0.2 percentage point as from November 30.

1991

JANUARY

Repurchase agreements. Repurchase agreements are introduced in money market dealings between the Bank of Finland and the banks from the beginning of 1991. This new type of transaction complements the present system of central bank financing.

Foreign Exchange Regulations. By decision of the Bank of Finland, all remaining foreign exchange regulations, except those regarding the raising of loans abroad by private individuals and comparable corporate entities, are rescinded, as from January 1, 1991.

Termination of clearing system.

As from the beginning of 1991, the special provisions in the Bank of Finland's Foreign Exchange Regulations concerning payments and financing in trade with the Soviet Union are cancelled. Payments in respect of all future trade in goods and services between Finland and the Soviet Union will be made in convertible currencies. The Bank of Finland quotes the selling rate for the clearing rouble for the last time on Thursday, January 31, 1991.

Cash reserve requirement.

The Bank of Finland lowers the cash reserve requirement from 7.0 per cent to 6.7 per cent of the cash reserve base at end-December 1990.

FEBRUARY

Cash reserve requirement.

The Bank of Finland lowers the cash reserve requirement from 6.7 per cent to 6.2 per cent of the cash reserve base at end-January 1991.

APRIL

Counter-cyclical deposits.

The Government returns the counter-cyclical deposits collected in the period April 1, 1988-March 31, 1989 to enterprises on April 30. The deposits with the Bank of Finland total FIM 1.3 billion.

MAY

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 6.2 per cent to 5.8 per cent of the cash reserve base at end-April 1991.

JUNE

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.8 per cent to 5.5 per cent of the cash reserve base at end-May 1991.

Finnish Markka linked to the European Currency Unit (ECU).

On the basis of a proposal by the Bank of Finland, the Government decides on June 4, 1991 to present a bill to Parliament providing for the amendment of section 2 of the Currency Act. By the amendment, which is approved on June 7, the markka is unilaterally linked to the EC's official accounting and currency unit, the European Currency Unit (ECU), from June 7, 1991.

The amendment does not involve any change in the fluctuation range of the markka. The new fluctuation margins and the midpoint are set so as to correspond with the fluctuation margins and midpoint applied to the old currency index. The midpoint is defined on the basis of the exchange rates confirmed by the EC on June 6, 1991 at 3.15 pm (Finnish time). The new midpoint is 4.87580 (FIM/ECU). The markka may fluctuate within margins of 3 per cent on either side of the midpoint, i.e. between FIM 4.72953 and FIM 5.02207.

Foreign Exchange Regulations.

The Bank of Finland decides to rescind all controls on the raising of loans abroad by private individuals and comparable corporate entities as from October 1, 1991. This measure completes the abolition of exchange control in Finland.

JULY

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.5 per cent to 5.2 per cent of the cash reserve base at end-June 1991.

AUGUST

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 5.2 per cent to 4.9 per cent of the cash reserve base at end-July 1991.

SEPTEMBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.9 per cent to 4.6 per cent of the cash reserve base at end-August 1991.

Skopbank. On September 19, 1991, the Bank of Finland decides to take control of Skopbank so as to restore confidence in the bank's activities and states that it will ensure Skopbank's solvency and liquidity under all circumstances.

OCTOBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.6 per cent to 4.3 per cent of the cash reserve base at end-September 1991.



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 the Soviet Union 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 4 998 700 (Jan. 1, 1991) and an average population density of 16.4 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 492 500 inhabitants, Espoo (Esbo) 172 650, Tampere (Tammerfors) 172 600, Turku (Åbo) 159 200 and Vantaa (Vanda) 154 900.

There are two official languages: 93.6 % of the population speaks Finnish as its mother tongue and 6.0 % 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 December 6, 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, March 1, 1988 to March 1, 1994, is Dr. Mauno Koivisto.

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

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish 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 Peoples Party and 1 by the Christian League. The Prime Minister is Mr. Esko Aho of the Centre Party.

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

INTERNATIONAL RELATIONS

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. 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. The Finnish economy is essentially based on private enterprise, with over 80 % of manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic

product of FIM 458 billion in basic values in 1990, 3 % was generated in agriculture and fishing, 3 % in forestry, 23 % in industry, 9 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 5 % in finance and insurance, 20 % in other private services and 18 % by producers of government services. Of total employment of 2.5 million persons in 1990, 8 % were engaged in primary production, 31 % in industry and construction and 61 % in services.

In 1990, expenditure on the gross domestic product in purchasers' values amounted to FIM 525 billion and was distributed as follows: net exports -1.4 % (exports 22.7 %, imports -24.1 %), gross fixed capital formation 26 %, private consumption 52 % and government consumption 21 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 38 % and the net tax ratio (net taxes in relation to GDP) 25 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 4.3 % in 1990-89. Finland's GDP per capita in 1990 was USD 27 500.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1986-90, their share was, on average, 74.2 per cent, of which the share of EC countries was 42.9 percentage points and that of EFTA countries 21.1 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 17.2 per cent and the rest of the world for 8.5 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1990, the share of forest industry products in total merchandise exports was 39 %, the share of metal and engineering products 43 % and the share of other goods 18 %. Raw materials and intermediate goods (incl. crude oil) accounted for 54 % of merchandise imports, fuels for 3 %, investment goods for 19 % and consumption goods for 23 %.

Forest resources. Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 880 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 55 million cubic metres in 1990.

Energy. In 1990, gross consumption of primary energy amounted to 31 Mtoe, of which industry accounted for 46%, heating for 21%, transportation for 14% and other purposes for 19%. The sources of primary energy in 1988 were as follows: oil 30%, coal 12%, nuclear power 14%, hydro-electric power, peat and other indigenous sources 29%, others 15%. Compared internationally (1989), 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 40%, 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 November 1, 1977 to June 7, 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 November 30, 1988 the range was 6 percentage points). Since June 7, 1991, the markka has been pegged to the European Currency Unit, the ECU. The new fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint is 4.87580 (FIM/ECU) and the fluctuation limits FIM 4.72953 and FIM 5.02207, where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value. Under the Currency Act, the fluctuations limits are set by the Government on the proposal of the Bank of Finland.

International payments.

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

At the beginning of 1991 the remaining exchange controls were dismantled except for those concerning foreign borrowing by private individuals. The latter controls were removed as from October 1, 1991.

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

monitoring of financial institutions' risks by the Bank of Finland.

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

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. 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 12 branch offices in other towns.

Other banks (Dec. 31, 1990).

Finland has three major groups of deposit banks with a total of more than 3 500 offices. There are three big commercial banks with national branch networks and ten smaller ones, four of which are foreign-owned. The commercial banks have a total of 28 foreign branches, subsidiaries and associate banks and 25 representative offices abroad. There are 150 savings banks and 338 cooperative banks with their own extensive branch networks. In addition, foreign banks have 8 representative offices in Finland.

During 1991 there have been some changes in the status of foreign-owned banks. Since August 1, 1991 three subsidiaries and two branches owned by foreign commercial banks have been operating in Finland.

Financial markets. Of the total stock of FIM 733 billion in outstanding domestic credit at the end of 1990, 64% was provided by deposit banks, 3% by private mortgage banks, 16% by insurance companies, 4% by other private credit institutions, 4% by public financial institutions and 8% 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, 67% of the instruments, which totalled approxi-

mately FIM 150 billion at end-1990, 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 74 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 85 billion (at end-1990). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1990 totalled FIM 116 billion; government bonds made up 25% of the total. Turnover on the Stock Exchange in 1990 amounted to FIM 20 billion; the share of shares and subscription rights in the total was approximately 77%.



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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

	1990		1991			
	Sept. 30	Dec. 31	Sept. 6	Sept. 13	Sept. 23	Sept. 30
ASSETS						
Gold and foreign currency claims	36 298	37 307	26 255	24 996	24 712	27 001
Gold	2 180	2 180	2 180	2 180	2 180	2 180
Special drawing rights	790	791	877	864	862	863
IMF reserve tranche	823	783	1 089	1 072	1 070	1 142
Convertible currencies	32 412	33 478	22 055	20 828	20 549	22 767
Tied currencies	93	75	54	53	51	50
Other foreign claims	2 533	2 574	2 479	2 479	2 479	2 400
Markka subscription to Finland's IMF quota	2 154	2 198	2 074	2 074	2 074	2 004
Term credit	379	376	405	405	405	396
Claims on financial institutions	23 349	15 190	20 988	21 780	21 894	19 235
Call money credits	14	-	17	202	727	298
Certificates of deposit	17 754	9 411	4 989	6 563	7 607	9 173
Securities with repurchase commitments	-	-	10 213	9 246	7 823	4 116
Till-money credits	3 186	3 427	3 631	3 631	3 631	3 542
Bonds	2 156	2 115	1 900	1 900	1 868	1 868
Other claims on financial institutions	238	238	238	238	238	238
Claims on the public sector	1 358	1 314	1 381	1 381	1 400	1 398
Bonds	28	0	3	3	24	24
Total coinage	1 330	1 314	1 379	1 378	1 376	1 374
Claims on corporations	1 791	1 678	1 409	1 400	1 391	1 376
Financing of exports	0	-	-	-	-	-
Financing of domestic deliveries (KTR)	1 320	1 223	979	970	962	953
Bonds: KTR credits	268	254	225	224	224	219
Bonds: Other	10	8	3	3	3	3
Other claims on corporations	194	193	202	202	201	201
Other assets	113	900	122	123	123	128
Accrued items	-	770	-	-	-	-
Other assets	113	131	122	123	123	128
Total	65 441	58 964	52 633	52 158	51 999	51 539
LIABILITIES						
Foreign currency liabilities	1 178	983	27	21	25	25
Convertible currencies	26	27	26	20	24	24
Tied currencies	1 152	957	1	1	1	1
Other foreign liabilities	2 891	2 938	2 882	2 870	2 868	2 800
IMF markka accounts	2 154	2 198	2 074	2 074	2 074	2 004
Allocations of special drawing rights	737	740	809	796	795	796
Notes and coin in circulation	13 418	14 555	13 623	13 567	13 648	13 621
Notes	12 300	13 399	12 444	12 388	12 469	12 443
Coin	1 118	1 156	1 179	1 178	1 178	1 178
Certificates of deposit	-	-	370	370	310	610
Liabilities to financial institutions	21 973	17 855	13 004	12 780	12 721	11 857
Call money deposits	541	418	296	72	13	13
Cash reserve deposits	21 395	17 401	12 707	12 707	12 707	11 842
Other liabilities to financial institutions	37	36	1	1	1	1
Liabilities to the public sector	4 925	1 321	3	3	3	3
Cheque accounts	0	1	-	-	-	-
Pension fund deposits	3 311	-	-	-	-	-
Counter-cyclical deposits	1 318	1 317	-	-	-	-
Export deposits	292	-	-	-	-	-
Other liabilities to the public sector	4	3	3	3	3	3
Liabilities to corporations	10 439	9 925	8 182	8 168	8 162	8 177
Deposits for investment and ship purchase	10 439	9 925	8 182	8 168	8 162	8 177
Other liabilities	60	1 774	103	97	97	98
Accrued items	-	1 718	-	-	-	-
Other liabilities	60	56	103	97	97	98
Valuation account and reserves	4 393	3 448	8 674	8 517	8 401	8 582
SITRA's capital	400	400	-	-	-	-
Capital accounts	5 764	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764	764
Profit/loss for the accounting year	-	-	-	-	-	-
Total	65 441	58 964	52 633	52 158	51 999	51 539

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	2 3571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1990	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1990												
Sept.	2 180	790	823	32 386	36 179	-1 059	35 120	-358	34 762	1 358	4 925	3 567
Oct.	2 180	792	825	33 191	36 988	-1 022	35 966	-363	35 603	1 329	3 970	2 641
Nov.	2 180	783	774	34 015	37 752	-1 263	36 489	-357	36 132	1 322	1 832	510
Dec.	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1991												
Jan.	2 180	1 027	881	34 295	38 383	-288	38 095	-362	37 733	1 339	1 321	-18
Feb.	2 180	968	863	32 839	36 850	-526	36 324	-365	35 959	1 354	1 323	-31
March	2 180	1 001	892	31 441	35 514	-397	35 117	-376	34 741	1 388	1 320	-68
April	2 180	945	1 065	30 681	34 871	-260	34 611	-386	34 225	1 388	3	-1 385
May	2 180	833	1 091	23 154	27 258	-17	27 241	-387	26 854	1 405	4	-1 401
June	2 180	1 021	1 115	29 588	33 904	29	33 933	-394	33 539	1 411	4	-1 407
July	2 180	853	1 111	29 535	33 679	56	33 735	-399	33 336	1 391	4	-1 387
Aug.	2 180	875	1 086	25 966	30 107	55	30 162	-401	29 761	1 382	3	-1 379
Sept.	2 180	863	1 142	22 743	26 928	49	26 977	-400	26 577	1 398	3	-1 395

End of period	Domestic financial sector						Corporate sector				
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Outstanding CDs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1989	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-
1990	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1990											
Sept.	17 754	-527	21 395	3 186	-2 357	1 375	1 588	10 235	-8 647	13 418	-
Oct.	14 501	-236	20 877	3 695	-2 334	-583	1 548	9 902	-8 354	13 392	-
Nov.	12 709	-1 746	19 878	3 307	-2 324	-3 284	1 526	9 802	-8 276	13 467	-
Dec.	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1991											
Jan.	6 948	-1 300	17 215	3 614	-2 262	-5 691	1 448	9 330	-7 882	13 397	640
Feb.	8 171	-1 601	15 682	3 926	-2 239	-2 947	1 419	9 226	-7 807	13 170	1 430
March	11 829	350	15 740	3 535	-2 234	2 208	1 374	8 974	-7 600	13 412	3 770
April	11 193	-441	15 845	3 429	-2 169	505	1 336	8 587	-7 251	13 244	3 280
May	16 252	1 282	14 700	3 442	-2 181	8 457	1 310	8 076	-6 766	14 406	2 380
June	12 715	-1 996	14 161	3 786	-2 164	2 508	1 273	8 190	-6 917	13 972	2 850
July	10 515	-1 877	13 546	3 740	-2 127	959	1 236	8 074	-6 838	13 841	1 090
Aug.	12 159	-1 078	12 707	3 631	-2 133	4 138	1 212	7 993	-6 781	13 613	370
Sept.	13 289	285	11 842	3 542	-2 105	7 379	1 172	7 973	-6 801	13 621	610

2. THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD MARKET

2.1 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE CALL MONEY MARKET, MILL FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1989	131 110	3 855	99 245	28 010	-425	441	27 144
1990	163 326	26 379	160 797	-23 850	-38	-151	-23 737
1990							
Sept.	11 110	100	11 340	-330	0	-260	-70
Oct.	4 850	50	8 340	-3 540	1	-290	-3 249
Nov.	4 160	50	5 940	-1 830	-15	1 495	-3 340
Dec.	3 150	350	6 250	-3 450	-	-1 328	-2 122
1991							
Jan.	3 230	640	5 320	-2 730	-	882	-3 612
Feb.	3 810	1 760	2 480	-430	6	307	-731
March	9 600	1 790	4 360	3 450	756	-1 195	5 401
April	13 060	1 200	8 990	2 870	-752	39	2 079
May	12 670	1 180	7 950	3 540	1 366	-357	5 263
June	9 603	2 980	9 493	-2 870	-1 305	1 973	-6 148
July	6 865	160	7 366	-661	-71	-190	-542
Aug.	11 430	280	7 380	3 770	21	-778	4 569
Sept.	11 670	680	10 360	630	277	-1 086	1 993

2.2 FORWARD EXCHANGE MARKET, MILL.FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1989	10 531	3 563	6 967	8 031	205	15 204
1990	11 609	4 979	6 631	10 100	-6 098	10 633
1990						
Aug.	11 504	3 659	7 845	14 059	-7 745	14 159
Sept.	12 407	3 978	8 429	13 037	-6 922	14 544
Oct.	12 042	4 677	7 366	12 031	-6 633	12 764
Nov.	12 218	5 220	6 999	11 840	-6 492	12 347
Dec.	11 609	4 979	6 631	10 100	-6 098	10 633
1991						
Jan.	13 191	6 724	6 467	9 165	-5 260	10 372
Feb.	12 545	7 871	4 673	9 413	-3 028	11 058
March	13 919	12 231	1 688	3 336	-2 593	2 431
April	14 088	15 045	-957	6 496	-1 568	3 971
May	15 130	25 075	-9 945	6 181	663	-3 101
June	16 144	23 123	-6 980	8 500	3 159	4 679
July	16 228	20 422	-4 194	5 350	3 257	4 413
Aug.	16 961	30 053	-13 092	7 757	3 187	-2 148

2.3 BANKS' CENTRAL BANK POSITION, MILL.FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1986	7117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1989	373	15 146	15 519	403	465	23 035	23 903	-8 384
1990	142	24 056	24 198	790	1 924	23 406	26 120	-1 922
1990								
Sept.	18	18 165	18 184	584	17	21 939	22 539	-4 356
Oct.	14	15 893	15 906	974	-	21 378	22 352	-6 445
Nov.	167	13 511	13 678	327	-	20 843	21 170	-7 492
Dec.	188	10 310	10 499	698	-	18 981	19 679	-9 181
1991								
Jan.	36	7 764	7 800	816	546	17 395	18 757	-10 957
Feb.	128	7 368	7 496	420	1 260	17 160	18 840	-11 344
March	474	9 094	9 568	535	3 253	15 690	19 477	-9 909
April	49	12 235	12 284	999	3 288	15 743	20 030	-7 746
May	148	11 837	11 985	1 319	2 504	15 808	19 631	-7 645
June	535	15 926	16 461	2 332	2 469	14 646	19 447	-2 986
July	34	10 038	10 073	1 132	1 856	14 142	17 130	-7 057
Aug.	24	10 002	10 026	865	683	13 492	15 040	-5 014
Sept.	219	14 983	15 202	418	412	12 678	13 508	1 694

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			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	7.9	.
1990										
Sept.	9.62	12.59	13.09	13.46	13.93	15.00	4.00	8.50	8.0	.
Oct.	12.48	13.97	14.41	14.57	14.72	15.00	4.00	8.50	8.0	.
Nov.	15.19	14.48	14.53	14.40	14.38	15.00	4.00	8.50	7.8	.
Dec.	15.55	14.40	14.30	14.08	14.02	15.00	4.00	8.50	7.0	.
1991										
Jan.	15.10	14.55	14.21	13.96	13.78	15.00	4.00	8.50	6.7	.
Feb.	14.91	14.48	14.02	13.66	13.36	15.00	4.00	8.50	6.2	.
March	18.90	15.66	14.72	14.10	13.64	15.00	4.00	8.50	6.2	.
April	16.33	14.69	13.97	13.52	13.28	15.00	4.00	8.50	6.2	.
May	13.12	12.25	11.98	11.94	11.95	15.00	4.00	8.50	5.8	.
June	13.45	11.29	11.25	11.41	11.56	15.00	4.00	8.50	5.5	.
July	9.48	10.09	10.69	11.19	11.52	15.00	4.00	8.50	5.2	.
Aug.	10.20	10.62	11.09	11.28	11.50	15.00	4.00	8.50	4.9	.
Sept.	19.84	14.80	13.20	12.45	12.07	15.00	4.00	8.50	4.6	.

3.2 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily observations	ECU	3 currencies		14 currencies	Commercial ECU
	1	2	3	4	
1986	7.7	5.9	..	..
1987	7.0	5.6	8.0	7.1	
1988	6.9	6.0	8.0	7.0	
1989	9.3	8.4	9.8	9.3	
1990	10.5	9.1	10.9	10.4	
1990					
Sept.	10.4	9.0	10.8	10.0	
Oct.	10.2	9.0	10.9	9.9	
Nov.	10.4	9.2	11.1	10.0	
Dec.	10.8	9.4	11.2	10.4	
1991					
Jan.	10.8	9.2	11.0	10.5	
Feb.	10.5	8.8	10.4	9.8	
March	10.2	8.7	10.2	9.5	
April	10.1	8.6	10.1	9.4	
May	9.9	8.4	9.8	9.7	
June	9.9	8.4	9.6	10.1	
July	10.0	8.5	9.6	10.0	
Aug.	10.0	8.4	9.6	9.9	
Sept.	9.8	8.3	9.4	9.8	

3.3 COVERED EURODOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1986	12.0	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.5	9.8	9.9	10.2
1989	11.8	12.1	12.1	12.1
1990	13.2	13.7	13.9	14.1
1990				
Sept.	12.4	13.1	13.3	13.7
Oct.	13.8	14.3	14.4	14.5
Nov.	14.3	14.4	14.2	14.1
Dec.	14.1	14.0	13.8	13.7
1991				
Jan.	14.1	14.1	13.7	13.6
Feb.	14.2	13.9	13.4	13.1
March	15.3	14.5	13.8	13.3
April	14.5	13.8	13.3	13.0
May	12.1	11.9	11.9	11.8
June	11.7	11.7	11.5	11.6
July	10.3	11.0	11.4	11.6
Aug.	11.1	10.9	11.3	11.5
Sept.	14.9	13.4	12.5	12.0

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding				
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	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 markka funding
	Cheque account and post-office credits	Bills of exchange	Loans	New lending, total							
	1	2	3	4	5	6	7	8	9	10	11
1986	10.89	12.30	9.76	10.64	9.03	9.07	7.00	2.75	4.66	11.84	5.35
1987	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
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
1990											
Aug.	11.33	15.39	13.24	13.46	11.63	11.34	7.50	4.50	6.42	12.78	8.22
Sept.	12.05	15.51	13.50	13.73	11.70	11.39	7.50	4.50	6.44	12.82	8.28
Oct.	14.78	15.86	13.71	14.36	11.91	11.69	7.50	4.50	6.48	12.92	8.32
Nov.	14.38	15.99	14.11	14.57	12.02	11.79	7.50	4.50	6.52	13.60	8.53
Dec.	14.47	15.94	13.29	13.94	12.14	11.94	7.50	4.50	6.30	13.84	8.31
1991											
Jan.	15.00	16.40	13.39	14.11	12.18	11.97	7.50	4.50	7.20	13.91	9.04
Feb.	15.45	16.36	14.01	14.69	12.18	11.96	7.50	4.50	7.23	13.83	9.06
March	14.99	16.45	14.44	14.91	12.31	12.16	7.50	4.50	7.29	15.07	9.62
April	15.85	16.45	14.17	14.80	12.25	11.99	7.50	4.50	7.29	13.93	9.26
May	15.50	15.05	13.37	13.85	12.20	11.96	7.50	4.50	7.14	13.25	9.03
June	13.98	15.55	13.02	13.54	11.91	11.56	7.50	4.50	7.05	12.35	8.61
July	12.00	15.54	12.80	13.19	11.67	11.28	7.50	4.50	6.79	11.69	8.21
Aug.	12.54	15.35	12.70	13.09	11.70	11.38	7.50	4.50	6.82	11.73	8.29

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7		8
1986	..	..	.	11.7	..	..	8.3	11.3
1987	..	..	.	11.2	11.1	11.2	8.1	10.7
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
1990	13.7	13.5	13.2	13.3	13.3	13.2	9.2	13.0
1990								
Aug.	13.7	13.7	13.4	13.3	13.5	13.1	9.1	13.1
Sept.	13.7	13.6	13.5	13.3	13.4	13.1	9.2	13.0
Oct.	14.0	13.9	13.7	13.7	13.5	14.0	9.5	13.5
Nov.	13.9	13.8	13.7	13.4	13.3	13.5	10.0	13.6
Dec.	13.5	13.4	13.3	13.2	13.2	12.9	10.7	13.3
1991								
Jan.	13.2	13.2	13.0	13.4	13.3	13.2	10.6	13.1
Feb.	13.0	13.0	12.6	13.3	13.4	13.4	10.6	12.7
March	13.0	12.9	12.5	13.2	13.1	13.8	10.4	12.4
April	12.7	12.5	12.2	13.0	11.8	14.1	10.3	12.1
May	11.9	11.8	11.5	12.4	12.1	12.5	10.2	11.2
June	11.5	11.5	11.1	11.7	11.5	12.7	10.1	11.1
July	11.8	11.7	11.2	12.4	12.2	12.6	10.0	10.8
Aug.	11.7	11.7	11.2	11.9	11.9	12.3	9.8	11.2

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quo- tations	Montreal	London	Dublin	Stockholm	Oslo	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	Zurich
	1 USD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11
1986	5.077	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
1987	4.404	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
1988	4.191	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
1989	4.295	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
1990	3.831	6.827	6.347	0.6479	0.6130	0.6197	2.3721	2.1053	0.11480	2.7635
1990										
Sept.	3.715	6.993	6.358	0.6451	0.6125	0.6200	2.3667	2.1000	0.11514	2.8450
Oct.	3.627	7.060	6.386	0.6434	0.6135	0.6235	2.3785	2.1100	0.11559	2.8302
Nov.	3.569	7.015	6.433	0.6420	0.6155	0.6264	2.4006	2.1285	0.11645	2.8394
Dec.	3.611	6.974	6.449	0.6438	0.6177	0.6284	2.4197	2.1451	0.11699	2.8293
1991										
Jan.	3.650	7.064	6.457	0.6481	0.6188	0.6281	2.4171	2.1440	0.11737	2.8693
Feb.	3.597	7.082	6.478	0.6508	0.6224	0.6324	2.4324	2.1583	0.11821	2.8434
March	3.835	7.035	6.398	0.6535	0.6152	0.6248	2.3990	2.1284	0.11651	2.7770
April	4.001	7.007	6.292	0.6547	0.6051	0.6141	2.3506	2.0858	0.11431	2.7796
May	4.047	6.992	6.320	0.6587	0.6061	0.6164	2.3578	2.0922	0.11469	2.7824
June	4.228	6.983	6.355	0.6592	0.6088	0.6163	2.3737	2.1072	0.11539	2.7662
July	4.298	7.087	6.434	0.6647	0.6169	0.6217	2.4030	2.1332	0.11679	2.7733
Aug.	4.245	7.148	6.509	0.6705	0.6232	0.6292	2.4323	2.1582	0.11820	2.7906
Sept.	4.143	7.148	6.530	0.6711	0.6244	0.6323	2.4405	2.1656	0.11853	2.7910

Average of daily quo- tations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tokyo	Mel- bourne	ECU Commer- cial 1 XEU	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	1 AUD	1 XDR	
	12	13	14	15	16	17	18	19	20	21	22
1986	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	..	0.03028	..	..	5.94432
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	..	0.03050	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	..	0.03273	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	..	0.03122	3.423	4.731	5.49375
1990	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	..	0.02654	3.011	4.875	5.18345
1990											
Sept.	0.7081	0.00318	0.3367	0.0270	0.0680	0.0378	..	0.02681	3.083	4.898	5.15451
Oct.	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	..	0.02794	2.933	4.919	5.16932
Nov.	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	..	0.02770	2.782	4.949	5.14440
Dec.	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	..	0.02706	2.799	4.963	5.14894
1991											
Jan.	0.7131	0.00323	0.3438	0.0274	0.0685	0.0385	..	0.02729	2.863	4.981	5.18185
Feb.	0.7162	0.00325	0.3461	0.0279	0.0686	0.0390	..	0.02761	2.840	5.002	5.17020
March	0.7063	0.00323	0.3412	0.0278	0.0691	0.0387	..	0.02802	2.980	4.927	5.29584
April	0.6969	0.00318	0.3342	0.0273	0.0692	0.0382	..	0.02921	3.138	4.844	5.39487
May	0.6969	0.00319	0.3354	0.0273	0.0694	0.0382	..	0.02932	3.151	4.847	5.42606
June	0.7013	0.00321	0.3376	0.0273	0.0702	0.0382	0.0230	0.03024	3.231	4.879	5.56841
July	0.7095	0.00324	0.3417	0.0281	0.0711	0.0385	0.0230	0.03117	3.331	4.938	5.66884
Aug.	0.7172	0.00327	0.3460	0.0286	0.0715	0.0391	0.0230	0.03103	3.338	4.992	5.65829
Sept.	0.7186	0.00328	0.3471	0.0287	0.0713	0.0390	0.0230	0.03080	3.304	5.002	5.59644

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU		Currency indices, 1982=100		
	FIM/ECU	FIM/ECU index, midpoint=100	Bank of Finland's trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4	5
1986	4.99433	102.4	103.9	106.3	110.4
1987	5.08273	104.2	103.3	103.2	106.1
1988	4.96108	101.7	102.0	101.1	104.7
1989	4.73670	97.1	98.4	98.4	102.8
1990	4.85697	99.6	97.3	96.1	97.3
1990					
Sept.	4.86797	99.8	97.3	95.6	96.6
Oct.	4.89268	100.3	97.7	95.4	96.6
Nov.	4.91748	100.9	97.7	95.3	96.2
Dec.	4.93315	101.2	97.9	95.7	96.4
1991					
Jan.	4.94224	101.4	98.4	96.3	97.0
Feb.	4.97232	102.0	98.8	96.3	97.0
March	4.91308	100.8	98.7	97.2	98.8
April	4.83628	99.2	98.4	97.4	100.2
May	4.84342	99.3	98.7	97.9	100.8
June	4.86741	99.8	99.6	99.2	103.0
July	4.92615	101.0	100.8	100.5	104.6
Aug.	4.98131	102.2	101.6	101.0	104.7
Sept.	4.99324	102.4	101.5	100.5	103.9

5. OTHER DOMESTIC FINANCING

5.1 BANK FUNDING FROM THE PUBLIC, MILL. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markks deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1986	19 368	69 887	70 082		159 337	4 259	163 596	15 888	179 484
1987	21 320	76 160	83 742		181 222	3 915	185 137	17 892	203 029
1988	25 473	76 958	121 658		224 090	4 561	228 650	28 844	257 494
1989*	28 935	85 396	125 732		240 063	7 133	247 197	35 298	282 495
1990*	30 941	96 176	124 826		251 943	6 787	258 730	38 835	297 565
1990*									
July	29 789	87 880	129 928		247 597	8 356	255 952	42 480	298 433
Aug.	28 170	87 972	129 679		245 820	7 373	253 194	43 287	296 481
Sept.	27 532	88 268	129 608		245 409	7 217	252 626	45 619	298 245
Oct.	28 582	87 094	129 545		245 221	8 027	253 248	46 999	300 247
Nov.	28 246	87 218	129 197		244 662	7 885	252 547	48 882	301 428
Dec.	30 941	96 176	124 826		251 943	6 787	258 731	38 835	297 566
1991*									
Jan.	27 937	82 243	137 848		248 027	7 318	255 345	43 928	299 274
Feb.	27 134	82 061	139 773		248 968	8 376	257 344	43 071	300 415
March	26 108	85 091	124 425	14 571	250 196	10 514	260 710	48 606	309 316
April	26 206	83 128	120 375	18 715	248 424	10 189	258 613	47 977	306 590
May	27 362	84 933	120 227	18 685	251 207	10 083	261 290	52 377	313 667
June	29 915	86 765	118 641	19 342	254 663	10 408	265 071	47 550	312 621
July	29 535	86 235	118 359	19 372	253 500	9 701	263 201	49 001	312 202

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markks lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1986	7 542	6 354	152 335	166 231	24 450	190 681
1987	8 507	5 177	178 698	192 382	36 475	228 857
1988	11 358	5 920	234 268	251 545	49 910	301 455
1989*	15 270	5 651	255 410	276 331	71 323	347 654
1990*	19 152	5 777	260 790	285 720	102 595	388 314
1990*						
July	17 458	5 842	258 684	281 984	94 753	376 737
Aug.	18 440	5 886	260 023	284 349	96 478	380 827
Sept.	19 260	5 863	263 147	288 270	98 093	386 363
Oct.	16 655	5 735	262 920	285 310	98 118	383 428
Nov.	19 156	5 724	262 268	287 148	100 547	387 695
Dec.	19 152	5 777	260 790	285 720	102 595	388 314
1991*						
Jan.	18 897	5 549	259 464	283 910	104 010	387 920
Feb.	18 653	5 491	259 415	283 559	104 379	387 938
March	18 428	5 410	259 616	283 454	105 093	388 546
April	18 292	5 416	259 028	282 735	103 798	386 533
May	17 798	5 271	259 334	282 404	105 448	387 852
June	17 942	5 190	259 851	282 983	106 285	389 269
July	17 787	5 021	259 880	282 687	106 431	389 119

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1986	-16 784	-13 884	237 514	223 630	-37 751	96 874	169 095	170 076
1987	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
1988	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
1989*	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
1990*	-82 881	-16 430	448 864	432 434	-83 171	141 524	266 383	291 045
1990*								
June	-70 350	-15 351	441 042	425 691	-93 296	130 169	262 044	293 491
July	-70 011	-17 320	442 342	425 022	-95 841	127 416	259 171	291 732
Aug.	-73 077	-17 034	445 492	428 458	-97 511	126 332	257 870	291 948
Sept.	-76 042	-16 415	450 006	433 591	-99 650	128 399	257 900	293 609
Oct.	-76 332	-15 648	449 765	434 117	-100 348	119 713	257 436	291 707
Nov.	-80 013	-16 483	452 668	436 185	-98 428	128 127	257 744	291 414
Dec.	-82 881	-16 430	448 864	432 434	-83 171	141 524	266 383	291 045
1991*								
Jan.	-83 269	-15 277	452 783	437 506	-93 098	122 453	261 139	289 898
Feb.	-86 676	-11 209	453 646	442 437	-94 339	121 053	261 423	288 823
March	-81 750	-10 376	456 495	446 119	-100 963	121 271	263 406	294 244
April	-81 026	-9 236	452 755	443 519	-101 462	119 229	261 031	290 233
May	-81 899	-9 355	452 770	443 415	-95 112	124 190	266 403	297 849
June	-79 812	-9 512	454 529	445 017	-96 677	127 454	268 528	298 899

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

End of period	Foreign debt			Domestic debt				Total central government debt (4+5)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	.	32 245	57 038	49 094	23 114
1990											
Aug.	18 515	501	3 180	22 196	21 978	5 182	120	27 280	49 476	48 222	18 948
Sept.	18 590	502	3 190	22 282	22 126	5 182	300	27 608	49 890	48 158	18 903
Oct.	19 325	330	3 181	22 836	22 404	5 182	.	27 586	50 422	48 689	18 034
Nov.	19 832	330	3 183	23 345	23 363	5 182	.	28 545	51 890	48 725	19 035
Dec.	20 917	732	3 144	24 793	23 982	8 263	.	32 245	57 038	49 094	23 114
1991											
Jan.	21 876	1 290	2 978	26 144	23 483	8 261	285	32 029	58 173	49 792	26 381
Feb.	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	50 389	18 467
March	25 405	1 736	2 910	30 051	24 769	8 256	925	33 950	64 001	51 188	20 871
April	24 784	1 759	2 675	29 218	25 082	7 783	1 725	34 590	63 808	52 208	24 167
May	25 174	1 779	2 711	29 664	25 994	7 608	2 125	35 727	65 391	52 602	19 794
June	24 909	1 828	2 669	29 406	26 754	7 608	2 330	36 692	66 098	53 112	17 306
July	25 760	1 813	2 689	30 262	27 122	9 008	2 330	38 460	68 722	53 679	17 215
Aug.	26 028	1 837	2 633	30 498	28 315	9 008	2 330	39 653	70 151	..	15 108

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
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990*	4 640	17 917	4 420	490	1 007	17 260	607	10 607	28 473
1990*									
Aug.	431	1 413	270	-	200	1 843	-	471	2 315
Sept.	44	1 810	150	-	-	1 645	250	109	2 004
Oct.	842	485	2 312	-	-	2 772	-	867	3 639
Nov.	64	1 215	165	-	-	435	-	1 009	1 444
Dec.	836	3 857	150	150	-	3 007	-	1 986	4 993
1991*									
Jan.	1 054	3 489	2 000	-	-	4 787	-	1 756	6 543
Feb.	352	742	-	-	-	692	-	402	1 094
March	271	1 015	500	29	-	1 267	-	548	1 815
April	161	1 988	1 800	-	-	3 018	-	931	3 949
May	815	2 196	1 475	50	-	3 654	-	882	4 535
June	880	3 537	-	315	-	2 685	-	2 047	4 732
July	1 592	2 113	-	-	-	1 521	-	2 184	3 705
Aug.	275	1 035	3 940	50	-	5 145	-	155	5 300

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
1986	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
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
1990*									
II	22 072	53 719	27 433	1 803	954	43 651	24 544	37 786	105 981
III	22 386	56 266	26 997	1 691	1 303	47 058	23 623	37 962	108 643
IV	23 522	<u>59 756</u>	28 812	1 756	<u>1 298</u>	52 273	22 970	39 902	115 145
1991*									
I	24 169	62 451	29 594	1 466	4 006	58 366	20 638	42 680	121 684
II	23 269	67 588	30 932	1 760	4 395	63 588	19 971	44 384	127 943

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices										Turnover ¹ , mill. FIM					
	HEX index (Dec. 28, 1990=1000)										Unitas index ² , 1978=100			Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry						All-share index	Banks	Industry				
		Re-stricted	Non-stricted	Banks and finance	Insurance and investment	Manufacturing	Of which									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
1986	..	..	..	..	..	..	..	..	..	350	254	357	9 488	6 479	15 968
1987	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	546	319	603	26 641	4 604	31 245	
1988	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	677	404	734	31 734	5 718	37 452	
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	742	441	793	33 160	7 375	40 536	
1990	1 332	1 324	1 395	1 263	1 185	1 376	1 436	1 282	1 474	536	283	595	15 521	4 550	20 071	
1990																
Sept.	1 162	1 160	1 180	1 073	1 086	1 196	1 211	1 170	1 252	468	241	520	544	172	716	
Aug.	1 042	1 043	1 032	1 037	988	1 043	1 090	1 023	1 049	417	233	455	680	427	1 107	
Nov.	1 026	1 025	1 033	1 030	958	1 031	1 060	1 034	1 025	410	230	449	1 727	233	1 960	
Dec.	1 012	1 009	1 030	1 003	977	1 019	1 018	1 025	1 031	404	223	444	1 058	810	1 869	
1991																
Jan.	910	905	945	929	908	901	951	928	872	357	203	387	498	310	808	
Feb.	951	940	1 025	959	930	955	1 032	1 028	941	377	210	412	535	204	739	
March	1 092	1 077	1 198	1 075	971	1 135	1 235	1 241	1 150	.	.	.	953	141	1 094	
April	1 138	1 123	1 243	1 060	993	1 210	1 279	1 263	1 273	.	.	.	607	117	724	
May	1 071	1 051	1 210	1 001	1 000	1 123	1 169	1 171	1 179	.	.	.	692	62	754	
June	1 031	1 010	1 184	977	963	1 076	1 089	1 128	1 139	.	.	.	710	111	821	
July	983	971	1 076	912	942	1 023	1 032	1 094	1 076	.	.	.	307	51	358	
Aug.	986	971	1 095	915	950	1 025	1 049	1 098	1 073	.	.	.	324	58	382	
Sept.	914	897	1 032	829	904	948	1 007	1 037	974	.	.	.	373	61	433	

¹ The calculation of the Unitas index was discontinued as from March 1991.

² During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	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, c.i.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 808	3 609	104 050	76 736	2 160	5 587	5 415
1987	83 826	6 387	3 736	6 099	16 222	100 048	6 162	3 231	109 441	81 867	2 610	6 811	6 488
1988	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
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	8 049	4 622	6 116	18 787	118 537	12 444	4 453	135 434	101 953	4 132	10 757	9 475
1989													
I	24 944	1 853	869	1 322	4 044	28 988	1 949	851	31 788	24 292	820	1 922	2 170
II	23 370	1 948	1 078	1 376	4 401	27 771	2 684	930	31 385	24 762	947	2 170	2 234
III	22 534	1 982	1 421	1 466	4 869	27 403	2 368	927	30 698	25 637	1 022	2 431	2 070
IV	27 418	1 879	1 129	2 114	5 122	32 540	3 211	944	36 694	29 708	1 080	2 446	2 285
1990*													
I	24 356	1 939	794	1 617	4 349	28 705	3 117	1 083	32 905	24 728	827	2 512	2 230
II	26 481	2 045	1 070	1 534	4 649	31 130	3 225	1 142	35 497	27 403	1 001	2 579	2 215
III	22 902	2 079	1 597	1 358	5 034	27 936	2 533	1 104	31 574	23 059	1 129	2 907	2 128
IV	26 011	1 986	1 161	1 608	4 755	30 766	3 569	1 123	35 459	26 762	1 175	2 759	2 902
1991*													
I	22 000	1 896	933	1 665	4 494	26 494	3 911	1 116	31 521	22 083	854	2 612	2 745
II	21 268	1 994	1 264	1 502	4 760	26 028	3 192	1 199	30 420	20 975	983	2 593	2 587

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure (15+16)	Transfers and other expenditure (17)	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26)= (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1986	13 162	89 898	11 814	5 964	107 675	4 329	3 597	-2 392	201	1 406	5 735	-7 006	-2 355	-3 625
1987	15 909	97 775	13 356	5 860	116 990	1 960	3 778	-3 075	-390	313	2 273	-7 194	-2 629	-7 550
1988	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
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*	24 364	126 317	27 078	8 973	162 368	-2 203	3 917	-6 135	-3 359	-5 577	-7 780	-14 633	-4 521	-26 934
1989														
I	4 911	29 203	4 364	2 120	35 687	652	1 034	-1 053	-848	-867	-215	-2 415	-1 269	-3 899
II	5 351	30 114	5 887	1 884	37 885	-1 393	1 001	-1 092	-858	-950	-2 343	-3 203	-954	-6 500
III	5 522	31 160	5 332	1 730	38 222	-3 103	960	-1 010	-604	-654	-3 757	-2 964	-804	-7 524
IV	5 811	35 519	6 289	1 827	43 645	-2 291	799	-1 316	-171	-689	-2 980	-3 088	-883	-6 951
1990*														
I	5 569	30 298	6 263	2 166	38 726	-373	1 112	-1 719	-614	-1 220	-1 593	-3 146	-1 083	-5 822
II	5 795	33 198	7 247	2 378	42 823	-921	1 044	-1 509	-681	-1 146	-2 068	-4 022	-1 236	-7 326
III	6 164	29 224	6 460	2 135	37 818	-157	950	-1 310	-770	-1 130	-1 287	-3 926	-1 031	-6 245
IV	6 836	33 598	7 108	2 294	43 000	-751	812	-1 597	-1 295	-2 080	-2 832	-3 539	-1 171	-7 541
1990*														
I	6 210	28 293	7 688	2 928	38 909	-83	1 042	-1 678	-1 080	-1 716	-1 799	-3 776	-1 812	-7 388
II	6 162	27 137	7 738	2 177	37 052	293	1 012	-1 329	-1 085	-1 402	-1 108	-4 545	-979	-6 632

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
1986	1 722	9 301	-3 265	87	7 845	4 109	2 320	2 388	266	9 083	-1 238	-4 863
1987	1 165	9 319	1 370	91	11 945	5 015	2 285	4 927	272	12 499	-554	-8 104
1988	2 218	14 457	2 960	85	19 720	10 919	1 248	4 249	292	16 708	3 013	-8 319
1989	2 095	14 756	8 608	79	25 538	13 327	180	4 747	273	18 527	7 011	-17 863
1990*	3 147	22 656	19 674	169	45 646	11 559	546	1 807	294	14 206	31 440	4 506
1989												
I	30	7 696	728	42	8 496	3 575	-381	2 142	159	5 495	3001	-898
II	372	1 415	1 076	-22	2 841	1 990	413	1 254	0	3 657	-816	-7 316
III	681	2 841	1 481	-16	4 987	3 626	338	935	12	4 911	76	-7 448
IV	1 012	2 804	5 323	75	9 214	4 136	-190	416	102	4 464	4 750	-2 201
1990*												
I	467	6 788	12 238	126	19 619	2 025	302	807	156	3 290	16 329	10 507
II	502	2 836	1 657	-34	4 961	2 712	-425	395	0	2 682	2 279	-5 047
III	119	6 702	2 518	-26	9 313	2 505	284	195	10	2 994	6 319	74
IV	2 059	6 330	3 261	103	11 753	4 316	385	410	128	5 239	6 514	-1 027
1991*												
I	937	6 384	3 589	-108	10 802	2 497	-178	-68	185	2 436	8 365	978
II	244	11 003	3 754	450	15 451	1 813	-886	550	-67	1 410	14 041	7 409

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
1986	6 019	-3 796	514	2 736	7 181	-92	955	8 043	2 240	-3 068	-7 930	7 930
1987	19 324	-665	3 835	22 494	-9 346	-183	1 268	-8 261	-6 915	23 839	15 736	-15 736
1988	10 950	-399	-811	9 740	1 754	644	1 995	4 393	3 155	8 501	183	-183
1989	4 285	1 627	3 679	9 592	1 873	475	710	3 058	5 368	11 902	-5 961	5 961
1990*	12 352	1 471	-1 822	12 000	-4 318	-864	814	-4 368	-5 783	10 585	15 092	-15 092
1989												
I	5 699	-287	1 686	7 098	6 536	214	25	6 774	2 395	2 718	1 820	-1 820
II	10 783	-2 108	1 604	10 280	3 808	214	1 036	5 058	920	6 141	-1 174	1 174
III	4 047	1 107	537	5 690	3 860	24	264	4 148	2 919	4 462	-2 987	2 987
IV	-16 243	2 915	-148	-13 476	-12 331	24	-615	-12 922	-865	-1 419	-3 620	3 620
1990*												
I	19 514	735	956	21 205	10 570	-593	1 575	11 552	-9 313	340	1 0847	-10 847
II	9 095	793	-1 742	8 146	5 078	-593	-103	4 382	2 058	5 821	774	-774
III	-2 325	-351	517	-2 158	-3 743	-58	238	-3 563	580	1 985	2 059	-2 059
IV	-13 932	293	-1 554	-15 192	-16 223	379	-896	-16 740	892	2 440	1 412	-1 412
1991*												
I	19 560	-596	2 304	21 268	22 366	-164	3 996	26 199	851	-4 080	-3 102	3 102
II	-11 852	-753	-486	-13 092	525	-1 258	2 353	1 620	5 082	-9 630	-2 221	2 221

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
1986	8 056	48 039	30 283	739	87 117	11 590	4 690	9 441	1 920	27 641	59 476
1987	10 339	54 317	30 379	830	95 865	17 892	6 975	13 638	2 192	40 697	55 168
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	18 002	2 484	52 908	62 754
1989	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*	19 000	96 543	54 914	6 181	176 639	44 047	7 560	26 289	5 454	83 350	93 288
1989											
I	13 186	75 798	33 132	957	123 073	26 702	7 798	20 067	2 643	57 210	65 863
II	14 041	77 417	34 118	935	126 511	27 619	8 287	21 469	2 643	60 018	66 494
III	15 205	79 950	35 418	919	131 492	30 172	8 392	22 317	2 655	63 536	67 956
IV	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*											
I	16 950	85 070	50 790	1 120	153 930	35 073	8 113	23 149	2 913	69 248	84 682
II	17 242	85 823	52 247	1 086	156 398	37 599	7 715	23 501	2 913	71 728	84 670
III	17 151	89 500	54 362	1 060	162 073	39 918	7 631	23 553	2 923	74 025	88 048
IV	19 000	96 543	54 914	6 181	176 639	44 047	7 560	26 289	5 454	83 350	93 288
1991*											
I	19 937	107 002	59 590	6 008	192 537	46 544	7 591	26 766	5 833	86 735	105 802
II	20 181	118 059	65 255	6 536	210 031	48 357	6 855	28 336	5 974	89 522	120 509

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net investment expenditure	Net investment 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
1986	3 455	56 881	12 135	5 999	78 469	16 613	43 389	15 580	3 700	79 282	-8 13	58 663	7 006	6.7
1987	3 362	73 132	11 470	9 691	97 654	31 134	34 043	15 397	2 663	83 238	14 417	69 585	7 194	6.6
1988	3 341	83 828	11 070	9 039	107 278	32 037	35 797	16 041	4 789	88 664	18 614	81 367	7 656	6.2
1989	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	11 670	8.9
1990*	3 922	95 294	13 922	13 739	126 877	39 506	31 626	14 827	6 698	92 657	34 220	127 508	14 633	10.8
1989														
I	3 278	90 535	10 783	10 671	115 267	33 376	42 333	16 255	4 793	96 756	18 511	84 374	2 415	7.6
II	3 136	100 345	8 676	12 438	124 595	32 142	46 141	16 468	5 965	100 716	23 879	90 372	3 203	10.2
III	3 919	104 777	9 783	12 965	131 443	29 839	50 001	16 492	6 212	102 544	28 899	96 855	2 964	9.7
IV	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	3 088	8.4
1990*														
I	4 036	108 663	13 432	13 808	139 940	35 895	48 239	15 924	7 218	107 276	32 663	117 345	3 146	9.6
II	4 195	118 120	14 226	12 066	148 607	36 764	53 318	15 331	7 126	112 539	36 067	120 738	4 022	11.3
III	4 071	116 509	13 521	12 544	146 645	38 454	49 575	15 273	7 325	110 627	36 019	124 067	3 926	12.4
IV	3 922	95 294	13 922	13 739	126 877	39 506	31 626	14 827	6 698	92 657	34 220	127 508	3 539	10.0
1991*														
I	3 399	111 554	13 217	16 912	145 081	37 748	47 735	14 660	11 581	111 724	33 357	139 159	3 776	12.0
II	2 889	105 711	12 455	16 706	137 761	36 023	47 355	13 422	13 975	110 774	26 986	147 495	4 545	14.9

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

End of period	Long-term liabilities					Long-term assets					Long-term liabilities, net (6-12)		
	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (1+2+3+4+5)	Corporate sector	Banks	Other financial institutions	Central government		Other	Total (7+8+9+10+11)
	1	2	3	4	5	6	7	8	9	10	11	12	13
1986	39 068	11 992	8 516	27 031	510	87 117	13 910	10 180	793	2 309	449	27 641	59 476
1987	39 522	17 365	9 777	28 691	509	95 865	19 493	14 509	3 403	2 653	639	40 697	55 168
1988	46 471	27 427	14 339	26 926	499	115 662	25 093	20 192	3 573	3 101	949	52 908	62 754
1989	58 602	40 199	17 671	23 063	574	140 109	34 999	24 058	2 313	3 517	1 537	66 424	73 685
1990*	69 668	59 007	22 301	24 976	687	176 639	45 892	28 856	2 074	4 481	2 047	83 350	93 288
1989													
I	47 855	32 799	15 871	26 033	515	123 073	28 466	20 772	3 592	3 299	1 081	57 210	65 863
II	49 629	34 075	18 050	24 257	500	126 511	29 563	22 107	3 807	3 329	1 212	60 018	66 494
III	52 901	36 375	17 942	23 783	491	131 492	31 816	23 317	3 695	3 374	1 334	63 536	67 956
IV	58 602	40 199	17 671	23 063	574	140 109	34 999	24 058	2 313	3 517	1 537	66 424	73 685
1990*													
I	63 968	47 491	19 388	22 478	604	153 930	36 277	25 170	2 388	3 699	1 714	69 248	84 682
II	63 527	50 028	20 615	21 588	636	156 398	38 357	25 664	2 118	3 734	1 855	71 728	84 670
III	63 332	54 380	21 038	22 647	673	162 073	39 968	26 562	1 763	3 772	1 960	74 025	88 048
IV	69 668	59 007	22 301	24 976	687	176 639	45 892	28 856	2 074	4 481	2 047	83 350	93 288
1991*													
I	74 224	60 251	25 769	31 556	737	192 537	48 663	28 841	2 129	4 851	2 252	86 735	105 802
II	80 137	68 050	29 951	31 185	708	210 031	50 899	28 936	2 106	5 220	2 362	89 522	120 509

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1986	82 579	77 601	4 978
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989	99 782	105 516	-5 734
1990*	101 338	103 018	-1 680
1990*			
Aug.	7 655	8 189	-534
Sept.	8 512	7 376	1 136
Oct.	8 986	10 115	-1 129
Nov.	8 960	8 381	579
Dec.	8 442	8 518	-76
1991*			
Jan.	7 685	7 500	185
Feb.	6 943	7 225	-282
March	7 665	7 568	97
April	8 704	7 867	837
May	7 652	7 174	478
June	5 295	6 201	-906
July	8 036	7 056	980
Aug.	7 055	6 700	355

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
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1989	121	144	156	126	123
1990*	125	138	154	128	120
1989					
I	123	132	156	128	122
II	116	136	155	126	123
III	112	141	155	126	124
IV	134	163	157	126	125
1990*					
I	122	134	153	128	120
II	132	151	154	126	122
III	114	124	155	129	120
IV	130	139	154	133	116
1991*					
I	110	117	154	131	118
II	107	112	153	130	118

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1986	6 947	24 600	7 858	26 115	17 059	39 236	10 126	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 477	612
1988	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
1989	7 418	32 513	8 843	32 682	18 326	51 786	8 311	20 605	24 056	758
1990*	7 810	31 673	9 541	35 494	16 820	49 194	9 836	19 368	23 891	729
1990*										
Aug.	514	2 756	824	2 304	1 257	3 905	815	1 503	1 942	24
Sept.	645	2 525	877	2 938	1 527	3 494	974	1 207	1 669	32
Oct.	693	2 871	854	3 008	1 560	4 604	1 747	1 569	2 181	14
Nov.	696	2 846	826	3 095	1 497	4 065	811	1 494	1 951	60
Dec.	594	2 447	746	3 365	1 290	3 821	1 239	1 682	1 715	61
1991*										
Jan.	597	2 394	894	2 409	1 391	3 535	781	1 292	1 811	81
Feb.	555	2 394	821	1 918	1 255	3 653	427	1 221	1 915	9
March	571	2 616	902	2 260	1 316	3 691	527	1 173	2 167	10
April	578	2 577	896	3 298	1 355	3 910	600	1 323	1 997	37
May	592	2 454	835	2 397	1 374	3 763	700	1 093	1 612	6
June	283	1 009	804	2 034	1 165	3 000	916	953	1 297	35
July	705	3 284	693	2 136	1 218	3 453	656	1 109	1 834	4
Aug.	572	2 590	733	1 863	1 297	3 225	796	994	1 649	36

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1990*		1991*		1990*		1991*	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on 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	77 533	76.5	48 954	-5.0	82 355	79.9	45 437	-17.5
OECD Europe	68 001	67.1	43 088	-3.7	67 601	65.6	37 389	-16.9
Of which:								
Austria	1 117	1.1	791	8.9	1 401	1.4	692	-24.4
Belgium and Luxembourg	2 247	2.2	1 597	13.3	2 839	2.8	1 407	-26.9
Denmark	3 538	3.5	2 207	-6.2	3 369	3.3	1 981	-14.3
France	6 237	6.2	3 561	-16.9	4 427	4.3	2 434	-22.4
Federal Republic of Germany ¹	13 003	12.8	9 196	11.0	17 897	17.4	9 560	-22.5
Italy	3 227	3.2	2 074	-1.0	4 766	4.6	2 589	-24.9
Netherlands	4 347	4.3	3 004	2.7	3 276	3.2	1 963	-8.3
Norway	3 067	3.0	1 961	-2.0	3 512	3.4	2 361	9.8
Spain	2 210	2.2	1 597	11.1	1 159	1.1	672	-14.2
Sweden	14 456	14.3	8 195	-14.4	13 407	13.0	7 020	-20.5
Switzerland	1 806	1.8	1 159	-2.0	1 804	1.8	1 040	-10.4
United Kingdom	10 724	10.6	6 281	-15.0	7 822	7.6	4 090	-9.8
Other OECD	9 532	9.4	5 866	-14.0	14 754	14.3	8 049	-20.2
Of which:								
Canada	1 124	1.1	461	-45.3	810	0.8	384	-32.1
Japan	1 445	1.4	936	-2.3	6 628	6.4	3 613	-23.0
United States	5 898	5.8	3 809	-10.5	6 974	6.8	3 813	-16.7
Non-OECD European countries	13 888	13.7	3 898	-54.8	12 266	11.9	6 212	-24.8
Of which:								
Soviet Union	12 884	12.7	2 995	-61.8	10 202	9.9	4 963	-26.5
Other countries	9 917	9.8	6 183	-1.1	8 397	8.2	5 641	6.6
Of which:								
OPEC countries	1 727	1.7	1 167	12.4	935	0.9	986	117.9
TOTAL	101 338	100.0	59 035	-11.1	103 018	100.0	57 291	-16.5
Of which:								
EEC countries	47 078	46.5	30 704	-2.1	47 263	45.9	26 175	-18.5
EFTA countries	20 540	20.3	12 178	-10.1	20 195	19.6	11 142	-15.0

¹ Figures for unified Germany since October 1990; prior to then, the trade figures for the German Democratic Republic are included in those for the Federal Republic of Germany.

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1986	189 113	70 325	69 328	10 738	810	340 314	99 498	97 795	342 017
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989	218 775	77 117	95 178	11 234	14 057	416 361	107 551	128 834	395 078
1990*	219 847	80 531	88 428	12 658	13 343	414 807	109 434	127 509	396 732
1989									
I	54 157	19 116	21 592	2 773	3 178	100 816	27 811	31 463	97 164
II	54 625	19 190	24 129	2 652	2 601	103 195	25 814	30 319	98 691
III	54 943	19 332	24 602	2 831	4 648	106 356	26 553	32 971	99 938
IV	55 050	19 479	24 855	2 979	5 025	107 389	27 372	34 081	100 680
1990*									
I	55 036	19 887	23 665	3 135	3 212	104 935	27 277	32 444	99 768
II	55 438	20 039	22 513	3 337	5 024	106 351	28 944	34 414	100 881
III	55 059	20 234	21 379	3 068	3 076	102 816	27 200	30 301	99 715
IV	54 314	20 371	20 870	3 118	3 397	102 071	26 013	30 349	97 734
1991*									
I	52 991	20 075	20 274	3 079	2 875	99 294	25 503	29 486	95 311
II	52 372	20 219	18 806	3 308	1 288	95 993	24 236	26 692	93 536

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=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)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989	114.6	117.9	115.0	116.6	121.5	109.6	110.5
1990*	113.9	115.5	114.0	114.6	121.8	108.0	112.9
1990*							
July	112.5	89.5	113.5	114.3	120.0	108.2	113.0
Aug.	113.1	126.5	113.4	112.9	121.5	107.8	108.4
Sept.	112.4	118.2	112.3	112.9	120.3	106.6	111.4
Oct.	110.8	110.0	110.3	111.4	117.6	104.9	114.6
Nov.	110.7	104.7	110.0	110.5	117.8	104.4	115.1
Dec.	112.6	117.8	112.2	112.0	121.5	105.5	113.2
1991*							
Jan.	109.7	116.3	108.5	106.7	117.3	102.3	118.0
Feb.	107.1	107.0	104.7	104.6	110.7	99.7	124.9
March	107.7	107.0	106.7	107.4	113.7	100.3	118.0
April	105.1	96.9	103.9	107.0	109.0	99.1	120.1
May	104.0	85.4	102.5	106.7	109.0	95.5	123.3
June	99.1	74.1	98.6	90.9	102.3	96.9	113.6
July	107.4	93.6	105.6	106.0	110.7	102.7	123.2

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
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.3
1990*	119.9	111.7	127.3	124.8	161.7	122.1	144.7	116.5
1990*								
June	121.5	113.2	..	..	..	..	..	117.5
July	121.7	114.0	..	..	..	..	..	117.3
Aug.	121.9	113.1	..	..	..	..	..	117.4
Sept.	115.8	107.7	..	..	..	..	..	116.4
Oct.	118.3	110.9	..	..	..	..	..	115.5
Nov.	111.1	109.3	..	..	..	..	..	114.6
Dec.	108.1	106.5	..	..	..	..	..	113.9
1990*								
II	122.4	113.6	134.3	134.0	163.8	125.2	167.5	117.5
III	119.8	111.6	119.8	120.5	162.6	111.4	122.2	117.1
IV	112.5	108.9	117.5	109.8	165.9	115.6	145.2	114.7
1991*								
Jan.	110.3	103.8	..	..	..	..	..	114.0
Feb.	107.3	103.1	..	..	..	..	..	112.5
March	98.3	101.3	..	..	..	..	..	111.3
April	107.3	105.2	..	..	..	..	..	111.9
May	100.6	104.3	..	..	..	..	..	110.7
June	96.8	103.7	..	..	..	..	..	108.4
1991*								
I	105.3	102.7	113.1	110.0	156.0	108.5	110.5	112.6
II	101.6	104.4	113.1	102.6	156.7	115.7	100.6	110.4

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC 3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1986	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.9	146.9	149.8	144.8	150.1	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1990														
Aug.	..	..	..	..	..	..	128.1	111.5	116.3	94.1	110.4	110.2	110.6	135.4
Sept.	..	..	..	..	..	..	128.8	112.3	116.6	96.5	110.7	110.4	110.8	135.7
Oct.	..	..	..	..	..	..	129.2	113.2	117.3	98.0	111.4	110.6	111.7	136.8
Nov.	..	..	..	..	..	..	129.1	112.6	117.1	96.4	110.9	110.6	111.1	136.8
Dec.	..	..	..	..	..	..	129.0	112.1	116.7	95.3	110.4	109.6	110.9	136.8
II	148.2	148.9	147.4	149.4	144.9	150.2	126.9	110.2	115.4	91.3	109.7	110.5	109.4	135.0
III	148.4	149.1	147.0	150.2	144.8	150.4	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
IV	153.2	154.0	152.3	153.9	150.0	154.0	129.1	112.6	117.0	96.6	110.9	110.3	111.2	136.8
1991														
Jan.	..	..	..	..	..	..	130.9	111.9	116.7	94.0	110.2	108.9	110.8	137.1
Feb.	..	..	..	..	..	..	131.6	111.6	116.7	92.8	110.2	109.2	110.7	136.8
March	..	..	..	..	..	..	131.7	111.5	116.5	93.3	109.8	108.6	110.4	137.4
April	..	..	..	..	..	..	132.2	111.2	116.0	93.5	109.5	108.7	109.9	137.4
May	..	..	..	..	..	..	132.8	111.2	116.0	93.6	109.4	108.4	109.9	137.4
June	..	..	..	..	..	..	132.7	111.1	116.0	93.5	109.8	109.0	110.2	137.2
July	..	..	..	..	..	..	132.7	111.0	115.6	94.0	109.6	108.3	110.2	137.8
Aug.	..	..	..	..	..	..	132.8	110.8	115.2	94.5	109.4	108.2	110.1	137.5
I	154.4	155.5	153.6	154.6	150.8	154.3	131.4	111.6	116.6	93.4	110.1	108.9	110.6	137.1
II	158.0	159.1	157.2	158.1	154.4	158.2	132.6	111.1	116.0	93.5	109.6	108.7	110.0	137.3

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) (6+7+8+9)	By industrial status			By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries			
		1000 persons										
		1	2	3	4	5	6	7	8	9	10	11
1986	69.1	2 569	2 431	359	2 071	266	589	185	1 391	1 659	5.4	
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	1 563	5.1	
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	1 387	4.6	
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	1 066	3.5	
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	1 058	3.4	
1990												
July	68.5	2 558	2 472	364	2 108	208	563	205	1 496	86	3.4	
Aug.	67.9	2 537	2 450	349	2 101	203	551	203	1 493	86	3.4	
Sept.	68.4	2 562	2 472	359	2 113	202	550	210	1 511	90	3.5	
Oct.	68.2	2 554	2 454	354	2 100	205	550	201	1 498	101	3.9	
Nov.	67.8	2 539	2 434	356	2 078	205	546	202	1 482	105	4.1	
Dec.	68.3	2 559	2 446	350	2 097	199	549	200	1 498	113	4.4	
1991												
Jan.	67.9	2 546	2 418	344	2 074	203	529	200	1 486	128	5.0	
Feb.	67.4	2 529	2 384	348	2 036	198	521	192	1 473	145	5.7	
March	68.4	2 566	2 412	359	2 053	200	524	186	1 502	154	6.0	
April	67.9	2 550	2 386	344	2 042	198	511	193	1 485	163	6.4	
May	67.4	2 530	2 357	342	2 015	196	514	186	1 461	174	6.9	
June	67.2	2 523	2 335	345	1 990	192	510	179	1 454	188	7.5	
July	67.1	2 523	2 328	329	1 999	195	500	182	1 450	195	7.7	

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1990											
July	4 052	6 765	76	1 294	12 187	14	12 201	4 131	6 660	2 985	3 340
Aug.	3 390	6 584	84	1 337	11 395	297	11 692	3 225	6 222	2 965	3 057
Sept.	3 274	5 539	83	1 746	10 642	565	11 208	3 274	6 238	2 993	3 109
Oct.	3 135	6 208	75	1 151	10 569	218	10 787	3 520	7 862	3 526	4 143
Nov.	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192
Dec.	4 045	8 332	222	2 740	15 339	278	15 616	3 730	8 101	3 311	4 150
1991											
Jan.	2 877	6 212	229	1 127	10 445	7	10 452	3 623	6 893	3 045	3 703
Feb.	2 995	6 373	111	1 174	10 653	121	10 775	3 421	7 309	3 079	3 422
March	2 876	5 452	126	1 522	9 976	64	10 040	3 453	7 218	3 431	3 667
April	2 954	5 586	44	2 607	11 191	1 771	12 962	3 638	8 726	3 286	5 333
May	1 575	6 096	70	1 471	9 212	341	9 553	3 784	8 164	3 600	4 278
June	5 619	6 144	-81	1 615	13 297	499	13 797	3 789	8 622	4 041	4 109
July	5 450	6 176	97	1 794	13 517	144	13 661	4 778	7 889	3 360	4 290

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 (13+19)
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	4 202	4 880
1990									
July	487	114	11 392	589	11 981	795	221	1 491	1 712
Aug.	529	322	10 299	557	10 856	1 096	836	95	931
Sept.	523	274	10 309	539	10 848	333	360	-63	298
Oct.	583	599	12 564	793	13 357	-1 994	-2 569	937	-1 632
Nov.	565	114	11 745	804	12 549	648	545	1 492	2 038
Dec.	738	370	12 939	926	13 866	2 400	1 750	4 738	6 489
1991									
Jan.	340	612	11 468	916	12 383	-1 023	-1 931	2 173	242
Feb.	333	288	11 351	774	12 125	-698	-1 350	-152	1 502
March	380	641	11 692	958	12 649	-1 716	-2 609	4 634	2 025
April	418	1 050	13 832	2 893	16 725	-2 641	-3 763	-17	-3 780
May	505	891	13 344	1 051	14 394	-4 132	-4 841	1 080	-3 760
June	450	311	13 172	1 429	14 601	125	-804	492	-312
July	460	187	13 314	847	14 162	203	-501	2 382	1 881

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 claim on deposit banks (Column 13) = term credits (from December 1986 to July 1987) + bank certificates of deposit held by the Bank of Finland (since March 1987). Other liabilities to financial institutions, net (Column 17) = capital import deposits + other liabilities to financial institutions - bonds and debentures - other claims on financial institutions. *Corporate sector.* Claims in the form of special financing (Column 19) = export bills + new-export credits + financing of domestic deliveries. Special deposits, net (Column 20) = deposits for investment and ship purchase + capital import deposits + export deposits + other liabilities to corporations - bonds - other claims on corporations.

2 THE BANK OF FINLAND'S MONEY MARKET OPERATIONS AND THE FORWARD EXCHANGE MARKET

Table 2.1 Money market instruments (Columns 1-3) denote bank certificates of deposit, Treasury bills and banks' fixed-term deposits with the Bank of Finland. Matured money market instruments, net, comprise both purchased and sold instruments.

Table 2.2 As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The new statistical system covers all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

Table 2.3 Bank CDs held by the Bank of Finland (Column 2) include term credits. Holdings of CDs issued by the Bank of Finland (Column 5) include term liabilities.

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 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. 14 currencies (Column 3): weighted according to the relative shares of the respective countries in Finland's foreign trade (= weights of the Bank of Finland's trade-weighted currency index = the old Bank of Finland currency index). Until March 1989, the index consisted of 12 currencies.

Table 3.3 The covered Eurodollar rate is a computed rate of interest for the markka obtained by adding the difference between the forward selling rate and the spot selling rate for the U.S. dollar expressed as an annual rate of interest to the Eurodeposit rate for the dollar. The rates shown are based on daily quotations at noon by two banks.

Table 3.4 *Lending.* New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month tax-exempt deposits (Column 7): 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 1 percentage point (since December 1989). Other tax-exempt deposits (Column 8): Deposits other than 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 4 percentage points (since January 1989). Up till December 1988, the figures for tax-exempt deposits (Columns 7 and 8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. All mark-

ka deposits (Column 9): 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 10): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 11): markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

Table 3.5 *Secondary market yields.* Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. From June 1990 onwards, the yield on taxable government bonds (Column 3) is calculated by the Bank of Finland as the monthly average of the offered rates quoted daily by the five largest banks. The yield is calculated on a bullet bond due on March 15, 1994 with a coupon rate of 13 per cent. The annual figure for 1990 is calculated as the arithmetic mean of yields on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Column 6): as in Column 4 for issues by non-financial corporations. The yield on taxfree public issues (Column 7) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations. *The offer yield on fixed-rate taxable public bonds and debentures* (Column 8) is the average yield weighted by issue amounts - in the case of government bonds by amounts sold - on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued during the period.

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calc-

ulated 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. FIM/ECU index (Column 2): 100 equals the midpoint of the fluctuation range of ± 3 per cent, or FIM 4.87580, which was defined on June 7, 1991 on the basis of the exchange rates confirmed by the EC on June 6, 1991 at 3.15 pm (Finnish time). The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 4): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 5): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of 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 the Central Statistical Office 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. Since the beginning of 1987, 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: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and local government. Foreign currency credits (Column 5) are mainly granted by commercial banks and Postipankki.

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

government's deposits with the Bank of Finland and Postipankki - loans granted from state funds through banks. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public). M- (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- + 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. *Foreign debt*. Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

Table 5.5 Source: Table B: Central Statistical Office of Finland from the beginning of 1991. Tables A and B on the markka bond market include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland.

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.

Table 6.2 Columns 1-5: *Net change in long-term liabilities. Columns 6-10: Net change in long-term assets. Portfolio investment in Finland (Column 2) and abroad (Column 7)

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

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

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

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

Tables 8.1-8.5 Source: Central Statistical Office of Finland. Seasonal adjustment is carried out by the Bank of Finland.

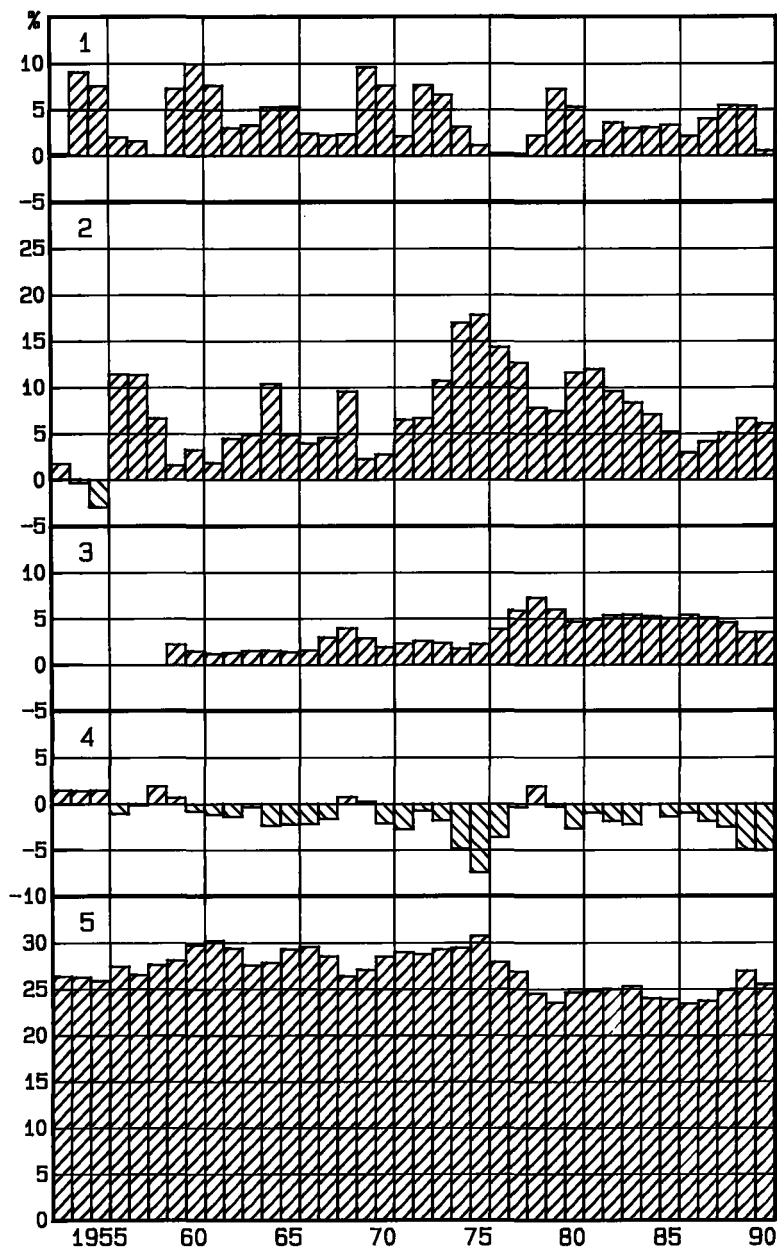
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year of the new CPI is 1985, while the base year of the index shown until end-1984 is 1981.

Table 8.6 Source: Ministry of Finance.

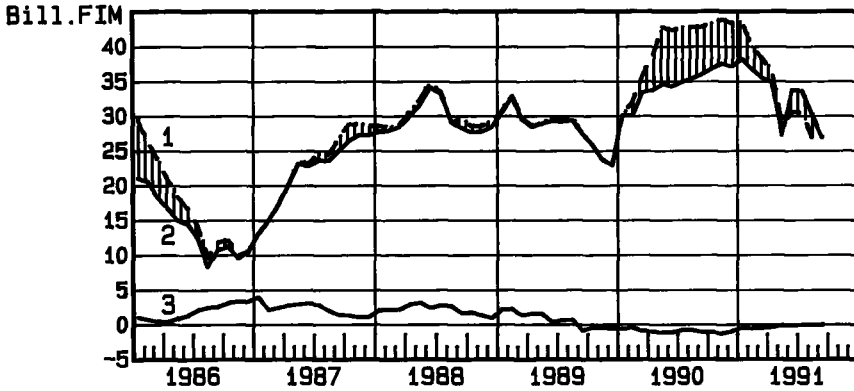
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied by the Bank of Finland	S31
9. 3-month covered Eurodollar rate and 3-month Eurorates	S31
10. Rates on bonds and debentures	S31
11. Bank of Finland currency index and the markka value of the ECU	S32
12. Markka value of the ECU	S32
13. Changes in the exchange rates of selected Nordic currencies	S32
14. Changes in the exchange rates of selected major currencies	S33
15. Bank funding from the public	S33
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20. Current account	S35
21. Foreign debt	S35
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1. LONG-TERM INDICATORS



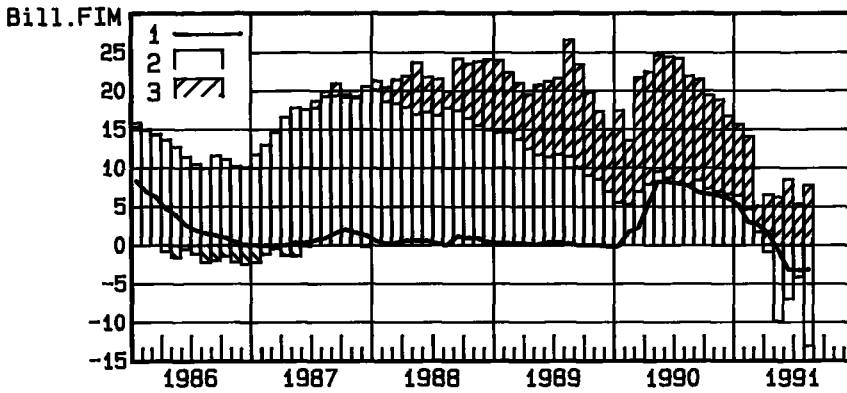
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



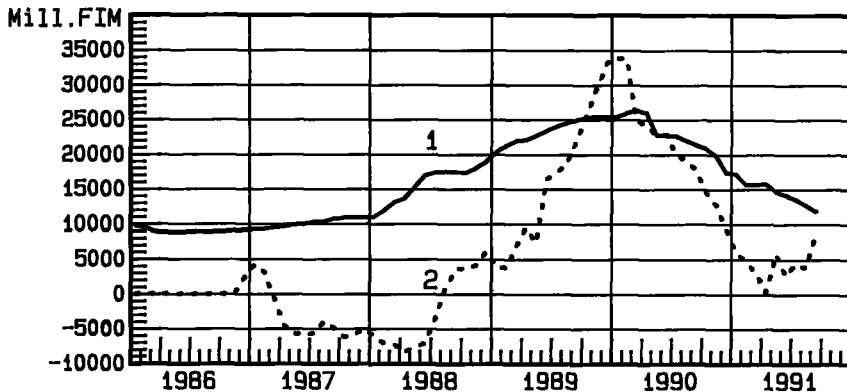
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



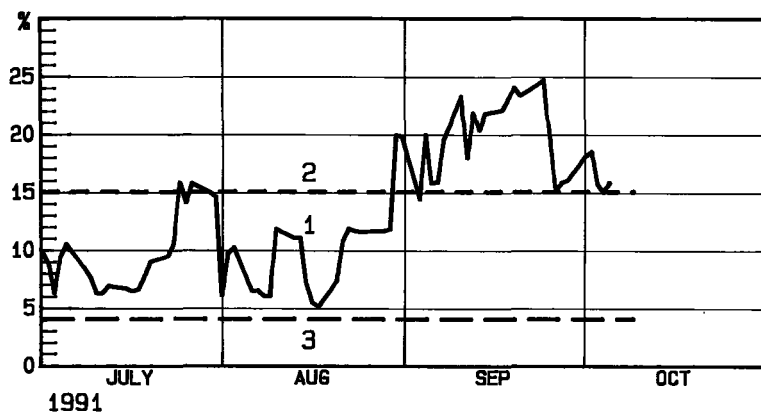
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



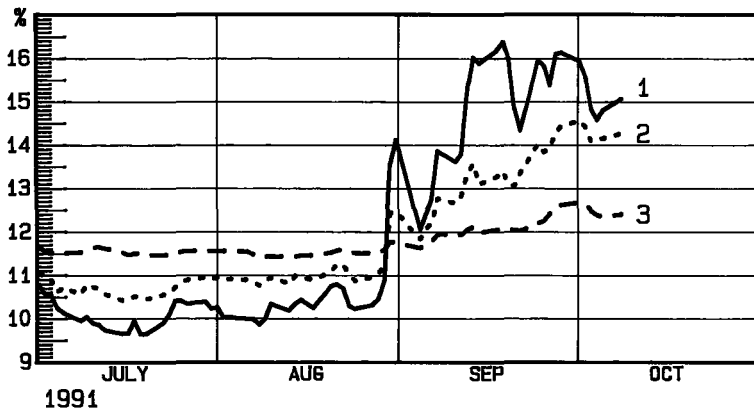
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



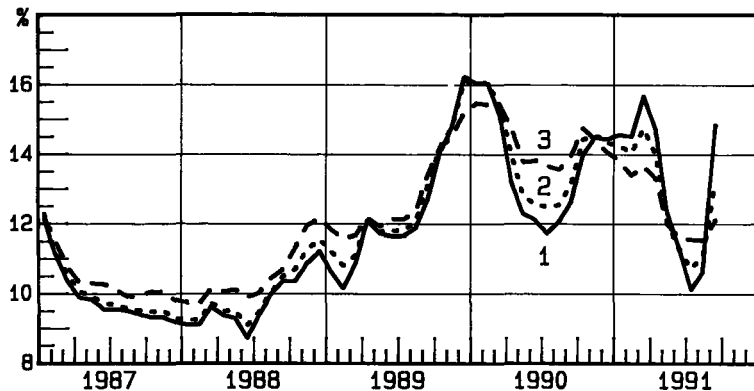
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



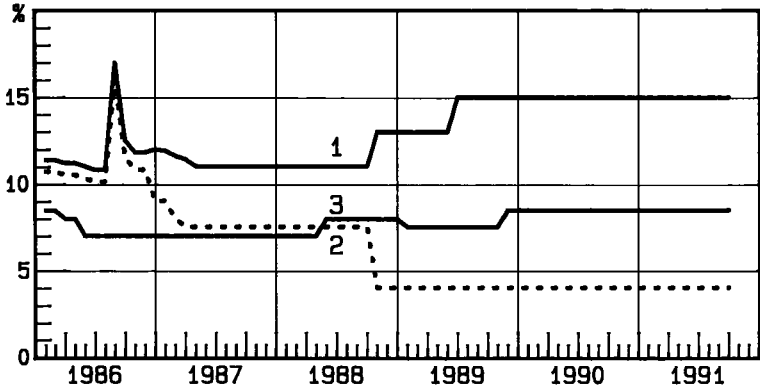
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



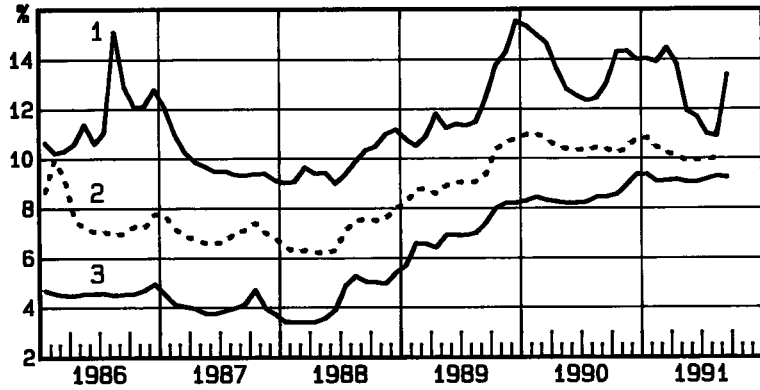
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



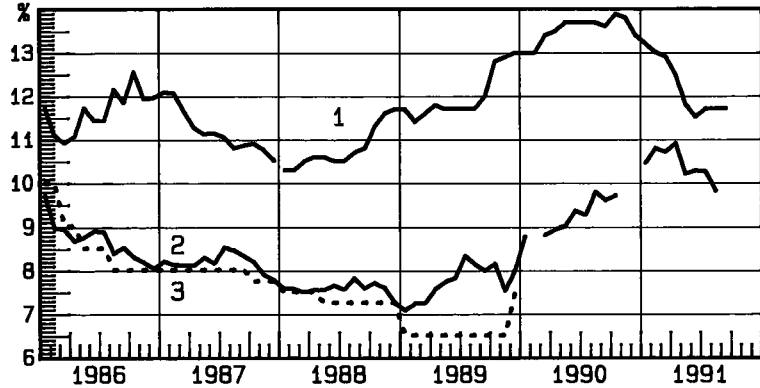
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

9. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH EURORATES



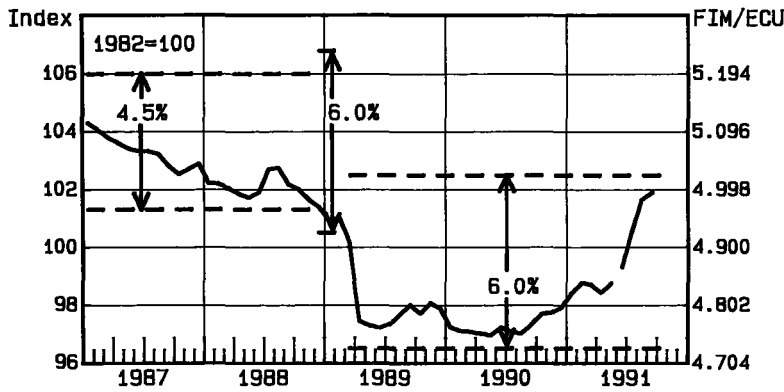
- 1. Covered Eurodollar rate
- 2. ECU rate
- 3. DEM Eurorate

10. RATES ON BONDS AND DEBENTURES



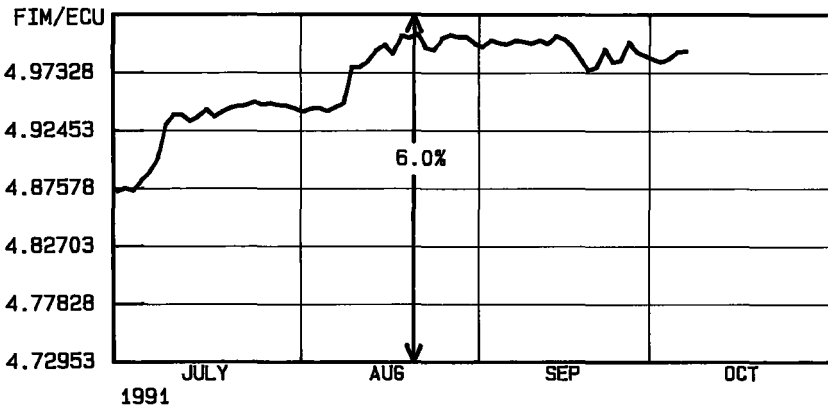
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

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



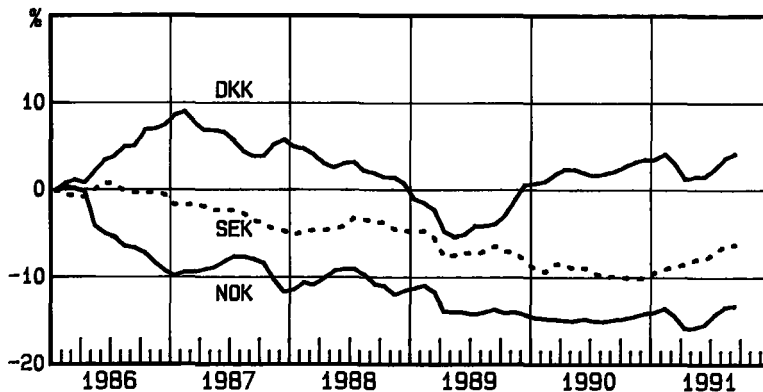
Until June 7, 1991, the Bank of Finland currency index, the fluctuation limits of which were 96.5 - 102.5. From June 7, 1991, the markka's exchange rate against the ECU, the fluctuation limits of which are 4.72953 - 5.02207. Monthly averages

12. MARKKA VALUE OF THE ECU



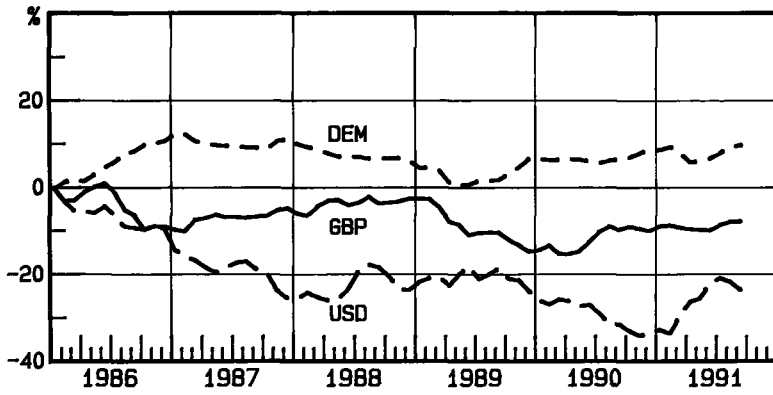
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



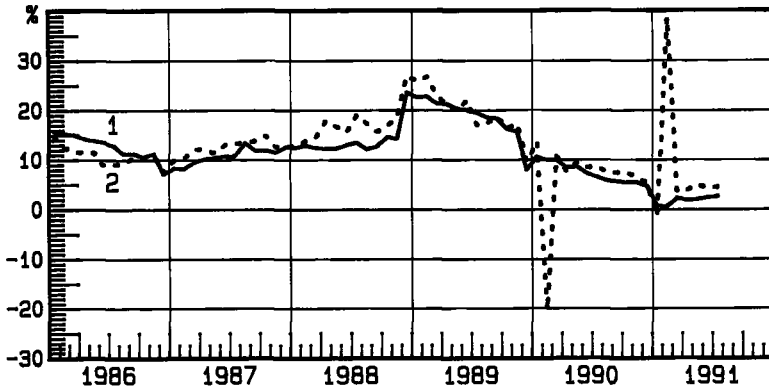
Monthly changes in markka selling rates calculated from the average rates for January 1986

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



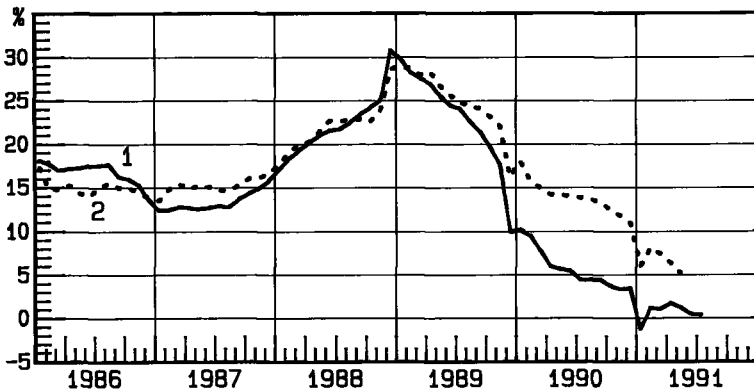
Monthly changes in markka selling rates calculated from the average rates for January 1986

15. BANK FUNDING FROM THE PUBLIC



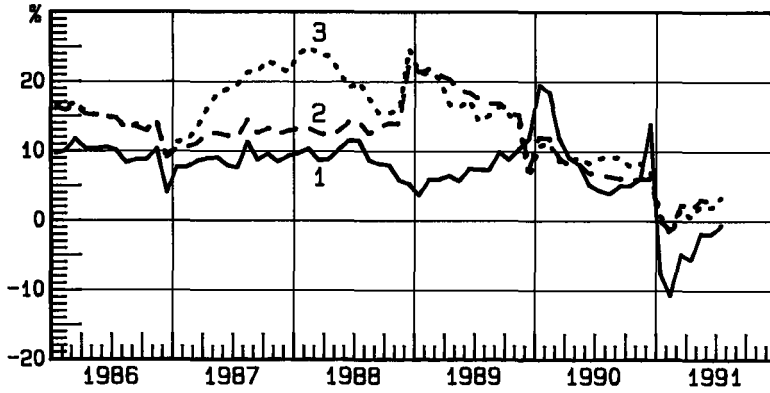
1. Markka deposits
2. Total funding
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

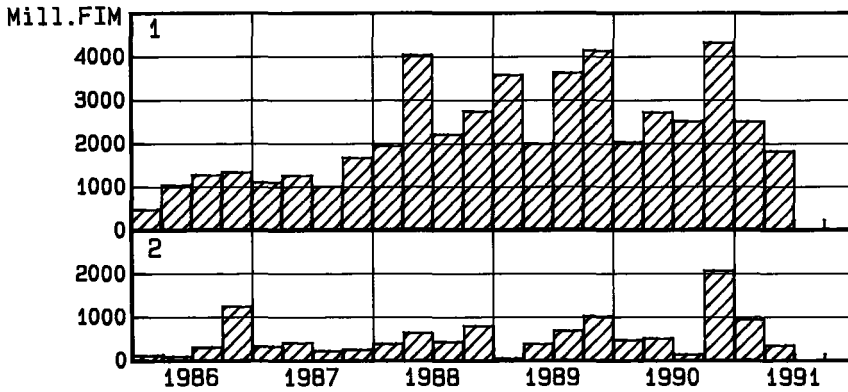
17. MONEY SUPPLY



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

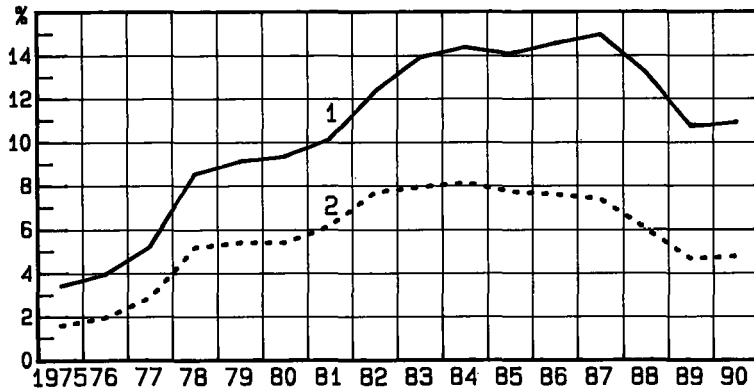
Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



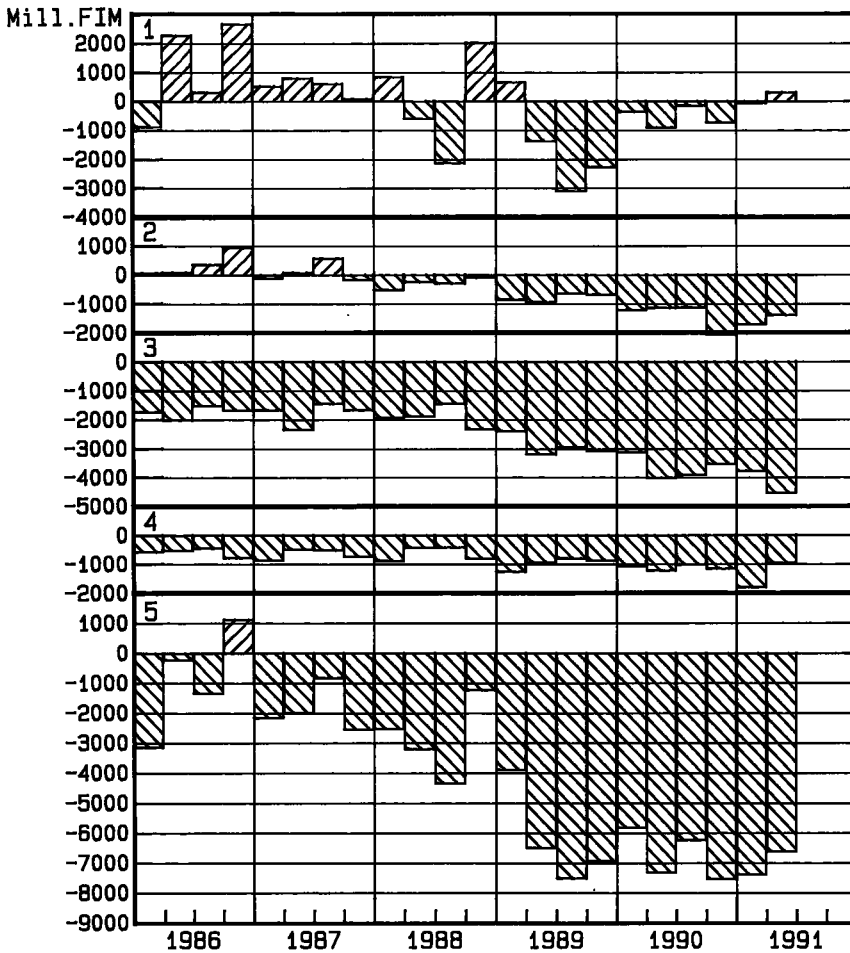
1. Finnish direct investment abroad, net
2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



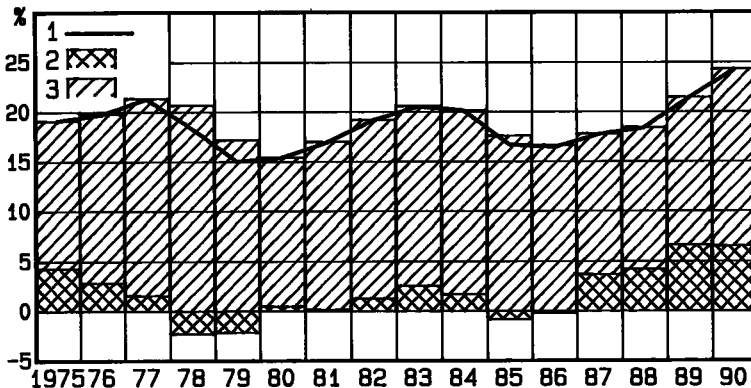
1. Total debt
 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



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

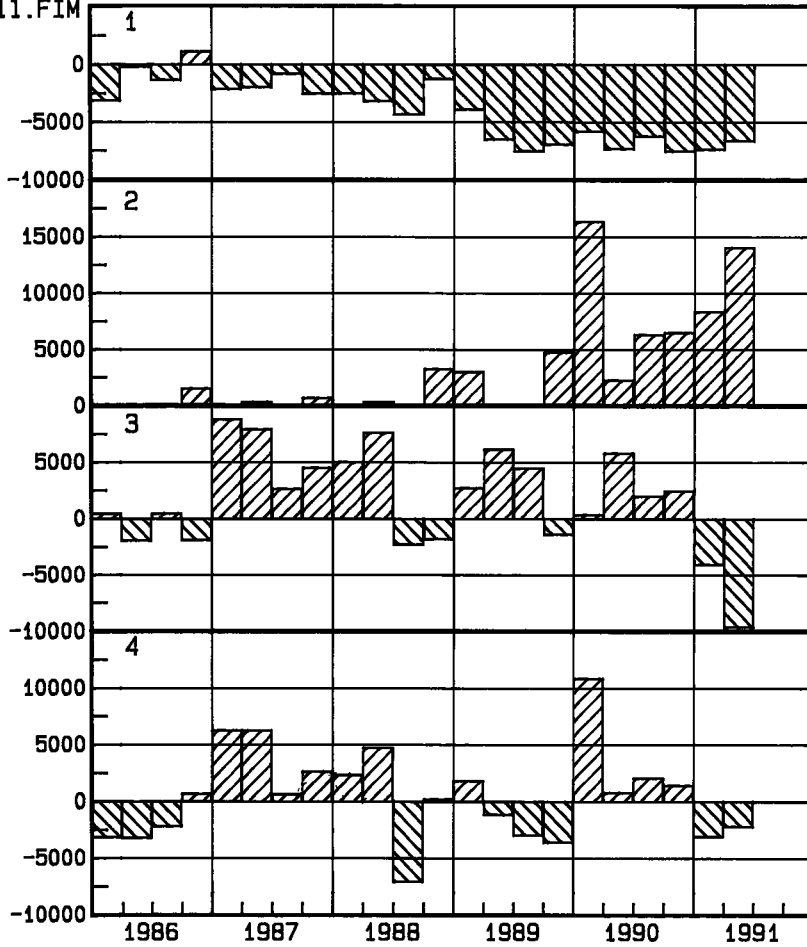
21. FOREIGN DEBT



1. Total foreign net debt
 2. Short-term net debt
 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS

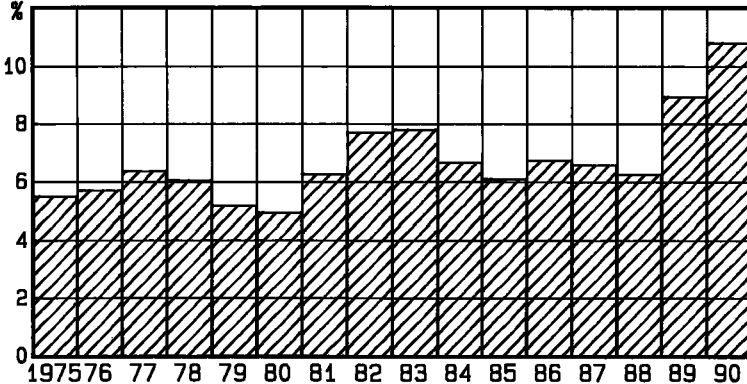
Mill.FIM



1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance—change in the foreign exchange reserves of the Bank of Finland

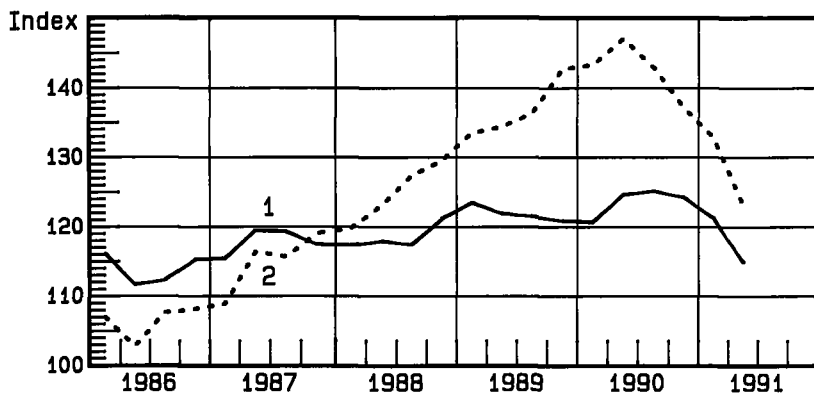
23. NET INVESTMENT EXPENDITURE

%



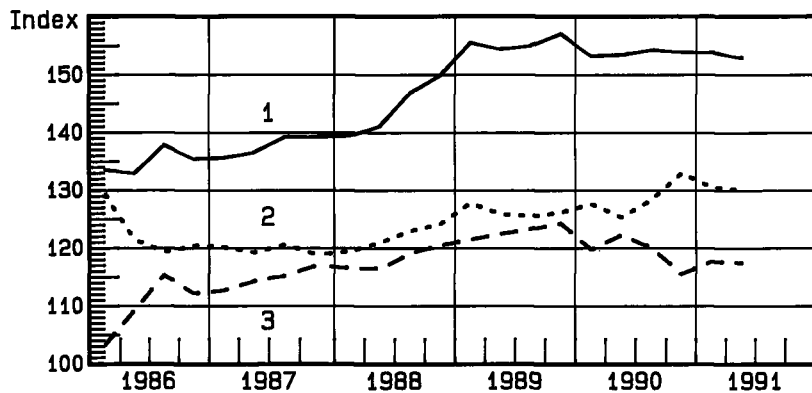
As a percentage of current account receipts

24. FOREIGN TRADE



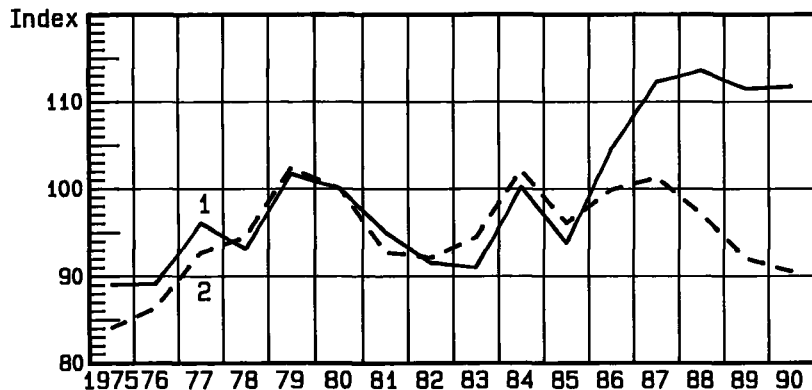
1. Total exports
 2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



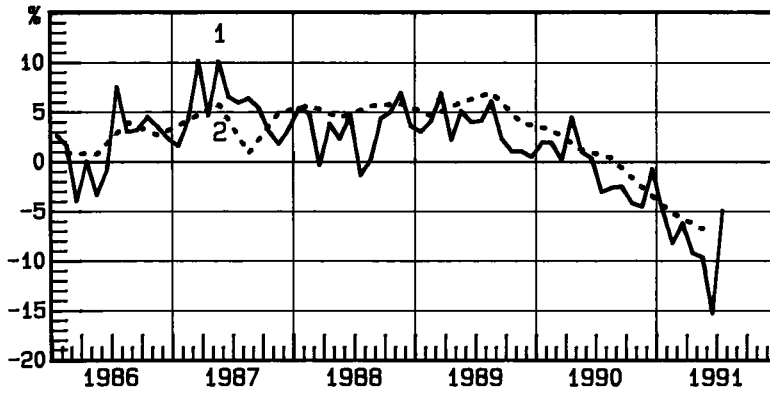
1. Unit value index of exports
 2. Unit value index of imports
 3. Terms of trade
- 1980 = 100

26. FINLAND'S EXPORT PERFORMANCE



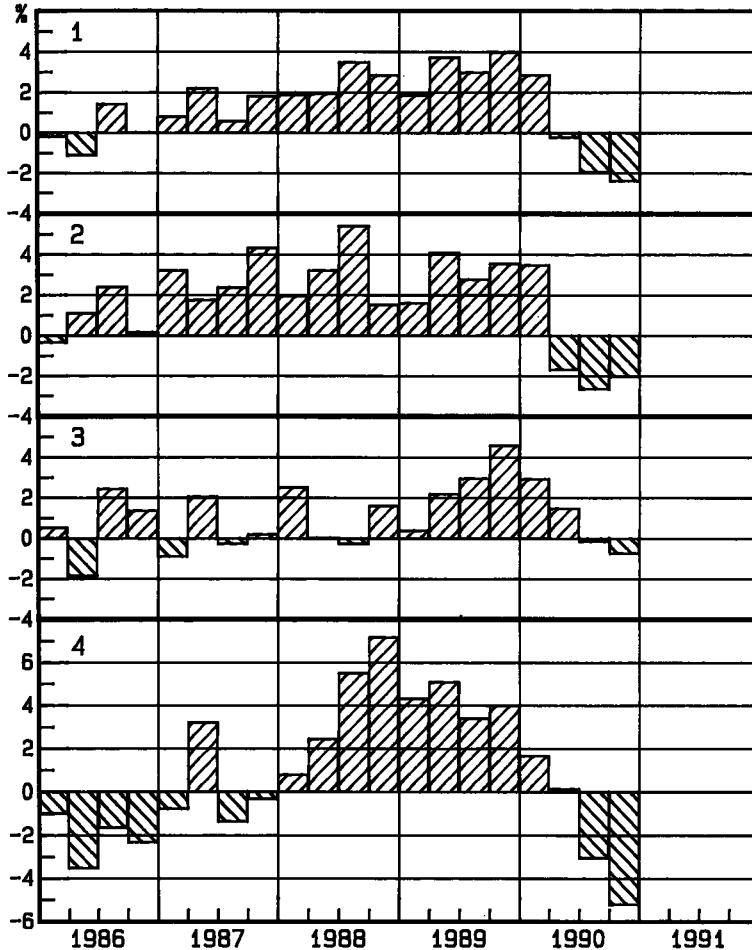
1. Value of exports to OECD countries in relation to imports of OECD countries
 2. Volume of exports to OECD countries in relation to imports of OECD countries
- 1980 = 100

27. PRODUCTION



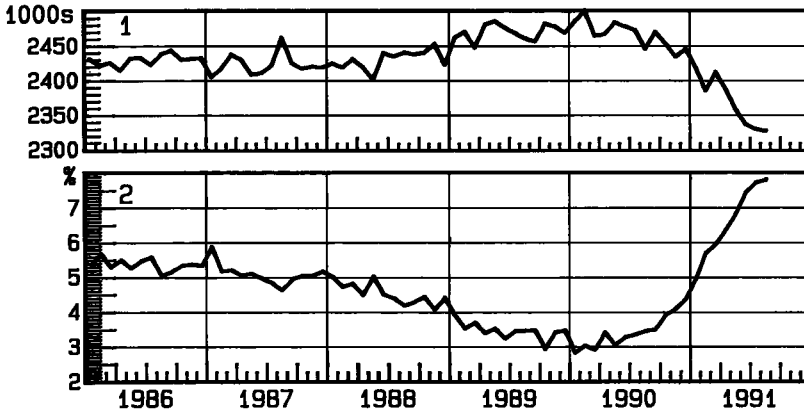
1. Industrial production, change in volume from the corresponding month of the previous year, per cent
2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



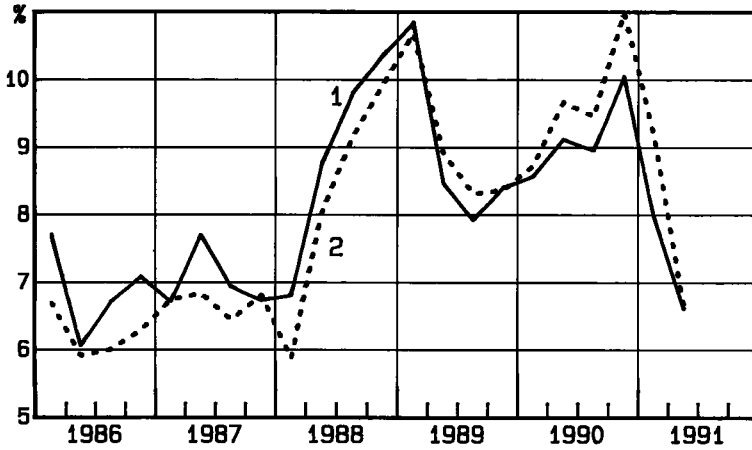
1. Total fixed investment
 2. Investment in machinery and equipment
 3. Building investment, excl. residential buildings
 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

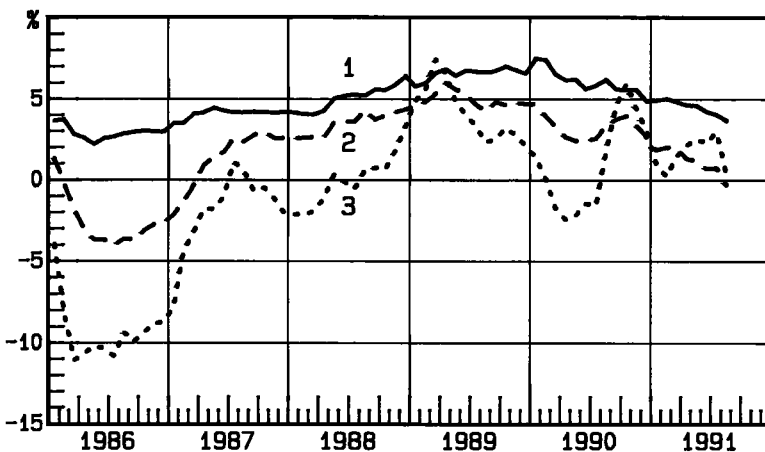


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

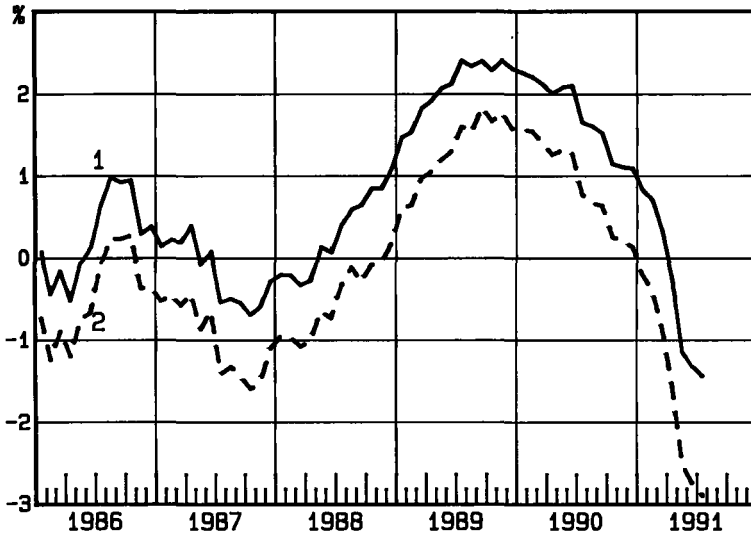
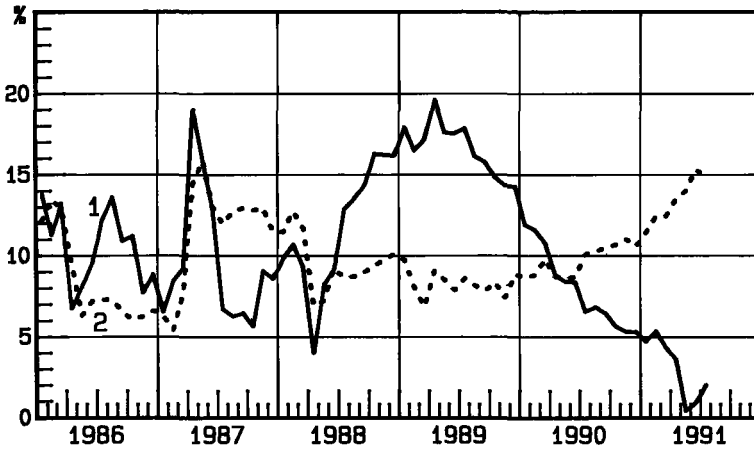


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



BANK OF FINLAND

October 1, 1991

THE PARLIAMENTARY SUPERVISORY BOARD

PENTTI MÄKI-HAKOLA, Chairman

JUSSI RANTA, Vice Chairman

SEPPO KÄÄRIÄINEN

HANNU TENHIÄLÄ

ANNELI JÄÄTTEENMÄKI

TUULIKKI HÄMÄLÄINEN

ESKO SEPPÄNEN

MAURI MIETTINEN

HENRIK WESTERLUND

THE BOARD OF MANAGEMENT

ROLF KULLBERG, Chairman

ESKO OLLILA

ELE ALENIUS

KALEVI SORSA

HARRI HOLKERI

MARKKU PUNTILA

DIRECTORS

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Administration Department URPO LEVO
Building Projects BENGT PALMROOS
Data Processing Department RIITTA JOKINEN
Legal Affairs ARNO LINDGREN

Payment Instruments Department REIJO MÄKINEN
Personnel Department ANTON MÄKELÄ
Personnel Projects ANNELI SOINI
Security JYRKI AHVONEN
Branches

SIRKKA HÄMÄLÄINEN

Central Bank Policy Department
(excl. International Office)
JOHNNY ÅKERHOLM
Economics Department KARI PUUMANEN
Information Department ANTTI HEINONEN

Market Operations Department
TOM NORDMAN (Acting Head)
Research Department HEIKKI KOSKENKYLÄ
Statistical Services Department ESA OJANEN

MATTI VANHALA

Financial Markets Department
KAIJU KALLIO (Acting Head), Advisers:
RALF PAULI, PETER NYBERG
International Office of the Central Bank Policy
Department

Payments and Settlement Department
RAIMO HYVÄRINEN
Unit for Eastern European Economies
KARI PEKONEN

Internal Audit Department TIMO MÄNNISTÖ

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

BRANCH OFFICES

12 branches: Joensuu, Jyväskylä, Kotka, Kuopio, Lahti, Mikkeli, Oulu, Pori, Rovaniemi, Tampere, Turku, Vaasa

SETEC OY

VELI TARVAINEN, Managing Director
