



# BULLETIN

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The use of cash in  
Finnish business firms

Estimates of cyclically adjusted  
budget deficit: Are they reliable?

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# The use of cash in Finnish business firms

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The Bank of Finland conducted an extensive survey on the use of cash in Finnish business firms in January and April 1995.<sup>1</sup> The purpose of the survey was to obtain further information on the basic features of firms' cash behaviour and to extend the analysis of a similar study on households carried out in late 1992. In what follows, some main results of the survey on firms are reported.<sup>2</sup> First, however, we present some stylized facts on cash holdings in Finland.

## Some recent trends in the use of cash in Finland

In Finland the growth of cash balances (notes and coin) has for decades been much slower than the growth of total output. At the beginning of the 20th century, the currency ratio in Finland (currency/GDP) was about 10 per cent. Now it is somewhat below 3 per cent (see Virén 1989 for the historical background and cross-country comparisons of the use of cash in Finland). The change has taken place gradually, and one cannot separate specific episodes or periods in this respect (Chart 1).

There are many reasons for the relative decline in the use of cash. The most important reason is perhaps the increase in the volume of payment intermediation via the banking system. More and more transactions are carried out through the banking system. In 1960s the earlier cash payment of wages and salaries was changed so that payment was made directly to the bank account of the employee. The account transfer system in Finland is very efficient and the use of cheques has been very limited (compared eg with the UK and USA). In Finland, cheques were used to some extent by private individuals in the 1970s and early 1980s but subsequently debit and credit cards have completely replaced cheques, at least in households' everyday transactions.

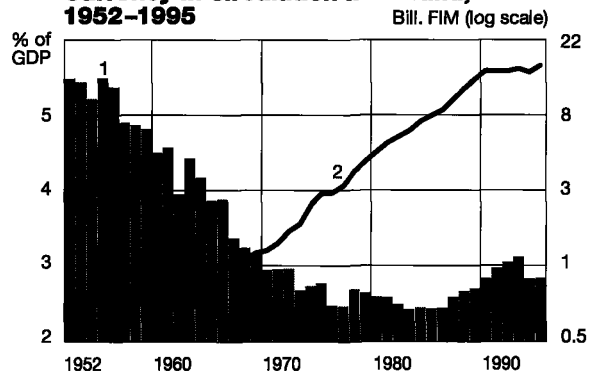
In recent years, the use of debit and credit cards has increased both in absolute and relative terms. Thus, in the Bank of Finland's household survey in 1992 (see Virén 1993 and 1994 for details)

the share of debit and credit card transactions in the value of all household transactions turned out to be about 14 per cent. Today, this share could easily be close to 20 per cent. The enormous changes in communications and payment systems apply not only to credit and debit transactions but also to electronic payment systems (eg EFTPOS) and the introduction of so-called smart cards (electronic purses). In Finland, there has been a pilot experiment since 1992 run by the company Toimiraha, which was owned by the Bank of Finland. In autumn 1995 the company was sold to the Finnish commercial banks, and the Bank of Finland is no longer involved in the issue of smart cards.

In the 1980s, it was generally predicted that the use of cash would decrease (at least in relative terms) continually and that eventually we would move to a virtually cashless society. Even if the prediction is true for the long run, the short-run development could be quite different. As one can see from Chart 1, since the mid-1980s the ratio of cash to GDP has grown at the same rate or even faster than total output.

Chart 1.

## Currency in circulation in Finland, 1952-1995



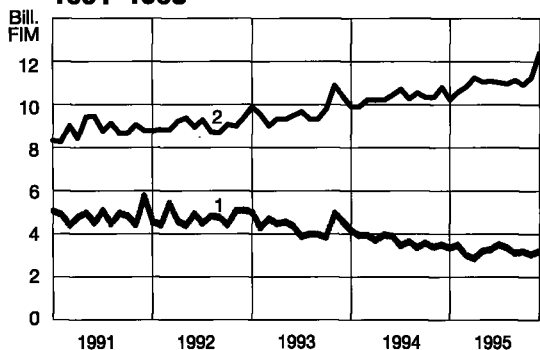
1. Cash/GDP, %  
2. Cash, bill. FIM

<sup>1</sup> The survey was conducted in cooperation with Statistics Finland.

<sup>2</sup> The statistical analysis was handled mainly by Mr Kimmo Järvenpää.

**Chart 2.**

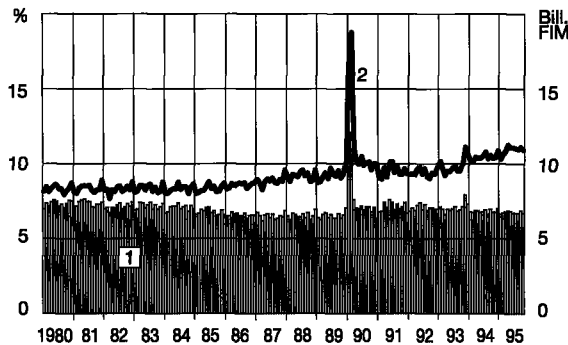
**Cash balances of banks and the public, 1991 1995**



1. Banks  
2. Public

**Chart 3.**

**Cash ratio (cash/M1) in Finland, 1980 1995**



1. Cash/M1, %  
2. Cash in 1990 prices, bill. FIM (deflated by CPI)

It is somewhat unclear why this has happened. The deep recession which hit the Finnish economy in the early 1990s and which was reflected in a decrease in GDP of more than 10 per cent over three consecutive years may help to explain the behaviour of the demand for cash. One could argue that cash balances did not fully adjust to the decrease in transactions. Another reason relates to the banking system and the banking crisis which took place during the recession. Banking crises create uncertainty among the public. In the case of the cooperative merchandise chains' savings associations, there were even some small-scale runs. A more important factor however might be that with the banking crisis the number of branch offices has decreased dramatically. Also the number of cash dispensers has started to decline (by about 10 per cent since 1994). The decline in bank branch offices and possibly also in cash dispensers can be expected to continue for several years.

This reduction in banking services has obviously forced households and firms to hold larger cash balances. Hence, banks' cash holdings have declined while cash outside banks has clearly increased (Chart 2).

One may conclude on the basis of Chart 2 that banks' cash holdings have been quite large. The main reasons for this are the still dense bank branch office network and the till-money credit system which existed in Finland until May 1993. This system financed banks' cash balances in excess of a quota with an interest-free loan from the central bank. The system has now been completely abolished and obviously this has increased banks' opportunity costs of holding cash. This, in turn, probably motivated banks to economize on their cash holdings. On the other hand, the closing down of many branch offices and cash dispensers also tends to reduce banks' cash holdings.

Although cash balances held by the public have been subject to several influences, the ratio of cash to money stock has been surprisingly stable. The ratio of cash outside banks to narrow money (M1, which includes cash outside banks, cheque accounts and all other accounts with a bank-card transfer facility) has remained roughly at the 7 per cent level over the whole period (Chart 3). The only exception is the early months of 1990 when Finland experienced a six-week bank strike. The stability of the cash ratio is important because it means that the demand for cash can be used to forecast the demand for money.

**Firms' cash balances**

The survey questionnaire was sent to 5 700 manufacturing and service sector establishments (establishment = production or service unit of a firm) operating in Finland. According to Statistics Finland, there were about 233 000 such establishments in Finland, so that the sample represented about 2.5 per cent of the total number. The survey was con-

ducted in cooperation with Statistics Finland. Acceptable responses were received from 2 720 establishments, ie 48 per cent of those receiving questionnaires. A more detailed description of the survey and a detailed account of the results are presented in Finnish in a forthcoming Bank of Finland publication (see Hirvonen and Virén 1996).

The most important questions concerned firms' money holdings, the share of payments made in cash and the use of electronic payment systems and networks. A short summary of the main findings is presented next, beginning with the amount of cash holdings.

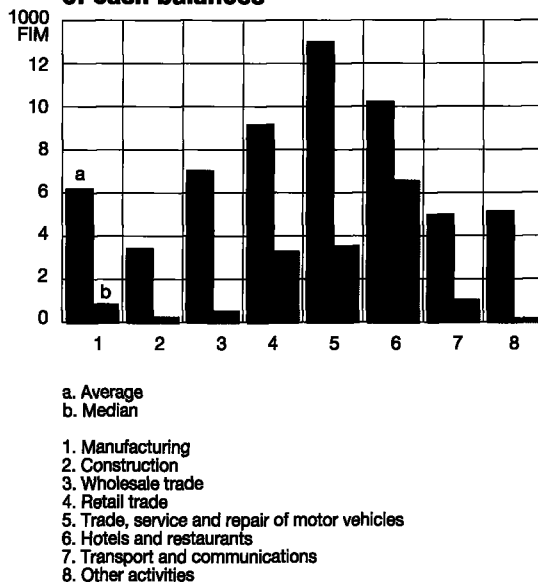
The questions applied to both current cash holdings (ie cash holdings at the end of the business day: Wednesday, 25 January and Wednesday, 26 April) and to the normal (average) level of an establishment's cash holdings. To be sure that all firms' cash holdings were included, it was also asked how much money had been deposited in a bank's night safe (at the end of the business day). In this connection, the night safe deposits are not explicitly dealt with (see Hirvonen and Virén 1996 for details).

The results based on the responses concerning the amount of cash balances are explained in Table 1 and Chart 4. Chart 4 contains only the average and median values of establishment level cash balances while Table 1 also includes industry level totals of cash balances. These are obtained by aggregating the cash balances on the basis of available information on the number of establishments in each industry (branch of economic activity).

According to the responses, firms held at the moment of inquiry about FIM 1.5 billion in the form of notes and coin. This figure represents almost 15 per cent of total cash holdings outside banks. The establishment level average value turned out to be FIM 6 400. However, one must take into account the fact that cash balances are very unevenly distrib-

**Chart 4.**

**Average and median values of cash balances**



uted. Thus the corresponding median value was only FIM 800. The difference between the two figures is certainly large. The difference can be understood if one notes the large number of establishments with zero cash balances. Thus, about one-fourth of establishments held no cash. By contrast, there were several establishments with cash balances exceeding FIM 50 000.

There are also considerable differences between industries. Construction firms hold very small cash balances while in retail trade, hotels and

**Table 1. The money holdings of establishments**

Industry	Average, FIM		Median, FIM		Total, mill. FIM	
	W	N	W	N	W	N
1. Manufacturing	6 164	3 599	800	1 000	180	105
2. Construction	3 380	3 910	200	500	97	112
3. Wholesale trade	6 993	6 460	477	650	142	131
4. Retail trade	9 130	10 082	3 235	3 500	304	335
5. Trade, service and repair of motor vehicles	12 959	12 800	3 500	3 000	148	146
6. Hotels and restaurants	10 175	10 745	6 520	6 000	122	129
7. Transport and communication	4 950	5 368	1 000	1 000	119	129
8. Other activities	5 106	2 210	128	200	381	165
All together	6 392	5 366	800	1 000	1 491	1 252

The numbers are population level estimates.

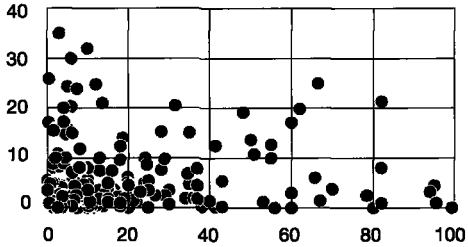
Column W denotes current values for Wednesday evening and N normal values for business day evenings.

## Chart 5.

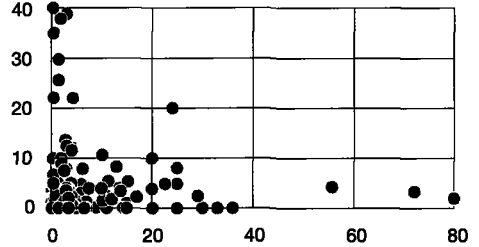
### Cash holdings and turnover of establishments

Horizontal axis: turnover, mill. FIM  
Vertical axis: cash holdings, 1000 FIM

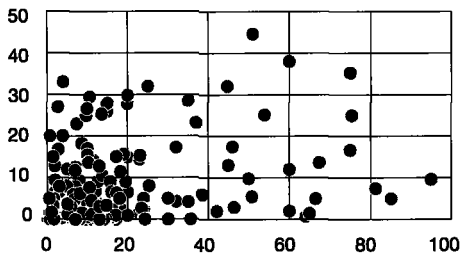
#### 1. Manufacturing



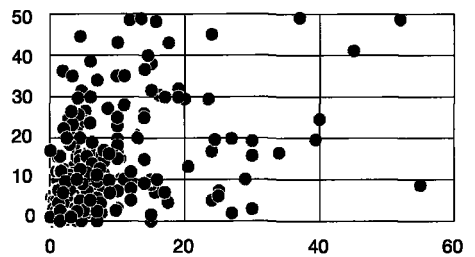
#### 2. Construction



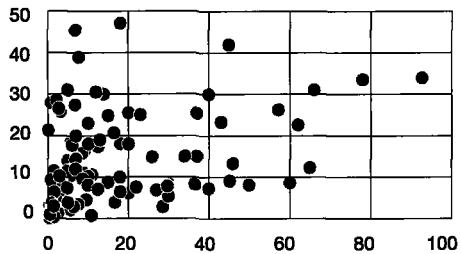
#### 3. Wholesale trade



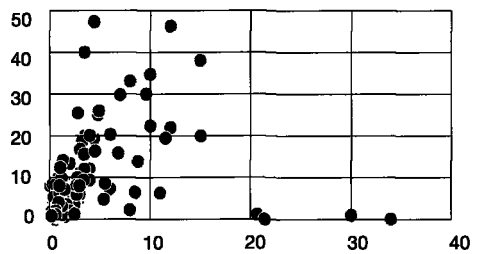
#### 4. Retail trade



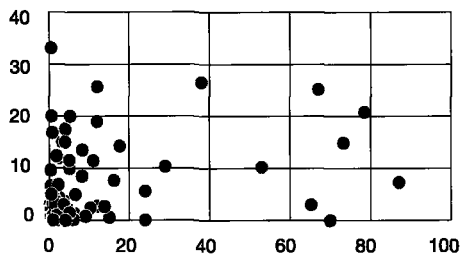
#### 5. Trade, service and repair of motor vehicles



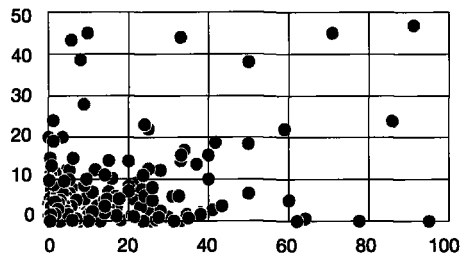
#### 6. Hotels and restaurants



#### 7. Transport and communication



#### 8. Other activities



For graphic reasons, only places of business with cash holding of less than FIM 50 000 and turnover of less than FIM 100 million are included.

restaurants and in trade, service and repair of motor vehicles the cash balances are relatively large. This applied to both average and median balances. One should however note that the biggest industry according to number of firms is 'Other activities' which mainly includes various service companies and enterprises. This industry is very heterogeneous, and differences between establishments are exceptionally large. Thus the difference between the mean and median is 40 fold!

If one compares the responses for Wednesday vs normal, the overall nature of the results is the same except that average cash balances turned out to be FIM 1 000 smaller for normal values. This would suggest that the normal value of firms' cash balances is only FIM 1.25 billion. The difference is mainly accounted for by construction and other activities. However, the median figures are quite close to each other, the normal value being even higher. Thus one must be cautious in drawing conclusions from the difference between cash holdings at the time of inquiry and normal cash holdings.

In addition to the industry difference, it might be interesting to observe the effects of firm (establishment) size on cash holdings. This relationship is illustrated in a scatter diagram (Chart 5) which shows the relationship between cash holdings (at the moment of inquiry) and total sales (turnover). One can easily see the enormous volatility of the relationship between these two variables. Even though the relationship is positive, which is consistent with the theory of the demand for money, the

variation is so large that one cannot speak of a one-to-one relationship as seems to exist in the long run in the time-series data. Thus, even if a high sales figure implies a larger number of transactions, this does not necessarily show up in an increased demand for cash. The crucial question is how firms choose their means of payment. Firms have various options in this respect, depending on scale of activities and trade partners. Some large firms use postal and bank giros, whereas small shops may rely solely on cash. One may well assume that as a firm grows its use of other means of payment increases relatively because the volume and size of transactions increase and it becomes profitable to invest in electronic payment systems.

### **The use of cash versus other means of payment**

The results reported here relate to the share of cash payments in all payments made to or by the firm (establishment). The shares of other means of payment are not distinguished. In what follows, the responses are reported according to industry and establishment size. Size is measured by total sales and by number of employees. The results are reported in Table 2 and in Charts 6 and 7. In the former chart, the responses are classified according to industry and in the latter according to establishment size. All figures are weighted by number of establishments and total sales. Thus, the figures indicate the percentage share of firms' cash sales in total sales. Because there are enormous differ-

**Table 2. The share of cash payments**

	Industry								Total
	1	2	3	4	5	6	7	8	
Percentage frequency	16.1	7.9	10.8	18.3	7.3	6.4	6.8	26.3	100.0
Payments received by firms	2.7	4.5	9.6	51.7	40.2	61.0	24.7	18.9	17.3
Payments made by firms	2.5	5.1	2.6	20.5	9.6	32.3	6.7	12.2	5.7

	Size of establishment measured by total sales							Total
	<1	1-2	2-5	5-10	10-50	50-100	>100	
Percentage frequency	28.4	15.3	18.8	12.2	18.4	3.6	3.2	100.0
Payments received by firms	34.4	40.9	32.3	32.7	24.5	13.5	4.4	17.3
Payments made by firms	20.2	15.6	15.3	8.1	7.3	5.6	2.7	5.7

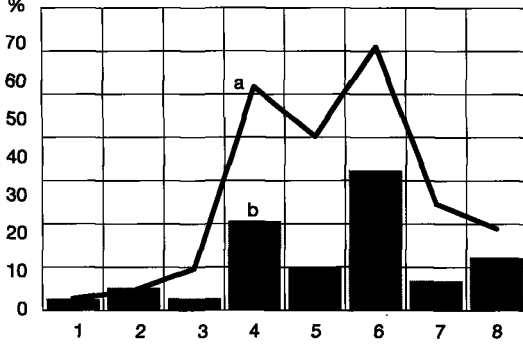
  

	Size of establishment measured by number of employees							Total
	<1	1-2	2-5	5-10	10-50	50-100	>100	
Percentage frequency	1.4	13.2	32.2	20.6	24.0	3.7	4.9	100.0
Payments received by firms	33.4	34.0	40.8	37.4	21.2	10.1	6.4	17.3
Payments made by firms	3.6	19.2	15.4	11.8	7.5	2.7	3.3	5.7

The industry classification is the following: 1 = manufacturing, 2 = construction, 3 = wholesale trade, 4 = retail trade, 5 = trade, service and repair of motor vehicles, 6 = hotels and restaurants, 7 = transport and communication and 8 = other activities. Total sales is expressed in millions of FIM, employment in man-years. Frequencies indicate percentage of establishments in the total.

**Chart 6.**

**Share of cash payments by industry**

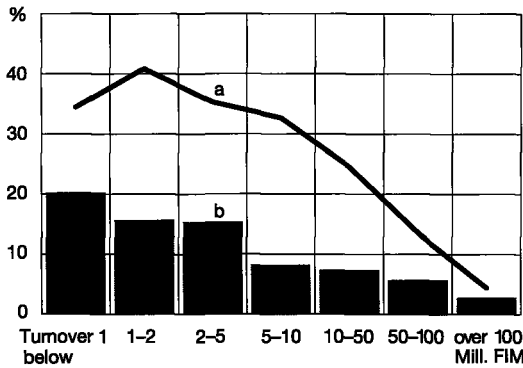


a. Payments received by firms  
b. Payments made by firms

1. Manufacturing
2. Construction
3. Wholesale trade
4. Retail trade
5. Trade, service and repair of motor vehicles
6. Hotels and restaurants
7. Transport and communications
8. Other activities

**Chart 7.**

**Share of cash payment by size of establishment**



a. Payments received by firms  
b. Payments made by firms

ences in establishment size, the figures do not provide any information on median payment shares (qualitatively, the differences are quite small, as shown in Hirvonen and Virén 1996).

In summary, one can say that in value terms, about 17 per cent of all payments received by firms are cash payments. By contrast, only about 6 per cent of all payments made by firms are cash payments. Although these numbers may seem small, this is not actually the case. One should keep in mind that in manufacturing, construction, wholesale trade and to some extent in transport and communication, firms are mainly dealing with other firms and with the public sector. Transactions with households are more the exception.

If the payment shares are examined for industries that deal mainly with households, the shares are very high indeed. The share of payments received is 40–60 per cent. The fact that the share of payments which firms make to other market participants is much smaller is quite obvious because most wholesale trade is transacted by postal or bank giro. Even so, it seems that cash payments are made for goods delivered. Perhaps the recession and firms' financial difficulties explain this finding.

The relationship between the size of establishment and payment share is quite clear, irrespective of the choice between total sales or employment as the indicator of establishment size. Thus, if one considers payment shares for very large establishments (total sales over FIM 100 million), the share of cash payments is only 2–4 per cent, but in case of small establishments (sales less than FIM 5 million) the share is as high as 30–40 per cent for payments received and 15–20 per cent for payments made. This fact suggests that a change in the size distribution of firms would affect the total demand for cash by firms. More precisely, the introduction of (new) small firms tends to increase the demand for cash while increased concentration of firms (due eg to collusion) tends to decrease the demand.

**Payments between firms and banks**

One important factor which affects firms' demand for cash is their ability to arrange for electronic payments with their banks. Therefore, the survey also includes questions about electronic connections. It was asked whether the establishment has any electronic connections and, if so, with how many banks. It was also asked whether the establishment had an EFTPOS connection.

On the basis of these figures, one may conclude that more than half of all firms' establishments have an electronic connection with banks. By contrast, only 17 per cent of establishments have an EFTPOS connection. When individual industries are compared, it turns out that the results for EFTPOS connections are generally in line with average cash balances and with payment shares. Thus, those industries which deal mainly with households more frequently have such a system



**Table 3. Payment connections between firms and banks**

	No electronic connections	Electronic connections with one bank	Electronic connections with more than one bank	An EFTPOS connection
	%	%	%	%
1. Manufacturing	41.5	28.2	30.3	6.2
2. Construction	45.7	26.3	28.0	3.4
3. Wholesale trade	31.4	26.3	42.3	17.5
4. Retail trade	51.7	36.6	11.7	46.9
5. Trade, service and repair of motor vehicles	41.0	32.8	26.2	52.5
6. Hotels and restaurants	60.9	29.3	9.8	48.8
7. Transport and communication	62.3	26.0	11.7	16.9
8. Other activities	39.6	35.9	24.5	7.5
All together	43.4	31.6	25.0	17.2

and vice versa. Against this background, it is quite obvious that in construction there would be only a few operating EFTPOS connections.

It is more difficult to draw conclusions about electronic connections. It is no surprise that in wholesale trade such connections are frequently needed but for other industries one cannot so easily find an explanation. It may well be that the size of the establishment and the customer relationships are more important in this respect.

In addition to the above-mentioned questions, the survey also included a 'free opinion' section in which establishments could express their concerns about different aspects of the payment system. Most answers dealt with problems regarding payments between firms and banks. Thus, the tariffs, technical delays and the value-day practices were criticized. By contrast, only a few comments concerned the use of cash (eg the quality of notes and coin).

### Concluding remarks

The survey of Finnish firms showed that firms still hold a considerable amount of notes and coin. Thus, manufacturing and service sector firms' share of cash holdings outside banks is estimated to be almost 15 per cent. The share estimated for households in 1992 was about 35 per cent. Although these do not add up to 100, the resulting share is so large that there is probably no 'missing money' paradox in Finnish cash holdings. The survey numbers are much higher than those obtained in other countries (see eg Avery et al 1987 and Boeschoten 1992). In particular, the relatively high survey figures obtained in Finland suggest that the amount of cash which is hoarded is relatively unimportant. The figures may also be interpreted in terms of the 'black economy'. The obvious interpretation is that the importance of the 'black economy' in Finland is much less than in southern Europe, for

instance. To draw more affirmative conclusions however requires more information on cash balances held by the public sector and abroad.

In the process of transition to the single currency in the third stage of the EU's Economic and Monetary Union, the use of cash is of considerable importance. It is necessary to know the demand for cash and how the demand is divided among different industries and sectors. On the basis of such information, one can estimate the cost of introducing the new single currency. Moreover, there is a clear need to forecast the demand for cash regardless of the future of EMU. The fact that firms still use a considerable amount of cash suggests that one should pay proper attention to the problems and costs which firms may face in the process of transition from a national currency to the single currency.

28 February 1996

- Keywords: cash, central bank, liquidity, means of payment

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# Estimates of cyclically adjusted budget deficit: Are they reliable?

by **Anne Brunila**, Head of Office  
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Indicators of the government budget balance have become increasingly popular as a means of analysing the underlying fiscal stance and the need for public sector consolidation. Since actual budget deficits reflect both cyclical factors and discretionary policy action taken by the Government, it is important to distinguish between short-term transitory influences caused by cyclical changes and structural imbalances in the budget. This is particularly important in the current situation where the sustainability of the public debt has increasingly dominated the formulation of fiscal policy in several countries.

The European Commission, the IMF and the OECD publish measures of the cyclically adjusted (structural) budget balance for general government for various countries. These measures are far from being exact, and they are sensitive to the method of calculation. Therefore, the underlying methods deserve special attention. Specifically, when using such measures for the evaluation of fiscal stance and underlying public finances, one should pay attention to the strengths and weaknesses attached to various methods. The purpose of this article is to highlight these issues with an emphasis on the Finnish experience.

## **Defining the cyclically adjusted budget balance**

Generally, the measurement of the cyclically adjusted budget balance proceeds in two steps. The first step involves the construction of a reference path for real GDP to obtain estimates for output that could be obtained in the absence of cyclical fluctuations. The difference between the actual output level and estimated reference output gives a measure of the output gap in a particular year.

In the second step these output gaps are used to calculate what government revenues and expenditure would have been if output was at the level of the reference path. The actual government revenue and expenditure are then adjusted by these cyclical effects to calculate the cyclically adjusted budget balance that corresponds to the underlying budgetary position implied by the reference path.

Typically, government tax revenue is rather sensitive to changes in real GDP, but of the expendi-

tures only unemployment-related items respond closely to cyclical fluctuations. The measurement of the responsiveness of these budget items to GDP is quite straightforward. However, the calculation of the cyclically adjusted deficit has proved to be problematic, since there is no single accepted method for defining the reference output path.

The European Commission bases its output gap calculations on the Hodrick-Prescott trend estimation method (HP filter).<sup>1</sup> The basic idea of the HP filter is to fit a smooth trend through the observations of actual GDP by means of weighted moving averages. With this method, the estimated output path is not an economic policy objective and deviations of actual output from estimated trend output are symmetric over the entire cycle.

The advantage of this statistical method is its simplicity and parsimony, since it requires data only on actual GDP. It is easy to apply and involves little judgement by the researcher. The trend estimates can be reproduced quickly in case of discretionary changes in fiscal policy.

A criticism often raised against the approach is the arbitrary choice of smoothness of the resulting trend. Structural breaks are typically smoothed over by the HP filter, which moderates the break when it occurs, and spreads its effects over several years. As a consequence, it is difficult with the HP filter to single out large and sudden changes in the level of output. This may lead to underestimation of rapid structural changes in the economy, as most likely has been the case in Finland in the early 1990s.

Another important problem with the HP filter is generally referred to as the end-point problem: the trend will follow the actual GDP more closely at the beginning and end of the estimation period than in the middle. The trend will be pulled downwards towards the path of actual output if the latest available observations on GDP show a pronounced recession, and it will be pulled upwards if the latest observations show a vigorous expansion. This clearly constitutes a problem for policymaking where the correct interpretation of the present situation and near future is of crucial importance. The

<sup>1</sup> European Commission (1995), *European Economy, 1995 Broad Economic Guidelines*, No. 60.

Commission's approach to the end point problem is to add forecasts of GDP to the series to be analysed. In this case the accuracy of the trend estimates depends on the accuracy of GDP forecasts. The end-point problem is particularly serious in the case of Finland, as the economy first plunged into a deep recession in the early 1990s but during the last few years has shown relatively strong growth in real GDP.

From the point of view of policy considerations the most important limitation of this statistical method is that it is mechanistic and bears no information about the constraints and limitations on production through the availability of factors of production or other endogenous influences. Thus, the trend output growth projected by time series methods may be inconsistent with what is known about increases in capital stock, labour supply or total factor productivity, or it may be unsustainable because of inflationary pressures.

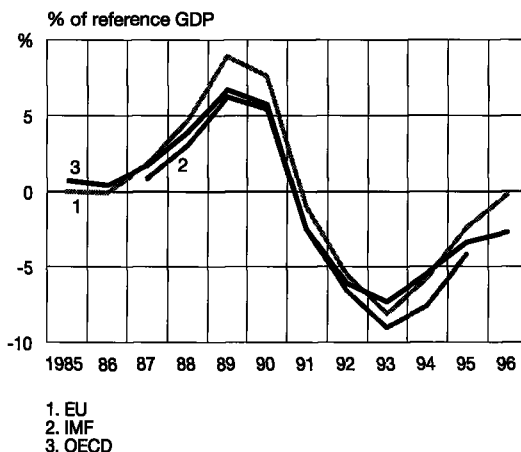
The potential output approach used by the OECD and the IMF attempts to overcome these shortcomings.<sup>2</sup> This approach has a firm basis in economic theory and tries to estimate potential output on the basis of a production function and factor inputs available to the economy. This approach requires considerably more data and more assumptions about economic relationships than the HP trend estimation method, but on the other hand it is less mechanical and, in principle, more directly relevant to macroeconomic assessment.

Under this approach, trend factor productivity, capital stock, full employment labour input and the structural unemployment rate must be estimated and incorporated into the production function to obtain potential output estimates. These estimates are however uncertain and may involve considerable estimation errors.

This has proved to be a particularly serious problem in the case of Finland due to a major structural change in the economy and recent high and persistent unemployment. This has made it extremely difficult to assess what part of the unemployment is structural and what part is cyclical. The same difficulty applies also to the measurement of the capital stock. The collapse of Soviet trade in the beginning of the 1990s made production capital in several industries obsolete and a considerable part of the investment in real estate during the boom years resulted in a permanently redundant capital stock. At the same time, strong export growth since 1992 has been possible only through more intensive use of capital and labour in the export industries. It is difficult to quantify the effects of these changes in order to obtain the 'true' capital stock available to the economy.

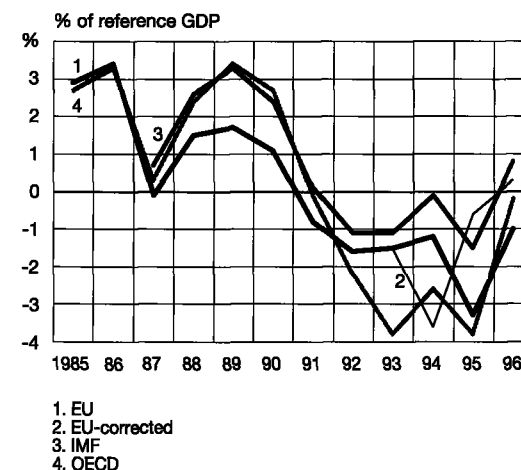
**Chart 1.**

**Estimates of output gaps in Finland**



**Chart 2.**

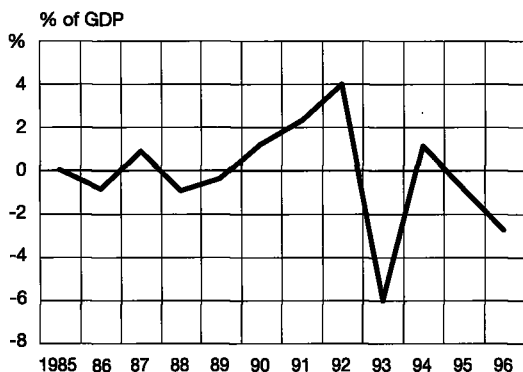
**Estimates of cyclically adjusted deficits in Finland**



<sup>2</sup> OECD (1995), *Economic Studies* No. 24, 1995/1 and *Economic Outlook*, December 1995; IMF, *World Economic Outlook*, October 1993 and October 1995.

**Chart 3.**

**Blanchard fiscal impulse in Finland**



**Estimated output gaps and structural deficits for Finland**

Comparisons based on recent projections of output gaps for Finland by the Commission, the IMF and the OECD are shown in Chart 1.<sup>3</sup> The main turning points and broad developments are the same irrespective of the calculation method, though this is also a reflection of the major peak and trough in the growth of actual GDP. The output gap estimates of the IMF and the OECD however are closer to each other than to those of the Commission, up to 1992. The differences after 1992 reflect mainly difficulties that arise when trying to take into account specific information about noncyclical or structural changes in economy.

The HP filter-based method of the Commission produces the largest positive output gap (actual output exceeds reference output) for the late 1980s implying a substantial overheating of the economy. Over the period of more immediate concern – the recent past and the projections for 1995 and 1996 – the estimates suggest that the negative output gap (actual output is smaller than reference output) started to shrink in 1993. According to the Com-

mission, the gap will vanish sometime in 1996. If this is the case, then the actual budget deficit in Finland, as well as the current high unemployment, should be regarded as mainly structural in nature. The projections produced by the Commission may however be biased upwards because of the end-point problem discussed earlier. According to the OECD's production-function-based method, there will still be a negative output gap in 1996.

The estimates of adjusted budget balances follow roughly the pattern suggested by the output gap calculations (Chart 2).<sup>4</sup> However, the deficit estimates deviate more from each other than do the output gap estimates. This becomes particularly evident from 1992 onwards. In general, the OECD tends to be much more pessimistic, viewing the large public sector deficits of the 1992–1995 recovery phase as being in large part structural. The estimates of the Commission and the IMF however indicate that the large general government deficits during 1992–1994 were mainly due to business cycle fluctuations.

For Finland, the estimates provided by the Commission, the IMF and the OECD all show a deteriorating structural deficit position between 1994 and 1995 despite the increasing expenditure cuts and consolidation efforts by the government in 1995. The impression of deteriorating fiscal balances during 1995 changes drastically, when account is taken of temporary and extraordinary items, such as exceptional timing of tax refunds, reform of the value added tax and certain temporary payments related to EU membership. If the Commission's figures are corrected for these exceptional items, the calculations show that a quite substantial consolidation took place in 1995.

Recently, Blanchard<sup>5</sup> has offered a simple measure to assess fiscal stance, which avoids many of the problems related to cyclically adjusted deficit measures. His measure takes the previous year as the reference year but recognizes that government outlays can be negatively related to GDP because of automatic stabilizers. Likewise, revenues can be positively related to GDP, because of the progressivity of the tax system. For both reasons, the budget deficit tends to rise endogenously during recessions. To correct this, without at the same time resorting to dubious estimates of potential output, Blanchard suggests estimating what government outlays would be in any given year if the unemployment rate had remained the same as in the previous year. The interpretation of a change in the Blanchard measure is the following: fiscal policy is contractionary when the difference is negative and expansionary when it is positive (Chart 3).

<sup>3</sup> The output gap is positive when actual output is higher than reference output, and the cyclically adjusted balance will show a larger deficit (smaller surplus) than the actual deficit (surplus). The output gap is negative when actual output is lower than reference output, and the adjusted balance will show a smaller deficit (larger surplus) than the actual deficit (surplus). When the output gap is zero, the actual and adjusted balances coincide.

<sup>4</sup> Essentially, the larger the negative output gap, the smaller the cyclically adjusted deficit.

<sup>5</sup> Blanchard, O. (1993), 'Suggestions for a New Set of Fiscal Indicators', unpublished.

The picture of the fiscal stance in Finland given by the Blanchard measure differs quite significantly from that given by the cyclically adjusted budget balance for the boom years of the late 1980s and the recession in the early 1990s. The cyclically adjusted budget balance calculated by the IMF and the OECD gives the impression that discretionary fiscal policy was tight during the boom years and expansionary since 1991 and particularly in 1993. The Blanchard measure, on the contrary, suggests a considerable loosening of discretionary fiscal policy in the late 1980s and a substantial tightening in 1993. In 1994 fiscal policy was somewhat looser, tightening again in 1995.

### **Concluding remarks**

It is widely recognized that all measures of output gaps are subject to considerable uncertainty and for this reason cyclically adjusted budget balance figures need to be interpreted with caution. The uncertainty related to these estimates is generally greatest in periods of major structural change in the

economy. As Finland has undergone and is still in the process of an extensive economic adjustment in which the underlying structures are changing rapidly, the output gap estimates as well as the cyclically adjusted budget balances involve a considerable risk margin. Therefore, the simple measure suggested by Blanchard seems to give a more reliable picture of the stance of fiscal policy than do the estimates of the cyclically adjusted budget deficit.

26 February 1996

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- Keywords: budget deficit, fiscal stance/ fiscal policy, output gap

## Items

### **Proposal to amend the Currency Act**

On 15 March the Government introduced a bill to Parliament to amend the Currency Act.

The decisionmaking procedure and regime for the external value of the Finnish markka are laid down in the Currency Act (358/93).

Section 3 of the present Currency Act prescribes that the external value of the markka is determined on the basis of the exchange rates of the currencies of the member countries of the European Community. Section 4 prescribes the decision-making procedure. According to Section 4, the Council of State confirms the basis for calculating the external value of the markka and the limits on its range of fluctuation on the basis of a proposal of the Bank of Finland. The proposal is presented by the Parliamentary Supervisory Board on the basis of a proposal of the Board of the Bank of Finland. It is the Bank of Finland's responsibility to ensure that the external value of the markka remains within the range of fluctuation. However, the Council of State may allow the Bank of Finland to disregard the limits on the range of fluctuation temporarily, ie to allow the markka to float. Under certain conditions the Council of State may, on its own initiative and taking into account the conditions prevailing in the money and foreign exchange markets and after having received the Bank of Finland's opinion on the matter, cancel the right to allow the markka to float.

On the basis of a decision taken by the Council of State in September 1992, the Finnish markka has been subsequently floating.

The purpose for which the Government has introduced this bill is to ensure that Finland will have the legislative basis to join the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) or any other exchange rate system at such time when conditions permit the fixing of the markka's exchange rate.

The bill does not affect the current floating exchange rate regime; the markka could continue to float.

According to the bill, a decision on the external value of the markka would be taken by the Council of State upon a proposal by the Bank of Finland. Thus the Act would not alter the present division of authority between the Council of State and the

Bank of Finland, according to which the ultimate authority to decide on the external value of the markka is vested on the Council of State.

For practical reasons relating to Finland's membership in the EU, the bill contains a provision by which the Council of State may authorize the Ministry of Finance to decide, upon a proposal of the Bank of Finland, on a change in the external value of the markka within the ERM of the EMS. Such authorization would be granted only on a case-by-case basis. The proposal to the Council of State would be made by the Parliamentary Supervisory Board on a proposal by the Board of the Bank of Finland.

The bill also includes a proposal that the exchange rate regime not be defined in the Act.

The bill is intended to enter into force as soon as possible after it has been passed by Parliament.

### **Publication of the Bank of Finland**

The Bank of Finland's statistical report "Finnish Bond Issues 1995" has appeared. It contains data in Finnish, Swedish and English on all markka bonds issued by Finnish borrowers in Finland during 1995. The data are based on the bond register maintained by the Financial Supervision Authority. In addition, the report includes data on foreign currency government bond issues in 1995 and summaries of all markka bond issues from 1990 to 1995 broken down by sectors.

Altogether, 76 markka bond issues were registered in 1995. Their total value was FIM 72.4 billion, which is about 57 per cent more than in 1994. Issues of markka-denominated government bonds amounted to FIM 66.6 billion, ie 92 per cent of the total amount of bonds issued. Issues of bonds by financial institutions totalled FIM 5.1 billion and issues by companies FIM 0.6 billion, whereas local authorities issued only one bond in the amount of FIM 26 million.

At the end of 1995, the total amount of outstanding markka bonds was about FIM 234 billion, of which issues to the public accounted for FIM 188 billion.

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**Helene Schjerfbeck coin commemorates Finnish art**

To honour Finland's beloved painter, Helene Schjerfbeck, and art in general, the Mint of Finland Ltd has struck a commemorative silver coin in the denomination of 100 markkaa.

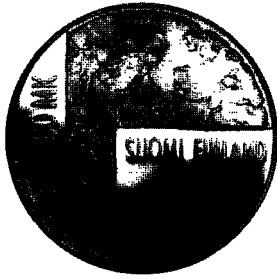
1996 marks the 50th year since Schjerfbeck died. Her fresh approaches to composition and powerful focus of her still-life subjects continue to win wide praise even today.

The obverse side of the coin is based on a popular self-portrait of the artist, while the reverse side

shows a palette and bears the inscription '100 mk, Suomi Finland, 1996'. The coin has been designed by sculptor Erja Tielinen.

The issue has been limited to 30 000 coins, plus a maximum of 3 000 special-quality proof coins. The coin has a silver content of 925 o/oo, a diameter of 35 mm and weighs 24 grams.

The coin was issued on 6 March 1996 and is legal tender. It is the first commemorative coin in Finland to honour a woman. Foreign sales are handled by Finnish commercial banks and the Mint of Finland Ltd.



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

1995

## MARCH

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

## APRIL

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

## JUNE

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

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

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

**Skopbank to be sold to Svenska Handelsbanken.** On the proposal of the Government Guarantee Fund, the Government approves, on 2 June, an arrangement whereby the sound parts of Skopbank will be sold to the Swedish bank Svenska Handelsbanken. The deal involves mainly the parent bank Skopbank's good loans and guarantees as well as the share capital of Industrialization Fund of Finland Ltd and SKOP Finance Ltd., which are part of the Skopbank group. Also included in the deal are Skopbank subsidiaries Finnish Real Estate Bank Ltd and the credit card company Aktiiviraha Oy.

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

## OCTOBER

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

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

## NOVEMBER

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

**Tender rate.** The Bank of Finland lowers its tender rate from 5.50 per cent to 5.00 per cent on 1 November and from 5.00 per cent to 4.75 per cent on 20 November. In addition, the interest rate on banks' excess reserves is cut from 3.50 per cent to 3.00 per cent on 1 November and from 3.00 per cent to 2.75 per cent on 20 November.

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

## DECEMBER

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

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



1996

## JANUARY

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

- responsibility for the Sponda group, which is owned by the Bank of Finland and which was set up to manage Skopbank's assets (real estate and shares), will be transferred to the Council of State
  - the government will settle its coinage-related debt to the Bank of Finland in the amount of some FIM 2 billion.
- The required measures will be prepared in connection with the first supplementary budget for 1996.

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

## FEBRUARY

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

## MARCH

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

# Finland in brief

## Land, climate and population

Finland covers an area of more than 338 000 square kilometres. The total area is slowly increasing because of the steady uplift of the land since the last glacial era. The country shares frontiers with Sweden in the west, Norway in the north and Russia in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8 % of the total area, forest and other wooded land for 69 % and inland waters for 10 %. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22° C (72° F) in July and -4° C (25° F) in February.

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

There are two official languages: 92.9 % of the population speaks Finnish as its mother tongue and 5.8 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

## Form of government

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, 1 March 1994 to 1 March 2000, is Mr Martti Ahtisaari.

Parliament, comprising 200 members, is elected by universal suffrage for a period of four years. Following the parliamentary elections of 1995, the seats of the various parties in Parliament are distributed as follows:

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

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

Finland is divided into 455 self-governing municipalities. Members of the municipal council are elected by universal suffrage for a period of four years.

## International relations

Finland became a member of the BIS in 1930, the IMF in 1948, the IBRD in 1948, GATT in 1950, the UN in 1955, the Nordic Council in 1955, the IFC in 1956, IDA in 1960, EFTA in 1961, the ADB in 1966, the OECD in 1969, the IDB in 1977, the AfDB in 1982, the MIGA in 1988, the Council of Europe in 1989, the EBRD in 1991 and the EU in 1995.

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. The agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Union came into effect at the beginning of 1994. Finland's negotiations to join the European Union were concluded in spring 1994. The accession treaty was signed in Corfu in June. In autumn 1994, a consultative referendum was held in which the majority of the voters (56.9 %) were in favour of membership. The Finnish Parliament ratified the accession treaty in November. The accession treaty having been ratified by each Member State, Finland became a member of the European Union on 1 January 1995. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

## The economy

**Output and employment.** Of the gross domestic product of FIM 444 billion in basic values in 1994, 3 % was generated in agriculture and fishing, 3 % in forestry, 25 % in industry, 5 % in construction, 11 % in trade, restaurants and hotels, 9 % in transport and communications, 3 % in finance and insurance, 21 % in other private services and 20 % by producers of government services. Of total employment of 2.0 million persons in 1994, 8 % were engaged in primary production, 27 % in industry and construction and 65 % in services.

In 1994, expenditure on the gross domestic product in purchasers' values amounted to FIM 508 billion and was distributed as follows: net exports 6 % (exports 35.7 %, imports -29.5 %), gross fixed capital formation 14 %, private consumption 56 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 47 per cent, which is somewhat below the average for the Nordic countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 3.6 % in 1990-94. Finland's GDP per capita in 1994 was USD 19 100.

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

In 1994, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 44 % and the share of other goods 20 %. Raw materials and intermediate goods (incl. crude oil) accounted for 60 % of merchandise imports, fuels for 5 %, investment goods for 14 % and consumption goods for 20 %.

**Forest resources.** Finland has fairly abundant forest resources, but only limited amounts of other raw materials. The growing stock comprises 1 910 million cubic metres, of which 45 % is pine, 37 % spruce and 18 % broad-leaved species, chiefly birch.

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

## **Finance and banking**

**Currency.** Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 1 November 1977 to 7 June 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from 30 November 1988 the range was 6 percentage points). From 7 June 1991 to 7 September 1992, the markka was pegged to the European Currency Unit, the ECU. The fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint was first 4.87580 (FIM/ECU). Owing to the devaluation of the markka on 15 November 1991, the midpoint was increased to 5.55841 and the fluctuation limits to 5.39166 and 5.72516. On 8 September 1992, the Bank of Finland decided to temporarily abandon the limits of the fluctuation range and allow the markka to float. On 13 November 1992, the Government, on the basis of the amended Currency Act, authorized the Bank of Finland to float the markka for an indefinite period.

**The Central Bank.** The Bank of Finland (Suomen Pankki – Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance and open market operations in the money and foreign exchange market. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 4 branch offices in other towns.

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

**Financial market.** Of the total stock of FIM 679 billion in outstanding domestic credit at the end of September 1995, 50 % was provided by deposit banks, 26 % by insurance companies, 5 % by other private credit institutions, 6 % by public financial institutions and 12 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 69 % of the instruments, which totalled approximately FIM 142 billion at end-1995, were bank certificates of deposit (including central bank paper). Other negotiable money market instruments consist of Treasury bills, commercial paper and local authority paper.

There are 73 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 191 billion (at end-1995). Domestic bonds and debentures in circulation at end-1995 totalled FIM 234 billion; government bonds made up 62 % of the total. Turnover on the Stock Exchange in 1995 amounted to FIM 84 billion; the share of shares and subscription rights in the total was approximately 99 %.



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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

	1995		1996		
	31 Dec.	8 Feb.	15 Feb.	23 Feb.	29 Feb.
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	48 865	45 898	44 156	43 617	45 778
Gold	1 742	1 742	1 742	1 742	1 742
Special drawing rights	1 569	1 171	1 206	1 060	1 061
IMF reserve tranche	1 685	1 721	1 794	1 765	1 767
ECU-claim on the European Monetary Institute	3 363	3 392	3 413	3 390	3 376
<b>Foreign currency claims</b>	40 506	37 872	36 001	35 660	37 832
<b>Other foreign claims</b>	3 969	3 970	3 924	3 923	3 923
Markka subscription to Finland's quota in the IMF	3 911	3 911	3 864	3 864	3 864
Share in the European Monetary Institute	58	60	60	60	59
<b>Claims on financial institutions</b>	8 831	3 934	3 929	6 023	5 242
Liquidity credits	-	-	-	-	1 439
Certificates of deposit	-	-	-	-	-
Securities with repurchase commitments	7 076	2 221	2 221	4 315	2 095
Term credits	-	-	-	-	-
Bonds	417	375	369	369	369
Other claims on financial institutions	1 339	1 339	1 339	1 339	1 339
<b>Claims on the public sector</b>	1 882	1 879	1 879	1 879	1 880
Treasury bills	-	-	-	-	-
Total coinage	1 882	1 879	1 879	1 879	1 880
<b>Claims on corporations</b>	2 886	2 870	2 865	2 860	2 860
Financing of domestic deliveries (KTR)	185	170	164	159	159
Other claims on corporations	2 700	2 700	2 700	2 700	2 700
<b>Other assets</b>	5 645	5 527	5 509	5 450	5 446
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	972	861	843	784	776
Other assets	141	133	134	134	138
<b>Valuation account</b>	643	-	-	-	-
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	74 121	65 478	63 660	65 152	66 528
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	1 214	733	603	612	597
<b>Other foreign liabilities</b>	4 837	4 857	4 824	4 808	4 810
IMF markka accounts	3 911	3 911	3 864	3 864	3 864
Allocations of special drawing rights	927	946	960	945	946
Other foreign liabilities	-	-	-	-	-
<b>Notes and coin in circulation</b>	15 611	14 476	14 358	14 263	14 428
Notes	13 868	12 774	12 659	12 562	12 720
Coin	1 743	1 702	1 699	1 702	1 709
<b>Certificates of deposit</b>	27 090	28 023	28 023	26 948	28 325
<b>Liabilities to financial institutions</b>	16 777	7 875	6 194	9 204	9 192
Reserve deposits	15 676	6 774	5 093	8 104	8 092
Term deposits	-	-	-	-	-
Other liabilities to financial institutions	1 101	1 101	1 101	1 101	1 101
<b>Liabilities to the public sector</b>	75	132	31	54	54
Cheque accounts	0	0	0	0	0
Deposits of the Government Guarantee Fund	75	132	31	53	53
Other liabilities to the public sector	-	-	-	-	-
<b>Liabilities to corporations</b>	994	907	904	897	892
Deposits for investment and ship purchase	994	907	904	897	892
<b>Other liabilities</b>	327	301	294	296	284
Accrued items	300	269	269	269	260
Other liabilities	27	31	25	27	24
<b>Valuation account</b>	-	978	1 233	874	751
<b>Provisions</b>	1 431	1 431	1 431	1 431	1 431
Pension provision	1 431	1 431	1 431	1 431	1 431
Other provisions	-	-	-	-	-
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	-	-	-	-	-
<b>Total</b>	74 121	65 478	63 660	65 152	66 528

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

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign currency claims	Foreign exchange reserves (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1991</b>	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
<b>1994</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1995</b>	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
<b>1995</b>											
<b>Feb.</b>	1 742	1 775	1 326	3 606	45 608	54 058	-1 544	52 514	1 765	68	1 697
<b>March</b>	1 742	1 616	1 329	3 619	45 185	53 492	-1 149	52 343	1 763	68	1 695
<b>April</b>	1 742	1 295	1 290	3 460	42 535	50 321	-1 583	48 738	1 773	101	1 672
<b>May</b>	1 742	1 028	1 437	3 481	42 847	50 536	-1 644	48 892	1 772	194	1 578
<b>June</b>	1 742	1 278	1 425	3 477	43 484	51 407	-1 617	49 790	1 793	554	1 239
<b>July</b>	1 742	1 383	1 518	3 361	43 659	51 662	-1 945	49 717	1 797	53	1 744
<b>Aug.</b>	1 742	1 275	1 584	3 333	43 816	51 750	-1 902	49 848	1 804	56	1 748
<b>Sept.</b>	1 742	1 457	1 579	3 323	40 294	48 395	-1 829	46 566	1 797	76	1 721
<b>Oct.</b>	1 742	1 385	1 671	3 315	39 624	47 738	-1 954	45 784	1 801	76	1 725
<b>Nov.</b>	1 742	1 421	1 666	3 279	42 396	50 503	-2 113	48 390	1 819	75	1 744
<b>Dec.</b>	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
<b>1996</b>											
<b>Jan.</b>	1 742	1 174	1 716	3 337	36 023	43 993	-1 378	42 615	1 879	132	1 747
<b>Feb.</b>	1 742	1 061	1 767	3 376	37 832	45 778	-1 484	44 294	1 880	54	1 826
End of period	Domestic financial sector				Corporate sector						
	Term claims on deposit banks, net	Reserve deposits of deposit banks <sup>1</sup>	Other claims on financial institutions, net	Net claims (12+13+14)	Claims in the form of special financing	Special deposits and other items, net	Net claims (16+17)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland		
	12	13	14	15	16	17	18	19	20		
<b>1991</b>	11 882	-10 361	3 325	4 846	1 086	-6 854	-5 768	14 528	8 880		
<b>1992</b>	3 738	-13 165	4 022	-5 405	747	-2 651	-1 904	14 508	4 880		
<b>1993</b>	7 337	-6 398	-463	476	496	720	1 216	14 994	14 837		
<b>1994</b>	1 480	-6 526	-347	-5 392	316	1 285	1 601	14 315	35 236		
<b>1995</b>	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090		
<b>1995</b>											
<b>Feb.</b>	2 328	-6 521	-671	-4 863	295	1 447	1 742	14 087	36 943		
<b>March</b>	2 701	-6 516	-111	-3 926	285	1 501	1 786	13 846	37 991		
<b>April</b>	2 922	-6 798	-218	-4 094	273	1 561	1 834	14 121	35 448		
<b>May</b>	2 242	-6 523	92	-4 189	259	1 599	1 858	14 270	34 742		
<b>June</b>	3 019	-6 646	145	-3 482	244	1 638	1 882	14 374	35 555		
<b>July</b>	3 425	-6 765	304	-3 037	235	1 653	1 888	14 544	36 982		
<b>Aug.</b>	3 053	-6 574	199	-3 322	224	1 669	1 893	14 325	36 809		
<b>Sept.</b>	6 261	-6 557	107	-189	217	1 692	1 909	14 229	37 321		
<b>Oct.</b>	6 178	-5 768	728	1 138	202	1 752	1 954	14 129	37 596		
<b>Nov.</b>	5 409	-7 011	711	-891	192	1 631	1 823	14 321	38 082		
<b>Dec.</b>	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090		
<b>1996</b>											
<b>Jan.</b>	3 182	-18 155	624	-14 349	170	1 756	1 926	14 293	16 743		
<b>Feb.</b>	2 095	-8 092	2 046	-3 951	159	1 808	1 967	14 428	28 325		

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

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

	Reserve requirement			Required reserves <sup>1</sup> , mill. FIM	Excess reserves, mill. FIM	Total reserves, mill. FIM (4+5)	Liquidity credits, mill. FIM
	On deposits payable on demand, %	On other deposits, %	On other items, %				
	1	2	3	4	5	6	7
1993	2.0	1.5	1.0	6 398	.	.	440
1994	2.0	1.5	1.0	6 526	.	.	14
1995 I-IX	2.0	1.5	1.0	6 557	.	.	123
X-XII	2.0	1.5	1.0	6 530	616	7 146	37
1995							
Feb.	2.0	1.5	1.0	6 521	.	.	4
March	2.0	1.5	1.0	6 516	.	.	0
April	2.0	1.5	1.0	6 798	.	.	0
May	2.0	1.5	1.0	6 523	.	.	2
June	2.0	1.5	1.0	6 646	.	.	30
July	2.0	1.5	1.0	6 765	.	.	0
Aug.	2.0	1.5	1.0	6 574	.	.	212
Sept.	2.0	1.5	1.0	6 557	.	.	857
Oct.	2.0	1.5	1.0	6 557	140	6 697	0
Nov.	2.0	1.5	1.0	6 545	196	6 741	112
Dec.	2.0	1.5	1.0	6 487	1 512	7 999	0
1996							
Jah.	2.0	1.5	1.0	6 541	217	6 758	0
Feb.	2.0	1.5	1.0	6 681	251	6 932	50

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

### 2.2 The Bank of Finland's money market transactions, mill. FIM

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1991	109 568	30 380	81 969	-2 781
1992	76 230	137 940	-60 417	-1 293
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1995	50 435	434 810	-393 930	9 555
1995				
Feb.	3 490	36 940	-34 710	1 260
March	4 260	40 440	-35 360	- 820
April	2 400	34 970	-35 680	3 110
May	3 710	32 780	-28 590	- 480
June	3 060	35 560	-32 400	- 100
July	3 385	36 980	-32 530	-1 065
Aug.	3 040	36 810	-33 550	- 220
Sept.	9 350	37 350	-33 740	5 740
Oct.	5 380	37 610	-28 110	-4 120
Nov.	4 680	38 080	-30 380	-3 020
Dec.	5 100	31 240	-37 290	11 150
1996				
Jan.	3 250	26 000	-22 850	100
Feb.	2 100	27 420	-24 080	-1 240



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

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	-69 940	-14 820	12 820	12 260
1992	20 050	-70 640	-1 650	390	45 060
1993	25 120	-45 080	7 460	-6 910	33 240
1994	20 930	-12 900	9 060	-8 930	24 660
1995	4 910	-5 470	-6 170	9 170	-10 135
1995					
Jan.	-	- 190	3 290	-3 260	4 360
Feb.	-	-90	- 280	-90	720
March	-	-1 440	-1 710	1 350	-50
April	400	-	-2 650	6 290	-6 010
May	-	-	-1 230	1 300	-1 040
June	-	-	-1 120	1 110	- 813
July	-	-	-2 470	2 450	-2 072
Aug.	4 000	- 780	3 510	-3 410	-70
Sept.	450	-1 970	- 100	-	-2 640
Oct.	-	- 180	- 830	860	- 330
Nov.	60	-	-2 580	2 570	120
Dec.	-	- 820	-	-	-2 310
1996					
Jan.	-	-3 970	-	-	-1 150

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

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total				
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net (3+6)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (8-9)	Net currency sales
1	2	3	4	5	6	7	8	9	10	11	
1991	33 004	36 352	-3 348	40 056	37 505	2 550	- 798	1 404	645	759	8 953
1992	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	- 315	7 133
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
1995	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
1995											
Jan.	53 808	22 928	30 880	21 342	31 748	-10 407	20 473	19 972	4 698	15 274	-9 436
Feb.	54 500	23 006	31 494	21 161	36 433	-15 273	16 221	20 618	3 533	17 086	-9 485
March	57 611	25 712	31 899	23 283	36 466	-13 182	18 717	20 806	4 775	16 030	-8 055
April	57 779	24 331	33 447	22 063	33 135	-11 073	22 374	19 221	5 194	14 027	-4 909
May	59 058	24 236	34 822	23 178	33 876	-10 698	24 124	17 363	5 967	11 395	-3 562
June	56 010	21 745	34 265	22 744	36 052	-13 308	20 957	17 184	5 360	11 824	-2 461
July	54 311	20 649	33 662	22 825	33 288	-10 463	23 199	16 028	4 688	11 340	0
Aug.	58 236	19 237	39 000	24 721	37 101	-12 379	26 621	16 288	5 142	11 146	-3 416
Sept.	58 838	21 341	37 497	23 891	38 339	-14 448	23 049	13 840	6 002	7 838	-3 416
Oct.	56 689	20 187	36 503	25 509	39 525	-14 015	22 488	14 986	6 228	8 758	-2 572
Nov.	58 789	21 279	37 510	29 384	45 295	-15 911	21 599	15 154	6 539	8 615	0
Dec.	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
1996											
Jan.	62 881	24 416	38 465	38 155	61 008	-22 854	15 611	15 426	9 221	6 205	0

### 3. Rates of interest

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

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Excess-reserve rate <sup>2</sup>	Base rate
	1	2	3	4	5	6	7	8
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1992	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
1995								
Feb.	5.27	5.71	5.99	6.32	6.97	7.66	3.66	5.25
March	4.66	5.78	6.06	6.48	7.07	7.75	3.75	5.25
April	5.00	5.75	5.97	6.31	6.82	7.75	3.75	5.25
May	5.06	5.72	5.87	6.06	6.45	7.75	3.75	5.25
June	5.77	5.93	6.02	6.21	6.57	7.93	3.93	5.25
July	5.40	5.97	6.13	6.40	6.80	8.00	4.00	5.25
Aug.	6.04	5.99	6.08	6.25	6.56	8.00	4.00	5.25
Sept.	6.20	5.97	5.95	5.97	6.04	8.00	4.00	5.25
Oct.	5.61	5.58	5.61	5.65	5.76	7.57	3.57	5.25
Nov.	4.90	4.90	4.93	4.99	5.11	6.90	2.90	5.00
Dec.	4.60	4.56	4.54	4.57	4.66	6.56	2.56	4.86
1996								
Jan.	4.30	4.21	4.20	4.24	4.41	6.25	2.25	4.75
Feb.	4.05	4.27	4.28	4.33	4.58	6.25	2.25	4.50

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

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

#### 3.2 The Bank of Finland's liquidity facility

	The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Excess-reserve rate	
	1	2	3	4	5	
1992 <sup>1</sup>	13.85	1992	+1.00	7	-3.00	.
1993	7.87	1993	+2.00	7	-2.00	.
1994	5.11	1994	+2.00	7	-2.00	.
1995	5.63	1995	+2.00	7	.	2.25
1995		1995				
Feb.	5.66	Feb.	+2.00	7	-2.00	.
March	5.75	March	+2.00	7	-2.00	.
April	5.75	April	+2.00	7	-2.00	.
May	5.75	May	+2.00	7	-2.00	.
June	5.93	June	+2.00	7	-2.00	.
July	6.00	July	+2.00	7	-2.00	.
Aug.	6.00	Aug.	+2.00	7	-2.00	.
Sept.	6.00	Sept.	+2.00	7	-2.00	.
Oct.	5.57	Oct.	+2.00	7	.	3.50
Nov.	4.90	Nov.	+2.00	7	.	2.75
Dec.	4.56	Dec.	+2.00	7	.	2.25
1996		1996				
Jan.	4.25	Jan.	+2.00	7	.	2.25
Feb.	4.25	Feb.	+2.00	7	.	2.25
19.12.1995	4.25	19.12.1995				2.25

<sup>1</sup> July-December.

#### 3.3 Weighted Eurorates and commercial ECU interest rate, per cent

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1991	10.1	8.5	9.9
1992	10.4	7.8	10.6
1993	8.0	6.0	8.1
1994	5.9	5.2	6.1
1995	5.9	5.2	6.0
1995			
Feb.	6.0	5.6	6.1
March	6.7	5.6	6.9
April	6.3	5.3	6.4
May	6.2	5.2	6.3
June	6.1	5.2	6.2
July	5.9	5.2	6.1
Aug.	5.7	5.1	5.9
Sept.	5.6	4.9	5.6
Oct.	5.7	4.9	5.8
Nov.	5.5	4.8	5.5
Dec.	5.3	4.7	5.3
1996			
Jan.	4.8	4.5	4.9
Feb.	4.6	4.2	4.7

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

Average for period	Lending					Markka deposits and other markka funding						
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	•	4.50	7.10	13.22	8.97
1992	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1994	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
1995	7.85	11.33	7.30	7.46	8.04	7.75	2.75	3.75	2.00	3.13	6.29	4.08
1995												
Jan.	7.79	11.55	7.22	7.40	8.11	7.84	3.25	4.25	2.00	3.15	6.27	4.18
Feb.	8.46	11.54	7.29	7.50	8.11	7.83	3.25	4.25	2.00	3.17	6.33	4.18
March	8.40	11.58	7.62	7.80	8.16	7.89	3.25	4.25	2.00	3.22	6.41	4.22
April	7.80	11.39	7.54	7.68	8.17	7.90	3.25	4.25	2.00	3.23	6.45	4.23
May	8.15	11.52	7.54	7.71	8.16	7.89	3.25	4.25	2.00	3.23	6.45	4.23
June	8.13	11.61	7.43	7.60	8.14	7.85	3.25	4.25	2.00	3.21	6.53	4.13
July	9.68	11.63	7.81	8.00	8.16	7.87	3.25	4.25	2.00	3.22	6.54	4.15
Aug.	8.98	11.58	7.80	7.98	8.14	7.84	3.25	4.25	2.00	3.21	6.52	4.16
Sept.	8.46	11.63	7.68	7.86	8.11	7.82	3.25	4.24	2.00	3.20	6.35	4.14
Oct.	7.73	11.56	7.28	7.43	7.98	7.68	3.25	4.25	2.00	3.09	6.19	4.03
Nov.	6.86	11.48	6.80	6.92	7.78	7.45	3.00	4.00	2.00	2.92	6.04	3.81
Dec.	6.53	9.30	6.10	6.21	7.46	7.13	2.75	3.75	2.00	2.69	5.27	3.38
1996												
Jan.	6.30	11.05	5.81	5.94	7.18	6.88	2.75	3.75	2.00	2.55	5.17	3.29

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

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

Period	Bonds				Shares
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield
	3 years	5 years	5 years	10 years	
	1	2	3	4	5
1991	12.3	12.2	11.8		3.9
1992	13.1	13.0	12.0	11.5 <sup>1</sup>	3.1
1993	8.5	8.9	8.2	8.8	1.8
1994	8.5	9.3	8.4	9.0	1.4
1995	8.2	8.9	7.9	8.8	2.6
1995					
Jan.	9.5	10.3	9.4	10.2	1.3
Feb.	9.3	10.2	9.3	10.2	1.5
March	9.2	10.1	9.2	10.2	2.3
April	8.7	9.4	8.4	9.4	2.6
May	8.2	8.9	7.8	8.8	3.3
June	8.3	8.9	7.7	8.7	3.1
July	8.5	9.0	7.8	8.7	2.8
Aug.	8.1	8.6	7.3	8.3	2.7
Sept.	7.6	8.1	7.2	8.0	2.6
Oct.	7.4	8.0	7.5	7.9	2.6
Nov.	6.7	7.5	7.0	7.5	3.1
Dec.	6.5	7.3	6.7	7.4	3.5
1996					
Jan.	6.1	6.9	6.3	7.0	2.2

<sup>1</sup> November and December only.

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt am Main 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
<b>1991</b>	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
<b>1992</b>	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
<b>1993</b>	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
<b>1994</b>	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
<b>1995</b>	4.3658	3.181	6.891	6.999	0.6123	0.6889	0.7790	0.0674	3.0471	2.7202	0.1481	3.6941
<b>1995</b>												
<b>Feb.</b>	4.6433	3.315	7.300	7.256	0.6288	0.7041	0.7832	0.0697	3.0913	2.7576	0.1501	3.6526
<b>March</b>	4.3769	3.111	7.004	6.993	0.6021	0.6979	0.7770	0.0680	3.1138	2.7768	0.1509	3.7378
<b>April</b>	4.2650	3.096	6.862	6.948	0.5810	0.6889	0.7855	0.0676	3.0947	2.7641	0.1505	3.7580
<b>May</b>	4.3155	3.172	6.854	6.999	0.5919	0.6860	0.7832	0.0673	3.0663	2.7390	0.1490	3.6980
<b>June</b>	4.2983	3.120	6.853	7.004	0.5920	0.6891	0.7858	0.0678	3.0668	2.7406	0.1493	3.7104
<b>July</b>	4.2488	3.121	6.776	6.968	0.5917	0.6882	0.7852	0.0674	3.0587	2.7305	0.1488	3.6755
<b>Aug.</b>	4.3000	3.173	6.743	6.902	0.5949	0.6784	0.7680	0.0666	2.9773	2.6583	0.1448	3.5959
<b>Sept.</b>	4.3717	3.240	6.810	6.953	0.6127	0.6829	0.7710	0.0665	2.9902	2.6693	0.1454	3.6750
<b>Oct.</b>	4.2696	3.174	6.738	6.890	0.6248	0.6845	0.7776	0.0661	3.0188	2.6953	0.1468	3.7265
<b>Nov.</b>	4.2400	3.134	6.629	6.814	0.6427	0.6785	0.7724	0.0656	2.9934	2.6724	0.1456	3.7109
<b>Dec.</b>	4.3351	3.165	6.669	6.893	0.6531	0.6822	0.7766	0.0663	3.0083	2.6866	0.1464	3.7246
<b>1996</b>												
<b>Jan.</b>	4.4425	3.251	6.797	7.032	0.6608	0.6923	0.7859	0.0673	3.0398	2.7145	0.1479	3.7670
<b>Feb.</b>	4.5520	3.309	6.991	7.200	0.6611	0.7107	0.8026	0.0687	3.1048	2.7725	0.1510	3.8076

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
<b>1991</b>	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
<b>1992</b>	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
<b>1993</b>	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
<b>1994</b>	0.9406	0.00324	0.4573	0.0314	0.0390	0.0215	0.4021	0.05106	3.814	6.175	7.46629
<b>1995</b>	0.8748	0.00268	0.4331	0.0291	0.0350	0.0189	0.3809	0.04663	3.238	5.644	6.61196
<b>1995</b>											
<b>Feb.</b>	0.8889	0.00287	0.4393	0.0299	0.0356	0.0197	0.3864	0.04725	3.460	5.811	6.86328
<b>March</b>	0.8790	0.00259	0.4424	0.0296	0.0341	0.0192	0.3892	0.04833	3.216	5.700	6.72357
<b>April</b>	0.8814	0.00249	0.4398	0.0293	0.0343	0.0190	0.3868	0.05101	3.139	5.671	6.71986
<b>May</b>	0.8670	0.00261	0.4360	0.0291	0.0350	0.0189	0.3833	0.05078	3.143	5.647	6.72395
<b>June</b>	0.8736	0.00262	0.4362	0.0291	0.0353	0.0190	0.3833	0.05083	3.094	5.665	6.72042
<b>July</b>	0.8788	0.00264	0.4349	0.0291	0.0355	0.0189	0.3823	0.04871	3.088	5.662	6.61807
<b>Aug.</b>	0.8654	0.00268	0.4234	0.0287	0.0349	0.0185	0.3722	0.04547	3.186	5.569	6.49492
<b>Sept.</b>	0.8670	0.00271	0.4251	0.0287	0.0348	0.0186	0.3738	0.04353	3.298	5.580	6.40629
<b>Oct.</b>	0.8643	0.00266	0.4290	0.0287	0.0349	0.0184	0.3773	0.04242	3.237	5.546	6.39697
<b>Nov.</b>	0.8677	0.00266	0.4255	0.0285	0.0348	0.0181	0.3742	0.04162	3.160	5.496	6.33703
<b>Dec.</b>	0.8733	0.00272	0.4276	0.0287	0.0354	0.0182	0.3760	0.04258	3.213	5.530	6.43793
<b>1996</b>											
<b>Jan.</b>	0.8878	0.00281	0.4323	0.0293	0.0361	0.0185	0.3800	0.04206	3.293	5.609	6.51994
<b>Feb.</b>	0.9028	0.00289	0.4414	0.0299	0.0368	0.0188	0.3881	0.04305	3.439	5.704	6.67427

## 4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100	
		Trade-weighted currency index	Payments currency Index
	1	2	3
<b>1991</b>	5.00580	101.4	101.4
<b>1992</b>	5.80140	116.4	115.7
<b>1993</b>	6.69420	132.4	136.0
<b>1994</b>	6.19108	123.2	125.5
<b>1995</b>	5.70936	111.6	111.5
<b>1995</b>			
Feb.	5.84352	114.9	115.8
March	5.76731	112.4	112.3
April	5.72937	111.2	110.5
May	5.70402	111.3	110.9
June	5.71859	111.5	110.8
July	5.71263	110.9	110.1
Aug.	5.60862	109.4	109.4
Sept.	5.63392	110.3	110.6
Oct.	5.64587	110.4	110.0
Nov.	5.61404	110.0	109.5
Dec.	5.65470	111.2	111.0
<b>1996</b>			
Jan.	5.73809	112.7	112.9
Feb.	5.86385	115.0	115.3

## 5. Other domestic financing

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

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
1994	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1994									
Oct.	41 393	98 519	107 168	20 272	267 352	14 479	281 832	52 354	334 186
Nov.	42 319	98 059	107 511	20 141	268 030	11 895	279 925	46 810	326 735
Dec.	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1995									
Jan.	41 912	100 114	109 274	19 729	271 028	11 588	282 616	37 173	319 788
Feb.	42 583	103 613	108 069	19 960	274 225	12 844	287 069	44 259	331 328
March	43 698	104 071	108 784	20 259	276 812	12 769	289 581	47 289	336 870
April	45 487	104 920	108 622	20 467	279 495	11 987	291 483	55 118	346 601
May	45 373	103 337	108 316	20 671	277 697	12 264	289 961	48 998	338 959
June	47 640	105 219	108 954	20 606	282 418	12 759	295 177	44 648	339 825
July	48 359	105 161	108 755	20 811	283 087	12 420	295 507	62 174	357 681
Aug.	46 983	105 397	108 792	20 795	281 966	12 488	294 454	62 337	356 791
Sept.	44 089	105 789	108 047	20 852	278 776	12 165	290 941	57 174	348 115
Oct.	47 040	104 602	105 406	21 553	278 602	12 247	290 849	64 497	355 346

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

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1990	19 152	5 777	260 790	285 720	103 134	388 853
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1993	14 217	2 223	248 406	264 846	66 931	331 777
1994	13 241	1 301	242 417	256 958	45 138	302 096
1994						
Oct.	13 583	1 594	244 191	259 368	47 775	307 143
Nov.	13 274	1 522	244 044	258 840	46 902	305 742
Dec.	13 241	1 301	242 417	256 958	45 138	302 096
1995						
Jan.	12 991	1 240	242 556	256 787	43 726	300 513
Feb.	12 951	1 190	242 803	256 944	42 579	299 523
March	12 797	1 157	242 000	255 954	42 316	298 270
April	12 657	1 159	242 911	256 727	39 550	296 277
May	12 448	1 145	242 338	255 930	38 260	294 190
June	12 216	1 070	241 834	255 120	37 831	292 951
July	11 845	1 074	242 045	254 963	36 353	291 316
Aug.	11 860	1 058	242 323	255 242	36 230	291 472
Sept.	12 317	1 004	241 909	255 230	35 166	290 396
Oct.	12 180	992	241 103	254 275	34 006	288 281

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

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1990	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1991	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
1992	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
1993	-25 989	1 848	403 742	405 589	-100 006	141 759	279 595	322 408
1994	12 844	6 092	365 712	371 804	-97 953	154 357	286 696	328 509
<b>1995*</b>								
Jan.	28 939	9 037	370 373	379 410	-122 578	153 993	285 771	325 743
Feb.	25 494	14 141	370 920	385 061	-121 310	158 107	289 245	328 804
March	23 412	10 068	372 468	382 536	-113 733	159 929	292 215	332 244
April	20 550	6 676	376 188	382 863	-107 834	163 101	295 579	331 882
May	13 031	9 645	374 729	384 374	-103 383	162 089	294 022	332 613
June	16 161	14 239	371 622	385 860	-105 467	164 865	296 555	340 057
July	20 128	15 666	370 015	385 681	-109 496	164 621	296 313	342 997
Aug.	22 843	15 688	369 481	385 169	-112 785	163 475	295 227	337 391
Sept.	25 915	18 221	367 613	385 834	-119 082	161 659	292 667	338 041
Oct.	28 085	19 969	365 657	385 626	-121 380	163 287	292 331	334 378
Nov.	..	..	..	..	..	167 783	295 871	328 101
Dec.	..	..	..	..	..	175 872	303 774	329 805
<b>1996*</b>								
Jan.	..	..	..	..	..	175 605	296 527	331 586

### 5.4 Liabilities and assets of the central government, mill. FIM

End of period	Foreign currency-denominated debt			Markka-denominated debt					Total central government debt (3+8)	Out-standing lending	Cash funds
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items	Total (4+5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1991	38 703	4 943	43 646	31 018	12 208	5 180	.	48 406	92 052	55 165	15 956
1992	100 244	6 143	106 387	40 578	13 555	14 762	.	68 895	175 282	61 671	19 781
1993	142 824	12 753	155 577	71 082	16 060	22 824	.	109 966	265 543	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	..	..
<b>1995</b>											
Jan.	167 765	16 137	183 902	96 649	17 080	38 658	-6 019	146 368	330 270	67 993	52 460
Feb.	165 516	15 884	181 400	105 442	17 080	37 320	-6 039	153 803	335 203	68 189	54 954
March	166 342	17 306	183 648	115 230	17 053	38 990	-6 041	165 232	348 880	68 400	47 978
April	163 779	14 335	178 114	119 148	16 433	41 596	-5 599	171 578	349 692	68 916	47 895
May	164 510	14 515	179 025	121 943	16 399	40 535	-5 585	173 292	352 317	68 574	43 954
June	164 086	14 555	178 641	122 461	15 788	36 529	-5 587	169 191	347 832	68 921	32 648
July	160 563	14 192	174 755	122 953	15 781	35 526	-5 627	168 633	343 388	68 754	30 029
Aug.	159 404	13 799	173 203	129 417	17 531	34 804	-5 641	176 111	349 314	68 778	31 864
Sept.	159 093	13 532	172 625	134 142	17 530	31 525	-5 649	177 552	350 177	69 233	35 250
Oct.	158 207	14 100	172 307	134 673	17 530	34 287	-5 692	180 798	353 105	69 391	32 117
Nov.	156 263	14 145	170 408	139 244	17 503	38 769	-5 675	189 841	360 249	67 750	45 082
Dec.	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	..	..
<b>1996</b>											
Jan.	159 917	13 867	173 784	148 462	17 437	40 160	-5 670	200 389	374 173	..	..

## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1991	7 277	25 737	11 073	1 320	-	45 407
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994	4 053	9 899	31 553	593	-	46 099
1995*	643	5 123	66 557	26	-	72 350
1995*						
Jan.	-	333	5 109	-	-	5 442
Feb.	53	244	9 230	-	-	9 526
March	354	297	10 543	26	-	11 219
April	1	101	3 943	-	-	4 044
May	22	228	3 852	-	-	4 103
June	100	1 115	2 329	-	-	3 544
July	2	-	505	-	-	507
Aug.	1	105	6 796	-	-	6 902
Sept.	110	1 890	9 752	-	-	11 751
Oct.	-	150	5 020	-	-	5 170
Nov.	-	204	4 761	-	-	4 965
Dec.	-	458	4 717	-	-	5 174
1996*						
Jan.	-	-	6 405	-	-	6 405

### B) Stock, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995*	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1995*									
Jan.	29 808	66 232	98 507	6 879	953	145 960	6 946	49 473	202 379
Feb.	29 569	63 945	107 300	6 841	933	153 376	6 715	48 498	208 588
March	29 286	62 312	117 085	6 849	926	162 629	6 234	47 596	216 458
April	29 110	61 856	120 406	6 841	925	166 382	6 223	46 533	219 138
May	28 789	61 418	123 166	6 500	918	168 582	5 885	46 324	220 791
June	28 448	61 539	123 685	6 439	916	169 327	5 877	45 823	221 027
July	27 777	60 876	124 177	6 387	666	169 253	5 873	44 757	219 889
Aug.	27 557	59 771	130 640	6 378	666	174 867	5 545	44 600	225 012
Sept.	27 635	60 015	135 365	7 372	665	181 295	5 251	44 506	231 052
Oct.	27 602	59 561	135 897	7 463	363	181 435	5 058	44 393	230 886
Nov.	27 233	57 647	140 404	7 462	359	184 619	4 976	43 510	233 105
Dec.	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1996*									
Jan.	26 029	53 447	149 692	5 814	357	190 638	4 521	40 180	235 339



C) *Turnover, mill. FIM*

During period	Interbank transactions	Transactions between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1991</b>	3 343	29 134			
<b>1992</b>	18 383	58 757	10 744	12 156	13 354
<b>1993</b>	47 803	246 104	42 945	95 647	117 489
<b>1994</b>	184 599	359 697	173 096	150 908	176 647
<b>1995</b>	147 037	436 052	133 357	190 069	215 879
<b>1995</b>					
<b>Feb.</b>	7 716	28 452	7 287	10 833	14 291
<b>March</b>	14 858	35 736	11 622	14 835	19 126
<b>April</b>	16 904	32 257	14 802	12 917	15 353
<b>May</b>	12 869	39 905	10 693	16 951	17 208
<b>June</b>	14 530	33 598	12 355	14 317	14 300
<b>July</b>	5 792	17 266	5 681	7 115	9 607
<b>Aug.</b>	11 210	42 367	10 698	20 105	20 057
<b>Sept.</b>	19 708	50 201	18 676	22 799	24 815
<b>Oct.</b>	11 843	40 102	11 615	17 944	21 776
<b>Nov.</b>	10 782	40 739	10 060	18 386	21 090
<b>Dec.</b>	11 970	44 723	11 387	21 621	21 833
<b>1996</b>					
<b>Jan.</b>	22 987	59 858	22 069	26 431	29 781
<b>Feb.</b>	28 639	49 337	28 117	23 641	24 870

5.6 *Helsinki Stock Exchange*

Average of daily observations	Share prices							Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and subscription rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manufacturing	Of which:					
				Forest industries	Metal and engineering	Conglomerates				
	1	2	3	4	5	6	7	8	9	10
<b>1991</b>	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
<b>1992</b>	772	425	467	943	1 123	1 206	890	10 277	15 377	25 654
<b>1993</b>	1 240	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
<b>1994</b>	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
<b>1995</b>	1 918	500	638	2 741	2 062	2 255	4 251	83 019	1 075	84 094
<b>1995</b>										
<b>Feb.</b>	1 802	543	577	2 512	2 146	2 240	3 645	7 016	132	7 148
<b>March</b>	1 648	509	533	2 292	1 905	2 038	3 343	5 464	76	5 540
<b>April</b>	1 688	497	556	2 365	2 040	2 138	3 408	5 340	92	5 432
<b>May</b>	1 829	516	613	2 587	2 072	2 259	3 896	5 823	122	5 946
<b>June</b>	1 919	560	631	2 731	2 113	2 154	4 401	7 843	65	7 908
<b>July</b>	2 107	526	694	3 066	2 289	2 346	4 858	7 114	24	7 138
<b>Aug.</b>	2 155	506	709	3 149	2 218	2 443	4 832	7 010	56	7 066
<b>Sept.</b>	2 231	504	751	3 276	2 176	2 492	5 045	8 649	59	8 708
<b>Oct.</b>	2 031	455	688	2 955	1 967	2 309	4 716	8 721	60	8 781
<b>Nov.</b>	1 887	417	657	2 708	1 807	2 105	4 478	6 942	132	7 074
<b>Dec.</b>	1 769	437	635	2 496	1 740	2 109	4 448	7 515	126	7 641
<b>1996</b>										
<b>Jan.</b>	1 710	476	671	2 363	1 686	2 116	4 452	7 241	62	7 302
<b>Feb.</b>	1 810	472	735	2 507	1 796	2 267	4 798	8 238	51	8 289

<sup>1</sup> During period.

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

### 6.1 Current account, mill. FIM

During period	Exports of goods, fob	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1991</b>	91 100	7 508	5 044	5 636	18 189	109 289	10 003	5 336	124 628	86 348	3 974	11 089	11 011
<b>1992</b>	105 809	8 643	6 089	7 730	22 462	128 272	6 423	5 920	140 614	93 187	4 360	10 962	13 369
<b>1993</b>	132 550	10 430	7 079	9 379	26 888	159 438	6 137	6 506	172 080	101 559	5 646	9 237	17 008
<b>1994*</b>	152 022	11 385	7 314	11 808	30 508	182 530	9 617	4 919	197 067	118 684	5 862	8 697	16 800
<b>1995*</b>	171 503	12 222	7 495	15 355	35 071	206 574	13 000	9 056	228 631	128 853	6 095	10 404	18 644
<b>1993</b>													
III	32 116	2 832	2 203	2 102	7 138	39 253	1 250	1 584	42 088	23 992	1 473	2 242	4 206
IV	36 793	2 586	1 761	2 218	6 565	43 358	1 271	1 695	46 324	27 034	1 520	2 319	4 341
<b>1994*</b>													
I	34 382	2 663	1 524	2 839	7 026	41 408	1 764	1 289	44 462	24 767	1 295	1 998	4 213
II	38 486	2 902	1 860	2 649	7 411	45 897	2 802	1 190	49 889	29 458	1 455	2 151	3 967
III	37 322	3 092	2 230	2 960	8 282	45 604	2 027	1 180	48 811	28 743	1 549	2 256	3 899
IV	41 832	2 728	1 700	3 360	7 788	49 620	3 025	1 260	53 905	35 716	1 563	2 291	4 721
<b>1995*</b>													
I	40 773	2 862	1 499	3 979	8 340	49 113	3 298	1 609	54 021	29 304	1 479	2 325	4 921
II	45 435	3 148	1 891	3 680	8 719	54 154	3 435	1 616	59 204	31 244	1 565	2 639	4 743
III	39 595	3 327	2 242	3 828	9 397	48 992	2 891	2 210	54 094	30 405	1 598	2 706	4 275
IV	45 700	2 885	1 862	3 868	8 615	54 315	3 376	3 621	61 311	37 900	1 453	2 734	4 704

During period	Services expenditure, total (11+12+13)	Imports of goods and services (10+14)	Investment expenditure	Transfers and other expenditure	Current account expenditure (15+16+17)	Trade account (1-10)	Transport (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21+22)	Goods and services account (19+23)	Investment income, net (7-16)	Transfers and others, net (8-17)	Current account (24+25+26)=
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
<b>1991</b>	26 074	112 421	28 674	10 229	151 325	4 752	3 534	-6 044	-5 374	-7 885	-3 132	-18 671	-4 893	-26 696
<b>1992</b>	28 690	121 878	30 424	10 347	162 649	12 622	4 283	-4 873	-5 639	-6 228	6 394	-24 001	-4 428	-22 035
<b>1993</b>	31 891	133 450	34 580	10 390	178 421	30 991	4 784	-2 159	-7 629	-5 004	25 988	-28 443	-3 885	-6 340
<b>1994*</b>	31 359	150 043	31 801	8 596	190 440	33 339	5 523	-1 382	-4 992	-851	32 487	-22 184	-3 676	6 627
<b>1995*</b>	35 143	163 996	31 967	12 784	208 747	42 650	6 127	-2 910	-3 288	-72	42 578	-18 966	-3 728	19 884
<b>1993</b>														
III	7 921	31 913	6 805	2 640	41 358	8 124	1 360	-39	-2 104	-783	7 341	-5 555	-1 055	730
IV	8 180	35 213	7 145	2 549	44 907	9 760	1 066	-558	-2 123	-1 615	8 145	-5 874	-854	1 417
<b>1994*</b>														
I	7 506	32 274	9 423	2 683	44 380	9 614	1 368	-474	-1 374	-480	9 134	-7 659	-1 393	82
II	7 573	37 031	8 733	1 959	47 722	9 028	1 447	-291	-1 318	-162	8 866	-5 930	-769	2 167
III	7 704	36 447	6 246	1 971	44 664	8 580	1 542	-26	-939	578	9 157	-4 220	-791	4 147
IV	8 575	44 291	7 399	1 984	53 673	6 117	1 166	-591	-1 361	-787	5 330	-4 375	-724	231
<b>1995*</b>														
I	8 726	38 030	9 205	3 350	50 585	11 469	1 383	-826	-942	-385	11 084	-5 906	-1 741	3 436
II	8 946	40 190	9 972	3 104	53 266	14 191	1 584	-748	-1 063	-228	13 963	-6 538	-1 488	5 938
III	8 579	38 984	6 571	3 006	48 560	9 190	1 729	-464	-447	819	10 009	-3 679	-796	5 533
IV	8 892	46 792	6 219	3 324	56 336	7 800	1 431	-872	-836	-277	7 523	-2 843	297	4 976

## 6.2 Capital and financial account, mill. FIM

During period	Imports of capital												Total (1+7+12)
	Direct investment in Finland	Portfolio investment						Other investment				Total (8+9+10+11)	
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
1991	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	131	-9 737	-6 098	27 192
1992	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	1 690	-17 415	-12 084	27 653
1993	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 357	-5 347	-24 454	-19 977	23 687
1994*	8 240	13 400	21 977	-5 783	-1 565	-65	33 748	2 722	647	-232	-1 160	1 977	43 965
1995*	4 006	9 506	-18 180	-4 186	1 857	2 545	-4 271	-777	-7 342	-768	9 083	196	-69
<b>1993</b>													
III	631	6 529	2 267	2 523	-2 755	..	6 041	-836	-1 495	1 671	-8 143	-8 803	-2 131
IV	2 948	3 300	-3 725	-2 646	2 036	..	1 611	3 599	-1 289	-6 650	-1 106	-5 446	-887
<b>1994*</b>													
I	3 844	4 389	4 669	526	-1 587	31	7 501	-908	-3 980	772	6 687	2 572	13 917
II	3 029	2 404	5 341	-3 808	3 118	268	11 132	-868	1 312	-1 748	-3 078	-4 383	9 778
III	2 372	5 181	16 528	783	-2 253	-383	19 073	177	-1 363	964	-5 534	-5 756	15 689
IV	-1 005	1 426	-4 562	-3 283	-843	20	-3 958	4 321	4 678	-220	765	9 544	4 581
<b>1995*</b>													
I	2 516	392	150	-1 432	-1 999	184	-1 273	-2 622	-333	9	8 540	5 594	6 837
II	-1 330	3 482	-9 390	-3 556	-620	633	-5 894	843	-3 206	-766	-1 369	-4 499	-11 723
III	88	3 580	-2 518	917	1 623	921	3 606	-1 033	-3 192	-200	-544	-4 969	-1 275
IV	2 732	2 052	-6 422	-115	2 853	808	-710	2 034	-611	190	2 457	4 069	6 092

During period	Exports of capital										Errors and omissions	Change in central bank's reserve assets (increase -)		
	Direct investment abroad	Portfolio investment					Other investment						Total (14+19+24)	
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other				Total (20+21+22+23)
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
1991	-501	-369	-3	1 499	..	1 128	-726	2 341	1 054	6 587	9 256	9 883	2 012	7 375
1992	-3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	-1 008	9 180
1993	8 050	873	767	1 932	..	3 571	1 923	-839	-6 063	14 698	9 720	21 341	5 214	-1 219
1994*	22 447	291	-4 625	-855	-279	-5 469	2 435	-7 460	1 856	5 826	2 657	19 636	-5 452	-25 504
1995*	6 624	-109	1 543	-5 484	-165	-4 215	2 705	-2 703	-579	12 635	12 058	14 467	-6 827	1 480
<b>1993</b>														
III	-845	77	-841	3 975	..	3 211	-190	-1 008	1 514	9 514	9 829	12 195	2 577	11 019
IV	7 572	636	-120	-494	..	21	-28	1 081	-6 308	-6 564	-11 819	-4 226	2 385	-7 141
<b>1994*</b>														
I	5 401	356	-558	215	-202	-188	-1 294	-1 849	2 612	-5 814	-6 345	-1 132	-4 852	-10 279
II	4 808	-41	-3 337	-4 448	-27	-7 854	1 735	-2 625	-460	6 191	4 841	1 796	23	-10 172
III	4 897	-45	-1 166	422	-53	-842	-414	-251	-268	9 847	8 914	12 968	-2 946	-3 921
IV	7 341	20	437	2 956	2	3 415	2 408	-2 734	-28	-4 399	-4 753	6 003	2 323	-1 132
<b>1995*</b>														
I	2 147	-240	1 275	-2 249	-45	-1 259	929	-1 234	-2 174	11 503	9 025	9 913	1 331	-1 691
II	1 309	0	-86	-2 798	31	-2 853	2 369	-150	-427	-7 333	-5 541	-7 084	-2 588	1 288
III	1 086	121	-409	521	-37	196	-590	1 044	867	2 863	4 184	5 465	-385	1 592
IV	2 082	10	764	-958	-115	-299	-3	-2 364	1 155	5 602	4 390	6 174	-5 185	291

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

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Total (2+3+5+6)	Other investment				Total (8+9+10+11)	
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives		Trade credits	Loans	Currency and deposits	Other		
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1991</b>	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
<b>1992</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993</b>	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
<b>1994*</b>	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
<b>1995*</b>	35 666	63 746	227 556	19 115	10 727	-390	301 640	19 514	71 067	2 568	53 363	146 512	483 818
<b>1993</b>													
III	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
IV	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
<b>1994*</b>													
I	27 918	39 079	266 672	28 950	12 244	-8 855	309 140	17 116	87 372	4 724	58 746	167 958	505 016
II	30 846	42 719	269 689	22 831	15 286	-8 809	318 885	16 230	88 589	2 964	55 420	163 203	512 934
III	33 010	56 036	269 901	24 895	11 909	-7 591	330 255	16 277	81 907	3 752	47 152	149 088	512 353
IV	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
<b>1995*</b>													
I	34 243	53 488	252 618	20 319	7 287	-7 754	305 640	17 830	81 319	3 369	53 433	155 951	495 833
II	32 873	79 430	241 326	16 939	6 133	-8 525	318 364	18 641	77 588	2 580	51 169	149 977	501 214
III	32 931	93 020	230 971	19 116	7 848	-2 278	329 561	17 561	71 059	2 364	50 032	141 015	503 507
IV	35 666	63 746	227 556	19 115	10 727	-390	301 640	19 514	71 067	2 568	53 363	146 512	483 818

Position at end of period	Assets											Total assets (14+19+24)	
	Direct investment abroad	Portfolio investment					Total (15+16+17+18)	Other investment					Total (20+21+22+23)
		Shares	Bonds	Money market instruments	Financial derivatives	Trade credits		Loans	Currency and deposits	Other			
14	15	16	17	18	19	20	21	22	23	24	25		
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444	
<b>1992</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
<b>1993</b>	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
<b>1994*</b>	59 451	1 866	4 778	9 115	488	16 246	26 678	24 847	7 055	106 465	165 046	240 743	
<b>1995*</b>	64 756	1 686	6 065	2 688	180	10 619	28 958	20 980	6 678	111 253	167 869	243 244	
<b>1993</b>													
III	48 332	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	239 893	
IV	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
<b>1994*</b>													
I	54 424	2 047	9 576	10 911	622	23 156	24 718	32 788	8 107	90 621	156 234	233 813	
II	58 238	1 984	5 961	6 339	550	14 834	26 392	29 981	7 449	105 988	169 811	242 883	
III	58 314	1 866	4 319	6 087	561	12 833	24 682	28 350	6 955	112 579	172 566	243 713	
IV	59 451	1 866	4 778	9 115	488	16 246	26 678	24 847	7 055	106 465	165 046	240 743	
<b>1995*</b>													
I	60 188	1 480	5 516	5 835	160	12 991	27 297	22 668	4 985	115 389	170 339	243 518	
II	60 718	1 481	5 694	2 977	118	10 271	29 456	22 142	4 602	105 086	161 286	232 275	
III	61 224	1 630	5 162	3 503	203	10 497	28 648	22 978	5 477	104 365	161 467	233 188	
IV	64 756	1 686	6 065	2 688	180	10 619	28 958	20 980	6 678	111 253	167 869	243 244	

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

Position at end of period	Corporate sector	Households and nonprofit institutions	Banks	Bank of Finland	Other financial institutions	Central government	Local government	Net (1+2+3+4+5+6+7)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts, %
	1	2	3	4	5	6	7	8	9	10
<b>1991</b>	31 277	-2 794	107 434	-34 046	18 960	52 748	719	174 298	15 671	12.7
<b>1992</b>	33 761	-3 260	82 343	-27 546	28 283	113 674	2 347	229 602	19 011	13.6
<b>1993</b>	54 315	-2 933	45 658	-33 279	29 737	167 444	2 956	263 898	21 897	12.8
<b>1994*</b>	81 284	-3 503	34 022	-52 606	22 381	182 517	2 987	267 083	20 296	10.5
<b>1995*</b>	71 998	-2 406	18 492	-47 708	18 959	178 260	2 979	240 574	18 066	7.9
<b>1993</b>										
<b>III</b>	48 980	-3 129	44 622	-27 318	27 224	173 332	2 967	266 680	3 918	9.3
<b>IV</b>	54 315	-2 933	45 658	-33 279	29 737	167 444	2 956	263 898	4 237	9.1
<b>1994*</b>										
<b>I</b>	64 083	-3 692	52 013	-42 504	28 987	169 083	3 233	271 203	7 187	16.2
<b>II</b>	64 500	-3 781	51 328	-52 617	26 252	181 120	3 248	270 051	5 458	10.9
<b>III</b>	76 629	-3 564	34 084	-52 998	25 118	186 302	3 069	268 640	3 748	7.7
<b>IV</b>	81 284	-3 503	34 022	-52 606	22 381	182 517	2 987	267 083	3 903	7.2
<b>1995*</b>										
<b>I</b>	72 239	-3 362	23 277	-53 298	21 144	189 262	3 053	252 315	5 681	10.5
<b>II</b>	93 527	-3 498	26 972	-50 742	19 907	179 575	3 199	268 940	6 313	10.7
<b>III</b>	102 343	-3 712	20 128	-47 488	19 798	176 129	3 121	270 319	3 454	6.3
<b>IV</b>	71 998	-2 406	18 492	-47 708	18 959	178 260	2 979	240 574	2 618	4.3

## 7. Foreign trade

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

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993	134 112	103 165	30 947
1994	154 164	120 612	33 552
1995*	172 771	129 705	43 066
1995* <sup>1</sup>			
Jan.	13 262	9 087	4 175
Feb.	13 049	9 740	3 309
March	15 174	11 050	4 124
April	14 550	10 784	3 766
May	14 890	10 820	4 070
June	16 860	10 257	6 603
July	11 484	9 065	2 419
Aug.	13 202	9 802	3 400
Sept.	14 600	11 200	3 400
Oct.	15 500	12 600	2 900
Nov.	15 200	12 200	3 000
Dec.	15 000	13 100	1 900
1996* <sup>1</sup>			
Jan.	13 600	10 100	3 500

\* See Notes and explanations to the statistical section.

### 7.2 Foreign trade: indices of volume, unit value and terms of trade, 1980=100

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1990	125	138	154	128	120
1991	114	115	154	131	118
1992	124	112	164	145	113
1993	147	109	172	163	106
1994*	166	130	175	158	111
1992					
III	117	102	163	142	115
IV	133	116	171	154	111
1993					
I	135	108	176	165	106
II	143	105	174	165	105
III	141	101	174	165	105
IV	165	116	170	161	105
1994*					
I	155	107	170	161	106
II	168	129	175	158	111
III	161	124	178	161	111
IV	180	156	176	158	112

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

During period	Exports by industries, fob					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
								Investment goods	Consumer goods	
	1	2	3	4	5	6	7	8	9	10
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993	10 910	37 430	14 205	48 158	23 409	54 792	10 904	15 396	21 066	1 007
1994*	14 114	41 300	15 639	55 558	27 523	65 899	11 628	17 147	24 606	1 332
1994*										
Aug.	940	3 438	1 259	3 826	2 097	5 450	1 006	1 391	2 032	4
Sept.	1 317	3 586	1 355	4 364	2 545	5 661	1 068	1 388	2 029	19
Oct.	1 274	3 568	1 317	4 948	2 292	5 655	821	1 472	2 053	93
Nov.	1 360	3 713	1 474	4 981	2 466	6 207	1 022	1 560	2 183	7
Dec.	1 317	3 669	1 420	6 071	2 516	7 978	1 614	2 565	2 844	104
1995*										
Jan.	1 301	3 735	1 245	4 768	2 213	5 346	507	1 317	1 827	90
Feb.	1 151	3 651	1 237	4 912	2 098	5 569	717	1 354	2 020	80
March	1 314	4 188	1 498	5 737	2 437	6 339	585	1 518	2 417	191
April	1 261	4 021	1 247	5 829	2 192	5 931	1 167	1 412	2 062	212
May	1 199	4 117	1 357	5 899	2 318	6 234	800	1 601	1 990	195
June	1 252	4 181	1 659	7 066	2 702	6 119	605	1 392	1 924	217
July	735	3 941	1 184	3 846	1 778	5 067	787	1 222	1 845	144
Aug.	890	4 206	1 223	4 503	2 380	5 580	740	1 315	1 996	171

## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1994 <sup>1</sup>		Sept. 1994–Aug. 1995*		1994 <sup>1</sup>		Sept. 1994–Aug. 1995*	
	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	115 696	75.0	125 882	13.0	93 316	77.4	100 831	18.1
<b>EU</b>	71 562	46.4	97 127	14.1	52 567	43.6	72 639	17.7
Austria	1 600	1.0	1 887	26.1	1 349	1.1	1 533	23.3
Belgium and Luxembourg	3 461	2.2	4 693	45.9	3 291	2.7	3 693	16.1
Denmark	5 287	3.4	5 506	8.7	3 668	3.0	4 071	19.0
France	7 784	5.0	8 150	12.3	4 911	4.1	5 170	8.3
Germany	20 678	13.4	22 115	12.6	17 736	14.7	19 644	20.7
Greece	893	0.6	920	8.5	328	0.3	305	1.2
Ireland	708	0.5	760	4.8	896	0.7	959	24.4
Italy	4 605	3.0	5 161	21.7	4 685	3.9	5 022	16.6
Netherlands	7 874	5.1	7 690	2.1	4 352	3.6	4 862	21.4
Portugal	805	0.5	902	15.5	1 092	0.9	1 060	0.1
Spain	3 550	2.3	4 249	33.4	1 587	1.3	1 598	7.7
Sweden	16 846	10.9	17 611	10.8	12 576	10.4	14 238	24.0
United Kingdom	15 917	10.3	17 482	14.9	10 021	8.3	10 484	13.0
<b>Other OECD countries</b>	44 135	28.6	28 754	9.3	40 748	33.8	28 193	19.6
Of which:								
Australia	1 963	1.3	2 290	30.7	694	0.6	911	58.9
Canada	1 035	0.7	1 194	19.1	839	0.7	844	15.5
Japan	3 186	2.1	3 929	39.1	7 838	6.5	8 341	25.0
Norway	4 881	3.2	5 305	12.6	5 761	4.8	5 689	7.9
Switzerland	2 325	1.5	2 395	7.0	2 109	1.7	2 146	7.4
United States	11 037	7.2	11 347	-9.1	9 202	7.6	8 671	6.4
<b>Other countries</b>	38 468	25.0	42 142	17.5	27 296	22.6	98 755	20.4
Of which:								
Estonia	3 381	2.2	3 893	31.3	1 127	0.9	1 440	54.6
Czech Republic	855	0.6	807	16.6	438	0.4	462	13.7
Hungary	1 163	0.8	1 030	6.8	410	0.3	403	18.4
Poland	2 551	1.7	2 537	18.1	1 549	1.3	1 249	-20.4
Russia	8 029	5.2	8 071	3.7	10 697	8.9	10 211	10.2
China	2 261	1.5	2 442	23.5	1 830	1.5	1 852	13.1
Hongkong	1 827	1.2	2 212	44.7	840	0.7	848	21.6
Korea	2 124	1.4	2 099	10.8	916	0.8	940	17.0
Malaysia	824	0.5	936	9.8	909	0.8	957	19.0
Singapore	1 440	0.9	1 608	49.5	631	0.5	617	3.0
Thailand	1 103	0.7	1 546	42.9	516	0.4	526	20.0
Taiwan	766	0.5	833	1.9	1 146	1.0	1 141	9.0
Brazil	569	0.4	771	43.9	907	0.8	746	8.1
<b>TOTAL</b>	154 164	100.0	168 024	14.1	120 612	100.0	126 948	20.2
Of which:								
Africa	2 650	1.7	2 693	0.3	774	0.6	692	-15.8
The Americas	14 561	9.4	16 295	3.2	13 101	10.9	12 124	4.3
Asia	18 274	11.9	20 745	20.7	16 171	13.4	16 730	17.8
Europe	116 505	75.6	125 680	14.6	89 697	74.4	96 753	17.5
Oceania	2 174	1.4	2 563	31.3	868	0.7	985	7.2

<sup>1</sup> In 1994 Sweden and Austria were not EU members.

## 8. Domestic economic developments

### 8.1 Supply and use of resources, mil. FIM, 1990 prices (seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
<b>1990</b>	269 754	108 535	121 858	17 286	5 769	523 202	118 828	126 600	515 430
<b>1991</b>	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
<b>1992</b>	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
<b>1993</b>	240 177	103 028	60 638	13 890	10 221	427 954	142 459	113 842	456 571
<b>1994*</b>	244 558	103 931	60 445	13 893	20 520	443 347	161 134	127 893	476 588
<b>1993</b>									
II	59 500	25 791	15 513	3 358	1 289	105 451	34 330	26 821	112 960
III	59 857	25 738	14 735	3 592	3 365	107 287	36 199	28 548	114 938
IV	60 670	25 560	14 579	3 318	2 825	106 952	37 202	28 368	115 786
<b>1994*</b>									
I	61 097	25 683	14 316	3 536	1 664	106 296	37 977	28 785	115 488
II	60 262	25 901	14 599	3 531	5 415	109 708	40 135	30 972	118 871
III	61 195	25 909	15 623	3 464	6 038	112 229	41 120	32 506	120 843
IV	62 004	26 438	15 907	3 362	7 403	115 114	41 902	35 630	121 386
<b>1995*</b>									
I	63 147	25 582	17 403	3 054	4 578	113 764	43 473	33 533	123 704
II	63 849	26 158	17 009	2 959	4 273	114 248	44 700	34 775	124 173
III	63 903	26 179	17 502	2 860	7 202	117 646	42 853	36 054	124 445

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

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.8)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
<b>1991</b>	91.2	91.3	89.9	91.5	85.6	92.6	103.6
<b>1992</b>	92.4	88.4	91.4	94.6	91.1	90.2	103.0
<b>1993</b>	97.4	86.1	96.4	104.5	99.7	90.8	107.9
<b>1994</b>	107.9	96.1	107.4	115.5	118.4	95.8	114.3
<b>1995</b>	116.0	95.6	116.7	116.5	142.4	97.5	111.1
<b>1994</b>							
Dec.	111.7	92.2	112.1	120.2	126.3	96.4	111.0
<b>1995</b>							
Jan.	114.0	86.3	114.4	118.7	134.2	97.7	113.6
Feb.	114.5	92.4	115.6	120.8	134.6	99.4	107.7
March	116.6	95.6	117.4	120.8	136.9	99.2	111.9
April	115.4	92.8	115.8	120.0	137.8	97.8	113.9
May	116.1	75.8	116.9	120.0	145.8	97.1	114.6
June	116.2	94.1	116.9	119.8	140.6	98.2	112.8
July	115.2	93.3	115.7	123.0	130.7	98.2	115.9
Aug.	116.9	130.2	117.1	119.8	143.2	97.0	110.8
Sept.	116.7	98.8	117.7	115.4	147.7	96.4	108.8
Oct.	115.1	102.0	116.3	110.4	148.5	96.5	106.1
Nov.	116.7	97.2	117.9	107.7	152.9	95.8	107.6
Dec.	117.5	88.3	118.7	101.3	155.3	96.0	109.8



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

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
<b>1990</b>	119.9	111.6	127.3	124.8	161.7	122.1	144.6	117.5
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
<b>1993</b>	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.6
<b>1994*</b>	87.6	89.3	53.5	56.7	57.2	48.7	97.3	109.9
<b>1994*</b>								
<b>Nov.</b>	91.6	89.9	..	..	..	..	..	112.4
<b>Dec.</b>	90.4	91.3	..	..	..	..	..	112.6
<b>1994*</b>								
<b>III</b>	89.4	89.1	54.1	57.8	64.4	47.9	84.4	110.3
<b>IV</b>	90.4	90.1	53.7	53.1	71.0	48.9	132.9	112.4
<b>1995*</b>								
<b>Jan.</b>	90.2	92.8	..	..	..	..	..	114.2
<b>Feb.</b>	91.0	93.3	..	..	..	..	..	113.8
<b>March</b>	90.1	91.5	..	..	..	..	..	115.4
<b>April</b>	87.7	92.2	..	..	..	..	..	114.2
<b>May</b>	91.6	94.1	..	..	..	..	..	114.4
<b>June</b>	89.8	92.7	..	..	..	..	..	113.4
<b>July</b>	90.5	87.8	..	..	..	..	..	113.0
<b>Aug.</b>	95.4	90.6	..	..	..	..	..	114.7
<b>Sept.</b>	89.9	94.1	..	..	..	..	..	114.6
<b>Oct.</b>	93.0	90.5	..	..	..	..	..	114.9
<b>Nov.</b>	94.6	93.7	..	..	..	..	..	115.8
<b>1995*</b>								
<b>I</b>	90.4	92.5	52.5	54.5	79.3	42.2	..	114.5
<b>II</b>	89.7	93.0	54.5	56.0	95.1	44.4	..	114.0
<b>III</b>	91.9	90.8	49.5	46.4	88.3	43.4	..	114.1

## 8.4 Wages and prices, 1990=100

Period	Index of wage and salary earnings	By sectors			Consumer price index	Indicator of underlying inflation	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private	Of which: Manufacturing (SIC 3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
<b>1991</b>	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
<b>1992</b>	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
<b>1993</b>	109.2	108.8	110.0	110.1	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
<b>1994<sup>1</sup></b>	111.4	111.6	115.0	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
<b>1995<sup>1</sup></b>	116.6	117.4	123.1	115.0	112.0	111.3	106.9	103.8	118.5	110.8	118.0	107.7	103.5
<b>1994<sup>1</sup></b>													
<b>IV</b>	112.4	112.8	116.7	111.4	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
<b>1995</b>													
<b>Jan.</b>	..	..	..	..	111.4	110.8	107.0	104.1	117.8	109.1	113.2	107.3	103.2
<b>Feb.</b>	..	..	..	..	111.8	111.5	107.5	104.2	119.5	109.5	114.7	107.2	103.6
<b>March</b>	..	..	..	..	111.8	111.4	107.5	104.4	119.1	109.4	114.6	107.1	103.5
<b>April</b>	..	..	..	..	111.9	111.5	108.0	104.9	119.2	110.1	116.0	107.5	103.7
<b>May</b>	..	..	..	..	112.0	111.4	108.3	105.2	119.5	110.8	117.6	107.8	103.6
<b>June</b>	..	..	..	..	112.4	111.5	108.1	105.2	119.1	110.8	117.9	107.8	103.5
<b>July</b>	..	..	..	..	112.3	111.4	107.8	104.9	118.5	110.9	118.7	107.6	103.6
<b>Aug.</b>	..	..	..	..	112.1	111.2	105.8	102.4	118.5	111.1	118.9	107.8	103.6
<b>Sept.</b>	..	..	..	..	112.2	111.3	106.0	102.7	118.4	111.8	120.4	108.1	103.7
<b>Oct.</b>	..	..	..	..	112.2	111.4	105.9	102.7	117.7	112.1	121.3	108.1	103.4
<b>Nov.</b>	..	..	..	..	111.9	111.1	105.7	102.5	117.4	111.9	121.4	107.9	103.2
<b>Dec.</b>	..	..	..	..	111.8	111.0	105.7	102.5	117.4	112.1	121.5	108.1	103.2
<b>1995<sup>1</sup></b>													
<b>I</b>	114.6	115.6	121.0	112.6	111.7	111.2	107.3	104.2	118.8	109.3	114.2	107.2	103.4
<b>II</b>	116.0	116.8	122.9	114.5	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6
<b>III</b>	116.4	117.3	122.9	115.2	112.2	111.3	106.5	103.3	118.5	111.3	119.3	107.8	103.6
<b>IV</b>	119.4	120.0	125.4	117.9	112.0	111.2	105.8	102.6	117.5	112.0	121.4	108.0	103.3
<b>1996</b>													
<b>Jan.</b>	..	..	..	..	112.0	..	106.2	102.0	118.4	112.4	121.6	108.5	102.1

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

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

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry			Unemployed	Unemployment rate	
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction			Service industries
	%			1000 persons							%
	1	2	3	4	5	6	7	8	9	10	11
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	150	1 382	328	13.1
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	124	1 319	444	17.9
<b>1994</b>	64.8	2 480	2 024	312	1 712	167	426	113	1 317	456	18.4
<b>1995</b>	65.1	2 497	2 068	304	1 764	158	457	120	1 334	430	17.2
<b>1994</b>											
<b>Dec.</b>	65.0	2 490	2 055	311	1 744	166	440	121	1 328	435	17.5
<b>1995</b>											
<b>Jan.</b>	64.8	2 484	2 046	302	1 744	163	445	123	1 315	439	17.7
<b>Feb.</b>	64.5	2 474	2 049	293	1 756	164	435	119	1 331	425	17.2
<b>March</b>	64.9	2 489	2 069	298	1 772	161	453	124	1 331	420	16.9
<b>April</b>	65.3	2 506	2 068	305	1 763	161	456	123	1 328	438	17.5
<b>May</b>	65.5	2 512	2 067	313	1 754	163	454	114	1 336	445	17.7
<b>June</b>	65.3	2 505	2 073	307	1 766	161	462	122	1 328	432	17.3
<b>July</b>	65.5	2 517	2 078	303	1 776	153	466	119	1 340	439	17.4
<b>Aug.</b>	64.8	2 487	2 064	315	1 749	159	449	119	1 336	424	17.0
<b>Sept.</b>	65.0	2 496	2 074	305	1 769	157	449	119	1 349	422	16.9
<b>Oct.</b>	65.3	2 508	2 084	308	1 777	154	489	120	1 322	424	16.9
<b>Nov.</b>	65.0	2 499	2 075	303	1 772	154	457	121	1 342	423	16.9
<b>Dec.</b>	64.8	2 490	2 066	294	1 772	149	462	112	1 343	424	17.0

## 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
<b>1990</b>	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
<b>1991</b>	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
<b>1992</b>	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
<b>1993</b>	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
<b>1994</b>	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
<b>1994</b>											
<b>Nov.</b>	2 632	5 608	72	1 956	10 268	975	11 243	4 013	8 368	3 164	5 009
<b>Dec.</b>	3 490	5 710	113	3 766	13 079	484	13 563	7 273	7 912	3 648	3 942
<b>1995</b>											
<b>Jan.</b>	2 850	6 369	80	1 059	10 358	31	10 388	3 190	9 872	3 099	5 712
<b>Feb.</b>	- 924	6 038	93	3 238	8 445	62	8 507	4 109	7 744	3 020	4 092
<b>March</b>	4 153	3 485	30	2 688	10 356	171	10 528	4 627	11 724	3 410	8 061
<b>April</b>	3 055	5 675	59	3 621	12 410	2 738	15 147	4 162	10 804	4 578	5 480
<b>May</b>	4 352	5 120	58	3 588	13 118	713	13 832	4 240	11 641	4 358	6 634
<b>June</b>	3 068	4 755	958	2 619	11 400	87	11 486	4 581	10 309	3 382	6 293
<b>July</b>	3 578	5 996	52	1 851	11 477	481	11 958	4 686	7 838	3 104	4 126
<b>Aug.</b>	3 365	6 294	142	2 654	12 455	173	12 628	3 668	6 995	2 256	4 253
<b>Sept.</b>	3 014	5 827	63	3 228	12 132	299	12 431	3 732	8 566	3 104	4 942
<b>Oct.</b>	3 237	5 825	51	2 752	11 865	405	12 270	4 090	8 265	3 110	4 484
<b>Nov.</b>	4 994	5 972	74	2 838	13 878	2 165	16 044	4 514	9 696	2 768	6 481
During period	Expenditure					Financial balance					
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)		
	12	13	14	15	16	17	18	19	20		
<b>1990</b>	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879		
<b>1991</b>	5 370	6 368	158 044	13 328	171 372	-23 420	-32 304	25 659	-6 645		
<b>1992</b>	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155		
<b>1993</b>	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009		
<b>1994</b>	3 737	22 358	183 000	17 886	200 760	-54 401	-64 860	73 193	8 336		
<b>1994</b>											
<b>Nov.</b>	344	1 060	13 785	587	14 372	-3 517	-3 129	5 473	2 344		
<b>Dec.</b>	625	1 718	17 528	2 155	19 683	-4 449	-6 120	5 236	- 884		
<b>1995</b>											
<b>Jan.</b>	180	4 018	17 260	407	17 668	-6 902	-7 280	13 669	6 389		
<b>Feb.</b>	244	1 367	13 464	647	14 111	-5 019	-5 604	9 435	3 832		
<b>March</b>	187	3 601	20 139	443	20 583	-9 783	-10 055	12 242	2 186		
<b>April</b>	158	2 007	17 131	7 292	24 423	-4 721	-9 276	2 225	-7 051		
<b>May</b>	218	1 445	17 544	2 454	19 999	-4 426	-6 167	1 719	-4 448		
<b>June</b>	262	3 222	18 374	2 487	20 861	-6 974	-9 375	-3 851	-13 226		
<b>July</b>	258	1 361	14 143	707	14 851	-2 666	-2 893	-1 344	-4 236		
<b>Aug.</b>	223	784	11 670	468	12 140	785	488	5 741	6 230		
<b>Sept.</b>	227	3 574	16 099	814	16 913	-3 967	-4 482	1 450	-3 033		
<b>Oct.</b>	332	1 755	14 442	614	15 056	-2 577	-2 786	2 191	- 595		
<b>Nov.</b>	315	1 113	15 638	590	16 228	-1 760	- 184	8 689	8 505		

# Notes and explanations to the statistical section

## General

### Source

Unless otherwise stated, the source or compiler of figures is the Bank of Finland.

### Symbols used

*	Preliminary
r	Revised
0	Less than half the final digit shown
.	Logically impossible
..	Data not available
—	Nil
S	Affected by strike
—	Break in series

Owing to rounding of figures, the sum of the individual items in the tables may differ from the total shown.

## Notes and explanations to tables

### 1 The balance sheet of the Bank of Finland

**Table 1.2 Domestic financial sector.** Term claims on deposit banks, net (Column 12) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments + term credits – term deposits. Other claims on financial institutions, net (Column 14) = till-money credits to deposit banks (until May 1993) + bonds + other claims on financial institutions + liquidity credits – call money deposits (until September 1995) – other liabilities to financial institutions.

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

**Table 2.1** From 2 October 1995, banks fulfil their minimum reserve requirement as a monthly average of deposits. From October 1995, the requirement and deposits are shown for the month during which the requirement is to be fulfilled. Before deposits were shown for the previous month, because deposits were matched with the requirement on the last banking day of that month. The requirement is determined on the basis of the reserve base two months earlier (up to September 1995 one month earlier). The reserve base was changed on 31 March 1995 to comply with the new balance sheet format. Liquidity credits (Column 7): see explanations, Table 3.2.

**Table 2.2** Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instruments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

**Table 2.3** Foreign exchange transactions are recorded according to trade dates. In addition to spot transactions (Columns 1, 2, 4 and 5) the Bank of Finland's foreign exchange reserves are affected by interest payment and by changes in both the prices of securities and exchange rates. Spot transactions related to forward contracts (Column 4) refer to the combined effects on the foreign

exchange reserves of forward transactions in the form of swaps and maturing forward transactions. The central government's foreign exchange transactions (Column 5) comprise transactions related to drawings and redemptions of government loans and associated interest payments.

**Table 2.4** The markka value of forward contracts is given.

### 3 Rates of interest

**Table 3.1** The interbank overnight rate (Column 1) is weighted using amounts of interbank deposits as weights. Since 1 June 1995, HELIBOR rates (Helsinki Interbank Offered Rate) (Columns 2–5) have been calculated on the basis of the bid rates (offered rates for funds) quoted for their own certificates of deposit by all the banks that have been accepted by the Bank of Finland as counterparties in money market operations. An additional condition is that a bank gives regular quotations. The highest and lowest rates quoted for each maturity are omitted and an arithmetic average calculated for the remaining rates. The quotations are taken daily at 1 p.m.

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

Credit institutions which are subject to the minimum reserve requirement and maintain a current account with the Bank of Finland may obtain liquidity credit to cover overdrafts and to fulfil their minimum reserve requirement. They can obtain liquidity credit with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity of liquidity credit is determined by the Bank of Finland. The rate of interest on liquidity credit is obtained by adding together the Bank of Finland's tender rate and the interest rate margin for liquidity credit. The call money deposit rate in use prior to October 1995 was obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. Since 2 October 1995, the monthly average of a bank's call money deposits exceeding the minimum reserve requirement has been treated as excess reserve. The interest rate paid on excess reserves is determined separately by the Bank of Finland. The values for maturity and interest rate margins are the last values recorded in each period.

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

**Table 3.4 Lending.** New credits (Columns 1–4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic average of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by

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

**Table 3.5** Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. The yields on five-year and ten-year government bonds (Columns 3 and 4) are calculated by the Bank of Finland as averages of the bid rates quoted daily by the primary dealers. The five-year yield is based on quotations for a fixed-rate bullet serial bond (1/94, 15 September 1994 – 15 September 2001). The ten-year yield is based on quotations for a fixed-rate bullet housing bond (1/92, 15 March 1992 – 15 March 2002). As from 1 June 1993, the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/93, 15 March 1993 – 15 March 2004). The share yield (Column 5) is the weighted effective yield on shares quoted on the Helsinki Stock Exchange. Source: Statistics Finland.

#### 4 Rates of exchange

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

#### 5 Other domestic financing

**Table 5.1** Source: Statistics Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of Statistics Finland applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period.

Other funding (Column 8) comprises CDs, promissory notes and bonds. The figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

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

**Table 5.3** Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) – the Bank of Finland's foreign liabilities – banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). *Domestic credit*. Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government – the central government's deposits with the Bank of Finland and Postipankki – loans granted from state funds through banks. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public).  $M_1$  (Column 6) = currency in circulation – banks' till money + markka cheque and postal giro account deposits and transactions account deposits held by the public.  $M_2$  (Column 7) =  $M_1$  + quasi-money (markka time deposits held by the public, excl. deposits with the Bank of Finland).  $M_3$  (Column 8) =  $M_2$  + bank CDs held by the public.

**Table 5.4** Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placements; long-term promissory notes are bank loans. Miscellaneous items (Column 7) include, inter alia, the liability for coinage (total coinage), promissory notes given to international financial organizations and, as a minus item, the liability to the State Pension Fund. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years.

**Table 5.5** Source: Table A: Financial Supervision from the beginning of 1994. Table B: Statistics Finland from the beginning of 1991. Tables A and B include markka-denominated bonds issued by Finnish issuers in Finland and abroad as well as those issued by foreign issuers in Finland. Table C includes transactions in markka-denominated bonds outside the Helsinki Stock Exchange. Interbank transactions (Column 1) and transactions (purchases and sales) between banks and customers (Column 2) are transactions by primary dealers and banks entitled to central bank financing. As from 14 July 1995 the following act as primary dealers: Alfred Berg Pankkiiriliike Oy, Evli Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ), Branch

Operation in Finland and Unibank A/S. Purchases from and sales to others (Columns 4 and 5) consist of transactions in benchmark government bonds between primary dealers and other parties. Other parties refer to all parties that are not primary dealers. Bank of Finland releases data daily (page SPFI on Reuters and page 20981 on Telerate) on the trading in benchmark government bonds among primary dealers and between primary dealers and their customers.

**Table 5.6** Source: The Helsinki Stock Exchange.

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

**Table 6.1** The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. The trade figures for 1995 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU. The figures for investment income and expenditure (Columns 7 and 16) include reinvested earnings on direct investment. Preliminary data on reinvested earnings in the previous year have been included in the current account figures. (The annual figure is divided evenly between quarterly figures.)

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

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

reserve items). The most important sub-item under the item 'other' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 27) comprise gold, special drawing rights (SDRs), the reserve position in the IMF and convertible currency claims. A negative figure implies an increase in reserves.

**Table 6.3** The data are classified as in Table 6.2. The items have been translated into markkaa using the spot rates for each date; thus the figures include the impact of changes in exchange rates.

**Table 6.4** This contains data on Finland's net international investment position (liabilities less assets) classified by sector.

## **7 Foreign trade**

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

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

The trade figures for September 1995 – January 1996 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU.

**Table 7.2** The volume indices (Columns 1 and 2) are calculated 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** In addition to all EU countries, those countries are listed whose combined shares of Finland's exports and imports are at least 1 per cent.

## **8 Domestic economic developments**

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

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

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

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

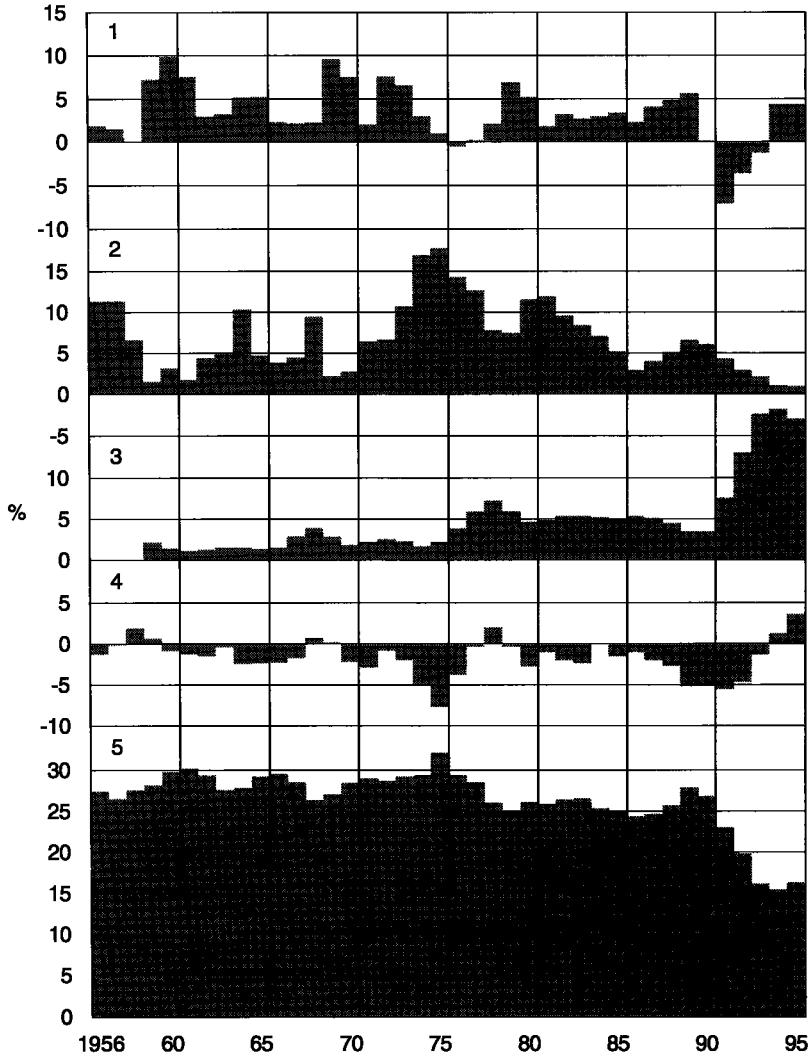
**Table 8.6** Source: Ministry of Finance.





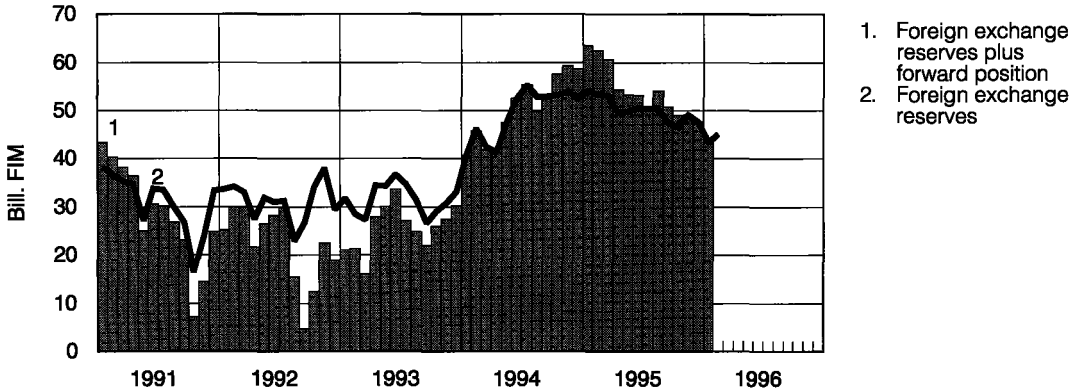
1. Long-term indicators	S30
2. The Bank of Finland's foreign exchange reserves and forward position	S31
3. Forward market	S31
4. Rates of interest set by the Bank of Finland	S31
5. Banks' liquidity position with the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR rates of interest, daily	S32
8. HELIBOR rates of interest, monthly	S33
9. Differential between Finnish and German interest rates	S33
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11. Bank of Finland currency index and the markka value of the ECU	S34
12. Daily spot rates for the markka against the Deutschemark and the US dollar	S34
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15. Monthly spot rates for the markka against the pound sterling and the Swedish krona	S35
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17. Bank funding from the public	S36
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19. Money supply	S36
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21. Net interest and dividend expenditure	S37
22. Balance of payments	S38
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28. Fixed investment	S40
29. Employment and the unemployment rate	S41
30. Prices and wages	S41
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## 1. Long-term indicators

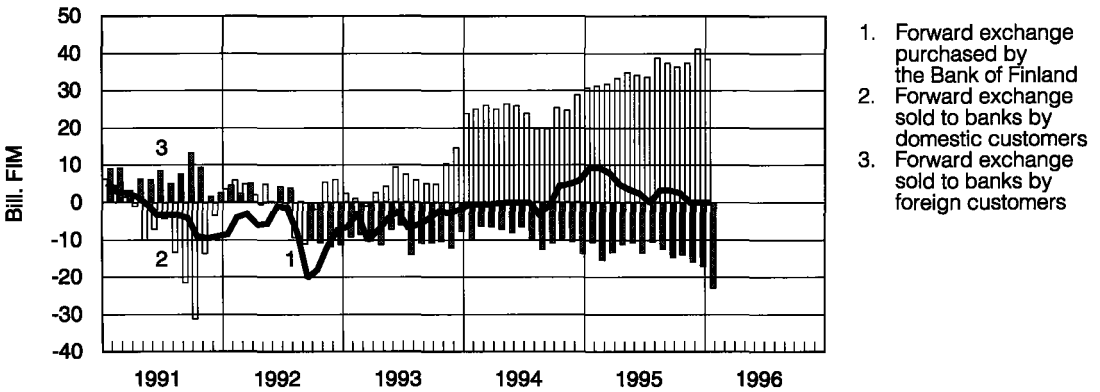


1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

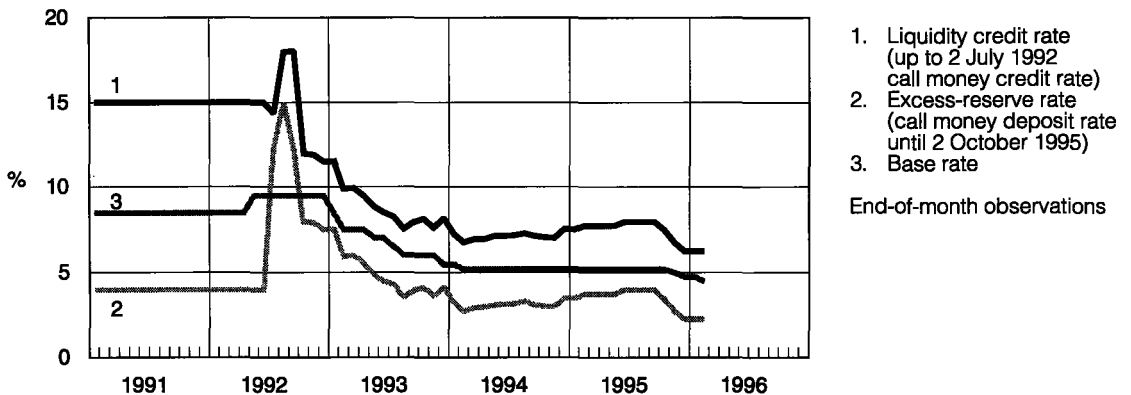
## 2. The Bank of Finland's foreign exchange reserves and forward position



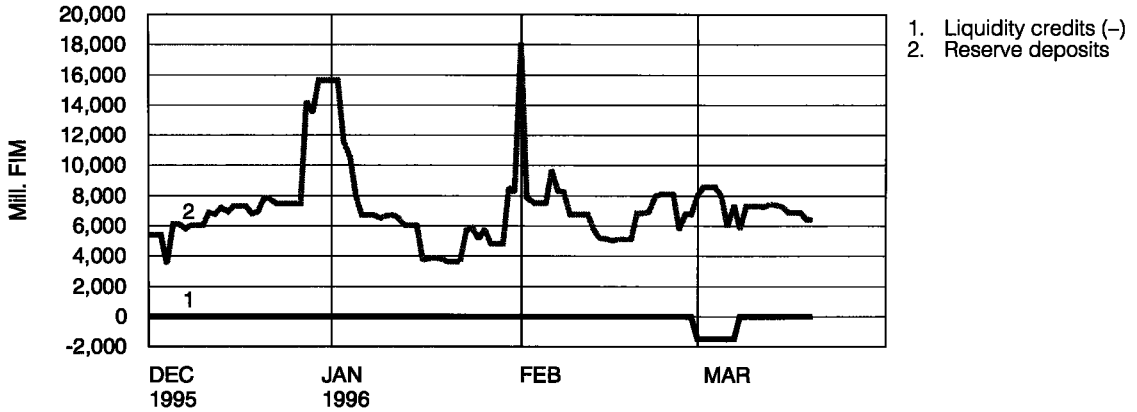
## 3. Forward market



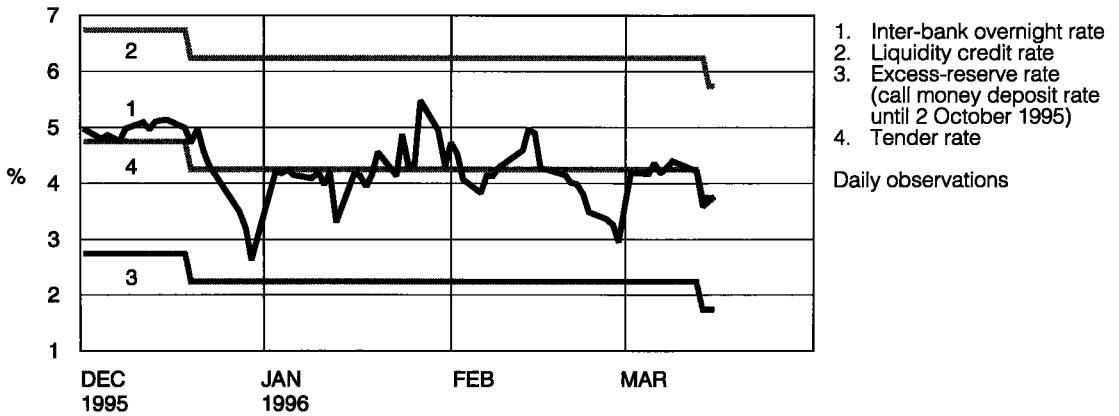
## 4. Rates of interest set by the Bank of Finland



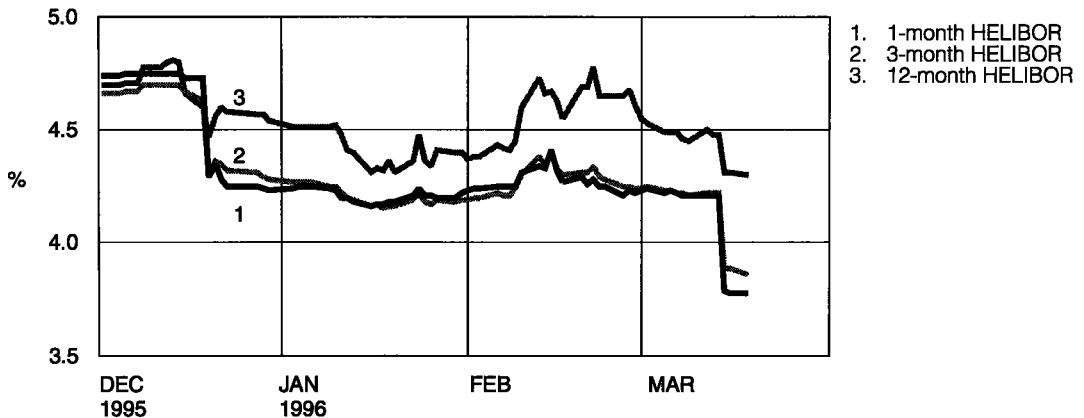
### 5. Banks' liquidity position at the Bank of Finland



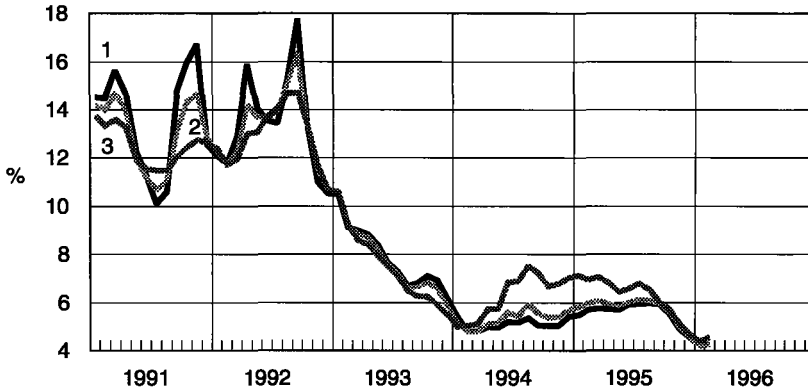
### 6. Liquidity management interest rates



### 7. HELIBOR rates of interest, daily

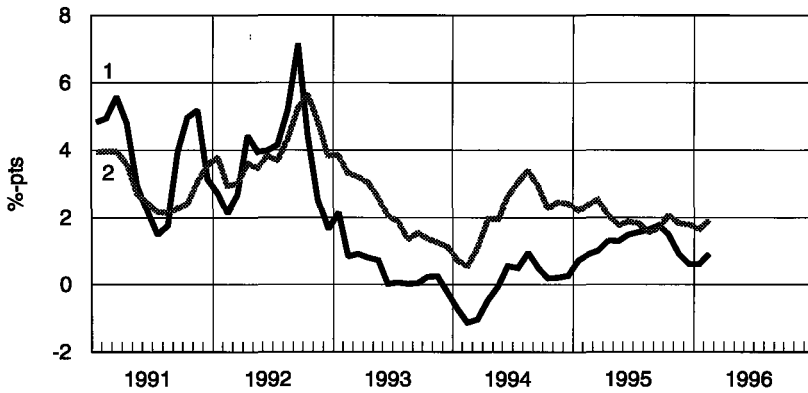


### 8. HELIBOR rates of interest, monthly



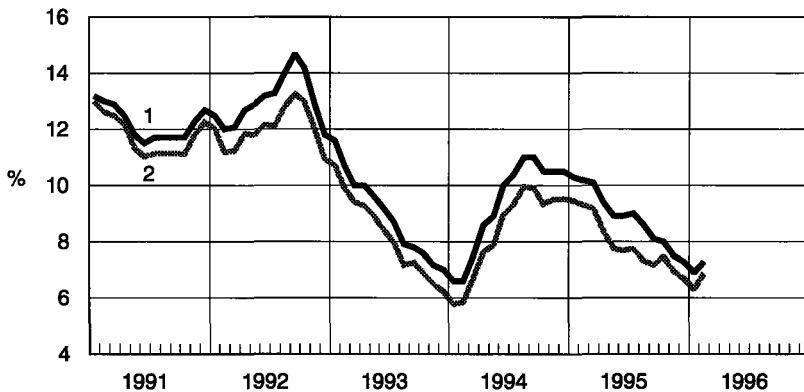
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

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



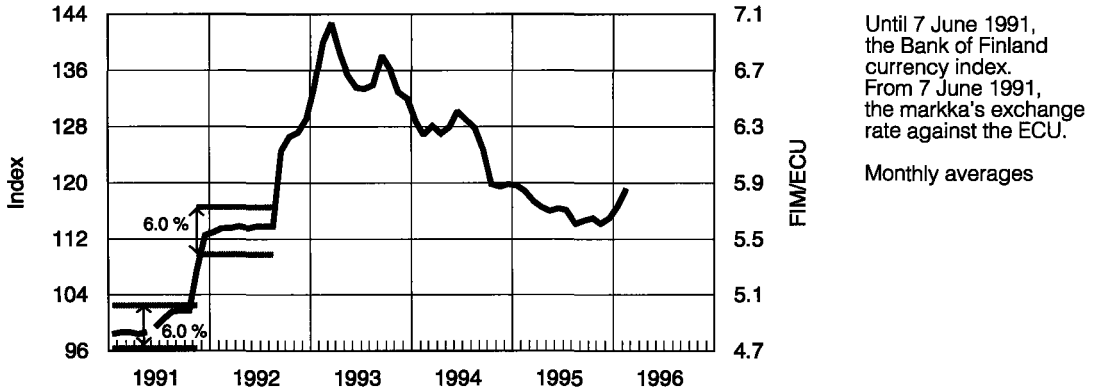
- 1. 3-month HELIBOR minus 3-month DEM eurorate
- 2. 5-year Finnish government bond yield minus 5-year German government bond yield

### 10. Bond yields

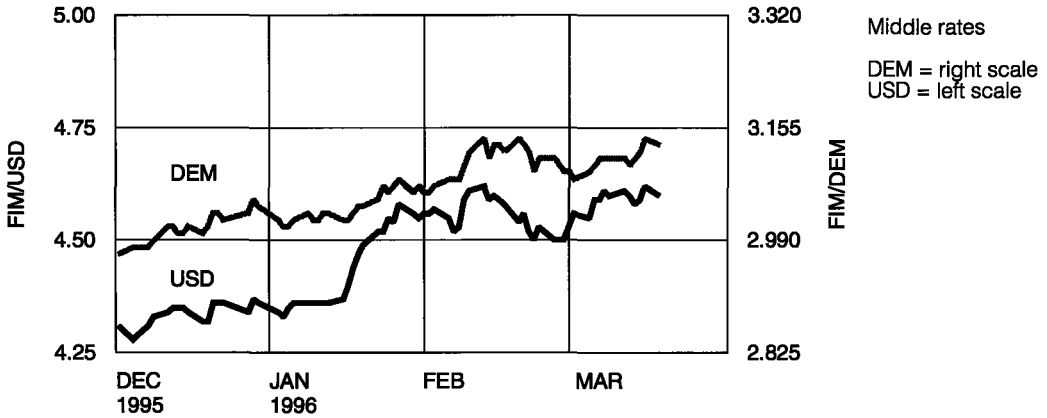


- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds

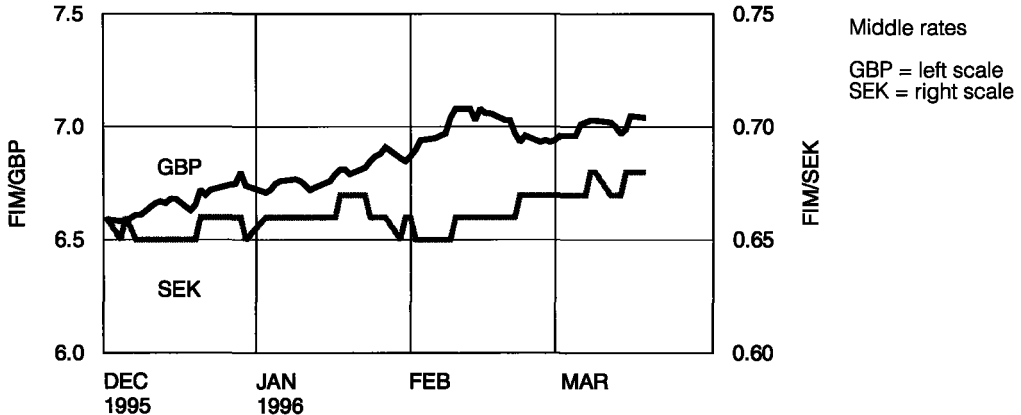
### 11. Bank of Finland currency index and the markka value of the ECU



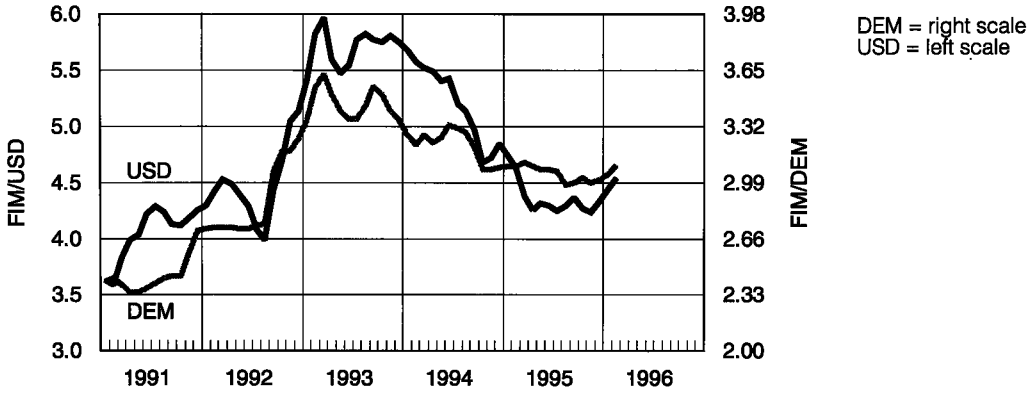
### 12. Daily spot rates for the markka against the Deutschemerk and the US dollar



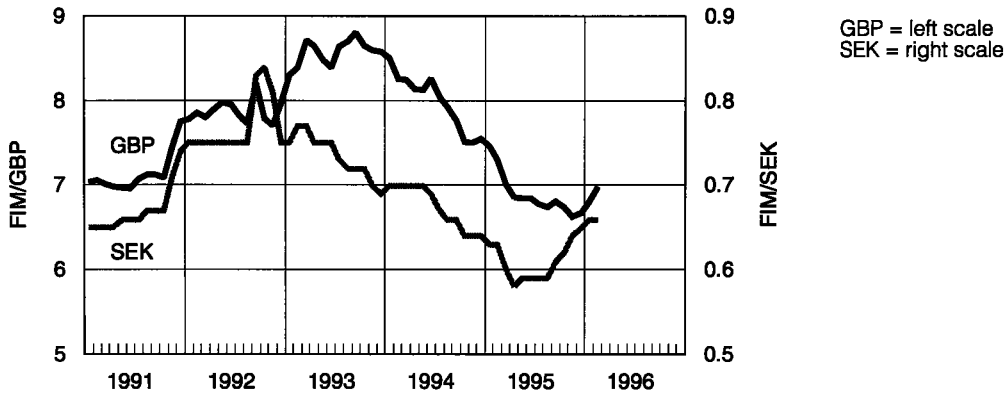
### 13. Daily spot rates for the markka against the pound sterling and the Swedish krona



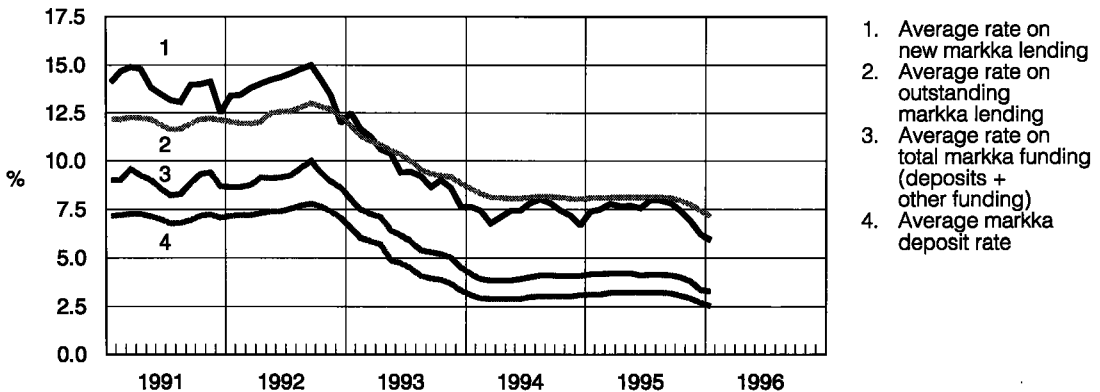
**14. Monthly spot rates for the markka against the Deutschemark and the US dollar**



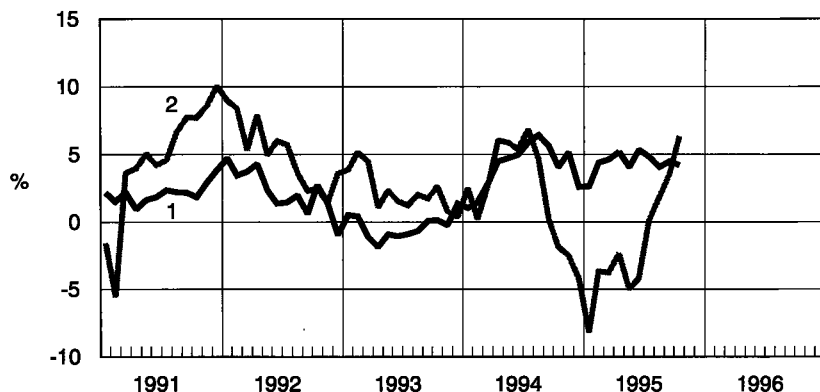
**15. Monthly spot rates for the markka against the pound sterling and the Swedish krona**



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



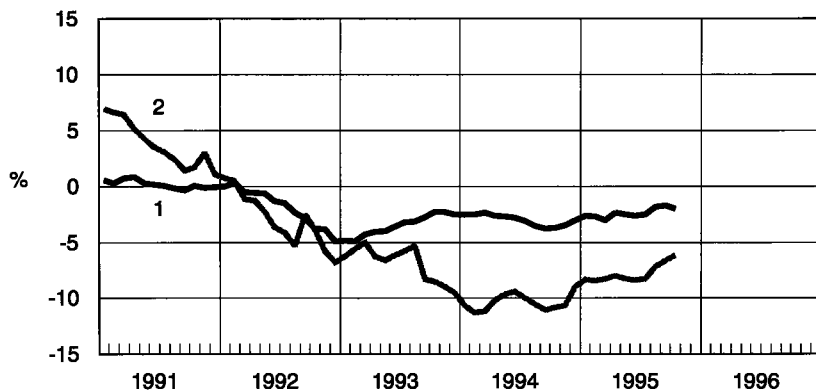
### 17. Bank funding from the public



- 1. Markka deposits
- 2. Total funding

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

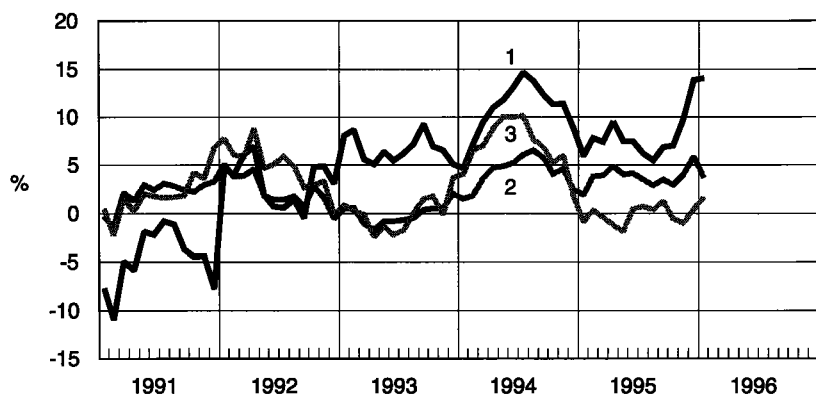
### 18. Bank lending to the public



- 1. Markka lending
- 2. Total lending

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

### 19. Money supply

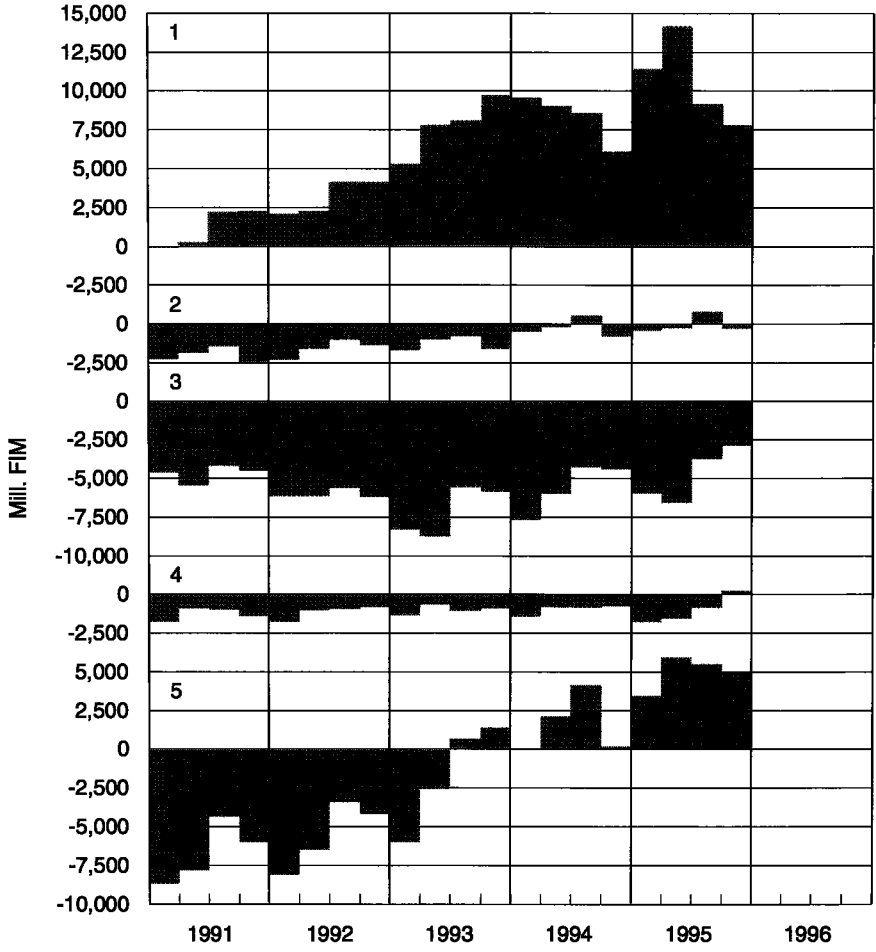


- 1. Narrow money (M1)
- 2. Broad money (M2)
- 3. M2 + bank CDs held by the public (M3)

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

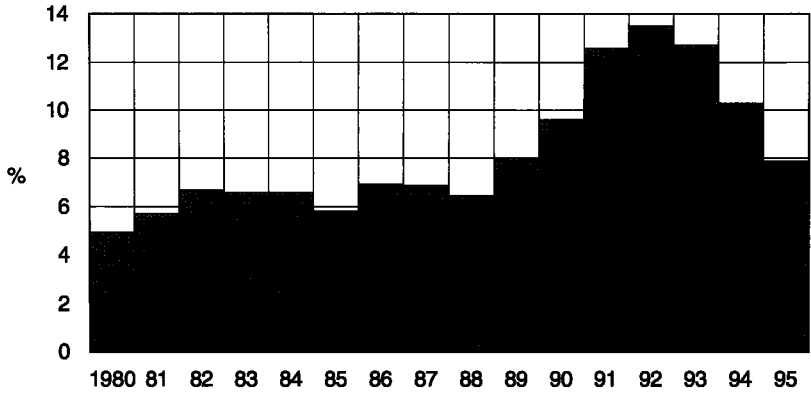


## 20. Current account



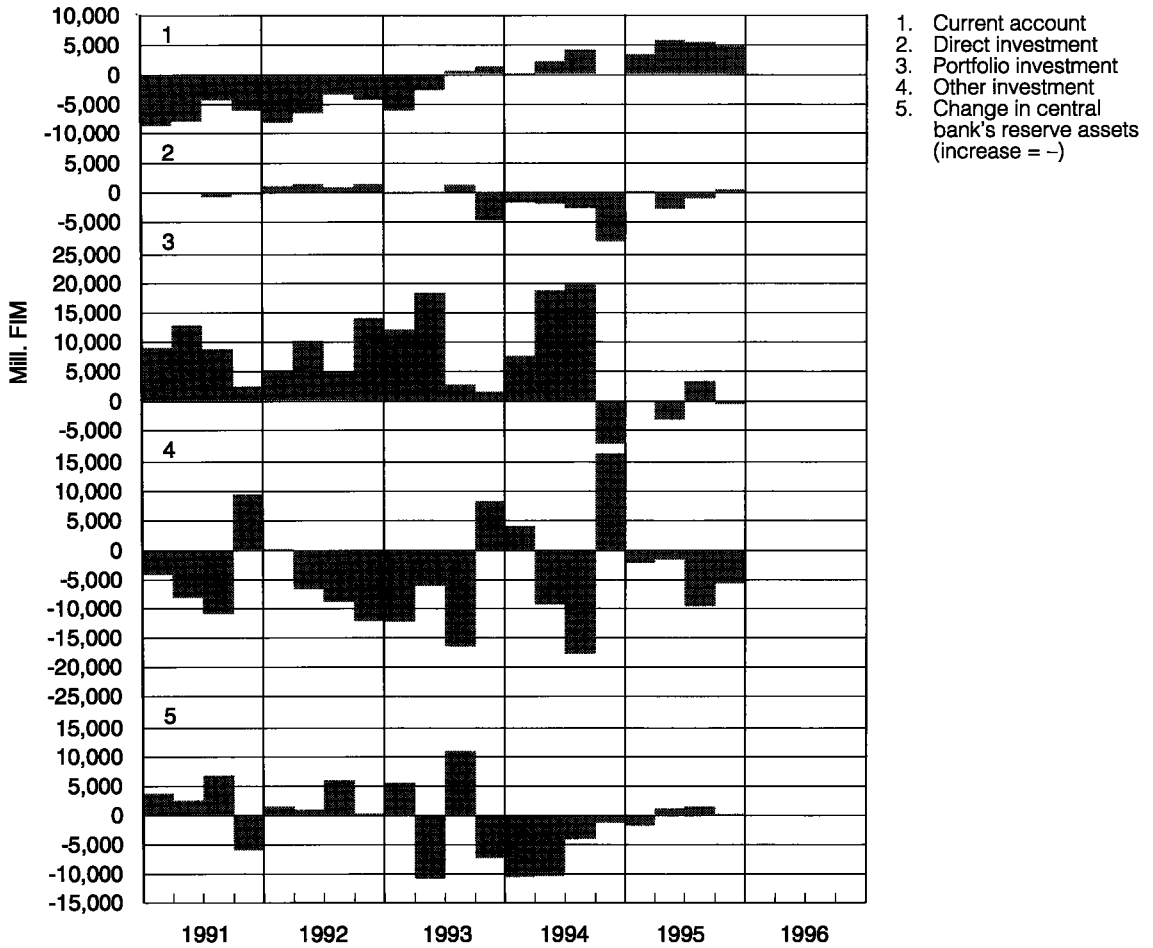
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

## 21. Net interest and dividend expenditure

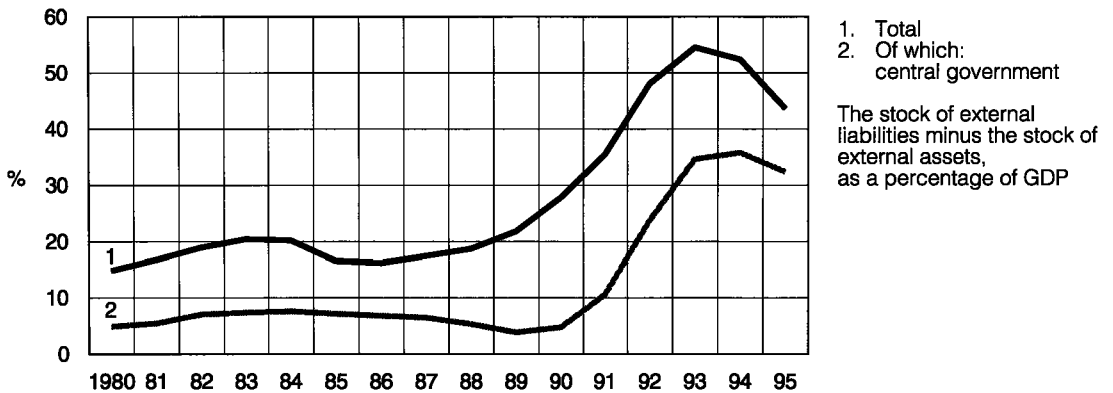


As percentage of current account receipts

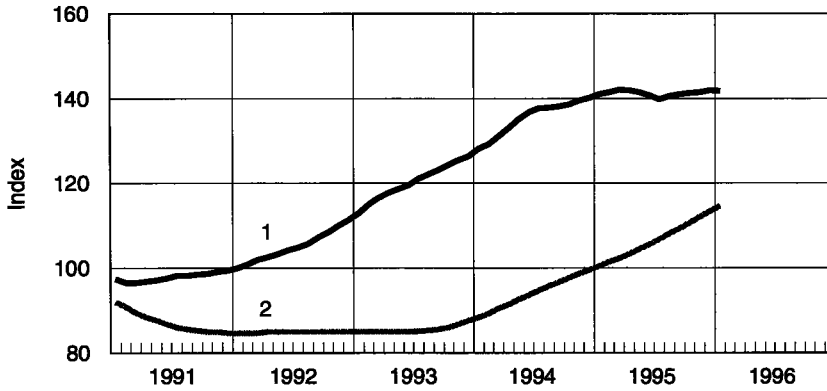
## 22. Balance of payments



## 23. Finland's net international investment position



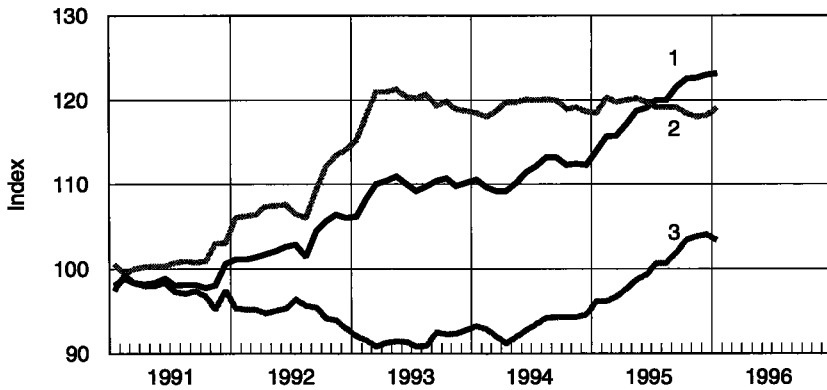
## 24. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

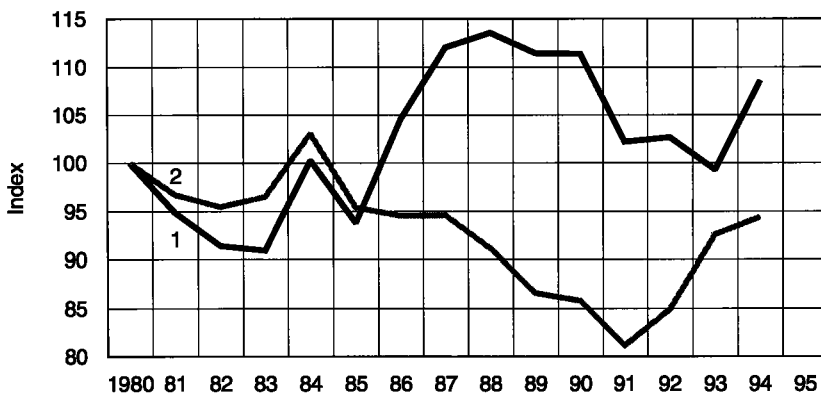
## 25. Foreign trade: prices and terms of trade



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

Index 1990 = 100

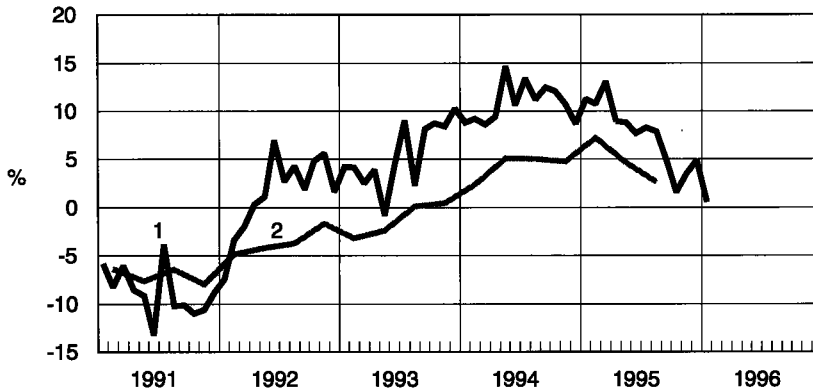
## 26. Finland's export performance



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

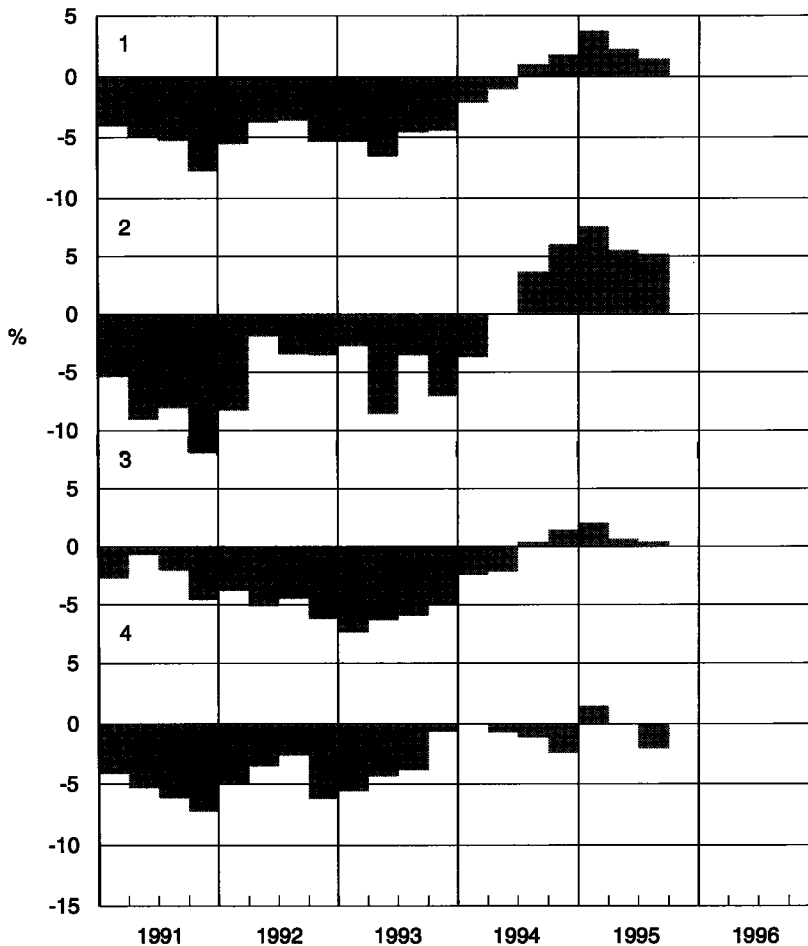
1980 = 100

## 27. Production



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

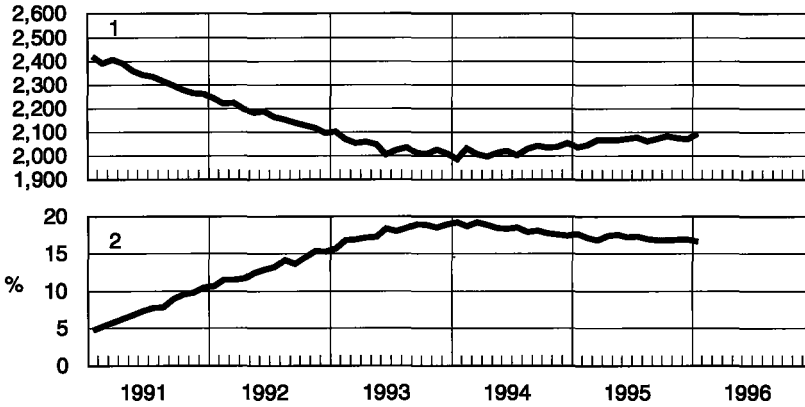
## 28. Fixed investment



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

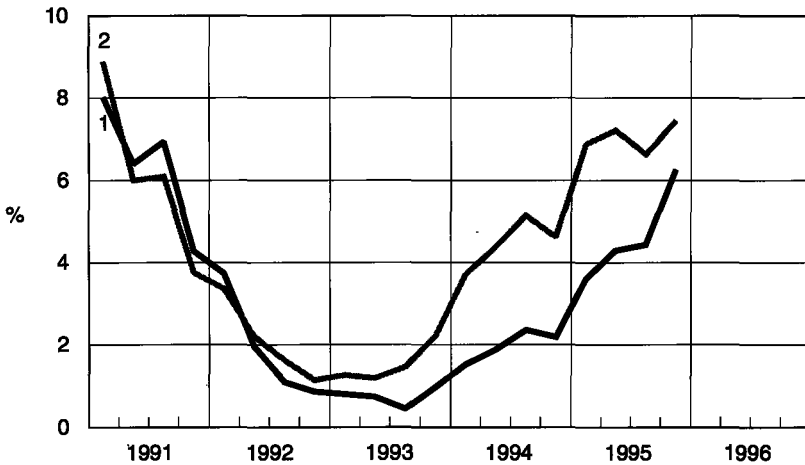
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

## 29. Employment and unemployment rate



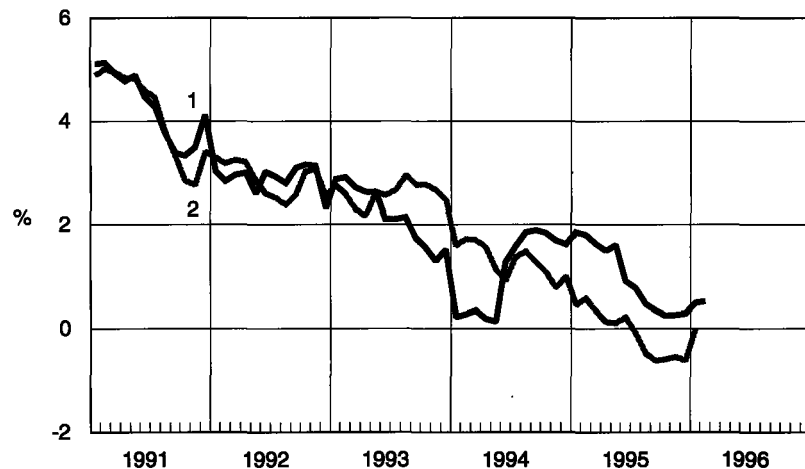
1. Employment, 1000 persons
2. Unemployment rate, per cent

## 30. Prices and wages



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

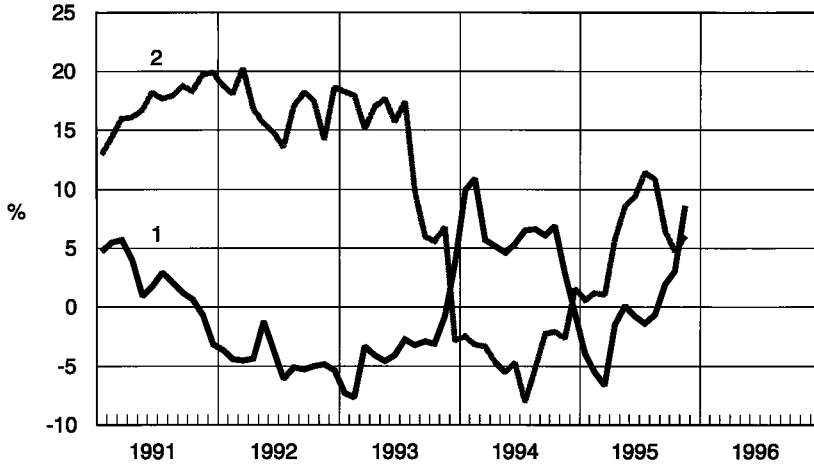
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

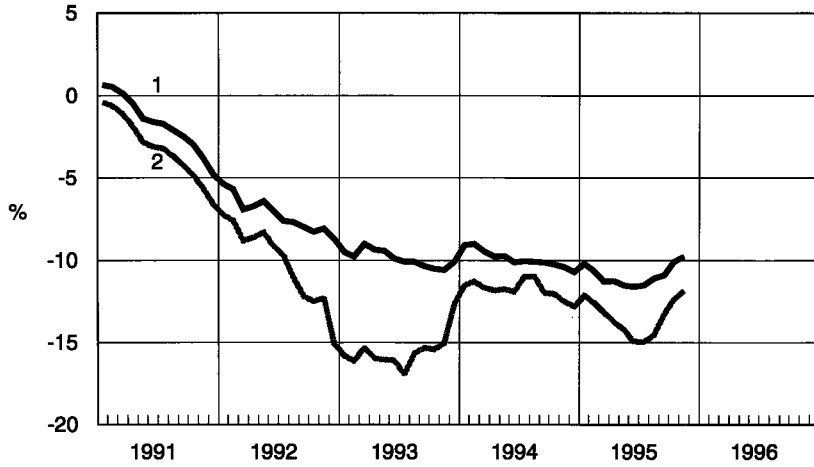
Change from the corresponding month of the previous year, per cent

### 31. Central government finances



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

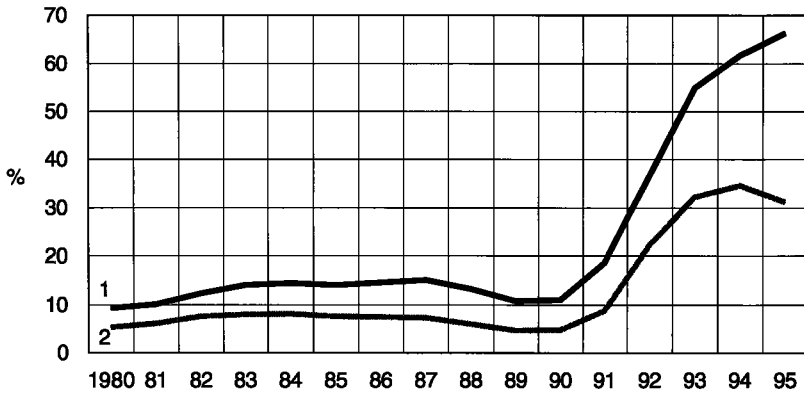
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

### 32. Central government debt



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

As a percentage of GDP

# BANK OF FINLAND

1 March 1996

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## THE PARLIAMENTARY SUPERVISORY BOARD

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PERTTI PAASIO, Vice Chairman  
OLAVI ALA-NISSILÄ

KIMMO SASI  
TUULIKKI HÄMÄLÄINEN  
MAURI PEKKARINEN

JOHANNES KOSKINEN  
ESKO SEPPÄNEN  
ANNELI JÄÄTTEENMÄKI

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## THE BOARD

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SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

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## DIRECTOR

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PENTTI KOIVIKKO

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Administration URPO LEVO

Data Processing PERTTI SIMOLA

Economics ANTTI SUVANTO

Financial Markets HEIKKI KOSKENKYLÄ,  
Adviser to the Board: RALF PAULI

Information ANTTI JUUSELA

Internal Audit TIMO MÄNNISTÖ

International Secretariat KJELL PETER SÖDERLUND,  
Adviser to the Board: PETER NYBERG

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Market Operations MARKUS FOGELHOLM

Monetary Policy PENTTI PIKKARAINEN

Organization and Management Development  
PIRKKO POHJOISAHO-AARTI

Payments and Settlement RAIMO HYVÄRINEN

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Publication and Language Services ANTERO ARIMO

Research JUHA TARKKA,  
Adviser to the Board: KARI PUUMANEN

Security JYRKI AHVONEN

Information Services ESA OJANEN

Eastern European Economies PEKKA SUTELA, ad. int.

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

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Kuopio, Oulu, Tampere, Turku

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**SETEC OY** (security printing house fully owned by the Bank of Finland)

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VELI TARVAINEN, Managing Director

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