



BULLETIN

BANK OF FINLAND

November 1991 Vol. 65 No. 11

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Financial Integration

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PUBLISHER**Suomen Pankki Finlands Bank**
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Cables: SUOMENPANKKI**Editor-in-Chief** Antero Arimo
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Subscriptions Heli VirtanenThe contents of the Bulletin may be freely quoted,
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ISSN 0784-6509

RECENT ECONOMIC DEVELOPMENTS

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ACTIVITY REMAINS WEAK

The Finnish economy has been in recession since the middle of 1990 when real GDP started to contract. The downturn has accelerated in 1991; in the first half of the year, real GDP declined by 6 per cent from the corresponding period a year earlier. In the open sector of the economy activity has slowed even more. Monthly GDP indicators for July and August nevertheless indicate that total output in the third quarter remained at the previous quarter's level, though compared with the third quarter of 1990 it was distinctly lower.

Both external and domestic factors have contributed to the downturn as a simultaneous shrinking in both exports and domestic demand have pushed the Finnish economy into its worst peacetime recession this century. Merchandise exports in the first three quarters were down about 10 per cent in volume from the same period in 1990. In the third quarter, the volume of exports posted a modest recovery compared with the previous quarter.

The steep decline in exports to the Soviet Union is the most important single factor behind the contraction in total output. In the third quarter of this year, exports to the Soviet Union were more than 60 per cent below their level in the same period last year. It is estimated that the collapse of trade with the Soviet Union, together with its indirect effects, explains about 2.5 percentage points of the fall in real GDP this year.

Weak demand in some market economies important for Finnish industry, notably Sweden, the United States and the United Kingdom, has hampered exports to western markets.

Among Finland's leading trading partners, only Germany has absorbed more Finnish exports this year.

The downward trend in total domestic demand continued during the summer and autumn. Lower capacity utilization rates and profitability among domestic firms have led to significant cutbacks in the volume of private sector investment. In the first six months of the year, fixed investment in the business sector declined by about 15 per cent. In the housing market demand remains weak, there is still a large number of unsold dwellings and the prices of new dwellings are falling. These factors have contributed to a sharp fall in the number of new housing starts.

The volume of private consumption in the second quarter was 5 per cent lower than a year earlier. During the summer months, however, retail sales recovered somewhat as households' disposable income was boosted by tax refunds for the 1989 tax year, payments of which were delayed until May, and the lower income tax scales introduced at the beginning of July.

The expansive component in total demand has been public consumption, although in volume terms its growth rate decelerated significantly in the second quarter to just over 1 per cent. Total public expenditure has continued to increase steeply. Discretionary measures and automatic stabilizers have led to a rapid expansion in central government expenditure. As tax revenue has not increased accordingly, net borrowing by the central government has increased to an estimated 5 per cent of GDP this year. The budget proposal for 1992, which the Government submitted to Parlia-

ment in September, implies a clear tightening of the budgetary stance as the Government plans to restrict the volume growth of central government expenditure to less than one per cent next year. Some of the proposed budget cuts require a qualified (two-thirds) majority in order to be accepted by Parliament and will thus need support from the opposition.

In September, the seasonally adjusted unemployment rate climbed to nearly 9 per cent, more than twice as high as its level a year ago. In addition, the labour market participation rate has been declining, implying that hidden unemployment is on the increase.

On the positive side can be noted the deceleration in inflation and improvement in the trade balance. In September, the consumer price index was only 3.3 per cent higher than a year ago. Since the summer, the twelve-month inflation rate has been running at below the EC average. Furthermore, other price indexes, such as the producer price index, the wholesale price index and the building cost index have remained stable in the course of this year. The index of wage earners' income registered a 6.9 per cent increase in the third quarter compared with the same period last year. Increased slack in the labour market has gradually reduced wage drift.

The trade balance has improved throughout the year despite the fall in exports. Weak domestic activity reduced the volume of merchandise imports by 17 per cent in the period January-September. Imports of raw materials and other intermediate products declined by 14 per cent and imports of investment goods by one-third. The cumulative trade surplus for the first

nine months of the current year was FIM 2.8 billion. Other components of the current account have showed persistent deficits but, thanks to the improved trade account, the current account deficit narrowed to some extent during the first three quarters of the year.

INCOMES POLICY AGREEMENT IMPLIES CUTS IN NOMINAL PAY

The slow progress this autumn in the negotiations on wage agreements for 1992 increased uncertainty about the future course of the economy and also undermined the credibility of economic policy. Agreement between the central labour and employer organizations was only reached after the Government appointed a mediator, who put forward his proposal on October 21, 1991¹. The ultimate fate of the proposal depends, however, on the outcome of negotiations at union level; the deadline for signing union-level pay settlements is November 29, 1991.

The incomes policy agreement implies significant reductions in labour costs for 1992. The reductions will be effected mainly by means of a 3 per cent cut in nominal wage costs and by shifting 4 percentage points of the employers' contribution to earnings-related pension schemes onto wage and salary earners. The lowering in costs that will result if the incomes policy agreement is implemented will help pave the way for more balanced development in the economy. In connection with the incomes settlement the Government decided on measures which, in addition to those announced earlier², will cut companies' costs in 1992. The most significant of these as regards the open sector is the removal of the "hidden" sales tax on production inputs in industry.

FINANCIAL MARKETS UNSETTLED

The linking of the markka to the ECU in June was designed

¹ See the item in this issue of the Bulletin.

² See the item in the June-July 1991 issue of the Bulletin.

to underline Finland's commitment to stable exchange rates and low inflation³. The money market reacted favourably to the decision and short-term interest rates quickly started to fall. By mid-July, three-month HELIBOR had fallen to below 11 per cent and the interest rate differential in relation to the ECU rate had narrowed to less than one percentage point.

Towards the end of August, interest rates began to firm again as the domestic money market reacted negatively to the Government's budget proposal for 1992. It was felt that the proposed measures would be insufficient to improve the competitive position of domestic industry. There was also disappointment about the measures aimed at cutting certain transfers to the household sector.

The money market has remained unsettled since August. In October, the interest rate differential in relation to the ECU rate widened to more than 4 percentage points. The incomes policy agreement did not quell speculation against the markka as some trade union leaders expressed doubts about the acceptance of the agreement at union level. The capital outflow during the autumn months led to a sharp fall in the Bank of Finland's foreign exchange reserves. In order to stem the outflow short-term interest rates were allowed to rise.

With the deepening of the recession, the profitability of Finnish banks has deteriorated. High interest rates, lower asset prices and increased credit losses have all been contributory factors. Payment difficulties among borrowers and resultant non-performing loans have increased as the economic situation has worsened. All major banking groups reported increases in their credit losses and lower profitability in their interim reports for the period January-August. Notwithstanding this

³ See also the article by Harri Lahdenperä in the August 1991 issue of the Bulletin.

⁴ See also the item in the October 1991 issue of the Bulletin.

the solvency of the banking system as a whole remains good. The banks have responded to the difficulties by cutting operating expenses. To ease the pressure on bank profitability, the Bank of Finland has continued to lower the banks' cash reserve requirement, which was set at 4 per cent for November.

BANK OF FINLAND TAKES CONTROL OF SKOPBANK

When conditions in the money market tightened and short-term interest rates rose in September, Skopbank, Finland's fourth largest commercial bank, was threatened by a serious liquidity crisis. During the boom years of 1987-1989, Skopbank had acquired large risk exposures through equity and real estate investments. These investments were mainly financed by short-term money market loans, which also exposed Skopbank to large liquidity and interest rate risks. For some time, Skopbank had been paying a sizeable risk premium on its money market financing in relation to other banks. With the tightening of the money market in September, Skopbank's liquidity situation became critical and posed a serious threat to the smooth functioning of the entire banking system.

To ensure normal conditions in the banking system and to restore confidence in Skopbank's activities the Bank of Finland decided to take control of Skopbank on September 19, 1991. The Bank of Finland assumed responsibility for all Skopbank's domestic and foreign liabilities on a consolidated basis and stated that it would ensure Skopbank's solvency and liquidity under all circumstances. The Bank of Finland has initiated a restructuring programme designed to free Skopbank of its largest equity, credit and real estate exposures⁴.

November 8, 1991

THE FINNISH BANKING SECTOR AND FINANCIAL INTEGRATION

by **Tuomas Sukselainen**, Head of International Department
The Finnish Bankers' Association

OVERVIEW

Up until the middle of the 1980s, financial markets in Finland developed at a rather leisurely pace, though in conformity with major international trends. Subsequently, the pace of change has accelerated significantly. A key element in this development has been an increasingly closer linking of the domestic markets to international markets. Full liberalization of capital flows has recently been achieved, and the aim now is to move in step with the rest of Western Europe towards a single European financial area by the beginning of 1993. Finland has also clearly demonstrated its desire to participate in the development of more stable currency conditions in Europe.

Financial integration will be a central feature of future agreements on integration. However, the year 1993 will not in itself bring any dramatic change to the operating environment. Financial integration is an ongoing process, which, since the latter half of the 1980s, has affected economic policy implementation and financial markets legislation. Finnish banks have, throughout, supported and even been in favour of accelerating the process of financial integration.

The changes taking place in the banking sector are unprecedented and they touch the very foundations of the operating environment. As the deposit banks occupy a central position in the Finnish financial system, they constitute the main channel through which the effects of financial integration are transmitted to the economy as a whole.

Cumbersome structures inherited from the era of regulation, an exceptionally difficult economic situation and adjustment problems associated with the rapid liberalization of domes-

tic financial markets make the integration of the Finnish banking sector into the international markets an extremely challenging task. In order to realize the expected benefits of integration, the provision of financial services must become more efficient and prices must fall, at least in relative terms. For the banking system as a whole, this must be effected by means of structural consolidation and cost cutting. Advanced and nationally integrated banking technology, traditional customer relationships and adequate levels of capital and human resources will help ensure success in the future. But, increasingly sharper competition, both at home and abroad, together with the serious problems facing the economy, are exerting strong pressures to exploit these resources to the full.

STARTING POINT: THE FINNISH BANKING SECTOR ON THE THRESHOLD OF 1992

From the point of view of integration, the present state of the Finnish banking sector is

obviously not the best possible. The doors have been almost completely opened to international competition and yet the spirit of a tightly controlled closed economy still pervades the economic and financial system. Though the problem is widely understood, its solution will take time. The general cyclical and structural problems of the economy complicate the situation and impede the carrying through of necessary adjustment measures.

The discussion on Finnish banks has focused much attention on their branch networks, which are very extensive by international standards. Relative to the country's population, the numbers of bank offices and bank employees in Finland rank among the highest in international comparisons: approximately 1500 inhabitants per bank office and 100 inhabitants per bank employee. Such a dense network ensures the capacity to provide a high standard of service but is a cost burden in a country where wages are high; nor, unfortunately, is it being utilized to the full.

TABLE 1. COMPARISON OF PAYMENT TECHNOLOGIES, SITUATION AT END-1989

- (1) = Currency in circulation, per cent of GNP
(2) = Inhabitants per ATM
(3) = Inhabitants per EFTPOS terminal

	(1)	(2)	(3)
<i>Finland</i>	2.6	1 887	301
Canada	2.9	2 899	6 168
United Kingdom	3.0	3 616	763
France	4.0	4 320	352
United States	4.4	2 896	4 902
Italy	5.3	7 295	5 550
Sweden	5.0	4 753	2 493
Germany	6.5	6 677	5 683
Belgium	6.6	10 896	404
Netherlands	7.6	8 048	7 230
Switzerland	8.6	3 427	3 105
Japan	10.3	1 595	73 678
Average	5.6	4 503	9 219
Finland, end-1990	2.8	1 761	189

Sources: Bank for International Settlements; The Finnish Bankers' Association

It is certainly paradoxical that, alongside its traditional banking network, Finland has perhaps the world's most highly automated payments system, based on electronic data transmission. The ATM and EFTPOS terminal networks and direct customer links, by which an increasing share of routine funds transfer and payments are handled, are relatively more extensive than in most other countries. Notes and coins are correspondingly of relatively little significance (Table 1).

Besides its extensive service network, the Finnish banking sector is characterized by a large number of independent local banks. While there are only 14 commercial banks, which are limited companies, there are, in all, nearly 500 cooperative and savings banks, which operate locally or regionally. Local banking has been a necessary and valuable form of support to the developing national economy. However, now that the economy has reached the stage of maturity, there are substantial pressures in the banking sector to combine small units into larger ones, as has already happened in many other service and manufacturing industries.

OBJECTIVES FOR THE 1990S: INTEGRATION POLICY

For the past three years, the Finnish government has sought to link the economy closely to the economic integration taking place in Western Europe. The recent agreement between the EC and EFTA countries on the creation of a European Economic Area (EEA) has been a logical objective in this context. EC membership has also come under official review. The goal of integration has, from the start, also included participation in the emerging "European financial area", i.e. an internal market area based on the free movement of capital and free trade in financial services. The EC banking directives have provided the guiding

principles for the drafting of new domestic banking legislation; the Deposit Bank Act, which came into force at the beginning of the current year, implements most of the regulations contained in the Second EC Banking Directive.

The EEA agreement reached in late October 1991 will take effect on January 1, 1993. By that date, Finland will have to, *inter alia*, remove virtually all restrictions on foreign ownership. In its report published in June 1991, the committee set up to investigate this matter recommended that existing restrictions be lifted and that all restrictions on the transfer abroad of shares be removed. Further changes in Finnish banking legislation required by EC regulations will have to be drafted on local banks' capital adequacy requirements and the control of the fitness and proper nature of banks' substantial shareholders.

EFFECTS OF INTEGRATION: DIRECT AND INDIRECT

It is impossible to specify exactly what effects Western Europe's internal market or closer cooperation in monetary and currency policy will have on

the banking sector in Finland. However, one can assess in general terms the implications of the financial integration process that has been moving ahead throughout the 1980s and will culminate in this decade, as well as the closely related liberalization of financial markets.

As pricing in respect to both interest rates and service charges has become more dependent on market forces and competition has intensified, the structural burden of the Finnish banking sector has become increasingly evident. The exceptionally high level of costs, by international standards, of banking activity is clearly discernible in Table 2. As the financial markets move towards complete integration, it is unconceivable that banking costs in Finland and the structures upon which they are based might differ so radically from the international average. Market forces will inevitably lead to the convergence of cost and output structures in a more efficient direction.

The EC has created strong expectations that the provision of financial services will become more efficient and prices fall as a result of integration. It has been estimated that banking service prices could decline by some 20 per cent in EC coun-

TABLE 2. COMPARISON OF INCOME AND COSTS IN BANKING; COMMERCIAL BANKS, AVERAGE FOR THE 1980s

	(1)	(2)	(3)
Spain	3.9	0.9	3.2
United States	3.3	1.2	3.0
Norway	3.2	1.4	3.3
Italy	3.0	1.2	2.7
Portugal	2.7	1.0	2.2
France	2.6	0.5	2.1
Canada	2.6	0.8	2.1
Germany	2.4	0.9	2.2
Sweden	2.3	1.0	2.0
Finland	1.8	2.1	3.0
Belgium	1.7	0.5	1.5
Greece	1.6	1.7	2.5
Japan	1.4	0.4	1.1
Switzerland	1.3	1.2	1.4
Austria	1.3	0.3	1.1
Luxembourg	1.1	0.3	0.4
Average	2.3	1.0	2.1

Source: The Finnish Bankers' Association; based on OECD data.

tries and by as much as 40 per cent in EFTA countries¹. Costs are forecast to fall even more sharply in securities and insurance business.

It is clear that in Finland, as in other countries, financial services will become relatively cheaper as a result of financial integration. However, according to an EFTA study, costs of ordinary banking services in Finland will decline by only half as much as in the other EFTA countries. In the light of this study and available international comparisons, it appears that prices will fall relatively little in regard to traditional deposit banking services but more substantially in securities business and perhaps also in other fee-generating services.

In Finland, net interest income from financial intermediation that is reflected in banks' balance sheets has been lower than the international average, having declined by about a quarter in the 1980s relative to the volume of intermediation. This is without doubt a reflection of more efficient and cheaper financial intermediation, resulting from the dismantling of controls and stiffer competition. In recent years, the net interest income of Finnish deposit banks in relation to their assets has been roughly one-fifth lower than the average interest margin for Western European countries (Table 2).

It is unlikely that average net interest income in relation to the balance sheet total – i.e. the price charged for financial intermediation in the form of an interest spread – will fall much further in Finland. To the extent that pressures for uniform pricing of financial services continue to squeeze average interest rate margins, the trend towards cost-based pricing of payment services is likely to continue. In addition to financial intermedia-

tion, net interest income has traditionally covered the bulk of the burgeoning cost of payments services. It is hard to imagine that the present level of payments service could be maintained at a significantly lower cost than at present.

It is equally clear that the current level of financial intermediation and payments services, which are an essential part of retail banking and depend heavily on the existing service network, cannot be provided by foreign competitors much more cheaply than at present in Finland. Potential economies of scale may already have been exploited to a large degree in the present highly integrated payments system.

More substantial improvements in terms of efficiency and lower average prices are likely to occur as a result of integration in banking activities other than traditional financial intermediation and the payments services closely related to it. The income of Finnish banks from such activities is quite high relative to their overall business (Table 2).

This is certainly partly due to the central position of banks in securities business and in the provision of other specialized financial services. But it may again also be partly a question of the remaining inefficiencies, high costs and high prices that characterize relatively closed and narrow domestic markets. In those service areas whose output is reflected in the "other income" item of the income statement, domestic banks will probably encounter even tougher competition than hitherto. The result will quite likely be declining costs and relatively lower prices.

FINNISH BANKS' ABILITY TO MEET THE CHALLENGES

The profitability of Finnish deposit banks in recent years, and indeed throughout the 1980s, can be characterized as mediocre at best by international standards. The step-by-step advance of financial integration and parallel dismantling of domestic controls have been important, though unavoidable,

TABLE 3. BANKS IN THE OECD COUNTRIES: PROFITABILITY, CAPITAL ADEQUACY AND CREDIT RATING (1990)

- (1) = Profitability (profit, per cent of capital)
 (2) = Capital adequacy (capital, per cent of assets)
 (3) = Credit rating (average rating; 1 = best, 10 = worst)

	(1)	(2)	(3)
Turkey	61.3	5.6	..
Spain	24.4	5.6	3.8
Portugal	19.9	7.7	..
Italy	17.1	4.6	2.2
Ireland	14.6	4.9	5.3
Germany	13.0	3.3	2.7
United Kingdom	12.7	4.7	2.9
Netherlands	12.4	4.4	2.0
Belgium	11.4	2.7	3.6
France	11.2	3.8	2.4
Sweden	10.6	3.9	3.2
Switzerland	7.7	6.2	2.5
Austria	7.2	4.6	2.4
Finland	6.1	5.8	3.1
Greece	3.7	3.6	6.0
Iceland	1.9	6.1	..
Denmark	-3.4	5.6	4.0
Luxembourg	-6.0	2.4	4.0
Norway	-20.0	3.0	6.5
OECD Europe	11.9	4.3	3.6
Canada	23.5	5.1	4.0
Australia	18.1	5.4	3.1
United States	14.5	4.4	5.1
Japan	11.0	3.3	2.2
New Zealand	-21.9	4.5	6.7
OECD total	12.6	4.1	3.7

¹ The "Cost of Non-Europe" in Financial Services, Commission of the European Communities, Luxembourg 1988 and Gardener, Edward P.M. and Jonathan L. Teppett. The Impact of 1992 on the Financial Services Sectors of EFTA Countries, EFTA 1990.

causes of the competitive pressures and adjustment problems now facing the banks. Since 1989, the profitability of Finnish banks has been particularly poor (Table 3).

The problems facing Finnish banks could become even more difficult if there is no easing in the current exceptionally abrupt and deep recession and if a widely supported and coherent medium-term economic programme for rectifying the large imbalances in the economy cannot be put into effect. These potential problems are, however, essentially of domestic origin and cannot be attributed specifically to financial integration. Any backtracking in the chosen and already far-advanced liberalization process would serve neither the banks nor their customers.

The restructuring of the still rather closed economy and the adoption of new flexible operating modes are of vital impor-

tance for the whole Finnish economy. The financial sector can best participate in this process by continuing in a consistent and orderly fashion along the chosen path of greater openness. The intellectual and material resources of Finnish deposit banks offer an adequate foundation – albeit in need of consolidation – for meeting the challenges of the future. Finnish banks that operate internationally and are thus most directly exposed to the external pressures generated by integration have higher capital adequacy levels than the international average. On the whole, their credit rating has so far been better than the international average (Table 3). Their extensive service networks and advanced technology give banks the ability and capacity to provide customers with a continuously changing and expanding range of financial services.

At the close of this decade, the Finnish banking sector will inevitably look very different from the way it does now, just prior to the "magic" year of 1992. A definite change of direction in the structural development of the banking sector has already taken place. The number of banks declined throughout the 1980s, the number of branches began falling in 1989 and, in 1990, the number of bank employees decreased for the first time. It is clear that these trends will continue unabated in the near future. The great challenge facing bank management is to successfully implement the necessary structural adjustments and at the same time to reshape banking business in line with a new economy that is truly open to international influences. This can be done, but obviously not without some mishaps.

November 1, 1991

INCOMES POLICY AGREEMENT

In view of the slow progress in pay negotiations between employers and unions in the autumn, the Government asked Mr. Kalevi Sorsa, Member of the Board of Management of the Bank of Finland, to draw up a proposal for a comprehensive incomes policy agreement for 1992 and 1993. Mr. Sorsa presented his proposal to the central organizations of employers and unions on October 21. At the same time, the Government decided on measures designed to promote a settlement that would reduce the domestic cost level. All the central organizations accepted the draft agreement. November 29 was set as the deadline for concluding collective agreements in the private and public sectors in line with the settlement.

Goals of the agreement.

The draft agreement aims at reducing the level of costs in the Finnish economy. The economic policy goals are to achieve a lasting improvement in employment by enhancing price competitiveness, to establish a slower rate of inflation than in competitor countries, to create conditions conducive to a fall in interest rates, to reduce foreign indebtedness and to construct a basis for future decisions concerning participation in European integration.

In addition to these goals, bargaining and settlement procedures in the labour market will be enhanced and cooperation at workplaces increased with the aim of improving productivity.

Main features of the agreement. The draft agreement is for a two-year period, starting on November 29, 1991 and ending on November 15, 1993. All in all, it is sought to reduce labour costs by about 7

per cent in the first year of the agreement.

The aim is to reduce wage and salary costs in each sector covered by collective pay agreements by 3 per cent in the first year of the agreement, either by a cut in the holiday bonus or some similar method. This target may be departed from in sectors where dismissals and lay-offs have already produced savings in wage and salary costs. Negotiations on the future size of the holiday bonus are to be held between the parties before November 15, 1992.

As from January 1, 1992, 4 percentage points of the employers' contribution to compulsory earnings-related pension schemes will be charged to employees in the form of a contribution equal to 4 per cent of wages and salaries. In the following year, 3.5 percentage points of the employers' contribution will be charged to employees while 0.5 percentage point will be used for additional funding.

According to the draft agreement, wages and salaries will not be raised during the period from November 29, 1991 to November 15, 1992 on the basis of length of service, experience, increase in competence or any other similar grounds provided for in current collective agreements. Moreover, the earnings guarantee clause contained in the comprehensive economic and incomes policy agreement now in force will not trigger any additional pay increases.

In addition, the draft agreement includes an index clause which will be in force from December 1, 1991 to September 30, 1992. If, during this period, the rise in the consumer price index, less one-quarter of any increase in the terms of trade, is more than 1.8 per cent, wages

and salaries will be raised to compensate for the amount in excess of this threshold. According to the index clause, the starting value for the terms-of-trade index will be the average for October-December 1991 and the corresponding value next year the average for July-September 1992.

As regards the second year of the agreement starting on January 1, 1993, the parties are required to complete negotiations on pay and related matters before November 15, 1992.

Government measures in connection with the incomes policy agreement.

The economic measures decided by the Government to support the incomes policy agreement concern prices, housing and construction, unemployment security, pension insurance, unpaid leave in the central and local government sectors and taxation. These measures are conditional on the incomes policy agreement being approved at union level.

The Government is committed to enhancing competition policy by introducing a new law on restrictions on competition as soon as possible and by intensifying measures to end the use in the public sector of unnecessary regulations and licensing procedures that restrict competition. So as to lower food prices the import licensing system will be dismantled and replaced by customs and import duties.

The third supplementary budget for 1991 to be submitted to Parliament will provide for an increase in housing supply, with 1 250 new dwellings being financed through the Fund for the Development of Housing Conditions or by interest subsidy loans for rental housing. According to the budget proposal for 1992, construction of a total of



25 250 dwellings financed by state or interest-subsidy loans will start next year. In addition, funds will be earmarked for new state building projects totalling FIM 100 million.

The earnings-related unemployment security scheme will be reformed. With effect from January 1, 1992, the insured will contribute 5.5 per cent, the state 47.5 per cent and employers 47 per cent to the cost of the daily benefit under the scheme.

The employees' contributions to the earnings-related pension schemes agreed on in the incomes settlement will be deductible in income taxation.

The Government is to withdraw a bill presented to Parliament providing for a 14 days' unpaid leave for public sector employees.

To finance the measures supporting the labour market settlement, the sickness insurance contribution of the insured will be raised by 0.25 penniä in respect of annual taxable income in excess of FIM 80 000.

In addition, the Government's ministerial committee for economic policy has decided in principle that the Government will submit a proposal to Parliament for removing the remaining "hidden" sales tax on production inputs in industry.

THE BANK OF FINLAND'S NEW BANKNOTES

Recent technological advances have facilitated the manufacture of high-quality counterfeit notes. For this reason, new features have been included in Finnish banknotes, which make them safer than before. New 1000, 500, 100 and 50 markkaa notes were put into circulation in November. The notation "Litt. A" and the denomination of the note appear in the unprinted area on the left-hand side of the new notes.

The basic designs of the notes are the same as before. The only difference is that the security elements on the front of the notes have been improved, partly by introducing new features and partly by enhancing existing ones. No changes have been made to the 10 markkaa note.

The watermark has been enlarged and an iridescent hologram has been incorporated into the security thread of the 100 and 500 markkaa notes.

A new authentication element has been added to the 1000 and 500 markkaa notes in the form of a multi-dimensional optically variable feature called a kinegram. When the note is tilted, the kinegram alternately shows the denomination of the

note (1000 or 500) and the emblem of the Bank of Finland against a background consisting of a gradually changing snow crystal pattern.

In the 100 and 50 markkaa notes, a latent image can be found by holding the note flat at eye level and tilting it up and down until the denomination of the note (100 or 50) appears in the right upper corner.

With the exception of the 10 markkaa note, the words "Suomen Pankki Finlands Bank" appear in microprint inside the zeros of the big numeral on the front of the notes. The words can only be read with the aid of a magnifying glass.

The colours of the notes are unchanged, except that the area of violet colour on the front of the 1000 markkaa note is now much larger. This should make it easier to distinguish the 1000 markkaa note from the 10 markkaa note.

The old banknotes will be gradually withdrawn from circulation, but will remain legal tender. They can be used for making payments just as before.

In connection with the issue of the new notes, the Bank of Finland is conducting a publicity campaign aimed at making the new authentication features known to the public. The campaign material includes brochures, videos and TV spots.

CLOSING OF BANK OF FINLAND BRANCHES

On October 25, 1991, the Parliamentary Supervisory Board decided to close eight of the Bank of Finland's twelve branches, after having obtained the approval of the Government. The four smallest branches, located in Joensuu, Mikkeli, Pori and Rovaniemi, will be closed by

June 30, 1991 and the Jyväskylä, kylä, Kotka, Lahti and Vaasa branches by June 30, 1994.

After the closures, the Bank of Finland will have branches in Kuopio, Oulu, Tampere and Turku, Turku, in addition to the Head Office in Helsinki.

The following item was added after the Bulletin had already gone to print:

DEVALUATION OF THE MARKKA

On November 14, 1991, the Bank of Finland decided to temporarily float the markka because of mounting pressure against the currency in the foreign exchange market. On the following day, November 15, the Government decided, on the basis of a proposal by the Parliamentary Supervisory Board of the Bank of Finland, to raise the limits of the markka's fluctuation range against the ECU by 14 per cent, implying a 12.3 per cent fall in the external value of the markka. The new midpoint is 5.55841 (FIM/ECU), and the markka may now fluctuate against the ECU in a range of 5.39166 to 5.72516.

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

1990

DECEMBER

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

1991

JANUARY

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

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

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

Cash reserve requirement.

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

FEBRUARY

Cash reserve requirement.

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

APRIL

Counter-cyclical deposits.

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

MAY

Cash reserve requirement.

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

JUNE

Cash reserve requirement.

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

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

On the basis of a proposal by the Bank of Finland, the Government decides on June 4, 1991 to present a bill to Parliament providing for the amendment of section 2 of the

Currency Act. By the amendment, which is approved on June 7, the markka is unilaterally linked to the EC's official accounting and currency unit, the European Currency Unit (ECU), from June 7, 1991.

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

Foreign Exchange

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

JULY

Cash reserve requirement.

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

AUGUST

Cash reserve requirement.

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

SEPTEMBER

Cash reserve requirement.

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

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

OCTOBER

Cash reserve requirement.

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

The Bank of Finland's borrowing powers. On October 25, 1991, the Parliamentary Supervisory Board decides to raise the Bank's foreign borrowing powers from USD 1.5 billion to USD 5 billion; the previous borrowing powers dated from 1980.

NOVEMBER

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.3 per cent to 4.0 per cent of the cash reserve base at end-October 1991.

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 the Soviet Union in the east and has a coastline bordered by the Baltic Sea in the south and west. Agricultural land accounts for 8 % of the total area, forest and other wooded land for 69 % and inland waters for 10 %. Located between latitudes 60° and 70° north, Finland has warm summers and cold winters. Helsinki on the south coast has an average maximum temperature of 22° C (72° F) in July and -4° C (25° F) in February.

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

There are two official languages: 93.6 % of the population speaks Finnish as its mother tongue and 6.0 % Swedish. There is a small Lapp population in the north. Finnish is a member of the small Finno-Ugrian group of languages, which also includes Estonian and Hungarian.

FORM OF GOVERNMENT

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

The legislative power of the country is exercised by Parliament and the President of the Republic. The supreme executive power is vested in the President, who is elected for a period of six years. The President for the current term, March 1, 1988 to March 1, 1994, is Dr. Mauno Koivisto.

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

Centre Party 55; Social Democratic Party 48; National Coalition Party 40; Left-Wing Alliance 19; Swedish 14 People's Party 12; The Greens 10;

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

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

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

INTERNATIONAL RELATIONS

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

THE ECONOMY

Output and employment.

The Finnish economy is essentially based on private enterprise, with over 80 % of manufacturing output and some 90 % of banking services produced by private companies. Of the gross domestic product of FIM 458 billion in basic values in 1990, 3 % was generated in agriculture and fishing, 3 % in forestry, 23 % in industry, 9 % in construction, 11 % in trade, restaurants and hotels, 8 % in transport and communications, 5 % in finance and insurance, 20 % in other private services and 18 % by producers of government services. Of total employment of 2.5 million persons in 1990, 8 % were engaged in primary production, 31 %

in industry and construction and 61% in services.

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

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

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

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

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

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 55 million cubic metres in 1990.

Energy. In 1990, gross consumption of primary energy amounted to 31 Mtoe, of which industry accounted for 46 %, heating for 21 %, transportation for 14 % and other purposes for 19 %. The sources of primary energy in 1988 were as follows: oil 30 %, coal 12 %, nuclear power 14 %, hydro-electric power, peat and other indigenous sources 29 %, others 15 %. Compared

internationally (1989), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 40 %, as compared with 60 % in western Europe on average.

FINANCE AND BANKING

Currency. Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From November 1, 1977 to June 7, 1991 the external value of the markka was officially expressed in terms of a trade-weighted currency index, which was permitted to fluctuate within a prescribed range (from November 30, 1988 the range was 6 percentage points). Since June 7, 1991, the markka has been pegged to the European Currency Unit, the ECU. The new fluctuation margins and the midpoint were set so as to correspond to the fluctuation margins and midpoint of the old currency index. The midpoint is 4.87580 (FIM/ECU) and the fluctuation limits FIM 4.72953 and FIM 5.02207, where the lower limit means the highest permissible value for the markka and the upper limit the lowest permissible value. Under the Currency Act, the fluctuations limits are set by the Government on the proposal of the Bank of Finland.

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

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

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

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

The Central Bank. The Bank of Finland (Suomen Pankki - Finland's Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other

rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market, determination of the external value of the currency within the fluctuation limits, direct lending and permits for international capital transactions. The powers vested in the Bank and its independence of the Government make the Bank of Finland one of the world's stronger central banks. In practice, the Bank liaises closely with the Government, so as to coordinate economic policy. The Bank of Finland has a head office in Helsinki and 12 branch offices in other towns.

Other banks (Dec. 31, 1990). Finland has three major groups of deposit banks with a total of more than 3 500 offices. There are three big commercial banks with national branch networks and ten smaller ones, four of which are foreign-owned. The commercial banks have a total of 28 foreign branches, subsidiaries and associate banks and 25 representative offices abroad. There are 150 savings banks and 338 cooperative banks with their own extensive branch networks. In addition, foreign banks have 8 representative offices in Finland.

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

Financial market. Of the total stock of FIM 733 billion in outstanding domestic credit at the end of 1990, 64 % was provided by deposit banks, 3 % by private mortgage banks, 16 % by insurance companies, 4 % by other private credit institutions, 4 % by public financial institutions and 8 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 67 % of the instruments, which totalled approximately FIM 150 billion at end-1990, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 74 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 85 billion (at end-1990). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1990 totalled FIM 116 billion; government bonds made up 25 % of the total. Turnover on the Stock Exchange in 1990

amounted to FIM 20 billion; the share of shares and subscription rights in the total was approximately 77 %.



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1. THE BALANCE SHEET OF THE BANK OF FINLAND

1.1 THE BALANCE SHEET OF THE BANK OF FINLAND,

MILL.FIM

	1990		1991			
	Oct.31	Dec. 31	Oct.8	Oct.15	Oct. 23	Oct.31
ASSETS						
Gold and foreign currency claims	37 097	37 307	28 271	28 146	16 225	16 498
Gold	2 180	2 180	2 180	2 180	2 180	2 180
Special drawing rights	792	791	866	870	866	868
IMF reserve tranche	825	783	1 146	1 151	1 147	1 145
Convertible currencies	33 214	33 478	24 032	23 899	11 987	12 261
Tied currencies	86	75	47	46	45	43
Other foreign claims	2 530	2 574	2 400	2 400	2 400	2 406
Markka subscription to Finland's IMF quota	2 154	2 198	2 004	2 004	2 004	2 009
Term credit	377	376	396	396	396	397
Claims on financial institutions	20 576	15 190	18 184	18 879	34 784	32 509
Call money credits	15	-	142	0	18 549	13 384
Certificates of deposit	14 501	9 411	8 913	8 400	5 751	9 412
Securities with repurchase commitments	-	-	3 503	4 876	4 876	4 175
Till-money credits	3 695	3 427	3 542	3 542	3 542	3 471
Bonds	2 128	2 115	1 846	1 823	1 828	1 828
Other claims on financial institutions	238	238	238	238	238	238
Claims on the public sector	1 329	1 314	1 397	1 397	1 397	1 375
Bonds	0	0	24	24	24	3
Total coinage	1 329	1 314	1 374	1 373	1 373	1 372
Claims on corporations	1 751	1 678	1 371	1 365	1 357	1 346
Financing of exports	0	-	-	-	-	-
Financing of domestic deliveries (KTR)	1 283	1 223	947	942	935	925
Bonds: KTR credits	265	254	219	219	218	218
Bonds: Other	10	8	3	3	3	3
Other claims on corporations	193	193	201	201	201	201
Other assets	116	900	148	149	149	154
Accrued items	-	770	-	-	-	-
Other assets	116	131	148	149	149	154
Total	63 400	58 964	51 771	52 336	56 311	54 288
LIABILITIES						
Foreign currency liabilities	1 132	983	43	47	20	20
Convertible currencies	23	27	42	46	19	19
Tied currencies	1 108	957	1	1	1	1
Other foreign liabilities	2 893	2 938	2 803	2 806	2 804	2 810
IMF markka accounts	2 154	2 198	2 004	2 004	2 004	2 009
Allocations of special drawing rights	739	740	799	803	800	802
Notes and coin in circulation	13 392	14 555	13 553	13 538	13 496	13 500
Notes	12 265	13 399	12 377	12 364	12 319	12 322
Coin	1 127	1 156	1 176	1 174	1 177	1 178
Certificates of deposit	-	-	610	610	5 660	4 090
Liabilities to financial institutions	21 160	17 855	11 860	12 670	11 854	11 049
Call money deposits	251	418	15	826	10	1
Cash reserve deposits	20 877	17 401	11 842	11 842	11 842	11 047
Other liabilities to financial institutions	32	36	2	2	1	0
Liabilities to the public sector	3 970	1 321	4	4	4	3
Cheque accounts	1	1	-	-	-	-
Pension fund deposits	2 356	-	-	-	-	-
Counter-cyclical deposits	1 318	1 317	-	-	-	-
Export deposits	292	-	-	-	-	-
Other liabilities to the public sector	4	3	4	4	4	3
Liabilities to corporations	10 105	9 925	8 161	8 140	8 121	8 100
Deposits for investment and ship purchase	10 105	9 925	8 161	8 138	8 118	8 097
Other liabilities to corporations	-	-	-	3	3	3
Other liabilities	59	1 774	103	98	98	99
Accrued items	-	1 718	-	-	-	-
Other liabilities	59	56	103	98	98	99
Valuation account and reserves	4 525	3 448	8 870	8 658	8 491	8 853
SITRA's capital	400	400	-	-	-	-
Capital accounts	5 764	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764	764
Profit/loss for the accounting year	-	-	-	-	-	-
Total	63 400	58 964	51 771	52 336	56 311	54 288

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net liabilities (11-10)
	1	2	3	4	5	6	7	8	9	10	11	12
1986	2 081	983	793	6 778	10 635	3 421	14 056	-838	13 218	1 002	2 001	999
1987	2 128	899	793	2 3571	27 391	1 212	28 603	1 131	29 734	977	901	-76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	775
1989	2 179	966	950	18 780	22 875	-564	22 311	440	22 751	1 137	5 325	4 188
1990	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1990												
Oct.	2 180	792	825	33 191	36 988	-1 022	35 966	-363	35 603	1 329	3 970	2 641
Nov.	2 180	783	774	34 015	37 752	-1 263	36 489	-357	36 132	1 322	1 832	510
Dec.	2 180	791	783	33 451	37 205	-882	36 323	-364	35 959	1 314	1 321	7
1991												
Jan.	2 180	1 027	881	34 295	38 383	-288	38 095	-362	37 733	1 339	1 321	-18
Feb.	2 180	968	863	32 839	36 850	-526	36 324	-365	35 959	1 354	1 323	-31
March	2 180	1 001	892	31 441	35 514	-397	35 117	-376	34 741	1 388	1 320	-68
April	2 180	945	1 065	30 681	34 871	-260	34 611	-386	34 225	1 388	3	-1 385
May	2 180	833	1 091	23 154	27 258	-17	27 241	-387	26 854	1 405	4	-1 401
June	2 180	1 021	1 115	29 588	33 904	29	33 933	-394	33 539	1 411	4	-1 407
July	2 180	853	1 111	29 535	33 679	56	33 735	-399	33 336	1 391	4	-1 387
Aug.	2 180	875	1 086	25 966	30 107	55	30 162	-401	29 761	1 382	3	-1 379
Sept.	2 180	863	1 142	22 743	26 928	49	26 977	-400	26 577	1 398	3	-1 395
Oct.	2 180	868	1 145	12 242	16 435	42	16 477	-404	16 073	1 375	3	-1 372

End of period	Domestic financial sector					Corporate sector					
	Term claims on deposit banks	Call money claims on deposit banks, net	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other liabilities to financial institutions, net	Net claims (13+14-15+16-17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19-20)	Notes and coin in circulation	Out-standing CBs issued by the Bank of Finland
	13	14	15	16	17	18	19	20	21	22	23
1986	2 381	6 687	9 270	2 305	-2 240	4 343	4 581	4 757	-176	8 668	.
1987	-	-757	10 941	2 730	-2 350	-6 618	3 449	4 782	-1 333	9 990	4 970
1988	7 187	335	19 039	2 920	-3 733	-4 864	2 823	6 579	-3 756	11 550	1 130
1989	33 230	-531	25 506	3 310	-2 248	12 751	2 000	10 604	-8 604	13 129	-
1990	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1990											
Oct.	14 501	-236	20 877	3 695	-2 334	-583	1 548	9 902	-8 354	13 392	-
Nov.	12 709	-1 746	19 878	3 307	-2 324	-3 284	1 526	9 802	-8 276	13 467	-
Dec.	9 411	-418	17 401	3 427	-2 317	-2 664	1 477	9 724	-8 247	14 555	-
1991											
Jan.	6 948	-1 300	17 215	3 614	-2 262	-5 691	1 448	9 330	-7 882	13 397	640
Feb.	8 171	-1 601	15 682	3 926	-2 239	-2 947	1 419	9 226	-7 807	13 170	1 430
March	11 829	350	15 740	3 535	-2 234	2 208	1 374	8 974	-7 600	13 412	3 770
April	11 193	-441	15 845	3 429	-2 169	505	1 336	8 587	-7 251	13 244	3 280
May	16 252	1 282	14 700	3 442	-2 181	8 457	1 310	8 076	-6 766	14 406	2 380
June	12 715	-1 996	14 161	3 786	-2 164	2 508	1 273	8 190	-6 917	13 972	2 850
July	10 515	-1 877	13 546	3 740	-2 127	959	1 236	8 074	-6 838	13 841	1 090
Aug.	12 159	-1 078	12 707	3 631	-2 133	4 138	1 212	7 993	-6 781	13 613	370
Sept.	13 289	285	11 842	3 542	-2 105	7 379	1 172	7 973	-6 801	13 621	610
Oct.	13 587	13 383	11 047	3 471	-2 066	21 460	1 143	7 896	-6 753	13 500	4 090

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Impact on liquidity (1-2-3)	Call money credits	Call money deposits	Total net change (4+5-6)
	1	2	3	4	5	6	7
1986	.	.	.	.	1 599	-1 074	2 673
1987	1 263	23 658	-17 520	-4 875	-6 818	626	-12 319
1988	13 840	19 190	-16 850	11 500	463	-629	12 592
1989	131 110	3 855	99 245	28 010	-425	441	27 144
1990	163 326	26 379	160 797	-23 850	-38	-151	-23 737
1990							
Oct.	4 850	50	8 340	-3 540	1	-290	-3 249
Nov.	4 160	50	5 940	-1 830	-15	1 495	-3 340
Dec.	3 150	350	6 250	-3 450	-	-1 328	-2 122
1991							
Jan.	3 230	640	5 320	-2 730	-	882	-3 612
Feb.	3 810	1 760	2 480	-430	6	307	-731
March	9 600	1 790	4 360	3 450	756	-1 195	5 401
April	13 060	1 200	8 990	2 870	-752	39	2 079
May	12 670	1 180	7 950	3 540	1 366	-357	5 263
June	9 603	2 980	9 493	-2 870	-1 305	1 973	-6 148
July	6 865	160	7 366	-661	-71	-190	-542
Aug.	11 430	280	7 380	3 770	21	-778	4 569
Sept.	11 670	680	10 360	630	277	-1 086	1 993
Oct.	15 350	6 710	8 990	-350	13 086	-12	12 748

2.2 FORWARD EXCHANGE MARKET, MILL.FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
1986	11 446	1 319	10 127	-2 461	-92	7 574
1987	21 671	1 158	20 513	-233	-1 287	18 994
1988	16 488	1 543	14 946	9 086	-377	23 654
1989	10 531	3 563	6 967	8 031	205	15 204
1990	11 609	4 979	6 631	10 100	-6 098	10 633
1990						
Sept.	12 407	3 978	8 429	13 037	-6 922	14 544
Oct.	12 042	4 677	7 366	12 031	-6 633	12 764
Nov.	12 218	5 220	6 999	11 840	-6 492	12 347
Dec.	11 609	4 979	6 631	10 100	-6 098	10 633
1991						
Jan.	13 191	6 724	6 467	9 165	-5 260	10 372
Feb.	12 545	7 871	4 673	9 413	-3 028	11 058
March	13 919	12 231	1 688	3 336	-2 593	2 431
April	14 088	15 045	-957	6 496	-1 568	3 971
May	15 130	25 075	-9 945	6 181	663	-3 101
June	16 144	23 123	-6 980	8 500	3 159	4 679
July	16 228	20 422	-4 194	5 350	3 257	4 413
Aug.	16 961	30 053	-13 092	7 757	3 187	-2 148
Sept.	17 020	38 496	-21 477	13 454	3 947	-4 076

2.3 BANKS' CENTRAL BANK POSITION, MILL.FIM

Average of daily observations	Call money credits	Bank CDs held by the Bank of Finland	Gross debt to the Bank of Finland (1+2)	Call money deposits	Holdings of CDs issued by the Bank of Finland	Cash reserve deposits	Gross claim on the Bank of Finland (4+5+6)	Net position (3-7)
	1	2	3	4	5	6	7	8
1986	7117	120	7 237	1 256	.	9 189	10 445	-3 208
1987	481	1 581	2 062	703	4 705	10 092	15 501	-13 439
1988	128	2 190	2 319	621	5 044	15 159	20 824	-18 505
1989	373	15 146	15 519	403	465	23 035	23 903	-8 384
1990	142	24 056	24 198	790	1 924	23 406	26 120	-1 922
1990								
Oct.	14	15 893	15 906	974	-	21 378	22 352	-6 445
Nov.	167	13 511	13 678	327	-	20 843	21 170	-7 492
Dec.	188	10 310	10 499	698	-	18 981	19 679	-9 181
1991								
Jan.	36	7 764	7 800	816	546	17 395	18 757	-10 957
Feb.	128	7 368	7 496	420	1 260	17 160	18 840	-11 344
March	474	9 094	9 568	535	3 253	15 690	19 477	-9 909
April	49	12 235	12 284	999	3 288	15 743	20 030	-7 746
May	148	11 837	11 985	1 319	2 504	15 808	19 631	-7 645
June	535	15 926	16 461	2 332	2 469	14 646	19 447	-2 986
July	34	10 038	10 073	1 132	1 856	14 142	17 130	-7 057
Aug.	24	10 002	10 026	865	683	13 492	15 040	-5 014
Sept.	219	14 983	15 202	418	412	12 678	13 508	1 694
Oct.	5 126	12 287	17 413	405	2 094	11 817	14 316	3 098

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED

BY THE BANK OF FINLAND, PER CENT

Average of daily observations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates			Cash reserve requirement	
		1 month	3 months	6 months	12 months	Call money credit rate	Call money deposit rate	Base rate	Ordinary	Additional (average)
	1	2	3	4	5	6	7	8	9	10
1986	11.87	..	..	..	..	13.43	11.34	7.46	4.8	.
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00	4.8	.
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63	6.5	.
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67	8.0	0.5
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50	7.9	.
1990										
Oct.	12.48	13.97	14.41	14.57	14.72	15.00	4.00	8.50	8.0	.
Nov.	15.19	14.48	14.53	14.40	14.38	15.00	4.00	8.50	7.8	.
Dec.	15.55	14.40	14.30	14.08	14.02	15.00	4.00	8.50	7.0	.
1991										
Jan.	15.10	14.55	14.21	13.96	13.78	15.00	4.00	8.50	6.7	.
Feb.	14.91	14.48	14.02	13.66	13.36	15.00	4.00	8.50	6.2	.
March	18.90	15.66	14.72	14.10	13.64	15.00	4.00	8.50	6.2	.
April	16.33	14.69	13.97	13.52	13.28	15.00	4.00	8.50	6.2	.
May	13.12	12.25	11.98	11.94	11.95	15.00	4.00	8.50	5.8	.
June	13.45	11.29	11.25	11.41	11.56	15.00	4.00	8.50	5.5	.
July	9.48	10.09	10.69	11.19	11.52	15.00	4.00	8.50	5.2	.
Aug.	10.20	10.62	11.09	11.28	11.50	15.00	4.00	8.50	4.9	.
Sept.	19.84	14.80	13.20	12.45	12.07	15.00	4.00	8.50	4.6	.
Oct.	15.72	15.95	14.38	13.01	12.46	15.00	4.00	8.50	4.3	.

3.2 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

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

3.3 COVERED EURODOLLAR RATE, PER CENT

Average of daily observations	1 month	3 months	6 months	12 months
	1	2	3	4
1986	12.0	11.7	11.5	11.1
1987	9.8	9.9	9.9	10.1
1988	9.5	9.8	9.9	10.2
1989	11.8	12.1	12.1	12.1
1990	13.2	13.7	13.9	14.1
1990				
Oct.	13.8	14.3	14.4	14.5
Nov.	14.3	14.4	14.2	14.1
Dec.	14.1	14.0	13.8	13.7
1991				
Jan.	14.1	14.1	13.7	13.6
Feb.	14.2	13.9	13.4	13.1
March	15.3	14.5	13.8	13.3
April	14.5	13.8	13.3	13.0
May	12.1	11.9	11.9	11.8
June	11.7	11.7	11.5	11.6
July	10.3	11.0	11.4	11.6
Aug.	11.1	10.9	11.3	11.5
Sept.	14.9	13.4	12.5	12.0
Oct.	15.7	14.4	13.0	12.3

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markka deposits and other markka funding				
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	Other tax-exempt deposits, on max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total							
	1	2	3	4	5	6	7	8	9	10	11
1986	10.89	12.30	9.76	10.64	9.03	9.07	7.00	2.75	4.66	11.84	5.35
1987	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	4.50	6.43	13.55	8.41
1990											
Sept.	12.05	15.51	13.50	13.73	11.70	11.39	7.50	4.50	6.44	12.82	8.28
Oct.	14.78	15.86	13.71	14.36	11.91	11.69	7.50	4.50	6.48	12.92	8.32
Nov.	14.38	15.99	14.11	14.57	12.02	11.79	7.50	4.50	6.52	13.60	8.53
Dec.	14.47	15.94	13.29	13.94	12.14	11.94	7.50	4.50	6.30	13.84	8.31
1991											
Jan.	15.00	16.40	13.39	14.11	12.18	11.97	7.50	4.50	7.20	13.91	9.04
Feb.	15.45	16.36	14.01	14.69	12.18	11.96	7.50	4.50	7.23	13.83	9.06
March	14.99	16.45	14.44	14.91	12.31	12.16	7.50	4.50	7.29	15.07	9.62
April	15.85	16.45	14.17	14.80	12.25	11.99	7.50	4.50	7.29	13.93	9.26
May	15.50	15.05	13.37	13.85	12.20	11.96	7.50	4.50	7.14	13.25	9.03
June	13.98	15.55	13.02	13.54	11.91	11.56	7.50	4.50	7.05	12.35	8.61
July	12.00	15.54	12.80	13.19	11.67	11.28	7.50	4.50	6.79	11.69	8.21
Aug.	12.54	15.35	12.70	13.09	11.70	11.38	7.50	4.50	6.82	11.73	8.29
Sept.	12.81	15.74	13.78	13.96	11.96	11.76	7.50	4.50	6.95	12.95	8.87

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields							Offer yield on taxable public issues
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Taxfree public issues	
	3 years	5 years			Financial institutions	Corporations		
	1	2	3	4	5	6	7		8
1986	..	..	.	11.7	..	..	8.3	11.3
1987	..	..	.	11.2	11.1	11.2	8.1	10.7
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8	10.4
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1	11.7
1990	13.7	13.5	13.2	13.3	13.3	13.2	9.2	13.0
1990								
Sept.	13.7	13.6	13.5	13.3	13.4	13.1	9.2	13.0
Oct.	14.0	13.9	13.7	13.7	13.5	14.0	9.5	13.5
Nov.	13.9	13.8	13.7	13.4	13.3	13.5	10.0	13.6
Dec.	13.5	13.4	13.3	13.2	13.2	12.9	10.7	13.3
1991								
Jan.	13.2	13.2	13.0	13.4	13.3	13.2	10.6	13.1
Feb.	13.0	13.0	12.6	13.3	13.4	13.4	10.6	12.7
March	13.0	12.9	12.5	13.2	13.1	13.8	10.4	12.4
April	12.7	12.5	12.2	13.0	11.8	14.1	10.3	12.1
May	11.9	11.8	11.5	12.4	12.1	12.5	10.2	11.2
June	11.5	11.5	11.1	11.7	11.5	12.7	10.1	11.1
July	11.8	11.7	11.2	12.4	12.2	12.6	10.0	10.8
Aug.	11.7	11.7	11.2	11.9	11.9	12.3	9.8	11.2
Sept.	11.7	11.7	11.3	12.2	12.0	12.7	9.6	11.3

4. RATES OF EXCHANGE

4.1 AVERAGE SPOT SELLING RATES, FIM

Average New York of daily quotations	Montreal	London	Dublin	Stockholm	Oslo	Copen- hagen	Frankfurt a.M.	Amster- dam	Brussels	Zurich	
	1 USD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 DEM	1 NLG	1 BEF	1 CHF	
	1	2	3	4	5	6	7	8	9	10	11
1986	5.077	3.659	7.459	6.816	0.7138	0.6882	0.6290	2.3454	2.0789	0.11399	2.8349
1987	4.404	3.325	7.213	6.556	0.6952	0.6547	0.6444	2.4514	2.1755	0.11806	2.9563
1988	4.191	3.412	7.466	6.397	0.6848	0.6444	0.6235	2.3895	2.1233	0.11421	2.8700
1989	4.295	3.632	7.051	6.104	0.6673	0.6234	0.5886	2.2879	2.0281	0.10925	2.6306
1990	3.831	3.287	6.827	6.347	0.6479	0.6130	0.6197	2.3721	2.1053	0.11480	2.7635
1990											
Oct.	3.627	3.133	7.060	6.386	0.6434	0.6135	0.6235	2.3785	2.1100	0.11559	2.8302
Nov.	3.569	3.072	7.015	6.433	0.6420	0.6155	0.6264	2.4006	2.1285	0.11645	2.8394
Dec.	3.611	3.117	6.974	6.449	0.6438	0.6177	0.6284	2.4197	2.1451	0.11699	2.8293
1991											
Jan.	3.650	3.162	7.064	6.457	0.6481	0.6188	0.6281	2.4171	2.1440	0.11737	2.8693
Feb.	3.597	3.119	7.082	6.478	0.6508	0.6224	0.6324	2.4324	2.1583	0.11821	2.8434
March	3.835	3.319	7.035	6.398	0.6535	0.6152	0.6248	2.3990	2.1284	0.11651	2.7770
April	4.001	3.473	7.007	6.292	0.6547	0.6051	0.6141	2.3506	2.0858	0.11431	2.7796
May	4.047	3.525	6.992	6.320	0.6587	0.6061	0.6164	2.3578	2.0922	0.11469	2.7824
June	4.228	3.699	6.983	6.355	0.6592	0.6088	0.6163	2.3737	2.1072	0.11539	2.7662
July	4.298	3.745	7.087	6.434	0.6647	0.6169	0.6217	2.4030	2.1332	0.11679	2.7733
Aug.	4.245	3.710	7.148	6.509	0.6705	0.6232	0.6292	2.4323	2.1582	0.11820	2.7906
Sept.	4.143	3.646	7.148	6.530	0.6711	0.6244	0.6323	2.4405	2.1656	0.11853	2.7910
Oct.	4.127	3.661	7.113	6.534	0.6706	0.6243	0.6323	2.4413	2.1667	0.11863	2.7910

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tokyo	Mel- bourne	ECU Commer- cial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
1986	0.7355	0.00343	0.3339	0.0343	0.1259	0.0364	..	0.03028	..	..	5.94432
1987	0.7345	0.00341	0.3488	0.0315	0.1163	0.0358	..	0.03050	3.106	5.075	5.68010
1988	0.7060	0.00324	0.3401	0.0294	0.1006	0.0361	..	0.03273	3.309	4.954	5.61826
1989	0.6757	0.00315	0.3254	0.0276	0.0782	0.0364	..	0.03122	3.423	4.731	5.49375
1990	0.7054	0.00321	0.3374	0.0271	0.0681	0.0377	..	0.02654	3.011	4.875	5.18345
1990											
Oct.	0.7117	0.00319	0.3384	0.0272	0.0681	0.0380	..	0.02794	2.933	4.919	5.16932
Nov.	0.7146	0.00321	0.3416	0.0275	0.0680	0.0381	..	0.02770	2.782	4.949	5.14440
Dec.	0.7142	0.00322	0.3443	0.0276	0.0681	0.0381	..	0.02706	2.799	4.963	5.14894
1991											
Jan.	0.7131	0.00323	0.3438	0.0274	0.0685	0.0385	..	0.02729	2.863	4.981	5.18185
Feb.	0.7162	0.00325	0.3461	0.0279	0.0686	0.0390	..	0.02761	2.840	5.002	5.17020
March	0.7063	0.00323	0.3412	0.0278	0.0690	0.0387	..	0.02802	2.980	4.927	5.29584
April	0.6969	0.00318	0.3342	0.0273	0.0692	0.0382	..	0.02921	3.138	4.844	5.39487
May	0.6969	0.00319	0.3354	0.0273	0.0694	0.0382	..	0.02932	3.151	4.847	5.42606
June	0.7013	0.00321	0.3376	0.0273	0.0702	0.0382	0.0230	0.03024	3.231	4.879	5.56841
July	0.7095	0.00324	0.3417	0.0281	0.0711	0.0385	0.0230	0.03117	3.331	4.938	5.66884
Aug.	0.7172	0.00327	0.3459	0.0286	0.0715	0.0391	0.0230	0.03103	3.338	4.992	5.65829
Sept.	0.7186	0.00328	0.3471	0.0287	0.0713	0.0390	0.0230	0.03080	3.304	5.002	5.59644
Oct.	0.7177	0.00328	0.3472	0.0286	0.0713	0.0388	0.0230	0.03158	3.291	5.000	5.61024

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU		Currency indices, 1982=100		
	FIM/ECU	FIM/ECU index, midpoint=100	Bank of Finland's trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4	5
1986	4.99433	102.4	103.9	106.3	110.4
1987	5.08273	104.2	103.3	103.2	106.1
1988	4.96108	101.7	102.0	101.1	104.7
1989	4.73670	97.1	98.4	98.4	102.8
1990	4.85697	99.6	97.3	96.1	97.3
1990					
Oct.	4.89268	100.3	97.7	95.4	96.6
Nov.	4.91748	100.9	97.7	95.3	96.2
Dec.	4.93315	101.2	97.9	95.7	96.4
1991					
Jan.	4.94224	101.4	98.4	96.3	97.0
Feb.	4.97232	102.0	98.8	96.3	97.0
March	4.91308	100.8	98.7	97.2	98.8
April	4.83628	99.2	98.4	97.4	100.2
May	4.84342	99.3	98.7	97.9	100.8
June	4.86741	99.8	99.6	99.2	103.0
July	4.92615	101.0	100.8	100.5	104.6
Aug.	4.98131	102.2	101.6	101.0	104.7
Sept.	4.99324	102.4	101.5	100.5	103.9
Oct.	4.98879	102.3	101.5	100.4	104.2

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
1986	19 368	69 887	70 082		159 337	4 259	163 596	15 888	179 484
1987	21 320	76 160	83 742		181 222	3 915	185 137	17 892	203 029
1988	25 473	76 958	121 658		224 090	4 561	228 650	28 844	257 494
1989*	28 935	85 396	125 732		240 063	7 133	247 197	35 298	282 495
1990*	30 941	96 176	124 826		251 943	6 787	258 730	38 835	297 565
1990*									
Aug.	28 170	87 972	129 679		245 820	7 373	253 194	43 287	296 481
Sept.	27 532	88 268	129 608		245 409	7 217	252 626	45 619	298 245
Oct.	28 582	87 094	129 545		245 221	8 027	253 248	46 999	300 247
Nov.	28 246	87 218	129 197		244 662	7 885	252 547	48 882	301 428
Dec.	30 941	96 176	124 826		251 943	6 787	258 731	38 835	297 566
1991*									
Jan.	27 937	82 243	137 848		248 027	7 318	255 345	43 928	299 274
Feb.	27 134	82 061	139 773		248 968	8 376	257 344	43 071	300 415
March	26 108	85 091	124 425	14 571	250 196	10 514	260 710	48 606	309 316
April	26 206	83 128	120 375	18 715	248 424	10 189	258 613	47 977	306 590
May	27 362	84 933	120 227	18 685	251 207	10 083	261 290	52 377	313 667
June	29 915	86 765	118 641	19 342	254 663	10 408	265 071	47 550	312 621
July	29 535	86 235	118 359	19 372	253 500	9 701	263 201	49 001	312 202
Aug.	27 506	86 719	118 438	18 563	251 227	11 608	262 835	53 386	316 221

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
1986	7 542	6 354	152 335	166 231	24 450	190 681
1987	8 507	5 177	178 698	192 382	36 475	228 857
1988	11 358	5 920	234 268	251 545	49 910	301 455
1989*	15 270	5 651	255 410	276 331	71 323	347 654
1990*	19 152	5 777	260 790	285 720	102 595	388 314
1990*						
Aug.	18 440	5 886	260 023	284 349	96 478	380 827
Sept.	19 260	5 863	263 147	288 270	98 093	386 363
Oct.	16 655	5 735	262 920	285 310	98 118	383 428
Nov.	19 156	5 724	262 268	287 148	100 547	387 695
Dec.	19 152	5 777	260 790	285 720	102 595	388 314
1991*						
Jan.	18 897	5 549	259 464	283 910	104 010	387 920
Feb.	18 653	5 491	259 415	283 559	104 379	387 938
March	18 428	5 410	259 616	283 454	105 093	388 546
April	18 292	5 416	259 028	282 735	103 798	386 533
May	17 798	5 271	259 334	282 404	105 448	387 852
June	17 942	5 190	259 851	282 983	106 285	389 269
July	17 787	5 021	259 880	282 687	88 095	370 782
Aug.	16 584	4 925	260 790	282 299	106 508	388 806

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1986	-16 784	-13 884	237 514	223 630	-37 751	96 874	169 095	170 076
1987	-25 484	-14 977	277 068	262 090	-45 769	105 829	190 837	206 175
1988	-40 670	-15 356	353 681	338 325	-63 387	111 259	234 268	256 947
1989*	-59 049	-18 691	408 344	389 653	-79 084	124 295	251 519	272 603
1990*	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1990*								
July	-70 011	-17 320	442 342	425 022	-95 841	127 416	259 171	291 732
Aug.	-73 077	-17 034	445 492	428 458	-97 511	126 332	257 870	291 948
Sept.	-76 042	-16 415	450 006	433 591	-99 650	128 399	257 900	293 609
Oct.	-76 332	-15 648	449 765	434 117	-100 348	127 713	257 436	291 707
Nov.	-80 013	-16 483	452 668	436 185	-98 428	128 127	257 744	291 414
Dec.	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1991*								
Jan.	-83 269	-15 187	457 639	442 452	-98 044	122 453	261 139	289 898
Feb.	-86 676	-11 118	458 501	447 383	-99 285	121 053	261 423	288 823
March	-81 750	-7 736	454 073	446 337	-101 181	121 271	263 406	294 244
April	-81 026	-9 236	451 259	442 023	-99 964	119 229	261 033	290 233
May	-81 899	-9 355	452 770	443 415	-95 112	124 190	266 403	297 849
June	-79 812	-9 512	454 529	445 017	-96 677	127 454	268 528	298 899
July	-84 565	-9 819	460 838	451 019	-99 124	126 403	267 329	296 597

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

End of period	Foreign debt			Domestic debt				Total central government debt (4+8)	Out-standing lending	Cash funds	
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills				Total (5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1986	17 905	3 038	6 038	26 981	18 059	4 481	2 474	25 013	51 994	38 028	11 686
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	40 035	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	42 990	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	45 356	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	.	32 245	57 038	49 094	23 114
1990											
Sept.	18 590	502	3 190	22 282	22 126	5 182	300	27 608	49 890	48 158	18 903
Oct.	19 325	330	3 181	22 836	22 404	5 182	.	27 586	50 422	48 689	18 034
Nov.	19 832	330	3 183	23 345	23 363	5 182	.	28 545	51 890	48 725	19 035
Dec.	20 917	732	3 144	24 793	23 982	8 263	.	32 245	57 038	49 094	23 114
1991											
Jan.	21 876	1 290	2 978	26 144	23 483	8 261	285	32 029	58 173	49 792	26 381
Feb.	21 486	1 697	2 941	26 124	24 102	8 261	825	33 188	59 312	50 389	18 467
March	25 405	1 736	2 910	30 051	24 769	8 256	925	33 950	64 001	51 188	20 871
April	24 784	1 759	2 675	29 218	25 082	7 783	1 725	34 590	63 808	52 208	24 167
May	25 174	1 779	2 711	29 664	25 994	7 608	2 125	35 727	65 391	52 602	19 794
June	24 909	1 828	2 669	29 406	26 754	7 608	2 330	36 692	66 098	53 112	17 306
July	25 760	1 813	2 689	30 262	27 122	9 008	2 330	38 460	68 722	53 679	17 215
Aug.	26 028	1 837	2 633	30 498	28 315	9 008	2 330	39 653	70 151	54 303	15 108
Sept.	28 417	1 817	2 350	32 584	29 058	9 008	2 530	40 595	73 179	..	..

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1986	4 976	10 638	6 532	422	105	5 987	7 487	9 199	22 674
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990*	4 640	17 917	4 420	490	1 007	17 260	607	10 607	28 473
1990*									
Sept.	44	1 810	150	-	-	1 645	250	109	2 004
Oct.	842	485	2 312	-	-	2 772	-	867	3 639
Nov.	64	1 215	165	-	-	435	-	1 009	1 444
Dec.	836	3 857	150	150	-	3 007	-	1 986	4 993
1991*									
Jan.	1 054	3 489	2 000	-	-	4 787	-	1 756	6 543
Feb.	272	742	-	-	-	692	-	322	1 014
March	271	1 015	500	29	-	1 267	-	548	1 815
April	161	1 988	1 800	-	-	3 018	-	931	3 949
May	815	2 095	1 475	50	-	3 553	-	882	4 434
June	880	3 507	-	315	-	2 655	-	2 047	4 702
July	1 592	2 113	-	-	-	1 521	-	2 184	3 705
Aug.	275	855	5 440	50	-	6 465	-	155	6 620
Sept.	449	1 802	300	250	-	2 652	-	149	2 801

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1986	14 075	31 902	22 091	1 042	177	16 432	23 314	29 541	69 287
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
1989	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990*	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1990*									
II	22 072	53 719	27 433	1 803	954	43 651	24 544	37 786	105 981
III	22 386	56 266	26 997	1 691	1 303	47 058	23 623	37 962	108 643
IV	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991*									
I	24 169	62 451	29 594	1 466	4 006	58 366	20 638	42 680	121 684
II	23 269	67 588	30 932	1 760	4 395	63 588	19 971	44 384	127 943

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices											Turnover ² , mill. FIM				
	HEX index (Dec. 28, 1990=1000)										Unitas index ¹ , 1975=100			Shares and subscription rights	Bonds and debentures	Total
	All-share index	By ownership		By industry						All-share index	Banks	Industry				
		Re-restricted	Non-restricted	Banks and finance	Insurance and investment	Manufacturing	Of which									
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
1986	..	..	..	..	..	..	..	..	..	350	254	357	9 488	6 479	15 968
1987	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	546	319	603	26 641	4 604	31 245	
1988	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	677	404	734	31 734	5 718	37 452	
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	742	441	793	33 160	7 375	40 536	
1990	1 332	1 324	1 395	1 263	1 185	1 376	1 436	1 282	1 474	536	283	595	15 521	4 550	20 071	
1990																
Oct.	1 042	1 043	1 032	1 037	988	1 043	1 090	1 023	1 049	417	233	455	680	427	1 107	
Nov.	1 026	1 025	1 033	1 030	958	1 031	1 060	1 034	1 025	410	230	449	1 727	233	1 960	
Dec.	1 012	1 009	1 030	1 003	977	1 019	1 018	1 025	1 031	404	223	444	1 058	810	1 869	
1991																
Jan.	910	905	945	929	908	901	951	928	872	357	203	387	498	310	808	
Feb.	951	940	1 025	959	930	955	1 032	1 028	941	377	210	412	535	204	739	
March	1 092	1 077	1 198	1 075	971	1 135	1 235	1 241	1 150	.	.	.	953	141	1 094	
April	1 138	1 123	1 243	1 060	993	1 210	1 279	1 263	1 273	.	.	.	607	117	724	
May	1 071	1 051	1 210	1 001	1 000	1 123	1 169	1 171	1 179	.	.	.	692	62	754	
June	1 031	1 010	1 184	977	963	1 076	1 089	1 128	1 139	.	.	.	710	111	821	
July	983	971	1 076	912	942	1 023	1 032	1 094	1 076	.	.	.	307	51	358	
Aug.	986	971	1 095	915	950	1 025	1 049	1 098	1 073	.	.	.	324	58	382	
Sept.	914	897	1 032	829	904	948	1 007	1 037	974	.	.	.	373	61	433	
Oct.	846	833	945	755	807	891	988	994	889	.	.	.	447	40	487	

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

² During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, f.o.b.	Trans- port receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Invest- ment income	Trans- fers and other income	Current account receipts (6+7+8)	Imports of goods, c.i.f.	Trans- port ex- pendi- ture	Travel expen- diture	Other services expen- diture
	1	2	3	4	5	6	7	8	9	10	11	12	13
1986	81 066	5 757	3 195	5 616	14 568	95 634	4 808	3 609	104 050	76 736	2 160	5 587	5 415
1987	83 826	6 387	3 736	6 099	16 222	100 048	6 162	3 231	109 441	81 867	2 610	6 811	6 488
1988	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
1989	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
1990*	99 750	8 049	4 622	6 116	18 787	118 537	12 444	4 453	135 434	101 953	4 132	10 757	9 475
1989													
I	24 944	1 853	869	1 322	4 044	28 988	1 949	851	31 788	24 292	820	1 922	2 170
II	23 370	1 948	1 078	1 376	4 401	27 771	2 684	930	31 385	24 762	947	2 170	2 234
III	22 534	1 982	1 421	1 466	4 869	27 403	2 368	927	30 698	25 637	1 022	2 431	2 070
IV	27 418	1 879	1 129	2 114	5 122	32 540	3 211	944	36 694	29 708	1 080	2 446	2 285
1990*													
I	24 356	1 939	794	1 617	4 349	28 705	3 117	1 083	32 905	24 728	827	2 512	2 230
II	26 481	2 045	1 070	1 534	4 649	31 130	3 225	1 142	35 497	27 403	1 001	2 579	2 215
III	22 902	2 079	1 597	1 358	5 034	27 936	2 533	1 104	31 574	23 059	1 129	2 907	2 128
IV	26 011	1 986	1 161	1 608	4 755	30 766	3 569	1 123	35 459	26 762	1 175	2 759	2 902
1991*													
I	22 000	1 896	933	1 665	4 494	26 494	3 911	1 116	31 521	22 083	854	2 612	2 745
II	21 268	1 994	1 264	1 502	4 760	26 028	3 192	1 199	30 420	20 975	983	2 593	2 587

During period	Services expendi- ture, total (11+12 +13)	Imports of goods and services (10+14)	Invest- ment expen- diture	Trans- fers and other expen- diture	Current account expen- diture (15+16 +17)	Trade account (1-10)	Trans- port (2-11)	Travel (3-12)	Other services (4-13)	Services account (20+21 +22)	Goods and services account (19+23)	Invest- ment income, net (7-16)	Trans- fers and others, net (8-17)	Current account (24+25 +26)= (9-18)
	14	15	16	17	18	19	20	21	22	23	24	25	26	27
1986	13 162	89 898	11 814	5 964	107 675	4 329	3 597	-2 392	201	1 406	5 735	-7 006	-2 355	-3 625
1987	15 909	97 775	13 356	5 860	116 990	1 960	3 778	-3 075	-390	313	2 273	-7 194	-2 629	-7 550
1988	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
1989	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
1990*	24 364	126 317	27 078	8 973	162 368	-2 203	3 917	-6 135	-3 359	-5 577	-7 780	-14 633	-4 521	-26 934
1989														
I	4 911	29 203	4 364	2 120	35 687	652	1 034	-1 053	-848	-867	-215	-2 415	-1 269	-3 899
II	5 351	30 114	5 887	1 884	37 885	-1 393	1 001	-1 092	-858	-950	-2 343	-3 203	-954	-6 500
III	5 522	31 160	5 332	1 730	38 222	-3 103	960	-1 010	-604	-654	-3 757	-2 964	-804	-7 524
IV	5 811	35 519	6 289	1 827	43 645	-2 291	799	-1 316	-171	-689	-2 980	-3 088	-883	-6 951
1990*														
I	5 569	30 298	6 263	2 166	38 726	-373	1 112	-1 719	-614	-1 220	-1 593	-3 146	-1 083	-5 822
II	5 795	33 198	7 247	2 378	42 823	-921	1 044	-1 509	-681	-1 146	-2 068	-4 022	-1 236	-7 326
III	6 164	29 224	6 460	2 135	37 818	-157	950	-1 310	-770	-1 130	-1 287	-3 926	-1 031	-6 245
IV	6 836	33 598	7 108	2 294	43 000	-751	812	-1 597	-1 295	-2 080	-2 832	-3 539	-1 171	-7 541
1990*														
I	6 210	28 293	7 688	2 928	38 909	-83	1 042	-1 678	-1 080	-1 716	-1 799	-3 776	-1 812	-7 388
II	6 162	27 137	7 738	2 177	37 052	293	1 012	-1 329	-1 085	-1 402	-1 108	-4 545	-979	-6 632

6.2 CAPITAL ACCOUNT¹, MILL. FIM

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

During period	Imports of short-term capital				Exports of short-term capital				Errors and omissions	Short-term capital account (16-20+21)	Overall balance excl. reserve movements (12+22)	Change in central bank's foreign exchange reserves
	Short-term capital imports of authorized banks	Trade credits	Other short-term capital	Total (13+14+15)	Short-term capital exports of authorized banks	Trade credits	Other short-term capital	Total (17+18+19)				
	13	14	15	16	17	18	19	20	21	22	23	24
1986	6 019	-3 796	514	2 736	7 181	-92	955	8 043	2 240	-3 068	-7 930	7 930
1987	19 324	-665	3 835	22 494	-9 346	-183	1 268	-8 261	-6 915	23 839	15 736	-15 736
1988	10 950	-399	-811	9 740	1 754	644	1 995	4 393	3 155	8 501	183	-183
1989	4 285	1 627	3 679	9 592	1 873	475	710	3 058	5 368	11 902	-5 961	5 961
1990*	12 352	1 471	-1 822	12 000	-4 318	-864	814	-4 368	-5 783	10 585	15 092	-15 092
1989												
I	5 699	-287	1 686	7 098	6 536	214	25	6 774	2 395	2 718	1 820	-1 820
II	10 783	-2 108	1 604	10 280	3 808	214	1 036	5 058	920	6 141	-1 174	1 174
III	4 047	1 107	537	5 690	3 860	24	264	4 148	2 919	4 462	-2 987	2 987
IV	-16 243	2 915	-148	-13 476	-12 331	24	-615	-12 922	-865	-1 419	-3 620	3 620
1990*												
I	19 514	735	956	21 205	10 570	-593	1 575	11 552	-9 313	340	10 847	-10 847
II	9 095	793	-1 742	8 146	5 078	-593	-103	4 382	2 058	5 821	774	-774
III	-2 325	-351	517	-2 158	-3 743	-58	238	-3 563	580	1 985	2 059	-2 059
IV	-13 932	293	-1 554	-15 192	-16 223	379	-896	-16 740	892	2 440	1 412	-1 412
1991*												
I	19 560	-596	2 304	21 268	22 366	-164	3 996	26 199	851	-4 080	-3 102	3 102
II	-11 852	-753	-486	-13 092	525	-1 258	2 353	1 620	5 082	-9 630	-2 221	2 221

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

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

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1986	8 056	48 039	30 283	739	87 117	11 590	4 690	9 441	1 920	27 641	59 476
1987	10 339	54 317	30 379	830	95 865	17 892	6 975	13 638	2 192	40 697	55 168
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	18 002	2 484	52 908	62 754
1989	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*	19 000	96 543	54 914	6 181	176 639	44 047	7 560	26 289	5 454	83 350	93 288
1989											
I	13 186	75 798	33 132	957	123 073	26 702	7 798	20 067	2 643	57 210	65 863
II	14 041	77 417	34 118	935	126 511	27 619	8 287	21 469	2 643	60 018	66 494
III	15 205	79 950	35 418	919	131 492	30 172	8 392	22 317	2 655	63 536	67 956
IV	16 692	82 313	40 110	994	140 109	33 234	7 852	22 581	2 757	66 424	73 685
1990*											
I	16 950	85 070	50 790	1 120	153 930	35 073	8 113	23 149	2 913	69 248	84 682
II	17 242	85 823	52 247	1 086	156 398	37 599	7 715	23 501	2 913	71 728	84 670
III	17 151	89 500	54 362	1 060	162 073	39 918	7 631	23 553	2 923	74 025	88 048
IV	19 000	96 543	54 914	6 181	176 639	44 047	7 560	26 289	5 454	83 350	93 288
1991*											
I	19 937	107 002	59 590	6 008	192 537	46 544	7 591	26 766	5 833	86 735	105 802
II	20 181	118 059	65 255	6 536	210 031	48 357	6 855	28 336	5 974	89 522	120 509

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net investment expenditure (24)	Net investment expenditure in relation to current account receipts (25)
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1986	3 455	56 881	12 135	5 999	78 469	16 613	43 389	15 580	3 700	79 282	-813	58 663	7 006	6.7
1987	3 362	73 132	11 470	9 691	97 654	31 134	34 043	15 397	2 663	83 238	14 417	69 585	7 194	6.6
1988	3 341	83 828	11 070	9 039	107 278	32 037	35 797	16 041	4 789	88 664	18 614	81 367	7 656	6.2
1989	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	11 670	8.9
1990*	3 922	95 294	13 922	13 739	126 877	39 506	31 626	14 827	6 698	92 657	34 220	127 508	14 633	10.8
1989														
I	3 278	90 535	10 783	10 671	115 267	33 376	42 333	16 255	4 793	96 756	18 511	84 374	2 415	7.6
II	3 136	100 345	8 676	12 438	124 595	32 142	46 141	16 468	5 965	100 716	23 879	90 372	3 203	10.2
III	3 919	104 777	9 783	12 965	131 443	29 839	50 001	16 492	6 212	102 544	28 899	96 855	2 964	9.7
IV	3 558	88 751	12 697	12 883	117 889	25 113	37 670	16 516	5 666	84 965	32 924	106 609	3 088	8.4
1990*														
I	4 036	108 663	13 432	13 808	139 940	35 895	48 239	15 924	7 218	107 276	32 663	117 345	3 146	9.6
II	4 195	118 120	14 226	12 066	148 607	36 764	53 318	15 331	7 126	112 539	36 067	120 738	4 022	11.3
III	4 071	116 509	13 521	12 544	146 645	38 454	49 575	15 273	7 325	110 627	36 019	124 067	3 926	12.4
IV	3 922	95 294	13 922	13 739	126 877	39 506	31 626	14 827	6 698	92 657	34 220	127 508	3 539	10.0
1991*														
I	3 399	111 554	13 217	16 912	145 081	37 748	47 735	14 660	11 581	111 724	33 357	139 159	3 776	12.0
II	2 889	105 711	12 455	16 706	137 761	36 023	47 355	13 422	13 975	110 774	26 986	147 495	4 545	14.9

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

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

7. FOREIGN TRADE

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

During period	Exports, f.o.b.	Imports, c.i.f.	Balance (1-2)
	1	2	3
1986	82 579	77 601	4 978
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989	99 782	105 516	-5 734
1990*	101 338	103 018	-1 680
1990*			
Sept.	8 512	7 376	1 136
Oct.	8 986	10 115	-1 129
Nov.	8 960	8 381	579
Dec.	8 442	8 518	-76
1991*			
Jan.	7 689	7 501	188
Feb.	6 946	7 224	-278
March	7 665	7 570	95
April	8 704	7 872	832
May	7 651	7 183	468
June	5 294	6 195	-901
July	8 026	7 070	956
Aug.	7 063	6 699	364
Sept.	8 212	7 149	1 063

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1986	116	110	135	121	111
1987	118	119	138	119	116
1988	121	130	145	122	119
1989	121	144	156	126	123
1990*	125	138	154	128	120
1990*					
1989					
II	116	136	155	126	123
III	112	141	155	126	124
IV	134	163	157	126	125
1990*					
I	122	134	153	128	120
II	132	151	154	126	122
III	114	124	155	129	120
IV	130	139	154	133	116
1991*					
I	110	117	154	131	118
II	107	112	153	130	118
III	113	109	156	132	119

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, f.o.b.					Imports by use of goods, c.i.f.				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1986	6 947	24 600	7 858	26 115	17 059	39 236	10 126	12 898	15 069	272
1987	7 470	27 058	7 770	26 230	16 988	41 174	9 406	14 138	17 477	612
1988	7 567	30 474	8 450	29 225	17 186	45 790	7 533	17 274	20 828	693
1989	7 418	32 513	8 843	32 682	18 326	51 786	8 311	20 605	24 056	758
1990*	7 810	31 673	9 541	35 494	16 820	49 194	9 836	19 368	23 891	729
1990*										
Sept.	645	2 525	877	2 938	1 527	3 494	974	1 207	1 669	32
Oct.	693	2 871	854	3 008	1 560	4 604	1 747	1 569	2 181	14
Nov.	696	2 846	826	3 095	1 497	4 065	811	1 494	1 951	60
Dec.	594	2 447	746	3 365	1 290	3 821	1 239	1 682	1 715	61
1991*										
Jan.	597	2 394	897	2 409	1 392	3 536	781	1 292	1 810	82
Feb.	555	2 394	821	1 920	1 256	3 653	427	1 221	1 916	7
March	571	2 616	902	2 260	1 316	3 691	527	1 174	2 168	10
April	578	2 577	896	3 297	1 356	3 912	600	1 326	1 998	36
May	592	2 454	835	2 396	1 374	3 773	700	1 091	1 612	7
June	283	1 009	804	2 035	1 163	3 001	905	957	1 299	33
July	705	3 284	693	2 135	1 209	3 453	670	1 109	1 833	5
Aug.	572	2 590	733	1 857	1 311	3 225	796	992	1 650	36
Sept.	644	2 442	955	2 579	1 592	3 530	858	1 016	1 735	10

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, f.o.b.				Imports, c.i.f.			
	1990		1991*		1990		1991*	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period on the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	77 533	76.5	55 580	-4.1	82 355	79.9	51 078	-15.9
OECD Europe	68 001	67.1	49 011	-2.8	67 601	65.6	42 089	-15.3
Of which:								
Austria	1 117	1.1	904	9.6	1 401	1.4	776	-24.6
Belgium and Luxembourg	2 247	2.2	1 793	10.4	2 839	2.8	1 611	-24.4
Denmark	3 538	3.5	2 523	-4.0	3 369	3.3	2 254	-12.2
France	6 237	6.2	4 000	-15.8	4 427	4.3	2 673	-21.6
Federal Republic of Germany ¹	13 003	12.8	10 452	12.3	17 897	17.4	10 825	-20.4
Italy	3 227	3.2	2 382	0.6	4 766	4.6	2 803	-23.5
Netherlands	4 347	4.3	3 410	4.5	3 276	3.2	2 235	-6.9
Norway	3 067	3.0	2 227	-2.4	3 512	3.4	2 880	21.0
Spain	2 210	2.2	1 789	10.9	1 159	1.1	717	-14.8
Sweden	14 456	14.3	9 451	-13.1	13 407	13.0	7 900	-19.8
Switzerland	1 806	1.8	1 323	-2.4	1 804	1.8	1 167	-11.0
United Kingdom	10 724	10.6	7 100	-14.0	7 822	7.6	4 518	-11.1
Other OECD	9 532	9.4	6 570	-12.8	14 754	14.3	8 989	-18.7
Of which:								
Canada	1 124	1.1	523	-43.9	810	0.8	426	-33.3
Japan	1 445	1.4	1 047	-3.0	6 628	6.4	4 034	-21.8
United States	5 898	5.8	4 257	-9.4	6 974	6.8	4 248	-15.0
Non-OECD European countries	13 888	13.7	4 434	-55.6	12 266	11.9	7 034	-25.5
Of which:								
Soviet Union	12 884	12.7	3 355	-63.2	10 202	9.9	5 545	-28.6
Other countries	9 917	9.8	7 235	3.1	8 397	8.2	6 351	9.0
Of which:								
OPEC countries	1 727	1.7	1 379	19.2	935	0.9	1 106	115.1
TOTAL	101 338	100.0	67 250	-10.3	103 018	100.0	64 463	-15.2
Of which:								
EEC countries	47 078	46.5	34 772	-1.1	47 263	45.9	29 255	-17.2
EFTA countries	20 540	20.3	13 988	-9.2	20 195	19.6	12 754	-12.8

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

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

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

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.6)	(87.9)	(16.5)	(30.0)	(41.4)	(10.5)
	1	2	3	4	5	6	7
1986	101.9	102.8	102.0	102.3	103.0	101.2	100.4
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989	114.6	117.9	115.0	116.6	121.5	109.6	110.5
1990*	113.9	115.5	114.0	114.6	121.8	108.0	112.9
1990*							
Aug.	113.1	126.5	113.4	112.9	121.5	107.8	108.4
Sept.	112.4	118.2	112.3	112.9	120.3	106.6	111.4
Oct.	110.8	110.0	110.3	111.4	117.6	104.9	114.6
Nov.	110.7	104.7	110.0	110.5	117.8	104.4	115.1
Dec.	112.6	117.8	112.2	112.0	121.5	105.5	113.2
1991*							
Jan.	109.8	116.3	108.5	106.7	117.3	102.3	118.0
Feb.	107.1	107.0	104.7	104.6	110.8	99.8	124.9
March	107.8	107.0	106.7	107.4	113.7	100.4	118.0
April	105.3	96.9	104.0	107.0	109.0	99.2	120.1
May	103.9	85.4	102.5	106.7	109.0	95.6	123.3
June	98.9	74.1	98.5	90.9	101.9	96.9	113.6
July	107.7	93.7	106.0	106.3	110.2	103.1	123.2
Aug.	101.8	128.2	99.6	101.2	101.9	97.4	119.5

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1986	104.7	102.5	94.0	88.4	99.9	99.5	105.2	102.1
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.6
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.4
1990*	119.9	111.7	127.3	124.8	161.7	122.1	144.7	116.5
1990*								
July	121.7	114.0	..	..	..	..	..	116.2
Aug.	121.9	113.1	..	..	..	..	..	117.5
Sept.	115.8	107.7	..	..	..	..	..	116.4
Oct.	118.3	110.9	..	..	..	..	..	115.5
Nov.	111.1	109.3	..	..	..	..	..	114.5
Dec.	108.1	106.5	..	..	..	..	..	113.7
1990*								
II	122.4	113.6	134.3	134.0	163.8	125.2	167.5	117.8
III	119.8	111.6	119.8	120.5	162.6	111.4	122.2	116.7
IV	112.5	108.9	117.5	109.8	165.9	115.6	145.2	114.6
1991*								
Jan.	110.3	103.8	..	..	..	..	..	113.5
Feb.	107.3	103.1	..	..	..	..	..	112.0
March	98.3	101.3	..	..	..	..	..	111.3
April	107.3	105.2	..	..	..	..	..	111.9
May	100.6	104.3	..	..	..	..	..	110.7
June	96.8	103.7	..	..	..	..	..	108.4
July	112.4	110.0	..	..	..	..	..	112.7
1991*								
I	105.3	102.7	113.1	110.0	156.0	108.5	110.5	112.1
II	101.6	104.4	113.1	102.6	156.7	115.7	100.6	110.1

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC3)	Central government	Local government	Non-profit institutions			Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1986	106.9	106.6	106.2	106.6	107.8	107.2	102.9	97.0	98.6	91.0	96.5	96.7	96.4	104.3
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.9	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1990														
Sept.	..	..	..	..	..	..	128.8	112.3	116.6	96.5	110.7	110.4	110.8	135.7
Oct.	..	..	..	..	..	..	129.2	113.2	117.3	98.0	111.4	110.6	111.7	136.8
Nov.	..	..	..	..	..	..	129.1	112.6	117.1	96.4	110.9	110.6	111.1	136.8
Dec.	..	..	..	..	..	..	129.0	112.1	116.7	95.3	110.4	109.6	110.9	136.8
II	148.2	148.8	147.4	149.4	144.9	150.1	126.9	110.2	115.4	91.3	109.7	110.5	109.4	135.0
III	148.4	149.1	146.9	150.1	144.7	150.3	128.1	111.4	116.2	93.9	110.4	110.4	110.4	135.5
IV	153.2	154.1	152.4	153.9	149.9	154.0	129.1	112.6	117.0	96.6	110.9	110.3	111.2	136.8
1991														
Jan.	..	..	..	..	..	..	130.9	111.9	116.7	94.0	110.2	108.9	110.8	137.1
Feb.	..	..	..	..	..	..	131.6	111.6	116.7	92.8	110.2	109.2	110.7	136.8
March	..	..	..	..	..	..	131.7	111.5	116.5	93.3	109.8	108.6	110.4	137.4
April	..	..	..	..	..	..	132.2	111.2	116.0	93.5	109.5	108.7	109.9	137.4
May	..	..	..	..	..	..	132.8	111.2	116.0	93.6	109.4	108.4	109.9	137.4
June	..	..	..	..	..	..	132.7	111.1	116.0	93.5	109.8	109.0	110.2	137.2
July	..	..	..	..	..	..	132.7	111.0	115.6	94.0	109.6	108.3	110.2	137.8
Aug.	..	..	..	..	..	..	132.8	110.8	115.2	94.5	109.4	108.2	110.1	137.5
Sept.	..	..	..	..	..	..	133.0	110.8	115.3	94.4	109.7	108.5	110.3	137.8
I	154.4	155.4	153.7	154.6	150.7	154.3	131.4	111.6	116.6	93.4	110.1	108.9	110.6	137.1
II	157.4	158.2	156.6	158.2	154.4	158.1	132.6	111.1	116.0	93.5	109.6	108.7	110.0	137.3

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry			Unemployed	Unemployment rate		
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction			Service industries	
		%	1000 persons							%		
		1	2	3	4	5	6	7	8	9	10	11
1986	69.1	2 569	2 431	359	2 071	266	589	185	1 391	1 659	5.4	
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	1 563	5.1	
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	1 387	4.6	
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	1 066	3.5	
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	1 058	3.4	
1990												
Aug.	67.8	2 533	2 445	346	2 099	199	553	203	1 491	88	3.5	
Sept.	68.4	2 562	2 471	359	2 112	202	550	210	1 510	90	3.5	
Oct.	68.2	2 554	2 454	354	2 100	205	550	201	1 498	101	3.9	
Nov.	67.8	2 539	2 434	356	2 078	205	546	202	1 482	105	4.1	
Dec.	68.3	2 559	2 447	350	2 097	199	550	200	1 498	113	4.4	
1991												
Jan.	67.9	2 546	2 420	344	2 075	203	530	200	1 487	126	5.0	
Feb.	67.4	2 529	2 385	348	2 037	198	521	192	1 473	144	5.7	
March	68.4	2 566	2 413	359	2 054	200	524	186	1 503	153	6.0	
April	67.9	2 550	2 388	345	2 043	198	511	193	1 486	163	6.4	
May	67.4	2 532	2 358	342	2 016	197	514	186	1 461	173	6.8	
June	67.2	2 525	2 336	346	1 991	193	510	179	1 454	188	7.5	
July	67.2	2 525	2 330	331	1 999	197	499	182	1 452	196	7.7	
Aug.	67.1	2 525	2 327	341	1 986	207	496	184	1 440	198	7.8	

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

During period	Revenue							Expenditure			
	Direct taxes	Indirect taxes	Other taxes and similar revenue	Other revenue	Revenue before financial transactions (1+2+3+4)	Redemptions of loans granted by the state	Revenue before borrowing (5+6)	Consumption	Transfers and subsidies	Of which:	
										Local government	Other domestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1986	28 079	51 733	323	11 640	91 774	2 209	93 983	26 354	52 845	23 215	28 131
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1990											
Aug.	3 390	6 584	84	1 337	11 395	297	11 692	3 225	6 222	2 965	3 057
Sept.	3 274	5 539	83	1 746	10 642	565	11 208	3 274	6 238	2 993	3 109
Oct.	3 135	6 208	75	1 151	10 569	218	10 787	3 520	7 862	3 526	4 143
Nov.	4 576	5 868	77	1 871	12 393	701	13 094	3 493	7 574	3 212	4 192
Dec.	4 045	8 332	222	2 740	15 339	278	15 616	3 730	8 101	3 311	4 150
1991											
Jan.	2 877	6 212	229	1 127	10 445	7	10 452	3 623	6 893	3 045	3 703
Feb.	2 995	6 373	111	1 174	10 653	121	10 775	3 421	7 309	3 079	3 422
March	2 876	5 452	126	1 522	9 976	64	10 040	3 453	7 218	3 431	3 667
April	2 954	5 586	44	2 607	11 191	1 771	12 962	3 638	8 726	3 286	5 333
May	1 575	6 096	70	1 471	9 212	341	9 553	3 784	8 164	3 600	4 278
June	5 619	6 144	-81	1 615	13 297	499	13 797	3 789	8 622	4 041	4 109
July	5 450	6 176	97	1 794	13 517	144	13 661	4 778	7 889	3 360	4 290
Aug.	3 120	6 425	77	1 020	10 642	157	10 799	3 247	7 817	3 387	4 205

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		Cash surplus (18+19)
							net borrowing		
	12	13	14	15	16	17	18	19	20
1986	6 111	5 058	90 368	4 913	95 281	1 406	-1 298	4 203	2 905
1987	7 089	4 732	100 738	5 672	106 410	-1 090	-4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	-4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	4 202	4 880
1990									
Aug.	529	322	10 299	557	10 856	1 096	836	95	931
Sept.	523	274	10 309	539	10 848	333	360	-63	298
Oct.	583	599	12 564	793	13 357	-1 994	-2 569	937	-1 632
Nov.	565	114	11 745	804	12 549	648	545	1 492	2 038
Dec.	738	370	12 939	926	13 866	2 400	1 750	4 738	6 489
1991									
Jan.	340	612	11 468	916	12 383	-1 023	-1 931	2 173	242
Feb.	333	288	11 351	774	12 125	-698	-1 350	-152	1 502
March	380	641	11 692	958	12 649	-1 716	-2 609	4 634	2 025
April	418	1 050	13 832	2 893	16 725	-2 641	-3 763	-17	-3 780
May	505	891	13 344	1 051	14 394	-4 132	-4 841	1 080	-3 760
June	450	311	13 172	1 429	14 601	125	-804	492	-312
July	460	187	13 314	847	14 162	203	-501	2 382	1 881
Aug.	416	-67	11 413	826	12 240	-771	-1 441	1 180	-261

NOTES AND EXPLANATIONS TO THE STATISTICAL SECTION

GENERAL

Source

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

Symbols used

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

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

NOTES AND EXPLANATIONS TO TABLES

1 THE BALANCE SHEET OF THE BANK OF FINLAND

Table 1.2 Domestic financial sector. Term claim on deposit banks (Column 13) = term credits (from December 1986 to July 1987) + bank certificates of deposit held by the Bank of Finland (since March 1987). Other liabilities to financial institutions, net (Column 17) = capital import deposits + other liabilities to financial institutions - bonds and debentures - other claims on financial institutions. **Corporate sector.** Claims in the form of special financing (Column 19) = export bills + new-export credits + financing of domestic deliveries. Special deposits, net (Column 20) = deposits for investment and ship purchase + capital import deposits + export deposits + other liabilities to corporations - bonds - other claims on corporations.

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

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

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

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

3 RATES OF INTEREST

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

Table 3.2 The rates shown are based on the lending rates quoted for the respective currencies in the Euro-market. ECU (Column 1): the weights of the ECU basket. 3 currencies (Column 2): DEM 60, USD 30 and GBP 10 per cent. 14 currencies (Column 3): weighted according to the relative shares of the respective countries in Finland's foreign trade (= weights of the Bank of Finland's trade-weighted currency index = the old Bank of Finland currency index). Until March 1989, the index consisted of 12 currencies.

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

Table 3.4 Lending. New credits (Columns 1-4): rates of interest on new credits drawn during the month are average monthly rates weighted by loan amounts. Annual rates are arithmetic averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. **Deposits.** 24-month tax-exempt deposits (Column 7): 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 1 percentage point (since December 1989). Other tax-exempt deposits (Column 8): Deposits other than 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 4 percentage points (since January 1989). Up till December 1988, the figures for tax-exempt deposits (Columns 7 and 8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. All markka deposits (Column 9): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 10): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 11): markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

Table 3.5 Secondary market yields.

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

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is 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. FIM/ECU index (Column 2): 100 equals the midpoint of the fluctuation range of ± 3 per cent, or FIM 4.87580, which was defined on June 7, 1991 on the basis of the exchange rates confirmed by the EC on June 6, 1991 at 3.15 pm (Finnish time). The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency S25

index (Column 4): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 5): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; fourteen currencies are included in this index.

5 OTHER DOMESTIC FINANCING

Table 5.1 Source: The Central Statistical Office of Finland. The public comprises households and non-profit institutions, enterprises (excl. financial institutions) and the local government sector. The table is based on new classifications of the Central Statistical Office applied since March 1991. Series before March 1991 have been reclassified by the Bank of Finland to conform with the present table, except for columns 3 and 4 where disaggregation was not possible and combined figures are shown. Time deposits (Column 3) consist of all fixed-term deposits. Other deposits (Column 4) include mainly investment accounts with no specific time-period. Other funding (Column 8) comprises CDs, promissory notes and bonds. Since the beginning of 1987, the figures for banks' holdings of CDs issued by other banks, as well as the CD holdings of the Bank of Finland and the central government have been netted out; netting out is done by the Bank of Finland. Hence, this column includes some liabilities held by entities not covered by the above definition of the public.

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

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl. foreign claims of banks' foreign branches) - the Bank of Finland's foreign liabilities - banks' foreign liabilities (incl. foreign liabilities of banks' foreign branches). **Domestic credit.** Claims on the central government, net (Column 2) = the Bank of Finland's claims on the central government + banks' claims on the central government - the central government's deposits with the Bank of Finland and Postipankki - loans granted from state funds through banks. Claims on the public (incl. local government), (Column 3) = the Bank of Finland's claims on the private sector + banks' claims on the private sector (loans to the public, bonds and debentures (excl. government bonds and bank debentures), claims on other financial institutions, shares held by banks). Other items, net (Column 5) = capital accounts and other items of the Bank of Finland (incl. private sector time deposits with the Bank of Finland) + capital accounts of deposit banks + unclassified assets and liabilities of deposit banks, net (bank debentures, bank CDs held by the public, other market funding and foreign currency deposits by the public). M_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. **Foreign debt.** Other bonds and debentures (Column 2) are so-called private placings. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

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

Table 5.6 Source: The Helsinki Stock Exchange.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts.

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

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

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

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

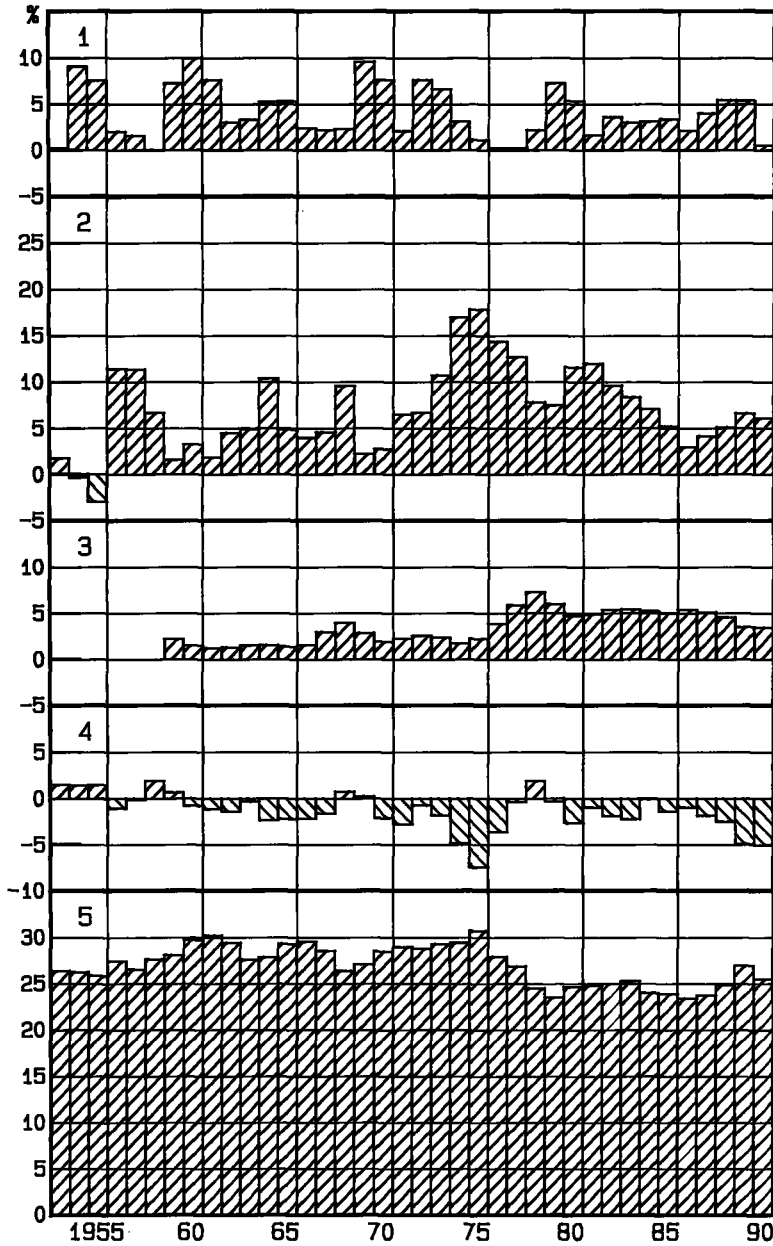
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

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

Table 8.6 Source: Ministry of Finance.

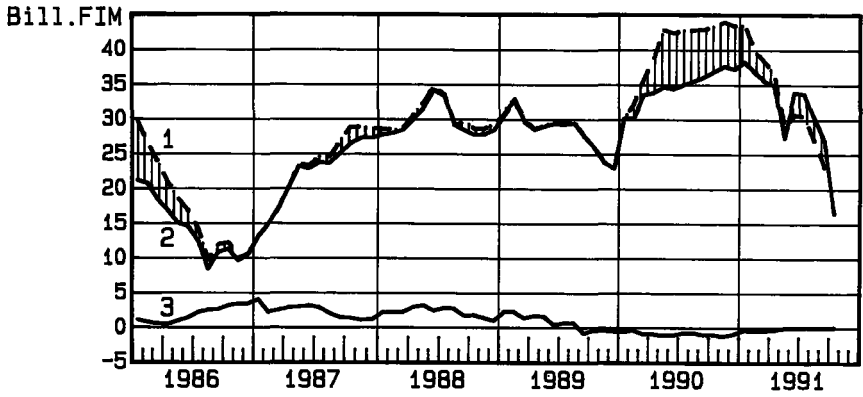
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Overnight rates	S30
6. HELIBOR rates of interest (daily)	S30
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8. Rates of interest applied by the Bank of Finland	S31
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10. Rates on bonds and debentures	S31
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13. Changes in the exchange rates of selected Nordic currencies	S32
14. Changes in the exchange rates of selected major currencies	S33
15. Bank funding from the public	S33
16. Bank lending to the public	S33
17. Money supply	S34
18. Direct investment	S34
19. Central government debt	S34
20. Current account	S35
21. Foreign debt	S35
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24. Foreign trade	S37
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27. Production	S38
28. Fixed investment	S38
29. Employment and unemployment rate	S39
30. Prices and wages	S39
31. Central government finances	S40

1. LONG-TERM INDICATORS



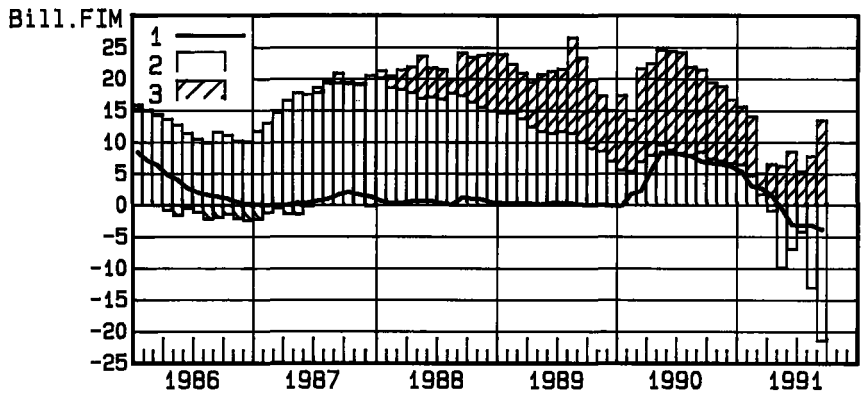
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



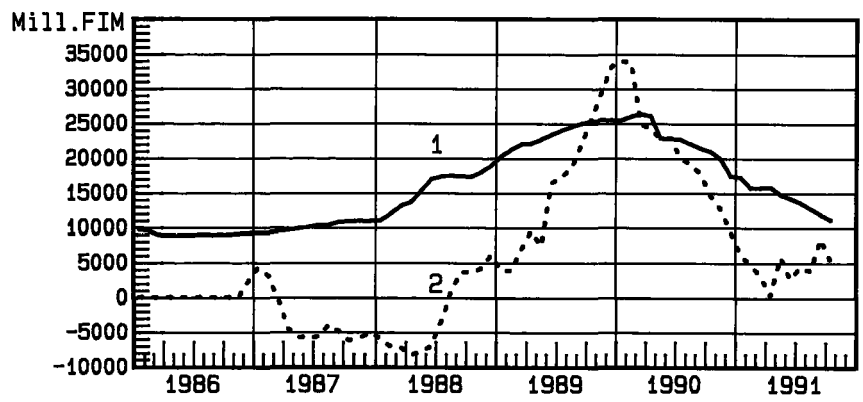
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves
3. Tied currencies

3. FORWARD MARKET



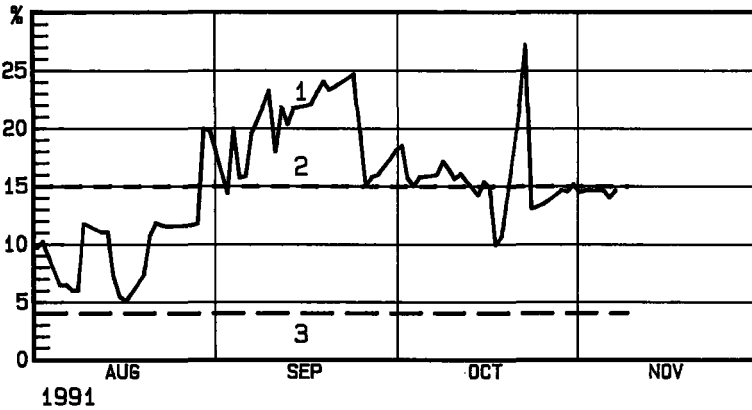
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY



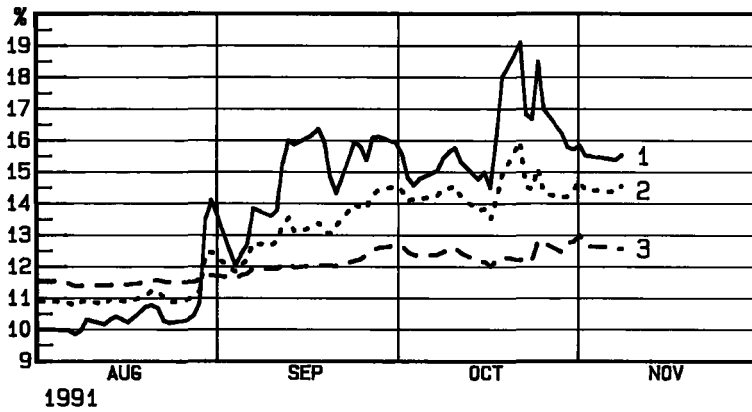
1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

5. OVERNIGHT RATES



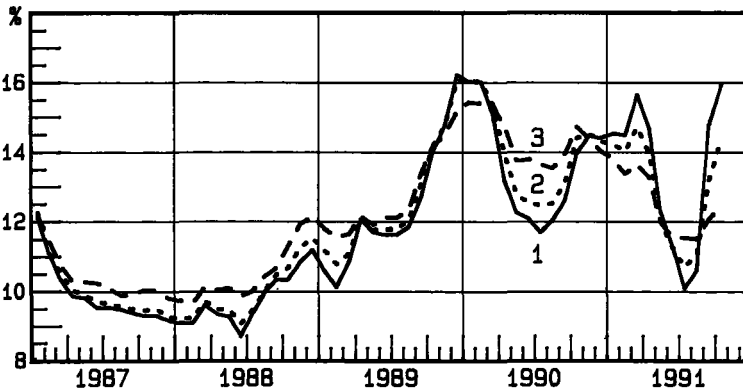
- 1. Inter-bank overnight rate
 - 2. Call money credit rate
 - 3. Call money deposit rate
- Daily observations

6. HELIBOR RATES OF INTEREST



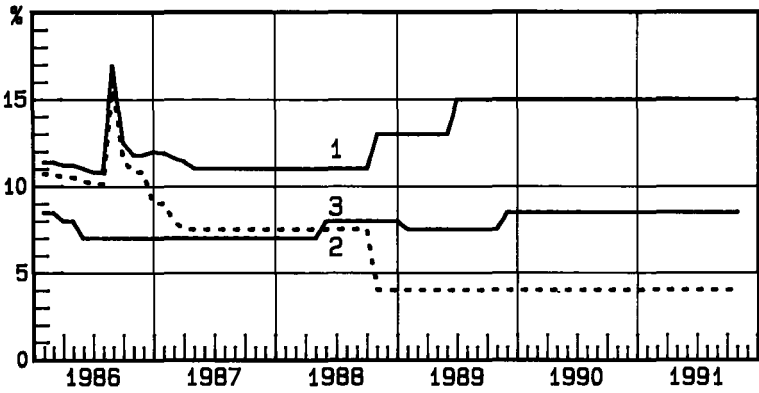
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Daily observations

7. HELIBOR RATES OF INTEREST



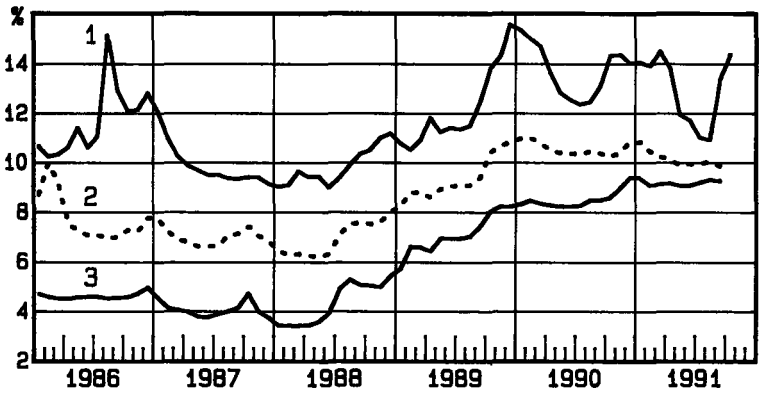
- 1. 1-month HELIBOR
 - 2. 3-month HELIBOR
 - 3. 12-month HELIBOR
- Monthly averages

8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



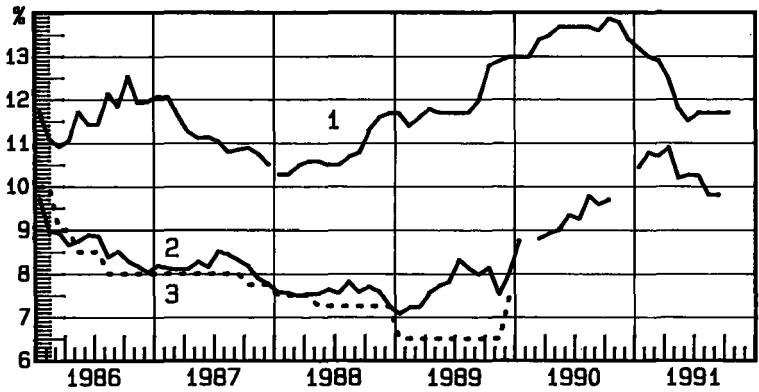
- 1. Call money credit rate
 - 2. Call money deposit rate
 - 3. Base rate
- End-of-month observations

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



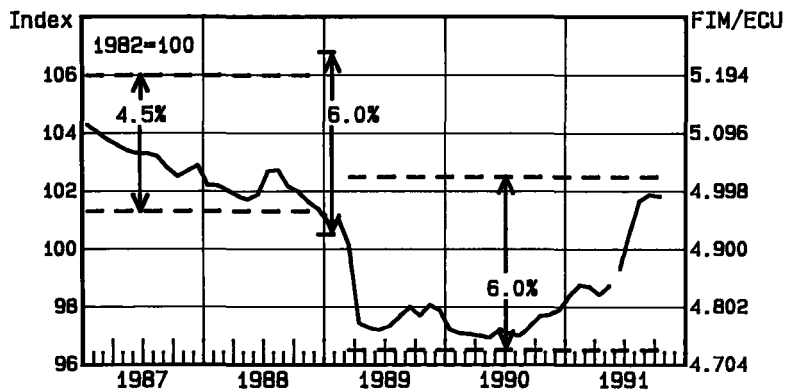
- 1. Covered Eurodollar rate
- 2. ECU rate
- 3. DEM Eurorate

10. RATES ON BONDS AND DEBENTURES



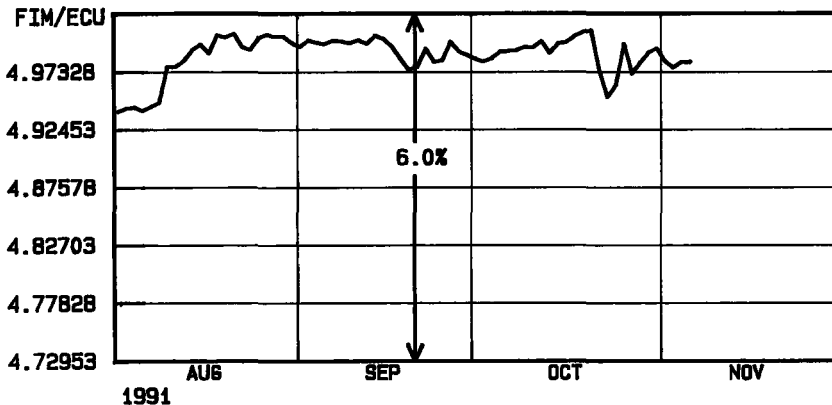
- 1. Long-term (5-year) market rate (before 1988 rate on (3-6 year) fixed-rate debentures)
- 2. Rate on (9-10 year) tax-free government bonds
- 3. Rate at issue on new 10-year taxfree government bonds

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



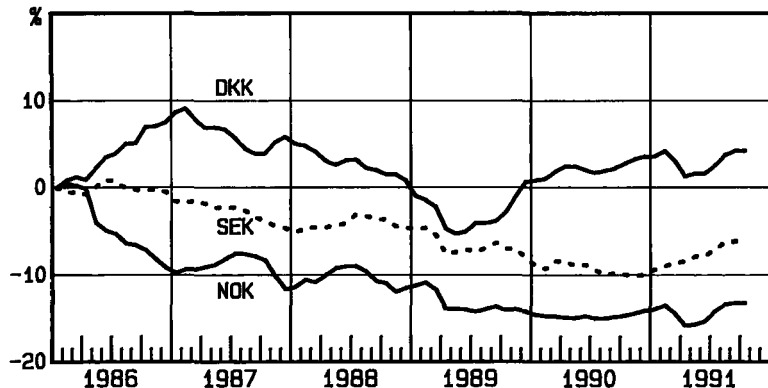
Until June 7, 1991, the Bank of Finland currency index, the fluctuation limits of which were 96.5 - 102.5. From June 7, 1991, the markka's exchange rate against the ECU, the fluctuation limits of which are 4.72953 - 5.02207. Monthly averages

12. MARKKA VALUE OF THE ECU



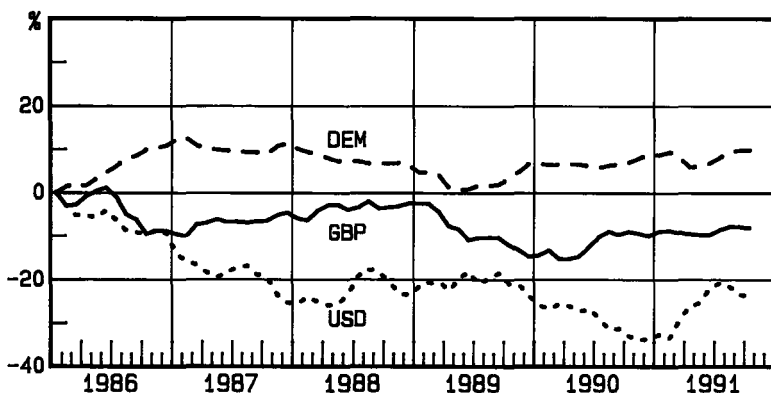
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



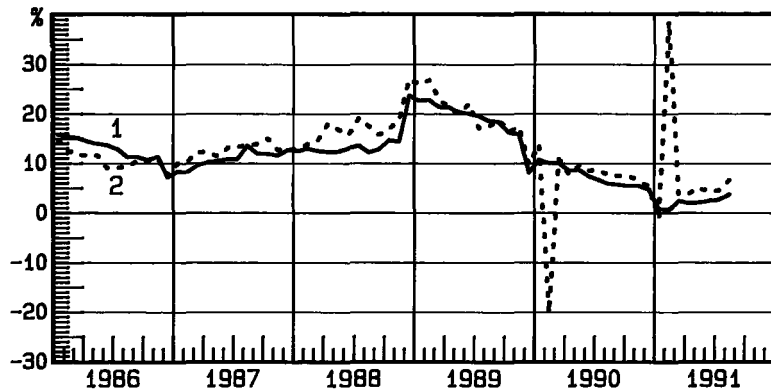
Monthly changes in markka selling rates calculated from the average rates for January 1986

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



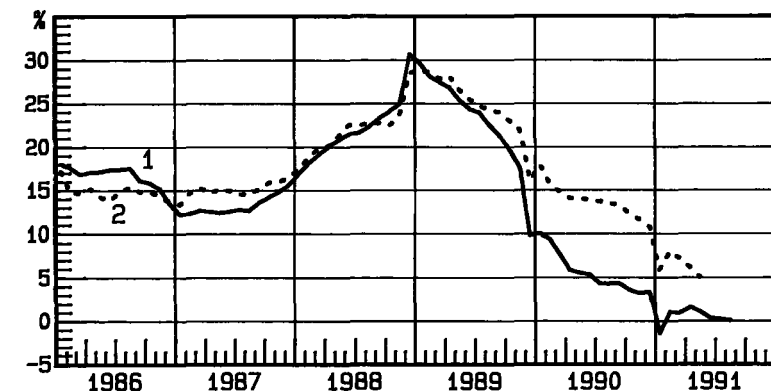
Monthly changes in markka selling rates calculated from the average rates for January 1986

15. BANK FUNDING FROM THE PUBLIC



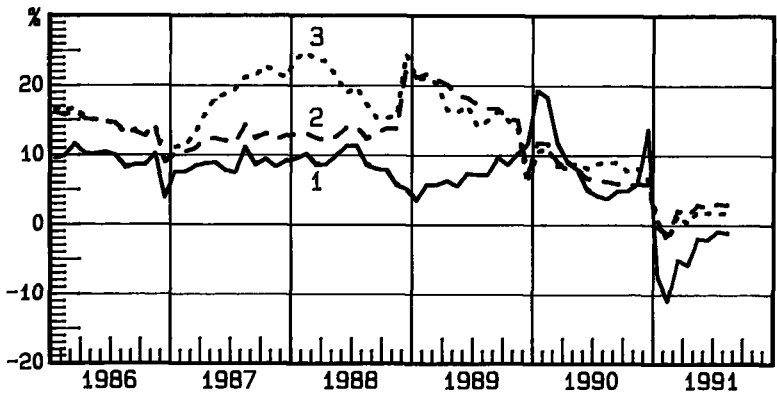
1. Markka deposits
2. Total funding
Change from the corresponding month of the previous year, per cent

16. BANK LENDING TO THE PUBLIC



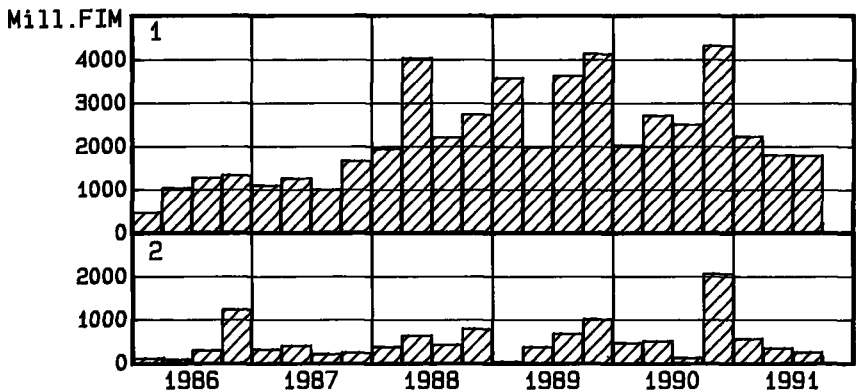
1. Markka lending
2. Total lending
Change from the corresponding month of the previous year, per cent

17. MONEY SUPPLY



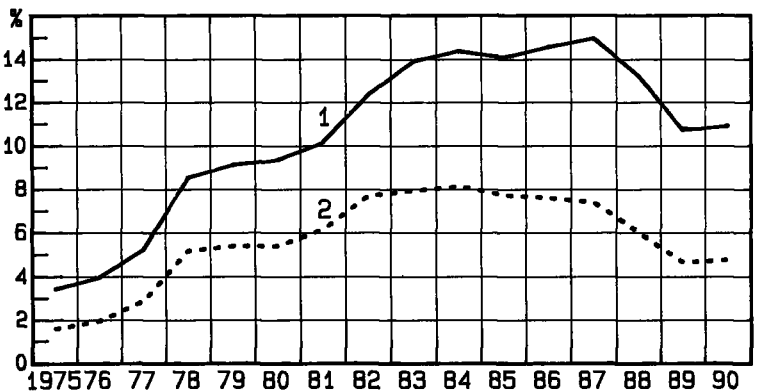
- 1. Narrow money supply (M1)
 - 2. Broad money supply (M2)
 - 3. M2 + bank CDs held by the public (M3)
- Change from the corresponding month of the previous year, per cent

18. DIRECT INVESTMENT



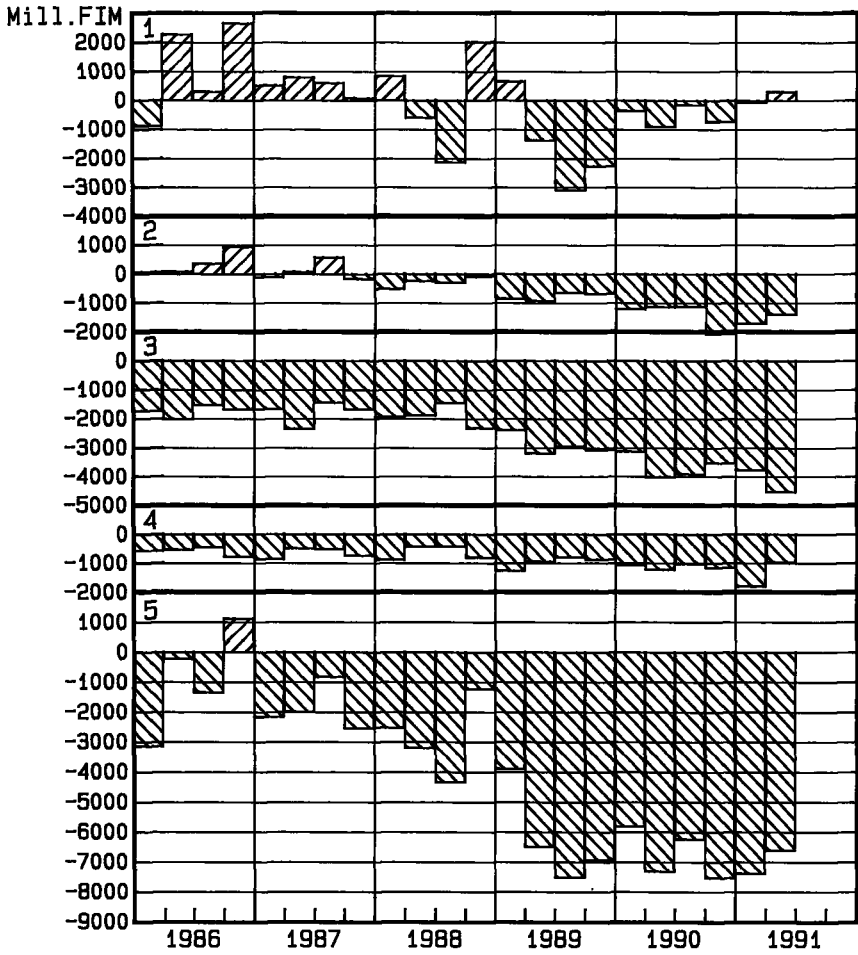
- 1. Finnish direct investment abroad, net
- 2. Foreign direct investment in Finland, net

19. CENTRAL GOVERNMENT DEBT



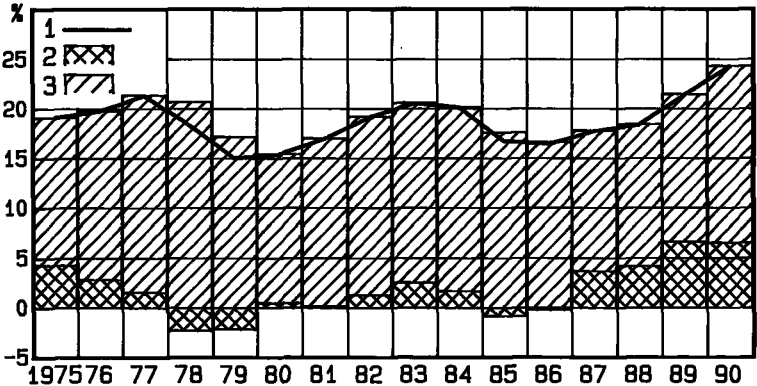
- 1. Total debt
 - 2. Of which: foreign debt
- As a percentage of GDP

20. CURRENT ACCOUNT



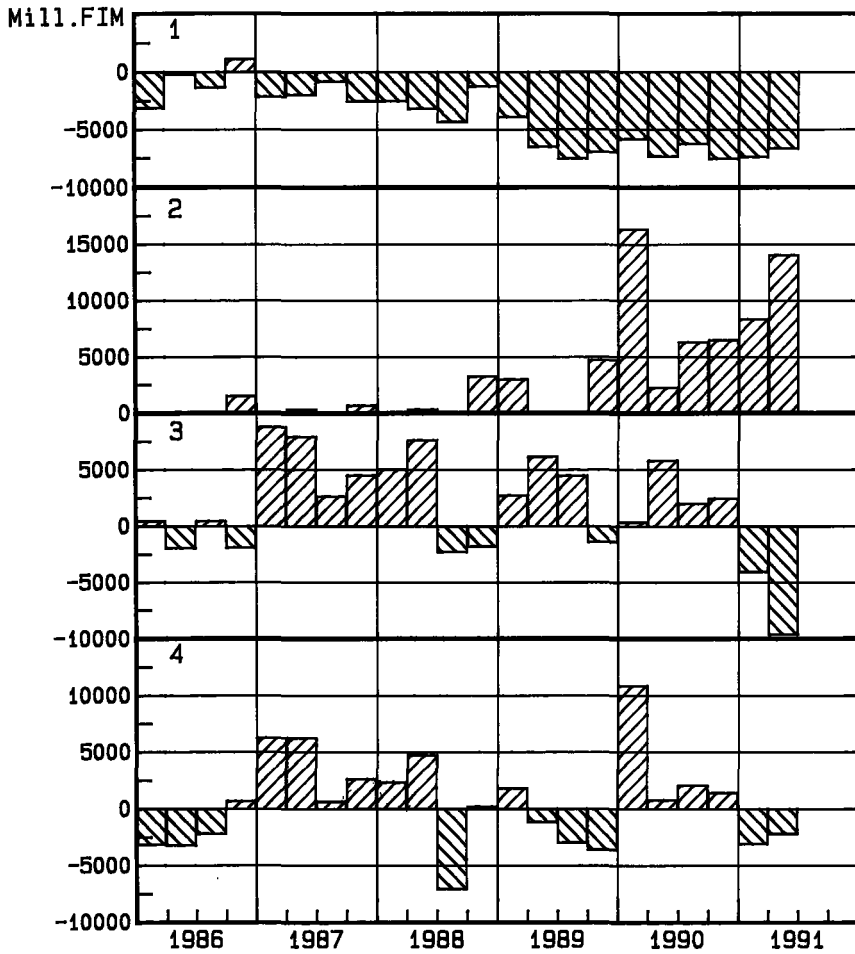
- 1. Trade account
- 2. Services account
- 3. Investment income account
- 4. Unrequited transfers account and other items, net
- 5. Current account

21. FOREIGN DEBT



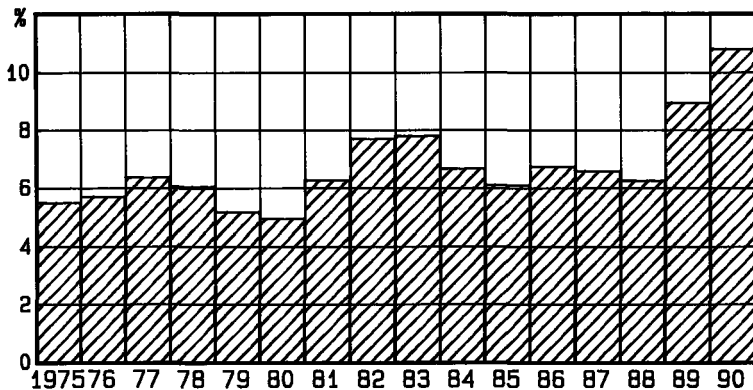
- 1. Total foreign net debt
 - 2. Short-term net debt
 - 3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS



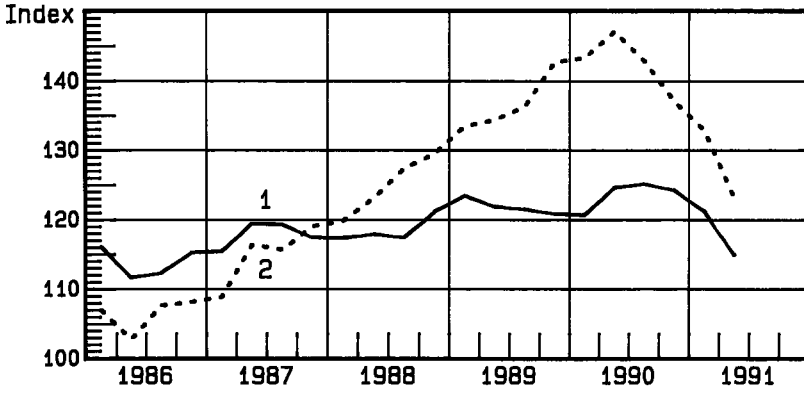
1. Current account
2. Long-term capital account
3. Short-term capital account
4. Overall balance=change in the foreign exchange reserves of the Bank of Finland

23. NET INVESTMENT EXPENDITURE



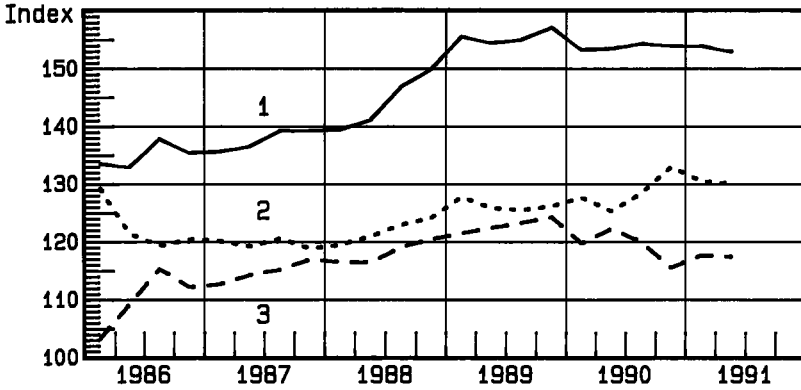
As a percentage of current account receipts

24. FOREIGN TRADE



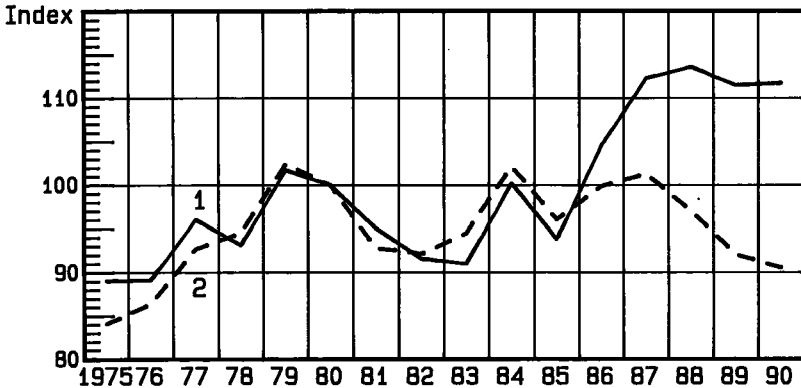
- 1. Total exports
 - 2. Total imports
- Volume index, 1980 = 100, four-quarter moving average shown as at the last quarter

25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



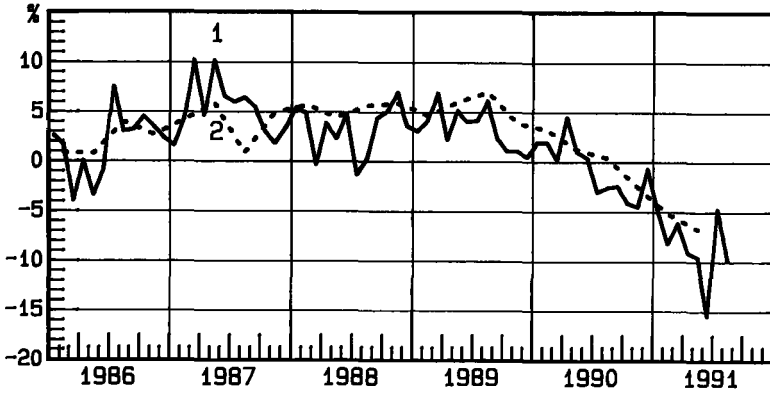
- 1. Unit value index of exports
 - 2. Unit value index of imports
 - 3. Terms of trade
- 1980 = 100

26. FINLAND'S EXPORT PERFORMANCE



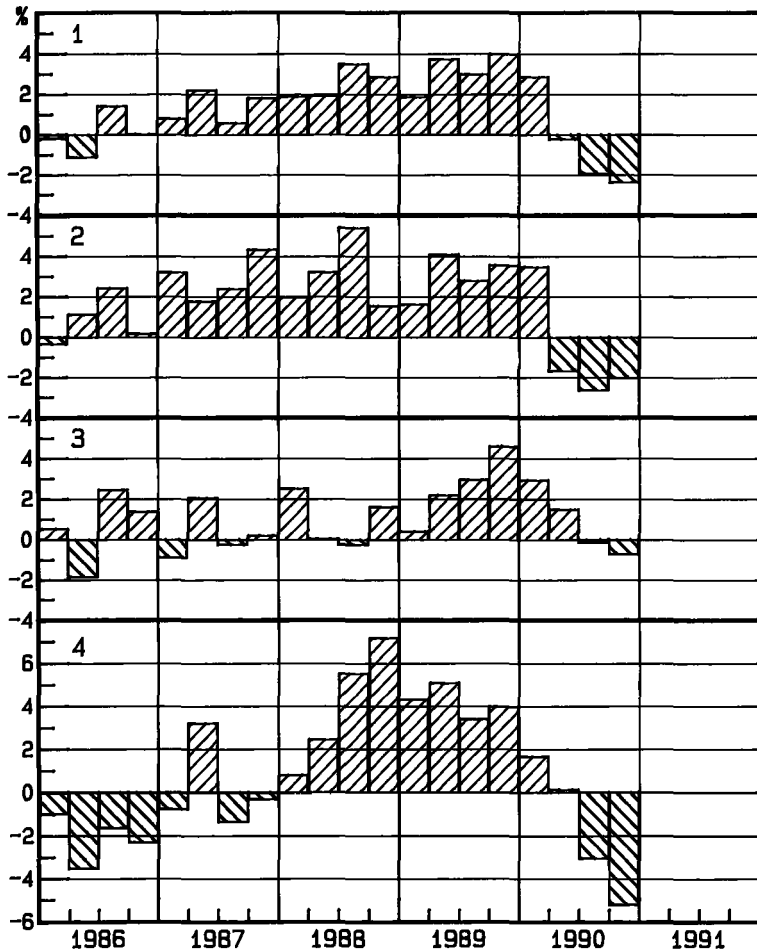
- 1. Value of exports to OECD countries in relation to imports of OECD countries
 - 2. Volume of exports to OECD countries in relation to imports of OECD countries
- 1980 = 100

27. PRODUCTION



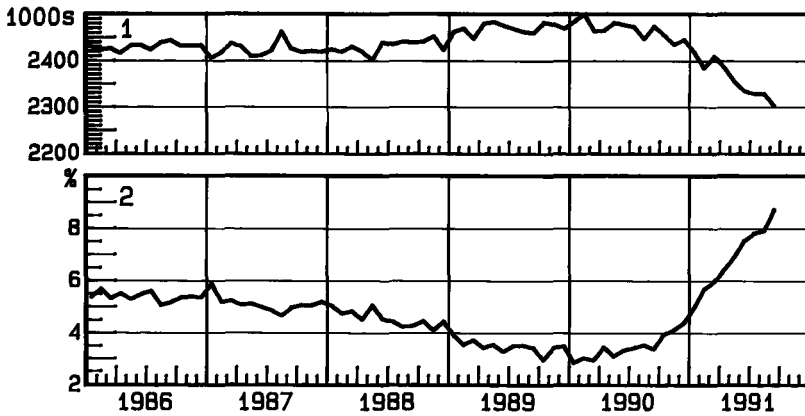
- 1. Industrial production, change in volume from the corresponding month of the previous year, per cent
- 2. GDP, change in volume from the corresponding quarter of the previous year, per cent

28. FIXED INVESTMENT



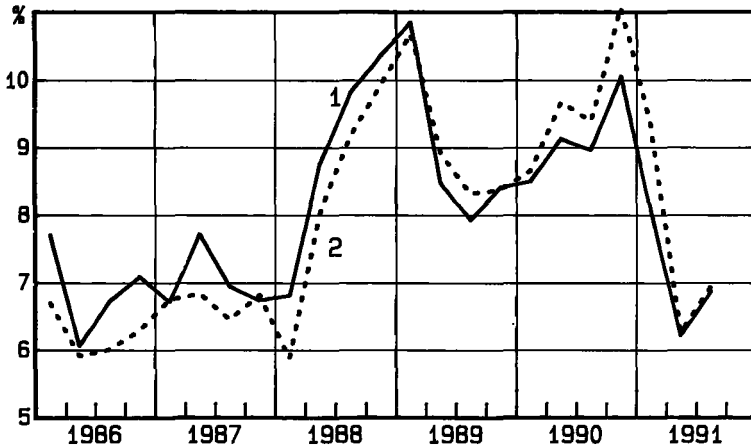
- 1. Total fixed investment
 - 2. Investment in machinery and equipment
 - 3. Building investment, excl. residential buildings
 - 4. Residential buildings
- Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE

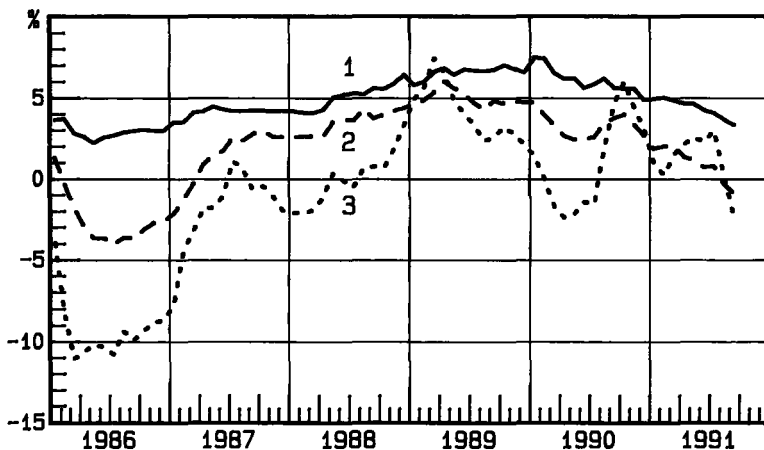


- 1. Employment, 1000 persons
- 2. Unemployment rate, per cent

30. PRICES AND WAGES

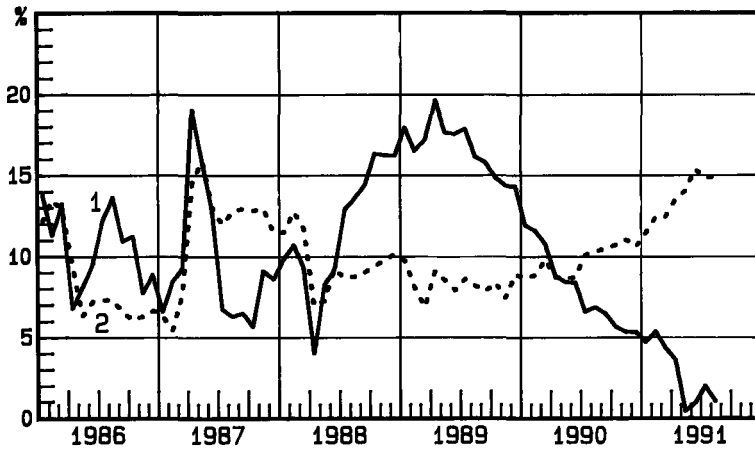


- 1. Index of wage and salary earnings, all wage and salary earners
 - 2. Index of wage and salary earnings, manufacturing workers
- Change from the corresponding quarter of the previous year, per cent



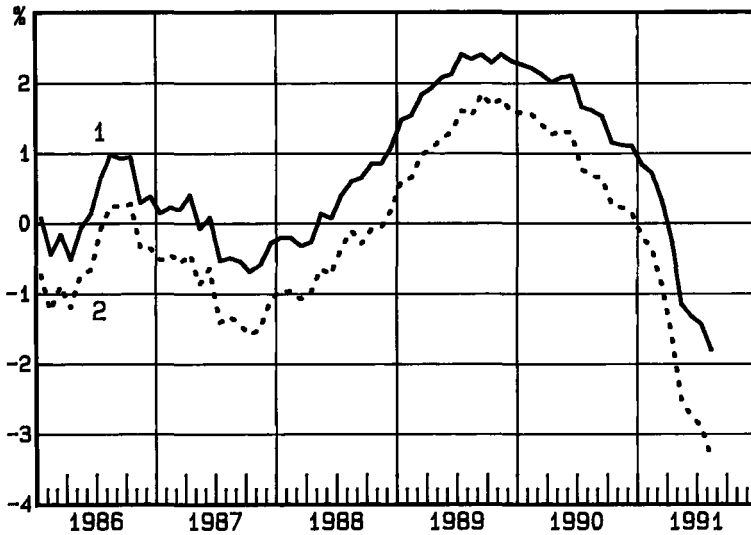
- 1. Consumer price index
 - 2. Wholesale price index
 - 3. Import price index
- Change from the corresponding month of the previous year

31. CENTRAL GOVERNMENT FINANCES



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

Changes calculated from 12-month moving totals and shown as 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 shown as at the last month and as a percentage of GDP

BANK OF FINLAND

November 1, 1991

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JUSSI RANTA, Vice Chairman
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ANNELI JÄÄTTEENMÄKI

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THE BOARD OF MANAGEMENT

ROLF KULLBERG, Chairman

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Secretary to the Parliamentary Supervisory
Board and the Board of Management

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SETEC OY

VELI TARVAINEN, Managing Director
