



# BULLETIN

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Monetary policy, inflation and  
economic performance

From full employment to  
mass unemployment: new Government  
aims at halving unemployment

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# Monetary policy, inflation and economic performance

The performance of the Finnish economy was generally favourable during 1995. The growth rate was among the highest of the EU economies, households' real disposable income expanded considerably and export companies recorded strong profits. Inflation and inflation expectations also fell, which permitted a distinct easing of monetary policy in the latter part of the year. Despite some minor pressures, the Finnish markka remained fairly stable against the Deutschemark. In order to consolidate central government finances, a number of measures were taken which cover the entire term of the current Parliament. Improved credibility was reflected in the steady decline of long-term interest rates throughout the year.

However, output growth slowed towards the end of the year, in line with developments in Finland's main export markets. Similarly, the decline in unemployment was sluggish at best, which cast a shadow over an otherwise highly favourable economic performance.

This time the underlying cause in the slowing of growth was not one of the usual ones such as accelerating inflation, weakened profitability, rapid build-up of indebtedness, a weakening financial structure or current account constraints. Consequently, there is reason to expect that economic growth will pick up again in the course of this year and that it can continue at a fairly vigorous pace at least over the next couple of years.

Whether growth will continue or not depends heavily on credibility. The confidence of investors depends essentially on the certainty of a continuance of the present stance of economic policy. Consumers and companies are kept in a cautious mood by the slowness of the decline in unemployment.

More growth is indeed needed to alleviate the unemployment problem. However, growth alone will not solve the problem. We must come up with new approaches that will make working and hiring more worthwhile and stimulate the creation of completely new jobs and new types of jobs. The problem is further aggravated by the fact that not even rapid growth will generate jobs in the same way as before unless there are also structural reforms.

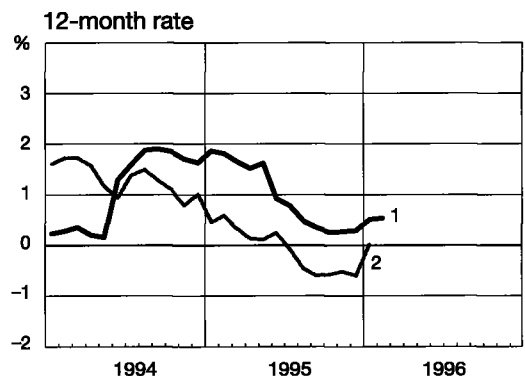
## Moderate price developments

The inflation outlook has remained subdued, and price pressures are not expected from the demand side. Wage drift has been smaller than expected and international commodity prices have been declining. However, because certain temporary effects on the indices, such as the drop in food prices, are no longer present in the data, the rate of increase in consumer prices and the underlying rate of inflation are forecast to rise to almost 2 per cent in the course of the year.

Finland's inflation rate, measured by the change in the CPI, slowed in 1995 from 2 per cent to 0.5 per cent (Chart 1). Looking at the different components reveals that the lower inflation rate was mainly due to the decline in food prices. Without the decline in food prices, the CPI would have risen by just under 2 per cent in the latter half of the year. The decline in food prices had an even greater impact on underlying inflation because food prices are weighted more heavily in the indicator of underlying inflation than in the CPI. In the latter half of 1995 and beginning of 1996, underlying inflation was slightly negative.

Chart 1.

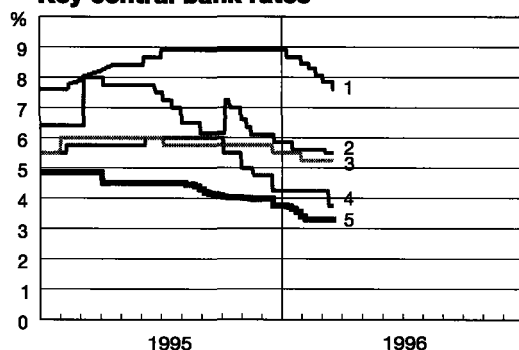
### Inflation



1. Consumer prices  
2. Indicator of underlying inflation

**Chart 2.**

**Key central bank rates**



1. Sweden: repo rate
2. France: repo rate
3. USA: fed funds rate
4. Finland: tender rate
5. Germany: repo rate

The decline in food prices has continued in 1996, reflecting the dynamic effects of import competition and other competition. Thus inflation has remained lower than expected also in recent months. In addition to food prices, the prices of other consumer nondurables have also declined. The rate of increase in the other CPI component prices was just under 1.5 per cent at the beginning of this year.

The slowdown in the growth of demand in industrial countries is also reflected in price developments in these countries. Consequently, developments in Finnish import prices have also been moderate despite some upward pressure due to recent depreciation of the markka. In Finnish exports, the fall in demand has been reflected particularly in international prices of paper industry products because of buyers' inventory adjustments. Prices for chemical pulp and fine paper turned down sharply at the end of last year, and Finland's terms of trade started to deteriorate in January.

Wage and salary increases in 1995, measured by the earnings level index, were 4.5 per cent for the economy as a whole and 7 per cent for manufacturing industries. Wage drift was smaller than usual, which was attributable not only to fairly large contractual increases in autumn 1994 but also to the weakening outlook for demand and lower inflation expectations. Unit labour costs in manufacturing industries rose by just under 4 per cent. As measured by relative unit labour costs, Finland's international competitiveness remained at the 1994 level.

The twelve-month rate of change in consumer prices is forecast to accelerate in the course of

1996 with the halt in the decline in food prices. Both the rate of change in consumer prices and the underlying inflation are expected to be about 1.5–2 per cent. The subdued rate of inflation is largely attributable to moderate wage developments and to stable commodity and producer prices in competitor countries. The markka's recent depreciation could put some upward pressure on the CPI via import prices, but with a floating exchange rate and soft demand the pass-through will be neither quick nor complete.

**Declining trend in international interest rates**

Because of a slowing of economic growth and lower inflation expectations, monetary policy was eased in many European countries as well as in the United States over the course of 1995 and in the early months of 1996 (Chart 2).

In Europe, as reports of slowing growth come in, the markets continue to expect a further easing of monetary policy. By contrast, in Japan interest rates appear to have already bottomed out. Data on the US economy have been somewhat conflicting.

The declining trend in international interest rates was supported right up until the end of 1995 by the fact that the signs of accelerating inflation had receded sooner than expected. However, the downward trend came to an abrupt halt in January and long-term interest rates started rising across the board. One factor behind the jump in international interest rates appears to have been market concern over a possible rerun of 1994, when a modest firming of US monetary policy led to a substantial rise in long-term rates around the world despite cyclical differences across national economies. With the weakening of economic conditions, increased pressure on fiscal policy and uncertainty about Stage Three of EMU have introduced an element of instability in the trend of long-term interest rates in Europe.

**Finnish monetary policy eased substantially**

A loosening of monetary policy began in Finland in October 1995. Over the last half year, the Bank of Finland has cut the tender rate five times, by a total of 2.25 percentage points. Short-term money market rates have fallen by about the same amount. In addition, the Parliamentary Supervisory Board lowered the base rate three times, by a total of 0.75 percentage point to 4.5 per cent (Chart 3).

After the 0.5 percentage point cut in the tender rate in March, the one- to six-month HELIBOR rates dropped below 4 per cent, bringing Finnish short-term rates to a low level by international standards. The differential between German and Finnish three-month interest rates has returned to about 0.5 percentage point, and at the end of March Finland's rate was 3 percentage points lower than that of Sweden.

Market expectations for the future level of short-term interest rates are fairly moderate at the moment (Chart 4). The three-month HELIBOR is still expected to be under 5 per cent towards the end of the year. Yet last summer the rate was expected to be over 7 per cent in mid-1996, and as late as last autumn expectations were in the neighbourhood of 6 per cent.

The decline in market rates and competition for borrowers have resulted in a decline in interest rates on new bank lending. Real rates on new bank lending have declined to 4 per cent, assuming inflation remains around 2 per cent in the coming years.

In Finland, as elsewhere, the favourable trend in long-term interest rates came to an end in January. Long-term interest rates rose by almost one percentage point in January and February, and the long-term interest rate differential vis-à-vis Germany widened temporarily to 1.5 percentage points. In March the differential narrowed to closer to one percentage point. The long-term differential vis-à-vis Sweden remained virtually unchanged in the winter months. Finnish interest rates are about one percentage point lower than those of Sweden.

### The Swedish krona appreciates

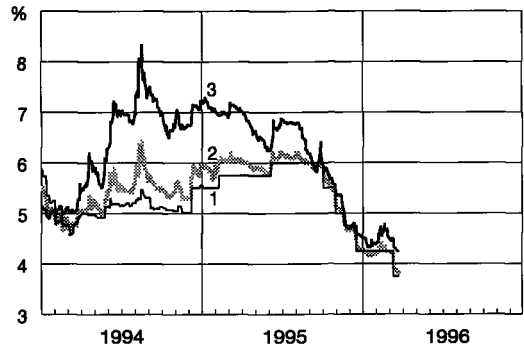
Between March 1995 and the end of March 1996, the US dollar appreciated by about 20 per cent from a historical low against the Japanese yen. Several central banks have acted on numerous occasions in support of the dollar. The dollar appreciated considerably less against the Deutschmark, ie about 7 per cent from its lowest level of 1995. More recently, developments in the dollar's exchange rate have been affected above all by conflicting data on the US economy.

The EU currencies also experienced turbulence from time to time in the course of 1995. One underlying factor was the weakness of the US dollar in the first half of the year, but in the autumn some problems arose mainly because of market concerns about the EMU process and whether certain countries would participate in Stage Three of EMU. However, calm was restored to the markets at the end of 1995 and most ERM currencies have returned to close to their central rates. Of the non-ERM EU currencies, the Swedish krona and the Italian lira have appreciated by some 15 per cent against the Deutschmark (Chart 5) over the last 12 months.

The Finnish markka appreciated against the key currencies over the course of the year up until December. In December the trend was reversed and the markka depreciated slightly in January and February. Measured by either the trade-weighted or ECU indices, the markka depreciated by some 6 per cent during the winter. The Bank of Finland intervened to some extent to dampen large short-term fluctuations in the markka's exchange rate. Despite the markka's depreciation in the winter it

Chart 3.

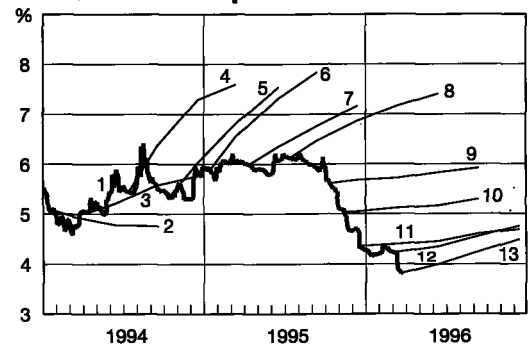
Finnish interest rates



1. Bank of Finland tender rate
2. 3-month HELIBOR
3. 12-month HELIBOR

Chart 4.

Realized and expected 3-month HELIBOR



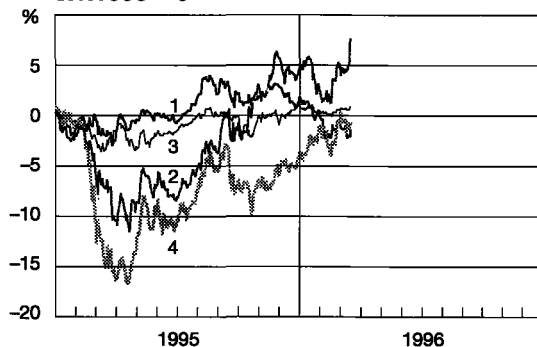
1. 3-month HELIBOR
2. Expected rate 15.1.1994
3. " 15.4.1994
4. " 15.7.1994
5. " 14.10.1994
6. " 16.1.1995
7. " 13.4.1995
8. " 14.7.1995
9. " 13.10.1995
10. " 15.11.1995
11. " 20.12.1995
12. " 13.3.1996
13. " 25.3.1996

Expected interest rate based on FRA quotations.

**Chart 5.**

**EU currency differentials vis-à-vis DEM**

3.1.1995 = 0



- 1. FIM
- 2. SEK
- 3. FRF
- 4. ITL

Falling curve means weakening of the currency.

has remained fairly stable since autumn 1994. Exchange rate fluctuations have been roughly in line with those of the most stable European currencies.

**Sluggish demand for bank lending**

Developments regarding deposits were affected by a number of exceptional factors at the end of last year and in the early part of this year. This led to substantial fund reallocations between different types of deposits. At the end of last year, the first three-year tax-exempt accounts matured. December was the last month in which two-year tax-exempt deposits could still be made, and indeed these accounts attracted funds amounting to some FIM 9 billion in November and December, the bulk of which came from maturing three-year accounts. Furthermore, tax refunds paid in December increased the number of households' tax-exempt transaction accounts, and as a result of the Government's financial transactions there was an exceptionally large increase in companies' current accounts. The actual net increase in deposits was mainly in transaction accounts.

The popularity of tax-exempt transaction accounts in the last few months is probably due to their good yields, at least for the time being, compared with other types of deposits and to the fact that the funds can be freely and easily withdrawn at any time. In recent months, the average interest

rate on these accounts has been 1.6 per cent, which with the current low rate of inflation continues to be a good yield on a fully liquid form of deposit. Whether tax-exempt transaction accounts will continue to be attractive in the future remains to be seen as the rest of the tax-exempt fixed-term accounts mature in the course of 1996 and 1997.

The narrow money stock (M1), which consists of cash held by the public and transaction and current accounts, grew by 13.9 per cent between December 1994 and December 1995. By contrast, the broad money stock (M2), which includes M1 and other bank deposits of the public, grew at the much more subdued rate of 6.0 per cent.

Because of the popularity of transaction accounts, the growth of M1 continued at a brisk pace in January, 14.0 per cent. Since tax-exempt fixed-term accounts can no longer be opened, the contraction in fixed-term accounts shrank the total stock of deposits, and the broad money supply grew by just 3.8 per cent. As early as January, it could be seen that the bulk of the funds released from fixed-term deposits were being shifted out of bank deposits. Among the alternative investment outlets, the demand for government bonds and mutual fund units grew and the flow of savings into pension funds increased.

The growth in the money supply in recent months is not a reflection of inflationary pressures. Although the narrow money stock has grown substantially because of structural adjustments, the growth of M2, which indicates overall monetary growth, has been extremely subdued.

The demand for bank lending has been sluggish because of the general uncertainty prevailing in the economy. Widespread unemployment and the experiences of the 1980s have made households quite cautious about the future. The ratio of debt to assets also remains high. Households' propensity to borrow from banks has been further reduced by changes in taxation that have increased the cost of borrowing and by a real interest rate that is still considered high.

The demand for housing loans is still slack. Small and medium-sized companies are unwilling or unable to raise new loans because of the lack of demand and because of weak capital structures. Large export companies, on the other hand, tend to finance investments with retained earnings or new share issues. Alternatively, they may also obtain financing from the stock markets or foreign sources. Consequently, the outstanding amount of bank lending continues to decrease because households continue to repay their old markka loans and companies to repay their foreign currency-denominated loans. At the end of January, the total stock of bank lending was 4.7 per cent less than in the corresponding month of the previous year.

## Growth depends on confidence

In the last two years, the growth of the Finnish economy has been quite vigorous by international standards. As in the normal cyclical pattern, the engine of growth has changed from net exports through inventory adjustments to other domestic demand factors (Chart 6).

The most recent statistical data and indicators confirm that economic growth slowed in Continental Europe at the end of last year. There is nothing that would indicate a resumption of growth in the first quarter of this year. To be sure, some positive signs have been detected in France in recent weeks. Growth is expected to revive gradually in the spring and to stabilize in the coming years at close to the earlier trend. From the standpoint of employment and consolidation of public finances, growth remains rather sluggish.

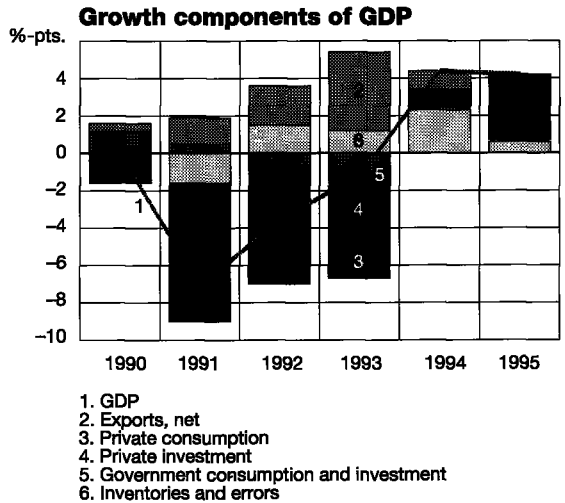
The slowing of economic growth in Europe can be explained by the rise in long-term interest rates in 1994, the temporary weakness of the US dollar and disturbances in the money and currency markets. These resulted in a weakening of demand, which led to a build-up of inventories. Inventory adjustments again led to a slowdown in production. These growth-slowing factors have subsequently changed direction or disappeared. Thus it is possible – even likely – that growth will pick up already this year. This view is supported by interest rate cuts that have occurred in many countries and by the continued vigorous growth of world trade.

Finland's future economic performance is expected to be in line with the growth profiles of EU countries. Growth is expected to strengthen from the second quarter onwards. Total output should increase at a rate of about 3 per cent for the year as a whole.

On the demand side, growth will be supported by corporate sector investment, which is expected to show fairly robust growth already this year. However, housing investment is likely to continue to contract during the early part of this year. The government's increased financial support for house repairs and renovations and the lowering of interest rates on loans are setting the stage for growth in housing investment, which is expected to commence at the end of this year. The growth is not however expected to be particularly vigorous because the profitability of new construction remains weak.

The increase in consumer demand at the end of last year coincided with an increase in income. Wages and salaries were raised twice and tax refunds were paid twice in 1995, resulting in a 7 per cent increase in household disposable income. In 1996 real purchasing power will grow considerably more slowly. Even though real wages will increase fairly rapidly and the taxation of wages and salaries will be eased, the growth in purchasing power will slow down because of reductions in income transfers to households and lower capital income. As the saving ratio is also likely to remain fairly high,

Chart 6.



private consumption will grow only moderately this year.

Figures for January 1996, based on a workforce survey by Statistics Finland, indicated a surprisingly large increase in employment. According to the survey, the number of employed has increased by 3 per cent since January 1995. The increase is distributed over several industrial sectors, with the bulk of it in manufacturing. The seasonally-adjusted unemployment rate was 16.7 per cent in January. The number of employed is expected to increase slightly again this year. However, the growth in available workforce means that the decline in the unemployment rate will be very modest.

The slowdown in growth also means that the public sector deficit will be reduced more slowly than was planned in the autumn. The spending cuts already decided will keep the deficit on a downward trend provided that economic activity picks up as expected later this year.

25 March 1996

• Keywords: monetary policy, inflation, economic performance

# From full employment to mass unemployment: new Government aims at halving unemployment

Pertti Sorsa, Secretary General  
Ministry of Labour

Throughout the 1970s and 1980s, employment in Finland was among the highest in the OECD area.

At the end of the 1980s, however, adverse developments abroad and at home drove the economy into an exceptionally severe disequilibrium and banking crisis, which destroyed the basis for Finland's high level of employment (Chart 1).

In the middle of 1990, the rate of unemployment started to rise sharply, and by the beginning of 1994, the number of unemployed had increased fivefold to almost 490 000. During the period, we lost every fifth job.

## Adaptation begins with a defensive phase

In the following, the political response to mass unemployment – which in fact came as a surprise to most Finns, including the policymakers – has been divided into three phases: defensive, analytical and aggressive policy against unemployment.

The first phase, from the middle of 1991 till around the end of 1993, was characterized by confidence in a rapid resumption of economic growth,

which would in turn stem the rise in unemployment. Consolidating the rapidly deteriorating central government finances and curbing the country's external indebtedness were seen as the central tasks of fiscal and monetary policy. Another central aim was to maintain the country's financial stability, which had been undermined by the banking crisis.

Expenditure on unemployment benefits multiplied as unemployment rose. As unemployment caused other transfer payments to households to increase and as bank support expanded rapidly, the Government was forced to implement drastic spending cuts elsewhere in the budget. Over the period 1991–1994, structural expenditure cuts totalled about FIM 35 billion.

It also became necessary to raise taxes. As a result, wage earners' marginal tax rates, in particular, rose to such an extent that in 1994 the so-called marginal tax wedge was 72 per cent, which was probably the highest level for the OECD countries.

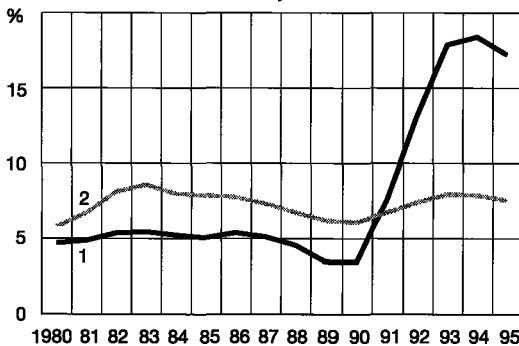
Despite consolidation measures, budget deficits were large and the central government debt increased sharply. The central government gross debt, having been only one-tenth of GDP five years ago, had risen to 66 per cent by the end of 1995. The rapid growth of the debt has now been halted, and the debt/GDP ratio is likely to start declining in 1997. The Finnish government's tradition of disciplined fiscal policy has proved to be a wise policy choice. It is difficult to imagine the extent of economic and social distress that we would now face in Finland if the central government debt had been 50 or 60 per cent of GDP when the crisis began, as was the case in most industrialized countries.

Under those circumstances, fiscal policy took a defensive stance: the growth of public debt from its low level helped to alleviate social problems stemming from the contraction of the real economy and ensured the smooth functioning of the financial system. Total output decreased by about 12 per cent between 1990 and 1993.

Labour market policy and the collective bargaining mechanism were practically the only means that remained for keeping rising unemployment in check. The main task of labour market policy became the administration of unemployment benefits and the maintenance of the ability of the unemployed to re-enter the labour market. Fighting

Chart 1.

Unemployment rates in Finland and the OECD countries, 1980 – 1995



1. Finland

2. OECD

Source: OECD



long-term and youth unemployment were soon identified as specific objectives.

At the beginning of the 1990s, labour market programmes included just under 50 000 persons a month on average, but by January 1996, the figure had already reached 121 000, ie almost 5 per cent of the total labour force. Recently, the rise in long-term unemployment has been reversed, but the relative share of long-term unemployment in total unemployment has risen to one-third. However, this is still clearly less than the average level in the EU countries, for instance.

The coincidence of a high level of labour market programmes and exceptionally sluggish demand for labour have undermined the effectiveness of the programmes. It is obvious that the situation is untenable for the long term. Therefore it is essential that active labour market policy be employed hand in hand with growth-oriented economic policy.

Even during the defensive phase, some attempts were made to introduce a more comprehensive approach to the unemployment problem. The basic idea of these attempts was to reallocate appropriations for managing unemployment from passive measures (mainly unemployment benefits) to active measures (mainly training). However, these attempts remained feeble and, according to subsequent evaluations, they failed for the most part to achieve their objectives. One positive exception has been the vigorous expansion of the apprenticeship system, which has proceeded almost as planned.

As in the other Nordic countries, the collective bargaining mechanism in Finland is highly centralized. Four-fifths of wage earners are unionized and most employers likewise belong to employers' associations. This has meant that the rules of the game in the labour market have been agreed to a very large extent at the labour market organization level without the need for legislation or, when such a need has emerged, the legislation has been enacted on the basis of joint recommendations by labour market organizations. This pragmatism has prevented the Finnish labour market from becoming excessively rigid.

The worst problems in the Finnish collective bargaining system in respect of employment are the lack of company-level settlements and the rigidity of wages. Between 1990 and 1995, the aggregate rise in real wages was about 4 per cent. More flexible working hours could substantially compensate for wage rigidity, and in this area developments have in fact been favourable. The collective agreement reached in the metal industry in 1993 is especially worthy of note, as it gave local workplaces perhaps the most extensive powers within the European Union to agree on working hours on the basis of the concept of average annual working hours.

It was typical of the defensive phase, however, that the labour market mechanism did not respond to the rapid rise in unemployment by embarking on

any important reforms. Employers, with Government backing, demanded such reforms, which unfortunately drove the employees into the trenches.

### **Second phase: comprehensive analysis of the ways to fight unemployment**

Soon after his inauguration in March 1994, the new President of the Republic, Mr Martti Ahtisaari, appointed a high-level working group consisting of five persons representing various sectors of society. The task of the working group was to analyze the obstacles to a permanent reduction in unemployment and to propose measures for reducing the number of unemployed from the 1994 level of half a million to 200 000 by the year 2000. The working group completed its report in September 1994. According to the working group, the success of the mission would depend on the commitment of Parliament, the Government, the political parties, the major labour market organizations, interest groups and citizens' organizations to achieving the goal and carrying out the necessary measures (Chart 2).

According to calculations done by the President's working group, the planned reduction in unemployment would call for strong economic growth, reaching 5 per cent p.a. on average by the year 2000. In light of the output gap that had developed in the economy, this was not thought to be impossible. Economic growth would increase the number of employed by 270 000. Even this would not be enough. A total of 60 000 more jobs would need to be created through labour market reform and more effective labour market policy.

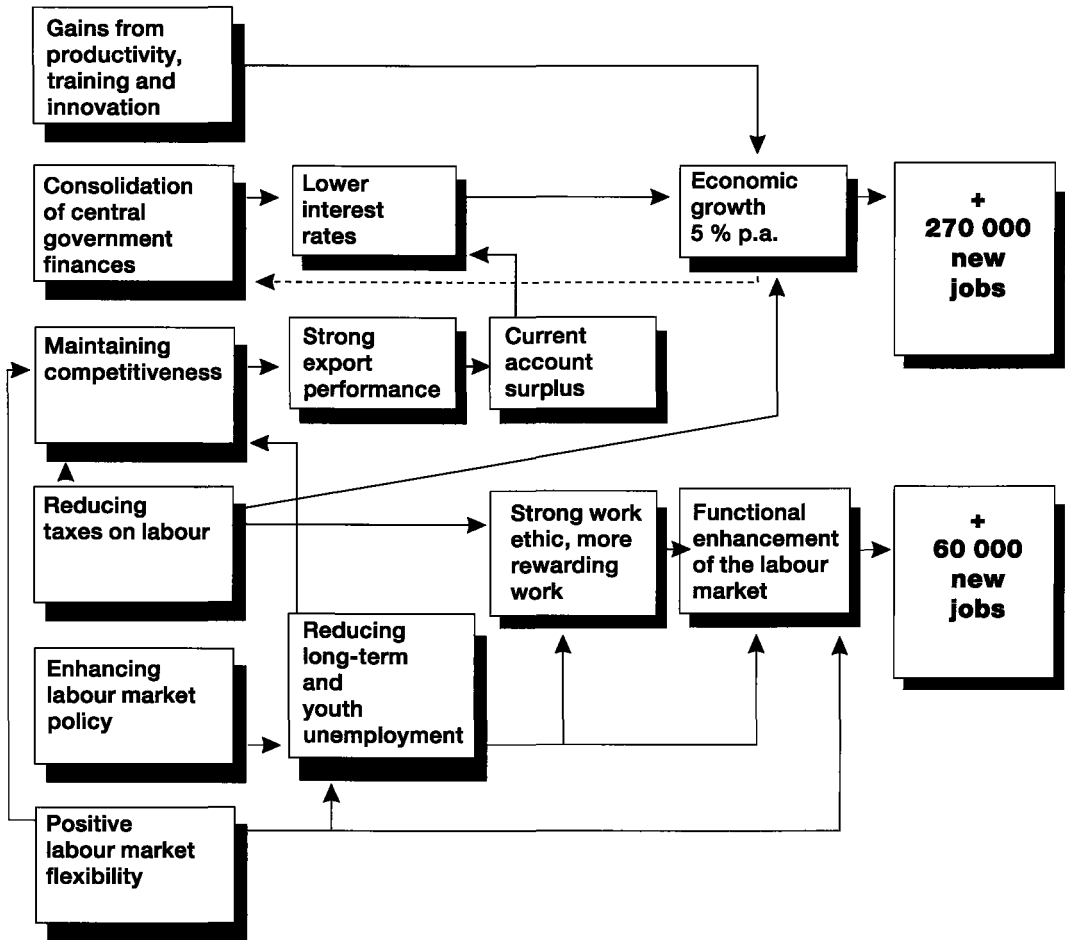
According to the working group, it would be necessary to bring real long-term interest rates down to a half of their 1994 level of 8 per cent in order to achieve sufficiently robust economic growth. This would necessitate a reversal in the rising ratio of central government debt to GDP beginning in 1997. To achieve this, permanent expenditure cuts of another FIM 16 billion would be necessary, in addition to the above-mentioned cuts of FIM 35 billion. Another key element of growth was to safeguard the strong export performance. Here, the working group considered the role of labour market organizations to be essential. Their responsibility would be to achieve wage settlements that would sustain Finland's international price competitiveness at the very favourable level that obtained immediately following the devaluation of the markka in 1991.

As the third pillar of strong growth, the working group proposed a reduction in taxes on labour. The required room for manoeuvre in central government finances would be achieved through the new budgetary cuts, combined with vigorous economic growth. Tax cuts would increase not only work incentives but also domestic demand.

The working group made an extensive study of ways of reforming the work environment and mak-

**Chart 2.**

**Reducing unemployment based on a report of the working group on employment appointed by the President of the Republic**



ing work more flexible. It found it imperative that Finland should gradually change over to a more decentralized wage settlement regime. The most urgent step would be to extend the practice of agreeing at the company level on working hours and profit-related pay. The working group argued that job rotation is beneficial since it provides job opportunities to the unemployed as replacements. The working group also proposed that minimum notification periods be shortened.

According to the working group, there are defects in the unemployment benefit system which reduce the incentive to seek work. Unemployment benefits were not considered particularly high, but

conditions applied to the granting and paying of benefits should be tightened.

The President's working group emphasized the role of active labour market policy. Over the next few years, the number of persons involved was to be raised from the prevailing level of 100 000 to 125 000. The measures themselves should be redesigned so as to increase local authorities' influence and responsibility for implementation.

The working group tested the effects of its programme using the Ministry of Finance's macro model. On this basis, they concluded that a roughly 5 per cent average growth rate was feasible, and that the targeted reduction in unemployment could

be attained. A basic assumption was that economic growth in OECD countries would average 3 per cent during the latter half of the 1990s. As we know, economic growth in 1995 did not reach that level.

In the lively discussion that followed its publication in September 1994, the programme for the most part met with a favourable reception. Implementation of the programme was however sidetracked by the approaching parliamentary elections.

**Aggressive phase:  
The goal of halving unemployment  
is included in the Government's  
programme**

After the parliamentary elections in March 1995, a new Government led by Mr Paavo Lipponen was formed. The primary goal of the Government's programme was to reduce unemployment by 50 per cent during its term of office. In practice, that would mean that by spring 1999, the number of unemployed would be 230 000. Many items in the Government's programme took into account the proposals and opinions of the President's working group.

In autumn 1995, the Government adopted two programmes – on convergence and employment – as a basis for implementing its economic and employment policies. In the convergence programme, the Government defined its economic and fiscal policy stance with the aim of meeting the convergence criteria of Stage Three of European Economic and Monetary Union (EMU). According to the programme, Finland will meet all of the criteria by 1999.

According to the convergence programme, the number of unemployed in 1999 would still be 330 000 or 12 ½ per cent of the labour force. This is inconsistent with the goal of reducing unemployment by 50 per cent, as stated in the Government's programme, which would require a further reduction of 100 000 in the number of unemployed. The measures required to achieve this further reduction in unemployment were stated in the employment programme approved by the Government in October 1995. The employment programme also serves as Finland's multiyear employment programme as required by the Essen Summit Meeting of the European Union.

The package formed by the convergence programme and the employment programme readily assimilated the incomes policy agreement concluded by the central labour market organizations in September 1995, according to which the standard wage rates will not rise more than just over three per cent by February 1998. The agreement provided a basis for maintaining firms' strong competitiveness.

The employment programme comprises altogether 52 different measures which have been grouped into six principal measures.

1. The taxation of wage earners will be eased and employers' social security contributions will be lowered in order to ease taxes on the use of labour.

The Government has already decided on measures to be taken this year to cut taxes on the use of labour by almost FIM 4 billion. The Government intends to continue the easing of taxation in the coming years.

2. The work environment will be reformed so as to lower employers' 'hiring threshold', the functionality of the work environment will be enhanced and work will be shared.

Some of the measures, such as job rotation leaves and a shortening of minimum notification periods, have already been implemented. A settlement has been reached concerning the overall reform of the Act on Hours of Work. Negotiations between the government and the labour market organizations on several other aspects of the work environment are under way.

3. Vocational training will be increased and made more on-the-job-oriented.

Of all the unemployed under the age of 25, almost a half have not completed any vocational training. Vocational training will be expanded by creating 30 000 new training positions during the next three years. This will also facilitate the reform of the unemployment benefit system. The apprenticeship system will be developed considerably.

4. Small-scale entrepreneurship will be encouraged and the entrepreneurial environment will be improved.

Certain provisions in the tax legislation that prevent small and medium-sized enterprises from strengthening their capital structure will be revised and the enterprises will be given better opportunities to obtain government guarantees. Increased labour force training will be focused on the training of entrepreneurs and on promoting the development projects of small and medium-sized enterprises. Attempts will be made to reduce administrative bureaucracy as well as the so-called employer bureaucracy.

5. Construction activity, including environmental protection projects, will be increased

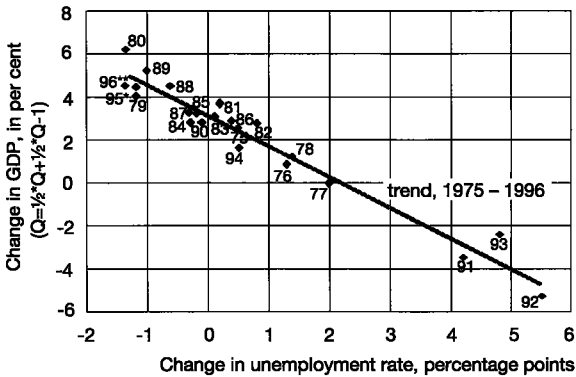
The housing construction sector has not recovered from its severe recession. The rate of unemployment in construction is about 30 per cent. The state will redesign its system for subsidizing the financing of housing construction to encourage new construction. The state will also increase its housing renovation grants significantly and intends to carry out extensive renovations of public buildings in 1996–1999.

6. The focus of labour market policy is shifted from the provision of passive income support to active measures

The reform of the unemployment benefit system will be carried out so that structural savings of over FIM 1 billion a year will be achieved in unemployment benefit expenditures. Of the resources thus saved, about a third will be used to improve training opportunities for the unemployed. Negotiations between the social partners on this reform have

**Chart 3.**

**Relation between GDP growth and unemployment rate, 1975 - 1996**



proved difficult. Opportunities for ageing and partially disabled workers to obtain work and improve their employability will be enhanced.

The implementation of the employment programme is estimated to burden central government finances by only FIM 0.5–1.0 billion a year in net terms. This is due to the fact that the measures will be financed largely by redirecting expenditures and that the revenue from value-added taxes will increase considerably owing to the pickup in construction activity.

**Concluding remarks**

As Finland had got used to a high employment, it took the country a long time before the seriousness of the unemployment problem was understood. A

comprehensive policy response and an extensive social commitment to reducing unemployment took more than three years in coming.

The implementation of the major part of the Government's employment programme was only started at the beginning of this year. Therefore, sufficient data are not yet available to evaluate the actual effects of the planned measures. The Government receives reports on programme results on a regular basis.

In 1995 total production grew by 4.2 per cent, ie slightly less than the five per cent requirement of the President's working group on employment. The number of employed increased by 44 000, which was very close to the target. However, the number of unemployed decreased by only 26 000 persons owing to an increase in the labour supply. The rate of decrease in unemployment is not sufficiently rapid to reduce unemployment by 50 per cent or to meet the goal of the President's working group (Chart 3). In the last six months, the annual rate of economic growth has slowed to less than three per cent. In order to get the decline in unemployment onto its target path, it is necessary that economic growth be raised back up to more than 4 per cent.

9 April 1996

- Keywords: employment, unemployment, employment programme, economic policy, active labour market policy

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## **Item**

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### ***Louekoski appointed to the Board of the Bank of Finland***

The President of the Republic has appointed Mr Matti Louekoski, LL M, to the Board of the Bank of Finland effective 1 July 1996. The appointment is based on a proposal by the Parliamentary Super-

visory Board. Mr Louekoski replaces Mr Kalevi Sorsa, who is retiring.

Mr Louekoski has held several ministerial posts, most recently Minister of Finance. He has been a long-standing MP (1976–79; 1983–) and presently is First Deputy Speaker of Parliament. Mr Louekoski will take up his new duties on 1 May 1996.

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

1995

## APRIL

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

## JUNE

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

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

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

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

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

## OCTOBER

**The minimum reserve system.** The Bank of Finland decides to revise the banks' minimum reserve system as from 2 October so that the

minimum reserve requirement is henceforth based on a monthly average.

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

## NOVEMBER

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

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

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

## DECEMBER

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

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

1996

## JANUARY

**Reorganization of the responsibilities of the government and the Bank of Finland.** On 9 January, the Cabinet Economic Policy Committee took the following decisions in principle:  
– responsibility for the Sponda group, which is owned by the Bank of Finland and which was set

up to manage Skopbank's assets (real estate and shares), will be transferred to the Council of State

– the government will settle its coinage-related debt to the Bank of Finland in the amount of some FIM 2 billion.

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

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

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## FEBRUARY

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

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## MARCH

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

# Finland in brief

## Land, climate and population

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

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

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

## Form of government

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

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

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

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

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

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

## International relations

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

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

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

## The economy

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

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

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69,



3.7 % in 1970–79, 3.7 % in 1980–89 and 3.6 % in 1990–94. Finland's GDP per capita in 1994 was USD 19 100.

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

In 1994, the share of forest industry products in total merchandise exports was 36 %, the share of metal and engineering products 36 % and the share of other goods 28 %. Raw materials and intermediate goods (incl. crude oil) accounted for 60 % of merchandise imports, fuels for 5 %, investment goods for 14 % and consumption goods for 20 %.

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

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

## **Finance and banking**

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

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

**Other banks** (31 December 1995). Finland has three major groups of deposit banks with a total of 1 953 offices. There are two big commercial banks with national branch networks and five smaller ones. The commercial banks have a total of 19 foreign branches, subsidiaries and associate banks and 21 representative offices abroad. There are 40 savings banks and 301 cooperative banks with their own extensive branch networks. In addition, foreign banks have four branches and nine representative offices in Finland.

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

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

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



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# 1. The balance sheet of the Bank of Finland

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

	1995		1996		
	31 Dec.	8 March	15 March	23 March	29 March
<b>ASSETS</b>					
<b>Gold and foreign currency claims</b>	48 865	45 717	45 578	44 656	43 475
Gold	1 742	1 742	1 742	1 742	1 742
Special drawing rights	1 569	1 170	1 162	1 162	1 165
IMF reserve tranche	1 685	1 794	1 792	1 792	1 802
ECU-claim on the European Monetary Institute	3 363	3 402	3 429	3 406	3 435
Foreign currency claims	40 506	37 608	37 453	36 554	35 330
<b>Other foreign claims</b>	3 969	3 923	3 924	3 924	3 930
Markka subscription to Finland's quota in the IMF	3 911	3 864	3 864	3 864	3 870
Share in the European Monetary Institute	58	60	60	60	60
<b>Claims on financial institutions</b>	8 831	3 797	3 794	3 943	3 943
Liquidity credits	—	—	—	—	—
Certificates of deposit	—	—	—	—	—
Securities with repurchase commitments	7 076	2 095	2 095	2 244	2 244
Term credits	—	—	—	—	—
Bonds	417	364	360	360	360
Other claims on financial institutions	1 339	1 339	1 339	1 339	1 339
<b>Claims on the public sector</b>	1 882	1 880	1 881	1 881	1 874
Treasury bills	—	—	—	—	—
Total coinage	1 882	1 880	1 881	1 881	1 874
<b>Claims on corporations</b>	2 886	2 857	2 856	2 856	2 853
Financing of domestic deliveries (KTR)	185	156	156	155	153
Other claims on corporations	2 700	2 700	2 700	2 700	2 700
<b>Other assets</b>	5 645	5 474	5 388	5 378	5 387
Loans for stabilizing the money market	4 532	4 532	4 532	4 532	4 532
Accrued items	972	808	718	698	704
Other assets	141	134	139	148	151
<b>Valuation account</b>	643	—	—	—	—
<b>Capitalized expenditures and losses due to safeguarding the stability of the money market</b>	1 400	1 400	1 400	1 400	1 400
<b>Total</b>	<b>74 121</b>	<b>65 047</b>	<b>64 821</b>	<b>64 037</b>	<b>62 861</b>
<b>LIABILITIES</b>					
<b>Foreign currency liabilities</b>	1 214	366	391	476	456
<b>Other foreign liabilities</b>	4 837	4 824	4 823	4 823	4 838
IMF markka accounts	3 911	3 864	3 864	3 864	3 870
Allocations of special drawing rights	927	961	959	959	968
Other foreign liabilities	—	—	—	—	—
<b>Notes and coin in circulation</b>	15 611	14 418	14 362	14 289	14 448
Notes	13 868	12 708	12 653	12 584	12 743
Coin	1 743	1 710	1 710	1 705	1 705
<b>Certificates of deposit</b>	27 090	27 266	27 266	26 526	25 426
<b>Liabilities to financial institutions</b>	16 777	8 443	8 042	8 192	7 665
Reserve deposits	15 676	7 342	6 941	7 091	6 564
Term deposits	—	—	—	—	—
Other liabilities to financial institutions	1 101	1 101	1 101	1 101	1 101
<b>Liabilities to the public sector</b>	75	54	29	40	40
Cheque accounts	0	1	0	0	0
Deposits of the Government Guarantee Fund	75	53	29	39	39
Other liabilities to the public sector	—	—	—	—	—
<b>Liabilities to corporations</b>	994	887	884	878	875
Deposits for investment and ship purchase	994	887	884	878	875
<b>Other liabilities</b>	327	293	287	287	284
Accrued items	300	260	260	260	256
Other liabilities	27	33	27	27	28
<b>Valuation account</b>	—	1 300	1 542	1 329	1 635
<b>Provisions</b>	1 431	1 431	1 431	1 431	1 431
Pension provision	1 431	1 431	1 431	1 431	1 431
Other provisions	—	—	—	—	—
<b>Capital accounts</b>	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	—	—	—	—	—
<b>Total</b>	<b>74 121</b>	<b>65 047</b>	<b>64 821</b>	<b>64 037</b>	<b>62 861</b>

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

End of period	Foreign sector								Public sector		
	Gold	Special drawing rights	IMF reserve tranche	ECU-claim on the European Monetary Institute	Foreign currency claims	Foreign exchange reserves (1+2+3+4+5)	Other claims, net	Net claims (6+7)	Claims	Liabilities	Net claims (9-10)
	1	2	3	4	5	6	7	8	9	10	11
<b>1991</b>	2 180	932	1 136	.	29 381	33 629	- 424	33 204	1 375	3	1 372
<b>1992</b>	2 180	564	1 732	.	25 041	29 517	-2 998	26 519	2 446	90	2 356
<b>1993</b>	2 180	664	1 747	.	28 882	33 473	-1 324	32 148	1 788	784	1 004
<b>1994</b>	2 180	1 537	1 354	.	47 672	52 743	-1 114	51 629	1 806	93	1 713
<b>1995</b>	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
<b>1995</b>											
<b>March</b>	1 742	1 616	1 329	3 619	45 185	53 492	-1 149	52 343	1 763	68	1 695
<b>April</b>	1 742	1 295	1 290	3 460	42 535	50 321	-1 583	48 738	1 773	101	1 672
<b>May</b>	1 742	1 028	1 437	3 481	42 847	50 536	-1 644	48 892	1 772	194	1 578
<b>June</b>	1 742	1 278	1 425	3 477	43 484	51 407	-1 617	49 790	1 793	554	1 239
<b>July</b>	1 742	1 383	1 518	3 361	43 659	51 662	-1 945	49 717	1 797	53	1 744
<b>Aug.</b>	1 742	1 275	1 584	3 333	43 816	51 750	-1 902	49 848	1 804	56	1 748
<b>Sept.</b>	1 742	1 457	1 579	3 323	40 294	48 395	-1 829	46 566	1 797	76	1 721
<b>Oct.</b>	1 742	1 385	1 671	3 315	39 624	47 738	-1 954	45 784	1 801	76	1 725
<b>Nov.</b>	1 742	1 421	1 666	3 279	42 396	50 503	-2 113	48 390	1 819	75	1 744
<b>Dec.</b>	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
<b>1996</b>											
<b>Jan.</b>	1 742	1 174	1 716	3 337	36 023	43 993	-1 378	42 615	1 879	132	1 747
<b>Feb.</b>	1 742	1 061	1 767	3 376	37 832	45 778	-1 484	44 294	1 880	54	1 826
<b>March</b>	1 742	1 165	1 802	3 435	35 330	43 475	-1 364	42 111	1 874	40	1 834
End of period	Domestic financial sector				Corporate sector						
	Term claims on deposit banks, net	Reserve deposits of deposit banks <sup>1</sup>	Other claims on financial institutions, net	Net claims (12+13+14)	Claims in the form of special financing	Special deposits and other items, net	Net claims (16+17)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland		
	12	13	14	15	16	17	18	19	20		
<b>1991</b>	11 882	-10 361	3 325	4 846	1 086	-6 854	-5 768	14 528	8 880		
<b>1992</b>	3 738	-13 165	4 022	-5 405	747	-2 651	-1 904	14 508	4 880		
<b>1993</b>	7 337	-6 398	-463	476	496	720	1 216	14 994	14 837		
<b>1994</b>	1 480	-6 526	-347	-5 392	316	1 285	1 601	14 315	35 236		
<b>1995</b>	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090		
<b>1995</b>											
<b>March</b>	2 701	-6 516	-111	-3 926	285	1 501	1 786	13 846	37 991		
<b>April</b>	2 922	-6 798	-218	-4 094	273	1 561	1 834	14 121	35 448		
<b>May</b>	2 242	-6 523	92	-4 189	259	1 599	1 858	14 270	34 742		
<b>June</b>	3 019	-6 646	145	-3 482	244	1 638	1 882	14 374	35 555		
<b>July</b>	3 425	-6 765	304	-3 037	235	1 653	1 888	14 544	36 982		
<b>Aug.</b>	3 053	-6 574	199	-3 322	224	1 669	1 893	14 325	36 809		
<b>Sept.</b>	6 261	-6 557	107	-189	217	1 692	1 909	14 229	37 321		
<b>Oct.</b>	6 178	-5 768	728	1 138	202	1 752	1 954	14 129	37 596		
<b>Nov.</b>	5 409	-7 011	711	-891	192	1 631	1 823	14 321	38 082		
<b>Dec.</b>	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090		
<b>1996</b>											
<b>Jan.</b>	3 182	-18 155	624	-14 349	170	1 756	1 926	14 293	16 743		
<b>Feb.</b>	2 095	-8 092	2 046	-3 951	159	1 808	1 968	14 428	28 325		
<b>March</b>	2 244	-6 564	598	-3 722	153	1 825	1 978	14 448	25 426		

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

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

	Reserve requirement			Required reserves <sup>1</sup> , mill. FIM	Excess reserves, mill. FIM	Total reserves, mill. FIM (4+5)	Liquidity credits, mill. FIM
	On deposits payable on demand, %	On other deposits, %	On other items, %				
	1	2	3	4	5	6	7
1993	2.0	1.5	1.0	6 398	.	.	440
1994	2.0	1.5	1.0	6 526	.	.	14
1995 I-IX	2.0	1.5	1.0	6 557	.	.	123
X-XII	2.0	1.5	1.0	6 530	616	7 146	37
1995							
March	2.0	1.5	1.0	6 516	.	.	0
April	2.0	1.5	1.0	6 798	.	.	0
May	2.0	1.5	1.0	6 523	.	.	2
June	2.0	1.5	1.0	6 646	.	.	30
July	2.0	1.5	1.0	6 765	.	.	0
Aug.	2.0	1.5	1.0	6 574	.	.	212
Sept.	2.0	1.5	1.0	6 557	.	.	857
Oct.	2.0	1.5	1.0	6 557	140	6 697	0
Nov.	2.0	1.5	1.0	6 545	196	6 741	112
Dec.	2.0	1.5	1.0	6 487	1 512	7 999	0
1996							
Jan.	2.0	1.5	1.0	6 541	217	6 758	0
Feb.	2.0	1.5	1.0	6 681	251	6 932	50
March	2.0	1.5	1.0	6 699	240	6 939	278

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

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

During period	Purchases of money market instruments	Sales of money market instruments	Matured money market instruments, net	Money market transactions, net (1-2-3)
	1	2	3	4
1991	109 568	30 380	81 969	-2 781
1992	76 230	137 940	-60 417	-1 293
1993	86 521	146 899	-50 486	-9 892
1994	35 540	351 820	-295 165	-21 115
1995	50 435	434 810	-393 930	9 555
1995				
March	4 260	40 440	-35 360	- 820
April	2 400	34 970	-35 680	3 110
May	3 710	32 780	-28 590	- 480
June	3 060	35 560	-32 400	- 100
July	3 385	36 980	-32 530	-1 065
Aug.	3 040	36 810	-33 550	- 220
Sept.	9 350	37 350	-33 740	5 740
Oct.	5 380	37 610	-28 110	-4 120
Nov.	4 680	38 080	-30 380	-3 020
Dec.	5 100	31 240	-37 290	11 150
1996				
Jan.	3 250	26 000	-22 850	100
Feb.	2 100	27 420	-24 080	-1 240
March	2 280	24 350	-21 300	- 770

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

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

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

Stock at end of period	Finnish banks' forward contracts						Non-residents' forward contracts with Finnish customers (excl. Finnish banks)			The Bank of Finland's forward contracts	
	With Finnish customers (excl. Finnish banks)			With foreign customers			Total				Net currency sales
	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (1-2)	Currency purchases from foreign customers	Currency sales to foreign customers	Net (4-5)	Net (3+6)	Currency purchases from Finnish customers	Currency sales to Finnish customers	Net (8-9)	
	1	2	3	4	5	6	7	8	9	10	11
<b>1991</b>	33 004	36 352	-3 348	40 056	37 505	2 550	-798	1 404	645	759	8 953
<b>1992</b>	39 195	32 939	6 256	21 142	32 339	-11 197	-4 941	1 614	1 929	-315	7 133
<b>1993</b>	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
<b>1994</b>	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-6 080
<b>1995</b>	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
<b>1995</b>											
Feb.	54 500	23 006	31 494	21 161	36 433	-15 273	16 221	20 618	3 533	17 086	-9 485
March	57 611	25 712	31 899	23 283	36 466	-13 182	18 717	20 806	4 775	16 030	-8 055
April	57 779	24 331	33 447	22 063	33 135	-11 073	22 374	19 221	5 194	14 027	-4 909
May	59 058	24 236	34 822	23 178	33 876	-10 698	24 124	17 363	5 967	11 395	-3 562
June	56 010	21 745	34 265	22 744	36 052	-13 308	20 957	17 184	5 360	11 824	-2 461
July	54 311	20 649	33 662	22 825	33 288	-10 463	23 199	16 028	4 688	11 340	0
Aug.	58 236	19 237	39 000	24 721	37 101	-12 379	26 621	16 288	5 142	11 146	-3 416
Sept.	58 838	21 341	37 497	23 891	38 339	-14 448	23 049	13 741	6 046	7 695	-3 416
Oct.	56 689	20 187	36 503	25 509	39 525	-14 015	22 488	14 986	6 228	8 758	-2 572
Nov.	58 789	21 279	37 510	29 384	45 295	-15 911	21 599	15 154	6 539	8 615	0
Dec.	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	0
<b>1996</b>											
Jan.	62 881	24 416	38 465	38 155	61 008	-22 854	15 611	15 426	9 221	6 205	0
Feb.	69 329	29 225	40 105	44 599	67 131	-22 532	17 573	16 168	9 036	7 132	0

### 3. Rates of interest

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

Average of daily observations	Interbank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate <sup>1</sup>	Excess-reserve rate <sup>2</sup>	Base rate
	1	2	3	4	5	6	7	8
<b>1991</b>	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
<b>1992</b>	13.32	13.49	13.27	13.08	12.96	14.90	7.41	9.17
<b>1993</b>	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
<b>1994</b>	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
<b>1995</b>	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
<b>1995</b>								
<b>March</b>	4.66	5.78	6.06	6.48	7.07	7.75	3.75	5.25
<b>April</b>	5.00	5.75	5.97	6.31	6.82	7.75	3.75	5.25
<b>May</b>	5.06	5.72	5.87	6.06	6.45	7.75	3.75	5.25
<b>June</b>	5.77	5.93	6.02	6.21	6.57	7.93	3.93	5.25
<b>July</b>	5.40	5.97	6.13	6.40	6.80	8.00	4.00	5.25
<b>Aug.</b>	6.04	5.99	6.08	6.25	6.56	8.00	4.00	5.25
<b>Sept.</b>	6.20	5.97	5.95	5.97	6.04	8.00	4.00	5.25
<b>Oct.</b>	5.61	5.58	5.61	5.65	5.76	7.57	3.57	5.25
<b>Nov.</b>	4.90	4.90	4.93	4.99	5.11	6.90	2.90	5.00
<b>Dec.</b>	4.60	4.56	4.54	4.57	4.66	6.56	2.56	4.86
<b>1996</b>								
<b>Jan.</b>	4.30	4.21	4.20	4.24	4.41	6.25	2.25	4.75
<b>Feb.</b>	4.05	4.27	4.28	4.33	4.58	6.25	2.25	4.50
<b>March</b>	3.83	3.95	4.01	4.12	4.36	5.94	1.94	4.50

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

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

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

The Bank of Finland's tender rate, %	Liquidity credit: interest rate margin, %-points	Liquidity credit: maturity, days	Call money deposits: interest rate margin, %-points	Excess-reserve rate		
1	2	3	4	5		
<b>1992<sup>1</sup></b>	13.85	<b>1992</b>	+1.00	7	-3.00	.
<b>1993</b>	7.87	<b>1993</b>	+2.00	7	-2.00	.
<b>1994</b>	5.11	<b>1994</b>	+2.00	7	-2.00	.
<b>1995</b>	5.63	<b>1995</b>	+2.00	7	.	2.25
<b>1995</b>		<b>1995</b>				
<b>March</b>	5.75	<b>March</b>	+2.00	7	-2.00	.
<b>April</b>	5.75	<b>April</b>	+2.00	7	-2.00	.
<b>May</b>	5.75	<b>May</b>	+2.00	7	-2.00	.
<b>June</b>	5.93	<b>June</b>	+2.00	7	-2.00	.
<b>July</b>	6.00	<b>July</b>	+2.00	7	-2.00	.
<b>Aug.</b>	6.00	<b>Aug.</b>	+2.00	7	-2.00	.
<b>Sept.</b>	6.00	<b>Sept.</b>	+2.00	7	-2.00	.
<b>Oct.</b>	5.57	<b>Oct.</b>	+2.00	7	.	3.50
<b>Nov.</b>	4.90	<b>Nov.</b>	+2.00	7	.	2.75
<b>Dec.</b>	4.56	<b>Dec.</b>	+2.00	7	.	2.25
<b>1996</b>		<b>1996</b>				
<b>Jan.</b>	4.25	<b>Jan.</b>	+2.00	7	.	2.25
<b>Feb.</b>	4.25	<b>Feb.</b>	+2.00	7	.	2.25
<b>March</b>	3.94	<b>March</b>	+2.00	7	.	1.75
19.12.1995	4.25	19.12.1995				2.25
13.03.1996	3.75	13.03.1996				1.75

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

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

Average of daily observations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
<b>1991</b>	10.1	8.5	9.9
<b>1992</b>	10.4	7.8	10.6
<b>1993</b>	8.0	6.0	8.1
<b>1994</b>	5.9	5.2	6.1
<b>1995</b>	5.9	5.2	6.0
<b>1995</b>			
<b>March</b>	6.7	5.6	6.9
<b>April</b>	6.3	5.3	6.4
<b>May</b>	6.2	5.2	6.3
<b>June</b>	6.1	5.2	6.2
<b>July</b>	5.9	5.2	6.1
<b>Aug.</b>	5.7	5.1	5.9
<b>Sept.</b>	5.6	4.9	5.6
<b>Oct.</b>	5.7	4.9	5.8
<b>Nov.</b>	5.5	4.8	5.5
<b>Dec.</b>	5.3	4.7	5.3
<b>1996</b>			
<b>Jan.</b>	4.8	4.5	4.9
<b>Feb.</b>	4.6	4.2	4.7
<b>March</b>	4.6	4.3	4.7



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

Average for period	Lending					Markka deposits and other markka funding						
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits <sup>1</sup>	36-month tax-exempt deposits <sup>1</sup>	Other tax-exempt deposits, max. rate of interest <sup>1</sup>	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
1	2	3	4	5	6	7	8	9	10	11	12	
<b>1991</b>	13.63	15.88	13.40	13.84	12.08	11.80	7.50	.	4.50	7.10	13.22	8.97
<b>1992</b>	14.04	15.86	13.32	13.75	12.46	12.13	7.50	8.50	4.50	7.41	12.84	9.14
<b>1993</b>	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
<b>1994</b>	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
<b>1995</b>	7.85	11.33	7.30	7.46	8.04	7.75	2.75	3.75	2.00	3.13	6.29	4.08
<b>1995</b>												
<b>Feb.</b>	8.46	11.54	7.29	7.50	8.11	7.83	3.25	4.25	2.00	3.17	6.33	4.18
<b>March</b>	8.40	11.58	7.62	7.80	8.16	7.89	3.25	4.25	2.00	3.22	6.41	4.22
<b>April</b>	7.80	11.39	7.54	7.68	8.17	7.90	3.25	4.25	2.00	3.23	6.45	4.23
<b>May</b>	8.15	11.52	7.54	7.71	8.16	7.89	3.25	4.25	2.00	3.23	6.45	4.23
<b>June</b>	8.13	11.61	7.43	7.60	8.14	7.85	3.25	4.25	2.00	3.21	6.53	4.13
<b>July</b>	9.68	11.63	7.81	8.00	8.16	7.87	3.25	4.25	2.00	3.22	6.54	4.15
<b>Aug.</b>	8.98	11.58	7.80	7.98	8.14	7.84	3.25	4.25	2.00	3.21	6.52	4.16
<b>Sept.</b>	8.46	11.63	7.68	7.86	8.11	7.82	3.25	4.25	2.00	3.20	6.35	4.14
<b>Oct.</b>	7.73	11.56	7.28	7.43	7.98	7.68	3.25	4.25	2.00	3.09	6.19	4.03
<b>Nov.</b>	6.86	11.48	6.80	6.92	7.78	7.45	3.00	4.00	2.00	2.92	6.04	3.81
<b>Dec.</b>	6.53	9.30	6.10	6.21	7.46	7.13	2.75	3.75	2.00	2.69	5.27	3.38
<b>1996</b>												
<b>Jan.</b>	6.30	11.05	5.81	5.94	7.18	6.88	2.75	3.75	2.00	2.55	5.17	3.29
<b>Feb.</b>	5.79	9.32	6.04	6.08	6.99	6.70	2.50	3.50	2.00	2.44	4.98	3.15

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

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

Period	Bonds				Shares
	Reference rates calculated by the Bank of Finland		Taxable government bonds		Share yield
	3 years	5 years	5 years	10 years	
1	2	3	4	5	
<b>1991</b>	12.3	12.2	11.8	.	3.9
<b>1992</b>	13.1	13.0	12.0	11.5 <sup>1</sup>	3.1
<b>1993</b>	8.5	8.9	8.2	8.8	1.8
<b>1994</b>	8.5	9.3	8.4	9.0	1.4
<b>1995</b>	8.2	8.9	7.9	8.8	2.6
<b>1995</b>					
<b>Feb.</b>	9.3	10.2	9.3	10.2	1.5
<b>March</b>	9.2	10.1	9.2	10.2	2.3
<b>April</b>	8.7	9.4	8.4	9.4	2.6
<b>May</b>	8.2	8.9	7.8	8.8	3.3
<b>June</b>	8.3	8.9	7.7	8.7	3.1
<b>July</b>	8.5	9.0	7.8	8.7	2.8
<b>Aug.</b>	8.1	8.6	7.3	8.3	2.7
<b>Sept.</b>	7.6	8.1	7.2	8.0	2.6
<b>Oct.</b>	7.4	8.0	7.5	7.9	2.6
<b>Nov.</b>	6.7	7.5	7.0	7.5	3.1
<b>Dec.</b>	6.5	7.3	6.7	7.4	3.5
<b>1996</b>					
<b>Jan.</b>	6.1	6.9	6.3	7.0	2.2
<b>Feb.</b>	6.4	7.3	6.9	7.7	2.1

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

## 4. Rates of exchange

### 4.1 Middle rates, FIM

Average of daily quotations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copenhagen 1 DKK	Reykjavik 1 ISK	Frankfurt 1 DEM	Amsterdam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1991	4.0457	3.533	7.131	6.511	0.6684	0.6236	0.6322	0.0684	2.4380	2.1634	0.1184	2.8208
1992	4.4835	3.706	7.875	7.636	0.7714	0.7222	0.7444	0.0778	2.8769	2.5552	0.1397	3.2000
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.8706
1994	5.2184	3.824	7.982	7.799	0.6758	0.7393	0.8207	0.0745	3.2169	2.8684	0.1561	3.8179
1995	4.3658	3.181	6.891	6.999	0.6123	0.6889	0.7790	0.0674	3.0471	2.7202	0.1481	3.6941
1995												
March	4.3769	3.111	7.004	6.993	0.6021	0.6979	0.7770	0.0680	3.1138	2.7768	0.1509	3.7378
April	4.2650	3.096	6.862	6.948	0.5810	0.6889	0.7855	0.0676	3.0947	2.7641	0.1505	3.7580
May	4.3155	3.172	6.854	6.999	0.5919	0.6860	0.7832	0.0673	3.0663	2.7390	0.1490	3.6980
June	4.2983	3.120	6.853	7.004	0.5920	0.6891	0.7858	0.0678	3.0668	2.7406	0.1493	3.7104
July	4.2488	3.121	6.776	6.968	0.5917	0.6882	0.7852	0.0674	3.0587	2.7305	0.1488	3.6755
Aug.	4.3000	3.173	6.743	6.902	0.5949	0.6784	0.7680	0.0666	2.9773	2.6583	0.1448	3.5959
Sept.	4.3717	3.240	6.810	6.953	0.6127	0.6829	0.7710	0.0665	2.9902	2.6693	0.1454	3.6750
Oct.	4.2696	3.174	6.738	6.890	0.6248	0.6845	0.7776	0.0661	3.0188	2.6953	0.1468	3.7265
Nov.	4.2400	3.134	6.629	6.814	0.6427	0.6785	0.7724	0.0656	2.9934	2.6724	0.1456	3.7109
Dec.	4.3351	3.165	6.669	6.893	0.6531	0.6822	0.7766	0.0663	3.0083	2.6866	0.1464	3.7246
1996												
Jan.	4.4425	3.251	6.797	7.032	0.6608	0.6923	0.7859	0.0673	3.0398	2.7145	0.1479	3.7670
Feb.	4.5520	3.309	6.991	7.200	0.6611	0.7107	0.8026	0.0687	3.1048	2.7725	0.1510	3.8076
March	4.6019	3.370	7.026	7.234	0.6836	0.7158	0.8062	0.0694	3.1140	2.7818	0.1515	3.8459

Average of daily quotations	Paris 1 FRF	Rome 1 ITL	Vienna 1 ATS	Lisbon 1 PTE	Madrid 1 ESP	Athens 1 GRD	Tallinn 1 EEK	Tokyo 1 JPY	Melbourne 1 AUD	ECU Commercial 1 XEU	SDR 1 XDR
	13	14	15	16	17	18	19	20	21	22	23
1991	0.7169	0.00326	0.3464	0.0280	0.0389	0.022		0.03008	3.152	5.003	5.52771
1992	0.8486	0.00364	0.4088	0.0332	0.0438	0.024	0.4060	0.03546	3.289	5.798	6.31546
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885	6.685	7.98641
1994	0.9406	0.00324	0.4573	0.0314	0.0390	0.0215	0.4021	0.05106	3.814	6.175	7.46629
1995	0.8748	0.00268	0.4331	0.0291	0.0350	0.0189	0.3809	0.04663	3.238	5.644	6.61196
1995											
March	0.8790	0.00259	0.4424	0.0296	0.0341	0.0192	0.3892	0.04833	3.216	5.700	6.72357
April	0.8814	0.00249	0.4398	0.0293	0.0343	0.0190	0.3868	0.05101	3.139	5.671	6.71986
May	0.8670	0.00261	0.4360	0.0291	0.0350	0.0189	0.3833	0.05078	3.143	5.647	6.72395
June	0.8736	0.00262	0.4362	0.0291	0.0353	0.0190	0.3833	0.05083	3.094	5.665	6.72042
July	0.8788	0.00264	0.4349	0.0291	0.0355	0.0189	0.3823	0.04871	3.088	5.662	6.61807
Aug.	0.8654	0.00268	0.4234	0.0287	0.0349	0.0185	0.3722	0.04547	3.186	5.569	6.49492
Sept.	0.8670	0.00271	0.4251	0.0287	0.0348	0.0186	0.3738	0.04353	3.298	5.580	6.40629
Oct.	0.8643	0.00266	0.4290	0.0287	0.0349	0.0184	0.3773	0.04242	3.237	5.546	6.39697
Nov.	0.8677	0.00266	0.4255	0.0285	0.0348	0.0181	0.3742	0.04162	3.160	5.496	6.33703
Dec.	0.8733	0.00272	0.4276	0.0287	0.0354	0.0182	0.3760	0.04258	3.213	5.530	6.43793
1996											
Jan.	0.8878	0.00281	0.4323	0.0293	0.0361	0.0185	0.3800	0.04206	3.293	5.609	6.51994
Feb.	0.9028	0.00289	0.4414	0.0299	0.0368	0.0188	0.3881	0.04305	3.439	5.704	6.67427
March	0.9095	0.00294	0.4427	0.0301	0.0370	0.0190	0.3892	0.04346	3.549	5.772	6.72716

## 4.2 Markka value of the ECU and currency indices

Average of daily observations	Markka value of the ECU FIM/ECU	Currency indices, 1982=100	
		Trade-weighted currency index	Payments currency index
	1	2	3
<b>1991</b>	5.00580	101.4	101.4
<b>1992</b>	5.80140	116.4	115.7
<b>1993</b>	6.69420	132.4	136.0
<b>1994</b>	6.19108	123.2	125.5
<b>1995</b>	5.70936	111.6	111.5
<b>1995</b>			
<b>March</b>	5.76731	112.4	112.3
<b>April</b>	5.72937	111.2	110.5
<b>May</b>	5.70402	111.3	110.9
<b>June</b>	5.71859	111.5	110.8
<b>July</b>	5.71263	110.9	110.1
<b>Aug.</b>	5.60862	109.4	109.4
<b>Sept.</b>	5.63392	110.3	110.6
<b>Oct.</b>	5.64587	110.4	110.0
<b>Nov.</b>	5.61404	110.0	109.5
<b>Dec.</b>	5.65470	111.2	111.0
<b>1996</b>			
<b>Jan.</b>	5.73809	112.7	112.9
<b>Feb.</b>	5.86385	115.0	115.3
<b>March</b>	5.89568	116.2	116.4

## 5. Other domestic financing

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

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992	34 832	88 526	114 771	21 218	259 347	14 626	273 973	65 557	339 530
1993	36 379	92 357	112 413	21 766	262 915	14 883	277 798	63 173	340 971
1994	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1994									
Nov.	42 319	98 059	107 511	20 141	268 030	11 895	279 925	46 810	326 735
Dec.	41 200	99 691	108 922	19 838	269 650	12 774	282 424	44 228	326 651
1995									
Jan.	41 912	100 114	109 274	19 729	271 028	11 588	282 616	37 173	319 788
Feb.	42 583	103 613	108 069	19 960	274 225	12 844	287 069	44 259	331 328
March	43 698	104 071	108 784	20 259	276 812	12 769	289 581	47 289	336 870
April	45 487	104 920	108 622	20 467	279 495	11 987	291 483	55 118	346 601
May	45 373	103 337	108 316	20 671	277 697	12 264	289 961	48 998	338 959
June	47 640	105 219	108 954	20 606	282 418	12 759	295 177	44 648	339 825
July	48 359	105 161	108 755	20 811	283 087	12 420	295 507	62 174	357 681
Aug.	46 983	105 397	108 792	20 795	281 966	12 488	294 454	62 337	356 791
Sept.	44 089	105 789	108 047	20 852	278 776	12 165	290 941	57 174	348 115
Oct.	47 040	104 602	105 406	21 553	278 602	12 247	290 849	64 497	355 346
Nov.	48 730	107 047	104 174	21 797	281 748	13 250	294 998	50 785	345 784

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

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1990	19 152	5 777	260 790	285 720	103 134	388 853
1991	18 037	4 712	262 859	285 609	107 714	393 323
1992	16 045	3 335	252 163	271 544	95 168	366 712
1993	14 217	2 223	248 406	264 846	66 931	331 777
1994	13 241	1 301	242 417	256 958	45 138	302 096
1994						
Nov.	13 274	1 522	244 044	258 840	46 902	305 742
Dec.	13 241	1 301	242 417	256 958	45 138	302 096
1995						
Jan.	12 991	1 240	242 556	256 787	43 726	300 513
Feb.	12 951	1 190	242 803	256 944	42 579	299 523
March	12 797	1 157	242 000	255 954	42 316	298 270
April	12 657	1 159	242 911	256 727	39 550	296 277
May	12 448	1 145	242 338	255 930	38 260	294 190
June	12 216	1 070	241 834	255 120	37 831	292 951
July	11 845	1 074	242 045	254 963	36 353	291 316
Aug.	11 860	1 058	242 323	255 242	36 230	291 472
Sept.	12 317	1 004	241 909	255 230	35 166	290 396
Oct.	12 180	992	241 103	254 275	34 006	288 281
Nov.	12 283	943	240 328	253 554	32 926	286 480

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

End of period	Foreign assets, net	Domestic credit			Other items, net	M <sub>1</sub>	M <sub>2</sub> (1+4+5)	M <sub>3</sub>
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1990	-82 881	-19 072	453 720	434 648	-85 385	141 524	266 383	291 045
1991	-86 555	-6 516	470 852	464 336	-102 540	130 644	275 241	310 924
1992	-68 099	81	439 937	440 018	-97 909	134 829	274 011	310 733
1993	-25 989	1 848	403 742	405 589	-100 006	141 759	279 595	322 408
1994	12 844	6 092	365 712	371 804	-97 953	154 357	286 696	328 509
<b>1995*</b>								
Feb.	25 494	14 406	370 920	385 325	-121 575	158 107	289 245	328 804
March	23 412	10 333	372 468	382 800	-113 997	159 929	292 215	332 244
April	20 550	6 940	376 188	383 128	-108 099	163 101	295 579	331 882
May	13 031	9 909	374 729	384 639	-103 647	162 089	294 022	332 613
June	16 161	14 503	371 622	386 125	-105 731	164 865	296 555	340 057
July	20 128	15 931	370 015	385 946	-109 760	164 621	296 313	342 997
Aug.	22 843	15 953	369 481	385 434	-113 050	163 475	295 227	337 391
Sept.	25 915	18 486	367 613	386 098	-119 347	161 659	292 667	338 041
Oct.	28 085	20 208	365 657	385 865	-121 619	163 287	292 331	334 378
Nov.	26 219	16 770	363 830	380 600	-110 948	167 812	295 871	328 102
Dec.	..	..	..	..	..	175 872	303 774	329 805
<b>1996*</b>								
Jan.	..	..	..	..	..	175 605	296 527	331 586
Feb.	..	..	..	..	..	178 057	294 601	326 472

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

End of period	Foreign currency-denominated debt			Markka-denominated debt				Total central government debt (3+8)	Out-standing lending	Cash funds	
	Bonds	Other debt	Total (1+2)	Public bonds	Other long-term liabilities	Treasury notes and bills	Miscellaneous items				Total (4+5+6+7)
	1	2	3	4	5	6	7	8	9	10	11
1991	38 703	4 943	43 646	31 018	12 208	5 180	..	48 406	92 052	55 165	15 956
1992	100 244	6 143	106 387	40 578	13 555	14 762	..	68 895	175 282	61 671	19 781
1993	142 824	12 753	155 577	71 082	16 060	22 824	..	109 966	265 543	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-5 945	137 316	313 878	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	..	..
<b>1995</b>											
Feb.	165 516	15 884	181 400	105 442	17 080	37 320	-6 039	153 803	335 203	68 189	54 954
March	166 342	17 306	183 648	115 230	17 053	38 990	-6 041	165 232	348 880	68 400	47 978
April	163 779	14 335	178 114	119 148	16 433	41 596	-5 599	171 578	349 692	68 916	47 895
May	164 510	14 515	179 025	121 943	16 399	40 535	-5 585	173 292	352 317	68 574	43 954
June	164 086	14 555	178 641	122 461	15 788	36 529	-5 587	169 191	347 832	68 921	32 648
July	160 563	14 192	174 755	122 953	15 781	35 526	-5 627	168 633	343 388	68 754	30 029
Aug.	159 404	13 799	173 203	129 417	17 531	34 804	-5 641	176 111	349 314	68 778	31 864
Sept.	159 093	13 532	172 625	134 142	17 530	31 525	-5 649	177 552	350 177	69 233	35 250
Oct.	158 207	14 100	172 307	134 673	17 530	34 287	-5 692	180 798	353 105	69 391	32 117
Nov.	156 263	14 145	170 408	139 244	17 503	38 769	-5 675	189 841	360 249	67 750	45 082
Dec.	158 545	13 756	172 301	143 948	17 492	37 864	-5 609	193 695	365 996	..	..
<b>1996</b>											
Jan.	159 917	13 867	173 784	148 462	17 437	40 160	-5 670	200 389	374 173	..	..
Feb.	167 905	14 099	182 004	150 312	17 437	42 259	-5 682	204 326	386 330	..	..

## 5.5 Markka bond market

### A) Issues, mill. FIM

During period	Corporations	Financial institutions	Central government	Local government	Others	Total (1+2+3+4+5)
	1	2	3	4	5	6
1991	7 277	25 737	11 073	1 320	—	45 407
1992	6 984	15 043	12 965	2 674	4	37 671
1993	11 691	10 481	36 512	2 235	63	60 981
1994	4 053	9 899	31 553	593	—	46 099
1995*	643	5 123	66 557	26	—	72 350
1995*						
Feb.	53	244	9 230	—	—	9 526
March	354	297	10 543	26	—	11 219
April	1	101	3 943	—	—	4 044
May	22	228	3 852	—	—	4 103
June	100	1 115	2 329	—	—	3 544
July	2	—	505	—	—	507
Aug.	1	105	6 796	—	—	6 902
Sept.	110	1 890	9 752	—	—	11 751
Oct.	—	150	5 020	—	—	5 170
Nov.	—	204	4 761	—	—	4 965
Dec.	—	458	4 717	—	—	5 174
1996*						
Jan.	—	—	6 405	—	—	6 405
Feb.	—	150	1 899	—	—	2 049

### B) Stock, mill. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corporations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1991	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992	26 624	82 153	44 005	5 238	3 358	89 382	13 918	58 078	161 378
1993	32 459	73 893	73 682	6 884	2 009	119 552	10 391	58 984	188 927
1994	30 179	66 467	94 865	6 981	953	141 935	7 581	49 929	199 445
1995*	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1995*									
Feb.	29 569	63 945	107 300	6 841	933	153 376	6 715	48 498	208 588
March	29 286	62 312	117 085	6 849	926	162 629	6 234	47 596	216 458
April	29 110	61 856	120 406	6 841	925	166 382	6 223	46 533	219 138
May	28 789	61 418	123 166	6 500	918	168 582	5 885	46 324	220 791
June	28 448	61 539	123 685	6 439	916	169 327	5 877	45 823	221 027
July	27 777	60 876	124 177	6 387	666	169 253	5 873	44 757	219 889
Aug.	27 557	59 771	130 640	6 378	666	174 867	5 545	44 600	225 012
Sept.	27 635	60 015	135 365	7 372	665	181 295	5 251	44 506	231 052
Oct.	27 602	59 561	135 897	7 463	363	181 435	5 058	44 393	230 886
Nov.	27 233	57 647	140 404	7 462	359	184 619	4 976	43 510	233 105
Dec.	26 468	55 166	145 177	6 914	357	187 830	5 034	41 218	234 082
1996*									
Jan.	26 029	53 447	149 692	5 814	357	190 638	4 521	40 180	235 339
Feb.	25 942	52 473	151 541	5 679	357	191 868	4 290	39 834	235 992

C) *Turnover, mill. FIM*

During period	Interbank transactions	Transactions between banks and customers	Primary dealers' transactions in benchmark government bonds		
			Purchases from other primary dealers	Purchases from others	Sales to others
	1	2	3	4	5
<b>1991</b>	3 343	29 134			
<b>1992</b>	18 383	58 757	10 744	12 156	13 354
<b>1993</b>	47 803	246 104	42 945	95 647	117 489
<b>1994</b>	184 599	359 697	173 096	150 908	176 647
<b>1995</b>	147 037	436 052	133 357	190 069	215 879
<b>1995</b>					
<b>March</b>	14 858	35 736	11 622	14 835	19 126
<b>April</b>	16 904	32 257	14 802	12 917	15 353
<b>May</b>	12 869	39 905	10 693	16 951	17 208
<b>June</b>	14 530	33 598	12 355	14 317	14 300
<b>July</b>	5 792	17 266	5 681	7 115	9 607
<b>Aug.</b>	11 210	42 367	10 698	20 105	20 057
<b>Sept.</b>	19 708	50 201	18 676	22 799	24 815
<b>Oct.</b>	11 843	40 102	11 615	17 944	21 776
<b>Nov.</b>	10 782	40 739	10 060	18 386	21 090
<b>Dec.</b>	11 970	44 723	11 387	21 621	21 833
<b>1996</b>					
<b>Jan.</b>	22 987	59 858	22 069	26 431	29 781
<b>Feb.</b>	28 639	49 337	28 117	23 641	24 870
<b>March</b>	21 686	47 221	21 298	22 895	23 603

5.6 *Helsinki Stock Exchange*

Average of daily observations	Share prices							Turnover <sup>1</sup> , mill. FIM		
	HEX index (28 Dec., 1990=1000)							Shares and sub- scrip- tion rights	Bonds and debentures	Total
	All-share index	By industry								
		Banks and finance	Insurance and investment	Manu- facturing	Of which:					
				Forest industries	Metal and engineering	Conglomerates				
	1	2	3	4	5	6	7	8	9	10
<b>1991</b>	962	901	898	1 003	1 075	1 076	1 021	6 339	1 315	7 655
<b>1992</b>	772	425	467	943	1 123	1 206	890	10 277	15 377	25 654
<b>1993</b>	1 240	608	644	1 601	1 695	1 749	1 751	46 337	59 977	106 314
<b>1994</b>	1 847	719	802	2 464	2 284	2 675	3 068	68 671	2 147	70 818
<b>1995</b>	1 918	500	638	2 741	2 062	2 255	4 251	83 019	1 075	84 094
<b>1995</b>										
<b>March</b>	1 648	509	533	2 292	1 905	2 038	3 343	5 464	76	5 540
<b>April</b>	1 688	497	556	2 365	2 040	2 138	3 408	5 340	92	5 432
<b>May</b>	1 829	516	613	2 587	2 072	2 259	3 896	5 823	122	5 946
<b>June</b>	1 919	560	631	2 731	2 113	2 154	4 401	7 843	65	7 908
<b>July</b>	2 107	526	694	3 066	2 289	2 346	4 858	7 114	24	7 138
<b>Aug.</b>	2 155	506	709	3 149	2 218	2 443	4 832	7 010	56	7 066
<b>Sept.</b>	2 231	504	751	3 276	2 176	2 492	5 045	8 649	59	8 708
<b>Oct.</b>	2 031	455	688	2 955	1 967	2 309	4 716	8 721	60	8 781
<b>Nov.</b>	1 887	417	657	2 708	1 807	2 105	4 478	6 942	132	7 074
<b>Dec.</b>	1 769	437	635	2 496	1 740	2 109	4 448	7 515	126	7 641
<b>1996</b>										
<b>Jan.</b>	1 710	476	671	2 363	1 686	2 116	4 452	7 241	62	7 302
<b>Feb.</b>	1 810	472	735	2 507	1 796	2 267	4 798	8 238	51	8 289
<b>March</b>	1 851	458	776	2 568	1 951	2 330	5 051	7 758	54	7 812

<sup>1</sup> During period.

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

### 6.1 Current account, mill. FIM

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

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



## 6.2 Capital and financial account, mill. FIM

During period	Imports of capital												Total (1+7+12)	
	Direct investment in Finland	Portfolio investment					Other investment					Total (8+9+10+11)		
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other			
1	2	3	4	5	6	7	8	9	10	11	12	13		
<b>1991</b>	-997	47	38 751	11 786	-4 511	..	34 287	-3 987	7 496	131	-9 737	-6 098	27 192	
<b>1992</b>	1 822	397	39 309	-5 312	-1 791	..	37 915	3 639	2	1 690	-17 415	-12 084	27 653	
<b>1993</b>	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 357	-5 347	-24 454	-19 977	23 687	
<b>1994*</b>	8 240	13 400	21 977	-5 783	-1 565	-65	33 748	2 722	647	-232	-1 160	1 977	43 965	
<b>1995*</b>	4 006	9 506	-18 180	-4 186	1 857	2 545	-4 271	-777	-7 342	-768	9 083	196	-69	
<b>1993</b>														
III	631	6 529	2 267	2 523	-2 755	..	6 041	-836	-1 495	1 671	-8 143	-8 803	-2 131	
IV	2 948	3 300	-3 725	-2 646	2 036	..	1 611	3 599	-1 289	-6 650	-1 106	-5 446	-887	
<b>1994*</b>														
I	3 844	4 389	4 669	526	-1 587	31	7 501	-908	-3 980	772	6 687	2 572	13 917	
II	3 029	2 404	5 341	-3 808	3 118	268	11 132	-868	1 312	-1 748	-3 078	-4 383	9 778	
III	2 372	5 181	16 528	783	-2 253	-383	19 073	177	-1 363	964	-5 534	-5 756	15 689	
IV	-1 005	1 426	-4 562	-3 283	-843	20	-3 958	4 321	4 678	-220	765	9 544	4 581	
<b>1995*</b>														
I	2 516	392	150	-1 432	-1 999	184	-1 273	-2 622	-333	9	8 540	5 594	6 837	
II	-1 330	3 482	-9 390	-3 556	-620	633	-5 894	843	-3 206	-766	-1 369	-4 499	-11 723	
III	88	3 580	-2 518	917	1 623	921	3 606	-1 033	-3 192	-200	-544	-4 969	-1 275	
IV	2 732	2 052	-6 422	-115	2 853	808	-710	2 034	-611	190	2 457	4 069	6 092	
During period	Exports of capital											Errors and omissions	Change in central bank's reserve assets (increase -)	
Direct investment abroad	Portfolio investment					Other investment					Total (14+19+24)			
Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)	25	26	27		
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
<b>1991</b>	-501	-369	-3	1 499	..	1 128	-726	2 341	1 054	6 587	9 256	9 883	2 012	7 375
<b>1992</b>	-3 372	46	321	2 748	..	3 115	3 634	3 409	3 745	3 259	14 048	13 790	-1 008	9 180
<b>1993</b>	8 050	873	767	1 932	..	3 571	1 923	-839	-6 063	14 698	9 720	21 341	5 214	-1 219
<b>1994*</b>	22 447	291	-4 625	-855	-279	-5 469	2 435	-7 460	1 856	5 826	2 657	19 636	-5 452	-25 504
<b>1995*</b>	6 624	-109	1 543	-5 484	-165	-4 215	2 705	-2 703	-579	12 635	12 058	14 467	-6 827	1 480
<b>1993</b>														
III	-845	77	-841	3 975	..	3 211	-190	-1 008	1 514	9 514	9 829	12 195	2 577	11 019
IV	7 572	636	-120	-494	..	21	-28	1 081	-6 308	-6 564	-11 819	-4 226	2 385	-7 141
<b>1994*</b>														
I	5 401	356	-558	215	-202	-188	-1 294	-1 849	2 612	-5 814	-6 345	-1 132	-4 852	-10 279
II	4 808	-41	-3 337	-4 448	-27	-7 854	1 735	-2 625	-460	6 191	4 841	1 796	23	-10 172
III	4 897	-45	-1 166	422	-53	-842	-414	-251	-268	9 847	8 914	12 968	-2 946	-3 921
IV	7 341	20	437	2 956	2	3 415	2 408	-2 734	-28	-4 399	-4 753	6 003	2 323	-1 132
<b>1995*</b>														
I	2 147	-240	1 275	-2 249	-45	-1 259	929	-1 234	-2 174	11 503	9 025	9 913	1 331	-1 691
II	1 309	0	-86	-2 798	31	-2 853	2 369	-150	-427	-7 333	-5 541	-7 084	-2 588	1 288
III	1 086	121	-409	521	-37	196	-590	1 044	867	2 863	4 184	5 465	-385	1 592
IV	2 082	10	764	-958	-115	-299	-3	-2 364	1 155	5 602	4 390	6 174	-5 185	291

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

Position at end of period	Liabilities												Total liabilities (1+7+12)
	Direct investment in Finland	Portfolio investment					Other investment						
		Shares	Bonds	Of which: markka-denominated bonds	Money market instruments	Financial derivatives	Total (2+3+5+6)	Trade credits	Loans	Currency and deposits	Other	Total (8+9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
<b>1991</b>	17 443	4 149	141 055	19 036	22 079	..	167 283	9 532	68 892	8 555	84 036	171 015	355 741
<b>1992</b>	19 348	5 138	211 361	14 366	19 391	..	235 889	13 305	78 330	11 880	78 804	182 320	437 557
<b>1993</b>	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
<b>1994*</b>	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
<b>1995*</b>	35 666	63 746	227 556	19 115	10 727	-390	301 640	19 514	71 067	2 568	53 363	146 512	483 818
<b>1993</b>													
<b>III</b>	21 418	22 725	265 540	23 460	13 090	..	301 355	14 091	95 327	13 276	61 106	183 799	506 573
<b>IV</b>	24 391	30 375	263 864	26 288	14 995	-6 103	303 131	18 206	93 124	4 025	54 188	169 543	497 064
<b>1994*</b>													
<b>I</b>	27 918	39 079	266 672	28 950	12 244	-8 855	309 140	17 116	87 372	4 724	58 746	167 958	505 016
<b>II</b>	30 846	42 719	269 689	22 831	15 286	-8 809	318 885	16 230	88 589	2 964	55 420	163 203	512 934
<b>III</b>	33 010	56 036	269 901	24 895	11 909	-7 591	330 255	16 277	81 907	3 752	47 152	149 088	512 353
<b>IV</b>	31 846	60 558	256 499	21 252	10 450	-6 877	320 630	20 527	84 826	3 430	46 566	155 350	507 826
<b>1995*</b>													
<b>I</b>	34 243	53 488	252 618	20 319	7 287	-7 754	305 640	17 830	81 319	3 369	53 433	155 951	495 833
<b>II</b>	32 873	79 430	241 326	16 939	6 133	-8 525	318 364	18 641	77 588	2 580	51 169	149 977	501 214
<b>III</b>	32 931	93 020	230 971	19 116	7 848	-2 278	329 561	17 561	71 059	2 364	50 032	141 015	503 507
<b>IV</b>	35 666	63 746	227 556	19 115	10 727	-390	301 640	19 514	71 067	2 568	53 363	146 512	483 818
Position at end of period	Assets												Total assets (14+19+24)
	Direct investment abroad	Portfolio investment					Other investment						
		Shares	Bonds	Money market instruments	Financial derivatives	Total (15+16+17+18)	Trade credits	Loans	Currency and deposits	Other	Total (20+21+22+23)		
14	15	16	17	18	19	20	21	22	23	24	25		
<b>1991</b>	44 823	426	7 004	4 154	..	11 584	16 388	28 504	7 647	72 498	125 037	181 444	
<b>1992</b>	44 921	469	8 697	7 917	..	17 083	21 389	35 251	12 665	76 647	145 952	207 955	
<b>1993</b>	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
<b>1994*</b>	59 451	1 866	4 778	9 115	488	16 246	26 678	24 847	7 055	106 465	165 046	240 743	
<b>1995*</b>	64 756	1 686	6 065	2 688	180	10 619	28 958	20 980	6 678	111 253	167 869	243 244	
<b>1993</b>													
<b>III</b>	48 332	759	10 074	10 689	..	21 522	23 857	34 208	13 929	98 044	170 039	239 893	
<b>IV</b>	53 090	1 285	10 706	11 028	446	23 465	26 350	35 981	5 701	88 579	156 611	233 166	
<b>1994*</b>													
<b>I</b>	54 424	2 047	9 576	10 911	622	23 156	24 718	32 788	8 107	90 621	156 234	233 813	
<b>II</b>	58 238	1 984	5 961	6 339	550	14 834	26 392	29 981	7 449	105 988	169 811	242 883	
<b>III</b>	58 314	1 866	4 319	6 087	561	12 833	24 682	28 350	6 955	112 579	172 566	243 713	
<b>IV</b>	59 451	1 866	4 778	9 115	488	16 246	26 678	24 847	7 055	106 465	165 046	240 743	
<b>1995*</b>													
<b>I</b>	60 188	1 480	5 516	5 835	160	12 991	27 297	22 668	4 985	115 389	170 339	243 518	
<b>II</b>	60 718	1 481	5 694	2 977	118	10 271	29 456	22 142	4 602	105 086	161 286	232 275	
<b>III</b>	61 224	1 630	5 162	3 503	203	10 497	28 648	22 978	5 477	104 365	161 467	233 188	
<b>IV</b>	64 756	1 686	6 065	2 688	180	10 619	28 958	20 980	6 678	111 253	167 869	243 244	

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

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

## 7. Foreign trade

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

During period	Exports, fob	Imports, cif	Balance (1-2)
	1	2	3
1991	92 842	87 744	5 098
1992	107 463	94 947	12 516
1993	134 112	103 165	30 947
1994	154 164	120 612	33 552
1995*	172 771	129 705	43 066
1995* <sup>1</sup>			
Feb.	13 019	9 817	3 202
March	15 186	11 052	4 134
April	14 471	10 806	3 665
May	14 891	10 875	4 016
June	16 864	10 310	6 554
July	11 502	9 145	2 357
Aug.	13 223	9 992	3 231
Sept.	14 868	10 544	4 324
Oct.	15 500	12 600	2 900
Nov.	15 200	12 200	3 000
Dec.	15 000	13 100	1 900
1996* <sup>1</sup>			
Jan.	13 600	10 100	3 500
Feb.	14 400	10 200	4 200

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

Period	Volume (seasonally adjusted)		Prices		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1991	93.1	84.3	98.5	100.9	97.6
1992	102.7	84.7	103.1	108.6	95.0
1993	120.6	83.6	109.7	119.6	91.7
1994	136.6	98.0	111.4	119.3	93.3
1995	143.0	105.5	119.2	119.2	100.0
1995					
Feb.	138.1	102.3	115.7	120.3	96.2
March	150.1	103.4	115.8	119.8	96.7
April	142.6	101.5	117.2	120.0	97.7
May	144.0	103.0	118.8	120.2	98.8
June	169.8	103.4	119.1	119.8	99.4
July	122.1	97.4	120.0	119.2	100.7
Aug.	141.3	100.8	120.0	119.2	100.7
Sept.	142.8	105.3	121.6	119.2	102.0
Oct.	141.9	117.2	122.6	118.4	103.5
Nov.	139.2	114.2	122.7	118.1	103.9
Dec.	144.7	120.6	123.0	118.2	104.1
1996					
Jan.	135.0	105.1	123.2	119.1	103.4
Feb.	144.0	106.9	122.4	119.3	102.6

\* See Notes and explanations to the statistical section.

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

During period	Exports by industries, fob					Imports by use of goods, cif				
	Wood industry products	Paper industry products	Chemical industry products	Metal and engineering industry products	Other goods	Raw materials (excl. crude oil)	Crude oil, fuels and lubricants	Finished goods		Other goods
	1	2	3	4	5	6	7	8	9	10
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	672
1992	7 892	32 587	12 172	35 741	19 071	49 514	9 745	13 348	20 826	1 514
1993	10 910	37 430	14 205	48 158	23 409	54 792	10 904	15 396	21 066	1 007
1994*	14 114	41 300	15 639	55 558	27 553	65 899	11 628	17 147	24 606	1 332
1994*										
Sept.	1 317	3 586	1 355	4 364	2 545	5 661	1 068	1 388	2 029	19
Oct.	1 274	3 568	1 317	4 948	2 292	5 655	821	1 472	2 053	93
Nov.	1 360	3 713	1 474	4 981	2 466	6 207	1 022	1 560	2 183	7
Dec.	1 317	3 669	1 420	6 071	2 516	7 978	1 614	2 565	2 844	104
1995*										
Jan.	1 301	3 735	1 245	4 768	2 182	5 346	507	1 317	1 827	149
Feb.	1 151	3 651	1 237	4 912	2 068	5 569	717	1 354	2 020	157
March	1 314	4 188	1 498	5 737	2 449	6 339	585	1 518	2 417	193
April	1 261	4 021	1 247	5 829	2 113	5 931	1 167	1 412	2 062	234
May	1 199	4 117	1 357	5 899	2 319	6 234	800	1 601	1 990	250
June	1 252	4 181	1 659	7 066	2 706	6 119	605	1 392	1 924	270
July	735	3 941	1 184	3 846	1 796	5 067	787	1 222	1 845	224
Aug.	890	4 206	1 223	4 503	2 401	5 580	740	1 315	1 996	361
Sept.	1 063	4 263	1 370	5 503	2 669	6 060	642	1 385	2 080	377

## 7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1994 <sup>1</sup>		Oct. 1994–Sept. 1995 <sup>*</sup>		1994 <sup>1</sup>		Oct. 1994–Sept. 1995 <sup>*</sup>	
	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	Year-on-year change calculated from 12-month moving total
	1	2	3	4	5	6	7	8
<b>All OECD countries</b>	115 696	75.0	127 031	12.9	93 316	77.4	101 653	16.9
<b>EU</b>	71 562	46.4	97 760	13.6	52 567	43.6	73 509	17.5
Austria	1 600	1.0	1 847	20.3	1 349	1.1	1 540	21.4
Belgium and Luxembourg	3 461	2.2	4 809	46.9	3 291	2.7	3 715	15.2
Denmark	5 287	3.4	5 508	7.8	3 668	3.0	4 052	17.3
France	7 784	5.0	8 084	9.3	4 911	4.1	5 196	9.6
Germany	20 678	13.4	22 287	12.3	17 736	14.7	19 804	19.8
Greece	893	0.6	932	8.9	328	0.3	351	15.1
Ireland	708	0.5	791	11.4	896	0.7	1 014	28.2
Italy	4 605	3.0	5 108	18.4	4 685	3.9	5 092	15.7
Netherlands	7 874	5.1	7 556	-1.4	4 352	3.6	4 859	19.4
Portugal	805	0.5	923	20.3	1 092	0.9	1 100	6.9
Spain	3 550	2.3	4 321	32.4	1 587	1.3	1 634	8.0
Sweden	16 846	10.9	17 722	10.9	12 576	10.4	14 693	25.6
United Kingdom	15 917	10.3	17 869	16.6	10 021	8.3	10 458	9.8
<b>Other OECD countries</b>	44 135	28.6	29 272	10.4	40 748	33.8	28 144	5.2
Of which:								
Australia	1 963	1.3	2 334	31.7	694	0.6	897	56.0
Canada	1 035	0.7	1 190	16.4	839	0.7	844	11.8
Japan	3 186	2.1	4 001	37.5	7 838	6.5	8 292	20.5
Norway	4 881	3.2	5 334	12.6	5 761	4.8	5 552	3.1
Switzerland	2 325	1.5	2 402	6.7	2 109	1.7	2 152	6.4
United States	11 037	7.2	11 506	-8.1	9 202	7.6	8 628	2.9
<b>Other countries</b>	38 468	25.0	42 610	17.0	27 296	22.6	26 212	5.2
Of which:								
Estonia	3 381	2.2	3 974	28.3	1 127	0.9	1 486	54.0
Czech Republic	855	0.6	818	14.0	438	0.4	469	16.5
Hungary	1 163	0.8	978	-2.1	410	0.3	394	11.8
Poland	2 551	1.7	2 474	10.2	1 549	1.3	1 241	-21.6
Russia	8 029	5.2	8 145	2.5	10 697	8.9	10 053	4.4
China	2 261	1.5	2 530	23.9	1 830	1.5	1 837	11.1
Hongkong	1 827	1.2	2 294	42.9	840	0.7	822	12.3
Korea	2 124	1.4	2 158	13.8	916	0.8	943	12.7
Malaysia	824	0.5	948	13.1	909	0.8	955	19.1
Singapore	1 440	0.9	1 634	48.1	631	0.5	607	6.1
Thailand	1 103	0.7	1 610	55.9	516	0.4	527	18.1
Taiwan	766	0.5	832	-1.8	1 146	1.0	1 145	7.1
Brazil	569	0.4	790	51.0	907	0.8	738	3.5
<b>TOTAL</b>	154 164	100.0	169 641	13.9	120 612	100.0	127 865	14.3
Of which:								
Africa	2 650	1.7	2 700	1.7	774	0.6	678	-11.1
The Americas	14 561	9.4	16 483	4.2	13 101	10.9	12 022	0.3
Asia	18 274	11.9	21 201	22.2	16 171	13.4	16 614	14.6
Europe	116 505	75.6	126 649	13.9	89 697	74.4	97 578	16.3
Oceania	2 174	1.4	2 609	32.3	868	0.7	971	3.7

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

## 8. Domestic economic developments

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

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1991	260 031	111 256	93 722	17 243	-2 451	479 801	110 965	111 755	479 011
1992	247 363	108 799	75 338	16 899	4 534	452 933	122 059	112 989	462 003
1993	240 177	103 028	60 638	13 890	10 221	427 954	142 459	113 842	456 571
1994*	244 449	103 931	60 445	13 893	20 717	443 435	161 376	128 223	476 588
1995*	254 651	105 084	67 240	13 148	23 360	463 483	173 643	140 507	496 619
1993									
III	59 818	25 772	14 718	3 585	3 384	107 277	36 245	28 736	114 786
IV	60 746	25 498	14 542	3 389	2 784	106 959	37 279	28 200	116 038
1994*									
I	61 079	25 712	14 355	3 480	1 480	106 106	37 978	28 631	115 453
II	60 163	25 911	14 632	3 502	5 795	110 003	39 896	31 154	118 745
III	61 108	25 954	15 590	3 464	6 133	112 249	41 224	32 851	120 622
IV	62 099	26 354	15 868	3 447	7 309	115 077	42 278	35 587	121 768
1995*									
I	63 137	25 622	17 167	3 382	4 415	113 723	43 564	33 714	123 573
II	63 694	26 337	16 101	3 326	3 919	113 377	44 532	33 935	123 974
III	63 603	26 408	16 817	3 224	7 501	117 553	42 327	35 280	124 600
IV	64 217	26 717	17 155	3 216	7 525	118 830	43 220	37 578	124 472

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

Period	Total industry	Mining and quarrying	Manufacturing	Wood and paper industries	Metal and engineering industries	Other manufacturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
1991	91.2	91.3	89.9	91.5	85.6	92.6	103.6
1992	92.4	88.4	91.4	94.6	91.1	90.2	103.0
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994	107.9	96.1	107.4	115.5	118.4	95.8	114.3
1995	116.0	95.6	116.7	116.5	142.4	97.5	111.1
1995							
Jan.	114.1	86.3	114.5	118.7	134.3	97.8	113.6
Feb.	114.6	92.4	115.7	120.8	134.8	99.5	107.7
March	116.7	95.6	117.5	120.8	137.0	99.3	111.9
April	115.4	92.8	115.8	120.0	137.8	97.8	113.9
May	116.2	75.8	116.9	120.0	145.8	97.1	114.6
June	116.2	94.1	116.9	119.8	140.6	98.2	112.8
July	115.2	93.3	115.7	123.0	130.7	98.1	115.9
Aug.	116.9	130.2	117.1	119.8	143.4	96.9	110.8
Sept.	116.7	98.8	117.8	115.4	147.8	96.6	108.8
Oct.	115.2	102.0	116.3	110.4	148.6	96.6	106.1
Nov.	116.7	97.2	118.0	107.8	152.9	95.8	107.5
Dec.	117.6	88.4	118.7	101.2	155.2	95.9	109.8
1996							
Jan.	114.9	84.3	115.1	107.1	143.1	97.3	116.5

### 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
<b>1991</b>	99.4	103.5	103.9	94.4	127.7	109.9	102.1	110.3
<b>1992</b>	87.2	92.9	79.5	73.8	76.2	87.5	84.5	107.0
<b>1993</b>	82.5	87.6	59.5	60.5	52.9	59.8	83.2	105.6
<b>1994*</b>	87.6	89.3	53.5	56.7	57.2	48.7	97.3	109.9
<b>1995*</b>	91.4	92.3	50.8	49.5	85.0	44.1	..	114.4
<b>1994*</b>								
<b>Dec.</b>	90.6	91.0	..	..	..	..	..	112.8
<b>1994*</b>								
<b>IV</b>	90.2	90.2	54.0	54.3	71.0	49.1	132.9	112.3
<b>1995*</b>								
<b>Jan.</b>	90.1	92.5	..	..	..	..	..	114.0
<b>Feb.</b>	91.1	92.8	..	..	..	..	..	113.8
<b>March</b>	90.3	90.9	..	..	..	..	..	115.4
<b>April</b>	88.0	91.5	..	..	..	..	..	114.3
<b>May</b>	92.2	93.4	..	..	..	..	..	114.5
<b>June</b>	90.5	92.1	..	..	..	..	..	113.5
<b>July</b>	91.5	89.9	..	..	..	..	..	113.2
<b>Aug.</b>	93.6	91.1	..	..	..	..	..	114.8
<b>Sept.</b>	90.4	92.9	..	..	..	..	..	114.7
<b>Oct.</b>	92.8	91.4	..	..	..	..	..	114.8
<b>Nov.</b>	93.7	93.7	..	..	..	..	..	115.5
<b>Dec.</b>	92.9	95.0	..	..	..	..	..	114.9
<b>1995*</b>								
<b>I</b>	90.5	92.1	52.2	55.0	77.4	43.2	..	114.4
<b>II</b>	90.2	92.3	52.6	53.2	92.8	44.4	..	114.1
<b>III</b>	91.8	91.3	50.3	47.3	86.2	45.6	..	114.2
<b>IV</b>	93.1	93.3	48.3	42.6	83.5	43.2	..	115.1

## 8.4 Wages and prices, 1990=100

Period	Index of wage and salary earnings	By sectors			Consumer price index	Indicator of underlying inflation	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private	Of which: Manufacturing (SIC 3)	Public				Domestic goods	Imported goods		Exported goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	106.4	106.4	106.1	106.4	104.3	104.1	100.0	99.8	100.8	99.4	98.5	99.8	102.2
1992	108.4	108.1	108.3	109.0	107.4	107.1	101.4	99.5	108.5	101.6	102.7	101.1	100.4
1993	109.2	108.8	110.0	110.1	109.7	109.9	104.8	100.8	119.3	105.5	109.2	103.9	100.7
1994 <sup>1</sup>	111.4	111.6	115.0	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.1	105.8	102.2
1995 <sup>1</sup>	116.7	117.4	123.1	115.0	112.0	111.3	106.9	103.8	118.5	110.8	118.0	107.7	103.5
1994 <sup>1</sup> IV	112.4	112.8	116.7	111.4	111.7	111.8	107.1	104.1	118.2	108.5	111.3	107.3	102.9
1995 Feb.	..	..	..	..	111.8	111.5	107.5	104.2	119.5	109.5	114.7	107.2	103.6
March	..	..	..	..	111.8	111.4	107.5	104.4	119.1	109.4	114.6	107.1	103.5
April	..	..	..	..	111.9	111.5	108.0	104.9	119.2	110.1	116.0	107.5	103.7
May	..	..	..	..	112.0	111.4	108.3	105.2	119.5	110.8	117.6	107.8	103.6
June	..	..	..	..	112.4	111.5	108.1	105.2	119.1	110.8	117.9	107.8	103.5
July	..	..	..	..	112.3	111.4	107.8	104.9	118.5	110.9	118.7	107.6	103.6
Aug.	..	..	..	..	112.1	111.2	105.8	102.4	118.5	111.1	118.9	107.8	103.6
Sept.	..	..	..	..	112.2	111.3	106.0	102.7	118.4	111.8	120.4	108.1	103.7
Oct.	..	..	..	..	112.2	111.4	105.9	102.7	117.7	112.1	121.3	108.1	103.4
Nov.	..	..	..	..	111.9	111.1	105.7	102.5	117.4	111.9	121.4	107.9	103.2
Dec.	..	..	..	..	111.8	111.0	105.7	102.5	117.4	112.1	121.5	108.1	103.2
1995 <sup>1</sup> I	114.6	115.6	121.0	112.6	111.7	111.2	107.3	104.2	118.8	109.3	114.2	107.2	103.4
II	116.1	116.8	122.9	114.5	112.1	111.5	108.1	105.1	119.3	110.6	117.2	107.7	103.6
III	116.6	117.3	122.9	115.2	112.2	111.3	106.5	103.3	118.5	111.3	119.3	107.8	103.6
IV	119.4	120.0	125.4	117.9	112.0	111.2	105.8	102.6	117.5	112.0	121.4	108.0	103.3
1996 Jan.	..	..	..	..	112.0	110.8	106.2	102.0	118.4	112.4	121.6	108.5	102.1
Feb.	..	..	..	..	112.4	..	106.1	102.7	118.6	112.3	120.7	108.7	101.9

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



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

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agri-culture, forestry and fishing	Mining, manufacturing and energy supply	Other industries			
		%	1000 persons							%	
		1	2	3	4	5	6	7	8	9	10
<b>1991</b>	67.4	2 533	2 340	340	2 000	197	502	1 640	193	7.6	
<b>1992</b>	66.1	2 502	2 174	325	1 849	188	454	1 533	328	13.1	
<b>1993</b>	65.3	2 484	2 041	312	1 729	173	423	1 444	444	17.9	
<b>1994</b>	64.8	2 480	2 024	312	1 712	167	426	1 430	456	18.4	
<b>1995</b>	65.1	2 497	2 068	304	1 764	158	456	1 454	430	17.2	
<b>1995</b>											
<b>Feb.</b>	64.6	2 476	2 050	292	1 758	162	440	1 447	426	17.2	
<b>March</b>	64.9	2 488	2 070	297	1 772	162	452	1 456	418	16.8	
<b>April</b>	65.3	2 505	2 067	303	1 764	161	456	1 450	438	17.5	
<b>May</b>	65.4	2 510	2 067	312	1 755	162	455	1 450	443	17.7	
<b>June</b>	65.2	2 505	2 073	307	1 766	160	462	1 451	432	17.2	
<b>July</b>	65.5	2 517	2 078	301	1 777	156	466	1 456	439	17.4	
<b>Aug.</b>	64.8	2 488	2 064	314	1 750	159	452	1 453	424	17.1	
<b>Sept.</b>	65.0	2 496	2 075	305	1 770	157	450	1 469	421	16.9	
<b>Oct.</b>	65.3	2 509	2 087	309	1 778	155	472	1 460	422	16.8	
<b>Nov.</b>	65.1	2 500	2 077	303	1 774	155	458	1 464	423	16.9	
<b>Dec.</b>	64.9	2 493	2 069	295	1 774	152	462	1 455	424	17.0	
<b>1996</b>											
<b>Jan.</b>	65.4	2 512	2 094	294	1 801	153	469	1 472	418	16.6	
<b>Feb.</b>	65.1	2 501	2 084	292	1 791	153	462	1 469	418	16.7	

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

mill FIM, cash flow basis

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

# Notes and explanations to the statistical section

## General

### Source

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

### Symbols used

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

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

## Notes and explanations to tables

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

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

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

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

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

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

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

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

## 3 Rates of interest

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

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

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

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

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

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

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

#### 4 Rates of exchange

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

#### 5 Other domestic financing

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

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

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

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

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

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

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

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

## 6 Balance of payments, foreign liabilities and assets

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

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

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

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

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

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

## 7 Foreign trade

Source: The National Board of Customs (except for table 7.2). All tables refer to foreign trade in goods.

**Table 7.1** The trade figures for October 1995 – February 1996 have been estimated on the basis of a survey of firms carried out by the Bank of Finland. The official foreign trade statistics published by the Board of Customs are delayed owing to changes in statistical systems caused by Finland's entry into the EU.

**Table 7.2** The volume indices (Columns 1 and 2) are calculated from the export and the import values, deflated by the price indices (Columns 3 and 4). Deflation and seasonal adjustments are carried out by the Bank of Finland. The export and the import price indices are provided by Statistics Finland. The terms of trade (Column 5) is the ratio of the export price index to the import price index, multiplied by 100.

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

## 8 Domestic economic developments

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

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

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

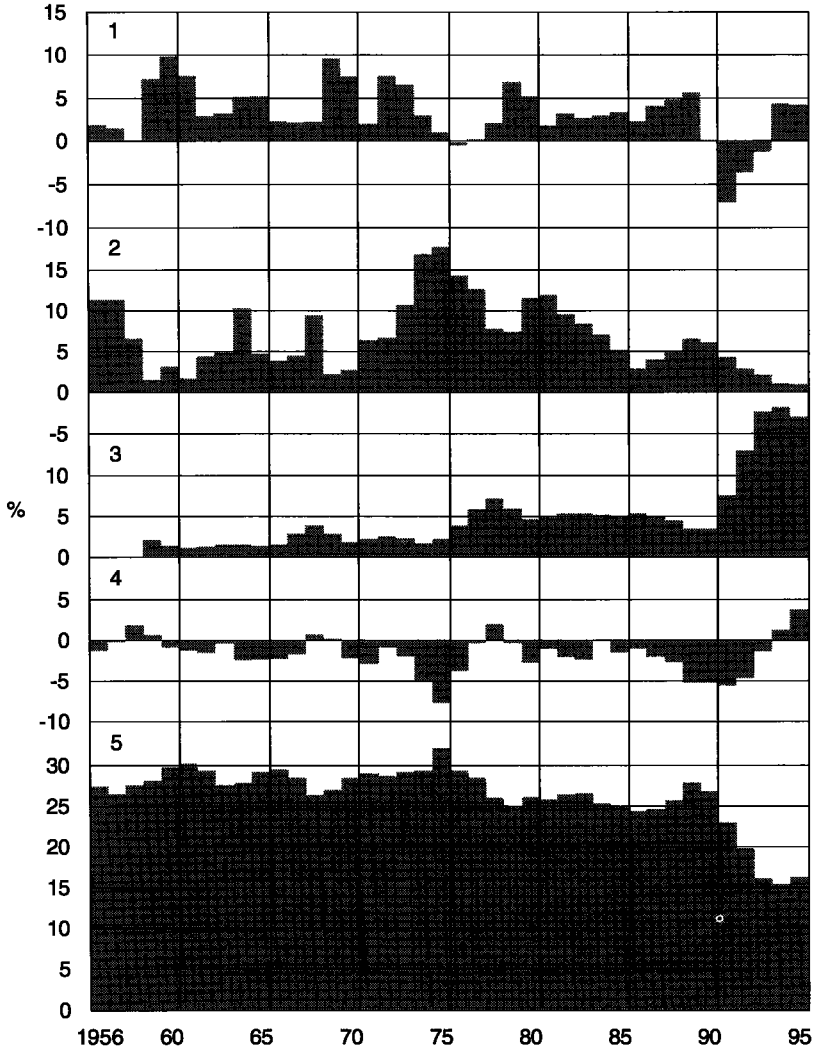
**Table 8.4** The indicator of underlying inflation (Column 6) is the consumer price index from which the effect of indirect taxes, subsidies and housing-related capital costs (house prices and mortgage interest payments) has been removed (see the article by Pentti Pikkarainen and Timo Tyrväinen in the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

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



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

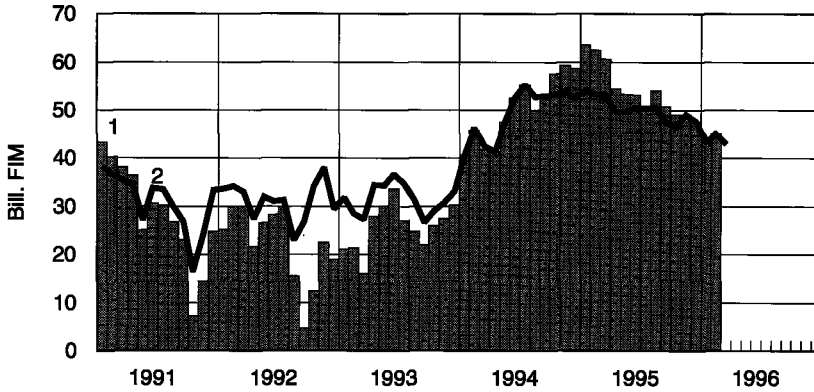
# 1. Long-term indicators



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

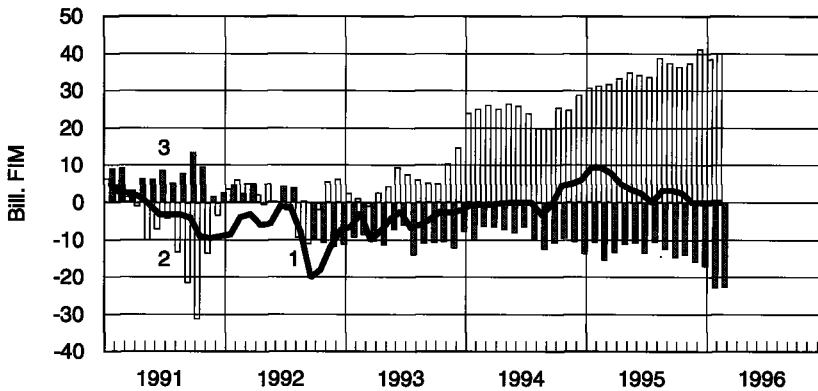


## 2. The Bank of Finland's foreign exchange reserves and forward position



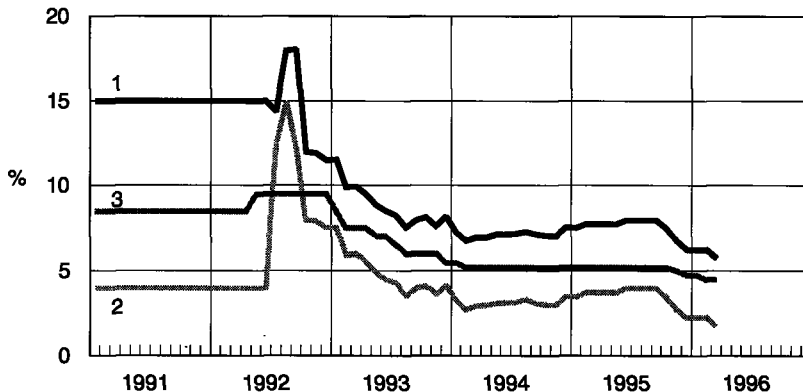
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

## 3. Forward market



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

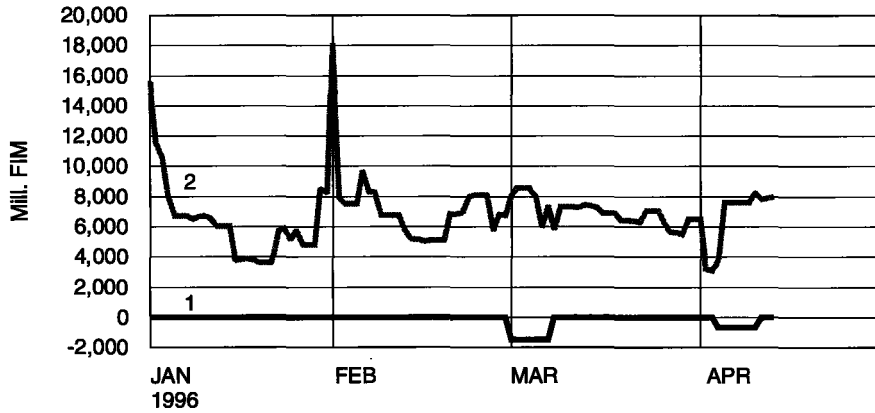
## 4. Rates of interest set by the Bank of Finland



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

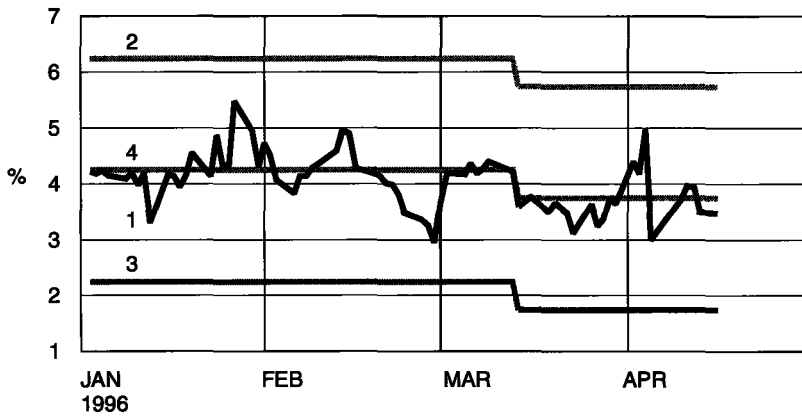
End-of-month observations

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



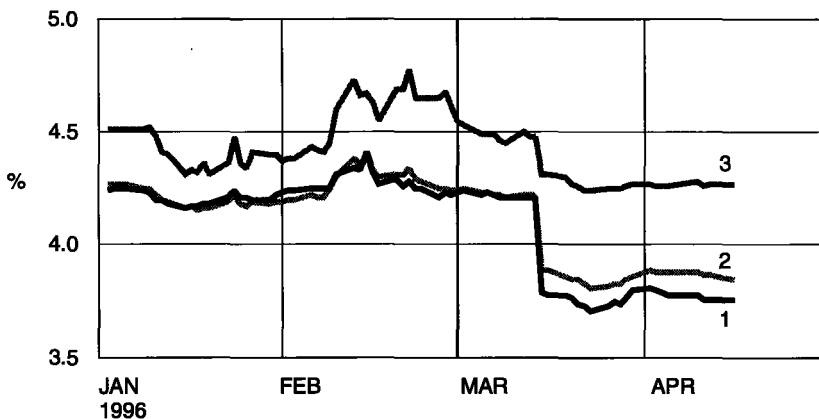
- 1. Liquidity credits (-)
- 2. Reserve deposits

### 6. Liquidity management interest rates



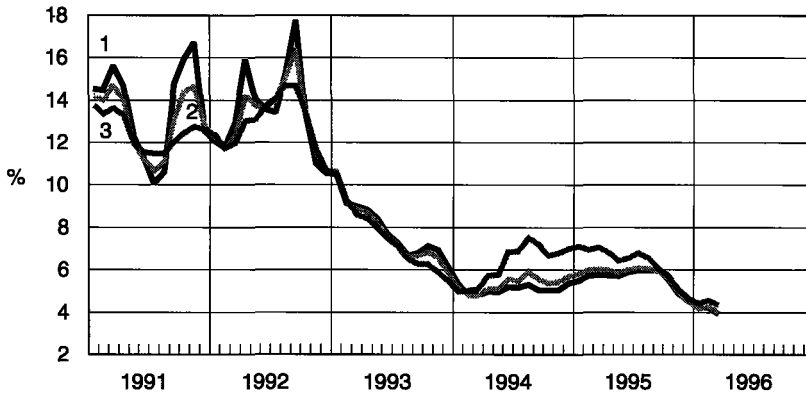
- 1. Inter-bank overnight rate
  - 2. Liquidity credit rate
  - 3. Excess-reserve rate (call money deposit rate until 2 October 1995)
  - 4. Tender rate
- Daily observations

### 7. HELIBOR rates of interest, daily



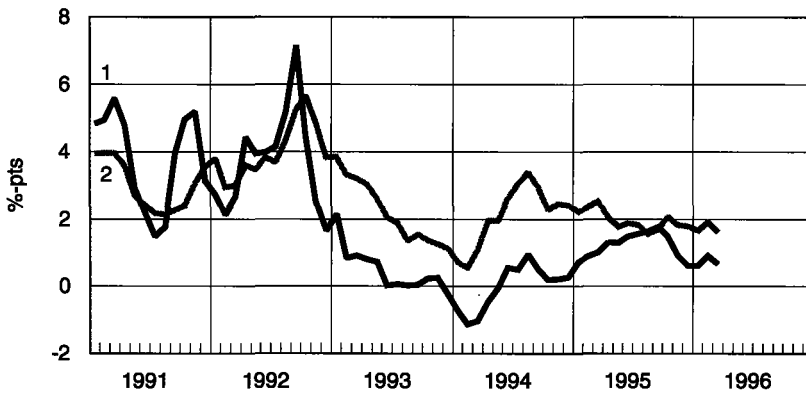
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

### 8. HELIBOR rates of interest, monthly



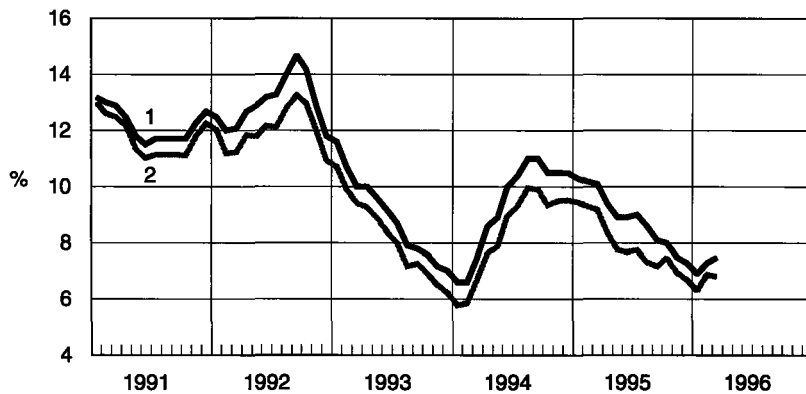
- 1. 1-month HELIBOR
- 2. 3-month HELIBOR
- 3. 12-month HELIBOR

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



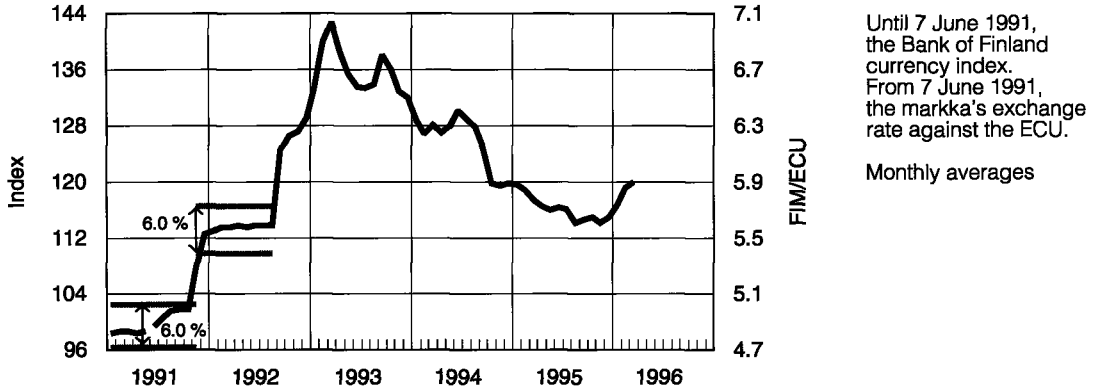
- 1. 3-month HELIBOR minus 3-month DEM eurorate
- 2. 5-year Finnish government bond yield minus 5-year German government bond yield

### 10. Bond yields

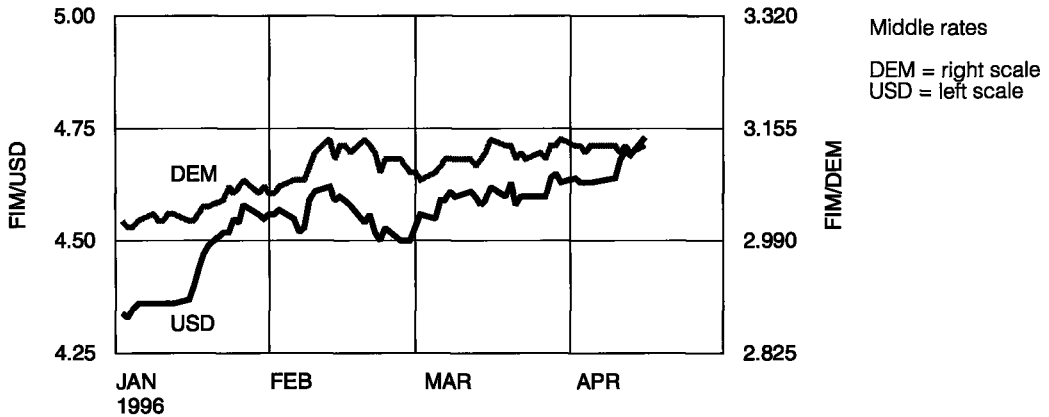


- 1. Bank of Finland's 5-year reference rate
- 2. Yield on (4-5 year) taxable government bonds

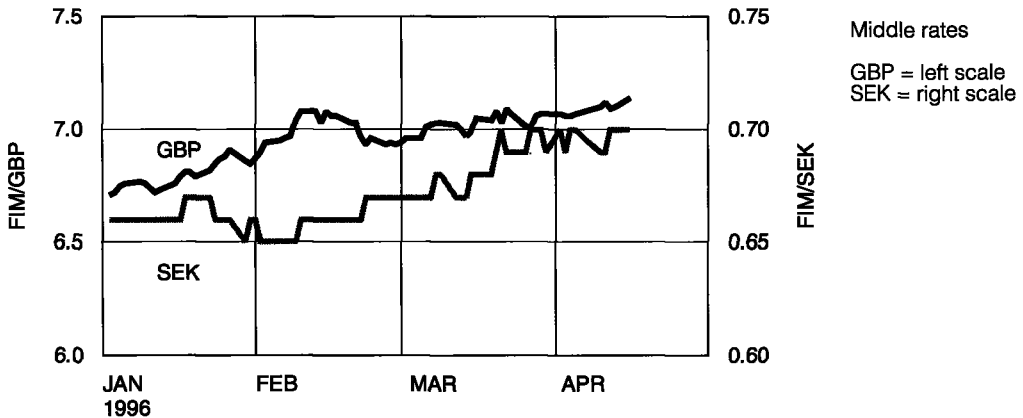
### 11. Bank of Finland currency index and the markka value of the ECU



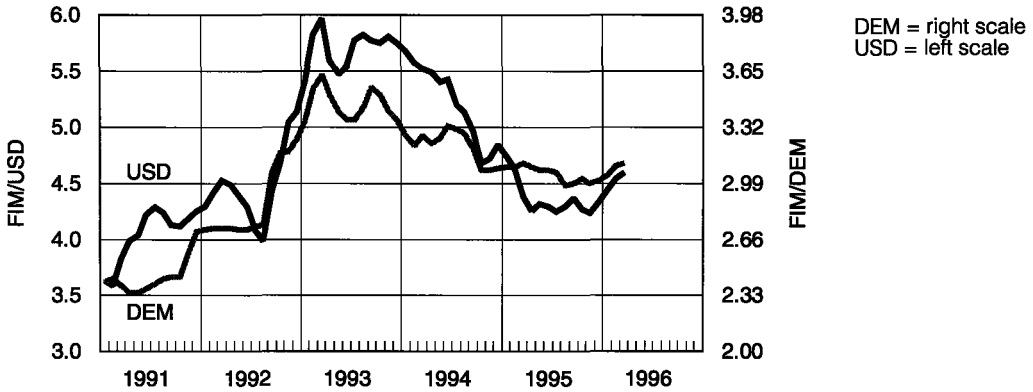
### 12. Daily spot rates for the markka against the Deutschemerk and the US dollar



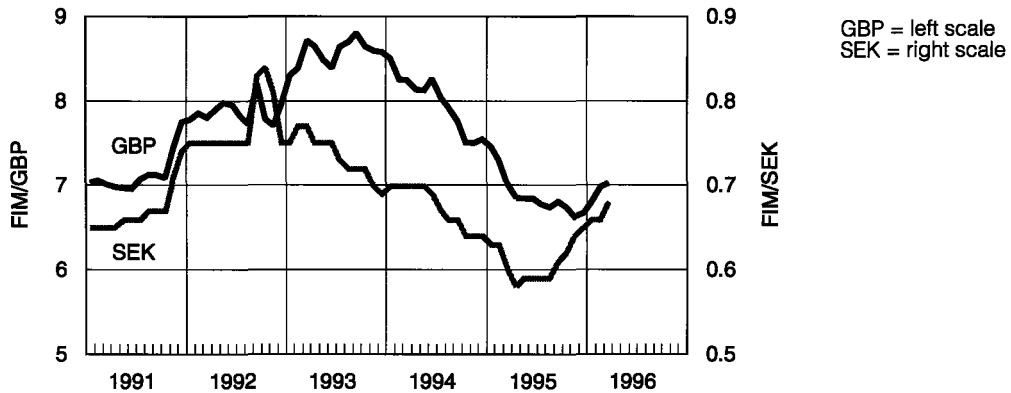
### 13. Daily spot rates for the markka against the pound sterling and the Swedish krona



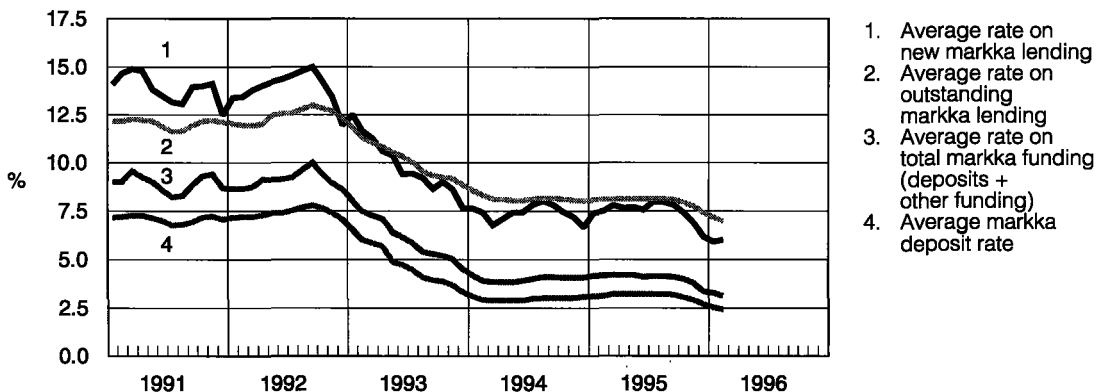
**14. Monthly spot rates for the markka against the Deutschemark and the US dollar**



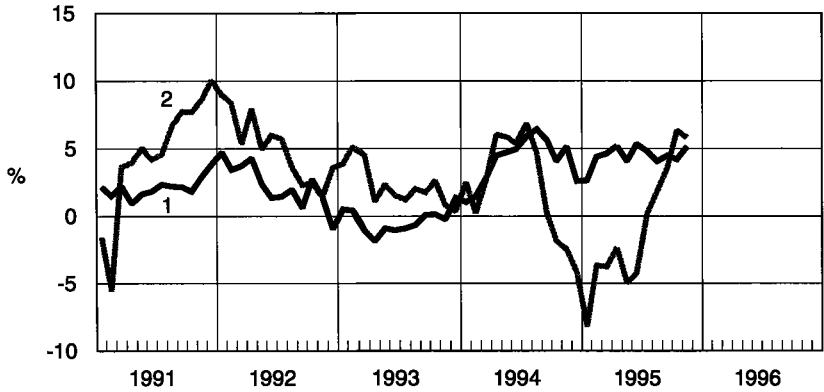
**15. Monthly spot rates for the markka against the pound sterling and the Swedish krona**



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



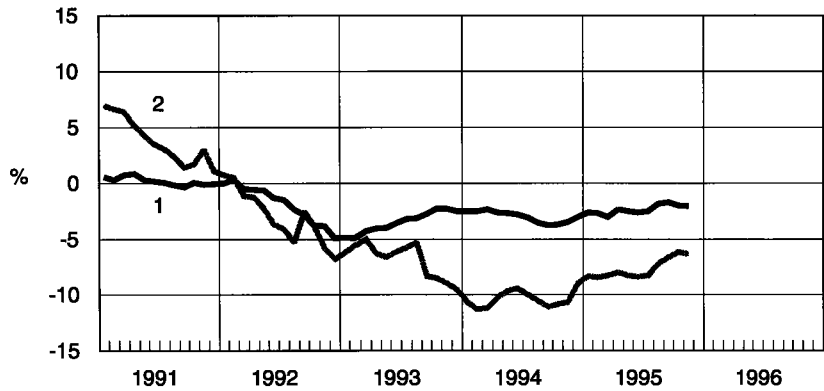
### 17. Bank funding from the public



- 1. Markka deposits
- 2. Total funding

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

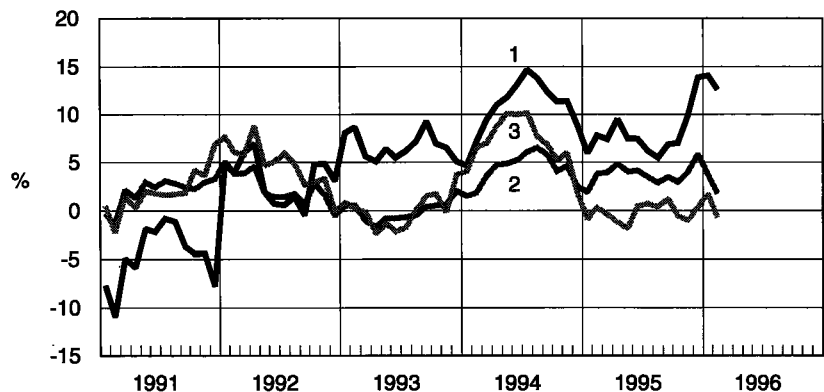
### 18. Bank lending to the public



- 1. Markka lending
- 2. Total lending

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

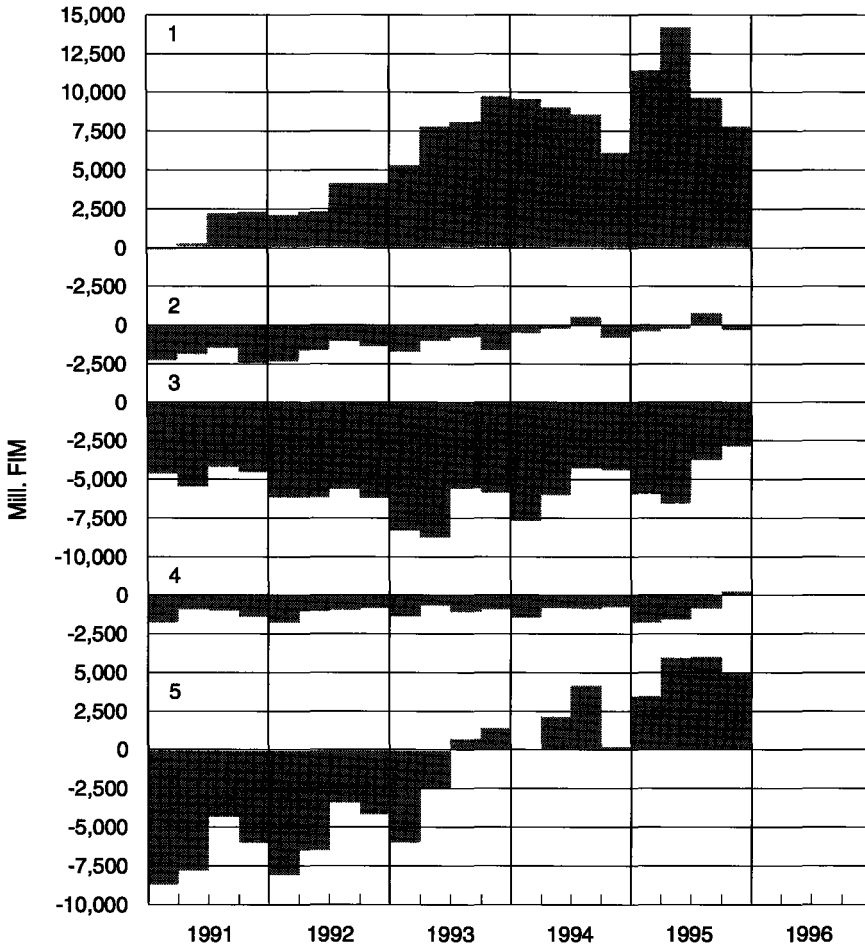
### 19. Money supply



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

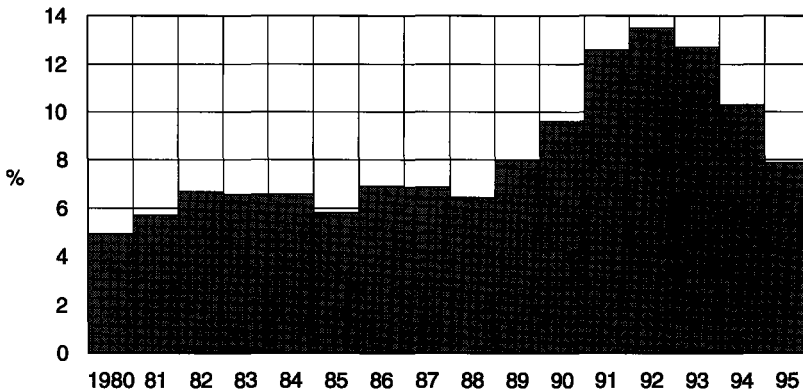
Change from the corresponding month of the previous year, per cent

## 20. Current account



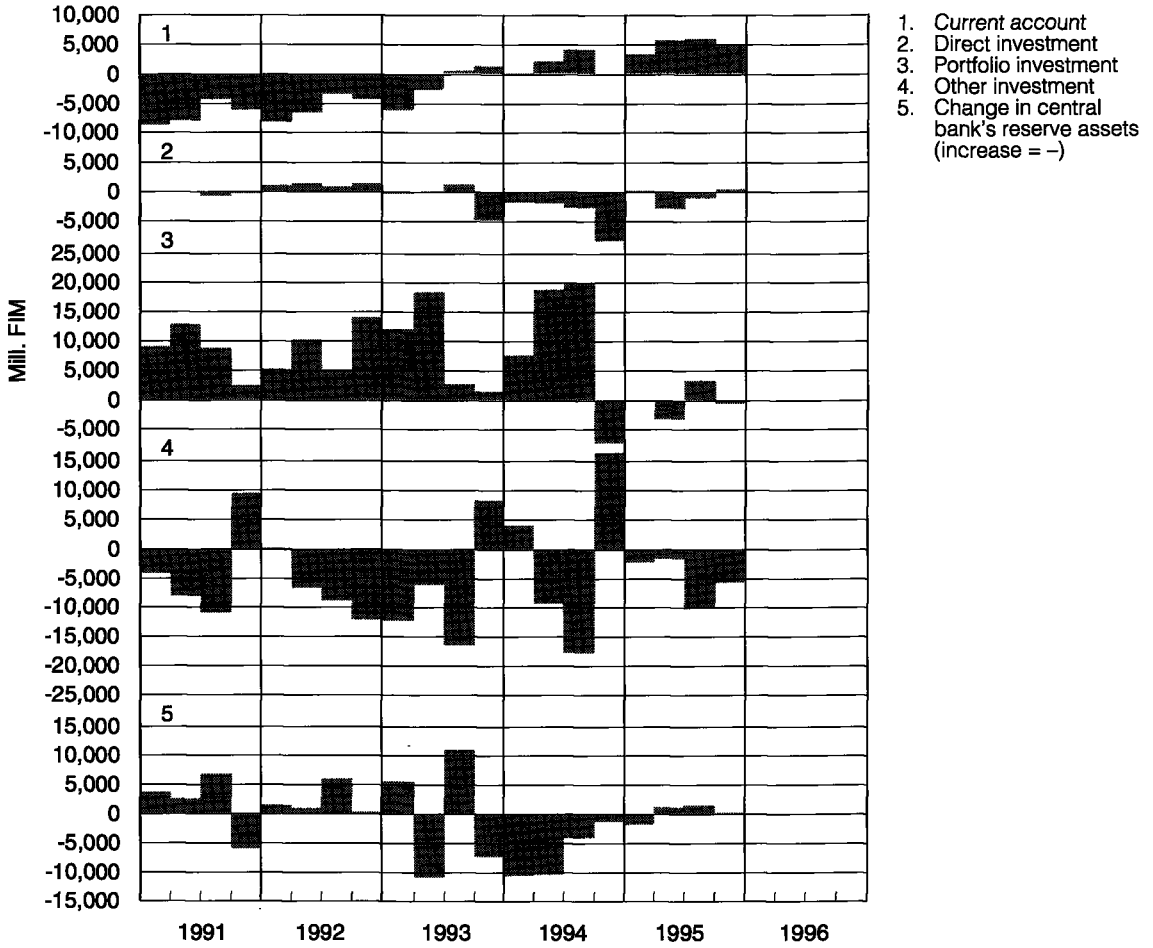
1. Trade account
2. Services account
3. Investment income account
4. Unrequited transfers account and other items, net
5. Current account

## 21. Net interest and dividend expenditure

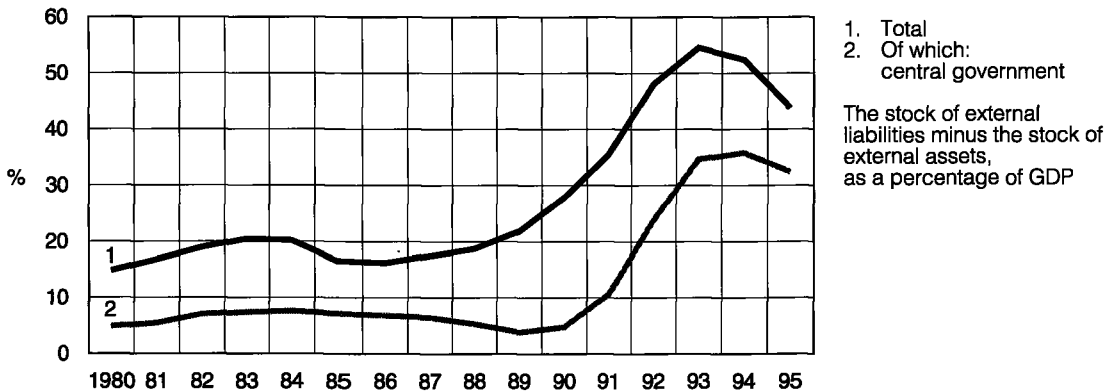


As percentage of current account receipts

## 22. Balance of payments

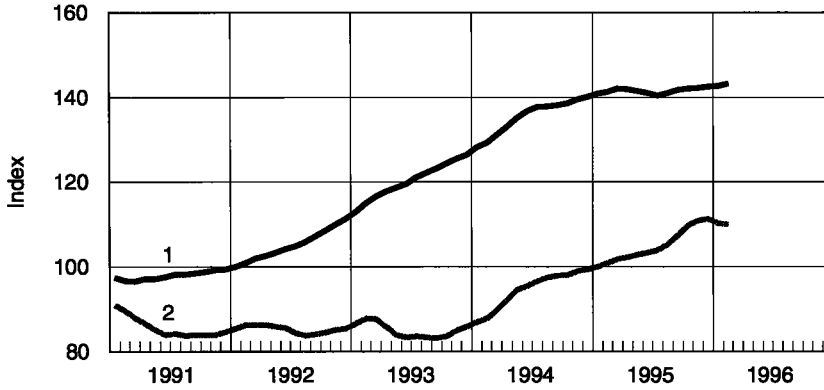


## 23. Finland's net international investment position





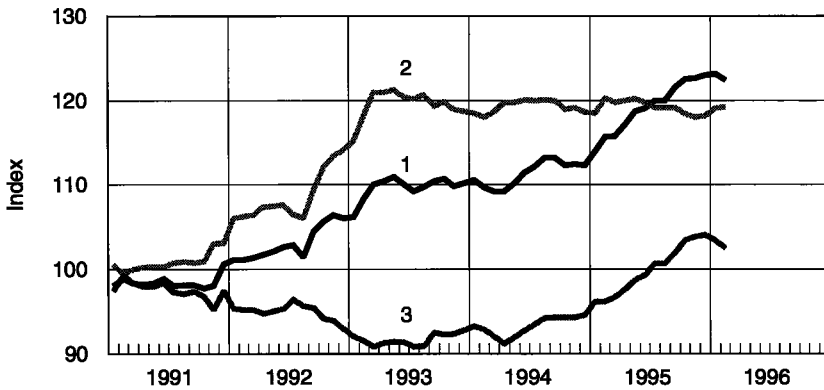
## 24. Foreign trade



1. Exports of goods
2. Imports of goods

Volume index, 1990 = 100, trend

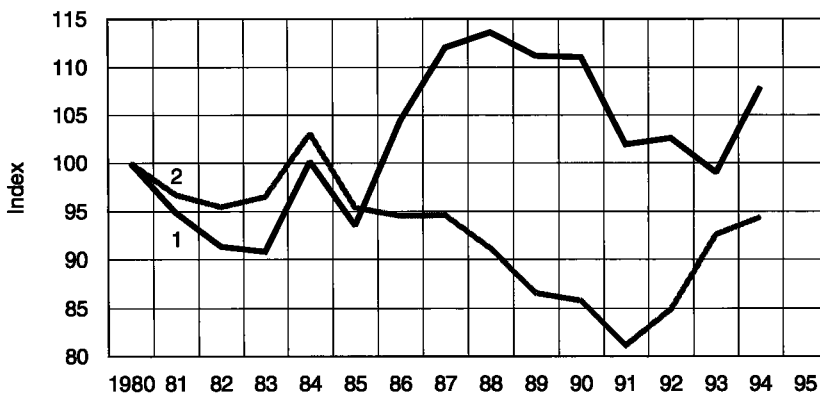
## 25. Foreign trade: prices and terms of trade



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

Index 1990 = 100

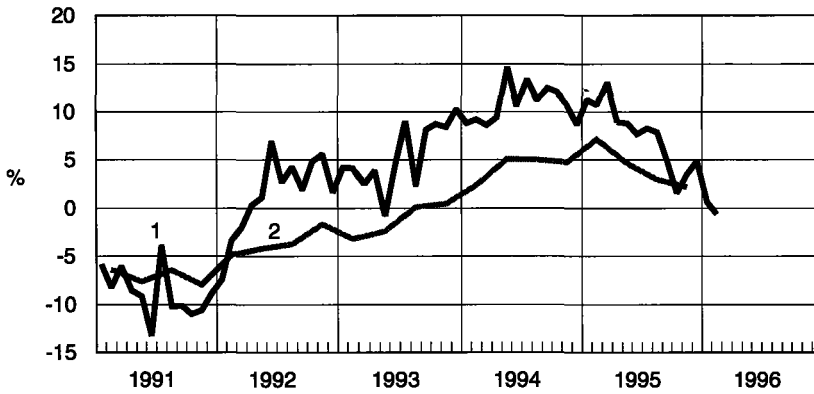
## 26. Finland's export performance



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

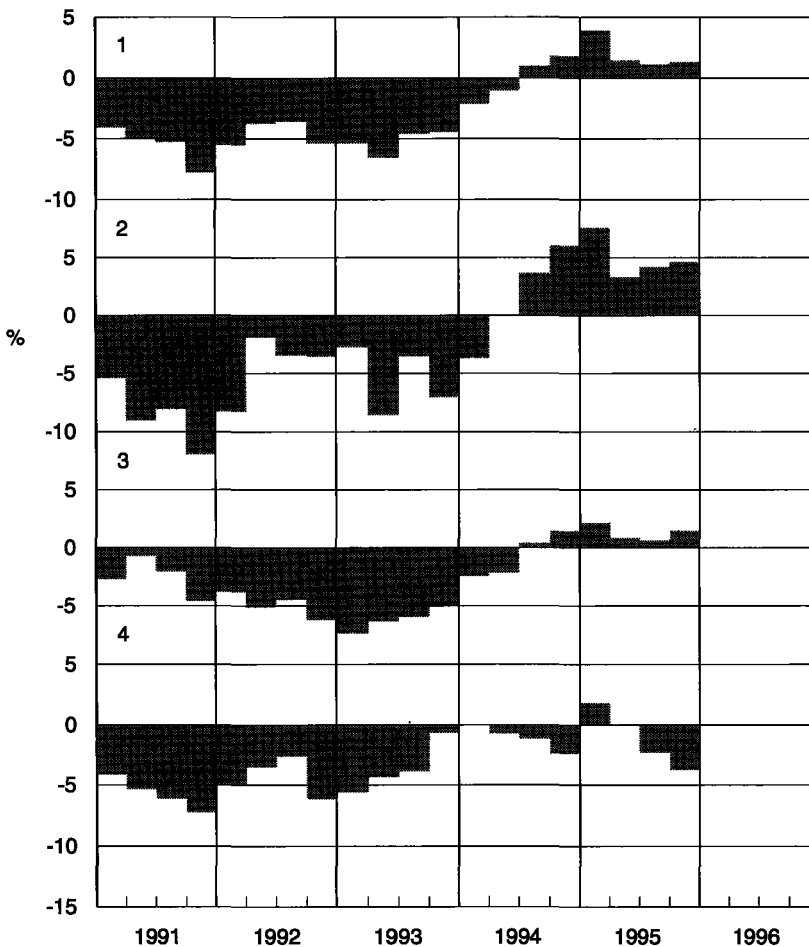
1980 = 100

## 27. Production



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

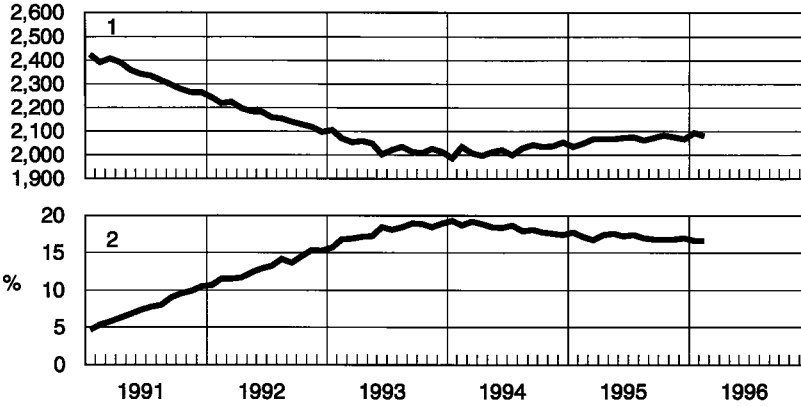
## 28. Fixed investment



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

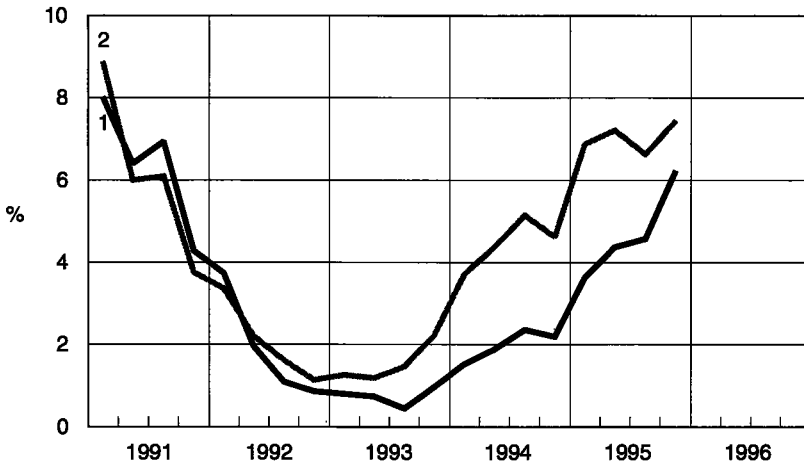
Volume changes calculated from four-quarter moving totals and plotted at the last quarter, per cent

## 29. Employment and unemployment rate



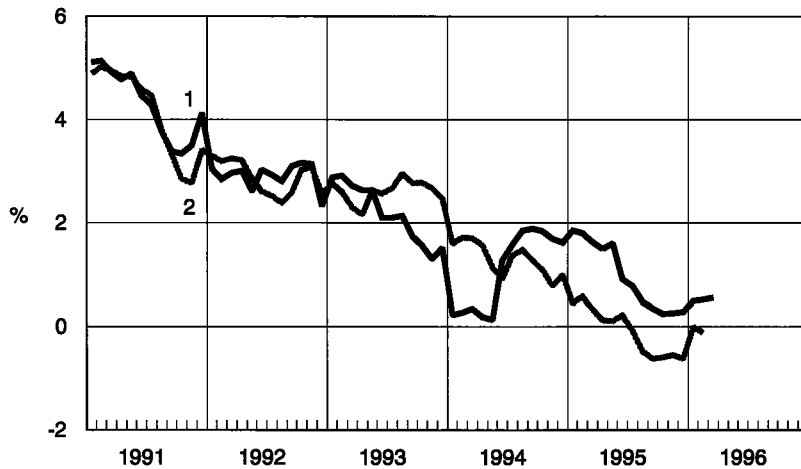
1. Employment, 1000 persons
2. Unemployment rate, per cent

## 30. Prices and wages



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

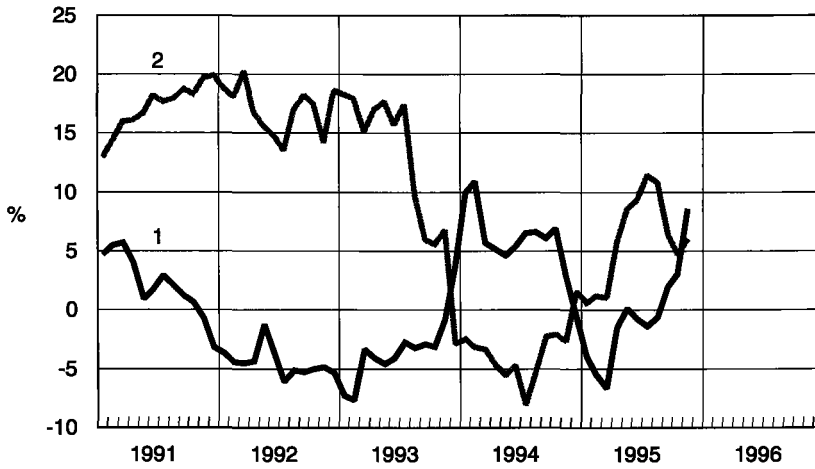
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

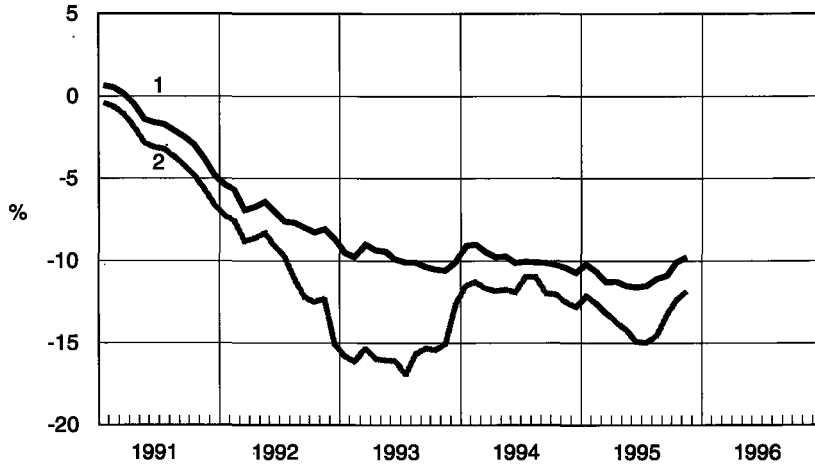
Change from the corresponding month of the previous year, per cent

### 31. Central government finances



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

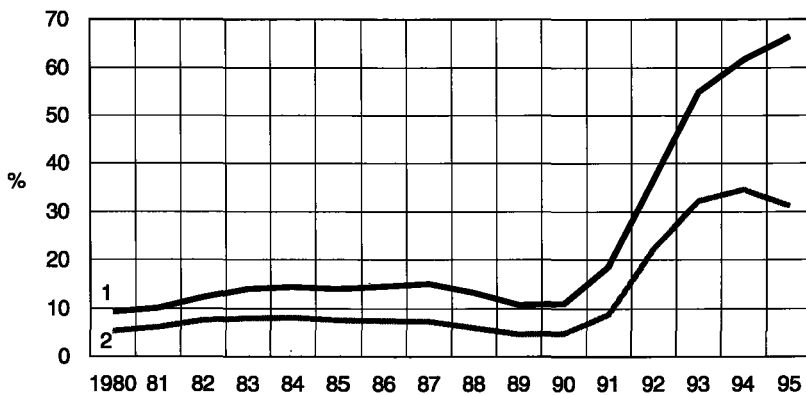
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

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

### 32. Central government debt



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

As a percentage of GDP

# BANK OF FINLAND

1 March 1996

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## THE PARLIAMENTARY SUPERVISORY BOARD

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ILKKA KANERVA, Chairman  
PERTTI PAASIO, Vice Chairman  
OLAVI ALA-NISSILÄ

KIMMO SASI  
TUULIKKI HÄMÄLÄINEN  
MAURI PEKKARINEN

JOHANNES KOSKINEN  
ESKO SEPPÄNEN  
ANNELI JÄÄTTEENMÄKI

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## THE BOARD

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SIRKKA HÄMÄLÄINEN, Chairman

HARRI HOLKERI

KALEVI SORSA

ESKO OLLILA

MATTI VANHALA

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## DIRECTOR

---

PENTTI KOIVIKKO

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## DEPARTMENTS AND OTHER UNITS

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Accounting OSSI LEPPÄNEN

Administration URPO LEVO

Data Processing PERTTI SIMOLA

Economics ANTTI SUVANTO

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

Information ANTTI JUUSELA

Internal Audit TIMO MÄNNISTÖ

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

Legal Affairs ARNO LINDGREN

Market Operations MARKUS FOGELHOLM

Monetary Policy PENTTI PIKKARAINEN

Organization and Management Development  
PIRKKO POHJOISAHO-AARTI

Payments and Settlement RAIMO HYVÄRINEN

Payment Instruments ANTTI HEINONEN

Personnel AURA LAENTO,  
Adviser to the Board: ANTON MÄKELÄ

Publication and Language Services ANTERO ARIMO

Research JUHA TARKKA,  
Adviser to the Board: KARI PUUMANEN

Security JYRKI AHVONEN

Information Services ESA OJANEN

Eastern European Economies PEKKA SUTELA, ad. int.

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

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## BRANCH OFFICES

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Kuopio, Oulu, Tampere, Turku

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

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VELI TARVAINEN, Managing Director

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