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economic and financial statistics

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scheme

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EMU and the Finnish financial markets¹

by Esko Ollila, Deputy Governor
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Stage Three of Economic and Monetary Union (EMU) will begin in less than a year and will usher in many changes, also in the financial markets. The single currency, single monetary policy and TARGET – the EU-wide payment system – will remove all remaining barriers to competition in the financial markets, with the exception of taxation. This will accelerate structural change in the markets. Moreover, technology will continue to advance as rapidly as before, regardless of EMU.

In the following, I will examine the effects of EMU on the Finnish financial markets, ie on credit institutions, securities markets and payment systems. What will happen to Finnish-owned banks? Does the Finnish securities market have a future? Will any stock exchanges survive in Finland? In addition to these themes, I will discuss the Bank of Finland's future role in the financial markets and consider the question of national interest.

The impact of EMU on credit institutions

The impact of EMU will be felt first in wholesale banking and in banks' servicing of large corporate customers. As markets integrate not only EU-wide but worldwide, economies of scale in banking will increase. This applies to payment systems in particular; as yet, there are only a few banks that are able to serve customers globally and in real time. In addition to merging, banks must work together to develop payment systems, which have become an increasingly important factor in competition. Banking requires huge investments in information technology, which underlines the importance of economies of scale. As a rule, banking cannot be profitable unless volumes are sufficiently large.

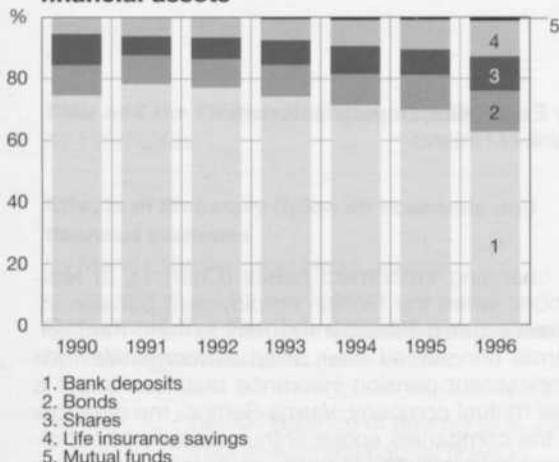
Another key factor in the change is the continuous decline of the share of bank deposits. At the end of 1997 (in November) deposits on tax-exempt bank accounts in Finland totalled about FIM 207 billion, but it is only a matter of time before Finnish investors learn to shift their assets from bank accounts into higher-return investments. The rapid increase in investment in shares, government bonds, pension insurance and mutual fund units are signs

of changing investment habits (Chart 1). In November, when the Finnish employment pension insurance companies Sampo Pension and Pension-Varma announced their plans to reorganize their employment pension insurance business under a new mutual company, Varma-Sampo, the directors of the companies spoke enthusiastically about offering new investment products to the public. This could lead to a tightening of competition in deposit-taking.

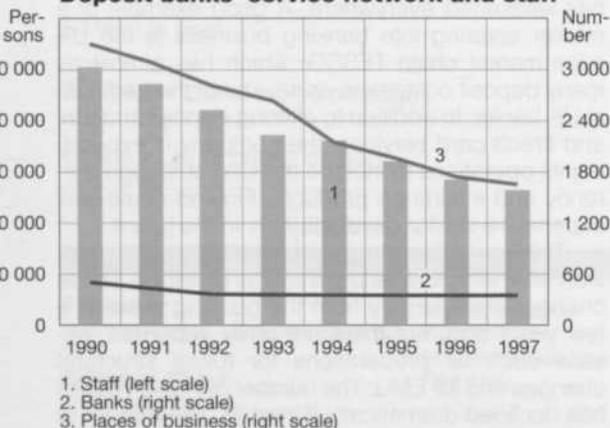
These are not easy times for the banks. As conglomeration moves ahead, ie as financial institutions, insurance companies and retailers continue to enter into each others' business areas, banks will have to compete with other entities besides insurance companies. The monopolistic position of traditional banks in the supply of financial services has weakened everywhere. A good example of a retailer entering into banking business is the UK supermarket chain TESCO, which has almost as many deposit customers as several of the traditional UK banks. In addition to offering deposit account and credit card services, the company is expanding its operations to include the sale of foreign currency and insurance products. Finland could well experience similar developments in the future.

The Finnish banking sector has undergone considerable structural and personnel changes. These changes stem largely from the banking crisis of a few years ago, but there are other important reasons such as preparations for future structural changes and for EMU. The number of Finnish banks has declined dramatically (Chart 2). The merger of Union Bank of Finland and Kansallis-Osake-Pankki resulted in the establishment of a new major bank, Merita. The subsequent combination of Merita and the Swedish bank Nordbanken to form the new bank MeritaNordbanken produced the second largest bank in the Nordic countries. The new combination will undoubtedly heighten competitive pressures within the Finnish retail banking sector. In addition to the combination of Merita and Nordbanken, Postipankki Ltd and Finnish Export Credit Ltd merged under a joint holding company. One can only conjecture about future developments in the insurance sector. There is no reason to believe that restructuring in the financial sector will end here.

¹ This article is based on the author's presentation for business journalists on 10 Nov 1997.

Chart 1.**Breakdown of Finnish households' financial assets**

Source: The Finnish Bankers' Association

Chart 2.**Deposit banks' service network and staff**

1. Staff (left scale)

2. Banks (right scale)

3. Places of business (right scale)

I consider the plan to combine the currently dispersed special credit functions of the state under a single company to be a similar attempt to rationalize operations and strive for economies of scale. The new company would combine the operations of the state-owned entities Kera Corporation (Enterprise Development and Financing), Valtiontakuu-

keskus (Finnish Guarantee Board), Finnfund (Finnish Fund for Industrial Development Cooperation) and Fide (OECD consensus credits).

As banks have grown in size, their efficiency has improved. However, when efficiency figures for Merita and Nordbanken were recently subjected to public scrutiny, it became clear that although the Finnish banking sector has enhanced its efficiency in recent years, it still has overcapacity compared to its closest competitors. Therefore these banks will find it necessary to continue their efforts toward greater efficiency.

Development of securities markets in the EMU environment

The growth of central government debt in many European countries has given a boost to the development of the bond markets. There is no doubt that the elimination of currency risk will further stimulate the development of EU-wide securities markets. The euro will also speed up securitization and integration of market practices.

At the same time, the securities markets are being influenced by several other worldwide developmental trends, in particular a growing emphasis on the role of institutional investors and increased securitization. Technological advances and the need to fund a substantially larger share of pension savings than before have underscored the importance of institutional investors. It is likely that Finnish investment outlets will attract some of the billions of euro in pension savings.

With EMU, the bond markets will be widened and deepened. Immediately from the start of Stage Three, Finnish government bond issues will be denominated in euro. Outstanding government bonds will be converted into euro. As currency risks diminish, investors will focus more on credit risk, which will become a key factor in pricing. Currently, most Finnish bonds traded in international securities markets are government bonds. The future of the bond market will however depend largely on the growing corporate-issue sector. Companies will probably gain most from the more highly developed financial markets – both stock markets and debt markets – that will come with EMU.

As a whole, securities markets are under heavy pressure as marketplaces tend to become centralized. The pressure is however less pronounced for equity markets than for debt markets. Trade in shares of large internationally known Finnish firms could become concentrated in major stock exchanges, along with trade in their debt instruments. On the other hand, the smaller the company, the greater the emphasis on knowledge of local conditions. One might expect to see national stock exchanges continuing to function as marketplaces for the securities issued by growth companies entailing potentially high returns but also higher risks than large-company securities. But this will not happen automatically. National stock exchanges

will need to expend much effort because advances in information technology are increasing the availability of cross-border investment services. It is also possible that in the future small investors will be able to trade securities directly and quickly via stock exchanges in large international financial centres. From Finland's perspective, it would be cause for alarm if overall costs connected for instance with share trading were not internationally competitive here in Helsinki.

National securities markets are now competing fiercely with each other. Frankfurt, Paris and London are vying to become the centre of the euro-based markets. Besides fluid trading practices and lower prices, these cities compete on the basis of their clearing and settlement systems and legal structures, in other words, on the basis of their entire financial activities infrastructures.

In Finland, the Helsinki Stock Exchange Ltd and SOM Ltd, Securities and Derivatives Exchange, Clearing House, recently merged to form HEX Oy, Helsinki Securities and Derivatives Exchange, Clearing House. The commencement of operations of the Finnish Central Securities Depository (FCSD) at the start of 1997 was an important step in the development of the infrastructure of Finnish securities markets. The FCSD, which is a combination of four previously separate institutions, acts as a central securities depository for book-entry securities and clearing house for securities transactions, and it is playing an important role in shaping the future of the Finnish securities markets.

Monetary policy in the context of Stage Three of EMU will also place great demands on the infrastructure of securities trading. The European System of Central Banks (ESCB) will require clearing and settlement systems capable of handling the instruments used in monetary policy operations and which enable the use of foreign assets as collateral. To ensure a level playing field and to promote an EU-wide money market, banks' holdings of securities issued in the euro area must be as generally eligible as possible for use as collateral for central bank credit. The cross-border use of collateral will be made possible from the onset of Stage Three on the basis of the correspondent central banking model (CCBM), which is one of the novelties that will come with the ESCB.

The use of foreign assets as collateral and the growth of cross-border transactions have also prompted national central securities depositories (CSDs) to initiate a project to develop an EU-wide network linking the CSDs together. The project, which is in a way parallel and competitive with the correspondent central banking model, is being backed by the European Central Securities Depositories Association (ECSDA). The use of the depositories' network would not be limited to central bank operations but would provide comprehensive facilities for cross-border settlement of securities transactions.

The FCSD is a member of the ECSDA. In the long run, it will be interesting to see how the decentralized model promoted by the national CSDs will stand up in competition with the international clearing and settlement organizations Euroclear and Cedel. The volumes handled by Euroclear are several times those of the national CSDs.

This is to say that there is a life-and-death struggle going on in the securities markets. Whether local markets will survive in the longer run depends entirely on their competitiveness. Besides risk and taxation factors, cost and efficiency differences between national markets will be passed through directly to securities prices. Price spreads will induce trading activity in otherwise identical instruments to move to the most cost-effective markets. In order for national equity and debt markets to be competitive, it is crucial that the securities trading infrastructure be efficient and cost-effective. Direct linkages with international systems will come to have an important impact on competitiveness.

Payment systems under pressure to change

Three of the broad developmental trends in payment systems are automation, internationalization and increasing speed. Stage Three of EMU will accelerate these trends. Efficient and safe processing of payments has become a key factor in competition between banks. Probably only a few banks in the world are currently capable of offering global, real-time payment services. Large regional banks are attempting to enhance their payment processing capability by forming loose cooperative arrangements with each other. On the other hand, Internet opens new vistas in the development of banking services. It was interesting to note that when plans were announced for the MeritaNordbanken combination one of Merita's strengths was said to be its expertise in electronic payments. Although the volume of payments made via Internet is still rather modest, this facility may one day completely revolutionize payment intermediation.

EMU will accelerate the internationalization of payments traffic. In order to ensure that the single market will function in practice as fluidly as the national markets are presently functioning, payment systems in each country should be made better able to interact and there should be efficient cross-border systems. To meet these demands, the central banks of EU countries are currently building a real-time payment system called TARGET (Trans-European Automated Real-time Gross-settlement Express Transfer).

TARGET is designed above all to meet the demands of the single monetary policy. After Stage Three of EMU commences, all payments related to monetary policy will be effected via TARGET. Use of the system for other payments is voluntary. Net settlement systems and traditional correspondent banking will continue to operate alongside TAR-

GET, as might the envisaged new forms of settlement cooperation that I mentioned above. TARGET participants will consist of the national central banks and the European Central Bank. These will be responsible for system operation and will offer this payment intermediation facility to banks. The purpose is to develop TARGET into a competitive system that will operate alongside other commercial systems.

A euro area-wide money market will bring interesting pressures for change in terms of national systems' operating hours. It is very likely that apart from weekends, the TARGET system will be closed for just two holidays, Christmas Day and New Year's Day. Other holiday closings may be agreed at the national level. In Finland, the central bank and the banks are presently engaged in discussions on this issue. In any case, TARGET will bring new practices to the banking industry as regards shift work because it will operate between 8 am and 7 pm Finnish time. In Finland, development of the TARGET system is already quite far advanced within both the central bank and the banks.

The Bank of Finland's role in the financial markets in the EMU environment

The main task of the ESCB is to conduct monetary policy. In discharging this task, the ESCB can exert substantial influence on the operation, efficiency and stability of the financial markets. The ESCB's influence may be transmitted, for instance, via requirements concerning money market counterparties, minimum reserve requirements, definitions of eligible collateral and standards for securities settlement systems. According to the new Act on the Bank of Finland, the central bank is responsible for seeing to it that the payment system and the financial system as a whole are reliable and efficient and for participating in the development of the financial system. According to the Maastricht Treaty, promotion of the smooth operation of the payment system is also one of the principal duties of the ESCB. In addition to the development of payment systems, this duty includes system oversight.

As we approach the onset of EMU, we also need to scrutinize the allocation of responsibilities in the public sector. As far as the financial markets are concerned, this involves primarily allocation as between the central government, central bank and Financial Supervision Authority. Financial supervision will continue to be conducted at the national level. The Financial Supervision Authority has the main responsibility for supervision, while the Bank of Finland participates in ensuring the stability of the financial markets. There have recently been lively discussions on the development of banking and insurance supervision in Finland on the basis of a proposal by Björn Wahlroos, a commissioner appointed by the Ministry of Finance to study the matter.

National interest

Recent arrangements in the financial sector and the approaching of Stage Three have fuelled discussions on Finland's national interest. In the discussions that have taken place at the Bank of Finland, national interest has been interpreted on the basis of the Bank's main objective. According to this interpretation, a policy that is in the national interest is one that promotes the stability and efficiency of the country's financial system. A stable and efficient financial system ensures that financing is always available at a reasonable price and is allocated efficiently and enables the transmission of monetary policy effects. In Stage Three of EMU the national interest will require that the Bank of Finland contribute to the development of the international financial markets and payments systems to ensure that they are efficient, cost-effective and safe from Finland's standpoint.

In general, the ownership structure of financial institutions is not considered to have crucial significance for financial market stability. Foreign ownership of Finnish banks and other institutions operating in the financial sector is likely to increase in Stage Three. Such a development is natural and acceptable as such. However, should foreign ownership increase excessively, there would be a risk that Finland's own interests might not be sufficiently taken into account. In bad times, a foreign owner might be inclined to scale back operations in a marginal area like Finland more readily than would a Finnish owner. The mass withdrawal of Japanese banks from foreign markets at the onset of the 1990s, as Japan's economic problems escalated, is an example of this phenomenon.

The Finnish financial markets are facing large-scale changes in connection with EMU. Competition will intensify further in all sectors of the markets. Banks and securities brokerages are subject to the most acute adjustment pressures, but stock exchanges too will face difficult challenges. Cost-efficiency, safety and cooperation with international parties are a minimum requirement for success. As a member of the ESCB, the Bank of Finland can influence the development of the financial markets in the entire euro area. Hence the Bank's aim will be to play an influential role in the ESCB, and this will place even greater demands on the expertise of the Bank's staff as the years unfold.

2 March 1998

- Key words: EMU, financial markets, credit institutions, securities markets, payment systems

Effects of Monetary Union on economic and financial statistics¹

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Preparation for Stage Three of Economic and Monetary Union (monetary union) includes harmonization of the content and compilation timetables for key economic and financial statistics. Taking the leadership in this harmonization process is the European Monetary Institute (EMI) and its successor, the European Central Bank (ECB), as well as the EU's Statistical Office, EUROSTAT. An essential prerequisite for harmonization, to which the prospective member countries of the monetary union are particularly committed, is that the new statistical requirements be taken into account in the information systems of monetary financial institutions (MFIs) and other economic units.

Statistics developed for national use must be adapted to meet the requirements of monetary union

Realization of monetary union according to the agreed timetable on 1 January 1999 will mean the launch of the single monetary policy covering several countries and the formation of the single currency area. Monetary policy will be conducted within the framework of the European System of Central Banks (ESCB) consisting of the ECB and national central banks.

The single monetary policy will need to be based on regularly and systematically collected statistics on the state of and developments in the economy of the euro area. To meet this requirement, it must be possible to obtain the necessary statistics from each member country of the monetary union. The key statistical data required by the ESCB must be provided at regular frequency, mainly monthly and quarterly, broken down by country and meeting the criteria for cross-country comparability, quick compilation and reliability.

Key economic and financial statistics, such as those on money and banking, balance of payments, prices, wages and national accounts, as well as those that summarize other economic phenomena, are available in all EU countries. Their coverage, definitions, compilation frequency and lead times for release nonetheless continue to reflect major cross-

country differences. Hence all EU countries are expected to make significant revisions to their statistics.

The EMI has defined the statistical requirements for monetary union

Developing statistical standards, reaching agreements thereon and implementing the necessary changes in compilation procedures is a time-consuming process. Preliminary work on the statistics required for monetary union has been under way for a few years already. In July 1996 the EMI published a delineation of statistics needed for the conduct of the single monetary policy.² The ECB's primary area of interest is in statistics on monetary phenomena:

- A. Money and banking statistics (competence of the ECB alone)
 - consolidated balance sheet of MFIs located in the euro area, inter alia for the purpose of calculating monetary and credit aggregates;
 - statistics on securities;
 - interest rates and securities yields.
- B. Balance of payments statistics (shared competence of ECB and EU Commission)
 - main items in the current account;
 - stocks and flows vis-à-vis the financial account of the balance of payments.
- C. Financial accounts (shared competence of ECB and EU Commission)
 - economy's assets and liabilities by sector.

In addition, it will be important that the ESCB obtain timely general economic statistics for the euro area, covering

- prices and costs;
- government finance;

² The Maastricht Treaty authorizes the ECB to collect the statistical information necessary for performance of the ESCB tasks. Detailed provisions on the compilation of statistics and the procedures to be observed in that connection are incorporated in the ECB regulation on statistics, which is slated for implementation immediately upon launch of the monetary union. These provisions are binding on monetary union countries. Production of harmonized statistics also in non-monetary union countries ensures that these countries' prospective subsequent entry into the monetary union will not pose problems regarding availability of statistics on the expanding euro area.

¹ The article was written on the assumption that the changeover to Stage Three of EMU will occur at the start of 1999 and that Finland will be among the first countries to join.

- economic conditions, as concerns eg demand, supply, labour markets, state of order books and expectations on economic performance.

National statistical institutes and the coordinator of their activities, EUROSTAT, will continue to bear responsibility for the last set of statistics.

Bank of Finland will compile monetary statistics for the ESCB

The main principle for the collection of statistics for the ESCB is that national central banks are responsible for compilation of statistics falling within the competence of the ECB. Application of this operational model in Finland will mean greater statistical responsibility for the Bank, primarily in the area of money and banking statistics, but also as regards other financial statistics. Issues related to the production of statistics, such as necessary contacts with data providers, data verification, tight timetables and the requirement of consistent treatment of the same phenomenon in all financial statistics, would render inconvenient a statistical compilation process in which a third party – in Finland Statistics Finland – acts as a kind of subcontractor. Another important reason for having the Bank produce monetary statistics for the ESCB is that conduct of the single monetary policy may require data on individual institutions, which Statistics Finland is prevented from providing by law. Such details will be required *inter alia* if the ESCB decides to introduce a minimum reserve system. After studying these considerations, the Bank and Statistics Finland determined that the compilation of money, banking and financial statistics for the ESCB should be the responsibility of the Bank.

Progress in compilation of harmonized monetary union and EU statistics

Preparation for monetary union and ESCB operations provides a strong incentive for development of a uniform statistical system for Europe. In statistical compilation, internationally agreed standards will naturally be observed as far as possible. Production and regular reporting of MFI balance sheets and balance of payments statistics, as harmonized under the leadership of the EMI, is slated to begin already this year. Harmonization of statistics, the responsibility for which will devolve to the ESCB, will continue in other respects in the near future. Taking account of the statistical requirements of monetary union also in the operations of EUROSTAT and national statistical institutes has led to wider harmonization of economic statistics, as manifested in the harmonized consumer price index and a new version of the European System of National Accounts (ESA 1995).

Money and banking statistics

Monetary statistics covering the single currency area will be essential for the conduct of the single

monetary policy. This will be the case irrespective of whether the ESCB uses a monetary aggregate as an intermediate policy target or opts for direct inflation targeting. Statistical data on the euro-area money stock and its counterpart, credit, will serve as an indicator of overall trends in the economy as well as inflation pressures. Should the ESCB opt for a minimum reserve system, this will further underline the significance of money and banking statistics, as these would provide the liabilities base for the reserve requirement.

Monetary statistics for the single currency area cannot be compiled by simply adding data from the participating countries. Transactions between MFIs in the monetary union countries must be netted out just as eg transactions between resident banks are presently netted out of Finnish monetary statistics. The concept of residence applied in the current statistics will be supplemented by a wider 'residence' concept, which in monetary union statistics will entail the entire euro area. There will be a similar change in the currency breakdown as a result of the substitution of the euro for the markka. In the transitional phase all national currency denominations of monetary union countries will be treated as euro in the statistics.

Monetary statistics are drawn from balance sheet data of financial institutions that can create money and thus effect the quantity of money. Such financial institutions have traditionally comprised central banks and banks. In the ESCB's money and banking statistics, money-creating entities are referred to as MFIs.³ In Finland MFIs have thus far been defined to include deposit banks and branches of foreign credit institutions engaged in deposit banking activities in Finland. MFIs have been interpreted to include also money market funds.

Balance sheet statistics on MFIs will be collected for the ESCB both monthly and quarterly. Because the monthly statistics will be used primarily for setting the instruments of monetary policy their production will be subject to very tight timetables. These statistics must be at the disposal of the ECB within three weeks from the end of the month to which they relate. National central banks will need to obtain raw data from MFIs a couple of days earlier in order to verify the data and compile statistics for the whole sector. Quarterly statistics will have longer lead times, because they will not be used directly for setting the instruments of monetary policy but primarily for analysing the transmission mechanisms and effects of monetary policy.

The statistical requirements of the ESCB that are currently in preparation differ in many respects from balance sheet statistics collected in Finland

³ MFIs are defined to comprise 'resident credit institutions as defined in Community Law and all other resident financial institutions whose business is to receive deposits and/or close substitutes for deposits from entities other than MFIs and, for their own account (at least in economic terms) to grant credits and/or to make investments in securities'.

for national purposes. A new basis for data breakdown that the banks must add to their systems is the maturity at issue of loans and deposits, and this has proved to be the most difficult implementation task for the banks. As it was not possible to formulate a uniform EU-wide classification for MFI assets and liabilities, the problem was resolved by introducing maturity classes. Although instruments differ in name from one country to another, it is the breakdown of liabilities by maturity at issue that is essential for compilation of monetary aggregates.

Finland has made efforts to organize the collection of balance sheet data in accord with ESCB requirements largely within the context of a standardized procedure used by Finnish authorities in the collection of banking data. Data collection is handled jointly by the Financial Supervision Authority, the Bank of Finland and Statistics Finland. The classifications used in the authorities' current data collection procedure, along with the information technology solutions, provided a basic framework into which it was technically relatively easy to incorporate the new data requirements.

The banks are expected to report monthly balance sheet data required by the ECB as from January 1998. It has been requested that reports covering January-February be submitted by end-March 1998. Reporting of quarterly data commences on the basis of the situation at end-1998. In the future, a narrower range of balance sheet data must also be collected from non-MFI financial institutions for the purpose of monitoring their operations vis-à-vis MFIs.

In the early stages, the reporting burden may be exacerbated by problems associated with the transitional period. As the monetary union countries were not known when the reporting guidelines were drafted, assets and liabilities had to be classified by EU country and EU currency. This enables subsequent compilation of monetary union statistics. Even after monetary union commences, it will still be necessary to monitor counterparties in those EU countries not included in the first wave of participants.

Monetary union statistics on interest rates and securities will be harmonized later on, after the financial markets have had time to converge operationally in the single monetary policy environment.

Balance of payments statistics

An important new requirement for balance of payments statistics will be the need to summarize economic relations between the single currency area and the rest of the world, eg concerning trade and other current transactions as well as financial assets and liabilities. From the standpoint of the ESCB's single monetary policy, balance of payments statistics on the whole monetary union area will be a top priority. National balance of payments statistics will serve the monetary union by providing information on the degree of economic and monetary integration between countries participating in the single

currency area. This information can be used *inter alia* in analysing the transmission mechanisms of the single monetary policy. Compilation of national balance of payments statistics will continue in the monetary union environment, as national usage of these statistics will remain unchanged.

For Finland, compilation of balance of payments statistics harmonized in accord with the needs of the ESCB will not necessitate major changes in content or compilation methods. Currently, comprehensive statistics are compiled monthly and certain supplementary series are compiled quarterly and annually. The frequency and detail of these statistics will for the most part satisfy the needs of the ESCB. The most important change will be division of the nonresident sector into two parts, ie monetary union member countries and the rest of the world, with the latter including non-euro EU countries. The main reason for this division is to enable netting out of intra-monetary union transactions for the purpose of compiling balance of payments statistics for the Monetary union area.

Division of the nonresident sector will be implemented in Finland's balance of payments statistics at the onset of 1999. Current reporting methods are adequate for making the distinction in respect of merchandise trade and direct investment. Even for other types of transactions, data providers - enterprises, financial institutions and others - usually know the nonresident counterparty's country of residence. However, regional breakdown will be difficult for capital flows and external liabilities because of the anonymous nature of international capital markets and the use of intermediaries in financial transactions.

Compilation of Finland's monthly balance of payments statistics will need to be speeded up from the present 7 weeks to 6 weeks (30 business days) in order to make the data available to the ESCB according to the agreed timetable. This means, for example, that preliminary statistics on foreign trade will have to be compiled within the above time-frame. Since it is highly unlikely that we will be able to obtain all the necessary monthly data within such a tight timetable, we will need to rely on statistical estimation methods to compensate for data shortcomings.

Financial accounts

Statistics are needed on the structure of the financial markets and on financial intermediation so as to enable analysis of transmission mechanisms and effects of the single monetary policy. Hence work has been undertaken on the development of financial accounts for the euro area, with the aim of compiling quarterly sectorally disaggregated statistics on the economy's assets and liabilities. These statistics are to be compiled both by country and on an aggregate basis for the whole euro area.

The financial accounts will be derived mainly from banking, securities and balance of payments

statistics, as these reflect most asset and liability flows. Obtaining quarterly sectoral statistics on financial savings will pose a problem, since it is not likely that extensive quarterly data on income formation and demand will be available in the near future. Hence it will probably be necessary here again to rely on statistical estimation methods to compensate for data shortcomings.

General economic statistics

The general economic statistics that will be needed by the ESCB are monthly and quarterly series on prices, costs, government finance, current cyclical conditions and expectations concerning economic performance. Harmonization of these statistics is under the direction of EUROSTAT. Part of the statistical standards for the harmonization are already in place, but implementation of the timetables reflects major differences across EU countries. All EU countries presently calculate a harmonized consumer price index. It appears that the main items of the national quarterly accounts will be available on a fairly extensive basis before the turn of the millennium. Sectoral cyclical indicators will be ready much later as the transition periods for the implementation are lengthy. In Finland the compilation of general economic statistics is diversified and lead times short. The most significant need for improvement concerns the extension of statistical compilation to the service sectors.

Development of economic statistics over the long term so that they will give an accurate picture of economic developments in the euro area poses a notable challenge. This means eg that a price index based on a euro-area consumption basket will be needed to measure inflation; the weighted average of country indices is not adequate. Likewise, indicators of inflation expectations should also generally cover the euro area rather than being calculated from data collected by individual countries.

The euro will be the monetary unit used in the statistics

In the compilation of statistics, the introduction of the euro can be flexibly taken into account. The input data used in compiling the statistics can be reported in either markkaa or euro, or in other currencies in accord with current practice, during a transitional period starting on 1 January 1999.

Publications, databases etc serving users of the statistics will give statistical data in both euro and markkaa, in accord with customers' requirements. Production of uniform statistical time series can be accomplished in the future by either calculating figures expressed in markkaa or converting old figures in markkaa into new ones in euro. ESCB plans for publication of statistical data will be specified at a later stage, as will the division of publication responsibilities between the ECB and member-country central banks.

The use of statistics compiled by the ESCB will not be limited to the conduct of the single monetary policy, although this is the key motivation for statistical harmonization. With the operations of economic units becoming increasingly internationalized, the need for statistical data will naturally be extended to include information obtainable from other countries. The commencement of compilation of harmonized statistics and the extension of their coverage over the next few years will improve the prospects of all statistics users to obtain essential information.

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- Key words: Economic and Monetary Union, European System of Central Banks, statistics, harmonization

Reform of the Finnish deposit guarantee scheme

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Guarantee of bank deposits from 1 January 1998

The Finnish deposit guarantee scheme was revised at the start of 1998 with the entry into force of certain amendments to the Act on Credit Institutions (1229/97). Depositors' claims are now protected by means of a new deposit guarantee fund. In order to provide statutory protection to depositors, membership in the fund is mandatory to all Finnish deposit-taking banks.

The most significant change from the depositor's viewpoint is that, instead of full protection, there is now an upper limit on the guarantee per depositor per bank. If a bank becomes illiquid, each of its depositors (private persons and corporate entities) is entitled to compensation from the new fund for a loss of up to FIM 150 000 on deposit holdings in that bank. The guarantee does not cover deposits held by the State or other banks. Deposits of a single entity with different banks are each guaranteed up to FIM 150 000 per bank. Exceptions to this rule are groups of banks that, pursuant to a law or an agreement, are wholly or partly liable for each others' debts and obligations. At present, the OKO-BANK Group Central Cooperative constitute such a group, so that for purposes of the guarantee all the deposits of a single depositor held in these banks are treated as if held with a single bank.

The deposit guarantee fund must pay compensation to a depositor within three months after the concerned bank is placed in liquidation or determined by the Financial Supervision Authority (FSA) to be permanently illiquid. A condition for the compensation is that the deposits be held in accounts that comply with the general terms pertaining to deposits approved by the FSA. The guarantee also covers funds in the process of settlement that have not yet been entered in recipient accounts.

Certain exceptions and transitional provisions modify the basic principles stated above: Funds obtained from the sale of a dwelling in the depositor's own use and deposited for acquisition of a new dwelling for his own use are guaranteed in full for six months from the deposit date. Full compen-

sation is paid for fixed-term deposits made by 14 November 1997 till expiry of the term. Moreover, deposits made before 14 November 1997 as collateral for credits or other claims are guaranteed in full until end-2000.

The working group on the deposit guarantee scheme estimated that the limited deposit guarantee would cover the majority of depositors completely, because the deposits of 95 per cent of all depositors do not exceed the limit of FIM 150 000 per bank. Of the total markka value of deposits, about 60 per cent is fully covered. This results from the fact that a small group of depositors holds a fairly large proportion of total deposits in terms of markka value.

Objectives of the deposit guarantee reform

The encouragement of excessive risk-taking (moral hazard) on the part of banks and depositors is generally considered the most serious disadvantage of a deposit guarantee scheme. This problem is most likely to occur in the context of a state-provided full guarantee. Banks tend to be more careless when society bears the ultimate responsibility for losses. Moreover, depositors in choosing a bank do not pay sufficient attention to profitability, capital adequacy and risk-taking. Nonetheless, the necessity of having some kind of deposit guarantee scheme is seldom questioned. In the complete absence of deposit protection, even temporary difficulties in the banking system can trigger massive withdrawals of deposits from the system, which will jeopardize the soundness of the whole economy.

In 1992, with the Finnish banking system in crisis, it became necessary to establish the Government Guarantee Fund to supplement the banks' own security funds scheme and thus safeguard the stability and soundness of the banking system and protect the claims of depositors. Moreover, in 1993 Parliament was obliged to adopt a resolution by which the Finnish State guaranteed that Finnish banks would be able to meet all their commitments under all circumstances. Full protection of depositors and other creditors was necessary at that time to maintain confidence in the banking system.

The point of departure for the reform was to make the deposit guarantee scheme more suitable

¹ The authors were members of a working group on the deposit guarantee scheme, established by the Ministry of Finance. The group issued a proposal on reform of the Finnish deposit guarantee scheme.

for normal conditions. The scheme should minimize distortive risk incentives and ensure maximum efficiency and competitive neutrality from the viewpoint of both the society and the financial institutions. A state-provided, unlimited deposit guarantee is not consistent with these criteria. The mandatory provisions of the EU directive on deposit-guarantee schemes (94/19/EC) were already implemented through a legislative amendment that took effect 1 July 1995. However, this amendment had no impact on the substance and organization of the deposit guarantee.

One of the primary objectives of the reform was to create a protective scheme financed by the banks themselves in the most credible manner possible. Having limits on the deposit guarantee increases its credibility by improving the capability of the fund to cover its compensation liabilities. This limiting of the protection is also intended to ensure that large deposit holders, as well as shareholders and creditors whose claims are not protected, will have the incentive to pay close attention to banks' financial condition and risk-taking. In principle, the deposit guarantee scheme is intended to secure the claims of only those depositors who are not equipped to properly assess the risks inherent in banks' activities. Functionality of the revised scheme requires that depositors, as well as the media and market analysts who assess the health of banks, have easy access to sufficient information on banks' financial condition and risk management.

As its name indicates, the deposit guarantee fund was set up merely to guarantee depositors' claims. Unlike the security funds of certain groups of banks, the deposit guarantee fund cannot use its resources to strengthen the capital position of an individual bank. This improves the protection of depositors, since the funds cannot be used to cover banks' losses. The deposit guarantee fund is administered by the banks themselves, according to rules prescribed by the Ministry of Finance, and supervised by the FSA.

The deposit guarantee scheme favours bank deposits relative to saving outlets that are not afforded such protection. This is another argument against a more comprehensive deposit guarantee than is necessary to ensure confidence, small-depositor protection and the smooth flow of payments.

The limited deposit guarantee will not become effective *de facto* until the parliamentary bank resolution is repealed. The publicly stated preconditions for repeal include improved and stabilized profitability for banks (already well underway) and the now-finalized legislative reform of the deposit guarantee scheme.

Financing the deposit guarantee

The new deposit guarantee scheme is financed by annual contributions, determined on a uniform basis for all banks. The method of calculating the

contributions is aimed at encouraging banks to improve their capital position. The contributions consist of a fixed part (0.05 per cent of guaranteed deposits) and a part based on the bank's solvency ratio. The latter part is the smaller, the stronger the capital position, and subject to a maximum of 0.25 per cent of guaranteed deposits.

When net assets (assets minus liabilities) of the deposit guarantee fund exceed the fixed minimum level of 2 per cent of guaranteed bank deposits, the contributions are reduced to one-third of the previous level. Presently, the minimum level is about FIM 3.5 billion, which would be reached in 10–15 years, assuming no compensation payments. The levying of contributions can be suspended when net assets exceed 10 per cent of guaranteed deposits. Since investment gains are added to the deposit fund capital, the fund would continue to grow after suspension of contributions.

The deposit guarantee fund is entitled to borrow if its resources are otherwise insufficient to cover a compensation liability. If the fund is obliged to borrow, the member banks will be subsequently charged higher-than-normal contributions, so as to enable repayment of the fund's debt and timely restoration of its net assets to the minimum level.

The deposit guarantee fund is not allowed to invest its funds in its member banks or in shares of other securities issued by entities belonging to their consolidation groups. Thus the fund's capacity to compensate for losses on deposits must not be linked to member bank risks. The general requirements concerning investments are sufficient risk diversification, reliability and maintenance of the fund's liquidity.

The outlook for security funds of different groups of banks

The guaranteeing of depositors' claims via funding has a long tradition in Finland. The cooperative, commercial and savings banks have all had their own security funds. Although all groups of banks have had almost identical provisions concerning their security funds, the activities of these funds have varied widely in practice. The cooperative and savings banks have supported each others' capital adequacy through their respective security funds. As for commercial banks, their security fund has been charged only with deposit protection, for competitive reasons.

Existing security funds can continue to support the capital position of member banks in a manner prescribed by law. A security fund may also be abolished if the member banks consider its operation unnecessary. The security fund of the commercial banks and Postipankki Ltd has already announced that it will wind up its operations. An individual bank may also withdraw from a security fund.

Table. Maximum amounts of deposit guarantee in selected countries

	Upper limit of guarantee in national currency or ECU	Upper limit of guarantee in FIM (exchange rate at 2 Feb 1998)
Finland	FIM 150 000	150 000
Sweden	SEK 250 000	170 700
Denmark	DKK 300 000	238 400
France	FRF 400 000	361 400
Portugal	ECU 33 750	201 700
Ireland	IEP 20 000	151 600
Great Britain	GBP 20 000	180 900
Netherlands	NFL 45 000	120 900
Belgium	ECU 20 000	119 500
Greece	ECU 20 000	119 500
Germany	30 per cent of the bank's equity capital (commercial banks)	
Austria	ATS 260 000	111 900
Italy	ITL 200 000 000	614 000
Spain	ESP 2 325 000	83 000
Luxembourg	LUF 600 000	88 000
Switzerland	CHF 30 000	112 200
Norway	NOK 2 000 000	1 462 400
United States	USD 100 000	556 000
Minimum level provided by the directive	ECU 20 000	119 500

Source: Government proposal to Parliament on reform of the deposit guarantee (HE 223/1997 vp), page 18

Deposit protection in other countries

According to the directive on deposit-guarantee schemes, depositors of a branch established in another member state of the European Economic Area (EEA) are protected by the deposit guarantee scheme of the bank's home state. However, branches must be afforded the opportunity to supplement depositor protection via the local scheme if this

provides a higher-level guarantee. The Ministry of Finance decides on the membership of a branch of a non-EEA country in the Finnish deposit guarantee fund when it grants an authorization to the branch.

By international standards, the unlimited Finnish deposit guarantee was exceptional (Table). At the moment, the deposit guarantees of six EU countries are below the present Finnish level, and eight EU countries provide higher levels of guarantee. In Norway the upper limit of the deposit guarantee is still very high. Because the maximum for the Finnish deposit guarantee is on a par with the average for EEA states, a branch established in Finland need not necessarily join the Finnish scheme for reasons of competition in order to raise the deposit guarantee of its customers to the level provided by the Finnish banks. This clarifies the deposit guarantee scheme and could remove some of the obstacles to foreign banks' entry into the Finnish markets.

In countries having recently introduced a statutory deposit guarantee as required by the directive, the ceiling for the deposit guarantee has been set close to the minimum limit of ECU 20 000 (about FIM 120 000) laid down in the directive. The decision to limit the guarantee in Finland to the average European level is well founded also since it is to be expected that the introduction of the single currency and expansion of cross-border competition between banks will further harmonize the guarantee limits. Thus, there should be no need to change the Finnish guarantee limit again in the near future.

2 February 1998

- Key words: Finnish deposit guarantee scheme, deposit guarantee fund, banks' security funds

Items

Finland's balance of payments in 1997

Current account. For 1997 the current account showed a surplus of FIM 32.9 billion or 5 per cent of GDP. The trade balance registered a record surplus of FIM 54 billion, and the services account also generated a surplus. Although the deficit on the investment account narrowed, it was still about FIM 16 billion. The deficit on unrequited transfers amounted to FIM 5 billion.

Merchandise trade. The value of exports grew by 14 per cent and the value of imports by 12 per cent.

Services. The net surplus on the services account was FIM 2.6 billion as against FIM 2.0 billion in 1996. The surplus on the transport account was FIM 7.3 billion. The FIM 3.1 billion deficit on the travel account reflected a decrease of FIM 0.2 billion as receipts increased by 19 per cent and expenditure by 12 per cent. The other services account deficit was FIM 1.6 billion.

Investment income. Net outflows of investment income amounted to FIM 16.1 billion, which was FIM 1.4 billion less than in 1996.

Current transfers and other items. Unrequited current transfers and other items showed a deficit of FIM 7.2 billion.

Capital account. Capital transfers from EU funds totalled FIM 1.3 billion.

Financial account. Capital outflows exceeded inflows by FIM 16.8 billion. The central government exported capital totalling FIM 6 billion.

Finnish direct investment abroad totalled FIM 22.9 billion in net terms. In the previous year, direct investment abroad had totalled FIM 16.5 billion. Foreign direct investment in Finland amounted to 8.0 billion. Net capital exports in the form of portfolio investment amounted to 4.6 billion in 1997 against capital exports of FIM 12.1 billion in 1996. Other capital imports (incl. loans, trade credits and short-term items of banks) amounted to FIM 2.7 billion in net terms. The Bank of Finland's foreign exchange reserves increased by FIM 10.8 billion and totalled FIM 51.5 billion at end-December.

Table. Finland's balance of payments, 1997

	1996	1997
	FIM billion	
CURRENT ACCOUNT	22.0	32.9
Trade account	44.3	53.6
Exports	182.4	208.9
Imports	138.1	155.2
Services account	2.0	2.6
Other items account	-24.3	-23.3
CAPITAL ACCOUNT	0.3	1.3
FINANCIAL ACCOUNT	-36.9	-16.8
Direct investment	-11.4	-14.9
Portfolio investment	-12.1	-4.6
Other capital	-13.4	2.7
RESERVE ASSETS (increase-)	14.1	-10.8
Errors and omissions	0.6	-6.6
Memorandum item:		
Central government's capital transactions	7.1	-6.0

Net international investment position. At the end of 1997 Finland's net international investment position showed net liabilities of FIM 268.0 billion with the central government accounting for FIM 188.3 billion. For the year as a whole share prices rose, which weakened Finland's net international position as compared to end-1996. Excluding shares and other equity items, net external liabilities amounted to FIM 155.0 billion at end-December, reflecting a decline of FIM 18.1 billion for 1997.

Direct investment capital flows in Finland's balance of payments, 1997

Internationalization of Finnish business was strong. In 1997 net exports of equity and loan capital by Finnish companies to subsidiaries and associates abroad totalled FIM 20.5 billion. Capital ex-

ports amounted to FIM 5 billion more than in 1996; the outflow of equity capital in particular increased. Capital exports of manufacturing companies amounted to FIM 15.3 billion, with metal and forest industry companies recording a particularly large increase in investment abroad. The major immediate host countries for Finnish direct investment abroad were Sweden (FIM 7.5 billion), the Netherlands (FIM 4.7 billion) and the US (FIM 3 billion). Dividend and interest income from foreign subsidiaries and associates amounted to FIM 2.8 billion and FIM 1 billion respectively (total dividends and interest FIM 3.9 billion in 1996).

When the increase in the retained earnings of Finnish-owned companies in 1997, an estimated FIM 2.4 billion, is added to the net outflow of equity and loan capital, the result is a net outflow of direct investment capital of FIM 22.9 billion in the balance of payments¹ (FIM 16.5 billion in 1996). This represents almost 4 per cent of GDP and about 40 per cent of companies' fixed investment in Finland.

Inflow of foreign capital to Finnish manufacturing companies. In 1997 foreign companies invested equity and loan capital in their Finnish subsidiaries and associates in the amount of FIM 5.2 billion in net terms. Capital imports increased by FIM 2.2 billion compared to 1996, when repayments of loans from foreign investors had reduced the net capital imports. Investments in manufacturing companies amounted to FIM 5 billion. The major immediate investor countries were Sweden (FIM 1.8 billion) and the Netherlands (FIM 0.7 billion). Dividend and interest payments to foreign investors amounted to FIM 2.3 billion and FIM 0.1 billion respectively (total dividends and interest FIM 3.2 billion in 1996).

When the increase in the retained earnings of foreign-owned companies in Finland in 1997, an estimated FIM 2.8 billion, is added to the net inflow of capital, the result is a net inflow of direct investment capital of FIM 8 billion in the balance of payments¹ (FIM 5.1 billion in 1996).

Portfolio investment in Finland's balance of payments, 1997

Nonresidents' investments in Finnish securities. In 1997 nonresidents invested FIM 19.8 billion on net in Finnish securities: Finnish securities sold to nonresidents totalled FIM 404.3 billion while residents' redemptions and repurchases of Finnish securities totalled FIM 384.5 billion. In 1996 net sales of Finnish securities had amounted to FIM 6.8 bil-

lion. At end-1997 nonresidents held FIM 435.7 billion worth of Finnish securities.

Strong interest in Finnish shares. Foreign investors continued to show interest in Finnish shares throughout the year. Net sales of Finnish shares to nonresidents amounted to FIM 20.8 billion as against nearly FIM 9 billion in 1996, and thus the net inflow of equity capital more than doubled. At end-1997 the value of Finnish shares held by nonresidents stood at FIM 172.4 billion. During the year these holdings increased by FIM 63.5 billion, of which the rise in share prices accounted for FIM 42.7 billion. Dividends paid to nonresidents in 1997 amounted to FIM 1.5 billion.

Foreign currency-denominated government bonds were redeemed and markka bonds sold on net. In 1997 Finnish foreign currency- and markka-denominated bonds were redeemed and repurchased in the value of FIM 4.4 billion on net. Redemptions and repurchases of foreign currency-denominated bonds amounted to FIM 21.5 billion. Bonds issued by financial institutions and corporate entities were sold in the amount of FIM 4.5 billion on net, and government bonds were redeemed and repurchased in the amount of FIM 26 billion on net. At end-1997 nonresidents held a total of FIM 198.5 billion worth of Finnish bonds denominated in foreign currencies.

In 1997 net sales of markka-denominated Finnish government bonds totalled FIM 16.9 billion, ie FIM 10 billion more than in 1996. At end-1997 nonresidents' holdings of Finnish markka-denominated bonds amounted to FIM 45.2 billion, of which FIM 39 billion was in government bonds.

Residents' investments in foreign securities. Investments by Finnish financial institutions and insurance companies in foreign shares and bonds increased considerably in 1997. Residents' net purchases of foreign shares and bonds totalled FIM 9.5 billion and FIM 15.2 billion respectively, and their holdings at end-1997 amounted to FIM 18.4 and FIM 42.4 billion respectively.

Commemorative coin for the 100th anniversary of Alvar Aalto

To commemorate the 100th anniversary of architect Alvar Aalto and architecture in general, the Mint of Finland Ltd has struck a silver coin in the denomination of 100 markkaa.

Alvar Aalto started his work in the spirit of classicism but soon moved on to functionalism. In the 1930s, Aalto won renown for his novel use of wood in architecture. After World War II, Aalto worked ex-

¹ Preliminary data on reinvested earnings in 1997 will be available in mid-August 1998.

tensively abroad, in the United States, Germany, France and other countries. Among Aalto's best-known works are Paimio Sanatorium, Villa Mairea at Noormarkku, a student dormitory at the Massachusetts Institute of Technology, Säynätsalo civic centre and Finlandia Hall. Aalto was also active in community planning and was noted for his work as a designer of furniture, glassware and light fixtures.

The obverse of the commemorative coin shows Aalto's sketch of a wall relief for the opera in Essen, Germany. On the reverse is a stylized drawing for

the Finland pavilion at the World Exhibition in Seville and below, Hell's Cleft, which is a natural formation in Ruovesi, Finland. The coin was designed by the artist Henrik Gummerus.

The issue has been limited to 45 000 coins, plus a maximum of 10 000 special quality proof coins. The silver content of the coin is 925 o/oo, the weight 22 grammes and the diameter 35 mm.

The coin was issued on 3 February 1998 and is legal tender. Foreign sales are handled by the commercial banks and the Mint of Finland Ltd.



Measures concerning monetary and foreign exchange policy and the financial markets

1997

SEPTEMBER

Tender rate. On 15 September, the Bank of Finland raises its tender rate from 3.00 per cent to 3.25 per cent. In addition, the interest rate on banks' excess reserves is raised from 1.00 per cent to 1.25 per cent.

NOVEMBER

Money market tenders. As at 3 November, the Bank of Finland shortens the maturity applied in its money market tenders from one month to two weeks. The normal settlement day for these tenders will be the banking day following the trade day.

Liquidity credit. As at 3 November, the Bank of Finland shortens the maturity applied in its liquidity credit from seven days to one day. The Bank of Finland also abolishes the limits on collateralized liquidity credit.

1998

JANUARY

Finnish deposit guarantee scheme revised. The Finnish deposit guarantee scheme is revised as from the start of 1998 by amendment and extension of the Act on Credit Institutions (1229/97). All deposit banks must now belong to a common deposit guarantee fund. Instead of the previous full coverage, the guarantee is now limited to a maximum of FIM 150 000 per depositor/bank.

MARCH

Tender rate. On 19 March, the Bank of Finland raises its tender rate from 3.25 per cent to 3.40 per cent. In addition, the interest rate on banks' excess reserves is raised from 1.25 per cent to 1.40 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 68 % 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 21° C (70° F) in July and -3° C (25° F) in February.

Finland has a population of 5 147 349 (31 December 1997) and an average population density of 17 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 539 363 inhabitants, Espoo (Esbo) 200 834, Tampere (Tammerfors) 188 726, Vantaa (Vanda) 171 297 and Turku (Åbo) 168 772.

There are two official languages: 93 % of the population speaks Finnish as its mother tongue and 5.7 % 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 452 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 500 billion in basic values in 1996, 2 % was generated in agriculture and fishing, 2 % in forestry, 26 % in industry, 6 % in construction, 11 % in trade, restaurants and hotels, 9 % in transport and communications, 4 % in finance and insurance, 21 % in other private services and 19 % by producers of government services. Of total employment of 2.1 million persons in 1996, 7.1 % were engaged in primary production, 27.6 % in industry and construction and 65.3 % in services.

In 1996, expenditure on the gross domestic product in purchasers' values amounted to FIM 574 billion and was distributed as follows: net exports 8 % (exports 38 %, imports -30 %), gross fixed capital formation 16 %, private consumption 54 % and government consumption 22 %. Finland's tax ratio (gross taxes including compulsory employment pension contributions relative to GDP) was 48.2 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 1990-96. Finland's GDP per capita in 1996 was USD 24 400.

Foreign trade. EU countries absorb the bulk of Finnish merchandise exports. In 1992-1996 their average share was 51.7%. Over the same period, Finland's exports to other European countries (including Russia) accounted for 23.4% and to the rest of the world for 24.9%. The regional distribution of Finland's merchandise imports in the same period has been quite similar to that of exports: EU countries accounted for 51.4%, other European countries for 24.7% and the rest of the world for 23.9%.

In 1996, the share of forest industry products in total merchandise exports was 30%, the share of metal and engineering products 40% and the share of other goods 30%. Raw materials and intermediate goods (incl. crude oil) accounted for 59% of merchandise imports, fuels for 5%, investment goods for 15% and consumption goods for 21%.

Forest resources. Finland has fairly abundant forest resources but only limited amounts of other raw materials. The growing stock comprises 1 973 million cubic metres, of which 46% is pine, 36% spruce, 15% birch and 3% other broad-leaved species.

The annual growth increment totals 75.4 million cubic metres and the total drain was about 59 million cubic metres in 1996.

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 fluctuation limits of the markka were abandoned and the markka was allowed to float. On 14 October 1996, the markka was joined to the Exchange Rate Mechanism (ERM) of the European Monetary System (EMS) at the central rate of 5.80661 per ECU. As from 16 March 1998 the ECU central rate is FIM 6.01125.

The Central Bank. The Bank of Finland (Suomen Pankki - Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Council, 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 Council, 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 1996). Finland has three major groups of deposit banks with a total of 1 447 offices. There are two big commercial banks with national branch networks and five smaller ones. The commercial banks have a total of 14 foreign branches, subsidiaries and associate banks and 18 representative offices abroad. There are 40 savings banks and 298 cooperative banks with their own extensive branch networks. In addition, four foreign banks have branches in Finland and nine foreign banks have representative offices.

Financial markets. Of the total stock of FIM 712 billion in outstanding domestic credit at end-June 1997, 48% was accounted for by deposit banks, 6% by insurance companies, 23% by pension insurance institutions, 12% by other credit institutions and 11% by state and local authorities and social security funds.

In the money market, 68% of the instruments, which totalled approximately FIM 165 billion at end-June 1997, 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 75 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 371 billion (at end-June 1997). Domestic bonds and debentures in circulation at end-June 1997 totalled FIM 259 billion; government bonds made up 73% of the total. Turnover on the Stock Exchange in 1996 amounted to FIM 102 billion; the share of shares and subscription rights in the total was about 99%. In January-June 1997 share turnover amounted to FIM 82 billion.

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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

	1997		1998		
	31 Dec	6 Feb	13 Feb	23 Feb	27 Feb
ASSETS					
Reserve assets	51 455	49 143	49 053	48 545	48 510
Gold	1 742	1 742	1 742	1 742	1 742
Special drawing rights	1 772	1 326	1 365	1 356	1 230
IMF reserve tranche	3 036	3 382	3 410	3 386	3 389
ECU-claim on the European Monetary Institute	4 078	3 309	3 318	3 317	3 318
Foreign exchange assets	40 827	39 385	39 218	38 744	38 830
Other foreign claims	3 342	3 028	3 028	3 028	3 028
Markka subscription to Finland's quota in the IMF	3 281	2 967	2 967	2 967	2 967
Share in the European Monetary Institute	61	61	61	61	61
Claims on financial institutions	2 951	3 036	3 620	1 446	3 803
Liquidity credits	-	-	-	-	-
Securities with repurchase commitments	-	2 880	3 464	1 292	3 648
Term credits	-	-	-	-	-
Bonds	114	99	99	99	99
Other claims on financial institutions	2 837	58	58	56	56
Claims on the public sector	2 015	2 020	2 020	2 020	2 020
Treasury bills	-	-	-	-	-
Bonds	-	-	-	-	-
Total coinage	2 015	2 020	2 020	2 020	2 020
Other claims on the public sector	-	-	-	-	-
Claims on corporations	1 762	1 762	1 760	1 757	1 757
Financing of domestic deliveries (KTR)	26	26	24	21	21
Other claims on corporations	1 736	1 736	1 736	1 736	1 736
Other assets	635	538	557	534	523
Accrued items	528	440	458	435	422
Other assets	107	98	99	99	101
Valuation account	-	-	-	-	-
Total	62 159	59 528	60 038	57 331	59 641
LIABILITIES					
Foreign liabilities	4 911	4 385	4 388	4 487	4 441
Allocations of special drawing rights	1 046	1 058	1 067	1 059	1 060
IMF markka accounts	3 281	2 967	2 967	2 967	2 967
Other foreign liabilities	584	359	354	461	414
Notes and coin in circulation	17 817	16 386	16 388	16 277	16 274
Notes	15 923	14 537	14 536	14 425	14 424
Coin	1 894	1 849	1 851	1 852	1 850
Certificates of deposit	10 500	12 770	15 620	12 060	9 360
Liabilities to financial institutions	10 681	7 134	4 362	5 410	10 365
Reserve deposits	7 911	7 134	4 362	5 410	10 365
Term deposits	-	-	-	-	-
Other liabilities to financial institutions	2 770	0	0	0	0
Liabilities to the public sector	-	-	-	-	-
Current accounts	-	-	-	-	-
Other liabilities to the public sector	-	-	-	-	-
Liabilities to corporations	32	22	21	21	21
Deposits for investment and ship purchase	32	22	21	21	21
Other liabilities to corporations	-	-	-	-	-
Other liabilities	55	101	57	52	64
Accrued items	23	59	28	21	34
Other liabilities	32	42	30	31	30
Valuation account	258	825	1 297	1 119	1 211
Provisions	12 140	12 140	12 140	12 140	12 140
Pension provision	1 601	1 601	1 601	1 601	1 601
Other provisions	10 540	10 540	10 540	10 540	10 540
Capital accounts	5 764	5 764	5 764	5 764	5 764
Primary capital	5 000	5 000	5 000	5 000	5 000
Reserve fund	764	764	764	764	764
Net earnings	-	-	-	-	-
Total	62 159	59 528	60 038	57 331	59 641

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 exchange assets	Reserve assets (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
1993	2 180	664	1 747		28 882	33 473	-1 324	32 148	1 788	784	1 004
1994	2 180	1 537	1 354		47 672	52 743	-1 114	51 629	1 806	93	1 713
1995	1 742	1 569	1 685	3 363	40 506	48 865	-2 082	46 783	1 882	75	1 807
1996	1 742	1 344	1 953	2 541	28 817	36 397	-1 826	34 571	1 906	-	1 906
1997	1 742	1 772	3 036	4 078	40 827	51 455	-1 569	49 886	2 015	-	2 015
1997											
Feb	1 742	1 544	1 983	2 544	54 189	62 002	-1 370	60 632	1 907	-	1 907
Mar	1 742	1 514	1 930	2 532	51 982	59 700	-1 268	58 432	1 907	-	1 907
Apr	1 742	1 186	1 986	4 011	49 851	58 775	-1 227	57 548	1 904	-	1 904
May	1 742	1 121	1 998	4 000	49 607	58 468	-1 267	57 201	1 908	-	1 908
Jun	1 742	1 100	1 963	3 984	50 322	59 111	-1 397	57 714	1 921	-	1 921
Jul	1 742	1 557	2 023	3 965	55 189	64 475	-1 533	62 942	1 921	-	1 921
Aug	1 742	1 711	2 031	3 978	54 008	63 470	-1 622	61 848	1 926	-	1 926
Sep	1 742	1 588	2 081	3 958	52 686	62 055	-1 750	60 305	1 939	-	1 939
Oct	1 742	1 489	2 068	4 031	54 754	64 085	-1 941	62 144	1 947	-	1 947
Nov	1 742	1 234	2 271	4 071	41 920	51 238	-2 256	48 982	1 955	-	1 955
Dec	1 742	1 772	3 036	4 078	40 827	51 455	-1 569	49 886	2 015	-	2 015
1998											
Jan	1 742	1 323	3 065	3 310	40 268	49 709	-1 389	48 320	2 019	-	2 019
Feb	1 742	1 230	3 389	3 318	38 830	48 510	-1 413	47 097	2 020	-	2 020

End of period	Domestic financial sector				Corporate sector				
	Term claims on deposit banks, net	Reserve deposits of deposit banks ¹	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
1993	7 337	-6 398	-463	476	496	720	1 216	14 994	14 837
1994	1 480	-6 526	-347	-5 392	316	1 285	1 601	14 315	35 236
1995	7 076	-15 676	655	-7 945	185	1 706	1 891	15 611	27 090
1996	11 626	-6 829	372	5 169	70	1 623	1 692	16 891	15 530
1997	-	-7 911	181	-7 730	26	1 704	1 730	17 817	10 500
1997									
Feb	12 104	-1 404	324	11 024	63	1 856	1 918	15 590	47 520
Mar	18 158	-10 649	319	7 828	59	1 919	1 978	16 131	41 950
Apr	17 070	-6 717	294	10 647	50	1 784	1 834	16 064	41 700
May	12 568	-8 091	283	4 760	42	1 669	1 712	16 068	34 760
Jun	9 558	-10 397	258	-581	42	1 695	1 738	16 315	29 110
Jul	10 575	-3 651	252	7 176	42	1 712	1 754	16 359	40 170
Aug	8 225	-12 522	252	-4 045	37	1 748	1 785	16 287	28 440
Sep	9 214	-4 458	226	4 982	33	1 767	1 800	16 046	36 760
Oct	15 103	-13 983	188	1 308	26	1 792	1 819	16 144	34 900
Nov	4 411	-11 612	184	-7 017	26	1 684	1 710	16 381	12 200
Dec	-	-7 911	181	-7 730	26	1 704	1 730	17 817	10 500
1998									
Jan	1 929	-5 642	157	-3 556	26	1 713	1 739	16 416	13 740
Feb	3 648	-10 365	155	-6 562	21	1 715	1 736	16 274	9 360

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 ¹ , 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 X-XII	1.5	1.0	6 557			123
1996	2.0	1.5	1.0	6 530	616	7 146	37
1997	2.0	1.5	1.0	6 652	440	7 092	121
1997	2.0	1.5	1.0	6 717	747	7 464	1
1997							
Feb	2.0	1.5	1.0	6 590	992	7 582	-
Mar	2.0	1.5	1.0	6 582	1 478	8 060	-
Apr	2.0	1.5	1.0	6 589	566	7 156	18
May	2.0	1.5	1.0	6 623	598	7 221	-
Jun	2.0	1.5	1.0	6 602	1 165	7 767	-
Jul	2.0	1.5	1.0	6 777	378	7 155	-
Aug	2.0	1.5	1.0	6 803	626	7 429	-
Sep	2.0	1.5	1.0	6 769	521	7 290	-
Oct	2.0	1.5	1.0	6 799	1 020	7 818	-
Nov	2.0	1.5	1.0	6 911	892	7 803	-
Dec	2.0	1.5	1.0	6 999	310	7 309	-
1998							
Jan	2.0	1.5	1.0	6 995	321	7 317	-
Feb	2.0	1.5	1.0	6 947	147	7 095	-

¹ 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
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
1996	94 080	250 980	-190 562	33 662
1997	128 220	422 500	-294 770	490
1997				
Feb	15 500	47 520	-28 660	-3 360
Mar	1 450	41 950	-47 030	6 530
Apr	24 200	41 700	-13 630	-3 870
May	5 700	34 760	-34 700	5 640
Jun	9 600	32 760	-22 160	-1 000
Jul	10 420	36 520	-22 950	-3 150
Aug	8 350	30 260	-26 320	4 410
Sep	12 300	34 630	-23 120	790
Oct	12 200	36 900	-28 830	4 130
Nov	11 400	15 700	-18 480	14 180
Dec	0	22 430	-26 110	3 680
1998				
Jan	2 000	30 040	-27 770	-270
Feb	4 280	23 540	-19 260	0

2.3 The Bank of Finland's transactions in foreign currencies and the stock of reserve assets, mill FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net	Reserve assets (end of period)	
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position			mill. FIM	mill. USD
	1	2	3	4	5	6	7
1993	25 120	-45 080	7 460	-6 910	33 240	29 517	5 628
1994	20 930	-12 900	9 060	-8 930	24 660	33 473	5 787
1995	4 910	-5 470	-6 170	9 170	-10 135	52 743	11 120
1996	7 360	-7 320	-	-	-13 868	48 865	11 211
1997	47 620	-1 470	-	4 310	-37 540	36 397	7 838
1997							
Feb	-	-	430	-	-1 660	62 002	12 304
Mar	1 460	-720	-2 610	2 540	-3 490	59 700	11 953
Apr	-	-690	-4 240	3 070	-8 160	58 775	11 285
May	-	-60	-100	-	-930	58 468	11 407
Jun	2 880	-	70	-	-870	59 111	11 392
Jul	4 940	-	-1 310	6 300	-3 560	64 475	11 807
Aug	-	-	-70	-	-670	63 470	11 784
Sep	-	-	-70	-	-1 240	62 055	11 707
Oct	-	-	-3 160	3 100	-800	64 085	12 342
Nov	-	-	-1 560	1 560	-15 300	51 238	9 602
Dec	-	-	-	-	-610	51 455	9 492
1998							
Jan	-	-	-	-	-2 730	49 709	8 974
Feb	-	-	-	-	-	48 510	8 825

2.4 Forward exchange contracts between Finnish markka 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)	Net currency sales
1	2	3	4	5	6	7	8	9	10	11	
1993	38 373	23 721	14 652	14 346	21 895	-7 548	7 104	11 632	2 173	9 459	1 939
1994	51 096	22 093	29 003	19 236	32 791	-13 555	15 448	18 372	4 780	13 592	-
1995	60 280	19 095	41 185	31 837	48 906	-17 069	24 116	12 829	6 871	5 957	-
1996	53 520	21 793	31 726	44 068	72 021	-27 953	3 773	15 871	6 908	8 963	-
1997	66 649	37 507	29 142	105 128	127 793	-22 665	6 477	23 490	14 552	8 938	-
1997											
Jan	61 066	21 103	39 964	61 130	72 501	-11 371	28 593	18 219	5 597	12 622	-12 185
Feb	60 646	20 139	40 507	58 008	66 207	-8 199	32 308	18 779	5 040	13 740	-12 185
Mar	62 218	23 415	38 803	57 783	85 313	-27 530	11 273	18 160	5 138	13 023	-9 924
Apr	65 819	25 160	40 659	59 142	84 411	-25 268	15 391	20 854	10927	9927	-5589
May	65 324	25 735	39 588	53 735	82 076	-28 340	11 248	22 115	9477	12638	-5589
Jun	65 886	30 056	35 830	58 688	83 157	-24 468	11 362	24 007	12681	11326	-5589
Jul	71 933	31 074	40 859	55 146	83 978	-28 831	12 028	30 797	14976	15821	-4690
Aug	74 387	33 124	41 263	60 935	99 872	-38 936	2 327	28 558	17323	11235	-4690
Sep	69 721	36 411	33 310	68 654	93 287	-24 632	8 678	24 439	16998	7441	-4690
Oct	68 258	37 917	30 340	92 393	116 191	-23 798	6 542	24 034	19297	4737	-1578
Nov	68 813	36 778	32 035	93 566	115 303	-21 737	10 298	28 528	17234	11294	-
Dec	66 649	37 507	29 142	105 128	127 793	-22 665	6 477	23 490	14552	8938	-
1998											
Jan	66 113	32 546	33 568	95 925	116 620	-20 695	12 873	19 041	7592	11449	-

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	Excess-reserve rate ¹	Base rate
		1	2	3	4	5	6	7	8
1993	7.71	7.85	7.73	7.59	7.47	8.95	4.95	6.85
1994	4.38	5.11	5.35	5.78	6.33	7.11	3.11	5.27
1995	5.26	5.63	5.76	5.97	6.34	7.63	3.63	5.20
1996	3.66	3.58	3.63	3.74	3.99	5.57	1.57	4.38
1997	2.87	3.10	3.23	3.41	3.69	5.07	1.07	4.00
1997								
Feb	2.85	3.01	3.07	3.17	3.34	5.00	1.00	4.00
Mar	2.51	3.01	3.07	3.18	3.42	5.00	1.00	4.00
Apr	3.24	3.02	3.08	3.21	3.48	5.00	1.00	4.00
May	2.51	3.01	3.08	3.19	3.40	5.00	1.00	4.00
Jun	2.76	3.00	3.07	3.19	3.42	5.00	1.00	4.00
Jul	2.85	3.00	3.08	3.22	3.50	5.00	1.00	4.00
Aug	3.02	3.01	3.13	3.31	3.68	5.00	1.00	4.00
Sep	3.06	3.15	3.31	3.52	3.89	5.14	1.14	4.00
Oct	2.75	3.29	3.57	3.91	4.26	5.25	1.25	4.00
Nov	2.90	3.35	3.65	4.00	4.32	5.25	1.25	4.00
Dec	3.20	3.31	3.60	3.87	4.18	5.25	1.25	4.00
1998								
Jan	2.80	3.30	3.48	3.63	3.86	5.25	1.25	4.00
Feb	3.18	3.29	3.42	3.56	3.74	5.25	1.25	4.00

¹ 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
1993	7.87	1993	+2.00	7	-2.00	
1994	5.11	1994	+2.00	7	-2.00	
1995	5.63	1995	+2.00	7		2.25
1996	3.57	1996	+2.00	7		1.00
1997	3.07	1997	+2.00	1		1.25
1997		1997				
Feb	3.00	Feb	+2.00	7		1.00
Mar	3.00	Mar	+2.00	7		1.00
Apr	3.00	Apr	+2.00	7		1.00
May	3.00	May	+2.00	7		1.00
Jun	3.00	Jun	+2.00	7		1.00
Jul	3.00	Jul	+2.00	7		1.00
Aug	3.00	Aug	+2.00	7		1.00
Sep	3.14	Sep	+2.00	7		1.25
Oct	3.25	Oct	+2.00	7		1.25
Nov	3.25	Nov	+2.00	1		1.25
Dec	3.25	Dec	+2.00	1		1.25
1998		1998				
Jan	3.25	Jan	+2.00	1		1.25
Feb	3.25	Feb	+2.00	1		1.25
13.3.1996	3.75	13.3.1996				1.75
14.6.1996	3.60	14.6.1996				1.60
5.7.1996	3.50	5.7.1996				1.50
23.8.1996	3.25	23.8.1996				1.25
18.9.1996	3.10	18.9.1996				1.10
9.10.1996	3.00	9.10.1996				1.00
15.9.1997	3.25	15.9.1997				1.25

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
1993	8.0	5.9	8.1	8.1
1994	5.9	5.2	6.1	6.1
1995	5.9	5.2	6.0	6.0
1996	4.4	4.3	4.4	4.4
1997	4.3	4.4	4.3	4.3
1997				
Feb	4.1	4.2	4.1	4.1
Mar	4.2	4.3	4.3	4.3
Apr	4.1	4.4	4.2	4.2
May	4.1	4.3	4.2	4.2
Jun	4.1	4.3	4.2	4.2
Jul	4.2	4.3	4.2	4.2
Aug	4.3	4.4	4.4	4.4
Sep	4.3	4.5	4.3	4.3
Oct	4.5	4.6	4.5	4.5
Nov	4.6	4.8	4.6	4.6
Dec	4.5	4.8	4.5	4.5
1998				
Jan	4.4	4.6	4.3	4.3
Feb	4.4	4.6	4.4	4.4

3.4 Rates of interest applied by banks, per cent

Average for period	Lending					Markka deposits and other markka funding						
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	36-month tax-exempt deposits ¹	Other tax-exempt deposits, max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markka funding
	Cheque account and postal giro credits	Bills of exchange	Loans	New lending, total								
	1	2	3	4	5	6	7	8	9	10	11	12
1993	9.69	13.55	9.40	9.75	10.20	9.92	3.50	4.50	2.00	4.78	8.86	6.15
1994	7.32	11.55	7.13	7.35	8.18	7.91	3.25	4.25	2.00	2.99	5.96	4.01
1995	7.85	11.33	7.30	7.46	8.04	7.75	2.75	3.75	2.00	3.13	6.29	4.08
1996	5.61	9.61	5.31	5.43	6.49	6.15	2.00	3.00	2.00	2.15	4.31	2.78
1997	4.83	9.66	4.73	4.81	5.64	5.29			2.00	1.47	..	..
1997												
Jan	4.03	9.99	4.63	4.65	5.75	5.39	2.00		2.00	1.69	..	..
Feb	5.59	10.01	4.67	4.79	5.70	5.35	2.00		2.00	1.61	..	..
Mar	5.51	9.97	4.78	4.91	5.67	5.32	2.00		2.00	1.48	..	..
Apr	6.03	9.68	4.53	4.64	5.65	5.29	2.00		2.00	1.47	..	..
May	5.25	9.83	4.85	4.96	5.62	5.27	2.00		2.00	1.45	..	..
Jun	5.46	9.31	4.84	4.93	5.59	5.24	2.00		2.00	1.43	..	..
Jul	5.45	9.69	4.43	4.53	5.57	5.21	2.00		2.00	1.42	..	..
Aug	4.17	9.77	4.75	4.80	5.54	5.18	2.00		2.00	1.42	..	..
Sep	4.99	9.42	4.69	4.77	5.57	5.22	2.00		2.00	1.42	..	..
Oct	4.09	9.70	4.95	4.97	5.61	5.27	2.00		2.00	1.44	..	..
Nov	6.06	9.52	4.98	5.08	5.67	5.35	2.00		2.00	1.43	..	..
Dec	6.07	9.21	4.74	4.83	5.74	5.43			2.00	1.44	..	..
1998												
Jan	4.54	9.58	4.75	4.80	5.71	5.41			2.00	1.44	..	..

¹ 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
1993	8.5	8.9	8.2	8.8	1.2
1994	8.5	9.3	8.4	9.1	1.0
1995	8.2	8.9	7.9	8.8	2.4
1996	5.8	6.8	6.0	7.1	2.1
1997	5.0	5.7	4.9	6.0	2.0
1997					
Jan					
Feb	4.8	5.7	4.8	6.1	2.2
Mar	4.7	5.5	4.6	5.9	1.8
Apr	4.8	5.6	4.8	6.1	2.1
May	5.0	5.8	5.0	6.4	2.3
Jun	4.9	5.7	4.8	6.2	2.2
Jul	4.9	5.7	4.8	6.1	2.1
Aug	4.9	5.6	4.7	5.9	2.0
Sep	5.0	5.7	4.9	5.9	2.0
Oct	5.2	5.8	4.9	5.8	2.0
Nov	5.3	5.9	5.1	5.7	1.9
Dec	5.4	5.9	5.1	5.8	2.0
1998					
Jan	5.0	5.5	4.6	5.3	1.8

4. Rates of exchange

4.1 Middle rates, FIM

Average of daily quotations	New York	Montreal	London	Dublin	Stockholm	Oslo	Copenhagen	Reykjavik	Frankfurt am Main	Amsterdam	Brussels	Zurich
	1 USD	1 CAD	1 GBP	1 IEP	1 SEK	1 NOK	1 DKK	1 ISK	1 DEM	1 NLG	1 BEF	1 CHF
	1	2	3	4	5	6	7	8	9	10	11	12
1993	5.7189	4.434	8.582	8.371	0.7350	0.8059	0.8822	0.0846	3.4584	3.0787	0.1655	3.870
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
1996	4.5905	3.367	7.164	7.345	0.6847	0.7111	0.7921	0.0689	3.0530	2.7247	0.1484	3.7211
1997	5.1944	3.753	8.506	7.871	0.6799	0.7339	0.7859	0.0732	2.9939	2.6603	0.1451	3.5785
1997												
Feb	4.9757	3.672	8.089	7.898	0.6720	0.7508	0.7794	0.0707	2.9729	2.6468	0.1441	3.4264
Mar	5.0716	3.702	8.141	7.932	0.6622	0.7448	0.7834	0.0713	2.9886	2.6558	0.1448	3.4601
Apr	5.1307	3.681	8.360	7.965	0.6678	0.7360	0.7876	0.0721	3.0003	2.6680	0.1454	3.5109
May	5.1337	3.722	8.382	7.780	0.6694	0.7271	0.7922	0.0729	3.0169	2.6825	0.1462	3.5903
Jun	5.1732	3.737	8.503	7.797	0.6680	0.7177	0.7869	0.0735	2.9961	2.6637	0.1452	3.5881
Jul	5.3051	3.854	8.869	7.942	0.6793	0.7134	0.7783	0.0747	2.9641	2.6325	0.1436	3.5832
Aug	5.5097	3.967	8.838	8.004	0.6891	0.7221	0.7850	0.0759	2.9903	2.6550	0.1448	3.6380
Sep	5.3561	3.862	8.571	7.931	0.6954	0.7318	0.7862	0.0747	2.9932	2.6579	0.1450	3.6364
Oct	5.2695	3.803	8.595	7.730	0.6958	0.7444	0.7874	0.0737	2.9981	2.6613	0.1454	3.6278
Nov	5.2205	3.696	8.809	7.844	0.6902	0.7395	0.7916	0.0735	3.0130	2.6731	0.1461	3.7093
Dec	5.3714	3.768	8.925	7.830	0.6899	0.7413	0.7934	0.0749	3.0220	2.6817	0.1465	3.7327
1998												
Jan	5.4948	3.815	8.988	7.599	0.6858	0.7333	0.7946	0.0755	3.0268	2.6859	0.1467	3.7261
Feb	5.5022	3.835	9.018	7.573	0.6812	0.7282	0.7958	0.0760	3.0328	2.6908	0.1470	3.7570

Average of daily quotations	Paris	Rome	Vienna	Lisbon	Madrid	Athens	Tallinn	Tokyo	Melbourne	Seoul	ECU Commercial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ESP	1 GRD	1 EEK	1 JPY	1 AUD	1 KRW	1 XEU	1 XDR
	13	14	15	16	17	18	19	20	21	22	23	24
1993	1.0096	0.00364	0.4916	0.0356	0.0451	0.025	0.4323	0.05168	3.885		6.685	7.98671
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	6.61879
1996	0.8978	0.00298	0.4340	0.0298	0.0363	0.0191	0.3816	0.04225	3.593		5.751	6.66357
1997	0.8894	0.00305	0.4255	0.0296	0.0355	0.0190	0.3742	0.04303	3.859		5.864	7.14420
1997												
Feb	0.8806	0.00301	0.4225	0.0296	0.0351	0.0190	0.3716	0.04048	3.818		5.771	6.88718
Mar	0.8859	0.00299	0.4246	0.0297	0.0352	0.0190	0.3736	0.04138	3.998		5.801	6.98562
Apr	0.8908	0.00303	0.4263	0.0299	0.0356	0.0190	0.3750	0.04086	3.997		5.853	7.03636
May	0.8945	0.00305	0.4286	0.0299	0.0357	0.0189	0.3771	0.04335	3.975		5.880	7.12016
Jun	0.8878	0.00305	0.4258	0.0297	0.0355	0.0189	0.3745	0.04527	3.902		5.855	7.19320
Jul	0.8785	0.00304	0.4213	0.0293	0.0351	0.0189	0.3705	0.04609	3.939	0.00596	5.846	7.30859
Aug	0.8873	0.00306	0.4250	0.0295	0.0354	0.0191	0.3738	0.04672	4.085	0.00614	5.886	7.45951
Sep	0.8904	0.00307	0.4254	0.0295	0.0355	0.0190	0.3741	0.04434	3.876	0.00589	5.872	7.28131
Oct	0.8936	0.00306	0.4260	0.0294	0.0355	0.0190	0.3748	0.04355	3.800	0.00569	5.891	7.21962
Nov	0.9000	0.00308	0.4281	0.0295	0.0357	0.0192	0.3766	0.04172	3.630	0.00507	5.961	7.17348
Dec	0.9028	0.00308	0.4295	0.0296	0.0357	0.0192	0.3777	0.04152	3.562	0.00368	5.980	7.27353
1998												
Jan	0.9038	0.00308	0.4303	0.0296	0.0357	0.0192	0.3784	0.04253	3.611	0.00325	5.978	7.38238
Feb	0.9048	0.00307	0.4311	0.0296	0.0358	0.0192	0.3791	0.04377	3.711	0.00340	5.989	7.42807

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
1993	6.69420		
1994	6.19108	132.4	136.0
1995	5.70936	123.2	125.5
1996	5.83028	111.6	111.6
1997	5.88125	115.3	115.8
		118.4	122.6
1997			
Feb			
Mar	5.80357	116.4	119.4
Apr	5.82954	116.8	120.5
May	5.87626	117.8	121.5
Jun	5.90366	118.6	122.1
Jul	5.88180	118.7	122.4
Aug	5.86447	119.0	123.8
Sep	5.90587	120.4	126.4
Oct	5.89038	119.5	124.7
Nov	5.89974	119.4	123.9
Dec	5.94676	119.4	123.7
	5.97130	119.5	125.4
1998			
Jan	5.98008	120.1	126.7
Feb	5.98982	120.4	126.8

4.3 Deviations of ERM currencies' markka rates from central rates, per cent

Average of daily observations	ECU	DEM	FRF	NLG	DKK	BEF	ESP	ATS	PTE	IEP	ITL
Central rate as of 25 Nov. 1996	5.85424	3.04000	0.906422	2.69806	0.796976	0.147391	0.0357345	0.432094	0.029657	7.32960	0.00307071
	1	2	3	4	5	6	7	8	9	10	11
1995											
1996	-1.69	0.23	-3.48	0.82	-2.25	0.49	-2.02	0.24	-1.84	-4.52	..
1997	0.30	0.43	-0.95	0.99	-0.61	0.65	1.49	0.44	0.40	0.21	-3.07
	0.46	-1.52	-1.88	-1.40	-1.39	-1.56	-0.78	-1.53	-0.12	7.38	-0.72
1997											
Feb											
Mar	-0.87	-2.21	-2.85	-1.90	-2.20	-2.26	-1.79	-2.23	-0.21	7.76	-2.04
Apr	-0.42	-1.69	-2.27	-1.57	-1.70	-1.73	-1.45	-1.73	0.29	8.22	-2.53
May	0.38	-1.31	-1.73	-1.12	-1.18	-1.34	-0.52	-1.34	0.88	8.67	-1.31
Jun	0.84	-0.76	-1.31	-0.58	-0.60	-0.84	0.02	-0.80	0.97	6.14	-0.53
Jul	0.47	-1.44	-2.06	-1.27	-1.26	-1.49	-0.74	-1.45	0.01	6.37	-0.61
Aug	0.17	-2.50	-3.08	-2.43	-2.35	-2.58	-1.65	-2.50	-1.04	8.36	-0.86
Sep	0.88	-1.64	-2.11	-1.60	-1.50	-1.74	-0.92	-1.65	-0.47	9.20	-0.30
Oct	0.62	-1.54	-1.77	-1.49	-1.36	-1.62	-0.73	-1.56	-0.59	8.20	-0.11
Nov	0.78	-1.38	-1.41	-1.36	-1.20	-1.38	-0.63	-1.40	-0.75	5.47	-0.29
Dec	1.58	-0.89	-0.71	-0.92	-0.67	-0.89	-0.18	-0.92	-0.46	7.02	0.14
	2.00	-0.59	-0.40	-0.61	-0.45	-0.62	0.03	-0.59	-0.26	6.83	0.40
1998											
Jan	2.15	-0.43	-0.28	-0.45	-0.29	-0.45	-0.07	-0.42	-0.21	3.68	0.16
Feb	2.32	-0.24	-0.18	-0.27	-0.15	-0.30	0.13	-0.24	-0.14	3.32	0.09

5. Financial markets and money supply

5.1 Bank funding from the public, mill. FIM

End of period	Tax-exempt			Subject to withholding tax			Other taxable			Markka deposits, total	Foreign currency deposits	Other markka funding	Total funding	
	Cheque and trans- actions accounts	Time deposits	Other deposits	Total	Cheque and trans- actions accounts	Other deposits	Total	Cheque and trans- actions accounts	Other deposits					Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1993	88 881	66 361	1 457	156 699	10 360	51 943	62 303	32 098	17 664	49 762	268 764	15 788	62 599	347 151
1994	96 796	63 329	1 895	162 021	9 467	47 908	57 375	37 279	18 739	56 018	275 414	13 332	58 067	346 813
1995	106 997	63 599	2 611	173 207	10 916	45 529	56 445	45 558	16 163	61 721	291 373	14 843	50 675	356 891
1996	132 113	29 672	27 140	188 926	10 746	25 207	35 953	48 329	10 438	58 767	283 646	12 495	55 046	351 187
1997*	140 891	46 976	19 119	206 985	7 883	14 446	22 329	52 472	9 293	61 765	291 079	12 272	74 141	377 491
1997*														
Jan	132 906	45 917	12 758	191 581	11 730	21 897	33 627	49 009	10 769	59 778	284 986	12 234	55 065	352 284
Feb	131 106	48 529	13 234	192 869	11 273	20 165	31 438	44 822	10 368	55 189	279 497	12 043	60 346	351 885
Mar	132 054	50 024	13 824	195 902	11 512	19 201	30 713	48 803	9 973	58 775	285 390	11 876	66 039	363 306
Apr	133 313	50 984	15 063	199 360	8 525	16 990	25 515	46 969	10 294	57 263	282 139	10 794	66 369	359 302
May	134 300	51 556	15 254	201 111	8 771	16 450	25 222	50 048	10 116	60 164	286 497	11 900	69 938	368 335
Jun	134 432	52 104	15 364	201 900	8 548	15 788	24 336	52 499	9 558	62 057	288 293	11 743	63 526	363 561
Jul	135 230	52 563	15 484	203 277	8 252	15 059	23 311	49 515	9 541	59 056	285 645	11 480	74 487	371 612
Aug	136 678	52 854	15 575	205 107	8 207	14 379	22 586	48 581	9 569	58 150	285 843	11 434	73 195	370 472
Sep	134 963	53 793	14 845	203 602	8 277	14 162	22 439	49 347	9 239	58 587	284 627	12 458	77 982	375 067
Oct	135 800	51 832	16 358	203 990	8 482	14 102	22 584	51 018	9 275	60 293	286 867	12 254	82 490	381 611
Nov	137 885	50 911	16 516	205 312	7 798	14 078	21 876	51 174	9 123	60 297	287 485	12 079	66 002	365 566
Dec	140 891	46 976	19 119	206 985	7 883	14 446	22 329	52 472	9 293	61 765	291 079	12 272	74 140	377 491
1998*														
Jan	142 092	48 768	18 294	209 154	7 817	14 148	21 965	51 535	9 591	61 126	292 245	11 560	74 295	378 100

5.2 Bank lending to the public, mill. FIM

End of period	Non-financial corporations	Financial and insurance institutions (excl. banks)	General government (excl. central government)	Non-profit institutions	Households	Foreign sector	Markka-lending, total (1+2+3+4+5+6)	Foreign currency lending	Total lending (7+8)
	1	2	3	4	5	6	7	8	9
1993	83 285	9 304	4 036	12 802	171 540	103	281 070	69 819	350 889
1994	81 130	11 121	3 367	13 016	162 913	124	271 670	47 078	318 748
1995	78 601	13 045	2 918	12 645	155 990	253	263 452	33 124	296 575
1996	82 894	18 554	3 052	13 088	152 594	119	270 301	24 130	294 430
1997*	77 351	21 257	3 241	13 453	155 388		270 691	16 252	286 943
1997*									
Jan	77 954	14 434	2 946	13 132	151 419		259 885	19 284	279 169
Feb	79 050	15 224	3 014	13 197	151 542		262 027	20 276	282 303
Mar	79 043	15 757	2 956	13 160	151 711		262 627	18 834	281 461
Apr	79 582	16 409	2 979	13 213	151 866		264 049	18 707	282 756
May	79 532	17 233	3 031	13 154	152 515		265 466	18 491	283 956
Jun	79 240	17 409	2 973	13 214	152 671		265 507	17 709	283 215
Jul	78 977	17 866	2 964	13 294	153 460		266 562	17 318	283 879
Aug	78 637	19 006	2 976	13 467	154 484		268 570	16 802	285 371
Sep	78 597	19 613	3 071	13 617	155 001		269 898	16 378	286 276
Oct	78 392	20 566	3 055	13 573	155 563		271 147	18 314	289 461
Nov	76 557	21 218	3 215	13 709	156 001		270 699	16 928	287 627
Dec	77 351	21 257	3 241	13 453	155 388		270 691	16 246	286 937
1998*									
Jan	77 916	21 485	3 240	13 152	155 345		271 138	16 352	287 490

5.3 Money supply, mill. FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	Monetary aggregates		
		Claims on the central government	Claims on the public	Total (2+3)		M ₁	M ₂ (1+4+5)	M ₃
	1	2	3	4	5	6	7	8
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
1995	25 481	19 837	353 340	373 177	-94 870	175 921	303 788	329 820
1996	40 638	12 821	350 230	363 052	-106 399	204 834	297 291	325 473
1997*	69 698	12 184	339 143	351 327	-115 429	215 763	305 596	353 735
1997*								
Jan	53 178	14 975	335 976	350 951	-105 831	206 956	298 298	339 801
Feb	56 559	9 887	338 163	348 050	-111 708	200 605	292 901	328 095
Mar	56 787	10 209	337 213	347 421	-105 146	206 040	299 062	338 407
Apr	58 607	14 411	337 724	352 134	-115 087	202 323	295 654	340 840
May	63 055	16 769	338 988	355 757	-118 523	206 912	300 289	349 640
Jun	73 732	3 256	337 432	340 689	-112 526	209 080	301 894	350 332
Jul	73 618	6 226	337 876	344 102	-118 445	206 628	299 276	353 820
Aug	72 388	5 162	339 432	344 594	-117 141	207 465	299 841	348 202
Sep	87 246	3 686	340 221	343 906	-133 023	206 090	298 129	350 548
Oct	83 239	5 621	342 934	348 555	-131 049	209 178	300 745	353 649
Nov	71 173	9 482	340 584	350 067	-119 678	210 932	301 561	345 464
Dec	69 698	12 184	339 143	351 327	-115 429	215 763	305 596	353 735
1998*								
Jan	..	..	..	..	..	215 491	306 292	363 245

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

End of period	Foreign currency-denominated debt			Markka-denominated debt				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
1993	142 824	12 753	155 577	71 082	16 060	22 824	-9 700	100 266	255 843	66 439	36 487
1994	160 587	15 975	176 562	93 008	17 100	33 153	-12 300	130 961	307 523	67 658	43 012
1995	158 545	13 756	172 301	143 948	17 492	37 864	-12 300	187 004	359 305	66 855	41 878
1996	158 847	16 161	175 008	177 700	17 187	37 620	-12 300	220 479	395 487	64 316	38 369
1997	142 717	25 839	168 556	214 876	16 545	30 388	-12 300	249 745	418 301	..	..
1997											
Feb	162 085	21 502	183 587	183 752	17 187	43 932	-12 300	232 769	416 356	64 957	51 137
Mar	158 001	21 195	179 196	187 972	17 149	43 821	-12 300	236 879	416 075	65 096	44 839
Apr	155 575	21 828	177 403	192 178	16 865	43 658	-12 300	240 588	417 991	66 479	41 543
May	155 880	23 054	178 934	194 126	16 865	44 045	-12 300	242 923	421 857	65 951	46 841
Jun	159 454	24 635	184 089	186 952	16 581	42 797	-12 300	234 248	418 337	65 979	37 376
Jul	156 183	25 261	181 444	190 450	16 574	44 522	-12 300	239 533	420 977	65 569	37 195
Aug	155 814	24 994	180 808	192 441	16 574	41 545	-12 300	238 547	419 355	65 716	37 233
Sep	154 425	25 586	180 011	202 789	16 573	39 063	-12 300	246 332	426 343	66 004	48 389
Oct	154 826	25 462	180 288	204 172	16 573	34 599	-12 417	243 193	423 481	66 151	48 685
Nov	141 898	25 597	167 495	216 455	16 557	34 458	-12 417	255 279	422 774	65 837	42 539
Dec	142 717	25 839	168 556	214 876	16 545	30 388	-12 417	249 628	418 184	..	..
1998											
Jan	143 626	26 312	169 938	214 642	16 545	31 081	-12 417	250 047	419 985	..	..
Feb	143 776	26 265	170 041	217 195	16 545	25 712	-12 417	247 232	417 273	..	..

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
1993	11 691	10 481	36 512	2 235	63	60 981
1994	4 053	9 899	31 553	593	-	46 099
1995	643	4 487	66 557	26	-	71 713
1996*	3 213	9 074	62 139	20	-	74 447
1997*	2 633	9 476	57 165	-	-	69 274
1997*						
Jan	-	377	4 608	-	-	4 985
Feb	417	432	4 836	-	-	5 685
Mar	75	1 380	4 660	-	-	6 115
Apr	6	988	4 258	-	-	5 252
May	-	1 071	2 201	-	-	3 272
Jun	451	289	5 472	-	-	6 212
Jul	-	-	3 508	-	-	3 508
Aug	-	425	3 375	-	-	3 800
Sep	1 070	1 454	10 431	-	-	12 955
Oct	1	650	7 424	-	-	8 074
Nov	553	1 446	6 393	-	-	8 392
Dec	60	963	-	-	-	1 023
1998*						
Jan	-	714	14 651	-	-	15 365

B) Stock, mill. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5+6+7+8) = (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
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	26 480	55 223	145 177	5 814	357	186 799	5 034	41 218	233 051
1996*	25 245	44 656	179 419	4 362	140	219 863	2 956	31 003	253 822
1997*	23 327	43 881	216 215	3 648	84	261 316	1 345	24 494	287 155
1997*									
Jan	25 091	43 814	181 980	4 357	140	222 769	2 614	29 999	255 382
Feb	24 727	41 827	185 472	4 302	140	226 058	2 393	28 017	256 468
Mar	25 514	43 257	189 688	4 126	99	231 672	2 118	28 894	262 684
Apr	25 462	44 214	193 517	4 126	99	236 936	2 107	28 375	267 418
May	24 336	43 819	195 466	3 977	93	238 090	1 842	27 759	267 691
Jun	23 872	42 300	188 292	3 943	91	229 911	1 833	26 754	258 498
Jul	23 402	41 461	191 789	3 932	91	232 715	1 829	26 131	260 675
Aug	23 103	41 564	193 780	3 924	91	234 752	1 663	26 047	262 462
Sep	23 844	42 915	204 128	3 918	90	247 500	1 477	25 918	274 895
Oct	23 433	43 068	211 426	3 910	88	254 735	1 366	25 824	281 925
Nov	23 709	44 123	217 794	3 860	86	262 709	1 349	25 514	289 572
Dec	23 327	43 881	216 215	3 648	84	261 316	1 345	24 494	287 155
1998*									
Jan	22 774	43 700	215 980	3 632	84	261 271	1 131	23 768	286 170

C) Turnover, mill. FIM

During period	Primary dealers' transactions in benchmark government bonds		
	Purchases from other primary dealers	Purchases from customers	Sales to customers
	1	2	3
1993	42 945	95 647	117 489
1994	173 096	150 908	176 647
1995	133 357	190 069	215 879
1996	201 528	222 584	242 310
1997	258 634	264 994	291 056
1997			
Feb	12 586	13 762	18 477
Mar	24 965	20 852	24 048
Apr	18 425	17 110	21 183
May	14 193	16 206	21 661
Jun	15 845	20 317	23 502
Jul	17 873	23 428	27 905
Aug	21 752	25 146	25 637
Sep	28 032	34 507	37 825
Oct	40 705	33 503	31 670
Nov	17 106	19 655	19 411
Dec	21 198	16 515	16 656
1998			
Jan	22 397	23 508	25 746
Feb	12 826	15 971	16 099

5.6 Helsinki Stock Exchange

Average of daily observations	Share prices										Turnover ¹ , mill. FIM		
	HEX index (28 Dec 1990=1000)										Shares and subscription rights	Bonds and debentures	Total
	All-share index	Banks and finance	Insurance	Trade	Construction	Forest industries	Metal and engineering	Telecommunications and electronics	Chemicals	Conglomerates			
1	2	3	4	5	6	7	8	9	10	11	12	13	
1993	1 240	608	644	-	-	1 695	1 749	-	-	1 751	46 337	59 977	106 314
1994	1 847	719	802	-	-	2 284	2 675	-	-	3 068	68 671	2 147	70 818
1995	1 918	500	638	-	-	2 062	2 255	-	-	4 251	83 019	1 075	84 094
1996	2 032	460	820	-	-	2 040	2 564	-	-	5 681	101 265	541	101 806
1997	3 207	822	1 576	2 255	1 006	2 712	3 408	1 416	900	7 477	186 088	488	186 576
1997													
Feb	2 850	714	1 384	2 180	1 021	2 349	3 232	1 151	894	6 862	15 554	43	15 597
Mar	2 907	723	1 365	2 215	1 041	2 521	3 336	1 140	891	7 228	10 786	26	10 811
Apr	2 826	654	1 357	2 200	1 017	2 487	3 276	1 100	877	7 148	12 401	43	12 444
May	3 045	705	1 420	2 272	1 015	2 713	3 481	1 241	922	7 887	12 254	24	12 278
Jun	3 135	679	1 442	2 362	1 031	2 732	3 574	1 334	926	7 927	14 405	28	14 433
Jul	3 432	839	1 590	2 361	1 064	2 919	3 768	1 565	929	7 849	15 708	28	15 736
Aug	3 530	898	1 581	2 301	1 022	3 001	3 692	1 672	913	7 705	15 325	46	15 371
Sep	3 480	883	1 627	2 209	989	3 001	3 543	1 662	885	7 445	15 719	43	15 762
Oct	3 733	1 016	1 921	2 268	994	3 204	3 607	1 833	926	7 689	24 739	33	24 772
Nov	3 448	1 022	1 925	2 279	946	2 737	3 231	1 631	901	7 593	15 163	27	15 190
Dec	3 303	1 080	2 105	2 370	926	2 508	3 065	1 449	900	7 757	17 764	53	17 817
1998													
Jan	3 430	1 136	2 128	2 526	956	2 589	3 045	1 499	933	8 324	15 485	53	15 538
Feb	3 851	1 190	2 418	2 639	1 005	2 886	3 167	1 804	988	9 810	20 050	43	20 093

¹ During period.

6. Balance of payments, foreign liabilities and assets

6.1 Current account, mill. FIM

During period	Exports of goods, fob	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, cif	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1993	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
1994	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
1995	172 820	11 900	7 536	14 986	34 422	207 242	12 929	8 596	228 767	125 450	6 029	10 450	19 150
1996*	182 436	12 404	7 338	15 315	35 057	217 493	15 375	7 698	240 566	138 106	5 529	10 559	16 921
1997*	208 866	13 410	8 759	15 396	37 565	246 431	17 479	8 023	271 933	155 228	6 117	11 814	17 034
1995													
III	39 617	2 976	2 243	3 718	8 937	48 554	2 707	2 143	53 404	29 856	1 498	2 707	4 349
IV	46 154	2 976	1 903	3 870	8 749	54 903	3 892	3 360	62 155	33 926	1 481	2 779	4 937
1996*													
I	42 631	2 997	1 677	3 473	8 146	50 777	4 242	1 446	56 466	33 495	1 382	2 615	4 299
II	48 126	3 128	1 873	3 729	8 730	56 856	4 511	2 076	63 443	34 519	1 367	2 678	4 088
III	41 925	3 252	2 065	4 158	9 474	51 399	3 110	1 339	55 848	31 989	1 402	2 571	3 994
IV	49 754	3 027	1 724	3 955	8 706	58 460	3 512	2 837	64 809	38 102	1 377	2 696	4 540
1997*													
I	46 399	3 206	1 660	3 334	8 200	54 600	3 643	2 131	60 374	35 835	1 524	2 475	4 227
II	52 805	3 407	2 226	4 035	9 667	62 472	5 182	1 899	69 553	39 451	1 545	2 958	4 305
III	52 751	3 546	2 673	3 959	10 177	62 928	4 091	1 877	68 896	38 279	1 538	2 919	3 867
IV	56 910	3 252	2 200	4 069	9 520	66 431	4 562	2 117	73 109	41 664	1 509	3 461	4 635

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
1993	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
1994	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
1995	35 629	161 080	32 529	12 627	206 237	47 370	5 870	-2 914	-4 164	-1 207	46 162	-19 600	-4 032	22 531
1996*	33 009	171 115	32 900	14 520	218 535	44 330	6 875	-3 221	-1 606	2 048	46 378	-17 525	-6 821	22 031
1997*	34 965	190 193	33 591	15 232	239 016	53 638	7 293	-3 055	-1 638	2 600	56 238	-16 112	-7 209	32 917
1995														
III	8 554	38 410	6 630	3 205	48 244	9 761	1 478	-464	-631	383	10 144	-3 923	-1 061	5 160
IV	9 196	43 122	6 538	3 407	53 067	12 228	1 494	-875	-1 066	-447	11 781	-2 646	-47	9 087
1996*														
I	8 296	41 792	8 529	4 010	54 331	9 136	1 614	-938	-827	-151	8 985	-4 287	-2 563	2 135
II	8 133	42 652	10 773	3 862	57 287	13 607	1 761	-805	-358	598	14 204	-6 262	-1 786	6 157
III	7 966	39 956	6 556	3 055	49 567	9 936	1 850	-506	164	1 508	11 444	-3 447	-1 716	6 280
IV	8 613	46 715	7 042	3 593	57 350	11 652	1 650	-972	-585	93	11 745	-3 530	-756	7 459
1997*														
I	8 226	44 061	8 461	4 472	56 994	10 565	1 681	-814	-893	-26	10 539	-4 818	-2 341	3 380
II	8 809	48 260	10 444	3 480	62 184	13 355	1 861	-733	-271	858	14 213	-5 263	-1 581	7 369
III	8 325	46 604	7 217	3 806	57 627	14 473	2 008	-247	91	1 852	16 325	-3 126	-1 930	11 269
IV	9 605	51 269	7 468	3 474	62 211	15 247	1 743	-1 261	-566	-85	15 162	-2 906	-1 357	10 899

6.2 Capital and financial account, mill. FIM

During period	Capital account, imports of capital	Financial account											Total (2+8+12)
		Direct investment in Finland	Portfolio investment in Finland					Other investment in Finland					
			Shares	Bonds	Of which: markka denominated bonds	Money market instruments	Financial derivatives	Total (3+4+6+7)	Trade credits	Loans	Other capital	Total (9+10+11)	
1	2	3	4	5	6	7	8	9	10	11	12	13	
1993	0	4 945	12 748	30 353	3 616	-4 382	..	38 719	4 467	5 457	-29 801	-19 877	23 787
1994	0	8 240	13 400	21 977	-5 783	-2 134	59	33 302	3 107	647	-1 392	2 361	43 903
1995	487	4 642	8 734	-17 868	-3 634	1 421	2 588	-5 125	-1 216	-6 985	8 376	176	-307
1996*	596	5 093	8 937	-4 624	6 250	1 016	1 501	6 830	-3 383	12 737	-1 347	8 006	19 929
1997*	1 295	8 009	20 774	-4 353	17 191	2 776	616	19 813	-662	10 681	6 320	16 340	44 161
1995													
III	0	151	2 940	-2 503	932	1 618	1 079	3 134	-1 089	-3 192	-744	-5 025	-1 740
IV	487	3 109	1 920	-6 181	358	2 666	839	-756	1 609	-254	2 707	4 063	6 416
1996*													
I	0	1 759	1 216	2 635	1 155	502	1 119	5 472	-3 416	4 632	-552	665	7 895
II	0	486	6 143	-5 184	2 516	363	754	2 076	-735	4 717	-3 119	863	3 425
III	0	2 522	374	-4 841	277	-254	-180	-4 902	-42	2 516	4 371	6 844	4 463
IV	596	326	1 204	2 766	2 303	406	-192	4 185	809	872	-2 048	-366	4 145
1997*													
I	0	2 342	5 121	4 126	952	2 197	-94	11 349	-822	6 608	16 464	22 250	35 941
II	450	2 574	7 579	5 234	9 562	-1 751	28	11 091	-1 731	3 193	-7 150	-5 688	7 977
III	0	552	3 460	2 844	10 013	-2 252	438	4 489	867	5 016	3 438	9 322	14 363
IV	845	2 541	4 614	-16 558	-3 336	4 582	245	-7 117	1 023	-4 135	-6 432	-9 544	-14 120

During period	Capital account, exports of capital	Financial account											Errors and omissions	
		Direct investment abroad	Portfolio investment abroad					Other investment abroad				Total (15+20+24)		Change in central bank's reserve assets (increase -)
			Shares	Bonds	Money market instruments	Financial derivatives	Total (16+17+18+19)	Trade credits	Loans	Other capital	Total (21+22+23)			
14	15	16	17	18	19	20	21	22	23	24	25	26	27	
1993	0	8 050	873	767	1 932	..	3 571	1 923	-839	9 576	10 660	22 282	-1 219	6 055
1994	0	22 447	434	-4 294	-855	-279	-4 994	1 213	-7 460	9 762	3 516	20 968	-25 504	-4 058
1995	206	6 539	892	3 685	-5 492	-168	-1 084	3 839	-2 712	11 750	12 877	18 332	1 480	-5 652
1996*	340	16 516	3 250	15 455	364	-172	18 897	982	4 523	15 927	21 431	56 845	14 075	554
1997*	0	22 879	9 493	15 215	-617	371	24 463	3 789	6 761	3 107	13 657	60 998	-10 788	-6 587
1995														
III	0	827	461	28	521	-37	973	-132	1 044	3 431	4 343	6 143	1 592	1 131
IV	102	2 410	184	1 797	-967	-115	899	933	-2 373	6 433	4 993	8 302	291	-7 878
1996*														
I	61	5 508	567	4 019	2 424	-26	6 983	-670	2 416	6 458	8 205	20 696	7 254	3 473
II	0	6 798	1 041	3 041	162	71	4 315	779	-2 064	4 834	3 549	14 662	8 457	-3 377
III	0	3 793	728	4 179	-2 457	-51	2 399	-792	1 565	1 927	2 700	8 892	-1 132	-721
IV	279	417	914	4 216	235	-166	5 200	1 665	2 606	2 708	6 979	12 595	-505	1 179
1997*														
I	0	2 347	1 866	6 620	4 286	13	12 786	918	3 245	-3 185	978	16 110	-22 134	-1 077
II	0	6 338	2 475	5 313	-2 783	275	5 280	189	1 127	7 390	8 706	20 324	3 031	1 498
III	0	3 551	2 165	595	-2 975	52	-162	966	14 561	4 868	20 395	23 784	-2 968	1 120
IV	0	10 643	2 987	2 687	855	31	6 559	1 716	-12 172	-5 966	-16 422	780	11 283	-8 128

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	
1993	24 391	30 375	266 269	27 402	14 995	-6 103	305 536	18 206	90 825	4 025	54 188	167 243	497 170
1994	31 846	60 558	258 823	22 285	10 309	-5 179	324 511	19 852	82 649	3 430	46 566	152 498	508 855
1995	36 894	63 746	228 676	19 638	10 099	1 545	304 066	18 540	69 249	2 568	53 557	143 914	484 874
1996*	40 854	108 932	229 919	26 284	10 888	3 634	353 373	14 863	83 295	1 733	55 279	155 170	549 397
1997*	49 005	172 393	243 679	45 180	14 110	5 567	435 749	13 997	98 221	2 760	64 262	179 241	663 996
1995													
III	33 665	93 020	233 054	20 230	7 262	-520	332 815	16 930	68 882	2 364	50 032	138 208	504 688
IV	36 894	63 746	228 676	19 638	10 099	1 545	304 066	18 540	69 249	2 568	53 557	143 914	484 874
1996*													
I	38 422	68 674	241 085	20 699	11 192	2 424	323 375	14 873	77 934	1 518	55 412	149 737	511 533
II	38 616	80 962	234 317	23 855	11 126	3 099	329 504	14 214	81 836	1 939	51 588	149 577	517 697
III	40 808	91 198	225 308	23 656	11 286	2 948	330 740	13 940	82 365	1 742	55 621	153 668	525 216
IV	40 854	108 932	229 919	26 284	10 888	3 634	353 373	14 863	83 295	1 733	55 279	155 170	549 397
1997*													
I	43 191	129 824	240 656	27 577	13 258	2 789	386 527	13 794	90 724	2 624	72 506	179 648	609 366
II	45 801	162 713	254 080	37 534	11 813	1 003	429 609	12 092	97 074	2 870	66 344	178 380	653 791
III	46 350	201 959	258 062	47 920	9 267	2 642	471 930	12 978	102 147	2 737	69 899	187 762	706 042
IV	49 005	172 393	243 679	45 180	14 110	5 567	435 749	13 997	98 221	2 760	64 262	179 241	663 996

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		
1993	53 090	1 783	10 709	11 030	447	23 968	26 256	35 981	5 799	91 127	159 162	236 221	
1994	59 451	1 984	5 109	9 115	488	16 696	25 500	24 847	8 257	109 847	168 451	244 598	
1995	65 350	3 216	9 619	2 736	177	15 748	28 358	20 381	7 290	115 543	171 571	252 669	
1996*	82 038	7 460	25 077	3 478	-21	35 993	29 929	25 438	5 895	124 541	185 803	303 834	
1997*	110 216	18 373	42 384	3 155	1 404	65 316	30 027	34 236	7 249	148 954	220 466	395 998	
1995													
III	60 880	2 661	6 870	3 503	200	13 233	27 092	22 978	6 397	108 057	164 524	238 637	
IV	65 350	3 216	9 619	2 736	177	15 748	28 358	20 381	7 290	115 543	171 571	252 669	
1996*													
I	73 551	3 984	14 063	5 670	169	23 886	27 980	23 594	5 435	121 308	178 317	275 754	
II	79 164	4 999	16 834	5 842	93	27 768	28 892	21 499	5 523	118 075	173 989	280 922	
III	81 377	5 835	20 620	3 176	48	29 679	27 902	22 873	6 488	119 331	176 594	287 650	
IV	82 038	7 460	25 077	3 478	-21	35 993	29 929	25 438	5 895	124 541	185 803	303 834	
1997*													
I	85 318	9 898	32 534	7 598	171	50 201	26 391	29 411	6 065	147 489	209 355	344 875	
II	93 589	13 400	38 994	5 080	610	58 083	26 976	31 180	7 027	155 578	220 760	372 433	
III	98 456	16 001	39 793	2 239	813	58 845	28 097	45 991	5 490	165 857	245 435	402 736	
IV	110 216	18 373	42 384	3 155	1 404	65 316	30 027	34 236	7 249	148 954	220 466	395 998	

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
1993	54 315	-3 436	45 658	-33 279	29 737	164 892	3 062	260 949	21 897	12.7
1994	82 428	-3 503	33 800	-52 606	21 931	179 113	3 093	264 257	20 296	10.3
1995	72 374	-2 293	18 970	-47 708	13 297	174 481	3 085	232 205	17 490	7.6
1996*	107 522	-1 468	-12 904	-35 522	1 785	183 703	2 448	245 563	16 477	6.8
1997*	153 965	-3 218	-11 076	-50 931	-11 561	188 315	2 503	267 998	15 712	5.8
1995										
III	103 812	-3 599	20 558	-47 488	17 173	172 368	3 227	266 051	3 396	6.4
IV	72 374	-2 293	18 970	-47 708	13 297	174 481	3 085	232 205	2 118	3.4
1996*										
I	75 429	-2 502	4 613	-42 679	9 630	188 118	3 169	235 779	4 025	7.1
II	83 595	-2 595	-4 569	-33 647	5 689	185 184	3 118	236 776	6 000	9.5
III	92 415	-1 104	-6 027	-34 482	1 893	182 336	2 535	237 566	3 185	5.7
IV	107 522	-1 468	-12 904	-35 522	1 785	183 703	2 448	245 563	3 268	5.0
1997*										
I	130 938	-1 715	6 325	-59 120	-3 336	189 002	2 396	264 491	4 713	7.8
II	159 963	-1 854	-11 131	-58 737	-8 240	198 960	2 396	281 358	5 158	7.4
III	192 639	-2 930	-20 426	-61 333	-9 756	202 657	2 456	303 306	3 021	4.4
IV	153 965	-3 218	-11 076	-50 931	-11 561	188 315	2 503	267 998	2 821	3.9

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
1993	134 114	103 165	30 949
1994	154 164	120 612	33 552
1995	176 021	128 556	47 465
1996*	186 336	141 720	44 616
1997*	213 000	159 000	54 000
1996*			
Dec	14 744	12 968	1 776
1997*			
Jan	15 500	11 536	3 964
Feb	15 147	12 051	3 096
Mar	16 786	13 193	3 593
Apr	18 918	14 341	4 577
May	17 504	12 744	4 760
Jun	17 417	13 309	4 108
Jul	18 286	12 300	5 986
Aug	16 418	12 222	4 196
Sep	19 081	14 699	4 382
Oct	20 537	15 138	5 399
Nov	18 907	13 668	5 239
Dec	18 500	13 800	4 700

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
1993	120.6	83.6	109.7	119.6	91.7
1994	136.5	98.0	111.4	119.3	93.3
1995	145.7	104.6	119.2	119.2	100.0
1996*	153.1	113.5	120.2	121.1	99.3
1997*	178.5	126.0	117.7	122.4	96.2
1996*					
Dec	151.2	121.0	116.7	120.8	96.6
1997*					
Jan	163.9	118.4	116.6	121.6	95.9
Feb	161.2	119.6	115.9	121.3	95.5
Mar	169.5	122.0	115.5	121.1	95.4
Apr	187.1	131.9	116.2	120.8	96.2
May	174.9	119.8	116.2	122.3	95.0
Jun	176.5	128.7	116.3	121.9	95.4
Jul	190.6	125.9	117.2	123.6	94.8
Aug	176.5	121.7	118.5	123.5	96.0
Sep	189.1	137.3	118.7	123.3	96.3
Oct	192.3	133.9	120.7	123.8	97.5
Nov	176.7	125.1	120.1	123.2	97.5
Dec	183.2	127.3	120.7	122.5	98.5

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	Investment goods	Consumer goods	8	9	10
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	23 411	54 792	10 904	15 396	21 066	1 007	
1994	14 198	41 249	15 725	55 895	27 097	66 156	11 687	17 227	24 684	858	
1995	13 451	48 754	15 877	69 336	28 603	71 397	9 685	19 660	25 514	2 300	
1996*	12 256	43 385	18 005	74 884	37 268	70 783	12 570	21 058	29 886	6 699	
1996*											
Nov	1 278	3 764	1 710	9 336	2 889	6 383	1 398	2 012	2 650	203	
Dec	977	3 445	1 403	6 599	2 320	6 063	1 413	2 325	2 564	603	
1997*											
Jan	1 118	3 808	1 557	6 197	2 698	5 706	1 306	1 720	2 579	160	
Feb	1 133	3 610	1 716	5 950	2 616	6 233	1 044	1 657	2 836	216	
Mar	1 258	3 851	1 552	7 313	2 690	6 967	805	1 993	2 995	368	
Apr	1 352	4 220	1 917	8 263	3 044	7 620	941	2 070	3 112	533	
May	1 439	4 159	1 786	6 962	3 036	6 939	1 067	1 766	2 688	219	
Jun	1 294	3 695	1 692	7 746	2 868	7 346	1 051	1 932	2 631	284	
Jul	1 194	4 299	1 656	8 560	2 455	6 381	1 151	1 713	2 801	189	
Aug	933	4 281	1 736	6 643	2 703	6 863	767	1 685	2 640	202	
Sep	1 451	4 407	1 690	8 254	3 157	7 607	1 059	2 234	3 161	573	
Oct	1 656	4 842	1 997	8 684	3 236	7 767	1 344	2 388	3 371	203	
Nov	1 342	4 231	1 836	8 543	2 833	7 314	1 077	2 168	2 841	203	

7.4 Foreign trade by regions and countries

Region and country	Exports, fob				Imports, cif			
	1996*		Dec 1996 - Nov 1997		1996*		Dec 1996 - Nov 1997	
	Mill. FIM	Percentage share	Mill. FIM	12-month change calculated from 12-month moving total	Mill. FIM	Percentage share	Mill. FIM	12-month change calculated from 12-month moving total
1	2	3	4	5	6	7	8	
European Union 1	101 490	54.5	110 778	9.3	85 511	60.3	92 429	9.2
Austria	1 614	0.9	1 982	26.3	1 560	1.1	1 684	10.0
Belgium and Luxembourg	4 692	2.5	4 779	2.3	4 146	2.9	4 071	0.1
Denmark	5 652	3.0	6 476	13.9	4 964	3.5	5 323	10.6
France	7 863	4.2	8 694	11.0	6 366	4.5	7 644	24.3
Germany	22 516	12.1	22 809	1.2	21 344	15.1	22 522	5.9
Greece	963	0.5	1 169	22.4	367	0.3	435	18.5
Ireland	1 096	0.6	1 588	50.2	1 157	0.8	1 236	6.7
Italy	4 772	2.6	6 139	28.0	5 762	4.1	6 343	12.3
Netherlands	7 377	4.0	8 527	15.5	5 074	3.6	6 235	23.7
Portugal	914	0.5	1 183	32.3	1 035	0.7	1 175	10.3
Spain	3 979	2.1	4 563	14.7	1 963	1.4	2 195	13.9
Sweden	19 937	10.7	20 694	3.4	16 911	11.9	18 849	13.1
United Kingdom	19 010	10.2	21 018	11.6	12 540	8.8	12 186	-2.9
Rest of Europe	33 415	17.9	41 172	24.2	23 702	16.7	27 806	20.7
Of which:								
Estonia	5 097	2.7	6 462	28.1	1 672	1.2	2 134	28.8
Norway	5 322	2.9	6 209	17.2	5 783	4.1	6 140	8.2
Poland	2 713	1.5	3 638	35.2	1 305	0.9	1 809	42.4
Russia	11 373	6.1	14 642	30.3	10 280	7.3	12 578	28.4
Switzerland	2 099	1.1	2 050	-2.9	2 434	1.7	2 599	5.9
Non-European industrialized countries 2	23 030	12.4	23 631	3.6	19 826	14.0	22 026	11.6
Of which:								
Australia	2 045	1.1	2 639	29.6	1 239	0.9	1 075	-12.5
Japan	4 844	2.6	4 062	-18.5	7 311	5.2	8 436	13.3
U.S.A.	14 761	7.9	14 569	1.3	10 380	7.3	11 459	12.7
Dynami Asian economies 3	13 833	7.4	16 372	17.1	6 514	4.6	7 172	11.2
Of which:								
China	2 707	1.5	3 699	40.2	2 088	1.5	2 784	35.4
Hong Kong	3 037	1.6	3 717	22.7	693	0.5	618	-10.0
South Korea	2 723	1.5	2 439	-11.4	792	0.6	714	-9.0
Other countries	14 568	7.8	15 949	2.4	6 166	4.4	8 021	34.6
TOTAL	186 336	100.0	207 903	11.2	141 720	100.0	157 454	12.6
Of which:								
Africa	2 554	1.4	3 142	19.4	937	0.7	1 362	59.7
Asia	27 484	14.7	29 672	3.1	16 139	11.4	18 649	16.0
Central and South America	3 075	1.7	3 552	25.3	2 750	1.9	3 442	52.5
North America	15 825	8.5	16 553	7.0	11 222	7.9	12 437	13.0
Europe	134 906	72.4	151 951	12.9	109 214	77.1	120 236	11.7
Oceania	2 491	1.3	3 033	22.0	1 457	1.0	1 330	-8.7

¹ Including exports / imports to EU unspecified by country.

² Australia, Canada, Japan, New Zealand, United States.

³ China, Hong Kong, Malaysia, Singapore, South Korea, Taiwan, Thailand.

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
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	244 761	102 728	60 543	14 107	22 236	444 375	161 376	128 411	477 340
1995	255 968	104 645	69 718	13 338	20 568	464 237	174 580	137 327	501 490
1996*	265 673	108 272	75 262	14 742	17 399	481 348	181 447	143 300	519 495
1995*									
I	63 337	25 582	17 455	3 451	4 843	114 668	44 212	33 793	125 087
II	64 142	26 203	17 195	3 299	4 159	114 998	44 501	34 113	125 386
III	63 962	26 276	17 985	3 222	6 250	117 695	42 343	34 586	125 452
IV	64 527	26 584	17 083	3 366	5 316	116 876	43 524	34 835	125 565
1996*									
I	66 070	26 634	18 097	3 559	6 265	120 625	43 156	36 220	127 561
II	65 805	27 081	18 271	3 659	3 082	117 898	45 073	34 989	127 982
III	66 405	27 169	19 327	3 769	4 316	120 986	45 301	35 292	130 995
IV	67 393	27 388	19 567	3 755	3 736	121 839	47 917	36 799	132 957
1997*									
I	67 179	26 675	18 992	3 754	4 739	121 339	48 085	37 352	132 072
II	67 641	27 084	20 515	4 049	6 247	125 536	50 294	39 129	136 701
III	68 292	27 162	21 420	3 934	5 025	125 833	52 763	39 841	138 755

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

Period	Total industry	Mining and quarrying	Manu- facturing	Wood and paper industries	Metal and engineering industries	Other manu- facturing	Energy and water supply
	(100.0)	(1.3)	(89.6)	(16.8)	(31.3)	(41.5)	(9.1)
	1	2	3	4	5	6	7
1993	97.4	86.1	96.4	104.5	99.7	90.8	107.9
1994	108.5	96.2	108.1	117.0	119.5	95.8	114.3
1995	117.0	93.9	117.8	117.4	145.7	96.9	112.4
1996*	121.4	87.2	121.7	114.6	155.1	99.3	123.3
1997*	131.0	100.5	132.3	131.3	172.2	102.6	122.7
1996*							
Dec	127.2	79.6	127.7	120.3	163.1	101.1	124.7
1997*							
Jan	126.0	86.2	126.3	125.9	162.1	101.4	130.4
Feb	125.9	90.0	126.7	125.2	162.9	102.0	125.2
Mar	128.9	96.0	129.8	127.4	166.2	102.3	123.8
Apr	128.4	94.5	129.4	128.0	167.5	101.6	124.3
May	128.5	81.7	130.0	130.9	167.8	101.7	121.1
Jun	130.6	123.8	132.0	130.4	170.7	102.4	117.1
Jul	132.0	125.9	133.4	130.8	173.0	104.0	120.6
Aug	130.8	120.0	132.5	135.4	174.0	102.1	121.6
Sep	131.0	103.2	132.7	133.7	176.2	100.1	117.3
Oct	134.0	96.2	135.6	134.3	179.2	103.0	121.3
Nov	137.7	97.2	139.1	137.3	182.5	105.0	124.4
Dec	138.7	91.0	140.2	136.5	184.0	105.6	125.9

8.3 Indicators of domestic supply and demand, 1990=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 GDP indicator
				Residential buildings	Industrial buildings		
	1	2	3	4	5	6	7
1992	72.7	83.0	59.9	57.3	44.8	78.1	91.1
1993	68.5	78.1	46.9	47.2	35.6	72.9	89.9
1994	73.0	79.7	42.2	45.1	35.2	84.4	93.7
1995	76.2	82.6	42.0	41.1	49.9	88.5	97.7
1996*	77.8	86.0	43.9	38.5	55.6	102.8	100.6
1996*							
Dec	87.1	78.4	47.6	45.8	53.7	111.7	103.5
1997*							
Jan	88.6	80.5	48.7	49.8	58.8	110.1	103.8
Feb	87.0	78.5	49.7	51.9	60.3	114.5	103.4
Mar	86.0	77.0	49.9	53.2	61.3	112.7	104.2
Apr	89.8	84.9	52.1	54.7	62.2	120.5	106.0
May	88.7	79.8	52.2	52.8	63.6	112.3	105.0
Jun	89.5	83.4	53.0	53.0	62.4	116.7	106.3
Jul	90.3	84.8	54.5	52.3	63.8	120.0	107.5
Aug	89.5	81.7	55.9	52.7	64.8	109.0	106.9
Sep	91.7	86.9	57.6	54.4	64.9	126.8	108.1
Oct	92.0	86.5	58.4	55.8	65.6	131.4	108.7
Nov	87.4	82.9	58.0	56.9	65.7	114.5	109.3
Dec	90.2	85.9	57.6	58.8	65.5	..	110.4

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
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	111.4	111.6	115.0	111.1	110.9	111.4	106.2	102.8	118.7	107.1	110.2	105.8	102.2
1995	116.6	117.4	123.1	114.7	112.0	111.3	106.9	103.8	118.5	110.8	118.0	107.7	103.5
1996 ¹	121.2	122.0	127.8	119.3	112.6	111.4	105.9	102.0	120.1	110.9	118.5	107.6	102.7
1997 ¹	123.7	124.4	130.8	122.0	114.0	112.3	107.6	104.0	120.9	111.4	116.8	109.1	105.2
1996 ¹ IV	123.2	123.9	130.3	121.4	112.8	111.6	106.2	102.5	119.8	110.1	115.9	107.6	103.3
1997 Jan	..	..	..	..	112.6	111.1	106.5	102.6	120.1	110.1	115.3	107.7	103.7
Feb	..	..	..	..	112.8	111.3	106.7	103.2	119.8	110.2	115.0	108.1	103.7
Mar	..	..	..	..	113.2	111.7	106.7	103.2	119.6	110.2	114.5	108.3	104.1
Apr	..	..	..	..	113.8	112.0	106.6	103.2	119.3	110.4	115.2	108.4	104.4
May	..	..	..	..	114.0	112.3	107.3	103.6	120.8	110.7	115.2	108.7	104.8
Jun	..	..	..	..	114.2	112.5	107.4	103.9	120.5	111.0	115.4	109.1	105.2
Jul	..	..	..	..	114.2	112.3	107.9	104.1	122.1	111.4	116.3	109.3	105.5
Aug	..	..	..	..	114.4	112.5	108.2	104.5	122.0	112.2	117.6	109.9	106.0
Sep	..	..	..	..	114.6	112.8	108.4	104.8	121.8	112.3	117.8	110.0	106.1
Oct	..	..	..	..	114.9	113.1	108.7	105.0	122.3	113.0	119.8	110.0	106.3
Nov	..	..	..	..	114.8	112.9	108.5	104.9	121.7	112.8	119.2	110.0	106.2
Dec	..	..	..	..	114.8	113.0	108.2	104.8	121.0	112.8	119.9	109.7	106.3
1997 ¹ I	123.5	124.3	130.8	121.7	112.9	111.4	106.6	103.0	119.8	110.2	114.9	108.0	103.8
II	123.5	124.2	130.7	121.8	114.0	112.2	107.1	103.6	120.2	110.7	115.3	108.7	104.8
III	123.6	124.3	130.6	122.1	114.4	112.5	108.2	104.5	122.0	112.0	117.2	109.7	105.5
IV	124.0	124.7	131.2	122.3	114.9	113.0	108.5	104.9	121.7	112.9	119.6	109.9	106.3
1998 Jan	..	..	..	..	115.0	..	107.5	104.2	119.9	112.1	119.4	108.9	106.6

¹ Preliminary figures for columns 1-4.

8.5 Labour, employment and unemployment (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8)	By industrial status			By industry			Unemployed	Unemployment rate
				Self-employed	Wage and salary earners	Agriculture, forestry and fishing	Mining, manufacturing and energy supply	Other industries			
									1000 persons		
										%	
										%	
										%	
1993	65.3	2 484	2 041	312	1 729	173	424	1 444	444	17.9	
1994	64.8	2 480	2 024	312	1 712	167	426	1 430	456	18.4	
1995	65.1	2 497	2 068	304	1 764	158	456	1 454	430	17.2	
1996	65.0	2 503	2 096	302	1 794	148	459	1 489	408	16.3	
1997*	65.7	2 537	2 170	325	1 845	153	463	1 554	367	14.5	
1997*											
Jan	65.6	2 525	2 133	271	1 862	155	463	1 516	392	15.5	
Feb	65.8	2 542	2 153	299	1 854	158	469	1 526	389	15.3	
Mar	65.9	2 543	2 154	297	1 857	151	458	1 545	389	15.4	
Apr	65.7	2 546	2 158	297	1 860	159	464	1 534	389	15.4	
May	66.4	2 552	2 170	305	1 865	152	460	1 557	382	15.1	
Jun	66.1	2 549	2 178	309	1 870	157	454	1 567	371	14.6	
Jul	65.0	2 524	2 168	296	1 871	155	464	1 549	356	13.9	
Aug	65.4	2 535	2 178	301	1 876	149	477	1 551	357	14.1	
Sep	65.6	2 535	2 177	296	1 881	145	458	1 574	358	14.1	
Oct	65.3	2 520	2 174	290	1 884	154	459	1 560	347	13.7	
Nov	65.6	2 529	2 190	301	1 889	147	463	1 580	339	13.4	
Dec	65.8	2 544	2 209	312	1 897	151	472	1 586	334	13.1	
1998*											
Jan	65.3	2 527	2 202	299	1 903	146	464	1 592	325	12.7	

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:	
	1	2	3	4	5	6	7	8	9	10	11
1992	34 312	69 541	1 512	21 251	126 616	5 054	131 669	49 291	105 184	42 990	59 180
1993	31 667	67 291	1 443	28 823	129 224	7 366	136 593	46 880	108 608	42 720	63 535
1994	34 588	68 124	1 792	24 095	128 599	7 308	135 900	48 750	108 155	40 388	65 519
1995	40 092	66 902	1 720	35 837	144 550	7 923	152 473	51 446	113 644	39 481	67 514
1996	48 357	73 943	1 947	39 778	164 024	9 893	173 918	53 696	110 039	33 199	69 533
1996											
Nov	4 260	6 049	91	3 216	13 616	1 113	14 729	4 068	7 922	2 301	5 158
Dec	6 515	5 228	69	4 324	16 136	-1 050	15 087	6 133	11 691	2 698	8 599
1997											
Jan	3 070	6 448	121	3 151	12 790	48	12 839	3 875	11 713	3 518	6 429
Feb	3 984	5 292	63	3 363	12 702	37	12 739	3 649	8 393	3 467	4 437
Mar	6 173	8 768	353	2 692	17 986	213	18 199	4 753	8 779	3 719	4 702
Apr	3 808	5 040	219	3 072	12 139	3 262	15 401	4 102	10 571	4 062	5 786
May	5 929	6 399	179	4 036	16 543	1 030	17 573	4 199	8 482	3 687	4 223
Jun	3 928	6 110	260	2 619	12 917	551	13 468	5 440	9 483	3 447	5 304
Jul	4 133	6 519	273	1 522	12 447	1 270	13 717	4 888	1 531	-2 955	3 794
Aug	4 034	6 841	181	1 590	12 646	339	12 985	3 975	6 801	1 363	4 855
Sep	3 869	6 859	178	3 857	14 763	251	15 014	4 611	7 596	2 413	4 575
Oct	3 744	6 392	1 407	1 839	13 382	506	13 888	4 037	9 934	2 409	6 971
Nov	5 733	6 835	201	5 057	17 826	878	18 704	4 616	7 271	2 501	4 507

During period	Expenditure					Financial balance			
	Fixed investment	Other expenditure	Expenditure before financial transactions (8+9+12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue surplus (5-14)	Net borrowing requirement (7-16)	Net borrowing	Cash surplus (18+19)
	12	13	14	15	16	17	18	19	20
1992	5 042	8 499	168 016	35 501	203 516	-41 400	-71 847	70 691	-1 155
1993	4 306	18 076	177 870	19 753	197 623	-48 646	-61 030	84 036	23 009
1994	3 737	22 281	182 923	17 886	200 760	-54 324	-64 860	73 193	8 336
1995	3 208	26 336	194 635	16 765	211 399	-50 085	-58 926	54 071	-4 854
1996	3 325	29 911	196 972	13 756	210 747	-32 947	-36 828	33 845	-2 983
1996									
Nov	260	963	13 213	479	13 693	403	1 036	-191	846
Dec	560	1 637	20 021	3 388	23 426	-3 885	-8 339	3 375	-4 965
1997									
Jan	131	5 180	20 899	538	21 437	-8 109	-8 598	9 507	909
Feb	221	663	12 926	421	13 347	-224	-608	7 344	6 736
Mar	164	4 660	18 356	425	18 780	-370	-581	1 203	622
Apr	193	3 094	17 960	4 670	22 630	-5 821	-7 229	-2 609	-9 837
May	377	752	13 810	739	14 549	2 733	3 024	3 167	6 191
Jun	203	2 121	17 247	708	17 954	-4 330	-4 486	-3 959	-8 445
Jul	328	1 750	8 497	921	9 417	3 950	4 300	209	4 509
Aug	253	286	11 315	494	11 809	1 331	1 176	-987	189
Sep	326	2 860	15 393	641	16 034	-630	-1 020	8 777	7 757
Oct	297	1 957	16 225	682	16 906	-2 843	-3 018	-3 021	-6 039
Nov	234	734	12 855	589	13 444	4 971	5 260	-3 608	1 651

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 May 1993 until November 1993 it was 2.5 per cent and thereafter 2.0 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. As from 1 January 1998 the five-year yield is based on quotations for a fixed-rate bullet housing bond (1/92, 15 Mar 1992 – 15 Mar 2002). As from 24 November 1997 the ten-year yield is based on quotations for a fixed-rate bullet serial bond (1/97, 25 Apr 1997–2008). 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 quoted daily at noon Finnish time. The markka was floated on 8 September 1992, continuing until 14 October 1996, when it was joined to the EU's Exchange Rate Mechanism (ERM) at the central rate of 5.80661 per ECU. As from 16 March 1998 the ECU central rate is FIM 6.01125. Trade-weighted currency index (Column 2): The weights are moving averages of the shares of (currently) 16 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 (16 convertible currencies) in Finland's foreign trade.

Table 4.3 The table shows the deviations of the markka's market exchange rate (markka value of the foreign currency) as a percentage of the ERM central rate for each currency. A plus (+) indicates that the markka is weaker than its central rate value against the other currency; the intervention limit is (central rate) +16.121 per cent. A minus (-) indicates that the markka is stronger than its central rate value against the other currency; the intervention limit is (central rate) -13.881 per cent.

5 Financial markets and money supply

Table 5.1 The public comprises all entities except the central government, deposit banks and the Bank of Finland. Markka deposits are classified according to tax treatment. The tax status (exempt vs subject to withholding tax) of deposits held by households and estates is determined by the rate of interest. Time deposits that are tax-exempt under income tax law (maximum interest rate: 2 per cent) were transferred in connection with a statistical revision from other deposits (column 3) to time deposits (column 2) at the start of 1997. The remaining traditional 24- and 36-month tax-exempt deposits matured in 1996 and 1997 as the law on deposits tax relief expired. The withholding tax is a final tax collected at source by banks in connection with the payment of interest. Deposits under 'Other taxable' (columns 8–10) are held by entities other than households and estates, ie mostly by enterprises and local governments, and interest earned on them is taxed as ordinary income. Other markka funding (column 13) comprises CDs issued by banks, money market promissory notes and repo sales. The figures for bank CDs include only CDs held by entities other than banks, the Bank of Finland and the central government.

Table 5.2 The public comprises all entities except the central government, deposit banks and the Bank of Finland. Loans granted from central government funds are not included in markka lending. Banks' markka lending to the foreign sector (column 6) comprises foreign economic units located in Finland, eg foreign embassies, consulates and units of international organizations. As from 1 Jan 1997 lending to these entities is no longer included in domestic lending, pursuant to the new classification of institutional sectors. The breaks in series at end-1996 are due to the statistical revision. Since the revision, these columns do not include lending by foreign branches of Finnish deposit banks nor do columns 1–7 and 9 any longer include bonds, debentures and other bearer instruments held by banks and classified as investment assets.

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

Table 5.4 Source: State Treasury Office. Other foreign currency-denominated debt (Column 2) consists of other bonds and debentures and long-term promissory notes. Other bonds and debentures are so-called private placements; long-term promissory notes are bank loans. Miscellaneous items (Column 7) consist of two minus items, the liability to the State Pension Fund and the liability to the State Fund for Nuclear Waste Disposal, which are intragovernmental debts. In the September 1997 issue of the Bulletin, columns 7, 8 and 9 were retroactively revised for the whole period shown. 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 Sources: Table A: Financial Supervision from the beginning of 1994. Table B: Statistics Finland. Table C: Finnish Central Securities Depository from 1 August 1997. 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. As from 15 January 1997 the following act as primary dealers: Alfred Berg Finland, Den Danske Bank, Evli Fixed Income Securities, Goldman Sachs International, Merita Bank, Okobank, Postipankki, Skandinaviska Enskilda Banken, Svenska Handelsbanken AB (publ) and Unibank A/S. Customers include all parties other than primary dealers.

Table 5.6 Source: The Helsinki Stock Exchange. The table has been expanded to take into account the change in the Helsinki Stock Exchange classification of listed companies as from the start of 1997. Column 3 now includes only insurance.

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).

Table 6.2 The capital account (Columns 1 and 14) reflects unrequited capital transfers such as forgiven debts and aid from EU funds. Financial derivatives 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 4 and 17). The category other investment (Columns 9-12 and 21-24) 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 9 and 21). The item 'Other capital' (Columns 11 and 23) includes transactions in currency and deposits and 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 capital' comprises banks' other short-term assets and liabilities (in practice interbank deposits). The central bank's reserve assets (Column 26) comprise gold, special drawing rights (SDRs), the reserve position in the IMF, ECU-claim on the EMI and foreign exchange assets. 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 7.2 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 shares of Finland's exports are at least 1 per cent.

8 Domestic economic developments

Tables 8.1-8.5 Source: Statistics Finland. Seasonal adjustment is done 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.

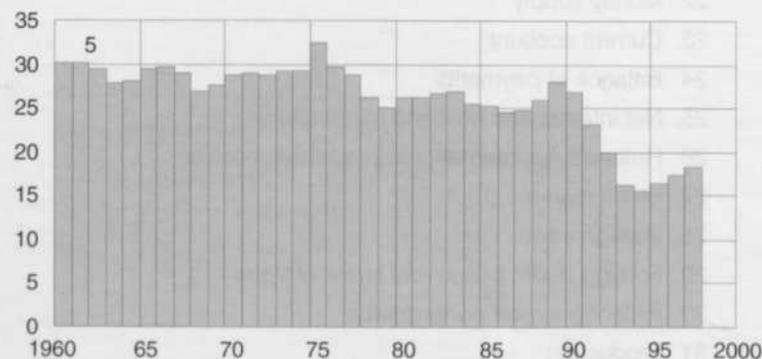
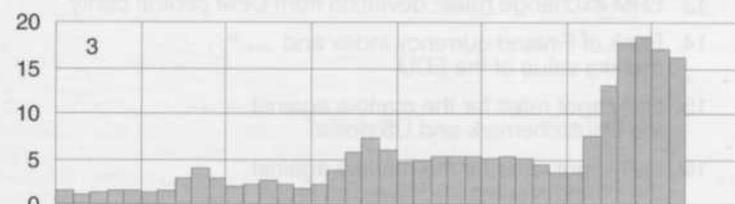
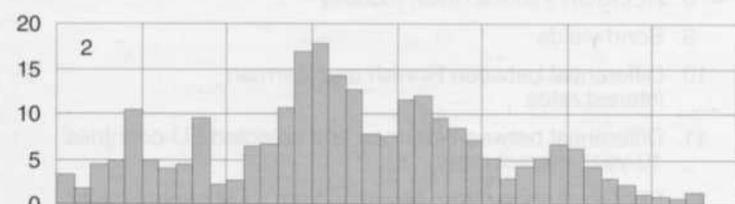
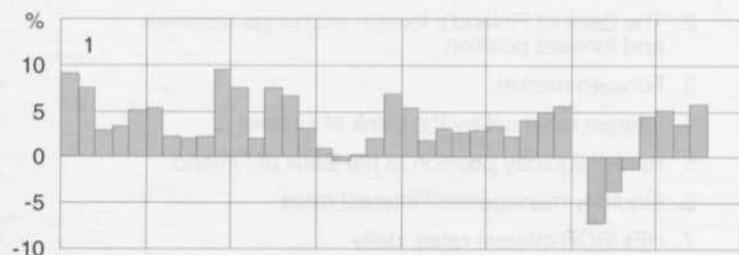
Table 8.3 The indices of wholesale and retail trade (Columns 1 and 2) are seasonally adjusted by Statistics Finland. The monthly GDP indicator (Column 7) is a weighted index of 11 readily available output indicators for various industries.

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

Table 8.6 Source: Ministry of Finance.

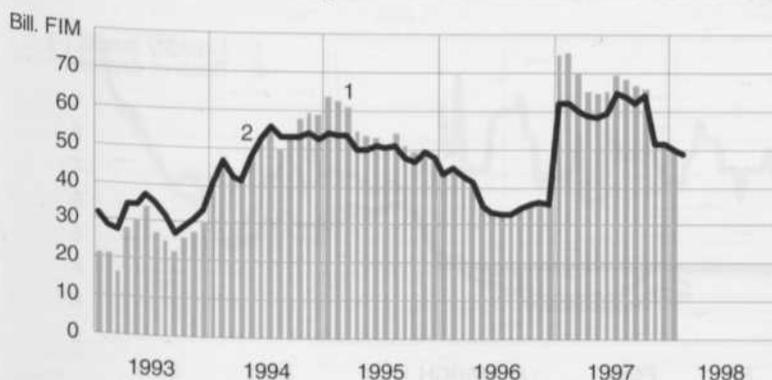
1. Long-term indicators	S30
2. The Bank of Finland's foreign exchange reserves and forward position	S31
3. Forward market	S31
4. Interest rates set by the Bank of Finland	S31
5. Banks' liquidity position at the Bank of Finland	S32
6. Liquidity management interest rates	S32
7. HELIBOR interest rates, daily	S32
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10. Differential between Finnish and German interest rates	S33
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17. Monthly spot rates for the markka against the Deutschemark and US dollar	S36
18. Monthly spot rates for the markka against the pound sterling and Swedish krona	S36
19. Banks' markka lending rates and markka funding rates	S36
20. Bank funding from the public	S37
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33. Employment and the unemployment rate	S43
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36. Central government debt	S44

1. Long-term indicators



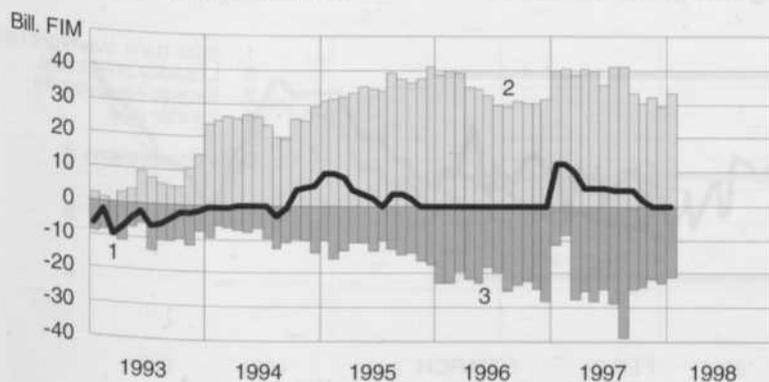
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



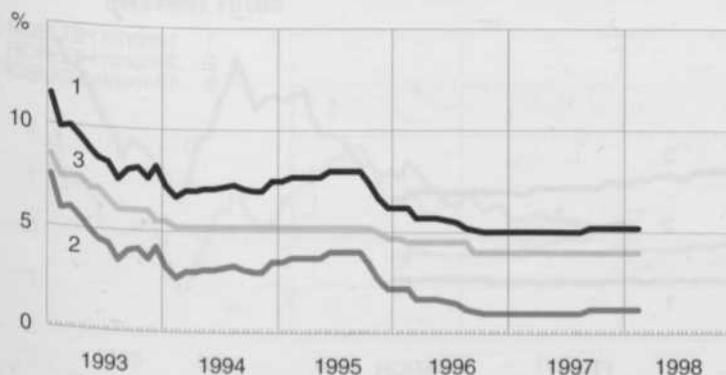
1. Foreign exchange reserves plus forward position
2. Foreign exchange reserves

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



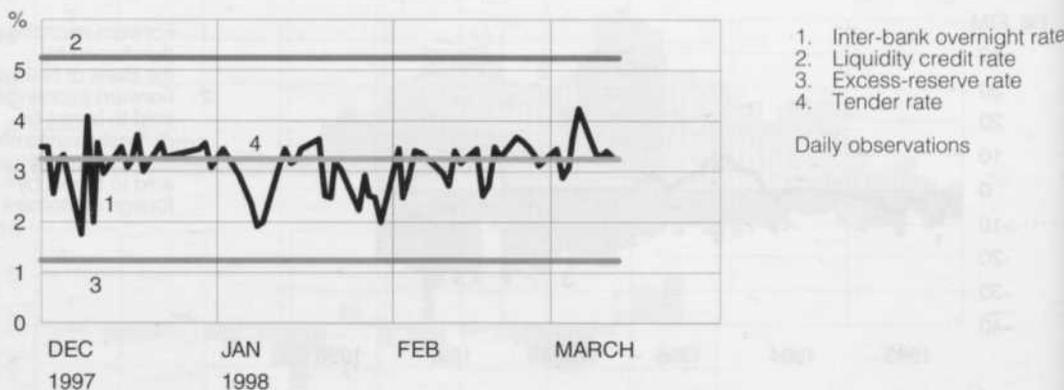
1. Liquidity credit rate (up to 2 July 1992 call money credit rate)
2. Excess-reserve rate (call money deposit rate until 2 October 1995)
3. Base rate

End-of-month observations

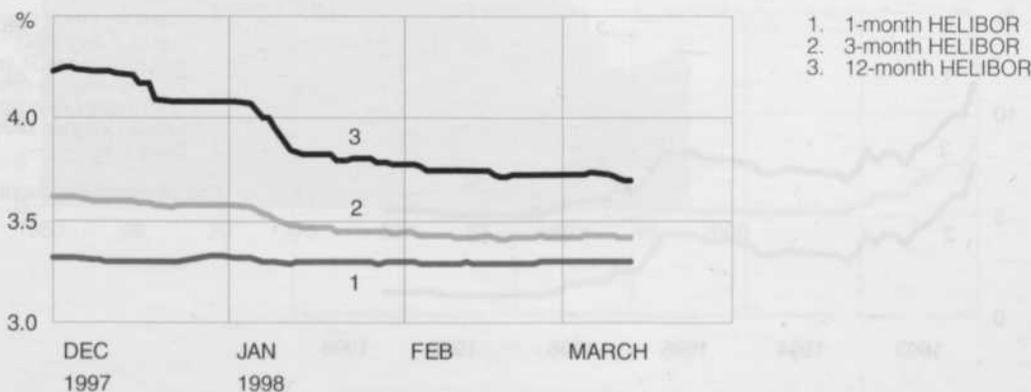
5. Banks' liquidity position at the Bank of Finland



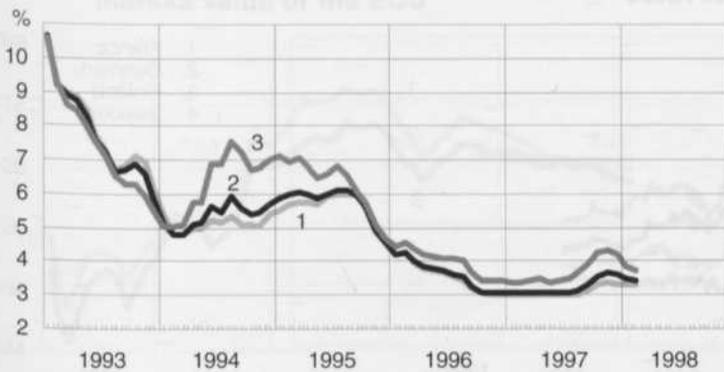
6. Liquidity management interest rates



7. HELIBOR interest rates, daily



8. HELIBOR interest rates, monthly



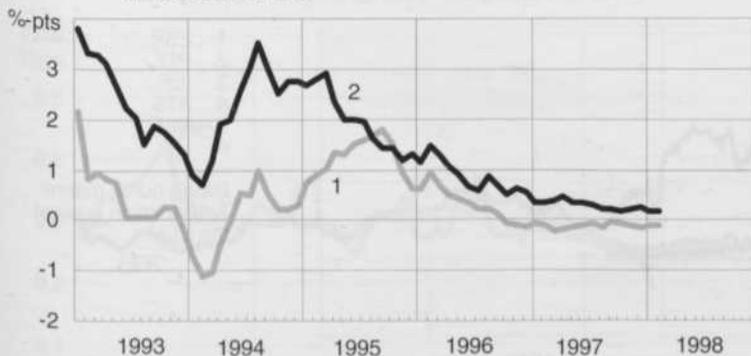
1. 1-month HELIBOR
2. 3-month HELIBOR
3. 12-month HELIBOR

9. Bond yields



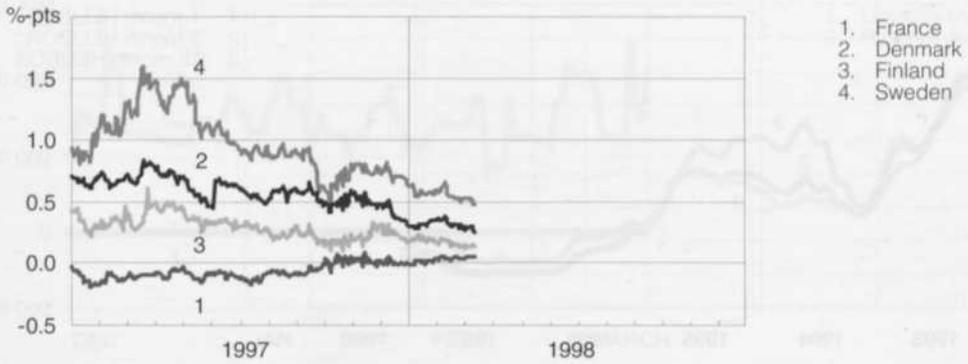
1. Yield on 5-year government bonds
2. Yield on 10-year government bonds

10. Differential between Finnish and German interest rates

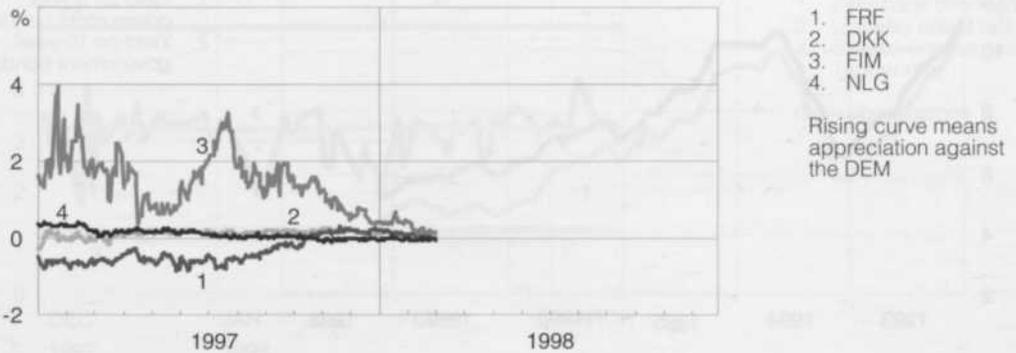


1. 3-month HELIBOR minus 3-month DEM eurorate
2. 10-year Finnish government bond yield minus 10-year German government bond yield

11. Differential between German and selected EU-countries' 10-year interest rates



12. ERM exchange rates: deviation from DEM central parity



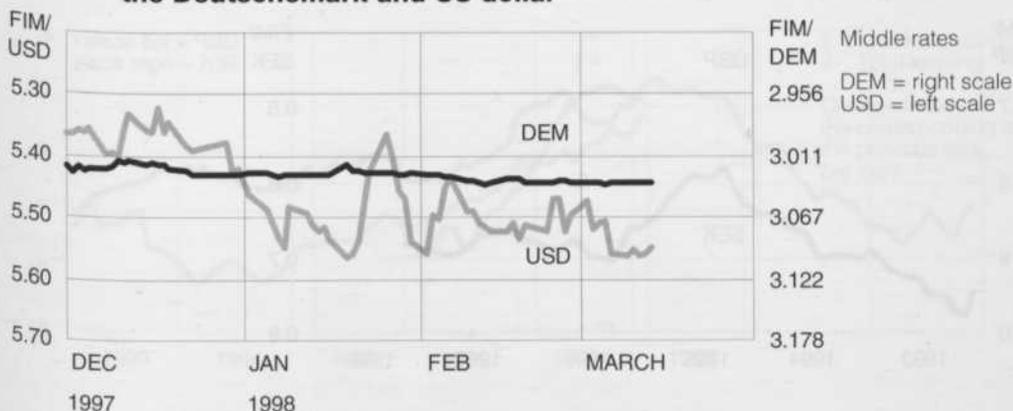
13. ERM exchange rates: deviation from DEM central parity



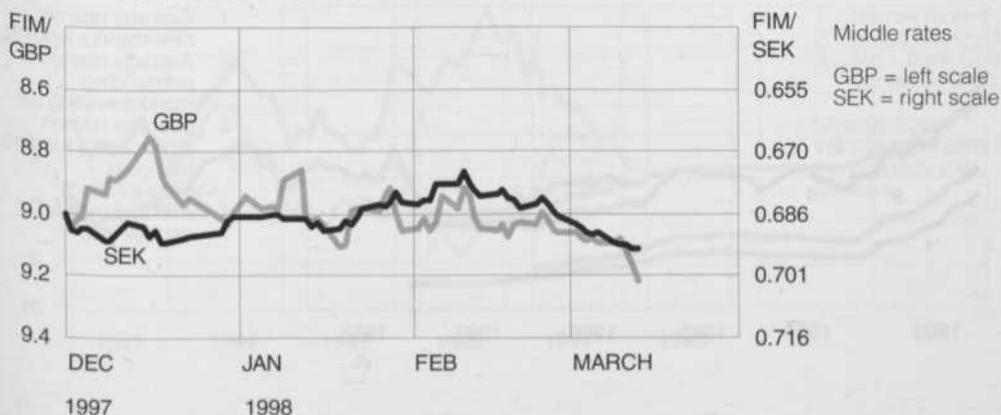
14. Bank of Finland currency index and markka value of the ECU



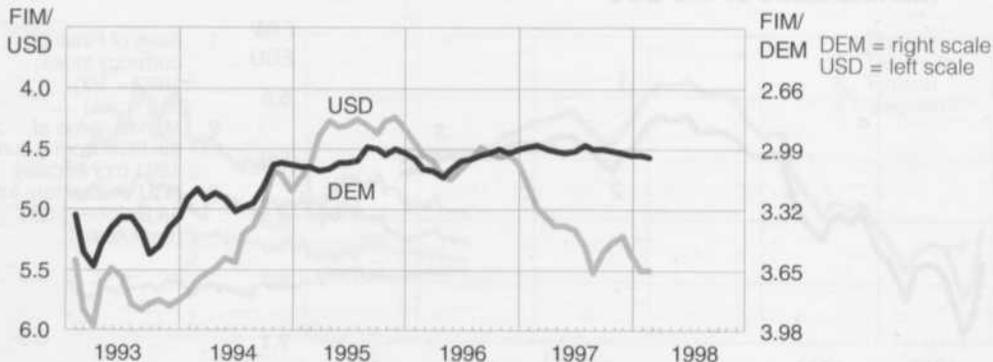
15. Daily spot rates for the markka against the Deutschemark and US dollar



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



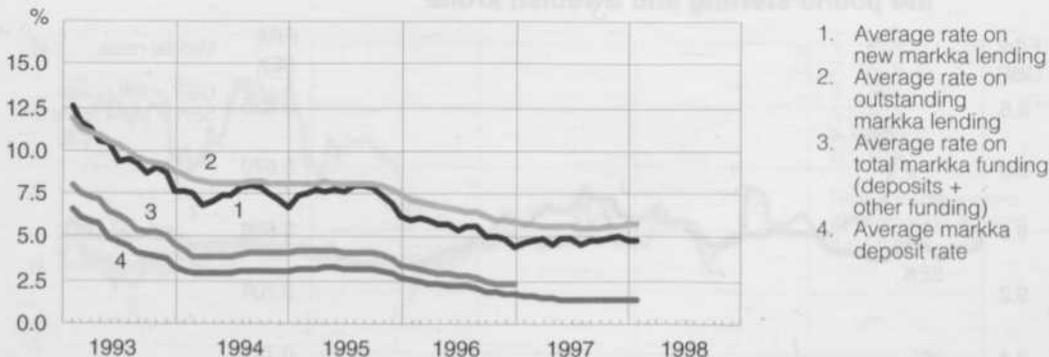
17. Monthly spot rates for the markka against the Deutschemerk and US dollar



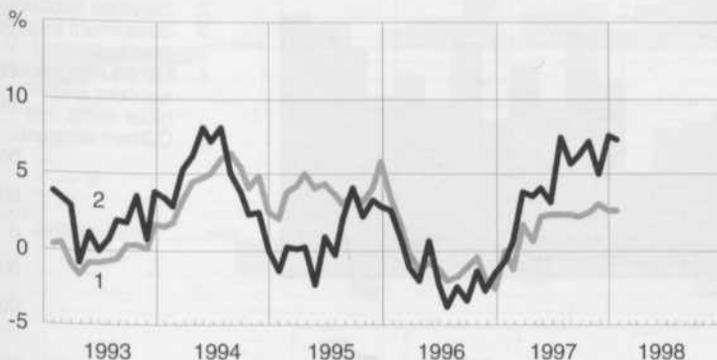
18. Monthly spot rates for the markka against the pound sterling and Swedish krona



19. Banks' markka lending rates and markka funding rates



20. Bank funding from the public



1. Markka deposits
2. Total funding

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

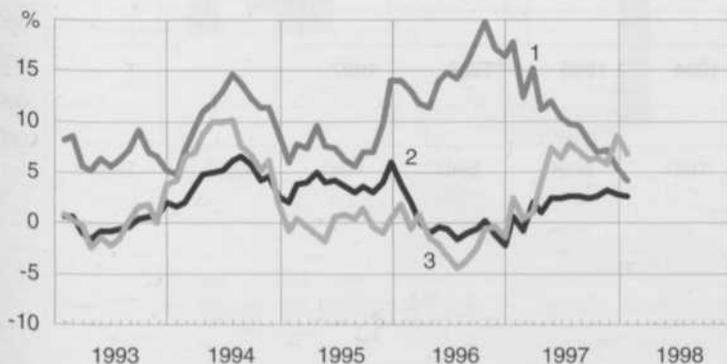
21. Bank lending to the public



1. Markka lending
2. Total lending

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

22. Money supply

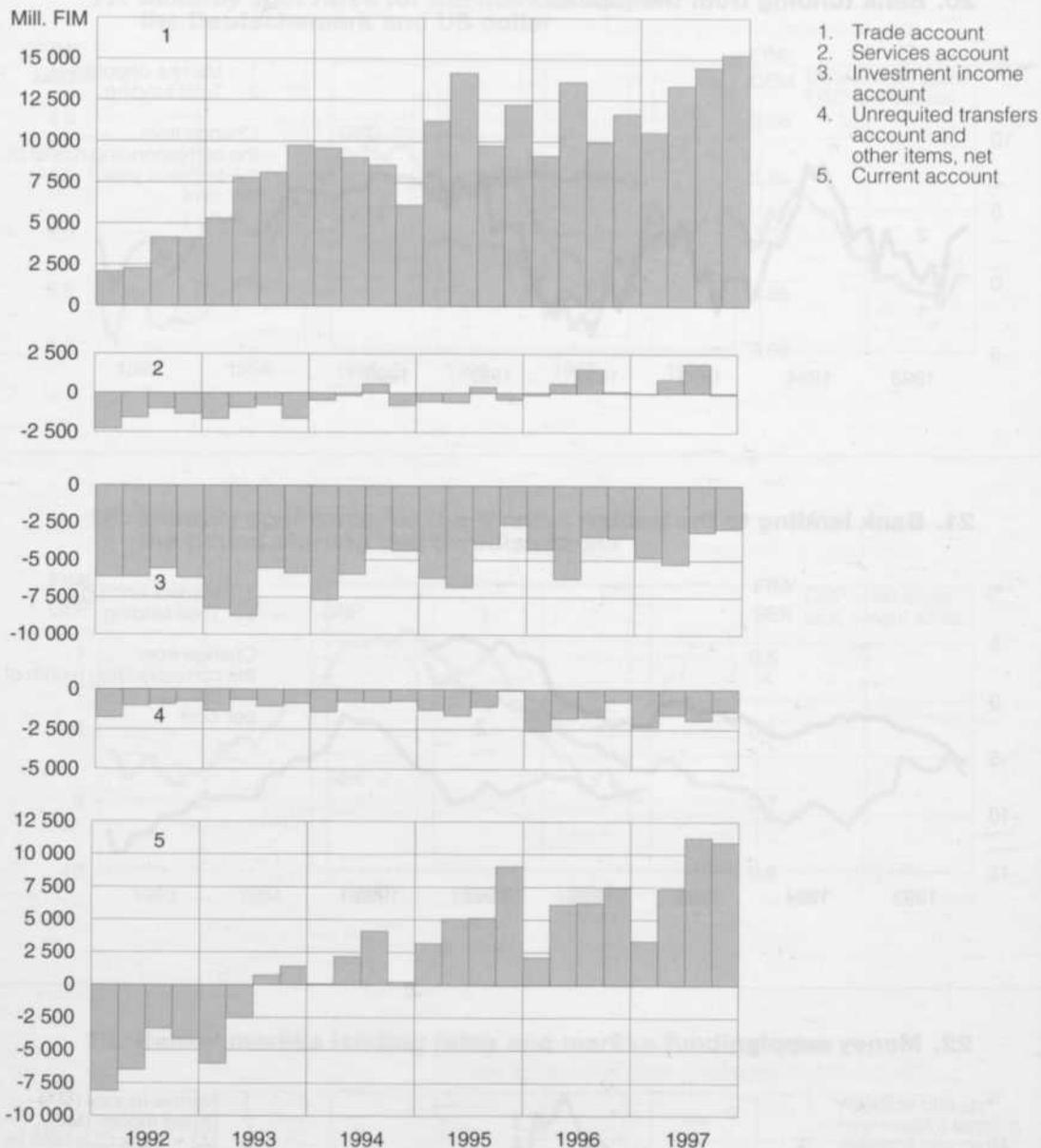


1. Narrow money (M1)
2. Broad money (M2)
3. M2 + bank CDs held by the public (M3)

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

23. Current account

Mill. FIM



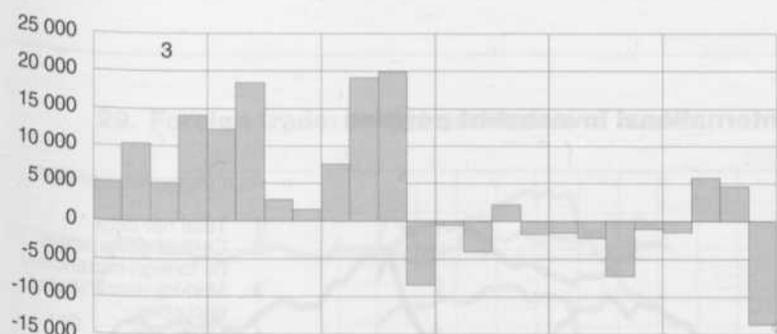
24. Balance of payments

Net interest and dividend expenditure

Mill. FIM

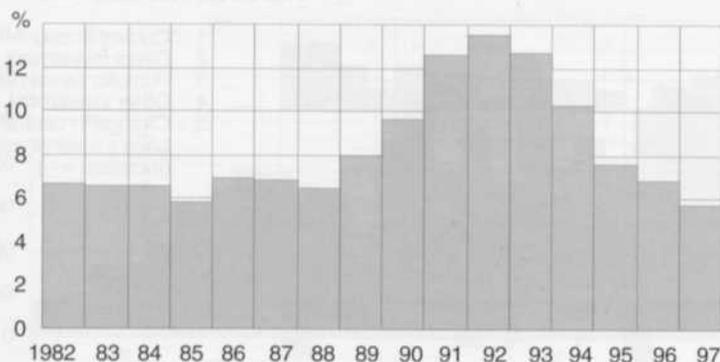


1. Current account
2. Direct investment
3. Portfolio investment
4. Other investment
5. Change in central bank's reserve assets (increase = -)



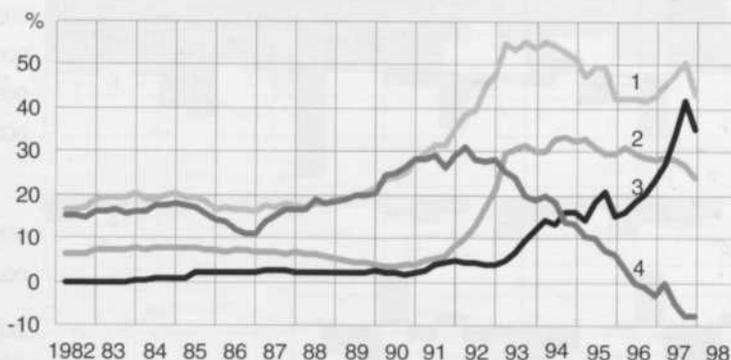
1992 1993 1994 1995 1996 1997

25. Net interest and dividend expenditure



As percentage of current account receipts

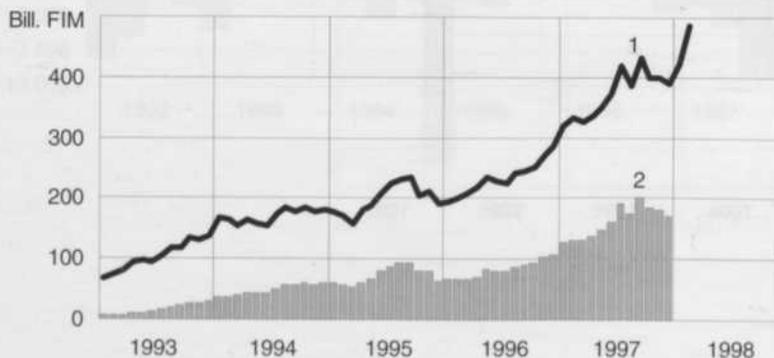
26. Finland's net international investment position



As a percentage of GDP

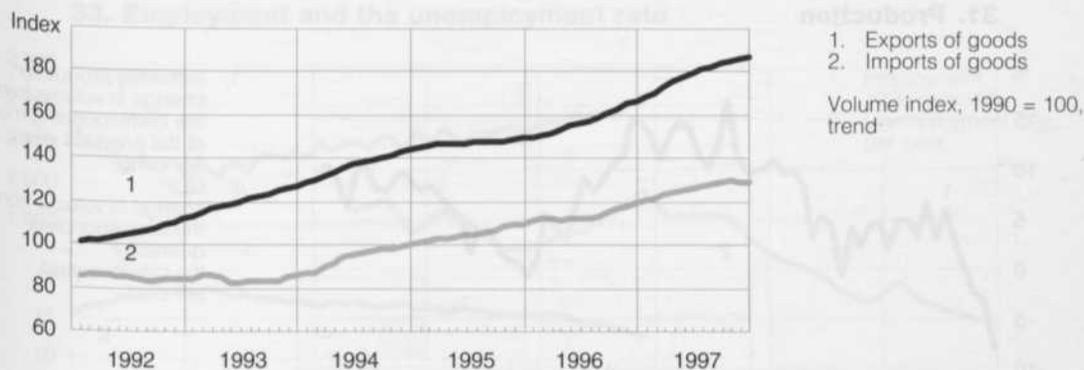
1. Total net debt
2. Central government (in foreign currencies)
3. Markka-denominated securities
4. Other, net (excl. Bank of Finland's foreign exchange)

27. Share market

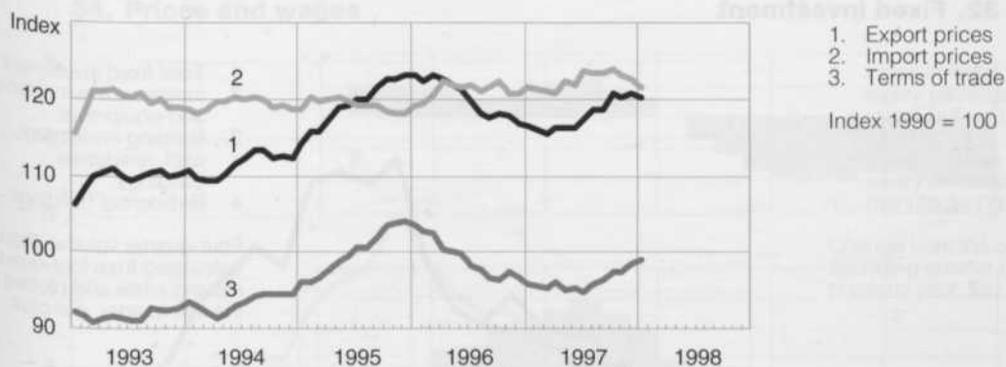


1. Market capitalization of listed shares
2. Non-residents' holdings of Finnish shares

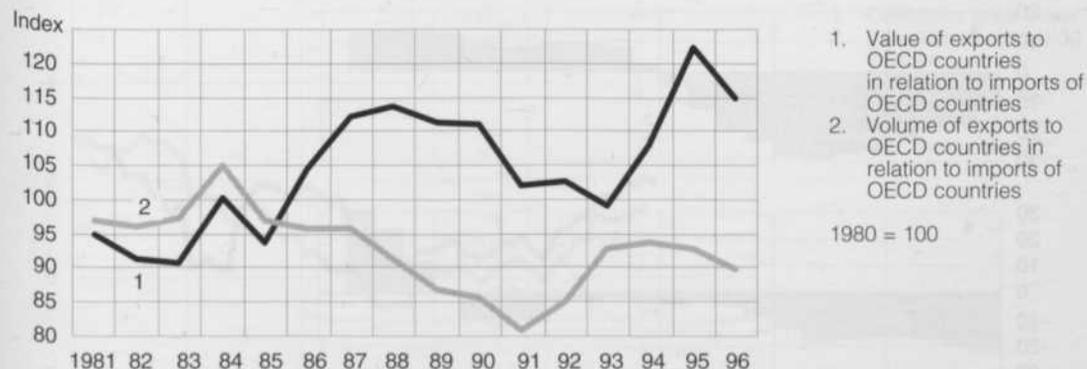
28. Foreign trade



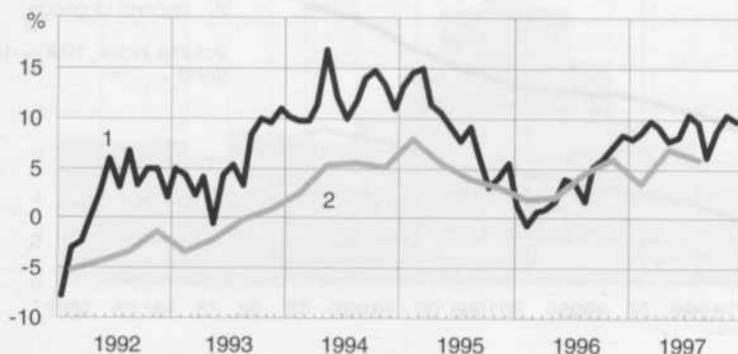
29. Foreign trade: prices and terms of trade



30. Finland's export performance

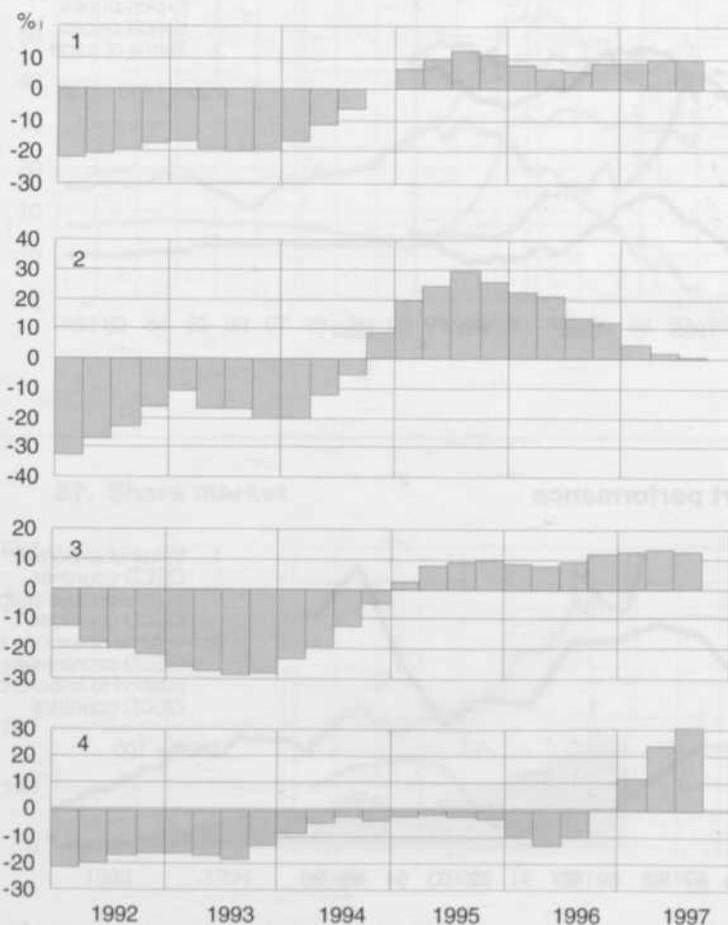


31. Production



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

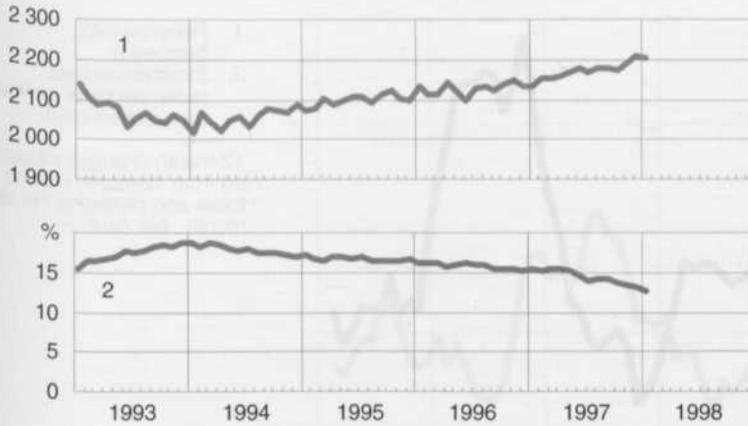
32. Fixed investment



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

Four-quarter volume change calculated from four-quarter moving totals and plotted at the last quarter, per cent

33. Employment and the unemployment rate



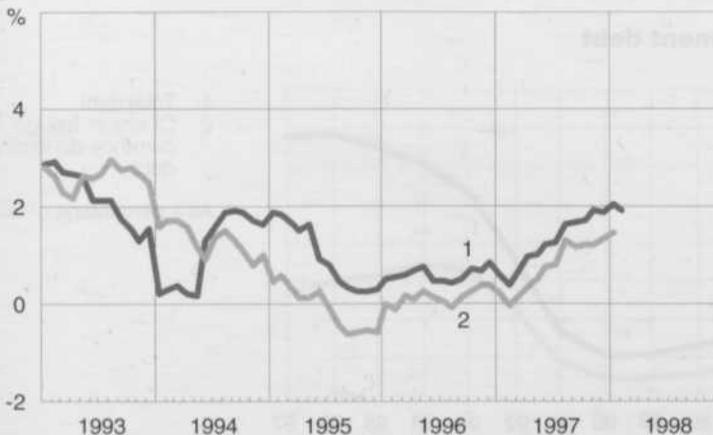
1. Employment, 1000 persons
2. Unemployment rate, per cent

34. Prices and wages



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

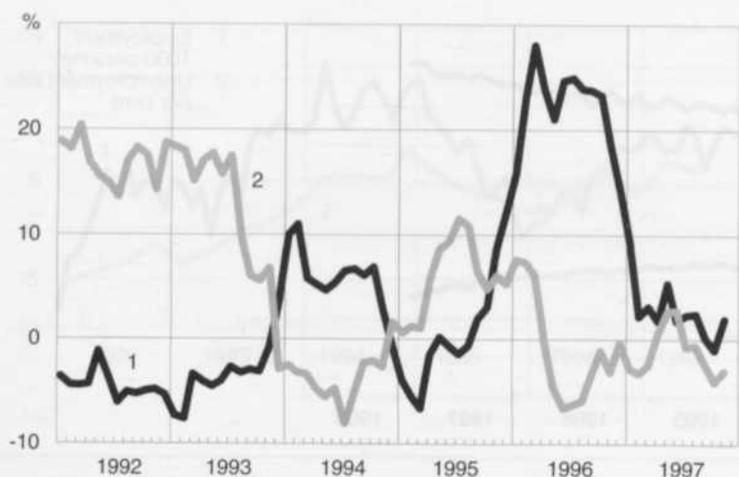
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Indicator of underlying inflation

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

35. Central government finances



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

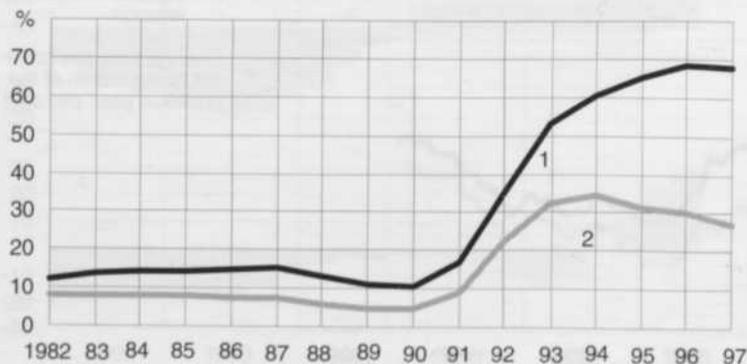
12-month changes calculated from 12-month moving totals and plotted at the last month, per cent



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

36. Central government debt



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

As a percentage of GDP