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MONETARY POLICY WITH A FLOATING MARKKA¹

by Dr Sirkka Härmäläinen,
Governor of the Bank of Finland

We have now had six weeks' experience of conducting monetary policy in the context of a floating markka. The decision to float has been dramatized to a considerable degree in the media. The impression has been given that we have somehow entered an entirely new world, one where the options open to economic policy, as well as the relationships between participants in the various areas of economic policy, differ fundamentally from those that obtain in a world of fixed exchange rates.

Above all, the idea has been nurtured that the Bank of Finland now holds the keys to solving the country's economic problems. For example, we are given to believe that Finland's high level of interest rates merely demonstrates a lack of adequate understanding or ill will on the part of the Bank.

The picture that has taken shape in the eyes of the public is based on the idea that, having allowed the markka to float, the Bank of Finland now has a more or less "free hand" in its conduct of monetary policy; according to this view, as there are no legal barriers to exchange rate changes, practically anything goes in monetary policy. From this has followed a whole host of additional claims.

First, it has been inferred that the switch to floating has been accompanied by a transfer of economic power and responsibility from the Government to the Bank of Finland.

Second, the formal freeing of exchange rates is seen as a cause of harmful uncertainty, and to remove this uncertainty the

Bank has been called upon to spell out just what it intends to do about exchange rates.

Third, advice has been offered as to how to take advantage of floating exchange rates. Most of this has been aimed at a swift easing of monetary policy that would force down short-term market interest rates, even if this were to result in a plunge in the exchange rate. A further weakening of the markka would, in fact, appear to be the specific goal of some – not the least because of the belief that it would boost inflation and thus help asset values climb back towards the level upon which investors based their decisions during the last boom.

It should, however, be stressed that neither the limitations and aims of Finland's monetary policy nor the division of responsibilities in the country have been changed by the decision to float the markka. Already on 8 September, in connection with the decision to float, it was stated that neither monetary nor fiscal policy would be used to drive down the external value of the markka. At present, the economic slump, unemployment and banks' credit losses are due not to a lack of price competitiveness in the export sector but rather to the problems of the domestic, sheltered sector. The additional strain of a further fall in the value of the markka on the sheltered sector, which is already suffering from the effects of a depreciation of some 25 per cent, can no longer be justified given the current employment situation.

The decision to float the markka was not taken to pave the way for inflationary monetary policy. Such a shift in policy would not in any case bring any lasting benefits, especially at a time when the main problem facing

the Finnish economy is how to meet the country's substantial foreign financing needs.

Clearly, if there were the merest suggestion that a policy of deliberately promoting inflation would be opted for, this would lead to wage demands that would weaken competitiveness, to greater caution on the part of foreign lenders and to a rise in long-term interest rates. The acquisition of foreign financing can be facilitated and, as a result, interest rates lowered permanently only by a combination of policies that strengthens the belief of investors that the authorities have a good grasp of the situation in the long term.

The Bank of Finland cannot by itself bring about a lasting change in real interest rates and thereby a rise in asset values. The experience of last year demonstrates this only too clearly: one of the goals mentioned in defence of devaluation, a rise in asset values, has not been achieved despite a 25 per cent drop in the value of the markka. This is because of a rise in long-term interest rates and the losses suffered in the sheltered sector. Even after such a substantial weakening of the markka, real interest rates are higher and asset values lower than they were before.

Even if the Bank of Finland were to pump liquidity into the market, interest rates would not fall simply for the reason that the Bank cannot, given the instruments at its disposal, expand the supply of foreign exchange, that is the total amount of foreign exchange liquidity. It has also been argued that if only the markka were to decline as a result of expanding the money supply, expectations of an appreciation of the currency would begin to emerge. There is cause for seri-

¹ Translation of a speech given by the Governor at the Finnish Bankers' Association on 20 October 1992.

ous doubt about this theory. If expectations of a further depreciation still persist at the current level of exchange rates and price competitiveness, what chances are there of finding any level at which the markets would expect the markka to strengthen, when a weaker currency would only exacerbate the employment problems of the sheltered sector? Since inflationary expectations would grow as the markka weakened, the likelihood of a recovery in the exchange rate would be minimal.

Of course, exchange rates may fluctuate; in the present situation neither the necessary preconditions nor reasons for definite commitments in this respect exist. Nonetheless, the Bank of Finland will not use monetary policy to deliberately weaken either the external or internal value of the markka.

In the debate that has gone on since the markka was floated, the idea has been put forward that the objective of a fixed exchange rate should be replaced by some kind of official intermediate target, for example, one of the monetary aggregates compiled by the Bank of Finland.

Since, however, many of the factors making for change – such as the banking crisis and the changes in the taxation of deposits – obscure the relationships between the quantity of money, inflation and real income, the conditions do not exist in Finland for commitment to this type of official intermediate target. Indeed, the decision to float *per se* has probably already changed the relationships between the quantity of money and other economic phenomena. Consequently, monetary policy is now aimed directly at dampening inflation expectations, without any explicit intermediate targets. Measures of money supply are certainly of interest as indicators in Finland – as is generally the case in countries with floating currencies – and hence the Bank of Finland does monitor and analyze movements in them.

A rapid and permanent lowering in interest rates is obviously

the prime objective and wish of the Bank of Finland. This hardly needs to be justified to any great extent.

The direction of causation in interest rate policy is clear: interest rates, being a barometer of the economy, reflect – besides international rates – the underlying state of the economy, not vice versa. The level of interest rates will fall when there is growing confidence that serious efforts are being made to solve the fundamental problems. As has been pointed out, overvaluation of the markka is not one of these problems. It is more likely the case that the current exchange rate is exceptionally advantageous from the point of view of the export industries. This is probably widely admitted. On the other hand, the limitations posed by foreign indebtedness and the structural imbalance in government finances have, for an unduly long time, been eclipsed by the partially distorted debate on the exchange rate, much of which echoes the outdated world of regulation. Now we have set about taking the necessary measures to deal with the structural imbalance in government finances. Their implementation will in all likelihood ensure that the situation remains under control in the future. The lasting reactions of the market are measured by movements in long-term interest rates, in particular.

Efforts to achieve a permanent reduction in interest rates should now be directed at the remaining factors that are keeping confidence weak. The most important tasks in this regard are to strengthen the banking sector and ensure its ability to function as well as to gain the understanding and support of the public at large for the temporary drop in real incomes that the removal of the imbalances in government finances and the economy as a whole now requires.

The banks' profitability problem is the reverse side of the debt problem of the rest of the economy. The difficult aspect of the debt problem is the foreign currency component, especially that

of the domestic sector. As I mentioned earlier, this is one key consideration which inevitably rules out the devaluation-inflation option for economic policy. Banks' credit losses are largely due to the adverse effects of the recession on firms in the sheltered sector. A reduction in short- and long-term interest rates without a further depreciation of the markka, which is possible as a result of structural change in government finances and adjustment in income distribution, will help alleviate unemployment and ease the banks' difficulties.

As the banks' problems are closely related to the general economic situation, they cannot be completely solved before the economy is put back on a sound footing and the domestic sectors recover. Of course, it is also important that the banks streamline their operations and reduce their operating costs. It would not, however, be wise to rely too much on the efficiency aspect in the near term or even in the longer term. The banks' combined annual labour costs currently amount to no more than just over half of their annual credit losses.

One might ask whether it is possible to bring our interest rates down below the international level. Only if we do better than other countries as regards structural change will we have the opportunity to achieve really low real interest rates in an international environment where rates are kept high by the large imbalance between savings and investment.

RECENT ECONOMIC DEVELOPMENTS

by Timo Hämäläinen, M Pol Sc
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THE MARKKA IS FLOATED

On 8 September the Government, acting on the proposal of the Bank of Finland, decided to temporarily abandon the limits of the fluctuation range set for the external value of the markka. The markka had, since July, been subjected to speculative pressure, which had been reflected in a continuous capital outflow and a high level of interest rates. Underlying this pressure was uncertainty caused by Finland's poor economic performance and economic imbalances, as well as expectations of a realignment within the EMS.

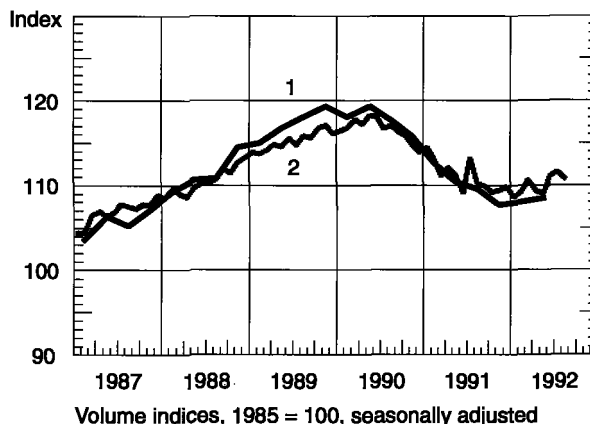
The foreign exchange market calmed down following the decision to float the markka. The markka's value in relation to the ECU fell by about 15 per cent during the first day and then stabilized at a level that implied a depreciation of about 10 per cent. Directly after the decision to float the markka, short-term interest rates moved slightly lower and the downward trend strengthened as tension in the ERM eased. In the middle of October the Government announced plans for reducing the central government budget deficit. The market reacted favourably to the announcement and domestic short-term money market rates fell appreciably. The interest rate differential in relation to the three-month ECU rate narrowed to below 2 percentage points.

EXPORTS CONTINUE TO GROW, DOMESTIC DEMAND REMAINS DEPRESSED

Total output in the second quarter of this year was virtually unchanged from the first quarter (Chart 1). In the first six months of the year it was nevertheless still 3

CHART 1.

GROSS DOMESTIC PRODUCT



1. GDP at market prices
2. GDP monthly indicator

per cent lower than in the same period in 1991. Thanks to growing exports, manufacturing production in August was 13 per cent higher than in the trough of the recession in October 1991. Overall, manufacturing production in the first eight months of the year was up 3 per cent from the corresponding period last year whereas output contracted in nearly all other industries, which are dependent on domestic demand.

Exports have grown substantially since autumn 1991. The strongest growth has occurred in the exports of the metal and engineering industries; performance has been less buoyant in the forest industries although here too volumes have increased. Although the growth of exports levelled off in the third quarter of the year, the volume of exports in the first three quarters increased by a total of about 10 per cent from the corresponding period in 1991. According to a survey of business confidence carried out in early September, exports are ex-

pected to resume their upward trend in the autumn. The good export performance can be attributed to gains in market shares achieved as a result of improved competitiveness.

Domestic demand has decreased in all areas. Private consumption fell by almost 5 per cent during the first half of 1992 compared with a year earlier. This was due to a fall in households' real incomes and a rise in the savings rate. The increased propensity to save reflects both the build-up in households' debt in recent years and rising unemployment. Private fixed investment declined by 14 per cent in the first six months of the year. Despite the growth of industrial production, the level of capacity utilization has so far improved only slightly and investment is not therefore likely to pick up until later. Consumption in the public sector has also declined somewhat, as has the number of employees in this sector. Public investment has fallen almost as sharply as private investment.

**CURRENT ACCOUNT
HAS IMPROVED AND
INFLATION IS UNDER
CONTROL, BUT
UNEMPLOYMENT
IS STILL RISING**

The trade account has improved rapidly. The trade surplus for the twelve months to September this year amounted to FIM 11 billion (Chart 2). The improvement in the trade account is attributable to an increase in the volume of exports and a modest decrease in the volume of imports. On the other hand, the improvement has been slowed by weaker terms of trade. The current account deficit has also been shrinking rapidly since there has been practically no further deterioration in the services balance. The decline in foreign interest rates has also eased the costs of servicing foreign debt, although the foreign debt has increased because of the current account deficit.

The rise in consumer prices has remained moderate. Consumer prices in September were 2.6 per cent higher than a year ago (Chart 3). Food and housing prices actually declined. Weakening domestic demand has held back pressures for price increases. As the two-year centralized pay agreement reached last autumn did not provide for wage rises for the current year, domestic cost pressures have remained modest. Pay agreements for next year will be negotiated in November.

The employment situation deteriorated further in the summer months, and in September the unemployment rate was 13.7 per cent. There have been marked rises in both long-term and youth unemployment. Though the growth of industrial production has led to a reduction in the number of lay-offs, the size of the labour force in the manufacturing industries is still 20 per cent less than it was at the peak of the economic boom in 1989.

CHART 2.

EXTERNAL BALANCE

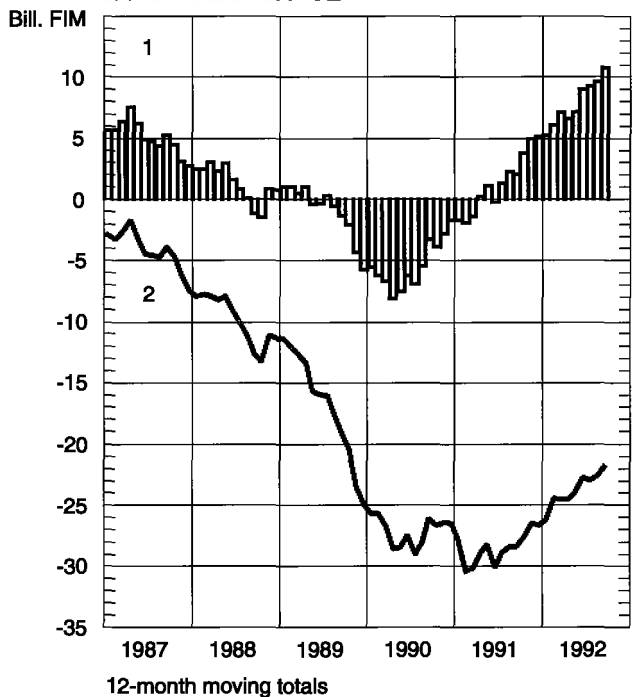
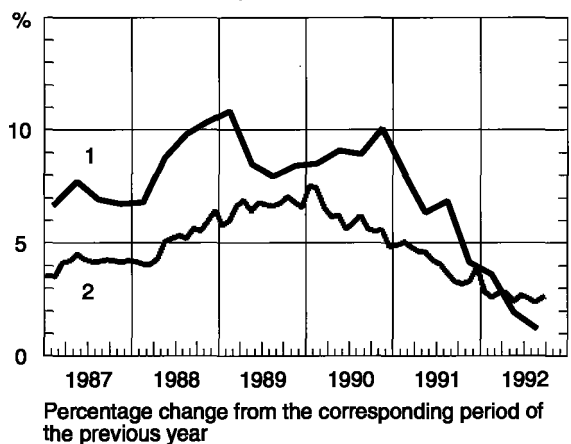


CHART 3.

PRICES AND WAGES



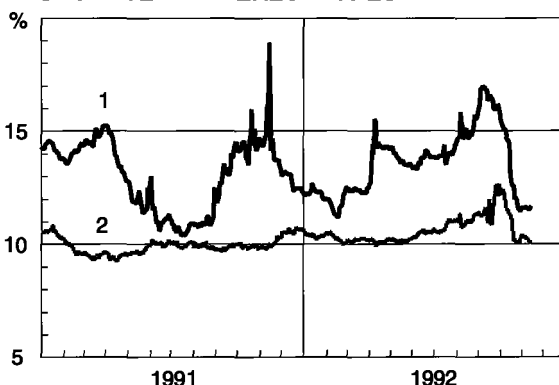
MEDIUM-TERM PROGRAMME FOR CUTTING GOVERN- MENT BUDGET DEFICIT

Central government borrowing has risen sharply as a result of, on the one hand, the reduction in tax revenue caused by the recession and, on the other hand, escalating outlays on unemployment benefits and the capital support package for the banking sector. On 14 October the Government announced plans to substantially reduce the structural deficit in the government budget over the next few years by cutting expenditure and raising extra revenue in the period 1993 to 1995. As regards 1993, the Government decided on changes to the already clearly restrictive budget presented to Parliament in September which will reduce the budget deficit by an estimated FIM 8.5 billion. This sum is composed of additional spending cuts amounting to just over FIM 5 billion and increased revenue of more than FIM 3 billion. The cumulative total of the cuts decided in the October package will be about FIM 16 billion in 1994 and FIM 20 billion in 1995. Government expenditure, excluding the capital support for the banks, is estimated to fall by 5 per cent in real terms in 1993 and to fall somewhat further in 1994 and 1995.

The Government programme also includes measures concerning pensions, which will have long-term effects on the economy. The retirement age is to be raised, pension benefits are to be cut and pension benefits in the public sector are to be brought in line with those in the private sector. The aim of these measures is to alleviate the financing problems that are expected to arise when the baby boom generations born after the Second World War start to retire in the early decades of the next century. If implemented in full, the savings in pension expenditure in the next century are expected to amount to over 5 per cent of GDP.

CHART 4.

SHORT-TERM INTEREST RATES



Daily observations

1. 3-month HELIBOR
2. 3-month ECU rate

FINANCIAL MARKETS REACT FAVOURABLY TO THE GOVERNMENT PACKAGE

For both short- and long-term rates, the differential in relation to ECU rates remained around 4 percentage points throughout the latter part of the summer and early autumn up to the announcement of the Government's plans to reduce the budget deficit. Short-term market rates fell immediately by some 2 percentage points to about 12.5 per cent without leading to any further depreciation of the markka (Chart 4). Long-term rates also declined somewhat. Interest rates went down despite the announcement by banks on 15 October of huge losses for the first eight months of 1992.

Interest rates have subsequently fallen further along with the decline in international interest rates. For short-term interest rates, the differential in relation to ECU rates has now fallen below 2 percentage points. Long-term rates moved lower during October but the differential between them and ECU rates has remained at about four percentage points. This is an indication of the public sector's continuing large financing requirement and the presence of long-term inflation expectations caused by the depreciation of the markka.

Recently, the Bank of Finland has absorbed liquidity through CD deals, and as a result of these operations it has become a net borrower in the CD market. Accordingly, the Bank has decided to tie up liquidity more permanently by raising the banks' cash reserve requirement. The cash reserve requirement was 3.7 per cent in the period from January to August. The cash reserve requirement was subsequently raised to 4 per cent of the cash reserve base at end-September and to 4.5 per cent of the base at end-October.

FURTHER INCREASE IN BANKS' LOSSES

Banks' markka lending has fallen. Among the factors contributing to this have been the high level of interest rates, the lack of viable investment projects and write-offs of bad loans. At the present rate of decline, foreign currency bank loans to companies will fall by some 20 per cent this year. On the other hand, the depreciation of the markka will increase the markka value of outstanding foreign currency loans. Deposits by the public have declined in the course of the year, mainly because of seasonal factors.

Banks' loan losses for the period January to August totalled FIM 10 billion. Non-performing loans amounted to almost FIM 50

billion in August or about one-eighth of total loans granted by banks. Practically all banks have announced that they will apply for government capital support in order to meet capital adequacy requirements.¹ During the first eight months of the year, loan losses and interest income lost due to non-performing loans have depleted banks' capital by about a quarter. A total of FIM 28 billion has already been set aside

by the Government for supporting the banking sector but this sum will probably have to be increased next year. The losses will force the banks to carry out a drastic rationalization of their activities.

12 November 1992

¹ See also the article by Peter Nyberg in this issue of the Bulletin.

THE GOVERNMENT GUARANTEE FUND AND BANK SUPPORT

by **Peter Nyberg**, Adviser
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RECENT BANK SUPPORT MEASURES IN FINLAND

Like banks in several other countries, Finnish banks have, since 1990, been suffering from soaring loan losses and falling earnings. The main reasons for this lie in the overheating of the real economy and the financial sector that occurred during the latter part of the 1980s and in the sharp decline in exports to the former Soviet Union that started in 1989.¹

In the recent past, the Finnish Government has taken three main steps in specific response to the evolving problems of the banking sector. The establishment of the Government Guarantee Fund is actually the latest of these measures, but the Fund will play a dominant role in future support measures for the sector.

The first measure involved the takeover by the Bank of Finland of Skopbank in September 1991 following an acute liquidity crisis that was ultimately caused by the bank's unusually large portfolio of bad assets. The Bank of Finland acquired 53 per cent of Skopbank's shares, removed a substantial part of the bad assets from the bank's balance sheet, drew up a programme for reorganizing its activities and partly replaced the board of the bank to ensure the programme's speedy implementation.

The Bank of Finland's intervention was necessary because at the time there existed no other authority with a mandate to carry out such bank restructuring operations. Accordingly, after the Government Guarantee Fund

had been created, Skopbank was sold to the Fund for FIM 1½ billion. Altogether, the Bank of Finland has so far used some FIM 14½ billion in the rescue operation, of which FIM 9½ billion has been booked as loans. The ultimate cost of the operation will depend on the price at which the assets acquired from Skopbank are eventually sold.

The second main measure, decided on by the Government in March 1992, was to provide the banks with a capital injection totalling FIM 8 billion in order to ensure the continued supply of bank credit to customers. The capital is being offered to all banks regardless of their capital ratios and in proportion to their risk-weighted balance sheets. Banks have only two opportunities to apply for the injection: four commercial banks and 53 savings banks lodged applications for a total of FIM 4.6 billion in August when the capital was first on offer and virtually all the remaining banks are expected to have applied by the closing date for the second offer in December.

The capital injection takes the form of investment in preferred capital certificates issued by the banks. This instrument qualifies for inclusion in core (Tier 1) capital and is convertible into voting shares if interest is unpaid for a period of three years or if the bank's capital ratio falls below the legally required minimum. The interest rate applied gradually increases over time so as to create an incentive to repay, and capital certificates can be used to cover losses after the bank's distributable equity capital and reserve fund have been exhausted.

The third main measure taken to support banks was the creation of the Government Guarantee Fund, which was decided on

in connection with the plan for the general capital injection.

ROLE OF THE FUND

The Government Guarantee Fund was established by Act of Parliament on 30 April 1992 to help ensure the stability of the banking system and secure the claims of (domestic and foreign) depositors. For these purposes the Fund was authorized to use up to FIM 20 billion (approximately USD 4½ billion) in loans, guarantees or other types of support. So far, assistance totalling some FIM 8.7 billion has been provided.

Decisions relating to support measures are taken by a Section of the Board comprising the representatives of the Banking Supervision Office (currently Chairman), the Ministry of Finance and the Bank of Finland. The Section thus functions as the executive body of the Fund. Banks are represented by three members on the Board proper, where decisions on guarantee fees, funding proposals etc are made. The Supervisory Board (which has the same composition as the Parliamentary Supervisory Board of the Bank of Finland) is the supreme body of the Fund. Its duties include supervising the Board and its Section and making necessary proposals to the Government.

In its work, the Fund makes extensive use of the staffs of the Bank of Finland and the Banking Supervision Office. However, the Fund remains a distinct legal entity, with no formal affiliation to any of the above-mentioned authorities.

MAIN PRINCIPLES APPLICABLE TO BANK SUPPORT

The Supervisory Board of the Fund drew up a set of general

¹ See, for example, the article by Sixten Korkman in the June-July issue of the Bulletin.

principles governing Fund activities in October 1992. These principles serve primarily as guidelines for the Section when interpreting and executing the legal obligations assigned to the Fund and therefore should not necessarily be seen as exhaustive.

According to the principles, systemic stability requires that confidence in the banking system be retained among depositors and investors both at home and abroad. One important element of this is that banks conducting international business should meet international capital adequacy requirements. Another, though separate, element is that bank deposits are safeguarded even though a bank may be unable to meet such obligations out of its own funds or even with the help of the deposit insurance fund to which it belongs.

A support programme for a bank should meet four general requirements. Their exact interpretation in connection with any particular programme is primarily the responsibility of the Section. The four requirements are:

1. The attractiveness of the programme and the public funds committed to it should be minimized. The owners of the bank receiving support should, as far as possible, be made financially responsible.
2. The terms and conditions of the programme should promote the efficiency of the banking system and contribute to necessary structural adjustments.
3. The distortive effects of the support programme on competition should be minimized.
4. Public monitoring of the activities of the bank receiving support should be ensured. In particular, the granting or writing-off of loans at extraordinary terms should be avoided.

The Section is likely to elaborate somewhat on these general principles in its deliberations. Any legal, economic or political constraints on the ability of owners to pay or on the amount they can

10 pay may need to be clarified. The

relative merits of mergers and other means of restructuring might require closer assessment. Similarly, the treatment of inferior-quality assets on the balance sheets of supported banks may require more detailed consideration, for example from the point of view of developing the capital market. Finally, the rules and methods to be observed when selling bank shares acquired by the Fund might require further clarification at an early stage. Such elaborations of the general rules would, however, necessarily serve only as guidance for the Section.

The main reason for such elaboration of the rules would be to ensure consistency and impartiality across programmes, as well as an adequate basis for supervision of the Fund's activities. Such internal rules would therefore reveal themselves primarily in the way support programmes are implemented.

SUPPORT PROGRAMMES IMPLEMENTED SO FAR

Support activity has been based on the principle, later contained in the Government declaration of 6 August 1992, that the Government Guarantee Fund will under all circumstances secure the stability of the Finnish banking system. So far, the Fund has supported the banking system in two ways. First, Skopbank was acquired from the Bank of Finland in June 1992 for FIM 1.5 billion. Secondly, also in June 1992, it was decided to support the 41 savings banks which were later amalgamated to form the Savings Bank of Finland (SBF). This was done by means of a capital injection of FIM 5.5 billion and the granting of a guarantee of FIM 1.7 billion.

The acquisition of Skopbank did not involve any significant change in the restructuring programme already under way at that bank. The SBF programme was therefore the first one to be planned and executed wholly by the Fund.

The full details of the SBF programme are not and cannot, of

course, be made public. However, the Fund did in important respects apply the general principles outlined above:

1. Owners of the savings banks involved in the merger (primarily savings bank foundations) lost virtually all their assets on the banks' balance sheets. The employment benefits of the directors of the SBF were made conditional on the extent to which the support programme was implemented, thus creating incentives for compliance.
2. The SBF undertook to convert itself into a limited company as soon as legally possible, with the majority of shares (or convertible preferred capital certificates) to be held by the Government Guarantee Fund. After that, the Fund will be free to dispose of the shares in a manner which best serves the public interest.
3. Apart from the capital injection, the Fund did not provide the SBF with any funding at special rates. The Bank of Finland has extended the same rights to the bank as to other major banks in Finland.
4. The Fund appoints one member of the Board as well as one of the SBF's auditors. The bank is, of course, obliged to report regularly on its activities and position.

During the autumn the Government Guarantee Fund negotiated with the Unitas Group on the sale of Skopbank. Part of the negotiations concerned the possibility of significantly increasing cooperation between the Unitas Group and the SBF. This would have rendered possible cost reductions and a substantial pruning of the joint branch network. However, the negotiations were broken off owing to disagreement over price, risk-sharing and other considerations. The Fund is currently exploring the option of creating a closer relationship between Skopbank and the SBF.

9 November 1992

AMENDMENT TO THE CURRENCY ACT

The decision by the Bank of Finland to let the markka float on 8 September necessitated a change in the Currency Act. A bill amending the Currency Act was presented to Parliament on 25 September and was passed on 6 November.

According to the Currency Act, the Bank of Finland is responsible for keeping the external value of the markka within its fluctuation range. The Bank is, however, entitled to temporarily abandon the fluctuation range in the event of a severe disturbance in the foreign exchange markets. The Bank is required to refer such a decision to the Government as soon as possible. Under the old Act, it was, however, unclear what "temporarily" implied as regards the length of the period during which the markka could be floated.

Under the amended Act, the Government can now, on the basis of a proposal by the Bank of Finland, authorize the Bank to float the markka for an indefinite period. The Government can also cancel such authorization on its own initiative after first taking into account the situation prevailing in the money and foreign exchange markets and giving the Bank an opportunity to state its opinion on the matter.

TERMINATION OF THE PAYMENTS AGREEMENT BETWEEN FINLAND AND BULGARIA

The payments agreement concluded between the Governments of Finland and Bulgaria on 19 August 1981 was terminated on 16 October 1992. The practical transition to full convertible cur-

rency trade between Finland and Bulgaria was implemented immediately by amending the relevant sections of the Bank of Finland's foreign exchange regulations and closing the clearing account.

Since 1990, the clearing account had been used for the technical termination of the clearing arrangement. During this period, only payments for Finnish imports from Bulgaria were effected through the account. These payments were used to settle the clearing payments for Finnish exports to Bulgaria that had fallen due on 30 April 1990.

SUPPLEMENTARY BUDGET

The third supplementary budget for 1992 was approved by Parliament in early November. The changes in outlays and revenue mainly reflect the impact of the recession on central government finances. The supplementary budget provides for an increase in expenditure of FIM 6.1 billion. Nearly FIM 3 billion of this sum represents increased outlays on unemployment benefits. The supplementary budget also includes measures for promoting employment that were decided on in connection with the programme approved by the Government on 1 October. The rest of the additional expenditure consists mainly of increases in various other statutory outlays in excess of appropriations budgeted previously. Total budgeted central government expenditure now amounts to FIM 187.8 billion, which is 8.7 per cent more than in the original budget.

Central government revenue is projected to decrease by FIM 3.3 billion from earlier estimates. Sales tax receipts are estimated

to fall by FIM 4 billion from the level originally budgeted because of a greater-than-expected fall in domestic demand. This implies a fall of 3 per cent from the level in 1991. Proceeds from other indirect taxes are also expected to fall short of previously budgeted levels. By contrast, direct tax receipts are estimated to increase by FIM 2.1 billion as a result of the postponement of tax refunds. Extra borrowing totalling FIM 9.4 billion will be required to finance this supplementary budget. The Ministry of Finance estimates that the net borrowing requirement for the whole central government sector (incl. extra-budgetary funds) for 1992 will reach FIM 63.7 billion.

MONETARY AND FOREIGN EXCHANGE POLICY MEASURES FROM NOVEMBER 1991 TO NOVEMBER 1992

1991

NOVEMBER

Cash reserve requirement.

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

Call money credit rate. On 8 November, the Bank of Finland reinstates the 30 per cent penalty rate on call money credit.

On 14 November, the Parliamentary Supervisory Board of the Bank of Finland extends the powers of the Bank of Finland to set interest rates. The maximum call money credit rate is raised from 30 per cent to 50 per cent. The Bank of Finland raises the interest rate on call money credit from 15 per cent to 20 per cent, implying a penalty rate of 40 per cent.

On 19 November, the Bank of Finland lowers the interest rate on call money credit to 15 per cent again, implying a 30 per cent penalty rate.

Devaluation of the markka.

On 14 November, the Bank of Finland decides to allow the markka's exchange rate to float temporarily. The next day, 15 November, the Government decides, on the basis of a proposal by the Parliamentary Supervisory Board, to raise the limits of the markka's fluctuation range against the ECU by 14 per cent, implying a 12.3 per cent fall in the external value of the markka. The new midpoint is 5.55841 (FIM/ECU) and the limits are 5.39166 and 5.72516.

Till-money credits. The Bank of Finland revises the base amounts, the share of banks' till-money holdings which is not financed by the Bank of Finland under the till-money credit arrangement. The combined

total of base amounts is kept unchanged in proportion to currency in circulation with the public. Owing to a reduction in currency in circulation with the public, the combined total of the banks' base amounts falls by FIM 49 million and amounts to FIM 1 194 million as from the last business day in November.

1992

JANUARY

Cash reserve requirement.

The Bank of Finland lowers the banks' cash reserve requirement from 4.0 per cent to 3.7 per cent of the cash reserve base at end-December.

APRIL

Interest on cash reserve deposits.

As part of the financial support package for the banking sector, the Parliamentary Supervisory Board raises the rate of interest payable on the banks' cash reserve deposits at the Bank of Finland by one percentage point with effect from 1 April. The new rate is 3-month HELIBOR less two percentage points, not however less than 8 per cent.

Call money credit rate. On 5 April, the Parliamentary Supervisory Board extends the powers of the Bank of Finland to set interest rates. The maximum call money credit rate is raised from 50 per cent to 80 per cent.

The Government Guarantee Fund. The law establishing the Government Guarantee Fund is approved by Parliament on 30 April. The purpose of the fund is to help ensure the stability of deposit banking and secure depositors' claims. The fund is authorized to use up to FIM 20

billion for these purposes.

Decisions on possible support measures by the fund are taken by the representatives of the Ministry of Finance, the Banking Supervision Office and the Bank of Finland on the board of the fund.

MAY

Base rate. As part of the financial support package for the banking sector, the Parliamentary Supervisory Board raises the Bank of Finland's base rate by one percentage point to 9.5 per cent with effect from 1 May. As a result of this decision, the banks are allowed to raise the rate of interest on loans that are tied to the base rate by one percentage point, but the Bank of Finland recommends that the rise should not be applied to rates that are already 12 per cent or more. Owing to an amendment to the law on the tax relief of deposits and bonds, the base-rate rise does not apply to interest rates on tax-exempt deposits.

JUNE

Government Guarantee

Fund becomes new owner

of Skopbank. On 12 June, the Parliamentary Supervisory Board approves a deal whereby Scopulus Oy, owned by the Bank of Finland, sells its holdings of Skopbank shares and preferred capital certificates to the Government Guarantee Fund.

Government offer of capital for banks.

Based on the decision by the Government in March to make available FIM 8 billion for investment in banks' core capital, the Government

makes a formal offer of investment to the banks on 17 June. Capital will be offered to Finnish deposit banks according to their size, as measured by risk-weighted assets and off-balance-sheet commitments calculated according to BIS standards. The capital will be available at two dates, either in August or in December, depending on the preference of the bank.

Government Guarantee Fund supports the Savings Bank of Finland. On 26 June, the Government Guarantee Fund decides to grant capital support amounting to FIM 5.5 billion and a guarantee of FIM 1.7 billion to the Savings Bank of Finland. The latter will be established in autumn 1992 by merging 41 savings banks.

JULY

The system for regulating bank liquidity changes. The Bank of Finland decides to replace the existing call money facility by a new system for regulating the supply of bank liquidity with effect from 1 July. The new system differs from that

applied hitherto in that deposit and borrowing rates are closer to market interest rates and move in line with changes in market rates. In addition, the Bank of Finland may, at its discretion, extend the maturity of liquidity credit from one day up to four weeks.

Central banks of Finland and EC countries

strengthen cooperation. The central banks of the European Communities and the Bank of Finland decide on 15 July to strengthen their monetary cooperation. The primary means of achieving this is a network of credits available whenever necessary to support the foreign exchange reserves.

AUGUST

Government offer of capital.

Fifty-three savings banks and four commercial banks (Kansallis-Osake-Pankki, Postipankki, Skopbank and STS-Bank) accept, by 14 August, the offer of capital made by the Government. The total amount of capital raised is FIM 4.6 billion.

SEPTEMBER

Floating of the markka. On 8 September, the Bank of Finland decides to temporarily float the markka because of continuing pressure against the currency in the foreign exchange market. The decision is taken with the consent of the Government in accordance with the Currency Act.

OCTOBER

Cash reserve requirement.

The Bank of Finland raises the banks' cash reserve requirement from 3.7 per cent to 4.0 per cent of the cash reserve base at end-September.

NOVEMBER

Cash reserve requirement.

The Bank of Finland raises the banks' cash reserve requirement from 4.0 per cent to 4.5 per cent of the cash reserve base at end-October.

FINLAND IN BRIEF

LAND, CLIMATE AND POPULATION

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

Finland has a population of 5 029 300 (1 January 1992) and an average population density of 16.5 per square kilometre. The largest towns are Helsinki (Helsingfors), the capital, with 497 400 inhabitants, Espoo (Esbo) 175 700, Tampere (Tammerfors) 174 150, Turku (Åbo) 159 500 and Vantaa (Vanda) 157 450.

There are two official languages: 93.5 % of the population speaks Finnish as its mother tongue and 5.9 % 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 1988 to 1 March 1994, is Dr Mauno Koivisto.

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

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

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

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

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

INTERNATIONAL RELATIONS

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

Having abolished most quantitative restrictions on foreign trade in 1957, Finland first took part in European free trade arrangements under the auspices of EFTA in 1961. Imports from the USSR were also progressively freed from customs duties. Finland's free trade agreement with the EEC entered into force in 1974 and agreements for the removal of trade barriers were concluded with several eastern European countries as well. In spring 1992, Finland signed the agreement on the European Economic Area (EEA) between the member countries of EFTA and the European Community, and submitted her application for membership of the European Community. Citizens of the five Nordic countries, Denmark, Finland, Iceland, Norway and Sweden, have enjoyed a common labour market, a passport union and reciprocal social security benefits since the mid-1950s.

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

THE ECONOMY

Output and employment. Of the gross domestic product of FIM 440 billion in basic values in 1991, 3 % was generated in agriculture and fishing, 2 % in forestry, 21 % in industry, 8 % in construction, 10 % in trade, restaurants and hotels, 8 % in transport and communications, 4 % in finance and insurance, 22 % in other private services and 21 % by producers of government services. Of total employment of 2.3

million persons in 1991, 8 % were engaged in primary production, 29 % in industry and construction and 63 % in services.

In 1991, expenditure on the gross domestic product in purchasers' values amounted to FIM 503 billion and was distributed as follows: net exports -0.6 % (exports 21.8 %, imports -22.4 %), gross fixed capital formation 23 %, private consumption 55 % and government consumption 24 %. Finland's gross tax ratio (gross taxes in relation to GDP) was 37 % and the net tax ratio (net taxes in relation to GDP) 20 %, which is about the average for OECD countries.

Average annual (compounded) growth of real GDP was 4.7 % in the period 1950-59, 5.0 % in 1960-69, 3.7 % in 1970-79, 3.7 % in 1980-89 and 4.0 % in 1990-91. Finland's GDP per capita in 1991 was USD 24 800.

Foreign trade. OECD countries absorb the bulk of Finnish merchandise exports. In 1987-91, their share was, on average, 76.6 per cent, of which the share of EC countries was 45.5 percentage points and that of EFTA countries 20.8 percentage points. Over the same period, Finland's exports to East European countries (including the Soviet Union) accounted for 14.1 per cent and the rest of the world for 9.3 per cent. The regional distribution of Finland's merchandise imports has been quite similar to that of exports.

In 1991, the share of forest industry products in total merchandise exports was 40 %, the share of metal and engineering products 41 % and the share of other goods 19 %. Raw materials and intermediate goods (incl. crude oil) accounted for 56 % of merchandise imports, fuels for 4 %, investment goods for 16 % and consumption goods for 24 %.

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

The annual growth increment totals 79 million cubic metres and the total drain calculated on the basis of commercial fellings was 43 million cubic metres in 1991.

Energy. In 1991, gross consumption of primary energy amounted to 30 Mtoe, of which industry accounted for 44 %, heating for 22 %, transportation for 14 % and other purposes for 20 %. The sources of primary energy in 1991 were as follows: oil 29 %, coal 12 %, nuclear power 15 %, hydro-electric

power, peat and other indigenous sources 30 %, others 14 %. Compared internationally (1990), Finland's consumption of 5.8 toe (OECD definition) per capita was 1.8 times higher than the average in European OECD countries. The self-sufficiency rate (including nuclear power) in Finland was 39 %, as compared with 60 % in western Europe on average.

FINANCE AND BANKING

Currency. Finland has had its own monetary system since 1865. The currency unit is the markka (plural: markkaa), abbreviation FIM, which is divided into 100 penniä (singular: penni). From 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). Under the Currency Act, the fluctuations limits are set by the Government on the proposal of the Bank of Finland. Since 7 June 1991, the markka has been 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 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. The lower limit denotes the highest permissible value for the markka and the upper limit the lowest permissible value. On 8 September 1992, the Bank of Finland decided to temporarily abandon the limits of the fluctuation range and allow the markka to float.

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

The remaining exchange controls were dismantled as from 1 October 1991.

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

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

The Central Bank. The Bank of Finland (Suomen Pankki – Finlands Bank), founded in 1811, operates under the supervision of the Parliamentary Supervisory Board, the nine members of which are entrusted with overall supervision of the Bank and certain specific decisions such as fixing the Bank's base rate and the limits for other rates. The Governor and a maximum of five other Members of the Board of Management are appointed by the President of the Republic. The Board manages all affairs not expressly entrusted to the Parliamentary Supervisory Board, including the terms of banks' central bank finance, open market operations, intervention in the foreign exchange market and determination of the external value of the currency within the fluctuation limits. 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 8 branch offices in other towns.

Other banks (31 December 1991). Finland has three major groups of deposit banks with a total of more than

3 000 offices. There are three big commercial banks with national branch networks and ten smaller ones, two of which are foreign-owned. The commercial banks have a total of 32 foreign branches, subsidiaries and associate banks and 27 representative offices abroad. There are 86 savings banks and 328 cooperative banks with their own extensive branch networks. In addition, foreign banks have three branches and eight representative offices in Finland.

Financial market. Of the total stock of FIM 776 billion in outstanding domestic credit at the end of 1991, 62 % was provided by deposit banks, 3 % by private mortgage banks, 17 % by insurance companies, 4 % by other private credit institutions, 4 % by public financial institutions and 9 % by the state, local authorities and social security funds. There are no quantitative restrictions or interest rate limitations on lending. Regulation of bank lending rates was progressively relaxed earlier in the 1980s and finally abolished in 1986.

In the money market, 81 % of the instruments, which totalled approximately FIM 150 billion at end-1991, were negotiable instruments such as bank certificates of deposit, commercial paper, Treasury notes and local authority paper. Funds raised through bank trust departments and non-negotiable bank debt instruments make up the bulk of non-negotiable instruments. In its open market operations, the Bank of Finland deals in bank certificates of deposit and also issues its own certificates of deposit.

There are 65 listed companies on the Helsinki Stock Exchange, with a market capitalization value of FIM 64 billion (at end-1991). Four foreign companies are also quoted. Domestic bonds and debentures in circulation at end-1991 totalled FIM 145 billion; government bonds made up 24 % of the total. Turnover on the Stock Exchange in 1991 amounted to FIM 8 billion; the share of shares and subscription rights in the total was approximately 82 %.

Visiting Scholars Programme

BANK OF FINLAND

The Bank of Finland welcomes applications from foreign scholars for a post available to academic visitors during 1993.

A visiting scholar would be expected to conduct research on a subject relevant to the field of monetary / financial economics and policy, as agreed between the applicant and the Research Department. The results of the research could be presented in a report, publishable in the Bank's series; the scholar would also be expected to participate in the exchange of comments and advice among researchers working at the Bank.

The department is willing to consider both short and long-term (up to one year) visits. Normally, only one scholar could be received at any one time.

Remuneration for visiting scholars will be determined on the basis of the research experience of the selected applicant.

Persons interested in applying are invited to write to Dr. Heikki Koskenkylä, Head of the Research Department, enclosing a CV and specifying their academic and research background, suggestions for research topics and salary requirement. The address is:

**Research Department
BANK OF FINLAND
P.O.Box 160
SF-00101 Helsinki, Finland**



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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

	1991	1992			
	31 Dec.	8 Oct.	15 Oct.	23 Oct.	30 Oct.
ASSETS					
Gold and foreign currency claims	33 662	28 115	29 250	33 210	34 221
Gold	2 180	2 180	2 180	2 180	2 180
Special drawing rights	932	991	1 007	1 025	1 025
IMF reserve tranche	1 136	1 315	1 335	1 359	1 360
Convertible currencies	29 381	23 629	24 728	28 646	29 656
Tied currencies	34	—	—	—	—
Other foreign claims	2 690	2 690	2 686	2 696	2 702
Markka subscription to Finland's IMF quota	2 260	2 330	2 330	2 330	2 330
Term credit	430	360	357	367	373
Claims on financial institutions	17 413	16 359	14 357	12 340	11 565
Liquidity credits	—	361	1 224	867	863
Certificates of deposit	9 157	10 600	7 689	5 747	4 410
Securities with repurchase commitments	2 725	193	242	526	1 110
Till-money credits	3 528	3 450	3 450	3 450	3 432
Bonds	1 765	1 517	1 513	1 512	1 512
Other claims on financial institutions	238	238	238	238	238
Claims on the public sector	1 375	8 478	8 479	8 480	8 507
Bonds	3	27	27	27	27
Loans to the Government Guarantee Fund	—	7 052	7 052	7 052	7 052
Total coinage	1 372	1 399	1 400	1 401	1 428
Claims on corporations	1 288	1 539	1 535	1 527	1 518
Financing of domestic deliveries (KTR)	879	655	651	644	636
Bonds: KTR credits	207	172	172	171	171
Bonds: Other	2	500	500	500	500
Other claims on corporations	201	211	211	211	211
Other assets	2 916	9 799	9 799	9 799	9 723
Loans for stabilizing the money market	1 730	9 654	9 654	9 654	9 574
Accrued items	1 034	—	—	—	—
Other assets	153	145	145	145	149
Total	59 346	66 981	66 106	68 053	68 237
LIABILITIES					
Foreign currency liabilities	46	74	67	44	46
Convertible currencies	45	65	56	44	46
Tied currencies	1	9	11	—	—
Other foreign liabilities	3 102	14 485	14 501	14 506	14 499
IMF markka accounts	2 260	2 330	2 330	2 330	2 330
Allocations of special drawing rights	843	942	956	973	974
Other foreign liabilities	—	11 214	11 214	11 202	11 195
Notes and coin in circulation	14 528	13 552	13 520	13 423	13 493
Notes	13 306	12 334	12 304	12 208	12 278
Coin	1 222	1 218	1 216	1 215	1 214
Certificates of deposit	8 880	8 940	9 430	12 440	12 540
Liabilities to financial institutions	12 567	13 976	12 696	10 872	11 505
Call money deposits	2 206	4 213	2 934	1 109	1 082
Cash reserve deposits	10 361	9 762	9 762	9 762	10 421
Other liabilities to financial institutions	0	1	0	1	2
Liabilities to the public sector	3	51	52	50	51
Cheque accounts	—	48	49	50	2
Other liabilities to the public sector	3	3	3	—	48
Liabilities to corporations	7 057	4 094	4 063	4 034	4 026
Deposits for investment and ship purchase	7 057	4 094	4 063	4 034	4 026
Other liabilities to corporations	—	—	—	—	—
Other liabilities	1 682	351	345	402	402
Accrued items	1 584	—	—	—	—
Other liabilities	98	351	345	402	402
Valuation account and reserves	5 715	5 694	5 668	6 517	5 911
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
Profit/loss for the accounting year	—	—	—	—	—
Total	59 346	66 981	66 106	68 053	68 237

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

MILL. FIM

End of period	Foreign sector									Public sector		
	Gold	Special drawing rights	IMF reserve tranche	Convertible currencies, net	Convertible reserves, total (1+2+3+4)	Tied currencies, net	Foreign exchange reserves, total (5+6)	Other claims, net	Net claims (7+8)	Claims	Liabilities	Net claims (10-11)
	1	2	3	4	5	6	7	8	9	10	11	12
1987	2 128	899	793	23 571	27 391	1 212	28 604	1 131	29 735	977	901	76
1988	2 128	1 120	940	24 373	28 561	945	29 506	1 117	30 623	1 128	1 903	- 775
1989	2 179	966	950	18 780	22 875	- 564	22 312	440	22 752	1 137	5 325	- 4 188
1990	2 180	791	783	33 451	37 205	- 882	36 324	- 364	35 960	1 314	1 321	- 7
1991	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
1991												
Oct.	2 180	868	1 145	12 242	16 435	42	16 478	- 404	16 074	1 375	3	1 372
Nov.	2 180	954	1 193	19 868	24 195	38	24 231	- 419	23 812	1 388	3	1 385
Dec.	2 180	932	1 136	29 336	33 584	33	33 616	- 412	33 204	1 375	3	1 372
1992												
Jan.	2 180	946	1 234	29 512	33 872	30	33 901	- 482	33 419	1 379	4	1 375
Feb.	2 180	1 070	1 232	29 834	34 316	27	34 343	- 490	33 853	1 382	4	1 378
March	2 180	1 198	1 201	28 522	33 101	24	33 124	- 532	32 592	1 383	4	1 379
April	2 180	1 199	1 242	22 981	27 602	21	27 622	- 540	27 082	1 387	4	1 383
May	2 180	1 045	1 235	27 547	32 007	17	32 025	- 545	31 480	1 397	4	1 393
June	2 180	1 007	1 200	26 724	31 111	14	31 125	- 538	30 587	2 920	4	2 916
July	2 180	942	1 280	27 033	31 435	8	31 443	- 526	30 917	2 904	4	2 900
Aug.	2 180	861	1 195	18 830	23 066	0	23 066	- 2 449	20 617	4 404	4	4 400
Sept.	2 180	1 001	1 328	22 470	26 979	- 7	26 970	- 11 206	15 764	8 480	38	8 442
Oct.	2 180	1 025	1 360	29 610	34 175	-	34 175	- 11 797	22 378	8 507	51	8 456

End of period	Domestic financial sector						Corporate sector					
	Term claims on deposit banks	Liquidity position of deposit banks, net ¹	Cash reserve deposits of deposit banks	Till-money credits to deposit banks	Other claims on financial institutions, net	Net claims (13+14+15+16+17)	Claims in the form of special financing	Special deposits and other items, net	Net claims (19+20)	Notes and coin in circulation	Out-standing CDs issued by the Bank of Finland	
	13	14	15	16	17	18	19	20	21	22	23	
1987	-	- 757	- 10 941	2 730	2 350	- 6 618	3 449	- 4 782	- 1 333	9 990	4 970	
1988	7 187	335	- 19 039	2 920	3 733	- 4 864	2 823	- 6 579	- 3 756	11 550	1 130	
1989	33 230	- 531	- 25 506	3 310	2 248	12 751	2 000	- 10 604	- 8 604	13 129	-	
1990	9 411	- 418	- 17 401	3 427	2 317	- 2 664	1 477	- 9 724	- 8 247	14 555	-	
1991	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880	
1991												
Oct.	13 587	13 383	- 11 047	3 471	2 066	21 460	1 143	- 7 896	- 6 753	13 500	4 090	
Nov.	20 743	- 1 580	- 10 276	3 519	2 064	14 470	1 120	- 7 457	- 6 337	13 490	6 650	
Dec.	11 882	- 2 206	- 10 361	3 528	2 003	4 846	1 086	- 6 854	- 5 768	14 528	8 880	
1992												
Jan.	7 136	- 651	- 9 928	3 806	1 947	2 310	1 053	- 5 974	- 4 921	13 323	10 640	
Feb.	2 982	468	- 9 891	3 869	1 935	- 637	1 030	- 5 535	- 4 505	13 271	11 110	
March	3 508	- 219	- 9 783	3 521	1 925	- 1 048	995	- 5 287	- 4 292	14 243	13 030	
April	11 306	- 1 997	- 9 856	3 917	1 899	5 269	967	- 4 513	- 3 546	13 822	16 450	
May	8 562	- 750	- 9 851	3 709	1 923	3 593	946	- 3 775	- 2 829	13 787	20 600	
June	10 380	- 152	- 9 773	3 483	1 882	5 820	904	- 4 022	- 3 118	13 896	21 790	
July	14 304	- 7 507	- 9 812	3 654	1 818	2 457	882	- 3 851	- 2 969	13 790	19 350	
Aug.	15 914	- 13 405	- 9 772	3 534	1 794	- 1 935	861	- 3 527	- 2 666	13 562	6 930	
Sept.	13 354	- 811	- 9 762	3 450	1 758	7 989	832	- 3 412	- 2 580	13 459	13 720	
Oct.	5 520	- 219	- 10 421	3 432	1 748	60	807	- 3 315	- 2 508	13 493	12 540	

¹ Call money claims on deposit banks, net, until 2 July 1992.

2. THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION

2.1 BANKS' LIQUIDITY POSITION AT THE BANK OF FINLAND, MILL. FIM

Average of daily observations	Call money deposits	Liquidity credits ¹	Liquidity position, net ¹ (1-2)
	1	2	3
1987	703	481	222
1988	621	127	494
1989	416	369	47
1990	806	132	674
1991	881	985	- 103
1991			
Oct.	367	5 357	- 4 990
Nov.	400	4 457	- 4 057
Dec.	815	31	784
1992			
Jan.	822	63	759
Feb.	572	42	530
March	327	102	225
April	1 008	1 323	- 315
May	486	141	345
June	715	45	669
July	3 540	26	3 514
Aug.	8 895	0	8 894
Sept.	3 974	1 687	2 287
Oct.	2 191	876	1 314

2.2 THE BANK OF FINLAND'S CASH RESERVE SYSTEM

End of period	Cash reserve deposits	of which: additional deposits	Ordinary cash reserve requirement	Additional requirement
	mill. FIM		%	
	1	2	3	4
1987	10 941	.	4.9	.
1988	19 039	.	7.6	.
1989	25 506	3 159	8.0	1.1
1990	17 401	.	7.0	.
1991	10 361	.	4.0	.
1991				
Nov.	10 276	.	4.0	.
Dec.	10 361	.	4.0	.
1992				
Jan.	9 928	.	3.7	.
Feb.	9 891	.	3.7	.
March	9 783	.	3.7	.
April	9 856	.	3.7	.
May	9 851	.	3.7	.
June	9 773	.	3.7	.
July	9 812	.	3.7	.
Aug.	9 772	.	3.7	.
Sept.	9 762	.	3.7	.
Oct.	10 421	.	4.0	.
Nov.	..	.	4.5	.

¹ Call money credits and call money position until 2 July 1992.

2.3 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
1987	1 263	23 658	- 17 520	- 4 875
1988	13 840	19 190	- 16 850	11 500
1989	131 110	3 855	99 245	28 010
1990	163 326	26 379	160 797	- 23 850
1991	109 568	30 380	81 969	- 2 781
1991				
Oct.	15 350	6 710	8 990	- 350
Nov.	9 850	6 340	7 020	- 3 510
Dec.	2 430	6 660	2 260	- 6 490
1992				
Jan.	2 000	7 790	- 80	- 5 710
Feb.	1 710	8 460	1 170	- 7 920
March	2 000	9 420	- 5 290	- 2 130
April	11 310	17 310	- 9 200	3 200
May	6 630	15 240	1 930	- 10 540
June	8 200	14 860	- 6 600	- 60
July	11 700	13 300	- 9 798	8 198
Aug.	6 520	7 650	- 14 659	13 529
Sept.	4 300	19 920	- 5 930	- 9 690
Oct.	1 760	10 740	- 2 060	- 6 920

2.4 THE BANK OF FINLAND'S TRANSACTIONS IN CONVERTIBLE CURRENCIES, MILL. FIM

During period	Intervention in the foreign exchange market			Spot transactions related to forward contracts, net	Central government's foreign exchange transactions, net
	Spot purchases	Spot sales	Forward exchange intervention = change in forward exchange position		
	1	2	3	4	5
1991	35 120	- 69 940	- 14 820	12 820	12 260
1991					
Sept.	-	- 3 370	- 510	690	3 420
Oct.	730	- 19 910	- 5 470	5 300	2 210
Nov.	14 330	- 6 880	- 520	- 100	2 120
Dec.	6 840	- 170	1 020	- 430	1 110
1992					
Jan.	710	-	190	- 730	- 740
Feb.	-	- 4 000	4 280	- 4 240	7 150
March	50	- 250	1 200	- 1 200	1 250
April	2 960	- 16 650	- 2 790	1 650	6 040
May	3 870	-	500	- 320	930
June	1 480	- 2 380	2 530	3 390	5 370
July	470	- 5 790	1 450	- 1 590	3 760
Aug.	110	- 17 700	- 6 110	5 900	3 170
Sept.	-	- 20 880	- 14 860	11 610	2 800

2.5 FORWARD EXCHANGE MARKET, MILL. FIM

End of period	Banks' forward positions with					
	Domestic companies			Foreign banks, net	Bank of Finland, net	Total, net (3+4+5)
	Forward exchange bought by banks	Forward exchange sold by banks	Net (1-2)			
	1	2	3	4	5	6
1987	21 671	1 158	20 513	- 233	- 1 287	18 994
1988	16 488	1 543	14 946	9 086	- 377	23 654
1989	10 531	3 563	6 967	8 031	205	15 204
1990	11 609	4 979	6 631	10 100	- 6 098	10 633
1991	33 004	36 352	- 3 348	2 550	8 953	8 155
1991						
Sept.	17 020	38 496	- 21 477	13 454	3 947	- 4 076
Oct.	22 174	53 395	- 31 222	9 433	9 034	- 12 755
Nov.	37 546	51 191	- 13 645	1 551	9 601	- 2 493
Dec.	33 004	36 352	- 3 348	2 550	8 953	8 155
1992						
Jan.	31 732	27 973	3 759	4 673	8 276	16 708
Feb.	31 502	25 516	5 987	2 441	3 774	12 202
March	27 850	22 720	5 130	5 216	2 937	13 283
April	29 812	27 586	2 227	- 423	5 815	7 619
May	29 457	24 458	4 999	408	5 531	10 938
June	28 942	28 750	192	4 412	807	5 411
July	27 567	29 494	- 1 927	4 013	1 328	3 414
Aug.	25 399	34 767	- 9 368	421	7 933	- 1 014
Sept.	34 168	45 232	- 11 065	- 9 827	20 158	- 734

3. RATES OF INTEREST

3.1 MONEY MARKET RATES AND RATES APPLIED BY THE BANK OF FINLAND, PER CENT

Average of daily ob- servations	Inter-bank overnight rate	HELIBOR				Bank of Finland rates		
		1 month	3 months	6 months	12 months	Liquidity credit rate ¹	Call money deposit rate	Base rate
	1	2	3	4	5	6	7	8
1987	9.16	9.90	10.02	10.14	10.40	11.71	7.78	7.00
1988	8.47	9.77	9.97	10.16	10.50	11.50	7.04	7.63
1989	10.21	12.32	12.53	12.61	12.72	13.40	4.00	7.67
1990	10.57	13.63	13.99	14.16	14.39	15.00	4.00	8.50
1991	14.89	13.64	13.07	12.69	12.53	15.48	4.00	8.50
1991								
Oct.	15.72	15.95	14.38	13.01	12.46	15.00	4.00	8.50
Nov.	20.94	16.75	14.66	13.25	12.77	16.23	4.00	8.50
Dec.	10.89	12.55	12.78	12.71	12.63	15.00	4.00	8.50
1992*								
Jan.	11.41	12.09	12.25	12.33	12.39	15.00	4.00	8.50
Feb.	10.74	11.78	11.74	11.74	11.75	15.00	4.00	8.50
March	14.27	12.95	12.38	12.08	11.99	15.00	4.00	8.50
April	17.24	15.94	14.21	13.38	13.04	15.00	4.00	8.50
May	14.39	14.05	13.73	13.28	13.10	15.00	4.00	9.50
June	13.58	13.58	13.70	13.83	13.76	15.00	4.00	9.50
July	13.47	13.45	13.96	14.19	14.07	14.37	12.13	9.50
Aug.	15.02	15.25	15.09	14.97	14.69	16.84	14.65	9.50
Sept.	16.65	17.79	16.41	15.29	14.71	19.15	13.43	9.50
Oct.	12.23	13.34	13.37	13.32	13.39	14.69	8.96	9.50

¹ Call money credit rate until 2 July 1992.

3.2 THE BANK OF FINLAND'S LIQUIDITY FACILITY

	The Bank of Finland's tender rate, %	Liquid- ity credit: inter- est rate margin, %-points	Liquid- ity credit: matur- ity, days	Call money depos- its: inter- est rate margin, %-points
	1	2	3	4
1992				
July	13.37	July	+1.00	7
Aug.	15.84	Aug.	+1.00	14
Sept.	18.15	Sept.	+1.00	14
Oct.	13.69	Oct.	+1.00	7
1 Oct.	16.50	15 Oct.	+1.00	7
5 Oct.	16.13	28 Oct.	+1.00	7
9 Oct.	15.43			
14 Oct.	14.67			
15 Oct.	13.35			
16 Oct.	12.75			
21 Oct.	11.60			
28 Oct.	11.00			

3.3 WEIGHTED EURORATES AND COMMERCIAL ECU INTEREST RATE, PER CENT

Average of daily obser- vations	ECU	3 currencies	Commercial ECU
	3 months		
	1	2	3
1987	7.0	5.6	7.1
1988	6.9	6.0	6.9
1989	9.3	8.4	9.3
1990	10.5	9.1	10.4
1991	10.1	8.5	9.9
1991			
Oct.	9.9	8.3	9.9
Nov.	10.0	8.2	10.0
Dec.	10.4	8.2	10.6
1992			
Jan.	10.2	8.0	10.4
Feb.	10.2	8.1	10.3
March	10.3	8.2	10.2
April	10.3	8.2	10.2
May	10.2	8.1	10.2
June	10.4	8.0	10.5
July	10.7	7.9	10.8
Aug.	10.9	8.0	11.1
Sept.	11.0	7.5	11.6
Oct.	10.3	7.2	11.1

3.4 RATES OF INTEREST APPLIED BY BANKS, PER CENT

Average for period	Lending						Markku deposits and other markku funding				
	New credits				Average lending rate	Of which: Commercial banks	24-month tax-exempt deposits ¹	Other tax-exempt deposits, on max. rate of interest ¹	Average rate of interest on deposits	Average rate of interest on other funding	Average rate of interest on markku 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
1987	10.50	12.31	10.01	10.62	8.99	8.91	7.00	2.75	4.47	10.13	5.29
1988	10.22	12.27	10.50	10.72	9.88	9.74	8.00	3.75	5.24	9.80	6.20
1989	12.97	13.47	11.58	12.07	10.56	10.40	7.50	4.50	5.67	11.92	7.37
1990	13.24	15.62	13.33	13.85	11.84	11.61	7.50	4.50	6.43	13.55	8.41
1991	13.63	15.88	13.40	13.84	12.08	11.80	7.50	4.50	7.10	13.22	8.97
1991											
Sept.	12.81	15.74	13.78	13.96	11.96	11.76	7.50	4.50	6.95	12.95	8.87
Oct.	12.48	16.07	13.83	14.01	12.19	11.96	7.50	4.50	7.18	13.63	9.36
Nov.	14.19	16.29	13.71	14.16	12.21	11.87	7.50	4.50	7.24	13.63	9.41
Dec.	10.15	15.25	12.35	12.51	12.15	11.79	7.50	4.50	7.08	12.63	8.71
1992											
Jan.	12.52	15.42	13.14	13.41	12.06	11.76	7.50	4.50	7.19	12.29	8.66
Feb.	13.79	15.58	12.96	13.47	12.00	11.76	7.50	4.50	7.21	12.15	8.67
March	14.21	15.73	13.36	13.81	11.97	11.70	7.50	4.50	7.23	12.32	8.77
April	12.31	16.24	13.75	14.06	12.08	11.76	7.50	4.50	7.33	13.09	9.16
May	15.34	15.59	13.82	14.22	12.50	12.21	7.50	4.50	7.42	12.95	9.12
June	15.17	15.47	14.04	14.39	12.61	12.29	7.50	4.50	7.42	12.94	9.15
July	15.96	16.19	14.06	14.56	12.63	12.29	7.50	4.50	7.55	12.95	9.25
Aug.	16.21	16.56	14.33	14.81	12.81	12.52	7.50	4.50	7.71	13.64	9.67
Sept.	16.56	16.94	14.52	15.00	13.01	12.72	7.50	4.50	7.80	14.41	10.03

¹ End of period.

3.5 YIELDS ON BONDS AND DEBENTURES, PER CENT

Period	Secondary market yields						
	Reference rates calculated by the Bank of Finland		Taxable government bonds	Taxable public issues	Issued by:		Tax-free public issues
	3 years	5 years			Financial institutions	Corporations	
	1	2	3	4	5	6	7
1987	..	..	.	11.2	11.1	11.2	8.1
1988	10.7	10.8	10.6	10.6	10.6	10.6	7.8
1989	12.2	12.0	12.1	11.9	12.0	12.0	8.1
1990	13.7	13.5	13.2	13.3	13.3	13.2	9.2
1991	12.3	12.2	11.9	12.6	12.5	13.0	10.0
1991							
Sept.	11.7	11.7	11.3	12.2	12.0	12.7	9.6
Oct.	11.8	11.7	11.4	12.2	12.2	12.7	9.6
Nov.	12.4	12.3	12.1	12.5	12.5	12.5	9.6
Dec.	12.7	12.7	12.4	13.6	13.6	13.1	9.9
1992							
Jan.	12.5	12.5	12.3	13.0	12.9	13.1	10.0
Feb.	12.1	12.0	11.2	12.7	12.4	12.9	9.8
March	12.1	12.1	11.3	12.4	12.4	12.6	9.8
April	12.8	12.7	11.9	12.8	12.7	14.0	9.8
May	13.0	12.9	11.8	13.0	12.6	13.9	9.8
June	13.3	13.2	12.2	14.2	14.2	..	10.2
July	13.6	13.3	12.1	14.1	14.3	13.9	10.5
Aug.	14.3	14.0	12.8	14.5	14.7	14.3	10.4
Sept.	15.0	14.7	13.3	15.3	15.3	..	10.1

4. RATES OF EXCHANGE

4.1 MIDDLE RATES, FIM

Average New York of daily quo- tations	New York 1 USD	Montreal 1 CAD	London 1 GBP	Dublin 1 IEP	Stockholm 1 SEK	Oslo 1 NOK	Copen- hagen 1 DKK	Frankfurt aM 1 DEM	Amster- dam 1 NLG	Brussels 1 BEF	Zurich 1 CHF
	1	2	3	4	5	6	7	8	9	10	11
1987	4.396	3.316	7.193	6.535	0.6932	0.6528	0.6427	2.4459	2.1706	0.11773	2.9496
1988	4.187	3.405	7.446	6.377	0.6829	0.6424	0.6220	2.3842	2.1185	0.11390	2.8631
1989	4.290	3.624	7.032	6.082	0.6654	0.6213	0.5869	2.2818	2.0226	0.10890	2.6243
1990	3.823	3.277	6.808	6.325	0.6459	0.6110	0.6181	2.3664	2.1002	0.11447	2.7576
1991	4.046	3.533	7.131	6.511	0.6684	0.6236	0.6322	2.4380	2.1634	0.11841	2.8208
1991											
Oct.	4.119	3.651	7.092	6.514	0.6686	0.6223	0.6308	2.4363	2.1622	0.11833	2.7850
Nov.	4.194	3.712	7.454	6.900	0.7071	0.6580	0.6655	2.5843	2.2934	0.12545	2.9189
Dec.	4.258	3.722	7.753	7.229	0.7420	0.6892	0.6974	2.7142	2.4086	0.13176	3.0648
1992											
Jan.	4.297	3.715	7.775	7.246	0.7476	0.6926	0.7016	2.7220	2.4170	0.13218	3.0636
Feb.	4.423	3.741	7.856	7.289	0.7523	0.6966	0.7046	2.7304	2.4267	0.13259	3.0375
March	4.533	3.802	7.814	7.278	0.7522	0.6954	0.7032	2.7279	2.4236	0.13256	3.0051
April	4.495	3.783	7.895	7.270	0.7538	0.6962	0.7039	2.7280	2.4233	0.13258	2.9655
May	4.402	3.672	7.975	7.256	0.7540	0.6962	0.7033	2.7162	2.4129	0.13196	2.9529
June	4.290	3.587	7.945	7.269	0.7544	0.6967	0.7069	2.7238	2.4178	0.13235	3.0051
July	4.077	3.420	7.824	7.292	0.7545	0.6966	0.7107	2.7356	2.4261	0.13279	3.0576
Aug.	3.985	3.350	7.734	7.289	0.7540	0.6962	0.7120	2.7462	2.4358	0.13328	3.0659
Sept.	4.439	3.635	8.209	8.066	0.8271	0.7653	0.7904	3.0602	2.7170	0.14848	3.4724
Oct.	4.695	3.771	7.791	8.340	0.8410	0.7774	0.8218	3.1725	2.8180	0.15398	3.5775

Average of daily quo- tations	Paris	Rome	Vienna	Lisbon	Reykjavik	Madrid	Athens	Tokyo	Mel- bourne	ECU Commer- cial	SDR
	1 FRF	1 ITL	1 ATS	1 PTE	1 ISK	1 ESP	1 GRD	1 JPY	1 AUD	1 XEU	1 XDR
	12	13	14	15	16	17	18	19	20	21	22
1987	0.7314	0.00339	0.3477	0.0312	0.1138	0.0356	..	0.03042	3.082	5.065	5.68010
1988	0.7029	0.00322	0.3391	0.0291	0.0980	0.0359	..	0.03266	3.288	4.944	5.61826
1989	0.6725	0.00313	0.3242	0.0273	0.0758	0.0362	..	0.03116	3.398	4.719	5.49375
1990	0.7024	0.00319	0.3363	0.0268	0.0656	0.0375	..	0.02647	2.988	4.864	5.18345
1991	0.7169	0.00326	0.3464	0.0280	0.0684	0.0389	0.0224	0.03008	3.152	5.003	5.53082
1991											
Oct.	0.7147	0.00326	0.3462	0.0283	0.0688	0.0386	0.0220	0.03151	3.266	4.990	5.61024
Nov.	0.7563	0.00343	0.3671	0.0296	0.0718	0.0408	0.0231	0.03236	3.299	5.275	5.80952
Dec.	0.7943	0.00359	0.3855	0.0306	0.0746	0.0425	0.0240	0.03322	3.292	5.520	5.98926
1992											
Jan.	0.7981	0.00361	0.3867	0.0314	0.0752	0.0430	0.0240	0.03432	3.212	5.550	6.04989
Feb.	0.8021	0.00364	0.3883	0.0317	0.0758	0.0435	0.0240	0.03467	3.325	5.584	6.14937
March	0.8036	0.00363	0.3877	0.0317	0.0760	0.0432	0.0239	0.03412	3.438	5.580	6.19184
April	0.8066	0.00362	0.3875	0.0320	0.0759	0.0433	0.0231	0.03368	3.428	5.586	6.16396
May	0.8079	0.00361	0.3860	0.0326	0.0755	0.0434	0.0230	0.03369	3.328	5.581	6.11371
June	0.8091	0.00360	0.3869	0.0328	0.0752	0.0433	0.0224	0.03381	3.246	5.583	6.05642
July	0.8106	0.00361	0.3888	0.0323	0.0744	0.0430	0.0220	0.03245	3.039	5.585	5.88609
Aug.	0.8096	0.00362	0.3901	0.0318	0.0739	0.0428	0.0220	0.03155	2.890	5.582	5.80390
Sept.	0.8993	0.00380	0.4346	0.0348	0.0819	0.0455	0.0244	0.03620	3.208	6.092	6.46534
Oct.	0.9350	0.00358	0.4509	0.0356	0.0838	0.0446	0.0243	0.03876	3.359	6.197	6.73373

4.2 MARKKA VALUE OF THE ECU AND CURRENCY INDICES

Average of daily observations	Markka value of the ECU		Currency indices, 1982 = 100		
	FIM/ECU	Deviation from the midpoint, %	Bank of Finland's trade-weighted currency index	Payments currency index	MERM index
	1	2	3	4	5
1987	5.08273	.	103.3	103.9	106.1
1988	4.96108	.	102.0	101.7	104.7
1989	4.73670	.	98.4	99.0	102.8
1990	4.85697	.	97.3	96.7	97.3
1991	5.00580	.	101.4	101.3	102.8
1991					
Oct.	4.98879	2.3	101.5	101.8	104.2
Nov.	5.27668	0.9	106.8	106.4	108.3
Dec.	5.52866	-0.5	111.5	110.3	111.9
1992					
Jan.	5.55238	-0.1	112.1	111.1	113.0
Feb.	5.58207	0.4	112.9	112.5	114.4
March	5.57515	0.3	112.9	113.1	115.0
April	5.58563	0.5	112.9	112.9	114.5
May	5.58167	0.4	112.7	112.2	113.6
June	5.58600	0.5	112.6	111.4	112.8
July	5.58744	0.5	111.9	109.6	110.3
Aug.	5.58723	0.5	111.5	108.8	109.1
Sept.	6.13433	.	122.6	119.9	120.8
Oct.	6.22713	.	124.6	123.5	125.3

5. OTHER DOMESTIC FINANCING

5.1 BANK FUNDING FROM THE PUBLIC, MILL. FIM

End of period	Cheque and giro deposits	Transaction deposits	Time deposits	Other deposits	Markka deposits, total (1+2+3+4)	Foreign currency deposits	Total deposits (5+6)	Other funding	Total funding (7+8)
	1	2	3	4	5	6	7	8	9
1987	21 327	76 160	83 248		180 735	3 923	184 658	17 892	202 550
1988	25 473	76 958	121 670		224 102	4 643	228 745	28 844	257 589
1989	28 942	85 396	125 748		240 085	7 358	247 444	35 298	282 742
1990	30 953	96 176	124 930		252 058	6 818	258 876	38 835	297 711
1991	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1991									
Aug.	27 517	86 732	118 573	18 569	251 391	11 633	263 024	53 386	316 410
Sept.	28 607	84 769	119 427	18 087	250 890	12 476	263 366	58 761	322 127
Oct.	28 160	83 526	120 091	17 992	249 769	15 774	265 543	58 038	323 582
Nov.	28 911	83 328	121 547	18 277	252 063	16 779	268 841	58 774	327 615
Dec.	33 619	86 442	122 126	19 615	261 802	13 151	274 953	52 760	327 713
1992									
Jan.	32 780	84 701	123 513	19 094	260 087	12 274	272 361	54 706	327 068
Feb.	29 417	86 031	123 652	18 666	257 767	12 350	270 117	56 202	326 319
March	30 899	87 563	123 296	18 185	259 943	11 805	271 748	54 436	326 184
April	30 762	86 090	124 087	18 119	259 058	12 665	271 722	59 353	331 076
May	30 791	84 805	123 555	17 922	257 073	11 441	268 514	60 635	329 148
June	33 330	84 552	122 504	17 714	258 101	10 418	268 519	62 836	331 355
July	32 419	83 953	122 788	18 003	257 163	10 665	267 828	62 293	330 121
Aug.	33 067	83 283	122 056	17 976	256 381	11 525	267 906	62 938	330 844

5.2 BANK LENDING TO THE PUBLIC, MILL. FIM

End of period	Cheque account and postal giro credits	Bills of exchange	Loans	Markka lending, total (1+2+3)	Foreign currency credits	Total lending (4+5)
	1	2	3	4	5	6
1987	8 507	5 177	180 360	194 044	36 954	230 998
1988	11 358	5 920	234 268	251 545	50 235	301 780
1989	15 270	5 650	257 768	278 688	73 176	351 864
1990	19 152	5 777	260 790	285 720	103 134	388 853
1991	18 037	4 712	262 859	285 609	107 714	393 323
1991						
Aug.	18 679	4 925	260 927	284 531	106 764	391 295
Sept.	18 677	4 823	262 019	285 519	105 186	390 704
Oct.	18 419	4 714	263 042	286 175	105 113	391 288
Nov.	17 978	4 576	262 685	285 239	113 156	398 395
Dec.	18 037	4 712	262 859	285 609	107 714	393 323
1992						
Jan.	17 450	4 167	262 309	283 926	107 075	391 001
Feb.	17 650	4 099	262 813	284 563	105 703	390 266
March	17 215	3 996	260 983	282 194	102 701	384 895
April	17 407	3 927	259 782	281 116	101 104	382 220
May	17 403	3 916	259 295	280 613	99 035	379 649
June	17 344	3 899	257 990	279 234	96 635	375 869
July	16 959	3 848	257 777	278 583	95 334	373 917
Aug.	17 249	3 719	256 976	277 944	92 605	370 550

5.3 MONEY SUPPLY AND MONETARY AGGREGATES, MILL.FIM

End of period	Foreign assets, net	Domestic credit			Other items, net	M ₁	M ₂ (1+4+5)	M ₃
		Claims on the central government	Claims on the public	Total (2+3)				
	1	2	3	4	5	6	7	8
1987	- 25 484	- 14 977	277 068	262 090	- 45 769	105 829	190 837	206 175
1988	- 40 670	- 15 356	353 681	338 325	- 63 387	111 259	234 268	256 947
1989	- 59 049	- 18 691	408 344	389 653	- 79 084	124 295	251 519	272 603
1990	- 82 881	- 19 072	453 720	434 648	- 85 385	141 524	266 383	291 045
1991	- 86 555	- 6 516	470 852	464 336	- 103 415	129 769	274 365	310 048
1991								
Sept.	- 75 824	- 9 420	467 933	458 514	- 118 380	123 637	264 310	299 216
Oct.	- 76 079	- 8 627	469 184	460 557	- 121 185	122 012	263 293	304 260
Nov.	- 85 011	- 7 109	482 382	475 274	- 125 671	121 627	264 592	301 299
Dec.	- 86 555	- 6 516	470 852	464 336	- 103 415	129 769	274 365	310 048
1992*								
Jan.	- 92 949	- 5 295	471 797	466 502	- 99 925	127 440	273 629	311 649
Feb.	- 86 492	- 4 895	470 980	466 085	- 108 895	125 001	270 698	305 822
March	- 87 007	- 5 201	467 987	462 785	- 102 956	127 838	272 822	310 875
April	- 83 331	- 4 726	465 590	460 864	- 105 286	126 684	272 247	315 113
May	- 83 053	- 4 327	463 477	459 151	- 105 574	125 784	270 523	311 009
June	- 75 847	- 2 899	459 867	456 968	- 109 781	127 498	271 341	313 152
July	- 70 776	- 3 718	457 464	453 745	- 112 570	126 323	270 399	313 464
Aug.	..	..	..	..	..	126 128	269 475	311 002
Sept.	..	..	..	..	..	122 178	265 148	306 266

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

End of period	Foreign currency-denominated debt				Markka-denominated debt				Total central government debt (4+8)	Out-standing lending	Cash funds
	Bonds	Other bonds and debentures	Long-term promissory notes	Total (1+2+3)	Public bonds	Other long-term liabilities	Treasury notes and bills	Total (5+6+7)			
	1	2	3	4	5	6	7	8	9	10	11
1987	20 407	2 697	5 576	28 680	22 121	4 692	3 018	29 831	58 511	38 436	11 553
1988	20 202	1 804	4 273	26 279	24 243	5 272	2 290	31 805	58 084	41 011	15 858
1989	18 505	852	3 429	22 786	24 126	5 750	250	30 126	52 912	43 499	21 248
1990	20 917	732	3 144	24 793	23 982	8 263	-	32 245	57 038	48 121	23 114
1991	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 319	15 956
1991											
Sept.	28 417	1 817	2 350	32 584	29 058	9 008	2 530	40 595	73 179	53 998	16 859
Oct.	32 338	1 848	2 362	36 548	30 070	9 008	2 670	41 748	78 296	54 858	17 991
Nov.	37 875	2 014	2 601	42 490	30 825	10 408	4 180	45 413	87 903	55 105	16 909
Dec.	38 703	2 437	2 506	43 646	31 018	12 208	5 180	48 406	92 052	55 320	15 956
1992											
Jan.	38 613	2 525	2 500	43 638	31 064	12 205	6 881	50 150	93 788	55 994	11 536
Feb.	45 885	2 904	2 466	51 255	32 232	12 205	6 430	50 867	102 122	56 721	17 967
March	47 575	2 843	2 401	52 819	32 629	12 199	7 201	52 029	104 848	57 725	18 423
April	53 972	2 837	2 383	59 192	32 814	11 614	7 257	51 685	110 877	58 257	17 029
May	55 006	2 861	2 376	60 243	33 881	11 460	8 257	53 598	113 841	58 803	21 068
June	60 146	3 099	2 166	65 411	34 316	11 460	10 384	56 160	121 571	59 398	20 284
July	63 957	3 063	1 641	68 661	35 193	11 460	10 658	57 311	125 972	59 964	22 293
Aug.	66 790	3 050	1 630	71 470	34 862	11 460	11 901	58 223	129 693	60 326	20 510
Sept.	79 848	3 579	2 209	85 636	36 152	11 460	12 193	59 805	145 441	..	21 269

5.5 MARKKA BOND MARKET

A) ISSUES, MILL. FIM

During period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpo- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placements	
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1987	4 477	9 510	8 119	206	69	9 409	8 830	4 142	22 380
1988	3 027	8 418	6 889	268	61	7 861	6 522	4 280	18 663
1989	4 204	11 022	5 717	233	13	11 146	2 997	7 046	21 189
1990	4 640	17 891	4 420	490	1 007	17 234	607	10 607	28 447
1991*	7 277	25 745	11 073	1 320	—	30 168	—	15 247	45 415
1991*									
Sept.	449	1 411	300	250	—	2 261	—	149	2 410
Oct.	327	1 300	205	403	—	623	—	1 612	2 234
Nov.	1 142	2 646	100	223	—	1 613	—	2 497	4 111
Dec.	244	6 343	—	—	—	4 100	—	2 486	6 586
1992*									
Jan.	662	846	4 465	70	—	5 360	—	683	6 043
Feb.	770	1 943	—	450	—	1 893	—	1 270	3 163
March	442	1 017	235	310	—	1 510	—	494	2 004
April	53	1 512	—	570	4	338	—	1 801	2 139
May	1 104	933	2 220	171	—	3 437	—	991	4 428
June	1 242	836	215	42	—	1 181	—	1 154	2 335
July	399	10	—	86	—	50	—	445	495
Aug.	18	1 645	175	20	—	1 820	—	38	1 858
Sept.	5	1 075	190	77	—	345	—	1 002	1 347

B) STOCK, MILL. FIM

End of period	By sector					By type of loan			Total (1+2+3+4+5) = (6+7+8)
	Corpe- rations	Financial institutions	Central government	Local government	Others	Public issues		Private placings	
						Public issues			
						Taxable	Taxfree		
	1	2	3	4	5	6	7	8	9
1987	17 509	36 773	26 518	1 200	232	24 831	28 229	29 172	82 232
1988	19 195	42 892	28 953	1 413	292	32 028	30 054	30 663	92 745
1989	21 463	50 216	29 381	1 555	290	41 162	27 742	34 001	102 906
1990	23 522	59 756	28 812	1 756	1 298	52 273	22 970	39 902	115 145
1991*	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1991*									
III	25 034	69 492	33 235	2 037	3 744	70 002	18 614	44 926	133 542
IV	26 632	76 701	35 195	2 766	3 726	76 346	18 096	50 578	145 020
1992*									
I	26 650	77 864	36 796	3 555	3 724	80 892	15 977	51 720	148 589
II	26 383	80 295	37 744	4 306	3 721	83 427	15 314	53 707	152 449
III	26 079	80 658	39 579	4 457	3 720	86 058	14 329	54 106	154 493

5.6 HELSINKI STOCK EXCHANGE

Average of daily observations	Share prices									Turnover ¹ , mill. FIM		
	HEX Index (28 Dec., 1990=1000)									Shares and sub- scrip- tion rights	Bonds and debentures	Total
	All-share Index	By ownership		By industry								
		Re- stricted	Non-re- stricted	Banks and finance	Insur- ance and invest- ment	Manu- factur- ing	Of which:					
							Forest indus- tries	Metal and engi- neering	Congl- omerates			
	1	2	3	4	5	6	7	8	9	10	11	12
1987	1 284	1 264	1 385	1 449	1 054	1 285	1 421	1 342	1 369	26 641	4 604	31 245
1988	1 692	1 727	1 473	1 825	1 371	1 705	1 591	1 629	2 013	31 734	5 718	37 452
1989	1 827	1 850	1 689	1 958	1 528	1 818	1 728	1 748	2 061	33 160	7 375	40 536
1990	1 330	1 322	1 393	1 260	1 182	1 374	1 435	1 281	1 472	15 521	4 550	20 071
1991	962	949	1 062	901	898	1 003	1 075	1 076	1 020	6 339	1 315	7 655
1991												
Oct.	846	833	945	755	807	891	988	994	889	447	40	487
Nov.	831	819	927	727	745	884	1 038	978	856	406	36	442
Dec.	787	779	853	664	618	857	1 060	955	807	487	125	612
1992												
Jan.	852	837	961	681	646	950	1 187	1 056	909	790	69	859
Feb.	904	889	1 011	649	653	1 040	1 252	1 244	990	648	65	712
March	858	845	959	595	612	991	1 159	1 204	941	581	41	622
April	805	791	907	530	552	941	1 124	1 171	878	418	23	441
May	849	838	929	542	538	1 014	1 202	1 317	950	674	104	778
June	788	776	877	411	474	972	1 182	1 298	904	606	511	1 118
July	722	710	811	345	425	901	1 082	1 210	835	406	902	1 308
Aug.	639	628	719	286	343	803	969	1 120	728	313	898	1 211
Sept.	576	564	667	205	250	750	944	1 085	653	614	1 449	2 062
Oct.	651	637	747	227	289	852	1 017	1 184	791	1 233	2 208	3 441

¹ During period.

6. BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

6.1 CURRENT ACCOUNT, MILL. FIM

During period	Exports of goods, i.e.b.	Transport receipts	Travel receipts	Other services receipts	Services receipts, total (2+3+4)	Exports of goods and services (1+5)	Investment income	Transfers and other income	Current account receipts (6+7+8)	Imports of goods, i.e.f.	Transport expenditure	Travel expenditure	Other services expenditure
	1	2	3	4	5	6	7	8	9	10	11	12	13
1987	83 826	6 387	3 736	6 099	16 222	100 048	6 162	3 231	109 441	81 867	2 610	6 811	6 488
1988	91 313	7 026	4 280	6 132	17 438	108 750	9 377	4 415	122 543	91 232	3 338	7 907	7 390
1989	98 265	7 662	4 497	6 277	18 436	116 701	10 212	3 652	130 565	104 400	3 869	8 969	8 759
1990	99 750	8 347	4 650	6 081	19 077	118 827	12 739	4 461	136 027	101 967	4 363	10 766	9 503
1991*	91 263	8 200	5 041	5 338	18 579	109 842	10 104	5 112	125 058	86 696	4 399	11 089	10 939
1990													
I	24 356	1 984	794	1 621	4 399	28 755	3 190	1 084	33 028	24 733	928	2 514	2 250
II	26 482	2 096	1 070	1 546	4 712	31 194	3 299	1 142	35 635	27 406	1 104	2 581	2 190
III	22 902	2 189	1 598	1 186	4 973	27 875	2 607	1 104	31 587	23 063	1 054	2 912	2 089
IV	26 010	2 078	1 188	1 728	4 994	31 004	3 642	1 130	35 776	26 765	1 277	2 760	2 974
1991*													
I	21 988	1 872	914	1 340	4 126	26 115	2 602	1 239	29 956	22 093	1 042	2 592	2 830
II	21 245	2 007	1 256	1 140	4 403	25 648	2 636	1 323	29 608	20 972	1 101	2 583	2 597
III	22 790	2 223	1 628	1 124	4 975	27 765	2 512	1 232	31 508	20 602	1 104	2 899	2 447
IV	25 240	2 099	1 242	1 733	5 074	30 315	2 354	1 318	33 986	23 029	1 152	3 014	3 066
1992*													
I	24 751	1 948	1 135	1 592	4 675	29 425	3 594	1 304	34 323	22 800	1 083	2 690	3 437
II	26 415	2 102	1 459	1 395	4 956	31 371	2 967	1 328	35 666	24 307	1 136	2 784	2 915

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
1987	15 909	97 775	13 356	5 860	116 990	1 960	3 778	-3 075	-390	313	2 273	-7 194	-2 629	-7 550
1988	18 634	109 866	17 033	6 975	133 874	80	3 689	-3 627	-1 258	-1 196	-1 116	-7 656	-2 560	-11 331
1989	21 596	125 996	21 882	7 561	155 439	-6 134	3 793	-4 471	-2 482	-3 160	-9 294	-11 670	-3 910	-24 874
1990	24 632	126 599	26 973	8 967	162 540	-2 218	3 984	-6 117	-3 422	-5 555	-7 772	-14 234	-4 506	-26 513
1991*	26 427	113 123	28 383	10 172	151 678	4 567	3 802	-6 048	-5 601	-7 848	-3 281	-18 279	-5 060	-26 620
1990														
I	5 693	30 426	6 218	2 167	38 811	-378	1 056	-1 720	-629	-1 293	-1 671	-3 028	-1 084	-5 783
II	5 874	33 281	7 198	2 378	42 857	-924	992	-1 511	-644	-1 163	-2 087	-3 899	-1 236	-7 222
III	6 054	29 117	6 415	2 132	37 665	-161	1 136	-1 314	-903	-1 082	-1 243	-3 808	-1 028	-6 078
IV	7 011	33 776	7 141	2 289	43 206	-755	801	-1 572	-1 246	-2 017	-2 772	-3 499	-1 159	-7 430
1991*														
I	6 464	28 556	7 918	2 973	39 447	-104	830	-1 678	-1 489	-2 337	-2 442	-5 316	-1 734	-9 492
II	6 281	27 254	7 305	2 161	36 720	273	906	-1 327	-1 457	-1 878	-1 605	-4 669	-838	-7 112
III	6 450	27 052	6 671	2 169	35 892	2 188	1 119	-1 271	-1 323	-1 475	713	-4 160	-937	-4 384
IV	7 232	30 261	6 488	2 869	39 619	2 211	947	-1 772	-1 332	-2 158	53	-4 135	-1 551	-5 632
1992*														
I	7 210	30 010	8 693	3 022	41 725	1 950	865	-1 555	-1 846	-2 535	-585	-5 099	-1 719	-7 402
II	6 834	31 141	7 583	2 287	41 011	2 109	966	-1 325	-1 520	-1 878	231	-4 616	-959	-5 345

6.2 CAPITAL ACCOUNT¹, MILL. FIM

During period	Imports of long-term capital					Exports of long-term capital					Long-term capital account (5-10)	Basic balance
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)		
	1	2	3	4	5	6	7	8	9	10	11	12
1987	1 165	9 828	861	91	11 945	5 015	2 285	1 669	272	9 241	2 704	-4 846
1988	2 218	14 355	3 062	85	19 720	10 919	1 248	3 931	292	16 390	3 331	-8 001
1989	2 095	14 756	8 608	79	25 538	13 327	180	5 323	273	19 103	6 435	-18 439
1990	3 010	22 656	19 674	169	45 509	12 471	577	-499	294	12 843	32 666	6 153
1991*	-869	36 373	12 745	561	48 810	4 701	-373	901	101	5 330	43 480	16 860
1990												
I	575	6 788	12 238	126	19 727	2 038	302	1 438	156	3 934	15 793	10 010
II	326	2 836	1 657	-34	4 785	2 739	-425	2 374	0	4 688	97	-7 125
III	85	6 702	2 518	-26	9 279	2 640	284	-2 963	10	-29	9 308	3 230
IV	2 024	6 330	3 261	103	11 718	5 054	416	-1 348	128	4 250	7 468	38
1991*												
I	299	7 778	3 402	-267	11 213	1 140	-16	18	165	1 307	9 906	415
II	108	15 064	3 779	484	19 434	747	-434	643	-19	937	18 498	11 385
III	-519	10 039	2 775	-61	12 234	1 016	434	-520	-2	928	11 306	6 923
IV	-757	3 492	2 788	404	5 928	1 798	-356	760	-44	2 158	3 770	-1 863
1992*												
I	663	4 314	-872	900	5 005	3 061	185	178	273	3 697	1 307	-6 095
II	156	13 275	467	-80	13 817	1 442	1 145	-340	-109	2 138	11 680	6 335

During period	Imports of short-term capital				Exports of short-term capital				Errors and omissions	Short-term capital account (16-20+21)	Overall balance excl. reserve movements (12+22)	Change in central bank's foreign exchange reserves
	Short-term capital imports of authorized banks	Trade credits	Other short-term capital	Total (13+14+15)	Short-term capital exports of authorized banks	Trade credits	Other short-term capital	Total (17+18+19)				
	13	14	15	16	17	18	19	20	21	22	23	24
1987	19 324	-665	3 835	22 494	-6 088	-183	1 268	-5 003	-6 915	20 581	15 736	-15 736
1988	10 950	-399	-811	9 740	2 331	644	1 995	4 971	3 415	8 183	183	-183
1989	4 285	1 627	3 679	9 592	1 462	475	710	2 647	5 533	12 478	-5 961	5 961
1990	16 258	1 119	-1 357	16 020	-2 290	-1 254	1 244	-2 300	-9 381	8 939	15 092	-15 092
1991*	-13 133	817	-1 301	-13 617	6 049	957	3 303	10 309	662	-23 264	-6 404	6 404
1990												
I	19 514	731	956	21 201	8 907	-593	1 575	9 889	-10 475	836	10 847	-10 847
II	9 095	594	-1 742	7 947	2 936	-593	-103	2 240	2 192	7 899	774	-774
III	-1 155	-201	517	-838	-729	-34	238	-525	-857	-1 170	2 059	-2 059
IV	-11 196	-6	-1 088	-12 290	-13 404	-34	-467	-13 905	-241	1 374	1 412	-1 412
1991*												
I	18 038	-1 035	2 367	19 370	22 472	-602	3 978	25 847	2 960	-3 517	-3 102	3 102
II	-10 815	3	-605	-11 416	515	-516	1 972	1 971	-219	-13 606	-2 221	2 221
III	-16 261	392	-583	-16 453	-3 091	1 048	1 869	-174	2 450	-13 828	-6 905	6 905
IV	-4 094	1 456	-2 481	-5 118	-13 847	1 027	-4 515	-17 334	-4 529	7 687	5 824	-5 824
1992*												
I	-2 010	339	3 559	1 887	-4 134	987	1 752	-1 394	1 173	4 454	-1 641	1 641
II	-9 571	4 072	155	-5 344	-1 014	1 220	-3 025	-2 820	-4 859	-7 384	-1 049	1 049

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

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

End of period	Long-term liabilities					Long-term assets					Long-term debt, net (5-10)
	Direct investment in Finland	Portfolio investment in Finland	Loans	Other long-term capital	Total (1+2+3+4)	Direct investment abroad	Portfolio investment abroad	Loans	Other long-term capital	Total (6+7+8+9)	
	1	2	3	4	5	6	7	8	9	10	11
1987	10 339	54 317	30 379	830	95 865	17 892	6 975	15 371	2 192	42 430	53 435
1988	12 673	68 957	33 117	915	115 662	24 199	8 223	19 417	2 484	54 323	61 339
1989	16 093	82 313	40 110	994	139 510	33 234	7 680	24 572	2 757	68 243	71 267
1990	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991*	17 500	142 942	69 422	5 427	235 291	51 009	7 559	27 909	6 161	92 638	142 653
1990											
I	16 556	85 070	50 790	1 120	153 536	34 829	7 898	25 771	2 913	71 411	82 125
II	16 769	86 559	52 247	1 086	156 661	37 124	7 457	28 102	2 913	75 596	81 065
III	16 741	90 866	54 362	1 060	163 029	39 321	7 330	24 996	2 923	74 570	88 459
IV	18 651	98 399	51 744	4 630	173 424	43 931	7 184	25 595	5 487	82 196	91 228
1991*											
I	18 880	111 399	56 270	4 234	190 783	45 071	7 307	25 982	5 914	84 274	106 509
II	18 917	125 468	61 363	4 741	210 489	45 818	6 917	27 086	6 061	85 882	124 607
III	18 328	130 701	63 708	4 718	217 455	46 834	7 385	26 013	5 934	86 165	131 289
IV	17 500	142 942	69 422	5 427	235 291	51 009	7 559	27 909	6 161	92 638	142 653
1992*											
I	18 163	150 783	70 333	6 513	245 791	54 070	8 051	29 074	6 738	97 932	147 859
II	18 319	160 128	68 797	6 373	253 618	55 512	9 241	27 836	6 366	98 955	154 663

End of period	Short-term liabilities					Short-term assets					Short-term liabilities, net (16-21)	Debt, net (11+22)	Net interest and dividend expenditure	Net interest and dividend expenditure in relation to current account receipts
	Bank of Finland's short-term liabilities	Short-term liabilities of authorized banks	Trade credits	Other short-term liabilities	Total (12+13+14+15)	Bank of Finland's short-term assets	Short-term assets of authorized banks	Trade credits	Other short-term assets	Total (17+18+19+20)				
	12	13	14	15	16	17	18	19	20	21	22	23	24	25
1987	3 362	73 132	11 470	9 691	97 654	31 134	32 310	15 397	2 663	81 505	16 150	69 585	7 542	6.9
1988	3 341	83 828	11 070	9 039	107 278	32 037	32 108	16 041	4 789	84 975	22 303	83 642	7 933	6.5
1989	3 558	88 751	12 697	12 883	117 889	25 113	33 569	16 516	5 666	80 864	37 024	108 291	10 453	8.0
1990	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	13 130	9.7
1991*	3 149	100 837	14 233	14 703	132 921	35 922	36 515	15 845	10 634	98 916	34 005	176 658	15 479	12.5
1990														
I	4 036	108 663	13 428	13 808	139 936	35 895	42 476	15 924	7 218	101 513	38 423	120 548	2 752	8.3
II	4 195	118 120	14 023	12 066	148 404	36 764	45 412	15 331	7 126	104 634	43 770	124 835	3 623	10.2
III	4 071	117 679	13 468	12 544	147 763	38 454	44 683	15 297	7 325	105 759	42 004	130 463	3 532	11.2
IV	3 922	106 548	13 466	13 864	137 801	39 506	27 190	14 372	6 608	87 676	50 125	141 353	3 223	9.0
1991*														
I	3 399	127 305	12 323	17 232	160 259	37 748	48 792	13 766	11 366	111 672	48 587	155 096	4 616	15.4
II	2 889	117 997	12 318	17 498	150 702	36 023	50 406	13 271	13 753	113 453	37 249	161 856	3 969	13.4
III	2 826	100 908	12 710	16 703	133 147	29 006	47 064	14 326	15 153	105 549	27 599	158 888	3 460	11.0
IV	3 149	100 837	14 233	14 703	132 921	35 922	36 515	15 845	10 634	98 916	34 005	176 658	3 435	10.1
1992*														
I	3 185	102 919	14 549	18 471	139 124	35 429	32 746	17 002	12 920	98 097	41 027	188 885	5 099	14.9
II	3 242	91 655	18 647	17 966	131 510	33 516	33 168	18 172	9 412	94 269	37 241	191 904	4 616	12.9

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

End of period	Long-term liabilities						Long-term assets						Long-term liabilities, net (6-12)
	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (1+2+3+4+5)	Corporate sector	Banks	Other financial institutions	Central government	Other	Total (7+8+9+10+11)	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1987	39 522	17 365	9 777	28 691	509	95 865	19 493	16 242	3 403	2 653	639	42 430	53 435
1988	46 471	27 427	14 339	26 926	499	115 662	25 093	21 607	3 573	3 101	949	54 323	61 339
1989	58 009	40 199	17 665	23 063	574	139 510	34 828	26 048	2 313	3 517	1 537	68 243	71 267
1990	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991*	77 615	68 764	31 821	56 377	713	235 291	53 300	29 897	2 092	4 752	2 597	92 638	142 653
1990													
I	63 564	47 288	19 317	22 763	604	153 536	35 903	27 707	2 388	3 699	1 714	71 411	82 125
II	63 097	49 935	20 635	22 359	636	156 661	37 981	29 908	2 118	3 734	1 855	75 596	81 065
III	62 837	54 562	21 377	23 580	673	163 029	39 882	27 193	1 763	3 772	1 960	74 570	88 459
IV	65 553	56 394	21 694	29 174	610	173 424	45 372	28 423	2 075	4 279	2 047	82 196	91 228
1991*													
I	70 107	58 048	25 781	36 123	724	190 783	47 040	28 217	2 114	4 651	2 252	84 274	106 509
II	75 309	65 685	29 985	38 814	696	210 489	48 327	28 059	2 093	5 040	2 362	85 882	124 607
III	75 300	66 742	30 358	44 332	723	217 455	49 229	27 639	2 109	4 655	2 534	86 165	131 289
IV	77 615	68 764	31 821	56 377	713	235 291	53 300	29 897	2 092	4 752	2 597	92 638	142 653
1992*													
I	79 233	67 182	32 389	65 370	1 617	245 791	56 576	31 025	2 271	5 367	2 693	97 932	147 859
II	77 220	61 658	34 419	78 534	1 787	253 618	58 127	30 666	2 261	5 147	2 754	98 955	154 663

7. FOREIGN TRADE

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

During period	Exports, feb	Imports, cif	Balance (1-2)
	1	2	3
1987	85 516	82 807	2 709
1988	92 902	92 118	784
1989	99 784	105 516	- 5 732
1990	101 327	103 027	- 1 700
1991*	92 842	87 741	5 101
1991*			
Sept.	8 156	7 139	1 017
Oct.	8 494	7 885	609
Nov.	8 950	7 272	1 678
Dec.	8 207	8 130	77
1992*			
Jan.	7 585	7 222	363
Feb.	8 282	7 760	522
March	9 329	8 155	1 174
April	8 743	8 429	314
May	9 099	8 089	1 010
June	9 022	8 088	934
July	7 965	6 766	1 199
Aug.	7 651	6 875	776
Sept.	9 659	7 492	2 167

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

Period	Volume		Unit value		Terms of trade
	Exports	Imports	Exports	Imports	
	1	2	3	4	5
1987	118	119	138	119	116
1988	121	130	145	122	119
1989	121	144	156	126	123
1990	125	138	154	128	120
1991*	114	115	154	131	118
1990					
II	132	151	154	126	122
III	114	124	155	129	120
IV	130	139	154	133	116
1991*					
I	110	117	154	131	118
II	107	112	153	130	118
III	113	109	156	132	119
IV	124	118	156	135	116
1992*					
I	118	112	162	142	114
II	125	118	162	143	113
III	117	102	163	142	115

7.3 FOREIGN TRADE BY MAIN GROUPS, MILL. FIM

During period	Exports by industries, feb					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	10
1987	7 470	27 058	7 770	26 230	16 988	41 175	9 406	14 138	17 478	610
1988	7 567	30 474	8 450	29 225	17 186	45 791	7 533	17 274	20 828	692
1989	7 416	32 513	8 844	32 682	18 329	51 786	8 310	20 606	24 055	759
1990	7 811	31 658	9 540	35 493	16 825	49 210	9 829	19 364	23 888	736
1991*	6 984	29 695	10 539	29 188	16 436	42 505	9 399	13 973	21 195	669
1991*										
Sept.	642	2 442	955	2 578	1 539	3 537	854	1 015	1 727	6
Oct.	654	2 681	965	2 628	1 566	3 607	1 215	1 130	1 803	130
Nov.	661	2 835	1 062	2 880	1 512	3 550	962	1 006	1 732	22
Dec.	576	2 429	976	2 793	1 433	3 576	952	1 658	1 649	295
1992*										
Jan.	528	2 444	987	2 197	1 429	3 574	690	1 092	1 747	119
Feb.	643	2 589	1 087	2 302	1 661	3 907	608	1 283	1 895	67
March	654	2 761	1 180	3 092	1 642	4 258	665	1 047	2 079	106
April	748	2 799	1 066	2 574	1 556	4 301	707	1 384	1 915	122
May	712	2 569	1 073	3 189	1 556	4 105	894	1 429	1 624	37
June	680	2 643	967	3 157	1 575	4 553	731	1 159	1 538	107
July	504	2 391	763	3 125	1 182	3 460	789	900	1 541	76
Aug.	531	2 352	919	2 353	1 496	3 657	698	751	1 552	217
Sept.	685	2 916	1 026	3 246	1 786	4 116	559	906	1 790	121

7.4 FOREIGN TRADE BY REGIONS AND COUNTRIES

Region and country	Exports, feb				Imports, cff			
	1991*		1992 *		1991*		1992 *	
	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year	Mill. FIM	Percentage share	Mill. FIM	Percentage change from the corresponding period of the previous year
	1	2	3	4	5	6	7	8
All OECD countries	75 795	81.6	64 567	16.2	70 023	79.8	54 585	6.9
OECD Europe	67 025	72.2	57 539	17.4	57 776	65.8	45 589	8.3
Of which:								
Austria	1 227	1.3	1 026	13.5	1 054	1.2	845	8.8
Belgium and Luxembourg	2 403	2.6	2 043	13.9	2 252	2.6	1 933	20.1
Denmark	3 445	3.7	2 794	10.8	2 993	3.4	2 329	3.3
France	5 492	5.9	5 566	39.1	3 673	4.2	3 006	12.5
Germany	14 331	15.4	12 414	18.8	14 834	16.9	11 867	9.6
Italy	3 303	3.6	3 120	31.0	3 661	4.2	2 581	- 7.9
Netherlands	4 653	5.0	4 098	20.2	2 974	3.4	2 483	10.8
Norway	3 079	3.3	2 699	21.2	3 978	4.5	2 574	- 10.0
Spain	2 534	2.7	2 093	17.0	1 008	1.1	860	20.0
Sweden	12 884	13.9	10 060	6.5	10 806	12.3	8 142	3.0
Switzerland	1 813	2.0	1 390	5.1	1 573	1.8	1 367	17.0
United Kingdom	9 613	10.4	8 231	15.9	6 739	7.7	5 758	27.4
Other OECD	8 770	9.4	7 028	7.0	12 247	14.0	8 996	0.1
Of which:								
Canada	720	0.8	590	12.9	547	0.6	465	9.2
Japan	1 393	1.5	970	- 7.4	5 287	6.0	3 838	- 4.8
United States	5 648	6.1	4 627	8.7	6 032	6.9	4 256	0.2
Non- OECD European countries	6 531	7.0	5 136	13.2	9 577	10.9	6 472	- 8.5
Of which:								
Russia ¹	4 521	4.9	2 078	..	7 455	8.5	4 453	..
Other countries	10 516	11.3	7 632	7.8	8 141	9.3	7 819	24.1
Of which:								
OPEC countries	1 977	2.1	1 332	- 3.3	1 306	1.5	1 236	12.6
TOTAL	92 842	100.0	77 335	15.1	87 741	100.0	68 876	6.9
Of which:								
EC countries	47 567	51.2	41 961	20.7	40 224	45.8	32 508	11.1
EFTA countries	19 113	20.6	15 264	9.1	17 447	19.9	12 988	2.0

¹ Until the end of 1991, the Soviet Union; figures for Estonia, Latvia and Lithuania were included in those for the Soviet Union until October 1991.

8. DOMESTIC ECONOMIC DEVELOPMENTS

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

(seasonally adjusted figures)

Period	Consumption expenditure		Fixed investment		Change in stocks, incl. statistical discrepancy	Domestic demand (1+2+3+4+5)	Exports	Imports	GDP (6+7-8)
	Private	Public	Private	Public					
	1	2	3	4	5	6	7	8	9
1987	199 981	73 458	72 761	11 654	2 246	360 100	102 127	106 568	355 659
1988	209 956	75 190	81 839	11 446	9 062	387 493	105 897	118 405	374 985
1989	218 775	77 117	95 178	11 234	14 056	416 360	107 552	128 834	395 078
1990	219 293	80 525	88 429	12 720	13 992	414 959	109 236	127 735	396 460
1991*	210 939	83 032	68 597	13 303	5 165	381 036	102 565	112 937	370 664
1990									
I	54 876	19 887	23 890	3 196	2 450	104 298	27 277	32 187	99 387
II	55 459	20 051	22 350	3 262	4 596	105 718	29 143	34 363	100 498
III	54 825	20 228	21 213	3 060	3 513	102 839	26 496	30 277	99 058
IV	54 132	20 359	20 977	3 203	3 433	102 104	26 321	30 907	97 517
1991*									
I	53 223	20 470	19 445	3 250	2 726	99 113	25 392	29 684	94 821
II	52 996	20 699	17 318	3 734	1 318	96 064	24 360	27 441	92 984
III	52 775	20 886	16 412	3 306	249	93 630	26 792	28 204	92 217
IV	51 945	20 977	15 422	3 013	872	92 229	26 021	27 608	90 642
1992*									
I	51 316	20 355	15 659	3 057	2 115	92 501	27 366	28 894	90 974
II	50 044	20 573	16 182	3 103	2 781	92 684	28 246	29 595	91 334

8.2 VOLUME OF INDUSTRIAL PRODUCTION, 1985=100

(seasonally adjusted figures)

Period	Total industry (100.0)	Mining and quarrying (1.6)	Manufacturing (87.9)	Wood and paper industries (16.5)	Metal and engineering industries (30.0)	Other manufacturing (41.4)	Energy and water supply (10.5)
	1	2	3	4	5	6	7
1987	107.2	99.9	107.2	106.5	110.2	105.4	107.8
1988	110.9	108.8	111.0	113.1	114.5	107.6	110.1
1989	114.6	117.9	115.0	116.6	121.5	109.6	110.5
1990	114.3	115.7	114.4	114.6	122.1	108.7	112.9
1991*	104.1	106.4	102.4	104.8	105.0	99.7	117.6
1991*							
Aug.	102.0	123.1	99.8	102.7	100.6	98.6	118.0
Sept.	100.9	110.9	98.3	104.2	98.1	96.7	122.5
Oct.	99.9	105.0	97.5	104.0	97.9	95.0	120.6
Nov.	99.6	97.9	98.2	104.5	95.8	95.9	113.4
Dec.	102.3	104.2	101.4	105.5	105.1	98.5	111.2
1992*							
Jan.	103.4	106.4	101.7	105.5	106.3	97.1	115.9
Feb.	105.3	111.1	103.9	111.6	110.2	96.0	114.6
March	107.2	119.3	105.8	109.9	116.3	96.9	116.4
April	108.5	114.7	106.9	108.3	118.6	98.4	118.9
May	108.8	143.0	107.1	111.2	118.0	98.3	112.9
June	112.1	183.4	107.6	109.8	121.6	99.3	111.8
July	114.5	116.8	115.4	100.5	128.1	108.6	107.3
Aug.	110.1	98.2	110.4	110.2	129.0	97.4	110.8

8.3 INDICATORS OF DOMESTIC SUPPLY AND DEMAND, 1985=100

(seasonally adjusted figures)

Period	Volume of wholesale trade	Volume of retail trade	Volume of construction of buildings	Of which:			Imports of investment goods	Monthly indicator of GDP
				Residential buildings	Industrial buildings	Other buildings		
	1	2	3	4	5	6	7	8
1987	111.3	107.7	95.6	89.0	101.0	102.6	114.3	106.9
1988	116.7	113.0	108.6	106.0	113.4	110.6	135.0	110.7
1989	124.2	117.0	130.3	132.9	137.6	125.2	161.4	115.4
1990	119.9	111.7	127.3	124.8	161.7	122.1	144.6	116.7
1991*	101.2	103.9	103.9	94.4	127.7	109.9	102.1	111.0
1991*								
July	107.1	106.8	..	..	..	..	..	112.4
Aug.	98.8	104.4	..	..	..	..	..	109.9
Sept.	99.2	103.6	..	..	..	..	..	110.0
Oct.	95.6	103.0	..	..	..	..	..	109.0
Nov.	95.0	102.5	..	..	..	..	..	109.2
Dec.	95.5	100.4	..	..	..	..	..	109.9
II	102.7	104.7	112.8	101.4	169.1	120.8	100.9	110.9
III	101.7	104.9	98.8	89.3	89.6	110.8	86.6	110.8
IV	95.4	102.0	89.9	78.2	97.9	97.0	111.3	109.4
1992*								
Jan.	96.5	104.1	..	..	..	..	..	108.9
Feb.	88.6	98.9	..	..	..	..	..	109.5
March	91.5	97.1	..	..	..	..	..	110.8
April	88.9	96.0	..	..	..	..	..	109.6
May	83.0	92.8	..	..	..	..	..	108.9
June	94.6	93.8	..	..	..	..	..	110.5
July	93.7	92.5	..	..	..	..	..	111.1
I	92.2	100.1	88.1	82.8	92.7	96.1	87.9	109.7
II	88.8	94.2	82.9	80.9	79.2	90.3	106.7	109.7

8.4 WAGES AND PRICES, 1985=100

Period	Index of wage and salary earnings	By sectors					Consumer price index	Basic price index for domestic supply	By origin		Producer price index for manufacturing	By marketing area		Building cost index
		Private Total	Of which: Manufacturing (SIC3)	Central government	Local government	Non-profit institutions			Domes- tic goods	Import- ed goods		Export- ed goods	Home market goods	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1987	114.4	114.5	113.4	115.7	113.3	115.2	107.2	97.9	100.2	89.3	97.3	98.1	96.8	109.1
1988	124.7	124.6	122.7	128.8	122.0	128.0	112.6	101.5	104.9	89.1	101.7	103.8	100.7	116.3
1989	135.7	136.5	133.8	137.4	132.1	137.1	120.0	107.3	111.3	92.6	107.8	110.5	106.4	125.5
1990	148.2	148.8	146.8	149.8	144.7	150.0	127.3	110.9	115.7	93.6	110.0	110.4	109.8	134.5
1991¹	157.6	158.3	156.2	157.9	154.8	158.9	132.6	111.2	115.8	94.2	109.9	108.7	110.4	137.3
1991¹														
Sept.	..	..	..	..	..	..	133.0	110.8	115.3	94.4	109.7	108.5	110.3	137.8
Oct.	..	..	..	..	..	..	133.3	111.0	115.6	94.4	109.8	108.0	110.7	137.5
Nov.	..	..	..	..	..	..	133.4	111.2	115.3	96.1	110.1	108.4	110.9	137.4
Dec.	..	..	..	..	..	..	134.0	111.3	115.4	96.3	110.8	110.7	110.9	137.1
III	158.6	158.9	156.4	159.5	156.6	161.0	132.8	110.8	115.4	94.3	109.6	108.3	110.2	137.7
IV	159.6	160.1	158.3	159.9	157.3	161.4	133.6	111.1	115.4	95.6	110.3	109.0	110.8	137.3
1992¹														
Jan.	..	..	..	..	..	..	134.7	111.8	115.4	98.4	111.1	111.4	111.0	136.5
Feb.	..	..	..	..	..	..	135.0	112.0	115.6	99.0	111.4	111.6	111.3	136.5
March	..	..	..	..	..	..	135.4	112.1	115.6	99.2	111.5	111.7	111.4	136.5
April	..	..	..	..	..	..	135.9	112.3	115.8	99.8	112.0	112.0	112.0	135.5
May	..	..	..	..	..	..	136.0	112.3	115.7	99.9	112.5	112.6	112.4	134.8
June	..	..	..	..	..	..	136.3	112.3	115.7	100.0	112.8	113.2	112.6	133.7
July	..	..	..	..	..	..	136.1	112.2	115.9	99.0	112.9	113.2	112.8	134.0
Aug.	..	..	..	..	..	..	135.9	112.0	115.7	98.6	112.4	111.8	112.7	133.7
Sept.	..	..	..	..	..	..	136.4	112.2	115.2	101.3	113.2	115.0	112.3	134.5
I	160.1	160.5	159.3	160.5	158.0	161.8	135.0	111.9	115.5	98.9	111.3	111.6	111.2	136.5
II	160.6	161.1	160.1	160.9	158.4	162.3	136.1	112.3	115.7	99.9	112.4	112.6	112.3	134.7
III	160.6	160.8	159.4	161.4	158.9	162.6	136.2	112.2	115.6	99.6	112.8	113.3	112.6	134.0

¹ Preliminary figures for columns 1—6.

8.5 LABOUR, EMPLOYMENT AND UNEMPLOYMENT (seasonally adjusted figures)

Period	Labour force participation rate among 15-74 year olds	Labour force	Total employment (4+5) = (6+7+8+9)	By industrial status		By industry				Unem-ployed	Unem-employment rate
				Self-employed	Wage and salary earners	Agriculture and forestry	Industry	Construction	Service industries		
%		1000 persons									%
	1	2	3	4	5	6	7	8	9	10	11
1987	68.6	2 554	2 423	372	2 051	251	569	184	1 419	130	5.1
1988	68.4	2 546	2 431	368	2 062	238	553	188	1 452	116	4.6
1989	68.7	2 559	2 470	367	2 104	218	561	199	1 492	89	3.5
1990	68.4	2 556	2 467	360	2 108	207	556	205	1 500	88	3.4
1991	67.4	2 533	2 340	340	2 000	197	502	179	1 461	193	7.6
1991											
Sept.	67.3	2 532	2 303	330	1 973	190	484	164	1 465	229	9.0
Oct.	67.0	2 526	2 282	329	1 953	198	482	159	1 444	244	9.7
Nov.	66.9	2 523	2 273	337	1 937	196	474	166	1 438	250	9.9
Dec.	66.9	2 524	2 257	330	1 927	197	473	159	1 428	267	10.6
1992											
Jan.	66.5	2 511	2 236	331	1 904	195	467	153	1 421	275	11.0
Feb.	66.7	2 519	2 226	327	1 899	193	467	182	1 384	293	11.6
March	66.5	2 514	2 220	329	1 891	196	461	153	1 410	294	11.7
April	65.8	2 485	2 190	327	1 863	185	455	150	1 399	296	11.9
May	66.1	2 499	2 188	333	1 855	189	451	155	1 394	311	12.4
June	66.3	2 506	2 185	332	1 853	191	452	156	1 385	322	12.8
July	65.8	2 490	2 162	328	1 835	185	452	147	1 378	328	13.2
Aug.	66.5	2 517	2 163	332	1 832	188	445	153	1 378	353	14.0
Sept.	65.7	2 490	2 149	323	1 826	187	457	153	1 351	341	13.7

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 transac- tions (1+2+3+4)	Redemp- tions of loans granted by the state	Revenue before borrowing (5+6)	Consump- tion	Trans- fers and sub- sidies	Of which:	
										Local govern- ment	Other do- mestic sectors
	1	2	3	4	5	6	7	8	9	10	11
1987	29 454	57 312	491	12 391	99 648	2 482	102 129	29 419	59 498	26 456	30 964
1988	35 339	66 348	473	13 629	115 789	2 557	118 346	32 266	65 502	29 757	33 108
1989	39 397	76 458	471	15 990	132 316	3 926	136 241	35 082	72 008	33 244	35 715
1990	42 611	77 364	953	18 423	139 351	4 260	143 611	41 535	81 190	37 646	40 313
1991	41 054	73 251	1 136	19 182	134 624	4 442	139 069	45 085	101 220	42 297	55 160
1991											
Aug.	3 120	6 425	77	1 020	10 642	157	10 799	3 247	7 817	3 387	4 205
Sept.	3 336	6 164	69	1 303	10 872	124	10 996	3 610	7 895	3 458	4 271
Oct.	3 080	5 759	99	1 150	10 088	85	10 174	3 763	9 259	3 433	5 574
Nov.	3 296	6 173	229	1 763	11 461	711	12 172	3 728	10 423	4 263	5 979
Dec.	3 876	6 691	66	2 636	13 270	418	13 688	3 927	10 463	3 857	5 844
1992											
Jan.	2 963	5 805	98	867	9 733	10	9 743	4 311	8 447	3 360	4 963
Feb.	2 854	6 461	84	1 098	10 497	7	10 504	4 000	8 004	3 387	4 449
March	- 420	5 048	227	2 355	7 210	2 041	9 251	3 889	9 055	3 808	4 542
April	4 629	5 583	119	2 373	12 704	83	12 787	4 022	9 590	3 818	5 394
May	3 068	5 722	131	2 012	10 933	32	10 965	3 782	9 010	3 658	5 183
June	4 310	5 615	135	2 097	12 157	339	12 496	4 390	8 760	4 005	4 514
July	3 662	6 074	275	1 234	11 245	78	11 323	5 073	7 975	3 469	4 319
Aug.	3 422	5 938	130	1 528	11 018	393	11 411	3 483	8 170	3 413	4 553

During period	Expenditure					Financial balance			
	Fixed invest- ment	Other expendi- ture	Expenditure before financial transactions (8+9+ 12+13)	Lending and other financial investment	Expenditure before redemptions of state debt (14+15)	Revenue sur- plus (5-14)	Net bor- rowing requirement (7-16)	Net bor- rowing	Cash sur- plus (18+19)
	12	13	14	15	16	17	18	19	20
1987	7 089	4 732	100 738	5 672	106 410	- 1 090	- 4 280	7 604	3 324
1988	7 565	5 614	110 946	6 529	117 476	4 842	870	2 417	3 287
1989	8 393	5 343	120 826	7 566	128 390	11 490	7 851	- 4 009	3 842
1990	5 962	4 927	133 614	9 319	142 934	5 737	678	1 201	1 879
1991	5 370	6 368	158 044	13 328	171 372	- 23 420	- 32 304	25 659	- 6 645
1991									
Aug.	416	- 67	11 413	826	12 240	- 771	- 1 441	1 180	- 261
Sept.	498	523	12 526	829	13 355	- 1 654	- 2 359	3 242	883
Oct.	567	713	14 302	993	15 295	- 4 214	- 5 121	4 991	- 130
Nov.	458	327	14 936	1 012	15 947	- 3 475	- 3 775	5 865	2 089
Dec.	526	892	15 809	798	16 607	- 2 539	- 2 920	- 211	- 3 131
1992									
Jan.	340	846	13 944	792	14 737	- 4 211	- 4 994	1 161	- 3 833
Feb.	314	168	12 486	839	13 324	- 1 989	- 2 820	7 885	5 065
March	378	1 355	14 677	3 305	17 981	- 7 467	- 8 730	3 545	- 5 185
April	394	684	14 690	683	15 374	- 1 986	- 2 587	5 474	2 887
May	400	366	13 558	826	14 385	- 2 625	- 3 420	3 216	- 203
June	476	1 006	14 632	2 574	17 205	- 2 475	- 4 709	8 162	3 453
July	398	479	13 925	683	14 608	- 2 680	- 3 285	5 185	1 900
Aug.	387	331	12 371	5 505	17 875	- 1 353	- 6 464	4 133	- 2 331

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
- † 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 (Column 13) = bank certificates of deposit held by the Bank of Finland + securities with repurchase commitments. Liquidity position of deposit banks, net (Column 14): see explanation to Table 2.1. Other claims on financial institutions, net (Column 17) = bonds + other claims on financial institutions – other liabilities to financial institutions. *Corporate sector.* Special deposits and other items, net (Column 20) = bonds: other + other claims on corporations – deposits for investment and ship purchase – other liabilities to corporations.

2 THE BANK OF FINLAND'S OPERATIONS IN THE MONEY AND FOREIGN EXCHANGE MARKETS AND THE BANKS' FORWARD EXCHANGE POSITION

Table 2.1 Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. They can also obtain liquidity credit with a maturity of 1 day, 7 days, 14 days, 21 days or 28 days. The maturity is determined by the Bank of Finland.

Table 2.2 The cash reserve requirement is reported for the month by the end of which the deposit must be made with the Bank of Finland. The requirement is announced at the end of the previous month and is determined on the basis of the cash reserve base for that month. Since 1 April 1992, the rate of interest paid on cash reserve deposits has been 2 percentage points less than three-month HELIBOR but at least 8 per cent. A supplementary cash reserve agreement was applied from April 1989 to end-1990. The (non-interest-bearing) additional deposits made under this agreement varied according to the bank or group of banks concerned, the amounts being based on the rate of growth in lending.

Table 2.3 Money market instruments are the instruments used by the Bank of Finland in its money market operations. Matured money market instru-

ments, net, comprise both instruments purchased and sold. Money market transactions are recorded according to trade dates.

Table 2.4 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 payments 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 2.5 As from the beginning of 1990, the statistics on the forward exchange market are based on data on individual contracts against the Finnish markka as reported by banks (excluding Columns 5 and 6). The statistics cover all authorized banks and contracts. The rates of exchange used in the statistics are the forward rates on the contract date.

3 RATES OF INTEREST

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

Table 3.2 The 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 figure for the tender rate is the arithmetic average of calendar day figures.

Banks with access to central bank financing can make call money deposits with the Bank of Finland without limit. In addition, they can obtain liquidity credit from the Bank of Finland 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 is obtained by subtracting the interest rate margin for call money deposits from the Bank of Finland's tender rate. The monthly figures for maturity and interest rate margins are those prevailing at the end of the month.

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 averages of monthly observations until 1987 after which they are weighted by loan amounts. Average lending rates (Columns 5 and 6) are all weighted by loan amounts. As from January 1989, the loans of Postipankki Ltd have been included in the commercial banks' outstanding stock of loans. *Deposits.* 24-month tax-exempt deposits (Column 7): 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 2 percentage points (since May 1992). Other tax-exempt deposits (Column 8): Deposits other than 24-month deposits are tax-exempt if they carry a rate of interest which is at most the Bank of Finland's base rate less 4 percentage points (since January 1989). Up till December 1988, the figures for tax-exempt deposits (Columns 7 and 8) are the rates of interest applied to standard tax-exempt deposit accounts as agreed upon between banks. All markka deposits (Column 9): the stock of deposits comprises all markka deposits by the public. The monthly and annual average rates of interest are weighted by deposit amounts. Other funding (Column 10): CDs outstanding + promissory notes + bonds. The average rate of interest is weighted by amounts. Total markka funding (Column 11): markka deposits by the public + banks' other markka funding. The rate of interest is weighted by amounts.

Table 3.5 *Secondary market yields.* Reference rates (Columns 1 and 2) are calculated by the Bank of Finland as the monthly averages of the offered rates for taxable, fixed-rate bonds quoted daily by the five largest banks. From June 1990 onwards, the yield on taxable government bonds (Column 3) is calculated by the Bank of Finland as the monthly average of the offered rates quoted daily by the five largest banks. Until January 1992, the yield was calculated on a bullet bond due on 15 March 1994 with a coupon rate of 13 per cent. From February 1992 onwards the yield is calculated on a bullet bond due on 15 January 1999 with a coupon rate of 11 per cent. The annual figure for 1990 is calculated as the arithmetic mean of yields on fixed-rate government bonds with a remaining maturity of between 4 and 5 years. The yield on taxable public issues (Column 4) is calculated as the arithmetic mean of yields on fixed-rate ordinary bonds, debentures and other bonds (excl. zero coupon loans, bonds with equity warrants and convertible debentures) issued by all issuers except the central government with a remaining maturity of between 3 and 6 years. Financial institutions (Column 5): as in Column 4 for issues by financial institutions incl. banks. Corporations (Col-

umn 6): as in Column 4 for issues by non-financial corporations. The yield on taxfree public issues (Column 7) is calculated as the arithmetic mean of yields on fixed-rate public bonds with a remaining maturity of between 4 and 5 years. The Bank of Finland calculates the yields for columns 3-7 once a week on the basis of the trading quotations of the Helsinki Stock Exchange. Monthly observations are the averages of weekly observations and annual observations the averages of monthly observations.

4 RATES OF EXCHANGE

Table 4.2 FIM/ECU (Column 1): The markka value of the ECU is calculated as the sum of the dollar amounts of the currencies in the ECU valued at current market rates, for which daily quotations at noon Finnish time are used. The midpoint (Column 2) was FIM 4.87580 from 7 June to 14 November 1991, and FIM 5.55841 from 15 November 1991 to 7 September 1992, and the fluctuation limits were ± 3 per cent around the midpoint. Since 8 September 1992 the markka has been floating. The Bank of Finland's trade-weighted currency index (Column 3): The weights are moving averages of the shares of (currently) 14 countries in Finland's foreign merchandise trade (only convertible currencies are included). The payments currency index (Column 4): The weights are moving averages of shares of payments currencies (14 convertible currencies) in Finland's foreign trade. The MERM index (Column 5): The weights are fixed 1977 weights computed on the basis of the IMF's world trade model; 14 currencies are included in this index.

5 OTHER DOMESTIC FINANCING

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

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

Table 5.3 Foreign assets, net (Column 1) = the Bank of Finland's foreign claims + banks' foreign claims (incl.

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

Table 5.4 Source: State Treasury Office. Other bonds and debentures (Column 2) are so-called private placements. Long-term promissory notes (Column 3) are bank loans. Outstanding lending (Column 10) comprises the stock of loans granted from the central government budget and from extra-budgetary funds. Cash funds (Column 11) comprise the cash funds held in central government accounting offices, funds held in cheque and postal giro accounts, as well as placements of central government cash funds. The main part of the latter is reserved for covering transferable allocations budgeted in previous years (for details, see the article "State Borrowing and Cash Management" by Pekka Laajanen and Pekka Saarinen in the August 1987 issue of the Bulletin). Transferable allocations amounted to FIM 8.1 billion at the end of 1988.

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

Table 5.6 Source: The Helsinki Stock Exchange.

6 BALANCE OF PAYMENTS, FOREIGN LIABILITIES AND ASSETS

Table 6.1 The figures for the trade and goods and services accounts are compiled in accordance with the System of National Accounts. 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 annually from the September issue of the Bulletin. (The annual figure is divided evenly between quarterly figures.)

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

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

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

7 FOREIGN TRADE

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

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

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

8 DOMESTIC ECONOMIC DEVELOPMENTS

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

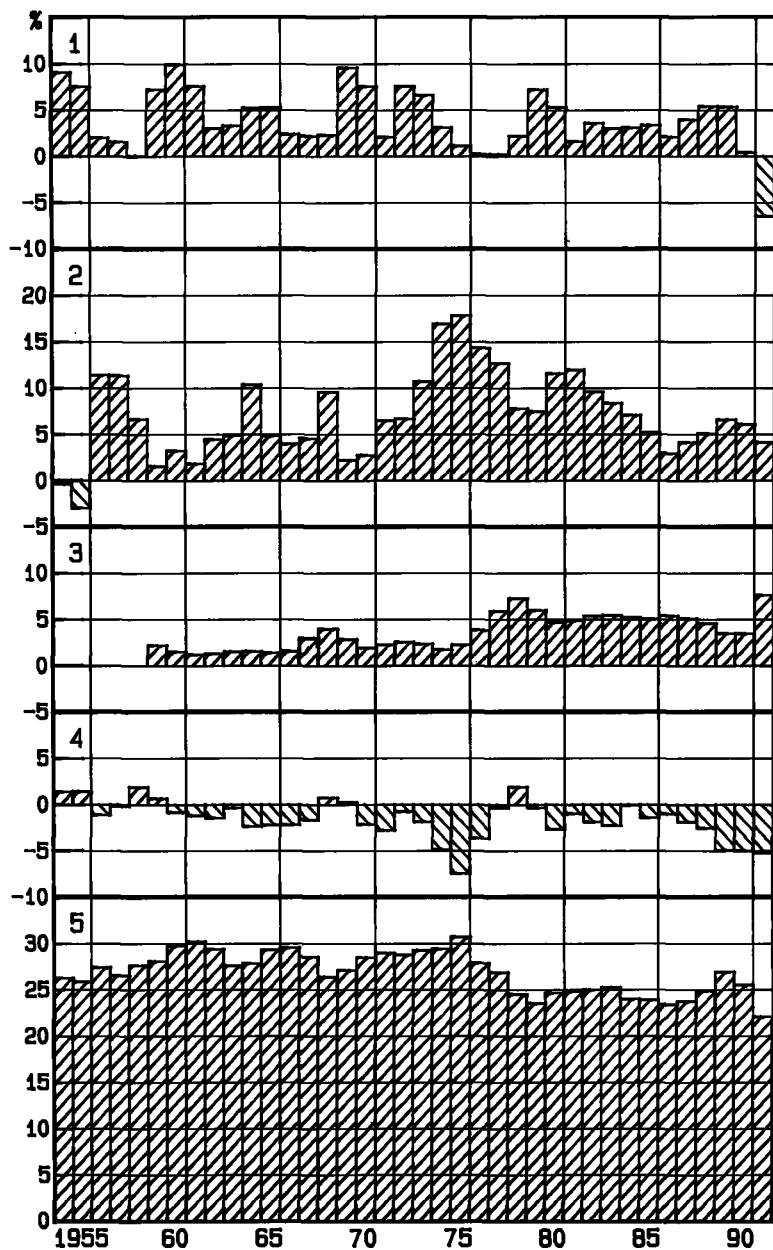
Table 8.3 The monthly indicator of GDP (Column 8) is weighted together from 11 readily available indicators of developments in output in various industries.

Table 8.4 The consumer price index (Column 7) was revised as from January 1988. Both the weights and the methods of calculation were changed (see the item in the March 1988 issue of the Bulletin). The base year is 1985.

Table 8.6 Source: Ministry of Finance.

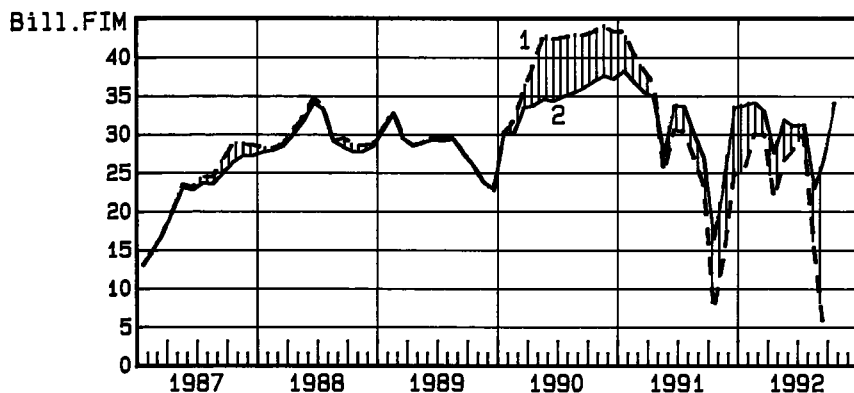
1. Long-term indicators	S28
2. The Bank of Finland's foreign exchange reserves and forward position	S29
3. Forward market	S29
4. Items affecting domestic liquidity	S29
5. Liquidity management interest rates	S30
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7. HELIBOR rates of interest (monthly)	S30
8. Rates of interest applied by the Bank of Finland	S31
9. 3-month covered Eurodollar rate and 3-month Eurorates	S31
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28. Fixed investment	S38
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30. Prices and wages	S39
31. Central government finances	S40

1. LONG-TERM INDICATORS



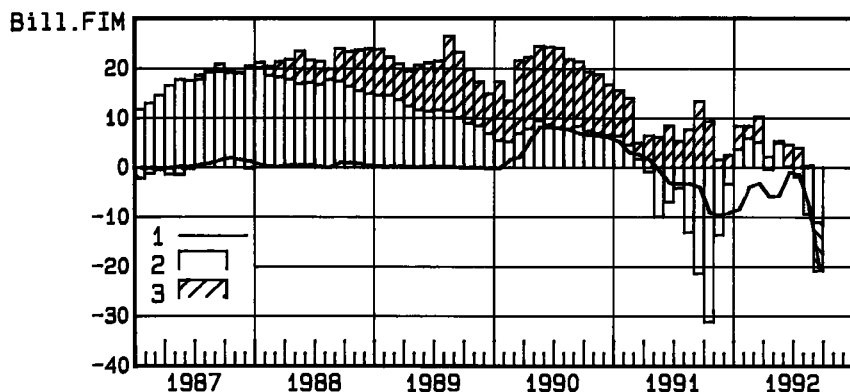
1. GDP, change in volume from the previous year, per cent
2. Consumer prices, change from the previous year, per cent
3. Unemployment rate, per cent
4. Current account, as a percentage of GDP
5. Fixed investment, as a percentage of GDP

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



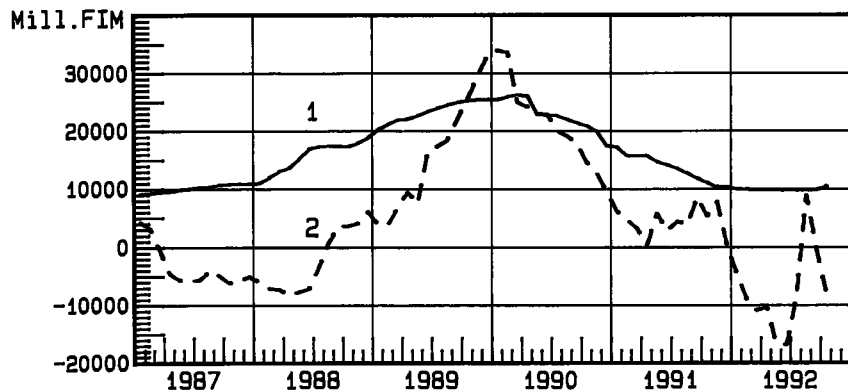
1. Convertible foreign exchange reserves plus forward position
2. Convertible foreign exchange reserves

3. FORWARD MARKET



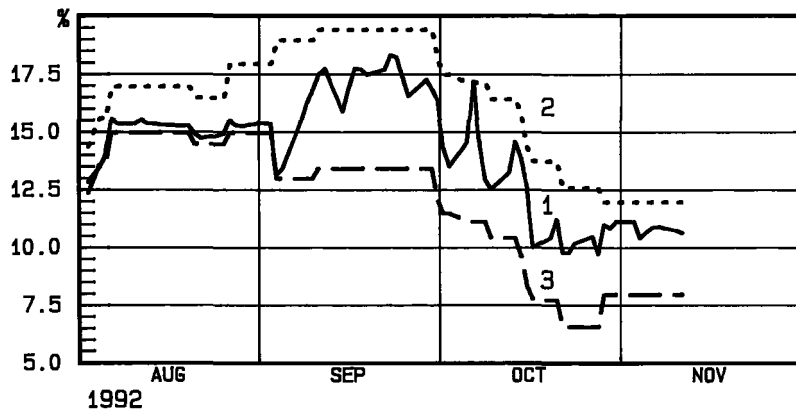
1. Forward exchange purchased by the Bank of Finland from banks
2. Forward exchange sold by companies to banks
3. Forward exchange sold by foreign banks to banks

4. ITEMS AFFECTING DOMESTIC LIQUIDITY

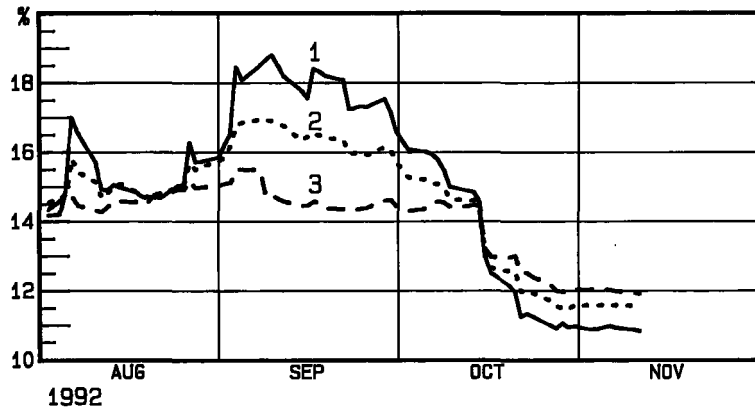


1. Cash reserve deposits
2. Bank of Finland's holdings of money market instruments, net

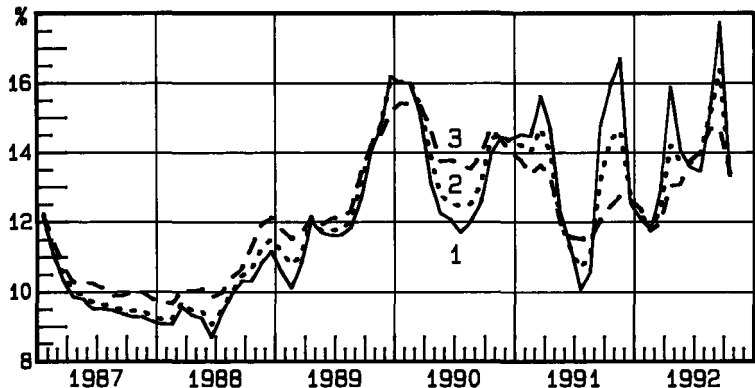
5. LIQUIDITY MANAGEMENT INTEREST RATES



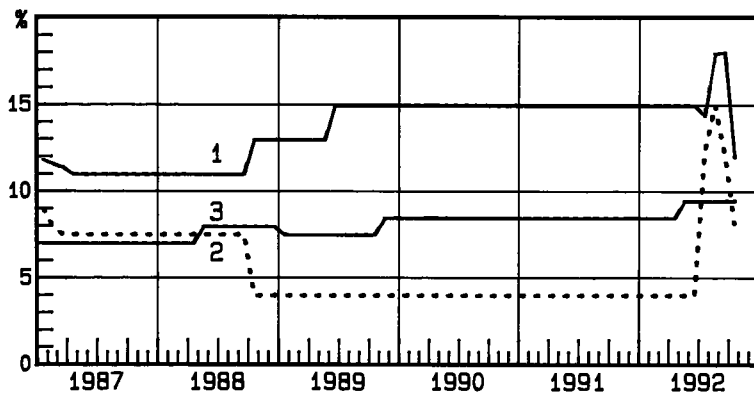
6. HELIBOR RATES OF INTEREST



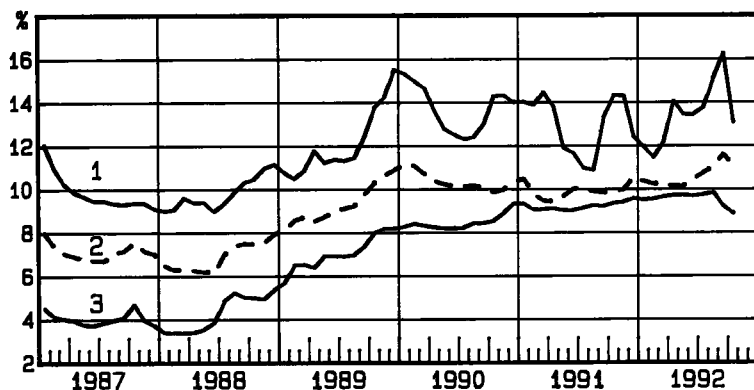
7. HELIBOR RATES OF INTEREST



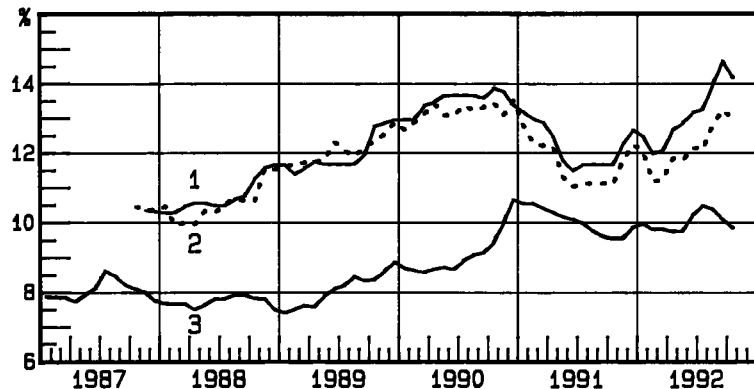
8. RATES OF INTEREST APPLIED BY THE BANK OF FINLAND



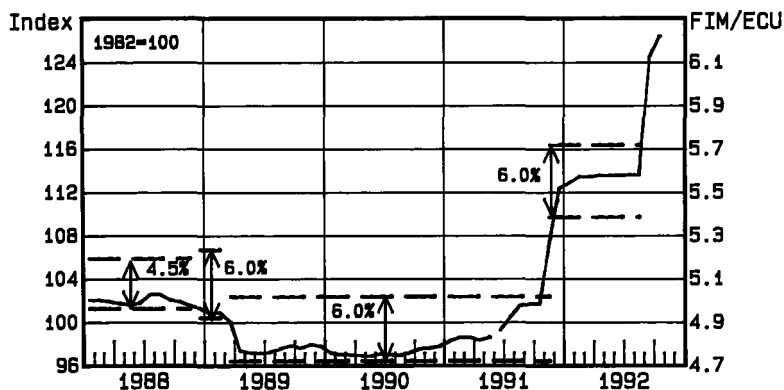
9. 3-MONTH COVERED EURODOLLAR RATE AND 3-MONTH EURORATES



10. YIELDS ON BONDS

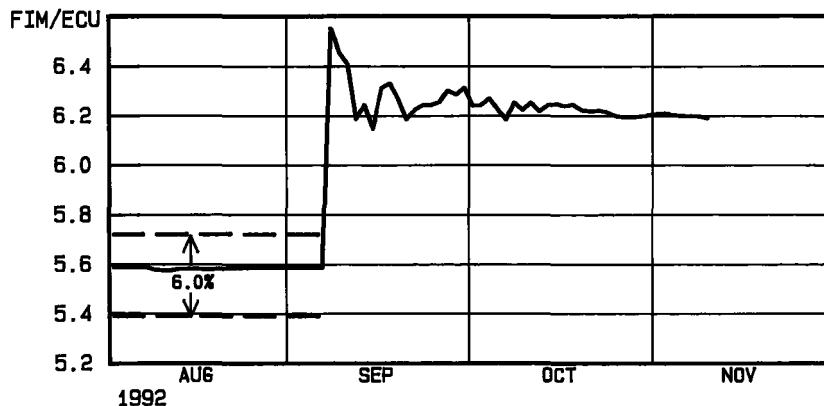


11. BANK OF FINLAND CURRENCY INDEX AND THE MARKKA VALUE OF THE ECU



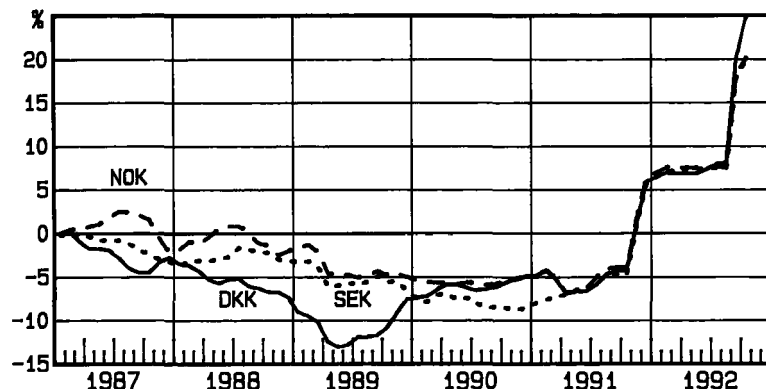
Until 7 June 1991, the Bank of Finland currency index. From 7 June 1991, the markka's exchange rate against the ECU, the fluctuation limits of which were 4.72953 — 5.02207 in the period 7 June — 14 November 1991, and 5.39166 — 5.72516 in the period 15 November 1991 — 7 September 1992. Since 8 September 1992, the limits have been temporarily abandoned. Monthly averages

12. MARKKA VALUE OF THE ECU



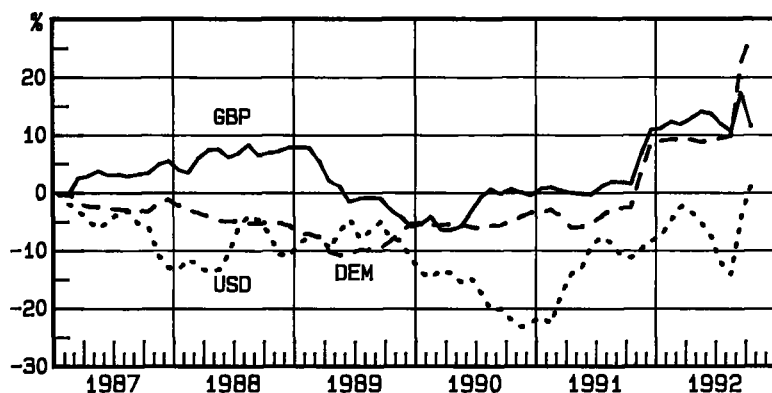
Daily observations

13. CHANGES IN THE EXCHANGE RATES OF SELECTED NORDIC CURRENCIES



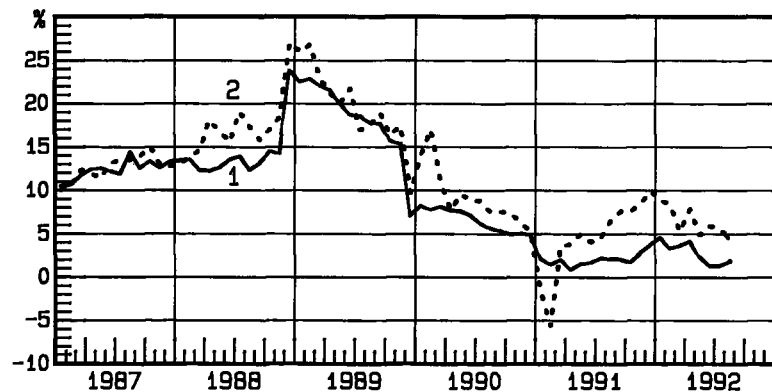
Monthly changes in markka middle rates calculated from the average rates for January 1987

14. CHANGES IN THE EXCHANGE RATES OF SELECTED MAJOR CURRENCIES



Monthly changes in markka middle rates calculated from the average rates for January 1987

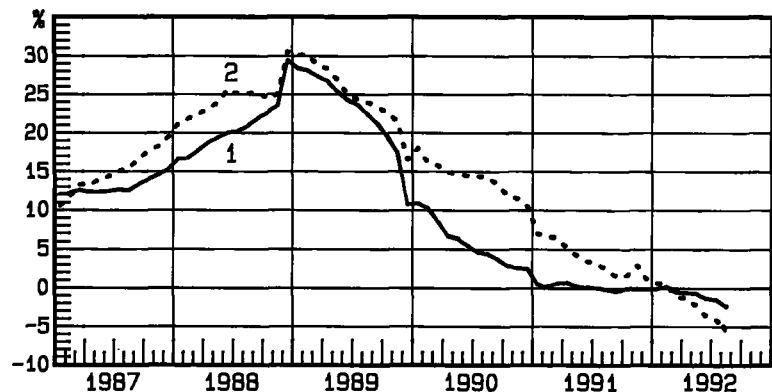
15. BANK FUNDING FROM THE PUBLIC



1. Markka deposits
2. Total funding

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

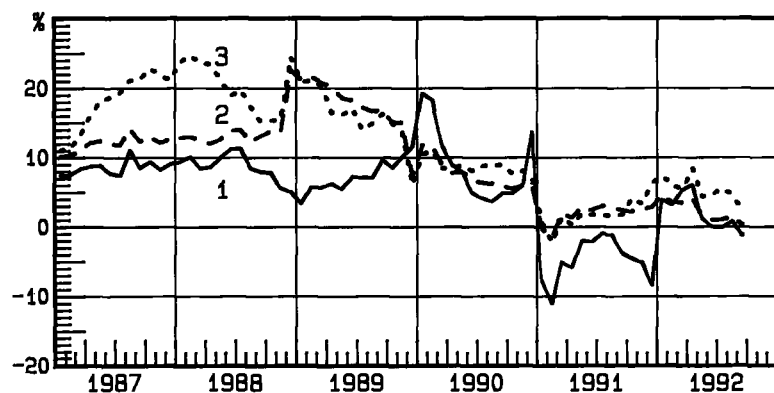
16. BANK LENDING TO THE PUBLIC



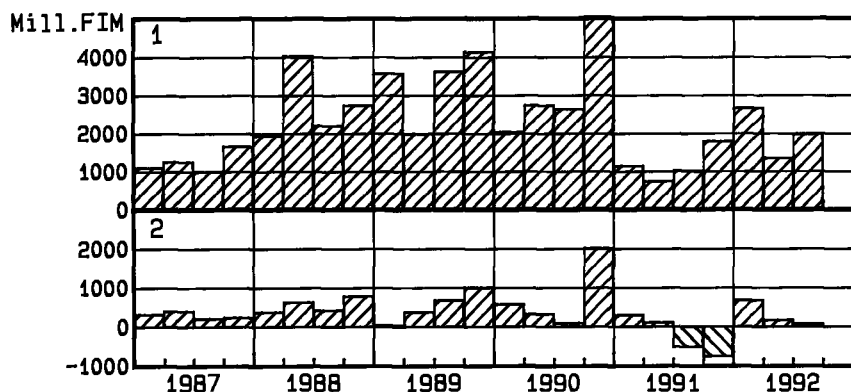
1. Markka lending
2. Total lending

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

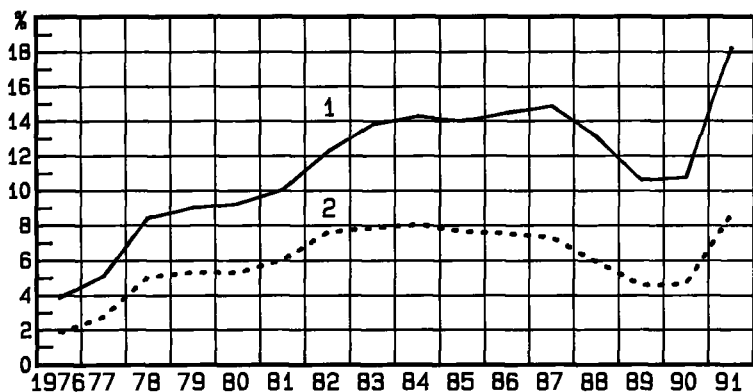
17. MONEY SUPPLY



18. DIRECT INVESTMENT

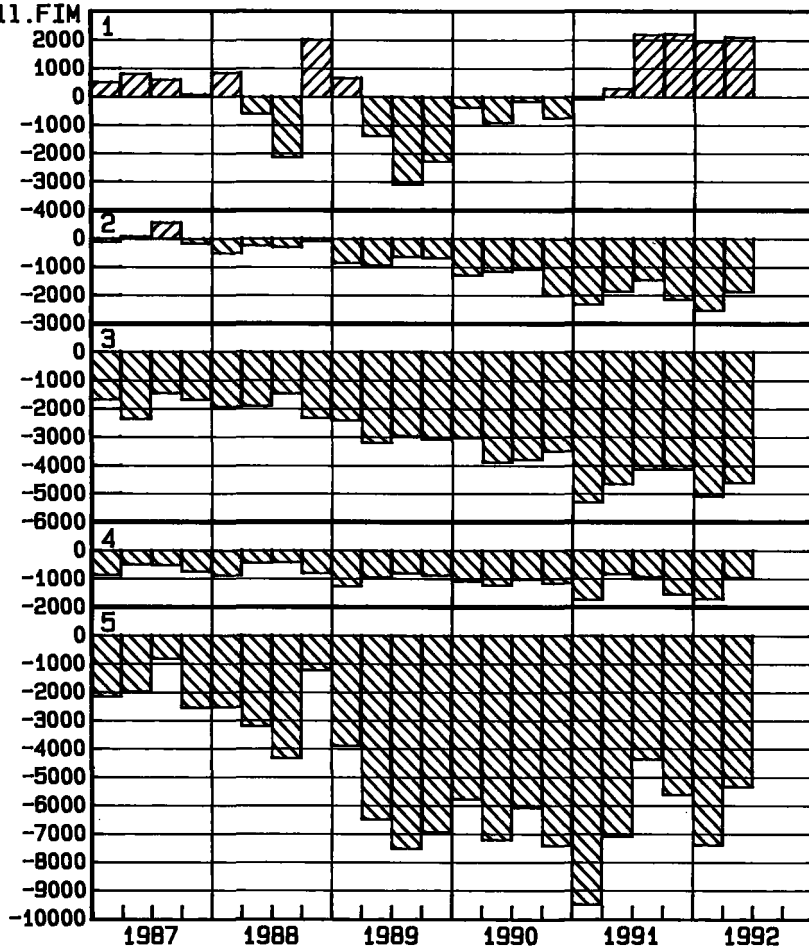


19. CENTRAL GOVERNMENT DEBT



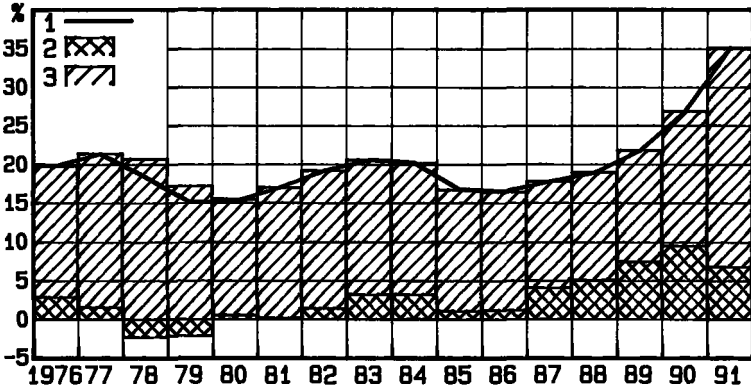
20. CURRENT ACCOUNT

Mill.FIM



21. FOREIGN DEBT

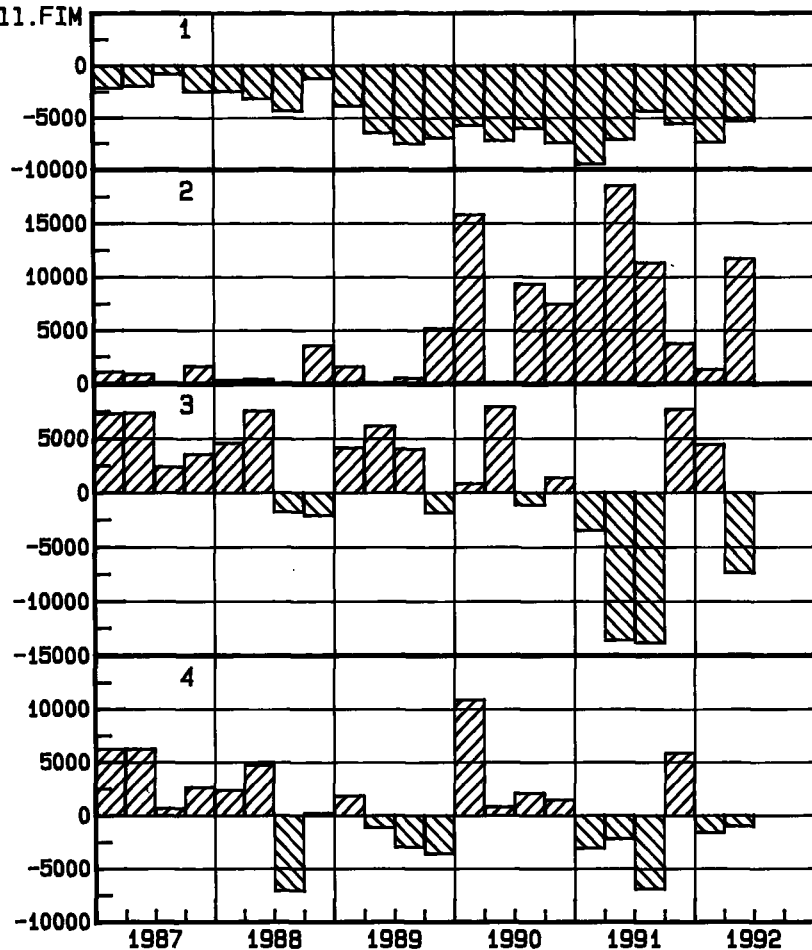
%



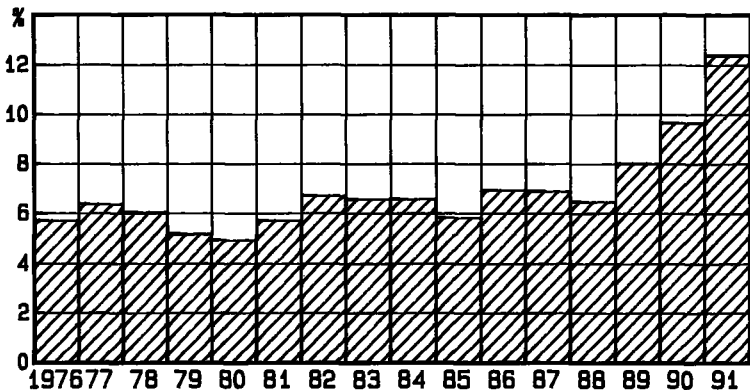
1. Total foreign net debt
2. Short-term net debt
3. Long-term net debt
- As a percentage of GDP

22. BALANCE OF PAYMENTS

Mill.FIM

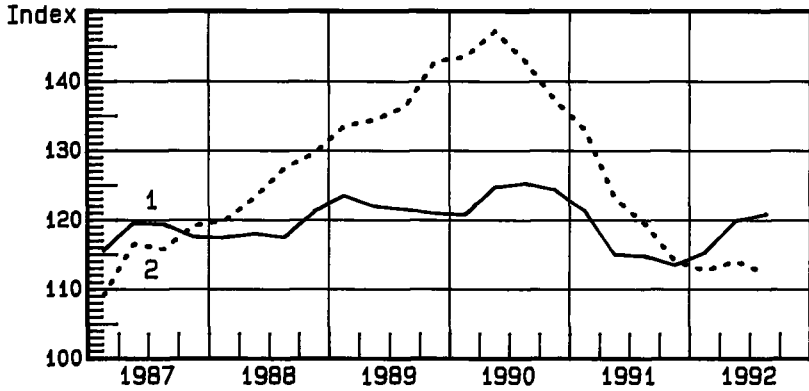


23. NET INTEREST AND DIVIDEND EXPENDITURE

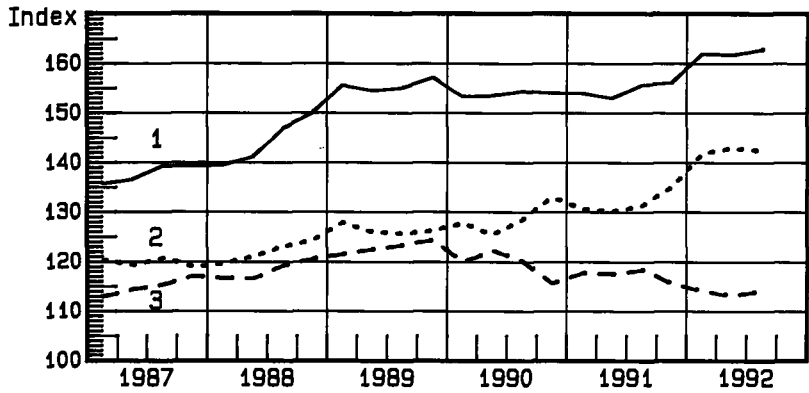


As a percentage of current account receipts

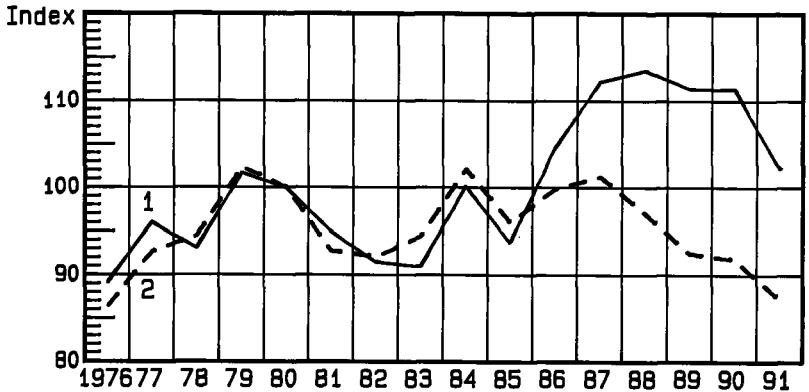
24. FOREIGN TRADE



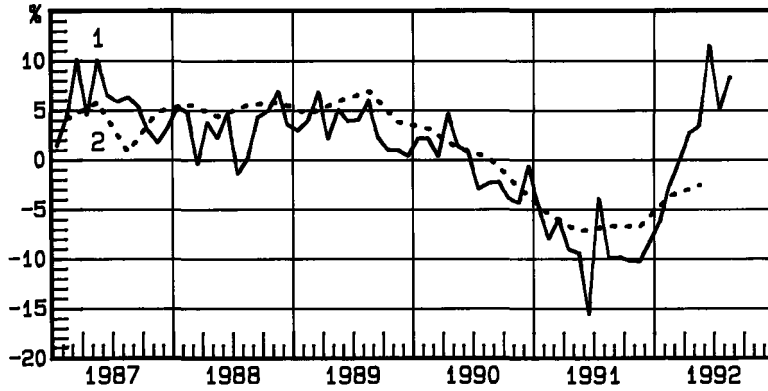
25. FOREIGN TRADE: PRICES AND TERMS OF TRADE



26. FINLAND'S EXPORT PERFORMANCE

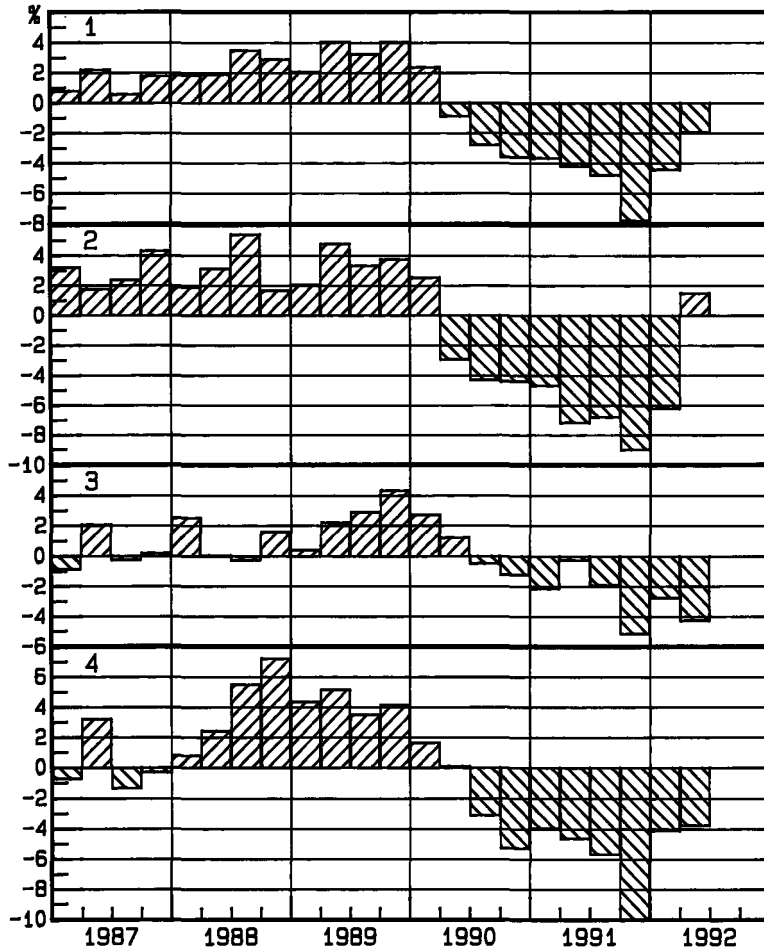


27. PRODUCTION



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

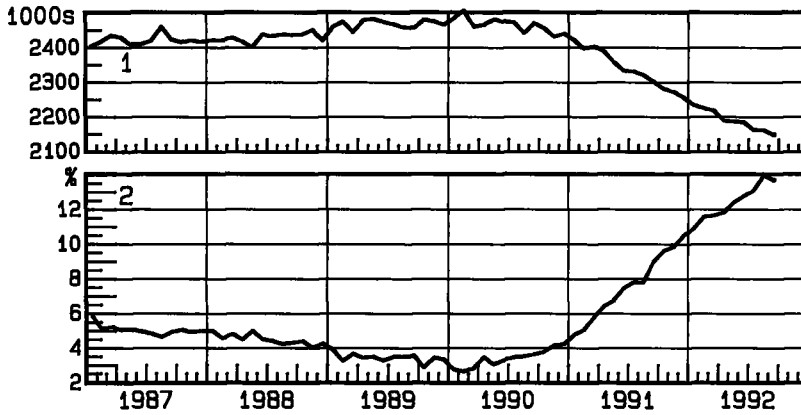
28. FIXED INVESTMENT



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

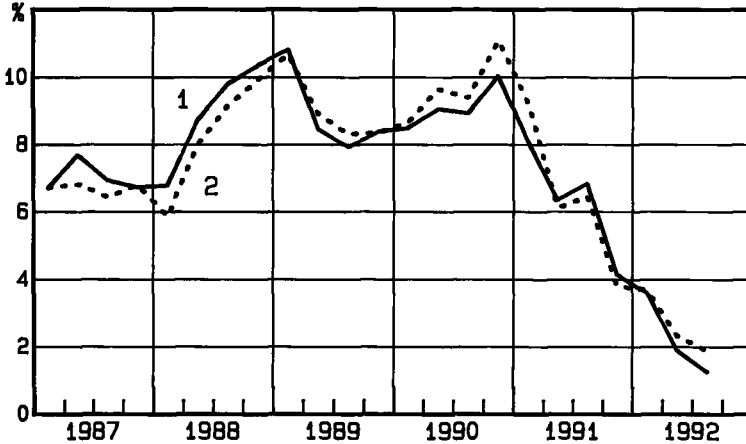
Volume changes calculated from four-quarter moving totals and shown as at the last quarter, per cent

29. EMPLOYMENT AND THE UNEMPLOYMENT RATE



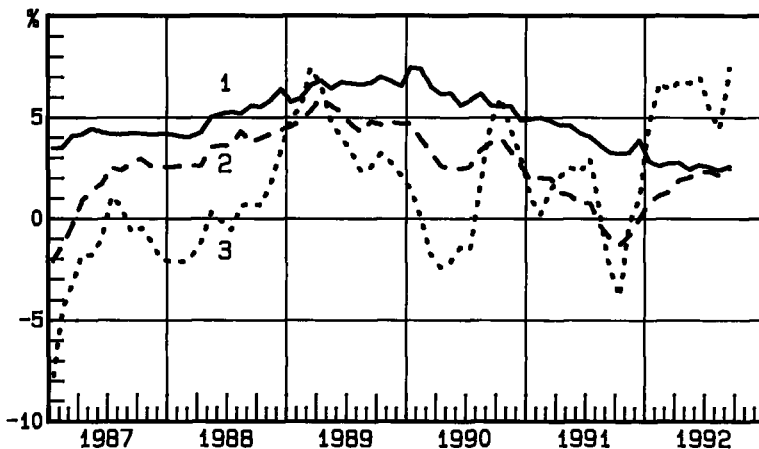
1. Employment, 1000 persons
2. Unemployment rate, per cent

30. PRICES AND WAGES



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

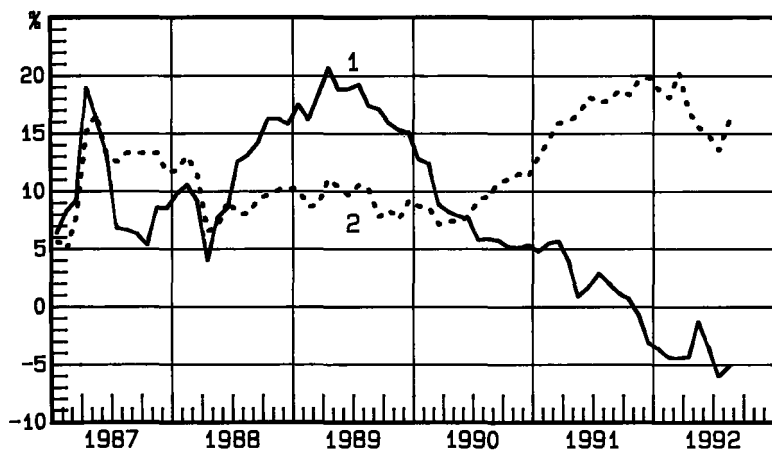
Change from the corresponding quarter of the previous year, per cent



1. Consumer price index
2. Wholesale price index
3. Import price index

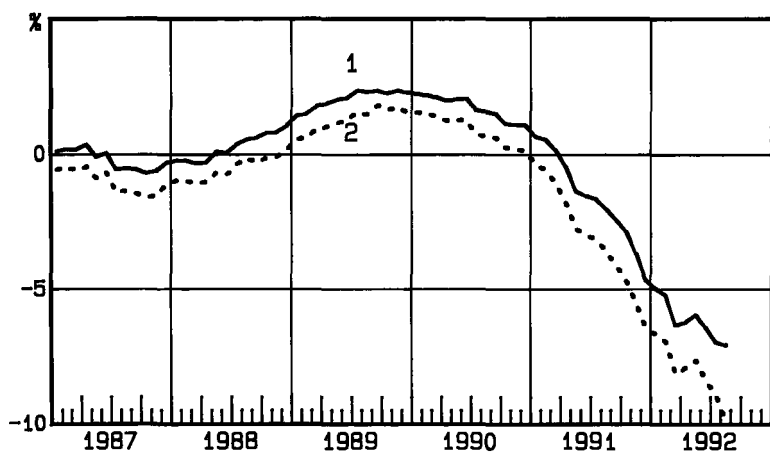
Change from the corresponding month of the previous year, per cent

31. CENTRAL GOVERNMENT FINANCES



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

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



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

12-month moving total shown as at the last month and as a percentage of GDP

BANK OF FINLAND

1 October 1992

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JUSSI RANTA, Vice Chairman

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Management Secretarial Staff HEIKKI T. HÄMÄLÄINEN,

Secretary to the Parliamentary Supervisory

Board and the Board of Management

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8 branches: Jyväskylä, Kotka, Kuopio, Lahti, Oulu, Tampere, Turku, Vaasa

SETEC OY

VELI TARVAINEN, Managing Director
