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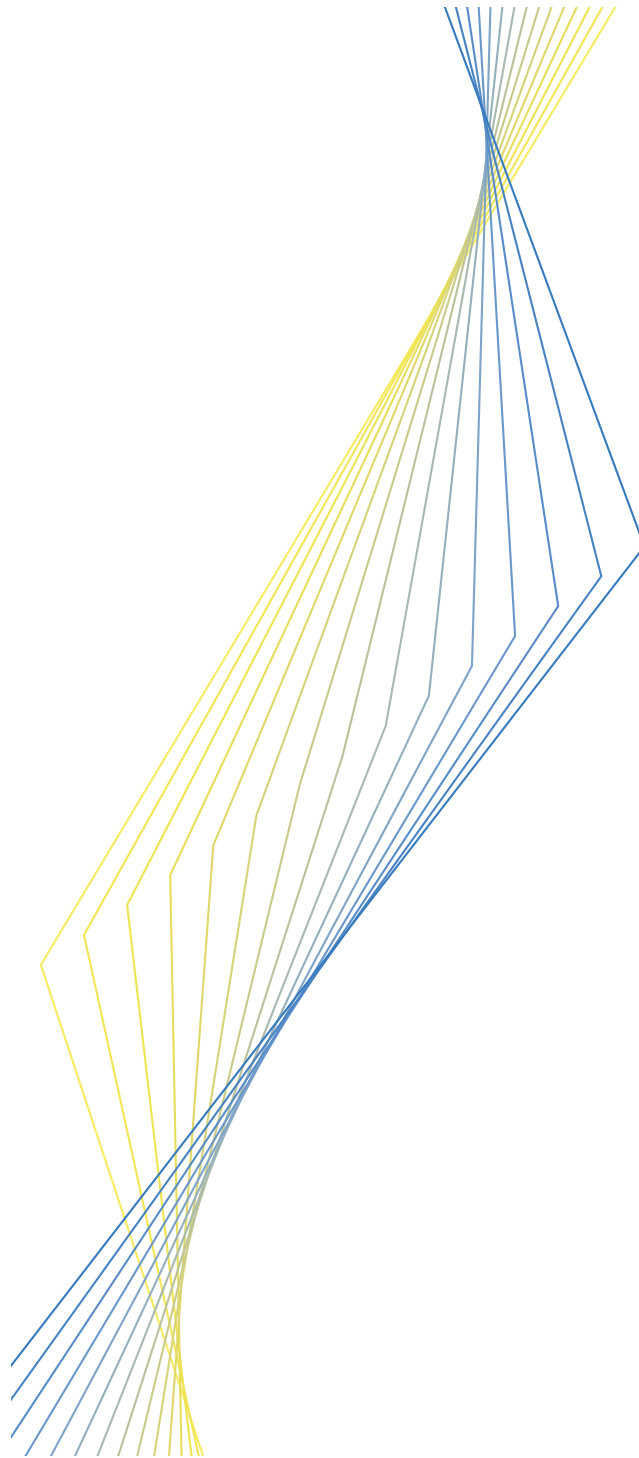
MONTHLY BULLETIN June 2001

**M O N T H L Y  
B U L L E T I N**

June 2001



EUROPEAN CENTRAL BANK



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B U L L E T I N**

June 2001

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*The cut-off date for the statistics included in this issue was 6 June 2001.*

ISSN 1561-0136

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## Abbreviations

### Countries

BE	Belgium
DK	Denmark
DE	Germany
GR	Greece
ES	Spain
FR	France
IE	Ireland
IT	Italy
LU	Luxembourg
NL	Netherlands
AT	Austria
PT	Portugal
FI	Finland
SE	Sweden
UK	United Kingdom
JP	Japan
US	United States

### Others

BIS	Bank for International Settlements
BPM5	IMF Balance of Payments Manual (5th edition)
CDs	certificates of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
ECU	European Currency Unit
EMI	European Monetary Institute
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
ILO	International Labour Organization
IMF	International Monetary Fund
MFIs	Monetary Financial Institutions
NCBs	national central banks
repos	repurchase agreements
SITC Rev. 3	Standard International Trade Classification (revision 3)

**In accordance with Community practice, the EU countries are listed in this Bulletin using the alphabetical order of the country names in the national languages.**

## Editorial

At its meetings on 23 May and 7 June 2001 the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem at 4.50%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged, at 5.50% and 3.50% respectively.

These decisions reflect the Governing Council's assessment that the current level of interest rates remains appropriate to ensure the maintenance of price stability over the medium term. This assessment is based on the analysis of the information provided under the two pillars of the ECB's monetary policy strategy.

Starting with the first pillar, following the gradual downward trend after spring 2000, M3 growth has stabilised over recent months. Adjusted for holdings by non-euro area residents of money market fund shares/units, the three-month average of the annual rate of M3 growth was 4.6% in the period from February to April 2001. As explained in the May 2001 issue of the Monthly Bulletin, there are also preliminary indications that holdings by non-euro area residents of other negotiable paper included in M3 may have contributed approximately half a percentage point to annual M3 growth in recent months. Furthermore, the annual rate of growth of credit to the private sector has continued to moderate over recent months, in particular as a result of a significant slowdown in loans to households. Overall, against the background of the reference value for annual M3 growth of 4½%, the indications from the first pillar are consistent with price stability over the medium term.

As regards the second pillar, inflationary pressures are expected to ease, although this is likely to be overshadowed for some months to come by higher data on inflation relating mainly to developments in energy and food prices.

Real GDP growth in the euro area in 2001 is expected to come down from the high level

reached in 2000 to levels more in line with trend potential growth, primarily as a result of the less favourable external environment. This expectation has been reinforced by data on euro area industrial and consumer confidence in May 2001 and on real GDP growth in the first quarter of this year. External forecasts project on average a decline in euro area real GDP growth from 3.4% in 2000 to around 2.5% in 2001, and the projections produced by Eurosystem staff show real GDP growth in 2001 in a range of 2.2% to 2.8%. For 2002 somewhat higher growth is generally forecast and the staff projections show a range of 2.1% to 3.1% (see the "Economic developments in the euro area" part of this issue of the Monthly Bulletin). The prospects for euro area real GDP growth are subject to significant uncertainty. In this respect, it cannot be excluded that the international environment could develop less favourably than assumed in currently available forecasts and projections, as indicated by the repeated downward revisions to projected global growth. At this juncture, however, the contribution to real GDP growth from domestic demand is expected to remain robust. This is consistent with the favourable economic fundamentals of the euro area, the impact of current and planned tax reforms and favourable financing conditions.

Turning to price developments, it is expected that inflation rates will come down over time but, in the coming months, consumer prices in the euro area will continue to be affected upwards by a number of temporary factors. In April 2001, overall HICP inflation was around 3%, reflecting mainly upward pressure in the more volatile components – unprocessed food and energy prices – as well as the gradual pass-through of the effects associated with past increases in oil prices and last year's depreciation of the euro. These factors will continue to play a role, but will remain limited and temporary. If no further unfavourable price shocks occur, HICP inflation is likely to fall in the course of this year and in 2002 as temporary factors will gradually disappear and as the expected

slowdown in economic growth should contribute to a dampening of price pressures.

Both the staff projections and the forecasts available from international institutions point to consumer price inflation in 2001 as a whole remaining above 2%. In 2002, inflation is likely to fall back below 2%, with the staff projections showing a range of 1.2% to 2.4%, highlighting the uncertainties surrounding the projections. Moreover, the staff projections are conditioned on a set of key technical assumptions, and the data to which these assumptions refer have in some cases changed somewhat in the meantime. For instance, compared with the technical assumptions of the staff projections at the cut-off date, the effective exchange rate of the euro is currently weaker and oil prices are somewhat higher.

Wage moderation will have to play an important role in containing inflationary pressures in the coming years. So far, wage developments have been satisfactory in that they have not endangered the maintenance of price stability and have supported employment growth. Looking forward, the emergence of second-round effects from temporary price increases should be avoided; wage developments therefore need to be monitored very closely. In this respect, it appears particularly important that wage-setters take full account of the fact that current price developments are strongly affected upwards by factors which should have only a temporary impact on inflation rates.

There is a need to remain vigilant as regards developments affecting the balance of risks to price stability. Weaker economic growth

than currently expected might reduce inflationary pressures, while at the same time close attention needs to be paid to factors which might lead to a resurfacing of upward risks to price stability. These factors include, in particular, developments in wages and energy prices.

Government budget balances in 2001, on average, are expected to show a slippage compared with the targets set in the updated national stability programmes and to deteriorate for the first time since 1993. Fiscal policy must resume its consolidation process and governments should abide by the commitments entered into under the Stability and Growth Pact and in their stability programmes. Progress towards the medium-term objective of achieving budgetary positions "close to balance" or "in surplus" must not be postponed, as sizeable imbalances remain in a number of euro area countries. Governments should take this into account when implementing this year's budgets and preparing their budget plans for 2002.

The expansion of the growth potential of the euro area economy is an objective which needs to be pursued with utmost determination. Removing structural rigidities in the product and labour markets, diminishing the disincentives created by tax, benefit and pension systems for economic activity which would lead to higher growth and employment, and raising investment incentives through deregulation and privatisation would work in this direction. The best contribution monetary policy can make to this objective is to preserve price stability.

# Economic developments in the euro area

## I Monetary and financial developments

### Monetary policy decisions of the Governing Council of the ECB

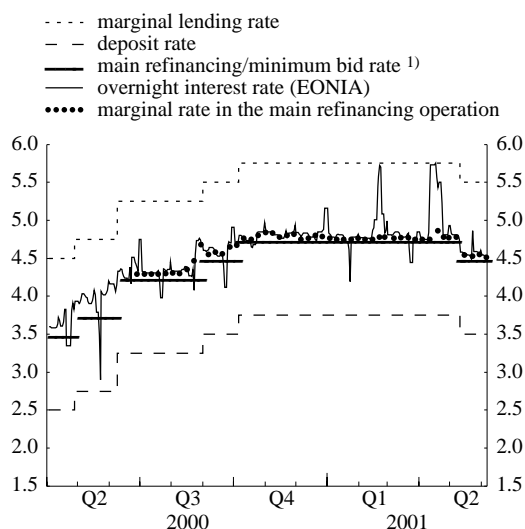
At its meetings on 23 May and 7 June 2001 the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations (conducted as variable rate tenders) at 4.50%. The interest rates on the deposit facility and the marginal lending facility were also left unchanged, at 3.50% and 5.50% respectively (see Chart 1).

### Monetary developments

Starting with this issue of the Monthly Bulletin the ECB will provide an extended monetary analysis every quarter, i.e. the next such analysis will be presented in September 2001. In line with the medium-term orientation of the ECB's monetary policy strategy, the analysis will focus on medium-term monetary developments, using mainly quarterly data.

**Chart 1**  
**ECB interest rates and money market rates**

(percentages per annum; daily data)



Sources: ECB and Reuters.

1) Starting from the operation settled on 28 June 2000, the main refinancing rate refers to the minimum bid rate applied to variable rate tenders.

As mentioned in previous issues of the ECB Monthly Bulletin, there are indications that in recent months data on M3 growth have been distorted significantly upwards by non-residents' holdings of negotiable instruments included in M3 (money market fund shares/units, money market paper and debt securities issued with an initial maturity of up to two years). This is because, whereas from a conceptual point of view M3 should only measure money holdings of euro area residents, it is difficult in practice to identify the residency of the holders of short-term negotiable instruments. Data of publishable quality on the magnitude of these distortions exist at this stage only for the holdings of money market fund shares/units by non-euro area residents, whereas for the non-residents' holdings of other negotiable instruments only preliminary indications are available.<sup>1</sup>

### M3 growth stabilising in early 2001

On average in the first quarter of 2001 the annual rate of growth of M3 adjusted for non-euro area residents' holdings of money market fund shares/units declined further to 4.5%, from 4.8% in the fourth quarter of 2000. With regard to the most recent monetary developments, in April 2001 the annual growth rate of M3 adjusted for non-residents' holdings of money market fund shares/units stood at 4.7% (see Chart 2).<sup>2</sup> Taking account of the preliminary indications regarding non-residents' holdings of money market paper and debt securities with an initial maturity of up to two years, the annual growth rate of a completely corrected M3 could have been around half a percentage point lower in the first quarter and in April 2001. This implies that a fully corrected measure of M3 is likely to have been slightly below the reference value of 4½% in recent months. The ECB intends to publish a fully revised M3 series, taking into

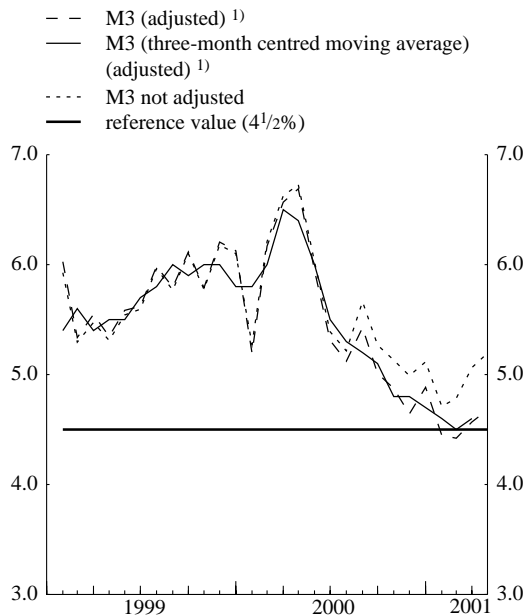
1 For further details see Box 1 in the "Monetary and financial developments" section of the May 2001 issue of the Monthly Bulletin.

2 If the upward impact on the annual growth rate of M3 caused by the holdings of negotiable instruments included in M3 by non-euro area residents is not taken into account, the figures for the annual growth rate of M3 would be 4.9% in the first quarter of 2001 and 5.2% in April.



## Chart 2 M3 growth and the reference value

(annual percentage changes)



Source: ECB.

1) Series adjusted for non-euro area residents' holdings of money market fund shares/units.

account the total effect of non-residents' holdings of negotiable instruments, towards the end of this year.

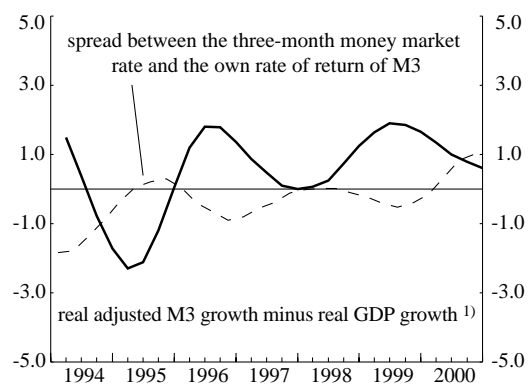
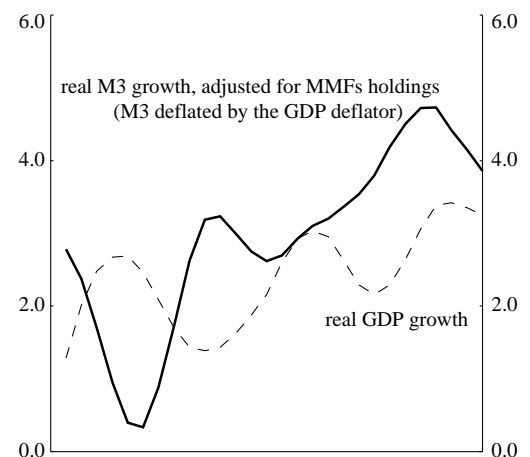
The slowdown of M3 growth in the course of 2000 and in the first quarter of 2001 is mainly the result of two factors. First, the moderation in real economic activity since the second half of 2000 towards trend potential output growth dampened M3 growth. Second, the decline in M3 growth from the second quarter of 2000 onwards partly reflected an increase in short-term interest rates (and thus in the opportunity costs of holding certain components of M3). At the same time, part of the dampening impact on the demand for the broad aggregate M3 has been offset over recent months by the fall in long-term interest rates as well as by the uncertainty on global stock markets which led to a higher attractiveness of short-term secure assets included in M3.

Chart 3 illustrates the demand for real M3 balances. It reflects the positive trend relationship between real M3 and real GDP. In addition, it shows the demand for M3 and its inverse relationship to a measure of its opportunity costs, which are represented by the spread between short-term interest rates and the own rate of return of M3 (which is a weighted average of the remuneration of its components).

In addition to the annual growth rates of M3, it is useful, from time to time, also to look at

## Chart 3 Real M3, real GDP and opportunity costs

(four-quarter moving averages of annual differences in percentage points or annual percentage changes)



Source: ECB.

1) Calculated as the difference between M3 growth (adjusted for holdings of money market fund shares/units by non-euro area residents), deflated by the GDP deflator, and real GDP growth. This can be interpreted as an approximate measure of the part of the demand for M3 which is explained by opportunity cost variables.

## Box I

### Estimates of the nominal and real money gap in the euro area

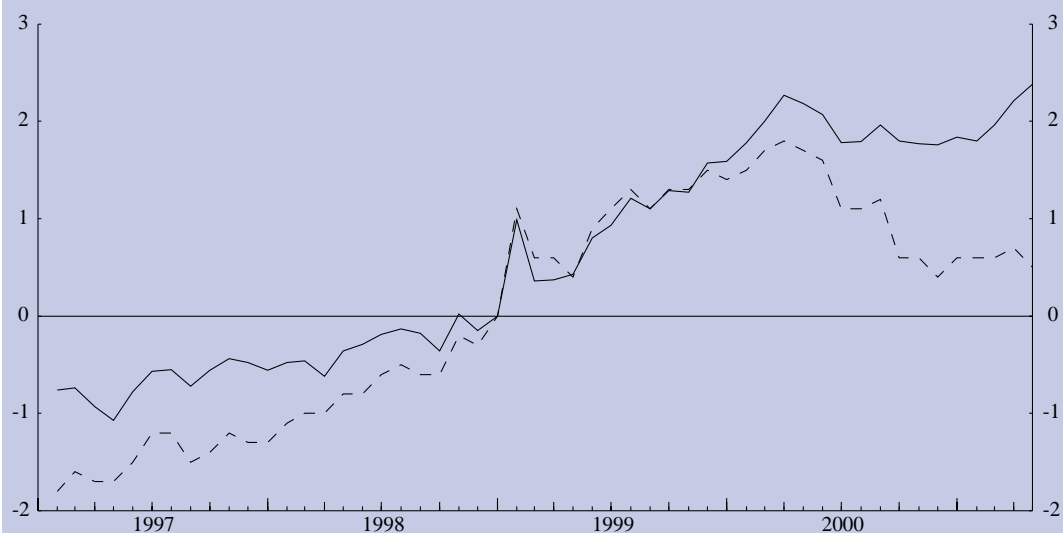
Measures of excess liquidity (or liquidity shortfalls) refer to positive (or negative) deviations of the actual stock of M3 from an estimate of the equilibrium level of M3. These measures are useful for a medium term-oriented monetary analysis, since they ensure that past excessive or weak monetary growth which is no longer visible in the annual growth rate of M3, but which may still contain information about risks to price stability, is taken into account. A simple measure of excess liquidity is an estimate of a nominal or real money gap reflecting the deviation of the actual stock of M3 from a level in line with the reference value for M3 growth in nominal and real terms respectively, starting from a somewhat arbitrary base period.<sup>1</sup>

The chart below shows the deviation of the actual nominal M3 stock from the level of M3 as implied by the reference value for M3 (4½%), from December 1998 onwards. This measure can be labelled the nominal money gap. Adjusted for non-euro area residents' holdings of money market fund shares/units, the nominal money gap was relatively stable between the second quarter of 2000 and the first quarter of 2001, and increased slightly in April 2001. When interpreting the nominal money gap, it should be borne in mind, however, that part of the higher level of M3 was used to finance the higher price level which mainly resulted from the oil price increase and the depreciation of the euro after early 1999.

### Estimates of the nominal and real money gap

(as a percentage of the stock of M3)

- nominal (based on M3 adjusted for holdings of money market fund shares/units by non-euro area residents)<sup>1)</sup>
- - - real (based on M3 adjusted for holdings of money market fund shares/units by non-euro area residents)<sup>2)</sup>



1) The nominal money gap is constructed as the deviation of the actual stock of M3 adjusted for holdings of money market fund shares/units by non-euro area residents from the level consistent with monetary growth at the reference value of 4½%, taking December 1998 as the base period.

2) The real money gap equals the nominal money gap less the deviation of consumer prices from the definition of price stability, taking December 1998 as the base period.

Provided that second-round effects remain small, the past shock to the price level owing to oil price and exchange rate developments should not imply any longer-term upward pressures on future inflation. In such a situation, it might be more appropriate to look at a measure of the real money gap which corresponds to the nominal money gap less the deviation of the Harmonised Index of Consumer Prices (HICP) from the ECB's definition of price stability embedded in the derivation of the reference value (see the chart above). The

1 See the article entitled "Framework and tools of monetary analysis" in the May 2001 issue of the Monthly Bulletin.

upward deviation of the HICP from the HICP level implied by the ECB's definition of price stability had a considerable dampening effect on the real money gap adjusted for the holdings of money market fund shares/units in 2000 and in the first four months of 2001. In April 2001 the real money gap adjusted for the holdings of money market fund shares/units by non-euro area residents was slightly positive when taking December 1998 as the base period. If the preliminary indications of non-residents' holdings of the other negotiable instruments included in M3 were taken into account, the real money gap would probably be slightly lower. In any case, there are several caveats in using this measure, one of them being the somewhat arbitrary choice of the base period, which requires that the interpretation of the real money gap should concentrate more on the change in the gap rather than on its level.

the level of M3. In the most simple manner, this can be done with the help of measures of excess liquidity (or liquidity shortfalls), which refer to positive (or negative) deviations of the actual stock of M3 from a level of M3 which would be in line with M3 growth according to the reference value (see Box 1).

#### Low growth in liquid components contrasts with increased demand for time deposits

The annual rates of growth of the narrow monetary aggregate M1, encompassing currency in circulation and overnight deposits, showed a clear downward trend during 2000 and in the first quarter of 2001. In April 2001 the annual growth rate of M1 declined further, to 1.8% (see Table 1).

The annual rate of change in currency in circulation was negative in the first quarter of 2001 and declined further to -2.9% in April. This could partly be related to effects ahead of the euro cash changeover at the beginning of 2002. Preparations of euro area residents for the cash changeover as well as a flowback of banknotes from outside the euro area may have dampened the development of currency in circulation. With regard to the latter factor, however, the available evidence does not indicate a large flowback of currency from outside the euro area so far.

Regarding overnight deposits, the strong decline in the annual growth rate from more than 10% in the first half of 2000 to 3.2% in the first quarter of 2001 and 2.7% in April can be mainly explained by the increase in

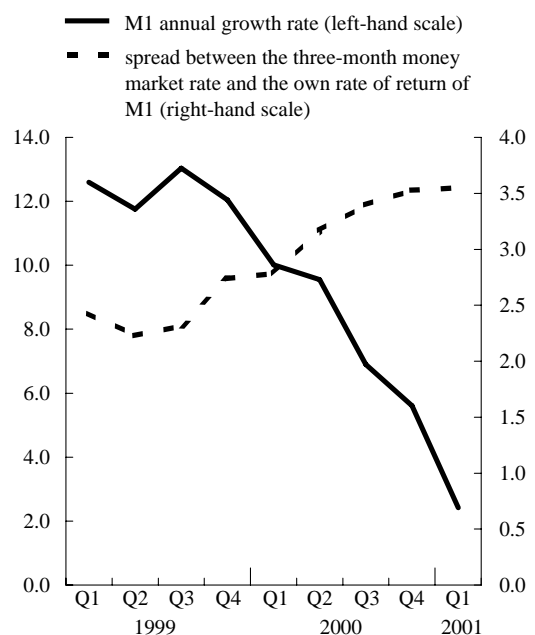
the opportunity costs of holding M1, represented by the spread between the three-month money market rate and the own rate of return of M1 (which is a weighted average of the remuneration of its components) (see Chart 4).

By contrast to trends in M1, in the course of last year and in the first quarter of 2001, the annual growth rate of short-term deposits other than overnight deposits (M2 – M1)

**Chart 4**

#### M1 growth and the spread between the three-month money market rate and the own rate of return of M1<sup>1)</sup>

(annual differences in percentage points or annual percentage changes)



Source: ECB.

1) The own rate of return of M1 is a weighted average of the remuneration of its components.

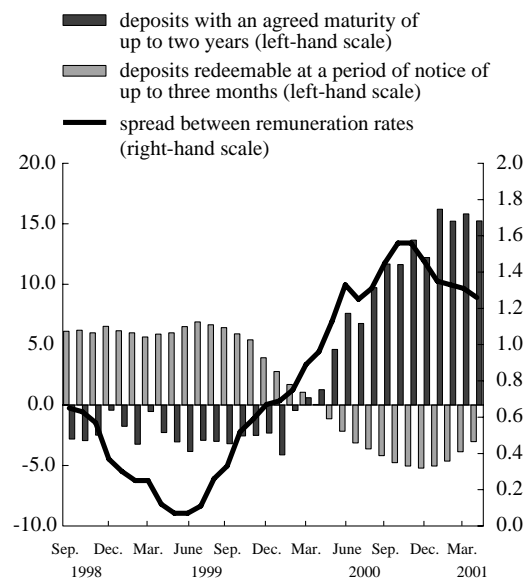
**Table I****Components of M3***(annual percentage changes; not seasonally adjusted; quarterly averages, unless otherwise indicated)*

	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Apr.
<b>M1</b>	<b>10.0</b>	<b>9.5</b>	<b>6.9</b>	<b>5.6</b>	<b>2.4</b>	<b>1.8</b>
Currency in circulation	6.2	5.3	3.7	1.8	-1.3	-2.9
Overnight deposits	10.8	10.5	7.6	6.4	3.2	2.7
<b>Other short-term deposits (M2 - M1)</b>	<b>0.6</b>	<b>1.0</b>	<b>1.5</b>	<b>2.1</b>	<b>3.3</b>	<b>4.6</b>
Deposits with an agreed maturity of up to 2 years	-1.8	3.3	8.7	12.4	15.1	15.2
Deposits redeemable at a period of notice of up to 3 months	2.3	-0.6	-3.3	-4.8	-4.7	-3.0
<b>Marketable instruments (M3 - M2)<sup>1)</sup></b>	<b>12.8</b>	<b>14.0</b>	<b>12.9</b>	<b>11.3</b>	<b>14.4</b>	<b>13.4</b>
Repurchase agreements	-10.5	3.1	4.1	10.3	20.6	11.1
Money market fund shares/units and money market paper <sup>1)</sup>	20.5	15.7	16.7	9.6	9.1	8.8
Debt securities with a maturity of up to 2 years	40.7	35.4	11.6	22.4	28.2	37.8
<b>M3 (adjusted)<sup>1)</sup></b>	<b>5.9</b>	<b>6.2</b>	<b>5.2</b>	<b>4.8</b>	<b>4.5</b>	<b>4.7</b>

Source: ECB.

1) Adjusted for non-residents' holdings of money market fund shares/units.

increased (see Table I). However, the developments in the two components of these deposits – deposits with an agreed maturity of up to two years and deposits redeemable at a period of notice of up to three months – differed markedly. This, in turn, can be explained by their respective remuneration (see Chart 5 and Box 4). The spread between the retail interest rate on deposits with a maturity of up to two years and on deposits redeemable at a period of notice of up to three months widened considerably during 2000. As a consequence, the former kind of deposits expanded strongly during 2000 and in the first quarter of 2001, whereas the annual rate of change in the latter turned negative as from the second quarter of 2000. Deposits with an agreed maturity of up to two years thereby benefited from shifts within the broad monetary aggregate M3. In addition, the high annual growth rates of these deposits might reflect the demand for secure short-term assets in an environment of a relatively flat yield curve in the euro area and, in early 2001, uncertainty on global stock markets.

**Chart 5****Short-term deposits (other than overnight) and the spread between their respective retail interest rates***(annual differences in percentage points or annual percentage changes)*

Source: ECB.

As was the case for deposits with an agreed maturity of up to two years, marketable instruments included in M3 also benefited from the flattening yield curve in the course of last year and, in early 2001, from the uncertainty on global stock markets. As mentioned above, part of the high annual growth rates of marketable instruments included in M3 in the past quarters reflects an increase in non-residents' holdings of negotiable instruments included in M3. When adjusted for the impact of non-residents' holdings of money market fund shares/units, the annual growth rate of marketable instruments was 14.4% in the first quarter of 2001, up from 11.3% in the last quarter of 2000. In April 2001 this adjusted annual growth rate of marketable instruments was 13.4%. Taking into account the preliminary indications for non-residents' holdings of other negotiable instruments included in M3, the fully corrected annual growth rate of marketable instruments included in M3 would probably be below these figures.

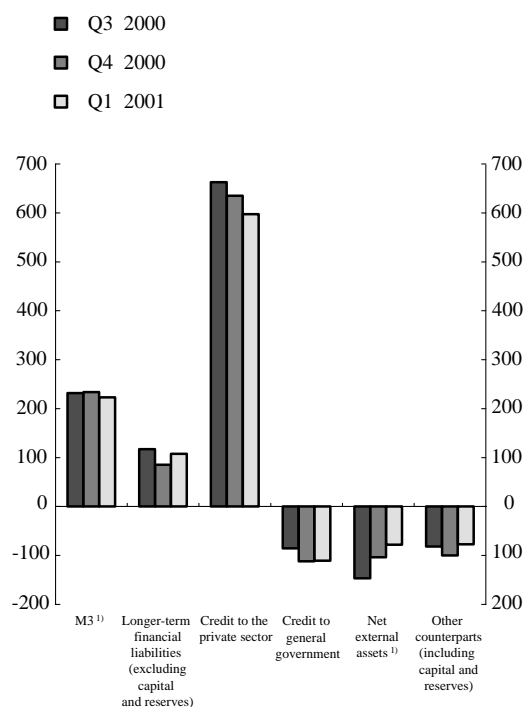
### Credit growth on a downward trend

Since the first half of 2000 the annual growth rate of total credit to euro area residents has declined by more than 2 percentage points, to 6.0% in the first quarter of 2001. In April 2001 the annual growth rate of total credit to euro area residents stood at 5.8%. Credit developments differed markedly, however, between the private and the public sector

### Chart 6

#### Movements in M3 and counterparts

(annual flows; EUR billions)



Source: ECB.

1) Series adjusted for non-euro area residents' holdings of money market fund shares/units.

(see Table 2). While the annual rate of growth of credit to the private sector was above average compared with historical evidence (9.8% in the first quarter of 2001 and 9.0% in April 2001), the annual rate of change in credit to general government was negative (-5.8% in the first quarter of 2001 and -4.7% in April 2001) (see Chart 6).

### Box 2

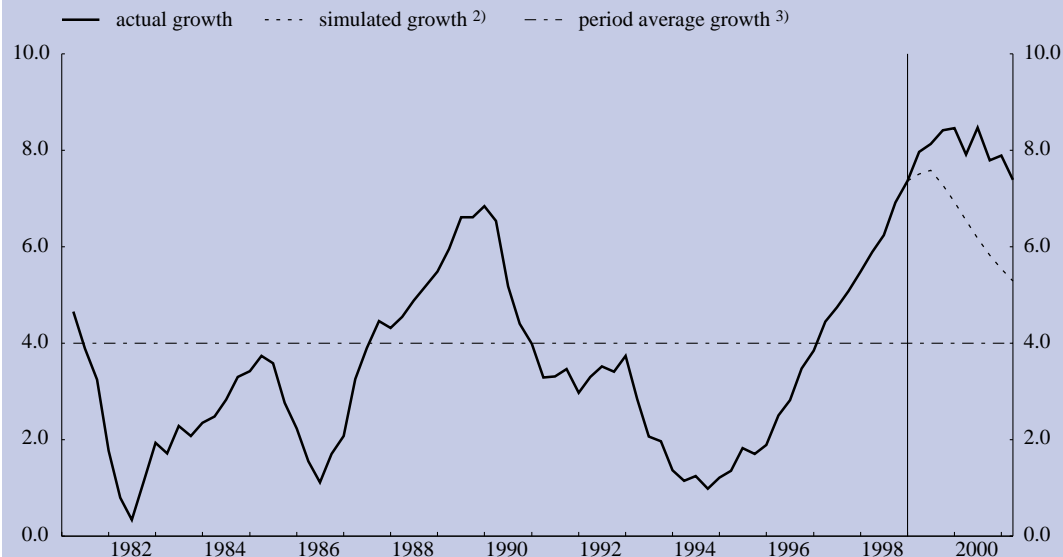
#### Factors explaining the development of loans to the private sector

Since the start of Stage Three of Economic and Monetary Union (EMU), loans to the euro area private sector have been growing at a relatively fast pace. The growth in loans has also been very significant in real terms. Over the period from January 1999 to April 2001 the annual growth rates of real loans to the private sector (deflated by the GDP deflator) ranged between 7.4% and 8.5%, which was significantly above their average over the past 20 years (around 4%).

The strong growth in loans to the private sector in 1999 and 2000 was fostered, to differing extents, by robust growth in economic activity (in both nominal and real terms) and low real interest rates by historical standards. The top panel of Chart 7 in the main text of this issue shows that, since the start of Stage Three of EMU, the increase in real loans has been accompanied by robust growth in real GDP. The bottom panel illustrates that

## Growth in real loans to the private sector <sup>1)</sup>

(annual percentage changes; quarterly data)



1) Growth rates of nominal loans to the private sector deflated by means of the GDP deflator.

2) Out-of-sample forecast from Q1 1999 based on model in Calza et al. (2001).

3) Average growth rate over the period Q1 1980 to Q1 2001.

favourable financing conditions in the euro area supported the demand for real loans by the private sector in the run-up to Stage Three of EMU and in 1999, when the real composite lending rate (a weighted average of sectoral lending rates over different maturities) declined to around 4%.

The subsequent stabilisation and slight decline in the rates of growth in loans can also be linked to these factors. Real GDP growth weakened somewhat during the second half of 2000, while the real composite lending rate increased from autumn 1999 onwards and reached 5.4% in the first quarter of 2001.

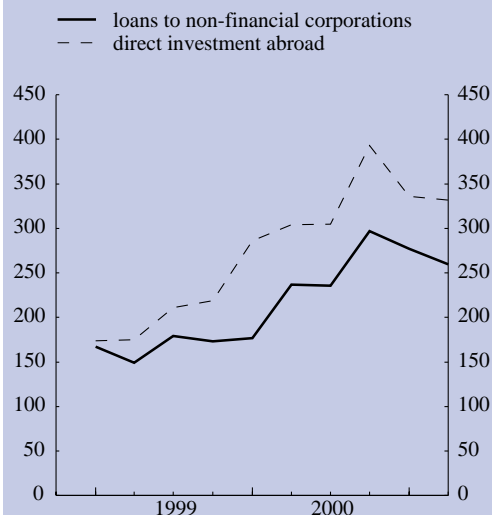
In fact, historically, the behaviour of real loans to the private sector in the euro area can be explained reasonably well by developments in economic activity and the real cost of loans. Formal econometric evidence provided in a recent ECB study shows that the behaviour of real loans to the private sector in the euro area over the period from 1980 to 1999 can be explained by a model including real GDP and real interest rates as the main explanatory variables.<sup>1</sup> Nevertheless, there are indications that these fundamental determinants can only partly capture the developments in real loans to the private sector since the start of Stage Three of EMU. Indeed, the chart above shows that from the first quarter of 1999 to the first quarter of 2001 the model systematically predicted lower annual rates of growth in real loans to the private sector than those recorded. This seems to imply that, after the start of Stage Three of EMU, growth in loans was fuelled by factors not taken into account by the model.

Several specific factors have been identified as driving euro area demand for loans, notably to non-financial corporations, over the past two years. Those which were – albeit to varying degrees – relevant over the whole period include intense merger and acquisition activity, including large direct investment outside the euro area, and high rates of growth of property and land prices in some fast-growing euro area countries. In addition to these, other factors which may temporarily have fostered the demand for loans include the increased need for funds from telecommunications companies to finance the UMTS licence auctions, especially in the third quarter of 2000.

<sup>1</sup> See A. Calza, C. Gartner and J. Sousa, "Modelling the demand for loans to the private sector in the euro area", ECB Working Paper No. 55, 2001.

### Loans to non-financial corporations and direct investment abroad

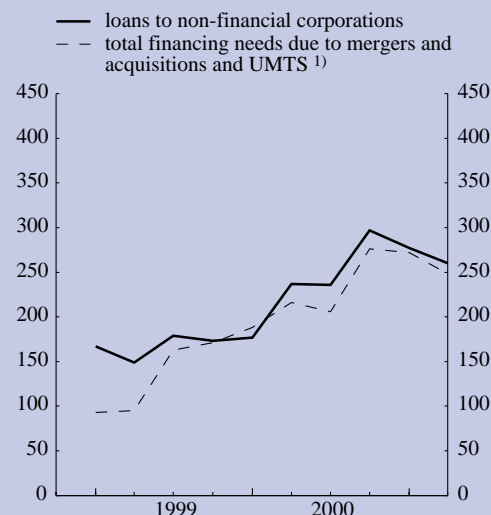
(EUR billions, annual flows)



Source: ECB.

### Loans to non-financial corporations and total financing needs arising from mergers and acquisitions (cash payments) and UMTS

(EUR billions, annual flows)



Source: ECB, Thomson Securities.

1) Part of these needs were covered by financing sources other than loans.

While it is difficult to obtain a sufficiently reliable quantification of the effects of all these factors, the charts above provide an indication that the impact of merger and acquisition activity (including acquisitions outside the euro area) and the UMTS auctions on the development of loans to the private sector, especially on those to non-financial corporations, was sizeable. In particular, the chart above on the left shows that direct investment abroad may have represented an important factor in the growth of loans since the start of Stage Three of EMU. In addition, the chart above on the right illustrates that over the past few years developments in the demand for funds to finance mergers and acquisitions involving cash payments and to finance UMTS licences appears to have had a clear impact on the increase in loans to the private sector. While it is not possible to identify exactly which part of these transactions were financed via loans and which part through other sources of finance (e.g. bond issuance, equity finance or internal financing sources), there was a remarkable correlation between the evolution of the total financing needs due to mergers and acquisitions and UMTS auctions and the pattern of the expansion of loans.

The financing of the specific factors mentioned is not likely to affect aggregate spending and future price developments in the euro area significantly. This is immediately obvious in the case of foreign direct investment. Moreover, to the extent that the funds received from the proceeds of UMTS auctions have been used to gradually redeem public debt, they do not imply risks to price stability. It is also plausible to assume that large proportions of cash payments made to the holders of shares in the acquired company in a merger are re-invested in (non-monetary) financial assets, thus not directly adding to domestic spending. Furthermore, even though loans for house purchase financed aggregate demand in the form of residential construction, the major part of the increase in loans for house purchase over the period seems to have been related to transactions on the secondary housing market and to the rise in property prices over that period. Although account should also be taken of second mortgages financing consumer spending, it can reasonably be assumed that part of the loan financing is not used for aggregate spending. Taking into account all the special factors, it appears that the high level of the growth rates of loans to the private sector may no longer signal risks to price stability.

Chart 7 shows that the driving forces behind the high demand for real loans by the private sector in the euro area in the past few years have been relatively strong real GDP growth and favourable financing conditions. Moreover, as discussed in detail in Box 2, some special factors – the financing of mergers and acquisitions, the financing of the UMTS licences as well as temporarily pronounced rates of growth of property and land prices in some euro area countries – also fuelled the demand for loans by the private sector in the euro area. More recently, the increase in bank lending rates from mid-1999 to autumn 2000 led to a slight

moderation in the annual growth rate of loans to the private sector in the course of 2000 and early 2001. In addition, the moderation of real GDP growth and the decline in business confidence in the euro area since the second half of 2000 should have contributed to this fall.

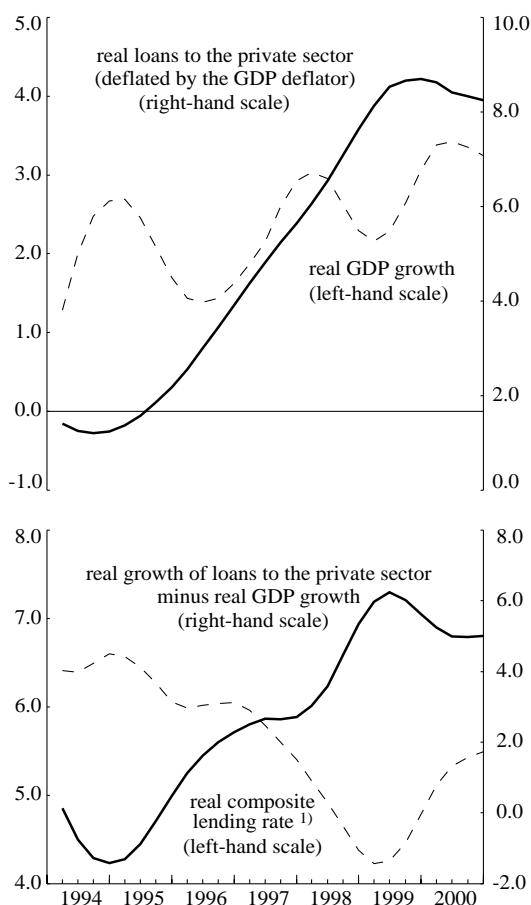
The development of loans to the private sector can be analysed in more detail when looking at sectoral loan developments, mainly with regard to loans to non-financial corporations and to private households (see Table 2). The annual growth rate of loans to non-financial corporations in the euro area stood at 10% or above in 2000. Strong real economic growth and favourable profit expectations as well as the above-mentioned financing of UMTS licences fuelled the demand for loans by non-financial corporations last year. In the first quarter of 2001 the annual rate of growth of loans to non-financial corporations decreased to 10.3%, from 11.2% in the final quarter of 2000. This is likely to be related to the slowdown in real GDP growth and a decline in business confidence.

As regards loans to households, the increase in lending rates for consumer credit from the final quarter of 1999 to the first quarter of 2001 dampened the demand for consumer credit. In the first quarter of 2001 the annual growth rate of consumer credit declined considerably, to 5.4%, from 8.2% in the last quarter of 2000.

The annual growth rate of lending to private households for house purchase also declined slightly in the course of last year and in the first quarter of this year (8.1% in the first quarter of 2001, after 8.8% in the fourth quarter of 2000). The increase in the respective lending rates until the end of last year as well as the reduction in the rate of growth of house prices in the euro area are likely to have dampened the demand for loans for house purchase.

In contrast to the overall dynamic development of loans to the private sector, the annual rate of change in credit to general

**Chart 7**  
**Real loans to the private sector, real GDP and retail lending rates**  
*(four-quarter moving averages of annual differences in percentage points or annual percentage changes)*



Source: ECB.

1) The real composite lending rate is calculated as the weighted average of the lending rates for consumers and enterprises over different maturities, deflated by the GDP deflator.



**Table 2****Main counterparts of M3***(annual percentage changes; not seasonally adjusted; quarterly averages, unless otherwise indicated)*

	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Apr.
<b>Longer-term financial liabilities</b>	<b>6.9</b>	<b>6.7</b>	<b>7.1</b>	<b>6.1</b>	<b>4.5</b>	<b>3.6</b>
Deposits with an agreed maturity of over 2 years	5.0	4.2	2.8	1.0	-0.2	-0.2
Deposits redeemable at a period of notice of over 3 months	-8.2	-2.7	5.6	11.4	13.2	10.6
Debt securities with a maturity of over 2 years	6.8	6.4	6.8	5.3	6.1	5.1
Capital and reserves	12.6	12.2	14.2	14.4	7.0	5.2
<b>Credit to euro area residents</b>	<b>8.3</b>	<b>8.2</b>	<b>7.1</b>	<b>6.4</b>	<b>6.0</b>	<b>5.8</b>
<b>Credit to general government</b>	<b>2.9</b>	<b>0.0</b>	<b>-2.2</b>	<b>-6.0</b>	<b>-5.8</b>	<b>-4.7</b>
Securities other than shares	5.2	-0.4	-3.6	-8.8	-9.8	-6.9
Loans	-0.4	0.5	-0.1	-1.9	-0.1	-1.8
<b>Credit to other euro area residents</b>	<b>10.2</b>	<b>11.1</b>	<b>10.2</b>	<b>10.5</b>	<b>9.8</b>	<b>9.0</b>
Securities other than shares	15.8	14.5	13.9	19.2	20.6	25.4
Shares and other equities	19.1	20.6	17.5	17.8	13.3	9.2
Loans	9.3	10.1	9.5	9.6	9.1	8.3
<i>Memo item: sectoral breakdown for loans (end of quarter)<sup>1)</sup></i>						
<i>To non-financial corporations</i>	<i>10.3</i>	<i>10.0</i>	<i>12.5</i>	<i>11.2</i>	<i>10.3</i>	<i>-</i>
<i>To households</i>	<i>9.6</i>	<i>8.7</i>	<i>8.0</i>	<i>7.4</i>	<i>6.5</i>	<i>-</i>
<i>Consumer credit<sup>2)</sup></i>	<i>8.0</i>	<i>7.2</i>	<i>8.0</i>	<i>8.2</i>	<i>5.4</i>	<i>-</i>
<i>Lending for house purchase<sup>2)</sup></i>	<i>11.3</i>	<i>10.3</i>	<i>9.2</i>	<i>8.8</i>	<i>8.1</i>	<i>-</i>
<i>Other lending</i>	<i>6.0</i>	<i>5.4</i>	<i>4.6</i>	<i>2.6</i>	<i>2.6</i>	<i>-</i>

Source: ECB.

1) Growth rates are calculated on the basis of flow data whenever available. Sectors correspond to ESA 95 definitions. For further details, see footnote to Table 2.5 in the "Euro area statistics" section of the ECB Monthly Bulletin and the relevant technical notes. Differences between some sub-totals and their components are due to rounding.

2) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

government has been negative since the third quarter of 2000 (see Table 2), owing to favourable budgetary conditions and one-off revenues, in particular from the UMTS licence auctions. In the first quarter of 2001 it was -5.8% and stood at -4.7% in April 2001. The pronounced decrease in the annual growth rate of debt securities issued by general government and held by the MFI sector points to a shift of the holder structure in the direction of non-MFIs and non-euro area residents. In addition, there was also a decline in the net issuance of euro-denominated debt securities by general government in the second half of 2000 (see Box 3).

The annual growth rate of longer-term financial liabilities of euro area MFIs has declined since the second half of 2000. In

April 2001 the annual rate of increase in longer-term financial liabilities of the MFI sector stood at 3.6% (see Table 2). The relatively low demand of non-MFIs for longer-term MFI liabilities is likely to be related to the flattening yield curve in the course of 2000, which has reduced the attractiveness of these instruments. This assessment is confirmed if capital and reserves, the expansion of which is little related to yield curve developments, are excluded from longer-term financial liabilities (see Chart 6).

The net external asset position of the MFI sector in the euro area has continued to decline over the past few quarters. This is in line with evidence from the balance of payments which reports combined net foreign direct investment and net portfolio

### Box 3

#### Quarterly Table on Financing and Investment (TFI) of non-financial sectors in the euro area

Quarterly financial accounts data for the euro area non-financial sectors have been released up to the third quarter of 2000.<sup>1</sup> This allows further analysis of developments in the main financing and financial investment components of the non-financial sectors in the euro area.

Regarding the financing side, the annual rate of growth of total financing of the non-financial sectors was 7% in the third quarter of 2000.<sup>1</sup> While the financing to the private sector continued to expand strongly, the financing needs of the general government remained subdued. In this respect it is interesting to note that credit granted by Monetary Financial Institutions (MFIs) to the general government declined far more sharply than the overall financing of this sector (see the chart below). This can be explained to some extent by a declining share of loans in the overall financing of the general government. The main factor was, however, the remarkable decline in the holding of general government securities by MFIs. In 2000 the annual increase in the

#### Total debt of general government and MFI credit to general government

(annual percentage changes)



Source: ECB.

1) Partly estimated from Q4 2000 onwards.

amount outstanding of securities issued by the general government was around 2%, while the annual rate of change in MFI holdings of such securities was negative (-5½%), implying that MFIs have sold large amounts of government securities to other sectors. This could reflect, in particular, the strong acquisition of government debt securities by non-residents (as suggested by balance of payments data), in a context of more volatile stock markets and a relative shortage of government bonds worldwide.

On the investment side, the deceleration in the growth of total financial investment of the non-financial sectors observed after the second half of 1999 came to an end in the third quarter of 2000 and the annual rate of growth rose to 6.8%, up from 5.8% in the second quarter of 2000 (see the table overleaf).

This increase was mainly due to a significant rise in non-financial sector investment in quoted shares (annual growth rose from 6.6% in the second quarter of 2000 to 11.6% in the third quarter) and, to a lesser extent, in debt securities. This increase in the growth of investment in quoted shares in a period of declining stock prices can be explained partly by significant acquisitions by euro area companies of companies outside the euro area. This is confirmed by information from a private database (Thomson Securities), which shows that quarterly flows of acquisitions of foreign companies reached a maximum in the third quarter of 2000.<sup>2</sup> By contrast, the continuing decline in the growth rate of non-monetary mutual fund shares (which are largely equity-based) indicated a reluctance on the part of private investors to increase their portfolio investment in quoted shares. For this reason and in an environment of stabilising long-term interest rates, investors increased further their holdings of long-term debt securities. Finally, non-financial sector investment in insurance products remained strong in the third quarter of 2000.

1 For more details see Table 6.1 in the "Euro area statistics" section of this issue of the Monthly Bulletin.

2 In addition, it should be noted that the acquisition of quoted shares has been significantly affected by a one-off transformation of non-quoted shares into quoted shares (without additional financial investment) in a privatisation.

## Financial investment of non-financial sectors in the euro area <sup>1)</sup>

	Financial investments										Memo item: M3
	Currency, deposits and short- term mar- ketable instru- ments	Currency and deposits <sup>2)</sup>	Short-term debt securities	Money market fund shares	Long- term market- able instru- ments and insurance technical reserves	Long-term debt securities	Quoted shares	Mutual fund shares other than money market fund shares	Insurance technical reserves		
<b>Annual growth rates</b>											
1998 Q4	6.4	3.3	4.8	-23.5	-4.1	8.8	-5.0	6.8	30.8	8.9	4.8
1999 Q1	7.0	3.5	5.2	-24.7	-7.2	9.4	-0.9	7.3	27.3	8.6	5.5
Q2	7.4	4.1	5.1	-20.3	1.2	9.7	1.3	8.7	23.0	8.6	5.5
Q3	7.6	4.3	5.5	-21.0	-1.8	9.9	1.3	11.3	19.9	8.7	5.9
Q4	7.0	4.0	4.6	-5.4	-1.5	9.1	4.1	8.5	14.6	9.3	6.0
2000 Q1	5.8	4.5	4.6	3.4	2.4	6.6	-0.1	5.5	9.0	9.5	5.9
Q2	5.8	3.6	3.8	14.1	-9.0	7.2	4.8	6.6	6.3	9.3	6.3
Q3	6.8	4.1	3.5	40.6	-4.8	8.5	7.2	11.6	4.4	9.1	5.4
<b>Ratio to total financial investment as at Q3 2000 (amounts outstanding)</b>											
	100%	35%	33%	1%	1%	65%	10%	20%	12%	22%	34%

Source: ECB.

1) Non-financial sectors comprise general government, non-financial corporations and households including non-profit institutions serving households. Growth rates are based on transactions and are therefore corrected for valuation effects and reclassifications.

2) Excluding central government deposits with MFIs.

As for investment in short-term assets, a striking feature has been the very sharp increase in the annual rate of growth of holdings of short-term securities since the beginning of 2000 (albeit from a very low level), which contrasts with a slight decline in the annual growth of currency and deposits. According to ECB estimates, this rise reflects, in particular, a strong increase in purchases by non-MFIs of securities issued by resident non-banks (i.e. government bills, commercial paper, etc.). The increased attractiveness of short-term securities can be explained by the rise in short-term interest rates since the autumn of 1999.

investment outflows from the second quarter of 2000 to the first quarter of 2001. In the 12 months to April 2001 the net external assets of the MFI sector declined by €72 billion, compared with a decrease of €51 billion cumulated over the 12 months up to March 2001. If the purchases of money market fund shares/units by non-euro area residents were taken into account, the decrease in net external assets of the euro area MFI sector would have been more pronounced.

### Monetary developments indicate a favourable outlook for medium-term price stability

Overall, the analysis of M3 as well as of its components and counterparts under the first pillar of the ECB's monetary policy strategy points to a favourable outlook for price stability over the medium term. Taking into account the holdings of money market fund shares/units by non-euro area residents, the annual growth rate of M3 stood around the reference value in the first four months of 2001. In addition, if preliminary indications of the impact caused by non-residents' holdings of the other negotiable instruments included in M3 were considered, the annual

growth rate of M3 for the first quarter of 2001 and for April would probably be around half a percentage point lower. Consequently, aggregating both types of adjustment, M3 would be growing slightly below the reference value of 4½%. Moreover, recent information on the counterparts of M3 is also consistent with a favourable outlook for price stability. In particular, the moderation of the growth of loans to the private sector in the euro area over the past few months, and the evidence that part of the growth of loans to non-financial corporations is not directly associated with aggregate spending, confirms this assessment of risks to price stability.

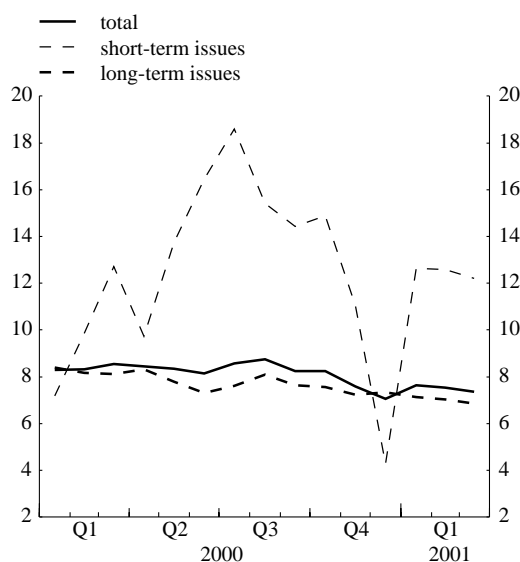
#### Continuing strong debt securities issuance by the private sector in the first quarter of 2001

The average annual growth of the amount outstanding of debt securities issued by euro area residents declined slightly, from 7.6% in the last quarter of 2000 to 7.5% in the first quarter of 2001. The first quarter of 2001 saw a strong recovery in the annual growth of the amount outstanding of short-term debt securities, following a sharp drop towards the end of 2000, and virtually unchanged annual growth of the amount outstanding of long-term debt securities (see Chart 8).

The breakdown of the data by currency shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents, which had dropped continuously from 7.5% in the second quarter of 2000 to 5.9% in the fourth quarter, increased slightly in the first quarter of 2001 to 6.3%. At the end of the first quarter of 2001, 91.3% of the amount outstanding of debt securities issued by euro area residents was denominated in euro, similar to the end of 2000. Looking at euro-denominated debt securities issuance by non-residents of the euro area, 11.1% of the total amount outstanding of euro-denominated debt securities was issued by non-residents of the euro area at the end of the first quarter of 2001. This compares with 10.9% at the

**Chart 8**  
Amounts outstanding of debt securities issued by euro area residents

(annual percentage changes)



Source: ECB.

Note: From January 2001, euro area data include Greece. For reasons of comparability, annual growth rates before January 2001 use data for the euro area plus Greece.

end of the last quarter of 2000 and 7.3% at the end of 1998.

The sectoral breakdown reveals that debt securities issuance by the private sector was strong in the first quarter of 2001 (see Chart 9). The average annual growth of the amount outstanding of debt securities issued by MFIs rose from 7.5% in the last quarter of 2000 to 8.7% in the first quarter of this year. The strength in private sector issuance was also due to the non-MFI private sector. The average annual growth of the amount outstanding of euro-denominated debt securities issued by this sector rose from 18.9% in the last quarter of 2000 to 23.9% in the first quarter of 2001. The driving forces for corporate debt securities issuance were a narrowing of spreads between high-quality corporate bonds and government bonds since the beginning of this year, and relatively high equity market volatility, particularly in March (see Chart 20), which hampered issuance activity in the equity markets.

## Box 4

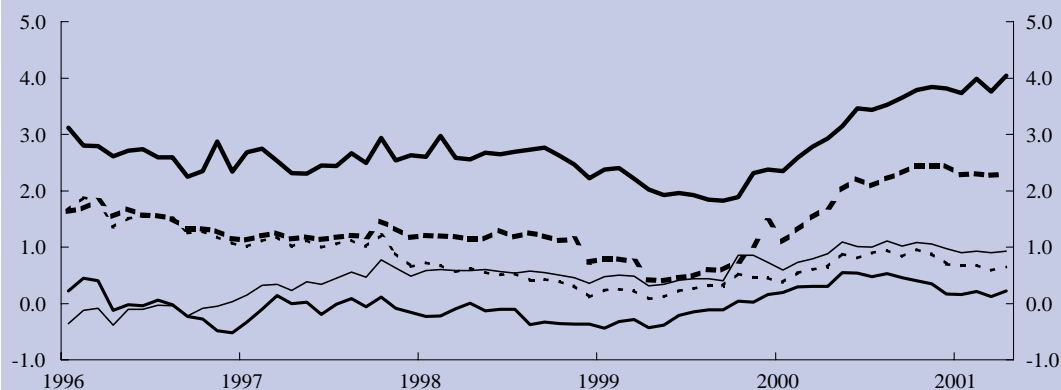
### The relationship between retail bank interest rates and market interest rates

This box deals with the relationship between retail bank interest rates and market interest rates in the euro area, which is an important link in the monetary transmission process. A wide range of factors ultimately influence the adjustment of interest rates in retail bank markets: competition in the financial services industry in different segments of the deposit and credit markets, bank-customer relations, (expected) bank exposure to interest rate risk, credit and other risk premia, the administrative cost of effectively changing bank interest rates, the degree of passive behaviour on the part of deposit holders and borrowers, etc.

#### Chart A1: Spread between comparable market interest rate and bank deposit rate

(percentage points; monthly data)

- ■ one-month money market rate minus rate on deposits redeemable at a period of notice of up to three months
- - - six-month money market minus rate on deposits redeemable at a period of notice of over three months
- three-month money market rate minus rate on deposits with an agreed maturity of up to two years
- two-year government bond yield minus rate on deposits with an agreed maturity of over two years
- overnight money market rate minus overnight deposit rate



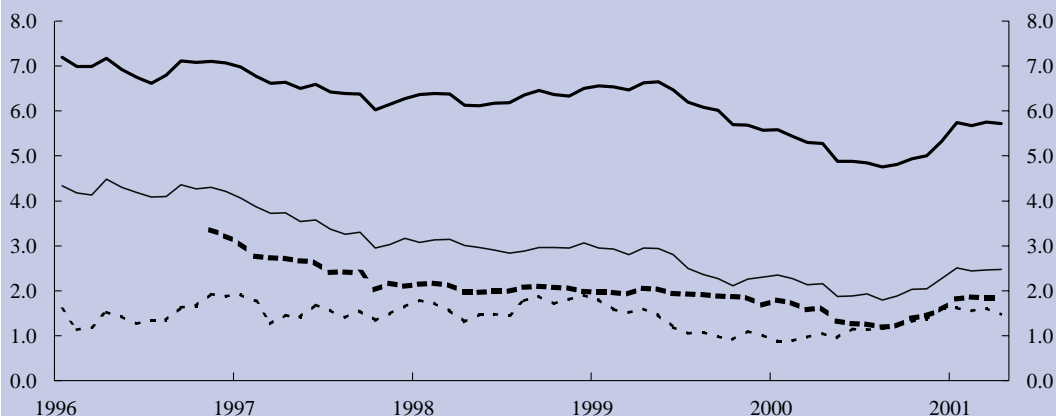
Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001 onwards Greek data are also included.

#### Chart A2: Spread between bank lending rate and comparable market interest rate

(percentage points; monthly data)

- ■ rate on loans to enterprises over one year minus twelve-month money market rate
- rate on loans to households for consumer lending minus twelve-month money market rate
- - - rate on loans to households for house purchase minus five-year government bond yield
- rate on loans to enterprises up to one year minus six-month money market rate



Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001 onwards Greek data are also included.

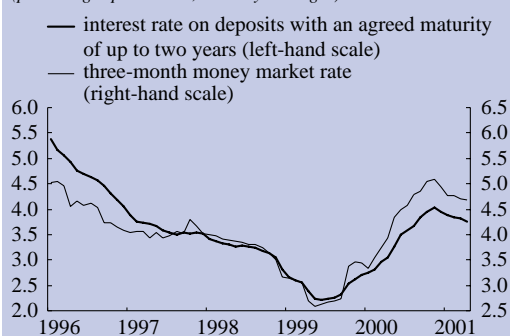
The charts below plot the spread between retail bank interest rates and market interest rates with a comparable maturity between January 1996 and April 2001. The charts show that the levels of retail bank interest rate spreads differ across instruments and that retail bank interest rate movements differ from market interest rate changes. The latter fact suggests that retail bank rates do not adjust immediately to market interest rates on a one-to-one basis. A second set of charts illustrates this by plotting for some selected instruments the retail bank interest rate together with a comparable market interest rate.

As regards bank deposit rates, significant differences exist in their relationships with market interest rates across individual deposit instruments. The spread between two-year government bond yields and deposits with an agreed maturity of over two years was always close to zero between January 1996 and April 2001, as shown in Chart A1. This suggests that competitive forces are very strong in this segment of the deposit market and that it leads banks to set this interest rate close to market interest rates. A similar conclusion can be drawn for deposits with an agreed maturity of up to two years. As can be seen in Chart B1, the interest rate on these deposits follows a similar movement to the three-month market interest rate, indicating a relatively speedy pass-through of market interest rate changes to this bank deposit rate. A similarly fast adjustment to market interest rate changes can be found for the interest rate on deposits redeemable at a period of notice of over three months.

By contrast, the spreads on overnight deposits and deposits redeemable at a period of notice of up to three months were substantially wider in the period under review than the other bank deposit rate spreads. Furthermore, these spreads have widened considerably since the autumn of 1999, suggesting that these two deposit rates reacted sluggishly to the rise in money market rates that took place between the last quarter of 1999 and the end of 2000. This can be explained to some extent by the fact that these euro area deposit rates are still regulated or administered in some euro area countries. Moreover, these instruments are often targeted at the general public, who use them for reasons of convenience. The sticky behaviour of the retail bank rate on deposits redeemable at a period of notice of up to three months is also illustrated in Chart B2.

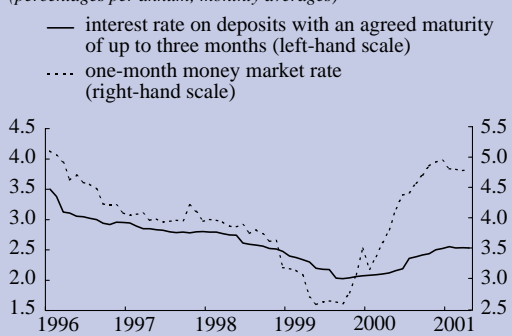
**Chart B1: Interest rate on deposits with an agreed maturity of up to two years and three-month money market rate**

(percentages per annum; monthly averages)



**Chart B2: Interest rate on deposits redeemable at a period of notice of up to three months and one-month money market rate**

(percentages per annum; monthly averages)



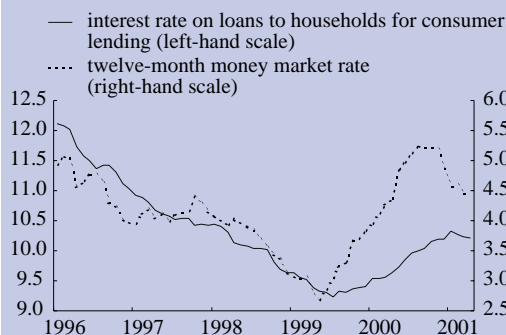
Sources: ECB aggregation of individual country data and Reuters.  
Note: From 1 January 2001 onwards Greek data are also included.

Turning to bank lending rates, credit risk also plays a role. For instance, loans for house purchase have a relatively low credit risk, since they are collateralised and therefore show the smallest bank lending rate spread, as can be seen from Chart A2. However, credit risk plays a more important role for lending to enterprises and, in particular, for consumer lending. After a tendency for bank lending rate spreads to narrow, especially for loans to enterprises, spreads have widened since mid-2000. This general widening in bank lending rate spreads might be a reflection of an increase in credit risk, as suggested by trends in corporate bond spreads in the euro area after the summer months of 2000, which saw some widening, particularly for low-rated firms.

The adjustment of bank lending rates to market interest rate changes also differs across instruments, as illustrated in Charts B3 and B4 for loans to households. The interest rate on loans to households for consumer lending responds sluggishly to market interest rate changes compared with the interest rate on loans to households for house purchase. This is probably due to the strong competition that banks face, also from non-banks, in the mortgage market. In a similar way, the interest rate on loans to enterprises reacts quickly to market interest rate changes, suggesting that banks have to compete strongly with other external finance sources of corporations. In particular, the growing importance of corporate debt securities markets in the euro area, among other factors, may have increased the strength of prevailing competitive forces in the credit market for enterprises.

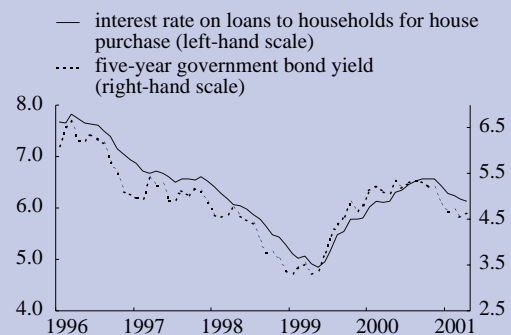
**Chart B3: Interest rate on loans to households for consumer lending and twelve-month money market rate**

(percentages per annum; monthly averages)



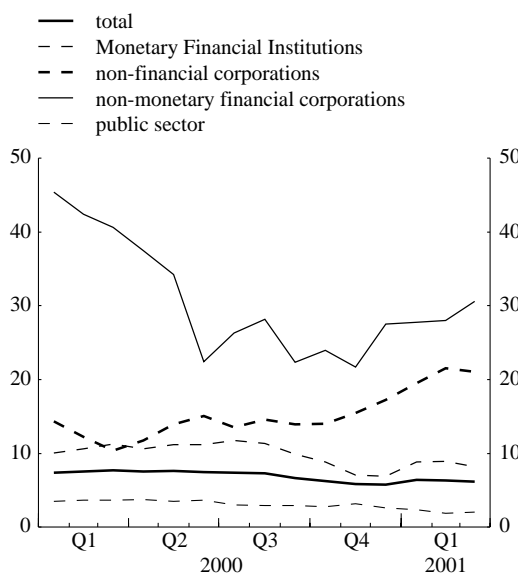
**Chart B4: Interest rate on loans to households for house purchase and five-year government bond yield**

(percentages per annum; monthly averages)



**Chart 9**  
**Amounts outstanding of euro-denominated debt securities issued by euro area residents**

(annual percentage changes)



Source: ECB.

Note: From January 2001, euro area data include Greece. For reasons of comparability, annual growth rates before January 2001 use data for the euro area plus Greece.

As regards debt securities issued by non-financial corporations, the issuance at shorter maturities was very strong in the first quarter of 2001. The annual growth of the amount outstanding of short-term debt securities issued by non-financial corporations was 40.0% in the first quarter of 2001, compared with 29.7% in the last quarter of 2000. A factor behind the growth in this segment of the debt securities market has probably been the growth in money market funds in the euro area. Money market funds tend to invest a part of their funds in commercial paper.

Debt securities issuance by the public sector, which showed an overall tendency to slow down from April 2000 onwards, moderated further in the first quarter of 2001. The average annual growth of the amount outstanding of debt securities issued by the public sector decreased from 2.9% in the last quarter of 2000 to 2.1% in the first quarter of this year. This pattern, however, may come to an end as government balances in the euro area are expected to deteriorate slightly in 2001.

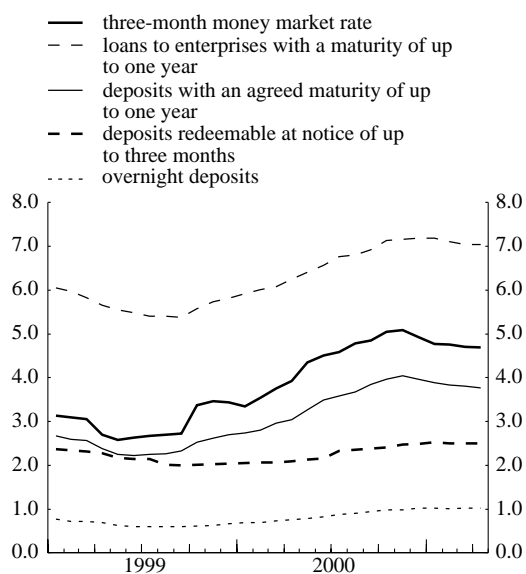
## Retail bank interest rates generally fell in early 2001

Most short-term retail bank interest rates fell in early 2001 (see Chart 10). By April 2001 the average interest rate on deposits with an agreed maturity of up to one year and on loans to enterprises with a maturity of up to one year had dropped by around 25 basis points relative to November 2000 when money market interest rates peaked. Over the same period, the average three-month money market interest rate had declined by 40 basis points, suggesting that a large proportion of this decline had quickly passed through to these two deposit rates. By contrast, the interest rates on overnight deposits and on deposits redeemable at notice of up to three months remained virtually unchanged between November 2000 and April 2001, in line with the typical sluggish response of these rates to market developments (see Box 4).

Long-term retail bank interest rates also fell in early 2001 (see Chart 11). During the

### Chart 10 Short-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)

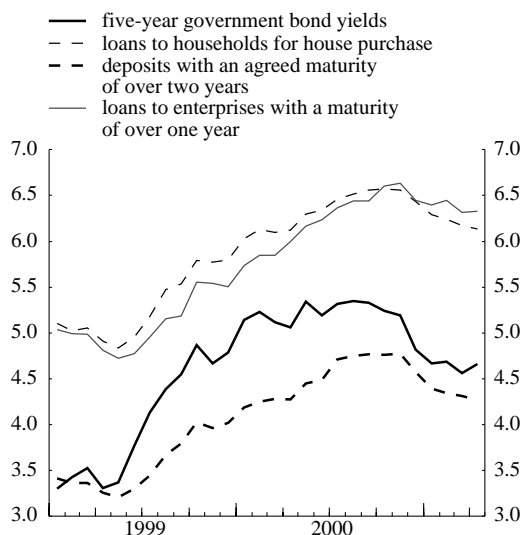


Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001 onwards Greek data are also included.

### Chart 11 Long-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001 onwards Greek data are also included.

period from November 2000 to April 2001, the average rates on loans to enterprises with a maturity of over one year, loans to households for house purchase and deposits with a maturity of over two years, declined by magnitudes ranging from around 30 to 50 basis points. Over the same period, the average five-year government bond yield declined by around 50 basis points, indicating a relatively quick pass-through of capital market rates to these retail bank interest rates.

### Money market interest rates continued to fall in spring 2001

The decline in money market interest rates that started in autumn 2000 broadly continued in the spring of 2001. The evolution of rates during spring was associated with some variability, reflecting changes in market participants' expectations regarding the future path of short-term interest rates. This may, in turn, have been linked to varying perceptions of the factors affecting the



**Box 5****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 May 2001****Allotments in monetary policy operations**

During the reserve maintenance period which lasted from 24 April to 23 May 2001 the Eurosystem settled five main refinancing operations (MROs), one longer-term refinancing operation and one additional one-week reverse operation.

All five MROs were carried out as variable rate tenders with a minimum bid rate. In the first three operations the minimum bid rate was 4.75%; in the last two it was 4.50%. In the first MRO, only €5 billion was allotted, which has been the smallest volume in any Eurosystem open market operation so far. The need for such a low allotment volume was related to the outcome of the previous MRO, where a record high volume was allotted, to a large extent in order to offset the liquidity deficit which had accumulated as a result of underbidding in the MRO on 10 April. The marginal rate in this operation was at 4.78%.

The second MRO of the reserve maintenance period, allotted on 27 April, was conducted in parallel with the additional one-week reverse operation. The additional operation was also a standard tender, though with a maturity of only one week, and implemented as a variable rate tender with a minimum bid rate of 4.75%. The ECB allotted €80 billion in the MRO and €73 billion in the one-week operation, both at a marginal rate of 4.77%. The allocation of liquidity between the two operations restored the similarity between the volumes of the two outstanding MROs.

In the remaining three MROs, the allotted volumes ranged between €72 billion and €90 billion. The marginal rates in these operations were 4.78%, 4.54% and 4.53% respectively, with the weighted average rates being 1 or 2 basis points higher. The number of bidders participating in the tenders varied between 329 and 520. The ratio of the amount bid to the volume allotted ranged between 1.4 in the additional reverse operation and 16.7 in the first operation, with an average of 4.3.

**Contributions to the banking system's liquidity**

(EUR billions)

Daily average during the reserve maintenance period from 24 April to 23 May 2001

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>220.5</b>	<b>0.6</b>	<b>+ 219.9</b>
Main refinancing operations	144.0	-	+ 144.0
Longer-term refinancing operations	59.1	-	+ 59.1
Standing facilities	0.4	0.6	-0.2
Other operations	17.0	0.0	+17.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>384.4</b>	<b>479.5</b>	<b>- 95.1</b>
Banknotes in circulation	-	352.7	- 352.7
Government deposits with the Eurosystem	-	39.4	- 39.4
Net foreign assets (including gold)	384.4	-	+384.4
Other factors (net)	-	87.4	- 87.4
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>124.8</b>
<b>(d) Required reserves</b>			<b>124.2</b>

Source: ECB.

Totals may not add up due to rounding.

On 25 April the Eurosystem conducted a longer-term refinancing operation through a variable rate tender with a pre-announced allotment volume of €20 billion. A total of 228 counterparties participated in this operation, submitting total bids of €43.4 billion. The marginal and the weighted average rates of this operation were 4.67% and 4.70% respectively.

From the start of the reserve maintenance period to 9 May, the EONIA ranged between 4.79% and 4.83%, with the exception of 30 April, when it temporarily increased by 12 basis points to 4.93% owing to the usual end-of-month effect. The decision to lower the key ECB interest rates on 10 May caused the EONIA to fall 5 basis points to 4.75% the same day and a further 17 basis points to 4.58% the following day. It then gradually declined, reaching 4.49% on 22 May 2001. As liquidity conditions were relatively tight on the last day of the reserve maintenance period, the EONIA rose from 4.49% to 4.86% on 23 May 2001.

### Use of standing facilities

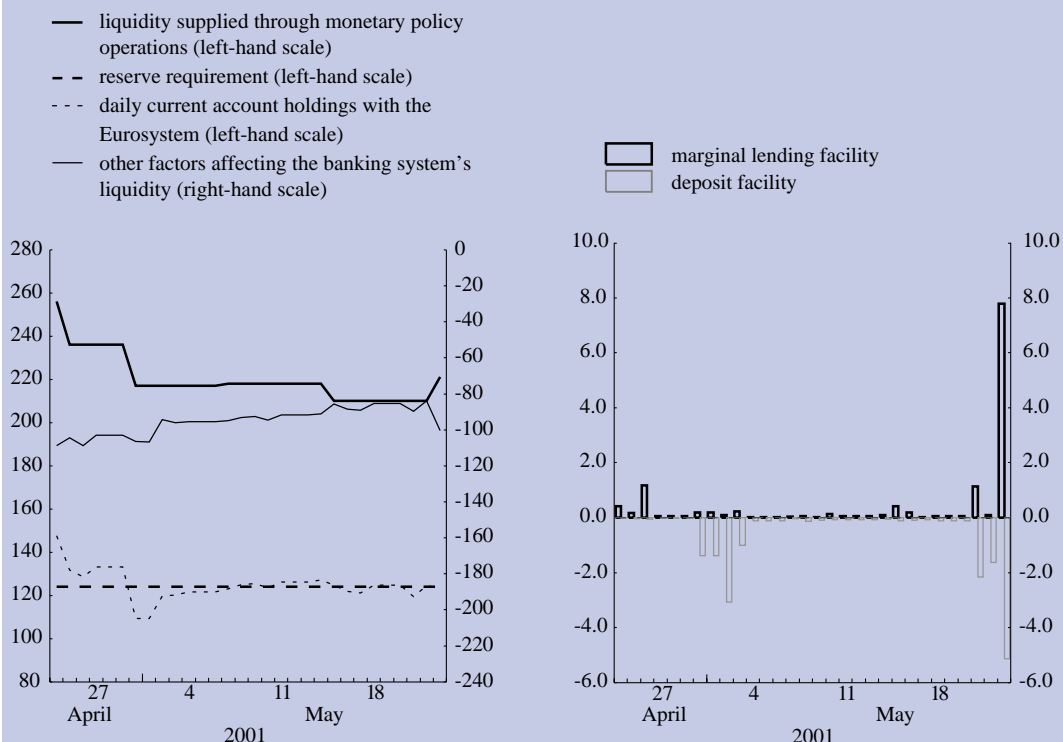
Compared with the previous reserve maintenance period, the average daily use of the marginal lending facility decreased from €2.2 billion to €0.4 billion and the average use of the deposit facility increased from €0.5 billion to €0.6 billion. On the last day of the reserve maintenance period, substantial recourse to both standing facilities was observed: €7.8 billion was borrowed through the marginal lending facility and €5.1 billion was placed through the deposit facility.

### Liquidity factors not related to monetary policy

The net liquidity-absorbing impact of the autonomous factors (factors not related to monetary policy operations) on the banking system's liquidity (item (b) in the table above) was €95.1 billion on average, i.e. €15.3 billion

### Factors contributing to the banking system's liquidity during the reserve maintenance period ending on 23 May 2001

(EUR billions; daily data)



Source: ECB.

lower than in the previous reserve maintenance period. This decrease mainly reflected lower government deposits. The daily sum of autonomous factors fluctuated between €83.9 billion and €108.7 billion.

The published estimates of average liquidity needs stemming from autonomous factors ranged between €89.4 billion and €109.3 billion. They differed from the actual figures by an amount ranging from minus €4.2 billion to plus €0.8 billion.

### Current account holdings of counterparties

The average current account holdings amounted to €124.8 billion, and reserve requirements to €124.2 billion. The difference between the average current account holdings and the reserve requirements, constituting excess reserves held by counterparties, amounted to €0.6 billion, which was the same as in the previous reserve maintenance period.

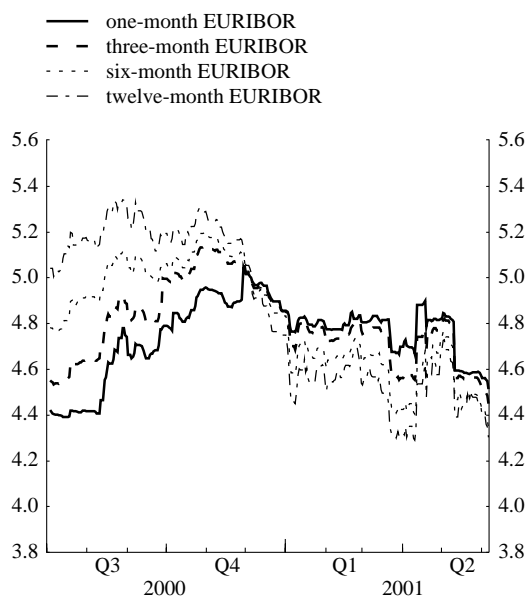
medium-term outlook for inflation in the euro area. The slope of the EURIBOR yield curve, measured as the difference between the one-month and twelve-month maturities, turned negative in late 2000 and remained negative in the spring of 2001.

The shortest money market interest rates have mostly remained close to the minimum bid rate in the ECB's main refinancing operations for the past few months. In May the 25 basis point reduction in the key ECB

interest rates, announced on 10 May, led to falls in the shortest money market rates of similar magnitudes. Thereafter, they remained fairly stable at levels slightly above the new minimum bid rate in the main refinancing operations of 4.50%. The marginal and average rates of allotment in the main refinancing operations reflected these developments. In the operation settled on 7 May, the rates remained close to the then prevailing minimum bid rate of 4.75%. In the following operations settled on 15, 23 and 30 May and on 6 June, where the new minimum bid rate of 4.50% was applied, the marginal and average rates of allotment remained within a range of 4.53% to 4.56% (see Box 5).

**Chart 12**  
**Short-term interest rates in the euro area**

(percentages per annum; daily data)



Source: Reuters.

The one-month and three-month EURIBOR both fell in the course of spring 2001, thus continuing the decrease that started late last year (see Chart 12). Between the end of April and 6 June the one-month and three-month EURIBOR fell by 31 and 35 basis points respectively, thus slightly more than the 25 basis point reduction in the key ECB interest rates announced on 10 May. The rates stood at 4.51% and 4.45% on 6 June, implying that the short end of the money market yield curve was almost flat.

The evolution of the interest rates of allotment in the longer-term refinancing operations of the Eurosystem over the past few months has largely reflected the

## Box 6

### The information content of the main money market instruments in the euro area

The interest rate developments in the money market provide information about, inter alia, market participants' expectations of future interest rates. In the euro money market there are two important reference rates for the unsecured market, the EONIA (euro overnight index average) and the EURIBOR (euro interbank offered rate), which together provide price references for maturities from overnight to one year. This box contains a description of these instruments, together with associated derivatives contracts, and their information content.

The EONIA is computed as a weighted average of all overnight unsecured lending transactions made in the euro area interbank market by a panel of declaring banks. The panel consists of prime banks actively engaged in the euro money market. The overnight market for unsecured loans is highly liquid, with a large volume and narrow bid-offer spreads. Under normal circumstances, the EONIA is close to the minimum bid rate in the main refinancing operations, as can be seen from Chart 1 in the main text. On occasions, the EONIA can be affected by interest rate expectations. In situations where market participants consider it highly likely that there will be a change in the key ECB interest rates before the end of the ongoing reserve maintenance period, the EONIA may move in the direction of the expected change. This is due to the averaging provision of the minimum reserve system, which gives the credit institutions some flexibility within the reserve maintenance period to meet the minimum reserve requirement. For example, expectations of lower interest rates later in the reserve maintenance period can lead to a lower immediate liquidity demand and drive down the EONIA. The level of the EONIA can also be affected by the liquidity conditions at the end of the reserve maintenance period as well as by several special factors in the course of the period, e.g. unusual liquidity demand on the last business day of a calendar month, quarter or year resulting from balance sheet considerations of financial institutions. Owing to these factors, the information content of the EONIA with regard to future movements in interest rates is limited.

More information about market expectations of interest rate movements can be derived from EONIA swaps. An EONIA swap is an agreement between two parties to exchange a set of variable daily payments at the EONIA rate with a set of payments at a fixed rate over an agreed period of time. The interest rate on the fixed leg of this swap is referred to as the EONIA swap rate, and it reflects the expected average level of the EONIA over the maturity of the swap. The credit risk in EONIA swaps is limited since the swaps do not involve an

exchange of principal amounts. EONIA swaps are offered at maturities of one, two and three weeks and from one to twelve months, and they are traded over the counter (OTC), i.e. bilaterally and not at an exchange. The yield curve consisting of these rates is often regarded as a benchmark for the euro area money market. The liquidity is high at the shortest maturities; hence they convey information which is relatively precise about the markets' near-term expectations of rate changes.

Information about interest rate expectations can be extracted by computing the forward rates implied by the EONIA swap rate curve. In particular, the implied one-week forward rates, as shown in the

#### One-week to one-month EONIA swap rates and the implied forward rates as of 31 May 2001

(percentages per annum; mid rates)

Minimum bid rate	4.50	
EONIA swap rates	Spot rates	Implied one-week forward rates in
One week	4.53	4.55
Two weeks	4.54	4.53
Three weeks	4.54	4.53
One month	4.54	-

Sources: Reuters and ECB calculations.

table above, provide some information about market expectations of the tender rates in future main refinancing operations. These implied forward rates should be adjusted downwards for a narrow spread, since the EONIA swap rates reflect the credit risk premium embedded in the unsecured overnight rate. Moreover, the rates on EONIA swaps maturing within the ongoing reserve maintenance period can be affected by the liquidity conditions, although to a lesser extent than the EONIA. On 31 May 2001 the implied forward rates derived

from near-term EONIA swaps were close to the minimum bid rate in the main refinancing operations (4.50%), as shown in the table above. The chart below compares the spot EONIA swap rates with the implied forward rates as of 31 May 2001, derived from EONIA swaps with maturities of up to six months. While the EONIA swap rate curve was only modestly negatively sloped, the implied forward rates showed more clearly the expectations of decreasing rates in the future.

At the longer maturities, the EURIBOR and three-month EURIBOR futures provide relatively reliable information about market interest rate expectations. The EURIBOR are the offered rates on unsecured interbank loans within the euro area as quoted by contributing panel banks (the same banks as in the panel for the EONIA). The EURIBOR are computed as the average of offered rates and are reported at maturities of one week, and from one month up to twelve months. These rates reflect the conditions of the unsecured interbank market. The liquidity in this market is highest at the shortest maturities, due to credit risk considerations. The three-month maturity is very actively traded, as several derivatives contracts are linked to it.

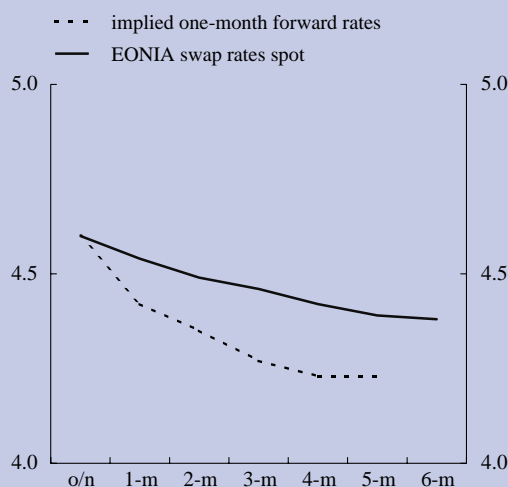
Owing to the high representativity of the three-month EURIBOR and the liquidity of the corresponding futures market, the interest rates implied in three-month EURIBOR futures contracts are widely used to extract information about interest rate expectations at the three-month horizon and beyond. A three-month EURIBOR future is a contract to engage in a three-month loan or deposit of a set amount, starting on a specific future date. By buying or selling this contract, an investor can fix the effective rate for borrowing or lending a set amount of money over a future three-month period. Hence the main use of this instrument is to hedge against interest rate risk. At horizons up to 18 months, EURIBOR futures are very liquid and the implied interest rates at these maturities are likely to reliably reflect the expected future level of the three-month EURIBOR. However, as the horizon increases, the distortion due to term premia is likely to become larger, leading the implied rates to overstate the expected level of the three-month EURIBOR. Chart 13 of the main text illustrates the expectations embedded in three-month EURIBOR futures. In the chart, the actual development of the three-month EURIBOR up to 6 June 2001 is linked to a curve consisting of three-month EURIBOR implied in futures contracts maturing in June, September and December 2001 and in March 2002, as observed on 6 June 2001. A curve consisting of the same futures rates observed at the end of February 2001 is included for comparison.

Other money market instruments can also provide information about market participants' expectations of future interest rates. Repos (repurchase agreements) are fully collateralised instruments and the repo rates observed in the market are therefore more directly comparable with the official ECB rates at similar maturities. However, the low liquidity at several maturities restricts the use of repo rates to extract information about interest rate expectations. Moreover, repo rates are sensitive to the characteristics of the securities employed as collateral, e.g. the credit rating of the issuer, which further complicates their use.

Information about the degree of uncertainty which the market attaches to future developments can be provided by options contracts on the underlying instrument. The extraction of this information was described in the article entitled "The information content of interest rates and their derivatives for monetary policy", as published in the May 2000 issue of the Monthly Bulletin.

### One to six-month EONIA swap rates and the implied forward rates as of 31 May 2001

(percentages per annum; mid rates)



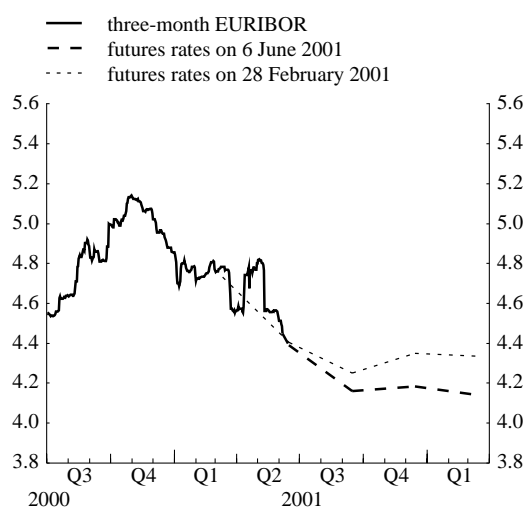
Sources: Reuters and ECB calculations.

development of the three-month EURIBOR. In the operation settled on 31 May, the marginal and average rates of allotment were 4.49% and 4.51% respectively. These levels were 19 and 23 basis points lower than the corresponding rates on the longer-term refinancing operation settled on 25 April.

The rates at the longer end of the money market yield curve broadly followed the same evolution as the EURIBOR rates with shorter maturities in spring 2001. Between the end of April and 6 June, the six-month and twelve-month EURIBOR fell by 40 and 39 basis points, to stand on 6 June at 4.34% and 4.30% respectively. The slope of the EURIBOR yield curve, measured as the difference between the twelve-month and the one-month EURIBOR, increased slightly during this period and was -21 basis points on 6 June.

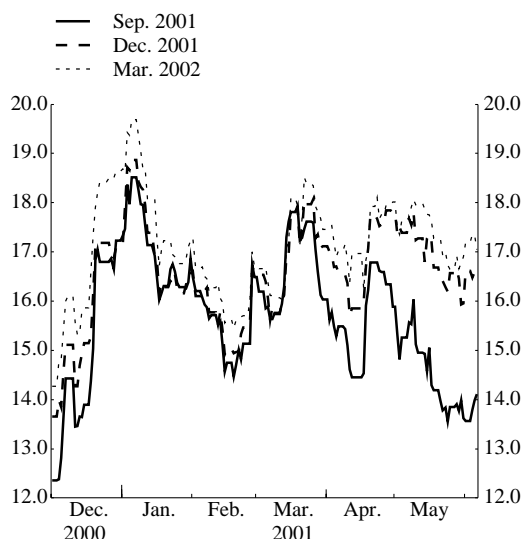
After a downward adjustment in the second half of last year, the expected path of the three-month EURIBOR, as implied in futures prices on contracts with delivery dates in September and December 2001 and in March 2002, did not show a clear trend in the first

**Chart 13**  
**Three-month interest rates and futures rates in the euro area**  
*(percentages per annum; daily data)*



Source: Reuters.  
 Note: Three-month futures contracts for delivery at the end of the current and next three quarters as quoted on Liffe.

**Chart 14**  
**Implied volatilities from options on three-month EURIBOR futures**



Source: Bloomberg.

five months of 2001 (see Box 6 for a description of these instruments). Following a pronounced increase in the course of April, the futures rates fell in early May ahead of the Governing Council's decision on 10 May to reduce the key ECB interest rates by 25 basis points. The announcement of the decision was followed by a further downward adjustment. Overall, between the end of April and 6 June, the futures rates for delivery in September and December 2001 and in March 2002 adjusted downwards by 44, 48 and 43 basis points respectively, to stand at 4.16%, 4.18% and 4.14% on 6 June (see Chart 13).

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in September and December 2001 and in March 2002 can be seen as reflecting the uncertainty market participants attach to the expected future path of the three-month EURIBOR over the period preceding the delivery date. After reaching peak levels in early January 2001, volatility has not followed a steady pattern, but has overall tended to fall, most notably after the announcement on 10 May of a 25 basis point reduction in the key ECB interest rates (see Chart 14).

### Long-term bond yields rose after March 2001

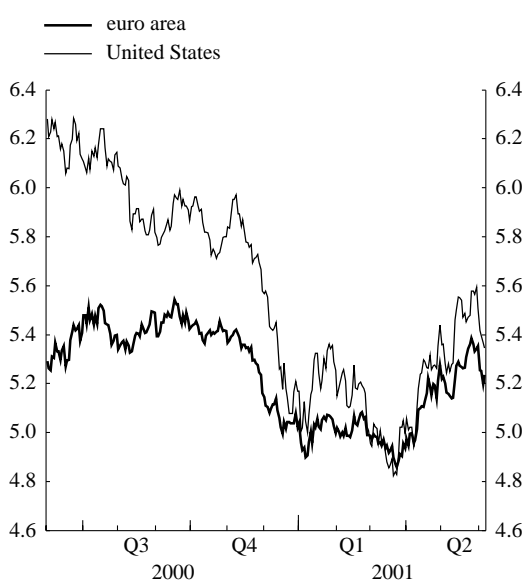
After declining in the first three months of 2001, long-term government bond yields in the euro area increased until early June (see Chart 15). On 6 June the average euro area ten-year government bond yield stood at around 5.2%, which was close to its level at the end of April, but 30 basis points higher compared with end-March levels. Long-term government bond yields in the United States followed a similar path to bond yields in the euro area between end-March and 6 June. The differential between ten-year government bond yields in the United States and the euro area widened slightly from an average value of nil in March to a level of around 10 basis points by 6 June. The narrowing of this spread between summer 2000 and the first quarter of 2001 had broadly reflected an expected decline in the real growth differential between the United States and the euro area. By contrast, the recent widening seems to have been partly driven by stronger increases in

inflation expectations in the United States than in the euro area.

In the United States, US ten-year government bond yields stood at about 5.3% on 6 June, showing an overall increase of 30 basis points compared with end-March. The main factor behind the continued increase in US nominal long-term bond yields in the second quarter of 2001 seemed to be rising inflation expectations and inflation uncertainty on the part of investors. In line with this interpretation, the US ten-year break-even inflation rate – obtained from the yield difference between nominal and index-linked government bonds – picked up by around 60 basis points between end-March and 6 June, bringing the cumulative increase to about 120 basis points since the end of 2000. On 6 June this indicator of average ten-year inflation expectations stood slightly above 2.3%. Some downward pressure on real and thus nominal long-term bond yields seemed to emanate from market participants apparently having become more pessimistic regarding the outlook for US economic growth over recent months. This view is supported by developments in the real yield of US ten-year index-linked bonds, which stood at around 3.0% by 6 June, more than 20 basis points lower than at end-March and around 70 basis points down from the level at the end of 2000.

**Chart 15**  
Long-term government bond yields in the euro area and the United States

(percentages per annum; daily data)



Source: Reuters.

Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. From 1 January 2001 onwards Greek data are also included.

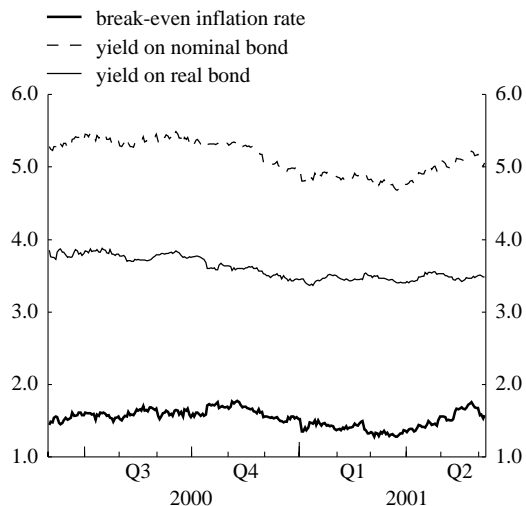
In Japan, ten-year government bond yields stood at around 1.3% on 6 June, which was little changed from the levels prevailing in March and April. In the course of May and early June, these yields fluctuated within a band of about  $\pm 5$  basis points around that level. The announcement of structural reforms by the new government may have helped long-term bond yields in May to withstand further data releases that confirmed the ongoing weakness of the Japanese economy and deflationary tendencies.

In the euro area, the rise in nominal long-term government bond yields since March seemed to result from a confluence of factors.

### Chart 16

#### Break-even inflation rate calculated for the French CPI

(in percentages; daily data)



Sources: French Treasury, ISMA and Reuters.

Note: The real bond yields are derived from the market prices of French government bonds which are indexed to the French CPI (excluding tobacco prices) and which mature in 2009. The nominal bond yields are derived from the market prices of French government fixed income bonds which also mature in 2009.

First, it reflected bond yield movements in the United States, which seemed to spill over to the euro area bond market to some extent. Second, market participants' long-term inflation expectations and inflation uncertainty for the euro area may have increased slightly between the end of March and early June. This argument is supported by evidence from the French market for index-linked government bonds, where the ten-year break-even inflation rate picked up by around 20 basis points between the end of March and 6 June (see Chart 16). By the latter date, this indicator of long-term average inflation expectations had climbed to around 1.6%. However, this level of the break-even inflation rate was still close to its level at the end of 2000 and slightly lower than its average in 2000. The increase in the break-even inflation rate was therefore probably more a correction from the relatively low levels observed in the first quarter of 2001, at a time when safe haven flows from volatile equity markets may have distorted the information content of this indicator. At the

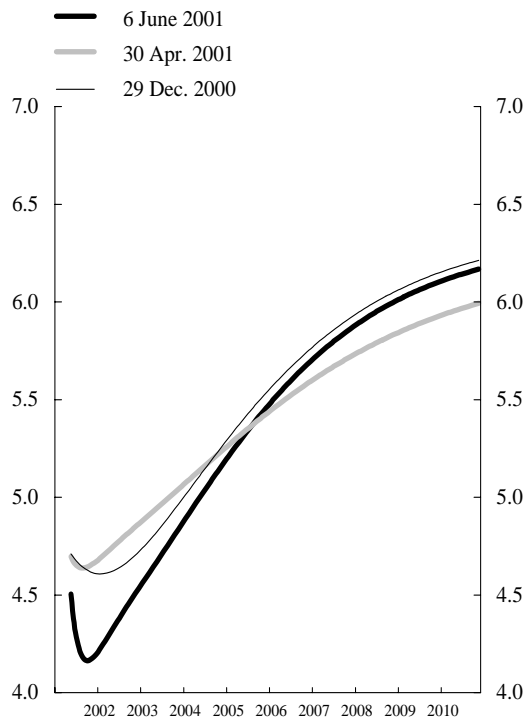
same time, market participants' long-term average growth expectations for the euro area seem to have remained basically unchanged in recent months. This is supported by the overall stability of the real yield on ten-year French index-linked bonds in the first months of 2001. In general, however, short-term developments in index-linked bond yields and break-even inflation rates should be interpreted with caution, as a number of well-known caveats may complicate the interpretation of changes in these rates with regard to underlying fundamentals.

In contrast to the minor overall change in long-term bond yields in the course of May and early June, short to medium-term bond

### Chart 17

#### Implied forward euro area overnight interest rates

(percentages per annum; daily data)



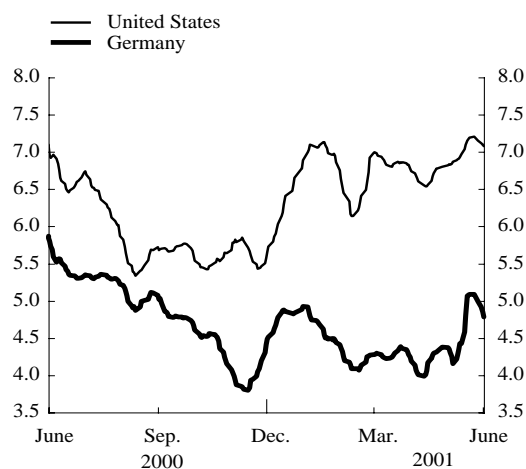
Source: ECB estimation. The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to compute these implied forward yield curves was outlined on page 26 of the January 1999 issue of the Monthly Bulletin. The data used in the estimation are derived from swap contracts.



yields in the euro area declined further, in line with the movements of money market interest rates. The slope of the euro area yield curve – as measured by the difference between ten-year government bond yields and the three-month EURIBOR – increased by 30 basis points to around 80 basis points between the end of April and 6 June. This is the highest level of this spread since July 2000. At the same time, the euro area implied forward overnight interest rate curve twisted, with strong interest rate declines at short to medium-term maturities and rate increases at the long end of the curve (see Chart 17). This may have reflected, on the one hand, downward revisions of market participants' expectations of economic growth in the euro area over the near to medium term. On the other hand, the upward shift of the long end of the yield curve may be related to some increase in investors' uncertainty about inflation in the euro area in line with global developments.

**Chart 18**  
**Implied volatility for futures contracts on the ten-year German Bund and the ten-year US Treasury**

(percentages per annum; ten-day moving average of daily data)



Source: Bloomberg

Note: The implied volatility series represent the nearby implied volatility on the near contract generic future, rolled over 20 days prior to expiry, as defined by Bloomberg. This means that 20 days prior to expiry of the contracts, a change in the choice of contracts used to obtain the implied volatility is made, from the contract closest to maturity to the next contract.

The perceived degree of uncertainty among market participants for long-term government bond yields has remained relatively low despite some short-lived spikes in recent months. This was visible in the development of implied volatility of ten-year German government bonds derived from the prices of options on Bund futures contracts (see Chart 18). On 6 June this indicator of market participants' uncertainty about short-term bond yield developments stood at around 4.1%, which compares with an average level of about 5.5% for 2000 as a whole.

### Stock markets stabilised in May

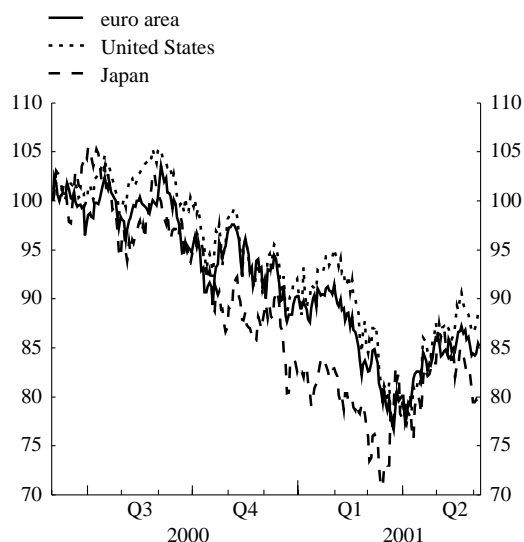
After the significant decreases in global stock market indices in the first quarter of 2001, stock prices in the euro area, Japan and the United States, as measured by the broad Dow Jones EURO STOXX, the Nikkei 225 and the Standard & Poor's 500 indices, rebounded strongly in April. In May stock prices in the euro area and the United States were broadly stable while they declined in Japan (see Chart 19). Coupled with these developments was a general decline in implied volatility in each of the aforementioned indices from the end of the first quarter onwards (see Chart 20). All in all, by 6 June the Standard & Poor's 500 and the Nikkei 225 indices were both around 4% lower than the levels prevailing at the end of 2000. Over the same period, the broad Dow Jones EURO STOXX index showed a decline of close to 6%.

In the United States, after the increase in April, stock prices only showed limited movements in May, with the Standard & Poor's 500 index recording a slight increase between the end of April and 6 June. The turnaround in stock market trends from early April seems to have been the result of a combination of factors. The decisions of the Federal Open Market Committee to continue to cut the federal funds target rate in April and again in May helped to boost US stock prices, while macroeconomic data and earnings reports released during the period

**Chart 19**

**Stock price indices in the euro area, the United States and Japan**

(index: 1 June 2000 = 100; daily data)



Source: Reuters.

Notes: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard & Poor's 500 for the United States and Nikkei 225 for Japan. From 1 January 2001 onwards Greek data are also included.

played a mixed role. Whereas earnings reports for individual companies for the first quarter of the year, publicised throughout May, were weak by historical standards, they still seemed to exceed market expectations. The turnaround in early April was also associated with a decline in implied volatility, as measured by the standard deviation derived from the price of options contracts on the Standard & Poor's 500 index. The implied volatility of this index continued to decline in May, bringing volatility to its lowest level since September 2000. The low level of volatility could indicate that, after the increase in April, market participants became more confident that further sharp swings in equity prices might not take place in the short term.

In Japan, the Nikkei 225 index showed an overall drop of 5.4% between the end of April and 6 June. Initial increases in early May were possibly supported by a positive market apprehension of the new government's ability and willingness to make necessary economic reforms to revive the economy, combined

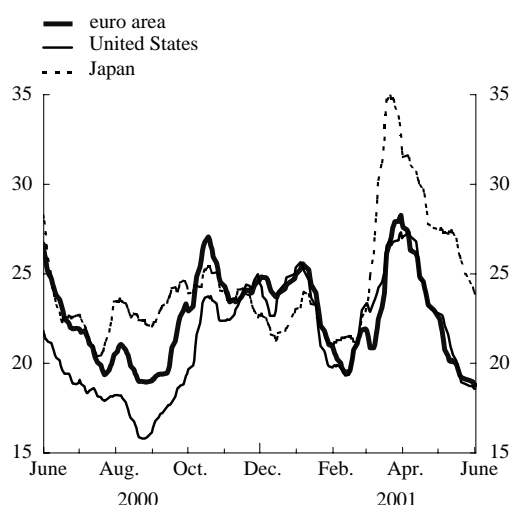
with better than expected results for the fiscal year 2000 for some large Japanese corporations. This positive atmosphere was overturned in the second half of May by economic data releases which sparked new fears of recession. In particular, financial sector stocks were negatively affected by figures for bad loans in the banking sector, which were worse than expected by the market. Nevertheless, the implied volatility of the Nikkei 225 index declined from its recent peak at the end of March 2000, returning to its 12-month average towards the end of May 2001. While the decline in implied volatility coincided with similar developments in the euro area and the United States, the higher level in Japan seemed to reflect the particular uncertainty of domestic factors influencing the earnings prospects of Japanese corporations.

In the euro area, stock prices, as measured by the broad Dow Jones EURO STOXX index, declined by around 1% between the

**Chart 20**

**Implied stock market volatility in the euro area, United States and Japan**

(percentages per annum; ten-day moving average of daily data)



Source: Bloomberg

Note: The implied volatility series reflect the expected standard deviation of percentage stock price changes over a period of up to three months, as implied in the prices of options on stock price indices. The equity indices to which the implied volatilities refer are the Dow Jones EURO STOXX 50 for the euro area, the Standard & Poor's 500 index for the United States, and the Nikkei 225 for Japan.

end of April and 6 June. The 25 basis point reduction in the key ECB interest rates on 10 May had a positive influence on the euro area stock market, which was otherwise mainly driven by spillovers from the United States. Similar to developments in the United States and Japan, implied volatility of the Dow Jones EURO STOXX 50 index continued to decline in May.

Looking at sectoral trends, all sector stock price indices benefited from the general increase in stock prices in April. All in all, between the end of March and 6 June all sectors except telecommunications showed stock price increases. In May historical volatility had declined sharply to levels around those of the third quarter of 2000, which was the least volatile quarter in 2000 for the broad Dow Jones EURO STOXX index.

There has been wide variation in terms of both stock price changes and trends in volatility for the different sectors in recent months, as can be seen from Table 3. The most volatile sectors remained the telecommunications and technology sectors. Stock price developments in these two sectors, which declined by around 15% and 5% respectively between the end of April and 6 June, were the main reason for the overall decline of the broad Dow Jones EURO STOXX index in the same period. Apart from reflecting spillovers from other high-technology stock markets, the stock price declines in these sectors seemed to indicate a growing market perception of particular vulnerability of corporate earnings in these two industries to less optimistic market assessments of global economic growth prospects.

**Table 3**  
**Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices**

(price changes in percentages; historical volatility as percentages per annum)

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Health-care	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price changes</b>											
<i>(end-of-period data)</i>											
2000 Q1	-10.7	-2.9	-7.3	5.5	-1.5	4.4	-0.1	20.6	17.6	14.7	6.0
2000 Q2	-13.3	-5.3	6.0	5.0	6.9	21.4	-6.5	-0.8	-21.5	-8.2	-3.7
2000 Q3	-1.2	-0.2	0.6	3.0	5.0	17.5	-3.9	-8.8	-21.7	-1.4	-3.1
2000 Q4	22.5	-10.6	-0.3	-3.8	0.0	1.7	-0.7	-10.7	-20.8	-0.4	-4.7
2001 Q1	-8.8	-7.5	-8.3	-0.4	-9.4	-6.7	-7.4	-32.7	-9.5	-8.3	-11.2
April	4.6	9.2	2.7	7.4	4.1	0.9	6.7	23.1	9.6	2.7	7.5
May	0.7	-2.1	1.0	3.6	-1.7	4.0	-0.5	-7.7	-11.8	1.6	-2.0
End-March to 6 June 2001	4.3	8.3	5.2	12.5	3.3	4.6	6.1	17.3	-7.1	6.7	6.2
<b>Volatilities</b>											
<i>(period averages)</i>											
2000 Q1	25.2	26.0	22.4	29.7	17.5	29.6	23.6	46.8	50.1	21.6	24.4
2000 Q2	20.1	24.6	13.9	20.4	17.0	23.7	21.8	59.1	52.8	17.7	24.4
2000 Q3	14.4	13.8	14.2	22.1	10.3	21.3	13.2	38.1	34.2	10.1	13.4
2000 Q4	21.3	24.8	13.6	25.1	18.6	23.1	18.5	56.6	41.4	16.2	22.5
2001 Q1	58.1	43.0	38.6	55.4	50.3	43.2	47.9	71.5	65.1	51.8	21.9
April	19.0	30.0	17.6	17.2	22.2	21.3	25.6	73.0	36.6	14.2	22.6
May	17.0	16.4	10.6	19.7	12.3	17.1	12.9	36.2	21.5	10.2	14.5
End-March to 6 June 2001	17.2	22.9	13.5	18.7	16.9	18.1	19.0	54.6	29.7	12.0	18.2

Sources: STOXX and ECB calculations.

Notes: Historical volatilities are calculated as the annualised standard deviation of daily index level changes over the period. Sector indices are shown in the "Euro area statistics" section of this issue of the ECB Monthly Bulletin.

## 2 Price developments

### Higher HICP inflation in April 2001

According to Eurostat data, in April 2001 the annual rate of change in the overall Harmonised Index of Consumer Prices (HICP) in the euro area including Greece increased by 0.3 percentage point from March, to stand at 2.9%. This differs from the figure of 3.0% reported in Table 4, which includes Greek data in the base period (i.e. April 2000) over which the annual rate of inflation is calculated. The annual percentage change in the HICP excluding energy and unprocessed food prices continued the gradual upward movement observed since the last quarter of 1999 and increased by 0.1 percentage point from March 2001 to 2.0% in April.

As regards individual components, the year-on-year rate of change in energy prices increased from 5.6% in March to 7.9% in April (see Chart 21). This rise reflected both the increase in euro-denominated oil prices in that period and base effects associated with a decline in energy prices in April 2000. The annual rate of change in unprocessed food prices continued its recent increase to reach 7.1% in April, up 0.6 percentage point compared with March. Developments in meat prices were again the main contributor to this increase. Further rises in prices of substitutes for beef and higher-priced organically farmed beef as a result of recent BSE-related health concerns seem to be behind such increases. In addition, the effects

**Table 4**  
**Price and cost developments in the euro area**  
(annual percentage changes, unless otherwise indicated)

	1998	1999	2000	2000	2000	2000	2001	2000	2001	2001	2001	2001	2001
				Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.	May
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.2	1.1	2.4	2.1	2.5	2.7	2.6	2.6	2.5	2.6	2.6	3.0	.
<i>of which:</i>													
Goods	0.7	0.9	2.7	2.3	2.9	3.2	2.8	3.0	2.7	2.9	2.8	3.3	.
Food	1.7	0.6	1.4	0.9	1.9	2.2	3.2	2.3	2.8	3.0	3.9	4.3	.
Processed food	1.5	1.0	1.2	1.0	1.2	1.4	2.0	1.4	1.7	2.1	2.2	2.6	.
Unprocessed food	2.0	0.1	1.7	0.7	3.1	3.5	5.2	3.7	4.5	4.5	6.5	7.1	.
Industrial goods	0.2	1.0	3.4	3.0	3.4	3.8	2.6	3.3	2.7	2.8	2.3	2.9	.
Non-energy industrial goods	1.0	0.7	0.7	0.6	0.6	1.1	1.3	1.1	1.2	1.3	1.3	1.4	.
Energy	-2.6	2.3	13.4	12.3	13.7	13.8	7.2	11.3	7.9	8.3	5.6	7.9	.
Services	2.0	1.6	1.7	1.7	1.8	1.8	2.3	1.8	2.2	2.3	2.3	2.4	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	-0.7	-0.4	5.4	5.2	5.8	6.1	4.5	5.4	4.8	4.5	4.2	4.1	.
Unit labour costs <sup>2)</sup>	0.2	1.3	1.0	0.6	1.3	1.6	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.2	0.9	1.2	1.5	1.0	0.5	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	1.5	2.3	2.3	2.1	2.4	2.1	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	1.7	2.3	3.9	4.0	3.9	3.5	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	12.0	17.1	31.0	28.8	33.7	34.5	28.4	28.8	27.5	29.9	28.1	29.8	32.7
Commodity prices <sup>5)</sup>	-12.5	-3.1	18.1	18.3	18.0	16.4	1.4	8.6	3.3	1.7	-0.8	-1.1	-4.0

Sources: Eurostat, national data, International Petroleum Exchange, HWWA – Institut für Wirtschaftsforschung (Hamburg) and ECB calculations.

Note: Data refer to the Euro 12 (including periods prior to 2001).

1) Excluding construction.

2) Whole economy.

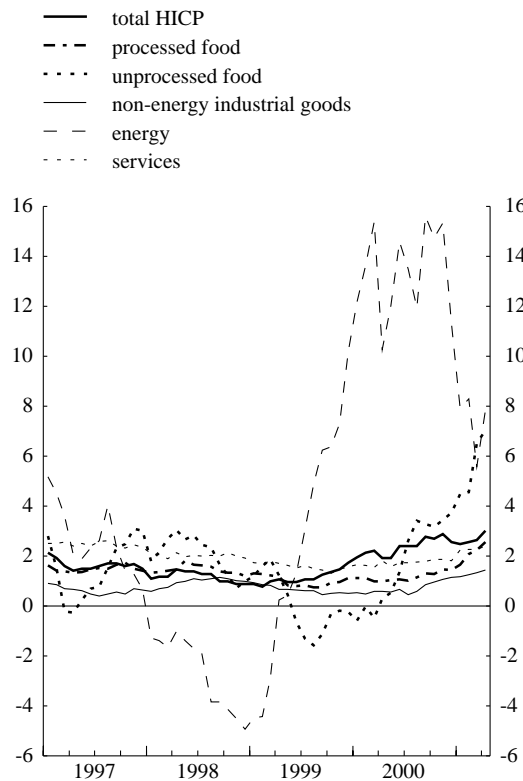
3) Whole economy (excluding agriculture, public administration, education, health and other services).

4) Brent Blend (for one-month forward delivery). In ECU up to December 1998.

5) Excluding energy. In euro; in ECU up to December 1998.

**Chart 21**  
**Breakdown of HICP inflation in the euro area by components**

(annual percentage changes; monthly data)



Source: Eurostat.  
 Note: Data refer to the Euro 12 (including periods prior to 2001).

of the measures taken to counteract the spread of foot-and-mouth disease in the EU may have also contributed to the increase in unprocessed food prices in April. These factors may have also pushed up processed food prices, although higher alcohol and tobacco taxation also played a role. As a result, the annual rate of increase in processed food prices rose by 0.4 percentage point from 2.2% in March to 2.6% in April 2001.

The other components of the HICP continue to reflect delayed effects of the rise in import prices in 1999 and 2000. In particular, the annual rate of increase in non-energy industrial goods prices rose by 0.1 percentage point from 1.3% in March to 1.4% in April 2001, continuing the gradual upward movement which began in mid-2000. The

year-on-year rate of change in services prices, which has risen by 0.8 percentage point since mid-2000, reached 2.4% in April 2001. Increases in transportation prices were the main factor behind this movement.

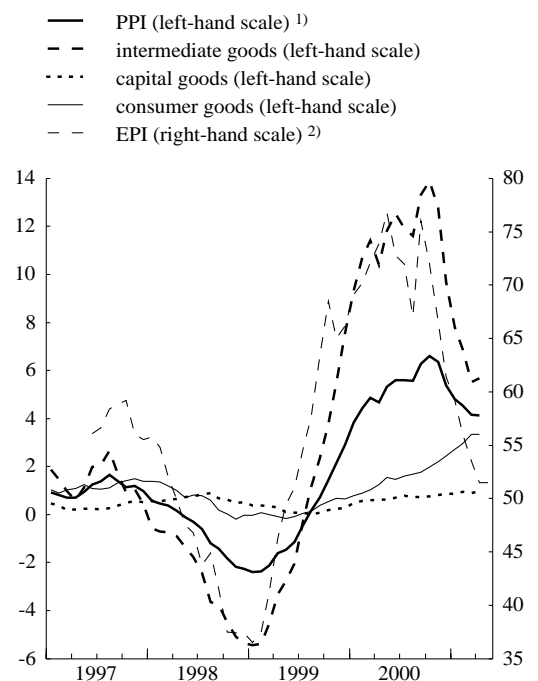
Box 7 provides an analysis and description of developments in the euro area HICP in the period since early 1999.

**Lower producer price increases in April 2001**

The annual rate of growth in industrial producer prices declined further in April 2001, to 4.1% from 4.2% in March. In April intermediate goods prices broke with the downward movement experienced in their

**Chart 22**  
**Producer prices and manufacturing input prices for the euro area**

(monthly data)



Sources: Eurostat and Reuters.  
 Note: When available, data refer to the Euro 12 (including periods prior to 2001).

1) Producer Price Index; annual percentage changes; excluding construction.  
 2) Eurozone Price Index; manufacturing input prices from the Purchasing Managers' Survey. An index value above 50 indicates an increase in manufacturing input prices, whereas a value below 50 indicates a decrease.

## Box 7

### Decomposing overall HICP developments since early 1999

Over recent years, the annual rate of change in overall HICP in the euro area has experienced a significant increase. Standing at a low of 0.8% in February 1999, HICP inflation has increased since then to reach 3.0% in April 2001, i.e. a rise of 2.2 percentage points. This box decomposes overall HICP developments using the breakdown of HICP into its main components.

An important factor behind the observed increase in inflation has been *import price developments*, in particular oil price and exchange rate movements which affected HICP inflation either directly via the energy price component or indirectly via the domestic chain of production. In February 1999 the year-on-year rate of change in *energy prices* was -4.4%, reflecting mainly the sharp decline in oil prices that occurred between end-1997 and early 1999 (when they stood at a low of about €9 per barrel). Beginning in early 1999, oil prices started to increase strongly, reaching a high of almost €40 per barrel in November 2000 before declining somewhat. In April 2001 the year-on-year increase in energy prices stood at 7.9%. Overall, they contributed 1.2 percentage points to the 2.2 percentage point rise in overall HICP inflation between February 1999 and April 2001 (see table below).

### HICP inflation in April 2001 compared with February 1999

(percentage points, unless otherwise indicated)

	Weights <sup>1)</sup>	Change in year-on-year rates	Contribution to the change in year-on-year rate of overall HICP
Overall HICP	100.0	2.2	-
<i>of which:</i>			
Energy	9.5	12.3	1.2
Unprocessed food	8.0	5.4	0.4
Processed food	12.3	1.3	0.1
Non-energy industrial goods	32.1	0.6	0.2
Services	38.1	0.7	0.3
<i>Memo item:</i>			
HICP excluding unprocessed food and energy	82.5	0.7	0.6

Sources: Eurostat and ECB calculations.

1) 2001 weights. Since 1999 the coverage of the HICP has been extended and the weights have been updated twice.

*Unprocessed food prices* have also contributed to the rise in overall HICP inflation since February 1999, albeit to a lesser extent than energy prices, i.e. 0.4 percentage point. While the annual rate of change in unprocessed food prices fell during most of 1998 and 1999, mainly reflecting a decline in meat and fruit prices, it has been moving upwards since then. There was a considerable rise in the level of unprocessed food prices in the first half of 2000 and its impact on the annual rate of change was reinforced by base effects. From late 2000 onwards, these prices also have been significantly affected by health concerns regarding meat in the context of BSE and by the outbreak of foot-and-mouth disease (see also Box 3 in the May 2001 issue of the Monthly Bulletin). In total, the volatile components, i.e. energy and unprocessed food, accounted for 1.6 percentage points of the 2.2 percentage point increase in HICP inflation between early 1999 and April 2001.

The remaining 0.6 percentage point increase over the period from February 1999 to April 2001 is attributable to a rise in the annual percentage change in *HICP excluding unprocessed food and energy*. All the main components of this narrower measure of consumer price inflation, i.e. processed food, non-energy industrial goods and services prices, have experienced some increase in their year-on-year rates since early 1999. Several underlying factors can be identified, although they are difficult to quantify with a sufficient degree of precision. First, there is evidence that companies have – to some extent – passed on higher costs from past rises in import prices. These indirect effects probably account for the bulk of the contribution from HICP excluding unprocessed food and energy. In addition, strong economic growth in the euro area, in particular

when it was well above potential between late 1999 and mid-2000, may have exerted some upward pressure on consumer prices. More recently, part of the increase in the annual rate of change in HICP excluding unprocessed food and energy is also attributable to one-off movements linked to an increase in administered prices and indirect taxation in several countries of the euro area, which mainly affected services prices. Furthermore, as in the case of unprocessed food prices, the recent problems in the agricultural sector may also have had an impact on prices of some processed food items such as dairy products. Finally, it may be noted that wage developments remained moderate during the period under review while competitive forces also acted to contain price increases.

Looking ahead, direct inflationary pressure from energy and unprocessed food prices is expected to remain temporary in nature, assuming that no new shocks occur. Indirect effects of past import price increases are likely to continue for some months to come, but should gradually fade out. This would allow a decline in overall HICP inflation in the course of 2001. Looking beyond 2001, the maintenance of price stability depends on a number of conditions, among which wage moderation in particular will play an important role (see the “Eurosystem staff macroeconomic projections for the euro area” section).

year-on-year growth rates since last autumn. The upward move in April was probably a result of the higher oil prices compared with March and base effects associated with the decline in oil prices in April 2000 (see Chart 22). By contrast, the annual rate of change in consumer goods prices remained unchanged at 3.2% in April 2001, interrupting an upward trend since mid-1999 that reflected to some extent the gradual pass-through of past increases in oil prices and the depreciation of the euro during most of 2000. The year-on-year rates of change in its two sub-components – durable and non-durable goods – remained unchanged at 2.1% and 3.8% respectively in April 2001.

#### **Wage pressure remained moderate overall in 2000**

The year-on-year change in compensation per employee stood at 2.1% in the fourth quarter of 2000, i.e. down by 0.3 percentage point relative to the third quarter. However, this decrease was more than offset by the cyclical decline in labour productivity, so unit labour cost growth rose from 1.3% in the third quarter to 1.6% in the fourth quarter. Total hourly labour costs in the whole economy grew 3.5% year-on-year in the fourth quarter of 2000, 0.4 percentage point less than in the third quarter. As in previous quarters, this figure was significantly higher than that of

compensation per employee, which is mainly attributable to statistical effects and a series of one-off factors in several euro area countries (see Box 3 of the February 2001 issue of the ECB Monthly Bulletin). Indeed, the annual rate of increase in total hourly labour costs averaged 3.9% in 2000 as a whole, whereas growth in compensation per employee and unit labour costs averaged 2.3% and 1.0% respectively. Overall, based on these developments, wage pressures remained moderate in 2000 as a whole.

#### **HICP inflation should ease later in the year**

HICP inflation is expected to decline from its current levels in the course of this year and in 2002 (see also the “Eurosystem staff macroeconomic projections for the euro area” section). However, this decline may be delayed by developments in some of the main components. Base effects associated with the increases in oil prices in the second half of 2000 should lead to a substantial reduction in the contribution of energy prices to overall inflation. However, the recent rebound in oil prices and the weaker euro exchange rate imply some upward pressure on energy prices that may partly counteract the base effects. In addition, the possibility that food prices – mainly meat, but also some components of processed food prices – will continue to

increase for some time and the possibility that there will be some delayed indirect effects of the high euro oil prices in 2000 on other HICP components have to be taken into account in this context.

### Domestic cost developments are a key factor in containing inflationary pressures

Looking further ahead, HICP inflation rates in the euro area will be influenced by the behaviour of domestic factors such as profit

margins and wages. Wage developments in 2000 were quite moderate overall. Despite signs of labour market tightening in some euro area countries, the prospect of continued wage moderation in 2001 remains. Given that important wage negotiations are taking place in the second half of this year and throughout 2002, future wage developments need to be carefully monitored and assessed (see also the "Eurosystem staff macroeconomic projections for the euro area" section).

## 3 Output, demand and labour market developments

### Real GDP growth moderated in the second half of 2000

Euro area national accounts data released by Eurostat (third estimate) indicate that growth

moderated somewhat in the second half of 2000 compared with the first half of the year. Real GDP is estimated to have increased by 0.7% quarter-on-quarter in the fourth quarter of last year (see Table 5). Thus, recorded

**Table 5**  
**Composition of real GDP growth in the euro area**

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates <sup>1)</sup>								Quarterly rates <sup>2)</sup>				
	1998	1999	2000	1999	2000	2000	2000	2000	1999	2000	2000	2000	2000
				Q4	Q1	Q2	Q3	Q4	Q4	Q1	Q2	Q3	Q4
Real gross domestic product	2.9	2.5	3.4	3.4	3.5	3.8	3.3	3.0	1.0	0.9	0.8	0.6	0.7
<i>of which:</i>													
Domestic demand	3.5	3.1	2.8	3.2	2.8	3.3	2.8	2.4	0.9	0.7	0.8	0.3	0.5
Private consumption	3.1	3.0	2.6	2.9	2.6	3.2	2.5	2.1	0.7	0.7	0.9	0.2	0.3
Government consumption	1.0	1.5	1.9	1.7	2.0	2.1	1.7	1.9	0.5	0.8	0.3	0.1	0.6
Gross fixed capital formation	5.1	5.2	4.6	5.5	5.6	4.9	4.0	3.8	0.7	1.6	0.6	1.0	0.5
Changes in inventories <sup>3), 4)</sup>	0.4	0.0	0.0	0.0	-0.3	0.0	0.2	0.0	0.3	-0.2	0.1	0.0	0.1
Net exports <sup>3)</sup>	-0.6	-0.5	0.6	0.3	0.8	0.5	0.5	0.6	0.1	0.2	0.0	0.2	0.2
Exports <sup>5)</sup>	7.1	4.8	11.8	10.1	12.3	11.8	11.7	11.6	3.1	2.7	2.4	3.0	3.1
Imports <sup>5)</sup>	9.6	6.8	10.6	9.7	10.4	10.8	10.7	10.4	3.0	2.2	2.6	2.5	2.8
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	1.6	2.4	0.3	2.9	0.8	-0.1	0.8	-0.2	0.7	-1.1	-0.6	1.8	-0.3
Industry	2.5	1.4	3.7	2.9	4.1	4.0	3.6	3.2	0.8	1.6	0.5	0.5	0.5
Services	3.1	2.9	3.6	3.2	3.6	3.7	3.5	3.5	0.9	1.0	0.8	0.8	0.9

Sources: Eurostat and ECB calculations.

Note: Data refer to the Euro 12 (including periods prior to 2001).

1) Annual rates: percentage change compared with the same period a year earlier.

2) Quarterly rates: percentage change compared with the previous quarter.

3) As a contribution to real GDP growth; in percentage points.

4) Including acquisitions less disposals of valuables.

5) Exports and imports cover goods and services and include internal cross-border trade in the euro area. Intra-euro area trade is not cancelled out in import and export figures used in national accounts. Consequently, these data are not fully comparable with balance of payments data.

6) Also includes hunting and forestry.



growth was somewhat faster than in the previous quarter (at 0.6% quarter-on-quarter), but clearly slower than in the first and second quarters of 2000 (0.9% and 0.8% respectively). These developments are largely explained by the pattern of the contribution of domestic demand to growth, in particular that of private consumption. After increasing strongly in both the first and second quarters of 2000 (by 0.7% and 0.9% quarter-on-quarter respectively), private consumption moderated significantly in the third quarter, to 0.2% quarter-on-quarter, but increased to 0.3% in the last quarter. By contrast, the contribution to growth from net exports remained unchanged quarter-on-quarter at 0.2% in the fourth quarter of 2000; this was moderately higher than the average contribution in the first half of last year. National accounts data available for some euro area countries, as well as other indicators, suggest that the slowdown in real GDP growth may have continued in the first quarter of 2001.

In terms of output by sector, the main source of value added quarter-on-quarter growth in 2000 was the services sector, which remained relatively stable between 0.8% and 1.0% throughout the year. The contribution to growth from the industrial sector was also significantly positive, although lower than that of services. More precisely, growth in

industrial production increased strongly in the first quarter of 2000 and then moderated, although it remained positive at 0.5% in the second, third and fourth quarters of last year.

### Industrial production growth slowed in the first quarter of 2001

Industrial production (excluding construction) decreased by 0.2% in March 2001 compared with the previous month, following a rise of 0.3% in February (see Table 6). On a year-on-year basis, production rose by 3.2% in March 2001, after increasing by 4.3% in February and 5.5% in January. In the first quarter of 2001, industrial production rose by 0.2% quarter-on-quarter, which was markedly lower than the average quarter-on-quarter growth of 1.2% in the third and fourth quarters of 2000. Although this decline in growth is partly due to upward statistical distortions to the December 2000 level of production, base effects which affected year-on-year growth rates in recent months do not seem to have been significant in March 2001. Therefore, data for industrial production up to March 2001 indicate that the industrial sector experienced a slowdown in the first quarter of 2001. Such a slowdown is broadly in line with the deterioration observed in the Purchasing Managers' Index

**Table 6**  
**Industrial production in the euro area**

(annual percentage changes, unless otherwise indicated)

	1999	2000	2001 Jan.	2001 Feb.	2001 Mar.	2001	2001	2001	2000	2000	2000	2001	2001
						Jan.	Feb.	Mar.	Oct.	Nov.	Dec.	Jan.	Feb.
						month-on-month			three-month moving averages				
Total industry excl. construct.	2.0	5.6	5.5	4.3	3.2	-1.1	0.3	-0.2	1.2	1.6	1.6	1.3	0.2
Manufacturing	2.0	6.0	6.6	4.9	3.8	-3.8	0.2	0.0	0.8	2.1	2.4	2.7	-0.3
by main industrial groupings:													
Intermediate goods	2.5	5.6	4.2	3.7	2.1	-1.4	1.1	-0.3	1.1	1.4	1.3	1.2	0.2
Capital goods	1.8	9.1	10.6	8.6	7.8	-0.1	0.2	0.6	2.0	2.2	2.6	2.9	2.0
Consumer goods	1.5	2.5	3.7	2.9	2.4	-0.3	0.4	0.1	0.6	0.9	1.0	1.1	0.7
Durable consumer goods	2.7	7.1	7.4	2.3	2.7	-0.7	0.2	0.2	0.9	1.4	1.7	1.7	0.8
Non-durable consumer goods	1.2	1.5	2.9	3.0	2.3	-0.2	0.5	0.0	0.5	0.8	0.8	0.9	0.6

Sources: Eurostat and ECB calculations.

Notes: Annual percentage changes are calculated using data adjusted for variations in the number of working days; percentage changes on the previous month and three-month centred moving averages against the corresponding average three months earlier are calculated using seasonally and working day adjusted data. Data refer to the Euro 12 (including periods prior to 2001).

(PMI) and in the European Commission industrial confidence indicator. However, this slowdown was perhaps less strong than could have been expected on the basis of these indicators. These developments reflect the adverse impact of the deterioration in the external environment at the beginning of this year, which affected the industrial sector in particular.

Similar developments have been observed for manufacturing production, which recorded zero month-on-month growth in March 2001, after an increase of 0.2% in February, while the year-on-year growth rate declined to 3.8% in March 2001 from 4.9% in February and 6.6% in January. With regard to the main sectors of manufacturing, it appears that the bulk of the slowdown in industrial production is accounted for by the intermediate goods sector. However, the decline in growth has become more broadly based in the first quarter of 2001. In particular, a slowdown was also visible in capital goods industries, even though year-on-year growth in this sector remained high at 7.8% in March 2001, compared with 2.1% in intermediate goods industries and 2.4% in the consumer goods industries.

### Survey data for the industrial sector fell further in May 2001

Available survey indicators suggest that industrial production growth may decline further in the second quarter of 2001. According to the European Commission's Business Survey, industrial confidence fell further in May 2001, but the decline was the smallest so far recorded in 2001 (see Table 7). However, in the first five months of 2001, industrial confidence has fallen significantly more than during the second half of 2000. This reflects a marked deterioration in the assessment of order books and production expectations, while the assessment of stocks of finished products deteriorated much less. Overall, since June 2000 the industrial confidence indicator has decreased almost as much as it did during the 1998-99 slowdown. The PMI for the euro area shows a similar pattern; in May 2001 it declined further to 48.3 (see Chart 23).

Capacity utilisation declined somewhat in April 2001 compared with January 2001, which was consistent with the decline in manufacturing production growth (see Chart 24). However, at 83.7% in April 2001,

**Table 7**  
**Results from European Commission Business and Consumer Surveys for the euro area**  
(seasonally adjusted data)

	1998	1999	2000	2000	2000	2000	2001	2000	2001	2001	2001	2001	2001
				Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.	May
Economic sentiment index <sup>1)</sup>	2.9	0.1	1.6	0.2	-0.4	-0.9	-0.6	0.2	-0.2	-0.4	-0.5	-0.3	-0.4
Consumer confidence indicator <sup>2)</sup>	6	8	10	11	10	8	9	10	10	9	9	9	7
Industrial confidence indicator <sup>2)</sup>	6	0	12	13	14	12	8	12	10	8	6	3	2
Construction confidence indicator <sup>2)</sup>	2	14	22	23	23	20	19	19	21	18	18	18	17
Retail confidence indicator <sup>2)</sup>	2	0	5	8	3	2	3	1	5	5	-1	1	-2
Business climate indicator <sup>3)</sup>	0.7	-0.1	1.3	1.4	1.4	1.3	0.8	1.2	1.0	1.0	0.6	0.4	0.1
Capacity utilisation (%) <sup>4)</sup>	82.9	81.9	83.9	83.8	84.3	84.5	84.1	-	84.4	-	-	83.7	-

Sources: European Commission Business and Consumer Surveys and the European Commission (DG ECFIN).

Note: Data refer to the Euro 12 (including periods prior to 2001).

1) Percentage changes compared with the previous period.

2) Percentage balances; data shown are calculated as deviations from the average over the period since January 1985.

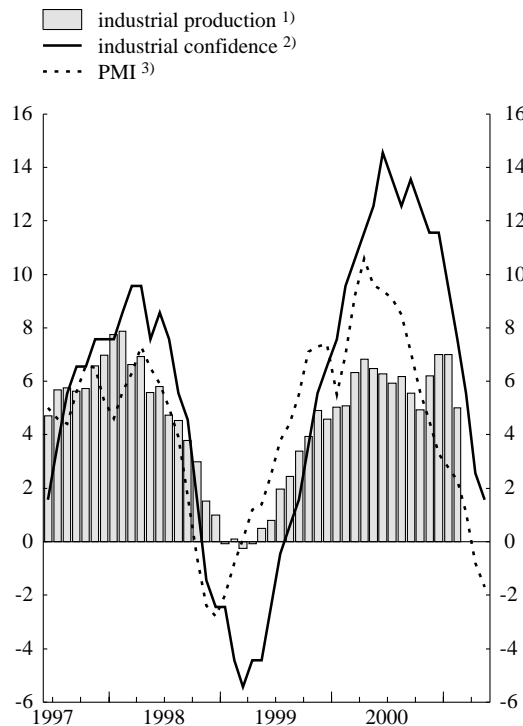
3) Units are defined as points of standard deviation.

4) Data are collected in January, April, July and October of each year. The quarterly figures shown are the average of two successive surveys, i.e. the surveys conducted at the beginning of the quarter in question and at the beginning of the following quarter. Annual data are derived from quarterly averages.

### Chart 23

#### Industrial production, industrial confidence and the PMI for the euro area

(monthly data)



Sources: Eurostat, European Commission Business and Consumer Surveys, Reuters and ECB calculations.

Note: When available, data refer to the Euro 12 (including periods prior to 2001).

- 1) Manufacturing; annual percentage changes in three-month moving averages; working day adjusted data.
- 2) Percentage balances, deviations from the average since January 1985.
- 3) Purchasing Managers' Index; deviations from the value of 50; positive values indicate an expansion of economic activity.

capacity utilisation remained close to the very high levels reached in the fourth quarter of 2000 and was still broadly in line with the average for 2000 (see Table 7).

#### Consumer confidence fell slightly in May 2001 but remained at a high level

Consumer confidence fell in May 2001, after having remained unchanged for the previous two months. However, the average level of consumer confidence in the first five months of 2001 was very close to the average level recorded in the second half of 2000 and

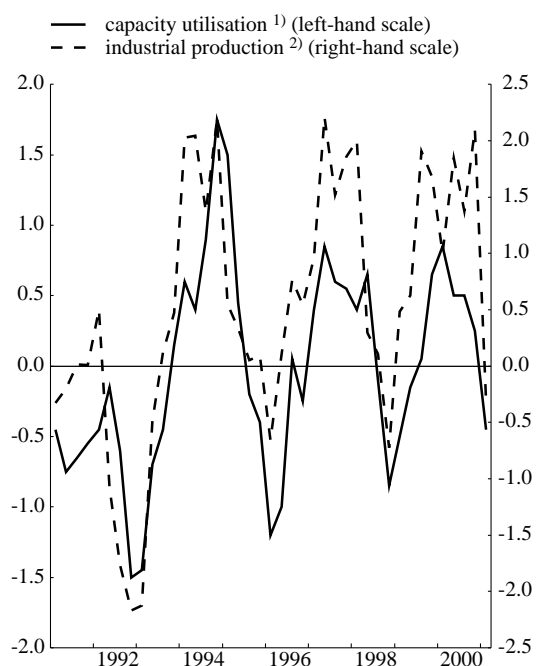
remained close to the historically very high levels recorded in the first half of last year. In March 2001 retail sales volumes increased by 2.0% year-on-year, compared with 1.5% in the previous month. In the first quarter of 2001, retail sales volumes rose by 2.0%, which was markedly lower than the growth rates recorded in the first two quarters of 2000 and broadly in line with the average growth rate in the second half of 2000 (see Chart 25).

In April 2001 new passenger car registrations increased by 1.7% month-on-month, compared with 0.3% in March. Year-on-year, new registrations fell by 1.8%, after decreasing by 3.6% in March and by 6.1% in February. In the first four months of 2001, the average annual decline in new passenger car registrations was 4.3%, which was similar to

### Chart 24

#### Capacity utilisation and industrial production in manufacturing in the euro area

(seasonally adjusted data; quarterly averages)



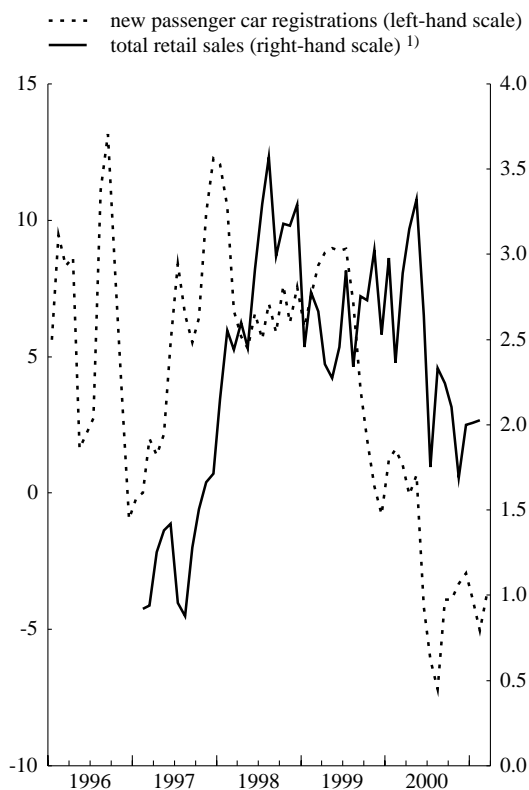
Sources: Eurostat and European Commission Business and Consumer Surveys.

- 1) Change compared with the previous period in percentage points.
- 2) Percentage change compared with the previous period.

## Chart 25

### New passenger car registrations and retail sales in the euro area

(annual percentage changes; three-month centred moving averages)



Sources: Eurostat and ACEA/A.A.A. (European Automobile Manufacturers' Association, Brussels).

Note: Data refer to the Euro 12 (including periods prior to 2001).

1) Calculated using seasonally adjusted data.

the average decrease recorded in the second half of 2000 (of 4.8%). This compares with an average increase of 1.1% in the first half of 2000.

#### Real GDP growth likely to moderate in 2001

Euro area real GDP growth is expected to moderate in 2001, mainly owing to the negative impact on euro area growth of the deterioration in the external environment. This expectation is incorporated in the 2001 euro area growth forecasts of various institutions, as well as in the economic projections by Eurosystem staff (see

the "Eurosystem staff macroeconomic projections for the euro area" section). At the same time, domestic demand appears to be resilient, supported by consumption. Consumer confidence fell in May, but remains at historically high levels, while retail sales remained robust in the first quarter of 2001. Finally, capacity utilisation rates in the first quarter of 2001 declined somewhat but remained high. Domestic demand is likely to be supported by positive effects of tax reductions on households' disposable income and by favourable financial conditions in the euro area. Overall, the divergence between production and consumption indicators suggests that growth in the first half of 2001 may moderate further but remain solid, supported mainly by domestic demand.

However, a significant degree of uncertainty remains. There are downward risks to euro area growth arising from the possibility that the slowdown in world growth may be deeper and more prolonged than currently anticipated, and that the impact on the euro area of the deterioration in the external environment could be greater than expected.

#### Employment growth is expected to continue at a somewhat slower pace in the first quarter of 2001

According to information available at the national level, employment growth in the euro area is likely to have moderated somewhat in the first quarter of 2001 compared with the quarter-on-quarter growth rate of 0.6% recorded in the fourth quarter of 2000 (see Table 8). This moderation in employment growth is in line with developments in economic activity, to which employment growth has reacted in the past with some lag, but it does not change the picture of continuing strong net job creation in the euro area.

While no national accounts data at the sectoral level are available as yet for the euro area in the first quarter of 2001, all sectors showed positive quarterly rates of

**Table 8****Employment growth in the euro area***(annual percentage changes, unless otherwise indicated; seasonally adjusted)*

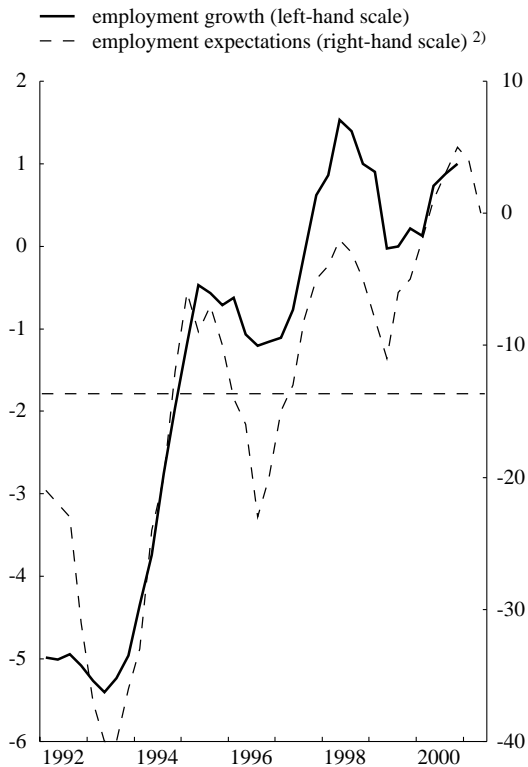
	1998	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000
				Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
	Quarterly rates <sup>1)</sup>										
Whole economy	1.6	1.6	2.0	1.8	2.0	2.0	2.1	0.5	0.5	0.5	0.6
Agriculture and fishing <sup>2)</sup>	-1.3	-3.0	-1.2	-1.3	-1.6	-1.3	-0.4	0.2	-0.6	-0.3	0.2
Industry	1.0	0.4	0.9	0.8	0.8	1.0	1.1	0.1	0.2	0.4	0.4
Excluding construction <sup>3)</sup>	1.2	0.3	0.7	0.1	0.7	0.9	1.0	0.1	0.3	0.3	0.3
Construction	0.4	0.8	1.4	2.3	0.8	1.1	1.6	0.1	0.0	0.6	0.9
Services <sup>4)</sup>	2.1	2.5	2.7	2.5	2.8	2.7	2.8	0.7	0.7	0.6	0.7
Trade and transport <sup>5)</sup>	1.6	2.2	2.6	2.6	2.8	2.4	2.4	0.6	0.5	0.6	0.7
Finance and business <sup>6)</sup>	4.9	5.3	6.1	6.1	6.4	6.1	5.7	1.6	1.5	1.2	1.2
Public administration <sup>7)</sup>	1.3	1.4	1.4	1.0	1.3	1.4	1.8	0.4	0.5	0.3	0.5

*Sources: Eurostat and ECB calculations.**Note: Data refer to the Euro 12 (including periods prior to 2001).**1) Quarterly rates: percentage change compared with the previous quarter.**2) Also includes hunting and forestry.**3) Includes mining, quarrying, manufacturing, electricity, gas and water supplies.**4) Excludes extra-territorial bodies and organisations.**5) Also includes repairs, communication, hotels and restaurants.**6) Also includes real estate and renting services.**7) Also includes education, health and other services.*

employment growth in the last quarter of 2000. Employment developments in the industrial sector were broadly consistent with the pattern of industrial production. With regard to industry excluding construction, in the last half of the year employment growth remained at 0.3% quarter-on-quarter, while employment in the construction sector showed a marked increase, reaching a rate of growth of 0.9% in the last quarter. As a result, employment growth in industry increased moderately in the last two quarters of 2000 to 0.4%. Turning to the services sector, employment developments in 2000 were in line with those in domestic demand. Indeed, quarterly growth rates in employment remained stable at around 0.7% in 2000. The breakdown of the services sector shows that the increase experienced by trade and transport in the second half of the year offset the slower rate of growth in employment in the financial and business sectors.

### Employment expectations point to ongoing employment growth in the second quarter of 2001

Employment expectations for the euro area point to ongoing employment growth in the second quarter of 2001 but at a somewhat slower pace, according to the European Commission's Business and Consumer Surveys. These expectations apply to the manufacturing sector (see Chart 26) as well as to the construction and retail trade sectors. While there has been a deterioration since around the turn of the year, employment expectations in the latter two sectors remained well above their long-term average levels (see Chart 27). The results of the Purchasing Managers' Survey for employment in the manufacturing and services sectors up to May also suggest a slower rate of growth in employment in the first half of 2001.

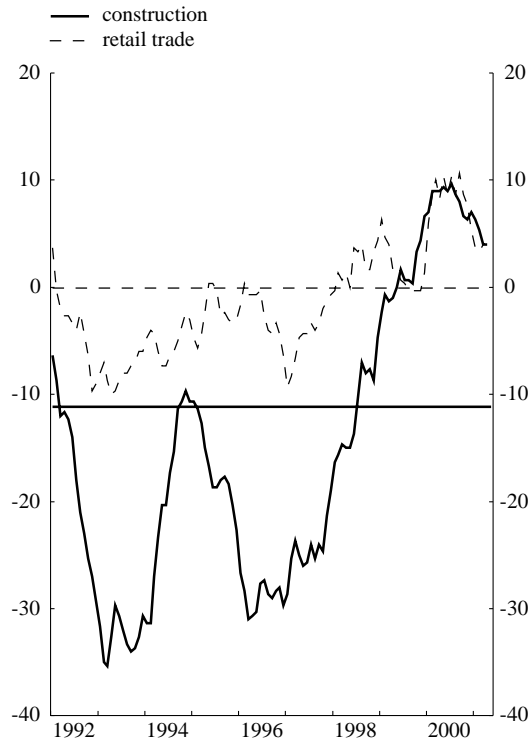
**Chart 26****Employment growth and employment expectations in industry in the euro area<sup>1)</sup>***(annual percentage changes; percentage balances)*

Sources: Eurostat and European Commission Business and Consumer Surveys.

Note: The horizontal line is the average of employment expectations over the period from 1985.

1) Excluding construction.

2) Employment expectations refer to manufacturing only.

**Chart 27****Employment expectations in the euro area***(percentage balances; three-month centred moving averages; seasonally adjusted)*

Source: European Commission Business and Consumer Surveys.

Note: The horizontal lines are averages of the employment expectations over the period from January 1985 for construction and over the period from February 1986 for retail trade.

**Unemployment rate fell to 8.3% in April 2001**

In April 2001 the standardised rate of unemployment in the euro area fell to 8.3%

of the labour force, i.e. 0.1 percentage point below that for March (see Table 9). The number of unemployed fell in April by around 55,000 compared with the previous month. This decline in the number of unemployed is

**Table 9****Unemployment in the euro area***(as a percentage of the labour force; seasonally adjusted)*

	1998	1999	2000	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2000 Nov.	2000 Dec.	2001 Jan.	2001 Feb.	2001 Mar.	2001 Apr.
Total	10.9	10.0	8.9	9.0	8.8	8.6	8.4	8.6	8.5	8.5	8.4	8.4	8.3
Under 25 years <sup>1)</sup>	21.6	19.5	17.5	17.7	17.4	16.8	16.6	16.7	16.6	16.6	16.6	16.4	16.4
25 years and over <sup>2)</sup>	9.4	8.6	7.8	7.8	7.6	7.5	7.3	7.5	7.4	7.4	7.3	7.3	7.2

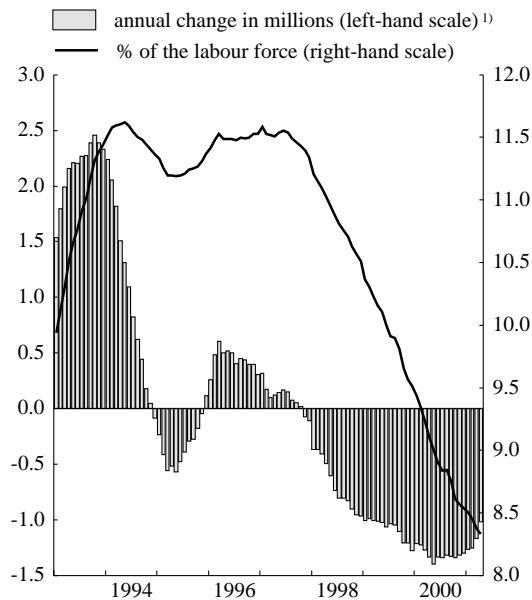
Source: Eurostat.

Notes: According to ILO recommendations. Data refer to the Euro 12 (including periods prior to 2001).

1) In 2000 this category represented 23.6% of total unemployment.

2) In 2000 this category represented 76.4% of total unemployment.

**Chart 28**  
**Unemployment in the euro area**  
*(monthly data)*



Source: Eurostat.  
 Note: Data refer to the Euro 12 (including periods prior to 2001).  
 1) Annual changes are not seasonally adjusted.

below that recorded in March and below the average for the first quarter of 2001, although the annual decline continued to be above 1 million persons in April (see Chart 28). These developments confirm that unemployment in the euro area has recently been falling at a somewhat lower pace than in the previous two years. That is in line with the expected lagged response of labour market developments to the slowdown in real GDP growth during 2000.

With regard to the breakdown by age, only the unemployment rate for those aged 25 and above decreased in April. Although the

lower pace of decline in unemployment has affected both age groups in recent months, it appears to be more significant in the younger age group. For those below 25 years, the unemployment rate stood at 16.4% in April, i.e. the same as in March but 0.2 percentage point lower than in February. The unemployment rate for those aged 25 and above fell to 7.2% in April, i.e. by 0.1 percentage point compared with March.

**Labour market situation expected to continue to improve, albeit more moderately**

In the short term, employment expectations and the information available at the national level point to continued employment growth in the first half of 2001, albeit more moderate than the performance in 2000. Against a background of continued strong growth in the labour force, this slowdown in employment growth should lead to a slower decline in the rate of unemployment compared with previous years, as already observed in the first quarter of 2001.

This year and in 2002 total employment growth is expected to decline somewhat compared with 2000, mainly due to cyclical factors, while the unemployment rate is expected to continue to fall, albeit at a slower pace (see also the “Eurosystem staff macroeconomic projections for the euro area” section). Sustained efforts to implement structural reforms in labour and product markets together with wage developments in line with the objective of price stability will continue to be, as recent experience has shown, two key factors in achieving lasting labour market improvements.

## 4 Fiscal developments

### Temporary deterioration of budget balances in 2001

Government budget balances in the euro area are expected to deteriorate slightly on average in 2001 for the first time since 1993. According to the latest forecast published by the European Commission, the average general government deficit-to-GDP ratio in the euro area, net of UMTS proceeds, will increase from 0.7% in 2000 to 0.8% in 2001. In 2002 it is expected to decline to 0.4% (see Table 10). According to both the Commission and the OECD, budgets in 2001 and 2002 are, on average in the euro area, likely to show a slight slippage versus the targets set in the updated national stability programmes.

The lack of progress in fiscal consolidation is shown even more clearly by the fiscal balance adjusted for cyclical influences and for interest expenditure (see Chart 29). The Commission estimates that the average cyclically adjusted primary balance in the euro area will, following a marginal deterioration in 2000, worsen further in 2001, to recover

slightly in 2002. The fiscal orientation will therefore be relaxed in the euro area this year, before turning broadly neutral in 2002.

The projected backsliding in fiscal consolidation is expected to reduce the speed at which public debt ratios decline in the euro area. Moreover, in a few countries significant debt-deficit adjustments due to equity injections into public enterprises are preventing a faster debt ratio reduction. The Commission forecasts the debt-to-GDP ratio in the euro area to fall from 70.3% to 65.6% in 2002.

### Tax reductions welcome but expenditure restraint insufficient

The loosening of the fiscal stance in some member countries in 2001-02 has its origin in the significant tax cuts currently being implemented and a lack of expenditure restraint. Reductions in taxes and social security contributions will be only partially financed by enlarging tax bases, increasing

**Table 10**

### Forecasts of fiscal developments in the euro area

(as a percentage of GDP)

		2000	2001	2002
<b>Budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	-0.7	-0.8	-0.4
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	-0.7	-0.6	-0.3
<b>Budget balance</b> (including UMTS revenue)	European Commission <sup>1)</sup>	+0.4	-0.7	-0.4
	OECD <sup>2)</sup>	+0.3	-0.6	-0.4
	Stability programmes <sup>3)</sup>	-	-	-
<b>Cyclically adjusted budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	-0.7	-0.9	-0.6
	OECD <sup>2) 4)</sup>	-0.6	-0.7	-0.5
	Stability programmes <sup>3)</sup>	-	-	-
<b>Primary budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	+3.3	+3.1	+3.3
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	+3.4	+3.3	+3.5
<b>Gross debt</b>	European Commission <sup>1)</sup>	70.3	67.8	65.6
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	70.6	67.7	65.8

1) *Economic forecasts, spring 2001.*

2) *Economic Outlook, preliminary edition, May 2001.*

3) *European Commission figures on the basis of Member States' updated stability programmes, late 2000 and early 2001.*

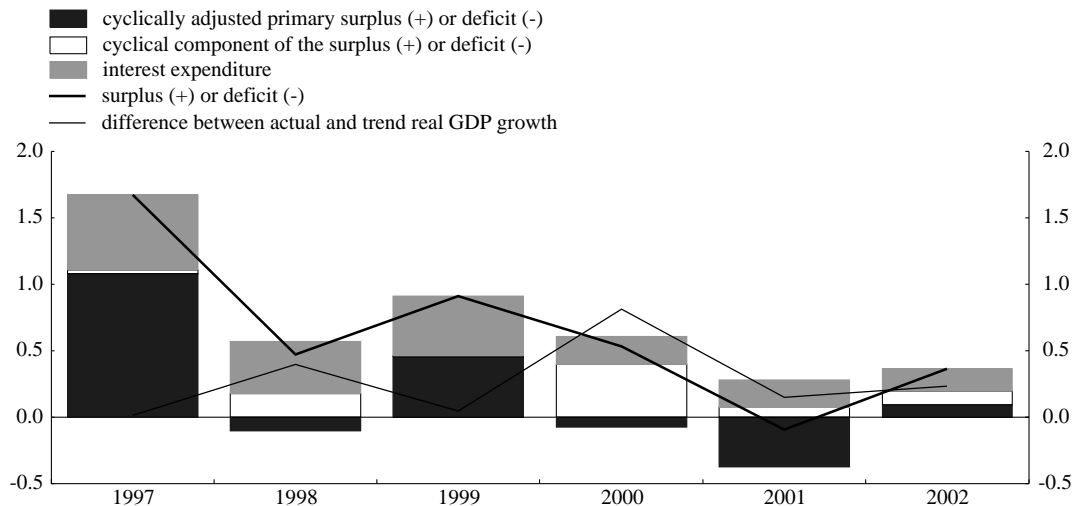
4) *Excluding Luxembourg.*



## Chart 29

### Annual changes in the average euro area budgetary position and underlying factors

(in percentage points of GDP)



Source: European Commission, spring 2001.

Note: Positive values indicate a contribution to a decrease in deficits, while negative values indicate a contribution to their increase. Data exclude proceeds from the sale of UMTS licences.

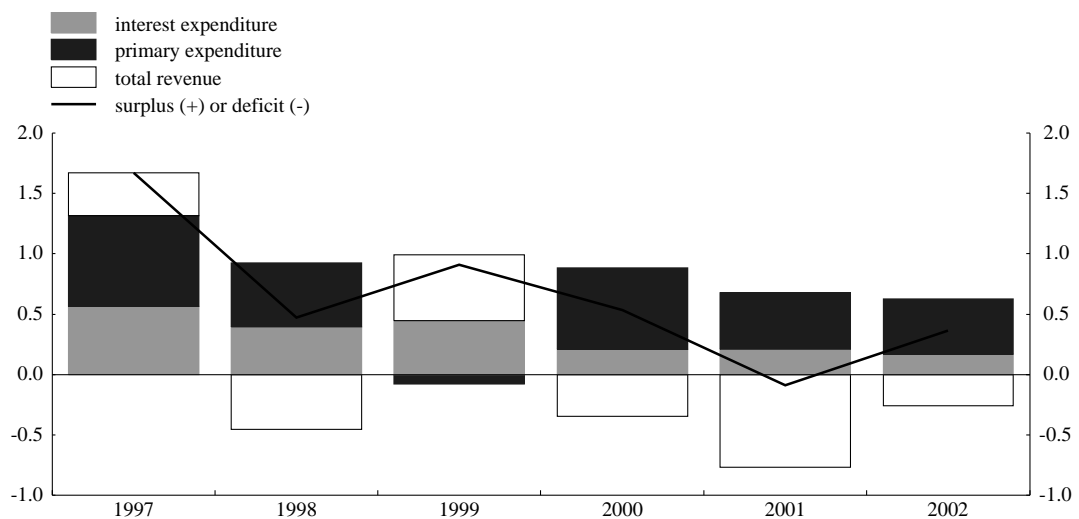
efficiency in tax collection and raising indirect taxes. The relevance of such changes is clearly reflected in the aggregate figures for the euro area. The average ratio of total revenue to GDP is likely to decline by more than 1 percentage point in 2001-02 (see

Chart 30). The tax reductions are mainly aimed at reducing the tax burden on households and, to a lesser extent, on enterprises. The cuts in personal income taxes and social security contributions will benefit all income groups, although many

## Chart 30

### Annual changes in the average euro area budgetary position: contributions of revenue, primary expenditure and interest expenditure

(in percentage points of GDP)



Sources: European Commission, spring 2001, and ECB calculations.

Note: Positive values indicate a contribution to a decrease in deficits, while negative values indicate a contribution to their increase. Data exclude proceeds from the sale of UMTS licences.

countries are favouring low and middle income earners.

The alleviation of the tax burden is welcome. It is likely to improve incentives, stimulate supply and increase potential output and welfare in the medium term. To a certain extent, these tax cuts represent the reward for past fiscal consolidation and debt reduction efforts. Nevertheless, where the size of the tax reductions exceeds the interest expenditure savings obtained from declining debt ratios, an additional austerity effort is needed in primary spending if the course of fiscal consolidation and forceful debt reduction is to be maintained.

In fact, it is the lack of this additional expenditure restraint that is causing the process of fiscal consolidation in the euro area to stall. Total government expenditure ratios are generally following downward trends similar to or steeper than those of total revenue ratios. However, the expenditure ratio decline is benefiting from continued savings on interest payments and the effect of favourable economic conditions on unemployment-related benefits, while the rate of expansion of primary expenditure is too high to absorb the full impact of the tax cuts. Expenditure plans therefore appear rather unambitious. Moreover, in the past ineffective expenditure control has led to spending overruns in a number of countries, particularly in the healthcare sector.

### **Consolidation path in stability programmes must be maintained**

Available forecasts for 2001 and 2002 confirm the consolidation fatigue already apparent in the budget outcomes for 2000. A number of countries are not expected to achieve sound budgetary positions in 2001 or even in 2002. Cyclically adjusted deficits will still be at or above 1% of GDP in four of the euro area countries in 2002 (France, Germany, Italy and Portugal). Fiscal policies in countries with sizeable deficits should therefore continue to give priority to strengthening public finances

and attaining the nominal targets announced in their updated stability programmes.

Some countries run the risk of not even achieving their unambitious 2001 targets. Italy has already announced a revised target for this year, and weakening growth expectations might induce other countries to do the same. For countries with significant deficits, this might undermine the credibility of their determination to achieve sound budgetary positions as required by the Stability and Growth Pact. Abiding by the targets set in their stability programmes would allow these countries to progress towards the target of being close to balance or in surplus set by the Pact. Moreover, despite some moderation, output growth is expected to remain near trend this year, and the fiscal impact of the slowdown, which originates mainly from exports and business investment, is expected to be limited. In several countries, maintaining the original targets for 2001 would imply a welcome reversal of part of the loosening planned this year.

Furthermore, a country which misses its fiscal targets would put at risk the medium-term path of consolidation contained in its stability programme. Governments should therefore plan for a cautious budget execution and contingency measures in 2001. In their 2002 budget preparations, they should stick to the medium-term plans, as reflected in their stability programmes, as minimum targets.

### **Long-term challenges require further reforms**

In order to improve the long-term sustainability of public finances, governments should take due account of public debt levels. At the end of 2002, three countries will still have a very high debt-to-GDP ratio, around 100%, while all the others will have a ratio below 60%. Countries which still have a very high debt ratio would need to record cyclically adjusted budget surpluses to achieve rapid debt adjustments. Moreover, countries should pursue structural reforms without

putting fiscal consolidation at risk. The timing and comprehensiveness of reforms is key in this regard. Tax reforms could increase potential growth and employment in the euro area, but their effects usually take some time to materialise. Therefore, tax cuts should at least be matched if not preceded by sufficient expenditure restraint coupled with improved expenditure control mechanisms. Further improvements in tax systems, such as reductions in rates, the simplification of tax codes or a streamlining of tax credits and exemptions would contribute to reducing tax-related distortions. But the potential positive supply-side effects of tax reforms would be enhanced if they were combined with comprehensive reforms of public spending and benefit systems, especially if the latter

foster the rationalisation and efficiency of government activities and the functioning of labour markets.

Countries also need an effective strategy to deal with the fiscal challenges of population ageing. Timely action is required to relieve pressures on health and pension budgets. Many countries have embarked on pension reforms which go in the right direction, e.g. by reducing early retirement incentives and by better aligning contributions and benefits. However, reforms are still piecemeal and largely without ambitious moves towards significantly funded schemes. Hence the measures taken so far are insufficient to prevent sizeable increases in the expenditure ratios in the future.

## 5 Eurosystem staff macroeconomic projections for the euro area

On the basis of information available up to 17 May 2001, Eurosystem staff have prepared projections for macroeconomic developments in the euro area. These projections have been produced jointly by experts both from the ECB and from the euro area national central banks. More information on the procedures and techniques used to derive the projections is given in "A guide to Eurosystem staff macroeconomic projections exercises", recently published<sup>1</sup> by the ECB. The projections form a biannual input into the Governing Council's assessment of economic developments and the risks to price stability under the second pillar of the ECB's monetary policy strategy.

As mentioned in the previous publication of projections (see the December 2000 issue of the ECB Monthly Bulletin), the staff projections are based on a series of assumptions with regard to, inter alia, interest rates, exchange rates, oil prices and world trade outside the euro area. In particular, the technical assumption is made that short-term market interest rates will remain unchanged over the projection horizon. This assumption is made in order to facilitate Governing

Council discussions by identifying the possible consequences for inflation of leaving key ECB interest rates unchanged over the projection horizon. However, for this reason the staff economic projections will not in general be the best unconditional predictor of future outcomes, particularly over longer horizons, since monetary policy will always act to maintain price stability. In addition to the assumption on short-term interest rates, the technical assumption is made that there will be no change in bilateral euro exchange rates. The technical assumptions with regard to long-term interest rates are based on market expectations and present a broadly unchanged profile over the projection horizon.

To express the high degree of uncertainty surrounding projections, ranges are used to present each variable. The ranges are based upon the differences between actual outcomes and previous projections carried out by euro area central banks over a number of years. The width of the ranges is twice the average absolute value of these differences. In general, the ranges differ depending on the

<sup>1</sup> Currently available in English from the ECB's website: [www.ecb.int](http://www.ecb.int).

variables and the time horizons involved. They reflect both the different degrees of difficulty in projecting individual variables at different horizons and the effects of discrepancies between the assumptions made for interest rates and exchange rates, etc. and their actual outturns. The tendency of most ranges to widen over the projection horizon reflects the increased uncertainty surrounding projections for the later years.

### **Assumptions with regard to the international environment**

In line with forecasts from other international institutions, the assumptions made with regard to the international environment imply a slowdown in world economic growth in 2001, but with a gradual recovery in 2002. It should be noted, however, that the forecasts of international organisations have recently been repeatedly revised downwards. Hence it cannot be excluded that the international environment could develop less favourably than assumed, with possible implications for euro area growth and inflation.

It is assumed that *world real GDP growth outside the euro area* will decline from 5% last year to 3¼% in 2001, returning to 3¾% in 2002. A relatively brief slowdown in real GDP growth in 2001 is assumed for the United States, with a gradual recovery in 2002. It is assumed that growth in Japan will remain relatively low over the projection horizon. Other industrialised economies would also experience lower growth in 2001 than in 2000, but generally attain stronger growth performances in 2002. Associated with the US slowdown, emerging market economies are assumed to experience much lower growth in 2001 than in 2000. Asia excluding Japan should suffer particularly markedly from the downturn in the growth of information technology-related markets. The emerging market economies are, however, assumed to achieve stronger growth again in 2002.

Reflecting the assumptions on world real GDP growth, the growth of the *external export*

*markets of the euro area* is projected to decline from some 12% last year to a rate of 5¾% in 2001, before picking up slightly to 6% in 2002.

Based upon the path implied by futures markets, world oil prices are assumed to fall back somewhat over the projection horizon. In US dollar terms, they are assumed to decline by roughly 6½% on average in 2001, and to fall further by about 9% on average in 2002. It is assumed in addition that there will be a modest increase in *non-energy commodity prices* over the projection horizon.

*Inflation* rates in most industrialised countries outside the euro area – with the notable exception of Japan – rose in 2000 as a result of strong economic expansion and higher oil prices. In 2001 and 2002, however, global inflation pressures are assumed to moderate as a result of the assumed slowdown in economic growth and fall-back in oil prices. In this context, global inflation expectations are expected to remain moderate.

### **Real GDP growth projections**

*Real GDP growth* in the euro area is projected to decline from 3.4% in 2000 to a range from 2.2 to 2.8% in 2001, and to remain in a range from 2.1 to 3.1% in 2002. This partly reflects the marked slowdown in the world economy. The contribution of external trade to growth in the euro area is projected to weaken significantly in 2001 and to be broadly neutral in both 2001 and 2002. Domestic demand is also expected to decelerate from the brisk growth rate of last year, but should benefit from the continuation of favourable financing conditions for investment and consumption and be supported by reductions in direct taxes in the euro area in 2001. While the contribution of domestic demand to GDP growth is expected to decline in 2001, it is likely to recover somewhat in 2002.

Among the domestic expenditure components, *private consumption* growth is projected to decline from 2.7% in 2000 to 2.2-2.6% in 2001, and to be 2.0-3.3% in 2002.

Overall, consumption expenditure is projected to provide the most sizeable and stable contribution to real GDP growth over the projection period. The projections for consumer expenditure growth reflect continued strong growth of real disposable income, which is, however, partly compensated by a rise in the savings ratio. Real household disposable income growth, affected by the rise in oil prices, was 2.5% in 2000. In 2001, despite the deceleration of economic activity, real disposable income growth should strengthen due to the implementation of tax reductions in a number of countries. Its growth should also remain strong in 2002, owing to smaller purchasing power losses as inflation is projected to fall back to a lower rate. The savings ratio is, however, projected to increase in 2001, mainly as a result of the protracted adjustment of consumer spending to the tax reductions introduced in late 2000 and early 2001. Subsequently, other factors, such as greater uncertainty associated with less buoyant employment prospects, are expected to sustain the savings ratio at the higher level.

On the basis of current budget plans, it is assumed that real *government consumption* growth will decrease somewhat from the 2% growth rate in 2000. The number of government sector employees is projected to remain broadly unchanged or even to decline slightly in the euro area over the projection horizon. Consequently, the rise in real government spending will mainly reflect purchases of goods and services.

Total *investment* growth is projected to decline from 4.6% in 2000 to 2.3-4.5% in 2001, and to be 2.2-5.4% in 2002. The decline in total investment growth in 2001 reflects a deceleration of all its components. Firms are expected to slow the expansion of investment and employment somewhat in 2001, mainly as a result of lower growth in export sales. Thus, business investment growth is projected to decrease somewhat from 6¾% in 2000, reflecting the usual response of investment to the lower growth rate of both domestic and external demand. A number of

factors, however, are projected to support business investment in 2002, including the assumed moderate recovery of world demand, continued high corporate profitability and favourable financing conditions. Housing investment growth is projected to be very low over the projection horizon, because of reductions in fiscal incentives and the excess supply of dwellings in various countries, and despite increasing real household disposable income and favourable financing conditions. Public investment growth is projected to decrease somewhat, from last year's growth rate of 2¼%, as a consequence of the worsening of the financial position of local governments in some countries.

The contribution of *net exports* to GDP growth is expected to be broadly neutral over the projection horizon, compared with a positive contribution of 0.6 percentage point in 2000, thus accounting for a substantial part of the decline in GDP growth in 2001. Export growth – including intra-euro area trade – is projected to weaken from 12.2% in 2000 to a range of 5.0-7.9% in 2001, and to 4.1-7.3% in 2002. This reflects the slowdown in the euro area's export market growth, its export market share being projected to remain broadly unchanged over the projection horizon. Import growth – including intra-euro area trade – is expected to slow from 10.9% in 2000 to a range of 4.9-8.3% in 2001 and 4.3-7.7% in 2002, broadly reflecting the profile of total final expenditure in the euro area.

Total employment growth is projected to fall back somewhat from its peak of 2.0% in 2000. In addition to cyclical factors, the decline in employment growth reflects the partial fading of the impact of various factors which have resulted in high employment growth in the recent past, such as government employment schemes and the expansion of part-time employment. The decline in employment growth is associated with a projected return, by 2002, of labour productivity growth closer to, but still somewhat lower than, historical trend growth rates. Labour supply is expected

to continue to rise as a result of increasing participation rates. Nevertheless, the unemployment rate is expected to continue to fall over the projection horizon.

### Price and cost prospects

On the basis of the projection assumptions, the average rate of increase in the *overall Harmonised Index of Consumer Prices (HICP)* is projected to remain in a range from 2.3 to 2.7% in 2001, before falling back to a range from 1.2 to 2.4% in 2002. The projected persistence of the high average level of inflation in 2001 is explained by an increase in domestic prices, which offsets a projected sharp deceleration in import prices. The acceleration in domestic prices reflects unit labour cost growth, as well as some temporary upward price pressures from both the delayed pass-through of high import prices in 2000 and from the effects of animal diseases on food prices. In 2002, as these temporary price factors fade away, overall HICP inflation is expected to fall back. Given the projected growth of real GDP over the horizon, broadly in line with trend potential output growth, domestic cost pressures are expected to continue to be moderate.

Based on the projection assumptions, inflationary pressures from *euro area import prices* are projected to ease over the horizon. Reflecting the assumptions made about oil

prices, the euro exchange rate and world inflation, import price growth is projected to slow significantly from 8.2% last year to below 2.5% in 2001. Moderate world inflation together with technical assumptions of an unchanged euro exchange rate and a further decline in oil prices are projected to result in even lower import price inflation in 2002.

Developments in *energy and food prices* are expected to strongly influence the pattern of overall HICP inflation over the near term. Reflecting the assumptions on the euro exchange rate and oil price, the contribution of energy prices to the annual overall inflation rate is projected to decline significantly from 1¼ percentage points in 2000 to less than half a percentage point in 2001, and be close to zero in 2002. In 2001, however, the downward impact of energy prices on HICP inflation is expected to be more than offset by an upward movement in food prices following the meat safety concerns in the context of BSE and the outbreak of foot-and-mouth disease. These affect both unprocessed and, to a lesser extent, processed food prices. The contribution of food price inflation to overall HICP inflation is expected to rise by roughly ½ percentage point between 2000 and 2001. This impact is assumed, however, to be temporary and to largely disappear in 2002.

The *GDP deflator at market prices* – which reflects the behaviour of unit labour costs, profit margins and indirect taxes – is

**Table 11**

### Macroeconomic projections\*

(average annual percentage change)

	2000	2001	2002
HICP	2.4	2.3 - 2.7	1.2 - 2.4
Real GDP	3.4	2.2 - 2.8	2.1 - 3.1
Private consumption	2.7	2.2 - 2.6	2.0 - 3.3
Government consumption	2.0	1.2 - 2.1	0.9 - 1.9
Gross fixed capital formation	4.6	2.3 - 4.5	2.2 - 5.4
Exports (goods and services)	12.2	5.0 - 7.9	4.1 - 7.3
Imports (goods and services)	10.9	4.9 - 8.3	4.3 - 7.7

\* For each variable and horizon, range are based on the average absolute difference between actual outcomes and past projections by euro area central banks.

projected to increase from 1.3% in 2000 to a range of 1.9-2.2% in 2001. In 2002, it is likely to fall back to 1.3-2.2%. The rise in GDP deflator inflation projected in 2001 reflects unit labour costs, as well as some temporary increases in profit margins associated with the pass-through of previous increases in import prices and the – assumed to be temporary – effects of animal diseases on food prices. The latter factors are projected to fade out in 2002, so that GDP deflator inflation would be likely to decrease.

While the unemployment rate is expected to fall gradually, it has been assumed that the

generally restrained *wage growth* experienced in recent years will broadly continue over the projection horizon, although to a lesser extent than in the past. Based on evidence from existing contracts and on information about developments in wage drift, the response of wage growth to the temporary rise in inflation is projected to remain limited. This is despite some *ex post* and partial adjustment of wages seen in some countries this year. Already implemented reductions in direct taxes will strengthen consumer purchasing power this year, and are thus projected to dampen wage demands in some countries, while reductions in social security

## Box 8

### Comparison with December 2000 projections

The major changes to the projection assumptions in relation to the Eurosystem Staff macroeconomic projections published in the ECB's Monthly Bulletin in December 2000 relate to the downwards revision to the world growth outlook. In particular, the growth of the external export markets of the euro area has been revised downwards to 5¾% in 2001, and to 6% in 2002, compared with the previous assumptions of 8% and 7½% in 2001 and 2002 respectively. Other important changes in the assumptions concern oil prices, which are now lower in 2001 than had previously been assumed, and both short-term and long-term interest rates, which are now somewhat lower.

The outcome for real GDP growth in 2000 was in the centre of the estimated ranges given in the December 2000 issue of the Monthly Bulletin. However, principally as a result of the downwards revision to world trade growth, the ranges for real GDP growth over the projection horizon have now been revised downwards. In 2001, the range for real GDP growth is now placed at the lower end of the previous projection range, whereas, for 2002, the whole projection range is now 0.4 percentage point lower than in the December 2000 issue.

Turning to the projections for overall HICP inflation, the outcome for last year was at the centre of the estimated range given in December. Despite the assumed decline in oil prices, the range for HICP inflation in 2001 is now in the upper part of the previous range. This is largely the result of the previously unexpected increase in food prices, owing to the outbreak of animal diseases. By contrast, the HICP range for 2002 is now almost exactly the same as that shown in December 2000. Despite some carry-over effects from food prices on 2002 inflation rates, the projected slackening of the pace of real GDP growth is expected to result in slightly weaker underlying domestic inflation pressures in 2002.

### Comparison of macroeconomic projections

(average annual percentage change)

#### Ranges based on average absolute errors of previous projections

	2000	2001	2002
HICP - June 2001	2.4	2.3 - 2.7	1.2 - 2.4
HICP - December 2000	2.3 - 2.5	1.8 - 2.8	1.3 - 2.5
Real GDP - June 2001	3.4	2.2 - 2.8	2.1 - 3.1
Real GDP - December 2000	3.2 - 3.6	2.6 - 3.6	2.5 - 3.5

**Box 9****Forecasts by other institutions**

A number of forecasts for the euro area up to 2002 are available from various institutions, both international organisations and those in the private sector, including the results of the ECB's own Survey of Professional Forecasters. It should be noted, however, that these forecasts are not strictly comparable with one another, or with the Eurosystem staff macroeconomic projections, as they are based on different assumptions and were finished at different points of time (resulting in differing cut-off dates for the inclusion of the latest available information). As regards the assumptions, in contrast to the Eurosystem staff projections, other forecasts

**Comparison of forecasts for euro area real GDP growth**

(annual percentage changes)

	Date of release	2000	2001	2002
European Commission	April 2001	3.4	2.8	2.9
IMF	April 2001	3.4	2.4	2.8
OECD	April 2001	3.4	2.6	2.7
Consensus Economics Forecasts	May 2001	3.4	2.5	2.7
Survey of Professional Forecasters	May 2001	3.4	2.5	2.6

Sources: European Commission Spring Economic Forecasts; IMF World Economic Outlook; OECD Economic Outlook; Consensus Economics Forecasts, and the ECB's Survey of Professional Forecasters.

typically do not make the technical assumption of unchanged short-term interest rates and may thus include monetary policy responses to the economic outlook. Moreover, the forecasts may differ with respect to their assumptions on financial and external variables. Finally, it should also be noted that a variety of unspecified assumptions are used in the Consensus Economics Forecasts and in the Survey of Professional Forecasters.

Notwithstanding the differences in assumptions, a comparison of the forecasts available from other institutions suggests that real GDP growth in the euro area is expected to slow down markedly in 2001 to 2½-2¾%, increasing slightly in the following year. There is a broad consensus that in 2001 the slowdown is explained partly by a lower contribution from net trade, against a background of weaker world trade prospects, and partly by weaker domestic demand. Overall, domestic demand is still expected to be the key driving force behind growth, being underpinned by continued job creation, supportive financial conditions and tax reductions in 2001.

As regards the outlook for prices, the available forecasts agree that inflation in the euro area in 2001 will remain roughly the same as last year, while it is expected to slow down in 2002. Consumer price inflation is therefore projected to remain above 2% on average this year before falling back to below 2% on average thereafter.

**Comparison of forecasts for euro area consumer price inflation <sup>1)</sup>**

(annual percentage changes)

	Date of release	2000	2001	2002
European Commission	April 2001	2.3	2.2	1.8
IMF	April 2001	2.4	2.3	1.7
OECD	April 2001	2.2	2.2	1.9
Consensus Economics Forecasts	May 2001	2.2	2.3	1.8
Survey of Professional Forecasters	May 2001	2.4	2.3	1.8

Sources: European Commission Spring Economic Forecasts; IMF World Economic Outlook; OECD Economic Outlook; Consensus Economics Forecasts, and the ECB's Survey of Professional Forecasters.



contributions are expected to have a similar influence on wage developments in both 2001 and 2002. Overall, wage growth is projected to increase in 2001 and 2002 compared with last year, but still remain relatively restrained.

Relative to the very low growth experienced last year, *unit labour cost* growth is projected to rise moderately in 2001, as a result of higher wages and temporarily lower productivity growth from cyclical factors. Thereafter unit labour cost growth is projected to fall back a little in 2002: slightly higher wage increases would be more than offset by the projected recovery in productivity growth. Meanwhile, *profit margin growth* is projected to be kept in check by moderate demand pressures in the context of a GDP growth rate which is projected to remain broadly in line with trend potential output growth. While profit margin growth is expected to rise somewhat this year, owing to the pass-through of the previous rise in import costs into non-energy prices, it is projected to slow marginally in 2002. For the euro area as a whole, *indirect taxes* will have some small upward impact on prices in 2002, as a result of planned increases in indirect taxes other than VAT, in particular energy

taxes. Given the existing strong competition in euro area retail goods markets and extensive public scrutiny, the euro cash changeover has been assumed not to have any significant effect on the inflation projections.

Developments in the non-energy and non-food components of the HICP are projected to broadly reflect the overall pattern of the GDP deflator. Inflation in *non-energy industrial goods prices* is expected to rise gradually in 2001 as a consequence of the currently high rates of capacity utilisation and the delayed impact of higher import prices in 2000. The non-energy industrial goods price inflation rate should subsequently fall back slightly as the momentum from import prices weakens. Inflation in *services prices* is also projected to rise in 2001, despite some downward pressures from further deregulation in the telecommunications sector, owing to a rise in administered prices and indirect taxes, and also higher unit labour costs. Some easing of services price inflation is projected in 2002, especially since previous increases in administered prices will fall out of the calculation of the annual inflation rate.

## 6 The global macroeconomic environment, exchange rates and the balance of payments

### Prospects for the world economy remain uncertain

Since the last quarterly issue of the Monthly Bulletin was published in March 2001, the global outlook has been surrounded by substantial uncertainty, with the unfolding developments in the United States and Japan still occupying the centre stage of world economic events. A slowdown is also under way in most emerging market economies, particularly in the economies of South-East and East Asia which have been more directly exposed to the downturn in the IT sector. In addition, there have been recurring concerns about developments in Argentina and Turkey. At this juncture, the situation in the US

economy and the persisting deflationary pressures in Japan, together with the impact of these developments on emerging markets, still suggest the balance of risks to world economic growth remains on the downside.

In the United States, recent developments have confirmed that the economy is still slowing down. In the first quarter of 2001 real GDP grew by 1.3% (quarter-on-quarter, annualised), as a sharp inventory correction was more than offset by firm consumption growth (2.9%, quarter-on-quarter, annualised), as well as by some recovery in business fixed investment (1.1% quarter-on-quarter, annualised). This provides some evidence that the corporate sector may be adjusting

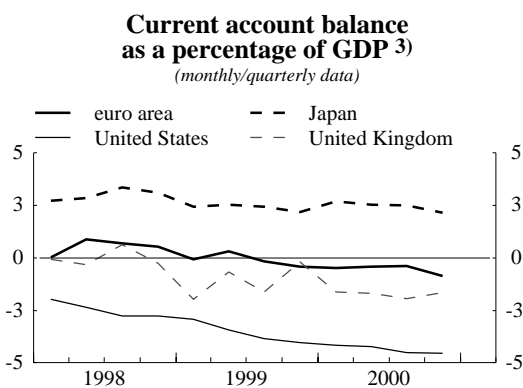
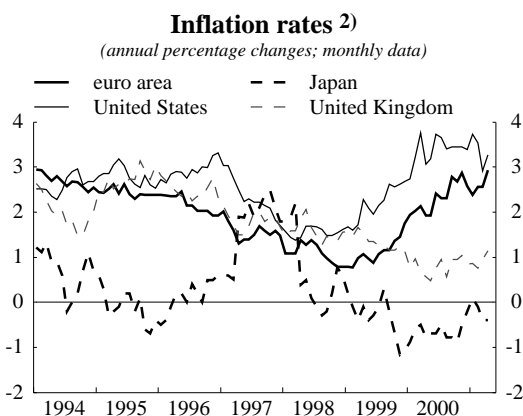
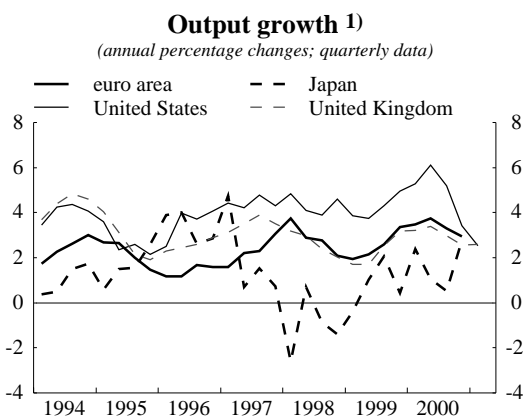
rapidly to a “lower growth environment”. Furthermore, with a sharp decline in real imports (-9.1% quarter-on-quarter, annualised), net exports made a positive contribution to real GDP growth for the first time in more than four years.

Significant areas of weakness remain in the US economy, making the short-term outlook highly uncertain. The protracted decline in industrial production, in combination with the weakness in durable goods orders at the beginning of the second quarter of 2001, suggest that investment activity decelerated further in that quarter. On the other hand, construction spending and, more importantly, private consumption seem to have continued to support growth in the second quarter. Furthermore, after declining sharply in the first two months of the year, consumer confidence seems to have stabilised recently, despite some deterioration in labour market conditions. In May the unemployment rate stood at 4.4%, up from 4.0% at the end of 2000.

In the medium term, the completion of the adjustment process in the corporate sector is expected to foster a gradual recovery in real GDP growth. However, high indebtedness and the negative savings rate of the household sector pose significant downward risks to private consumption, even though the recently approved multi-year programme of tax cuts (USD 1.35 trillion) might work as an attenuating factor.

Regarding inflation, after having increased at the beginning of 2001, the annual rates of change in the CPI and PPI broadly stabilised. In April they stood at 3.3% and 3.7% respectively, compared with 3.7% and 4.9% in January. However, the rapid increase in unit labour costs (non-farm business sector) and employment costs (private industry) in the first quarter of 2001, by 6.3% and 4.5% respectively (quarter-on-quarter, annualised), highlights the presence of increasing cost pressures on firms.

**Chart 3 I**  
Main developments in major industrialised economies



Sources: National data, BIS, Eurostat and ECB calculations.

- 1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used.
- 2) Data for the euro area up to 1995 are estimates for the HICP based on national CPI data; after 1995 HICP data are used.
- 3) ECB and Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used. For the United States, the United Kingdom and Japan figures refer to seasonally adjusted data for both GDP and the current account, for the euro area GDP data are seasonally adjusted, while the current account balance data are not seasonally adjusted.

Against this background, the FOMC eased monetary policy throughout the first five months of 2001, lowering its target for the federal funds rate by a total of 250 basis points to 4% as of 15 May 2001.

In Japan the recovery process appears to have come to a standstill, amid increased deflationary concerns. Although real GDP grew at a relatively strong 2.8% annualised in the fourth quarter of 2000, activity was mainly sustained by strong private investment (+26.8%, quarter-on-quarter, annualised), while both private consumption and net exports made a negative contribution to overall growth. A further weakening of exports, which has been particularly pronounced in IT-related products, subsequently contributed to a marked slowdown in industrial production and a worsening of overall business conditions. At the same time firms have also started to scale down their investment plans for the current fiscal year, as already reflected in the recent weakness of machinery orders.

Looking ahead, medium-term growth prospects for the Japanese corporate sector are relatively subdued. The timing and extent of a possible acceleration of business activity depends crucially on developments in external demand and on the implementation of restructuring policies by the government. Among those measures, the plans to accelerate the disposal of bad loans on banks' balance sheets might further dampen the short-term growth prospects, while contributing to an increase in the long-term potential growth rate. As the recent slowdown has started to spill over into the labour market, private consumption is also likely to remain sluggish in the short term, although positive confidence effects from expectations of reform measures may lend some support to household spending over time. In these circumstances, the current deflationary tendencies are expected to recede only slowly.

Against this background the Bank of Japan decided in mid-March 2001 to change its

operating target from the uncollateralised overnight call rate to the outstanding balance of the current accounts at the central bank, which has initially been set at JPY 5 trillion. It also decided to maintain the new operating strategy until the annual rate of change in the consumer price index (excluding perishables) stabilises at or above 0%, and to increase outright purchases of long-term government bonds should this prove necessary for the smooth provision of liquidity. This strategy change has resulted in a reduction in the uncollateralised overnight call rate to virtually zero.

Signals as to the state of the economy of the United Kingdom continue to be mixed. Private consumption remains relatively robust, whereas external demand has recently shown signs of weakening and real GDP growth slowed to 1.7% (quarter-on-quarter, annualised) in the last quarter of 2000 and the first quarter of 2001.

The lower growth is mainly attributable to the weakness of the industrial sector, where output has been falling since the last quarter of 2000. Recent survey data indicate that the manufacturing sector, already suffering from last year's profit squeeze, is facing declining export orders. In the services sector, however, growth accelerated in the first quarter of this year compared with the last quarter of 2000. Total employment rose further in the three months to March and the unemployment rate fell to 5.1%, down by 0.2 percentage point from the last quarter of 2000. On the demand side, the growth of private consumption was backed by the good employment performance. Gross fixed capital formation, which had rebounded strongly in the second half of 2000, decelerated at the beginning of this year, and government consumption growth was weak. The growth of import volumes in the first quarter of 2001 again outstripped that of export volumes.

Looking ahead, recovery in the industrial sector depends to a large extent on developments in external demand and in the sterling exchange rate. The services sector is

expected to be supported by relatively good growth in final domestic demand. A possible slowdown in private consumption, partly as a result of the recent weak performance of equity markets, could be offset by the planned expansion of public spending. However, there are downward risks related to the possibility of a prolonged world slowdown and a consequent further deterioration of business confidence that could affect fixed investment.

Annual growth of average nominal earnings accelerated in the three months to March as a result of beginning-of-year bonuses. Excluding the bonuses, it declined to 4.2%, from around 4.6% at the end of 2000. Consumer price inflation remained moderate. In April RPIX inflation was 2.0%, up from 1.9% in the previous month. HICP inflation was 1.1%, up from 1.0% in March. Against this low inflation background, the Bank of England has reduced the repo rate three times this year, by a total of 0.75 percentage point, to 5.25%.

In the Asian emerging economies, the global economic slowdown has led to a polarisation of GDP growth prospects between most economies of South-East and East Asia and the more insulated economies of China and India. The global downturn, particularly in the IT sector, has had a significant negative impact on activity in the technology-laden emerging market economies in Asia, mostly through a decline in exports. Accordingly, GDP growth in Hong Kong, Korea, Malaysia and Singapore in 2001 is expected to be approximately half of what it was in 2000. This slowdown is in sharp contrast to a more buoyant economic outlook for the largest two economies in the region, which are less vulnerable to global developments. Driven by strong domestic demand, GDP growth rates for China and India in 2001 should be similar to those reached last year. On the financial side, narrower interest rate spreads relative to the United States for most countries in the region have not had much of an impact on portfolio flows so far. Moreover, there is

little evidence of renewed direct investment flows into Asia, with the exception of China, where FDI is driven by WTO membership prospects. With the signs for most Asian economies pointing to a slowdown in economic activity, further reform efforts in the corporate and financial sectors would improve the outlook for the medium term.

The economic outlook in the largest of the countries seeking accession to the European Union appears on the whole to be slightly less favourable than last year, partly reflecting the uncertainties over the global outlook. In Poland, inflation decelerated rapidly up to March 2001 following some moderation in demand, before picking up slightly in April. Although the medium-term prospects remain positive, the economy is expected to grow at a slightly more moderate pace this year than in the recent past. In Hungary, the prospects for domestic economic activity are still good, even though inflation remained relatively high in February and March 2001, spurred by a rapid increase in food prices. Following these developments, the central bank announced a widening of the fluctuation band for the forint to  $\pm 15\%$  from  $\pm 2.25\%$  on 3 May 2001, which has led to some appreciation of the currency. Turning to the Czech Republic, inflationary expectations seem to have eased as a result of weakening demand. The main risk to the outlook comes from the imbalances in public finances, which are likely to persist this year.

The situation in Turkey remains unstable. However, prospects may have improved following the approval of an augmentation by USD 8 billion of the three-year IMF stand-by arrangement. At this stage, the main concerns are linked to the rapid increase in inflation (which reached almost 50% in annual terms in April 2001) combined with falling industrial production.

Following the remarkable performance last year, Russia's output growth is expected to moderate in 2001, in view of somewhat lower oil price forecasts, a stronger exchange rate and the global slowdown. On the positive

side, fiscal accounts have improved considerably owing to last year's oil windfalls.

Developments in the Latin American countries continue to be dominated by the global economic slowdown as well as by the economic crisis in Argentina. Recent information points to a certain improvement in financial conditions for Argentina, on the back of expectations that the Government will carry out a bond swap intended to lengthen the maturity structure of external debt. Moreover, in the context of the recent renegotiation of the country's agreement with the IMF, the authorities announced some emergency measures to control the increasing fiscal deficit. Argentina's persistent recession has contributed to deteriorating economic prospects for Brazil, which is also affected by a severe supply shock resulting from electric power shortages. In addition, FDI flows to Brazil have diminished sharply from last year's record levels, highlighting the vulnerability of

the country to external shocks. Similarly, the Mexican economy is continuing to slow in response to developments in the United States. Other contributing factors are the current crude oil prices – below last year's high levels – as well as the need to cut public spending in order to achieve the fiscal deficit target for 2001.

### Euro weakened in May 2001

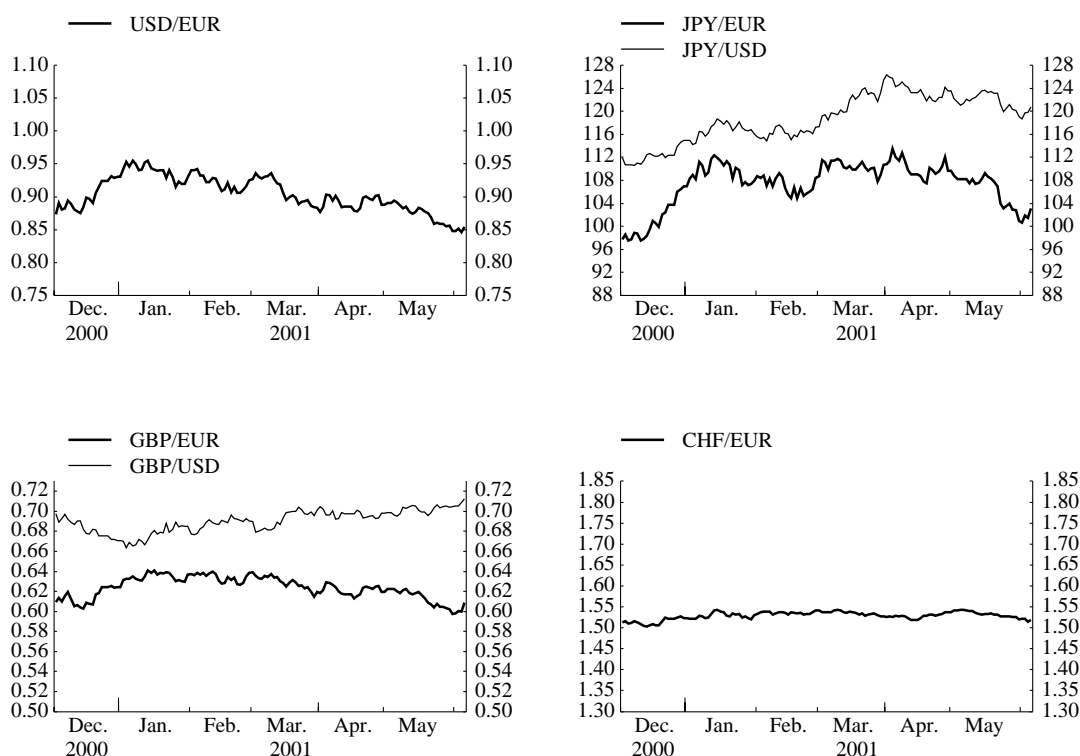
In May and early June 2001, after a period of relative calmness, the foreign exchange markets were characterised by a general depreciation of the euro and an appreciation of the Japanese yen against all major currencies.

Against the US dollar, the euro first appreciated slightly in May. It then depreciated steadily towards the end of the period under review and in early June reached

## Chart 32

### Patterns in exchange rates

(daily data)



Source: ECB.

its lowest level since November 2000 (see Chart 32). While the decision by the Federal Reserve System to cut interest rates by an additional 50 basis points on 15 May brought the US short-term rates back below those in the euro area, the renewed depreciation of the single currency was associated with recent data releases for the euro area, including GDP growth in some of the largest countries, as well as business confidence and growth forecasts for 2001. At the same time, the substantial downward revision of first-quarter GDP growth in the United States seemed to have no marked impact on dollar exchange rates; the effect may have been partially offset by other data releases that were interpreted by market participants as signs of an earlier than expected US economic recovery. Another factor that might have provided support to the dollar was the announcement of a forthcoming re-balancing of a major equity benchmark index, where the relative weight of euro area equities was reduced by more than anticipated and the weight of US equities increased. On 6 June the euro was quoted at USD 0.85, 3.8% lower than at the end of April and 7.5% lower than its average value in 2000.

Vis-à-vis the yen, the euro depreciated relatively sharply throughout the second half of May, to partially recover in early June. Against the background of a still weak Japanese economic outlook and in the absence of major economic news, the yen's appreciation was possibly the result of technical buying by investors and the resumption of hedging activities by Japanese exporters, which also contributed to the general strengthening of the Japanese currency, particularly against the US dollar. On 6 June the euro was recorded at JPY 103.1, about 6% lower than at the end of April and 3.7% stronger than its average value in 2000.

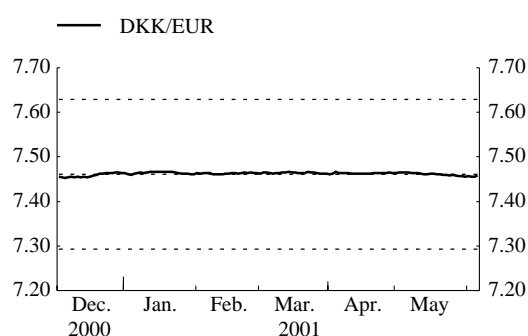
In the course of May the euro also depreciated against the pound sterling, but it recovered part of its earlier losses in early June. The UK currency, however, depreciated against the US dollar in the period

under review. The appreciation of the pound against the euro seems to have been partly associated with the previously mentioned equity benchmark index re-balancing announcement, as this will also involve an increase in the weight of UK equities. On 6 June the euro was recorded at GBP 0.61, 1.7% lower than at the end of April and at about its average value in 2000.

Within ERM II, the Danish krone continued to move in a narrow range around its central parity against the euro in May and early June (see Chart 33). Regarding other European currencies, the euro also remained broadly stable against the Swedish krona during the period under review. It depreciated against the Swiss franc in May and early June, after a period of appreciation in April, thus reversing most of its earlier gains.

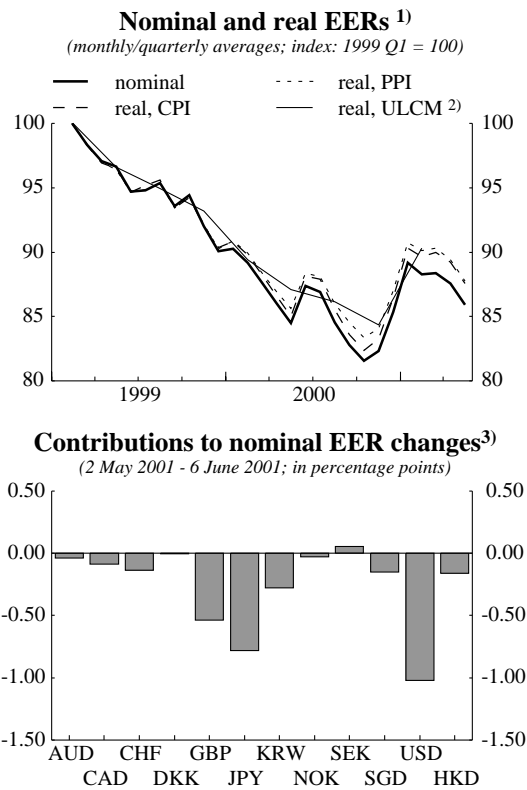
In nominal effective terms, as measured against the currencies of the euro area's most important trading partners, the euro depreciated by 3.1% from the end of April to 6 June. On 6 June the nominal effective exchange rate index of the euro was thus 1.3% lower than its average level in 2000. In real terms, the CPI, PPI and ULCM-deflated effective exchange rate indices of the euro, though continuing to follow the nominal index fairly closely, depreciated by slightly less than

**Chart 33**  
**Patterns of exchange rates within ERM II**  
*(daily data)*



Source: ECB.  
 Note: The horizontal lines indicate the central parity (DKK 7.46) and the fluctuation bands ( $\pm 2.25\%$  for DKK).

**Chart 34**  
Effective euro exchange rates



Source: ECB.

1) An upward movement of the index represents an appreciation of the euro. The latest observations are for May 2001 and for the ULCM-based REER for Q1 2001.

2) Unit Labour Costs in Manufacturing.

3) Changes are calculated using trade weights against 12 major partner currencies.

the latter in the course of 2001 (see Chart 34).

### Current account records a deficit in March 2001

The current account for the euro area showed a deficit of €2.8 billion in March 2001, compared with a zero balance in March 2000 (all figures refer to the Euro 12). This was primarily due to an increase in the deficits for services (to €2.8 billion in March 2001 from €0.3 billion in March 2000), current transfers (to €4.6 billion in March 2001 from €2.7 billion in March 2000) and income, which more than offset the higher goods

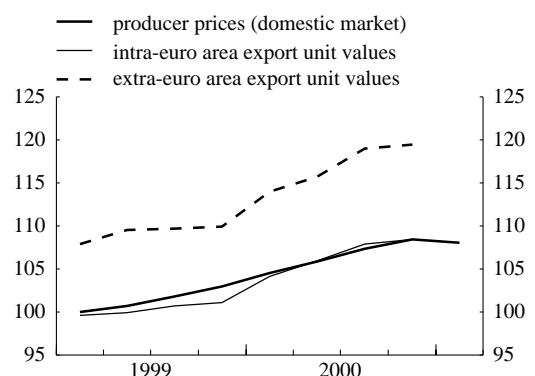
surplus (€5.3 billion in March 2001, compared with €3.3 billion in March 2000).

The current account deficit for the first quarter of 2001 stood at €9.2 billion, compared with a deficit of €11.5 billion for the corresponding period in 2000 (see Table 12). This reduction was mainly due to an increase in the goods surplus (by €3.6 billion between the first quarter of 2000 and the first quarter of 2001) and a reduction in the deficit for current transfers (by €1.5 billion over the same period), which more than compensated for higher deficits in services and income (which increased by €2.4 billion and €0.3 billion respectively). The improvement in the goods balance for the first quarter of 2001 stems from export values growing faster (15.7% year-on-year) than import values (14.3%), which in turn may be connected to the lagged impact of competitiveness gains stemming from the earlier protracted depreciation of the euro.

Since the first quarter of 1999, import values have mainly been driven by rising import prices, while export values rose mostly because of higher export volumes. Euro 11 data, for which trade volume statistics are available, show that between the first quarter of 1999 and the fourth quarter of 2000 extra-euro area import volumes rose by 9.4%, while

**Chart 35**  
Euro 11 manufacturing export unit values and producer prices

(index: 1995 = 100)



Sources: ECB and Eurostat.

extra-euro area export volumes rose by 22.2%. For comparison, intra-euro area import volumes grew by 15.5% over the same period, which seems to confirm that the growth of extra-euro area imports decelerated somewhat in response to the depreciation of the single currency. The sustained growth of extra-euro area export

volumes is attributable to strong foreign demand – as measured by a weighted average of the import volumes of the euro area’s most important trading partners – which grew by 19.0% over this period, along with competitiveness gains stemming from the euro’s depreciation since its launch.

**Table 12**  
**Balance of payments of the Euro 12**

(EUR billions; not seasonally adjusted)

	2000 Jan. - Mar.	2000 Mar.	2001 Jan. - Mar.	2001 Jan.	2001 Feb.	2001 Mar.
<b>Current account balance</b>	-11.5	-0.0	-9.2	-8.5	2.1	-2.8
Credits	360.5	132.3	413.9	138.2	133.0	142.8
Debits	372.0	132.4	423.2	146.8	130.9	145.5
Goods balance	3.1	3.3	6.7	-1.9	3.3	5.3
Exports	218.4	82.7	252.6	79.4	81.5	91.6
Imports	215.2	79.4	245.9	81.3	78.3	86.3
Services balance	-3.9	-0.3	-6.3	-2.5	-1.1	-2.8
Exports	61.2	22.9	63.7	21.2	20.9	21.6
Imports	65.1	23.2	70.1	23.7	22.0	24.4
Income balance	-6.6	-0.4	-6.9	-6.7	0.5	-0.7
Current transfers balance	-4.2	-2.7	-2.7	2.5	-0.6	-4.6
<b>Capital account balance</b>	3.9	1.5	3.5	1.4	1.6	0.5
<b>Financial account balance</b>	.	.	18.0	-4.7	2.1	20.6
Direct investment	147.5	1.1	-47.5	-4.5	-0.8	-42.3
Abroad	-63.6	-36.2	-59.6	-13.0	-17.1	-29.5
Equity capital and reinvested earnings	-33.5	-13.1	-28.0	-9.0	-7.7	-11.3
Other capital, mostly intercompany loans	-30.1	-23.1	-31.6	-4.0	-9.5	-18.1
In the euro area	211.1	37.3	12.1	8.5	16.4	-12.8
Equity capital and reinvested earnings	191.2	24.7	26.7	6.2	13.9	6.6
Other capital, mostly intercompany loans	19.9	12.6	-14.5	2.3	2.5	-19.4
Portfolio investment	-190.4	-34.4	-38.5	-45.5	0.9	6.1
Equity	-223.6	-47.2	-6.5	-19.9	2.5	10.9
Assets	-117.0	-26.6	-23.1	-17.8	-11.0	5.7
Liabilities	-106.6	-20.6	16.6	-2.1	13.5	5.2
Debt instruments	33.2	12.8	-32.0	-25.6	-1.6	-4.8
Assets	-33.3	-15.6	-55.3	-16.5	-18.3	-20.5
Liabilities	66.5	28.4	23.3	-9.1	16.8	15.6
Memo item:						
Combined net direct and portfolio investment	-42.9	-33.4	-86.0	-50.0	0.2	-36.2
Financial derivatives	2.7	1.6	-2.2	-5.1	-1.0	3.9
Other investment	91.6	61.6	95.1	47.9	-3.2	50.3
Reserve assets	.	.	11.1	2.4	6.1	2.6
<b>Errors and omissions</b>	.	.	-12.2	11.9	-5.7	-18.3

Source: ECB.

Notes: Figures may not add up due to rounding. For the financial account, a positive sign indicates an inflow, a negative sign an outflow; for reserve assets, a negative sign indicates an increase, a positive sign a decrease. A detailed set of tables on Euro 12 balance of payments data can be found in the “Past data for selected economic indicators for the euro area plus Greece” part of the “Euro area statistics” section of this issue of the ECB Monthly Bulletin and on the ECB’s website.



Exporters' profit margins appear to have increased, as the depreciation of the euro has only partially been translated into an increase in market share. Indeed, using euro area producer prices as a proxy for exporters' costs, Chart 35 shows that extra-euro area export prices – as measured by export unit value indices – increased more rapidly than costs in 1999 and 2000. By contrast, intra-euro area export prices increased roughly in line with producer prices over the same period.

#### **Intercompany transactions lead to net capital outflows in March 2001**

Combined direct and portfolio investment recorded a net outflow of €36.2 billion in March 2001, reflecting a net direct investment outflow of €42.3 billion and a net inflow of €6.1 billion in portfolio investment (see Table I2).

The net outflows in direct investment were to a large extent related to transactions between companies outside the euro area and their affiliates resident in the euro area. These transactions were responsible for net outflows of €37.5 billion in the item “other capital, mostly intercompany loans” of the direct investment account. Portfolio investment showed modest net inflows.

Portfolio equity recorded a net inflow of €10.9 billion in connection with specific transactions by one euro area company. This more than offset the net outflows of €4.8 billion in debt instruments.

In the first quarter of 2001, net outflows of direct and portfolio investment amounted to €86.0 billion, compared with €42.9 billion in the corresponding period of 2000. The largest part of the outflows was related to the “other capital, mostly intercompany loans” item of the direct investment account. Transactions of this type also accounted for almost all the net outflows of direct investment in the first quarter of 2001, i.e. for €46.1 billion out of a total of €47.5 billion. As a result of the globalisation of ownership structures and, in particular, as a reflection of the considerable international merger and acquisition activity during most of 1999 and 2000, transactions within multinational companies could at times have an increasing effect on the balance of payments, depending on, among other things, differentials in corporate cash flows and credit conditions between the major economic areas.

The €38.5 billion net outflow of portfolio investment in the first quarter of 2001 was mostly related to debt instruments (€32.0 billion), while net outflows in equities remained limited (€6.5 billion).



## **Euro area statistics**



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### Enlargement of the euro area on 1 January 2001 to include Greece

In the "Euro area statistics" section of the Monthly Bulletin, reference statistical series relating to the euro area cover the Member States comprising the euro area at the time to which the statistics relate. Thus euro area data up to end-2000 cover the Euro 11; from the beginning of 2001 they cover the Euro 12. Exceptions to this rule are indicated where appropriate.

In the tables, the break is shown by means of a line denoting the enlargement of the euro area. In the charts, the break is indicated by a dotted line. Absolute and percentage changes for 2001 calculated from a base in 2000 use, as far as possible, a series which takes into account the impact of the entry of Greece.

For analytical purposes, data for the euro area plus Greece up to end-2000 are shown in the additional tables starting on page 71\* (for details, see the general notes).

#### Conventions used in the tables

"-"	data do not exist/data not applicable
"."	data are not yet available
"..."	nil or negligible
"billion"	10 <sup>9</sup>
(p)	provisional
s.a.	seasonally adjusted

# Euro area overview table

## Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates

	M1 <sup>1)</sup>	M2 <sup>1)</sup>	M3 <sup>1)2)</sup>		MFI loans to euro area residents excluding MFIs and general government <sup>1)</sup>	Securities issued by non-financial and non-monetary financial corporations <sup>1)</sup>	3-month interest rate (EURIBOR, % per annum, period averages) <sup>7)</sup>	10-year government bond yield (% per annum, period averages) <sup>8)</sup>
	1	2	3	3-month moving average (centred) <sup>4)</sup>				
1999	12.4	6.8	5.7	-	10.0	19.2	2.96	4.66
2000	8.0	4.4	5.7	-	9.6	20.0	4.40	5.44
2000 Q3	6.9	4.0	5.4	-	9.4	18.4	4.74	5.44
Q4	5.6	3.8	5.1	-	9.6	18.3	5.02	5.28
2000 Dec.	5.7	3.7	5.1	4.9	9.5	21.2	4.93	5.07
<i>Euro area enlargement</i>								
2001 Q1	2.4	2.9	4.9	-	9.1	23.3	4.75	4.99
Q2	.	.	.	-	.	.	.	.
2001 Jan.	1.5	2.5	4.7	4.9	9.2	22.7	4.77	5.01
Feb.	1.9	2.8	4.8	4.9	8.9	24.1	4.76	5.02
Mar.	2.0	3.2	5.1	5.0	8.6	24.8	4.71	4.94
Apr.	1.8	3.2	5.2	.	8.3	.	4.69	5.10
May	.	.	.	.	.	.	4.64	5.26

### 2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy)	Real GDP	Industrial production (excluding construction)	Capacity utilisation in manufacturing (percentages)	Employment (whole economy)	Unemployment (% of labour force)
	9	10	11	12	13	14	15	16
1999	1.1	-0.4	2.3	2.5	2.0	81.8	1.6	9.9
2000	2.3	5.4	3.9	3.4	5.6	83.8	2.0	8.9
2000 Q3	2.5	5.8	3.8	3.3	5.8	83.9	2.0	8.7
Q4	2.7	6.1	3.6	3.0	5.5	84.7	2.1	8.5
2000 Dec.	2.6	5.4	-	-	8.3	-	-	8.5
<i>Euro area enlargement</i>								
2001 Q1	2.5	4.5	.	.	4.3	84.4	.	8.4
Q2	.	.	.	.	.	83.7	.	.
2001 Jan.	2.4	4.8	-	-	5.5	-	-	8.5
Feb.	2.6	4.5	-	-	4.3	-	-	8.4
Mar.	2.6	4.2	-	-	3.2	-	-	8.4
Apr.	2.9	4.1	-	-	.	-	-	8.3
May	.	.	-	-	.	-	-	.

### 3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions) <sup>21)</sup>	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		US dollar/euro exchange rate <sup>24)</sup>
	Current and capital accounts <sup>17)</sup>	Of which goods <sup>18)</sup>	Direct investment <sup>19)</sup>	Portfolio investment <sup>20)</sup>		Nominal <sup>22)</sup>	Real (CPI) <sup>23)</sup>	
1999	7.7	83.4	-120.6	-41.7	372.3	96.6	95.8	1.066
2000	-24.2	53.0	-21.5	-136.4	377.7	88.2	86.3	0.924
2000 Q3	-4.5	17.9	-94.3	3.5	408.0	87.3	85.3	0.905
Q4	-10.4	11.2	-57.0	0.9	377.7	85.9	83.6	0.868
2000 Dec.	-7.1	1.4	-30.7	9.2	377.7	88.1	85.8	0.897
<i>Euro area enlargement</i>								
2001 Q1	-5.8	6.7	-47.5	-38.5	393.4	91.4	88.8	0.923
Q2	.	.	.	.	.	.	.	.
2001 Jan.	-7.1	-1.9	-4.5	-45.5	386.0	91.7	89.1	0.938
Feb.	3.6	3.3	-0.8	0.9	384.3	91.0	88.5	0.922
Mar.	-2.3	5.3	-42.3	6.1	393.4	91.4	88.9	0.910
Apr.	.	.	.	.	386.7	91.0	88.5	0.892
May	.	.	.	.	.	89.3	86.7	0.874

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and Reuters.

For more information on the data, see the relevant tables in the "Euro area statistics" section.

1) Monthly growth rates refer to the end of the period, whereas quarterly and annual growth rates are calculated as period averages.

2) M3 not adjusted for the holdings of money market fund shares/units by non-residents of the euro area.

# I Monetary policy statistics

**Table 1.1**

**Consolidated financial statement of the Eurosystem**

(EUR millions)

**1. Assets**

		Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to euro area credit institutions in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2001	5 Jan.	118,615	267,566	17,616	5,209	248,106	202,986	45,000	0
	12	118,611	265,734	18,826	4,365	241,060	196,000	45,000	0
	19	118,611	267,616	19,319	4,825	241,137	196,000	45,000	0
	26	118,611	266,468	19,635	4,543	255,203	205,001	49,999	0
	2 Feb.	118,611	264,109	20,800	4,895	238,202	188,000	49,998	0
	9	118,612	263,935	19,529	5,104	234,240	184,000	49,998	0
	16	118,612	263,845	19,827	5,363	215,455	165,307	49,998	0
	23	118,612	263,734	20,292	5,472	273,967	220,305	49,998	0
	2 Mar.	118,612	261,032	21,542	5,612	237,017	182,000	54,999	0
	9	118,612	260,395	21,156	5,831	225,058	169,999	54,999	0
	16	118,612	257,433	21,235	5,824	249,571	194,000	54,999	0
	23	118,612	256,078	23,197	5,791	241,408	186,000	54,999	0
	30	118,464	271,583	20,123	5,410	244,282	184,999	59,102	0
	6 Apr.	118,464	269,050	21,952	5,335	227,143	167,984	59,102	0
	13	118,464	269,145	21,763	4,915	211,297	142,948	59,102	0
	20	118,464	268,162	21,809	5,125	256,277	196,950	59,102	0
	27	118,464	266,450	23,097	5,136	236,228	176,999	59,100	0
	4 May	118,464	266,005	22,816	5,182	217,129	84,995	59,100	0
	11	118,464	265,647	23,056	5,295	218,172	158,996	59,100	0
	18	118,464	270,299	20,613	5,622	210,191	150,999	59,100	0
	25	118,464	267,707	23,033	5,365	221,196	162,002	59,100	0
	1 June	118,464	269,198	22,368	5,174	226,403	167,001	59,100	0

**2. Liabilities**

		Banknotes in circulation	Liabilities to euro area credit institutions in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Other liabilities to euro area credit institutions in euro	Debt certificates issued
		1	2	3	4	5	6	7	8	9
2001	5 Jan.	372,834	117,327	117,241	74	0	0	12	7,679	3,784
	12	365,730	117,119	116,997	70	0	0	52	8,234	3,784
	19	359,929	124,202	124,012	133	0	0	57	8,110	3,784
	26	355,553	123,461	123,410	40	0	0	11	7,980	3,784
	2 Feb.	357,130	119,172	117,436	1,736	0	0	0	7,949	3,784
	9	356,364	120,930	120,808	122	0	0	0	7,381	3,784
	16	353,878	93,343	91,629	1,714	0	0	0	7,372	3,784
	23	352,004	144,476	143,724	752	0	0	0	7,477	3,784
	2 Mar.	355,137	118,928	118,887	41	0	0	0	7,584	3,784
	9	355,046	110,334	110,292	42	0	0	0	7,602	3,784
	16	352,886	127,324	126,675	648	0	0	1	7,601	3,784
	23	350,384	113,375	108,462	4,912	0	0	1	7,414	3,784
	30	351,685	126,879	126,738	141	0	0	0	6,116	3,784
	6 Apr.	356,089	119,056	118,997	59	0	0	0	6,065	3,784
	13	360,869	99,094	99,063	31	0	0	0	6,102	3,784
	20	353,674	160,289	159,406	103	0	0	780	6,097	3,784
	27	352,680	133,176	133,145	23	0	0	8	6,070	3,784
	4 May	355,925	121,749	121,639	106	0	0	4	6,083	3,784
	11	353,624	126,337	126,264	72	0	0	1	6,278	3,784
	18	350,877	124,887	124,774	111	0	0	2	6,295	3,784
	25	350,233	121,103	120,955	146	0	0	2	6,228	3,784
	1 June	352,925	127,020	126,953	65	0	0	2	6,052	3,784

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11
0	59	61	805	28,859	69,375	87,600	843,751	2001	5 Jan.
0	10	50	1,304	29,221	69,375	88,286	836,782		12
0	113	24	1,071	29,016	69,375	89,240	840,210		19
0	181	22	963	28,168	70,255	89,616	853,462		26
0	163	41	1,130	27,474	70,207	89,787	835,215		2 Feb.
0	213	29	586	27,533	70,207	89,991	829,737		9
0	127	23	503	27,358	70,207	90,451	811,621		16
0	3,648	16	864	27,499	70,207	90,942	871,589		23
0	7	11	820	27,555	70,207	89,142	831,539		2 Mar.
0	17	43	822	27,368	70,207	88,741	818,190		9
0	524	48	503	27,363	70,207	89,364	840,112		16
0	348	61	318	27,428	70,211	89,734	832,777		23
0	128	53	554	27,880	70,211	89,452	847,959		30
0	9	48	431	27,880	70,211	88,643	829,109		6 Apr.
0	9,191	56	530	28,306	70,211	90,089	814,720		13
0	142	83	706	27,666	70,168	90,392	858,769		20
0	64	65	462	27,786	70,168	91,481	839,272		27
72,999	25	10	616	27,869	70,168	91,426	819,675		4 May
0	51	25	313	27,889	70,174	91,888	820,898		11
0	65	27	329	27,838	70,168	91,417	814,941		18
0	66	28	383	27,785	70,168	91,326	825,427		25
0	273	29	276	27,979	70,168	90,401	830,431		1 June

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								10	11	12
57,333	11,715	5,833	10,778	7,168	76,187	118,752	54,361	843,751	2001	5 Jan.
56,759	10,870	5,655	11,476	7,168	76,415	119,144	54,428	836,782		12
55,539	10,906	5,354	13,483	7,168	78,162	119,144	54,429	840,210		19
73,786	11,099	5,101	12,968	7,168	78,859	119,274	54,429	853,462		26
60,481	11,452	5,054	11,947	7,168	77,371	119,274	54,433	835,215		2 Feb.
53,668	10,734	5,001	13,367	7,168	77,633	119,274	54,433	829,737		9
64,859	9,985	4,996	13,399	7,168	78,207	119,274	55,356	811,621		16
73,957	10,152	4,984	14,463	7,168	78,432	119,274	55,418	871,589		23
57,893	9,787	4,981	13,138	7,168	78,447	119,274	55,418	831,539		2 Mar.
53,188	9,841	4,936	12,450	7,168	79,148	119,274	55,419	818,190		9
61,006	10,653	4,902	9,896	7,168	79,265	119,274	56,353	840,112		16
69,459	9,972	4,795	11,110	7,168	79,689	119,274	56,353	832,777		23
60,504	8,542	3,772	12,978	6,984	82,491	126,268	57,956	847,959		30
53,735	8,328	3,796	12,767	6,984	73,302	126,268	58,935	829,109		6 Apr.
54,424	8,438	3,790	13,345	6,984	72,721	126,268	58,901	814,720		13
43,892	8,530	3,789	12,868	6,984	73,693	126,268	58,901	858,769		20
53,869	8,444	3,780	12,399	6,984	72,574	126,268	59,244	839,272		27
42,408	8,847	3,782	12,263	6,984	72,337	126,268	59,245	819,675		4 May
40,734	8,549	3,779	12,947	6,984	72,369	126,268	59,245	820,898		11
38,409	8,694	3,784	13,611	6,984	72,036	126,270	59,310	814,941		18
52,925	8,880	3,758	13,596	6,984	71,777	126,258	59,901	825,427		25
49,626	8,622	3,756	14,173	6,984	70,779	126,258	60,452	830,431		1 June



**Table 1.2****Key ECB interest rates***(levels in percentages per annum; changes in percentage points)*

With effect from <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level 1	Change 2	Level 3	Level 4	Change 5	Level 6	Change 7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 <sup>2)</sup>	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 <sup>3)</sup>	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
<i>Euro area enlargement</i>							
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25

Source: ECB.

- 1) The date refers to the deposit and marginal lending facilities. For main refinancing operations, unless otherwise indicated, changes in the rate are effective from the first operation following the date indicated.
- 2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.
- 3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

**Table 1.3****Eurosystem monetary policy operations allotted through tenders <sup>1)</sup>***(EUR millions; interest rates in percentages per annum)***1. Main refinancing operations <sup>2)</sup>**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days 7
			Fixed rate 3	Minimum bid rate 4	Marginal rate <sup>3)</sup> 5	Weighted average rate 6	
	1	2					
2000 6 Dec.	129,916	128,000	-	4.75	4.75	4.79	14
13	116,112	91,000	-	4.75	4.76	4.78	14
20	152,151	121,000	-	4.75	4.80	4.86	14
27	118,217	102,000	-	4.75	4.79	4.84	14
<i>Euro area enlargement</i>							
2001 3 Jan.	136,434	101,000	-	4.75	4.76	4.78	14
10	95,841	95,000	-	4.75	4.75	4.75	14
17	137,641	101,000	-	4.75	4.75	4.77	14
24	118,546	104,000	-	4.75	4.75	4.76	14
31	137,610	84,000	-	4.75	4.76	4.77	14
7 Feb.	104,384	100,000	-	4.75	4.75	4.75	14
14	65,307	65,307	-	4.75	4.75	4.75	12
21	200,526	155,000	-	4.75	4.78	4.83	14
26	109,632	27,000	-	4.75	4.78	4.79	16
7 Mar.	189,927	143,000	-	4.75	4.76	4.77	14
14	130,260	51,000	-	4.75	4.77	4.78	14
21	182,057	135,000	-	4.75	4.77	4.78	14
28	57,526	50,000	-	4.75	4.75	4.75	14
4 Apr.	129,101	118,000	-	4.75	4.75	4.75	15
11	24,949	24,949	-	4.75	4.75	4.75	14
19	257,706	172,000	-	4.75	4.86	4.91	11
25	83,303	5,000	-	4.75	4.78	4.80	12
30	147,324	80,000	-	4.75	4.77	4.78	15
7 May	164,985	79,000	-	4.75	4.78	4.78	16
15	160,715	72,000	-	4.50	4.54	4.56	15
23	157,987	90,000	-	4.50	4.53	4.54	14
30	159,877	77,000	-	4.50	4.55	4.55	14
6 June	120,631	88,000	-	4.50	4.51	4.53	14

## 2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate	
1	2	3	4	5	6	7
1999 14 Jan.	79,846	15,000	-	3.13	-	42
14	39,343	15,000	-	3.10	-	70
14	46,152	15,000	-	3.08	-	105
25 Feb.	77,300	15,000	-	3.04	-	91
25 Mar.	53,659	15,000	-	2.96	2.97	98
29 Apr.	66,911	15,000	-	2.53	2.54	91
27 May	72,294	15,000	-	2.53	2.54	91
1 July	76,284	15,000	-	2.63	2.64	91
29	64,973	15,000	-	2.65	2.66	91
26 Aug.	52,416	15,000	-	2.65	2.66	91
30 Sep.	41,443	15,000	-	2.66	2.67	84
28 Oct.	74,430	25,000	-	3.19	3.42	91
25 Nov.	74,988	25,000	-	3.18	3.27	98
23 Dec.	91,088	25,000	-	3.26	3.29	98
2000 27 Jan.	87,052	20,000	-	3.28	3.30	91
2 Mar.	72,960	20,000	-	3.60	3.61	91
30	74,929	20,000	-	3.78	3.80	91
27 Apr.	64,094	20,000	-	4.00	4.01	91
1 June	64,317	20,000	-	4.40	4.42	91
29	41,833	20,000	-	4.49	4.52	91
27 July	40,799	15,000	-	4.59	4.60	91
31 Aug.	35,417	15,000	-	4.84	4.87	91
28 Sep.	34,043	15,000	-	4.84	4.86	92
26 Oct.	43,085	15,000	-	5.06	5.07	91
30 Nov.	31,999	15,000	-	5.03	5.05	91
29 Dec.	15,869	15,000	-	4.75	4.81	90
<i>Euro area enlargement</i>						
2001 25 Jan.	31,905	20,000	-	4.66	4.69	90
1 Mar.	45,755	20,000	-	4.69	4.72	91
29	38,169	19,101	-	4.47	4.50	91
25 Apr.	43,416	20,000	-	4.67	4.70	92
31 May	46,448	20,000	-	4.49	4.51	91

## 3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
				Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate	
1	2	3	4	5	6	7	
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7
21 June	Reverse transaction	18,845	7,000	-	4.26	4.28	1
<i>Euro area enlargement</i>							
2001 30 Apr.	Reverse transaction	105,377	73,000	-	4.77	4.79	7

Source: ECB.

1) The amounts shown may differ slightly from those in Table 1.1, columns 6 to 8, due to operations allotted but not settled.

2) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

3) The marginal rate refers to the lowest rate at which funds were allotted.

**Table 1.4**
**Minimum reserve statistics**
**1. Reserve base of credit institutions subject to reserve requirements <sup>1) 2)</sup>**
*(EUR billions; end of period)*

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
2000 Apr.	9,629.4	5,411.5	116.7	174.7	1,243.2	537.5	2,145.9
May	9,641.5	5,390.3	118.4	188.4	1,241.3	541.4	2,161.7
June	9,539.4	5,316.9	120.4	184.7	1,250.6	506.7	2,160.1
July	9,590.1	5,348.0	119.8	192.3	1,258.0	489.9	2,182.2
Aug.	9,686.5	5,393.8	122.9	197.1	1,269.0	502.5	2,201.3
Sep.	9,773.3	5,465.7	123.6	193.6	1,270.2	502.1	2,218.2
Oct.	9,931.2	5,531.9	127.6	201.1	1,283.2	534.2	2,253.2
Nov. <sup>3)</sup>	10,074.5	5,653.4	130.0	199.9	1,282.2	561.5	2,247.6
Dec. <sup>3)</sup>	10,071.5	5,711.3	136.7	187.2	1,273.6	528.3	2,234.3
<i>Euro area enlargement</i>							
2001 Jan.	10,164.2	5,712.6	139.2	196.7	1,275.6	574.6	2,265.6
Feb.	10,247.4	5,724.4	145.3	201.2	1,284.7	597.8	2,294.0
Mar.	10,503.6	5,883.5	151.1	203.4	1,292.6	654.7	2,318.3
Apr. <sup>4)</sup>	10,553.9	5,924.0	154.5	202.6	1,291.6	658.1	2,323.0

*Source: ECB.*

- 1) Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks, are excluded from the reserve base. If a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. This percentage was 10% for calculating the reserve base until November 1999, and 30% thereafter.
- 2) Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.
- 3) Includes the reserve base of credit institutions in Greece (EUR 134.4 billion in November and 134.6 billion in December 2000, EUR 107.3 billion and EUR 110.3 billion of which qualify for the 2% coefficient respectively). On a transitional basis, credit institutions located in participating Member States could choose to deduct from their own reserve base liabilities to credit institutions in Greece. Starting from the reserve base as at end-January 2001 the standard treatment applies.

**2. Reserve maintenance <sup>1)</sup>**
*(EUR billions; interest rates as annual percentages)*

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
2000 June	113.4	113.9	0.5	0.0	3.90
July	113.3	114.0	0.7	0.0	4.28
Aug.	111.8	112.3	0.5	0.0	4.32
Sep.	112.6	113.1	0.5	0.0	4.57
Oct.	113.7	114.2	0.5	0.0	4.69
Nov.	115.1	115.5	0.4	0.0	4.81
Dec.	116.6	117.2	0.6	0.0	4.78
<i>Euro area enlargement</i>					
2001 Jan. <sup>7)</sup>	118.5	119.0	0.5	0.0	4.77
Feb.	120.1	120.6	0.5	0.0	4.76
Mar.	120.4	120.9	0.5	0.0	4.77
Apr.	120.8	121.3	0.5	0.0	4.77
May	124.2	124.8	0.7	0.0	4.71
June <sup>4)</sup>	125.0	-	-	-	-

*Source: ECB.*

- 1) This table contains full data for completed maintenance periods and required reserves for the current maintenance period.
- 2) The amount of reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities to the eligible liabilities, using the balance sheet data as at the end of each calendar month; subsequently, each credit institution deducts from this figure a lump-sum allowance of EUR 100,000. The resulting reserve requirements are then aggregated at the euro area level.
- 3) Aggregate average daily holdings of credit institutions required to hold a positive amount of reserves on their reserve accounts over the maintenance period.
- 4) Average actual reserve holdings over the maintenance period in excess of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirement.
- 5) Average shortfalls of actual reserve holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled the reserve requirement.
- 6) This rate equals the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's main refinancing operations (see Table 1.3).
- 7) Owing to the adoption of the Euro by Greece on 1 January 2001, the reserve requirement is an average, weighted by the number of calendar days, of the reserve requirements for the Euro 11 from 24 to 31 December 2000 and the reserve requirements for the Euro 12 from 1 to 23 January 2001 (i.e. 8/31 \* EUR 116.9 billion + 23/31 \* EUR 119.1 billion).

**Table 1.5**
**Banking system's liquidity position <sup>1)</sup>**
*(EUR billions; period averages of daily positions)*

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.1	471.7
Aug.	382.0	163.1	55.4	0.1	0.0	0.3	0.0	359.2	48.8	80.0	112.4	471.9
Sep.	381.6	173.1	51.1	0.3	0.0	0.2	0.0	354.8	56.6	81.2	113.3	468.3
Oct.	396.3	176.5	45.7	0.5	0.0	0.2	0.0	354.5	47.4	102.5	114.4	469.1
Nov.	398.6	183.7	45.0	0.2	0.0	0.2	0.0	352.7	49.8	109.2	115.7	468.6
Dec.	394.4	210.4	45.0	0.4	0.0	0.2	0.0	360.4	61.1	111.1	117.4	478.0
<i>Euro area enlargement</i>												
2001 Jan.	383.7	205.3	45.0	0.5	0.0	0.6	0.0	368.3	52.2	94.2	119.1	488.0
Feb.	377.9	188.9	49.8	2.6	0.0	0.4	0.0	354.8	57.0	86.3	120.7	476.0
Mar.	375.6	185.2	54.1	0.4	0.0	0.5	0.0	353.0	53.0	87.7	121.0	474.5
Apr.	382.1	172.4	58.4	2.2	0.0	0.5	0.0	354.6	49.5	89.1	121.4	476.4
May	384.4	144.0	59.1	0.4	17.0	0.6	0.0	352.7	39.4	87.5	124.8	478.1

Source: ECB.

- 1) The banking system's liquidity position is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. Amounts are derived from the consolidated financial statement of the Eurosystem.
- 2) Includes monetary policy operations initiated by national central banks in Stage Two and outstanding at the start of Stage Three (excluding outright operations and the issuance of debt certificates).
- 3) Remaining items in the consolidated financial statement of the Eurosystem.
- 4) Equal to the difference between the sum of liquidity-providing factors (items 1 to 5) and the sum of liquidity-absorbing factors (items 6 to 10).
- 5) Calculated as the sum of the deposit facility (item 6), banknotes in circulation (item 8) and credit institutions' current account holdings (item 11).

## 2 Monetary developments in the euro area

**Table 2.1**  
**Aggregated balance sheet of the Eurosystem** <sup>1)</sup>

(EUR billions (not seasonally adjusted; end of period))

### 1. Assets

	Loans to euro area residents			Other euro area residents	Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by euro area residents			External assets <sup>2)</sup>	Fixed assets	Re-maining assets	Total	
	MFI <sup>2)</sup>	General government			MFI <sup>2)</sup>	General government	Other euro area residents	MFI <sup>2)</sup>	Other euro area residents						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0
1999 Q2	807.8	787.2	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	498.6	9.7	46.6	1,463.7
Q3	471.7	451.1	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.5	1,058.0
Q4	444.6	424.3	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	56.2	1,014.5
2000 Q1	443.4	424.5	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.9	1,051.8
2000 Apr.	471.4	452.5	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.3	1,081.7
May	469.2	450.3	18.4	0.5	97.1	2.7	93.2	1.2	14.4	4.4	10.1	441.9	10.0	51.8	1,084.4
June	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	454.8	10.0	51.7	1,209.3
July	501.4	482.6	18.4	0.5	98.2	2.5	94.5	1.2	14.7	4.4	10.3	449.7	10.1	51.5	1,125.6
Aug.	482.5	463.7	18.4	0.5	98.5	2.8	94.4	1.3	14.7	4.4	10.3	435.4	10.2	52.3	1,093.5
Sep.	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.3	1,129.8
Oct.	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9	1,111.6
Nov.	431.5	412.8	18.2	0.5	98.8	2.6	94.9	1.4	15.4	4.4	11.1	402.8	10.3	54.2	1,013.0
Dec.	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.3	4.3	11.0	380.7	11.2	56.1	1,005.7
<i>Euro area enlargement</i>															
2001 1 Jan.	457.0	429.3	27.1	0.6	105.3	2.5	101.4	1.3	15.3	4.3	11.0	394.2	11.3	57.4	1,040.4
2001 Jan.	401.5	373.7	27.2	0.6	104.5	2.6	100.8	1.0	15.5	4.7	10.8	390.4	11.4	54.0	977.3
Feb.	398.8	371.0	27.2	0.6	105.2	2.5	101.5	1.2	14.9	4.6	10.3	386.2	11.3	53.7	970.1
Mar.	401.7	373.9	27.2	0.6	105.0	2.7	101.2	1.1	14.8	4.6	10.2	396.8	11.2	54.4	983.9
Apr. <sup>(p)</sup>	376.1	348.3	27.2	0.6	106.5	2.6	102.7	1.3	14.7	4.6	10.1	390.3	11.7	53.6	952.9

### 2. Liabilities

	Currency in circulation	Deposits of euro area residents	Other general government/other euro area residents			Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Remaining liabilities	Total
			MFI <sup>2)</sup>	Central government							
	1	2	3	4	5	6	7	8	9	10	11
1998	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q2	356.1	743.2	691.3	43.1	8.9	4.9	5.3	139.9	171.4	43.0	1,463.7
Q3	359.7	405.3	347.7	50.1	7.6	3.3	5.3	145.5	88.8	50.1	1,058.0
Q4	393.3	341.5	279.3	53.4	8.8	3.3	4.6	175.1	49.8	46.8	1,014.5
2000 Q1	366.2	372.1	319.8	43.1	9.1	1.7	4.6	186.8	75.1	45.4	1,051.8
2000 Apr.	372.7	394.2	340.4	43.4	10.3	1.7	4.6	189.6	75.2	43.8	1,081.7
May	371.8	390.7	345.1	34.1	11.5	1.7	4.6	188.6	82.4	44.7	1,084.4
June	374.3	497.9	432.8	52.6	12.5	1.7	4.6	193.8	92.0	45.0	1,209.3
July	377.7	414.9	354.7	49.7	10.5	1.7	4.6	196.6	84.6	45.6	1,125.6
Aug.	373.2	401.0	336.1	53.8	11.2	1.7	4.6	200.1	66.6	46.3	1,093.5
Sep.	373.5	404.2	346.1	45.6	12.5	0.0	4.6	222.0	75.0	50.6	1,129.8
Oct.	372.6	388.1	323.3	51.1	13.7	0.0	4.6	226.2	69.5	50.6	1,111.6
Nov.	372.2	334.6	265.6	54.9	14.0	0.0	3.8	222.5	29.3	50.6	1,013.0
Dec.	390.2	327.3	270.4	47.1	9.8	0.0	3.8	199.2	29.9	55.3	1,005.7
<i>Euro area enlargement</i>											
2001 1 Jan.	399.3	346.2	288.0	47.9	10.4	0.0	5.6	200.9	30.9	57.4	1,040.4
2001 Jan.	373.1	313.3	250.9	51.5	10.9	0.0	5.5	197.0	30.6	57.9	977.3
Feb.	370.6	313.1	249.7	52.0	11.4	0.0	5.5	195.1	27.9	57.9	970.1
Mar.	370.5	312.6	253.4	46.8	12.4	0.0	5.5	205.4	26.8	63.0	983.9
Apr. <sup>(p)</sup>	372.6	289.9	234.8	41.2	13.8	0.0	5.5	206.5	25.3	53.1	952.9

Source: ECB.

1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area.

2) Since the end of November 2000, balances arising from the TARGET system are netted by novation on a daily basis. This implies that the bilateral positions of each NCB vis-à-vis the ECB and other NCBs have been replaced by a single net bilateral position vis-à-vis the ECB. For the TARGET gross end-month positions in 1999 and in 2000 (January to October), see the corresponding footnote in the February 2000 and December 2000 issues of the ECB Monthly Bulletin.

Table 2.2

## Aggregated balance sheet of the euro area MFIs, excluding the Eurosystem

(EUR billions (not seasonally adjusted; end of period))

## 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market paper	Holdings of shares/other equity issued by euro area residents			External assets	Fixed assets	Remaining assets	Total
	MFI	General government	Other euro area residents		MFI	General government	Other euro area residents			MFI	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998	9,088.3	3,154.6	822.0	5,111.7	2,020.9	720.7	1,112.0	188.1	107.3	521.0	168.5	352.6	1,591.7	150.6	776.8	14,256.6
1999 Q2	9,462.4	3,321.6	817.8	5,323.0	2,142.6	801.1	1,128.9	212.5	102.8	585.8	171.5	414.3	1,660.3	151.7	867.4	14,973.0
Q3	9,580.5	3,377.2	810.7	5,392.6	2,183.8	828.8	1,137.5	217.5	112.1	587.9	180.5	407.3	1,668.8	153.4	814.2	15,100.8
Q4	9,778.0	3,413.1	828.2	5,536.7	2,179.8	828.4	1,124.6	226.8	129.9	650.7	211.3	439.4	1,720.6	154.0	919.1	15,532.1
2000 Q1	10,020.0	3,510.6	821.3	5,688.1	2,225.3	869.5	1,128.0	227.8	131.9	729.6	230.2	499.4	1,823.0	152.0	977.6	16,059.2
2000 Apr.	10,067.3	3,494.8	824.0	5,748.5	2,220.0	878.3	1,105.7	235.9	149.1	744.3	232.2	512.1	1,924.9	152.7	1,018.7	16,277.0
May	10,146.8	3,550.8	817.4	5,778.6	2,232.8	895.1	1,094.7	243.0	157.2	763.3	237.4	525.8	1,909.6	153.1	1,018.4	16,381.1
June	10,126.9	3,463.8	817.2	5,845.8	2,211.1	894.9	1,073.2	243.0	155.2	704.0	210.0	494.0	1,888.5	154.2	1,021.1	16,261.0
July	10,080.7	3,391.1	815.5	5,874.1	2,218.0	920.6	1,046.3	251.2	152.8	700.3	201.6	498.8	1,920.8	154.8	1,070.0	16,297.5
Aug.	10,139.2	3,442.9	803.6	5,892.6	2,216.6	927.1	1,034.2	255.3	152.9	704.1	203.7	500.4	1,980.4	155.1	1,108.0	16,456.2
Sep.	10,239.1	3,461.2	799.8	5,978.1	2,231.5	940.5	1,033.8	257.2	145.6	707.6	204.1	503.6	1,999.6	155.8	1,030.0	16,509.3
Oct.	10,304.1	3,481.4	801.7	6,021.0	2,222.9	939.1	1,020.6	263.1	151.7	709.4	206.0	503.3	2,056.6	157.5	1,100.7	16,702.8
Nov.	10,387.8	3,522.7	808.8	6,056.3	2,216.7	937.0	1,017.3	262.3	157.8	732.0	227.2	504.8	2,081.5	157.5	1,048.9	16,782.1
Dec.	10,419.8	3,510.6	818.7	6,090.5	2,192.4	932.7	995.8	263.9	146.0	750.9	240.3	510.6	2,022.2	158.7	1,022.3	16,712.2
<i>Euro area enlargement</i>																
2001 1 Jan.	10,527.9	3,547.5	826.7	6,153.6	2,253.8	932.9	1,054.6	266.3	146.0	762.2	243.0	519.3	2,005.0	161.6	1,046.4	16,904.1
2001 Jan.	10,590.6	3,578.4	830.7	6,181.4	2,253.0	936.4	1,046.4	270.3	156.0	776.2	247.4	528.9	2,069.2	160.4	1,066.4	17,071.8
Feb.	10,658.3	3,634.4	822.8	6,201.1	2,288.0	955.4	1,053.8	278.8	158.3	785.0	248.7	536.3	2,091.0	161.0	1,068.7	17,210.3
Mar.	10,799.2	3,706.1	824.1	6,268.9	2,322.7	968.9	1,067.0	286.8	162.1	809.2	256.4	552.8	2,236.6	161.1	1,092.2	17,583.2
Apr. <sup>(p)</sup>	10,781.2	3,656.1	815.9	6,309.2	2,338.5	975.2	1,072.8	290.5	167.9	836.0	260.5	575.5	2,220.9	162.0	1,097.0	17,603.5

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents					Money market fund shares/units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
						Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998	0.4	8,286.3	3,305.2	95.4	4,885.7	1,387.1	1,928.9	1,393.2	176.5	241.4	2,099.8	161.6	754.6	1,507.0	1,205.5	14,256.6
1999 Q2	0.5	8,466.2	3,443.7	81.9	4,940.6	1,484.3	1,965.9	1,323.9	166.5	305.7	2,265.3	183.2	794.3	1,674.2	1,283.6	14,973.0
Q3	0.6	8,529.0	3,510.4	83.2	4,935.4	1,471.5	1,981.4	1,321.9	160.6	307.5	2,325.7	204.1	806.4	1,696.1	1,231.4	15,100.8
Q4	0.7	8,733.1	3,589.0	88.6	5,055.4	1,537.0	2,042.8	1,331.4	144.2	309.8	2,361.3	242.1	849.6	1,782.6	1,253.1	15,532.1
2000 Q1	0.7	8,809.6	3,612.5	87.1	5,110.0	1,568.0	2,052.7	1,312.0	177.3	343.1	2,421.0	248.8	890.7	2,000.8	1,344.6	16,059.2
2000 Apr.	0.7	8,822.4	3,586.6	88.3	5,147.5	1,602.3	2,061.0	1,304.4	179.8	409.7	2,450.0	248.1	899.8	2,078.7	1,367.5	16,277.0
May	0.6	8,874.3	3,649.6	79.8	5,144.9	1,586.5	2,080.6	1,296.6	181.2	412.7	2,469.2	260.0	907.1	2,077.4	1,379.8	16,381.1
June	0.6	8,849.9	3,623.7	93.4	5,132.8	1,596.1	2,078.1	1,291.3	167.3	410.3	2,478.1	261.1	898.5	1,967.1	1,395.4	16,261.0
July	0.6	8,770.1	3,545.4	85.0	5,139.7	1,594.6	2,088.5	1,284.6	172.0	408.9	2,502.5	272.6	903.8	2,009.3	1,429.7	16,297.5
Aug.	0.0	8,801.9	3,579.6	86.8	5,135.5	1,566.4	2,120.2	1,279.6	169.4	419.1	2,529.4	276.1	906.8	2,069.6	1,453.3	16,456.2
Sep.	0.0	8,858.5	3,599.9	113.7	5,144.9	1,577.0	2,124.2	1,272.3	171.4	409.1	2,550.2	272.2	913.5	2,117.8	1,388.0	16,509.3
Oct.	0.0	8,903.8	3,630.1	121.3	5,152.4	1,577.0	2,141.3	1,263.5	170.6	412.2	2,574.0	281.3	917.9	2,183.4	1,430.1	16,702.8
Nov.	0.0	8,957.1	3,669.8	113.9	5,173.4	1,594.9	2,147.4	1,257.6	173.5	421.7	2,570.2	278.5	930.8	2,198.4	1,425.3	16,782.1
Dec.	0.0	9,057.4	3,679.5	117.4	5,260.4	1,648.9	2,158.3	1,278.3	174.9	393.9	2,563.2	262.2	940.0	2,115.8	1,379.7	16,712.2
<i>Euro area enlargement</i>																
2001 1 Jan.	0.0	9,201.4	3,700.7	118.4	5,382.3	1,663.4	2,196.6	1,329.7	195.2	393.9	2,563.4	262.2	958.5	2,117.5	1,404.5	16,904.1
2001 Jan.	0.0	9,187.9	3,726.6	95.9	5,365.4	1,610.9	2,209.7	1,330.9	214.0	409.0	2,594.7	274.7	965.0	2,226.4	1,414.0	17,071.8
Feb.	0.0	9,234.6	3,758.3	102.7	5,373.6	1,612.6	2,220.6	1,324.6	215.8	424.5	2,631.0	274.1	969.7	2,237.4	1,439.0	17,210.3
Mar.	0.0	9,346.3	3,829.2	103.7	5,413.4	1,625.0	2,239.8	1,323.7	224.8	443.3	2,657.6	276.0	978.3	2,422.1	1,459.6	17,583.2
Apr. <sup>(p)</sup>	0.0	9,312.0	3,759.9	110.9	5,441.3	1,656.2	2,237.9	1,324.3	222.9	454.3	2,670.4	280.5	982.0	2,444.4	1,459.9	17,603.5

Source: ECB.

Table 2.3

Consolidated balance sheet of the euro area MFIs, including the Eurosystem <sup>1)</sup>

(EUR billions (not seasonally adjusted; end of period))

## 1. Assets: levels outstanding

											Total
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets <sup>3)</sup>	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11
1999 Oct.	6,279.8	840.3	5,439.5	1,456.0	1,239.6	216.4	414.8	2,133.9	163.3	873.0	11,320.8
Nov.	6,357.5	853.5	5,504.0	1,461.6	1,237.3	224.3	430.7	2,191.9	164.5	921.9	11,528.1
Dec.	6,385.1	847.9	5,537.2	1,438.6	1,210.7	227.8	449.2	2,121.2	164.0	931.1	11,489.2
2000 Jan.	6,422.0	840.6	5,581.5	1,450.4	1,221.7	228.7	453.4	2,166.3	162.3	955.5	11,609.8
Feb.	6,453.5	836.1	5,617.3	1,465.5	1,230.7	234.8	468.7	2,203.4	161.8	972.6	11,725.7
Mar.	6,528.3	839.7	5,688.6	1,449.6	1,220.7	228.9	509.5	2,262.0	161.8	994.1	11,905.4
Apr.	6,591.4	842.4	5,749.0	1,435.6	1,198.6	237.0	522.2	2,362.9	162.6	1,034.3	12,109.1
May	6,614.9	835.8	5,779.1	1,432.0	1,187.9	244.2	535.9	2,351.4	163.0	1,035.3	12,132.6
June	6,681.9	835.6	5,846.3	1,411.0	1,166.8	244.2	504.3	2,343.3	164.2	1,039.0	12,143.8
July	6,708.5	833.8	5,874.6	1,393.1	1,140.7	252.4	509.0	2,370.5	164.9	1,086.3	12,232.3
Aug.	6,715.1	822.0	5,893.1	1,385.2	1,128.6	256.6	510.7	2,415.8	165.2	1,124.9	12,317.0
Sep.	6,796.6	818.0	5,978.5	1,386.6	1,128.4	258.3	513.8	2,458.7	166.0	1,049.9	12,371.5
Oct.	6,841.4	819.9	6,021.5	1,379.8	1,115.5	264.3	514.0	2,511.3	168.0	1,118.7	12,533.2
Nov.	6,883.8	827.0	6,056.8	1,375.9	1,112.2	263.7	515.8	2,484.3	167.7	1,067.7	12,495.3
Dec.	6,926.8	835.9	6,090.9	1,354.6	1,089.4	265.2	521.5	2,402.9	169.9	1,035.7	12,411.3
<i>Euro area enlargement</i>											
2001 1 Jan.	7,008.1	853.9	6,154.2	1,423.6	1,156.0	267.6	530.3	2,399.2	172.9	1,059.7	12,593.8
2001 Jan.	7,040.0	858.0	6,182.0	1,418.5	1,147.2	271.3	539.7	2,459.7	171.7	1,082.4	12,712.0
Feb.	7,051.7	850.0	6,201.7	1,435.3	1,155.3	280.0	546.7	2,477.2	172.3	1,086.0	12,769.1
Mar.	7,120.9	851.4	6,269.5	1,456.1	1,168.1	287.9	562.9	2,633.4	172.4	1,111.4	13,057.0
Apr. <sup>(p)</sup>	7,153.0	843.1	6,309.8	1,467.2	1,175.4	291.8	585.6	2,611.2	173.7	1,113.2	13,103.8

## 2. Liabilities: levels outstanding

														Total
	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 Oct.	329.6	135.1	4,959.2	1,481.6	2,001.8	1,318.4	157.5	409.7	1,514.3	775.3	1,855.5	1,307.0	35.1	11,320.8
Nov.	330.1	146.1	4,998.1	1,516.3	2,010.1	1,313.0	158.6	428.1	1,525.4	779.1	1,917.5	1,371.6	32.1	11,528.1
Dec.	349.9	142.0	5,064.2	1,545.8	2,042.8	1,331.4	144.2	425.2	1,535.5	809.2	1,832.3	1,299.9	30.9	11,489.2
2000 Jan.	333.0	133.7	5,089.6	1,574.8	2,028.0	1,331.7	155.0	430.1	1,534.8	825.6	1,917.3	1,339.1	6.7	11,609.8
Feb.	331.1	144.6	5,095.4	1,568.2	2,045.9	1,321.9	159.5	449.1	1,550.6	828.8	1,948.1	1,357.4	20.6	11,725.7
Mar.	334.6	130.2	5,119.1	1,577.1	2,052.7	1,312.0	177.3	461.7	1,553.7	842.9	2,075.9	1,390.0	-2.7	11,905.4
Apr.	337.7	131.8	5,157.8	1,612.6	2,061.0	1,304.4	179.8	510.4	1,573.6	852.8	2,154.0	1,411.3	-20.4	12,109.1
May	337.5	113.9	5,156.4	1,598.0	2,080.6	1,296.6	181.2	517.2	1,575.9	853.8	2,159.8	1,424.5	-6.5	12,132.6
June	341.2	146.0	5,145.3	1,608.7	2,078.2	1,291.3	167.3	517.8	1,585.1	877.9	2,059.1	1,440.5	30.8	12,143.8
July	343.0	134.7	5,150.2	1,605.1	2,088.5	1,284.6	172.0	530.4	1,584.0	894.4	2,093.9	1,475.3	26.4	12,232.3
Aug.	337.9	140.6	5,146.7	1,577.6	2,120.2	1,279.6	169.4	544.1	1,604.1	898.8	2,136.2	1,499.6	9.1	12,317.0
Sep.	338.9	159.3	5,157.4	1,589.5	2,124.2	1,272.3	171.4	535.7	1,611.4	927.1	2,192.8	1,438.6	10.4	12,371.5
Oct.	336.7	172.3	5,166.1	1,590.7	2,141.3	1,263.5	170.6	541.9	1,636.9	933.7	2,252.9	1,480.7	12.0	12,533.2
Nov.	336.8	168.8	5,187.5	1,608.9	2,147.4	1,257.6	173.5	542.4	1,634.4	921.8	2,227.7	1,476.0	-0.1	12,495.3
Dec.	347.5	164.6	5,270.2	1,658.7	2,158.3	1,278.3	174.9	510.1	1,631.7	894.6	2,145.8	1,435.0	11.8	12,411.3
<i>Euro area enlargement</i>														
2001 1 Jan.	355.3	166.2	5,392.7	1,673.4	2,197.0	1,329.7	195.2	510.1	1,632.4	912.1	2,148.4	1,462.0	11.9	12,593.8
2001 Jan.	335.2	147.4	5,376.4	1,621.4	2,210.0	1,330.9	214.0	527.7	1,661.2	909.9	2,257.0	1,471.9	25.4	12,712.0
Feb.	334.2	154.7	5,385.0	1,623.6	2,221.0	1,324.6	215.8	540.4	1,678.6	911.5	2,265.2	1,497.0	2.6	12,769.1
Mar.	335.3	150.5	5,425.8	1,637.1	2,240.2	1,323.7	224.8	557.1	1,691.4	922.7	2,448.9	1,522.7	2.7	13,057.0
Apr. <sup>(p)</sup>	335.1	152.1	5,455.1	1,669.6	2,238.2	1,324.3	222.9	566.9	1,698.1	923.4	2,469.8	1,513.0	-9.7	13,103.8

Source: ECB.

1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area.

2) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

3) See Table 2.1, footnote 2.

### 3. Assets: flows <sup>2)</sup>

	Loans to euro area residents		Other euro area residents	Holdings of securities other than shares issued by euro area residents	Holdings of securities other than shares issued by euro area residents		Holdings of shares/ other equity issued by other euro area residents	External assets <sup>3)</sup>	Fixed assets	Remaining assets	Total
	General government				General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11
1999 Nov.	74.0	12.9	61.2	11.4	3.9	7.5	10.5	24.5	1.2	48.9	170.5
Dec.	30.0	-5.8	35.8	-28.5	-31.7	3.2	13.2	-80.5	-0.4	5.6	-60.7
2000 Jan.	32.6	-7.5	40.1	15.0	13.8	1.2	3.9	22.2	-1.6	24.3	96.5
Feb.	32.1	-4.4	36.5	15.5	9.3	6.2	13.7	31.7	-0.4	17.0	109.6
Mar.	72.0	4.5	67.4	-13.8	-7.0	-6.8	39.1	33.4	0.0	22.5	153.2
Apr.	55.9	2.3	53.6	-14.7	-21.4	6.7	11.7	13.1	0.8	32.9	99.7
May	22.4	-6.3	28.8	0.0	-7.5	7.5	12.4	11.2	0.5	0.9	47.5
June	60.5	-0.5	60.9	-17.1	-18.1	1.0	-31.9	7.8	1.4	4.5	25.2
July	22.3	-1.3	23.6	-19.1	-26.8	7.6	3.6	-3.6	0.7	46.9	50.9
Aug.	7.1	-8.6	15.7	-6.1	-9.7	3.6	1.9	3.8	0.3	38.5	45.6
Sep.	67.3	-4.1	71.5	0.4	-3.0	3.4	3.0	17.7	0.7	-75.9	13.4
Oct.	40.6	1.9	38.6	-8.2	-15.4	7.2	1.4	9.2	3.2	68.9	115.0
Nov.	49.1	7.2	41.9	-1.8	-1.4	-0.4	1.0	8.7	-0.3	-51.0	5.7
Dec.	60.4	9.8	50.5	-14.4	-17.7	3.4	5.5	6.9	1.2	-22.2	37.4
<i>Euro area enlargement</i>											
2001 Jan.	31.2	2.8	28.3	-0.8	-5.7	4.8	9.3	60.8	-1.0	22.5	122.0
Feb.	12.3	-7.9	20.2	15.4	6.3	9.1	7.5	13.5	0.5	3.1	52.1
Mar.	61.5	1.0	60.5	21.9	13.4	8.5	15.4	106.0	0.1	26.7	230.9
Apr. <sup>(p)</sup>	33.8	-8.2	42.0	8.6	4.4	4.1	19.8	-17.3	1.3	1.5	47.5

### 4. Liabilities: flows <sup>2)</sup>

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Remaining liabilities	Excess of inter-MFI liabilities	Total
1999 Nov.	0.5	11.0	34.4	33.0	5.7	-5.4	1.1	17.8	5.9	2.8	33.4	67.5	-2.9	170.5
Dec.	19.5	-4.1	65.6	29.3	32.3	18.4	-14.4	-14.7	10.5	12.6	-89.8	-60.8	0.5	-60.7
2000 Jan.	-16.9	-8.3	23.0	28.1	-16.0	0.3	10.7	0.9	-2.5	17.9	66.4	43.1	-27.0	96.5
Feb.	-1.8	10.9	5.4	-6.8	17.5	-9.9	4.5	19.0	15.6	4.5	25.7	16.4	13.9	109.6
Mar.	3.5	-14.5	20.5	7.6	5.0	-10.0	17.8	12.1	1.2	12.8	107.5	33.4	-23.2	153.2
Apr.	3.3	1.6	33.0	33.4	4.9	-7.7	2.4	0.4	19.1	9.4	35.0	14.5	-16.5	99.7
May	-0.2	-17.9	1.6	-11.3	20.3	-8.9	1.4	9.9	6.3	2.7	27.1	11.9	6.0	47.5
June	3.6	32.1	-7.9	12.0	-0.7	-5.3	-13.9	-3.9	15.8	18.9	-78.6	19.1	26.1	25.2
July	1.9	-11.3	1.1	-5.0	7.4	-6.1	4.7	12.1	-7.1	15.6	7.3	38.3	-7.0	50.9
Aug.	-5.1	5.9	-7.9	-29.3	29.3	-5.1	-2.7	12.6	11.7	5.1	5.5	33.3	-15.4	45.6
Sep.	1.0	18.7	4.6	10.8	-0.9	-7.4	2.0	-8.7	3.3	19.5	41.9	-65.9	-1.1	13.4
Oct.	-2.2	13.1	3.3	-0.8	13.8	-8.8	-0.8	5.0	17.0	5.1	19.6	44.8	9.4	115.0
Nov.	0.1	-3.6	26.0	20.0	8.8	-5.8	3.0	1.7	4.7	-11.6	7.6	-5.9	-13.4	5.7
Dec.	10.7	-4.2	95.9	53.8	19.8	20.9	1.5	-17.4	5.1	-23.4	-12.1	-23.3	5.9	37.4
<i>Euro area enlargement</i>														
2001 Jan.	-20.1	-18.8	-18.5	-51.8	13.3	1.2	18.8	19.8	23.4	-3.2	110.1	18.3	11.0	122.0
Feb.	-1.0	7.5	8.1	1.9	10.7	-6.3	1.9	12.6	16.7	2.5	4.7	23.9	-22.8	52.1
Mar.	1.1	-4.2	35.2	11.6	15.8	-1.0	8.9	15.3	8.7	12.1	138.5	30.6	-6.5	230.9
Apr. <sup>(p)</sup>	-0.2	1.6	29.6	32.4	-1.6	0.6	-1.8	8.8	5.5	1.3	25.5	-12.9	-11.7	47.5



**Table 2.4**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions (not seasonally adjusted) and annual percentage changes, unless otherwise indicated)*
**1. Monetary aggregates: levels outstanding at the end of the period**

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>3)</sup>
	Currency in circulation 1	Overnight deposits 2	Total 3	Index Dec. 98=100 <sup>3)</sup> 4				
					5	6	7	8
1999 Oct.	329.6	1,546.6	1,876.2	105.17	861.4	1,270.3	4,008.0	102.16
Nov.	330.1	1,580.5	1,910.6	107.01	860.8	1,265.2	4,036.6	102.80
Dec.	349.9	1,614.1	1,964.0	109.97	881.6	1,287.7	4,133.3	105.24
2000 Jan.	333.0	1,642.4	1,975.4	110.55	864.8	1,288.9	4,129.1	105.09
Feb.	331.1	1,634.3	1,965.4	109.99	879.9	1,278.0	4,123.4	104.98
Mar.	334.6	1,642.8	1,977.4	110.58	888.2	1,267.5	4,133.1	105.16
Apr.	337.7	1,680.9	2,018.6	112.78	896.3	1,260.1	4,174.9	106.11
May	337.5	1,662.8	2,000.3	111.95	914.1	1,251.9	4,166.3	105.98
June	341.2	1,674.1	2,015.3	112.85	912.7	1,244.6	4,172.5	106.21
July	343.0	1,672.3	2,015.3	112.78	922.8	1,236.8	4,174.9	106.20
Aug.	337.9	1,643.1	1,981.0	110.75	952.1	1,230.4	4,163.5	105.82
Sep.	338.9	1,654.4	1,993.4	111.38	955.1	1,220.3	4,168.8	105.89
Oct.	336.7	1,656.8	1,993.6	111.28	971.2	1,211.1	4,175.8	105.96
Nov.	336.8	1,675.2	2,012.1	112.42	984.0	1,202.3	4,198.4	106.63
Dec.	347.5	1,728.6	2,076.1	116.22	989.3	1,221.4	4,286.8	109.12
<i>Euro area enlargement</i>								
2001 1 Jan.	355.3	1,743.2	2,098.5	-	1,026.1	1,271.5	4,396.2	-
2001 Jan.	335.2	1,690.0	2,025.1	112.16	1,040.9	1,275.1	4,341.1	107.77
Feb.	334.2	1,690.7	2,024.9	112.13	1,052.2	1,269.7	4,346.8	107.89
Mar.	335.3	1,704.4	2,039.7	112.85	1,068.4	1,269.5	4,377.6	108.55
Apr. <sup>(p)</sup>	335.1	1,739.6	2,074.7	114.78	1,069.8	1,272.8	4,417.3	109.54

**2. Monetary aggregates: flows <sup>4)</sup>**

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual percentage change <sup>3)</sup>
	Currency in circulation 1	Overnight deposits 2	Total 3	Annual percentage change <sup>3)</sup> 4				
					5	6	7	8
1999 Nov.	0.5	32.2	32.7	11.8	-2.5	-5.2	25.0	6.4
Dec.	19.5	33.4	52.9	10.0	20.6	22.5	96.0	5.2
2000 Jan.	-16.9	27.4	10.4	9.3	-17.7	1.1	-6.1	4.2
Feb.	-1.8	-8.2	-10.1	10.7	16.5	-10.9	-4.4	5.3
Mar.	3.5	7.2	10.6	10.1	7.1	-10.6	7.1	5.1
Apr.	3.3	36.0	39.2	11.4	5.7	-7.6	37.3	5.5
May	-0.2	-14.7	-14.9	8.7	19.0	-9.2	-5.1	4.7
June	3.6	12.6	16.2	7.1	0.3	-7.3	9.2	4.3
July	1.9	-3.2	-1.3	6.9	8.3	-7.5	-0.5	3.7
Aug.	-5.1	-31.1	-36.3	7.1	27.8	-6.5	-15.0	4.2
Sep.	1.0	10.3	11.3	6.2	1.8	-10.1	3.0	4.1
Oct.	-2.2	0.4	-1.8	5.8	13.8	-9.3	2.7	3.7
Nov.	0.1	20.3	20.4	5.1	14.6	-8.6	26.4	3.7
Dec.	10.7	57.2	68.0	5.7	10.9	19.3	98.2	3.7
<i>Euro area enlargement</i>								
2001 Jan.	-20.1	-53.1	-73.2	1.5	15.0	3.6	-54.6	2.5
Feb.	-1.0	0.4	-0.6	1.9	11.0	-5.4	5.1	2.8
Mar.	1.1	11.8	12.9	2.0	14.0	-0.4	26.5	3.2
Apr. <sup>(p)</sup>	-0.2	35.1	34.9	1.8	1.6	3.3	39.8	3.2

Source: ECB.

1) Monetary aggregates comprise monetary liabilities of MFIs and central government (Post Office, Treasury) vis-à-vis non-MFI euro area residents excluding central government.

2) Not adjusted for the holdings of money market fund shares/units by non-residents of the euro area.

M3 <sup>2)</sup>						Effect on M3 of holdings of money market fund shares/units by non-residents of the euro area			
Repurchase agreements	Money market fund shares/units and money market paper <sup>2)</sup>	Debt securities up to 2 years	Total	Index Dec. 98=100 <sup>3)</sup>		Total			
9	10	11	12	13	14	15	16	17	
157.5	409.7	74.7	4,649.8	103.33		14.5			1999 Oct.
158.6	428.1	76.2	4,699.6	104.32		14.0			Nov.
144.2	425.2	88.8	4,791.5	106.10		16.3			Dec.
155.0	430.1	87.2	4,801.4	106.18		17.7			2000 Jan.
159.5	449.1	90.9	4,822.8	106.68		18.3			Feb.
177.3	461.7	90.7	4,862.9	107.48		18.0			Mar.
179.8	510.4	89.7	4,954.8	108.40		58.8			Apr.
181.2	517.2	87.5	4,952.2	108.50		60.6			May
167.3	517.8	86.8	4,944.4	108.35		65.6			June
172.0	530.4	76.7	4,954.0	108.47		66.7			July
169.4	544.1	81.0	4,958.0	108.43		72.9			Aug.
171.4	535.7	81.5	4,957.5	108.36		74.2			Sep.
170.6	541.9	88.2	4,976.5	108.64		74.6			Oct.
173.5	542.4	97.3	5,011.6	109.53		78.8			Nov.
174.9	510.1	106.4	5,078.3	111.53		70.6			Dec.
<i>Euro area enlargement</i>									
195.2	510.1	106.6	5,208.1	-		-			2001 1 Jan.
214.0	527.7	106.8	5,189.6	111.18		71.9			2001 Jan.
215.8	540.4	115.5	5,218.5	111.79		77.6			Feb.
224.8	557.1	118.3	5,277.8	112.92		84.5			Mar.
222.9	566.9	123.2	5,330.4	114.03		87.1			Apr. <sup>(4)</sup>

M3 <sup>2)</sup>						Effect on M3 of holdings of money market fund shares/units by non-residents of the euro area			
Repurchase agreements	Money market fund shares/units and money market paper <sup>2)</sup>	Debt securities up to 2 years	Total	Annual percentage change <sup>3)</sup>	3-month moving average (centred)	Total	Annual growth rate <sup>5)</sup>	3-month moving average (centred) <sup>5)</sup>	
9	10	11	12	13	14	15	16	17	
1.1	17.8	0.7	44.7	6.2	6.0	-0.4	0.0	0.0	1999 Nov.
-14.4	-14.7	13.1	80.0	6.1	5.9	0.4	0.0	0.0	Dec.
10.7	0.9	-1.9	3.6	5.3	5.9	0.4	0.1	0.0	2000 Jan.
4.5	19.0	3.7	22.8	6.2	6.0	0.6	0.0	0.1	Feb.
17.8	12.1	-1.0	36.0	6.6	6.5	-0.3	0.1	0.0	Mar.
2.4	0.4	1.4	41.6	6.7	6.5	0.8	0.0	0.1	Apr.
1.4	9.9	-1.7	4.6	6.0	6.0	1.8	0.1	0.1	May
-13.9	-3.9	1.7	-6.9	5.4	5.5	0.6	0.1	0.1	June
4.7	12.1	-10.7	5.6	5.2	5.4	1.1	0.1	0.1	July
-2.7	12.6	3.2	-2.0	5.7	5.4	6.3	0.2	0.2	Aug.
2.0	-8.7	0.6	-3.0	5.3	5.4	1.4	0.3	0.3	Sep.
-0.8	5.0	5.6	12.4	5.1	5.1	0.4	0.3	0.3	Oct.
3.0	1.7	10.1	41.1	5.0	5.1	4.2	0.3	0.3	Nov.
1.5	-17.4	9.1	91.4	5.1	4.9	-4.0	0.2	0.3	Dec.
<i>Euro area enlargement</i>									
18.8	19.8	0.0	-16.1	4.7	4.9	1.8	0.3	0.3	2001 Jan.
1.9	12.6	8.7	28.2	4.8	4.9	5.7	0.4	0.4	Feb.
8.9	15.3	2.2	52.9	5.1	5.0	6.9	0.5	0.5	Mar.
-1.8	8.8	5.0	51.8	5.2	-	2.6	0.5	-	Apr. <sup>(4)</sup>

3) For the calculations of the index and the growth rates, see the Technical notes.

4) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

5) Effect in percentage points.

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions and percentage changes, unless otherwise indicated)*
**3. Main counterparts of M3: levels outstanding at the end of the period**

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 <sup>3)</sup>		
	1	2	3	4	5	6	7	8	9	10
1999 Oct.	1,140.8	110.1	1,439.7	775.3	2,080.0	6,070.6	5,439.5	107.61	278.4	163.3
Nov.	1,149.8	110.2	1,449.1	779.1	2,090.7	6,159.0	5,504.0	108.82	274.4	164.5
Dec.	1,161.6	112.2	1,446.8	809.2	2,058.6	6,214.3	5,537.2	109.52	288.9	164.0
2000 Jan.	1,163.6	111.4	1,447.7	825.6	2,062.3	6,263.5	5,581.5	110.32	249.0	162.3
Feb.	1,166.4	112.4	1,459.7	828.8	2,066.9	6,320.9	5,617.3	111.04	255.4	161.8
Mar.	1,164.9	113.2	1,463.0	842.9	2,060.4	6,427.0	5,688.6	112.37	186.2	161.8
Apr.	1,165.1	112.8	1,483.9	852.8	2,041.0	6,508.3	5,749.0	113.43	208.9	162.6
May	1,167.0	114.0	1,488.5	853.8	2,023.7	6,559.1	5,779.1	114.00	191.7	163.0
June	1,165.8	115.5	1,498.3	877.9	2,002.3	6,594.9	5,846.3	115.20	284.2	164.2
July	1,166.2	116.6	1,507.2	894.4	1,974.5	6,636.0	5,874.6	115.66	276.6	164.9
Aug.	1,168.4	118.2	1,523.1	898.8	1,950.6	6,660.4	5,893.1	115.97	279.6	165.2
Sep.	1,169.4	120.5	1,529.9	927.1	1,946.4	6,750.6	5,978.5	117.38	265.9	166.0
Oct.	1,170.4	121.3	1,548.6	933.7	1,935.4	6,799.8	6,021.5	118.14	258.4	168.0
Nov.	1,163.7	124.0	1,537.2	921.8	1,939.2	6,836.3	6,056.8	118.96	256.6	167.7
Dec.	1,169.3	126.4	1,525.2	894.6	1,925.3	6,877.6	6,090.9	119.95	257.1	169.9
<i>Euro area enlargement</i>										
2001 1 Jan.	1,171.1	127.7	1,525.8	912.1	2,009.9	6,952.1	6,154.2	-	250.8	172.9
2001 Jan.	1,169.4	127.9	1,554.4	909.9	2,005.1	6,993.0	6,182.0	120.51	202.7	171.7
Feb.	1,169.1	128.0	1,563.1	911.5	2,005.3	7,028.4	6,201.7	120.90	212.0	172.3
Mar.	1,172.0	127.6	1,573.2	922.7	2,019.5	7,120.4	6,269.5	122.08	184.5	172.4
Apr. <sup>(p)</sup>	1,168.6	125.6	1,574.9	923.4	2,018.6	7,187.2	6,309.8	122.90	141.4	173.7

**4. Main counterparts of M3: flows <sup>4)</sup>**

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual percentage change <sup>3)</sup>		
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	8.1	0.0	5.2	2.8	16.7	79.1	61.2	10.3	-8.9	1.2
Dec.	11.7	2.1	-2.6	12.6	-37.5	52.2	35.8	9.5	9.2	-0.4
2000 Jan.	1.6	-0.9	-0.6	17.9	6.3	45.2	40.1	8.8	-44.2	-1.6
Feb.	1.0	1.0	11.9	4.5	4.9	56.4	36.5	9.5	5.9	-0.4
Mar.	-2.0	0.8	2.2	12.8	-2.4	99.7	67.4	9.9	-74.1	0.0
Apr.	-0.8	-0.4	17.6	9.4	-19.2	72.0	53.6	10.5	-21.9	0.8
May	1.3	1.2	8.0	2.7	-13.8	48.7	28.8	10.3	-15.8	0.5
June	-1.0	1.5	14.1	18.9	-18.6	30.1	60.9	9.4	86.4	1.4
July	-0.8	1.4	3.6	15.6	-28.0	34.9	23.6	9.1	-10.9	0.7
Aug.	1.5	1.7	8.5	5.1	-18.3	21.2	15.7	9.5	-1.6	0.3
Sep.	-2.7	2.2	2.7	19.5	-7.1	77.9	71.5	10.0	-24.1	0.7
Oct.	0.0	0.8	11.3	5.1	-13.5	47.1	38.6	9.8	-10.3	3.2
Nov.	-5.9	2.7	-5.4	-11.6	5.8	42.4	41.9	9.3	1.1	-0.3
Dec.	8.9	2.5	-4.0	-23.4	-7.9	59.4	50.5	9.5	19.0	1.2
<i>Euro area enlargement</i>										
2001 Jan.	-1.8	0.2	23.4	-3.2	-2.8	42.5	28.3	9.2	-49.3	-1.0
Feb.	-0.4	0.1	8.0	2.5	-1.7	36.8	20.2	8.9	8.8	0.5
Mar.	1.8	-0.4	6.5	12.1	14.4	84.5	60.5	8.6	-32.5	0.1
Apr. <sup>(p)</sup>	-3.2	-2.0	0.5	1.3	-3.8	65.9	42.0	8.3	-42.8	1.3

1) See page 16\*, footnote 1.

2) Credit comprises loans granted to non-MFIs resident in the euro area and holdings of securities issued by non-MFIs resident in the euro area.

3) See page 17\*, footnote 3.

4) See page 17\*, footnote 4.

## 5. Seasonally adjusted levels

	M3 <sup>1)</sup>										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments <sup>4)</sup>				Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>
	M1		Other short-term deposits <sup>3)</sup>		Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>		
	Total <sup>1)</sup>	Index <sup>2)</sup>	Total <sup>3)</sup>	Index <sup>2)</sup>	5	6	7	8			9	10
1999 Oct.	1,900.0	106.50	2,147.6	100.39	4,047.6	103.17	647.5	112.48	4,695.1	104.34	5,448.1	107.78
Nov.	1,914.3	107.21	2,148.2	100.33	4,062.5	103.46	663.5	115.01	4,726.0	104.91	5,508.3	108.90
Dec.	1,920.4	107.53	2,151.6	100.47	4,071.9	103.68	684.6	116.64	4,756.5	105.33	5,520.4	109.19
2000 Jan.	1,958.0	109.58	2,132.9	99.56	4,090.9	104.12	689.5	116.72	4,780.4	105.72	5,573.4	110.16
Feb.	1,980.8	110.85	2,145.1	100.19	4,126.0	105.04	696.5	117.89	4,822.4	106.68	5,626.4	111.22
Mar.	1,993.7	111.50	2,144.8	100.12	4,138.5	105.29	719.4	121.55	4,857.9	107.37	5,687.9	112.36
Apr.	2,008.2	112.20	2,151.3	100.30	4,159.5	105.72	763.3	121.38	4,922.8	107.70	5,751.0	113.47
May	2,001.2	111.99	2,160.4	100.74	4,161.6	105.86	766.8	122.50	4,928.3	107.98	5,792.0	114.25
June	1,985.8	111.20	2,164.6	101.01	4,150.4	105.65	769.2	122.56	4,919.6	107.81	5,825.9	114.80
July	1,997.2	111.76	2,172.0	101.29	4,169.2	106.05	780.6	124.21	4,949.8	108.38	5,851.9	115.22
Aug.	2,015.5	112.68	2,183.3	101.73	4,198.7	106.71	788.2	125.05	4,986.9	109.06	5,913.7	116.38
Sep.	2,015.2	112.61	2,191.4	102.06	4,206.7	106.85	791.1	125.47	4,997.8	109.24	5,990.4	117.61
Oct.	2,020.9	112.81	2,200.5	102.37	4,221.4	107.12	807.5	127.70	5,028.9	109.78	6,029.2	118.29
Nov.	2,023.2	113.04	2,206.4	102.73	4,229.6	107.42	813.5	129.01	5,043.1	110.22	6,058.6	119.00
Dec.	2,023.2	113.25	2,196.6	102.55	4,219.8	107.42	822.3	132.86	5,042.1	110.73	6,075.4	119.65
<i>Euro area enlargement</i>												
2001 1 Jan.	2,045.0	-	2,283.0	-	4,328.1	-	843.5	-	5,171.6	-	6,138.5	-
2001 Jan.	2,014.6	111.58	2,292.6	102.99	4,307.2	106.92	870.8	137.48	5,178.0	110.94	6,175.8	120.38
Feb.	2,046.9	113.35	2,306.1	103.59	4,353.1	108.05	868.2	137.04	5,221.2	111.85	6,212.8	121.11
Mar.	2,048.4	113.33	2,324.7	104.31	4,373.1	108.44	886.7	139.66	5,259.8	112.54	6,268.3	122.06
Apr. <sup>(p)</sup>	2,059.9	113.96	2,341.4	105.07	4,401.4	109.14	893.6	140.60	5,294.9	113.27	6,311.3	122.92

## 6. Seasonally adjusted flows <sup>5)</sup>

	M3 <sup>1)</sup>										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments <sup>4)</sup>				Total	Change on previous month (%)	Total	Change on previous month (%)
	M1		Other short-term deposits <sup>3)</sup>		Total	Change on previous month (%)	Total	Change on previous month (%)	Total	Change on previous month (%)		
	Total	Change on previous month (%)	Total	Change on previous month (%)	5	6	7	8			9	10
1999 Nov.	12.6	0.7	-1.4	-0.1	11.2	0.3	14.6	2.3	25.8	0.5	56.9	1.0
Dec.	5.6	0.3	3.1	0.1	8.8	0.2	9.4	1.4	18.1	0.4	14.6	0.3
2000 Jan.	36.7	1.9	-19.6	-0.9	17.0	0.4	0.5	0.1	17.5	0.4	48.9	0.9
Feb.	22.8	1.2	13.7	0.6	36.4	0.9	6.9	1.0	43.3	0.9	53.6	1.0
Mar.	11.5	0.6	-1.6	-0.1	9.9	0.2	21.6	3.1	31.5	0.7	57.7	1.0
Apr.	12.6	0.6	3.9	0.2	16.5	0.4	-1.0	-0.1	15.5	0.3	56.2	1.0
May	-3.7	-0.2	9.3	0.4	5.6	0.1	7.0	0.9	12.6	0.3	39.7	0.7
June	-14.1	-0.7	5.9	0.3	-8.2	-0.2	0.4	0.1	-7.8	-0.2	27.7	0.5
July	10.0	0.5	5.9	0.3	15.9	0.4	10.3	1.3	26.2	0.5	21.2	0.4
Aug.	16.3	0.8	9.6	0.4	25.9	0.6	5.3	0.7	31.1	0.6	59.1	1.0
Sep.	-1.3	-0.1	6.9	0.3	5.7	0.1	2.7	0.3	8.3	0.2	62.7	1.1
Oct.	3.6	0.2	6.7	0.3	10.3	0.2	14.1	1.8	24.4	0.5	34.4	0.6
Nov.	4.1	0.2	7.9	0.4	12.0	0.3	8.3	1.0	20.3	0.4	36.0	0.6
Dec.	3.8	0.2	-4.0	-0.2	-0.2	0.0	24.3	3.0	24.1	0.5	33.2	0.5
<i>Euro area enlargement</i>												
2001 Jan.	-30.7	-1.5	10.1	0.4	-20.5	-0.5	29.5	3.5	9.0	0.2	37.7	0.6
Feb.	32.0	1.6	13.4	0.6	45.3	1.1	-2.8	-0.3	42.6	0.8	37.5	0.6
Mar.	-0.5	0.0	16.1	0.7	15.6	0.4	16.6	1.9	32.2	0.6	48.3	0.8
Apr. <sup>(p)</sup>	11.5	0.6	17.0	0.7	28.5	0.7	6.0	0.7	34.4	0.7	44.6	0.7

Source: ECB.

1) M3 not adjusted for the holdings of money market fund shares/units by non-residents of the euro area.

2) See page 17\*, footnote 3.

3) Other short-term deposits comprise deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months.

4) Marketable instruments comprise repurchase agreements, money market fund shares/units (not adjusted for the holdings by non-residents of the euro area) and money market paper together with debt securities issued with an original maturity of up to two years.

5) See page 17\*, footnote 4.

**Table 2.5**
**Outstanding MFI loans by counterpart, type and original maturity <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**1. Loans to non-financial sectors other than government**

	Non-financial corporations <sup>2)3)</sup>				Households <sup>2)3)</sup>	Consumer credit <sup>4)</sup>			Lending for house purchase <sup>4)</sup>			Other lending			Non-profit institutions serving households <sup>2)</sup>		
	1	Up to 1 year	Over 1 and up to 5 years	Over 5 years		6	Up to 1 year	Over 1 and up to 5 years	Over 5 years	9	Up to 1 year	Over 1 and up to 5 years	Over 5 years	12		Over 1 and up to 5 years	Over 5 years <sup>3)</sup>
1999 Q2	2,337.5	845.1	352.0	1,140.3	2,602.6	83.7	155.4	194.1	18.8	63.8	1,520.2	138.7	98.5	329.4	35.8		
Q3	2,353.5	832.2	362.8	1,158.4	2,661.7	85.9	157.3	196.6	19.6	64.4	1,568.6	136.0	96.2	337.1	36.2		
Q4	2,427.5	858.8	372.9	1,195.8	2,726.7	88.4	156.4	195.6	19.9	60.4	1,626.4	141.7	98.5	339.3	37.4		
2000 Q1	2,501.3	902.0	392.3	1,207.0	2,775.0	89.1	162.5	200.5	20.2	58.9	1,659.7	141.0	100.4	342.8	39.0		
Q2	2,561.7	919.1	406.0	1,236.7	2,826.0	93.6	161.7	201.8	21.3	60.7	1,698.5	144.9	102.2	341.4	37.6		
Q3	2,633.9	954.6	422.5	1,256.8	2,888.1	96.5	165.1	208.2	22.8	63.1	1,747.0	142.5	100.9	342.1	37.5		
Q4	2,684.8	968.4	428.6	1,287.8	2,941.1	98.2	165.5	212.8	23.1	62.5	1,790.7	146.4	101.7	340.1	38.2		
<i>Euro area enlargement</i>																	
2001 Q1 <sup>4)</sup>	2,792.0	1,030.6	442.2	1,319.3	2,986.4	100.2	169.4	213.0	22.0	62.1	1,826.3	146.4	101.9	345.0	37.2		

**2. Loans to non-monetary financial corporations**

	Non-monetary financial intermediaries except insurance corporations and pension funds <sup>2)</sup>				Insurance corporations and pension funds <sup>2)</sup>			
	1	Up to 1 year	Over 1 and up to 5 years	Over 5 years	5	Up to 1 year	Over 1 and up to 5 years	Over 5 years
1999 Q2	306.8	192.9	52.2	61.7	40.4	28.9	2.7	8.8
Q3	299.4	181.9	53.8	63.7	41.9	33.1	2.8	6.0
Q4	315.7	191.4	55.1	69.2	29.4	20.7	2.7	5.9
2000 Q1	335.7	207.1	56.2	72.4	37.1	25.7	4.0	7.4
Q2	381.7	246.0	60.8	74.9	38.8	29.1	3.8	5.8
Q3	385.6	247.0	64.8	73.8	33.0	25.3	2.9	4.8
Q4	394.9	252.6	68.8	73.5	31.5	21.8	4.1	5.6
<i>Euro area enlargement</i>								
2001 Q1 <sup>4)</sup>	417.9	272.4	71.5	74.0	34.5	24.9	4.0	5.6

**3. Loans to government**

	General government <sup>2)</sup>										
	1	Central government <sup>5)</sup>	Other general government								Social security funds
			State government				Local government				
			3	Up to 1 year	Over 1 and up to 5 years	Over 5 years	7	Up to 1 year	Over 1 and up to 5 years	Over 5 years	
1999 Q2	838.2	212.0	279.2	11.5	20.5	247.1	329.4	20.2	10.9	298.3	17.5
Q3	831.1	206.4	278.4	10.1	21.3	247.0	329.5	19.9	10.5	299.1	16.8
Q4	847.9	199.5	292.9	15.0	25.1	252.7	339.9	20.6	11.7	307.7	15.6
2000 Q1	839.7	193.8	291.9	13.2	27.4	251.3	338.1	21.3	10.8	306.0	16.0
Q2	835.6	186.8	290.0	9.9	28.1	252.1	339.0	21.6	11.5	305.9	19.7
Q3	818.0	173.3	288.4	8.9	27.2	252.4	337.8	21.5	11.1	305.2	18.5
Q4	835.9	173.1	297.3	13.7	28.1	255.4	350.9	22.8	12.3	315.7	14.6
<i>Euro area enlargement</i>											
2001 Q1 <sup>4)</sup>	851.4	188.9	295.3	9.9	30.1	255.3	351.8	24.1	12.4	315.2	15.5

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

2) Corresponding ESA 95 sector codes: non-financial corporations, S.11; households, S.14; non-profit institutions serving households, S.15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S.123 (including financial auxiliaries, S.124); insurance corporations and pension funds, S.125; general government, S.13.

3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.

4) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.

5) A maturity breakdown is not available for loans to central government.

**Table 2.6**
**Outstanding deposits held with MFIs, by counterpart and instrument <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**1. Deposits held by non-financial sectors other than government**

	Non-financial corporations <sup>2) 3)</sup>					Households <sup>2) 3)</sup>				
	1	Overnight	With agreed maturity	Redeemable at notice	Repos	6	Overnight	With agreed maturity	Redeemable at notice	Repos
		2	3	4	5		7	8	9	10
1999 Q2	741.0	427.9	263.8	25.4	23.9	3,245.9	841.8	1,085.6	1,285.8	32.7
Q3	747.4	429.6	270.1	25.6	22.1	3,239.2	845.0	1,077.0	1,283.3	33.9
Q4	772.7	446.0	281.3	23.9	21.5	3,306.4	871.6	1,100.2	1,295.3	39.4
2000 Q1	787.9	440.2	292.2	24.4	31.1	3,297.7	887.2	1,093.5	1,274.7	42.4
Q2	818.6	459.7	307.9	24.1	26.9	3,287.2	888.3	1,097.7	1,254.6	46.6
Q3	843.7	464.2	329.9	24.7	25.0	3,273.6	874.4	1,112.3	1,235.3	51.6
Q4	872.7	497.4	324.9	24.1	26.3	3,339.6	907.1	1,133.9	1,241.6	57.1
<i>Euro area enlargement</i>										
2001 Q1 <sup>(p)</sup>	900.3	480.6	348.8	37.4	33.5	3,446.2	904.4	1,189.4	1,273.6	78.9

**2. Deposits held by non-monetary financial corporations**

	Non-monetary financial intermediaries except insurance corporations and pension funds <sup>2) 3)</sup>					Insurance corporations and pension funds <sup>2)</sup>				
	1	Overnight	With agreed maturity	Redeemable at notice	Repos	6	Overnight	With agreed maturity	Redeemable at notice	Repos
		2	3	4	5		7	8	9	10
1999 Q2	402.3	135.0	165.2	4.7	97.4	430.8	36.4	380.5	3.3	10.7
Q3	391.2	122.5	173.0	5.2	90.5	436.6	32.0	389.8	3.3	11.5
Q4	398.9	143.1	181.7	4.7	69.3	447.7	32.2	400.4	3.3	11.9
2000 Q1	435.3	162.2	180.1	5.6	87.4	458.8	35.4	407.0	3.2	13.1
Q2	425.3	164.5	178.7	5.3	76.8	460.7	34.6	411.0	3.5	11.6
Q3	424.4	158.6	184.2	5.1	76.6	464.4	34.1	413.7	3.7	12.9
Q4	428.4	153.7	194.8	5.9	74.0	477.6	40.6	418.4	3.2	15.3
<i>Euro area enlargement</i>										
2001 Q1 <sup>(p)</sup>	444.7	154.7	194.8	5.8	89.4	481.4	36.4	423.1	3.5	18.3

**3. Deposits held by government**

	General government <sup>2)</sup>																
	1	Central government	Other general government														17
			State government				Local government				Social security funds						
			Overnight	With agreed maturity	Redeemable at notice	Repos	Overnight	With agreed maturity	Redeemable at notice	Repos	Overnight	With agreed maturity	Redeemable at notice	Repos			
2	3	4	5	6	7	8	9	10	11	12	13	14	15	16			
1999 Q2	254.4	125.0	26.8	7.6	18.9	0.2	0.1	54.6	26.2	24.2	3.4	0.7	48.0	18.2	27.7	1.1	1.0
Q3	261.9	133.3	27.3	8.3	18.7	0.1	0.2	54.6	24.5	25.6	3.4	1.1	46.7	17.1	27.3	0.9	1.5
Q4	280.5	142.0	31.2	9.7	21.1	0.1	0.2	59.2	27.1	27.5	3.4	1.2	48.2	16.0	30.6	0.7	0.7
2000 Q1	269.7	130.2	28.1	7.7	20.2	0.1	0.1	58.6	25.8	27.7	3.3	1.8	52.7	18.7	31.9	0.7	1.4
Q2	299.6	146.0	31.6	10.0	21.5	0.1	0.1	62.7	28.7	28.7	3.1	2.3	59.3	23.0	32.7	0.5	3.0
Q3	310.5	159.3	30.3	9.4	20.7	0.1	0.1	63.2	27.4	30.8	2.9	2.1	57.8	21.5	32.8	0.5	3.1
Q4	316.5	164.6	30.6	10.6	19.8	0.1	0.1	68.2	30.9	33.0	3.0	1.4	53.2	18.5	33.3	0.5	0.9
<i>Euro area enlargement</i>																	
2001 Q1 <sup>(p)</sup>	303.6	150.5	31.0	9.8	20.9	0.1	0.1	65.1	28.6	31.1	2.8	2.5	57.1	22.6	32.1	0.5	2.0

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

2) Corresponding ESA 95 sector codes: non-financial corporations, S.11; households, S.14; non-profit institutions serving households, S.15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S.123 (including financial auxiliaries, S.124); insurance corporations and pension funds, S.125; general government, S.13.

3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.

**Table 2.7****Main outstanding MFI claims on and liabilities to non-residents of the euro area <sup>1)</sup>***(EUR billions (not seasonally adjusted; end of period))***1. Eurosystem <sup>2)</sup>**

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks <sup>3)4)</sup> 2	Non-banks		5	Banks <sup>3)</sup> 6	Non-banks		9	Banks <sup>3)</sup> 10	Other 11	12	Banks <sup>3)</sup> 13	Non-banks	
			General government 3	Other 4			General government 7	Other 8						General government 14	Other 15
1999 Q2	191.4	174.7	13.1	3.7	175.2	4.5	166.9	3.8	0.4	0.1	0.3	165.2	162.8	0.2	2.2
Q3	108.1	99.0	6.8	2.3	176.2	4.0	168.1	4.1	0.4	0.1	0.3	82.6	80.6	0.4	1.5
Q4	59.6	45.6	10.5	3.5	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2
2000 Q1	89.9	78.8	8.9	2.2	202.7	4.8	192.2	5.7	0.5	0.1	0.4	68.3	66.7	0.2	1.4
Q2	104.6	91.5	10.3	2.7	201.9	4.5	193.4	4.0	0.4	0.1	0.3	85.3	82.8	0.5	2.0
Q3	83.7	72.7	8.2	2.7	221.9	5.3	211.2	5.5	1.0	0.1	0.9	67.9	64.6	1.0	2.4
Q4	30.3	20.9	7.0	2.3	205.8	5.2	195.7	4.9	1.0	0.1	0.9	23.2	19.9	1.1	2.2
<i>Euro area enlargement</i>															
2001 Q1 <sup>4)</sup>	37.3	26.0	7.9	3.4	211.4	4.6	201.4	5.4	1.2	0.1	1.1	19.8	15.5	1.5	2.8

**2. MFIs excluding the Eurosystem**

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks <sup>3)4)</sup> 2	Non-banks		5	Banks <sup>3)</sup> 6	Non-banks		9	Banks <sup>3)</sup> 10	Other 11	12	Banks <sup>3)</sup> 13	Non-banks	
			General government 3	Other 4			General government 7	Other 8						General government 14	Other 15
1999 Q2	1,253.4	827.3	66.9	359.2	321.3	103.5	100.5	117.3	83.7	33.0	50.8	1,674.2	1,234.8	62.3	377.1
Q3	1,259.5	829.9	67.3	362.2	320.2	105.4	88.7	126.1	87.5	39.9	47.6	1,696.1	1,249.7	62.2	384.2
Q4	1,287.2	842.5	68.2	376.5	339.4	111.8	88.7	138.9	92.3	38.3	54.0	1,782.6	1,302.8	72.0	407.8
2000 Q1	1,339.4	865.5	70.5	403.4	370.5	124.6	98.9	146.9	111.3	47.3	64.0	2,000.8	1,468.0	71.2	461.6
Q2	1,353.3	886.4	70.6	396.3	415.1	148.4	109.5	157.2	117.9	50.7	67.2	1,967.1	1,422.5	76.7	467.8
Q3	1,416.1	906.4	71.0	438.6	443.2	162.9	110.3	170.0	138.5	58.0	80.5	2,117.8	1,513.2	80.7	523.8
Q4	1,439.3	924.3	71.8	443.2	439.6	165.9	94.9	178.8	140.6	61.5	79.1	2,115.8	1,530.6	83.5	501.6
<i>Euro area enlargement</i>															
2001 Q1 <sup>4)</sup>	1,609.9	1,030.8	69.2	509.9	467.6	185.5	86.7	195.4	157.7	65.4	92.2	2,421.5	1,767.6	87.5	566.4

**3. MFIs including the Eurosystem**

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
	1	Banks <sup>3)4)</sup> 2	Non-banks		5	Banks <sup>3)</sup> 6	Non-banks		9	Banks <sup>3)</sup> 10	Other 11	12	Banks <sup>3)</sup> 13	Non-banks	
			General government 3	Other 4			General government 7	Other 8						General government 14	Other 15
1999 Q2	1,444.8	1,001.9	80.0	362.8	496.5	108.0	267.4	121.2	84.1	33.1	51.1	1,839.4	1,397.6	62.5	379.3
Q3	1,367.5	928.9	74.1	364.5	496.4	109.4	256.8	130.2	87.9	40.0	47.9	1,778.7	1,330.3	62.7	385.7
Q4	1,346.8	888.1	78.7	380.0	533.3	117.5	273.1	142.7	92.8	38.4	54.5	1,825.8	1,342.5	72.3	410.9
2000 Q1	1,429.3	944.3	79.4	405.7	573.2	129.4	291.1	152.6	111.8	47.4	64.4	2,069.1	1,534.7	71.4	463.0
Q2	1,457.9	977.9	81.0	399.0	617.1	153.0	302.9	161.3	118.3	50.8	67.5	2,052.4	1,505.4	77.2	469.8
Q3	1,499.7	979.1	79.3	441.4	665.1	168.2	321.5	175.4	139.4	58.0	81.4	2,185.7	1,577.8	81.7	526.2
Q4	1,469.5	945.2	78.8	445.5	645.4	171.1	290.6	183.7	141.6	61.6	80.0	2,139.1	1,550.5	84.6	503.9
<i>Euro area enlargement</i>															
2001 Q1 <sup>4)</sup>	1,647.1	1,056.8	77.1	513.3	679.0	190.0	288.1	200.8	158.8	65.5	93.3	2,441.4	1,783.0	89.1	569.2

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

2) New reporting rules as from January 1999 caused significant breaks in the first quarter of 1999.

3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

4) Deposits placed by MFIs with banks located outside the euro area are included.

**Table 2.8**
**Currency analysis of certain liabilities and assets of the euro area MFIs <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**Liabilities outstanding**
**1. Deposits placed by euro area residents**

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	3,858.1	3,450.8	53.0	354.3	251.2	24.4	57.9	20.9	5,076.3	4,915.1	27.5	133.7	96.7	16.3	12.2	8.5
Q4	3,868.4	3,456.8	46.6	364.9	261.7	29.5	54.7	19.0	5,206.2	5,041.1	25.8	139.3	101.4	17.3	11.7	8.9
2000 Q1	3,932.4	3,496.3	55.0	381.1	265.8	32.5	60.5	22.3	5,249.3	5,074.7	30.5	144.1	105.1	17.6	11.9	9.5
Q2	4,056.4	3,620.9	52.8	382.7	265.3	34.8	62.3	20.2	5,291.3	5,111.2	27.9	152.2	113.0	17.1	13.2	9.0
Q3	3,946.0	3,485.3	58.1	402.7	279.6	38.3	64.9	20.0	5,316.7	5,127.5	29.1	160.1	121.0	16.5	12.5	10.1
Q4	3,949.8	3,526.6	47.5	375.8	264.9	34.4	61.0	15.6	5,434.8	5,256.5	27.3	150.9	115.1	14.6	11.3	10.0
<i>Euro area enlargement</i>																
2001 Q1 <sup>1)</sup>	4,082.7	3,583.4	55.8	443.5	318.8	38.7	66.8	19.2	5,576.2	5,366.2	31.3	178.7	130.4	23.9	12.3	12.1

**2. Deposits placed by non-residents of the euro area**

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	1,330.3	566.3	127.2	636.8	512.7	40.2	54.1	29.8	448.4	208.6	41.7	198.0	158.4	18.5	10.7	10.4
Q4	1,342.5	532.7	114.2	695.7	570.4	45.9	51.0	28.4	483.3	218.9	44.2	220.1	180.8	17.4	12.1	9.8
2000 Q1	1,534.7	605.5	151.1	778.1	615.3	66.4	65.8	30.6	534.4	244.1	51.4	238.9	195.3	21.6	11.4	10.8
Q2	1,505.4	598.7	134.0	772.7	613.8	60.9	63.2	34.8	547.0	243.3	52.1	251.6	203.7	22.0	15.1	10.7
Q3	1,577.8	612.0	145.4	820.4	661.5	63.1	63.4	32.4	607.9	252.7	61.0	294.2	245.5	23.1	13.8	11.8
Q4	1,550.5	590.3	126.8	833.5	684.6	53.1	65.7	30.1	588.5	254.0	64.0	270.5	225.5	20.5	12.3	12.2
<i>Euro area enlargement</i>																
2001 Q1 <sup>1)</sup>	1,783.0	703.5	140.4	939.2	769.8	64.9	69.2	35.2	658.3	291.8	70.7	295.8	251.9	17.8	14.2	11.9

**3. Debt securities and money market paper issued by euro area MFIs**

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	2,331.0	2,072.0	38.9	220.2	128.4	43.6	31.2	17.0	207.4	187.8	1.8	17.8	11.6	3.2	2.4	0.6
Q4	2,365.9	2,101.0	40.0	224.8	128.6	48.2	30.7	17.3	245.4	220.5	1.8	23.1	15.4	4.2	2.3	1.2
2000 Q1	2,425.5	2,139.7	43.1	242.8	136.3	53.8	33.8	18.8	250.5	226.0	1.8	22.7	14.5	4.6	2.0	1.7
Q2	2,482.6	2,185.5	40.6	256.6	145.5	58.9	33.6	18.6	262.8	234.9	1.4	26.4	17.2	5.4	2.5	1.4
Q3	2,554.8	2,226.6	47.7	280.5	158.2	65.3	37.4	19.7	272.2	233.6	2.2	36.4	26.6	5.7	2.8	1.3
Q4	2,566.9	2,246.0	46.5	274.4	157.3	62.1	35.4	19.7	262.2	215.8	2.4	44.1	34.0	5.6	2.9	1.5
<i>Euro area enlargement</i>																
2001 Q1 <sup>1)</sup>	2,663.1	2,325.5	48.5	289.1	169.6	62.0	37.2	20.3	276.0	224.6	2.6	48.7	40.8	3.4	2.6	1.9

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.

2) Including items expressed in the national denominations of the euro.

3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.



**Table 2.8 (cont'd)**
**Currency analysis of certain liabilities and assets of the euro area MFIs <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**Assets outstanding**
**4. Loans to euro area residents**

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>3)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	3,828.3	-	-	-	-	-	-	-	6,223.9	6,003.4	24.5	196.0	105.7	23.8	60.4	6.2
Q4	3,837.4	-	-	-	-	-	-	-	6,385.1	6,151.9	23.4	209.9	115.8	28.3	62.0	3.8
2000 Q1	3,935.1	-	-	-	-	-	-	-	6,528.3	6,261.2	34.0	233.1	128.3	35.1	65.9	3.7
Q2	4,025.6	-	-	-	-	-	-	-	6,681.9	6,388.3	35.4	258.1	144.9	38.4	70.5	4.3
Q3	3,935.6	-	-	-	-	-	-	-	6,796.5	6,485.4	34.8	276.3	155.8	44.4	72.2	4.0
Q4	3,938.0	-	-	-	-	-	-	-	6,926.8	6,622.6	32.4	271.7	151.5	41.2	74.3	4.7
<i>Euro area enlargement</i>																
2001 Q1 <sup>(p)</sup>	4,080.0	-	-	-	-	-	-	-	7,120.9	6,780.3	36.1	304.5	176.7	45.6	76.8	5.4

**5. Holdings of securities other than shares issued by euro area residents**

	Issued by MFIs								Issued by non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>3)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	830.2	796.1	7.5	26.6	17.1	5.4	2.0	2.2	1,446.0	1,415.7	3.1	27.2	13.5	11.0	1.6	1.2
Q4	830.3	795.7	8.1	26.5	17.4	5.0	2.5	1.6	1,438.6	1,406.0	5.6	27.0	13.5	11.0	1.2	1.3
2000 Q1	871.8	834.7	11.6	25.5	16.4	5.0	2.4	1.7	1,449.6	1,417.1	4.8	27.6	14.2	11.3	1.2	0.8
Q2	897.5	858.1	12.5	26.9	17.8	4.9	2.6	1.7	1,411.0	1,377.3	6.0	27.7	14.7	10.5	1.6	0.9
Q3	943.4	898.7	10.6	34.1	24.5	5.3	2.5	1.9	1,386.6	1,353.3	3.6	29.7	16.6	11.0	1.2	0.9
Q4	935.3	895.0	10.8	29.5	19.7	5.9	2.1	1.7	1,354.6	1,320.7	5.6	28.2	16.7	9.7	1.0	0.9
<i>Euro area enlargement</i>																
2001 Q1 <sup>(p)</sup>	971.7	931.5	9.7	30.6	20.5	6.4	1.8	1.8	1,456.1	1,415.9	5.0	35.2	20.6	12.8	1.1	0.6

**6. Loans to non-residents of the euro area**

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>3)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	928.9	443.9	78.0	406.9	292.5	42.7	28.6	43.1	438.6	153.2	37.6	247.8	209.3	10.6	17.2	10.7
Q4	888.1	384.3	74.9	428.9	317.3	49.2	30.0	32.5	458.7	146.6	41.4	270.7	234.0	11.1	19.4	6.2
2000 Q1	944.3	423.4	95.5	425.4	306.9	49.3	33.0	36.2	485.1	154.7	40.8	289.6	248.9	13.9	20.4	6.3
Q2	977.9	462.9	92.1	422.9	308.4	44.9	33.2	36.4	480.0	149.6	42.0	288.4	246.1	14.1	21.4	6.8
Q3	979.1	445.8	90.9	442.4	331.8	42.1	33.8	34.7	520.6	156.0	46.1	318.5	273.9	14.5	23.3	6.9
Q4	945.2	409.7	89.2	446.3	337.9	44.1	32.6	31.7	524.3	163.3	45.3	315.8	271.2	11.5	25.9	7.2
<i>Euro area enlargement</i>																
2001 Q1 <sup>(p)</sup>	1,056.8	471.0	99.0	486.8	370.9	45.7	32.3	37.8	590.4	196.4	48.7	345.3	299.1	11.8	26.7	7.8

**7. Holdings of securities other than shares issued by non-residents of the euro area**

	Issued by banks <sup>3)</sup>								Issued by non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>3)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q3	109.4	46.0	7.9	55.6	42.5	6.9	2.8	3.3	386.9	87.2	24.6	275.1	240.5	23.5	4.1	7.1
Q4	117.5	50.0	8.6	58.9	44.1	8.0	3.0	3.8	415.8	98.9	23.6	293.3	258.2	23.0	4.2	8.0
2000 Q1	129.4	52.8	9.0	67.6	51.7	7.8	3.0	5.1	443.7	94.9	27.8	321.1	279.3	27.1	5.6	9.1
Q2	153.0	59.4	13.7	79.8	63.7	7.9	2.7	5.5	464.1	95.7	28.3	340.1	299.4	26.9	4.5	9.3
Q3	168.2	60.6	17.1	90.4	75.1	8.2	2.7	4.4	496.9	109.1	32.2	355.6	312.0	30.3	4.2	9.0
Q4	171.1	61.1	19.7	90.3	75.6	7.7	2.4	4.6	474.3	111.5	31.7	331.0	290.6	27.1	3.6	9.7
<i>Euro area enlargement</i>																
2001 Q1 <sup>(p)</sup>	190.0	67.9	22.2	99.9	85.9	7.4	2.5	4.2	489.0	118.8	25.4	344.7	305.5	26.4	2.6	10.2



### 3 Financial markets and interest rates in the euro area

**Table 3.1**

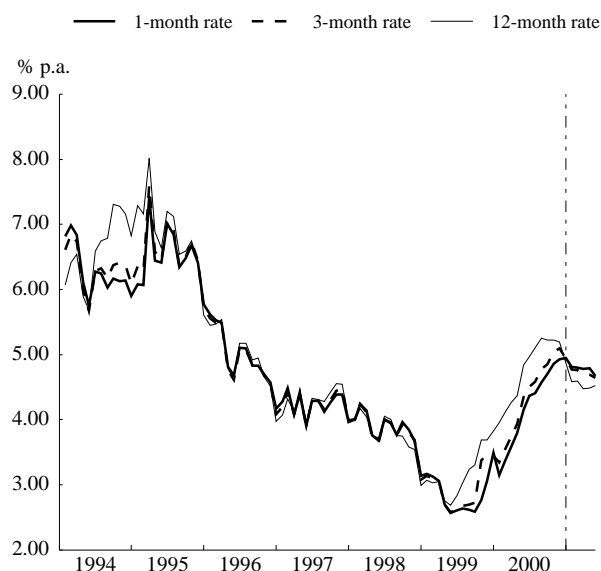
**Money market interest rates <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2) 3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>6)</sup> 6	3-month deposits <sup>7)</sup> 7
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
2000	4.12	4.24	4.40	4.55	4.78	6.53	0.28
2000 May	3.92	4.15	4.35	4.53	4.84	6.75	0.10
June	4.29	4.37	4.50	4.68	4.96	6.79	0.13
July	4.31	4.41	4.58	4.84	5.11	6.73	0.22
Aug.	4.42	4.57	4.78	5.01	5.25	6.69	0.32
Sep.	4.59	4.70	4.85	5.04	5.22	6.67	0.41
Oct.	4.76	4.85	5.04	5.10	5.22	6.78	0.52
Nov.	4.83	4.92	5.09	5.13	5.19	6.75	0.55
Dec.	4.83	4.94	4.93	4.91	4.87	6.54	0.62
<i>Euro area enlargement</i>							
2001 Jan.	4.75	4.81	4.77	4.68	4.58	5.73	0.50
Feb.	4.99	4.80	4.76	4.67	4.59	5.35	0.41
Mar.	4.78	4.78	4.71	4.58	4.47	4.96	0.19
Apr.	5.06	4.79	4.69	4.57	4.49	4.63	0.10
May	4.65	4.67	4.64	4.57	4.53	4.11	0.07
2001 4 May	4.81	4.83	4.81	4.74	4.69	4.27	0.08
11	4.58	4.60	4.56	4.47	4.39	4.07	0.08
18	4.54	4.59	4.56	4.47	4.44	4.05	0.07
25	4.59	4.59	4.56	4.49	4.48	4.03	0.07
1 June	4.54	4.56	4.51	4.42	4.40	3.94	0.07

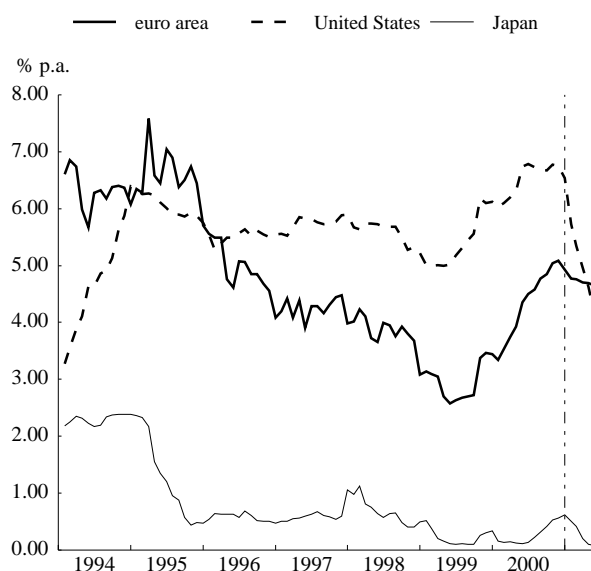
**Euro area money market rates**

(monthly)



**3-month money market rates**

(monthly)



Sources: Reuters and ECB.

1) With the exception of the overnight rate to December 1998, monthly and yearly values are period averages.

2) Interbank deposit bid rates to December 1998. From January 1999 column 1 shows the euro overnight index average (EONIA).

3) End-of-period rates to December 1998; period averages thereafter.

4) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP.

5) From January 1999, euro interbank offered rates (EURIBOR). Up to December 1998, London interbank offered rates (LIBOR) where available.

6) London interbank offered rates (LIBOR).

**Table 3.2**

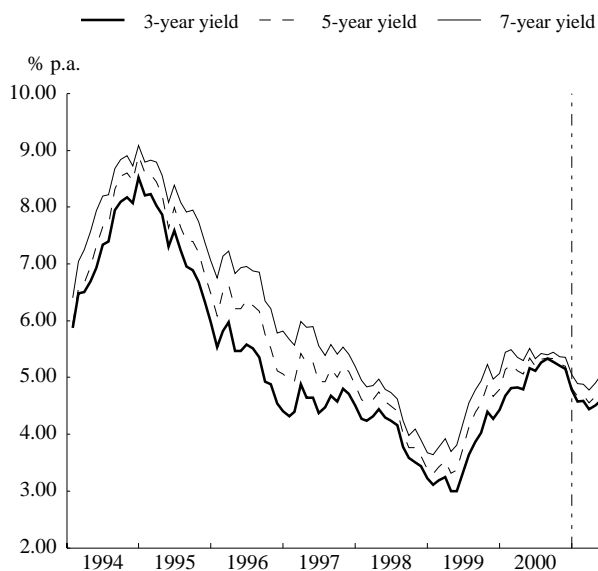
**Government bond yields <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
2000	4.90	5.03	5.19	5.37	5.44	6.03	1.76
2000 May	5.00	5.16	5.34	5.51	5.52	6.42	1.71
June	5.02	5.12	5.19	5.33	5.35	6.10	1.69
July	5.19	5.27	5.32	5.43	5.45	6.04	1.72
Aug.	5.28	5.34	5.35	5.40	5.40	5.83	1.77
Sep.	5.22	5.28	5.33	5.44	5.47	5.80	1.88
Oct.	5.17	5.20	5.24	5.37	5.42	5.74	1.83
Nov.	5.12	5.15	5.19	5.35	5.34	5.72	1.75
Dec.	4.74	4.77	4.82	5.05	5.07	5.23	1.62
<i>Euro area enlargement</i>							
2001 Jan.	4.55	4.57	4.67	4.90	5.01	5.14	1.54
Feb.	4.56	4.59	4.69	4.88	5.02	5.10	1.43
Mar.	4.44	4.44	4.56	4.78	4.94	4.89	1.19
Apr.	4.49	4.51	4.66	4.90	5.10	5.13	1.36
May	4.56	4.60	4.80	5.05	5.26	5.37	1.28
2001 4 May	4.66	4.66	4.77	4.99	5.16	5.18	1.34
11	4.47	4.52	4.72	4.99	5.22	5.39	1.25
18	4.55	4.59	4.80	5.05	5.26	5.40	1.25
25	4.56	4.61	4.86	5.14	5.39	5.50	1.27
1 June	4.44	4.50	4.76	5.03	5.26	5.35	1.25

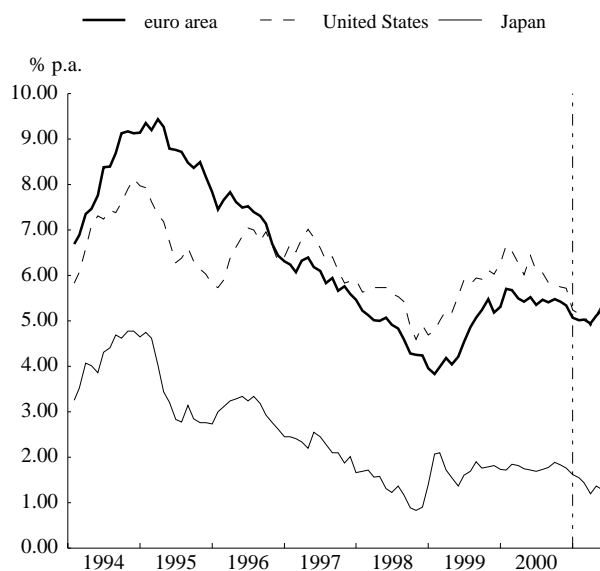
**Euro area government bond yields**

(monthly)



**10-year government bond yields**

(monthly)



Sources: Reuters, ECB, Federal Reserve and Bank of Japan.

1) To December 1998, 2, 3, 5 and 7-year euro area yields are end-of-period values and 10-year yields are period averages. Thereafter, all yields are period averages.

2) To December 1998, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

**Table 3.3**

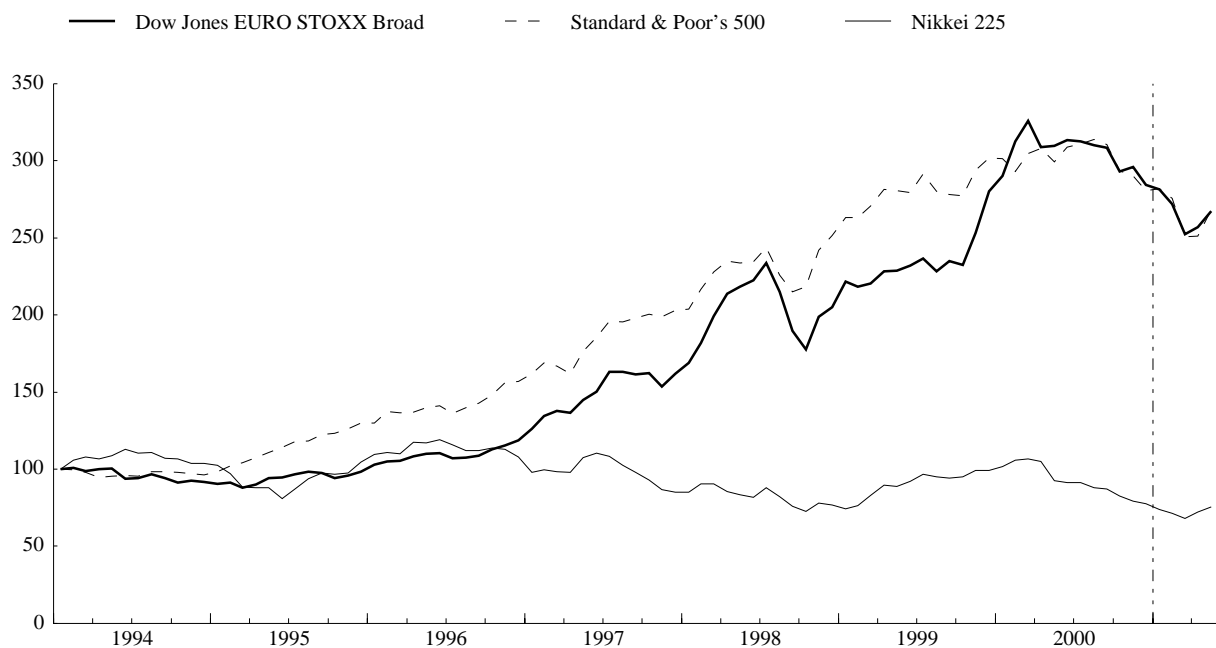
**Stock market indices**

(index levels, in points)<sup>1)</sup>

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.3	230.1	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.1	301.7	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.4	488.1	348.9	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.2	717.7	392.6	1,327.8	16,829.9
2000	423.9	5,075.5	299.1	292.9	324.3	342.3	350.7	378.0	963.1	341.7	1,072.5	476.0	1,426.7	17,162.7
2000 May	429.4	5,174.7	304.2	294.5	322.3	353.1	340.0	388.0	1,004.4	356.4	1,135.1	435.5	1,416.7	17,222.5
June	434.7	5,274.2	274.6	294.8	326.1	349.8	350.0	385.4	1,052.1	349.7	1,149.7	456.4	1,462.0	16,969.3
July	433.8	5,227.8	283.1	297.8	328.2	345.7	360.4	384.3	1,044.6	333.9	1,083.0	502.2	1,472.1	16,961.1
Aug.	429.9	5,152.0	290.0	301.3	331.1	363.1	375.9	380.3	982.6	334.1	951.6	545.8	1,485.5	16,329.9
Sep.	428.1	5,132.9	280.3	298.7	329.5	376.4	371.4	371.8	1,015.4	335.1	910.2	553.4	1,470.6	16,170.4
Oct.	406.4	4,893.2	281.2	278.4	331.5	373.7	366.3	349.4	864.6	336.3	824.3	561.2	1,390.1	15,342.7
Nov.	410.8	4,962.5	302.9	274.9	346.0	365.0	379.7	359.6	864.7	339.6	796.2	571.6	1,373.8	14,743.5
Dec.	394.5	4,787.1	319.1	257.4	330.2	337.9	365.9	354.3	865.0	326.7	715.4	554.6	1,329.7	14,409.7
<i>Euro area enlargement</i>														
2001 Jan.	390.2	4,729.7	317.3	261.6	314.4	339.7	371.9	354.0	792.1	318.7	727.8	524.3	1,334.2	13,739.7
Feb.	377.1	4,525.9	320.2	260.4	319.0	349.5	364.5	355.7	656.6	317.8	654.4	549.5	1,305.5	13,274.1
Mar.	349.9	4,199.2	311.0	241.7	305.7	340.6	334.5	334.5	567.8	300.6	602.9	524.7	1,186.8	12,684.9
Apr.	356.3	4,305.2	308.4	242.6	304.8	352.5	339.4	329.9	587.4	311.5	635.0	534.6	1,189.2	13,436.7
May	370.8	4,481.8	316.5	258.9	312.0	371.8	345.9	345.9	662.4	311.0	623.9	553.2	1,270.7	14,014.3
2001 4 May	365.8	4,416.8	309.9	256.1	310.4	353.0	341.3	338.7	663.8	308.7	637.5	529.1	1,266.6	14,421.6
11	370.8	4,479.9	315.5	260.9	312.9	365.7	347.9	343.1	659.9	309.0	625.8	551.3	1,245.7	14,043.9
18	375.8	4,546.4	326.1	263.0	313.0	381.0	348.9	350.9	676.1	312.5	620.6	567.5	1,292.0	13,877.8
25	372.4	4,498.1	317.0	260.0	311.5	381.5	345.8	348.8	667.7	313.2	614.3	556.5	1,277.9	13,765.9
1 June	365.3	4,414.8	318.4	251.6	316.4	386.6	343.2	342.4	613.5	317.1	571.4	566.9	1,260.7	13,261.8

**Dow Jones EURO STOXX Broad, Standard & Poor's 500 and Nikkei 225**

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

**Table 3.4**

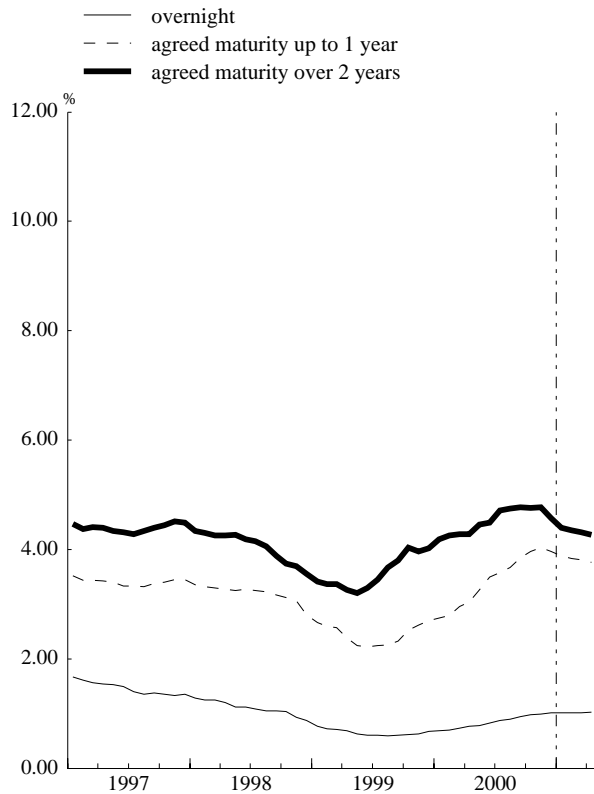
**Retail bank interest rates**

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.73	5.80	10.06	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.39	5.29
2000	0.85	3.45	3.44	4.52	2.25	3.79	6.60	6.23	9.86	6.34
2000 Apr.	0.76	3.04	3.05	4.28	2.09	3.44	6.24	6.00	9.64	6.12
May	0.78	3.26	3.26	4.45	2.13	3.65	6.41	6.16	9.72	6.30
June	0.83	3.49	3.49	4.48	2.16	3.87	6.56	6.23	9.84	6.34
July	0.87	3.58	3.58	4.71	2.33	3.94	6.77	6.37	9.95	6.46
Aug.	0.89	3.67	3.67	4.75	2.36	4.06	6.81	6.44	10.00	6.51
Sep.	0.94	3.85	3.83	4.77	2.38	4.20	6.92	6.44	10.03	6.56
Oct.	0.97	3.96	3.96	4.76	2.40	4.14	7.13	6.60	10.15	6.57
Nov.	0.99	4.04	4.03	4.77	2.47	4.25	7.16	6.63	10.20	6.56
Dec.	1.01	3.96	3.95	4.58	2.49	4.21	7.18	6.45	10.19	6.43
<i>Euro area enlargement</i>										
2001 Jan.	1.01	3.88	3.87	4.39	2.52	4.01	7.19	6.40	10.32	6.29
Feb.	1.01	3.84	3.83	4.35	2.50	3.99	7.11	6.44	10.26	6.24
Mar.	1.02	3.81	3.81	4.32	2.50	3.99	7.04	6.31	10.20	6.17
Apr.	1.02	3.77	3.76	4.27	2.50	3.91	7.05	6.33	10.21	6.14

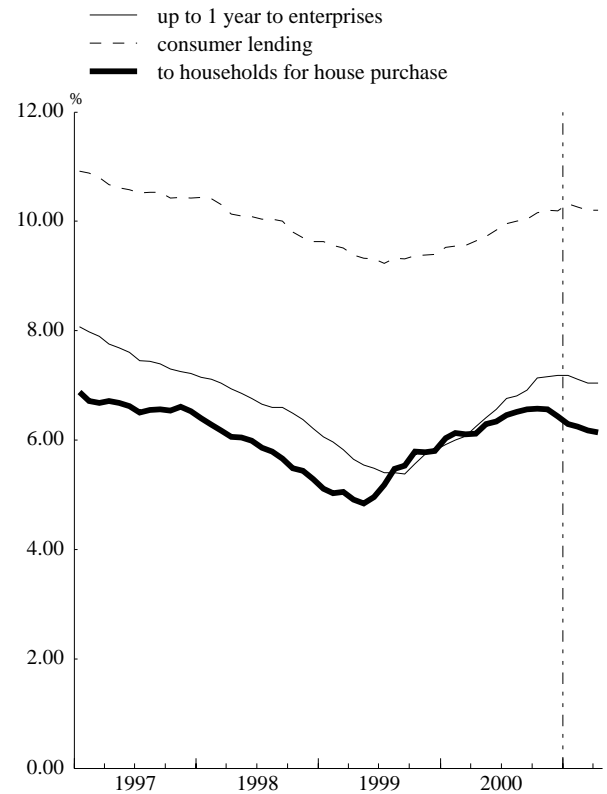
**Deposit interest rates**

(monthly)



**Lending interest rates**

(monthly)



Source: ECB.

These euro area retail bank interest rates should be used with caution and for statistical purposes only, primarily to analyse their development over time rather than their level. They are calculated as the weighted average of national interest rates provided by the national central banks. The national rates represent those rates that are currently available from national sources and which are judged to fit the standard categories. These national rates have been aggregated to derive information for the euro area, in some cases relying on proxies and working assumptions due to the heterogeneity observed in the national financial instruments across MU Member States. Furthermore, the national interest rates are not harmonised in terms of their coverage (new business and/or outstanding amounts), the nature of the data (nominal or effective) or the compilation method. The country weights for the euro area retail bank interest rates are derived from MFI balance sheet statistics or close proxies. The weights reflect the country-specific proportions of the relevant instruments within the euro area, measured as outstanding amounts. The weights are adjusted monthly, so that interest rates and weights always refer to the same month.

Table 3.5

## Securities issues other than shares by original maturity, residency of the issuer and currency denomination

(EUR billions; transactions during the period and end-of-period stocks; nominal values)

## 1. Short-term

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	271.0	250.4	20.5	635.9	258.3	240.3	18.0	591.4	12.6	10.2
Apr.	253.0	251.6	1.4	637.4	240.4	239.8	0.7	591.0	12.5	11.9
May	278.6	261.8	16.8	660.0	267.0	251.3	15.6	613.4	11.6	10.5
June	262.1	260.3	1.8	662.1	245.3	249.4	-4.1	608.6	16.8	10.8
July	287.2	282.5	4.7	669.7	269.6	266.3	3.3	613.3	17.5	16.2
Aug.	276.7	276.2	0.5	673.2	261.0	258.6	2.4	616.1	15.7	17.6
Sep.	311.5	315.1	-3.6	672.0	293.4	298.7	-5.3	611.5	18.1	16.4
Oct.	355.2	342.4	12.8	687.2	338.2	330.3	7.9	618.9	17.0	12.1
Nov.	301.6	302.5	-0.9	687.1	283.7	290.1	-6.3	612.8	17.9	12.4
Dec.	245.7	278.6	-32.9	653.8	229.3	264.4	-35.1	578.6	16.3	14.1
	<i>Euro area enlargement</i>									
2001 Jan.	376.3	345.5	30.9	689.1	358.1	325.5	32.6	616.0	18.2	19.9
Feb.	404.3	391.9	12.4	702.9	383.9	373.6	10.3	625.9	20.4	18.3
Mar.	452.2	436.2	16.0	722.8	432.3	417.5	14.8	643.1	20.0	18.7

## 2. Long-term

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	131.8	92.3	39.5	6,119.1	116.9	82.5	34.3	5,637.5	14.9	9.8
Apr.	115.5	75.7	39.9	6,167.7	102.7	66.1	36.7	5,673.7	12.8	9.6
May	127.2	90.4	36.8	6,200.2	115.0	78.6	36.4	5,712.4	12.2	11.8
June	102.2	66.3	35.9	6,234.0	87.9	52.9	34.9	5,749.6	14.3	13.3
July	131.9	80.6	51.4	6,290.3	105.6	71.7	33.9	5,782.7	26.3	8.9
Aug.	107.0	61.2	45.8	6,348.8	83.1	52.6	30.5	5,814.4	23.9	8.6
Sep.	111.9	76.9	34.9	6,388.7	91.3	66.7	24.6	5,839.8	20.6	10.2
Oct.	122.6	84.6	37.9	6,439.6	101.8	75.9	25.9	5,866.9	20.8	8.7
Nov.	105.4	76.4	29.0	6,456.9	92.5	65.2	27.2	5,893.3	12.9	11.2
Dec.	99.0	101.0	-2.1	6,432.8	87.4	86.7	0.7	5,896.8	11.5	14.3
	<i>Euro area enlargement</i>									
2001 Jan.	148.7	141.6	7.0	6,531.5	133.7	129.7	4.0	5,992.0	15.0	11.9
Feb.	131.7	78.5	53.3	6,586.6	113.5	67.7	45.8	6,040.0	18.3	10.8
Mar.	122.6	88.8	33.7	6,630.9	115.0	83.3	31.7	6,073.8	7.5	5.5

## 3. Total

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	402.8	342.8	60.0	6,755.0	375.2	322.8	52.4	6,228.9	27.6	19.9
Apr.	368.5	327.3	41.2	6,805.2	343.2	305.8	37.3	6,264.7	25.4	21.5
May	405.8	352.2	53.6	6,860.2	382.0	329.9	52.0	6,325.7	23.8	22.3
June	364.3	326.5	37.7	6,896.1	333.2	302.4	30.8	6,358.3	31.1	24.2
July	419.1	363.0	56.0	6,960.1	375.3	338.0	37.3	6,395.9	43.8	25.1
Aug.	383.7	337.4	46.3	7,022.1	344.1	311.3	32.9	6,430.5	39.6	26.2
Sep.	423.4	392.0	31.3	7,060.8	384.7	365.4	19.3	6,451.3	38.7	26.6
Oct.	477.8	427.1	50.8	7,126.8	440.0	406.3	33.7	6,485.7	37.8	20.8
Nov.	407.0	378.9	28.1	7,144.0	376.2	355.3	20.9	6,506.2	30.8	23.6
Dec.	344.6	379.6	-35.0	7,086.6	316.8	351.2	-34.4	6,475.3	27.8	28.4
	<i>Euro area enlargement</i>									
2001 Jan.	525.0	487.1	37.9	7,220.6	491.8	455.2	36.6	6,608.1	33.1	31.8
Feb.	536.0	470.4	65.7	7,289.4	497.4	441.3	56.1	6,665.9	38.7	29.1
Mar.	574.8	525.0	49.8	7,353.6	547.3	500.8	46.5	6,716.9	27.5	24.2

Sources: ECB and BIS (for issues by non-residents of the euro area).

1) Including items expressed in the national denominations of the euro.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
2.5	44.5	32.6	32.0	0.6	36.8	772.1	760.4	11.6	628.2	2000 Mar.
0.7	46.5	.	.	.	.	.	.	.	.	Apr.
1.1	46.7	.	.	.	.	.	.	.	.	May
5.9	53.5	37.5	31.0	6.5	43.2	790.2	771.6	18.6	651.9	June
1.3	56.4	.	.	.	.	.	.	.	.	July
-1.9	57.1	.	.	.	.	.	.	.	.	Aug.
1.7	60.6	38.2	39.5	-1.3	45.2	862.2	863.1	-0.9	656.6	Sep.
4.9	68.3	.	.	.	.	.	.	.	.	Oct.
5.5	74.3	.	.	.	.	.	.	.	.	Nov.
2.2	75.3	43.4	32.9	10.5	53.6	894.6	917.7	-23.1	632.2	Dec.
<i>Euro area enlargement</i>										
-1.7	73.1	.	.	.	.	.	.	.	.	2001 Jan.
2.1	76.9	.	.	.	.	.	.	.	.	Feb.
1.3	79.7	47.8	46.5	1.3	57.3	1,222.1	1,163.1	58.9	700.3	Mar.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
5.2	481.6	66.4	21.5	44.9	641.2	397.7	252.6	145.2	6,278.7	2000 Mar.
3.2	494.0	.	.	.	.	.	.	.	.	Apr.
0.4	487.8	.	.	.	.	.	.	.	.	May
0.9	484.4	47.0	23.7	23.3	664.6	352.7	221.3	131.3	6,414.3	June
17.4	507.7	.	.	.	.	.	.	.	.	July
15.3	534.4	.	.	.	.	.	.	.	.	Aug.
10.4	548.9	64.7	34.1	30.7	697.5	344.7	225.1	119.6	6,537.3	Sep.
12.1	572.7	.	.	.	.	.	.	.	.	Oct.
1.7	563.6	.	.	.	.	.	.	.	.	Nov.
-2.8	536.0	62.2	20.5	41.7	739.4	343.9	248.4	95.5	6,636.2	Dec.
<i>Euro area enlargement</i>										
3.0	539.4	.	.	.	.	.	.	.	.	2001 Jan.
7.4	546.6	.	.	.	.	.	.	.	.	Feb.
2.0	557.0	93.3	35.7	57.5	784.8	455.5	316.4	139.1	6,858.6	Mar.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
7.6	526.1	99.1	53.5	45.6	678.0	1,169.8	1,013.0	156.8	6,906.9	2000 Mar.
3.9	540.5	.	.	.	.	.	.	.	.	Apr.
1.6	534.5	.	.	.	.	.	.	.	.	May
6.9	537.8	84.5	54.7	29.8	707.9	1,142.9	992.9	150.0	7,066.1	June
18.8	564.1	.	.	.	.	.	.	.	.	July
13.4	591.5	.	.	.	.	.	.	.	.	Aug.
12.1	609.5	102.9	73.6	29.3	742.7	1,206.9	1,088.2	118.7	7,193.9	Sep.
17.0	641.1	.	.	.	.	.	.	.	.	Oct.
7.2	637.9	.	.	.	.	.	.	.	.	Nov.
-0.6	611.3	105.6	53.4	52.2	793.0	1,238.5	1,166.1	72.4	7,268.4	Dec.
<i>Euro area enlargement</i>										
1.3	612.5	.	.	.	.	.	.	.	.	2001 Jan.
9.6	623.6	.	.	.	.	.	.	.	.	Feb.
3.3	636.7	141.1	82.3	58.8	842.0	1,677.6	1,479.5	198.0	7,558.9	Mar.



**Table 3.6****Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)</sup>***(EUR billions; end of period; nominal values)***Amounts outstanding****1. Short-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	591.4	251.1	6.5	66.6	264.6	2.6	36.8	15.5	11.9	8.1
Apr.	591.0	245.6	6.3	72.1	264.1	2.8	.	.	.	.
May	613.4	259.5	5.5	76.0	270.1	2.2	.	.	.	.
June	608.6	258.9	4.2	76.1	267.2	2.2	43.2	18.9	11.7	10.9
July	613.3	264.7	4.6	77.3	263.7	2.9	.	.	.	.
Aug.	616.1	263.7	4.3	79.5	266.3	2.3	.	.	.	.
Sep.	611.5	256.4	4.1	81.2	267.1	2.8	45.2	15.0	13.0	15.7
Oct.	618.9	259.7	4.5	86.5	265.6	2.7	.	.	.	.
Nov.	612.8	254.3	4.6	87.2	263.8	3.0	.	.	.	.
Dec.	578.6	243.9	4.5	86.3	241.0	2.9	53.6	20.6	14.7	17.0
<i>Euro area enlargement</i>										
2001 Jan.	616.0	257.1	5.0	89.8	261.2	2.9	.	.	.	.
Feb.	625.9	260.3	4.9	93.4	265.0	2.2	.	.	.	.
Mar.	643.1	265.0	5.1	94.8	276.0	2.2	57.3	20.6	17.8	17.8

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	5,637.5	2,062.7	199.0	251.8	3,026.4	97.6	641.2	181.6	83.4	128.4
Apr.	5,673.7	2,084.6	201.7	258.5	3,030.4	98.5	.	.	.	.
May	5,712.4	2,108.6	206.3	259.0	3,038.7	99.8	.	.	.	.
June	5,749.6	2,115.6	213.5	265.9	3,055.2	99.4	664.6	192.4	86.9	136.9
July	5,782.7	2,133.5	223.9	271.9	3,052.8	100.6	.	.	.	.
Aug.	5,814.4	2,147.2	229.0	275.4	3,060.9	102.0	.	.	.	.
Sep.	5,839.8	2,162.6	228.6	275.8	3,070.6	102.2	697.5	199.3	94.8	152.3
Oct.	5,866.9	2,173.5	234.2	280.1	3,074.8	104.3	.	.	.	.
Nov.	5,893.3	2,175.5	238.7	284.7	3,088.5	105.9	.	.	.	.
Dec.	5,896.8	2,175.9	251.7	287.7	3,074.7	106.9	739.4	219.0	102.8	160.6
<i>Euro area enlargement</i>										
2001 Jan.	5,992.0	2,199.9	250.8	284.5	3,149.4	107.5	.	.	.	.
Feb.	6,040.0	2,230.0	256.1	288.5	3,156.2	109.1	.	.	.	.
Mar.	6,073.8	2,241.3	263.3	290.8	3,167.8	110.6	784.8	241.6	108.9	184.5

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	6,228.9	2,313.8	205.5	318.4	3,291.0	100.2	678.0	197.1	95.3	136.6
Apr.	6,264.7	2,330.2	208.0	330.6	3,294.6	101.3	.	.	.	.
May	6,325.7	2,368.2	211.8	335.0	3,308.8	102.0	.	.	.	.
June	6,358.3	2,374.6	217.7	342.0	3,322.3	101.7	707.9	211.4	98.6	147.8
July	6,395.9	2,398.2	228.5	349.3	3,316.5	103.6	.	.	.	.
Aug.	6,430.5	2,410.9	233.3	354.8	3,327.2	104.3	.	.	.	.
Sep.	6,451.3	2,419.0	232.7	357.0	3,337.7	105.0	742.7	214.4	107.7	168.0
Oct.	6,485.7	2,433.2	238.6	366.6	3,340.4	107.0	.	.	.	.
Nov.	6,506.2	2,429.8	243.2	371.9	3,352.3	108.9	.	.	.	.
Dec.	6,475.3	2,419.8	256.1	374.0	3,315.7	109.8	793.0	239.6	117.5	177.6
<i>Euro area enlargement</i>										
2001 Jan.	6,608.1	2,457.0	255.8	374.2	3,410.6	110.3	.	.	.	.
Feb.	6,665.9	2,490.3	261.1	382.0	3,421.2	111.4	.	.	.	.
Mar.	6,716.9	2,506.3	268.4	385.6	3,443.8	112.8	842.0	262.2	126.7	202.3

Sources: ECB and BIS (for issues by non-residents of the euro area).

1) Including items expressed in the national denominations of the euro.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.3	0.7	628.2	266.6	18.4	74.8	264.8	3.0	0.7	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.2	0.3	1.2	651.9	277.9	15.9	86.9	267.3	2.6	1.2	May
.	.	.	.	.	.	.	.	.	.	June
0.2	0.5	0.8	656.6	271.4	17.0	96.9	267.3	3.2	0.8	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.1	0.4	0.8	632.2	264.5	19.2	103.3	241.1	3.3	0.8	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
0.2	0.3	0.4	700.3	285.6	22.9	112.6	276.2	2.5	0.4	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
95.9	29.8	122.0	6,278.7	2,244.2	282.4	380.2	3,122.4	127.4	122.0	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
99.2	29.7	119.4	6,414.3	2,308.0	300.4	402.9	3,154.4	129.1	119.4	May
.	.	.	.	.	.	.	.	.	.	June
100.5	33.4	117.3	6,537.3	2,361.9	323.3	428.1	3,171.1	135.6	117.3	July
.	.	.	.	.	.	.	.	.	.	Aug.
101.1	38.8	117.2	6,636.2	2,394.8	354.5	448.3	3,175.8	145.6	117.2	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
89.7	42.5	117.6	6,858.6	2,482.8	372.2	475.3	3,257.6	153.1	117.6	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
96.1	30.2	122.7	6,906.9	2,510.9	300.8	455.0	3,387.1	130.4	122.7	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
99.4	30.1	120.6	7,066.1	2,585.9	316.3	489.8	3,421.7	131.7	120.6	May
.	.	.	.	.	.	.	.	.	.	June
100.7	33.8	118.1	7,193.9	2,633.3	340.4	525.0	3,438.3	138.8	118.1	July
.	.	.	.	.	.	.	.	.	.	Aug.
101.2	39.2	118.0	7,268.4	2,659.4	373.6	551.5	3,416.9	149.0	118.0	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
89.9	42.8	118.0	7,558.9	2,768.5	395.1	587.9	3,533.7	155.6	118.0	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)</sup>**
*(EUR billions; transactions during the month or quarter; nominal values)*
**Gross issues**
**1. Short-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	258.3	170.1	2.2	45.1	40.0	0.9	32.6	14.0	10.2	7.5
Apr.	240.4	141.5	2.8	51.4	43.4	1.4	.	.	.	.
May	267.0	175.9	2.1	53.0	34.7	1.4	.	.	.	.
June	245.3	159.7	3.2	46.6	34.9	1.0	37.5	16.6	9.3	10.0
July	269.6	167.6	2.6	56.1	41.5	1.8	.	.	.	.
Aug.	261.0	168.2	2.0	51.2	38.1	1.6	.	.	.	.
Sep.	293.4	196.7	2.8	55.6	36.3	2.0	38.2	12.1	10.6	14.5
Oct.	338.2	237.8	2.6	60.3	35.5	1.9	.	.	.	.
Nov.	283.7	189.6	3.0	56.0	33.6	1.5	.	.	.	.
Dec.	229.3	162.1	2.1	45.9	17.7	1.6	43.4	16.2	11.4	14.7
<i>Euro area enlargement</i>										
2001 Jan.	358.1	238.6	3.4	66.9	47.3	1.9	.	.	.	.
Feb.	383.9	275.9	2.2	63.1	41.2	1.5	.	.	.	.
Mar.	432.3	312.8	3.1	67.0	47.7	1.6	47.8	16.8	14.2	15.9

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	116.9	52.2	4.6	4.6	53.7	1.8	66.4	23.3	9.3	17.7
Apr.	102.7	45.6	5.6	8.0	41.6	1.9	.	.	.	.
May	115.0	54.2	7.1	4.5	47.6	1.5	.	.	.	.
June	87.9	34.1	10.5	8.5	34.4	0.4	47.0	18.4	5.8	15.3
July	105.6	44.9	14.8	8.7	35.0	2.1	.	.	.	.
Aug.	83.1	38.1	7.7	4.0	31.5	1.8	.	.	.	.
Sep.	91.3	40.8	5.0	3.6	40.8	1.0	64.7	21.1	10.0	22.9
Oct.	101.8	43.3	7.0	5.7	43.3	2.5	.	.	.	.
Nov.	92.5	33.6	8.7	8.1	39.0	3.0	.	.	.	.
Dec.	87.4	38.7	18.9	4.5	23.2	2.0	62.2	27.3	9.2	12.6
<i>Euro area enlargement</i>										
2001 Jan.	133.7	56.2	1.9	0.8	72.0	2.8	.	.	.	.
Feb.	113.5	57.6	6.3	5.0	42.2	2.4	.	.	.	.
Mar.	115.0	45.6	8.4	5.1	53.3	2.6	93.3	33.5	10.0	30.3

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	375.2	222.3	6.8	49.7	93.7	2.7	99.1	37.3	19.4	25.2
Apr.	343.2	187.1	8.4	59.4	85.0	3.4	.	.	.	.
May	382.0	230.1	9.3	57.5	82.3	2.9	.	.	.	.
June	333.2	193.8	13.7	55.1	69.3	1.4	84.5	35.0	15.1	25.4
July	375.3	212.6	17.4	64.9	76.5	3.9	.	.	.	.
Aug.	344.1	206.2	9.7	55.2	69.6	3.4	.	.	.	.
Sep.	384.7	237.6	7.8	59.2	77.0	3.1	102.9	33.2	20.6	37.5
Oct.	440.0	281.1	9.5	66.0	78.8	4.5	.	.	.	.
Nov.	376.2	223.3	11.7	64.1	72.6	4.5	.	.	.	.
Dec.	316.8	200.8	21.0	50.4	40.9	3.7	105.6	43.5	20.6	27.3
<i>Euro area enlargement</i>										
2001 Jan.	491.8	294.9	5.3	67.7	119.3	4.7	.	.	.	.
Feb.	497.4	333.5	8.5	68.1	83.4	3.9	.	.	.	.
Mar.	547.3	358.5	11.5	72.1	101.1	4.2	141.1	50.2	24.2	46.2

*Sources: ECB and BIS (for issues by non-residents of the euro area).*
*1) Including items expressed in the national denominations of the euro.*

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.2	0.6	772.1	494.9	17.4	136.9	118.3	3.9	0.6	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.1	0.3	1.1	790.2	493.6	17.4	161.0	113.0	4.1	1.1	May
.	.	.	.	.	.	.	.	.	.	June
0.2	0.4	0.4	862.2	544.7	17.9	177.5	116.0	5.8	0.4	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.1	0.3	0.7	894.6	605.7	19.1	176.9	86.8	5.4	0.7	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
0.2	0.3	0.4	1,222.1	844.1	23.0	212.9	136.4	5.3	0.4	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
11.0	1.9	3.3	397.7	166.0	21.0	27.3	173.6	6.4	3.3	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
4.7	1.5	1.4	352.7	152.3	29.1	36.3	128.4	5.3	1.4	May
.	.	.	.	.	.	.	.	.	.	June
3.5	5.8	1.3	344.7	144.9	37.6	39.3	110.8	10.8	1.3	July
.	.	.	.	.	.	.	.	.	.	Aug.
3.0	6.0	4.0	343.9	143.0	43.8	30.9	108.6	13.6	4.0	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
7.4	7.6	4.6	455.5	193.0	26.6	41.1	175.0	15.3	4.6	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
11.2	2.1	3.9	1,169.8	661.0	38.4	164.2	291.9	10.4	3.9	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
4.9	1.7	2.5	1,142.9	645.9	46.4	197.3	241.4	9.4	2.5	May
.	.	.	.	.	.	.	.	.	.	June
3.7	6.2	1.7	1,206.9	689.5	55.5	216.8	226.8	16.5	1.7	July
.	.	.	.	.	.	.	.	.	.	Aug.
3.1	6.3	4.7	1,238.5	748.7	62.8	207.8	195.5	19.0	4.7	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
7.6	7.8	5.0	1,677.6	1,037.1	49.5	254.0	311.4	20.5	5.0	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)</sup>**
*(EUR billions; transactions during the month or quarter; nominal values)*
**Net issues**
**1. Short-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	18.0	9.8	-0.1	0.8	7.9	-0.4	0.6	0.5	-0.7	1.5
Apr.	0.7	-4.5	0.0	5.4	-0.4	0.1	.	.	.	.
May	15.6	12.6	-0.7	3.8	0.5	-0.6	.	.	.	.
June	-4.1	-3.2	0.6	0.1	-1.7	0.0	6.5	3.4	-0.2	2.7
July	3.3	4.5	0.4	1.2	-3.5	0.7	.	.	.	.
Aug.	2.4	-1.4	-0.3	2.1	2.6	-0.6	.	.	.	.
Sep.	-5.3	-8.0	-0.3	1.7	0.7	0.4	-1.3	-5.4	0.4	4.0
Oct.	7.9	3.8	0.4	5.2	-1.5	-0.1	.	.	.	.
Nov.	-6.3	-5.7	0.1	0.7	-1.8	0.3	.	.	.	.
Dec.	-35.1	-11.1	-0.1	-1.0	-22.8	0.0	10.5	6.2	2.3	2.0
<i>Euro area enlargement</i>										
2001 Jan.	32.6	13.1	0.6	3.4	15.1	0.5	.	.	.	.
Feb.	10.3	3.6	-0.1	3.6	3.8	-0.6	.	.	.	.
Mar.	14.8	2.7	0.2	1.0	11.0	-0.1	1.3	-0.9	2.5	0.0

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	34.3	19.0	1.6	3.3	9.5	0.9	44.9	16.5	7.1	14.0
Apr.	36.7	21.7	2.7	6.8	4.6	0.9	.	.	.	.
May	36.4	23.0	4.6	0.4	7.2	1.3	.	.	.	.
June	34.9	4.9	7.2	6.7	16.5	-0.3	23.3	10.8	3.5	8.5
July	33.9	19.0	10.4	5.8	-2.4	1.2	.	.	.	.
Aug.	30.5	12.6	4.9	3.5	8.1	1.4	.	.	.	.
Sep.	24.6	11.4	2.9	0.4	9.7	0.3	30.7	5.8	7.7	14.9
Oct.	25.9	9.5	5.8	4.4	4.2	2.0	.	.	.	.
Nov.	27.2	2.8	4.6	4.6	13.6	1.6	.	.	.	.
Dec.	0.7	-2.4	13.0	2.9	-13.8	1.0	41.7	19.6	7.6	8.3
<i>Euro area enlargement</i>										
2001 Jan.	4.0	22.2	-0.9	-3.2	-14.9	0.7	.	.	.	.
Feb.	45.8	28.2	5.4	3.9	6.8	1.7	.	.	.	.
Mar.	31.7	9.7	6.6	2.2	11.7	1.5	57.5	22.3	6.2	25.9

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	52.4	28.8	1.5	4.1	17.4	0.5	45.6	16.9	6.4	15.6
Apr.	37.3	17.2	2.7	12.2	4.2	1.0	.	.	.	.
May	52.0	35.6	3.9	4.2	7.6	0.7	.	.	.	.
June	30.8	1.7	7.8	6.7	14.8	-0.3	29.8	14.3	3.3	11.2
July	37.3	23.5	10.8	7.0	-5.9	1.9	.	.	.	.
Aug.	32.9	11.2	4.6	5.6	10.8	0.7	.	.	.	.
Sep.	19.3	3.4	2.6	2.1	10.5	0.7	29.3	0.4	8.1	18.9
Oct.	33.7	13.3	6.1	9.6	2.7	2.0	.	.	.	.
Nov.	20.9	-2.9	4.7	5.3	11.9	1.9	.	.	.	.
Dec.	-34.4	-13.6	12.9	1.9	-36.6	1.0	52.2	25.8	9.9	10.4
<i>Euro area enlargement</i>										
2001 Jan.	36.6	35.3	-0.3	0.2	0.2	1.2	.	.	.	.
Feb.	56.1	31.8	5.3	7.4	10.6	1.0	.	.	.	.
Mar.	46.5	12.4	6.8	3.2	22.7	1.5	58.8	21.4	8.7	25.9

*Sources: ECB and BIS (for issues by non-residents of the euro area).*
*1) Including items expressed in the national denominations of the euro.*

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
-0.1	-0.3	-0.2	11.6	2.8	-0.2	1.3	9.3	-1.4	-0.2	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.0	0.0	0.5	18.6	8.4	-0.3	12.1	-1.7	-0.4	0.5	May
.	.	.	.	.	.	.	.	.	.	June
0.0	0.1	-0.5	-0.9	-10.2	0.3	9.0	-0.1	0.6	-0.5	July
.	.	.	.	.	.	.	.	.	.	Aug.
-0.1	0.0	0.0	-23.1	-6.8	2.7	7.0	-26.1	0.1	0.0	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
0.1	-0.1	-0.4	58.9	18.5	3.2	8.0	29.9	-0.3	-0.4	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
8.5	0.9	-2.1	145.2	62.2	11.3	13.7	57.2	2.7	-2.1	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
3.3	-0.1	-2.6	131.3	60.4	17.9	22.3	31.6	1.7	-2.6	May
.	.	.	.	.	.	.	.	.	.	June
1.2	3.4	-2.3	119.6	48.8	25.8	24.5	16.6	6.3	-2.3	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.6	5.4	0.1	95.5	29.5	30.9	20.3	4.7	10.1	0.1	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
-0.2	6.0	-2.5	139.1	82.3	17.3	28.8	3.3	9.9	-2.5	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
8.4	0.6	-2.3	156.8	65.1	11.1	15.0	66.5	1.3	-2.3	2000 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
3.3	-0.1	-2.1	150.0	68.8	17.6	34.4	29.9	1.3	-2.1	May
.	.	.	.	.	.	.	.	.	.	June
1.2	3.5	-2.9	118.7	38.5	26.1	33.6	16.6	6.9	-2.9	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.5	5.4	0.2	72.4	22.7	33.6	27.2	-21.5	10.2	0.2	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
<i>Euro area enlargement</i>										
-0.2	5.9	-2.9	198.0	100.8	20.5	36.8	33.2	9.6	-2.9	2001 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

## 4 HICP and other prices in the euro area

**Table 4.1**

### Harmonised Index of Consumer Prices <sup>1)</sup>

(not seasonally adjusted, annual percentage changes, unless otherwise indicated)

#### 1. Total index and goods and services

	Total		Goods		Services		Total (s.a.)		Goods (s.a.)	Services (s.a.)
	Index 1996 = 100		Index 1996 = 100		Index 1996 = 100		Index 1996 = 100)	% change on previous period	Index 1996 = 100	Index 1996 = 100
Weight in the total (%) <sup>2)</sup>	100.0	100.0	61.9	61.9	38.1	38.1	100.0	100.0	61.9	38.1
	1	2	3	4	5	6	7	8	9	10
1998	102.7	1.1	101.8	0.7	104.4	1.9	-	-	-	-
1999	103.8	1.1	102.7	0.9	106.0	1.5	-	-	-	-
2000	106.3	2.3	105.4	2.7	107.8	1.7	-	-	-	-
2000 Q1	105.2	2.0	104.2	2.3	106.9	1.6	105.2	0.6	104.2	107.0
Q2	105.9	2.1	105.1	2.3	107.4	1.7	105.7	0.6	104.9	107.5
Q3	106.6	2.5	105.7	2.9	108.5	1.8	106.6	0.8	105.9	108.0
Q4	107.2	2.7	106.7	3.2	108.2	1.8	107.3	0.7	106.8	108.5
2000 Apr.	105.7	1.9	104.8	1.9	107.4	1.8	105.5	0.1	104.5	107.6
May	105.8	1.9	105.1	2.2	107.3	1.5	105.6	0.1	104.8	107.4
June	106.3	2.4	105.5	2.8	107.7	1.7	106.1	0.4	105.3	107.6
July	106.4	2.3	105.2	2.7	108.5	1.7	106.2	0.1	105.4	107.9
Aug.	106.5	2.3	105.4	2.7	108.6	1.8	106.4	0.2	105.7	108.0
Sep.	107.0	2.8	106.4	3.4	108.2	1.8	107.0	0.6	106.5	108.2
Oct.	107.0	2.7	106.5	3.2	108.1	1.9	107.1	0.1	106.6	108.4
Nov.	107.3	2.9	106.9	3.4	108.2	1.8	107.4	0.3	106.9	108.5
Dec.	107.4	2.6	106.8	3.0	108.4	1.8	107.4	0.0	106.8	108.7
<i>Euro area enlargement</i>										
2001 Q1	107.8	2.5	107.1	2.7	109.3	2.2	107.8	0.5	107.1	109.3
2001 Jan.	107.3	2.4	106.5	2.6	109.0	2.2	107.5	0.1	106.7	109.2
Feb.	107.9	2.6	107.1	2.8	109.5	2.2	107.8	0.3	107.1	109.3
Mar.	108.3	2.6	107.7	2.8	109.5	2.2	108.1	0.3	107.5	109.5
Apr.	108.8	2.9	108.3	3.4	109.9	2.4	108.7	0.5	108.0	110.1

#### 2. Breakdown of goods and services

	Goods						Services				
	Food <sup>3)</sup>			Industrial goods			Housing	Transport	Communi- cation	Recreation and personal	Miscellane- ous
Weight in the total (%) <sup>2)</sup>	Processed food <sup>3)</sup>	Unprocessed food		Non-energy industrial goods	Energy						
	11	12	13	14	15	16	17	18	19	20	21
1998	1.6	1.4	1.9	0.1	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.6	2.4	1.8	2.1	-4.4	2.0	1.8
2000	1.4	1.1	1.7	3.4	0.7	13.3	1.6	2.6	-4.2	2.3	2.4
2000 Q1	0.4	1.0	-0.4	3.2	0.5	13.7	1.4	2.5	-3.2	2.0	2.5
Q2	0.9	1.0	0.7	3.1	0.6	12.3	1.5	2.5	-4.9	2.5	2.5
Q3	1.9	1.1	3.1	3.4	0.6	13.6	1.6	2.6	-4.2	2.5	2.5
Q4	2.2	1.3	3.5	3.7	1.0	13.7	1.8	2.8	-4.6	2.4	2.1
2000 Apr.	0.6	0.9	0.1	2.6	0.6	10.2	1.4	2.6	-5.0	2.8	2.5
May	0.8	1.0	0.5	3.0	0.6	12.0	1.4	2.4	-5.0	2.1	2.5
June	1.2	1.0	1.5	3.6	0.7	14.5	1.5	2.4	-4.6	2.5	2.6
July	1.6	1.0	2.6	3.2	0.5	13.4	1.5	2.5	-4.3	2.5	2.6
Aug.	2.0	1.1	3.3	3.0	0.6	11.9	1.6	2.5	-4.0	2.6	2.6
Sep.	2.1	1.3	3.3	4.0	0.8	15.5	1.6	2.7	-4.3	2.4	2.3
Oct.	2.0	1.2	3.2	3.9	1.0	14.6	1.8	2.7	-4.9	2.5	2.2
Nov.	2.2	1.4	3.5	4.1	1.0	15.2	1.8	2.8	-4.4	2.4	2.0
Dec.	2.4	1.4	3.9	3.3	1.1	11.3	1.8	2.8	-4.6	2.2	2.1
<i>Euro area enlargement</i>											
2001 Q1	3.3	1.9	5.3	2.5	1.2	7.2	1.9	3.2	-4.3	3.1	2.3
2001 Jan.	2.7	1.6	4.5	2.6	1.1	7.8	1.9	3.3	-4.6	3.0	2.3
Feb.	3.1	2.0	4.7	2.7	1.1	8.2	1.9	3.2	-4.2	3.1	2.3
Mar.	3.9	2.2	6.7	2.3	1.3	5.6	1.8	3.1	-4.0	3.1	2.4
Apr.	4.4	2.5	7.3	2.9	1.4	7.8	1.7	3.6	-2.8	3.1	2.4

Sources: Eurostat and ECB calculations.

1) Extended coverage from January 2000 and January 2001. The change affects annual percentage changes during 2000 and 2001, in particular services (miscellaneous). See the general notes for a brief explanation.

2) Referring to the index period 2001.

3) Including alcoholic beverages and tobacco.

**Table 4.2**
**Selected other price indicators**
*(annual percentage changes, unless otherwise indicated)*
**1. Industry and commodity prices**

	Industrial producer prices									World market prices of raw materials <sup>2)</sup>		Oil prices <sup>3)</sup> (EUR per barrel)
	Total excluding construction		Manufacturing						Con- struction <sup>1)</sup>	Total	Total excluding energy	
	Index, 1995 = 100			Inter- mediate goods	Capital goods	Consumer goods						
						Durable consumer goods	Non- durable consumer goods					
1	2	3	4	5	6	7	8	9	10	11	12	
1996	100.3	0.3	0.9	-0.5	1.3	2.2	2.1	2.2	0.9	6.5	-6.9	16.0
1997	101.4	1.1	0.8	1.4	0.3	1.1	0.4	1.4	0.7	10.0	12.9	17.0
1998	100.6	-0.7	-0.6	-2.6	0.6	0.6	0.3	0.7	0.5	-21.2	-12.5	12.0
1999	100.2	-0.4	0.2	-0.4	0.2	0.1	0.3	0.1	1.0	17.8	-3.1	17.1
2000	105.6	5.4	5.1	11.6	0.7	1.5	1.2	1.6	1.8	51.7	18.1	31.0
2000 Q1	103.3	4.3	4.6	10.5	0.5	0.9	1.0	0.9	1.6	78.3	19.9	26.9
Q2	104.8	5.2	5.2	11.6	0.6	1.4	1.1	1.5	1.6	53.7	18.3	28.8
Q3	106.4	5.8	5.4	12.3	0.7	1.7	1.3	1.8	1.4	46.7	18.0	33.7
Q4	107.9	6.1	5.3	12.1	0.8	2.2	1.5	2.4	2.7	37.7	16.4	34.5
2000 May	104.9	5.3	5.3	11.8	0.6	1.5	1.0	1.7	-	61.9	22.8	30.3
June	105.3	5.6	5.6	12.5	0.7	1.4	1.2	1.5	-	55.2	12.9	31.3
July	105.8	5.6	5.3	11.9	0.8	1.6	1.3	1.7	-	42.0	14.3	30.5
Aug.	106.2	5.6	5.1	11.6	0.7	1.7	1.3	1.8	-	47.5	18.3	33.3
Sep.	107.3	6.2	5.8	13.3	0.7	1.8	1.4	1.9	-	50.3	21.4	37.2
Oct.	108.0	6.6	6.0	13.9	0.8	2.0	1.5	2.1	-	56.6	23.1	36.8
Nov.	108.2	6.3	5.6	12.8	0.8	2.2	1.5	2.4	-	45.6	18.2	37.7
Dec.	107.7	5.4	4.5	9.7	0.9	2.4	1.6	2.7	-	13.7	8.6	28.8
<i>Euro area enlargement</i>												
2001 Q1	108.2	4.5	3.2	6.7	0.9	3.0	1.9	3.4	.	4.8	1.4	28.4
2001 Jan.	107.9	4.8	3.6	7.8	0.9	2.7	1.8	3.0	-	8.4	3.3	27.5
Feb.	108.2	4.5	3.2	6.9	1.0	3.0	1.9	3.3	-	6.5	1.7	29.9
Mar.	108.4	4.2	2.7	5.5	0.9	3.3	2.1	3.8	-	-0.2	-0.8	28.1
Apr.	108.6	4.1	2.9	5.7	1.0	3.3	2.1	3.8	-	11.1	-1.1	29.8
May	.	.	.	.	.	.	.	.	-	1.9	-4.0	32.7

**2. Deflators of gross domestic product**

	Deflators of GDP <sup>4)</sup> (s.a.)									
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>5)</sup>	Imports <sup>5)</sup>		
	Index, 1995 = 100									
	13	14	15	16	17	18	19	20		
1996	102.0	2.0	2.1	2.4	2.2	0.9	0.9	0.8		
1997	103.6	1.5	1.8	2.0	1.7	1.0	1.7	2.5		
1998	105.4	1.7	1.3	1.4	1.6	0.9	-0.1	-1.4		
1999	106.6	1.2	1.3	1.1	2.2	1.0	-0.5	-0.3		
2000	108.1	1.3	2.5	2.2	1.8	2.4	4.5	8.1		
1998 Q4	105.9	1.5	0.8	0.9	1.4	0.5	-1.8	-4.0		
1999 Q1	106.3	1.5	0.9	0.8	1.9	0.5	-2.1	-4.2		
Q2	106.6	1.2	1.1	1.0	2.2	0.7	-1.4	-1.9		
Q3	106.8	1.1	1.5	1.1	2.4	1.1	-0.2	0.8		
Q4	107.0	1.0	1.8	1.5	2.4	1.5	1.8	4.1		
2000 Q1	107.5	1.2	2.4	2.1	1.9	2.1	3.6	7.7		
Q2	107.9	1.2	2.4	2.0	1.6	2.3	4.4	8.1		
Q3	108.3	1.4	2.5	2.4	1.8	2.5	4.9	8.3		
Q4	108.6	1.5	2.7	2.4	1.8	2.8	5.1	8.4		

Sources: Eurostat, except columns 10 and 11 (HWWA, Institut für Wirtschaftsforschung, Hamburg), column 12 (Thomson Financial Datastream) and columns 13 to 20 (ECB calculations based on Eurostat data).

1) Residential buildings, based on non-harmonised data.

2) To December 1998, in ECU; from January 1999, in euro.

3) Brent Blend (for one-month forward delivery). To December 1998, in ECU; from January 1999, in euro.

4) Data to end-1998 are based on national data expressed in domestic currency.

5) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.



## 5 Real economy indicators in the euro area

**Table 5.1**

### National accounts <sup>1)</sup>

#### GDP and expenditure components

##### 1. Current prices

(EUR billions (ECU billions to end-1998), seasonally adjusted)

	GDP					Changes in inventories <sup>2)</sup>	External balance <sup>3)</sup>	Exports <sup>3)</sup>	Imports <sup>3)</sup>
	Domestic demand	Private consumption	Government consumption	Gross fixed capital formation					
	1	2	3	4	5	6	7	8	9
1996	5,534.0	5,408.4	3,142.9	1,142.4	1,121.7	1.4	125.7	1,658.0	1,532.3
1997	5,650.1	5,501.1	3,199.6	1,150.8	1,138.0	12.7	149.0	1,828.5	1,679.6
1998	5,884.1	5,742.6	3,331.3	1,176.8	1,201.4	33.1	141.5	1,946.0	1,804.6
1999	6,142.3	6,034.9	3,488.5	1,228.5	1,282.4	35.5	107.3	2,042.2	1,934.8
2000	6,432.8	6,359.1	3,657.9	1,274.7	1,372.3	54.2	73.7	2,387.9	2,314.2
1999 Q3	1,543.2	1,516.6	876.4	308.7	324.6	6.9	26.6	519.1	492.5
Q4	1,562.0	1,537.3	887.0	311.4	328.1	10.8	24.6	540.5	515.9
2000 Q1	1,583.8	1,562.2	899.9	314.8	336.2	11.3	21.6	562.5	540.9
Q2	1,600.7	1,582.6	911.6	317.3	340.5	13.2	18.1	582.8	564.7
Q3	1,616.5	1,598.8	919.3	319.7	345.7	14.0	17.7	608.3	590.5
Q4	1,631.9	1,615.6	927.2	322.8	349.8	15.8	16.4	634.3	618.0

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP					Changes in inventories <sup>2)</sup>	External balance <sup>3)</sup>	Exports <sup>3)</sup>	Imports <sup>3)</sup>
	Domestic demand	Private consumption	Government consumption	Gross fixed capital formation					
	10	11	12	13	14	15	16	17	18
1996	5,383.3	5,262.9	3,045.0	1,112.0	1,106.0	-0.1	120.5	1,637.7	1,517.2
1997	5,506.9	5,352.7	3,092.7	1,121.4	1,131.4	7.3	154.2	1,807.2	1,653.0
1998	5,664.6	5,540.0	3,189.3	1,132.3	1,188.8	29.5	124.6	1,935.6	1,811.0
1999	5,806.9	5,713.9	3,284.3	1,149.5	1,249.6	30.5	93.0	2,028.5	1,935.5
2000	6,002.6	5,874.0	3,369.0	1,171.9	1,305.5	27.6	128.6	2,269.5	2,140.9
1999 Q3	1,457.3	1,431.9	823.8	287.9	315.7	4.4	25.4	514.4	489.0
Q4	1,471.7	1,445.1	829.7	289.3	317.8	8.3	26.6	530.4	503.7
2000 Q1	1,485.4	1,455.6	835.4	291.6	322.9	5.7	29.7	544.7	514.9
Q2	1,496.8	1,467.0	842.7	292.6	324.9	6.8	29.8	557.9	528.1
Q3	1,505.2	1,472.0	844.1	292.9	328.1	6.8	33.2	574.7	541.4
Q4	1,515.2	1,479.4	846.7	294.7	329.7	8.3	35.8	592.3	556.4

(annual percentage changes)

1996	1.4	1.0	1.6	1.7	1.2	-	-	4.3	3.1
1997	2.3	1.7	1.6	0.8	2.3	-	-	10.4	9.0
1998	2.9	3.5	3.1	1.0	5.1	-	-	7.1	9.6
1999	2.5	3.1	3.0	1.5	5.1	-	-	4.8	6.9
2000	3.4	2.8	2.6	1.9	4.5	-	-	11.9	10.6
1999 Q3	2.6	3.0	2.9	1.7	5.4	-	-	5.8	7.4
Q4	3.4	3.2	2.9	1.7	5.4	-	-	10.1	9.8
2000 Q1	3.5	2.7	2.6	2.0	5.5	-	-	12.4	10.4
Q2	3.7	3.3	3.2	2.2	4.8	-	-	11.8	10.8
Q3	3.3	2.8	2.5	1.7	3.9	-	-	11.7	10.7
Q4	3.0	2.4	2.1	1.9	3.7	-	-	11.7	10.5

Source: Eurostat.

1) See the first section of the general notes for a brief explanation of features of current price data expressed in ECU up to end-1998.

2) Including acquisitions less disposals of valuables.

3) Exports and imports cover goods and services and include cross-border trade within the euro area. They are not fully consistent with Tables 8 and 9.

## Value added by activity

### 3. Current prices

(EUR billions (ECU billions to end-1998), seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	1	2	3	4	5	6	7	8	9
1996	5,172.4	139.7	1,207.0	300.7	1,059.5	1,333.2	1,132.4	200.6	562.2
1997	5,266.5	138.1	1,227.7	292.1	1,086.6	1,377.7	1,144.3	199.6	583.1
1998	5,466.1	137.5	1,273.8	295.0	1,137.0	1,443.5	1,179.3	200.3	615.5
1999	5,678.9	135.0	1,296.7	308.5	1,175.4	1,539.3	1,223.9	203.6	663.2
2000	5,943.5	136.0	1,367.3	319.9	1,223.5	1,631.9	1,264.9	211.6	690.7
1999 Q3	1,425.7	33.4	325.6	77.5	294.9	387.3	307.0	51.0	167.1
Q4	1,442.5	33.7	329.0	78.5	298.0	393.8	309.5	52.0	169.9
2000 Q1	1,464.3	33.6	336.5	80.0	301.2	400.0	313.0	52.5	171.0
Q2	1,478.7	33.6	341.1	79.6	304.7	404.7	315.0	53.1	173.1
Q3	1,494.5	34.4	344.6	79.6	306.9	411.4	317.6	52.9	172.2
Q4	1,505.9	34.4	345.1	80.6	310.8	415.8	319.3	53.0	174.5

### 4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
1996	5,040.2	139.5	1,178.0	295.5	1,039.5	1,288.2	1,099.4	200.1	543.2
1997	5,158.4	140.2	1,216.1	290.4	1,071.7	1,330.1	1,109.8	207.5	556.0
1998	5,308.3	142.3	1,252.3	291.8	1,111.8	1,384.7	1,125.4	214.1	570.3
1999	5,437.4	145.8	1,268.7	296.9	1,146.7	1,442.5	1,136.9	221.8	591.3
2000	5,629.2	146.1	1,323.0	300.0	1,192.2	1,513.0	1,154.8	231.6	605.0
1999 Q3	1,364.7	36.6	318.5	74.4	287.8	362.7	284.7	56.0	148.6
Q4	1,376.7	36.8	321.3	74.9	290.7	367.1	285.9	56.6	151.5
2000 Q1	1,392.6	36.4	326.9	75.7	294.2	372.2	287.2	56.9	149.6
Q2	1,402.1	36.2	329.9	74.9	297.1	375.7	288.3	57.6	152.3
Q3	1,412.1	36.8	332.2	74.7	298.5	380.7	289.1	58.2	151.3
Q4	1,422.4	36.7	334.0	74.8	302.3	384.4	290.1	58.9	151.7

(annual percentage changes)

1996	1.4	5.5	-0.3	-1.8	0.9	3.6	1.7	2.5	1.4
1997	2.3	0.4	3.2	-1.7	3.1	3.3	0.9	3.7	2.3
1998	2.9	1.5	3.0	0.5	3.7	4.1	1.4	3.2	2.6
1999	2.4	2.4	1.3	1.7	3.1	4.2	1.0	3.6	3.7
2000	3.5	0.2	4.3	1.1	4.0	4.9	1.6	4.4	2.3
1999 Q3	2.5	3.6	1.2	2.0	3.1	4.4	0.9	4.1	4.0
Q4	3.1	2.9	3.0	2.5	3.8	4.6	1.0	3.4	5.5
2000 Q1	3.6	0.7	4.3	2.9	3.8	5.1	1.5	4.7	2.7
Q2	3.7	-0.2	4.6	1.3	4.4	4.8	1.8	4.8	4.6
Q3	3.5	0.7	4.3	0.3	3.7	5.0	1.6	4.0	1.9
Q4	3.3	-0.3	4.0	-0.1	4.0	4.7	1.5	4.2	0.1

Source: Eurostat.

1) The use of financial intermediation services indirectly measured (FISIM) is treated as intermediate consumption which is not allocated among branches.

**Table 5.2**
**Selected other real economy indicators <sup>1)</sup>**
**1. Industrial production**
*(annual percentage changes, unless otherwise indicated)*

	Total including construction		Total excluding construction		Manufacturing							Construction
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100		Intermediate goods	Capital goods	Consumer goods		Durable consumer goods	Non-durable consumer goods		
	1	2	3	4			5	6			7	
1997	103.8	3.7	104.7	4.2	4.8	5.3	4.6	2.4	2.8	2.3	0.0	
1998	107.8	3.8	109.2	4.3	4.8	4.1	7.0	2.5	5.5	1.9	0.3	
1999	110.1	2.1	111.3	2.0	2.0	2.5	1.8	1.5	2.7	1.2	2.7	
2000	115.9	5.3	117.6	5.6	6.0	5.6	9.2	2.5	7.0	1.6	2.4	
2000 Q1	113.6	5.0	115.0	4.9	5.1	5.7	7.7	0.8	6.9	-0.5	5.0	
Q2	115.0	5.7	117.2	6.1	6.5	6.3	8.7	3.9	8.4	2.8	1.9	
Q3	116.7	5.2	118.1	5.8	6.2	5.4	10.0	2.9	6.9	2.1	0.7	
Q4	118.4	5.3	120.0	5.5	6.2	4.9	10.3	2.6	5.9	1.9	2.4	
2000 Apr.	114.1	5.5	116.8	6.0	6.5	6.4	8.3	4.3	8.9	3.2	1.2	
May	116.5	7.6	117.7	7.8	8.1	8.7	11.0	4.7	10.5	3.4	5.1	
June	114.2	4.1	117.0	4.6	4.9	4.0	7.1	2.7	6.1	1.9	-0.4	
July	115.7	5.1	117.7	5.6	5.9	5.1	8.5	2.6	7.2	1.7	0.2	
Aug.	118.0	6.2	118.1	6.9	7.5	6.9	12.4	2.8	8.1	1.9	2.3	
Sep.	116.4	4.6	118.6	5.2	5.6	4.5	9.6	3.1	5.9	2.5	-0.2	
Oct.	116.0	3.5	118.8	3.9	4.2	3.9	7.1	0.9	2.4	0.6	-0.4	
Nov.	117.8	4.2	119.8	4.5	5.0	4.3	8.5	1.4	4.1	0.9	1.0	
Dec.	121.5	8.3	121.3	8.3	9.6	6.7	15.2	5.7	12.2	4.4	7.4	
<i>Euro area enlargement</i>												
2001 Q1	117.5	3.2	120.2	4.3	5.0	3.3	8.9	2.9	3.9	2.7	0.7	
2001 Jan.	117.2	4.6	120.0	5.5	6.6	4.2	10.6	3.7	7.4	2.9	4.1	
Feb.	118.4	3.4	120.4	4.3	4.9	3.7	8.6	2.9	2.3	3.0	1.2	
Mar.	116.9	1.7	120.2	3.2	3.8	2.1	7.8	2.4	2.7	2.3	-2.6	
Apr.	.	.	.	.	.	.	.	.	.	.	.	

**2. Retail sales and car registrations**
*(annual percentage changes, unless otherwise indicated)*

	Retail sales (s.a.)									New passenger car registrations	
	Current prices				Constant prices					Thousands <sup>2)</sup> (s.a.)	
	Total		Total		Food, beverages, tobacco	Non-food	Textiles, clothing, footwear	Household equipment			
	Index 1995 = 100		Index 1995 = 100								
12	13	14	15	16	17	18	19	20	21		
1997	104.2	2.2	101.6	1.2	1.1	1.3	0.7	1.4	861	4.2	
1998	107.9	3.6	104.6	2.9	2.1	3.6	2.0	4.5	923	7.2	
1999	111.6	3.4	107.3	2.6	3.1	2.5	1.4	3.0	973	5.4	
2000	116.2	4.1	109.9	2.4	2.0	2.3	1.6	4.8	952	-2.2	
2000 Q1	114.2	3.6	108.9	2.5	2.4	2.1	1.5	5.9	982	1.3	
Q2	115.9	4.8	109.9	3.2	2.9	3.3	1.5	5.4	977	0.3	
Q3	116.8	4.4	110.0	2.2	1.4	2.3	2.9	4.2	922	-7.9	
Q4	117.9	3.7	110.6	1.7	1.2	1.4	0.6	3.7	925	-3.2	
2000 Apr.	115.7	5.2	109.8	3.6	3.7	3.6	1.0	6.3	968	-1.5	
May	116.5	5.9	110.4	4.3	4.9	4.6	4.1	6.6	977	1.5	
June	115.4	3.2	109.5	1.9	0.1	1.6	-0.5	3.3	985	1.1	
July	116.2	3.7	109.7	1.6	0.9	1.2	0.7	5.2	883	-14.5	
Aug.	116.6	3.8	110.0	2.0	1.4	2.2	1.3	2.7	937	-4.3	
Sep.	117.6	5.7	110.5	2.8	1.9	3.7	7.0	4.7	947	-1.6	
Oct.	117.8	3.9	110.5	1.8	1.4	1.1	0.8	2.9	913	-7.0	
Nov.	117.9	3.6	110.5	1.4	0.8	1.5	0.2	4.7	929	-3.3	
Dec.	118.0	3.7	110.7	2.0	1.4	1.6	0.7	3.7	934	1.9	
<i>Euro area enlargement</i>											
2001 Q1	119.5	4.3	111.2	2.0	1.5	2.3	2.2	0.8	949	-5.0	
2001 Jan.	119.4	4.8	111.3	2.6	1.9	3.0	3.7	3.2	941	-5.7	
Feb.	119.7	3.8	111.3	1.5	1.7	1.3	0.8	0.2	951	-6.1	
Mar.	119.2	4.2	110.9	2.0	0.9	2.5	2.3	-0.9	954	-3.6	
Apr.	.	.	.	.	.	.	.	.	970	-1.8	

Sources: Eurostat, except columns 20 and 21 (ECB calculation based on data from the ACEA/A.A.A., European Automobile Manufacturers' Association).

1) Adjusted for variations in the number of working days.

2) Monthly averages.

**Table 5.3**

**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator 5	Retail trade confidence indicator 6	Consumer confidence indicator 7
	Confidence indicator 1	Production expectations 2	Assessment of order books 3	Capacity utilisation <sup>b</sup> (percentages) 4			
1997	-4	11	-15	81.0	-33	-9	-15
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-3
2000	5	17	3	83.8	1	-1	-1
2000 Q2	6	17	5	83.7	2	3	0
Q3	6	18	5	83.9	2	-2	-1
Q4	5	18	4	84.7	0	-3	-2
2000 May	5	16	4	-	1	4	1
June	8	19	8	-	3	7	-1
July	7	19	5	-	2	-3	0
Aug.	6	18	4	-	5	-3	1
Sep.	6	18	5	-	-1	-1	-3
Oct.	6	19	5	-	2	-1	-3
Nov.	5	17	4	-	-1	-3	-3
Dec.	5	18	4	-	-2	-4	-1
<i>Euro area enlargement</i>							
2001 Q1	1	12	-1	84.4	-1	-2	-2
Q2	.	.	.	83.7	.	.	.
2001 Jan.	3	14	0	-	1	0	-1
Feb.	1	12	0	-	-2	0	-2
Mar.	-1	9	-3	-	-2	-6	-2
Apr.	-4	6	-6	-	-2	-4	-2
May	-5	6	-9	-	-3	-7	-4

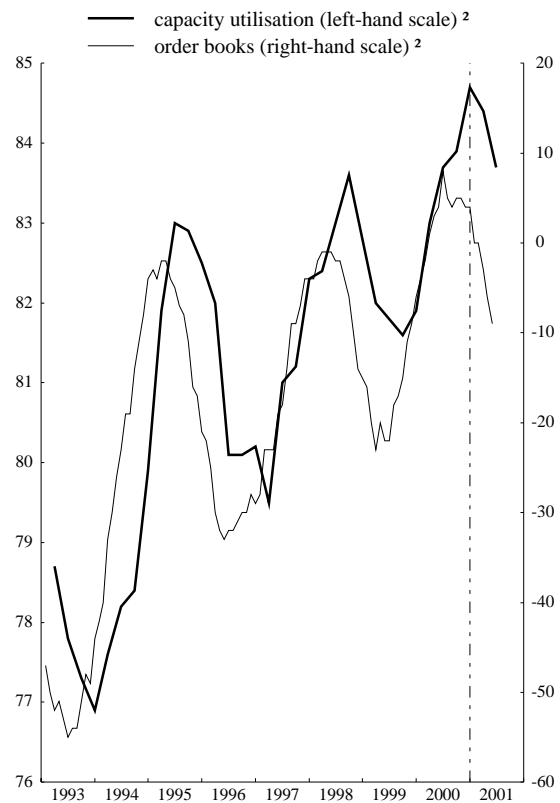
**Consumer and industrial confidence indicators**

(percentage balances; monthly, seasonally adjusted)



**Capacity utilisation and order books**

(capacity utilisation, percentages, quarterly; order books, percentage balances, monthly; seasonally adjusted)



Source: European Commission Business and Consumer Surveys.

1) Data on capacity utilisation are collected in January, April, July and October. Annual data are averages of the four quarterly surveys.

2) Manufacturing.

**Table 5.4**
**Labour market indicators**
**1. Employment and unemployment <sup>1)</sup>**
*(annual percentage changes, unless otherwise indicated)*

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	Index, 1995 = 100 1	2	Employees 3	Self- employed 4			Millions 7	% of labour force 8	% of labour force 9	% of labour force 10
1996	100.5	0.5	0.5	0.5	-1.0	1.6	14.741	11.6	9.8	23.9
1997	101.4	0.8	0.9	0.1	-0.3	1.4	14.827	11.5	9.9	23.2
1998	103.0	1.6	1.8	0.6	1.2	2.1	14.072	10.9	9.4	21.3
1999	104.7	1.6	2.1	-0.4	0.3	2.5	12.961	9.9	8.6	19.1
2000	106.8	2.0	2.3	0.4	0.7	2.7	11.672	8.9	7.7	17.1
2000 Q1	105.9	1.8	2.2	-0.3	0.1	2.5	12.203	9.3	8.1	17.9
Q2	106.5	2.0	2.4	0.0	0.7	2.8	11.759	8.9	7.8	17.3
Q3	107.0	2.0	2.3	0.5	0.9	2.7	11.518	8.7	7.6	17.0
Q4	107.7	2.1	2.3	1.4	1.0	2.8	11.210	8.5	7.4	16.3
2000 Apr.	-	-	-	-	-	-	11.904	9.0	7.9	17.5
May	-	-	-	-	-	-	11.756	8.9	7.8	17.3
June	-	-	-	-	-	-	11.617	8.8	7.7	17.0
July	-	-	-	-	-	-	11.554	8.8	7.6	17.0
Aug.	-	-	-	-	-	-	11.568	8.8	7.6	17.1
Sep.	-	-	-	-	-	-	11.433	8.7	7.6	16.8
Oct.	-	-	-	-	-	-	11.271	8.5	7.5	16.5
Nov.	-	-	-	-	-	-	11.201	8.5	7.4	16.3
Dec.	-	-	-	-	-	-	11.158	8.5	7.4	16.2
<i>Euro area enlargement</i>										
2001 Q1	.	.	.	.	.	.	11.519	8.4	7.3	16.6
2001 Jan.	-	-	-	-	-	-	11.608	8.5	7.4	16.6
Feb.	-	-	-	-	-	-	11.528	8.4	7.3	16.6
Mar.	-	-	-	-	-	-	11.420	8.4	7.3	16.4
Apr.	-	-	-	-	-	-	11.365	8.3	7.2	16.4

**2. Labour costs and productivity**
*(annual percentage changes)*

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup> and components						Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry excluding construction	Services		
							Total 17	Total 18		
11	12	13	14	15	16	17	18	19		
1996	1.9	3.0	1.1	3.4	3.0	4.4	3.7	4.0	3.7	
1997	0.7	2.2	1.6	2.6	2.6	2.7	2.3	2.7	2.4	
1998	0.1	1.4	1.3	1.7	2.2	0.9	1.5	1.4	2.1	
1999	1.3	2.2	0.9	2.3	2.7	1.8	2.7	1.9	2.7	
2000	1.0	2.3	1.2	3.9	4.3	3.0	3.6	3.1	2.5	
1998 Q4	0.9	1.3	0.4	1.7	2.1	0.9	2.0	1.4	2.6	
1999 Q1	1.7	1.7	0.1	2.0	2.4	1.2	2.5	1.4	2.7	
Q2	1.7	2.3	0.7	2.2	2.5	1.5	2.5	1.9	2.9	
Q3	1.2	2.1	0.9	2.5	2.7	2.1	2.9	2.1	2.9	
Q4	0.4	2.0	1.7	2.7	3.0	2.4	3.0	1.9	2.5	
2000 Q1	0.6	2.6	2.0	4.1	4.5	3.0	4.1	3.0	2.9	
Q2	0.6	2.1	1.5	4.0	4.3	3.1	3.7	3.0	2.7	
Q3	1.3	2.4	1.0	3.8	4.2	3.0	3.5	3.1	2.3	
Q4	1.6	2.1	0.5	3.6	4.0	2.7	3.1	3.2	2.2	

Sources: ECB calculations based on Eurostat data (columns 1 to 6 and 18), Eurostat (columns 7 to 10 and 14 to 17) and ECB calculations based on national data (columns 11 to 13 and 19).

1) Data for employment are based on the ESA 95. Due to differences in coverage, quarterly data are not fully consistent with annual data. Data for unemployment follow ILO recommendations.

2) Adult: 25 years and over; youth: below 25 years; expressed as a percentage of the labour force for the relevant age group.

3) Hourly labour costs for the whole economy, excluding the agriculture, public administration, education and health sectors. Owing to differences in coverage, components are not consistent with the total.

## 6 Saving, investment and financing in the euro area

**Table 6.1**

### Financial investment and financing of non-financial sectors <sup>1)</sup>

(EUR billions (ECU billions to end-1998); not seasonally adjusted)

#### Levels outstanding at the end of the period

##### 1. Main financial assets <sup>2)</sup>

	Currency and deposits									Memo: deposits of euro area non-banks with banks outside the euro area <sup>3)</sup>
	Total	Currency	Deposits of non-financial sectors other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	4,696.2	320.5	4,083.2	1,159.0	1,469.5	1,329.1	125.5	153.9	138.7	205.2
1998 Q1	4,651.8	311.7	4,060.4	1,134.2	1,459.9	1,348.2	118.2	139.4	140.2	235.8
Q2	4,707.0	315.4	4,108.1	1,205.3	1,455.0	1,346.7	101.1	147.4	136.1	228.0
Q3	4,683.5	311.7	4,080.0	1,184.2	1,452.5	1,345.6	97.7	156.4	135.3	224.0
Q4	4,831.9	323.3	4,216.8	1,282.1	1,466.2	1,389.7	78.9	149.8	141.9	204.1
1999 Q1	4,677.9	317.7	4,077.8	1,239.1	1,466.3	1,306.5	66.0	133.4	148.9	231.4
Q2	4,704.1	323.9	4,116.3	1,321.8	1,420.2	1,315.9	58.4	125.0	138.9	257.6
Q3	4,715.4	327.3	4,115.1	1,324.5	1,418.6	1,313.3	58.7	133.3	139.7	249.4
Q4	4,861.8	349.9	4,217.6	1,370.5	1,460.7	1,323.4	63.0	142.0	152.3	243.5
2000 Q1	4,840.3	334.6	4,225.0	1,379.6	1,465.5	1,303.2	76.8	130.2	150.4	268.5
Q2	4,896.9	341.2	4,259.4	1,409.6	1,488.5	1,282.5	78.9	146.0	150.3	254.7
Q3	4,916.7	338.9	4,268.6	1,396.8	1,526.4	1,263.5	81.9	159.3	149.9	261.9
Q4	.	347.5	4,364.3	1,464.4	1,545.0	1,269.3	85.6	164.6	.	.
2001 Q1	.	335.3	4,499.7	1,446.0	1,622.3	1,314.4	117.0	150.5	.	.

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1997 Q4	1,582.4	204.6	1,377.8	2,683.1	1,520.7	1,162.5	184.9	2,375.0	2,112.6	262.5
1998 Q1	1,599.0	194.6	1,404.4	3,188.4	1,864.9	1,323.5	186.5	2,454.2	2,182.2	272.0
Q2	1,547.2	170.3	1,377.0	3,403.9	1,974.8	1,429.1	186.7	2,513.1	2,239.0	274.1
Q3	1,542.1	159.3	1,382.9	3,110.0	1,666.5	1,443.5	187.9	2,559.1	2,282.3	276.7
Q4	1,532.0	155.6	1,376.4	3,425.7	1,899.8	1,525.9	172.9	2,623.9	2,347.2	276.7
1999 Q1	1,564.1	144.8	1,419.2	3,616.4	1,975.5	1,641.0	195.0	2,699.0	2,412.6	286.5
Q2	1,502.2	136.5	1,365.8	3,877.9	2,127.7	1,750.2	211.7	2,769.2	2,480.6	288.7
Q3	1,503.1	124.0	1,379.1	3,960.8	2,198.8	1,762.0	209.1	2,835.4	2,543.8	291.6
Q4	1,529.8	152.8	1,377.0	4,515.0	2,662.0	1,853.0	199.4	2,955.9	2,660.7	295.2
2000 Q1	1,532.9	154.3	1,378.7	4,866.5	2,907.5	1,959.0	208.6	3,084.0	2,774.3	309.7
Q2	1,595.1	158.9	1,436.2	4,800.6	2,853.6	1,946.9	197.4	3,133.9	2,820.6	313.3
Q3	1,653.1	178.6	1,474.5	4,881.1	2,913.6	1,967.5	201.8	3,192.4	2,875.6	316.9
Q4	.	.	.	.	.	.	.	.	.	.
2001 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.

3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs in the euro area.

4) Covering deposits of non-financial sectors with central government (S.1311) in the euro area, other financial intermediaries (S.123) and insurance corporations and pension funds (S.125).

5) Excluding unquoted shares.

**Table 6.1 (cont'd)****Financial investment and financing of non-financial sectors <sup>1)</sup>***(EUR billions (ECU billions to end-1998); not seasonally adjusted)***Levels outstanding at the end of the period****2. Main liabilities <sup>2)</sup>**

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by euro area non-banks <sup>3)</sup>
	Total	taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>			
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
1	2	3	4	5	6	7	8	9	10	11	12	
1997 Q4	5,839.7	5,320.1	922.3	54.2	868.1	2,406.4	837.7	1,568.7	2,511.0	225.0	2,286.0	131.7
1998 Q1	5,894.4	5,358.7	905.1	35.5	869.7	2,450.1	853.6	1,596.5	2,539.2	224.0	2,315.2	134.9
Q2	6,004.5	5,453.7	902.6	31.7	870.8	2,502.1	877.0	1,625.1	2,599.8	233.3	2,366.5	139.5
Q3	6,077.8	5,524.3	903.6	33.2	870.5	2,525.7	864.0	1,661.7	2,648.4	233.8	2,414.6	135.8
Q4	6,220.0	5,660.3	911.2	35.9	875.4	2,596.9	901.7	1,695.2	2,711.8	240.3	2,471.6	139.9
1999 Q1	6,249.1	5,673.9	903.3	36.1	867.2	2,584.7	917.7	1,667.0	2,761.0	251.2	2,509.8	144.8
Q2	6,417.6	5,814.2	901.2	38.7	862.5	2,683.2	960.0	1,723.2	2,833.2	255.2	2,578.0	173.7
Q3	6,482.8	5,882.6	886.9	37.7	849.2	2,697.7	939.1	1,758.6	2,898.2	255.0	2,643.2	179.9
Q4	6,664.5	6,040.0	902.0	42.0	860.0	2,795.8	980.0	1,815.8	2,966.7	264.0	2,702.7	189.6
2000 Q1	6,804.9	6,155.5	891.8	41.0	850.8	2,893.6	1,038.3	1,855.3	3,019.4	265.3	2,754.1	205.3
Q2	6,951.6	6,261.4	885.4	41.8	843.6	2,993.8	1,088.8	1,905.1	3,072.3	273.8	2,798.6	206.0
Q3	7,105.3	6,378.0	864.8	39.7	825.1	3,101.1	1,143.4	1,957.7	3,139.4	275.5	2,863.9	236.5
Q4	.	6,500.4	.	.	.	.	.	.	.	.	.	.
2001 Q1	.	6,667.5	.	.	.	.	.	.	.	.	.	.

	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations						
		Total	Short-term	Long-term	Total	Short-term	Long-term				
13	14	15	16	17	18	19	20	21	22		
1997 Q4	3,630.6	3,327.7	499.0	2,828.7	302.9	45.8	257.1	1,975.7	135.2	236.2	
1998 Q1	3,754.4	3,435.2	492.5	2,942.7	319.2	55.8	263.4	2,434.3	136.3	239.1	
Q2	3,818.7	3,497.5	491.7	3,005.8	321.2	54.1	267.1	2,648.6	134.2	242.1	
Q3	3,911.9	3,580.4	494.5	3,085.9	331.6	55.7	275.9	2,282.9	133.8	245.1	
Q4	3,919.4	3,587.0	466.5	3,120.4	332.4	55.1	277.3	2,606.8	140.3	248.2	
1999 Q1	3,968.8	3,622.9	462.3	3,160.6	345.9	66.0	279.8	2,722.1	146.9	251.2	
Q2	3,950.7	3,598.0	451.8	3,146.2	352.7	67.0	285.7	2,964.9	136.6	254.3	
Q3	3,934.1	3,567.7	444.9	3,122.8	366.4	75.0	291.4	3,037.1	137.6	257.4	
Q4	3,896.4	3,519.4	420.0	3,099.5	377.0	78.2	298.9	3,916.9	149.8	260.8	
2000 Q1	3,950.6	3,574.8	425.1	3,149.7	375.8	78.8	297.0	4,357.8	147.6	263.6	
Q2	3,990.1	3,595.7	425.3	3,170.4	394.5	88.6	305.8	4,118.9	147.6	266.6	
Q3	4,044.9	3,624.9	421.8	3,203.1	420.0	95.6	324.4	4,008.5	147.2	269.0	
Q4	.	.	.	.	.	.	.	.	.	.	
2001 Q1	.	.	.	.	.	.	.	.	.	.	

Source: ECB.

1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.

3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs in the euro area.

4) Including non-profit institutions serving households.

5) Including all loans taken by central government from MFIs in the euro area.

## Transactions

### 1. Main financial assets <sup>1)</sup>

	Currency and deposits									Memo: deposits of euro area non-banks with banks outside the euro area <sup>2)</sup>
	Total	Currency	Deposits of non-financial sectors <sup>3)</sup> other than central government with euro area MFIs <sup>4)</sup>					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>5)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	147.7	9.3	128.9	76.3	14.9	39.1	-1.4	3.2	6.2	-14.3
1998 Q1	-19.9	-8.8	2.0	-19.1	-3.0	20.1	4.0	-14.5	1.3	28.6
Q2	77.6	3.6	70.0	74.4	-0.4	0.3	-4.3	8.0	-4.0	-5.3
Q3	-6.1	-3.7	-11.0	-19.8	5.0	-0.9	4.7	9.0	-0.4	1.8
Q4	162.6	11.6	151.1	103.9	19.5	44.0	-16.3	-6.6	6.5	-22.0
1999 Q1	7.0	-5.2	9.3	5.6	-10.4	11.3	2.9	-4.2	7.0	-25.4
Q2	57.7	6.2	70.1	82.4	-17.0	9.5	-4.8	-8.4	-10.2	9.0
Q3	8.7	3.4	-3.7	-12.0	11.8	-2.0	-1.5	8.3	0.7	-6.0
Q4	144.6	22.3	101.1	56.9	42.3	9.3	-7.4	8.7	12.5	-10.8
2000 Q1	-4.0	-15.3	25.1	25.1	4.8	-19.4	14.6	-11.9	-1.9	19.7
Q2	46.3	6.7	23.9	30.9	18.1	-21.7	-3.4	15.8	-0.1	-13.7
Q3	-1.5	-2.2	-12.1	-21.0	25.5	-18.4	1.8	13.3	-0.5	-1.2
Q4	.	8.6	101.2	64.4	30.4	6.2	0.2	5.3	.	.
2001 Q1	.	-20.0	3.8	-33.9	27.5	-6.1	16.2	-15.5	.	.

	Securities other than shares			Shares <sup>6)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1997 Q4	1.1	-7.6	8.7	67.8	51.9	15.9	-12.1	54.8	52.5	2.2
1998 Q1	-26.4	-10.3	-16.1	84.5	-15.6	100.2	7.4	67.3	54.8	12.5
Q2	-71.9	-25.1	-46.8	117.0	23.8	93.2	-0.8	48.5	46.3	2.1
Q3	-5.4	-11.0	5.5	115.7	34.9	80.8	1.5	44.8	42.1	2.7
Q4	-13.2	-1.6	-11.5	80.3	60.7	19.7	-15.8	51.6	49.5	2.1
1999 Q1	29.4	-10.4	39.7	121.1	17.6	103.5	1.6	67.2	54.6	12.6
Q2	-26.9	-11.6	-15.3	142.2	58.2	84.0	15.0	51.4	48.6	2.8
Q3	-4.7	-9.9	5.2	90.6	51.4	39.2	-4.2	53.7	50.4	3.3
Q4	50.2	23.5	26.7	2.4	33.6	-31.2	-15.0	71.3	68.8	2.5
2000 Q1	-15.0	3.0	-18.0	9.3	-34.3	43.6	9.0	80.5	67.4	13.2
Q2	53.9	2.7	51.2	116.1	90.3	25.8	-8.8	52.9	49.8	3.0
Q3	60.2	21.1	39.1	186.0	166.2	19.8	4.8	52.4	48.9	3.6
Q4	.	.	.	.	.	.	.	.	.	.
2001 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

- 1) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- 2) BIS international banking statistics. The BIS definition of banks is close to that of MFIs in the euro area.
- 3) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 4) Transaction amounts are derived from the corresponding quarterly levels outstanding.
- 5) Covering deposits of non-financial sectors with central government (S.1311) in the euro area, other financial intermediaries (S.123) and insurance corporations and pension funds (S.125).
- 6) Excluding unquoted shares.



**Table 6.1 (cont'd)**
**Financial investment and financing of non-financial sectors <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); not seasonally adjusted)*
**Transactions**
**2. Main liabilities <sup>2)</sup>**

	Loans taken from euro area MFIs <sup>3)</sup> and other financial corporations by											Memo: loans taken from banks outside the euro area by euro area non-banks <sup>4)</sup>
	Total	taken from euro area MFIs	General government			Non-financial corporations			Households <sup>5)</sup>			
			Total	Short-term	Long-term <sup>6)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
1	2	3	4	5	6	7	8	9	10	11	12	
1997 Q4	150.8	145.4	20.5	0.8	19.7	61.9	21.6	40.3	68.4	6.8	61.6	-17.6
1998 Q1	96.9	55.8	-16.0	-0.4	-15.6	74.2	50.5	23.6	38.7	3.4	35.3	2.0
Q2	120.8	112.6	-1.9	-1.2	-0.8	61.4	27.3	34.1	61.3	5.6	55.7	6.5
Q3	74.8	89.1	2.8	0.0	2.8	24.4	-3.8	28.2	47.6	4.0	43.6	-1.1
Q4	158.5	151.8	8.8	0.4	8.4	69.9	21.9	48.0	79.8	6.9	72.9	4.2
1999 Q1	115.9	103.7	-6.9	-0.1	-6.8	62.6	30.2	32.5	60.2	5.5	54.7	0.0
Q2	169.6	140.0	-4.3	-0.1	-4.3	94.8	50.0	44.8	79.1	7.3	71.9	24.3
Q3	49.3	61.3	-14.7	-0.3	-14.4	19.9	1.2	18.7	44.1	3.4	40.7	6.3
Q4	168.0	149.6	14.7	0.8	13.9	82.3	41.1	41.2	71.0	6.9	64.1	-6.5
2000 Q1	163.8	127.2	-8.9	-0.2	-8.7	96.6	52.4	44.2	76.1	6.6	69.5	11.8
Q2	191.4	128.5	-6.9	-0.3	-6.6	125.2	79.5	45.7	73.1	6.6	66.5	0.8
Q3	99.4	89.1	-16.9	-0.7	-16.2	56.4	34.0	22.5	59.9	5.2	54.7	20.6
Q4	.	140.8	.	.	.	.	.	.	.	.	.	.
2001 Q1	.	97.1	.	.	.	.	.	.	.	.	.	.

	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations						
		Total	Short-term	Long-term	Total	Short-term	Long-term				
13	14	15	16	17	18	19	20	21	22		
1997 Q4	-9.6	-5.4	-33.5	28.1	-4.2	-7.5	3.3	44.6	6.9	2.3	
1998 Q1	70.3	59.8	-4.9	64.6	10.5	9.7	0.8	11.4	1.1	2.4	
Q2	53.9	51.0	-0.6	51.6	2.9	-1.8	4.7	36.8	-2.1	2.4	
Q3	62.0	54.8	3.1	51.6	7.3	1.4	5.9	10.9	-0.4	2.4	
Q4	-10.1	-15.6	-30.4	14.9	5.4	0.8	4.6	41.0	6.4	2.2	
1999 Q1	79.3	56.9	0.7	56.2	22.4	18.3	4.1	10.8	6.6	2.5	
Q2	41.6	32.8	-8.4	41.2	8.8	0.9	8.0	34.7	-10.3	2.5	
Q3	53.2	33.7	-8.6	42.3	19.5	8.1	11.4	31.3	1.0	2.5	
Q4	-8.6	-15.5	-28.1	12.5	6.9	3.1	3.7	42.0	12.1	2.6	
2000 Q1	61.6	62.4	11.0	51.4	-0.8	0.4	-1.2	23.3	-2.2	2.4	
Q2	45.0	23.6	-1.3	24.9	21.4	10.0	11.4	33.4	0.0	2.4	
Q3	51.8	26.0	-2.2	28.2	25.8	7.7	18.1	73.0	-0.4	2.4	
Q4	.	.	.	.	.	.	.	.	.	.	
2001 Q1	.	.	.	.	.	.	.	.	.	.	

Source: ECB.

- 1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- 3) Transaction amounts are derived from the corresponding quarterly levels outstanding.
- 4) BIS international banking statistics. The BIS definition of banks is close to that of MFIs in the euro area.
- 5) Including non-profit institutions serving households.
- 6) Including all loans taken by central government from MFIs in the euro area.

**Table 6.2**

**Saving, investment and financing**

(as a percentage of GDP, unless otherwise indicated)

	Euro area saving and investment <sup>1)</sup>			Investment of private non-financial sectors <sup>1)2)</sup>							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
	1	2	3	4	5	6	7	8	9	10	11
1992	20.9	21.8	-0.9	18.1	11.8	13.5	4.0	1.7	0.4	1.4	2.9
1993	20.5	20.6	0.5	17.1	10.7	13.3	5.6	0.5	0.9	0.7	3.0
1994	20.9	20.4	0.3	17.1	10.5	13.8	3.4	2.5	2.6	1.7	3.3
1995	22.5	21.2	0.5	17.9	11.1	14.1	4.4	1.8	1.5	1.3	3.7
1996	22.0	20.7	1.0	17.5	11.0	13.0	3.8	0.3	1.4	2.1	3.8
1997	22.1	20.1	1.6	17.1	10.7	13.3	1.8	-0.6	0.0	3.4	4.1
1998	22.1	20.2	1.1	17.2	11.0	14.5	2.0	-2.2	-1.3	6.1	3.4
1999	21.7	20.6	0.2	17.6	11.3	16.8	2.0	0.3	0.7	5.9	3.9

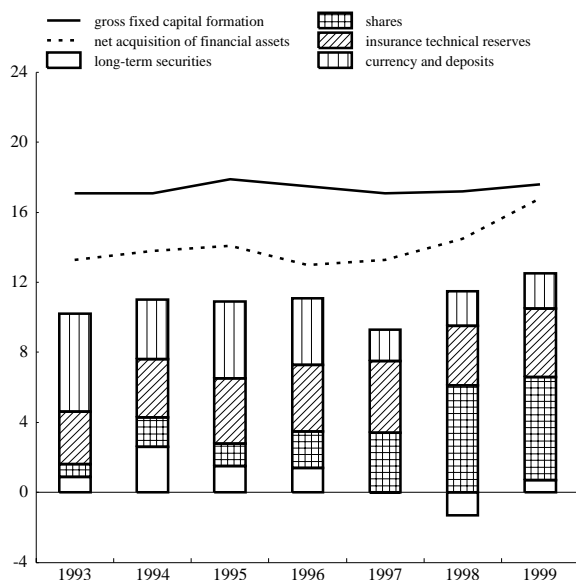
  

	Financing of private non-financial sectors <sup>1)2)</sup>								Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans			
	12	13	14	15	16	17	18	19	20	21	22
1992	20.6	12.6	10.2	0.7	0.6	1.4	6.7	4.7	3.3	42.7	33.1
1993	21.1	12.9	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.8	27.2
1994	21.0	12.0	9.6	1.0	1.1	1.8	3.9	4.0	4.2	44.7	31.4
1995	22.3	12.4	7.5	-1.8	-1.8	1.4	4.9	3.6	6.6	44.1	25.2
1996	21.7	12.1	8.9	0.2	0.0	1.7	5.8	4.9	4.1	42.6	29.1
1997	20.5	11.3	9.4	0.1	0.1	1.4	5.9	4.7	3.9	43.8	31.4
1998	19.4	10.5	11.8	0.3	0.2	2.4	6.9	5.4	2.7	45.7	37.8
1999	18.2	9.9	14.7	0.7	0.4	2.4	8.8	7.1	2.1	48.8	44.7

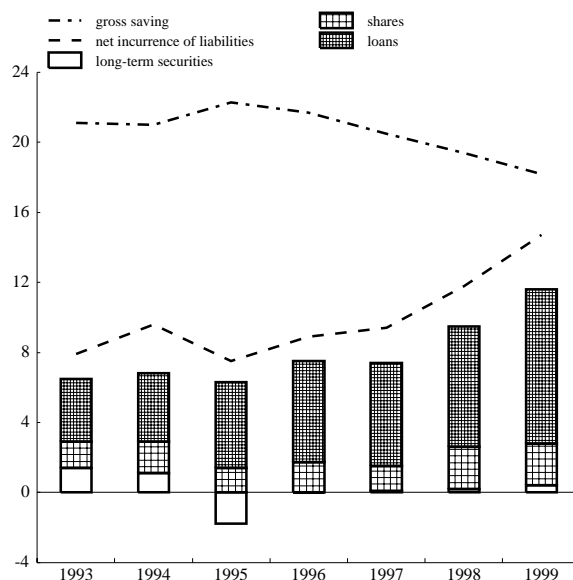
**Investment and financing of private non-financial sectors <sup>1)2)</sup>**

(as a percentage of GDP)

**Investment**



**Financing**



Source: ECB.

1) Selected items of investment and financing.

2) Private non-financial sectors comprise non-financial corporations, households and non-profit institutions serving households.

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

5) Column 14 ÷ (column 12 + column 14).

# 7 General government fiscal position in the euro area and in the euro area countries

**Table 7.1**

## Revenue, expenditure and deficit / surplus <sup>1)</sup>

(as a percentage of GDP)

### 1. Euro area – revenue

	Total	Current revenue					Indirect taxes	Received by EU institutions	Social contributions		Sales	Capital revenue	Capital taxes	Memo: fiscal burden <sup>2)</sup>
		Direct taxes	Households	Corporations	Employers	Employees								
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	46.3	46.0	11.8	9.5	2.2	13.0	0.9	16.7	8.5	5.1	2.3	0.3	0.2	41.7
1992	47.4	46.7	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.2	2.4	0.7	0.6	42.5
1993	48.0	47.5	12.1	10.0	2.1	13.2	0.8	17.4	8.6	5.3	2.5	0.5	0.3	43.0
1994	47.5	47.1	11.6	9.5	2.0	13.5	0.8	17.5	8.5	5.4	2.5	0.4	0.2	42.7
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.4	2.5	0.5	0.3	42.6
1996	48.0	47.5	12.0	9.6	2.3	13.4	0.8	17.6	8.7	5.4	2.5	0.5	0.3	43.3
1997	48.2	47.6	12.2	9.6	2.6	13.6	0.7	17.6	8.7	5.3	2.5	0.7	0.4	43.7
1998	47.7	47.2	12.4	9.9	2.5	14.1	0.7	16.5	8.5	4.8	2.5	0.5	0.3	43.3
1999	48.3	47.7	12.8	10.1	2.7	14.4	0.6	16.4	8.5	4.8	2.4	0.6	0.3	43.9
2000	47.9	47.4	13.0	10.1	2.7	14.2	0.6	16.2	8.5	4.7	2.4	0.5	0.3	43.7

### 2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure <sup>4)</sup>
		Total	Compensation of employees	Inter-mediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>		Subsidies					
							Social payments <sup>3)</sup>	Paid by EU institutions						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	51.0	46.2	11.2	4.9	5.3	24.8	21.0	2.4	0.6	4.9	3.2	1.6	0.0	45.8
1992	52.2	47.5	11.4	5.0	5.7	25.5	21.9	2.3	0.5	4.7	3.2	1.5	0.0	46.5
1993	53.7	49.1	11.6	5.2	5.9	26.5	22.8	2.4	0.6	4.6	3.1	1.6	0.1	47.8
1994	52.6	48.2	11.3	5.0	5.5	26.5	22.9	2.3	0.5	4.3	2.9	1.5	0.1	47.1
1995	52.2	47.7	11.2	4.8	5.7	26.1	22.8	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.2	48.3	11.2	4.8	5.7	26.6	23.2	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.8	47.1	11.0	4.7	5.1	26.2	23.1	2.1	0.5	3.7	2.4	1.3	0.1	45.7
1998	49.8	46.0	10.7	4.6	4.7	25.9	22.6	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.5	45.4	10.7	4.7	4.2	25.8	22.6	2.0	0.5	4.1	2.5	1.6	0.1	45.3
2000	48.6	44.7	10.5	4.7	4.0	25.5	22.2	1.9	0.5	3.9	2.5	1.4	0.1	43.5

### 3. Euro area – deficit / surplus, primary deficit / surplus and government consumption

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+)	Government consumption <sup>5)</sup>							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Inter-mediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
1991	-4.7	-4.6	-0.3	-0.1	0.3	0.6	20.3	11.2	4.9	4.7	1.8	-2.3	.	.
1992	-4.8	-4.2	-0.3	-0.2	0.0	0.8	20.8	11.4	5.0	4.9	1.8	-2.4	8.8	12.0
1993	-5.7	-4.9	-0.5	-0.2	-0.1	0.3	21.2	11.6	5.2	5.0	1.8	-2.5	8.9	12.2
1994	-5.0	-4.3	-0.5	-0.2	0.0	0.5	20.8	11.3	5.0	5.0	1.8	-2.5	8.6	12.1
1995	-5.0	-4.2	-0.5	-0.1	-0.3	0.7	20.5	11.2	4.8	5.1	1.8	-2.5	8.4	12.0
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	4.8	5.2	1.8	-2.5	8.5	12.1
1997	-2.6	-2.2	-0.4	0.1	0.0	2.5	20.3	11.0	4.7	5.1	1.8	-2.5	8.4	12.0
1998	-2.1	-2.1	-0.3	0.2	0.1	2.5	20.0	10.7	4.6	5.1	1.7	-2.5	8.1	11.8
1999	-1.2	-1.6	-0.1	0.1	0.4	3.0	20.0	10.7	4.7	5.1	1.7	-2.4	8.1	11.8
2000	-0.7	-1.2	-0.1	0.2	0.5	3.3	19.8	10.5	4.7	5.1	1.7	-2.4	8.0	11.8

### 4. Euro area countries – deficit (-) / surplus (+)

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1997	-1.9	-2.7	-4.6	-3.2	-3.0	0.7	-2.7	3.6	-1.1	-1.7	-2.7	-1.5
1998	-0.9	-2.1	-3.2	-2.6	-2.7	2.1	-2.8	3.2	-0.7	-2.3	-2.2	1.3
1999	-0.7	-1.4	-1.8	-1.2	-1.6	2.1	-1.8	4.7	1.0	-2.1	-2.0	1.8
2000	0.0	1.3	-0.9	-0.3	-1.3	4.5	-0.3	5.3	2.0	-1.1	-1.4	6.7

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit / surplus (including proceeds from sales of UMTS licences).

- 1) Revenue, expenditure and deficit / surplus based on the ESA 95, but the figures exclude proceeds from sales of UMTS licences in 2000 (the euro area deficit / surplus including those proceeds is equal to 0.4). Data before 1995 are partially estimated. Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.
- 2) The fiscal burden comprises taxes and social contributions.
- 3) Comprises social benefits, social transfers in kind via market producers and transfers to non-profit institutions serving households.
- 4) Comprises total expenditure minus interest expenditure.
- 5) Corresponds to final consumption expenditure (P.3) of the general government in the ESA 95.

**Table 7.2****Debt <sup>1)</sup>***(as a percentage of GDP)***1. Euro area – government debt by financial instrument and sector of the holder**

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFI's	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.4	2.6	16.0	9.6	29.1	48.1	24.6	7.0	16.4	9.3
1992	60.9	2.6	16.7	10.1	31.5	50.2	26.4	7.3	16.5	10.7
1993	67.2	2.7	17.6	9.9	37.0	52.5	27.6	8.4	16.4	14.7
1994	70.0	2.9	16.7	10.3	40.0	56.1	29.8	9.7	16.6	13.8
1995	74.2	2.9	18.2	9.8	43.1	58.6	30.5	10.9	17.1	15.6
1996	75.4	2.9	17.8	9.9	44.8	59.2	30.3	13.2	15.8	16.2
1997	74.8	2.9	17.0	8.9	46.1	57.1	29.1	14.4	13.7	17.7
1998	73.1	2.8	15.8	7.9	46.6	53.5	27.0	16.2	10.4	19.6
1999	72.0	2.9	14.8	6.8	47.4	50.1	25.3	15.0	9.8	21.9
2000	69.6	2.7	13.7	6.2	46.9	46.6	23.5	13.6	9.5	23.0

**2. Euro area – government debt by issuer, maturity and currency denomination**

	Total	Issued by <sup>4)</sup>				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency <sup>5)</sup>	Non-domestic currency	Other currencies
1991	57.4	46.3	4.5	6.3	0.3	11.8	45.6	4.8	17.6	18.5	21.3	56.2	1.7	1.1
1992	60.9	49.4	4.7	6.3	0.4	12.2	48.7	6.3	17.8	21.1	22.0	59.6	2.1	1.3
1993	67.2	54.9	5.2	6.6	0.6	11.9	55.3	6.7	18.5	24.4	24.3	65.5	2.7	1.7
1994	70.0	57.5	5.4	6.4	0.7	11.2	58.8	7.4	16.6	26.6	26.8	68.0	2.7	2.0
1995	74.2	61.3	5.7	6.3	0.8	10.6	63.5	6.9	17.6	26.2	30.3	72.1	2.7	2.0
1996	75.4	62.6	6.1	6.2	0.5	10.2	65.2	6.3	19.2	25.3	30.9	73.3	2.5	2.0
1997	74.8	62.0	6.3	5.9	0.6	8.8	66.0	6.0	18.6	25.2	31.0	72.7	2.5	2.1
1998	73.1	60.7	6.3	5.7	0.4	7.7	65.4	5.5	16.3	25.9	30.8	71.2	2.8	1.8
1999	72.0	59.8	6.2	5.6	0.3	6.9	65.1	5.0	14.4	26.7	30.8	70.1	-	1.8
2000	69.6	57.8	6.1	5.3	0.3	5.5	64.1	4.5	.	.	.	67.8	-	1.8

**3. Euro area countries – government debt**

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1997	125.3	60.9	108.3	66.7	59.3	65.1	120.1	6.0	70.0	64.7	59.1	54.1
1998	119.8	60.7	105.5	64.7	59.7	55.0	116.2	6.4	66.8	63.9	55.3	48.8
1999	116.4	61.1	104.6	63.4	58.7	50.1	114.5	6.0	63.2	64.7	55.0	46.9
2000	110.9	60.2	103.9	60.6	58.0	39.1	110.2	5.3	56.3	62.8	53.8	44.0

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' debt.

1) Data are partially estimated. General government gross consolidated debt at nominal value at the end of the year.

Holdings by other governments are not consolidated.

2) Holders resident in the country whose government has issued the debt.

3) Includes residents of euro area countries other than the country whose government has issued the debt.

4) Excludes debt held by general government in the country whose government has issued it.

5) Before 1999, comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

**Table 7.3****Change in debt <sup>1)</sup>***(as a percentage of GDP)***1. Euro area – change in government debt by source, financial instrument and sector of the holder**

	Total	Source of change				Financial instrument				Holder			
		Borrowing requirement <sup>2)</sup>	Valuation effects <sup>3)</sup>	Other changes in volume <sup>4)</sup>	Aggregation effect <sup>5)</sup>	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>6)</sup>	MFIs	Other financial corporations	Other creditors <sup>7)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	5.2	5.1	0.0	0.2	-0.1	0.2	1.2	0.0	3.9	.	.	.	.
1992	6.8	5.6	0.3	0.7	0.1	0.1	1.6	1.0	4.0	4.9	3.1	0.7	1.9
1993	8.0	7.5	0.3	0.1	0.1	0.2	1.3	0.1	6.4	3.7	2.0	1.3	4.4
1994	6.1	5.2	0.2	0.7	0.0	0.4	0.0	0.9	4.8	6.3	3.6	1.7	-0.2
1995	7.7	5.5	0.2	2.2	-0.2	0.2	2.3	0.0	5.2	5.3	2.2	1.7	2.5
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.2	0.4	3.2	2.7	0.8	2.6	1.1
1997	2.3	2.4	0.2	-0.2	0.0	0.0	-0.1	-0.6	3.0	0.2	-0.1	1.8	2.1
1998	1.6	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.1	-0.8	2.4	2.7
1999	1.6	1.3	0.3	0.0	0.0	0.2	-0.4	-0.8	2.6	-1.4	-0.6	-0.6	3.0
2000	0.8	0.8	0.1	0.0	0.0	-0.1	-0.4	-0.3	1.6	-1.2	-0.7	-0.7	2.1

**2. Euro area – deficit-debt adjustment**

	Change in debt	Deficit (-)/surplus (+) <sup>8)</sup>	Deficit-debt adjustment <sup>9)</sup>											
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	Other <sup>11)</sup>
				Total	Currency and deposits	Securities <sup>10)</sup>	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	5.2	-4.7	0.5	1.0	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.8
1992	6.8	-4.8	1.9	0.8	0.2	0.1	0.3	0.1	-0.1	0.2	0.3	0.3	0.7	0.1
1993	8.0	-5.7	2.4	1.4	1.0	0.2	0.4	-0.2	-0.3	0.2	0.3	0.3	0.1	0.6
1994	6.1	-5.0	1.1	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	0.0
1995	7.7	-5.0	2.7	0.6	0.0	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.8	-4.3	-0.4	-0.1	-0.1	0.0	0.0	0.0	-0.3	0.2	-0.2	-0.1	0.1	-0.3
1997	2.3	-2.6	-0.2	-0.5	0.1	-0.1	-0.1	-0.4	-0.8	0.3	0.2	0.2	-0.2	0.2
1998	1.6	-2.1	-0.5	-0.6	0.2	0.0	-0.2	-0.5	-0.9	0.2	-0.2	0.0	0.0	0.3
1999	1.6	-1.2	0.4	0.2	0.5	0.1	0.1	-0.5	-0.8	0.2	0.3	0.2	0.0	-0.1
2000	0.8	0.4	1.2	1.0	0.7	0.2	0.1	-0.1	-0.4	0.2	0.1	0.0	0.0	0.2

Source: ECB.

- 1) Data are partially estimated. Annual change in gross nominal consolidated debt expressed as a percentage of GDP [ $debt(t) - debt(t-1) \div GDP(t)$ ].
- 2) The borrowing requirement is by definition equal to transactions in government debt.
- 3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
- 4) Comprises, in particular, the impact of the reclassification of units and certain types of debt assumption.
- 5) The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt, due to variations in the exchange rates used for aggregation before 1999.
- 6) Holders resident in the country whose government has issued the debt.
- 7) Includes residents of euro area countries other than the country whose government has issued the debt.
- 8) Including proceeds from sales of UMTS licences.
- 9) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 10) Excluding financial derivatives.
- 11) Comprises mainly transactions in other assets and liabilities (trade credit, other receivables/payables and financial derivatives).

## 8 Balance of payments and international investment position of the euro area (including reserves)

**Table 8.1**

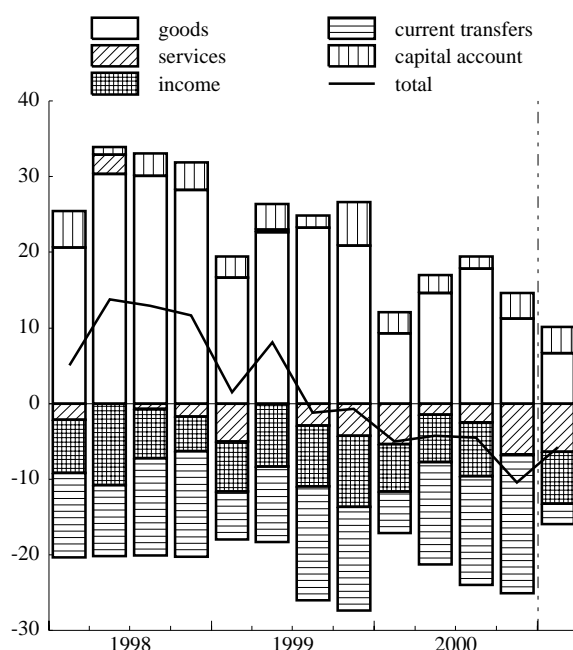
### Summary balance of payments <sup>1) 2)</sup>

(EUR billions (ECU billions to end-1998); net flows)

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	61.5	115.7	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.1	109.3	-2.0	-28.8	-47.4	12.4	-61.2	-83.2	-99.7	-7.5	120.9	8.2	17.8
1999	-5.8	83.4	-11.8	-32.4	-45.0	13.5	19.1	-120.6	-41.7	8.1	163.1	10.2	-26.8
2000	-34.4	53.0	-15.9	-19.7	-51.8	10.2	1.3	-21.5	-136.4	-2.0	143.5	17.5	22.9
2000 Q1	-7.9	9.3	-5.3	-6.3	-5.5	2.8	47.8	148.0	-192.6	2.5	91.3	-1.4	-42.7
Q2	-6.6	14.7	-1.4	-6.3	-13.5	2.4	-2.9	-18.2	51.9	4.8	-45.3	3.8	7.2
Q3	-6.1	17.9	-2.5	-7.1	-14.4	1.6	-14.0	-94.3	3.5	0.4	71.9	4.5	18.5
Q4	-13.8	11.2	-6.7	-0.1	-18.3	3.4	-29.5	-57.0	0.9	-9.7	25.6	10.7	40.0
2000 Jan.	-9.0	-0.5	-2.1	-5.0	-1.3	1.4	19.2	0.8	-5.3	-0.8	26.7	-2.2	-11.6
Feb.	0.0	4.2	-2.1	-1.0	-1.2	0.1	-1.9	146.0	-152.9	1.9	2.8	0.3	1.8
Mar.	1.2	5.6	-1.1	-0.3	-3.0	1.3	30.5	1.1	-34.4	1.4	61.8	0.5	-32.9
Apr.	-5.9	4.3	-1.3	-3.8	-5.1	1.5	2.7	1.1	-5.9	2.1	5.1	0.2	1.6
May	-0.1	4.4	-0.3	-1.0	-3.1	0.6	10.5	-8.7	1.9	0.3	15.7	1.3	-11.0
June	-0.6	5.9	0.2	-1.5	-5.3	0.2	-16.2	-10.6	55.8	2.3	-66.1	2.3	16.5
July	-2.2	8.1	0.0	-4.6	-5.8	0.5	-12.0	-24.6	-12.9	-0.4	26.3	-0.4	13.8
Aug.	-3.9	4.1	-0.6	-1.6	-5.8	0.2	0.6	-41.1	13.6	-0.9	27.8	1.2	3.1
Sep.	0.1	5.7	-1.9	-0.9	-2.9	0.9	-2.5	-28.6	2.8	1.8	17.8	3.7	1.6
Oct.	-2.2	6.0	-1.8	0.1	-6.5	0.2	-9.9	-16.4	-4.4	-2.3	12.4	0.7	11.8
Nov.	-2.9	3.9	-1.0	-0.1	-5.7	1.5	-11.6	-10.0	-3.9	-3.2	-2.1	7.7	13.0
Dec.	-8.8	1.4	-3.9	-0.1	-6.1	1.7	-8.1	-30.7	9.2	-4.2	15.3	2.3	15.2
<i>Euro area enlargement</i>													
2001 Q1	-9.2	6.7	-6.3	-6.9	-2.7	3.5	18.0	-47.5	-38.5	-2.2	95.1	11.1	-12.2
2001 Jan.	-8.5	-1.9	-2.5	-6.7	2.5	1.4	-4.7	-4.5	-45.5	-5.1	47.9	2.4	11.9
Feb.	2.1	3.3	-1.1	0.5	-0.6	1.6	2.1	-0.8	0.9	-1.0	-3.2	6.1	-5.7
Mar.	-2.8	5.3	-2.8	-0.7	-4.6	0.5	20.6	-42.3	6.1	3.9	50.3	2.6	-18.3

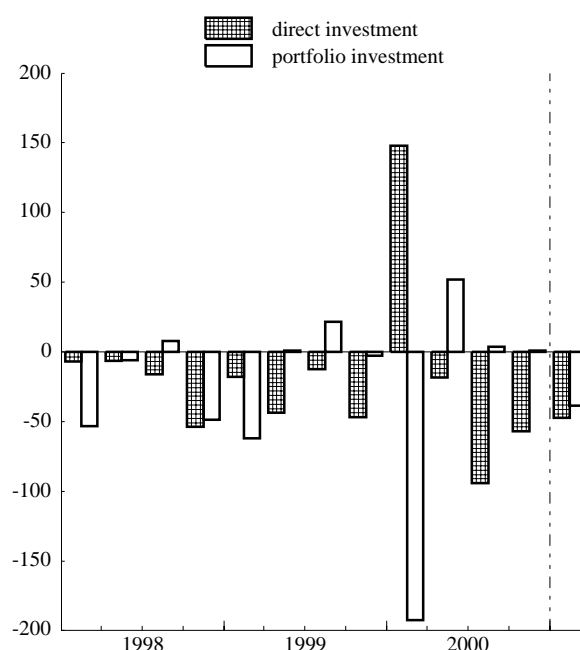
### Current and capital accounts

(EUR billions (ECU billions to end-1998); net flows)



### Direct and portfolio investment

(EUR billions (ECU billions to end-1998); net flows)



Source: ECB.

1) Inflows (+); outflows (-). Reserve assets: increase (-); decrease (+).

2) For the comparability of recent and some earlier data, see the general notes.

**Table 8.2****Balance of payments: current and capital accounts <sup>1)</sup>***(EUR billions (ECU billions to end-1998); gross flows)*

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit 11	Debit 12
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1997	1,212.9	1,151.4	749.1	633.4	214.2	211.0	189.5	204.7	60.1	102.3	18.9	5.9
1998	1,270.2	1,239.2	779.2	669.9	229.8	231.9	198.5	227.3	62.7	110.0	17.7	5.3
1999	1,335.6	1,341.4	814.5	731.1	241.5	253.3	213.2	245.6	66.4	111.5	19.7	6.2
2000	1,573.9	1,608.4	978.1	925.1	269.4	285.4	259.9	279.6	66.5	118.3	19.1	8.9
2000 Q1	359.5	367.4	221.2	211.9	58.5	63.8	54.7	61.0	25.2	30.7	4.3	1.4
Q2	387.7	394.3	239.0	224.3	66.8	68.3	66.9	73.2	14.9	28.4	4.7	2.4
Q3	391.5	397.6	244.6	226.7	70.7	73.2	64.2	71.3	11.9	26.4	4.3	2.7
Q4	435.2	449.1	273.4	262.1	73.4	80.1	74.0	74.1	14.5	32.8	5.8	2.3
2000 Jan.	111.9	121.0	64.5	65.0	18.2	20.4	16.4	21.4	12.9	14.2	1.9	0.5
Feb.	115.8	115.8	72.9	68.7	18.6	20.7	17.4	18.4	6.8	8.0	0.5	0.4
Mar.	131.8	130.6	83.8	78.2	21.7	22.8	20.9	21.1	5.5	8.5	1.8	0.5
Apr.	116.1	121.9	72.2	67.9	20.4	21.7	18.9	22.7	4.5	9.6	2.1	0.5
May	137.7	137.8	84.8	80.4	23.0	23.3	23.9	24.9	6.1	9.2	1.7	1.1
June	133.9	134.5	82.0	76.1	23.5	23.2	24.2	25.6	4.3	9.6	1.0	0.8
July	131.6	133.8	82.4	74.4	24.3	24.3	20.9	25.5	3.9	9.7	1.1	0.6
Aug.	123.8	127.8	77.0	73.0	23.8	24.4	19.4	21.0	3.6	9.4	1.5	1.3
Sep.	136.1	136.0	85.2	79.4	22.6	24.5	23.9	24.8	4.4	7.3	1.7	0.8
Oct.	145.0	147.2	93.2	87.2	24.7	26.6	23.5	23.4	3.6	10.0	0.8	0.6
Nov.	144.8	147.7	93.3	89.4	23.7	24.7	23.0	23.1	4.8	10.5	2.1	0.6
Dec.	145.4	154.2	86.9	85.6	24.9	28.8	27.5	27.6	6.1	12.2	2.8	1.1
<i>Euro area enlargement</i>												
2001 Q1	413.9	423.2	252.6	245.9	63.7	70.1	69.5	76.4	28.1	30.8	4.9	1.4
2001 Jan.	138.2	146.8	79.4	81.3	21.2	23.7	22.5	29.2	15.0	12.6	1.9	0.5
Feb.	133.0	130.9	81.5	78.3	20.9	22.0	23.0	22.5	7.5	8.1	2.0	0.4
Mar.	142.8	145.5	91.6	86.3	21.6	24.4	24.0	24.7	5.6	10.1	1.0	0.5

Source: ECB.

1) For the comparability of recent and some earlier data, see the general notes.

**Table 8.3****Balance of payments: income account***(EUR billions; gross flows)*

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	213.2	245.6	12.4	5.0	200.8	240.6	44.1	45.4	64.1	105.9	92.6	89.4
2000	259.9	279.6	12.6	5.2	247.2	274.4	65.8	57.5	67.4	103.1	114.0	113.7
1999 Q4	52.5	61.9	3.3	1.4	49.1	60.5	11.7	13.0	15.1	23.8	22.4	23.7
2000 Q1	54.7	61.0	3.1	1.1	51.5	59.9	13.3	13.5	13.5	21.7	24.8	24.7
Q2	66.9	73.2	3.0	1.4	64.0	71.9	19.2	13.8	17.2	30.8	27.6	27.3
Q3	64.2	71.3	3.1	1.4	61.1	69.9	15.4	15.1	17.7	26.6	28.1	28.3
Q4	74.0	74.1	3.4	1.3	70.6	72.7	18.0	15.2	19.1	24.1	33.5	33.4

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Total		Bonds and notes		Money market instruments	
							Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999	37.7	41.5	6.4	3.8	9.6	32.5	54.5	73.4	51.7	71.7	2.9	1.7
2000	56.0	50.2	9.8	7.4	11.6	37.7	55.9	65.4	.	.	.	.
1999 Q4	9.7	11.9	2.0	1.1	2.3	5.9	12.8	17.9	12.1	17.9	0.7	0.0
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	.	.	.	.
Q2	16.9	12.2	2.3	1.6	3.5	17.2	13.7	13.5	.	.	.	.
Q3	13.2	13.1	2.2	2.0	3.1	7.9	14.6	18.7	.	.	.	.
Q4	14.9	12.9	3.0	2.3	3.1	6.8	16.0	17.3	.	.	.	.

Source: ECB.



**Table 8.4****Balance of payments: direct investment account <sup>1)</sup>***(EUR billions (ECU billions to end-1998); net flows)*

	Abroad			In the euro area			
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6	
1997	-93.1	.	.	48.6	.	.	
1998	-175.0	.	.	91.8	.	.	
1999	-286.8	-212.2	-74.6	166.2	126.8	39.5	
2000	-335.8	-266.8	-69.0	314.3	192.6	121.7	
2000 Q1	-63.3	-33.2	-30.1	211.3	191.3	20.0	
Q2	-71.9	-44.8	-27.1	53.7	19.3	34.5	
Q3	-117.9	-111.7	-6.2	23.7	15.5	8.2	
Q4	-82.7	-77.2	-5.5	25.6	-33.3	59.0	
2000 Jan.	-7.0	-6.4	-0.5	7.8	7.4	0.4	
Feb.	-20.1	-13.6	-6.5	166.1	159.1	7.1	
Mar.	-36.2	-13.1	-23.1	37.3	24.8	12.6	
Apr.	-16.0	-7.4	-8.6	17.1	5.1	12.0	
May	-33.8	-15.2	-18.6	25.1	11.4	13.7	
June	-22.1	-22.2	0.2	11.5	2.7	8.8	
July	-19.8	-27.9	8.1	-4.7	5.4	-10.2	
Aug.	-54.0	-56.1	2.1	13.0	3.6	9.3	
Sep.	-44.1	-27.7	-16.4	15.4	6.4	9.1	
Oct.	-33.0	-31.9	-1.2	16.7	10.1	6.6	
Nov.	-30.3	-26.1	-4.3	20.3	8.2	12.1	
Dec.	-19.3	-19.3	0.0	-11.4	-51.7	40.3	
		<i>Euro area enlargement</i>					
2001 Q1	-59.6	-28.0	-31.6	12.1	26.7	-14.5	
2001 Jan.	-13.0	-9.0	-4.0	8.5	6.2	2.3	
Feb.	-17.1	-7.7	-9.5	16.4	13.9	2.5	
Mar.	-29.5	-11.3	-18.1	-12.8	6.6	-19.4	

Source: ECB.

1) Inflows (+); outflows (-).

**Table 8.5**
**Balance of payments: portfolio investment account <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); net flows)*
**1. By instrument <sup>2)</sup>**

	Total		Equity		Debt instruments							
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities				
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments		
1	2	3	4	5	6	7	8	9	10			
1998	-327.6	227.9	-105.5	105.9	-222.1	-203.8	-18.2	122.0	108.3	13.7		
1999	-309.6	267.8	-155.4	106.0	-154.1	-153.6	-0.5	161.8	109.0	52.8		
2000	-403.9	267.5	-285.1	4.9	-118.8	-111.6	-7.2	262.7	227.8	34.9		
2000 Q1	-153.9	-38.8	-116.9	-105.7	-37.0	-38.6	1.6	67.0	46.8	20.2		
Q2	-85.2	137.0	-54.3	52.4	-30.9	-24.6	-6.3	84.6	50.7	33.9		
Q3	-91.8	95.3	-56.1	29.7	-35.7	-30.8	-4.9	65.6	73.6	-8.1		
Q4	-73.1	74.0	-57.8	28.5	-15.3	-17.6	2.3	45.5	56.6	-11.1		
2000 Jan.	-23.5	18.2	-21.8	7.2	-1.7	-8.8	7.1	11.0	11.8	-0.9		
Feb.	-87.2	-65.7	-68.7	-92.5	-18.6	-15.7	-2.8	26.9	12.8	14.1		
Mar.	-43.2	8.7	-26.5	-20.4	-16.7	-14.1	-2.6	29.1	22.2	6.9		
Apr.	-28.0	22.2	-17.5	-2.9	-10.5	-9.1	-1.4	25.1	13.0	12.1		
May	-28.1	29.9	-18.6	8.4	-9.5	-6.1	-3.4	21.5	18.4	3.1		
June	-29.1	84.9	-18.2	47.0	-10.9	-9.4	-1.5	38.0	19.3	18.7		
July	-36.9	24.0	-26.2	5.7	-10.7	-8.3	-2.4	18.3	25.3	-7.0		
Aug.	-23.9	37.5	-20.4	18.2	-3.5	-1.5	-2.0	19.4	18.0	1.4		
Sep.	-30.9	33.7	-9.5	5.8	-21.5	-21.0	-0.4	27.9	30.4	-2.5		
Oct.	-17.9	13.5	-9.2	-2.4	-8.7	-10.9	2.2	15.9	23.1	-7.2		
Nov.	-28.7	24.8	-16.0	6.0	-12.8	-11.7	-1.1	18.8	23.9	-5.1		
Dec.	-26.5	35.7	-32.7	24.9	6.2	5.0	1.2	10.8	9.6	1.2		
				<i>Euro area enlargement</i>								
2001 Q1	-78.4	39.9	-23.1	16.6	-55.3	-38.8	-16.5	23.3	24.3	-1.0		
2001 Jan.	-34.3	-11.2	-17.8	-2.1	-16.5	-6.6	-10.0	-9.1	-9.6	0.5		
Feb.	-29.3	30.2	-11.0	13.5	-18.3	-16.7	-1.6	16.8	17.3	-0.5		
Mar.	-14.8	20.8	5.7	5.2	-20.5	-15.5	-4.9	15.6	16.7	-1.1		

**2. Assets by instrument and sector of holder**

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	
1999	0.1	-2.1	-1.7	-151.8	0.1	-1.7	-15.2	-136.8	0.9	-0.1	-7.5	6.2
2000	-0.1	-2.4	-4.6	-278.0	-1.9	-1.2	-45.9	-62.6	2.1	-0.3	3.3	-12.3
1999 Q4	0.0	-0.9	-1.0	-53.5	-0.4	-0.3	-4.3	-10.4	-0.4	0.1	-4.7	-10.6
2000 Q1	0.0	-0.7	1.7	-117.9	-1.2	-0.1	-15.5	-21.7	1.2	0.1	3.2	-2.8
Q2	0.0	-0.7	1.5	-55.1	0.6	-0.7	-7.7	-16.8	0.0	0.0	1.3	-7.5
Q3	-0.1	-0.4	-2.8	-52.8	-2.3	-0.4	-19.4	-8.8	0.5	-1.3	-1.0	-3.1
Q4	0.0	-0.6	-5.0	-52.2	0.9	0.0	-3.2	-15.3	0.6	0.9	-0.2	1.1

*Source: ECB.*
*1) Inflows (+); outflows (-).*
*2) For the comparability of recent and some earlier data, see the general notes.*

**Table 8.6****Balance of payments: other investment account and reserve assets***(EUR billions (ECU billions to end-1998); net flows)***1. Other investment by sector <sup>1) 2)</sup>**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-82.3	203.2	-0.7	3.5	-1.0	-7.6	-22.6	192.5	-37.6	40.5	15.0	152.0	-58.0	14.9
1999	-20.9	184.0	0.0	4.6	2.8	-12.5	18.2	159.6	-46.4	54.4	64.6	105.2	-41.9	32.3
2000	-184.9	328.4	0.0	-1.8	-4.0	2.5	-128.6	276.3	-47.3	46.6	-81.3	229.7	-52.3	51.4
2000 Q1	-78.9	170.2	0.0	-5.1	-6.0	-2.7	-30.0	163.1	-11.2	20.0	-18.8	143.1	-42.8	14.9
Q2	-29.3	-16.0	0.0	3.1	1.0	-0.3	-21.1	-20.7	-4.9	7.6	-16.2	-28.3	-9.3	2.0
Q3	-29.2	101.1	0.0	-1.7	-4.0	1.4	-14.3	72.3	-9.6	8.9	-4.7	63.4	-11.0	29.0
Q4	-47.5	73.1	0.0	2.0	5.0	4.1	-63.3	61.6	-21.7	10.0	-41.6	51.5	10.7	5.5
2000 Jan.	-21.1	47.8	0.0	0.1	-2.9	-1.0	-2.6	43.4	-3.9	6.2	1.4	37.2	-15.6	5.3
Feb.	-30.1	33.0	0.0	-1.8	-2.7	-0.3	-17.4	26.4	-4.9	7.7	-12.5	18.7	-10.0	8.6
Mar.	-27.6	89.4	0.0	-3.5	-0.4	-1.4	-10.0	93.3	-2.3	6.1	-7.7	87.2	-17.2	1.0
Apr.	-34.9	40.1	0.0	3.1	0.4	-0.5	-30.8	37.1	-5.4	5.7	-25.5	31.4	-4.5	0.4
May	-14.0	29.7	0.0	-2.4	0.5	0.6	-9.1	27.8	-0.5	-0.8	-8.5	28.7	-5.4	3.6
June	19.6	-85.7	0.0	2.3	0.2	-0.4	18.8	-85.7	1.0	2.6	17.8	-88.3	0.6	-2.0
July	5.4	20.9	0.0	-1.6	3.5	1.2	9.3	16.6	-7.0	7.6	16.3	8.9	-7.4	4.7
Aug.	-26.2	54.0	0.0	-1.8	-1.5	1.0	-19.3	24.8	-0.7	-1.1	-18.6	25.9	-5.3	30.0
Sep.	-8.5	26.2	0.0	1.7	-6.0	-0.7	-4.2	31.0	-1.9	2.4	-2.3	28.6	1.7	-5.7
Oct.	-8.5	20.9	0.0	0.3	8.2	1.6	-16.5	18.5	-3.1	6.4	-13.4	12.1	-0.1	0.5
Nov.	-49.4	47.2	0.0	0.7	-3.2	0.9	-48.5	49.1	-6.5	7.5	-42.0	41.6	2.4	-3.5
Dec.	10.3	5.0	0.0	1.0	0.1	1.6	1.8	-6.0	-12.1	-3.8	13.8	-2.2	8.5	8.4
							<i>Euro area enlargement</i>							
2001 Q1	-145.0	240.1	1.2	-2.1	2.9	-8.8	-136.9	255.1	-10.0	2.6	-126.9	252.4	-12.1	-4.1
2001 Jan.	-50.4	98.3	0.6	1.4	3.7	-6.1	-53.7	103.1	-4.2	-1.1	-49.5	104.2	-1.0	-0.1
Feb.	-6.9	3.7	0.4	-2.1	0.3	-4.2	-0.8	9.8	-3.5	4.7	2.7	5.1	-6.7	0.2
Mar.	-87.8	138.1	0.2	-1.4	-1.1	1.5	-82.5	142.2	-2.3	-0.9	-80.1	143.1	-4.4	-4.2

**2. Other investment by sector and instrument <sup>1)</sup>****2.1. Eurosystem**

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
1999	0.0	5.5	5.5	0.0	-0.9	-0.9
2000	0.0	-1.8	-1.8	0.0	0.0	0.0
1999 Q4	0.0	2.4	2.4	0.0	0.0	0.0
2000 Q1	0.0	-5.1	-5.1	0.0	0.0	0.0
Q2	0.0	3.0	3.0	0.0	0.0	0.0
Q3	0.0	-1.8	-1.8	0.0	0.0	0.0
Q4	0.0	2.0	2.0	0.0	0.0	0.0

Source: ECB.

1) Inflows (+); outflows (-).

2) For the comparability of recent and some earlier data, see the general notes.

## 2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	0.0	0.0	0.0	3.9	-12.6	-8.7	-1.2	0.2	-1.0
2000	0.0	0.0	0.1	-3.7	-1.8	-5.4	-0.3	4.3	3.9
1999 Q4	0.0	0.0	0.0	0.0	-3.9	-3.9	0.4	0.0	0.4
2000 Q1	0.0	0.0	0.0	-5.9	-2.3	-8.2	-0.1	-0.4	-0.5
Q2	0.0	0.0	0.0	1.2	-0.5	0.7	-0.2	0.2	0.0
Q3	0.0	0.0	0.0	-4.0	0.6	-3.4	0.0	0.8	0.8
Q4	0.1	0.0	0.1	5.0	0.4	5.5	-0.1	3.7	3.6

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.7	158.9	176.6	0.5	0.7	1.2
2000	-123.9	267.7	143.7	-4.7	8.6	4.0
1999 Q4	0.5	37.5	37.9	-0.7	1.5	0.8
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1
Q2	-22.3	-21.5	-43.8	1.2	0.8	2.0
Q3	-12.8	72.2	59.4	-1.4	0.1	-1.3
Q4	-61.1	53.9	-7.2	-2.2	7.7	5.5

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-6.4	3.4	-3.0	-13.2	17.5	4.3	-22.4	11.4	-11.0
2000	-13.6	6.5	-7.1	-34.5	53.5	19.0	-4.2	-8.6	-12.8
1999 Q4	-1.3	2.1	0.8	16.6	0.2	16.8	-4.0	1.7	-2.3
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8
Q2	-3.9	0.3	-3.6	-5.3	2.8	-2.5	-0.1	-1.0	-1.1
Q3	-2.1	2.1	0.0	-8.0	27.1	19.1	-0.9	-0.2	-1.1
Q4	-3.3	1.2	-2.1	16.9	5.2	22.1	-2.9	-1.0	-3.8

## 3. Reserve assets <sup>1)</sup>

	Total 1	Monetary gold 2	Special drawing rights 3	Reserve position in the IMF 4	Foreign exchange							Other claims 12
					Total 5	Currency and deposits		Securities			Financial derivatives 11	
						With monetary authorities and the BIS 6	With banks 7	Equity 8	Bonds and notes 9	Money market instruments 10		
1999	10.2	0.3	1.0	2.0	7.1	2.3	-1.0	0.2	3.6	2.1	-0.1	0.0
2000	17.5	1.0	0.3	2.9	12.8	4.0	4.2	0.0	-5.7	10.4	-0.2	0.5
1999 Q4	-0.5	0.3	-0.7	0.2	-0.3	1.0	3.0	0.0	-1.9	-2.3	-0.1	-0.1
2000 Q1	-1.4	0.7	0.2	0.2	-2.8	2.3	-4.5	0.0	2.6	-3.1	0.0	0.2
Q2	3.8	0.0	-0.1	3.3	0.7	-0.9	0.2	0.0	-3.7	5.3	-0.2	-0.1
Q3	4.5	0.3	-0.1	0.0	4.3	1.5	4.8	0.0	-5.4	3.5	-0.1	0.0
Q4	10.7	0.0	0.3	-0.6	10.5	1.1	3.8	0.0	0.9	4.7	0.0	0.5

Source: ECB.

1) Increase (-); decrease (+).

**Table 8.7****International investment position and reserve assets outstanding****1. Net international investment position <sup>1)</sup>***(EUR billions (ECU billions in 1997); assets minus liabilities; end-of-period positions)*

	Total	Direct investment			Portfolio investment					Financial derivatives	Other investment				Reserve assets
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments				Total	Trade credits	Loans/currency and deposits	Other assets/liabilities	
							Total	Bonds and notes	Money market instruments						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	32.7	177.6	148.6	29.1	-724.7	-358.7	-366.0	-339.8	-26.2	-5.9	222.4	79.8	51.3	91.4	363.3
1998	-175.3	136.4	112.7	23.7	-704.6	-476.0	-228.6	-205.4	-23.2	2.2	61.5	99.7	-102.1	63.9	329.2
1999	-131.0	373.4	290.8	82.6	-730.9	-596.8	-134.1	-72.7	-61.4	1.9	-147.8	112.6	-340.4	80.0	372.3

Source: ECB.

1) For the comparability of recent and some earlier data, see the general notes.

## 2. Reserves and related assets of the Eurosystem and of the European Central Bank <sup>1)</sup>

(EUR billions; end-of-period positions, unless otherwise indicated)

	Reserve assets													Memo: related assets	
	Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denom- inated in foreign currency	
						Total	Currency and deposits		Securities			Financial deriva- tives			
							With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes				Money market instru- ments
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>Eurosystem <sup>2)</sup></b>															
1998 Dec. <sup>3)</sup>	329.2	99.6	404.131	5.2	23.2	199.9	12.6	18.3	169.0	0.0	116.6	52.4	0.0	1.3	7.6
1999 Dec.	372.3	116.4	402.762	4.5	24.3	225.1	12.8	21.7	190.5	0.0	134.0	56.5	0.0	2.1	14.4
2000 Jan. <sup>4)</sup>	378.0	116.2	401.639	4.3	24.4	230.9	14.4	28.0	188.4	-	-	-	0.2	2.3	14.7
Feb. <sup>4)</sup>	383.2	121.1	400.503	4.4	23.9	231.4	12.0	25.8	193.4	-	-	-	0.2	2.4	16.1
Mar.	385.3	116.0	400.503	4.4	24.8	238.8	12.7	25.9	200.1	-	-	-	0.2	1.3	17.0
Apr.	399.7	121.3	400.503	4.3	22.7	249.6	18.2	28.3	202.9	-	-	-	0.2	1.9	18.1
May	388.8	117.2	400.503	4.5	21.1	244.4	16.2	28.8	199.2	-	-	-	0.2	1.6	19.1
June	385.8	120.8	400.503	4.5	20.5	238.3	14.3	24.4	199.4	-	-	-	0.1	1.8	18.3
July <sup>4)</sup>	391.3	119.6	399.539	4.5	20.9	244.4	10.5	27.1	206.6	-	-	-	0.2	1.9	17.5
Aug.	402.6	124.3	399.539	4.8	20.9	251.5	10.9	25.2	215.3	-	-	-	0.2	1.2	17.3
Sep.	408.0	124.7	399.539	4.9	21.3	255.9	11.2	24.3	220.1	-	-	-	0.3	1.2	16.6
Oct. <sup>4)</sup>	416.2	125.6	399.538	4.7	21.5	263.1	10.3	24.3	228.2	-	-	-	0.3	1.4	16.3
Nov. <sup>4)</sup>	400.1	123.8	399.537	4.8	20.8	249.8	9.0	22.6	217.8	-	-	-	0.3	0.9	16.7
Dec.	377.7	117.8	399.537	4.3	20.8	234.1	9.7	19.5	204.4	-	-	-	0.5	0.6	15.8
<b>Euro area enlargement</b>															
2001 1 Jan.	390.9	119.2	404.119	4.4	21.2	245.5	16.8	19.8	208.4	-	-	-	0.5	0.7	16.3
2001 Jan.	386.0	115.0	404.119	4.5	22.3	243.4	11.8	19.9	211.2	-	-	-	0.5	0.8	18.0
Feb.	384.3	116.5	404.119	4.8	21.3	241.0	10.4	21.7	208.4	-	-	-	0.5	0.6	18.3
Mar. <sup>4)</sup>	393.4	117.6	403.153	4.9	21.4	247.5	9.8	27.3	210.0	-	-	-	0.5	2.0	18.6
Apr.	386.7	119.5	403.153	4.9	21.1	240.7	11.5	23.7	205.1	-	-	-	0.4	0.6	20.5
<b>European Central Bank <sup>5)</sup></b>															
1999 Dec.	49.3	7.0	24.030	0.0	0.0	40.9	0.3	6.4	34.3	0.0	28.0	6.3	0.0	1.4	2.6
2000 Jan.	49.9	7.0	24.030	0.0	0.0	41.2	0.4	7.2	33.6	-	-	-	0.0	1.7	3.2
Feb.	48.0	7.3	24.030	0.0	0.0	39.0	0.4	6.1	32.5	-	-	-	0.0	1.7	4.2
Mar.	49.7	7.0	24.030	0.0	0.0	41.9	0.4	7.4	34.1	-	-	-	0.0	0.9	4.3
Apr.	52.7	7.3	24.030	0.0	0.0	44.1	1.1	7.9	35.1	-	-	-	0.0	1.4	4.3
May	50.0	7.0	24.030	0.0	0.0	42.0	1.7	6.0	34.2	-	-	-	0.0	1.0	4.5
June	50.5	7.2	24.030	0.0	0.0	42.1	0.9	6.3	34.9	-	-	-	0.0	1.2	3.7
July	51.0	7.2	24.030	0.0	0.0	42.8	0.5	5.5	36.8	-	-	-	0.0	1.0	4.1
Aug.	55.0	7.5	24.030	0.0	0.0	46.4	0.6	7.5	38.3	-	-	-	0.0	1.2	4.1
Sep.	52.4	7.5	24.030	0.0	0.0	43.7	0.7	6.1	36.9	-	-	-	0.0	1.2	3.7
Oct.	53.8	7.6	24.030	0.0	0.0	44.9	0.7	6.4	37.7	-	-	-	0.0	1.4	4.0
Nov.	47.2	7.4	24.030	0.0	0.0	38.8	0.7	5.0	33.1	-	-	-	0.0	0.9	3.0
Dec.	45.1	7.1	24.030	0.0	0.0	37.3	0.6	6.1	30.6	-	-	-	0.0	0.6	3.8
<b>Euro area enlargement</b>															
2001 Jan.	45.9	7.0	24.656	0.0	0.0	38.2	0.7	2.6	34.9	-	-	-	0.0	0.7	3.5
Feb.	46.7	7.1	24.656	0.0	0.0	38.9	0.6	3.9	34.4	-	-	-	0.0	0.6	3.0
Mar.	46.7	7.2	24.656	0.0	0.0	37.5	0.7	5.2	31.6	-	-	-	0.0	2.0	3.9
Apr.	45.3	7.3	24.656	0.0	0.0	37.5	0.8	5.2	31.5	-	-	-	0.0	0.5	3.6

Source: ECB.

1) More comprehensive data in accordance with the template on international reserves and foreign currency liquidity can be found on the ECB's website.

2) The figures are not fully comparable with those in Table 1.1 owing to differences in coverage and valuation.

3) Position as at 1 January 1999.

4) Changes in the gold holdings of the Eurosystem are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999.

5) Part of the Eurosystem's reserves.

## 9 External trade in goods of the euro area

**Table 9**

### 1. Exports <sup>1)</sup>

(EUR billions (ECU billions to end-1998); f.o.b. value)

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value <sup>2)</sup>	Volume <sup>2)</sup>	Unit value <sup>11</sup>
	1	2	3	4	5	6	7	8	9	10	11
1997	762.8	57.0	16.5	14.4	99.6	217.6	343.8	13.8	122.5	115.9	105.7
1998	797.1	56.2	15.8	12.6	104.4	222.1	371.3	14.7	128.1	120.1	106.6
1999	831.8	55.7	16.4	13.6	114.1	225.9	384.9	21.1	133.6	122.6	109.0
2000	1,004.8	61.4	19.5	23.3	136.2	266.8	468.6	29.0	161.4	136.9	117.9
1998 Q1	194.8	13.9	4.2	3.4	26.7	54.9	88.1	3.7	125.2	116.1	107.8
Q2	204.6	14.6	3.9	3.3	26.9	56.6	95.5	3.7	131.5	123.1	106.8
Q3	196.0	13.4	3.9	3.0	25.8	55.4	90.9	3.6	125.9	118.2	106.5
Q4	201.7	14.2	3.8	2.9	25.0	55.2	96.8	3.7	129.6	123.0	105.4
1999 Q1	187.8	12.4	3.8	2.6	25.9	51.5	86.9	4.7	120.7	112.6	107.2
Q2	203.2	13.5	4.0	3.1	27.9	55.1	94.4	5.2	130.6	119.9	108.9
Q3	209.5	14.0	4.1	3.9	29.6	56.9	95.4	5.7	134.6	123.0	109.5
Q4	231.3	15.8	4.5	4.1	30.7	62.4	108.3	5.5	148.6	135.0	110.1
2000 Q1	229.9	13.8	4.7	5.1	32.0	62.1	105.2	7.0	147.7	129.1	114.4
Q2	247.5	15.1	5.0	5.3	33.2	64.9	116.6	7.4	159.0	136.7	116.3
Q3	250.2	15.2	4.7	6.1	34.9	66.9	115.1	7.2	160.8	134.5	119.5
Q4	277.2	17.3	5.0	6.8	36.0	72.9	131.8	7.4	178.2	147.2	121.0
1998 Jan.	58.8	4.3	1.3	1.2	8.5	16.4	26.1	1.2	113.4	105.3	107.7
Feb.	63.8	4.6	1.4	1.0	8.6	18.2	28.9	1.2	123.0	114.1	107.8
Mar.	72.2	5.0	1.5	1.2	9.6	20.3	33.1	1.3	139.2	128.8	108.0
Apr.	68.2	4.9	1.3	1.1	9.2	19.0	31.3	1.3	131.4	123.0	106.9
May	65.9	4.8	1.3	1.1	8.7	18.2	30.7	1.2	127.0	118.8	106.9
June	70.5	4.9	1.3	1.1	9.1	19.3	33.5	1.2	136.0	127.4	106.7
July	73.0	4.8	1.3	1.1	9.3	21.2	34.2	1.2	140.8	131.7	106.9
Aug.	56.6	4.2	1.2	1.0	7.7	15.6	25.8	1.1	109.1	103.1	105.9
Sep.	66.3	4.5	1.3	0.9	8.8	18.6	30.9	1.3	127.9	120.0	106.6
Oct.	69.1	4.8	1.3	1.0	8.7	19.6	32.5	1.2	133.2	125.9	105.8
Nov.	67.2	4.8	1.3	1.0	8.1	18.2	32.6	1.3	129.6	123.6	104.8
Dec.	65.4	4.6	1.2	0.9	8.2	17.4	31.7	1.2	126.0	119.5	105.5
1999 Jan.	54.3	3.7	1.1	0.8	7.8	14.8	25.0	1.1	104.8	98.1	106.8
Feb.	60.2	4.0	1.2	0.8	8.3	16.6	27.5	1.7	116.1	108.6	106.9
Mar.	73.2	4.7	1.5	1.0	9.8	20.1	34.4	1.8	141.2	130.9	107.9
Apr.	65.9	4.4	1.3	1.0	9.2	17.8	30.7	1.5	127.0	116.6	108.9
May	63.7	4.5	1.3	1.0	9.0	17.4	29.0	1.7	122.8	113.2	108.5
June	73.6	4.7	1.3	1.1	9.8	19.9	34.7	2.0	141.9	129.8	109.3
July	76.2	4.6	1.4	1.2	10.3	20.9	35.6	2.2	146.8	132.8	110.6
Aug.	61.1	4.3	1.3	1.2	9.2	16.1	27.4	1.7	117.7	107.0	110.0
Sep.	72.3	5.1	1.4	1.5	10.1	19.8	32.4	1.9	139.4	129.0	108.0
Oct.	77.5	5.3	1.5	1.4	10.2	21.0	36.3	1.9	149.5	136.0	109.9
Nov.	77.6	5.4	1.5	1.2	10.7	21.0	36.0	1.7	149.6	137.3	108.9
Dec.	76.2	5.1	1.6	1.5	9.8	20.4	36.0	1.8	146.9	131.8	111.4
2000 Jan.	66.1	4.1	1.4	1.5	9.3	17.6	30.0	2.2	127.4	112.1	113.6
Feb.	75.4	4.5	1.6	1.7	10.6	20.8	33.9	2.2	145.3	126.3	115.0
Mar.	88.5	5.2	1.8	1.8	12.1	23.7	41.3	2.6	170.6	149.0	114.5
Apr.	73.4	4.5	1.6	1.6	10.0	19.5	34.1	2.1	141.5	122.0	116.0
May	89.2	5.5	1.8	1.9	11.8	23.2	42.3	2.6	171.9	147.7	116.4
June	84.9	5.1	1.6	1.8	11.4	22.3	40.1	2.6	163.7	140.3	116.7
July	84.9	4.9	1.5	2.0	11.4	23.3	39.5	2.4	163.6	137.5	119.0
Aug.	78.0	5.0	1.6	2.0	11.3	20.6	35.2	2.4	150.3	126.4	118.9
Sep.	87.3	5.3	1.7	2.2	12.3	23.0	40.4	2.4	168.3	139.6	120.6
Oct.	96.1	6.0	1.8	2.4	13.0	25.6	45.0	2.4	185.2	152.7	121.3
Nov.	95.3	6.1	1.7	2.3	12.5	25.1	45.1	2.6	183.7	152.4	120.5
Dec.	85.9	5.3	1.5	2.1	10.6	22.2	41.7	2.5	165.5	136.6	121.2
<i>Euro area enlargement</i>											
2001 Q1	257.3	.	.	.	.	.	.	.	167.4	.	.
2001 Jan.	80.4	4.5	1.5	1.9	11.3	20.4	38.2	2.8	157.0	.	.
Feb.	82.9	4.8	1.5	1.7	11.6	21.7	39.4	2.2	161.8	.	.
Mar.	94.0	.	.	.	.	.	.	.	183.5	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.2).

2) ECB calculations based on Eurostat data.

**Table 9**
**2. Imports<sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); c.i.f. value)*

	Total 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manu- factured articles 6	Machinery, transport equipment 7	Other 8	Import trade indices 1995 = 100		
									Value <sup>2)</sup> 9	Volume <sup>2)</sup> 10	Unit value 11
									1997	674.2	55.5
1998	711.4	55.1	41.3	58.5	68.0	202.1	270.2	16.1	126.4	123.1	102.7
1999	780.7	52.5	39.4	77.8	71.4	211.4	307.8	20.4	138.7	130.5	106.3
2000	997.7	55.1	48.1	143.6	84.8	253.7	378.4	33.9	177.3	137.0	129.4
1998 Q1	180.1	13.7	10.9	16.4	17.7	51.7	65.4	4.3	128.0	119.3	107.3
Q2	179.2	13.7	11.1	15.1	17.3	50.4	67.3	4.3	127.4	121.7	104.7
Q3	171.0	13.4	9.7	13.8	16.4	50.7	63.4	3.6	121.6	119.4	101.8
Q4	181.0	14.3	9.6	13.2	16.5	49.3	74.2	3.9	128.7	132.1	97.4
1999 Q1	179.2	12.4	9.3	13.8	17.0	50.4	71.7	4.7	127.4	128.8	98.9
Q2	189.5	12.9	10.2	16.8	17.7	50.8	76.1	5.0	134.7	129.8	103.8
Q3	193.9	12.9	9.5	21.3	17.3	54.3	73.6	5.1	137.9	126.0	109.4
Q4	218.0	14.3	10.5	26.0	19.4	55.8	86.4	5.6	154.9	137.7	112.5
2000 Q1	231.8	12.7	11.3	31.6	20.1	60.7	87.8	7.7	164.8	136.1	121.1
Q2	243.6	14.0	12.4	32.1	21.3	62.3	93.5	8.0	173.1	137.3	126.1
Q3	245.5	13.3	11.8	37.5	21.1	64.5	89.1	8.1	174.5	132.9	131.3
Q4	276.8	15.1	12.6	42.3	22.4	66.3	108.0	10.1	196.8	141.6	139.0
1998 Jan.	57.9	4.5	3.5	5.7	5.6	16.7	20.4	1.4	123.4	114.7	107.6
Feb.	57.9	4.3	3.5	5.4	5.6	16.7	20.8	1.6	123.4	114.4	107.9
Mar.	64.3	4.9	3.8	5.3	6.5	18.3	24.2	1.3	137.2	128.7	106.6
Apr.	60.1	4.7	3.7	5.2	5.8	16.8	22.6	1.3	128.2	121.5	105.5
May	56.9	4.4	3.5	5.2	5.6	15.8	21.2	1.2	121.4	115.8	104.9
June	62.2	4.6	3.9	4.7	6.0	17.8	23.4	1.8	132.6	127.9	103.7
July	59.2	4.7	3.6	4.7	6.0	17.8	21.2	1.3	126.3	123.5	102.2
Aug.	50.1	4.1	2.8	4.4	4.7	15.0	18.1	1.0	106.8	105.6	101.1
Sep.	61.8	4.6	3.3	4.7	5.8	17.9	24.1	1.4	131.7	129.3	101.9
Oct.	62.5	4.8	3.3	4.7	5.8	17.4	25.1	1.4	133.3	133.9	99.5
Nov.	59.8	4.6	3.2	4.2	5.4	16.2	24.9	1.3	127.6	132.1	96.6
Dec.	58.7	5.0	3.1	4.3	5.3	15.7	24.2	1.2	125.1	130.4	96.0
1999 Jan.	55.0	3.9	3.0	4.6	5.2	15.5	21.5	1.4	117.4	119.5	98.2
Feb.	56.4	3.9	2.9	4.2	5.4	16.2	22.2	1.6	120.3	122.1	98.5
Mar.	67.8	4.7	3.3	5.0	6.4	18.7	28.0	1.7	144.6	144.7	99.9
Apr.	61.6	4.2	3.3	5.6	5.8	16.0	25.0	1.7	131.4	128.3	102.4
May	62.4	4.3	3.3	5.7	5.8	16.5	25.2	1.6	133.1	127.2	104.6
June	65.5	4.4	3.5	5.4	6.2	18.2	26.0	1.7	139.7	133.5	104.6
July	64.5	4.4	3.4	6.7	5.7	18.4	24.3	1.6	137.4	127.3	108.0
Aug.	58.5	4.1	2.7	7.0	5.2	16.3	21.8	1.6	124.8	113.5	110.0
Sep.	70.9	4.4	3.5	7.6	6.4	19.6	27.6	1.9	151.3	137.3	110.2
Oct.	70.6	4.5	3.4	7.9	6.5	18.9	27.4	2.1	150.5	135.2	111.3
Nov.	74.4	4.8	3.6	8.5	6.8	18.8	30.0	1.9	158.6	143.1	110.8
Dec.	73.0	4.9	3.5	9.6	6.2	18.1	29.1	1.7	155.7	134.9	115.4
2000 Jan.	71.3	4.1	3.5	10.4	5.8	18.5	26.6	2.4	152.0	128.1	118.7
Feb.	75.7	4.0	3.6	10.2	6.8	20.2	28.4	2.5	161.3	133.3	121.0
Mar.	84.9	4.6	4.2	11.0	7.5	22.0	32.8	2.7	181.0	146.9	123.2
Apr.	73.2	4.2	3.7	9.6	6.5	18.4	28.4	2.4	156.1	127.3	122.7
May	88.1	5.1	4.7	11.3	7.5	22.8	34.0	2.9	187.9	148.1	126.9
June	82.2	4.6	4.1	11.3	7.3	21.1	31.1	2.7	175.4	136.6	128.4
July	79.3	4.5	4.0	11.9	6.7	21.0	28.3	2.9	169.2	131.9	128.3
Aug.	78.6	4.4	3.6	12.5	6.8	20.6	28.5	2.4	167.7	128.3	130.7
Sep.	87.5	4.5	4.2	13.2	7.6	22.9	32.3	2.8	186.5	138.4	134.8
Oct.	94.3	5.2	4.3	14.0	7.8	23.2	36.5	3.3	201.1	145.1	138.6
Nov.	95.8	5.1	4.4	14.7	7.9	22.9	37.0	3.8	204.2	146.7	139.2
Dec.	86.7	4.8	3.9	13.7	6.7	20.1	34.5	3.0	184.9	132.8	139.2
<i>Euro area enlargement</i>											
2001 Q1	259.0	.	.	.	.	.	.	.	182.9	.	.
2001 Jan.	86.8	4.4	4.1	12.1	7.5	22.3	32.1	4.1	183.8	.	.
Feb.	82.5	4.4	3.9	11.4	7.6	21.6	31.6	2.1	174.9	.	.
Mar.	89.7	.	.	.	.	.	.	.	190.0	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998.

2) ECB calculations based on Eurostat data.



Table 9

3. Trade balance <sup>1)</sup>

(EUR billions (ECU billions to end-1998); exports (f.o.b.) - imports (c.i.f.))

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other
	1	2	3	4	5	6	7	8
1997	88.6	1.5	-25.1	-66.8	37.1	28.3	113.8	-0.1
1998	85.7	1.0	-25.5	-45.9	36.4	20.0	101.1	-1.4
1999	51.1	3.2	-23.0	-64.1	42.7	14.5	77.1	0.7
2000	7.1	6.3	-28.6	-120.3	51.3	13.1	90.2	-4.9
1998 Q1	14.7	0.2	-6.7	-13.0	9.0	3.3	22.7	-0.7
Q2	25.4	0.9	-7.2	-11.7	9.6	6.1	28.3	-0.6
Q3	24.9	0.1	-5.8	-10.8	9.3	4.6	27.5	0.0
Q4	20.7	-0.1	-5.8	-10.3	8.5	5.9	22.6	-0.1
1999 Q1	8.5	0.0	-5.5	-11.2	8.8	1.2	15.2	0.0
Q2	13.7	0.6	-6.2	-13.7	10.2	4.3	18.2	0.2
Q3	15.6	1.1	-5.4	-17.4	12.4	2.5	21.7	0.7
Q4	13.3	1.5	-5.9	-21.9	11.3	6.5	21.9	-0.1
2000 Q1	-1.9	1.1	-6.5	-26.5	11.9	1.4	17.4	-0.7
Q2	3.9	1.1	-7.4	-26.8	11.9	2.6	23.1	-0.6
Q3	4.7	1.9	-7.1	-31.4	13.9	2.4	25.9	-0.9
Q4	0.4	2.2	-7.6	-35.6	13.6	6.6	23.8	-2.7
1998 Jan.	0.9	-0.2	-2.3	-4.6	2.8	-0.2	5.6	-0.2
Feb.	5.9	0.3	-2.2	-4.3	3.1	1.4	8.1	-0.4
Mar.	7.9	0.1	-2.3	-4.1	3.1	2.1	9.0	0.0
Apr.	8.1	0.1	-2.4	-4.0	3.4	2.3	8.7	0.0
May	9.0	0.4	-2.3	-4.1	3.1	2.4	9.5	-0.1
June	8.3	0.3	-2.6	-3.5	3.1	1.5	10.1	-0.5
July	13.8	0.1	-2.2	-3.6	3.3	3.3	13.0	0.0
Aug.	6.5	0.1	-1.6	-3.5	3.0	0.6	7.7	0.1
Sep.	4.6	-0.1	-2.0	-3.8	3.0	0.7	6.8	-0.1
Oct.	6.6	0.0	-2.0	-3.7	2.8	2.2	7.4	-0.2
Nov.	7.4	0.2	-1.9	-3.3	2.7	2.0	7.6	0.0
Dec.	6.7	-0.3	-1.9	-3.3	2.9	1.7	7.6	0.1
1999 Jan.	-0.7	-0.1	-1.9	-3.8	2.6	-0.7	3.5	-0.3
Feb.	3.8	0.1	-1.7	-3.3	2.9	0.5	5.3	0.1
Mar.	5.4	0.0	-1.9	-4.0	3.4	1.4	6.4	0.1
Apr.	4.2	0.2	-2.0	-4.6	3.4	1.8	5.7	-0.2
May	1.3	0.2	-2.1	-4.8	3.2	0.9	3.8	0.1
June	8.1	0.2	-2.2	-4.3	3.6	1.6	8.8	0.3
July	11.7	0.2	-2.0	-5.5	4.6	2.5	11.3	0.5
Aug.	2.5	0.2	-1.4	-5.8	4.0	-0.2	5.6	0.1
Sep.	1.3	0.6	-2.1	-6.1	3.7	0.2	4.9	0.0
Oct.	7.0	0.8	-1.9	-6.5	3.7	2.1	8.9	-0.1
Nov.	3.2	0.6	-2.1	-7.3	4.0	2.1	6.1	-0.2
Dec.	3.2	0.2	-1.9	-8.1	3.6	2.3	7.0	0.2
2000 Jan.	-5.2	0.0	-2.2	-8.8	3.5	-0.9	3.5	-0.2
Feb.	-0.3	0.4	-2.0	-8.5	3.8	0.7	5.5	-0.3
Mar.	3.6	0.6	-2.3	-9.2	4.6	1.7	8.4	-0.1
Apr.	0.2	0.2	-2.1	-7.9	3.5	1.1	5.7	-0.3
May	1.1	0.4	-2.8	-9.4	4.3	0.4	8.4	-0.2
June	2.7	0.5	-2.5	-9.5	4.1	1.1	9.0	-0.1
July	5.6	0.5	-2.5	-9.9	4.7	2.3	11.1	-0.6
Aug.	-0.7	0.6	-2.0	-10.5	4.5	0.0	6.7	0.1
Sep.	-0.2	0.9	-2.5	-11.0	4.7	0.1	8.1	-0.4
Oct.	1.8	0.8	-2.5	-11.6	5.1	2.4	8.5	-0.9
Nov.	-0.5	1.0	-2.7	-12.4	4.6	2.1	8.1	-1.2
Dec.	-0.9	0.5	-2.4	-11.6	3.9	2.0	7.2	-0.5
<i>Euro area enlargement</i>								
2001 Q1	-1.7	.	.	.	.	.	.	.
2001 Jan.	-6.3	0.0	-2.6	-10.3	3.7	-1.9	6.0	-1.3
Feb.	0.3	0.4	-2.3	-9.7	4.0	0.1	7.7	0.1
Mar.	4.3	.	.	.	.	.	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.1). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998.



# 10 Exchange rates

**Table 10**

## Exchange rates

(period averages; units of national currency per ECU or euro (bilateral); index 1999 Q1=100 (effective))

	Effective exchange rate of the euro <sup>1)</sup>						Bilateral ECU or euro exchange rates <sup>2)</sup>			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1996	107.9	108.8	107.4	111.1	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.1	99.7	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.5	99.7	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	96.2	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	86.9	86.8	88.2	86.3	0.924	99.5	1.558	0.609
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.6	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.5	94.9	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	93.2	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.6	89.7	89.4	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	87.1	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.2	86.2	87.3	85.3	0.905	97.4	1.544	0.612
Q4	83.0	84.0	84.8	84.4	85.9	83.6	0.868	95.3	1.516	0.600
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.0	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.0	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.4	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.7	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	94.8	-	95.0	94.5	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.4	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.4	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.3	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.1	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	90.3	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.9	-	92.4	90.8	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	89.9	-	91.2	89.5	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.4	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	86.9	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.6	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	87.9	88.1	-	89.4	87.5	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	86.0	-	87.0	85.2	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.6	-	85.3	83.3	0.872	93.1	1.531	0.608
Oct.	81.6	82.4	83.4	-	84.4	82.2	0.855	92.7	1.513	0.589
Nov.	82.3	83.3	84.1	-	85.1	82.9	0.856	93.3	1.522	0.600
Dec.	85.4	86.4	87.0	-	88.1	85.8	0.897	100.6	1.514	0.613
				<i>Euro area enlargement</i>						
2001 Q1	88.6	90.0	90.4	90.3	91.4	88.8	0.923	109.1	1.533	0.633
2001 Jan.	89.2	90.3	90.7	-	91.7	89.1	0.938	109.6	1.529	0.635
Feb.	88.3	89.7	90.1	-	91.0	88.5	0.922	107.1	1.536	0.634
Mar.	88.4	90.0	90.3	-	91.4	88.9	0.910	110.3	1.535	0.629
Apr.	87.6	89.2	89.4	-	91.0	88.5	0.892	110.4	1.529	0.622
May	85.9	87.6	87.8	-	89.3	86.7	0.874	106.5	1.533	0.613
% ch. vs. <sup>4)</sup> prev. month										
2001 May	-1.9	-1.9	-1.9	-	-1.9	-2.1	-2.0	-3.5	0.3	-1.4
% ch. vs. <sup>4)</sup> prev. year										
2001 May	-	-	-	-	-	-	-3.5	8.6	-1.5	2.0

Source: ECB.

1) More details of the calculation are given in the general notes.

2) To December 1998, rates for the ECU (source BIS); from January 1999, rates for the euro.

3) Indicative rates for these currencies are shown up to September 2000, as the ECB did not provide official reference rates for these currencies before that.

4) The table shows the percentage change in the latest monthly observation vis-à-vis the previous month, and vis-à-vis the same month of the previous year.

A positive change denotes an appreciation of the euro. Due to the change in the weighting scheme, effective exchange rate data as from January 2001 are not fully comparable with earlier observations.

Bilateral ECU or euro exchange rates <sup>2)</sup>								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>5)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	
8.51	7.36	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.45	7.45	8.11	1.371	1.589	7.20	1,043.5	1.592	2000
8.98	7.44	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
8.60	7.45	8.04	1.325	1.632	6.77	1,011.6	1.516	Q4
9.08	7.44	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
8.52	7.45	8.00	1.292	1.618	6.67	965.1	1.498	Oct.
8.63	7.46	8.00	1.320	1.639	6.68	990.6	1.497	Nov.
8.66	7.46	8.13	1.368	1.642	7.00	1,089.6	1.558	Dec.
<i>Euro area enlargement</i>								
9.00	7.46	8.20	1.410	1.741	7.20	1,174.7	1.616	2001 Q1
8.91	7.46	8.24	1.410	1.689	7.32	1,194.9	1.630	2001 Jan.
8.98	7.46	8.21	1.403	1.724	7.19	1,153.8	1.607	Feb.
9.13	7.46	8.16	1.417	1.807	7.09	1,173.4	1.611	Mar.
9.11	7.46	8.11	1.390	1.785	6.96	1,183.5	1.617	Apr.
9.06	7.46	7.99	1.347	1.681	6.82	1,133.7	1.586	May
-0.6	0.0	-1.5	-3.1	-5.8	-2.0	-4.2	-1.9	% ch. vs. <sup>4)</sup> prev. month 2001 May
9.9	0.1	-2.5	-0.6	7.1	-3.4	11.7	1.2	% ch. vs. <sup>4)</sup> prev. year 2001 May

## II Economic and financial developments in the other EU Member States

**Table 11**

### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs <sup>3)</sup>	Real GDP	Industrial production index <sup>4)</sup>	Standardised unemployment rate as a % of labour force (s.a.)	Broad money <sup>5)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.3	61.2	6.25	7.48	0.6	1.9	3.0	5.3	5.6	4.7	3.73
1998	1.3	1.1	55.6	4.94	7.50	-0.9	2.3	2.8	2.2	5.2	4.6	4.27
1999	2.1	3.1	52.0	4.91	7.44	1.7	3.0	2.1	1.8	5.2	4.2	3.44
2000	2.7	2.5	46.5	5.64	7.45	1.9	1.8	2.9	6.2	4.7	1.9	5.00
1999 Q4	2.8	-	-	5.57	7.44	0.4	-0.6	3.3	4.4	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	1.4	1.9	2.6	3.1	4.8	2.2	3.95
Q2	2.9	-	-	5.67	7.46	1.6	2.1	3.6	7.7	4.6	1.3	4.73
Q3	2.6	-	-	5.69	7.46	3.6	1.1	3.2	8.0	4.7	2.3	5.84
Q4	2.6	-	-	5.42	7.45	1.1	1.9	2.4	6.1	4.8	1.8	5.48
2001 Q1	2.3	-	-	5.03	7.46	.	.	.	4.4	4.7	.	5.26
2000 Dec.	2.3	-	-	5.20	7.46	-	-	-	11.7	4.7	2.0	5.38
2001 Jan.	2.3	-	-	5.09	7.46	-	-	-	3.3	4.7	.	5.34
Feb.	2.3	-	-	5.06	7.46	-	-	-	3.5	4.7	.	5.27
Mar.	2.2	-	-	4.95	7.46	-	-	-	6.1	4.7	.	5.16
Apr.	2.6	-	-	5.10	7.46	-	-	-	.	.	.	5.11
May	.	-	-	5.31	7.46	-	-	-	.	.	.	5.11
Sweden												
1997	1.8	-1.5	74.5	6.62	8.65	-	0.6	2.1	7.0	9.9	4.2	4.43
1998	1.0	1.9	71.8	4.99	8.92	3.2	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.8	65.2	4.98	8.81	2.6	-0.4	4.1	2.0	7.2	6.8	3.32
2000	1.3	4.1	55.6	5.37	8.45	2.8	5.6	3.6	8.5	5.9	6.2	4.07
1999 Q4	1.0	-	-	5.69	8.65	1.2	-1.1	4.2	3.6	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	3.4	5.7	4.2	5.9	6.5	8.7	3.99
Q2	1.2	-	-	5.30	8.28	1.4	4.5	4.1	10.2	6.1	8.9	4.09
Q3	1.3	-	-	5.30	8.40	2.4	5.3	3.7	9.1	5.7	5.1	4.14
Q4	1.5	-	-	5.09	8.60	4.2	6.7	2.3	8.8	5.4	2.2	4.06
2001 Q1	1.6	-	-	4.83	9.00	.	.	.	7.1	5.3	0.2	4.10
2000 Dec.	1.3	-	-	4.92	8.66	-	-	-	10.1	5.1	2.1	4.13
2001 Jan.	1.6	-	-	4.89	8.91	-	-	-	9.0	5.4	0.4	4.14
Feb.	1.5	-	-	4.86	8.98	-	-	-	6.5	5.2	-1.2	4.10
Mar.	1.7	-	-	4.75	9.13	-	-	-	6.2	5.4	1.4	4.06
Apr.	3.0	-	-	4.93	9.11	-	-	-	.	4.9	-0.3	4.04
May	.	-	-	5.27	9.06	-	-	-	.	.	.	4.09
United Kingdom												
1997	1.8	-2.0	51.1	7.13	0.692	0.9	2.9	3.5	1.3	7.0	11.2	6.92
1998	1.6	0.4	48.1	5.60	0.676	0.0	3.1	2.6	0.8	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-1.0	3.4	2.3	0.6	6.1	5.3	5.54
2000	0.8	1.9	42.9	5.33	0.609	-1.5	1.9	3.0	1.5	5.5	6.6	6.19
1999 Q4	1.2	1.9	45.4	5.46	0.636	0.0	2.8	3.2	2.2	5.9	3.6	5.98
2000 Q1	0.8	6.3	43.6	5.60	0.614	-1.5	3.0	3.2	1.9	5.9	3.8	6.20
Q2	0.6	-0.4	43.7	5.31	0.610	-1.4	1.4	3.4	2.6	5.6	5.8	6.28
Q3	0.8	2.1	42.3	5.31	0.612	-1.8	1.7	3.0	0.7	5.4	8.4	6.21
Q4	0.9	-0.1	42.5	5.09	0.600	-1.4	1.7	2.6	0.9	5.4	8.5	6.07
2001 Q1	0.9	5.3	40.3	4.90	0.633	.	.	2.6	0.5	.	9.1	5.72
2000 Dec.	0.9	-3.7	42.5	4.95	0.613	-	-	-	2.0	5.2	8.2	5.96
2001 Jan.	0.9	13.9	41.2	4.94	0.635	-	-	-	1.7	5.2	9.8	5.84
Feb.	0.8	4.0	40.4	4.95	0.634	-	-	-	0.7	5.1	9.3	5.76
Mar.	1.0	-2.1	40.3	4.82	0.629	-	-	-	-0.8	.	8.4	5.55
Apr.	1.1	0.9	39.8	5.03	0.622	-	-	-	.	.	.	5.40
May	.	.	.	4.95	0.613	-	-	-	.	.	.	5.25

Sources: Eurostat (columns 1, 8, 9 and 10); European Commission (Economic and Financial Affairs DG and Eurostat) (columns 2 (annual) and 3 (annual)); Reuters (column 12); national data (columns 2 (quarterly and monthly), 3 (quarterly and monthly), 4, 5, 7 (except Sweden) and 11); ECB calculations (columns 6 and 7 (Sweden)).

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom exclude employers' contributions to social security.

4) Total excluding construction; adjusted for working days.

5) Average of end-month values; M3; M4 for the United Kingdom.

# 12 Economic and financial developments outside the EU

**Table 12.1**

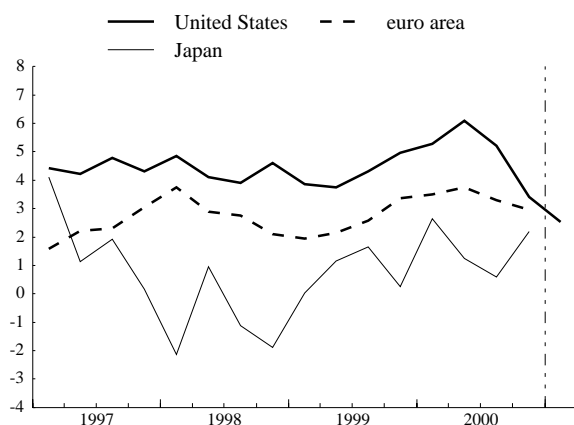
## Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>4)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP	Gross public debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1997	2.3	0.0	4.4	7.6	5.0	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.4	5.5	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-1.7	4.2	4.8	4.2	7.6	5.42	5.64	1.066	1.0	50.3
2000	3.4	-3.8	5.0	6.0	4.0	6.1	6.53	6.03	0.924	2.2	44.5
1999 Q4	2.6	-3.1	5.0	5.6	4.1	6.3	6.14	6.13	1.038	1.3	50.3
2000 Q1	3.2	-3.7	5.3	6.3	4.0	6.0	6.11	6.48	0.986	2.0	49.3
Q2	3.3	-4.4	6.1	7.0	4.0	6.1	6.63	6.18	0.933	2.1	46.5
Q3	3.5	-5.4	5.2	6.4	4.0	6.0	6.70	5.89	0.905	2.3	45.2
Q4	3.4	-1.5	3.4	4.3	4.0	6.2	6.69	5.56	0.868	2.4	44.5
2001 Q1	3.4	1.8	2.5	0.4	4.2	7.6	5.35	5.04	0.923	.	.
2000 Dec.	3.4	-	-	2.8	4.0	6.4	6.54	5.23	0.897	-	-
2001 Jan.	3.7	-	-	1.4	4.2	6.9	5.73	5.14	0.938	-	-
Feb.	3.5	-	-	0.5	4.2	7.6	5.35	5.10	0.922	-	-
Mar.	2.9	-	-	-0.7	4.3	8.2	4.96	4.89	0.910	-	-
Apr.	3.3	-	-	-1.6	4.5	8.2	4.63	5.13	0.892	-	-
May	.	-	-	.	4.4	.	4.11	5.37	0.874	-	-
Japan											
1997	1.7	-2.2	1.8	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	.
1998	0.6	6.3	-1.1	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	.
1999	-0.3	-2.5	0.8	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	.
2000	-0.6	-6.3	1.7	5.9	4.7	2.1	0.28	1.76	99.5	.	.
1999 Q4	-1.0	-6.0	0.3	4.8	4.7	3.0	0.29	1.77	108.4	.	.
2000 Q1	-0.7	-7.0	2.6	6.3	4.8	2.2	0.14	1.79	105.5	.	.
Q2	-0.7	-7.3	1.3	7.1	4.7	2.3	0.12	1.72	99.6	.	.
Q3	-0.7	-6.0	0.6	5.5	4.6	1.9	0.32	1.79	97.4	.	.
Q4	-0.5	-5.0	2.2	4.9	4.8	2.1	0.56	1.73	95.3	.	.
2001 Q1	-0.1	.	.	-1.1	4.8	2.6	0.37	1.38	109.1	.	.
2000 Dec.	-0.2	-4.5	-	4.1	4.9	2.2	0.62	1.62	100.6	-	-
2001 Jan.	0.1	-2.9	-	2.0	4.9	2.4	0.50	1.54	109.6	-	-
Feb.	-0.1	.	-	-2.0	4.7	2.7	0.41	1.43	107.1	-	-
Mar.	-0.4	.	-	-2.9	4.7	2.6	0.19	1.19	110.3	-	-
Apr.	-0.4	.	-	-3.8	4.8	2.7	0.10	1.36	110.4	-	-
May	.	.	-	.	.	.	0.07	1.28	106.5	-	-

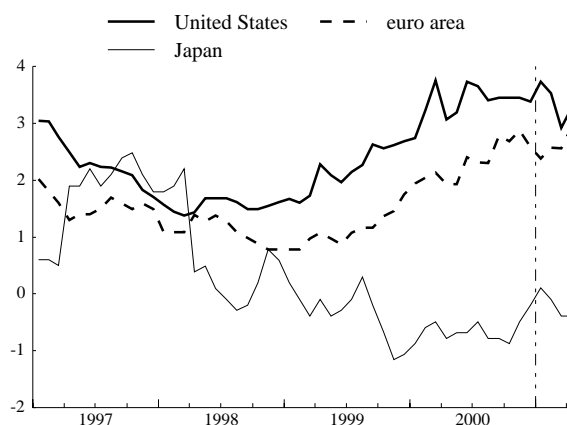
### Real gross domestic product

(annual percentage changes; quarterly)



### Consumer price indices

(annual percentage changes; monthly)



Sources: National data (columns 1, 2 (United States), 3, 4, 5, 6, 8 (to December 1998), 9 and 10); OECD (column 2 (Japan)); Eurostat (euro area chart data); Reuters (column 7 and 8 (from January 1999)); ECB calculation (column 11).

1) Manufacturing.

2) Average-of-period values; M2 and CDs for Japan.

3) For more information, see Tables 3.1 and 3.2.

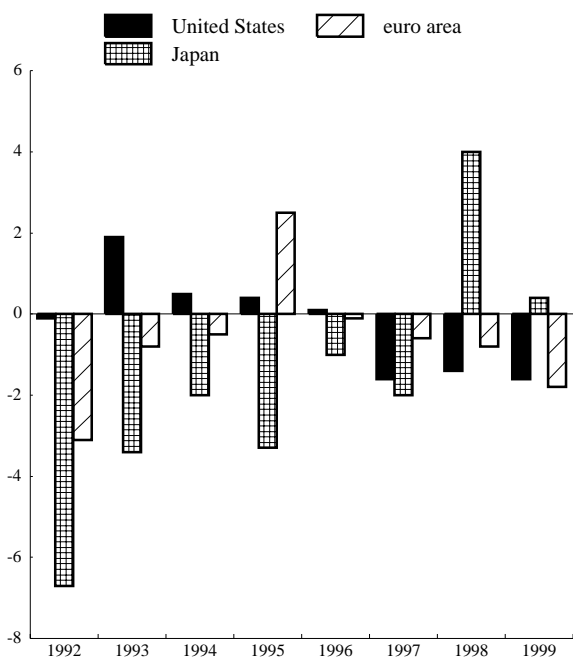
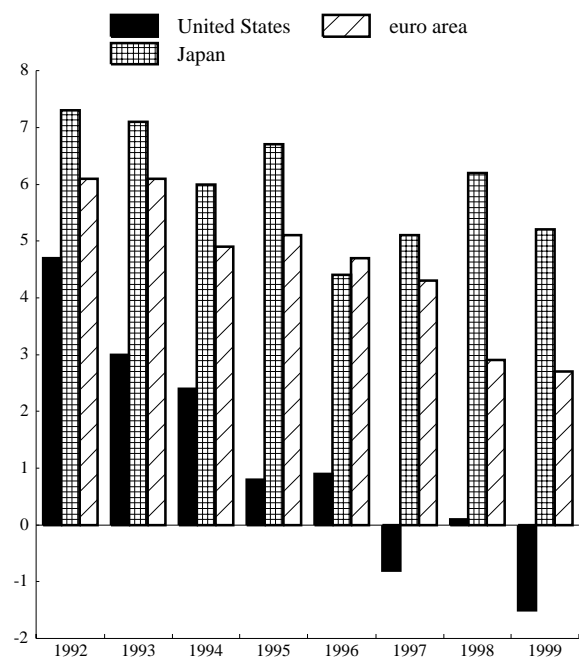
4) For more information, see Table 10.

5) Japan: the 1998 deficit includes a large debt assumption; financial accounts sources for 1999.

6) Gross consolidated debt for the general government (end of period).

**Table 12.2**
**Saving, investment and financing**
*(as a percentage of GDP)*

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	1.8	11.7	3.8	12.1	4.6
1998	18.8	20.8	-2.3	9.6	8.8	3.9	8.5	5.4	1.7	12.3	5.8	12.4	5.8
1999	18.5	21.1	-3.4	9.8	9.3	7.4	8.7	9.0	3.6	12.6	5.2	11.0	6.7
2000	18.3	21.8	-4.4	10.2	9.7	5.2	8.9	6.8	2.9	12.5	3.1	9.4	5.9
1999 Q1	18.8	21.0	-2.7	9.6	9.1	8.3	8.7	9.7	6.3	12.4	4.6	11.5	6.6
Q2	18.4	20.8	-3.2	9.6	9.5	8.2	8.7	9.6	0.4	12.7	5.1	11.2	6.7
Q3	18.4	21.1	-3.6	9.8	9.3	7.7	8.6	8.9	3.7	12.6	4.7	10.8	6.3
Q4	18.3	21.4	-3.9	10.0	9.3	6.2	8.7	7.8	4.2	12.6	6.6	10.5	7.1
2000 Q1	18.2	21.4	-4.0	9.9	9.6	5.8	8.8	7.2	5.6	12.8	4.3	9.8	7.8
Q2	18.5	22.0	-4.1	10.3	9.6	6.0	9.0	7.6	3.5	12.5	4.4	9.6	5.8
Q3	18.5	21.9	-4.5	10.5	9.9	5.7	9.1	7.4	2.3	12.5	2.8	9.3	5.7
Q4	17.8	21.8	-4.8	10.3	9.7	3.2	8.6	5.2	0.5	12.3	0.9	8.8	4.1
Japan													
1997	30.2	28.7	2.2	16.6	16.1	3.2	13.8	1.2	0.1	6.0	6.9	11.3	0.7
1998	29.1	26.9	2.6	15.6	15.6	-6.4	13.3	-9.1	-1.4	5.3	5.4	11.7	-0.5
1999	27.8	26.0	2.2	14.5	14.7	2.5	13.7	-2.8	1.2	5.3	6.6	11.3	-0.5
2000	.	26.0	.	.	.	1.3	.	0.1	-0.3	.	4.7	.	-0.3
1999 Q1	.	26.9	.	.	.	0.8	.	-15.2	-2.2	.	-3.6	.	6.2
Q2	.	24.2	.	.	.	-16.9	.	-17.1	1.7	.	14.6	.	-7.2
Q3	.	26.4	.	.	.	9.7	.	-1.3	1.3	.	4.4	.	1.3
Q4	.	26.9	.	.	.	15.3	.	19.9	3.9	.	11.6	.	-2.2
2000 Q1	.	26.3	.	.	.	7.7	.	-3.4	-3.4	.	3.9	.	9.7
Q2	.	24.8	.	.	.	-26.9	.	-19.6	0.4	.	5.2	.	-9.2
Q3	.	27.1	.	.	.	18.6	.	5.0	-0.6	.	-0.7	.	2.3
Q4	.	27.1	.	.	.	4.7	.	16.6	2.2	.	10.4	.	0.5

**Net lending of non-financial corporations**
*(as a percentage of GDP)*

**Net lending of households <sup>1)</sup>**
*(as a percentage of GDP)*


Sources: ECB, Federal Reserve Board, Bank of Japan and Economic and Social Research Institute.

1) Households including non-profit institutions serving households.

# Past data for selected economic indicators for the euro area plus Greece

## A. Main monetary and financial markets statistics

### A.1 Monetary aggregates and counterparts

(EUR billions (not seasonally adjusted; end of period) and annual percentage changes <sup>1)</sup>)

	M1		M2		M3 <sup>2)</sup>		Credit <sup>3)</sup>		MFI loans to residents of the euro area plus Greece excluding MFIs and general government	
	Amount <sup>1)</sup>	% change <sup>2)</sup>	Amount <sup>3)</sup>	% change <sup>4)</sup>	Amount <sup>5)</sup>	% change <sup>6)</sup>	Amount <sup>7)</sup>	% change <sup>8)</sup>	Amount <sup>9)</sup>	% change <sup>10)</sup>
1999 Jan.	1,818.0	.	4,046.4	.	4,618.6	.	7,856.8	.	5,169.0	.
Feb.	1,787.3	.	4,005.1	.	4,605.4	.	7,876.9	.	5,171.3	.
Mar.	1,809.4	.	4,023.7	.	4,622.3	.	7,952.1	.	5,219.0	.
Apr.	1,823.9	.	4,044.2	.	4,662.5	.	7,985.0	.	5,240.7	.
May	1,856.1	.	4,073.0	.	4,698.8	.	8,062.0	.	5,278.0	.
June	1,900.1	.	4,100.3	.	4,724.3	.	8,141.3	.	5,371.5	.
July	1,901.0	.	4,117.7	.	4,733.9	.	8,161.4	.	5,407.9	.
Aug.	1,865.8	.	4,084.5	.	4,715.0	.	8,164.3	.	5,402.9	.
Sep.	1,892.0	.	4,093.8	.	4,742.1	.	8,215.5	.	5,442.7	.
Oct.	1,897.4	.	4,110.5	.	4,762.1	.	8,286.6	.	5,490.4	.
Nov.	1,933.6	.	4,140.5	.	4,815.1	.	8,387.8	.	5,556.3	.
Dec.	1,988.5	.	4,239.6	.	4,909.5	.	8,410.2	.	5,589.0	.
2000 Jan.	1,997.1	9.4	4,233.6	4.2	4,917.9	5.3	8,467.5	8.1	5,633.8	8.8
Feb.	1,986.7	10.8	4,226.9	5.2	4,939.2	6.2	8,529.1	8.5	5,670.0	9.5
Mar.	1,998.1	10.1	4,236.7	4.9	4,979.3	6.6	8,627.2	8.4	5,741.4	9.9
Apr.	2,039.8	11.4	4,280.5	5.4	5,074.8	6.7	8,693.1	8.7	5,803.8	10.5
May	2,021.0	8.7	4,271.8	4.6	5,071.9	6.0	8,728.6	8.2	5,834.5	10.3
June	2,038.0	7.1	4,282.0	4.2	5,069.8	5.5	8,745.2	7.3	5,902.4	9.5
July	2,037.8	6.9	4,281.0	3.6	5,077.7	5.3	8,760.1	7.1	5,931.9	9.2
Aug.	2,002.5	7.0	4,268.4	4.1	5,083.2	5.8	8,763.2	7.1	5,951.9	9.6
Sep.	2,014.5	6.1	4,274.5	3.9	5,084.3	5.4	8,852.2	7.3	6,038.9	10.1
Oct.	2,013.7	5.7	4,281.7	3.7	5,104.7	5.3	8,892.8	6.7	6,082.9	9.9
Nov.	2,032.4	4.9	4,303.9	3.6	5,140.4	5.1	8,934.3	6.0	6,119.0	9.4
Dec.	2,098.5	5.5	4,396.2	3.7	5,208.1	5.2	8,961.9	6.5	6,154.2	9.6

### A.2 Financial market interest rates and statistics on securities other than shares

(percentages per annum and EUR billions)

	Money market rates		Government bond yields		Euro-denominated securities issued by residents of the euro area plus Greece					
	3-month deposits <sup>11)</sup>	12-month deposits <sup>12)</sup>	2 years <sup>13)</sup>	10 years <sup>14)</sup>	Gross issues				Net issues <sup>19)</sup>	Amounts outstanding <sup>20)</sup>
					Total <sup>15)</sup>	By MFIs <sup>16)</sup>	By general government <sup>17)</sup>	By non-financial and non-monetary financial corporations <sup>18)</sup>		
1999 Jan.	3.33	3.24	3.11	3.87	348.2	47.1	39.4	13.5	64.0	5,786.6
Feb.	3.27	3.19	3.17	4.02	292.0	49.1	35.6	15.3	49.5	5,835.2
Mar.	3.21	3.19	3.19	4.22	297.2	47.8	35.4	16.8	43.7	5,879.4
Apr.	2.87	2.91	2.93	4.09	333.5	48.8	34.3	16.9	42.0	5,921.2
May	2.75	2.83	2.89	4.24	290.3	46.5	37.8	15.7	50.4	5,972.7
June	2.80	2.98	3.16	4.56	279.3	48.6	28.7	22.7	38.2	6,011.2
July	2.84	3.17	3.38	4.89	328.0	44.5	36.4	19.1	42.1	6,051.7
Aug.	2.86	3.37	3.65	5.10	239.1	50.2	32.3	17.5	35.4	6,087.6
Sep.	2.89	3.43	3.75	5.27	311.6	51.7	31.2	17.1	59.8	6,145.9
Oct.	3.53	3.81	4.16	5.51	305.1	51.6	30.2	18.2	52.6	6,199.7
Nov.	3.64	3.82	4.07	5.22	285.1	57.1	26.2	16.7	41.8	6,242.8
Dec.	3.58	3.94	4.24	5.32	236.0	66.7	20.1	13.2	-32.7	6,215.0
2000 Jan.	3.47	4.04	4.43	5.72	347.8	56.6	30.5	12.9	1.1	6,210.3
Feb.	3.65	4.18	4.59	5.68	355.0	57.7	26.4	15.9	61.5	6,270.5
Mar.	3.86	4.33	4.62	5.51	378.7	58.7	26.4	14.9	53.7	6,326.1
Apr.	4.03	4.42	4.61	5.43	345.7	54.1	26.3	19.6	38.2	6,362.4
May	4.44	4.88	5.04	5.53	383.9	59.9	22.7	17.4	51.9	6,423.1
June	4.59	5.01	5.05	5.36	335.4	57.8	21.7	20.5	32.2	6,457.0
July	4.66	5.14	5.21	5.47	376.9	56.4	21.8	21.8	37.2	6,494.4
Aug.	4.85	5.28	5.30	5.41	345.7	59.7	21.6	18.8	33.9	6,530.0
Sep.	4.91	5.24	5.24	5.48	386.9	61.4	21.3	17.3	20.1	6,551.1
Oct.	5.08	5.23	5.19	5.42	442.1	63.6	19.3	17.1	34.8	6,586.5
Nov.	5.12	5.20	5.14	5.34	378.1	59.1	20.9	20.1	21.8	6,607.6
Dec.	4.94	4.87	4.80	5.07	318.5	63.1	14.5	22.4	-40.2	6,570.9

Sources: ECB, Reuters for columns 11 and 12.

1) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions. For the calculation of growth rates, see the technical notes.

2) M3 not adjusted for the holdings of money market fund shares/units by non-residents of the euro area.

3) Credit comprises loans granted to non-MFIs resident in the euro area plus Greece and holdings of securities issued by non-MFIs resident in the euro area plus Greece.

4) As a percentage of the total.



## B. Price, real economy and fiscal developments

### B.1 Price developments

(annual percentage changes)

	HICP					Industrial producer prices (excluding construction)	Deflators of GDP				
	Total	Goods			Services		GDP	Private consumption	Government consumption	Gross fixed capital formation	
		Food	Non-energy industrial goods	Energy							
											1
1996	2.3	2.0	2.3	1.6	3.1	2.9	0.4	2.1	2.5	2.2	1.0
1997	1.7	1.2	1.5	0.6	2.6	2.5	1.1	1.6	2.0	1.8	1.1
1998	1.2	0.7	1.7	1.0	-2.6	2.0	-0.7	1.7	1.5	1.7	1.0
1999	1.1	0.9	0.6	0.7	2.3	1.6	-0.4	1.3	1.1	2.2	1.0
2000	2.4	2.7	1.4	0.7	13.4	1.7	5.4	1.3	2.2	1.9	2.4
1999 Q4	1.5	1.5	0.5	0.5	8.0	1.5	2.2	1.1	1.5	2.5	1.5
2000 Q1	2.1	2.3	0.5	0.5	13.7	1.6	4.4	1.2	2.1	2.0	2.1
Q2	2.1	2.3	0.9	0.6	12.3	1.7	5.2	1.2	2.0	1.7	2.4
Q3	2.5	2.9	1.9	0.6	13.7	1.8	5.8	1.4	2.4	1.9	2.5
Q4	2.7	3.2	2.2	1.1	13.8	1.8	6.1	1.5	2.5	1.8	2.8
1999 Dec.	1.7	1.8	0.6	0.5	10.2	1.6	2.9	-	-	-	-
2000 Jan.	1.9	2.0	0.4	0.5	12.2	1.7	3.8	-	-	-	-
Feb.	2.1	2.3	0.6	0.5	13.6	1.6	4.4	-	-	-	-
Mar.	2.2	2.5	0.4	0.6	15.4	1.6	4.9	-	-	-	-
Apr.	1.9	1.9	0.7	0.6	10.3	1.8	4.7	-	-	-	-
May	1.9	2.2	0.8	0.6	12.0	1.6	5.3	-	-	-	-
June	2.4	2.7	1.2	0.7	14.6	1.7	5.6	-	-	-	-
July	2.4	2.7	1.7	0.5	13.5	1.7	5.6	-	-	-	-
Aug.	2.4	2.7	2.0	0.6	12.0	1.8	5.6	-	-	-	-
Sep.	2.8	3.4	2.1	0.9	15.6	1.8	6.3	-	-	-	-
Oct.	2.7	3.3	2.0	1.0	14.7	1.9	6.6	-	-	-	-
Nov.	2.9	3.5	2.2	1.1	15.3	1.9	6.4	-	-	-	-
Dec.	2.6	3.0	2.3	1.1	11.3	1.8	5.4	-	-	-	-

### B.2 Real economy and fiscal developments

(annual percentage changes, unless otherwise indicated)

	Real GDP and expenditure components				Industrial production (excluding construction)	Retail sales (constant prices)	Employment (whole economy)	Unemployment (% of labour force)	Trade balance (EUR billions; (ECU billions to end-1998))	Fiscal developments	
	GDP	Private consumption	Government consumption	Gross fixed capital formation						Deficit (-) / surplus (+) (% of GDP)	Government debt (% of GDP)
1996	1.4	1.6	1.7	1.3	0.4	0.5	0.5	11.5	62.4	-4.3	76.0
1997	2.3	1.6	0.9	2.5	4.2	1.2	0.9	11.5	74.5	-2.6	75.4
1998	2.9	3.1	1.0	5.1	4.4	2.9	1.8	10.9	68.7	-2.1	73.6
1999	2.5	3.0	1.5	5.2	2.0	2.6	2.1	10.0	33.8	-1.2	72.6
2000	3.4	2.6	1.9	4.6	5.6	2.4	2.3	8.9	-14.7	-0.7	70.1
1999 Q4	3.4	2.9	1.7	5.5	4.4	3.0	2.2	9.6	8.5	-	-
2000 Q1	3.5	2.6	2.0	5.6	4.9	2.4	2.2	9.3	-6.8	-	-
Q2	3.8	3.2	2.1	4.9	6.1	3.3	2.4	9.0	-2.6	-	-
Q3	3.3	2.5	1.7	4.0	5.8	2.3	2.3	8.8	-0.5	-	-
Q4	3.0	2.1	1.9	3.8	5.5	1.7	2.3	8.6	-4.8	-	-
1999 Dec.	-	-	-	-	5.3	2.8	-	9.5	1.5	-	-
2000 Jan.	-	-	-	-	2.8	2.3	-	9.4	-6.6	-	-
Feb.	-	-	-	-	6.0	3.8	-	9.4	-1.8	-	-
Mar.	-	-	-	-	5.9	1.0	-	9.2	1.5	-	-
Apr.	-	-	-	-	6.0	3.9	-	9.1	-1.3	-	-
May	-	-	-	-	7.8	4.6	-	9.0	-1.0	-	-
June	-	-	-	-	4.6	1.5	-	8.9	-0.4	-	-
July	-	-	-	-	5.6	1.9	-	8.8	3.8	-	-
Aug.	-	-	-	-	6.9	1.9	-	8.8	-2.2	-	-
Sep.	-	-	-	-	5.1	3.2	-	8.8	-2.1	-	-
Oct.	-	-	-	-	3.9	1.6	-	8.6	0.0	-	-
Nov.	-	-	-	-	4.5	1.5	-	8.6	-2.2	-	-
Dec.	-	-	-	-	8.2	2.0	-	8.5	-2.5	-	-

Sources: European Commission (Eurostat) and ECB calculations.

## C. Summary balance of payments <sup>1)</sup>

(EUR billions; net flows)

	Current account					Capital account	Direct investment	Portfolio investment	Financial derivatives	Other investment
	Total	Goods	Services	Income	Current transfers					
	1	2	3	4	5	6	7	8	9	10
2000	-44.6	30.0	-5.5	-20.9	-48.3	12.5	-24.0	-127.6	-1.6	146.2
2000 Q1	-11.5	3.1	-3.9	-6.6	-4.2	3.9	147.5	-190.4	2.7	91.6
Q2	-9.4	8.9	1.3	-6.8	-12.7	3.2	-18.0	52.9	4.8	-45.6
Q3	-6.2	12.7	2.1	-7.4	-13.5	1.6	-95.9	7.6	0.5	70.7
Q4	-17.4	5.4	-4.9	-0.2	-17.8	3.8	-57.6	2.2	-9.6	29.4
2000 Jan.	-10.4	-2.4	-1.8	-5.2	-1.1	1.5	0.5	-4.2	-0.8	28.6
Feb.	-1.1	2.2	-1.8	-1.0	-0.4	0.9	145.9	-151.7	1.9	1.4
Mar.	0.0	3.3	-0.3	-0.4	-2.7	1.5	1.1	-34.4	1.6	61.6
Apr.	-7.0	2.5	-0.7	-4.0	-4.8	2.3	1.1	-5.6	2.1	6.1
May	-1.1	2.3	0.7	-1.2	-2.9	0.6	-8.5	1.1	0.4	16.8
June	-1.3	4.0	1.3	-1.6	-5.1	0.3	-10.5	57.4	2.3	-68.4
July	-2.6	6.3	1.5	-4.8	-5.5	0.5	-24.6	-13.1	-0.4	27.8
Aug.	-3.6	2.4	1.0	-1.7	-5.3	0.2	-42.8	17.1	-0.9	25.4
Sep.	0.0	4.0	-0.4	-0.9	-2.7	0.9	-28.5	3.7	1.8	17.5
Oct.	-3.2	3.9	-0.9	0.1	-6.3	0.3	-16.4	-3.9	-2.3	13.9
Nov.	-4.3	1.8	-0.4	-0.1	-5.6	1.6	-9.9	-2.8	-3.2	-2.8
Dec.	-9.9	-0.4	-3.5	-0.1	-6.0	1.8	-31.3	8.9	-4.2	18.3

## D. Effective exchange rates

(period averages; index 1999 Q1=100)

	Narrow group				Broad group	
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI
	1	2	3	4	5	6
1996	108.1	108.7	107.4	111.2	95.4	105.8
1997	99.1	99.4	99.1	99.7	90.3	96.5
1998	101.5	101.3	101.5	99.7	96.5	99.1
1999	95.6	95.7	95.7	96.2	96.5	95.8
2000	85.4	86.3	86.8	86.6	88.0	86.1
1999 Q4	92.0	92.1	92.2	93.1	94.1	92.5
2000 Q1	88.8	89.5	89.6	89.3	90.9	89.4
Q2	85.7	86.4	86.8	87.0	88.2	86.5
Q3	84.5	85.4	86.0	86.0	87.1	85.1
Q4	82.7	83.8	84.6	84.2	85.7	83.5
1999 Dec.	89.9	90.3	90.2	-	92.1	90.6
2000 Jan.	90.1	90.7	90.8	-	92.3	90.7
Feb.	89.0	89.7	89.8	-	91.0	89.4
Mar.	87.4	88.1	88.3	-	89.5	88.0
Apr.	85.8	86.4	86.8	-	88.2	86.6
May	84.2	84.8	85.5	-	86.7	84.9
June	87.1	88.0	88.2	-	89.8	88.0
July	86.7	87.7	87.9	-	89.2	87.4
Aug.	84.3	85.3	85.8	-	86.8	85.0
Sep.	82.5	83.4	84.3	-	85.1	83.1
Oct.	81.3	82.1	83.1	-	84.2	82.0
Nov.	82.0	83.0	83.8	-	84.9	82.7
Dec.	85.1	86.2	86.8	-	87.9	85.7

Source: ECB.

1) Inflows (+); outflows (-).

# Technical notes<sup>1</sup>

## Relating to Table 2.4

### Seasonal adjustment of the euro area monetary aggregates

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2).<sup>2</sup> Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

Seasonal factors are estimated for the index of adjusted stocks. They are then applied to the levels expressed in EUR billions and to the adjustments due to reclassifications, other revaluations, etc., yielding seasonally adjusted values for the levels, the adjustments and thus for the flows. Seasonal factors are revised at annual intervals or as and when required.

### Calculation of growth rates

Growth rates may be calculated from (a) flows or (b) the index of adjusted stocks.

If  $F_t$  represents the flow in month  $t$ ,  $L_t$  the level outstanding at the end of the month  $t$ ,  $X_t = (F_t / L_{t-1} + 1)$ , and  $I_t$  the index of the adjusted stocks in month  $t$ , the annual percentage change  $a_t$  – i.e. the change in the latest 12 months – may be calculated as follows:

$$(a) \quad a_t = ((X_t * X_{t-1} * X_{t-2} * X_{t-3} * X_{t-4} * X_{t-5} * X_{t-6} * X_{t-7} * X_{t-8} * X_{t-9} * X_{t-10} * X_{t-11}) - 1) * 100$$

$$(b) \quad a_t = (I_t / I_{t-12} - 1) * 100$$

Roundings may give rise to differences from the annual percentage changes shown in Table 2.4. The index of adjusted stocks is available with a higher level of precision on the ECB's website ([www.ecb.int](http://www.ecb.int)) on "Euro area statistics – download" page (in csv file format), from which the exact percentage changes in Table 2.4 may be calculated.

## Relating to Tables 2.5 to 2.8

As far as possible, the data are harmonised and comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, data for Tables 2.5 to 2.8 prior to the first quarter of 1999 are not directly comparable with those referring to later periods. In addition, quarterly flows cannot be calculated for any of the periods as, for the time being, reclassification and revaluation adjustments are not compiled. Tables 2.5 to 2.8 can be used for a structural analysis, while it is not advisable to perform a detailed analysis of the growth rates.

Finally, since the values reported for Tables 2.5 to 2.8 are revised on a quarterly basis (in the March, June, September and December issues), minor discrepancies may occur between these tables and those reporting monthly data.

## Relating to Table 4.1

### Seasonal adjustment of the HICP

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2).<sup>2</sup> The seasonal adjustment of the total HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series of processed food, unprocessed food, industrial goods excluding energy and services. Energy is added as a raw component since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as and when required.

<sup>1</sup> For details see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000).

<sup>2</sup> For details see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-Arima Seasonal Adjustment Program", *Journal of Business and Economic Statistics*, 16, 2, 127-152, or "X-12-ARIMA Reference Manual Version 0.2.2.", December 1998, Time Series Staff, Bureau of the Census, Washington, D.C. For internal purposes, multiplicative models of TRAMO-SEATS also are used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.

# General notes

The basis for the statistics compiled by the European Central Bank (ECB) is presented in the document entitled “Statistical information collected and compiled by the ESCB”, dated May 2000. This document is an update of the report entitled “Statistical requirements for Stage Three of Monetary Union (Implementation Package)” of July 1996, and describes the provision of statistics as it stands today. The document covers money and banking and related statistics, balance of payments statistics, international investment position statistics and financial accounts statistics. The requirements of the ECB for statistics on prices and costs, national accounts, the labour market, government receipts and expenditure, short-term indicators of output and demand, and the European Commission Business and Consumer Surveys are set out in the document entitled “Requirements in the field of general economic statistics” of August 2000.<sup>1</sup>

The focus of these statistics is the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in a downloadable format (csv files) on the ECB’s website ([www.ecb.int](http://www.ecb.int)) and new or expanded data will appear in the ECB Monthly Bulletin as they become available.

Owing to the fact that the composition of the ECU does not coincide with the currencies of the Member States which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of Member States which have not adopted the euro. To avoid this effect in the monetary statistics, the pre-1999 data in Tables 2.1 to 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used as appropriate.

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 6 June 2001.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

## Overview

Key developments in the euro area are summarised in an overview table.

## Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system’s liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. The M3 data shown in Table 2.4 are not adjusted for holdings by non-residents of the euro area of shares/units issued by money market funds located in the euro area; the amount of such holdings and their effect on the

<sup>1</sup> Money and banking statistics are the responsibility of the ECB at the European level; responsibility for balance of payments, international investment position and financial accounts statistics is shared with the European Commission (Eurostat); price and cost and other economic statistics are the responsibility of the European Commission (Eurostat).

growth of M3 are shown in columns 15 to 17. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. A complete list of MFIs is published on the ECB's website. Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers" (ECB, November 1999). The "Money and Banking Statistics Compilation Guide" (EMI, April 1998) explains recommended practices to be followed by the NCBs. From 1 January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16).

Statistics on money market interest rates, long-term government bond yields and stock market indices (Tables 3.1 to 3.3) are produced by the ECB using data from wire services. For details concerning the statistics on retail bank interest rates (Table 3.4), see the footnote at the bottom of the relevant page.

Statistics on securities issues are presented in Tables 3.5 and 3.6. They are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term. The statistics on securities issues are estimated to cover approximately 95% of total issues by euro area residents. Table 3.5 shows securities issued, redemptions and amounts outstanding, broken down into short-term securities and long-term securities. Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other

adjustments. Table 3.6 contains a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere. For euro area residents, the sectoral breakdown is in line with the European System of Accounts 1995 (ESA 95).<sup>2</sup> For non-euro area residents, the term "banks (including central banks)" is used to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area. The term "international organisations" includes the European Investment Bank. (The ECB is included in the Eurosystem.)

The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of securities issues statistics is at present somewhat narrower.

### Prices and real economy indicators

The data presented in the ECB Monthly Bulletin are, with a few exceptions, produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. However, the availability of comparable data is, as a general rule, better for the more recent periods than for earlier periods.

<sup>2</sup> The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S.121) and other monetary financial institutions (S.122); non-monetary financial corporations comprises other financial intermediaries (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125); non-financial corporations (S.11); central government (S.1311); other general government comprises state government (S.1312), local government (S.1313) and social security funds (S.1314).

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. The index is based on national HICPs that follow the same methodology in all euro area countries. The breakdown by goods and services components is derived from the Classification of individual consumption by purpose (Coicop) used for the HICP. Data from January 2000 include the cost of health and educational services; data from January 2001 also cover hospital services and social services provided to people living at home, in retirement homes and in residences for the disabled; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States. The table includes seasonally adjusted HICP data which are compiled by the ECB.

With regard to statistics on national accounts (Tables 4.2 and 5.1), the implementation of the ESA 95 during 1999 and thereafter has begun to pave the way for fully comparable data, including quarterly summary accounts, across the euro area. Before 1999 the deflators of GDP in Table 4.2.2 are derived from national data in domestic currency. National accounts in this issue are based on the ESA 95.

Table 5.2 shows selected other real economy indicators. The implementation of Council Regulation (EC) No. 1165/98 of 19 May 1998 concerning short-term statistics will enlarge the range of available euro area data.

Opinion survey data (Table/Chart 5.3) draw on the Business and Consumer Surveys of the European Commission.

Employment data (Table 5.4) are based on the ESA 95. Whenever coverage of the euro area is incomplete, some data will be estimated by the ECB on the basis of the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

## **Financial accounts statistics**

Table 6.1 shows quarterly data on financial accounts for non-financial sectors in the euro area, comprising general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15). The data (not seasonally adjusted) cover levels outstanding and financial transactions classified according to the ESA 95 and show the main financial investment and financing activities of the non-financial sectors. On the financing side (liabilities), the data are presented by ESA 95 sector and original maturity. Whenever possible the financing taken from MFIs is separately presented. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible. While both levels and transactions may throw light on economic developments, the latter are more likely to be the focus of attention.

The quarterly data are based on euro area MFI and securities issues statistics, government finance statistics, quarterly national financial accounts, and BIS international banking statistics. While all euro area countries contribute to the euro area statistics, Ireland and Luxembourg, as yet, do not provide quarterly national financial accounts data.

Table 6.2 shows annual data on saving, (financial and non-financial) investment and financing in the euro area. These data cannot yet be reconciled with the quarterly data presented in Table 6.1.

## **General government fiscal position**

Tables 7.1 to 7.3 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The euro area aggregates are compiled by the ECB from harmonised data provided by the NCBs, which are regularly updated. Data on deficit

and debt for the euro area countries may therefore differ from those used by the European Commission in the context of the excessive deficit procedure.

Table 7.1 shows general government revenue and expenditure on the basis of definitions laid down in Commission Regulation No. 1500/2000 of 10 July 2000 amending the ESA 95. Table 7.2 shows details of general government gross consolidated debt at nominal value in accordance with the Treaty provisions on the excessive deficit procedure. Tables 7.1 and 7.2 include summary data for individual euro area countries owing to their importance in the framework of the Stability and Growth Pact. Table 7.3 analyses changes in general government debt. The difference between the change in government debt and government deficit, the deficit-debt adjustment, is mainly explained by government transactions in financial assets and by foreign exchange valuation effects.

### **Balance of payments and international investment position of the euro area (including reserves), trade in goods and exchange rates**

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of May 2000 (ECB/2000/04) on the statistical reporting requirements of the ECB, and to Eurostat's documentation.

The euro area balance of payments is compiled by the ECB. Data up to December 1998 are expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. Data are revised with the publication of the detailed quarterly balance of payments data. Earlier data are revised periodically.

Some earlier data have been partially estimated and may not be fully comparable

with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1999 and the i.i.p. at end-1997. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

The euro area i.i.p. (Table 8.7.1) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2 with the corresponding reserves and related assets held by the ECB. The data in Table 8.7.2 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Earlier data are revised on an ongoing basis. Reserve assets data before end-1999 are not fully comparable with later observations. A publication on the statistical treatment of the Eurosystem's international reserves is available on the ECB's website.

Table 9 gives data on euro area external trade in goods, and indices – value, volume and unit value – for total exports and imports. The value index is calculated by the ECB. The volume index is derived from the unit value index provided by Eurostat and the value index. Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2).

Table 10 shows ECB calculations of nominal and real effective exchange rate indices for the euro based on weighted averages of bilateral euro exchange rates. Weights are based on 1995-97 manufactured goods trade

with the trading partners and capture third-market effects. Up to December 2000, the narrow group is composed of the countries whose currencies are shown in the table plus the Greek drachma. On adopting the euro in January 2001, Greece ceased to be a partner country in the effective exchange rate of the euro and the weighting scheme has been adjusted accordingly. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used. The bilateral rates shown are those against the 12 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

### **Other statistics**

Statistics on other EU Member States (Table I 1) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Tables/Charts 12.1 and 12.2 are obtained from national sources. Saving, investment and financing data for the United States and Japan (Table/Chart 12.2) are structured in the same way as the capital and financial flows data shown for the euro area in Table/Chart 6.

### **Past data for selected economic indicators for the euro area plus Greece**

Data for the euro area plus Greece up to end-2000 are shown in an additional table at the end of the "Euro area statistics" section. This table provides past data for the euro area plus Greece for a selected number of

indicators. Detailed information on the different parts of the table is provided below.

Table A.1 presents monetary aggregates and the main counterparts of M3, as drawn from the consolidated MFI balance sheet. For the consolidation of the data referring to the "Euro 11 plus Greece", balance sheet positions of MFIs in the first 11 countries participating in the euro area vis-à-vis those resident in Greece have been taken into account. Business denominated in Greek drachmas has also been identified and treated as if it had been in euro.

Table A.2 shows financial market interest rates and securities other than shares statistics. Before January 1999 synthetic euro area money market rates were calculated on the basis of national rates weighted by GDP. From January 1999 to December 2000 euro interbank offered rates (EURIBOR) and ATHIBOR are weighted by GDP. Up to August 2000, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

For securities issues statistics (also shown in Table A.2), the fact that residents of Greece will become residents of the euro area has given rise to two structural modifications. The first change involves the inclusion of all securities issued by Greek residents in euro and Greek drachmas. The second effect is caused by the inclusion of all securities issued by euro area residents – in addition to those in Greece – and denominated in Greek drachmas. Securities issues statistics including Greece are compiled for both stocks and flows.

Aggregated data for the euro area plus Greece on price and real economy developments (Table B) are provided by the European Commission (Eurostat). Data on fiscal developments have been aggregated by the ECB.



Table C presents selected balance of payments past data for the euro area plus Greece. The methodology applied is generally the same as that used in Section 8. All available information for the past data is shown on the ECB's web site (in the "Statistics, Latest monetary, financial and balance of payments statistics – release schedules" section).

Table D shows past nominal and real effective exchange rate indices for the euro plus the Greek drachma. The methodology applied for the calculation is the same as that described in the article in the April 2000 issue of the ECB Monthly Bulletin entitled "The nominal

and real effective exchange rates of the euro". New weights for the euro area partner countries have been calculated, excluding Greece from the partners but including it in the euro area (for the countries included in the calculations, see footnote I to Table 10 on "Exchange rates" in the "Euro area statistics" section of this issue). A "theoretical" euro exchange rate, in which account is taken of Greek drachma-related developments as well as deflators for the euro area plus Greece, has been constructed prior to January 2001. The full set of data, starting from 1990 (1993 for the broad group), can be downloaded in csv format from the ECB's website.

# Chronology of monetary policy measures of the Eurosystem<sup>1</sup>

## 4 January 2000

The ECB announces that on 5 January 2000 the Eurosystem will conduct a liquidity-absorbing fine-tuning operation with same-day settlement. This measure aims at restoring normal liquidity conditions in the money market after the successful transition to the year 2000.

## 5 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

## 15 January 2000

At the request of the Greek authorities, the ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece decide, following a common procedure, to revalue the central rate of the Greek drachma in the exchange rate mechanism (ERM II) by 3½%, with effect from 17 January 2000.

## 20 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

It also announces that the Eurosystem intends to allot an amount of €20 billion for each of the longer-term refinancing operations to be conducted in the first half of 2000. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the first half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

## 3 February 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.25%, starting from the operation to be settled on 9 February 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.25% and 2.25% respectively, both with effect from 4 February 2000.

## 17 February, 2 March 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.25%, 4.25% and 2.25% respectively.

## 16 March 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.5%, starting from the operation to be settled on 22 March 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.5% and 2.5% respectively, with effect from 17 March 2000.

## 30 March, 13 April 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.5%, 4.5% and 2.5% respectively.

<sup>1</sup> The chronology of monetary policy measures of the Eurosystem taken in 1999 can be found on pages 176 to 179 of the ECB Annual Report 1999.

### **27 April 2000**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.75%, starting from the operation to be settled on 4 May 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.75% and 2.75% respectively, both with effect from 28 April 2000.

### **11 May 2000**

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### **25 May 2000**

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### **8 June 2000**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.50 percentage point to 4.25% and to apply this in the two operations (which will be conducted as fixed rate tenders) to be settled on 15 and 21 June 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 5.25% and 3.25% respectively, both with effect from 9 June 2000.

It also announces that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem

will be conducted as variable rate tenders, applying the multiple rate auction procedure. The Governing Council decides to set a minimum bid rate for these operations equal to 4.25%. The switch to variable rate tenders in the main refinancing operations is not intended as a further change in the monetary policy stance of the Eurosystem, but as a response to the severe overbidding which has developed in the context of the current fixed rate tender procedure.

### **19 June 2000**

In accordance with Article 122 (2) of the Treaty establishing the European Community, the ECOFIN Council decides that Greece fulfils the necessary conditions on the basis of the criteria set out in Article 121 (1) and abrogates the derogation of Greece with effect from 1 January 2001. The ECOFIN Council took its decision, taking account of the reports of the European Commission and the ECB on the progress made in the fulfilment by Sweden and Greece of their obligations regarding the achievement of Economic and Monetary Union, after consulting the European Parliament, and after a discussion in the EU Council meeting in the composition of Heads of State or Government.

The ECOFIN Council, acting with the unanimity of the Member States of the European Community without a derogation and the Member State concerned, upon a proposal from the European Commission and after consultation of the ECB, also adopts the irrevocable conversion rate between the Greek drachma and the euro, with effect from 1 January 2001. Following the determination of the euro conversion rate of the Greek drachma (which is equal to its prevailing central rate against the euro in the exchange rate mechanism, ERM II), the ECB and the Bank of Greece announce that they will monitor the convergence of the market exchange rate of the Greek drachma against the euro towards its euro conversion rate, which should be completed at the latest by 29 December 2000.

## **21 June 2000**

The Governing Council of the ECB decides that the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 5.25% and 3.25% respectively. It reiterates that, as announced on 8 June 2000, the forthcoming main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiple rate auction procedure, with a minimum bid rate of 4.25%.

The Governing Council also announces that, for the longer-term refinancing operations to be conducted in the second half of 2000, the Eurosystem intends to allot an amount of €15 billion per operation. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the second half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

## **6 July, 20 July, 3 August 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

## **31 August 2000**

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 6 September 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 1 September.

## **14 September 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.50%, 5.50% and 3.50% respectively.

## **5 October 2000**

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.75%, with effect from the operation to be settled on 11 October 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.75% and 3.75% respectively, both with effect from 6 October.

## **19 October, 2 November, 16 November, 30 November 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

## **14 December 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

In addition, it decides to reconfirm the existing reference value for monetary growth, namely an annual growth rate of 4½% for the broad aggregate M3. This decision is taken on the grounds that the available evidence continues to support the assumptions underlying the initial derivation of the reference value in December

1998 (and its confirmation in December 1999), namely that, over the medium term, M3 income velocity declines at a trend rate in the range from ½% to 1% per annum and potential output grows at a trend rate between 2% and 2½% per annum. The Governing Council will undertake the next review of the reference value in December 2001.

## **2 January 2001**

On 1 January 2001 the euro was introduced in Greece. Greece thus became the twelfth EU Member State to adopt the single currency and the first to do so since the start of Stage Three of Economic and Monetary Union (EMU) on 1 January 1999. As a result, the Bank of Greece is now a full member of the Eurosystem, with the same rights and obligations as the 11 national central banks of the EU Member States which previously adopted the euro. In accordance with Article 49 of the Statute of the European System of Central Banks and of the European Central Bank, the Bank of Greece pays up the remainder of its contribution to the capital of the ECB, as well as its share of the ECB's reserves, and also transfers to the ECB its contribution to the foreign reserve assets of the ECB.

Further to the announcement on 29 December 2000, the first main refinancing operation of 2001, in which the Greek counterparties of the Eurosystem participate for the first time, is successfully conducted. The allotment volume of €101 billion takes into account the additional liquidity needs of the euro area banking system resulting from the integration of the Greek Monetary Financial Institutions.

## **4 January 2001**

The Governing Council of the ECB decides that the minimum bid rate for the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

In addition, it decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2001. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2001 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

## **18 January, 1 February, 15 February, 1 March, 15 March, 29 March, 11 April, 26 April 2001**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

## **10 May 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operation by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 15 May 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 11 May 2001.

## **23 May, 7 June 2001**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.50%, 5.50% and 3.50% respectively.

# The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system

## Payment flows in TARGET

The number of payments processed in the first quarter of 2001 in TARGET as a whole, i.e. cross-border and domestic payments taken together, remained fairly stable compared with the fourth quarter of 2000, while the value of such payments increased by 17%. The total number of TARGET payments in the first quarter of 2001 reached 198,427 as a daily average, representing a value of around €1.24 trillion. The number of cross-border payments processed increased by 5% (averaging 43,907 payments a day), while their value increased by 19% (average daily value of €518 billion). The peak day for TARGET cross-border activity during the first quarter in terms of both volume and value was 20 February 2001. On that day 63,159 payments were processed

representing a value of €652 billion. The ratio of customer payments to the average number of daily TARGET cross-border payments decreased slightly and now stands at around 35% in terms of volume and 3% in terms of value. In the first quarter of 2001 the average value of customer payments increased slightly and stood at €1.1 million; the average value of interbank payments also increased and stood at €17.6 million.

## Recommendations for CLS payments in euro

In February 2001 the ECB published the "Recommendations for CLS payments in euro", which are intended to cover payments in euro relating to the CLS Bank made through

**Table I**

### Payment instructions processed by TARGET and other selected interbank funds transfer systems: volume of transactions

(number of payments)

	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
<b>TARGET</b>					
All TARGET payments					
Total volume	11,677,575	11,889,550	11,876,872	12,536,026	12,699,321
Daily average	179,655	191,767	182,721	198,985	198,427
Cross-border TARGET payments					
Total volume	2,426,211	2,551,454	2,561,044	2,630,202	2,810,046
Daily average	37,326	41,152	39,401	41,749	43,907
Domestic TARGET payments					
Total volume	9,251,364	9,338,096	9,315,828	9,905,824	9,889,275
Daily average	142,329	150,614	143,320	157,235	154,520
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	5,823,942	6,241,239	6,123,837	6,502,684	6,959,929
Daily average	89,599	100,665	94,213	103,217	108,749
Euro Access Frankfurt (EAF)					
Total volume	3,272,746	3,204,424	3,208,671	3,302,144	3,329,975
Daily average	50,350	51,684	49,364	52,415	52,031
Paris Net Settlement (PNS) <sup>1)</sup>					
Total volume	1,244,435	1,254,662	1,258,003	1,758,207	2,021,258
Daily average	19,145	20,236	19,354	27,908	31,582
Servicio Español de Pagos Interbancarios (SEPI)					
Total volume	262,828	241,952	238,434	234,306	253,240
Daily average	4,044	3,902	3,668	3,719	3,957

1) The PNS replaced the *Système Net Protégé (SNP)* on 19 April 1999.

TARGET, and the “Explanatory memorandum on the recommendations concerning CLS payments in euro”. The objective of these recommendations is to provide a framework through which CLS euro payments can be executed via TARGET in a timely manner. These recommendations do not give rise to any legally enforceable rights or obligations and are therefore not intended to supersede rules agreed in domestic systems or any legally binding bilateral agreements.

report provides an overview of the first two years of TARGET operations. It presents an analysis of the business and technical performance of the system in 1999 and 2000. In addition, the report describes the major developments which have taken place in the organisational and operational frameworks and sheds some light on the future development of the system and upcoming challenges. In future, the report will be published annually.

Further information on the TARGET system is available in the TARGET section of the ECB’s website (<http://www.ecb.int>).

## TARGET Annual Report

On 15 May 2001 the ECB published the first edition of the TARGET Annual Report. This

**Table 2**  
**Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions**  
*(EUR billions)*

	2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1
<b>TARGET</b>					
All TARGET payments					
Total value	65,249	66,245	65,015	66,782	79,180
Daily average	1,004	1,068	1,000	1,060	1,237
Cross-border TARGET payments					
Total value	26,888	28,121	27,635	27,394	33,170
Daily average	414	454	425	435	518
Domestic TARGET payments					
Total value	38,361	38,124	37,380	39,388	46,010
Daily average	590	615	575	625	719
<b>Other systems</b>					
Euro 1 (EBA)					
Total value	12,159	12,758	12,421	12,306	13,892
Daily average	187	206	191	195	217
Euro Access Frankfurt (EAF)					
Total value	10,576	10,786	9,918	10,240	10,904
Daily average	163	174	153	163	170
Paris Net Settlement (PNS) <sup>1)</sup>					
Total value	5,689	5,309	5,111	5,736	5,832
Daily average	88	86	79	91	91
Servicio Español de Pagos Interbancarios (SEPI)					
Total value	149	124	92	84	96
Daily average	2	2	1	1	2

1) The PNS replaced the *Système Net Protégé* (SNP) on 19 April 1999.

# Documents published by the European Central Bank (ECB)

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## Annual Report

"Annual Report 1998", April 1999.

"Annual Report 1999", April 2000.

"Annual Report 2000", May 2001.

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## Convergence Report

"Convergence Report 2000", May 2000.

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## Monthly Bulletin

Articles published from January 1999 onwards:

"The euro area at the start of Stage Three", January 1999.

"The stability-oriented monetary policy strategy of the Eurosystem", January 1999.

"Euro area monetary aggregates and their role in the Eurosystem's monetary policy strategy", February 1999.

"The role of short-term economic indicators in the analysis of price developments in the euro area", April 1999.

"Banking in the euro area: structural features and trends", April 1999.

"The operational framework of the Eurosystem: description and first assessment", May 1999.

"The implementation of the Stability and Growth Pact", May 1999.

"Longer-term developments and cyclical variations in key economic indicators across euro area countries", July 1999.

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"Inflation differentials in a monetary union", October 1999.

"ESCB preparations for the year 2000", October 1999.



“Stability-oriented policies and developments in long-term real interest rates in the 1990s”, November 1999.

“TARGET and payments in euro”, November 1999.

“Legal instruments of the European Central Bank”, November 1999.

“The euro area one year after the introduction of the euro: key characteristics and changes in the financial structure”, January 2000.

“Foreign exchange reserves and operations of the Eurosystem”, January 2000.

“The Eurosystem and the EU enlargement process”, February 2000.

“Consolidation in the securities settlement industry”, February 2000.

“The nominal and real effective exchange rates of the euro”, April 2000.

“EMU and banking supervision”, April 2000.

“The information content of interest rates and their derivatives for monetary policy”, May 2000.

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“The switch to variable rate tenders in the main refinancing operations”, July 2000.

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“Issues arising from the emergence of electronic money”, November 2000.

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“Financing and financial investment of the non-financial sectors in the euro area”, May 2001.

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- 2 “What does the single monetary policy do? A SVAR benchmark for the European Central Bank” by C. Monticelli and O. Tristani, May 1999.
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