



EUROPEAN CENTRAL BANK

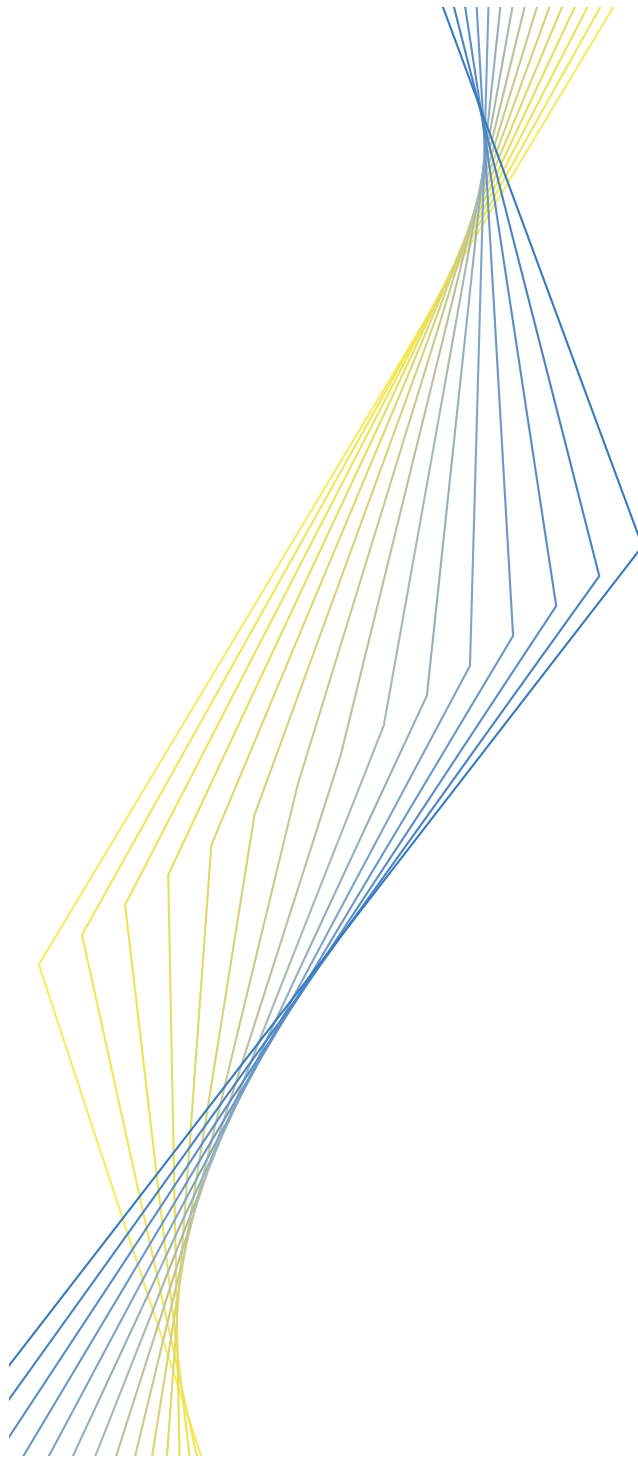
ECB EZB EKT BCE EKP

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

October 2000



EUROPEAN CENTRAL BANK



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

October 2000

© **European Central Bank, 2000**

<b>Address</b>	<b>Kaiserstrasse 29 D-60311 Frankfurt am Main Germany</b>
<b>Postal address</b>	<b>Postfach 16 03 19 D-60066 Frankfurt am Main Germany</b>
<b>Telephone</b>	<b>+49 69 1344 0</b>
<b>Internet</b>	<b><a href="http://www.ecb.int">http://www.ecb.int</a></b>
<b>Fax</b>	<b>+49 69 1344 6000</b>
<b>Telex</b>	<b>411 144 ecb d</b>

*This Bulletin was produced under the responsibility of the Executive Board of the ECB. Translations are prepared and published by the national central banks.*

*All rights reserved. Reproduction for educational and non-commercial purposes is permitted provided that the source is acknowledged.*

*The cut-off date for the statistics included in this issue was 4 October 2000.*

ISSN 1561-0136

# Contents

Editorial	5
Economic developments in the euro area	9
Monetary and financial developments	9
Price developments	21
Output, demand and labour market developments	24
Exchange rates and the balance of payments developments	31
Boxes:	
1 Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 September 2000	15
2 Different ways of calculating the growth rate of real GDP	25
Potential output growth and output gaps: concept, uses and estimates	37
The ECB's relations with institutions and bodies of the European Community	49
Euro area statistics	I*
Chronology of monetary policy measures of the Eurosystem	71*
Documents published by the European Central Bank (ECB)	75*

## 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
BPM4	IMF Balance of Payments Manual (4th edition)
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 meeting on 5 October 2000 the Governing Council of the ECB decided to increase the minimum bid rate on the main refinancing operations of the Eurosystem by 25 basis points to 4.75%, starting with the operation to be settled on 11 October 2000. The interest rate on the marginal lending facility and that on the deposit facility were also raised by 25 basis points to 5.75% and 3.75% respectively, both with effect from 6 October 2000.

Including this increase, the main ECB interest rates have been raised by a total of 225 basis points since November 1999, with the objective of maintaining price stability in the euro area over the medium term. The decision taken on 5 October 2000 aimed at ensuring that the upward pressures on consumer prices, which currently stem mainly from oil prices and the exchange rate of the euro, do not translate into more permanent inflationary tendencies. It was important to address these risks in a firm and timely manner as price stability is the best contribution which monetary policy can make to preserving steady GDP and employment growth in the medium term.

The decision to increase the ECB interest rates was based on analyses under both pillars of the monetary policy strategy of the ECB. Starting with the first pillar, the three-month average of annual M3 growth was 5.3% in the period from June to August 2000. As indicated in the September issue of the ECB Monthly Bulletin, the preparations of telecommunications firms to transfer the funds due in early September for the purchase of licences in the German UMTS auction may have had a temporary upward impact on M3 growth in August 2000. Taking this special factor into account, underlying developments in monetary aggregates may have been more moderate than the August data, showing an annual growth rate of 5.6% for M3, would suggest. This notwithstanding, liquidity conditions continued to be ample in the euro area, given the protracted deviation of M3 growth from the reference value of 4½% since the start of Stage Three of Economic

and Monetary Union. In addition, loans to the private sector continued to grow at a high rate, with an annual rate of growth of 9.4% in August 2000. Hence the risks to price stability stemming from monetary developments remained on the upside.

Turning to the second pillar, an important factor was the development of the price of oil, which reached new peaks in mid-September 2000 and which, despite some correction in late September, remained at high levels. Therefore, contrary to earlier expectations, energy price developments have continued to put considerable upward pressure on HICP inflation rates in recent months.

In nominal effective terms, the exchange rate of the euro in early October was approximately 5% below the level prevailing three months earlier. The low external value of the euro has heightened the risks of increases in import prices gradually being passed on to consumer prices, particularly in the current phase of strong economic growth.

Recent movements in the exchange rate of the euro had given rise to concerns, which the ECB shared with the central bank governors and ministers of finance of all the G7 countries, that these might have adverse implications for the world economy. In order to address these concerns, on 22 September, at the ECB's initiative, the monetary authorities of the United States, Japan, the United Kingdom and Canada joined the ECB in a concerted intervention in the foreign exchange markets. The ECB and its partners will continue to monitor developments closely and to co-operate in the foreign exchange markets, as appropriate.

With regard to economic activity, first Eurostat estimates point to strong real GDP growth in the euro area in the second quarter of 2000, confirming earlier expectations of a continuation of sound economic expansion. Although some national data released after the publication of Eurostat's first estimates suggest that a slight downward revision of

GDP growth data for the second quarter of 2000 is possible, the general picture that economic growth stood at a high level throughout the first half of 2000 remains unaffected. Data on industrial production also indicate that economic growth was strong in the first half of 2000, possibly levelling off at a robust pace. This expectation is confirmed by the results of recent surveys.

While the possibility cannot be ruled out that the increase in oil prices as such may temporarily dampen economic growth, the forces underlying strong growth in the medium term remain in place. These relate to external demand, which is supported by a strong world economy, as well as to domestic demand, which is propped up by both continued favourable financing conditions and strong employment growth. This view is also underpinned by forecasts produced by both private and public institutions which have recently become available and predict high economic growth both within the euro area and at the global level. In addition, bond market developments in the euro area are consistent with expectations of lasting robust economic growth in the euro area.

Recent consumer price developments have continued to be dominated by the increase in energy prices. In August 2000 annual HICP inflation declined to 2.3%, from 2.4% in July 2000. The year-on-year growth of the energy price component was 12.3% in August, compared with 13.7% in July 2000. Past increases in import prices have thus far continued to have little impact on developments in non-energy industrial consumer goods prices. The annual rate of increase in the HICP excluding energy was equal to 1.5% in August 2000. Notably, the annual increase in non-energy industrial goods prices remained subdued at 0.6%, indicating that past increases in import prices have not yet had a significant impact on consumer prices. However, taking a forward-looking view, it should be noted that producer price developments indicate that further upward pressures on consumer prices, stemming mainly from oil price and exchange rate

developments, are under way. On an annual basis, producer prices in the consumer goods industry increased by 1.6% in August 2000.

In September 2000 HICP inflation is expected to rise again. If energy prices do not decline significantly, it will take some time before HICP inflation returns to rates below 2%, consistent with the ECB's definition of medium-term price stability.

Against this background it will be crucial that the longer-term inflation expectations of economic agents do not increase. This risk is all the more relevant given the currently favourable outlook for economic growth in the euro area. In this respect, the decision to increase ECB interest rates on 5 October aimed at maintaining confidence in price stability over the medium term. This confidence should continue to guide the process of formation of wages and profit margins in the euro area. Wage moderation has made an important contribution to the progress achieved in job creation and in unemployment reduction observed so far. A continuation of this pattern will be a key contributory factor to maintaining non-inflationary growth at a robust pace and should ultimately result in higher real income growth in the economy as a whole.

As was noted in the September issue of the ECB Monthly Bulletin, higher oil prices also imply a loss of income for the economy as a whole. In a market economy, the rise in the price of energy is to be reflected in relative price adjustments in order to bring about a proper allocation of resources.

The governments of the euro area countries can help the economy to adjust smoothly to the increase in energy prices in several ways. One way is to step up efforts towards structural reform aimed at enhancing the functioning of labour and product markets. This will increase the resilience of the economy to adverse shocks, increase competition and ensure appropriate price-setting by companies. Governments must avoid the mistakes of the past, when fiscal

policies were relaxed in response to the effects stemming from increases in energy prices. At the current juncture, fiscal policies should not only avoid any pro-cyclical bias, but should also aim at reaching fiscal positions in balance or surplus, in line with the Stability and Growth Pact, earlier than currently planned.

This issue of the ECB Monthly Bulletin contains two articles. The first of these

examines the concepts and uses of potential output and discusses different estimation methods. It indicates that estimates of the output gap are in general surrounded by a degree of uncertainty greater than that for potential output growth. The second article presents an overview of the ECB's relations with the institutions and bodies of the European Community.





# Economic developments in the euro area

## I Monetary and financial developments

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

At its meeting on 5 October 2000 the Governing Council of the ECB decided to raise the minimum bid rate applicable to the main refinancing operations (conducted as variable rate tenders applying the multiple rate auction procedure) by 25 basis points, to 4.75%, starting from the operation to be settled on 11 October 2000. The interest rates on the deposit facility and the marginal lending facility were also increased by 25 basis points, to 3.75% and 5.75% respectively, in both cases with effect from 6 October 2000 (see Chart 1).

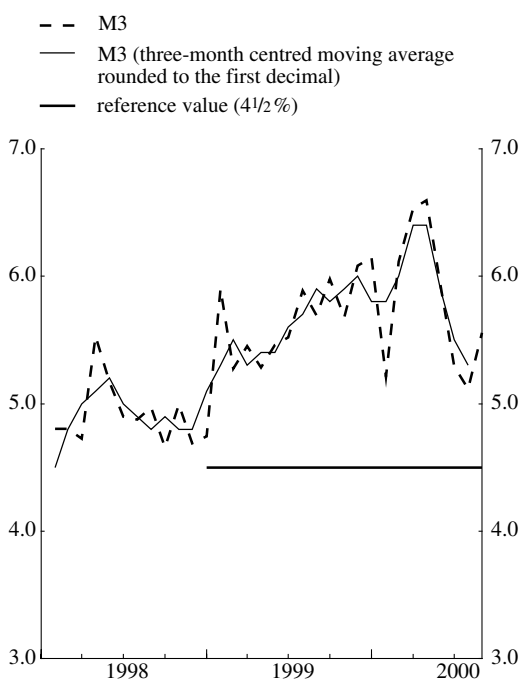
### M3 growth remained above the reference value

In August 2000 the annual rate of increase of the broad monetary aggregate M3 rose to 5.6%, from 5.1% in July 2000 (see Chart 2). However, as mentioned in the September

**Chart 2**

### M3 growth and the reference value

(annual percentage changes)

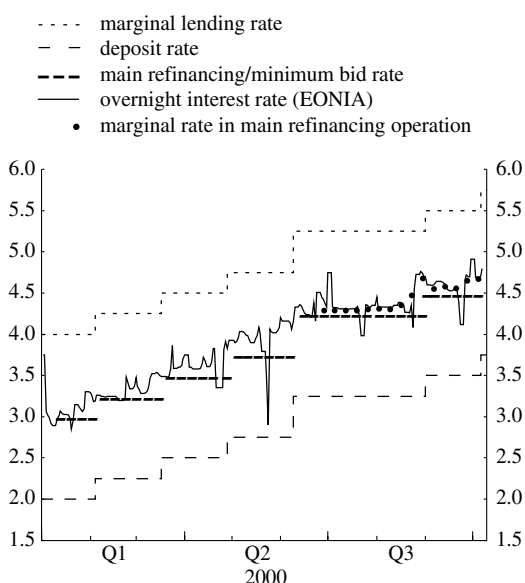


Source: ECB.

**Chart 1**

### ECB interest rates and money market rates

(percentages per annum; daily data)



Sources: ECB and Reuters.

2000 issue of the ECB Monthly Bulletin, monetary data in August 2000 need to be interpreted with due caution as the German UMTS auction is likely to have had a temporary upward effect on the growth of M3 in August. Despite this increase, the three-month average of the annual growth rates of M3 covering the period from June to August 2000 declined to 5.3%, from 5.5% in the period from May to July 2000. In addition, the seasonally adjusted and annualised six-month growth rate of M3 fell to 4.8% in the six-month period ending in August 2000, from 5.3% in the six-month period up to July.

As regards the components of M3 (see Table I and Chart 3), the annual rate of growth of currency in circulation rose slightly, to 3.5% in August 2000, from 3.3% in the previous month. Moreover, there was a rise in the annual growth rate of overnight deposits from 7.4% in July 2000 to 7.8% in August. As a result of the aforementioned

**Table 1****M3 and its main components***(end-of-month levels and seasonally adjusted month-on-month changes)*

	Aug. 2000 levels	June 2000 change		July 2000 change		Aug. 2000 change		June 2000 to Aug. 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
<b>M3</b>	4,938.7	-12.3	-0.2	29.0	0.6	29.6	0.6	15.4	0.3
Currency in circulation and overnight deposits (= M1)	1,975.1	-16.8	-0.8	13.1	0.7	20.0	1.0	5.5	0.3
Other short-term deposits (= M2 - M1)	2,168.5	5.3	0.2	4.4	0.2	6.5	0.3	5.4	0.3
Marketable instruments (= M3 - M2)	795.1	-0.8	-0.1	11.4	1.5	3.0	0.4	4.6	0.6

*Source: ECB.**Note: Due to rounding, the sum of the components of M3 in euro (billions) may not add up to the total reported for M3.*

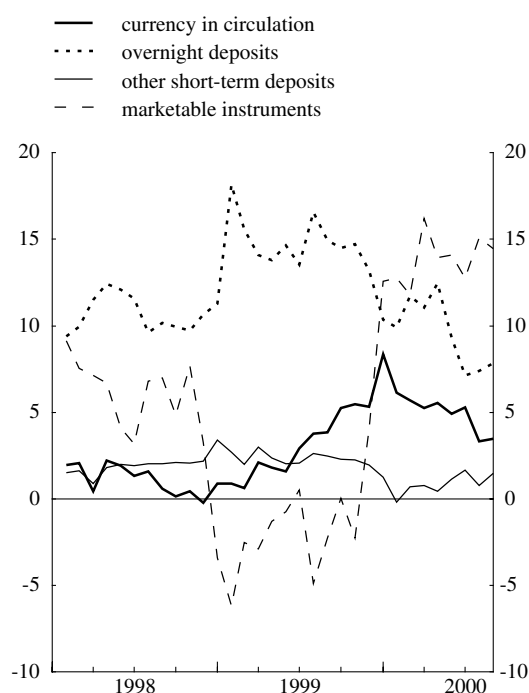
developments in currency in circulation and overnight deposits, the annual growth rate of M1 rose to 7.1% in August 2000, compared with 6.7% in the previous month.

The annual growth rate of short-term deposits other than overnight deposits also increased in August, to 1.5%, from 0.8% in July. This reflected divergent developments in the components of this item. The annual rate of growth of deposits with an agreed maturity of up to two years rose significantly, to 9.1%, from 6.6% in the previous month. This development could be partly related to stronger demand for liquidity from corporations before the purchase of UMTS licences in Germany. The relatively strong growth in these deposits over recent months may reflect the fact that their remuneration has followed the rise in money market rates more closely than has been the case for overnight deposits and deposits redeemable at a period of notice of up to three months (see Chart 5). In fact, the latter instrument continued to show an annual rate of decline in August (-3.7%, compared with -3.2% in July).

As a consequence of the increase in the annual growth rate both of M1 and of short-term deposits other than overnight deposits, the annual rate of increase in the intermediate

aggregate M2 rose from 3.5% in July to 4.1% in August 2000.

The annual rate of growth of the marketable instruments included in M3 declined slightly in August, to 14.5%, from 15.1% in the

**Chart 3****Components of M3***(annual percentage changes)**Source: ECB.*

previous month. This reflected declines in the annual growth rates of all three categories of marketable instruments. This notwithstanding, marketable instruments continued to grow at a high pace overall. This development seems to be associated with the rise in short-term interest rates and the flattening of the yield curve in recent months. However, it should be borne in mind that marketable instruments include non-resident holdings of money market paper issued by euro area MFIs which cannot be excluded from M3 for statistical reasons.

### Continued strong pace of growth of credit to the private sector

Regarding the counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector rose in August, to 7.5%, from 7.2% in the previous month. Since the beginning of 2000 the annual growth of these liabilities has remained in a narrow range of between 7.1% and 7.6%.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents stood at 7.0% in August 2000, compared with 6.9% in July. The annual growth rate of credit to the private sector rose to 10.1% in August, from 9.8% in July. By contrast, the decline in the annual rate of change in credit extended to the general

government sector was more pronounced (-2.4% in August, compared with -1.5% in July).

Developments in credit to the general government sector reflected a decline both in the annual rate of change in loans (to -0.5%, compared with 0% in July) and in securities other than shares (to -3.8%, from -2.6% in July).

Among the components of credit to the private sector, the annual growth rate of loans increased in August 2000, to 9.4%, from 9.0% in the previous month, interrupting the downward trend in this rate observed from April to July 2000. The continued strong demand for loans from the private sector reflects the strength of economic activity, as well as high levels of industrial and consumer confidence in the euro area. Additional factors which seem to be playing a role are intense merger and acquisition activity, the purchase of third-generation UMTS licences in Europe and rising property prices in some euro area countries. At the same time, there are dampening effects on credit growth stemming from the rise in lending interest rates since last year.

The net external asset position of the euro area MFI sector was virtually unchanged between July and August 2000 (with a decline of only €1 billion in absolute and non-seasonally adjusted terms). Over the 12 months up to August 2000, the net

**Table 2**

### M3 and its main counterparts

(end-of-month levels and 12-month flows; EUR billions)

	Amounts outstanding	12-month flows					
		2000 Aug.	2000 Mar.	2000 Apr.	2000 May	2000 June	2000 July
1. Credit to the private sector	6,573.4	619.8	650.3	648.4	580.9	579.3	601.7
2. Credit to general government	1,941.8	20.9	14.3	-14.6	-25.2	-29.9	-47.9
3. Net external assets	267.3	-198.9	-205.6	-179.7	-111.9	-133.8	-96.2
4. Longer-term financial liabilities	3,757.5	249.5	246.7	255.9	243.8	250.7	260.2
5. Other counterparts (net liabilities)	86.4	-103.0	-88.4	-74.8	-44.4	-72.0	-58.5
<b>M3 (=1+2+3-4-5)</b>	<b>4,938.7</b>	<b>295.6</b>	<b>301.1</b>	<b>273.3</b>	<b>244.8</b>	<b>237.4</b>	<b>256.4</b>

Source: ECB.

Note: Due to rounding, the sum of the counterparts of M3 may not add up to the total reported for M3.

external assets of the MFI sector declined by €96 billion (see Table 2). From a longer-term perspective, the 12-month decline in the net external position of the MFI sector has been tending to fall since April 2000, mirroring lower net outflows of funds from euro area non-MFI residents.

### Continuing strong net issuance of debt securities in July

In July 2000 net issuance of debt securities was slightly higher than in July 1999 (see Chart 4), resulting in a small increase in the annual growth rate of the amount outstanding of debt securities issued by euro area residents, from 8.1% in June 2000 to 8.2%. The annual growth rate has tended to stabilise in recent months, reflecting contrasting trends. While growth rates in the amount outstanding of debt securities issued at maturities of up to one year have been rising, growth rates at long-term maturities have been declining. The annual growth rate of

the amount outstanding of short-term debt securities increased from 15.2% in June 2000 to 17.7% in July. At the same time, the annual growth rate of the amount outstanding of long-term debt securities issued by euro area residents declined slightly, from 7.3% in June 2000 to 7.2% in July.

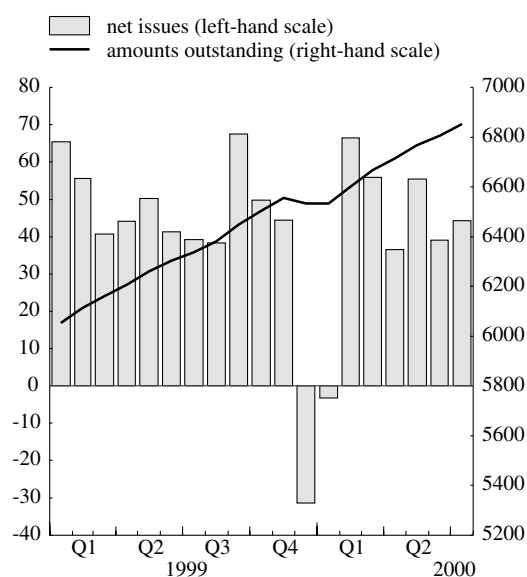
The currency breakdown reveals that the annual growth rate of the amount outstanding of euro-denominated debt securities issued by euro area residents declined from 7.3% in June 2000 to 7.0% in July. At the same time, the annual growth rate of the amount outstanding of debt securities issued by euro area residents denominated in currencies other than the euro increased significantly, from 16.7% in June 2000 to 23.8% in July. One large bond issue in the telecommunications sector accounts for much of the increase in the latter growth rate.

The sectoral breakdown shows that underlying the aforementioned decline in the growth rate of the amount outstanding of euro-denominated debt securities issued by euro area residents in July 2000 was a decline in the annual growth rate of the amount outstanding of debt securities issued by the general government sector, from 3.5% in June 2000 to 2.9% in July. At the same time, there was continued buoyant growth in the amounts outstanding of debt securities issued by the private sector (both MFIs and non-MFIs). The annual growth rate of the amount outstanding of euro-denominated debt securities issued by the private sector in July 2000 was 12.3%, unchanged from June.

In the public sector, July was the first month this year in which the central government sector had net redemptions of euro-denominated debt securities. As a result, the annual growth rate of the amount outstanding of euro-denominated debt securities issued by this sector, which had been oscillating around 3.5% in earlier months of this year, decreased to 2.8% in July 2000. The drop in this growth rate reflects the declining borrowing requirements of governments in

**Chart 4**  
Debt securities issued by euro area residents

(EUR billions)



Source: ECB.

Note: Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments.

the euro area. At the same time, the annual growth rate of the amount outstanding of debt securities issued by other parts of general government increased from 3.6% in June 2000 to 4.8% in July.

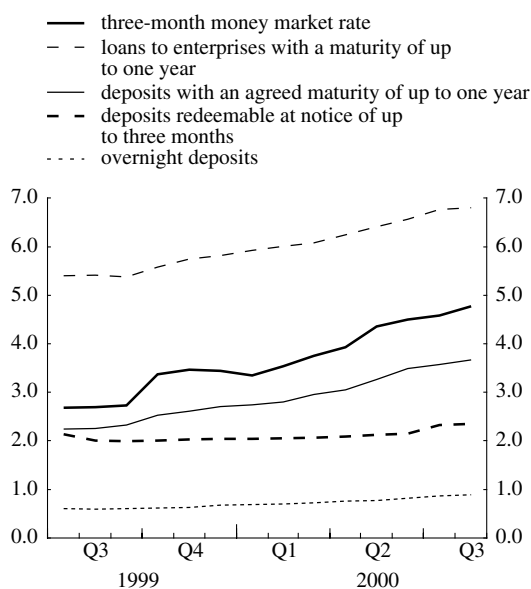
Within the private sector, the annual growth rate of the amount outstanding of euro-denominated debt securities issued by MFIs in July 2000 was 11.1%, which was unchanged from June 2000. At the same time, the annual growth rate of the amount outstanding of debt securities issued by non-monetary financial corporations, which had been declining since December 1999 from very high levels, increased from 20.4% in June 2000 to 21.2% in July. By contrast, the growth rate of the amount outstanding of debt securities issued by non-financial corporations declined from 16.7% in June 2000 to 16.2% in July. While this decline was mainly due to base effects, the continued high growth rates may be largely explained by strong investor demand for attractive yields on corporate bonds, merger and acquisition activity and a robust pace of economic activity in the euro area.

### Retail bank interest rates continued to rise in August

Short-term retail bank interest rates in the euro area continued to edge upwards in August 2000, reflecting the upward movement in money market interest rates over the summer months (see Chart 5). The monthly increases in short-term retail bank interest rates in August 2000 varied between 2 and 10 basis points on average. Considering developments over the 12-month period from August 1999 to August 2000, the average rates on deposits with an agreed maturity of up to one year and on loans to enterprises with a maturity of up to one year rose by around 140 basis points. These changes in short-term bank rates were smaller than the increase of almost 210 basis points in three-month money market rates which took place between August 1999 and August 2000.

**Chart 5**  
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.

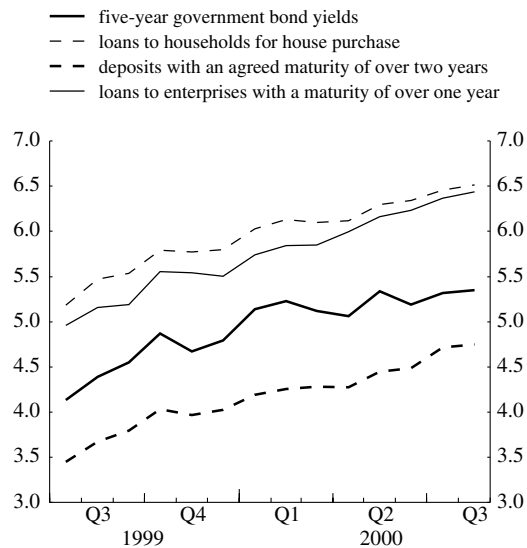
At longer maturities, retail bank interest rates also continued to move slightly upwards in August 2000 (see Chart 6). The monthly increases in long-term retail bank interest rates in August varied between 4 and 10 basis points. Considering 12-month trends, by August 2000 the increases which had taken place since August 1999 varied between 104 basis points, for the average rate on loans to households for house purchase, and 128 basis points, for the average rate on loans to enterprises with a maturity of over one year. During the same period, the average five-year government bond yield increased by almost 100 basis points.

### Money market yield curve became flatter in September

Interest rates at the short end of the money market yield curve edged up slightly in the course of September, while for maturities of over three months they tended to decline. Consequently the slope of the money market yield curve became flatter between end-August

**Chart 6**  
**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.

and early October. The three-month EURIBOR implied in futures contracts maturing in late 2000 and in the first half of 2001 fell significantly in September, suggesting that expectations of increases in short-term money market rates beyond the end of 2000 moderated.

The overnight interest rate, as measured by the EONIA, was fairly close to the minimum bid rate in the Eurosystem's main refinancing operations of 4.50% during the first three weeks of September (see Box 2). Only in the last few days of the reserve maintenance period ending on 23 September did the EONIA trade a little lower, reflecting a situation where liquidity conditions were regarded as ample. At the beginning of the new reserve maintenance period the EONIA rose to around 4.70%, suggesting that market participants did not rule out an increase in ECB interest rates in the course of this period.

The marginal and average interest rates of allotment in the ECB's main refinancing operations remained below 4.60% in the first three operations in September. These rates

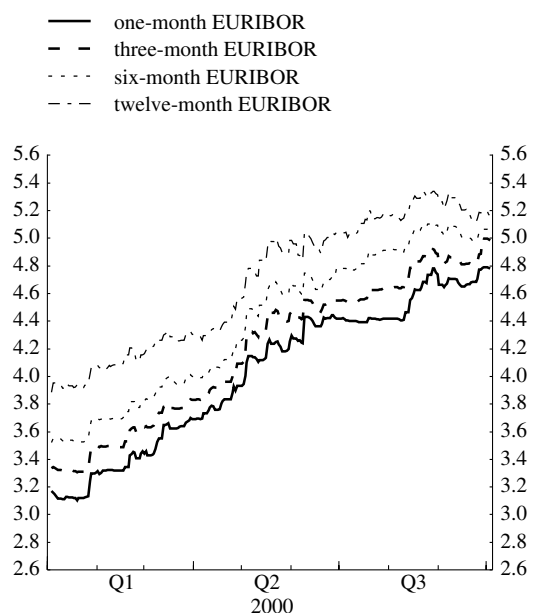
rose to 4.65% and 4.68% respectively in the operation settled on 27 September, and 4.67% and 4.68% in the operation settled on 4 October.

In the longer-term refinancing operation of the Eurosystem settled on 27 September 2000 the marginal and average interest rates of allotment were equal to 4.84% and 4.86% respectively. This was 4 and 2 basis points respectively below the three-month EURIBOR prevailing on the day the operation was conducted.

One-month and three-month money market interest rates declined slightly in the first half of September, but edged up towards the end of the month (see Chart 7). On 28 September the three-month EURIBOR increased by 11 basis points, primarily reflecting the fact that as from that date its maturity spanned the end of the year. This end-of-year effect is a regular pattern in money markets and relates to the desire of financial institutions to adjust their balance sheets at the year-end. It should be recalled however that in late September 1999 the

**Chart 7**  
**Short-term interest rates in the euro area**

(percentages per annum; daily data)



Source: Reuters.

**Box I****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 September 2000****Allotments in monetary policy operations**

During the reserve maintenance period, which lasted from 24 August to 23 September 2000, the Eurosystem settled four main refinancing operations and one longer-term refinancing operation.

The main refinancing operations were carried out as variable rate tenders with a minimum bid rate. In the first operation, the minimum bid rate was 4.25%, while in the remaining operations it was 4.50%. The allotted volumes ranged between €63 billion and €108 billion. The amounts of bids submitted varied between €149.9 billion and €190.5 billion, with an average of €166.7 billion. In the first operation, the marginal rate was 4.68% while in the others it remained in the range of between 4.55% and 4.58%. In the first operation the weighted average rate was 4.71%, while in the three following operations it varied between 4.57% and 4.59%. The number of bidders participating in the tenders varied between 637 and 663.

On 30 August 2000, the Eurosystem conducted a longer-term refinancing operation through a variable rate tender with a pre-announced allotment volume of €15 billion. A total of 240 bidders participated in this operation and submitted a total amount of bids of €35.4 billion. The marginal rate of the operation was 4.84%, while the weighted average rate was 3 basis points higher, at 4.87%.

The EONIA peaked at 4.76% on 28 August 2000, affected both by high expectations of a rise in ECB interest rates and by somewhat tight liquidity conditions which, however, are quite normal for the beginning of a maintenance period. After the decision by the Governing Council on 31 August to increase rates by 25 basis points to 4.50%, the EONIA fell to close to 4.60%, where it remained until mid-September. Towards the end of the maintenance period, eased liquidity conditions, against the background of reduced expectations of interest rate increases, pushed the EONIA down further, to reach 4.12% on the last day of the period. With net recourse to the marginal lending facility of €0.8 billion, the liquidity situation on the last day of the maintenance period was more or less neutral.

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

(EUR billions)

Daily average during the reserve maintenance period from 24 August to 23 September 2000

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>224.5</b>	<b>0.2</b>	<b>+ 224.3</b>
Main refinancing operations	173.1	-	+ 173.1
Longer-term refinancing operations	51.1	-	+ 51.1
Standing facilities	0.3	0.2	+ 0.1
Other operations	0.0	0.0	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>381.6</b>	<b>492.6</b>	<b>- 111.0</b>
Banknotes in circulation	-	354.8	- 354.8
Government deposits with the Eurosystem	-	56.6	- 56.6
Net foreign assets (including gold)	381.6	-	+ 381.6
Other factors (net)	-	81.2	- 81.2
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>113.3</b>
<b>(d) Required reserves</b>			<b>112.6</b>

Source: ECB.

Totals may not add up due to rounding.



Compared with the previous reserve maintenance period, the average daily use of the marginal lending facility increased from €0.1 billion to €0.3 billion, while the average use of the deposit facility decreased from €0.3 billion to €0.2 billion.

The concerted foreign exchange intervention which was conducted on 22 September (see the “Exchange rate and balance of payments developments” section) and settled on 26 September had no impact on liquidity conditions in the maintenance period ending on 23 September.

### Liquidity factors not related to monetary policy

The net liquidity-absorbing impact of the autonomous factors (i.e. the factors not related to monetary policy) on the banking system’s liquidity (item (b) in the table above) was €111.0 billion on average, i.e. €5.0 billion more than in the previous maintenance period. The largest changes were in government deposits with the Eurosystem, which increased by €7.8 billion, and in banknotes in circulation, which decreased by €4.4 billion. The daily sum of autonomous factors fluctuated between €103.9 billion and €117.7 billion.

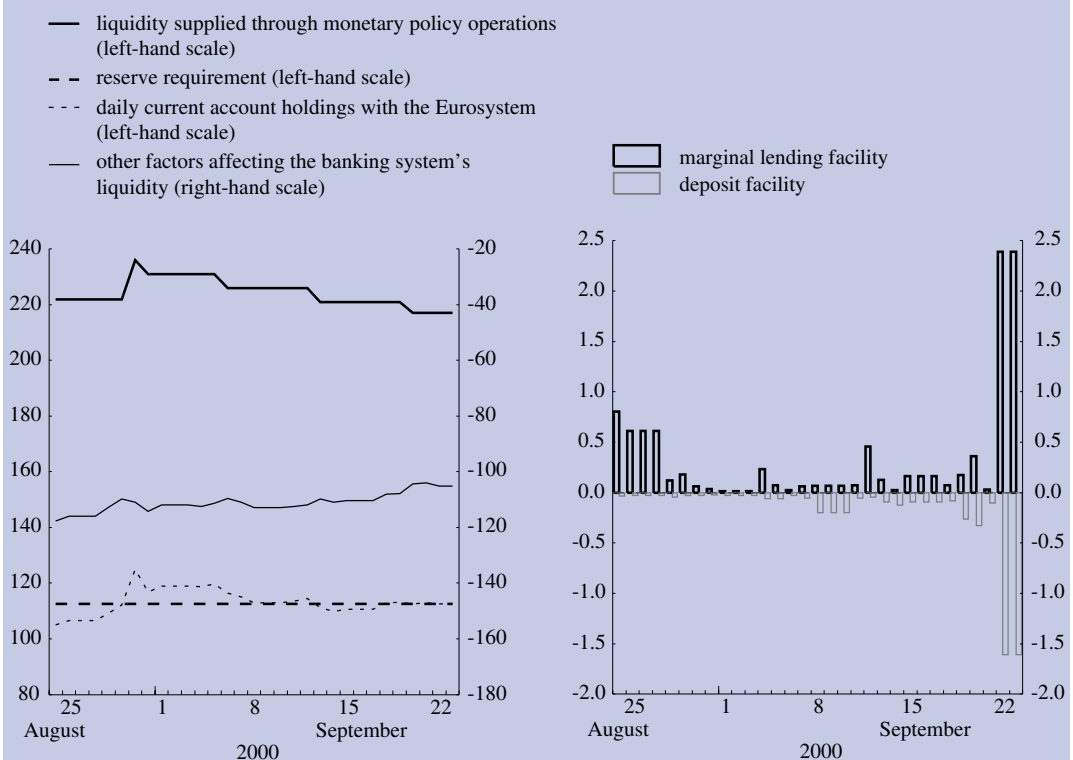
The published estimates of average liquidity needs stemming from autonomous factors ranged between €115.4 billion and €104.3 billion. They differed from the ex post figures by an amount ranging from plus €1.5 billion to minus €0.7 billion.

### Current account holdings of counterparties

The average current account holdings amounted to €113.3 billion, and reserve requirements to €112.6 billion. The difference between the two amounted to €0.7 billion, which was €0.1 billion more than in the previous maintenance period. This increase was caused by a rise in the excess reserves from €0.4 to €0.5 billion. An amount of €0.2 billion of the current account holdings did not contribute to the fulfilment of reserve requirements.

### Factors contributing to the banking system’s liquidity during the maintenance period ending on 23 September 2000

(EUR billions; daily data)



Source: ECB.

end-of-year effect in the three-month EURIBOR was far more pronounced, at close to 40 basis points, reflecting then prevailing concerns about the transition to the year 2000. On 4 October 2000 the one-month and three-month EURIBOR stood at 4.78% and 4.98% respectively, which was 4 and 9 basis points higher than at the end of August. By contrast, the six-month and twelve-month EURIBOR fell by 5 and 15 basis points respectively between end-August and 4 October. As a consequence, the slope of the money market yield curve, when measured as the difference between the twelve-month and one-month EURIBOR, fell from 57 basis points to 38 basis points over this period, continuing a trend seen since the end of July 2000.

Financial markets' expectations concerning the evolution of the three-month EURIBOR over the remainder of 2000 and in the first half of 2001, as implied in futures prices on contracts with a delivery date during this period, fell markedly in September. On 4 October the three-month EURIBOR rates implied in contracts maturing in December 2000 and March and June 2001 were equal to 5.15%, 5.13% and 5.14% respectively. This was, respectively, 14, 22 and 26 basis points lower than the levels at the end of August.

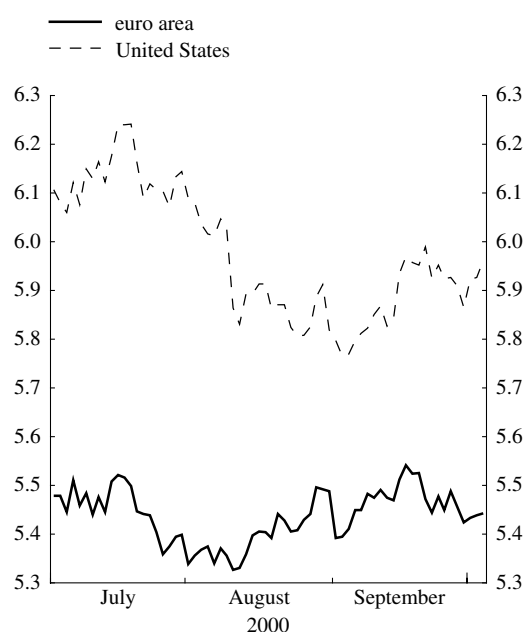
### Long-term bond yields remained stable in September

A common theme in global bond markets during September was changing market views concerning the implications of recent trends in oil prices for the global economy. Market participants initially saw the surge in oil prices as increasing the likelihood of upward pressure on consumer prices. The further rise in oil prices in the course of September, however, seemed to lead progressively to greater uncertainties about global economic growth prospects which, in turn, led to a levelling-off of long-term inflation expectations. This gradual reassessment on the part of market participants was particularly apparent at the short end of government bond yield curves, while it

influenced long-term bond yields to a lesser extent. Overall, despite some fluctuations within the period, long-term government bond yields in the euro area remained broadly stable when comparing the levels at end-August with those on 4 October 2000, at slightly above 5.4% (see Chart 8). In US bond markets, ten-year government bond yields increased by around 15 basis points between end-August and 4 October. As a result, the differential between US ten-year bond yields and comparable yields in the euro area increased slightly in the course of September, to stand at around 50 basis points on 4 October. This widening of the government bond yield differential between the United States and the euro area interrupted the narrowing trend of previous months.

Looking in more detail at the international environment for euro area bond markets, the rise in ten-year government bond yields in the United States in September 2000 interrupted the downward tendency in

**Chart 8**  
**Long-term government bond yields in the euro area and the United States**  
*(percentages per annum; daily data)*



Source: Reuters.  
 Note: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

yields which had been evident in previous months. On 4 October US ten-year bond yields stood at close to 6.0%. Apart from the aforementioned rise in oil prices, developments in US bond yields also appeared to have been linked to concerns among market participants that US fiscal surpluses would be lower in the future than previously anticipated, hence increasing the likelihood of a slowdown in the pace of government bond buybacks as compared with earlier expectations. The importance of this factor was highlighted by the narrowing in the ten-year swap spread, i.e. the differential between the fixed rate on an interest rate swap contract and the yield on a government bond with a comparable time to maturity. Between end-August and 4 October, this spread narrowed by around 20 basis points to around 105 basis points.

In Japan long-term bond yields changed little between end-August and early October 2000. Government bond yields with a maturity of ten years stood at around 1.8% on 4 October, which was close to the level seen at the end of August. This overall stability was the result of contrasting developments in yields during the month. In early September Japanese bond yields initially increased to the highest levels in over a year following the Bank of Japan's termination of its zero-interest rate policy. However, this increase was subsequently reversed, largely as a result of growing expectations that the Bank of Japan would be unlikely to raise interest rates further in current economic conditions. Additional downward pressure was placed on Japanese long-term bond yields as a result of portfolio shifts, following volatile stock price developments in Japan.

While ten-year government bond yields in the euro area exhibited little overall change between end-August and 4 October, some fluctuations took place within this period as euro area bond markets were subject to countervailing factors. These factors included the decline in the exchange rate of the euro in the first part of September. Furthermore, the aforementioned increases in US bond

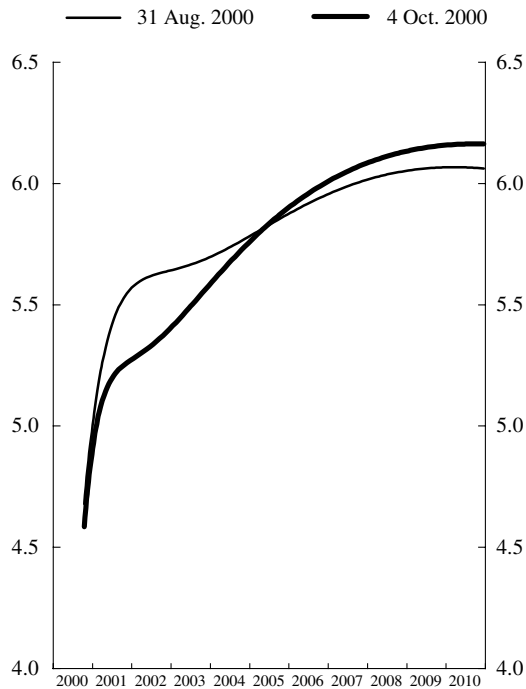
yields seemed to spill over to euro area bond markets. Among the factors which seemed to place offsetting downward pressure on euro area long-term bond yields was an emerging perception in financial markets that the pace of economic activity in the euro area may be levelling off, partly as a result of recent oil price developments. In addition, the joint intervention in foreign exchange markets to support the euro in the second half of September (see the "Exchange rate and balance of payments developments" section) was followed by somewhat declining euro area bond yields.

The slope of the yield curve, as measured by the difference between ten-year euro area bond yields and the three-month EURIBOR, declined between end-August and 4 October 2000. The flattening of the yield curve observed in September reflected a rise in the three-month EURIBOR at the end of September. The implied forward euro area overnight interest rate curve was little changed at the long end. However, implied forward rates indicated that short-term interest rates were expected to increase at a slower pace at horizons up to four years than had previously been anticipated (see Chart 9).

The evidence from the French index-linked bond market suggested that changes to the market's long-term growth expectations for the euro area were limited in September 2000. Specifically, the real yield available on the French ten-year index-linked bond changed only marginally between end-August and 4 October, at which time the yield stood at close to 3.7%. The ten-year "break-even" inflation rate obtained from the difference between French nominal and index-linked ten-year bond yields declined slightly over this period. Hence, while changes in the break-even inflation rate should always be interpreted carefully, as a number of caveats may apply, recent developments suggest that market participants have not revised upwards their average inflation expectations for the forthcoming ten-year period, despite recent rises in oil prices.

**Chart 9**  
**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.

**Stock prices declined in September amid higher volatility**

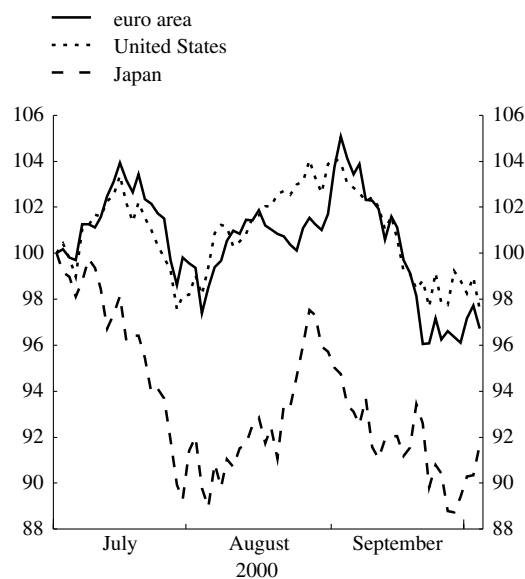
Stock prices in major international markets declined in September and early October 2000, thereby reversing the increases seen in August (see Chart 10). In the euro area, stock prices as measured by the Dow Jones EURO STOXX index declined by close to 5% between end-August and 4 October. In the United States, stock prices declined by more than 5% over the same period, while in Japan stock prices declined by close to 4%. The further increases seen in oil prices during September and early October seemed to exert downward pressures on stock prices, as market participants became concerned about the potentially depressing impact of sustained oil price increases on global

economic activity. Moreover, developments in major stock markets during September and early October also seemed to reflect market concerns about the depreciation of the euro, which prompted declines in US technology stock prices that spilled over into other stock markets. This weakness in technology stock prices was the main source of the overall declines seen in these stock markets during September and early October.

Turning to the international environment for euro area stock markets, in the United States the decline seen during September and early October brought stock prices as measured by the Standard and Poor's 500 index to a level which, by 4 October, was more than 2% below end-1999 levels. The declines seen in US stock prices during September and early October appeared to be largely explained by the combination of the two above-mentioned influences. First, the further increases in oil prices during September and early October led to reduced optimism on the part of

**Chart 10**  
**Stock price indices in the euro area, the United States and Japan**

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



Source: Reuters.  
 Note: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard and Poor's 500 for the United States and Nikkei 225 for Japan.

market participants about the earnings prospects of US firms. Second, the strength of the US dollar, particularly vis-à-vis the euro, seemed at times to raise concerns among market participants that lower foreign demand for US products would lead to lower earnings growth for export-oriented US firms. This influence was particularly pronounced in the case of some large firms in the US technology sector. Reflecting this development, the Nasdaq Composite index, which includes mainly technology stocks, declined by 16% between end-August and 4 October, to reach a level which was more than 13% below end-1999 levels.

Against this background, after declining in recent months, implied stock market volatility in the United States rose in September and early October. In particular, implied volatility on the Standard and Poor's 500 index increased from a level of 15% per annum recorded during the last week of August – which was the lowest level seen since December 1999 – to 21% per annum on 4 October. The increase in implied US stock market volatility was more pronounced in the US technology sector. Implied volatility on the Nasdaq 100 index, which had been declining since mid-April, increased from 33% per annum at end-August to 47% per annum on 4 October.

In Japan, during September and early October stock prices as measured by the Nikkei 225 index saw a reversal of the increases in August, reaching a level by 4 October which was 15% below end-1999 levels. As in other major stock markets, the weakness of the Japanese stock market during September and early October was largely a result of the declines seen in the stock prices of firms active in the technology sector.

In the euro area, by 4 October stock prices reached a level which was just below the levels seen at end-1999. The declines seen in euro area stock prices in September and early October seemed to be partly attributable to spillovers of the aforementioned declines in international stock markets. At the same time, domestic factors, including some uncertainties on the part of market participants about whether the pace of economic activity in the euro area was levelling off, seemed to add to these downward pressures. In particular, the aforementioned rise in oil prices appeared to lower market expectations for future corporate profitability in the euro area. In this more uncertain environment, implied volatility in euro area stock markets increased during September and early October. In particular, implied volatility on the Dow Jones EURO STOXX 50 index increased from 19% per annum at end-August to 23% per annum on 4 October, which was the highest level seen since mid-June.

As in the United States and Japan, the main contribution to stock price declines in the euro area in September and early October came from the technology sector. In this sector, stock prices declined by more than 15% between end-August and 4 October, remaining 8% above end-1999 levels. At the same time, stock prices continued to decline in the euro area telecommunications sector during September and early October, as market participants continued to reassess prospects for corporate earnings growth in this sector following the sale of third-generation mobile telephone licences. A decline of more than 6% between end-August and 4 October in telecommunications stock prices brought the cumulative decline in this sector since end-1999 to more than 26%.

## 2 Price developments

### HICP inflation fell slightly to 2.3% in August 2000

The annual rate of increase in the overall Harmonised Index of Consumer Prices (HICP) in the euro area fell from 2.4% in July 2000 to 2.3% in August (see Table 3). This was almost entirely a result of developments in energy prices. When the more volatile components (seasonal food and energy) are excluded, the year-on-year rate of increase in the HICP stood at 1.3% in August 2000, i.e. a rate which has remained unchanged for the past three months.

The most recent small decline in overall HICP inflation was a reflection of a decline in the

annual rate of increase in the energy component from 13.7% in July 2000 to 12.3% in August (see Chart 11). This latter decline was entirely attributable to a base effect; while there was a rise in the level of the energy price index from July to August 1999, the energy price level remained almost unchanged between July and August 2000 (although oil prices rose from an average of €30.6 per barrel in July to €33.6 per barrel in August). One explanation for the nearly constant level of energy prices observed between July and August 2000 is that fuel prices at petrol stations, which have a high weighting in the HICP energy component, are likely to react with a time-lag to movements in the prices of crude oil. In

**Table 3**

### Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	1997	1998	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000
				Q4	Q1	Q2	Q3	Apr.	May	June	July	Aug.	Sep.
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.6	1.1	1.1	1.5	2.0	2.1	.	1.9	1.9	2.4	2.4	2.3	.
<i>of which:</i>													
Goods	1.2	0.6	0.8	1.5	2.3	2.4	.	2.0	2.3	2.8	2.9	2.8	.
Food	1.4	1.6	0.5	0.4	0.4	0.9	.	0.6	0.8	1.2	1.6	2.0	.
Processed food	1.4	1.4	0.9	0.9	1.0	1.0	.	0.9	1.0	1.0	1.0	1.1	.
Unprocessed food	1.4	1.9	0.0	-0.3	-0.3	0.8	.	0.2	0.6	1.5	2.6	3.4	.
Industrial goods	1.0	0.1	1.0	2.1	3.4	3.2	.	2.7	3.1	3.7	3.5	3.2	.
Non-energy industrial goods	0.5	0.9	0.7	0.6	0.6	0.6	.	0.5	0.6	0.6	0.6	0.6	.
Energy	2.8	-2.6	2.2	7.8	13.6	12.5	.	10.5	12.2	14.7	13.7	12.3	.
Services	2.4	2.0	1.5	1.4	1.6	1.7	.	1.9	1.6	1.7	1.7	1.8	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	1.1	-0.7	-0.4	2.1	4.3	5.2	.	4.6	5.3	5.6	5.6	5.6	.
Unit labour costs <sup>2)</sup>	0.7	0.2	1.1	0.3	0.5	.	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.6	1.2	0.7	1.4	1.7	.	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	2.3	1.4	1.9	1.7	2.2	.	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	2.5	1.8	2.2	2.4	3.6	.	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	17.1	12.0	17.1	23.0	27.1	29.1	33.9	24.6	30.4	31.5	30.6	33.6	37.4
Commodity prices <sup>5)</sup>	12.9	-12.5	-3.1	14.0	19.9	18.3	18.0	19.4	22.8	12.9	14.3	18.3	21.4

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

1) Excluding construction.

2) Whole economy.

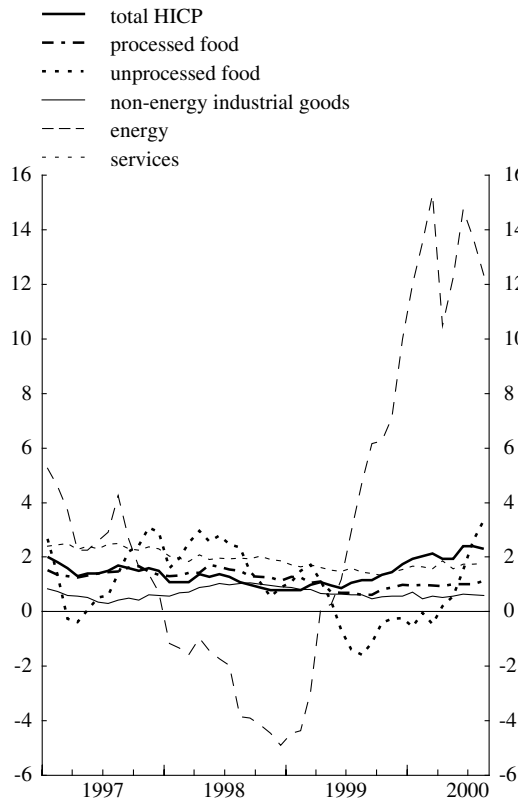
3) Whole economy (excluding agriculture, public administration, education, health and other services).

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 11**  
**Breakdown of HICP inflation in the euro area by components**

(annual percentage changes; monthly data)



Source: Eurostat.

addition, consumer price data are generally collected before the end of the month. As a result, fuel prices measured in the August 2000 HICP did not reflect the high oil prices which were recorded in late August.

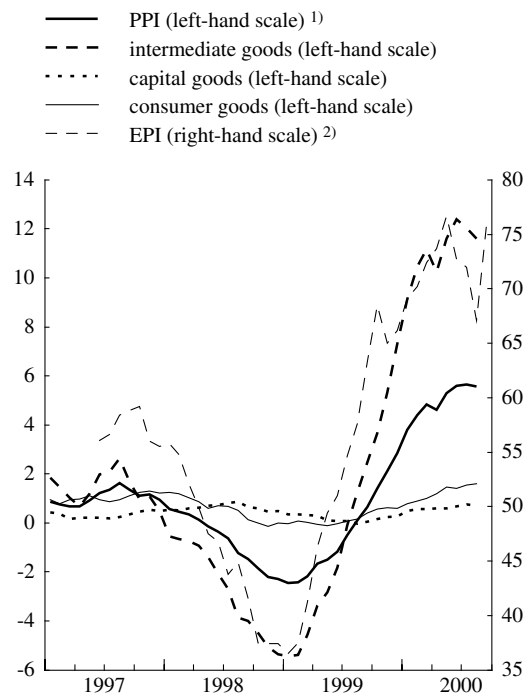
By contrast with energy prices, the annual rate of change in unprocessed food prices rose noticeably from 2.6% in July 2000 to 3.4% in August. Unprocessed food prices have shown a clear upward movement since March 2000. However, the most recent rise in the year-on-year rate was mainly the result of a base effect stemming from the strong decline in unprocessed food prices from July to August 1999. The annual rate of change in services prices rose slightly (by 0.1 percentage point) as from July 2000 to stand at 1.8% in August. This rise in the year-on-year rate was mainly linked to movements in the sub-component communication services.

With regard to processed food prices, their annual rate of change rose to 1.1% in August 2000, up from 1.0% in July. Finally, the annual rate of change in non-energy industrial goods prices remained unchanged at 0.6% between July and August 2000.

It should be noted that the slight decline in overall HICP inflation in August 2000 does not signal the beginning of a decline in price pressures. Rather, the rebound in oil prices throughout August and September 2000 should lead to an increase in the level of energy prices in September 2000. Hence, despite a negative base effect resulting from last year's increase in the energy price index, the annual rate of change in the energy component is likely to rise in September 2000 which would also be reflected in overall HICP inflation for the same month.

**Chart 12**  
**Producer prices and manufacturing input prices for the euro area**

(monthly data)



Sources: Eurostat and Reuters.

1) Industrial producer prices; 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.

### **Annual change in producer prices remained unchanged in August 2000**

In August 2000, the annual rate of change in euro area industrial producer prices stood at 5.6%, unchanged from the previous two months. Within the components there was a slight downward movement in the annual rate of change in intermediate and capital goods prices, while the year-on-year rate of increase in consumer goods prices remained unchanged (see Chart 12). The weights of the Member States and of the different sectors used for the calculation of the data for the euro area Producer Price Index (PPI) have recently been updated in order to improve data quality. These new weights have generally led to an upward revision of past data for the rate of increase in the components of the PPI, while the annual changes in the overall PPI were less affected.

The annual rate of change in intermediate goods prices fell from 12.0% in July 2000 to 11.6% in August, although, in the same month, the level of intermediate goods prices rose slightly in line with the rise in world market prices of oil and the further depreciation of the euro. Hence, as with developments in the HICP energy component, the decline in the annual change was a result of a base effect linked, in this case, to the rise in the level of intermediate goods prices between July and August 1999, which reflected the strong rise in oil prices during that period. The year-on-year rate of change in capital goods prices also declined to 0.7% in August 2000, down from 0.8% in July. Meanwhile, the annual rate of increase in consumer goods prices remained unchanged at 1.6% between July and August 2000. Despite the decline in the annual rate of change of intermediate and capital goods prices, owing to rounding, the year-on-year rate in overall PPI remained unchanged.

Looking to likely short-term developments in producer prices after August 2000, the

significant rise in oil prices (from €33.6 per barrel in August 2000 to €37.4 per barrel in September) and the past depreciation of the euro are likely to have exerted upward pressure on the PPI. This is confirmed by recent developments in the Eurozone Price Index (EPI), which measures prices paid by manufacturers for their inputs and is released before the corresponding PPI data. Following a decline in the EPI over the preceding three months, the EPI rose strongly to 75.9 in September 2000, up from 67.1 in August. Among the causes of this increase mentioned by the purchasing managers surveyed, rising oil prices played a prominent role. Thus, the EPI continues to point to high rates of increase in producer prices and, in particular, in intermediate goods prices.

### **Underlying wage developments were moderate in the first quarter of 2000**

With regard to wages, no new data have been received since the September 2000 issue of the ECB Monthly Bulletin was published. Taking into account special factors, the available data on labour costs for the first quarter of 2000 provide evidence of continued moderate wage growth. The annual rate of change in total hourly labour costs rose from 2.4% in the fourth quarter of 1999 to 3.6% in the first quarter of 2000. This increase can largely be explained by bonus and other one-off payments in some countries. In line with the rise in hourly labour costs, the year-on-year increase in compensation per employee in the first quarter of 2000 rose to 2.2%, up from 1.7% in the fourth quarter of 1999. As there was also a cyclical pick-up in productivity growth in the first quarter of 2000, to 1.7% – compared with 1.4% in the fourth quarter of 1999 – unit labour cost growth increased only slightly by 0.2 percentage point to 0.5% in the first quarter of 2000.



### 3 Output, demand and labour market developments

#### Real GDP growth remained robust in the second quarter of 2000

According to Eurostat's first estimate, euro area real GDP growth in the second quarter of 2000 was 0.9% as compared with the previous quarter, unchanged from the rate of growth observed in the first quarter. Compared with the same quarter of the previous year, real GDP was estimated to have grown by 3.8% in the second quarter. The first estimate by Eurostat reflects the results which were available on a national basis in early September 2000. National data released after the publication of the first estimate point to a possible slight downward revision of real GDP growth in the second quarter. This would not, however, alter the general picture, namely that growth has remained strong for four consecutive quarters (see Box 2 for a comparison of different calculations of GDP growth).

With regard to the contributions to growth from individual expenditure components,

Eurostat's first estimate for the second quarter of 2000 points to considerable changes compared with the previous quarter. While the quarter-on-quarter rate of growth in real GDP was unchanged, a fall in the contribution from final domestic demand – notably from fixed capital formation – and from net exports was offset by a marked increase, of almost one percentage point, in the contribution from changes in inventories (see Table 4). Given the preliminary nature of the GDP estimates and the past experience of pronounced revisions to changes in inventories in particular, some re-balancing of these contributions to growth in the second quarter of this year may be expected. At this juncture, private consumption and exports continue to be the main sources of overall GDP growth. Growth in private consumption was 3.3% year-on-year in the second quarter of 2000, following a period of more than one year in which private consumption expanded at solid rates of around 2¾%. Export growth (including intra-euro area trade) reached a high rate of more than 13% year-on-year in the second quarter.

**Table 4**  
**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>				
	1997	1998	1999	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2	1999 Q2	1999 Q3	1999 Q4	2000 Q1	2000 Q2
Real gross domestic product <i>of which:</i>	2.2	2.7	2.4	2.1	2.5	3.2	3.4	3.8	0.5	1.0	0.9	0.9	0.9
Domestic demand	1.6	3.3	2.9	2.9	2.8	2.9	2.6	3.4	0.3	0.5	1.1	0.7	1.1
Private consumption	1.4	2.9	2.7	2.6	2.7	2.5	2.5	3.3	0.2	0.8	0.5	0.9	1.0
Government consumption	1.0	0.9	1.4	1.2	1.5	1.4	1.6	1.5	0.2	0.4	0.4	0.7	0.0
Gross fixed capital formation	2.2	4.9	5.1	5.5	5.5	5.5	5.5	4.2	1.3	1.8	0.4	1.9	0.0
Changes in inventories <sup>3) 4)</sup>	0.1	0.4	-0.1	0.0	-0.2	0.0	-0.4	0.3	-0.1	-0.4	0.6	-0.4	0.5
Net exports <sup>5)</sup>	0.7	-0.6	-0.4	-0.8	-0.2	0.4	0.9	0.5	0.2	0.5	-0.1	0.3	-0.2
Exports <sup>5)</sup>	10.4	6.9	4.5	2.0	5.7	9.7	12.3	13.1	2.7	3.8	2.6	2.7	3.5
Imports <sup>5)</sup>	8.9	9.4	6.1	4.7	6.7	9.1	10.1	12.3	2.1	2.5	3.1	2.1	4.2

Sources: Eurostat and ECB calculations.

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.

**Box 2****Different ways of calculating the growth rate of real GDP**

Developments in overall economic activity can be discussed in terms of different methods of calculating real GDP growth. The results obtained from the main calculations are reported in the table below for the period from 1998 onwards. Each of these calculations has its advantages and disadvantages, and therefore growth rates based on a range of different calculation methods should be monitored regularly.

**Euro area real GDP**

(levels; percentage changes; seasonally adjusted)

	EUR billions 1995 prices 1	Change on previous period 2	Change on previous period, annualised 3	Change on previous year 4
1998 Q1	1406	0.9	3.5	3.6
Q2	1409	0.3	1.0	2.7
Q3	1417	0.5	2.1	2.5
Q4	1420	0.2	1.0	1.9
1999 Q1	1431	0.7	3.0	1.8
Q2	1438	0.5	2.1	2.1
Q3	1453	1.0	4.1	2.5
Q4	1466	0.9	3.7	3.2
2000 Q1	1479	0.9	3.8	3.4
Q2	1493	0.9	3.8	3.8
1998 H1	2815	1.4	2.8	3.2
H2	2837	0.8	1.6	2.2
1999 H1	2869	1.1	2.3	1.9
H2	2918	1.7	3.5	2.9
2000 H1	2973	1.9	3.8	3.6
Memorandum				
1998	5651	-	-	2.7
1999	5787	-	-	2.4

Sources: Eurostat and ECB calculations.

For reference purposes, the level of real GDP is reported in column 1. In column 2, the levels for the quarter and six-month period of reference are compared with those for the previous quarter/six-month period. This growth rate considers developments in the reference period only, without being affected by past developments. The same information content is used for the annualised growth rates reported in column 3. These are the growth rates which would be achieved for the year as a whole if the pace of growth for any quarter/six-month period reported in column 2 were maintained over a period of one full year. For instance, GDP growth has been remarkably stable at high rates since the second half of 1999, with quarter-on-quarter growth of 1.0% in the third quarter of 1999 being followed by three consecutive quarters of 0.9% quarter-on-quarter growth. These high quarter-on-quarter rates of growth imply high quarterly annualised growth rates, which were 3.7% or above for four consecutive quarters. Following continuous strong growth for over one year, both annualised quarterly rates of growth and year-on-year growth rates (reported in column 4) stood at 3.8% in the second quarter of this year.

As they are based only on developments in the most recent period, growth rates based on a comparison with the corresponding previous period capture significant changes in the pace of growth. For instance, annualised growth increased sharply from 2.1% in the second quarter of 1999 to 4.1% in the third quarter of 1999, as activity gathered pace in the euro area after having been negatively affected by the Asian crisis. However, quarter-on-quarter rates of growth and annualised growth rates tend to be more volatile than year-on-year rates of growth.

The year-on-year growth rates not only report developments in the period of reference, they are also influenced by the quarter-on-quarter growth rates achieved in the preceding periods and thus capture cumulative developments. However, it is important to note that year-on-year growth rates are affected by base effects which have, for instance, been regularly discussed in the ECB Monthly Bulletin in connection with the impact on inflation of the strong oil price movements witnessed over the past two years. This must be borne in mind when using these rates to assess the most recent developments.

Overall, the different measures discussed here each have their advantages and disadvantages and should therefore be monitored in conjunction with one another. For example, the quarter-on-quarter rate of growth of 0.7% and its quarterly annualised rate of 3.0% in the first quarter of 1999 were clearly influenced by one-off factors for this quarter as compared with the corresponding growth rates in the adjacent quarters, i.e. 0.2% and 1.0% in the fourth quarter of 1998 and 0.5% and 2.1% in the second quarter of 1999. It may then be more appropriate to use the year-on-year rate of growth of 1.8% to put into perspective the developments which took place in the first quarter of 1999, following growth of 1.9% in the fourth quarter of 1998 and preceding growth of 2.1% in the second quarter of 1999. However, looking at the most recent periods, year-on-year growth rates give the impression of a continuous acceleration of growth in the year to the second quarter of 2000, while the annualised quarterly growth figures show that growth has remained at high levels in the last four quarters. These examples serve to illustrate that in assessing recent developments reliance should not be placed on a single estimate alone, but rather the different calculation methods of GDP growth should be considered together.

Available estimates of growth in real value added in the euro area also point to continued strong growth in the second quarter of 2000 in terms of sectoral activity. Real value added increased by around 1% quarter-on-quarter and by around 5% year-on-year in industry excluding construction and in services excluding public administration respectively (see Table 5.1 in the “Euro area statistics” section).

### Growth of activity in industry may have levelled off at a high rate

As reported in the September 2000 issue of the ECB Monthly Bulletin, the rate of growth in euro area industrial production (excluding construction) increased in the second quarter of 2000 (see Table 5). Largely reflecting working day effects in connection with bank holidays, euro area-wide industrial production

**Table 5**  
**Industrial production in the euro area**

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000 Apr.	2000 May	2000 June	2000			2000				
						Apr.	May	June	Jan.	Feb.	Mar.	Apr.	May
						month-on-month			three-month moving averages				
Total industry excl. construct.	4.2	1.8	5.9	8.1	3.6	0.5	0.5	-0.5	1.0	1.1	1.6	1.9	1.5
Manufacturing	4.6	1.8	6.3	8.3	3.9	0.3	1.6	-1.8	1.2	1.1	1.6	1.9	1.5
by main industrial groupings:													
Intermediate goods	3.9	2.2	5.5	8.1	3.4	-0.4	1.7	-1.7	1.2	1.1	1.3	1.5	0.8
Capital goods	6.4	1.4	7.4	11.6	5.8	0.9	1.0	-0.4	1.8	2.3	2.6	2.8	2.4
Consumer goods	5.3	2.8	9.5	10.1	4.7	1.1	1.5	-2.1	1.8	1.5	2.6	2.7	2.3
Durable consumer goods	5.9	3.0	10.5	11.3	5.1	1.1	1.6	-2.5	2.4	2.2	3.0	2.8	2.1
Non-durable consumer goods	2.0	1.6	3.8	3.5	1.9	1.1	0.7	0.7	-1.6	-2.3	0.3	2.2	3.4

Sources: Eurostat and ECB calculations.

Note: Annual percentage changes are calculated by 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 by using seasonally and working day adjusted data.

**Table 6****Results from EC Business and Consumer Surveys for the euro area***(seasonally adjusted data)*

	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Mar.	Apr.	May	June	July	Aug.
Economic sentiment index <sup>1)</sup>	2.4	2.7	-0.2	0.1	0.9	1.0	0.2	0.2	0.0	0.0	0.0	0.0	.
Consumer confidence indicator <sup>2)</sup>	-4	6	9	7	10	11	11	11	11	12	10	11	12
Industrial confidence indicator <sup>2)</sup>	3	6	0	1	6	10	13	11	12	12	15	14	.
Construction confidence indicator <sup>2)</sup>	-12	2	14	14	18	21	23	21	23	22	24	23	26
Retail confidence indicator <sup>2)</sup>	-4	2	0	-2	-2	5	8	10	2	9	12	2	3
Capacity utilisation (%) <sup>3)</sup>	81.4	82.9	82.0	81.8	82.5	83.4	83.8	-	83.7	-	-	83.9	-

Source: European Commission Business and Consumer Surveys.

1) Percentage changes compared with the previous period.

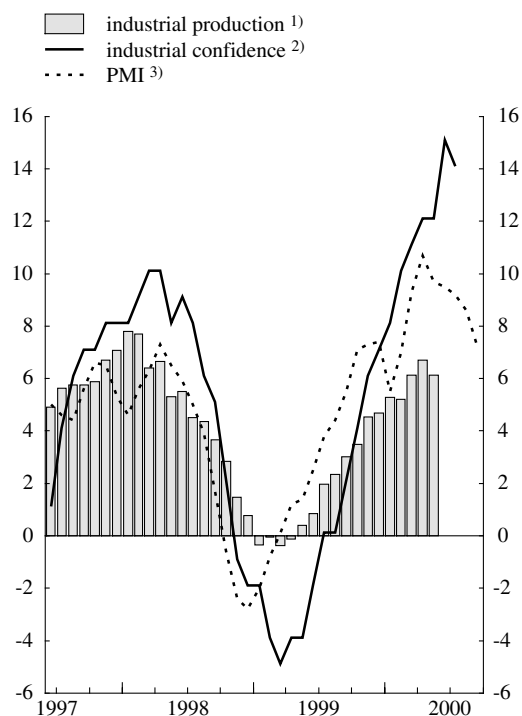
2) Percentage balances; data shown are calculated as deviations from the average over the period since January 1985.

3) 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 quarterly averages.

fell in June 2000 as compared with the previous month. Information available at the national level points to some improvement in industrial activity in July 2000.

Survey data extending into or covering the third quarter of 2000 suggest that growth in industrial activity may have reached a peak. According to the European Commission Business and Consumer Surveys, area-wide industrial confidence in July 2000 declined slightly from the record high level reached in the previous month (see Table 6). Survey data available from national sources point to, at most, a small further decline in August 2000, but suggest that euro area-wide industrial confidence may have stabilised in September. As confidence remains close to record high levels, growth in industrial activity may be seen as levelling off at high rates.

By contrast with the industrial confidence indicator, the Purchasing Managers' Index (PMI) for the euro area manufacturing sector has witnessed a gradual decline since May this year. In September 2000 the PMI stood at 57.2, marking a further decline as compared with the previous month and a cumulative decline of more than 3 index points compared with the peak level observed in April 2000. At the same time, the index remained well above the benchmark level of

**Chart 13****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.

1) Manufacturing; annual percentage changes of 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.

50, corresponding to zero growth, and above levels which, in the past, were compatible with high rates of growth in manufacturing production (see Chart 13). The decline in the PMI in September 2000 was mainly attributable to a decline in the components for new orders and output.

### Consumer confidence may be influenced negatively by the high price of oil

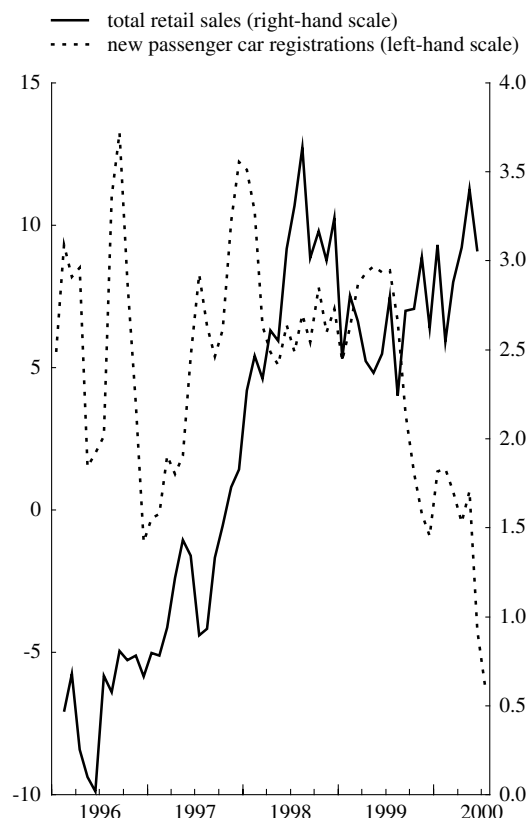
According to the European Commission Business and Consumer Surveys, consumer confidence in the euro area rose in August 2000, returning to the record high reached in May 2000. Available national data for September 2000 suggest that area-wide consumer confidence may have witnessed a fall in September. The consumer confidence indicator reflects households' assessments not only of their own financial situation and their willingness to make major purchases, but also of the general economic situation. This indicator will therefore have a tendency to also reflect those factors which, like the strong rise in oil prices witnessed in August and September 2000, are perceived to have an adverse impact on the overall economy. In effect, the rise in oil prices implies a loss in real income for the economy as a whole. However, the ongoing strength of employment growth in particular should provide a strong counterweight to the effects of the recent oil price developments on consumer confidence and private consumption growth.

Developments in the growth in retail sales volumes and in increases in new passenger car registrations in the euro area cover the period up to July and August 2000 respectively. They would not, therefore, reflect any effects of the possible decline in euro area consumer confidence in September 2000. In the three-month period from May to July 2000 retail sales grew by 3.0% as compared with the same period of the previous year, slightly down from the rate of growth for the second quarter of 2000 (see Chart 14). New passenger car registrations

**Chart 14**

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

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



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

fell in the three-month period from June to August 2000 as compared with the same period a year earlier. While there was a small recovery in the first half of 2000 from the declines observed in the second half of 1999, the rate of increase in new registrations remained subdued.

Overall, the latest information on developments in output and demand do not indicate a change in the positive outlook for economic growth in the euro area. At this juncture, the data point to the possibility that the economy has reached a point in the cycle at which growth is levelling off at high rates, while the recent oil price developments have increased somewhat the uncertainty surrounding future developments.

**Table 7****Unemployment in the euro area***(as a percentage of the labour force; seasonally adjusted)*

	1997	1998	1999	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000
				Q3	Q4	Q1	Q2	Mar.	Apr.	May	June	July	Aug.
Total	11.6	10.9	10.0	9.9	9.7	9.5	9.2	9.4	9.2	9.2	9.1	9.0	9.0
Under 25 years <sup>1)</sup>	23.2	21.3	19.1	18.9	18.2	18.0	17.5	17.9	17.7	17.5	17.3	17.4	17.5
25 years and over <sup>2)</sup>	9.9	9.4	8.7	8.6	8.5	8.3	8.0	8.2	8.1	8.0	8.0	7.9	7.9

Source: Eurostat.

Note: According to ILO recommendations.

1) In 1999 this category represented 23.3% of total unemployment.

2) In 1999 this category represented 76.7% of total unemployment.

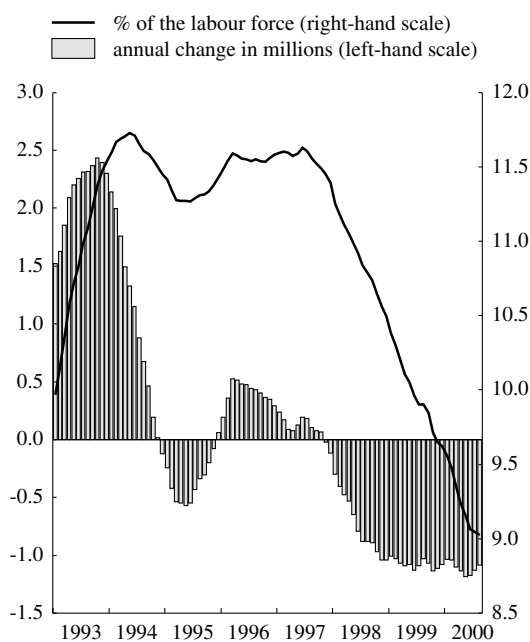
**Unemployment rate unchanged in August 2000**

In August 2000 the standardised rate of unemployment for the euro area stood at 9.0% (see Chart 15). Following a downward revision of the unemployment figures for earlier months, the rate of unemployment now appears to have remained unchanged as compared with July 2000. Indeed, between July and August 2000, the number of unemployed rose slightly, by 45,000, compared with an

average decline of 125,000 persons a month between January and June 2000.

Over the past three years the euro area unemployment rate has fallen by 2.6 percentage points, from 11.6% in July 1997, mainly reflecting the economic upturn in the euro area. The fall in unemployment was particularly rapid in the first half of 2000, with a fall of 0.5 percentage point, compared with 0.3 percentage point in the second half of 1999. The stability shown by the unemployment rate between July and August 2000 could be explained by an irregular seasonal pattern rather than a change in the underlying pace of reduction in unemployment. A similar development occurred in August last year. The decline in unemployment is expected to continue, in line with sustained growth in economic activity and favourable employment expectations.

In terms of the breakdown by age, the unemployment rate for those over 25 remained unchanged in August 2000, as compared with July 2000, at 7.9% (see Table 7). This stabilisation conceals a rise in the absolute number of unemployed in this age group in August 2000 for the first time since August 1997. At the same time, the unemployment rate for young people (those aged 24 and below) increased slightly from 17.4% in July to 17.5% in August 2000. This reflected a month-on-month rise of 35,000 in the number of young unemployed in August 2000.

**Chart 15****Unemployment in the euro area***(monthly data; seasonally adjusted)*

Source: Eurostat.

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

	1998	1999	1999	1999	2000	2000	1999	1999	2000	2000	2000	2000	2000
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Apr.	May	June
	Quarterly rates <sup>1)</sup>												
Whole economy <sup>2)</sup>	1.6	1.8	1.8	1.8	1.9	2.2	0.5	0.4	0.6	0.6	-	-	-
Total industry	-0.1	0.0	0.1	-0.1	0.1	.	-0.1	0.0	0.1	.	0.0	.	.
Construction	0.3	3.1	3.8	2.1	1.9	.	0.6	0.3	0.7	.	1.0	.	.
Total industry excl. construct.	0.2	-0.7	-1.0	-0.7	-0.4	-0.1	-0.2	0.0	0.1	0.1	-0.2	-0.1	0.1
Manufacturing	0.5	-0.5	-0.8	-0.5	-0.1	0.4	-0.1	0.1	0.2	0.2	0.2	0.3	0.6

Sources: National data and Eurostat (Short-term Business Statistics).

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

2) Excluding Belgium and Ireland.

**Strong employment growth continued in the second quarter of 2000**

In line with the reduction in unemployment in the second quarter of 2000, employment growth remained strong. Total employment in the euro area is estimated to have increased at a quarter-on-quarter growth rate of 0.6% in the second quarter of 2000, i.e. the same rate as was recorded in the previous quarter (see Table 8). In annual terms, employment rose by 2.2% in the second quarter, significantly higher than both the average growth rate recorded in 1999 and the year-on-year growth rate for the previous quarter. This increase in employment growth mainly reflects the expansion in economic activity.

Employment growth was broadly based across individual sectors of the economy. Employment in industry excluding construction showed quarter-on-quarter growth of 0.1% in the second quarter, confirming the improvement observed in the previous quarter. In annual terms, employment in this sector decreased by only 0.1% in the second quarter, after having recorded a fall of 0.4% in the first quarter of 2000. These developments can be explained

by employment in the manufacturing sector which is estimated to have risen at a quarter-on-quarter rate of 0.2% in the second quarter of 2000. This rate remained unchanged as compared with the first quarter, confirming the movement towards positive growth rates in this sector following the negative growth rates recorded throughout most of 1999. In annual terms, employment in manufacturing increased by 0.4% in the second quarter, after decreasing by 0.1% in the first quarter of 2000. Employment growth in construction, in line with the favourable expectations of the European Commission Business and Consumer Surveys, is expected to have continued at a relatively strong pace in the second quarter. Thus, employment in total industry in the second quarter is expected, in year-on-year terms, to have risen slightly more than in the previous quarter. Employment developments in the economy as a whole suggest that employment in the services sector increased sharply in the second quarter of 2000, in line with the expectations of the European Commission Business and Consumer Surveys for the retail sector in the second quarter and the expectations of the Purchasing Manager's Surveys for the services sector for the period up to August 2000.

## 4 Exchange rate and balance of payments developments

### Concerted intervention supported the rebound of the euro in September

On the initiative of the European Central Bank, the monetary authorities of the United States, Japan, the United Kingdom and Canada joined with the European Central Bank on 22 September 2000 in a concerted intervention in the foreign exchange markets owing to the shared concern about the potential implications of recent movements in the euro exchange rate for the world economy. In the context of the concerted operation, the euro rebounded to levels of around USD 0.88 and JPY 95 where it subsequently stabilised. In the week following the intervention, the euro remained broadly stable. In a statement following the Prague summit on 23 September, the G7 industrial countries underlined their commitment to

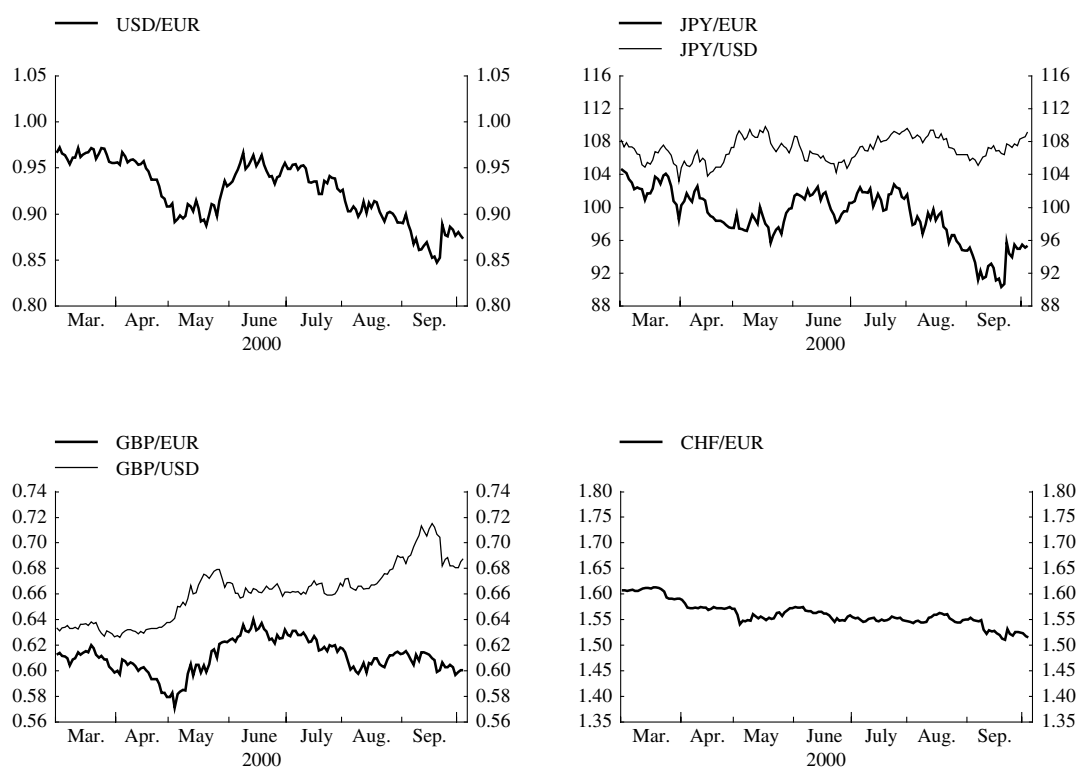
monitor developments closely and to co-operate in the foreign exchange markets as appropriate. The decision by the Danish electorate on 28 September not to apply for the adoption of the euro as their currency had no significant impact.

In respect of the US dollar, the euro initially continued its downward trend in September 2000, reaching USD 0.848 on 20 September, its lowest level recorded thus far (see Chart 16). Against a background of a significant narrowing of the interest rate differentials between the United States and the euro area since April 2000, and as reported in previous issues of the ECB Monthly Bulletin, the exchange rate has become increasingly inconsistent with the medium-term economic fundamentals. Following the concerted intervention on

**Chart 16**

### Patterns in exchange rates

(daily data)



Source: ECB.



22 September 2000, the euro gained 3.5% against the US dollar, and fluctuated thereafter within a narrow range. On 4 October the euro was quoted at USD 0.87.

As regards the Japanese yen, the euro depreciated in the first part of September against the background of a more positive market sentiment towards the yen fuelled by indications that the Japanese economy may be entering a path of greater sustainable growth. Despite some advances in the area of corporate sector restructuring, there have also been renewed signs of fragility in Japanese consumption expenditure, which may have contained a further strengthening of the Japanese yen against major currencies. Following the concerted intervention, the euro appreciated against the yen by around 2.8%, remaining broadly stable until the end of the period under review. On 4 October the euro was recorded at JPY 95.3.

In September 2000 the pound sterling moved within a relatively narrow range vis-à-vis the euro. Against the US dollar the pound sterling continued to record large fluctuations – by contrast with its quite stable relationship with the US currency in the past – and appreciated in the second half of September after having depreciated considerably in August and early September 2000. The concerted intervention only had a very limited effect on the exchange rate of the euro against the pound sterling. On 4 October the euro stood at GBP 0.60.

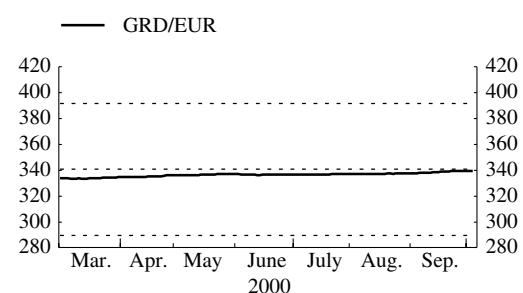
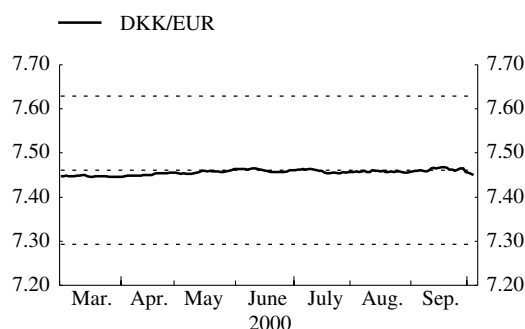
In September 2000 the euro depreciated moderately against the Swiss franc before appreciating in the aftermath of the intervention on 22 September to return temporarily to around the levels recorded in the second week of the month. Against the Swedish krona the euro was remarkably stable before appreciating on 22 September to stabilise at a higher level.

Within ERM II the Danish krone remained broadly stable in September prior to the referendum on 28 September on Denmark's participation in EMU. However, Danmarks Nationalbank announced that it had

intervened in the market to ease the pressure against the krone. Following the decision by the Danish electorate not to apply for the adoption of the euro as their currency, Danmarks Nationalbank stated that the Danish exchange rate policy would be maintained. In order to avoid uncertainty surrounding the krone, it also increased its interest rates by 50 basis points on 29 September 2000. On 4 October 2000 the euro was quoted at DKK 7.45, slightly lower than its level in mid-September 2000 (see Chart 17). The Greek drachma maintained its trend towards its central parity. On 4 October it was traded at GRD 339.3 against the euro, barely 0.5% above its central parity.

Overall, from mid-September to the cut-off date for this issue of the ECB Monthly Bulletin, the euro nominal effective exchange rate recovered by 0.5%. Compared with the

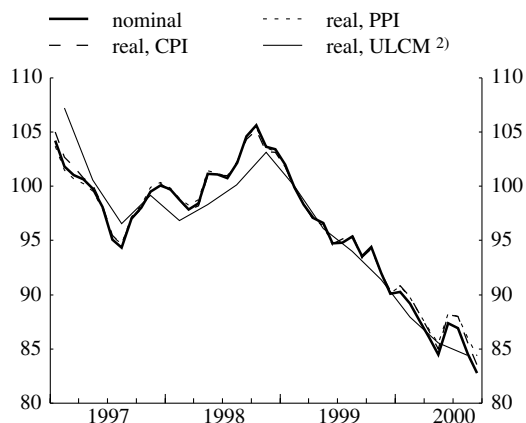
**Chart 17**  
**Patterns of exchange rates within ERM II**  
*(daily data)*



Source: ECB.  
 Note: The horizontal lines indicate the central parities (DKK 7.46; GRD 340.75, with the latter effective from 17 January 2000) and the respective fluctuation bands ( $\pm 2.25\%$  for DKK and  $\pm 15\%$  for GRD).

## Chart 18 Nominal and real effective exchange rates<sup>1)</sup>

(monthly/quarterly averages; index: 1999 Q1 = 100)



Source: ECB.

1) Data are ECB calculations (see the article in the April 2000 issue of the ECB Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations are for September 2000 and for the ULCM-based REER for the third quarter of 2000.

2) Unit Labour Costs in Manufacturing.

beginning of 2000, the depreciation of the euro amounted to 7.5%, while its depreciation compared with the first quarter of 1999 amounted to 17%, thus highlighting the protracted nature of the weakening of the exchange rate. In real effective terms, i.e. adjusted by the differing price developments between the euro area and its major trading partners, the euro continues to be significantly below its long-term average when measured by all available price deflators (see Chart 18).

### Higher oil prices raised the current account deficit

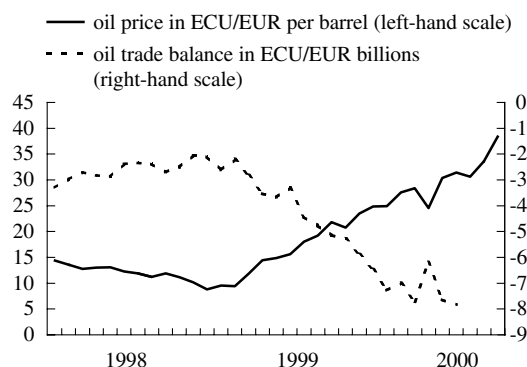
In July 2000 the current account of the euro area recorded a deficit of €2.2 billion, compared with a surplus of €6.4 billion for the same month last year (see Table 9). As in previous months, this mainly reflected a decline in the goods surplus (down from €14.6 billion to €8.4 billion), combined with higher deficits for both income and current transfers, while the balance for services shifted from a small deficit to a slight surplus.

During the first seven months of 2000, the current account of the euro area recorded a deficit of €14.0 billion, compared with a surplus of €21.4 billion for the same period last year. This was mainly the result of a lower goods surplus (€35.5 billion, down from €60.9 billion). In addition, higher deficits were reported for services, income and current transfers.

Strong import growth – owing primarily to higher import prices and, to a lesser extent, to rising domestic demand – was the driving force behind the declining goods surplus during the first seven months of this year, as the value of imports rose by 32%, compared with 22% for exports. The considerable increase in oil prices, together with the depreciation of the euro, accounts for most of the rise in import prices. By contrast, currently available data suggest that strong export volume growth – reflecting gains in price competitiveness and robust foreign demand – primarily explains the rise in exports (although euro area export prices have also risen somewhat). Over a longer time horizon, price developments had a significant negative impact on the terms of trade as total import prices rose by almost 33% in the period from the launch of the euro up to June 2000, while export prices increased by around 11%.

## Chart 19 Oil price and oil trade balance

(monthly data)



Sources: ECB and Eurostat.

**Table 9**  
**Balance of payments of the euro area**

(EUR billions; not seasonally adjusted)

	1999 Jan. - July	1999 July	2000 Jan. - July	2000 May	2000 June	2000 July
<b>Current account balance</b>	21.4	6.4	-14.0	-0.6	-0.1	-2.2
Credits	741.8	115.9	872.6	133.7	131.2	132.2
Debits	720.4	109.4	886.6	134.4	131.3	134.4
Goods balance	60.9	14.6	35.5	5.0	6.8	8.4
Exports	445.6	72.8	543.3	83.4	82.5	83.9
Imports	384.6	58.2	507.9	78.4	75.7	75.5
Services balance	-3.1	-0.1	-6.4	-0.2	-0.3	0.6
Exports	132.7	22.7	148.2	22.0	22.8	24.8
Imports	135.8	22.8	154.6	22.2	23.2	24.2
Income balance <sup>1)</sup>	-17.1	-3.6	-21.1	-2.8	-2.3	-5.7
Current transfers balance	-19.4	-4.5	-21.9	-2.6	-4.3	-5.5
<b>Capital account balance</b>	6.9	0.7	5.9	0.6	0.4	0.5
<b>Financial account balance</b>	-85.8	-24.4	51.0	7.0	-15.8	7.0
Direct investment	-78.0	-9.8	117.3	-10.7	-2.5	-11.3
Abroad	-116.8	-3.6	-138.2	-35.6	-10.9	-9.9
Equity capital and reinvested earnings	.	.	-90.5	-15.1	-12.5	-21.2
Other capital, mostly intercompany loans	.	.	-47.8	-20.5	1.7	11.3
In the euro area	38.8	-6.2	255.5	24.9	8.4	-1.5
Equity capital and reinvested earnings	.	.	218.7	8.9	3.1	9.2
Other capital, mostly intercompany loans	.	.	36.8	16.0	5.4	-10.7
Portfolio investment	-64.9	-3.2	-168.2	-5.1	43.3	-5.9
Equity	-35.5	1.2	-255.3	-13.9	18.6	-14.5
Assets	-72.4	-9.8	-196.5	-18.0	-21.3	-22.2
Liabilities	36.9	11.0	-58.7	4.1	39.9	7.7
Debt instruments	-29.3	-4.4	87.1	8.8	24.7	8.6
Assets	-100.5	-12.2	-76.6	-11.7	-11.8	-8.6
Liabilities	71.2	7.8	163.7	20.5	36.5	17.2
Financial derivatives	-1.2	0.8	3.2	0.3	1.5	-3.2
Other investment	46.9	-11.5	95.7	21.2	-61.6	28.0
Reserve assets	11.3	-0.8	3.0	1.3	3.4	-0.5
<b>Errors and omissions</b>	57.6	17.3	-42.9	-7.0	15.6	-5.3

Source: ECB.

Note: 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 more detailed set of tables can be found in Section 8 of the "Euro area statistics" section of this issue of the ECB Monthly Bulletin.

1) Monthly figures for 1999 are not closely comparable with later observations.

Although oil only accounts for around 10% of total imports of goods, higher oil prices played a major role in the decline in the goods surplus: the euro area's oil trade deficit increased from around ECU 2 billion per month at the end of 1998 to almost €8 billion per month by June of this year (see Chart 19). On an annual basis, the oil deficit increased to around €50 billion in 1999 (0.8% of GDP), from ECU 31 billion in 1998 (0.5%),

and amounted to almost €44 billion for the first half of this year, compared with a deficit of just over €18 billion for the same period last year. By contrast, the trade balances for the non-oil goods categories are improving in response to the price competitiveness gains arising from the depreciation of the euro. In particular, the trade surplus for the major manufacturing categories of chemicals, machinery and transport equipment was

significantly higher during the first part of this year, as compared with the same period in 1999 (see Table 9.3 of the “Euro area statistics” section for further details).

**Net inflows in euro area debt instruments only partially offset direct and portfolio equity investment outflows in July**

In July 2000 direct and portfolio investment recorded a combined net outflow of €17.2 billion, as compared with net inflows of €40.8 billion in June 2000. The main determinant was net portfolio equity investment outflows (€14.5 billion). In addition, direct investment recorded net outflows (€11.3 billion), related to both direct investment abroad (€9.9 billion) and disinvestment of foreign direct investment in

the euro area (€1.5 billion), the latter being caused mainly by the redemption of intercompany loans. However, net inflows in debt instruments continued (€8.6 billion), confirming a trend observed since the end of 1999.

In the first seven months of 2000 direct and portfolio investment combined net outflows were considerably lower (€50.9 billion) than in the same period last year (€142.9 billion). This was related to substantial net inflows in debt securities (€87.1 billion), as compared with net outflows of €29.3 billion in the first seven months of 1999. By contrast, the driving force behind the net financial outflows was investment by euro area residents in foreign companies, i.e. direct and portfolio equity transactions abroad. Together, they increased to €138.0 billion, as compared with €113.5 billion in the same period of last year.



# Potential output growth and output gaps: concept, uses and estimates

*Measures of potential output play a prominent role in a wide range of economic models as they are useful for distinguishing between medium-term trends and shorter-term cyclical movements in the economy. This article examines the concepts and uses of potential output and discusses different methods of estimation. Typically, these methods can be divided into those which rely heavily on statistical techniques to break output down into trend and cycle components and structural approaches which are more firmly rooted in economic theory. While different methods tend to lead to fairly similar results regarding the rates of growth of potential output, estimates of the level of the output gap are more diverse and are surrounded by a greater degree of uncertainty. For this reason, particular caution is required when drawing conclusions with regard to policy which are based on estimates of the level of the output gap. Furthermore, as estimates of potential output are based on historical data, they are unlikely to capture adequately the effects of structural change until well after such change has occurred.*

## I Introduction

The main interest of the ECB in the concept and estimation of potential output arises in the context of its stability-oriented monetary policy strategy, the primary objective of which is the maintenance of price stability in the euro area. As has been explained in detail in previous issues of the ECB Monthly Bulletin, this strategy has two pillars. First, there is a prominent role for money signalled by the announcement of a reference value for broad money growth, including a detailed analysis of monetary developments. Second, there is an analysis of (predominantly) non-monetary indicators in order to form a broadly based assessment of the outlook for future price developments (see, in particular, the January, February and April 1999 issues of the ECB Monthly Bulletin).

Measuring potential output and its growth rate is an important issue under both pillars. Under the first pillar, when coupled with the ECB's quantitative definition of price stability

and an estimate of the trend decline in the velocity of circulation of money, a measure of trend growth helps derive the reference value for growth in the broad monetary aggregate M3. Under the second pillar, in terms of the outlook for future price developments, potential output growth and the relation of actual output to potential output (i.e. the output gap) may be useful indicators for assessing the potential for inflationary pressures in the short to medium term. In this regard, potential output and its growth rate represent two indicators among many which are used to assess the outlook for future price developments. However, measures of potential output are unobservable and, therefore, need to be estimated. In the light of these considerations, the present article examines the concept of potential output and assesses the usefulness and reliability of different methods of estimation.

## 2 The concept and uses of potential output growth and output gap measures

It is possible to view the concept of potential output from different angles. From a purely statistical point of view, it can be seen as the trend or smooth component of the actual output series, without taking a view on the underlying reasons for divergence between actual and trend output. Alternatively, in

order to provide some economic rationale, the notion of potential output is often seen as characterising the sustainable aggregate supply capabilities of an economy, as determined by the structure of production, the state of technology and the available inputs. Such a concept of potential output is

different from one where potential output is the level of output which is attainable, in an engineering sense, with the maximum utilisation of the factors of production. In practice, it is not feasible to make full use of all the factors of production, as marginal costs rise steeply (and exceed the marginal benefits) at high degrees of factor utilisation. From an economic point of view, meaningful measures of potential output thus reflect prevailing economic constraints in factor markets.

Various explanations have been given in economic literature as to why actual and potential output often diverge, i.e. the reasons for the emergence of an output gap. One theory is that actual output can differ from potential output, because rigidities in the economy mean that it takes time for prices and wages to adjust. In this case, the output gap is an important measure of the balance of overall demand and supply conditions in the economy and may provide useful information on price pressures. Another theory is that the economy is best characterised by what are known as real business cycle models, where actual output differs from trend output according to random productivity shocks. In this case, the output gap reflects temporary disturbances caused by the adjustment of the production process to technological changes and unexpected developments on the supply side.

As discussed in the introduction, measures of potential output and its growth rate are of relevance to the stability-oriented monetary policy strategy of the ECB. Another important application of these measures arises in the cyclical adjustment of macroeconomic series. For instance, output gaps are used, along with measures of the sensitivity of government revenue and expenditure to cyclical movements in output, to produce an estimate of a cyclically adjusted government budget balance. Such adjustments may be useful in deriving an indicator of the underlying stance of fiscal policy. Also, in terms of monitoring developments in international competitiveness, output gaps are used to calculate real exchange rates based on cyclically adjusted unit labour costs.

It is important for economic policy-makers to be able to detect at an early stage whether the rate of growth of potential output has changed. Given that developments in the capital stock and the labour force tend to be rather smooth, potential output growth is expected to have a rather low variability. Nevertheless, pronounced changes in the rate of growth of potential output can arise as a result of structural change, for instance stemming from institutional reform in the labour market. However, as is discussed in the following section, conventional measures of potential output growth predominantly reflect the institutions and structures existing at the time.

### **3 Methods for estimating potential output growth**

There are a variety of methods available for estimating potential output and they can be grouped into two broad categories: the “production function” and “statistical” approaches. The former attempt to create an explicit model of the supply side of the economy using economic theory. The latter attempt to break the real GDP series down directly into a trend and a cyclical component.

#### **3.1 The production function approach**

The relationship between potential output and its structural determinants can be encapsulated in a production function. This framework is useful for explaining the key economic forces underlying developments in output and growth in the medium term. In this regard, there can be important effects from changes in labour supply (stemming from demographics, migration, shifts in labour participation or changes in structural

unemployment) or rates of capital accumulation. A simple growth accounting exercise for the euro area, with capital and labour as inputs, reveals that for the period from 1991 to 1997 the contribution of capital growth to total output growth was 67%, the contribution of employment growth -13% and the residual contribution, reflecting a number of productivity-related factors including technological change, was 45%. Over the longer term, technological change is likely to be the dominant factor systematically leading to growth in per capita output.

The production function approach relates output to the level of technology and factor inputs, usually labour and capital. There are a number of possible functional forms of production functions, including the widely used “Cobb-Douglas” production function. The following formula gives an example of a Cobb-Douglas function with capital and labour as inputs:

$$Y_t = A_t K_t^{1-\alpha} N_t^\alpha,$$

where  $Y_t$  is potential output,  $A_t$  is the trend component of total factor productivity,  $K_t$  is the capital stock and  $N_t$  is the trend component of the effective labour supply (i.e. the labour force adjusted for equilibrium unemployment). The parameter  $\alpha$  is the elasticity of labour with regard to output: if labour is increased by 1% and capital is held constant, output increases by  $\alpha\%$ . Under the conditions of perfect competition, parameter  $\alpha$  should coincide with the labour share. In the context of growth accounting, this restriction is used to obtain the “Solow residuals”, that is to say the part of output growth not accounted for by labour and capital accumulation. However, direct estimation of the production function can yield values for  $\alpha$  which differ markedly from the labour share, as measured by the national accounts, possibly reflecting the fact that an assumption of perfect competition does not hold true at the economy-wide level.

The production function approach is widely used, for example by international

organisations such as the OECD and the IMF, to derive estimates of potential output. It is often seen as providing a comprehensive economic framework for estimating potential output, which makes a clear link between output and its long-term fundamental determinants. It can thus be used to assess the impact of structural changes and policies on potential output, although this requires a quantitative assessment of the impact of such changes on the key determinants, such as structural unemployment and total factor productivity. One advantage of the production function approach is that it is possible to forecast potential output, as forecasts of important components (employment, unemployment, investment and therefore capital stock) are usually available.

Nevertheless, there are also certain disadvantages associated with this approach:

- It is subject to important data problems, most notably it is usually the case that measures of capital stock are not very reliable and data on hours of work are often not available.
- The production function approach relies on deriving measures of the trend components of the inputs. However, large fluctuations in productivity levels and labour supply make it very difficult to disentangle the trends of both total factor productivity and the labour force. For example, there is a wide range of views on how technological progress should be modelled. Similarly, alternative views are held with regard to the trend levels of the effective labour supply which, to some extent, depend on the presence of rigidities in labour markets. Different assumptions of these trend components will lead to very different estimates of potential output.

### 3.2 Statistical methods

These methods of estimating potential output are essentially based on the idea of extracting



the trend from the output series using statistical techniques. They can be divided into two categories. The first comprises “univariate approaches”, which include methods which extract the trend from the information contained in the output series in isolation, without using the information contained in other variables. The second comprises methods which attempt to extract the trend using the information in the output series in conjunction with information contained in other variables, most notably inflation. In doing so, these techniques typically attempt to take into account empirical relationships, such as the short-run Phillips curve, which postulates an inverse relationship between unemployment (or changes in unemployment) and inflation.

### **Univariate approaches**

Univariate approaches derive an estimate of potential output by essentially fitting a trend through the series. A key feature of these methods is that they are relatively simple to use. There are a number of univariate approaches available and although it is not possible to provide an exhaustive description of all the techniques, two methods give an indication of the approaches that can be followed. These are the “Deterministic Trend” and the “Hodrick-Prescott filter” approaches. As the discussion of these methods below indicates, a key issue is the degree of smoothness in the estimates of trend output.

The Deterministic Trend method is based on the assumption that the trend component of output is a linear function of time. The output gap is simply the deviation from this linear trend. An obvious advantage of this method is its simplicity, as it essentially involves drawing a straight line through the actual GDP series, amounting to a constant rate of trend growth. However, it requires the very strong assumption that trend output is merely a function of time, irrespective of developments taking place on the supply side of the economy. As an alternative, the

method can be adapted to allow for breaks in the trend. Examples of breaks in the trend are instances of major structural change, such as those associated with the oil shocks at the beginning and end of the 1970s. However, it is usually necessary to apply this method to full economic cycles in order to derive a reliable estimate of the trend output growth, as otherwise this estimate could be heavily influenced by cyclical developments. This places a considerable limit on the ability of this method to generate estimates of the current level or growth rate of potential output.

A very widely used approach in the estimation of potential output is the Hodrick-Prescott filter (e.g. this method is used by the European Commission in preparing estimates of the potential output gap which are used for the cyclical adjustment of government budget balances). This filter extracts a trend component by trying to balance a good fit to the actual series with a certain degree of smoothness. A key parameter of the filter, usually referred to as “lambda”, determines the respective weight given to each of the two characteristics. If “lambda” is infinite, then all the weight will be on a high degree of smoothness leading to a linear trend. If “lambda” is zero, then all the weight will be on goodness of fit to the original series and, hence, the estimated trend will always be the same as actual output. A key advantage of the Hodrick-Prescott filter is that it is also relatively straightforward to implement. However, the filter has a number of major drawbacks:

- The filter can mistakenly identify a cycle in a series which has none.
- The choice of the smoothing parameter lambda is critical, but ultimately arbitrary. Usually, a fixed value of lambda is used across countries, but this is not particularly satisfactory, as the speed of adjustment to shocks is likely to differ.
- The filter suffers from the poor reliability of the end of sample estimates, which limits

its usefulness for estimating the current value of potential output. One common attempt to deal with this problem is to extend the GDP series by incorporating forecasts for GDP. However, in this way the current estimate of potential output becomes sensitive to the quality of the macroeconomic forecasts used to construct it.

- The method, along with other univariate methods, takes no account of either information contained in other series which may help to identify the trend-cycle breakdown or economic theory.
- The filter will smooth structural breaks, even if these imply clear shifts in the level or the rate of growth of output and, therefore, it generates misleading estimates of potential output over these periods.

### **Multivariate approaches**

In order to overcome some of the drawbacks inherent in the univariate approaches, a number of multivariate statistical techniques have been developed and have become increasingly popular in academic literature in recent years. These methods derive an estimate of potential output using information from more than one series and they can also make use of well-known economic relationships. One widely used multivariate

approach is the unobserved component (UC) modelling technique. This typically builds upon a Phillips curve and adopts the strategy of defining a common cyclical component for output and inflation. Economic theory is incorporated in this approach insofar as there is a theoretical short-run link between inflation and a measure of economic activity arising from the existence of price and wage rigidities.

Multivariate methods have a number of advantages and limitations:

- While being less straightforward to implement than the univariate methods, these methods are easier to adopt than the production function approach as they require a simpler modelling approach and reduced data input.
- In common with the production function approach, they also take account of the information contained in economic series other than real GDP and incorporate some elements of economic theory.
- However, important technical details relating to the implementation of these methods can have very significant effects on the magnitude of the estimates of potential output. For example, with the UC model an assumption has to be made with regard to the underlying trend component of a series (e.g. whether it is a deterministic, smooth or volatile trend).

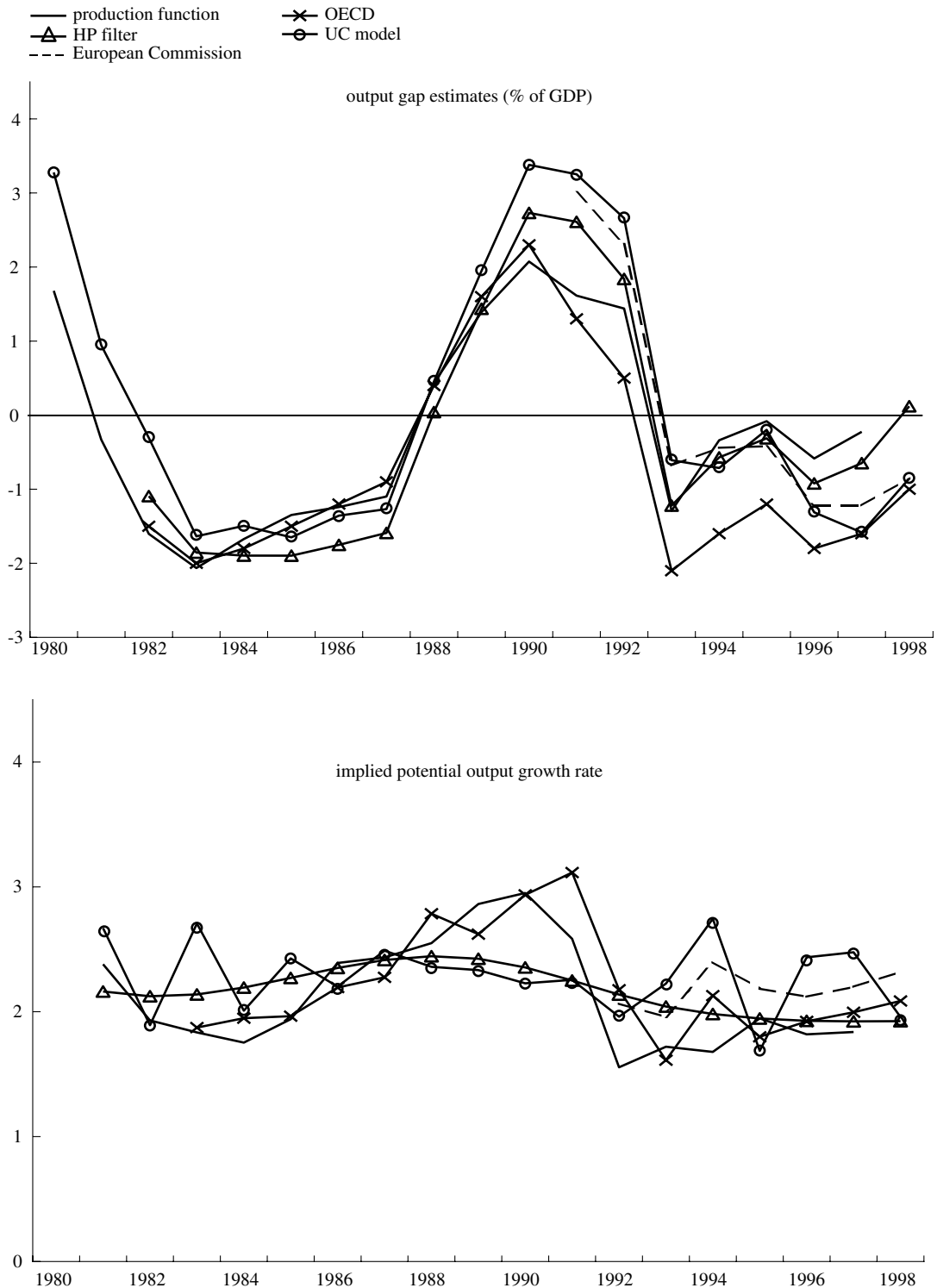
## **4 Estimates of the output gap and potential output estimates and sources of uncertainty**

In order to illustrate the methods discussed above, Chart 1 gives details of five different estimates of the output gap and the growth rate of potential output for the euro area for the period from 1980 to 1998 (not all the estimates are available for the entire time period). These are estimates from the OECD (based on a production function approach) and an estimate from the European Commission (based on the Hodrick-Prescott filter), together with some illustrative

estimates that we have prepared using a production function approach, a Hodrick-Prescott filter and an unobserved components model. As the chart shows, for some years there has been great variation in the magnitude of the output gap estimates generated by these methods. For example, the range of estimates for much of the 1990s is close to 1½ percentage points. Moreover, the estimates generated by these methods do not always match in terms of identifying

## Chart I

### Output gap estimates as a percentage of potential output and estimates of the potential output growth rate in the euro area between 1980 and 1998



Source: ECB calculations, OECD and European Commission.

Notes: The Hodrick-Prescott filter output gap estimate reported (HP filter in the chart) has been computed for a parameter lambda equal to 100. This is the standard value when using annual data. The average length of the cycle implied by this parameter lies between five and eight years. For the sake of simplicity, no forecasts of future values of output have been used to extend the sample. The value for the trend components of total factor productivity and employment used in the production function estimate has been computed by means of the Hodrick-Prescott filter (again with a lambda parameter of 100).

whether output is above or below potential (for instance in 1998). Nevertheless, the different estimates do coincide in terms of the timing of cyclical turning-points.

In respect of the growth rate of potential output, the figures show that although there is some variation between the different estimates in any one year, this variation is generally less, as a percentage of output, than in the case of the output gap series. Furthermore, there is a high degree of consistency between the estimates of the growth rate of potential output over the longer term. For the period from 1982 to 1998, the average of the estimates of potential output growth available are all close to 2.2%.

These figures highlight the uncertainty surrounding estimates of potential output and the output gap. In this respect, it is useful to distinguish between three sources of uncertainty: model, parameter and data uncertainty, all of which are considered in more detail below.

### **Model uncertainty**

As discussed above, there is no common view on the appropriate specification of a model to identify potential output. Instead, the academic literature develops a number of approaches which build on different statistical methodologies and macroeconomic theories. The lack of unanimity on the appropriate formal framework to be used affects statistical approaches as well as those based on explicit models of the economy.

The sensitivity of estimates of potential output to the specification chosen is particularly relevant in the case of univariate models compared with multivariate models and the production function approach. It is generally difficult to impose restrictions from economic theory on univariate methods. By contrast, multivariate methods and the production function approach are guided by views on the relationships between relevant macroeconomic variables, which make them

less arbitrary and potentially more robust (to the extent that the macroeconomic relationships are supported by the data).

### **Parameter uncertainty**

Even if there were common agreement on the appropriate modelling strategy to measure potential output, estimates would be subject to parameter uncertainty. This is because there is no unique way of determining the parameters of a given model, as the true value of these parameters is not known and has to be either assumed or estimated using econometric techniques. Parameter uncertainty becomes severe when the true parameters of the model change over time as a result of structural changes in the economy. The effects of such changes can only be identified some time after they occur. For example, the reduction in aggregate productivity growth in the United States after 1965 would clearly have affected the rate of growth of potential output to an extent that would not have been fully apparent at the time. In Europe, there has been a significant amount of structural change over the past decade which is still ongoing. This structural change stems from developments such as German unification, the introduction of the Single Market and Economic and Monetary Union. The failure to identify a shock to potential output implies that the estimated magnitude of the output gap may be incorrect and may, therefore, be a misleading indicator.

The discussion above illustrates the point that as more information becomes available it is possible to become more confident about the true parameters of a model. Therefore, an estimate of the output gap for 1990 made at the time is likely to be less reliable than one made today, given all the information that has become available in the intervening period. In order to illustrate the magnitude of this parameter uncertainty, Chart 2 plots the sequential estimates of the output gaps generated using a Hodrick-Prescott filter starting with a sample from 1971 to 1980 and

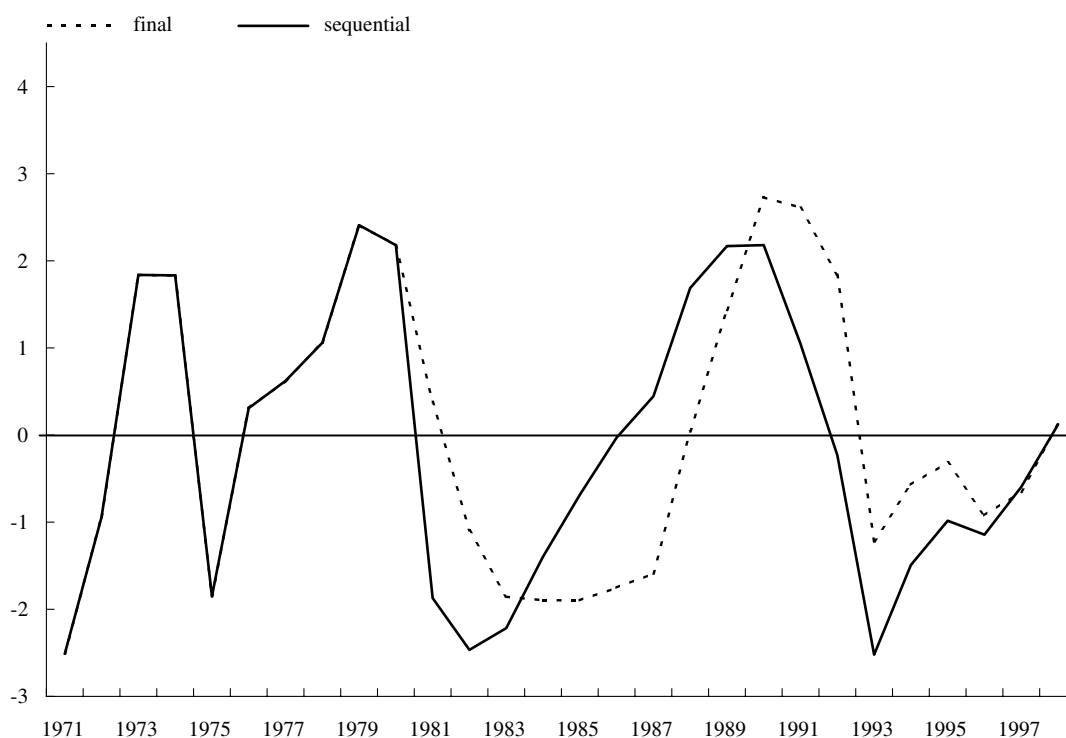
gradually prolonging the estimation period by three months at a time. For the purpose of comparison, the corresponding values of the output gaps using the whole data set up to 1998 are also included and this reveals that the effects of parameter uncertainty can be quite substantial. For instance, the discrepancy in sign between the two estimates for 1988 implies that what is estimated to be a positive output gap using data up to 1988, is in fact revised in the light of subsequent observations so that the output gap for 1988 is negative in the final estimation.

### Data uncertainty

The exact value of many economic series is not known immediately and there can be quite some delay before reliable estimates become available. This is particularly the case for estimates of output, where initial estimates are typically available with a few months' delay and can then be subject to

significant revisions in subsequent months or even years. This data uncertainty about recent output figures will, to some extent, have an impact on the estimates of the potential output growth rate, particularly when univariate methods are used. Furthermore, other economic series which may be used in the construction of estimates of potential output in the multivariate and production function approaches – such as information on prices, labour supply and capital stock – are also subject to data uncertainty. However, the impact of uncertainty with regard to recent data on the estimates of potential output growth is unlikely to be large if long time series have been used. More importantly, as the most recent value of actual output is used directly in the calculation of the latest output gap, data uncertainty will have a much greater impact here. This matters because it is the estimate of the output gap in the more recent period that is a potentially useful cyclical indicator for policy-makers.

**Chart 2**  
**Final and sequential output gap estimate using the HP filter in the euro area between 1971 and 1998**



Source: ECB calculations.

The combined effects of parameter and data uncertainty can be assessed through the concept of the “reliability” of output gap estimates. An output gap estimate can be considered to be reliable if there are no sizeable discrepancies between the real-time and ex post estimates. Recent research using US and euro area data shows that output gap estimates are not, in general, highly reliable, particularly when univariate methods are used. Indeed, initial estimates are typically subject to sizeable revisions as new observations become available. Results using US data also indicate that uncertainty arising from parameters and the model specification is relatively more important than data uncertainty.

#### **Estimates of future potential output growth and structural change**

While the figures presented in Chart 1 suggest that it is not possible to be very confident about the magnitude of the output gap in any particular year, they do indicate that it is possible to be far more confident that, in recent decades, potential output growth has been around 2-2½% per annum. However, this degree of confidence in the historical estimates of potential output growth does not apply to the estimation of the current or future growth rates of potential output, which are clearly of relevance to a forward-looking monetary policy. For example, if there were a significant change in the pace of technological progress, or in the structural environment, this could alter the trend growth rate.

In assessing the likely growth rate of potential output in the coming years it is important to take account of structural developments in the economy that may have a bearing on the supply side. As discussed in the box, there

is, for instance, the potential for New Economy-type developments to stimulate growth through structural and technological changes. More generally, it is necessary to consider other supply side factors, such as developments in the capital stock and the labour market. For example, as discussed in the third section of this article, labour supply plays an important role in determining potential output growth. In many European countries, population growth is slowing and the average age of the population is increasing. However, this may, to some extent, be offset by an ongoing rise in female labour force participation and there may also be scope for a rise in the participation rate of older workers. Furthermore, given the deep-seated problems of the euro area labour markets, which are predominantly structural in nature, reforms which actually lead to a fall in structural unemployment, or which raise labour force participation, should contribute to an increase in potential output (see, for instance, the May 2000 issue of the ECB Monthly Bulletin for a discussion of structural factors affecting labour markets and European labour market initiatives).

The potential for New Economy-type developments and more general structural changes highlights the limitations of estimates of potential output growth which are based on historical information on the economy. However, while it is relatively easy to identify possible reasons why the growth rate of potential output may have changed, it is far more difficult to assess whether it has actually changed, let alone to quantify the magnitude of any change. Therefore, when it is suspected that such change may be occurring, it is particularly important to take account of all the other relevant sources of information in order to gauge the extent to which they support such a conjecture.

## Box

### The notion and main elements of the New Economy

Based on the experience of the United States, the hypothesis underlying the notion of a New Economy is that structural and technological changes have raised the rate of growth of potential output. This notion has steadily gained support as US economic growth in the current cyclical upturn has proven to be stronger and much more durable than in previous upturns. At the same time, the pattern of wage developments and price inflation also appears to have changed. While the rate of unemployment has fallen to historically low levels, wage developments have been more moderate than would have been expected. Instead of rising, as was generally the experience in earlier periods of strong economic expansion, inflation actually fell in the 1990s.

This remarkable performance has given rise to the idea of a new economic era in the United States. Pronounced changes in information and communication technology (ICT) are seen as a major driving force behind this performance, having an impact through a number of channels.

#### Conceptual issues in the debate on the New Economy

At this juncture, while there appears to be no generally accepted definition of the New Economy, there seems to be a broad consensus that it encapsulates two main elements. First, higher potential output growth, reflecting mainly an increase in the trend growth of total factor productivity. Second, a permanent reduction in the rate of structural unemployment. The first of these elements could entail two distinct interpretations. One is that the long-run *growth rate* of output and productivity has increased compared with the corresponding rate in previous periods. Alternatively, it could be that the *level* of output and productivity has increased, but that some time is required to reach this new level and, therefore, this gives rise to temporarily higher rates of growth. Indeed, to the extent that the ICT revolution is seen as characterising a major technological innovation, giving rise to secular growth phenomena, the time that is needed to reach this new level could be quite protracted and could be in the region of decades. However, while there is broad consensus about the main defining features, the issue of how enduring these two elements would have to be for an economy to qualify as a New Economy remains the subject of ongoing discussion.

There are considerable difficulties in making inferences about the existence of a New Economy based on data relating to these elements. While there is growing microeconomic evidence that ICT is having substantial beneficial effects on the productive and organisational efficiency of businesses, the macroeconomic evidence to date is limited. There are, for instance, considerable measurement problems, such as those related to the application of appropriate deflators to derive constant price data. The experience gained in the United States has shown that the measured price increases in national accounts are typically being overstated, with the result that the growth of real variables is being understated.

While the possible existence of a New Economy in the United States is still subject to debate, it has already led to speculation as to whether the experience of higher, non-inflationary growth could be repeated in Europe. With regard to the euro area, some progress has been made, but there are still significant differences compared with the United States, in particular in respect of structural rigidities, which diminish the benefits of the new technological possibilities. Strengthening the process of structural reform increases the chances that strong output growth in an environment of price stability, as is currently being observed in the euro area, can be sustained in the years to come.

#### Driving forces behind the New Economy

There are a number of mutually reinforcing driving forces behind the New Economy. First, the pronounced technological progress in the fields of data processing and telecommunication is believed to have led to higher

productivity. Facilitated by ICT advances, productivity may also be benefiting from improved organisational techniques. Second, there is the ongoing process of globalisation and increased competition, which, in the goods and services markets, has stimulated efficiency and reduced pricing power. A direct favourable effect on inflation is also resulting from significant output price reductions in the ICT industries themselves. Third, a highly competitive and unregulated market structure is facilitating the emergence of new lines of business and the diffusion of the new technologies to promote efficiency. This is aided by a deepening of financial markets – again facilitated by ICT advances – which enables entrepreneurs in high-tech sectors to start up new lines of activity. Finally, one major ingredient is a favourable policy environment, comprising a commitment to sound public finances and price stability at the macro level, and a business-friendly low-tax and low-regulation approach at the micro level. This reduces uncertainty, encourages entrepreneurial activity and facilitates the expansion of investment.

All of these benign influences have been observed individually and, in the case of the US economy, a number of them appear to have come together over the past decade, producing the remarkable performance seen in terms of high growth at comparatively low rates of inflation. With regard to the euro area, progress has been made in a number of areas, but there remain significant differences compared with the United States. In particular, realising any potential for a New Economy in Europe will depend, in a fundamental way, on the adoption of a comprehensive process of structural reform.

## 5 Concluding remarks

Measures of potential output are of interest to the ECB as a gauge of the sustainability of economic developments. This is relevant in the context of its stability-oriented monetary policy strategy for two reasons. First, as a measure of trend output growth in the derivation of the reference value for monetary growth and, second, in the broadly based assessment of the outlook for future price developments.

In choosing between the various approaches for estimating potential output described in this article, there is inevitably some trade-off between the degree of simplicity of the individual approaches and their ability to take into account the insights of economic theory. Different methods tend to yield broadly comparable estimates of the rate of growth of potential output, particularly over longer time horizons. As a consequence, the different methods also give similar estimates of the change in the output gap. However, estimates of the level of the output gap at any particular point in time tend to be surrounded by a greater degree of uncertainty.

Therefore, while the level of the output gap is a potentially useful indicator of short-term price pressures, particular caution is required in drawing policy conclusions based on such estimates.

A general difficulty with estimates of potential output based on historical data is their inability to adequately capture structural change until well after the change has occurred. Therefore, if important structural changes are believed to be under way, then this would point to a correspondingly greater degree of uncertainty surrounding estimates of current potential output. In these circumstances, a forward-looking monetary policy aimed at the maintenance of price stability would clearly wish to take account of the possible effects of such developments. However, in doing so there would be a need for clear and compelling evidence that structural changes were actually leading to a change in the growth rate of potential output. This can only be achieved by means of a general assessment of all other relevant sources of information on the economy.





# The ECB's relations with institutions and bodies of the European Community

*With the introduction of the euro and the concurrent transfer of competencies to the newly established European System of Central Banks (ESCB), which has the European Central Bank (ECB) at its centre, the institutional framework of the European Community has undergone a significant change. The new euro area monetary authority, the tasks and prerogatives of which are clearly defined in the Treaty establishing the European Community, has emerged as a new actor on the European stage. This article aims to shed light on this new institutional context and presents an overview of the ECB's relations with the institutions and bodies of the Community. The ECB's involvement is based, on the one hand, on its statutory obligations, since the Treaty itself provides for a number of forms of interaction between the ECB and other policy-makers of the European Union (EU), ranging from consultation to policy dialogue and regulatory competences. On the other hand, the ECB's relations with the institutions and bodies of the Community are motivated on functional grounds, in that contacts with other policy-makers contribute towards the proper fulfilment of the ECB's functions and tasks. At the same time, the specific institutional status of the ESCB and the ECB, notably their independent status and primary objective of maintaining price stability, set clear parameters for the degree of any such involvement. Against this background, the present article surveys the ECB's relations with the European Parliament, the EU Council, the Eurogroup, the European Commission, the Economic and Financial Committee, the Economic Policy Committee and the Macroeconomic Dialogue, as well as its more specialised contacts relating to the fulfilment of its broader tasks.*

## I Introduction

Upon entry into Stage Three of Economic and Monetary Union (EMU), the ESCB and the ECB were established in accordance with the relevant provisions of the Treaty. In exercising their powers and fulfilling their statutory objectives and tasks (see Box 1), the ECB and the ESCB have emerged as new policy actors in the overall institutional context of the European Community. At present, however, the basic tasks of the ESCB are carried out by the Eurosystem, which comprises the ECB and the national central banks of those Member States which have adopted the euro.

Founded by the Treaty and endowed with the competences and prerogatives to fulfil their tasks, the ECB and the ESCB/Eurosystem are embedded in the institutional framework of the European Community and, consequently, maintain relations with the various Community institutions and bodies. The Treaty itself lays down a number of provisions establishing and governing these relations, which almost exclusively designate the ECB as the interlocutor within the context of the European Community. Therefore, this article focuses exclusively on the ECB's relations with the Community

institutions and bodies, to the extent either that these are rooted in the Treaty provisions or that such contacts are maintained with a view to ensuring the proper fulfilment of the ESCB's statutory tasks.

The degree of the ECB's involvement with the Community institutions and bodies is related to the particular attribution of policy competences within the framework of EMU as laid down in the Treaty. The Eurosystem has sole competence for defining and implementing the single monetary policy as well as for holding and managing the official reserves of the euro area Member States. In addition, the ECB enjoys the exclusive right to authorise the issuance of euro banknotes, while responsibility for the issuance of the euro coins lies with the Member States, subject to the ECB's approval. Furthermore, it is a statutory task of the Eurosystem to "promote the smooth operation of payment systems" and to contribute to the policies conducted by the competent authorities "relating to the prudential supervision of credit institutions and the stability of the financial system". With regard to exchange rate policy, the Eurosystem has sole competence for deciding on and

## Box I

### Selected articles from the Treaty and the Statute of the ESCB pertaining to the establishment, tasks and competencies of the ECB/ESCB

**Article 8** of the Treaty (on the establishment of the ESCB and the ECB)

A European System of Central Banks (hereinafter referred to as “ESCB”) and a European Central Bank (hereinafter referred to as “ECB”) shall be established in accordance with the procedures laid down in this Treaty; they shall act within the limits of the powers conferred upon them by this Treaty and by the Statute of the ESCB and of the ECB (hereinafter referred to as “Statute of the ESCB”) annexed thereto.

**Article 105** of the Treaty (on the objectives and tasks of the ESCB)

1. The primary objective of the ESCB shall be to maintain price stability. Without prejudice to the objective of price stability, the ESCB shall support the general economic policies in the Community with a view to contributing to the achievement of the objectives of the Community as laid down in Article 2. The ESCB shall act in accordance with the principle of an open market economy with free competition, favouring an efficient allocation of resources, and in compliance with the principles set out in Article 4.

2. The basic tasks to be carried out through the ESCB shall be:

- to define and implement the monetary policy of the Community;
- to conduct foreign exchange operations consistent with the provisions of Article 111;
- to hold and manage the official foreign reserves of the Member States;
- to promote the smooth operation of payment systems.

3. The third indent of paragraph 2 shall be without prejudice to the holding and management by the governments of Member States of foreign exchange working balances.

4. The ECB shall be consulted:

- on any proposed Community act in its fields of competence;
- by national authorities regarding any draft legislative provision in its fields of competence, but within the limits and under the conditions set out by the Council in accordance with the procedure laid down in Article 107(6).

The ECB may submit opinions to the appropriate Community institutions or bodies or to national authorities on matters in its fields of competence.

5. The ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system.

(...)

**Article 106** of the Treaty (on banknotes and coins)

1. The ECB shall have the exclusive right to authorise the issue of banknotes within the Community. The ECB and the national central banks may issue such notes. The banknotes issued by the ECB and the national central banks shall be the only such notes to have the status of legal tender within the Community.

2. Member States may issue coins subject to approval by the ECB of the volume of the issue. (...)

**Article 108** of the Treaty (on independence)

When exercising the powers and carrying out the tasks and duties conferred upon them by this Treaty and the Statute of the ESCB, neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and the governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their tasks.

**Article 110** of the Treaty (on regulatory competence)

1. In order to carry out the tasks entrusted to the ESCB, the ECB shall, in accordance with the provisions of this Treaty and under the conditions laid down in the Statute of the ESCB:

- make regulations to the extent necessary to implement the tasks defined in Article 3.1, first indent, Articles 19.1, 22 and 25.2 of the Statute of the ESCB and in cases which shall be laid down in the acts of the Council referred to in Article 107(6);
- take decisions necessary for carrying out the tasks entrusted to the ESCB under this Treaty and the Statute of the ESCB;
- make recommendations and deliver opinions.

(...)

**Article 111** of the Treaty (on exchange rate policy)

1. By way of derogation from Article 300, the Council may, acting unanimously on a recommendation from the ECB or from the Commission, and after consulting the ECB in an endeavour to reach a consensus consistent with the objective of price stability, after consulting the European Parliament, in accordance with the procedure in paragraph 3 for determining the arrangements, conclude formal agreements on an exchange-rate system for the ECU in relation to non-Community currencies. The Council may, acting by a qualified majority on a recommendation from the ECB or from the Commission, and after consulting the ECB in an endeavour to reach a consensus consistent with the objective of price stability, adopt, adjust or abandon the central rates of the ECU within the exchange-rate system. The President of the Council shall inform the European Parliament of the adoption, adjustment or abandonment of the ECU central rates.

2. In the absence of an exchange-rate system in relation to one or more non-Community currencies as referred to in paragraph 1, the Council, acting by a qualified majority either on a recommendation from the Commission and after consulting the ECB or on a recommendation from the ECB, may formulate general orientations for exchange-rate policy in relation to these currencies. These general orientations shall be without prejudice to the primary objective of the ESCB to maintain price stability.

(...)

**Article 5** of the Statute of the ESCB (on the collection of statistical information)

5.1. In order to undertake the tasks of the ESCB, the ECB, assisted by the national central banks, shall collect the necessary statistical information either from the competent national authorities or directly from economic agents. For these purposes it shall co-operate with the Community institutions or bodies and with the competent authorities of the Member States or third countries and with international organisations.

(...)

5.3. The ECB shall contribute to the harmonisation, where necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its fields of competence.

(...)

conducting operations in the foreign exchange market. However, with regard to the overall framework within which exchange rate policy is conducted, the Treaty provides for close

interaction between the ECB and the EU Council, as laid down in Article 111 (1) and (2).

## 2 The status of the ECB within the institutional framework of the European Community

Article 7 of the Treaty establishes the institutions of the Community (specifically, the European Parliament, the Council, the Commission, the Court of Justice and the Court of Auditors) which are entrusted with the broad mandate of carrying out the tasks of the Community within the limits of the powers conferred upon them by the Treaty. By contrast, the legal foundation of the ESCB and the ECB is provided for in a separate article (Article 8), which underpins their specific status within the overall context of the European Community, sets them apart from the other institutions and limits their activities to very clearly defined tasks.

The principal institutional feature which distinguishes the ECB from the institutions defined in Article 7 is its specific independence, as enshrined in Article 108. The Treaty lays down the obligation that “neither the ECB, nor a national central bank, nor any member of their decision-making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body” when exercising the powers and carrying out the tasks and duties conferred upon them by the Treaty and the Statute of the ESCB. The Community institutions and bodies and the governments of the Member States, for their part, “undertake to respect this principle and not to seek to influence the members of the decision-making bodies of the ECB or of the national central banks in the performance of their tasks”. The special nature of the ECB’s independent status implies clear limits to the degree of engagement between Community institutions and bodies on the one hand and the ECB on the other.

In practice, a respect for the ECB’s independence and the recognition of its responsibilities imply that, with regard to interaction in the field of economic policies, the ECB’s relations with other policy-making bodies cannot go beyond a non-binding

dialogue. At the Helsinki European Council in December 1999, the Heads of State or Government endorsed the view that the ECB would participate in economic policy co-operation at the euro area level in the form of a dialogue only, without engaging in any ex ante co-ordination of its monetary policy with other policies.

The institutional independence of the ECB is further underpinned by the fact that the ECB has been endowed with a legal personality of its own. Moreover, the ECB is financially independent, meaning that its operating budget does not form part of the general budget of the Community, while nevertheless being subject to the scrutiny of an independent auditor. However, this article does not deal with issues relating to the ECB’s financial status, nor does it cover the details of the ECB’s relations with the Court of Justice of the European Communities in the context of the existing instruments of judicial control (see the description in the article entitled “The institutional framework of the European System of Central Banks”, published in the July 1999 edition of the ECB Monthly Bulletin).

A further aspect of the ECB’s particular institutional status is its clearly defined mandate to maintain price stability in the euro area and, in this way, to contribute to the achievement of the objectives of the Community. Indeed, the best contribution which the ECB can make to promoting, inter alia, “sustainable, non-inflationary growth” and a “high level of employment” (see Article 2 of the Treaty) lies in the pursuit of a monetary policy aimed at price stability (see the article entitled “The stability-oriented monetary policy strategy of the Eurosystem” in the January 1999 issue of the ECB Monthly Bulletin). It is only in this way that monetary policy can contribute to the proper operation of the price mechanism, which is an essential feature of a well-functioning market economy. In addition, in an environment of price stability, risk

premia and long-term real interest rates tend to be lower, thereby generating higher levels of investment, which in turn fuel economic growth.

The specific constitutional status of the ECB and its clearly defined primary objective of maintaining price stability reflect modern economic thinking, supported by historical evidence. Indeed, those central banks endowed with independence and given a clear mandate to ensure price stability have proven to be the most successful in delivering low inflation and providing a trusted and stable currency. In this respect, the European Community has not only given itself a highly advanced and tried and tested monetary order, but has also enshrined it in a Treaty with constitutional status, rather than in ordinary legislation.

The Treaty also draws on the successful experience gained within various national monetary orders by providing for a number of channels of communication and fora for dialogue with other policy-makers and the public at large. This is motivated by the following basic considerations.

The ECB's relations with institutions and bodies of the Community are based on a respect for the fundamental principles of democratic societies. With the introduction of the euro and the concurrent transfer of monetary policy and related competences, the Eurosystem has been entrusted with a core aspect of sovereignty. Since this task is performed with full independence, the ECB must be held accountable to democratically elected representatives, i.e. to the European Parliament. Consequently, the Treaty, as well as other relevant legal texts, contain a number of provisions to this end, especially with regard to the ECB's relations with the European Parliament and its general reporting obligations.

Beyond these institutionalised relations, the Treaty lays down a number of other formalised contacts between the ECB and Community institutions and bodies (see

Box 2). These refer, in particular, to the participation of the President of the ECB in meetings of the EU Council and the attendance of the President of the EU Council and a member of the European Commission at meetings of the Governing Council of the ECB.

These types of relations between the ECB and the institutions and bodies, which are aimed at an exchange of views and policy dialogue, are also justified on functional grounds. Indeed, working relations between the ECB and other policy-making bodies within the EU are necessary for the proper fulfilment of the Eurosystem's tasks. This is self-evident for all those tasks in respect of which the Eurosystem shares its competences with Community bodies. In these cases, the Treaty calls for co-operation between the ECB and the institutions or bodies concerned (e.g. in the field of statistics). However, the ECB also has an interest in fruitful dialogue with other policy-makers with regard to the single monetary policy, which is defined and implemented under its exclusive competence. This interest derives from the co-existence of a single and indivisible monetary policy and decentralised economic policy-making. The ECB has the monetary policy instruments required for the maintenance of price stability in the medium term. However, important variables which have an impact on price developments within the euro area economy in the short term are influenced by other economic policy-makers which operate predominantly at the national level, such as governments or social partners. Regular dialogue between the ECB and other policy-making bodies provides an opportunity to explain the course of monetary policy and to improve external understanding of the ECB's activities. Such exchanges of views are, in fact, of mutual interest, since knowledge of the reasoning behind the ECB's policy decisions can be an essential input into the decisions of other policy-makers. In this respect, the ECB can provide a reliable anchor and reference parameter for the decisions of individual actors, with the aim of stabilising inflation expectations.

The description in Sections 3, 4, 5 and 6 below of the ECB's relations with the various Community institutions and bodies is understood as pertaining to the entirety of the ECB's tasks (see also Table I for a

comprehensive overview). More specialised contacts with public policy-makers at the Community level, devoted to particular areas of activity of the ECB, are explained in Section 7.

### **3 Relations with the European Parliament**

Within the network of the ECB's relations with Community institutions and bodies, the close links with the European Parliament occupy a particular – indeed essential – position. The European Parliament is the only institution which is composed of directly elected representatives of European citizens and, therefore, plays a crucial role in holding the ECB accountable for the conduct of monetary policy. The policy decisions of the ECB, aimed at achieving its objective, affect the lives and welfare of millions of EU citizens. In a democratic society, such decisions must be subject to the scrutiny of the citizens or of their elected representatives. In this vein, the ECB's relations with the European Parliament should be seen as more than just a statutory requirement. Rather, the appearances of the President and of other members of the Executive Board of the ECB at the European Parliament also help to safeguard the public acceptance of the ECB's independent status. Therefore, it is certainly in the ECB's enlightened self-interest to nurture such relations.

Ensuring accountability is, by definition, an ex post exercise. Indeed, the European Parliament's role vis-à-vis the ECB is clearly focused on a retrospective consideration of the ECB's policy actions. The ECB, for its part, undertakes to explain its decisions in detail. Although the ECB may inform the Members of the European Parliament of

forthcoming initiatives (such as the Euro 2002 Information Campaign), respect for the ECB's independence implies that it would be unlawful to exert political pressure of any kind.

As a rule, the President of the ECB reports four times a year to the Committee on Economic and Monetary Affairs of the European Parliament on the ECB's monetary policy and related issues. These presentations are followed by an open discussion with the members of the Committee on a variety of issues. Other members of the Executive Board of the ECB may also report to the Committee on Economic and Monetary Affairs and have already done so on specific topics ranging from aspects of the Euro 2002 Information Campaign to the external representation of the Community within the context of EMU. In addition, the ECB presents its Annual Report – which covers the activities of the ESCB and the Eurosystem and the monetary policy of both the previous and the current year – to the European Parliament in line with Article 113 (3) of the Treaty. Finally, the European Parliament must be consulted on the nominations for the positions of President, Vice-President and the other members of the Executive Board of the ECB and conducts hearings to this end. The ways in which the ECB interacts with the European Parliament are described in detail in the ECB Annual Report 1999.

## 4 Relations with the EU Council

### ECOFIN Council

The Council of Ministers is – in many instances together with the European Parliament – the supreme Community legislator and plays a central role in EU policy-making. In strictly legal terms, there is only one EU Council. However, in practice the Council meets in various compositions, depending on the subject under consideration. Economic, monetary and financial issues fall within the sphere of the Council of Economics and Finance Ministers (ECOFIN). In this context, the Luxembourg European Council in December 1997 explicitly stated that the ECOFIN Council operates as “the centre for the co-ordination of the Member States’ economic policies”, and that it is “empowered to act in the relevant areas”. Against this background, it is the ECOFIN Council which is the ECB’s main interlocutor. Article 113 (1) of the Treaty provides for the possibility of the President of the ECOFIN Council (and a member of the European Commission) to participate in meetings of the Governing Council of the ECB. Thus far, Presidents of the ECOFIN Council have generally attended at least one Governing Council meeting during their six-month period at the helm of the ECOFIN Council. This dialogue at the highest level improves the flow of information between the actors involved, enhances the mutual understanding of each other’s policy views and, in a broader sense, allows for a dialogue on issues of common interest. Article 113 (1) of the Treaty explicitly provides for the possibility of the President of the ECOFIN Council to submit a motion for deliberation to the Governing Council of the ECB. At the same time, the Treaty expressly excludes any voting rights on the part of the President of the ECOFIN Council (or the member of the European Commission) when participating in meetings of the Governing Council of the ECB.

However, this dialogue is explicitly not intended to be one-way only: the ECB, for

its part, enjoys the statutory right (under Article 113 (2) of the Treaty) to be invited to participate in meetings of the ECOFIN Council whenever matters relating to the objectives and tasks of the ESCB are discussed. Such topics include, inter alia, the Broad Economic Policy Guidelines, changeover issues, reforms in the European financial sector and the external representation of the Community within the context of EMU, as well as issues related to foreign exchange policy. With regard to the latter, it is the responsibility of the ECOFIN Council to exercise formal decision-making powers in terms of concluding exchange rate agreements between the euro and third currencies or adopting “general orientations” for exchange rate policy. However, decisions in this area must be without prejudice to the ECB’s primary objective and the ECB has to be consulted in an endeavour to reach a consensus consistent with the maintenance of price stability (Article 111 (1) of the Treaty, see Box 1).

The ECB also participates in ECOFIN Council meetings whenever it exercises its right, pursuant to Articles 42 and 41 of the Statute of the ESCB, to initiate “complementary legislation” (e.g. with regard to minimum reserves) or amendments to certain provisions of the Statute of the ESCB respectively. As regards the preparation of ECOFIN Council decisions on legislative acts initiated by the ECB, the ECB is also represented in the competent sub-structures of the ECOFIN Council. Moreover, the ECB is, as a rule, invited to participate – with observer status – in the preparation of other Community legislation relating to areas of particular relevance to the ECB. Finally, the ECB is also involved in, or contributes towards, the activities of specific ad hoc bodies dealing with issues of interest or direct relevance to the ECB, such as the Financial Services Policy Group or the recent “Wise Men” initiative on the regulation of European securities markets.



## **Box 2**

### **Relevant legal texts concerning relations with the Community institutions and fora**

#### **Article 113 of the Treaty**

1. The President of the Council and a member of the Commission may participate, without having the right to vote, in meetings of the Governing Council of the ECB.

The President of the Council may submit a motion for deliberation to the Governing Council of the ECB.

2. The President of the ECB shall be invited to participate in Council meetings when the Council is discussing matters relating to the objectives and tasks of the ESCB.

3. The ECB shall address an annual report on the activities of the ESCB and on the monetary policy of both the previous and current year to the European Parliament, the Council and the Commission, and also to the European Council. The President of the ECB shall present this report to the Council and to the European Parliament, which may hold a general debate on that basis.

The President of the ECB and the other members of the Executive Board may, at the request of the European Parliament or on their own initiative, be heard by the competent committees of the European Parliament.

#### **Article 114 of the Treaty**

(...)

2. At the start of the third stage, an Economic and Financial Committee shall be set up. (...)

The Member States, the Commission and the ECB shall each appoint no more than two members of the Committee.

(...)

#### **Resolution of the Luxembourg European Council on economic policy coordination in Stage Three of EMU and on Treaty Articles 111 and 113 (ex Articles 109 and 109b) (December 1997)**

(...)

The Ministers of the States participating in the euro area may meet informally among themselves to discuss issues connected with their shared specific responsibilities for the single currency. The Commission, and the European Central Bank when appropriate, will be invited to take part in the meetings.

(...)

The Economic and Financial Committee, which will bring together senior officials from the national central banks and the ECB as well as from finance ministries, will provide the framework within which the dialogue can be prepared and continued at the level of senior officials.

#### **Presidency conclusions of the Cologne European Council (June 1999)**

(...)

The European Council deems it necessary, in addition to the Luxembourg and the Cardiff processes, to set up a regular Macroeconomic Dialogue (the Cologne process) within the framework of the ECOFIN Council in co-operation with the Labour and Social Affairs Council and with the participation of representatives of both formations of the Council, the Commission, the European Central Bank and the social partners.

Given that the scope of the activities of the ECOFIN Council is rather broad and that the agenda items are not always of immediate interest to the ECB, the participation of an ECB representative in meetings of the ECOFIN Council is not always warranted. The ECB regularly attends the six-monthly informal meetings of the ECOFIN Council, which provide an opportunity for frank and open discussion – free from the usual procedural constraints of the Council – on topical issues. The governors of the national central banks are also invited to these meetings, at which they accompany the ministers of their respective Member States.

Finally, the ECB has important reporting obligations vis-à-vis the ECOFIN Council. For example, the President of the ECB presents the ECB's Annual Report to the EU Council, and reports to the EU Council in the context of the biennial convergence exercise pursuant to Article 122 of the Treaty. The ECB's Annual Report is also addressed to the European Council. It should also be added that it is the responsibility of the Heads of State or Government to agree, by common accord and after consulting the European Parliament and the Governing Council of the ECB, on the appointments of the President, Vice-President and other members of the Executive Board of the ECB.

## **Eurogroup**

At the current juncture, not all of the 15 EU Member States have introduced the euro, and the prospect of a large-scale enlargement of the EU is set to prolong a situation whereby the euro area represents only a subset of the EU as a whole. While the ECOFIN Council naturally covers the entire EU, there is no provision in the Treaty for a body which brings together the finance ministers of euro area Member States. In order to remedy this situation, the Luxembourg European Council, meeting in December 1997, established the Eurogroup as an informal body to allow ministers of euro area Member States (as well as a member of the European

Commission) to discuss issues of common concern with regard to the euro area and the single currency. The ECB is to be invited “when appropriate” – and has, indeed, been invited regularly thus far – to participate in the meetings of the Eurogroup. The informal character of the Eurogroup allows for an open discussion of all issues relevant to the euro area. The climate of openness and trust is reinforced by the fact that the Eurogroup meetings are restricted to the ministers, the European Commissioner and the President of the ECB only (each with one accompanying person) – in stark contrast with the usual large number of participants at formal Council sessions. As a rule, the Eurogroup meets once a month before the ECOFIN Council meetings. In some ways, the Eurogroup could be regarded as an attempt to establish, at the euro area level, a communication channel comparable with the informal contacts between governments and central banks which traditionally exist within nation states.

Discussions within the Eurogroup are aimed at improving the overall functioning of the euro area economy. To this end, the Eurogroup regularly assesses the overall economic outlook for the euro area, discusses budgetary developments in individual euro area Member States and provides political impulses for further efforts to bring about structural reform. In addition, the Eurogroup also discusses developments in the euro exchange rate and the external perception of the euro area as an entity in its own right. The recent decision by the Eurogroup to make its work more visible to the general public by regularly holding press conferences after its meetings should be seen in this context. The ECB supports these efforts and appreciates the dialogue within the Eurogroup as an effective tool for communication between the monetary and economic policy authorities of the euro area, which allows them to exercise, with full respect for the individual responsibilities assigned to them, “their shared specific responsibilities for the single currency” (Luxembourg European Council Resolution, see Box 2).

## 5 Relations with the European Commission

The European Commission plays a pivotal role in the management of Community affairs. Given its core statutory functions, inter alia as the initiator of Community policy and as the guardian of the EU Treaties, the European Commission is naturally also involved in the dialogue between the ECB and the ECOFIN Council. The Commissioner responsible for Economic and Monetary Affairs attends ECOFIN Council meetings. Furthermore, a member of the European Commission is entitled, in accordance with Article 113 (1) of the Treaty, to participate in meetings of the Governing Council of the ECB, and this has regularly been the case.

In addition to this policy dialogue at the highest level, the European Commission and the ECB also maintain close working relations, which are reinforced by frequent contacts, both in multilateral settings, such as the Economic and Financial Committee or the Economic Policy Committee, and in bilateral meetings. This contact is particularly important given the central role that the European Commission plays in the process of economic policy-making in the European Community. In particular, it should be noted that the European Commission is entrusted with a number of specific tasks relating to EMU. These include the formulation, each year, of a recommendation for the Broad Economic Policy Guidelines, monitoring and reporting to the ECOFIN Council on the budgetary situation in the Member States, and the preparation, at least once every two

years, of a convergence report examining the fulfilment of the Maastricht criteria by those Member States which have yet to adopt the euro.

In addition to this, the European Commission has initiated, or is involved in, a wide variety of specific activities which are either related to the introduction of the euro or have implications for the conduct of the ECB's monetary policy. In many cases, such activities can often benefit substantially from or even necessitate the direct involvement of the ECB. In the area of statistics, for example, the European Commission (Eurostat) and the ECB co-operate closely on all matters of common interest, such as the development of common statistical standards and reporting. In other areas, too, the ECB is involved in a number of specialised working groups established under the aegis of the European Commission. Such groups deal with topics as varied as financial market integration (e.g. the "Giovannini Group"), prudential supervision and financial stability (e.g. the Banking Advisory Committee) and issues related to the changeover to the euro banknotes and coins (e.g. the Consultative Group on the practical aspects of the introduction of the euro). Finally, with regard to the process of EU enlargement, the European Commission and the ECB are in close co-operation, with the ECB being consulted on those issues which relate to its competences and expertise.

## 6 Relations with other Community bodies

### Economic and Financial Committee

The Economic and Financial Committee (EFC), established as a result of Article 114 (2) of the Treaty, provides the ECOFIN Council with preparatory analyses of and advice on a wide range of economic and financial questions. The Treaty itself lays down the ECB's participation in the EFC,

stipulating that not only the Member States and the European Commission, but also the ECB shall appoint members of the Committee (each no more than two). The delegations of the Member States are composed of senior officials from administrations and national central banks. The 1997 European Council in Luxembourg also assigned to the EFC the task of providing "the framework within

which the dialogue between the Council and the European Central Bank (ECB) can be prepared and continued at the level of senior officials from ministries, national central banks, the Commission and the ECB". As a result of its participation in the EFC, the ECB becomes involved in the discussions on the annual Broad Economic Policy Guidelines, the surveillance of fiscal policies on the basis of Member States' annual Stability and Convergence Programmes and the preparation of European positions on international issues. The ECB also participates in other activities of the EFC, which range from technical subjects – such as the minting of euro coins – to institutional reform and the external representation of the Community within the context of EMU.

Discussions within the EFC also serve to prepare the dialogue between the euro area finance ministers and the ECB which takes place within the Eurogroup. Thus, a core feature of the ECB's participation in the work of the EFC comprises the preparation of assessments of the overall economic outlook for the euro area and of exchange rate developments. Moreover, it includes an ongoing review of the sustainability of public finances and the appropriateness of the general orientations of fiscal policy.

Naturally, the ECB's involvement in the EFC is based on a full respect for its independence. This is reflected in the fact that the ECB may fully participate in discussions and express its views on all issues. However, it may not participate in any voting procedures. Moreover, the EFC consciously refrains from discussing the conduct of monetary policy. The same applies to statements on the single monetary policy to be made at the meetings of international organisations and fora (e.g. the International Monetary Fund or the G7). In line with the division of competences, the preparation and presentation of such statements are the exclusive competence of the ECB.

### **Economic Policy Committee**

The Economic Policy Committee (EPC), which was established in 1974 by way of a Decision of the EU Council (74/122/EEC), is composed of four representatives from each of the Member States and from the European Commission. Since April 1999 the ECB has also been participating in meetings of the EPC as a result of an open invitation. Recently, however, the ECB's membership has been placed on an equal legal footing with that of existing Committee members by virtue of a revised statute of the Committee. Like the EFC, the EPC is involved in the preparation of meetings of the Eurogroup and the ECOFIN Council. However, its work focuses particularly on structural reform. The Committee conducts an annual in-depth peer review of economic reforms in Member States and analyses longer-term issues of economic policy, such as the budgetary implications of population ageing. Moreover, the EPC is closely involved in both the "Cardiff process", which is designed to improve the functioning of product, capital and services markets in the Community, and the "Luxembourg process", which provides a platform for co-ordination among Member States in the area of employment policies. Since the ECB attaches the utmost importance to structural reforms in the Member States as the principal means of combating unemployment and fully exploiting the growth potential of the euro area, the ECB's participation in the EPC offers a useful opportunity to contribute to the Committee's work on structural reform, which is likely to figure even more prominently on the European agenda in the future than is currently the case. As with the Economic and Financial Committee, the ECB's involvement in the work of the EPC is based on a full respect for its independent status.

### **Macroeconomic Dialogue**

The objective of the Macroeconomic Dialogue is to foster a greater understanding of the policy requirements implied by EMU

among economic policy-makers, in order to improve the conditions for non-inflationary and employment-generating growth. The twice-yearly dialogue, established in 1999 by the Cologne European Council, brings together representatives of the governments of the Member States, the European Commission, representatives of the social partners at the EU level and the ECB, as well as one national central bank of a non-euro area country. The Macroeconomic Dialogue (or “Cologne process”) forms part of the European Employment Pact, and thus complements both the “Luxembourg process” (relating to the co-ordination of

employment policies) and the “Cardiff process” (aimed at improving the functioning of capital and product markets). The Dialogue is based on a full respect for the independence of all actors involved, in particular the independence of the social partners in the process of wage formation and that of the ECB in relation to the single monetary policy. The recognition of the assignment of separate policy responsibilities and related obligations helps to focus awareness on the fact that it is the task of each policy actor to ensure the successful implementation of policies within its own field of competence.

## **7 Relations in connection with specific statutory tasks**

The ECB’s involvement with Community institutions and bodies also relates to its broader functions and activities. All of these sometimes more technical tasks form an integral part of the ECB’s efforts to fulfil its mandate in accordance with the Treaty and to safeguard the euro as a currency in which European citizens and businesses can have confidence. As noted above, not all of these tasks are the exclusive responsibility of the Eurosystem, and consequently the ECB maintains working relations with the relevant Community institutions and bodies in order to achieve the desired objectives.

### **Involvement in the Community legislative process**

Article 110 of the Treaty confers upon the ECB the right to adopt legal acts on various specified aspects within its fields of activity. Within this direct regulatory competence, the ECB has already established, *inter alia*, Regulations on the application of minimum reserves, on the imposition of sanctions and on consolidated balance sheets of the Monetary Financial Institutions sector.

Furthermore, the ECB is entitled to initiate Community legislation within its field of competence. When exercising its right to

initiate legislation – which is shared with the European Commission – the ECB presents its Recommendations to the ECOFIN Council, and thereafter “accompanies” this draft legislation through the Community law-making processes. In exercising its right to initiate legislation, the ECB has, in the past, issued Recommendations for Council Regulations and Decisions on a variety of issues relating to the fulfilment of its tasks, such as the collection of statistical information, the limits and conditions for capital increases of the ECB, or further calls of foreign reserve assets by the ECB. The ECB may also recommend to the ECOFIN Council that amendments be made to the Statute of the ESCB under the simplified amendment procedures pursuant to Article 107 (5) of the Treaty. The European Parliament must give its consent to any such legislation, while it has to be consulted with regard to “complementary” secondary legislation initiated under Article 107 (6).

Finally, the ECB’s right to be heard on proposed Community legislation, as enshrined in Article 105 (4) of the Treaty, covers a considerable range of issues and also extends to draft legislative provisions of the Member States insofar as they fall within the ECB’s field of competence. In this context, the ECB

has issued Opinions on, for instance, the draft Community Directive on electronic money institutions and on draft national laws dealing with the independent status of central banks. Furthermore, the ECB may submit Opinions on its own initiative to Community institutions or national authorities on matters within its field of competence. (A more detailed overview is provided in the article entitled “Legal instruments of the European Central Bank” in the November 1999 issue of the ECB Monthly Bulletin.)

### **Collection of statistics**

The ECB uses a wide range of economic and financial data to support the conduct of its monetary policy and the fulfilment of other tasks of the Eurosystem. By agreement with the European Commission (Eurostat), money and banking statistics are the responsibility of the ECB at the EU level; responsibility for balance of payments statistics and related statistics, and for financial accounts statistics, is shared between the ECB and the European Commission; however, price and cost and other economic statistics are the responsibility of the European Commission. In fact, Article 5 of the Statute of the ESCB requires the ECB, in collecting the statistical information needed for the performance of the tasks of the Eurosystem, to co-operate with Community institutions, national authorities and international organisations. The ECB and the European Commission also co-operate closely on all matters of common statistical interest, including any initiation of, or consultation on, relevant Community legislation, through bilateral contacts as well as their respective committee structures, which also involve the Member States.

### **Euro banknotes and coins**

Pursuant to Article 106 of the Treaty, the ECB has the exclusive right to authorise the issuance of euro banknotes, while the Member States may issue euro coins, subject to approval by the ECB of the volume of

issuance. In addition, the ECB acts as an independent assessor of the quality of the euro coins. Consequently, the ECB is involved in ongoing consultations with the Mint Directors Working Group and other specialised multilateral fora. Naturally, the ECB is particularly concerned about public confidence in the new currency and hence about protecting the euro banknotes and coins against counterfeiting. In order to guarantee effective protection across national boundaries too, the ECB maintains close working relations with Europol, Interpol and the European Commission. Finally, preparing the European citizens for the introduction of the euro banknotes and coins requires a combined communication effort, bringing together the initiatives of the ECB and of the euro area national central banks – the Euro 2002 Information Campaign – with those of the European Commission and individual euro area Member States.

### **Prudential supervision and financial stability**

Article 105 (5) of the Treaty confers upon the ESCB the task of contributing “to the smooth conduct of policies pursued by the competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system”. In practice, this contribution currently consists in promoting co-operation between central banks and supervisory authorities on policy issues of common interest in the field of prudential supervision and financial stability. This objective is pursued by way of the Banking Supervision Committee, established by the Governing Council of the ECB and comprising representatives of the national central banks and supervisory authorities of the Member States and of the ECB. The ECB also has advisory tasks in this field, which are laid down in Article 105 (4) of the Treaty and Article 25.1 of the Statute of the ESCB. The involvement of the Eurosystem and the ECB in the field of prudential supervision and financial stability requires co-operation with other relevant fora operating in Europe,

**Table I****ECB participation in Community fora and bodies**

Body/ forum	Main tasks	Membership
<b>European Parliament</b> (established 1958)	<ul style="list-style-type: none"> <li>• Co-legislator with the EU Council on a wide range of EU laws.</li> <li>• Conducts confirmation hearings of persons nominated to manage Community institutions and bodies, including the ECB.</li> </ul>	<ul style="list-style-type: none"> <li>• Currently 626 Members of the European Parliament.</li> <li>• Organised in eight political groups, along the lines of ideological orientations.</li> </ul>
<b>EU Council (ECOFIN)</b> (established 1958)	<ul style="list-style-type: none"> <li>• To take decisions on issues related to Title III, Chapter 4 of the Treaty (Capital and payments), and Title VII (Economic and monetary policy).</li> <li>• To co-ordinate the general economic policies of the Member States.</li> </ul>	<ul style="list-style-type: none"> <li>• Economics or Finance Minister from each Member State (or a representative authorised to bind the government of that Member State).</li> <li>• The European Commission shall be invited.</li> <li>• The ECB shall be invited in cases where it exercises its right of initiative, or when the EU Council is discussing matters relating to the objectives and tasks of the ESCB.</li> </ul>
<b>Eurogroup</b> (established 1998)	<ul style="list-style-type: none"> <li>• To provide a forum for discussion among Ministers on issues connected with “their shared specific responsibilities for the single currency”.</li> </ul>	<ul style="list-style-type: none"> <li>• Economics or Finance Ministers of the Member States participating in the euro area.</li> <li>• The European Commission, and the ECB when appropriate, are invited to take part in the meetings.</li> </ul>
<b>Economic and Financial Committee</b> (established 1999)	<ul style="list-style-type: none"> <li>• To keep under review the economic and financial situation of the Member States and of the European Community and to report regularly thereon to the EU Council and to the European Commission, in particular on financial relations with third countries and international institutions.</li> <li>• To deliver opinions at the request of the EU Council or of the European Commission, or on its own initiative for submission to those institutions.</li> <li>• To contribute to the work of the ECOFIN Council and to carry out other advisory tasks assigned to it by the EU Council.</li> <li>• To examine, at least once every year, the situation regarding the movement of capital and the freedom of payments.</li> </ul>	<ul style="list-style-type: none"> <li>• The Member States, the European Commission and the ECB are each represented by two members.</li> <li>• The two members appointed by the Member States shall be selected respectively from among senior officials from the administration and the national central bank.</li> </ul>
<b>Economic Policy Committee</b> (established 1974)	<ul style="list-style-type: none"> <li>• To contribute to the preparation of the work of the EU Council by providing analyses, opinions on methodologies and draft formulations for policy recommendations, particularly on policies for improving growth potential and employment.</li> <li>• To provide advice to the European Commission and the EU Council.</li> <li>• To provide a framework for Macroeconomic Dialogue at the technical level.</li> </ul>	<ul style="list-style-type: none"> <li>• The Member States, the European Commission and the ECB are each represented by no more than four members.</li> </ul>
<b>Macroeconomic Dialogic</b> (established 1999)	<ul style="list-style-type: none"> <li>• To exchange information and opinions on how to design a macroeconomic policy in order to contribute towards higher levels of employment on the basis of strong, non-inflationary, growth.</li> </ul>	<ul style="list-style-type: none"> <li>• The Member States are represented by a ministerial “Troika” from the current, subsequent and preceding presidencies, selected from the ECOFIN and Social Affairs Council.</li> <li>• The European Commission, the ECB and a non-euro area national central bank also participate.</li> <li>• The social partners are represented by EU-level federations of employers and trade unions.</li> </ul>

<b>Level of ECB participation</b>	<b>Frequency of meetings/ subgroups</b>	<b>Other observations</b>	<b>Body/ forum</b>
President or Vice-President; other members of the Executive Board report on specific topics	<ul style="list-style-type: none"> <li>Hearings of the ECB before the Economic and Monetary Affairs Committee in principle four times a year.</li> <li>Presentation of the ECB's Annual Report to a plenary session.</li> <li>ECB officials can be invited before a parliamentary committee whenever a need arises.</li> </ul>	Monetary dialogue between the ECB and the European Parliament is a core element in the process of holding the ECB accountable.	<b>European Parliament</b>
President/Vice-President, or, exceptionally, other members of the Executive Board of the ECB	<ul style="list-style-type: none"> <li>Usually once a month.</li> <li>Twice-yearly informal meetings, national central banks, the ECB and the European Commission are invited.</li> <li>Various sub-structures, Committee of Permanent Representatives (COREPER) and working groups.</li> </ul>	The ECOFIN Council is one of the compositions of the EU Council. Generally, the EU Council is the main legislator at the European level, in many cases in co-decision with the European Parliament.	<b>EU Council (ECOFIN)</b>
President and Vice-President, or, exceptionally, other Executive Board members	<ul style="list-style-type: none"> <li>Usually once a month, before the ECOFIN meetings.</li> </ul>	The Eurogroup is an informal entity which was established on the basis of a Resolution of the 1997 Luxembourg European Council. The Eurogroup has no legal basis in the Treaty and has, as such, no legislative powers.	<b>Eurogroup</b>
Vice-President, and a member of the Executive Board; two senior staff members act as alternates.	<ul style="list-style-type: none"> <li>Usually once a month.</li> <li>Sub-structures include committee of alternates and various working groups (e.g. Financial Experts Group; Working Group on EU Government Bonds and Bills; Working Group on Statistics; Euro-Coins Subcommittee) which meet to prepare EFC meetings.</li> </ul>	Successor to the Monetary Committee (established 1958). Provides the main framework within which the dialogue between the EU Council and the ECB can be prepared and continued at the level of senior officials from ministries, national central banks, the European Commission and the ECB.	<b>Economic and Financial Committee</b>
3 ECB staff members	<ul style="list-style-type: none"> <li>Usually once a month.</li> <li>Various subgroups (e.g. a working group on structural reform indicators) meet to prepare EPC meetings.</li> </ul>	Work focuses mainly on structural issues. Organises an annual in-depth review of structural reforms in the Member States; the resulting Annual Report on Structural Reforms feeds into the elaboration of the Broad Economic Policy Guidelines.	<b>Economic Policy Committee</b>
President or Vice-President and one accompanying person	<ul style="list-style-type: none"> <li>Twice a year (spring and autumn).</li> <li>The Macroeconomic Dialogue at the technical level prepares meetings at the political level.</li> <li>A steering committee provides support.</li> </ul>	The Macroeconomic Dialogue is otherwise known as the "Cologne process". It forms part of the European Employment Pact and is intended to complement the "Luxembourg process" (employment policy strategy) and the "Cardiff process" (reform of capital and product markets).	<b>Macroeconomic Dialogue</b>



notably the Banking Advisory Committee (established under the aegis of the European Commission) and the Groupe de Contact (a committee of banking supervisory authorities from all the countries of the European Economic Area). A more detailed presentation of the relations between supervisory authorities in Europe and the Eurosystem's involvement is provided in the article entitled "EMU and the banking supervision" in the April 2000 issue of the ECB Monthly Bulletin.

### **Payment systems**

Promoting the smooth operation of payment systems is an essential feature of the role of a modern central bank and forms part of the Eurosystem's basic tasks (as defined in Article 105 (2) of the Treaty), as it contributes to the stability of the financial system, to public confidence in the currency and to the effective transmission of

monetary impulses. (For more details, see the ECB press release containing the "Statement on the role of the Eurosystem in the field of payment systems oversight", as issued on 21 June 2000.) On account of their link with payment systems and monetary policy, the Governing Council of the ECB also takes action to ensure the soundness and efficiency of securities settlement systems.

In this context, the ECB co-operates closely with the European Commission and with other regulatory authorities, providing impulses and advice on the necessary regulatory and legislative framework at the Community level. More information on developments related to payment and securities settlement systems is contained in the articles entitled "TARGET and payments in euro" and "Consolidation in the securities settlement industry" in the November 1999 and February 2000 issues of the ECB Monthly Bulletin respectively.



## **Euro area statistics**



# Contents

## Statistics

	Euro area overview table	5*
1	Monetary policy statistics	
	1.1 Consolidated financial statement of the Eurosystem	6*
	1.2 ECB interest rates	8*
	1.3 Eurosystem monetary policy operations allotted through tenders	8*
	1.4 Minimum reserve statistics	10*
	1.5 Banking system's liquidity position	11*
2	Monetary developments in the euro area	
	2.1 Aggregated balance sheet of the Eurosystem	12*
	2.2 Aggregated balance sheet of the euro area MFIs, excluding the Eurosystem	13*
	2.3 Consolidated balance sheet of the euro area MFIs, including the Eurosystem	14*
	2.4 Monetary aggregates	16*
	2.5 Outstanding MFI loans by counterpart, type and original maturity	19*
	2.6 Outstanding deposits held with MFIs, by counterpart and instrument	20*
	2.7 Main outstanding MFI claims on and liabilities to non-residents of the euro area	21*
	2.8 Currency analysis of certain liabilities and assets of the euro area MFIs	22*
3	Financial markets and interest rates in the euro area	
	3.1 Money market interest rates	24*
	3.2 Government bond yields	25*
	3.3 Stock market indices	26*
	3.4 Retail bank interest rates	27*
	3.5 Securities issues other than shares by original maturity, residency of the issuer and currency denomination	28*
	3.6 Euro-denominated securities other than shares by original maturity, residency and sector of the issuer	30*
4	HICP and other prices in the euro area	
	4.1 Harmonised Index of Consumer Prices	36*
	4.2 Selected other price indicators	37*
5	Real economy indicators in the euro area	
	5.1 National accounts	38*
	5.2 Selected other real economy indicators	40*
	5.3 Business and consumer surveys	41*
	5.4 Labour market indicators	42*
6	Saving, investment and financing in the euro area	43*
7	General government fiscal position in the euro area and in the euro area countries	
	7.1 Revenue, expenditure and deficit / surplus	44*
	7.2 Debt	45*
	7.3 Change in debt	46*
8	Balance of payments and international investment position of the euro area (including reserves)	
	8.1 Summary balance of payments	47*
	8.2 Balance of payments: current and capital accounts	48*
	8.3 Balance of payments: income account	49*
	8.4 Balance of payments: direct investment account	50*
	8.5 Balance of payments: portfolio investment account	51*
	8.6 Balance of payments: other investment account and reserve assets	52*
	8.7 International investment position and reserve assets outstanding	54*

9	External trade in goods of the euro area	56*
10	Exchange rates	60*
11	Economic and financial developments in the other EU Member States	62*
12	Economic and financial developments outside the EU	
	12.1 Economic and financial developments	63*
	12.2 Saving, investment and financing	64*
	<b>Technical notes</b>	65*
	<b>General notes</b>	67*

---

**Conventions used in the tables**

“-”	Data do not exist.
“.”	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)</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	12.3	6.7	5.6	-	10.0	.	2.96	4.66
1999 Q2	11.7	6.5	5.4	-	9.9	.	2.63	4.26
Q3	13.0	7.1	5.8	-	10.1	.	2.70	5.05
Q4	12.0	6.5	5.9	-	10.0	.	3.43	5.32
2000 Q1	10.0	4.8	5.9	-	9.2	23.2	3.55	5.61
Q2	9.4	4.8	6.1	-	10.0	20.7	4.27	5.43
Q3	.	.	.	-	.	.	4.74	5.44
2000 Apr.	11.2	5.4	6.6	6.4	10.4	20.7	3.93	5.41
May	8.6	4.6	5.9	5.9	10.2	22.0	4.35	5.52
June	6.8	4.1	5.3	5.5	9.3	18.2	4.50	5.35
July	6.7	3.5	5.1	5.3	9.0	18.2	4.58	5.45
Aug.	7.1	4.1	5.6	.	9.4	.	4.78	5.40
Sep.	.	.	.	.	.	.	4.85	5.47

### 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	2.2	2.4	1.8	81.8	1.7	10.0
1999 Q2	1.0	-1.4	2.0	2.1	0.5	81.8	1.6	10.0
Q3	1.1	0.1	2.3	2.5	2.4	81.6	1.7	9.9
Q4	1.5	2.1	2.4	3.2	4.1	81.9	1.7	9.7
2000 Q1	2.0	4.3	3.6	3.4	4.9	83.0	1.9	9.5
Q2	2.1	5.2	.	3.8	5.8	83.7	.	9.2
Q3	.	.	.	.	.	83.9	.	.
2000 Apr.	1.9	4.6	-	-	5.9	-	-	9.2
May	1.9	5.3	-	-	8.1	-	-	9.2
June	2.4	5.6	-	-	3.6	-	-	9.1
July	2.4	5.6	-	-	.	-	-	9.0
Aug.	2.3	5.6	-	-	.	-	-	9.0
Sep.	.	.	-	-	.	-	-	.

### 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)	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		US dollar/euro exchange rate
	Current and capital accounts	Of which goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
1999	36.1	99.5	-138.8	-28.9	372.4	96.6	95.8	1.066
1999 Q2	12.0	24.8	-52.6	-7.0	.	96.5	96.0	1.057
Q3	6.2	26.6	-23.3	29.8	.	95.5	94.6	1.049
Q4	8.8	26.5	-47.3	3.0	372.4	94.2	92.6	1.038
2000 Q1	-5.0	9.3	148.0	-192.6	385.4	91.1	89.5	0.986
Q2	-1.4	17.7	-19.4	30.4	385.8	88.4	86.6	0.933
Q3	.	.	.	.	.	87.3	85.2	0.905
2000 Apr.	-1.6	6.0	-6.2	-7.9	399.7	88.4	86.7	0.947
May	0.0	5.0	-10.7	-5.1	388.9	86.9	85.1	0.906
June	0.3	6.8	-2.5	43.3	385.8	89.9	88.1	0.949
July	-1.7	8.4	-11.3	-5.9	391.4	89.4	87.6	0.940
Aug.	.	.	.	.	402.6	87.0	85.0	0.904
Sep.	.	.	.	.	.	85.3	82.9	0.872

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.

# 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 financial sector counterparties in the euro area in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2000	5 May	115,677	266,475	17,500	4,834	214,169	152,812	59,999	0
	12	115,677	264,161	18,202	4,680	196,865	135,608	59,999	0
	19	115,677	270,555	17,825	4,988	198,601	137,533	59,999	0
	26	115,677	267,485	17,556	4,988	205,413	144,080	59,995	0
	2 June	115,677	265,353	19,344	4,850	201,957	140,340	59,905	0
	9	115,677	264,791	18,333	4,722	198,214	136,728	59,905	0
	16	115,677	264,177	18,138	4,717	204,375	142,783	59,905	0
	23	115,677	263,531	18,262	4,529	206,453	142,020	59,905	0
	30	121,188	263,926	18,325	4,130	234,528	172,961	59,907	0
	7 July	120,911	262,183	18,311	4,299	218,320	157,001	59,907	0
	14	120,911	261,515	18,115	4,425	217,434	157,002	59,907	0
	21	120,911	262,887	17,539	4,020	212,425	152,004	59,907	0
	28	120,911	264,105	16,676	3,776	226,277	170,999	54,911	0
	4 Aug.	120,911	263,524	16,329	3,708	218,337	163,001	54,911	0
	11	120,911	262,539	15,693	4,065	211,125	156,002	54,911	0
	18	120,911	264,354	15,066	4,442	220,131	165,002	54,911	0
	25	120,911	263,684	15,254	4,214	222,715	166,999	54,911	0
	1 Sep.	120,911	263,927	15,735	4,392	231,172	180,999	49,999	0
	8	120,911	265,579	14,347	4,094	226,322	176,001	49,999	0
	15	120,911	264,117	15,566	4,211	221,510	171,002	49,999	0
	22	120,911	262,962	14,775	3,904	219,766	167,000	49,999	0
	29	124,948	281,673	16,566	4,017	230,305	185,002	44,998	0

## 2. Liabilities

		Banknotes in circulation	Liabilities to financial sector counterparties in the euro area in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Debt certificates issued
		1	2	3	4	5	6	7	8
2000	5 May	355,893	122,195	122,129	41	0	0	25	6,265
	12	354,655	104,640	104,335	291	0	0	14	6,265
	19	352,117	118,570	118,401	150	0	0	19	6,265
	26	350,858	115,949	115,908	26	0	0	15	6,265
	2 June	355,498	114,669	114,637	25	0	0	7	6,265
	9	357,130	109,696	109,665	25	0	0	6	6,265
	16	354,702	116,117	116,072	33	0	0	12	6,265
	23	353,587	109,841	108,429	1,400	0	0	12	6,265
	30	355,726	120,417	120,316	91	0	0	10	6,265
	7 July	359,442	112,936	112,782	151	0	0	3	6,265
	14	359,514	109,930	109,883	45	0	0	2	6,265
	21	357,627	114,910	111,113	3,794	0	0	3	6,265
	28	358,533	113,458	113,406	49	0	0	3	6,265
	4 Aug.	362,200	115,833	115,797	34	0	0	2	6,265
	11	361,546	106,584	106,343	240	0	0	1	6,265
	18	357,961	116,105	115,983	122	0	0	0	6,265
	25	353,848	106,518	106,487	29	0	0	2	6,265
	1 Sep.	355,876	119,054	119,021	27	0	0	6	6,265
	8	357,489	113,148	112,951	197	0	0	0	6,265
	15	355,314	110,780	110,689	91	0	0	0	6,265
	22	352,633	114,194	112,587	1,607	0	0	0	6,265
	29	354,797	115,333	114,892	441	0	0	0	4,574

Source: ECB.

								Total		
Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims	Securities of euro area residents in euro	General government debt in euro	Other assets				
9	10	11	12	13	14	15	16			
0	144	32	1,182	25,347	59,032	83,446	786,480	2000	5 May	
0	92	35	1,131	25,225	59,032	84,232	768,074		12	
0	135	30	904	25,103	59,026	84,128	775,903		19	
0	193	41	1,104	25,191	59,026	83,886	779,222		26	
0	330	81	1,301	25,030	59,026	83,657	774,894		2 June	
0	163	56	1,362	25,163	59,026	84,056	769,982		9	
0	80	49	1,558	24,852	58,986	83,897	774,819		16	
0	3,050	53	1,425	25,171	58,986	84,159	776,768		23	
0	145	89	1,426	25,086	58,986	86,299	812,468		30	
0	362	86	964	25,149	58,986	85,321	793,480		7 July	
0	61	15	449	25,083	58,986	84,710	791,179		14	
0	156	9	349	25,310	58,986	84,613	786,691		21	
0	1	25	341	25,435	58,986	84,559	800,725		28	
0	62	24	339	25,382	58,986	84,909	792,086		4 Aug.	
0	48	17	147	25,487	58,986	84,972	783,778		11	
0	5	65	148	25,539	58,986	84,860	794,289		18	
0	614	45	146	25,474	58,986	85,730	796,968		25	
0	17	16	141	25,271	58,986	82,024	802,418		1 Sep.	
0	68	114	140	25,400	58,986	82,127	797,766		8	
0	166	90	253	25,324	58,986	82,158	792,783		15	
0	2,392	118	257	25,594	58,994	81,604	788,510		22	
0	29	141	135	25,623	58,867	84,311	826,310		29	

								Total		
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			
9	10	11	12	13	14	15	16	17		
45,523	7,357	805	13,271	6,763	55,739	118,007	54,662	786,480	2000	5 May
46,144	7,120	915	12,361	6,763	56,541	118,007	54,663	768,074		12
37,673	7,158	921	17,910	6,763	55,540	118,007	54,979	775,903		19
47,699	7,269	840	14,723	6,763	55,869	118,007	54,980	779,222		26
40,153	7,242	842	14,362	6,763	56,112	118,007	54,981	774,894		2 June
39,480	7,842	817	13,204	6,763	55,664	118,007	55,114	769,982		9
41,339	7,081	815	12,578	6,763	56,037	118,007	55,115	774,819		16
50,836	7,131	819	12,281	6,763	56,123	118,007	55,115	776,768		23
65,224	7,305	814	13,272	6,691	60,749	120,893	55,112	812,468		30
53,038	7,353	821	11,701	6,691	59,208	120,895	55,130	793,480		7 July
54,117	7,206	812	11,300	6,691	59,319	120,895	55,130	791,179		14
45,923	7,364	812	11,181	6,691	59,892	120,895	55,131	786,691		21
60,120	7,296	814	11,784	6,691	59,738	120,895	55,131	800,725		28
45,761	7,149	840	11,199	6,691	60,121	120,895	55,132	792,086		4 Aug.
48,055	7,299	841	10,108	6,691	60,361	120,895	55,133	783,778		11
50,689	7,549	800	10,821	6,691	61,380	120,895	55,133	794,289		18
65,464	8,120	800	10,727	6,691	62,506	120,895	55,134	796,968		25
60,743	7,427	827	11,057	6,691	58,448	120,895	55,135	802,418		1 Sep.
60,261	7,195	827	11,493	6,691	58,366	120,895	55,136	797,766		8
58,973	7,460	827	11,244	6,692	59,196	120,895	55,137	792,783		15
54,225	7,187	854	11,541	6,692	58,886	120,895	55,138	788,510		22
58,097	9,167	927	11,667	7,077	65,376	144,156	55,139	826,310		29



**Table 1.2****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			
	Level 1	Change 2	Fixed rate	Minimum bid rate	Change 5	Level 6	Change 7
			Level 3	Level 4			
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

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**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate	Weighted average rate	
	1	2	3	4	5	6	7
2000 5 Apr.	2,869,408	48,000	3.50	-	-	-	14
12	4,290,278	82,000	3.50	-	-	-	15
19	4,277,306	58,000	3.50	-	-	-	15
27	5,492,939	89,000	3.50	-	-	-	13
4 May	4,624,944	64,000	3.75	-	-	-	13
10	6,352,776	72,000	3.75	-	-	-	14
17	6,574,441	66,000	3.75	-	-	-	14
24	7,057,234	78,000	3.75	-	-	-	14
31	7,127,001	62,000	3.75	-	-	-	15
7 June	8,491,195	75,000	3.75	-	-	-	14
15	3,544,808	68,000	4.25	-	-	-	13
21	1,867,673	74,000	4.25	-	-	-	14
28 <sup>2)</sup>	201,612	99,000	-	4.25	4.29	4.32	14
5 July	171,848	58,000	-	4.25	4.29	4.30	14
12	192,977	99,000	-	4.25	4.29	4.30	14
19	160,519	53,000	-	4.25	4.29	4.30	14
26	211,485	118,000	-	4.25	4.30	4.31	14
2 Aug.	172,252	45,000	-	4.25	4.31	4.31	14
9	199,922	111,000	-	4.25	4.30	4.31	14
16	173,995	54,000	-	4.25	4.35	4.37	14
23	218,102	113,000	-	4.25	4.47	4.50	14
30	149,939	68,000	-	4.25	4.68	4.71	14
6 Sep.	190,506	108,000	-	4.50	4.55	4.57	14
13	158,302	63,000	-	4.50	4.58	4.59	14
20	168,230	104,000	-	4.50	4.56	4.58	14
27	159,098	81,000	-	4.50	4.65	4.68	14
4 Oct.	174,302	99,000	-	4.50	4.67	4.68	14

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) See footnote 3 to Table 1.2. The marginal rate refers to the lowest rate at which funds were allotted.

## 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
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

## 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	

3) See footnote 2.

**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
1999 Aug.	8,856.3	4,893.0	113.2	165.4	1,164.9	484.8	2,035.0
Sep.	8,969.1	4,912.7	120.6	170.0	1,166.5	537.2	2,062.1
Oct.	9,083.7	4,967.3	129.0	178.5	1,180.3	554.2	2,074.5
Nov.	9,295.2	5,079.6	135.9	202.9	1,193.3	562.6	2,121.0
Dec.	9,187.4	5,123.4	113.5	169.3	1,204.9	503.5	2,072.8
2000 Jan.	9,265.7	5,164.6	108.0	156.8	1,210.3	547.9	2,078.2
Feb.	9,338.9	5,189.6	114.5	164.5	1,220.7	553.1	2,096.4
Mar.	9,490.8	5,306.7	117.1	174.9	1,231.3	543.8	2,116.9
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. <sup>3)</sup>	9,681.0	5,389.2	123.0	197.1	1,268.1	502.5	2,201.1

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.

**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
1999 Oct.	102.8	103.3	0.6	0.0	2.50
Nov.	103.4	104.0	0.5	0.0	2.73
Dec.	104.9	105.4	0.5	0.0	3.00
2000 Jan.	107.7	108.5	0.8	0.0	3.00
Feb.	107.5	107.9	0.4	0.0	3.12
Mar.	108.0	108.4	0.5	0.0	3.27
Apr.	108.7	109.5	0.8	0.0	3.50
May	111.3	111.8	0.5	0.0	3.67
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. <sup>3)</sup>	113.6	-	-	-	-

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).

**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						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>	Deposit facility							
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	114.2	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	

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		General government	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	
	1	2			3	4	5	6	7	8					9
1997	237.2	215.5	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	324.1	7.0	51.6	736.7
1998 Q3	303.6	282.3	21.1	0.2	82.7	1.0	81.0	0.7	4.8	2.0	2.8	328.6	8.0	50.0	777.6
Q4	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 Q1	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	427.3	9.3	52.2	1,199.6
Q2	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	498.6	9.7	47.1	1,445.3
1999 Aug.	530.8	510.2	20.4	0.2	91.9	1.1	90.0	0.7	8.8	4.4	4.4	423.0	9.9	52.8	1,117.1
Sep.	456.9	436.3	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.9	1,043.7
Oct.	567.0	546.4	20.4	0.2	92.4	1.9	89.4	1.2	8.6	4.3	4.3	432.6	9.9	53.9	1,164.3
Nov.	508.4	487.8	20.4	0.2	92.6	2.1	89.4	1.1	8.8	4.2	4.6	410.3	9.9	56.0	1,086.1
Dec.	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.8	1,011.9
2000 Jan.	465.0	444.6	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.1	1,055.7
Feb.	382.2	361.8	19.8	0.6	93.2	1.8	90.4	1.0	14.2	4.3	9.8	417.5	9.8	52.2	969.0
Mar.	443.2	424.3	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.6	1,051.3
Apr.	465.5	446.6	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.1	1,075.5
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	51.6	1,084.1
June	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	453.5	10.0	51.8	1,208.1
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	51.4	1,125.5
Aug. <sup>(p)</sup>	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	52.2	1,093.3

#### 2. Liabilities

	Currency in circulation	Deposits of euro area residents	Deposits of euro area residents			Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Remaining liabilities	Total
			MFIs	Central government	Other general government/other euro area residents						
1997	354.9	147.0	91.9	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q3	341.5	211.8	140.2	66.4	5.2	11.9	12.0	109.6	23.2	67.6	777.6
Q4	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q1	348.3	549.5	486.6	54.4	8.5	4.9	5.3	138.0	97.9	55.8	1,199.6
Q2	355.8	724.3	672.3	43.1	8.9	4.9	5.3	140.7	171.4	43.0	1,445.3
1999 Aug.	358.6	463.7	403.2	53.8	6.6	4.9	5.3	139.9	93.9	50.9	1,117.1
Sep.	359.4	390.5	332.9	50.1	7.6	3.3	5.3	146.3	88.8	50.1	1,043.7
Oct.	361.2	500.6	440.8	50.2	9.5	3.3	5.3	150.6	93.8	49.4	1,164.3
Nov.	362.9	443.0	368.3	64.1	10.6	3.3	4.6	150.3	69.5	52.4	1,086.1
Dec.	393.0	339.3	277.1	53.4	8.8	3.3	4.6	175.1	49.8	46.9	1,011.9
2000 Jan.	365.9	388.9	333.4	47.1	8.4	3.3	4.6	175.7	72.6	44.7	1,055.7
Feb.	363.5	311.8	246.7	56.7	8.4	3.3	4.6	175.1	64.4	46.3	969.0
Mar.	365.9	372.0	319.6	43.3	9.1	1.7	4.6	186.9	75.1	45.3	1,051.3
Apr.	372.3	388.3	334.5	43.4	10.3	1.7	4.6	189.7	75.2	43.8	1,075.5
May	371.4	390.7	345.1	34.1	11.5	1.7	4.6	188.7	82.4	44.6	1,084.1
June	374.0	498.4	432.8	53.1	12.5	1.7	4.6	193.8	92.0	43.6	1,208.1
July	377.3	414.9	354.7	49.7	10.5	1.7	4.6	196.6	84.6	45.8	1,125.5
Aug. <sup>(p)</sup>	372.9	401.0	336.1	53.8	11.2	1.7	4.6	200.1	66.6	46.5	1,093.3

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) From January 1999 including temporary gross positions of the Eurosystem with the national central banks of Member States not participating in the euro area related to the operation of the TARGET system. These positions amounted to approximately EUR 46 billion at end-January 2000, EUR 40 billion at end-February, EUR 51 billion at end-March, EUR 47 billion at end-April, EUR 53 billion at end-May, EUR 65 billion at end-June, EUR 59 billion at end-July, EUR 41 billion at end-August and EUR 47 billion at end-September. For positions at end-months in 1999 see the corresponding footnote in the February 2000 issue.

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	Holdings of securities other than shares issued by euro area residents			Money market paper	Holdings of shares/ other equity issued by euro area residents	Other		External assets	Fixed assets	Remaining assets	Total
	1	MFIs	General government	Other euro area residents		MFIs	General government	Other euro area residents			MFIs	Other euro area residents				
1997	8,436.1	2,905.6	821.4	4,709.1	1,868.4	635.5	1,050.6	182.3	99.7	329.8	94.2	235.6	1,594.8	238.9	796.9	13,364.7
1998 Q3	8,844.1	3,073.7	809.8	4,960.5	2,040.0	705.5	1,137.2	197.3	105.8	381.2	109.8	271.4	1,650.8	237.0	785.8	14,044.4
Q4	9,098.4	3,181.5	821.2	5,095.8	2,012.3	721.3	1,102.3	188.7	107.1	424.2	123.3	300.8	1,579.9	243.9	777.4	14,243.2
1999 Q1	9,252.0	3,277.2	816.7	5,158.1	2,087.8	761.4	1,131.7	194.7	99.1	469.4	126.3	343.2	1,627.5	244.6	876.2	14,656.5
Q2	9,450.5	3,328.7	816.5	5,305.3	2,138.7	800.6	1,125.8	212.3	101.9	484.6	124.7	359.8	1,646.0	250.0	866.2	14,937.8
1999 Aug.	9,489.6	3,350.1	804.4	5,335.1	2,153.0	810.7	1,118.3	224.0	110.4	482.9	126.8	356.1	1,632.8	255.4	824.4	14,948.4
Sep.	9,568.3	3,384.1	809.4	5,374.7	2,180.0	828.3	1,134.4	217.3	111.1	481.7	129.8	352.0	1,653.3	258.9	813.1	15,066.5
Oct.	9,697.3	3,457.5	818.7	5,421.2	2,203.1	840.9	1,147.2	215.1	115.0	484.6	131.2	353.4	1,686.1	261.1	850.9	15,298.2
Nov.	9,859.3	3,541.9	831.7	5,485.8	2,218.0	850.0	1,145.0	223.0	128.1	497.6	129.9	367.7	1,764.4	265.3	898.9	15,631.6
Dec.	9,764.2	3,420.2	827.5	5,516.6	2,175.6	827.5	1,121.6	226.5	129.9	521.4	138.0	383.4	1,702.2	281.2	917.7	15,492.3
2000 Jan.	9,832.8	3,450.8	819.5	5,562.5	2,193.4	834.8	1,131.1	227.5	121.1	528.7	141.5	387.1	1,723.7	282.5	935.9	15,618.1
Feb.	9,836.7	3,425.3	814.9	5,596.5	2,216.1	845.4	1,137.2	233.5	130.8	546.2	144.7	401.5	1,768.3	282.1	952.1	15,732.4
Mar.	10,002.5	3,515.2	820.3	5,667.0	2,221.3	868.9	1,124.8	227.6	131.9	594.3	155.1	439.2	1,804.3	287.5	976.1	16,017.6
Apr.	10,049.6	3,499.6	822.4	5,727.6	2,216.0	877.8	1,102.5	235.7	149.1	609.4	157.1	452.3	1,904.4	288.9	1,017.1	16,234.4
May	10,126.8	3,554.7	816.0	5,756.1	2,228.4	894.5	1,091.2	242.7	157.4	628.6	162.1	466.5	1,888.5	288.8	1,016.5	16,334.9
June	10,106.2	3,474.9	812.5	5,818.8	2,206.6	893.1	1,070.0	243.5	156.0	589.1	157.3	431.8	1,865.9	271.6	1,027.2	16,222.5
July	10,058.1	3,402.1	810.1	5,846.0	2,213.0	919.2	1,042.3	251.5	153.2	586.8	149.6	437.2	1,895.1	273.4	1,074.8	16,254.4
Aug. <sup>(p)</sup>	10,113.6	3,446.9	798.6	5,868.2	2,211.7	925.6	1,030.4	255.6	153.2	587.4	149.7	437.7	1,956.4	275.7	1,107.3	16,405.3

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents				Other general government/ other euro area residents	Other			Money market fund shares/ units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
		MFIs	Central government	Over-night	With agreed maturity		Redeemable at notice	Repurchase agreements	11							
1997	0.4	7,773.9	3,009.3	102.1	4,662.5	1,229.6	1,901.2	1,326.3	205.4	252.0	1,924.8	138.8	687.5	1,373.5	1,213.9	13,364.7
1998 Q3	0.4	8,043.6	3,227.5	90.0	4,726.2	1,268.8	1,901.0	1,345.4	211.0	260.4	2,093.2	154.1	725.9	1,482.8	1,284.0	14,044.4
Q4	0.4	8,279.3	3,311.7	95.3	4,872.3	1,382.7	1,924.1	1,388.8	176.7	241.2	2,116.0	160.8	742.4	1,500.4	1,202.7	14,243.2
1999 Q1	0.5	8,330.4	3,390.6	79.0	4,860.8	1,387.1	1,984.9	1,310.6	178.3	279.8	2,194.0	180.5	759.3	1,617.9	1,294.1	14,656.5
Q2	0.5	8,445.6	3,437.3	81.9	4,926.5	1,479.6	1,961.2	1,319.1	166.4	305.3	2,268.9	183.2	781.9	1,666.6	1,285.7	14,937.8
1999 Aug.	0.6	8,452.2	3,458.1	84.0	4,910.0	1,439.1	1,988.1	1,320.2	162.6	307.3	2,291.0	195.0	788.0	1,683.1	1,231.4	14,948.4
Sep.	0.6	8,508.2	3,503.8	83.1	4,921.3	1,466.9	1,976.7	1,317.1	160.6	307.1	2,329.3	204.1	795.0	1,688.5	1,233.6	15,066.5
Oct.	0.6	8,605.0	3,584.7	84.8	4,935.5	1,467.4	1,996.7	1,314.0	157.5	307.6	2,355.7	214.6	801.2	1,753.8	1,259.7	15,298.2
Nov.	0.7	8,735.1	3,679.7	81.9	4,973.5	1,501.1	2,005.0	1,308.7	158.6	310.2	2,376.8	243.5	805.2	1,839.5	1,320.7	15,631.6
Dec.	0.7	8,709.1	3,579.4	88.6	5,041.0	1,532.3	2,037.4	1,327.1	144.2	309.8	2,364.7	242.1	836.3	1,774.7	1,255.0	15,492.3
2000 Jan.	0.7	8,708.7	3,555.5	86.5	5,066.7	1,561.7	2,023.0	1,327.1	154.9	326.3	2,370.6	221.6	856.6	1,837.0	1,296.5	15,618.1
Feb.	0.7	8,706.9	3,548.0	87.7	5,071.2	1,554.6	2,040.3	1,316.9	159.4	343.6	2,396.3	233.0	864.2	1,874.7	1,313.0	15,732.4
Mar.	0.7	8,785.1	3,604.4	86.9	5,093.8	1,562.7	2,047.0	1,307.0	177.1	343.1	2,423.3	248.8	878.9	1,991.2	1,346.6	16,017.6
Apr.	0.7	8,797.8	3,578.4	88.2	5,131.2	1,597.1	2,055.3	1,299.4	179.5	409.7	2,452.2	248.1	887.9	2,068.3	1,369.8	16,234.4
May	0.6	8,847.7	3,640.7	79.8	5,127.2	1,580.6	2,074.6	1,291.3	180.8	412.7	2,470.7	260.0	895.0	2,066.4	1,381.7	16,334.9
June	0.6	8,820.6	3,611.5	93.5	5,115.6	1,588.0	2,072.4	1,286.5	168.6	410.4	2,475.8	261.8	894.9	1,955.7	1,402.7	16,222.5
July	0.6	8,739.5	3,532.5	85.1	5,121.9	1,586.9	2,082.4	1,279.3	173.4	408.9	2,499.8	273.3	900.7	1,996.8	1,434.7	16,254.4
Aug. <sup>(p)</sup>	0.0	8,769.2	3,561.9	86.9	5,120.4	1,565.4	2,109.6	1,274.5	170.9	419.3	2,524.7	277.8	904.2	2,057.8	1,452.3	16,405.3

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**

	Assets						External assets <sup>3)</sup>	Fixed assets	Remaining assets	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					
	1	2	3	4	5	6	7	8	9	10	11
1999 Jan.	5,948.8	839.5	5,109.3	1,401.9	1,192.8	209.1	319.4	2,049.3	254.1	962.9	10,936.5
Feb.	5,951.0	839.7	5,111.3	1,409.8	1,207.8	202.0	326.7	1,958.7	252.7	978.6	10,877.5
Mar.	5,995.4	837.2	5,158.3	1,418.9	1,223.7	195.2	347.3	2,054.8	253.9	897.1	10,967.4
Apr.	6,009.5	830.0	5,179.5	1,421.8	1,219.3	202.4	359.9	2,058.4	255.9	863.7	10,969.3
May	6,042.1	830.2	5,211.9	1,444.8	1,236.1	208.7	372.9	2,009.2	257.1	849.7	10,975.8
June	6,142.3	836.9	5,305.5	1,429.0	1,215.8	213.2	364.1	2,144.6	259.7	880.6	11,220.2
July	6,169.0	828.8	5,340.2	1,420.6	1,204.0	216.6	361.6	2,081.9	264.4	862.9	11,160.4
Aug.	6,160.1	824.8	5,335.3	1,433.1	1,208.3	224.8	360.4	2,055.8	265.2	844.2	11,118.8
Sep.	6,204.8	829.8	5,374.9	1,442.7	1,224.3	218.4	356.4	2,081.2	268.7	828.1	11,181.9
Oct.	6,260.4	839.1	5,421.3	1,452.8	1,236.5	216.2	357.7	2,118.7	271.0	872.3	11,332.8
Nov.	6,338.0	852.1	5,486.0	1,458.5	1,234.4	224.1	372.2	2,174.8	275.3	921.2	11,540.0
Dec.	6,364.3	847.2	5,517.1	1,435.3	1,207.7	227.6	393.3	2,102.8	291.1	929.5	11,516.3
2000 Jan.	6,402.4	839.3	5,563.1	1,447.2	1,218.7	228.5	396.9	2,148.0	292.4	954.1	11,641.0
Feb.	6,431.8	834.7	5,597.1	1,462.1	1,227.5	234.6	411.4	2,185.9	291.9	971.0	11,754.0
Mar.	6,506.2	838.7	5,667.5	1,446.2	1,217.5	228.6	449.3	2,243.3	297.3	992.4	11,934.8
Apr.	6,568.9	840.8	5,728.1	1,432.2	1,195.4	236.8	462.4	2,342.4	298.8	1,032.6	12,137.2
May	6,591.0	834.4	5,756.6	1,428.2	1,184.3	243.9	476.5	2,330.3	298.7	1,033.2	12,158.1
June	6,650.1	830.9	5,819.3	1,408.3	1,163.6	244.7	442.2	2,319.4	281.6	1,045.4	12,146.9
July	6,674.9	828.4	5,846.5	1,389.5	1,136.8	252.7	447.4	2,344.7	283.5	1,091.1	12,231.2
Aug. <sup>(p)</sup>	6,685.6	816.9	5,868.7	1,381.7	1,124.9	256.9	447.9	2,391.7	285.9	1,124.3	12,317.2

**2. Liabilities: levels outstanding**

	Liabilities											Excess of inter-MFI liabilities	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-remaining liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 Jan.	313.2	132.3	4,883.8	1,415.8	1,984.1	1,312.5	171.4	340.0	1,417.1	755.5	1,682.6	1,433.7	-21.8	10,936.5
Feb.	312.8	141.2	4,866.6	1,388.8	1,980.8	1,313.4	183.7	355.4	1,433.4	753.5	1,643.0	1,378.8	-7.2	10,877.5
Mar.	317.4	133.4	4,869.3	1,395.6	1,984.9	1,310.6	178.3	366.1	1,436.4	767.0	1,715.8	1,350.0	12.1	10,967.4
Apr.	319.5	115.8	4,883.7	1,411.1	1,986.9	1,314.0	171.7	387.6	1,453.1	778.0	1,731.0	1,300.1	0.4	10,969.3
May	321.2	120.7	4,904.6	1,442.8	1,974.7	1,314.7	172.4	389.1	1,463.5	782.6	1,720.7	1,257.8	15.5	10,975.8
June	323.7	125.0	4,935.3	1,488.5	1,961.2	1,319.1	166.4	391.5	1,472.1	793.3	1,837.9	1,328.7	12.6	11,220.2
July	331.7	134.9	4,938.7	1,474.7	1,979.1	1,321.3	163.7	383.3	1,476.5	797.9	1,770.4	1,313.2	13.7	11,160.4
Aug.	326.2	137.8	4,916.7	1,445.7	1,988.1	1,320.2	162.6	396.6	1,484.5	796.6	1,776.9	1,282.4	1.0	11,118.8
Sep.	327.1	133.2	4,928.8	1,474.4	1,976.7	1,317.1	160.6	403.5	1,504.9	807.1	1,777.3	1,283.7	16.2	11,181.9
Oct.	329.4	135.0	4,945.1	1,476.9	1,996.7	1,314.0	157.5	410.5	1,518.2	816.3	1,847.6	1,309.1	21.7	11,332.8
Nov.	329.9	146.0	4,984.1	1,511.7	2,005.0	1,308.7	158.6	428.9	1,529.3	821.4	1,909.0	1,373.1	18.3	11,540.0
Dec.	349.6	142.0	5,049.8	1,541.1	2,037.4	1,327.1	144.2	425.2	1,539.8	869.2	1,824.5	1,301.9	14.3	11,516.3
2000 Jan.	332.7	133.6	5,075.1	1,570.1	2,023.0	1,327.1	154.9	430.1	1,538.7	886.4	1,909.6	1,341.2	-6.5	11,641.0
Feb.	330.9	144.4	5,079.6	1,563.0	2,040.3	1,316.9	159.4	449.1	1,553.7	890.3	1,939.1	1,359.3	7.6	11,754.0
Mar.	334.3	130.2	5,102.9	1,571.8	2,047.0	1,307.0	177.1	461.7	1,556.6	906.3	2,066.3	1,391.9	-15.5	11,934.8
Apr.	337.4	131.6	5,141.6	1,607.4	2,055.3	1,299.4	179.5	510.4	1,576.3	916.1	2,143.6	1,413.6	-33.3	12,137.2
May	337.2	113.9	5,138.8	1,592.1	2,074.6	1,291.3	180.8	517.1	1,578.0	917.2	2,148.8	1,426.4	-19.3	12,158.1
June	341.0	146.6	5,128.1	1,600.5	2,072.4	1,286.5	168.6	518.0	1,584.6	927.1	2,047.7	1,446.3	7.5	12,146.9
July	342.8	134.8	5,132.4	1,597.4	2,082.4	1,279.3	173.4	530.6	1,582.7	943.4	2,081.4	1,480.5	2.6	12,231.2
Aug. <sup>(p)</sup>	337.7	140.7	5,131.6	1,576.6	2,109.6	1,274.5	170.9	545.6	1,600.9	950.2	2,124.4	1,498.7	-12.6	12,317.2

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		Other 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							
	1	2	3	4	5	6	7	8	9	10	11
1999 Feb.	-0.3	0.0	-0.3	16.5	24.6	-8.1	6.9	-116.1	-1.4	15.7	-78.6
Mar.	39.1	-3.3	42.3	36.0	34.1	1.9	18.9	53.2	1.2	-92.2	56.2
Apr.	12.7	-8.7	21.4	2.8	-4.4	7.2	11.9	-8.9	2.0	-33.4	-12.9
May	31.6	0.1	31.5	21.1	14.7	6.4	11.8	-60.4	1.1	-14.0	-8.7
June	101.3	6.6	94.8	-13.1	-17.6	4.5	-9.0	126.2	2.4	30.4	238.2
July	29.5	-8.0	37.5	-13.6	-16.7	3.1	-3.3	-35.3	4.7	-17.7	-35.7
Aug.	-9.9	-4.1	-5.8	17.8	9.8	7.9	-0.1	-44.0	0.8	-18.8	-54.1
Sep.	46.2	5.1	41.1	16.8	24.1	-7.3	-5.4	19.8	3.5	-9.3	71.7
Oct.	54.2	9.1	45.1	19.8	22.5	-2.7	1.2	20.8	2.2	44.3	142.7
Nov.	74.0	12.7	61.2	11.6	4.1	7.5	9.0	20.9	4.3	48.8	168.6
Dec.	29.9	-5.2	35.1	-28.5	-31.8	3.2	15.8	-77.5	16.0	5.2	-39.0
2000 Jan.	33.6	-8.0	41.6	15.1	13.9	1.2	3.4	23.0	1.4	24.6	101.1
Feb.	30.1	-4.6	34.7	15.3	9.1	6.2	12.9	32.8	-0.5	16.8	107.3
Mar.	71.5	5.0	66.6	-13.6	-6.9	-6.8	36.3	32.8	5.4	22.1	154.7
Apr.	55.5	1.7	53.8	-16.4	-21.4	5.0	12.3	12.7	1.5	33.3	99.0
May	20.9	-6.2	27.2	-0.4	-7.8	7.4	13.1	11.1	-0.1	0.5	45.1
June	51.9	-3.7	55.7	-16.1	-17.9	1.7	-34.6	5.1	-17.1	11.4	0.5
July	22.0	-1.9	23.9	-20.1	-27.5	7.5	4.3	-4.6	2.0	45.4	49.0
Aug. <sup>(p)</sup>	10.2	-8.2	18.4	-0.4	-4.0	3.6	2.3	4.5	2.3	33.0	52.1

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

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Other				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	Total
				Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 Feb.	-0.4	8.9	-27.3	-28.1	-12.2	0.7	12.3	15.1	12.9	-0.7	-61.3	-47.1	21.4	-78.6
Mar.	4.7	-7.7	-0.5	5.4	2.4	-2.8	-5.4	6.4	4.9	14.2	55.3	-34.0	13.0	56.2
Apr.	2.1	-17.6	13.2	15.1	1.3	3.4	-6.6	20.9	15.6	11.8	6.8	-54.3	-11.4	-12.9
May	1.7	4.9	19.6	31.2	-13.0	0.6	0.8	1.3	9.0	5.2	-19.3	-46.3	15.1	-8.7
June	2.4	4.2	29.3	45.2	-14.3	4.5	-6.0	1.3	7.4	13.9	109.4	74.4	-4.2	238.2
July	8.0	10.0	6.6	-12.6	19.7	2.2	-2.7	-7.8	7.3	5.0	-45.6	-19.7	0.5	-35.7
Aug.	-5.5	2.9	-24.2	-29.8	7.8	-1.1	-1.1	13.1	4.7	0.8	-4.9	-28.9	-12.1	-54.1
Sep.	0.9	-4.7	13.0	29.2	-11.1	-3.1	-2.0	6.5	21.8	5.8	4.2	8.9	15.2	71.7
Oct.	2.2	1.8	13.9	1.7	18.6	-3.2	-3.2	6.6	10.9	7.7	54.8	39.4	5.5	142.7
Nov.	0.5	11.0	34.5	33.1	5.7	-5.3	1.1	17.8	6.3	4.1	32.4	65.5	-3.3	168.6
Dec.	19.5	-4.0	65.7	29.4	32.3	18.5	-14.4	-14.7	10.6	31.2	-87.8	-59.5	0.0	-39.0
2000 Jan.	-16.9	-8.4	22.9	28.1	-15.7	-0.2	10.7	0.8	-3.0	18.7	67.8	42.8	-23.5	101.1
Feb.	-1.8	10.8	4.1	-7.2	17.0	-10.2	4.5	19.0	14.8	5.3	25.1	16.1	14.1	107.3
Mar.	3.4	-14.3	20.2	7.5	5.0	-9.9	17.6	12.0	1.3	16.9	106.4	31.9	-23.1	154.7
Apr.	3.3	1.4	33.0	33.4	4.9	-7.7	2.3	2.3	14.6	9.5	35.2	14.9	-15.1	99.0
May	-0.2	-17.7	0.1	-11.9	19.9	-9.2	1.4	9.8	5.6	3.0	26.2	12.1	6.2	45.1
June	3.7	32.7	-7.8	9.5	-0.4	-4.7	-12.2	-3.5	12.7	4.2	-79.5	22.5	15.5	0.5
July	1.9	-11.8	0.7	-4.5	7.0	-6.6	4.8	12.2	-7.8	16.1	7.0	37.0	-6.2	49.0
Aug. <sup>(p)</sup>	-5.1	5.9	-5.2	-22.7	25.0	-4.9	-2.6	13.8	9.3	7.5	6.0	33.2	-13.2	52.1



Table 2.4

Monetary aggregates <sup>1)</sup>

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

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

	M1								M2		Repurchase agreements	Money market fund shares/units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Index Dec. 98=100 <sup>2)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>2)</sup>			
	1	2	3	4									
1999 Jan.	313.2	1,483.6	1,796.8	101.21	889.9	1,249.8	3,936.5	100.91	171.4	340.0	54.5		
Feb.	312.8	1,453.0	1,765.8	99.40	875.1	1,252.3	3,893.1	99.73	183.7	355.4	55.5		
Mar.	317.4	1,469.1	1,786.5	100.49	874.0	1,250.1	3,910.7	100.11	178.3	366.1	48.9		
Apr.	319.5	1,481.4	1,800.9	101.28	874.3	1,255.1	3,930.4	100.58	171.7	387.6	52.8		
May	321.2	1,510.6	1,831.9	102.99	864.5	1,259.9	3,956.3	101.22	172.4	389.1	57.6		
June	323.7	1,551.2	1,874.8	105.38	841.5	1,265.7	3,982.1	101.85	166.4	391.5	59.2		
July	331.7	1,543.6	1,875.3	105.47	854.3	1,270.4	4,000.0	102.38	163.7	383.3	61.7		
Aug.	326.2	1,513.6	1,839.8	103.43	857.3	1,270.3	3,967.4	101.50	162.6	396.6	63.0		
Sep.	327.1	1,537.5	1,864.6	104.85	843.8	1,267.3	3,975.8	101.73	160.6	403.5	75.5		
Oct.	329.4	1,542.0	1,871.4	105.18	858.6	1,265.5	3,995.4	102.14	157.5	410.5	74.0		
Nov.	329.9	1,575.9	1,905.8	107.02	857.9	1,260.4	4,024.1	102.78	158.6	428.9	75.6		
Dec.	349.6	1,609.4	1,959.0	109.99	878.5	1,282.9	4,120.4	105.24	144.2	425.2	88.4		
2000 Jan.	332.7	1,637.7	1,970.4	110.58	862.0	1,283.8	4,116.1	105.08	154.9	430.1	86.6		
Feb.	330.9	1,629.2	1,960.0	109.99	876.8	1,272.5	4,109.3	104.94	159.4	449.1	90.1		
Mar.	334.3	1,637.5	1,971.8	110.58	885.0	1,262.1	4,118.9	105.12	177.1	461.7	89.9		
Apr.	337.4	1,673.4	2,010.8	112.65	893.0	1,254.6	4,158.5	106.01	179.5	510.4	89.0		
May	337.2	1,655.2	1,992.4	111.81	910.7	1,246.1	4,149.2	105.87	180.8	517.1	86.7		
June	341.0	1,663.8	2,004.7	112.56	908.5	1,239.4	4,152.7	106.02	168.6	518.0	86.7		
July	342.8	1,662.2	2,005.1	112.51	918.6	1,231.1	4,154.7	106.00	173.4	530.6	76.5		
Aug. <sup>(p)</sup>	337.7	1,637.5	1,975.1	110.72	943.5	1,224.9	4,143.6	105.63	170.9	545.6	78.6		

2. Flows <sup>4)</sup>

	M1								M2		Repurchase agreements	Money market fund shares/units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Annual percentage change <sup>4)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual percentage change <sup>4)</sup>			
	1	2	3	4									
1999 Feb.	-0.4	-31.8	-32.2	12.6	-16.3	2.4	-46.1	6.5	12.3	15.1	0.5		
Mar.	4.7	14.7	19.4	11.7	-2.4	-2.4	14.7	6.8	-5.4	6.4	0.0		
Apr.	2.1	11.9	14.0	11.5	-0.3	5.0	18.7	6.3	-6.6	20.9	1.1		
May	1.7	28.8	30.5	12.1	-10.3	4.7	24.9	6.5	0.8	1.3	4.5		
June	2.4	40.0	42.5	11.5	-23.6	5.8	24.7	6.3	-6.0	1.3	1.4		
July	8.0	-6.5	1.5	14.1	14.1	4.8	20.5	7.7	-2.7	-7.8	2.9		
Aug.	-5.5	-30.8	-36.3	12.8	2.0	-0.1	-34.3	7.0	-1.1	13.1	1.0		
Sep.	0.9	24.5	25.4	12.8	-13.3	-3.0	9.1	6.9	-2.0	6.5	0.8		
Oct.	2.2	3.6	5.8	13.0	12.2	-1.9	16.1	7.0	-3.2	6.6	-1.9		
Nov.	0.5	32.2	32.7	11.8	-2.5	-5.2	25.0	6.4	1.1	17.8	0.7		
Dec.	19.5	33.4	52.9	10.0	20.6	22.6	96.1	5.2	-14.4	-14.7	13.1		
2000 Jan.	-16.9	27.4	10.4	9.3	-17.4	0.8	-6.2	4.1	10.7	0.8	-2.1		
Feb.	-1.8	-8.7	-10.5	10.7	16.3	-11.3	-5.5	5.2	4.5	19.0	3.5		
Mar.	3.4	7.0	10.5	10.0	7.1	-10.5	7.0	5.0	17.6	12.0	-1.0		
Apr.	3.3	33.7	37.0	11.2	5.7	-7.6	35.1	5.4	2.3	2.3	-0.1		
May	-0.2	-14.9	-15.1	8.6	18.9	-9.6	-5.8	4.6	1.4	9.8	-1.7		
June	3.7	9.7	13.4	6.8	-0.6	-6.7	6.2	4.1	-12.2	-3.5	2.4		
July	1.9	-2.9	-1.0	6.7	8.3	-8.0	-0.7	3.5	4.8	12.2	-10.8		
Aug. <sup>(p)</sup>	-5.1	-26.7	-31.8	7.1	23.4	-6.3	-14.7	4.1	-2.6	13.8	1.1		

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) Taking the December 1998 outstanding level (not seasonally adjusted) as 100, the index shows the cumulative product of changes from that date calculated from flows as described in footnote 4. The percentage change in the index between any two dates corresponds to the change in the aggregate excluding such reclassifications, etc.

M3			Main counterparts of M3									Net external assets	
Total	Index, Dec. 98=100 <sup>2)</sup>	14	Longer-term MFI liabilities				Credit <sup>3)</sup>						
			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>2)</sup>			
											15		
12	13	14	15	16	17	18	19	20	21	22	23		
4,502.4	100.95		1,095.0	123.1	1,362.5	755.5	2,032.3	5,637.9	5,109.3	101.49	366.7	1999 Jan.	
4,487.8	100.55		1,106.4	121.8	1,377.9	753.5	2,047.5	5,640.0	5,111.3	101.48	315.7	Feb.	
4,503.9	100.90		1,111.6	120.9	1,387.5	767.0	2,060.8	5,700.8	5,158.3	102.32	339.0	Mar.	
4,542.5	101.66		1,113.6	118.7	1,400.3	778.0	2,049.4	5,741.9	5,179.5	102.75	327.4	Apr.	
4,575.4	102.36		1,111.2	115.1	1,405.9	782.6	2,066.3	5,793.5	5,211.9	103.37	288.6	May	
4,599.2	102.84		1,120.7	114.2	1,412.9	793.3	2,052.7	5,882.7	5,305.5	105.25	306.6	June	
4,608.6	103.13		1,125.4	111.9	1,414.9	797.9	2,032.7	5,918.4	5,340.2	105.99	311.5	July	
4,589.6	102.65		1,131.5	111.0	1,421.5	796.6	2,033.1	5,920.5	5,335.3	105.88	278.9	Aug.	
4,615.3	102.97		1,133.6	111.2	1,429.5	807.1	2,054.2	5,949.7	5,374.9	106.70	303.9	Sep.	
4,637.4	103.37		1,138.6	110.6	1,444.2	816.3	2,075.6	5,995.2	5,421.3	107.59	271.1	Oct.	
4,687.2	104.36		1,147.6	110.6	1,453.7	821.4	2,086.4	6,082.3	5,486.0	108.81	265.8	Nov.	
4,778.2	106.15		1,159.3	112.8	1,451.5	869.2	2,054.9	6,138.0	5,517.1	109.50	278.3	Dec.	
4,787.7	106.22		1,161.4	111.8	1,452.1	886.4	2,058.0	6,188.4	5,563.1	110.33	238.4	2000 Jan.	
4,808.0	106.69		1,164.0	112.8	1,463.5	890.3	2,062.2	6,243.1	5,597.1	111.01	246.8	Feb.	
4,847.7	107.49		1,162.4	113.6	1,466.7	906.3	2,056.3	6,345.4	5,667.5	112.34	177.1	Mar.	
4,937.3	108.36		1,162.7	113.2	1,487.3	916.1	2,036.2	6,427.2	5,728.1	113.40	198.8	Apr.	
4,933.8	108.44		1,164.3	114.4	1,491.4	917.2	2,018.7	6,477.0	5,756.6	113.94	181.6	May	
4,925.9	108.29		1,164.3	115.9	1,497.9	927.1	1,994.5	6,506.1	5,819.3	115.04	271.6	June	
4,935.2	108.41		1,164.2	117.0	1,506.2	943.4	1,965.2	6,546.6	5,846.5	115.51	263.4	July	
4,938.7	108.36		1,166.5	118.6	1,522.3	950.2	1,941.8	6,573.4	5,868.7	115.88	267.3	Aug. <sup>(p)</sup>	

M3			Main counterparts of M3									Net external assets	
Total	Annual percentage change <sup>4)</sup>	3-month moving average (centred)	Longer-term MFI liabilities				Credit <sup>3)</sup>						
			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>4)</sup>			
											15		
12	13	14	15	16	17	18	19	20	21	22	23		
-18.2	5.3	5.5	4.1	-1.3	12.4	-0.7	24.7	-1.5	-0.3	9.8	-54.8	1999 Feb.	
15.7	5.5	5.3	4.8	-0.8	4.9	14.2	30.8	63.2	42.3	10.0	-2.1	Mar.	
34.1	5.3	5.4	1.8	-2.2	14.5	11.8	-13.1	40.5	21.4	9.6	-15.7	Apr.	
31.4	5.5	5.4	-2.7	-3.6	4.5	5.2	14.8	49.7	31.5	9.9	-41.0	May	
21.4	5.5	5.6	9.3	-1.0	6.0	13.9	-11.0	90.3	94.8	10.4	16.8	June	
12.9	5.9	5.7	5.3	-2.3	4.4	5.0	-24.7	37.3	37.5	10.2	10.2	July	
-21.3	5.7	5.9	5.8	-0.9	3.7	0.8	5.7	2.0	-5.8	10.0	-39.0	Aug.	
14.4	6.0	5.8	2.2	0.2	21.0	5.8	29.2	28.5	41.1	9.9	15.6	Sep.	
17.6	5.7	5.9	6.2	-0.6	12.8	7.7	31.6	43.6	45.1	10.0	-33.9	Oct.	
44.7	6.1	6.0	8.2	0.1	5.5	4.1	16.8	77.8	61.2	10.2	-11.5	Nov.	
80.1	6.1	5.8	11.7	2.1	-2.5	31.2	-36.9	54.1	35.1	9.5	10.4	Dec.	
3.2	5.2	5.8	1.7	-0.9	-0.9	18.7	5.9	46.2	41.6	8.7	-44.8	2000 Jan.	
21.5	6.1	6.0	0.8	1.0	11.2	5.3	4.4	53.8	34.7	9.4	7.8	Feb.	
35.7	6.5	6.4	-2.1	0.8	2.3	16.9	-1.9	96.1	66.6	9.8	-73.6	Mar.	
39.5	6.6	6.4	-0.8	-0.4	14.7	9.5	-19.6	71.1	53.8	10.4	-22.5	Apr.	
3.7	5.9	5.9	1.0	1.2	7.4	3.0	-14.1	47.7	27.2	10.2	-15.1	May	
-7.0	5.3	5.5	0.1	1.5	10.2	4.2	-21.6	22.8	55.7	9.3	84.6	June	
5.4	5.1	5.3	-1.2	1.4	3.0	16.1	-29.5	35.7	23.9	9.0	-11.6	July	
-2.3	5.6	-	1.5	1.7	8.2	7.5	-12.3	24.3	18.4	9.4	-1.4	Aug. <sup>(p)</sup>	

3) 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.

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. For the calculation of growth rates, see the technical notes.

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup>**
*(EUR billions and percentage changes, unless otherwise indicated)*
**3. Seasonally adjusted levels**

	M3										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	Index <sup>2)</sup>	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Jan.	1,782.8	100.42	2,112.6	99.39	3,895.4	99.86	579.8	103.74	4,475.1	100.34	5,100.6	101.31
Feb.	1,778.6	100.12	2,107.7	99.08	3,886.3	99.55	592.1	105.80	4,478.4	100.34	5,119.7	101.65
Mar.	1,798.4	101.16	2,118.0	99.50	3,916.4	100.25	587.6	105.40	4,504.0	100.90	5,160.0	102.36
Apr.	1,809.7	101.77	2,122.3	99.67	3,932.0	100.63	601.9	107.37	4,533.9	101.47	5,187.3	102.90
May	1,829.0	102.83	2,124.0	99.72	3,953.0	101.14	605.7	107.96	4,558.7	101.99	5,227.3	103.68
June	1,845.8	103.74	2,118.1	99.42	3,963.9	101.39	613.8	109.18	4,577.7	102.36	5,284.7	104.84
July	1,871.0	105.22	2,130.5	100.07	4,001.5	102.41	608.4	108.37	4,609.9	103.16	5,318.9	105.57
Aug.	1,872.7	105.28	2,131.4	100.06	4,004.1	102.44	615.5	109.54	4,619.6	103.32	5,355.0	106.27
Sep.	1,883.5	105.91	2,131.1	100.06	4,014.5	102.72	637.7	111.35	4,652.2	103.80	5,389.1	106.98
Oct.	1,893.4	106.42	2,139.3	100.32	4,032.7	103.09	646.5	112.73	4,679.2	104.30	5,434.7	107.86
Nov.	1,905.8	107.02	2,141.5	100.33	4,047.3	103.37	662.2	115.21	4,709.5	104.86	5,489.6	108.88
Dec.	1,907.1	107.08	2,140.3	100.27	4,047.4	103.37	685.0	117.24	4,732.4	105.13	5,480.7	108.78
2000 Jan.	1,948.9	109.37	2,123.9	99.46	4,072.8	103.97	690.5	117.39	4,763.3	105.67	5,556.5	110.20
Feb.	1,974.1	110.78	2,133.0	99.96	4,107.1	104.88	696.3	118.36	4,803.4	106.59	5,607.5	111.22
Mar.	1,988.7	111.52	2,138.8	100.17	4,127.4	105.33	721.7	122.46	4,849.1	107.52	5,668.7	112.36
Apr.	2,003.0	112.22	2,144.0	100.30	4,147.0	105.72	765.5	122.27	4,912.5	107.82	5,736.9	113.58
May	1,997.2	112.08	2,152.6	100.70	4,149.7	105.88	767.5	123.17	4,917.2	108.08	5,774.5	114.29
June	1,979.3	111.14	2,156.2	100.95	4,135.5	105.58	768.6	123.04	4,904.1	107.81	5,795.5	114.57
July	1,993.8	111.87	2,162.1	101.16	4,155.8	106.03	781.1	124.87	4,937.0	108.45	5,820.5	115.00
Aug. <sup>(p)</sup>	2,015.7	113.00	2,170.3	101.46	4,186.0	106.71	786.4	125.36	4,972.4	109.10	5,890.9	116.32

**4. Seasonally adjusted flows <sup>5)</sup>**

	M3										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 (%)	Total	Change on previous month (%)	Total	Change on previous month (%)	Total	Change on previous month (%)	Total	Change on previous month (%)
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Jan.	64.4	3.7	5.4	0.3	69.8	1.8	-4.3	-0.7	65.5	1.5	100.6	2.0
Feb.	-5.4	-0.3	-6.5	-0.3	-11.8	-0.3	11.5	2.0	-0.3	0.0	16.8	0.3
Mar.	18.5	1.0	8.8	0.4	27.3	0.7	-2.2	-0.4	25.1	0.6	35.7	0.7
Apr.	10.8	0.6	3.7	0.2	14.5	0.4	11.0	1.9	25.5	0.6	27.4	0.5
May	18.9	1.0	1.1	0.1	20.0	0.5	3.3	0.6	23.3	0.5	39.1	0.8
June	16.3	0.9	-6.5	-0.3	9.8	0.2	6.8	1.1	16.6	0.4	58.6	1.1
July	26.3	1.4	13.8	0.7	40.1	1.0	-4.5	-0.7	35.6	0.8	36.9	0.7
Aug.	1.0	0.1	-0.1	0.0	0.9	0.0	6.5	1.1	7.4	0.2	35.2	0.7
Sep.	11.3	0.6	-0.1	0.0	11.1	0.3	10.2	1.7	21.3	0.5	35.6	0.7
Oct.	9.0	0.5	5.6	0.3	14.6	0.4	7.9	1.2	22.5	0.5	44.2	0.8
Nov.	10.8	0.6	0.2	0.0	11.0	0.3	14.2	2.2	25.2	0.5	51.5	0.9
Dec.	1.0	0.1	-1.1	-0.1	-0.1	0.0	11.7	1.8	11.5	0.2	-5.0	-0.1
2000 Jan.	40.9	2.1	-17.4	-0.8	23.5	0.6	0.9	0.1	24.4	0.5	71.5	1.3
Feb.	25.1	1.3	10.6	0.5	35.7	0.9	5.7	0.8	41.4	0.9	51.6	0.9
Mar.	13.2	0.7	4.5	0.2	17.7	0.4	24.1	3.5	41.8	0.9	57.4	1.0
Apr.	12.4	0.6	2.8	0.1	15.1	0.4	-1.1	-0.1	14.1	0.3	61.4	1.1
May	-2.5	-0.1	8.7	0.4	6.2	0.1	5.6	0.7	11.8	0.2	36.1	0.6
June	-16.8	-0.8	5.3	0.2	-11.5	-0.3	-0.8	-0.1	-12.3	-0.2	14.1	0.2
July	13.1	0.7	4.4	0.2	17.5	0.4	11.4	1.5	29.0	0.6	21.7	0.4
Aug. <sup>(p)</sup>	20.0	1.0	6.5	0.3	26.5	0.6	3.0	0.4	29.6	0.6	66.6	1.1

Source: ECB.

1) See page 16\*, footnote 1.

2) See page 16\*, footnote 2. For the calculation of growth rates, see the technical notes.

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 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>
1998 Q3	2,223.6	775.1	324.3	1,124.3	2,420.4	80.2	126.0	195.1	28.9	48.6	1,379.3	111.8	86.6	364.0	36.8		
Q4	2,286.8	813.3	316.2	1,157.3	2,479.6	84.6	128.4	199.8	28.2	42.0	1,419.6	114.3	82.0	380.7	36.9		
1999 Q1	2,258.6	818.7	338.4	1,101.4	2,527.8	87.0	149.0	187.3	15.4	66.9	1,464.0	135.0	98.0	325.1	35.8		
Q2	2,328.7	844.0	351.3	1,133.5	2,594.4	85.2	154.4	193.0	18.7	63.7	1,513.7	138.3	98.4	329.1	35.7		
Q3	2,344.9	831.5	362.3	1,151.1	2,653.3	86.7	157.2	195.3	19.5	64.3	1,561.7	135.7	96.1	336.8	36.2		
Q4	2,417.1	857.8	372.2	1,187.0	2,718.1	89.4	156.3	194.2	19.9	60.4	1,619.2	141.4	98.4	338.9	37.4		
2000 Q1	2,494.3	901.7	392.2	1,200.4	2,761.3	89.8	160.2	198.3	20.2	58.8	1,650.2	140.8	100.3	342.8	39.1		
Q2 <sup>6)</sup>	2,555.4	923.0	405.9	1,226.4	2,824.5	91.7	164.8	201.2	21.1	61.0	1,694.6	144.7	101.7	343.8	38.1		

**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>			
	16	Up to 1 year	Over 1 and up to 5 years	Over 5 years	20	Up to 1 year	Over 1 and up to 5 years	Over 5 years
1998 Q3	247.5	143.3	54.2	50.0	35.2	27.2	2.4	5.6
Q4	264.0	158.0	52.9	53.0	27.8	19.0	2.5	6.3
1999 Q1	300.0	183.4	54.8	61.8	35.9	27.0	3.0	5.9
Q2	306.2	192.2	51.7	62.3	40.2	28.7	2.7	8.8
Q3	298.7	181.1	53.3	64.3	41.7	32.9	2.8	6.0
Q4	314.8	190.5	54.6	69.7	29.2	20.6	2.7	5.9
2000 Q1	335.3	206.6	55.8	72.8	37.0	25.6	4.0	7.4
Q2 <sup>6)</sup>	362.9	226.9	60.3	75.6	36.7	26.8	3.8	6.1

**3. Loans to government**

	General government <sup>2)</sup>										
	24	Central government <sup>5)</sup>	Other general government								Social security funds
			State government			Local government			34		
		26	Up to 1 year	Over 1 and up to 5 years	Over 5 years	30	Up to 1 year	Over 1 and up to 5 years		Over 5 years	
1998 Q3	831.5	216.5	273.7	7.8	14.2	251.7	326.1	18.3	11.2	296.7	15.3
Q4	841.7	201.6	291.2	11.4	13.5	266.3	334.9	18.9	10.9	305.2	14.0
1999 Q1	837.2	220.7	276.7	12.1	20.9	243.7	327.4	19.4	12.5	295.5	12.4
Q2	836.9	212.1	279.2	11.5	20.5	247.1	328.2	19.9	10.9	297.4	17.3
Q3	829.8	206.2	278.4	10.1	21.3	247.0	328.4	19.8	10.4	298.2	16.8
Q4	843.9	199.8	289.9	15.0	22.1	252.7	338.6	20.5	11.4	306.8	15.6
2000 Q1	835.2	193.9	288.5	13.2	24.0	251.3	336.8	21.2	10.6	305.1	15.9
Q2 <sup>6)</sup>	826.9	186.6	287.0	9.9	25.1	252.1	336.6	21.9	10.5	304.2	16.8

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, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.

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
1998 Q3	705.6	392.2	250.5	25.4	37.5	3,225.1	745.6	1,111.0	1,311.6	56.8
Q4	743.2	435.6	252.4	25.6	29.5	3,313.1	794.1	1,116.4	1,355.0	47.7
1999 Q1	726.1	393.2	285.9	23.5	23.5	3,222.6	797.3	1,110.7	1,275.1	39.5
Q2	738.9	425.7	263.6	25.8	23.8	3,236.2	840.2	1,082.5	1,280.8	32.7
Q3	743.3	427.3	268.4	25.4	22.1	3,232.1	843.5	1,075.9	1,278.7	33.9
Q4	768.2	443.6	279.3	23.8	21.5	3,299.3	870.1	1,098.7	1,291.1	39.4
2000 Q1	783.7	438.2	290.1	24.3	31.1	3,289.1	884.8	1,092.1	1,269.8	42.4
Q2 <sup>(p)</sup>	810.9	453.9	302.5	24.1	30.5	3,280.0	885.2	1,098.3	1,249.9	46.6

**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
1998 Q3	254.1	68.6	77.8	10.3	97.4	408.3	24.8	363.1	4.4	16.0
Q4	259.2	79.1	83.4	9.3	87.3	410.9	28.6	367.5	4.6	10.2
1999 Q1	375.5	127.4	141.9	4.7	101.5	424.9	32.0	379.1	3.0	10.8
Q2	401.5	134.4	165.0	4.7	97.4	429.6	36.2	379.5	3.3	10.7
Q3	390.1	122.0	172.4	5.2	90.4	435.2	31.8	388.6	3.3	11.5
Q4	397.8	142.6	181.2	4.7	69.3	446.3	32.0	399.2	3.3	11.9
2000 Q1	433.7	161.6	179.4	5.6	87.2	457.3	35.1	405.9	3.2	13.1
Q2 <sup>(p)</sup>	423.9	165.6	178.8	5.3	74.3	460.0	34.4	410.3	3.5	11.8

**3. Deposits held by government**

	General government <sup>2)</sup>																
	Central government		Other general government														
	1	2	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			
3	4	5	6	7	8	9	10	11	12	13	14	15	16	17			
1998 Q3	297.0	156.4	52.7	7.8	44.6	0.1	0.2	47.2	21.7	20.3	3.5	1.6	40.8	14.3	23.7	1.3	1.5
Q4	299.4	149.7	53.7	10.1	43.5	0.1	0.1	52.8	25.7	22.3	3.5	1.2	43.1	12.9	28.3	1.1	0.8
1999 Q1	253.8	133.4	25.6	7.4	17.9	0.1	0.2	52.9	24.1	23.9	3.2	1.7	41.9	14.3	25.6	1.0	1.0
Q2	254.5	125.0	27.3	8.1	18.9	0.2	0.1	54.4	26.1	24.1	3.4	0.7	47.9	18.2	27.6	1.1	1.0
Q3	262.0	133.2	27.8	8.7	18.7	0.1	0.2	54.4	24.5	25.4	3.3	1.1	46.6	17.1	27.2	0.9	1.5
Q4	280.7	142.0	31.6	10.2	21.1	0.1	0.2	59.0	27.1	27.2	3.4	1.2	48.1	16.0	30.6	0.7	0.7
2000 Q1	269.8	130.2	28.7	8.3	20.2	0.1	0.1	58.3	25.7	27.5	3.3	1.8	52.6	18.7	31.9	0.7	1.4
Q2 <sup>(p)</sup>	300.4	146.6	32.2	10.5	21.5	0.1	0.1	62.2	28.5	28.4	3.1	2.2	59.3	23.0	32.7	0.5	3.1

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, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.
- 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>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	10	11	12	Banks <sup>3)</sup>		Non-banks	
		2	General government <sup>3)</sup>	Other	6		General government <sup>3)</sup>	Other	13	General government <sup>3)</sup>					Other			
1998 Q3	78.7	70.4	4.4	3.9	94.0	3.0	89.8	1.2	0.6	0.1	0.5	10.3	9.5	0.4	0.4	0.4		
Q4	84.4	70.0	13.1	1.2	120.8	2.3	116.2	2.3	0.6	0.1	0.5	12.8	12.1	0.4	0.4	0.4		
1999 Q1	108.4	97.1	8.4	2.9	185.4	3.9	178.7	2.9	0.4	0.1	0.3	91.9	89.6	0.4	1.8	0.4		
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	0.2		
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	0.4		
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	0.3		
2000 Q1	92.9	81.8	8.9	2.2	199.7	4.8	189.2	5.7	0.5	0.1	0.4	68.3	66.7	0.2	1.4	0.2		
Q2 <sup>4)</sup>	101.0	87.9	10.3	2.7	205.5	4.5	197.1	4.0	0.4	0.1	0.3	85.3	82.8	0.5	2.0	0.5		

**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>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	10	11	12	Banks <sup>3)</sup>		Non-banks	
		2	General government <sup>3)</sup>	Other	6		General government <sup>3)</sup>	Other	13	General government <sup>3)</sup>					Other			
1998 Q3	1,323.6	949.8	68.7	305.1	271.1	66.6	84.1	120.4	57.6	23.0	34.7	1,485.9	1,159.3	34.0	292.7	34.0	292.7	
Q4	1,253.0	890.4	70.1	292.5	272.4	64.5	89.4	118.5	55.2	21.9	33.3	1,501.9	1,139.6	39.2	323.0	39.2	323.0	
1999 Q1	1,267.3	896.0	61.2	310.1	300.0	71.5	105.5	123.0	58.5	22.3	36.2	1,618.0	1,204.4	70.7	342.9	70.7	342.9	
Q2	1,248.3	849.8	63.9	334.5	320.8	78.1	104.5	138.2	75.2	32.5	42.7	1,666.6	1,214.7	63.0	388.9	63.0	388.9	
Q3	1,254.4	850.5	64.5	339.4	319.7	87.6	90.0	142.0	77.6	37.7	39.9	1,688.5	1,230.2	62.6	395.7	62.6	395.7	
Q4	1,276.6	862.6	64.7	349.2	340.1	94.1	89.6	156.5	80.1	37.4	42.7	1,773.5	1,278.4	72.0	423.1	72.0	423.1	
2000 Q1	1,329.1	889.0	66.5	373.6	371.9	108.5	100.5	162.9	98.1	45.9	52.2	1,989.9	1,441.0	71.2	477.7	71.2	477.7	
Q2 <sup>4)</sup>	1,340.1	908.1	67.1	364.9	417.8	133.7	112.4	171.6	103.2	48.6	54.7	1,953.8	1,400.8	74.3	478.6	74.3	478.6	

**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>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	10	11	12	Banks <sup>3)</sup>		Non-banks	
		2	General government <sup>3)</sup>	Other	6		General government <sup>3)</sup>	Other	13	General government <sup>3)</sup>					Other			
1998 Q3	1,402.3	1,020.2	73.1	309.0	365.1	69.7	173.8	121.6	58.2	23.0	35.1	1,496.2	1,168.8	34.3	293.1	34.3	293.1	
Q4	1,337.4	960.4	83.3	293.7	393.2	66.8	205.6	120.8	55.8	22.0	33.8	1,514.7	1,151.7	39.6	323.4	39.6	323.4	
1999 Q1	1,375.7	993.1	69.6	313.0	485.4	75.4	284.2	125.8	58.9	22.4	36.5	1,709.9	1,294.0	71.2	344.7	71.2	344.7	
Q2	1,439.7	1,024.5	77.0	338.2	496.0	82.5	271.4	142.0	75.6	32.5	43.0	1,831.8	1,377.5	63.2	391.1	63.2	391.1	
Q3	1,362.5	949.5	71.3	341.7	495.9	91.6	258.1	146.1	78.0	37.8	40.2	1,771.1	1,310.8	63.0	397.2	63.0	397.2	
Q4	1,336.2	908.3	75.2	352.8	534.0	99.8	274.0	160.3	80.7	37.5	43.2	1,816.8	1,318.2	72.3	426.3	72.3	426.3	
2000 Q1	1,422.0	970.8	75.4	375.9	571.6	113.3	289.7	168.6	98.6	46.0	52.6	2,058.2	1,507.7	71.3	479.1	71.3	479.1	
Q2 <sup>4)</sup>	1,441.1	996.0	77.5	367.6	623.3	138.2	309.5	175.6	103.7	48.7	55.0	2,039.1	1,483.7	74.8	480.6	74.8	480.6	

*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
1998 Q3	3,310.6	2,932.0	41.1	337.4	234.1	27.1	44.2	32.0	4,889.2	4,736.7	19.7	132.7	95.2	12.7	13.7	11.2
Q4	3,405.4	3,024.3	41.3	339.8	237.7	27.3	50.3	24.5	5,025.5	4,878.3	19.9	127.2	91.2	13.2	13.2	9.7
1999 Q1	3,875.8	3,452.1	49.1	374.7	263.6	27.1	54.5	29.5	5,002.6	4,850.7	23.7	128.1	89.2	14.2	14.5	10.2
Q2	4,109.6	3,710.4	44.7	354.5	252.9	26.8	51.5	23.3	5,059.8	4,898.9	25.7	135.1	97.1	15.0	12.5	10.6
Q3	3,836.7	3,430.1	46.0	360.6	253.4	30.0	56.1	21.0	5,061.5	4,901.1	25.8	134.6	95.9	16.3	11.9	10.4
Q4	3,856.5	3,447.8	42.4	366.3	258.1	33.9	54.1	20.2	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5
2000 Q1	3,924.0	3,488.6	56.3	379.0	261.9	35.0	60.2	21.9	5,232.5	5,058.8	30.1	143.7	103.9	17.2	11.9	10.7
Q2 <sup>3)</sup>	4,044.2	3,606.9	52.4	385.0	267.8	37.2	60.3	19.6	5,274.1	5,094.9	28.7	150.6	110.6	16.9	13.0	10.1

**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
1998 Q3	1,168.8	464.3	127.3	577.2	443.6	47.5	54.1	32.0	330.8	143.1	28.8	158.9	122.3	13.8	11.2	11.6
Q4	1,151.7	455.3	123.5	572.9	438.1	56.1	52.6	26.1	366.4	154.5	33.2	178.6	131.3	22.8	12.1	12.5
1999 Q1	1,294.0	556.5	128.4	609.2	470.4	52.9	53.1	32.7	415.1	178.1	36.8	200.3	149.2	24.2	12.9	13.9
Q2	1,377.5	614.8	134.0	628.7	500.8	39.2	52.3	36.5	454.1	193.5	40.8	219.8	168.8	24.5	11.7	14.8
Q3	1,310.8	553.8	130.1	626.9	495.6	43.9	53.5	33.9	458.8	199.8	43.4	215.7	162.0	27.5	11.4	14.8
Q4	1,318.2	539.0	120.9	658.3	526.0	48.8	50.7	32.7	498.5	214.0	46.7	237.8	183.4	27.3	13.0	14.2
2000 Q1	1,507.7	598.5	155.9	753.3	589.9	64.1	64.5	34.9	550.5	237.0	54.3	259.2	198.5	32.8	12.5	15.4
Q2 <sup>3)</sup>	1,483.7	586.5	141.0	756.1	591.7	66.2	61.1	37.2	555.4	235.4	51.9	268.0	204.5	32.3	15.8	15.5

**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
1998 Q3	2,105.7	1,891.4	26.0	188.3	105.3	33.9	33.4	15.8	166.1	147.9	0.6	17.6	15.5	1.0	0.7	0.3
Q4	2,121.3	1,903.5	27.7	190.1	106.6	35.4	33.2	15.0	169.4	155.4	0.6	13.4	11.3	0.9	1.1	0.1
1999 Q1	2,199.2	1,967.2	26.7	205.3	119.5	35.4	35.2	15.1	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.3	2,026.7	32.2	215.4	125.8	35.4	37.1	17.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.5	2,079.9	33.8	220.9	127.7	38.5	37.2	17.4	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4	2,369.0	2,108.8	35.2	225.0	128.0	42.4	36.9	17.6	245.4	220.5	1.5	23.4	17.2	3.6	2.3	0.4
2000 Q1	2,427.8	2,147.0	42.6	238.2	133.1	52.9	33.6	18.6	250.5	226.0	1.7	22.8	14.5	4.6	2.0	1.7
Q2 <sup>3)</sup>	2,480.5	2,189.2	40.9	250.4	140.7	57.0	34.0	18.6	263.5	235.2	1.4	26.9	17.6	5.4	2.5	1.4

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.

## Assets outstanding

### 4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	3,356.0	-	-	-	-	-	-	-	5,792.7	5,630.4	26.3	136.0	77.7	12.7	42.8	2.9
Q4	3,386.1	-	-	-	-	-	-	-	5,937.5	5,764.0	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,865.1	-	-	-	-	-	-	-	5,994.6	5,798.0	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,097.0	-	-	-	-	-	-	-	6,142.3	5,931.4	21.3	189.6	109.0	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.7	5,984.9	23.3	196.6	106.9	23.9	61.6	4.2
Q4	3,842.3	-	-	-	-	-	-	-	6,364.3	6,132.0	22.3	210.0	114.7	28.3	62.4	4.6
2000 Q1	3,939.5	-	-	-	-	-	-	-	6,506.2	6,239.9	33.7	232.6	126.4	35.7	63.9	6.7
Q2 <sup>6)</sup>	4,036.7	-	-	-	-	-	-	-	6,650.1	6,357.1	36.2	256.8	140.2	39.7	68.8	8.1

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	706.8	679.7	7.2	20.0	12.9	2.9	1.4	2.9	1,416.1	1,380.3	10.2	25.6	14.0	7.0	2.3	2.3
Q4	722.4	680.9	17.8	23.6	15.8	3.6	1.8	2.5	1,377.8	1,340.9	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	762.9	727.3	7.8	27.9	18.3	5.6	1.3	2.7	1,418.9	1,386.4	3.9	28.5	15.4	10.2	2.0	0.9
Q2	802.1	768.0	6.1	28.0	18.9	5.2	1.1	2.9	1,429.0	1,398.8	3.2	27.0	13.6	10.2	2.1	1.1
Q3	829.7	795.7	6.8	27.2	17.8	5.1	1.7	2.6	1,442.7	1,412.5	3.1	27.1	13.0	10.4	2.2	1.6
Q4	829.4	794.8	7.3	27.3	18.2	4.8	2.3	2.0	1,435.3	1,402.8	5.4	27.1	12.7	10.3	1.9	2.2
2000 Q1	871.2	834.2	11.8	25.3	15.9	5.4	2.4	1.6	1,446.2	1,413.8	4.5	27.9	13.1	10.2	1.5	3.1
Q2 <sup>6)</sup>	895.8	856.6	12.9	26.2	17.1	4.9	2.7	1.5	1,408.3	1,374.0	5.9	28.3	14.3	9.5	1.8	2.8

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	1,020.2	435.2	83.5	501.5	364.1	67.5	26.7	43.2	380.2	174.7	24.8	180.7	157.6	5.3	11.9	5.9
Q4	960.4	371.8	74.5	514.1	374.7	74.7	26.6	38.1	373.6	147.5	26.9	199.3	172.7	8.3	13.7	4.5
1999 Q1	993.1	457.8	76.3	459.0	325.1	62.3	27.2	44.4	384.6	134.1	29.1	221.4	193.7	7.7	14.4	5.6
Q2	1,024.5	477.0	77.1	470.4	349.8	52.9	26.2	41.6	417.3	139.3	34.8	243.1	212.6	8.0	16.3	6.3
Q3	949.5	428.1	78.4	442.9	320.3	54.1	28.3	40.2	413.6	143.4	36.9	233.3	198.8	10.8	18.0	5.8
Q4	908.3	388.8	74.9	444.5	323.3	53.9	30.0	37.4	431.4	138.3	39.6	253.5	217.0	11.1	18.8	6.7
2000 Q1	970.8	426.3	90.4	454.0	322.2	58.0	33.2	40.6	455.1	145.6	40.0	269.6	229.6	13.7	20.0	6.3
Q2 <sup>6)</sup>	996.0	450.5	92.8	452.7	318.0	58.7	32.3	43.7	449.0	138.5	39.3	271.2	229.7	13.8	20.8	6.8

### 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	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q3	69.7	20.3	-4.3	53.7	39.7	5.2	1.0	7.8	290.2	41.5	31.5	217.2	161.1	30.1	4.4	21.6
Q4	66.8	19.6	5.6	41.5	28.1	4.9	0.8	7.6	321.2	48.1	31.0	242.1	182.2	35.7	4.2	19.8
1999 Q1	75.4	19.5	5.6	50.3	35.0	5.3	0.9	9.1	409.7	52.4	30.9	326.4	255.1	37.2	4.3	29.7
Q2	82.5	21.7	6.2	54.6	39.1	5.6	1.2	8.8	413.1	66.9	33.0	313.2	248.7	37.1	4.9	22.5
Q3	91.6	34.0	6.1	51.5	38.1	5.9	1.0	6.5	403.7	80.6	30.9	292.2	237.4	33.5	4.5	16.8
Q4	99.8	38.0	7.2	54.5	39.5	6.9	1.0	7.1	433.0	91.2	31.4	310.4	253.3	34.4	4.7	18.1
2000 Q1	113.3	43.6	7.0	62.8	49.0	6.6	1.4	5.8	456.4	94.4	28.5	333.4	278.8	34.3	6.1	14.2
Q2 <sup>6)</sup>	138.2	48.5	12.4	77.4	62.7	6.4	1.7	6.6	483.2	94.2	29.0	360.0	307.4	33.2	5.1	14.3



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

**Table 3.1**

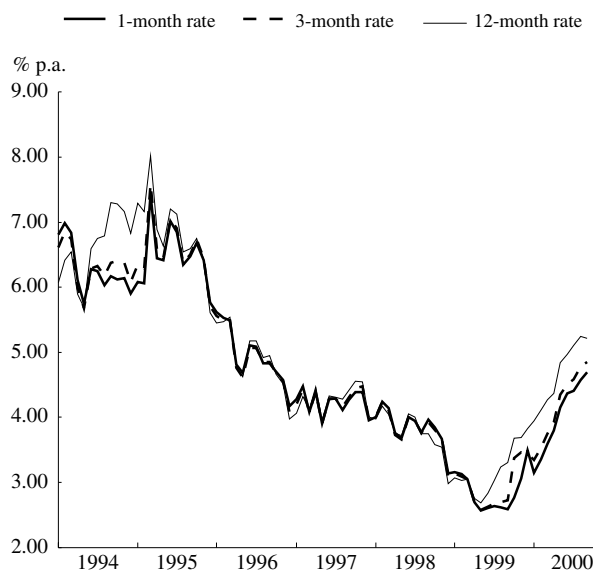
**Money market interest rates <sup>1)</sup>**

(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
1995	5.62	6.51	6.59	6.68	6.86	6.04	1.23
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
1999 Sep.	2.43	2.58	2.73	3.11	3.30	5.57	0.10
Oct.	2.50	2.76	3.38	3.46	3.68	6.18	0.25
Nov.	2.94	3.06	3.47	3.48	3.69	6.10	0.30
Dec.	3.04	3.49	3.44	3.51	3.83	6.13	0.33
2000 Jan.	3.04	3.15	3.34	3.56	3.95	6.04	0.15
Feb.	3.28	3.36	3.54	3.73	4.11	6.10	0.13
Mar.	3.51	3.59	3.75	3.94	4.27	6.20	0.14
Apr.	3.69	3.80	3.93	4.09	4.37	6.31	0.12
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
2000 1 Sep.	4.60	4.66	4.83	5.04	5.26	6.67	0.40
8	4.64	4.71	4.86	5.09	5.29	6.66	0.40
15	4.53	4.65	4.81	5.01	5.20	6.66	0.39
22	4.12	4.68	4.81	4.98	5.12	6.66	0.39
29	4.91	4.79	5.00	5.06	5.20	6.81	0.54

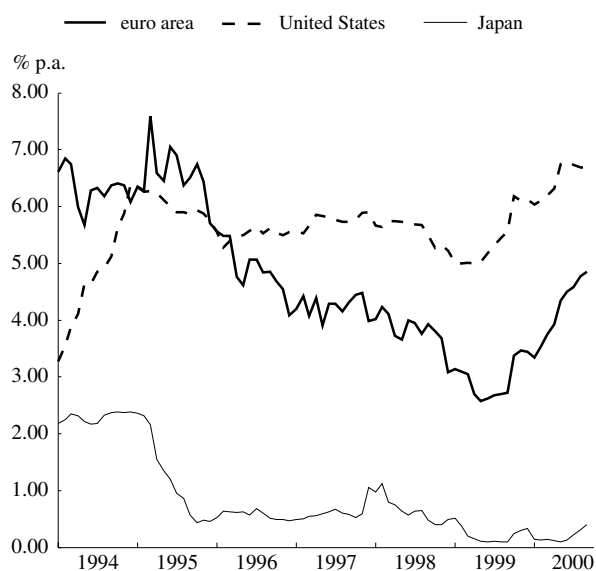
**Euro area money market rates**

(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).

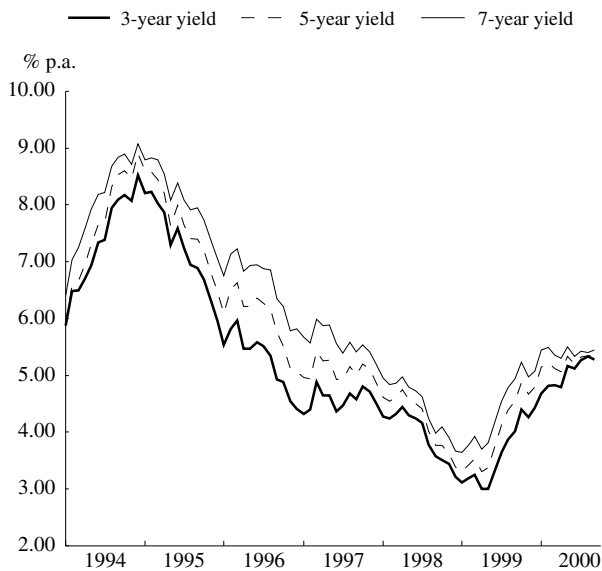
**Table 3.2**

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

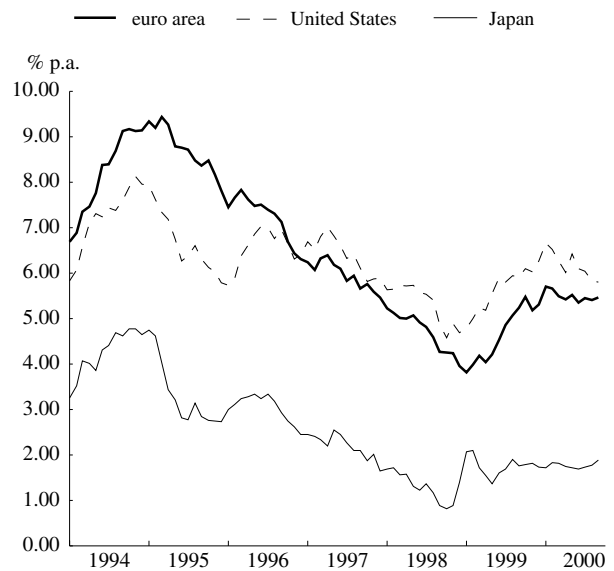
(percentages per annum)

	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>
1995	5.69	5.97	6.48	7.06	8.73	6.69	3.32
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
1999 Sep.	3.66	4.02	4.55	4.94	5.24	5.91	1.75
Oct.	4.07	4.40	4.87	5.23	5.47	6.10	1.78
Nov.	3.99	4.27	4.67	4.97	5.18	6.03	1.81
Dec.	4.18	4.43	4.79	5.07	5.30	6.26	1.73
2000 Jan.	4.38	4.68	5.14	5.44	5.70	6.66	1.71
Feb.	4.55	4.82	5.23	5.49	5.66	6.52	1.83
Mar.	4.59	4.83	5.12	5.35	5.49	6.26	1.81
Apr.	4.58	4.79	5.06	5.30	5.41	6.00	1.75
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
2000 1 Sep.	5.24	5.29	5.31	5.39	5.39	5.72	1.95
8	5.30	5.35	5.40	5.49	5.48	5.74	1.85
15	5.20	5.26	5.34	5.47	5.51	5.85	1.88
22	5.11	5.19	5.24	5.39	5.44	5.84	1.86
29	5.17	5.21	5.25	5.38	5.42	5.78	1.84

**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**

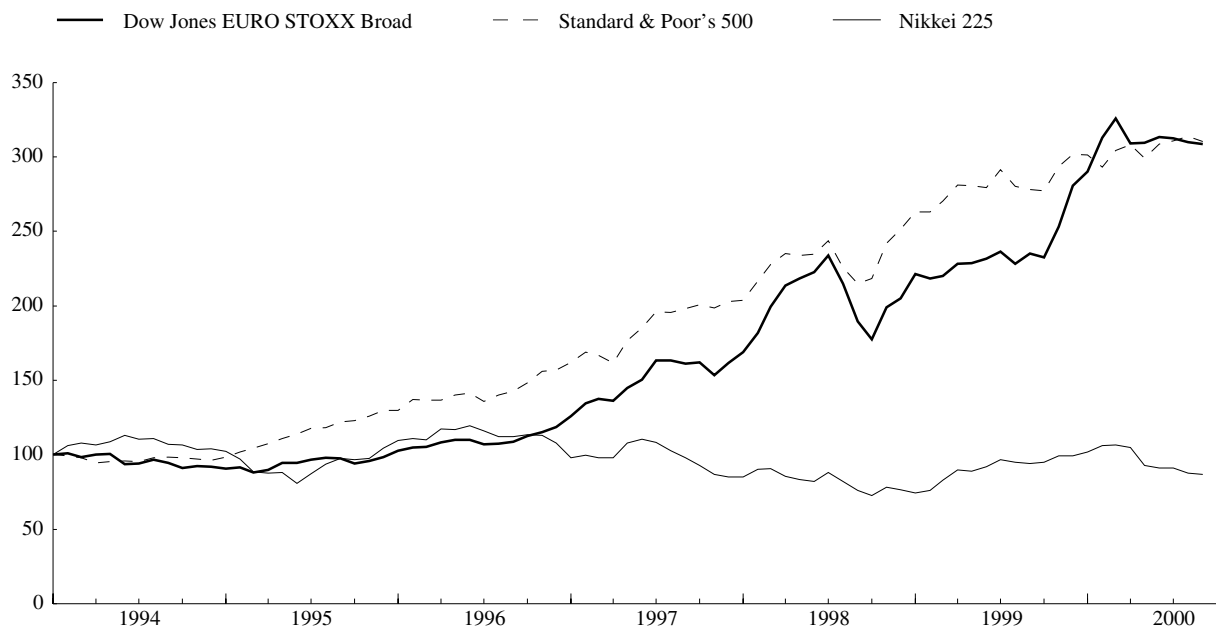
**Stock market indices**

(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	
1995	130.5	1,388.1	150.6	127.9	141.1	131.2	117.0	124.5	146.0	132.3	161.9	166.4	542.2	17,363.4
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.4	230.2	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	324.4	301.8	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	282.1	487.7	348.6	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	306.0	718.8	392.8	1,327.8	16,829.9
1999 Sep.	325.9	3,772.8	294.3	257.5	328.7	312.3	289.8	297.8	480.8	296.1	683.3	383.3	1,318.2	17,532.8
Oct.	322.4	3,742.6	282.7	253.2	321.5	295.4	290.9	294.4	489.0	281.9	695.7	395.5	1,312.6	17,697.9
Nov.	351.2	4,160.0	294.9	265.0	333.2	305.7	310.3	314.7	589.9	297.4	836.2	427.1	1,391.6	18,440.3
Dec.	389.1	4,590.1	334.6	288.4	327.7	307.4	318.6	366.0	755.7	311.7	1,051.7	398.2	1,429.0	18,430.6
2000 Jan.	402.4	4,714.7	338.2	296.9	319.8	300.6	318.9	379.8	836.4	310.1	1,143.2	366.6	1,427.5	18,905.6
Feb.	433.8	5,090.6	309.3	308.1	307.6	299.7	313.6	396.4	989.4	346.4	1,423.7	371.3	1,388.4	19,700.9
Mar.	452.1	5,317.1	302.5	316.1	305.4	310.5	325.4	402.7	1,070.1	374.6	1,496.0	377.8	1,442.2	19,823.0
Apr.	428.6	5,149.1	306.8	293.7	313.3	329.1	339.0	382.2	957.4	353.9	1,236.7	411.1	1,459.7	19,517.7
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
2000 1 Sep.	443.5	5,298.6	292.0	312.4	337.2	370.4	375.1	388.0	1,099.4	341.7	974.7	552.4	1,520.8	16,739.8
8	437.7	5,229.0	287.1	306.5	328.5	381.6	379.2	383.7	1,047.5	336.9	952.6	536.8	1,494.5	16,501.6
15	431.6	5,199.1	279.9	301.0	324.9	383.8	372.2	376.4	1,038.9	336.7	921.0	553.3	1,465.8	16,213.3
22	411.7	4,945.4	273.3	286.8	329.0	368.9	362.7	354.8	938.2	330.0	841.7	557.3	1,448.7	15,818.3
29	411.3	4,915.2	270.0	285.5	333.3	358.3	371.8	354.2	906.4	332.6	841.7	569.6	1,436.5	15,747.3

**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**

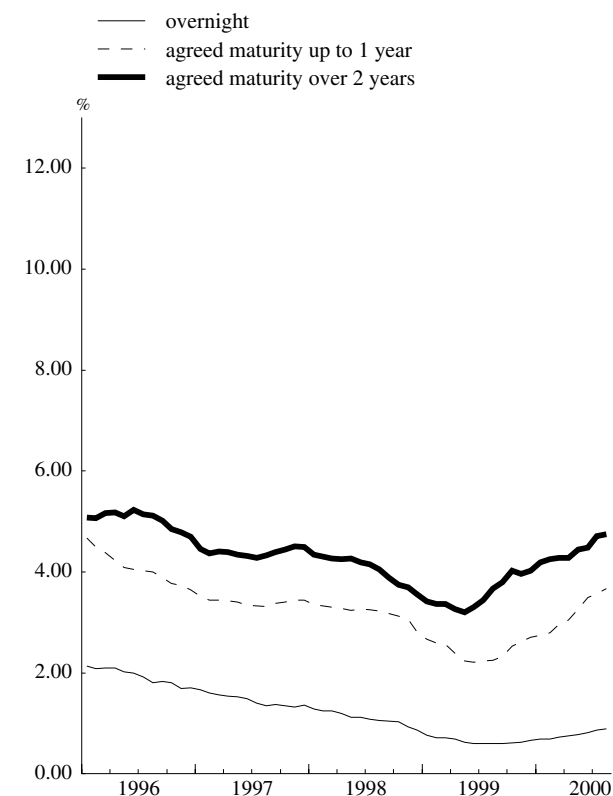
**Retail bank interest rates**

(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
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.59	6.64	10.61	6.63
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.74	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.66	5.10	9.38	5.29
1999 Aug.	0.60	2.25	2.26	3.67	2.00	2.73	5.42	5.16	9.31	5.47
1999 Sep.	0.60	2.32	2.32	3.79	1.99	2.80	5.38	5.19	9.29	5.53
1999 Oct.	0.61	2.52	2.52	4.03	2.00	2.93	5.58	5.55	9.36	5.79
1999 Nov.	0.63	2.62	2.62	3.97	2.02	3.01	5.74	5.54	9.36	5.77
1999 Dec.	0.67	2.70	2.71	4.02	2.04	3.05	5.82	5.51	9.38	5.80
2000 Jan.	0.69	2.74	2.74	4.19	2.05	3.18	5.92	5.74	9.51	6.03
2000 Feb.	0.70	2.80	2.81	4.25	2.06	3.18	6.01	5.85	9.52	6.13
2000 Mar.	0.72	2.96	2.96	4.28	2.07	3.33	6.08	5.85	9.54	6.10
2000 Apr.	0.76	3.05	3.05	4.27	2.09	3.44	6.25	5.99	9.62	6.12
2000 May	0.77	3.26	3.26	4.45	2.12	3.65	6.41	6.16	9.70	6.30
2000 June	0.82	3.49	3.49	4.48	2.15	3.87	6.56	6.23	9.81	6.34
2000 July	0.87	3.57	3.57	4.71	2.32	3.94	6.77	6.37	9.92	6.46
2000 Aug.	0.89	3.67	3.67	4.75	2.35	4.06	6.81	6.44	9.96	6.51

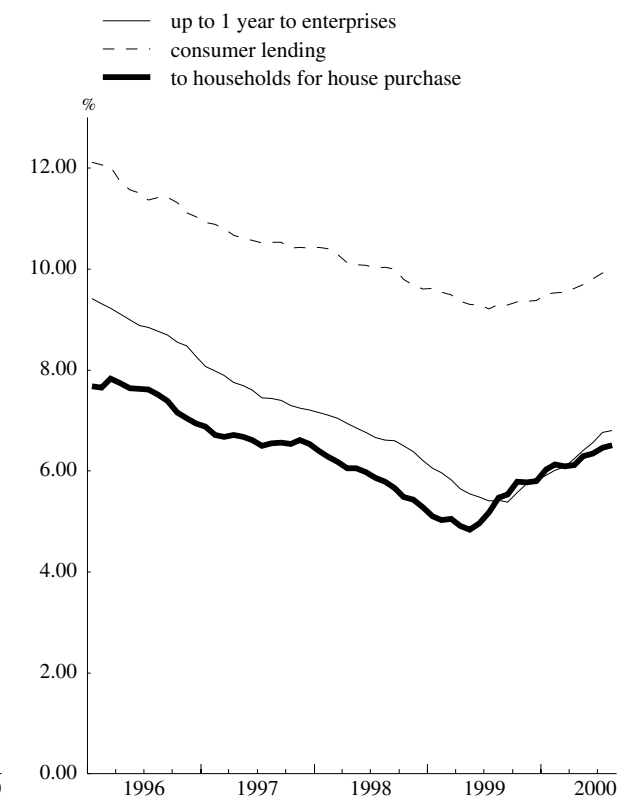
**Deposit interest rates**

(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 <sup>1)2)</sup>***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term <sup>3)</sup>**

	By euro area residents									
					In euro <sup>4)</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
1999 July	209.8	212.1	-2.3	563.5	203.3	205.9	-2.6	536.0	6.5	6.2
Aug.	181.8	164.7	17.2	581.7	175.0	159.0	16.0	552.1	6.8	5.6
Sep.	192.1	188.2	4.0	585.5	185.0	183.3	1.7	553.1	7.1	4.8
Oct.	198.3	189.9	8.4	596.1	192.3	182.9	9.4	563.1	6.0	7.0
Nov.	195.0	176.6	18.4	615.0	187.6	169.9	17.7	580.6	7.5	6.7
Dec.	171.4	169.2	2.2	618.2	162.6	163.5	-0.8	579.9	8.7	5.7
2000 Jan.	250.7	265.5	-14.9	599.3	239.3	255.2	-16.0	562.0	11.4	10.3
Feb.	252.5	239.1	13.5	613.6	239.9	230.0	9.9	572.0	12.6	9.0
Mar.	269.7	248.7	21.0	633.6	257.5	239.5	18.0	590.8	12.2	9.2
Apr.	251.6	249.7	1.9	635.4	239.5	238.5	1.0	590.7	12.1	11.1
May	277.4	261.3	16.1	653.3	266.3	250.7	15.6	608.8	11.1	10.6
June	256.1	256.9	-0.7	653.9	242.2	246.3	-4.1	605.1	14.0	10.6
July	286.2	279.4	6.8	663.1	269.2	265.2	4.0	610.2	17.0	14.2

**2. Long-term <sup>3)</sup>**

	By euro area residents									
					In euro <sup>4)</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
1999 July	130.0	88.5	41.5	5,773.2	120.9	78.3	42.6	5,353.0	9.1	10.2
Aug.	70.7	49.6	21.1	5,800.0	62.3	43.9	18.4	5,372.1	8.5	5.7
Sep.	138.7	75.2	63.5	5,862.2	123.7	67.2	56.5	5,428.8	15.0	8.0
Oct.	116.5	75.1	41.4	5,909.2	107.3	69.4	37.9	5,467.8	9.2	5.7
Nov.	104.7	78.6	26.1	5,941.7	94.8	71.9	22.9	5,490.8	9.9	6.7
Dec.	77.1	110.7	-33.6	5,914.4	70.5	97.1	-26.6	5,462.0	6.6	13.6
2000 Jan.	110.4	98.7	11.7	5,933.6	101.7	91.0	10.7	5,476.7	8.7	7.7
Feb.	123.1	70.1	53.0	5,986.9	111.0	62.1	48.9	5,526.0	12.1	8.0
Mar.	128.6	93.6	35.0	6,034.5	115.2	83.8	31.4	5,559.4	13.4	9.9
Apr.	110.8	76.2	34.7	6,079.1	100.6	67.5	33.1	5,592.2	10.2	8.7
May	124.4	85.1	39.4	6,114.5	112.2	74.5	37.7	5,633.5	12.2	10.6
June	99.9	60.1	39.8	6,152.6	89.9	53.0	36.9	5,671.8	10.0	7.0
July	118.9	81.4	37.6	6,190.2	97.9	75.9	22.1	5,689.0	21.0	5.5

**3. Total**

	By euro area residents									
					In euro <sup>4)</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
1999 July	339.8	300.6	39.2	6,336.7	324.2	284.2	40.0	5,889.0	15.6	16.4
Aug.	252.6	214.3	38.3	6,381.8	237.3	202.9	34.3	5,924.2	15.3	11.4
Sep.	330.8	263.3	67.5	6,447.7	308.7	250.5	58.2	5,981.9	22.2	12.8
Oct.	314.8	265.0	49.8	6,505.3	299.7	252.3	47.4	6,030.9	15.2	12.7
Nov.	299.8	255.3	44.5	6,556.7	282.4	241.9	40.5	6,071.4	17.4	13.4
Dec.	248.5	279.9	-31.4	6,532.6	233.1	260.6	-27.4	6,042.0	15.4	19.4
2000 Jan.	361.1	364.2	-3.2	6,532.9	341.0	346.2	-5.2	6,038.7	20.1	18.0
Feb.	375.6	309.2	66.4	6,600.5	350.9	292.1	58.8	6,098.0	24.7	17.1
Mar.	398.3	342.3	56.0	6,668.1	372.7	323.3	49.4	6,150.2	25.6	19.0
Apr.	362.4	325.8	36.6	6,714.4	340.1	306.0	34.1	6,182.9	22.3	19.8
May	401.8	346.4	55.4	6,767.7	378.5	325.2	53.3	6,242.3	23.3	21.2
June	356.1	316.9	39.1	6,806.4	332.1	299.3	32.8	6,276.9	24.0	17.6
July	405.1	360.8	44.3	6,853.3	367.1	341.1	26.1	6,299.2	38.0	19.7

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

2) Net issues differ from the change in amounts outstanding because of valuation changes, reclassifications and other adjustments.

currencies		By non-residents of the euro area <sup>4)</sup>				Total in euro <sup>4)</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)	
11	12	13	14	15	16	17	18	19	20	
0.3	27.5	.	.	.	.	.	.	.	.	1999 July
1.2	29.6	.	.	.	.	.	.	.	.	Aug.
2.3	32.3	28.0	18.6	9.4	31.7	591.3	566.8	24.5	584.8	Sep.
-1.0	33.0	.	.	.	.	.	.	.	.	Oct.
0.8	34.4	.	.	.	.	.	.	.	.	Nov.
3.0	38.2	21.8	20.0	1.8	34.6	564.4	536.3	28.0	614.5	Dec.
1.1	37.3	.	.	.	.	.	.	.	.	2000 Jan.
3.6	41.6	.	.	.	.	.	.	.	.	Feb.
3.0	42.8	32.6	32.0	0.6	36.8	769.3	756.8	12.5	627.6	Mar.
0.9	44.7	.	.	.	.	.	.	.	.	Apr.
0.5	44.5	.	.	.	.	.	.	.	.	May
3.4	48.7	37.3	31.0	6.3	43.0	785.3	766.5	18.8	648.2	June
2.8	52.9	.	.	.	.	.	.	.	.	July

currencies		By non-residents of the euro area <sup>4)</sup>				Total in euro <sup>4)</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)	
11	12	13	14	15	16	17	18	19	20	
-1.1	420.1	.	.	.	.	.	.	.	.	1999 July
2.7	428.0	.	.	.	.	.	.	.	.	Aug.
7.0	433.4	63.7	12.5	51.1	566.3	370.5	201.9	168.6	5,995.0	Sep.
3.5	441.3	.	.	.	.	.	.	.	.	Oct.
3.2	450.9	.	.	.	.	.	.	.	.	Nov.
-7.0	452.4	49.4	21.4	27.9	594.5	322.0	259.9	62.1	6,056.6	Dec.
1.0	457.0	.	.	.	.	.	.	.	.	2000 Jan.
4.1	460.9	.	.	.	.	.	.	.	.	Feb.
3.5	475.1	65.7	21.4	44.3	639.0	393.6	258.2	135.4	6,198.4	Mar.
1.5	486.8	.	.	.	.	.	.	.	.	Apr.
1.7	481.0	.	.	.	.	.	.	.	.	May
2.9	480.8	44.4	23.7	20.7	659.8	347.2	218.7	128.5	6,331.6	June
15.5	501.2	.	.	.	.	.	.	.	.	July

currencies		By non-residents of the euro area <sup>4)</sup>				Total in euro <sup>4)</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)	
11	12	13	14	15	16	17	18	19	20	
-0.8	447.7	.	.	.	.	.	.	.	.	1999 July
3.9	457.6	.	.	.	.	.	.	.	.	Aug.
9.3	465.8	91.7	31.1	60.6	597.9	961.8	768.7	193.1	6,579.9	Sep.
2.5	474.4	.	.	.	.	.	.	.	.	Oct.
4.0	485.3	.	.	.	.	.	.	.	.	Nov.
-4.0	490.6	71.2	41.5	29.7	629.1	886.3	796.2	90.1	6,671.1	Dec.
2.1	494.3	.	.	.	.	.	.	.	.	2000 Jan.
7.7	502.5	.	.	.	.	.	.	.	.	Feb.
6.6	517.9	98.3	53.4	44.9	675.8	1,162.9	1,015.0	147.8	6,826.0	Mar.
2.5	531.5	.	.	.	.	.	.	.	.	Apr.
2.1	525.5	.	.	.	.	.	.	.	.	May
6.3	529.5	81.7	54.7	27.0	702.8	1,132.5	985.2	147.3	6,979.7	June
18.3	554.1	.	.	.	.	.	.	.	.	July

3) "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 longer original 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.

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

**Table 3.6****Euro-denominated securities other than shares by original maturity, residency and sector of the issuer** <sup>1) 2) 3)</sup>*(EUR billions; end of period; nominal values)***Amounts outstanding****1. Short-term** <sup>4)</sup>

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	536.0	178.8	6.8	60.9	286.5	3.0	.	.	.	.
Aug.	552.1	191.3	7.0	62.3	288.7	2.8	.	.	.	.
Sep.	553.1	200.6	6.8	64.6	278.6	2.5	31.7	11.2	12.0	7.3
Oct.	563.1	213.8	6.6	66.1	273.6	3.0	.	.	.	.
Nov.	580.6	237.2	6.4	67.5	266.0	3.5	.	.	.	.
Dec.	579.9	248.6	5.7	66.5	254.4	4.8	34.6	14.4	12.1	6.3
2000 Jan.	562.0	229.1	6.2	66.1	257.1	3.5	.	.	.	.
Feb.	572.0	240.2	6.2	65.8	256.7	3.0	.	.	.	.
Mar.	590.8	250.9	6.0	66.7	264.6	2.6	36.8	15.5	11.9	8.1
Apr.	590.7	245.7	5.8	72.2	264.1	2.8	.	.	.	.
May	608.8	259.8	5.1	76.0	265.7	2.2	.	.	.	.
June	605.1	259.2	3.5	76.1	264.0	2.2	43.0	18.7	11.7	10.8
July	610.2	264.9	3.8	78.0	260.6	2.9	.	.	.	.

**2. Long-term** <sup>4)</sup>

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	5,353.0	1,932.6	171.1	194.3	2,960.9	94.1	.	.	.	.
Aug.	5,372.1	1,938.3	172.4	194.4	2,972.9	94.0	.	.	.	.
Sep.	5,428.8	1,964.2	180.3	195.7	2,993.6	94.9	566.3	153.3	75.9	101.1
Oct.	5,467.8	1,983.7	183.1	199.0	3,008.4	93.7	.	.	.	.
Nov.	5,490.8	1,993.9	190.6	198.4	3,013.7	94.2	.	.	.	.
Dec.	5,462.0	1,976.7	192.4	197.0	3,001.7	94.1	594.5	159.2	81.8	113.9
2000 Jan.	5,476.7	1,984.5	191.6	192.1	3,014.2	94.3	.	.	.	.
Feb.	5,526.0	2,003.7	193.6	192.5	3,041.2	95.1	.	.	.	.
Mar.	5,559.4	2,021.7	195.3	195.9	3,050.6	95.9	639.0	176.9	89.1	128.2
Apr.	5,592.2	2,042.2	196.6	202.0	3,054.5	96.9	.	.	.	.
May	5,633.5	2,066.2	200.1	204.8	3,064.3	98.1	.	.	.	.
June	5,671.8	2,076.1	205.0	211.5	3,081.5	97.8	659.8	185.1	93.0	136.4
July	5,689.0	2,081.2	211.9	218.4	3,078.6	98.9	.	.	.	.

**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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	5,889.0	2,111.4	177.9	255.2	3,247.3	97.2	.	.	.	.
Aug.	5,924.2	2,129.7	179.4	256.7	3,261.7	96.8	.	.	.	.
Sep.	5,981.9	2,164.8	187.1	260.3	3,272.3	97.4	597.9	164.5	87.9	108.4
Oct.	6,030.9	2,197.5	189.7	265.1	3,282.0	96.6	.	.	.	.
Nov.	6,071.4	2,231.1	197.0	265.8	3,279.7	97.7	.	.	.	.
Dec.	6,042.0	2,225.3	198.1	263.5	3,256.1	98.9	629.1	173.6	93.9	120.2
2000 Jan.	6,038.7	2,213.6	197.8	258.2	3,271.4	97.7	.	.	.	.
Feb.	6,098.0	2,244.0	199.8	258.3	3,297.8	98.1	.	.	.	.
Mar.	6,150.2	2,272.6	201.3	262.6	3,315.1	98.6	675.8	192.4	101.0	136.3
Apr.	6,182.9	2,287.9	202.4	274.3	3,318.7	99.6	.	.	.	.
May	6,242.3	2,325.9	205.2	280.8	3,330.0	100.3	.	.	.	.
June	6,276.9	2,335.3	208.5	287.6	3,345.5	100.0	702.8	203.9	104.7	147.2
July	6,299.2	2,346.1	215.7	296.4	3,339.2	101.9	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
0.3	0.6	0.3	584.8	211.8	18.8	71.9	279.0	3.1	0.3	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
0.3	0.6	0.8	614.5	263.0	17.8	72.8	254.7	5.5	0.8	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
0.2	0.3	0.7	627.6	266.4	17.9	74.9	264.8	3.0	0.7	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
0.2	0.4	1.2	648.2	278.0	15.2	86.9	264.2	2.6	1.2	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
82.7	29.2	124.1	5,995.0	2,117.4	256.2	296.8	3,076.4	124.1	124.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
86.6	29.1	124.0	6,056.6	2,135.9	274.2	310.9	3,088.3	123.3	124.0	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
93.5	30.0	121.3	6,198.4	2,198.6	284.4	324.0	3,144.1	125.9	121.3	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
96.6	29.9	118.7	6,331.6	2,261.2	298.0	347.9	3,178.1	127.7	118.7	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
83.1	29.8	124.3	6,579.9	2,329.2	275.0	368.7	3,355.3	127.3	124.3	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
86.9	29.8	124.8	6,671.1	2,398.9	292.0	383.7	3,343.0	128.7	124.8	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
93.7	30.3	122.0	6,826.0	2,465.0	302.3	398.9	3,408.8	128.9	122.0	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
96.8	30.3	119.9	6,979.7	2,539.2	313.2	434.8	3,442.3	130.3	119.9	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

4) "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 original 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.

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

6) Including the European Investment Bank. The ECB is included in the Eurosystem.



**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1) 2) 3)</sup>**
*(EUR billions; transactions during the month or quarter; nominal values)*
**Gross issues**
**1. Short-term <sup>4)</sup>**

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	203.3	110.9	1.7	42.5	46.9	1.4	.	.	.	.
Aug.	175.0	92.3	2.0	35.8	43.8	1.1	.	.	.	.
Sep.	185.0	105.1	1.2	37.8	40.0	0.8	28.0	9.7	10.6	6.7
Oct.	192.3	107.3	1.5	41.3	40.7	1.5	.	.	.	.
Nov.	187.6	117.7	1.2	33.7	33.0	2.0	.	.	.	.
Dec.	162.6	117.9	0.9	23.0	18.5	2.3	21.8	9.6	6.9	4.2
2000 Jan.	239.3	154.7	2.1	40.0	41.2	1.3	.	.	.	.
Feb.	239.9	155.4	1.9	44.2	37.0	1.4	.	.	.	.
Mar.	257.5	169.9	1.7	45.0	40.0	0.9	32.6	14.0	10.2	7.5
Apr.	239.5	141.4	2.0	51.3	43.4	1.4	.	.	.	.
May	266.3	175.8	1.6	52.9	34.6	1.4	.	.	.	.
June	242.2	159.9	2.1	46.5	32.7	1.0	37.3	16.4	9.3	10.0
July	269.2	167.6	2.0	56.5	41.4	1.8	.	.	.	.

**2. Long-term <sup>4)</sup>**

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	120.9	35.5	8.3	8.8	67.2	1.1	.	.	.	.
Aug.	62.3	27.6	2.2	1.7	30.5	0.2	.	.	.	.
Sep.	123.7	55.7	9.6	3.9	53.0	1.4	63.7	21.3	9.8	22.2
Oct.	107.3	49.8	4.4	5.5	46.5	1.0	.	.	.	.
Nov.	94.8	45.3	9.1	3.0	36.1	1.3	.	.	.	.
Dec.	70.5	39.3	4.6	1.6	23.5	1.5	49.4	13.7	7.8	15.9
2000 Jan.	101.7	41.5	2.0	0.1	57.3	0.8	.	.	.	.
Feb.	111.0	49.8	3.6	3.9	51.7	2.0	.	.	.	.
Mar.	115.2	51.8	3.3	4.6	53.7	1.7	65.7	24.0	9.7	17.9
Apr.	100.6	46.2	3.5	7.5	41.6	1.9	.	.	.	.
May	112.2	53.5	5.2	4.4	47.6	1.5	.	.	.	.
June	89.9	36.3	9.3	8.4	35.6	0.4	44.4	15.6	6.3	15.1
July	97.9	43.6	8.5	9.2	34.6	2.1	.	.	.	.

**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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	324.2	146.4	10.0	51.3	114.1	2.4	.	.	.	.
Aug.	237.3	119.9	4.2	37.5	74.3	1.4	.	.	.	.
Sep.	308.7	160.8	10.9	41.8	93.0	2.2	91.7	31.0	20.4	28.9
Oct.	299.7	157.1	5.9	46.9	87.2	2.5	.	.	.	.
Nov.	282.4	163.0	10.3	36.6	69.2	3.3	.	.	.	.
Dec.	233.1	157.2	5.5	24.6	42.1	3.8	71.2	23.4	14.8	20.1
2000 Jan.	341.0	196.2	4.1	40.1	98.4	2.1	.	.	.	.
Feb.	350.9	205.3	5.5	48.1	88.6	3.4	.	.	.	.
Mar.	372.7	221.7	5.0	49.6	93.7	2.7	98.3	38.0	19.9	25.4
Apr.	340.1	187.6	5.4	58.8	85.0	3.4	.	.	.	.
May	378.5	229.2	6.8	57.3	82.3	2.9	.	.	.	.
June	332.1	196.2	11.5	54.9	68.3	1.4	81.7	32.0	15.6	25.1
July	367.1	211.1	10.5	65.7	76.0	3.9	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

3) Corresponding ESA 95 sector codes: MFIs (including the Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
0.3	0.5	0.2	591.3	318.0	15.4	122.9	131.0	3.8	0.2	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
0.2	0.2	0.7	564.4	352.6	10.6	102.2	92.4	5.8	0.7	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
0.2	0.2	0.6	769.3	494.0	15.8	136.7	118.3	3.9	0.6	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
0.1	0.3	1.1	785.3	493.5	15.1	160.6	110.9	4.1	1.1	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
5.0	2.1	3.2	370.5	140.1	30.0	36.7	155.8	4.8	3.2	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
6.6	1.0	4.3	322.0	148.2	25.9	26.0	112.8	4.8	4.3	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
9.5	1.9	2.6	393.6	167.2	18.7	26.6	172.1	6.4	2.6	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
4.5	1.5	1.4	347.2	151.5	24.2	35.4	129.3	5.3	1.4	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
5.4	2.6	3.5	961.8	458.1	45.4	159.5	286.8	8.5	3.5	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
6.8	1.1	5.0	886.3	500.7	36.5	128.2	205.2	10.7	5.0	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
9.7	2.1	3.1	1,162.9	661.2	34.5	163.3	290.4	10.3	3.1	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
4.7	1.8	2.5	1,132.5	645.1	39.3	196.0	240.2	9.5	2.5	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

4) "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 original 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.

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

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer** <sup>1) 2) 3)</sup>
*(EUR billions; transactions during the month or quarter; nominal values)*
**Net issues**
**1. Short-term** <sup>4)</sup>

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	-2.6	5.2	-0.1	2.3	-10.1	0.1	.	.	.	.
Aug.	16.0	12.3	0.2	1.4	2.3	-0.3	.	.	.	.
Sep.	1.7	9.9	-0.1	2.3	-10.1	-0.3	9.4	3.1	3.5	2.4
Oct.	9.4	12.7	-0.2	1.5	-5.0	0.4	.	.	.	.
Nov.	17.7	23.5	-0.3	1.4	-7.6	0.6	.	.	.	.
Dec.	-0.8	10.9	-0.4	-0.9	-11.6	1.3	1.8	2.8	-0.3	-1.3
2000 Jan.	-16.0	-18.0	0.6	-0.4	2.0	-0.2	.	.	.	.
Feb.	9.9	11.0	0.0	-0.3	-0.5	-0.4	.	.	.	.
Mar.	18.0	9.9	-0.3	0.8	7.9	-0.4	0.6	0.5	-0.7	1.5
Apr.	1.0	-4.1	-0.1	5.5	-0.4	0.1	.	.	.	.
May	15.6	12.7	-0.7	3.7	0.5	-0.6	.	.	.	.
June	-4.1	-2.9	0.5	0.1	-1.7	0.0	6.3	3.2	-0.2	2.7
July	4.0	4.6	0.3	1.9	-3.4	0.7	.	.	.	.

**2. Long-term** <sup>4)</sup>

	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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	42.6	5.0	4.9	6.6	25.7	0.5	.	.	.	.
Aug.	18.4	5.2	1.3	0.0	12.0	-0.1	.	.	.	.
Sep.	56.5	25.9	7.6	1.3	20.7	0.9	51.1	17.1	7.1	20.1
Oct.	37.9	18.2	2.8	3.4	14.8	-1.3	.	.	.	.
Nov.	22.9	9.6	7.5	0.0	5.3	0.5	.	.	.	.
Dec.	-26.6	-15.4	1.9	-1.1	-11.9	0.0	27.9	5.6	6.0	12.8
2000 Jan.	10.7	4.2	-0.9	-5.4	12.6	0.2	.	.	.	.
Feb.	48.9	18.7	2.0	0.4	27.0	0.8	.	.	.	.
Mar.	31.4	16.7	1.4	3.0	9.5	0.9	44.3	17.6	7.3	14.4
Apr.	33.1	20.3	1.1	6.2	4.6	0.9	.	.	.	.
May	37.7	22.9	3.7	2.7	7.2	1.3	.	.	.	.
June	36.9	7.6	7.4	6.7	15.5	-0.3	20.7	8.3	3.8	8.2
July	22.1	9.4	6.9	7.5	-2.9	1.2	.	.	.	.

**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) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 July	40.0	10.2	4.7	8.8	15.6	0.6	.	.	.	.
Aug.	34.3	17.5	1.5	1.4	14.3	-0.4	.	.	.	.
Sep.	58.2	35.8	7.5	3.6	10.6	0.6	60.6	20.2	10.6	22.5
Oct.	47.4	31.0	2.6	4.8	9.8	-0.8	.	.	.	.
Nov.	40.5	33.1	7.3	1.4	-2.3	1.1	.	.	.	.
Dec.	-27.4	-4.5	1.4	-2.0	-23.6	1.2	29.7	8.4	5.7	11.5
2000 Jan.	-5.2	-13.8	-0.2	-5.8	14.6	-0.1	.	.	.	.
Feb.	58.8	29.7	2.0	0.1	26.6	0.4	.	.	.	.
Mar.	49.4	26.6	1.2	3.8	17.3	0.5	44.9	18.1	6.6	16.0
Apr.	34.1	16.1	1.1	11.7	4.2	1.1	.	.	.	.
May	53.3	35.6	3.0	6.4	7.6	0.7	.	.	.	.
June	32.8	4.7	7.9	6.7	13.8	-0.3	27.0	11.5	3.6	10.9
July	26.1	14.0	7.2	9.4	-6.4	1.9	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

3) Corresponding ESA 95 sector codes: MFIs (including the Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
0.0	0.3	0.1	24.5	30.5	3.4	8.4	-17.9	-0.1	0.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
0.0	0.0	0.6	28.0	49.9	-1.2	0.6	-24.2	2.3	0.6	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
-0.1	-0.3	-0.2	12.5	3.3	-0.3	1.7	9.3	-1.4	-0.2	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
0.0	0.1	0.5	18.8	8.9	-0.5	11.9	-1.7	-0.3	0.5	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
4.6	1.8	0.4	168.6	53.3	20.9	28.0	62.9	3.1	0.4	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
3.9	-0.1	-0.3	62.1	18.1	18.2	15.1	12.0	-0.9	-0.3	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
7.0	0.9	-2.9	135.4	57.2	9.8	12.4	56.1	2.7	-2.9	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
3.1	-0.1	-2.6	128.5	59.0	16.1	23.8	30.4	1.8	-2.6	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 July
4.6	2.1	0.6	193.1	83.7	24.3	36.4	45.1	3.0	0.6	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
3.9	-0.1	0.2	90.1	68.0	17.0	15.7	-12.2	1.4	0.2	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
6.9	0.6	-3.1	147.8	60.6	9.5	14.1	65.4	1.3	-3.1	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
3.1	0.0	-2.1	147.3	67.9	15.6	35.8	28.7	1.4	-2.1	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July

4) "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 original 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.

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

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

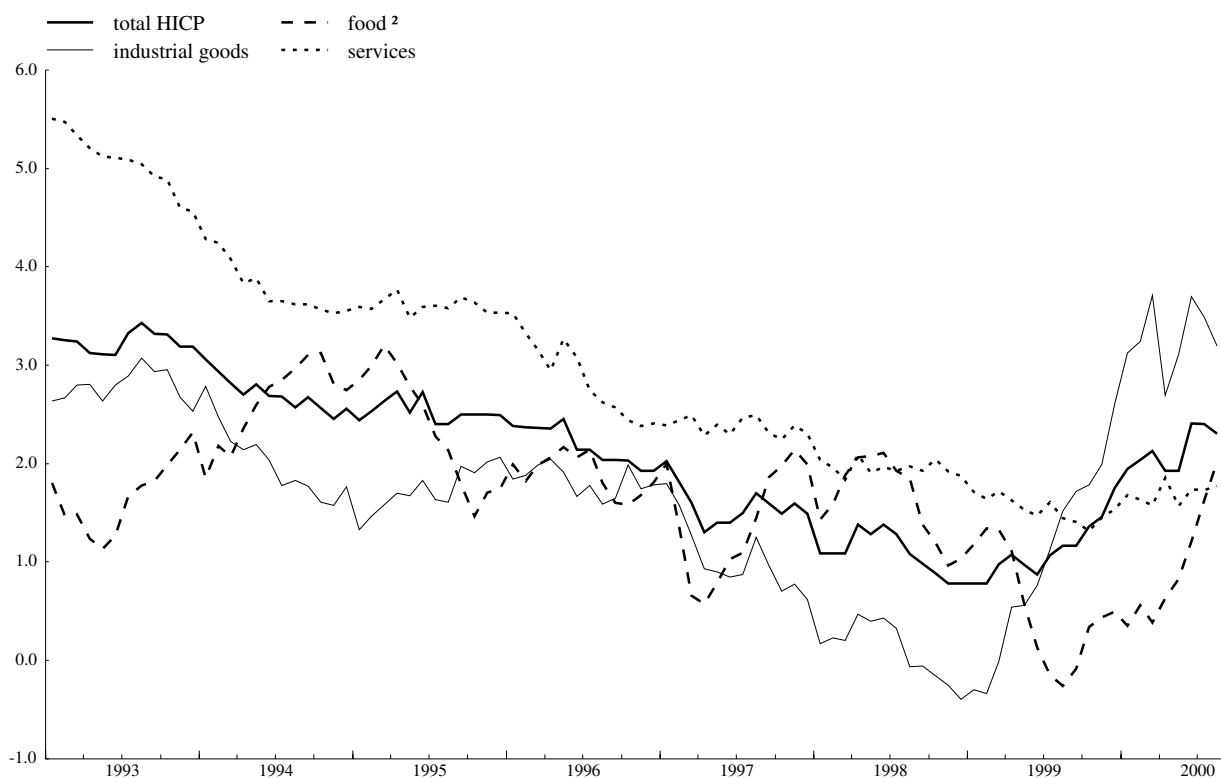
## 4 HICP and other prices in the euro area

**Table 4.1**

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

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total	Goods					Industrial goods			Services
			Food <sup>2)</sup>	Food <sup>2)</sup>		Industrial goods	Non-energy industrial goods	Energy			
Weight in the total (%) <sup>3)</sup>				Processed food <sup>2)</sup>	Unprocessed food						
	1	2	3	4	5	6	7	8	9	10	
1995	97.9	2.5	2.0	2.4	2.5	2.2	1.7	1.8	1.4	3.6	
1996	100.0	2.2	1.9	1.9	1.9	1.7	1.8	1.5	3.0	2.9	
1997	101.6	1.6	1.2	1.4	1.4	1.4	1.0	0.5	2.8	2.4	
1998	102.7	1.1	0.6	1.6	1.4	1.9	0.1	0.9	-2.6	2.0	
1999	103.8	1.1	0.8	0.5	0.9	0.0	1.0	0.7	2.2	1.5	
1999 Q2	103.8	1.0	0.6	0.6	0.8	0.3	0.6	0.6	0.5	1.5	
Q3	104.1	1.1	0.9	-0.2	0.6	-1.4	1.5	0.6	4.6	1.5	
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.6	7.8	1.4	
2000 Q1	105.2	2.0	2.3	0.4	1.0	-0.3	3.4	0.6	13.6	1.6	
Q2	105.9	2.1	2.4	0.9	1.0	0.8	3.2	0.6	12.5	1.7	
1999 Aug.	104.1	1.2	0.9	-0.3	0.6	-1.6	1.5	0.6	4.7	1.4	
Sep.	104.1	1.2	1.1	-0.1	0.6	-1.1	1.7	0.5	6.2	1.4	
Oct.	104.2	1.4	1.3	0.3	0.8	-0.4	1.8	0.5	6.3	1.3	
Nov.	104.3	1.5	1.5	0.4	0.9	-0.3	2.0	0.6	7.1	1.5	
Dec.	104.7	1.7	1.9	0.5	1.0	-0.2	2.6	0.6	10.0	1.5	
2000 Jan.	104.8	1.9	2.2	0.4	1.0	-0.5	3.1	0.7	12.0	1.7	
Feb.	105.2	2.0	2.3	0.6	1.0	0.0	3.2	0.5	13.5	1.6	
Mar.	105.6	2.1	2.6	0.4	1.0	-0.5	3.7	0.6	15.3	1.6	
Apr.	105.7	1.9	2.0	0.6	0.9	0.2	2.7	0.5	10.5	1.9	
May	105.8	1.9	2.3	0.8	1.0	0.6	3.1	0.6	12.2	1.6	
June	106.3	2.4	2.8	1.2	1.0	1.5	3.7	0.6	14.7	1.7	
July	106.5	2.4	2.9	1.6	1.0	2.6	3.5	0.6	13.7	1.7	
Aug.	106.5	2.3	2.8	2.0	1.1	3.4	3.2	0.6	12.3	1.8	



Source: Eurostat. Data before 1995 are estimates based on national definitions and are not fully comparable with HICPs starting in 1995.

1) Extended coverage from January 2000. The change affects annual percentage changes during 2000. See the general notes for a brief explanation.

2) Including alcoholic beverages and tobacco.

3) Referring to the index period 2000.

**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						Construction <sup>1)</sup>	Total	Total excluding energy	
	Index, 1995 = 100			Intermediate goods	Capital goods	Consumer goods						
						Durable consumer goods	Non-durable consumer goods					
1	2	3	4	5	6	7	8	9	10	11	12	
1995	100.0	3.7	4.0	.	.	.	.	3.2	.	0.2	2.1	13.0
1996	100.3	0.3	1.0	-0.5	1.3	2.1	2.1	2.2	1.3	6.5	-6.9	15.9
1997	101.4	1.1	0.8	1.4	0.3	1.0	0.4	1.4	1.3	10.0	12.9	17.1
1998	100.6	-0.7	-0.6	-2.7	0.6	0.6	0.3	0.7	0.2	-21.2	-12.5	12.0
1999	100.2	-0.4	0.2	-0.4	0.2	0.2	0.5	0.1	0.9	17.8	-3.1	17.1
1999 Q3	100.6	0.1	0.8	1.2	0.0	0.2	0.4	0.1	1.2	31.0	1.1	19.7
Q4	101.7	2.1	2.6	5.4	0.2	0.6	0.6	0.6	0.9	61.5	14.0	23.0
2000 Q1	103.3	4.3	4.5	10.3	0.5	0.9	1.0	0.9	1.9	78.3	19.9	27.1
Q2	104.8	5.2	5.1	11.4	0.6	1.4	1.1	1.5	.	53.7	18.3	29.1
Q3	.	.	.	.	.	.	.	.	.	46.7	18.0	33.9
1999 Sep.	101.0	0.7	1.3	2.5	0.1	0.4	0.6	0.3	.	41.4	6.6	21.8
Oct.	101.3	1.4	1.9	3.7	0.2	0.6	0.7	0.5	.	44.3	10.7	20.8
Nov.	101.7	2.1	2.6	5.3	0.2	0.6	0.6	0.7	.	60.4	11.9	23.5
Dec.	102.2	2.9	3.3	7.3	0.3	0.6	0.7	0.6	.	81.3	19.3	24.8
2000 Jan.	102.8	3.8	3.9	9.1	0.5	0.8	0.9	0.7	.	76.2	19.4	24.9
Feb.	103.3	4.4	4.6	10.5	0.6	0.9	1.0	0.9	.	87.6	20.0	27.6
Mar.	103.8	4.8	4.9	11.2	0.6	1.0	1.0	1.0	.	72.0	20.2	28.4
Apr.	104.1	4.6	4.6	10.3	0.6	1.2	1.0	1.3	.	43.9	19.4	24.6
May	104.9	5.3	5.2	11.6	0.6	1.5	1.0	1.7	.	61.9	22.8	30.4
June	105.3	5.6	5.4	12.4	0.7	1.4	1.2	1.5	.	55.2	12.9	31.5
July	105.9	5.6	5.2	12.0	0.8	1.6	1.3	1.7	.	42.0	14.3	30.6
Aug.	106.2	5.6	5.0	11.6	0.7	1.6	1.3	1.7	.	47.5	18.3	33.6
Sep.	.	.	.	.	.	.	.	.	.	50.3	21.4	37.4

**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
1995	100.0	2.7	2.6	2.9	2.9	1.7	2.9	2.7
1996	102.1	2.1	2.1	2.4	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.7	1.9	1.6	0.9	1.8	2.6
1998	105.3	1.6	1.2	1.3	1.6	0.7	0.0	-1.4
1999	106.5	1.2	1.3	1.2	2.3	0.7	-0.3	0.1
1998 Q1	104.7	1.7	1.6	1.6	1.6	0.9	1.2	0.9
Q2	105.2	1.7	1.4	1.6	1.7	0.9	0.8	-0.4
Q3	105.5	1.7	1.1	1.2	1.6	0.7	-0.4	-2.4
Q4	105.8	1.4	0.8	0.9	1.4	0.3	-1.8	-3.8
1999 Q1	106.1	1.4	0.8	0.9	2.0	0.4	-1.9	-3.8
Q2	106.4	1.2	1.2	1.1	2.4	0.5	-1.2	-1.3
Q3	106.7	1.1	1.5	1.1	2.5	0.7	0.1	1.3
Q4	106.9	1.1	1.9	1.5	2.4	1.2	2.0	4.6
2000 Q1	107.3	1.1	2.3	1.9	1.6	1.8	3.9	7.8

Sources: Eurostat, except columns 10 and 11 (HWWA, Institut für Wirtschaftsforschung, Hamburg), column 12 (International Petroleum Exchange), 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) Based mainly on the ESA 95; data to end-1998 are based on national deflators 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						External balance <sup>3)</sup>		
	1	Domestic demand		Private consumption 3	Government consumption 4	Gross fixed capital formation 5	Changes in inventories <sup>2)</sup> 6	Exports <sup>3)</sup> 8	Imports <sup>3)</sup> 9
1995		5,309.0	5,210.9						
1996	5,533.0	5,407.4	3,143.1	1,142.3	1,121.2	0.7	125.7	1,657.9	1,532.2
1997	5,646.2	5,496.5	3,196.2	1,150.9	1,136.1	13.3	149.7	1,828.5	1,678.8
1998	5,868.8	5,727.1	3,320.0	1,176.0	1,197.0	34.1	141.8	1,943.1	1,801.3
1999	6,116.4	6,005.9	3,470.4	1,226.7	1,273.2	35.6	110.5	2,033.9	1,923.4
1999 Q1	1,506.1	1,477.9	855.6	302.8	310.7	8.8	28.2	480.2	452.0
Q2	1,518.4	1,490.7	862.3	305.7	315.6	7.2	27.7	496.2	468.5
Q3	1,537.4	1,507.9	872.3	308.2	322.3	5.1	29.5	519.3	489.7
Q4	1,554.6	1,529.5	880.2	310.1	324.6	14.6	25.1	538.2	513.1
2000 Q1	1,574.2	1,550.3	893.7	312.8	333.6	10.3	23.9	560.4	536.6
Q2	.	.	.	.	.	.	.	.	.

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP						External balance <sup>3)</sup>		
	10	Domestic demand		Private consumption 12	Government consumption 13	Gross fixed capital formation 14	Changes in inventories <sup>2)</sup> 15	Exports <sup>3)</sup> 17	Imports <sup>3)</sup> 18
1995		5,309.0	5,210.9						
1996	5,382.6	5,262.4	3,045.4	1,111.4	1,105.7	0.0	120.2	1,637.8	1,517.6
1997	5,503.6	5,347.6	3,089.5	1,122.0	1,129.5	6.6	156.0	1,808.1	1,652.2
1998	5,651.4	5,526.2	3,178.5	1,132.5	1,185.1	30.1	125.2	1,932.8	1,807.5
1999	5,787.1	5,684.3	3,263.8	1,147.8	1,245.7	26.9	102.8	2,019.8	1,916.9
1999 Q1	1,430.6	1,410.5	810.1	285.8	305.4	9.1	20.1	482.3	462.2
Q2	1,438.0	1,414.7	812.1	286.3	309.3	7.0	23.3	495.5	472.1
Q3	1,452.6	1,422.1	818.6	287.4	314.8	1.2	30.5	514.3	483.8
Q4	1,465.9	1,437.0	822.9	288.4	316.2	9.6	28.9	527.7	498.8
2000 Q1	1,479.5	1,446.9	830.6	290.4	322.2	3.6	32.6	541.7	509.0
Q2	1,493.3	1,463.0	839.2	290.5	322.3	10.9	30.3	560.6	530.3

(annual percentage changes)

1995	2.2	2.0	1.8	0.6	2.3	—	—	7.9	7.4
1996	1.4	1.0	1.6	1.6	1.2	—	—	4.3	3.1
1997	2.2	1.6	1.4	1.0	2.2	—	—	10.4	8.9
1998	2.7	3.3	2.9	0.9	4.9	—	—	6.9	9.4
1999	2.4	2.9	2.7	1.4	5.1	—	—	4.5	6.1
1999 Q1	1.8	2.8	2.9	1.3	4.0	—	—	0.6	3.6
Q2	2.1	2.9	2.6	1.2	5.5	—	—	2.0	4.7
Q3	2.5	2.8	2.7	1.5	5.5	—	—	5.7	6.7
Q4	3.2	2.9	2.5	1.4	5.5	—	—	9.7	9.1
2000 Q1	3.4	2.6	2.5	1.6	5.5	—	—	12.3	10.1
Q2	3.8	3.4	3.3	1.5	4.2	—	—	13.1	12.3

Source: Eurostat.

1) Based mainly on the ESA 95. 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 <sup>1)</sup>

### 3. Current prices

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>2)</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		
Share in the total (%) <sup>3)</sup>	100	2.6	23.7	6.0	20.7	25.3	21.7		
	1	2	3	4	5	6	7	8	9
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	104.1	105.9	102.2	99.7	102.7	107.3	104.8	102.7	105.0
1997	105.9	105.1	103.9	96.5	105.2	110.9	105.8	102.0	108.7
1998	109.7	105.5	106.9	97.1	110.2	116.1	109.1	102.2	115.0
1999	113.9	104.1	108.4	101.2	114.3	122.9	113.5	103.7	123.6
1999 Q1	112.3	106.5	106.9	99.4	113.0	120.6	112.2	102.9	120.5
Q2	113.1	103.5	107.4	100.5	113.5	122.0	113.3	103.4	122.6
Q3	114.5	102.1	109.1	101.8	114.8	123.8	114.1	103.7	124.4
Q4	115.6	104.2	110.3	103.0	116.1	125.3	114.5	104.6	126.9
2000 Q1	117.2	106.3	111.7	105.2	117.3	127.3	116.1	105.7	126.8
Q2	.	.	.	.	.	.	.	.	.

### 4. Constant prices <sup>4)</sup>

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>2)</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		
Share in the total (%) <sup>3)</sup>	100	2.6	23.7	6.0	20.7	25.3	21.7		
	10	11	12	13	14	15	16	17	18
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	101.5	105.9	99.6	98.0	100.8	103.7	101.8	102.6	101.3
1997	103.8	106.8	102.8	96.2	103.9	107.0	102.7	105.6	103.5
1998	106.6	108.9	104.9	96.1	108.0	111.2	104.3	109.7	106.4
1999	109.1	111.1	106.5	97.8	111.4	115.1	105.5	113.5	110.2
1999 Q1	107.8	110.0	104.8	96.8	110.3	113.4	105.0	111.5	108.9
Q2	108.4	110.4	105.8	97.5	110.5	114.4	105.2	112.4	109.2
Q3	109.6	111.7	107.2	98.1	111.7	115.7	105.8	114.4	110.4
Q4	110.4	112.4	108.2	98.8	112.9	116.9	106.0	115.7	112.4
2000 Q1	111.7	111.2	110.0	100.0	114.5	118.5	106.5	117.0	111.0
Q2	112.6	111.4	111.1	99.1	115.8	119.7	106.9	118.8	113.9

(annual percentage changes)

1995	2.3	0.9	3.0	-0.3	2.3	3.1	1.5	-0.3	0.6
1996	1.5	5.9	-0.4	-2.0	0.8	3.7	1.8	2.6	1.3
1997	2.3	0.9	3.2	-1.9	3.0	3.2	0.9	2.9	2.1
1998	2.7	1.9	2.1	0.0	3.9	3.9	1.5	3.9	2.9
1999	2.3	2.0	1.5	1.7	3.1	3.5	1.2	3.5	3.6
1999 Q1	1.7	0.6	-0.3	-0.4	3.0	3.2	1.5	3.1	3.1
Q2	2.0	1.5	0.7	2.1	2.9	3.3	1.1	3.4	2.9
Q3	2.5	3.0	1.9	2.1	3.0	3.7	1.1	3.7	3.7
Q4	3.1	3.1	3.8	3.0	3.7	3.8	1.0	3.7	4.6
2000 Q1	3.7	1.1	4.9	3.3	3.8	4.5	1.4	4.9	2.0
Q2	3.9	0.9	5.0	1.6	4.8	4.7	1.6	5.7	4.3

Source: ECB calculations based on Eurostat data.

1) Estimates based on incomplete national data and therefore presented as indices.

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

3) Share of each branch of activity in total value added in 1995.

4) Value added at 1995 prices.



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	
1995	100.1	2.8	100.1	3.5	3.6	2.6	7.3	-0.7	-1.2	1.8	0.5	
1996	100.1	-0.1	100.4	0.3	0.0	-0.2	1.6	0.0	0.0	-0.4	-2.4	
1997	103.8	3.8	104.7	4.3	4.9	5.5	4.9	3.6	3.7	2.8	0.0	
1998	107.6	3.7	109.1	4.2	4.6	3.9	6.4	5.3	5.9	2.0	0.3	
1999	109.8	2.0	111.0	1.8	1.8	2.2	1.4	2.8	3.0	1.6	2.8	
1999 Q2	108.6	1.0	109.9	0.5	0.4	0.5	0.7	1.4	1.7	-0.1	3.1	
Q3	110.6	2.5	111.7	2.4	2.3	3.2	1.6	3.1	3.3	2.2	2.7	
Q4	112.0	4.2	113.5	4.1	4.5	5.4	2.6	5.1	5.4	3.4	4.7	
2000 Q1	113.4	5.1	114.7	4.9	5.2	5.9	6.3	6.8	8.0	0.3	4.8	
Q2	114.5	5.4	116.4	5.8	6.1	5.7	8.2	8.0	8.9	3.0	0.1	
1999 Aug.	111.2	3.4	111.7	3.6	3.6	4.0	3.2	6.5	7.2	3.6	2.3	
Sep.	110.7	2.6	112.3	2.5	2.5	3.3	2.3	2.5	2.6	1.5	2.7	
Oct.	111.1	2.8	113.0	2.7	3.1	3.8	1.8	3.2	3.3	2.7	2.9	
Nov.	112.2	4.3	113.7	4.4	4.8	5.3	3.1	5.2	5.4	4.2	3.9	
Dec.	112.7	5.6	113.7	5.2	5.8	7.4	3.0	7.5	8.3	3.2	7.9	
2000 Jan.	112.0	3.1	113.8	3.3	3.3	4.6	4.5	3.9	5.0	-1.8	1.5	
Feb.	114.3	7.0	114.7	5.8	6.6	6.9	6.9	8.9	10.1	1.7	12.8	
Mar.	114.0	5.3	115.7	5.3	5.6	6.0	7.4	7.4	8.5	0.9	0.8	
Apr.	113.8	5.5	116.2	5.9	6.3	5.5	7.4	9.5	10.5	3.8	-0.5	
May	116.3	7.8	116.8	8.1	8.3	8.1	11.6	10.1	11.3	3.5	3.4	
June	113.4	3.0	116.3	3.6	3.9	3.4	5.8	4.7	5.1	1.9	-2.6	
July	.	.	.	.	.	.	.	.	.	.	.	
Aug.	.	.	.	.	.	.	.	.	.	.	.	

## 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	
1995	100.0	.	100.0	.	.	.	.	.	777	0.9
1996	101.8	1.9	100.5	0.5	0.6	.	-0.9	0.1	826	6.2
1997	104.1	2.2	101.7	1.2	1.1	1.2	0.6	1.5	861	4.2
1998	107.8	3.6	104.7	2.9	2.1	3.5	2.1	4.5	923	7.2
1999	111.4	3.3	107.4	2.6	3.2	2.3	1.4	3.1	974	5.5
1999 Q2	110.3	2.8	106.7	2.4	3.0	2.2	2.3	3.1	978	8.6
Q3	111.8	2.9	107.7	2.2	3.3	1.8	-0.9	4.0	1,001	6.6
Q4	113.6	4.3	108.8	3.0	3.5	2.6	2.7	3.8	949	-0.1
2000 Q1	114.0	3.7	109.1	2.5	3.3	1.7	1.4	5.3	980	1.4
Q2	115.6	4.8	110.3	3.4	3.5	3.0	1.6	5.0	984	0.7
1999 Aug.	112.1	3.2	107.8	2.3	3.1	2.6	0.9	4.7	968	5.3
Sep.	111.3	2.5	107.4	1.9	3.6	0.2	-4.9	3.4	964	2.1
Oct.	113.6	5.1	108.9	3.9	4.8	3.0	4.0	3.8	971	3.0
Nov.	114.0	3.9	108.9	2.4	3.0	2.3	1.6	3.7	955	-1.3
Dec.	113.3	4.0	108.6	2.8	2.8	2.7	2.5	3.9	921	-2.8
2000 Jan.	113.5	3.9	108.9	2.7	3.7	1.8	-0.3	4.6	974	0.7
Feb.	114.9	5.3	109.7	3.8	3.5	4.1	7.2	6.8	993	5.3
Mar.	113.7	2.1	108.8	1.2	2.7	-0.7	-2.5	4.5	972	-0.9
Apr.	114.9	4.6	110.1	3.7	3.3	3.8	1.9	5.8	973	-1.7
May	116.4	6.1	110.8	4.4	5.0	4.2	3.4	5.8	980	1.4
June	115.6	3.7	110.1	2.2	2.2	1.1	-0.5	3.4	999	2.4
July	115.7	3.3	110.6	2.7	2.6	1.3	0.0	4.7	894	-14.5
Aug.	.	.	.	.	.	.	.	.	940	-4.3

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**

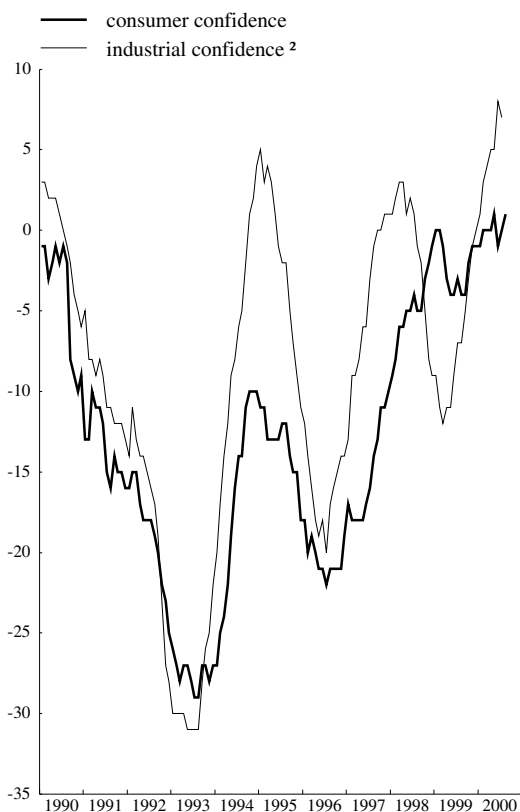
**Business and consumer surveys**

(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>1)</sup> (percentages) 4			
1995	-2	10	-8	82.6	-27	-12	-13
1996	-16	-1	-30	80.6	-36	-11	-20
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	-2
1999 Q3	-6	8	-17	81.6	-7	-7	-4
Q4	-1	14	-9	81.9	-3	-7	-1
2000 Q1	3	15	-2	83.0	0	0	0
Q2	6	17	5	83.7	2	3	0
Q3	.	.	.	83.9	.	.	.
1999 Aug.	-7	7	-17	-	-9	-7	-4
Sep.	-5	10	-15	-	-8	-7	-4
Oct.	-3	13	-11	-	-6	-9	-2
Nov.	-1	15	-9	-	0	-9	-1
Dec.	0	13	-6	-	-4	-2	-1
2000 Jan.	1	13	-4	-	2	-2	-1
Feb.	3	16	-2	-	-2	-3	0
Mar.	4	15	1	-	0	5	0
Apr.	5	15	3	-	2	-3	0
May	5	16	4	-	1	4	1
June	8	19	8	-	3	7	-1
July	7	19	5	-	2	-3	0
Aug.	.	.	.	-	5	-2	1

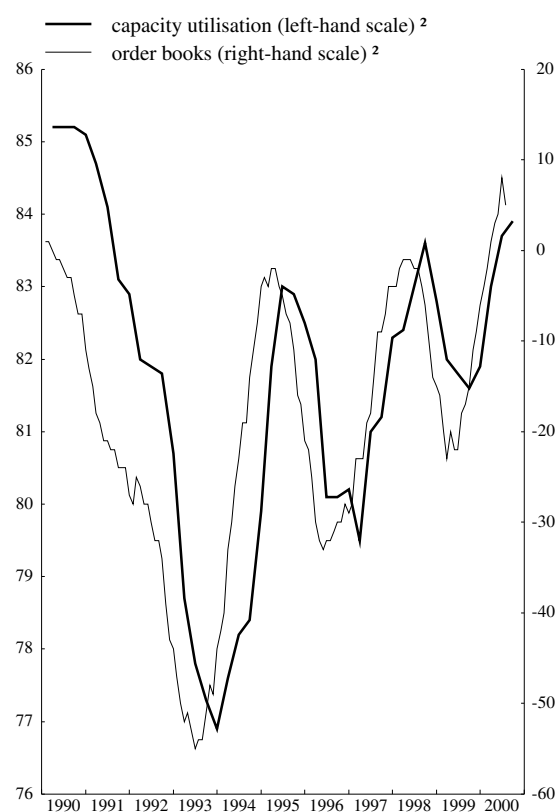
**Consumer and industrial confidence indicators**

(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		Employees	Self- employed			Millions	% of labour force	% of labour force	% of labour force
1	2	3	4	5	6	7	8	9	10	
1995	100.0	.	.	.	.	.	14.321	11.3	9.5	23.3
1996	100.4	0.4	0.5	0.5	-1.3	1.5	14.724	11.5	9.8	23.9
1997	101.1	0.7	0.9	0.2	-0.4	1.4	14.822	11.6	9.9	23.2
1998	102.7	1.5	1.8	0.8	1.1	2.1	14.084	10.9	9.4	21.3
1999	104.4	1.7	2.1	-0.4	0.2	2.5	13.007	10.0	8.7	19.1
1999 Q2	104.3	1.6	2.0	-0.4	-0.2	2.4	13.100	10.0	8.8	19.3
Q3	104.8	1.7	2.1	-0.7	-0.1	2.5	12.902	9.9	8.6	18.9
Q4	105.2	1.7	2.1	-0.6	0.1	2.4	12.617	9.7	8.5	18.2
2000 Q1	105.8	1.9	2.3	-0.3	0.2	2.5	12.352	9.5	8.3	18.0
Q2	.	.	.	.	.	.	11.936	9.2	8.0	17.5
1999 Aug.	-	-	-	-	-	-	12.931	9.9	8.6	19.0
Sep.	-	-	-	-	-	-	12.847	9.8	8.6	18.8
Oct.	-	-	-	-	-	-	12.691	9.7	8.5	18.4
Nov.	-	-	-	-	-	-	12.599	9.7	8.5	18.2
Dec.	-	-	-	-	-	-	12.561	9.6	8.5	18.1
2000 Jan.	-	-	-	-	-	-	12.491	9.6	8.4	18.1
Feb.	-	-	-	-	-	-	12.373	9.5	8.3	18.1
Mar.	-	-	-	-	-	-	12.192	9.4	8.2	17.9
Apr.	-	-	-	-	-	-	12.063	9.2	8.1	17.7
May	-	-	-	-	-	-	11.936	9.2	8.0	17.5
June	-	-	-	-	-	-	11.809	9.1	8.0	17.3
July	-	-	-	-	-	-	11.800	9.0	7.9	17.4
Aug.	-	-	-	-	-	-	11.845	9.0	7.9	17.5

**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	Total	
				11	12	13	14	15	
1995	1.5	3.3	1.8	-	-	-	-	-	3.9
1996	1.9	3.0	1.1	3.4	3.0	4.3	3.5	3.9	3.7
1997	0.7	2.3	1.6	2.5	2.4	2.8	2.3	2.6	2.6
1998	0.2	1.4	1.2	1.8	1.9	1.3	1.8	1.4	2.9
1999	1.1	1.9	0.7	2.2	2.4	1.6	2.2	1.8	2.3
1998 Q1	-1.5	1.1	2.6	1.8	2.0	1.1	1.5	1.5	2.5
Q2	0.1	1.2	1.0	1.8	2.1	1.2	2.0	1.5	3.1
Q3	0.5	1.2	0.8	1.7	1.7	1.5	1.9	1.2	2.9
Q4	1.0	1.2	0.2	1.8	1.9	1.4	2.0	1.3	3.2
1999 Q1	1.6	1.6	0.0	2.1	2.1	1.7	2.1	1.6	2.7
Q2	1.5	2.1	0.5	2.0	2.2	1.4	1.9	2.0	2.5
Q3	1.0	1.8	0.7	2.3	2.5	1.8	2.3	2.0	2.3
Q4	0.3	1.7	1.4	2.4	2.6	1.7	2.5	1.7	1.8
2000 Q1	0.5	2.2	1.7	3.6	3.8	2.8	3.4	3.0	2.7

Sources: ECB calculations based on Eurostat data (columns 1 to 6 and 18), Eurostat (columns 7 to 10, 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**

### 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
1992	21.4	22.9	-0.9	18.9	12.0	13.5	4.0	1.6	0.4	1.4	2.9
1993	20.5	20.9	0.5	17.3	10.5	13.3	5.6	0.5	0.9	0.7	3.0
1994	21.0	20.6	0.2	17.2	10.3	13.8	3.4	2.5	2.7	1.7	3.2
1995	22.3	21.1	0.4	17.7	10.8	13.5	3.8	1.8	1.5	1.4	3.7
1996	22.0	20.8	0.9	17.5	10.7	12.7	3.7	0.4	1.5	1.4	3.9
1997	22.5	20.3	1.4	17.0	10.6	12.8	1.7	-0.5	-0.2	1.6	4.2
1998	22.5	20.4	1.0	17.1	10.8	13.8	1.8	-2.2	-1.3	2.4	3.4
1999	22.2	21.3	0.1	18.0	11.8	16.2	2.4	1.4	1.4	3.6	3.8

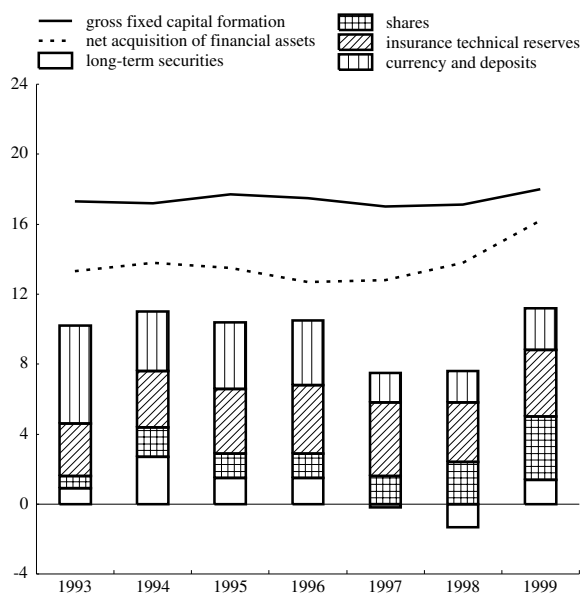
  

	Financing of private non-financial sectors <sup>1)2)</sup>									Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
									12			
1992	20.9	12.9	10.2	0.7	0.6	1.4	6.7	4.7	3.3	41.7	32.8	
1993	20.6	12.5	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.5	27.7	
1994	20.7	11.7	9.6	1.0	1.1	1.8	3.9	4.0	4.2	44.5	31.7	
1995	21.7	12.0	7.1	-1.8	-1.8	1.4	4.7	3.2	6.4	43.3	24.7	
1996	21.3	11.8	8.5	0.2	0.0	1.7	5.5	4.5	4.2	42.1	28.5	
1997	20.4	10.5	9.1	0.1	0.1	1.4	5.9	4.5	3.7	43.0	30.8	
1998	19.1	10.0	11.3	0.3	0.2	2.5	6.8	4.9	2.5	44.7	37.2	
1999	17.7	9.7	14.6	0.9	0.4	1.9	9.4	7.0	1.6	47.4	45.2	

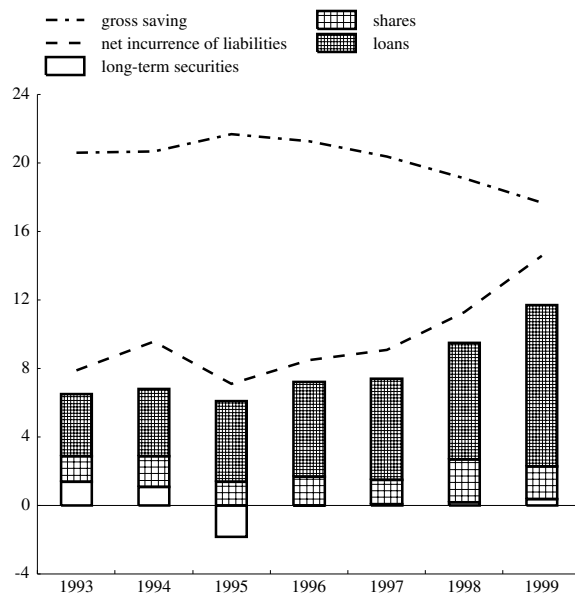
### Investment and financing of private non-financial sectors <sup>1)2)</sup>

(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	Direct taxes			Indirect taxes	Received by EU institutions	Social contributions			Sales	Capital revenue	Capital taxes	Memo: fiscal burden <sup>2)</sup>
			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	5.3	2.3	0.3	0.2	41.8
1992	47.5	46.8	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.5	2.4	0.7	0.6	42.6
1993	48.3	47.8	12.1	10.0	2.1	13.3	0.8	17.5	8.7	5.7	2.4	0.5	0.3	43.2
1994	47.7	47.3	11.6	9.6	2.0	13.5	0.8	17.5	8.5	5.7	2.4	0.4	0.2	42.8
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.7	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	5.7	2.5	0.5	0.3	43.3
1997	48.3	47.6	12.2	9.6	2.6	13.6	0.7	17.5	8.7	5.7	2.5	0.7	0.4	43.7
1998	47.8	47.3	12.4	9.9	2.4	14.2	0.7	16.5	8.5	5.1	2.4	0.5	0.3	43.4
1999	48.4	47.9	12.9	10.1	2.6	14.4	0.6	16.4	8.5	5.0	2.4	0.5	0.3	44.0

### 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	Intermediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>	Subsidies	Paid by EU institutions					
1991	50.8	45.9	11.2	5.4	5.1	24.2	20.4	2.4	0.6	4.8	3.3	1.6	0.0	45.7
1992	52.1	47.4	11.4	5.5	5.6	24.9	21.4	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.8	49.1	11.6	5.7	5.8	26.0	22.3	2.5	0.6	4.7	3.1	1.7	0.1	48.0
1994	52.7	48.3	11.3	5.4	5.5	26.0	22.4	2.4	0.6	4.4	2.9	1.5	0.0	47.2
1995	52.2	47.7	11.2	5.3	5.7	25.6	22.3	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.3	48.3	11.2	5.3	5.7	26.1	22.8	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.9	47.1	11.0	5.3	5.1	25.7	22.6	2.1	0.5	3.7	2.4	1.3	0.1	45.8
1998	50.0	46.1	10.7	5.2	4.7	25.5	22.2	2.1	0.5	3.9	2.5	1.4	0.1	45.3
1999	49.7	45.6	10.7	5.2	4.3	25.5	22.1	2.1	0.5	4.0	2.5	1.5	0.1	45.4

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+) <sup>5)</sup>	Government consumption <sup>6)</sup>							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
1991	-4.4	-4.2	-0.3	-0.1	0.3	0.7	20.2	11.2	5.4	4.5	1.7	-2.3	8.8	11.5
1992	-4.6	-4.0	-0.3	-0.2	-0.1	0.9	20.7	11.4	5.5	4.7	1.7	-2.4	8.9	11.8
1993	-5.5	-4.9	-0.5	-0.2	-0.1	0.3	21.2	11.6	5.7	4.8	1.8	-2.4	9.1	12.1
1994	-5.0	-4.3	-0.5	-0.2	0.0	0.5	20.8	11.3	5.4	4.9	1.7	-2.4	8.8	12.0
1995	-5.0	-4.1	-0.5	-0.1	-0.3	0.7	20.5	11.2	5.3	5.0	1.8	-2.5	8.5	11.9
1996	-4.3	-3.6	-0.4	0.0	-0.2	1.4	20.6	11.2	5.3	5.0	1.8	-2.5	8.6	12.0
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.3	11.0	5.3	5.0	1.8	-2.5	8.4	11.9
1998	-2.1	-2.1	-0.3	0.2	0.1	2.6	20.0	10.7	5.2	4.9	1.7	-2.4	8.2	11.8
1999	-1.3	-1.6	-0.1	0.2	0.3	3.0	20.0	10.7	5.2	4.9	1.7	-2.4	8.2	11.8

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

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11
1996	-3.8	-3.4	-5.0	-4.1	-0.2	-7.1	2.6	-1.8	-3.8	-4.0	-3.2
1997	-1.9	-2.7	-3.2	-3.0	0.7	-2.7	3.4	-1.1	-1.7	-2.6	-1.5
1998	-0.9	-2.1	-2.6	-2.7	2.1	-2.8	3.7	-0.7	-2.3	-2.3	1.3
1999	-0.7	-1.4	-1.1	-1.8	1.9	-1.9	4.4	1.0	-2.1	-2.0	1.9

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

1) Revenue, expenditure and deficit / surplus based on the ESA 95. Data for years up to 1995 are not directly comparable with data for recent years. 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) Comprises total deficit / surplus excluding interest expenditure.

6) 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	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.3	2.6	16.0	8.4	30.5	48.1	24.9	7.4	15.8	9.3
1992	60.8	2.6	16.6	8.7	33.0	50.3	26.7	7.7	15.9	10.7
1993	67.2	2.7	17.5	8.2	39.0	52.6	28.0	8.8	15.8	14.8
1994	69.8	2.9	16.5	8.4	42.2	56.1	30.4	9.7	16.0	13.8
1995	74.0	2.9	18.1	7.7	45.4	58.5	31.0	10.9	16.6	15.6
1996	75.2	2.9	17.6	7.6	47.1	59.2	30.7	13.1	15.3	16.1
1997	74.6	2.9	16.8	6.4	48.6	57.0	29.4	14.4	13.2	17.6
1998	72.9	2.8	15.6	5.5	49.1	53.5	27.3	16.2	10.0	19.4
1999	72.1	2.9	14.7	4.5	50.0	51.1	26.1	.	.	21.3

**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	57.3	46.2	4.7	6.3	0.3	11.5	45.8	4.8	17.5	18.3	21.7	56.3	1.7	1.1
1992	60.8	49.3	4.8	6.3	0.4	12.0	48.8	6.4	17.8	20.8	22.4	59.7	2.1	1.3
1993	67.2	54.9	5.3	6.6	0.6	11.9	55.4	6.7	18.6	23.9	24.8	65.6	2.7	1.7
1994	69.8	57.4	5.5	6.4	0.7	11.1	58.7	7.4	16.8	26.2	27.0	68.1	2.7	1.9
1995	74.0	61.3	5.7	6.3	0.8	10.6	63.4	6.8	17.7	26.0	30.4	72.2	2.6	1.9
1996	75.2	62.5	6.1	6.2	0.5	10.2	65.0	6.3	19.2	25.1	31.0	73.3	2.4	2.0
1997	74.6	61.9	6.3	5.9	0.6	8.8	65.8	5.9	18.6	25.1	30.9	72.6	2.4	2.0
1998	72.9	60.7	6.3	5.7	0.3	7.6	65.3	5.4	16.5	25.8	30.8	71.2	2.8	1.8
1999	72.1	60.0	6.2	5.5	0.3	6.9	65.1	4.9	14.4	26.4	31.3	70.2	-	1.9

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

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11
1996	130.9	59.8	68.2	57.1	74.3	122.1	6.2	75.2	69.1	62.7	57.1
1997	125.4	60.9	66.9	59.3	65.1	119.8	6.0	70.0	64.5	59.4	54.1
1998	119.6	60.7	65.1	59.7	55.0	116.2	6.4	66.6	64.0	55.7	48.7
1999	116.1	61.1	63.7	58.9	50.1	115.1	6.0	62.9	65.2	55.8	46.6

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

1) Data are partially estimated. Data for years up to 1995 are not directly comparable with data for recent years. 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	5.0	5.0	0.0	0.2	-0.2	0.1	1.2	-0.1	3.7	.	.	.	.
1992	6.6	5.6	0.3	0.7	0.0	0.1	1.5	0.8	4.2	4.7	3.1	0.7	1.8
1993	7.9	7.6	0.3	0.1	-0.1	0.2	1.3	-0.3	6.8	3.6	1.9	1.3	4.4
1994	5.8	5.1	0.2	0.7	-0.1	0.4	-0.1	0.6	5.0	6.1	3.8	1.3	-0.2
1995	7.6	5.6	0.2	2.2	-0.3	0.2	2.4	-0.3	5.3	5.2	2.2	1.7	2.4
1996	3.7	4.2	-0.2	0.1	-0.4	0.1	0.1	0.2	3.3	2.6	0.8	2.6	1.1
1997	2.2	2.3	0.2	-0.2	-0.1	0.0	-0.1	-0.9	3.2	0.1	-0.2	1.8	2.1
1998	1.5	1.8	-0.2	0.0	-0.1	0.1	-0.4	-0.7	2.6	-1.1	-0.9	2.4	2.6
1999	1.7	1.3	0.3	0.0	0.0	0.2	-0.4	-0.8	2.7	-0.6	-0.3	.	2.5

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

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment <sup>8)</sup>											Other <sup>10)</sup>
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Securities <sup>9)</sup>	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	5.0	-4.4	0.6	1.0	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.7
1992	6.6	-4.6	2.0	0.8	0.2	0.1	0.3	0.1	-0.1	0.2	0.3	0.3	0.7	0.2
1993	7.9	-5.5	2.4	1.4	1.0	0.2	0.4	-0.2	-0.2	0.2	0.3	0.3	0.1	0.6
1994	5.8	-5.0	0.8	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	-0.3
1995	7.6	-5.0	2.6	0.6	0.0	-0.1	0.5	0.1	-0.4	0.3	0.2	0.0	2.2	-0.4
1996	3.7	-4.3	-0.6	-0.1	-0.1	0.0	0.0	0.0	-0.3	0.2	-0.2	-0.2	0.1	-0.5
1997	2.2	-2.6	-0.4	-0.5	0.1	-0.1	-0.1	-0.4	-0.8	0.3	0.2	0.2	-0.2	0.1
1998	1.5	-2.1	-0.6	-0.3	0.2	0.0	0.0	-0.6	-0.8	0.3	-0.2	0.0	0.0	-0.1
1999	1.7	-1.3	0.4	-0.1	0.4	0.1	0.0	-0.6	-1.0	0.3	0.3	0.2	0.0	0.2

Source: ECB.

- 1) Data are partially estimated. Data for years up to 1995 are not directly comparable with data for recent years. 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 exchange rates 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) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 9) Excluding financial derivatives.
- 10) 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**

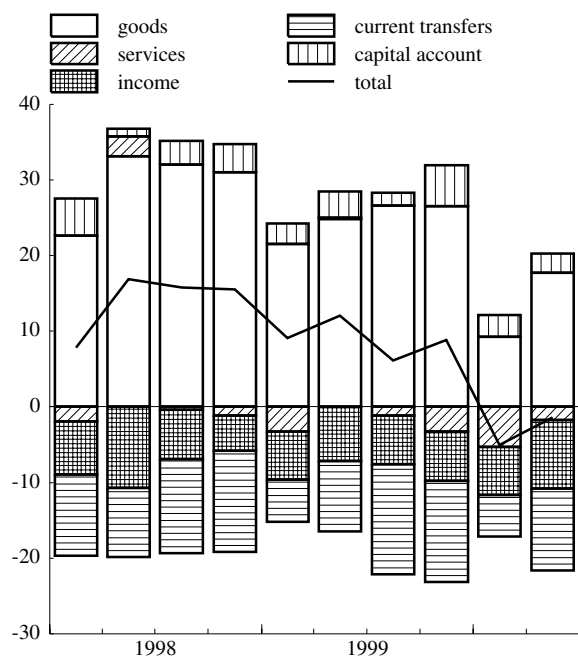
**Summary balance of payments <sup>1) 2)</sup>**

(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	76.2	124.8	7.1	-15.2	-40.5	13.1	.	-48.1	-22.8	.	.	.	.
1998	43.3	118.8	-0.9	-28.8	-45.8	12.7	-69.1	-102.6	-85.3	-8.2	118.5	8.5	13.1
1999	22.8	99.5	-7.5	-26.4	-42.8	13.3	-64.3	-138.8	-28.9	-1.0	90.8	13.7	28.2
1999 Q2	8.6	24.8	0.2	-7.1	-9.3	3.4	-28.3	-52.6	-7.0	-0.6	25.3	6.6	16.2
Q3	4.5	26.6	-1.1	-6.4	-14.6	1.7	-6.7	-23.3	29.8	1.5	-16.1	1.4	0.5
Q4	3.4	26.5	-3.3	-6.5	-13.4	5.5	3.8	-47.3	3.0	-0.5	48.5	0.2	-12.6
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	-3.9	17.7	-1.7	-9.0	-10.9	2.5	-3.8	-19.4	30.4	3.9	-23.6	4.9	5.2
1999 May	-1.5	5.9	0.7	-4.9	-3.2	1.4	-11.0	-19.1	-28.5	-3.9	37.0	3.5	11.1
June	5.4	11.0	-0.1	-2.3	-3.2	1.4	-12.2	-18.9	7.9	-0.1	-2.3	1.3	5.4
July	6.4	14.6	-0.1	-3.6	-4.5	0.7	-24.4	-9.8	-3.2	0.8	-11.5	-0.8	17.3
Aug.	1.3	6.5	-0.5	0.1	-4.8	0.6	27.2	-7.2	12.0	1.9	20.0	0.5	-29.0
Sep.	-3.2	5.6	-0.6	-2.9	-5.2	0.4	-9.5	-6.3	20.9	-1.2	-24.6	1.7	12.3
Oct.	2.2	10.5	-0.2	-3.9	-4.1	1.5	14.7	-7.3	-13.5	-1.8	37.2	0.1	-18.4
Nov.	1.6	8.4	-1.8	-0.7	-4.3	1.1	-4.5	-19.4	13.6	1.6	-1.0	0.6	1.8
Dec.	-0.5	7.7	-1.3	-1.9	-5.0	2.8	-6.3	-20.6	2.9	-0.3	12.2	-0.5	3.9
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.	-3.2	6.0	-1.2	-3.9	-4.0	1.5	5.0	-6.2	-7.9	2.1	16.8	0.2	-3.4
May	-0.6	5.0	-0.2	-2.8	-2.6	0.6	7.0	-10.7	-5.1	0.3	21.2	1.3	-7.0
June	-0.1	6.8	-0.3	-2.3	-4.3	0.4	-15.8	-2.5	43.3	1.5	-61.6	3.4	15.6
July	-2.2	8.4	0.6	-5.7	-5.5	0.5	7.0	-11.3	-5.9	-3.2	28.0	-0.5	-5.3

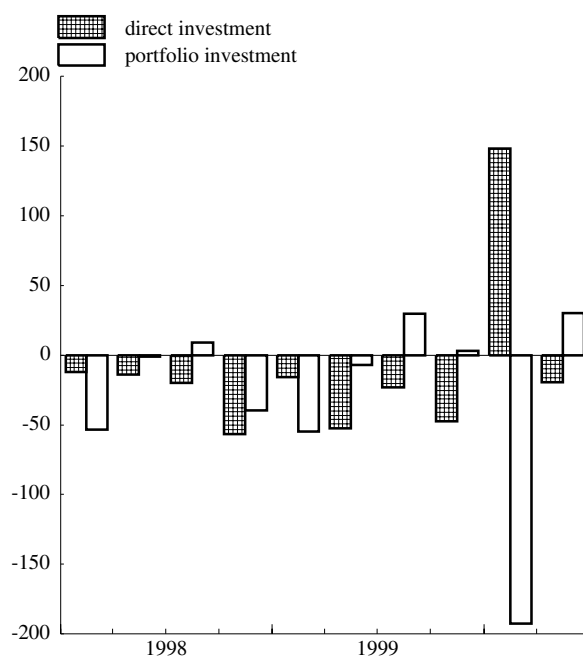
**Current and capital accounts**

(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	1,212.2	1,136.0	744.1	619.3	217.9	210.8	189.5	204.7	60.7	101.1	18.9	5.8
1998	1,264.0	1,220.6	772.4	653.6	232.0	232.8	198.5	227.3	61.1	106.9	17.8	5.1
1999	1,303.8	1,280.9	796.0	696.5	236.0	243.5	205.0	231.4	66.8	109.6	19.6	6.3
1999 Q2	325.2	316.6	193.1	168.2	59.3	59.1	58.0	65.1	14.8	24.2	4.6	1.2
Q3	323.2	318.7	199.9	173.2	62.5	63.6	47.9	54.4	12.9	27.5	3.1	1.5
Q4	354.7	351.3	223.4	196.9	63.6	66.8	52.5	59.0	15.3	28.6	7.5	2.0
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	380.8	384.7	238.3	220.5	64.9	66.6	62.4	71.4	15.3	26.2	4.0	1.5
1999 May	102.6	104.2	60.7	54.9	19.2	18.5	17.3	22.2	5.4	8.6	1.8	0.3
June	116.8	111.4	69.1	58.1	21.6	21.7	21.6	23.8	4.6	7.8	1.9	0.5
July	115.9	109.4	72.8	58.2	22.7	22.8	15.7	19.3	4.6	9.1	1.3	0.6
Aug.	98.3	97.0	58.8	52.3	19.1	19.6	16.2	16.1	4.2	9.0	1.0	0.4
Sep.	109.0	112.2	68.2	62.7	20.6	21.2	16.1	19.0	4.1	9.4	0.8	0.5
Oct.	115.7	113.5	74.0	63.5	20.9	21.1	15.9	19.8	4.9	9.1	2.0	0.5
Nov.	117.6	116.0	75.3	66.9	20.5	22.3	17.1	17.8	4.7	9.0	1.8	0.7
Dec.	121.3	121.8	74.1	66.4	22.2	23.4	19.5	21.4	5.6	10.6	3.7	0.8
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.	115.9	119.1	72.3	66.3	20.0	21.2	18.7	22.6	4.8	8.9	2.1	0.5
May	133.7	134.4	83.4	78.4	22.0	22.2	21.9	24.7	6.5	9.0	1.1	0.5
June	131.2	131.3	82.5	75.7	22.8	23.2	21.8	24.1	4.0	8.3	0.8	0.4
July	132.2	134.4	83.9	75.5	24.8	24.2	19.7	25.4	3.9	9.4	1.1	0.6

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	205.0	231.4	9.6	4.9	195.4	226.5	42.4	38.4	61.9	98.5	91.1	89.7
1999 Q1	46.6	53.0	2.3	0.9	44.4	52.1	7.8	8.8	13.6	21.7	23.0	21.6
Q2	58.0	65.1	2.3	1.3	55.7	63.8	12.7	8.1	17.4	31.4	25.5	24.3
Q3	47.9	54.4	2.3	1.4	45.6	53.0	9.5	9.8	15.7	22.4	20.4	20.7
Q4	52.5	59.0	2.7	1.3	49.7	57.6	12.4	11.6	15.2	23.0	22.2	23.0
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

	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	37.4	33.8	5.0	4.6	9.7	27.3	52.2	71.2	49.9	70.2	2.3	1.0
1999 Q1	6.9	8.0	0.9	0.9	1.6	3.7	12.0	18.0	11.6	17.3	0.5	0.7
Q2	11.5	7.0	1.2	1.1	3.3	12.8	14.1	18.6	13.5	18.1	0.6	0.5
Q3	8.2	8.6	1.3	1.2	2.4	4.9	13.3	17.5	12.7	17.7	0.6	-0.2
Q4	10.7	10.2	1.7	1.4	2.4	5.8	12.8	17.2	12.1	17.2	0.7	0.0
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	11.0	16.0	0.6	-0.1

*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	-93.4	.	.	45.3	.	.
1998	-183.0	.	.	80.4	.	.
1999	-212.9	.	.	74.1	.	.
1999 Q2	-76.9	.	.	24.3	.	.
Q3	-26.9	.	.	3.6	.	.
Q4	-72.7	-61.6	-11.2	25.4	8.0	17.4
2000 Q1	-63.3	-33.2	-30.1	211.3	191.3	20.0
Q2	-65.0	-36.1	-28.9	45.6	18.2	27.4
1999 May	-28.3	.	.	9.1	.	.
June	-25.3	.	.	6.4	.	.
July	-3.6	.	.	-6.2	.	.
Aug.	-12.8	.	.	5.6	.	.
Sep.	-10.5	.	.	4.3	.	.
Oct.	-15.2	-14.9	-0.3	7.8	1.1	6.7
Nov.	-22.4	-10.5	-11.8	3.0	2.5	0.4
Dec.	-35.2	-36.1	1.0	14.6	4.4	10.2
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.	-18.6	-8.5	-10.1	12.4	6.3	6.1
May	-35.6	-15.1	-20.5	24.9	8.9	16.0
June	-10.9	-12.5	1.7	8.4	3.1	5.4
July	-9.9	-21.2	11.3	-1.5	9.2	-10.7

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	-302.1	216.8	-98.7	98.3	-203.3	-187.1	-16.3	118.5	102.7	15.8
1999	-316.5	287.5	-153.7	97.7	-162.7	-149.0	-13.8	189.8	119.2	70.6
1999 Q2	-85.6	78.6	-40.9	31.3	-44.7	-52.5	7.8	47.3	33.7	13.7
Q3	-64.3	94.1	-37.2	27.1	-27.0	-21.0	-6.1	67.0	42.3	24.7
Q4	-101.2	104.2	-53.9	44.8	-47.3	-31.7	-15.7	59.4	40.4	19.1
2000 Q1	-153.9	-38.8	-116.9	-105.7	-37.0	-38.6	1.6	67.0	46.8	20.2
Q2	-88.5	118.9	-57.5	39.3	-31.0	-20.9	-10.2	79.6	51.0	28.5
1999 May	-37.9	9.4	-15.7	10.8	-22.2	-23.3	1.1	-1.4	-9.2	7.8
June	-25.5	33.4	-13.5	12.3	-12.0	-14.4	2.4	21.1	15.2	5.9
July	-22.0	18.8	-9.8	11.0	-12.2	-11.8	-0.3	7.8	0.4	7.4
Aug.	-22.8	34.8	-14.8	5.5	-8.0	-6.5	-1.5	29.3	21.8	7.5
Sep.	-19.5	40.4	-12.6	10.5	-6.9	-2.7	-4.2	29.9	20.1	9.8
Oct.	-24.2	10.8	-13.2	10.2	-11.1	-5.4	-5.6	0.6	1.5	-0.9
Nov.	-35.4	49.0	-18.3	16.1	-17.1	-12.2	-4.9	32.9	32.7	0.2
Dec.	-41.5	44.4	-22.4	18.5	-19.1	-14.0	-5.1	25.9	6.2	19.7
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.	-25.8	17.9	-18.2	-4.7	-7.6	-4.7	-2.8	22.6	13.9	8.7
May	-29.7	24.6	-18.0	4.1	-11.7	-8.6	-3.1	20.5	15.4	5.1
June	-33.0	76.3	-21.3	39.9	-11.8	-7.5	-4.2	36.5	21.8	14.7
July	-30.8	24.9	-22.2	7.7	-8.6	-7.1	-1.6	17.2	25.6	-8.4

**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	-2.0	3.3	-155.1	0.7	-1.6	-17.7	-130.4	0.6	-0.1	-8.0	-6.2
1999 Q1	0.1	-0.4	1.1	-22.5	0.1	-0.4	5.1	-48.6	1.4	-0.2	-1.1	0.0
Q2	0.0	-0.3	-3.0	-37.7	0.8	-0.3	-10.5	-42.5	0.5	-0.5	1.1	6.6
Q3	0.0	-0.5	6.1	-42.9	0.1	-0.6	-4.4	-16.1	-1.0	0.4	-1.0	-4.4
Q4	-0.1	-0.9	-1.0	-51.9	-0.3	-0.3	-7.8	-23.3	-0.3	0.1	-7.0	-8.4
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

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	-67.5	186.0	-0.7	3.5	-1.4	-7.7	-22.6	178.1	-34.2	34.8	11.6	143.3	-42.8	12.1
1999	-58.0	148.8	9.4	0.0	-0.7	-13.4	-24.8	137.4	-50.4	39.7	25.6	97.7	-41.9	24.7
1999 Q2	1.0	24.4	4.4	0.0	3.9	-2.9	8.2	19.4	-15.6	13.2	23.9	6.2	-15.6	7.8
Q3	-28.1	12.0	-0.3	0.0	-1.6	-2.4	-8.6	10.3	-14.3	8.1	5.7	2.2	-17.7	4.1
Q4	3.8	44.7	2.3	0.0	0.3	-3.9	-11.1	49.1	-6.5	11.3	-4.5	37.8	12.2	-0.5
2000 Q1	-84.0	175.3	-5.1	0.0	-6.0	-2.7	-30.0	163.1	-11.2	20.0	-18.8	143.1	-42.8	14.9
Q2	-11.3	-12.3	3.0	0.0	2.7	0.8	-11.8	-22.0	-4.1	6.6	-7.7	-28.6	-5.2	8.8
1999 May	-10.7	47.6	3.1	0.0	1.0	-0.9	-13.4	50.4	-3.9	6.1	-9.5	44.3	-1.4	-1.9
June	1.1	-3.5	0.9	0.0	3.0	-2.3	6.6	-10.1	-7.1	4.5	13.7	-14.6	-9.4	9.0
July	-14.2	2.7	0.8	0.0	-1.7	-1.2	-8.2	0.4	-2.1	3.7	-6.0	-3.2	-5.1	3.5
Aug.	-5.1	25.1	-1.5	0.0	0.2	-0.1	-2.6	26.3	-5.4	0.1	2.8	26.2	-1.2	-1.1
Sep.	-8.8	-15.8	0.5	0.0	-0.1	-1.1	2.2	-16.4	-6.8	4.3	9.0	-20.7	-11.4	1.7
Oct.	-16.8	53.9	0.3	0.0	-1.1	-1.1	-20.8	51.1	-3.1	3.5	-17.7	47.5	4.9	4.0
Nov.	-71.8	70.8	-1.7	0.0	1.1	-1.8	-68.5	71.6	1.0	-0.4	-69.4	72.0	-2.7	1.0
Dec.	92.3	-80.1	3.8	0.0	0.3	-1.0	78.2	-73.6	-4.4	8.2	82.5	-81.8	10.0	-5.5
2000 Jan.	-21.0	47.7	0.1	0.0	-2.9	-1.0	-2.6	43.4	-3.9	6.2	1.4	37.2	-15.6	5.3
Feb.	-31.9	34.8	-1.8	0.0	-2.7	-0.3	-17.4	26.4	-4.9	7.7	-12.5	18.7	-10.0	8.6
Mar.	-31.0	92.9	-3.5	0.0	-0.4	-1.4	-10.0	93.3	-2.3	6.1	-7.7	87.2	-17.2	1.0
Apr.	-26.0	42.8	3.1	0.0	0.9	0.5	-27.9	41.8	-5.2	4.9	-22.7	36.9	-2.1	0.5
May	-12.2	33.4	-2.4	0.0	0.8	0.7	-7.0	25.7	0.5	-1.7	-7.5	27.4	-3.6	7.0
June	26.8	-88.5	2.3	0.0	0.9	-0.4	23.1	-89.4	0.6	3.4	22.5	-92.9	0.5	1.4
July	9.2	18.8	-1.3	0.0	3.5	0.1	9.8	19.2	-1.9	6.8	11.7	12.4	-2.8	-0.5

**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	10.0	0.0	10.0	-0.7	0.0
1999 Q1	3.6	0.0	3.6	-0.7	0.0	-0.7
Q2	4.3	0.0	4.3	0.1	0.0	0.1
Q3	-0.3	0.0	-0.3	0.0	0.0	0.0
Q4	2.4	0.0	2.4	0.0	0.0	0.0
2000 Q1	-5.1	0.0	-5.1	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	-0.3	0.0	-0.4	1.5	-13.1	-11.6	-1.9	-0.2	-2.1
1999 Q1	-0.2	0.0	-0.2	-2.9	-4.1	-7.0	-0.3	-0.1	-0.4
Q2	-0.1	0.0	-0.1	5.7	-2.7	3.0	-1.8	-0.2	-2.0
Q3	-0.1	0.0	-0.1	-1.2	-2.5	-3.7	-0.3	0.1	-0.2
Q4	-0.1	0.0	-0.1	-0.1	-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

## 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	-25.9	137.0	111.2	1.1	0.4	1.5
1999 Q1	-17.1	61.3	44.2	3.7	-2.7	1.0
Q2	9.1	18.4	27.4	-0.8	1.1	0.2
Q3	-6.8	9.8	3.0	-1.8	0.5	-1.3
Q4	-11.1	47.6	36.6	0.0	1.5	1.5
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1

## 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	-13.4	2.7	-10.8	-5.7	14.5	8.8	-22.8	7.5	-15.3
1999 Q1	-3.5	4.1	0.6	-11.8	3.4	-8.4	-5.5	5.8	0.2
Q2	-6.2	-2.9	-9.1	1.4	9.6	11.1	-10.8	1.0	-9.7
Q3	-2.9	-0.1	-3.0	-11.9	2.7	-9.2	-2.9	1.5	-1.4
Q4	-0.7	1.5	0.8	16.6	-1.2	15.4	-3.7	-0.8	-4.4
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8

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

	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims
					Total	Currency and deposits		Securities			Financial derivatives	
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments		
	1	2	3	4	5	6	7	8	9	10	11	12
1999	13.7	0.3	1.0	3.0	9.5	3.2	0.8	0.2	7.8	-2.4	-0.1	0.0
1999 Q1	5.5	0.0	2.5	0.0	3.3	1.5	3.0	0.0	1.3	-2.5	0.0	-0.3
Q2	6.6	0.0	-1.1	0.8	6.8	-4.6	-2.4	0.0	11.0	2.8	0.0	0.1
Q3	1.4	0.0	0.2	1.9	-0.9	5.3	-2.7	0.2	-3.2	-0.5	0.0	0.2
Q4	0.2	0.3	-0.7	0.3	0.4	0.9	3.0	0.0	-1.3	-2.2	-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

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	42.2	114.4	129.9	-15.5	-599.6	-361.8	-237.8	-210.7	-27.0	-5.7	169.8	80.0	0.4	89.3	363.3
1998	-132.4	164.6	175.4	-10.8	-609.1	-475.5	-133.6	-125.5	-8.2	-3.6	-13.8	86.5	-172.2	71.9	329.4

Source: ECB.

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

## 2. Reserves and related assets of the Eurosystem <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	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1998 Dec.	<sup>2)</sup> 329.4	99.6	404.131	5.1	23.4	199.8	12.5	18.3	0.0	116.7	52.4	0.0	1.5	7.6
1999 Dec.	372.4	116.4	402.758	4.5	24.2	225.2	-	-	-	-	-	0.0	2.0	14.4
2000 Jan.	<sup>3)</sup> 378.1	116.2	401.639	4.3	24.4	231.4	-	-	-	-	-	0.2	1.9	14.7
Feb.	<sup>3)</sup> 383.2	121.1	400.503	4.4	23.9	231.9	-	-	-	-	-	0.2	2.0	16.1
Mar.	385.4	116.0	400.503	4.4	24.8	238.9	-	-	-	-	-	0.2	1.2	17.0
Apr.	399.7	121.3	400.503	4.3	22.7	249.8	-	-	-	-	-	0.2	1.7	18.1
May	388.9	117.2	400.503	4.5	21.1	244.6	-	-	-	-	-	0.2	1.4	19.1
June	385.8	120.8	400.503	4.5	20.5	238.3	-	-	-	-	-	0.1	1.7	18.6
July	<sup>3)</sup> 391.4	119.6	399.539	4.5	20.9	244.4	-	-	-	-	-	0.2	1.9	17.5
Aug.	402.6	124.3	399.539	4.8	20.9	251.9	-	-	-	-	-	0.2	0.8	17.3

## 3. Reserves and related assets of the European Central Bank <sup>4)</sup>

(EUR billions; end-of-period positions)

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	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1999 Dec.	49.3	6.9	24.030	0.0	0.0	41.0	-	-	-	-	-	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	-	-	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	-	-	-	-	-	0.0	1.3	4.2
Mar.	49.8	7.0	24.030	0.0	0.0	42.0	-	-	-	-	-	0.0	0.9	4.3
Apr.	52.8	7.3	24.030	0.0	0.0	44.3	-	-	-	-	-	0.0	1.2	4.3
May	50.1	7.0	24.030	0.0	0.0	42.1	-	-	-	-	-	0.0	0.9	4.5
June	50.6	7.2	24.030	0.0	0.0	42.2	-	-	-	-	-	0.0	1.2	4.1
July	51.0	7.2	24.030	0.0	0.0	42.9	-	-	-	-	-	0.0	1.0	4.1
Aug.	55.0	7.5	24.030	0.0	0.0	46.8	-	-	-	-	-	0.0	0.8	4.1

Source: ECB.

1) The figures are not fully comparable with those in Table 1.1 owing to differences in coverage and valuation.

2) Position as at 1 January 1999.

3) 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.

4) 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
	1	2	3	4	5	6	7	8	9	10	11
1996	669.7	49.2	14.2	13.1	85.5	195.5	295.9	16.3	107.6	104.7	102.8
1997	762.8	52.8	16.3	14.4	99.0	216.6	342.8	20.9	122.5	115.9	105.7
1998	796.3	56.1	15.8	12.6	104.4	221.7	371.1	14.7	127.9	120.0	106.6
1999	829.9	55.3	16.3	13.5	113.6	224.2	383.1	23.9	133.3	122.3	109.0
1997 Q1	170.7	12.0	3.8	3.7	22.6	48.9	74.7	5.0	109.7	104.2	105.3
Q2	191.8	13.4	4.1	3.6	25.1	53.9	86.4	5.3	123.3	117.3	105.1
Q3	193.5	13.0	4.2	3.4	25.6	55.6	86.5	5.1	124.3	116.6	106.6
Q4	206.8	14.4	4.2	3.7	25.6	58.2	95.1	5.5	132.9	125.7	105.7
1998 Q1	194.5	13.8	4.2	3.4	26.7	54.7	88.0	3.7	125.0	115.9	107.8
Q2	204.5	14.6	3.9	3.3	27.0	56.6	95.5	3.7	131.4	123.1	106.8
Q3	195.9	13.5	3.9	3.0	25.8	55.3	91.0	3.6	125.9	118.2	106.5
Q4	201.4	14.2	3.8	2.9	25.0	55.1	96.7	3.7	129.4	122.8	105.4
1999 Q1	187.7	12.3	3.8	2.6	25.8	51.0	86.4	5.7	120.6	112.5	107.2
Q2	202.9	13.5	3.9	3.1	27.9	54.9	93.9	5.8	130.4	119.8	108.9
Q3	209.4	13.9	4.1	3.8	29.6	56.7	95.4	6.1	134.6	122.9	109.5
Q4	229.8	15.6	4.5	4.0	30.4	61.7	107.4	6.4	147.7	134.2	110.1
2000 Q1	229.6	13.7	4.8	4.8	32.5	62.1	105.2	6.5	147.6	128.8	114.6
Q2	245.5	14.7	5.1	5.1	34.1	64.8	115.1	6.6	157.7	135.4	116.5
1998 Jan.	58.6	4.3	1.3	1.2	8.4	16.3	26.0	1.2	112.9	104.8	107.7
Feb.	63.8	4.5	1.4	1.0	8.6	18.1	28.9	1.2	123.0	114.1	107.8
Mar.	72.1	5.0	1.5	1.2	9.6	20.3	33.1	1.3	139.0	128.7	108.0
Apr.	68.2	4.9	1.3	1.1	9.2	19.0	31.3	1.3	131.4	122.9	106.9
May	65.9	4.8	1.3	1.1	8.7	18.3	30.7	1.2	127.1	118.9	106.9
June	70.5	4.9	1.3	1.1	9.1	19.3	33.5	1.2	135.9	127.3	106.7
July	73.0	4.8	1.3	1.1	9.3	21.1	34.2	1.2	140.8	131.7	106.9
Aug.	56.7	4.2	1.2	1.0	7.7	15.6	25.9	1.1	109.3	103.2	105.9
Sep.	66.2	4.5	1.3	0.9	8.8	18.5	30.9	1.3	127.6	119.7	106.6
Oct.	69.0	4.8	1.3	1.0	8.6	19.6	32.5	1.2	133.1	125.8	105.8
Nov.	67.1	4.8	1.3	1.0	8.1	18.2	32.5	1.3	129.3	123.3	104.8
Dec.	65.3	4.6	1.2	0.9	8.2	17.3	31.7	1.2	125.8	119.3	105.5
1999 Jan.	54.4	3.7	1.1	0.8	7.7	14.7	24.9	1.5	104.9	98.2	106.8
Feb.	60.1	4.0	1.2	0.8	8.3	16.5	27.3	2.1	115.8	108.4	106.9
Mar.	73.2	4.7	1.4	1.0	9.8	19.9	34.3	2.1	141.0	130.7	107.9
Apr.	65.8	4.3	1.3	1.0	9.1	17.7	30.5	1.7	126.8	116.4	108.9
May	63.7	4.5	1.3	1.0	9.0	17.3	28.8	1.8	122.7	113.1	108.5
June	73.5	4.6	1.3	1.1	9.8	19.8	34.5	2.2	141.7	129.6	109.3
July	76.3	4.6	1.4	1.2	10.3	20.8	35.7	2.4	147.2	133.1	110.6
Aug.	60.9	4.2	1.3	1.1	9.2	16.1	27.2	1.8	117.4	106.7	110.0
Sep.	72.2	5.1	1.4	1.5	10.1	19.8	32.5	1.9	139.2	128.9	108.0
Oct.	77.1	5.2	1.4	1.4	10.1	20.8	36.1	2.1	148.6	135.2	109.9
Nov.	77.2	5.3	1.5	1.2	10.6	20.7	35.8	2.0	148.9	136.7	108.9
Dec.	75.6	5.1	1.6	1.4	9.6	20.1	35.5	2.2	145.7	130.8	111.4
2000 Jan.	66.0	4.0	1.4	1.5	9.4	17.6	30.1	2.0	127.2	111.8	113.8
Feb.	75.2	4.5	1.6	1.6	10.8	20.8	33.9	2.1	145.1	125.6	115.5
Mar.	88.4	5.2	1.8	1.7	12.3	23.7	41.2	2.4	170.4	148.8	114.5
Apr.	73.1	4.4	1.6	1.6	10.3	19.4	33.9	1.9	140.8	121.5	115.9
May	87.7	5.3	1.9	1.9	12.0	23.1	41.1	2.4	169.0	145.1	116.5
June	84.7	5.0	1.6	1.7	11.8	22.2	40.1	2.3	163.4	139.6	117.0
July	83.9	.	.	.	.	.	.	.	161.8	.	.

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
1996	593.9	46.6	36.5	71.6	54.1	167.0	193.6	24.6	105.5	102.9	102.6
1997	674.2	49.7	41.3	81.2	62.0	188.1	228.8	23.1	119.8	110.3	108.6
1998	711.0	55.1	41.3	58.5	68.0	202.0	270.1	16.1	126.3	123.0	102.7
1999	776.1	51.8	39.2	77.5	70.6	209.3	304.2	23.6	137.9	129.8	106.3
1997 Q1	159.1	11.4	9.7	21.2	14.7	44.6	51.8	5.8	113.1	106.0	106.7
Q2	168.0	12.6	11.0	18.6	16.0	46.5	57.5	5.7	119.4	111.4	107.2
Q3	166.6	12.2	10.0	20.0	15.2	48.9	55.6	4.7	118.5	106.9	110.8
Q4	180.4	13.5	10.6	21.4	16.1	48.2	63.8	6.8	128.2	117.0	109.6
1998 Q1	179.9	13.7	10.9	16.4	17.7	51.6	65.3	4.3	127.9	119.2	107.3
Q2	179.2	13.7	11.1	15.1	17.3	50.4	67.2	4.3	127.4	121.6	104.7
Q3	171.1	13.4	9.7	13.8	16.4	50.8	63.4	3.6	121.6	119.5	101.8
Q4	180.8	14.3	9.6	13.2	16.5	49.2	74.1	3.9	128.5	131.9	97.4
1999 Q1	178.5	12.3	9.2	13.8	16.9	49.9	71.0	5.5	126.9	128.3	98.9
Q2	188.6	12.8	10.1	16.8	17.6	50.4	75.1	5.8	134.0	129.1	103.8
Q3	193.2	12.7	9.5	21.2	17.1	54.0	72.9	5.7	137.3	125.5	109.4
Q4	215.9	14.0	10.4	25.8	19.0	55.0	85.2	6.6	153.5	136.4	112.5
2000 Q1	231.0	12.5	11.3	31.7	20.0	60.6	87.4	7.5	164.2	136.3	120.5
Q2	243.2	13.7	12.5	32.0	21.3	62.1	94.0	7.7	172.9	137.9	125.4
1998 Jan.	57.7	4.5	3.5	5.7	5.6	16.6	20.4	1.4	123.0	114.3	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	24.1	1.3	137.1	128.6	106.6
Apr.	60.1	4.8	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	115.7	104.9
June	62.1	4.6	3.9	4.7	6.0	17.8	23.4	1.8	132.5	127.8	103.7
July	59.3	4.7	3.6	4.7	6.0	17.8	21.2	1.3	126.4	123.6	102.2
Aug.	50.1	4.1	2.8	4.4	4.7	15.0	18.1	1.0	106.9	105.7	101.1
Sep.	61.8	4.6	3.3	4.7	5.8	17.9	24.1	1.4	131.7	129.2	101.9
Oct.	62.5	4.8	3.3	4.7	5.8	17.4	25.1	1.4	133.2	133.9	99.5
Nov.	59.7	4.6	3.1	4.2	5.4	16.2	24.9	1.3	127.3	131.8	96.6
Dec.	58.6	5.0	3.1	4.3	5.3	15.7	24.2	1.2	125.0	130.2	96.0
1999 Jan.	54.8	3.8	3.0	4.6	5.1	15.4	21.3	1.7	116.9	119.1	98.2
Feb.	56.2	3.8	2.9	4.2	5.4	16.1	21.9	1.9	119.8	121.6	98.5
Mar.	67.5	4.6	3.3	5.0	6.4	18.5	27.8	1.9	143.9	144.1	99.9
Apr.	61.3	4.2	3.3	5.6	5.7	15.9	24.6	1.9	130.7	127.7	102.4
May	62.1	4.2	3.3	5.7	5.7	16.4	24.9	1.8	132.5	126.7	104.6
June	65.1	4.4	3.5	5.4	6.1	18.1	25.6	2.0	138.9	132.8	104.6
July	64.2	4.3	3.4	6.7	5.7	18.3	24.0	1.9	137.0	126.8	108.0
Aug.	58.3	4.0	2.7	7.0	5.1	16.2	21.6	1.7	124.4	113.1	110.0
Sep.	70.6	4.4	3.4	7.6	6.3	19.5	27.3	2.1	150.6	136.6	110.2
Oct.	69.8	4.5	3.3	7.9	6.3	18.5	27.0	2.3	148.8	133.7	111.3
Nov.	73.7	4.7	3.6	8.4	6.6	18.6	29.5	2.3	157.1	141.8	110.8
Dec.	72.5	4.8	3.4	9.5	6.1	17.9	28.7	2.1	154.6	133.9	115.4
2000 Jan.	71.0	4.0	3.5	10.3	5.8	18.5	26.5	2.4	151.3	127.8	118.4
Feb.	75.4	4.0	3.6	10.3	6.8	20.1	28.2	2.5	160.8	133.6	120.4
Mar.	84.6	4.5	4.2	11.1	7.5	22.0	32.7	2.6	180.4	147.3	122.5
Apr.	72.8	4.2	3.7	9.5	6.5	18.3	28.3	2.3	155.2	127.4	121.8
May	87.6	5.0	4.7	11.2	7.4	22.7	33.8	2.8	186.9	147.9	126.4
June	82.8	4.5	4.1	11.2	7.3	21.1	32.0	2.6	176.6	138.4	127.6
July	79.0	.	.	.	.	.	.	.	168.5	.	.

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). 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
1996	75.8	2.7	-22.3	-58.5	31.4	28.5	102.3	-8.3
1997	88.6	3.2	-25.0	-66.8	37.0	28.5	114.0	-2.2
1998	85.3	1.0	-25.5	-45.9	36.4	19.7	101.0	-1.4
1999	53.7	3.5	-22.9	-64.1	43.0	14.9	78.9	0.3
1997 Q1	11.6	0.6	-5.8	-17.5	7.9	4.3	22.8	-0.8
Q2	23.8	0.7	-6.9	-15.0	9.1	7.4	28.9	-0.4
Q3	26.8	0.9	-5.9	-16.6	10.4	6.8	30.9	0.3
Q4	26.3	1.0	-6.4	-17.7	9.5	10.0	31.3	-1.3
1998 Q1	14.6	0.1	-6.7	-13.0	9.0	3.2	22.7	-0.7
Q2	25.4	0.9	-7.2	-11.7	9.6	6.1	28.2	-0.6
Q3	24.8	0.1	-5.8	-10.9	9.3	4.5	27.6	0.0
Q4	20.6	-0.1	-5.7	-10.3	8.5	5.9	22.6	-0.2
1999 Q1	9.2	0.1	-5.4	-11.2	8.9	1.1	15.5	0.2
Q2	14.4	0.7	-6.2	-13.7	10.3	4.5	18.8	0.0
Q3	16.3	1.1	-5.4	-17.4	12.5	2.6	22.5	0.3
Q4	13.9	1.6	-5.9	-21.8	11.3	6.7	22.2	-0.2
2000 Q1	-1.4	1.2	-6.6	-26.9	12.4	1.6	17.9	-0.9
Q2	2.2	1.0	-7.4	-26.8	12.8	2.7	21.0	-1.2
1998 Jan.	0.9	-0.2	-2.2	-4.6	2.8	-0.3	5.6	-0.2
Feb.	5.9	0.3	-2.2	-4.3	3.1	1.4	8.1	-0.4
Mar.	7.8	0.1	-2.3	-4.1	3.1	2.0	9.0	0.0
Apr.	8.0	0.1	-2.4	-4.1	3.4	2.2	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	0.0	-2.2	-3.6	3.3	3.3	13.0	0.0
Aug.	6.6	0.1	-1.6	-3.5	3.0	0.6	7.7	0.1
Sep.	4.4	-0.1	-2.0	-3.8	3.0	0.5	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	7.7	0.0
Dec.	6.6	-0.3	-1.9	-3.3	2.9	1.7	7.5	0.1
1999 Jan.	-0.4	-0.1	-1.8	-3.8	2.6	-0.7	3.6	-0.2
Feb.	3.9	0.1	-1.7	-3.3	2.9	0.4	5.4	0.2
Mar.	5.7	0.1	-1.9	-4.0	3.4	1.4	6.5	0.2
Apr.	4.5	0.2	-2.0	-4.6	3.4	1.8	5.9	-0.2
May	1.5	0.3	-2.1	-4.8	3.2	0.9	3.9	0.0
June	8.4	0.3	-2.1	-4.3	3.7	1.8	8.9	0.2
July	12.1	0.2	-2.0	-5.5	4.7	2.5	11.7	0.5
Aug.	2.6	0.2	-1.4	-5.8	4.0	-0.2	5.6	0.1
Sep.	1.6	0.7	-2.0	-6.1	3.8	0.3	5.1	-0.2
Oct.	7.3	0.8	-1.9	-6.5	3.8	2.3	9.0	-0.1
Nov.	3.6	0.6	-2.1	-7.2	4.1	2.2	6.4	-0.2
Dec.	3.1	0.2	-1.9	-8.1	3.5	2.3	6.8	0.1
2000 Jan.	-5.0	0.0	-2.2	-8.8	3.6	-0.9	3.6	-0.3
Feb.	-0.2	0.5	-2.0	-8.6	4.0	0.7	5.7	-0.4
Mar.	3.8	0.6	-2.4	-9.4	4.8	1.7	8.6	-0.2
Apr.	0.3	0.2	-2.1	-7.9	3.7	1.1	5.6	-0.5
May	0.0	0.3	-2.8	-9.4	4.6	0.4	7.3	-0.4
June	1.9	0.5	-2.5	-9.5	4.5	1.2	8.1	-0.3
July	4.9	.	.	.	.	.	.	.

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	112.3	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.1	100.9	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.5	99.6	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	95.4	96.6	95.8	1.066	121.3	1.600	0.659
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	96.1	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.5	94.0	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	91.4	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.7	89.6	87.9	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	86.9	85.6	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.1	84.4	87.3	85.2	0.905	97.4	1.544	0.612
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	96.9	-	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	94.6	-	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	90.1	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.8	-	92.4	90.8	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	89.8	-	91.2	89.5	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.3	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	86.8	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.5	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.3	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	88.0	88.0	-	89.4	87.6	0.940	101.4	1.551	0.623
Aug.	84.6	85.6	86.0	-	87.0	85.0	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.4	-	85.3	82.9	0.872	93.1	1.531	0.608
% ch. vs. <sup>4)</sup> prev. month										
2000 Sep.	-2.1	-2.3	-1.9	-	-2.0	-2.5	-3.5	-4.8	-1.3	0.1
% ch. vs. <sup>4)</sup> prev. year										
2000 Sep.	-11.5	-10.6	-9.6	-	-10.4	-11.7	-16.9	-17.2	-4.4	-6.0

Source: ECB.

1) ECB calculations; 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. The narrow group is composed of the countries whose currencies are shown in the table. 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.

2) To December 1998, rates for the ECU (source BIS); from January 1999, rates for the euro.

3) As the ECB does not provide official reference rates for these currencies, indicative rates are shown.

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.

Bilateral ECU or euro exchange rates <sup>2)</sup>									
Swedish krona	Danish krone	Greek drachma	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	19	
8.51	7.36	305.5	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	309.3	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	330.7	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	325.8	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.98	7.44	322.7	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	325.0	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	326.1	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	329.2	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	332.7	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	336.2	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	337.6	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
9.08	7.44	323.6	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	322.0	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	322.5	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	325.5	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	325.2	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	324.2	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	325.0	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	326.4	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	327.0	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	329.2	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	328.7	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	329.7	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	331.1	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	333.2	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	333.9	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	335.2	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	336.6	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	336.6	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	336.9	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	337.3	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	338.6	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
0.3	0.1	0.4	-0.9	-3.4	1.1	-3.6	-3.4	-2.5	% ch. vs. <sup>4)</sup> prev. month 2000 Sep.
-2.5	0.4	3.5	-2.4	-16.6	-2.7	-16.6	-22.8	-14.8	% ch. vs. <sup>4)</sup> prev. year 2000 Sep.

## 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
<b>Denmark</b>												
1997	1.9	0.5	61.4	6.26	7.48	0.6	1.4	3.1	5.3	5.6	4.7	3.73
1998	1.3	1.2	55.8	4.94	7.50	-1.1	2.6	2.5	2.2	5.2	4.6	4.27
1999	2.1	2.8	52.6	4.91	7.44	1.5	3.4	1.7	1.8	5.2	4.2	3.44
1999 Q3	2.3	-	-	5.35	7.44	1.8	3.2	1.4	-0.4	5.2	3.4	3.19
Q4	2.8	-	-	5.57	7.44	0.8	0.2	2.5	4.4	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	1.3	2.5	2.6	3.1	4.9	2.2	3.95
Q2	2.9	-	-	5.67	7.46	0.8	2.3	3.6	7.2	4.8	1.3	4.73
Q3	.	-	-	5.69	7.46	.	.	.	.	.	.	5.84
2000 Mar.	3.0	-	-	5.65	7.45	-	-	-	-0.2	4.8	3.9	4.18
Apr.	2.9	-	-	5.57	7.45	-	-	-	12.5	4.7	-0.9	4.32
May	2.8	-	-	5.77	7.46	-	-	-	10.8	4.8	1.5	4.70
June	2.9	-	-	5.67	7.46	-	-	-	-0.6	4.9	3.3	5.14
July	2.8	-	-	5.76	7.46	-	-	-	.	4.9	0.5	5.78
Aug.	2.2	-	-	5.64	7.46	-	-	-	.	4.8	2.5	5.66
Sep.	.	-	-	5.66	7.46	-	-	-	.	.	.	6.10
<b>Greece</b>												
1997	5.4	-4.6	108.3	9.92	309.3	-4.1	8.4	3.4	1.8	7.9	11.8	12.48
1998	4.5	-3.2	105.5	8.48	330.7	-3.1	5.5	3.7	8.3	10.0	10.2	13.53
1999	2.1	-1.8	104.6	6.30	325.8	-4.1	2.5	3.5	3.4	.	7.6	10.08
1999 Q3	1.4	-	-	6.56	326.1	-	-	-	4.7	.	6.6	9.86
Q4	2.0	-	-	6.68	329.2	-	-	-	0.0	.	6.3	10.13
2000 Q1	2.6	-	-	6.44	332.7	-	-	-	7.8	.	5.1	8.71
Q2	2.3	-	-	6.11	336.2	-	-	-	5.5	.	8.9	8.33
Q3	.	-	-	6.06	337.6	-	-	-	.	.	.	7.93
2000 Mar.	2.8	-	-	6.24	333.9	-	-	-	10.5	.	5.1	8.69
Apr.	2.1	-	-	6.09	335.2	-	-	-	7.2	.	9.5	8.48
May	2.6	-	-	6.18	336.6	-	-	-	6.9	.	8.0	8.30
June	2.2	-	-	6.06	336.6	-	-	-	2.8	.	9.3	8.22
July	2.6	-	-	6.08	336.9	-	-	-	.	.	9.5	8.02
Aug.	2.9	-	-	6.04	337.3	-	-	-	.	.	.	7.92
Sep.	.	-	-	6.05	338.6	-	-	-	.	.	.	7.73
<b>Sweden</b>												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.4	2.0	7.1	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.3	1.6	3.0	4.1	8.3	3.5	4.36
1999	0.6	1.9	65.7	4.98	8.81	1.6	0.1	3.8	1.0	7.2	6.8	3.32
1999 Q3	0.7	-	-	5.48	8.71	2.8	0.3	3.8	-0.7	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.8	-0.8	3.8	3.0	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	3.5	6.7	4.0	6.2	6.5	8.7	3.99
Q2	1.2	-	-	5.30	8.28	1.4	5.2	3.9	10.4	6.1	9.1	4.09
Q3	.	-	-	5.29	8.40	.	.	.	.	.	.	4.14
2000 Mar.	1.4	-	-	5.51	8.39	-	-	-	7.4	6.4	8.4	4.16
Apr.	1.0	-	-	5.42	8.27	-	-	-	13.2	6.1	9.9	4.14
May	1.3	-	-	5.34	8.24	-	-	-	6.4	6.0	11.2	4.10
June	1.4	-	-	5.13	8.32	-	-	-	11.6	6.1	6.1	4.05
July	1.3	-	-	5.31	8.41	-	-	-	.	5.6	5.9	4.21
Aug.	1.4	-	-	5.31	8.39	-	-	-	.	5.9	.	4.13
Sep.	.	-	-	5.26	8.41	-	-	-	.	.	.	4.08
<b>United Kingdom</b>												
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	48.0	5.60	0.676	0.0	2.9	2.6	0.8	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-1.1	3.6	2.2	0.6	6.1	5.3	5.54
1999 Q3	1.2	1.4	45.7	5.39	0.655	-1.8	3.4	2.3	1.8	6.0	3.5	5.28
Q4	1.2	1.5	45.4	5.46	0.636	-0.3	3.0	2.9	2.2	5.9	3.6	5.98
2000 Q1	0.8	6.9	43.6	5.60	0.614	-1.8	2.9	3.0	2.0	5.8	3.8	6.20
Q2	0.6	-2.0	43.9	5.31	0.610	.	.	3.2	1.8	5.5	5.6	6.28
Q3	.	.	.	5.31	0.612	.	.	.	.	.	.	6.21
2000 Mar.	0.7	2.1	43.6	5.34	0.611	-	-	-	3.1	5.7	5.3	6.23
Apr.	0.6	-0.2	43.5	5.30	0.598	-	-	-	1.2	5.7	5.0	6.30
May	0.5	-2.9	43.2	5.41	0.602	-	-	-	1.7	5.5	5.1	6.30
June	0.8	-3.0	43.9	5.21	0.629	-	-	-	2.4	5.4	6.6	6.23
July	1.0	8.1	43.5	5.24	0.623	-	-	-	-1.0	.	6.8	6.19
Aug.	0.6	-1.7	44.0	5.32	0.607	-	-	-	.	.	.	6.22
Sep.	.	.	.	5.38	0.608	-	-	-	.	.	.	6.21

Sources: Eurostat (columns 1, 8, 9 and 10 (except Greece)); 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), 10 (Greece) and 11); ECB calculation (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' contribution to social security.

4) Total excluding construction; adjusted for working days.

5) Average of end-month values;

M3; M4 for Greece and the United Kingdom.

# 12 Economic and financial developments outside the EU

**Table 12.1**

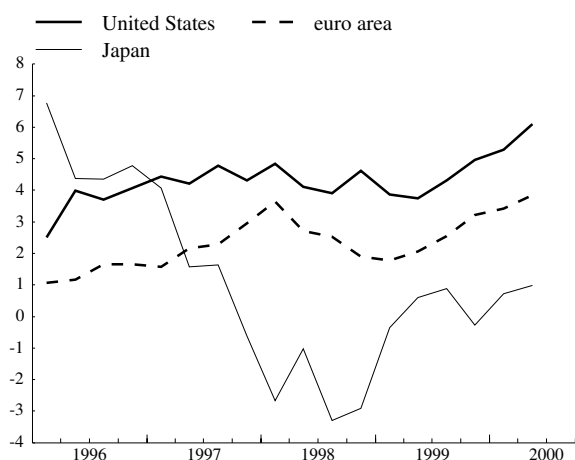
**Economic and financial developments**

(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											
1996	2.9	-2.3	3.6	4.7	5.4	4.8	5.51	6.54	1.270	-2.2	58.8
1997	2.3	0.0	4.4	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.4	4.9	4.5	7.4	5.57	5.33	1.121	0.3	53.3
1999	2.2	-1.7	4.2	4.2	4.2	7.5	5.42	5.64	1.066	1.0	50.3
1999 Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	0.9	51.2
Q3	2.3	-0.8	4.3	4.4	4.2	7.5	5.44	5.88	1.049	1.2	50.4
Q4	2.6	-3.1	5.0	4.8	4.1	6.1	6.14	6.13	1.038	1.3	50.3
2000 Q1	3.2	-3.7	5.3	5.9	4.1	5.8	6.11	6.48	0.986	2.0	49.3
Q2	3.2	-4.4	6.1	6.6	4.0	5.8	6.63	6.18	0.933	2.0	46.4
Q3	.	.	.	.	.	.	6.70	5.89	0.905	.	.
2000 Apr.	3.0	-	-	6.5	3.9	6.4	6.31	6.00	0.947	-	-
May	3.1	-	-	6.6	4.1	5.6	6.75	6.42	0.906	-	-
June	3.7	-	-	6.8	4.0	5.5	6.79	6.10	0.949	-	-
July	3.5	-	-	6.5	4.0	5.4	6.73	6.04	0.940	-	-
Aug.	3.4	-	-	6.2	4.1	5.6	6.69	5.83	0.904	-	-
Sep.	.	-	-	.	.	.	6.67	5.80	0.872	-	-
Japan											
1996	0.1	-1.9	5.1	2.3	3.4	3.3	0.57	3.03	138.1	-2.9	-
1997	1.7	-2.2	1.6	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	-
1998	0.6	6.3	-2.5	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	-
1999	-0.3	-2.5	0.2	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	-
1999 Q2	-0.3	-1.7	0.6	-0.6	4.7	4.1	0.12	1.53	127.7	-	-
Q3	0.0	-5.0	0.9	3.1	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-5.9	-0.3	4.8	4.6	3.0	0.29	1.77	108.4	-	-
2000 Q1	-0.7	-7.0	0.7	6.2	4.8	2.2	0.14	1.79	105.5	-	-
Q2	-0.7	.	1.0	7.1	4.7	2.3	0.12	1.72	99.6	-	-
Q3	.	.	.	.	.	.	0.32	1.79	97.4	-	-
2000 Apr.	-0.8	-6.5	-	6.4	4.8	2.9	0.12	1.75	99.9	-	-
May	-0.7	-7.7	-	7.5	4.6	2.2	0.10	1.71	98.1	-	-
June	-0.7	.	-	7.3	4.7	1.9	0.13	1.69	100.7	-	-
July	-0.5	.	-	4.2	4.7	2.0	0.22	1.72	101.4	-	-
Aug.	-0.8	.	-	8.2	4.6	1.7	0.32	1.77	97.8	-	-
Sep.	.	.	-	.	.	.	0.41	1.88	93.1	-	-

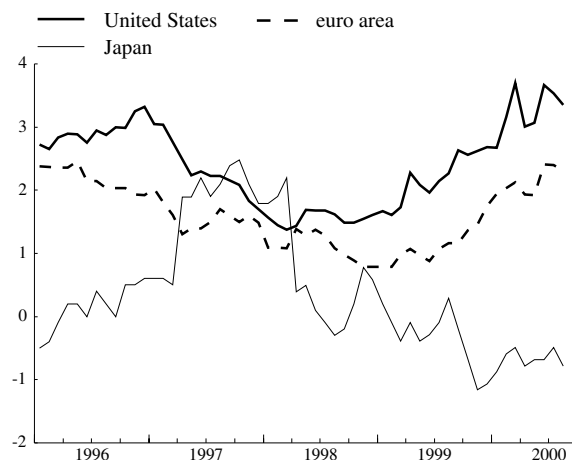
**Real gross domestic product**

(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.

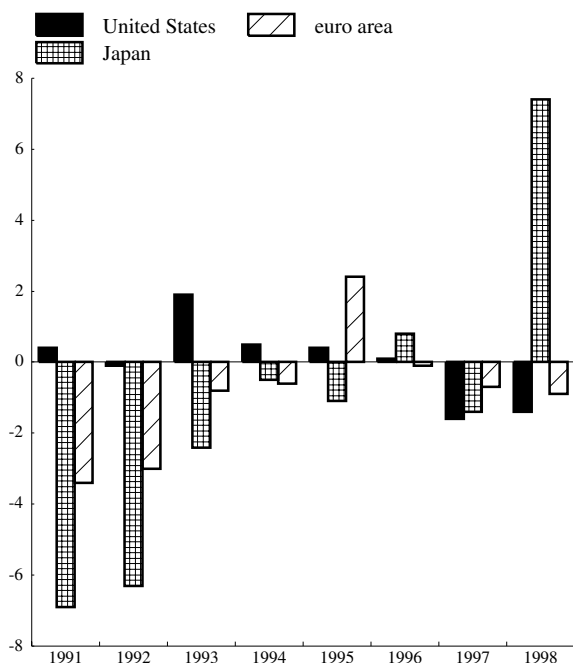
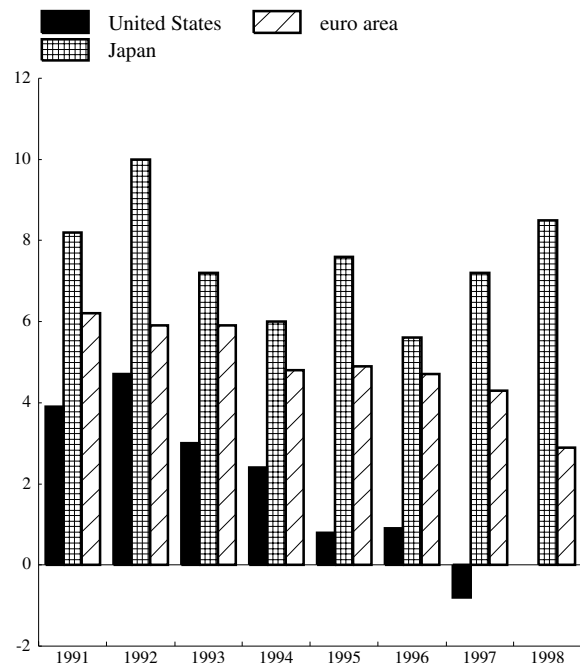
5) Japan: the 1998 deficit includes a large debt assumption; financial accounts sources for 1999.

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													
1996	17.3	19.1	-1.4	8.8	8.4	5.2	8.7	5.1	1.1	11.8	5.7	13.0	4.8
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	1.9	11.6	3.7	12.3	4.6
1998	18.8	20.8	-2.3	9.6	8.8	3.9	8.5	5.4	1.7	12.0	5.8	12.5	5.8
1999	18.5	21.1	-3.4	9.8	9.3	7.0	8.7	8.5	3.6	12.6	5.3	11.4	6.7
1998 Q3	19.0	20.8	-2.5	9.7	8.8	4.4	8.5	5.8	0.6	12.0	3.7	12.4	5.3
Q4	18.6	20.9	-2.6	9.7	9.0	1.6	8.4	3.3	-1.0	12.3	4.3	12.4	6.0
1999 Q1	18.8	21.0	-2.7	9.6	9.1	8.3	8.7	9.7	6.3	12.4	4.5	11.9	6.5
Q2	18.4	21.2	-3.2	9.6	9.5	8.0	8.7	9.4	0.4	12.7	5.7	11.6	6.8
Q3	18.4	21.1	-3.6	9.8	9.3	6.9	8.6	8.4	3.6	12.6	5.1	11.1	6.4
Q4	18.3	21.4	-3.9	10.0	9.3	4.9	8.7	6.6	4.2	12.6	5.8	10.9	7.0
2000 Q1	18.2	21.4	-4.0	9.9	9.6	8.8	8.9	10.3	5.8	12.8	4.7	10.1	8.2
Q2	18.4	22.0	-4.2	10.4	9.7	4.2	9.0	6.0	3.7	12.5	4.1	9.9	5.6
Japan													
1996	31.3	29.8	1.4	16.1	15.6	1.7	15.1	0.3	1.0	6.7	6.4	13.3	1.1
1997	31.2	28.7	2.6	16.6	16.1	3.3	13.7	1.2	0.1	5.4	7.1	13.4	0.7
1998	29.3	26.4	3.1	14.5	14.6	-6.6	15.1	-9.4	-1.5	5.0	5.6	13.7	-0.4
1999	.	26.0	.	.	.	2.6	.	-2.4	1.4	.	6.8	.	-0.5
1998 Q3	.	26.9	.	.	.	3.3	.	-0.9	1.5	.	4.4	.	2.0
Q4	.	26.9	.	.	.	13.4	.	-6.9	-7.0	.	11.3	.	-0.8
1999 Q1	.	26.9	.	.	.	0.8	.	-14.9	-2.2	.	-3.6	.	6.3
Q2	.	24.2	.	.	.	-16.5	.	-17.7	1.9	.	14.4	.	-7.2
Q3	.	26.4	.	.	.	9.9	.	-1.4	1.5	.	4.3	.	1.4
Q4	.	26.9	.	.	.	15.0	.	21.1	4.1	.	11.8	.	-2.2
2000 Q1	.	26.3	.	.	.	7.2	.	-6.1	-4.4	.	2.9	.	8.4
Q2	.	23.7	.	.	.	-25.1	.	-19.9	0.3	.	4.2	.	-9.3

**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 Planning Agency.

1) Households including non-profit institutions serving households.

# Technical notes

## Relating to Table 2.4

### Seasonal adjustment of the euro area monetary aggregates

Multiplicative versions of X-12-ARIMA (version 0.2.2<sup>1</sup>) and TRAMO/SEATS<sup>2</sup> (beta version, July 1998) are used. For technical reasons, the results of X-12-ARIMA are published as the official figures. 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 (Table 2.4.1). 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.

### Calculation of growth rates

Growth rates may be calculated (a) from flows, or (b) from the index of adjusted stocks.

If  $F_t$  represents the flow in month  $t$ ,  $L_t$  the level outstanding at the end of month  $t$ ,  $X_t$  the rate of change in month  $t$  defined as  $X_t = (F_t \div L_{t-1} + 1)$ , and  $I_t$  the index of 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:

$$(a) \quad a_t = ((X_t * X_{t-1} * X_{t-2} * X_{t-3} * X_{t-4} * X_{t-5} * X_{t-6} * X_{t-7} * X_{t-8} * X_{t-9} * X_{t-10} * X_{t-11}) - 1) * 100$$

$$(b) \quad a_t = (I_t \div I_{t-12} - 1) * 100$$

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 (<http://www.ecb.int>) on the "Euro area statistics – download" page (in csv file format), from which the exact percentage changes shown 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.

- 1 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.
- 2 For details 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. 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 business and consumer surveys are highlighted in the document entitled "Statistical requirements of the ECB 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 (<http://www.ecb.int>), and new or expanded data will appear in the ECB Monthly Bulletin as they become available.

Because 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 4 October 2000.

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. 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

<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).

“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, redemptions and amounts outstanding are shown in Table 3.5, with a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere, in Table 3.6. 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 the 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.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. Estimates for periods before 1995 based on national consumer price indices are not fully comparable. The index is based on national HICPs that follow the same methodology in all euro area countries. Data from January 2000 include the cost of health and educational services; 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.

With regard to statistics on national accounts (Tables 4.2 and 5.1), the implementation of the European System of Accounts 1995 (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 mainly 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. Since coverage of the euro area was not complete in time for this issue, some data are ECB estimates based on the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

## Financial accounts statistics

A need was foreseen for detailed information covering the financial transactions and balance sheets for the euro area in order to complement monetary analysis and policy research. The aim is to provide a fairly full, though not complete, set of financial accounts for the euro area based on money and banking, balance of payments, capital market, non-MFI financial corporation and government finance statistics, and drawing also on the ESA 95 national accounts. Table 6 shows euro area aggregates based on national capital and financial accounts.

A more detailed and further harmonised set of statistics presenting financial accounts for the euro area is expected to appear in the ECB Monthly Bulletin early in 2001.

## 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 1 December 1998 (ECB/1998/17) on the statistical reporting requirements of the European Central Bank, 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. These data are revised with the publication of the detailed quarterly balance of payments data.

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. The corresponding reserves and related assets held by the ECB are shown separately in Table 8.7.3. The data in Tables 8.7.2 and 8.7.3 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Reserve assets data before end-1999 are not fully comparable with later observations.

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 nominal and real effective exchange rate indices for the euro. The bilateral rates shown are those against the 13 currencies used in the ECB's calculation

of the “narrow” effective exchange rate of the euro. For all except the Hong Kong and Singapore dollars and the Korean won the bilateral rates are daily reference rates published by the ECB. Real indices (deflated by producer prices and unit labour costs in manufacturing respectively) for the group of 13 currencies are shown, together with one nominal and one real index (deflated by consumer prices) for a broader group of 39 currencies.

### **Other statistics**

Statistics on other EU Member States (Table 11) 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.

# 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.



# Documents published by the European Central Bank (ECB)

This list is designed to inform readers about selected documents published by the European Central Bank. The publications are available to interested parties free of charge from the Press Division. Please submit orders in writing to the postal address given on the back of the title page.

For a complete list of documents published by the European Monetary Institute, please visit the ECB's website (<http://www.ecb.int>).

## Annual Report

"Annual Report 1998", April 1999.

"Annual Report 1999", April 2000.

---

## Convergence Report

"Convergence Report 2000", May 2000.

---

## 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.

"The institutional framework of the European System of Central Banks", July 1999.

"The international role of the euro", August 1999.

"The balance sheets of the Monetary Financial Institutions of the euro area in early 1999", August 1999.

"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.

“Developments in and structural features of the euro area labour markets”, May 2000.

“The switch to variable rate tenders in the main refinancing operations”, July 2000.

“Monetary policy transmission in the euro area”, July 2000.

“Population ageing and fiscal policy in the euro area”, July 2000.

“Price and cost indicators for the euro area: an overview”, August 2000.

“The external trade of the euro area economy: stylised facts and recent trends”, August 2000.

“Potential output growth and output gaps: concept, uses and estimates”, October 2000.

“The ECB’s relations with institutions and bodies of the European Community”, October 2000.

---

### **Occasional Paper Series**

1 “The impact of the euro on money and bond markets” by Javier Santillán, Marc Bayle and Christian Thygesen, July 2000.

---

### **Working Paper Series**

- 1 “A global hazard index for the world foreign exchange markets” by V. Brousseau and F. Scacciavillani, May 1999.
- 2 “What does the single monetary policy do? A SVAR benchmark for the European Central Bank” by C. Monticelli and O. Tristani, May 1999.
- 3 “Fiscal policy effectiveness and neutrality results in a non-Ricardian world” by C. Detken, May 1999.
- 4 “From the ERM to the euro: new evidence on economic and policy convergence among EU countries” by I. Angeloni and L. Dedola, May 1999.

- 5 "Core inflation: a review of some conceptual issues" by M. Wynne, May 1999.
- 6 "The demand for M3 in the euro area" by G. Coenen and J.-L. Vega, September 1999.
- 7 "A cross-country comparison of market structures in European banking" by O. de Bandt and E. P. Davis, September 1999.
- 8 "Inflation zone targeting" by A. Orphanides and V. Wieland, October 1999.
- 9 "Asymptotic confidence bands for the estimated autocovariance and autocorrelation functions of vector autoregressive models", by G. Coenen, January 2000.
- 10 "On the effectiveness of sterilized foreign exchange intervention", by R. Fatum, February 2000.
- 11 "Is the yield curve a useful information variable for the Eurosystem?" by J. M. Berk and P. van Bergeijk, February 2000.
- 12 "Indicator variables for optimal policy" by L. E. O. Svensson and M. Woodford, February 2000.
- 13 "Monetary policy with uncertain parameters" by U. Söderström, February 2000.
- 14 "Assessing nominal income rules for monetary policy with model and data uncertainty" by G. D. Rudebusch, February 2000.
- 15 "The quest for prosperity without inflation" by A. Orphanides, March 2000.
- 16 "Estimating the implied distribution of the future short-term interest rate using the Longstaff-Schwartz model" by P. Hördahl, March 2000.
- 17 "Alternative measures of the NAIRU in the euro area: estimates and assessment" by S. Fabiani and R. Mestre, March 2000.
- 18 "House prices and the macroeconomy in Europe: results from a structural VAR analysis" by M. Iacoviello, April 2000.
- 19 "The euro and international capital markets" by C. Detken and P. Hartmann, April 2000.
- 20 "Convergence of fiscal policies in the euro area" by O. de Bandt and F. P. Mongelli, May 2000.
- 21 "Firm size and monetary policy transmission: evidence from German business survey data" by M. Ehrmann, May 2000.
- 22 "Regulating access to international large-value payment systems" by C. Holthausen and T. Rønde, June 2000.
- 23 "Escaping Nash inflation" by In-Koo Cho and T. J. Sargent, June 2000.
- 24 "What horizon for price stability" by F. Smets, July 2000.

- 25 “Caution and conservatism in the making of monetary policy” by P. Schellekens, July 2000.
- 26 “Which kind of transparency? On the need for clarity in monetary policy-making” by B. Winkler, August 2000.
- 27 “This is what the US leading indicators lead” by M. Camacho and G. Perez-Quiros, August 2000.
- 28 “Learning, uncertainty and central bank activism in an economy with strategic interactions” by M. Ellison and N. Valla, August 2000.
- 29 “The sources of unemployment fluctuations: an empirical application to the Italian case” by S. Fabiani, A. Locarno, G. Oneto and P. Sestito, September 2000.
- 30 “A small estimated euro area model with rational expectations and nominal rigidities” by G. Coenen and V. Wieland, September 2000.
- 31 “The disappearing tax base: Is foreign direct investment eroding corporate income taxes?” by R. Gropp and K. Kostial, September 2000.
- 32 “Can indeterminacy explain the short-run non-neutrality of money?” by F. de Fiore, September 2000.
- 33 “The information content of M3 for future inflation in the euro area” by C. Trecroci and J. L. Vega, October 2000.
- 34 “Capital market development, corporate governance and the credibility of exchange rate pegs” by O. Castrén and T. Takalo, October 2000.
- 

#### **Other publications**

- “The TARGET service level”, July 1998.
- “Report on electronic money”, August 1998.
- “Assessment of EU securities settlement systems against the standards for their use in ESCB credit operations”, September 1998.
- “Money and banking statistics compilation guide”, September 1998.
- “The single monetary policy in Stage Three: General documentation on ESCB monetary policy instruments and procedures”, September 1998.
- “Third progress report on the TARGET project”, November 1998.
- “Correspondent central banking model (CCBM)”, December 1998.
- “Payment systems in the European Union: Addendum incorporating 1997 figures”, January 1999.
- “Possible effects of EMU on the EU banking systems in the medium to long term”, February 1999.
- “Euro area monetary aggregates: conceptual reconciliation exercise”, July 1999.
- “The effects of technology on the EU banking systems”, July 1999.

“Payment systems in countries that have applied for membership of the European Union”, August 1999.

“Improving cross-border retail payment services: the Eurosystem’s view”, September 1999.

“Compendium: collection of legal instruments, June 1998 – May 1999”, October 1999.

“European Union balance of payments/international investment position statistical methods”, November 1999.

“Money and Banking Statistics Compilation Guide, Addendum I: Money market paper”, November 1999.

“Money and Banking Statistics Sector Manual”, second edition, November 1999.

“Report on the legal protection of banknotes in the European Union Member States”, November 1999.

“Correspondent central banking model (CCBM)”, November 1999.

“Cross-border payments in TARGET: A users’ survey”, November 1999.

“Money and Banking Statistics: Series keys for the exchange of balance sheet items time series”, November 1999.

“Money and Banking Statistics: Handbook for the compilation of flow statistics”, December 1999.

“Payment systems in the European Union: Addendum incorporating 1998 figures”, February 2000.

“Interlinking: Data dictionary”, Version 2.02, March 2000.

“Asset prices and banking stability”, April 2000.

“EU banks’ income structure”, April 2000.

“Correspondent central banking model (CCBM)”, July 2000.

“Statistical requirements of the European Central Bank in the field of general economic statistics”, August 2000.

“Seasonal adjustment of monetary aggregates and HICP for the euro area”, August 2000.

“Improving cross-border retail payment services”, September 2000.

---

### **Information brochures**

“TARGET”, July 1998.

“TARGET: facts, figures, future”, September 1999.

“The European Central Bank”, June 2000.

“The ECB payment mechanism”, August 2000.

“The euro banknotes and coins”, August 2000.

“The euro: integrating financial services”, August 2000.

“TARGET”, August 2000.





