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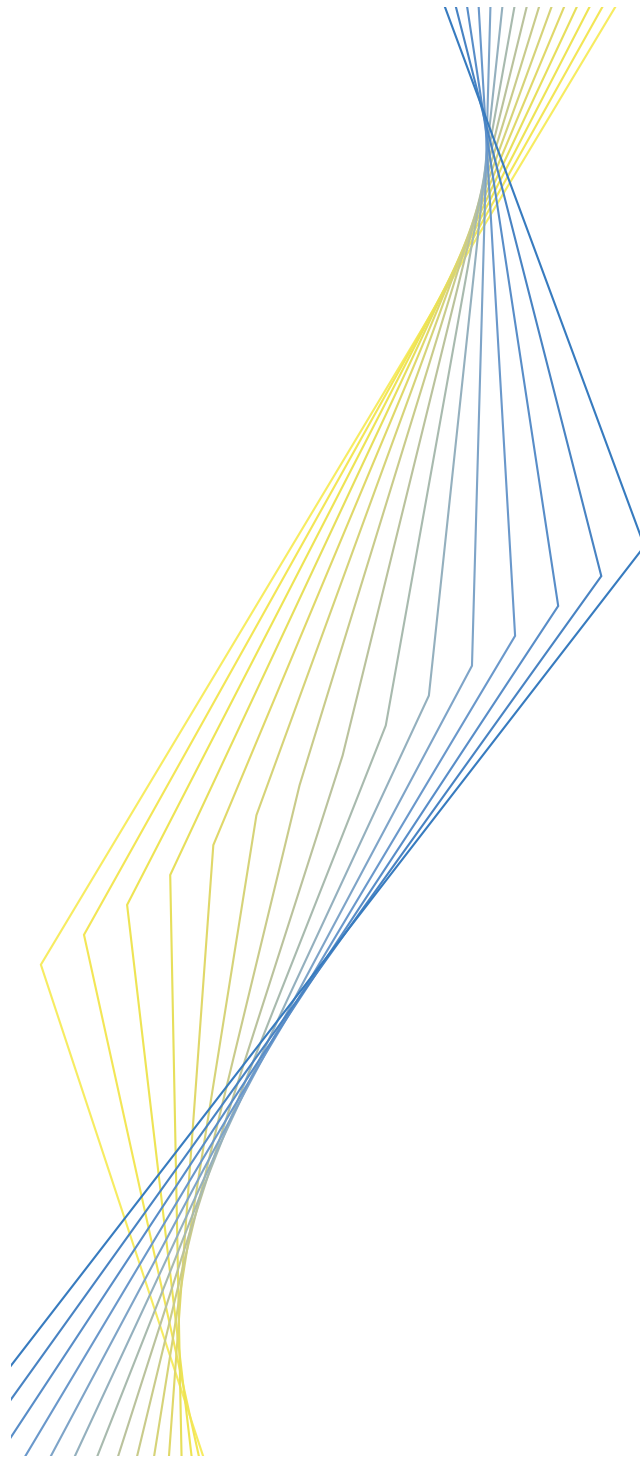
MONTHLY BULLETIN February 2001

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

February 2001



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## Abbreviations

### Countries

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

### Others

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

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

At its meetings held on 18 January 2001 and 1 February 2001 the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem at 4.75%. The interest rates on the marginal lending facility and on the deposit facility were also left unchanged, at 5.75% and 3.75% respectively.

The decisions to keep interest rates unchanged reflect the Governing Council's assessment that the risks to price stability in the medium term currently appear more balanced than towards the end of last year. In this context, factors which might pose upward risks to price stability in the medium term are still present and as such will continue to be closely monitored.

This assessment is based on the analysis of the information relating to the two pillars of the monetary policy strategy of the ECB. Starting with the first pillar, monetary data for December 2000 confirmed the gradual moderation of the growth in monetary aggregates which has been observed since the spring of last year. According to the latest data, the three-month average of the annual growth rates of M3 in the period from October to December 2000 stood at 5.0%, which was slightly lower than the average of 5.1% recorded for the period from September to November 2000. The annual rate of growth of loans to the private sector remained high, having been affected, to some extent, by the financing of the payment of UMTS licences. Overall, while some caution still needs to be exercised, following the recent slowdown in monetary growth, the risks to price stability from the monetary side have become increasingly balanced.

Turning to the second pillar, broadly similar indications are emerging with regard to the balance of risks to price stability. Inflationary impulses resulting from past developments in oil prices and the external value of the euro are gradually diminishing. In addition, the outlook for the external environment of the euro area has deteriorated and the uncertainty surrounding the prospects for

world growth has increased, mainly in relation to signals that the economic slowdown in the United States is more significant than previously expected. The decline in growth in the United States and the delayed recovery in Japan are likely to result, directly and via a spillover to other regions, in some weakening in the growth of the world economy. World real GDP growth, which in 2000 posted its strongest performance for many years, may therefore moderate in 2001, but is expected to remain solid.

While this deceleration will have some dampening effects on euro area net exports, the euro area is a large economy in which economic developments are determined mainly by domestic factors. Overall, the fundamentals of the euro area remain broadly favourable. Although real GDP growth probably declined somewhat in the second half of last year, the level of confidence of businesses and households has remained high, supported by, inter alia, high degrees of capacity utilisation, remarkable employment growth and continuously declining unemployment. Moreover, real disposable income of the private sector will benefit, inter alia, from reductions in direct taxes in 2001. Hence, while real GDP growth may slow down somewhat in 2001, it is expected to continue at a fairly robust pace.

Developments in the euro area bond markets are in line with this outlook for economic activity in the euro area. Moreover, inflationary expectations implied by bond yields confirm that the financial markets expect current levels of consumer price inflation to be temporary, and price stability to be maintained in the medium term. This positive outlook may also have been reinforced by some moderation in oil prices and the appreciation of the euro exchange rate since the autumn of 2000.

Turning to consumer price developments, the two latter factors have already produced some effects on the energy component of the Harmonised Index of Consumer Prices (HICP). In December 2000 the annual rate of

increase in the HICP declined to 2.6%, from 2.9% in November. By contrast, the rate of increase in non-energy industrial goods prices rose slightly in December 2000.

The moderation in oil prices and the appreciation of the euro exchange rate would, if sustained, contribute to a further decline in overall HICP inflation over the course of this year. In the near term, this process may be slowed down, however, by the delayed impact of past import price increases on the non-energy components of HICP and by some other factors. The latter might include the impact of changes in indirect taxation and administered prices as well as food price rises caused by the current health concerns associated with beef consumption. It may, therefore, take some time for annual HICP inflation to move back to below 2%.

Notwithstanding the assessment that the risks to price stability in the medium term are now more balanced, there are still factors posing upside risks which require continued attention. These mainly relate to potential second-round effects on wages of past increases in import prices. In addition, in an environment of sustained growth, the possible emergence of bottlenecks in labour markets has to be taken into account. In this context, the increase in some labour cost indicators in 2000 warrants close scrutiny. In order to maintain price stability in the euro area, it is paramount that wage developments remain moderate.

It is also crucial that structural reforms continue. This requires sustained labour market reforms and the ongoing liberalisation of product markets as well as the further integration of the financial services sector, all of which will expand economic activity and increase employment. It is equally important that further progress be achieved in the area of fiscal policy reform. In this respect, limits in public spending growth will allow both a reduction in remaining budget deficits and an alleviation of the tax burden on corporations and households.

By focusing on the maintenance of price stability in the euro area over the medium term, the ECB is making an essential contribution to the achievement of sustained non-inflationary economic growth in the euro area and the world economy. At the same time, other policy actors should contribute to enlarging the growth potential of the euro area, thereby also contributing to growth at the global level.

This issue of the ECB Monthly Bulletin contains three articles. The first analyses the development of the use of external sources of corporate finance in the euro area. The second article considers the progress which is needed to improve the efficiency and reliability of cross-border retail payments within the euro area. The third provides an overview of the ECB's communication activities.

# Economic developments in the euro area

On 1 January 2001 Greece became the twelfth EU Member State to adopt the single currency. In the “Economic developments in the euro area” section of the ECB Monthly Bulletin, Greek data are generally included in euro area aggregates which refer to periods from January 2001 onwards. For data referring to periods prior to January 2001, the treatment varies depending on the particular series.

Greece is not included in the euro area data referring to periods prior to January 2001 in the sections entitled “Monetary and financial developments” and “Exchange rates and balance of payments developments”. In the sections entitled “Price developments” and “Output, demand and labour market developments”, however, Greek data – where available – are included in euro area aggregates for such periods.

For further information, see the “Euro area statistics” section in this issue of the ECB Monthly Bulletin.

## I Monetary and financial developments

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

At its meetings on 18 January and 1 February 2001 the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations (conducted as variable rate tenders) at 4.75%. The interest rates on the deposit facility and the marginal lending facility were also kept unchanged, at 3.75% and 5.75% respectively (see Chart I).

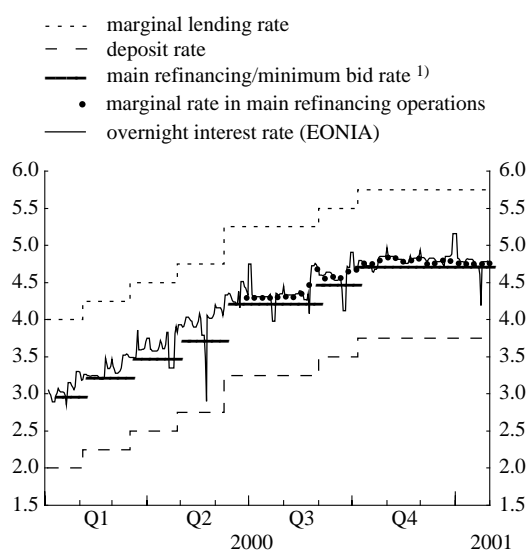
### Slowdown of M3 growth confirmed in December

The monetary data for December 2000 provide confirmation of the moderation in monetary growth seen from the second quarter of 2000 (see Chart 2). The annual rate of increase in the broad monetary aggregate M3 decreased to 4.9% in December, from 5.0% in November (the latter figure was revised upwards from 4.9%). The three-month average of the annual rates of growth of M3 in the months October to December declined to 5.0%, from 5.1% in the period from September to November. (For a detailed description of the derivation of flows and annual growth rates from monetary data, see Box I entitled “The derivation and use of flow data in monetary statistics”.)

The seasonally adjusted and annualised six-month rate of M3 growth stood at 4.7% in December, following 4.2% in the previous month (the latter figure was revised upwards from 3.7%). The rise in December was mainly due to the seasonally adjusted decline in June dropping out of the six-month growth rate

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

(percentages per annum; daily data)



Sources: ECB and Reuters.

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



## Box I

### The derivation and use of flow data in monetary statistics

The monetary statistics of the euro area comprise stock and flow data on the assets and liabilities of the Monetary Financial Institutions (MFI) sector in the euro area. The stock data show the levels outstanding of the balance sheet items at the end of the reference period. The ECB calculates flow statistics by adjusting the differences between end-of-month stocks for the effect of “non-transaction-related” factors. Thus, the ECB’s flow data reflect only those changes in stocks which arise from transactions, i.e. from the acquisition of financial assets or the incurring of financial liabilities. The ECB uses flow data to produce an index of notional stocks for the monetary variables. This index measures changes in the money stock arising from financial transactions. The index of notional stocks is then further used to derive the monetary growth rates. This box discusses the statistical procedure adopted by the ECB to derive the flow statistics and the associated growth rates.<sup>1</sup> In addition, it discusses the conceptual background to these adjustments.

#### The statistical procedure

The following non-transaction-related factors are taken into account in order to derive adjusted flows from differences in amounts outstanding of M3:

*1 Reclassifications and other statistical factors:* These comprise changes in the assets and liabilities on the balance sheet of the MFI sector arising from:

- changes in the MFI reporting population caused by alterations to sector classifications (e.g. an institution is newly classified as an MFI and reallocated from the money-holding sector to the MFI sector);
- corporate restructuring (e.g. a credit institution transfers parts of its business to a subsidiary outside the MFI sector);
- the reclassification of assets and liabilities (e.g. a certain type of savings deposit is reclassified from a deposit redeemable at notice to an overnight deposit), and
- the correction of those reporting errors which, for technical reasons, cannot be removed from the stock data for the complete relevant period.

*2 Revaluations*

Revaluations are changes in the level outstanding of the assets and liabilities of the MFI sector which are due to valuation changes. A distinction is made between two types of revaluation:

##### *a) Exchange rate revaluations*

The Eurosystem’s monetary aggregates follow the “all-currency” definition. This means that these aggregates include instruments denominated in foreign currencies (held with domestic MFIs), the value in euro of which is affected by exchange rate variations. These revaluations therefore stem from changes in the euro value of assets or liabilities denominated in foreign currency that arise from exchange rate fluctuations.

##### *b) Other revaluations*

These are changes in the balance sheet of the MFI sector arising from changes in the book value of securities held or issued by MFIs, other than those stemming from exchange rate fluctuations (e.g. changes in the value of securities held in a portfolio caused by movements in their market price).

The table shows the derivation of the flows for the broad aggregate M3 in detail. The monthly flow (column 6) is calculated as the difference in end-of-month levels (column 2) minus the adjustments for reclassifications

<sup>1</sup> *The detailed provisions underlying this procedure are set out in the ECB Guideline of 13 November 2000 concerning certain statistical reporting requirements of the European Central Bank and the procedures for the reporting of statistical information in the field of money and banking statistics by the national central banks (ECB/2000/13). A technical note at the end of the “Euro area statistics” section of the Monthly Bulletin describes in detail how the annual percentage changes are derived from amounts outstanding and flows. These procedures are in line with international statistical standards.*

### M3: levels outstanding at the end of the period, derivation of flows and index of adjusted levels

(EUR billions; not seasonally adjusted; index: December 1998 = 100)

	Levels	Difference in levels	Adjustments			Flows <sup>1)</sup>	Index of adjusted levels <sup>2)</sup>	
			Reclassifications	Foreign exchange revaluations	Other revaluations			
	1	2	3	4	5	6=2-3-4-5	7	
1999	Jan.	4,511.5	47.4	1.7	2.5	...	43.1	101.0
	Feb.	4,496.7	-14.8	0.0	3.6	...	-18.4	100.6
	Mar.	4,513.1	16.4	-2.3	2.9	...	15.9	100.9
	Apr.	4,551.9	38.8	3.1	1.4	...	34.3	101.7
	May	4,587.5	35.6	0.0	1.5	...	34.1	102.4
	June	4,611.2	23.7	0.9	1.5	...	21.3	102.9
	July	4,620.8	9.6	0.0	-3.5	...	13.1	103.2
	Aug.	4,601.7	-19.0	0.1	2.3	...	-21.4	102.7
	Sep.	4,627.5	25.7	11.7	-0.4	...	14.4	103.1
	Oct.	4,649.3	21.9	1.8	2.7	...	17.4	103.4
	Nov.	4,699.1	49.8	0.0	5.1	...	44.6	104.4
	Dec.	4,791.0	91.9	11.3	0.6	...	79.9	106.2
2000	Jan.	4,800.9	10.0	3.8	2.6	...	3.6	106.3
	Feb.	4,822.4	21.5	-1.7	0.5	...	22.8	106.8
	Mar.	4,862.5	40.0	-0.1	4.1	...	36.1	107.6
	Apr.	4,954.4	92.0	43.7	6.4	...	41.9	108.5
	May	4,951.8	-2.6	-3.7	-3.5	...	4.6	108.6
	June	4,944.1	-7.8	2.3	-3.2	...	-6.9	108.5
	July	4,953.7	9.6	-0.2	4.1	...	5.6	108.6
	Aug.	4,957.6	4.0	-0.6	6.6	...	-2.0	108.5
	Sep.	4,957.8	0.1	1.1	2.3	...	-3.4	108.5
	Oct.	4,977.9	20.1	-0.2	6.8	...	13.5	108.8
	Nov.	5,013.0	35.1	0.9	-6.1	...	40.3	109.6
	Dec.	5,080.0	67.0	0.2	-13.5	...	80.4	111.4

Source: ECB.

1) The individual adjustments may not add up to the total due to rounding.

2) Taking the level outstanding in December 1998 (not seasonally adjusted) as 100, the index shows the cumulative product of changes from that date calculated from flows (column 6).

and other statistical factors (column 3), foreign exchange revaluations (column 4) and other revaluations (column 5). As can be seen from the table, the most substantial effects so far have resulted from reclassifications. There have also been significant foreign exchange revaluation effects. By contrast, the impact of other revaluations has been negligible. The table above will shortly start to be published on a regular basis on the ECB's website at [www.ecb.int](http://www.ecb.int).

#### Conceptual background to the adjustments

*Reclassifications and other statistical factors* must be corrected for in flow statistics since failure to do so may easily jeopardise the comparability of successive observations. One example involving a change in the MFI reporting population may help to clarify this: following an amendment to the law identifying money market funds in one euro area country, from April 2000 some financial institutions previously defined as "other financial intermediaries" (and therefore excluded from the MFI sector) were reclassified as money market funds. In such a case, a simple comparison between the amounts outstanding of money market fund shares/units before and after April 2000 would be misleading. Consistency has been preserved by making a reclassification adjustment in April 2000.

The rationale behind the adjustments for *revaluations* is somewhat different. It arises not only from concerns about statistical consistency, but also from general considerations as to how the information content of monetary

aggregates can be preserved when they include components subject to valuation changes. The need to adjust for *revaluations other than for exchange rate changes* arises from the inclusion in the monetary aggregates of negotiable securities the market prices of which may vary. The valuation changes are normally relatively small owing to the short lifetime of these instruments. As a result, and also taking into account the transaction costs involved in frequently buying or selling these securities, it is deemed likely that temporary fluctuations in prices for short-term securities would not be perceived by holders of money as implying a change in their portfolio with significant implications for their spending capacity.

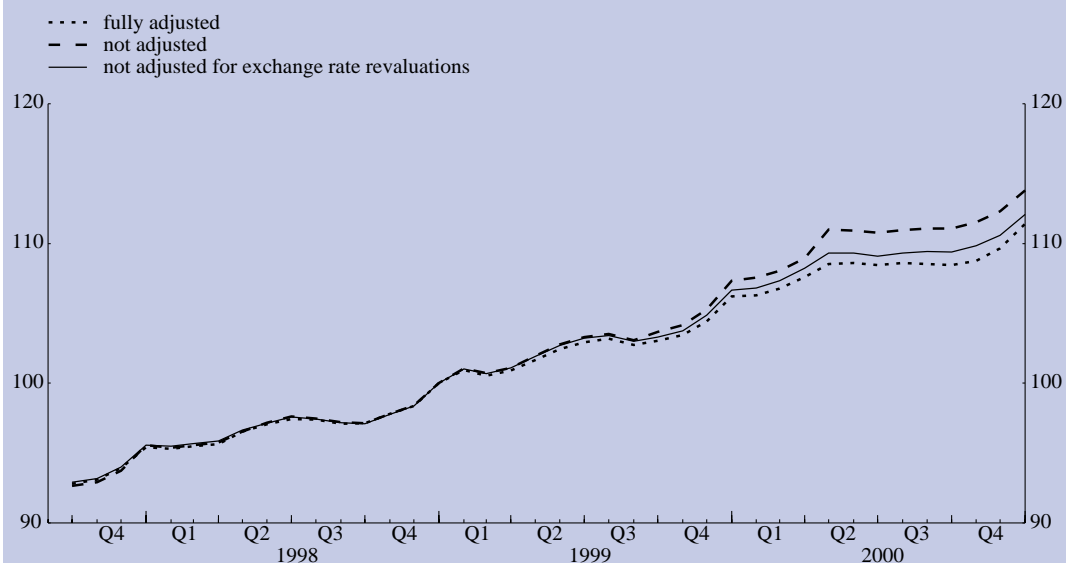
The issue of adjusting the amounts outstanding for *exchange rate fluctuations* arises, as noted above, from the fact that the Eurosystem's monetary aggregates follow the "all-currency" definition. This is in line with the practice previously adopted by the national central banks of the majority of the euro area Member States. It is based on the assumption that, from the point of view of holders of money, liquid assets in foreign currencies are, at least potentially, relatively close substitutes for holdings of corresponding euro-denominated assets included in M3.

The arguments for and against adjusting monetary growth rates for exchange rate fluctuations differ according to the time horizon of the analysis. There are several arguments in favour of adjusting for exchange rate fluctuations in short-term analyses of monetary developments. One important such argument is that exchange rates may be rather volatile. If the effects of exchange rate changes were included in the monthly calculation of monetary growth rates, this would risk allowing valuation effects to overshadow the true transaction-related effects. Moreover, it is not reasonable to expect agents to perceive a significant change in their spending capacity because of short-term exchange rate fluctuations.

For longer-term analyses, by contrast, it may be of interest to monitor stocks not adjusted for exchange rate revaluations. Since exchange rates might follow a trend over a longer period of time, it may be argued that an increase or decrease in the value in euro of foreign currency-denominated components of M3 arising from exchange rate developments could, if sustained over protracted periods, give rise to wealth effects and lead to changes in the spending decisions of euro area residents. If so, the valuation of foreign currency components at market values would appropriately reflect the spending capacity of the economic agents in the long run. For this reason it might be useful, in particular during sustained periods of pronounced exchange rate movements, to look at measures of M3 not corrected for exchange rate adjustments.

### Indices of notional stocks of variants of M3

(index: December 1998 = 100)



Source: ECB.

The chart shows three index series: the unadjusted M3 series, the fully adjusted M3 series and a series not corrected for exchange rate variations. As can be seen from the chart, a certain gap arose between the latter two series as from around mid-1999 due to the depreciation of the euro from January 1999 until the end of October 2000.

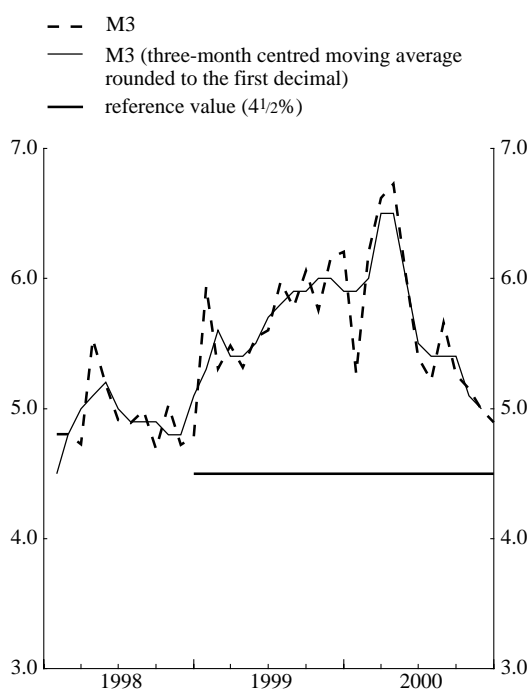
This gap may be surprising given the relatively small share (4%) of foreign currency components in M3 at the end of 2000; it reflects the large movements in the euro exchange rate. However, the potential wealth effects may be modest for reasons suggested above, and the exchange rate gains on holdings in foreign currencies were partly reversed following the appreciation of the euro in November and December. In addition, it should be taken into account that the actual degree of substitutability between foreign currency and euro components of M3 in the euro area is not perfect. The characteristics of euro-denominated and foreign currency components differ on account of the exchange rate risks related to the latter. Moreover, there are certain differences in the purposes for which they are held. For example, some of the deposits denominated in foreign currency are held to pay for imports in foreign currency and consequently have a relatively low degree of substitutability with their euro counterparts. Overall, therefore, the effect of exchange rate variations on domestic spending capacity is expected to be much smaller than the gap in the chart would tend to suggest.

To sum up, this box has explained why the ECB calculates growth rates on the basis of flow data. This notwithstanding, potential effects on spending capacity accumulated in the long run due to exchange rate revaluations of the foreign currency components of M3 are closely monitored and – if appropriate – taken into account in the overall monetary policy assessment. However, since foreign currency components form only a small proportion of M3, and in view of the conceptual arguments given above, such effects are expected to be of limited relevance.

## Chart 2

### M3 growth and the reference value

(annual percentage changes)



Source: ECB.

while the offsetting strong growth in July was still included (the two monthly movements were to some extent interrelated because of special factors in a number of countries).

The annual growth rate of M1 increased to 5.5% in December 2000, from 5.0% in the previous month. This rise was, however, largely due to calendar or trading day effects. Calendar or trading day effects arise where the end-of-month data for some of the components of M3 systematically vary according to the day of the week on which the month-end falls. M1, in particular, is influenced by national practices regarding payments from the private sector to central government, e.g. tax payments. If the last day of a month is a Sunday, as in December 2000, payments may be postponed to the start of the following week (and month). If the last day of the month is a Friday, as in December 1999, payments often have to be made before the end of the month. As a consequence, the private sector held more liquid balances at

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

	Dec. 2000 levels	Oct. 2000 change		Nov. 2000 change		Dec. 2000 change		Oct. 2000 to Dec. 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
<b>M3</b>	5,080.0	25.4	0.5	21.7	0.4	3.6	0.1	16.9	0.3
Currency in circulation and overnight deposits (= M1)	2,074.3	3.6	0.2	4.1	0.2	2.1	0.1	3.3	0.2
Other short-term deposits (= M2 - M1)	2,212.8	5.9	0.3	10.2	0.5	-12.2	-0.6	1.3	0.1
Marketable instruments (= M3 - M2)	792.8	15.8	2.0	7.4	0.9	13.7	1.7	12.3	1.5

Source: ECB.

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

the end of 2000 than at the end of 1999. M1 is affected by this because the money holdings of central government are not included in the money stock.

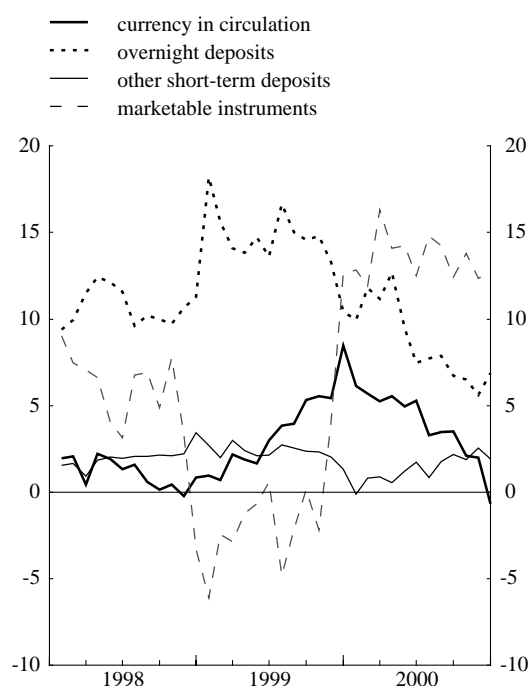
The annual rate of change of currency in circulation became negative in December (-0.7%, compared with 2.0% in the previous

month), while that of overnight deposits increased (to 6.9%, from 5.6% in November) (see Chart 3). These opposite movements in part reflected base effects associated with significant shifts in late 1999 from overnight deposits to currency prior to the transition to the year 2000.

The annual growth of short-term deposits other than overnight deposits decreased to 1.9% in December, from 2.5% in the previous month. This reflected a decline in the annual rates of change of both deposits with an agreed maturity of up to two years (to 12.4% in December, from 13.7% in November) and deposits redeemable at a period of notice of up to three months (to -5.3%, from -5.1% in November). The significant difference in the growth rates of the two instruments since the beginning of 2000 seems to be linked to divergent patterns in their respective interest rates (see Chart 5).

The slower growth of short-term deposits other than overnight deposits was largely offset by the increase in the annual growth of M1 in December. As a consequence, the annual growth of the intermediate aggregate M2 was practically unchanged, at 3.6%, in December (following 3.7% in the previous month).

The annual growth of marketable instruments included in M3 increased to 12.7% in

**Chart 3****Components of M3***(annual percentage changes)*

Source: ECB.

December, from 12.3% in November. This was mainly due to the rise in the annual rate of increase in repurchase agreements (to 21.5%, from 9.3% in November). By contrast, the annual growth of debt securities issued with a maturity of up to two years and the annual growth of money market fund shares/units and money market paper declined (to 23.9% and 7.7% respectively). This decline was attributable at least in part to a base effect, as there had been substantial issuance of money market paper and short-term bank bonds in late 1999, partly linked to the uncertainties surrounding the transition to the year 2000. Overall, the continuing relatively strong growth of marketable instruments seems to reflect the flattening of the yield curve over recent months. There are also indications that the growth of these instruments continues to be fuelled by demand from non-euro area residents.

### Growth of credit to the private sector remained strong

Turning to the counterparts of M3, the annual growth of total credit granted to euro area residents increased to 6.3% in December 2000, from 5.9% in November. This increase was attributable exclusively to a less pronounced annual rate of decline in credit extended to general government (-5.8%, after -6.8% in November), while the annual growth of credit to the private sector remained strong (unchanged at 10.3%).

The slower annual decline in credit extended to general government was attributable both to securities other than shares and to loans. Regarding credit to the private sector, diverging developments were recorded for its components in December. Loans rose 9.5% year-over-year, compared with 9.3% in the previous month. The relatively strong annual growth in lending to the private sector is to some extent related to telecommunications companies financing purchases of UMTS licences. The annual growth of MFI holdings of securities other than shares fell to 16.7%, from 17.8% in November, and the annual rate of increase in MFI holdings of shares and other equity was 16.6%, down from 19.4%.

The annual rate of increase in longer-term financial liabilities of the MFI sector decreased significantly in December 2000 (to 4.5%, from 6.2% in November). However, this was mainly due to a sizeable decline in the annual growth of capital and reserves. By contrast, the annual growth of the other main components of this item displayed little change compared with the previous month. Deposits with an agreed maturity of over two years remained unchanged compared with December 1999, probably linked to a narrowing of the interest rate differential with deposits with an agreed maturity of up to two years since the autumn of 1999.

The net external assets of the euro area MFI sector increased by €8 billion in December 2000 in absolute and non-

**Table 2**

### M3 and its main counterparts

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

	Amounts outstanding	12-month flows					
		2000 Dec.	2000 July	2000 Aug.	2000 Sep.	2000 Oct.	2000 Nov.
1. Credit to the private sector	6,821.9	585.5	603.5	651.6	656.8	628.3	634.4
2. Credit to general government	1,921.3	-25.1	-48.9	-85.1	-130.2	-141.2	-119.2
3. Net external assets	239.6	-140.2	-102.0	-141.5	-118.4	-107.0	-108.0
4. Longer-term financial liabilities	3,784.8	240.8	250.3	243.7	235.1	221.4	162.2
5. Other counterparts (net liabilities)	118.0	-63.2	-59.7	-63.1	-67.3	-77.3	8.6
<b>M3 (=1+2+3-4-5)</b>	<b>5,080.0</b>	<b>242.6</b>	<b>262.0</b>	<b>244.2</b>	<b>240.3</b>	<b>236.0</b>	<b>236.4</b>

Source: ECB.

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

seasonally adjusted terms. Over the year 2000 as a whole, they declined by €108 billion (see Table 2), considerably less than in 1999 (€181 billion).

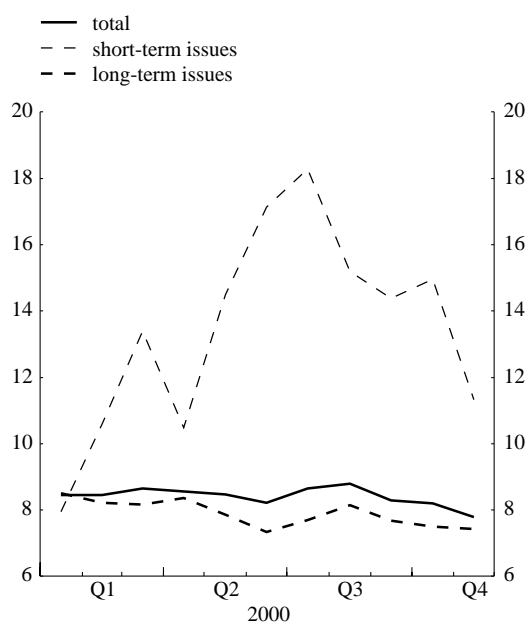
### Debt securities issuance levelled off in November

The annual growth of the amount outstanding of debt securities issued by euro area residents decreased slightly in November 2000, to 7.8% from 8.2% in October (see Chart 4). Underlying this development was slower growth in amounts outstanding of both short and long-term debt securities.

The breakdown of the data by currency shows the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents declined from 6.3% in October to 6.0% in November. Of the total gross issuance of debt securities by euro area residents, 92.2% was denominated in euro in November, compared with 93.3% in October.

**Chart 4**  
Amounts outstanding of debt securities issued by euro area residents

(annual percentage changes)



Source: ECB.

The sectoral breakdown reveals that debt securities issuance remained high in most parts of the private sector in November. The annual growth of the amount outstanding of euro-denominated debt securities issued by non-monetary financial corporations remained high at 20.0% in November (compared with 20.9% in October). Furthermore, the annual growth of the amount outstanding of debt securities issued by non-financial corporations increased from 14.3% in October to 16.1% in November. At the same time, the growth of the amount outstanding of debt securities issued by MFIs declined from 9.0% in October to 7.2% in November. This deceleration was mainly due to low net issuance of long-term debt securities by MFIs in November – in fact the lowest of all months in 2000 and almost one-quarter of the net issuance in November 1999.

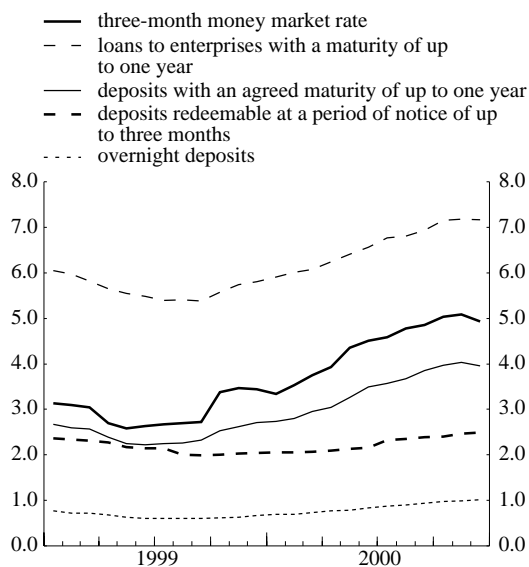
Public sector debt securities issuance picked up somewhat in November, although the growth rates of amounts outstanding remained subdued. The annual growth of the amount outstanding of debt securities issued by central government increased slightly, from 2.8% in October to 3.2% in November. The annual growth of the amount outstanding of debt securities issued by other parts of general government rose from 8.9% in October to 9.6% in November.

### Retail bank interest rates declined at longer maturities in December

Short-term retail bank interest rates in the euro area did not show a clear pattern in December 2000. While interest rates on overnight deposits and deposits redeemable at a period of notice of up to three months increased by a few basis points, other short-term retail bank rates declined slightly (see Chart 5). These declines reflected a relatively speedy albeit partial passthrough of the declines in money market rates from mid-November, and ranged between 2 basis points for loans to enterprises with a maturity of up to one year and 8 basis points for deposits with an agreed maturity of up to one year.

**Chart 5**  
**Short-term retail bank interest rates and a comparable market rate**

(percentages per annum; monthly averages)

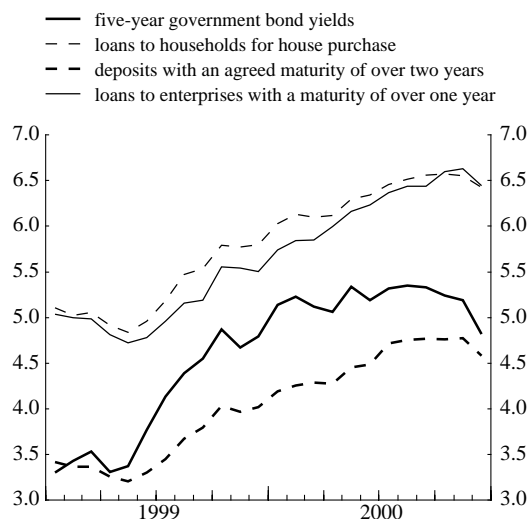


Sources: ECB aggregation of individual country data and Reuters.

Long-term retail bank interest rates generally decreased in December, reflecting the declines in medium-term government bond

**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.

yields in the last quarter of 2000 (see Chart 6). The decrease ranged from 13 basis points for rates on housing loans to households, to 19 basis points for rates on deposits with an agreed maturity of over two years. These were the first notable declines in longer-term bank interest rates in 2000 and compare with a fall of more than 50 basis points in the average five-year government bond yield over the period from August to December.

**Money market interest rates declined slightly in January**

Following a pronounced decline in late 2000, money market interest rates fell further in early January 2001 but subsequently tended to rise somewhat. Money market volatility was high in January.

The overnight interest rate, as measured by the EONIA, remained at levels fairly close to the minimum bid rate in the ECB's main refinancing operations (4.75%) for most of the reserve maintenance period ending on 23 January. However, a decline was seen in the last few days of the period, reflecting market perceptions of relatively ample liquidity conditions (see Box 2). In the first few trading days of the reserve maintenance period starting on 24 January, the EONIA normalised again. Two-week money market rates remained quite close to 4.75% in January. In the main refinancing operations, the marginal rate of allotment was 4.76% in the operation settled on 3 January, equal to the minimum bid rate of 4.75% in the three subsequent operations and again 4.76% in the operation settled on 31 January.

The one-month and three-month EURIBOR were 4.79% and 4.74% respectively on 31 January. After declining in the first days of the month, these rates rose and then remained fairly stable in the second half of January (see Chart 7). Overall, the one-month and three-month EURIBOR fell by 7 and 12 basis points respectively between end-December and 31 January. In the longer-term refinancing operation of the Eurosystem



**Box 2****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 January 2001****Allotments in monetary policy operations**

During the reserve maintenance period which lasted from 24 December 2000 to 23 January 2001 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 of 4.75%. The allotted volumes ranged between €95 billion and €102 billion. The ratio of the amount bid to the volume allotted varied between 1.01 and 1.36, with an average of 1.22. The marginal rate decreased over the operations, from 4.79% in the first operation to the level of the minimum bid rate in the last two operations. The spread between the weighted average rate and the marginal rate was a relatively wide 5 basis points in the first operation, reflecting a year-end effect, but subsequently narrowed to between 0 and 2 basis points. The number of bidders participating in the tenders varied between 457 and 591.

On 28 December 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 165 bidders participated in this operation, submitting total bids of €15.9 billion. The marginal rate of the operation was 4.75%, and the weighted average rate was 6 basis points higher, at 4.81%.

On the last business day of the year, Friday, 29 December, the EONIA reached 5.16% after having increased somewhat over the two preceding days, reflecting the year-end effect. It then fell back to 4.83% on 2 January. From 3 January onwards, the EONIA showed a decreasing trend, reaching 4.77% on 8 January. In the main refinancing operation on 9 January, both the marginal and the weighted average rate equalled the minimum bid rate and the bidding volume was only marginally above the liquidity needs. In the days which followed, however, the EONIA increased again slightly. On 19 January it started to decline, reflecting ample liquidity conditions at the end of the reserve maintenance period. This was a result of unexpected, comparatively large liquidity-providing effects of autonomous factors which accumulated after the last main refinancing operation of the reserve maintenance period. The reserve maintenance period ended with an EONIA of 4.19%.

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

(EUR billions)

Daily average during the reserve maintenance period from 24 December 2000 to 23 January 2001

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>250.8</b>	<b>0.6</b>	<b>+ 250.2</b>
Main refinancing operations	205.3	-	+ 205.3
Longer-term refinancing operations	45.0	-	+ 45.0
Standing facilities	0.5	0.6	- 0.1
Other operations	0.0	0.0	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>383.7</b>	<b>514.7</b>	<b>- 131.0</b>
Banknotes in circulation	-	368.3	- 368.3
Government deposits with the Eurosystem	-	52.2	- 52.2
Net foreign assets (including gold)	383.7	-	+383.7
Other factors (net)	-	94.2	- 94.2
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>119.1</b>
<b>(d) Required reserves</b>			<b>118.5</b>

Source: ECB.

Totals may not add up due to rounding.

### Use of standing facilities

Compared with the previous reserve maintenance period, the average daily use of the marginal lending facility increased from €0.4 billion to €0.5 billion, and the average use of the deposit facility increased from €0.2 billion to €0.6 billion.

### Liquidity factors not related to monetary policy

The net liquidity-absorbing impact of the autonomous factors (the factors not related to monetary policy) on the banking system's liquidity (item (b) in the table above) was €131.0 billion on average, i.e. €7.2 billion less than in the previous reserve maintenance period. This decrease was mainly the result of lower average government deposits (€8.9 billion) than in the previous reserve maintenance period. The daily sum of autonomous factors fluctuated between €116.2 billion and €147.4 billion.

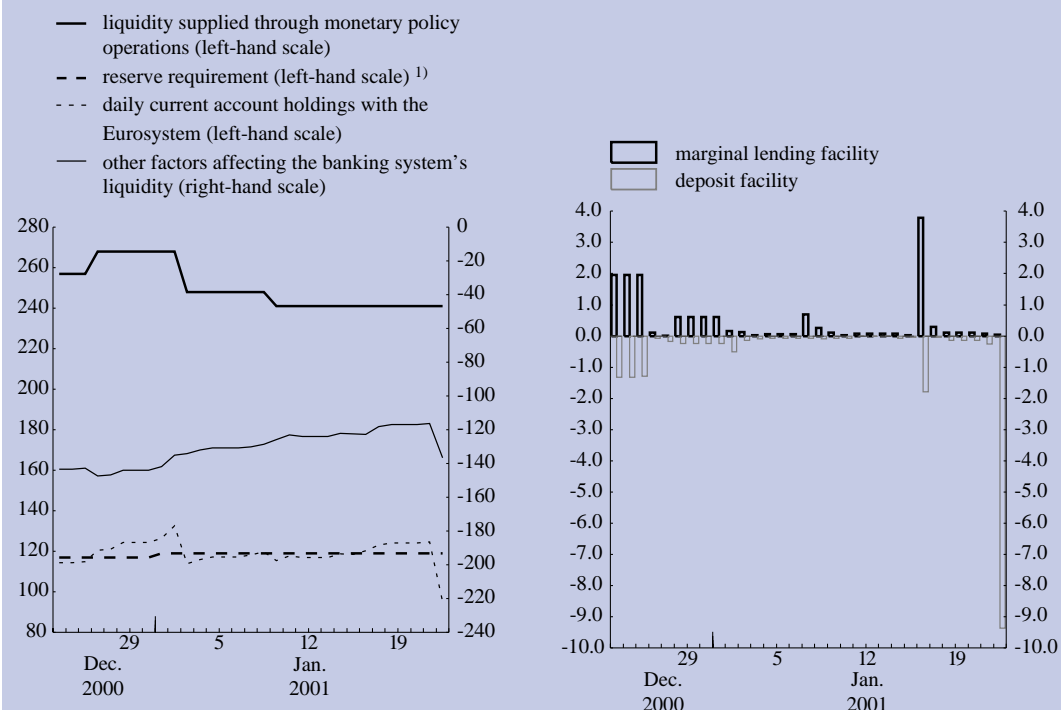
The published estimates of average liquidity needs stemming from autonomous factors ranged between €121.8 billion and €144.6 billion. They differed from the ex post figures by an amount ranging from minus €1.2 billion to plus €0.6 billion.

### Current account holdings of counterparties

Average reserve requirements amounted to €118.5 billion. This is an average of the level up to 31 December 2000 (€116.9 billion) and that from 1 January 2001 onwards (€119.1 billion), which includes Greece. Average current account holdings amounted to €119.1 billion. The difference between the average current account holdings and the reserve requirements came to €0.6 billion, which was €0.1 billion less than in the previous reserve maintenance period and implies lower excess reserves. As in the previous reserve maintenance period, 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 January 2001

(EUR billions; daily data)



Source: ECB.

1) The increase in the reserve requirement on 1 January 2001 was due to the adoption of the euro in Greece on that date.

settled on 25 January, the marginal and average rates of allotment were 4.66% and 4.69%. This was 11 and 8 basis points respectively below the three-month EURIBOR on the day the operation was conducted.

At the longer end of the money market yield curve, the six-month and twelve-month EURIBOR also fell in early January, but a part of the decline was subsequently reversed. Overall, between the end of December and 31 January the six-month and twelve-month EURIBOR fell by 20 and 22 basis points respectively, to stand at 4.63% and 4.53% at end-January. The slope of the money market yield curve, measured as the difference between the twelve-month and one-month EURIBOR, inverted slightly further in January and was -26 basis points by the end of the month.

The expected path of the three-month EURIBOR in 2001, as implied in futures contracts with delivery dates this year, also

declined markedly in early January and subsequently tended to rise somewhat in an environment marked by high volatility. On 31 January 2001 the three-month EURIBOR rates implied in contracts maturing in March, June and September 2001 were 4.56%, 4.32% and 4.21% respectively. This was 17, 21 and 18 basis points, respectively, lower than at end-December, and compares with falls of between 50 and 80 basis points over the period between end-October and end-December 2000.

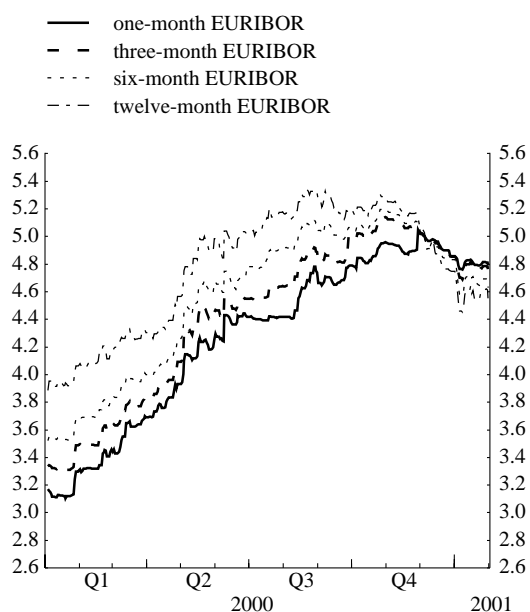
### Long-term bond yields little changed in January 2001

Following the declines which took place in the last two months of 2000, long-term government bond yields in the euro area, although volatile, displayed little overall change between end-December 2000 and end-January 2001 (see Chart 8). On 31 January the average euro area ten-year bond yield was close to the level at the end of December, at around 5.0%. In the US bond markets, by contrast, the ten-year government bond yield increased by around 10 basis points during this period. As a result the differential between US and euro area ten-year bond yields widened to around 25 basis points by 31 January 2001.

In the United States, long-term government bond yields were volatile during January 2001, reflecting rapid shifts in market assessments of the likely evolution of US economic growth in the short term. In this volatile environment, US ten-year government bond yields reached around 5.3% at the end of January. Whereas weak economic data, adding to evidence of a slowing economy, had depressed US yields during the last months of 2000, data released in January 2001 seemed to cast some doubt on the most negative scenarios for the US economy, thus bringing about a reversal of this downward trend in yields. Moreover, the decisions of the Federal Open Market Committee (FOMC) of the Federal Reserve System to lower its target for the federal funds rate by

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

(percentages per annum; daily data)



Source: Reuters.

a total of 100 basis points on 3 and 31 January may have contributed in this respect by reducing the perceived likelihood of a sharp deceleration in the pace of US economic activity. Furthermore, a less negative perception of the outlook for US growth may have resulted in somewhat higher inflation expectations in the United States, which, in turn, may have contributed to the rise in US bond yields. In line with this, the US ten-year break-even inflation rate, obtained from nominal and index-linked bond yields, increased markedly in the course of January, from around 1.4% to above 1.8%.

In Japan the ten-year government yield stood at around 1.5% on 31 January 2001, which was about 15 basis points lower than at the end of December. This decline, which brought the Japanese ten-year bond yield down to its lowest level since mid-1999, appeared to reflect renewed pessimism among investors regarding the outlook for economic activity in Japan following further weak economic data releases. Linked to this, a recent rise in

market expectations of a cut in official interest rates by the Bank of Japan may have added to the downward pressure on bond yields.

While the overall change in euro area long-term government bond yields in the course of January was negligible, some volatility was observed within this period, mainly reflecting developments in US bond markets. However, these spillover effects proved to be largely transitory, which would seem to indicate that markets expected changes in US economic conditions to have relatively minor implications for economic growth prospects in the euro area. Furthermore, data released during January seemed to give investors little reason to significantly revise their expectations regarding euro area economic growth and inflation prospects, which in turn may have explained the small overall changes in euro area long-term bond yields in the course of the month.

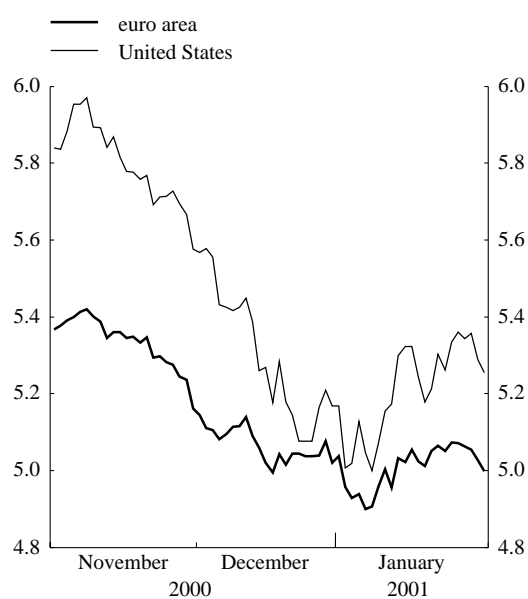
Further indications that market participants had not significantly altered their expectations regarding euro area long-term average growth rates came from developments in the market for French index-linked government bonds. Specifically, the real yield on the ten-year index-linked bond displayed only minor overall changes in January 2001. The associated ten-year break-even inflation rate declined by about 15 basis points in the course of January, standing at around 1.4% at the end of the month. As always, developments in index-linked bond yields and break-even inflation rates should be interpreted with caution, as a number of well-known caveats may complicate their interpretation.

The slope of the euro area yield curve, as measured by the difference between ten-year government bond yields and the three-month EURIBOR, steepened somewhat in January 2001, reflecting declines in short-term money market rates. By 31 January the implied forward euro area overnight interest rate curve had shifted slightly downwards and inverted further at shorter horizons, while

### Chart 8

#### Long-term government bond yields in the euro area and the United States

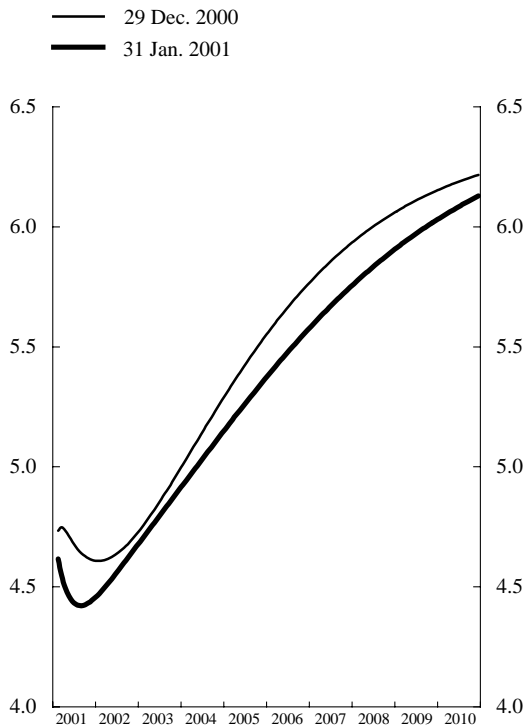
(percentages per annum; daily data)



Source: Reuters.

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

**Chart 9**  
**Implied forward euro area overnight interest rates**



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 of 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.

still remaining positively sloped in the medium and long-term segments (see Chart 9).

**Stock markets somewhat calmer in January**

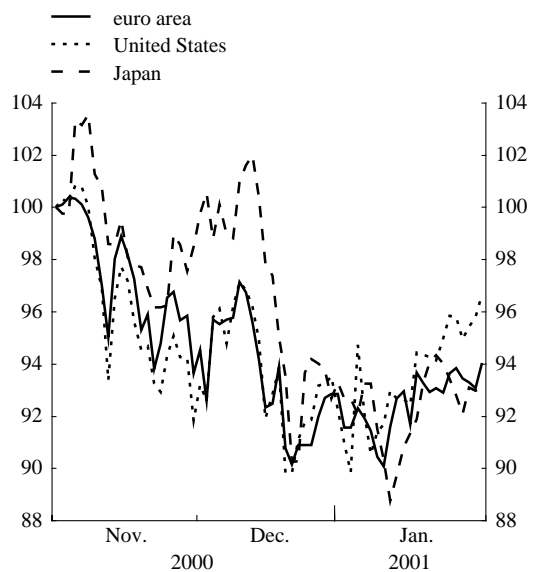
Following the rather sharp fluctuations in December 2000, stock price indices in the major markets calmed down somewhat during January 2001. This was illustrated by a pattern of declining volatility, particularly in the second half of January, as well as limited changes in benchmark indices. Stock prices in the euro area, as measured by the Dow Jones EURO STOXX index, showed little change between the end of December 2000 and 31 January. In the same period stock prices in the United States, as measured by

the Standard and Poor's 500 index, increased by around 3%, while Japanese stock prices, as measured by the Nikkei 225 index, showed little change (see Chart 10).

In the United States, the FOMC decision to lower official interest rates on 3 January was immediately followed by the largest ever single-day increase in the Nasdaq composite index and a subsequent decline in volatility which persisted into the second part of the month. In other parts of the US stock market, economic data released in January, which seemed to reduce uncertainty and lower market expectations of a sharp deceleration in US economic activity, were also stabilising factors. Moreover, expectations of further declines in US short-term interest rates and the subsequent decision of the FOMC on 31 January to lower official interest rates by a further 50 basis points also appeared to increase the upward pressure on US stock prices.

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

(index: 1 November 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.

In Japan, the limited change in the Nikkei 225 in January, in an environment of considerable uncertainty about the state of the Japanese economy, may be partly explained by government proposals to permit Japanese corporations to purchase their own equities. This seemed to counteract downward pressure on stock prices arising from the uncertainty about the economy.

In the euro area, the Dow Jones EURO STOXX index showed little change amidst declining volatility in January 2001. The lack of any discernible trend in stock prices during January suggests that little change took place in the views of market participants regarding the prospects for euro area growth. At the same time the decline in volatility seemed to reflect a market perception that sharp euro

area stock price movements would be less likely in the future in view of lower US stock market volatility, particularly on the Nasdaq. In this respect it was notable that the euro area telecommunications sector index increased by about 14% between end-December and 31 January, reflecting the strong rise in the Nasdaq. Other sectors of the euro area stock market experienced divergent developments in January. Changes varied from a 7% decline in the healthcare sector to a 6% increase in the consumer cyclical goods sector. This would suggest that while expectations may have changed for the earnings prospects of individual industries during January, there was little systematic change in market expectations for the direction of the euro area economy.

## 2 Price developments

### HICP inflation decreased in December

The annual rate of increase in the overall Harmonised Index of Consumer Prices (HICP) for the euro area including Greece decreased from 2.9% in November to 2.6% in December 2000 (see Table 3). This decline mainly reflected a significant fall in the contribution from energy prices as a result of recent oil price developments. Meanwhile, the annual rate of increase in the HICP excluding unprocessed food and energy was unchanged at 1.5% over the same period.

The latest decline in overall HICP inflation was mostly attributable to energy prices, for which the year-on-year change decreased to 11.3% in December 2000,

down 4.0 percentage points from November (see Chart 11). This decline reflected the fall in oil prices from €37.7 in November to €28.9 in December 2000. Despite this latest decline, given their weight of 9.0% in the total HICP, energy prices still contributed over 1 percentage point to the year-on-year rate of inflation in December 2000.

By contrast with the above developments in energy prices, food prices experienced a 0.2 percentage point rise in their annual growth rate between November and December 2000 as a result of developments in unprocessed food prices. The year-on-year rate of change in unprocessed food prices rose by 0.4 percentage point to stand at 3.8% in December 2000, its highest level in

**Table 3**  
**Price and cost developments in the euro area**

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2001
				Q1	Q2	Q3	Q4	Aug.	Sep.	Oct.	Nov.	Dec.	Jan.
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.2	1.1	2.4	2.1	2.1	2.5	2.7	2.4	2.8	2.7	2.9	2.6	.
<i>of which:</i>													
Goods	0.7	0.9	2.7	2.3	2.3	2.9	3.2	2.7	3.3	3.3	3.5	3.0	.
Food	1.7	0.6	1.4	0.5	0.9	1.9	2.2	2.0	2.1	2.0	2.2	2.4	.
Processed food	1.5	1.0	1.2	1.1	1.0	1.2	1.4	1.2	1.3	1.3	1.5	1.4	.
Unprocessed food	2.0	0.1	1.7	-0.4	0.7	3.1	3.5	3.4	3.3	3.2	3.4	3.8	.
Industrial goods	0.2	1.0	3.4	3.3	3.0	3.4	3.8	3.0	4.0	3.9	4.1	3.3	.
Non-energy industrial goods	1.0	0.7	0.7	0.6	0.6	0.7	1.0	0.6	0.8	0.9	1.0	1.1	.
Energy	-2.6	2.3	13.4	13.7	12.3	13.7	13.8	12.0	15.6	14.7	15.3	11.3	.
Services	2.0	1.6	1.7	1.6	1.7	1.8	1.8	1.8	1.8	1.9	1.9	1.8	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	-0.7	-0.4	.	4.4	5.2	5.8	.	5.6	6.3	6.5	6.3	.	.
Unit labour costs <sup>2)</sup>	0.3	1.3	.	0.6	0.5	1.1	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.2	0.7	.	1.8	1.4	1.1	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	1.5	2.0	.	2.4	1.9	2.2	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	1.8	2.2	.	3.6	3.8	3.9	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	12.0	17.1	31.0	26.9	28.9	33.6	34.5	33.3	37.2	36.8	37.7	28.9	27.4
Commodity prices <sup>5)</sup>	-12.5	-3.1	18.1	19.9	18.3	18.0	16.4	18.3	21.4	23.1	18.2	8.6	3.1

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.

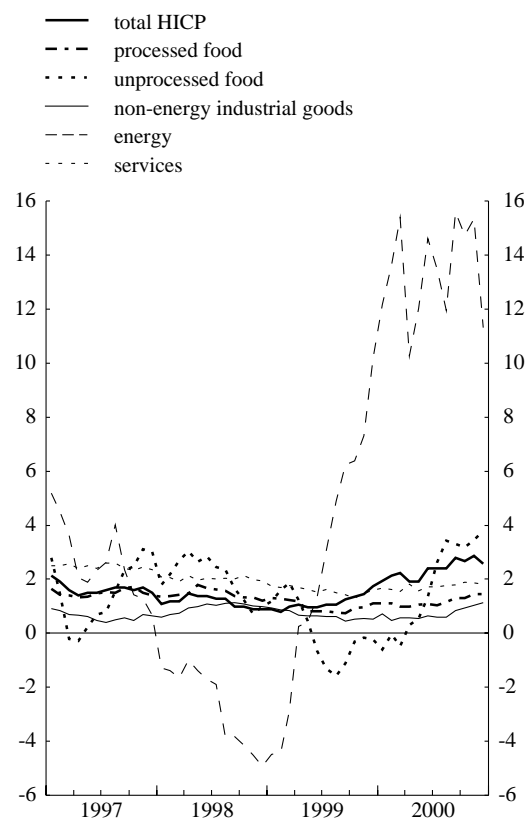
the year 2000. Moreover, while the short-term dynamics as measured by seasonally adjusted three-month annualised rates of change had indicated a weakening of upward pressures in unprocessed food prices between August and November 2000, the December figure showed a sharp increase (for further information on seasonally adjusted HICP data, see Box 2 in the "Price developments" section of the January 2001 issue of the ECB Monthly Bulletin). The latest rise in the annual rate of increase in unprocessed food prices was partly explained by higher meat prices, whose annual rate of increase rose to 3.8%, up from 3.1% in November 2000. However, as meat prices have been showing an upward trend since mid-1999, the extent to which the latest increase is related to recent food safety concerns is still unclear. Although a further rise in unprocessed food prices in the months

ahead cannot be ruled out, it has to be borne in mind that this HICP component consists of very volatile items. Hence, developments in unprocessed food prices should be interpreted with caution. By contrast with unprocessed food prices, the annual rate of increase in processed food prices decreased slightly by 0.1 percentage point to 1.4% in December 2000.

Turning to the remaining components of HICP, there was a limited increase in the annual rate of change in non-energy industrial goods prices (up 0.1 percentage point to stand at 1.1% in December 2000), thereby continuing the upward movement recorded in recent months. Although still quite moderate, this latest rise is consistent with the view that past increases in industrial producer prices, induced by the rise in oil prices and the depreciation of the euro during most of 2000, are gradually feeding through to non-energy goods prices at the consumer level. By contrast with developments in non-energy industrial goods, the annual rate of increase in services prices decreased slightly by 0.1 percentage point from November to December 2000, down to 1.8%.

**Chart 1 I**  
**Breakdown of HICP inflation in the euro area by components**

(annual percentage changes; monthly data)



Source: Eurostat.

#### Slightly lower increase in producer prices in November

The year-on-year change in industrial producer prices in the euro area including Greece decreased slightly from 6.5% in October to 6.3% in November 2000. Underlying these latest developments in producer price inflation was a decline in the annual rate of change in intermediate goods prices from 13.7% in October to 12.7% in November 2000. Meanwhile the year-on-year rate of change in capital goods prices remained at the rather moderate levels observed since the beginning of 2000. By contrast, the annual rate of change in consumer goods prices increased by 0.2 percentage point from the previous month and stood at 2.1% in November 2000. This continues the upward trend observed since the first half of 1999. The latest increase



lends further support to the view that developments in intermediate goods prices continue to affect final goods prices further along the chain of production.

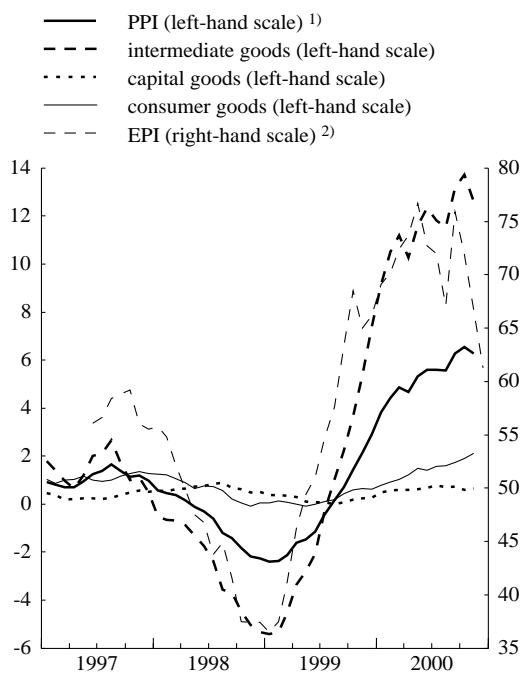
Considering developments in producer prices in the months following November 2000, some further moderation in the annual rate of change in producer prices, in particular in intermediate goods prices, may be expected. The Eurozone Price Index (EPI), which measures prices paid by manufacturers for their inputs, fell sharply from 66.7 in November to 61.3 in December 2000, its third consecutive fall (see Chart 12). This may reflect the decline in the average price of a barrel of oil over that period. On the other hand, partly counteracting these influences, the presence of indirect effects on consumer or capital goods prices associated with the sustained increase in oil prices and

the depreciation of the exchange rate throughout most of 2000 are likely to continue to give rise to some upward pressure on overall producer prices.

### Growth in total hourly labour costs and unit labour costs rose in the third quarter of 2000

The available labour cost indicators show some increase in the third quarter of 2000. The annual change in total hourly labour costs increased slightly by 0.1 percentage point to 3.9% in the third quarter of 2000. The pick-up in total hourly labour cost growth that was observed in the first half of 2000 was mainly due to certain one-off payments in a number of euro area economies and to the impact of the reduction in weekly hours worked in France. In addition, the above mentioned pick-up appears to have been sustained by some statistical problems related to the reduction in working days in some euro area economies in the year 2000 (for example in Germany and the Netherlands). These developments should therefore be interpreted with caution. For a detailed explanation of the developments in total hourly labour costs in 2000 and a comparison with other labour cost indicators available for the euro area, see Box 3.

**Chart 12**  
**Producer prices and manufacturing input prices for the euro area**  
*(monthly data)*



Sources: Eurostat and Reuters.

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

The annual rate of growth in unit labour costs also increased to 1.1% in the third quarter of 2000, compared with 0.5% in the previous quarter. This increase was partly explained by an increase in the growth of compensation per employee to 2.2% in the third quarter, from 1.9% in the previous quarter. In addition, productivity growth slowed to 1.1% in the third quarter compared with 1.4% in the second quarter, mainly reflecting the decline in the year-on-year GDP growth rate of 0.4 percentage point to 3.4% in the third quarter of 2000. Overall, despite the common upward movement in all labour cost indicators in the third quarter of 2000, the latest developments remain consistent with the view that wage moderation broadly prevailed in the first three quarters of 2000.

### Box 3

#### Recent developments in euro area labour cost indicators

This box reviews recent developments in hourly labour costs, placing them alongside those of other available sources in order to give a broad assessment of labour costs in 2000.

#### Available labour cost indicators for the euro area

There are three main labour cost indicators available for the euro area: compensation per employee, hourly labour costs and gross monthly earnings. In addition, unit labour costs are calculated as the ratio of compensation per employee to output per employed person (productivity). This latter concept is, however, not directly comparable with the other indicators as it provides a measure of the labour cost of producing a standard unit of output. The main characteristics of the current set of euro area labour cost indicators are presented in the table below.

#### Euro area labour cost indicators

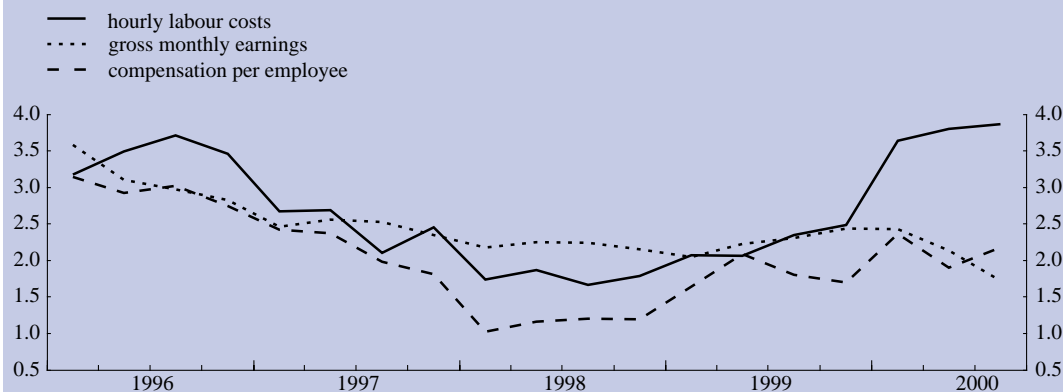
	Eurostat definition	Coverage
<b>Compensation per employee</b>	Total compensation divided by the total number of employees. Total compensation is defined as the total remuneration, in cash or in kind, payable by an employer to an employee in return for work done by the latter during the accounting period. It includes employees' direct earnings (wages, salaries and bonuses) and all indirect compensation (employers' social security contributions).	Whole economy. All countries except Ireland, Luxembourg and Portugal, i.e. 95% of the euro area.
<b>Hourly labour cost index</b>	Total labour costs for all employees divided by all hours worked by these employees (including overtime). Labour costs include the same components as total compensation.	Non-agricultural business sector. All countries except Greece. Differences in sector coverage between countries.
<b>Gross monthly earnings</b>	Total earnings divided by all employees. Earnings correspond to gross wages and salaries, including all payments made to the employee as remuneration for their work (wages and salaries in money or in kind and bonuses of any kind), but not employers' social security contributions.	Non-agricultural business sector. All countries except Greece. Differences in sector coverage between countries.

Differences between these indicators can arise mainly as a result of differences in the sectoral coverage and in the definition of labour costs used. With regard to sectoral coverage, as opposed to compensation per employee, which refers to the whole economy, hourly labour costs and monthly earnings currently cover only 65% of total employment, represented by the non-agricultural business sector. The difference is basically attributable to the public and public-related services, such as public administration, education and health, in addition to agriculture. However, despite such differences, these indicators have moved reasonably closely in the past, with the exception of developments in hourly labour costs in 2000 (see the chart below).

As regards differences in the definition of labour costs, the difference between growth rates in compensation per employee and monthly earnings may give an indication of the effect of changes in employers' social security contributions. In addition, the difference between compensation per employee and hourly labour cost growth may point to the effect of changes in the number of hours worked per employee. Developments in compensation per employee and monthly earnings have so far been broadly stable, increasing by 2.2% and 2.1% on average in the first three quarters of 2000 compared with 2.0% and 2.3% in 1999, pointing to moderate annual growth rates. This would appear to be broadly in line with negotiated wage increases in 2000. By contrast, as mentioned above, hourly labour cost growth was around 3.8% on average in the first three quarters of 2000, which not only means a significant increase compared with 1999, when the rate of growth was 2.2%, but also a substantial widening of the gap relative to the other two sources compared with previous years.

## Euro area labour cost indicators

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

### Factors which explain recent developments in hourly labour costs

Different developments between hourly labour costs and compensation per employee may arise, in principle, as a result of different sectoral coverage and a change in the number of hours worked. In this respect, a marked difference in wage developments in the non-market sectors compared with the rest of the economy could be an explanatory factor. Moderate wage increases in public administration, health, education and other services could imply lower growth rates in compensation per employee than in hourly labour costs. However, given that monthly earnings generally refer to the same sectors as hourly labour costs and are growing less rapidly, this factor does not seem to be responsible for the widening of the gap in the euro area.

With regard to changes in hours worked, the fact that part-time employment is growing in the euro area more rapidly than full-time employment normally implies a higher wage growth per hour than per worker. Indeed, in 1998 and 1999 the gap between hourly labour costs and compensation per employee growth, of around 0.3 percentage point, could be attributed to a significant increase in part-time jobs compared with full-time jobs. However, the gap in 2000 widened considerably compared with that of the previous two years and there is no reason to believe that developments in part-time employment have changed enough to explain the gap of 1.5 percentage points in 2000.

A number of factors in individual countries seem to explain the significant rise in hourly labour costs. In particular, in Italy the increase in hourly labour costs in the first quarter of 2000 was partly owing to one-off payments in industry and in the banking sector and in Spain to indexation clauses which compensate *ex post* for the difference between expected and observed inflation in 1999. Second, the implementation of the 35-hour week in firms with more than 20 employees (previously 39 hours per week) in France implied an increase in the growth rate of hourly labour costs throughout 2000. Statistical problems may also have contributed to the increase in hourly labour cost growth. For example, in Germany and the Netherlands there were fewer working days in 2000 compared with 1999. This calendar effect had a temporary upward impact on the increase in labour costs per hour in 2000.

Taking into consideration developments in the various indicators, 2000 appears to have been characterised by wage moderation in the euro area as a whole. However, while part of the increase in hourly labour costs can be attributed to exceptional factors, other factors which were also a source of recent increases could be pointing to upward risks. The latter include *ex post* indexation clauses, which can be seen as second-round effects, and the reduction in the number of hours worked. In addition, there is also the risk that the tightness of labour markets in some countries and the rise in inflation in 2000 may adversely affect wage moderation in 2001.

### 3 Output, demand and labour market developments

#### GDP growth resilient in the third quarter of 2000

According to Eurostat's second estimate, euro area real GDP increased by 0.7% quarter-on-quarter in the third quarter of 2000. This implied a deceleration from the stable growth rate seen in the preceding three quarters of 0.9% quarter-on-quarter. The latter figures were partly revised upwards compared with the previous pattern of growth, which showed a slight moderation. The contribution of domestic demand to growth declined from 0.9 percentage point in the second quarter to 0.6 percentage point in the third quarter of 2000. This was mainly the result of a decrease in the growth rate of private consumption to 0.3% quarter-on-quarter after 0.8% in the previous two quarters. This lower growth rate can

probably be attributed to the prolonged rise in oil prices, which was reflected in a one-off fall in consumer confidence in September. By contrast, growth in fixed capital formation was robust in the third quarter at 1.3% quarter-on-quarter, compared with 0.8% in the previous quarter of 2000. The contribution of changes in inventories to growth remained small, at 0.1 percentage point. The third quarter was the second consecutive quarter in which net exports did not contribute positively to GDP growth, as strong increases in exports were offset by equally strong increases in imports.

In January 2001, for the first time, Eurostat complemented its quarterly national accounts on the expenditure side with figures from the output side (see Table 4). The Eurostat data replace the ECB's own area-wide

**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	1999	2000	2000	2000	1999	1999	2000	2000	2000
				Q3	Q4	Q1	Q2	Q3	Q3	Q4	Q1	Q2	Q3
Real gross domestic product	2.3	2.7	2.5	2.6	3.3	3.5	3.8	3.4	1.0	0.9	0.9	0.9	0.7
<i>of which:</i>													
Domestic demand	1.7	3.4	3.0	3.0	2.8	2.5	3.2	3.1	0.7	0.7	0.7	0.9	0.6
Private consumption	1.5	3.0	2.7	2.6	2.6	2.6	3.1	2.5	0.8	0.6	0.8	0.8	0.3
Government consumption	1.0	1.1	1.5	1.6	1.5	1.7	1.8	1.6	0.4	0.4	0.7	0.3	0.2
Gross fixed capital formation	2.4	4.8	5.3	5.8	5.4	5.4	4.8	4.2	1.9	0.3	1.8	0.8	1.3
Changes in inventories <sup>3) 4)</sup>	0.1	0.4	0.0	-0.1	-0.1	-0.4	0.0	0.4	-0.2	0.3	-0.3	0.2	0.1
Net exports <sup>3)</sup>	0.6	-0.6	-0.4	-0.3	0.5	1.0	0.7	0.4	0.3	0.2	0.2	0.0	0.0
Exports <sup>5)</sup>	10.5	7.0	4.7	5.7	10.3	13.2	12.1	12.1	3.0	3.6	2.7	2.3	3.0
Imports <sup>5)</sup>	9.0	9.5	6.4	7.1	9.2	10.7	10.6	11.4	2.3	3.1	2.4	2.4	3.1
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	0.6	1.9	2.4	3.5	3.8	1.8	0.8	0.9	1.3	0.7	-1.0	-0.1	1.4
Industry	2.1	2.0	1.8	2.1	3.6	4.4	4.0	3.8	1.2	0.8	1.4	0.5	0.9
Services	2.5	3.2	2.7	2.6	2.9	3.4	3.7	3.7	0.8	0.9	1.1	0.8	0.9

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.

6) Also includes hunting and forestry.

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

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000			2000			2000				
			Sep.	Oct.	Nov.	Sep.	Oct.	Nov.	June	July	Aug.	Sep.	Oct.
Total industry excl. construct.	4.3	1.9	5.7	3.9	4.6	0.7	0.0	0.6	1.1	0.5	0.9	1.0	1.4
Manufacturing	4.7	1.9	6.2	4.2	5.0	-0.5	-0.5	1.0	1.2	0.9	1.5	1.4	0.9
by main industrial groupings:													
Intermediate goods	4.1	2.3	4.4	3.3	3.5	0.2	-0.2	1.0	1.1	0.1	0.8	0.5	1.0
Capital goods	6.5	1.5	10.4	9.0	9.7	0.7	-0.3	1.1	2.1	1.9	2.4	2.6	2.3
Consumer goods	5.6	3.0	5.4	1.8	4.7	0.6	-0.7	1.7	1.0	0.3	0.7	0.5	1.1
Durable consumer goods	6.3	3.3	5.9	2.1	5.4	0.7	-0.9	1.9	0.9	0.1	0.7	0.5	1.2
Non-durable consumer goods	2.0	1.5	2.5	0.4	1.0	0.1	0.1	0.7	1.7	0.9	0.6	0.6	0.7

Sources: Eurostat and ECB calculations.

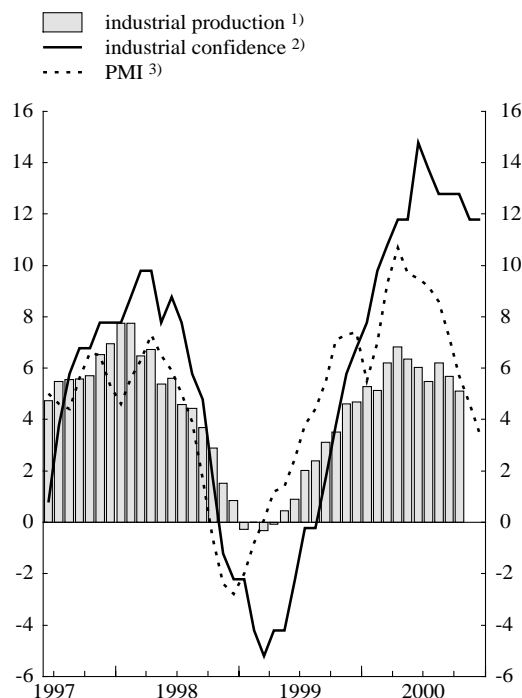
Note: Annual percentage changes are calculated using data adjusted for variations in the number of working days; percentage changes on the previous month and three-month centred moving averages against the corresponding average three months earlier are calculated using seasonally and working day adjusted data.

estimates which have been published in the ECB Monthly Bulletin since May of last year. The output data provide useful information for an analysis of economic developments at the sectoral level, notably in the services sector. The data show that the annual rate of growth in real gross value added in the services sector was stable at 3.7% in the third quarter of 2000, after 3.4% and 3.7% respectively in the first and second quarters of the year.

Euro area industrial production (excluding construction) increased by 0.6% month-on-month in November 2000, after zero growth in the preceding month (see Table 5). When comparing the period from September to November 2000 with the previous three-month period (June to August), industrial production increased by 1.4%, the highest rate of growth seen since the peak in the three-month period up to and including May 2000 of 2.1%. However, the latest three-month moving average growth rate ending in November is distorted upwards by the fall in production in June 2000, which was accounted for by calendar effects. Taking account of this June effect, a gradual decline in growth is apparent. This can already be seen in terms of declining year-on-year growth. Production growth was 4.7% in the three-month period up to and

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

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

	1998	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
				Q1	Q2	Q3	Q4	July	Aug.	Sep.	Oct.	Nov.	Dec.
Economic sentiment index <sup>1)</sup>	2.9	0.0	1.5	1.0	0.2	-0.3	-0.8	0.1	-0.1	-0.9	-0.1	-0.2	0.1
Consumer confidence indicator <sup>2)</sup>	6	8	10	11	11	10	9	11	12	8	8	8	10
Industrial confidence indicator <sup>2)</sup>	6	0	12	10	13	13	12	14	13	13	13	12	12
Construction confidence indicator <sup>2)</sup>	2	14	22	21	23	23	21	23	26	20	23	20	19
Retail confidence indicator <sup>2)</sup>	2	0	4	5	8	3	2	2	2	4	4	2	1
Business climate indicator <sup>3)</sup>	0.7	-0.1	1.3	1.0	1.4	1.4	1.3	1.4	1.3	1.4	1.4	1.2	1.2
Capacity utilisation (%) <sup>4)</sup>	82.9	82.0	.	83.4	83.8	84.3	.	83.9	-	-	84.7	-	-

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

1) Percentage changes compared with the previous period.

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

3) Units are defined as points of standard deviation.

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

including November 2000 compared with the same period in 1999, down from the peak of 6.6% recorded in the period from March to May 2000 and from 5.8% in the second quarter of the same year. Year-on-year growth in manufacturing production has followed a similar pattern.

### Confidence indicators point to continued expansion

While the available survey data for the euro area manufacturing sector imply somewhat different developments in manufacturing production growth, they generally point to a moderation of growth. In December 2000 the industrial confidence indicator of the European Commission's Business Survey remained stable compared with the previous month (see Table 6). Overall, according to this indicator, in the fourth quarter of last year industrial confidence was slightly lower than in the previous two quarters, thus indicating that the slowdown in economic activity in the final quarter of 2000 may have been moderate. By contrast, the Purchasing Managers' Index (PMI) declined consistently

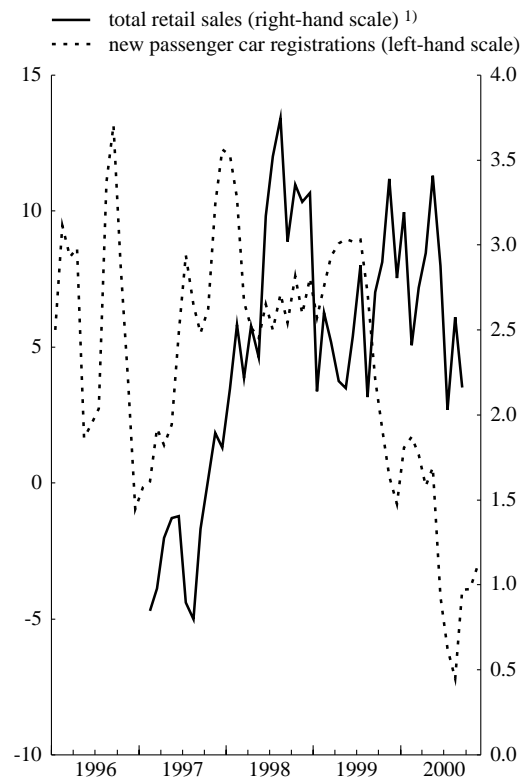
from April to December 2000 (see Chart 13). However, with levels above the benchmark level of 50, it remained consistent with positive rates of growth in manufacturing production.

In December 2000 consumer confidence increased compared with the previous month, after having been constant over the period from September to November. It thus partly recovered from the fall recorded in September 2000. The increase in December was mainly accounted for by a more positive assessment by households of the current and future general economic situation. Households' assessment of their present and future financial situation remained broadly unchanged. By contrast, confidence in both construction and retail trade declined slightly in December 2000, albeit remaining high by historical standards.

In October 2000 retail sales volumes decreased by 0.3% month-on-month, after an increase of 0.4% in September. On a three-month moving average basis, growth in retail sales was 2.2% year-on-year in the period from August to October 2000, which was

**Chart 14**  
**New passenger car registrations and retail sales in the euro area**

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



Sources: Eurostat and ACEA/A.A.A. (European Automobile Manufacturers' Association, Brussels).  
 1) Calculated using seasonally adjusted data.

somewhat lower than the rate of growth of 2.6% recorded in the third quarter of last year (see Chart 14). A slight decrease in retail sales growth is thus apparent. In December 2000 new passenger car registrations increased by 1.1% month-on-month. In the last quarter of 2000 the quarter-on-quarter growth rate was 0.7%, after a decrease in the third quarter of 5.6% quarter-on-quarter. There was thus some rebound towards the end of the year. However, for 2000 as a whole, new passenger car registrations were 2.1% lower than in 1999.

Overall, the latest data covering the third and the fourth quarter of 2000 point to some dampening of output and demand growth,

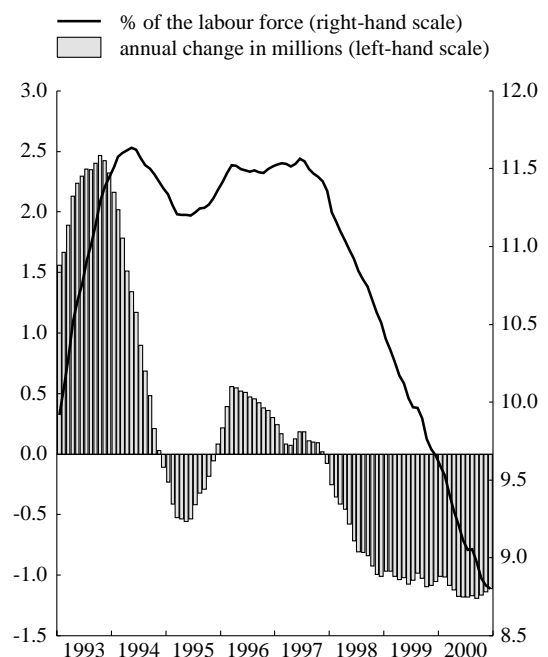
probably related to the prolonged rise in oil prices. However, at the same time these data suggest that the impact on both production and consumption remained moderate. Moreover, confidence continued to be high in the fourth quarter of last year, pointing to resilient economic growth.

**The unemployment rate was unchanged in December**

In December 2000 the standardised rate of unemployment in the euro area including Greece stood at 8.8% of the labour force, unchanged from that recorded in November (which has been revised downwards by 0.1 percentage point). This is the lowest unemployment rate recorded since early 1992. The unemployment rate stood at 9.1% on average in 2000, compared with 10.0% in 1999. For 2000, the decline in the average unemployment rate was broadly of the same magnitude as that of 1999, i.e. almost 1 percentage point (see Chart 15). Although

**Chart 15**  
**Unemployment in the euro area**

(monthly data; seasonally adjusted)



Source: Eurostat.

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

	1998	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000	2000
				Q1	Q2	Q3	Q4	July	Aug.	Sep.	Oct.	Nov.	Dec.
Total	10.9	10.0	9.2	9.5	9.2	9.1	8.8	9.1	9.1	9.0	8.9	8.8	8.8
Under 25 years <sup>1)</sup>	21.6	19.6	17.9	18.5	18.0	17.7	17.2	17.7	17.8	17.6	17.3	17.2	17.1
25 years and over <sup>2)</sup>	9.4	8.7	8.0	8.3	8.0	7.9	7.7	7.9	7.9	7.8	7.7	7.7	7.7

*Source: Eurostat.**Note: According to ILO recommendations.**1) In 2000 this category represented 23.4% of total unemployment.**2) In 2000 this category represented 76.6% of total unemployment.*

the decline in unemployment remained rapid, it was slower in the second half of 2000 than in the first half; the unemployment rate decreased by 0.1 percentage point per month on average in the first half of 2000 and at around half this pace in the second half. In absolute terms, the number of unemployed fell in December by 28,000 from the previous month, and by over 1.1 million compared with December 1999.

In terms of the breakdown by age, the youth unemployment rate has been revised downwards for the period since July 2000. The unemployment rate for those aged under 25 decreased by 0.1 percentage point to 17.1% in December 2000 (see Table 7). The unemployment rate for those aged 25 and over stood at 7.7% in December 2000, unchanged from November. However, this concealed a monthly decrease of 8,000 in the number of those unemployed aged 25 and over.

### **Employment growth continued in the third quarter of 2000**

In line with the slightly slower decline in unemployment in the second half of 2000, the quarter-on-quarter growth rate of total employment in the euro area slowed in the third quarter of 2000 to 0.4%, compared with 0.6% in the second quarter and 0.5% in the previous two quarters (see Table 8). However, in annual terms, employment rose by 2.0% in the third quarter, i.e. one of the highest increases recorded since the

beginning of the 1990s. The employment estimates shown in Table 8 are now calculated by the ECB from national ESA 95 national accounts employment data, which correspond to harmonised definitions and have improved in terms of reliability over the past year. The change to national accounts sources has no significant effect on the overall picture of developments compared with the previously presented data, which were derived from various national sources.

On the basis of national accounts data for employment, a breakdown of the main sectors (including the industry, construction and services sectors) is available. While the quarter-on-quarter data, reported in Table 8, appear to be volatile, year-on-year employment growth up to the third quarter of 2000 was broadly based across the main sectors of the economy (although agriculture and fishing continued to experience a trend decrease). In the third quarter the annual growth of employment in industry excluding construction remained at the strong rate of 0.9% recorded in the previous quarter. Moreover, year-on-year employment growth in construction remained unchanged at 1.2% in the third quarter. These developments resulted in a slight increase in annual employment growth in total industry to 1.0% in the third quarter. The services sector, which accounts for over 60% of total employment, appears to be the main driving force behind job creation, with an annual rate of growth of 2.7% in the third quarter. This was, however, 0.2 percentage point lower



**Table 8**  
**Employment growth in the euro area**

(annual percentage changes, unless otherwise indicated; seasonally adjusted)

	1997	1998	1999	1999	2000	2000	2000	1999	2000	2000	2000
				Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
	Quarterly rates <sup>1)</sup>										
Whole economy	0.7	1.5	1.7	1.8	1.9	2.2	2.0	0.5	0.5	0.6	0.4
Agriculture and fishing <sup>2)</sup>	-1.3	-1.5	-2.7	-2.1	-1.5	-1.6	-1.4	-0.6	-0.3	-0.1	-0.4
Industry	-0.6	0.7	0.5	0.6	0.8	0.9	1.0	0.3	0.2	0.3	0.3
Excluding construction <sup>3)</sup>	-0.4	1.1	0.1	0.0	0.2	0.9	0.9	0.2	0.0	0.4	0.3
Construction	-0.8	-0.3	1.6	2.1	2.6	1.2	1.2	0.5	0.6	-0.2	0.4
Services <sup>4)</sup>	1.4	2.1	2.6	2.5	2.6	2.9	2.7	0.6	0.6	0.9	0.5
Trade and transport <sup>5)</sup>	0.9	1.6	2.1	2.4	2.6	2.9	2.3	0.6	0.5	0.7	0.4
Finance and business <sup>6)</sup>	4.2	5.1	5.2	5.5	5.7	6.0	5.7	1.4	1.2	1.8	1.2
Public administration <sup>7)</sup>	0.8	1.2	1.7	1.2	1.1	1.5	1.6	0.2	0.4	0.6	0.3

Sources: Eurostat and ECB calculations.

- 1) Quarterly rates: percentage change compared with the previous quarter.
- 2) Also includes hunting and forestry.
- 3) Includes mining, quarrying, manufacturing, electricity, gas and water supplies.
- 4) Excludes extra-territorial bodies and organisations.
- 5) Also includes repairs, communication, hotels and restaurants.
- 6) Also includes real estate and renting services.
- 7) Also includes education, health and other services.

than the peak of 2.9% recorded in the second quarter. Employment expectations in industry and services, as seen from the European Commission's Business Surveys and the Purchasing Managers' Surveys, are less

positive than in the first half of 2000 in line with the slowdown in activity in the third quarter. They nevertheless continue to indicate sustained employment growth in the last quarter of 2000 in both sectors.

## 4 Exchange rate and balance of payments developments

### Euro remained broadly stable in nominal effective terms in January

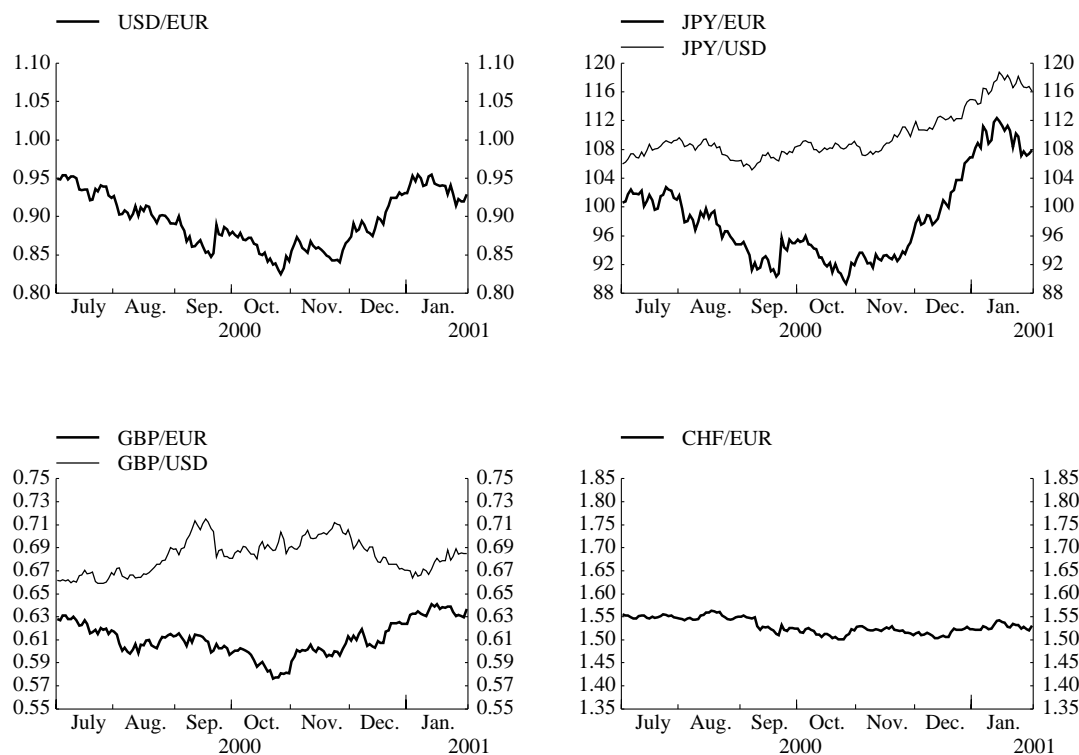
In January 2001 the euro stabilised in nominal effective terms at around the levels reached following its broadly based appreciation in December 2000. At the beginning of January 2001, the euro rallied temporarily amid market concerns arising with regard to, in particular, the pace of the economic slowdown in the United States. However, the US dollar subsequently strengthened against most major currencies, as market participants appeared to revise their assessment of the relative economic performance of the major economic areas, mainly by taking a less pessimistic stance with regard to the US economic outlook.

After reaching a level of USD 0.955 at the beginning of January 2001 – its highest level since summer 2000 – the euro traded in a range of between USD 0.92 and USD 0.95 for most of the month (see Chart 16). In early January the Federal Reserve decided to lower its policy rates by 50 basis points, judging that the risks to the US economy were weighted mainly towards conditions which may generate economic weakness in the foreseeable future. This assessment was broadly supported by declining business confidence at the beginning of the month and by subsequent data releases pointing to a further contraction in industrial production and capacity utilisation. Thereafter, however, as the market perception of the duration and depth of the US slowdown grew less

## Chart 16

### Patterns in exchange rates

(daily data)



Source: ECB.

pessimistic, the euro temporarily declined towards the end of the month. Shortly before the Federal Reserve's decision of 31 January to cut once again interest rates by 50 basis points, the euro was quoted at USD 0.93, roughly unchanged from its level at the end of December 2000, but 7% above its level in the fourth quarter of 2000.

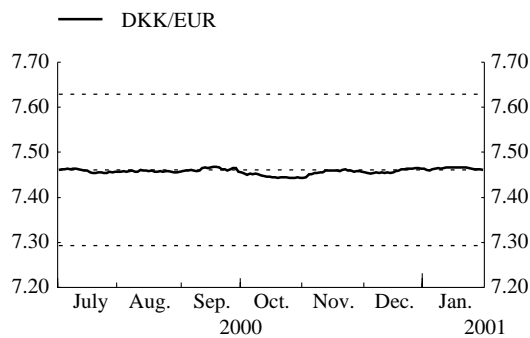
During the first two weeks of January 2001 the euro reached its highest level against the Japanese yen – namely JPY 112.4 – in more than a year. It subsequently returned to levels close to those observed at the end of December 2000. These developments seem primarily related to the uncertainties regarding the Japanese outlook. While private investment expenditure still appears to be the main contributor to growth, consumer spending remains subdued and market uncertainty over the strength of the Japanese financial system has increased. At its policy

meeting on 19 January the Bank of Japan decided to leave its policy rate unchanged. On 31 January 2001 the euro was quoted at JPY 107.9, more than 13% stronger than in the fourth quarter of 2000.

Having strengthened since mid-October 2000, the euro stabilised against the pound sterling in early January 2001, fluctuating in a rather narrow range of between GBP 0.63 and GBP 0.64 over most of the month. Recently, however, as markets seem to have revised somewhat their views on the prospects for the US economy, the pound sterling depreciated by almost 2½% against the US dollar over the course of the month. In its policy meeting on 11 January the Bank of England decided to leave interest rates unchanged. On 31 January the euro stood at GBP 0.64, i.e. roughly 2% above its level at the end of December 2000 and 6% higher than in the fourth quarter of 2000.

**Chart 17**  
**Patterns of exchange rates within ERM II**

(daily data)



Source: ECB.

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

Within ERM II, the Danish krone remained broadly unchanged against the euro in January (see Chart 17). With regard to other currencies, the euro was also little changed against the Swiss franc and the Swedish krona.

In the light of these developments, the nominal effective exchange rate of the euro – as measured against the currencies of the euro area’s major trading partners – remained broadly stable (see Chart 18). On 31 January 2001 it stood at roughly the same level as at the end of December 2000, i.e. close to its highest level in almost a year. Trends in the real effective exchange rates of the euro, which are adjusted for the price development differentials between the euro area and its major trading partners, continue to track the nominal index fairly closely.

**A slight increase in the current account deficit in November**

In November 2000 the current account deficit increased to €2.9 billion (see Table 9), a rise of €0.8 billion as compared with the same month in 1999. This increase was primarily attributable to a decline in the goods surplus (to €4.6 billion in November 2000, from €6.3 billion one year earlier). This development, combined with an increase in the deficit for both income and current

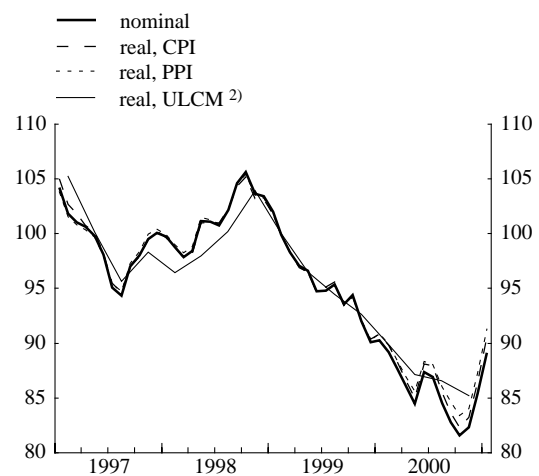
transfers, more than offset the decrease in the deficit for services.

In the first 11 months of 2000, the cumulative deficit on the current account stood at €23.6 billion, compared with a deficit of €1.9 billion for the corresponding period in 1999. This increase was largely the result of a decline in the goods surplus (to €54.6 billion in the first 11 months of 2000, from €77.9 billion for the corresponding period in 1999). A decline of €6.6 billion in the income deficit was partially offset by a rise of €4.7 billion in the deficit for current transfers, while the deficit for services remained virtually unchanged. The decrease in the goods surplus was attributable to a sharper increase in the value of imports (of 26.2%) than in the value of exports (of 20.3%).

The most recent data for trade volumes and prices (unit value indices) show that seasonally adjusted import volumes of goods grew by just over 7% in the nine-month period up to September 2000, while export volumes of goods grew by about 13%. At the

**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 January 2001 and for the ULCM-based REER for Q4 2000.

2) Unit Labour Costs in Manufacturing.

**Table 9****Balance of payments of the euro area***(EUR billions; not seasonally adjusted)*

	1999 Jan. - Nov.	1999 Nov.	2000 Jan. - Nov.	2000 Sep.	2000 Oct.	2000 Nov.
<b>Current account balance</b>	-1.9	-2.1	-23.6	0.1	-0.1	-2.9
Credit	1,212.5	117.9	1,418.0	136.1	140.7	138.5
Debit	1,214.4	120.0	1,441.6	136.0	140.9	141.4
Goods balance	77.9	6.3	54.6	5.7	8.2	4.6
Exports	738.8	76.2	888.9	85.2	92.9	91.2
Imports	660.9	70.0	834.2	79.4	84.7	86.6
Services balance	-10.3	-2.3	-10.6	-1.9	-1.2	-0.2
Exports	219.4	20.1	241.6	22.6	23.0	22.5
Imports	229.7	22.5	252.2	24.5	24.2	22.8
Income balance	-29.7	-1.7	-23.1	-0.9	-1.2	-2.2
Current transfers balance	-39.8	-4.4	-44.5	-2.9	-6.0	-5.0
<b>Capital account balance</b>	10.6	1.2	7.8	0.9	0.1	0.9
<b>Financial account balance</b>	26.4	1.5	15.1	-2.5	-6.8	-9.0
Direct investment	-100.3	-17.0	10.4	-28.6	-15.7	-9.5
Abroad	-190.2	-26.6	-303.8	-44.1	-24.8	-25.9
Equity capital and reinvested earnings	-118.2	-15.9	-240.8	-27.7	-27.9	-23.3
Other capital, mostly intercompany loans	-72.0	-10.7	-63.0	-16.4	3.1	-2.6
In the euro area	90.0	9.6	314.2	15.4	9.2	16.3
Equity capital and reinvested earnings	46.3	8.4	239.0	6.4	6.5	6.5
Other capital, mostly intercompany loans	43.7	1.2	75.2	9.1	2.6	9.9
Portfolio investment	-42.5	11.2	-142.9	2.8	-1.7	-3.9
Equity	-44.6	-2.8	-270.9	-3.7	-6.7	-13.4
Assets	-131.9	-18.6	-262.6	-9.5	-15.6	-19.8
Liabilities	87.3	15.8	-8.3	5.8	8.9	6.4
Debt instruments	2.2	13.9	128.1	6.5	5.0	9.5
Assets	-143.9	-12.7	-126.4	-21.5	-10.9	-11.9
Liabilities	146.1	26.6	254.5	27.9	15.9	21.4
Memo item:						
Combined net direct and portfolio investment	-142.8	-5.9	-132.5	-25.8	-17.3	-13.5
Financial derivatives	8.3	1.9	1.2	1.8	-2.2	-4.2
Other investment	149.8	5.4	130.7	17.8	11.8	0.9
Reserve assets	11.1	-0.0	15.7	3.7	1.0	7.8
<b>Errors and omissions</b>	-35.0	-0.6	0.8	1.6	6.8	11.0

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.

same time, import prices grew by around 14%, primarily as a result of rising oil prices and the decline of the euro, while export prices increased by almost 8%, suggesting that exporters increased their profit margins. On the basis of these data, import values seem to have increased largely as a result of higher import prices, whereas the growth in export values was primarily attributable to higher

export volumes in response to gains in price competitiveness and robust foreign demand.

### **Net direct investment outflows declined in November**

The main development in the financial account in November was a significant

decline – to €9.5 billion – in net direct investment outflows, the lowest amount observed since May 2000; this compares with average net outflows of €28.5 billion in the three months prior to November 2000. This decline was mainly related to relatively high inward direct investment by non-euro area residents of €16.3 billion, a significant part of which was related to “other capital” (€9.9 billion), which largely comprises intercompany loans.

Net outflows of €3.9 billion in portfolio investment in November 2000 reflected net outflows in both equities (€13.4 billion) and money market instruments (€12.1 billion), which more than offset net inflows in bonds and notes (€21.6 billion). In November 2000 foreign investment in euro area bonds and notes reached its highest level in 2000, confirming a trend increase observed since

early 2000 (see Table 8.5 in the “Euro area statistics” section). Combined net direct and portfolio investment outflows fell to €13.4 billion in November, compared with an average of €23.6 billion in the three months prior to November 2000.

For the first 11 months of 2000, combined net direct and portfolio investment outflows were somewhat lower (€132.5 billion) than in the corresponding period of 1999 (€142.8 billion). A key feature is that in 2000 the balances for bonds and notes as well as for direct investment turned to net inflows of €108.0 billion and €10.4 billion respectively – by contrast with net outflows of €37.0 billion and €100.3 billion respectively in 1999 – which more than compensated for higher net outflows in portfolio investment equities.

# Characteristics of corporate finance in the euro area

*This article analyses the development of the use of external sources of corporate finance in the euro area. The general picture that emerges is that there has been a significant increase in loans and the issuance of corporate debt securities in this region in recent years. In addition, listings of high-growth companies on specialised stock exchanges and the use of venture capital have grown considerably in the euro area. This would seem to reflect increasing sophistication in and diversification by the corporate sector in the euro area with regard to its sources of external finance. Despite the strong growth in loans and debt securities in recent years, the share of debt in the total liabilities of non-financial corporations did not increase between 1997 and 1999 as it was more than offset by the rise in the value of shares and other equity. An increased reliance on securities in the external financing of the corporate sector may have implications for the monetary policy transmission mechanism.*

## I Introduction

Non-financial corporations regularly need to take decisions on how they finance their operations, a subject known as corporate finance. Companies can acquire the funds they need to finance long-term investments and short-term expenses in a number of ways. First, they have to decide between internal sources of finance, such as retained earnings, and external finance. Second, if a firm decides to finance its operations by raising funds from external sources, it has to choose between debt and equity finance. Third, when deciding between different forms of debt financing, companies can either issue debt securities or obtain credit from banks or other institutions (see Box 1).

Developments in the overall or macro-financial structure have a major impact on the corporate finance options available to non-financial corporations. In economies with well-developed capital markets, it is relatively easy for non-financial corporations to resort to financing sources other than bank loans, for instance by issuing securities. By contrast, in economies where financial intermediaries occupy a dominant position in the financial system, the corporate sector may depend primarily on loans for its external finance.

Certain institutional aspects of the financial structure of an economy, such as a well-developed legal framework that protects outside investors as well as clear and transparent accounting standards, may contribute significantly to widening the sources of finance available to non-financial corporations.

The macro-financial structure of an economy can significantly affect economic growth. In general, a well-developed financial structure should improve the efficiency of financing decisions, favouring a better allocation of resources and thereby economic growth. In addition, economic growth may benefit from macro-financial structures that allow for the provision of risk capital such as venture capital by financial intermediaries.

This article discusses corporate finance from a theoretical perspective and the specific use of various external sources of corporate finance in the euro area. It also considers the implications of the specific pattern of external corporate financing in the euro area for monetary policy. Finally, some general conclusions are drawn.

## **Box I**

### **Instruments of external corporate finance**

The main forms of external corporate finance are debt and equity. Debt consists of financial claims of external parties that have to be repaid by the company in specific amounts at an agreed interest rate. Equity constitutes a claim on the future profits of the firm for the providers of these funds – the shareholders. Unlike debt, equity does not have to be repaid.

The main forms of debt are loans – usually from banks – and debt securities. Debt securities can be privately or publicly placed with investors. In the case of private placements, debt securities cannot be traded easily on the financial markets, as they are placed with specific investors. In the case of publicly issued debt securities, the trading opportunities are much greater (marketable debt securities). Another distinction has to do with the maturity of the instruments. Publicly issued debt securities with an original maturity of less than one year are usually referred to as commercial paper, while debt securities issued with an original maturity over one year are known as corporate bonds. The interest paid on debt securities reflects, *inter alia*, differences in the creditworthiness of the respective issuers, which in turn reflects their prospective ability to meet the principal and interest payments of the debt issued. In general, debt securities are defined according to the creditworthiness attributed to them by rating agencies. A common distinction is between investment grade and sub-investment grade (or high-yield) debt securities. The creditworthiness and the ratings of debt securities depend, among other things, on the guarantees that are attached to these instruments. For instance, debt that is secured by collateral, such as real estate in the case of a mortgage, normally has a better rating than unsecured debt, all other things being equal. Finally, companies also finance their activities by resorting to trade credits and advances, which are financial claims arising from the direct extension of credit by suppliers and buyers of goods and services.

Equity can also be issued privately or publicly. In the former case, it can take the form of unquoted shares and venture capital, while, in the latter case, the shares are listed on a stock exchange (these are quoted shares). Private equity consists of equity investments in the unquoted securities of private and public firms. Venture capital is often provided by investors, such as specialised venture capital firms, as start-up money to finance new high-risk companies, such as those that specialise in new technologies, in return for equity ownership. Venture capitalists often obtain a seat on the boards of the firms in which they invest in order to exert influence over managerial decision-making. In order to enhance their reputation and for financing reasons, firms may decide at a given moment to substitute unquoted for quoted shares. The listing of a firm's shares on a stock exchange improves its access to the capital markets, as potential investors receive higher-quality information as a result of the improved transparency and disclosure of information required for the listing. In addition, this information often becomes publicly available at limited cost, enabling potential investors to improve their investment decisions. Furthermore, listed companies often have to meet certain financial performance criteria and accounting standards, which should increase investor confidence in the firm. Finally, once a company is listed, investors can follow its share price and consequently get a clearer picture of the company's investment potential. In most developed countries, specialised exchanges serving new or high-growth companies have been set up alongside the established stock exchanges. These new exchanges play an important role in providing high-risk capital for potentially highly successful companies that may face difficulties in obtaining funds from financial intermediaries such as banks.

There are also financial instruments which cannot be classified as equity or debt but have characteristics of both. These are called hybrid instruments. These instruments have become much more important in recent decades and some of them are also regarded as financial innovations, i.e. new financial instruments and techniques that aim to provide cheaper sources of corporate finance. Examples are convertible bonds and warrants. Convertible bonds give their owners the right to convert the bond into a certain number of shares in the issuing firm. Warrants provide their holders with the right to buy shares in a company at a certain price and are often attached to bonds. Derivatives are another type of financial innovation and have started to play an important role in corporate financing. In general, they are used by companies to hedge against market risks, such as interest rate and foreign exchange risks, or to adjust the features of their debt to the company's specific needs. The main kinds of derivatives are options, forward and futures contracts and swap agreements.

## 2 Corporate finance and financial structure

### Corporate finance at the company level

Decisions on how to finance the operations of non-financial corporations affect the “capital structure” of companies. This structure has been the central focus of both theoretical and empirical studies on corporate finance. The foundations of the modern theory of corporate finance were laid down by Modigliani and Miller when, in 1958, they introduced their “capital structure irrelevance” hypothesis. This theorem claimed that the market value of a firm and its cost of capital are independent of its capital structure where information is “perfect” and there are no transaction costs or taxes. In other words, any combination of debt and equity would be as good as any other.

Following this, a large number of studies investigated the consequences of relaxing the assumptions put forward by Modigliani and Miller. This led to findings that under more realistic settings, non-financial corporations should target specific debt-to-equity ratios. For instance, in a situation where debt costs can be deducted when calculating corporate taxes, under certain assumptions specific higher debt-to-equity ratios can raise the value of the company. However, there are also limits to the level of indebtedness of a firm. In particular, where debt reaches a certain level, the potential costs of bankruptcy have to be borne in mind. Thus, these theories would suggest that for each firm there is a certain amount of debt that is optimal.

Another important development in the theory of corporate finance was the recognition that, contrary to the Modigliani-Miller assumptions, financial markets and corporate financing decisions are characterised by agency costs and asymmetric information. Agency costs arise because of conflicts of interest between various groups of stakeholders, such as management, debt-holders and shareholders, and affect the capital structure of the firm.

Asymmetric information refers to differences in knowledge between two parties, for example borrowers and lenders, that result in one having an information advantage over the other. The concepts of agency costs and asymmetric information are increasingly dominating the theory of corporate finance, and have become fundamental aspects of the financial decision-making process of non-financial corporations as well.

Asymmetric information may cause significant problems, referred to in the relevant literature as adverse selection and moral hazard.

Adverse selection results from information asymmetries that are related to the nature of the contract to be signed by prospective lenders and borrowers. For example, a provider of funds or lender is confronted with a large set of heterogeneous borrowers, some of which may have an incentive to default on the loan. Since the lender cannot distinguish clearly between various types of borrowers in advance, its lending behaviour may be affected by this lack of information: it might refuse to provide any funds to certain borrowers, even though the borrowers offer to pay the price it requires and may be perfectly capable of repaying the funds. This problem is particularly relevant for new and high-risk companies which have not yet established stable relationships with providers of funds and which cannot be monitored closely or accurately, as objective information on these companies is not often available. For well-established companies with long track records of performance and repayment that maintain long-term relationships with lenders, adverse selection problems may be insignificant.

Moral hazard arises from information asymmetries affecting the period after which a contract is signed. For example, after obtaining funds, a borrower may start to engage in risky activities that are potentially highly profitable, but which also reduce the



likelihood that the funds will be repaid to the lender. In such circumstances, a lender may decide not to provide funds or to reduce the amount of funds it provides to certain borrowers.

In general, information asymmetries, such as adverse selection and moral hazard, may influence the financing decisions of non-financial corporations and thus their capital structure. For example, such asymmetries may lead to a specific capital structure being chosen by insiders that provides information on the company to outside providers of funds and which may affect the value of the firm. Furthermore, there is a “pecking order” for sources of finance: internal finance comes first, followed by external financing, which is more expensive.

### **Macro-financial structure of the economy**

The theories on corporate financing decisions at the company or micro level mentioned above have been related increasingly to the macro-financial structure of an economy. The financial structure can be defined as the whole setting of financial markets, financial instruments and financial institutions at a given point in time. Financial structures differ from country to country and also change over time in relation to the stages of economic development. In general, they are classified in terms of the significance of financing through financial intermediaries, which are mostly banks, or through financial markets. A financial structure in which banks predominate as financial intermediaries by collecting savings through deposits and providing the bulk of external funding to the non-financial sector is called a “bank-oriented” structure. At the other end of the spectrum is a “market or securities-oriented” financial structure in which market-based funding constitutes a significant source of funds for non-financial firms. In practice, financial structures are rarely either bank-based or market-based, but a combination of the two types, although their relative importance varies from economy to economy. This is due to a large number of factors, such as regulatory

frameworks, technological innovations, monetary and fiscal policies, specific legal and accounting systems and other historically determined characteristics that differ from country to country.

The link between the literature on corporate finance and the optimal capital structure for a company, on the one hand, and investigations into the macro-financial structure, on the other, has been established via models of financial intermediation, which describe the effects of information asymmetries in financial markets on the allocation of funds and corporate financing decisions. These models assert that information problems may lead to inefficiencies in financial markets that have real effects on the economy and consequently affect the source of corporate finance chosen. For example, because of adverse selection problems, investors may not be able to assess the risk profile of companies that are issuing equity or debt securities and therefore may be somewhat reluctant to invest in these securities. Consequently, only investors that are less risk-averse, such as venture capital firms, invest in securities issued by new and high-risk companies.

Furthermore, the information problems associated with financing through financial markets are an important factor in explaining why financial intermediaries exist. This is because financial intermediaries have developed the expertise to distinguish between those firms that may repay loans and those that may default, and so they can channel funds effectively and profitably from net savers to net investors. Banks and other financial intermediaries have gained experience in collecting information on prospective borrowers and in the screening and monitoring of investment projects, which mitigate costs, especially those related to adverse selection problems. At the same time, borrowers that have obtained good credit ratings may secure debt through the capital markets at lower costs than via financial intermediaries, as investors are willing to pay a higher price for their creditworthiness.

Furthermore, financial intermediaries may be more risk-averse than those investors who attach less importance to adverse selection problems. Such intermediaries may thus refuse to provide loans to certain borrowers and force them to obtain funds through the issuance of high-yield bonds which are bought by less risk-averse investors. Thus, financial intermediaries and financial markets perform financing functions for various types of non-financial corporations according to their assessment of the costs arising from adverse selection and moral hazard problems in addition to other factors.

The prevalence of information asymmetries at the level of the macro-financial structure can be affected by various factors. For example, a well-developed accounting system

combined with a relatively high degree of disclosure may encourage the use of market-based financing, as information on firms is more readily available to investors at relatively low cost. Differences in financial regulatory frameworks and legal sanctions may influence the provision of information to financial markets and consequently stimulate the development of the financial structure towards a dominance of either market-based or bank-based finance. Thus, the specific forms of corporate finance and the nature of the financial structure are influenced by various institutional characteristics of a specific economic system. This also implies that, to some extent, the financing decisions of non-financial corporations may be influenced by government policies that affect these characteristics.

### **3 Sources of finance and financial structure in the euro area**

#### **Differences in the structure of corporate liabilities in the euro area, the United States and Japan**

The statistical basis for analysing corporate finance in the euro area is still incomplete. Currently available information is limited to external finance. Table I shows national financial accounts data for non-financial corporations in the euro area and compares them with data for the United States and Japan. For the euro area, national financial accounts data have been aggregated for eight Member States. No data are included yet for Greece, Ireland, Luxembourg and Portugal. Box 2 provides an overview of the statistical concepts and the plans for developing further the statistical basis.

As can be seen in Table I, shares and other equity (at market values) are the main liability for euro area non-financial corporations, followed by loans. Equities are also the dominant liability in the United States, while debt securities play a more important role than loans there. In Japan, loans are the most important liability. The development in shares

and other equity as a percentage of liabilities depends significantly on the development of share prices. Thus, the development in this ratio is influenced by the strong rise in share prices from 1997 to 1999 in the euro area and in the United States.

As noted above, loans are the main debt financing instrument of non-financial corporations located in the euro area. The share of loans, including those granted by non-MFIs, in the liabilities of the euro area non-financial corporate sector is less important than in Japan, but significantly higher than in the United States. Within loans, those granted by euro area MFIs are the most important. As for other forms of debt financing, trade credits and advances play a relatively important role in the euro area, similar to that in Japan and the United States. Debt financing in the form of securities other than shares had, in 1999, only a small share in the total liabilities of euro area non-financial corporations in terms of amounts outstanding. By contrast, this form of financing was more important in the United States and Japan.

**Table I****Financing structure of non-financial corporations in the euro area, the United States and Japan***(end of period; percentage of total liabilities)*

	Euro area			United States	Japan
	1997	1998	1999	1999	1999
Liabilities	100.0	100.0	100.0	100.0	100.0
Loans	30.0	27.2	23.3	5.4	38.9
<i>of which:</i>					
<i>granted by euro area MFIs</i>	21.3	19.5	16.2	-	-
<i>granted by euro area non-monetary financial institutions</i>	1.9	1.7	1.4	-	-
<i>granted by other euro area sectors and by the rest of the world</i>	6.8	6.0	5.8	-	-
Trade credit and advance payments received	10.7	9.8	8.3	7.8	12.4
Securities other than shares	3.1	2.8	2.4	10.6	9.4
Shares and other equity	51.7	56.3	62.6	70.2	33.8
<i>of which: quoted shares</i>	19.6	22.0	26.3	-	-
Other liabilities	4.5	3.9	3.3	6.1	5.5

*Sources: ECB, Board of Governors of the Federal Reserve System and Bank of Japan.**Note: Non-consolidated data which cover all external financing instruments taken by non-financial corporations from other resident sectors including non-financial corporations and from abroad; debt securities and shares are valued at market prices.*

Finally, with respect to maturity structures, it is notable that most of the corporate lending from MFIs in the euro area is long term (see Table 3). In September 2000, more than 70% of all outstanding loans had an original maturity of more than one year, with more than 50% of all loans having a maturity of more than five years. Similarly high is the share of non-financial corporations' outstanding debt securities with a maturity of more than one year in their total outstanding debt securities (see Table 4).

#### **Trends over recent years dominated by high growth rates for loans and debt securities**

Balance sheet data as shown in Table I provide a snapshot of the financing structure of non-financial corporations at a specific point in time. In particular shares and debt securities are influenced by valuation changes. For this reason, changes are best understood by looking at transactions data which do not include valuation effects (see Table 2).

As can be seen from Table 2, some notable changes have taken place in recent years in the euro area. First, the total annual external financing flows increased significantly between 1997 and 1999. Second, the flows were particularly pronounced in debt, with the flows in loans significantly exceeding the flows in shares and other equity. Third, a considerable rise was observed in the issuance of new debt securities over the period, with the highest growth rates in the amounts outstanding of all forms of finance. Thus the flow data in Table 2 give a different picture than the changes in the balance sheet in Table I.

Interpreting these developments in conjunction with the information in Table I, it can be seen that the higher recourse to loans and debt securities in recent years did not result in an increase in the share of these debt instruments in total corporate liabilities. As noted above, this can be partly explained by the considerable rise in share prices between 1997 and 1999. The increase in share prices led to a substantial increase in the value of the amounts outstanding of shares and other equity which are shown in Table I. This valuation effect resulted in a decline in the share of loans and debt securities

**Box 2****Corporate finance in national accounts**

Corporate finance in national accounts relates to the sector “non-financial corporations” defined in the European system (Council Regulation (EC) No. 2223/96 of June 1996 on the European system of national and regional accounts in the Community (ESA 95)). This sector covers all bodies recognised as independent legal entities which are market producers and the principal activity of which is the production of goods and non-financial services.

The ESA 95 records flows and stocks in an ordered set of accounts describing the economic cycle from the generation of income to its distribution, redistribution, and accumulation in the form of assets and liabilities. The flows of assets and liabilities are seen again in the changes in the balance sheet showing the total assets, liabilities and net worth reflected in the capital account, the financial account, the other changes in the volume of assets account and the revaluation account.

**Changes in assets and liabilities reflected in the flow accounts for non-financial corporations**

Changes in assets	Changes in liabilities	
<i>Capital account</i>		
Acquisition of non-financial assets	<b>Internal sources of corporate finance</b>	Saving, net Net capital transfers (receivable minus payable)
<i>Financial account</i>		
Net acquisition of financial assets	<b>External sources of corporate finance</b> (by financial instrument)	Loans Trade credit and advance payments received Securities other than shares Shares and other equity Other liabilities (deposits, insurance technical reserves and other)
<i>Other changes in the volume of assets account and the revaluation account</i>		

All forms of corporate finance are shown in the changes on the liabilities side of the non-financial corporations’ capital and financial account. **Internal sources** of corporate finance relate to the change in net worth due to saving and capital transfers which are part of the capital account. **External sources** of corporate finance are shown under net incurrence of liabilities in the financial account. The financial account is usually broken down by financial instrument. Further breakdowns refer to the original maturity of some instruments. Major external financial instruments of non-financial corporations are loans, trade credit and advance payments received, securities other than shares and shares and other equity.

While both the capital and financial account comprise transactions, other changes to the corporate sector balance sheet may relate to mergers and acquisitions, reclassifications, or holding gains and losses. These changes are recorded under the heading “Other changes in the volume of assets account and revaluation account”.

To reflect appropriately the financing structure of euro area non-financial corporations, non-consolidated data are provided. They cover all external financing instruments taken by euro area non-financial corporations, including financial resources provided by other non-financial corporations in the euro area and abroad.

At present, only data for external financing of the corporate sector are available. Data on internal finance as well as financial balance sheet data for the corporate sector are expected to become available in the course of 2001.

**Table 2****External financing transactions of non-financial corporations in the euro area, the United States and Japan***(EUR billions)*

	Euro area			United States	Japan
	1997	1998	1999	1999	1999
Liabilities	339.3	489.2	625.0	767.0	-117.8
Loans	145.0	230.2	329.3	149.7	-113.1
Trade credit and advance payments received	58.8	63.6	68.6	165.7	-48.3
Securities other than shares	12.1	18.1	37.3	255.3	-11.1
Shares and other equity	95.5	173.9	147.2	96.5	61.7
<i>of which: quoted shares</i>	62.2	85.8	89.3	-	-
Other liabilities	27.9	3.4	42.7	99.8	-6.9

Source: ECB, Board of Governors of the Federal Reserve System and Bank of Japan.

Note: Non-consolidated data (see note to Table 1); net borrowing (+), net repayments (-).

in the overall liabilities of the corporate sector when measured at market values. Thus, while the recourse to loans and debt securities in recent years may have resulted in a higher ratio of corporate debt to GDP, it has not resulted in a rise in the debt to equity ratio of the liabilities of the euro area corporate sector measured at market values.

The following analysis looks at these changes in more detail.

**Debt financing**

As regards external finance in the form of loans granted by MFIs, loans to non-financial corporations increased in terms of year-on-

year growth rates by between 7% and 8% in 1998 and 1999 (see Table 3). In 2000 the growth of these loans increased further, reaching 12.3% in September 2000. The trend of increasing growth of loans to non-financial corporations in this period initially reflected the decline in bank lending interest rates that the convergence leading up to Stage Three of EMU brought about in the euro area. In addition, the high growth of loans was also related to the financing of mergers and acquisitions and, after mid-1999, the strengthening of economic activity in the euro area. Most recently, it was significantly influenced by the financing of UMTS licences by telecommunications companies.

**Table 3****MFI loans to non-financial corporations in the euro area***(original maturity; annual percentage changes)*

	Amounts outstanding					Annual growth rates <sup>1)</sup>			
	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year and up to 5 years	Over 5 years	
	EUR billions	% of total amounts	% of total amounts	% of total amounts					
1997 Dec.	2135.1	35.8	14.5	57.4	-	-	-	-	
1998 Dec.	2286.8	35.6	13.8	57.6	7.6	6.6	2.4	9.9	
1999 Dec.	2419.1	35.4	15.4	57.4	7.8	7.0	11.2	7.4	
2000 Sep.	2628.6	35.9	16.1	56.5	12.3	14.3	16.3	9.6	

Source: ECB.

1) Growth rates are calculated on the basis of flow data whenever available.

**Table 4****Maturity structure of debt securities issued by non-financial corporations in the euro area***(Original maturity; annual percentage changes)*

	Amounts outstanding			Annual growth rates <sup>1)</sup>		
	Total	Up to 1 year	Over 1 year	Total	Up to 1 year	Over 1 year
	EUR billions	% of total amounts	% of total amounts			
1994	275.4	19.4	80.6	3.6	-11.2	7.9
1995	284.6	17.2	82.8	3.4	-8.4	6.3
1996	285.9	18.6	81.4	0.5	8.7	-1.2
1997	289.7	19.7	80.3	1.3	7.5	-0.1
1998	297.1	20.5	79.5	2.6	6.6	1.6
1999	331.8	22.1	77.9	11.6	20.5	9.4
2000 Sep.	401.9	24.0	73.4	16.9	25.7	14.3

Source: ECB.

1) Growth rates are calculated on the basis of stock data.

In respect of securitised debt, the historical series on debt securities issuance of the ECB has recently become available (see Box 3). As Table 4 shows, the introduction of the euro has acted as a catalyst for debt securities financing by the non-financial corporate sector. The year-on-year growth rates of debt securities issuance by non-financial corporations increased substantially in 1999 and 2000. In addition to the influence of the introduction of the euro, debt securities issuance by private non-financial

corporations has been driven by the process of corporate restructuring and related merger and acquisition activity in the euro area, changes in the investment behaviour of institutional investors (which have increasingly invested in higher-yield bonds), and the robust pace of economic activity in the euro area. The issuance of debt securities in 2000 was also stimulated by the financing of UMTS licences, partly through non-monetary financial subsidiaries of telecommunications companies.

**Box 3****Statistics on debt securities issues in the euro area****Debt securities issues statistics**

The ECB monthly euro area securities issues statistics are published in Tables 3.5 and 3.6 of the "Euro area statistics" section of the ECB Monthly Bulletin. Furthermore, in February 2001 the ECB released monthly historical debt securities issues statistics starting from January 1990. These statistics – produced by the Eurosystem – cover securities other than shares, i.e. debt securities. These are negotiable and traded on secondary markets. They do not grant the holder any ownership rights over the issuer. Money market paper and, in principle, private placements are included in the debt securities statistics. The ECB securities issues statistics are estimated to cover approximately 95% of total debt securities issued by euro area residents.

The ECB methodological framework on securities statistics follows, wherever possible, the guidelines and recommendations set out in the European System of Accounts 1995 (ESA 95).

The euro area securities issues statistics distinguish between security-issuing units located in the euro area and those outside. Issues by foreign-owned entities located in the euro area are classified as issues by euro area residents. Conversely, issues by entities located outside the euro area which are owned by euro area residents are treated as issues by non-residents of the euro area.

The ECB's securities issues statistics include a breakdown of issuers by sector. For euro area residents, this breakdown is in line with the ESA 95, and distinguishes primarily between five types of issuers, of which non-financial corporations, the subject of this article, is one.

Statistics on securities issues are also broken down by maturity at issue into short-term securities and long-term securities. Short-term securities generally have an original maturity of one year or less. All other issues, including those with optional or indefinite maturity dates, are classified as being long-term.

The currency of issuance refers to the currency denomination of the security. The euro area securities issues statistics cover securities denominated in euro (or remaining national denominations of the euro) as well as securities denominated in currencies other than the euro. Prior to January 1999 issues in euro refer to items expressed in the national currencies of the first 11 countries to introduce the euro or denominated in ECU.

The euro area securities issues statistics cover stocks (amounts outstanding) and flows (gross issuance, redemptions and net issuance). The amount outstanding is the stock of securities at the end of the period. Gross issues cover all new issues for cash. Redemptions comprise all repayments by the issuer for cash, whether at maturity or earlier. Net issues are gross issues minus redemptions during the same period. In principle, they correspond to the changes in amounts outstanding between two periods, though differences may arise from valuation changes, reclassifications and other adjustments during the periods.

## Equity financing

As regards equity financing, Table 5 shows the total net amount of shares and other equity raised by non-financial corporations between 1997 and 1999. This amount increased from €95.5 billion in 1997 to €173.9 billion in 1998, but decreased to €147.2 billion in 1999. The latter decrease was due to a significant drop in the net

issuance of unquoted shares and other equity from €88.1 billion in 1998 to €57.9 billion in 1999. Indeed, the net issuance of shares listed on stock exchanges (i.e. quoted shares) by non-financial corporations actually increased from €85.8 billion in 1998 to €89.3 billion in 1999. Thus, the data show that non-financial corporations in the euro area increasingly resorted to issuing quoted equity

**Table 5**  
**Equity financing of euro area non-financial corporations**

(EUR billions)

	Net issuance of shares			Memorandum item <sup>1)</sup> Gross issuance of quoted shares of all corporations		
	Shares and other equity	of which quoted	of which unquoted and other equity	Total amount of new capital raised	Gross amount of new capital raised by already listed corporations	Gross amount of new capital raised by newly listed corporations
1995	-	-	-	84.1	61.7	22.4
1996	-	-	-	72.0	42.6	29.4
1997	95.5	62.2	33.3	76.2	47.3	28.9
1998	173.9	85.8	88.1	146.8	96.3	50.5
1999	147.2	89.3	57.9	240.8	150.7	90.1

Source: ECB.

- 1) International Federation of Stock Exchanges (FIBV) data. The FIBV equities issues statistics cover approximately 97% of world stock market capitalisation and include financial corporations. The FIBV collects the number of domestic and foreign companies listed on national exchanges. When a domestic company is listed on more than one national exchange, it is counted once. When a company is listed in several countries, it may be counted more than once.

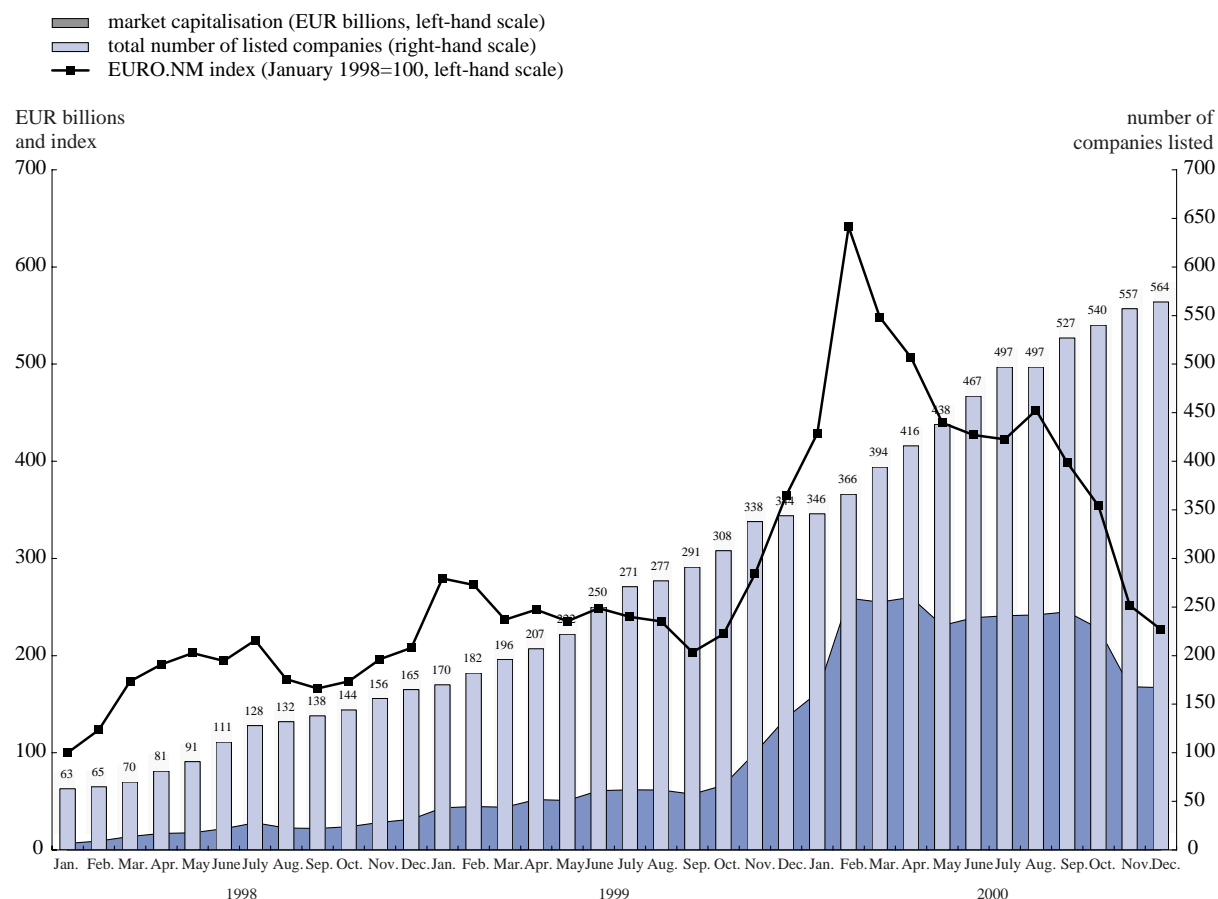
in 1999. In general, as is shown in Table 5 by the International Federation of Stock Exchanges (FIBV) equity issues statistics, gross issuance of quoted shares by all corporations, i.e. including financial corporations, has been growing since the mid-1990s in the euro area.

In recent years, specialised stock markets for “growth” companies have become a growing market segment for the issuance of quoted shares. In general, equity financing is particularly advantageous or even essential for the financing of innovative firms, as banks may be reluctant to provide loans due to the risk profile of these firms. Thus, for these new and high-risk firms, financing through specialised stock exchanges is of particular importance because of the existence of information asymmetries and agency costs.

The market capitalisation and the number of companies that were listed on the EURO.NM market are shown in Chart 1. EURO.NM, a pan-European group of five exchanges providing equity capital for new and high-risk companies, ceased to exist in December 2000, but the participating national high-growth stock exchanges will continue to provide equity financing for start-ups. Equity financing is particularly strong in the new markets segment. Total market capitalisation in these new markets grew from €7 billion at the beginning of 1998 to €167 billion in December 2000. While some of this increase can be attributed to the overall rise in share prices during this period (see the development of the EURO.NM index in Chart 1), it is important to note that the number of listed companies continued to

**Chart 1**

**Market capitalisation and number of listed companies in the EURO.NM market<sup>1)</sup>**



Source: EURO.NM.



increase in almost every month. The total number of companies listed on the EURO.NM, which were mainly non-financial and high-tech firms, increased from 63 at the end of January 1998 to 564 at the end of December 2000.

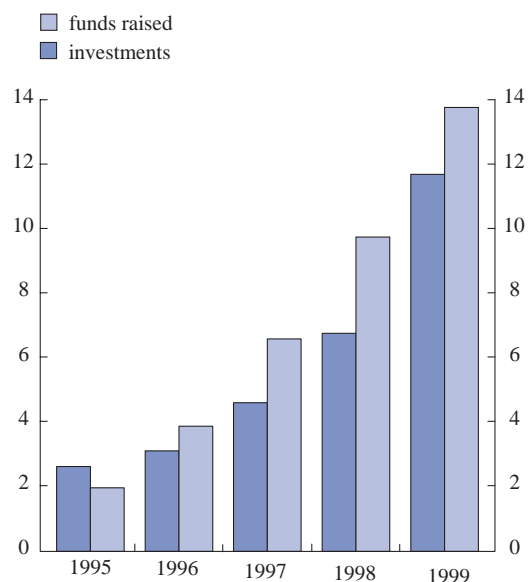
In addition to traditional or public equity financing, venture capital financing has grown significantly in recent years, even though the overall amounts are still relatively low compared with the United States. As noted above, venture capital companies represent an important means of overcoming agency problems and information asymmetries that exist between lenders and borrowers and that are particularly significant for new and high-risk firms. Venture capital firms can collect and process information on new companies quite effectively, by using various control mechanisms, for example, gaining positions on the boards of these firms and obtaining substantial voting rights. While the data presented also include financial corporations, the amounts invested in this sector are only a small proportion of the total. As can be seen in Chart 2, the investments made by venture capitalists in euro area firms have risen more than fourfold between 1995 and 1999, with a particularly large increase, 71%, in 1999 compared with 1998. Venture capital firms actually raise more funds than they ultimately invest, although the difference between funds raised and invested decreased in 1999 compared with 1998.

In sum, there was a reduction in the share of debt as a proportion of total liabilities of non-financial corporations measured at market prices between 1997 and 1999, mainly due to the considerable rise in stock prices

**Chart 2**

**Venture capital (funds raised and invested) in the euro area**

(EUR billions)



Source: European Venture Capital Association (2000).

and despite strong growth in loans in recent years. At the same time, the non-financial corporate sector in the euro area has been acquiring a significant share of funds in the form of debt securities. Furthermore, there was a higher use of quoted shares in 1999 and it is apparent that some more specialised forms of public and private equity are being used as sources of external finance, in particular, shares listed at specialised exchanges for growth companies and venture capital. There are thus many indications of a tendency towards sophistication and diversification in the use of sources of corporate finance in the euro area. However, this process is still at an early stage and the euro area financial structure can still be considered to be dominated by bank loans and unquoted shares.

#### 4 Implications for monetary policy

The dynamics of the evolution in the external financing flows of non-financial corporations in the euro area suggest that debt securities are playing a growing role in financing, even though they started from a low base by

comparison with the United States. As regards equity, quoted shares gained importance in 1999. If developments towards increased reliance on securities were to continue they might affect the way monetary

policy decisions influence the economy. Therefore it seems appropriate to reflect on their implications for monetary policy in the euro area. These include: 1) a larger exposure of firms to swings in financial markets; 2) more competitive pricing of loans by banks; and 3) a greater importance of wealth effects.

#### **Larger exposure of firms to swings in financial markets**

The prices of financial instruments, such as corporate bonds and equities, are determined in a forward-looking manner, and, inter alia, incorporate the expectations of economic agents regarding future economic developments and premia for various risks. An increase in the exposure of corporations as a result of a higher share of debt securities and quoted shares would imply that companies' financing conditions might be affected more quickly by developments in financial markets than before.

#### **More competitive pricing of loans by banks**

If there are no major competitive pressures, the pricing of bank loans may not reflect market conditions. This behaviour tends to make the interest rate channel of the transmission mechanism of monetary policy weaker than in an economy where securities predominate.

If a liquid market for corporate securities develops, then corporations may go directly to the market and bypass banks. This should lead to more competitive pricing by banks. In the case of the euro area, some large firms with direct access to credit have been able to

obtain finance from banks at rates similar to money market rates. In this context, a financial structure in which securities play a more important role in debt financing implies that changes in ECB interest rates are likely to affect bank lending interest rates more quickly.

#### **Greater importance of wealth effects**

Changes in interest rates may affect the prices of assets, be they financial instruments or real assets such as property, and thus the wealth of households and non-financial corporations. The importance of wealth effects depends on the absolute value and the composition of wealth, on the impact of monetary policy and on how changes in wealth affect consumption and investment decisions. If there is a move towards a greater importance of securities, companies and households are likely to increase the share of financial assets in the form of securities in their portfolios. Thus, changes in the financial structure towards greater recourse to securities markets are likely to reinforce the importance of wealth effects, as households and non-financial corporations will probably hold a larger share of their wealth in the form of financial market instruments such as corporate bonds or equity. However, this mechanism may be weakened by the fact that MFIs also hold debt securities and shares and other equity issued by non-financial corporations, implying that the exposure of other parts of the private sector to price fluctuations in such instruments is not keeping pace with developments in these markets. At present, it is clear that MFIs play a prominent role in external financing in the euro area and therefore developments in this sector need to be monitored carefully.

## **5 Concluding remarks**

The relationship between corporate finance, financial structure and monetary policy is of considerable importance to the development

of financial markets and economic growth, and has received much attention from both academics and policy-makers. Problems

caused by asymmetric information that exist on financial markets between borrowers and lenders may force certain borrowers to seek specific forms of finance and thus influence their capital structure and the cost of capital. In practice, these information problems combined with a large number of institutional, legal and historical characteristics determine the use of specific sources of corporate finance and the development of the financial structure of an economy. It is important to stress that a bank-oriented financial structure is neither more nor less efficient than a securities-based structure. Rather, it is the complementarity of financing options that contributes to economic efficiency.

As this article has shown, there are signs that non-financial corporations are increasingly resorting to securities-based finance, such as debt securities issuance and shares listed on both the mainstream and "high-growth" exchanges. In this development, the move

towards and the introduction of the euro have acted as an important catalyst, especially with regard to the issuance of debt securities, improving the efficiency of the euro area capital markets and reducing existing information asymmetries to some extent. At the same time, loans continue to be an important source of net external financing for non-financial corporations in the euro area, in particular those extended by MFIs.

The analysis of corporate finance in the euro area is of relevance to monetary policy and also has implications for financial stability. If the financing of non-financial corporations through the issuance of securities continues to grow, this may imply a larger exposure of firms to developments in financial markets, may lead to more competitive pricing of loans by banks, and could render the economy more sensitive to wealth effects. The process of monetary transmission could be affected through all these channels.

# Towards a uniform service level for retail payments in the euro area

*Efficient and reliable cross-border payments in the euro area are essential for the smooth functioning of the Single Market. The benefits that can be reaped from the application of the principles of free movement of goods, services, capital and people indeed depend in part on the speed, security and cost of transferring money.*

*The introduction of the euro was an important step on the road towards completion of the Single Market. Currency borders have vanished and all payments within the euro area should be considered “domestic”. In the area of large-value payments, truly cross-border systems like the Trans-European Automated Real-time Gross settlement Express Transfer (TARGET) system and Euro 1 provide efficient payment processing in the EU and have contributed to the integration of euro money markets. As from the beginning of next year, euro banknotes and coins will be legal tender within the whole euro area, thus making them equally usable in a national and cross-border context. In the area of non-cash retail payments, however, considerable efficiency gaps still exist between the processing of domestic and cross-border payments.*

*The Eurosystem has defined objectives for cross-border retail payments that should be met by 2002 at the latest. It has collaborated intensively with the banking sector to remove the obstacles which the banking industry identified as being responsible for the inefficiency of cross-border retail credit transfers in the euro area. Progress has been made, but the Eurosystem objectives have clearly not yet been achieved.*

*The Eurosystem remains firmly committed to making the euro area as a whole into a true single payment area. It monitors the developments in cross-border retail payments closely and will assess the situation again in early 2002. If necessary, further action will have to be taken to ensure the smooth functioning of retail payment systems in the euro area.*

## I The role of central banks in retail payments

Central banks have always been involved in retail payments, i.e. payments of limited value between consumers and between consumers and businesses. In the 19th century, many central banks were created with the specific aim of ensuring public confidence in banknotes – a retail payment instrument which, unlike coins, was not supported by its intrinsic value. In the course of the 20th century the use of commercial bank money (deposits with commercial banks) developed together with the instruments which support its transfer (cheques, credit transfers, direct debits and card payments) and with the systems where such instruments are exchanged and settled at the interbank level. Again, in order to ensure public confidence in payment systems based on the exchange of commercial bank liabilities, all central banks play a role in retail payments in providing the ultimate settlement asset, i.e. central bank liabilities. In addition, some

central banks have also retained a direct operational involvement in the field of retail payments.

As a consequence of the monetary policy function of a modern central bank, monitoring the impact of the functioning of payment systems on monetary policy and on systemic stability has become an additional key element of its basic task of ensuring the smooth operation of payment systems. This latter task is increasingly codified in law. For the Eurosystem, it is confirmed by Article 105 (2) of the Treaty establishing the European Community and Article 3 of the Statute of the European System of Central Banks and of the European Central Bank (the “Statute of the ESCB”). Moreover, Article 22 of the Statute of the ESCB explicitly grants regulatory powers to the ECB and allows for an operational involvement of the Eurosystem in payment systems. These provisions apply

to both retail and large-value payment systems.

For the past decade, the attention of central banks has focused to a large extent on systemic risk arising from large-value payment systems. After the adoption of the Report of the Committee on Interbank Netting Schemes of the Central Banks of the Group of Ten Countries (the "Lamfalussy Report") in November 1990, central banks stepped up their efforts to contain systemic risk by improving the safety and reliability of large-value netting systems and by developing real-time gross settlement (RTGS) systems and encouraging banks to use such systems for high-value payments. In line with this policy, the Eurosystem has created TARGET, the RTGS system for the euro.

Central banks' endeavours in respect of large-value payment systems may have led to the impression that they see their role as referring exclusively to these systems. This is, however, clearly not the case since retail payments remain an important part of their task today. In particular, given that efficient retail payment systems are essential for the economy, major central banks have addressed efficiency considerations in their payment systems policies. In the United States, the role of the Federal Reserve in

retail payments is not only reflected in the Federal Reserve Act but was also confirmed in 1998 by a committee headed by Alice Rivlin, Vice Chair of the Board of Governors of the Federal Reserve System. The committee confirmed the operational role of the Federal Reserve in providing cheque collection and automated clearing house (ACH) services. It also recommended that the Fed play a more active role, collaborating closely with providers and users of the payment system, both to enhance the efficiency of cheque and ACH services and to help evolve strategies for moving to the next generation of payment instruments.

Efficiency in payment systems is also of utmost importance for the Eurosystem. In a market economy, efficiency problems should preferably be solved by market forces. Public authorities, including central banks, should intervene only when the market fails. Efficient payment systems always presuppose a certain level of co-operation among commercial banks, and central banks typically act as catalysts in fostering such co-operation, a strategy which has proved effective in most countries. Therefore, the Eurosystem regularly invites the euro area banking community to exchange views and reach a consensus on how to improve payment services.

## **2 The present situation in cross-border retail payments is not satisfactory**

Currently, a total of approximately 100 million domestic retail payments are processed daily in the euro area. The number of cross-border retail payments is significantly lower, probably only a few hundred thousand per day, most of which are card payments.

For credit transfers, the instrument that is most suitable for remote payments (when the payee and the payor do not physically meet), the efficiency level is remarkably low in the cross-border context compared with domestic standards. For cross-border payments, fees are substantially higher and

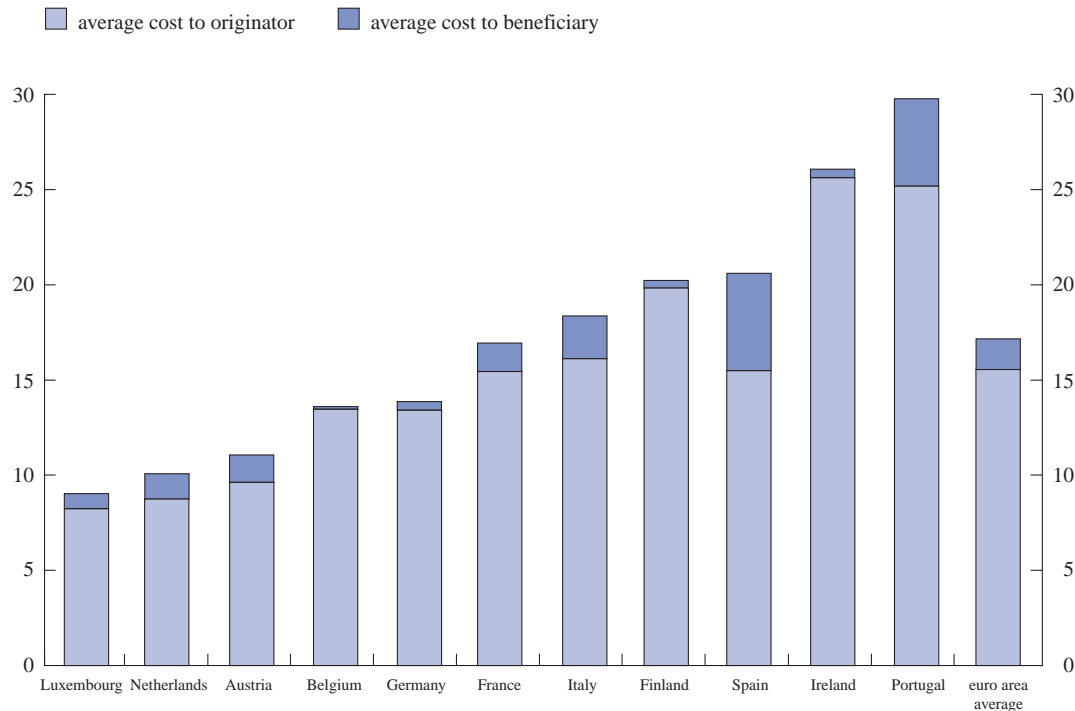
execution times much longer than for domestic ones.

A report entitled "Bank Charges in Europe" released by the European Commission revealed that in November 1999 the average fee charged to the originating customer for a €100 cross-border credit transfer was €15.51. Taking into account that in 25% of the cases additional fees were also charged to the receiver, the total cost of such credit transfer averaged at €17.10 (for further details and a country breakdown, see the chart below). This fee is about 40% lower

## Chart

### Average cost for cross-border retail credit transfers in the euro area

(in euro)



Source: "Bank Charges in Europe", a report released by the European Commission (Directorate-General Sanco), B5-1000-99/074610, IEIC, April 2000.

than the fee ascertained in a study of the European Commission in 1994, but it still amounts to roughly 100 times the charges for domestic credit transfers, which rarely exceed the range of €0.10 to €0.20. It is obvious that such fees are prohibitive for some segments of cross-border trade and service provision.

With regard to the execution time for cross-border retail credit transfers, some improvements can be noted. The average settlement time recorded in the above-mentioned report was 3.41 working days. In

a few cases, however, the execution time was still inadmissibly long (see the table below).

The major causes of the present unsatisfactory situation are the internal organisation of banks and the communication interface with the customer. Non-standardised customer interfaces and a low degree of automation in banks' internal systems and procedures explain a large part of the costs. Even when the sender provides its order electronically, the formats chosen are rarely compatible with the formats used by the bank of the recipient. Moreover,

## Table

### Execution time of a credit transfer in the euro area

1 day	2 days	3 days	4 days	5 days	6 days	>= 7 days	Average
6.04%	28.70%	25.68%	16.62%	13.60%	4.23%	5.14%	3.41 days

Source: "Bank Charges in Europe", a report released by the European Commission (Directorate-General Sanco), B5-1000-99/074610, IEIC, April 2000.

because customers do not always have all the relevant information for the transfer to be performed appropriately, many cross-border payments have to be “rectified” by the banks at great cost. In this respect, the customers themselves can also contribute to a more efficient service level by taking sufficient care in completing credit transfer instructions.

Another important reason lies in the predominant recourse to correspondent banking that often involves manual processing with a significant impact on cost and speed. In a domestic context, correspondent banking has been replaced by

multilateral payment system infrastructures. The same has happened in the euro area for large-value payments – e.g. those made via TARGET or the Euro I system, which is a large-value payment system developed by the Euro Banking Association (EBA). Infrastructures for cross-border retail payments in the euro area are still in their infancy. Banks use correspondent relationships today because, inter alia, they process customer transactions in legacy currencies via these channels. The cash changeover in 2002 should contribute to a reduction in correspondent banking and an increased use of more advanced retail payment infrastructures in the euro area.

### **3 The Eurosystem’s strategy and objectives: cross-border retail payments have to reach domestic service levels**

In order to preserve fully the economic function of money, euro claims in commercial bank money have to be entirely interchangeable and perfectly substitutable with claims in central bank money (i.e. cash and deposits with the central bank), as is the case in a national context. In other words, indifference between commercial bank money and central bank money must be achieved at the euro area level for all kinds of payments.

For payments in central bank money between banks, a uniform payment area has largely been accomplished through TARGET. Cross-border credit transfers are executed via TARGET in real time and thus at a similar speed to domestic payments. The average price for a TARGET cross-border transfer is about two and a half times the price of a domestic transfer, reflecting the aim of recovering costs. The Eurosystem is, however, committed to further improving and harmonising the TARGET system and making it more cost-efficient.

For payments in central bank money among citizens (cash payments), the Eurosystem and the banking industry are making a major effort in preparing for the introduction of euro banknotes and coins at the beginning

of 2002. This will ensure that, for cash payments, the euro area will then have become a true “domestic” payment area and the notion of “cross-border” payment will have lost its meaning.

As regards cross-border retail payments in commercial bank money, the banking sector had not given sufficient attention to this important aspect of the changeover to the euro. This has led to the present unsatisfactory situation regarding cross-border retail payments, which the Eurosystem started to address in 1999.

The European Parliament, also very concerned about this situation, has urged the ECB to become operationally involved in cross-border retail payments and to provide European citizens directly with such services. In this respect, it has also been suggested that TARGET could be used to process cross-border retail payments. Actually, TARGET is not only processing interbank payments but also customer payments. The number of cross-border customer payments in 2000 doubled to reach 14,000 payments per day. However, such payments are primarily high-value corporate payments (with an average value of €1.1 million) and cannot be considered retail in this

context. For retail payments of limited value, the present TARGET system may be too costly, as payments are processed transaction by transaction instead of in “batches”.

The Eurosystem has not ruled out the option of becoming more operationally involved than at present. However, in a market economy the banking sector should be able to provide the essential facilities for transferring commercial bank money in a speedy and cost-efficient manner. The Eurosystem, building on the

experience gained in domestic environments, felt that a market-based, co-operative approach with banks was most appropriate for achieving substantial progress and thus decided to act as a “catalyst for change”. It supported banks in preparing the ground for viable private solutions and, in September 1999, published its report “Improving cross-border retail payment services in the euro area – the Eurosystem’s view”. This report set seven objectives that banks were encouraged to achieve by 2002. These objectives are listed in Box I.

#### Box I

##### Eurosystem objectives for cross-border retail payments

- Objective 1: Enhanced system(s)/services should be ready by 1 January 2002.
- Objective 2: Priority should be given to cross-border credit transfers.
- Objective 3: The price of cross-border credit transfers should decrease substantially.
- Objective 4: Settlement time should be comparable for domestic and cross-border payments.
- Objective 5: For cross-border credit transfers, as a default rule, fees are to be borne by the originator of the payment only.
- Objective 6: Access to cross-border retail payment systems should be open.
- Objective 7: Existing standards should be implemented as soon as possible.

## 4 Progress in removing the obstacles and outstanding issues

The Eurosystem has collaborated intensively with the banking industry to identify, and where possible remove, the obstacles to enhanced cross-border retail payment services.

First, banks claimed that there was *no business case* for improving cross-border retail payments in the euro area. The argument that the prices are high because the traffic is low can, however, easily be turned around: traffic is low because prices are high. In addition, it is likely that there is no business case either for any domestic payment between villages in two remote regions in the same country. The Eurosystem made it very clear that even if there were to be no business case, efficient cross-border retail payments are an integral part of the changeover to the single currency. The cost of improving the service for cross-border

retail payments should therefore be seen in the perspective of the overall benefits of the single currency.

Second, there was inadequate *interbank infrastructure*. To make up for this deficiency, the banking sector developed a new initiative called STEP I, a cross-border low-value credit transfer system. This system was launched on 20 November 2000 and uses the infrastructure of the EBA Euro I system. The Eurosystem welcomed the STEP I initiative as it has the potential to improve cross-border retail payment services. Its actual contribution to the achievement of the Eurosystem’s objectives, however, can only be evaluated to its full extent once STEP I has been operating for some time.

Third, with regard to *common standards*, internationally valid account numbers and



payment instructions have already existed for some time. To be able to process cross-border retail transactions fully automatically, the only missing link was an appropriate format that could be used to transmit the payment messages between the banks involved. The Eurosystem fostered discussions that led to the creation of a payment message that allows fully automated processing ("straight-through processing" (STP)) of all payments throughout the euro area. This payment message was introduced into the SWIFT system, as well as in TARGET and the EBA's Euro 1 and STEP 1 in November 2000. This means that all technical prerequisites for a fully automated processing of cross-border retail payments in the euro area are now in place. Banks, however, seem somewhat reluctant to implement the standards quickly because investments are substantial and banks will only fully benefit from these investments once other banks have followed such implementation and the standards are commonly used.

Fourth, banks highlighted the difficulty for the receiving bank to recover costs if the customer ordering a cross-border transfer is to pay all the charges to the sending bank. That is why the practice of charging both the sender and receiver of a transfer, even in cases where the sender had committed to paying all the charges, would seem difficult to eradicate. This phenomenon, called "double-charging", is prohibited by the Directive of the European Parliament and of the Council of 27 January 1997 on cross-border credit transfers (97/5/EC). The above-mentioned report on "Bank Charges in Europe" revealed, however, that this practice is still used in 25% of all cross-border credit transfers. The Eurosystem has urged banks to come up with a short-term solution and the banking sector has started to define a default multilateral interbank exchange fee (MIF). This common MIF would cover the costs of the service of the receiving bank and would be added to the amount of the transfer. The MIF could be a short-term solution to the problem of "double-charging", provided that it is low and that it fulfils

the criteria set by the European Commission for the granting of an exemption from Community competition legislation.

Last but not least, a reason that has been frequently cited by the banks to justify the high fees for cross-border retail credit transfers is the obligation to report such transfers for the purpose of *balance-of-payments (b.o.p.) statistics*. This reporting quite often requires manual processing and thus interferes with fully automated processing. The Eurosystem initiated discussions with the banking sector and statistical authorities to decrease the cost of b.o.p. reporting. As a result, a common minimum exemption threshold of €12,500 was agreed, below which reporting will no longer be required as from 1 January 2002. In addition, harmonised economic codes for cross-border payments will facilitate the automation of the reporting. This will eliminate not only the administrative burden for banks in the vast majority of their cross-border retail payments but also a main justification for their charging high fees.

This brief review suggests that the conditions have now been met for the banking industry to reduce substantially (and in the long run eliminate) differences in price and speed between domestic and cross-border retail payments. The Eurosystem evaluated achievements made since 1999 in a progress report entitled "Improving cross-border retail payment services", published in September 2000. In this report, the Eurosystem acknowledges that progress has been made but observes that the objectives defined in the 1999 report have clearly not yet been achieved. Therefore, the Eurosystem urges the banking sector not only to maintain its efforts but also to reinforce them and, in particular, to adopt four action points (see Box 2).

The Eurosystem will closely monitor the banks' progress and compliance with the four action points. Compliance with the action points to be fulfilled by the end of 2000 is currently under review. The Eurosystem will

## Box 2

### Points for banks' immediate action

1. The payment infrastructure providers and the banks should publicly commit by the end of 2000 to the implementation of STP standards and have these standards implemented by mid-2001.
2. The banking sector should cease, with immediate effect, the unlawful practice of "double-charging" and find a practical solution to the underlying problem. If the MIF is adopted by the banking sector for this purpose, it should be implemented by mid-2001.
3. The banking sector should define a standard cross-border credit transfer product with a common name, which would contain the "basic" cross-border payment service offer, fulfil the Eurosystem's requirements and which most of the banks would provide. This product should be implemented by mid-2001 at the latest and its roll-out should be accompanied by a marketing campaign.
4. The banking sector should launch information campaigns targeting private and corporate customers in order to inform them about the standards and the information which should be included in invoices and payment orders. The banking sector should elaborate a practical proposal for this campaign by the end of 2000.

continue to play its "catalyst" role in this matter throughout 2001, reassess the situation continuously and publish its evaluation in early 2002. The focus is, however, not limited to short-term objectives.

The ECB has organised a conference in February 2001 to evaluate potential long-term developments in the retail payment infrastructure of the euro area.

## 5 Conclusion

In early 2002, the introduction of euro banknotes and coins will transform the euro area into a domestic payment area for cash payments. European citizens will be able to make payments in central bank money easily and efficiently throughout the euro area. They rightly expect that it will be possible to make all retail payments in commercial bank money at equal cost and speed throughout the euro area, i.e. that the criterion of indifference between commercial and central bank money will be fulfilled. At present, the banking sector is a long way from meeting that goal.

The Eurosystem has defined objectives and action points to make sure that substantial improvements can be achieved by 2002. It fostered discussions with relevant parties and helped to remove the causes of the high prices and low service level of cross-border retail credit transfers. Consequently, the current efficiency gaps between domestic and

cross-border transfers will become even less justifiable.

It is too early to assess whether the progress banks are currently making will be sufficient to achieve substantially enhanced services by 1 January 2002. Banks urgently need to step up their efforts. Throughout 2001, the Eurosystem will monitor the progress made very closely and will continue to assist banks in achieving the common goal. An assessment report on the level of cross-border retail services will be published in early 2002.

This assessment will become a litmus test for retail banking in the euro area. Banks will not have succeeded in an important part of their preparations for the changeover to the single currency if a retail payment infrastructure and service level throughout the euro area, closer to domestic standards,

were not to be achieved in time. A failure of banks to deliver efficient cross-border retail payment services by 2002 would also force the Eurosystem seriously to reconsider its stance and eventually become more operationally involved. The Eurosystem is, however, still confident that banks are

determined and able to deliver substantially improved cross-border retail payment services throughout the euro area by 2002. This should be seen as an important step towards the ultimate objective of a truly uniform “domestic” retail payment area for the euro.

# The external communication of the European Central Bank

*Communication with the general public and with the financial markets has played a very important role in the ECB's policy-making and activities from the very beginning of its existence. Within the framework of the European Monetary Institute, the precursor of the ECB, strategies were developed to tackle the communication policy challenges with which the new central bank would be faced in a multilingual, multicultural environment. As a result, the ECB communicates with the public more actively than almost any other central bank in the world. The ECB's external communication goes beyond its legal requirements. Effective communication and a high degree of transparency are two means of gaining the confidence of both the financial markets and the general public. They enable observers in the media and democratic institutions to evaluate the ECB's actions in the light of its mandate, namely the maintenance of price stability in the euro area. The national central banks of the Eurosystem are essential players in these external communication efforts, particularly in view of the close contacts maintained with regional and national target groups.*

## I Introduction

Communication with the general public and with the financial markets is crucial for any central bank, for two reasons. First, effective communication can contribute to the efficiency of a central bank's policies and help it attain its objectives. Second, communication can be regarded as part of a general requirement to be accountable to the public. Policy-making institutions in democratic societies – and independent central banks in particular – need to explain their decisions and to take responsibility for the outcome of these decisions vis-à-vis the public and its elected representatives.

In the field of monetary policy, in particular, it is essential that the public has a good understanding of the objectives of and the framework guiding monetary policy. Genuine public understanding and lasting credibility are most likely to be achieved if there is consistency between external communication and the internal framework guiding policy actions. In other words, a central bank should say what it does and do what it says.

Effective communication should foster the central bank's credibility, which in turn should help to reduce uncertainty about the maintenance of price stability. This will limit risk premia embedded in bond yields and promote economic growth and welfare. If a

central bank has credibility, this will also favourably influence the behaviour of economic agents in other areas. For example, if the wage negotiators of trade unions and employers are convinced that price stability can be maintained, the resulting wage settlements are likely to facilitate the central bank's task of maintaining price stability. All parties of society are better off when economic decisions are based on a credible stability-oriented monetary policy.

The decision of the Governing Council of the ECB in October 1998 to adopt a quantitative definition of price stability and a two-pillar strategy to guide its monetary policy decisions provided the basis for effective and consistent communication. The monetary policy strategy serves both as a framework for the policy discussion conducted in the decision-making bodies and, at the same time, as a vehicle for explaining monetary policy to the public.

The monetary policy strategy itself has been discussed in several articles contained in the ECB Monthly Bulletin (see the January 1999 and the November 2000 issues). This article will focus on the general objectives of the ECB's communication policy and on the means used to attain these objectives.

## 2 The objectives of the ECB's communication policy

Establishing an effective communication policy is particularly important for a young institution like the ECB. While the ECB has been able to draw on the expertise and credibility of the euro area national central banks (NCBs), it does not – unlike the latter – have a long track record of its own, and it operates in a multilingual and multicultural environment.

The need for transparency and communication was recognised in the Statute of the European System of Central Banks and of the European Central Bank, which imposes certain legal obligations on the ECB in respect of communication. The ECB is required to publish a report on the activities of the European System of Central Banks (ESCB) at least once every quarter and to deliver an annual report on these activities and on the monetary policy of the ECB. Furthermore, the ECB is obliged to publish a consolidated weekly financial statement of the Eurosystem.

At an early stage in the preparations for Stage Three of Economic and Monetary Union (EMU) it was concluded that the ECB's external communication should go beyond these legal requirements. It was recognised that many other means would have to be used in order for the ECB to attain its ultimate communication objectives. This recognition led to, inter alia, the decisions to publish a Monthly Bulletin (and not just a quarterly report) and to hold press conferences at regular intervals.

The ECB also attaches great importance to enhancing the transparency of the regulatory framework of the ESCB. In line with this approach, legal acts and instruments adopted by the ECB's decision-making bodies are made available to the general public even in the absence of a statutory or Treaty-based obligation to do so.

Within the framework of the European Monetary Institute, the precursor of the ECB, a working group developed strategies for

tackling the communication policy challenges that would face the ECB in the new environment. Since September 1998 this work has been continued in the External Communications Committee, which brings together communication experts from both the ECB and the NCBs. In line with the decentralised structure of the ESCB and of the Eurosystem, the NCBs play an important role in achieving the Eurosystem's communication policy objectives.

The general objectives of the Eurosystem's communication policy are:

- to contribute to the effectiveness and efficiency of monetary policy; and
- to enhance public acceptance of the Eurosystem and its policies in the participating countries and beyond.

Some guiding principles for achieving these goals have been adopted:

- “single voice” communication on the single monetary policy for the euro area is considered to be desirable; and
- the transparency of the Eurosystem's policy objectives, tasks and actions should be fostered; and confidence in and knowledge of the way in which the Eurosystem functions should be promoted, thereby contributing to the Eurosystem's accountability.

For the communication strategy to be effective, the ECB, in conjunction with the NCBs, strives to ensure that the external communication is consistent throughout the euro area, that there is an equal and non-discriminatory treatment both of countries and of the media, and that information is made available in a timely manner.

These general principles are applied in the various fields of activity of the Eurosystem, comprising, inter alia, the shaping and

implementation of monetary policy, the issuance of banknotes, the collection of statistical information, the review of developments in the financial sector, the promotion of the smooth operations of payment systems, etc. On the basis of the objectives and guiding principles the Eurosystem makes use of a wide range of different communication tools. The members of the Executive Board of the ECB, the

governors of the NCBs and the staff of the Eurosystem devote a significant amount of time and resources to communication. The progress made in fulfilling the general objectives of the Eurosystem's communication policy is reviewed by the Governing Council, the Executive Board and the External Communications Committee on a continuous basis. The remainder of this article focuses on the communication activities of the ECB.

### **3 The communication activities of the European Central Bank**

#### **Target groups**

The ECB's communication strategy needs to take into account the diversity of the target groups involved. For example, the expectations of financial market participants and economic analysts with regard to the quantity and nature of central bank communication are different from those of the general public. Moreover, the ECB endeavours to keep political bodies and organisations, especially at the European Union level, well-informed about the ECB's monetary policy strategy and the reasoning behind specific policy actions. Apart from direct communication by the ECB, intermediaries, most importantly the media, play a very important role in the process of disseminating information.

An additional challenge is the necessity to communicate in the 11 official Community languages. This brings with it not only technical constraints – owing to the time and resources required for translation – but also the difficulty of expressing exactly the same message in different languages and cultural environments. This presents a particular challenge from the point of view of compliance with the principle of “single voice” communication. To meet this challenge, the ECB works closely with the NCBs.

#### **Communication tools**

The ECB uses the following communication tools to inform the general public and various specific target groups about its policies and activities and to provide them with the necessary background explanations:

*Press conferences* are held by the President and the Vice-President of the ECB on a regular basis. They normally take place immediately after the first Governing Council meeting in each month. The press conferences are used to explain the decisions taken by the Governing Council. In a question-and-answer session representatives of the media have direct access to the President and Vice-President and the opportunity to ask questions. The President's Introductory Statement to the press conference is immediately published on the ECB's website and is followed, within a few hours, by the transcript of the question-and-answer session. The press conferences are broadcast live by a number of private television stations to their audiences of financial analysts and other specialists, in addition to which they are given broad coverage throughout the euro area and internationally in both the printed and the electronic media.

Apart from the regular press conferences, the President of the ECB and/or the other members of the Executive Board also hold press conferences on special occasions. In the past this has been the case in the context

of seminars relating to the EU enlargement process and after certain meetings of the Group of Seven countries' finance ministers and central bank governors.

The *regular press releases* issued by the ECB relate to the monetary policy decisions, the consolidated weekly financial statements of the Eurosystem, the euro area securities issues statistics, the monthly developments in the euro area balance of payments and monetary developments in the euro area. According to their nature, they are issued weekly, fortnightly or monthly and are sent directly by the ECB to representatives of around 200 different media. *Ad hoc press releases* contain information on specific issues relating to the ECB's activities, e.g. announcements of new publications, information on important new projects or messages directed at the general public.

The *ECB Monthly Bulletin* is generally published one week after the first Governing Council meeting in each month. It contains further details of the Governing Council's assessment of the economic situation and of the outlook for price stability in the euro area, as well as a detailed description of euro area economic developments. In order to contribute to the transparency of monetary policy, the Monthly Bulletin contains twice-yearly Eurosystem staff economic projections as from December 2000.

In addition, the Monthly Bulletin contains articles on special issues relating to the activities of the ECB and a statistical supplement with a wide range of data on euro area economic and financial developments. The Monthly Bulletin is aimed at a broad spectrum of target groups throughout the euro area: financial analysts, academics, media representatives, other policy-makers and economic policy-makers. It is drafted in English and then translated into other official Community languages. These language versions have a circulation of some 80,000 printed copies in total. In addition, the Monthly Bulletin can be accessed electronically via the ECB's website.

The *Annual Report of the ECB* is a means of providing an account of the monetary policy of the ECB in the previous and current years. It also deals with other activities of both the Eurosystem and the ESCB. As required by the Treaty establishing the European Community (Treaty), it is addressed to the European Parliament, the EU Council, the European Commission and the European Council. It is published in the 11 official Community languages.

On a quarterly basis, the President of the ECB *appears before the European Parliament's Committee on Economic and Monetary Affairs*. These public hearings are part of the statutory reporting obligations imposed on the ECB by the Treaty. They can be considered one of the cornerstones of the process by which the ECB is held accountable. The proceedings of these hearings are widely reported in the media across Europe, with the result that they function as a communication tool in a wider sense. The transcript of each hearing – like the transcript of ECB press conferences – is published on the ECB's website.

*Public speeches* given by the members of the Executive Board constitute an important way of directly addressing important audiences within the euro area and beyond. The frequency of such speeches has been particularly high in the first two years since the start of Stage Three of EMU. One of the desired effects of this form of communication is to raise awareness of the ECB and its policies in local and regional environments. This results from the "multiplier effect" of addressing leaders of public opinion and from the coverage given to the public appearances of members of the Executive Board by the regional media, as well as the national and international media. Many of the speeches are made available to the general public via the ECB's website and the texts of the speeches are often also sent directly to the media.

The purpose of *interviews* given by members of the Executive Board to newspapers,

magazines and electronic media is similar to that of public speeches. They allow the ECB to speak to the general public in the language or languages of the respective national media. Giving interviews is one of the ways in which the ECB's decision-makers can ensure the dissemination of policy messages to a wide audience located in many different countries. In the past year the six members of the Executive Board have given almost 200 interviews to different media, which were published or broadcast in all EU countries and in many countries beyond the EU.

The *printed publications* other than the Monthly Bulletin and the Annual Report fall into several different sub-categories. The ECB has issued a number of specialised reports, working papers and brochures, which are targeted at groups ranging from specialists in various fields to the general public. The general brochure entitled "The European Central Bank" gives a broad overview of the ECB's structure, strategy and policies. Other brochures deal with the TARGET system, the euro banknotes and coins or the ECB payment mechanism. The specialised reports address issues such as developments in the banking system, payment systems, securities settlement systems or other issues relating to the ECB's fields of activities. A Working Paper series presents the results of the ECB's economic research, targeting mainly an academic audience. A series of Occasional Papers presents policy-relevant topics to a wide audience, including other policy-makers, academics, the media and the general public. All of the ECB's publicly available legal acts and instruments are published in the Official Journal of the European Communities. In addition, a first edition of the "Compendium" of published ECB legal instruments was published in 1999 and is in the process of being updated. All brochures and reports can be obtained free of charge from the ECB or from the NCBs. Moreover, they can be downloaded in electronic form from the ECB's website. A comprehensive list of the ECB's publications can be found at the end of the Monthly Bulletin.

*Disseminating information through wire services* is an important means of real-time communication with financial market participants. Through the networks of three news agencies the ECB announces tender operations, the allotment decisions on tenders, foreign exchange reference rates and other essential messages to the financial markets.

*Groups of visitors* are received at the ECB on practically every working day of the year. Approximately 10,000 people from a large number of countries visited the ECB last year and were given first-hand information about the work carried out by the ECB. Here, too, it is assumed that there will be a strong "multiplier effect", as the groups often consist of teachers, bankers, members of special interest groups and others who influence public opinion.

The ECB is also active in the field of *academic conferences*. Three such conferences have been organised since the establishment of the ECB. The ECB's flagship in this field is a series of central banking conferences which began in November 2000 and will be organised every second year. The conferences are the ECB's contribution to fostering interaction and communication among economists interested in central banking issues. The programmes and proceedings of the conferences are available on the ECB's website.

*The ECB's website* ([www.ecb.int](http://www.ecb.int)) is the common ground for practically all of these different tools of communication. All documents published by the ECB can be viewed and downloaded from the ECB's website. One part of the website is devoted specifically to the needs of financial institutions and another provides access to statistical information on economic, financial and monetary developments in the euro area. The ECB attributes enormous importance to the worldwide web as a means of disseminating information and communicating with third parties. By this means, a growing part of the demand for information can be satisfied electronically. Moreover, e-mail



hotlines have been set up to deal with a wide range of different queries. This dialogue with internet users is gaining increasing importance. The ECB's website provides links to the websites of all 15 EU NCBs.

There is a particular need for thorough and effective communication in the run-up to the introduction of the euro banknotes and coins on 1 January 2002. To meet this challenge, an *information campaign* targeted at the general public in the 12 countries of the euro area is under preparation (see Box).

## Box

### Euro 2002 Information Campaign

On 1 January 2002 the euro banknotes and coins will become part of everyday life for the citizens of the 12 euro area countries. Familiarisation with the euro banknotes and coins is a precondition for the success of this profound change. In particular, in order to ensure confidence in the new currency, it will be crucial for all its users to be able to recognise genuine euro banknotes and coins as well as to know their denominations and value.

As part of the preparations for the introduction of the euro banknotes and coins, the ECB (together with the national central banks (NCBs) of the Eurosystem) is conducting a specially targeted "Euro 2002 Information Campaign", which has a budget of €80 million. Following a public tender, the communication agency Publicis was chosen to assist the ECB in running the campaign. The campaign activities will be carried out by the NCBs on a decentralised basis and undertaken in close co-ordination with the European Commission and the euro area Member States.

The campaign will focus on four main messages:

- the appearance of the euro banknotes, including their colour and dimensions;
- the security features;
- the denominations; and
- the overall changeover modalities.

The Euro 2002 Information Campaign includes a "Partnership Programme" that will run throughout 2001 and which is designed:

- to promote co-operation in information-providing activities with other bodies which have an important role to play in informing the public about the changeover;
- to maximise the "multiplier" effect of these bodies;
- to ensure the efficient distribution of information material describing the final appearance of banknotes and coins; and
- to contribute to the accuracy of the information which is produced by such bodies.

Public interest in the euro banknotes and coins will increase significantly as the moment of their introduction – 1 January 2002 – approaches. The campaign will endeavour to maximise this interest and ensure that the general public is provided with comprehensive and accurate information about the banknotes and coins via public relations and press activities. These activities will also raise awareness of the changeover and help to make the public more receptive to the new currency. A programme of public relations events is planned for 2001. This will include a "Euro Showcase", consisting of a series of conferences in the euro area countries, and a "Countdown to the euro", highlighting significant dates in the run-up to the introduction of the banknotes and coins, and will involve the distribution of "information kits" to the press and media representatives to underpin the programme of events.

Beginning in late 2001 and running through to early January 2002, the Mass Media Campaign will support the introduction of the euro banknotes and coins by presenting their appearance and information about their

security features to the general public. This part of the campaign will involve television and radio broadcasts and information published in newspapers in all euro area countries. The design and details of the media plan will be co-ordinated at the national level in order to both maximise use of the local media landscape and ensure co-ordination with other campaigns related to the cash changeover, particularly those of the respective national authorities.

The months preceding and the weeks following the introduction of the euro banknotes and coins will obviously constitute the most intensive phase of the campaign. However, throughout 2001 a series of activities will take place in order to generate momentum in the pace of the Euro 2002 Information Campaign. In this respect, the “unveiling” of the security features in September will be a milestone event.

#### **4 Concluding remarks**

The ECB's communication policy has a crucial role to play in supporting its monetary policy. A variety of communication tools have been developed in order to tackle the challenges faced by a young central bank in a multilingual, multicultural environment. As a result, the ECB communicates with the public more actively than almost any other central bank in the world. The euro area NCBs are essential players in these external communication efforts, particularly in view of

the close contact maintained with regional and national target groups.

Effective communication and a high degree of transparency are two means of gaining the confidence of both the financial markets and the general public. They enable observers in the media and democratic institutions to evaluate the ECB's actions in the light of its mandate, namely to maintain price stability in the euro area.





## **Euro area statistics**



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

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

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

For analytical purposes, data for the euro area plus Greece up to end-2000 are shown in the additional table starting on page 65\* (for details, see the general notes).

#### 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	4	3-month moving average (centred)	5				
1999	12.4	6.8	5.7	-	10.0	18.4	2.96	4.66		
2000	8.0	4.4	5.7	-	9.6	.	4.40	5.44		
2000 Q1	10.0	4.9	6.0	-	9.3	25.7	3.55	5.61		
Q2	9.5	5.0	6.3	-	10.1	21.9	4.27	5.43		
Q3	6.9	4.0	5.4	-	9.4	18.1	4.74	5.44		
Q4	5.5	3.8	5.1	-	9.6	.	5.02	5.28		
2000 Aug.	7.1	4.2	5.7	5.4	9.5	18.8	4.78	5.40		
Sep.	6.2	4.1	5.3	5.4	10.0	16.6	4.85	5.47		
Oct.	5.8	3.7	5.2	5.1	9.8	16.8	5.04	5.42		
Nov.	5.0	3.7	5.0	5.0	9.3	17.6	5.09	5.34		
Dec.	5.5	3.6	4.9	.	9.5	.	4.93	5.07		
<i>Euro area enlargement</i>										
2001 Jan.	.	.	.	.	.	.	4.77	5.01		

### 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	2.5	1.9	81.8	1.7	10.0
2000	2.3	.	.	.	.	83.8	.	9.1
2000 Q1	2.0	4.3	3.6	3.5	4.8	83.0	1.9	9.4
Q2	2.1	5.2	3.8	3.8	6.0	83.7	2.2	9.1
Q3	2.5	5.8	3.9	3.4	5.8	83.9	2.0	9.0
Q4	2.7	.	.	.	.	84.7	.	8.7
2000 Aug.	2.3	5.6	-	-	6.4	-	-	9.0
Sep.	2.8	6.2	-	-	5.7	-	-	8.9
Oct.	2.7	6.5	-	-	3.9	-	-	8.8
Nov.	2.9	6.2	-	-	4.6	-	-	8.7
Dec.	2.6	.	-	-	.	-	-	8.7
<i>Euro area enlargement</i>								
2001 Jan.	.	.	-	-	.	-	-	.

### 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)	
					17			18
1999	7.7	83.4	-120.6	-41.7	372.3	96.6	95.8	1.066
2000	.	.	.	.	377.7	88.2	86.2	0.924
2000 Q1	-5.0	9.3	148.0	-192.6	385.4	91.1	89.5	0.986
Q2	-4.3	14.7	-18.2	51.9	385.8	88.4	86.6	0.933
Q3	-4.5	17.9	-94.3	3.5	408.1	87.3	85.3	0.905
Q4	.	.	.	.	377.7	85.9	83.5	0.868
2000 Aug.	-3.7	4.1	-41.1	13.6	402.6	87.0	85.1	0.904
Sep.	1.0	5.7	-28.6	2.8	408.1	85.3	83.3	0.872
Oct.	0.0	8.2	-15.7	-1.7	416.2	84.4	82.2	0.855
Nov.	-2.0	4.6	-9.5	-3.9	400.1	85.1	82.8	0.856
Dec.	.	.	.	.	377.7	88.1	85.6	0.897
<i>Euro area enlargement</i>								
2001 Jan.	.	.	.	.	.	91.7	89.0	0.938

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 euro area credit institutions in euro <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2000	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
	6 Oct.	124,948	283,395	16,403	3,949	225,352	180,000	44,998	0
	13	124,948	283,318	15,993	4,154	220,315	175,001	44,998	0
	20	124,947	283,352	15,003	3,896	214,625	168,998	44,998	0
	27	124,947	282,393	14,219	3,651	228,509	182,998	45,001	0
	3 Nov.	124,947	281,110	15,515	3,553	225,430	180,003	45,001	0
	10	124,947	276,420	15,423	3,518	230,418	185,000	45,001	0
	17	124,947	272,580	16,032	3,535	230,467	185,000	45,001	0
	24	124,947	271,963	16,321	4,000	243,319	197,998	45,001	0
	1 Dec.	124,947	271,907	16,655	3,514	245,234	200,000	45,000	0
	8	124,947	273,559	16,393	3,564	265,329	220,000	45,000	0
	15	124,947	272,796	16,345	3,760	264,536	218,999	45,000	0
	22	124,947	273,521	15,403	3,447	259,304	212,000	45,000	0
	29	117,073	258,688	15,750	3,746	268,648	222,988	45,000	0
<i>Euro area enlargement</i>									
2001	5 Jan.	118,615	267,566	17,616	5,209	248,106	202,986	45,000	0
	12	118,611	265,734	18,826	4,365	241,060	196,000	45,000	0
	19	118,611	267,616	19,319	4,825	241,137	196,000	45,000	0
	26	118,611	266,468	19,635	4,543	255,203	205,001	49,999	0

### 2. Liabilities

		Banknotes in circulation	Liabilities to euro area credit institutions in euro <sup>1)</sup>	Current accounts (covering the minimum reserve system) <sup>3)</sup>	Deposit Facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Other liabilities to euro area credit institutions in euro	Debt certificates issued
		1	2	3	4	5	6	7	8	9
2000	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
	6 Oct.	357,485	116,723	116,645	67	0	0	11	-	4,574
	13	355,766	112,074	111,962	110	0	0	2	-	4,574
	20	352,508	116,184	115,944	238	0	0	2	-	4,574
	27	352,108	121,748	121,687	61	0	0	0	-	4,574
	3 Nov.	355,687	116,263	116,209	54	0	0	0	-	3,784
	10	354,127	114,790	114,706	84	0	0	0	-	3,784
	17	351,946	111,494	111,366	128	0	0	0	-	3,784
	24	350,140	113,697	113,581	116	0	0	0	-	3,784
	1 Dec.	356,421	125,647	125,539	108	0	0	0	-	3,784
	8	363,755	116,443	116,335	108	0	0	0	-	3,784
	15	364,276	117,935	117,842	93	0	0	0	-	3,784
	22	373,063	115,681	114,353	1,328	0	0	0	-	3,784
	29	371,370	124,642	124,402	240	0	0	0	305	3,784
<i>Euro area enlargement</i>										
2001	5 Jan.	372,834	117,327	117,241	74	0	0	12	7,679	3,784
	12	365,730	117,119	116,997	70	0	0	52	8,234	3,784
	19	359,929	124,202	124,012	133	0	0	57	8,110	3,784
	26	355,553	123,461	123,410	40	0	0	11	7,980	3,784

Source: ECB.

1) With effect from December 2000, the term "credit institutions" has replaced the term "financial sector counterparties".

2) With effect from December 2000, this is shown as an item in its own right; the "other claims" item was previously part of "lending to financial sector counterparties in the euro area in euro".

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro <sup>2)</sup>	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11
0	17	16	141	25,271	58,986	82,024	802,418	2000	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
0	182	47	125	25,678	58,867	83,029	821,621		6 Oct.
0	101	23	192	25,497	58,867	83,230	816,322		13
0	297	27	305	25,639	58,867	83,467	809,796		20
0	7	48	455	25,826	58,867	83,674	822,086		27
0	15	44	367	25,869	58,762	86,095	821,281		3 Nov.
0	18	34	365	26,069	58,762	86,361	821,918		10
0	186	17	263	25,941	58,762	86,692	818,956		17
0	12	45	263	26,033	58,762	87,758	833,103		24
0	39	77	118	26,077	58,762	87,488	834,584		1 Dec.
0	89	77	163	25,936	58,772	87,468	855,968		8
0	272	83	182	25,685	58,664	87,650	854,381		15
0	1,957	94	253	25,840	58,263	87,885	848,610		22
0	607	53	578	25,958	57,671	86,953	835,065		29
<i>Euro area enlargement</i>									
0	59	61	805	28,859	69,375	87,600	843,751	2001	5 Jan.
0	10	50	1,304	29,221	69,375	88,286	836,782		12
0	113	24	1,071	29,016	69,375	89,240	840,210		19
0	181	22	963	28,168	70,255	89,616	853,462		26

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								10	11	12
60,743	7,427	827	11,057	6,691	58,448	120,895	55,135	802,418	2000	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
48,795	9,072	912	13,173	7,077	64,521	144,152	55,137	821,621		6 Oct.
49,355	9,502	900	13,277	7,077	64,507	144,152	55,138	816,322		13
41,782	9,429	896	12,734	7,077	65,320	144,152	55,140	809,796		20
49,420	9,291	866	11,838	7,077	65,870	144,152	55,142	822,086		27
51,113	9,501	864	12,216	7,077	65,481	144,152	55,143	821,281		3 Nov.
54,257	9,888	864	11,988	7,077	65,846	144,152	55,145	821,918		10
56,484	10,870	865	9,998	7,077	67,139	144,152	55,147	818,956		17
67,442	11,394	860	10,335	7,077	69,071	144,152	55,151	833,103		24
51,678	10,733	861	10,701	7,077	68,376	144,152	55,154	834,584		1 Dec.
73,400	10,656	860	12,169	7,077	68,515	144,152	55,157	855,968		8
68,122	10,813	856	12,401	7,077	69,807	144,152	55,157	854,381		15
54,035	11,139	855	12,728	7,077	70,939	144,152	55,157	848,610		22
57,038	10,824	807	12,414	6,702	73,452	117,668	56,059	835,065		29
<i>Euro area enlargement</i>										
57,333	11,715	5,833	10,778	7,168	76,187	118,752	54,361	843,751	2001	5 Jan.
56,759	10,870	5,655	11,476	7,168	76,415	119,144	54,428	836,782		12
55,539	10,906	5,354	13,483	7,168	78,162	119,144	54,429	840,210		19
73,786	11,099	5,101	12,968	7,168	78,859	119,274	54,429	853,462		26

**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 <sup>2)</sup>**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate <sup>3)</sup>	Weighted average rate	
	1	2	3	4	5	6	7
2000 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
11	128,731	76,000	-	4.75	4.76	4.78	14
18	107,602	93,000	-	4.75	4.75	4.76	14
25	159,063	90,000	-	4.75	4.80	4.82	14
1 Nov.	150,445	90,000	-	4.75	4.84	4.85	14
8	147,173	95,000	-	4.75	4.83	4.84	14
15	130,251	90,000	-	4.75	4.78	4.80	14
22	148,887	108,000	-	4.75	4.80	4.82	14
29	147,060	92,000	-	4.75	4.82	4.83	14
6 Dec.	129,916	128,000	-	4.75	4.75	4.79	14
13	116,112	91,000	-	4.75	4.76	4.78	14
20	152,151	121,000	-	4.75	4.80	4.86	14
27	118,217	102,000	-	4.75	4.79	4.84	14
<i>Euro area enlargement</i>							
2001 3 Jan.	136,434	101,000	-	4.75	4.76	4.78	14
10	95,841	95,000	-	4.75	4.75	4.75	14
17	137,641	101,000	-	4.75	4.75	4.77	14
24	118,546	104,000	-	4.75	4.75	4.76	14
31	137,610	84,000	-	4.75	4.76	4.77	14

## 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	
26 Oct.	43,085	15,000	-	5.06	5.07	91	
30 Nov.	31,999	15,000	-	5.03	5.05	91	
29 Dec.	15,869	15,000	-	4.75	4.81	90	
<i>Euro area enlargement</i>							
2001 25 Jan.	31,905	20,000	-	4.66	4.69	90	

## 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	

Source: ECB.

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

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

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

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

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 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.	9,686.5	5,393.8	122.9	197.1	1,269.0	502.5	2,201.3
Sep.	9,773.3	5,465.7	123.6	193.6	1,270.2	502.1	2,218.2
Oct.	9,931.2	5,531.9	127.6	201.1	1,283.2	534.2	2,253.2
Nov. <sup>3)</sup>	10,074.5	5,653.4	130.0	199.9	1,282.2	561.5	2,247.6
Dec. <sup>(p) 3)</sup>	10,075.1	5,713.4	136.7	188.5	1,273.3	528.4	2,234.7

Source: ECB.

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

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

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
2000 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.	113.7	114.2	0.5	0.0	4.69
Nov.	115.1	115.5	0.4	0.0	4.81
Dec.	116.6	117.2	0.6	0.0	4.78
<i>Euro area enlargement</i>					
2001 Jan. <sup>7)</sup>	118.5	119.0	0.5	0.0	4.77
Feb. <sup>(p)</sup>	120.2	-	-	-	-

Source: ECB.

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

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

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.2	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
Oct.	396.3	176.5	45.7	0.5	0.0	0.2	0.0	354.5	47.4	102.5	114.4	469.1
Nov.	398.6	183.7	45.0	0.2	0.0	0.2	0.0	352.7	49.8	109.2	115.7	468.6
Dec.	394.4	210.4	45.0	0.4	0.0	0.2	0.0	360.4	61.1	111.1	117.4	478.0
<i>Euro area enlargement</i>												
2001 Jan.	383.7	205.3	45.0	0.5	0.0	0.6	0.0	368.3	52.2	94.2	119.1	488.0

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	MFI <sup>2)</sup>			2	3	4	MFI <sup>2)</sup>	5	6					7	8
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 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	52.5	1,199.9	
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	47.4	1,445.6	
Q3	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	48.2	1,044.0	
1999 Dec.	444.6	424.3	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	56.2	1,014.5	
2000 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	52.4	1,056.1	
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	52.5	969.3	
Mar.	443.4	424.5	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	49.0	1,051.9	
Apr.	471.4	452.5	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.4	1,081.8	
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	51.9	1,084.5	
June	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	454.8	10.0	51.8	1,209.4	
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	51.6	1,125.7	
Aug.	482.5	463.7	18.4	0.5	98.5	2.8	94.4	1.3	14.7	4.4	10.3	435.4	10.2	52.4	1,093.5	
Sep.	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.4	1,129.8	
Oct.	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9	1,111.7	
Nov.	431.5	412.8	18.2	0.5	98.8	2.6	94.9	1.4	15.4	4.4	11.1	402.8	10.3	54.3	1,013.0	
Dec. <sup>(p)</sup>	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.2	4.3	10.9	380.7	10.4	55.8	1,004.5	

#### 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFI <sup>2)</sup>	Central government	Other general government/ other euro area residents	Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Remaining liabilities	Total
1997	354.9	147.0	91.9	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
1998 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	348.6	549.5	486.6	54.4	8.5	4.9	5.3	138.0	97.9	55.8	1,199.9
Q2	356.1	724.3	672.3	43.1	8.9	4.9	5.3	140.7	171.4	43.0	1,445.6
Q3	359.7	390.5	332.9	50.1	7.6	3.3	5.3	146.3	88.8	50.1	1,044.0
1999 Dec.	393.3	341.5	279.3	53.4	8.8	3.3	4.6	175.1	49.8	46.8	1,014.5
2000 Jan.	366.2	388.9	333.4	47.0	8.4	3.3	4.6	175.7	72.6	44.8	1,056.1
Feb.	363.8	311.7	246.7	56.7	8.4	3.3	4.6	175.1	64.4	46.4	969.3
Mar.	366.2	372.1	319.8	43.1	9.1	1.7	4.6	186.9	75.1	45.4	1,051.9
Apr.	372.7	394.2	340.4	43.4	10.3	1.7	4.6	189.7	75.2	43.8	1,081.8
May	371.8	390.7	345.1	34.1	11.5	1.7	4.6	188.7	82.4	44.7	1,084.5
June	374.3	497.9	432.8	52.6	12.5	1.7	4.6	193.8	92.0	45.0	1,209.4
July	377.7	414.9	354.7	49.7	10.5	1.7	4.6	196.6	84.6	45.6	1,125.7
Aug.	373.2	401.0	336.1	53.8	11.2	1.7	4.6	200.1	66.6	46.3	1,093.5
Sep.	373.5	404.2	346.1	45.6	12.5	0.0	4.6	222.1	75.0	50.6	1,129.8
Oct.	372.6	388.1	323.3	51.1	13.7	0.0	4.6	226.3	69.5	50.6	1,111.7
Nov.	372.2	334.6	265.6	54.9	14.0	0.0	3.8	222.5	29.3	50.6	1,013.0
Dec. <sup>(p)</sup>	390.2	327.3	270.6	46.9	9.8	0.0	3.8	199.9	30.0	53.4	1,004.5

Source: ECB.

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

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

Table 2.2

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

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

## 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents	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 euro area residents		External assets	Fixed assets	Remaining assets	Total
	1	2	3	4		6	7	8			11	12				
1997	8,445.9	2,909.8	822.7	4,713.5	1,870.7	636.0	1,052.3	182.4	100.5	329.6	93.6	235.9	1,598.7	239.1	797.5	13,381.9
1998 Q4	9,117.5	3,186.2	822.3	5,108.9	2,015.5	721.7	1,105.0	188.8	107.9	424.2	122.8	301.4	1,584.6	244.1	778.3	14,272.1
1999 Q1	9,272.3	3,282.6	817.9	5,171.7	2,090.7	761.8	1,134.1	194.8	100.0	469.3	125.5	343.7	1,632.2	244.8	877.1	14,686.2
Q2	9,476.2	3,335.4	817.8	5,323.0	2,142.6	801.1	1,128.9	212.5	102.8	484.9	124.3	360.6	1,652.2	250.2	867.4	14,976.2
Q3	9,594.4	3,391.0	810.7	5,392.6	2,183.8	828.8	1,137.5	217.5	112.1	482.0	129.3	352.7	1,659.3	259.1	814.2	15,105.0
1999 Dec.	9,791.8	3,426.9	828.2	5,536.7	2,179.8	828.4	1,124.6	226.8	129.9	522.4	138.2	384.1	1,710.2	281.4	919.1	15,534.6
2000 Jan.	9,859.4	3,457.7	820.8	5,580.9	2,197.2	835.4	1,134.1	227.7	121.1	529.7	141.8	387.9	1,729.5	282.8	937.0	15,656.8
Feb.	9,866.3	3,433.2	816.4	5,616.8	2,220.1	846.0	1,140.3	233.8	130.8	547.5	145.0	402.4	1,775.3	282.4	953.6	15,775.9
Mar.	10,033.8	3,524.4	821.3	5,688.1	2,225.3	869.5	1,128.0	227.8	131.9	595.5	155.5	440.1	1,811.5	287.7	977.6	16,063.3
Apr.	10,081.2	3,508.7	824.0	5,748.5	2,220.0	878.3	1,105.7	235.9	149.1	610.8	157.5	453.2	1,912.3	289.1	1,018.7	16,281.1
May	10,160.7	3,564.7	817.4	5,778.6	2,232.8	895.1	1,094.7	243.0	157.2	630.1	162.5	467.5	1,897.1	289.0	1,018.4	16,385.2
June	10,140.7	3,477.6	817.2	5,845.8	2,211.1	894.9	1,073.2	243.0	155.2	589.5	157.8	431.7	1,876.9	271.1	1,021.1	16,265.6
July	10,094.6	3,404.9	815.5	5,874.1	2,218.0	920.6	1,063.3	251.2	152.8	587.5	150.1	437.4	1,906.3	272.9	1,070.0	16,302.1
Aug.	10,153.0	3,456.8	803.6	5,892.6	2,216.6	927.1	1,034.2	255.3	152.9	588.1	150.6	437.5	1,966.8	275.4	1,108.0	16,460.8
Sep.	10,253.1	3,475.3	799.8	5,978.1	2,231.5	940.5	1,033.8	257.2	145.6	591.0	151.9	439.2	1,983.9	278.7	1,030.0	16,513.9
Oct.	10,317.9	3,495.2	801.7	6,021.1	2,222.9	937.5	1,020.6	264.8	151.7	592.4	153.4	439.0	2,040.8	280.7	1,100.7	16,707.0
Nov.	10,401.6	3,536.6	808.8	6,056.3	2,216.7	935.3	1,017.3	264.0	157.8	597.7	151.2	446.5	2,066.2	297.7	1,048.9	16,786.7
Dec. <sup>(p)</sup>	10,412.8	3,504.3	817.6	6,091.0	2,187.7	929.6	993.0	265.1	145.7	617.8	164.6	453.2	2,007.2	299.8	1,040.4	16,711.4

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/ other euro area residents	Other general government/ other euro area residents				Money market fund shares/ units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
						Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
1997	0.4	7,784.1	3,012.5	102.1	4,669.4	1,232.6	1,901.8	1,329.7	205.4	252.2	1,925.1	138.8	688.4	1,377.9	1,214.9	13,381.9
1998 Q4	0.4	8,295.0	3,316.5	95.4	4,883.1	1,386.0	1,927.8	1,392.6	176.7	241.4	2,119.7	160.8	743.8	1,505.9	1,204.9	14,272.1
1999 Q1	0.5	8,346.3	3,395.4	79.0	4,871.9	1,390.6	1,988.4	1,314.5	178.3	280.1	2,198.1	180.5	760.7	1,623.9	1,296.1	14,686.2
Q2	0.5	8,466.2	3,443.7	81.9	4,940.6	1,484.3	1,965.6	1,324.2	166.5	305.7	2,274.5	183.2	783.8	1,674.2	1,288.1	14,976.2
Q3	0.6	8,529.0	3,510.4	83.2	4,935.4	1,471.5	1,981.1	1,322.1	160.6	307.5	2,335.1	204.1	796.8	1,696.1	1,235.7	15,105.0
1999 Dec.	0.7	8,733.1	3,589.0	88.6	5,055.4	1,537.0	2,042.2	1,332.0	144.2	309.8	2,370.6	242.1	838.4	1,782.6	1,257.5	15,534.6
2000 Jan.	0.7	8,729.6	3,561.8	86.7	5,081.1	1,566.4	2,027.5	1,332.3	155.0	326.3	2,376.6	221.6	858.5	1,844.7	1,298.8	15,656.8
Feb.	0.7	8,730.1	3,555.1	88.0	5,087.0	1,559.8	2,045.3	1,322.4	159.5	343.6	2,402.9	233.0	866.3	1,883.7	1,315.6	15,775.9
Mar.	0.7	8,809.6	3,612.5	87.1	5,110.0	1,568.0	2,052.1	1,312.5	177.3	343.1	2,430.0	248.8	881.0	2,000.8	1,349.3	16,063.3
Apr.	0.7	8,822.4	3,586.6	88.3	5,147.5	1,602.3	2,060.5	1,305.0	179.8	409.7	2,459.0	248.1	890.1	2,078.7	1,372.4	16,281.1
May	0.6	8,874.3	3,649.6	79.8	5,144.9	1,586.5	2,080.1	1,297.1	181.2	412.7	2,477.9	260.0	897.4	2,077.4	1,384.9	16,385.2
June	0.6	8,849.9	3,623.7	93.4	5,132.8	1,596.1	2,077.6	1,291.8	167.3	410.3	2,486.7	261.1	889.4	1,967.1	1,400.5	16,265.6
July	0.6	8,770.1	3,545.4	85.0	5,139.7	1,594.6	2,088.0	1,285.1	172.0	408.9	2,511.0	272.6	894.7	2,009.3	1,435.0	16,302.1
Aug.	0.0	8,801.9	3,579.6	86.8	5,135.5	1,566.4	2,119.7	1,280.1	169.4	419.1	2,537.8	276.1	897.7	2,069.6	1,458.6	16,460.8
Sep.	0.0	8,859.2	3,600.0	113.7	5,145.5	1,577.0	2,124.4	1,272.7	171.4	409.1	2,558.6	272.2	904.4	2,117.1	1,393.3	16,513.9
Oct.	0.0	8,903.8	3,630.2	121.3	5,152.4	1,577.0	2,140.9	1,263.9	170.6	412.2	2,581.9	281.3	908.8	2,183.4	1,435.6	16,707.0
Nov.	0.0	8,957.1	3,669.8	113.9	5,173.4	1,594.9	2,147.0	1,258.0	173.5	421.7	2,578.0	278.5	921.7	2,198.4	1,431.3	16,786.7
Dec. <sup>(p)</sup>	0.0	9,044.2	3,663.4	117.5	5,263.3	1,650.1	2,160.1	1,277.9	175.2	393.7	2,567.7	263.0	926.1	2,118.3	1,398.4	16,711.4

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 May	6,061.0	831.5	5,229.4	1,447.8	1,238.9	208.9	373.7	2,015.2	257.3	851.1	11,006.1
June	6,161.4	838.2	5,323.2	1,432.3	1,219.0	213.3	364.9	2,150.8	259.9	882.0	11,251.2
July	6,188.4	830.1	5,358.3	1,424.0	1,207.2	216.7	362.4	2,088.3	264.6	864.4	11,192.1
Aug.	6,179.2	826.1	5,353.2	1,436.4	1,211.5	224.9	361.2	2,061.7	265.4	845.6	11,149.6
Sep.	6,223.9	831.1	5,392.8	1,446.0	1,227.4	218.6	357.1	2,087.2	269.0	829.5	11,212.8
Oct.	6,279.8	840.3	5,439.5	1,456.0	1,239.6	216.4	358.4	2,124.9	271.2	873.7	11,364.1
Nov.	6,357.5	853.5	5,504.0	1,461.6	1,237.3	224.3	372.9	2,181.8	275.5	922.6	11,571.9
Dec.	6,385.1	847.9	5,537.2	1,438.6	1,210.7	227.8	394.0	2,110.8	291.3	931.1	11,551.0
2000 Jan.	6,422.0	840.6	5,581.5	1,450.4	1,221.7	228.7	397.7	2,153.9	292.6	955.5	11,672.1
Feb.	6,453.5	836.1	5,617.3	1,465.5	1,230.7	234.8	412.2	2,192.8	292.1	972.6	11,788.9
Mar.	6,528.3	839.7	5,688.6	1,449.6	1,220.7	228.9	450.2	2,250.6	297.5	994.2	11,970.5
Apr.	6,591.4	842.4	5,749.0	1,435.6	1,198.6	237.0	463.3	2,350.3	299.0	1,034.4	12,174.1
May	6,614.9	835.8	5,779.1	1,432.0	1,187.9	244.2	477.6	2,338.9	299.0	1,035.4	12,197.9
June	6,681.9	835.6	5,846.3	1,411.0	1,166.8	244.2	442.1	2,331.6	281.1	1,039.1	12,186.8
July	6,708.5	833.8	5,874.6	1,393.1	1,140.7	252.4	447.7	2,355.9	283.1	1,086.3	12,274.6
Aug.	6,715.1	822.0	5,893.1	1,385.2	1,128.6	256.6	447.8	2,402.1	285.6	1,125.0	12,360.8
Sep.	6,796.6	818.0	5,978.5	1,386.6	1,128.4	258.3	449.4	2,442.9	288.9	1,049.8	12,414.2
Oct.	6,841.5	819.9	6,021.5	1,381.5	1,115.5	266.0	449.6	2,495.5	291.2	1,118.7	12,578.0
Nov.	6,883.8	827.0	6,056.8	1,377.6	1,112.2	265.4	457.6	2,469.0	308.0	1,067.7	12,563.7
Dec. <sup>(p)</sup>	6,926.1	834.7	6,091.4	1,353.0	1,086.6	266.4	464.1	2,387.9	310.1	1,053.5	12,494.7

## 2. Liabilities: levels outstanding

	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	Excess of inter-MFI liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 May	321.5	120.8	4,919.0	1,447.6	1,979.3	1,319.6	172.5	388.5	1,468.4	785.0	1,728.0	1,260.0	15.0	11,006.1
June	323.9	125.0	4,949.4	1,493.1	1,965.6	1,324.2	166.5	390.9	1,477.2	795.7	1,845.5	1,331.1	12.4	11,251.2
July	331.9	135.0	4,953.1	1,479.4	1,983.6	1,326.3	163.7	382.7	1,481.6	800.3	1,778.0	1,316.0	13.7	11,192.1
Aug.	326.4	138.0	4,930.8	1,450.4	1,992.6	1,325.2	162.6	396.0	1,489.5	799.0	1,784.5	1,284.6	0.7	11,149.6
Sep.	327.3	133.3	4,943.0	1,479.1	1,981.1	1,322.1	160.6	402.9	1,510.2	809.5	1,784.9	1,285.7	16.0	11,212.8
Oct.	329.6	135.1	4,959.2	1,481.6	2,001.2	1,318.9	157.5	409.7	1,523.7	818.7	1,855.5	1,311.3	21.2	11,364.1
Nov.	330.1	146.1	4,998.1	1,516.3	2,009.5	1,313.6	158.6	428.1	1,534.6	823.0	1,917.5	1,376.0	18.3	11,571.9
Dec.	349.9	142.0	5,064.2	1,545.8	2,042.2	1,332.0	144.2	425.2	1,544.9	871.0	1,832.3	1,304.3	17.1	11,551.0
2000 Jan.	333.0	133.7	5,089.6	1,574.8	2,027.5	1,332.3	155.0	430.1	1,544.1	888.0	1,917.3	1,343.5	-7.2	11,672.1
Feb.	331.1	144.6	5,095.4	1,568.2	2,045.3	1,322.4	159.5	449.1	1,559.7	892.1	1,948.1	1,362.0	6.8	11,788.9
Mar.	334.6	130.2	5,119.1	1,577.1	2,052.1	1,312.5	177.3	461.7	1,562.7	908.1	2,075.9	1,394.7	-16.6	11,970.5
Apr.	337.7	131.8	5,157.8	1,612.6	2,060.5	1,305.0	179.8	510.4	1,582.6	918.0	2,154.0	1,416.1	-34.2	12,174.1
May	337.5	113.9	5,156.4	1,598.0	2,080.1	1,297.1	181.2	517.2	1,584.7	919.2	2,159.8	1,429.5	-20.3	12,197.9
June	341.2	146.0	5,145.3	1,608.7	2,077.6	1,291.8	167.3	517.8	1,593.7	921.0	2,059.1	1,445.6	17.0	12,186.8
July	343.0	134.7	5,150.2	1,605.1	2,088.0	1,285.1	172.0	530.4	1,592.4	936.8	2,093.9	1,480.6	12.6	12,274.6
Aug.	337.9	140.6	5,146.7	1,577.6	2,119.7	1,280.1	169.4	544.1	1,612.5	942.8	2,136.2	1,504.8	-4.8	12,360.8
Sep.	338.9	159.3	5,158.0	1,589.5	2,124.4	1,272.7	171.4	535.7	1,619.8	970.2	2,192.1	1,443.8	-3.6	12,414.2
Oct.	336.7	172.3	5,166.0	1,590.7	2,140.9	1,263.9	170.6	541.9	1,646.4	977.2	2,252.9	1,486.2	-1.8	12,578.0
Nov.	336.8	168.8	5,187.5	1,608.9	2,147.0	1,258.0	173.5	542.4	1,643.9	988.6	2,227.7	1,482.0	-13.9	12,563.7
Dec. <sup>(p)</sup>	347.5	164.4	5,273.1	1,659.9	2,160.1	1,277.9	175.2	510.9	1,639.4	957.0	2,148.3	1,451.8	2.3	12,494.7

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		Holdings of securities other than shares issued by euro area residents		Holdings of shares/ other equity issued by other euro area residents		External assets <sup>3)</sup>	Fixed assets	Remaining assets	Total	
	General government	Other euro area residents	General government	Other euro area residents	General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11
1999 June	101.5	6.6	94.9	-12.8	-17.3	4.5	-9.0	126.7	2.4	30.4	239.2
July	29.9	-8.0	37.9	-13.6	-16.7	3.1	-3.3	-35.8	4.7	-17.7	-35.8
Aug.	-10.2	-4.2	-6.1	17.7	9.8	7.9	-0.1	-44.3	0.8	-18.8	-54.9
Sep.	46.2	5.1	41.2	16.8	24.0	-7.3	-5.4	20.0	3.5	-9.4	71.8
Oct.	54.4	9.1	45.4	19.8	22.5	-2.7	1.2	21.1	2.2	44.3	143.1
Nov.	74.0	12.8	61.1	11.4	3.9	7.5	9.1	21.9	4.3	48.9	169.5
Dec.	29.9	-5.8	35.7	-28.5	-31.7	3.2	15.7	-80.9	16.0	5.3	-42.6
2000 Jan.	32.6	-7.5	40.1	15.0	13.8	1.2	3.4	20.9	1.4	24.4	97.7
Feb.	32.1	-4.4	36.5	15.5	9.3	6.2	12.9	33.9	-0.5	17.0	110.9
Mar.	72.0	4.5	67.4	-13.7	-6.9	-6.8	36.3	31.2	5.4	22.2	153.5
Apr.	55.9	2.3	53.7	-16.3	-21.3	5.0	12.1	13.7	1.5	33.2	100.2
May	22.4	-6.3	28.8	0.0	-7.5	7.5	13.0	11.5	0.0	0.9	47.8
June	60.4	-0.5	60.9	-17.1	-18.1	1.0	-35.8	7.1	-17.6	4.0	0.9
July	22.3	-1.3	23.6	-19.1	-26.7	7.6	4.7	-6.1	2.0	46.9	50.7
Aug.	7.1	-8.6	15.7	-6.0	-9.6	3.6	0.4	3.9	2.5	38.5	46.4
Sep.	67.4	-4.1	71.5	0.4	-3.0	3.4	1.7	17.5	3.3	-76.0	14.3
Oct.	40.6	1.9	38.6	-6.5	-15.4	8.8	1.6	9.5	3.4	69.0	117.5
Nov.	49.4	7.2	42.2	-1.8	-1.4	-0.4	7.3	8.0	16.8	-51.2	28.5
Dec. <sup>(p)</sup>	59.4	8.1	51.3	-22.4	-23.6	1.2	8.2	-2.3	2.1	-13.3	31.8

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

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Overnight				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
				Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 June	2.4	4.2	29.0	45.1	-14.5	4.5	-6.0	1.4	7.5	14.0	109.7	74.8	-3.8	239.2
July	8.0	10.0	6.8	-12.6	19.9	2.2	-2.7	-7.8	7.3	5.0	-45.5	-20.2	0.7	-35.8
Aug.	-5.5	2.9	-24.3	-29.8	7.8	-1.1	-1.1	13.1	4.6	0.7	-4.9	-29.2	-12.4	-54.9
Sep.	0.9	-4.7	12.9	29.2	-11.2	-3.1	-2.0	6.5	22.2	5.8	4.3	8.6	15.3	71.8
Oct.	2.3	1.8	13.9	1.6	18.6	-3.2	-3.2	6.4	11.1	7.6	55.0	39.8	5.3	143.1
Nov.	0.5	11.0	34.4	33.0	5.7	-5.4	1.1	17.8	6.1	3.3	32.9	66.5	-2.9	169.5
Dec.	19.5	-4.1	65.6	29.3	32.3	18.4	-14.4	-14.7	10.6	29.8	-89.6	-60.2	0.5	-42.6
2000 Jan.	-16.9	-8.3	23.0	28.0	-16.0	0.2	10.7	0.8	-2.6	18.4	67.6	42.8	-27.0	97.7
Feb.	-1.8	10.9	5.4	-6.8	17.6	-9.9	4.5	19.0	15.4	5.4	26.3	16.5	13.9	110.9
Mar.	3.5	-14.5	20.5	7.6	5.1	-10.0	17.8	12.0	1.4	14.5	107.1	32.3	-23.2	153.5
Apr.	3.3	1.6	33.1	33.4	5.0	-7.7	2.4	2.3	14.6	9.3	35.8	15.3	-14.9	100.2
May	-0.2	-17.9	1.5	-11.3	20.3	-8.9	1.4	9.9	6.1	3.0	26.9	12.4	6.0	47.8
June	3.6	32.1	-8.0	12.0	-0.7	-5.3	-13.9	-3.9	15.6	-4.6	-79.0	18.8	26.1	0.9
July	1.9	-11.3	1.2	-5.0	7.5	-6.1	4.7	12.0	-7.2	15.1	8.0	38.1	-7.0	50.7
Aug.	-5.1	5.9	-7.9	-29.3	29.3	-5.1	-2.7	12.6	11.7	6.9	5.0	32.7	-15.4	46.4
Sep.	1.0	18.7	4.2	9.8	-0.2	-7.4	2.0	-8.7	3.3	20.8	41.4	-66.2	-0.3	14.3
Oct.	-2.2	13.1	2.7	-0.8	13.2	-8.9	-0.8	5.0	18.3	5.9	20.2	45.0	9.6	117.5
Nov.	0.1	-3.6	26.1	20.1	8.8	-5.8	3.0	0.8	4.4	11.9	7.6	-5.5	-13.5	28.5
Dec. <sup>(p)</sup>	10.6	-4.4	97.3	54.8	20.6	20.1	1.8	-28.9	8.2	-26.7	-9.9	-29.8	15.3	31.8

Table 2.4

Monetary aggregates <sup>1)</sup> and counterparts

(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 May	321.5	1,515.4	1,836.9	103.08	866.8	1,264.8	3,968.5	101.31	172.5	388.5	57.9		
June	323.9	1,555.8	1,879.7	105.46	843.7	1,270.7	3,994.1	101.93	166.5	390.9	59.6		
July	331.9	1,548.2	1,880.1	105.55	856.6	1,275.5	4,012.2	102.46	163.7	382.7	62.1		
Aug.	326.4	1,518.2	1,844.6	103.51	859.6	1,275.3	3,979.5	101.58	162.6	396.0	63.6		
Sep.	327.3	1,542.2	1,869.5	104.93	846.0	1,272.4	3,987.9	101.81	160.6	402.9	76.1		
Oct.	329.6	1,546.6	1,876.2	105.26	860.8	1,270.5	4,007.5	102.22	157.5	409.7	74.7		
Nov.	330.1	1,580.5	1,910.6	107.10	860.2	1,265.3	4,036.2	102.86	158.6	428.1	76.2		
Dec.	349.9	1,614.1	1,964.0	110.06	881.0	1,287.9	4,132.8	105.30	144.2	425.2	88.8		
2000 Jan.	333.0	1,642.4	1,975.4	110.64	864.2	1,289.1	4,128.7	105.15	155.0	430.1	87.2		
Feb.	331.1	1,634.3	1,965.4	110.08	879.3	1,278.2	4,122.9	105.03	159.5	449.1	90.9		
Mar.	334.6	1,642.8	1,977.4	110.67	887.6	1,267.7	4,132.7	105.22	177.3	461.7	90.7		
Apr.	337.7	1,680.9	2,018.6	112.87	895.7	1,260.2	4,174.5	106.17	179.8	510.4	89.7		
May	337.5	1,662.8	2,000.3	112.04	913.6	1,252.1	4,165.9	106.04	181.2	517.2	87.5		
June	341.2	1,674.1	2,015.3	112.94	912.2	1,244.7	4,172.2	106.27	167.3	517.8	86.8		
July	343.0	1,672.3	2,015.3	112.87	922.3	1,237.0	4,174.6	106.26	172.0	530.4	76.7		
Aug.	337.9	1,643.1	1,981.0	110.84	951.7	1,230.5	4,163.2	105.88	169.4	544.1	81.0		
Sep.	338.9	1,654.4	1,993.3	111.42	955.3	1,220.4	4,169.1	105.95	171.4	535.7	81.5		
Oct.	336.7	1,656.8	1,993.5	111.32	970.8	1,211.2	4,175.5	106.00	170.6	541.9	89.9		
Nov.	336.8	1,675.2	2,012.0	112.45	983.6	1,202.4	4,198.0	106.67	173.5	542.4	99.0		
Dec. <sup>3)</sup>	347.5	1,726.9	2,074.3	116.15	991.8	1,221.0	4,287.2	109.14	175.2	510.9	106.6		

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 June	2.4	39.9	42.4	11.6	-23.8	5.9	24.4	6.4	-6.0	1.4	1.5		
July	8.0	-6.5	1.6	14.1	14.3	4.8	20.6	7.8	-2.7	-7.8	2.9		
Aug.	-5.5	-30.8	-36.3	12.9	2.0	-0.1	-34.4	7.1	-1.1	13.1	1.1		
Sep.	0.9	24.5	25.4	12.8	-13.4	-3.0	9.0	7.0	-2.0	6.5	0.9		
Oct.	2.3	3.6	5.8	13.0	12.2	-1.9	16.1	7.1	-3.2	6.4	-1.9		
Nov.	0.5	32.2	32.7	11.8	-2.5	-5.2	25.0	6.5	1.1	17.8	0.7		
Dec.	19.5	33.4	52.9	10.1	20.5	22.5	96.0	5.3	-14.4	-14.7	13.1		
2000 Jan.	-16.9	27.3	10.4	9.3	-17.6	1.1	-6.1	4.2	10.7	0.8	-1.9		
Feb.	-1.8	-8.2	-10.1	10.7	16.6	-10.9	-4.4	5.3	4.5	19.0	3.7		
Mar.	3.5	7.2	10.6	10.1	7.1	-10.6	7.1	5.1	17.8	12.0	-1.0		
Apr.	3.3	36.0	39.2	11.4	5.8	-7.6	37.4	5.5	2.4	2.3	-0.2		
May	-0.2	-14.7	-14.9	8.7	19.0	-9.2	-5.1	4.7	1.4	9.9	-1.7		
June	3.6	12.6	16.2	7.1	0.2	-7.3	9.2	4.3	-13.9	-3.9	1.7		
July	1.9	-3.2	-1.3	6.9	8.3	-7.4	-0.5	3.7	4.7	12.0	-10.7		
Aug.	-5.1	-31.1	-36.3	7.1	27.8	-6.5	-15.0	4.2	-2.7	12.6	3.2		
Sep.	1.0	9.3	10.3	6.2	2.5	-10.1	2.7	4.1	2.0	-8.7	0.6		
Oct.	-2.2	0.4	-1.8	5.8	13.2	-9.4	2.1	3.7	-0.8	5.0	7.3		
Nov.	0.1	20.2	20.3	5.0	14.6	-8.6	26.3	3.7	3.0	0.8	10.1		
Dec. <sup>3)</sup>	10.6	55.5	66.2	5.5	12.5	18.8	97.4	3.6	1.8	-28.9	10.1		

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									
Total	Index, Dec. 98=100 <sup>2)</sup>		Longer-term MFI liabilities				Credit <sup>3)</sup>				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98=100 <sup>2)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
4,587.5	102.44		1,113.4	115.1	1,410.4	785.0	2,070.4	5,812.0	5,229.4	103.45	287.2	1999 May
4,611.2	102.91		1,122.9	114.2	1,417.5	795.7	2,057.2	5,901.4	5,323.2	105.33	305.3	June
4,620.8	103.21		1,127.7	111.9	1,419.4	800.3	2,037.3	5,937.4	5,358.3	106.08	310.4	July
4,601.7	102.73		1,133.7	111.0	1,425.9	799.0	2,037.6	5,939.3	5,353.2	105.96	277.2	Aug.
4,627.5	103.05		1,135.8	111.2	1,434.1	809.5	2,058.6	5,968.5	5,392.8	106.77	302.3	Sep.
4,649.3	103.44		1,140.8	110.6	1,449.1	818.7	2,080.0	6,014.2	5,439.5	107.67	269.4	Oct.
4,699.1	104.43		1,149.8	110.7	1,458.4	823.0	2,090.7	6,101.2	5,504.0	108.88	264.2	Nov.
4,791.0	106.21		1,161.6	112.7	1,456.1	871.0	2,058.6	6,159.1	5,537.2	109.58	278.5	Dec.
4,800.9	106.29		1,163.6	111.8	1,456.9	888.0	2,062.3	6,207.8	5,581.5	110.38	236.6	2000 Jan.
4,822.4	106.79		1,166.4	112.8	1,468.8	892.1	2,066.9	6,264.4	5,617.3	111.10	244.8	Feb.
4,862.5	107.59		1,164.9	113.6	1,472.0	908.1	2,060.4	6,367.7	5,688.6	112.43	174.8	Mar.
4,954.4	108.51		1,165.1	113.2	1,492.8	918.0	2,041.0	6,449.4	5,749.0	113.49	196.3	Apr.
4,951.8	108.61		1,167.0	114.4	1,497.2	919.2	2,023.7	6,500.8	5,779.1	114.06	179.2	May
4,944.1	108.46		1,165.8	115.9	1,506.9	921.0	2,002.3	6,532.6	5,846.3	115.26	272.6	June
4,953.7	108.59		1,166.2	116.9	1,515.7	936.8	1,974.5	6,574.7	5,874.6	115.73	262.1	July
4,957.6	108.54		1,168.4	118.6	1,531.5	942.8	1,950.6	6,597.5	5,893.1	116.04	266.0	Aug.
4,957.8	108.47		1,169.4	120.8	1,538.3	970.2	1,946.4	6,686.2	5,978.5	117.44	250.8	Sep.
4,977.9	108.77		1,170.4	121.6	1,556.5	977.2	1,935.4	6,737.1	6,021.5	118.20	242.6	Oct.
5,013.0	109.65		1,163.7	124.2	1,544.9	988.6	1,939.2	6,779.8	6,056.8	119.03	241.3	Nov.
5,080.0	111.40		1,168.6	126.5	1,532.7	957.0	1,921.3	6,821.9	6,091.4	120.04	239.6	Dec.

M3			Main counterparts of M3									
Total	Annual percentage change <sup>4)</sup>	3-month moving average (centred)	Longer-term MFI liabilities				Credit <sup>3)</sup>				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual percentage change <sup>4)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
21.3	5.6	5.7	9.3	-1.0	6.1	14.0	-10.7	90.4	94.9	10.5	17.0	1999 June
13.1	6.0	5.8	5.3	-2.3	4.4	5.0	-24.6	37.7	37.9	10.3	9.7	July
-21.4	5.8	5.9	5.7	-0.9	3.5	0.7	5.6	1.7	-6.1	10.1	-39.4	Aug.
14.4	6.1	5.9	2.2	0.2	21.3	5.8	29.1	28.5	41.2	9.9	15.7	Sep.
17.4	5.8	6.0	6.2	-0.6	13.0	7.6	31.6	43.8	45.4	10.1	-33.8	Oct.
44.6	6.2	6.0	8.1	0.1	5.4	3.3	16.8	77.7	61.1	10.3	-11.0	Nov.
79.9	6.2	5.9	11.7	2.1	-2.6	29.8	-37.5	54.6	35.7	9.6	8.6	Dec.
3.6	5.3	5.9	1.6	-0.9	-0.8	18.4	6.3	44.7	40.1	8.8	-46.7	2000 Jan.
22.8	6.2	6.0	1.0	1.0	11.7	5.4	4.9	55.6	36.5	9.5	7.6	Feb.
36.1	6.6	6.5	-2.0	0.8	2.3	14.5	-2.4	97.0	67.4	9.9	-75.8	Mar.
41.9	6.7	6.5	-0.8	-0.4	14.8	9.3	-19.0	70.8	53.7	10.5	-22.1	Apr.
4.6	6.0	6.0	1.3	1.2	7.8	3.0	-13.9	49.3	28.8	10.3	-15.4	May
-6.9	5.4	5.5	-1.0	1.5	13.9	-4.6	-18.6	26.0	60.9	9.4	86.1	June
5.6	5.2	5.4	-0.8	1.4	3.5	15.1	-28.0	35.9	23.6	9.1	-14.1	July
-2.0	5.7	5.4	1.5	1.7	8.5	6.9	-18.2	19.7	15.7	9.5	-1.1	Aug.
-3.4	5.3	5.4	-2.7	2.2	2.7	20.8	-7.1	76.6	71.5	10.0	-23.9	Sep.
13.5	5.2	5.1	-0.1	0.8	11.0	5.9	-13.5	49.0	38.6	9.8	-10.7	Oct.
40.3	5.0	5.0	-5.8	2.7	-5.7	11.9	5.8	49.1	42.2	9.3	0.4	Nov.
80.4	4.9	-	8.1	2.2	-1.8	-26.7	-15.5	60.8	51.3	9.5	7.6	Dec.

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> and counterparts**
*(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>					1	2	3	4	5	6	7
1999 May	1,831.6	102.79	2,131.2	99.80	3,962.8	101.16	604.1	107.74	4,567.0	101.98	5,241.4	103.69			
June	1,847.7	103.66	2,125.3	99.50	3,973.0	101.39	615.1	109.46	4,588.1	102.40	5,305.0	104.97			
July	1,871.7	105.07	2,137.9	100.15	4,009.6	102.39	609.0	108.54	4,618.5	103.15	5,338.3	105.68			
Aug.	1,873.6	105.13	2,138.7	100.14	4,012.3	102.41	616.9	109.85	4,629.2	103.34	5,371.4	106.32			
Sep.	1,888.0	105.97	2,138.3	100.14	4,026.4	102.79	640.8	111.97	4,667.2	103.94	5,403.9	106.99			
Oct.	1,900.0	106.59	2,146.6	100.40	4,046.6	103.22	647.5	112.97	4,694.1	104.43	5,448.1	107.84			
Nov.	1,914.3	107.30	2,148.8	100.41	4,063.1	103.54	663.5	115.51	4,726.6	105.04	5,508.3	108.96			
Dec.	1,920.4	107.62	2,147.6	100.34	4,068.0	103.65	684.6	117.14	4,752.6	105.35	5,520.4	109.25			
2000 Jan.	1,958.0	109.67	2,131.4	99.54	4,089.3	104.14	689.5	117.20	4,778.9	105.80	5,573.4	110.22			
Feb.	1,980.8	110.94	2,141.2	100.06	4,122.0	105.01	696.5	118.37	4,818.5	106.70	5,626.4	111.28			
Mar.	1,993.7	111.59	2,146.9	100.27	4,140.6	105.42	719.4	122.04	4,860.0	107.53	5,687.9	112.42			
Apr.	2,008.2	112.29	2,152.3	100.41	4,160.5	105.81	763.3	121.92	4,923.8	107.84	5,751.0	113.53			
May	2,001.2	112.08	2,161.3	100.83	4,162.5	105.95	766.8	123.04	4,929.3	108.12	5,792.0	114.32			
June	1,985.8	111.29	2,165.2	101.09	4,151.0	105.73	769.2	123.11	4,920.2	107.94	5,825.9	114.86			
July	1,997.2	111.86	2,171.7	101.33	4,168.9	106.12	780.6	124.76	4,949.5	108.50	5,851.9	115.28			
Aug.	2,015.5	112.77	2,184.0	101.82	4,199.5	106.80	788.2	125.59	4,987.7	109.20	5,913.7	116.44			
Sep.	2,015.2	112.64	2,192.2	102.15	4,207.4	106.92	791.1	126.01	4,998.5	109.36	5,990.4	117.68			
Oct.	2,020.8	112.84	2,200.6	102.43	4,221.4	107.16	809.1	128.53	5,030.6	109.92	6,029.2	118.35			
Nov.	2,023.1	113.07	2,208.7	102.90	4,231.8	107.53	815.2	129.71	5,047.0	110.39	6,058.6	119.07			
Dec. <sup>6)</sup>	2,021.5	113.19	2,192.2	102.33	4,213.6	107.27	823.7	131.88	5,037.3	110.47	6,075.9	119.74			

**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 (%)					1	2	3	4	5	6	7
1999 May	19.3	1.1	2.6	0.1	21.9	0.6	3.9	0.7	25.9	0.6	44.1	0.8			
June	15.6	0.8	-6.6	-0.3	9.0	0.2	9.7	1.6	18.7	0.4	64.7	1.2			
July	25.1	1.4	14.0	0.7	39.1	1.0	-5.2	-0.8	33.9	0.7	36.0	0.7			
Aug.	1.1	0.1	-0.1	0.0	1.0	0.0	7.3	1.2	8.4	0.2	32.2	0.6			
Sep.	14.9	0.8	-0.2	0.0	14.8	0.4	11.9	1.9	26.7	0.6	34.0	0.6			
Oct.	11.1	0.6	5.5	0.3	16.6	0.4	5.7	0.9	22.3	0.5	42.9	0.8			
Nov.	12.6	0.7	0.2	0.0	12.8	0.3	14.5	2.2	27.4	0.6	56.8	1.0			
Dec.	5.6	0.3	-1.4	-0.1	4.2	0.1	9.4	1.4	13.6	0.3	14.6	0.3			
2000 Jan.	36.6	1.9	-17.2	-0.8	19.4	0.5	0.4	0.1	19.8	0.4	48.9	0.9			
Feb.	22.8	1.2	11.3	0.5	34.0	0.8	6.9	1.0	40.9	0.9	53.6	1.0			
Mar.	11.5	0.6	4.5	0.2	16.0	0.4	21.6	3.1	37.6	0.8	57.7	1.0			
Apr.	12.6	0.6	2.9	0.1	15.5	0.4	-0.8	-0.1	14.7	0.3	56.3	1.0			
May	-3.7	-0.2	9.2	0.4	5.5	0.1	7.1	0.9	12.5	0.3	39.7	0.7			
June	-14.1	-0.7	5.5	0.3	-8.6	-0.2	0.4	0.1	-8.2	-0.2	27.6	0.5			
July	10.1	0.5	5.0	0.2	15.1	0.4	10.3	1.3	25.4	0.5	21.2	0.4			
Aug.	16.3	0.8	10.6	0.5	27.0	0.6	5.2	0.7	32.2	0.7	59.0	1.0			
Sep.	-2.3	-0.1	7.0	0.3	4.7	0.1	2.6	0.3	7.3	0.1	62.7	1.1			
Oct.	3.6	0.2	5.9	0.3	9.6	0.2	15.8	2.0	25.4	0.5	34.4	0.6			
Nov.	4.1	0.2	10.2	0.5	14.3	0.3	7.4	0.9	21.7	0.4	36.3	0.6			
Dec. <sup>6)</sup>	2.1	0.1	-12.2	-0.6	-10.1	-0.2	13.7	1.7	3.6	0.1	34.0	0.6			

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		Up to 1 year	Over 1 and up to 5 years	Over 5 years <sup>3)</sup>
		2	3	4			7	8	10		11	13	14			15		
1998 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	2,259.9	817.1	338.4	1,104.3	2,527.8	86.0	149.0	188.4	15.4	66.9	1,464.0	135.0	98.0	325.1	35.8			
Q2	2,330.0	842.4	351.3	1,136.4	2,594.4	84.1	154.4	194.0	18.7	63.7	1,513.7	138.3	98.4	329.1	35.7			
Q3	2,346.2	829.9	362.3	1,154.1	2,653.3	85.6	157.2	196.5	19.5	64.3	1,561.7	135.7	96.1	336.8	36.2			
Q4	2,418.5	856.2	372.2	1,190.1	2,718.1	88.1	156.3	195.5	19.9	60.4	1,619.2	141.4	98.4	338.9	37.4			
2000 Q1	2,495.7	899.9	392.2	1,203.6	2,761.3	88.4	160.2	199.6	20.2	58.8	1,650.2	140.8	100.3	342.8	39.1			
Q2	2,552.2	916.2	405.3	1,230.6	2,815.6	93.3	161.5	201.6	21.2	60.6	1,689.7	144.6	102.0	340.9	37.6			
Q3 <sup>3)</sup>	2,628.2	943.0	423.7	1,261.5	2,870.9	96.8	165.0	207.3	22.6	63.1	1,726.5	142.9	101.6	345.1	37.6			

**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
		17	18	19		21	22	23
1998 Q4	264.0	158.0	52.9	53.0	27.8	19.0	2.5	6.3
1999 Q1	298.7	183.4	54.8	60.5	35.9	27.0	3.0	5.9
Q2	304.9	192.2	51.7	61.0	40.2	28.7	2.7	8.8
Q3	297.4	181.1	53.3	62.9	41.7	32.9	2.8	6.0
Q4	313.4	190.5	54.6	68.3	29.2	20.6	2.7	5.9
2000 Q1	333.8	206.6	55.8	71.4	37.0	25.6	4.0	7.4
Q2	378.8	244.7	60.3	73.8	38.6	29.0	3.8	5.8
Q3 <sup>3)</sup>	380.6	244.7	64.3	71.6	33.0	25.5	2.8	4.7

**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					
			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	
		27	28	29		31	32	33	34		
1998 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	847.2	199.8	292.9	15.0	25.1	252.7	338.9	20.5	11.6	306.8	15.6
2000 Q1	838.7	193.9	291.9	13.2	27.4	251.3	337.0	21.2	10.8	305.1	15.9
Q2	834.6	187.1	290.0	9.9	28.1	252.1	337.8	21.5	11.4	304.9	19.7
Q3 <sup>3)</sup>	813.6	172.8	288.4	8.9	27.2	252.4	334.9	21.1	11.1	302.8	17.4

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) 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 2	With agreed maturity 3	Redeemable at notice 4	Repos 5	6	Overnight 7	With agreed maturity 8	Redeemable at notice 9	Repos 10
1998 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	813.6	457.0	305.7	24.0	26.9	3,278.6	886.4	1,096.2	1,249.4	46.6
Q3 <sup>(p)</sup>	845.2	463.9	330.7	24.3	26.3	3,272.0	876.9	1,113.0	1,230.4	51.7

**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 2	With agreed maturity 3	Redeemable at notice 4	Repos 5	6	Overnight 7	With agreed maturity 8	Redeemable at notice 9	Repos 10
1998 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	423.8	163.8	177.9	5.3	76.8	459.1	34.3	409.7	3.5	11.6
Q3 <sup>(p)</sup>	417.3	152.0	184.1	5.1	76.2	462.4	34.3	411.9	3.7	12.5

**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 3	With agreed maturity 4	Redeem- able at notice 5	Repos 6	7	Over- night 8	With agreed maturity 9	Redeem- able at notice 10	Repos 11	12	Over- night 13	With agreed maturity 14	Redeem- able at notice 15	Repos 16	17
1998 Q4	299.4	149.8	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	253.9	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	254.6	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	133.3	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	269.9	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	299.8	146.0	32.2	10.5	21.5	0.1	0.1	62.4	28.6	28.4	3.1	2.3	59.2	23.0	32.7	0.5	3.0
Q3 <sup>(p)</sup>	310.9	159.3	30.9	10.0	20.7	0.1	0.1	63.0	27.1	30.4	2.9	2.6	57.7	21.9	32.7	0.5	2.6

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) 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							
	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>		Other		Banks <sup>3)</sup>		Non-banks		
	1	2	General government	Other		6	General government	Other	7		8	10	11	12	13	General government	Other	14	15
1998 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				
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				
Q2	191.4	174.7	13.1	3.7	175.2	4.5	166.9	3.8	0.4	0.1	0.3	165.2	162.8	0.2	2.2				
Q3	108.1	99.0	6.8	2.3	176.2	4.0	168.1	4.1	0.4	0.1	0.3	82.6	80.6	0.4	1.5				
Q4	59.6	45.6	10.5	3.5	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2				
2000 Q1	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				
Q2	101.0	87.9	10.3	2.7	205.5	4.5	197.0	4.0	0.4	0.1	0.3	85.3	82.8	0.5	2.0				
Q3 <sup>o)</sup>	83.7	72.7	8.2	2.7	221.9	5.3	211.2	5.5	1.0	0.1	0.9	67.9	64.6	1.0	2.4				

**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							
	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>		Other		Banks <sup>3)</sup>		Non-banks		
	1	2	General government	Other		6	General government	Other	7		8	10	11	12	13	General government	Other	14	15
1998 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				
1999 Q1	1,267.7	895.7	63.9	308.1	299.8	72.5	104.1	123.2	58.2	22.1	36.1	1,618.0	1,204.4	70.7	342.9				
Q2	1,248.3	847.2	67.0	334.1	320.6	78.7	103.5	138.4	75.2	32.5	42.7	1,666.6	1,214.9	62.7	388.9				
Q3	1,254.4	850.4	67.1	336.9	319.5	88.0	88.8	142.7	77.7	39.0	38.7	1,688.5	1,231.6	62.2	394.8				
Q4	1,280.3	862.9	68.2	349.2	338.7	93.8	88.4	156.4	81.5	37.4	44.1	1,774.7	1,279.6	72.0	423.1				
2000 Q1	1,333.3	889.2	70.4	373.6	369.7	108.3	98.6	162.9	99.5	46.0	53.6	1,991.2	1,442.4	71.2	477.7				
Q2	1,346.2	913.3	70.5	362.4	414.3	133.8	109.1	171.4	105.8	49.6	56.2	1,956.7	1,404.6	74.3	477.8				
Q3 <sup>o)1,406.0</sup>	935.5	71.7	398.8	441.1	146.4	109.1	185.6	122.5	55.4	67.1	2,104.2	1,490.1	80.3	533.7					

**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							
	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>		Other		Banks <sup>3)</sup>		Non-banks		
	1	2	General government	Other		6	General government	Other	7		8	10	11	12	13	General government	Other	14	15
1998 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				
1999 Q1	1,376.0	992.7	72.3	311.0	485.2	76.4	282.8	126.0	58.6	22.2	36.4	1,709.9	1,294.0	71.2	344.7				
Q2	1,439.7	1,021.9	80.1	337.8	495.8	83.2	270.4	142.2	75.6	32.6	43.0	1,831.8	1,377.7	62.9	391.2				
Q3	1,362.5	949.4	73.9	339.2	495.7	92.0	256.9	146.8	78.1	39.1	39.0	1,771.1	1,312.2	62.6	396.3				
Q4	1,339.9	908.5	78.6	352.8	532.6	99.5	272.8	160.3	82.0	37.5	44.6	1,818.0	1,319.4	72.3	426.3				
2000 Q1	1,426.2	971.0	79.2	375.9	569.4	113.1	287.8	168.6	100.0	46.1	54.0	2,059.5	1,509.0	71.3	479.1				
Q2	1,447.1	1,001.2	80.8	365.2	619.9	138.4	306.1	175.4	106.2	49.7	56.6	2,042.0	1,487.5	74.8	479.8				
Q3 <sup>o)1,489.7</sup>	1,008.2	79.9	401.5	663.0	151.7	320.2	191.1	123.5	55.6	68.0	2,172.1	1,554.7	81.3	536.1					

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) 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 Q4	3,409.6	3,028.5	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	3,881.3	3,457.6	49.1	374.7	263.6	27.1	54.5	29.5	5,002.6	4,850.6	23.8	128.1	89.2	14.2	14.5	10.2
Q2	4,115.2	3,716.0	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	3,842.5	3,435.9	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	3,865.5	3,456.8	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	3,931.6	3,496.3	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	4,055.7	3,620.9	53.2	381.6	263.9	37.8	60.2	19.6	5,274.1	5,094.9	27.5	151.7	111.8	17.0	13.2	9.8
Q3 <sup>3)</sup>	3,943.8	3,485.3	56.8	401.6	280.8	39.6	60.8	20.5	5,300.4	5,111.7	28.8	159.9	120.2	17.0	12.6	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 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	609.1	470.4	52.9	53.1	32.7	415.8	178.1	37.5	200.3	149.2	24.2	12.9	13.9
Q2	1,377.7	614.8	134.2	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	1,312.2	553.8	131.5	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	1,319.4	539.0	122.1	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	1,509.0	598.5	157.2	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	1,487.5	587.9	143.0	756.6	592.1	66.2	61.1	37.2	554.5	234.4	52.0	268.1	204.5	32.3	15.8	15.5
Q3 <sup>3)</sup>	1,554.7	606.0	139.1	809.6	652.1	61.9	63.5	32.2	617.4	253.1	64.9	299.3	248.4	23.5	15.0	12.4

**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 Q4	2,123.9	1,906.0	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	2,202.0	1,970.1	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	2,277.9	2,030.3	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	2,338.4	2,083.7	33.9	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	2,373.2	2,112.8	35.4	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	2,432.0	2,151.2	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	2,488.5	2,196.6	40.1	251.8	142.2	57.8	33.5	18.3	262.8	234.9	1.4	26.5	17.2	5.4	2.5	1.4
Q3 <sup>3)</sup>	2,560.0	2,237.7	47.6	274.7	154.1	63.6	38.1	18.9	272.2	233.6	2.4	36.2	25.8	6.1	2.8	1.6

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) 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 Q4	3,390.9	-	-	-	-	-	-	-	5,951.3	5,777.8	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,870.6	-	-	-	-	-	-	-	6,009.7	5,813.1	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,103.7	-	-	-	-	-	-	-	6,160.7	5,949.8	21.3	189.6	109.0	19.5	57.9	3.2
Q3	3,827.3	-	-	-	-	-	-	-	6,223.3	6,003.4	23.3	196.6	106.9	23.9	61.6	4.2
Q4	3,851.3	-	-	-	-	-	-	-	6,384.2	6,151.9	22.3	210.0	114.7	28.3	62.4	4.6
2000 Q1	3,948.9	-	-	-	-	-	-	-	6,527.5	6,261.2	33.7	232.6	126.4	35.7	63.9	6.7
Q2	4,039.5	-	-	-	-	-	-	-	6,680.9	6,388.3	35.5	257.1	145.2	38.8	68.2	5.0
Q3 <sup>9)</sup>	3,949.7	-	-	-	-	-	-	-	6,795.1	6,485.4	33.2	276.5	159.3	44.2	69.3	3.7

### 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 Q4	722.7	681.3	17.8	23.6	15.8	3.6	1.8	2.5	1,380.6	1,343.6	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	763.3	727.6	7.8	27.9	18.3	5.6	1.3	2.7	1,421.4	1,388.9	3.9	28.5	15.4	10.2	2.0	0.9
Q2	802.6	768.4	6.1	28.0	18.9	5.2	1.1	2.9	1,432.3	1,402.1	3.2	27.0	13.6	10.2	2.1	1.1
Q3	830.2	796.1	6.8	27.2	17.8	5.1	1.7	2.6	1,446.0	1,415.7	3.1	27.1	13.0	10.4	2.2	1.6
Q4	830.3	795.7	7.3	27.3	18.2	4.8	2.3	2.0	1,438.6	1,406.0	5.4	27.1	12.7	10.3	1.9	2.2
2000 Q1	871.8	834.7	11.8	25.3	15.9	5.4	2.4	1.6	1,449.6	1,417.1	4.5	27.9	13.1	10.2	1.5	3.1
Q2	897.5	858.1	12.7	26.6	17.6	4.8	2.5	1.6	1,411.0	1,377.3	6.0	27.6	14.4	10.3	2.1	0.9
Q3 <sup>9)</sup>	943.4	898.7	10.6	34.1	24.3	5.3	2.7	1.8	1,386.6	1,353.3	3.8	29.7	16.4	11.1	1.2	0.9

### 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 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	992.7	457.8	75.9	459.0	325.1	62.3	27.2	44.4	383.3	134.1	27.9	221.4	193.7	7.7	14.4	5.6
Q2	1,021.9	477.0	74.5	470.4	349.8	52.9	26.2	41.6	417.8	139.3	35.4	243.1	212.6	8.0	16.3	6.3
Q3	949.4	428.1	78.3	442.9	320.3	54.1	28.3	40.2	413.1	143.4	36.4	233.3	198.8	10.8	18.0	5.8
Q4	908.5	388.8	75.2	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	971.0	426.3	90.7	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	1,001.2	462.8	93.3	445.2	315.0	58.9	32.4	38.8	446.0	137.9	39.8	268.3	226.8	13.8	20.8	6.8
Q3 <sup>9)</sup>	1,008.2	451.3	93.9	463.1	347.3	43.9	35.4	36.4	481.5	148.0	43.1	290.4	248.0	13.9	22.0	6.4

### 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 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	76.4	19.4	6.7	50.3	35.0	5.3	0.9	9.1	408.8	52.4	30.0	326.4	255.1	37.2	4.3	29.7
Q2	83.2	21.5	7.0	54.6	39.1	5.6	1.2	8.8	412.6	66.9	32.5	313.2	248.7	37.1	4.9	22.5
Q3	92.0	33.8	6.7	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	99.5	37.8	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	113.1	43.3	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	138.4	50.0	12.3	76.0	61.8	6.3	1.6	6.3	481.5	98.4	27.9	355.2	304.7	31.8	5.0	13.7
Q3 <sup>9)</sup>	151.7	50.5	16.4	84.8	71.8	6.9	2.4	3.7	511.3	119.2	34.1	358.0	314.5	30.2	4.3	9.0

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

**Table 3.1**

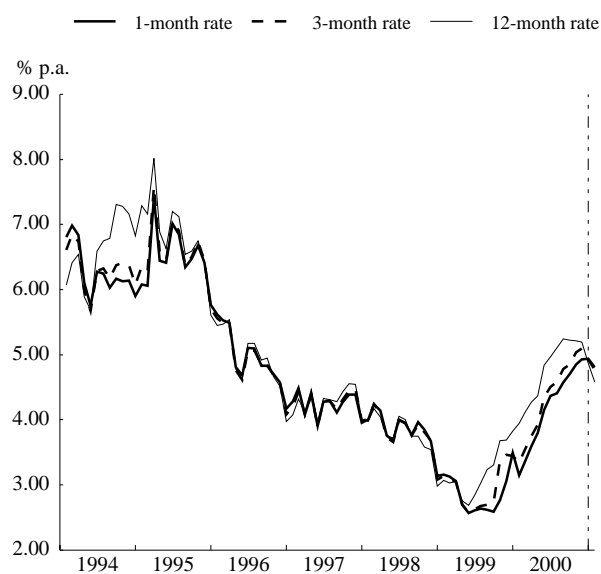
**Money market interest rates <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2) 3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>6)</sup> 6	3-month deposits <sup>7)</sup> 7
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
2000	4.12	4.24	4.40	4.55	4.78	6.53	0.28
2000 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
Oct.	4.76	4.85	5.04	5.10	5.22	6.78	0.52
Nov.	4.83	4.92	5.09	5.13	5.19	6.75	0.55
Dec.	4.83	4.94	4.93	4.91	4.87	6.54	0.62
<i>Euro area enlargement</i>							
2001 Jan.	4.75	4.81	4.77	4.68	4.58	5.73	0.50
2001 5 Jan.	4.78	4.77	4.70	4.58	4.46	5.70	0.56
12	4.81	4.83	4.80	4.71	4.60	5.68	0.49
19	4.72	4.80	4.76	4.66	4.54	5.61	0.47
26	4.78	4.82	4.78	4.69	4.61	5.57	0.47

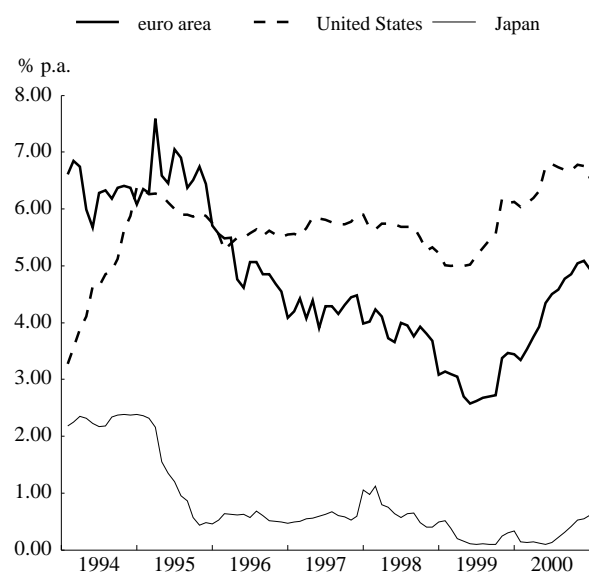
**Euro area money market rates**

(monthly)



**3-month money market rates**

(monthly)



Sources: Reuters and ECB.

- 1) With the exception of the overnight rate to December 1998, monthly and yearly values are period averages.
- 2) Interbank deposit bid rates to December 1998. From January 1999 column 1 shows the euro overnight index average (EONIA).
- 3) End-of-period rates to December 1998; period averages thereafter.
- 4) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP.
- 5) From January 1999, euro interbank offered rates (EURIBOR). Up to December 1998, London interbank offered rates (LIBOR), where available.
- 6) London interbank offered rates (LIBOR).

**Table 3.2**

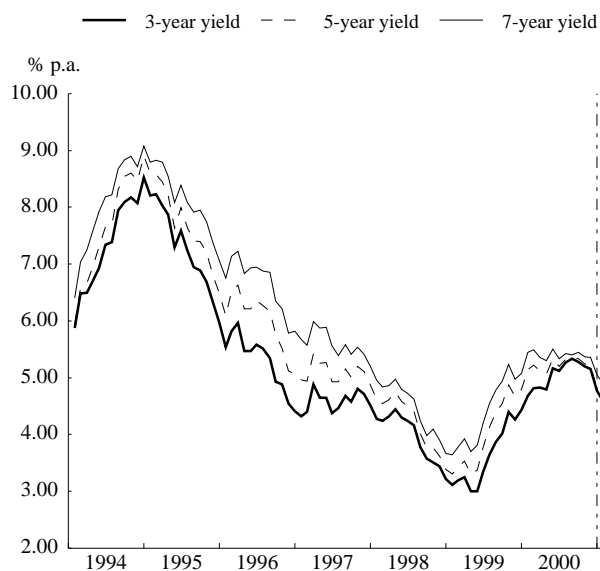
**Government bond yields <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
2000	4.90	5.03	5.19	5.37	5.44	6.03	1.76
2000 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
Oct.	5.17	5.20	5.24	5.37	5.42	5.74	1.83
Nov.	5.12	5.15	5.19	5.35	5.34	5.72	1.75
Dec.	4.74	4.77	4.82	5.05	5.07	5.23	1.62
<i>Euro area enlargement</i>							
2001 Jan.	4.55	4.57	4.67	4.90	5.01	5.14	1.54
2001 5 Jan.	4.37	4.41	4.52	4.78	4.90	4.98	1.62
12	4.62	4.63	4.72	4.93	5.03	5.23	1.51
19	4.53	4.56	4.68	4.93	5.05	5.15	1.51
26	4.67	4.69	4.77	4.97	5.06	5.27	1.42

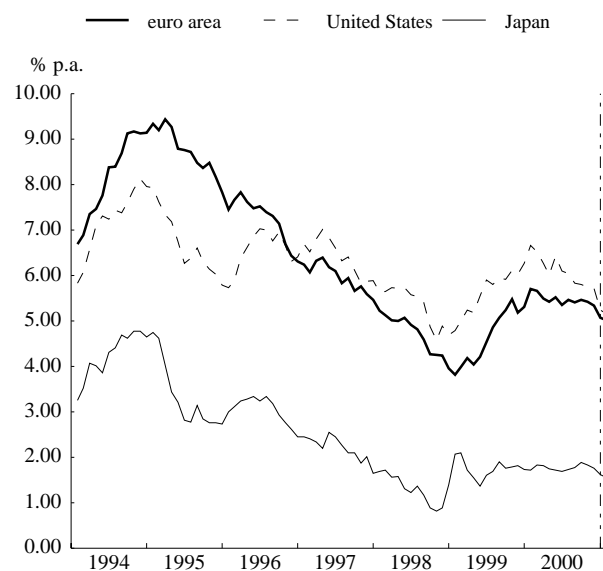
**Euro area government bond yields**

(monthly)



**10-year government bond yields**

(monthly)



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

- 1) To December 1998, 2, 3, 5 and 7-year euro area yields are end-of-period values and 10-year yields are period averages. Thereafter, all yields are period averages.
- 2) To December 1998, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

**Table 3.3**

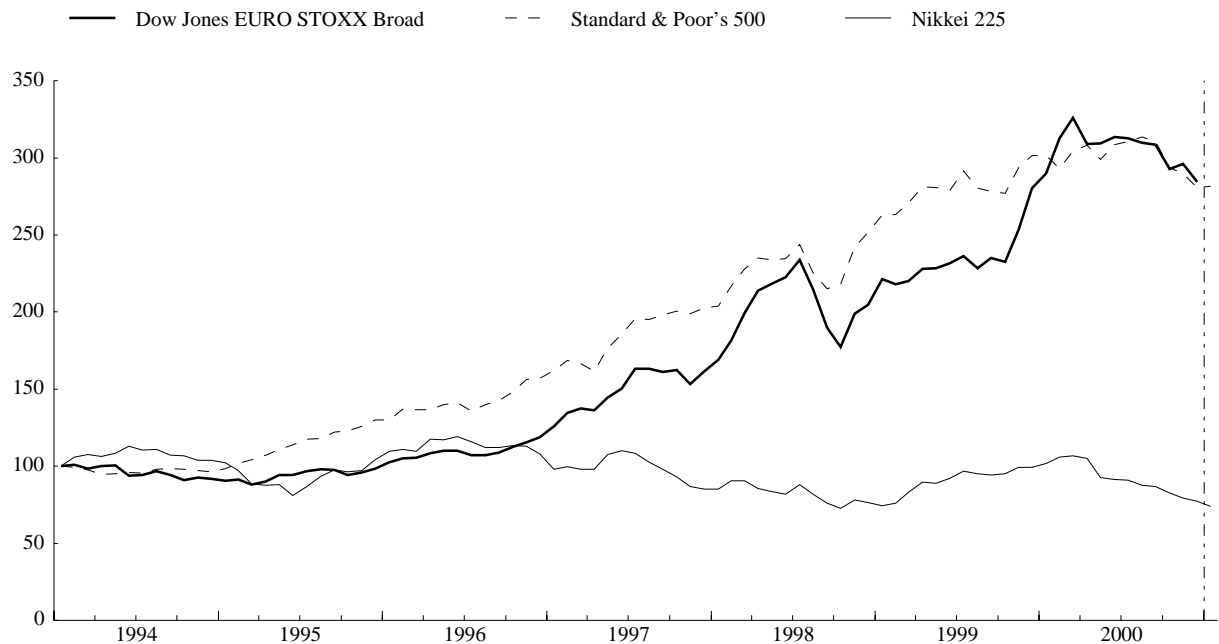
**Stock market indices**

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

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.4	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
2000	423.9	5,075.5	299.1	292.9	324.3	342.3	350.7	378.0	963.1	341.7	1,072.5	476.0	1,426.7	17,162.7
2000 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
Oct.	406.4	4,893.2	281.2	278.4	331.5	373.7	366.3	349.4	864.6	336.3	824.3	561.2	1,390.1	15,342.7
Nov.	410.8	4,962.5	302.9	274.9	346.0	365.0	379.7	359.6	864.7	339.6	796.2	571.6	1,373.8	14,743.5
Dec.	394.5	4,787.1	319.1	257.4	330.2	337.9	365.9	354.3	865.0	326.7	715.4	554.6	1,329.7	14,409.7
<i>Euro area enlargement</i>														
2001 Jan.	390.2	4,729.7	317.3	261.6	314.4	339.7	371.9	354.0	792.1	318.7	727.8	524.3	1,334.2	13,739.7
2001 5 Jan.	387.9	4,734.5	327.1	256.4	310.5	340.7	371.8	345.5	795.4	320.0	706.9	512.5	1,298.3	13,867.6
12	391.0	4,738.0	312.7	260.0	310.4	341.0	370.6	352.9	811.9	319.4	753.5	499.2	1,318.3	13,347.7
19	392.0	4,720.0	307.0	268.8	307.0	330.2	366.2	360.8	830.0	309.3	769.5	511.9	1,342.5	13,989.1
26	394.3	4,760.2	313.0	268.2	316.8	343.1	373.6	363.5	787.9	318.5	750.6	544.0	1,354.9	13,696.1

**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**

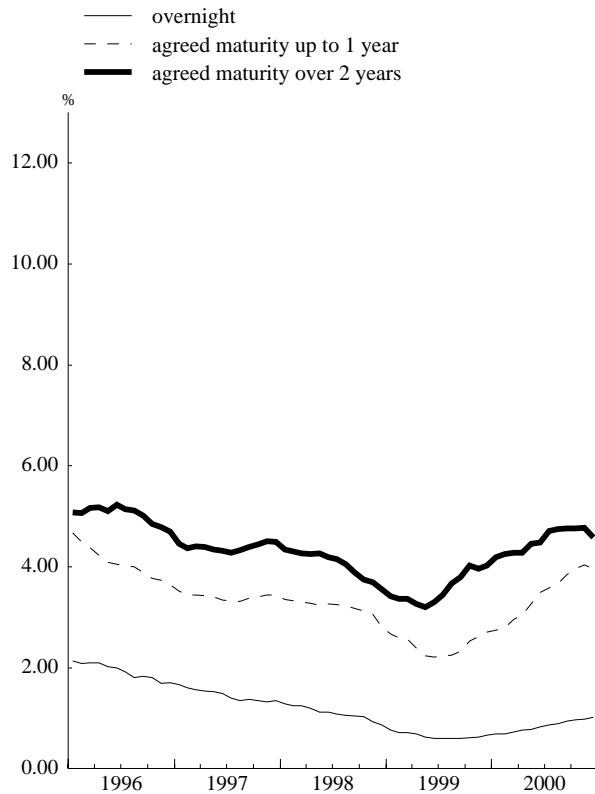
**Retail bank interest rates**

(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	6.73	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.38	5.29
1999 Dec.	0.67	2.70	2.71	4.02	2.04	3.05	5.81	5.51	9.38	5.80
2000 Jan.	0.69	2.74	2.74	4.19	2.05	3.18	5.91	5.74	9.51	6.03
Feb.	0.69	2.80	2.81	4.25	2.06	3.18	6.01	5.85	9.52	6.13
Mar.	0.73	2.96	2.96	4.28	2.07	3.33	6.07	5.85	9.55	6.10
Apr.	0.76	3.04	3.05	4.28	2.09	3.44	6.24	5.99	9.62	6.12
May	0.78	3.26	3.26	4.45	2.13	3.65	6.40	6.16	9.70	6.30
June	0.83	3.49	3.49	4.48	2.16	3.87	6.56	6.23	9.81	6.34
July	0.87	3.58	3.58	4.71	2.33	3.94	6.77	6.37	9.92	6.46
Aug.	0.89	3.67	3.67	4.75	2.36	4.06	6.81	6.44	9.97	6.51
Sep.	0.94	3.85	3.83	4.77	2.38	4.20	6.94	6.44	10.00	6.56
Oct.	0.97	3.96	3.96	4.76	2.40	4.14	7.15	6.60	10.11	6.57
Nov.	0.99	4.04	4.03	4.77	2.46	4.25	7.18	6.63	10.16	6.56
Dec.	1.01	3.96	3.95	4.58	2.49	4.21	7.16	6.45	10.14	6.43

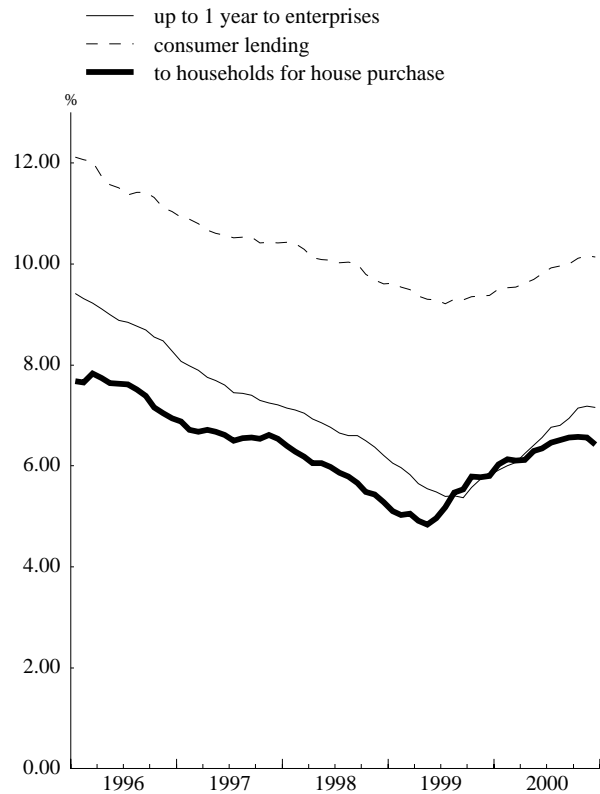
**Deposit interest rates**

(monthly)



**Lending interest rates**

(monthly)



Source: ECB.

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

**Table 3.5****Securities issues other than shares by original maturity, residency of the issuer and currency denomination***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1999 Nov.	196.8	176.9	19.9	629.8	188.5	170.1	18.4	592.6	8.4	6.8
Dec.	172.4	169.6	2.7	638.0	163.5	163.8	-0.3	596.7	8.8	5.8
2000 Jan.	251.6	268.1	-16.5	613.9	240.1	256.8	-16.8	574.4	11.5	11.2
Feb.	253.7	240.7	13.0	628.0	240.7	231.0	9.8	584.6	12.9	9.7
Mar.	270.7	250.2	20.5	647.6	258.2	240.1	18.1	603.4	12.5	10.1
Apr.	252.7	251.3	1.4	649.4	240.3	239.6	0.7	603.3	12.4	11.7
May	278.3	261.6	16.7	672.1	266.8	251.2	15.6	625.8	11.5	10.4
June	261.8	260.0	1.7	674.4	245.2	249.3	-4.1	621.3	16.6	10.7
July	286.9	282.2	4.7	682.3	269.5	266.1	3.4	626.3	17.3	16.0
Aug.	276.5	275.9	0.6	685.7	260.9	258.5	2.4	629.0	15.6	17.4
Sep.	311.3	314.8	-3.5	684.9	293.3	298.5	-5.2	624.7	18.0	16.3
Oct.	355.2	342.3	13.0	700.6	338.2	330.2	8.0	632.3	17.0	12.1
Nov.	301.6	302.5	-0.9	701.1	283.7	290.1	-6.4	626.9	17.9	12.4

**2. Long-term**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1999 Nov.	102.3	76.8	25.5	6,004.6	94.4	69.9	24.6	5,547.0	7.9	7.0
Dec.	77.1	108.4	-31.4	5,981.6	70.2	93.7	-23.5	5,524.8	6.9	14.7
2000 Jan.	109.7	93.3	16.4	6,004.4	101.2	86.0	15.2	5,542.3	8.5	7.3
Feb.	122.4	67.3	55.1	6,058.4	109.3	59.7	49.6	5,591.3	13.1	7.6
Mar.	126.9	90.7	36.2	6,107.5	114.5	81.0	33.5	5,626.1	12.4	9.7
Apr.	110.5	74.6	35.8	6,155.2	101.2	65.1	36.1	5,661.8	9.3	9.5
May	124.2	84.3	39.9	6,188.3	112.2	75.0	37.2	5,701.3	12.1	9.4
June	99.3	62.9	36.4	6,220.2	85.5	51.1	34.5	5,736.4	13.8	11.8
July	124.3	75.5	48.8	6,275.8	100.6	67.3	33.2	5,768.7	23.8	8.2
Aug.	99.5	57.6	41.9	6,333.5	80.0	50.2	29.8	5,799.8	19.5	7.4
Sep.	108.9	74.6	34.4	6,374.3	89.9	65.3	24.6	5,825.9	19.0	9.2
Oct.	115.1	83.6	31.6	6,419.0	100.6	75.1	25.5	5,850.5	14.5	8.4
Nov.	105.7	65.0	40.7	6,450.3	92.0	61.4	30.6	5,880.0	13.7	3.6

**3. Total**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
1	2	3	4	5	6	7	8	9	10	
1999 Nov.	299.2	253.8	45.4	6,634.4	282.9	240.0	42.9	6,139.7	16.3	13.8
Dec.	249.4	278.1	-28.6	6,619.6	233.7	257.5	-23.8	6,121.5	15.7	20.5
2000 Jan.	361.3	361.4	-0.1	6,618.3	341.3	342.8	-1.5	6,116.7	20.0	18.5
Feb.	376.0	308.0	68.1	6,686.4	350.0	290.7	59.3	6,175.9	26.0	17.3
Mar.	397.6	340.9	56.7	6,755.1	372.7	321.1	51.6	6,229.5	24.9	19.8
Apr.	363.2	325.9	37.3	6,804.7	341.5	304.7	36.8	6,265.1	21.7	21.3
May	402.5	345.9	56.6	6,860.4	379.0	326.2	52.8	6,327.1	23.5	19.7
June	361.0	322.9	38.1	6,894.6	330.7	300.4	30.4	6,357.7	30.3	22.6
July	411.2	357.7	53.5	6,958.1	370.1	333.5	36.6	6,394.9	41.1	24.2
Aug.	376.0	333.5	42.5	7,019.2	341.0	308.7	32.2	6,428.7	35.0	24.7
Sep.	420.2	389.4	30.8	7,059.2	383.3	363.9	19.4	6,450.6	37.0	25.5
Oct.	470.4	425.8	44.5	7,119.6	438.8	405.3	33.5	6,482.8	31.6	20.5
Nov.	407.2	367.5	39.7	7,151.4	375.7	351.5	24.2	6,506.8	31.6	16.0

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

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

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
1.5	37.1	.	.	.	.	.	.	.	.	1999 Nov.
3.0	41.3	21.8	20.0	1.8	34.6	566.5	537.3	29.2	631.3	Dec.
0.3	39.4	.	.	.	.	.	.	.	.	2000 Jan.
3.2	43.4	.	.	.	.	.	.	.	.	Feb.
2.4	44.2	32.6	32.0	0.6	36.8	771.6	759.9	11.7	640.2	Mar.
0.7	46.1	.	.	.	.	.	.	.	.	Apr.
1.1	46.3	.	.	.	.	.	.	.	.	May
5.8	53.0	37.5	31.0	6.5	43.2	789.8	771.1	18.7	664.6	June
1.3	56.0	.	.	.	.	.	.	.	.	July
-1.8	56.8	.	.	.	.	.	.	.	.	Aug.
1.7	60.2	38.1	39.5	-1.4	45.2	861.9	862.7	-0.8	669.8	Sep.
4.9	68.3	.	.	.	.	.	.	.	.	Oct.
5.5	74.3	.	.	.	.	.	.	.	.	Nov.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
0.9	457.6	.	.	.	.	.	.	.	.	1999 Nov.
-7.8	456.8	48.8	21.4	27.4	593.8	322.9	252.7	70.2	6,118.6	Dec.
1.2	462.1	.	.	.	.	.	.	.	.	2000 Jan.
5.5	467.1	.	.	.	.	.	.	.	.	Feb.
2.7	481.4	65.7	21.5	44.2	638.1	390.7	248.3	142.5	6,264.2	Mar.
-0.3	493.4	.	.	.	.	.	.	.	.	Apr.
2.7	487.1	.	.	.	.	.	.	.	.	May
1.9	483.8	45.5	23.7	21.8	660.0	344.4	214.8	129.6	6,396.4	June
15.6	507.2	.	.	.	.	.	.	.	.	July
12.1	533.7	.	.	.	.	.	.	.	.	Aug.
9.8	548.4	58.5	39.2	19.2	682.5	329.0	222.1	106.9	6,508.4	Sep.
6.1	568.5	.	.	.	.	.	.	.	.	Oct.
10.1	570.3	.	.	.	.	.	.	.	.	Nov.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
2.4	494.7	.	.	.	.	.	.	.	.	1999 Nov.
-4.8	498.1	70.6	41.5	29.2	628.4	889.3	790.0	99.4	6,749.9	Dec.
1.5	501.6	.	.	.	.	.	.	.	.	2000 Jan.
8.7	510.5	.	.	.	.	.	.	.	.	Feb.
5.1	525.6	98.3	53.5	44.8	674.9	1,162.3	1,008.1	154.2	6,904.4	Mar.
0.4	539.6	.	.	.	.	.	.	.	.	Apr.
3.8	533.4	.	.	.	.	.	.	.	.	May
7.8	536.9	83.0	54.7	28.3	703.3	1,134.3	985.9	148.3	7,061.0	June
16.9	563.2	.	.	.	.	.	.	.	.	July
10.3	590.5	.	.	.	.	.	.	.	.	Aug.
11.5	608.6	96.6	78.8	17.9	727.7	1,190.9	1,084.8	106.1	7,178.3	Sep.
11.0	636.9	.	.	.	.	.	.	.	.	Oct.
15.6	644.6	.	.	.	.	.	.	.	.	Nov.



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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	592.6	237.1	6.9	79.1	266.0	3.5	.	.	.	.
Dec.	596.7	248.8	6.1	78.5	258.5	4.8	34.6	14.4	12.1	6.3
2000 Jan.	574.4	229.5	6.2	78.2	257.1	3.4	.	.	.	.
Feb.	584.6	240.1	6.6	78.3	256.7	3.0	.	.	.	.
Mar.	603.4	250.7	6.4	79.1	264.6	2.6	36.8	15.5	11.9	8.1
Apr.	603.3	245.3	6.3	84.8	264.1	2.8	.	.	.	.
May	625.8	259.2	5.5	88.8	270.1	2.2	.	.	.	.
June	621.3	258.6	4.2	89.1	267.2	2.2	43.2	18.9	11.7	10.8
July	626.3	264.5	4.6	90.6	263.7	2.9	.	.	.	.
Aug.	629.0	263.4	4.3	92.6	266.3	2.3	.	.	.	.
Sep.	624.7	256.2	4.1	94.6	267.1	2.8	45.2	15.0	12.9	15.7
Oct.	632.3	259.7	4.5	99.9	265.6	2.7	.	.	.	.
Nov.	626.9	254.3	4.6	101.3	263.8	2.9	.	.	.	.

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	5,547.0	2,030.3	195.2	242.5	2,983.3	95.8	.	.	.	.
Dec.	5,524.8	2,016.8	197.2	240.3	2,974.8	95.7	593.8	158.4	81.8	113.9
2000 Jan.	5,542.3	2,028.0	196.9	235.7	2,985.8	95.9	.	.	.	.
Feb.	5,591.3	2,046.3	198.9	236.7	3,012.7	96.7	.	.	.	.
Mar.	5,626.1	2,066.4	199.9	240.1	3,022.2	97.6	638.1	176.1	89.1	128.1
Apr.	5,661.8	2,088.3	202.6	246.4	3,026.1	98.5	.	.	.	.
May	5,701.3	2,112.6	206.0	248.5	3,034.4	99.7	.	.	.	.
June	5,736.4	2,115.8	210.1	256.0	3,055.1	99.4	660.0	185.6	93.0	136.3
July	5,768.7	2,133.8	218.1	263.3	3,052.8	100.6	.	.	.	.
Aug.	5,799.8	2,147.3	222.7	266.9	3,060.9	102.0	.	.	.	.
Sep.	5,825.9	2,162.4	225.6	265.0	3,070.6	102.2	682.5	191.3	101.4	145.1
Oct.	5,850.5	2,173.4	230.8	267.2	3,074.8	104.3	.	.	.	.
Nov.	5,880.0	2,175.7	237.9	272.1	3,088.5	105.9	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	6,139.7	2,267.4	202.1	321.6	3,249.3	99.3	.	.	.	.
Dec.	6,121.5	2,265.6	203.3	318.8	3,233.3	100.5	628.4	172.8	93.9	120.2
2000 Jan.	6,116.7	2,257.6	203.1	313.8	3,242.9	99.3	.	.	.	.
Feb.	6,175.9	2,286.4	205.5	315.0	3,269.4	99.7	.	.	.	.
Mar.	6,229.5	2,317.0	206.3	319.2	3,286.7	100.2	674.9	191.7	101.0	136.2
Apr.	6,265.1	2,333.5	208.9	331.2	3,290.3	101.3	.	.	.	.
May	6,327.1	2,371.8	211.5	337.2	3,304.5	101.9	.	.	.	.
June	6,357.7	2,374.4	214.3	345.1	3,322.3	101.7	703.3	204.5	104.7	147.1
July	6,394.9	2,398.3	222.7	353.9	3,316.5	103.6	.	.	.	.
Aug.	6,428.7	2,410.7	227.0	359.5	3,327.2	104.3	.	.	.	.
Sep.	6,450.6	2,418.6	229.7	359.6	3,337.6	105.0	727.7	206.3	114.4	160.8
Oct.	6,482.8	2,433.1	235.3	367.1	3,340.4	106.9	.	.	.	.
Nov.	6,506.8	2,429.9	242.5	373.3	3,352.3	108.8	.	.	.	.

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

<sup>1)</sup> Including items expressed in the national denominations of the euro.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.3	0.6	0.8	631.3	263.2	18.2	84.8	258.8	5.5	0.8	1999 Nov. Dec.
0.2	0.3	0.7	640.2	266.2	18.4	87.2	264.8	3.0	0.7	2000 Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov.
0.2	0.4	1.2	664.6	277.6	15.9	99.9	267.3	2.6	1.2	
0.2	0.5	0.8	669.8	271.2	17.0	110.3	267.3	3.2	0.8	

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
86.6	29.1	124.0	6,118.6	2,175.2	279.0	354.2	3,061.4	124.9	124.0	1999 Nov. Dec.
93.5	30.0	121.3	6,264.2	2,242.5	289.0	368.2	3,115.7	127.6	121.3	2000 Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov.
96.6	29.9	118.7	6,396.4	2,301.3	303.0	392.3	3,151.8	129.3	118.7	
97.4	30.6	116.8	6,508.4	2,353.7	327.0	410.1	3,168.0	132.9	116.8	

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
86.9	29.8	124.8	6,749.9	2,438.4	297.2	439.0	3,320.2	130.3	124.8	1999 Nov. Dec.
93.7	30.3	122.0	6,904.4	2,508.7	307.3	455.4	3,380.4	130.6	122.0	2000 Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov.
96.8	30.3	119.9	7,061.0	2,578.9	318.9	492.2	3,419.1	132.0	119.9	
97.6	31.1	117.6	7,178.3	2,624.9	344.1	520.4	3,435.2	136.1	117.6	

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	188.5	118.1	1.8	33.6	33.0	2.0	.	.	.	.
Dec.	163.5	118.1	1.3	23.3	18.5	2.3	21.8	9.6	6.9	4.2
2000 Jan.	240.1	155.1	2.4	40.0	41.2	1.4	.	.	.	.
Feb.	240.7	155.4	2.7	44.3	37.0	1.5	.	.	.	.
Mar.	258.2	169.9	2.2	45.1	40.0	0.9	32.6	14.0	10.2	7.5
Apr.	240.3	141.3	2.8	51.4	43.4	1.4	.	.	.	.
May	266.8	175.7	2.1	53.0	34.7	1.4	.	.	.	.
June	245.2	159.6	3.2	46.6	34.9	1.0	37.5	16.6	9.3	10.0
July	269.5	167.5	2.6	56.1	41.5	1.8	.	.	.	.
Aug.	260.9	168.1	2.0	51.2	38.1	1.6	.	.	.	.
Sep.	293.3	196.7	2.8	55.6	36.3	2.0	38.1	12.1	10.6	14.5
Oct.	338.2	237.8	2.6	60.3	35.5	1.9	.	.	.	.
Nov.	283.7	189.6	3.0	56.0	33.6	1.5	.	.	.	.

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	94.4	44.7	9.3	3.0	36.2	1.3	.	.	.	.
Dec.	70.2	39.1	4.8	1.2	23.5	1.5	48.8	13.2	7.8	15.9
2000 Jan.	101.2	41.4	1.6	0.1	57.3	0.8	.	.	.	.
Feb.	109.3	48.5	3.3	3.9	51.7	2.0	.	.	.	.
Mar.	114.5	51.4	3.0	4.6	53.7	1.8	65.7	24.0	9.7	17.9
Apr.	101.2	45.5	4.7	7.4	41.6	1.9	.	.	.	.
May	112.2	53.8	4.8	4.4	47.6	1.5	.	.	.	.
June	85.5	33.5	8.9	8.3	34.4	0.4	45.5	16.8	6.3	15.1
July	100.6	44.5	10.3	8.6	35.0	2.1	.	.	.	.
Aug.	80.0	37.0	5.7	4.0	31.5	1.8	.	.	.	.
Sep.	89.9	40.8	4.1	3.3	40.8	1.0	58.5	19.6	10.7	20.9
Oct.	100.6	43.2	6.0	5.5	43.3	2.5	.	.	.	.
Nov.	92.0	33.8	7.6	8.5	39.0	3.0	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	282.9	162.7	11.1	36.6	69.2	3.3	.	.	.	.
Dec.	233.7	157.2	6.1	24.6	42.1	3.8	70.6	22.8	14.8	20.1
2000 Jan.	341.3	196.5	4.1	40.1	98.4	2.2	.	.	.	.
Feb.	350.0	203.8	6.0	48.2	88.6	3.4	.	.	.	.
Mar.	372.7	221.3	5.2	49.7	93.7	2.7	98.3	38.0	19.9	25.4
Apr.	341.5	186.9	7.5	58.8	85.0	3.4	.	.	.	.
May	379.0	229.5	6.9	57.4	82.3	2.9	.	.	.	.
June	330.7	193.1	12.0	54.9	69.3	1.4	83.0	33.4	15.6	25.1
July	370.1	212.1	12.9	64.7	76.5	3.9	.	.	.	.
Aug.	341.0	205.1	7.7	55.2	69.6	3.4	.	.	.	.
Sep.	383.3	237.5	6.8	58.9	77.0	3.1	96.6	31.7	21.3	35.5
Oct.	438.8	281.1	8.6	65.8	78.8	4.5	.	.	.	.
Nov.	375.7	223.4	10.6	64.5	72.6	4.5	.	.	.	.

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.2	0.7	566.5	353.1	11.9	102.5	92.4	5.9	0.7	1999 Nov. Dec.
0.2	0.2	0.6	771.6	494.4	17.4	136.9	118.3	3.9	0.6	2000 Jan. Feb.
0.1	0.3	1.1	789.8	493.2	17.4	160.9	113.0	4.1	1.1	Mar. Apr. May
0.2	0.4	0.4	861.9	544.4	17.9	177.5	116.0	5.8	0.4	June July Aug.
.	.	.	.	.	.	.	.	.	.	Sep. Oct. Nov.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
6.6	1.0	4.3	322.9	146.8	26.1	27.9	112.8	4.9	4.3	1999 Nov. Dec.
9.5	1.9	2.6	390.7	165.3	17.7	26.6	172.1	6.5	2.6	2000 Jan. Feb.
4.5	1.5	1.4	344.4	149.6	24.7	35.3	128.2	5.3	1.4	Mar. Apr. May
3.0	2.9	1.3	329.0	142.0	30.8	36.8	110.3	7.8	1.3	June July Aug.
.	.	.	.	.	.	.	.	.	.	Sep. Oct. Nov.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
6.8	1.1	5.0	889.3	499.9	38.1	130.4	205.2	10.8	5.0	1999 Nov. Dec.
9.7	2.1	3.1	1,162.3	659.7	35.1	163.5	290.4	10.4	3.1	2000 Jan. Feb.
4.7	1.8	2.5	1,134.3	642.8	42.1	196.2	241.2	9.5	2.5	Mar. Apr. May
3.2	3.2	1.7	1,190.9	686.4	48.7	214.2	226.3	13.6	1.7	June July Aug.
.	.	.	.	.	.	.	.	.	.	Sep. Oct. Nov.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	18.4	23.8	0.3	1.3	-7.6	0.6	.	.	.	.
Dec.	-0.3	11.2	-0.6	-0.6	-11.6	1.3	1.8	2.8	-0.3	-1.3
2000 Jan.	-16.8	-18.1	0.3	-0.7	2.0	-0.2	.	.	.	.
Feb.	9.8	10.7	0.3	-0.4	-0.5	-0.4	.	.	.	.
Mar.	18.1	9.9	-0.1	0.8	7.9	-0.4	0.6	0.5	-0.7	1.5
Apr.	0.7	-4.4	0.0	5.4	-0.4	0.1	.	.	.	.
May	15.6	12.6	-0.7	3.8	0.5	-0.6	.	.	.	.
June	-4.1	-3.1	0.6	0.1	-1.7	0.0	6.5	3.4	-0.2	2.7
July	3.4	4.6	0.4	1.2	-3.5	0.7	.	.	.	.
Aug.	2.4	-1.4	-0.3	2.1	2.6	-0.6	.	.	.	.
Sep.	-5.2	-7.9	-0.2	1.7	0.7	0.4	-1.4	-5.4	0.4	4.0
Oct.	8.0	4.0	0.4	5.2	-1.5	-0.1	.	.	.	.
Nov.	-6.4	-5.7	0.1	0.7	-1.8	0.2	.	.	.	.

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	24.6	10.8	7.2	0.2	5.9	0.5	.	.	.	.
Dec.	-23.5	-12.7	1.9	-2.3	-10.3	0.0	27.4	5.1	6.0	12.8
2000 Jan.	15.2	7.8	-0.4	-5.3	12.9	0.2	.	.	.	.
Feb.	49.6	18.7	2.0	1.0	27.0	0.8	.	.	.	.
Mar.	33.5	18.7	0.9	3.4	9.5	0.9	44.2	17.6	7.3	14.3
Apr.	36.1	21.7	2.6	6.3	4.6	0.9	.	.	.	.
May	37.2	23.1	3.5	2.1	7.2	1.3	.	.	.	.
June	34.5	5.0	6.7	6.6	16.5	-0.3	21.8	9.4	3.8	8.2
July	33.2	19.2	8.0	7.2	-2.4	1.2	.	.	.	.
Aug.	29.8	12.4	4.4	3.6	8.1	1.4	.	.	.	.
Sep.	24.6	11.5	2.9	0.2	9.7	0.3	19.2	4.4	8.3	7.7
Oct.	25.5	9.6	5.4	4.3	4.2	2.0	.	.	.	.
Nov.	30.6	3.1	7.2	5.0	13.6	1.6	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Nov.	42.9	34.5	7.5	1.5	-1.7	1.1	.	.	.	.
Dec.	-23.8	-1.5	1.2	-2.9	-21.9	1.3	29.2	7.9	5.7	11.5
2000 Jan.	-1.5	-10.2	-0.1	-6.0	14.9	-0.1	.	.	.	.
Feb.	59.3	29.3	2.4	0.6	26.6	0.4	.	.	.	.
Mar.	51.6	28.6	0.8	4.3	17.4	0.5	44.8	18.1	6.6	15.8
Apr.	36.8	17.3	2.6	11.7	4.2	1.0	.	.	.	.
May	52.8	35.8	2.8	6.0	7.6	0.7	.	.	.	.
June	30.4	1.9	7.3	6.6	14.8	-0.3	28.3	12.8	3.6	10.9
July	36.6	23.8	8.4	8.4	-5.9	1.9	.	.	.	.
Aug.	32.2	10.9	4.1	5.7	10.8	0.7	.	.	.	.
Sep.	19.4	3.6	2.7	2.0	10.5	0.7	17.9	-0.9	8.7	11.8
Oct.	33.5	13.6	5.7	9.5	2.7	2.0	.	.	.	.
Nov.	24.2	-2.6	7.3	5.7	11.9	1.9	.	.	.	.

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.0	0.6	29.2	50.5	-1.0	1.0	-24.2	2.4	0.6	1999 Nov. Dec.
-0.1	-0.3	-0.2	11.7	2.9	-0.2	1.3	9.3	-1.4	-0.2	2000 Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov.
0.0	0.1	0.5	18.7	8.5	-0.3	12.0	-1.7	-0.3	0.5	
0.0	0.1	-0.5	-0.8	-10.1	0.3	9.0	-0.1	0.6	-0.5	

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
3.9	-0.1	-0.3	70.2	22.1	17.7	17.2	14.3	-0.8	-0.3	1999 Nov. Dec.
7.0	0.9	-2.9	142.5	62.9	9.8	13.5	56.4	2.8	-2.9	2000 Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov.
3.1	-0.1	-2.6	129.6	59.3	16.6	23.2	31.4	1.8	-2.6	
0.6	0.5	-2.3	106.9	47.4	23.6	18.8	16.1	3.3	-2.3	

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
3.9	-0.1	0.2	99.4	72.6	16.7	18.2	-10.0	1.6	0.2	1999 Nov. Dec.
6.9	0.6	-3.1	154.2	65.8	9.6	14.7	65.7	1.4	-3.1	2000 Jan. Feb. Mar. Apr. May June July Aug. Sep. Oct. Nov.
3.1	0.0	-2.1	148.3	67.8	16.3	35.2	29.7	1.4	-2.1	
0.7	0.6	-2.9	106.1	37.4	23.9	27.8	16.0	3.9	-2.9	

## 4 HICP and other prices in the euro area

**Table 4.1**

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

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

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

	Total		Goods		Services		Total (s.a.)		Goods (s.a.)	Services (s.a.)
	Index 1996 = 100		Index 1996 = 100		Index 1996 = 100		Index 1996 = 100)	% change on previous period	Index 1996 = 100	Index 1996 = 100
Weight in the total (%) <sup>2)</sup>	100.0	100.0	62.4	62.4	37.6	37.6	100.0	100.0	62.4	37.6
	1	2	3	4	5	6	7	8	9	10
1997	101.6	1.6	101.1	1.1	102.4	2.4	-	-	-	-
1998	102.7	1.1	101.8	0.7	104.4	1.9	-	-	-	-
1999	103.8	1.1	102.7	0.9	106.0	1.5	-	-	-	-
2000	106.3	2.3	105.4	2.7	107.8	1.7	-	-	-	-
1999 Q4	104.4	1.5	103.4	1.5	106.3	1.4	104.5	0.5	103.4	106.6
2000 Q1	105.2	2.0	104.3	2.3	107.0	1.6	105.2	0.7	104.2	107.0
Q2	105.9	2.1	105.1	2.3	107.4	1.7	105.7	0.5	104.8	107.5
Q3	106.7	2.5	105.7	2.9	108.5	1.8	106.6	0.8	105.9	108.0
Q4	107.2	2.7	106.7	3.2	108.2	1.8	107.3	0.7	106.7	108.5
1999 Dec.	104.7	1.7	103.7	1.8	106.5	1.5	104.7	0.3	103.7	106.8
2000 Jan.	104.8	1.9	103.9	2.1	106.6	1.6	105.0	0.2	104.0	106.9
Feb.	105.2	2.0	104.2	2.3	107.1	1.6	105.1	0.1	104.1	107.1
Mar.	105.6	2.1	104.7	2.5	107.1	1.6	105.4	0.3	104.6	107.1
Apr.	105.7	1.9	104.7	1.9	107.4	1.8	105.5	0.1	104.5	107.5
May	105.8	1.9	105.0	2.2	107.3	1.5	105.6	0.1	104.8	107.3
June	106.3	2.4	105.5	2.7	107.7	1.7	106.1	0.4	105.3	107.7
July	106.5	2.4	105.3	2.8	108.5	1.7	106.3	0.2	105.5	107.9
Aug.	106.5	2.3	105.4	2.7	108.6	1.8	106.5	0.1	105.7	108.0
Sep.	107.0	2.8	106.4	3.3	108.2	1.8	107.0	0.5	106.5	108.1
Oct.	107.0	2.7	106.5	3.2	108.1	1.9	107.1	0.1	106.6	108.3
Nov.	107.3	2.9	106.8	3.4	108.2	1.8	107.4	0.3	106.9	108.5
Dec.	107.4	2.6	106.7	3.0	108.4	1.8	107.4	0.0	106.8	108.7

#### 2. Breakdown of goods and services

	Goods						Services				
	Food <sup>3)</sup>		Unprocessed food	Industrial goods		Energy	Housing	Transport	Communi- cation	Recreation and personal	Miscellan- eous
Weight in the total (%) <sup>2)</sup>	Processed food <sup>3)</sup>	41.6		Non-energy industrial goods	9.0						
	11	12	13	14	15	16	17	18	19	20	21
1997	1.4	1.4	1.4	1.0	0.5	2.7	3.0	2.3	-1.4	2.5	2.6
1998	1.6	1.4	1.9	0.1	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.6	2.4	1.8	2.1	-4.4	2.0	1.8
2000	1.4	1.1	1.7	3.4	0.7	13.3	1.6	2.6	-4.2	2.3	2.4
1999 Q4	0.4	0.9	-0.3	2.1	0.6	7.9	1.4	2.3	-5.1	2.0	2.3
2000 Q1	0.4	1.0	-0.4	3.3	0.6	13.7	1.4	2.5	-3.2	2.0	2.5
Q2	0.9	1.0	0.7	3.0	0.6	12.3	1.5	2.5	-4.8	2.5	2.5
Q3	1.9	1.1	3.1	3.4	0.7	13.6	1.6	2.6	-4.2	2.5	2.5
Q4	2.2	1.3	3.5	3.7	1.0	13.7	1.8	2.8	-4.6	2.4	2.1
1999 Dec.	0.5	1.0	-0.3	2.5	0.6	10.1	1.4	2.4	-5.2	2.3	2.3
2000 Jan.	0.4	1.0	-0.6	3.1	0.7	12.1	1.3	2.4	-2.4	2.0	2.6
Feb.	0.6	1.0	-0.1	3.2	0.5	13.6	1.4	2.5	-3.0	1.9	2.5
Mar.	0.4	1.0	-0.5	3.6	0.6	15.3	1.5	2.5	-4.2	2.0	2.5
Apr.	0.6	0.9	0.1	2.6	0.5	10.2	1.4	2.6	-5.0	2.8	2.5
May	0.8	1.0	0.5	3.0	0.6	12.0	1.4	2.4	-4.9	2.1	2.5
June	1.2	1.0	1.5	3.6	0.6	14.5	1.5	2.4	-4.4	2.5	2.6
July	1.6	1.0	2.6	3.3	0.6	13.4	1.5	2.5	-4.3	2.5	2.6
Aug.	2.0	1.1	3.3	3.0	0.6	11.9	1.5	2.5	-4.0	2.6	2.6
Sep.	2.1	1.3	3.3	4.0	0.8	15.5	1.6	2.7	-4.4	2.4	2.4
Oct.	2.0	1.2	3.2	3.8	0.9	14.6	1.8	2.7	-4.8	2.5	2.2
Nov.	2.2	1.4	3.5	4.0	1.0	15.2	1.8	2.8	-4.3	2.4	2.0
Dec.	2.4	1.4	3.8	3.3	1.1	11.3	1.8	2.8	-4.6	2.2	2.1

Sources: Eurostat and ECB calculations.

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

2) Referring to the index period 2000.

3) Including alcoholic beverages and tobacco.

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

	Industrial producer prices									World market prices of raw materials <sup>2)</sup>		Oil prices <sup>3)</sup> (EUR per barrel)
	Total excluding construction		Manufacturing						Con- struction <sup>1)</sup>	Total	Total excluding energy	
	Index, 1995 = 100			Inter- mediate goods	Capital goods	Consumer goods						
						Durable consumer goods	Non- durable consumer goods					
1	2	3	4	5	6	7	8	9	10	11	12	
1996	100.3	0.3	0.9	-0.6	1.3	2.1	2.1	2.2	1.2	6.5	-6.9	15.9
1997	101.4	1.1	0.8	1.4	0.3	1.0	0.4	1.4	1.0	10.0	12.9	17.0
1998	100.6	-0.7	-0.6	-2.6	0.6	0.6	0.3	0.7	0.2	-21.2	-12.5	12.0
1999	100.2	-0.4	0.2	-0.5	0.2	0.2	0.5	0.1	0.6	17.8	-3.1	17.1
2000	.	.	.	.	.	.	.	.	.	51.7	18.1	31.0
1999 Q4	101.7	2.1	2.7	5.4	0.2	0.6	0.6	0.6	0.6	61.5	14.0	23.1
2000 Q1	103.3	4.3	4.6	10.3	0.5	0.9	1.0	0.9	1.7	78.3	19.9	26.9
Q2	104.8	5.2	5.2	11.4	0.6	1.4	1.1	1.5	1.9	53.7	18.3	28.9
Q3	106.4	5.8	5.5	12.2	0.7	1.6	1.3	1.8	.	46.7	18.0	33.6
Q4	.	.	.	.	.	.	.	.	.	37.7	16.4	34.5
2000 Jan.	102.8	3.8	4.0	9.1	0.5	0.8	0.9	0.7	-	76.2	19.4	24.9
Feb.	103.3	4.4	4.7	10.5	0.6	0.9	1.0	0.9	-	87.6	20.0	27.4
Mar.	103.8	4.8	5.1	11.2	0.6	1.0	1.0	1.0	-	72.0	20.2	28.2
Apr.	104.1	4.6	4.7	10.3	0.6	1.2	1.0	1.3	-	43.9	19.4	24.6
May	104.9	5.3	5.3	11.6	0.6	1.5	1.0	1.7	-	61.9	22.8	30.3
June	105.3	5.6	5.6	12.3	0.7	1.4	1.2	1.5	-	55.2	12.9	31.3
July	105.8	5.6	5.3	11.8	0.8	1.6	1.3	1.7	-	42.0	14.3	30.5
Aug.	106.2	5.6	5.1	11.5	0.7	1.6	1.3	1.7	-	47.5	18.3	33.3
Sep.	107.3	6.2	5.9	13.2	0.7	1.7	1.3	1.9	-	50.3	21.4	37.2
Oct.	107.9	6.5	5.9	13.7	0.6	1.9	1.5	2.1	-	56.6	23.1	36.8
Nov.	108.1	6.2	5.5	12.6	0.6	2.1	1.5	2.4	-	45.6	18.2	37.7
Dec.	.	.	.	.	.	.	.	.	-	13.7	8.6	28.9
2001 Jan.	.	.	.	.	.	.	.	.	-	8.1	3.1	27.4

**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
1996	102.1	2.1	2.1	2.4	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.8	2.0	1.6	1.0	1.7	2.5
1998	105.3	1.7	1.3	1.4	1.6	0.9	-0.1	-1.4
1999	106.6	1.2	1.3	1.2	2.3	0.8	-0.4	0.0
1998 Q3	105.6	1.7	1.1	1.2	1.6	0.8	-0.5	-2.4
Q4	105.9	1.5	0.8	0.9	1.4	0.5	-1.8	-4.0
1999 Q1	106.3	1.5	0.8	0.9	2.0	0.5	-2.1	-4.2
Q2	106.5	1.2	1.2	1.1	2.3	0.5	-1.5	-1.7
Q3	106.7	1.1	1.4	1.2	2.4	0.9	0.0	1.1
Q4	106.9	1.0	1.9	1.5	2.3	1.4	1.7	4.6
2000 Q1	107.3	1.0	2.4	1.9	1.8	2.0	3.8	8.3
Q2	107.5	0.9	2.3	1.8	1.4	2.5	4.4	8.8
Q3	107.9	1.1	2.5	2.0	1.8	3.0	4.4	8.6

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

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

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

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

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

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



## 5 Real economy indicators in the euro area

**Table 5.1**

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

#### GDP and expenditure components

##### 1. Current prices

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

	GDP						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		5,308.9	5,210.8						
1996	5,534.4	5,408.7	3,143.5	1,142.4	1,121.2	1.6	125.7	1,658.0	1,532.3
1997	5,648.0	5,498.7	3,198.8	1,150.7	1,136.9	12.4	149.2	1,828.8	1,679.5
1998	5,874.2	5,733.1	3,324.8	1,177.0	1,197.3	34.0	141.0	1,944.7	1,803.7
1999	6,127.2	6,019.2	3,475.4	1,229.6	1,277.6	36.6	107.9	2,038.7	1,930.7
1999 Q2	1,521.5	1,493.6	863.2	306.3	316.3	7.8	27.9	498.5	470.6
Q3	1,539.8	1,513.6	873.5	308.8	323.9	7.4	26.2	518.2	492.0
Q4	1,556.9	1,531.3	882.3	310.9	325.9	12.2	25.7	541.6	516.0
2000 Q1	1,576.4	1,553.8	894.6	314.6	334.7	9.8	22.7	564.6	542.0
Q2	1,592.9	1,575.5	905.2	316.5	339.6	14.2	17.4	583.6	566.2
Q3	1,609.4	1,598.4	913.3	319.4	347.7	18.0	11.0	606.1	595.0

##### 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		5,308.9	5,210.8						
1996	5,383.4	5,262.9	3,045.5	1,111.4	1,105.5	0.5	120.5	1,637.7	1,517.2
1997	5,505.1	5,350.6	3,091.8	1,121.7	1,130.0	7.0	154.5	1,807.7	1,653.3
1998	5,656.1	5,532.3	3,184.2	1,134.0	1,184.1	30.1	123.8	1,933.8	1,810.0
1999	5,796.5	5,698.4	3,270.7	1,151.3	1,245.9	30.5	98.1	2,024.3	1,926.3
1999 Q2	1,440.6	1,417.8	813.7	287.1	309.4	7.6	22.8	497.9	475.1
Q3	1,455.0	1,428.3	820.3	288.3	315.2	4.5	26.7	513.0	486.3
Q4	1,468.7	1,438.7	825.2	289.4	316.0	8.1	30.0	531.3	501.3
2000 Q1	1,481.9	1,449.2	832.1	291.5	321.5	4.0	32.7	545.8	513.2
Q2	1,495.0	1,462.3	838.3	292.5	324.2	7.3	32.6	558.2	525.6
Q3	1,504.8	1,471.5	840.5	293.0	328.4	9.5	33.3	574.9	541.5

(annual percentage changes)

1995	2.2	2.0	1.8	0.7	2.3	—	—	7.9	7.5
1996	1.4	1.0	1.6	1.6	1.2	—	—	4.3	3.1
1997	2.3	1.7	1.5	0.9	2.2	—	—	10.4	9.0
1998	2.7	3.4	3.0	1.1	4.8	—	—	7.0	9.5
1999	2.5	3.0	2.7	1.5	5.2	—	—	4.7	6.4
1999 Q2	2.1	3.0	2.7	1.5	5.6	—	—	2.5	5.2
Q3	2.6	3.0	2.6	1.7	5.7	—	—	5.6	7.1
Q4	3.3	2.8	2.6	1.5	5.4	—	—	10.3	9.2
2000 Q1	3.5	2.5	2.5	1.8	5.3	—	—	13.2	10.7
Q2	3.8	3.1	3.0	1.9	4.8	—	—	12.1	10.6
Q3	3.4	3.0	2.5	1.6	4.2	—	—	12.1	11.4

Source: Eurostat.

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

2) Including acquisitions less disposals of valuables.

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

## Value added by activity

### 3. Current prices

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

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	1	2	3	4	5	6	7	8	9
1995	4,968.8	132.3	1,181.4	301.0	1,029.3	1,243.3	1,081.6	195.6	535.7
1996	5,173.0	139.7	1,207.1	300.7	1,058.6	1,333.5	1,133.5	201.4	562.7
1997	5,264.9	138.1	1,227.4	291.5	1,084.9	1,377.9	1,145.2	200.8	583.9
1998	5,458.1	138.0	1,266.2	294.3	1,136.3	1,442.4	1,180.8	200.4	616.4
1999	5,666.3	136.1	1,287.2	308.0	1,179.1	1,527.3	1,228.6	202.8	663.6
1999 Q2	1,407.3	33.9	318.5	76.5	292.8	379.0	306.7	50.5	164.7
Q3	1,423.3	33.3	324.2	77.5	295.8	384.1	308.4	50.7	167.2
Q4	1,438.2	34.1	327.5	78.3	299.3	389.0	309.9	51.3	170.0
2000 Q1	1,458.2	34.6	331.9	80.0	302.3	395.8	313.8	51.6	169.8
Q2	1,472.9	33.7	338.1	79.6	306.7	399.1	315.7	51.8	171.8
Q3	1,490.3	33.8	344.3	80.1	309.3	404.4	318.4	51.6	170.7

### 4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
1995	4,968.8	132.3	1,181.4	301.0	1,029.3	1,243.3	1,081.6	195.6	535.7
1996	5,040.6	139.6	1,178.1	295.6	1,038.7	1,288.6	1,100.1	200.4	543.3
1997	5,156.9	140.4	1,214.5	290.1	1,070.8	1,330.8	1,110.4	207.8	555.9
1998	5,300.6	142.9	1,243.4	291.1	1,112.2	1,384.4	1,126.5	215.2	570.7
1999	5,427.2	146.4	1,264.3	296.7	1,146.0	1,434.5	1,139.2	223.0	592.3
1999 Q2	1,349.3	36.3	313.9	74.0	284.6	356.5	284.0	55.1	146.4
Q3	1,362.6	36.8	318.2	74.4	287.3	360.5	285.4	56.2	148.6
Q4	1,374.2	37.1	321.1	74.8	290.4	364.4	286.5	56.9	151.4
2000 Q1	1,390.0	36.8	326.1	75.3	294.7	369.3	287.8	57.5	149.4
Q2	1,400.4	36.8	329.2	74.6	297.9	372.5	289.5	58.0	152.6
Q3	1,413.0	37.2	332.9	74.7	299.6	377.8	290.8	58.6	150.4

(annual percentage changes)

1995	2.3	1.7	3.0	-0.3	2.1	2.9	1.8	-0.7	0.5
1996	1.4	5.5	-0.3	-1.8	0.9	3.6	1.7	2.5	1.4
1997	2.3	0.6	3.1	-1.8	3.1	3.3	0.9	3.6	2.3
1998	2.8	1.8	2.4	0.4	3.9	4.0	1.5	3.6	2.7
1999	2.4	2.4	1.7	1.9	3.0	3.6	1.1	3.7	3.8
1999 Q2	2.1	1.2	0.9	2.4	2.8	3.4	1.0	3.5	3.1
Q3	2.5	3.5	2.0	2.2	2.8	3.8	1.0	3.9	3.8
Q4	3.1	3.7	3.8	2.5	3.6	3.9	1.0	4.0	5.0
2000 Q1	3.6	1.6	4.8	2.5	3.8	4.6	1.6	4.8	2.4
Q2	3.8	1.3	4.9	0.8	4.7	4.5	1.9	5.3	4.2
Q3	3.7	0.9	4.6	0.4	4.3	4.8	1.9	4.3	1.2

Source: Eurostat.

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

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

	Total including construction		Total excluding construction		Manufacturing						Construction
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100		Intermediate goods	Capital goods	Consumer goods		Non-durable consumer goods		
	1	2	3	4			8	9		10	
1996	100.1	-0.1	100.4	0.3	0.0	-0.2	1.5	-0.1	0.0	-0.4	-2.3
1997	103.7	3.7	104.6	4.2	4.8	5.3	4.8	3.3	3.4	2.6	0.0
1998	107.6	3.7	109.0	4.2	4.7	4.0	6.5	5.6	6.3	1.9	0.3
1999	109.8	2.0	111.0	1.9	1.9	2.3	1.5	3.0	3.2	1.5	2.8
2000	.	.	.	.	.	.	.	.	.	.	.
1999 Q4	111.9	4.2	113.5	4.2	4.6	5.5	2.7	5.4	5.7	3.5	4.3
2000 Q1	113.2	4.9	114.6	4.8	5.1	5.7	6.7	6.6	7.7	0.0	4.8
Q2	114.5	5.4	116.6	6.0	6.3	6.3	8.6	7.6	8.3	2.9	0.1
Q3	115.7	4.5	117.7	5.8	6.3	5.2	9.9	6.4	7.3	2.0	-1.3
Q4	.	.	.	.	.	.	.	.	.	.	.
1999 Dec.	112.6	5.6	113.8	5.5	6.1	7.6	3.2	7.9	8.6	4.1	7.0
2000 Jan.	111.9	3.0	113.5	3.2	3.2	4.4	4.7	3.8	4.8	-2.1	1.2
Feb.	114.0	6.6	114.7	5.8	6.5	6.6	7.2	8.6	9.9	1.4	13.4
Mar.	113.8	5.0	115.5	5.4	5.5	6.0	7.9	7.1	8.1	0.7	0.9
Apr.	113.8	5.4	116.3	6.2	6.6	6.0	8.1	9.0	9.9	3.5	-0.5
May	116.3	7.7	117.3	8.2	8.4	8.8	11.6	9.7	10.8	3.3	3.3
June	113.4	3.2	116.3	3.8	4.2	4.2	6.4	4.2	4.6	1.9	-2.4
July	115.2	4.7	117.1	5.3	5.6	4.9	8.1	6.5	7.3	1.7	-1.0
Aug.	115.8	4.2	117.4	6.4	7.1	6.5	11.7	8.2	9.8	1.7	0.7
Sep.	116.0	4.7	118.4	5.7	6.2	4.4	10.4	5.4	5.8	2.6	-3.2
Oct.	.	.	118.2	3.9	4.2	3.2	9.0	1.9	2.1	0.5	.
Nov.	.	.	119.1	4.6	5.0	3.5	9.7	4.7	5.3	0.9	.
Dec.	.	.	.	.	.	.	.	.	.	.	.

**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		
	Index 1995 = 100		Index 1995 = 100							
12	13	14	15	16	17	18	19	20	21	
1996	101.8	1.8	100.5	0.5	0.6	.	-1.0	0.1	826	6.2
1997	104.1	2.2	101.7	1.2	1.1	1.3	0.7	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	2.4	1.4	3.1	973	5.4
2000	.	.	.	.	.	.	.	.	952	-2.1
1999 Q4	113.8	4.4	109.0	3.1	3.6	2.7	2.9	3.8	952	-0.6
2000 Q1	113.9	3.7	109.0	2.5	3.2	1.7	1.1	5.3	981	1.5
Q2	115.6	4.8	110.1	3.2	3.3	2.8	1.5	5.0	977	0.2
Q3	116.4	4.3	110.4	2.6	2.2	2.2	3.1	4.2	922	-7.8
Q4	.	.	.	.	.	.	.	.	928	-3.0
1999 Dec.	113.4	4.1	108.6	2.8	2.6	2.9	2.7	3.8	918	-3.4
2000 Jan.	113.3	3.8	108.8	2.7	3.6	1.8	-0.3	4.6	976	0.8
Feb.	115.0	5.5	109.7	3.8	3.4	3.9	6.7	6.7	995	5.3
Mar.	113.4	1.7	108.5	0.9	2.5	-0.6	-2.8	4.6	972	-0.9
Apr.	114.7	4.7	109.8	3.6	3.0	3.5	1.8	5.8	971	-1.7
May	116.6	6.2	110.6	4.3	5.1	3.9	3.5	5.9	977	1.4
June	115.4	3.4	109.7	1.9	1.7	0.9	-0.6	3.3	985	1.1
July	115.8	3.3	110.1	2.2	1.8	1.4	0.5	5.1	883	-14.4
Aug.	116.5	4.1	110.4	2.2	2.1	1.9	1.4	2.7	936	-4.3
Sep.	116.8	5.4	110.8	3.3	2.6	3.3	7.5	5.0	947	-1.6
Oct.	116.6	2.5	110.5	1.1	1.1	0.4	0.0	3.0	913	-7.0
Nov.	.	.	.	.	.	.	.	.	930	-3.2
Dec.	.	.	.	.	.	.	.	.	940	2.6

*Sources: Eurostat, except columns 20 and 21 (ECB calculation based on data from the ACEA/A.A.A., European Automobile Manufacturers' Association).*
*1) Adjusted for variations in the number of working days.*
*2) Monthly averages.*

**Table 5.3**

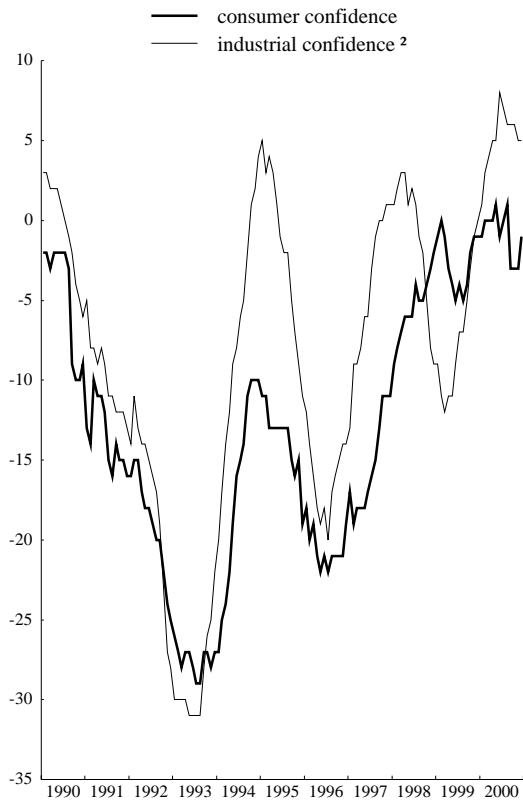
**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator 5	Retail trade confidence indicator 6	Consumer confidence indicator 7
	Confidence indicator 1	Production expectations 2	Assessment of order books 3	Capacity utilisation <sup>b)</sup> (percentages) 4			
1996	-16	-1	-30	80.6	-36	-11	-21
1997	-4	11	-15	81.0	-33	-9	-15
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-3
2000	5	17	3	83.8	1	-1	-1
1999 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	6	18	5	83.9	2	-2	-1
Q4	5	18	4	84.7	0	-3	-2
1999 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	-	3	-3	0
May	5	16	4	-	1	4	1
June	8	19	8	-	3	7	-1
July	7	19	5	-	2	-3	0
Aug.	6	18	4	-	5	-3	1
Sep.	6	18	5	-	-1	-1	-3
Oct.	6	19	5	-	2	-1	-3
Nov.	5	17	4	-	-1	-3	-3
Dec.	5	18	4	-	-2	-4	-1

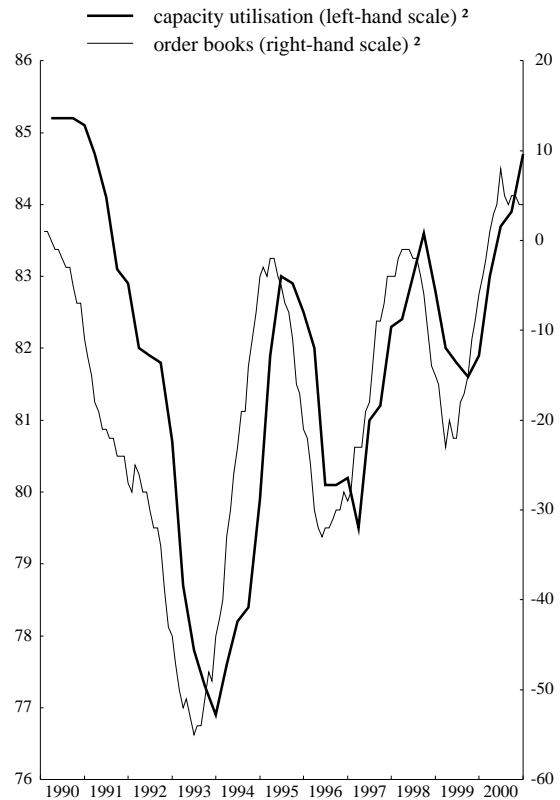
**Consumer and industrial confidence indicators**

(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	
1996	100.4	0.4	0.4	0.4	-1.2	1.2	14.724	11.6	9.8	23.9
1997	101.1	0.7	0.8	0.1	-0.4	1.4	14.823	11.6	9.9	23.3
1998	102.7	1.5	1.7	0.6	1.1	2.1	14.081	10.9	9.4	21.3
1999	104.5	1.7	2.1	-0.4	0.1	2.6	13.012	10.0	8.7	19.2
2000	.	.	.	.	.	.	11.881	9.1	7.9	17.4
1999 Q4	105.4	1.8	2.2	-0.6	0.0	2.5	12.610	9.6	8.5	18.2
2000 Q1	105.9	1.9	2.3	-0.3	0.2	2.6	12.364	9.4	8.3	18.0
Q2	106.6	2.2	2.5	0.3	0.9	2.9	11.958	9.1	8.0	17.5
Q3	107.0	2.0	2.3	0.6	0.9	2.7	11.730	9.0	7.8	17.2
Q4	.	.	.	.	.	.	11.473	8.7	7.7	16.7
1999 Dec.	-	-	-	-	-	-	12.545	9.6	8.4	18.1
2000 Jan.	-	-	-	-	-	-	12.485	9.5	8.3	18.1
Feb.	-	-	-	-	-	-	12.391	9.5	8.3	18.1
Mar.	-	-	-	-	-	-	12.217	9.3	8.2	17.9
Apr.	-	-	-	-	-	-	12.092	9.2	8.1	17.7
May	-	-	-	-	-	-	11.965	9.1	8.0	17.5
June	-	-	-	-	-	-	11.817	9.0	7.9	17.3
July	-	-	-	-	-	-	11.760	9.0	7.8	17.2
Aug.	-	-	-	-	-	-	11.774	9.0	7.8	17.4
Sep.	-	-	-	-	-	-	11.656	8.9	7.8	17.1
Oct.	-	-	-	-	-	-	11.526	8.8	7.7	16.8
Nov.	-	-	-	-	-	-	11.461	8.7	7.7	16.7
Dec.	-	-	-	-	-	-	11.433	8.7	7.7	16.5

**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	3.2	1.7	-	-	-	-	-	3.8
1996	1.9	3.1	1.1	3.5	3.0	4.5	3.6	4.0	3.6
1997	0.7	2.2	1.5	2.5	2.5	2.6	2.3	2.6	2.6
1998	0.2	1.4	1.2	1.8	2.2	1.1	1.8	1.4	2.9
1999	1.2	2.0	0.7	2.2	2.5	1.6	2.3	1.9	2.4
1998 Q3	0.4	1.2	0.8	1.7	2.0	1.2	1.8	1.2	2.9
Q4	1.0	1.2	0.2	1.8	2.1	1.2	2.1	1.3	3.2
1999 Q1	1.6	1.6	0.0	2.1	2.4	1.5	2.2	1.7	2.8
Q2	1.6	2.1	0.5	2.1	2.4	1.4	2.0	2.1	2.6
Q3	1.1	1.8	0.7	2.3	2.6	1.8	2.4	2.1	2.4
Q4	0.3	1.7	1.4	2.5	2.8	1.9	2.6	1.7	1.9
2000 Q1	0.6	2.4	1.8	3.6	4.1	3.0	3.8	3.0	2.8
Q2	0.5	1.9	1.4	3.8	4.1	3.2	3.7	3.1	2.7
Q3	1.1	2.2	1.1	3.9	4.3	3.0	3.7	3.0	2.4

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

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

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

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

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

**Table 6**

### Saving, investment and financing

(as a percentage of GDP, unless otherwise indicated)

	Euro area saving and investment <sup>1)</sup>			Investment of private non-financial sectors <sup>1,2)</sup>								
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves	
												1
1992	21.3	22.5	-0.9	18.8	11.8	13.6	4.1	1.7	0.4	1.5	2.9	
1993	20.4	20.7	0.6	17.2	10.4	13.3	5.6	0.5	0.9	0.7	3.1	
1994	20.8	20.3	0.3	17.1	10.2	13.8	3.4	2.5	2.7	1.7	3.3	
1995	22.5	21.2	0.5	17.9	11.3	14.2	4.3	1.8	1.5	1.3	3.7	
1996	22.0	20.7	1.0	17.6	11.1	12.6	3.6	0.3	1.3	2.1	3.9	
1997	22.1	20.1	1.6	17.1	10.9	13.1	1.6	-0.5	0.1	3.3	4.2	
1998	22.1	20.1	1.1	17.2	11.1	14.2	1.9	-2.2	-1.3	5.9	3.4	
1999	21.6	20.5	0.2	17.6	11.5	16.2	2.1	0.2	0.6	5.6	3.8	

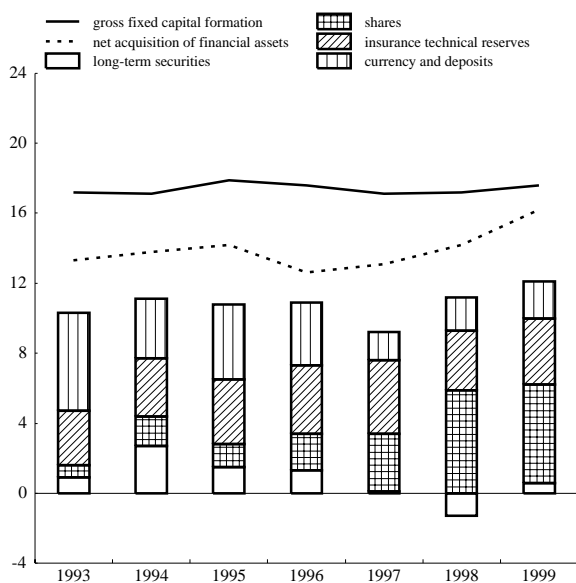
  

	Financing of private non-financial sectors <sup>1,2)</sup>									Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
									12			
1992	21.0	13.1	10.2	0.7	0.6	1.4	6.7	4.7	3.4	42.0	32.7	
1993	20.7	12.7	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.6	27.6	
1994	20.7	11.9	9.6	1.0	1.1	1.8	3.9	4.0	4.2	44.7	31.7	
1995	22.2	11.9	7.6	-1.8	-1.8	1.3	4.9	3.7	6.6	44.2	25.5	
1996	21.7	11.4	8.8	0.2	0.0	1.7	5.8	4.9	3.8	41.7	28.9	
1997	20.4	10.8	9.2	0.1	0.1	1.2	5.8	4.6	3.9	43.4	31.1	
1998	19.2	10.1	11.7	0.3	0.2	2.3	6.9	5.4	2.5	45.2	37.9	
1999	18.0	9.7	13.9	0.7	0.4	2.0	8.7	7.0	2.3	47.9	43.6	

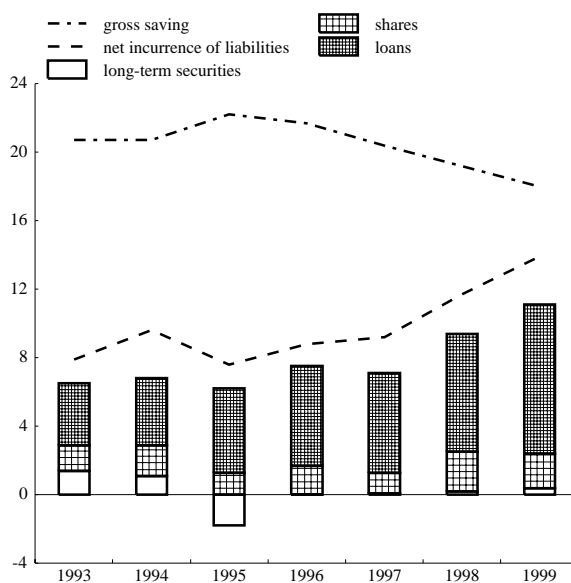
### Investment and financing of private non-financial sectors <sup>1,2)</sup>

(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	46.4	46.0	11.9	9.6	2.3	13.0	0.9	16.7	8.5	5.3	2.3	0.3	0.2	41.8
1992	47.6	46.9	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	2.5	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	17.6	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	5.0	2.4	0.5	0.3	43.4
1999	48.4	47.8	12.8	10.1	2.6	14.4	0.6	16.4	8.5	5.0	2.4	0.6	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>
		Compensation of employees	Inter-mediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>	Subsidies		Paid by EU institutions					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	50.8	46.0	11.2	5.3	5.1	24.4	20.5	2.5	0.6	4.8	3.3	1.6	0.0	45.7
1992	52.2	47.4	11.4	5.4	5.6	25.1	21.5	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.8	49.1	11.6	5.5	5.8	26.1	22.4	2.5	0.6	4.7	3.1	1.7	0.1	48.0
1994	52.7	48.3	11.3	5.3	5.5	26.1	22.5	2.4	0.6	4.4	2.9	1.5	0.0	47.2
1995	52.2	47.7	11.2	5.2	5.7	25.7	22.4	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.2	48.2	11.2	5.2	5.7	26.2	22.9	2.2	0.6	4.0	2.6	1.4	0.0	46.5
1997	50.8	47.1	11.0	5.1	5.1	25.9	22.8	2.1	0.5	3.7	2.4	1.3	0.1	45.8
1998	49.9	46.0	10.7	5.0	4.7	25.6	22.3	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.7	45.6	10.7	5.1	4.2	25.5	22.3	2.0	0.5	4.1	2.5	1.6	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	Inter-mediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	-4.4	-4.2	-0.3	-0.1	0.3	0.7	20.2	11.2	5.3	4.6	1.7	-2.3	8.8	11.5
1992	-4.6	-4.0	-0.3	-0.2	-0.1	1.0	20.7	11.4	5.4	4.8	1.7	-2.4	8.9	11.8
1993	-5.5	-4.9	-0.5	-0.2	-0.1	0.3	21.1	11.6	5.5	4.9	1.8	-2.5	9.1	12.1
1994	-5.0	-4.3	-0.5	-0.2	0.0	0.5	20.8	11.3	5.3	5.0	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	5.2	5.1	1.8	-2.5	8.6	11.9
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	5.2	5.1	1.8	-2.5	8.6	12.0
1997	-2.6	-2.3	-0.4	0.1	0.1	2.5	20.3	11.0	5.1	5.1	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	5.0	5.1	1.7	-2.4	8.3	11.8
1999	-1.3	-1.6	-0.1	0.1	0.3	3.0	20.1	10.7	5.1	5.1	1.7	-2.4	8.3	11.8

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1996	-3.8	-3.4	-7.4	-5.0	-4.1	-0.2	-7.1	2.6	-1.8	-3.8	-4.0	-3.2
1997	-1.9	-2.7	-4.0	-3.2	-3.0	0.7	-2.7	3.4	-1.1	-1.7	-2.6	-1.5
1998	-0.9	-2.1	-2.5	-2.6	-2.7	2.1	-2.8	3.7	-0.7	-2.3	-2.3	1.3
1999	-0.7	-1.4	-1.8	-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	MFI	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.4	2.6	16.1	8.3	30.4	48.1	24.9	7.2	16.0	9.3
1992	60.9	2.6	16.7	8.7	32.9	50.3	26.7	7.5	16.1	10.7
1993	67.3	2.7	17.6	8.2	38.9	52.6	27.9	8.6	16.0	14.7
1994	70.0	2.9	16.6	8.3	42.1	56.1	29.9	9.7	16.5	13.8
1995	74.1	2.9	18.2	7.7	45.3	58.5	30.5	10.9	17.1	15.6
1996	75.3	2.9	17.7	7.6	47.1	59.1	30.3	13.1	15.7	16.2
1997	74.7	2.9	16.9	6.4	48.5	57.1	29.0	14.4	13.6	17.6
1998	73.0	2.8	15.7	5.5	49.0	53.5	27.0	16.2	10.4	19.5
1999	72.1	2.9	14.7	4.5	50.0	50.3	25.4	14.8	10.1	21.8

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

	Total	Issued by <sup>4)</sup>				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency <sup>5)</sup>	Non-domestic currency	Other currencies
1991	57.4	46.3	4.5	6.3	0.3	11.7	45.7	4.5	17.6	18.5	21.4	56.3	1.7	1.1
1992	60.9	49.4	4.7	6.3	0.4	12.1	48.8	6.0	17.8	21.0	22.1	59.7	2.1	1.3
1993	67.3	54.9	5.2	6.6	0.6	12.0	55.3	6.4	18.5	24.3	24.4	65.6	2.7	1.7
1994	70.0	57.5	5.4	6.4	0.7	11.2	58.7	7.1	16.6	26.5	26.9	68.0	2.7	1.9
1995	74.1	61.3	5.7	6.3	0.8	10.6	63.5	6.5	17.6	26.2	30.3	72.2	2.7	2.0
1996	75.3	62.5	6.1	6.2	0.5	10.2	65.1	6.0	19.2	25.2	30.9	73.3	2.5	2.0
1997	74.7	61.9	6.3	5.9	0.6	8.8	65.9	5.6	18.6	25.0	30.9	72.6	2.5	2.1
1998	73.0	60.7	6.3	5.7	0.3	7.7	65.3	5.2	16.3	25.7	30.8	71.2	2.8	1.8
1999	72.1	60.0	6.2	5.6	0.3	7.0	65.2	4.7	14.4	26.6	30.9	70.3	-	1.8

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1996	130.9	59.8	111.3	68.2	57.1	74.3	122.1	6.2	75.2	69.1	62.7	57.1
1997	125.4	60.9	108.3	66.9	59.3	65.1	119.8	6.0	70.0	64.5	59.4	54.1
1998	119.6	60.7	105.5	65.1	59.7	55.0	116.2	6.4	66.6	64.0	55.7	48.7
1999	116.1	61.1	104.6	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	5.1	0.0	0.2	-0.2	0.1	1.1	-0.1	3.8	.	.	.	.
1992	6.6	5.6	0.3	0.7	0.0	0.1	1.5	0.8	4.1	4.8	3.1	0.7	1.8
1993	7.9	7.5	0.3	0.1	0.0	0.2	1.2	-0.3	6.8	3.5	2.0	1.3	4.3
1994	5.9	5.1	0.2	0.7	-0.1	0.4	-0.1	0.6	5.1	6.1	3.3	1.5	-0.2
1995	7.7	5.6	0.2	2.2	-0.3	0.2	2.4	-0.2	5.3	5.2	2.2	1.7	2.5
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	-0.1	1.8	2.1
1998	1.5	1.8	-0.2	0.0	-0.1	0.1	-0.5	-0.7	2.6	-1.1	-0.8	2.4	2.6
1999	1.7	1.3	0.3	0.0	0.0	0.2	-0.4	-0.8	2.7	-1.3	-0.6	-0.8	3.0

**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	1.1	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.6
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	-0.3	0.2	0.3	0.3	0.1	0.6
1994	5.9	-5.0	0.9	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	-0.2
1995	7.7	-5.0	2.7	0.6	0.0	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.7	-4.3	-0.6	-0.1	-0.1	0.0	0.0	0.0	-0.3	0.2	-0.2	-0.1	0.1	-0.4
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	0.5	0.0	0.1	-0.6	-1.0	0.2	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 the exchange rates used for aggregation before 1999.
- 6) Holders resident in the country whose government has issued the debt.
- 7) Includes residents of euro area countries other than the country whose government has issued the debt.
- 8) 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**

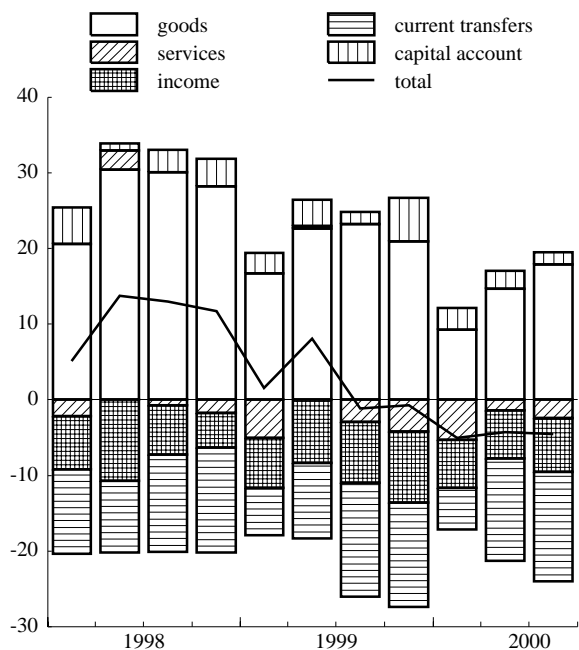
### Summary balance of payments <sup>1) 2)</sup>

(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	61.5	115.7	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.1	109.3	-2.0	-28.8	-47.4	12.4	-61.2	-83.2	-99.7	-7.5	120.9	8.2	17.8
1999	-5.8	83.4	-11.8	-32.4	-45.0	13.5	19.1	-120.6	-41.7	8.1	163.1	10.2	-26.8
1999 Q3	-2.8	23.2	-2.9	-8.1	-15.0	1.6	-1.4	-12.2	21.7	6.5	-17.4	0.0	2.6
Q4	-6.5	20.9	-4.2	-9.4	-13.8	5.7	2.6	-46.6	-2.7	-0.4	52.8	-0.5	-1.9
2000 Q1	-7.9	9.3	-5.3	-6.3	-5.5	2.8	47.8	148.0	-192.6	2.5	91.3	-1.4	-42.7
Q2	-6.6	14.7	-1.4	-6.3	-13.5	2.4	-2.9	-18.2	51.9	4.8	-45.3	3.8	7.2
Q3	-6.1	17.9	-2.5	-7.1	-14.4	1.6	-14.0	-94.3	3.5	0.4	71.9	4.5	18.5
1999 Sep.	-3.3	5.0	-1.1	-1.8	-5.4	0.3	-18.8	0.1	12.0	1.5	-33.1	0.7	21.8
Oct.	-0.5	9.1	-0.4	-5.0	-4.1	1.6	8.4	-9.3	-14.6	-2.2	34.2	0.3	-9.5
Nov.	-2.1	6.3	-2.3	-1.7	-4.4	1.2	1.5	-17.0	11.2	1.9	5.4	0.0	-0.6
Dec.	-3.9	5.5	-1.5	-2.7	-5.2	3.0	-7.3	-20.3	0.7	-0.2	13.3	-0.8	8.2
2000 Jan.	-9.0	-0.5	-2.1	-5.0	-1.3	1.4	19.2	0.8	-5.3	-0.8	26.7	-2.2	-11.6
Feb.	0.0	4.2	-2.1	-1.0	-1.2	0.1	-1.9	146.0	-152.9	1.9	2.8	0.3	1.8
Mar.	1.2	5.6	-1.1	-0.3	-3.0	1.3	30.5	1.1	-34.4	1.4	61.8	0.5	-32.9
Apr.	-5.9	4.3	-1.3	-3.8	-5.1	1.5	2.7	1.1	-5.9	2.1	5.1	0.2	1.6
May	-0.1	4.4	-0.3	-1.0	-3.1	0.6	10.5	-8.7	1.9	0.3	15.7	1.3	-11.0
June	-0.6	5.9	0.2	-1.5	-5.3	0.2	-16.2	-10.6	55.8	2.3	-66.1	2.3	16.5
July	-2.2	8.1	0.0	-4.6	-5.8	0.5	-12.0	-24.6	-12.9	-0.4	26.3	-0.4	13.8
Aug.	-3.9	4.1	-0.6	-1.6	-5.8	0.2	0.6	-41.1	13.6	-0.9	27.8	1.2	3.1
Sep.	0.1	5.7	-1.9	-0.9	-2.9	0.9	-2.5	-28.6	2.8	1.8	17.8	3.7	1.6
Oct.	-0.1	8.2	-1.2	-1.2	-6.0	0.1	-6.8	-15.7	-1.7	-2.2	11.8	1.0	6.8
Nov.	-2.9	4.6	-0.2	-2.2	-5.0	0.9	-9.0	-9.5	-3.9	-4.2	0.9	7.8	11.0

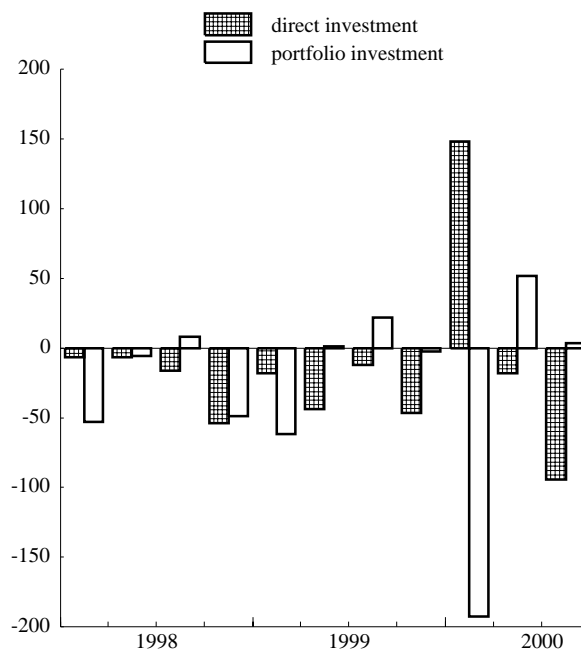
### Current and capital accounts

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



### Direct and portfolio investment

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



Source: ECB.

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

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

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

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit 11	Debit 12
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1997	1,212.9	1,151.4	749.1	633.4	214.2	211.0	189.5	204.7	60.1	102.3	18.9	5.9
1998	1,270.2	1,239.2	779.2	669.9	229.8	231.9	198.5	227.3	62.7	110.0	17.7	5.3
1999	1,335.6	1,341.4	814.5	731.1	241.5	253.3	213.2	245.6	66.4	111.5	19.7	6.2
1999 Q3	331.0	333.8	205.4	182.2	64.3	67.2	48.6	56.7	12.8	27.8	3.2	1.6
Q4	357.7	364.1	227.1	206.2	63.0	67.3	52.5	61.9	15.0	28.8	7.8	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	387.7	394.3	239.0	224.3	66.8	68.3	66.9	73.2	14.9	28.4	4.7	2.4
Q3	391.5	397.6	244.6	226.7	70.7	73.2	64.2	71.3	11.9	26.4	4.3	2.7
1999 Sep.	112.5	115.8	70.7	65.8	20.9	22.0	16.7	18.5	4.1	9.5	0.9	0.5
Oct.	116.7	117.1	75.2	66.1	20.8	21.3	15.8	20.8	4.9	9.0	2.1	0.5
Nov.	117.9	120.0	76.2	70.0	20.1	22.5	16.9	18.6	4.6	9.0	1.9	0.7
Dec.	123.2	127.0	75.7	70.2	22.1	23.6	19.8	22.5	5.6	10.8	3.8	0.9
2000 Jan.	111.9	121.0	64.5	65.0	18.2	20.4	16.4	21.4	12.9	14.2	1.9	0.5
Feb.	115.8	115.8	72.9	68.7	18.6	20.7	17.4	18.4	6.8	8.0	0.5	0.4
Mar.	131.8	130.6	83.8	78.2	21.7	22.8	20.9	21.1	5.5	8.5	1.8	0.5
Apr.	116.1	121.9	72.2	67.9	20.4	21.7	18.9	22.7	4.5	9.6	2.1	0.5
May	137.7	137.8	84.8	80.4	23.0	23.3	23.9	24.9	6.1	9.2	1.7	1.1
June	133.9	134.5	82.0	76.1	23.5	23.2	24.2	25.6	4.3	9.6	1.0	0.8
July	131.6	133.8	82.4	74.4	24.3	24.3	20.9	25.5	3.9	9.7	1.1	0.6
Aug.	123.8	127.8	77.0	73.0	23.8	24.4	19.4	21.0	3.6	9.4	1.5	1.3
Sep.	136.1	136.0	85.2	79.4	22.6	24.5	23.9	24.8	4.4	7.3	1.7	0.8
Oct.	140.7	140.9	92.9	84.7	23.0	24.2	21.3	22.5	3.5	9.5	0.7	0.6
Nov.	138.5	141.4	91.2	86.6	22.5	22.8	20.6	22.8	4.3	9.3	1.4	0.5

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	213.2	245.6	12.4	5.0	200.8	240.6	44.1	45.4	64.1	105.9	92.6	89.4
1999 Q3	48.6	56.7	3.1	1.4	45.5	55.2	8.9	10.1	15.5	24.5	21.2	20.6
Q4	52.5	61.9	3.3	1.4	49.1	60.5	11.7	13.0	15.1	23.8	22.4	23.7
2000 Q1	54.7	61.0	3.1	1.1	51.5	59.9	13.3	13.5	13.5	21.7	24.8	24.7
Q2	66.9	73.2	3.0	1.4	64.0	71.9	19.2	13.8	17.2	30.8	27.6	27.3
Q3	64.2	71.3	3.1	1.4	61.1	69.9	15.4	15.1	17.7	26.6	28.1	28.3

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16			Total		Bonds and notes		Money market instruments	
					Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24		
1999	37.7	41.5	6.4	3.8	9.6	32.5	54.5	73.4	51.7	71.7	2.9	1.7
1999 Q3	7.4	9.2	1.5	1.0	2.4	6.4	13.1	18.0	12.6	17.6	0.5	0.4
Q4	9.7	11.9	2.0	1.1	2.3	5.9	12.8	17.9	12.1	17.9	0.7	0.0
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	.	.	.	.
Q2	16.9	12.2	2.3	1.6	3.5	17.2	13.7	13.5	.	.	.	.
Q3	13.2	13.1	2.2	2.0	3.1	7.9	14.6	18.7	.	.	.	.

*Source: ECB.*

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

	Abroad			In the euro area		
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6
1997	-93.1	.	.	48.6	.	.
1998	-175.0	.	.	91.8	.	.
1999	-286.8	-212.2	-74.6	166.2	126.8	39.5
1999 Q3	-30.5	-33.2	2.8	18.2	12.5	5.7
Q4	-139.6	-124.7	-14.9	93.0	90.1	2.9
2000 Q1	-63.3	-33.2	-30.1	211.3	191.3	20.0
Q2	-71.9	-44.8	-27.1	53.7	19.3	34.5
Q3	-117.9	-111.7	-6.2	23.7	15.5	8.2
1999 Sep.	-11.9	-9.7	-2.2	12.0	6.4	5.6
Oct.	-16.5	-14.8	-1.7	7.1	1.2	5.9
Nov.	-26.6	-15.9	-10.7	9.6	8.4	1.2
Dec.	-96.6	-94.0	-2.6	76.3	80.5	-4.2
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.	-16.0	-7.4	-8.6	17.1	5.1	12.0
May	-33.8	-15.2	-18.6	25.1	11.4	13.7
June	-22.1	-22.2	0.2	11.5	2.7	8.8
July	-19.8	-27.9	8.1	-4.7	5.4	-10.2
Aug.	-54.0	-56.1	2.1	13.0	3.6	9.3
Sep.	-44.1	-27.7	-16.4	15.4	6.4	9.1
Oct.	-24.8	-27.9	3.1	9.2	6.5	2.6
Nov.	-25.9	-23.3	-2.6	16.3	6.5	9.9

Source: ECB.

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

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

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
1	2	3	4	5	6	7	8	9	10	
1998	-327.6	227.9	-105.5	105.9	-222.1	-203.8	-18.2	122.0	108.3	13.7
1999	-309.6	267.8	-155.4	106.0	-154.1	-153.6	-0.5	161.8	109.0	52.8
1999 Q3	-60.1	81.8	-34.6	29.4	-25.4	-25.8	0.4	52.5	42.1	10.4
Q4	-86.4	83.7	-55.4	44.3	-31.0	-15.4	-15.5	39.5	17.4	22.1
2000 Q1	-153.9	-38.8	-116.9	-105.7	-37.0	-38.6	1.6	67.0	46.8	20.2
Q2	-85.2	137.0	-54.3	52.4	-30.9	-24.6	-6.3	84.6	50.7	33.9
Q3	-91.8	95.3	-56.1	29.7	-35.7	-30.8	-4.9	65.6	73.6	-8.1
1999 Sep.	-16.5	28.5	-10.6	10.7	-5.8	-2.9	-2.9	17.8	17.1	0.7
Oct.	-21.4	6.8	-13.3	9.7	-8.1	-2.7	-5.4	-2.9	2.4	-5.3
Nov.	-31.3	42.4	-18.6	15.8	-12.7	-7.7	-4.9	26.6	17.6	9.0
Dec.	-33.7	34.5	-23.5	18.7	-10.2	-5.0	-5.2	15.7	-2.6	18.4
2000 Jan.	-23.5	18.2	-21.8	7.2	-1.7	-8.8	7.1	11.0	11.8	-0.9
Feb.	-87.2	-65.7	-68.7	-92.5	-18.6	-15.7	-2.8	26.9	12.8	14.1
Mar.	-43.2	8.7	-26.5	-20.4	-16.7	-14.1	-2.6	29.1	22.2	6.9
Apr.	-28.0	22.2	-17.5	-2.9	-10.5	-9.1	-1.4	25.1	13.0	12.1
May	-28.1	29.9	-18.6	8.4	-9.5	-6.1	-3.4	21.5	18.4	3.1
June	-29.1	84.9	-18.2	47.0	-10.9	-9.4	-1.5	38.0	19.3	18.7
July	-36.9	24.0	-26.2	5.7	-10.7	-8.3	-2.4	18.3	25.3	-7.0
Aug.	-23.9	37.5	-20.4	18.2	-3.5	-1.5	-2.0	19.4	18.0	1.4
Sep.	-30.9	33.7	-9.5	5.8	-21.5	-21.0	-0.4	27.9	30.4	-2.5
Oct.	-26.5	24.8	-15.6	8.9	-10.9	-10.2	-0.7	15.9	19.5	-3.5
Nov.	-31.8	27.9	-19.8	6.4	-11.9	-8.9	-3.0	21.4	30.5	-9.1

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

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	
1999	0.1	-2.1	-1.7	-151.8	0.1	-1.7	-15.2	-136.8	0.9	-0.1	-7.5	6.2
1999 Q3	0.0	-0.5	0.5	-34.6	-0.3	-0.6	-0.7	-24.3	-1.0	-0.2	-0.9	2.5
Q4	0.0	-0.9	-1.0	-53.5	-0.4	-0.3	-4.3	-10.4	-0.4	0.1	-4.7	-10.6
2000 Q1	0.0	-0.7	1.7	-117.9	-1.2	-0.1	-15.5	-21.7	1.2	0.1	3.2	-2.8
Q2	0.0	-0.7	1.5	-55.1	0.6	-0.7	-7.7	-16.8	0.0	0.0	1.3	-7.5
Q3	-0.1	-0.4	-2.8	-52.8	-2.3	-0.4	-19.4	-8.8	0.5	-1.3	-1.0	-3.1

Source: ECB.

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

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

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

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-82.3	203.2	-0.7	3.5	-1.0	-7.6	-22.6	192.5	-37.6	40.5	15.0	152.0	-58.0	14.9
1999	-25.0	188.0	-4.0	8.6	2.8	-12.5	18.2	159.6	-46.4	54.4	64.6	105.2	-41.9	32.3
1999 Q3	-27.5	10.0	-3.3	0.4	1.2	-2.1	-7.6	12.1	-12.3	13.8	4.8	-1.7	-17.7	-0.4
Q4	11.7	41.1	0.2	2.1	0.5	-3.9	-0.2	39.0	-5.0	7.6	4.7	31.3	11.2	4.0
2000 Q1	-86.6	177.9	-7.7	2.6	-6.0	-2.7	-30.0	163.1	-11.2	20.0	-18.8	143.1	-42.8	14.9
Q2	-29.6	-15.7	-0.3	3.3	1.0	-0.3	-21.1	-20.7	-4.9	7.6	-16.2	-28.3	-9.3	2.0
Q3	-29.5	101.4	-0.3	-1.4	-4.0	1.4	-14.3	72.3	-9.6	8.9	-4.7	63.4	-11.0	29.0
1999 Sep.	-3.7	-29.4	-1.4	0.9	0.8	-1.3	7.5	-25.5	-2.5	4.6	10.1	-30.1	-10.6	-3.5
Oct.	-22.0	56.1	-1.6	0.5	-1.1	-1.1	-21.9	51.8	-3.7	3.6	-18.2	48.2	2.6	4.9
Nov.	-58.7	64.1	1.5	-1.3	1.2	-2.0	-56.6	63.2	1.7	1.4	-58.3	61.8	-4.8	4.2
Dec.	92.4	-79.1	0.3	2.9	0.4	-0.8	78.3	-76.0	-3.0	2.6	81.3	-78.7	13.4	-5.2
2000 Jan.	-24.1	50.8	-3.0	3.1	-2.9	-1.0	-2.6	43.4	-3.9	6.2	1.4	37.2	-15.6	5.3
Feb.	-32.4	35.2	-2.3	0.5	-2.7	-0.3	-17.4	26.4	-4.9	7.7	-12.5	18.7	-10.0	8.6
Mar.	-30.1	91.9	-2.5	-1.0	-0.4	-1.4	-10.0	93.3	-2.3	6.1	-7.7	87.2	-17.2	1.0
Apr.	-35.3	40.4	-0.3	3.4	0.4	-0.5	-30.8	37.1	-5.4	5.7	-25.5	31.4	-4.5	0.4
May	-16.6	32.3	-2.7	0.3	0.5	0.6	-9.1	27.8	-0.5	-0.8	-8.5	28.7	-5.4	3.6
June	22.3	-88.4	2.7	-0.4	0.2	-0.4	18.8	-85.7	1.0	2.6	17.8	-88.3	0.6	-2.0
July	5.4	20.8	0.0	-1.6	3.5	1.2	9.3	16.6	-7.0	7.6	16.3	8.9	-7.4	4.7
Aug.	-26.5	54.3	-0.3	-1.5	-1.5	1.0	-19.3	24.8	-0.7	-1.1	-18.6	25.9	-5.3	30.0
Sep.	-8.5	26.3	0.0	1.7	-6.0	-0.7	-4.2	31.0	-1.9	2.4	-2.3	28.6	1.7	-5.7
Oct.	-16.8	28.6	-0.5	0.3	7.3	2.8	-21.0	25.3	-3.6	6.8	-17.4	18.5	-2.6	0.3
Nov.	-47.6	48.5	-0.4	1.1	-4.1	1.9	-46.2	48.2	-6.6	7.0	-39.6	41.2	3.2	-2.7

**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		-2.6	8.1	5.5	-1.4	0.5	-0.9
1999 Q3		-3.2	0.3	-2.9	-0.1	0.1	0.0
Q4		0.2	2.1	2.4	0.0	0.0	0.0
2000 Q1		-7.7	2.6	-5.1	-0.1	0.0	0.0
Q2		0.0	3.1	3.0	-0.2	0.2	0.0
Q3		-0.3	-1.5	-1.8	-0.1	0.1	0.0

Source: ECB.

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

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

## 2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	0.0	0.0	0.0	3.9	-12.6	-8.7	-1.2	0.2	-1.0
1999 Q3	0.0	0.0	0.0	1.2	-2.1	-0.8	-0.1	0.0	-0.1
Q4	0.0	0.0	0.0	0.0	-3.9	-3.9	0.4	0.0	0.4
2000 Q1	0.0	0.0	0.0	-5.9	-2.3	-8.2	-0.1	-0.4	-0.5
Q2	0.0	0.0	0.0	1.2	-0.5	0.7	-0.2	0.2	0.0
Q3	0.0	0.0	0.0	-4.0	0.6	-3.4	0.0	0.8	0.8

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.7	158.9	176.6	0.5	0.7	1.2
1999 Q3	-6.7	11.3	4.6	-0.9	0.9	0.0
Q4	0.5	37.5	37.9	-0.7	1.5	0.8
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1
Q2	-22.3	-21.5	-43.8	1.2	0.8	2.0
Q3	-12.8	72.2	59.4	-1.4	0.1	-1.3

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-6.4	3.4	-3.0	-13.2	17.5	4.3	-22.4	11.4	-11.0
1999 Q3	-1.6	-0.1	-1.7	-12.6	-2.0	-14.6	-3.5	1.7	-1.8
Q4	-1.3	2.1	0.8	16.6	0.2	16.8	-4.0	1.7	-2.3
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8
Q2	-3.9	0.3	-3.6	-5.3	2.8	-2.5	-0.1	-1.0	-1.1
Q3	-2.1	2.1	0.0	-8.0	27.1	19.1	-0.9	-0.2	-1.1

## 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	10.2	0.3	1.0	2.0	7.1	2.3	-1.0	0.2	3.6	2.1	-0.1	0.0
1999 Q3	0.0	0.0	0.2	1.9	-2.4	4.2	-2.8	0.2	-3.4	-0.6	0.0	0.3
Q4	-0.5	0.3	-0.7	0.2	-0.3	1.0	3.0	0.0	-1.9	-2.3	-0.1	-0.1
2000 Q1	-1.4	0.7	0.2	0.2	-2.8	2.3	-4.5	0.0	2.6	-3.1	0.0	0.2
Q2	3.8	0.0	-0.1	3.3	0.7	-0.9	0.2	0.0	-3.7	5.3	-0.2	-0.1
Q3	4.5	0.3	-0.1	0.0	4.3	1.5	4.8	0.0	-5.4	3.5	-0.1	0.0

Source: ECB.

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



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

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

Source: ECB.

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

## 2. Reserves and related assets of the Eurosystem <sup>1) 2)</sup>

(EUR billions; end-of-period positions, unless otherwise indicated)

	Reserve assets													Memo:	Claims on euro area residents denominated in foreign currency
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims		
		In fine troy ounces (millions)	Total			Currency and deposits		Securities			Financial derivatives				
						With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes		Money market instruments			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1998 Dec. <sup>3)</sup>	329.2	99.6	404.131	5.2	23.2	199.9	12.6	18.3	169.0	0.0	116.6	52.4	0.0	1.3	7.6
1999 Dec.	372.3	116.4	402.762	4.5	24.3	225.1	12.8	21.7	190.5	0.0	134.0	56.5	0.0	2.1	14.4
2000 Jan. <sup>4)</sup>	378.1	116.2	401.639	4.3	24.4	231.4	14.4	28.4	188.5	-	-	-	0.2	1.9	14.7
Feb. <sup>4)</sup>	383.2	121.1	400.503	4.4	23.9	231.9	12.0	26.2	193.5	-	-	-	0.2	2.0	16.1
Mar.	385.4	116.0	400.503	4.4	24.8	238.9	12.7	26.0	200.1	-	-	-	0.2	1.2	17.0
Apr.	399.7	121.3	400.503	4.3	22.7	249.8	18.2	28.4	203.0	-	-	-	0.2	1.7	18.1
May	388.9	117.2	400.503	4.5	21.1	244.6	16.2	29.0	199.2	-	-	-	0.2	1.4	19.1
June	385.8	120.8	400.503	4.5	20.5	238.3	14.4	25.8	198.0	-	-	-	0.1	1.7	18.6
July <sup>4)</sup>	391.4	119.6	399.539	4.5	20.9	244.4	10.5	27.1	206.7	-	-	-	0.2	1.9	17.5
Aug.	402.6	124.3	399.539	4.8	20.9	251.9	10.9	25.5	215.3	-	-	-	0.2	0.8	17.3
Sep.	408.1	124.7	399.539	4.9	21.3	255.9	11.2	24.3	220.1	-	-	-	0.3	1.3	16.6
Oct. <sup>4)</sup>	416.2	125.6	399.538	4.7	21.5	263.1	10.3	24.4	228.1	-	-	-	0.3	1.4	16.3
Nov. <sup>4)</sup>	400.1	123.8	399.537	4.8	20.8	249.8	9.0	22.6	217.8	-	-	-	0.3	0.9	16.7
Dec.	377.7	117.8	399.537	4.3	20.8	234.1	9.7	19.5	204.4	-	-	-	0.5	0.6	15.8

## 3. Reserves and related assets of the European Central Bank <sup>1) 5)</sup>

(EUR billions; end-of-period positions)

	Reserve assets													Memo:	Claims on euro area residents denominated in foreign currency
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims		
		In fine troy ounces (millions)	Total			Currency and deposits		Securities			Financial derivatives				
						With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes		Money market instruments			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1999 Dec.	49.3	7.0	24.030	0.0	0.0	40.9	0.3	6.4	34.3	0.0	28.0	6.3	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	0.4	7.6	33.7	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	0.4	6.5	32.6	-	-	-	0.0	1.3	4.2
Mar.	49.8	7.0	24.030	0.0	0.0	42.0	0.4	7.4	34.1	-	-	-	0.0	0.9	4.3
Apr.	52.8	7.3	24.030	0.0	0.0	44.3	1.1	8.1	35.1	-	-	-	0.0	1.2	4.3
May	50.1	7.0	24.030	0.0	0.0	42.1	1.7	6.2	34.3	-	-	-	0.0	0.9	4.5
June	50.6	7.2	24.030	0.0	0.0	42.2	1.0	7.7	33.5	-	-	-	0.0	1.2	4.1
July	51.0	7.2	24.030	0.0	0.0	42.9	0.5	5.5	36.8	-	-	-	0.0	1.0	4.1
Aug.	55.0	7.5	24.030	0.0	0.0	46.8	0.6	7.8	38.3	-	-	-	0.0	0.8	4.1
Sep.	52.4	7.5	24.030	0.0	0.0	43.7	0.7	6.1	36.9	-	-	-	0.0	1.2	3.7
Oct.	53.8	7.6	24.030	0.0	0.0	44.9	0.7	6.4	37.7	-	-	-	0.0	1.4	4.0
Nov.	47.2	7.4	24.030	0.0	0.0	38.8	0.7	5.0	33.1	-	-	-	0.0	0.9	3.0
Dec.	45.1	7.1	24.030	0.0	0.0	37.3	0.6	6.1	30.6	-	-	-	0.0	0.6	3.8

Source: ECB.

1) More comprehensive data in accordance with the template on international reserves and foreign currency liquidity can be found on the ECB's website.

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

3) Position as at 1 January 1999.

4) Changes in the gold holdings of the Eurosystem are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999.

5) Part of the Eurosystem's reserves.

## 9 External trade in goods of the euro area

**Table 9**

### 1. Exports <sup>1)</sup>

(EUR billions (ECU billions to end-1998); f.o.b. value)

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value <sup>2)</sup>	Volume <sup>2)</sup>	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	669.7	52.0	14.2	13.1	85.0	194.3	295.1	16.0	107.6	104.7	102.8
1997	762.8	57.0	16.5	14.4	99.6	217.6	343.8	13.8	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	831.8	55.6	16.4	13.6	114.1	225.5	384.7	21.9	133.6	122.6	109.0
1997 Q1	170.7	13.0	3.9	3.7	22.7	49.1	74.9	3.5	109.7	104.2	105.3
Q2	191.8	14.4	4.1	3.6	25.3	54.1	86.7	3.6	123.3	117.3	105.1
Q3	193.5	14.1	4.2	3.4	25.8	55.9	86.8	3.3	124.3	116.6	106.6
Q4	206.8	15.5	4.3	3.7	25.8	58.5	95.5	3.5	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	187.8	12.4	3.8	2.6	25.8	51.3	86.7	5.1	120.7	112.6	107.2
Q2	203.2	13.5	4.0	3.1	27.9	55.1	94.4	5.2	130.6	119.9	108.9
Q3	209.5	14.0	4.1	3.9	29.7	56.9	95.5	5.5	134.6	123.0	109.5
Q4	231.3	15.7	4.5	4.1	30.7	62.1	108.1	6.0	148.6	135.0	110.1
2000 Q1	229.7	13.6	4.8	4.8	32.5	62.2	105.3	6.5	147.6	128.5	114.9
Q2	247.5	14.9	5.1	5.2	34.1	64.9	116.5	6.8	159.1	136.7	116.4
Q3	248.8	15.1	4.7	5.8	35.8	66.9	114.3	6.3	159.9	133.9	119.4
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.	54.3	3.7	1.1	0.8	7.7	14.7	24.9	1.3	104.8	98.1	106.8
Feb.	60.2	4.0	1.2	0.8	8.3	16.5	27.4	1.9	116.1	108.6	106.9
Mar.	73.2	4.7	1.5	1.0	9.8	20.0	34.4	1.9	141.2	130.9	107.9
Apr.	65.9	4.4	1.3	1.0	9.1	17.8	30.7	1.5	127.0	116.6	108.9
May	63.7	4.5	1.3	1.0	9.0	17.4	29.0	1.7	122.8	113.2	108.5
June	73.6	4.7	1.3	1.1	9.8	19.9	34.7	2.0	141.9	129.8	109.3
July	76.2	4.6	1.4	1.2	10.3	20.9	35.6	2.2	146.8	132.8	110.6
Aug.	61.1	4.3	1.3	1.2	9.2	16.2	27.4	1.6	117.7	107.0	110.0
Sep.	72.3	5.1	1.4	1.5	10.1	19.8	32.5	1.7	139.3	129.0	108.0
Oct.	77.5	5.3	1.5	1.4	10.2	21.0	36.3	2.0	149.5	136.0	109.9
Nov.	77.6	5.4	1.5	1.2	10.7	20.9	36.0	1.9	149.5	137.3	108.9
Dec.	76.2	5.1	1.6	1.5	9.8	20.2	35.9	2.2	146.9	131.8	111.4
2000 Jan.	66.0	4.0	1.4	1.5	9.4	17.6	30.1	2.0	127.3	111.6	114.1
Feb.	75.3	4.4	1.6	1.6	10.8	20.9	33.9	2.1	145.1	125.4	115.7
Mar.	88.4	5.1	1.8	1.7	12.4	23.7	41.3	2.4	170.5	148.7	114.7
Apr.	73.4	4.4	1.6	1.6	10.3	19.5	34.1	2.0	141.5	122.2	115.8
May	89.1	5.4	1.9	1.8	12.0	23.2	42.3	2.4	171.8	147.8	116.3
June	85.0	5.0	1.6	1.7	11.8	22.3	40.1	2.4	163.8	140.0	117.0
July	84.1	4.9	1.5	1.7	11.5	23.2	39.3	2.1	162.2	136.3	119.0
Aug.	77.7	4.9	1.6	1.9	11.7	20.6	34.9	2.2	149.8	126.2	118.7
Sep.	87.0	5.3	1.7	2.1	12.6	23.1	40.1	2.0	167.7	139.4	120.3
Oct.	94.3	5.9	1.8	2.4	13.4	25.5	42.9	2.5	181.8	.	.
Nov.	90.9	.	.	.	.	.	.	.	175.3	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.2).

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	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Import 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	593.9	50.4	36.5	73.5	54.2	167.1	193.7	18.5	105.5	102.9	102.6
1997	674.2	55.5	41.5	81.3	62.5	189.3	230.0	14.0	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	780.5	52.4	39.4	77.7	71.4	211.2	307.6	20.8	138.7	130.5	106.3
1997 Q1	159.1	12.8	9.7	21.2	14.8	44.8	52.1	3.7	113.1	106.0	106.7
Q2	168.0	14.1	11.1	18.6	16.1	46.7	57.8	3.6	119.4	111.4	107.2
Q3	166.6	13.6	10.1	20.0	15.3	49.1	55.9	2.6	118.5	106.9	110.8
Q4	180.4	15.1	10.7	21.4	16.2	48.6	64.3	4.1	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	67.3	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	179.2	12.4	9.2	13.8	17.0	50.3	71.6	5.0	127.4	128.8	98.9
Q2	189.5	12.9	10.2	16.8	17.7	50.8	76.1	5.1	134.7	129.8	103.8
Q3	193.9	12.9	9.5	21.2	17.3	54.4	73.7	4.9	137.9	126.0	109.4
Q4	217.8	14.2	10.4	25.9	19.4	55.7	86.2	5.9	154.8	137.6	112.5
2000 Q1	231.1	12.5	11.3	31.7	20.1	60.6	87.4	7.5	164.3	135.8	121.0
Q2	243.0	13.8	12.5	32.3	21.3	62.2	93.2	7.8	172.8	137.0	126.1
Q3	244.3	13.3	11.8	37.5	21.0	64.3	88.6	7.8	173.7	132.4	131.2
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	22.7	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	1.7	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.	55.0	3.9	3.0	4.6	5.1	15.5	21.4	1.5	117.4	119.5	98.2
Feb.	56.4	3.9	2.9	4.2	5.4	16.1	22.1	1.7	120.3	122.1	98.5
Mar.	67.8	4.7	3.3	5.0	6.4	18.6	28.0	1.7	144.6	144.7	99.9
Apr.	61.6	4.2	3.3	5.6	5.8	16.1	24.9	1.7	131.4	128.3	102.4
May	62.4	4.3	3.3	5.7	5.8	16.5	25.2	1.6	133.1	127.2	104.6
June	65.5	4.4	3.5	5.4	6.2	18.2	25.9	1.8	139.7	133.5	104.6
July	64.5	4.4	3.4	6.7	5.7	18.4	24.3	1.6	137.4	127.3	108.0
Aug.	58.5	4.1	2.7	7.0	5.2	16.3	21.9	1.5	124.8	113.5	110.0
Sep.	70.9	4.4	3.5	7.6	6.4	19.6	27.6	1.8	151.3	137.3	110.2
Oct.	70.6	4.5	3.4	7.9	6.5	18.9	27.4	2.1	150.5	135.2	111.3
Nov.	74.3	4.8	3.6	8.5	6.7	18.8	29.8	2.1	158.4	142.9	110.8
Dec.	72.9	4.9	3.5	9.5	6.2	18.0	29.1	1.7	155.6	134.8	115.4
2000 Jan.	71.0	4.0	3.5	10.3	5.8	18.5	26.5	2.4	151.4	127.7	118.6
Feb.	75.4	4.0	3.6	10.2	6.8	20.1	28.2	2.5	160.9	133.0	121.0
Mar.	84.7	4.5	4.2	11.1	7.5	22.0	32.7	2.6	180.6	146.6	123.2
Apr.	73.0	4.2	3.7	9.6	6.5	18.3	28.3	2.4	155.7	126.9	122.7
May	88.0	5.0	4.7	11.3	7.5	22.8	33.9	2.8	187.6	147.8	126.9
June	82.0	4.6	4.1	11.3	7.3	21.1	31.0	2.6	175.0	136.3	128.4
July	79.0	4.4	4.0	11.9	6.7	20.9	28.2	2.8	168.4	131.5	128.0
Aug.	77.9	4.4	3.6	12.5	6.7	20.5	28.1	2.2	166.2	127.4	130.5
Sep.	87.4	4.5	4.3	13.2	7.6	22.9	32.3	2.7	186.4	138.4	134.7
Oct.	92.0	5.2	4.3	13.2	7.8	22.9	34.7	4.0	196.1	.	.
Nov.	89.2	.	.	.	.	.	.	.	190.2	.	.

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 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manufactured articles 6	Machinery, transport equipment 7	Other 8
1996	75.8	1.6	-22.3	-60.4	30.9	27.2	101.4	-2.5
1997	88.6	1.5	-25.1	-66.8	37.1	28.3	113.8	-0.1
1998	85.3	1.0	-25.5	-45.9	36.4	19.7	101.0	-1.4
1999	51.3	3.2	-23.0	-64.1	42.7	14.2	77.1	1.0
1997 Q1	11.6	0.2	-5.8	-17.5	8.0	4.3	22.8	-0.2
Q2	23.8	0.3	-7.0	-15.0	9.1	7.4	28.8	0.0
Q3	26.8	0.4	-5.9	-16.6	10.5	6.7	30.9	0.8
Q4	26.3	0.5	-6.4	-17.7	9.6	9.8	31.3	-0.7
1998 Q1	14.6	0.1	-6.7	-13.0	9.0	3.2	22.7	-0.6
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	8.5	0.0	-5.4	-11.2	8.8	1.0	15.1	0.2
Q2	13.7	0.6	-6.2	-13.7	10.2	4.3	18.3	0.1
Q3	15.6	1.1	-5.4	-17.4	12.4	2.5	21.8	0.6
Q4	13.5	1.5	-5.9	-21.8	11.3	6.4	21.9	0.1
2000 Q1	-1.4	1.1	-6.6	-26.8	12.4	1.6	17.9	-0.9
Q2	4.5	1.1	-7.4	-27.1	12.8	2.7	23.3	-1.0
Q3	4.5	1.8	-7.1	-31.7	14.7	2.6	25.7	-1.5
1998 Jan.	0.9	-0.2	-2.2	-4.6	2.8	-0.3	5.6	-0.2
Feb.	5.9	0.2	-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	8.6	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.	-0.7	-0.2	-1.8	-3.8	2.6	-0.8	3.5	-0.2
Feb.	3.8	0.1	-1.7	-3.3	2.9	0.4	5.3	0.2
Mar.	5.4	0.0	-1.9	-4.0	3.4	1.4	6.4	0.2
Apr.	4.2	0.1	-2.0	-4.6	3.4	1.8	5.7	-0.2
May	1.3	0.2	-2.1	-4.8	3.2	0.8	3.8	0.1
June	8.1	0.2	-2.2	-4.3	3.6	1.7	8.8	0.3
July	11.7	0.2	-2.0	-5.5	4.6	2.5	11.3	0.6
Aug.	2.5	0.2	-1.4	-5.8	4.0	-0.2	5.5	0.1
Sep.	1.3	0.7	-2.1	-6.1	3.8	0.2	4.9	-0.1
Oct.	7.0	0.8	-1.9	-6.5	3.7	2.1	8.9	-0.1
Nov.	3.3	0.6	-2.1	-7.2	4.0	2.1	6.2	-0.2
Dec.	3.2	0.2	-1.9	-8.1	3.6	2.2	6.8	0.4
2000 Jan.	-5.0	0.0	-2.2	-8.8	3.6	-0.9	3.6	-0.3
Feb.	-0.2	0.4	-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.	0.4	0.2	-2.1	-8.0	3.7	1.1	5.8	-0.4
May	1.2	0.4	-2.8	-9.5	4.6	0.4	8.4	-0.3
June	2.9	0.5	-2.5	-9.6	4.5	1.2	9.1	-0.2
July	5.2	0.4	-2.5	-10.2	4.8	2.3	11.1	-0.8
Aug.	-0.3	0.5	-2.0	-10.5	4.9	0.1	6.8	-0.1
Sep.	-0.5	0.9	-2.6	-11.0	5.0	0.1	7.8	-0.7
Oct.	2.3	0.7	-2.5	-10.9	5.6	2.7	8.2	-1.5
Nov.	1.7	.	.	.	.	.	.	.

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	107.5	111.1	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.2	99.8	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.6	99.6	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	95.9	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	87.0	87.2	88.2	86.2	0.924	99.5	1.558	0.609
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.5	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.5	94.5	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	92.7	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.6	89.7	89.9	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	87.1	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.3	86.6	87.3	85.3	0.905	97.4	1.544	0.612
Q4	83.0	84.0	84.9	85.2	85.9	83.5	0.868	95.3	1.516	0.600
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.0	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.0	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.4	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.7	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	94.8	-	95.0	94.5	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.4	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.4	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.3	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.1	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	90.3	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.9	-	92.4	90.8	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	89.9	-	91.2	89.5	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.4	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	86.9	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.6	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	88.0	88.1	-	89.4	87.6	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	86.0	-	87.0	85.1	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.7	-	85.3	83.3	0.872	93.1	1.531	0.608
Oct.	81.6	82.4	83.4	-	84.4	82.2	0.855	92.7	1.513	0.589
Nov.	82.3	83.2	84.0	-	85.1	82.8	0.856	93.3	1.522	0.600
Dec.	85.4	86.4	87.3	-	88.1	85.6	0.897	100.6	1.514	0.613
<i>Euro area enlargement</i>										
2001 Jan.	89.2	90.5	91.3	-	91.7	89.0	0.938	109.6	1.529	0.635
% ch. vs. <sup>4)</sup> prev. month										
2001 Jan.	-	-	-	-	-	-	4.6	8.9	1.0	3.5
% ch. vs. <sup>4)</sup> prev. year										
2001 Jan.	-	-	-	-	-	-	-7.4	2.9	-5.0	2.7

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. Up to December 2000, the narrow group is composed of the countries whose currencies are shown in the table plus the Greek drachma. From January 2001, Greece ceased to be a partner country in the effective exchange rate of the euro; the weighting scheme was adjusted accordingly. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, 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) Indicative rates for these currencies are shown up to September 2000, as the ECB did not provide official reference rates for these currencies before that.
- 4) The table shows the percentage change in the latest monthly observation vis-à-vis the previous month, and vis-à-vis the same month of the previous year. A positive change denotes an appreciation of the euro. Due to the change in the weighting scheme, effective exchange rate data as from January 2001 are not fully comparable with earlier observations.

Bilateral ECU or euro exchange rates <sup>2)</sup>								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>3)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	
8.51	7.36	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.45	7.45	8.11	1.371	1.589	7.20	1,043.5	1.592	2000
8.98	7.44	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
8.60	7.45	8.04	1.325	1.632	6.77	1,011.6	1.516	Q4
9.08	7.44	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
8.52	7.45	8.00	1.292	1.618	6.67	965.1	1.498	Oct.
8.63	7.46	8.00	1.320	1.639	6.68	990.6	1.497	Nov.
8.66	7.46	8.13	1.368	1.642	7.00	1,089.6	1.558	Dec.
<i>Euro area enlargement</i>								
8.91	7.46	8.24	1.410	1.689	7.32	1,194.9	1.630	2001 Jan.
2.8	0.1	1.3	3.1	2.9	4.6	9.7	4.6	% ch. vs. <sup>4)</sup> prev. month 2001 Jan.
3.6	0.3	1.4	-4.0	9.5	-7.2	4.3	-4.0	% ch. vs. <sup>4)</sup> prev. year 2001 Jan.



## II Economic and financial developments in the other EU Member States

**Table 11**

### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs <sup>3)</sup>	Real GDP	Industrial production index <sup>4)</sup>	Standardised unemployment rate as a % of labour force (s.a.)	Broad money <sup>5)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.5	61.4	6.25	7.48	0.6	1.9	3.0	5.4	5.6	4.7	3.73
1998	1.3	1.2	55.8	4.94	7.50	-0.9	2.3	2.8	2.3	5.2	4.6	4.27
1999	2.1	2.8	52.6	4.91	7.44	2.2	3.0	2.1	1.9	5.2	4.2	3.44
2000	2.7	.	.	5.64	7.45	.	.	2.6	.	4.9	.	5.00
1999 Q3	2.3	-	-	5.35	7.44	2.4	3.0	1.7	-0.1	5.2	3.4	3.19
Q4	2.8	-	-	5.57	7.44	2.1	-0.6	3.3	4.2	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	1.5	1.9	2.6	3.2	4.9	2.2	3.95
Q2	2.9	-	-	5.67	7.46	1.5	2.6	3.4	7.8	4.8	1.3	4.73
Q3	2.6	-	-	5.69	7.46	2.7	1.6	2.7	8.1	4.9	2.3	5.84
Q4	2.6	-	-	5.42	7.45	.	.	.	.	5.0	.	5.48
2000 July	2.8	-	-	5.76	7.46	-	-	-	6.0	4.9	0.5	5.78
Aug.	2.2	-	-	5.64	7.46	-	-	-	8.8	4.8	2.5	5.66
Sep.	2.7	-	-	5.66	7.46	-	-	-	8.9	5.0	4.0	6.10
Oct.	2.8	-	-	5.57	7.45	-	-	-	5.1	5.0	2.6	5.55
Nov.	2.7	-	-	5.49	7.46	-	-	-	1.3	5.0	0.5	5.50
Dec.	2.3	-	-	5.20	7.46	-	-	-	.	4.9	.	5.38
2001 Jan.	.	-	-	5.09	7.46	-	-	-	.	.	.	5.34
Sweden												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.6	2.1	7.0	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.2	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.9	65.5	4.98	8.81	1.6	-0.4	4.1	2.0	7.2	6.8	3.32
2000	1.3	.	.	5.37	8.45	.	.	4.0	.	5.9	.	4.07
1999 Q3	0.7	-	-	5.48	8.71	2.7	-0.3	4.2	0.2	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.8	-1.1	4.2	3.5	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	3.5	7.1	3.8	7.0	6.5	8.7	3.99
Q2	1.2	-	-	5.30	8.28	1.5	5.1	4.1	11.2	6.0	8.9	4.09
Q3	1.3	-	-	5.30	8.40	2.4	6.4	3.7	10.3	5.7	5.1	4.14
Q4	1.5	-	-	5.09	8.60	.	.	.	.	5.4	.	4.06
2000 July	1.3	-	-	5.31	8.41	-	-	-	14.5	5.6	5.9	4.21
Aug.	1.4	-	-	5.31	8.39	-	-	-	10.5	5.9	4.4	4.13
Sep.	1.3	-	-	5.27	8.41	-	-	-	7.5	5.5	5.1	4.08
Oct.	1.3	-	-	5.23	8.52	-	-	-	8.4	5.5	1.2	4.03
Nov.	1.8	-	-	5.13	8.63	-	-	-	9.9	5.6	3.4	4.02
Dec.	1.3	-	-	4.92	8.66	-	-	-	.	5.1	.	4.13
2001 Jan.	.	-	-	4.89	8.91	-	-	-	.	.	.	4.14
United Kingdom												
1997	1.8	-2.0	50.9	7.13	0.692	0.9	2.9	3.5	1.3	7.0	11.2	6.92
1998	1.6	0.4	47.8	5.60	0.676	0.0	2.9	2.6	0.8	6.3	9.7	7.42
1999	1.3	1.3	45.4	5.01	0.659	-1.0	3.5	2.3	0.6	6.1	5.3	5.54
2000	0.8	.	.	5.33	0.609	.	.	3.1	.	.	.	6.19
1999 Q3	1.2	1.2	45.7	5.39	0.655	-1.5	3.2	2.5	1.8	6.0	3.5	5.28
Q4	1.2	1.9	45.4	5.46	0.636	0.0	2.6	3.2	2.1	5.9	3.6	5.98
2000 Q1	0.8	6.1	43.6	5.60	0.614	-1.4	3.1	3.2	1.9	5.8	3.8	6.20
Q2	0.6	-0.4	43.7	5.31	0.610	-1.2	0.9	3.5	2.6	5.5	5.7	6.28
Q3	0.8	2.3	42.4	5.31	0.612	-1.5	1.4	3.0	0.7	5.4	8.4	6.21
Q4	0.9	.	.	5.09	0.600	.	.	.	.	.	.	6.07
2000 July	1.0	7.9	43.3	5.24	0.623	-	-	-	0.5	5.3	7.0	6.19
Aug.	0.6	-2.0	43.8	5.32	0.607	-	-	-	1.4	5.4	8.9	6.22
Sep.	1.0	1.2	42.4	5.38	0.608	-	-	-	0.3	5.5	9.2	6.21
Oct.	1.0	7.3	42.0	5.20	0.589	-	-	-	1.2	5.4	8.8	6.16
Nov.	1.0	-3.4	42.6	5.11	0.600	-	-	-	0.8	.	8.3	6.09
Dec.	0.9	.	.	4.95	0.613	-	-	-	.	.	.	5.96
2001 Jan.	.	.	.	4.94	0.635	-	-	-	.	.	.	5.53

Sources: Eurostat (columns 1, 8, 9 and 10); European Commission (Economic and Financial Affairs DG and Eurostat) (columns 2 (annual) and 3 (annual)); Reuters (column 12); national data (columns 2 (quarterly and monthly), 3 (quarterly and monthly), 4, 5, 7 (except Sweden) and 11); ECB calculations (columns 6 and 7 (Sweden)).

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom exclude employers' contributions to social security.

4) Total excluding construction; adjusted for working days.

5) Average of end-month values; M3; M4 for the United Kingdom.

# 12 Economic and financial developments outside the EU

**Table 12.1**

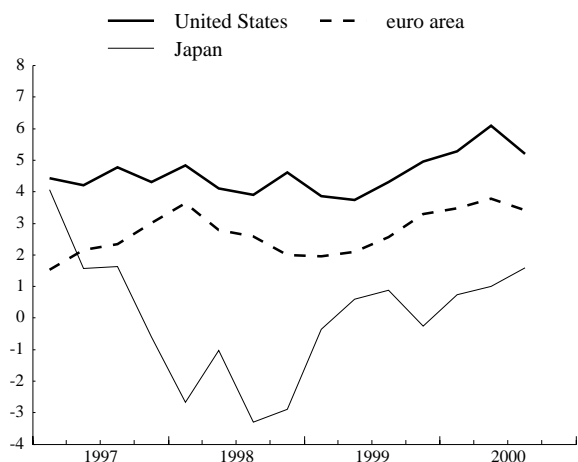
**Economic and financial developments**

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>4)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP	Gross public debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
<b>United States</b>											
1997	2.3	0.0	4.4	7.6	5.0	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.4	5.5	4.5	7.4	5.57	5.33	1.121	0.3	53.3
1999	2.2	-1.7	4.2	4.8	4.2	7.4	5.42	5.64	1.066	1.0	50.3
2000	3.4	.	.	5.9	4.0	5.7	6.53	6.03	0.924	.	.
1999 Q3	2.3	-0.8	4.3	5.0	4.2	7.4	5.44	5.88	1.049	1.3	50.4
Q4	2.6	-3.1	5.0	5.6	4.1	5.9	6.14	6.13	1.038	1.3	50.3
2000 Q1	3.2	-3.7	5.3	6.3	4.0	5.6	6.11	6.48	0.986	2.0	49.2
Q2	3.3	-4.4	6.1	7.0	4.0	5.7	6.63	6.18	0.933	2.2	46.4
Q3	3.5	-5.4	5.2	6.4	4.0	5.6	6.70	5.89	0.905	2.3	45.1
Q4	3.4	.	.	4.1	4.0	6.1	6.69	5.56	0.868	.	.
2000 Aug.	3.4	-	-	6.4	4.1	5.4	6.69	5.83	0.904	-	-
Sep.	3.5	-	-	6.5	3.9	6.2	6.67	5.80	0.872	-	-
Oct.	3.4	-	-	5.4	3.9	6.1	6.78	5.74	0.855	-	-
Nov.	3.4	-	-	4.3	4.0	5.9	6.75	5.72	0.856	-	-
Dec.	3.4	-	-	2.6	4.0	6.3	6.54	5.23	0.897	-	-
2001 Jan.	.	-	-	.	.	.	5.73	5.14	0.938	-	-
<b>Japan</b>											
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	-
2000	-0.6	.	.	5.7	4.7	2.1	0.28	1.76	99.5	.	-
1999 Q3	0.0	-5.0	0.9	3.1	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-6.0	-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	-7.3	1.0	7.1	4.7	2.3	0.12	1.72	99.6	-	-
Q3	-0.7	-6.0	1.6	5.4	4.6	1.9	0.32	1.79	97.4	-	-
Q4	-0.5	.	.	4.5	4.8	2.1	0.56	1.73	95.3	-	-
2000 Aug.	-0.8	-8.4	-	8.3	4.6	1.8	0.32	1.77	97.8	-	-
Sep.	-0.8	-4.6	-	3.9	4.7	2.0	0.41	1.88	93.1	-	-
Oct.	-0.9	-6.6	-	6.6	4.7	2.1	0.52	1.83	92.7	-	-
Nov.	-0.5	.	-	3.3	4.8	2.1	0.55	1.75	93.3	-	-
Dec.	-0.2	.	-	3.6	4.8	2.2	0.62	1.62	100.6	-	-
2001 Jan.	.	.	-	.	.	.	0.50	1.54	109.6	-	-

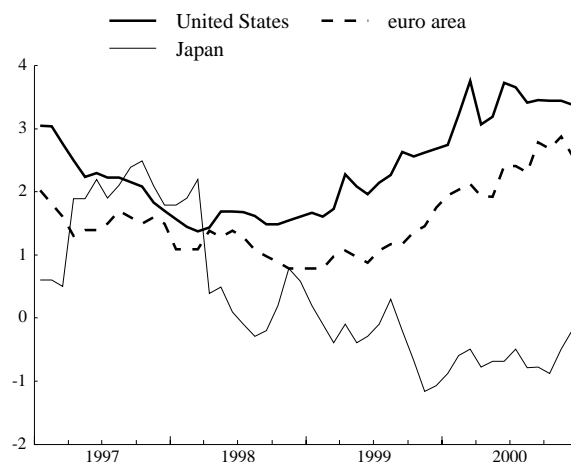
**Real gross domestic product**

(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.

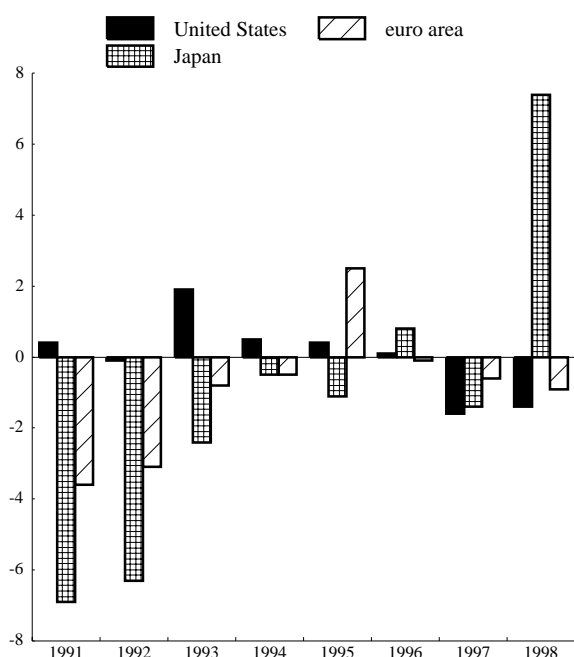
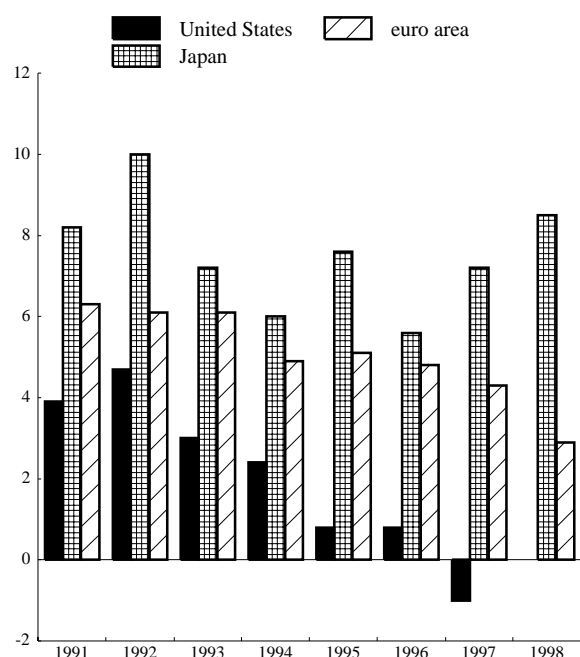
4) For more information, see Table 10.

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	1.0	11.5	5.7	12.8	4.9
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	1.8	11.7	3.7	12.4	4.7
1998	18.8	20.8	-2.3	9.6	8.8	3.9	8.5	5.4	1.7	12.3	5.8	12.7	5.8
1999	18.5	21.1	-3.4	9.8	9.3	7.3	8.7	8.8	3.6	12.6	5.2	11.4	6.7
1998 Q4	18.6	20.9	-2.6	9.7	9.0	1.6	8.4	3.3	-1.0	12.6	4.4	12.6	6.1
1999 Q1	18.8	21.0	-2.7	9.6	9.1	8.3	8.7	9.7	6.3	12.4	4.6	11.9	6.6
Q2	18.4	20.8	-3.2	9.6	9.5	7.9	8.7	9.6	0.4	12.7	5.0	11.6	6.9
Q3	18.4	21.1	-3.6	9.8	9.3	7.2	8.6	8.6	3.6	12.6	4.8	11.1	6.4
Q4	18.3	21.4	-3.9	10.0	9.3	5.9	8.7	7.4	4.2	12.6	6.5	10.9	7.1
2000 Q1	18.2	21.4	-4.0	9.9	9.6	7.7	8.8	9.0	5.8	12.8	4.4	10.1	8.2
Q2	18.5	22.0	-4.1	10.3	9.6	5.8	9.0	7.4	3.3	12.5	4.4	10.0	5.9
Q3	18.4	21.9	-4.5	10.4	9.8	5.7	9.1	7.3	2.0	12.4	2.3	9.6	5.7
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	-9.5	-1.5	5.0	5.6	13.7	-0.5
1999	.	26.0	.	.	.	2.6	.	-2.9	1.3	.	6.9	.	-0.5
1998 Q4	.	26.9	.	.	.	13.4	.	-7.0	-7.0	.	11.3	.	-1.0
1999 Q1	.	26.9	.	.	.	0.8	.	-15.2	-2.2	.	-3.6	.	6.2
Q2	.	24.2	.	.	.	-16.9	.	-17.1	1.7	.	14.6	.	-7.2
Q3	.	26.4	.	.	.	9.7	.	-1.3	1.3	.	4.4	.	1.3
Q4	.	26.9	.	.	.	15.3	.	19.9	4.0	.	11.6	.	-2.2
2000 Q1	.	26.3	.	.	.	7.7	.	-3.4	-3.4	.	3.9	.	9.7
Q2	.	23.2	.	.	.	-26.9	.	-19.6	0.5	.	5.2	.	-9.2
Q3	.	25.2	.	.	.	15.5	.	0.7	-0.4	.	0.6	.	2.3

**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.

# Past data for selected economic indicators for the euro area plus Greece

## A. Main monetary and financial markets statistics

### A.1 Monetary aggregates and counterparts

(EUR billions (not seasonally adjusted; end of period) and annual percentage changes <sup>1)</sup>)

	M1		M2		M3		Credit <sup>2)</sup>		MFI loans to residents of the euro area plus Greece excluding MFIs and general government	
	Amount <sup>1)</sup>	% change <sup>2)</sup>	Amount <sup>3)</sup>	% change <sup>4)</sup>	Amount <sup>5)</sup>	% change <sup>6)</sup>	Amount <sup>7)</sup>	% change <sup>8)</sup>	Amount <sup>9)</sup>	% change <sup>10)</sup>
1999 Jan.	1,818.1	.	4,042.3	.	4,614.4	.	7,805.6	.	5,168.9	.
Feb.	1,787.4	.	4,000.9	.	4,601.3	.	7,825.7	.	5,171.3	.
Mar.	1,809.5	.	4,019.8	.	4,618.4	.	7,901.7	.	5,218.9	.
Apr.	1,824.0	.	4,040.2	.	4,658.6	.	7,934.3	.	5,240.7	.
May	1,856.2	.	4,069.1	.	4,694.9	.	8,011.3	.	5,278.0	.
June	1,900.6	.	4,096.6	.	4,720.6	.	8,088.8	.	5,371.5	.
July	1,901.2	.	4,114.5	.	4,730.7	.	8,106.4	.	5,407.9	.
Aug.	1,865.9	.	4,082.4	.	4,712.9	.	8,109.2	.	5,402.8	.
Sep.	1,891.6	.	4,091.8	.	4,740.1	.	8,160.9	.	5,442.7	.
Oct.	1,898.5	.	4,110.1	.	4,761.6	.	8,230.1	.	5,490.4	.
Nov.	1,933.2	.	4,139.8	.	4,814.3	.	8,329.9	.	5,556.3	.
Dec.	1,988.5	.	4,239.1	.	4,909.0	.	8,354.7	.	5,588.8	.
2000 Jan.	1,997.1	9.4	4,233.2	4.3	4,917.4	5.4	8,411.7	8.1	5,633.8	8.8
Feb.	1,986.7	10.8	4,226.5	5.3	4,938.8	6.3	8,472.5	8.5	5,670.0	9.5
Mar.	1,997.8	10.1	4,236.0	5.0	4,978.5	6.7	8,568.4	8.4	5,741.5	9.9
Apr.	2,039.8	11.4	4,280.1	5.5	5,074.4	6.8	8,634.2	8.7	5,803.8	10.5
May	2,021.0	8.7	4,271.4	4.7	5,071.5	6.1	8,670.3	8.2	5,834.5	10.3
June	2,038.0	7.1	4,281.6	4.3	5,069.4	5.6	8,682.9	7.2	5,902.4	9.5
July	2,037.8	6.9	4,280.7	3.7	5,077.3	5.4	8,698.7	7.1	5,931.9	9.1
Aug.	2,002.5	7.0	4,268.0	4.1	5,082.8	5.8	8,700.3	7.1	5,951.9	9.6
Sep.	2,014.4	6.0	4,274.7	4.0	5,084.5	5.4	8,787.7	7.2	6,038.9	10.1
Oct.	2,013.7	5.6	4,281.4	3.7	5,106.1	5.3	8,830.0	6.6	6,082.8	9.9
Nov.	2,032.3	4.8	4,303.5	3.6	5,141.7	5.1	8,877.6	6.1	6,119.0	9.4
Dec.	2,096.7	5.4	4,396.5	3.6	5,209.8	5.0	8,900.8	6.4	6,154.3	9.7

### A.2 Financial market interest rates and statistics on securities other than shares

(percentages per annum and EUR billions)

	Money market rates		Government bond yields		Euro-denominated securities issued by residents of the euro area plus Greece					
	3-month deposits <sup>11)</sup>	12-month deposits <sup>12)</sup>	2 years <sup>13)</sup>	10 years <sup>14)</sup>	Gross issues				Net issues <sup>19)</sup>	Amounts outstanding <sup>20)</sup>
					Total <sup>15)</sup>	By MFIs <sup>3)</sup> <sup>16)</sup>	By general government <sup>3)</sup> <sup>17)</sup>	By non-financial and non-monetary financial corporations <sup>3)</sup> <sup>18)</sup>		
1999 Jan.	3.33	3.24	3.11	3.87	347.6	47.0	39.4	14.2	63.6	5,775.2
Feb.	3.27	3.19	3.17	4.02	292.0	49.1	35.6	15.3	49.6	5,824.0
Mar.	3.21	3.19	3.19	4.22	297.2	47.8	35.4	16.8	44.1	5,868.1
Apr.	2.87	2.91	2.93	4.09	333.5	48.8	34.3	16.9	42.0	5,910.0
May	2.75	2.83	2.89	4.24	289.6	46.6	37.9	15.5	49.9	5,960.8
June	2.80	2.98	3.16	4.56	279.0	48.6	28.8	22.6	37.9	5,999.3
July	2.84	3.17	3.38	4.89	327.9	44.6	36.4	18.9	42.1	6,046.5
Aug.	2.86	3.37	3.65	5.10	239.0	50.2	32.3	17.5	35.7	6,082.8
Sep.	2.89	3.43	3.75	5.27	311.2	51.7	31.3	17.0	60.5	6,141.0
Oct.	3.53	3.81	4.16	5.51	304.5	51.6	30.2	18.1	52.3	6,194.6
Nov.	3.64	3.82	4.07	5.22	285.0	57.1	26.2	16.7	42.7	6,237.5
Dec.	3.58	3.94	4.24	5.32	235.4	66.8	20.2	13.0	-27.8	6,214.9
2000 Jan.	3.47	4.04	4.43	5.72	346.9	56.7	30.6	12.7	2.0	6,213.2
Feb.	3.65	4.18	4.59	5.68	351.7	58.0	26.6	15.4	59.5	6,272.0
Mar.	3.86	4.33	4.62	5.51	376.2	58.8	26.6	14.6	52.9	6,326.8
Apr.	4.03	4.42	4.61	5.43	344.0	54.3	26.4	19.3	37.7	6,362.7
May	4.44	4.88	5.04	5.53	380.9	60.2	22.9	16.9	52.7	6,424.4
June	4.59	5.01	5.05	5.36	332.9	58.0	21.9	20.0	31.7	6,456.4
July	4.66	5.14	5.21	5.47	371.7	57.1	22.1	21.0	36.5	6,493.4
Aug.	4.85	5.28	5.30	5.41	342.6	59.9	21.8	18.4	33.3	6,528.2
Sep.	4.91	5.24	5.24	5.48	385.5	61.6	21.4	17.1	20.3	6,550.4
Oct.	5.08	5.23	5.19	5.42	440.9	63.7	19.4	16.8	34.5	6,583.6
Nov.	5.12	5.20	5.14	5.34	377.6	59.2	20.9	19.9	25.2	6,608.3
Dec.	4.94	4.87	4.80	5.07	.	.	.	.	.	.

Sources: ECB, Reuters for columns 11 and 12.

1) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions. For the calculation of growth rates, see the technical notes.

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

3) As a percentage of the total.

## B. Price, real economy and fiscal developments

(annual percentage changes, unless otherwise indicated)

	Price developments			Real economy developments					Fiscal developments	
	HICP	Industrial producer prices	GDP deflator	Real GDP	Industrial production (excluding construction)	Retail sales (total; s.a.; constant prices)	Unemployment (% of labour force)	Trade balance (EUR billions; (ECU billions to end-1998))	Deficit (-) / surplus (+) (% of GDP)	Government debt (% of GDP)
	1	2	3	4	5	6	7	8	9	10
1996	2.3	0.4	2.1	1.4	0.3	0.5	11.5	62.4	-4.3	75.9
1997	1.7	1.1	1.6	2.3	4.2	1.2	11.5	74.5	-2.6	75.3
1998	1.2	-0.7	1.7	2.7	4.3	3.0	10.9	68.4	-2.2	73.6
1999	1.1	-0.4	1.2	2.5	1.9	2.6	10.0	34.0	-1.3	72.7
2000	2.4	.	.	.	.	.	9.2	.	.	.
1999 Q4	1.5	2.2	1.0	3.3	4.2	3.4	9.7	8.7	-	-
2000 Q1	2.1	4.4	1.1	3.5	4.8	2.4	9.5	-6.3	-	-
Q2	2.1	5.2	1.0	3.8	6.0	3.4	9.2	-2.0	-	-
Q3	2.5	5.8	1.2	3.4	5.8	2.6	9.1	-0.7	-	-
Q4	2.7	.	.	.	.	.	8.8	.	-	-
1999 Dec.	1.7	2.9	-	-	5.5	2.7	9.7	1.5	-	-
2000 Jan.	1.9	3.8	-	-	3.3	2.7	9.6	-6.3	-	-
Feb.	2.1	4.4	-	-	5.8	4.2	9.5	-1.6	-	-
Mar.	2.2	4.9	-	-	5.4	0.4	9.4	1.7	-	-
Apr.	1.9	4.7	-	-	6.2	3.7	9.3	-1.1	-	-
May	1.9	5.3	-	-	8.2	4.8	9.2	-0.9	-	-
June	2.4	5.6	-	-	3.8	1.7	9.1	-0.1	-	-
July	2.4	5.6	-	-	5.3	2.1	9.1	3.4	-	-
Aug.	2.4	5.6	-	-	6.4	2.2	9.1	-1.7	-	-
Sep.	2.8	6.3	-	-	5.7	3.4	9.0	-2.4	-	-
Oct.	2.7	6.5	-	-	3.9	0.9	8.9	0.6	-	-
Nov.	2.9	6.3	-	-	4.6	.	8.8	0.1	-	-
Dec.	2.6	.	-	-	.	.	8.8	.	-	-

Sources: European Commission (Eurostat) and ECB calculations.

## C. Effective exchange rates

(period averages; index 1999 Q1=100)

	Narrow group				Broad group	
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI
	1	2	3	4	5	6
1996	108.1	108.8	107.5	111.1	95.4	105.9
1997	99.1	99.4	99.2	99.8	90.3	96.5
1998	101.5	101.3	101.5	99.5	96.5	99.1
1999	95.6	95.7	95.6	95.9	96.5	95.7
2000	85.4	86.2	86.8	87.1	88.0	86.1
1999 Q4	92.0	92.1	92.1	92.6	94.1	92.5
2000 Q1	88.8	89.4	89.6	89.8	90.9	89.3
Q2	85.7	86.4	86.8	87.0	88.2	86.5
Q3	84.5	85.4	86.1	86.5	87.1	85.1
Q4	82.7	83.7	84.8	85.1	85.7	83.3
1999 Dec.	89.9	90.3	90.2	-	92.1	90.6
2000 Jan.	90.1	90.7	90.8	-	92.3	90.7
Feb.	89.0	89.7	89.8	-	91.0	89.4
Mar.	87.4	88.1	88.3	-	89.5	88.0
Apr.	85.8	86.4	86.8	-	88.2	86.6
May	84.2	84.8	85.5	-	86.7	84.9
June	87.1	88.0	88.2	-	89.8	88.0
July	86.7	87.7	87.9	-	89.2	87.4
Aug.	84.3	85.3	85.8	-	86.8	85.0
Sep.	82.5	83.4	84.5	-	85.1	83.1
Oct.	81.3	82.1	83.2	-	84.2	82.0
Nov.	82.0	83.0	83.8	-	84.9	82.6
Dec.	85.1	86.2	87.1	-	87.9	85.5

Source: ECB.

# 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 statistics. The requirements of the ECB for statistics on prices and costs, national accounts, the labour market, government receipts and expenditure, short-term indicators of output and demand, and the European Commission Business and Consumer Surveys are set out in the document entitled "Requirements in the field of general economic statistics" of August 2000.<sup>1</sup>

The focus of these statistics is the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in a downloadable format (csv files) on the ECB's website ([www.ecb.int](http://www.ecb.int)), and new or expanded data will appear in the ECB Monthly Bulletin as they become available.

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 31 January 2001.

Recent data are often provisional and may be revised. Discrepancies between totals and their components may arise from rounding.

## Overview

Key developments in the euro area are summarised in an overview table.

## Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system's liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. 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

<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).



liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. A complete list of MFIs is published on the ECB's website. Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers" (ECB, November 1999). The "Money and Banking Statistics Compilation Guide" (EMI, April 1998) explains recommended practices to be followed by the NCBs. From 1 January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16).

Statistics on money market interest rates, long-term government bond yields and stock market indices (Tables 3.1 to 3.3) are produced by the ECB using data from wire services. For details concerning the statistics on retail bank interest rates (Table 3.4), see the footnote at the bottom of the relevant page.

Statistics on securities issues are presented in Tables 3.5 and 3.6. They are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term. The statistics on securities issues are estimated to cover approximately 95% of total issues by euro area residents. Table 3.5 shows securities issued, redemptions and amounts outstanding, broken down into short-term securities and long-term securities. Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments. Table 3.6 contains a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere. For euro area residents, the sectoral breakdown is in line with the

European System of Accounts 1995 (ESA 95).<sup>2</sup> For non-euro area residents, the term "banks (including central banks)" is used to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area. The term "international organisations" includes the European Investment Bank. (The ECB is included in the Eurosystem.)

The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of securities issues statistics is at present somewhat narrower.

### Prices and real economy indicators

The data presented in the ECB Monthly Bulletin are, with a few exceptions, produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. However, the availability of comparable data is, as a general rule, better for the more recent periods than for earlier periods.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is

<sup>2</sup> The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (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).

available from 1995 onwards. The index is based on national HICPs that follow the same methodology in all euro area countries. The breakdown by goods and services components is derived from the Classification of individual consumption by purpose (Coicop) used for the HICP. Data from January 2000 include the cost of health and educational services; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States. The table includes seasonally adjusted HICP data which are compiled by the ECB.

With regard to statistics on national accounts (Tables 4.2 and 5.1), the implementation of the ESA 95 during 1999 and thereafter has begun to pave the way for fully comparable data, including quarterly summary accounts, across the euro area. Before 1999 the deflators of GDP in Table 4.2.2 are derived from national data in domestic currency. National accounts in this issue are based on the ESA 95.

Table 5.2 shows selected other real economy indicators. The implementation of Council Regulation (EC) No. 1165/98 of 19 May 1998 concerning short-term statistics will enlarge the range of available euro area data.

Opinion survey data (Table/Chart 5.3) draw on the Business and Consumer Surveys of the European Commission.

Employment data (Table 5.4) are based on the ESA 95. 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 in spring 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 May 2000 (ECB/2000/04) on the statistical reporting requirements of the ECB, and to Eurostat's documentation.

The euro area balance of payments is compiled by the ECB. Data up to December 1998 are expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. Data are revised with the publication of the detailed quarterly balance of payments data. Earlier data are revised periodically.

Some earlier data have been partially estimated and may not be fully comparable with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1999 and the i.i.p. at end-1997. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

The euro area i.i.p. (Table 8.7.1) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2. The corresponding reserves and related assets held by the ECB are shown 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. A publication on the statistical treatment of the Eurosystem's international reserves is available on the ECB's website.

Table 9 gives data on euro area external trade in goods, and indices – value, volume and unit value – for total exports and imports. The value index is calculated by the ECB. The volume index is derived from the unit value index provided by Eurostat and the value index. Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2).

Table 10 shows nominal and real effective exchange rate indices for the euro. Real indices (deflated by consumer prices, producer prices and unit labour costs in manufacturing respectively) for the group of 12 currencies are shown, together with one nominal and one real index (deflated by consumer prices) for a broader group of 38 currencies. The bilateral rates shown are those against the 12 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

### **Other statistics**

Statistics on other EU Member States (Table 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.

### **Past data for selected economic indicators for the euro area plus Greece**

Data for the euro area plus Greece up to end-2000 are shown in an additional table at the end of the “Euro area statistics” section. This table provides past data for the euro area plus Greece for a selected number of indicators. Detailed information on the different parts of the table is provided below.

Table A.1 presents monetary aggregates and the main counterparts of M3, as drawn from the consolidated MFI balance sheet. For the consolidation of the data referring to the “Euro 11 plus Greece”, balance sheet positions of MFIs in the first 11 countries participating in the euro area vis-à-vis those resident in Greece have been taken into account. Business denominated in Greek drachmae has also been identified and treated as if it had been in euro.

Table A.2 shows financial market interest rates and securities other than shares statistics. Before January 1999 synthetic euro area money market rates were calculated on the basis of national rates weighted by GDP. From January 1999 to December 2000 euro interbank offered rates (EURIBOR) and ATHIBOR are weighted by GDP. Up to August 2000, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

For securities issues statistics (also shown in Table A.2), the fact that residents of Greece

will become residents of the euro area has given rise to two structural modifications. The first change involves the inclusion of all securities issued by Greek residents in euro and Greek drachmae. The second effect is caused by the inclusion of all securities issued by euro area residents – in addition to those in Greece – and denominated in Greek drachmae. Securities issues statistics including Greece are compiled for both stocks and flows.

Aggregated data for the euro area plus Greece on price and real economy developments (Table B) are provided by the European Commission (Eurostat). Data on fiscal developments have been aggregated by the ECB.

Table C shows past nominal and real effective exchange rate indices for the euro plus the Greek drachma. The methodology applied for the calculation is the same as that described in the article in the April 2000 issue of the ECB Monthly Bulletin entitled “The nominal and real effective exchange rates of the euro”. New weights for the euro area partner countries have been calculated, excluding Greece from the partners but including it in the euro area (for the countries included in the calculations, see footnote 1 to Table 10 on “Exchange rates” in the “Euro area statistics” section of this issue). A “theoretical” euro exchange rate, in which account is taken of Greek drachma-related developments as well as deflators for the euro area plus Greece, has been constructed prior to January 2001. The full set of data, starting from 1990 (1993 for the broad group), can be downloaded in csv format from the ECB’s website.



# Chronology of monetary policy measures of the Eurosystem<sup>1</sup>

## 4 January 2000

The ECB announces that on 5 January 2000 the Eurosystem will conduct a liquidity-absorbing fine-tuning operation with same-day settlement. This measure aims at restoring normal liquidity conditions in the money market after the successful transition to the year 2000.

## 5 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

## 15 January 2000

At the request of the Greek authorities, the ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece decide, following a common procedure, to revalue the central rate of the Greek drachma in the exchange rate mechanism (ERM II) by 3½%, with effect from 17 January 2000.

## 20 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

It also announces that the Eurosystem intends to allot an amount of €20 billion for each of the longer-term refinancing operations to be conducted in the first half of 2000. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the first half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

## 3 February 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.25%, starting from the operation to be settled on 9 February 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.25% and 2.25% respectively, both with effect from 4 February 2000.

## 17 February, 2 March 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.25%, 4.25% and 2.25% respectively.

## 16 March 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.5%, starting from the operation to be settled on 22 March 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.5% and 2.5% respectively, with effect from 17 March 2000.

## 30 March, 13 April 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.5%, 4.5% and 2.5% respectively.

<sup>1</sup> The chronology of monetary policy measures of the Eurosystem taken in 1999 can be found on pages 176 to 179 of the ECB Annual Report 1999.

### **27 April 2000**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.75%, starting from the operation to be settled on 4 May 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.75% and 2.75% respectively, both with effect from 28 April 2000.

### **11 May 2000**

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### **25 May 2000**

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### **8 June 2000**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.50 percentage point to 4.25% and to apply this in the two operations (which will be conducted as fixed rate tenders) to be settled on 15 and 21 June 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 5.25% and 3.25% respectively, both with effect from 9 June 2000.

It also announces that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem

will be conducted as variable rate tenders, applying the multiple rate auction procedure. The Governing Council decides to set a minimum bid rate for these operations equal to 4.25%. The switch to variable rate tenders in the main refinancing operations is not intended as a further change in the monetary policy stance of the Eurosystem, but as a response to the severe overbidding which has developed in the context of the current fixed rate tender procedure.

### **19 June 2000**

In accordance with Article 122 (2) of the Treaty establishing the European Community, the ECOFIN Council decides that Greece fulfils the necessary conditions on the basis of the criteria set out in Article 121 (1) and abrogates the derogation of Greece with effect from 1 January 2001. The ECOFIN Council took its decision, taking account of the reports of the European Commission and the ECB on the progress made in the fulfilment by Sweden and Greece of their obligations regarding the achievement of Economic and Monetary Union, after consulting the European Parliament, and after a discussion in the EU Council meeting in the composition of Heads of State or Government.

The ECOFIN Council, acting with the unanimity of the Member States of the European Community without a derogation and the Member State concerned, upon a proposal from the European Commission and after consultation of the ECB, also adopts the irrevocable conversion rate between the Greek drachma and the euro, with effect from 1 January 2001. Following the determination of the euro conversion rate of the Greek drachma (which is equal to its prevailing central rate against the euro in the exchange rate mechanism, ERM II), the ECB and the Bank of Greece announce that they will monitor the convergence of the market exchange rate of the Greek drachma against the euro towards its euro conversion rate, which should be completed at the latest by 29 December 2000.

## **21 June 2000**

The Governing Council of the ECB decides that the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 5.25% and 3.25% respectively. It reiterates that, as announced on 8 June 2000, the forthcoming main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiple rate auction procedure, with a minimum bid rate of 4.25%.

The Governing Council also announces that, for the longer-term refinancing operations to be conducted in the second half of 2000, the Eurosystem intends to allot an amount of €15 billion per operation. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the second half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

## **6 July, 20 July, 3 August 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

## **31 August 2000**

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 6 September 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 1 September.

## **14 September 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.50%, 5.50% and 3.50% respectively.

## **5 October 2000**

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.75%, with effect from the operation to be settled on 11 October 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.75% and 3.75% respectively, both with effect from 6 October.

## **19 October, 2 November, 16 November, 30 November 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

## **14 December 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

In addition, it decides to reconfirm the existing reference value for monetary growth, namely an annual growth rate of 4½% for the broad aggregate M3. This decision is taken on the grounds that the available evidence continues to support the assumptions underlying the initial derivation of the reference value in December



1998 (and its confirmation in December 1999), namely that, over the medium term, M3 income velocity declines at a trend rate in the range from ½% to 1% per annum and potential output grows at a trend rate between 2% and 2½% per annum. The Governing Council will undertake the next review of the reference value in December 2001.

## **2 January 2001**

On 1 January 2001 the euro was introduced in Greece. Greece thus became the twelfth EU Member State to adopt the single currency and the first to do so since the start of Stage Three of Economic and Monetary Union (EMU) on 1 January 1999. As a result, the Bank of Greece is now a full member of the Eurosystem, with the same rights and obligations as the 11 national central banks of the EU Member States which previously adopted the euro. In accordance with Article 49 of the Statute of the European System of Central Banks and of the European Central Bank, the Bank of Greece pays up the remainder of its contribution to the capital of the ECB, as well as its share of the ECB's reserves, and also transfers to the ECB its contribution to the foreign reserve assets of the ECB.

Further to the announcement on 29 December 2000, the first main refinancing operation of 2001, in which the Greek counterparties of the Eurosystem participate for the first time, is successfully conducted. The allotment volume of €101 billion takes into account the additional

liquidity needs of the euro area banking system resulting from the integration of the Greek Monetary Financial Institutions.

## **4 January 2001**

The Governing Council of the ECB decides that the minimum bid rate for the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

In addition, it decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2001. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2001 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

## **18 January, 1 February 2001**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

# 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.

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## Convergence Report

"Convergence Report 2000", May 2000.

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## Monthly Bulletin

Articles published from January 1999 onwards:

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