



EUROPEAN CENTRAL BANK

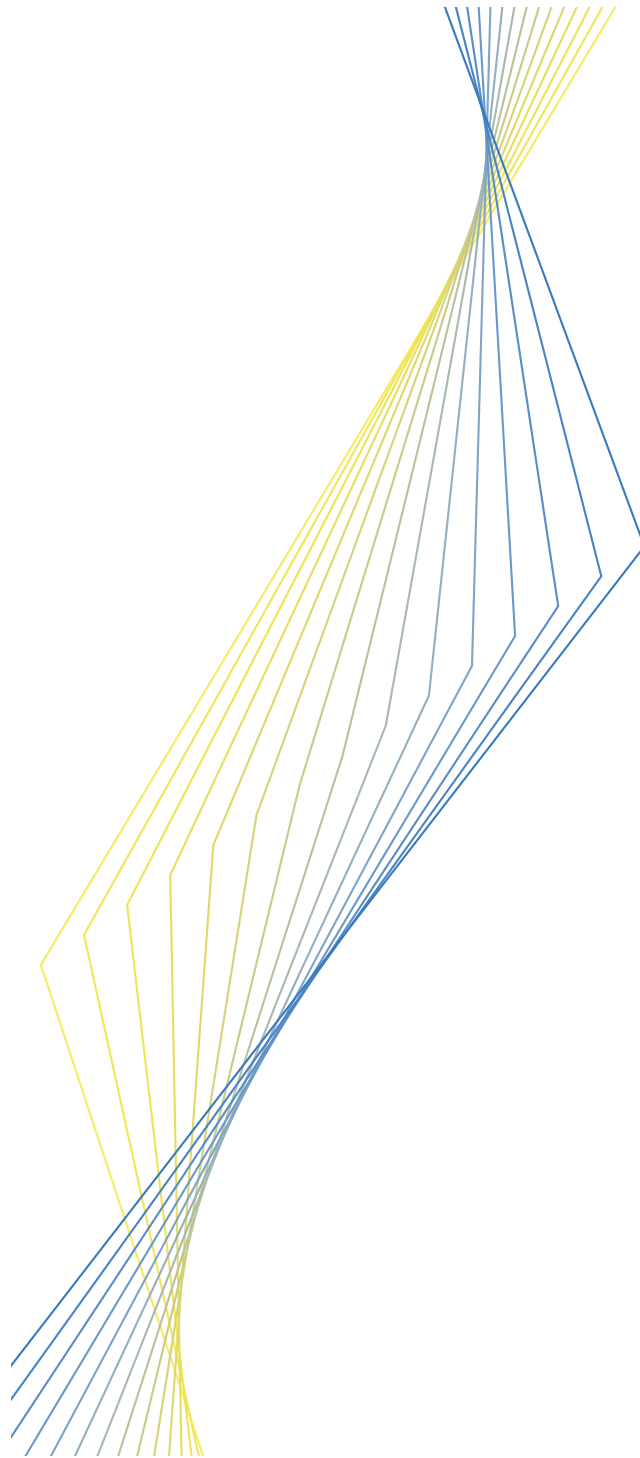
ECB EZB EKT BCE EKP

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

September 2001



EUROPEAN CENTRAL BANK



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B U L L E T I N**

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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
NACE Rev. 1	Statistical classification of economic activities in the European Community
NCBs	national central banks
repos	repurchase agreements
SITC Rev. 3	Standard International Trade Classification (revision 3)

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

# Editorial

Following the terrorist attacks on 11 September, the Governing Council of the ECB expressed its deep grief at the unprecedented events and offered its deepest sympathy and condolences to all those affected. The Governing Council also expressed the belief that the fundamental strength and resilience of the US economic system will not be impaired by recent events.

In the view of the Governing Council, the recent events have increased uncertainty about the US and the world economy. They are also likely to weigh on confidence in the euro area and on the short-term outlook for economic growth. At the same time, this should further reduce inflationary risks in the euro area.

Against this background, on 17 September 2001 the Governing Council, in concert with an equivalent decision by the Federal Open Market Committee of the US Federal Reserve System, decided to reduce the minimum bid rate on the Eurosystem's main refinancing operations by 50 basis points to 3.75%. The interest rates on the marginal lending facility and the deposit facility were also lowered by 50 basis points, to 4.75% and 2.75% respectively. This decision followed a reduction in the ECB's key interest rates by 25 basis points on 30 August 2001 in the light of evidence which had accumulated over the summer pointing to an improved outlook for price developments.

Given the strong fundamentals of the euro area, the Governing Council remains confident that the slowdown in economic growth will be short-lived.

After the attacks, the world's major central banks also acted to support the normal functioning of financial markets. In the euro area, the Eurosystem conducted several liquidity-providing fine tuning operations in order to smooth developments in the euro money market. In addition, it helped to meet urgent US dollar liquidity needs of European banks by conducting foreign exchange swaps. To facilitate such transactions, the ECB

entered into a swap agreement with the Federal Reserve System and provided dollar deposits to the national central banks of the Eurosystem.

In the recent monetary policy decisions, the following factors shaped the Governing Council's assessment of the risks to price stability in the euro area.

With regard to the first pillar of the ECB's monetary policy strategy, the three-month average of the annual growth rates of M3 was 5.9% in the period from May to July 2001. This figure needs to be corrected for holdings of money market paper and short-term debt securities by non-euro area residents, which, according to preliminary estimates, have contributed around three-quarters of a percentage point to annual M3 growth. The increase in the annual rate of growth of M3 over the past few months must be interpreted carefully. It reflects the relatively flat yield curve and the weakness in stock markets, both of which made it attractive to hold short-term deposits and marketable paper included in M3. It also reflects the fact that consumers needed a higher level of transaction balances to finance the past rise in energy and food prices. Recent increases in M3 growth may thus be transitory and do not necessarily imply a risk for price stability in the medium term. In addition, the annual rate of growth in loans to the private sector continued to decline from high levels over recent months.

As regards the second pillar, already prior to the events of 11 September, the information available signalled lower inflationary pressures from the demand side. Euro area real GDP growth slowed in the first half of this year by more than was projected a few months ago. On the domestic demand side, the negative impact on real disposable income of the increases in oil and food prices has been stronger than expected. On the external side, the slowdown in economic activity in the United States and the persistent economic weakness in Japan, as well as the spillover to other regions of the world, have been greater than previously anticipated. The less

favourable external environment, together with dampening effects on profitability from past increases in oil prices, has also had a negative impact on business investment.

In the coming months, inflation rates are likely to fall as the direct and indirect upward effects from the past increases in energy and import prices fade out. Moreover, the upward impact on inflation from recent shocks to food prices should soon start to recede. The further declines in the annual rates of increase of producer and consumer prices in July 2001 provide encouraging signs that the past increase in inflation has been temporary. In fact, in the absence of further unfavourable shocks, it can be expected that HICP inflation will return to levels below 2% in the not too distant future. The decline in inflation, together with the tax reductions implemented earlier this year, should contribute to an increase in real disposable income, thereby supporting consumer spending.

Looking ahead, it is essential that the process of wage moderation observed in past years continue. Two factors support the view that this might indeed be the case. First, the slowdown in economic activity should contribute to limiting inflationary pressure stemming from the labour market. Second, the decline in consumer price inflation should help to contain inflation expectations of economic agents, thereby influencing wage and price-setting behaviour. In this respect, bond yields in the euro area indicate that the financial markets expect price developments to be in line with price stability in the medium term.

An issue regarding near-term price developments relates to the potential effects that the euro cash changeover might have on consumer prices. The ECB will closely monitor price developments before, during and after the changeover period. At this juncture, there is little reason to assume that the conversion of prices into euro could have a significant upward impact on prices. In fact, the introduction of euro banknotes and coins will increase price transparency. Consumer

vigilance and competitive pressures should attenuate possible temporary upward effects stemming from the cash changeover. In addition, governments have announced their intention to ensure that the conversion of prices, charges and fees administered by them will be price-neutral or smoothed in favour of the consumer.

The prospect of lower growth in the euro area negatively affects the outlook for public sector budgets, but it is essential that this does not affect the determination of governments in the euro area to adhere strictly to the Stability and Growth Pact. A re-interpretation of the Pact must not be considered. The Pact clearly focuses on nominal targets for the overall budget balance of the general government. These nominal targets have been instrumental in the attainment of sound budgetary positions by a majority of countries in the past. In assessing nominal budgetary positions, cyclical developments have to be taken into account in a transparent way, which is consistent with the main thrust of the Pact. In the current phase of lower economic growth, countries with remaining fiscal imbalances need to ensure that the deviation from the targets set out in their latest stability programmes remains limited. Scope to let the automatic stabilisers work fully exists only in those countries where budget positions are close to balance or in surplus.

Efforts to improve the conditions for further expanding the production potential of the euro area require a clear medium-term perspective in fiscal policy in all euro area countries. Structural fiscal reforms, including those related to pension systems, are needed to provide the right incentives to economic agents. Firm limitations on expenditure create incentives for more efficient government policies while supporting consolidation in countries with remaining fiscal imbalances. Greater impetus is also needed with regard to structural reforms in labour and product markets. This would be conducive to employment growth and would help to improve the resilience of the euro area economy to adverse shocks.

# Economic developments in the euro area

## I Monetary and financial developments

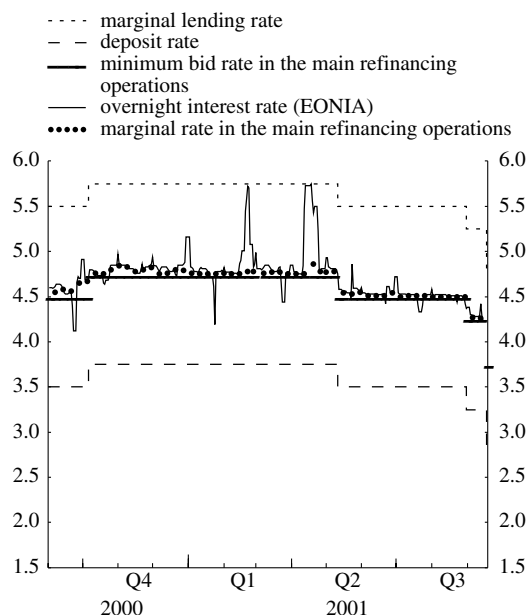
### Monetary policy decisions

At its meeting on 30 August 2001 the Governing Council of the ECB decided to lower the minimum bid rate in the main refinancing operations, conducted as variable rate tenders, by 25 basis points, to 4.25%. The interest rates on the marginal lending facility and the deposit facility were also lowered by 25 basis points, to 5.25% and 3.25% respectively (see Chart 1). At its meeting on 13 September 2001 the Governing Council decided to leave all these rates unchanged. Following the terrorist attacks in the United States on 11 September 2001, the Eurosystem conducted several liquidity-providing fine-tuning operations in order to smooth developments in the euro money market. In addition, the Eurosystem helped to meet urgent US dollar liquidity needs of European banks by conducting foreign exchange swaps. To facilitate such transactions, the ECB entered into a swap agreement with the Federal Reserve System of the United States and provided dollar deposits to the national central banks of the Eurosystem.

**Chart 1**

### ECB interest rates and money market rates

(percentages per annum; daily data)

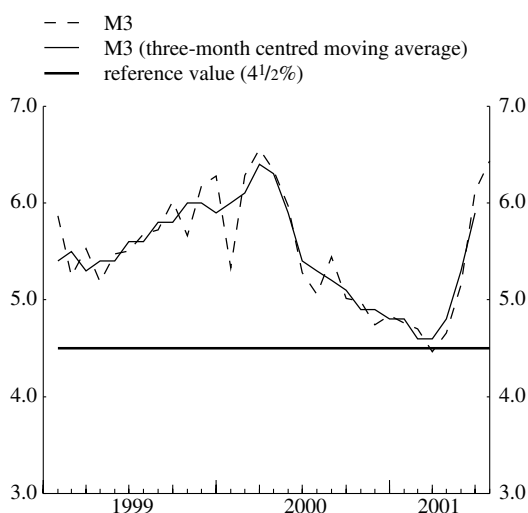


Sources: ECB and Reuters.

**Chart 2**

### M3 growth and the reference value

(annual percentage changes; seasonally and calendar effect adjusted)



Source: ECB.

Note: Series not adjusted for non-euro area residents' holdings of money market paper and debt securities with an initial maturity of up to two years. According to preliminary estimates, the adjustment for these holdings might reduce the annual growth rate of M3 by around  $\frac{3}{4}$  percentage point in recent months.

On 17 September the Governing Council of the ECB held a further meeting, in the form of a teleconference. At that meeting it decided to reduce the minimum bid rate in the main refinancing operations of the Eurosystem by 50 basis points to 3.75%. The interest rates on the marginal lending facility and the deposit facility were also lowered by 50 basis points, to 4.75% and 2.75% respectively.

### M3 growth likely to have been fuelled transitorily

M3 growth has been rising over recent months. In the period from May to July 2001, the average annual growth rate was 5.9%, up from 4.6% in the three-month period from February to April 2001 (see Chart 2). However, this figure needs to be corrected for non-euro area resident holdings of money market paper and debt securities with an initial maturity of up to two years. Preliminary indications point to an upward impact of



these holdings on the annual growth rate of M3 in the order of  $\frac{3}{4}$  of a percentage point.<sup>1</sup> Taking this into account, the annual growth rate of M3 was only somewhat above 5% in the period from May to July 2001, which is not far from the reference value of 4½%.

The shorter-term dynamics of M3, which can be observed in the seasonally adjusted and six-month annualised percentage change, also indicate a pronounced growth of M3 in recent months. In July this rate reached 7.9%, up from 4.9% in December 2000. Recent M3 developments must, however, be interpreted with caution. The recent acceleration of M3 appears to be a result of the combination of a portfolio shift towards short-term instruments owing to financial factors and the adjustment of M3 nominal balances to a price level increase triggered by supply shocks on energy and food prices.

First, M3 developments have probably been influenced, in part, by a gradual adjustment of portfolios by investors. The yield curve in the euro area, although steepening slightly over recent months, has been relatively flat by historical standards. This may have increased investors' preference for short-term instruments. In addition, the weakness in global stock markets over recent quarters has probably also fuelled investments in price-certain and liquid interest-bearing assets. The analysis both of individual M3 components and of their counterparts presented below supports this interpretation of M3 developments, since M3 growth stemmed largely from components bearing the highest remuneration and the main counterpart to M3 growth was a fall in longer-term MFI liabilities.

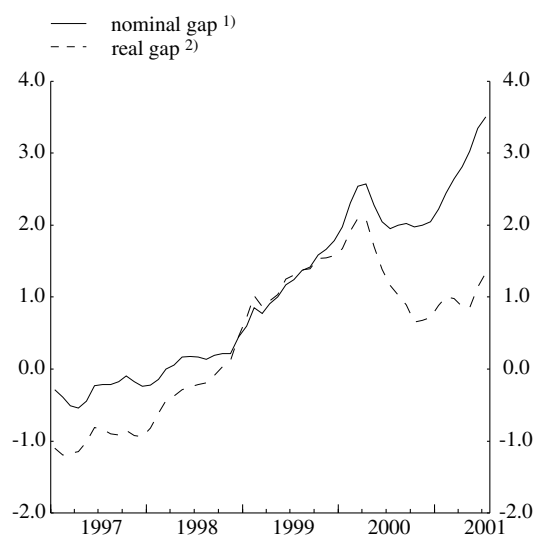
Second, consumers needed a higher level of transaction balances to adjust to the past one-off shocks to consumer prices resulting from the increases in energy and food prices. This is in line with the usual observation that economic agents which aim at maintaining a

desired level of real liquid balances tend to adjust their holdings of such balances in response to changes in the price level. In a situation in which the price level undergoes a significant upward shift, as has been the case over the past few quarters, the result is stronger growth in M3. As the adjustment process is gradual – given the costs involved in financial transactions – it typically lasts some time.

In assessing the implications for the risks to price stability of the phenomenon described above, it is important to consider the nature of the price shock which needs to be financed. For example, a situation in which higher monetary growth feeds a sustained inflationary process should indeed be a cause for concern. However, this does not seem to be the case at present. In principle, the oil

**Chart 3**  
**Estimates of the nominal and real money gap**

(as a percentage of the stock of M3; three-month moving averages)



Source: ECB.

Note: Series not adjusted for non-euro area residents' holdings of money market paper and debt securities with an initial maturity of up to two years. According to preliminary estimates, the adjustment for these holdings might reduce the three-month moving averages of the nominal and real money gap by around 1½ percentage points in recent months.

- 1) Deviation of the actual stock of M3 from the level consistent with monetary growth at the reference value, taking December 1998 as the base period.
- 2) The nominal money gap minus the deviation of consumer prices from the definition of price stability, taking December 1998 as the base period.

<sup>1</sup> The ECB intends to publish an M3 series which excludes all non-euro area resident holdings of negotiable instruments towards the end of this year.

and food price shocks which have affected the euro area price level are one-off or even only temporary effects. While they carry a risk of inducing second-round effects on inflation via wage increases, the probability of the emergence of such effects leading to sustained upward pressures on the price level is relatively limited in the current environment of an economic slowdown.

The money gap indicators presented in Chart 3 help to illustrate this. The nominal money gap shown in this chart is constructed as the difference between the actual stock of M3 and the level of M3 which would have been implied by a growth of M3 in line with the reference value from December 1998 onwards. The real money gap measure used in Chart 3 corresponds to the nominal money gap deflated by the difference between the actual price level and the price level which would have been implied by inflation according to the definition of price stability from the same base period onwards. (If account were taken of the fact that the M3 data are distorted upwards by the non-exclusion of some non-resident holdings of marketable instruments, the level of both money

gaps would be significantly lower than those shown in Chart 3.) The nominal money gap has increased considerably over the recent past owing to the pronounced dynamics of M3 developments. However, the real money gap, which declined more significantly than the nominal money gap in the course of 2000, mainly on account of the sizeable one-off shocks which exerted upward pressure on the price level during this period, has been relatively stable in 2001, and has risen only slightly in the most recent past. These developments in the real money gap are informative in assessing the liquidity situation in the euro area, particularly in the face of one-off price level shocks, and tend to support the view that the recent growth of M3 does not necessarily pose risks to price stability in the medium term.

### Divergent developments within M1

Turning to an analysis of the components of M3, the annual growth rate of M1 was 3.3% in July. The slight increase in the rate in growth of M1 over the past three months reflects divergent developments in its components. The

**Table I**  
**Components of M3**

(annual percentage changes; quarterly averages)

	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 July
<i>Seasonally and calendar effect adjusted</i>						
<b>M1</b>	9.4	6.8	5.7	2.6	2.3	3.3
<i>of which: Currency in circulation</i>	5.3	3.6	1.9	-1.3	-3.2	-6.4
<i>of which: Overnight deposits</i>	10.3	7.5	6.5	3.5	3.5	5.4
M2 - M1 (= other short-term deposits)	1.0	1.5	2.2	3.4	4.4	5.2
<b>M2</b>	4.9	4.0	3.8	3.1	3.4	4.3
M3 - M2 (= marketable instruments)	13.9	12.9	11.4	14.7	14.5	18.8
<b>M3</b> <sup>1)</sup>	6.1	5.2	4.9	4.7	5.0	6.4
<i>Unadjusted for seasonal and calendar effects</i>						
Currency in circulation	5.3	3.7	1.8	-1.3	-3.3	-6.7
Overnight deposits	10.5	7.6	6.4	3.3	3.8	5.2
Deposits with an agreed maturity of up to 2 years	3.3	8.8	12.5	15.3	14.1	12.3
Deposits redeemable at notice of up to 3 months	-0.6	-3.3	-4.8	-4.7	-2.6	-0.0
Repurchase agreements	3.1	4.1	10.3	20.7	15.7	18.9
Money market fund shares/units and money market paper	15.6	16.7	9.5	9.8	7.6	7.7
Debt securities issued with maturity up to 2 years	35.4	11.6	22.2	28.2	45.2	83.5

Source: ECB.

1) Series not adjusted for non-euro area residents' holdings of money market paper and debt securities with an initial maturity of up to two years. According to preliminary estimates, the adjustment for these holdings might reduce the annual growth rate of M3 by around  $\frac{3}{4}$  percentage point in recent months.

## Box I

### Implications of the cash changeover for currency in circulation and monetary aggregates in the euro area

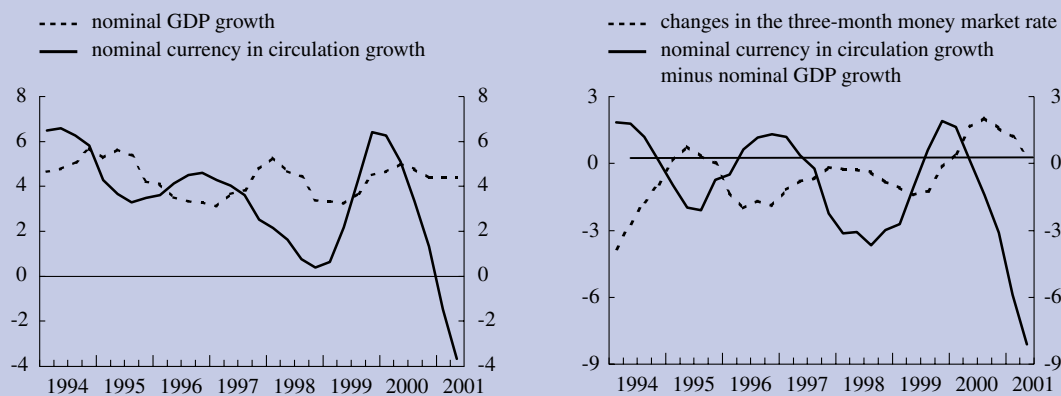
#### Significant decline in holdings of banknotes across the euro area

Three years after the start of Stage Three of Economic and Monetary Union (EMU), at the beginning of 2002, euro banknotes and coins will be introduced. In the run-up to this event, known as the cash changeover, preparations by economic agents seem to have already been affecting currency in circulation in the euro area since the end of 2000. In seasonally adjusted terms, currency in circulation has decreased almost continuously month-on-month since November 2000. In July 2001, the annual rate of decline was 6.4%.

As illustrated in Chart A, the growth of currency in circulation began a declining pattern after a strong peak in early 2000 linked to the uncertainty which surrounded the transition to the year 2000. From the last quarter of 2000 to the second quarter of 2001, the annual rates of change in currency in circulation have been increasingly negative. The chart also shows that this decline is too sharp to be explained by the slowdown in economic activity and/or the increase in short-term interest rates in 2000. Thus it appears that economic agents have been increasingly disposing of significant amounts of banknotes previously hoarded and not necessarily used for transaction purposes. This interpretation is further supported by the observed considerable decline in large denomination banknotes which are most suitable for hoarding purposes.

#### Chart A: Currency in circulation, GDP (nominal) and opportunity costs

(annual differences in percentage points or annual percentage changes)



Source: ECB.

Note: For the second quarter of 2001, the annual growth rate of GDP is assumed to be equal to that in the first quarter of 2001.

The decline in currency in circulation is relatively widespread across euro area countries. This seems to rule out the dominance of country-specific factors in this phenomenon. As Chart B shows, most countries recorded absolute annual declines in currency in circulation in July 2001. Additionally, for those countries where currency in circulation was still growing, the rate of growth was significantly below the nominal growth of the economy.

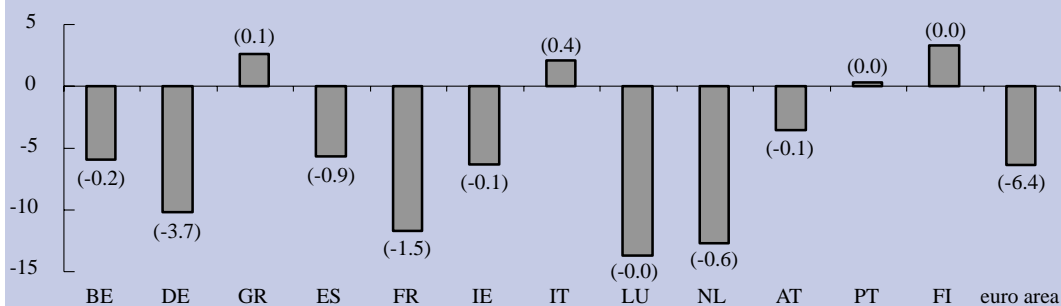
While holdings of banknotes have declined euro area-wide, it can also be assumed that banknotes held outside the euro area are declining. Among the euro's legacy currencies, a significant proportion of Deutsche Mark banknotes are held abroad. According to estimates by the Deutsche Bundesbank,<sup>1</sup> in the mid-1990s 30% to 40% of all DEM banknotes were held abroad, particularly in central and eastern Europe. To some extent, other legacy currencies are also likely to be held abroad, for example Austrian schillings, owing to Austria's

<sup>1</sup> See F. Seitz, *Circulation of Deutsche Mark Abroad*, Discussion Paper 1/95, Deutsche Bundesbank, 1995.

## Chart B: Annual rate of growth of currency in circulation in July 2001

### (national contributions to euro area)

(as percentages; figures in parentheses refer to the contribution in percentage points to the annual rate of growth of euro area currency in circulation in July 2001)



Source: ECB. Figures may not add up due to rounding.

geographical proximity to central and eastern Europe, as well as French francs. However, compared with Deutsche Mark banknotes circulating abroad, these holdings are estimated to be relatively small. It is likely, however, that DEM holdings abroad have been reduced in recent years, partly owing to a stabilisation of the economic situation in central and eastern Europe.

### Limited impact of the cash changeover on monetary aggregates

When assessing the importance of the cash changeover for monetary aggregates, it has to be kept in mind that currency in circulation accounted for only 6% of M3 in July 2001. Thus only very pronounced developments in currency in circulation are able to influence M3 significantly, and this only if a decline in this item does not lead to higher demand for other components of M3.

The above evidence about the widespread fall in currency in circulation across euro area countries supports the view that a large part of it relates to reduced hoarding of banknotes within the euro area. The reduction in these domestic currency holdings is matched in all likelihood to a large extent by an increase in short-term bank deposits which are relatively close substitutes for currency. Such substitution does not have an impact on M3. Only shifts from currency into non-euro area assets or shifts into longer-term euro area assets would reduce euro area M3. Such shifts, however, involve higher transaction costs than shifts from currency into deposits and should therefore be less likely to occur.

As regards currency held abroad, a reduction in these holdings would theoretically dampen M3 growth. However, many eastern European economic agents will probably exchange substantial amounts of their Deutsche Mark cash into euro during the regular changeover process. The national central banks of the Eurosystem have prepared campaigns in countries outside the euro area to ensure a smooth process. In addition, provision has been made to ensure that euro banknotes can be supplied to non-euro area countries, e.g. by permitting the frontloading of banknotes to central banks and branches of euro area credit institutions located in these countries. Thus a smooth transition to the euro can be expected outside the euro area, including countries where the Deutsche Mark is an official means of payment or even legal tender. Against this background, and also as a general preference for the euro in eastern Europe may be assumed owing to the close trade and travel links between eastern European countries and the euro area, it is unlikely that the bulk of DEM banknotes and other legacy currencies held outside the euro area will be exchanged for other major currencies.

Some indication that the recent reduction in currency in circulation has not significantly affected M3 growth so far can be derived with the help of money demand models estimated according to historical regularities. In

fact, evidence from a model for M1<sup>2</sup> suggests that current M1 growth is not lower than would be expected on the basis of the model. This is an indication, albeit tentative, that the bulk of the reduction in currency in circulation has been offset by an increase in overnight deposits included in M1.

Finally, it is worth mentioning some considerations with regard to possible effects on M3 at the end of 2001 and the first few months of 2002. First, credit institutions, which will receive euro banknotes and coins in 2001 (frontloading), will be debited for these only at the beginning of 2002, in three steps. According to the “linear debiting model”, one-third of the frontloaded amount of banknotes will be debited on 2 January 2002, on 23 January 2002 and on 30 January 2002 respectively. Therefore it is expected that credit institutions will treat the frontloaded banknotes, which are not legal tender prior to 1 January 2002, as off-balance-sheet positions until end-2001. Accordingly, the debiting should not affect their balance sheets either at the end of December 2001 (when the process will not yet have started) or on 31 January 2002 (when the process will already have finished). It should therefore also not affect the respective monetary statistics, which are end-of-month figures. Only if credit institutions sub-frontload banknotes and coins to non-MFIs in 2001 and immediately debit the recipients (as will be the case, for example, for the coins in the euro starter kits), might a reduction be implied in the holdings of deposits, or other M3 components, of those recipients. This effect is expected to be small, however, as in most countries banks are not expected to ask for settlement of the bulk of the sub-frontloaded banknotes and coins before the beginning of 2002. Finally, there might also be some short-term behavioural changes among non-MFIs, which could affect currency in circulation in the first few months of 2002. On the one hand, the dual currency period in the first two months of 2002 might induce retailers to hold more cash than usual, which might then have a short-term upward impact on currency in circulation. On the other hand, consumers might use non-cash payment instruments more intensively around the turn of the year in order to facilitate transactions during the changeover process. However, all these effects will be concentrated on the months directly surrounding the cash changeover and might be offset by changes in other components of M3.

The ECB will continue to monitor closely any indications of an impact of the cash changeover on monetary growth. If there were signs that this were leading to temporary effects on the information content of M3, the ECB would naturally take them into account in its monetary assessment. Thus far, while the cash changeover is having an influence on currency in circulation, the impact on the annual growth rates of euro area M3 appears to be very small.

2 See Stracca, L., 2001, “The functional form of the demand for euro area M1”, ECB Working Paper No. 51.

seasonally adjusted annual rate of change in currency in circulation was negative in the first and second quarters of 2001 (see Table 1). In July it fell further to -6.4%. This development is in all likelihood a result of the preparations being made by both euro area and non-euro area residents in the run-up to the cash changeover to the euro at the beginning of 2002. As explained in Box 1, the decline in currency in circulation does not, however, correspond to the overall impact of the cash changeover on M3. In fact, it seems that, in the main, a substitution of assets within M3 components is taking place. Thus, up to now, the cash changeover is likely to have had only a small impact on the annual growth rate of M3.

After a weak dynamic in the last few months of 2000 and at the beginning of 2001, the annual rate of growth of overnight deposits has recovered over recent months. It is probable that, to some extent, this development reflects a normalisation following a period of subdued growth. In addition, the rebound of the annual growth rate of overnight deposits in the recent past seems to be related to shifts from currency to overnight deposits in the course of preparations for the introduction of the euro banknotes and coins (see Chart 4).

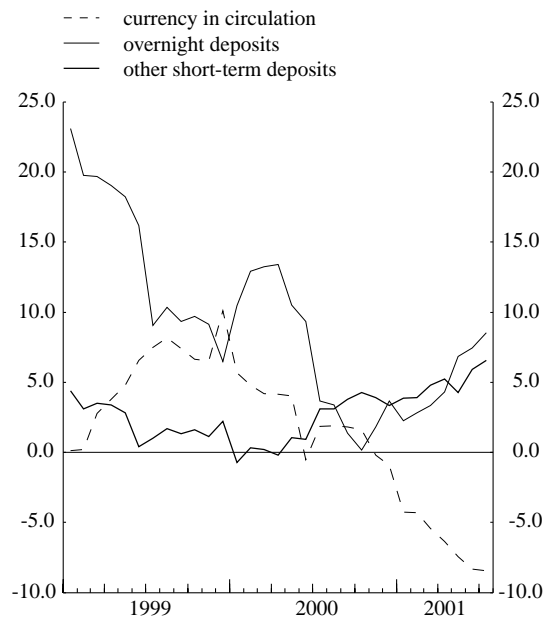
### **Dynamic growth of other components of M3**

The dynamic increase in M3 over recent months has mainly been driven by short-term

### Chart 4

#### Currency in circulation and short-term deposits

(seasonally adjusted and annualised six-month percentage changes)



Source: ECB.

deposits other than overnight deposits and by marketable instruments.

The rate of growth of short-term deposits held by euro area residents at euro area MFIs has increased markedly over the past few quarters (see Table 1). The annual rate of change in deposits redeemable at a period of notice of up to three months (not adjusted for seasonal and calendar effects) recovered from -4.7% in the first quarter of 2001 to around zero in July. The annual growth rate of deposits with an agreed maturity of up to two years (not adjusted for seasonal and calendar effects) remained at a high level in the first half of this year and stood at 12.3% in July 2001.

The remuneration on these deposits, as compared with market interest rates, may provide some explanation for their development. First, the spread between short-term and long-term interest rates has been narrowing since early 2000, making the holding of short-term assets generally more attractive. In addition, with respect to deposits redeemable at a period of notice of up to three

months, the spread between the three-month EURIBOR and the rate on these deposits declined from 2½ percentage points in the autumn of 2000 to 2 percentage points in July 2001 (see Chart 5), increasing investors' preferences for the holding of these deposits. It is likely that the weakness of global stock markets has also inclined investors to park money – over a period of time – in liquid and secure assets bearing an interest rate.

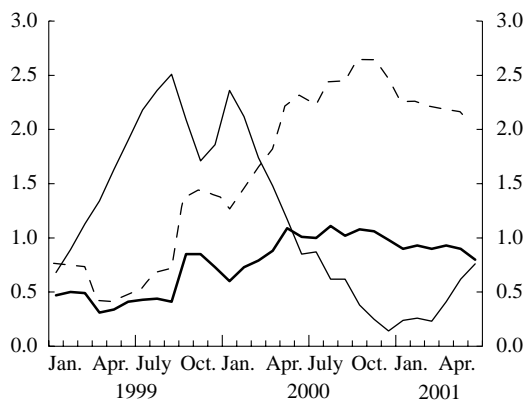
The annual growth rate of marketable instruments remained high in the first half of 2001, increasing even further to 18.8% in July (see Table 1). The month-on-month dynamic of marketable instruments has also accelerated further in the past few months. This is likely to be related to reasons similar to those for the increasing demand for short-term deposits other than overnight deposits, i.e. the relatively flat yield curve and the weakness of global stock markets. Thus, part of these movements into short-term assets may simply reflect portfolio shifts and may thus not be closely connected to aggregate spending and future price developments.

### Chart 5

#### Interest rate spreads

(in percentage points)

- spread between the three-month EURIBOR and the interest rate on deposits redeemable at notice of up to three months
- spread between the three-month EURIBOR and the interest rate on deposits with an agreed maturity of up to two years
- spread between the ten-year euro area government bond yield and the three-month EURIBOR<sup>1)</sup>



Source: ECB.

1) Government bond yields are weighted with the national outstanding amounts of ten-year government bonds.

## Box 2

### Financing and investment of the non-financial sectors of the euro area in 2000

The release of quarterly financial accounts data in the euro area for the fourth quarter of 2000<sup>1</sup> allows an overview of financing and financial investment in the non-financial sectors of the euro area in the entire year 2000.

**Table A: Financing of non-financial sectors in the euro area**<sup>1)</sup>

	Main financing components												
	Financing of general government						Financing of non-financial corporations					Financing of households <sup>2)</sup>	
	Loans	Taken from euro area MFIs	Securities other than shares	Held by euro area MFIs	Loans	Taken from euro area MFIs	Securities other than shares	Quoted shares		Loans taken from euro area MFIs <sup>3)</sup>			
<b>Annual growth rates (end of period)<sup>3)</sup></b>													
1998 Q4	6.0	3.1	-1.1	-0.4	4.2	3.9	7.1	8.8	8.5	8.6	5.1	8.8	9.1
1999 Q1	5.9	3.5	-0.1	0.9	4.3	5.7	5.7	6.8	7.0	9.5	4.1	10.5	10.9
Q2	5.9	3.0	0.0	0.7	3.8	2.1	6.2	8.3	7.9	11.4	3.7	10.5	10.9
Q3	6.1	2.2	-1.9	-0.3	3.2	5.2	7.1	7.9	7.3	14.4	5.4	11.0	11.2
Q4	6.0	2.4	-1.2	0.4	3.2	6.4	6.8	8.1	7.0	14.8	4.8	10.4	10.8
2000 Q1	6.3	2.2	-1.4	0.0	3.2	1.8	8.1	11.4	9.8	10.1	5.0	9.6	9.7
Q2	6.1	2.2	-1.7	-0.3	2.9	-1.6	8.0	11.5	9.5	12.8	4.4	8.6	8.7
Q3	6.7	1.9	-2.0	-1.2	2.7	-6.2	9.7	14.2	11.3	14.4	5.6	7.8	8.0
Q4	6.4	1.6	-1.8	-0.9	2.5	-8.7	9.1	14.5	10.9	19.6	4.6	7.3	7.3
<b>Ratio to total financing as at Q4 2000 (amounts outstanding)</b>	100%	30%	6%	5%	23%	7%	50%	21%	17%	3%	24%	20%	19%

Source: ECB.

- 1) Non-financial sectors comprise general government, non-financial corporations and households including non-profit institutions serving households.
- 2) Growth rates are based on non-seasonally adjusted transactions, and therefore do not include valuation effects and reclassifications.
- 3) Including non-profit institutions serving households.

As regards the liabilities of the non-financial sectors, 2000 saw the continuation of a strong divergence between the financing needs of the private and public sectors. On the side of general government, financing needs fell continuously during 2000, partly under the impact of the receipts from the UMTS mobile phone licence auctions. As to the structure of debt, a higher recourse to securities issuance – compared with loans – was visible.

Concerning the financing of non-financial corporations, three main features can be underlined. First, the annual growth of the total financing of non-financial corporations remained high in 2000. It declined only in the last quarter of the year, to 9.1% from 9.7% in the third quarter, after a period of practically two years of continuous acceleration. Second, the annual rate of growth of loans provided by MFIs in the euro area was below that of total loans to non-financial corporations, with the gap between the growth rates of the two aggregates widening. As a result, financing by financial intermediaries other than euro area MFIs to non-financial corporations increased considerably over time. This phenomenon may be linked to the intense merger and acquisition activity and the purchase of UMTS licences by firms in the euro area over the past two years. To finance these operations, companies may have had particularly substantial recourse to credit from non-euro area financial institutions. Third, the issuance of securities other than shares by non-financial corporations continued to increase very strongly, with an annual rate of growth of 19.6% in the fourth quarter of 2000. In terms of volume, however, this source of finance remained rather unimportant for the sector.

On the investment side, total financial investment of the non-financial sectors continued to increase in the last quarter of 2000 with an annual rate of growth of 7.3%, up from 6.3% in the same quarter of 1999 (see Table B below). The relatively subdued developments of currency, deposits and money market fund shares contrasted with high growth of certain forms of long-term financial investment. Notably, the growth of insurance technical reserves as well as of non-monetary mutual funds remained strong in 2000. For the former, this

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



reflects developments in pension funds in the context of an ageing population, while, for the latter, it reflects the increasingly important role of institutional investors in the financial markets. In addition, there was a marked rise in investment in quoted shares, which may reflect large-scale acquisitions of companies by non-financial corporations in the euro area. While the counterpart of shares acquired by the non-financial sector cannot be exactly identified, indications from balance of payments data suggest that such purchases reflected to a large extent acquisitions of non-euro area assets.

**Table B: Financial investment of non-financial sectors in the euro area<sup>1)</sup>**

	Main financial investment components										Memo item: M3
	Currency, deposits and short-term marketable instruments	Currency and deposits <sup>3)</sup>	Short-term securities other than shares	Money market fund shares	Long-term marketable instruments and insurance technical reserves	Long-term securities other than shares	Quoted shares	Mutual fund shares other than money market fund shares	Insurance technical reserves		
<b>Annual growth rates (end of period)<sup>2)</sup></b>											
1998 Q4	5.5	1.9	3.2	-22.5	-4.6	8.4	-5.1	5.6	31.2	8.7	4.9
1999 Q1	5.9	1.6	3.2	-25.8	-8.4	9.1	-1.1	6.0	27.7	8.6	5.5
Q2	6.3	1.9	2.8	-21.3	0.6	9.4	0.5	7.6	23.6	8.7	5.4
Q3	6.7	2.5	3.5	-22.1	-1.2	9.6	0.4	10.5	19.8	9.0	5.7
Q4	6.3	2.5	2.8	-6.0	2.5	8.8	3.2	7.9	14.1	9.7	6.0
2000 Q1	5.1	3.4	3.3	5.0	4.8	6.2	-1.4	5.2	8.2	9.9	6.0
Q2	5.3	3.1	3.4	13.4	-10.1	6.7	3.7	5.8	4.8	9.8	6.1
Q3	6.2	3.5	3.2	37.4	-8.5	7.8	7.1	9.6	2.9	9.5	5.2
Q4	7.3	3.1	2.9	18.6	-4.6	9.8	5.1	14.4	8.3	8.8	4.9
<b>Ratio to total financial investment as at Q4 2000 (amounts outstanding)</b>	100%	35%	33%	1%	1%	65%	10%	21%	12%	22%	33%

Source: ECB.

- 1) Non-financial sectors comprise general government, non-financial corporations and households including non-profit institutions serving households.
- 2) Growth rates of financial investment are based on non-seasonally adjusted transactions, and therefore do not include valuation effects and reclassifications. The growth rate of M3 is a quarterly average annual growth rate adjusted for seasonal and calendar effects.
- 3) Excluding central government deposits with MFIs.

### Low growth in MFIs' longer-term liabilities and further moderation in the annual growth rate of loans to the private sector

The rather low investment by non-MFIs in longer-term financial instruments is reflected, on the side of the counterparts of M3, in the longer-term financial liabilities of MFIs (see Chart 6). From the first to the second quarter of 2001, the annual growth rate of longer-term financial liabilities held by MFIs (excluding capital and reserves) declined from 3.7% to 3.0%, falling further to 2.5% in July (see Table 2). The declining or unchanged annual rate of change relates to all components of MFIs' longer-term liabilities, namely deposits with an agreed maturity of over two years, deposits redeemable at a

period of notice of over three months and debt securities with a maturity of over two years issued by MFIs. These developments confirm the hypothesis of a portfolio shift from longer-term investments to shorter-term financial instruments.

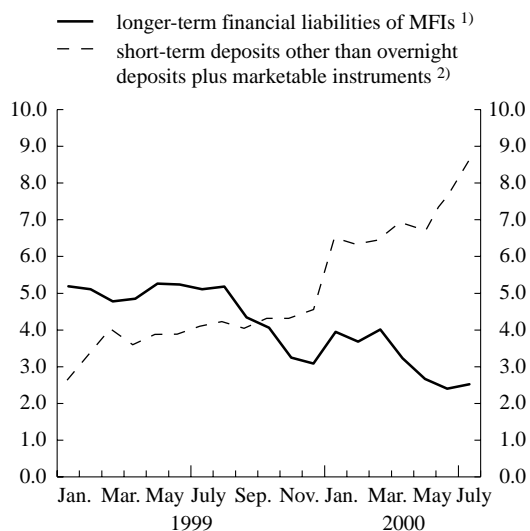
As regards the other counterparts of M3, the annual growth rate of credit to euro area residents was broadly stable in 2001, staying at 6.2% in July (see Table 2). However, the stability of total credit masks divergent trends in the public and private sectors. On the one hand, there was a considerable increase in the annual rate of change in credit to general government. On the other hand, the annual rate of growth of credit to the private sector continued to decrease.



## Chart 6

### Investment in shorter-term and longer-term financial instruments

(annual percentage changes)



Source: ECB.

1) Excluding capital and reserves.

2) Series not adjusted for non-euro area residents' holdings of money market paper and debt securities with an initial maturity of up to two years.

The annual rate of change in credit to general government stood at -3.6% in the second quarter of 2001, up from -5.9% in the first quarter. In July the annual rate of decline in credit to general government was only 0.4%. These developments have mainly been driven by increased MFI holdings of government debt securities.

The annual rate of growth of loans to the private sector moderated further in the second quarter of 2001, to 8.2%, having been 9.1% in the first quarter. In July it stood at 7.6% (see Table 2 and Chart 7). As discussed in Box 2, the financing needs of non-financial corporations according to the broader definition also declined in the last quarter of 2000. The combination of a dynamic increase in M3 and the decline in the annual rate of growth of loans to the private sector in 2001 contrasts sharply with developments in the second half of 1999 and early 2000, when the pronounced increase in M3 was accompanied by a strong increase in loans to the private sector. The ongoing moderation of loans is a

## Table 2

### Counterparts of M3

(annual percentage changes; quarterly averages; unadjusted for seasonal and calendar effects)

	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Jul.
<b>Longer-term financial liabilities (excluding capital and reserves)</b>	5.0	5.0	3.7	3.7	3.0	2.5
Deposits with agreed maturity over 2 years	4.2	2.7	0.9	-0.2	-0.2	-0.6
Deposits redeemable at notice over 3 months	-2.7	5.6	11.4	13.2	9.0	3.5
Debt securities issued with maturity over 2 years	6.4	6.8	5.3	6.2	5.1	4.8
<b>Credit to euro area residents</b>	8.2	7.1	6.4	6.0	5.9	6.2
<b>Credit to general government</b>	-0.0	-2.2	-6.0	-5.9	-3.6	-0.4
Securities other than shares	-0.4	-3.6	-8.8	-9.9	-5.3	0.6
Loans	0.5	-0.1	-1.9	-0.1	-1.3	-1.8
<b>Credit to other euro area residents</b>	11.1	10.2	10.5	9.9	8.9	8.2
Securities other than shares	14.5	13.9	19.2	20.3	25.9	27.3
Shares and other equities	20.6	17.5	17.8	14.0	8.3	5.2
Loans	10.1	9.5	9.6	9.1	8.2	7.6
<i>Memo item: Sectoral breakdown for loans (end of quarter)<sup>1)</sup></i>						
To non-financial corporations	9.5	11.3	10.9	10.0	8.9	.
To households	8.7	8.0	7.3	6.6	6.2	.
Consumer credit <sup>2)</sup>	7.1	8.0	7.9	4.7	5.1	.
Lending for house purchase <sup>2)</sup>	10.2	9.0	8.6	8.3	7.4	.
Other lending	5.8	5.0	3.1	2.9	3.3	.

Source: ECB.

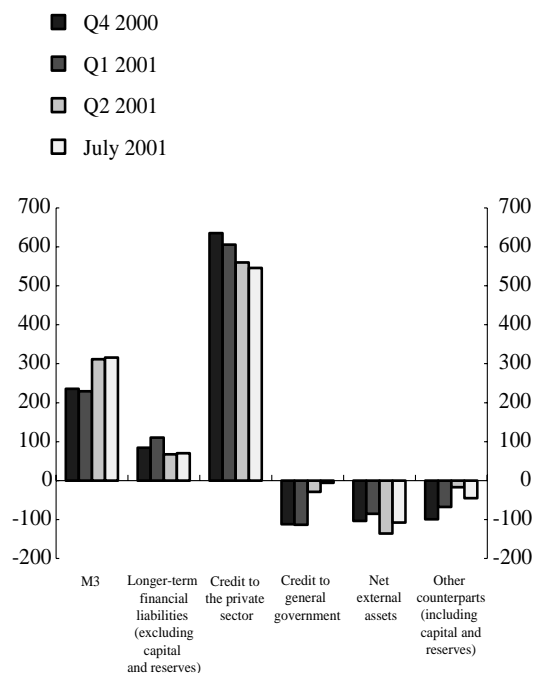
1) Growth rates are calculated on the basis of flow data. Sectors correspond to ESA 95 definitions. For further details, see footnote to Table 2.5 in the "Euro area statistics" section of the ECB Monthly Bulletin and the relevant technical notes. Differences between some sub-totals and their components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

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

## Chart 7

### Movements in M3 and its counterparts

(annual flows; EUR billions; not adjusted for seasonal and calendar effects)



Source: ECB.

Note: Series not adjusted for non-euro area resident holdings of money market paper and debt securities with an initial maturity of up to two years.

further indication that current monetary developments should not be seen as indicating longer-term upward inflationary pressures.

When considered in real terms, the decrease in the annual growth rate of loans to the private sector is even more pronounced. This decline can be linked to the weakening of euro area real GDP. Moreover, the upward impact on loans of some special factors, such as intense merger and acquisition activity – including foreign direct investment by euro area residents – has declined somewhat over recent months. Compared with historical longer-term averages, however, the annual growth rate of real loans to the private sector has remained relatively high.

The development of loans to the private sector can be analysed in more detail on the basis of a sectoral breakdown (see Table 2). In the second quarter of 2001, the annual growth rate of loans to non-financial

corporations in the euro area continued to decline, most likely reflecting the factors mentioned above. The annual growth rate of total loans to households also decreased further in the second quarter of 2001. It is likely that this is partly related to the weakening of consumer confidence during the course of this year. Notably, the annual growth rate of loans for house purchases continued to fall in the second quarter of this year. The slower increase in lending for house purchases may, in addition to the lagged effects of the past rise in lending rates and the economic slowdown, be linked to a moderation in the increase in house prices in some euro area countries. The annual rate of growth of consumer credit in the second quarter of 2001 remained around 3 percentage points lower than in the second half of last year.

Finally, the net external asset position of the MFI sector in the euro area has increased in the past two months, by €41.5 billion in June and by €15.4 billion in July. The increase in the net external assets position in June is in line with evidence from the balance of payments statistics (data for July are not yet available), which report combined net portfolio and direct investment inflows into the euro area. However, over the 12 months up to July 2001, net external assets of euro area MFIs continued to decline, reflecting past combined net direct investment and net portfolio outflows from the euro area (see Chart 7).

### Monetary developments continue to be broadly in line with price stability

Overall, the recent strong dynamics of M3 growth do not seem to indicate longer-term upward pressures for future inflation. First, if corrected for non-resident holdings of money market paper and debt securities with a maturity of up to two years, the three-month moving average in the period from May to July 2001 was only slightly above 5% and thus not far away from the reference value. Second, the gradual adjustment of portfolios

**Box 3****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 August 2001**

During the reserve maintenance period from 24 July 2001 to 23 August 2001, the Eurosystem settled five main refinancing operations (MROs) and one longer-term refinancing operation.

The MROs were carried out as variable rate tenders with a minimum bid rate of 4.50%. The allotted volumes ranged between €70 billion and €94 billion. The ratio of the amount bid to the volume allotted varied between 1.34 and 1.71, while the average for the reserve maintenance period was 1.50. With the exception of the first tender operation, where the marginal rate amounted to 4.51%, the marginal rates were equal to the minimum bid rate of 4.50%. In all five operations the weighted average rates were 1 basis point above the marginal rates. The number of counterparties participating in the tenders ranged between 345 and 401, with an average of 364.

On 25 July the Eurosystem conducted a longer-term refinancing operation through a variable rate tender with a pre-announced allotment volume of €20 billion. A total of 224 counterparties participated in this operation, submitting a total amount of bids of €39.4 billion. The marginal and the weighted average rates were 4.39% and 4.42% respectively.

The EONIA remained broadly stable during the reserve maintenance period where the market was calm and amid perceived balanced liquidity conditions. From the start of the maintenance period to 21 August, the EONIA was quoted between 4.50% and 4.52%, with only one exception, namely on 31 July, when it climbed to 4.58% owing to the end-of-month effect. On 22 August the EONIA dropped to 4.44%, driven by market expectations of a loose ending of the reserve maintenance period. However, on the last day of the maintenance period, it increased again by 6 basis points to 4.50%, as liquidity conditions were not as loose as expected on the previous day. The maintenance period ended with a small net liquidity recourse of €0.3 billion to the standing facilities, corresponding to a recourse of €1.8 billion to the marginal lending facility and of €1.5 billion to the deposit facility. The difference between average current accounts (€127.8 billion) and reserve requirements (€127.2 billion) amounted to €0.6 billion.

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

(EUR billions)

Daily average during the reserve maintenance period from 24 July 2001 to 23 August 2001

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>224.1</b>	<b>0.2</b>	<b>+ 223.9</b>
Main refinancing operations	164.0	-	+ 164.0
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.1	0.2	- 0.1
Other operations	0.0	0.0	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>402.1</b>	<b>498.2</b>	<b>- 96.1</b>
Banknotes in circulation	-	347.6	- 347.6
Government deposits with the Eurosystem	-	48.9	- 48.9
Net foreign assets (including gold)	402.1	-	+ 402.1
Other factors (net)	-	101.7	- 101.7
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>127.8</b>
<b>(d) Required reserves</b>			<b>127.2</b>

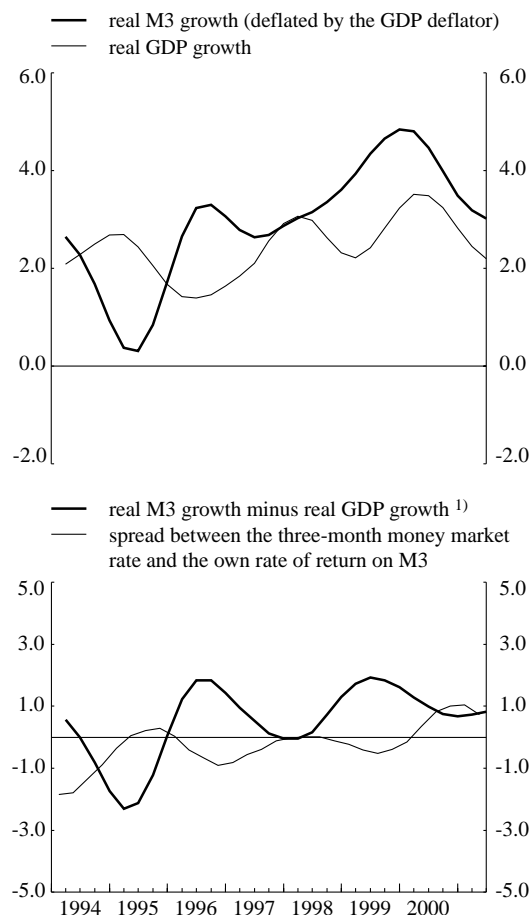
Source: ECB.

Totals may not add up due to rounding.

The net liquidity-absorbing impact of the autonomous factors (i.e. the factors not related to monetary policy) on the banking system's liquidity (item (b)) was €96.1 billion on average. The daily sum of autonomous factors fluctuated between €84.2 billion and €105.1 billion. The estimates of average liquidity needs, stemming from autonomous factors, published for the maintenance period under review, ranged between €86.9 billion and €104.0 billion. These estimates turned out to be higher than the actual figures by an amount ranging from €0.1 billion to €5.2 billion. The standard deviation of the estimation errors and the bias of the estimates were higher than usual and resulted mainly from an overestimation of government deposits with the Eurosystem.

### Chart 8 Real M3, real GDP and opportunity costs

(four-quarter moving averages of annual percentage changes; seasonally adjusted)



Source: ECB.

Note: Series not adjusted for non-euro area resident holdings of money market paper and debt securities with an initial maturity of up to two years. For the second quarter of 2001, the annual growth rate of the GDP deflator is assumed to be equal to that in the first quarter of 2001.

1) Calculated as the difference between M3 growth deflated by the GDP deflator and real GDP growth. This can be interpreted as an "approximate measure of the part of the demand" for M3 which is explained by opportunity cost variables.

by investors to the comparatively flat yield curve in the euro area, as well as the weakness in global stock markets, may explain part of the increased demand for secure short-term assets. The concurrence of the recent acceleration of M3 and the slowdown in the longer-term MFI liabilities would appear to underpin this interpretation. In addition, if higher temporary monetary growth is only a consequence of past temporary shocks to the price level, this does not indicate upward risks to future price stability, provided that this stronger monetary growth remains temporary and that these supply shocks do not trigger second-round effects on inflation via wages. Furthermore, the continued moderation in the annual growth rate of loans to the private sector in the euro area, which contrasts strongly with the situation of rising M3 growth in late 1999 and early 2000, supports this overall assessment. Finally, recent trends in M3 remain in line with historical regularities in the demand for M3, linking the latter positively to real GDP and the price level and negatively to a variable measuring the opportunity cost of holding monetary assets. Chart 8 illustrates this point in a simplified fashion.

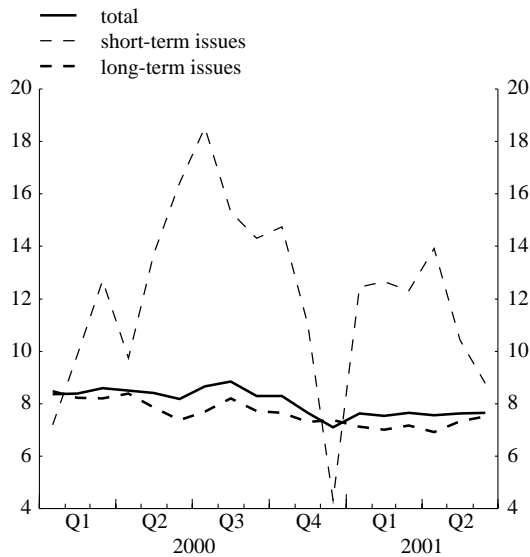
### Debt securities issuance broadly stable in the second quarter of 2001

The average annual growth of the amount outstanding of debt securities issued by euro area residents stabilised at 7.6% in the second quarter of 2001. Underlying this was an increase in the annual growth of the amount outstanding of long-term debt securities, while the annual growth of the amount

### Chart 9

#### Amounts outstanding of debt securities issued by euro area residents

(annual percentage changes)



Source: ECB.

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

outstanding of short-term debt securities declined (see Chart 9).

The breakdown by currency shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents decreased slightly from 6.3% in the first quarter of 2001 to 6.2% in the second quarter. At the end of the second quarter of 2001, 91.0% of the amount outstanding of debt securities issued by euro area residents was denominated in euro, which compares with a share of 91.2% in the first quarter of 2001.

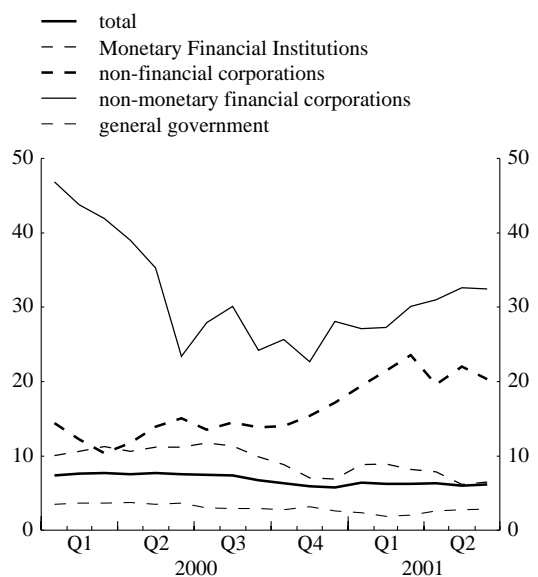
With respect to the issuance of euro-denominated debt securities by non-residents of the euro area, at the end of the second quarter of 2001 this corresponded to 11.5% of the total amount outstanding of euro-denominated debt securities. This was higher than the share of 11.1% at the end of the first quarter of 2001 and compares with a share of 10.0% in the second quarter of 2000.

Turning to the breakdown by issuing sector within the euro area, debt securities issuance by the private sector slowed down in the second quarter of 2001 (see Chart 10). The average annual growth of the amount outstanding of euro-denominated debt securities issued by MFIs fell from 8.7% in the first quarter of 2001 to 6.8% in the second quarter. The average annual growth of the amount outstanding of euro-denominated debt securities issued by non-financial corporations also declined, from 21.5% in the first quarter of 2001 to 20.7% in the second quarter. At the same time, the average annual growth in the amount outstanding of euro-denominated debt securities issued by non-monetary financial corporations increased to 32.0% in the second quarter, up from 28.2% in the first quarter. The high level of the annual growth rate of debt securities issuance by the non-MFI private sector to some extent reflects merger and acquisition activity in previous quarters.

### Chart 10

#### Amounts outstanding of euro-denominated debt securities issued by euro area residents

(annual percentage changes)



Source: ECB.

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

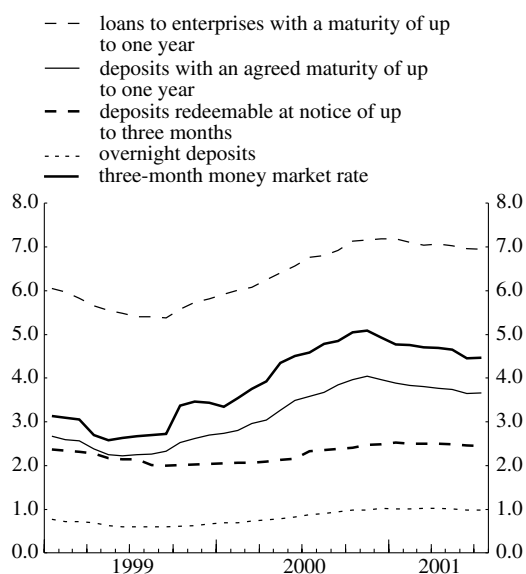
By contrast with the issuance pattern in the private sector, the issuance of euro-denominated debt securities by the general government sector increased in the second quarter of 2001. The average annual growth of the amount outstanding of euro-denominated debt securities issued by the general government sector was 2.8% in the second quarter, compared with 2.1% in the first quarter. This development may reflect a slight deterioration in government fiscal balances in 2001 (see the section entitled "Fiscal developments").

### Retail bank interest rates declining

In line with the trend that began in late 2000, retail bank interest rates generally continued to fall during the second quarter of 2001, before stabilising in July (see Chart 11). The average interest rate on deposits with an agreed maturity of up to one year decreased by 15 basis points between March and July 2001. During the same period, the average

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

(percentages per annum; monthly averages)

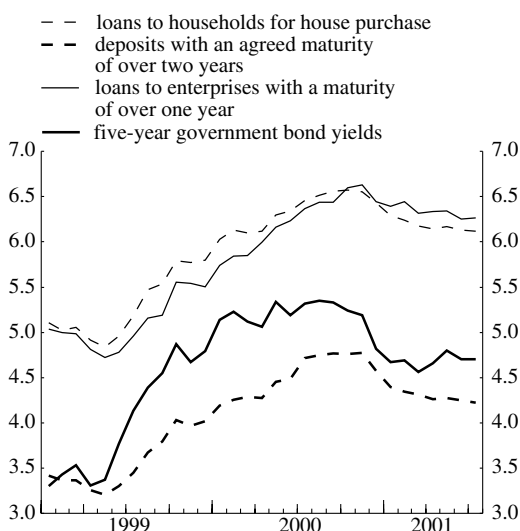


Sources: ECB aggregation of individual country data and Reuters.

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

### Chart 12 Long-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

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

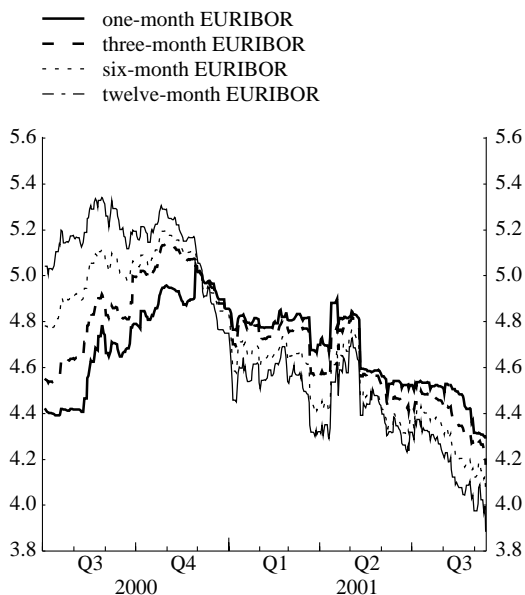
interest rate on loans to enterprises with a maturity of up to one year dropped by 10 basis points. The declines in these short-term interest rates compare with a fall of around 25 basis points in the average three-month money market interest rate between March and July 2001. The relative developments in retail and market rates are consistent with the generally observed incomplete pass-through in the short run of developments in short-term market interest rates to short-term retail interest rates.

Long-term retail bank interest rates also continued to decline in the course of 2001. From March to July 2001, the average interest rates on deposits with a maturity of over two years declined by 10 basis points. The average rates on loans to enterprises with a maturity of over one year and on loans to households for house purchase dropped by around 5 basis points between March and July 2001. Over the same period the average five-year government bond yield declined by around 15 basis points.



**Chart 13**  
**Short-term interest rates in the euro area**

(percentages per annum; daily data)



Source: Reuters.

### Continued decline in money market interest rates

Money market rates continued to decrease somewhat over the summer of 2001 (see Chart 13). This downward movement reflected increased expectations among market participants of reductions in the key ECB interest rates in reaction to a decline in inflationary pressures, in an environment of a stronger than expected slowdown in economic activity in the euro area. Moreover, in the aftermath of the terrorist attacks in the United States on 11 September 2001, amid the unrest in financial markets worldwide, money market rates in the euro area at longer maturities declined, whereas overnight rates increased temporarily. The slope of the EURIBOR yield curve, measured as the spread between the twelve-month and one-month maturities, became more negative over the summer.

Money market rates at the shortest maturities remained close to the minimum bid rate of 4.50% in the Eurosystem's main refinancing operations until mid-July. Thereafter, they

started increasingly to price in a reduction in the key ECB interest rates of 25 basis points. This was followed by the decrease of 25 basis points in the key ECB interest rates decided on 30 August 2001. In the period between end-July and 28 August the marginal and average rates of allotment in the main refinancing operations consistently remained at or slightly above the prevailing minimum bid rate of 4.50% (see Box 3). In the operations settled on 5 and 12 September 2001, the marginal and average rates were close to the new minimum bid rate of 4.25%.

The one-month and three-month EURIBOR decreased by 22 and 26 basis points respectively in the period between end-July and 12 September 2001, to stand at 4.29% and 4.18% on 12 September 2001. Hence, the short end of the curve was negatively sloped in mid-September 2001.

The interest rates of allotment in the longer-term refinancing operations of the Eurosystem in summer 2001 to a large extent reflected the developments in the three-month EURIBOR. In the operation settled on 30 August 2001, the marginal and average rates were 4.20% and 4.23% respectively (both 19 basis points lower than in the previous operation settled on 26 July).

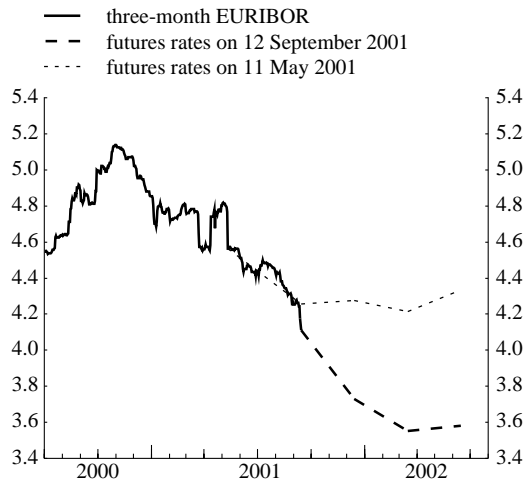
At the longer end of the money market yield curve, the decline in interest rates has been more pronounced than at the short maturities, in particular reflecting a larger impact of the terrorist attacks in the United States. Between end-July and 12 September 2001, the six-month and twelve-month rates declined by 29 and 35 basis points respectively, to stand at 4.05% and 3.88% on 12 September 2001. As a consequence, the slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, became more negative to stand at -41 basis points on 12 September 2001.

The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in September

### Chart 14

#### Three-month interest rates and futures in the euro area

(percentages per annum; daily data)



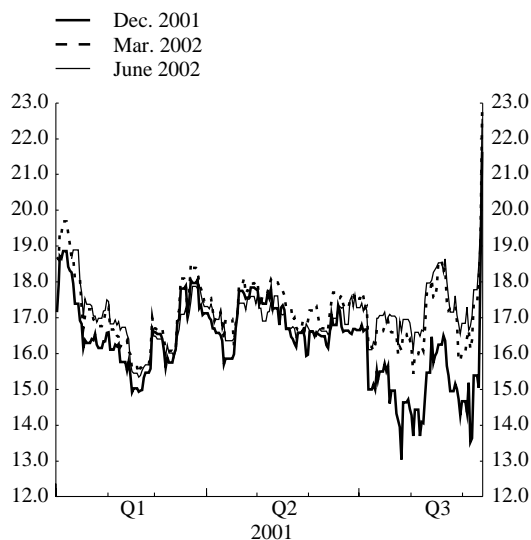
Source: Reuters.

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

and December 2001 and March 2002, continued to decline in the summer of 2001. Between end-July and 12 September, the futures rates for delivery in December 2001 and March 2002 decreased by 33 and 39 basis

### Chart 15

#### Implied volatilities from options on three-month EURIBOR futures



Source: Bloomberg.

points respectively, to stand at 3.73% and 3.55% on 12 September 2001 (see Chart 14).

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in September and December 2001 and March 2002 may be interpreted as an indicator of the degree of uncertainty that market participants attach to the expected future path of the three-month EURIBOR over the period up to the delivery date. The implied volatility on these rates tended to decrease after the reduction of the key ECB interest rates in early May. It increased again in late July and August 2001, reflecting somewhat increased uncertainty over the timing of further changes in the key ECB rates (see Chart 15). While after the decision to lower the key ECB interest rates on 30 August 2001, implied volatility tended to decline, it rose again significantly in the wake of the terrorist attacks in the United States.

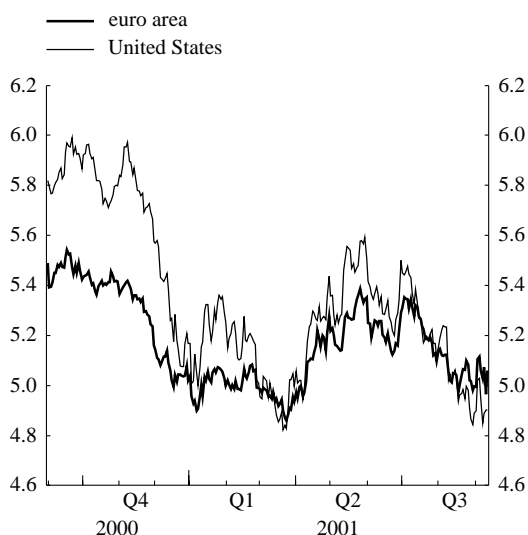
#### Long-term bond yields decreased over the summer

After increasing in most of the second quarter of 2001, long-term government bond yields in the euro area have again fallen over recent months to the levels seen in late March 2001 (see Chart 16). On 10 September the average euro area ten-year government bond yield stood at close to 5.1%, which was approximately 20 basis points lower than at the end of June. Long-term government bond yields in the United States also fell between end-June and 10 September, but the decrease in US yields, of 60 basis points, was more pronounced. As a result, the differential between ten-year government bond yields in the United States and the euro area moved into negative territory, from a value of 20 basis points at end-June to around -20 basis points on 10 September. This spread has been subject to some swings this year, which have been related to the succession of contradictory news about the scope and the timing of the US slowdown. Long-term bond yields in the euro area were broadly unchanged after the terrorist attacks in the



**Chart 16**  
**Long-term government bond yields in the euro area and the United States**

(percentages per annum; daily data)



Source: Reuters.

Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. From 1 January 2001 onwards Greek data are also included in the euro area data. Owing to the events in the United States, data for the United States have not been updated beyond 10 September.

United States, while, in the United States, markets remained closed on 11 and 12 September.

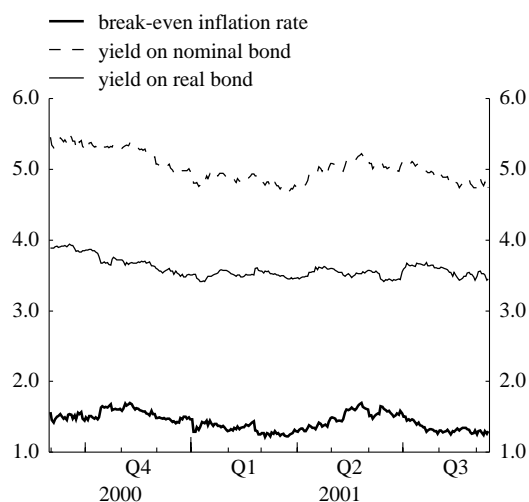
In the United States, ten-year government bond yields stood at around 4.9% on 10 September. The main factor behind the continued decrease in nominal long-term bond yields in July and August appears to have been a larger than expected cyclical slowdown, as stressed by the Beige Book of the Federal Reserve published on 8 August and as indicated on the occasion of the Federal Reserve's interest rate reduction on 21 August. Part of the decrease may also be explained by a lower than expected inflation figure for July 2001 and concerns about the productivity trend. A more pessimistic market assessment of the outlook for the US economy was also indicated by developments in the real yield of US ten-year index-linked bonds, which stood at around 3.3% on 10 September, 20 basis points lower than at end-June, and around 45 basis points below the level at the end of 2000. The US ten-year

break-even inflation rate – obtained from the yield difference between nominal and index-linked government bonds – declined by around 40 basis points between end-June and 10 September, bringing the cumulative decrease to around 65 basis points since its peak in mid-May 2001. On 10 September, this indicator of average ten-year inflation expectations stood at about 1.6%, or at a level similar to that observed at the beginning of 2001.

In Japan, ten-year government bond yields stood at about 1.4% on 10 September, which was 25 basis points above the levels prevailing at end-June, but still 35 basis points below the level for 2000. The low level of yields on Japanese government bonds continues to reflect investors' pessimism about the growth outlook for the economy, whereas the recent increase may reflect concerns about the need for additional government debt issuance. The announcement of a looser monetary stance – implemented through a higher target for the outstanding balance of current accounts held

**Chart 17**  
**Break-even inflation rate calculated for the French CPI**

(in percentages; daily data)



Sources: French Treasury, ISMA and Reuters.

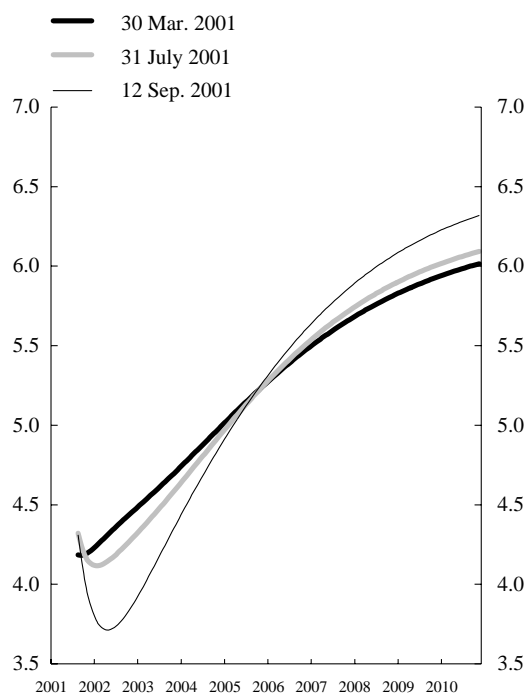
Note: The real bond yields are derived from the market prices of French government bonds which are indexed to the French CPI (excluding tobacco prices) and which mature in 2009. The nominal bond yields are derived from the market prices of French government fixed income bonds which also mature in 2009.

by banks with the Bank of Japan and through the additional purchase of long-term government bonds – had little impact on the bond market. Long-term Japanese bond yields remained basically unchanged after the terrorist attacks in the United States on 11 September.

In the euro area, the fall in nominal long-term government bond yields over recent months seemed to result from external and domestic factors. First, it reflected bond yield movements in the United States, which to some extent seemed to spill over to the euro area bond market. Second, as in the United States, market participants' long-term inflation expectations and inflation uncertainty for the euro area may have decreased in the course of July. This argument is supported by evidence from the French market for index-

**Chart 18**  
**Implied forward euro area overnight interest rates**

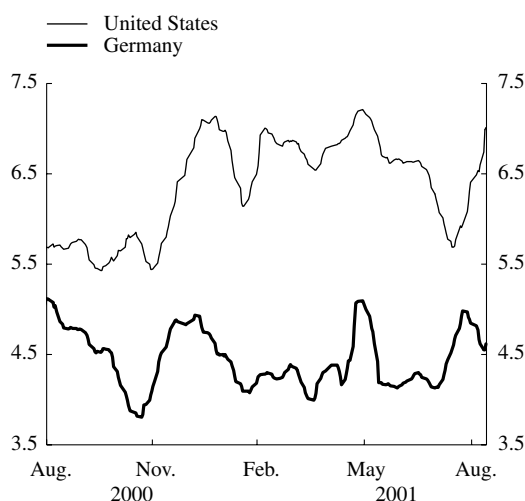
(percentages per annum; daily data)



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

**Chart 19**  
**Implied volatility for futures contracts on the ten-year German Bund and the ten-year US Treasury note**

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



Source: Bloomberg.

Note: The implied volatility series represent the nearby implied volatility on the near contract generic future, rolled over 20 days prior to expiry, as defined by Bloomberg. This means that 20 days prior to expiry of the contracts, a change in the choice of contracts used to obtain the implied volatility is made, from the contract closest to maturity to the next contract. Owing to the events in the United States, data for the United States have not been updated beyond 10 September.

linked government bonds in which the ten-year break-even inflation rate fell by around 30 basis points between the end of June and late July and has remained broadly stable since (see Chart 17). On 12 September this indicator of long-term average inflation expectations stood at about 1.3%, which is similar to its level at the beginning of 2001. At the same time, market participants' long-term average growth expectations for the euro area seem to have remained largely unchanged in recent months. This view is supported by the overall stability – at a level of around 3.5% – of the real yield on ten-year French index-linked bonds since the beginning of 2001. However, short-term developments in index-linked bond yields and break-even inflation rates should be interpreted with caution, as a number of well-known caveats may complicate the interpretation of changes in these rates with regard to underlying fundamentals.

Government bond yields in the euro area declined across the whole maturity spectrum between end-June and 10 September, with the largest declines taking place for medium-maturity yields. Following the events on 11 September in the United States, two-year and five-year euro area bond yields declined by around 15 basis points to stand respectively at around 3.8% and 4.3% on 12 September. As short-term money market rates also fell, the slope of the euro area yield curve – as measured by the difference between ten-year government bond yields and the three-month EURIBOR – remained broadly stable at around 85 basis points between the end of June and 12 September. At the same time, the euro area implied forward overnight interest rate curve maintained its inverted shape, with interest rate declines being expected by market participants at short to medium-term maturities (see Chart 18).

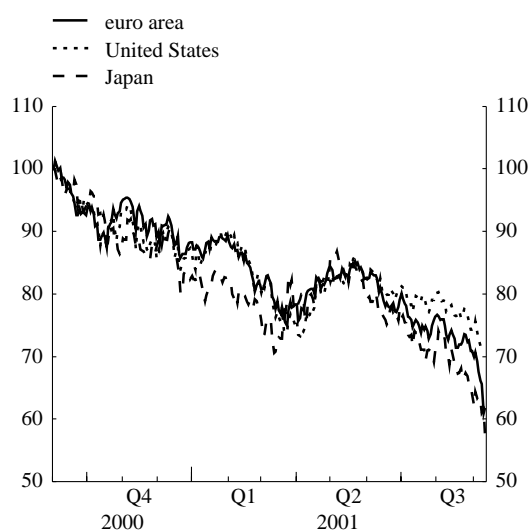
As regards market expectations for future long-term government bond yields in the euro area, the perceived degree of uncertainty among market participants remained relatively low, despite some short-lived spikes in recent months. This was visible in the development of the implied volatility of ten-year German government bonds derived from the prices of options on Bund futures contracts (see Chart 19). On 12 September, this indicator of market participants' uncertainty about short-term bond yield developments stood at around 5.1%, which compares with an average level of about 5.5% for 2000 as a whole.

### Stock markets declined in the summer of 2001

In global stock markets, the decline which started in spring 2000 continued over the summer of 2001. Stock prices in the euro area, the United States and Japan, as measured by the Dow Jones EURO STOXX index, the Standard & Poor's 500 index and the Nikkei 225 all decreased (see Chart 20). By 10 September the broad Dow Jones EURO STOXX index was around 26% lower than

**Chart 20**  
**Stock price indices in the euro area, the United States and Japan**

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



Source: Reuters.

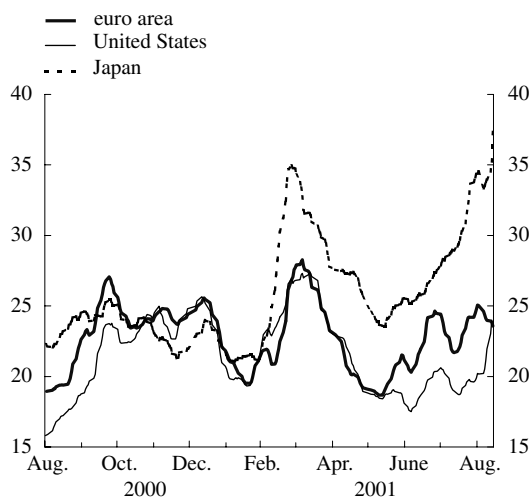
Notes: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard & Poor's 500 for the United States and Nikkei 225 for Japan. From 1 January 2001 onwards Greek data are also included in the euro area data. Owing to the events in the United States, data for the United States have not been updated beyond 10 September.

the level prevailing at the end of 2000. Over the same period the Standard & Poor's 500 index decreased by 17%, and the Nikkei 225 index recorded a decline of 26%. Coupled with these developments was a general increase in implied volatility in each of the aforementioned indices after June (see Chart 21). Following the events on 11 September in the United States, the Dow Jones EURO STOXX and the Nikkei 225 indices both declined by nearly 6% from 10 to 12 September. In the United States, stock markets remained closed on 11 and 12 September.

In the United States, the Standard & Poor's 500 index, following the trend already observed in June, declined by 10% between the end of July and 10 September. A combination of factors contributed to this result. The weakening of earnings reports, especially in the technology sector, and a less optimistic assessment of the economic

**Chart 2 I**  
**Implied stock market volatility in the euro area, United States and Japan**

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



Source: Bloomberg.

Note: The implied volatility series reflect the expected standard deviation of percentage stock price changes over a period of up to three months, as implied in the prices of options on stock price indices. The equity indices to which the implied volatilities refer are the Dow Jones EURO STOXX 50 for the euro area, the Standard & Poor's 500 index for the United States, and the Nikkei 225 for Japan. Owing to the events in the United States, data for the United States have not been updated beyond 10 September.

outlook following recent macroeconomic data releases, tended, overall, to place downward pressure on the stock market. The decision of the Federal Open Market Committee to reduce the federal funds target rate by 25 basis points on 21 August 2001, the seventh cut since the beginning of the year, was expected by the market and thus had a limited impact on the stock market. The decline in prices in the stock market was associated with an increase in implied volatility, as measured by the standard deviation derived from the price of options contracts on the Standard & Poor's 500 index in the reviewed period. The increase in implied volatility seemed to reflect increased uncertainty about the economic outlook for the United States.

In Japan, the Nikkei 225 index showed an overall decrease of 19% between the end of July and 12 September. This was a

continuation of the trend seen since early May. Growing market concerns about the government's ability to implement structural reforms coupled with reports showing weakness in the performance of Japanese exports placed downward pressures on stock prices. The combined effects of a stronger yen and lower foreign demand seemed to have an adverse influence on corporate earnings expectations for exporting firms, notably in the technology sector. In addition, bank stock prices declined as market concerns about the bad loans situation increased further. The decision of the Bank of Japan on 14 August to ease the monetary stance further did not prompt a reversal of the overall downward trend in stock prices. The implied volatility of the Nikkei 225 index, having been fairly stable during the months of June and July, recorded a sharp increase in August. Moreover, it remained at levels higher than those in the euro area and in the United States. This may reflect high uncertainty regarding the earnings prospects of Japanese corporations.

In the euro area, stock prices, as measured by the broad Dow Jones EURO STOXX index, declined by around 19% between the end of July and 12 September. The stock market development in the euro area was driven by weaker than expected earnings reports from large European companies and spillovers from the United States. Similar to developments in the United States and Japan, the implied volatility of the Dow Jones EURO STOXX 50 index continued to increase in August and early September, returning to a level close to that of the most volatile periods seen during the past 12 months.

Looking at sectoral trends in the euro area, all sector stock price indices decreased in August, following the trend already observed in July, although developments were widely different across sectors, as can be seen from Table 3. The telecommunications and technology sectors remained the most volatile. Stock price developments in these two sectors, which declined respectively by around 31% and 32% from the end of July to

**Table 3****Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices***(price changes in percentages against end-of-period prices; historical volatility as percentages per annum)*

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Health-care	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price changes</b>											
<i>(end-of-period data)</i>											
2000 Q2	-13.3	-5.3	6.0	5.0	6.9	21.4	-6.5	-0.8	-21.5	-8.2	-3.7
2000 Q3	-1.2	-0.2	0.6	3.0	5.0	17.5	-3.9	-8.8	-21.7	-1.4	-3.1
2000 Q4	22.5	-10.6	-0.3	-3.8	0.0	1.7	-0.7	-10.7	-20.8	-0.4	-4.7
2001 Q1	-8.8	-7.5	-8.3	-0.4	-9.4	-6.7	-7.4	-32.7	-9.5	-8.3	-11.2
2001 Q2	2.2	1.0	6.2	5.9	1.5	11.7	-3.5	-5.0	-11.5	6.7	0.9
July	-1.4	0.0	-3.1	-2.1	-4.9	-6.0	-2.2	-7.4	-4.1	1.8	-3.3
August	-6.2	-8.8	-3.0	-1.5	-1.1	-3.5	-5.6	-19.0	-19.9	-2.1	-6.4
End-June to 12 September 2001	-15.8	-25.6	-12.9	-9.9	-22.9	-17.1	-18.9	-36.8	-34.3	-8.2	-21.9
<b>Volatilities</b>											
<i>(period averages)</i>											
2000 Q2	20.1	24.6	13.9	20.4	17.0	23.7	21.8	59.1	52.8	17.7	24.4
2000 Q3	14.4	13.8	14.2	22.1	10.3	21.3	13.2	38.1	34.2	10.1	13.4
2000 Q4	21.3	24.8	13.6	25.1	18.6	23.1	18.5	56.6	41.4	16.2	22.5
2001 Q1	58.1	43.0	38.6	55.4	50.3	43.2	47.9	71.5	65.1	51.8	21.9
2001 Q2	17.3	22.2	12.5	18.8	15.6	18.3	19.3	56.6	29.5	12.2	18.3
July	14.1	17.9	11.9	24.3	17.6	23.1	14.0	55.5	26.9	14.5	18.6
August	21.3	19.3	10.9	19.0	14.7	21.3	13.6	41.8	34.6	12.0	17.2
End-June to 12 September 2001	20.0	25.6	18.7	21.6	25.7	27.1	19.3	52.9	36.6	21.2	22.4

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

12 September, contributed substantially to the overall decline in the broad Dow Jones EURO STOXX index in the same period. Apart from spillovers from other high technology stock markets, the large declines in these two sectors seemed to indicate a growing market perception of unfavourable

prospects for corporate earnings in these two industries and the particular vulnerability of these two industries to a worsened global economic growth outlook. Further to the terrorist attack in the United States, stocks in the financial and consumer cyclical sectors fell particularly strongly.

## 2 Price developments

### Lower energy prices in July 2001 reduced overall inflation

The annual rate of HICP inflation in the euro area fell to 2.8% in July 2001 compared with 3.0% in June. When data for Greece are included in the base period over which the year-on-year rate of change is calculated, the fall in inflation is slightly greater (from 3.1% to 2.8%; see Table 4). This represented the second consecutive fall in the annual rate of HICP inflation in the euro area. Similar to the fall in June, the 0.3 percentage point decline in July was almost entirely due to a fall in the contribution from energy

prices. Excluding the volatile components (unprocessed food and energy), the annual rate of change in the HICP, including Greece in the base period, increased to 2.3% in July 2001, up from 2.2% in June.

The year-on-year rate of change in the energy component of the HICP declined to 2.9% in July 2001, down from 5.5% in June (see Chart 22). The fall in the annual inflation rate of energy prices in July was, unlike the decline in June, mostly due to a decline in oil prices rather than to favourable base effects from past energy price movements. In particular, HICP energy prices declined by 1.8% month-

**Table 4**

### Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000	2000	2000	2001	2001	2001	2001	2001	2001	2001	2001
				Q3	Q4	Q1	Q2	Mar.	Apr.	May	June	July	Aug.
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.2	1.1	2.4	2.5	2.7	2.6	3.2	2.6	3.0	3.4	3.1	2.8	.
<i>of which:</i>													
Goods	0.7	0.9	2.7	2.9	3.2	2.8	3.5	2.8	3.3	3.8	3.4	3.1	.
Food	1.7	0.6	1.4	1.9	2.2	3.2	5.0	3.9	4.3	5.2	5.4	5.5	.
Processed food	1.5	1.0	1.2	1.2	1.4	2.0	2.8	2.2	2.6	2.8	3.1	3.3	.
Unprocessed food	2.0	0.1	1.7	3.1	3.5	5.2	8.4	6.5	7.1	9.0	9.1	8.8	.
Industrial goods	0.2	1.0	3.4	3.4	3.8	2.6	2.8	2.3	2.9	3.2	2.4	1.9	.
Non-energy industrial goods	1.0	0.7	0.7	0.6	1.1	1.3	1.5	1.3	1.5	1.6	1.6	1.6	.
Energy	-2.6	2.3	13.4	13.7	13.8	7.2	7.3	5.6	7.9	8.6	5.5	2.9	.
Services	2.0	1.6	1.7	1.8	1.8	2.3	2.5	2.3	2.4	2.5	2.6	2.5	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	-0.7	-0.4	5.5	5.9	6.2	4.6	3.7	4.2	4.2	3.7	3.3	2.3	.
Unit labour costs <sup>2)</sup>	0.3	1.3	1.1	1.3	1.8	2.0	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.2	0.9	1.3	1.0	0.4	0.2	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	1.5	2.3	2.5	2.4	2.2	2.3	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	1.7	2.3	3.5	3.6	3.2	3.1	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	12.0	17.1	31.0	33.7	34.5	28.4	31.7	28.1	29.8	32.7	32.5	29.4	28.7
Commodity prices <sup>5)</sup>	-12.5	-3.1	18.1	18.0	16.4	1.4	-0.9	-0.8	-1.1	-4.0	2.5	-1.0	-10.1

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

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

1) Excluding construction.

2) Whole economy.

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

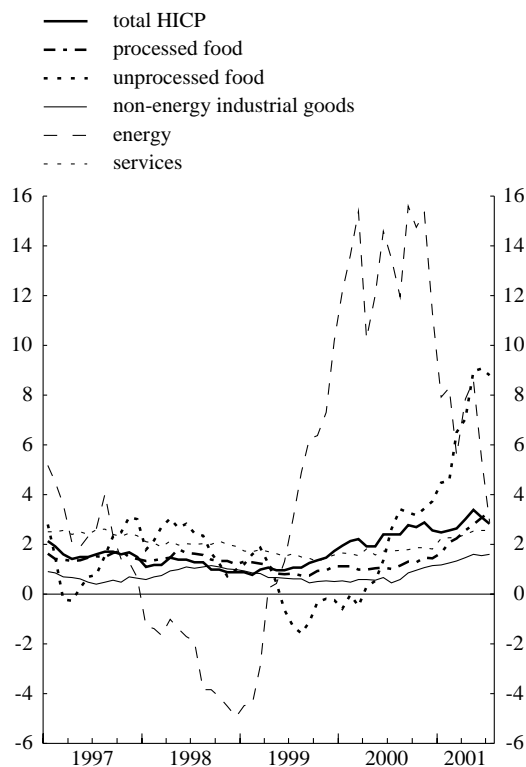
4) Brent Blend (for one-month forward delivery). In ECU up to December 1998.

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

## Chart 22

### Breakdown of HICP inflation in the euro area by component

(annual percentage changes; monthly data)



Source: Eurostat.

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

on-month in July, reflecting the decline in euro-denominated oil prices from €32.5 per barrel in June to €29.4 per barrel in July. In August euro-denominated oil prices declined further to €28.7, due entirely to exchange rate movements as dollar-denominated oil prices rose slightly. In addition to the decline in oil prices in July and August, favourable base effects in September 2001 should contribute to a further reduction in the year-on-year rate of change in energy prices and consequently the overall rate of inflation.

The level of unprocessed food prices declined in July 2001 for the first time since August 2000. Although the month-on-month decline in unprocessed food prices of 0.5% was mainly due to seasonal factors, there is evidence that the direct upward effects of BSE and

foot-and-mouth disease may have come to an end. The year-on-year rate of change in unprocessed food prices also declined for the first time since October 2000, from 9.1% in June to 8.8% in July 2001. The year-on-year rate of change in processed food prices continued to rise, and stood at 3.3% in July 2001, compared with 3.1% in June. The rise in the annual rate of inflation in processed food prices observed since December 2000 reflects the delayed impact of developments in unprocessed food prices.

As regards the HICP excluding unprocessed food and energy, the increase in the annual rate of inflation to 2.3% in July 2001 was due entirely to developments in processed food prices. In July 2001, the year-on-year rate of change in non-energy industrial goods prices stood at 1.6% for the third consecutive month, following a steady upward movement since July 2000. The year-on-year rate of change in services prices fell slightly from 2.6% in June to 2.5% in July 2001, the first fall since December 2000. Recent developments in non-energy industrial goods and services prices suggest that the indirect upward impact from previous energy price and exchange rate developments may be close to reaching a peak, although the annual rate of change in these sub-components may not start to decline appreciably until later in the year.

#### Producer price pressures are continuing to ease

The year-on-year rate of change in overall producer prices in the euro area has been on a downward trend since October 2000. The rate of change declined further to 2.3% in July 2001, down from 3.3% in June (see Chart 23).

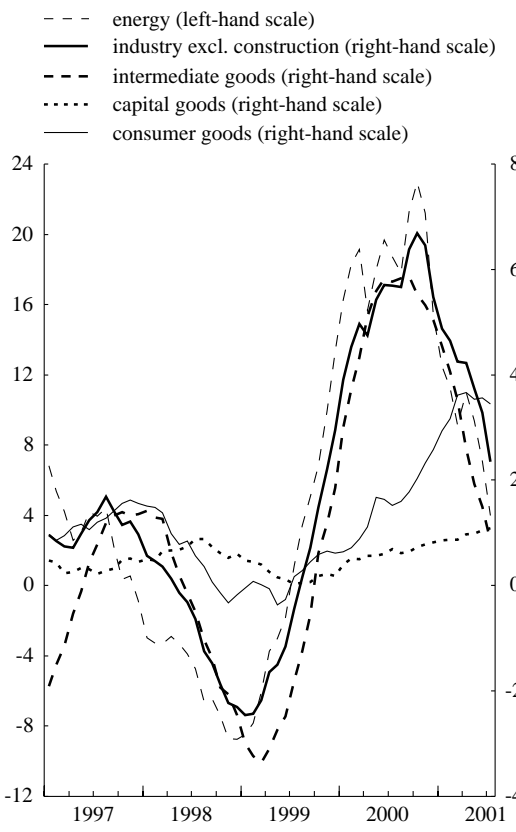
Considering the individual sub-components of overall producer prices, it would appear that the direct effects of past increases in commodity prices are falling out of the year-on-year rate of change. This is reflected in the decline in the year-on-year rate of change for the energy component of producer prices.



**Chart 23**

**Breakdown of industrial producer prices for the euro area**

(annual percentage changes; monthly data)



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

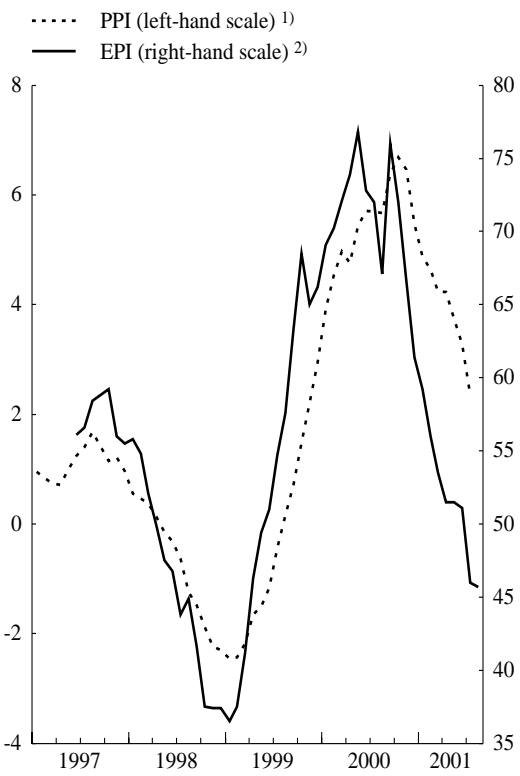
In addition, the indirect effects of past commodity price movements on other components of producer prices may have reached a peak, as the annual rate of change in intermediate goods prices has been declining for some time, while that of consumer goods prices appears to have reached a turning point. However, the year-on-year rate of change in capital goods prices may continue to increase for some time, reflecting a longer lag in response to external price pressures, as has also been observed in previous cycles. Overall, these developments should result in an easing of the upward inflationary pressures on consumer goods prices in the medium term.

The past decreases in euro-denominated oil prices should continue to exert further downward pressure on the year-on-year rate of change in producer prices (Box 4 discusses the effects of commodity prices on euro area producer prices). Considering the most recent developments in the Eurozone Price Index, which measures input costs in the manufacturing sector, further downward movements in producer price changes may be expected (see Chart 24).

**Chart 24**

**Overall producer prices and manufacturing input prices for the euro area**

(monthly data)



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

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



#### Box 4

### Recent declines in commodity prices easing upward pressures on producer prices

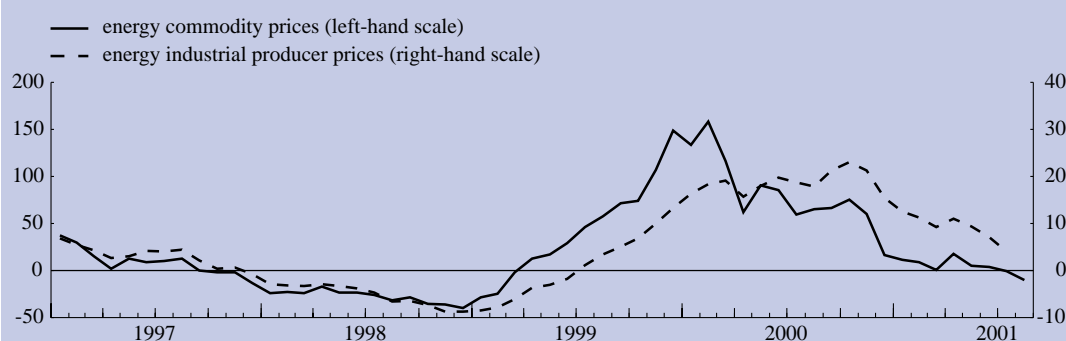
Euro area HICP inflation is still being affected by the indirect effects associated with past increases in commodity prices – in particular energy – and the depreciation of the euro that took place during most of 1999 and 2000. Meanwhile, upward pressures on producer prices from both energy and non-energy commodity prices have declined. Against this background, this box provides an analysis of the relationship between commodity prices and euro area producer prices.

Developments in commodity prices – expressed in euro – give an indication of price changes at an early stage of the production chain that may subsequently be passed through to prices for final goods and services as measured by the HICP. For analytical reasons the developments in the commodity price index, which is compiled by the Hamburg Institute for Economic Research (HWWA), are split into an energy and a non-energy component. This breakdown is comparable with the new classification applied by Eurostat which separates energy from other intermediate goods prices (see Box 3, entitled “Release of harmonised statistics for main industrial groupings in short-term statistics”, in the August 2001 issue of the Monthly Bulletin). Although there are differences in terms of product coverage and weighting between the commodity price index, on the one hand, and energy and intermediate goods prices as measured in the euro area producer price index (PPI), on the other, there is a strong positive relationship between them. The HWWA commodity price index is published in a very timely manner, so it can provide up-to-date information on recent and likely future developments in producer prices.

Energy prices have a weight of almost 17% in the overall euro area PPI. Developments in a major determinant like energy prices are of great importance when assessing potential short-term cost pressures on prices in the industrial sector. The higher volatility of the energy commodity prices is due to the high share of crude oil (92%), while crude petroleum and its processing account for only about one-third of the energy component of the PPI (in which electricity has the greatest weight). Moreover, the inclusion of taxes (except VAT) and excise duties dampens the movements of energy prices in the PPI. The slowdown in the annual growth rates of energy commodity prices that started at the beginning of 2000 preceded the slowdown in euro area energy producer prices around the turn of 2000/2001 (see Chart A). However, despite this slowdown, the annual growth rate of energy commodity prices was almost 60% on average in the second half of 2000. The decline has continued in the first eight months of 2001, and in July and August negative growth rates were recorded. Recent developments in the HWWA energy price index therefore suggest that there has been further downward pressure on producer prices channelled via its energy component.

#### Chart A: Developments in energy commodity prices and energy industrial producer prices

(annual percentage changes; monthly data)



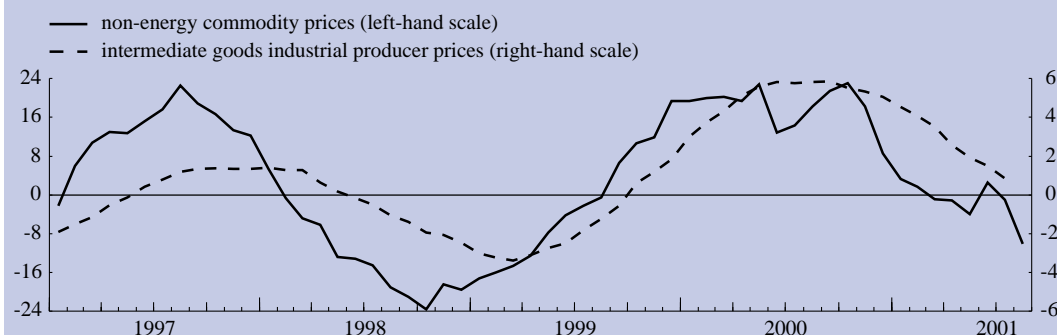
Sources: HWWA – Institut für Wirtschaftsforschung (Hamburg) and Eurostat.

Note: The commodity price index was expressed in ECU up to December 1998, whereas the PPI was based on indices in national currencies. From 1999 onwards, both indices are expressed in euro.

In addition to energy prices, a very significant part – almost 32% – of the euro area PPI consists of intermediate goods. Developments in this component show a high degree of co-movement with non-energy commodity prices (see Chart B). Hence, by also taking account of developments in non-energy commodity prices (food, tropical beverages and industrial and agricultural raw materials), a more comprehensive picture emerges as regards the most recent and possible future developments in the euro area PPI. The year-on-year rate of change in non-energy commodity prices was on an upward trend between the fourth quarter of 1998 and the beginning of 2000. This was subsequently followed by a slowdown in the latter half of 2000 and the beginning of 2001. In the second quarter of 2001 the annual rate of change in non-energy commodities was -0.9%, which is 20.8 percentage points lower than the peak in the first quarter of 2000. Hence, recent data for the non-energy component of the HWWA commodity price index indicate that further downward pressure on euro area producer prices is likely after July 2001 (the latest month for which euro area producer price data are available). It should be noted, however, that any effects on intermediate goods prices associated with changes in the prices of non-energy commodities may differ, depending on whether the movement stems from a change in the euro exchange rate or in the price of commodities denominated in US dollars. One reason is that the exchange rate also affects the prices of imported goods that are included in the intermediate goods price index but not in the non-energy commodity price index.

### Chart B: Developments in non-energy commodity prices and intermediate goods prices

(annual percentage changes; monthly data)



Sources: HWWA – Institut für Wirtschaftsforschung (Hamburg) and Eurostat.

Note: The commodity price index was expressed in ECU up to December 1998, whereas the PPI was based on indices in national currencies. From 1999 onwards, both indices are expressed in euro.

Since the prices of commodities traded on the world market are generally denominated in US dollars, the EUR/USD exchange rate has a substantial impact on commodity and euro area producer prices. A significant part of the recent slowdown in the year-on-year rates of change in commodity prices, and hence in euro area energy and intermediate goods producer prices, reflects the fact that, following a period of decline, the EUR/USD exchange rate has fluctuated in a narrow range since the second half of 2000. Another factor that affects commodity prices is world demand. The decline in the year-on-year rates of change in commodity prices in 1998 coincided with the slowdown in economic growth caused by the Asian crisis. More recently, the slowdown observed in both US and world output growth may, to some extent, explain recent developments in commodity and producer prices. Since these lower price pressures are expected to feed through the chain of production, they will also ultimately affect prices at the consumer level in the euro area.

### Wage developments remain moderate

As reported earlier, the most recently available data on labour costs for the first quarter of 2001 indicate that wage pressures in the euro area have remained moderate. The annual rate of change in compensation per employee stood at 2.3% in the first quarter of 2001, an increase of 0.1 percentage point compared with the fourth quarter of 2000, but slightly below the average rate of increase for 2000 as a whole. Growth in unit labour costs increased to 2.0% year-on-year in the first quarter of 2001, up 0.2 percentage point from 1.8% in the last quarter of 2000. The steady increase in unit labour cost growth over the past year reflects the cyclical slowdown in labour productivity growth rather than any build-up in underlying wage pressures.

The most recently available information on current wage negotiations appears to point towards continuing wage moderation. The expected decline in overall inflation should support wage moderation, as it will emphasise that past exchange rate movements and price shocks (oil and food) should be seen as temporary.

### Outlook for inflation improved, although risks remain

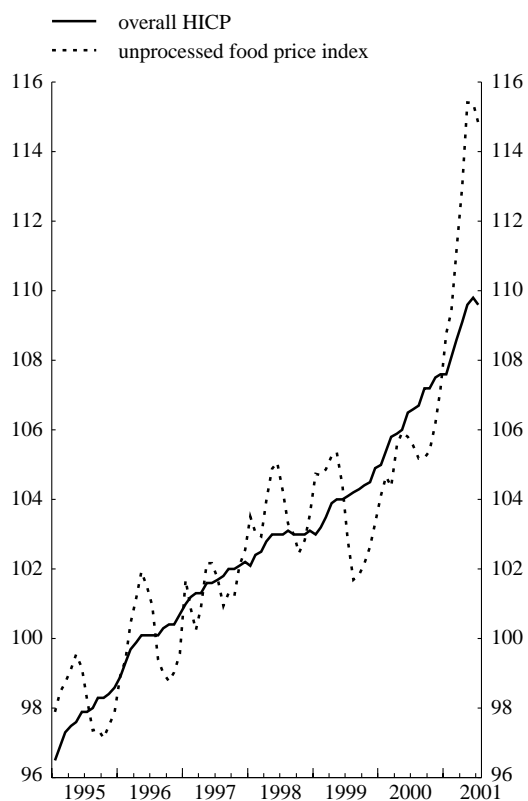
Looking ahead, inflationary pressures are likely to reflect an easing of the direct and indirect upward effects associated with the increases in import and energy prices in 1999 and 2000. Moreover, the impact of recent shocks on food prices should start to abate. The slowdown in economic activity and the appreciation of the euro exchange rate should reinforce these developments. However, following strong favourable base effects that will occur in September 2001, further declines in the overall year-on-year rate of change in HICP inflation are expected to be limited until the first few months of 2002. Similarly, HICP inflation, excluding unprocessed food and energy prices, is not expected to decline until the first half of 2002, reflecting the

delayed, indirect effects of past increases in import and energy prices. The most recent ECB Survey of Professional Forecasters (August 2001) confirms the expected downward trend in inflation (see Box 5).

A number of risks, both upward and downward, remain in relation to the outlook for future price developments. The outlook for unprocessed food prices remains uncertain since, as yet, it is unclear to what extent they will revert to being in line with the general price level, or whether the impact of BSE and foot-and-mouth disease has caused a permanent upward shift in the price level of unprocessed foods in relation to other prices. Chart 25 illustrates that, prior to recent developments, the unprocessed food price

**Chart 25**  
**Development in the euro area**  
**unprocessed food price index and**  
**overall HICP**

(index 1996 = 100)



Source: Eurostat.

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

index had moved largely in line with overall prices since 1995, although there were fluctuations of approximately  $\pm 2\%$  between the index of unprocessed food prices and overall consumer prices. The unprocessed food price index currently stands at 5% above the HICP. If unprocessed food prices were to move back in line with the general price level, this would accelerate the decline in the rate of overall HICP inflation up to the second half of 2002. In terms of external developments, the slowdown in world growth should reinforce the weakening of price pressures. By contrast, efforts to compensate for past increases in inflation would endanger

recent wage moderation and may affect price stability.

The ECB will closely monitor price developments prior to, during and after the euro cash changeover period. However, no significant inflationary pressures are envisaged, as consumer vigilance and competitive pressures should attenuate possible temporary upward effects stemming from the cash changeover. In addition, the introduction of euro banknotes and coins should, through increased price transparency, exercise downward pressure on prices throughout the euro area.

## Box 5

### The August 2001 Survey of Professional Forecasters (SPF)<sup>1</sup>

At the beginning of August, the ECB completed its eleventh quarterly round of the SPF. The August 2001 questionnaire asked respondents to provide their expectations for average HICP inflation, real GDP growth and unemployment rates in the euro area for the calendar years 2001, 2002 and 2003, as well as over a longer horizon of five years, i.e. 2006. In addition, participants were also asked to provide their expectations over "rolling horizons" set one year and two years after the period for which the latest official data for each particular variable were available when conducting the survey. These rolling horizons help identify expected patterns in HICP inflation, real GDP growth and the unemployment rate that are difficult to deduce from expectations for annual average developments within the calendar years. In the latest survey, the rolling horizons for the HICP inflation rate were set at June 2002 and June 2003; the rolling horizons for the rate of growth in real GDP were set at the first quarter of 2002 and the first quarter of 2003 and the rolling horizons for the rate of euro area unemployment were set at May 2002 and May 2003. The results of the August 2001 SPF, which are based on 50 replies, are reported below.

#### HICP inflation expected to fall below 2% in 2002

According to the August 2001 SPF, annual HICP inflation in the euro area is expected to average 2.7% in 2001 and to decrease to 1.9% in 2002 (see the table below). These results imply an upward revision in inflation expectations of 0.4 percentage point for 2001 and of 0.1 percentage point for 2002 when compared with the expected inflation rates reported in the previous round in May 2001. The results also indicate that forecasters expect a gradual decrease in the annual inflation rate in the second half of 2001 and at the beginning of 2002. By June 2002, annual HICP inflation is expected to have fallen to 1.8%. Forecasters' expectations for euro area inflation further ahead indicate that inflation will remain below 2%. Indeed, the annual rate expected both for June 2003 and for 2003 as a whole is 1.8%. Thus the upward revision in survey participants' expectations applies mainly to 2001, suggesting that the developments in food prices associated with BSE and foot-and-mouth disease are expected to have only a temporary effect on overall inflation. More medium-term inflation expectations remain roughly unchanged. In 2006 HICP inflation is expected to average 1.8%.

<sup>1</sup> The survey is called the Survey of Professional Forecasters (SPF) to reflect the fact that the participants are experts from both financial and non-financial institutions based in the European Union.

## Results from the Survey of Professional Forecasters

(annual percentage changes, unless otherwise indicated)

	Survey horizon					
	2001	June 2002	2002	June 2003	2003	2006
<b>HICP inflation</b>						
Latest survey, August 2001	2.7	1.8	1.9	1.8	1.8	1.8
Previous survey, May 2001	2.3	-	1.8	-	-	-
	2001	2002 Q1	2002	2003 Q1	2003	2006
<b>Real GDP growth</b>						
Latest survey, August 2001	2.0	2.0	2.4	2.6	2.6	2.6
Previous survey, May 2001	2.5	-	2.6	-	-	-
	2001	May 2002	2002	May 2003	2003	2006
<b>Unemployment rate<sup>1)</sup></b>						
Latest survey, August 2001	8.4	8.2	8.2	7.9	7.9	7.1
Previous survey, May 2001	8.5	-	8.2	-	-	-

1) As a percentage of the labour force.

### Downward revisions of expected real GDP growth rates continue

In line with the downward revisions of growth prospects in the forecasts that have become available in recent months, survey participants revised their expectations for the average growth rate in 2001 to 2.0%, down by 0.5 percentage point compared with the May 2001 SPF and by 0.7 percentage point compared with the November 2000 SPF. In the first quarter of 2002 the year-on-year growth rate is also expected to be 2.0%. These downward revisions seem to be related mainly to growing concerns about the size and duration of the slowdown in the United States and in world demand. For 2002 as a whole, real GDP growth in the euro area is expected to rebound somewhat to average 2.4%, but this figure is 0.2 percentage point lower than that given in the May 2001 SPF for the same period. A recovery in the course of 2002 is anticipated, and GDP growth is expected to be 2.6% year-on-year in the first quarter of 2003. Over a longer horizon, real GDP growth in the euro area is expected to average 2.6% in 2006.

The *euro area unemployment rate* is expected to continue to fall gradually over the forecast horizon. The unemployment rate is expected to average 8.4% in 2001, falling to 8.2% by May 2002, and to continue to decrease moderately thereafter. The unemployment rate is expected to average 8.2% in 2002 and 7.9% in 2003. It is expected to decrease further to 7.1% in 2006.

## 3 Output, demand and labour market developments

### Further evidence of a slowdown in real GDP growth

According to Eurostat's first estimate (see Table 5), euro area real GDP rose by 0.1% quarter-on-quarter in the second quarter of 2001, compared with 0.5% in the first quarter. As a result, the year-on-year growth rate fell further from 2.4% to 1.7%. Furthermore, revisions for the last quarter of 2000 and the

first quarter of this year, together with the composition of real GDP growth in the second quarter of 2001, convey a different picture from the one contained in the previous release. The available data point to continuing moderation of GDP growth in the first six months of this year, with the pace of the slowdown increasing somewhat in the spring in response to the worsening of the external environment.

Real consumption increased by 0.1% in the fourth quarter of 2000 (revised downwards from 0.3%), followed by an increase of 0.8% in the first quarter of 2001 (revised upwards from 0.4% – the revision mainly being attributable to changes in German data) and 0.6% in the second quarter of 2001. Thus, over the first half of this year, growth in private consumption rebounded after the marked slowdown recorded in the second half of last year. This would indicate that the recent tax cuts have tended to have a quick and positive impact which has more than offset the negative effect arising from higher than expected inflation. Real investment decreased by 0.1% in the last quarter of 2000 (revised downwards from 0.6%), followed by a slight increase in the first quarter of 2001 (0.1% quarter-on-quarter – revised upward from -0.3%). In the second quarter of 2001, investment deteriorated further, declining by 0.8%. Overall, investment has turned out to

be much weaker since the last quarter of 2000 and has continued to suffer from the deterioration in the external environment.

As real GDP growth figures for the fourth quarter of 2000 and the first quarter of 2001 remained broadly similar to those published in the August issue of the Monthly Bulletin, changes in figures for consumption and investment were offset by revisions affecting inventories. The contribution from changes in stocks to real GDP growth is now given as 0.3 percentage point over the last quarter of 2000 (revised upwards from 0.1 percentage point), followed by -0.6 percentage point in the first quarter of 2001 (revised downwards from -0.1 percentage point, mainly as a result of changes in German data). In the second quarter of 2001, inventories played a broadly neutral role. No major noticeable revisions affected the net trade contribution to real GDP growth, which was -0.3 percentage point

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

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates <sup>1)</sup>								Quarterly rates <sup>2)</sup>				
	1998	1999	2000	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2
Real gross domestic product	2.8	2.6	3.4	3.9	3.3	2.9	2.4	1.7	0.8	0.5	0.6	0.5	0.1
<i>of which:</i>													
Domestic demand	3.5	3.2	2.9	3.5	2.8	2.3	1.6	1.0	0.9	0.2	0.5	0.0	0.3
Private consumption	3.0	3.2	2.6	3.3	2.5	1.8	1.9	1.7	0.8	0.2	0.1	0.8	0.6
Government consumption	1.2	2.1	1.9	2.2	1.7	1.6	1.8	1.6	0.4	0.2	0.6	0.6	0.1
Gross fixed capital formation	5.1	5.5	4.4	4.9	4.1	3.3	1.8	0.1	0.9	1.0	-0.1	0.1	-0.8
Changes in inventories <sup>3), 4)</sup>	0.4	-0.2	0.0	0.1	0.1	0.2	-0.3	-0.3	0.2	-0.1	0.3	-0.6	0.1
Net exports <sup>3)</sup>	-0.6	-0.5	0.6	0.4	0.5	0.6	0.9	0.7	-0.1	0.3	0.1	0.5	-0.3
Exports <sup>5)</sup>	7.1	5.1	11.9	11.9	12.0	11.4	8.6	4.8	2.4	3.1	2.6	0.3	-1.2
Imports <sup>5)</sup>	9.7	7.0	10.7	11.1	11.0	10.3	6.5	3.1	2.8	2.4	2.3	-1.1	-0.6
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	1.7	2.6	0.0	-0.4	0.4	-0.6	0.2	0.4	-0.5	1.5	-0.2	-0.6	-0.3
Industry	2.6	1.1	4.2	4.5	3.9	3.6	2.6	0.6	0.5	0.6	0.6	0.9	-1.4
Services	3.0	3.1	3.5	3.8	3.4	3.2	2.8	2.5	0.8	0.6	0.7	0.6	0.5

Sources: Eurostat and ECB calculations.

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

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

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

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

4) Including acquisitions less disposals of valuables.

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

6) Also includes hunting and forestry.

in the second quarter of 2001, following 0.5 percentage point in the first quarter. After a moderate quarter-on-quarter increase of 0.3% in the first quarter of 2001, export volumes declined by -1.2% in the subsequent quarter as a result of the significant slowdown in world trade and lower intra-euro area trade. Imports showed negative quarter-on-quarter growth rates of -1.1% and -0.6% in the first and second quarters of 2001, which was consistent with the depletion of inventories and the weakness in investment.

### Manufacturing production contracted in the second quarter of this year

Industrial production (excluding construction) rebounded in June 2001, increasing by 0.8% month-on-month, after having recorded negative month-on-month growth rates over the previous three months (see Table 6). Industrial production also increased in terms of year-on-year growth rates in June, by 1.7%, after having fallen by 0.5% in the previous month, thus interrupting a decline in year-on-year growth rates which had been continuous since January 2001. However, the positive year-on-year figure for the euro area in June 2001 can in part be accounted for by

base effects, as the June 2000 data were distorted downwards by calendar effects. Moreover, on a quarter-on-quarter basis, industrial production continued to fall in the second quarter of 2001, by 0.7% (following a decrease of 0.3% in the first quarter).

Similar developments were observed in manufacturing production, which increased by 1.0% month-on-month in June 2001, after declining by 0.3% in the previous month, and rose by 1.5% year-on-year, after falling 1.0% in May. In the second quarter of 2001 manufacturing production fell by 1.2%, following a decline of 0.9% in the first quarter of the year.

Developments in the main industrial groupings display a somewhat mixed pattern. The capital goods and consumer goods sectors recorded an increase in production in June 2001 compared with the previous month, while production in the intermediate goods sector was broadly stable. In year-on-year terms, all sectors recorded positive growth rates, particularly the capital goods sector (2.9%) and the consumer goods sector (1.1%), driven by growth in the non-durable consumer goods sector (1.4%). The slowdown in manufacturing production in the

**Table 6**  
**Industrial production in the euro area**  
(annual percentage changes, unless otherwise indicated)

	1999	2000	2001			2001			2001			2001		
			Apr.	May	June	Apr.	May	June	Jan.	Feb.	Mar.	Apr.	May	
			month-on-month			three-month moving averages								
Total industry excluding construction by main industrial groupings:	2.0	5.6	0.9	-0.5	1.7	-0.9	-0.2	0.8	1.1	-0.3	-0.7	-1.2	-0.7	
Total indus. excl. construction and energy <sup>1)</sup>	1.8	5.9	0.3	-0.9	1.3	-1.8	0.2	0.5	2.2	-0.9	-1.9	-2.7	-1.6	
Intermediate goods	1.5	6.0	-0.3	-1.9	0.1	-2.0	0.6	0.0	0.8	-1.5	-2.2	-2.5	-1.9	
Capital goods	2.3	9.0	1.0	0.5	2.9	-2.2	0.5	0.8	2.7	0.8	-1.0	-2.1	-1.8	
Consumer goods	1.7	2.6	0.4	-0.7	1.1	-0.7	-0.2	0.3	0.6	-0.2	0.0	-0.3	-0.2	
Durable consumer goods	1.5	6.1	-2.1	-4.0	-0.3	-1.9	-0.6	0.7	1.1	-0.8	-1.0	-1.7	-1.5	
Non-durable consumer goods	1.7	1.9	0.9	0.0	1.4	-0.4	-0.1	0.2	0.5	0.0	0.3	0.0	0.0	
Energy	1.6	1.4	1.1	2.8	2.3	2.2	0.8	0.4	-0.3	0.7	1.6	1.3	2.2	
Manufacturing	2.0	6.0	1.0	-0.9	1.5	-1.5	-0.3	1.0	1.7	-0.9	-1.4	-2.1	-1.2	

Sources: Eurostat and ECB calculations.

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

1) Manufacturing excluding the manufacture of coke and refined petroleum products, but including non-energy mining and quarrying activities.



second quarter of 2001 was mainly due to the falls recorded in the capital goods sector and the intermediate goods sector. By contrast, in the second quarter of this year quarter-on-quarter production growth in the consumer goods sector was unchanged, after having fallen by half a percentage point in the previous quarter. Thus, resilience in the consumer goods sector, which accounts for almost one-quarter of total manufacturing production, has helped to contain the current slowdown.

### Further declines in industrial confidence and capacity utilisation

According to the results of the European Commission Business Survey, euro area industrial confidence deteriorated further in July 2001 (see Table 7). The main reason for the decline was a sharp fall in the assessment of order books. The quarterly indicator on new orders also fell strongly in the latest survey, providing further evidence of a worsening in business conditions during the second quarter. Construction confidence also fell in July 2001, suggesting a continuation of

the downward trend observed since the spring of last year.

The Purchasing Managers' Index (PMI) increased for the first time since it peaked in April 2000, from 47.3 in July 2001 to 47.6 in August. However, this positive sign must be interpreted with caution. The rise was relatively small (the PMI was still below its June level) and its level remained below the theoretical break-even point for zero growth in manufacturing production. It is too early to conclude that the PMI might have touched bottom. Moreover, the link between these survey indicators and manufacturing production would imply the likelihood of further declines in the year-on-year growth rate of manufacturing production into the latter part of the year (see Chart 26).

Capacity utilisation in July 2001 also fell further, to 82.9%, the same level as in the first quarter of 2000. This decrease is consistent with the decline in quarter-on-quarter growth rates for industrial production recorded since the beginning of this year (see Chart 27) and the slowdown in investment, particularly investment in equipment.

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

	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July
Economic sentiment index <sup>1)</sup>	2.9	0.1	1.7	-0.4	-0.8	-0.6	-1.2	-0.4	-0.5	-0.3	-0.3	-0.7	-0.6
Consumer confidence indicator <sup>2)</sup>	6	8	10	10	8	9	7	9	9	9	7	6	4
Industrial confidence indicator <sup>2)</sup>	6	-0	12	14	12	8	2	8	6	3	2	0	-2
Construction confidence indicator <sup>2)</sup>	2	14	22	22	20	19	17	18	18	18	18	15	14
Retail confidence indicator <sup>2)</sup>	3	0	5	3	2	3	-1	5	0	1	-2	-2	1
Business climate indicator <sup>3)</sup>	0.7	-0.1	1.3	1.4	1.3	0.9	0.1	1.0	0.6	0.4	0.1	-0.0	-0.4
Capacity utilisation (%) <sup>4)</sup>	82.9	81.9	83.9	84.3	84.5	84.0	83.3	-	-	83.6	-	-	82.9

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

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

1) Percentage changes compared with the previous period.

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

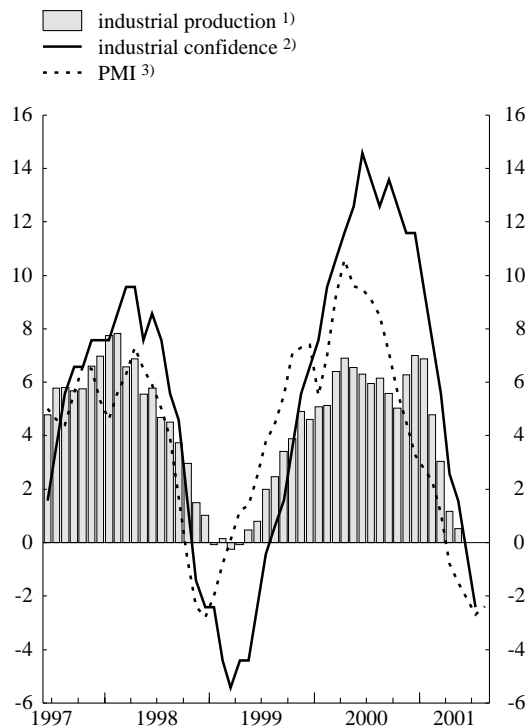
3) Units are defined as points of standard deviation.

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

### Chart 26

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

(monthly data)



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

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

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

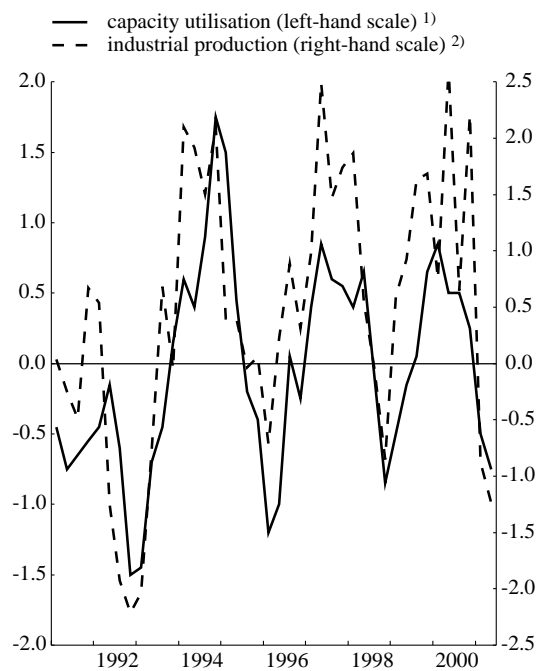
#### Consumer confidence continued to decline

The decrease in consumer confidence between June and July 2001, the third consecutive monthly decline, can be accounted for by a deterioration in the assessment by households of the general economic situation. Overall, the deterioration in consumer confidence over the past few months probably reflects the slowdown in the pace of unemployment reduction and past increases in inflation. However, consumer confidence is still above its longer-term average.

### Chart 27

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

(seasonally adjusted data; quarterly averages)



Sources: Eurostat and European Commission Business and Consumer Surveys.

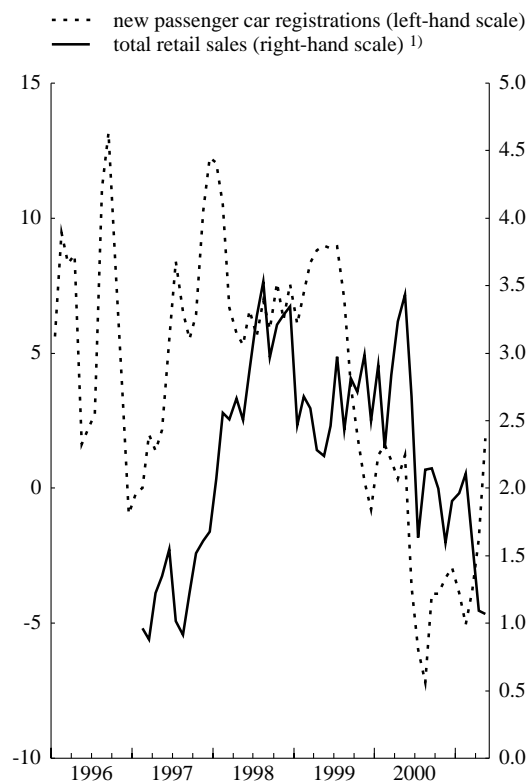
- 1) Change compared with the previous period in percentage points.
- 2) Percentage change compared with the previous period.

The volume of retail sales increased by 0.6% month-on-month in June 2001, following a decline of 0.3% in May and an increase of 0.4% in April. As a result, retail sales volumes increased by 0.2% quarter-on-quarter in the second quarter, compared with 0.5% in both the first quarter of 2001 and the last quarter of 2000. Year-on-year growth in retail sales was 1.1% in the second quarter of 2001, down by 1 percentage point compared with the first quarter (see Chart 28). This is in line with the downward trend in retail confidence observed over the course of the first half of this year. Finally, as reported earlier, car registrations rose by 6.8% quarter-on-quarter in the second quarter of 2001. Overall, these indicators explain the positive quarter-on-quarter growth rate for consumer expenditure in the second quarter against the background of a decline in consumer confidence.

## Chart 28

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

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



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

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

1) Calculated using seasonally adjusted data.

### Lower than expected real GDP growth in 2001

Recent data on economic activity indicate that real GDP growth in 2001 will most likely be

lower than was expected a few months ago. This is in line with the downward revisions to growth prospects in forecasts that have become available in recent months. For instance, as shown in Box 5, the August 2001 SPF showed a substantially lower expected rate of real GDP growth for 2001 than in previous survey rounds.

Some of the risks mentioned in the June 2001 issue of the Monthly Bulletin appear to have materialised to some extent, notably those related to the external environment, which turned out to be weaker than expected. In addition, growth in real disposable income has been dampened by higher than expected increases in consumer prices. A less favourable external environment together with dampening effects on profitability from past increases in oil prices is also likely to have had a negative impact on investment growth, particularly for investment in equipment.

Overall, euro area real GDP growth is expected to slow down significantly this year compared with the strong growth experienced last year. This is confirmed by the very moderate increase in real GDP in the second quarter. Notwithstanding considerable uncertainty surrounding the outlook, arising mainly from world prospects, there remain favourable factors that should help to support economic activity in the coming quarters. The expected decline in consumer price inflation, together with the full impact of the recent tax reductions, is expected to strengthen real disposable income growth and thereby underpin growth in consumer demand.

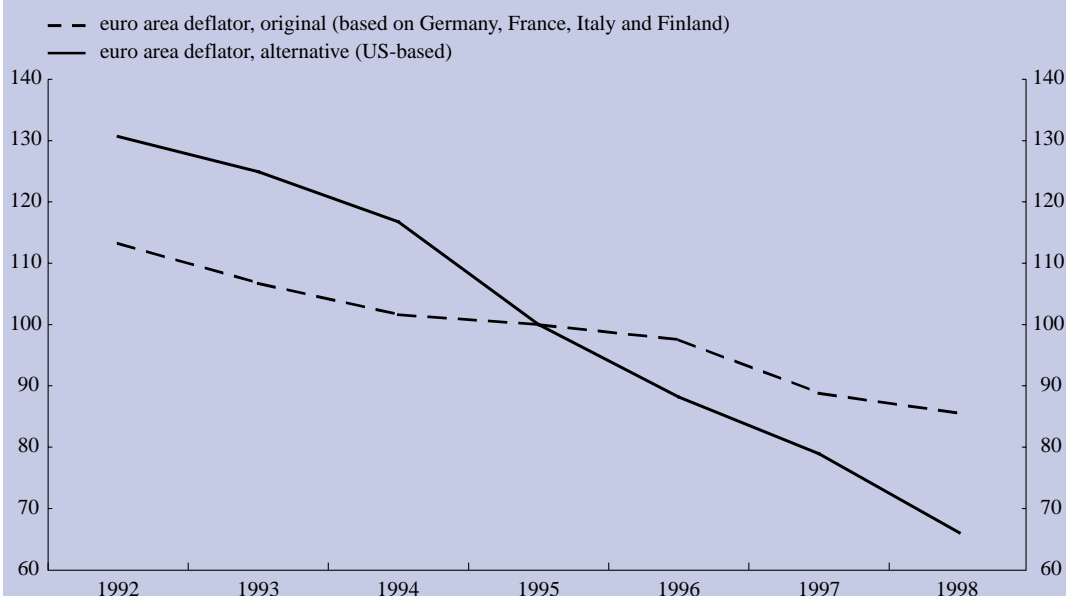
## Box 6

### The sensitivity of euro area growth to the measurement of ICT prices

Measurement problems related to international comparisons of growth in real GDP were discussed in qualitative terms in the July 2001 issue of the Monthly Bulletin in the article on "New technologies and productivity in the euro area". Recent discussions on the relative growth performances of the euro area and United States have often focused on one particular difference: the measurement of price indices for information and communication technology (ICT) equipment. In particular, it has been argued that, unlike US deflators, official euro area

### Price deflators for ICT equipment – euro area

(index 1995 = 100)



statistics do not take into account all quality improvements, which means that they understate price declines in these categories of goods and consequently underestimate the rate of growth of real GDP in volume terms. This, it is argued, could partly account for the observed difference in real GDP growth between the euro area and the United States. This box presents a quantitative analysis of the sensitivity of euro area real GDP growth to the use of alternative (US-based) deflators for ICT equipment.

The euro area estimates are based on detailed sectoral input-output data on real value added (or GDP) for four euro area economies – Germany, France, Italy and Finland – which together comprise around three-quarters of euro area nominal gross value added. The focus here is on manufacturing sectors producing ICT equipment, i.e. the “office accounting equipment and computer hardware industry” and the “radio, TV and communications equipment industry”. The US deflator was substituted for national deflators for euro area countries after correcting for differences in domestic inflation. This correction is made in order to make the alternative deflator for ICT equipment independent of differences in prevailing inflation in the different countries. The chart above shows both the original implicit value added deflator for ICT equipment and the alternative US-based deflator for the euro area. Between 1992 and 1998 the alternative (US-based) deflator for ICT equipment in the euro area decreased by 10.7% per year on average, compared with an average decline of 4.6% for the original deflator.

National accounts guidelines recommend the construction of price and volume indices for value added using the so-called double-deflation method, i.e. applying deflators both to gross output and to intermediate inputs. In the present context, this is of significance as many sectors consume intermediate ICT products, the price changes of which may also be overstated. Therefore, both output and input prices have to be adjusted in order to assess the full impact on total gross value added. If prices are adjusted for a product in one sector that is then delivered to another sector, real value added will be affected in both sectors, but the adjustments will be made in opposite directions. A fully internally consistent assessment of the inter-sectoral effects of input and output price and volume adjustments, and of their ultimate impact on overall value added, must therefore be made using detailed input-output tables.

### Impact on euro area real value added growth of using alternative (US) deflators for ICT equipment (production side)<sup>1)</sup>

(percentages (real value added growth) and percentage points (adjustments))

	1992	1993	1994	1995	1996	1997	1998	average 1992-98
Unadjusted real value added growth	1.6	-0.9	2.1	2.1	1.2	1.9	2.4	1.5
<i>Adjustments due to</i>								
ICT output adjustment	0.03	0.21	0.03	0.26	0.16	0.04	0.29	0.15
ICT input adjustment	-0.03	0.02	-0.01	-0.15	-0.13	-0.04	-0.25	-0.08
Total impact	0.00	0.24	0.02	0.11	0.03	0.00	0.04	0.06
Adjusted real value added growth	1.6	-0.6	2.2	2.2	1.2	1.9	2.5	1.6

Source: ECB calculations based on OECD Stan database and Eurostat 1995 input-output tables.

Notes: Figures may not add up due to rounding.

1) Euro area estimate based on Germany, France, Italy and Finland, which together account for around 73% of euro area nominal gross value added.

The table above summarises the results of this double deflation analysis for the euro area. It shows a decomposition of the total effect of the use of the alternative (US-based) ICT deflator on measured real value added growth in the euro area, distinguishing between the effects of using an alternative deflator for ICT equipment output and of an alternative price index for the use of ICT equipment as an input.

Since the effects computed are typically small, the adjustments are presented to two decimal points in the table above, even though the margins of error would probably only allow rounding to one decimal point. The effects of the use of alternative deflators for ICT equipment for the period from 1992 to 1998 period average somewhat more than 0.1 percentage point per year for gross output growth (which has an upward effect) and somewhat less than 0.1 percentage point for the growth rate of intermediate inputs (which has a negative impact on the growth rate of real value added). The effects of the gross output and intermediate input corrections on the growth rate of real gross value added (and hence on real GDP) cancel each other out to a large extent. Between 1992 and 1998 the net effect on real value added growth is only visible at the two decimal point level, averaging a mere 0.06 percentage point. Furthermore, the adjustments show no clear pattern over time.

Thus, these estimates suggest that the mechanical impact of alternative (US-based) deflators for ICT equipment on real GDP growth in the euro area is relatively small, albeit with some variation over time. However, the use of different deflators is only one of the methodological differences between euro area countries and the United States in the compilation of national accounts. Other methodological differences, such as the treatment of software investment, the estimation of real value added in services sectors producing and using ICT, and the impact of weighting methods on measured GDP growth, are potentially more important. Hence, a more comprehensive study of these differences would be needed in order to draw firm conclusions as to whether statistical differences explain part of the observed real GDP growth differential between the euro area and the United States in recent years.

### Employment growth likely to have slowed further in the second quarter of 2001

While no estimates of employment based on national accounts data have yet been released

for the second quarter of 2001, available information at the national level suggests that employment growth in the euro area moderated further in the second quarter, compared with the 0.4% quarter-on-quarter

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

	1998	1999	2000	2000	2000	2000	2000	2001	2000	2000	2000	2000	2001
				Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1
	Quarterly rates <sup>1)</sup>												
Whole economy <i>of which:</i>	1.7	1.7	2.1	2.0	2.2	2.0	2.1	1.9	0.5	0.6	0.4	0.5	0.4
Agriculture and fishing <sup>2)</sup>	-1.3	-3.1	-1.6	-1.9	-1.8	-1.7	-0.9	-0.4	-0.3	-0.2	-0.4	0.1	0.2
Industry	1.0	0.4	1.0	0.8	1.0	1.0	1.2	1.3	0.2	0.3	0.3	0.4	0.3
Excluding construction	1.2	0.1	0.7	0.1	0.7	1.0	1.2	1.5	0.1	0.4	0.3	0.4	0.4
Construction	0.4	1.0	1.6	2.5	1.6	1.1	1.3	0.9	0.4	0.1	0.3	0.6	0.0
Services	2.2	2.6	2.8	2.8	2.9	2.7	2.7	2.3	0.8	0.7	0.5	0.6	0.4
Trade and transport <sup>3)</sup>	1.7	2.3	2.9	2.9	3.1	2.8	2.8	2.2	0.8	0.6	0.7	0.6	0.2
Finance and business <sup>4)</sup>	5.1	5.6	6.1	6.6	6.6	6.2	5.3	4.4	1.6	1.6	1.1	0.8	0.8
Public administration <sup>5)</sup>	1.4	1.4	1.2	1.0	1.2	1.2	1.4	1.4	0.4	0.5	0.1	0.4	0.4

Sources: Eurostat and ECB calculations.

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

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

2) Also includes hunting and forestry.

3) Also includes repairs, communication, hotels and restaurants.

4) Also includes real estate and renting services.

5) Also includes education, health and other services.

growth rate recorded in the first quarter of the year (see Table 8). This confirms that the impact of the slowdown in economic activity is becoming increasingly evident in labour market developments. The slowdown in employment growth has also been underpinned by a slight revision of national accounts data since the last issue of the Monthly Bulletin, mainly due to an improvement in statistical sources in Germany. While this improvement in German data collection resulted in a small upward revision of employment growth for 1999 and the first half of 2000, it also resulted in a downward revision (by around 0.1 percentage point) of quarter-on-quarter growth rates since the second half of 2000.

The slower rate of net job creation recorded in the first quarter of 2001 reflected contrasting developments within sectors. Employment growth in total industry slowed down to 0.3% quarter-on-quarter, compared with 0.4% in the last quarter of 2000. This essentially reflected no employment growth in the construction sector, while employment growth in industry excluding construction

remained broadly stable. In the services sector, the pace of net job creation slowed by 0.2 percentage point in the first quarter of 2001, to 0.4% quarter-on-quarter. This was mainly due to a marked slowdown in employment growth in the sector including retail trade and transport (from 0.6% quarter-on-quarter in the last quarter of 2000 to 0.2% in the first quarter of 2001), while employment growth in the rest of the services sector remained broadly unchanged compared with the previous quarter. The lower pace of employment growth in the services sector reflects the slowdown in domestic demand, and especially in private consumption, recorded in the second half of 2000.

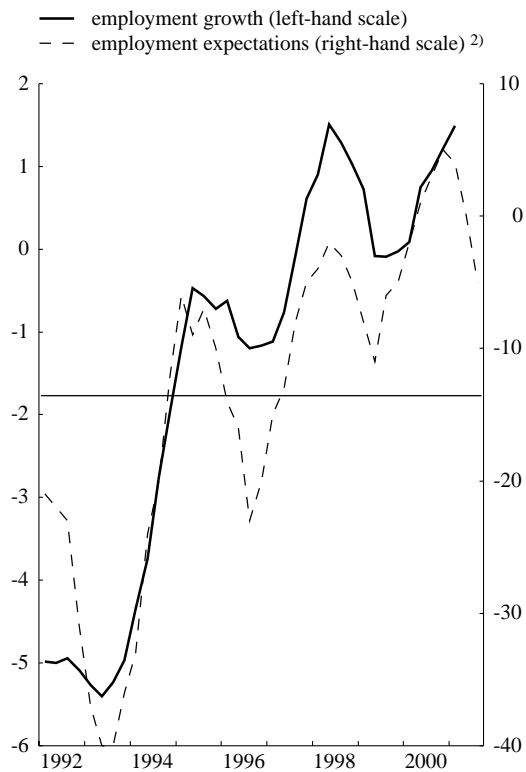
### **Employment expectations signal a further moderation in employment growth**

Employment expectations for the euro area point to a picture of a further moderation in employment growth in the second and third quarters of 2001. Results from the European

### Chart 29

#### Employment growth and employment expectations in industry in the euro area<sup>1)</sup>

(annual percentage changes; percentage balances)



Sources: Eurostat and European Commission Business and Consumer Surveys.

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

1) Excluding construction.

2) Employment expectations refer to manufacturing only.

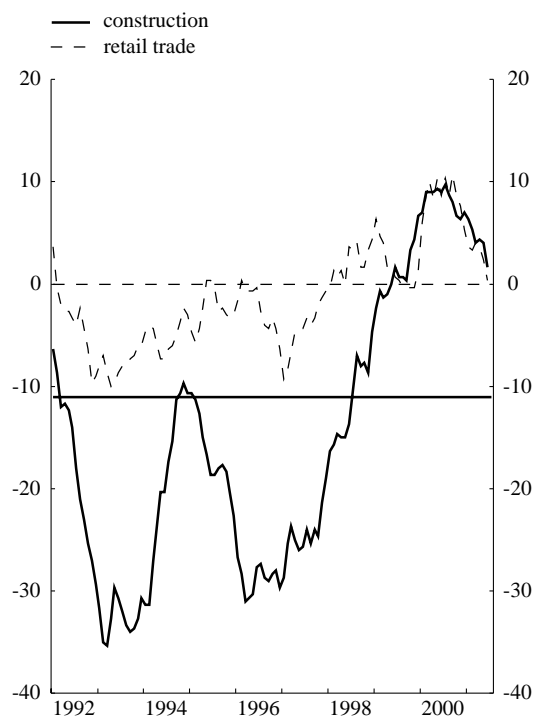
Commission Business Survey actually began pointing to a broadly based decline as early as the turn of the year 2000/2001. Since then, firms have repeatedly lowered their employment expectations in all surveyed sectors (manufacturing, construction and retail trade). In the manufacturing sector, which tends to react more strongly to developments in economic activity, firms started to envisage the possibility of negative employment growth at the beginning of the third quarter of 2001 (see Chart 29). A similar picture is evident in the Purchasing Managers' Survey results,

which indicate a slight decrease in manufacturing employment at the start of the third quarter of 2001. At the same time, employment growth expectations in construction remained only slightly positive (see Chart 30). For the services sector, survey results continued to point to positive employment expectations at the start of the third quarter of 2001, although some decline has occurred since the second quarter. This picture is based on results from the European Commission Business Survey for the retail trade and results from the Purchasing Managers' Survey for the whole of the services sector, which are slightly more positive.

### Chart 30

#### Employment expectations in the euro area

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

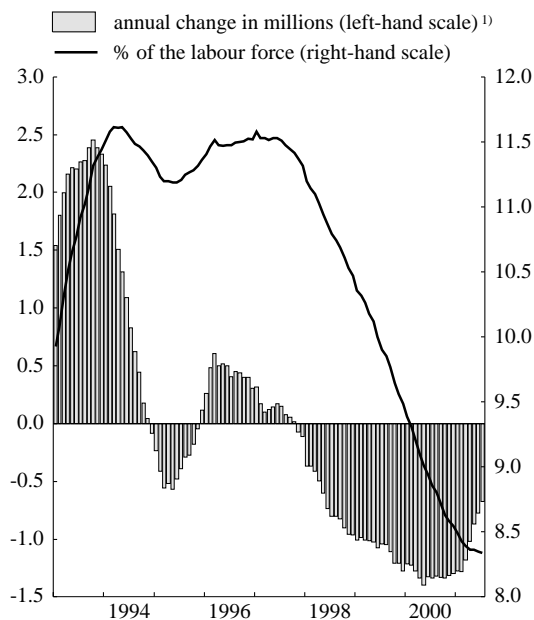


Source: European Commission Business and Consumer Surveys.

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



**Chart 3 I**  
**Unemployment in the euro area**  
*(monthly data)*



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

**Unemployment remained unchanged in July 2001**

The standardised unemployment rate for the euro area stood at 8.3% in July 2001, which was unchanged compared with June (see Chart 3 I). However, the number of unemployed continued to fall – with a drop of around 17,000 compared with the previous month. This month-on-month decline was

substantially less than the average decline of 72,800 recorded in the first quarter of the year and was also slightly smaller than that observed in the second quarter (20,000 on average). These developments underline a rather marked slowdown in the decline in unemployment over the first half of 2001, compared with the pace observed over the previous two years. However, this was expected, given the lagged response of labour market developments to economic activity and the slower pace of employment growth.

The marked slowdown in the decline in unemployment in recent months can be seen in both reported age groups (see Table 9). For those aged 25 and above, the unemployment rate remained at 7.3% in July, unchanged since last February. The number unemployed in this age group fell by around 8,800 in July, which was roughly comparable with the decline observed in the previous two months. For those aged under 25, the unemployment rate has also remained fairly stable since February, at around 16.5%, although it fell by 0.1 percentage point to 16.4% in July. This fall of around 8,100 in July in the number of young unemployed appears relatively large, given the smaller size of this age group. However, the size of this fall must be interpreted with caution, considering that youth unemployment tends to be more volatile and that, more generally, the published unemployment figures for the euro area for July rely on forecasts for several euro area countries.

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

	1998	1999	2000	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Feb.	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July
Total	10.8	10.0	8.9	8.8	8.6	8.4	8.4	8.4	8.4	8.4	8.4	8.3	8.3
Under 25 years <sup>1)</sup>	21.5	19.5	17.5	17.2	16.8	16.5	16.5	16.5	16.5	16.5	16.5	16.5	16.4
25 years and over	9.3	8.6	7.8	7.6	7.5	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3

Source: Eurostat.  
 Notes: According to ILO recommendations. Data refer to the Euro 12 (including periods prior to 2001).  
 1) In 2000 this category represented 23.6% of total unemployment.

### **The economic slowdown is likely to continue to have an impact on the labour market**

The economic slowdown is expected to continue to affect employment growth in the second half of 2001 and in 2002. Given the assumption of continued strong growth in the labour force, this could lead to a further stabilisation or even a temporary rise in the unemployment rate in the short run. The extent and duration of the impact of the

slowdown on labour market developments will depend on the pace of the recovery in economic growth and on wage growth developments in coming months. Against this background, it is crucial to ensure the continuation of favourable conditions able to support employment growth. Sustained efforts to implement structural reforms in labour and product markets remain key factors in the achievement of long-lasting labour market improvements in the euro area.

## **4 Fiscal developments**

### **Budgetary developments in 2001 are less favourable than expected**

The latest harmonised data and estimates available on budgetary developments in the euro area are those published in the spring of 2001 by international organisations. The most recent information on budgetary developments this year and on policy measures, as provided by governments, is not harmonised between countries and suffers from differences in coverage. Consequently, only tentative assessments of the short-term orientation of public finances in the euro area countries can be made from the information currently available.

It is now apparent that a number of countries are having difficulties in achieving their budgetary targets for 2001. Compared with earlier assessments of countries' budget plans, this is likely to result in a deterioration of the government budget balance for the euro area as a whole in the current year that is greater than expected. Furthermore, the decline of the euro area debt-to-GDP ratio in 2001 would be somewhat less than previously anticipated.

The additional deterioration of the budgetary outlook for the euro area is a result of the slowdown in GDP growth, which is adversely affecting revenue growth in euro area countries, and of the tax cuts implemented in

most countries, which in some cases appear to have had a greater impact than originally estimated. However, since the decline in real GDP growth mainly stems from a weakening of exports and business investment, which are not significant sources of tax receipts, its immediate effect on public finances is relatively limited.

Overall expenditure seems to be developing broadly in line with government medium-term programmes, although in a number of countries lower output growth and higher than expected inflation are boosting public spending somewhat beyond what was initially budgeted. Moreover, in some countries ineffective expenditure controls are leading to spending overruns, particularly in the healthcare sector.

By comparison with previous assessments, the less favourable fiscal outlook does not appear to be the result of a significantly more relaxed fiscal stance than was originally intended in most countries and in the euro area as a whole, but rather reflects the functioning of automatic stabilisers. The latter should be allowed to operate fully only in countries with budgetary positions close to balance or in surplus. By contrast, expected slippages with regard to the original targets for the deficit-to-GDP ratio are of concern in countries still reporting sizeable fiscal imbalances. In these countries, a prudent

budget execution should contain deviations from original targets for the current year. Such an approach would accelerate progress towards achieving sound budgetary positions and enhance the credibility of these countries' medium-term consolidation strategies.

Several arguments support this position. In the policy framework of the Stability and Growth Pact, the targets are expressed in terms of the nominal budget balance (surplus or deficit) as a percentage of GDP, without any correction of these figures to take into account the cyclical position of the economy. A substantial deviation from these targets in countries that suffer from sizeable budgetary imbalances would raise concern over the future path of fiscal policies. Furthermore, giving priority to boosting demand over reducing budget deficits in the face of a temporary growth slowdown would not only risk affecting the economy in an untimely manner, on account of time-lags, but would more generally show a lack of commitment on the part of these countries to the pre-announced path of fiscal consolidation and put the credibility of the Stability and Growth Pact at risk. In addition, it needs to be recalled that the initial targets were already unambitious given the significant remaining imbalances, as expenditure restraint was not commensurate with the size of tax cuts. Missing the targets as a result of less favourable revenue developments than anticipated and postponing the necessary and even urgent structural adjustments in expenditure policies would also raise doubts about the direction and sustainability of ongoing fiscal reforms.

#### **Countries with sizeable fiscal imbalances should maintain their medium-term balanced budget targets**

The euro area countries are currently preparing their budget plans for 2002. Countries with sound budgetary positions can pursue fiscal policies so as to make progress with their medium-term reform strategies. In comparison with the most recent stability

programmes, revisions of targets for 2002 may reflect changes in the macroeconomic environment and the operation of automatic stabilisers in 2001. However, fiscal fine-tuning is not warranted and debt reduction should continue to be prioritised in high debt countries.

By contrast, fiscal policies in countries with remaining sizeable imbalances should be guided by the objective of achieving sound budgetary positions within the previously announced time frame. A number of arguments favour this approach. Adverse economic developments are no reason for governments to reduce their determination to adhere strictly to the Stability and Growth Pact. Governments should not condition the principle of fiscal discipline on the cyclical position of the economy nor postpone the attainment of budgetary positions close to balance or in surplus to more prosperous times. The credibility of the consolidation process requires a firm restatement of priorities so that sound public finances do not become a moving target. Sound budgetary positions would foster favourable conditions for savings and investments and, hence, a sustained path of non-inflationary output and employment growth.

On this basis, 2002 fiscal targets should be guided by the following considerations in countries with remaining imbalances. First, governments should maintain their medium-term consolidation path and should not postpone the previously announced deadline year to attain a balanced budget or a surplus. Second, 2002 budgets and updated stability programmes must secure the credibility of these plans via sufficiently ambitious *ex ante* targets for the reduction of the deficit ratio and specific measures to attain them. The revised nominal targets can deviate from the nominal targets announced in the latest stability programmes at most by what can be justified by a different economic environment, but there are strong arguments for a more ambitious approach. Third, Member States should respect very closely the recommendations given in the 2001 Broad

Economic Policy Guidelines and conduct consolidation as part of a comprehensive reform strategy. If these considerations are taken into account in 2002 budgets and in the next round of stability programmes, countries will progress suitably towards the target of being close to balance or in surplus as laid down in the Stability and Growth Pact.

Structural expenditure reform must be the guiding principle for fiscal reform strategies. In addition to enhancing sustainability, it would strengthen the contribution of public

finances to growth and employment in all euro area countries. From a medium-term perspective, firm limitations on expenditure create incentives for more efficient government policies while facilitating further tax cuts, rapid debt reduction and the financing of obligations related to the ageing of the population. In countries with remaining imbalances, ambitious expenditure restraint will enable sound fiscal positions to be achieved without having to backtrack on tax reforms.

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

### **The global economic outlook deteriorated significantly**

Since June 2001 when the last quarterly issue of the Monthly Bulletin was published, the global economic outlook has deteriorated significantly. The continued slowdown in economic activity in the United States spilled over to almost all other regions, thus causing a significant decline in global economic growth and, most notably, international trade. In Japan, the timid recovery experienced in the second half of 2000 was abruptly reversed in the first half of 2001. In the emerging market economies, output growth in the small open economies in Asia has been particularly affected by the sharp contraction in US business investment and information and communication technology (ICT)-related imports. Against this background, additional concerns remain with regard to economic and financial conditions in Argentina and Turkey and their possible spillover effects on global financial markets. In the light of these developments, the timing and magnitude of a rebound in world demand remain uncertain. This was further compounded in the aftermath of the terrorist attacks in the United States. Therefore, overall, the balance of risks continues to be on the downside.

In the United States, the economic downturn deepened in the second quarter of 2001. In the short term, amidst substantial uncertainty, the probability of a robust rebound in economic activity remains low and real GDP growth is expected to be relatively muted, albeit still positive, while inflation is expected to remain quiescent. Over the medium term, the strength of the economy will depend on the extent to which the productivity gains experienced in the second half of the 1990s prove to be durable.

In quarter-on-quarter annualised terms, real GDP grew by 0.2% in the second quarter of 2001, following 1.3% in the first quarter, according to the official preliminary estimate. These data reflect relatively firm, albeit declining, growth in consumer spending and residential investment, which stood at 2.5% and 5.8% respectively. However, fixed non-residential investment contracted sharply by 14.6%, and net exports made a slightly negative contribution to GDP growth, as real exports fell even more sharply than real imports (12.2% versus 7.7%). In the short term, real GDP growth is expected to continue to be supported mainly by private consumption expenditure. The negative effects of falling employment and slower growth in disposable income should be

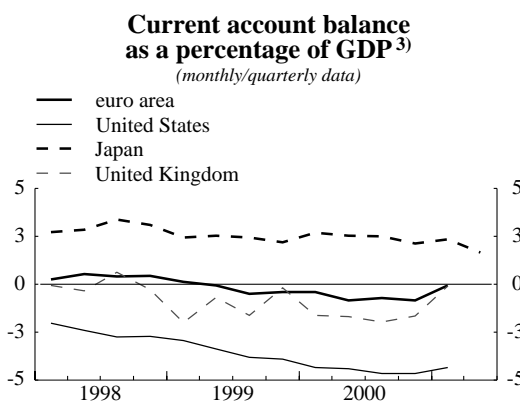
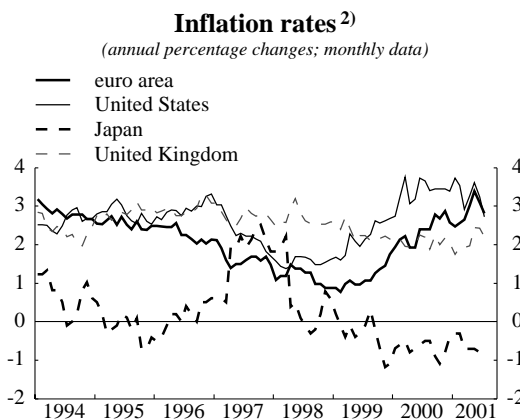
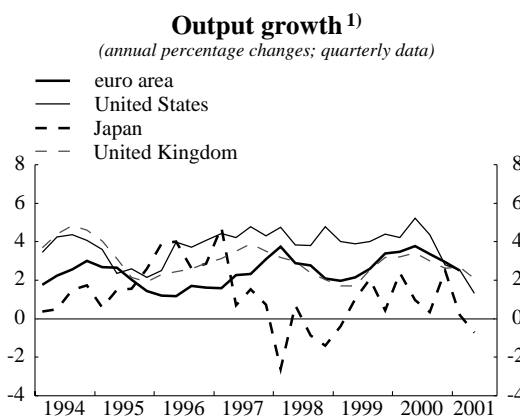
countered, at least partially, by the decline in short-term interest rates and the tax rebate implemented since July 2001. This notwithstanding, private business investment is likely to remain a drag on real GDP growth in the immediate future, as the ongoing inventory correction is likely to delay the rebound of capacity utilisation and postpone the recovery of firms' expenditure on capital goods. In this respect, some recent data releases pointing to a possible bottoming-out of the downturn in the manufacturing sector are still too preliminary, at this stage, to allow a more optimistic assessment of the medium-term developments in private business investment.

Downside risks to future real GDP growth in the United States remain significant. In particular, if corporate profitability continues to fall, the decline of private investment might well have a further impact on the labour market by increasing unemployment. This, in turn, could dampen private consumption growth, thus threatening to push the economy into a more marked and protracted slowdown. Such a risk is exacerbated by recent developments in consumer confidence, which declined in August 2001 after increasing in the previous two months.

Inflationary developments in the United States remain muted. In July, the annual growth rates of headline consumer and producer price inflation moderated to 2.7% and 1.7% respectively, from 3.3% and 2.6% in the previous month, mostly as a consequence of the decline in energy prices (see Chart 32). Looking forward, weak aggregate demand should help to contain inflationary pressures. Furthermore, second-round effects from the past oil price increase do not appear to have emerged.

The Federal Open Market Committee (FOMC) further lowered its target for the federal funds rate by 25 basis points to 3.5% on 21 August 2001. In its 21 August 2001 statement, the FOMC quoted the weakness of business profits and capital spending and the slowdown of growth abroad as the main

**Chart 32**  
Main developments in major industrialised economies



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

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

factors weighing negatively on the US economy. At the same time, the FOMC judged inflationary pressures to remain contained, as product and labour market conditions continued to ease. Developments after 12 September are not reported in this section of the Monthly Bulletin.

In Japan, the economic situation has continued to deteriorate, with weakening demand putting increased downward pressure on prices. Annualised GDP growth decelerated from 2.6% in the fourth quarter of 2000 to 0.5% in the first quarter of 2001. The decline in exports and private investment was particularly pronounced, while private consumption experienced a temporary boost from the introduction of a new law on the recycling of household appliances. In the second quarter of 2001, however, real GDP contracted by 3.2% (quarter-on-quarter, annualised), largely reflecting weak private and public investment and continued sluggishness of export performance, which was especially notable for ICT-related products.

Looking ahead, short to medium-term growth prospects for the Japanese economy appear rather subdued, while an improvement in longer term prospects seems to be dependent on the implementation of structural reforms. Against the backdrop of less favourable corporate profit conditions and an uncertain outlook for domestic and external demand, private non-residential investment spending is likely to remain weak for some time, as indicated by recent data on machinery orders. Private consumption spending is likewise unlikely to recover in the near future, given the persistent weakness of disposable income. Sluggish aggregate demand, combined with possible downward pressures from the supply side associated with corporate restructuring and increased competition, suggest that deflationary pressures are likely to persist for some time. Against this background, on 14 August 2001 the Bank of Japan decided to raise the outstanding balance of current accounts held at it from around JPY 5 trillion to around JPY 6 trillion. At the same time, it

decided to increase the amount of its monthly outright purchases of long-term government bonds from JPY 400 billion to JPY 600 billion.

In the United Kingdom, economic performance remained relatively strong compared with the developments in the global economy. However, the combination of weaker external conditions and firm household demand produced greater divergence in sectoral growth within the economy. Overall, annual real GDP growth decelerated from 2.7% in the first quarter of 2001 to 2.1% in the second quarter (see Chart 32). The main downward effect on annual real GDP growth in the second quarter came from inventories, as manufacturing industries started to run down their high stock levels, with net trade also making a negative contribution to annual real GDP growth. The main driving forces behind economic activity in the second quarter were real private and public consumption, which increased by 3.2% and 3.6% respectively compared with a year earlier. While the rise in public consumption reflected progress towards government spending targets, private consumption was supported by consumer confidence well above its long-term average, reflecting continuing employment growth, steady increases in earnings and a further rise in house prices. Gross fixed capital formation was 1.8% higher in the second quarter compared with a year earlier. Nevertheless, the underlying growth in investment appeared to be weakening on account of deteriorating business confidence, declining profitability and historically rather low levels of capacity utilisation.

Inflation in the United Kingdom remained relatively subdued. Consumer price inflation, measured on the basis of the Retail Price Index excluding mortgage interest payments (RPIX), stood at an annual rate of 2.2% in July, down from 2.4% in the previous month. The largest downward effect came from (seasonal) food prices. Wage cost pressures, however, seem to have increased as the labour market has continued to tighten recently. The annual increase in whole



economy earnings accelerated to 4.8% in June, from 4.6% in May.

The short-term outlook for the UK economy largely depends on the extent to which the external weakness will further affect the domestic economy, as well as the resilience of private consumption. Against a background of projected moderating price pressures emanating from the global slowdown, the Bank of England's Monetary Policy Committee decided to cut its key policy interest rate by 25 basis points to 5.0% on 2 August 2001.

Regional developments in the Asian emerging economies are characterised by significantly diverging growth performances. The two major economies of the area, namely China and India, continue to grow at a fast pace, thus remaining relatively insulated from the global slowdown. By contrast, the smallest and more globally integrated countries have suffered mainly from the sharp decline in their ICT exports. The ICT slowdown has started spilling over into other sectors of the economies of these countries, thus further dampening firms' investments and overall income. Reflecting these developments, the export-based economies of Singapore and Taiwan are in recession, while in Korea moderate growth was recorded on the back of stronger than expected domestic demand. The economic downturn has further moderated inflationary pressures in the region.

The economic prospects in the larger countries seeking accession to the European Union are somewhat less favourable compared with last year, as the deterioration in the global outlook, despite some initial resilience owing to strong domestic demand, is gradually spilling over through the trade channel. Within this common broad outlook, different trends have now emerged. On the one hand, the overall economic outlook has so far remained positive in Hungary and the Czech Republic, although growth moderation could intensify in the coming months, as signalled by recent industrial production figures. On the other hand, in Poland, the

weakening of economic activity – confirmed by recent data releases on real GDP growth and industrial production – is already rather substantial, as sluggish domestic demand is compounding the impact of the unfavourable external environment.

In Turkey, although the financial outlook seems to have somewhat improved, the real economy is still facing a severe recession, amid tight fiscal and financial conditions. Looking forward, while domestic demand is likely to remain subdued next year, the external sector could become a supportive factor as a result of the devaluation of the lira. In Russia, according to preliminary estimates, real GDP grew by 5.9% year-on-year in the second quarter of 2001. While the fiscal situation improved further and the current account surplus remained significant, the ongoing real exchange rate appreciation may have some sizeable negative consequences on non-energy exports. Overall, the economic outlook is characterised by strong growth in consumption against a background of some weakening in gross fixed capital formation. A continued source of concern is linked to inflation, which has remained above 20% in annual terms throughout the year.

The prospects for Latin America have deteriorated significantly in recent months, as the impact of the global economic slowdown and the financial turmoil in Argentina are now being compounded by a severe electricity shortage in Brazil. Faced with extremely high financing costs, in late July 2001 Argentina passed a "zero deficit" bill stating that the Government will not spend more than it collects in revenues. In August, the authorities secured USD 8 billion in extra IMF funding. Nonetheless, despite a positive preliminary market reaction, borrowing costs remain rather high by international standards. Argentina's economic woes have contributed to the worsening of the outlook for neighbouring Brazil, which was triggered by the ongoing electricity rationing, low prices for the country's commodity exports and the decrease in FDI



flows. As a result, according to recent data releases, Brazil's expansion came to a virtual standstill in the second quarter of 2001 (0.8% year-on-year as against 4.3% year-on-year in the first quarter). While showing little evidence of contagion from the rest of South America, the Mexican economy is still slowing down in response to a sharp drop in demand from the United States – its main trading partner – and the past decline in oil prices. Cuts in public spending also contributed to the deceleration in domestic demand, as the Government has remained committed to the fiscal deficit target for 2001, despite revenues coming in below expectations. In the light of these economic conditions, real GDP growth was 0.9% year-on-year in the first half of 2001, down from 6.9% last year.

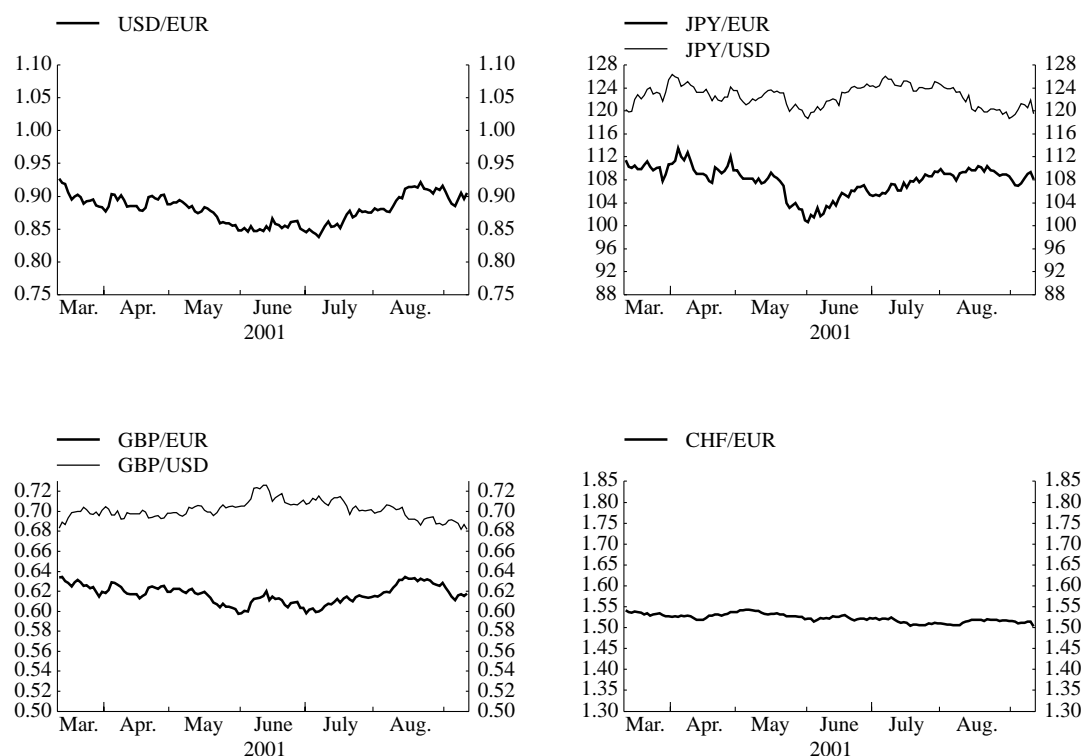
### Euro slightly stronger in effective terms compared with end-July

Developments in foreign exchange markets in the first three weeks of August 2001 were characterised by the euro's continuing appreciation against most major currencies, a rather broadly based weakness of the US dollar and the relative resilience of the Japanese yen. After levelling off somewhat towards the end of August, the US dollar fluctuated rather erratically against most major currencies in early September as a result of conflicting data releases on the US economy and the terrorist attacks in New York and Washington, D.C. Overall, market uncertainty over the depth of the US slowdown and the extent of its impact on other regions of the world, together with the reported repatriation of funds by financial institutions in Japan, seem to be the principal factors which explain observed movements in currency markets over this period.

## Chart 33

### Patterns in exchange rates

(daily data)



Source: ECB.

Against the US dollar, the euro built upon its earlier momentum for appreciation in the first three weeks of August, supported mainly by fading prospects of a swift rebound in US economic activity. The publication of the Federal Reserve's Beige Book on 8 August, which suggested that the weakness in manufacturing may spread further through the US economy, and the downward revision of the US growth rate for the second quarter of 2001 seem to have weighed heavily on the US dollar during this period. The decision of the Federal Reserve on 21 August to lower its target for the federal funds rate by an additional 25 basis points to 3.5% was widely expected and had no immediate impact on the US dollar. In early September, however, data releases giving conflicting signals on the state of the US economy triggered a partial reversion of the euro's earlier gains vis-à-vis the US currency. Immediately after the terrorist attacks on the United States, uncertainty in foreign exchange markets temporarily surged and the US dollar dropped against all major currencies. By 12 September, the impact of this event on the US currency was rather limited in terms of magnitude. Against this background of increased uncertainty over the US economic outlook, in the period from end-July to 12 September the US dollar declined by 3.4% against the euro, by 4.3% against the Japanese yen and to a lesser extent against the pound sterling (2.8%). Accordingly, the euro traded against the US dollar at USD 0.91 on 12 September (see Chart 33), roughly 2% below its average value in 2000.

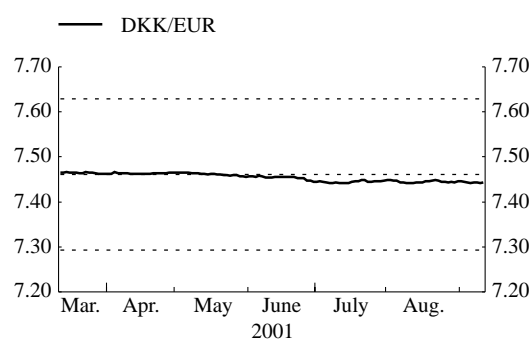
In August and early September the Japanese yen proved rather resilient vis-à-vis the euro and even appreciated against the US dollar. According to market observers, the robustness of the Japanese yen in the period under review, which is difficult to reconcile with a background of further deteriorating economic conditions in Japan, could be partly related to the observation that Japanese financial institutions have been repatriating sizeable funds from abroad as a result of the introduction of new accounting rules and the end of the fiscal half-year in Japan. The

decision of the Bank of Japan to continue to ease the monetary stance did not have a lasting effect on the Japanese currency. On 12 September the euro was quoted at JPY 108.15, i.e. about 1% weaker than at the end of July, yet almost 9% higher than its average value in 2000.

Against the pound sterling, the euro recorded a sharp appreciation in the first half of August – reaching its highest level in five months – in response to deteriorating conditions in the UK manufacturing sector and declining industrial production. Nevertheless, in early September, with the release of robust business and consumer confidence data in the United Kingdom, market observers took a more positive view of the country's economic outlook. In view of these developments, the euro-pound exchange rate returned to levels seen at the end of July. The decision by the Bank of England on 2 August to lower interest rates by 25 basis points to 5% did not have a significant effect on trends in foreign exchange markets. Given these offsetting movements, on 12 September the euro was recorded at GBP 0.62, virtually unchanged compared with the end of July and slightly more than 1% above its average level in 2000.

Within ERM II, the Danish krone fluctuated in a narrow range slightly below its central

**Chart 34**  
**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).

parity in August and early September (see Chart 34). With regard to other European currencies, the euro was also relatively stable against the Swiss franc, which traded between CHF 1.50 and CHF 1.52 in the period under review. The euro continued to appreciate against the Swedish krona (around 3% since the end of July) amid ongoing negative sentiment in the technology sector, weighing on the Swedish stock market. In the period reviewed, the euro reached its highest level vis-à-vis the krona since its launch in January 1999.

Against the aforementioned developments in bilateral rates, on 12 September the euro was in nominal effective terms slightly

stronger than at the end of July, while it was roughly 1% higher than its 2000 average. Movements in the CPI, PPI and ULCM-deflated effective exchange rate indices continued to track fairly closely those of the nominal index (see Chart 35).

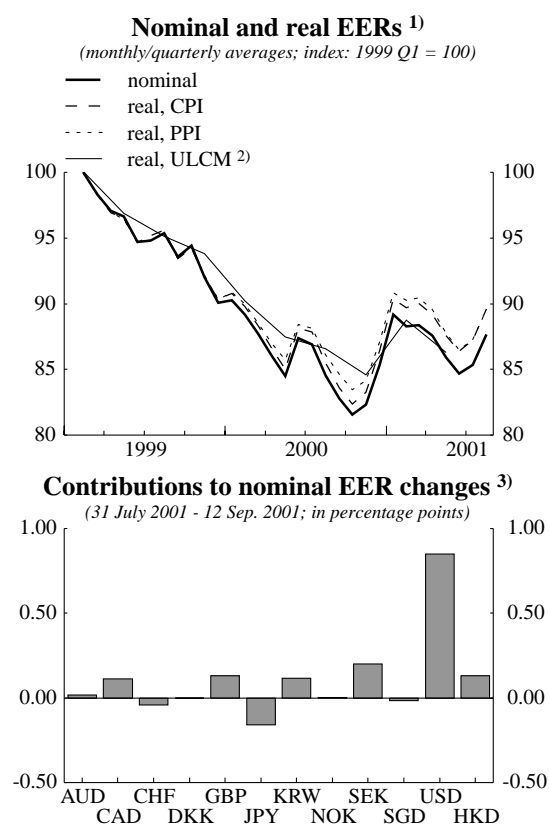
### A decrease in the current account deficit in the first half of 2001

The current account deficit of the euro area decreased marginally, from €1.3 billion in June 2000 to €0.8 billion in June 2001 (see Table 10). Although the goods surplus more than doubled from €4.0 billion to €8.3 billion, this was virtually offset by a slight decrease in the surplus for services, combined with increases in the deficits for both income and current transfers.

During the first half of 2001, the cumulated current account deficit declined to €11.2 billion, i.e. €9.5 billion lower than the corresponding period last year. This was mainly due to a considerable widening of the cumulated goods surplus (from €11.9 billion to €26.3 billion), which was only partially offset by increases in the deficits for income and current transfers of €4.3 billion and €0.9 billion respectively. Meanwhile, the deficit for services remained virtually unchanged. The rising cumulated goods surplus can be explained by the faster growth of exports (13.3%) relative to that of imports (10.4%).

Seasonally adjusted current account data provide further insight into the movements described above and also give a clearer picture of recent developments (see Table 8.2 in the “Euro area statistics” section). According to these data, both export and import values of goods grew strongly during the second half of last year. By contrast, in the first half of 2001 export values stabilised, while import values were below their late 2000 levels. The decline in imports seems to be partly due to the deceleration in euro area domestic demand, as well as the fall in import prices in the first

**Chart 35**  
Effective euro exchange rates



Source: ECB.

1) An upward movement of the index represents an appreciation of the euro. The latest observations are for August 2001 or, in the case of the ULCM-based REER, Q2 2001.

2) Unit Labour Costs in Manufacturing.

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

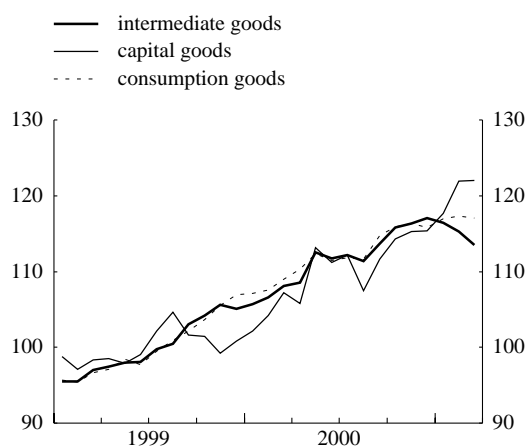
part of 2001 (the latter being largely in response to the decrease in oil prices). The stabilisation of exports was primarily attributable to the marked slowdown in foreign demand.

The downturn in foreign demand shows up in particular in the recent fall in euro area export volumes to the United States, Asia and the United Kingdom (see Chart 36). In terms of types of goods, data up to March 2001 show a recent decline in intermediate goods exports and a slowdown in the growth of consumer goods exports. Capital goods exports, however, began to flatten out somewhat later (see Chart 37), possibly on account of the lagged impact of the contraction of US investment in ICT on other capital goods-producing sectors and, more widely, on third markets, notably in Asia.

Slower world growth may also partly explain the recent rise in the income deficit. After narrowing during 2000, the gap between seasonally adjusted income debits and credits widened again in the first half of this year. This development is largely attributable to the decline in income receipts in 2001 compared with the end of last year. This may reflect weaker investment income receipts

### Chart 37 Euro area export volumes of intermediate, capital and consumption goods<sup>1)</sup>

(index: 1999 = 100, seasonally adjusted, 3-month moving average)

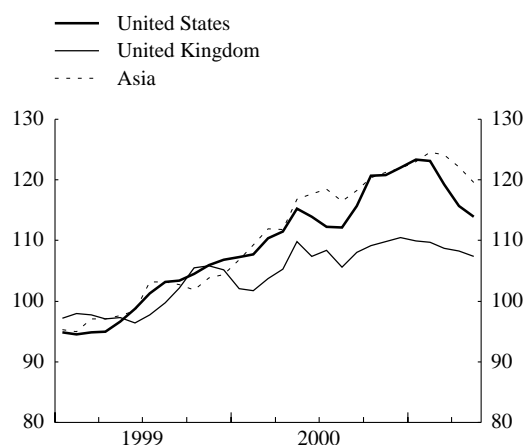


Source: Eurostat and ECB calculations based on Eurostat data.  
1) All data refer to the Euro 12; latest observations are for March 2001.

for the euro area this year, in line with lower profits associated with the downturn in world activity. The significant reduction in US short-term interest rates since the start of the year may have also resulted in lower income receipts for the euro area.

### Chart 36 Euro area export volumes to the United States, the United Kingdom and Asia<sup>1)</sup>

(index: 1999 = 100, seasonally adjusted, 3-month moving average)



Source: Eurostat and ECB calculations based on Eurostat data.  
1) All data refer to the Euro 12; latest observations are for May 2001.

### Significant net portfolio investment inflows in June 2001

Combined net direct and portfolio investment recorded a net inflow of €19.8 billion in June, the first net inflow recorded over the past twelve months. In the first half of 2001, average monthly net outflows amounted to €16.3 billion. This reversal of flows in June mainly reflected stronger portfolio equity investment in the euro area and lower direct investment abroad by euro area residents.

Entering into more detail on individual accounts, net direct investment outflows declined to €7.9 billion in June, less than half of the average monthly net outflows in the first five months of 2001. This was mainly related to lower direct investment abroad, while direct investment in the euro area was basically in line with previous months. Net

**Table 10****Balance of payments of the euro area***(EUR billions; not seasonally adjusted)*

	2000 Jan. - June	2000 June	2001 Jan. - June	2001 Apr.	2001 May	2001 June
<b>Current account balance</b>	-20.7	-1.3	-11.2	-3.3	-0.8	-0.8
Credits	749.7	134.6	852.0	138.1	146.2	144.0
Debits	770.4	135.9	863.1	141.4	147.0	144.8
Goods balance	11.9	4.0	26.3	5.3	5.3	8.3
Exports	454.7	81.1	515.3	84.0	88.9	89.1
Imports	442.8	77.1	489.0	78.7	83.6	80.8
Services balance	-2.6	1.3	-2.3	0.3	1.8	0.5
Exports	131.5	24.8	145.2	24.3	26.7	25.6
Imports	134.2	23.5	147.5	24.0	24.9	25.1
Income balance	-13.0	-1.5	-17.3	-4.7	-2.6	-3.2
Current transfers balance	-16.9	-5.1	-17.8	-4.2	-5.3	-6.4
<b>Capital account balance</b>	7.1	0.3	6.5	2.2	0.5	0.8
<b>Financial account balance</b>	49.6	-16.0	4.5	11.8	-4.6	-15.6
Direct investment	129.6	-10.5	-91.1	0.1	-40.4	-7.9
Abroad	-135.2	-21.9	-132.8	-6.6	-48.4	-18.0
Equity capital and reinvested earnings	-78.0	-22.1	-89.7	-10.3	-41.6	-9.3
Other capital, mostly intercompany loans	-57.2	0.2	-43.0	3.8	-6.7	-8.7
In the euro area	264.8	11.4	41.7	6.7	8.0	10.0
Equity capital and reinvested earnings	210.4	2.7	42.5	2.5	7.7	4.6
Other capital, mostly intercompany loans	54.4	8.7	-0.8	4.2	0.3	5.4
Portfolio investment	-137.5	57.4	-6.5	-20.9	24.9	27.7
Equities	-226.0	28.6	63.8	-2.8	48.7	25.5
Assets	-171.6	-18.3	-60.5	-11.3	-9.7	-11.0
Liabilities	-54.4	46.9	124.3	8.5	58.4	36.5
Debt instruments	88.5	28.8	-70.3	-18.1	-23.8	2.2
Assets	-60.7	-9.4	-80.4	3.2	-12.1	-16.7
Liabilities	149.3	38.2	10.1	-21.3	-11.7	18.9
Memo item:						
Combined net direct and portfolio investment	-7.8	46.9	-97.6	-20.8	-15.5	19.8
Financial derivatives	7.6	2.3	-3.3	1.1	3.4	-5.0
Other investment	46.1	-68.4	93.2	24.6	11.1	-29.5
Reserve assets	3.7	3.2	12.1	7.0	-3.6	-0.8
<b>Errors and omissions</b>	-36.0	17.0	0.2	-10.7	4.9	15.5

Source: ECB.

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

outflows related to intercompany loans, which were an important factor for net outflows in previous months, were relatively low in June at €3.3 billion. The decline in net direct investment abroad by euro area residents seems to largely reflect the decline in merger and acquisition activity observed in recent months. In addition, the global economic slowdown appears to have curbed the appetite for direct investment abroad.

Net outflows of direct investment were more than offset by net inflows of portfolio investment of €27.7 billion. In particular, foreign investment in euro area equities reached a high level of €36.5 billion. It is noteworthy that these investments – unlike in other months that also saw strong equity inflows – appear not to be related to a single, large transaction such as a merger and acquisition deal involving an exchange of

shares. Debt instruments displayed net inflows of €2.2 billion in June. The disinvestment by foreign investors of both euro area bonds and notes and money market instruments, which was observed in April and May, was followed by net purchases in June.

In the first half of 2001, net outflows of combined net direct and portfolio investment were significantly higher (€97.6 billion) than in the corresponding period of the previous year (€7.8 billion). This development mainly reflects a swing in direct investment from net inflows in 2000 (of €129.6 billion) to net outflows in 2001 (of €91.1 billion) that was not compensated for by the decline in net portfolio outflows (from €137.5 billion to €6.5 billion). Around half of the net direct investment outflows in the first half of 2001 was related to “other capital”, mainly involving intercompany loans.

## Box 7

### Commodity and geographical breakdown of euro area external trade

This issue of the Monthly Bulletin contains a new breakdown of external trade statistics by commodity and geographical destination/origin (see Tables 9.1 and 9.2 in the “Euro area statistics” section). This box gives a short overview of developments in the disaggregated extra-euro area trade flows of goods over the period from 1997 to 2000. More recent developments are described in the main text of this issue of the Monthly Bulletin. However, it should be noted that external trade statistics are not fully comparable with the goods item in the balance of payments statistics.

#### Commodity breakdown

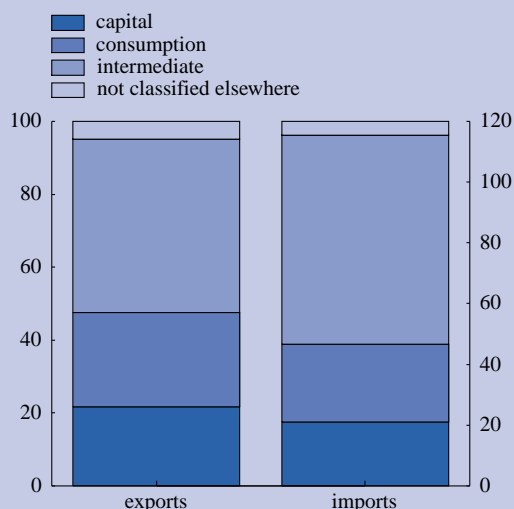
Table 9.1 shows the export and import values, volumes and unit values broken down by commodity category. The main categories are intermediate goods, consumption goods and capital goods, according to the Broad Economic Categories (BEC) classification, and manufactured goods based on the SITC classification.

The chart below shows that in 2000 intermediate goods represented the highest share of euro area imports (57%), while imports of consumption and capital goods represented 21% and 18% of euro area imports respectively. On the export side, the share of intermediate goods was somewhat smaller (47%), while the shares of consumption and capital goods were marginally higher (26% and 22% respectively). Although the share in exports of intermediate goods was still quite substantial, these data reflect the fact that the euro area is a typical advanced industrialised economy importing substantial quantities of intermediate goods. There has been no notable change in these shares since 1997.

Concerning unit values, both export and import unit values rose significantly in 2000 (at an annual rate of 8.3% and 21.9% respectively). This was mainly caused by a strong increase in the unit values for intermediate goods – for both exports and imports – resulting from higher oil prices and the depreciation of the euro. The depreciation of the euro has also allowed exporters to increase their profit margins.

### Euro area trade values by commodity

(as a percentage of total trade values in 2000)



Sources: ECB and Eurostat.  
Note: Data refer to the Euro 12.

The commodity breakdown also shows that the strong export volume growth observed in 2000 (from 2.2% in 1999 to 11.8% in 2000) stems from all three categories, while the deceleration in the growth rate of import volumes (from 6.1% in 1999 to 5.1% in 2000) is mainly due to a lower increase in the import volumes of consumption goods (from 7.8% in 1999 to 2.5% in 2000). This may indicate that the effect of the euro depreciation on import volumes of consumption goods (i.e. the relative price elasticity) is greater than for import volumes of intermediate and capital goods on account of the different price elasticity of these three categories.

Concerning oil imports, despite the year-on-year increases in oil unit value indices by 39.4% in 1999 and 84.8% in 2000, import volumes grew by 6.0% and 3.7% in 1999 and 2000 respectively. This was mainly the consequence of strong euro area GDP growth in that period.

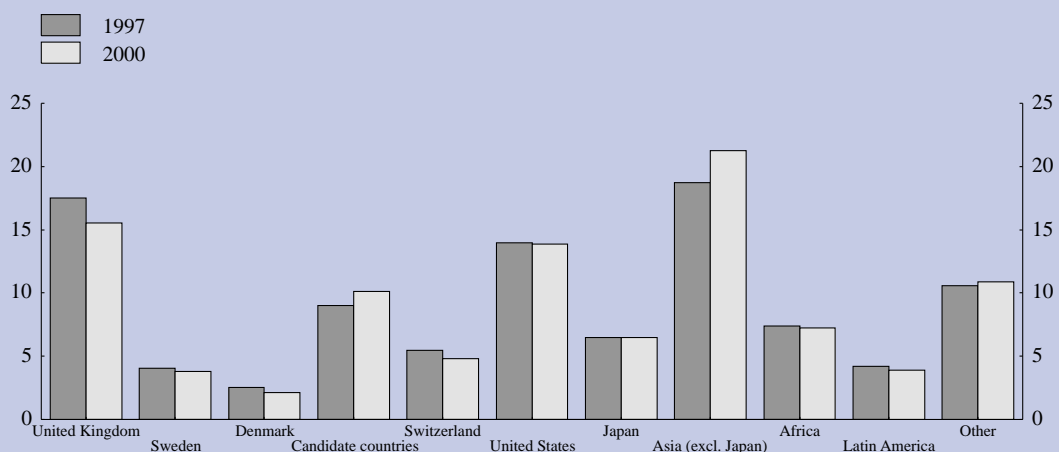
### Geographical breakdown

Table 9.2 reports export and import values and the trade balance broken down by the main trading partners of the euro area. This geographical breakdown covers about 90% of total euro area trade.

The geographical breakdown shows that the United Kingdom and the United States are the largest trading partners of the euro area, with import shares in 2000 of approximately 16% and 14% of total extra-euro area imports and export shares of around 19% and 17% respectively (see the charts below). As regards trade flows with selected geographical regions, Asia (excluding Japan) also accounts for an important share of euro area trade (around 21% of imports and 15% of exports in 2000), while trade with the 13 EU candidate countries represents approximately 10% of euro area imports and 13% of exports. Looking at how the shares of trade

### Geographical breakdown of euro area imports

(as a percentage of total imports)



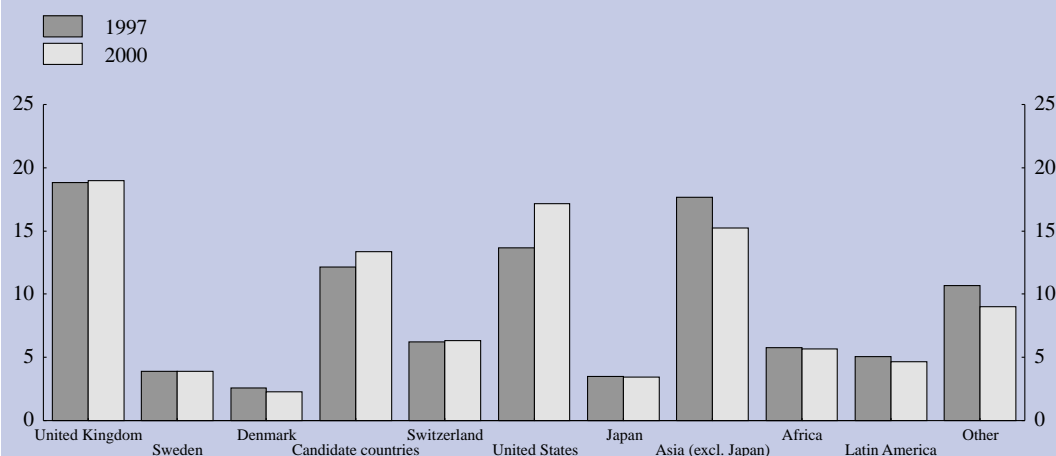
Sources: ECB and Eurostat.  
Note: Data refer to the Euro 12.



flows evolved in the period from 1997 to 2000, the import share of Asia (excluding Japan) increased by 2.5 percentage points, while the import share of the United Kingdom declined. Euro area exports to Asia (excluding Japan) decreased during the Asian crisis, so that the corresponding export share was lower in 2000 than in 1997 (by 2.4 percentage points), while the share of exports to the United States increased by 3.4 percentage points over the same period.

### Geographical breakdown of euro area exports

(as a percentage of total exports)



Sources: ECB and Eurostat.

Note: Data refer to the Euro 12.

Moreover, the geographical breakdown provides some further insight into the observed decline in the euro area goods surplus in 1999 and 2000. In addition to a strong increase in the bilateral trade deficit vis-à-vis Asia (excluding Japan) from €17.2 billion in 1998 to €59.3 billion in 2000, the trade balance also declined vis-à-vis Japan (by €5.8 billion), Africa (by €20.1 billion) and “other countries” (by almost €30 billion). Most of the latter effect was due to the increased import values of oil from OPEC countries. By contrast, the euro area’s surplus vis-à-vis both the United Kingdom and the United States increased over the same period by €5.2 billion and €15.7 billion respectively.



## **Euro area statistics**



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

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

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

For analytical purposes, data for the euro area plus Greece up to end-2000 are shown in the additional tables starting on page 73\* (for details, see the general notes).

#### Conventions used in the tables

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

# Euro area overview table

## Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates

	M1 <sup>1)</sup>	M2 <sup>1)</sup>	M3 <sup>1)2)</sup>		MFI loans to euro area residents excluding MFIs and general government <sup>1)</sup>	Securities issued by non-financial and non-monetary financial corporations <sup>1)</sup>	3-month interest rate (EURIBOR, % per annum, period averages) <sup>7)</sup>	10-year government bond yield (% per annum, period averages) <sup>8)</sup>
	1	2	3	3-month moving average (centred) <sup>4)</sup>				
1999	12.3	6.8	5.6	-	10.0	19.3	2.96	4.66
2000	8.0	4.4	5.5	-	9.6	20.5	4.40	5.44
2000 Q4	5.7	3.8	4.9	-	9.6	18.7	5.02	5.28
<i>Euro area enlargement</i>								
2001 Q1	2.6	3.1	4.7	-	9.1	23.4	4.75	4.99
Q2	2.3	3.4	5.0	-	8.2	25.3	4.60	5.19
Q3	.	.	.	-	.	.	.	.
2001 Mar.	1.6	3.0	4.5	4.6	8.7	26.2	4.71	4.94
Apr.	1.4	3.2	4.7	4.8	8.4	24.1	4.69	5.10
May	2.9	3.5	5.2	5.3	8.0	26.2	4.64	5.26
June	3.8	4.2	6.1	5.9	7.8	25.1	4.45	5.21
July	3.3	4.3	6.4	.	7.6	.	4.47	5.25
Aug.	.	.	.	.	.	.	4.35	5.06

### 2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy)	Real GDP	Industrial production (excluding construction)	Capacity utilisation in manufacturing (percentages)	Employment (whole economy)	Unemployment (% of labour force)
	9	10	11	12	13	14	15	16
1999	1.1	-0.4	2.3	2.6	2.0	81.8	1.7	9.9
2000	2.3	5.5	3.4	3.4	5.6	83.8	2.1	8.9
2000 Q4	2.7	6.2	3.4	2.9	5.5	84.7	2.1	8.5
<i>Euro area enlargement</i>								
2001 Q1	2.5	4.6	3.1	2.4	4.0	84.4	1.9	8.4
Q2	3.1	3.7	.	1.7	0.7	83.6	.	8.4
Q3	.	.	.	.	.	82.9	.	.
2001 Mar.	2.6	4.2	-	-	2.9	-	-	8.4
Apr.	2.9	4.2	-	-	0.9	-	-	8.4
May	3.4	3.7	-	-	-0.5	-	-	8.4
June	3.0	3.3	-	-	1.7	-	-	8.3
July	2.8	2.3	-	-	.	-	-	8.3
Aug.	.	.	-	-	.	-	-	.

### 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)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
1999	7.7	83.4	-120.6	-41.7	372.3	96.6	95.8	1.066
2000	-24.3	52.2	-22.8	-128.9	377.7	88.2	86.3	0.924
2000 Q4	-10.5	10.4	-58.4	8.4	377.7	85.9	83.6	0.868
<i>Euro area enlargement</i>								
2001 Q1	-3.3	7.4	-42.9	-38.2	393.4	91.4	88.9	0.923
Q2	-1.4	18.9	-48.2	31.7	410.2	89.5	86.9	0.873
Q3	.	.	.	.	.	.	.	.
2001 Mar.	1.0	7.0	-33.1	6.2	393.4	91.4	89.1	0.910
Apr.	-1.1	5.3	0.1	-20.9	386.7	91.0	88.5	0.892
May	-0.3	5.3	-40.4	24.9	409.0	89.3	86.7	0.874
June	0.0	8.3	-7.9	27.7	410.2	88.1	85.4	0.853
July	.	.	.	.	397.5	89.1	86.1	0.861
Aug.	.	.	.	.	.	91.8	88.6	0.900

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. Growth rates for M1, M2, M3 and loans are calculated on the basis of seasonally adjusted monthly stocks and flows.

2) Excluding holdings of money market fund shares/units by non-residents of the euro area.

# I Monetary policy statistics

**Table 1.1**

## Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

	Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to euro area credit institutions in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
	1	2	3	4	5	6	7	8
2001 13 Apr.	118,464	269,145	21,763	4,915	211,297	142,948	59,102	0
20	118,464	268,162	21,809	5,125	256,277	196,950	59,102	0
27	118,464	266,450	23,097	5,136	236,228	176,999	59,100	0
4 May	118,464	266,005	22,816	5,182	217,129	84,995	59,100	0
11	118,464	265,647	23,056	5,295	218,172	158,996	59,100	0
18	118,464	270,299	20,613	5,622	210,191	150,999	59,100	0
25	118,464	267,707	23,033	5,365	221,196	162,002	59,100	0
1 June	118,464	269,198	22,368	5,174	226,403	167,001	59,100	0
8	118,464	269,037	22,207	5,225	224,204	165,001	59,100	0
15	118,464	269,055	22,943	5,322	214,433	155,000	59,100	0
22	118,454	270,437	23,176	5,303	217,891	158,001	59,100	0
29	128,512	279,018	22,540	5,654	236,201	176,000	59,999	0
6 July	128,512	280,463	22,357	5,362	226,190	166,000	59,999	0
13	128,512	280,417	23,247	5,687	214,057	154,000	59,999	0
20	128,492	280,794	23,804	5,688	212,051	152,000	59,999	0
27	128,405	279,768	24,046	5,626	233,033	172,999	60,001	0
3 Aug.	128,381	278,055	23,792	5,618	225,035	164,998	60,001	0
10	128,352	275,989	23,543	5,547	222,363	162,001	60,001	0
17	128,312	277,745	22,700	5,401	221,065	160,998	60,001	0
24	128,312	277,546	21,909	5,369	213,062	153,001	60,001	0
31	128,302	275,419	24,783	5,289	213,483	152,999	60,001	0
7 Sep.	128,268	274,275	24,166	5,419	212,066	152,000	60,001	0

### 2. Liabilities

	Banknotes in circulation	Liabilities to euro area credit institutions in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Other liabilities to euro area credit institutions in euro	Debt certificates issued
	1	2	3	4	5	6	7	8	9
2001 13 Apr.	360,869	99,094	99,063	31	0	0	0	6,102	3,784
20	353,674	160,289	159,406	103	0	0	780	6,097	3,784
27	352,680	133,176	133,145	23	0	0	8	6,070	3,784
4 May	355,925	121,749	121,639	106	0	0	4	6,083	3,784
11	353,624	126,337	126,264	72	0	0	1	6,278	3,784
18	350,877	124,887	124,774	111	0	0	2	6,295	3,784
25	350,233	121,103	120,955	146	0	0	2	6,228	3,784
1 June	352,925	127,020	126,953	65	0	0	2	6,052	3,784
8	353,479	127,240	127,184	50	0	0	6	6,197	3,784
15	351,772	122,114	122,005	109	0	0	0	6,195	3,784
22	348,463	131,206	130,178	1,023	0	0	5	6,097	3,784
29	350,199	117,841	117,569	272	0	0	0	6,097	3,784
6 July	353,648	132,775	132,595	126	0	0	54	4,324	3,784
13	352,516	127,995	127,199	791	0	0	5	4,393	3,784
20	349,789	131,736	130,396	1,337	0	0	3	4,219	3,784
27	348,282	128,542	128,516	24	0	0	2	4,116	3,784
3 Aug.	351,627	125,212	125,179	31	0	0	2	4,164	3,784
10	349,258	127,305	126,241	1,062	0	0	2	4,343	3,784
17	345,581	129,735	129,687	46	0	0	2	4,162	3,784
24	338,873	125,018	124,998	18	0	0	2	4,119	3,784
31	337,682	118,781	118,722	55	0	0	4	4,164	3,784
7 Sep.	338,188	127,999	127,948	34	0	0	17	4,843	3,784

Source: ECB.



Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							16	17	
9	10	11	12	13	14	15	16	17	
0	9,191	56	530	28,306	70,211	90,089	814,720		2001 13 Apr.
0	142	83	706	27,666	70,168	90,392	858,769		20
0	64	65	462	27,786	70,168	91,481	839,272		27
72,999	25	10	616	27,869	70,168	91,426	819,675		4 May
0	51	25	313	27,889	70,174	91,888	820,898		11
0	65	27	329	27,838	70,168	91,417	814,941		18
0	66	28	383	27,785	70,168	91,326	825,427		25
0	273	29	276	27,979	70,168	90,401	830,431		1 June
0	57	46	241	28,128	70,168	89,766	827,440		8
0	292	41	241	28,110	70,168	90,313	819,049		15
0	760	30	242	28,024	70,168	90,749	824,444		22
0	175	27	538	27,665	70,168	92,471	862,767		29
0	173	18	339	28,085	70,158	91,424	852,890		6 July
0	25	33	412	27,967	70,157	91,914	842,370		13
0	11	41	374	28,040	70,157	92,545	841,946		20
0	11	22	252	28,100	70,157	92,673	862,061		27
0	8	28	305	28,136	70,157	92,625	852,105		3 Aug.
0	305	56	281	28,141	70,157	86,614	840,988		10
0	9	57	249	28,280	70,157	86,693	840,603		17
0	25	35	260	28,325	70,157	87,419	832,360		24
0	437	46	252	28,371	70,160	87,329	833,389		31
0	43	22	320	28,286	70,160	85,090	828,051		7 Sep.

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		
								18	19	
10	11	12	13	14	15	16	17	18	19	
54,424	8,438	3,790	13,345	6,984	72,721	126,268	58,901	814,720		2001 13 Apr.
43,892	8,530	3,789	12,868	6,984	73,693	126,268	58,901	858,769		20
53,869	8,444	3,780	12,399	6,984	72,574	126,268	59,244	839,272		27
42,408	8,847	3,782	12,263	6,984	72,337	126,268	59,245	819,675		4 May
40,734	8,549	3,779	12,947	6,984	72,369	126,268	59,245	820,898		11
38,409	8,694	3,784	13,611	6,984	72,036	126,270	59,310	814,941		18
52,925	8,880	3,758	13,596	6,984	71,777	126,258	59,901	825,427		25
49,626	8,622	3,756	14,173	6,984	70,779	126,258	60,452	830,431		1 June
46,793	8,529	3,915	13,854	6,984	69,943	126,258	60,464	827,440		8
43,787	8,754	3,833	14,548	6,984	70,556	126,258	60,464	819,049		15
41,828	8,685	3,887	15,897	6,984	70,890	126,258	60,465	824,444		22
69,722	10,226	3,902	16,977	7,183	75,031	141,340	60,465	862,767		29
44,537	8,692	3,928	18,044	7,183	74,177	141,340	60,458	852,890		6 July
38,900	8,722	4,099	18,460	7,183	74,520	141,340	60,458	842,370		13
37,574	8,530	4,221	18,534	7,183	74,578	141,340	60,458	841,946		20
62,784	8,570	3,995	18,575	7,183	74,432	141,340	60,458	862,061		27
53,989	8,523	3,966	17,014	7,183	74,845	141,340	60,458	852,105		3 Aug.
51,402	8,727	4,011	15,204	7,183	67,972	141,340	60,459	840,988		10
51,485	8,466	4,138	15,369	7,183	68,901	141,340	60,459	840,603		17
54,847	8,543	3,986	14,679	7,183	69,528	141,340	60,460	832,360		24
62,840	8,459	3,982	15,649	7,183	69,065	141,340	60,460	833,389		31
47,863	8,489	3,978	14,669	7,183	69,255	141,340	60,460	828,051		7 Sep.

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

With effect from <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
	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
<i>Euro area enlargement</i>							
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50

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. The latest change was effective from 18 September.
- 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
2001 7 Mar.	189,927	143,000	-	4.75	4.76	4.77	14
14	130,260	51,000	-	4.75	4.77	4.78	14
21	182,057	135,000	-	4.75	4.77	4.78	14
28	57,526	50,000	-	4.75	4.75	4.75	14
4 Apr.	129,101	118,000	-	4.75	4.75	4.75	15
11	24,949	24,949	-	4.75	4.75	4.75	14
19	257,706	172,000	-	4.75	4.86	4.91	11
25	83,303	5,000	-	4.75	4.78	4.80	12
30	147,324	80,000	-	4.75	4.77	4.78	15
7 May	164,985	79,000	-	4.75	4.78	4.78	16
15	160,715	72,000	-	4.50	4.54	4.56	15
23	157,987	90,000	-	4.50	4.53	4.54	14
30	159,877	77,000	-	4.50	4.55	4.55	14
6 June	120,631	88,000	-	4.50	4.51	4.53	14
13	135,442	67,000	-	4.50	4.51	4.52	14
20	148,877	91,000	-	4.50	4.51	4.52	14
27	155,894	85,000	-	4.50	4.54	4.55	14
4 July	104,399	81,000	-	4.50	4.50	4.51	14
11	141,842	73,000	-	4.50	4.51	4.52	14
18	136,104	79,000	-	4.50	4.51	4.52	14
25	126,040	94,000	-	4.50	4.51	4.52	14
1 Aug.	100,746	71,000	-	4.50	4.50	4.51	14
8	132,809	91,000	-	4.50	4.50	4.51	14
15	111,157	70,000	-	4.50	4.50	4.51	14
22	142,012	83,000	-	4.50	4.50	4.51	14
29	72,907	70,000	-	4.50	4.50	4.50	14
5 Sep.	132,696	82,000	-	4.25	4.27	4.28	14
12	118,708	61,000	-	4.25	4.26	4.27	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	
1 Mar.	45,755	20,000	-	4.69	4.72	91	
29	38,169	19,101	-	4.47	4.50	91	
25 Apr.	43,416	20,000	-	4.67	4.70	92	
31 May	46,448	20,000	-	4.49	4.51	91	
28 June	44,243	20,000	-	4.36	4.39	91	
26 July	39,369	20,000	.	4.39	4.42	91	
30 Aug.	37,855	20,000	.	4.20	4.23	91	

## 3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days
				Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate		
	1	2	3	4	5	6	7	
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7	
21 June	Reverse transaction	18,845	7,000	-	4.26	4.28	1	
<i>Euro area enlargement</i>								
2001 30 Apr.	Reverse transaction	105,377	73,000	-	4.77	4.79	7	
12 Sep.	Reverse transaction	69,281	69,281	4.25	-	-	1	
13	Reverse transaction	40,495	40,495	4.25	-	-	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
2000 July	9,590.1	5,348.0	119.8	192.3	1,258.0	489.9	2,182.2
Aug.	9,686.5	5,393.8	122.9	197.1	1,269.0	502.5	2,201.3
Sep.	9,773.3	5,465.7	123.6	193.6	1,270.2	502.1	2,218.2
Oct.	9,931.2	5,531.9	127.6	201.1	1,283.2	534.2	2,253.2
Nov. <sup>3)</sup>	10,074.5	5,653.4	130.0	199.9	1,282.2	561.5	2,247.6
Dec. <sup>3)</sup>	10,071.5	5,711.3	136.7	187.2	1,273.6	528.3	2,234.3
<i>Euro area enlargement</i>							
2001 Jan.	10,164.2	5,712.6	139.2	196.7	1,275.6	574.6	2,265.6
Feb.	10,247.4	5,724.4	145.3	201.2	1,284.7	597.8	2,294.0
Mar.	10,503.6	5,883.5	151.1	203.4	1,292.6	654.7	2,318.3
Apr.	10,554.6	5,924.3	154.5	202.8	1,292.1	657.7	2,323.2
May	10,687.3	5,984.7	166.6	198.9	1,307.5	693.2	2,336.4
June	10,705.3	6,015.6	175.7	198.7	1,314.2	656.6	2,344.5
July <sup>(p)</sup>	10,586.4	5,910.4	185.5	198.3	1,312.4	636.1	2,343.6

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 Sep.	112.6	113.1	0.5	0.0	4.57
Oct.	113.7	114.2	0.5	0.0	4.69
Nov.	115.1	115.5	0.4	0.0	4.81
Dec.	116.6	117.2	0.6	0.0	4.78
<i>Euro area enlargement</i>					
2001 Jan. <sup>7)</sup>	118.5	119.0	0.5	0.0	4.77
Feb.	120.1	120.6	0.5	0.0	4.76
Mar.	120.4	120.9	0.5	0.0	4.77
Apr.	120.8	121.3	0.5	0.0	4.77
May	124.2	124.8	0.7	0.0	4.71
June	125.0	125.6	0.6	0.0	4.52
July	126.4	127.0	0.6	0.0	4.51
Aug.	127.2	127.7	0.5	0.0	4.50
Sep. <sup>(p)</sup>	125.3	-	-	-	-

Source: ECB.

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

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

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.1	471.7
Aug.	382.0	163.1	55.4	0.1	0.0	0.3	0.0	359.2	48.8	80.0	112.4	471.9
Sep.	381.6	173.1	51.1	0.3	0.0	0.2	0.0	354.8	56.6	81.2	113.3	468.3
Oct.	396.3	176.5	45.7	0.5	0.0	0.2	0.0	354.5	47.4	102.5	114.4	469.1
Nov.	398.6	183.7	45.0	0.2	0.0	0.2	0.0	352.7	49.8	109.2	115.7	468.6
Dec.	394.4	210.4	45.0	0.4	0.0	0.2	0.0	360.4	61.1	111.1	117.4	478.0
<i>Euro area enlargement</i>												
2001 Jan.	383.7	205.3	45.0	0.5	0.0	0.6	0.0	368.3	52.2	94.2	119.1	488.0
Feb.	377.9	188.9	49.8	2.6	0.0	0.4	0.0	354.8	57.0	86.3	120.7	476.0
Mar.	375.6	185.2	54.1	0.4	0.0	0.5	0.0	353.0	53.0	87.7	121.0	474.5
Apr.	382.1	172.4	58.4	2.2	0.0	0.5	0.0	354.6	49.5	89.1	121.4	476.4
May	384.4	144.0	59.1	0.4	17.0	0.6	0.0	352.7	39.4	87.5	124.8	478.1
June	385.0	161.7	59.1	0.2	0.0	0.4	0.0	351.1	41.3	87.5	125.7	477.3
July	397.6	161.9	59.9	0.2	0.0	0.4	0.0	350.8	42.5	98.8	127.1	478.3
Aug.	402.1	164.0	60.0	0.1	0.0	0.2	0.0	347.6	48.8	101.8	127.8	475.6

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

(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 shares/ other equity issued by euro area residents			External assets <sup>1)</sup>	Fixed assets	Re-maining assets	Total	
	1	MFIs <sup>1)</sup>	General government	Other euro area residents	5	MFIs	General government	Other euro area residents	9	MFIs	Other euro area residents					11
1998	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0	
1999 Q3	471.7	451.1	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.5	1,058.0	
Q4	444.6	424.3	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	56.2	1,014.5	
2000 Q1	443.4	424.5	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.9	1,051.8	
Q2	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	454.8	10.0	51.7	1,209.3	
2000 July	501.4	482.6	18.4	0.5	98.2	2.5	94.5	1.2	14.7	4.4	10.3	449.7	10.1	51.5	1,125.6	
Aug.	482.5	463.7	18.4	0.5	98.5	2.8	94.4	1.3	14.7	4.4	10.3	435.4	10.2	52.3	1,093.5	
Sep.	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.3	1,129.8	
Oct.	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9	1,111.6	
Nov.	431.5	412.8	18.2	0.5	98.8	2.6	94.9	1.4	15.4	4.4	11.1	402.8	10.3	54.2	1,013.0	
Dec.	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.3	4.3	11.0	380.7	11.2	56.1	1,005.7	
<i>Euro area enlargement</i>																
2001 1 Jan.	457.0	429.3	27.1	0.6	105.3	2.5	101.4	1.3	15.3	4.3	11.0	394.2	11.3	57.4	1,040.4	
2001 Jan.	401.5	373.7	27.2	0.6	104.5	2.6	100.8	1.0	15.5	4.7	10.8	390.4	11.4	54.0	977.3	
Feb.	398.8	371.0	27.2	0.6	105.2	2.5	101.5	1.2	14.9	4.6	10.3	386.2	11.3	53.6	970.1	
Mar.	401.7	373.9	27.2	0.6	105.0	2.7	101.2	1.1	14.7	4.6	10.1	396.8	11.3	54.4	983.8	
Apr.	376.1	348.3	27.2	0.6	106.5	2.6	102.7	1.3	14.7	4.6	10.1	390.3	11.7	53.6	952.9	
May	398.5	370.7	27.2	0.6	106.4	2.9	102.3	1.3	14.3	4.6	9.7	398.9	11.8	53.2	983.1	
June	426.1	398.3	27.2	0.6	105.8	3.1	101.5	1.2	14.2	4.6	9.6	414.7	11.9	54.4	1,027.2	
July <sup>(p)</sup>	424.4	396.6	27.2	0.6	106.9	3.3	102.4	1.2	14.3	4.7	9.7	404.9	12.0	57.2	1,019.8	

#### 2. Liabilities

	Currency in circulation		Deposits of euro area residents		Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>1)</sup>	Remaining liabilities	Total	
	1	2	3	4							5
1998	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q3	359.7	405.3	347.7	50.1	7.6	3.3	5.3	145.5	88.8	50.1	1,058.0
Q4	393.3	341.5	279.3	53.4	8.8	3.3	4.6	174.3	49.8	47.6	1,014.5
2000 Q1	366.2	372.1	319.8	43.1	9.1	1.7	4.6	186.5	75.1	45.7	1,051.8
Q2	374.3	497.9	432.8	52.6	12.5	1.7	4.6	193.4	92.0	45.4	1,209.3
2000 July	377.7	414.9	354.7	49.7	10.5	1.7	4.6	196.0	84.6	46.1	1,125.6
Aug.	373.2	401.0	336.1	53.8	11.2	1.7	4.6	199.4	66.6	46.9	1,093.5
Sep.	373.5	404.2	346.1	45.6	12.5	0.0	4.6	221.2	75.0	51.4	1,129.8
Oct.	372.6	388.1	323.3	51.1	13.7	0.0	4.6	225.3	69.5	51.6	1,111.6
Nov.	372.2	334.6	265.6	54.9	14.0	0.0	3.8	221.4	29.3	51.7	1,013.0
Dec.	390.2	327.3	270.4	47.1	9.8	0.0	3.8	197.5	29.9	57.0	1,005.7
<i>Euro area enlargement</i>											
2001 1 Jan.	399.3	346.2	288.0	47.9	10.4	0.0	5.6	199.2	30.9	59.1	1,040.4
2001 Jan.	373.1	313.3	250.9	51.5	10.9	0.0	5.5	196.8	30.6	58.0	977.3
Feb.	370.6	313.1	249.7	52.0	11.4	0.0	5.5	194.8	27.9	58.3	970.1
Mar.	370.5	312.6	253.4	46.8	12.4	0.0	5.5	204.6	26.8	63.8	983.8
Apr.	372.5	289.9	234.8	41.2	13.8	0.0	5.5	205.6	25.3	54.1	952.9
May	369.5	317.5	266.5	36.0	15.1	0.0	5.5	212.1	27.6	50.9	983.1
June	368.8	342.2	274.1	51.8	16.3	0.0	5.6	223.7	32.6	54.2	1,027.2
July <sup>(p)</sup>	366.9	343.5	282.7	46.9	14.0	0.0	5.6	214.6	31.9	57.3	1,019.8

Source: ECB.

1) 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 2.3

## Consolidated balance sheet of the euro area MFIs, including the Eurosystem

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

## 1. Assets: levels

											Total
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets <sup>2)</sup>	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11
2000 Jan.	6,422.0	840.6	5,581.5	1,450.4	1,221.7	228.7	453.4	2,166.3	162.3	955.5	11,609.8
Feb.	6,453.5	836.1	5,617.3	1,465.5	1,230.7	234.8	468.7	2,203.4	161.8	972.6	11,725.7
Mar.	6,528.3	839.7	5,688.6	1,449.6	1,220.7	228.9	509.5	2,262.0	161.8	994.1	11,905.4
Apr.	6,591.4	842.4	5,749.0	1,435.6	1,198.6	237.0	522.2	2,362.9	162.6	1,034.3	12,109.1
May	6,614.9	835.8	5,779.1	1,432.0	1,187.9	244.2	535.9	2,351.4	163.0	1,035.3	12,132.6
June	6,681.9	835.6	5,846.3	1,411.0	1,166.8	244.2	504.3	2,343.3	164.2	1,039.0	12,143.7
July	6,708.5	833.8	5,874.6	1,393.1	1,140.7	252.4	509.0	2,370.5	164.9	1,086.3	12,232.3
Aug.	6,715.1	822.0	5,893.1	1,385.2	1,128.6	256.6	510.7	2,415.8	165.2	1,124.9	12,316.9
Sep.	6,796.6	818.0	5,978.5	1,386.6	1,128.4	258.2	513.8	2,458.7	166.0	1,049.9	12,371.5
Oct.	6,841.4	819.9	6,021.5	1,379.8	1,115.5	264.3	514.0	2,511.3	168.0	1,118.7	12,533.2
Nov.	6,883.8	827.0	6,056.8	1,375.9	1,112.2	263.7	515.8	2,484.3	167.7	1,067.7	12,495.2
Dec.	6,926.8	835.9	6,090.9	1,354.6	1,089.4	265.1	521.5	2,402.9	169.9	1,035.7	12,411.3
<i>Euro area enlargement</i>											
2001 1 Jan.	7,008.1	853.9	6,154.2	1,423.6	1,156.0	267.6	530.3	2,399.2	172.9	1,059.7	12,593.8
2001 Jan.	7,042.9	858.1	6,184.8	1,416.2	1,145.6	270.6	542.7	2,460.2	171.7	1,082.7	12,716.4
Feb.	7,055.8	849.9	6,206.0	1,435.7	1,156.1	279.6	549.6	2,479.7	172.3	1,071.6	12,764.8
Mar.	7,125.4	852.5	6,272.9	1,452.8	1,165.2	287.6	567.1	2,632.5	172.0	1,116.1	13,066.0
Apr.	7,156.6	844.4	6,312.3	1,465.2	1,171.4	293.8	586.9	2,608.3	173.3	1,126.9	13,117.2
May	7,171.8	839.3	6,332.5	1,491.4	1,191.3	300.1	587.3	2,668.7	174.6	1,147.2	13,241.1
June	7,219.8	837.5	6,382.2	1,499.6	1,197.8	301.8	554.2	2,691.1	175.7	1,177.0	13,317.3
July <sup>(p)</sup>	7,221.6	833.7	6,387.9	1,509.9	1,194.8	315.1	549.0	2,608.0	176.8	1,093.3	13,158.6

## 2. Liabilities: levels

														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>2)</sup>	Remaining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Jan.	333.0	133.7	5,089.6	1,574.8	2,028.0	1,331.7	155.0	412.4	1,534.8	825.6	1,935.0	1,339.1	6.7	11,609.8
Feb.	331.1	144.6	5,095.4	1,568.2	2,045.9	1,321.9	159.5	430.9	1,550.5	828.6	1,966.4	1,357.5	20.6	11,725.7
Mar.	334.6	130.2	5,119.1	1,577.1	2,052.7	1,312.0	177.3	443.7	1,553.7	842.6	2,093.9	1,390.3	-2.7	11,905.4
Apr.	337.7	131.8	5,157.8	1,612.6	2,061.0	1,304.4	179.8	451.2	1,573.6	852.4	2,213.1	1,411.7	-20.4	12,109.1
May	337.5	113.9	5,156.4	1,598.0	2,080.6	1,296.6	181.2	456.7	1,575.9	853.5	2,220.3	1,424.8	-6.5	12,132.6
June	341.2	146.0	5,145.3	1,608.7	2,078.2	1,291.3	167.3	452.3	1,585.1	877.5	2,124.7	1,440.9	30.8	12,143.7
July	343.0	134.7	5,150.2	1,605.1	2,088.5	1,284.6	172.0	463.3	1,584.0	893.9	2,160.9	1,475.8	26.4	12,232.3
Aug.	337.9	140.6	5,146.7	1,577.6	2,120.2	1,279.6	169.4	470.6	1,604.1	898.2	2,209.6	1,500.2	9.1	12,316.9
Sep.	338.9	159.3	5,157.4	1,589.5	2,124.2	1,272.3	171.4	461.5	1,611.4	926.3	2,267.0	1,439.4	10.4	12,371.5
Oct.	336.7	172.3	5,166.1	1,590.7	2,141.3	1,263.5	170.6	466.5	1,636.8	932.8	2,328.2	1,481.6	12.0	12,533.2
Nov.	336.8	168.8	5,187.5	1,608.9	2,147.4	1,257.6	173.5	463.6	1,634.4	920.7	2,306.5	1,477.0	-0.1	12,495.2
Dec.	347.5	164.6	5,270.2	1,658.7	2,158.3	1,278.3	174.9	439.6	1,631.7	892.9	2,216.3	1,436.7	11.8	12,411.3
<i>Euro area enlargement</i>														
2001 1 Jan.	355.3	166.2	5,395.3	1,673.4	2,197.0	1,329.7	195.2	439.6	1,632.4	910.4	2,219.0	1,463.7	11.9	12,593.8
2001 Jan.	335.2	147.1	5,379.1	1,623.7	2,210.6	1,331.0	213.8	456.1	1,662.3	909.7	2,332.5	1,473.6	20.8	12,716.4
Feb.	334.2	155.6	5,388.1	1,625.6	2,222.1	1,324.7	215.8	468.8	1,679.2	911.2	2,356.0	1,491.1	-19.5	12,764.8
Mar.	335.4	150.3	5,427.6	1,636.2	2,241.5	1,324.0	225.9	475.2	1,696.5	926.7	2,539.5	1,536.7	-21.9	13,066.0
Apr.	335.3	152.5	5,457.0	1,667.0	2,240.2	1,324.9	224.9	476.8	1,703.1	927.9	2,552.6	1,524.5	-12.5	13,117.2
May	332.0	146.9	5,494.3	1,691.7	2,242.6	1,322.7	237.3	480.2	1,718.4	939.9	2,622.3	1,520.4	-13.3	13,241.1
June	332.2	164.6	5,525.8	1,727.8	2,238.9	1,331.9	227.3	478.6	1,734.3	967.4	2,595.9	1,534.3	-15.8	13,317.3
July <sup>(p)</sup>	327.2	155.8	5,512.8	1,709.7	2,240.3	1,334.5	228.3	490.4	1,742.4	958.0	2,502.1	1,485.5	-15.7	13,158.6

Source: ECB.

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.

2) See Table 2.1, footnote 1.

### 3. Assets: flows <sup>1)</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>2)</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
2000 Feb.	32.1	-4.4	36.5	15.5	9.3	6.2	13.7	31.7	-0.4	17.0	109.6
Mar.	71.8	4.5	67.3	-13.8	-7.0	-6.8	39.1	33.4	0.0	22.5	153.0
Apr.	55.9	2.3	53.6	-14.7	-21.4	6.7	11.7	13.1	0.8	32.9	99.7
May	22.4	-6.3	28.8	0.0	-7.5	7.5	12.4	11.3	0.5	1.0	47.5
June	60.6	-0.5	61.1	-17.1	-18.1	1.0	-31.9	7.9	1.4	4.5	25.4
July	22.3	-1.3	23.5	-19.3	-26.9	7.6	3.6	-3.5	0.7	47.0	50.9
Aug.	7.0	-8.6	15.6	-6.2	-9.8	3.6	1.9	3.8	0.3	38.5	45.4
Sep.	66.9	-4.1	71.1	0.3	-3.1	3.4	3.0	17.7	0.7	-75.9	12.7
Oct.	40.6	1.9	38.6	-8.0	-15.4	7.4	1.4	10.0	3.2	68.9	116.0
Nov.	49.1	7.2	41.9	-2.2	-1.4	-0.8	1.0	7.9	-0.3	-51.0	4.4
Dec.	61.2	9.8	51.4	-14.4	-17.7	3.4	5.5	7.0	1.2	-22.2	38.3
<i>Euro area enlargement</i>											
2001 Jan.	34.0	2.9	31.1	-3.5	-7.5	4.1	12.8	61.3	-1.0	22.3	126.0
Feb.	13.5	-8.2	21.7	18.1	8.6	9.4	7.5	15.4	0.5	-12.0	43.1
Mar.	61.9	2.3	59.6	18.1	9.5	8.6	17.0	102.5	0.1	46.0	245.4
Apr.	32.9	-8.1	41.0	14.7	8.1	6.5	16.7	-19.3	1.2	9.9	56.1
May	5.0	-5.6	10.6	38.7	32.2	6.4	1.1	4.6	1.4	18.8	69.6
June	52.9	-1.7	54.5	10.4	8.0	2.4	-33.9	18.9	1.1	29.5	79.0
July <sup>(p)</sup>	10.4	-3.6	13.9	12.3	-1.5	13.8	-7.7	-42.4	1.0	-79.4	-105.7

### 4. Liabilities: flows <sup>1)</sup>

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Deposits of other general government/ other euro area residents				Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
				Over-night	With agreed maturity	Redeem-able at notice	Repur-chase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Feb.	-1.8	10.9	5.4	-6.8	17.5	-9.9	4.5	18.4	15.6	4.4	26.3	16.5	13.9	109.6
Mar.	3.5	-14.5	20.5	7.6	5.0	-10.0	17.8	12.3	1.2	12.5	107.2	33.5	-23.2	153.0
Apr.	3.3	1.6	33.0	33.4	4.9	-7.7	2.4	-0.7	19.1	9.3	36.1	14.6	-16.5	99.7
May	-0.2	-17.9	1.6	-11.3	20.3	-8.9	1.4	8.6	6.3	2.8	28.5	11.8	6.0	47.5
June	3.6	32.1	-7.9	12.0	-0.7	-5.3	-13.9	-4.4	15.8	19.0	-78.0	19.2	26.1	25.4
July	1.9	-11.3	1.1	-5.0	7.4	-6.1	4.7	10.7	-7.1	15.2	8.9	38.5	-7.0	50.9
Aug.	-5.1	5.9	-7.9	-29.3	29.3	-5.1	-2.7	6.1	11.7	4.7	12.0	33.4	-15.4	45.4
Sep.	1.0	18.7	4.6	10.8	-0.9	-7.4	2.0	-9.5	3.3	18.7	42.7	-65.7	-1.1	12.7
Oct.	-2.2	13.1	3.3	-0.8	13.8	-8.8	-0.8	3.9	16.3	5.1	20.7	46.5	9.4	116.0
Nov.	0.1	-3.6	26.0	20.0	8.8	-5.8	3.0	-1.8	5.3	-11.9	11.2	-7.5	-13.4	4.4
Dec.	10.7	-4.2	95.9	53.8	19.8	20.9	1.5	-13.4	5.2	-23.6	-16.1	-22.2	5.9	38.3
<i>Euro area enlargement</i>														
2001 Jan.	-20.1	-19.1	-15.8	-49.5	13.8	1.3	18.6	18.2	24.4	-1.6	115.5	18.0	6.4	126.0
Feb.	-1.0	8.7	8.4	1.6	11.2	-6.3	1.9	12.7	16.3	2.0	19.9	16.4	-40.3	43.1
Mar.	1.3	-5.2	33.3	8.6	15.4	-0.8	10.1	4.9	13.0	17.1	138.0	51.3	-8.2	245.4
Apr.	-0.1	2.2	29.7	30.7	-0.9	0.9	-1.1	0.7	5.5	1.8	17.9	-11.5	10.0	56.1
May	-3.3	-5.6	29.5	21.9	-2.3	-2.5	12.4	1.6	2.5	8.6	14.1	23.4	-1.1	69.6
June	0.2	17.7	32.5	36.4	-3.1	9.3	-10.1	-1.4	19.0	21.0	-22.6	15.1	-2.6	79.0
July <sup>(p)</sup>	-5.0	-8.8	-8.5	-16.6	4.2	2.8	1.1	12.7	16.4	-6.8	-57.8	-48.3	0.5	-105.7

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

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>3)</sup>
	Currency in circulation <sup>1)</sup>	Overnight deposits <sup>2)</sup>	Total	Index Dec. 98=100 <sup>3)</sup>				
					1	2	3	4
2000 Jan.	333.0	1,642.4	1,975.4	110.55	864.8	1,288.9	4,129.1	105.09
Feb.	331.1	1,634.3	1,965.4	109.99	879.9	1,278.0	4,123.4	104.98
Mar.	334.6	1,642.8	1,977.4	110.58	888.2	1,267.5	4,133.1	105.16
Apr.	337.7	1,680.9	2,018.6	112.78	896.3	1,260.1	4,174.9	106.11
May	337.5	1,662.8	2,000.3	111.95	914.1	1,251.9	4,166.3	105.98
June	341.2	1,674.1	2,015.3	112.85	912.7	1,244.6	4,172.5	106.21
July	343.0	1,672.3	2,015.3	112.78	922.8	1,236.8	4,174.9	106.20
Aug.	337.9	1,643.1	1,981.0	110.75	953.3	1,230.4	4,164.6	105.84
Sep.	338.9	1,654.4	1,993.4	111.38	956.1	1,220.3	4,169.8	105.92
Oct.	336.7	1,656.8	1,993.6	111.28	972.2	1,211.1	4,176.8	105.99
Nov.	336.8	1,675.2	2,012.1	112.42	984.9	1,202.3	4,199.3	106.65
Dec.	347.5	1,728.8	2,076.4	116.23	990.2	1,221.4	4,288.1	109.15
<i>Euro area enlargement</i>								
2001 1 Jan.	355.3	1,743.5	2,098.8	-	1,027.1	1,271.5	4,397.4	-
2001 Jan.	335.2	1,692.7	2,027.9	112.31	1,041.5	1,275.1	4,344.5	107.85
Feb.	334.2	1,693.0	2,027.2	112.26	1,054.2	1,269.8	4,351.1	108.00
Mar.	335.4	1,703.3	2,038.7	112.79	1,070.3	1,269.8	4,378.8	108.58
Apr.	335.3	1,735.9	2,071.2	114.58	1,071.6	1,273.4	4,416.2	109.51
May	332.0	1,759.2	2,091.2	115.53	1,072.5	1,273.1	4,436.8	109.84
June	332.2	1,794.5	2,126.7	117.51	1,069.4	1,283.0	4,479.1	110.91
July <sup>(p)</sup>	327.2	1,777.3	2,104.6	116.37	1,076.3	1,287.0	4,467.9	110.73

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

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual growth rate <sup>3)</sup> (%)
	Currency in circulation <sup>1)</sup>	Overnight deposits <sup>2)</sup>	Total	Annual growth rate <sup>3)</sup> (%)				
					1	2	3	4
2000 Feb.	-1.8	-8.2	-10.1	10.7	16.5	-10.9	-4.4	5.3
Mar.	3.5	7.2	10.6	10.1	7.1	-10.6	7.1	5.1
Apr.	3.3	36.0	39.2	11.4	5.7	-7.6	37.3	5.5
May	-0.2	-14.7	-14.9	8.7	19.0	-9.2	-5.1	4.7
June	3.6	12.6	16.2	7.1	0.3	-7.3	9.2	4.3
July	1.9	-3.2	-1.3	6.9	8.3	-7.5	-0.5	3.7
Aug.	-5.1	-31.1	-36.3	7.1	28.9	-6.5	-13.9	4.3
Sep.	1.0	10.3	11.3	6.2	1.7	-10.1	2.9	4.1
Oct.	-2.2	0.4	-1.8	5.8	13.8	-9.3	2.7	3.7
Nov.	0.1	20.3	20.4	5.1	14.6	-8.6	26.4	3.7
Dec.	10.7	57.5	68.2	5.7	10.9	19.3	98.4	3.7
<i>Euro area enlargement</i>								
2001 Jan.	-20.1	-50.6	-70.7	1.6	14.7	3.6	-52.5	2.6
Feb.	-1.0	0.0	-1.0	2.1	12.4	-5.4	6.0	2.9
Mar.	1.3	8.4	9.6	2.0	13.8	-0.1	23.3	3.3
Apr.	-0.1	32.5	32.4	1.6	1.5	3.6	37.5	3.2
May	-3.3	20.4	17.1	3.2	-3.3	-0.5	13.4	3.6
June	0.2	35.6	35.8	4.1	-2.5	9.9	43.2	4.4
July <sup>(p)</sup>	-5.0	-15.6	-20.6	3.2	8.9	4.2	-7.4	4.3

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) Excluding holdings of money market fund shares/units by non-residents of the euro area.

M3 <sup>2)</sup>						
Repurchase agreements	Money market fund shares/ units and money market paper <sup>2)</sup>	Debt securities up to 2 years	Total	Index Dec. 98=100 <sup>3)</sup>		
9	10	11	12	13		
155.0	412.4	87.2	4,783.7	106.10		2000 Jan.
159.5	430.9	90.9	4,804.5	106.59		Feb.
177.3	443.7	90.7	4,844.8	107.40		Mar.
179.8	451.2	89.7	4,895.7	108.29		Apr.
181.2	456.7	87.5	4,891.6	108.36		May
167.3	452.3	86.8	4,878.9	108.20		June
172.0	463.3	76.7	4,886.9	108.29		July
169.4	470.6	81.0	4,885.6	108.13		Aug.
171.4	461.5	81.5	4,884.2	108.04		Sep.
170.6	466.5	88.2	4,902.2	108.29		Oct.
173.5	463.6	97.3	4,933.8	109.12		Nov.
174.9	439.6	106.4	5,009.0	111.24		Dec.
<i>Euro area enlargement</i>						
195.2	439.6	106.6	5,138.8	-		2001 1 Jan.
213.8	456.1	106.9	5,121.4	110.90		2001 Jan.
215.8	468.8	115.1	5,150.7	111.53		Feb.
225.9	475.2	119.6	5,199.5	112.44		Mar.
224.9	476.8	125.3	5,243.2	113.37		Apr.
237.3	480.2	133.9	5,288.2	114.09		May
227.3	478.6	144.0	5,328.9	115.00		June
228.3	490.4	144.9	5,331.6	115.19		July <sup>4)</sup>

M3 <sup>2)</sup>						
Repurchase agreements	Money market fund shares/ units and money market paper <sup>2)</sup>	Debt securities up to 2 years	Total	Annual growth rate <sup>3)</sup> (%)		
9	10	11	12	13		
4.5	18.4	3.7	22.2	6.2		2000 Feb.
17.8	12.3	-1.0	36.3	6.6		Mar.
2.4	-0.7	1.4	40.4	6.7		Apr.
1.4	8.6	-1.7	3.2	6.0		May
-13.9	-4.4	1.7	-7.4	5.3		June
4.7	10.7	-10.7	4.2	5.1		July
-2.7	6.1	3.2	-7.4	5.4		Aug.
2.0	-9.5	0.6	-4.0	5.0		Sep.
-0.8	3.9	5.4	11.1	4.9		Oct.
3.0	-1.8	10.3	37.8	4.7		Nov.
1.5	-13.4	9.1	95.7	4.9		Dec.
<i>Euro area enlargement</i>						
18.6	18.2	0.1	-15.5	4.5		2001 Jan.
1.9	12.7	8.1	28.7	4.6		Feb.
10.1	4.9	4.0	42.4	4.7		Mar.
-1.1	0.7	5.5	42.7	4.7		Apr.
12.4	1.6	6.0	33.3	5.3		May
-10.1	-1.4	10.6	42.2	6.3		June
1.1	12.7	2.7	9.1	6.4		July <sup>4)</sup>

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

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

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions and percentage growth rates, unless otherwise indicated)*
**3. Seasonally adjusted levels at the end of the period**

	M2								
	M1				Other short-term deposits <sup>5)</sup>			Total	Index Dec. 98=100 <sup>4)</sup>
	Currency in circulation 1	Overnight deposits 2	Total	Index	Total	Index	7		
			3	Dec. 98=100 <sup>4)</sup>		4		Dec. 98=100 <sup>4)</sup>	
2000 Jan.	335.8	1,628.4	1,964.3	109.93	2,135.6	99.68	4,099.8	104.34	
Feb.	336.0	1,645.7	1,981.7	110.90	2,145.1	100.19	4,126.8	105.06	
Mar.	336.4	1,661.3	1,997.7	111.72	2,145.7	100.16	4,143.5	105.42	
Apr.	337.1	1,675.4	2,012.4	112.43	2,150.4	100.27	4,162.9	105.80	
May	338.7	1,661.6	2,000.3	111.94	2,162.8	100.85	4,163.1	105.90	
June	339.6	1,646.1	1,985.7	111.20	2,163.2	100.95	4,148.9	105.61	
July	338.8	1,658.2	1,997.0	111.75	2,170.5	101.21	4,167.5	106.01	
Aug.	339.0	1,675.3	2,014.3	112.61	2,183.2	101.73	4,197.5	106.68	
Sep.	339.3	1,674.5	2,013.8	112.52	2,191.2	102.04	4,204.9	106.81	
Oct.	339.8	1,678.6	2,018.4	112.67	2,200.9	102.38	4,219.3	107.06	
Nov.	338.4	1,679.7	2,018.1	112.76	2,207.9	102.81	4,226.1	107.33	
Dec.	338.0	1,676.9	2,014.8	112.79	2,198.3	102.62	4,213.1	107.25	
<i>Euro area enlargement</i>									
2001 1 Jan.	345.5	1,691.1	2,036.6	-	2,284.7	-	4,321.3	-	
2001 Jan.	338.9	1,690.2	2,029.1	112.38	2,296.1	103.15	4,325.2	107.37	
Feb.	339.0	1,710.7	2,049.7	113.50	2,308.7	103.70	4,358.3	108.18	
Mar.	337.3	1,715.0	2,052.3	113.54	2,328.2	104.47	4,380.6	108.62	
Apr.	336.1	1,725.2	2,061.3	114.04	2,340.6	105.03	4,401.9	109.16	
May	332.8	1,752.2	2,085.0	115.19	2,343.8	104.98	4,428.8	109.64	
June	330.8	1,757.7	2,088.5	115.40	2,357.3	105.61	4,445.7	110.08	
July <sup>6)</sup>	324.3	1,764.4	2,088.7	115.49	2,374.3	106.47	4,463.0	110.60	

**4. Seasonally adjusted flows <sup>7)</sup>**

	M2										
	M1					Other short-term deposits <sup>5)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)
	Currency in circulation 1	Overnight deposits 2	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)			
			3	4	5		6	7	8		
2000 Feb.	0.2	17.1	17.3	0.9	10.7	11.0	0.5	1.0	28.3	0.7	5.4
Mar.	0.4	14.3	14.7	0.7	10.3	-0.7	0.0	0.8	14.0	0.3	5.1
Apr.	0.8	11.9	12.7	0.6	10.5	2.2	0.1	0.7	14.9	0.4	5.2
May	1.7	-10.4	-8.7	-0.4	9.0	12.5	0.6	1.1	3.8	0.1	4.8
June	0.8	-14.2	-13.4	-0.7	7.3	2.1	0.1	1.6	-11.3	-0.3	4.2
July	-0.8	10.7	10.0	0.5	6.4	5.8	0.3	1.2	15.7	0.4	3.6
Aug.	0.2	15.1	15.4	0.8	7.2	11.0	0.5	1.7	26.4	0.6	4.3
Sep.	0.3	-1.9	-1.6	-0.1	6.4	6.7	0.3	2.0	5.1	0.1	4.1
Oct.	0.5	2.1	2.6	0.1	5.9	7.3	0.3	2.0	9.9	0.2	3.9
Nov.	-1.4	3.0	1.6	0.1	5.3	9.1	0.4	2.5	10.7	0.3	3.8
Dec.	-0.4	0.9	0.5	0.0	5.2	-3.9	-0.2	2.1	-3.4	-0.1	3.6
<i>Euro area enlargement</i>											
2001 Jan.	-6.9	-1.0	-8.0	-0.4	2.2	11.9	0.5	3.5	3.9	0.1	2.9
Feb.	0.1	20.1	20.2	1.0	2.3	12.3	0.5	3.5	32.6	0.8	3.0
Mar.	-1.7	2.4	0.7	0.0	1.6	17.1	0.7	4.3	17.8	0.4	3.0
Apr.	-1.2	10.1	8.9	0.4	1.4	12.6	0.5	4.8	21.6	0.5	3.2
May	-3.3	24.1	20.8	1.0	2.9	-1.2	-0.1	4.1	19.6	0.4	3.5
June	-2.1	5.9	3.8	0.2	3.8	14.0	0.6	4.6	17.8	0.4	4.2
July <sup>6)</sup>	-6.5	8.2	1.8	0.1	3.3	19.2	0.8	5.2	20.9	0.5	4.3

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) Excluding holdings of money market fund shares/units by non-residents of the euro area.
- 3) Loans, with other components of credit, are shown without seasonal adjustment on page 20\*.
- 4) For the calculations of the index and the growth rates, see the technical notes.

M3 <sup>2)</sup>				Loans to other euro area residents (excluding government) <sup>3)</sup>			
Marketable instruments <sup>6)</sup>			Total	Index Dec. 98=100 <sup>4)</sup>	Total	Index Dec. 98=100 <sup>4)</sup>	
Total	Index Dec. 98=100 <sup>4)</sup>						
9	10		11	12	13	14	
669.0	115.79		4,768.8	105.77	5,578.4	110.26	2000 Jan.
678.0	117.33		4,804.8	106.60	5,627.6	111.25	Feb.
700.3	120.97		4,843.8	107.37	5,686.1	112.33	Mar.
706.3	121.01		4,869.2	107.71	5,743.6	113.33	Apr.
706.8	121.72		4,869.9	107.88	5,789.0	114.20	May
701.9	121.29		4,850.8	107.58	5,825.4	114.79	June
712.3	122.92		4,879.8	108.14	5,855.3	115.29	July
716.5	123.22		4,914.0	108.76	5,916.6	116.44	Aug.
718.6	123.55		4,923.6	108.91	5,989.4	117.59	Sep.
734.3	125.81		4,953.6	109.42	6,032.1	118.34	Oct.
737.9	126.83		4,963.9	109.79	6,062.8	119.07	Nov.
749.1	130.67		4,962.2	110.20	6,072.6	119.61	Dec.
<i>Euro area enlargement</i>							
770.3	-		5,091.6	-	6,135.7	-	2001 1 Jan.
791.6	134.55		5,116.9	110.81	6,182.5	120.53	2001 Jan.
796.2	135.29		5,154.5	111.61	6,218.8	121.25	Feb.
806.1	136.64		5,186.6	112.16	6,269.1	122.08	Mar.
811.6	137.38		5,213.5	112.72	6,303.9	122.79	Apr.
829.5	139.69		5,258.3	113.44	6,341.7	123.34	May
844.4	142.30		5,290.1	114.16	6,359.3	123.78	June
864.0	146.06		5,326.9	115.09	6,367.3	124.09	July <sup>6)</sup>

M3 <sup>2)</sup>							Loans to other euro area residents (excluding government) <sup>3)</sup>			
Marketable instruments <sup>6)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	3-month moving average (centred) (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	
Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)								
12	13	14	15	16	17	18	19	20	21	
8.9	1.3	11.8	37.3	0.8	6.3	6.1	49.8	0.9	9.5	2000 Feb.
21.0	3.1	15.9	35.0	0.7	6.6	6.4	54.6	1.0	9.8	Mar.
0.3	0.0	13.9	15.1	0.3	6.3	6.3	50.6	0.9	10.4	Apr.
4.1	0.6	13.9	7.9	0.2	6.0	5.9	44.1	0.8	10.2	May
-2.5	-0.4	11.9	-13.8	-0.3	5.3	5.4	30.3	0.5	9.4	June
9.5	1.3	14.4	25.2	0.5	5.1	5.3	25.1	0.4	9.1	July
1.7	0.2	13.0	28.1	0.6	5.4	5.2	58.5	1.0	9.5	Aug.
1.9	0.3	11.0	7.0	0.1	5.0	5.1	58.3	1.0	10.0	Sep.
13.1	1.8	12.0	23.1	0.5	5.0	4.9	38.4	0.6	9.8	Oct.
6.0	0.8	10.3	16.6	0.3	4.7	4.9	37.3	0.6	9.3	Nov.
22.4	3.0	12.6	19.0	0.4	4.8	4.8	27.1	0.4	9.6	Dec.
<i>Euro area enlargement</i>										
23.3	3.0	16.2	27.2	0.5	4.8	4.8	47.1	0.8	9.3	2001 Jan.
4.4	0.6	15.3	37.0	0.7	4.7	4.6	36.9	0.6	9.0	Feb.
7.9	1.0	13.0	25.7	0.5	4.5	4.6	42.9	0.7	8.7	Mar.
4.3	0.5	13.5	25.9	0.5	4.7	4.8	36.5	0.6	8.4	Apr.
13.6	1.7	14.8	33.2	0.6	5.2	5.3	28.2	0.4	8.0	May
15.5	1.9	17.3	33.3	0.6	6.1	5.9	22.5	0.4	7.8	June
22.3	2.6	18.8	43.3	0.8	6.4	-	16.2	0.3	7.6	July <sup>6)</sup>

5) 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.

6) Marketable instruments comprise repurchase agreements, money market fund shares/units (excluding holdings by non-residents of the euro area) and money market paper together with debt securities issued with an original maturity of up to two years.

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

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**5. Main counterparts of M3: levels at the end of the period**

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 <sup>3)</sup>		
	1	2	3	4	5	6	7	8	9	10
2000 Jan.	1,163.6	111.4	1,447.7	825.6	2,062.3	6,263.5	5,581.5	110.32	231.3	162.3
Feb.	1,166.4	112.4	1,459.7	828.6	2,066.9	6,320.9	5,617.3	111.05	237.1	161.8
Mar.	1,164.9	113.2	1,463.0	842.6	2,060.4	6,427.0	5,688.6	112.38	168.2	161.8
Apr.	1,165.1	112.8	1,483.9	852.4	2,041.0	6,508.3	5,749.0	113.43	149.7	162.6
May	1,167.0	114.0	1,488.5	853.5	2,023.7	6,559.1	5,779.1	114.00	131.1	163.0
June	1,165.8	115.5	1,498.3	877.5	2,002.3	6,594.9	5,846.3	115.21	218.6	164.2
July	1,166.2	116.6	1,507.2	893.9	1,974.5	6,636.0	5,874.6	115.67	209.6	164.9
Aug.	1,167.3	118.2	1,523.1	898.2	1,950.6	6,660.4	5,893.1	115.98	206.2	165.2
Sep.	1,168.5	120.5	1,529.9	926.3	1,946.4	6,750.6	5,978.5	117.38	191.7	166.0
Oct.	1,169.4	121.3	1,548.6	932.8	1,935.4	6,799.8	6,021.5	118.13	183.1	168.0
Nov.	1,162.8	124.0	1,537.2	920.7	1,939.2	6,836.3	6,056.8	118.96	177.8	167.7
Dec.	1,168.4	126.4	1,525.2	892.9	1,925.3	6,877.6	6,090.9	119.97	186.6	169.9
<i>Euro area enlargement</i>										
2001 1 Jan.	1,170.2	127.7	1,525.8	910.4	2,009.9	6,952.1	6,154.2	-	180.2	172.9
2001 Jan.	1,169.4	127.9	1,555.3	909.7	2,003.7	6,998.0	6,184.8	120.57	127.7	171.7
Feb.	1,168.2	128.0	1,564.2	911.2	2,006.0	7,035.2	6,206.0	121.00	123.7	172.3
Mar.	1,171.4	127.6	1,576.9	926.7	2,017.7	7,127.6	6,272.9	122.16	93.0	172.0
Apr.	1,168.9	125.6	1,577.8	927.9	2,015.7	7,193.0	6,312.3	122.96	55.7	173.3
May	1,170.3	123.4	1,584.5	939.9	2,030.6	7,219.9	6,332.5	123.16	46.4	174.6
June	1,169.6	123.2	1,590.3	967.4	2,035.4	7,238.2	6,382.2	124.22	95.2	175.7
July <sup>(p)</sup>	1,164.0	121.8	1,597.5	958.0	2,028.4	7,252.0	6,387.9	124.49	105.9	176.8

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

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual growth rate <sup>3)</sup> (%)		
	1	2	3	4	5	6	7	8	9	10
2000 Feb.	1.0	1.0	11.9	4.4	4.9	56.4	36.5	9.5	5.4	-0.4
Mar.	-2.0	0.8	2.2	12.5	-2.4	99.6	67.3	9.9	-73.8	0.0
Apr.	-0.8	-0.4	17.6	9.3	-19.2	72.0	53.6	10.5	-23.0	0.8
May	1.3	1.2	8.0	2.8	-13.8	48.7	28.8	10.3	-17.2	0.5
June	-1.0	1.5	14.0	19.0	-18.6	30.2	61.1	9.4	85.9	1.4
July	-0.8	1.4	3.5	15.2	-28.2	34.8	23.5	9.1	-12.3	0.7
Aug.	0.4	1.7	8.5	4.7	-18.4	21.1	15.6	9.5	-8.1	0.3
Sep.	-2.5	2.2	2.7	18.7	-7.2	77.5	71.1	10.0	-25.0	0.7
Oct.	0.0	0.8	10.8	5.1	-13.5	47.4	38.6	9.8	-10.7	3.2
Nov.	-5.9	2.7	-5.0	-11.9	5.8	42.1	41.9	9.3	-3.3	-0.3
Dec.	8.9	2.5	-4.0	-23.6	-7.9	60.2	51.4	9.5	23.0	1.2
<i>Euro area enlargement</i>										
2001 Jan.	-0.9	0.2	24.3	-1.6	-4.6	47.9	31.1	9.3	-54.2	-1.0
Feb.	-1.2	0.1	8.2	2.0	0.4	38.7	21.7	9.0	-4.6	0.5
Mar.	1.5	-0.4	9.0	17.1	11.8	85.1	59.6	8.7	-35.5	0.1
Apr.	-2.4	-2.0	0.0	1.8	0.0	64.3	41.0	8.4	-37.2	1.2
May	0.9	-2.2	-3.5	8.6	26.6	18.2	10.6	8.0	-9.5	1.4
June	-0.6	-0.3	8.4	21.0	6.3	23.1	54.5	7.8	41.5	1.1
July <sup>(p)</sup>	-4.8	-1.3	13.7	-6.8	-5.1	20.1	13.9	7.6	15.4	1.0

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

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

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



**Table 2.5**
**MFI loans by counterpart, type and original maturity <sup>1)</sup>**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**1. Loans to non-monetary financial corporations and to government: levels at the end of the period**

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total	Up to 1 year	Index Dec.98 =100 <sup>2)</sup>	Total	Up to 1 year	Index Dec.98 =100 <sup>2)</sup>	Central government <sup>3)</sup>	Other general government					Total	Index Dec.98 =100 <sup>2)</sup>
								State government	Local government		Social security funds			
	Over 5 years	Over 5 years												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1999 Q4	315.7	191.4	120.4	29.4	20.7	107.1	199.5	292.9	252.7	339.9	307.7	15.6	847.9	100.4
2000 Q1	335.7	207.1	128.0	37.1	25.7	135.1	193.8	291.9	251.3	338.1	306.0	16.0	839.7	99.5
Q2	381.7	246.0	135.8	38.8	29.1	141.3	186.8	290.0	252.1	339.0	305.9	19.7	835.6	99.0
Q3	385.6	247.0	138.9	33.0	25.3	120.4	173.3	288.4	252.4	337.8	305.2	18.5	818.0	97.3
Q4	394.9	252.6	142.9	31.5	21.8	114.7	173.1	297.3	255.4	350.9	315.7	14.6	835.9	99.5
<i>Euro area enlargement</i>														
2001 1 Jan.	395.5	253.1	-	31.5	21.8	-	185.6	297.3	255.4	351.5	316.3	15.2	849.6	-
2001 Q1	417.7	272.7	152.9	35.9	26.8	130.7	189.3	295.3	255.3	352.4	314.0	15.6	852.5	99.1
Q2 <sup>4)</sup>	424.4	281.2	155.4	36.0	26.7	131.1	175.0	294.0	254.9	349.3	310.8	19.2	837.5	97.3

**2. Loans to non-monetary financial corporations and to government: flows <sup>4)</sup>**

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total	Up to 1 year	Annual growth rate <sup>2)</sup> (%)	Total	Up to 1 year	Annual growth rate <sup>2)</sup> (%)	Central government <sup>3)</sup>	Other general government					Total	Annual growth rate <sup>2)</sup> (%)
								State government	Local government		Social security funds			
	Over 5 years	Over 5 years												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2000 Q1	19.8	15.7	13.1	7.7	4.9	2.7	-4.9	-1.0	-1.5	-1.8	-1.7	0.3	-7.4	0.0
Q2	20.5	13.8	17.4	1.7	3.5	-4.1	-7.3	-1.8	1.3	0.9	-0.1	3.7	-4.6	-0.3
Q3	8.5	1.1	23.0	-5.7	-3.8	-21.2	-10.0	-2.3	-0.3	-0.5	0.0	-1.2	-13.9	-1.2
Q4	11.2	6.7	18.6	-1.5	-3.5	7.1	0.3	8.8	3.0	12.8	10.3	-3.9	18.0	-0.9
<i>Euro area enlargement</i>														
2001 Q1	27.7	22.6	19.4	4.4	5.0	-3.3	-0.6	-2.0	-0.1	-0.7	-3.6	0.4	-2.9	-0.4
Q2 <sup>4)</sup>	6.9	8.5	14.4	0.1	-0.1	-7.2	-14.7	-1.3	-0.4	-3.0	-3.2	3.6	-15.4	-1.7

Source: ECB.

- 1) Corresponding ESA 95 sector codes: non-financial corporations, S.11; households, S.14; non-profit institutions serving households, S.15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S.123 (including financial auxiliaries, S.124); insurance corporations and pension funds, S.125; general government, S.13.
- 2) For the calculation of the index and the growth rates, see the technical notes.
- 3) A maturity breakdown is not available for loans to central government.
- 4) Calculated from quarterly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

**Table 2.5 (cont'd)**

**MFI loans by counterpart, type and original maturity <sup>1)</sup>**

(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)

**3. Loans to non-financial sectors other than government: levels at the end of the period**

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>
	1	2	3	4	5	6	7	8	9	10
1999 Q4	858.8	372.9	1,195.8	2,427.5	107.0	88.4	156.4	195.6	440.4	107.6
2000 Q1	902.0	392.3	1,207.0	2,501.3	109.9	89.1	162.5	200.5	452.1	110.0
Q2	919.1	406.0	1,236.7	2,561.7	113.0	93.6	161.7	201.8	457.1	111.7
Q3	954.6	422.5	1,256.8	2,633.9	115.8	96.5	165.1	208.2	469.8	114.4
Q4	968.4	428.6	1,287.8	2,684.8	118.7	98.2	165.5	212.8	476.6	116.1
<i>Euro area enlargement</i>										
2001 1 Jan.	997.1	436.0	1,293.6	2,726.6	-	102.8	166.5	212.8	482.1	-
2001 Q1	1,034.3	444.7	1,313.7	2,792.6	120.9	99.4	168.6	212.6	480.6	115.2
Q2 <sup>(p)</sup>	1,057.3	449.3	1,340.7	2,847.3	123.0	101.1	172.3	216.7	490.1	117.4

**4. Loans to non-financial sectors other than government: flows <sup>4)</sup>**

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)
	1	2	3	4	5	6	7	8	9	10
2000 Q1	40.4	18.1	8.0	66.6	9.8	0.7	4.7	4.6	10.0	7.9
Q2	21.7	15.8	31.7	69.3	9.5	4.5	-0.3	2.8	7.0	7.1
Q3	29.0	16.3	18.2	63.5	11.3	2.1	3.1	5.8	11.0	8.0
Q4	19.3	10.1	36.4	65.8	10.9	1.7	0.5	4.6	6.9	7.9
<i>Euro area enlargement</i>										
2001 Q1	32.5	5.3	13.5	51.3	10.0	-4.4	0.0	0.5	-4.0	4.7
Q2 <sup>(p)</sup>	19.5	6.5	23.1	49.1	8.9	1.6	3.7	4.1	9.4	5.1

Source: ECB.

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

2) For the calculation of the index and the growth rates, see the technical notes.

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Index Dec.98 =100 <sup>2)</sup>	Total	Index Dec.98 =100 <sup>2)</sup>	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
19.9	60.4	1,627.0	1,707.3	112.0	141.7	98.5	339.3	579.5	109.6	2,727.2	110.8	37.4	107.1	1999 Q4
20.2	58.9	1,660.2	1,739.3	114.1	141.0	100.4	342.8	584.2	110.7	2,775.6	112.7	39.0	111.7	2000 Q1
21.3	60.7	1,698.9	1,780.9	116.7	144.9	102.2	341.4	588.5	111.9	2,826.5	114.9	37.6	107.7	Q2
22.8	63.1	1,747.4	1,833.3	118.9	142.5	100.9	342.1	585.5	111.8	2,888.6	116.6	37.5	107.5	Q3
23.1	62.5	1,791.2	1,876.7	121.6	146.4	101.7	340.1	588.2	113.0	2,941.6	118.9	38.2	109.3	Q4
<i>Euro area enlargement</i>														
23.1	62.9	1,802.0	1,888.0	-	146.6	101.7	340.1	588.4	-	2,958.6	-	38.2	-	2001 1 Jan.
22.8	61.9	1,831.9	1,916.6	123.5	146.0	104.4	341.9	592.2	113.9	2,989.4	120.1	37.3	106.5	2001 Q1
23.4	62.4	1,863.7	1,949.6	125.4	147.7	101.5	345.1	594.3	115.6	3,033.9	122.0	40.6	116.0	Q2 <sup>4)</sup>

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Annual growth rate <sup>2)</sup> (%)	Total	Annual growth rate <sup>2)</sup> (%)	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
0.4	-1.1	32.5	31.8	11.3	-0.7	1.8	4.7	5.8	6.5	47.7	9.7	1.6	9.1	2000 Q1
1.1	1.6	37.2	40.0	10.2	3.9	2.6	-0.2	6.3	5.8	53.3	8.7	-1.4	5.1	Q2
-0.1	0.7	32.9	33.5	9.0	-1.7	-0.8	2.0	-0.6	5.0	43.9	8.0	0.0	3.8	Q3
0.2	-0.6	42.4	42.1	8.6	4.2	2.0	0.4	6.6	3.1	55.6	7.3	0.6	2.1	Q4
<i>Euro area enlargement</i>														
-0.4	-1.0	30.8	29.5	8.3	0.4	2.6	1.6	4.6	2.9	30.1	6.6	-1.0	-4.7	2001 Q1
0.6	0.6	27.8	28.9	7.4	1.8	-1.1	7.8	8.5	3.3	46.9	6.2	3.3	7.7	Q2 <sup>4)</sup>

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

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

**Table 2.6**
**Deposits held with MFIs, by counterpart and instrument <sup>1)</sup>**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**1. Deposits held by non-monetary financial corporations and by government: levels at the end of the period**

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total <sup>2)</sup>				Index Dec.98 =100 <sup>3)</sup>	Total <sup>2)</sup>				Index Dec.98 =100 <sup>3)</sup>	Central government	Other general government			Total	Index Dec.98 =100 <sup>3)</sup>
	Over-night	With agreed maturity	Repos			Over-night	With agreed maturity	Repos				State government	Local government	Social security funds		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1999 Q4	398.9	143.1	181.7	69.3	119.8	447.7	32.2	400.4	11.9	108.2	142.0	31.2	59.2	48.2	280.5	106.7
2000 Q1	435.3	162.2	180.1	87.4	130.8	458.8	35.4	407.0	13.1	110.9	130.2	28.1	58.6	52.7	269.7	102.6
Q2	425.3	164.5	178.7	76.8	129.7	460.7	34.6	411.0	11.6	111.4	146.0	31.6	62.7	59.3	299.6	114.0
Q3	424.4	158.6	184.2	76.6	129.6	464.4	34.1	413.7	12.9	111.6	159.3	30.3	63.2	57.8	310.5	117.8
Q4	428.4	153.7	194.8	74.0	130.9	477.6	40.6	418.4	15.3	114.8	164.6	30.6	68.2	53.2	316.5	120.1
<i>Euro area enlargement</i>																
2001 1 Jan.	431.4	154.2	196.1	75.2	-	479.8	40.7	418.5	17.5	-	166.2	30.6	69.1	55.1	321.0	-
2001 Q1	441.7	151.8	192.9	91.2	134.0	483.5	38.2	423.0	18.8	115.7	150.3	30.9	65.0	57.2	303.5	113.5
Q2 <sup>(p)</sup>	455.1	163.5	195.1	89.4	136.9	485.1	40.2	424.0	17.0	116.1	164.6	31.7	66.8	60.9	323.9	121.2

**2. Deposits held by non-monetary financial corporations and by government: flows <sup>4)</sup>**

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total <sup>2)</sup>				Annual growth rate <sup>3)</sup> (%)	Total <sup>2)</sup>				Annual growth rate <sup>3)</sup> (%)	Central government	Other general government			Total	Annual growth rate <sup>3)</sup> (%)
	Over-night	With agreed maturity	Repos			Over-night	With agreed maturity	Repos				State government	Local government	Social security funds		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	36.4	19.0	-1.6	18.1	15.4	11.1	3.2	6.7	1.2	7.6	-11.9	-2.1	-0.6	3.7	-10.9	6.1
Q2	-3.7	2.3	4.9	-10.6	7.1	1.9	0.3	2.8	-1.5	6.8	15.8	3.5	4.1	6.5	29.9	17.7
Q3	0.0	-5.8	6.2	-0.2	10.1	1.1	-0.7	0.3	1.3	5.7	13.3	-1.4	-0.4	-1.4	10.1	18.2
Q4	4.0	-4.8	10.6	-2.6	9.2	13.2	6.5	4.8	2.4	6.1	5.3	0.3	5.0	-4.6	6.0	12.5
<i>Euro area enlargement</i>																
2001 Q1	10.2	-2.5	-3.2	16.0	2.4	3.7	-2.5	4.6	1.3	4.3	-15.6	0.1	-4.1	2.1	-17.5	10.7
Q2 <sup>(p)</sup>	9.6	11.6	-1.5	-1.7	5.6	1.8	2.3	1.0	-1.8	4.3	14.3	0.7	1.8	3.6	20.4	6.3

Source: ECB.

- 1) Corresponding ESA 95 sector codes: non-financial corporations, S.11; households, S.14; non-profit institutions serving households, S.15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S.123 (including financial auxiliaries, S.124); insurance corporations and pension funds, S.125; general government, S.13.
- 2) Including deposits redeemable at notice.
- 3) For the calculation of the index and the growth rates, see the technical notes.
- 4) Calculated from quarterly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

**Table 2.6 (cont'd)**
**Deposits held with MFIs, by counterpart and instrument <sup>1)</sup>**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**3. Deposits held by non-financial sectors other than government: levels at the end of the period**

	Non-financial corporations						Households <sup>2)</sup>					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 <sup>3)</sup>	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 <sup>3)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Q4	446.0	281.3	23.9	21.5	772.7	100.2	871.6	1,100.2	1,295.3	39.4	3,306.4	102.5
2000 Q1	440.2	292.2	24.4	31.1	787.9	101.5	887.2	1,093.5	1,274.7	42.4	3,297.7	102.2
Q2	459.7	307.9	24.1	26.9	818.6	104.7	888.3	1,097.7	1,254.6	46.6	3,287.2	101.9
Q3	464.2	329.9	24.7	25.0	843.7	106.4	874.4	1,112.3	1,235.3	51.6	3,273.6	101.5
Q4	497.4	324.9	24.1	26.3	872.7	111.5	907.1	1,133.9	1,241.6	57.1	3,339.6	103.5
<i>Euro area enlargement</i>												
2001 1 Jan.	504.4	338.2	24.3	30.5	897.5	-	910.6	1,156.4	1,292.5	69.6	3,429.1	-
2001 Q1	480.5	351.5	24.1	32.4	888.5	109.5	904.7	1,189.9	1,287.2	78.9	3,460.7	104.4
Q2 <sup>4)</sup>	515.0	334.9	24.4	33.3	907.6	111.5	944.7	1,198.1	1,293.4	82.5	3,518.7	106.2

**4. Deposits held by non-financial sectors other than government: flows <sup>4)</sup>**

	Non-financial corporations						Households <sup>2)</sup>					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate <sup>3)</sup> (%)	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate <sup>3)</sup> (%)
	1	2	3	4	5	6	7	8	9	10	11	12
2000 Q1	-7.7	7.4	0.5	9.6	9.7	6.1	15.1	-6.7	-20.8	3.0	-9.3	2.1
Q2	19.9	9.5	-0.3	-4.3	24.8	8.3	2.2	4.3	-21.2	4.2	-10.4	1.3
Q3	0.3	14.2	1.3	-2.0	13.8	8.9	-13.8	14.6	-19.6	5.0	-13.8	1.0
Q4	36.8	2.7	-0.5	1.3	40.3	11.3	32.8	22.2	6.5	5.5	67.0	1.0
<i>Euro area enlargement</i>												
2001 Q1	-26.7	8.9	-0.2	1.8	-16.2	7.9	-6.2	33.0	-5.8	9.3	30.3	2.2
Q2 <sup>4)</sup>	31.8	-16.6	0.3	0.9	16.4	6.5	40.0	8.2	6.1	3.6	57.9	4.2

Source: ECB.

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

2) Comprises households (S.14) and non-profit institutions serving households (S.15).

3) For the calculation of the index and the growth rates, see the technical notes.

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

**Table 2.7**
**Main MFI claims on and liabilities to non-residents of the euro area**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**1. Levels at the end of the period**

	Loans to non-residents							Holdings of securities other than shares issued by non-residents								
	Banks <sup>1)2)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>	Banks <sup>1)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>
	Total	Index Dec.98 =100 <sup>3)</sup>	General govern- ment	Other	Total	Index Dec.98 =100 <sup>3)</sup>			Total	Index Dec.98 =100 <sup>3)</sup>	General govern- ment	Other	Total	Index Dec.98 =100 <sup>3)</sup>		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1999 Q4	888.1	90.3	78.8	380.0	458.7	115.6	1,346.8	97.6	117.5	137.1	273.1	142.6	415.8	102.7	533.3	109.1
2000 Q1	944.3	94.1	79.4	405.7	485.1	119.2	1,429.3	101.3	129.4	148.1	291.7	152.1	443.7	107.2	573.2	114.8
Q2	977.9	97.2	81.0	399.0	480.0	118.7	1,457.9	103.3	153.0	153.4	302.8	161.3	464.1	108.5	617.1	116.8
Q3	979.1	94.4	79.3	441.4	520.6	123.3	1,499.7	102.7	168.2	161.6	321.5	175.4	496.9	110.8	665.1	120.2
Q4	945.2	93.4	78.8	445.5	524.3	127.8	1,469.5	103.3	171.1	173.2	290.6	183.7	474.3	109.9	645.4	121.6
<i>Euro area enlargement</i>																
2001 1 Jan.	963.9	-	78.8	449.2	528.0	-	1,491.9	-	171.3	-	296.2	184.0	480.2	-	651.5	-
2001 Q1	1,051.5	100.3	76.3	517.9	594.2	143.0	1,645.7	112.6	188.8	188.6	285.7	204.8	490.4	113.8	679.3	127.7
Q2 <sup>4)</sup>	1,065.3	100.1	79.2	519.5	598.7	141.1	1,664.0	111.8	205.5	201.3	294.8	208.9	503.7	114.5	709.2	130.6

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

	Loans to non-residents							Holdings of securities other than shares issued by non-residents								
	Banks <sup>1)2)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)
	Total	Annual growth rate <sup>3)</sup> (%)	General govern- ment	Other	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General govern- ment	Other	Total	Annual growth rate <sup>3)</sup> (%)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q1	37.2	-7.4	0.6	13.5	14.1	10.5	51.3	-2.0	9.4	14.9	19.1	-0.7	18.4	10.2	27.8	11.2
Q2	30.7	-6.4	2.2	-4.2	-2.0	4.3	28.7	-3.1	4.7	9.9	9.9	-4.4	5.4	13.3	10.1	12.7
Q3	-27.9	-2.6	-1.7	20.5	18.8	8.3	-9.1	0.9	8.1	23.4	16.8	-6.9	9.9	13.1	18.0	15.4
Q4	-9.8	3.5	-0.7	19.9	19.1	10.6	9.3	5.9	12.1	26.3	-31.6	27.2	-4.4	7.0	7.7	11.5
<i>Euro area enlargement</i>																
2001 Q1	71.2	6.6	3.8	59.0	62.7	20.0	133.9	11.2	15.3	27.4	5.4	11.9	17.2	6.1	32.5	11.2
Q2 <sup>4)</sup>	-3.0	3.0	2.9	-10.9	-8.0	18.9	-11.0	8.2	12.6	31.2	9.3	-6.3	3.0	5.5	15.6	11.8

Source: ECB.

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

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

**Table 2.7 (cont'd)**

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Index Dec.98 =100 <sup>3)</sup>	Banks <sup>1)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>	
Total	Index Dec.98 =100 <sup>3)</sup>	Total	Index Dec.98 =100 <sup>3)</sup>			Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
38.4	164.3	54.5	131.9	92.8	143.4	1,342.5	111.6	72.4	410.9	483.3	117.5	1,825.8	113.1	1999 Q4
47.4	199.1	64.4	155.0	111.8	170.7	1,534.7	124.8	71.4	463.0	534.4	127.5	2,069.1	125.5	2000 Q1
50.8	205.6	67.5	160.8	118.3	176.8	1,505.4	122.4	77.2	469.8	547.0	130.6	2,052.4	124.5	Q2
58.0	227.1	81.4	191.3	139.4	203.9	1,577.8	123.5	81.7	526.2	607.9	140.2	2,185.7	127.8	Q3
61.6	242.6	80.0	194.1	141.6	211.4	1,550.5	125.1	84.6	503.9	588.5	139.1	2,139.1	128.7	Q4
<i>Euro area enlargement</i>														
62.3	-	80.2	-	142.5	-	1,560.5	-	85.6	507.8	593.3	-	2,153.8	-	2001 1 Jan.
65.1	252.7	93.9	228.0	159.1	236.0	1,781.6	140.8	89.3	577.1	666.4	154.0	2,448.0	144.1	2001 Q1
61.4	237.6	95.2	230.7	156.5	231.8	1,808.0	140.1	94.1	590.0	684.1	155.4	2,492.1	144.0	Q2 <sup>(p)</sup>

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	
Total	Annual growth rate <sup>3)</sup> (%)	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
8.1	97.8	9.6	43.9	17.7	62.3	158.7	12.3	-1.0	41.8	40.8	20.9	199.5	14.3	2000 Q1
1.6	42.3	2.4	29.4	4.0	34.4	-29.5	4.3	5.8	7.3	13.1	16.6	-16.4	7.3	Q2
5.3	31.7	12.8	64.6	18.1	49.5	14.3	9.7	4.4	35.8	40.2	22.2	54.5	12.9	Q3
4.0	47.7	1.2	47.2	5.1	47.4	20.3	12.1	3.0	-7.9	-4.9	18.3	15.4	13.8	Q4
<i>Euro area enlargement</i>														
2.6	26.9	14.0	47.1	16.6	38.2	195.2	12.8	3.5	60.2	63.6	20.8	258.8	14.9	2001 Q1
-3.9	15.5	1.1	43.4	-2.8	31.1	-9.1	14.4	4.8	1.4	6.2	19.0	-2.9	15.7	Q2 <sup>(p)</sup>

3) For the calculation of the index and the growth rates, see the technical notes.

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



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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	3,868.4	3,456.8	46.6	364.9	261.7	29.5	54.7	19.0	5,206.2	5,041.1	25.8	139.3	101.4	17.3	11.7	8.9
2000 Q1	3,932.4	3,496.3	55.0	381.1	265.8	32.5	60.5	22.3	5,249.3	5,074.7	30.5	144.1	105.1	17.6	11.9	9.5
Q2	4,056.4	3,620.9	52.8	382.7	265.3	34.8	62.3	20.2	5,291.3	5,111.2	27.9	152.2	113.0	17.1	13.2	9.0
Q3	3,946.0	3,485.3	58.1	402.7	279.6	38.3	64.9	20.0	5,316.7	5,127.5	29.1	160.1	121.0	16.5	12.5	10.1
Q4	3,949.8	3,526.6	47.5	375.8	264.9	34.4	61.0	15.6	5,434.8	5,256.5	27.3	150.9	115.1	14.6	11.3	10.0
<i>Euro area enlargement</i>																
2001 Q1	4,059.5	3,558.8	55.4	445.3	316.6	40.1	67.8	20.7	5,577.9	5,367.5	31.2	179.2	130.8	23.8	12.3	12.2
Q2 <sup>(p)</sup>	4,064.1	3,579.0	51.7	433.4	308.7	41.3	64.5	19.0	5,690.5	5,478.0	30.3	182.2	133.6	23.6	11.9	13.2

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	1,342.5	532.7	114.2	695.7	570.4	45.9	51.0	28.4	483.3	218.9	44.2	220.1	180.8	17.4	12.1	9.8
2000 Q1	1,534.7	605.5	151.1	778.1	615.3	66.4	65.8	30.6	534.4	244.1	51.4	238.9	195.3	21.6	11.4	10.8
Q2	1,505.4	598.7	134.0	772.7	613.8	60.9	63.2	34.8	547.0	243.3	52.1	251.6	203.7	22.0	15.1	10.7
Q3	1,577.8	612.0	145.4	820.4	661.5	63.1	63.4	32.4	607.9	252.7	61.0	294.2	245.5	23.1	13.8	11.8
Q4	1,550.5	590.3	126.8	833.5	684.6	53.1	65.7	30.1	588.5	254.0	64.0	270.5	225.5	20.5	12.3	12.2
<i>Euro area enlargement</i>																
2001 Q1	1,781.6	698.5	142.6	940.5	776.8	66.4	65.8	31.5	666.4	295.7	70.6	300.1	255.9	17.6	14.2	12.4
Q2 <sup>(p)</sup>	1,808.0	685.4	136.9	985.6	811.4	68.4	73.3	32.6	684.1	287.2	73.2	323.7	276.2	19.3	13.3	14.9

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

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	2,365.9	2,101.0	40.0	224.8	128.6	48.2	30.7	17.3	245.4	220.5	1.8	23.1	15.4	4.2	2.3	1.2
2000 Q1	2,425.5	2,139.7	43.1	242.8	136.3	53.8	33.8	18.8	250.5	226.0	1.8	22.7	14.5	4.6	2.0	1.7
Q2	2,482.6	2,185.5	40.6	256.6	145.5	58.9	33.6	18.6	262.8	234.9	1.4	26.4	17.2	5.4	2.5	1.4
Q3	2,554.8	2,226.6	47.7	280.5	158.2	65.3	37.4	19.7	272.2	233.6	2.2	36.4	26.6	5.7	2.8	1.3
Q4	2,566.9	2,246.0	46.5	274.4	157.3	62.1	35.4	19.7	262.2	215.8	2.4	44.1	34.0	5.6	2.9	1.5
<i>Euro area enlargement</i>																
2001 Q1	2,667.6	2,327.9	48.3	291.4	172.0	61.5	37.5	20.5	278.5	227.8	2.1	48.6	41.6	3.0	2.6	1.5
Q2 <sup>(p)</sup>	2,733.0	2,359.8	54.7	318.4	188.4	70.3	39.3	20.5	266.9	219.5	3.8	43.7	36.5	3.3	2.6	1.3

Source: ECB.

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

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

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

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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	3,837.4	-	-	-	-	-	-	-	6,385.1	6,151.9	23.4	209.9	115.8	28.3	62.0	3.8
2000 Q1	3,935.1	-	-	-	-	-	-	-	6,528.3	6,261.2	34.0	233.1	128.3	35.1	65.9	3.7
Q2	4,025.6	-	-	-	-	-	-	-	6,681.9	6,388.3	35.4	258.1	144.9	38.4	70.5	4.3
Q3	3,935.6	-	-	-	-	-	-	-	6,796.5	6,485.4	34.8	276.3	155.8	44.4	72.2	4.0
Q4	3,938.0	-	-	-	-	-	-	-	6,926.8	6,622.6	32.4	271.7	151.5	41.2	74.3	4.7
<i>Euro area enlargement</i>																
2001 Q1	4,081.4	-	-	-	-	-	-	-	7,125.4	6,782.2	35.1	308.1	182.3	45.4	74.9	5.6
Q2 <sup>*)</sup>	4,079.9	-	-	-	-	-	-	-	7,219.7	6,853.7	34.7	331.4	198.8	51.8	74.5	6.3

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	830.3	795.7	8.1	26.5	17.4	5.0	2.5	1.6	1,438.5	1,406.0	5.6	27.0	13.5	11.0	1.2	1.3
2000 Q1	871.9	834.7	11.6	25.5	16.4	5.0	2.4	1.7	1,449.6	1,417.1	4.8	27.6	14.2	11.3	1.2	0.8
Q2	897.5	858.2	12.5	26.9	17.8	4.9	2.6	1.7	1,411.0	1,377.3	6.0	27.7	14.7	10.5	1.6	0.9
Q3	943.4	898.7	10.6	34.1	24.5	5.3	2.5	1.9	1,386.6	1,353.3	3.6	29.7	16.6	11.0	1.2	0.9
Q4	935.3	895.0	10.8	29.5	19.7	5.9	2.1	1.7	1,354.6	1,320.7	5.6	28.2	16.7	9.7	1.0	0.9
<i>Euro area enlargement</i>																
2001 Q1	971.2	931.2	9.5	30.4	20.6	6.3	1.7	1.8	1,452.8	1,413.1	3.6	36.0	21.2	13.1	1.1	0.6
Q2 <sup>*)</sup>	998.7	956.0	10.6	32.1	22.0	6.7	1.7	1.6	1,499.6	1,457.9	4.6	37.1	22.0	13.2	1.1	0.7

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	888.1	384.3	74.9	428.9	317.3	49.2	30.0	32.5	458.7	146.6	41.4	270.7	234.0	11.1	19.4	6.2
2000 Q1	944.3	423.4	95.5	425.4	306.9	49.3	33.0	36.2	485.1	154.7	40.8	289.6	248.9	13.9	20.4	6.3
Q2	977.9	462.9	92.1	422.9	308.4	44.9	33.2	36.4	480.0	149.6	42.0	288.4	246.1	14.1	21.4	6.8
Q3	979.1	445.8	90.9	442.4	331.8	42.1	33.8	34.7	520.6	156.0	46.1	318.5	273.9	14.5	23.3	6.9
Q4	945.2	409.7	89.2	446.3	337.9	44.1	32.6	31.7	524.3	163.3	45.3	315.8	271.2	11.5	25.9	7.2
<i>Euro area enlargement</i>																
2001 Q1	1,051.5	468.3	98.6	484.5	365.8	46.3	34.5	38.3	594.2	198.2	48.6	347.4	301.2	11.9	26.2	8.0
Q2 <sup>*)</sup>	1,065.3	468.2	99.6	497.5	375.6	47.8	38.5	31.4	598.7	185.2	48.2	365.2	317.6	12.1	26.8	7.4

**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 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1999 Q4	117.5	50.0	8.6	58.9	44.1	8.0	3.0	3.8	415.8	98.9	23.6	293.3	258.2	23.0	4.2	8.0
2000 Q1	129.4	52.8	9.0	67.6	51.7	7.8	3.0	5.1	443.7	94.9	27.8	321.1	279.3	27.1	5.6	9.1
Q2	153.0	59.4	13.7	79.8	63.7	7.9	2.7	5.5	464.1	95.7	28.3	340.1	299.4	26.9	4.5	9.3
Q3	168.2	60.6	17.1	90.4	75.1	8.2	2.7	4.4	496.9	109.1	32.2	355.6	312.0	30.3	4.2	9.0
Q4	171.1	61.1	19.7	90.3	75.6	7.7	2.4	4.6	474.3	111.5	31.7	331.0	290.6	27.1	3.6	9.7
<i>Euro area enlargement</i>																
2001 Q1	188.8	64.8	22.7	101.3	87.1	7.3	2.3	4.8	490.4	120.8	24.4	345.3	306.8	25.7	2.7	10.2
Q2 <sup>*)</sup>	205.5	70.7	25.2	109.6	95.2	7.2	2.2	4.5	503.7	122.9	25.7	355.1	314.7	27.3	3.0	9.3

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

**Table 3.1**

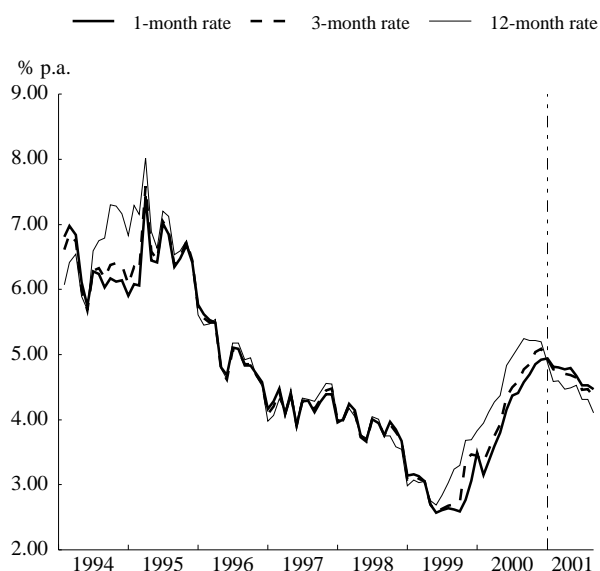
### Money market interest rates <sup>1)</sup>

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2) 3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>6)</sup> 6	3-month deposits <sup>7)</sup> 7
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 Aug.	4.42	4.57	4.78	5.01	5.25	6.69	0.32
Sep.	4.59	4.70	4.85	5.04	5.22	6.67	0.41
Oct.	4.76	4.85	5.04	5.10	5.22	6.78	0.52
Nov.	4.83	4.92	5.09	5.13	5.19	6.75	0.55
Dec.	4.83	4.94	4.93	4.91	4.87	6.54	0.62
<i>Euro area enlargement</i>							
2001 Jan.	4.75	4.81	4.77	4.68	4.58	5.73	0.50
Feb.	4.99	4.80	4.76	4.67	4.59	5.35	0.41
Mar.	4.78	4.78	4.71	4.58	4.47	4.96	0.19
Apr.	5.06	4.79	4.69	4.57	4.49	4.63	0.10
May	4.65	4.67	4.64	4.57	4.53	4.11	0.07
June	4.54	4.53	4.45	4.35	4.31	3.83	0.07
July	4.51	4.52	4.47	4.39	4.31	3.75	0.08
Aug.	4.49	4.46	4.35	4.22	4.11	3.56	0.08
2001 3 Aug.	4.52	4.53	4.43	4.34	4.23	3.66	0.09
10	4.52	4.51	4.38	4.25	4.12	3.59	0.08
17	4.51	4.48	4.34	4.20	4.08	3.55	0.07
24	4.51	4.42	4.31	4.19	4.09	3.52	0.07
31	4.38	4.32	4.25	4.12	3.97	3.46	0.07
7 Sep.	4.28	4.31	4.26	4.15	4.02	3.49	0.06

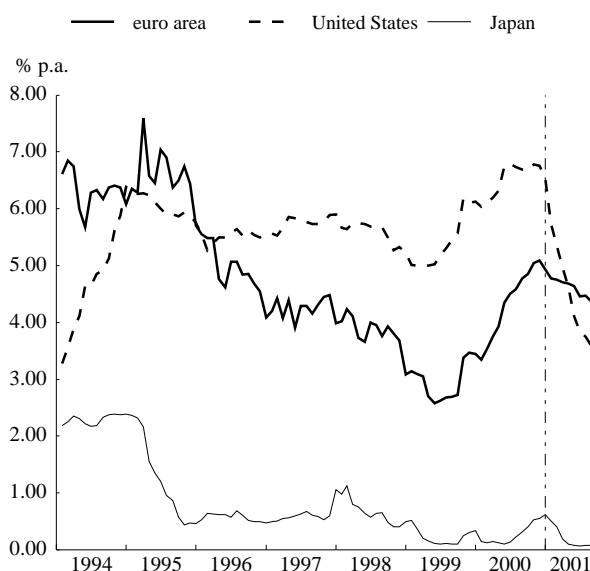
### Euro area money market rates

(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**

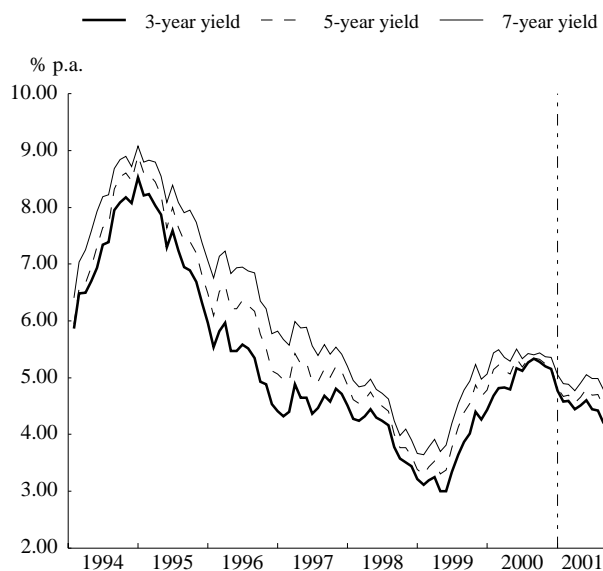
**Government bond yields <sup>1)</sup>**

(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 Aug.	5.28	5.34	5.35	5.40	5.40	5.83	1.77
Sep.	5.22	5.28	5.33	5.44	5.47	5.80	1.88
Oct.	5.17	5.20	5.24	5.37	5.42	5.74	1.83
Nov.	5.12	5.15	5.19	5.35	5.34	5.72	1.75
Dec.	4.74	4.77	4.82	5.05	5.07	5.23	1.62
<i>Euro area enlargement</i>							
2001 Jan.	4.55	4.57	4.67	4.90	5.01	5.14	1.54
Feb.	4.56	4.59	4.69	4.88	5.02	5.10	1.43
Mar.	4.44	4.44	4.56	4.78	4.94	4.89	1.19
Apr.	4.49	4.51	4.66	4.90	5.10	5.13	1.36
May	4.56	4.60	4.80	5.05	5.26	5.37	1.28
June	4.39	4.44	4.70	4.99	5.21	5.26	1.19
July	4.33	4.42	4.70	4.99	5.25	5.23	1.33
Aug.	4.11	4.19	4.49	4.78	5.06	4.97	1.36
2001 3 Aug.	4.18	4.28	4.56	4.84	5.12	5.16	1.37
10	4.09	4.17	4.46	4.75	5.02	4.98	1.32
17	4.05	4.12	4.41	4.70	4.97	4.88	1.33
24	4.14	4.22	4.54	4.82	5.10	4.94	1.39
31	3.99	4.06	4.36	4.70	5.00	4.83	1.38
7 Sep.	3.98	4.04	4.39	4.71	5.03	4.79	1.41

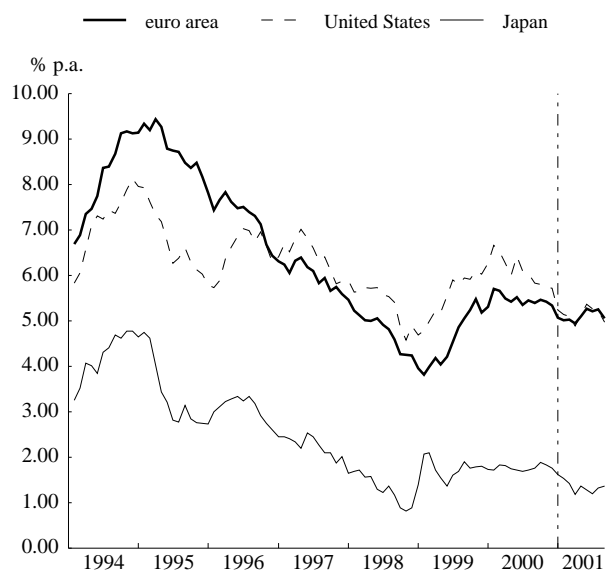
**Euro area government bond yields**

(monthly)



**10-year government bond yields**

(monthly)



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

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

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

**Table 3.3**

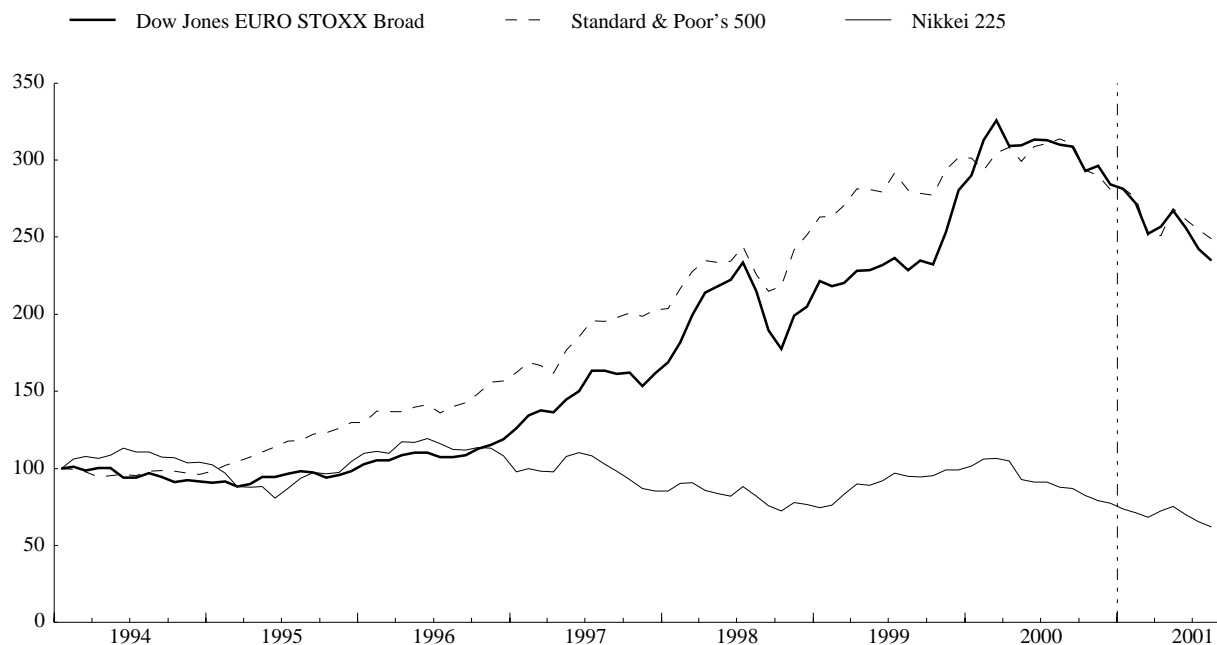
**Stock market indices**

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

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.3	230.1	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.1	301.7	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.4	488.1	348.9	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.2	717.7	392.6	1,327.8	16,829.9
2000	423.9	5,075.5	299.1	292.9	324.3	342.3	350.7	378.0	963.1	341.7	1,072.5	476.0	1,426.7	17,162.7
2000 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
2000 Sep.	428.1	5,132.9	280.3	298.7	329.5	376.4	371.4	371.8	1,015.4	335.1	910.2	553.4	1,470.6	16,170.4
2000 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
2000 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
2000 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 Feb.	377.1	4,525.9	320.2	260.4	319.0	349.5	364.5	355.7	656.6	317.8	654.4	549.5	1,305.5	13,274.1
2001 Mar.	349.9	4,199.2	311.0	241.7	305.7	340.6	334.5	334.5	567.8	300.6	602.9	524.7	1,186.8	12,684.9
2001 Apr.	356.3	4,305.2	308.4	242.6	304.8	352.5	339.4	329.9	587.4	311.5	635.0	534.6	1,189.2	13,436.7
2001 May	370.8	4,481.8	316.5	258.9	312.0	371.8	345.9	345.9	662.4	311.0	623.9	553.2	1,270.7	14,014.3
2001 June	355.1	4,289.7	306.4	241.8	316.9	379.2	341.0	328.6	553.5	320.9	538.3	580.1	1,238.7	12,974.9
2001 July	336.2	4,037.8	302.7	233.8	316.6	349.9	328.2	306.5	449.5	324.2	512.0	565.7	1,205.9	12,140.1
2001 Aug.	325.8	3,884.7	287.9	226.3	309.0	346.6	322.4	303.6	426.5	324.2	453.6	549.3	1,178.3	11,576.2
2001 3 Aug.	336.2	4,024.9	300.8	236.4	312.0	342.6	324.7	310.9	480.5	324.8	503.2	554.7	1,214.3	12,242.0
2001 10	322.6	3,828.7	282.0	226.7	308.5	336.7	318.4	304.0	421.5	323.1	449.6	542.9	1,190.2	11,735.1
2001 17	317.1	3,759.7	277.4	217.6	303.7	342.4	316.8	300.3	397.1	323.0	429.7	540.7	1,162.0	11,445.5
2001 24	326.2	3,890.6	286.8	224.7	311.7	353.4	325.4	302.5	419.7	325.6	439.7	556.0	1,184.9	11,166.3
2001 31	314.8	3,745.0	284.1	215.9	303.1	347.8	318.0	289.7	379.5	320.0	411.2	536.7	1,129.0	10,713.5
2001 7 Sep.	293.3	3,456.5	282.1	198.0	297.4	339.3	290.2	275.6	323.1	311.1	359.8	536.0	1,085.8	10,516.8

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

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

**Table 3.4**

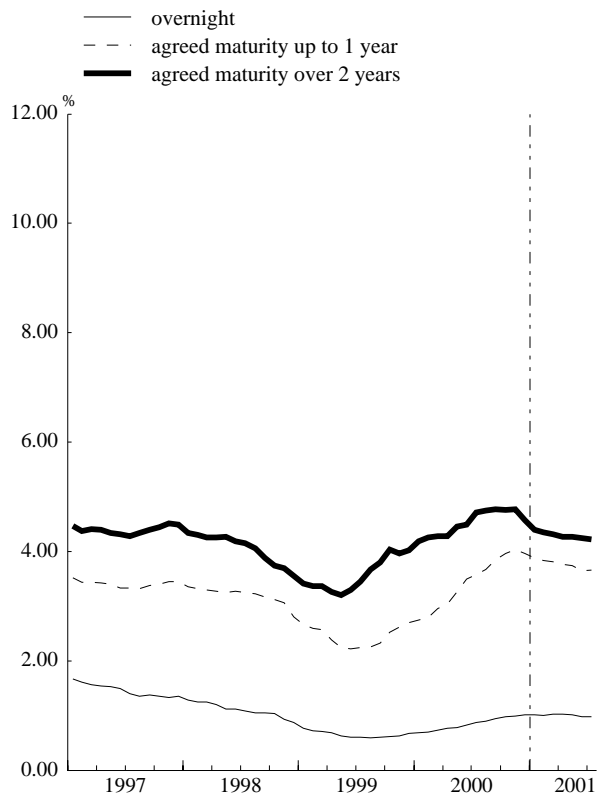
**Retail bank interest rates**

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.73	5.80	10.06	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.39	5.29
2000	0.85	3.45	3.44	4.52	2.25	3.79	6.60	6.23	9.86	6.34
2000 July	0.87	3.58	3.58	4.71	2.33	3.94	6.77	6.37	9.95	6.46
Aug.	0.89	3.67	3.67	4.75	2.36	4.06	6.81	6.44	10.00	6.51
Sep.	0.94	3.85	3.83	4.77	2.38	4.20	6.92	6.44	10.03	6.56
Oct.	0.97	3.96	3.96	4.76	2.40	4.14	7.13	6.60	10.15	6.57
Nov.	0.99	4.04	4.03	4.77	2.47	4.25	7.16	6.63	10.20	6.56
Dec.	1.01	3.96	3.95	4.58	2.49	4.21	7.18	6.45	10.19	6.43
<i>Euro area enlargement</i>										
2001 Jan.	1.01	3.88	3.87	4.39	2.52	4.01	7.19	6.40	10.32	6.29
Feb.	1.01	3.84	3.83	4.35	2.50	3.99	7.11	6.44	10.26	6.24
Mar.	1.02	3.81	3.81	4.32	2.50	3.99	7.04	6.32	10.22	6.18
Apr.	1.03	3.76	3.76	4.26	2.50	3.91	7.07	6.34	10.24	6.14
May	1.01	3.74	3.74	4.27	2.48	3.91	7.03	6.34	10.22	6.17
June	0.98	3.65	3.65	4.25	2.45	3.85	6.96	6.25	10.17	6.13
July	0.98	3.66	3.65	4.22	2.44	3.80	6.94	6.27	10.18	6.12

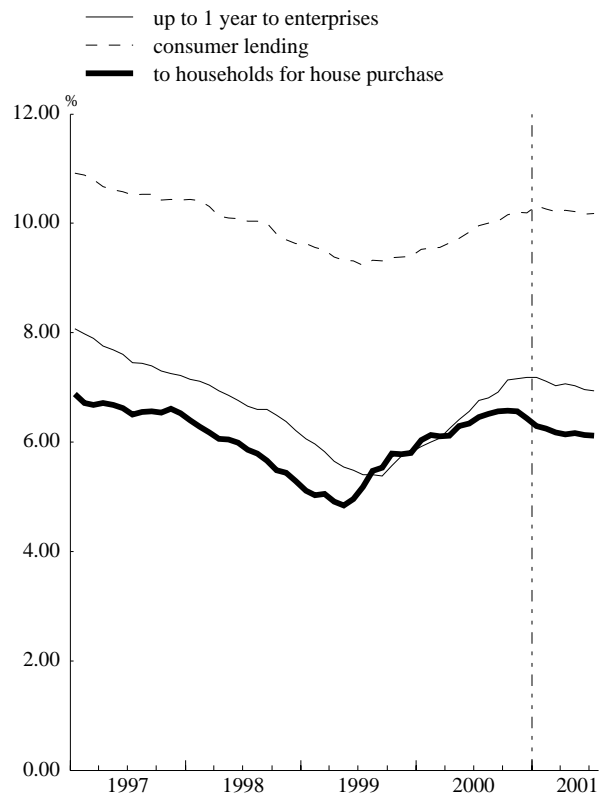
**Deposit interest rates**

(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 month and end-of-period stocks; nominal values)*
**1. Short-term**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 June	262.1	260.3	1.9	661.9	245.4	249.4	-4.1	608.7	16.7	10.8
July	287.1	282.6	4.4	669.4	269.7	266.4	3.2	613.3	17.4	16.2
Aug.	276.6	276.2	0.4	672.7	261.0	258.6	2.4	616.1	15.6	17.6
Sep.	311.5	315.2	-3.7	671.4	293.4	298.7	-5.3	611.4	18.1	16.5
Oct.	355.2	342.5	12.7	686.5	338.2	330.3	7.9	618.8	17.0	12.1
Nov.	302.1	302.4	-0.3	687.0	283.7	290.1	-6.4	612.7	18.4	12.2
Dec.	246.0	278.6	-32.6	654.0	229.7	264.5	-34.8	578.7	16.3	14.1
	<i>Euro area enlargement</i>									
2001 Jan.	376.3	346.8	29.5	688.0	358.6	326.2	32.4	615.9	17.7	20.6
Feb.	404.8	390.8	13.9	703.2	384.1	373.7	10.4	626.0	20.7	17.2
Mar.	452.7	436.4	16.3	723.4	432.6	417.7	14.9	643.3	20.1	18.7
Apr.	441.9	431.8	10.1	734.3	424.3	412.8	11.5	654.5	17.6	19.0
May	477.7	480.9	-3.2	735.8	456.5	460.4	-3.9	651.9	21.2	20.5
June	410.6	418.6	-8.0	727.0	388.0	395.4	-7.4	642.9	22.6	23.2

**2. Long-term**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 June	102.2	66.4	35.8	6,238.9	87.9	52.9	34.9	5,752.9	14.3	13.4
July	132.8	80.0	52.8	6,296.8	106.4	71.1	35.3	5,787.3	26.4	8.9
Aug.	107.7	61.4	46.4	6,356.0	83.7	52.7	31.0	5,819.6	24.0	8.7
Sep.	111.9	77.0	35.0	6,395.9	91.3	66.8	24.5	5,845.0	20.7	10.2
Oct.	126.5	88.9	37.5	6,446.5	102.4	77.0	25.4	5,871.6	24.1	11.9
Nov.	106.8	77.7	29.1	6,463.4	92.4	65.5	26.9	5,897.8	14.4	12.2
Dec.	99.1	102.4	-3.3	6,438.2	86.8	87.1	-0.3	5,900.2	12.3	15.3
	<i>Euro area enlargement</i>									
2001 Jan.	152.9	145.2	7.7	6,535.8	136.1	133.3	2.8	5,994.0	16.8	11.9
Feb.	137.2	84.6	52.6	6,589.3	115.8	70.2	45.6	6,041.6	21.5	14.4
Mar.	154.8	101.3	53.5	6,653.4	127.1	86.7	40.5	6,084.1	27.6	14.6
Apr.	114.4	74.0	40.4	6,692.4	97.7	64.5	33.2	6,116.9	16.7	9.5
May	124.2	79.3	44.9	6,754.3	112.0	66.6	45.3	6,162.4	12.3	12.7
June	121.7	67.3	54.4	6,804.4	109.5	56.2	53.3	6,214.3	12.2	11.1

**3. Total**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 June	364.3	326.7	37.7	6,900.9	333.3	302.4	30.9	6,361.6	31.1	24.3
July	419.9	362.6	57.3	6,966.2	376.0	337.5	38.5	6,400.6	43.8	25.1
Aug.	384.3	337.6	46.8	7,028.7	344.7	311.3	33.4	6,435.7	39.6	26.3
Sep.	423.4	392.2	31.2	7,067.4	384.7	365.5	19.2	6,456.4	38.8	26.7
Oct.	481.6	431.4	50.2	7,133.0	440.6	407.3	33.3	6,490.4	41.0	24.1
Nov.	408.9	380.1	28.8	7,150.4	376.1	355.6	20.5	6,510.4	32.8	24.5
Dec.	345.1	381.0	-35.9	7,092.2	316.5	351.6	-35.1	6,478.9	28.6	29.4
	<i>Euro area enlargement</i>									
2001 Jan.	529.2	492.0	37.3	7,223.8	494.7	459.5	35.2	6,609.9	34.6	32.5
Feb.	542.0	475.4	66.6	7,292.5	499.9	443.9	55.9	6,667.6	42.2	31.5
Mar.	607.5	537.7	69.8	7,376.8	559.8	504.4	55.4	6,727.4	47.7	33.3
Apr.	556.3	505.8	50.5	7,426.7	522.0	477.3	44.7	6,771.4	34.3	28.5
May	601.9	560.2	41.7	7,490.1	568.5	527.0	41.4	6,814.4	33.4	33.2
June	532.3	485.9	46.4	7,531.4	497.5	451.7	45.8	6,857.2	34.8	34.2

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

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
5.9	53.2	20.6	4.6	16.0	43.2	266.0	254.0	11.9	652.0	2000 June
1.2	56.1	5.5	18.3	-12.8	30.4	275.1	284.7	-9.6	643.7	July
-2.0	56.6	8.0	10.6	-2.6	27.8	269.1	269.3	-0.2	643.9	Aug.
1.6	60.0	24.7	7.3	17.4	45.2	318.1	306.0	12.0	656.6	Sep.
4.8	67.7	9.6	20.8	-11.2	33.9	347.8	351.2	-3.4	652.7	Oct.
6.1	74.3	15.0	8.0	7.0	40.9	298.7	298.1	0.6	653.6	Nov.
2.2	75.3	18.8	6.1	12.7	53.6	248.5	270.6	-22.1	632.3	Dec.
<i>Euro area enlargement</i>										
-2.8	72.0	11.4	27.3	-15.9	37.7	369.9	353.5	16.4	653.6	2001 Jan.
3.5	77.2	11.1	11.5	-0.4	37.3	395.1	385.1	10.0	663.2	Feb.
1.4	80.1	25.4	5.4	20.0	57.3	458.0	423.1	34.9	700.5	Mar.
-1.4	79.8	6.8	26.1	-19.2	38.0	431.1	438.8	-7.7	692.6	Apr.
0.7	83.9	11.2	11.9	-0.7	37.4	467.7	472.3	-4.6	689.3	May
-0.5	84.2	24.9	8.9	16.0	53.4	412.9	404.3	8.6	696.2	June

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
0.9	486.0	21.7	12.0	9.7	664.6	109.5	64.9	44.6	6,417.5	2000 June
17.5	509.5	18.3	9.3	9.0	673.7	124.7	80.4	44.3	6,461.0	July
15.3	536.4	13.2	7.5	5.7	679.7	96.9	60.2	36.7	6,499.3	Aug.
10.4	551.0	31.1	14.4	16.7	697.5	122.4	81.2	41.3	6,542.4	Sep.
12.1	574.9	26.7	6.7	20.0	716.4	129.1	83.7	45.4	6,588.0	Oct.
2.2	565.7	19.5	7.3	12.1	727.9	111.9	72.8	39.1	6,625.7	Nov.
-3.0	538.0	20.4	7.8	12.7	739.4	107.2	94.9	12.4	6,639.6	Dec.
<i>Euro area enlargement</i>										
4.9	541.9	17.4	10.2	7.2	734.4	153.5	143.5	10.0	6,728.3	2001 Jan.
7.1	547.7	36.8	14.7	22.1	757.1	152.6	85.0	67.6	6,798.7	Feb.
13.0	569.3	36.6	9.0	27.6	786.0	163.7	95.6	68.1	6,870.2	Mar.
7.2	575.5	20.0	9.9	10.1	796.5	117.7	74.4	43.3	6,913.4	Apr.
-0.4	591.8	26.9	12.0	14.9	811.9	138.9	78.6	60.3	6,974.4	May
1.1	590.1	32.8	9.7	23.2	835.9	142.3	65.9	76.5	7,050.2	June

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
6.8	539.3	42.2	16.5	25.7	707.9	375.5	318.9	56.6	7,069.5	2000 June
18.7	565.6	23.8	27.6	-3.8	704.1	399.8	365.1	34.7	7,104.7	July
13.3	593.0	21.2	18.1	3.1	707.5	365.9	329.4	36.5	7,143.2	Aug.
12.1	611.0	55.8	21.7	34.1	742.6	440.5	387.2	53.3	7,199.0	Sep.
17.0	642.6	36.3	27.5	8.7	750.3	476.9	434.9	42.0	7,240.7	Oct.
8.3	640.0	34.4	15.3	19.2	768.8	410.6	370.9	39.7	7,279.3	Nov.
-0.8	613.3	39.3	13.9	25.4	793.0	355.7	365.5	-9.8	7,271.9	Dec.
<i>Euro area enlargement</i>										
2.1	613.9	28.8	37.5	-8.7	772.0	523.4	497.0	26.5	7,381.9	2001 Jan.
10.6	624.9	47.9	26.2	21.7	794.4	547.7	470.1	77.6	7,462.0	Feb.
14.4	649.4	62.0	14.4	47.6	843.3	621.8	518.8	103.0	7,570.7	Mar.
5.8	655.3	26.8	35.9	-9.1	834.6	548.8	513.2	35.6	7,606.0	Apr.
0.2	675.7	38.2	23.9	14.3	849.3	606.6	550.9	55.7	7,663.6	May
0.6	674.2	57.8	18.6	39.2	889.3	555.2	470.2	85.0	7,746.4	June



**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	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 June	608.7	258.9	4.2	76.1	267.2	2.2	43.2	18.9	10.8	11.8
July	613.3	264.7	4.6	77.3	263.7	2.9	30.4	12.9	8.1	7.9
Aug.	616.1	263.7	4.3	79.4	266.4	2.3	27.8	11.8	7.0	7.8
Sep.	611.4	256.4	4.1	81.1	267.1	2.8	45.2	15.1	11.9	16.7
Oct.	618.8	259.7	4.5	86.3	265.6	2.7	33.9	13.0	9.5	10.2
Nov.	612.7	254.4	4.6	86.9	263.9	3.0	40.9	15.4	12.4	12.4
Dec.	578.7	244.0	4.5	86.0	241.4	2.9	53.6	20.8	13.6	18.0
<i>Euro area enlargement</i>										
2001 Jan.	615.9	257.1	5.0	89.4	261.5	2.9	37.7	15.0	10.8	11.2
Feb.	626.0	260.3	4.9	93.1	265.4	2.2	37.3	15.0	11.4	10.2
Mar.	643.3	265.0	5.1	94.5	276.5	2.2	57.3	20.8	17.5	18.0
Apr.	654.5	269.2	5.5	92.4	285.3	2.2	38.0	13.1	13.7	10.7
May	651.9	260.8	5.5	99.0	284.1	2.4	37.4	13.6	14.2	9.0
June	642.9	261.6	5.2	97.2	276.9	2.0	53.4	19.2	19.7	13.7

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 June	5,752.9	2,115.5	215.9	265.9	3,056.5	99.0	664.6	193.1	86.3	136.9
July	5,787.3	2,133.3	227.6	272.0	3,054.2	100.2	673.7	193.4	87.4	143.8
Aug.	5,819.6	2,147.1	233.3	275.4	3,062.3	101.6	679.7	198.3	88.7	146.0
Sep.	5,845.0	2,162.5	232.9	275.8	3,072.0	101.8	697.5	200.0	94.1	152.3
Oct.	5,871.6	2,173.3	238.1	280.2	3,076.1	103.9	716.4	212.1	96.7	153.0
Nov.	5,897.8	2,175.4	242.3	284.8	3,089.7	105.5	727.9	216.2	102.2	156.0
Dec.	5,900.2	2,175.7	254.4	287.7	3,075.8	106.5	739.4	219.6	102.2	160.6
<i>Euro area enlargement</i>										
2001 Jan.	5,994.0	2,199.9	252.1	284.5	3,150.3	107.2	734.4	220.9	104.5	162.2
Feb.	6,041.6	2,229.9	257.2	288.6	3,157.1	108.8	757.1	231.3	105.4	177.1
Mar.	6,084.1	2,241.0	264.7	299.2	3,168.7	110.6	786.0	243.7	108.2	184.5
Apr.	6,116.9	2,247.8	270.1	303.2	3,183.2	112.7	796.5	244.7	114.1	187.8
May	6,162.4	2,256.0	278.6	309.9	3,205.0	113.0	811.9	249.6	116.1	197.5
June	6,214.3	2,269.4	286.3	314.4	3,231.2	113.0	835.9	259.1	117.2	203.1

**3. Total**

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 June	6,361.6	2,374.5	220.2	342.0	3,323.8	101.2	707.9	212.0	97.0	148.7
July	6,400.6	2,398.1	232.2	349.2	3,317.9	103.1	704.1	206.3	95.5	151.7
Aug.	6,435.7	2,410.8	237.6	354.8	3,328.6	103.9	707.5	210.1	95.8	153.8
Sep.	6,456.4	2,418.9	237.0	356.9	3,339.1	104.6	742.6	215.1	106.0	169.0
Oct.	6,490.4	2,433.0	242.5	366.5	3,341.7	106.6	750.3	225.1	106.1	163.2
Nov.	6,510.4	2,429.8	246.9	371.7	3,353.6	108.5	768.8	231.6	114.6	168.4
Dec.	6,478.9	2,419.7	258.9	373.7	3,317.2	109.5	793.0	240.4	115.8	178.5
<i>Euro area enlargement</i>										
2001 Jan.	6,609.9	2,457.0	257.1	374.0	3,411.8	110.0	772.0	235.9	115.3	173.4
Feb.	6,667.6	2,490.2	262.1	381.7	3,422.5	111.0	794.4	246.3	116.7	187.3
Mar.	6,727.4	2,506.1	269.8	393.6	3,445.2	112.7	843.3	264.5	125.7	202.5
Apr.	6,771.4	2,517.0	275.5	395.6	3,468.4	114.9	834.6	257.8	127.8	198.4
May	6,814.4	2,516.8	284.1	408.9	3,489.1	115.3	849.3	263.2	130.3	206.5
June	6,857.2	2,530.9	291.6	411.6	3,508.1	115.0	889.3	278.2	136.9	216.8

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.3	1.2	652.0	277.9	15.0	87.9	267.4	2.6	1.2	2000 June
0.2	0.4	1.0	643.7	277.6	12.7	85.1	263.9	3.3	1.0	July
0.2	0.5	0.6	643.9	275.5	11.4	87.1	266.5	2.8	0.6	Aug.
0.2	0.5	0.8	656.6	271.5	16.0	97.8	267.3	3.2	0.8	Sep.
0.2	0.4	0.6	652.7	272.7	13.9	96.5	265.9	3.1	0.6	Oct.
0.2	0.2	0.3	653.6	269.8	17.0	99.2	264.1	3.2	0.3	Nov.
0.1	0.4	0.8	632.3	264.7	18.0	103.9	241.5	3.3	0.8	Dec.
<i>Euro area enlargement</i>										
0.1	0.3	0.2	653.6	272.2	15.8	100.6	261.6	3.2	0.2	2001 Jan.
0.1	0.4	0.1	663.2	275.3	16.3	103.3	265.5	2.6	0.1	Feb.
0.2	0.3	0.4	700.5	285.8	22.6	112.4	276.7	2.5	0.4	Mar.
0.1	0.3	0.1	692.6	282.3	19.2	103.1	285.3	2.5	0.1	Apr.
0.1	0.4	0.1	689.3	274.4	19.8	108.0	284.2	2.8	0.1	May
0.2	0.4	0.2	696.2	280.7	24.9	110.9	277.1	2.4	0.2	June

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	
99.2	29.7	119.4	6,417.5	2,308.6	302.2	402.8	3,155.8	128.7	119.4	2000 June
100.3	29.9	118.8	6,461.0	2,326.8	315.0	415.8	3,154.5	130.1	118.8	July
99.9	28.9	117.9	6,499.3	2,345.4	322.0	421.5	3,162.2	130.4	117.9	Aug.
100.5	33.4	117.3	6,542.4	2,362.4	327.0	428.1	3,172.4	135.2	117.3	Sep.
101.1	34.0	119.5	6,588.0	2,385.5	334.7	433.2	3,177.2	138.0	119.5	Oct.
101.5	33.7	118.3	6,625.7	2,391.6	344.5	440.8	3,191.2	139.3	118.3	Nov.
101.1	38.8	117.2	6,639.6	2,395.3	356.6	448.3	3,176.9	145.3	117.2	Dec.
<i>Euro area enlargement</i>										
89.3	36.5	121.1	6,728.3	2,420.7	356.5	446.7	3,239.6	143.6	121.1	2001 Jan.
87.2	37.2	118.9	6,798.7	2,461.2	362.5	465.7	3,244.3	146.0	118.9	Feb.
89.7	42.5	117.5	6,870.2	2,484.7	372.9	483.7	3,258.4	153.0	117.5	Mar.
90.6	42.4	117.0	6,913.4	2,492.4	384.2	491.0	3,273.7	155.2	117.0	Apr.
91.5	41.4	115.8	6,974.4	2,505.6	394.7	507.4	3,296.5	154.3	115.8	May
93.5	47.8	115.2	7,050.2	2,528.4	403.5	517.5	3,324.7	160.8	115.2	June

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	
99.4	30.1	120.6	7,069.5	2,586.5	317.2	490.7	3,423.2	131.3	120.6	2000 June
100.5	30.3	119.8	7,104.7	2,604.4	327.7	500.9	3,418.4	133.4	119.8	July
100.1	29.4	118.5	7,143.2	2,620.8	333.4	508.6	3,428.7	133.2	118.5	Aug.
100.7	33.8	118.1	7,199.0	2,633.9	343.0	525.9	3,439.8	138.4	118.1	Sep.
101.4	34.5	120.1	7,240.7	2,658.1	348.6	529.7	3,443.1	141.1	120.1	Oct.
101.7	34.0	118.6	7,279.3	2,661.4	361.4	540.1	3,455.3	142.5	118.6	Nov.
101.2	39.2	118.0	7,271.9	2,660.1	374.6	552.2	3,418.4	148.6	118.0	Dec.
<i>Euro area enlargement</i>										
89.4	36.8	121.3	7,381.9	2,692.9	372.4	547.4	3,501.2	146.8	121.3	2001 Jan.
87.4	37.6	119.1	7,462.0	2,736.5	378.9	569.0	3,509.9	148.7	119.1	Feb.
89.9	42.8	117.9	7,570.7	2,770.5	395.5	596.1	3,535.1	155.5	117.9	Mar.
90.7	42.8	117.1	7,606.0	2,774.8	403.4	594.0	3,559.1	157.7	117.1	Apr.
91.6	41.7	115.9	7,663.6	2,780.0	414.4	615.4	3,580.8	157.1	115.9	May
93.7	48.2	115.4	7,746.4	2,809.2	428.4	628.4	3,601.8	163.2	115.4	June

**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; 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
<i>Euro area enlargement</i>										
2000 June	245.4	159.7	3.2	46.6	34.9	1.0	20.6	8.8	4.1	6.6
July	269.7	167.6	2.6	56.1	41.5	1.8	5.5	2.0	1.4	1.7
Aug.	261.0	168.2	2.0	51.2	38.1	1.6	8.0	3.5	1.5	2.9
Sep.	293.4	196.7	2.8	55.6	36.3	2.0	24.7	6.7	6.8	10.8
Oct.	338.2	237.8	2.6	60.3	35.5	1.9	9.6	3.7	2.7	2.8
Nov.	283.7	189.7	3.0	55.9	33.6	1.5	15.0	5.5	4.7	4.7
Dec.	229.7	162.1	2.1	45.9	18.0	1.6	18.8	7.1	2.9	8.1
2001 Jan.	358.6	238.7	3.4	66.9	47.7	1.9	11.4	4.5	3.6	3.1
Feb.	384.1	275.9	2.2	63.1	41.4	1.5	11.1	4.3	3.4	3.2
Mar.	432.6	312.8	3.1	67.0	48.1	1.6	25.4	8.2	7.1	9.7
Apr.	424.3	301.7	3.2	69.4	48.5	1.4	6.8	1.9	2.4	2.4
May	456.5	341.5	2.8	71.0	39.2	1.9	11.2	5.0	4.0	2.0
June	388.0	282.1	2.7	64.6	37.4	1.1	24.9	8.6	8.6	7.3

**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
<i>Euro area enlargement</i>										
2000 June	87.9	34.1	10.6	8.4	34.4	0.4	21.7	7.2	3.4	8.6
July	106.4	44.9	15.5	8.8	35.0	2.1	18.3	4.3	2.2	9.2
Aug.	83.7	38.1	8.3	4.0	31.5	1.8	13.2	8.1	1.7	3.2
Sep.	91.3	40.8	5.0	3.6	40.8	1.0	31.1	8.1	5.9	9.8
Oct.	102.4	43.3	7.6	5.7	43.3	2.5	26.7	14.4	3.3	3.0
Nov.	92.4	33.6	8.6	8.1	39.0	3.0	19.5	7.0	5.7	4.3
Dec.	86.8	38.7	18.4	4.5	23.1	2.0	20.4	7.8	0.8	6.1
2001 Jan.	136.1	56.4	4.0	0.8	72.1	2.8	17.4	5.6	3.3	3.9
Feb.	115.8	57.6	8.7	5.0	42.1	2.4	36.8	13.6	2.2	16.3
Mar.	127.1	45.2	11.3	14.4	53.3	2.8	36.6	14.4	4.0	8.7
Apr.	97.7	41.0	8.0	7.1	39.1	2.6	20.0	6.4	6.4	4.2
May	112.0	38.3	11.5	8.9	52.9	0.3	26.9	8.5	4.8	11.8
June	109.5	43.1	8.3	8.0	49.6	0.5	32.8	13.2	2.5	7.9

**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
<i>Euro area enlargement</i>										
2000 June	333.3	193.8	13.7	55.0	69.4	1.4	42.2	16.1	7.5	15.2
July	376.0	212.6	18.1	64.9	76.5	3.9	23.8	6.3	3.5	10.9
Aug.	344.7	206.2	10.3	55.2	69.6	3.4	21.2	11.6	3.2	6.1
Sep.	384.7	237.6	7.8	59.2	77.0	3.1	55.8	14.7	12.7	20.6
Oct.	440.6	281.1	10.2	66.0	78.8	4.5	36.3	18.2	6.1	5.8
Nov.	376.1	223.3	11.6	64.0	72.6	4.5	34.4	12.5	10.4	9.0
Dec.	316.5	200.8	20.5	50.4	41.1	3.7	39.3	14.9	3.7	14.2
2001 Jan.	494.7	295.0	7.4	67.7	119.8	4.7	28.8	10.1	6.9	7.0
Feb.	499.9	333.5	10.9	68.1	83.5	3.9	47.9	17.9	5.6	19.5
Mar.	559.8	358.0	14.5	81.4	101.5	4.4	62.0	22.5	11.1	18.4
Apr.	522.0	342.7	11.2	76.5	87.6	4.0	26.8	8.2	8.8	6.6
May	568.5	379.8	14.3	79.9	92.1	2.2	38.2	13.5	8.8	13.9
June	497.5	325.3	11.0	72.6	87.0	1.6	57.8	21.8	11.1	15.2

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	0.2	0.8	266.0	168.5	7.3	53.2	35.0	1.1	0.8	2000 June
0.0	0.1	0.2	275.1	169.7	3.9	57.9	41.5	1.9	0.2	July
0.0	0.2	0.0	269.1	171.7	3.5	54.1	38.1	1.8	0.0	Aug.
0.1	0.1	0.2	318.1	203.4	9.6	66.4	36.4	2.1	0.2	Sep.
0.0	0.1	0.2	347.8	241.6	5.3	63.1	35.5	2.0	0.2	Oct.
0.1	0.0	0.0	298.7	195.2	7.7	60.6	33.6	1.5	0.0	Nov.
0.0	0.2	0.4	248.5	169.2	5.0	54.0	18.0	1.8	0.4	Dec.
<i>Euro area enlargement</i>										
0.1	0.0	0.1	369.9	243.1	7.0	70.0	47.8	1.9	0.1	2001 Jan.
0.0	0.1	0.0	395.1	280.2	5.6	66.2	41.4	1.6	0.0	Feb.
0.1	0.1	0.3	458.0	321.0	10.2	76.7	48.2	1.7	0.3	Mar.
0.0	0.1	0.0	431.1	303.6	5.7	71.8	48.5	1.5	0.0	Apr.
0.1	0.1	0.0	467.7	346.5	6.8	73.1	39.3	2.1	0.0	May
0.1	0.1	0.2	412.9	290.7	11.4	71.9	37.5	1.2	0.2	June

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	
2.0	0.2	0.3	109.5	41.3	13.9	17.0	36.4	0.6	0.3	2000 June
1.5	0.3	1.0	124.7	49.2	17.7	18.0	36.5	2.4	1.0	July
0.1	0.0	0.1	96.9	46.1	10.0	7.2	31.7	1.8	0.1	Aug.
1.8	5.4	0.3	122.4	48.9	10.9	13.4	42.5	6.4	0.3	Sep.
1.3	1.0	3.6	129.1	57.7	10.9	8.7	44.6	3.5	3.6	Oct.
1.7	0.1	0.6	111.9	40.6	14.3	12.4	40.8	3.1	0.6	Nov.
0.2	5.4	0.1	107.2	46.6	19.2	10.6	23.3	7.4	0.1	Dec.
<i>Euro area enlargement</i>										
1.2	0.3	3.0	153.5	62.0	7.3	4.7	73.4	3.1	3.0	2001 Jan.
2.7	1.7	0.2	152.6	71.3	10.9	21.3	44.8	4.0	0.2	Feb.
3.1	5.3	1.1	163.7	59.6	15.3	23.1	56.5	8.1	1.1	Mar.
1.3	0.5	1.2	117.7	47.3	14.3	11.3	40.4	3.1	1.2	Apr.
1.7	0.0	0.1	138.9	46.8	16.3	20.8	54.6	0.4	0.1	May
2.0	6.5	0.7	142.3	56.3	10.8	15.9	51.6	7.0	0.7	June

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	
2.1	0.4	1.1	375.5	209.8	21.2	70.2	71.4	1.7	1.1	2000 June
1.5	0.4	1.2	399.8	218.8	21.6	75.8	78.1	4.3	1.2	July
0.2	0.2	0.1	365.9	217.8	13.5	61.3	69.8	3.5	0.1	Aug.
1.9	5.5	0.5	440.5	252.3	20.5	79.8	78.9	8.5	0.5	Sep.
1.3	1.0	3.8	476.9	299.3	16.2	71.9	80.2	5.5	3.8	Oct.
1.8	0.1	0.6	410.6	235.8	22.1	73.0	74.4	4.6	0.6	Nov.
0.2	5.6	0.6	355.7	215.8	24.2	64.6	41.3	9.3	0.6	Dec.
<i>Euro area enlargement</i>										
1.3	0.3	3.1	523.4	305.1	14.3	74.7	121.1	5.1	3.1	2001 Jan.
2.8	1.8	0.2	547.7	351.5	16.5	87.5	86.3	5.7	0.2	Feb.
3.2	5.3	1.5	621.8	380.5	25.6	99.8	104.7	9.7	1.5	Mar.
1.3	0.6	1.2	548.8	350.9	20.0	83.2	88.9	4.6	1.2	Apr.
1.7	0.2	0.1	606.6	393.3	23.1	93.8	93.8	2.4	0.1	May
2.1	6.6	1.0	555.2	347.0	22.1	87.8	89.1	8.2	1.0	June

**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; nominal values)***Net issues****1. Short-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 June	-4.1	-3.2	0.6	0.1	-1.6	0.0	16.0	7.4	2.9	5.1
July	3.2	4.5	0.4	1.1	-3.5	0.7	-12.8	-6.1	-2.7	-3.9
Aug.	2.4	-1.4	-0.3	2.1	2.6	-0.6	-2.6	-1.1	-1.1	-0.1
Sep.	-5.3	-8.0	-0.3	1.7	0.7	0.4	17.4	3.3	4.9	8.9
Oct.	7.9	3.8	0.4	5.2	-1.5	-0.1	-11.2	-2.2	-2.4	-6.5
Nov.	-6.4	-5.6	0.1	0.6	-1.8	0.3	7.0	2.5	2.9	2.1
Dec.	-34.8	-11.1	-0.1	-1.1	-22.5	0.0	12.7	5.4	1.2	5.6
<i>Euro area enlargement</i>										
2001 Jan.	32.4	13.1	0.6	3.4	14.9	0.5	-15.9	-5.7	-2.8	-6.8
Feb.	10.4	3.6	-0.1	3.6	3.9	-0.7	-0.4	0.0	0.6	-1.0
Mar.	14.9	2.7	0.2	1.0	11.1	-0.1	20.0	5.8	6.1	7.8
Apr.	11.5	4.4	0.4	-2.0	8.8	0.0	-19.2	-7.6	-3.8	-7.3
May	-3.9	-9.6	0.1	6.5	-1.1	0.2	-0.7	0.4	0.5	-1.7
June	-7.4	2.2	-0.3	-1.6	-7.3	-0.4	16.0	5.6	5.5	4.7

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 June	34.9	4.9	7.2	6.6	16.4	-0.3	9.7	4.2	2.5	3.4
July	35.3	19.0	11.7	5.9	-2.4	1.2	9.0	0.3	1.1	6.8
Aug.	31.0	12.6	5.4	3.5	8.1	1.4	5.7	4.7	1.3	2.1
Sep.	24.5	11.4	2.8	0.4	9.7	0.3	16.7	1.4	5.2	5.9
Oct.	25.4	9.5	5.4	4.4	4.1	2.1	20.0	12.7	2.6	0.9
Nov.	26.9	2.8	4.3	4.6	13.6	1.6	12.1	4.6	5.5	3.3
Dec.	-0.3	-2.5	12.2	2.9	-13.9	1.0	12.7	3.8	0.0	4.8
<i>Euro area enlargement</i>										
2001 Jan.	2.8	22.4	-2.3	-3.2	-14.8	0.8	7.2	1.1	2.4	2.9
Feb.	45.6	28.1	5.1	3.9	6.8	1.7	22.1	9.9	0.8	14.9
Mar.	40.5	9.5	7.0	10.6	11.7	1.8	27.6	11.9	2.7	7.1
Apr.	33.2	7.5	5.0	4.0	14.5	2.2	10.1	0.8	5.9	3.2
May	45.3	7.9	8.5	6.7	21.9	0.2	14.9	4.7	1.9	9.5
June	53.3	14.9	7.7	4.5	26.2	0.0	23.2	9.1	1.0	5.5

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 June	30.9	1.7	7.9	6.7	14.8	-0.2	25.7	11.6	5.3	8.6
July	38.5	23.5	12.0	7.0	-5.9	1.9	-3.8	-5.8	-1.5	2.9
Aug.	33.4	11.2	5.2	5.6	10.8	0.7	3.1	3.6	0.2	2.0
Sep.	19.2	3.4	2.6	2.1	10.4	0.7	34.1	4.8	10.1	14.9
Oct.	33.3	13.3	5.7	9.6	2.6	2.0	8.7	10.5	0.2	-5.6
Nov.	20.5	-2.8	4.4	5.2	11.9	1.9	19.2	7.0	8.4	5.4
Dec.	-35.1	-13.6	12.0	1.9	-36.4	1.0	25.4	9.2	1.2	10.4
<i>Euro area enlargement</i>										
2001 Jan.	35.2	35.4	-1.8	0.2	0.1	1.2	-8.7	-4.6	-0.4	-3.9
Feb.	55.9	31.7	5.0	7.4	10.7	1.0	21.7	9.9	1.4	13.9
Mar.	55.4	12.2	7.2	11.6	22.8	1.7	47.6	17.7	8.8	14.8
Apr.	44.7	11.9	5.4	2.1	23.2	2.2	-9.1	-6.8	2.1	-4.2
May	41.4	-1.6	8.6	13.3	20.7	0.4	14.3	5.2	2.4	7.9
June	45.8	17.0	7.4	2.8	18.9	-0.4	39.2	14.7	6.5	10.2

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.0	0.7	11.9	4.2	3.5	5.2	-1.6	0.0	0.7	2000 June
0.0	0.1	-0.2	-9.6	-1.5	-2.3	-2.8	-3.5	0.8	-0.2	July
0.0	0.1	-0.4	-0.2	-2.5	-1.3	2.0	2.6	-0.5	-0.4	Aug.
0.0	0.0	0.2	12.0	-4.6	4.6	10.6	0.8	0.4	0.2	Sep.
0.0	0.0	-0.2	-3.4	1.7	-2.1	-1.3	-1.5	-0.1	-0.2	Oct.
0.0	-0.2	-0.3	0.6	-3.2	3.1	2.7	-1.8	0.1	-0.3	Nov.
-0.1	0.2	0.4	-22.1	-5.8	1.1	4.5	-22.6	0.1	0.4	Dec.
<i>Euro area enlargement</i>										
0.0	-0.1	-0.6	16.4	7.3	-2.2	-3.4	14.9	0.3	-0.6	2001 Jan.
0.0	0.1	-0.1	10.0	3.6	0.5	2.6	3.9	-0.5	-0.1	Feb.
0.1	-0.1	0.3	34.9	8.5	6.3	8.8	11.2	-0.1	0.3	Mar.
-0.1	0.0	-0.3	-7.7	-3.3	-3.4	-9.3	8.6	0.0	-0.3	Apr.
0.0	0.1	0.0	-4.6	-9.1	0.6	4.8	-1.1	0.3	0.0	May
0.1	0.0	0.1	8.6	7.8	5.1	3.1	-7.2	-0.4	0.1	June

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	
1.2	-0.6	-1.1	44.6	9.1	9.7	10.1	17.6	-0.8	-1.1	2000 June
1.2	0.2	-0.5	44.3	19.2	12.8	12.7	-1.3	1.4	-0.5	July
-0.4	-1.0	-1.0	36.7	17.3	6.7	5.6	7.7	0.4	-1.0	Aug.
0.5	4.3	-0.6	41.3	12.8	8.0	6.3	10.2	4.6	-0.6	Sep.
0.7	0.7	2.4	45.4	22.1	8.0	5.3	4.8	2.8	2.4	Oct.
0.4	-0.3	-1.2	39.1	7.4	9.8	7.9	14.0	1.3	-1.2	Nov.
-0.4	5.4	-1.0	12.4	1.4	12.2	7.8	-14.3	6.4	-1.0	Dec.
<i>Euro area enlargement</i>										
-0.5	0.0	1.3	10.0	23.5	0.1	-0.3	-15.3	0.8	1.3	2001 Jan.
-2.1	0.7	-2.2	67.6	38.1	5.9	18.7	4.7	2.4	-2.2	Feb.
2.4	5.0	-1.5	68.1	21.4	9.7	17.7	14.1	6.8	-1.5	Mar.
0.8	0.0	-0.6	43.3	8.3	11.0	7.2	15.3	2.1	-0.6	Apr.
1.0	-1.1	-1.1	60.3	12.7	10.5	16.3	22.8	-0.8	-1.1	May
1.9	6.3	-0.6	76.5	24.0	8.7	9.9	28.2	6.3	-0.6	June

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	
1.2	-0.6	-0.4	56.6	13.3	13.2	15.2	16.0	-0.8	-0.4	2000 June
1.2	0.2	-0.8	34.7	17.7	10.5	9.9	-4.8	2.1	-0.8	July
-0.4	-0.9	-1.4	36.5	14.8	5.4	7.6	10.4	-0.2	-1.4	Aug.
0.5	4.3	-0.4	53.3	8.2	12.6	16.9	11.0	5.0	-0.4	Sep.
0.7	0.7	2.3	42.0	23.8	5.9	4.0	3.3	2.7	2.3	Oct.
0.3	-0.5	-1.5	39.7	4.2	12.8	10.5	12.2	1.4	-1.5	Nov.
-0.5	5.5	-0.6	-9.8	-4.4	13.3	12.3	-36.9	6.5	-0.6	Dec.
<i>Euro area enlargement</i>										
-0.5	-0.1	0.7	26.5	30.8	-2.1	-3.7	-0.4	1.1	0.7	2001 Jan.
-2.1	0.8	-2.2	77.6	41.6	6.4	21.3	8.7	1.9	-2.2	Feb.
2.5	4.9	-1.1	103.0	29.8	16.0	26.4	25.2	6.6	-1.1	Mar.
0.7	-0.1	-0.9	35.6	5.0	7.5	-2.1	24.0	2.1	-0.9	Apr.
1.0	-1.0	-1.1	55.7	3.5	11.0	21.1	21.7	-0.6	-1.1	May
2.0	6.3	-0.5	85.0	31.8	13.9	13.0	21.0	5.9	-0.5	June

## 4 HICP and other prices in the euro area

**Table 4.1**

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

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

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

	Total		Goods		Services		Total (s.a.)		Goods (s.a.)	Services (s.a.)
	Index 1996 = 100		Index 1996 = 100		Index 1996 = 100		Index 1996 = 100	% change on previous period	Index 1996 = 100	Index 1996 = 100
Weight in the total (%) <sup>2)</sup>	100.0	100.0	61.9	61.9	38.1	38.1	100.0	100.0	61.9	38.1
	1	2	3	4	5	6	7	8	9	10
1998	102.7	1.1	101.8	0.7	104.4	1.9	-	-	-	-
1999	103.8	1.1	102.7	0.9	106.0	1.5	-	-	-	-
2000	106.3	2.3	105.4	2.7	107.8	1.7	-	-	-	-
2000 Q2	105.9	2.1	105.1	2.3	107.4	1.7	105.7	0.5	104.8	107.5
Q3	106.6	2.5	105.7	2.9	108.5	1.8	106.6	0.8	105.8	108.0
Q4	107.2	2.7	106.7	3.2	108.2	1.8	107.3	0.7	106.8	108.5
2000 Aug.	106.5	2.3	105.4	2.7	108.6	1.8	106.4	0.2	105.6	108.0
Sep.	107.0	2.8	106.4	3.4	108.2	1.8	107.0	0.6	106.5	108.2
Oct.	107.0	2.7	106.5	3.2	108.1	1.9	107.1	0.1	106.6	108.4
Nov.	107.3	2.9	106.9	3.4	108.2	1.8	107.4	0.3	106.9	108.5
Dec.	107.4	2.6	106.8	3.0	108.4	1.8	107.4	0.0	106.8	108.7
<i>Euro area enlargement</i>										
2001 Q1	107.8	2.5	107.1	2.7	109.3	2.2	107.8	0.5	107.1	109.3
Q2	109.2	3.1	108.8	3.5	110.1	2.5	109.1	1.1	108.5	110.2
2001 Jan.	107.3	2.4	106.5	2.6	109.0	2.2	107.6	0.1	106.7	109.2
Feb.	107.9	2.6	107.1	2.8	109.5	2.2	107.9	0.3	107.1	109.3
Mar.	108.3	2.6	107.7	2.8	109.5	2.2	108.1	0.3	107.5	109.5
Apr.	108.8	2.9	108.3	3.4	109.9	2.4	108.7	0.5	108.0	110.1
May	109.4	3.4	109.1	3.8	110.0	2.5	109.2	0.4	108.8	110.1
June	109.5	3.0	109.1	3.4	110.4	2.5	109.3	0.1	108.9	110.3
July	109.4	2.8	108.4	3.0	111.2	2.5	109.2	-0.1	108.5	110.6

#### 2. Breakdown of goods and services

	Goods						Services				
	Food <sup>3)</sup>			Industrial goods			Housing	Transport	Communi- cation	Recreation and personal	Miscellan- eous
	Total	Processed food <sup>3)</sup>	Unprocessed food	Total	Non-energy industrial goods	Energy					
Weight in the total (%) <sup>2)</sup>	20.3	12.3	8.0	41.6	32.1	9.5	10.0	6.2	2.4	13.9	5.6
	11	12	13	14	15	16	17	18	19	20	21
1998	1.6	1.4	1.9	0.1	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.6	2.4	1.8	2.1	-4.4	2.0	1.8
2000	1.4	1.1	1.7	3.4	0.7	13.3	1.6	2.6	-4.2	2.3	2.4
2000 Q2	0.9	1.0	0.7	3.1	0.6	12.3	1.5	2.5	-4.9	2.5	2.5
Q3	1.9	1.1	3.1	3.4	0.6	13.6	1.6	2.6	-4.2	2.5	2.5
Q4	2.2	1.3	3.5	3.7	1.0	13.7	1.8	2.8	-4.6	2.4	2.1
2000 Aug.	2.0	1.1	3.3	3.0	0.6	11.9	1.6	2.5	-4.0	2.6	2.6
Sep.	2.1	1.3	3.3	4.0	0.8	15.5	1.6	2.7	-4.3	2.4	2.3
Oct.	2.0	1.2	3.2	3.9	1.0	14.6	1.8	2.7	-4.9	2.5	2.2
Nov.	2.2	1.4	3.5	4.1	1.0	15.2	1.8	2.8	-4.4	2.4	2.0
Dec.	2.4	1.4	3.9	3.3	1.1	11.3	1.8	2.8	-4.6	2.2	2.1
<i>Euro area enlargement</i>											
2001 Q1	3.3	1.9	5.3	2.5	1.2	7.2	1.9	3.2	-4.3	3.1	2.3
Q2	5.0	2.8	8.5	2.8	1.5	7.3	1.8	3.6	-2.8	3.3	2.5
2001 Jan.	2.7	1.6	4.5	2.6	1.1	7.8	1.9	3.3	-4.6	3.0	2.3
Feb.	3.1	2.0	4.7	2.7	1.1	8.2	1.9	3.2	-4.2	3.1	2.3
Mar.	3.9	2.2	6.7	2.3	1.3	5.6	1.8	3.1	-4.0	3.1	2.4
Apr.	4.4	2.5	7.3	2.9	1.5	7.8	1.7	3.6	-2.8	3.1	2.4
May	5.3	2.8	9.2	3.1	1.6	8.6	1.8	3.6	-2.8	3.5	2.5
June	5.4	3.0	9.0	2.4	1.6	5.5	1.8	3.5	-2.7	3.4	2.6
July	5.4	3.3	8.7	1.8	1.5	2.9	1.8	3.9	-2.5	3.2	2.6

Sources: Eurostat and ECB calculations.

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

2) Referring to the index period 2001.

3) Including alcoholic beverages and tobacco.

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

	Industrial producer prices											World market prices of raw materials <sup>1)</sup>	Oil prices <sup>2)</sup> (EUR per barrel)	
	Industry excluding construction <sup>3)</sup>								Construc- tion <sup>4)</sup>	Manu- facturing	Total excluding energy			
	Total		Industry excluding construction and energy					Energy						
	Index, 1995 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods								
						Total	Durable consumer goods	Non-durable consumer goods						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1996	100.3	0.3	0.3	-1.8	1.4	1.8	2.1	1.8	0.7	1.4	1.0	6.5	-6.9	16.0
1997	101.4	1.1	0.6	0.2	0.3	1.2	0.7	1.3	3.0	1.2	0.8	10.0	12.9	17.0
1998	100.6	-0.8	0.2	-0.5	0.6	0.6	0.7	0.5	-5.2	0.3	-0.6	-21.2	-12.5	12.0
1999	100.2	-0.4	-0.5	-1.5	0.2	0.0	0.7	-0.1	0.4	1.1	0.2	17.8	-3.1	17.1
2000	105.7	5.5	2.6	5.1	0.6	1.5	1.4	1.5	18.6	2.3	5.2	51.7	18.1	31.0
2000 Q2	104.8	5.3	2.7	5.5	0.6	1.4	1.2	1.4	17.5	2.1	5.2	53.7	18.3	28.8
Q3	106.5	5.9	2.9	5.8	0.6	1.6	1.5	1.6	19.2	2.0	5.5	46.7	18.0	33.7
Q4	108.0	6.2	3.0	5.3	0.8	2.3	1.7	2.4	19.8	3.0	5.4	37.7	16.4	34.5
2000 Aug.	106.2	5.7	2.9	5.8	0.6	1.6	1.6	1.6	17.7	-	5.2	47.5	18.3	33.3
Sep.	107.4	6.3	3.0	5.9	0.6	1.7	1.7	1.8	21.2	-	5.9	50.3	21.4	37.2
Oct.	108.1	6.7	3.0	5.5	0.7	2.0	1.7	2.0	23.0	-	6.0	56.6	23.1	36.8
Nov.	108.3	6.4	3.0	5.3	0.8	2.3	1.7	2.4	21.2	-	5.6	45.6	18.2	37.7
Dec.	107.8	5.5	3.0	5.0	0.8	2.6	1.7	2.7	15.4	-	4.6	13.7	8.6	28.8
<i>Euro area enlargement</i>														
2001 Q1	108.3	4.6	3.0	4.0	0.9	3.2	2.1	3.4	10.9	2.2	3.2	4.8	1.4	28.4
Q2	109.0	3.7	2.4	2.0	1.0	3.6	2.3	3.8	9.1	.	2.6	5.2	-0.9	31.7
2001 Jan.	108.0	4.9	3.0	4.5	0.9	2.9	1.9	3.1	12.5	-	3.6	8.4	3.3	27.5
Feb.	108.3	4.6	3.0	4.1	0.9	3.2	2.1	3.3	11.2	-	3.3	6.5	1.7	29.9
Mar.	108.5	4.2	2.9	3.5	0.9	3.6	2.2	3.8	9.2	-	2.8	-0.2	-0.8	28.1
Apr.	108.8	4.2	2.7	2.6	1.0	3.7	2.3	3.9	11.0	-	3.0	11.1	-1.1	29.8
May	109.1	3.7	2.3	1.9	1.0	3.5	2.3	3.7	9.4	-	2.7	1.9	-4.0	32.7
June	109.0	3.3	2.2	1.5	1.1	3.6	2.3	3.7	7.1	-	2.2	3.4	2.5	32.5
July	108.6	2.3	1.9	0.8	1.1	3.4	2.2	3.6	4.0	-	1.6	-1.1	-1.0	29.4
Aug.	.	.	.	.	.	.	.	.	.	-	.	-10.3	-10.1	28.7

**2. Deflators of gross domestic product <sup>5)</sup>**
*(annual percentage changes, unless otherwise indicated; seasonally adjusted)*

	Total		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>6)</sup>	Imports <sup>6)</sup>
	Index, 1995 = 100							
	15	16	17	18	19	20	21	22
1996	102.0	2.0	2.1	2.4	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.7	2.0	1.3	1.0	1.8	2.5
1998	105.3	1.7	1.3	1.4	1.4	0.9	0.0	-1.4
1999	106.4	1.1	1.2	1.1	1.7	0.9	-0.5	-0.2
2000	107.8	1.3	2.5	2.2	1.8	2.4	4.6	8.2
1999 Q1	106.1	1.4	0.7	0.8	1.3	0.5	-2.3	-4.2
Q2	106.4	1.1	1.0	1.0	1.7	0.7	-1.5	-1.9
Q3	106.5	1.0	1.3	1.1	1.9	1.0	-0.2	0.9
Q4	106.8	0.9	1.7	1.5	2.0	1.4	1.9	4.3
2000 Q1	107.3	1.1	2.4	2.1	2.0	2.1	3.8	7.9
Q2	107.6	1.1	2.3	1.9	1.6	2.3	4.5	8.2
Q3	108.1	1.4	2.6	2.4	1.9	2.5	5.0	8.4
Q4	108.4	1.5	2.7	2.5	1.9	2.8	5.1	8.4
<i>Euro area enlargement</i>								
2001 Q1	109.7	1.9	2.4	2.3	1.9	2.5	3.3	4.6

Sources: Eurostat, except columns 12 and 13 (HWWA, Institut für Wirtschaftsforschung, Hamburg), column 14 (Thomson Financial Datastream) and columns 15 to 22 (ECB calculations based on Eurostat data).

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

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

3) Breakdown in accordance with the harmonised definition of Main Industrial Groupings.

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

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

6) 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								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
1	2	3	4	5	6	7	8	9	
1996	5,534.2	5,408.5	3,142.9	1,142.4	1,121.7	1.5	125.7	1,658.0	1,532.3
1997	5,647.1	5,498.1	3,199.0	1,150.7	1,138.0	10.4	149.0	1,829.0	1,680.0
1998	5,878.8	5,738.7	3,328.0	1,177.0	1,201.5	32.1	140.2	1,947.2	1,807.0
1999	6,134.5	6,029.1	3,492.0	1,229.7	1,286.0	21.4	105.4	2,047.3	1,941.9
2000	6,424.4	6,352.6	3,660.0	1,276.0	1,374.6	42.0	71.9	2,398.7	2,326.8
2000 Q1	1,582.2	1,560.5	900.8	315.1	336.7	7.9	21.7	566.0	544.3
Q2	1,598.9	1,582.3	911.9	317.6	341.8	11.0	16.6	585.8	569.2
Q3	1,614.2	1,596.4	920.3	320.0	347.1	8.9	17.8	612.1	594.3
Q4	1,629.1	1,613.4	927.0	323.2	349.0	14.2	15.7	634.8	619.1
<i>Euro area enlargement</i>									
2001 Q1	1,682.3	1,656.3	960.7	331.6	358.6	5.4	26.0	641.9	615.9
Q2	.	.	.	.	.	.	.	.	.

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
10	11	12	13	14	15	16	17	18	
1996	5,383.5	5,263.0	3,045.0	1,112.0	1,106.0	0.1	120.5	1,637.7	1,517.2
1997	5,507.1	5,352.6	3,091.8	1,126.0	1,131.4	3.4	154.5	1,807.1	1,652.6
1998	5,663.0	5,540.5	3,185.4	1,139.7	1,189.0	26.5	122.4	1,934.7	1,812.2
1999	5,811.5	5,719.1	3,286.6	1,163.6	1,253.7	15.2	92.5	2,032.8	1,940.3
2000	6,008.7	5,880.4	3,370.5	1,185.7	1,308.1	16.2	128.3	2,276.5	2,148.3
2000 Q1	1,487.6	1,457.4	836.7	294.9	323.5	2.3	30.2	547.0	516.8
Q2	1,499.1	1,470.0	843.2	296.0	326.2	4.7	29.0	560.1	531.1
Q3	1,506.5	1,473.0	844.8	296.5	329.4	2.4	33.5	577.3	543.8
Q4	1,515.5	1,479.9	845.8	298.4	329.0	6.7	35.6	592.1	556.5
<i>Euro area enlargement</i>									
2001 Q1	1,550.1	1,509.2	871.5	303.9	335.8	-2.0	40.9	600.2	559.3
Q2	1,550.9	1,514.1	876.7	304.3	333.1	0.0	36.7	592.9	556.2

(annual percentage changes)

1996	1.4	1.0	1.6	1.7	1.2	-	-	4.3	3.1
1997	2.3	1.7	1.5	1.3	2.3	-	-	10.3	8.9
1998	2.8	3.5	3.0	1.2	5.1	-	-	7.1	9.7
1999	2.6	3.2	3.2	2.1	5.4	-	-	5.1	7.1
2000	3.4	2.8	2.6	1.9	4.3	-	-	12.0	10.7
2000 Q1	3.6	2.8	2.6	2.0	5.4	-	-	12.4	10.3
Q2	3.9	3.5	3.3	2.2	4.8	-	-	12.0	11.2
Q3	3.3	2.7	2.5	1.7	4.0	-	-	12.1	11.1
Q4	2.9	2.3	1.8	1.7	3.2	-	-	11.5	10.3
<i>Euro area enlargement</i>									
2001 Q1	2.4	1.6	1.9	1.8	1.8	-	-	8.6	6.5
Q2	1.7	1.0	1.7	1.6	0.1	-	-	4.8	3.1

Source: Eurostat.

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

2) Including acquisitions less disposals of valuables.

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

## Value added by activity

### 3. Current prices

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

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	1	2	3	4	5	6	7	8	9
1996	5,172.4	139.7	1,207.0	300.7	1,059.5	1,333.2	1,132.4	200.6	562.4
1997	5,263.9	138.2	1,227.2	291.9	1,086.2	1,376.6	1,143.8	199.6	582.7
1998	5,463.0	138.0	1,274.6	295.0	1,135.7	1,441.2	1,178.4	200.0	615.8
1999	5,672.4	135.4	1,294.8	311.6	1,179.6	1,527.6	1,223.5	202.7	664.8
2000	5,944.5	137.0	1,372.1	326.5	1,231.1	1,614.0	1,263.8	211.6	691.5
2000 Q1	1,463.7	33.8	336.4	81.6	303.2	396.2	312.4	52.6	171.1
Q2	1,479.0	33.9	341.5	81.3	306.7	400.9	314.8	53.1	173.1
Q3	1,494.9	34.7	345.6	81.4	309.0	406.5	317.8	53.0	172.3
Q4	1,507.0	34.6	348.6	82.3	312.2	410.4	318.9	52.9	175.0
<i>Euro area enlargement</i>									
2001 Q1	1,557.1	36.8	359.8	86.0	324.1	421.9	328.4	54.1	179.3
Q2	.	.	.	.	.	.	.	.	.

### 4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
1996	5,040.3	139.5	1,178.0	295.5	1,039.6	1,288.2	1,099.4	200.2	543.4
1997	5,158.5	140.2	1,216.5	290.4	1,071.7	1,330.1	1,109.6	207.5	556.1
1998	5,305.3	142.5	1,253.2	292.0	1,110.6	1,382.0	1,125.0	213.8	571.5
1999	5,439.2	146.2	1,262.6	299.0	1,159.2	1,433.2	1,138.7	222.1	594.5
2000	5,634.0	146.1	1,321.9	304.6	1,207.3	1,496.9	1,157.2	231.5	606.2
2000 Q1	1,394.3	36.4	326.3	76.9	297.7	369.3	287.7	57.0	150.3
Q2	1,404.1	36.2	329.4	75.9	300.8	372.6	289.2	57.7	152.7
Q3	1,413.2	36.8	332.0	75.9	302.7	376.2	289.7	58.2	151.5
Q4	1,422.4	36.7	334.2	75.9	306.1	378.8	290.7	58.6	151.7
<i>Euro area enlargement</i>									
2001 Q1	1,455.5	38.6	341.6	77.8	315.2	386.4	295.9	59.7	154.3
Q2	1,454.8	38.5	337.3	76.2	316.1	390.0	296.7	60.4	156.5
<i>(annual percentage changes)</i>									
1996	1.4	5.5	-0.3	-1.8	0.9	3.6	1.7	2.5	1.4
1997	2.3	0.4	3.3	-1.7	3.1	3.2	0.9	3.7	2.3
1998	2.8	1.7	3.0	0.6	3.6	3.9	1.4	3.1	2.8
1999	2.5	2.6	0.8	2.4	4.4	3.7	1.2	3.9	4.0
2000	3.6	-0.1	4.7	1.9	4.1	4.4	1.6	4.2	2.0
2000 Q1	3.7	0.6	4.8	3.6	3.9	4.9	1.5	4.8	2.6
Q2	3.9	-0.5	5.0	2.4	4.6	4.6	1.9	5.1	4.2
Q3	3.5	0.3	4.6	1.0	3.9	4.4	1.6	3.7	1.6
Q4	3.3	-0.7	4.4	0.5	4.1	3.9	1.5	3.5	-0.4
<i>Euro area enlargement</i>									
2001 Q1	2.6	0.2	3.5	-1.2	3.6	3.3	1.3	3.5	0.6
Q2	1.9	0.4	1.3	-2.1	2.8	3.3	1.0	3.5	0.4

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	Industry excluding construction <sup>2)</sup>									Construction	Manufacturing
		Total		Industry excluding construction and energy						Energy		
		Index (s.a.) 1995 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods					
							Total	Durable consumer goods	Non-durable consumer goods			
1	2	3	4	5	6	7	8	9	10	11	12	
1997	3.5	104.7	4.2	4.6	6.1	4.9	2.4	1.9	2.6	0.2	0.0	4.9
1998	3.6	109.2	4.3	4.5	3.6	7.5	2.8	5.1	2.4	1.1	0.3	4.8
1999	1.9	111.4	2.0	1.8	1.5	2.3	1.7	1.5	1.7	1.4	2.8	2.0
2000	5.2	117.6	5.6	5.9	6.0	9.0	2.5	6.1	1.8	1.6	2.6	6.0
2000 Q2	5.5	117.6	6.2	6.3	6.4	8.6	4.0	8.4	3.0	2.0	2.4	6.5
Q3	5.1	118.2	5.8	6.1	5.9	9.6	2.6	5.1	2.2	2.5	1.0	6.2
Q4	4.9	119.9	5.5	6.0	5.7	9.8	2.4	4.6	2.0	-0.6	1.9	6.3
2000 Aug.	6.1	118.3	6.9	7.5	8.5	11.0	2.5	6.0	1.9	2.5	2.6	7.4
Sep.	4.5	118.7	5.2	5.5	4.4	9.2	2.9	4.2	2.6	2.0	0.1	5.6
Oct.	3.4	118.4	4.0	3.9	4.2	6.4	1.0	2.7	0.6	1.8	-0.1	4.3
Nov.	3.8	119.6	4.6	4.8	4.8	8.1	1.4	2.1	1.3	-0.3	1.1	5.2
Dec.	7.7	121.6	8.2	9.7	8.4	14.9	5.2	9.8	4.2	-2.8	5.2	9.6
<i>Euro area enlargement</i>												
2001 Q1	3.0	119.5	4.0	4.1	2.7	7.6	2.7	2.5	2.7	-1.2	-3.1	4.8
Q2	0.5	118.6	0.7	0.3	-0.7	1.5	0.3	-2.1	0.8	2.0	-7.0	0.5
2001 Jan.	4.6	119.2	5.3	5.6	4.6	9.9	2.8	4.0	2.5	-0.9	0.4	6.3
Feb.	3.2	119.8	4.1	4.0	2.4	7.5	2.7	1.0	3.0	-0.5	-2.0	4.8
Mar.	1.5	119.5	2.9	3.0	1.2	5.8	2.6	2.8	2.6	-2.2	-6.9	3.5
Apr.	0.9	118.5	0.9	0.3	-0.3	1.0	0.4	-2.1	0.9	1.1	-7.8	1.0
May	-0.8	118.3	-0.5	-0.9	-1.9	0.5	-0.7	-4.0	0.0	2.8	-7.9	-0.9
June	1.5	119.2	1.7	1.3	0.1	2.9	1.1	-0.3	1.4	2.3	-5.3	1.5

**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>3)</sup> (s.a.)	
	Total		Index 1995 = 100	Total	Food, beverages, tobacco	Non-food					
	Index 1995 = 100					Textiles, clothing, footwear	Household equipment				
13	14	15	16	17	18	19	20	21	22		
1997	104.1	2.2	101.6	1.2	1.1	1.3	0.7	1.4	861	4.2	
1998	107.9	3.6	104.6	3.0	2.2	3.6	2.1	4.5	923	7.2	
1999	111.6	3.4	107.3	2.6	3.1	2.5	1.4	3.0	973	5.4	
2000	116.1	4.1	109.8	2.3	1.9	2.2	1.7	4.6	953	-2.2	
2000 Q2	115.9	4.9	110.1	3.4	3.0	3.3	1.9	5.4	976	0.9	
Q3	116.7	4.3	109.9	2.1	1.3	2.2	2.9	3.9	926	-7.9	
Q4	117.8	3.6	110.4	1.5	1.2	1.3	0.4	3.5	926	-3.2	
2000 Aug.	116.6	3.8	109.9	1.7	1.3	1.9	1.3	2.4	935	-4.3	
Sep.	117.4	5.7	110.3	2.9	1.8	3.4	6.9	4.0	945	-1.6	
Oct.	117.7	3.8	110.4	1.6	1.4	1.1	0.7	2.8	912	-7.0	
Nov.	118.0	3.3	110.3	1.3	0.8	1.4	0.0	4.2	929	-3.3	
Dec.	117.8	3.7	110.5	1.7	1.4	1.5	0.6	3.4	936	1.9	
<i>Euro area enlargement</i>											
2001 Q1	119.3	4.3	111.1	2.1	1.8	2.4	2.5	1.0	953	-5.0	
Q2	120.5	3.6	111.3	1.1	0.9	1.0	0.9	-0.6	1,018	1.8	
2001 Jan.	119.4	5.2	111.2	2.7	2.0	3.3	5.5	3.1	944	-5.6	
Feb.	119.2	3.2	111.1	1.4	1.7	1.3	-0.2	0.1	956	-6.1	
Mar.	119.4	4.7	110.9	2.2	1.7	2.8	2.3	-0.2	958	-3.6	
Apr.	120.2	3.6	111.4	1.1	1.0	1.1	1.3	-0.6	977	-1.8	
May	120.5	2.5	111.0	-0.1	-0.2	-0.1	-0.2	-2.0	1,005	0.0	
June	120.8	4.5	111.6	2.1	1.9	2.2	1.6	0.9	1,071	7.5	

*Sources: Eurostat, except columns 21 and 22 (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) Breakdown in accordance with the harmonised definition of Main Industrial Groupings.*
*3) Monthly averages.*

**Table 5.3**

**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator 5	Retail trade confidence indicator 6	Consumer confidence indicator 7
	Confidence indicator 1	Production expectations 2	Assessment of order books 3	Capacity utilisation <sup>b</sup> (percentages) 4			
1997	-4	11	-15	81.0	-33	-9	-15
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-3
2000	5	17	3	83.8	1	-1	-1
2000 Q3	6	18	5	83.9	2	-2	-1
Q4	5	18	4	84.7	0	-3	-2
2000 July	7	19	5	-	2	-3	0
Aug.	6	18	4	-	5	-3	1
Sep.	6	18	5	-	-1	-1	-3
Oct.	6	19	5	-	2	-1	-3
Nov.	5	17	4	-	-1	-3	-3
Dec.	5	18	4	-	-2	-4	-1
<i>Euro area enlargement</i>							
2001 Q1	1	12	-1	84.4	-1	-2	-2
Q2	-5	5	-8	83.6	-3	-6	-4
Q3	.	.	.	82.9	.	.	.
2001 Jan.	3	14	0	-	1	0	-1
Feb.	1	12	0	-	-2	0	-2
Mar.	-1	9	-3	-	-2	-5	-2
Apr.	-4	6	-6	-	-2	-4	-2
May	-5	6	-9	-	-2	-7	-4
June	-7	3	-10	-	-5	-7	-5
July	-9	4	-15	-	-6	-4	-7

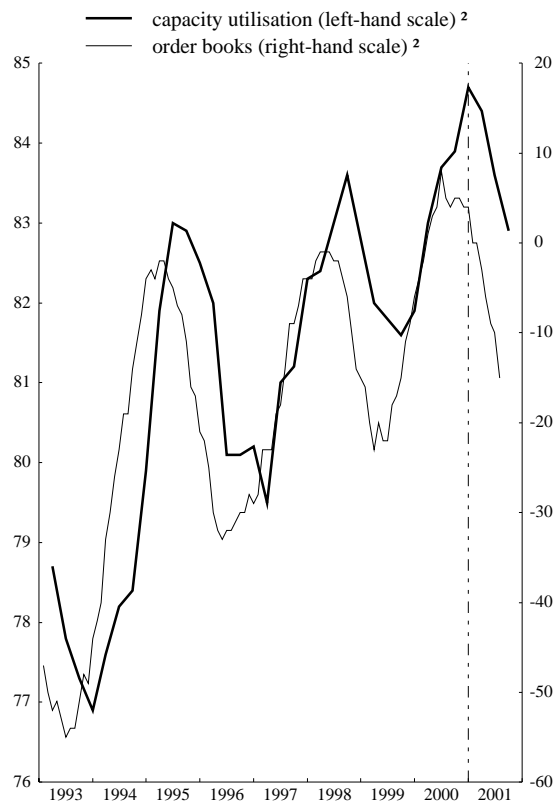
**Consumer and industrial confidence indicators**

(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 in the whole economy <sup>1)</sup>**
*(annual percentage changes, unless otherwise indicated)*

	Employment						Unemployment (s.a.)			
	Total		By employment status		By selected sector		Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	Index, 1995 = 100		Employees	Self-employed	Industry excluding construction	Services	Millions	% of labour force	% of labour force	% of labour force
	1	2	3	4	5	6	7	8	9	10
1996	100.6	0.6	0.5	0.4	-1.0	1.7	14.729	11.5	9.8	23.9
1997	101.4	0.8	0.9	0.0	-0.3	1.5	14.817	11.5	9.9	23.2
1998	103.1	1.7	1.8	0.5	1.2	2.2	14.064	10.8	9.4	21.2
1999	104.8	1.7	2.2	-0.4	0.1	2.6	12.965	9.9	8.6	19.1
2000	107.0	2.1	2.3	0.4	0.7	2.8	11.664	8.9	7.7	17.1
2000 Q2	106.8	2.2	2.5	0.2	0.7	2.9	11.787	8.9	7.8	17.3
Q3	107.2	2.0	2.3	0.4	1.0	2.7	11.488	8.7	7.6	16.8
Q4	107.8	2.1	2.2	1.2	1.2	2.7	11.216	8.5	7.4	16.4
2000 July	-	-	-	-	-	-	11.580	8.8	7.7	17.0
Aug.	-	-	-	-	-	-	11.499	8.7	7.6	16.9
Sep.	-	-	-	-	-	-	11.384	8.6	7.5	16.7
Oct.	-	-	-	-	-	-	11.282	8.6	7.5	16.5
Nov.	-	-	-	-	-	-	11.213	8.5	7.4	16.4
Dec.	-	-	-	-	-	-	11.154	8.5	7.4	16.3
<i>Euro area enlargement</i>										
2001 Q1	108.2	1.9	2.1	0.6	1.5	2.3	11.491	8.4	7.3	16.5
Q2	.	.	.	.	.	.	11.380	8.4	7.3	16.5
2001 Jan.	-	-	-	-	-	-	11.568	8.5	7.4	16.6
Feb.	-	-	-	-	-	-	11.480	8.4	7.3	16.5
Mar.	-	-	-	-	-	-	11.426	8.4	7.3	16.5
Apr.	-	-	-	-	-	-	11.391	8.4	7.3	16.5
May	-	-	-	-	-	-	11.384	8.4	7.3	16.5
June	-	-	-	-	-	-	11.365	8.3	7.3	16.5
July	-	-	-	-	-	-	11.348	8.3	7.3	16.4

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup>						Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	By component		By selected sector			
					Wages and salaries	Employers' social contributions and other costs	Industry excluding construction	Services		
	11	12	13	14	15	16	17	18	19	
1996	1.9	3.0	1.1	3.4	3.0	4.4	3.6	4.0	3.7	
1997	0.7	2.2	1.6	2.6	2.6	2.7	2.2	2.7	2.3	
1998	0.1	1.3	1.2	1.7	2.2	0.8	1.6	1.5	2.2	
1999	1.3	2.2	0.9	2.3	2.6	1.7	2.7	1.9	2.7	
2000	1.1	2.5	1.3	3.4	3.8	2.6	3.4	3.1	2.7	
1999 Q1	1.6	1.7	0.0	1.9	2.2	1.3	2.3	1.4	2.8	
Q2	1.8	2.4	0.5	2.1	2.5	1.5	2.5	1.9	2.9	
Q3	1.2	2.1	0.9	2.5	2.8	1.9	2.9	2.2	2.9	
Q4	0.3	2.1	1.8	2.8	3.1	2.2	3.1	2.2	2.5	
2000 Q1	0.5	2.4	2.0	3.4	3.8	2.5	3.5	3.0	3.0	
Q2	0.5	2.1	1.6	3.4	3.8	2.7	3.4	3.0	2.9	
Q3	1.3	2.4	1.0	3.5	3.9	2.6	3.4	3.1	2.5	
Q4	1.8	2.2	0.4	3.4	3.8	2.4	3.2	3.3	2.3	
<i>Euro area enlargement</i>										
2001 Q1	2.0	2.3	0.2	3.1	3.6	2.2	3.0	3.0	3.2	

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

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

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

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

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

**Table 6.1**

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

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

#### Amounts outstanding

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

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area <sup>3)</sup>
	Total	Currency	Deposits of non-financial sectors other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	4,685.2	320.5	4,072.2	1,158.1	1,466.3	1,322.5	125.3	153.9	138.7	215.8
1998 Q1	4,642.3	311.7	4,050.9	1,133.2	1,457.0	1,342.7	118.0	139.4	140.2	247.2
Q2	4,699.0	315.4	4,100.3	1,204.9	1,452.7	1,341.9	100.8	147.4	135.8	239.7
Q3	4,677.4	311.7	4,074.2	1,184.2	1,451.1	1,341.4	97.4	156.4	135.1	237.6
Q4	4,827.6	323.3	4,212.9	1,282.9	1,465.0	1,386.3	78.6	149.8	141.6	213.0
1999 Q1	4,677.3	317.7	4,077.8	1,239.1	1,466.3	1,306.5	66.0	133.4	148.4	243.9
Q2	4,703.6	323.9	4,116.3	1,321.8	1,420.2	1,315.9	58.4	125.0	138.4	242.7
Q3	4,715.2	327.3	4,115.1	1,324.5	1,418.6	1,313.3	58.7	133.3	139.4	238.6
Q4	4,861.6	349.9	4,217.6	1,370.5	1,460.7	1,323.4	63.0	142.0	152.1	229.7
2000 Q1	4,839.8	334.6	4,225.0	1,379.6	1,465.5	1,303.2	76.8	130.2	150.0	260.6
Q2	4,896.6	341.2	4,259.4	1,409.6	1,488.5	1,282.5	78.9	146.0	150.1	247.2
Q3	4,916.4	338.9	4,268.6	1,396.8	1,526.4	1,263.5	81.9	159.3	149.7	254.1
Q4	5,033.0	347.5	4,364.3	1,464.4	1,545.0	1,269.3	85.6	164.6	156.6	231.6
<i>Euro area enlargement</i>										
2001 Q1	-	335.4	4,502.4	1,446.2	1,625.5	1,314.7	115.9	150.3	-	-
Q2	-	332.2	4,585.7	1,524.1	1,619.7	1,321.0	120.8	164.6	-	-
	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
	11	12	13	14	15	16	17	18	19	20
1997 Q4	1,572.4	204.6	1,367.7	2,692.0	1,529.7	1,162.4	184.9	2,384.1	2,129.4	254.7
1998 Q1	1,589.7	196.4	1,393.3	3,204.5	1,881.1	1,323.4	186.5	2,463.8	2,199.6	264.2
Q2	1,538.5	172.2	1,366.2	3,421.4	1,992.2	1,429.2	186.7	2,522.3	2,255.9	266.4
Q3	1,532.6	161.2	1,371.3	3,130.2	1,686.9	1,443.3	187.9	2,567.8	2,298.7	269.1
Q4	1,524.1	157.6	1,366.5	3,446.3	1,924.1	1,522.2	172.8	2,631.5	2,362.4	269.1
1999 Q1	1,564.3	136.9	1,427.4	3,670.9	2,032.9	1,638.1	194.8	2,706.9	2,428.2	278.7
Q2	1,504.6	130.4	1,374.2	3,917.0	2,176.1	1,741.0	211.4	2,774.8	2,494.1	280.7
Q3	1,506.9	119.3	1,387.6	4,000.0	2,249.1	1,750.9	208.7	2,841.0	2,557.5	283.4
Q4	1,538.9	147.2	1,391.7	4,507.0	2,669.4	1,837.6	199.1	2,956.0	2,669.1	286.9
2000 Q1	1,533.6	146.0	1,387.6	4,810.0	2,873.1	1,936.9	208.4	3,042.7	2,742.2	300.5
Q2	1,586.0	145.5	1,440.5	4,760.5	2,840.5	1,920.0	197.2	3,096.9	2,793.8	303.1
Q3	1,645.6	162.2	1,483.4	4,898.8	2,964.8	1,934.0	201.6	3,148.8	2,842.3	306.4
Q4	1,702.7	177.2	1,525.5	5,051.8	3,123.3	1,928.5	203.7	3,215.4	2,906.5	308.8
<i>Euro area enlargement</i>										
2001 Q1	-	-	-	-	-	-	-	-	-	-
Q2	-	-	-	-	-	-	-	-	-	-

Source: ECB.

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

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

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

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

5) Excluding unquoted shares.

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

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks <sup>3)</sup>
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>			
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1997 Q4	5,840.6	5,321.0	923.7	54.2	869.5	2,405.9	837.7	1,568.1	2,511.1	225.0	2,286.1	141.6
1998 Q1	5,896.5	5,360.2	907.3	35.5	871.8	2,449.7	853.7	1,596.0	2,539.5	224.0	2,315.4	146.9
Q2	6,005.7	5,453.3	902.1	31.7	870.4	2,502.7	877.2	1,625.5	2,600.8	233.4	2,367.4	151.3
Q3	6,079.9	5,523.9	903.2	33.2	870.1	2,526.7	864.3	1,662.4	2,650.0	233.9	2,416.2	147.4
Q4	6,223.5	5,660.2	911.2	35.9	875.3	2,598.2	902.1	1,696.1	2,714.1	240.3	2,473.8	150.7
1999 Q1	6,252.9	5,673.9	903.0	36.1	866.9	2,585.5	917.9	1,667.5	2,764.4	251.3	2,513.1	156.8
Q2	6,421.6	5,814.2	900.5	38.7	861.7	2,683.4	960.0	1,723.4	2,837.7	255.3	2,582.4	183.3
Q3	6,487.1	5,882.6	885.9	37.7	848.1	2,697.4	938.9	1,758.5	2,903.8	255.1	2,648.7	191.4
Q4	6,669.1	6,040.0	900.6	42.1	858.5	2,795.0	979.6	1,815.4	2,973.5	264.2	2,709.3	201.4
2000 Q1	6,811.5	6,155.5	890.4	41.1	849.3	2,894.2	1,039.0	1,855.2	3,026.8	265.5	2,761.3	221.1
Q2	6,959.5	6,261.4	884.1	42.0	842.1	2,996.3	1,091.1	1,905.2	3,079.1	274.1	2,805.0	219.6
Q3	7,100.9	6,378.0	863.5	39.9	823.6	3,105.1	1,146.9	1,958.2	3,132.3	275.9	2,856.4	251.7
Q4	7,273.0	6,500.4	880.2	42.0	838.2	3,203.9	1,161.2	2,042.6	3,189.0	281.6	2,907.3	246.6
<i>Euro area enlargement</i>												
2001 Q1	-	6,671.9	-	-	-	-	-	-	-	-	-	-
Q2	-	6,759.4	-	-	-	-	-	-	-	-	-	-

	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations						
		Total	Short-term	Long-term	Total	Short-term	Long-term				
	13	14	15	16	17	18	19	20	21	22	
1997 Q4	3,636.8	3,333.9	504.3	2,829.5	302.9	45.8	257.1	1,972.6	135.2	236.2	
1998 Q1	3,754.0	3,434.4	491.3	2,943.1	319.6	55.7	263.9	2,428.8	136.3	239.1	
Q2	3,817.0	3,495.0	489.7	3,005.2	322.1	53.9	268.1	2,643.9	134.2	242.1	
Q3	3,909.0	3,576.1	491.4	3,084.7	332.9	55.5	277.4	2,275.2	133.8	245.1	
Q4	3,915.0	3,581.5	462.8	3,118.6	333.5	54.9	278.5	2,590.3	140.3	248.2	
1999 Q1	3,972.5	3,624.7	463.5	3,161.2	347.8	66.2	281.7	2,686.6	146.9	251.2	
Q2	3,956.4	3,601.3	452.9	3,148.4	355.1	67.2	287.9	2,929.4	136.6	254.3	
Q3	3,942.9	3,573.6	446.1	3,127.5	369.4	75.4	294.0	3,037.5	137.6	257.4	
Q4	3,907.2	3,527.0	421.5	3,105.5	380.2	78.6	301.6	3,896.1	149.8	260.8	
2000 Q1	3,959.4	3,573.1	417.9	3,155.2	386.4	80.7	305.7	4,319.8	147.6	263.6	
Q2	4,005.1	3,599.9	421.8	3,178.1	405.1	90.6	314.6	4,074.7	147.6	266.6	
Q3	4,043.2	3,618.0	416.7	3,201.3	425.2	97.5	327.7	3,975.6	147.2	269.0	
Q4	4,082.4	3,634.5	401.4	3,233.1	447.9	103.1	344.7	3,791.3	153.7	271.4	
<i>Euro area enlargement</i>											
2001 Q1	-	-	-	-	-	-	-	-	-	-	
Q2	-	-	-	-	-	-	-	-	-	-	

Source: ECB.

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

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

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

4) Including non-profit institutions serving households.

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

## Transactions

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

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area <sup>2)</sup>
	Total	Currency	Deposits of non-financial sectors <sup>3)</sup> other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	130.4	9.3	111.5	73.9	5.1	37.6	-5.1	3.2	6.3	-13.3
1998 Q1	-45.8	-8.8	-24.1	-25.8	-11.1	20.1	-7.3	-14.5	1.6	29.0
Q2	52.1	3.6	44.8	68.0	-5.9	-0.5	-16.7	8.0	-4.4	-4.9
Q3	-14.6	-3.7	-19.2	-18.0	2.3	-0.3	-3.3	9.0	-0.7	4.0
Q4	149.8	11.6	138.3	98.0	14.4	44.8	-18.9	-6.6	6.5	-23.6
1999 Q1	-39.0	-5.2	-36.4	-19.2	-15.1	10.5	-12.7	-4.2	6.8	21.5
Q2	22.4	6.2	34.5	81.3	-48.5	9.3	-7.6	-8.4	-9.9	-4.4
Q3	13.4	3.4	0.7	3.6	-0.6	-2.6	0.3	8.3	1.0	-1.9
Q4	139.8	22.3	96.1	44.2	37.8	9.9	4.2	8.7	12.7	-14.1
2000 Q1	-27.8	-15.3	1.5	6.7	1.4	-20.4	13.7	-11.9	-2.1	25.4
Q2	51.0	6.7	28.5	31.5	16.8	-21.8	2.1	15.8	0.0	-13.2
Q3	7.4	-2.2	-3.2	-17.0	29.3	-18.5	2.9	13.3	-0.4	-2.0
Q4	128.8	8.6	108.0	71.3	26.9	6.0	3.8	5.3	6.9	-17.3
<i>Euro area enlargement</i>										
2001 Q1	-	-19.8	12.2	-34.2	39.1	-6.1	13.4	-15.6	-	-
Q2	-	-3.2	80.4	75.3	-5.8	6.1	4.8	14.3	-	-

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1997 Q4	5.2	-7.7	12.8	64.1	47.3	16.7	-12.4	53.6	51.8	1.8
1998 Q1	-27.3	-8.4	-19.0	78.9	-20.2	99.1	7.1	66.9	54.6	12.4
Q2	-71.1	-25.0	-46.1	114.6	21.3	93.3	-0.2	46.9	44.9	2.0
Q3	-6.0	-11.0	5.0	115.1	29.3	85.8	0.8	43.2	40.6	2.6
Q4	-11.8	-1.6	-10.1	73.2	54.5	18.7	-16.2	50.2	48.2	1.9
1999 Q1	22.5	-12.9	35.4	109.3	8.0	101.3	0.0	70.5	58.1	12.5
Q2	-35.3	-11.1	-24.1	147.5	59.2	88.4	16.5	54.3	51.7	2.7
Q3	-5.2	-9.8	4.6	93.7	55.6	38.1	-2.5	56.6	53.4	3.2
Q4	52.0	24.4	27.6	-3.5	29.6	-33.1	-9.6	74.1	71.8	2.4
2000 Q1	-24.7	3.5	-28.2	-4.7	-39.1	34.4	5.0	83.9	71.0	12.9
Q2	46.8	-0.6	47.4	93.4	80.3	13.1	-14.3	56.1	53.3	2.8
Q3	68.9	17.2	51.7	156.3	144.2	12.0	1.1	55.3	52.0	3.3
Q4	7.5	7.3	0.3	267.1	200.0	67.1	-0.9	63.7	61.3	2.4
<i>Euro area enlargement</i>										
2001 Q1	-	-	-	-	-	-	-	-	-	-
Q2	-	-	-	-	-	-	-	-	-	-

Source: ECB.

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



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

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks <sup>3)</sup>
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>			
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1997 Q4	154.6	146.2	21.1	4.4	16.7	67.4	27.7	39.7	66.2	6.6	59.5	-16.4
1998 Q1	68.0	43.9	-15.7	-18.5	2.8	55.8	27.1	28.6	28.0	-0.7	28.7	3.9
Q2	116.7	110.6	-5.5	-3.7	-1.9	54.4	22.1	32.3	67.8	9.4	58.4	6.4
Q3	78.3	81.0	2.6	1.4	1.2	25.7	-15.9	41.6	50.0	0.5	49.5	-0.4
Q4	161.9	150.8	8.8	2.8	6.1	76.8	37.6	39.2	76.3	6.7	69.5	3.7
1999 Q1	76.2	68.2	-6.9	0.1	-7.0	10.6	20.1	-9.5	72.5	8.9	63.6	1.0
Q2	164.4	138.9	-4.3	2.6	-6.9	93.9	40.1	53.8	74.7	3.9	70.9	23.6
Q3	70.7	71.2	-14.7	-1.0	-13.7	18.5	-17.3	35.7	67.0	-0.3	67.3	8.5
Q4	171.8	151.9	15.0	4.3	10.7	88.3	38.2	50.1	68.5	8.9	59.6	-6.8
2000 Q1	139.0	108.4	-8.9	-0.9	-8.1	93.1	56.7	36.4	54.8	1.4	53.3	14.8
Q2	156.7	116.6	-6.9	0.8	-7.7	109.5	57.1	52.5	54.1	8.4	45.6	-1.0
Q3	122.9	93.4	-16.9	-2.1	-14.8	91.6	48.4	43.2	48.3	0.3	48.0	21.9
Q4	187.1	140.0	17.0	2.1	14.9	110.9	18.9	92.0	59.2	6.0	53.2	3.2
	<i>Euro area enlargement</i>											
2001 Q1	-	77.5	-	-	-	-	-	-	-	-	-	-
Q2	-	83.9	-	-	-	-	-	-	-	-	-	-

	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations						
		Total	Short-term	Long-term	Total	Short-term	Long-term				
	13	14	15	16	17	18	19	20	21	22	
1997 Q4	-7.9	-3.7	-31.9	28.2	-4.2	-7.5	3.3	44.1	6.9	2.3	
1998 Q1	63.8	53.4	-11.4	64.9	10.4	9.6	0.9	11.3	1.1	2.4	
Q2	52.8	49.9	-1.3	51.2	2.9	-1.8	4.7	37.6	-2.1	2.4	
Q3	61.0	53.7	2.0	51.7	7.3	1.4	5.9	10.9	-0.4	2.4	
Q4	-10.7	-16.2	-31.0	14.9	5.4	0.8	4.7	40.8	6.4	2.2	
1999 Q1	76.5	61.7	5.5	56.2	14.7	11.0	3.8	10.9	6.6	2.5	
Q2	42.2	33.0	-8.5	41.5	9.1	0.9	8.3	36.1	-10.3	2.5	
Q3	53.5	34.9	-8.4	43.4	18.5	8.1	10.4	34.4	1.0	2.5	
Q4	-8.4	-15.3	-27.8	12.5	6.9	3.1	3.8	42.0	12.1	2.6	
2000 Q1	62.6	62.2	10.7	51.5	0.4	1.7	-1.3	22.3	-2.2	2.4	
Q2	43.9	24.1	-0.9	25.1	19.7	10.0	9.7	31.5	0.0	2.4	
Q3	51.9	25.6	-2.7	28.3	26.2	7.7	18.5	72.8	-0.4	2.4	
Q4	2.9	-25.2	-27.0	1.8	28.1	5.6	22.4	51.9	6.4	2.4	
	<i>Euro area enlargement</i>										
2001 Q1	-	-	-	-	-	-	-	-	-	-	
Q2	-	-	-	-	-	-	-	-	-	-	

Source: ECB.

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

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

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

4) Including non-profit institutions serving households.

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

**Table 6.2**

**Saving, investment and financing**

(as a percentage of GDP, unless otherwise indicated)

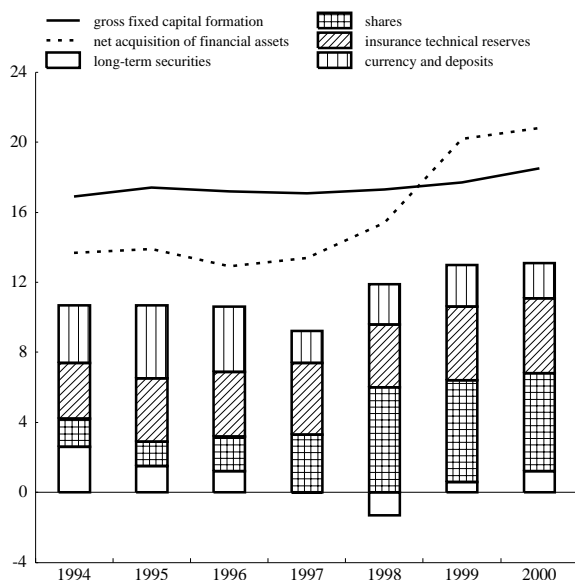
	Euro area saving and investment <sup>1)</sup>			Investment of private non-financial sectors <sup>1)2)</sup>							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
	1	2	3	4	5	6	7	8	9	10	11
1993	20.2	20.3	0.5	16.8	10.6	12.9	5.5	0.4	0.8	0.5	3.0
1994	20.6	20.1	0.2	16.9	10.3	13.7	3.3	2.4	2.6	1.6	3.2
1995	21.9	20.6	0.5	17.4	10.8	13.9	4.2	1.8	1.5	1.4	3.6
1996	21.6	20.3	0.9	17.2	10.8	12.9	3.7	0.2	1.2	2.0	3.7
1997	22.0	20.1	1.5	17.1	10.7	13.4	1.8	-0.6	0.0	3.3	4.1
1998	22.0	20.3	1.0	17.3	11.0	15.4	2.3	-2.1	-1.3	6.0	3.6
1999	21.9	20.8	0.2	17.7	11.3	20.2	2.4	0.8	0.6	5.8	4.2
2000	21.8	21.3	-0.2	18.5	12.1	20.8	2.0	1.9	1.2	5.6	4.3

	Financing of private non-financial sectors <sup>1)2)</sup>								Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans			
	12	13	14	15	16	17	18	19	20	21	22
1993	20.8	12.8	7.7	1.2	1.4	1.4	3.7	4.5	5.2	43.4	27.0
1994	20.7	11.8	9.6	1.0	1.1	1.6	3.7	3.8	4.1	44.8	31.7
1995	21.7	12.1	7.4	-1.8	-1.7	1.4	4.8	3.6	6.5	44.4	25.4
1996	21.3	11.9	8.8	0.2	0.0	1.6	5.7	4.8	4.1	42.9	29.2
1997	20.5	11.4	9.5	0.1	0.1	1.3	5.9	4.7	3.9	43.9	31.7
1998	19.6	10.5	12.5	0.4	0.3	2.4	7.6	5.9	2.9	47.1	38.9
1999	18.5	9.8	17.6	0.8	0.4	3.2	9.7	7.6	2.6	53.3	48.8
2000	18.5	9.7	21.0	1.2	0.8	3.7	10.6	7.1	-0.2	52.9	53.2

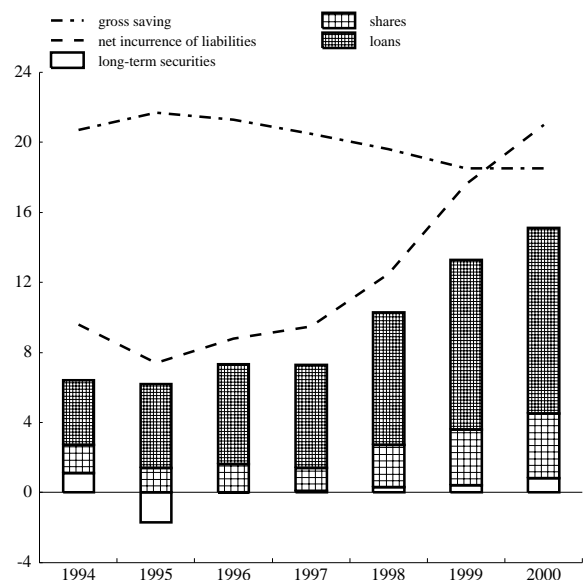
**Investment and financing of private non-financial sectors <sup>1)2)</sup>**

(as a percentage of GDP)

**Investment**



**Financing**



Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

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

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

**Table 7.1**

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

(as a percentage of GDP)

### 1. Euro area – revenue

	Total	Current revenue	Direct taxes			Indirect taxes	Received by EU institutions	Social contributions			Sales	Capital revenue	Capital taxes	Memo: fiscal burden <sup>2)</sup>
			Households	Corporations				Employers	Employees					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	46.4	46.0	11.7	9.5	2.2	13.0	0.9	16.7	8.5	5.1	2.3	0.4	0.2	41.7
1992	47.4	46.7	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.2	2.4	0.7	0.6	42.5
1993	48.0	47.5	12.1	10.0	2.1	13.2	0.8	17.4	8.6	5.3	2.5	0.5	0.3	43.0
1994	47.5	47.1	11.6	9.5	2.0	13.5	0.8	17.5	8.5	5.4	2.5	0.4	0.2	42.7
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.6	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	5.6	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	5.6	2.5	0.7	0.4	43.7
1998	47.7	47.2	12.4	9.9	2.5	14.1	0.7	16.5	8.5	4.9	2.5	0.5	0.3	43.4
1999	48.3	47.8	12.8	10.1	2.7	14.4	0.6	16.5	8.5	5.0	2.4	0.6	0.3	43.9
2000	47.9	47.4	13.0	10.1	2.7	14.2	0.6	16.3	8.5	4.9	2.4	0.5	0.3	43.8

### 2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure <sup>4)</sup>	
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>		Subsidies						Paid by EU institutions
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1991	51.1	46.3	11.2	4.9	5.3	24.8	21.0	2.4	0.6	4.8	3.2	1.6	0.0	45.8	
1992	52.2	47.5	11.4	5.0	5.7	25.5	21.9	2.3	0.5	4.7	3.2	1.5	0.0	46.5	
1993	53.7	49.1	11.6	5.2	5.9	26.5	22.8	2.4	0.6	4.6	3.1	1.6	0.1	47.8	
1994	52.6	48.2	11.3	5.0	5.5	26.5	22.9	2.3	0.5	4.3	2.9	1.5	0.1	47.1	
1995	52.2	47.7	11.2	4.8	5.7	26.1	22.8	2.2	0.6	4.5	2.7	1.8	0.1	46.5	
1996	52.2	48.3	11.2	4.8	5.7	26.6	23.2	2.2	0.6	4.0	2.6	1.4	0.0	46.6	
1997	50.8	47.1	11.0	4.7	5.1	26.2	23.2	2.1	0.5	3.7	2.4	1.3	0.1	45.8	
1998	49.9	46.0	10.7	4.7	4.7	26.0	22.7	2.1	0.5	3.9	2.4	1.5	0.1	45.2	
1999	49.6	45.5	10.7	4.7	4.2	25.9	22.6	2.0	0.5	4.1	2.5	1.6	0.1	45.4	
2000	48.7	44.8	10.5	4.7	4.0	25.5	22.3	1.9	0.5	3.9	2.5	1.4	0.1	43.6	

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+)	Government consumption <sup>5)</sup>							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
1991	-4.7	-4.6	-0.3	-0.1	0.3	0.6	20.4	11.2	4.9	4.8	1.8	-2.3	8.7	11.7
1992	-4.8	-4.2	-0.3	-0.2	0.0	0.8	20.8	11.4	5.0	4.9	1.8	-2.4	8.8	12.0
1993	-5.6	-4.9	-0.5	-0.2	-0.1	0.2	21.2	11.6	5.2	5.0	1.8	-2.5	8.9	12.2
1994	-5.0	-4.3	-0.5	-0.2	0.0	0.5	20.8	11.3	5.0	5.0	1.8	-2.5	8.6	12.1
1995	-5.0	-4.2	-0.5	-0.1	-0.3	0.7	20.5	11.2	4.8	5.1	1.8	-2.5	8.5	12.0
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	4.8	5.2	1.8	-2.5	8.5	12.1
1997	-2.6	-2.2	-0.4	0.1	0.0	2.5	20.3	11.0	4.7	5.1	1.8	-2.5	8.4	12.0
1998	-2.2	-2.2	-0.3	0.2	0.0	2.5	20.0	10.7	4.7	5.1	1.7	-2.5	8.1	11.8
1999	-1.3	-1.6	-0.1	0.1	0.4	2.9	20.0	10.7	4.7	5.1	1.7	-2.4	8.2	11.8
2000	-0.8	-1.3	-0.1	0.2	0.5	3.2	19.8	10.5	4.7	5.1	1.7	-2.4	8.0	11.8

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1997	-2.0	-2.7	-4.0	-3.2	-3.0	1.2	-2.7	3.4	-1.1	-1.9	-2.7	-1.5
1998	-0.8	-2.2	-2.4	-2.6	-2.7	2.3	-2.8	3.5	-0.8	-2.4	-2.4	1.3
1999	-0.6	-1.6	-1.8	-1.1	-1.6	2.3	-1.8	3.7	0.4	-2.2	-2.1	1.9
2000	0.1	1.2	-1.1	-0.3	-1.3	4.5	-0.3	6.1	2.2	-1.1	-1.5	6.9

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

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

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

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFI	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.4	2.6	16.0	9.6	29.1	48.1	24.7	7.2	16.2	9.2
1992	60.9	2.6	16.7	10.1	31.5	50.2	26.4	7.5	16.4	10.7
1993	67.2	2.7	17.6	9.9	37.0	52.5	27.6	8.5	16.3	14.8
1994	70.0	2.9	16.7	10.3	40.0	56.2	29.9	9.9	16.4	13.8
1995	74.2	2.9	18.2	9.8	43.1	58.6	30.5	10.9	17.1	15.6
1996	75.4	2.9	17.8	9.9	44.8	59.2	30.3	13.2	15.8	16.2
1997	74.8	2.9	17.0	8.9	46.1	57.2	29.1	14.4	13.7	17.7
1998	73.1	2.8	15.8	7.9	46.6	53.5	27.0	16.2	10.4	19.6
1999	72.1	2.9	14.8	6.8	47.5	50.1	25.3	14.9	9.9	22.0
2000	69.6	2.7	13.7	6.2	47.0	46.3	23.5	13.5	9.3	23.3

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

	Total	Issued by <sup>4)</sup>				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency <sup>5)</sup>	Non-domestic currency	Other currencies
1991	57.4	46.5	4.5	6.1	0.3	11.8	45.6	4.8	17.7	18.8	20.9	56.2	1.7	1.1
1992	60.9	49.6	4.7	6.1	0.4	12.2	48.7	6.3	17.8	20.9	22.2	59.6	2.1	1.3
1993	67.2	55.0	5.2	6.5	0.6	11.9	55.3	6.7	18.5	24.3	24.5	65.5	2.7	1.7
1994	70.0	57.6	5.4	6.4	0.6	11.2	58.8	7.4	16.6	26.6	26.8	68.0	2.7	2.0
1995	74.2	61.3	5.7	6.3	0.8	10.6	63.5	6.9	17.6	26.2	30.3	72.1	2.7	2.0
1996	75.4	62.6	6.1	6.2	0.5	10.2	65.2	6.3	19.2	25.3	30.9	73.3	2.5	2.0
1997	74.8	62.0	6.3	5.9	0.6	8.8	66.0	6.0	18.6	25.2	31.0	72.7	2.5	2.1
1998	73.1	60.8	6.3	5.7	0.4	7.7	65.4	5.5	16.3	25.9	30.9	71.3	2.8	1.8
1999	72.1	59.9	6.2	5.6	0.3	6.9	65.2	5.1	14.4	26.8	30.9	70.2	-	1.8
2000	69.6	57.9	6.1	5.3	0.3	5.5	64.1	4.5	.	.	.	67.8	-	1.8

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1997	125.3	61.0	108.2	66.7	59.3	65.1	120.2	6.1	69.9	64.7	58.9	54.1
1998	119.7	60.9	105.0	64.7	59.5	54.8	116.4	6.4	66.8	63.9	54.7	48.8
1999	115.9	61.3	103.9	63.4	58.5	49.3	114.6	6.0	63.1	64.7	54.5	47.3
2000	110.3	60.3	102.7	60.7	57.6	38.6	110.5	5.3	56.1	63.1	53.7	44.0

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

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

Holdings by other governments are not consolidated.

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

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

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

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

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

	Total	Source of change				Financial instrument				Holder			
		Borrowing requirement <sup>2)</sup>	Valuation effects <sup>3)</sup>	Other changes in volume <sup>4)</sup>	Aggregation effect <sup>5)</sup>	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>6)</sup>	MFIs	Other financial corporations	Other creditors <sup>7)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	5.2	5.1	0.0	0.2	-0.1	0.2	1.2	0.0	3.9	.	.	.	.
1992	6.8	5.6	0.3	0.7	0.1	0.1	1.6	1.0	4.0	4.8	3.1	0.6	1.9
1993	8.0	7.5	0.3	0.1	0.1	0.2	1.3	0.1	6.4	3.6	2.0	1.2	4.4
1994	6.1	5.2	0.2	0.7	0.0	0.4	0.0	0.9	4.8	6.3	3.6	1.8	-0.3
1995	7.7	5.5	0.2	2.2	-0.2	0.2	2.3	0.0	5.2	5.2	2.2	1.5	2.5
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.2	0.4	3.2	2.7	0.8	2.6	1.1
1997	2.3	2.4	0.2	-0.2	0.0	0.0	-0.1	-0.6	3.0	0.2	-0.1	1.8	2.1
1998	1.6	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.1	-0.8	2.4	2.7
1999	1.6	1.3	0.3	0.0	0.0	0.2	-0.4	-0.8	2.6	-1.5	-0.7	-0.7	3.1
2000	0.8	0.8	0.1	-0.1	0.0	-0.1	-0.5	-0.3	1.6	-1.5	-0.7	-0.7	2.3

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

	Change in debt	Deficit (-) / surplus (+) <sup>8)</sup>	Deficit-debt adjustment <sup>9)</sup>											
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	Other <sup>11)</sup>
				Total	Currency and deposits	Securities <sup>10)</sup>	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	5.2	-4.7	0.5	1.0	0.3	0.1	0.5	0.2	-0.1	0.2	0.0	0.1	0.2	-0.7
1992	6.8	-4.8	1.9	0.8	0.2	0.1	0.3	0.1	-0.1	0.2	0.3	0.3	0.7	0.1
1993	8.0	-5.6	2.4	1.3	1.0	0.2	0.3	-0.2	-0.3	0.2	0.3	0.3	0.1	0.7
1994	6.1	-5.0	1.1	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	0.0
1995	7.7	-5.0	2.7	0.6	0.0	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.8	-4.3	-0.4	-0.1	-0.1	0.0	0.0	0.0	-0.3	0.2	-0.2	-0.1	0.1	-0.3
1997	2.3	-2.6	-0.3	-0.5	0.1	-0.1	-0.1	-0.4	-0.8	0.3	0.2	0.2	-0.2	0.2
1998	1.6	-2.2	-0.6	-0.6	0.2	0.0	-0.2	-0.5	-0.9	0.2	-0.2	0.0	0.0	0.2
1999	1.6	-1.3	0.3	0.1	0.4	0.1	0.1	-0.5	-0.8	0.2	0.3	0.2	0.0	-0.1
2000	0.8	0.3	1.1	1.1	0.8	0.2	0.1	-0.1	-0.4	0.2	0.1	0.0	-0.1	0.0

Source: ECB.

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

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

**Table 8.1**

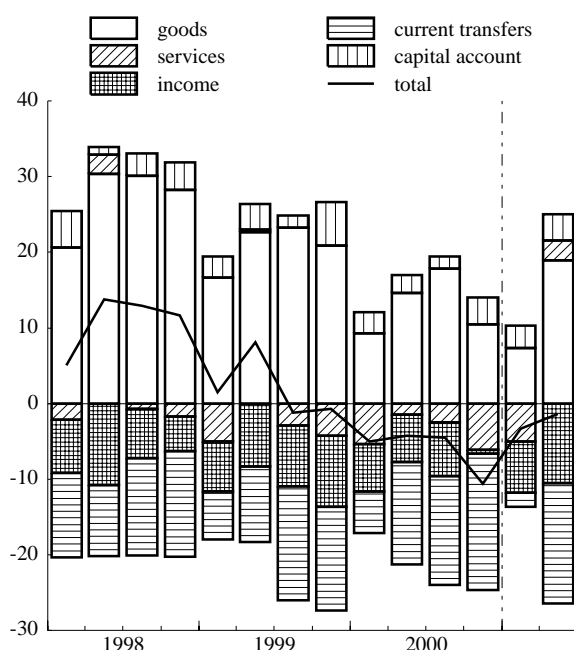
**Summary balance of payments <sup>1) 2)</sup>**

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	61.5	115.7	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.1	109.3	-2.0	-28.8	-47.4	12.4	-61.2	-83.2	-99.7	-7.5	120.9	8.2	17.8
1999	-5.8	83.4	-11.8	-32.4	-45.0	13.5	19.1	-120.6	-41.7	8.1	163.1	10.2	-26.8
2000	-34.7	52.2	-15.3	-20.2	-51.4	10.4	6.8	-22.8	-128.9	-1.1	142.0	17.5	17.5
2000 Q2	-6.6	14.7	-1.4	-6.3	-13.5	2.4	-2.9	-18.2	51.9	4.8	-45.3	3.8	7.2
Q3	-6.1	17.9	-2.5	-7.1	-14.4	1.6	-14.0	-94.3	3.5	0.4	71.9	4.5	18.5
Q4	-14.2	10.4	-6.1	-0.5	-17.9	3.6	-24.0	-58.4	8.4	-8.8	24.1	10.7	34.6
2000 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.	-3.4	4.6	-1.8	0.2	-6.4	0.3	3.5	-17.6	5.2	-1.7	16.9	0.7	-0.4
Nov.	-3.5	2.9	-1.0	0.2	-5.5	1.6	-10.9	-9.9	-2.4	-3.0	-3.3	7.7	12.8
Dec.	-7.3	2.9	-3.3	-0.9	-6.0	1.8	-16.6	-30.9	5.6	-4.1	10.5	2.3	22.1
<i>Euro area enlargement</i>													
2001 Q1	-6.3	7.4	-5.0	-6.8	-1.9	3.0	12.8	-42.9	-38.2	-2.8	87.2	9.6	-9.5
Q2	-4.9	18.9	2.6	-10.5	-15.9	3.5	-8.4	-48.2	31.7	-0.5	6.1	2.5	9.8
2001 Jan.	-9.4	-3.2	-2.4	-6.5	2.7	1.3	-2.9	-10.0	-42.2	-4.8	51.9	2.4	11.0
Feb.	2.3	3.6	-1.0	0.3	-0.5	1.5	-3.2	0.2	-2.1	-0.9	-4.9	4.5	-0.6
Mar.	0.9	7.0	-1.6	-0.5	-4.0	0.2	18.9	-33.1	6.2	3.0	40.2	2.7	-19.9
Apr.	-3.3	5.3	0.3	-4.7	-4.2	2.2	11.8	0.1	-20.9	1.1	24.6	7.0	-10.7
May	-0.8	5.3	1.8	-2.6	-5.3	0.5	-4.6	-40.4	24.9	3.4	11.1	-3.6	4.9
June	-0.8	8.3	0.5	-3.2	-6.4	0.8	-15.6	-7.9	27.7	-5.0	-29.5	-0.8	15.5

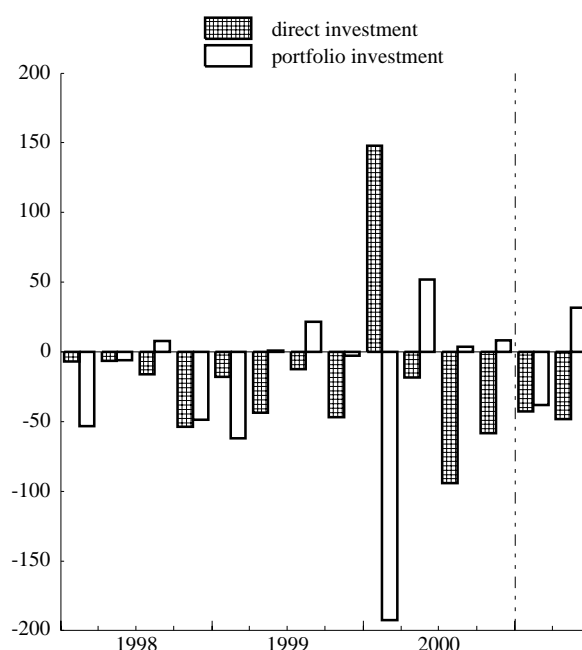
**Current and capital accounts**

(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))***1. Main items**

	Current account											Capital account	
	Total			Goods		Services		Income		Current transfers		Credit 12	Debit 13
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11		
1997	1,212.9	1,151.4	61.5	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	31.1	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	-5.8	814.5	731.1	241.5	253.3	213.2	245.6	66.4	111.5	19.7	6.2
2000	1,578.4	1,613.2	-34.7	979.1	926.9	270.2	285.5	262.3	282.5	66.9	118.3	19.3	8.8
2000 Q2	387.7	394.3	-6.6	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	-6.1	244.6	226.7	70.7	73.2	64.2	71.3	11.9	26.4	4.3	2.7
Q4	439.7	453.9	-14.2	274.4	263.9	74.1	80.2	76.5	77.0	14.8	32.7	5.9	2.3
2000 Apr.	116.1	121.9	-5.9	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	-0.1	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	-0.6	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	-2.2	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	-3.9	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	0.1	85.2	79.4	22.6	24.5	23.9	24.8	4.4	7.3	1.7	0.8
Oct.	146.2	149.6	-3.4	93.6	89.0	25.0	26.7	24.1	23.9	3.6	10.0	0.9	0.6
Nov.	145.9	149.4	-3.5	93.7	90.8	23.8	24.8	23.4	23.3	5.0	10.5	2.2	0.6
Dec.	147.6	154.9	-7.3	87.1	84.2	25.4	28.7	28.9	29.8	6.2	12.3	2.9	1.1
<i>Euro area enlargement</i>													
2001 Q1	423.7	430.0	-6.3	253.2	245.8	68.5	73.5	72.4	79.1	29.6	31.5	4.4	1.5
Q2	428.3	433.2	-4.9	262.1	243.2	76.7	74.0	74.9	85.4	14.7	30.6	5.2	1.7
2001 Jan.	141.1	150.5	-9.4	79.3	82.4	22.4	24.8	23.8	30.4	15.6	12.9	1.8	0.5
Feb.	135.1	132.8	2.3	81.8	78.2	22.4	23.4	23.0	22.7	7.9	8.4	1.9	0.4
Mar.	147.5	146.7	0.9	92.1	85.1	23.7	25.3	25.6	26.1	6.1	10.2	0.7	0.5
Apr.	138.1	141.4	-3.3	84.0	78.7	24.3	24.0	24.2	28.9	5.6	9.8	2.6	0.4
May	146.2	147.0	-0.8	88.9	83.6	26.7	24.9	25.8	28.4	4.8	10.1	1.4	0.9
June	144.0	144.8	-0.8	89.1	80.8	25.6	25.1	24.9	28.1	4.3	10.7	1.2	0.4

**2. Main current account items (seasonally adjusted)**

	Current account										
	Total			Goods		Services		Income		Current transfers	
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11
1999 Q2	330.2	328.4	1.8	195.9	174.9	60.5	62.3	56.5	63.8	17.3	27.5
Q3	336.7	341.6	-4.8	208.3	188.2	60.6	64.4	51.4	59.8	16.5	29.2
Q4	350.2	356.1	-5.9	216.6	198.7	62.4	66.8	52.8	62.2	18.3	28.4
2000 Q1	361.6	364.1	-2.5	226.0	208.7	63.2	65.2	55.9	63.1	16.6	27.1
Q2	382.6	393.5	-10.9	237.7	225.1	65.5	69.2	61.9	67.3	17.4	31.9
Q3	402.0	411.0	-8.9	251.2	236.8	67.5	71.2	67.9	75.4	15.4	27.6
Q4	432.1	445.7	-13.6	263.9	256.3	73.8	80.0	76.9	77.3	17.4	32.0
2000 Apr.	122.6	128.6	-6.0	77.1	72.7	21.8	23.0	18.2	22.2	5.5	10.7
May	135.2	133.8	1.4	82.8	77.2	22.3	23.0	23.5	23.1	6.7	10.5
June	124.7	131.1	-6.3	77.8	75.1	21.5	23.2	20.2	22.0	5.2	10.7
July	129.1	135.1	-6.0	80.7	77.7	22.3	23.3	21.2	24.0	4.8	10.2
Aug.	134.2	138.7	-4.5	84.3	79.2	22.4	23.5	22.5	26.3	5.0	9.7
Sep.	138.6	137.1	1.5	86.2	79.9	22.8	24.4	24.1	25.1	5.5	7.7
Oct.	141.4	144.5	-3.1	86.5	83.8	24.2	25.7	25.4	24.7	5.2	10.3
Nov.	144.4	148.8	-4.3	88.0	85.7	24.6	26.3	25.8	26.0	6.1	10.8
Dec.	146.3	152.4	-6.1	89.5	86.9	25.0	28.0	25.7	26.6	6.1	10.9
<i>Euro area enlargement</i>											
2001 Q1	430.8	431.9	-1.1	261.5	245.2	75.9	76.7	74.3	81.3	19.1	28.8
Q2	424.8	434.2	-9.4	262.1	246.5	75.3	76.0	70.0	78.0	17.3	33.7
2001 Jan.	143.6	143.1	0.5	86.6	81.0	25.0	25.1	25.4	28.6	6.6	8.4
Feb.	144.7	144.6	0.2	87.9	82.9	25.9	25.9	24.7	26.1	6.2	9.5
Mar.	142.5	144.3	-1.8	87.0	81.3	25.0	25.6	24.2	26.5	6.3	10.9
Apr.	143.6	145.5	-1.9	87.6	81.6	25.6	25.4	23.8	27.7	6.6	10.7
May	143.6	143.8	-0.1	87.1	81.1	25.8	25.2	25.2	26.3	5.6	11.1
June	137.6	144.9	-7.4	87.5	83.8	23.9	25.4	21.0	23.9	5.2	11.9

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	213.2	245.6	12.4	5.0	200.8	240.6	44.1	45.4	64.1	105.9	92.6	89.4
2000	262.3	282.5	12.6	5.2	249.7	277.3	67.8	59.4	67.6	103.6	114.3	114.3
2000 Q1	54.7	61.0	3.1	1.1	51.5	59.9	13.3	13.5	13.5	21.7	24.8	24.7
Q2	66.9	73.2	3.0	1.4	64.0	71.9	19.2	13.8	17.2	30.8	27.6	27.3
Q3	64.2	71.3	3.1	1.4	61.1	69.9	15.4	15.1	17.7	26.6	28.1	28.3
Q4	76.5	77.0	3.4	1.3	73.0	75.7	20.0	17.1	19.3	24.6	33.8	34.0
					<i>Euro area enlargement</i>							
2001 Q1	72.4	79.1	3.4	1.1	69.0	78.0	17.1	14.7	18.1	26.6	33.8	36.7

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Total		Bonds and notes		Money market instruments	
							Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999	37.7	41.5	6.4	3.8	9.6	32.5	54.5	73.4	51.7	71.7	2.9	1.7
2000	57.9	52.1	9.9	7.4	11.5	37.8	56.0	65.8	.	.	.	.
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	.	.	.	.
Q2	16.9	12.2	2.3	1.6	3.5	17.2	13.7	13.5	.	.	.	.
Q3	13.2	13.1	2.2	2.0	3.1	7.9	14.6	18.7	.	.	.	.
Q4	16.8	14.8	3.2	2.3	3.1	6.9	16.2	17.6	.	.	.	.
					<i>Euro area enlargement</i>							
2001 Q1	14.4	12.3	2.6	2.4	2.4	7.0	15.7	19.6	.	.	.	.

*Source: ECB.*



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

	Abroad			In the euro area			
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6	
1997	-93.1	.	.	48.6	.	.	
1998	-175.0	.	.	91.8	.	.	
1999	-286.8	-212.2	-74.6	166.2	126.8	39.5	
2000	-339.7	-270.1	-69.6	316.9	197.0	120.0	
2000 Q2	-71.9	-44.8	-27.1	53.7	19.3	34.5	
Q3	-117.9	-111.7	-6.2	23.7	15.5	8.2	
Q4	-86.6	-80.5	-6.1	28.3	-29.0	57.3	
2000 Apr.	-16.0	-7.4	-8.6	17.1	5.1	12.0	
May	-33.8	-15.2	-18.6	25.1	11.4	13.7	
June	-22.1	-22.2	0.2	11.5	2.7	8.8	
July	-19.8	-27.9	8.1	-4.7	5.4	-10.2	
Aug.	-54.0	-56.1	2.1	13.0	3.6	9.3	
Sep.	-44.1	-27.7	-16.4	15.4	6.4	9.1	
Oct.	-33.7	-32.3	-1.5	16.2	10.6	5.6	
Nov.	-30.5	-25.5	-5.0	20.5	8.6	12.0	
Dec.	-22.4	-22.7	0.3	-8.4	-48.1	39.7	
		<i>Euro area enlargement</i>					
2001 Q1	-59.9	-28.5	-31.4	17.0	27.6	-10.7	
Q2	-72.9	-61.2	-11.7	24.7	14.8	9.8	
2001 Jan.	-17.8	-11.7	-6.2	7.8	5.4	2.4	
Feb.	-16.0	-3.3	-12.8	16.3	14.7	1.6	
Mar.	-26.0	-13.6	-12.4	-7.1	7.5	-14.6	
Apr.	-6.6	-10.3	3.8	6.7	2.5	4.2	
May	-48.4	-41.6	-6.7	8.0	7.7	0.3	
June	-18.0	-9.3	-8.7	10.0	4.7	5.4	

Source: ECB.

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

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

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
	1	2	3	4	5	6	7	8	9	10
1998	-327.6	227.9	-105.5	105.9	-222.1	-203.8	-18.2	122.0	108.3	13.7
1999	-309.6	267.8	-155.4	106.0	-154.1	-153.6	-0.5	161.8	109.0	52.8
2000	-409.6	280.8	-286.8	13.5	-122.9	-114.9	-8.0	267.3	231.0	36.2
2000 Q2	-85.2	137.0	-54.3	52.4	-30.9	-24.6	-6.3	84.6	50.7	33.9
Q3	-91.8	95.3	-56.1	29.7	-35.7	-30.8	-4.9	65.6	73.6	-8.1
Q4	-78.8	87.2	-59.5	37.1	-19.3	-20.9	1.6	50.1	59.9	-9.8
2000 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.	-18.4	23.6	-9.1	4.1	-9.4	-11.4	2.1	19.5	26.9	-7.4
Nov.	-29.5	27.1	-16.8	6.8	-12.7	-11.6	-1.1	20.3	24.6	-4.3
Dec.	-30.9	36.5	-33.6	26.2	2.7	2.1	0.6	10.3	8.4	1.9
					<i>Euro area enlargement</i>					
2001 Q1	-83.3	45.1	-28.5	20.9	-54.9	-38.1	-16.7	24.2	15.9	8.3
Q2	-57.6	89.3	-32.1	103.5	-25.6	-34.5	9.0	-14.1	-0.2	-13.9
2001 Jan.	-36.7	-5.5	-20.2	0.2	-16.5	-7.0	-9.5	-5.7	-12.0	6.3
Feb.	-28.9	26.8	-12.6	12.4	-16.3	-16.1	-0.2	14.4	12.8	1.6
Mar.	-17.7	23.9	4.3	8.3	-22.0	-15.0	-7.0	15.6	15.1	0.5
Apr.	-8.1	-12.8	-11.3	8.5	3.2	-3.4	6.6	-21.3	-11.3	-10.1
May	-21.8	46.7	-9.7	58.4	-12.1	-13.5	1.4	-11.7	-6.7	-5.0
June	-27.7	55.4	-11.0	36.5	-16.7	-17.7	1.0	18.9	17.7	1.2

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

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11	12
1999	0.1	-2.1	-1.7	-151.8	0.1	-1.7	-15.2	-136.8	0.9	-0.1	-7.5	6.2
2000	-0.1	-2.4	-4.6	-279.7	-1.9	-1.2	-45.5	-66.2	2.1	-0.3	3.3	-13.1
2000 Q1	0.0	-0.7	1.7	-117.9	-1.2	-0.1	-15.5	-21.7	1.2	0.1	3.2	-2.8
Q2	0.0	-0.7	1.5	-55.1	0.6	-0.7	-7.7	-16.8	0.0	0.0	1.3	-7.5
Q3	-0.1	-0.4	-2.8	-52.8	-2.3	-0.4	-19.4	-8.8	0.5	-1.3	-1.0	-3.1
Q4	0.0	-0.6	-5.0	-53.9	0.9	0.0	-2.9	-18.9	0.6	0.9	-0.2	0.4
					<i>Euro area enlargement</i>							
2001 Q1	-0.1	-0.4	-11.0	-16.9	1.0	-0.6	-18.2	-20.3	-1.6	-0.1	-18.2	3.2

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

**Table 8.6****Balance of payments: other investment account and reserve assets**

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

**1. Other investment by sector <sup>1) 2)</sup>**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-82.3	203.2	-0.7	3.5	-1.0	-7.6	-22.6	192.5	-37.6	40.5	15.0	152.0	-58.0	14.9
1999	-20.9	184.0	0.0	4.6	2.8	-12.5	18.2	159.6	-46.4	54.4	64.6	105.2	-41.9	32.3
2000	-189.0	331.0	0.0	-1.7	-4.0	2.5	-128.2	273.9	-46.9	47.7	-81.3	226.2	-56.8	56.4
2000 Q2	-29.3	-16.0	0.0	3.1	1.0	-0.3	-21.1	-20.7	-4.9	7.6	-16.2	-28.3	-9.3	2.0
Q3	-29.2	101.1	0.0	-1.7	-4.0	1.4	-14.3	72.3	-9.6	8.9	-4.7	63.4	-11.0	29.0
Q4	-51.6	75.7	0.0	2.0	5.0	4.1	-62.9	59.2	-21.3	11.2	-41.6	48.0	6.3	10.4
2000 Apr.	-34.9	40.1	0.0	3.1	0.4	-0.5	-30.8	37.1	-5.4	5.7	-25.5	31.4	-4.5	0.4
May	-14.0	29.7	0.0	-2.4	0.5	0.6	-9.1	27.8	-0.5	-0.8	-8.5	28.7	-5.4	3.6
June	19.6	-85.7	0.0	2.3	0.2	-0.4	18.8	-85.7	1.0	2.6	17.8	-88.3	0.6	-2.0
July	5.4	20.9	0.0	-1.6	3.5	1.2	9.3	16.6	-7.0	7.6	16.3	8.9	-7.4	4.7
Aug.	-26.2	54.0	0.0	-1.8	-1.5	1.0	-19.3	24.8	-0.7	-1.1	-18.6	25.9	-5.3	30.0
Sep.	-8.5	26.2	0.0	1.7	-6.0	-0.7	-4.2	31.0	-1.9	2.4	-2.3	28.6	1.7	-5.7
Oct.	-11.0	27.9	0.0	0.3	8.2	1.6	-18.9	24.8	-3.1	6.4	-15.8	18.5	-0.3	1.1
Nov.	-50.6	47.3	0.0	0.7	-3.2	0.9	-48.8	48.1	-6.5	7.4	-42.4	40.7	1.4	-2.3
Dec.	10.0	0.5	0.0	1.0	0.0	1.5	4.8	-13.8	-11.7	-2.6	16.5	-11.1	5.2	11.6
<i>Euro area enlargement</i>														
2001 Q1	-140.1	227.2	0.0	-3.1	2.5	-8.6	-133.8	250.0	-9.1	1.6	-124.7	248.3	-8.8	-11.1
Q2	0.6	5.5	-0.8	4.3	-0.7	2.2	6.6	-6.3	-11.7	14.5	18.4	-20.8	-4.5	5.3
2001 Jan.	-46.6	98.5	0.0	0.5	3.6	-6.4	-50.5	104.9	-4.2	-1.8	-46.3	106.7	0.3	-0.6
Feb.	-5.7	0.8	0.0	-1.8	0.1	-4.0	-2.3	7.3	-2.9	4.4	0.5	2.9	-3.5	-0.6
Mar.	-87.7	127.9	0.0	-1.8	-1.2	1.8	-80.9	137.8	-2.0	-1.0	-78.9	138.7	-5.7	-9.9
Apr.	9.1	15.5	-0.3	-1.6	-0.5	-1.0	14.3	17.4	-1.0	4.5	15.4	12.9	-4.5	0.7
May	-8.0	19.1	-0.3	1.6	1.2	1.6	-5.3	10.1	-7.3	4.1	2.0	6.0	-3.6	5.7
June	-0.5	-29.1	-0.2	4.2	-1.5	1.6	-2.4	-33.8	-3.3	5.9	1.0	-39.7	3.6	-1.0

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

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
1999	0.0	5.5	5.5	0.0	-0.9	-0.9
2000	0.0	-1.8	-1.8	0.0	0.0	0.0
2000 Q1	0.0	-5.1	-5.1	0.0	0.0	0.0
Q2	0.0	3.0	3.0	0.0	0.0	0.0
Q3	0.0	-1.8	-1.8	0.0	0.0	0.0
Q4	0.0	2.0	2.0	0.0	0.0	0.0
<i>Euro area enlargement</i>						
2001 Q1	0.0	-3.2	-3.2	0.0	0.0	0.0

Source: ECB.

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

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

## 2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	0.0	0.0	0.0	3.9	-12.6	-8.7	-1.2	0.2	-1.0
2000	0.0	0.0	0.1	-3.7	-1.8	-5.5	-0.3	4.3	3.9
2000 Q1	0.0	0.0	0.0	-5.9	-2.3	-8.2	-0.1	-0.4	-0.5
Q2	0.0	0.0	0.0	1.2	-0.5	0.7	-0.2	0.2	0.0
Q3	0.0	0.0	0.0	-4.0	0.6	-3.4	0.0	0.8	0.8
Q4	0.1	0.0	0.1	5.0	0.4	5.4	-0.1	3.7	3.6
<i>Euro area enlargement</i>									
2001 Q1	0.0	0.0	0.0	3.1	-8.3	-5.3	-0.5	-0.2	-0.7

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.7	158.9	176.6	0.5	0.7	1.2
2000	-124.3	268.5	144.2	-3.9	5.4	1.5
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1
Q2	-22.3	-21.5	-43.8	1.2	0.8	2.0
Q3	-12.8	72.2	59.4	-1.4	0.1	-1.3
Q4	-61.5	54.8	-6.7	-1.4	4.4	2.9
<i>Euro area enlargement</i>						
2001 Q1	-129.3	246.1	116.8	-4.5	3.9	-0.6

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-6.4	3.4	-3.0	-13.2	17.5	4.3	-22.4	11.4	-11.0
2000	-15.3	7.0	-8.3	-36.2	54.6	18.3	-5.2	-5.2	-10.4
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8
Q2	-3.9	0.3	-3.6	-5.3	2.8	-2.5	-0.1	-1.0	-1.1
Q3	-2.1	2.1	0.0	-8.0	27.1	19.1	-0.9	-0.2	-1.1
Q4	-5.0	1.7	-3.3	15.2	6.3	21.5	-3.9	2.4	-1.5
<i>Euro area enlargement</i>									
2001 Q1	-5.1	4.0	-1.1	-1.2	-14.6	-15.8	-2.6	-0.5	-3.0

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

	Total 1	Monetary gold 2	Special drawing rights 3	Reserve position in the IMF 4	Foreign exchange							Other claims 12
					Total 5	Currency and deposits		Securities			Financial derivatives 11	
						With monetary authorities and the BIS 6	With banks 7	Equity 8	Bonds and notes 9	Money market instruments 10		
1999	10.2	0.3	1.0	2.0	7.1	2.3	-1.0	0.2	3.6	2.1	-0.1	0.0
2000	17.5	1.0	0.3	2.9	12.8	4.0	4.3	0.0	-5.7	10.4	-0.2	0.5
2000 Q1	-1.4	0.7	0.2	0.2	-2.8	2.3	-4.5	0.0	2.6	-3.1	0.0	0.2
Q2	3.8	0.0	-0.1	3.3	0.7	-0.9	0.2	0.0	-3.7	5.3	-0.2	-0.1
Q3	4.5	0.3	-0.1	0.0	4.3	1.5	4.8	0.0	-5.4	3.5	-0.1	0.0
Q4	10.7	0.0	0.3	-0.6	10.5	1.1	3.8	0.0	0.8	4.7	0.0	0.5
<i>Euro area enlargement</i>												
2001 Q1	9.6	0.3	-0.4	0.3	10.7	7.8	-6.9	-1.1	5.2	5.7	0.0	-1.3

Source: ECB.

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

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

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

Source: ECB.

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

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

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

	Reserve assets													Memo: related assets	
	Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denomi- nated in foreign currency	
						Total	Currency and deposits		Securities			Financial deriva- tives			
							With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes				Money market instru- ments
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>Eurosystem <sup>2)</sup></b>															
1998 Dec. <sup>3)</sup>	329.2	99.6	404.131	5.2	23.2	199.9	12.6	18.3	169.0	0.0	116.6	52.4	0.0	1.3	7.6
1999 Dec.	372.3	116.4	402.762	4.5	24.3	225.1	12.8	21.7	190.5	0.0	134.0	56.5	0.0	2.1	14.4
2000 Jan. <sup>4)</sup>	378.0	116.2	401.639	4.3	24.4	230.9	14.4	28.0	188.4	-	-	-	0.2	2.3	14.7
Feb. <sup>4)</sup>	383.2	121.1	400.503	4.4	23.9	231.4	12.0	25.8	193.4	-	-	-	0.2	2.4	16.1
Mar.	385.3	116.0	400.503	4.4	24.8	238.8	12.7	25.9	200.1	-	-	-	0.2	1.3	17.0
Apr.	399.7	121.3	400.503	4.3	22.7	249.6	18.2	28.3	202.9	-	-	-	0.2	1.9	18.1
May	388.8	117.2	400.503	4.5	21.1	244.4	16.2	28.8	199.2	-	-	-	0.2	1.6	19.1
June	385.8	120.8	400.503	4.5	20.5	238.3	14.3	24.4	199.4	-	-	-	0.1	1.8	18.3
July <sup>4)</sup>	391.3	119.6	399.539	4.5	20.9	244.4	10.5	27.1	206.6	-	-	-	0.2	1.9	17.5
Aug.	402.6	124.3	399.539	4.8	20.9	251.5	10.9	25.2	215.3	-	-	-	0.2	1.2	17.3
Sep.	408.0	124.7	399.539	4.9	21.3	255.9	11.2	24.3	220.1	-	-	-	0.3	1.2	16.6
Oct. <sup>4)</sup>	416.2	125.6	399.538	4.7	21.5	263.1	10.3	24.3	228.2	-	-	-	0.3	1.4	16.3
Nov. <sup>4)</sup>	400.1	123.8	399.537	4.8	20.8	249.8	9.0	22.6	217.8	-	-	-	0.3	0.9	16.7
Dec.	377.7	117.8	399.537	4.3	20.8	234.1	9.7	19.5	204.4	-	-	-	0.5	0.6	15.8
<b>Euro area enlargement</b>															
2001 1 Jan.	390.9	119.2	404.119	4.4	21.2	245.5	16.8	19.8	208.4	-	-	-	0.5	0.7	16.3
2001 Jan.	386.0	115.0	404.119	4.5	22.3	243.4	11.8	19.9	211.2	-	-	-	0.5	0.8	20.9
Feb.	384.3	116.5	404.119	4.8	21.3	241.0	10.4	21.7	208.4	-	-	-	0.5	0.6	21.2
Mar. <sup>4)</sup>	393.4	117.6	403.153	4.9	21.4	247.5	9.8	27.3	210.0	-	-	-	0.5	2.0	20.2
Apr.	386.7	119.5	403.153	4.9	21.1	240.7	11.5	23.7	205.1	-	-	-	0.4	0.6	23.4
May	409.0	127.2	403.153	5.6	22.3	252.0	10.6	25.7	215.5	-	-	-	0.2	1.8	22.9
June <sup>4)</sup>	410.2	128.6	403.089	5.7	22.9	249.8	9.8	28.4	211.3	-	-	-	0.2	3.2	22.7
July <sup>4)</sup>	397.5	122.3	402.639	5.5	22.7	243.1	8.5	32.7	201.6	-	-	-	0.4	3.9	23.8
<b>European Central Bank <sup>5)</sup></b>															
1999 Dec.	49.3	7.0	24.030	0.0	0.0	40.9	0.3	6.4	34.3	0.0	28.0	6.3	0.0	1.4	2.6
2000 Jan.	49.9	7.0	24.030	0.0	0.0	41.2	0.4	7.2	33.6	-	-	-	0.0	1.7	3.2
Feb.	48.0	7.3	24.030	0.0	0.0	39.0	0.4	6.1	32.5	-	-	-	0.0	1.7	4.2
Mar.	49.7	7.0	24.030	0.0	0.0	41.9	0.4	7.4	34.1	-	-	-	0.0	0.9	4.3
Apr.	52.7	7.3	24.030	0.0	0.0	44.1	1.1	7.9	35.1	-	-	-	0.0	1.4	4.3
May	50.0	7.0	24.030	0.0	0.0	42.0	1.7	6.0	34.2	-	-	-	0.0	1.0	4.5
June	50.5	7.2	24.030	0.0	0.0	42.1	0.9	6.3	34.9	-	-	-	0.0	1.2	3.7
July	51.0	7.2	24.030	0.0	0.0	42.8	0.5	5.5	36.8	-	-	-	0.0	1.0	4.1
Aug.	55.0	7.5	24.030	0.0	0.0	46.4	0.6	7.5	38.3	-	-	-	0.0	1.2	4.1
Sep.	52.4	7.5	24.030	0.0	0.0	43.7	0.7	6.1	36.9	-	-	-	0.0	1.2	3.7
Oct.	53.8	7.6	24.030	0.0	0.0	44.9	0.7	6.4	37.7	-	-	-	0.0	1.4	4.0
Nov.	47.2	7.4	24.030	0.0	0.0	38.8	0.7	5.0	33.1	-	-	-	0.0	0.9	3.0
Dec.	45.1	7.1	24.030	0.0	0.0	37.3	0.6	6.1	30.6	-	-	-	0.0	0.6	3.8
<b>Euro area enlargement</b>															
2001 Jan.	45.9	7.0	24.656	0.0	0.0	38.2	0.7	2.6	34.9	-	-	-	0.0	0.7	3.5
Feb.	46.7	7.1	24.656	0.0	0.0	38.9	0.6	3.9	34.4	-	-	-	0.0	0.6	3.0
Mar.	46.7	7.2	24.656	0.0	0.0	37.5	0.7	5.2	31.6	-	-	-	0.0	2.0	3.9
Apr.	45.3	7.3	24.656	0.0	0.0	37.5	0.8	5.2	31.5	-	-	-	0.0	0.5	3.6
May	50.1	7.8	24.656	0.0	0.0	40.5	0.8	5.2	34.5	-	-	-	0.0	1.8	2.7
June	50.9	7.9	24.656	0.1	0.0	40.1	0.9	6.8	32.5	-	-	-	0.0	2.8	3.1
July	50.2	7.5	24.656	0.1	0.0	38.8	1.0	7.8	30.0	-	-	-	0.0	3.9	2.9

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. Values, volumes and unit values by commodity <sup>1) 2)</sup>

(not seasonally adjusted, unless otherwise indicated)

	Exports of goods (f.o.b.)					Imports of goods (c.i.f.)						Total (s.a.) (1995=100)	
	Total				Memo: Manufac- tures 5	Total				Memo:		Exports 12	Imports 13
	1	Inter- mediate 2	Capital 3	Consump- tion 4		6	Inter- mediate 7	Capital 8	Consump- tion 9	Manufac- tures 10	Oil 11		
Values (EUR billions (ECU billions to end-1998); 1995=100 for columns 12 and 13)													
1997	762.8	357.3	168.3	202.3	661.0	674.2	389.3	104.8	161.4	481.9	62.6	122.5	119.8
1998	797.1	369.6	179.8	213.6	697.8	711.4	393.3	122.9	175.8	540.3	41.6	128.1	126.4
1999	832.8	386.5	183.2	224.2	725.0	781.2	423.2	143.6	192.1	590.6	61.5	133.8	138.8
2000	1,007.5	477.3	218.6	261.9	873.7	1,001.2	572.0	175.5	214.0	719.3	117.7	161.9	177.9
2000 Q1	230.3	109.1	47.7	61.3	199.6	232.8	132.3	40.0	51.5	169.3	26.0	151.6	161.7
Q2	247.9	117.9	54.6	63.0	215.0	244.4	139.2	43.2	51.9	177.6	26.3	157.7	172.8
Q3	250.5	120.0	53.2	65.0	217.2	246.2	141.4	41.2	53.6	175.1	31.1	165.8	184.2
Q4	278.8	130.3	63.2	72.5	241.9	277.8	159.0	51.1	57.1	197.3	34.3	173.8	195.5
<i>Euro area enlargement</i>													
2001 Q1	257.3	120.5	55.9	67.7	225.5	260.2	146.8	47.2	54.4	190.2	26.9	172.3	181.3
Q2	262.7	.	.	.	.	257.7	.	.	.	.	.	170.7	181.7
2001 Jan.	80.7	38.4	17.1	20.9	70.3	86.8	49.8	14.8	18.1	62.6	9.4	171.9	180.7
Feb.	83.2	38.6	18.0	22.3	73.0	82.1	46.4	14.4	17.5	60.0	8.6	173.7	181.8
Mar.	93.5	43.5	20.8	24.5	82.3	91.3	50.5	18.0	18.7	67.6	9.0	171.4	181.3
Apr.	82.7	.	.	.	71.9	83.3	.	.	.	59.7	8.5	168.4	181.2
May	88.9	.	.	.	77.3	88.3	.	.	.	63.3	9.0	169.8	180.5
June	91.1	.	.	.	.	86.1	.	.	.	.	.	173.7	183.3
Volumes (annual percentage changes; 1995=100 for columns 12 and 13) <sup>3)</sup>													
1997	10.8	9.1	12.0	10.6	12.0	7.2	8.3	13.1	6.7	10.7	2.4	115.9	110.3
1998	3.6	4.2	5.9	3.6	4.0	11.6	8.1	21.8	7.6	13.4	-4.5	120.1	123.1
1999	2.2	2.9	-0.8	3.5	1.4	6.1	3.5	13.0	7.8	7.1	6.0	122.7	130.6
2000	11.8	11.3	11.1	11.2	12.4	5.1	5.3	9.3	2.5	7.3	3.7	137.2	137.4
2000 Q1	14.6	13.6	10.7	14.9	15.0	5.9	6.1	8.8	5.8	9.6	-0.9	133.4	133.8
Q2	14.3	12.9	12.1	13.1	14.7	6.1	5.8	11.3	2.7	9.1	0.1	135.6	137.4
Q3	9.6	8.7	9.0	10.7	10.1	5.8	5.9	8.9	2.0	7.2	3.2	139.0	140.9
Q4	9.3	10.5	12.7	7.0	10.3	2.8	3.4	8.6	-0.4	3.3	6.2	142.4	139.6
<i>Euro area enlargement</i>													
2001 Q1	5.7	4.2	12.7	6.4	7.2	1.2	0.2	7.2	-3.2	1.2	-2.9	141.6	136.8
Q2	1.0	.	.	.	.	-2.4	.	.	.	.	.	138.0	135.2
2001 Jan.	14.8	13.5	19.0	19.8	16.7	7.4	6.8	6.9	6.1	8.6	-3.4	141.5	136.8
Feb.	5.4	2.5	18.2	2.9	7.2	-2.5	-3.9	3.7	-5.6	-2.7	-5.3	143.6	136.7
Mar.	-1.0	-1.7	3.8	-0.1	0.1	-1.1	-2.1	10.7	-8.8	-1.5	0.0	139.7	136.8
Apr.	7.0	.	.	.	7.7	4.2	.	.	.	2.1	3.4	137.1	136.7
May	-5.4	.	.	.	-5.0	-7.4	.	.	.	-8.2	-14.2	137.3	134.3
June	2.6	.	.	.	.	-3.3	.	.	.	.	.	139.5	134.6
Unit values (annual percentage changes; 1995=100 for columns 12 and 13) <sup>3)</sup>													
1997	2.8	2.6	3.5	3.5	2.7	5.8	5.4	5.5	4.8	4.9	4.2	105.7	108.6
1998	0.9	-0.7	0.8	2.0	1.5	-5.4	-6.5	-3.6	1.2	-1.1	-30.4	106.6	102.8
1999	2.3	1.7	2.7	1.4	2.4	3.5	3.9	3.4	1.4	2.0	39.4	108.9	106.2
2000	8.3	11.0	7.4	5.1	7.2	21.9	28.3	11.8	8.7	13.5	84.8	117.8	129.4
2000 Q1	6.7	9.9	5.6	4.3	5.7	22.4	30.6	10.0	6.3	11.1	171.3	113.7	120.9
Q2	6.8	9.5	8.3	3.9	5.7	21.5	28.7	10.9	8.1	12.5	101.4	116.3	125.8
Q3	9.1	12.7	7.5	4.4	8.5	20.0	26.6	10.4	7.9	12.5	71.0	119.3	130.8
Q4	10.0	11.4	7.7	7.4	8.8	23.9	28.3	15.1	12.6	18.1	53.1	122.0	140.1
<i>Euro area enlargement</i>													
2001 Q1	7.0	6.5	5.8	5.6	6.8	9.4	9.5	9.1	8.3	10.0	3.1	121.7	132.5
Q2	6.4	.	.	.	.	6.7	.	.	.	.	.	123.7	134.4
2001 Jan.	7.2	6.9	4.1	5.8	7.1	11.6	12.5	10.4	8.7	11.7	8.9	121.5	132.1
Feb.	5.7	5.0	6.3	5.1	5.5	9.9	10.2	8.9	7.8	10.2	6.0	120.9	133.0
Mar.	7.9	7.7	6.8	6.1	8.0	7.2	6.3	8.1	8.5	8.6	-4.8	122.6	132.6
Apr.	6.4	.	.	.	6.1	7.9	.	.	.	8.4	5.7	122.8	132.6
May	6.2	.	.	.	6.2	6.5	.	.	.	6.0	7.4	123.7	134.4
June	6.6	.	.	.	.	6.2	.	.	.	.	.	124.6	136.2

Sources: Eurostat and ECB calculations based on Eurostat data (volume calculations and seasonal adjustment of unit values).

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) The commodity breakdown in columns 2 to 4 and 7 to 9 is in accordance with the Classification by Broad Economic Categories. Manufactured goods (columns 5 and 10) and oil (column 11) are in accordance with the SITC Rev.3.

3) For 2001, unit value indices, which are also used for the estimation of volumes, refer to the euro area excluding Greece.

## 2. Geographical breakdown <sup>1)</sup>

(EUR billions (ECU billions to end-1998); not seasonally adjusted, unless otherwise indicated)

	Total 1	Total (s.a.) 2	United Kingdom 3	Sweden 4	Denmark 5	Candidate countries 6	Switzer- land 7	United States 8	Japan 9	Asia excl. Japan 10	Africa 11	Latin America 12	Other countries 13
Exports (f.o.b.)													
1997	762.8	-	141.7	29.2	19.4	90.2	46.8	102.6	26.5	132.7	43.1	38.1	92.4
1998	797.1	-	150.2	31.5	20.5	101.5	51.1	119.9	23.9	114.9	49.7	42.4	91.5
1999	832.8	-	161.4	33.1	21.1	102.9	56.1	135.1	26.8	119.2	48.4	39.1	89.6
2000	1,007.5	-	188.3	38.5	22.7	130.6	63.2	170.3	34.1	150.6	55.9	46.4	107.0
2000 Q1	230.3	235.2	45.0	9.3	5.5	28.7	15.2	38.8	8.2	32.8	12.4	10.1	24.2
Q2	247.9	244.7	46.7	9.7	5.6	32.4	15.5	40.9	7.9	36.7	14.6	10.9	27.1
Q3	250.5	257.2	46.2	9.1	5.4	32.6	15.5	42.8	8.7	37.8	13.5	12.0	26.9
Q4	278.8	269.6	50.4	10.5	6.2	36.8	17.0	47.7	9.3	43.3	15.4	13.4	28.9
Euro area enlargement													
2001 Q1	257.3	264.9	49.1	9.6	6.1	33.1	17.0	45.1	9.1	39.7	14.3	12.0	22.2
Q2	262.7	262.4	.	.	.	.	.	.	.	.	.	.	.
2001 Jan.	80.7	88.1	15.3	3.1	1.9	10.5	5.2	15.0	2.9	12.5	4.2	3.7	6.4
Feb.	83.2	89.0	15.9	3.1	2.0	10.7	5.5	14.2	3.0	12.5	5.0	4.0	7.3
Mar.	93.5	87.8	17.8	3.4	2.2	11.9	6.3	15.9	3.3	14.6	5.2	4.3	8.6
Apr.	82.7	86.3	15.8	3.0	2.0	10.0	5.3	14.3	2.6	12.4	4.9	4.0	8.5
May	88.9	87.0	16.7	3.0	2.0	11.6	5.7	15.1	2.7	13.8	5.1	4.2	8.9
June	91.1	89.0	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2001 June	9.4	-	.	.	.	.	.	.	.	.	.	.	.
Imports (c.i.f.)													
1997	674.2	-	117.7	27.1	16.9	60.2	36.9	94.3	43.3	124.8	49.7	28.4	74.8
1998	711.4	-	122.3	30.8	17.3	71.6	40.9	104.8	48.5	132.0	45.8	29.3	68.0
1999	781.2	-	131.0	33.2	18.6	80.4	43.2	113.2	53.9	151.8	49.0	30.4	76.5
2000	1,001.2	-	155.3	37.6	21.4	100.5	48.4	139.4	64.5	209.8	72.1	39.3	112.9
2000 Q1	232.8	226.5	37.8	9.1	5.1	23.4	11.8	31.9	15.8	46.7	16.7	8.6	25.9
Q2	244.4	242.0	37.4	9.6	5.2	24.6	11.7	35.1	16.6	49.7	16.7	10.5	27.1
Q3	246.2	257.9	36.5	8.7	5.1	24.9	11.6	33.7	15.0	54.3	17.8	10.0	28.6
Q4	277.8	273.8	43.6	10.2	6.0	27.6	13.2	38.7	17.0	59.1	20.9	10.2	31.3
Euro area enlargement													
2001 Q1	260.2	257.0	38.5	8.9	5.2	28.9	13.5	37.5	16.1	53.7	19.8	9.8	28.2
Q2	257.7	257.6	.	.	.	.	.	.	.	.	.	.	.
2001 Jan.	86.8	85.4	12.8	2.9	1.7	9.1	4.1	12.1	5.6	18.7	6.8	3.4	9.7
Feb.	82.1	85.9	12.4	2.9	1.6	9.4	4.5	11.5	4.9	16.6	6.3	3.0	9.1
Mar.	91.3	85.7	13.4	3.1	1.8	10.4	4.9	13.9	5.7	18.4	6.8	3.4	9.4
Apr.	83.3	85.7	12.6	2.8	1.7	9.1	4.3	11.6	5.4	16.3	6.1	3.4	10.1
May	88.3	85.3	13.2	2.8	2.4	9.7	4.4	12.0	5.3	17.1	6.3	3.9	11.3
June	86.1	86.6	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2001 June	2.7	-	.	.	.	.	.	.	.	.	.	.	.
Balance													
1997	88.6	-	23.9	2.1	2.5	30.0	9.9	8.3	-16.9	8.0	-6.5	9.7	17.5
1998	85.7	-	27.8	0.7	3.2	29.9	10.2	15.1	-24.6	-17.2	3.9	13.1	23.5
1999	51.6	-	30.4	-0.1	2.6	22.5	12.9	21.9	-27.1	-32.6	-0.6	8.7	13.1
2000	6.3	-	33.0	1.0	1.3	30.0	14.8	30.8	-30.4	-59.3	-16.2	7.1	-5.9
2000 Q1	-2.6	8.7	7.3	0.2	0.4	5.3	3.4	7.0	-7.7	-13.9	-4.3	1.4	-1.7
Q2	3.5	2.7	9.3	0.1	0.4	7.8	3.7	5.8	-8.7	-13.0	-2.2	0.4	0.0
Q3	4.4	-0.7	9.7	0.4	0.3	7.7	3.9	9.1	-6.3	-16.5	-4.2	2.1	-1.7
Q4	1.0	-4.2	6.8	0.3	0.2	9.2	3.8	9.0	-7.7	-15.8	-5.5	3.1	-2.4
Euro area enlargement													
2001 Q1	-2.8	7.9	10.6	0.8	0.9	4.2	3.5	7.6	-7.0	-14.0	-5.5	2.2	-6.0
Q2	5.0	4.8	.	.	.	.	.	.	.	.	.	.	.
2001 Jan.	-6.2	2.7	2.6	0.3	0.2	1.4	1.1	2.9	-2.7	-6.2	-2.6	0.3	-3.4
Feb.	1.1	3.1	3.6	0.2	0.4	1.3	1.1	2.7	-1.9	-4.1	-1.3	1.0	-1.8
Mar.	2.2	2.1	4.4	0.3	0.3	1.4	1.4	2.0	-2.4	-3.7	-1.6	1.0	-0.8
Apr.	-0.6	0.7	3.3	0.2	0.3	0.9	1.0	2.7	-2.8	-3.9	-1.2	0.5	-1.5
May	0.6	1.7	3.4	0.2	-0.4	1.9	1.3	3.1	-2.6	-3.3	-1.1	0.4	-2.4
June	5.0	2.4	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations based on Eurostat data (balance and other countries).

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 (Tables 8.1 and 8.2).



# 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	111.4	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.2	100.5	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.6	99.5	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	96.4	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	87.0	87.2	88.2	86.3	0.924	99.5	1.558	0.609
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.9	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.6	95.1	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.3	93.8	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.6	89.8	90.2	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	87.5	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	84.6	85.9	83.6	0.868	95.3	1.516	0.600
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.1	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	94.5	1.038	125.3	1.595	0.650
July	94.8	95.2	94.9	-	95.0	94.4	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	94.4	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.2	-	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	90.7	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	90.0	-	91.2	89.6	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.5	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	87.0	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.7	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	87.9	88.1	-	89.4	87.5	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	86.1	-	87.0	85.1	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.6	-	85.3	83.3	0.872	93.1	1.531	0.608
Oct.	81.6	82.4	83.5	-	84.4	82.2	0.855	92.7	1.513	0.589
Nov.	82.3	83.3	84.1	-	85.1	82.9	0.856	93.3	1.522	0.600
Dec.	85.4	86.4	87.1	-	88.1	85.8	0.897	100.6	1.514	0.613
<i>Euro area enlargement</i>										
2001 Q1	88.6	90.0	90.5	88.8	91.4	88.9	0.923	109.1	1.533	0.633
Q2	86.0	87.7	87.9	86.3	89.5	86.9	0.873	106.9	1.528	0.614
2001 Jan.	89.2	90.3	90.8	-	91.7	89.1	0.938	109.6	1.529	0.635
Feb.	88.3	89.7	90.2	-	91.0	88.6	0.922	107.1	1.536	0.634
Mar.	88.4	90.0	90.5	-	91.4	89.1	0.910	110.3	1.535	0.629
Apr.	87.6	89.2	89.5	-	91.0	88.5	0.892	110.4	1.529	0.622
May	85.9	87.6	87.8	-	89.3	86.7	0.874	106.5	1.533	0.613
June	84.7	86.4	86.5	-	88.1	85.4	0.853	104.3	1.522	0.609
July	85.4	87.2	87.3	-	89.1	86.1	0.861	107.2	1.514	0.609
Aug.	87.7	89.6	89.6	-	91.8	88.6	0.900	109.3	1.514	0.627
% ch. vs. <sup>4)</sup> prev. month										
2001 Aug.	2.7	2.7	2.6	-	3.0	2.8	4.6	2.0	0.1	3.0
% ch. vs. <sup>4)</sup> prev. year										
2001 Aug.	-	-	-	-	-	-	-0.4	11.8	-2.3	3.2

Source: ECB.

1) More details of the calculation are given in the general notes.

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

3) Indicative rates for these currencies are shown up to September 2000, as the ECB did not provide official reference rates for these currencies before that.

4) The table shows the percentage change in the latest monthly observation vis-à-vis the previous month, and vis-à-vis the same month of the previous year. A positive change denotes an appreciation of the euro. Due to the change in the weighting scheme, effective exchange rate data as from January 2001 are not fully comparable with earlier observations.

Bilateral ECU or euro exchange rates <sup>2)</sup>								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>5)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	
8.51	7.36	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.45	7.45	8.11	1.371	1.589	7.20	1,043.5	1.592	2000
8.98	7.44	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
8.60	7.45	8.04	1.325	1.632	6.77	1,011.6	1.516	Q4
9.08	7.44	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
8.52	7.45	8.00	1.292	1.618	6.67	965.1	1.498	Oct.
8.63	7.46	8.00	1.320	1.639	6.68	990.6	1.497	Nov.
8.66	7.46	8.13	1.368	1.642	7.00	1,089.6	1.558	Dec.
<i>Euro area enlargement</i>								
9.00	7.46	8.20	1.410	1.741	7.20	1,174.7	1.616	2001 Q1
9.13	7.46	8.01	1.345	1.701	6.81	1,138.9	1.583	Q2
8.91	7.46	8.24	1.410	1.689	7.32	1,194.9	1.630	2001 Jan.
8.98	7.46	8.21	1.403	1.724	7.19	1,153.8	1.607	Feb.
9.13	7.46	8.16	1.417	1.807	7.09	1,173.4	1.611	Mar.
9.11	7.46	8.11	1.390	1.785	6.96	1,183.5	1.617	Apr.
9.06	7.46	7.99	1.347	1.681	6.82	1,133.7	1.586	May
9.21	7.45	7.94	1.302	1.647	6.65	1,104.1	1.550	June
9.26	7.44	7.97	1.315	1.689	6.71	1,120.3	1.569	July
9.31	7.45	8.06	1.386	1.717	7.02	1,154.0	1.586	Aug.
0.5	0.0	1.1	5.4	1.7	4.6	3.0	1.0	% ch. vs. <sup>4)</sup> prev. month 2001 Aug.
11.0	-0.2	-0.5	3.4	10.2	-0.4	14.5	1.9	% ch. vs. <sup>4)</sup> prev. year 2001 Aug.

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

**Table 11**

### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs <sup>3)</sup>	Real GDP	Industrial production index <sup>4)</sup>	Standardised unemployment rate as a % of labour force (s.a.)	Broad money <sup>5)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.3	61.2	6.25	7.48	0.6	1.9	3.0	5.3	5.6	4.7	3.73
1998	1.3	1.1	55.6	4.94	7.50	-0.8	2.3	2.8	2.2	5.2	4.6	4.27
1999	2.1	3.1	52.0	4.91	7.44	1.8	3.0	2.1	1.8	5.2	4.2	3.44
2000	2.7	2.5	46.5	5.64	7.45	2.2	1.4	3.2	6.2	4.7	1.9	5.00
2000 Q1	2.8	-	-	5.79	7.45	1.5	1.8	2.7	3.2	4.7	2.2	3.95
Q2	2.9	-	-	5.67	7.46	1.7	2.1	3.7	7.7	4.7	1.3	4.73
Q3	2.6	-	-	5.69	7.46	4.0	0.4	3.5	8.0	4.7	2.3	5.84
Q4	2.6	-	-	5.42	7.45	1.8	1.1	2.9	6.1	4.8	1.8	5.48
2001 Q1	2.3	-	-	5.03	7.46	4.0	3.4	1.0	5.1	4.7	.	5.26
Q2	2.5	-	-	5.27	7.46	.	.	.	0.3	4.6	.	5.06
2001 Mar.	2.2	-	-	4.95	7.46	-	-	-	7.7	4.7	.	5.16
Apr.	2.6	-	-	5.14	7.46	-	-	-	1.4	4.6	.	5.11
May	2.8	-	-	5.35	7.46	-	-	-	-4.1	4.6	.	5.11
June	2.2	-	-	5.33	7.45	-	-	-	3.6	4.5	.	4.96
July	2.3	-	-	5.32	7.44	-	-	-	.	4.5	.	4.93
Aug.	.	-	-	5.12	7.45	-	-	-	.	.	.	4.81
Sweden												
1997	1.8	-1.5	74.5	6.62	8.65	-	0.6	2.1	7.0	9.9	4.2	4.43
1998	1.0	1.9	71.8	4.99	8.92	3.7	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.8	65.2	4.98	8.81	2.8	-0.4	4.1	2.0	7.2	6.8	3.32
2000	1.3	4.1	55.6	5.37	8.45	3.1	5.6	3.6	8.5	5.9	6.2	4.07
2000 Q1	1.2	-	-	5.79	8.50	3.5	5.7	4.2	5.9	6.4	8.7	3.99
Q2	1.2	-	-	5.30	8.28	2.0	4.5	4.1	10.2	6.1	8.9	4.09
Q3	1.3	-	-	5.30	8.40	2.6	5.3	3.7	9.1	5.7	5.1	4.14
Q4	1.5	-	-	5.09	8.60	4.3	6.7	2.3	8.8	5.4	2.2	4.06
2001 Q1	1.6	-	-	4.83	9.00	3.6	3.5	2.2	5.9	5.2	0.2	4.10
Q2	3.0	-	-	5.20	9.13	.	.	1.4	-2.1	4.9	1.1	4.15
2001 Mar.	1.7	-	-	4.75	9.13	-	-	-	5.1	5.2	1.4	4.06
Apr.	3.0	-	-	4.93	9.11	-	-	-	-4.1	5.0	-0.3	4.04
May	3.1	-	-	5.27	9.06	-	-	-	0.6	5.0	-1.4	4.09
June	3.0	-	-	5.39	9.21	-	-	-	-2.6	4.9	5.0	4.32
July	2.9	-	-	5.42	9.26	-	-	-	.	4.8	2.2	4.44
Aug.	.	-	-	5.16	9.31	-	-	-	.	.	.	4.40
United Kingdom												
1997	1.8	-2.0	51.1	7.13	0.692	0.9	2.9	3.5	1.3	7.0	11.2	6.92
1998	1.6	0.4	48.1	5.60	0.676	0.0	3.1	2.6	0.8	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-1.0	3.4	2.3	0.6	6.1	5.3	5.54
2000	0.8	1.9	42.9	5.33	0.609	-1.5	1.9	3.1	1.6	5.5	6.7	6.19
2000 Q1	0.8	6.3	43.7	5.60	0.614	-1.5	3.0	3.2	1.8	5.8	3.8	6.20
Q2	0.6	-0.5	43.7	5.31	0.610	-1.4	1.4	3.4	2.7	5.6	5.8	6.28
Q3	0.8	2.2	42.3	5.31	0.612	-1.8	1.6	3.0	0.8	5.4	8.4	6.21
Q4	0.9	0.0	42.5	5.09	0.600	-1.4	1.7	2.6	0.9	5.3	8.5	6.07
2001 Q1	0.9	6.2	40.2	4.90	0.633	0.0	2.1	2.7	0.8	5.1	9.0	5.72
Q2	1.5	-2.3	40.2	5.18	0.614	.	.	2.1	-2.2	.	7.5	5.30
2001 Mar.	1.0	-0.1	40.2	4.82	0.629	-	-	-	-0.2	5.0	8.2	5.55
Apr.	1.1	0.5	39.8	5.03	0.622	-	-	-	-1.0	5.0	7.7	5.40
May	1.7	-4.1	39.8	5.21	0.613	-	-	-	-3.1	5.1	7.3	5.25
June	1.7	-3.2	40.2	5.30	0.609	-	-	-	-2.6	.	7.5	5.26
July	1.4	4.7	39.6	5.30	0.609	-	-	-	-3.5	.	.	5.25
Aug.	.	.	.	5.07	0.627	-	-	-	.	.	.	5.00

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

1) Average-of-period values.

2) For more information, see Table 10.

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

4) Total excluding construction; adjusted for working days.

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

## 12 Economic and financial developments outside the EU

**Table 12.1**

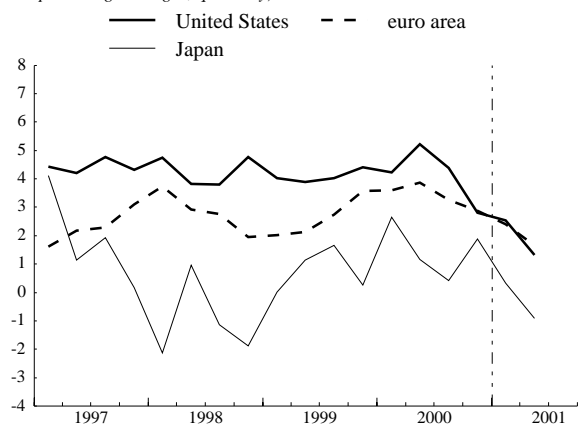
### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>4)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP	Gross public debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1997	2.3	0.0	4.4	7.6	5.0	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.3	5.5	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-1.7	4.1	4.8	4.2	7.6	5.42	5.64	1.066	0.8	50.5
2000	3.4	-3.8	4.1	6.0	4.0	6.1	6.53	6.03	0.924	1.7	44.9
2000 Q1	3.2	-3.7	4.2	6.3	4.0	6.1	6.11	6.48	0.986	1.6	49.6
Q2	3.3	-4.4	5.2	7.0	4.0	6.2	6.63	6.18	0.933	1.7	46.8
Q3	3.5	-5.4	4.4	6.4	4.0	6.1	6.70	5.89	0.905	1.9	45.6
Q4	3.4	-1.5	2.8	4.3	4.0	6.2	6.69	5.56	0.868	1.7	44.9
2001 Q1	3.4	1.8	2.5	0.4	4.2	7.5	5.35	5.04	0.923	1.5	45.0
Q2	3.4	8.3	1.3	-2.7	4.5	8.5	4.19	5.25	0.873	1.1	.
2001 Mar.	2.9	-	-	-0.9	4.3	8.1	4.96	4.89	0.910	-	-
Apr.	3.3	-	-	-1.7	4.5	8.2	4.63	5.13	0.892	-	-
May	3.6	-	-	-2.5	4.4	8.5	4.11	5.37	0.874	-	-
June	3.2	-	-	-4.0	4.5	9.0	3.83	5.26	0.853	-	-
July	2.7	-	-	-3.9	4.5	9.2	3.75	5.23	0.861	-	-
Aug.	.	-	-	.	4.9	.	3.56	4.97	0.900	-	-
Japan											
1997	1.7	-2.2	1.8	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	.
1998	0.7	6.3	-1.1	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	.
1999	-0.3	-2.5	0.8	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	.
2000	-0.7	-6.5	1.5	5.9	4.7	2.1	0.28	1.76	99.5	.	.
2000 Q1	-0.6	-7.0	2.6	6.3	4.8	2.2	0.14	1.79	105.5	.	.
Q2	-0.7	-7.3	1.2	7.1	4.7	2.3	0.12	1.72	99.6	.	.
Q3	-0.6	-6.1	0.4	5.5	4.6	1.9	0.32	1.79	97.4	.	.
Q4	-0.8	-5.3	1.9	4.9	4.8	2.1	0.56	1.73	95.3	.	.
2001 Q1	-0.4	-0.2	0.3	-1.1	4.8	2.6	0.37	1.38	109.1	.	.
Q2	-0.7	.	-0.9	-5.7	4.9	2.8	0.08	1.28	106.9	.	.
2001 Mar.	-0.7	1.5	-	-2.9	4.7	2.6	0.19	1.19	110.3	-	-
Apr.	-0.7	2.0	-	-4.2	4.8	2.5	0.10	1.36	110.4	-	-
May	-0.7	2.3	-	-3.9	4.9	2.9	0.07	1.28	106.5	-	-
June	-0.8	.	-	-8.8	4.9	3.2	0.07	1.19	104.3	-	-
July	-0.8	.	-	-8.6	5.0	3.3	0.08	1.33	107.2	-	-
Aug.	.	.	-	.	.	3.4	0.08	1.36	109.3	-	-

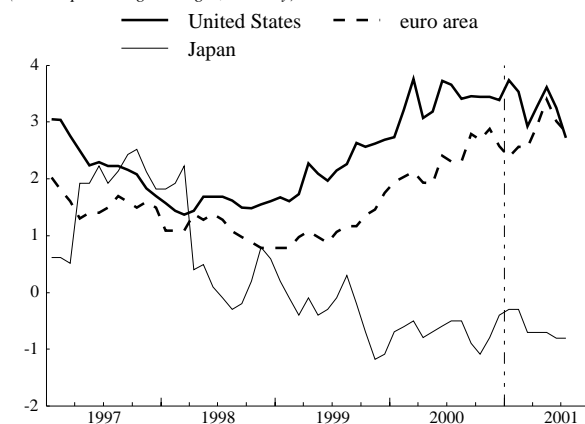
#### Real gross domestic product

(annual percentage changes; quarterly)



#### Consumer price indices

(annual percentage changes; monthly)



Sources: National data (columns 1, 2 (United States), 3, 4, 5, 6, 8 (to December 1998), 9 and 10); OECD (column 2 (Japan)); Eurostat (euro area chart data); Reuters (column 7 and 8 (from January 1999)); ECB calculation (column 11).

1) Manufacturing.

2) Average-of-period values; M2 and CDs for Japan.

3) For more information, see Tables 3.1 and 3.2.

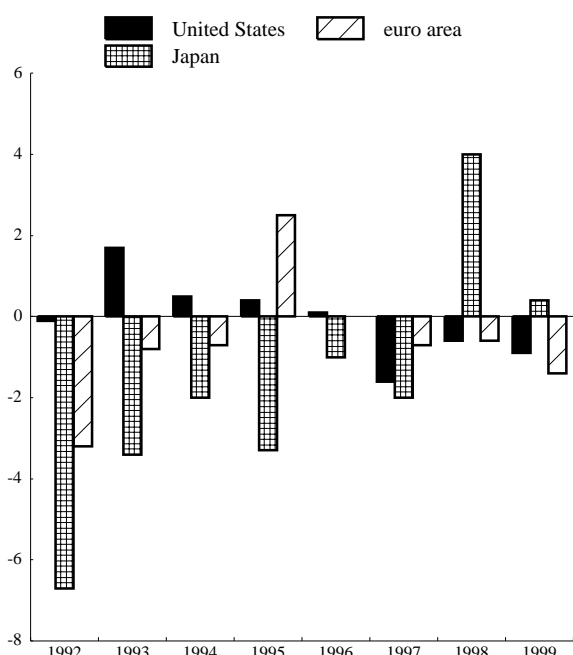
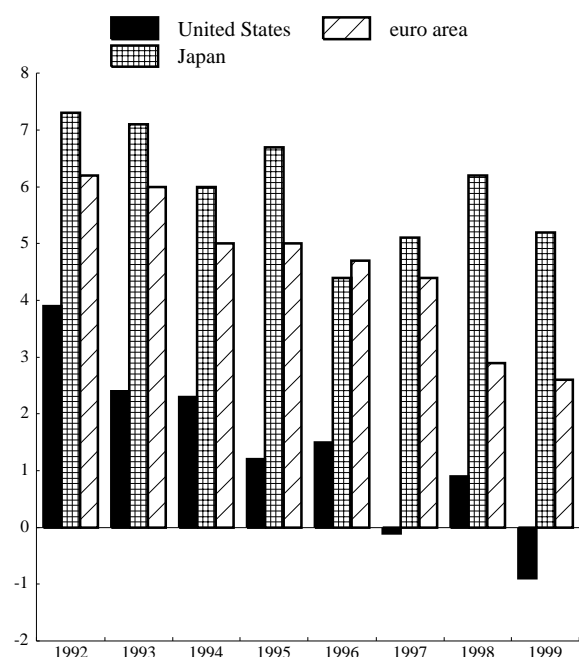
4) For more information, see Table 10.

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

6) Gross consolidated debt for the general government (end of period).

**Table 12.2**
**Saving, investment and financing**
*(as a percentage of GDP)*

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	1.8	11.8	4.5	12.1	4.6
1998	18.8	20.8	-2.3	9.7	8.8	6.5	8.5	7.1	1.4	12.3	6.6	12.3	5.7
1999	18.5	21.1	-3.4	10.1	9.6	6.9	8.7	7.8	3.3	12.6	5.7	11.0	6.6
2000	18.3	21.8	-4.3	10.6	10.1	6.1	8.9	7.4	2.7	12.5	2.9	9.4	5.8
1999 Q2	18.4	20.8	-3.2	10.0	9.9	6.4	8.7	7.4	0.0	12.7	5.6	11.2	6.6
Q3	18.4	21.1	-3.6	10.1	9.7	7.3	8.6	8.5	3.5	12.6	4.8	10.8	6.3
Q4	18.3	21.4	-3.9	10.4	9.6	5.9	8.7	7.0	3.8	12.6	7.1	10.5	7.1
2000 Q1	18.2	21.4	-4.0	10.3	10.0	8.7	8.8	9.8	5.6	12.8	4.2	9.8	7.6
Q2	18.5	22.0	-4.1	10.7	10.0	6.9	9.0	8.0	3.4	12.5	4.2	9.7	5.9
Q3	18.5	21.9	-4.5	10.9	10.3	5.7	9.1	7.3	1.9	12.5	2.5	9.3	5.7
Q4	18.0	21.7	-4.5	10.6	10.1	3.5	8.8	4.7	0.1	12.3	0.6	8.8	4.2
2001 Q1	17.5	20.9	-3.9	9.9	10.1	2.9	8.6	3.7	1.9	12.5	2.9	8.9	4.0
Japan													
1997	30.2	28.7	2.2	16.6	16.1	3.2	13.8	1.2	0.1	6.0	6.9	11.3	0.7
1998	29.1	26.9	2.6	15.6	15.6	-6.4	13.3	-9.1	-1.4	5.3	5.4	11.7	-0.5
1999	27.8	26.0	2.2	14.5	14.7	2.5	13.7	-2.8	1.2	5.3	6.6	11.3	-0.5
2000	.	26.0	.	.	.	1.4	.	-1.2	0.0	.	4.7	.	0.8
1999 Q2	.	24.2	.	.	.	-16.9	.	-17.1	1.7	.	14.6	.	-7.2
Q3	.	26.4	.	.	.	9.7	.	-1.3	1.3	.	4.4	.	1.3
Q4	.	26.9	.	.	.	15.3	.	19.9	3.9	.	11.6	.	-2.2
2000 Q1	.	26.3	.	.	.	7.7	.	-3.4	-3.4	.	3.9	.	9.7
Q2	.	24.8	.	.	.	-26.9	.	-19.6	0.4	.	5.2	.	-9.2
Q3	.	27.1	.	.	.	18.6	.	5.0	-0.6	.	-0.7	.	2.3
Q4	.	27.1	.	.	.	5.0	.	11.5	1.2	.	10.1	.	0.5
2001 Q1	.	27.5	.	.	.	9.6	.	2.4	-0.3	.	-2.6	.	5.1

**Net lending of non-financial corporations**
*(as a percentage of GDP)*

**Net lending of households <sup>1)</sup>**
*(as a percentage of GDP)*


Sources: ECB, Federal Reserve Board, Bank of Japan and Economic and Social Research Institute.

1) Households including non-profit institutions serving households.

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

## A. Main monetary and financial markets statistics

### A.1 Monetary aggregates and counterparts

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

	M1		M2		M3 <sup>2)</sup>		Credit <sup>3)</sup>		MFI loans to residents of the euro area plus Greece excluding MFIs and general government	
	Amount <sup>1)</sup>	% change <sup>2)</sup>	Amount <sup>3)</sup>	% change <sup>4)</sup>	Amount <sup>5)</sup>	% change <sup>6)</sup>	Amount <sup>7)</sup>	% change <sup>8)</sup>	Amount <sup>9)</sup>	% change <sup>10)</sup>
1999 Jan.	1,818.0	.	4,046.4	.	4,608.2	.	7,856.9	.	5,169.0	.
Feb.	1,787.3	.	4,005.1	.	4,592.7	.	7,877.0	.	5,171.3	.
Mar.	1,809.4	.	4,023.7	.	4,610.8	.	7,952.1	.	5,219.0	.
Apr.	1,823.9	.	4,044.2	.	4,649.5	.	7,985.0	.	5,240.7	.
May	1,856.1	.	4,073.0	.	4,685.9	.	8,062.1	.	5,278.0	.
June	1,900.1	.	4,100.3	.	4,710.7	.	8,141.4	.	5,371.5	.
July	1,901.0	.	4,117.7	.	4,719.9	.	8,161.5	.	5,407.9	.
Aug.	1,865.8	.	4,084.5	.	4,701.3	.	8,164.4	.	5,402.9	.
Sep.	1,892.0	.	4,093.8	.	4,728.1	.	8,215.6	.	5,442.7	.
Oct.	1,897.4	.	4,110.5	.	4,747.8	.	8,286.6	.	5,490.4	.
Nov.	1,933.6	.	4,140.5	.	4,801.3	.	8,387.8	.	5,556.3	.
Dec.	1,988.5	.	4,239.6	.	4,893.2	.	8,410.2	.	5,589.0	.
2000 Jan.	1,997.1	9.4	4,233.6	4.2	4,900.2	5.3	8,467.4	8.1	5,633.8	8.8
Feb.	1,986.7	10.8	4,226.9	5.2	4,920.9	6.2	8,529.0	8.5	5,670.0	9.5
Mar.	1,998.1	10.1	4,236.7	4.9	4,961.3	6.5	8,627.2	8.4	5,741.4	9.9
Apr.	2,039.8	11.4	4,280.5	5.4	5,015.6	6.7	8,693.1	8.7	5,803.8	10.5
May	2,021.0	8.7	4,271.8	4.6	5,011.3	6.0	8,728.6	8.2	5,834.5	10.3
June	2,038.0	7.1	4,282.0	4.2	5,004.2	5.4	8,745.2	7.3	5,902.4	9.5
July	2,037.8	6.9	4,281.0	3.6	5,010.6	5.2	8,760.1	7.1	5,931.9	9.2
Aug.	2,002.5	7.0	4,269.5	4.1	5,010.8	5.5	8,763.2	7.1	5,951.9	9.6
Sep.	2,014.5	6.1	4,275.4	4.0	5,011.0	5.1	8,852.2	7.3	6,038.9	10.1
Oct.	2,013.7	5.7	4,282.7	3.7	5,030.4	5.1	8,892.8	6.7	6,082.9	9.9
Nov.	2,032.4	4.9	4,304.9	3.7	5,062.6	4.8	8,934.3	6.0	6,119.0	9.4
Dec.	2,098.8	5.5	4,397.4	3.7	5,138.8	5.0	8,961.9	6.5	6,154.2	9.6

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

(percentages per annum and EUR billions)

	Money market rates		Government bond yields		Euro-denominated securities issued by residents of the euro area plus Greece					
	3-month deposits <sup>11)</sup>	12-month deposits <sup>12)</sup>	2 years <sup>13)</sup>	10 years <sup>14)</sup>	Gross issues				Net issues <sup>19)</sup>	Amounts outstanding <sup>20)</sup>
					Total <sup>15)</sup>	By MFIs <sup>4)</sup> <sup>16)</sup>	By general government <sup>4)</sup> <sup>17)</sup>	By non-financial and non-monetary financial corporations <sup>4)</sup> <sup>18)</sup>		
1999 Jan.	3.33	3.24	3.11	3.87	348.3	47.1	39.4	13.5	64.1	5,787.1
Feb.	3.27	3.19	3.17	4.02	292.1	49.1	35.6	15.3	49.5	5,835.8
Mar.	3.21	3.19	3.19	4.22	297.2	47.8	35.4	16.8	43.7	5,880.0
Apr.	2.87	2.91	2.93	4.09	333.8	48.8	34.4	16.9	42.3	5,922.1
May	2.75	2.83	2.89	4.24	290.9	46.4	37.7	15.9	51.0	5,974.2
June	2.80	2.98	3.16	4.56	279.3	48.6	28.7	22.7	38.2	6,012.6
July	2.84	3.17	3.38	4.89	328.1	44.5	36.4	19.1	42.1	6,053.2
Aug.	2.86	3.37	3.65	5.10	239.1	50.2	32.3	17.5	35.4	6,089.1
Sep.	2.89	3.43	3.75	5.27	311.6	51.7	31.2	17.1	59.8	6,147.4
Oct.	3.53	3.81	4.16	5.51	305.0	51.6	30.2	18.2	52.5	6,201.2
Nov.	3.64	3.82	4.07	5.22	285.1	57.1	26.2	16.7	42.5	6,244.9
Dec.	3.58	3.94	4.24	5.32	236.0	66.7	20.1	13.2	-32.7	6,217.1
2000 Jan.	3.47	4.04	4.43	5.72	347.8	56.6	30.5	12.9	1.8	6,213.1
Feb.	3.65	4.18	4.59	5.68	355.1	57.7	26.4	15.9	61.5	6,273.4
Mar.	3.86	4.33	4.62	5.51	378.7	58.7	26.4	14.9	53.7	6,329.0
Apr.	4.03	4.42	4.61	5.43	346.0	54.1	26.2	19.7	38.5	6,365.5
May	4.44	4.88	5.04	5.53	384.1	59.9	22.7	17.4	52.1	6,426.4
June	4.59	5.01	5.05	5.36	335.4	57.8	21.7	20.5	32.2	6,460.3
July	4.66	5.14	5.21	5.47	377.7	56.3	21.7	22.0	38.4	6,499.1
Aug.	4.85	5.28	5.30	5.41	346.3	59.6	21.5	18.9	34.5	6,535.1
Sep.	4.91	5.24	5.24	5.48	386.9	61.4	21.3	17.3	20.1	6,556.2
Oct.	5.08	5.23	5.16	5.42	442.8	63.5	19.3	17.2	34.3	6,591.2
Nov.	5.12	5.20	5.12	5.34	378.0	59.1	20.9	20.1	21.4	6,611.9
Dec.	4.94	4.87	4.75	5.07	318.2	63.1	14.6	22.3	-40.9	6,574.5

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) Excluding holdings of money market fund shares/units by non-residents of the euro area.

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

4) As a percentage of the total.

## B. Price, real economy and fiscal developments

### B.1 Price developments

(annual percentage changes)

	HICP					Industrial producer prices (excluding construction)	Deflators of GDP				
	Total	Goods			Services		GDP	Private consumption	Government consumption	Gross fixed capital formation	
		Total	Food	Non-energy industrial goods							Energy
	1	2	3	4	5	6	7	8	9	10	11
1996	2.3	2.0	2.3	1.6	3.1	2.9	0.4	2.1	2.5	2.2	1.0
1997	1.7	1.2	1.5	0.6	2.6	2.5	1.1	1.6	2.1	1.4	1.1
1998	1.2	0.7	1.7	1.0	-2.6	2.0	-0.7	1.7	1.5	1.5	1.0
1999	1.1	0.9	0.6	0.7	2.3	1.6	-0.4	1.1	1.1	1.8	0.9
2000	2.4	2.7	1.4	0.7	13.4	1.7	5.5	1.3	2.2	1.9	2.5
1999 Q4	1.5	1.5	0.5	0.5	8.0	1.5	2.2	0.9	1.5	2.1	1.4
2000 Q1	2.1	2.3	0.5	0.5	13.7	1.6	4.5	1.2	2.1	2.0	2.1
Q2	2.1	2.3	0.9	0.6	12.3	1.7	5.3	1.2	1.9	1.7	2.3
Q3	2.5	2.9	1.9	0.6	13.7	1.8	5.9	1.5	2.4	1.9	2.5
Q4	2.7	3.2	2.2	1.1	13.8	1.8	6.2	1.5	2.5	1.9	2.9
1999 Dec.	1.7	1.8	0.6	0.5	10.2	1.6	2.9	-	-	-	-
2000 Jan.	1.9	2.0	0.4	0.5	12.2	1.7	3.9	-	-	-	-
Feb.	2.1	2.3	0.6	0.5	13.6	1.6	4.5	-	-	-	-
Mar.	2.2	2.5	0.4	0.6	15.4	1.6	5.0	-	-	-	-
Apr.	1.9	1.9	0.7	0.6	10.3	1.8	4.8	-	-	-	-
May	1.9	2.2	0.8	0.6	12.0	1.6	5.4	-	-	-	-
June	2.4	2.7	1.2	0.7	14.6	1.7	5.7	-	-	-	-
July	2.4	2.7	1.7	0.5	13.5	1.7	5.7	-	-	-	-
Aug.	2.4	2.7	2.0	0.6	12.0	1.8	5.7	-	-	-	-
Sep.	2.8	3.4	2.1	0.9	15.6	1.8	6.4	-	-	-	-
Oct.	2.7	3.3	2.0	1.0	14.7	1.9	6.7	-	-	-	-
Nov.	2.9	3.5	2.2	1.1	15.3	1.9	6.5	-	-	-	-
Dec.	2.6	3.0	2.3	1.1	11.3	1.8	5.5	-	-	-	-

### B.2 Real economy and fiscal developments

(annual percentage changes, unless otherwise indicated)

	Real GDP				Industrial production (excluding construction)	Retail sales (constant prices)	Employment (whole economy)	Unemployment (% of labour force)	Trade balance (EUR billions; (ECU billions to end-1998))	Government deficit (-) / surplus (+) (% of GDP)	Government debt (% of GDP)
	Private consumption	Government consumption	Gross fixed capital formation								
	12	13	14	15	16	17	18	19	20	21	22
1996	1.4	1.6	1.7	1.3	0.4	0.5	0.6	11.5	62.4	-4.3	76.0
1997	2.3	1.6	1.3	2.5	4.2	1.2	0.8	11.5	74.5	-2.6	75.4
1998	2.8	3.0	1.2	5.1	4.4	3.0	1.7	10.8	68.7	-2.2	73.7
1999	2.6	3.2	2.1	5.5	2.0	2.6	1.7	10.0	33.4	-1.3	72.7
2000	3.4	2.6	1.9	4.4	5.6	2.4	2.1	8.9	-15.6	-0.8	70.1
1999 Q4	3.6	3.1	2.3	5.9	4.5	3.0	1.7	9.6	8.2	-	-
2000 Q1	3.6	2.6	2.0	5.5	5.0	2.3	2.0	9.3	-7.5	-	-
Q2	3.9	3.3	2.2	4.9	6.2	3.4	2.2	9.0	-3.0	-	-
Q3	3.3	2.5	1.7	4.1	5.7	2.1	2.0	8.8	-0.9	-	-
Q4	2.9	1.8	1.6	3.3	5.5	1.6	2.1	8.6	-4.2	-	-
1999 Dec.	-	-	-	-	5.4	2.7	-	9.5	1.4	-	-
2000 Jan.	-	-	-	-	2.8	2.3	-	9.4	-6.9	-	-
Feb.	-	-	-	-	6.0	3.7	-	9.3	-2.0	-	-
Mar.	-	-	-	-	5.9	0.9	-	9.2	1.4	-	-
Apr.	-	-	-	-	6.1	3.9	-	9.1	-1.4	-	-
May	-	-	-	-	7.9	4.9	-	9.0	-1.0	-	-
June	-	-	-	-	4.6	1.5	-	8.9	-0.5	-	-
July	-	-	-	-	5.5	1.7	-	8.9	3.7	-	-
Aug.	-	-	-	-	6.8	1.7	-	8.8	-2.3	-	-
Sep.	-	-	-	-	5.1	3.0	-	8.7	-2.3	-	-
Oct.	-	-	-	-	4.0	1.7	-	8.6	0.0	-	-
Nov.	-	-	-	-	4.6	1.3	-	8.6	-2.0	-	-
Dec.	-	-	-	-	8.1	1.8	-	8.5	-2.2	-	-

Sources: European Commission (Eurostat) and ECB calculations.

## C. Summary balance of payments <sup>1)</sup>

(EUR billions; 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	54.6	99.9	9.4	-16.8	-38.0	15.0	.	.	.	.	.	.	.
1998	23.5	92.8	4.4	-30.1	-43.6	14.8	.	.	.	.	.	.	.
1999	-13.8	64.1	-3.5	-33.0	-41.4	15.6	23.9	-120.6	-36.4	8.5	164.5	8.0	-25.6
2000	-45.0	28.3	-4.4	-21.1	-47.8	12.6	11.4	-25.2	-120.1	-0.8	143.0	14.5	20.9
2000 Q1	-11.5	3.1	-3.9	-6.5	-4.2	3.9	50.8	147.6	-190.4	2.7	91.6	-0.7	-43.2
Q2	-9.1	8.8	1.3	-6.5	-12.7	3.2	-1.2	-17.9	52.9	4.8	-45.4	4.4	7.2
Q3	-6.5	12.3	2.1	-7.3	-13.5	1.6	-14.9	-95.9	7.6	0.5	69.7	3.3	19.7
Q4	-17.8	4.1	-3.9	-0.7	-17.4	3.9	-23.3	-58.9	9.7	-8.8	27.2	7.5	37.2
2000 Jan.	-10.4	-2.4	-1.8	-5.2	-1.1	1.5	22.3	0.8	-4.2	-0.8	28.5	-2.1	-13.3
Feb.	-1.1	2.2	-1.8	-1.0	-0.4	0.9	-1.9	145.8	-151.7	1.9	1.4	0.7	2.1
Mar.	0.0	3.3	-0.3	-0.3	-2.7	1.5	30.5	1.0	-34.4	1.6	61.6	0.8	-31.9
Apr.	-6.9	2.5	-0.7	-3.9	-4.8	2.3	3.9	1.1	-5.6	2.1	6.1	0.1	0.7
May	-1.0	2.3	0.7	-1.1	-2.9	0.6	10.9	-8.5	1.1	0.4	16.8	1.1	-10.5
June	-1.3	4.0	1.3	-1.5	-5.1	0.3	-16.0	-10.5	57.4	2.3	-68.4	3.2	17.0
July	-2.5	6.3	1.5	-4.7	-5.5	0.5	-11.5	-24.6	-13.1	-0.4	27.7	-1.1	13.5
Aug.	-3.5	2.4	1.1	-1.7	-5.3	0.2	-0.3	-42.8	17.1	-0.9	25.4	1.0	3.6
Sep.	-0.4	3.6	-0.4	-0.9	-2.7	0.9	-3.1	-28.5	3.7	1.8	16.6	3.4	2.6
Oct.	-4.3	2.6	-0.8	0.1	-6.3	0.4	5.2	-17.6	5.7	-1.7	18.2	0.7	-1.2
Nov.	-5.0	0.5	-0.3	0.1	-5.3	1.6	-10.7	-9.8	-1.3	-2.9	-4.5	7.8	14.1
Dec.	-8.5	1.0	-2.7	-0.9	-5.9	1.9	-17.7	-31.5	5.3	-4.1	13.5	-1.0	24.3

## D. Effective exchange rates

(period averages; index 1999 Q1=100)

	Narrow group				Broad group	
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI
	1	2	3	4	5	6
1996	108.1	108.7	107.5	111.4	95.4	105.8
1997	99.1	99.4	99.2	100.5	90.3	96.5
1998	101.5	101.3	101.5	99.5	96.5	99.1
1999	95.6	95.7	95.7	96.4	96.5	95.8
2000	85.4	86.3	86.8	87.1	88.0	86.1
1999 Q4	92.0	92.1	92.2	93.7	94.1	92.6
2000 Q1	88.8	89.5	89.7	90.1	90.9	89.3
Q2	85.7	86.4	86.9	87.3	88.2	86.5
Q3	84.5	85.4	86.1	86.4	87.1	85.1
Q4	82.7	83.8	84.7	84.4	85.7	83.4
1999 Dec.	89.9	90.3	90.2	-	92.1	90.7
2000 Jan.	90.1	90.7	90.8	-	92.3	90.6
Feb.	89.0	89.7	89.9	-	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	87.9	88.3	-	89.8	88.0
July	86.7	87.6	88.0	-	89.2	87.3
Aug.	84.3	85.3	85.9	-	86.8	84.9
Sep.	82.5	83.4	84.4	-	85.1	83.1
Oct.	81.3	82.1	83.2	-	84.2	82.0
Nov.	82.0	83.0	83.9	-	84.9	82.7
Dec.	85.1	86.2	86.9	-	87.9	85.7

Source: ECB.

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





# Technical notes<sup>1</sup>

## Relating to Table 2.4

### Seasonal adjustment of the euro area monetary aggregates

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2).<sup>2</sup> Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

Seasonal factors are estimated for the index of adjusted stocks. They are then applied to the levels expressed in EUR billions and to the adjustments due to reclassifications, other revaluations, etc., yielding seasonally adjusted values for the levels, the adjustments and thus for the flows. Seasonal factors are revised at annual intervals or as required.

### Calculation of growth rates

Growth rates may be calculated from flows or the index of adjusted stocks.

If  $F_t^M$  represents the flow in month  $t$ ,  $L_t$  the level outstanding at the end of the month  $t$ ,  $X_t^M$  the rate of change in month  $t$  (augmented by one) defined as

$$(a) X_t^M = \left( \frac{F_t^M}{L_{t-1}} + 1 \right)$$

and  $I_t$  the index of adjusted stocks in month  $t$ , the annual percentage change  $a_t$  for month  $t$  – i.e. the change in the 12 months ending in month  $t$  – may be calculated as follows:

$$(b) a_t = \left( \prod_{i=0}^{11} X_{t-i}^M - 1 \right) \times 100$$

$$(c) a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100$$

Similarly, the monthly change, as shown in Table 2.4.4, may be calculated as  $(I_t/I_{t-1} - 1) \times 100$ . Finally, the three-month moving average for M3 is obtained as  $(a_t + a_{t-1} + a_{t-2})/3$ .

Roundings may give rise to differences from the annual percentage changes shown in Table 2.4. The index of adjusted stocks is available with a higher level of precision on the ECB's website ([www.ecb.int](http://www.ecb.int)) on the "Euro area statistics – download" page (in csv file format), from which the exact percentage changes in Table 2.4 may be calculated.

## Relating to Tables 2.5 to 2.8

As far as possible, the data have been harmonised and are comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, outstanding levels 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 any case, Tables 2.5 to 2.8 can be used for a structural analysis. A detailed analysis of the growth rates can be performed for Tables 2.5 to 2.7 where quarterly flows are shown.

Finally, since the values reported for Tables 2.5 to 2.8 are revised on a quarterly basis (in the March, June, September and December issues), minor discrepancies may occur between these tables and those reporting monthly data.

### Calculation of growth rates

Growth rates may be calculated from flows or the index of adjusted stocks.

If  $F_t^Q$  represents the flow in quarter  $t$ ,  $X_t^Q$  the rate of change in quarter  $t$  (augmented by one) defined as

$$(d) X_t^Q = \left( \frac{F_t^Q}{L_{t-3}} + 1 \right)$$

<sup>1</sup> For details see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000).

<sup>2</sup> For details see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-Arima Seasonal Adjustment Program", *Journal of Business and Economic Statistics*, 16, 2, 127-152, or "X-12-ARIMA Reference Manual Version 0.2.2.", December 1998, Time Series Staff, Bureau of the Census, Washington, D.C.

For internal purposes, multiplicative models of TRAMO-SEATS also are used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.

and  $I_t$  and  $L_t$  are defined as above, the annual percentage change  $a_t$  referring to the quarter ending in month  $t$  may be calculated as follows:

$$(e) \quad a_t = \left( \prod_{i=0}^3 X_{t-3i}^Q - 1 \right) \times 100$$

$$(f) \quad a_t = \left( \frac{I_t}{I_{t-12}} - 1 \right) \times 100.$$

Similarly, the quarterly change may be calculated as  $(I_t/I_{t-3} - 1) \times 100$ .

Roundings may give rise to differences from the annual percentage changes shown in Tables 2.5 to 2.7. The index of adjusted stocks is available with a higher level of precision on the ECB's website ([www.ecb.int](http://www.ecb.int)) on the "Euro area statistics – download" page (in csv file format), from which the exact percentage changes in Tables 2.5 to 2.7 may be calculated.

## Relating to Table 4.1

### Seasonal adjustment of the HICP

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2) (see footnote 2 on the previous page). The seasonal adjustment of the total HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy and services. Energy is added without adjustment since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

## Relating to Table 8.2

### Seasonal adjustment of the balance of payments current account

The approach relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2) (see footnote 2 on the previous page). The seasonal adjustment for goods and services includes a working day adjustment. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal factors are revised at annual intervals or as required.

# General notes

The basis for the statistics compiled by the European Central Bank (ECB) is presented in the document entitled “Statistical information collected and compiled by the ESCB”, dated May 2000. This document is an update of the report entitled “Statistical requirements for Stage Three of Monetary Union (Implementation Package)” of July 1996, and describes the provision of statistics as it stands today. The document covers money and banking and related statistics, balance of payments statistics, international investment position statistics and financial accounts statistics. The requirements of the ECB for statistics on prices and costs, national accounts, the labour market, government receipts and expenditure, short-term indicators of output and demand, and the European Commission Business and Consumer Surveys are set out in the document entitled “Requirements in the field of general economic statistics” of August 2000.<sup>1</sup>

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

Owing to the fact that the composition of the ECU does not coincide with the currencies of the Member States which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of Member States which have not adopted the euro. To avoid this effect in the monetary statistics, the pre-1999 data in Tables 2.1 to 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

Methods of aggregation and/or consolidation (including cross-country consolidation) have been used as appropriate.

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 12 September 2001; for euro area national accounts data it was 13 September 2001.

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

## Overview

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

## Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system’s liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. The M3 data shown in Table 2.4 exclude holdings by non-residents of the euro area of shares/units issued by

<sup>1</sup> Money and banking statistics are the responsibility of the ECB at the European level; responsibility for balance of payments, international investment position and financial accounts statistics is shared with the European Commission (Eurostat); price and cost and other economic statistics are the responsibility of the European Commission (Eurostat).

money market funds located in the euro area. Accordingly, these holdings are included in the item external liabilities shown in Table 2.3, and as a result have an impact on the item net external assets shown in Table 2.4. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. In this issue for the first time Tables 2.5-2.7 show flows adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions, and annual percentage changes. 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.

2 The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S.121) and other monetary financial institutions (S.122); non-monetary financial corporations comprises other financial intermediaries (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125); non-financial corporations (S.11); central government (S.1311); other general government comprises state government (S.1312), local government (S.1313) and social security funds (S.1314).

## Prices and real economy indicators

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. The index is based on national HICPs that follow the same methodology in all euro area countries. The breakdown by goods and services components is derived from the Classification of individual consumption by purpose (Coicop) used for the HICP. Data from January 2000 include the cost of health and educational services; data from January 2001 also cover hospital services and social services provided to people living at home, in retirement homes and in residences for the disabled; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States. The table includes seasonally adjusted HICP data which are compiled by the ECB.

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

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

the range of available euro area data. The breakdown by end-use of the products applied in Tables 4.2.1 and 5.2.1 represents the harmonised sub-division of industry excluding construction (NACE sections C to E) into Main Industrial Groupings as defined in the Commission Regulation (EC) No. 586/2001 of 26 March 2001.

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

Employment data (Table 5.4) are based on the ESA 95. Whenever coverage of the euro area is incomplete, some data are estimated by the ECB on the basis of the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

## Financial accounts statistics

Table 6.1 shows quarterly data on financial accounts for non-financial sectors in the euro area, comprising general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15). The data (not seasonally adjusted) cover levels outstanding and financial transactions classified according to the ESA 95 and show the main financial investment and financing activities of the non-financial sectors. On the financing side (liabilities) the data are presented by ESA 95 sector and original maturity. Whenever possible the financing taken from MFIs is separately presented. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible. While both levels and transactions may throw light on economic developments, the latter are more likely to be the focus of attention.

The quarterly data are based on euro area MFI and securities issues statistics, government finance statistics, quarterly national financial accounts, and BIS

international banking statistics. While all euro area countries contribute to the euro area statistics, Ireland and Luxembourg, as yet, do not provide quarterly national financial accounts data.

Table 6.2 shows annual data on saving, (financial and non-financial) investment and financing in the euro area. These data cannot yet be reconciled with the quarterly data presented in Table 6.1.

### **General government fiscal position**

Tables 7.1 to 7.3 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The euro area aggregates are compiled by the ECB from harmonised data provided by the NCBs, which are regularly updated. Data on deficit and debt for the euro area countries may therefore differ from those used by the European Commission in the context of the excessive deficit procedure.

Table 7.1 shows general government revenue and expenditure on the basis of definitions laid down in Commission Regulation No. 1500/2000 of 10 July 2000 amending the ESA 95. Table 7.2 shows details of general government gross consolidated debt at nominal value in accordance with the Treaty provisions on the excessive deficit procedure. Tables 7.1 and 7.2 include summary data for individual euro area countries owing to their importance in the framework of the Stability and Growth Pact. Table 7.3 analyses changes in general government debt. The difference between the change in government debt and government deficit, the deficit-debt adjustment, is mainly explained by government transactions in financial assets and by foreign exchange valuation effects.

### **Balance of payments and international investment position of the euro area (including reserves), trade in goods and exchange rates**

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of May 2000 (ECB/2000/04) on the statistical reporting requirements of the ECB, and to Eurostat's documentation.

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

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

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

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2 with the corresponding reserves and related assets held by the ECB. The data in Table 8.7.2 are in line with the recommendations for the IMF/BIS template



on international reserves and foreign currency liquidity. Earlier data are revised on an ongoing basis. Reserve assets data before end-1999 are not fully comparable with later observations. A publication on the statistical treatment of the Eurosystem's international reserves is available on the ECB's website.

Table 9 shows data on euro area external trade in goods. The main source for the data is Eurostat. The ECB derives volume indices from Eurostat value and unit value indices, and performs seasonal adjustment of unit value indices, while value data are seasonally and working day adjusted by Eurostat.

The commodity breakdown is in accordance with the classification by Broad Economic Categories (based on the SITC Rev. 3 definition) for intermediate, capital and consumption goods, and with the SITC Rev. 3 for manufactured goods and oil. The geographical breakdown shows main trading partners, individually or in regional groups. The 13 EU candidate countries are Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, the Slovak Republic, Slovenia and Turkey.

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). 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 (ECB estimates).

Table 10 shows ECB calculations of nominal and real effective exchange rate indices for the euro based on weighted averages of bilateral euro exchange rates. Weights are based on 1995-97 manufactured goods trade with the trading partners and capture third-market effects. Up to December 2000, the narrow group is composed of the countries whose currencies are shown in the table plus the Greek drachma. On adopting the euro in

January 2001, Greece ceased to be a partner country in the effective exchange rate of the euro and the weighting scheme has been adjusted accordingly. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, the Slovak Republic, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used. The bilateral rates shown are those against the 12 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

#### **Other statistics**

Statistics on other EU Member States (Table 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 drachmas has also been identified and treated as if it had been in euro.

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

For securities issues statistics (also shown in Table A.2), the fact that residents of Greece will become residents of the euro area has given rise to two structural modifications. The first change involves the inclusion of all securities issued by Greek residents in euro and Greek drachmas. The second effect is caused by the inclusion of all securities issued by euro area residents – in addition to those in Greece – and denominated in Greek drachmas. Securities issues statistics including Greece are compiled for both stocks and flows.

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

Table C presents selected balance of payments past data for the euro area plus Greece. The methodology applied is generally the same as that used in Section 8. All available information for the past data is shown on the ECB’s web site (in the “Statistics, Latest monetary, financial and balance of payments statistics – release schedules” section).

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

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

## 4 January 2000

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

## 5 January 2000

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

## 15 January 2000

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

## 20 January 2000

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

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

## 3 February 2000

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

## 17 February, 2 March 2000

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

## 16 March 2000

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

## 30 March, 13 April 2000

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

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

### **27 April 2000**

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

### **11 May 2000**

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

### **25 May 2000**

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

### **8 June 2000**

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

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

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

### **19 June 2000**

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

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

## **21 June 2000**

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

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

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

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

## **31 August 2000**

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

## **14 September 2000**

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

## **5 October 2000**

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

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

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

## **14 December 2000**

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

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

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

## **2 January 2001**

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

Further to the announcement on 29 December 2000, the first main refinancing operation of 2001, in which the Greek counterparties of the Eurosystem participate for the first time, is successfully conducted. The allotment volume of €101 billion takes into account the additional liquidity needs of the euro area banking system resulting from the integration of the Greek Monetary Financial Institutions.

## **4 January 2001**

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

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

## **18 January, 1 February, 15 February, 1 March, 15 March, 29 March, 11 April, 26 April 2001**

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

## **10 May 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operation by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 15 May 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 11 May 2001.

## **23 May, 7 June, 21 June, 5 July, 19 July, 2 August 2001**

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

### **30 August 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operation by 0.25 percentage point to 4.25%, with effect from the operation to be settled on 5 September 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.25% and 3.25% respectively, both with effect from 31 August 2001.

### **13 September 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 4.25%, 5.25% and 3.25% respectively.

### **17 September 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operation by 0.50 percentage point to 3.75%, with effect from the operation to be settled on 19 September 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 4.75% and 2.75% respectively, both with effect from 18 September 2001.



# The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system

## Payment flows in TARGET

The number of payments processed in the second quarter of 2001 in TARGET as a whole, i.e. cross-border and domestic payments taken together, increased by 5% compared with the first quarter of 2001, while the value of such payments increased by 4%. The total number of TARGET payments in the second quarter of 2001 reached 208,995 as a daily average, representing a value of around €1.29 trillion. The number of cross-border payments processed increased by 2.5% (averaging 44,991 payments a day), while their value decreased by 2% (average daily value of €507 billion). This increase in volume coupled with the decrease in value suggests that more lower-value cross-border payments were processed by TARGET during the second quarter. The peak day for TARGET cross-border activity during the

second quarter in terms of both volume and value was 29 June 2001. On that day 59,399 payments were processed, representing a value of €750.6 billion. The ratio of customer payments to the average number of daily TARGET cross-border payments increased and now stands at around 39% in terms of volume, while in terms of value, the ratio remained stable at 3%. In the second quarter of 2001 the average value of customer payments decreased slightly and stood at €1 million; the average value of interbank payments increased slightly and stood at €17.8 million.

## Publication of the third edition of the “Blue Book”

On 29 June 2001, the ECB released to the public a report entitled “Payment and securities

**Table I**

### Payment instructions processed by TARGET and other selected interbank funds transfer systems: volume of transactions

(number of payments)

	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2
<b>TARGET</b>					
All TARGET payments					
Total volume	11,889,550	11,876,872	12,536,026	12,699,321	12,957,667
Daily average	191,767	182,721	198,985	198,427	208,995
Cross-border TARGET payments					
Total volume	2,551,454	2,561,044	2,630,202	2,810,046	2,789,449
Daily average	41,152	39,401	41,749	43,907	44,991
Domestic TARGET payments					
Total volume	9,338,096	9,315,828	9,905,824	9,889,275	10,168,218
Daily average	150,614	143,320	157,235	154,520	164,004
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	6,241,239	6,123,837	6,502,684	6,959,929	7,074,610
Daily average	100,665	94,213	103,217	108,749	114,107
Euro Access Frankfurt (EAF)					
Total volume	3,204,424	3,208,671	3,302,144	3,329,975	3,243,631
Daily average	51,684	49,364	52,415	52,031	52,317
Paris Net Settlement (PNS) <sup>1)</sup>					
Total volume	1,254,662	1,258,003	1,758,207	2,021,258	2,025,034
Daily average	20,236	19,354	27,908	31,582	32,662
Servicio Español de Pagos Interbancarios (SEPI)					
Total volume	241,952	238,434	234,306	253,240	329,963
Daily average	3,902	3,668	3,719	3,957	5,322

1) The PNS replaced the *Système Net Protégé (SNP)* on 19 April 1999.



settlement systems in the European Union”, also known as the “Blue Book”. It describes the major payment and securities settlement systems operating in the Member States of the EU.

The integration of payment and securities settlement systems in Europe, in particular within the euro area, has been fostered by the introduction of the euro. This third edition of the “Blue Book” thus introduces a euro area chapter which describes aspects and features of payment and securities settlement systems which are common to, or relevant to, the euro area as a whole. The euro area chapter also describes the common EU legal and regulatory framework and focuses on the roles of the ECB and the Eurosystem.

The country chapters deal with the national payment and securities settlement

infrastructures. They also provide an overview of the institutional aspects and the major players involved, as well as containing extensive descriptions of the payment media used by non-banks, retail payment systems, interbank exchange and settlement systems and securities settlement systems.

The statistical tables provide country-specific data for the years 1995-99, while the comparative tables covering all 15 countries are based on figures for 1998 and 1999.

The report can be downloaded from the “Publications” section of the ECB’s website (<http://www.ecb.int>).

Further information on the TARGET system is available in the “TARGET” section of the ECB’s website.

**Table 2**

**Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions**

(EUR billions)

	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2
<b>TARGET</b>					
All TARGET payments					
Total value	66,245	65,015	66,782	79,180	80,019
Daily average	1,068	1000	1,060	1,237	1,291
Cross-border TARGET payments					
Total value	28,121	27,635	27,394	33,170	31,439
Daily average	454	425	435	518	507
Domestic TARGET payments					
Total value	38,124	37,380	39,388	46,010	48,580
Daily average	615	575	625	719	784
<b>Other systems</b>					
Euro 1 (EBA)					
Total value	12,758	12,421	12,306	13,892	13,164
Daily average	206	191	195	217	212
Euro Access Frankfurt (EAF)					
Total value	10,786	9,918	10,240	10,904	10,380
Daily average	174	153	163	170	167
Paris Net Settlement (PNS) <sup>1)</sup>					
Total value	5,309	5,111	5,736	5,832	5,700
Daily average	86	79	91	91	92
Servicio Español de Pagos Interbancarios (SEPI)					
Total value	124	92	84	96	94
Daily average	2	1	1	2	2

1) The PNS replaced the *Système Net Protégé* (SNP) on 19 April 1999.

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"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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