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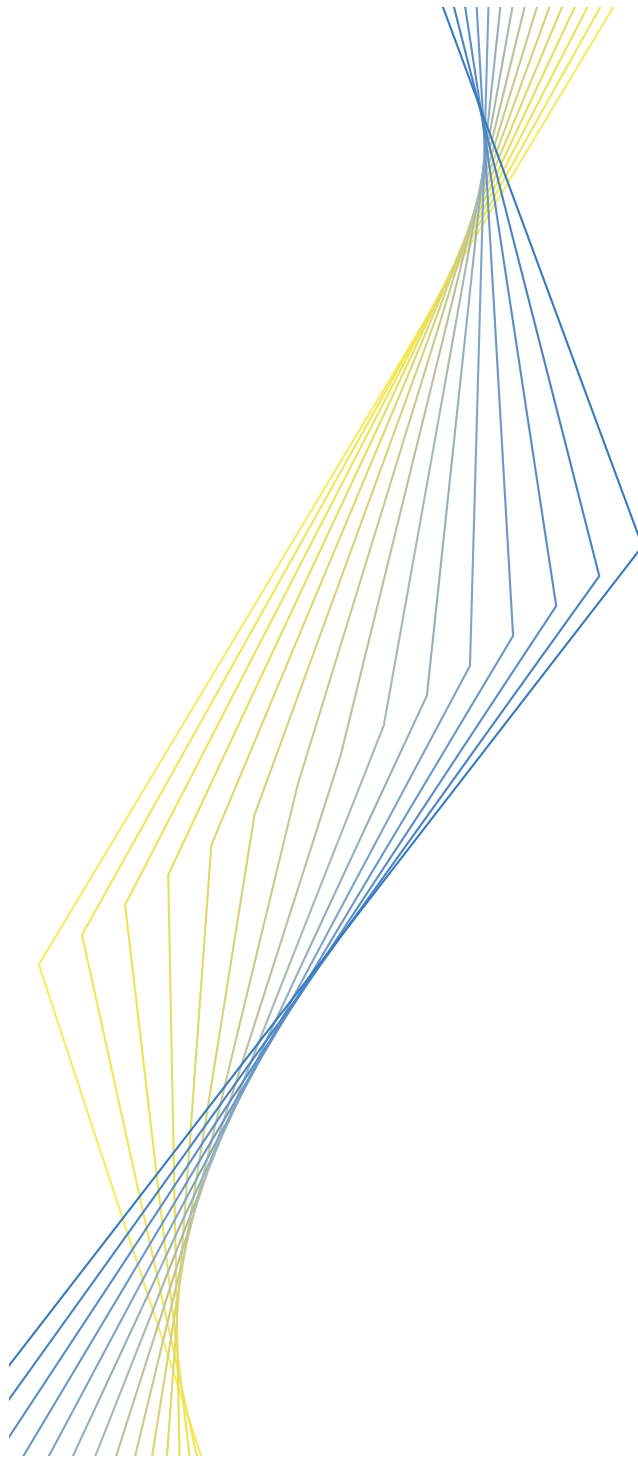
MONTHLY BULLETIN August 2002

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

August 2002



**EUROPEAN CENTRAL BANK**



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**August 2002**

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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
EER	effective exchange rate
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
PPI	Producer Price Index
repos	repurchase agreements
SITC Rev. 3	Standard International Trade Classification (revision 3)
ULCM	Unit Labour Costs in Manufacturing

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

# Editorial

At its meeting on 1 August 2002, the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem unchanged at 3.25%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged at 4.25% and 2.25% respectively.

These decisions were based on a comprehensive analysis of monetary, financial and economic developments over the last few weeks and on an assessment of how they have affected the outlook for price stability in the medium term. The Governing Council concluded that while recent developments continue to send mixed signals, risks to price stability have become more balanced.

As regards the analysis under the first pillar of the ECB's monetary policy strategy, in the period from April to June 2002 the three-month average of the annual growth rates of M3 was 7.4%, unchanged from March to May. Monetary data for June 2002 pointed to a moderation in the shorter-term dynamics of M3 and loans extended to the private sector. These monthly data need to be interpreted with due caution, as recent monetary developments have been characterised by a rather high degree of volatility. In the second quarter of 2002, M3 growth was rather strong. Although this development could partly reflect renewed portfolio shifts into M3 in an environment of heightened financial market uncertainty, it also seems to be driven by more fundamental factors, such as the low level of interest rates and the economic recovery in the euro area. Overall, the substantial excess liquidity available in the euro area remains a matter of concern.

With regard to the second pillar, the latest data do not contradict the view that a gradual recovery in economic activity in the euro area is under way. Most survey data and leading indicators in the euro area improved further in the second quarter compared with the first, albeit at a rather slower pace, pointing to somewhat stronger economic activity in the second quarter of the year.

Looking ahead, a continuation of the recovery remains the most likely scenario. Economic activity should be supported by the absence of major imbalances within the euro area, together with favourable financing conditions and the increase in real disposable income resulting from the decline in inflation from the temporarily high level of the first quarter of 2002.

Notwithstanding this assessment, in the context of existing imbalances elsewhere in the world economy and recent financial market developments, the uncertainty surrounding the strength of the current upswing is high. Stock markets in the euro area and in the United States recorded sharp falls in July, continuing a downward trend observed since the all-time highs of early 2000. The recent declines in equity prices, amid higher stock market volatility, partly reflect increasing concerns about the reliability of financial accounting information but also weaker than expected corporate earnings. The portfolio reallocation out of stocks contributed to a significant decline in bond yields in the euro area, a development visible across the entire maturity spectrum.

Turning to price developments, Eurostat's flash estimate indicates that annual HICP inflation increased from 1.8% in June 2002 to 1.9% in July, owing to an unfavourable base effect associated with energy prices. HICP inflation excluding the more volatile items of energy and unprocessed food prices has remained high since the beginning of the year, reflecting, in particular, developments in services prices.

Looking ahead, HICP inflation is likely to fluctuate around 2% in the coming months, partly as a result of base effects relating to energy and unprocessed food prices. The higher exchange rate of the euro should have a moderating effect on inflation developments which will mainly materialise over a fairly long period of time. Projections for price developments next year depend largely on the assumption of wage moderation. In this respect, it is of concern that wage growth in

2001 and in early 2002 tended to rise in the euro area, despite subdued economic growth. Excessive wage increases could create additional cost pressures, with potential consequences not only for prices but also for competitiveness, real GDP growth and employment creation in the euro area.

Overall, the higher exchange rate of the euro should contribute to lower inflationary pressures. This is also reflected in indicators of expectations for euro area consumer price developments. Other factors, however, do not point to a moderation in longer-term price pressures, in particular monetary developments but also wage trends and the dynamics of services prices. All factors which may influence the outlook for price stability over the medium term need to be closely monitored.

Regarding fiscal policies in the euro area, it is vital that all member countries maintain a medium-term perspective in compliance with the framework of the Stability and Growth Pact and honour the commitments made to achieve budgets close to balance or in surplus by 2003-04. In this respect, it is important to

recall that fiscal targets should embody sufficiently ambitious structural consolidation efforts and be based on realistic growth assumptions. A medium-term perspective is warranted for the conduct of fiscal policies in the Member States of the euro area. Governments are therefore encouraged to push ahead with reforms relating to the size and structure of public expenditure and revenue, taking into account the need to create room for tax cuts and to absorb the fiscal cost of population ageing.

In the field of structural reforms, the Broad Economic Policy Guidelines recently adopted by the EU Council should be implemented in a determined way, thereby contributing significantly to expanding trend potential growth in the euro area and to reducing the still high level of unemployment.

This issue of the Monthly Bulletin contains three articles. The first deals with price level convergence in the euro area, the second provides an overview of recent developments and risks in the euro area banking sector, and the third reviews developments in saving, financing and investment in the euro area.

# Economic developments in the euro area

## I Monetary and financial developments

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

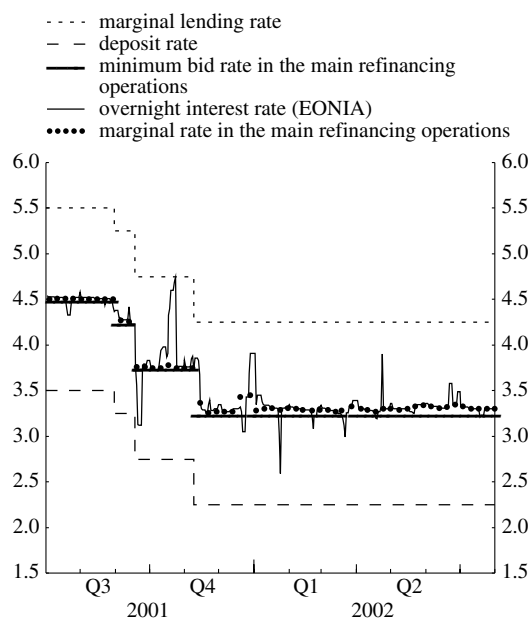
At its meeting on 1 August, the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations, conducted as variable rate tenders, unchanged at 3.25%. The interest rates on both the marginal lending facility and the deposit facility were also kept unchanged, at 4.25% and 2.25% respectively (see Chart 1).

### Decline in annual M3 growth in June

The three-month average of the annual rates of growth of M3 in the period from April to June 2002 was 7.4%, unchanged from the period between March and May. At the same time, the annual rate of growth of M3 declined in June to 7.1%, from 7.7% in the previous month (see Chart 2). This development was due to both a base effect and the rather modest monthly increase recorded in June.

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

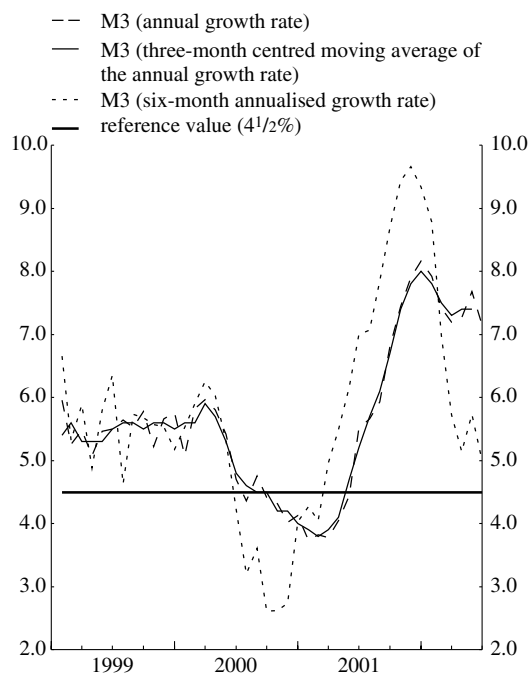
(percentages per annum; daily data)



Sources: ECB and Reuters.

### Chart 2 M3 growth and the reference value

(adjusted for seasonal and calendar effects)



Source: ECB.

The decline in M3 growth in June has to be interpreted with due caution since in the recent past monthly monetary developments have been characterised by a high degree of volatility. Looking at the second quarter as a whole, M3 growth was rather strong. This development might partly be a result of renewed portfolio shifts to M3 instruments in reaction to the recent increase in stock market uncertainty and concerns about corporate accounting practices. At the same time, it is likely that, in contrast to the developments in the autumn of last year, more fundamental factors – such as the low level of opportunity costs and the economic recovery in the euro area – also contributed to monetary growth. Measures of both the nominal and the real money gap continue to indicate that liquidity in the euro area is very ample.<sup>1</sup> Overall, the substantial

<sup>1</sup> See Monthly Bulletin of June 2002, page 8, for a description of these measures.



excess liquidity in the euro area continues to be a cause for concern.

The moderation in the annual growth rate of M3 in June 2002 reflected weaker growth of short-term deposits other than overnight deposits and marketable instruments. By contrast, the annual growth rate of the narrow monetary aggregate M1 rose slightly to 6.9%, from 6.8% in the previous month (see Table 1). This increase was driven by the continued rebound in currency in circulation. Following similar month-on-month rises between March and May, in June currency in circulation increased by €10 billion in seasonally adjusted terms, probably reflecting the rapid re-building of currency holdings. At the same time, it is likely that the rise in M1 growth also mirrored the prevailing low opportunity costs of holding instruments included in this monetary aggregate and the economic recovery in the euro area.

Turning to the other components of M3, the annual rate of growth of short-term deposits other than overnight deposits declined to 6.1% in June, from 6.7% in the previous month, and the annual rate of growth of marketable instruments declined to 11.3% in June, from 13.6% in the previous month (see Table 1). Unlike in previous periods, the

heightened volatility in global stock markets did not translate to a significant extent into stronger demand for these instruments in June, possibly because agents directed the funds received from the disposal of equity holdings to longer-term fixed-income bonds, rather than to shorter-term assets. This, in turn, may be due to the fact that, unlike in the autumn of 2001, the protracted weakening of stock prices may now be felt by some investors to reflect more persistent factors. In addition, in June 2002 the yield spread was about 60 basis points higher than in September 2001, making longer-term bonds relatively more attractive. Consistent with this steepening of the yield curve, MFIs' longer-term financial liabilities (excluding capital and reserves) in June continued to expand at a relatively strong pace (4.6% on a yearly basis, unchanged from the previous month).

#### Decline in the annual growth rate of loans to the private sector

Turning to the assets side of the MFI balance sheet, the annual rate of growth of credit to euro area residents was 4.5% in June, unchanged from the previous month. As for developments in its two main components,

**Table 1**  
**Summary table of monetary variables in the euro area**

(annual percentage changes; quarterly averages)

	2001 Q4	2002 Q1	2002 Q2	2002 Mar.	2002 Apr.	2002 May	2002 June
<i>Adjusted for seasonal and calendar effects</i>							
<b>M1</b>	5.5	6.2	6.6	5.8	6.6	6.8	6.9
<i>of which: currency in circulation</i>	-18.5	-28.0	-20.0	-25.3	-22.0	-18.2	-14.4
<i>of which: overnight deposits</i>	10.4	13.0	11.7	11.9	12.2	11.5	10.9
M2 - M1 (= other short-term deposits)	5.8	6.7	6.4	6.5	6.1	6.7	6.1
<b>M2</b>	5.7	6.4	6.5	6.2	6.3	6.7	6.5
M3 - M2 (= marketable instruments)	20.6	15.6	13.1	13.7	13.3	13.6	11.3
<b>M3</b>	7.6	7.7	7.4	7.2	7.3	7.7	7.1
<i>Not adjusted for seasonal and calendar effects</i>							
<b>Longer-term financial liabilities (excluding capital and reserves)</b>	2.9	3.1	4.1	3.4	3.6	4.6	4.6
<b>Credit to euro area residents</b>	5.2	5.1	4.6	4.9	4.5	4.5	4.5
Credit to general government	-0.6	1.8	1.9	2.9	2.1	1.6	1.1
<i>of which: loans to general government</i>	-0.8	-0.8	-0.9	0.1	-1.3	-1.0	-0.7
Credit to other euro area residents	6.9	6.1	5.3	5.5	5.1	5.4	5.4
<i>of which: loans to the private sector</i>	6.5	5.7	5.6	5.6	5.5	5.8	5.5

Source: ECB.

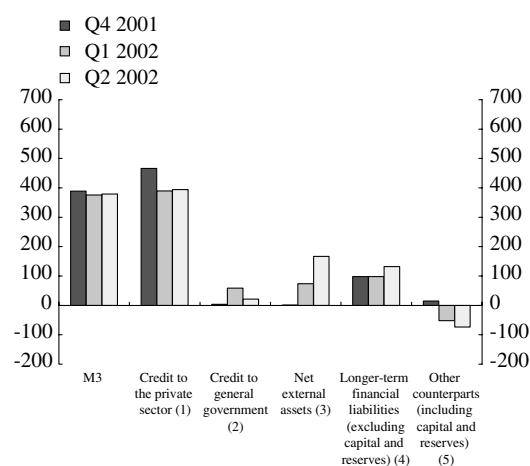
the annual rate of growth of credit to the general government declined to 1.1% (from 1.6% in May), while that of credit to the private sector remained unchanged at 5.4% (see Table 1 and Chart 3). The stability of the annual rate of growth of credit to the private sector masked the divergent developments in its sub-components as a moderation in the annual growth rate of loans (to 5.5%, from 5.8% in May) and MFI holdings of securities other than shares was offset by a rise in the annual growth rate of MFI holdings of shares and other equities. Considering that the significant moderation in loan growth in June was preceded by three months of rather strong monthly expansion and that the monthly data are highly volatile, these latest developments have to be interpreted with caution.

In June 2002, the net external position of the euro area MFI sector increased strongly, by €38.5 billion in seasonally unadjusted terms. Over the 12 months up to June, the net external assets of the euro area MFI sector rose by €166.5 billion, compared with €160.8 billion in the 12 months up to May. The strong increase in net external assets over the last two months probably reflected the repatriation of funds from abroad, as well as increased investments in the euro area by non-residents.

### Chart 3

#### Movements in M3 and its counterparts

(annual flows, end of period; EUR billions; not adjusted for seasonal and calendar effects)



Source: ECB.

$$M3 = 1 + 2 + 3 - 4 + 5$$

#### Slight decline in debt securities issuance growth in May

The annual growth of the amount outstanding of debt securities issued by euro area residents declined slightly to 7.0% in May 2002, from 7.1% in April. This decline was due to a decrease in May in the annual growth rates of the amount outstanding of long-term debt securities of 0.3 percentage point to 7.4%. In contrast, an increase in the annual growth rate of the amount outstanding of short-term debt securities of 2.6 percentage points to 3.6% was recorded in May (see Chart 4). This development marked a reversal of the declining trend of the annual growth rates of the amount outstanding of short-term debt securities issued by euro area residents that had been observed since March 2001. However, the increase was fairly modest and was entirely due to increases in borrowing by the general government sector and MFIs, whereas short-term issuance by non-financial corporations continued to decrease.

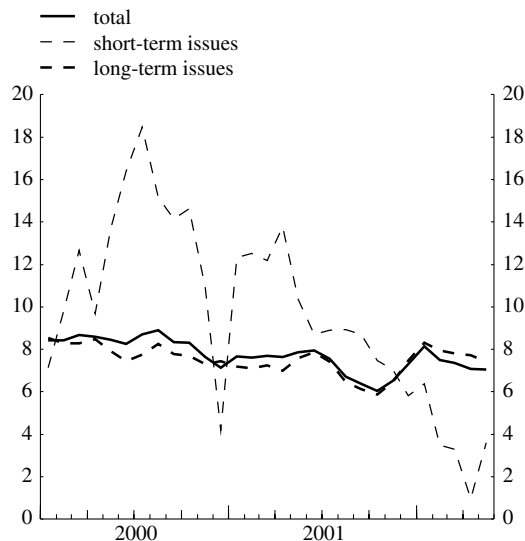
The currency breakdown shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents increased from 6.7% in April to 7.1% in May. At the same time, the share of euro-denominated debt securities in total gross issuance by euro area residents dropped from 93.5% to 91.6%.

Turning to the sectoral breakdown of euro-denominated debt securities issuance, the annual growth of the amount outstanding of debt securities issued by MFIs increased from 4.5% in April to 5.3% in May, thus reversing the declining trend that had been observed earlier this year. Underlying this rise were increases in both the short-term and long-term issuance of debt securities by this sector, to annual growth rates of 0.7% and 5.8% respectively in May. The annual growth rate of the amount outstanding of debt securities issued by non-monetary financial corporations rose from 42.3% in April to 43.3% in May. As usual, this was mainly due to the issuance activity of financing companies

### Chart 4

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

(annual percentage changes)



Source: ECB.

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

linked to large corporations located in the euro area. The high annual issuance rates of this sector should be seen in the context of the relatively limited amount of debt securities issued by non-monetary financial corporations. The annual growth of the amount outstanding of debt securities issued by non-financial corporations decreased from 14.5% in April to 10.5% in May. The continued decline in debt securities issuance by this sector seems to be connected to uncertainty regarding the economic outlook and the decline in merger and acquisition activity. The amount outstanding of short-term debt securities issued by non-financial corporations actually fell by more than 10% between May 2001 and May 2002.

Turning to the general government sector, the annual growth of the amount outstanding of debt securities issued by central government increased from 4.0% in April to 4.3% in May. This increase reflected several large government issues in a number of euro area countries. At the same time, the annual

growth rate of the amount outstanding of debt securities issued by the other general government sector increased strongly from 26.6% in April to 30.3% in May, continuing the trend seen throughout most of the year. Both developments could be linked to a worsening of public sector finances. The significance of debt securities issuance by the general government sector is highlighted by the fact that, of the total combined amount of the 20 largest issues of debt securities by euro area residents in May 2002, around 40% was issued by this sector.

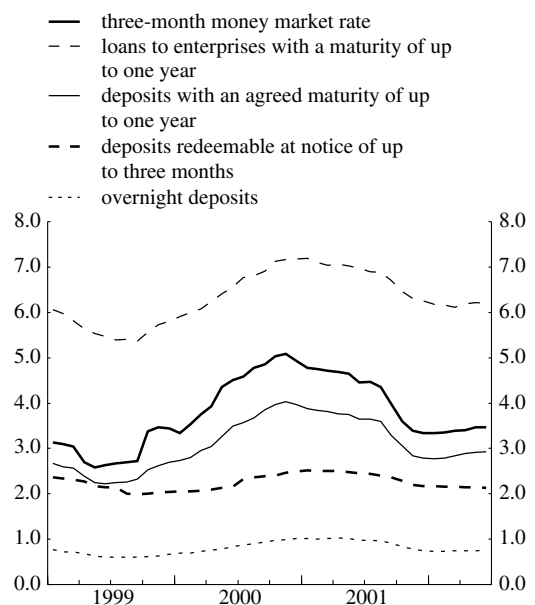
#### Decrease in long-term retail interest rates in June

Short-term retail bank interest rates changed little in June 2002 compared with May. For example, the average interest rates on deposits with an agreed maturity of up to one year increased by 2 basis points in June 2002, continuing the slight upward trend

### Chart 5

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

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001, data include Greece.

observed during the year, whereas the average interest rates on deposits redeemable at notice of up to three months declined by 2 basis points (see Chart 5). As a result, the spread between three-month money market interest rates and the latter deposit interest rates increased to 133 basis points in June 2002, which was the highest value observed this year. The average rate for short-term loans to enterprises remained about the same in June 2002 as compared with May. The stability of short-term retail bank interest rates reflects the fairly stable three-month money market interest rates thus far in 2002.

Long-term retail bank interest rates decreased in June 2002 by comparison with May (see Chart 6). Between May and June 2002, the average interest rates on deposits with an agreed maturity of over two years decreased by 5 basis points while the average rate for long-term loans decreased by 6 basis points, reversing the upward trend that had started in respectively December 2001 and February 2002. The average interest rates on loans to households for house purchases decreased by 4 basis points between May and

June. The decline in long-term retail bank interest rates was in line with market developments, as the average five-year government bond yield continued to decline from the peak reached in March 2002. The developments in long-term retail interest rates reflect the usual lags in the pass-through from market interest rates to these retail rates.

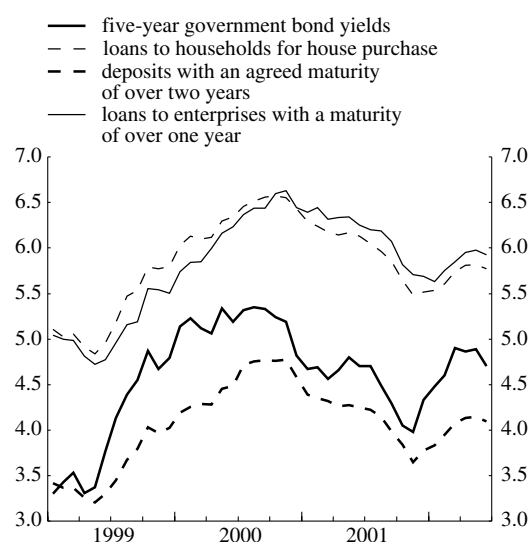
### Money market interest rates decreased in July

Money market interest rates decreased in July, continuing the downward movement seen since late May 2002. The decline was more pronounced at the longer maturities. As a consequence, the (positive) slope of the money market yield curve became less steep in July. Short-term interest rates implied in futures prices also decreased during July.

The overnight interest rate, as measured by the EONIA, after having fluctuated between 3.32% and 3.34% at the beginning of July, gradually declined to levels closer to the minimum bid rate of the Eurosystem's main refinancing operations of 3.25% (see Box 1). Two-week money market rates remained broadly stable at around 6 basis points above the minimum bid rate in July. The marginal and average rates of allotment in the Eurosystem's main refinancing operations settled in July were between 5 and 8 basis points above the minimum bid rate.

The one-month and the three-month EURIBOR decreased by 4 and 6 basis points in July, to stand at 3.35% and 3.38% respectively at the end of the month (see Chart 7). The marginal and average interest rates in the Eurosystem's longer-term refinancing operation settled on 25 July were close to the then prevailing three-month EURIBOR, at 3.35% and 3.37% respectively. They were thus 3 and 4 basis points lower, respectively, than the corresponding rates in the longer-term refinancing operation settled on 27 June.

**Chart 6**  
**Long-term retail bank interest rates and a comparable market rate**  
*(percentages per annum; monthly averages)*



Sources: ECB aggregation of individual country data and Reuters.  
 Note: From 1 January 2001, data include Greece.

**Box I****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 July 2002**

During the reserve maintenance period under review, the Eurosystem settled four main refinancing operations (MROs) and one longer-term refinancing operation (LTRO).

**Regular monetary policy operations**

(EUR billions; interest rates in percentages per annum)

Operation	Date of settlement	Date of maturity	Bids (amount)	Allotment (amount)	Bid-cover ratio	Number of participants	Minimum bid rate	Marginal rate	Weighted average rate
MRO	26/06/2002	10/07/2002	111.4	70.0	1.6	332	3.25	3.35	3.36
MRO	03/07/2002	17/07/2002	108.6	57.0	1.9	297	3.25	3.33	3.33
MRO	10/07/2002	24/07/2002	102.9	69.0	1.5	320	3.25	3.30	3.32
MRO	17/07/2002	31/07/2002	104.8	65.0	1.6	306	3.25	3.30	3.31
LTRO	27/06/2002	26/09/2002	27.7	20.0	1.4	177	-	3.38	3.41

Source: ECB.

The marginal MRO rate decreased gradually from 3.35% to 3.30% during the maintenance period.

During the first week of the maintenance period, the EONIA stood at 3.35-3.36%, increasing to 3.49% on Friday, 28 June, because of the end-of-semester effect. From 1 until 9 July, the EONIA gradually declined, reaching 3.30% and remaining at this level until Monday, 15 July. After the MRO tender allotted on the following day, the EONIA decreased to 3.21% on 18 July, due to perceived loose liquidity conditions. However, the maintenance period ended smoothly on Tuesday, 23 July, with an EONIA of 3.31% and a limited net recourse to the deposit facility of €2.1 billion. Average daily excess reserves amounted to €0.7 billion (i.e. the difference between average current accounts of €131.4 billion and average minimum reserve requirements of €130.7 billion).

The net liquidity-absorbing impact of the autonomous factors, i.e. the factors not related to monetary policy operations (item (b) of the table below), was, on average, €59.0 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €55.9 billion and €63.6 billion. The largest deviation between the published estimate and the actual figure occurred in the first week of the maintenance period, amounting to €3.2 billion.

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

(EUR billions)

Daily average during the reserve maintenance period from 24 June to 23 July 2002

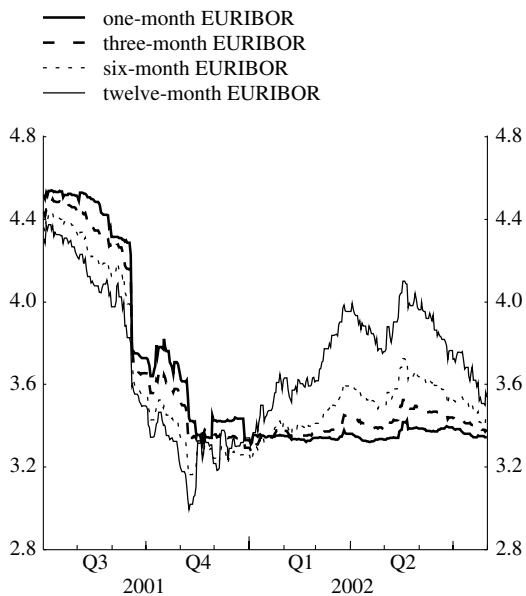
	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>190.6</b>	<b>0.2</b>	<b>+190.4</b>
Main refinancing operations	130.4	-	+130.4
Longer-term refinancing operations	60.0	-	+60.0
Standing facilities	0.2	0.2	-0.1
Other operations	-	-	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>369.1</b>	<b>428.1</b>	<b>-59.0</b>
Banknotes in circulation	-	313.4	-313.4
Government deposits with the Eurosystem	-	54.4	-54.4
Net foreign assets (including gold)	369.1	-	+369.1
Other factors (net)	-	60.3	-60.3
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>131.4</b>
<b>(d) Required reserves</b>			<b>130.7</b>

Source: ECB.

Note: Totals may not add up due to rounding.

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

(percentages per annum; daily data)



Source: Reuters.

At the longer end of the money market yield curve the decline in interest rates was more significant. The six-month and the twelve-month EURIBOR fell by 12 and 23 basis points respectively in July, to stand at 3.42% and 3.54% on 31 July. The slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, thus became less steep, falling from 37 to 19 basis points in the period under review.

The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in 2002 and early 2003, also declined in the course of July. In this month, rates implied in futures prices on contracts with delivery dates in September and December 2002 and March 2003 decreased by 16, 36 and 49 basis points respectively, to stand at 3.35%, 3.39% and 3.43% on 31 July.

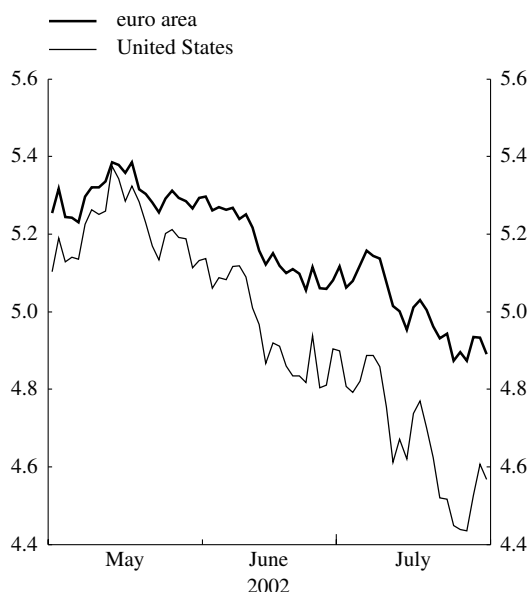
**Long-term government bond yields continued to fall in July**

Between the end of June and 31 July 2002, ten-year government bond yields in the euro area and the United States further declined by around 20 and 35 basis points respectively, to 4.9% and 4.6%, in an environment of continued stock market turbulence (see Chart 8). As a result, the differential between ten-year government bond yields in the United States and those in the euro area widened further by about 15 basis points over this period, to stand at around -30 basis points on 31 July.

In the United States, government bond yields fell sharply across the entire maturity spectrum during July, with short maturities experiencing the largest declines. This general decline in US bond yields seems to have been driven, to a large extent, by continued flight-to-safety portfolio shifts from weakening and

**Chart 8**  
**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.

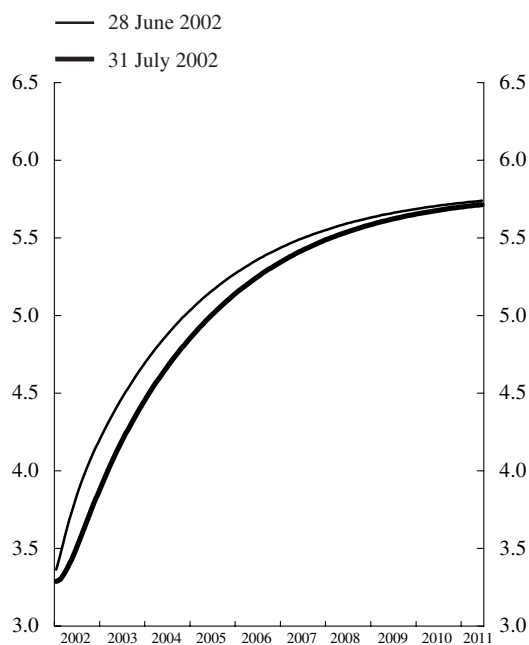
turbulent stock markets into the most liquid fixed-income government bonds. In addition, it seems that market participants perceived the recovery of the US economy to be more uncertain and less strong than previously anticipated. This is suggested first by the strong decline in the two-year bond yield that led to a substantial narrowing of the spread between two-year bond yields and three-month money market rates. Second, the real yield on US ten-year index-linked government bonds declined by around 25 basis points between the end of June and 31 July.

In Japan, the ten-year government bond yield changed little between the end of June and 31 July, closing the period at around 1.3%. Upward pressures on long-term bond yields arose from economic data releases pointing, overall, towards a slightly improved outlook for the Japanese economy. In line with global developments, offsetting effects might have resulted from flight-to-safety flows from stocks into government bonds.

In the euro area, government bond yields dropped across the entire maturity spectrum in July, although by less than in the United States. The broad-based decline in nominal bond yields in the euro area seemed to reflect, to a large extent, continued portfolio shifts from stock markets into bond markets, as well as spillover effects from developments in US bond markets. The real yield on French ten-year bonds index-linked to the euro area HICP excluding tobacco declined only slightly, by 5 basis points, between the end of June and 31 July, suggesting a limited change in market participants' long-term average growth expectations for the euro area economy. The associated measure of the ten-year break-even inflation rate declined by about 10 basis points between the end of June and 31 July. As in the previous month, this seems to be partly a reflection of the impact of portfolio reallocations from stocks into the most liquid fixed-income government bonds.

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

(percentages per annum; daily data)



Source: ECB estimate.

Note: 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 calculate these implied forward yield curves was outlined on page 26 of the January 1999 issue of the ECB's Monthly Bulletin. The data used in the estimate are derived from swap contracts.

The implied forward overnight interest rate curve in the euro area shifted downwards between the end of June and 31 July (see Chart 9). The biggest declines in implied forward overnight interest rates took place at short to medium-term horizons, whereas the very short and long ends of the curve decreased only slightly. In addition to the aforementioned flight-to-safety effects, these changes in the shape of the implied forward rate curve may also reflect slightly higher downward risks as perceived by market participants with respect to the short-term outlook for growth in the euro area by comparison with the previous month.

Between the end of June and 31 July implied bond market volatility in the euro area increased by about 0.4 percentage point to 5.1%, reflecting somewhat heightened uncertainty among market participants about

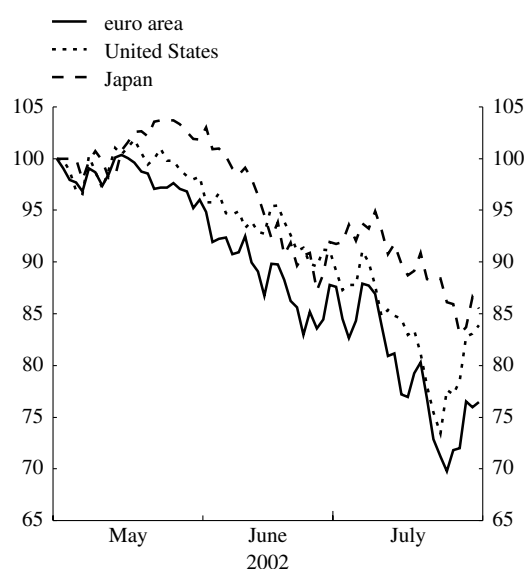
future movements in ten-year bond yields probably closely related to the intensified turbulence on global stock markets. Despite this increase, the level of implied bond market volatility in the euro area reached by 31 July was still close to the average over recent years.

### Global stock prices declined significantly in July

In an environment of continuing concerns about the reliability of corporate earnings disclosure and accounting practices involving companies belonging to almost all the sectors of the economy, stock price indices in the major economic regions declined significantly. Stock prices in the euro area and in the United States, as measured by the broad Dow Jones EURO STOXX and the Standard & Poor's 500 indices respectively, fell by 13% and 8% between end of June and 31 July 2002 (see Chart 10). All in all, stock prices in the euro area and in the United States dropped by around 28% and 22% respectively from

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

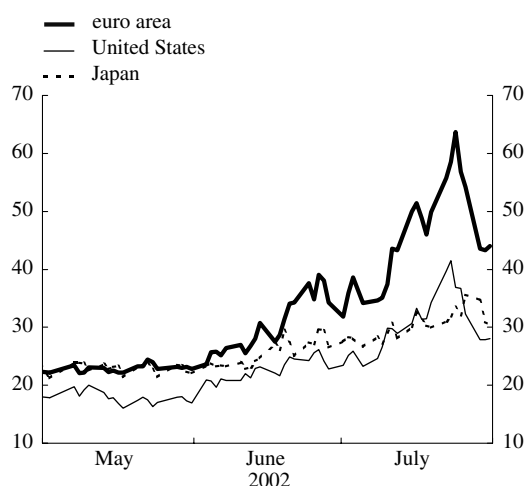
(index: 1 May 2002 = 100; daily data)



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.

### Chart 11 Implied stock market volatility in the euro area, the United States and Japan

(percentages per annum; 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 for the United States, and the Nikkei 225 for Japan.

the peaks reached at the end of March 2002. In Japan, the Nikkei 225 index fell by 7% between end-June and 31 July 2002.

In the United States, the stock market indices continued their declining trend in July amid widespread examples of poor corporate governance. At the same time, uncertainty concerning future stock price developments, as measured by implied volatility derived from options on the Standard & Poor's 500, rose significantly, by 5 percentage points, between the end of June and 31 July to a level well above the average of the last two years (see Chart 11). Lower than expected earnings announcements as well as allegations of accounting irregularities for companies in a wide range of sectors of the economy contributed to these developments, although the telecommunications sector was particularly affected. Stock prices of companies belonging to the retail sector were also negatively influenced by data releases pointing to decreasing confidence among US consumers.



In Japan, the negative overall performance of the stock market appeared to be due mainly to market concerns about the recovery of the economy in the United States, which might negatively affect Japanese exports, especially in the light of the appreciation of the yen. As in other major markets, uncertainty, as measured by implied volatility extracted from options on the Nikkei 225 index, increased between end-June and 31 July, reaching a level almost 3 percentage points higher than the average of the past two years.

In the euro area, stock prices, as measured by the Dow Jones EURO STOXX index, fell

to their lowest level since November 1998. At the same time, uncertainty, as indicated by implied volatility derived from options on the Dow Jones EURO STOXX index, increased considerably between end-June and 31 July, to a level 18 percentage points higher than the average of the past two years. The broadly-based decline in stock prices combined with the sharp increase in uncertainty seemed to reflect a rise in the equity risk premium and possible revised expectations concerning short-term corporate profitability in the euro area. At the sectoral level, stock prices of companies belonging to the insurance sector recorded sharp decreases.

## 2 Price developments

### HICP inflation estimated to have risen slightly in July 2002

HICP inflation is expected to have increased slightly in July 2002, as indicated by Eurostat's flash estimate of 1.9% (see Table 2). This increase is likely to reflect base effects stemming from the fall in oil prices in July 2001, although these were partially neutralised by decreases in the annual rates of growth of some sub-components. No detailed information about the breakdown of HICP developments in July 2002 is available at this stage.

Detailed information about the HICP breakdown is available for June 2002. The

annual rate of HICP inflation in the euro area was recorded at 1.8%, i.e. 0.2 percentage point lower than in May. This fall mainly reflected lower annual rates of change in energy and unprocessed food prices. However, the annual rate of change in the HICP excluding unprocessed food and energy remained at 2.6% for the sixth consecutive month.

A stronger, when compared to May, annual rate of decline of 3.6% was recorded in energy prices in June 2002 (see Chart 12), reflecting the fall of more than 8% in euro-denominated oil prices in that month. The 1.0 percentage point drop in the year-on-

**Table 2**  
**Price and cost developments in the euro area**

(annual percentage changes, unless otherwise indicated)

	1999	2000	2001	2001	2001	2002	2002	2002	2002	2002	2002	2002	2002
				Q3	Q4	Q1	Q2	Feb.	Mar.	Apr.	May	June	July
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index <sup>1)</sup>	1.1	2.3	2.5	2.4	2.1	2.6	2.1	2.5	2.5	2.4	2.0	1.8	1.9
<i>of which:</i>													
Goods	0.9	2.7	2.5	2.3	1.7	2.2	1.4	2.1	2.0	2.0	1.3	1.0	.
Food	0.6	1.4	4.5	5.1	4.7	4.9	2.8	4.8	4.2	3.6	2.7	2.3	.
Processed food	0.9	1.1	2.8	3.3	3.5	3.5	3.1	3.3	3.3	3.2	3.1	3.1	.
Unprocessed food	0.0	1.7	7.0	7.9	6.7	7.0	2.4	7.1	5.5	4.1	2.1	1.1	.
Industrial goods	1.0	3.4	1.5	1.0	0.2	0.9	0.7	0.7	1.0	1.2	0.6	0.3	.
Non-energy industrial goods	0.7	0.7	1.1	0.9	1.6	1.8	1.7	1.9	1.8	1.8	1.7	1.6	.
Energy	2.4	13.3	2.7	1.1	-4.1	-2.1	-2.4	-2.9	-1.6	-0.5	-2.9	-3.6	.
Services	1.5	1.7	2.5	2.5	2.8	3.1	3.2	3.0	3.2	3.0	3.3	3.2	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>2)</sup>	-0.4	5.5	2.1	1.4	-1.0	-0.9	.	-1.1	-0.8	-0.8	-1.0	.	.
Unit labour costs <sup>3)</sup>	1.4	1.0	2.6	2.6	3.4	3.9	.	-	-	-	-	-	-
Labour productivity <sup>3)</sup>	0.9	1.5	0.1	0.2	-0.4	-0.9	.	-	-	-	-	-	-
Compensation per employee <sup>3)</sup>	2.3	2.6	2.7	2.7	2.9	3.0	.	-	-	-	-	-	-
Total hourly labour costs <sup>4)</sup>	2.3	3.2	3.4	3.7	3.3	3.9	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>5)</sup>	17.1	31.0	27.8	29.0	22.4	24.6	27.8	23.5	27.9	29.3	28.1	25.8	25.9
Commodity prices <sup>6)</sup>	-5.9	16.7	-7.6	-10.4	-15.6	-3.6	-5.5	-4.0	-0.3	-1.4	-6.8	-8.4	-7.7

Sources: Eurostat, national data, Thomson Financial Datastream, HWWA (Hamburg Institute of International Economics) and ECB calculations.

Note: For periods prior to 2001, HICP data do not include Greece. The other price and cost indicators include Greece for periods prior to 2001.

1) HICP inflation in July 2002 refers to Eurostat's flash estimate.

2) Excluding construction.

3) Whole economy.

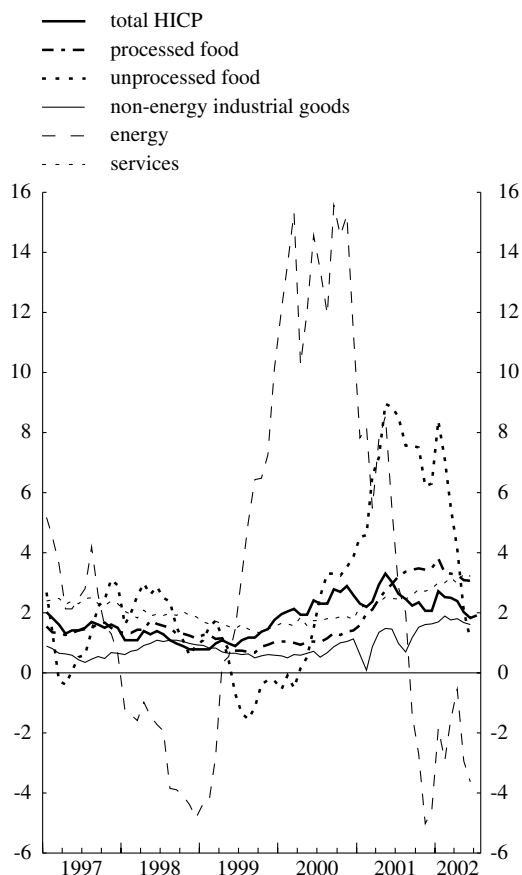
4) Whole economy (excluding agriculture, public administration, education, health and other services).

5) Brent Blend (for one-month forward delivery).

6) Excluding energy. In euro; in ECU up to December 1998. Weighted according to extra-euro area commodity imports.

**Chart 12**  
**Breakdown of HICP inflation in the euro area by component**

(annual percentage changes; monthly data)



Source: Eurostat.  
 Note: For periods prior to 2001, HICP data do not include Greece.

year rate of change in unprocessed food prices to 1.1% in June 2002 was the result of the continued unwinding of vegetable price rises resulting from adverse weather conditions in several euro area countries at the beginning of 2002. Lower meat prices also contributed to this decline, albeit to a much lesser extent.

The year-on-year rate of increase in non-energy industrial goods prices decreased by a further 0.1 percentage point to 1.6%, suggesting that the indirect effects of past shocks to this component are continuing to unwind. The annual rate of change in processed food prices stood at 3.1% in June 2002, unchanged from May.

The annual rate of change in services prices fell by 0.1 percentage point to 3.2% in June 2002. The main contribution to this decline came from the recreation and personal services sub-component, despite the fact that prices within this sub-component continued to rise relatively strongly. In the case of restaurant and café prices, they seem to have been significantly influenced by the euro cash changeover since the beginning of 2002. However, although the annual rates of increase in these prices are likely to remain above historical averages for some time, the month-on-month rates of increase have almost returned to their values prior to the euro cash changeover, down from the very high levels reached at the beginning of the year.

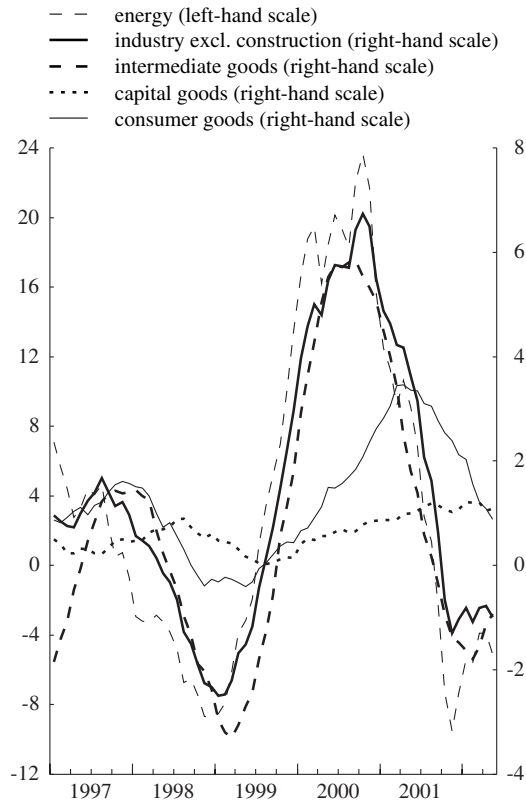
According to Eurostat's latest analysis, the contribution of the cash changeover effect to the overall rise of 1.4% in the HICP between the second half of 2001 and the first half of 2002 most likely falls within the range of 0.0 to 0.2 percentage point.

**Higher year-on-year rate of decline in producer prices in May 2002**

In May, the year-on-year rate of decline in euro area industrial producer prices was 1.0%, after 0.8% in April (see Chart 13). This was mainly the result of a higher annual rate of decline in energy prices. Consumer goods prices also contributed to this development, with their annual rate of increase reaching its lowest level for two years, most likely on account of the unwinding of the indirect effects of past import price increases.

However, the annual rate of decline of intermediate goods prices slowed further in May, apparently reflecting the pick-up in commodity prices, particularly oil, between January and April 2002. The year-on-year rate of change in capital goods prices was also higher in May.

With regard to survey indicators of developments in producer prices, the

**Chart 13****Breakdown of industrial producer prices for the euro area***(annual percentage changes; monthly data)*

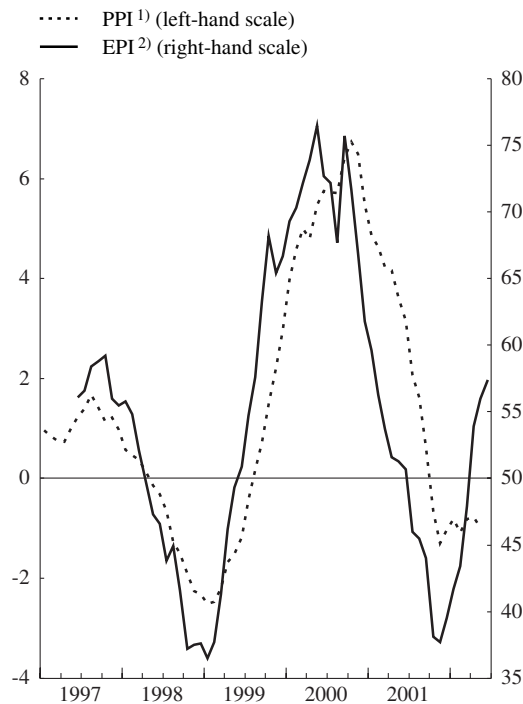
Source: Eurostat.

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

Eurozone Price Index (EPI) rose further in June 2002, signalling an increase in input price pressures for the third consecutive month (see Chart 14).

**Labour cost indicators rose in the first quarter of 2002**

In the first quarter of 2002, the annual rate of change in unit labour costs was 3.9%, which is 0.5 percentage point higher than in the fourth quarter of 2001. This increase was mainly due to a stronger fall in labour productivity. The annual rate of growth in compensation per employee rose only slightly

**Chart 14****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.

from 2.9% to 3.0%, which is consistent with indications on negotiated wages in the first quarter of 2002.

According to Eurostat's second estimate, the annual rate of growth in total hourly labour costs in the non-agricultural business sector increased to 3.9% in the first quarter of 2002, i.e. it was 0.6 percentage point higher than in the last quarter of 2001. Although the rate of growth in hourly labour costs has been on an upward trend since the beginning of 2001, in line with developments in other labour cost indicators, it may be affected by changes to the number of working days in some countries.

### **HICP inflation expected to be around 2% for the next few months**

Although the short-term outlook for inflation rates depends very much on developments in oil prices and the euro exchange rate, the presence of some unfavourable base effects on the more volatile components of the HICP will also affect overall HICP in the short term. Consequently, HICP inflation is expected to be around 2% in the short term, in particular given that there is no evidence as yet of an unwinding of past upward pressures on

services prices. For inflation rates to remain below 2% on a sustainable basis, it remains crucial that wage increases are compatible with price stability over the medium term.

For an overview of the available indicators of private sector expectations, see Box 2 entitled “Private sector expectations for inflation and economic activity in the euro area: the results of the 2002 Q3 Survey of Professional Forecasters and other available indicators”.

#### **Box 2**

#### **Private sector expectations for inflation and economic activity in the euro area: the results of the 2002 Q3 Survey of Professional Forecasters and other available indicators**

This box presents the available indicators of private sector expectations for euro area inflation and economic activity. A summary of the results of the 2002 Q3 Survey of Professional Forecasters (SPF) conducted by the ECB in the second half of July 2002 is given below. The survey’s title reflects the fact that all of the participants are experts affiliated with financial or non-financial institutions based in the European Union. It is important to bear in mind that, since the participants are not given a common set of assumptions on which to base their forecasts, the SPF aggregate results most likely reflect a relatively heterogeneous set of subjective views and assumptions. Whenever possible, the SPF data have been presented in the context of other sources of private sector expectations for the same horizons.<sup>1</sup>

#### **Inflation expectations for 2002, 2003 and 2004**

SPF participants expect the annual inflation rate in the euro area to stand at 2.1% in 2002 and to decline to 1.8% in 2003 (see table below). This implies unchanged inflation expectations with respect to 2002 and a downward revision of 0.1 percentage point for 2003 compared with the expected inflation rates reported in the previous SPF round conducted in mid-April 2002. Survey participants mention the appreciation of the euro exchange rate as the main factor influencing this downward revision. These results are broadly in line with the figures reported by Consensus Economics in July 2002 for the same periods (2.1% and 1.9% respectively). In 2004 as a whole, SPF respondents expect inflation to average 1.9%. For the rolling horizons, June 2003 and June 2004, the expected inflation rates are 1.8% and 1.9% respectively.

As explained in the March 2002 issue of this Monthly Bulletin, the SPF questionnaire also asks survey participants to assign some probability to actual outcomes falling within specific intervals. The probability distribution resulting from the aggregation of responses helps to assess how survey participants, on average, gauge the risk of the actual outcome being above or below the most likely range. Chart A shows the aggregate probability distributions for average annual rates of HICP inflation in 2003 in the last two survey rounds.

<sup>1</sup> These horizons are the calendar years 2002, 2003, 2004 and “five years ahead, 2007”. Expectations for two additional “rolling horizons” requested in the SPF are also reported. These rolling horizons are set one and two years ahead of the period for which the latest data for each particular variable are available at the time the survey is conducted. In the 2002 Q3 SPF, these rolling horizons were June 2003 and 2004 for the HICP inflation rate, the first quarter of 2003 and 2004 for the rate of growth in real GDP, and May 2003 and 2004 for the unemployment rate. These rolling horizons may be useful to identify dynamic patterns that are difficult to detect from averages over calendar years.

## Results from the 2002 Q3 SPF, the 2002 Q2 SPF and Consensus Economics (July 2002)

(annual percentage changes, unless otherwise indicated)

	Survey horizon					
	2002	June 2003	2003	June 2004	2004	Longer term <sup>3)</sup>
<b>HICP inflation <sup>1)</sup></b>						
2002 Q3 SPF	2.1	1.8	1.8	1.9	1.9	1.9
Previous SPF (2002 Q2)	2.1	-	1.9	-	-	1.9
Consensus (July 2002)	2.1	-	1.9	-	-	1.8
<b>Real GDP growth</b>						
2002 Q3 SPF	1.2	2.4	2.5	2.5	2.5	2.5
Previous SPF (2002 Q2)	1.4	-	2.6	-	-	2.5
Consensus (July 2002)	1.3	-	2.7	-	-	2.4
<b>Unemployment rate <sup>2)</sup></b>						
2002 Q3 SPF	8.4	8.2	8.1	7.8	7.8	7.1
Previous SPF (2002 Q2)	8.5	-	8.2	-	-	7.3

1) The SPF results refer to the HICP, while Consensus Economics figures refer to an aggregation of the expected annual rates of growth of the national Consumer Price Indices (CPIs). For the latter the euro area figure is constructed from the Consensus data using national figures for Germany, Spain, France, Italy and the Netherlands, which represent around 85% of the euro area aggregate.

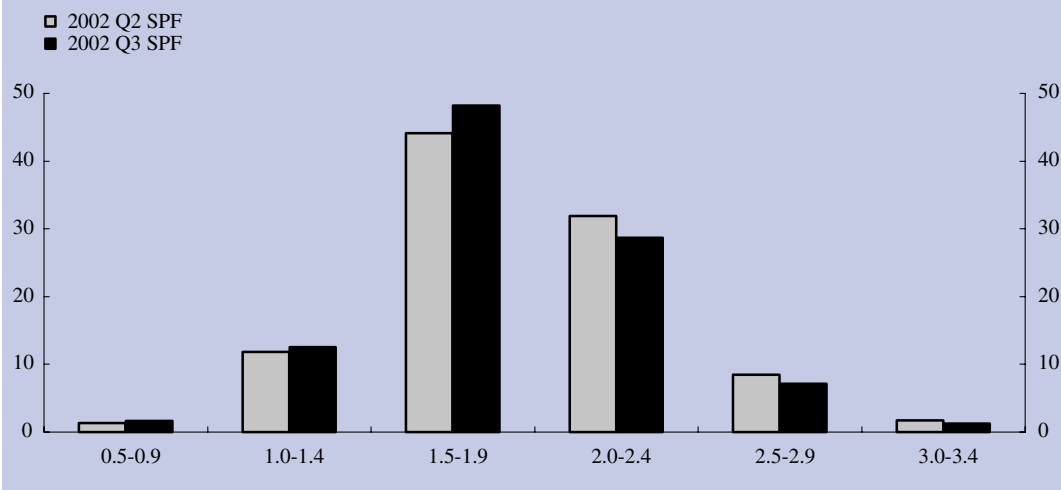
2) As a percentage of the labour force.

3) In the 2002 Q3 SPF longer-term inflation expectations refer to 2007, while in the 2002 Q2 SPF they referred to 2006. The Consensus Economics forecast refers to the period from 2008 to 2012 (data published in the April 2002 Consensus Economics Survey).

Although both distributions are centred on the interval 1.5-1.9%, which accumulates more than 40% of the probability mass in both cases, the main difference is a slight change in the assessment of risks to inflation in 2003 more to the downside. The probability assigned by respondents to inflation being at or above 2% declined to 37% in the 2002 Q3 SPF from 43% in the 2002 Q2 SPF. This indicates that, in the latest round, survey participants felt that there was a slightly lower “risk” than there had been in April that actual average inflation in 2003 will turn out to be above the most likely range of 1.5-1.9%. However, the probability of inflation in 2003 at or above 2.0% still remains higher than in the three survey rounds prior to the 2002 Q2 survey.

### Chart A: Probability distribution for average inflation in 2003 in the last two SPF rounds

(percentages)

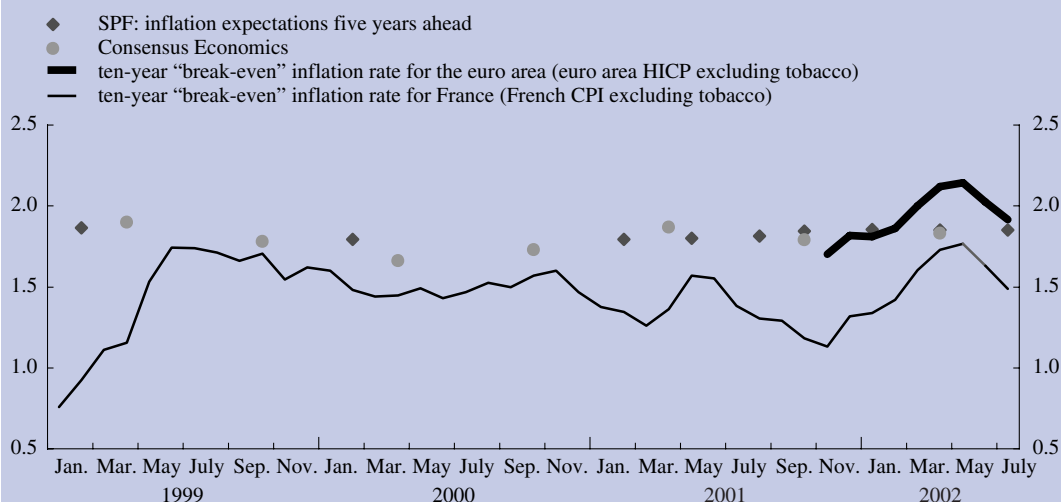


## Indicators of longer-term inflation expectations

The SPF assesses respondents' longer-term inflation expectations by asking about their expectations for inflation "five years ahead". According to the 2002 Q3 SPF, average inflation in 2007 is expected to be 1.9%, indicating unchanged inflation expectations from the previous round. This is broadly consistent with the long-term inflation expectations published by Consensus Economics in April 2002 for five euro area countries for the period 2008-12, which suggest a figure of 1.8% for the euro area as a whole. Regarding indicators extracted from financial instruments, Chart B shows that the so-called ten-year "break-even" inflation rate, which is extracted from the yields of French bonds linked to the euro area HICP and comparable bonds with a fixed coupon, fell in June and July to around 1.9%, after increasing from 1.7% to around 2.1% between November 2001 and May 2002. However, the level of the "break-even" inflation rate has to be interpreted with caution as it is not a direct measure of market participants' inflation expectations and is thus likely to be biased, in particular as a result of a range of time-varying risk premia.<sup>2</sup>

### Chart B: Indicators of long-term inflation expectations

(average annual percentage changes)



Sources: French Treasury, Reuters, Consensus Economics and the ECB.

Note: The ten-year "break-even" inflation rate for France is calculated as the difference between the yields of the French OAT maturing in April 2009 and the real yield of the French index-linked bond linked to the French CPI maturing in 2009. The "break-even" inflation rate for the euro area is the difference between the nominal yields of the French OAT maturing in 2012 and the real yield of the French index-linked bond linked to the euro area HICP maturing in 2012. The Consensus Economics figure refers to the estimate for euro area average inflation based on the expectations reported in April 2002 for five large euro area countries for the period 2008-12.

## Expectations for real GDP growth and unemployment in the euro area

SPF participants have revised their expectations for the average annual growth rate of real GDP in 2002 to 1.2%, down by 0.2 percentage point compared with the previous survey round. However, growth is expected to pick up during the course of 2002, with a higher year-on-year rate of 2.4% expected in 2003 Q1. For 2004 Q1 a growth rate of 2.5% is expected, which is also the expected average for the entire year. As regards the

<sup>2</sup> It should be noted that the "break-even" inflation rate reflects the average value of inflation expectations over the maturity of the index-linked bond under consideration and is not a point estimate for a precise year (as is the case for the SPF indicator of long-term inflation expectations). For a thorough description of the conceptual nature of the "break-even" inflation rate, refer to the box entitled "Deriving long-term euro area inflation expectations from index-linked bonds issued by the French Treasury" on page 16 of the February 2002 issue of the ECB's Monthly Bulletin.

risks to growth prospects, some participants mentioned recent financial market turbulence and its impact on consumer and business confidence and investment decisions. According to the July issue of “Consensus Forecasts”, annual rates of real GDP growth in the euro area are expected to average 1.3% and 2.7% in 2002 and 2003 respectively. These are slightly above the expectations contained in the 2002 Q3 SPF. Long-term growth prospects, at 2.5% for 2007 according to the SPF and 2.4% on average for the period 2008-12 on the basis of the information published by Consensus Economics in April 2002, remain in line with the upper end of the range of estimates for trend potential growth in the euro area. In this respect, it is interesting to note that a number of SPF respondents make their longer-term growth expectations conditional on further labour market reform in the euro area.

The SPF respondents expect the euro area unemployment rate to be 8.4% for 2002. This represents a slight downward revision from the previous SPF round. However, in view of the changes in growth expectations, this downward revision to unemployment expectations in 2002 most likely reflects revisions to historical unemployment data rather than an improved perception of labour market conditions. Thereafter, unemployment is expected to fall, averaging 8.1% in 2003 and 7.8% in 2004. Longer-term expectations are for an unemployment rate of 7.1% in 2007.

### 3 Output, demand and labour market developments

#### Real GDP rose in the first quarter of 2002

According to Eurostat’s second estimate, euro area real GDP increased by 0.3%, quarter on quarter, in the first quarter of 2002 (revised upwards by 0.1 percentage point), after declining by 0.3% in the fourth quarter of 2001 (see Table 3). The overall increase in real GDP can largely be ascribed to a positive contribution from net exports, caused by stronger exports and a decline in imports, which more than offset a negative contribution from changes in inventories. The increase in exports stemmed from the pick-up in growth elsewhere in the world economy. While real gross fixed capital formation declined slightly, real private consumption stagnated in the first quarter. The latter can be attributed to weak labour market conditions, in particular the increase in unemployment, and higher inflation, which adversely affected real disposable income in the first quarter of this year. According to value-added data, the increase in export growth fostered an expansion mainly in the industrial sector.

Euro area industrial production (excluding construction) declined marginally, month on

month, in May 2002 (see Table 4). This followed a fairly sharp decline in April and a relatively strong increase in March, which were mainly caused by special factors. Industrial production in April and May was affected negatively by strikes in some large euro area economies. On a three-month moving average basis, industrial production (excluding construction) increased by 0.5% in May 2002, showing signs of continued expansion. However, in all likelihood, the quarter-on-quarter growth rate in the second quarter will be lower than in the first, when it was 0.6%. With regard to the main industrial groupings, the recovery still does not appear to be broadly based. Production in the consumer goods sector as a whole increased further in May, but declined in the durable consumer goods sector. Production in the capital goods sector declined further on a three-month moving average basis – albeit at a slower rate than in the first quarter. Production in the intermediate goods sector fell for the second consecutive month in May, but growth was still clearly positive on a three-month moving average basis.



**Table 3****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>				
	1999	2000	2001	2001	2001	2001	2001	2002	2001	2001	2001	2001	2002
				Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1
Real gross domestic product <i>of which:</i>	2.7	3.5	1.4	2.4	1.6	1.4	0.4	0.3	0.4	0.0	0.2	-0.3	0.3
Domestic demand	3.4	3.0	0.8	1.7	1.2	0.7	-0.4	-0.4	-0.2	0.3	-0.2	-0.3	-0.2
Private consumption	3.3	2.5	1.7	1.9	1.7	1.7	1.5	0.7	0.8	0.5	0.1	0.1	0.0
Government consumption	2.1	1.9	2.2	2.1	2.2	2.4	2.2	2.2	0.7	0.4	0.3	0.7	0.6
Gross fixed capital formation	5.9	4.7	-0.5	1.4	0.1	-1.5	-2.0	-1.6	-0.6	-0.6	-0.4	-0.5	-0.1
Changes in inventories <sup>3), 4)</sup>	-0.2	0.1	-0.5	-0.1	-0.2	-0.4	-1.3	-0.8	-0.7	0.1	-0.3	-0.4	-0.3
Net exports <sup>3)</sup>	-0.6	0.6	0.7	0.7	0.4	0.7	0.8	0.7	0.7	-0.3	0.4	0.0	0.5
Exports <sup>5)</sup>	5.3	12.2	2.5	7.7	4.3	1.0	-2.7	-2.0	-0.2	-0.9	-0.3	-1.3	0.5
<i>of which: goods</i>	5.1	12.3	2.5	7.9	3.8	1.1	-2.6	-2.4	0.0	-1.3	0.0	-1.3	0.2
Imports <sup>5)</sup>	7.4	10.9	0.8	6.0	3.4	-0.8	-5.1	-4.0	-2.0	-0.1	-1.5	-1.6	-0.8
<i>of which: goods</i>	7.3	11.3	0.4	6.3	3.3	-1.6	-5.9	-4.5	-2.8	-0.1	-1.8	-1.4	-1.3
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	2.3	-0.3	-0.7	-0.6	-1.2	-0.9	-0.1	1.4	-1.4	-0.3	1.4	0.1	0.1
Industry	1.4	4.1	0.5	2.6	0.9	0.3	-1.8	-1.8	0.8	-1.0	-0.1	-1.6	0.8
Services	3.1	3.8	2.3	2.9	2.4	2.2	1.7	1.5	0.5	0.5	0.4	0.3	0.3

*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.***Table 4****Industrial production in the euro area***(annual percentage changes, unless otherwise indicated)*

	2000	2001	2002	2002	2002	2002	2002	2002	2001	2002	2002	2002	2002
			Mar.	Apr.	May	Mar.	Apr.	May	Dec.	Jan.	Feb.	Mar.	Apr.
						month-on-month			three-month moving averages				
Total industry excluding construction <i>by main industrial groupings:</i>	5.5	0.2	-2.3	-1.0	-1.4	0.8	-0.6	-0.1	-1.5	-0.4	0.6	0.7	0.5
Total indus. excl. construction and energy <sup>1)</sup>	6.0	0.0	-2.7	-1.4	-1.7	0.4	-0.1	-0.5	-2.3	-0.6	0.7	1.0	0.6
Intermediate goods	6.0	-0.9	-0.5	-0.1	0.2	1.3	-0.7	-0.2	-2.2	-0.2	2.4	3.2	2.3
Capital goods	9.3	1.3	-6.7	-3.2	-5.6	0.0	0.6	-1.3	-2.7	-2.0	-1.5	-1.0	-0.7
Consumer goods	2.3	0.1	-1.7	-1.6	-0.9	-0.7	0.5	0.1	-1.7	-0.6	-0.4	0.3	0.1
Durable consumer goods	6.2	-2.7	-8.0	-6.3	-7.3	-2.0	1.3	-1.4	-1.9	0.1	-1.6	-2.0	-2.7
Non-durable consumer goods	1.6	0.7	-0.3	-0.6	0.4	-0.5	0.4	0.3	-1.6	-0.7	-0.1	0.7	0.6
Energy	1.6	0.9	1.0	2.6	2.0	0.8	-0.5	0.2	2.0	1.9	0.4	-0.4	-0.4
Manufacturing	5.9	0.1	-3.3	-1.1	-2.1	0.3	0.5	-1.1	-2.2	-0.9	0.5	1.0	0.6

*Sources: Eurostat and ECB calculations.**Notes: Annual percentage changes are calculated using data adjusted for variations in the number of working days; percentage changes on the previous month and three-month centred moving averages against the corresponding average three months earlier are calculated using seasonally and working day adjusted data. Data refer to the Euro 12 (including periods prior to 2001).**1) Manufacturing excluding the manufacture of coke and refined petroleum products, but including non-energy mining and quarrying activities.*

## Business confidence suggests continued growth in the second quarter

Business survey data generally strengthened in the second quarter of 2002, as compared with the first quarter. At the same time, however, the uneven monthly pattern of the indicators still points to uncertainty concerning the strength of the recovery.

With respect to the manufacturing sector, the Purchasing Managers' Index (PMI) for the euro area manufacturing sector improved slightly to 51.8 in June 2002. The PMI was consistently above the threshold level for signalling an expansion of manufacturing production in the second quarter of 2002 (see Chart 15). However, the PMI increased at a slower rate than during the first quarter of 2002. According to the latest European Commission Business Survey, euro area industrial confidence increased from the first to the second quarter, although it declined slightly in June (see Table 5). Also for this indicator, the rate of increase during the

whole of the second quarter was lower than in the first quarter of 2002. The survey data indicate a change in sentiment concerning stocks, with a rapidly decreasing proportion of firms considering inventories to be too high. From the first to the second quarter, the other components, relating to production expectations and assessment of order books, also improved. This pattern of a general improvement in business activity and orders, as well as in stocks of finished products, is also shown by the PMI data.

Confidence in the euro area services sector declined in June, according to the European Commission surveys, while the results of the PMI survey were mixed. From the first to the second quarter, the results of both surveys improved with regard to current business activity, but worsened with respect to expected activity. Although they pointed to some strengthening of activity in the second quarter, the data also suggest that a further improvement in the services sector is uncertain.

**Table 5**  
**Results from European Commission Business and Consumer Surveys for the euro area**  
(seasonally adjusted data)

	1999	2000	2001	2001	2001	2002	2002	2002	2002	2002	2002	2002	2002
				Q3	Q4	Q1	Q2	Jan.	Feb.	Mar.	Apr.	May	June
Economic sentiment index <sup>1)</sup>	-0.2	2.6	-2.7	-1.3	-1.4	0.4	0.4	0.2	0.1	0.3	-0.1	0.5	-0.3
Consumer confidence indicator <sup>2)</sup>	7	12	6	3	0	1	2	0	2	2	1	3	2
Industrial confidence indicator <sup>2)</sup>	0	12	-1	-3	-10	-6	-3	-7	-7	-4	-4	-2	-3
Construction confidence indicator <sup>2)</sup>	14	21	15	13	11	9	9	8	10	9	8	11	9
Retail trade confidence indicator <sup>2)</sup>	0	5	-1	-1	-4	-9	-10	-6	-10	-10	-10	-10	-11
Services confidence indicator <sup>2)</sup>	5	8	-7	-8	-26	-18	-15	-21	-19	-13	-14	-14	-18
Business climate indicator <sup>3)</sup>	-0.1	1.3	-0.1	-0.4	-1.1	-0.8	-0.4	-1.0	-0.9	-0.6	-0.6	-0.2	-0.4
Capacity utilisation (%) <sup>4)</sup>	81.9	83.9	82.8	82.4	81.3	80.8	.	80.8	-	-	80.7	-	-

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

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

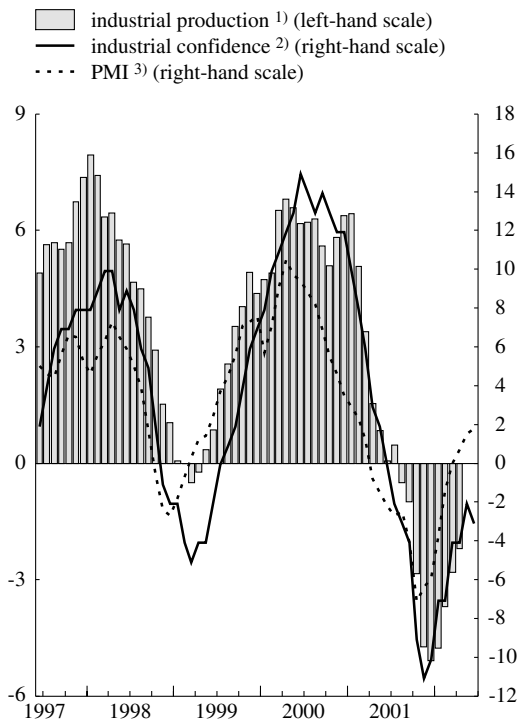
1) Percentage changes compared with the previous period.

2) Percentage balances; data shown are calculated as deviations from the average over the period since April 1995 for the services confidence indicator, since July 1986 for the retail trade confidence indicator, and since January 1985 for the other confidence indicators.

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 15**  
**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: Where available, data refer to the Euro 12 (including periods prior to 2001).

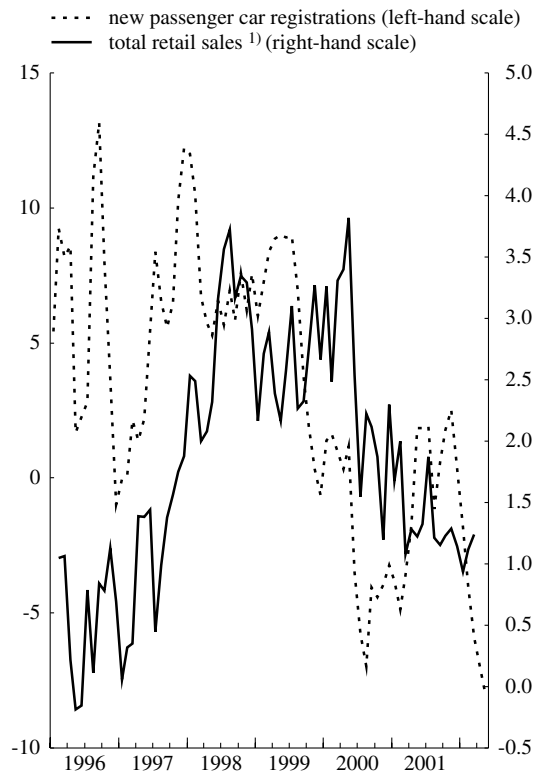
- 1) Manufacturing; annual percentage changes in three-month moving averages; working day adjusted data.
- 2) Percentage balances; deviations from the average since January 1985.
- 3) Purchasing Managers' Index; deviations from the value of 50; positive deviations indicate an expansion of economic activity.

### Evidence from household spending indicators remains mixed

The evidence given by indicators of private consumption in the second quarter of 2002 remains mixed. The European Commission survey data indicate that consumer confidence, although decreasing in June, improved slightly in the second quarter of 2002 compared with the first quarter. This slight improvement was due, in particular, to a more positive assessment of the future general economic situation. However, the expected financial situation of consumers decreased slightly further in the second quarter, and there is still no clear reversal

detectable in this component. Confidence in the retail trade sector declined marginally from the first to the second quarter. There is therefore no sign as yet of a turnaround in confidence in this sector. Retail sales volumes decreased by 1.0%, month on month, in April, but were unchanged on a three-month moving average basis. However, new passenger car registrations increased by 2.0%, month on month, in June, after an increase of 2.3% in May. Car registrations increased marginally, quarter on quarter, in the second quarter, following the large drop in the first quarter. In terms of year-on-year rates of growth, neither retail sales nor car registrations provided clear signs of a strengthening in consumption expenditure (see Chart 16).

**Chart 16**  
**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).

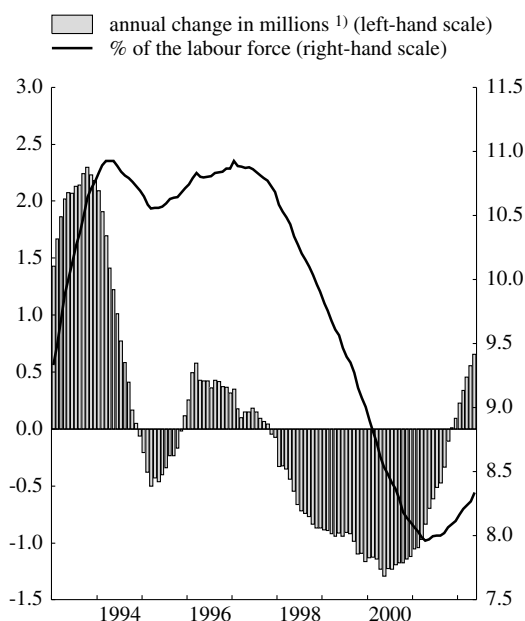
- 1) Calculated using seasonally adjusted data.

## Continued uncertainty regarding the strength of the recovery

Recent indicators of developments in economic activity suggest that quarter-on-quarter real GDP growth in the second quarter was somewhat higher than in the first quarter. However, the uncertainty as to the strength of the current recovery is high. Looking further ahead, the most likely scenario remains a continuation of the recovery. The decrease in inflation from the temporarily high level in first quarter of 2002 should underpin an increase in real disposable income and, therefore, real private consumption growth. Other supporting factors include an expected reversal of destocking, the absence of major imbalances in the euro area and favourable financing conditions. Despite this assessment, future oil price developments and existing economic imbalances elsewhere in the world economy remain elements of risk in the medium term.

## Chart 17 Unemployment in the euro area

(monthly data; seasonally adjusted)



Source: Eurostat.

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

1) Annual changes are not seasonally adjusted.

## Unemployment rate unchanged in May 2002

As reported in the previous issue of the Monthly Bulletin, the standardised rate of unemployment in the euro area stood at 8.3% in May, unchanged compared with April (see Table 6). However, the number of unemployed continued to rise (by around 100,000, month on month, significantly more than in previous months), pointing to a further increase in the euro area

unemployment rate in the second quarter of 2002.

The breakdown by age shows that the unemployment rates of both those under 25 years of age and those over 25 years of age increased in May 2002, to 16.5% and 7.3% respectively. The total number of unemployed in the euro area in that month was nearly 600,000 higher than in May last year (see Chart 17), when unemployment started to increase month on month. Early indications

## Table 6 Unemployment in the euro area

(as a percentage of the labour force; seasonally adjusted)

	1999	2000	2001	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
Total	9.4	8.5	8.0	8.0	8.0	8.1	8.2	8.1	8.2	8.2	8.2	8.3	8.3
Under 25 years <sup>1)</sup>	18.5	16.6	15.7	15.6	15.7	15.9	16.2	16.0	16.1	16.2	16.3	16.3	16.5
25 years and over	8.2	7.4	7.0	7.0	7.0	7.1	7.2	7.1	7.1	7.2	7.2	7.2	7.3

Source: Eurostat.

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

1) In 2001 this category represented 22.9% of total unemployment.

for euro area unemployment, based on available country evidence, suggest a further increase in the number of unemployed in June 2002.

### Stable employment growth in the first quarter of 2002

National accounts data on employment growth have been revised slightly. As a result, employment in the euro area is now estimated to have risen by 0.2%, quarter on quarter, in the first quarter of 2002, unchanged from previous quarters (see Table 7).

As regards sectoral developments, quarter-on-quarter employment growth in construction stood at -0.2%, compared with -0.1% in the previous quarter. In the remaining industrial sectors, employment

growth was -0.3%, unchanged from the previous quarter. Services continued to be the only sector to contribute positively to net job creation in the euro area in the first quarter of 2002, at an unchanged rate of 0.4%, quarter on quarter, for the last four quarters. This suggests a relative resilience of employment developments in this sector, in particular in financial and business services. Employment expectations for the euro area, according to the European Commission Business Survey and the Purchasing Managers' Survey up to June, point to lower employment growth in the second quarter of 2002 in construction and services, but to some improvement of employment expectations in manufacturing. For an overview of labour productivity developments, see Box 3 entitled "Developments in euro area labour productivity".

**Table 7**  
**Employment growth in the euro area**

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

	1999	2000	2001	2001	2001	2001	2002	2001	2001	2001	2001	2002	
				Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1
	Quarterly rates <sup>1)</sup>												
Whole economy	1.7	2.0	1.3	1.9	1.4	1.1	0.8	0.7	0.3	0.2	0.2	0.2	0.2
<i>of which:</i>													
Agriculture and fishing <sup>2)</sup>	-2.7	-1.6	-1.2	-0.3	-0.8	-1.6	-2.1	-2.6	0.0	-0.6	-0.9	-0.6	-0.5
Industry	0.3	0.8	0.3	1.0	0.6	0.1	-0.4	-0.9	0.1	-0.1	-0.2	-0.2	-0.3
Excluding construction	-0.2	0.6	0.4	1.2	0.6	0.1	-0.5	-0.9	0.2	-0.1	-0.2	-0.3	-0.3
Construction	2.0	1.6	0.2	0.6	0.5	0.1	-0.3	-0.6	0.1	-0.1	-0.2	-0.1	-0.2
Services	2.7	2.7	1.9	2.4	1.9	1.7	1.5	1.6	0.3	0.4	0.4	0.4	0.4
Trade and transport <sup>3)</sup>	2.3	2.7	1.3	1.8	1.2	1.1	1.0	1.2	-0.0	0.2	0.5	0.4	0.2
Finance and business <sup>4)</sup>	5.5	5.8	3.8	5.0	4.0	3.3	3.0	2.7	1.0	0.6	0.6	0.8	0.7
Public administration <sup>5)</sup>	1.7	1.3	1.4	1.6	1.4	1.4	1.2	1.3	0.3	0.4	0.3	0.3	0.3

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.

**Box 3****Developments in euro area labour productivity**

Developments in productivity have attracted much attention in recent years, especially in the context of the debate on the possible emergence of a so-called “new economy”. For practical reasons and for purposes of international comparability, average labour productivity (ALP) is often the preferred measure of productivity. As regards euro area developments, the focus is usually on productivity per person employed rather than per hour worked. However, this focus is to a certain extent misleading. In particular, measured on the basis of hours worked, euro area labour productivity growth has been clearly stronger than generally perceived.

In the second half of the 1990s, ALP decelerated in the euro area, but accelerated in the United States, and productivity growth became stronger in the United States than in the euro area. This clear difference in developments is apparent from labour productivity measured as GDP per person employed. However, the number of persons employed only gives a reliable representation of inputs if average hours worked per person remain constant over time. In addition, for international comparison, output per person employed is only a suitable measure if average hours worked per person exhibit the same pattern across economies. This is not the case when comparing the euro area and the United States. In the euro area, a trend decline in the average annual hours worked per person occurred over the past 20 years, which was not matched by a similar decline in the United States. Consequently, it appears that the much-debated difference in productivity growth in the second half of the 1990s was less pronounced than is generally assumed (Table A). Moreover, it should be kept in mind that ALP is highly pro-cyclical, and that the data in Table A are not cyclically adjusted. In the second half of the 1990s, the cyclical expansion experienced in the United States was stronger than that in the euro area, thus creating a bias in relative productivity developments in favour of the United States.

**Table A: Average labour productivity growth**

(average annual percentage change)

Basis	Period	Euro area	United States
Persons employed	1982-1989	2.0	1.4
	1990-1995	1.7	1.2
	1996-2001	1.1	1.7
Hours worked	1982-1989	2.6	1.2
	1990-1995	2.3	1.2
	1996-2001	1.7	2.0

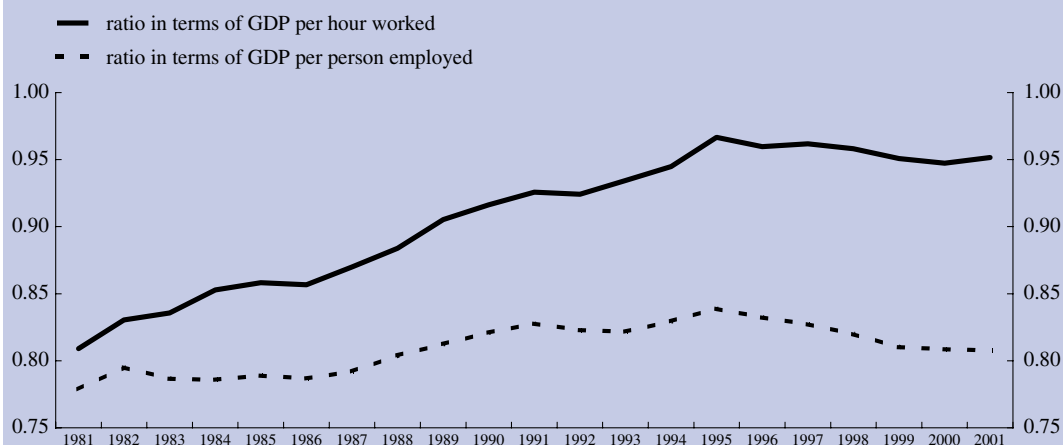
Source: ECB calculations based on national accounts and OECD data.

Another way to show that the picture presented by productivity developments depends on the specific measure used is to look at the ratio between productivity levels in the euro area and those in the United States. The chart below shows the ratios with regard to GDP per hour worked and GDP per person employed respectively. It can be seen that the convergence in the level of productivity on the basis of hours worked was faster than on the basis of persons employed. Moreover, since the mid-1990s, there has been a reversal in the development of the productivity differential in terms of persons employed, which is less pronounced according to the productivity per hour worked measure.

Where does the difference in ALP developments between the euro area and the United States come from? Two factors are generally distinguished to explain labour productivity growth: capital deepening and growth in total factor productivity (TFP), a measure of the overall efficiency of the economic process. As regards capital deepening, for example, the increase in investment in information and communication technologies (ICT) is largely deemed to lie at the root of the acceleration in ALP in the United States. However, this factor seems to explain only a small part of the difference in ALP growth developments between the United States and the euro area. In a recent growth accounting exercise, it was found that the contribution of ICT capital to real GDP growth was not very different in the euro area and the United States – once adjusted for differences in deflating methodologies (Table B).

The increase in ALP growth in the United States is in part also ascribed to an acceleration, from the first to the second half of the 1990s, of total factor productivity. Over this period, TFP appears to have decelerated in the

### Relative levels of productivity: euro area versus the United States<sup>1)</sup>



Source: ECB calculations based on national accounts and OECD data.

Note: international comparisons of levels of productivity are hampered by a range of measurement issues. As a result, the series are indicative mainly of developments in relative productivity levels rather than of relative levels per se.

1) The relative level of productivity is defined as the euro area level as a percentage of the United States' level, in 1996 purchasing power parities.

euro area. TFP may thus explain most of the difference between labour productivity developments in the euro area and those in the United States. In this context, it should be noted that the measure of TFP growth used here implicitly also includes changes in the quality of labour. In a situation of increasing labour market flexibility associated with increasing employment also of relatively low-skilled and inexperienced people, the average quality of labour input will be lower than in a situation in which these people would not enter employment. Hence, the decrease in measured TFP growth in the euro area in the second half of the 1990s probably also reflects the rise in employment of relatively low-skilled and inexperienced workers. Moreover, the acceleration of employment between the first and the second half of the 1990s was stronger in the euro area than in the United States, implying some bias in the differential in measured TFP growth in favour of the United States.

**Table B: Contribution to growth in the euro area and the United States; comparison of studies**

(percentage points)

	Country/area	Period	Contributions to output growth <sup>1)</sup>	
			ICT capital <sup>2)</sup>	TFP growth <sup>3)</sup>
<b>Vijselaar/Albers</b>	euro area	1991-95	0.38	1.25
		1996-99	0.73	0.40
<b>Oliner/Sichel<sup>4)</sup></b>	United States	1991-95	0.57	0.92
		1996-99	1.10	1.47
<b>Jorgenson/Stiroh<sup>5)</sup></b>	United States	1990-95	0.40	0.73
		1995-98	0.75	1.24

Source: Vijselaar and Albers (2002) "New Technologies and Productivity Growth in the Euro Area", ECB Working Paper No. 122.

1) Vijselaar/Albers: GDP; Oliner/Sichel: non-farm business sector output; Jorgenson/Stiroh: private domestic output.

2) Using an alternative US-based deflator for euro area investment in IT equipment to increase comparability.

3) Including changes in labour quality.

4) Oliner and Sichel (2000) "The Resurgence of Growth in the Late 1990s: Is Information Technology the Story?", *Journal of Economic Perspectives*, 14(4).

5) Jorgenson and Stiroh (2000) "Raising the Speed Limit: US Economic Growth in the Information Age", *Brookings Papers on Economic Activity*, 1.

This notwithstanding, the acceleration in TFP in the United States can be attributed to several other factors as well, including sector-specific TFP developments, and factors such as spillover effects or network externalities related to the use of ICT. Moreover, like labour productivity, total factor productivity is known to be highly pro-cyclical, and the data in Table B are not cyclically adjusted.

Whereas it is difficult to quantify the effects of the various explanations for the recent difference in TFP growth, it is highly unlikely that biases in measured TFP growth can explain all, or most, of it. The sectoral composition of TFP and other structural factors which influence the use of technology could help explain at least part of the difference in TFP and, thereby, ALP growth. In particular, the ICT-producing manufacturing sector has shown a very strong acceleration in TFP, and this sector is substantially larger in the United States than in the euro area. Moreover, it is commonly believed that other business sectors in the United States are in a better position to exploit new technological opportunities owing to its more flexible product, capital and labour markets.

Finally, it is important to note that the main stylised facts regarding GDP per hour worked, as discussed in this box, are based on data constructed by the ECB from national accounts and OECD sources. These stylised facts are to some extent different from those emerging from readily available data (in this case, GDP per person employed). Thus, it reinforces the importance of improving the coverage of official euro area data in order to obtain a clear and generally accepted view of actual developments.

## 4 Exchange rate and balance of payments developments

### Euro moderately lower in July 2002

After strengthening substantially in previous months, in July the euro moderated against most major currencies. The depreciation of the euro during this month was particularly pronounced against the pound sterling. As a result, the euro's nominal effective exchange rate on 31 July was 1.7% lower than at the end of June.

The US dollar continued to depreciate against the euro in the first three weeks of July amid lingering doubts over corporate governance and compliance with accounting standards in the United States, which weighed on US stock prices. Moreover, recent sentiment indicators and survey-based data, together with financial market developments, contributed to market uncertainty with regard to the short-term economic outlook for the United States. In this environment, the euro strengthened against the US dollar to reach USD 1.01 in the third week of July, its highest level since January 2000. Towards the end of the month, the dollar recovered its earlier losses vis-à-vis the euro, against a background

of rebounding US equity prices (see Chart 18). On 31 July the euro was trading against the US dollar at USD 0.98, 1.9% below its level at the end of June and 9.2% above its average level in 2001.

In the period under review, the Japanese yen appreciated against the US dollar and the euro amid further signs of a bottoming-out of the Japanese economy, as evidenced by recent data releases of leading indicators for business conditions, and some easing of deflationary pressures. The Japanese currency rose to its highest level against the US dollar since February 2001, despite ongoing market discussion of possible foreign exchange market interventions by the Japanese authorities seeking to slow the pace of yen appreciation. Towards the end of July, when the US dollar appreciated, these gains in the Japanese currency were broadly reversed. On 31 July the euro stood at JPY 117.4, 0.7% below its level at the end of June and 8% above its 2001 average.

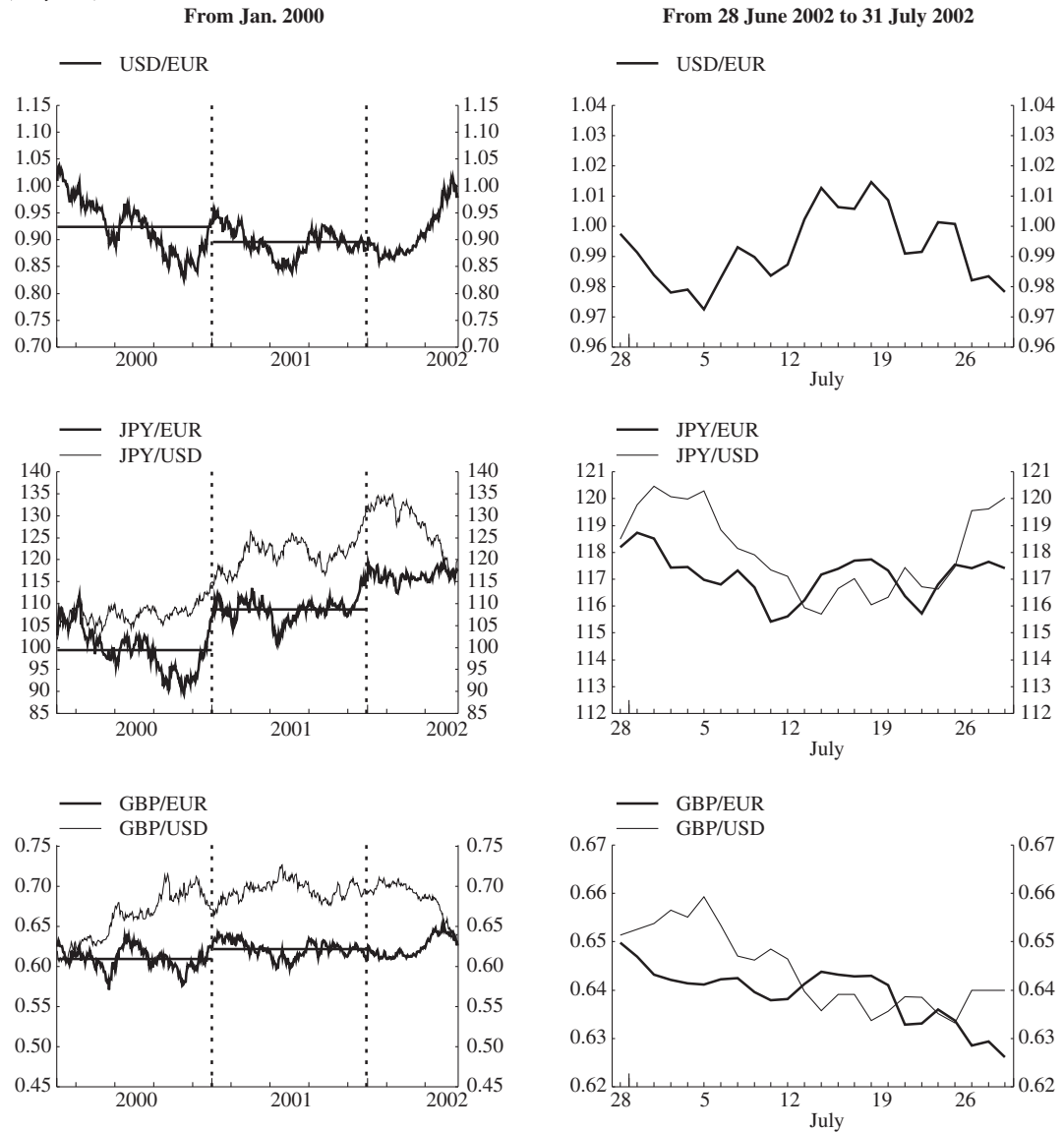
The pound sterling appreciated in July against all major currencies. It rose to a 27-month



## Chart 18

### Patterns in exchange rates

(daily data)



Source: ECB.

Note: The scaling of the charts is comparable in each column. Horizontal lines show annual averages.

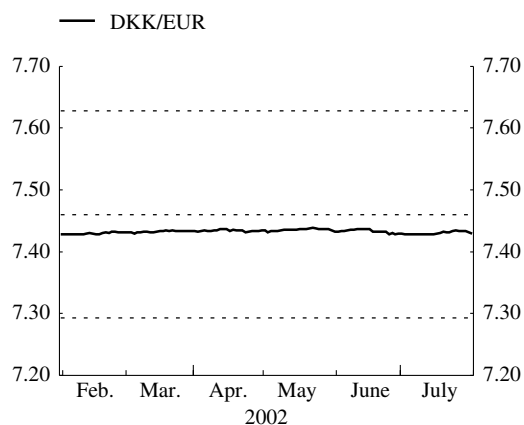
high against the US dollar and recovered the losses recorded in the previous month against the euro. The preliminary estimate of GDP growth for the second quarter of 2002 supported the market's view that the UK economy is generally strong, despite less buoyant data on manufacturing output and retail sales. On 31 July the euro stood at GBP 0.63, 3.6% lower than at the end of June and 0.7% above its 2001 average.

Regarding other European currencies, the Danish krone continued to fluctuate in a narrow range slightly below its central parity in ERM II (see Chart 19). The Swedish krona depreciated strongly against the euro to SEK 9.54, its lowest level in 2002, before recovering somewhat. As is usual in times of global financial market tension, the Swiss franc benefited from its safe-haven status and strengthened in the course of July. Following

### Chart 19

#### Patterns of exchange rates within ERM II

(daily data)



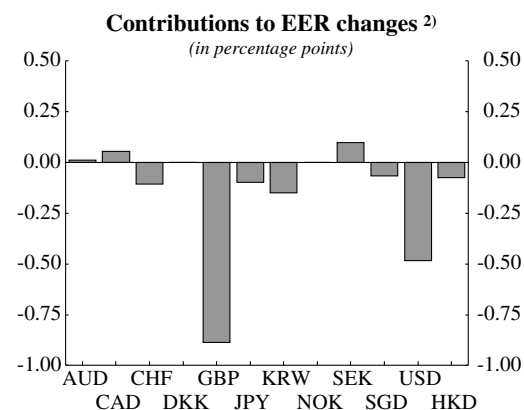
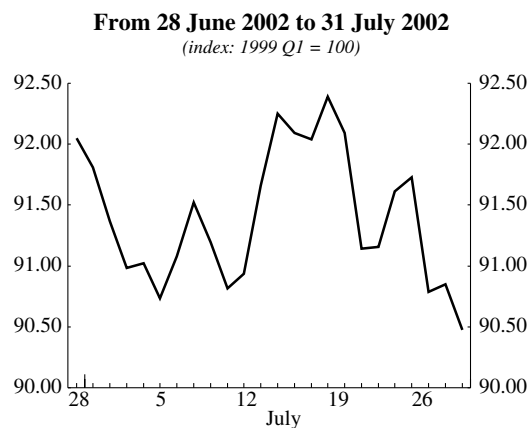
Source: ECB.

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

### Chart 20

#### The effective euro exchange rate and its decomposition<sup>1)</sup>

(daily data)



Source: ECB.

1) An upward movement of the index represents an appreciation of the effective exchange rate against 12 partner currencies.

2) Changes are calculated using trade weights against 12 major trading partners.

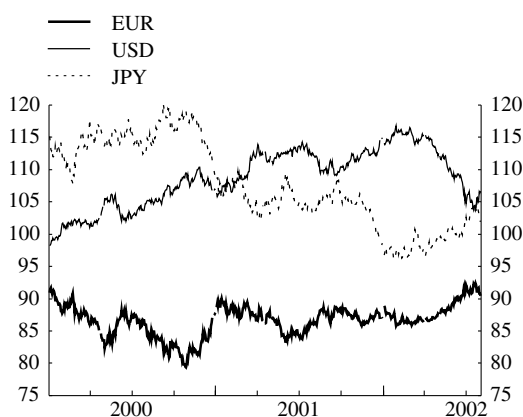
the decision of the Swiss National Bank to lower the target range for the three-month LIBOR by 50 basis points on 26 July, the Swiss currency eased somewhat against all major currencies.

In July, the euro fluctuated in effective terms – as measured against the 12 most important trading partners of the euro area – in a rather narrow range. Its slight appreciation against the Swedish krona over this period was more than offset by its depreciation against the pound sterling and the US dollar, in particular (see Chart 20). On 31 July, the euro was 1.7% lower compared with the end of June, but still 4% above its 2001 average. Chart 21 shows how the appreciation of the euro in 2002 was paralleled by a strong decline in the nominal effective exchange rate of the US dollar which, on 31 July, was almost 4% below its annual average for 2001. This overall weakening of the US dollar in recent months was also associated with a strong increase in the nominal effective exchange rate of the yen, although, as a result of its strong decline in autumn 2001, on 31 July the Japanese currency was still 3.2% below its average level in 2001.

### Chart 21

#### Effective exchange rates of the euro, the US dollar and the Japanese yen<sup>1)</sup>

(daily data; 1999 Q1 = 100)



Source: ECB.

1) An upward movement of the indices represents an appreciation of the effective exchange rate against 12 partner currencies.

## Current account slightly in surplus in May 2002

The euro area current account balance showed a small surplus of €0.1 billion in May 2002, compared with a deficit of €2.2 billion in May 2001 (see Table 8). This development resulted primarily from the increase in the goods surplus (which rose from €4.4 billion

to €9.2 billion) more than offsetting the increase (of €2.5 billion) in the income deficit, while the balances for services and current transfers remained virtually unchanged. The year-on-year increase in the goods surplus in May was due to imports decreasing at a faster pace than exports in comparison with the same period of the year before.

**Table 8**  
**Balance of payments of the euro area**

(EUR billions; not seasonally adjusted)

	2001 Jan. - May	2001 May	2002 Jan. - May	2002 Mar.	2002 Apr.	2002 May
<b>Current account balance</b>	-19.4	-2.2	5.4	7.1	-5.8	0.1
Credits	710.3	148.3	690.5	140.5	136.1	140.8
Debits	729.7	150.5	685.1	133.4	141.9	140.7
Goods balance	12.9	4.4	44.7	13.6	8.2	9.2
Exports	427.1	89.0	425.8	91.3	86.1	86.7
Imports	414.2	84.7	381.0	77.7	77.9	77.6
Services balance	-0.6	2.8	-2.0	-0.4	-0.1	2.8
Exports	123.3	28.3	125.5	24.9	25.8	28.0
Imports	123.9	25.6	127.5	25.3	25.9	25.2
Income balance	-20.0	-3.9	-23.2	-1.7	-7.9	-6.4
Current transfers balance	-11.7	-5.4	-14.1	-4.4	-6.0	-5.5
<b>Capital account balance</b>	5.6	0.5	5.5	0.3	1.3	1.1
<b>Financial account balance</b>	32.6	-9.6	-24.6	15.3	-1.1	4.9
Direct investment	-81.3	-41.5	-4.0	-6.8	7.7	5.1
Abroad	-124.0	-51.8	-63.4	-14.5	-6.6	-14.6
Equity capital and reinvested earnings	-77.2	-41.3	-40.2	-15.2	-3.0	-9.2
Other capital, mostly inter-company loans	-46.8	-10.5	-23.2	0.7	-3.6	-5.4
In the euro area	42.7	10.3	59.4	7.6	14.3	19.7
Equity capital and reinvested earnings	41.8	10.2	27.5	7.0	6.7	9.0
Other capital, mostly inter-company loans	0.9	0.1	31.9	0.6	7.6	10.7
Portfolio investment	-42.6	15.1	-11.3	1.3	11.5	32.0
Equities	28.5	44.3	20.0	-0.3	-0.7	21.9
Assets	-60.0	-14.5	-41.4	-9.4	-3.0	-5.8
Liabilities	88.5	58.8	61.4	9.1	2.3	27.6
Debt instruments	-71.1	-29.2	-31.3	1.6	12.2	10.1
Assets	-71.7	-13.6	-65.4	-17.7	-5.6	-20.4
Liabilities	0.5	-15.7	34.0	19.4	17.8	30.5
Memo item:						
Combined net direct and portfolio investment	-123.9	-26.4	-15.3	-5.5	19.3	37.1
Financial derivatives	3.2	3.6	0.4	-3.6	2.1	-1.9
Other investment	140.4	16.8	-17.1	24.6	-30.8	-32.4
Reserve assets	12.9	-3.6	7.4	-0.2	8.3	2.1
<b>Errors and omissions</b>	-18.8	11.3	13.7	-22.7	5.6	-6.1

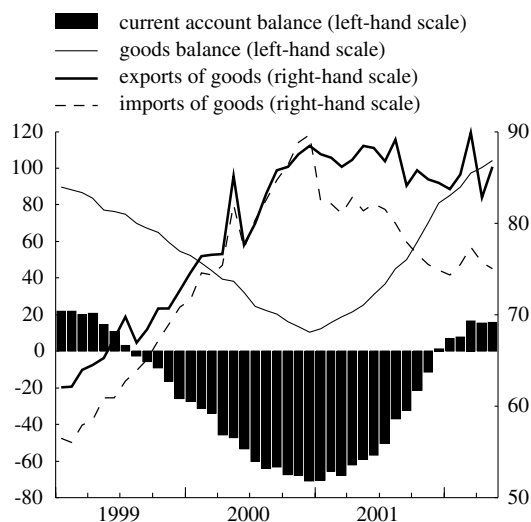
Source: ECB.

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 on the ECB's website.

## Chart 22

### The euro area current account balance, the goods balance and exports and imports of goods

(EUR billions; seasonally adjusted)



Source: ECB.

Note: Data refer to the Euro 12. Balances are cumulated over 12 months; exports and imports of goods are monthly values.

In the first five months of 2002 the cumulative current account balance turned from a deficit of €19.4 billion in the same period last year into a surplus of €5.4 billion, mainly as a result of a significant increase (of €31.8 billion) in the goods surplus.

Looking at month-on-month developments on the basis of seasonally adjusted data, the surplus on trade in goods increased by €4.0 billion in May 2002 as a result of exports growing by 4.0% and imports decreasing by 0.9% (see Chart 22). While the increase in export values reflects a strengthening of external demand, the small decline in import values results mainly from a decrease in import prices associated with lower oil prices and the strengthening of the euro.

### Sizeable portfolio investment net inflows in May 2002

In the financial account, combined direct and portfolio investment in the euro area experienced high net inflows of €37.1 billion in May 2002, mainly as a result of significant net inflows in portfolio investment (€32.0 billion). Direct investment also recorded a net inflow (€5.1 billion), although it was somewhat smaller than in the previous month. Within portfolio investment, high net inflows were recorded in equity securities (€21.9 billion) and money market instruments (€8.4 billion), reflecting strong demand of non-residents for these types of assets in the euro area, while net inflows in bonds and notes were of lesser magnitude (€1.7 billion). In more detail, foreign investors were net purchasers of euro area equity securities worth €27.6 billion and they invested a net amount of €16.6 billion in money market instruments (see Table 8.5 in the “Euro area statistics” section). These developments were most likely influenced by the disclosure of incidents of corporate and accounting malfeasance in the United States as well as by the fact that the return on euro area money market instruments exceeded that on those issued in the United States.

On a cumulative basis in the first five months of 2002, combined direct and portfolio investment continued to record net outflows, but they were substantially lower (€15.3 billion) than in the same period in 2001 (€123.9 billion). This is in line with previous developments which show that combined direct and portfolio investment outflows have been declining in net terms since 1999 (see the article entitled “Developments in the external direct and portfolio investment flows of the euro area” in the Monthly Bulletin of July 2002). Mergers and acquisitions have been a main determinant of developments in combined direct and portfolio investment flows (see Box 4).

## Box 4

### Merger and acquisition activity and the composition of the financial account of the euro area balance of payments

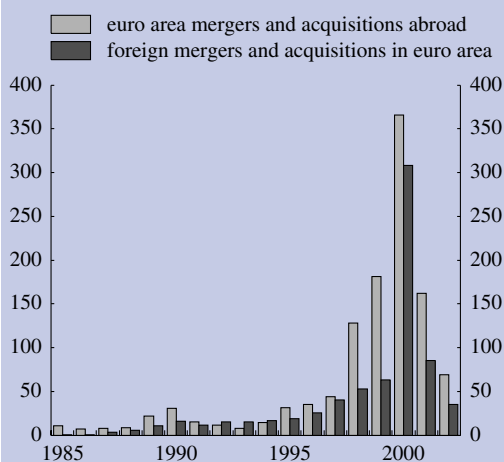
The direct and portfolio investment accounts of the euro area balance of payments were strongly affected by merger and acquisition (M&A) activity between 1998 and 2002 (see the article entitled “Developments in the external direct and portfolio investment flows of the euro area” in the Monthly Bulletin of July 2002). During this period, euro area companies were particularly active in forming partnerships with and investing in foreign firms as a means of strengthening their global market positions and acquiring technological know-how and expertise. The purpose of this box is to provide a more detailed account of the dynamics of euro area companies’ M&A activity and its relevance for developments in the composition of the euro area financial account. The analysis is based on data for settled M&A transactions from Thomson Financial.

#### Dynamics and composition of euro area merger and acquisition flows have shown marked changes

Euro area companies’ M&A activity outside the euro area has gone through different phases since the 1980s. After registering few and relatively small transactions until 1997, M&A investment increased markedly in 1998. The peak of activity was reached in 2000, when the value of euro area companies’ investment in M&A abroad soared to €366 billion. M&A investment by euro area companies dropped strongly after 2000, to €162 billion in 2001 and €69 billion in the first half of 2002. A similar pattern, although smaller in magnitude, was observed for M&A investment by non-residents in the euro area (see Chart A).

#### Chart A: Euro area merger and acquisition activity, 1985-2002

(EUR billions; annual data)



Sources: Thomson Financial and ECB calculations.

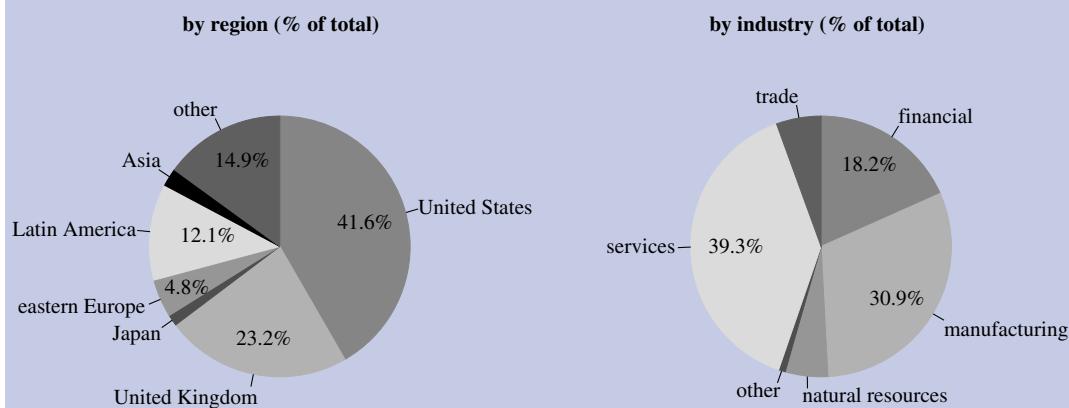
Note: Figures for 2002 are for the period from January to June.

This rapid rise in M&A activity in the late 1990s took place against a background of increased global economic integration and competition, a favourable global economic environment and the boom in high-technology industries, particularly in the United States. The sharp drop in M&A activity after 2000 coincided with the decline in global equity markets, led by technology indices, and the economic slowdown in developed economies.

The United States received the largest share of euro area companies’ M&A investment. In the period from 1985 to 2002, it accounted for 41.6% (or €479 billion) of the total. Other large recipients of euro area companies’ M&A investment were the United Kingdom (23.2% or €267 billion) and Latin America (12.1% or €140 billion) – see Chart B.

As to the sectoral composition of M&A activity, 39.3% of all M&A investment by euro area companies abroad was undertaken in the services sector, 30.9% in the manufacturing sector and 18.2% in the financial sector (see Chart B). A noteworthy aspect is the changing sectoral composition of M&A activity over the period from 1985 to 2002. Until the mid-1990s, more than half of all M&A investment occurred in manufacturing, whereas the M&A boom in the late 1990s took place mainly in the services sector and, in particular, in high-tech industries. The high-tech industry, comprising several sub-categories (biotechnology, computer equipment, electronics, communication technology and other high technology) of the sectors listed in Chart B, accounted for about 50% of all M&A investment in 2000. In the period from 1985 to 1997, by contrast, the share of high-tech industries in M&A activity was around 14%. This underlines the fact that M&A flows since 1998 have been driven mainly by M&A activity in high-tech industries.

**Chart B: Euro area mergers and acquisitions abroad, 1985-2002**



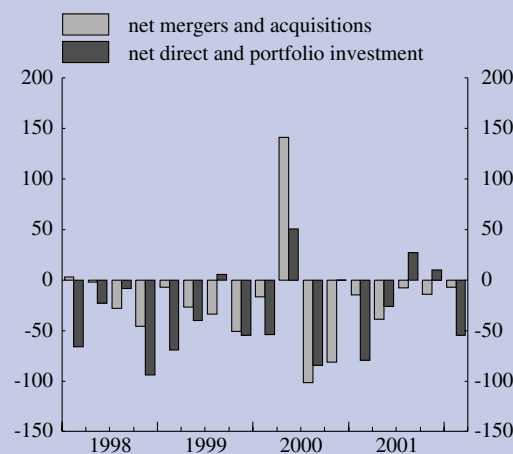
Sources: Thomson Financial and ECB calculations.

**Merger and acquisition activity plays an important role in overall developments in euro area direct and portfolio investment flows**

How M&A transactions are recorded in the euro area financial account depends on the method of settlement used. An M&A transaction settled in cash affects the direct investment account and “other investment” of the euro area balance of payments, whereas a settlement through an exchange of shares will affect the portfolio investment account. Chart C compares the magnitude of M&A activity with developments in direct and portfolio investment of the euro area. The chart shows that the net M&A activity outflows from the euro area have been substantial in most of the quarters since 1998, with the notable exception of the second quarter of 2000 when some major purchases of euro area firms by foreign companies led to significant net inflows. Net outflows related to M&A activity have accounted for a large share of the net outflows in combined direct and portfolio investment. Overall, M&A transactions are a key factor for explaining developments in the composition of the financial account of the euro area over the past five years.

**Chart C: Net mergers and acquisitions and net direct and portfolio investment, 1998-2002**

(EUR billions)



Sources: Thomson Financial, ECB and ECB calculations.



# Price level convergence and competition in the euro area

*This article provides an overview of the extent of price level differences in the euro area and outlines the main factors behind them. While a degree of price level dispersion across countries and regions can be expected in all currency areas due, for instance, to differences in national income levels, large differences in the prices of tradable goods and services could be viewed as an indication of insufficient market integration and competition. The data available suggest that price level dispersion for many tradable goods and services remains higher between euro area countries than within individual countries, implying that further improvements in the functioning of the Internal Market are possible. The introduction of the euro represents a further step in the integration of markets in Europe. By eliminating uncertainties associated with exchange rate fluctuations, reducing transaction costs and increasing price transparency, the conditions for trade and competition should improve in the euro area, leading to further convergence of price levels for tradable goods and services. Nevertheless, barriers to trade and effective competition between euro area countries remain. This would require additional efforts to be made to adapt regulations and enhance competition in European product markets in order to reap the full benefits of the Internal Market. Moreover, integrated and well-functioning product markets would facilitate the conduct of the stability-oriented monetary policy of the ECB.*

## I Introduction

Over the past decade, important steps have been taken in Europe to reduce trade barriers and liberalise markets, especially product markets. These steps, which have taken the form of both domestic and EU-wide reforms (such as the Internal Market Programme, the liberalisation of a number of utility industries and more stringent competition policies), have all contributed towards increasing the intensity of domestic and cross-border competition within the EU. With increased competition, production can be expected to become more cost-efficient and innovative, resulting in a larger choice of products at lower prices. Furthermore, increased competition and innovation should lead to productivity gains and improved growth and employment prospects, while more flexible and efficient markets would allow for faster adjustment to economic shocks. This, in turn, would facilitate the conduct of monetary policy in the euro area.

The introduction of the euro is an important step in the further integration of the Internal Market as it eliminates the possibility of exchange rate fluctuations, thus stimulating trade and investment. Moreover, the introduction of the euro banknotes and coins further reduces transaction costs and increases price transparency across borders.

In turn, this should increase the strength of competition and, over time, reduce price level dispersion in the euro area.

This article focuses on differences in the price levels of goods and services in the euro area and the main reasons for them, with particular emphasis on the impact of competition. Price level dispersion across countries in an integrated economic area is often used as an indicator of the degree of market integration. As European product markets become increasingly integrated, price level dispersion for tradable goods and services can be expected to decline. Therefore, large, persistent differences in the price levels of products which are easily tradable across borders could signal that barriers to trade and competition within the euro area remain. Prices of non-tradable goods and services can also be expected to converge to the extent that income levels converge in the euro area. Overall, however, some degree of price level dispersion in the euro area can be expected to remain, as the examples of other currency areas with well-integrated markets have shown.

The remainder of this article is structured as follows: Section 2 describes the main factors behind price differences across countries and



regions; Section 3 sets out some of the ways of measuring price dispersion in the euro area; Section 4 considers how price dispersion has evolved over time; Section 5 looks at the effects of competition on price

levels and economic developments; and Section 6 concludes by discussing the main policy implications of price level dispersion and convergence.

## 2 Why do price levels differ between locations?

The theory of the “law of one price” states that, in integrated markets where there are no transportation costs, internationally traded products should sell at the same price in different locations (measured in a common currency). Differences in price levels would result in arbitrage, i.e. products being bought at locations where prices are relatively low and sold at locations where prices are relatively high, thereby adjusting supply and demand so that price levels converge. Empirically, the law of one price only appears to hold for a few globally traded goods at the wholesale level (such as commodities).

Many products, mainly services, are not easily tradable across borders, although an increasing number are becoming tradable under the influence of market liberalisation and technological advances. The prices of these non-tradable products are determined by local rather than international supply and demand conditions. In particular, differences in *national income levels* play an important role in explaining why price levels differ between countries. The underlying theory is based on the so-called Balassa-Samuelson effect which states that countries with higher productivity levels in the tradable goods sector will also have higher wage levels in this sector than other countries, while prices for tradable goods are set internationally. Assuming that wages become equal between sectors, e.g. due to labour mobility, the wage level in the non-tradable sector and the economy as a whole will tend to be higher than in countries with lower productivity levels. However, as productivity is normally lower in the non-tradable goods sector than in the tradable goods sector (and more equal across countries), the costs of producing non-tradable goods will be higher and lead

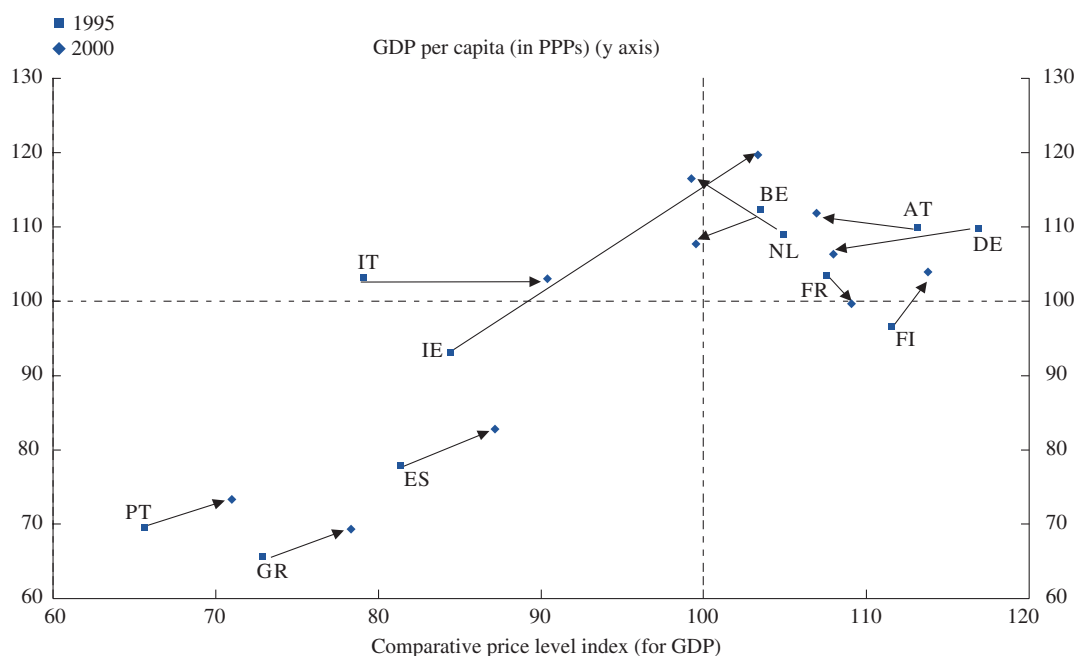
to higher relative prices for non-tradable goods. Accordingly, countries with higher productivity levels in the tradable sector and overall higher living standards (or GDP per capita levels) would tend to have higher non-tradable goods and overall price levels. This relationship is confirmed by most empirical studies. To the extent that productivity levels across countries tend to converge, price levels can also be expected to converge. Chart I shows that the relative movements in price and income levels in euro area countries between 1995 and 2000 were broadly in line with economic theory.

Other country-specific reasons for differences in price levels include differences in *national macroeconomic policies and cyclical positions*, which, in the short run, can have effects on price level developments. Moreover, differences in *national indirect and other taxes* influence selling prices. While it has been observed that indirect taxes tend to increase price differences, they are generally not considered to be a major factor in explaining price level dispersion across countries. This is partly because differences in VAT rates across euro area countries are relatively small (between 15 and 21%). However, in the case of some products, such as alcoholic beverages, tobacco or liquid fuels, excise duties and other taxes can account for a large proportion of price level dispersion between countries. Finally, *transportation costs and national preferences* reflecting cultural and linguistic differences offer natural explanations as to why market conditions and prices differ between countries. In the past, changes in the *nominal exchange rate* have also contributed to movements in comparative price levels between euro area countries from one year to the next (see also Box I).

## Chart I

### Price and income levels in euro area countries in 1995 and 2000

(euro area average = 100)



Sources: European Commission, OECD and ECB calculations.

Factors explaining price level differences which are more industry or product-specific include information and local production costs, market size, imperfect competition owing to market concentration, collusive company behaviour, product differentiation, companies' pricing strategies and regulatory frameworks. Most of these factors have a bearing on the intensity of competition in different markets. Changes in these factors could stem from technological advances, such as the Internet, which has reduced information costs, or government measures, such as the Internal Market Programme, liberalisation of network industries and, as is

the case of the euro area countries, the adoption of a single currency which reduces cross-border transaction costs and increases price transparency. Such changes should benefit arbitrage and increase competition, thus helping to lower price dispersion from one location to another.

In view of the above, a number of country-specific reasons, such as income differentials, and the intensity of domestic and cross-border competition in markets are important factors in explaining price level dispersion in the euro area.

### 3 Measures of price level dispersion in the euro area

A number of methodological and statistical issues arise when measuring and comparing price levels across countries. For instance, when making comparisons, prices of similar products should be selected. However, even products that appear to be identical are often modified to suit national or local market

conditions arising due to preferences or regulations, or are different in terms of quality. Moreover, product ranges change over time, making it difficult to analyse how prices for a particular product have developed historically. Furthermore, similar methods need to be followed when collecting price

## Box 1

### Measuring price levels

In order to make aggregate price level comparisons between countries, detailed price data for a broad set of products across countries are necessary. By converting the price levels into a common currency, it is possible to see which country is the most expensive overall. While the Harmonised Index of Consumer Prices is generally used to analyse the evolution of prices over time, price convergence analysis requires price level data for a spatial comparison across countries for a comparable and representative product selection. For this purpose, and in order to provide internationally comparable volume measures of GDP and its components, Purchasing Power Parities (PPPs) are often used. PPPs are calculated by the OECD and by Eurostat for all EU countries. In their simplest form, PPPs are nothing more than price relatives, calculated by dividing the price of a product (in local currency) by the price of the same product in another country (also in local currency). Accordingly, PPPs indicate the income in local currency which is needed in each country in order to buy the same volume of goods and services. Expressed another way, PPPs are the rates of currency conversion which equalise the purchasing power of different currencies by eliminating the differences in price levels between countries. The ratio between PPPs and nominal exchange rates shows the comparative, or relative, price level, from which it is possible to tell which countries are more expensive to live in. If the nominal exchange rate is the same as the PPP, the comparative price levels will be the same in the two countries. In the case of the euro area countries, it is no longer necessary to convert prices into a common currency since all prices have effectively been expressed in euro since 1 January 2002 (formally, prices have been expressed in euro since 1999, given that from 1999 to 1 January 2002 national currencies were only a denomination of the euro).

PPPs are calculated for individual products, product groups and the main aggregates of GDP. Eurostat's PPP calculations cover more than 200 product groups and are based on market prices, including taxes, of comparable and representative goods and services available within the EU. New price surveys are made in at least three-year intervals and the resulting parities are updated annually by means of detailed national price indices. In most cases, the surveys are carried out in the national capitals of EU Member States and are adjusted to be representative of the national average.

In addition to price level indices from Eurostat and the OECD, a number of firms specialised in data collection offer more specific price level data with a narrower market definition and coverage of specialist sectors. Some of these firms also collect retail prices based on bar-code scanner data which are particularly detailed and have the advantage of high frequency.

data. In particular, the type of outlet (e.g. supermarkets or specialised retailers) should be as similar as possible, and prices should be representative for the country as a whole. As these requirements are difficult to meet in full, a degree of caution when interpreting cross-country price level differences is appropriate.

At an aggregate level, comparative price levels can be constructed for comparison between countries (see Box 1). As Chart 2 shows, most euro area countries have price levels in terms of household final consumption expenditure that are relatively close to the euro area average. While price levels in

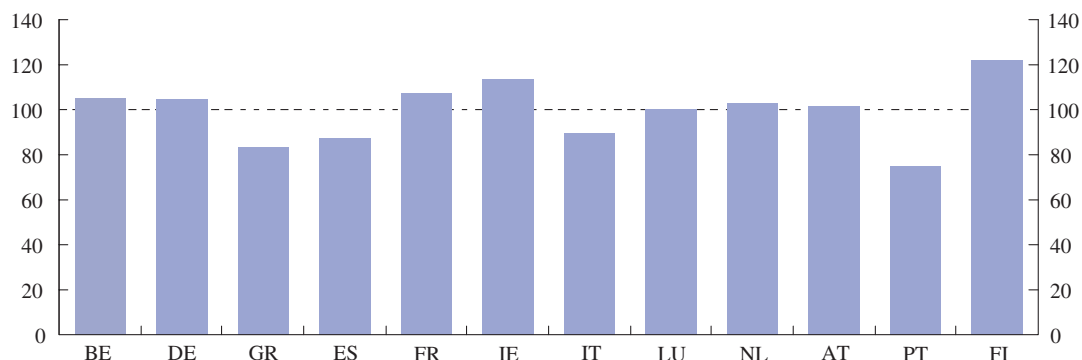
Greece, Spain and Portugal are somewhat lower than the euro area average, those in Ireland and Finland are somewhat higher.

A comparison of prices for specific product categories reveals a slightly larger dispersion across euro area countries than at the aggregate level (see Table 1). As can be expected, tradable goods, such as food, clothing and furnishings, tend to show a lower degree of price dispersion than less or non-tradable goods and services, such as rents, communications and education. This is due to the higher exposure of traded goods to cross-country price arbitrage and competition. In addition, product categories that are strongly affected by national regulations or

## Chart 2

### Comparative price level indices for euro area countries in 2000 (household final consumption expenditure)

(euro area average = 100)



Sources: Eurostat and ECB calculations.

taxes, such as alcoholic beverages and tobacco, tend to show a relatively high degree of price level dispersion across countries.

For individual products or product groups, market-specific price data are collected by a number of specialised firms and industry associations. The European Commission has analysed supermarket prices based on bar-code scanner data which show that price differences are relatively high across euro area countries. As shown in Table 2, price dispersion is highest in the case of mineral water, where the price is almost four times higher in Finland than in Spain.

Other products, such as coffee and flour, also show large differences between countries, with prices in the most expensive country between two and three times higher than in the cheapest country. Based on a larger set of prices of supermarket products (excluding indirect taxes), the Commission finds that prices in Germany, Spain and the Netherlands are relatively low compared with other euro area countries, while prices in Greece and Finland are relatively high. Moreover, "pan-European brands" are generally more expensive but vary less in price across countries than "generic products".

## Table 1

### Comparative price level indices for selected product categories in 2000 (household final consumption expenditure)

(euro area average = 100)

Product category	Highest	Lowest	Coefficient of variation <sup>1)</sup>
Food and non-alcoholic beverages	115 (Finland)	87 (Spain)	9.2
Recreation and culture	122 (Finland)	87 (Greece)	9.6
Clothing and footwear	117 (Luxembourg)	79 (Portugal)	9.9
Furnishings, household equipment	115 (Netherlands)	78 (Portugal)	10.6
Restaurants and hotels	126 (Finland)	84 (Portugal)	11.9
Transport	129 (Finland)	75 (Greece)	13.9
Electricity, gas and other fuels	132 (Netherlands)	66 (Greece)	16.3
Health	137 (Finland)	62 (Greece)	18.8
Education	169 (Luxembourg)	63 (Portugal)	29.4
Communications	159 (Finland)	68 (Greece)	29.7
Alcoholic beverages, tobacco	175 (Ireland)	72 (Spain)	30.2
Rentals for housing	141 (Ireland)	33 (Portugal)	30.9

Sources: Eurostat and ECB calculations.

1) The coefficient of variation is used to show relative dispersion, i.e. the spread around its mean value. It is defined as the ratio of the standard deviation to the sample mean. The higher the value, the higher the degree of price level dispersion between countries.

**Table 2**  
**Price indices of selected supermarket products in euro area countries in 1999-2000**

(euro area average for each product = 100, including VAT; no data available for Luxembourg)

	Pan-European brands			Generic products					
	Carbonated drinks – Cola	Shampoo	Instant coffee	Butter	Flour	Ground coffee, coffee beans	Granulated sugar	Milk (Uht), half fat	Mineral water
Belgium	107	90	94	101	:	86	89	90	95
Germany	79	84	89	90	117	83	:	97	131
Greece	99	:	78	:	:	135	:	:	88
Spain	101	77	88	125	88	56	89	82	47
France	85	102	94	102	119	112	120	103	69
Ireland	100	128	101	79	:	186	114	:	174
Italy	95	85	135	128	145	78	:	123	59
Netherlands	126	127	87	87	64	72	87	88	82
Austria	98	100	104	105	118	:	106	:	72
Portugal	89	93	119	101	76	102	100	80	
Finland	121	114	109	82	73	91	96	139	184
Coefficient of variation	14.2	18.1	16.2	16.6	28.9	37.1	12.3	20.8	47.5

Sources: European Commission, "Economic Reform: Report on the functioning of Community product and capital markets" ("Cardiff report"), 2001 and ECB calculations. See also European Commission, "Price differences for supermarket goods in Europe", 2002. The table shows the price level in each euro area country for a selection of supermarket products in relation to a simple euro area average. "Pan-European brands" are defined as those brands available in at least seven EU countries, while "generic products" are brands available in fewer than seven EU countries.

#### 4 Price level convergence in the euro area

With regard to the development of price level dispersion over time, a number of studies have found that price level convergence, both within the EU and the euro area, was especially evident in the late 1980s and early 1990s, particularly for tradable goods. This was probably a consequence of the implementation of the Internal Market Programme which reduced barriers to trade and increased cross-border competition. In the second half of the 1990s, price convergence appears to have slowed down, possibly also due to the downward convergence of inflation rates in the euro area countries.

There is no reason to expect prices to converge towards the same level in all euro area countries. In integrated national markets, some degree of regional price level dispersion remains. The level of such regional price dispersions within countries can be used as a benchmark to evaluate how much further price convergence in the euro area may go. Most studies which have compared the

situation between euro area countries and within individual countries conclude that price level dispersion tends to be greater between countries than within them. For example, the European Commission found that while the maximum price level variation across eleven EU countries for various branded consumer electronic products was around 30-40%, measured as the difference between maximum and minimum prices as a percentage of the minimum price, the price level difference inside EU countries was usually around 10-20%.<sup>1</sup> This result also applies to the euro area countries. Similarly, the Commission concluded in 2002 that price differences of supermarket goods within EU countries are in general four to six times smaller than those across EU countries.

Drawing a comparison with the situation in the United States, a well-integrated currency area of a similar size to the euro area, the

<sup>1</sup> European Commission, "Price dispersion in the Internal Market", 2001.

Commission found that the dispersion of price levels between EU countries for six product categories<sup>2</sup> was 15% in 1998, compared with 12% between 15 US cities. Price level dispersion was found to be lower in the United States for all product groups, and even more so in the case of the tradable categories. However, another study, based on city data for 165 goods and services, suggests that the scope for further price level convergence of tradable goods in the euro area may be more limited (see Table 3). According to this study, the price level dispersion of tradable goods in euro area cities was already relatively close to the US situation in 1999. The somewhat surprising result that the price dispersion of non-tradable goods and services was greater in US cities than in the euro area can mainly be explained by the significantly higher weight of housing in the United States and the inclusion of high house price data for New York, which distorts the results. The European Commission's report excludes data for New York and concludes that price level dispersion was higher for housing in the EU than in the United States in 1998.

countries will tend to increase towards the price level in the higher-income countries. Conversely, the effect of increased competition on the price levels of tradable goods and services is generally considered to be downwards. In both cases, prices should tend to converge across countries. However, depending on the starting position and timing of measures to open up markets to competition in different countries, price dispersion may increase rather than decrease in the short term. Liberalisation in the electricity and telecommunication markets, for instance, has resulted in increasing price differentials for some types of customers and services although the overall price level in the euro area for these utilities has declined. Importantly, price convergence is not a sign of efficient markets *per se*. Price levels can be similar across countries even if markets are not functioning particularly well in terms of competitive pressures and market efficiency. For instance, collusive behaviour between firms could result in low price dispersion with prices remaining at a non-optimal level. However, a downward movement of prices in a market where competitive pressures are increasing, combined

**Table 3**  
**Price dispersion in euro area and US cities**

Price index		Standard deviation <sup>1)</sup> of prices across locations		
		1990	1995	1999
Euro area (11 cities)	Overall	0.12	0.12	0.10
	Tradables	0.11	0.07	0.05
	Non tradables	0.26	0.32	0.28
United States (14 cities)	Overall	0.15	0.14	0.16
	Tradables	0.04	0.03	0.03
	Non tradables	0.51	0.49	0.56

Source: J. Rogers, G. Hufbauer and E. Wada, "Price level convergence and inflation in Europe", Institute for International Economics, Working Paper 01-1, 2001. Reprinted with permission.

1) The standard deviation measures the spread or dispersion of the data. A low standard deviation indicates a low dispersion.

The direction of price movements resulting from closer integration differs between tradable and non-tradable goods and services. To the extent that countries with lower income levels in an integrated economic area gradually tend to catch up with richer countries in terms of living standards and productivity levels, it can be expected that non-tradable prices in these

with a convergence of prices across countries, is, on balance, likely to indicate an improvement in the functioning of these markets.

2 Grocery items, housing, utilities, transportation, healthcare and miscellaneous goods and services (including entertainment, restaurant meals, clothes and alcoholic drinks), adjusted for indirect taxes. See European Commission, "Price levels and price dispersion in the EU", European Economy No. 7, July 2001.

To sum up, even in a highly integrated currency area, some degree of price level dispersion is likely to persist. However, comparisons of price level differences between euro area countries and within

individual euro area countries and the United States suggest that there may be scope for some further price level convergence within the euro area.

## 5 The effects of competition

Perfectly competitive markets are generally perceived to be an ideal situation in which resource allocation is the most efficient and overall welfare gains for the economy are the greatest. This stems from the fact that in a competitive market, no participant can dominate the market and producers will compete through cost efficiency and innovation, thereby keeping prices and profits at optimal and low levels. Furthermore, increased competition and innovation should lead to productivity gains and improved growth and employment prospects.<sup>3</sup> However, in most markets, firms tend to hold a degree of market power. This implies that they have a degree of influence on their prices and profits through other means of competition. Such means may include product differentiation, branding, after-sales services, control of distribution networks or measures to restrict market entry through collusive behaviour, strategic alliances or strategic price setting. In these markets, price and profit levels would normally be higher than in a perfectly competitive market.

A strengthening in the level of competition can therefore be expected to have a downward effect on prices for a period of time, until a new lower equilibrium price level is reached. These effects can be relatively important and long lasting, as price developments in the telecommunication sector over the last four years have shown.<sup>4</sup> However, it is also possible that the prices of some products and services may rise in the short term following liberalisation and an increase in competition, particularly in markets where the incumbent firm has been subsidised by the state or has cross-subsidised its activities in different markets. Although faced with the considerable methodological

problems of measuring competition, most empirical studies tend to support the notion that more intense competition increases efficiency and exerts downward pressures on costs and prices. In addition, price adjustments appear to be faster in more competitive markets.<sup>5</sup> Similarly, empirical evidence generally supports the view that increased openness to international trade, i.e. competition from abroad, generates positive welfare and income effects.

As the competitive environment changes over time, owing, for instance, to market developments, trade liberalisation and structural reform, or technological advances, the redesign and adaptation of competition laws and policies in order to ensure effective competition represent a constant challenge for policy-makers. In the EU, the Commission is responsible for overseeing competition policy in the Internal Market, which applies to two broad areas: enterprise conduct (covering antitrust and mergers and acquisitions control) and state interventions (state aid). Although significant barriers to trade and competition have been removed in the EU, in particular as a result of the implementation of the Internal Market Programme, and the share of intra-euro area trade as a percentage of GDP has steadily increased, it is difficult to assess the full impact of these developments on domestic competition. The above-mentioned

<sup>3</sup> For a more detailed description of the economic benefits of product market reform, see the ECB's Monthly Bulletin, "Product market reforms in the euro area", August 2001.

<sup>4</sup> See ECB, "Price effects of regulatory reform in selected network industries", March 2001.

<sup>5</sup> See, for example, S. Nickell, "Competition and Corporate Performance", *Journal of Political Economy* 104(4), 1996 and M. Asplund and R. Friberg, "Links between Competition and Inflation", *Quarterly Review of Sveriges Riksbank* 3/1998.

differences in the price levels of goods and services which are tradable across borders and monitoring exercises such as the European Commission's annual Cardiff report signal, however, that the strength of competition differs across euro area countries and that barriers to trade within the euro area, for instance in services markets, remain.

Several factors account for the restrictions in competition and market distortions in the euro area. These include state aid (which, although generally declining, is still significant in certain sectors such as rail and air transport), the continued strong role of the public sector, the degree of transparency of public procurement rules, and issues concerning the harmonisation of technical standards and patent rules. Other contributing factors include cross-country differences in taxation, labour market rigidities and fragmented financial markets. In addition, there are a number of exceptions to the basic idea of free circulation of goods and services within the Internal Market. The car market, for example, has a so-called block

exemption from competition rules in the EU. Recently, however, a number of changes in its regulatory framework have been adopted (see Box 2).

The introduction of the euro represents a further step in European integration. Having eliminated uncertainties associated with exchange rate fluctuations, thus stimulating trade and investment, it acts as a catalyst for further economic integration. Furthermore, with the introduction of the euro banknotes and coins, transaction costs have been reduced and prices have become more transparent across countries. This should improve the conditions for trade, investment, labour mobility and competition in the euro area. Consequently, price level dispersion across euro area countries should tend to decline over time and, for tradable goods and services, most likely in a downward direction. Nevertheless, as there are signs that barriers to trade and competition in euro area product markets remain, there is scope for further efforts to enhance effective competition in Europe.

## Box 2

### Car price differentials, car sales and distribution rules in the euro area

Car prices in the euro area show large and persistent differences across countries. The table below shows the difference (as a percentage) between the most expensive euro area country and the cheapest, for various car segments. The table indicates that there are substantial price differences across countries for the three broad car segments presented in this table. Furthermore, comparing the situation in November 2001 with that of November 1998, on balance, price differentials remained relatively constant.

#### Car price differentials in the euro area

(percentage price differentials before indirect taxes, expressed in euro, comparing the most expensive euro area country with the cheapest)

Car segments (average of five best-selling cars)	1/11/1998	1/11/1999	1/11/2000	1/11/2001	1/5/2002
Average small car	23.8	21.7	21.7	22.9	21.2 <sup>1)</sup>
Average medium car	23.7	21.4	23.2	28.0	26.0
Average large car	22.7	20.1	22.4	21.9	20.0

Source: European Commission.

1) Average of four best-selling cars.

Car sales and distribution in the EU have not so far been subject to standard EU competition rules. Instead, the sector is currently regulated by a block exemption (Commission Regulation (EC) No. 1475/95), which enables manufacturers to grant dealers exclusive sales rights in defined regions under a set of rules that effectively



limits competition and trade across countries. The main argument used in favour of this exemption is that motor vehicles are technically complex products requiring trained sales and service staff to secure a sufficient level of quality for consumers.

However, in view of the competition problems identified by the European Commission, reflected in the significant and persistent price differences described above, the Commission presented on 17 July 2002 a comprehensive reform of competition rules for the motor vehicle sector to replace the existing block exemption regulation, which expires at the end of September 2002. The underlying idea of this proposal is to strengthen domestic competition in the Member States' motor vehicle sectors and to improve the functioning of the Internal Market in this industry, without jeopardising consumer protection. The changes include, inter alia, greater possibilities for cross-border purchases of new cars, the flexibility for car dealers to open up secondary sales outlets in another part of the EU and sell cars of more than one brand and the possibility to sub-contract after-sales servicing. The new regulation enters into force on 1 October 2002 with a one-year general transition period to allow for the adaptation of existing contracts. A longer transition period until 30 September 2005 applies for dealers wishing to open additional outlets anywhere in the EU.

The new set of rules for the car industry is likely to increase cross-border and national competition over time and thus exert downward pressure on car prices, especially in the most expensive countries, resulting in a convergence of car price levels across the EU. Although the impact of these measures on the euro area HICP is difficult to estimate with precision, a noticeable impact cannot be excluded given the considerable weight of sales of new motorcars, spare parts and maintenance and repair of personal transport equipment in the HICP index (nearly 6%).

## 6 Concluding remarks

Price level dispersion across countries in a highly integrated economic area can be used as an indicator of market integration and the strength of competition. While price dispersion has declined in the euro area since the late 1980s, the cross-country dispersion of prices still appears to be higher than within individual countries. In particular, with regard to price differences of tradable goods and services, this would indicate that further improvements in the functioning of the Internal Market are possible.

While high price level dispersion across regions in the euro area could indicate a relatively low degree of economic integration, price level dispersion does not, in itself, constitute a problem for the single monetary policy of the ECB, as its aim is defined in terms of the rate of change in the HICP for the euro area as a whole. However, market forces and reforms which increase competition and flexibility can exert downward pressures on price levels and, at

the same time, reduce the extent of price level dispersion over time. Such structural changes in price levels can have temporary repercussions on HICP inflation. Examples of such developments have been evident in recently liberalised utility markets and could also occur due to future structural reforms. In the longer term, a new equilibrium price level will be established and the relative magnitude of the supply and demand effects and their distribution across sectors of the economy will determine the overall readjustment of relative prices, while changes in the general price level are determined by monetary developments.

Taking a broader perspective, efficiently functioning and competitive product markets are in the interest of European citizens at large. Increased competition should not only make production more cost-efficient and innovative, but also increase the real incomes of consumers through lower price levels. In addition, increased competition and

innovation should lead to productivity gains and improved growth and employment prospects while, at the same time, making the economy more flexible, thereby allowing for faster adjustment to economic shocks. This, in turn, would facilitate the conduct of monetary policy in the euro area.

The need for structural reforms to increase competition and market integration in EU product markets is well recognised by policy makers. This includes the need for well-designed national and EU-wide competition

policies, promoting effective competition and integrated markets. Furthermore, efficient product markets are dependent on well-functioning capital and labour markets, implying that a comprehensive reform approach is desirable. Finally, the introduction of the euro and technological advances such as the Internet are further promoting cross-border price transparency and lowering information costs, thus contributing to more integrated euro area product markets which, in turn, should reduce price level dispersion in the euro area.



# Recent developments and risks in the euro area banking sector

*This article provides an overview of euro area banks' exposure to risk and examines the effects of the cyclical downturn in 2001. It describes the extent to which euro area banks' risk profile has changed as a result of recent structural developments, such as an increase in investment banking, mergers, securitisation and more sophisticated risk management techniques. The article stresses that the environment in which banks operated in 2001 was fairly complex due to the relatively weak economic performance of all major economies as well as the events of 11 September in the United States. It evaluates the effects of these adverse circumstances on banks' stability and overall performance. The article provides bank balance sheet information as well as financial market prices, arguing that the latter may be useful when assessing the soundness of the banking sector in a forward-looking manner. It concludes with a review of the overall stability of euro area banks, pointing to robustness in the face of the adverse developments in 2001 and the somewhat improved forward-looking indicators of banks' financial strength in early 2002.*

## I Introduction

Banks play a central role in the financial system by channelling funds from savers to investors. An efficient allocation of capital is a pre-condition for economic growth over the medium term. In addition to its important role in terms of growth, the banking system is at the nucleus of the payment system and performs an important function in transmitting monetary policy. Banking system stability is, therefore, of vital interest to the Eurosystem. Single market legislation, which liberalised the cross-border provision of financial services in the European Union, has in recent years led to a more integrated and competitive banking system. This process has been further enhanced by the introduction of the single currency and euro area-wide large value payment systems. Together with other factors, such as globalisation and technological progress, it has resulted in an accelerated pace of consolidation in the euro area banking sector. In this environment, assessing the soundness of the banking sector from a euro area-wide perspective has become increasingly important.

In performing important economic functions, banks by necessity take on risks. First, they are exposed to the risk of a loan customer defaulting on the repayment obligation. This is referred to as credit risk. Second, banks may take on substantial interest rate risk, namely when they transform short-term deposits into long-term loans (or fixed-rate long-term securities). If short-term interest

rates rise, banks' financing costs increase, while their interest revenues remain unchanged, at least if they lend at fixed rates. Third, changes in financial market prices may create adverse revaluation effects on banks' tradable asset portfolios or introduce volatility in the income stream from non-proprietary asset management services – this is referred to as market risk. Furthermore, banks may be subject to liquidity risk, which arises from the short-term nature of customer and interbank deposit funding. If, for some reason, a great proportion of depositors want to withdraw their funds simultaneously, or if the bank is unable to roll over its short-term borrowing in the interbank market, banks face liquidity strains. Finally, banks are exposed to various types of operational risk. Operational risks include unpredictable events (natural disasters, computer failures, etc.) which jeopardise the business continuation of the bank, as well as failures in internal control mechanisms and fraud.

The objective of this article is to examine the relevance of the different risks faced by euro area banks in light of the recent developments in the economic and financial market environment. The focus is on developments in 2001 and on the current outlook as at June 2002. The article is organised as follows: Section 2 examines major shifts in euro area banks' business activities in order to highlight changes in their risk exposures; Section 3

reviews bank performance in 2001 and its main determinants; finally, Section 4 presents

an outlook on banking sector stability in the euro area.

## 2 Changes in banks' risk profile

Euro area banks' exposure to risk has been changing considerably. This is because of the expansion of banks into securities-related activities and insurance, increased use of securitisation and other complex risk transfer instruments, and cross-border expansion and consolidation into ever larger and complex financial groups. These developments have improved the diversification of banks' risks, but may also have generated new exposures. In general, the changes in risks underline the importance of banks using advanced risk management systems.

### 2.1 Credit risks

The relatively high levels of lending growth by euro area banks to non-bank private sectors, which reached 10.0% and 9.6% in 1999 and 2000 respectively (ECB Money and Banking Statistics), caused some concern about the accumulation of credit risk, as the growth resulted in increased levels of corporate and household sector indebtedness. In 2001, lending growth moderated to 6.1%. However, banks' credit risk management has become significantly more sophisticated, which has at least raised banks' awareness of the risks typically accumulated in a period of high lending growth. In this area, banks increasingly rely on complex credit risk transfer instruments, such as securitisation and derivatives.

The packaging of bank loans into securities marketable to investors is referred to as securitisation. There are two main forms of securitisation. The first involves the issuance of securities by the bank itself, which still holds the loans and the associated credit risk on its balance sheet. The second is conducted through the sale of the assets to separate entities called special purpose vehicles (SPV), hence involving a transfer of the credit risks

away from the bank's balance sheet. Based on data from the European Securitisation Forum, this type of activity soared in 2001 to €154 billion, up from €78 billion a year earlier. In contrast, the former declined by 2% to €210 billion. For comparison purposes, new bank lending in the euro area declined to €366 billion in 2001 and the amount outstanding rose to €7,366 billion. While, at present, securitisation still has a relatively small share in the overall activity of banks, it is growing much faster than overall lending.

Credit derivatives are another important category of instruments for transferring credit risk. They are now the fastest growing segment of the over-the-counter (OTC) derivatives market. A recent survey by the Bank for International Settlements (BIS) of foreign exchange and derivatives markets indicates a seven-fold increase in global notional OTC credit derivatives since 1998, up to USD 694 billion in June 2001, of which euro area banks accounted for 32%. A recent survey by the International Swaps and Derivatives Association (ISDA) highlights the rapid growth in this activity, which amounted to an additional 45% in the second half of 2001.

Finally, credit risk transfer has been facilitated by the increasing marketability of loans, first and foremost via increasing syndicated lending by banks. Data from Capital Data Loanware suggest that syndicated loans to euro area counterparts grew at an annual rate of over 70% in 1999 and 2000, reaching approximately €800 billion a year. This growth was driven by the need to finance consolidation and investment for future growth in the telecommunications and technology sectors. In 2001, the growth rate slowed down significantly, in line with the increasing difficulties facing these industries.

It may be premature to arrive at firm conclusions about the implications of these innovations for banks' exposure to credit risks. In principle, credit risk transfer instruments represent a positive development, since they permit a re-allocation of risks to those market participants best able to bear them. Nevertheless, they also allow financial institutions to take on new risks, as these instruments may also be used to build up large unhedged and leveraged positions.

In addition, the typical concentration of global OTC derivative activity in a few major intermediaries may lead to significant risk concentrations and vulnerability to counterparty credit risks (as well as to market and liquidity risks stemming from these credit risk transfer instruments). The credit derivative market is also very concentrated: according to a February 2002 survey in Risk Magazine two firms share more than a third of the total global business. In part, the concentration is a result of the recent wave of bank consolidation. It is leading to the establishment of ever larger and more complex financial institutions with sizeable market positions in several wholesale financial markets as well as in client financial services. In Europe, the introduction of the euro has triggered a particularly significant movement towards consolidation, as the segmentation of markets according to the different currencies has made it impossible to fully exploit the economies of scale. 70% of the mergers and acquisitions of euro area financial institutions over the past ten years have occurred in the last three years (in terms of the value of the transactions).<sup>1</sup>

Banks have also increased their cross-border credit exposures. Growth rates in cross-border lending have recently exceeded domestic rates by far, especially in terms of lending within the euro area. The level of cross-border lending is still relatively small (around 11% of total lending of the euro area banks to non-bank clients). However, banking groups have also accumulated credit exposures via cross-border entry. Branches established by foreign banks now account for

5% of the total banking assets in the euro area on average, although in a few individual countries (especially Portugal and Ireland) the market share of foreign bank branches is significantly higher, exceeding 10% of the domestic market. Traditionally, cross-border mergers have been quite rare, but their share has been increasing over time and, in 1999-2001, accounted for around 25% of all deals involving banks in the euro area. Banks have also tended to develop cross-border alliances, including exchanges of minority interests, in addition to outright mergers and acquisitions. As a result of the acquisition of majority and minority stakes, the share of owners outside the domestic banking system has risen above 20% on average in the euro area.<sup>2</sup>

Credit exposures of euro area banks have also increased in countries outside the euro area, mainly via the establishment or acquisition of subsidiaries in the local markets. The largest transactions involving financial institutions outside the euro area have been related to acquisitions in the United States. For some major euro area banks, income from US operations can now reach 10%-20% of total consolidated income. Similarly, there has been expansion into emerging and developing economies. Banks from countries that are geographically close to central and eastern Europe, such as Austria, Germany and Italy, have in particular continued to expand in this region. Latin America, and notably Brazil and Argentina, were attractive in terms of expansion to the major Spanish banks in particular until the crisis in Argentina. Overall, euro area banks' emerging country credit exposures to central and eastern Europe and Latin America have increased over the past two years, while they have declined slightly in the Asia Pacific region (see Chart 1). The total of such exposures reached €780 billion in December 2001.

It is difficult to determine the effect of diversification into foreign markets on the

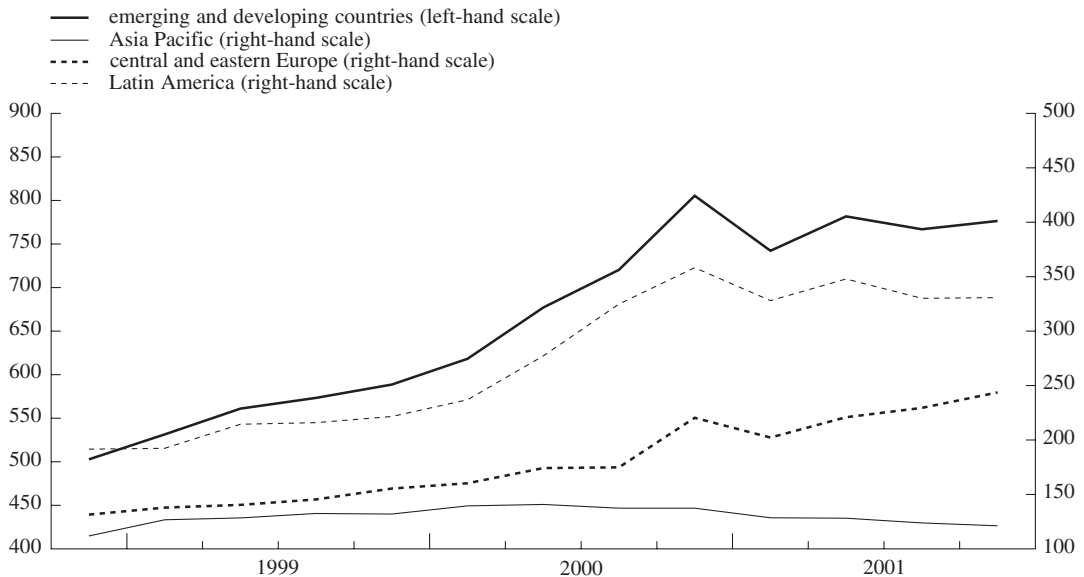
<sup>1</sup> Source (for all data referring to bank mergers and acquisitions): Thomson Financial Securities Services.

<sup>2</sup> Estimated on the basis of the Fitch Bankscope data for 570 euro area banks for which data are available.

## Chart 1

### Total gross exposures of euro area banks to emerging markets (including local claims in local currencies)

(EUR billions; quarterly data)



Source: Bank for International Settlements.

total credit risk exposure of banks. While risk diversification may have enhanced bank stability, the greater exposure to more volatile economic conditions and to markets in which banks may initially have less expertise than on their home turf could potentially lead to adverse outcomes. Argentina's debt default may be taken as one example of these potentially higher risk exposures (see Section 3.1).

## 2.2 Risks stemming from securities markets

The increased participation of banks in securities market activities has led to a greater prominence of several risks related to these activities. This refers not only to market risks, but also to greater income volatility and credit risks, to the extent that the creditworthiness of banks' clients investing in securities markets may decline when securities prices fall.

The increasing importance of securities markets for banks follows on from the

growing popularity of securities investments, especially via mutual funds and insurance-related products. Investment in equities and mutual fund shares by euro area households and non-financial companies increased steadily until mid-2000 (see Table 1). As a consequence, the share of bank deposits in households' financial assets declined to around 29% at end-1999, and to 10% in the case of non-financial firms. Euro area banks were able to exploit this increased demand for asset management services via their extensive retail distribution networks, gaining a dominant position in overall asset management (for example, holding over 80% of the total collective investment business in many countries).

There was rapid growth in equity and bond issuance by the European corporate sector until early 2001, matching the rising demand for securities (see Chart 2). This substantially increased the market for investment banking services, where some major euro area banks now act as global investment banks. US investment banks have made successful inroads into the European market: they were

**Table I****Financial assets of euro area non-financial sectors (households and firms)***(percentage of total, end-year data)*

	Non-financial corporations					Households				
	Currency and deposits	Debt securities and loans	Equity holdings and mutual funds	Insurance	Other	Currency and deposits	Debt securities and loans	Equity holdings and mutual funds	Insurance	Other
1995	15	14	40	2	30	39	15	24	21	2
1996	15	14	43	1	27	37	14	25	21	2
1997	13	13	46	1	26	35	12	29	22	2
1998	12	12	50	1	24	32	11	33	22	2
1999	10	13	54	1	21	29	9	38	22	2
2000	10	14	55	1	20	29	10	37	23	1
2001 <sup>1)</sup>	10	15	54	1	20	29	10	37	23	1

Sources: ECB (annual Monetary Union Financial Accounts), national accounts.

1) Estimated using flows data.

able to increase their market share from 8% in 1995 to the current approximately 40% in the lead management of bond issues by euro area companies (source: Capital Data Bondware). At the same time, the market share of euro area banks decreased from roughly 70% to 35% (with mainly UK, Japanese and Swiss banks holding the remaining 25%). However, the overall strong growth in issuance and the involvement of several intermediaries in single issues supported increasing income for euro area banks until mid-2001. This occurred irrespective of the fact that their market share also slightly declined in the co-lead management of the bond issues by euro area firms. Intermediation of equity issues shows a similar picture, with high rates of growth. However, euro area banks have maintained a larger share of the market at over 40%.

The expansion into securities activities has in part taken place via “organic” growth. Mergers and acquisitions have been increasingly used to take advantage of the developing securities markets and to cross-sell different products through wide branch networks. New types of conglomerate structures have also emerged, such as the combination of banking activities and pension fund management, as well as bank-insurance groups. In the euro area, mergers and acquisitions across sectors have

accounted for roughly 32% of all financial industry deals in terms of value over the past three years.

The growth in investment banking and asset management activities boosted euro area banks’ non-interest income from fees and commissions and profits, as the market conditions were very favourable until mid-2000. In 2000, consolidated non-interest income already accounted for 57% of the 50 largest euro area banks’ total net income, whereas the share was below 30% in 1995. For the largest banks active in the securities field, this shift went much further: the share of non-interest income amounted to 70% of total consolidated income; investment banking alone accounts for over 50% of total consolidated profits in some cases.

These changes in banks’ business profiles have reduced the importance of traditional credit and interest rate risks in relation to risks arising from securities underwriting and asset management. Overall, this development may have resulted in income diversification gains. However, while there is improved diversification of income sources, non-interest income from securities operations may be at least as cyclically sensitive as interest income.<sup>3</sup> Banks’ exposure to market

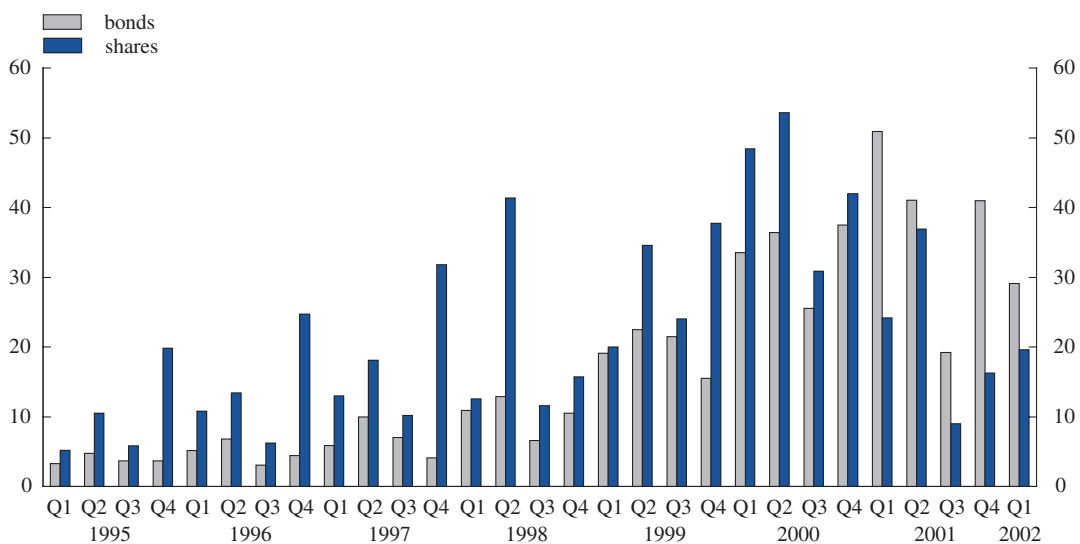
3 See the ECB publication: “EU Banks’ Income Structure”, April 2000.



## Chart 2

### Bond and equity issuance activity in the European Union <sup>1)</sup>

(EUR billions)



Source: Capital Data Bondware.

1) The figures include issues in all currencies by non-financial firms resident in the European Union.

risk may also have increased through their own securities portfolios associated with the supply of asset management and investment banking services (such as underwriting), or through the performance guarantees offered to investors. Again, the overall effect on risks is difficult to ascertain and can be fairly bank-specific.

### 2.3 Liquidity risks

Disintermediation and the use of complex instruments also affect the way banks manage their liquidity risks. There are indications that euro area banks' exposure to liquidity risk has diminished. First, the share of deposits in euro area banks' funding has continuously declined to currently stand at around 35% of total liabilities. In addition, tradable liquid securities have a higher share in banks' assets, even though the picture can vary a great deal between individual banks. As noted above, the increasing depth and liquidity of securities markets since the introduction of the euro has also made securitisation more attractive in the case of traditionally non-marketable

assets, such as loans to small and medium-size enterprises. One consequence of securitisation is a decreasing share of illiquid assets in banks' balance sheets.

Furthermore, the integration, deepening and better liquidity of the money markets since the introduction of the euro, new payment technologies and financial innovations have improved banks' ability to manage liquidity risks.<sup>4</sup> Euro area banks have already exploited the improved possibilities by increasing their access to cross-border interbank sources of liquidity. However, the increased reliance on wholesale market funding and complex instruments, whose contingent liquidity effects are difficult to assess, may have increased the danger of large swings in banks' liquidity conditions in market stress situations.

<sup>4</sup> See the ECB publication: "Developments in banks' liquidity profile and management", May 2002.

### 3 Banks' performance and its determinants in 2001

The performance of the banking sector depends on the degree of risk in the environment in which banks operate, banks' exposure to risks, their ability to manage these risks and their resilience to adverse outcomes. In 2001, the environment for banks was quite unfavourable, at least in terms of credit, income volatility and market risks.

#### 3.1 Quality of credit exposures

2001 was characterised by widespread economic weakness in both industrialised and developing economies, which resulted in lower corporate sector profits and an increase in bankruptcies (including some major companies), thus leading to a higher realisation of credit risk than in previous years. The economic woes were exacerbated by the events of 11 September in the United States, which affected specific industries, such as airlines and insurance companies, particularly severely. The events occurred when, for the first time in many years, all three major economic areas (the United

States, Japan and the euro area) were faced with a downturn in economic activity. Real GDP growth in 2001 was significantly below potential in the euro area and the United States and, even worse, Japan showed negative growth. Against the background of falling inflationary pressure, short-term interest rates declined markedly in the euro area and the United States, and remained extremely low in Japan.

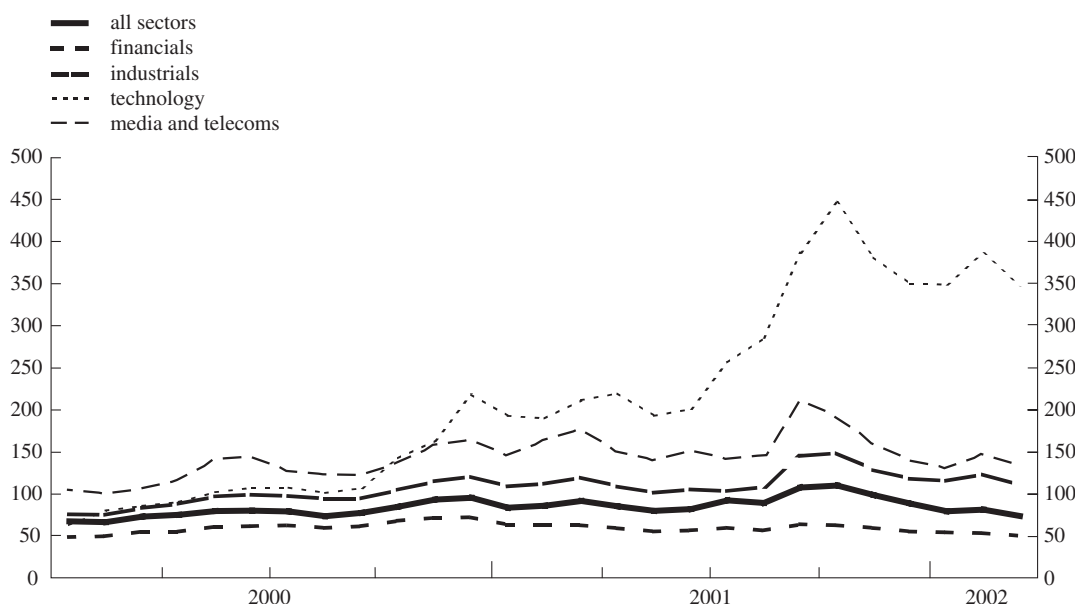
Corporate bond spreads widened on a global basis until the third quarter of 2001, displaying expectations of weakened asset quality and higher default risk (see Chart 3). In the first half of 2002, there was an improvement in most sectors following indications of a turnaround in economic conditions. Nevertheless, the bond spreads remained at elevated levels for higher-risk speculative grade borrowers and for companies from the technology and telecommunications industries.

Argentina encountered serious economic difficulties in 2001, eventually defaulting on its external debt. The reasons for the crisis

**Chart 3**

#### Global average corporate bond spreads over government bond yields

(basis points; monthly data)



Source: JP Morgan.

were a combination of the peg to the appreciating US dollar, the rapid depreciation of the Brazilian real and falling commodity prices. The crisis resulted in serious problems in Argentina's banking system, in which foreign banks play a major role. Unlike previous crises in the emerging markets of Asia or Russia, there was little contagion to other emerging markets.

These developments are reflected in measures of asset quality of euro area banks. Table 2 shows that provisioning increased by 50% in terms of total income from 2000 to 2001. In response to the crisis in Argentina, Spanish banks, for instance, have virtually written off their entire exposure to the country. However, balance sheet figures suggest that Spanish banks, as well as banks in the euro area in general, while experiencing a substantial reduction in profits, were able to weather the crisis and the weak economic environment quite well and continue to enjoy levels of capital well in excess of the minimum regulatory requirements.

The overall picture of already significant accounting for credit losses is supported by the fact that the level of the non-performing assets of the major euro area banks was, at end-2001, lower than the previous year, despite the worsening of asset quality throughout 2001. Moreover, it appears that banks may have become more conservative in their provisioning policy, as the overall "coverage ratio" of the stock of provisions to total non-performing assets has increased on average. However, it typically takes time before an asset quality weakening is reflected in banks' books. Therefore, it is uncertain to what extent banks would be forced to increase provisioning in response to the deterioration in their environment.

### 3.2 Market-related risks and income

The economic downturn was reflected in the poor performance of stock markets everywhere throughout 2001 on a global basis, reversing part of the stock market increases of 1999/2000. Setbacks were most pronounced in

**Table 2**  
**Indicators of the 50 largest euro area banks' liquidity, asset quality, profitability and solvency**  
(percentage)

	1997	1998	1999	2000	2001
Growth in total assets	10.9	10.6	22.7	14.3	7.0
<b>Liquidity</b>					
Liquid assets/customer deposits and short-term liabilities	29.0	28.5	27.6	27.4	27.2
Tradable securities/total loans	10.6	13.4	15.6	15.9	14.7
<b>Asset quality</b> <sup>1)</sup>					
Loan loss provisions (income statement)/total operating income <sup>2)</sup>	13.2	11.7	9.1	7.6	11.5
Loan loss reserves/non-performing loans ("coverage ratio")	74.3	65.9	66.3	70.9	75.7
Non-performing loans/total loans	5.0	6.1	5.6	5.0	4.6
<b>Profitability</b>					
Non-interest income/total operating income	41.9	46.2	49.8	57.0	53.3
Total operating cost/total operating income	64.6	62.4	62.7	64.3	65.0
Return on equity (after tax)	7.6	9.8	12.5	15.8	12.2
Return on assets (after tax)	0.3	0.4	0.5	0.7	0.5
<b>Solvency</b>					
Total risk-weighted capital ratio	10.7	10.6	10.5	10.4	10.4
Tier 1 risk-weighted ratio	7.2	7.0	7.2	7.2	7.1

Source: Fitch Bankscope. Consolidated data.

1) Data availability may restrict coverage to less than 50 banks for specific indicators.

2) Includes the write-off of goodwill in foreign subsidiaries by banks with exposure to Argentina.

sectors in which stock prices had experienced particularly large increases, such as technology and telecommunications. Concerns about the pace of the recovery of corporate earnings and about the reliability and accuracy of accounting rules following a number of bankruptcies have had an adverse impact on stock prices in 2002. Stock prices in the banking sector have also been significantly affected. This illustrates the development of banks' performance in line with the macroeconomic conditions, but has also demonstrated the significant credit exposure of banks to the industries hit especially hard by the terrorist attacks last September, such as aviation and tourism.

A similar picture emerges when one considers implied volatilities of equity prices. Volatility doubled in the third quarter of 2001 and remained at a relatively high level throughout most of the fourth quarter, both in the United States and in the euro area, but declined temporarily in early 2002, reflecting the improved economic outlook. The summer months have again witnessed increased stock market uncertainty.

The bearish stock market conditions also significantly reduced primary market issuance activity towards end-2001 and into 2002, especially on the equity side (see Chart 2). The boom in the collective investment and other asset management activity also suffered, as well as the insurance business (in particular unit-linked insurance), as customers showed more appetite for less risky products such as money market funds, bond funds and saving deposits, rather than managed securities funds. As a result, banks' non-interest income from securities market-related activities decreased substantially following the decline in their investment banking and asset management operations (see Table 2). Banks specialising in the equity business were particularly affected. In 2001, the income diversification gains from securities-related activities may have been small, as the increase in credit risk coincided with income losses (and sometimes also materialisation of market risk) from securities-related activities.

Still growing lending volumes and developments in the maturity structure of lending resulted in an increase in net interest income for euro area banks in 2001. This indicated increasing gains from maturity transformation and lower interest rate risks, which typically occur in an environment of reduced short-term interest rates and steeper yield curves. Interest income tends to rise when short-term interest rates fall, provided that banks disproportionately fund themselves in the short term and lend in the long term at fixed rates. The robust developments in net interest income acted as a counterweight to the reduced non-interest income.

### **3.3 Banks' overall financial condition**

The profitability of major euro area banks declined significantly in 2001, mainly because of the increased provisioning and reduced non-interest income, while costs remained rather flat (see Table 2). From 2000 to 2001, the average return on equity after tax among the 50 largest banks fell from around 16% to 12%. However, this should be viewed against the notably high profits in the two previous years.

In spite of the increase in credit risk and reductions in income, solvency ratios of major euro area banks have been, on average, quite stable. The average total ratios have remained significantly above the regulatory minimum, i.e. 8%. Also the core capital ratios (Tier 1) have remained at sound levels. Euro area banks appear to have been sufficiently capitalised to absorb losses. The fact that capital ratios have been stable, irrespective of the rather large swings in banks' asset growth rates and profits, is quite striking. Banks may have actively managed their capital in order to maintain a constant buffer above the regulatory requirements, regardless of the changes in business conditions. However, it is also possible that the lags with which defaults affect banks' balance sheets distort the picture and the 2002 data will be more informative in this respect.

## Chart 4

### Median distance to default of the 50 largest euro area banks<sup>1)</sup>

(monthly data)



Sources: Datastream and Fitch Bankscope.

1) Distance to default is defined as the number of standard deviations away from the default point, at which assets equal liabilities.

Recent research has suggested that the market prices of securities issued by banks may be useful in the monitoring of banks' and the banking sector's stability. In particular, it appears that the distance to default is a useful summary indicator of banks' soundness. For more details on the calculation of the distance to default and its benefits, see the box below. Chart 4 presents the median distance to default for the 50 largest euro area banks. After the impact of the 1997/1998 emerging market crises, there was a continuous upward trend in distances to default until mid-2001, suggesting an improvement in systemic

banking sector stability. The benign view changed in the latter half of 2001 in response to the adverse developments in the banks' environment, and the distances to default of the major euro area banks started to decline. This provided a clear indication of increased risk in the banking sector. The terrorist attacks on 11 September resulted in a decrease in the distance to default by around 20% month-on-month and a subsequent further decline of 20% cumulatively in the winter of 2001/2002, with a subsequent recovery of an approximately equal magnitude.

## Box

### Using market information to monitor banks

Financial market information is interesting from the perspective of monitoring banking sector stability for three reasons. First, market prices may discipline banks and limit their risk-taking, as banks have to pay higher financing costs to compensate market participants for higher risk. Second, market indicators provide observers with a measure of financial stability, which may have a number of convenient properties. In contrast to balance sheet information, which is generally available on a quarterly basis to supervisors and often only on an annual basis to the public, market prices are available at a high frequency, permitting a continuous monitoring of banks. Market prices also provide a convenient way of summarising information. Balance sheet information may give a differentiated and complex picture of financial stability; however, overall conclusions may be elusive and require judgements on the part of the observer as to which variables are of particular importance.

Hence, markets may usefully complement such judgements by central banks or bank supervisors by providing their own judgements. Third, market prices are inherently forward-looking, as they are a function of the expectations of market participants, in contrast to balance sheet information, which tends to be only a reflection of past performance.

Referring to recent ECB research findings for European banks, two market-based measures in particular may be of use in monitoring financial stability: subordinated debenture spreads of banks over government bonds and the distance to default. Both indicators represent explicit indicators of bank default risk. The distance to default represents the number of asset value standard deviations away from the default point. It is calculated from the bank's market value of assets and the volatility of that value and from the bank's liability figures. Options pricing theory is used to derive the first two components from the bank's equity market data. The default point is defined as the point at which the value of the bank's assets is precisely equal to the value of its liabilities (i.e. equity is zero). This article focuses on the distance to default as the relevant measure for two reasons. First, consistent stock price data are available for the 50 largest banks in the euro area. Second, research has suggested that the two indicators have a different nature: the distance to default is more forward-looking, while the spread mainly reacts to major financial problems and is more correlated with the (backward-looking) balance sheet variables. Moreover, research has shown that the signal given by the subordinated debt spread is sometimes muted by the expectation of public assistance should the bank encounter difficulties.

To illustrate the usefulness of the distance-to-default indicator, Chart 4 examines the behaviour of this indicator over time in response to specific shocks in financial markets. Concurrent with all major recent economic events causing financial market turbulence and economic uncertainty, such as the Asian crisis, Russia's debt default and the terrorist attacks on 11 September, there was a noticeable decrease in the median distance to default of the major euro area banks. For example, Russia's default in October 1998 resulted in a reduction of the distance to default by about 30%, i.e. an increase in the market's perception of risk in euro area banks of 30%. Similarly, the Asian crisis in 1997 and the terrorist attacks on 11 September resulted in a major decrease in the distance to default. Interestingly, the indicator exhibited some leading properties as regards the Asian crisis and Russia's debt default, while this is not the case with respect to the totally unexpected events of 11 September.

## 4 Banks' risk outlook

Forward-looking assessments of the risk profile of the banking sector are notoriously difficult and subject to great uncertainty. Hence, this section focuses on market expectations of banks' risks, as reflected in a number of indicators.

As discussed in the box above, one of the main advantages of the distances to default is that they are forward-looking assessments of risk. Hence, we can reconsider Chart 4 in this light. In all cases, the market appears to have revised its views upwards in early 2002, i.e. it has a more favourable assessment of banking sector stability in the euro area. The median distance to default increased markedly in the first months of 2002.

Despite this improved longer-term outlook in market-based measures of banking stability, bank balance sheet measures may continue to deteriorate during 2002. This is a reflection of the backward-looking nature of balance sheets and of the fact that typical measures of asset quality, such as loan loss provisions and problem loans, are reflected in the balance sheet of banks with a lag. Specific forward-looking measures regarding the quality of banks' portfolios include expected default frequencies (the probability that a firm defaults on its debt within a one-year horizon) in the corporate sector, which are given in Chart 5. The figures show that expected default frequencies are still high, especially in the technology and telecommunications

sectors. This is consistent with the still elevated bond spreads in these industries. Even considering the overall market, default risk is still significantly higher than just a few years ago, although it was declining in the first half of 2002 and was below the threshold default risk for speculative grade issuers in the bond market (horizontal line indicated in Chart 5). Hence, the corporate sector appears to continue to be vulnerable, with the potential for further adverse effects on banks. In particular, the technology and telecommunications sectors may remain fragile. As noted, bank lending to these sectors has been significant, even though it has tended to be moderate of late.

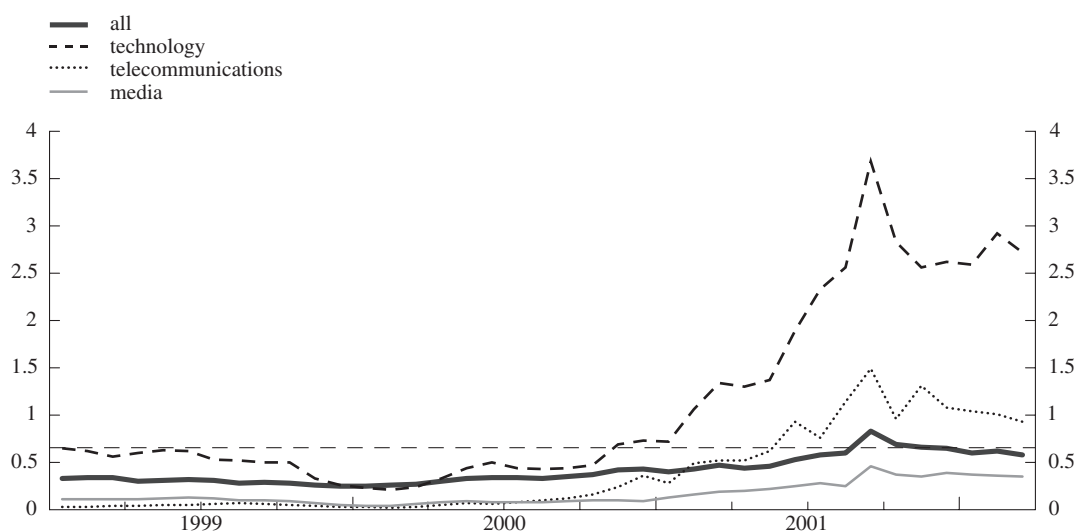
Over the medium to long-term, it is generally accepted that most episodes of banking instability are preceded by substantial increases in lending to the private sector, resulting in excessive levels of indebtedness of the household and corporate sectors. The level of indebtedness, as measured as a percentage of GDP, of both households and non-financial corporations has indeed been increasing over the last few years in the euro

area. Households' level of debt exceeded 50% of GDP in 2001 (1995: 42%), whereas the level of debt in non-financial corporations increased from 61% to 78% from 1995 to 2001. The higher debt levels were associated with significant increases in interest payments. In the case of households, interest payments as a percentage of GDP increased from 3.2% to 3.3% from 1999 to 2001, while for non-financial enterprises the increase was from 3.5% to 4% during the same period. While the increases in debt levels have recently levelled off in the case of both households and non-financial corporations, growth rates in indebtedness for the latter remained high in 2001.

Hence, developments clearly warrant continuous close monitoring as the figures could suggest a further increase in corporate defaults and further increases in credit risk in the coming years. However, this article has also shown that the increasing sophistication of banks with regard to their risk management, the availability of new avenues of hedging against credit risk and market risk, better diversification, as well as the adequate

**Chart 5**  
**Expected default frequencies for EU corporations<sup>1)</sup>**

(one year default rates, in percentages; monthly data)



Source: KMV Corporation.

1) The expected default rate in the year following a given date.

The horizontal line indicates the expected default threshold for speculative grade issuers.

level of capital observed in the euro area may put banks in a relatively favourable position to absorb these risks.

In conclusion, the euro area banking sector has remained robust despite a number of adverse developments in 2001. Banks' solvency ratios have remained by and large unaffected or even improved, and banks have

already significantly provisioned against the risks that materialised in 2001. In early 2002, market indicators painted an improved picture of banks' risks, but important elements of concern remain, especially in the credit risk area, as the outlook for specific industries and countries continues to be uncertain, as reflected in recent stock market developments.





# Saving, financing and investment in the euro area

*Saving, financing and (real and financial) investment in the euro area from 1995 to 2001 are analysed in this article in the framework of annual financial and capital accounts. These accounts are published for the euro area for the first time in this issue of the Monthly Bulletin (Table 6.2 in the “Euro area statistics” section). They extend the scope of the analysis based on the quarterly table on financing and financial investment of the euro area non-financial sectors (Table 6.1 in the “Euro area statistics” section) by providing a broader coverage of sectors and instruments and by integrating financial transactions with saving and real investment data.*

*Recent years have seen a substantial rebalancing between government and private net lending positions. In the mid-1990s households financed a sizeable net borrowing position of the government sector while the non-financial corporate sector remained in broad balance. By contrast, at the beginning of the current decade households’ net lending was associated with larger net borrowing requirements of the non-financial corporations sector, and with a more balanced financial position of general government.*

*Between 1995 and 2001, households’ net lending position moderated, mainly as a result of a decline in the savings ratio, while their real investment (mainly in housing) remained relatively stable. This overall decline of the household savings ratio may have been partly related to an increase in households’ net financial wealth. Their indebtedness rose but remained lower in relation to GDP than in other major industrialised countries. Euro area households’ financial investment was characterised by a rising proportion of shares and other equity (in particular mutual fund shares).*

*Non-financial corporations invested substantially in real and especially financial assets during the period under review, in the context of favourable financing conditions and partly as a consequence of intense merger and acquisition activities. This development was paralleled by a substantial increase in corporate debt. However, owing to the trend decline in interest rates until 1999, non-financial corporations’ interest burden was lower at the beginning of the current decade than it had been in the mid-1990s. Regarding the structure of corporate financing, most funds were raised via loans and share issues, although the issuance of debt securities also played an increasing role.*

*Meanwhile, owing to the fiscal consolidation process under way, government net borrowing fell considerably between 1995 and 2001. Finally, on average the euro area had a moderate net lending position vis-à-vis the rest of the world for the period 1995-2001.*

## I Introduction

Saving, financing and investment in the euro area sectors can be analysed in a comprehensive manner on the basis of capital and financial accounts. The capital account relates gross saving and net capital transfers (henceforth referred to simply as “saving”) to real investment (defined as gross capital formation and the net acquisition of non-produced non-financial assets). The financial account records the net incurrence of liabilities and relates them to financial investment (such as deposits, debt securities and shares) (see box below).

The interrelation between the capital account and the financial account is reflected in their balancing items, net lending/net borrowing, which is the gap between saving and real investment or, alternatively, between the net acquisition of financial assets and the net incurrence of liabilities. An excess of saving over real investment results in net lending, i.e. the ability of a sector (typically households) to provide financing to other resident sectors or to the rest of the world. By contrast, an excess of real investment over saving implies net borrowing and the need for a sector (generally non-financial corporations) to receive financing

from other resident sectors or from the rest of the world.

This article presents interrelations between income, saving, financing and real and financial investment for the euro area from 1995 to

2001. An overall analysis of saving, financing and investment in the euro area is given in Section 2, while Sections 3 and 4 focus on households and non-financial corporations respectively. Section 5 summarises the main results.

## Box

### The capital and financial accounts

The annual data analysed in this article refer to the capital and financial accounts as part of the integrated system of national accounts.

The capital account (Table A below) shows the balance between gross saving and net capital transfers vis-à-vis real investment (acquisition of non-financial assets). Real investment refers mainly to gross fixed capital formation, but also to the change in inventories and acquisition less disposals of valuables (e.g. land) and non-produced non-financial assets (e.g. UMTS licences). An excess of gross saving and net capital transfers over real investment indicates that resources are available to finance other sectors (net lending), whereas an excess of real investment over gross saving and net capital transfers results in a need for financing from other sectors (net borrowing).

**Table A: The capital account**

Changes in	
Assets	Saving and capital transfers
Gross fixed capital formation	Gross saving
Changes in inventories	Net capital transfers
Net acquisition of other non-financial assets (e.g. land, UMTS licences)	
<i>Net lending (+) / net borrowing (-)</i>	

The financial account (Table B below) shows the net acquisition of financial assets and the net incurrence of liabilities. The balancing item of the financial account also corresponds to net lending or net borrowing: a sector with a net lending acquires more financial assets than it incurs liabilities, while a sector with a net borrowing acquires less financial assets than it incurs liabilities. However, owing to differences in statistical sources, discrepancies usually arise between the net lending/net borrowing derived from the capital account and from the financial account.

Furthermore, the net lending/net borrowing of an economy vis-à-vis the rest of the world equals the sum of the current account balance and net capital transfers. Indeed, an excess of domestic saving over domestic real investment implies a current and capital account surplus. Differences between the external current and capital balance in the national accounts and in balance of payments data may arise from differences in statistical sources.

The capital account and the financial account together make up the accumulation account (Table C below). This account covers all transactions contributing to the accumulation of assets (real or financial) and liabilities within the accounting period. In this framework, saving, net capital transfers and the net incurrence of liabilities (financing) are balanced by the acquisition of real and financial assets (investment). Gross saving is

**Table B: The financial account**

Changes in	
Assets	Liabilities
Net acquisition of financial assets	Net incurrence of liabilities
	<i>Net lending (+) / net borrowing (-)</i>

the balancing item between the acquisition of assets and the incurrence of liabilities (and net capital transfers). Components other than transactions contributing to the accumulation of assets and liabilities are revaluations and other changes in volume of assets as reflected in the corresponding accounts.

**Table C: The accumulation account**

Changes in	
Assets	Liabilities, saving and capital transfers
Gross fixed capital formation	Gross saving
Changes in inventories	Net capital transfers
Net acquisition of other non-financial assets (e.g. land, UMTS licences)	Net incurrence of liabilities
Net acquisition of financial assets	

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

From 1995 to 2001 (see Table 1), saving and real investment of the euro area remained relatively stable at around 22% and 20-21% of GDP respectively.<sup>1</sup> However, at the sector level, a noticeable rebalancing between government and private net lending positions occurred. This mainly resulted from changes in saving patterns given that the real investment of the various sectors, as a percentage of GDP, remained broadly constant between 1995 and 2001.

While households remained the main net creditor sector in the euro area, their saving declined by around 2 percentage points of GDP between 1995 and 2001. Likewise, the saving of non-financial corporations decreased by nearly 3 percentage points of GDP. These developments were fully reflected in higher government saving, which, in turn, mirrors the fiscal consolidation process under way in the euro area over the past few years.

Indeed, government saving rose considerably in the second half of the 1990s. Most of this

improvement materialised in 1996 and 1997, prior to the assessment of the fulfilment by the euro area countries of the convergence criteria needed to adopt the euro. This improvement was due to a broadly stable ratio of government current revenue to GDP over the period and a decline in general government current expenditure. By contrast, real investment of general government remained broadly stable over the period, at around 2.5% of GDP. Overall, net borrowing of general government declined considerably from 1995<sup>2</sup> to 1997, with more moderate reductions in the subsequent years to 1.3% of GDP in 2001 (see Table 1). Throughout the period from 1995 to 2001, general government was a net borrower of

<sup>1</sup> *Implying a small net lending position vis-à-vis the rest of the world. Euro area balance of payments statistics compiled from different sources show a similar overall picture but more year-to-year variations.*

<sup>2</sup> *It should be noted that, owing to different statistical treatments of specific transactions in 1995 (assumption of debt by the Redemption Fund for Inherited Liabilities in Germany) and in 2000 (proceeds from UMTS licences), the figures differ from those published in Table 7 of the "Euro area statistics" section of the Monthly Bulletin.*

financial resources, the only exception being a small net lending position recorded in 2000 owing to the windfall revenues resulting from the sale of the UMTS licences by euro area governments.

Fiscal consolidation can therefore be seen as a major factor behind the redirection of household saving from general government to firms. While this primarily concerns lower allocation of household saving to debt

**Table I**  
**Capital and financial accounts**  
(as a percentage of GDP)

	1995	1996	1997	1998	1999	2000	2001
<b>Capital account</b>							
<b>A Gross saving and net capital transfers ("saving")</b>	<b>21.6</b>	<b>21.2</b>	<b>21.8</b>	<b>21.9</b>	<b>21.8</b>	<b>22.0</b>	<b>21.7</b>
Households	12.3	11.6	10.9	10.3	10.0	9.6	9.9
Non-financial corporations	12.1	10.0	9.8	10.3	9.6	9.4	9.3
General government	-4.4	-1.7	-0.2	0.2	1.2	1.6	1.2
Financial corporations	1.5	1.3	1.3	1.1	1.1	1.3	1.3
<b>B Gross capital formation and acquisition of valuables ("real investment")</b>	<b>20.7</b>	<b>20.0</b>	<b>20.0</b>	<b>20.6</b>	<b>21.0</b>	<b>21.4</b>	<b>21.0</b>
Households	6.9	6.7	6.4	6.4	6.5	6.6	6.5
Non-financial corporations	10.7	10.2	10.6	11.2	11.4	12.8	11.4
General government	2.6	2.5	2.3	2.4	2.5	1.4	2.5
Financial corporations	0.6	0.6	0.6	0.6	0.6	0.6	0.6
<b>C Net lending/net borrowing (as derived from the capital account) (= A-B)</b>	<b>0.9</b>	<b>1.3</b>	<b>1.8</b>	<b>1.3</b>	<b>0.9</b>	<b>0.5</b>	<b>0.7</b>
Households	5.5	4.9	4.5	4.0	3.5	3.1	3.3
Non-financial corporations	1.5	-0.2	-0.8	-0.9	-1.7	-3.4	-2.1
General government	-7.0	-4.1	-2.6	-2.2	-1.3	0.2	-1.3
Financial corporations	0.9	0.7	0.7	0.4	0.4	0.6	0.7
<b>Financial account</b>							
<b>D Net acquisition of financial assets<sup>1)</sup></b>	<b>28.0</b>	<b>30.1</b>	<b>32.7</b>	<b>39.2</b>	<b>47.9</b>	<b>41.5</b>	<b>36.1</b>
Households	8.2	7.9	7.9	7.6	8.6	7.3	7.7
Non-financial corporations	3.4	3.7	3.5	6.4	8.8	10.8	7.6
General government	-0.1	0.5	0.0	0.0	0.5	1.3	0.2
Financial corporations	16.5	18.1	21.4	25.2	30.1	22.0	20.6
<b>E Net incurrence of liabilities<sup>1)</sup></b>	<b>27.5</b>	<b>29.4</b>	<b>31.4</b>	<b>38.3</b>	<b>47.6</b>	<b>41.7</b>	<b>35.4</b>
Households	2.5	2.9	2.9	3.6	4.3	3.3	2.6
Non-financial corporations	2.6	4.9	5.0	7.9	11.3	15.8	10.5
General government	7.1	4.6	2.6	2.1	1.7	1.1	1.5
Financial corporations	15.2	17.1	20.9	24.7	30.3	21.5	20.7
<b>F Net lending/net borrowing (as derived from the financial account) (= D-E)</b>	<b>0.5</b>	<b>0.7</b>	<b>1.3</b>	<b>0.9</b>	<b>0.4</b>	<b>-0.3</b>	<b>0.7</b>
Households	5.7	5.0	4.9	4.0	4.3	4.0	5.0
Non-financial corporations	0.8	-1.2	-1.5	-1.5	-2.5	-5.0	-2.9
General government	-7.3	-4.1	-2.6	-2.1	-1.3	0.2	-1.3
Financial corporations	1.3	1.0	0.5	0.4	-0.2	0.5	-0.1
<b>Statistical discrepancy (C-F)</b>	<b>0.3</b>	<b>0.6</b>	<b>0.5</b>	<b>0.3</b>	<b>0.5</b>	<b>0.8</b>	<b>-0.1</b>
Households	-0.2	-0.1	-0.5	-0.1	-0.8	-1.0	-1.7
Non-financial corporations	0.6	1.0	0.7	0.5	0.7	1.5	0.8
General government	0.3	0.0	0.1	-0.1	0.0	0.0	0.0
Financial corporations	-0.3	-0.3	0.2	0.0	0.6	0.2	0.8

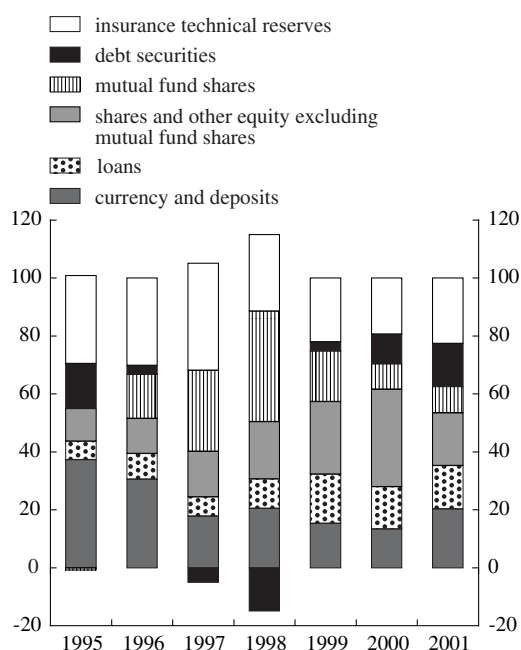
Source: ECB.

1) Data are, in principle, non-consolidated. However, some transactions are consolidated (in particular between non-financial corporations). For financial derivatives and other accounts receivable/payable, the net transactions are reported on the asset side.

securities issued by general government, privatisations, i.e. a reduction of general government holdings of shares and other equity, also contributed to this development. In addition, the reduction in the general government deficit and the decline in the debt to GDP ratio have contributed to a fall in interest rates, favourable to private investment.

Beyond the developments in net lending/net borrowing positions in the euro area, it is relevant to analyse the channels through which real and financial investment are financed in the euro area. One characteristic is that the role of financial intermediaries remains essential in the financing of investment in the euro area. Also, while marketable instruments play an increasingly important role in the financing of non-financial corporations, no general substitution of securities for loans has occurred for the non-financial sectors as a whole. In addition,

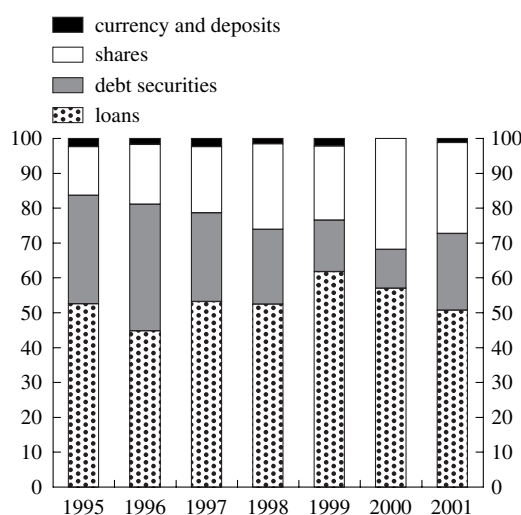
**Chart 1**  
**Financial investment of the non-financial sectors**  
 (contribution to total financial investment, as a percentage)<sup>1)</sup>



Source: ECB.

1) Excluding financial derivatives and other accounts receivable. For 1997 and 1998 negative figures correspond to net sales of debt securities.

**Chart 2**  
**Financing of the non-financial sectors**  
 (as a percentage of total financing)<sup>1)</sup>



Source: ECB.

1) Excluding financial derivatives and other accounts payable.

financial transactions with the rest of the world have risen considerably.

As regards financial intermediation (see Chart 1 and Table 2), on average between 1995 and 2001 around two-thirds of the financial investment (disregarding financial derivatives and other accounts receivable) of the non-financial sectors was directed towards intermediated instruments (either currency and deposits, mutual fund shares or insurance products), while direct net purchases of shares and other equity accounted for 20%, the granting of loans (mainly inter-company loans) for 11.5%, and the net acquisition of debt securities for 4%.

As regards forms of financing, loans represented by far the most important source for the non-financial sectors from 1995 to 2001 (see Chart 2 and Table 3), amounting to 53% of all funds raised by them. This was partly due to the increased role of inter-company loans and loans by non-monetary financial corporations between 1998 and 2000. While the relative importance of shares and other equity in the financing of the non-financial sectors rose during that period, that of debt securities declined. This

last development was essentially due to the decline in governments' borrowing requirements. Otherwise, the issuance of corporate debt securities has risen considerably since the introduction of the euro.

The increasing importance of financial transactions between the euro area and the

rest of the world was partly related to intense foreign direct investment by corporations. Euro area residents significantly increased their net acquisition of foreign shares between 1997 and 2000, reflecting in particular the large acquisitions of foreign companies by euro area firms. By contrast, 1999 and 2000 saw non-residents purchase a

**Table 2**  
**Financial investment in the euro area**  
(as a percentage of GDP)

	1995	1996	1997	1998	1999	2000	2001
<b>Euro area <sup>1)</sup></b>							
Currency and deposits (1)	9.0	7.0	6.8	7.2	8.8	5.3	7.9
Loans (2)	7.8	6.8	7.7	8.4	14.1	12.2	9.7
Securities other than shares (excluding financial derivatives) (3)	4.1	7.1	5.8	6.0	6.2	3.3	7.2
Shares and other equity (excluding mutual fund shares) (4)	2.7	2.9	4.0	6.5	9.4	12.5	5.4
Mutual fund shares (5)	0.3	2.6	4.4	7.1	5.2	4.3	3.0
Insurance technical reserves <sup>2)</sup> (6)	3.7	3.4	3.9	3.5	4.1	3.8	3.6
Others <sup>3)</sup> (7)	0.3	0.2	0.1	0.4	0.2	0.0	-0.6
<b>Total financial investment (8 = 1+2+3+4+5+6+7)</b>	<b>28.0</b>	<b>30.1</b>	<b>32.7</b>	<b>39.2</b>	<b>47.9</b>	<b>41.5</b>	<b>36.1</b>
<b>Households</b>							
Currency and deposits (1)	3.4	2.6	1.2	1.6	1.8	0.7	2.2
Loans (2)	0.0	0.0	-0.1	-0.1	0.0	0.1	0.0
Securities other than shares (excluding financial derivatives) (3)	1.5	0.4	-0.3	-1.9	-0.2	1.2	1.5
Shares and other equity (excluding mutual fund shares) (4)	0.3	0.3	0.8	0.4	0.7	0.5	0.1
Mutual fund shares (5)	-0.3	1.3	2.6	4.5	2.6	1.5	1.0
Insurance technical reserves <sup>2)</sup> (6)	3.3	3.4	3.7	3.4	3.9	3.7	3.4
Others <sup>3)</sup> (7)	-0.1	-0.2	-0.1	-0.2	-0.2	-0.3	-0.5
<b>Total financial investment (8 = 1+2+3+4+5+6+7)</b>	<b>8.2</b>	<b>7.9</b>	<b>7.9</b>	<b>7.6</b>	<b>8.6</b>	<b>7.3</b>	<b>7.7</b>
<b>Non-financial corporations</b>							
Currency and deposits (1)	0.6	1.0	0.4	0.9	0.4	1.2	1.4
Loans (2)	0.7	1.0	0.8	1.5	2.8	2.5	2.1
Securities other than shares (excluding financial derivatives) (3)	0.2	-0.2	-0.2	-0.2	0.5	0.6	0.7
Shares and other equity (excluding mutual fund shares) (4)	1.1	1.1	1.3	2.8	4.4	6.1	2.9
Mutual fund shares (5)	0.1	0.4	0.3	0.5	0.4	0.1	0.3
Insurance technical reserves <sup>2)</sup> (6)	0.1	0.1	0.1	0.0	0.1	0.1	0.1
Others <sup>3)</sup> (7)	0.6	0.4	0.8	0.8	0.1	0.2	0.1
<b>Total financial investment (8 = 1+2+3+4+5+6+7)</b>	<b>3.4</b>	<b>3.7</b>	<b>3.5</b>	<b>6.4</b>	<b>8.8</b>	<b>10.8</b>	<b>7.6</b>
<b>General government</b>							
Currency and deposits (1)	0.1	-0.1	0.2	0.2	0.5	0.7	-0.5
Loans (2)	0.0	0.0	0.0	0.0	0.2	0.3	0.2
Securities other than shares (excluding financial derivatives) (3)	0.0	0.2	0.0	0.1	0.3	0.2	0.1
Shares and other equity (excluding mutual fund shares) (4)	-0.1	-0.1	-0.5	-0.6	-0.6	-0.1	-0.2
Mutual fund shares (5)	0.1	0.0	0.0	0.0	0.1	0.1	0.1
Others <sup>3)</sup> (6)	-0.2	0.4	0.3	0.3	0.1	0.1	0.4
<b>Total financial investment (7 = 1+2+3+4+5+6)</b>	<b>-0.1</b>	<b>0.5</b>	<b>0.0</b>	<b>0.0</b>	<b>0.5</b>	<b>1.3</b>	<b>0.2</b>

Source: ECB.

Note: Figures may not add up due to rounding effects.

- 1) Euro area includes the following sectors: households, non-financial corporations, general government and financial corporations.
- 2) "Insurance technical reserves" include insurance and pension fund products.
- 3) "Others" include the net transactions in financial derivatives and other accounts receivable/payable as well as, for the euro area, monetary gold and special drawing rights. Other accounts receivable/payable refer to transactions like trade credit and advance payments.

**Table 3****Financing in the euro area***(as a percentage of GDP)*

	1995	1996	1997	1998	1999	2000	2001
<b>Euro area <sup>1)</sup></b>							
Currency and deposits (1)	8.9	8.4	8.8	10.8	14.7	8.2	9.1
Loans (2)	7.1	6.0	6.5	7.9	12.0	12.7	8.9
Securities other than shares (excluding financial derivatives) (3)	5.1	6.7	5.5	5.4	7.9	6.1	6.5
Others <sup>2)</sup> (4)	3.8	3.5	4.0	3.7	4.2	3.9	3.7
<b>Debt financing (5 = 1+2+3+4)</b>	<b>24.9</b>	<b>24.5</b>	<b>24.9</b>	<b>27.7</b>	<b>38.8</b>	<b>30.9</b>	<b>28.2</b>
Shares and other equity (6)	2.6	4.9	6.5	10.6	8.8	10.8	7.2
<b>Net incurrence of liabilities (7 = 5+6)</b>	<b>27.5</b>	<b>29.4</b>	<b>31.4</b>	<b>38.3</b>	<b>47.6</b>	<b>41.7</b>	<b>35.4</b>
<b>Households</b>							
Loans	2.5	2.8	2.9	3.5	4.3	3.3	2.6
<b>Net incurrence of liabilities (= debt financing)</b>	<b>2.5</b>	<b>2.9</b>	<b>2.9</b>	<b>3.5</b>	<b>4.3</b>	<b>3.3</b>	<b>2.6</b>
<b>Non-financial corporations</b>							
Loans (1)	2.3	2.6	2.7	4.1	6.6	8.4	5.2
Securities other than shares (excluding financial derivatives) (2)	-1.6	0.1	0.2	0.4	0.8	0.9	1.5
Others <sup>2)</sup> (3)	0.2	0.1	0.2	0.1	0.2	0.0	0.1
<b>Debt financing (4 = 1+2+3)</b>	<b>0.9</b>	<b>2.8</b>	<b>3.1</b>	<b>4.6</b>	<b>7.6</b>	<b>9.4</b>	<b>6.7</b>
Shares and other equity (5)	1.7	2.1	2.0	3.3	3.6	6.4	3.8
<b>Net incurrence of liabilities (6 = 4+5)</b>	<b>2.6</b>	<b>4.9</b>	<b>5.0</b>	<b>7.9</b>	<b>11.3</b>	<b>15.8</b>	<b>10.5</b>
<b>General government</b>							
Currency and deposits (1)	0.3	0.2	0.2	0.2	0.3	0.0	0.2
Loans (2)	1.5	0.0	-0.1	-0.5	-0.3	-0.3	-0.4
Securities other than shares (excluding financial derivatives) (3)	5.4	4.3	2.4	2.5	1.8	1.4	1.7
<b>Net incurrence of liabilities (= debt financing) (4 = 1+2+3)</b>	<b>7.1</b>	<b>4.6</b>	<b>2.6</b>	<b>2.2</b>	<b>1.7</b>	<b>1.1</b>	<b>1.5</b>

Source: ECB.

Note: Excluding financial derivatives and other accounts payable. Figures may not add up due to rounding effects.

1) Euro area includes the following sectors: households, non-financial corporations, general government and financial corporations.

2) Mainly including "Insurance technical reserves" (insurance and pension fund products).

considerable amount of debt securities issued by euro area residents. In 2001, against the background of falling stock prices and high

financial uncertainty in the second half of the year, investment by euro area residents in foreign equities fell considerably.

### 3 Households' saving, financing and investment

The decline in households' saving in relation to GDP between 1995 and 2000 resulted from both a relatively slow growth of disposable income and a decline in the savings ratio (i.e. saving in relation to disposable income) (see Chart 3). The first of these developments was related to a subdued increase in the compensation of employees for most of the period and a reduction in the net interest income of households. The decline in the savings ratio represents the

continuation of a longer-term trend which was presumably enhanced by the increase in households' wealth owing to favourable stock and house price developments during most of the period under review (between 1995 and 2000, the net financial wealth per capita in the euro area increased by 56% to €34,000<sup>3</sup>). In 2001, probably reflecting the

3 Data on the stock of financial wealth are only available up to 2000.



pronounced decline in share prices, falling consumer confidence and a deterioration in labour markets, the savings ratio of households increased slightly. Concurrent with the decline in saving as a percentage of GDP between 1995 and 2000, households broadly maintained their level of real investment (mainly in housing) in relation to GDP, with the effect that the net lending of households diminished between 1995 and 2000, before recovering somewhat in 2001.

This decline in net lending was mirrored in higher growth of loans to households between 1995 and 1999 (see Table 3). The ratio of loan financing to GDP rose from 2.5% in 1995 to 4.3% in 1999, in line with favourable lending conditions. As a consequence, the ratio of household debt to GDP increased steadily in the second half of the 1990s in the euro area, although it remained below the levels seen in Japan, the United States and the United Kingdom. In 2001, in an environment of weakening economic growth and higher interest rates,

households reduced their demand for loans, and their indebtedness in relation to GDP stabilised. Households' interest payments, reflecting the development in debt and the effects of interest rate changes, declined in relation to GDP from 1995 to 1999, before rising again (see Chart 4).

Financial investment by households remained stable in relation to GDP over the entire period (broadly between 7½% and a peak of 8.6% in 1999). However, the structure of the acquisition of financial instruments varied considerably between 1995 and 2001 (see Charts 3 and 5).

In a context of surging stock prices, households increased in particular their net acquisition of shares and other equity (including mutual fund shares) to around three-fifths of their total financial acquisitions in 1998 (see Chart 5). This proportion subsequently declined, partly in connection with the weakening of stock prices from 2000 onwards. By contrast, households were net

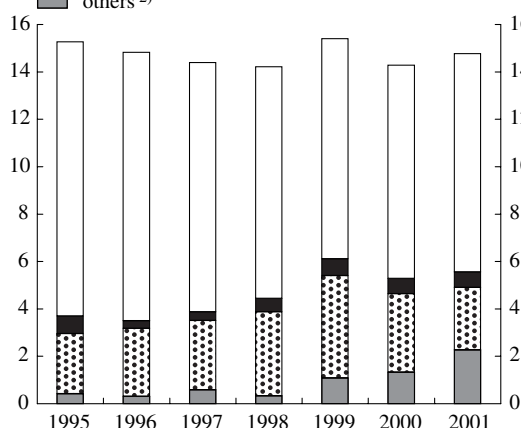
### Chart 3

#### Saving, financing and investment of households in the euro area

(as a percentage of GDP)

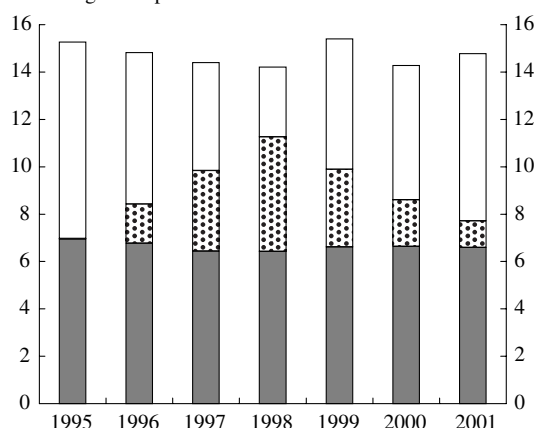
##### a) saving and financing

- gross saving
- net capital transfers
- ▨ debt financing <sup>1)</sup>
- others <sup>2)</sup>



##### b) investment

- net acquisition of financial assets excluding shares and other equity
- ▨ net acquisition of shares and other equity
- gross capital formation



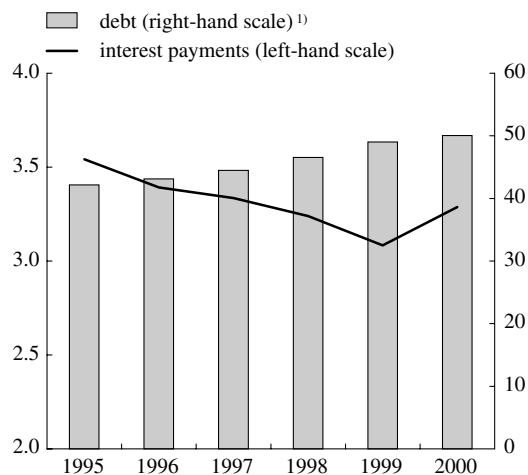
Source: ECB.

1) Mainly loans.

2) Including net transactions in financial derivatives, other accounts receivable/payable and statistical discrepancy.

## Chart 4 Household debt and interest payments

(as a percentage of GDP)



Source: ECB.

1) Mainly loans.

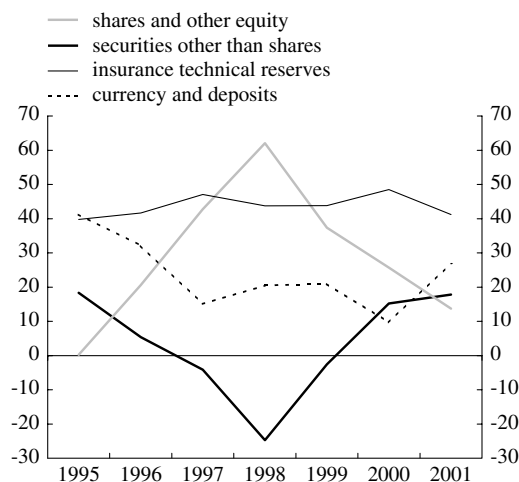
sellers of debt securities from 1997 to 1999. Also, the relative importance of currency and deposits in the financial acquisitions of households fell between 1995 and 2000. However, investment in both debt securities and currency and deposits increased significantly towards the end of the period under review, reflecting the preference of households for secure and liquid financial assets in the context of weak stock markets and financial market uncertainty in 2001. A constant feature of the financial investment of households during this period was the steady investment in insurance and pension fund products.

Two aspects of households' financial investments are also worthy of note. First,

with regard to maturity structure, households' net financial acquisitions were mostly medium or long-term, with nearly 80% of all acquisitions of financial assets from 1995 to 2001 consisting of shares or assets with an original maturity of more than one year.<sup>4</sup> Second, the proportion of investment in shares (including in particular equity-linked mutual fund shares) has increased the sensitivity of households' financial wealth to changes in stock prices. Indeed, the cumulative valuation gains in households' financial assets from end-1997 to the first quarter of 2000 were almost fully wiped out in the course of 2001.

## Chart 5 Financial investment by households

(contribution to total financial investment, as a percentage)<sup>1)</sup>



Source: ECB.

1) Excluding financial derivatives and other accounts receivable.

## 4 Non-financial corporations' saving, financing and investment

The overall decline in saving-to-GDP ratios of non-financial corporations between 1995 and 2001 can be divided into two periods. Between 1996 and 1998, corporate saving increased slightly in relation to GDP in a context of subdued unit labour cost growth and a reduction in companies' net interest payments. From 1999 onwards, the rise in labour costs and interest payments led to a

downturn in corporate saving, exacerbated by the weakening of economic activity in 2001 (see Table I).

4 Defined as the acquisition of long-term debt securities, shares (including mutual fund shares) and insurance technical reserves. It should be noted, however, that available data do not currently allow money market fund shares to be distinguished from mutual fund shares.

Meanwhile, real investment increased between 1996 and 2000, partly as a result of the trend decline in real interest rates in the run-up to Stage Three of Economic and Monetary Union and strong economic growth between 1998 and 2000. Declining inflation and fiscal consolidation also contributed to these developments. In 2001, however, real investment declined in relation to GDP in an environment of weaker economic activity and a fall in corporate earnings. Overall, the net borrowing of non-financial corporations increased from 0.2% of GDP in 1996<sup>5</sup> to 3.4% in 2000 (in part owing to heavy expenditure for UMTS licences), before decreasing to 2.1% of GDP in 2001 (see Chart 6).

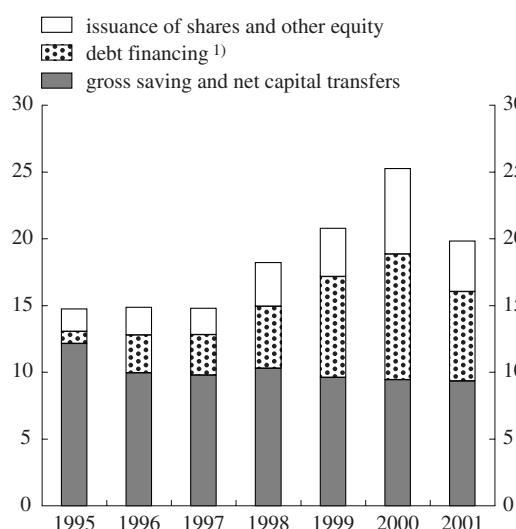
The rise in borrowing needs, together with the sizeable financial investment associated with corporate acquisitions, led to an exceptional increase in the net incurrence of liabilities of non-financial corporations in relation to GDP. This ratio rose from 2.6% in 1995 to 15.8% in 2000, before declining to 10.5% in 2001.

As regards the structure of financing, debt financing (i.e. mainly loans and debt securities issued) increased from 58% of the net incurrence of liabilities of non-financial corporations in 1996 to 68% in 1999 (see Chart 7). In particular, inter-company loans as well as loans granted by financial intermediaries other than MFIs gained in importance, reflecting transactions linked to the financing of mergers and acquisitions or the indirect issuance of debt securities through special-purpose vehicles. Non-financial corporations also issued significantly more debt securities during the period, while the share of MFI loans in the total net incurrence of liabilities of non-financial corporations declined.

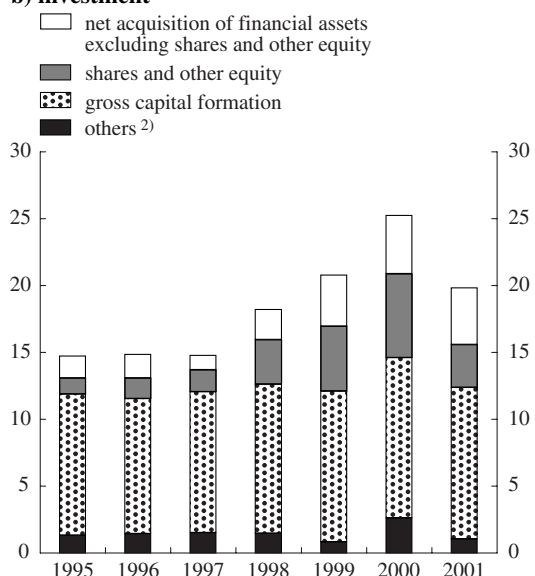
5 The data for 1995, a surplus of 1.5% of GDP, are considerably affected by large capital transfers in the context of German unification.

**Chart 6**  
**Saving, financing and investment of the non-financial corporations in the euro area**  
 (as a percentage of GDP)

**a) saving and financing**



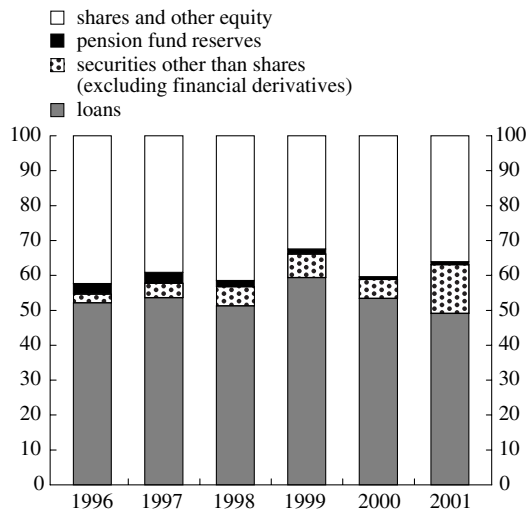
**b) investment**



Source: ECB.

1) Loans, securities other than shares (excluding financial derivatives) and pension fund reserves.

2) Including net transactions in financial derivatives, other accounts receivable/payable and statistical discrepancy.

**Chart 7****Financing by non-financial corporations***(as a percentage of total financing)<sup>1)</sup>*

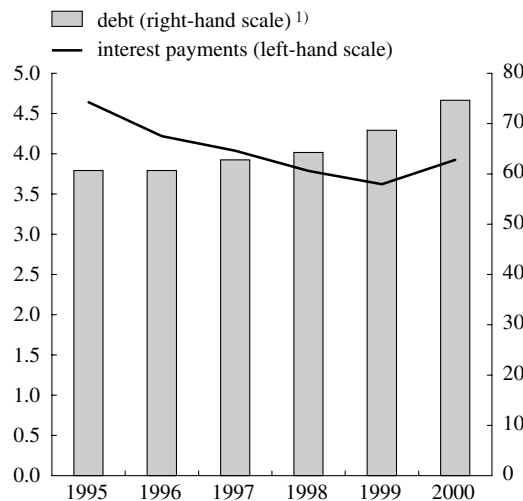
Source: ECB.

1) Excluding financial derivatives and other accounts payable. The sum of loans, securities other than shares (excluding financial derivatives) and insurance technical reserves is defined as debt financing.

The issuance of shares and other equity fluctuated between 33% and 42% in relation to the total net incurrence of liabilities of non-financial corporations between 1996 and 2000 (see Chart 7). This reflected to a considerable extent the extraordinary merger and acquisition activity during this period, where deals were partly financed by the issuance of shares in exchange for shares in the acquired company.

In 2001, with weak economic growth and a steep decline in mergers and acquisitions, both loan financing and share issuance dropped off considerably, with the notable exception of corporate bond issuance. Likewise, the decline in mergers and acquisitions led to a fall in the investment in shares and other equity by non-financial corporations in 2001, while the acquisition of liquid assets increased (see Chart 9).

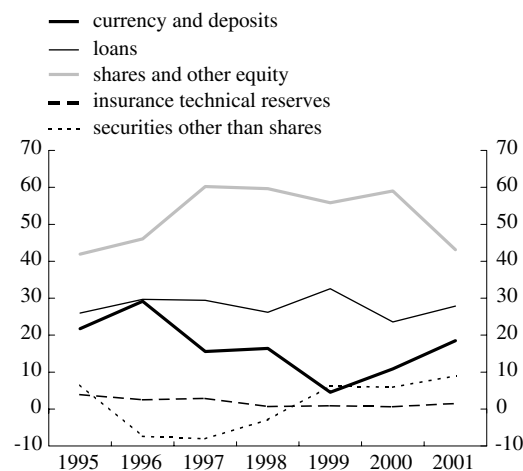
Despite the rise in debt of non-financial corporations during the period, interest payments were lower in relation to GDP in 2000 than they had been in 1995 (see

**Chart 8****Debt and interest payments of non-financial corporations***(as a percentage of GDP)*

Source: ECB.

1) Loans, securities other than shares (excluding financial derivatives) and pension fund reserves.

Chart 8). At the same time, the rise in debt increased the interest rate sensitivity of non-financial corporations.

**Chart 9****Financial investment by non-financial corporations***(contribution to total financial investment, as a percentage)<sup>1)</sup>*

Source: ECB.

1) Excluding financial derivatives and other accounts receivable.

## 5 Conclusions

Between 1995 and 2001, the euro area saw a rebalancing between government and private net lending/net borrowing positions. While in the mid-1990s households had financed sizeable net borrowing by the government sector, the latter returned to a more balanced position at the beginning of the current decade, and households' net lending was associated with larger net borrowing requirements on the part of the non-financial corporations sector.

The indebtedness of households rose in the course of the 1990s. This increased the sensitivity of household income to interest rate changes. However, household debt in relation to GDP remained limited in the euro area compared with that in other major industrialised countries. In addition, with lower lending rates the rise in debt did not translate into higher interest payments in relation to GDP in 2000 compared with 1995. With respect to financial investment,

households extended their investment in shares and other equity (in particular mutual fund shares) in relation to GDP. This increased the sensitivity of households' wealth to stock price movements.

Non-financial corporations increased their debt in relation to GDP by more than households during the 1990s. The rise in debt has to be seen in the context of large financial acquisitions, the decline in real lending rates as inflation fell and government finances improved, and the relatively strong economic growth between 1998 and 2000 – conditions favourable to corporate investment. As a result of the rise in debt, lower corporate earnings and a decline in the value of financial assets since 2000, balance sheet positions of non-financial corporations worsened during 2001. However, despite somewhat higher interest payments in relation to GDP, the interest payment burden remained below that of 1995.



## **Euro area statistics**



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<sup>1</sup> See the ECB's website ([www.ecb.int](http://www.ecb.int)) for longer runs and more detailed data.



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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.

Data for the euro area plus Greece up to end-2000 are available in a downloadable format (CSV files) on the ECB’s website ([www.ecb.int](http://www.ecb.int)).

#### 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>				
2000	8.0	4.5	5.0	-	9.6	21.1	4.40	5.44
<i>Euro area enlargement</i>								
2001	3.6	4.2	5.4	-	7.8	26.2	4.26	5.03
2001 Q3	3.8	4.4	5.9	-	7.4	27.2	4.28	5.12
2001 Q4	5.5	5.7	7.6	-	6.5	27.3	3.45	4.81
2002 Q1	6.2	6.4	7.7	-	5.7	28.9	3.36	5.13
2002 Q2	6.6	6.5	7.4	-	5.6	.	3.45	5.26
2002 Mar.	5.8	6.2	7.2	7.3	5.6	25.7	3.39	5.32
2002 Apr.	6.6	6.3	7.3	7.4	5.5	26.0	3.41	5.30
2002 May	6.8	6.7	7.7	7.4	5.8	24.0	3.46	5.30
2002 June	6.9	6.5	7.1	.	5.5	.	3.46	5.16
2002 July	.	.	.	.	.	.	3.41	5.01

### 2. Price and real economy developments

	HICP <sup>9)</sup>	Industrial producer prices <sup>10)</sup>	Hourly labour costs (whole economy) <sup>11)</sup>	Real GDP <sup>12)</sup>	Industrial production (excluding construction) <sup>13)</sup>	Capacity utilisation in manufacturing (percentages) <sup>14)</sup>	Employment (whole economy) <sup>15)</sup>	Unemployment (% of labour force) <sup>16)</sup>
2000	2.3	5.5	3.2	3.5	5.5	83.8	2.1	8.4
<i>Euro area enlargement</i>								
2001	2.5	2.1	3.4	1.4	0.2	83.2	1.3	8.0
2001 Q3	2.4	1.4	3.7	1.4	-0.4	83.0	1.1	8.0
2001 Q4	2.1	-1.0	3.3	0.4	-3.8	81.8	0.8	8.1
2002 Q1	2.6	-0.9	3.9	0.3	-2.8	80.8	0.7	8.2
2002 Q2	2.1	.	.	.	.	80.7	.	.
2002 Mar.	2.5	-0.8	-	-	-2.3	-	-	8.2
2002 Apr.	2.4	-0.8	-	-	-1.0	-	-	8.3
2002 May	2.0	-1.0	-	-	-1.4	-	-	8.3
2002 June	1.8	.	-	-	.	-	-	.
2002 July	1.9	.	-	-	.	-	-	.

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

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions) <sup>21)</sup>	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		USD/EUR exchange rate <sup>24)</sup>
	Current and capital accounts <sup>17)</sup>	Goods <sup>18)</sup>	Direct investment <sup>19)</sup>	Portfolio investment <sup>20)</sup>		Nominal <sup>22)</sup>	Real (CPI) <sup>23)</sup>	
2000	-50.2	35.6	17.6	-111.5	378.0	88.2	86.3	0.924
<i>Euro area enlargement</i>								
2001	6.3	79.2	-103.3	36.4	392.4	91.0	88.0	0.896
2001 Q3	8.4	24.8	-22.4	49.6	393.4	91.2	88.0	0.890
2001 Q4	11.8	33.0	11.5	-0.4	392.4	92.0	88.6	0.896
2002 Q1	14.2	27.4	-16.8	-54.8	409.0	91.3	88.0	0.877
2002 Q2	.	.	.	.	367.0	93.9	90.4	0.919
2002 Mar.	7.4	13.6	-6.8	1.3	409.0	91.2	88.1	0.876
2002 Apr.	-4.5	8.2	7.7	11.5	394.2	91.7	88.4	0.886
2002 May	1.2	9.2	5.1	32.0	386.6	93.7	90.2	0.917
2002 June	.	.	.	.	367.0	96.4	92.5	0.955
2002 July	.	.	.	.	.	98.2	94.1	0.992

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) M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities up to 2 years.

# 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
2002	1 Mar.	126,801	266,023	21,985	5,448	183,030	123,001	60,001	0
	8	126,766	267,945	21,210	5,133	178,014	117,999	60,001	0
	15	126,869	269,552	22,201	5,229	168,094	108,085	60,001	0
	22	126,814	269,425	22,411	5,050	170,646	110,087	60,001	0
	29	139,808	267,653	21,845	5,198	192,716	132,000	60,000	0
	5 Apr.	139,808	269,459	20,703	5,322	178,008	117,999	60,000	0
	12	139,808	266,663	21,218	5,162	163,109	103,000	60,000	0
	19	139,808	267,964	21,492	5,053	157,009	96,999	60,000	0
	26	139,502	264,366	23,330	4,854	169,028	108,999	59,999	0
	3 May	139,502	260,581	23,971	5,223	169,031	109,001	59,999	0
	10	139,502	261,627	23,914	4,970	174,946	114,923	59,999	0
	17	139,502	262,163	22,923	5,043	169,022	108,999	59,999	0
	24	139,458	261,125	23,086	4,983	173,028	113,000	59,999	0
	31	139,419	259,372	24,085	5,087	178,381	118,002	60,000	0
	7 June	139,414	260,127	23,583	5,079	173,309	113,000	60,000	0
	14	139,414	261,837	22,944	5,135	167,022	106,999	60,000	0
	21	139,378	263,172	22,001	4,985	175,937	111,999	60,000	0
	28	128,323	237,959	19,742	4,491	200,958	140,000	59,999	0
	5 July	128,323	237,865	19,335	4,598	187,023	127,000	59,999	0
	12	128,323	239,363	19,488	4,794	186,016	126,000	59,999	0
	19	128,323	240,102	20,162	4,947	194,378	134,002	59,999	0
	26	128,323	240,888	20,436	4,885	204,734	149,000	54,999	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
2002	1 Mar.	285,800	134,936	134,872	52	0	0	12	2,636	2,939
	8	284,562	132,856	132,795	46	0	0	15	2,610	2,939
	15	281,713	134,298	134,226	55	0	0	17	2,443	2,939
	22	280,237	133,942	133,081	844	0	0	17	2,188	2,939
	29	287,483	131,372	131,315	53	0	0	4	2,221	2,939
	5 Apr.	287,729	132,421	132,396	24	0	0	1	2,264	2,939
	12	285,822	134,011	133,008	1,002	0	0	1	2,306	2,939
	19	284,884	134,321	134,307	13	0	0	1	2,166	2,939
	26	286,516	132,223	132,104	119	0	0	0	2,250	2,939
	3 May	294,502	129,859	128,775	1,083	0	0	1	2,185	2,939
	10	297,335	134,275	134,083	191	0	0	1	2,304	2,939
	17	297,223	133,262	133,231	29	0	0	2	2,195	2,939
	24	295,202	128,581	128,540	41	0	0	0	2,189	2,939
	31	299,030	130,158	130,091	55	0	0	12	2,351	2,939
	7 June	302,923	132,931	132,859	60	0	0	12	2,472	2,939
	14	303,602	128,245	128,202	30	0	0	13	2,432	2,939
	21	304,536	135,049	132,344	2,693	0	0	12	2,249	2,939
	28	308,753	134,893	134,781	100	0	0	12	2,034	2,939
	5 July	315,136	129,139	128,688	46	0	0	405	196	2,939
	12	316,696	129,439	129,400	22	0	0	17	126	2,939
	19	317,176	128,610	127,973	620	0	0	17	27	2,939
	26	317,563	132,354	132,334	16	0	0	4	83	2,939

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11
0	23	5	391	29,172	68,577	88,743	790,171	2002	1 Mar.
0	11	3	374	29,479	68,580	88,823	786,325		8
0	5	3	375	29,367	68,590	88,696	778,974		15
0	547	11	256	29,312	68,622	89,303	781,840		22
0	704	12	296	29,153	68,639	89,592	814,901		29
0	1	8	253	29,100	68,611	88,877	800,142		5 Apr.
0	105	4	230	30,051	67,733	88,941	782,916		12
0	6	4	238	30,288	67,702	89,249	778,804		19
0	21	9	237	30,463	67,706	89,348	788,835		26
0	14	17	259	30,135	67,708	87,422	783,833		3 May
0	14	10	253	30,330	67,708	88,366	791,617		10
0	20	4	287	29,933	67,710	88,926	785,510		17
0	17	12	235	30,161	67,705	89,030	788,812		24
0	366	13	209	29,930	67,701	89,148	793,333		31
0	305	4	213	29,944	67,701	89,062	788,433		7 June
0	5	18	231	30,087	67,701	89,192	783,564		14
0	3,925	13	205	30,220	67,698	90,077	793,674		21
0	930	29	512	30,481	67,687	90,691	780,845		28
0	3	21	414	30,648	67,675	88,834	764,716		5 July
0	9	8	403	30,505	67,676	89,066	765,635		12
0	367	10	166	30,744	67,676	89,496	775,995		19
0	729	6	405	30,656	67,664	85,548	783,540		26

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								10	11	12
62,731	8,365	2,847	17,926	6,967	76,560	125,320	63,145	790,171	2002	1 Mar.
61,818	8,294	2,616	19,587	6,967	75,625	125,320	63,132	786,325		8
52,802	8,691	2,684	22,407	6,967	75,588	125,320	63,123	778,974		15
57,084	8,489	2,558	22,938	6,967	75,886	125,320	63,293	781,840		22
74,560	8,675	1,833	22,061	6,990	76,515	136,887	63,365	814,901		29
59,263	8,500	1,477	22,153	6,990	75,797	136,887	63,722	800,142		5 Apr.
55,955	8,518	1,489	20,024	6,990	64,246	136,887	63,729	782,916		12
50,964	8,302	1,441	21,003	6,990	65,173	136,887	63,734	778,804		19
63,552	8,430	1,398	19,124	6,990	64,792	136,887	63,734	788,835		26
53,269	9,597	1,428	17,841	6,990	64,561	136,887	63,775	783,833		3 May
53,628	8,515	1,405	18,929	6,990	64,635	136,887	63,775	791,617		10
47,272	8,649	1,479	19,441	6,990	65,398	136,887	63,775	785,510		17
60,721	8,433	1,405	18,757	6,990	62,611	136,887	64,097	788,812		24
59,922	8,476	1,376	18,216	6,990	62,886	136,887	64,102	793,333		31
47,953	8,561	1,377	18,619	6,990	62,519	136,887	64,262	788,433		7 June
46,035	8,318	1,423	20,020	6,990	62,407	136,887	64,266	783,564		14
48,337	8,932	1,423	19,135	6,990	62,934	136,887	64,263	793,674		21
70,880	8,437	1,641	16,944	6,521	64,431	99,114	64,258	780,845		28
57,501	8,517	1,237	16,867	6,521	63,297	99,114	64,252	764,716		5 July
54,513	8,637	1,237	18,845	6,521	63,313	99,114	64,255	765,635		12
62,743	8,574	1,537	20,002	6,521	64,490	99,114	64,262	775,995		19
69,572	9,032	1,298	21,486	6,521	59,314	99,114	64,264	783,540		26

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

With effect from <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			Fixed rate	Minimum bid rate			
	Level 1	Change 2	Level 3	Level 4	Change 5	Level 6	Change 7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 <sup>2)</sup>	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 <sup>3)</sup>	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
<i>Euro area enlargement</i>							
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
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
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-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 change on 18 September 2001 was effective on that same day.
- 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
2002 6 Feb.	156,977	91,000	-	3.25	3.30	3.31	14
12	90,332	35,000	-	3.25	3.29	3.30	15
20	135,530	72,000	-	3.25	3.28	3.29	14
27	127,024	51,000	-	3.25	3.29	3.30	14
6 Mar.	127,212	67,000	-	3.25	3.29	3.30	12
13	90,424	41,000	-	3.25	3.27	3.28	14
18	107,575	69,000	-	3.25	3.28	3.29	17
27	121,842	63,000	-	3.25	3.33	3.34	14
4 Apr.	112,796	55,000	-	3.25	3.30	3.31	13
10	112,847	48,000	-	3.25	3.29	3.29	14
17	102,694	49,000	-	3.25	3.27	3.28	13
24	115,604	60,000	-	3.25	3.30	3.31	14
30	106,166	49,000	-	3.25	3.30	3.31	15
8 May	108,472	66,000	-	3.25	3.29	3.30	14
15	108,733	43,000	-	3.25	3.30	3.30	14
22	112,438	70,000	-	3.25	3.33	3.34	14
29	114,221	48,000	-	3.25	3.34	3.35	14
5 June	114,258	65,000	-	3.25	3.33	3.34	14
12	97,462	42,000	-	3.25	3.31	3.32	14
19	112,227	70,000	-	3.25	3.32	3.33	14
26	111,439	70,000	-	3.25	3.35	3.36	14
3 July	108,626	57,000	-	3.25	3.33	3.33	14
10	102,931	69,000	-	3.25	3.30	3.32	14
17	104,849	65,000	-	3.25	3.30	3.31	14
24	108,732	84,000	-	3.25	3.30	3.31	14
31	86,879	55,000	-	3.25	3.30	3.31	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
2000 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
27 Sep.	28,269	20,000	-	3.55	3.58	85
25 Oct.	42,308	20,000	-	3.50	3.52	98
29 Nov.	49,135	20,000	-	3.32	3.34	91
21 Dec.	38,178	20,000	-	3.29	3.31	97
2002 31 Jan.	44,547	20,000	-	3.31	3.33	84
28 Feb.	47,001	20,000	-	3.32	3.33	91
28 Mar.	39,976	20,000	-	3.40	3.42	91
25 Apr.	40,580	20,000	-	3.35	3.36	91
30 May	37,602	20,000	-	3.45	3.47	91
27 June	27,670	20,000	-	3.38	3.41	91
25 July	28,791	15,000	-	3.35	3.37	98

## 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	Minimum bid rate	Marginal rate <sup>3)</sup>	Weighted average rate	
	1	2	3	4	5	6	7	8
2000 5 Jan. <sup>4)</sup>	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	-	4.75	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
28 Nov.	Reverse transaction	73,096	53,000	-	3.25	3.28	3.29	7
2002 4 Jan.	Reverse transaction	57,644	25,000	-	3.25	3.30	3.32	3
10	Reverse transaction	59,377	40,000	-	3.25	3.28	3.30	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) In liquidity providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.

4) This operation was conducted with a maximum rate of 3.00%.

**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
2001 June	10,705.3	6,015.6	175.7	198.7	1,314.2	656.6	2,344.5
July	10,590.4	5,912.2	183.4	199.1	1,312.5	636.2	2,346.9
Aug.	10,551.6	5,872.7	187.8	190.2	1,309.3	654.1	2,337.6
Sep.	10,627.3	5,956.0	188.2	191.3	1,315.7	631.6	2,344.6
Oct.	10,687.8	5,962.3	190.8	196.5	1,313.7	672.4	2,352.2
Nov.	10,798.1	6,073.4	199.0	191.3	1,300.9	656.5	2,376.9
Dec.	10,910.1	6,226.1	204.7	185.0	1,315.2	605.1	2,374.0
2002 Jan.	10,952.8	6,195.2	194.7	202.2	1,350.7	610.8	2,399.0
Feb.	10,964.1	6,164.7	196.8	196.0	1,337.1	653.2	2,416.3
Mar.	11,031.8	6,178.0	202.2	198.4	1,349.9	663.1	2,440.1
Apr.	11,076.4	6,176.1	205.1	199.8	1,355.1	699.1	2,441.2
May	11,111.6	6,150.4	204.3	206.2	1,355.8	741.7	2,453.2
June <sup>(p)</sup>	11,003.0	6,084.9	202.6	204.0	1,354.7	696.3	2,460.4

Source: ECB.

- 1) Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks, are excluded from the reserve base. If a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. This percentage was 10% for calculating the reserve base until November 1999, and 30% thereafter.
- 2) Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.

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

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
2001 Aug.	127.2	127.7	0.5	0.0	4.50
Sep.	125.3	126.0	0.7	0.0	4.27
Oct.	124.4	125.0	0.6	0.0	3.76
Nov.	126.1	126.6	0.5	0.0	3.62
Dec.	126.4	127.3	0.9	0.0	3.30
2002 Jan.	128.7	130.1	1.4	0.0	3.34
Feb.	131.7	132.4	0.7	0.0	3.30
Mar.	131.3	132.0	0.7	0.0	3.28
Apr.	130.6	131.1	0.5	0.0	3.30
May	131.0	131.5	0.5	0.0	3.30
June	131.0	131.7	0.7	0.0	3.33
July	130.7	131.3	0.6	0.0	3.32
Aug. <sup>(p)</sup>	129.3	.	.	.	.

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).

**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	
2001 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
Sep.	401.3	147.1	60.0	0.5	3.5	0.4	0.0	335.4	45.2	105.4	126.1	461.9
Oct.	389.9	136.7	60.0	1.1	0.0	0.1	0.0	325.2	43.6	93.6	125.1	450.4
Nov.	385.0	132.3	60.0	0.2	0.0	0.3	0.0	311.3	46.1	93.1	126.7	438.3
Dec.	383.7	122.5	60.0	0.5	12.4	0.8	0.0	298.0	43.5	109.3	127.4	426.2
2002 Jan.	385.2	118.5	60.0	0.4	3.7	0.6	0.0	344.3	38.3	54.2	130.4	475.2
Feb.	386.0	127.3	60.0	0.2	0.0	0.1	0.0	306.2	49.6	85.2	132.6	438.8
Mar.	386.7	114.6	60.0	0.2	0.0	0.1	0.0	283.3	54.2	91.8	132.1	415.6
Apr.	395.4	112.7	60.0	0.4	0.0	0.2	0.0	285.9	55.9	95.3	131.2	417.3
May	397.7	110.6	60.0	0.1	0.0	0.3	0.0	293.7	49.2	93.5	131.7	425.6
June	396.2	112.6	60.0	0.5	0.0	0.4	0.0	300.8	45.1	91.2	131.8	433.0
July <sup>(p)</sup>	369.1	130.4	60.0	0.2	0.0	0.2	0.0	313.4	54.4	60.3	131.4	445.0

Source: ECB.

- 1) The banking system's liquidity position is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. Amounts are derived from the consolidated financial statement of the Eurosystem.
- 2) Excludes the issuance of debt certificates initiated by national central banks in Stage Two.
- 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		MFIs	General government	Other euro area residents							
1999	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 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	51.8	1,209.3
Q3	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.4	1,129.8
Q4	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 Q1	401.7	373.9	27.2	0.6	105.0	2.7	101.2	1.1	14.7	4.6	10.1	396.7	11.3	54.4	983.9
2001 June	426.0	398.2	27.2	0.6	105.8	3.1	101.5	1.2	14.2	4.6	9.6	414.7	11.9	54.5	1,027.2
July	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	57.3	1,019.9
Aug.	391.1	363.3	27.2	0.6	107.6	3.5	102.9	1.2	14.0	4.6	9.4	396.8	12.0	54.6	976.0
Sep.	388.2	360.4	27.2	0.6	106.6	3.7	101.9	1.1	13.1	4.8	8.3	397.1	11.9	54.9	971.8
Oct.	356.7	328.9	27.2	0.6	107.8	3.9	102.8	1.2	13.4	4.8	8.7	400.0	12.0	55.6	945.6
Nov.	370.0	342.4	27.1	0.6	107.3	3.8	102.2	1.2	13.6	4.7	8.9	400.5	12.1	55.1	958.5
Dec.	412.7	386.4	25.7	0.6	107.0	3.8	101.8	1.3	13.8	4.6	9.2	399.0	11.9	54.4	998.7
2002 Jan.	400.1	373.7	25.7	0.6	104.1	3.8	99.0	1.3	13.8	4.7	9.1	409.0	12.0	102.7	1,041.7
Feb.	373.4	347.1	25.7	0.6	105.9	4.1	100.6	1.2	13.7	4.7	9.0	413.4	12.0	103.6	1,022.0
Mar.	381.3	354.9	25.8	0.6	106.5	4.2	101.0	1.4	13.8	4.7	9.1	414.3	11.9	106.4	1,034.3
Apr.	344.2	317.8	25.8	0.6	107.5	5.0	101.4	1.1	13.5	4.7	8.8	401.3	12.0	108.3	986.9
May	356.1	329.7	25.7	0.6	107.0	4.9	101.0	1.0	13.3	4.7	8.6	394.5	12.0	110.2	993.1
June <sup>(p)</sup>	387.7	361.3	25.7	0.6	107.5	4.9	101.6	1.1	13.3	4.7	8.6	372.7	12.0	114.2	1,007.2

#### 2. Liabilities

	Currency in circulation		Deposits of euro area residents		Central government	Other general government/other euro area residents	Money market paper and debt securities issued	Capital and reserves	External liabilities <sup>1)</sup>	Remaining liabilities	Total
	1	2	MFIs <sup>1)</sup>	3							
1999	393.3	341.5	279.3	53.4	8.8	7.9	174.3	49.8	47.6	1,014.5	
2000 Q2	374.3	497.9	432.8	52.6	12.5	6.3	193.4	92.0	45.4	1,209.3	
Q3	373.5	404.2	346.1	45.6	12.5	4.6	221.2	75.0	51.4	1,129.8	
Q4	390.2	327.3	270.4	47.1	9.8	3.8	197.5	29.9	57.0	1,005.7	
<i>Euro area enlargement</i>											
2001 Q1	370.6	312.6	253.4	46.8	12.4	5.5	204.6	26.8	63.8	983.9	
2001 June	368.9	342.2	274.1	51.8	16.3	5.6	223.7	32.6	54.2	1,027.2	
July	366.9	343.5	282.7	46.9	14.0	5.6	214.7	31.9	57.3	1,019.9	
Aug.	356.1	320.4	259.2	46.6	14.7	5.6	211.6	28.4	53.9	976.0	
Sep.	346.2	323.6	269.4	37.6	16.6	5.5	209.2	30.0	57.3	971.8	
Oct.	333.9	302.8	244.7	40.0	18.1	5.5	210.6	34.3	58.5	945.6	
Nov.	317.5	330.4	277.5	35.2	17.6	4.7	210.1	35.3	60.6	958.5	
Dec.	285.9	391.9	342.4	35.1	14.4	4.6	209.8	35.6	70.8	998.7	
2002 Jan.	340.0	345.2	285.1	44.9	15.2	4.6	214.5	37.4	100.0	1,041.7	
Feb.	308.5	349.6	282.7	52.1	14.7	4.6	219.8	33.9	105.7	1,022.0	
Mar.	309.5	355.1	282.4	56.3	16.4	4.6	217.8	36.8	110.5	1,034.3	
Apr.	311.6	323.5	254.8	50.8	17.9	4.6	212.8	32.4	101.9	986.9	
May	319.6	326.6	268.4	40.7	17.4	4.6	208.0	31.6	102.7	993.1	
June <sup>(p)</sup>	329.1	354.3	285.2	51.5	17.5	4.6	182.3	31.0	106.0	1,007.2	

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 2.2

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

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

## 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market paper	Holdings of shares/other equity issued by euro area residents			External assets	Fixed assets	Remaining assets	Total
	MFI	General government	Other euro area residents		MFI	General government	Other euro area residents			MFI	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999	9,779.9	3,414.1	828.2	5,537.6	2,179.4	828.8	1,123.8	226.7	129.9	650.6	211.5	439.1	1,719.6	154.0	919.4	15,532.8
2000 Q2	10,126.0	3,462.2	817.2	5,846.6	2,212.3	895.6	1,073.3	243.4	149.9	704.0	210.0	494.0	1,892.8	154.2	1,023.3	16,262.6
Q3	10,235.9	3,456.4	799.8	5,979.7	2,232.9	941.2	1,033.9	257.7	139.8	707.6	204.1	503.5	2,004.8	155.9	1,034.6	16,511.4
Q4	10,419.8	3,510.4	817.8	6,091.5	2,193.4	933.3	995.9	264.2	141.4	750.9	240.2	510.8	2,026.2	158.7	1,015.4	16,705.8
<i>Euro area enlargement</i>																
2001 Q1	10,805.5	3,707.3	824.4	6,273.7	2,320.0	969.0	1,064.0	286.9	157.2	812.2	255.3	556.9	2,240.1	160.8	1,097.2	17,592.9
2001 June	10,886.9	3,691.1	808.5	6,387.3	2,395.5	991.3	1,103.8	300.5	164.7	799.2	251.3	547.9	2,288.2	163.5	1,128.3	17,826.3
July	10,846.3	3,647.2	805.7	6,393.4	2,416.3	1,005.0	1,098.0	313.3	169.2	795.0	252.4	542.6	2,214.1	164.6	1,073.8	17,679.2
Aug.	10,821.3	3,651.1	801.6	6,368.7	2,414.8	1,003.7	1,089.0	322.1	163.4	783.2	247.5	535.7	2,226.0	164.9	1,064.9	17,638.6
Sep.	10,946.1	3,722.5	802.6	6,420.9	2,413.9	995.5	1,092.4	325.9	163.8	771.5	245.1	526.4	2,298.9	165.7	1,115.8	17,875.7
Oct.	10,969.9	3,719.2	800.0	6,450.6	2,415.5	1,004.2	1,083.1	328.2	167.1	779.0	244.0	535.0	2,341.0	166.3	1,147.0	17,985.8
Nov.	11,110.7	3,793.6	816.2	6,500.9	2,428.9	1,009.6	1,087.9	331.4	158.8	782.5	246.8	535.7	2,426.9	167.1	1,136.3	18,211.1
Dec.	11,128.5	3,788.1	822.1	6,518.4	2,420.1	1,008.0	1,076.6	335.5	153.7	810.3	251.8	558.5	2,406.8	168.1	1,129.2	18,216.6
2002 Jan.	11,058.4	3,705.9	819.1	6,533.4	2,465.4	1,018.6	1,106.7	340.2	169.4	810.9	252.3	558.6	2,420.2	165.4	1,159.7	18,249.4
Feb.	11,042.1	3,672.6	821.8	6,547.8	2,485.2	1,030.4	1,106.5	348.4	167.6	811.5	254.2	557.3	2,419.4	164.6	1,095.8	18,186.2
Mar.	11,203.5	3,771.4	827.2	6,604.9	2,518.2	1,046.0	1,127.2	345.0	174.6	811.0	257.7	553.3	2,430.5	164.5	1,030.8	18,333.1
Apr.	11,258.0	3,811.1	807.3	6,639.6	2,523.6	1,054.8	1,127.3	341.5	176.5	825.0	265.1	559.9	2,424.8	164.2	1,011.0	18,383.2
May	11,324.0	3,861.7	803.8	6,658.5	2,542.0	1,057.5	1,140.9	343.6	182.4	826.1	263.7	562.4	2,450.9	164.4	984.0	18,473.7
June <sup>(p)</sup>	11,339.2	3,844.9	803.5	6,690.8	2,540.1	1,059.1	1,138.2	342.7	193.6	821.1	260.9	560.2	2,352.3	164.8	1,002.8	18,414.0

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents	Overnight				Money market fund shares/units <sup>1)</sup>	Money market paper and debt securities issued <sup>1)</sup>	Capital and reserves	External liabilities	Remaining liabilities	Total
						Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1999	0.7	8,735.7	3,590.9	88.6	5,056.2	1,537.6	2,043.2	1,331.5	143.9	293.4	2,531.1	849.1	1,870.4	1,252.4	15,532.8
2000 Q2	0.6	8,850.2	3,621.0	93.3	5,135.9	1,596.3	2,080.9	1,291.4	167.3	344.7	2,652.3	898.6	2,120.5	1,395.6	16,262.6
Q3	0.0	8,859.4	3,595.4	113.7	5,150.4	1,577.2	2,129.3	1,272.4	171.4	334.8	2,720.5	913.6	2,295.1	1,388.0	16,511.4
Q4	0.0	9,057.2	3,679.4	117.4	5,260.5	1,648.9	2,159.8	1,276.9	174.9	323.3	2,712.9	941.5	2,299.5	1,371.3	16,705.8
<i>Euro area enlargement</i>															
2001 Q1	0.0	9,325.3	3,806.2	103.6	5,415.5	1,624.0	2,242.7	1,322.8	225.9	358.8	2,817.4	982.4	2,636.2	1,472.9	17,592.9
2001 June	0.0	9,424.1	3,798.5	113.7	5,512.0	1,715.9	2,240.8	1,330.8	224.5	382.2	2,861.3	998.1	2,710.6	1,449.9	17,826.3
July	0.0	9,365.3	3,755.5	108.7	5,501.1	1,699.1	2,242.0	1,333.6	226.4	393.6	2,874.0	997.7	2,611.1	1,437.4	17,679.2
Aug.	0.0	9,344.8	3,746.6	105.8	5,492.4	1,667.0	2,254.3	1,337.3	233.9	405.1	2,861.1	1,000.5	2,591.7	1,435.4	17,638.6
Sep.	0.0	9,484.8	3,832.2	110.2	5,542.4	1,733.7	2,237.8	1,342.6	228.2	410.4	2,875.5	1,011.1	2,609.9	1,483.9	17,875.7
Oct.	0.0	9,484.7	3,808.9	113.2	5,562.5	1,732.5	2,241.2	1,351.9	236.9	423.6	2,900.6	1,019.5	2,627.3	1,530.1	17,985.8
Nov.	0.0	9,601.3	3,868.7	115.1	5,617.4	1,780.8	2,242.1	1,365.0	229.5	434.6	2,888.6	1,024.2	2,690.9	1,571.6	18,211.1
Dec.	0.0	9,696.4	3,823.7	103.9	5,768.8	1,882.2	2,261.3	1,405.0	220.4	430.9	2,882.9	1,043.2	2,683.4	1,479.8	18,216.6
2002 Jan.	0.0	9,630.1	3,796.9	104.0	5,729.3	1,833.0	2,257.7	1,418.8	219.7	452.5	2,921.5	1,050.1	2,717.8	1,477.5	18,249.4
Feb.	0.0	9,571.2	3,738.4	103.7	5,729.2	1,829.1	2,254.6	1,420.9	224.5	464.7	2,933.1	1,050.6	2,729.4	1,437.2	18,186.2
Mar.	0.0	9,696.6	3,846.2	101.2	5,749.2	1,823.5	2,270.0	1,423.0	232.7	473.5	2,966.1	1,057.8	2,749.8	1,389.3	18,333.1
Apr.	0.0	9,744.1	3,866.6	106.7	5,770.8	1,852.5	2,272.7	1,414.7	231.0	481.1	2,969.4	1,064.3	2,736.8	1,387.5	18,383.2
May	0.0	9,812.8	3,915.8	108.3	5,788.7	1,853.1	2,282.2	1,415.5	237.8	489.5	2,995.4	1,071.8	2,718.7	1,385.6	18,473.7
June <sup>(p)</sup>	0.0	9,856.5	3,925.3	115.7	5,815.5	1,901.6	2,261.0	1,422.0	230.9	493.3	2,984.1	1,077.5	2,583.5	1,419.0	18,414.0

Source: ECB.

1) Amounts held by residents of the euro area. Amounts held by non-residents of the euro area are included in external liabilities.

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 Dec.	6,927.0	835.0	6,092.0	1,355.0	1,089.5	265.5	521.7	2,406.9	169.9	1,029.6	12,410.1
<i>Euro area enlargement</i>											
2001 1 Jan.	7,007.9	853.9	6,154.0	1,423.6	1,156.0	267.6	530.4	2,402.7	172.9	1,008.9	12,533.7
2001 Jan.	7,043.5	857.2	6,186.3	1,416.7	1,145.7	271.0	542.9	2,463.6	171.8	1,083.8	12,722.3
Feb.	7,056.4	848.9	6,207.4	1,436.2	1,156.2	280.0	549.8	2,484.2	172.3	1,072.8	12,771.7
Mar.	7,126.0	851.7	6,274.3	1,453.2	1,165.2	288.0	567.0	2,636.9	172.0	1,117.3	13,072.4
Apr.	7,157.1	843.5	6,313.6	1,465.3	1,171.4	293.9	586.8	2,614.3	173.3	1,128.1	13,124.9
May	7,172.5	838.4	6,334.1	1,492.2	1,191.4	300.8	587.2	2,675.6	174.6	1,148.3	13,250.4
June	7,223.5	835.7	6,387.9	1,507.0	1,205.3	301.7	557.5	2,702.9	175.4	1,147.0	13,313.3
July	7,226.9	832.9	6,394.0	1,514.9	1,200.4	314.5	552.2	2,619.0	176.5	1,092.2	13,181.8
Aug.	7,198.0	828.8	6,369.3	1,515.1	1,191.9	323.3	545.1	2,622.9	176.9	1,082.6	13,140.6
Sep.	7,251.4	829.8	6,421.5	1,521.3	1,194.3	327.0	534.7	2,696.0	177.6	1,134.1	13,315.1
Oct.	7,278.5	827.2	6,451.2	1,515.2	1,185.8	329.4	543.7	2,741.0	178.3	1,164.2	13,420.8
Nov.	7,344.8	843.3	6,501.5	1,522.8	1,190.1	332.7	544.6	2,827.3	179.1	1,153.6	13,572.3
Dec.	7,366.7	847.7	6,519.0	1,515.2	1,178.4	336.8	567.7	2,805.7	180.0	1,137.3	13,572.7
2002 Jan.	7,378.8	844.8	6,534.0	1,547.2	1,205.7	341.5	567.7	2,829.2	177.5	1,168.9	13,669.2
Feb.	7,395.9	847.5	6,548.4	1,556.6	1,207.1	349.6	566.3	2,832.8	176.6	1,131.1	13,659.3
Mar.	7,458.5	853.0	6,605.5	1,574.5	1,228.2	346.3	562.4	2,844.8	176.4	1,082.0	13,698.7
Apr.	7,473.3	833.1	6,640.2	1,571.3	1,228.7	342.6	568.7	2,826.1	176.2	1,069.3	13,685.0
May	7,488.6	829.5	6,659.1	1,586.5	1,241.9	344.6	571.0	2,845.5	176.4	1,048.4	13,716.4
June <sup>(p)</sup>	7,520.6	829.2	6,691.4	1,583.6	1,239.8	343.8	568.7	2,725.0	176.8	1,073.4	13,648.1

## 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 <sup>3)</sup>	Money market paper and debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Dec.	348.4	164.5	5,270.3	1,658.7	2,159.8	1,276.9	174.9	300.1	1,662.8	894.6	2,329.4	1,428.2	11.9	12,410.1
<i>Euro area enlargement</i>														
2001 1 Jan.	355.3	166.2	5,395.1	1,673.3	2,198.4	1,328.2	195.2	300.1	1,663.7	912.1	2,219.4	1,455.2	12.1	12,533.7
2001 Jan.	336.1	147.1	5,379.6	1,623.8	2,212.2	1,329.8	213.8	313.2	1,696.8	909.0	2,445.7	1,473.7	21.1	12,722.3
Feb.	335.1	155.6	5,388.4	1,625.6	2,223.6	1,323.5	215.8	322.3	1,711.6	911.4	2,475.2	1,491.3	-19.2	12,771.7
Mar.	336.3	150.3	5,427.9	1,636.1	2,243.0	1,322.8	225.9	333.2	1,719.5	927.0	2,663.0	1,536.7	-21.6	13,072.4
Apr.	336.2	152.5	5,457.3	1,666.9	2,241.6	1,323.9	224.9	341.8	1,720.3	928.1	2,676.4	1,524.5	-12.2	13,124.9
May	332.9	146.9	5,495.0	1,691.8	2,243.3	1,322.5	237.4	351.3	1,722.1	940.1	2,754.9	1,520.5	-13.2	13,250.4
June	333.0	165.5	5,528.3	1,731.8	2,241.2	1,330.8	224.5	349.3	1,740.7	965.9	2,743.2	1,504.1	-16.8	13,313.3
July	328.0	155.5	5,515.1	1,712.7	2,242.4	1,333.6	226.4	358.4	1,737.3	955.3	2,643.0	1,494.6	-5.7	13,181.8
Aug.	319.2	152.4	5,507.1	1,681.2	2,254.7	1,337.3	233.9	369.9	1,731.3	960.0	2,620.0	1,489.2	-8.6	13,140.6
Sep.	309.6	147.8	5,559.0	1,749.9	2,238.2	1,342.6	228.2	374.4	1,754.1	970.4	2,639.9	1,541.2	18.7	13,315.1
Oct.	295.5	153.3	5,580.6	1,750.3	2,241.6	1,351.9	236.9	386.4	1,768.1	981.4	2,661.6	1,588.6	5.4	13,420.8
Nov.	279.7	150.2	5,635.1	1,798.1	2,242.5	1,365.0	229.5	395.2	1,760.4	982.9	2,726.2	1,632.2	10.3	13,572.3
Dec.	239.7	139.0	5,783.3	1,896.3	2,261.6	1,405.0	220.4	391.9	1,761.0	996.5	2,719.1	1,550.7	-8.5	13,572.7
2002 Jan.	246.4	148.9	5,744.5	1,847.9	2,258.0	1,418.8	219.7	410.8	1,776.1	1,007.5	2,755.2	1,577.5	2.4	13,669.2
Feb.	240.2	155.7	5,743.9	1,843.5	2,255.0	1,420.9	224.5	422.0	1,778.4	1,011.4	2,763.2	1,542.8	1.5	13,659.3
Mar.	254.3	157.5	5,765.6	1,839.5	2,270.3	1,423.0	232.7	426.3	1,793.1	1,013.2	2,786.6	1,499.8	2.4	13,698.7
Apr.	261.6	157.5	5,788.7	1,870.0	2,273.0	1,414.7	231.0	433.1	1,785.7	1,007.3	2,769.2	1,489.3	-7.4	13,685.0
May	273.8	149.0	5,806.1	1,870.2	2,282.6	1,415.5	237.8	438.1	1,806.5	1,011.3	2,750.3	1,488.4	-7.2	13,716.4
June <sup>(p)</sup>	285.4	167.2	5,833.0	1,918.8	2,261.3	1,422.0	230.9	434.9	1,789.5	994.2	2,614.5	1,525.0	4.3	13,648.1

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) Amounts held by residents of the euro area. Amounts held by non-residents of the euro area are included in external liabilities.

### 3. Assets: flows <sup>1)</sup>

	Loans to euro area residents		Other euro area residents	Holdings of securities other than shares issued by euro area residents		Holdings of shares/ other equity issued by other euro area residents	External assets <sup>2)</sup>	Fixed assets	Remaining assets	Total	
	General government			General government	Other euro area residents						
	1	2	3	4	5	6	7	8	9	10	11
2001 Jan.	35.1	2.9	32.1	-12.1	-15.6	3.5	12.5	63.6	-1.0	29.5	127.6
Feb.	14.0	-8.2	22.2	13.4	4.5	8.9	7.4	16.8	0.5	-11.9	40.2
Mar.	60.8	2.4	58.5	11.7	4.2	7.6	17.2	97.2	0.1	46.0	233.0
Apr.	33.2	-8.2	41.4	12.1	6.7	5.4	18.4	-17.8	1.2	10.0	57.1
May	4.1	-5.6	9.7	26.3	21.3	5.0	1.0	-1.1	1.4	18.7	50.3
June	57.4	-2.6	60.0	14.3	13.7	0.6	-32.4	27.5	0.9	-1.4	66.3
July	12.7	-2.5	15.1	9.6	-3.1	12.6	-8.4	-39.6	1.1	-50.5	-75.2
Aug.	-18.9	-3.7	-15.2	5.0	-4.2	9.3	-6.0	55.6	0.3	-10.6	25.4
Sep.	48.6	1.0	47.5	-1.2	-4.2	2.9	-5.0	49.2	0.7	51.9	144.1
Oct.	25.7	-2.7	28.4	-7.0	-9.5	2.5	5.7	43.9	0.7	30.1	99.1
Nov.	65.7	16.0	49.7	10.0	7.9	2.1	-3.2	67.3	1.1	5.7	146.8
Dec.	27.8	3.7	24.1	-8.0	-10.2	2.1	22.3	-28.1	1.1	-17.2	-2.1
2002 Jan.	9.5	-3.1	12.7	26.9	21.9	5.0	-0.3	1.6	-2.5	31.0	66.2
Feb.	19.3	2.7	16.5	9.3	1.3	8.0	0.7	0.3	-0.9	-39.1	-10.5
Mar.	64.6	5.5	59.1	13.7	16.5	-2.8	-5.2	19.8	0.0	-48.1	44.7
Apr.	21.8	-19.6	41.5	-2.2	1.7	-3.9	6.5	18.9	-0.2	-13.1	31.7
May	25.7	-3.2	28.8	12.7	9.7	3.0	1.3	74.3	0.2	-21.1	92.9
June <sup>6)</sup>	41.2	0.2	41.0	-0.5	-0.4	-0.1	-4.6	-26.6	0.3	25.2	35.0

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

	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 <sup>3)</sup>	Money market paper and debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
2001 Jan.	-20.0	-19.0	-14.8	-49.2	14.2	1.6	18.6	14.6	28.4	-4.3	119.3	17.0	6.6	127.6
Feb.	-1.0	8.7	8.3	1.5	11.2	-6.3	1.9	9.3	14.3	2.8	26.5	11.1	-39.8	40.2
Mar.	1.3	-5.2	32.6	8.3	14.9	-0.8	10.1	12.4	2.7	16.5	133.7	47.2	-8.1	233.0
Apr.	-0.1	2.2	29.8	30.8	-1.0	1.1	-1.1	9.3	-2.4	1.3	18.5	-11.7	10.3	57.1
May	-3.3	-5.6	28.9	21.7	-3.5	-1.7	12.4	10.4	-11.6	8.4	11.8	12.7	-1.4	50.3
June	0.1	18.6	34.6	40.4	-1.3	8.3	-12.8	-0.9	20.6	19.1	-5.3	-18.3	-2.3	66.3
July	-5.0	-10.0	-8.2	-17.4	4.3	3.0	1.9	9.5	3.0	-6.4	-58.0	-11.6	11.5	-75.2
Aug.	-8.8	-3.1	-2.0	-29.6	16.3	3.9	7.5	10.8	1.4	7.3	30.1	-7.4	-2.9	25.4
Sep.	-9.6	-4.6	51.1	68.4	-17.0	5.3	-5.6	4.1	15.8	8.9	18.0	41.3	19.1	144.1
Oct.	-14.2	5.4	21.6	0.9	2.6	9.2	8.9	12.4	13.0	8.2	18.4	46.0	-11.8	99.1
Nov.	-15.7	-3.0	52.5	47.2	-0.3	13.1	-7.4	10.1	23.8	2.9	38.6	33.0	4.6	146.8
Dec.	-40.0	-11.2	148.1	98.5	18.8	40.0	-9.2	-1.4	-0.5	14.7	-17.8	-74.5	-19.5	-2.1
2002 Jan.	6.7	10.4	-40.6	-49.4	-2.9	12.4	-0.6	19.8	10.4	13.1	13.8	20.9	11.7	66.2
Feb.	-6.2	6.9	-0.1	-4.3	-2.8	2.1	4.8	11.3	4.8	-0.6	10.7	-36.6	-0.7	-10.5
Mar.	14.0	1.7	22.7	-3.6	16.1	2.2	8.0	3.3	18.3	5.0	25.7	-56.0	10.0	44.7
Apr.	7.4	0.0	27.3	32.0	5.3	-8.2	-1.7	8.4	-1.4	-4.9	20.7	-16.7	-9.2	31.7
May	12.2	-8.5	24.5	2.4	14.1	1.1	6.8	3.9	31.0	3.8	35.0	-9.0	0.1	92.9
June <sup>6)</sup>	11.6	18.3	33.6	50.6	-16.0	6.7	-7.7	-7.7	1.7	-10.8	-65.0	44.0	9.2	35.0

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 Dec.	348.4	1,728.8	2,077.1	116.18	991.8	1,221.1	4,290.0	109.13
<i>Euro area enlargement</i>								
2001 1 Jan.	355.3	1,743.4	2,098.7	-	1,028.6	1,271.1	4,398.5	-
2001 Jan.	336.1	1,692.8	2,028.8	112.28	1,042.2	1,275.1	4,346.1	107.83
Feb.	335.1	1,692.9	2,028.0	112.22	1,054.7	1,269.7	4,352.3	107.97
Mar.	336.3	1,703.2	2,039.5	112.74	1,070.7	1,269.8	4,380.0	108.53
Apr.	336.2	1,735.9	2,072.1	114.54	1,072.1	1,273.4	4,417.6	109.47
May	332.9	1,759.2	2,092.1	115.47	1,072.9	1,273.2	4,438.3	109.78
June	333.0	1,798.4	2,131.4	117.66	1,070.4	1,283.0	4,484.8	110.96
July	328.0	1,780.3	2,108.3	116.48	1,077.2	1,287.2	4,472.8	110.77
Aug.	319.2	1,747.5	2,066.7	114.28	1,092.8	1,292.9	4,452.4	110.38
Sep.	309.6	1,815.1	2,124.7	117.48	1,075.2	1,299.7	4,499.7	111.54
Oct.	295.5	1,816.1	2,111.6	116.78	1,078.9	1,311.6	4,502.1	111.60
Nov.	279.7	1,864.6	2,144.3	118.55	1,081.0	1,326.4	4,551.7	112.79
Dec.	239.7	1,968.3	2,208.0	122.09	1,092.7	1,367.9	4,668.6	115.69
2002 Jan.	246.4	1,922.0	2,168.4	119.84	1,084.8	1,390.4	4,643.7	115.04
Feb.	240.2	1,917.3	2,157.5	119.25	1,080.3	1,394.5	4,632.3	114.77
Mar.	254.3	1,914.6	2,168.8	119.89	1,092.1	1,397.9	4,658.8	115.45
Apr.	261.6	1,945.8	2,207.5	122.11	1,096.0	1,391.9	4,695.4	116.44
May	273.8	1,946.2	2,220.1	122.94	1,103.8	1,394.0	4,717.9	117.14
June <sup>(p)</sup>	285.4	1,994.4	2,279.8	126.36	1,079.9	1,400.3	4,760.0	118.35

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
2001 Jan.	-20.0	-50.4	-70.4	1.6	14.0	3.9	-52.5	2.6
Feb.	-1.0	-0.1	-1.1	2.1	12.3	-5.4	5.8	2.9
Mar.	1.3	8.1	9.3	2.0	13.4	-0.1	22.7	3.2
Apr.	-0.1	32.6	32.5	1.6	1.6	3.7	37.8	3.2
May	-3.3	20.1	16.8	3.2	-3.7	-0.5	12.7	3.6
June	0.1	39.6	39.7	4.3	-1.8	9.8	47.7	4.4
July	-5.0	-16.4	-21.4	3.3	9.0	4.4	-7.9	4.3
Aug.	-8.8	-30.9	-39.7	3.2	18.3	5.9	-15.5	4.2
Sep.	-9.6	67.4	57.7	5.5	-17.9	6.8	46.6	5.2
Oct.	-14.2	1.6	-12.6	5.0	3.2	11.8	2.4	5.4
Nov.	-15.7	47.8	32.1	5.5	1.2	14.8	48.1	5.8
Dec.	-40.0	103.9	63.9	5.1	11.6	41.5	117.0	6.0
2002 Jan.	6.7	-47.3	-40.6	6.7	-6.8	21.1	-26.3	6.7
Feb.	-6.2	-4.5	-10.7	6.3	-4.3	4.1	-10.9	6.3
Mar.	14.0	-2.4	11.6	6.3	12.4	3.4	27.4	6.4
Apr.	7.4	32.8	40.2	6.6	5.8	-5.8	40.1	6.4
May	12.2	2.7	14.9	6.5	11.2	2.3	28.4	6.7
June <sup>(p)</sup>	11.6	50.2	61.8	7.4	-19.7	6.5	48.6	6.7

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) M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities up to 2 years.

M3 <sup>2)</sup>						
Repurchase agreements	Money market fund shares/units	Money market paper and debt securities up to 2 years	Total	Index Dec. 98=100 <sup>3)</sup>		
9	10	11	12	13		
174.9	300.1	135.7	4,900.7	110.00		2000 Dec.
<i>Euro area enlargement</i>						
195.2	300.1	135.0	5,028.8	-		2001 1 Jan.
213.8	313.2	138.9	5,012.1	109.64		2001 Jan.
215.8	322.3	145.4	5,035.9	110.15		Feb.
225.9	333.2	139.3	5,078.4	110.98		Mar.
224.9	341.8	139.9	5,124.2	111.95		Apr.
237.4	351.3	134.9	5,161.8	112.59		May
224.5	349.3	145.2	5,203.8	113.53		June
226.4	358.4	140.8	5,198.5	113.51		July
233.9	369.9	142.4	5,198.6	113.62		Aug.
228.2	374.4	147.5	5,249.8	114.59		Sep.
236.9	386.4	149.8	5,275.2	115.12		Oct.
229.5	395.2	152.1	5,328.6	116.33		Nov.
220.4	391.9	145.8	5,426.7	118.48		Dec.
219.7	410.8	141.7	5,415.9	118.31		2002 Jan.
224.5	422.0	138.6	5,417.5	118.34		Feb.
232.7	426.3	137.0	5,454.8	119.19		Mar.
231.0	433.1	134.6	5,494.1	120.15		Apr.
237.8	438.1	143.9	5,537.7	121.22		May
230.9	434.9	132.5	5,558.4	121.80		June <sup>4)</sup>

M3 <sup>2)</sup>						
Repurchase agreements	Money market fund shares/units	Money market paper and debt securities up to 2 years	Total	Annual growth rate <sup>3)</sup> (%)		
9	10	11	12	13		
18.6	14.6	3.1	-16.2	3.7		2001 Jan.
1.9	9.3	6.2	23.3	3.8		Feb.
10.1	12.4	-7.2	38.0	4.0		Mar.
-1.1	9.3	-1.6	44.5	4.0		Apr.
12.4	10.4	-6.5	28.9	4.5		May
-12.8	-0.9	9.2	43.2	5.6		June
1.9	9.5	-4.5	-1.0	5.7		July
7.5	10.8	2.3	5.1	5.9		Aug.
-5.6	4.1	-0.9	44.2	6.9		Sep.
8.9	12.4	0.9	24.7	7.4		Oct.
-7.4	10.1	4.6	55.3	7.8		Nov.
-9.2	-1.4	-8.0	98.4	7.7		Dec.
-0.6	19.8	-0.5	-7.6	7.9		2002 Jan.
4.8	11.3	-4.0	1.2	7.4		Feb.
8.0	3.3	0.3	39.0	7.4		Mar.
-1.7	8.4	-3.1	43.7	7.3		Apr.
6.8	3.9	10.0	49.2	7.7		May
-7.7	-7.7	-6.8	26.5	7.3		June <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 3	Index Dec. 98=100 <sup>4)</sup>	Total 5	Index Dec. 98=100 <sup>4)</sup>	6		
2000 Dec.	337.9	1,684.1	2,022.0	113.09	2,199.0	102.60	4,221.0	107.37	
<i>Euro area enlargement</i>									
2001 1 Jan.	342.3	1,692.5	2,034.8	-	2,285.6	-	4,320.3	-	
2001 Jan.	341.8	1,700.5	2,042.3	113.03	2,295.9	103.09	4,338.2	107.63	
Feb.	340.9	1,706.0	2,046.8	113.26	2,310.7	103.75	4,357.5	108.10	
Mar.	338.3	1,710.6	2,048.9	113.26	2,329.8	104.48	4,378.8	108.50	
Apr.	337.0	1,723.4	2,060.3	113.89	2,340.1	104.95	4,400.4	109.04	
May	333.2	1,749.3	2,082.5	114.94	2,345.8	104.99	4,428.3	109.54	
June	330.5	1,763.5	2,093.9	115.59	2,361.6	105.73	4,455.5	110.24	
July	325.2	1,767.8	2,093.0	115.63	2,374.3	106.41	4,467.3	110.63	
Aug.	318.8	1,789.8	2,108.6	116.60	2,378.7	106.74	4,487.4	111.25	
Sep.	309.8	1,822.1	2,131.9	117.87	2,392.3	107.34	4,524.2	112.15	
Oct.	297.6	1,845.0	2,142.6	118.49	2,406.3	107.94	4,548.9	112.76	
Nov.	279.0	1,878.0	2,157.0	119.25	2,425.8	108.77	4,582.8	113.56	
Dec.	233.5	1,926.0	2,159.6	119.41	2,450.6	109.88	4,610.2	114.24	
2002 Jan.	250.3	1,930.9	2,181.2	120.55	2,456.0	110.11	4,637.2	114.88	
Feb.	243.9	1,931.5	2,175.5	120.24	2,461.8	110.38	4,637.2	114.89	
Mar.	252.8	1,914.5	2,167.3	119.81	2,481.6	111.29	4,648.9	115.20	
Apr.	263.0	1,931.2	2,194.2	121.38	2,480.5	111.33	4,674.7	115.93	
May	272.6	1,943.7	2,216.3	122.72	2,492.6	112.04	4,708.9	116.92	
June <sup>6)</sup>	282.9	1,945.9	2,228.8	123.53	2,492.3	112.22	4,721.1	117.38	

**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 3	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	Total 6	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)			
2001 Jan.	-3.9	2.0	-1.9	-0.1	1.9	11.2	0.5	3.5	9.3	0.2	2.8
Feb.	-1.0	5.2	4.3	0.2	2.3	14.6	0.6	3.5	18.9	0.4	2.9
Mar.	-2.5	2.4	-0.1	0.0	1.7	16.4	0.7	4.3	16.3	0.4	3.0
Apr.	-1.4	12.7	11.3	0.6	1.7	10.5	0.4	4.8	21.8	0.5	3.3
May	-3.8	22.8	19.1	0.9	3.0	0.9	0.0	4.0	20.0	0.5	3.5
June	-2.7	14.6	11.8	0.6	4.0	16.6	0.7	4.5	28.4	0.6	4.3
July	-5.3	6.0	0.7	0.0	3.3	15.1	0.6	5.1	15.8	0.4	4.3
Aug.	-6.4	23.9	17.5	0.8	3.6	7.5	0.3	4.9	25.0	0.6	4.3
Sep.	-9.0	32.0	23.0	1.1	5.0	13.2	0.6	5.1	36.2	0.8	5.0
Oct.	-12.2	23.5	11.3	0.5	5.2	13.5	0.6	5.6	24.7	0.5	5.4
Nov.	-18.6	32.4	13.7	0.6	5.9	18.5	0.8	5.8	32.2	0.7	5.9
Dec.	-45.4	48.2	2.8	0.1	5.6	24.8	1.0	7.1	27.6	0.6	6.4
2002 Jan.	16.7	3.8	20.6	1.0	6.7	5.1	0.2	6.8	25.6	0.6	6.7
Feb.	-6.3	0.8	-5.5	-0.3	6.2	6.0	0.2	6.4	0.5	0.0	6.3
Mar.	8.9	-16.7	-7.8	-0.4	5.8	20.4	0.8	6.5	12.6	0.3	6.2
Apr.	10.1	18.2	28.4	1.3	6.6	0.9	0.0	6.1	29.3	0.6	6.3
May	9.6	14.7	24.4	1.1	6.8	15.7	0.6	6.7	40.0	0.9	6.7
June <sup>6)</sup>	10.3	4.2	14.5	0.7	6.9	4.1	0.2	6.1	18.7	0.4	6.5

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) M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities up to 2 years.
- 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>		2000	Dec.
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		
637.2	121.77	4,858.2	109.04	6,076.6	119.60		
<i>Euro area enlargement</i>							
657.8	-	4,978.1	-	6,130.0	-		2001 1 Jan.
673.2	124.74	5,011.4	109.62	6,181.0	120.43		2001 Jan.
676.3	125.31	5,033.8	110.10	6,213.9	121.09		Feb.
684.8	126.95	5,063.5	110.65	6,264.7	121.92		Mar.
690.3	127.70	5,090.6	111.22	6,305.0	122.74		Apr.
703.5	130.02	5,131.8	111.93	6,342.1	123.26		May
714.6	132.08	5,170.1	112.79	6,362.6	123.77		June
727.7	134.58	5,195.0	113.43	6,378.5	124.26		July
744.3	137.67	5,231.7	114.34	6,397.0	124.81		Aug.
761.1	139.57	5,285.3	115.36	6,433.5	125.43		Sep.
782.4	143.34	5,331.3	116.35	6,466.4	126.04		Oct.
786.2	144.70	5,369.0	117.21	6,512.4	126.93		Nov.
791.8	145.77	5,402.0	117.94	6,503.9	126.89		Dec.
778.3	144.13	5,415.5	118.31	6,528.9	127.34		2002 Jan.
776.8	143.71	5,414.1	118.27	6,556.1	127.91		Feb.
779.6	144.35	5,428.5	118.62	6,595.1	128.71		Mar.
780.8	144.74	5,455.5	119.30	6,630.0	129.52		Apr.
797.0	147.68	5,505.8	120.53	6,666.1	130.42		May
794.0	147.01	5,515.1	120.85	6,664.5	130.56		June <sup>6)</sup>

M3 <sup>2)</sup>								Loans to other euro area residents (excluding government) <sup>3)</sup>			2001	Jan.
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			
16.8	2.4	10.4	26.0	0.5	3.7	3.9	42.3	0.7	9.3	2001 Jan.		
3.0	0.5	10.1	21.9	0.4	3.8	3.8	34.0	0.6	9.0	Feb.		
8.9	1.3	8.8	25.2	0.5	3.8	3.9	42.4	0.7	8.7	Mar.		
4.1	0.6	9.0	25.9	0.5	4.0	4.1	42.5	0.7	8.4	Apr.		
12.5	1.8	10.6	32.5	0.6	4.4	4.7	26.3	0.4	8.0	May		
11.1	1.6	13.9	39.5	0.8	5.5	5.2	26.7	0.4	7.9	June		
13.5	1.9	14.8	29.3	0.6	5.7	5.7	24.9	0.4	7.8	July		
16.7	2.3	17.3	41.7	0.8	5.9	6.1	28.2	0.4	7.2	Aug.		
10.3	1.4	18.9	46.5	0.9	6.8	6.7	31.7	0.5	6.7	Sep.		
20.5	2.7	21.0	45.2	0.9	7.4	7.4	31.7	0.5	6.5	Oct.		
7.5	1.0	21.6	39.7	0.7	7.9	7.8	45.5	0.7	6.6	Nov.		
5.8	0.7	19.7	33.4	0.6	8.2	8.0	-1.9	0.0	6.1	Dec.		
-8.9	-1.1	15.5	16.7	0.3	7.9	7.8	22.7	0.3	5.7	2002 Jan.		
-2.3	-0.3	14.7	-1.8	0.0	7.4	7.5	29.4	0.5	5.6	Feb.		
3.4	0.4	13.7	16.0	0.3	7.2	7.3	40.8	0.6	5.6	Mar.		
2.1	0.3	13.3	31.4	0.6	7.3	7.4	41.7	0.6	5.5	Apr.		
15.9	2.0	13.6	55.9	1.0	7.7	7.4	46.0	0.7	5.8	May		
-3.6	-0.5	11.3	15.1	0.3	7.1	.	7.1	0.1	5.5	June <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, money market paper and debt securities 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 Dec.	1,168.3	125.4	1,525.3	894.6	1,924.4	6,879.3	6,092.0	119.91	77.5	169.9
<i>Euro area enlargement</i>										
2001 1 Jan.	1,170.0	126.7	1,526.9	912.1	2,009.9	6,952.0	6,154.0	-	183.3	172.9
2001 Jan.	1,170.2	126.8	1,555.4	909.0	2,002.8	7,000.2	6,186.3	120.53	17.9	171.8
Feb.	1,169.2	126.9	1,564.2	911.4	2,005.1	7,037.3	6,207.4	120.97	9.0	172.3
Mar.	1,172.5	126.4	1,576.9	927.0	2,016.9	7,129.3	6,274.3	122.11	-26.1	172.0
Apr.	1,169.7	124.6	1,577.9	928.1	2,014.9	7,194.3	6,313.6	122.91	-62.0	173.3
May	1,170.6	123.2	1,584.7	940.1	2,029.8	7,222.1	6,334.1	123.10	-79.4	174.6
June	1,170.9	122.0	1,593.3	965.9	2,041.0	7,247.0	6,387.9	124.27	-40.3	175.4
July	1,165.2	120.7	1,593.9	955.3	2,033.3	7,260.7	6,394.0	124.56	-24.0	176.5
Aug.	1,161.9	119.5	1,586.4	960.0	2,020.6	7,237.6	6,369.3	124.27	2.8	176.9
Sep.	1,163.0	118.6	1,604.9	970.4	2,024.1	7,283.3	6,421.5	125.19	56.1	177.6
Oct.	1,162.7	116.9	1,616.9	981.4	2,013.1	7,324.3	6,451.2	125.75	79.4	178.3
Nov.	1,161.5	115.8	1,606.8	982.9	2,033.5	7,378.8	6,501.5	126.72	101.2	179.1
Dec.	1,168.9	115.8	1,613.8	996.5	2,026.2	7,423.5	6,519.0	127.19	86.7	180.0
2002 Jan.	1,173.2	112.3	1,633.2	1,007.5	2,050.4	7,443.2	6,534.0	127.43	74.1	177.5
Feb.	1,174.7	111.2	1,639.2	1,011.4	2,054.6	7,464.2	6,548.4	127.76	69.6	176.6
Mar.	1,178.3	109.9	1,656.1	1,013.2	2,081.2	7,514.3	6,605.5	128.91	58.2	176.4
Apr.	1,177.1	108.0	1,650.5	1,007.3	2,061.8	7,551.5	6,640.2	129.72	56.9	176.2
May	1,178.8	106.8	1,662.1	1,011.3	2,071.4	7,574.7	6,659.1	130.28	95.1	176.4
June <sup>4)</sup>	1,181.4	106.6	1,656.7	994.2	2,069.0	7,604.0	6,691.4	131.08	110.5	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
2001 Jan.	0.2	0.1	24.7	-4.3	-12.7	48.2	32.1	9.3	-55.7	-1.0
Feb.	-1.1	0.1	8.6	2.8	-3.7	38.6	22.2	9.0	-9.7	0.5
Mar.	1.5	-0.5	8.5	16.5	6.5	83.3	58.5	8.7	-36.5	0.1
Apr.	-2.7	-1.9	-0.1	1.3	-1.5	65.3	41.4	8.4	-36.3	1.2
May	0.1	-1.4	-5.0	8.4	15.6	15.7	9.7	8.0	-12.9	1.4
June	0.5	-1.1	11.6	19.1	11.1	28.2	60.0	7.9	32.7	0.9
July	-4.8	-1.4	7.1	-6.4	-5.5	19.3	15.1	7.7	18.4	1.1
Aug.	-2.1	-1.2	-0.8	7.3	-8.0	-11.9	-15.2	7.2	25.4	0.3
Sep.	0.8	-0.9	17.5	8.9	-3.2	45.5	47.5	6.7	31.2	0.7
Oct.	-0.5	-1.7	12.3	8.2	-12.2	36.7	28.4	6.5	25.4	0.7
Nov.	-1.5	-1.1	19.0	2.9	23.9	48.7	49.7	6.6	28.8	1.1
Dec.	7.3	0.1	7.7	14.7	-6.5	48.5	24.1	6.1	-10.3	1.1
2002 Jan.	3.8	-3.6	11.0	13.1	18.8	17.3	12.7	5.7	-12.2	-2.5
Feb.	1.6	-1.0	9.4	-0.6	4.0	25.2	16.5	5.6	-10.4	-0.9
Mar.	3.7	-1.3	18.7	5.0	22.0	51.1	59.1	5.6	-5.9	0.0
Apr.	-0.5	-1.9	1.2	-4.9	-18.0	44.1	41.5	5.5	-1.8	-0.2
May	3.0	-1.2	21.0	3.8	6.6	33.0	28.8	5.8	39.3	0.2
June <sup>4)</sup>	3.7	-0.2	8.7	-10.8	-0.2	36.3	41.0	5.5	38.5	0.3

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		Index Dec.98 =100 <sup>2)</sup>	Total		Index Dec.98 =100 <sup>2)</sup>	Central government <sup>3)</sup>	Other general government					Total	Index Dec.98 =100 <sup>2)</sup>	
	1	Up to 1 year		2	Up to 1 year			3	4	5	6	State government			Local government
			8			Over 5 years	9					Over 5 years	10	11	12
2000 Q3	385.6	247.2	138.8	33.1	25.3	120.4	173.3	288.4	252.4	337.9	305.3	18.5	818.1	97.3	
Q4	394.8	252.9	142.8	31.5	21.8	114.8	173.1	297.3	255.4	350.9	315.8	14.6	835.9	99.5	
<i>Euro area enlargement</i>															
2001 1 Jan.	395.4	253.4	-	31.6	21.8	-	185.6	297.3	255.4	351.5	316.4	15.2	849.6	-	
2001 Q1	418.0	273.0	153.0	35.9	26.8	130.6	189.3	295.3	255.3	352.4	314.0	15.6	852.6	99.1	
Q2	425.3	280.7	155.7	35.8	26.7	130.2	175.1	294.0	254.9	350.4	312.4	17.2	836.6	97.2	
Q3	408.4	256.3	149.4	36.6	26.9	133.9	168.2	293.9	254.1	349.7	312.0	18.9	830.8	96.6	
Q4	433.8	275.7	159.6	34.1	24.8	124.8	170.1	298.3	252.0	362.9	322.3	16.4	847.7	98.5	
2002 Q1 <sup>4)</sup>	459.4	301.6	169.3	39.5	28.0	144.7	180.1	294.0	248.2	364.4	322.0	15.9	854.5	99.3	

**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		Annual growth rate <sup>2)</sup> (%)	Total		Annual growth rate <sup>2)</sup> (%)	Central government <sup>3)</sup>	Other general government					Total	Annual growth rate <sup>2)</sup> (%)	
	1	Up to 1 year		2	Up to 1 year			3	4	5	6	7			State government
			8			Over 5 years	9						Over 5 years	10	11
2000 Q4	11.1	6.8	18.2	-1.6	-3.5	6.6	0.3	8.8	3.0	12.8	10.3	-3.9	18.0	-0.9	
<i>Euro area enlargement</i>															
2001 Q1	28.0	22.7	19.6	4.3	5.0	-3.4	-0.6	-2.0	-0.1	-0.7	-3.7	0.4	-2.9	-0.4	
Q2	7.5	7.6	14.7	-0.1	-0.1	-7.9	-14.7	-1.3	-0.4	-2.0	-1.7	1.6	-16.4	-1.8	
Q3	-17.2	-24.4	7.6	1.0	0.2	11.2	-6.2	0.0	-0.7	-0.7	-0.4	1.7	-5.2	-0.7	
Q4	27.9	21.5	11.8	-2.5	-2.1	8.7	0.9	4.3	-2.1	13.2	10.3	-2.5	15.9	-1.0	
2002 Q1 <sup>4)</sup>	26.2	26.5	10.7	5.4	3.2	10.8	9.9	-4.2	-3.8	1.5	-0.3	-0.4	6.7	0.1	

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.

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
2000 Q3	953.5	423.5	1,256.9	2,633.9	115.6	96.4	164.9	208.3	469.6	114.4
Q4	968.0	429.3	1,287.9	2,685.1	118.6	97.5	165.2	212.9	475.7	115.9
<i>Euro area enlargement</i>										
2001 1 Jan.	996.6	436.6	1,293.6	2,726.9	-	102.1	166.1	213.0	481.2	-
2001 Q1	1,034.2	445.4	1,313.6	2,793.2	120.9	98.7	168.4	212.7	479.8	115.0
Q2	1,051.7	455.8	1,343.4	2,851.0	123.1	100.1	171.1	217.6	488.7	117.5
Q3	1,027.6	466.8	1,371.8	2,866.2	124.3	100.6	170.7	221.7	493.1	118.6
Q4	1,018.4	489.7	1,394.6	2,902.8	125.9	102.6	170.4	226.7	499.6	120.0
2002 Q1 <sup>(p)</sup>	1,008.1	499.4	1,421.2	2,928.7	126.8	100.3	170.8	229.0	500.1	120.1

**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 Q4	20.5	10.0	36.9	67.4	10.9	1.1	0.4	4.6	6.1	7.8
<i>Euro area enlargement</i>										
2001 Q1	32.7	5.4	13.2	51.3	10.1	-4.4	0.1	0.4	-3.9	4.5
Q2	13.6	12.1	25.7	51.4	9.0	1.3	3.9	5.2	10.4	5.2
Q3	-18.8	14.3	32.2	27.7	7.5	0.9	-0.5	4.1	4.5	3.6
Q4	-10.0	24.4	22.9	37.2	6.2	1.9	-0.7	4.9	6.1	3.5
2002 Q1 <sup>(p)</sup>	-12.3	9.6	22.6	19.9	4.9	-2.3	0.5	2.3	0.5	4.5

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	
21.9	62.9	1,749.3	1,834.1	119.0	143.3	101.0	342.1	586.4	111.6	2,890.1	116.7	37.6	107.7	2000 Q3
22.2	62.4	1,792.7	1,877.3	121.7	147.4	101.0	340.0	588.4	112.7	2,941.4	118.8	38.2	109.3	Q4
<i>Euro area enlargement</i>														
22.2	62.9	1,803.4	1,888.5	-	147.6	101.0	340.0	588.5	-	2,958.2	-	38.2	-	2001 1 Jan.
21.8	61.9	1,832.2	1,916.0	123.6	146.9	104.2	342.1	593.2	113.7	2,989.0	120.0	37.3	106.5	2001 Q1
22.3	62.4	1,868.5	1,953.3	125.7	148.8	100.6	342.7	592.1	114.8	3,034.2	122.0	40.7	116.5	Q2
22.5	61.0	1,906.9	1,990.5	128.2	144.3	100.5	342.1	586.9	113.9	3,070.4	123.5	39.0	111.6	Q3
22.7	61.0	1,936.1	2,019.7	130.0	144.6	101.9	343.6	590.0	115.1	3,109.3	125.2	39.0	111.7	Q4
24.0	62.0	1,966.0	2,052.0	132.1	142.9	101.7	339.5	584.0	115.1	3,136.0	126.5	38.7	110.8	2002 Q1 <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	
0.3	-0.5	42.1	41.9	8.5	4.4	1.1	0.3	5.8	3.5	53.9	7.4	0.6	2.0	2000 Q4
<i>Euro area enlargement</i>														
-0.5	-0.9	30.1	28.7	8.2	0.4	3.1	2.0	5.5	3.1	30.3	6.5	-1.0	-4.8	2001 Q1
0.5	0.5	32.1	33.1	7.6	2.0	-1.8	5.1	5.3	2.7	48.9	6.2	3.5	8.1	Q2
0.2	-1.4	38.9	37.7	7.7	-4.5	0.0	0.1	-4.4	2.1	37.8	5.9	-1.7	3.7	Q3
0.1	-0.1	28.9	28.9	6.8	0.3	3.8	2.1	6.2	2.1	41.2	5.4	0.0	2.2	Q4
1.4	1.0	30.1	32.4	6.9	-1.3	0.4	0.7	-0.2	1.2	32.7	5.4	-0.3	4.0	2002 Q1 <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	
2000 Q3	431.7	158.6	191.4	76.6	131.1	464.6	34.1	413.8	12.9	111.7	159.2	30.3	63.2	57.9	310.6	117.8
Q4	431.1	153.6	198.9	74.0	130.9	477.6	40.6	418.5	15.3	114.8	164.5	30.6	68.2	53.2	316.5	120.1
<i>Euro area enlargement</i>																
2001 1 Jan.	434.1	154.1	200.2	75.2	-	479.9	40.7	418.5	17.5	-	166.2	30.6	69.1	55.1	321.0	-
2001 Q1	441.9	151.8	194.2	91.2	133.3	483.6	38.2	423.1	18.8	115.7	150.3	30.9	65.0	57.2	303.5	113.4
Q2	455.4	164.3	195.9	89.3	136.2	486.1	41.4	424.0	16.9	116.4	165.5	31.4	66.8	60.8	324.6	121.3
Q3	455.2	162.7	201.7	85.6	133.7	487.6	39.3	426.7	17.9	116.7	147.8	33.3	67.4	60.4	308.9	115.5
Q4	467.8	157.9	217.9	86.7	136.2	495.3	48.0	427.4	16.4	118.5	139.0	30.0	68.9	61.0	299.0	111.7
2002 Q1 <sup>4)</sup>	492.5	162.2	233.1	91.2	142.8	497.9	43.1	433.1	17.7	119.1	157.5	30.9	64.6	61.2	314.3	117.7

**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 Q4	-0.5	-4.9	7.5	-2.6	8.9	13.0	6.5	4.6	2.4	6.1	5.3	0.3	5.0	-4.7	5.9	12.5
<i>Euro area enlargement</i>																
2001 Q1	7.7	-2.5	-5.9	16.0	1.7	3.7	-2.5	4.5	1.3	4.3	-15.6	0.1	-4.1	2.1	-17.5	10.6
Q2	9.6	12.4	-2.1	-1.8	4.2	2.8	3.4	1.0	-1.9	4.5	15.1	0.5	1.9	3.6	21.1	6.5
Q3	-8.2	-1.6	-2.2	-3.7	2.0	1.5	-2.1	2.7	1.0	4.5	-17.7	1.9	0.5	-0.5	-15.7	-2.0
Q4	8.2	-4.6	11.5	1.2	4.0	7.6	8.8	0.6	-1.4	3.3	-8.8	-3.4	1.5	0.7	-10.0	-6.9
2002 Q1 <sup>4)</sup>	22.7	4.3	13.2	4.4	7.1	2.5	-4.9	5.6	1.2	3.0	19.1	1.0	-4.3	0.1	15.9	3.7

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) 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
2000 Q3	464.3	331.9	24.7	25.0	845.8	106.4	874.4	1,107.8	1,235.5	51.6	3,269.3	101.4
Q4	497.5	324.7	24.1	26.3	872.5	111.3	906.9	1,131.5	1,241.5	57.1	3,337.0	103.5
<i>Euro area enlargement</i>												
2001 1 Jan.	504.5	337.9	24.2	30.5	897.2	-	910.4	1,154.0	1,292.3	69.6	3,426.4	-
2001 Q1	479.0	349.3	24.1	32.4	884.7	108.7	906.1	1,192.4	1,287.1	78.9	3,464.5	104.6
Q2	514.6	335.7	24.4	32.1	906.8	111.0	947.2	1,198.8	1,293.5	81.3	3,520.8	106.3
Q3	514.8	322.8	25.4	34.5	897.5	112.1	963.6	1,203.8	1,305.3	84.6	3,557.3	107.5
Q4	577.1	337.3	27.5	36.5	978.4	121.8	1,042.8	1,195.8	1,365.7	76.8	3,681.2	111.4
2002 Q1 <sup>4)</sup>	530.4	346.3	27.5	35.3	939.6	116.9	1,038.8	1,183.5	1,380.7	81.7	3,684.6	111.5

**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 Q4	37.1	1.1	-0.6	1.3	38.9	11.1	32.6	24.4	6.3	5.5	68.7	1.0
<i>Euro area enlargement</i>												
2001 Q1	-28.5	6.8	-0.1	1.8	-20.0	7.5	-4.6	37.8	-5.8	9.3	36.7	2.4
Q2	32.7	-13.8	0.3	-0.4	18.8	6.3	41.1	6.4	6.3	2.3	56.2	4.4
Q3	3.9	1.6	0.4	2.5	8.4	5.3	16.2	5.2	12.7	3.4	37.4	6.0
Q4	62.1	11.9	2.0	2.0	78.1	9.5	79.4	-2.9	60.3	-7.8	129.1	7.6
2002 Q1 <sup>4)</sup>	-47.2	8.7	0.1	-1.2	-39.6	7.5	-4.1	-9.7	14.9	4.8	6.0	6.6

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 government	Other	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>		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q3	979.5	93.6	79.3	441.4	520.7	122.0	1,500.3	101.7	168.2	159.7	321.5	175.4	496.9	109.7	665.1	119.0
Q4	945.4	92.9	78.9	445.6	524.5	127.0	1,469.9	102.7	171.1	171.7	290.6	183.7	474.3	108.8	645.4	120.5
<i>Euro area enlargement</i>																
2001 1 Jan.	964.1	-	78.9	449.3	528.2	-	1,492.3	-	171.3	-	296.2	184.0	480.2	-	651.5	-
2001 Q1	1,051.6	99.8	76.3	518.0	594.2	142.1	1,645.8	111.9	188.8	187.1	285.9	204.5	490.4	112.6	679.3	126.4
Q2	1,071.4	99.9	78.9	519.3	598.2	139.7	1,669.6	111.3	210.5	204.2	294.6	208.7	503.2	113.5	713.7	130.4
Q3	1,081.7	103.0	74.9	527.8	602.6	145.9	1,684.4	115.3	206.6	207.0	273.8	213.0	486.8	113.4	693.4	130.8
Q4	1,116.0	105.8	75.2	543.7	618.8	147.4	1,734.9	117.7	236.4	233.0	290.2	217.6	507.8	116.8	744.2	138.4
2002 Q1 <sup>4)</sup>	1,114.1	105.3	76.4	546.1	622.5	148.5	1,736.6	117.7	259.4	254.9	276.9	218.7	495.7	114.1	755.1	140.4

**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 government	Other	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	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 Q4	-7.6	3.7	-0.7	22.2	21.5	10.5	13.9	6.0	12.7	26.8	-32.3	28.1	-4.2	6.9	8.5	11.5
<i>Euro area enlargement</i>																
2001 Q1	70.3	7.0	3.7	58.4	62.1	20.5	132.5	11.6	15.3	27.8	4.9	11.6	16.5	6.1	31.8	11.3
Q2	1.3	3.4	2.6	-12.6	-10.0	18.3	-8.7	8.3	17.3	34.1	9.2	-5.2	4.0	5.4	21.3	12.5
Q3	33.5	10.1	-4.0	30.5	26.5	19.6	60.1	13.4	2.9	29.7	-22.3	21.9	-0.4	3.4	2.6	10.0
Q4	28.5	13.9	0.3	6.0	6.3	16.0	34.8	14.7	25.9	35.7	16.7	-2.4	14.3	7.3	40.2	14.9
2002 Q1 <sup>4)</sup>	-4.4	5.6	3.2	1.5	4.8	4.5	0.3	5.2	22.2	36.3	-9.9	-1.5	-11.4	1.4	10.8	11.1

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	
58.1	226.4	81.4	190.0	139.5	202.8	1,578.5	122.1	81.6	526.5	608.1	138.6	2,186.6	126.3	2000 Q3
61.6	241.9	80.0	192.7	141.6	210.2	1,550.9	124.1	84.6	504.0	588.7	138.0	2,139.6	127.6	Q4
<i>Euro area enlargement</i>														
62.3	-	80.2	-	142.5	-	1,560.8	-	85.6	507.9	593.4	-	2,154.3	-	2001 1Jan.
65.1	252.2	94.3	227.3	159.4	235.4	1,781.7	139.6	89.3	577.1	666.4	152.7	2,448.2	143.0	2001 Q1
61.1	236.4	97.2	233.7	158.3	233.3	1,817.5	139.3	94.9	587.1	681.9	153.4	2,499.4	142.9	Q2
63.6	245.8	89.9	215.6	153.5	225.8	1,710.8	135.8	93.0	588.5	681.5	158.0	2,392.3	141.5	Q3
73.0	269.9	89.8	217.4	162.8	236.1	1,718.4	134.9	95.3	615.0	710.3	162.6	2,428.8	142.0	Q4
76.2	279.0	100.6	245.9	176.7	256.7	1,739.4	136.0	99.2	635.4	734.6	167.6	2,474.0	144.0	2002 Q1 <sup>4)</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	
4.0	47.8	1.1	46.2	5.1	46.8	26.1	12.5	3.0	-6.0	-3.0	17.8	23.1	13.9	2000 Q4
<i>Euro area enlargement</i>														
2.6	27.0	14.4	46.7	17.0	38.1	193.5	13.3	3.5	59.6	63.1	21.1	256.6	15.3	2001 Q1
-4.1	15.3	2.7	45.4	-1.4	32.2	-3.6	14.6	5.6	-2.7	2.8	18.2	-0.8	15.6	Q2
2.4	8.5	-7.5	13.5	-5.1	11.4	-45.2	11.3	-1.9	22.4	20.6	14.0	-24.6	12.0	Q3
6.2	11.6	0.7	12.8	7.0	12.3	-12.0	8.7	2.3	17.5	19.8	17.9	7.8	11.2	Q4
2.5	10.6	11.8	8.2	14.3	9.1	13.6	-2.6	4.3	17.6	21.9	9.8	35.6	0.8	2002 Q1 <sup>4)</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
2000 Q3	3,941.6	3,481.5	57.9	402.2	279.2	38.1	64.9	19.9	5,322.1	5,133.0	29.1	160.0	121.0	16.5	12.5	10.1
Q4	3,949.7	3,526.3	47.5	376.0	265.0	34.4	61.0	15.6	5,434.7	5,256.5	27.3	150.9	115.1	14.6	11.3	10.0
<i>Euro area enlargement</i>																
2001 Q1	4,059.6	3,558.9	55.4	445.3	316.6	40.2	67.8	20.7	5,578.2	5,367.8	31.2	179.2	130.8	23.8	12.3	12.2
Q2	4,072.5	3,586.1	52.8	433.6	309.0	40.3	65.4	19.0	5,693.7	5,480.7	30.7	182.3	133.5	24.0	11.6	13.2
Q3	4,101.5	3,624.2	48.9	428.5	300.6	38.9	71.0	17.9	5,706.6	5,507.6	28.2	170.9	125.7	22.1	10.8	12.2
Q4	4,166.0	3,694.1	46.6	425.4	307.6	33.0	67.2	17.6	5,921.6	5,720.3	26.0	175.4	127.4	24.5	10.5	13.0
2002 Q1 <sup>3)</sup>	4,099.4	3,612.0	49.2	438.3	311.4	39.4	66.6	20.9	5,928.9	5,725.3	28.6	175.0	127.6	22.8	10.4	14.2

**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
2000 Q3	1,578.5	611.7	145.6	821.2	662.0	63.3	63.5	32.4	608.1	252.8	61.1	294.3	245.6	23.1	13.8	11.8
Q4	1,550.9	590.9	126.8	833.2	684.3	53.1	65.8	30.1	588.7	254.1	64.1	270.5	225.6	20.5	12.3	12.2
<i>Euro area enlargement</i>																
2001 Q1	1,781.7	698.6	142.6	940.6	776.8	66.4	65.8	31.5	666.4	295.7	70.6	300.2	255.9	17.6	14.2	12.4
Q2	1,817.5	690.1	133.8	993.6	815.4	72.9	73.2	32.2	681.9	286.7	73.2	322.0	274.2	19.3	13.6	14.9
Q3	1,710.8	664.3	140.3	906.2	745.2	53.5	76.3	31.2	681.5	297.7	69.2	314.5	263.0	18.4	17.1	16.0
Q4	1,718.4	631.1	132.3	955.1	799.1	48.5	75.3	32.1	710.3	308.1	60.8	341.4	293.9	16.8	18.1	12.6
2002 Q1 <sup>3)</sup>	1,739.4	660.5	137.2	941.7	787.5	48.2	72.8	33.2	734.6	314.1	66.8	353.7	298.9	20.2	19.9	14.8

**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
2000 Q3	2,555.0	2,226.7	47.7	280.6	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	2,567.1	2,246.1	46.5	274.5	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	2,667.7	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	2,731.3	2,358.3	53.9	319.1	189.3	69.4	39.6	20.8	275.5	227.0	4.3	44.2	35.8	4.7	2.5	1.1
Q3	2,751.1	2,384.7	52.8	313.6	187.1	68.6	38.4	19.5	265.0	217.9	4.0	43.2	36.0	3.1	2.8	1.2
Q4	2,779.1	2,377.9	67.8	333.3	208.7	63.8	40.6	20.2	254.7	204.8	6.0	43.9	37.9	2.8	2.1	1.1
2002 Q1 <sup>3)</sup>	2,845.1	2,429.7	69.7	345.7	219.5	60.5	42.7	22.9	275.8	227.2	6.1	42.5	36.4	2.2	2.7	1.1

Source: ECB.

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

2) 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
2000 Q3	3,930.8	-	-	-	-	-	-	-	6,798.3	6,487.1	34.8	276.3	155.8	44.4	72.1	4.0
Q4	3,937.8	-	-	-	-	-	-	-	6,927.0	6,622.8	32.4	271.8	151.6	41.2	74.3	4.7
<i>Euro area enlargement</i>																
2001 Q1	4,081.2	-	-	-	-	-	-	-	7,126.0	6,782.7	35.1	308.1	182.3	45.4	74.9	5.6
Q2	4,089.4	-	-	-	-	-	-	-	7,223.5	6,857.3	29.4	336.9	204.7	51.7	74.0	6.5
Q3	4,082.8	-	-	-	-	-	-	-	7,251.4	6,907.3	30.9	313.1	177.9	52.1	77.3	5.8
Q4	4,174.5	-	-	-	-	-	-	-	7,366.7	7,025.3	29.8	311.7	181.3	47.8	77.5	5.1
2002 Q1 <sup>(p)</sup>	4,112.7	-	-	-	-	-	-	-	7,456.9	7,106.8	30.5	319.6	187.7	48.4	77.4	6.1

**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
2000 Q3	943.4	898.7	10.6	34.1	24.5	5.3	2.5	1.9	1,386.7	1,353.4	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	1,320.8	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	994.4	951.3	11.0	32.1	22.1	6.5	1.6	1.8	1,507.0	1,465.2	4.9	36.9	21.7	13.3	1.1	0.8
Q3	999.2	959.7	9.6	29.9	21.0	5.9	1.5	1.5	1,521.3	1,482.3	4.2	34.8	20.4	12.6	1.2	0.6
Q4	1,011.8	966.8	12.4	32.6	23.1	6.3	1.4	1.8	1,515.2	1,477.4	3.7	34.1	20.3	12.1	1.1	0.6
2002 Q1 <sup>(p)</sup>	1,049.5	1,000.9	14.3	34.4	24.3	6.5	1.7	1.8	1,576.6	1,540.3	3.9	32.4	19.1	11.7	1.0	0.6

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>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
2000 Q3	979.5	445.9	90.9	442.7	332.0	42.1	33.8	34.8	520.7	156.1	46.1	318.6	273.9	14.5	23.3	6.9
Q4	945.4	410.0	89.2	446.2	337.8	44.2	32.6	31.7	524.5	163.3	45.3	315.8	271.2	11.5	25.9	7.2
<i>Euro area enlargement</i>																
2001 Q1	1,051.6	468.4	98.7	484.6	365.8	46.3	34.5	37.0	594.2	198.2	48.6	347.4	301.2	11.9	26.2	8.0
Q2	1,071.4	473.5	103.0	494.9	375.9	47.3	36.7	35.0	598.2	184.4	47.7	366.1	318.5	12.1	26.9	8.6
Q3	1,081.7	486.5	101.5	493.7	378.3	41.2	40.3	33.9	602.6	201.3	46.8	354.5	307.9	12.7	24.9	9.0
Q4	1,116.0	449.5	114.7	551.9	434.9	45.2	37.9	33.8	618.8	202.5	46.8	369.6	323.5	12.0	25.7	8.4
2002 Q1 <sup>(p)</sup>	1,114.1	432.3	131.4	550.3	435.9	44.8	35.4	34.2	622.5	197.7	49.3	375.5	323.0	16.5	26.8	9.1

**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
2000 Q3	168.2	62.4	15.3	90.4	75.1	8.2	2.7	4.4	496.9	109.1	32.2	355.6	312.1	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	4.6	490.4	120.8	24.4	345.3	306.8	25.7	2.7	10.1
Q2	210.5	72.4	25.5	112.6	98.4	6.8	2.6	4.8	503.2	121.3	25.8	356.1	316.2	26.9	3.0	9.9
Q3	206.6	76.4	27.0	103.2	93.1	4.7	2.1	3.4	486.8	129.0	27.1	330.7	292.7	27.1	3.9	7.1
Q4	236.4	80.5	27.6	128.3	118.1	4.2	2.7	3.3	507.8	131.4	27.0	349.4	306.2	30.3	4.2	8.7
2002 Q1 <sup>(p)</sup>	259.4	84.8	33.9	140.6	130.1	4.3	2.7	3.5	495.7	129.2	26.6	339.9	299.4	25.5	5.0	10.0

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

**Table 3.1**

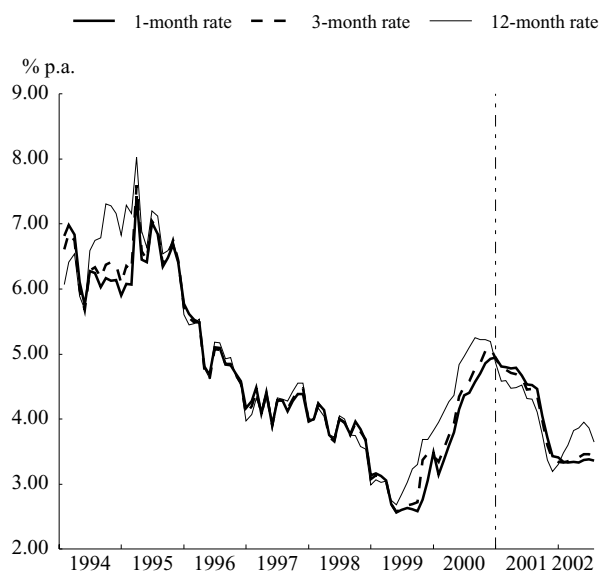
### Money market interest rates <sup>1)</sup>

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2),3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>6)</sup> 6	3-month deposits <sup>7)</sup> 7
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
<i>Euro area enlargement</i>							
2001	4.39	4.33	4.26	4.16	4.09	3.78	0.15
2001 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
Sep.	3.99	4.05	3.98	3.88	3.77	3.03	0.06
Oct.	3.97	3.72	3.60	3.46	3.37	2.40	0.08
Nov.	3.51	3.43	3.39	3.26	3.20	2.10	0.08
Dec.	3.34	3.42	3.34	3.26	3.30	1.92	0.08
2002 Jan.	3.29	3.35	3.34	3.34	3.48	1.82	0.09
Feb.	3.28	3.34	3.36	3.40	3.59	1.90	0.10
Mar.	3.26	3.35	3.39	3.50	3.82	1.99	0.10
Apr.	3.32	3.34	3.41	3.54	3.86	1.97	0.08
May	3.31	3.37	3.46	3.62	3.95	1.91	0.08
June	3.35	3.38	3.46	3.59	3.87	1.88	0.07
July	3.30	3.36	3.41	3.48	3.64	1.85	0.07
2002 5 July	3.32	3.38	3.44	3.54	3.76	1.86	0.07
12	3.30	3.36	3.41	3.51	3.68	1.86	0.07
19	3.23	3.35	3.40	3.48	3.62	1.86	0.07
26	3.30	3.35	3.38	3.41	3.51	1.81	0.07

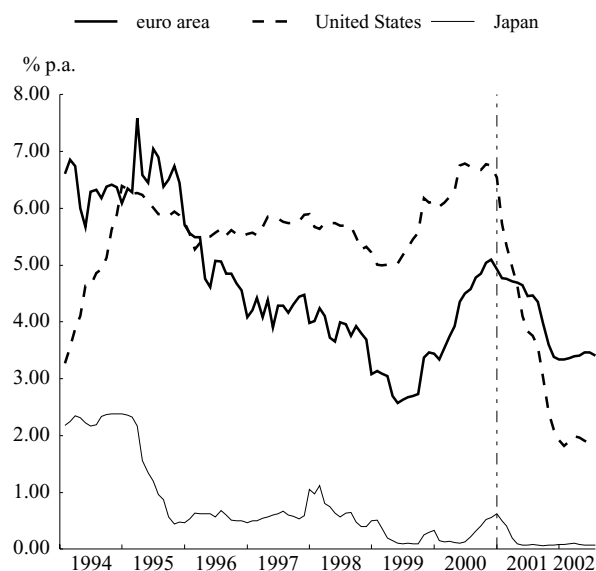
### Euro area money market rates

(monthly)



### 3-month money market rates

(monthly)



Sources: Reuters and ECB.

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

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

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

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

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

6) London interbank offered rates (LIBOR).

**Table 3.2**

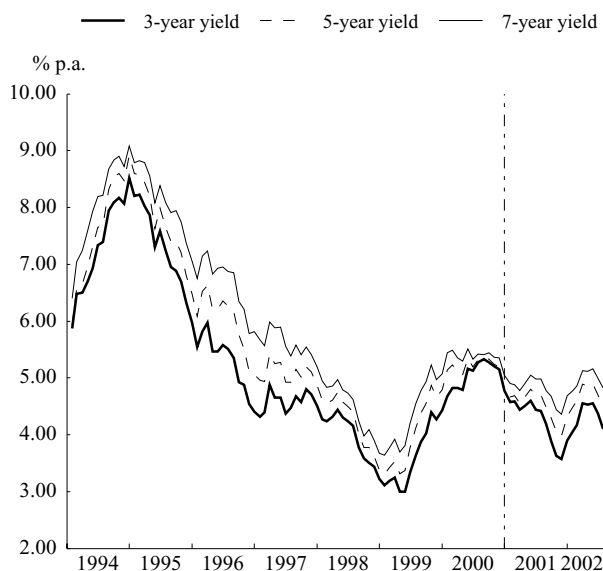
**Government bond yields <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
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
<i>Euro area enlargement</i>							
2001	4.11	4.23	4.49	4.79	5.03	5.01	1.34
2001 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
Sep.	3.77	3.89	4.29	4.67	5.04	4.76	1.40
Oct.	3.44	3.63	4.05	4.44	4.82	4.55	1.36
Nov.	3.36	3.58	3.98	4.37	4.67	4.61	1.33
Dec.	3.66	3.90	4.33	4.68	4.96	5.07	1.35
2002 Jan.	3.84	4.04	4.48	4.76	5.02	5.00	1.42
Feb.	3.96	4.17	4.60	4.85	5.07	4.90	1.52
Mar.	4.25	4.55	4.90	5.13	5.32	5.28	1.45
Apr.	4.21	4.53	4.86	5.12	5.30	5.21	1.39
May	4.25	4.55	4.89	5.16	5.30	5.15	1.38
June	4.10	4.37	4.70	4.99	5.16	4.90	1.36
July	3.84	4.10	4.47	4.83	5.01	4.62	1.30
2002 5 July	4.03	4.30	4.65	4.98	5.16	4.83	1.32
12	3.84	4.12	4.48	4.83	5.00	4.62	1.29
19	3.80	4.06	4.44	4.78	4.96	4.57	1.26
26	3.64	3.90	4.30	4.68	4.87	4.39	1.33

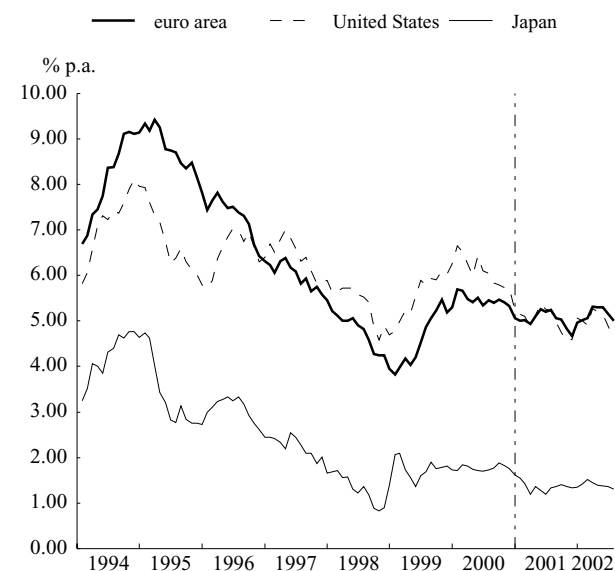
**Euro area government bond yields**

(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**

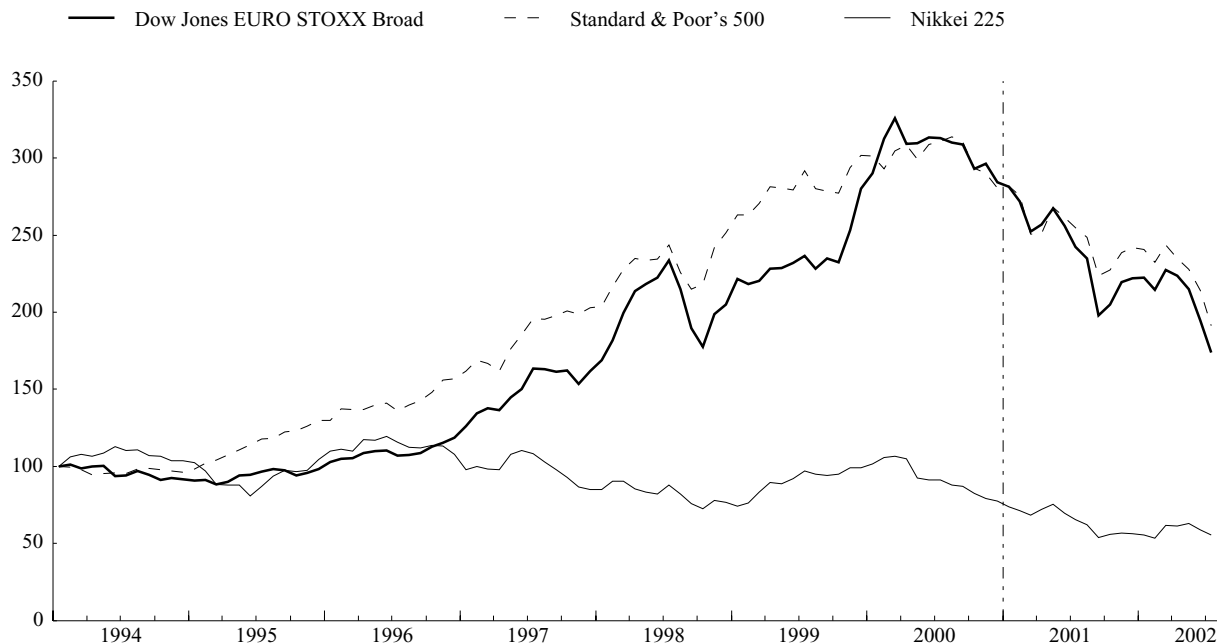
**Stock market indices**

(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	
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
<i>Euro area enlargement</i>														
2001	336.3	4,049.4	296.0	228.2	303.3	341.4	321.6	310.0	530.5	309.6	541.2	540.1	1,193.8	12,114.8
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 Sep.	274.3	3,277.0	253.2	176.7	284.2	315.8	265.9	253.2	325.4	298.7	366.5	509.2	1,058.7	9,974.7
2001 Oct.	284.4	3,440.9	260.5	180.4	281.1	322.5	269.9	253.7	373.4	302.7	418.9	539.7	1,076.6	10,428.8
2001 Nov.	304.2	3,674.4	281.3	202.1	286.7	313.7	287.5	270.6	464.5	297.0	473.2	528.8	1,130.3	10,519.7
2001 Dec.	308.0	3,708.4	286.2	209.9	288.8	313.0	285.6	282.2	496.4	286.4	480.9	520.9	1,144.9	10,490.8
2002 Jan.	308.5	3,690.1	293.2	210.8	287.8	320.2	286.3	281.8	494.5	291.1	459.7	524.8	1,140.5	10,338.5
2002 Feb.	297.9	3,537.6	294.9	198.6	288.5	334.0	275.1	279.3	463.7	291.1	406.3	490.1	1,101.5	9,966.9
2002 Mar.	315.4	3,739.6	312.9	215.5	296.5	355.0	294.8	299.0	494.4	291.2	429.3	486.3	1,153.3	11,452.5
2002 Apr.	310.2	3,657.0	308.6	210.2	302.8	351.5	299.5	299.0	438.6	296.9	409.7	472.1	1,112.0	11,391.6
2002 May	298.2	3,503.5	306.9	204.3	300.7	347.3	293.7	296.7	378.3	290.6	355.9	460.8	1,079.9	11,695.8
2002 June	269.8	3,143.1	293.1	187.5	282.1	324.6	263.8	275.3	312.4	273.0	302.4	408.1	1,014.0	10,965.9
2002 July	241.2	2,810.6	267.8	160.9	252.1	298.6	229.2	248.8	282.1	244.0	300.4	370.6	905.1	10,352.3
2002 5 July	267.6	3,165.5	295.6	175.0	277.5	341.5	258.9	268.6	319.6	271.0	305.0	411.5	989.0	10,826.1
2002 12	246.6	2,886.3	277.2	161.5	256.7	308.2	235.6	254.1	289.3	251.5	305.4	369.0	921.4	10,601.5
2002 19	233.1	2,695.5	257.8	157.6	240.9	277.1	219.6	245.3	279.7	234.1	305.9	357.6	847.8	10,202.4
2002 26	219.4	2,536.9	236.2	148.5	231.3	269.6	203.6	223.2	246.0	221.0	312.0	348.4	852.8	9,591.0

**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**

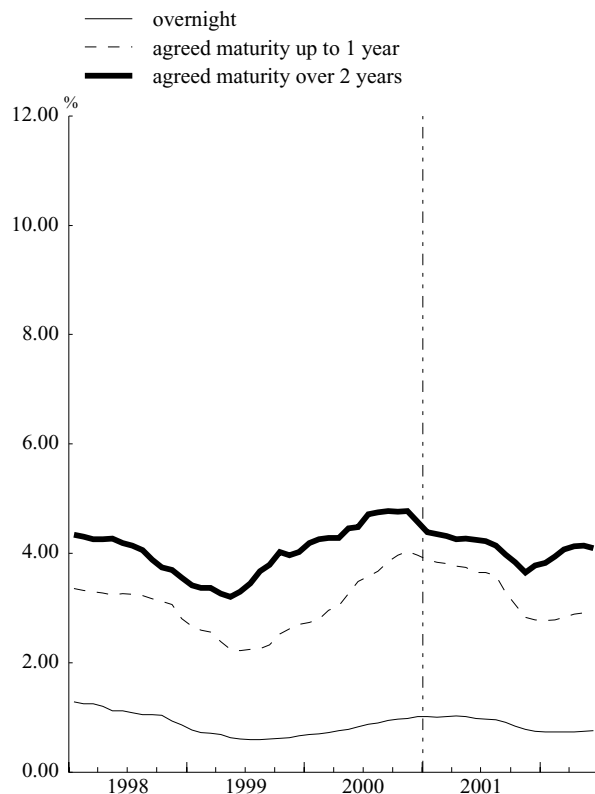
**Retail bank interest rates**

(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
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.40	5.29
2000	0.85	3.45	3.45	4.52	2.25	3.79	6.60	6.23	9.87	6.34
<i>Euro area enlargement</i>										
2001	0.94	3.49	3.49	4.12	2.40	3.59	6.83	6.15	10.12	5.97
2001 June	0.98	3.65	3.65	4.25	2.45	3.85	6.97	6.25	10.17	6.13
July	0.97	3.65	3.65	4.22	2.44	3.80	6.90	6.20	10.11	6.05
Aug.	0.96	3.59	3.59	4.14	2.40	3.68	6.89	6.19	10.16	5.96
Sep.	0.91	3.28	3.28	3.98	2.36	3.33	6.70	6.07	10.08	5.86
Oct.	0.84	3.06	3.06	3.84	2.29	3.01	6.46	5.82	9.99	5.65
Nov.	0.78	2.84	2.83	3.65	2.19	2.75	6.31	5.71	9.87	5.48
Dec.	0.74	2.79	2.78	3.77	2.17	2.79	6.26	5.69	9.81	5.52
2002 Jan.	0.73	2.77	2.77	3.83	2.17	2.80	6.18	5.63	9.78	5.53
Feb.	0.74	2.78	2.79	3.95	2.15	2.91	6.16	5.75	9.81	5.61
Mar.	0.74	2.84	2.84	4.07	2.15	3.00	6.12	5.85	9.76	5.74
Apr.	0.74	2.89	2.90	4.13	2.14	3.07	6.19	5.95	9.81	5.81
May	0.75	2.91	2.92	4.15	2.15	3.08	6.22	5.98	9.85	5.82
June	0.76	2.93	2.94	4.10	2.13	3.08	6.21	5.92	9.82	5.78

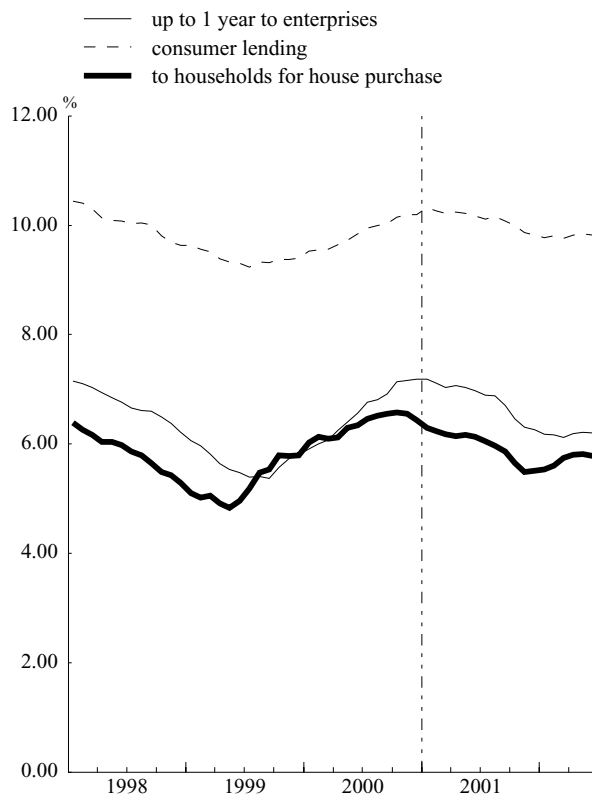
**Deposit interest rates**

(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
2001 May	478.0	480.6	-2.7	735.1	456.8	460.1	-3.3	651.8	21.2	20.5
June	410.6	418.6	-8.1	726.3	387.9	395.5	-7.6	642.7	22.7	23.2
July	393.9	385.5	8.4	735.0	370.6	365.2	5.4	649.5	23.3	20.3
Aug.	422.9	418.4	4.5	738.1	404.8	400.2	4.6	654.9	18.2	18.2
Sep.	396.4	399.8	-3.4	735.0	374.1	376.2	-2.1	653.3	22.3	23.7
Oct.	498.2	494.0	4.2	742.3	480.0	470.8	9.3	662.9	18.2	23.2
Nov.	486.0	489.9	-3.9	740.0	459.4	466.7	-7.3	655.4	26.6	23.2
Dec.	332.1	375.9	-43.9	696.2	307.7	353.4	-45.7	610.7	24.4	22.5
2002 Jan.	484.7	453.3	31.5	730.8	464.0	432.6	31.4	643.5	20.7	20.7
Feb.	405.7	408.0	-2.2	726.5	386.4	387.2	-0.8	643.9	19.3	20.8
Mar.	420.2	402.8	17.5	745.9	399.7	382.9	16.8	662.4	20.5	19.8
Apr.	400.4	405.9	-5.6	740.2	376.3	384.0	-7.7	654.8	24.0	21.9
May	398.8	377.1	21.7	761.6	375.9	357.6	18.2	672.6	22.9	19.5

**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
2001 May	132.5	81.9	50.6	6,769.4	118.3	67.9	50.4	6,167.0	14.2	14.0
June	139.3	78.9	60.4	6,824.7	117.3	59.2	58.0	6,223.5	22.0	19.7
July	144.9	98.6	46.4	6,858.6	125.6	85.6	40.0	6,263.7	19.3	13.0
Aug.	93.3	73.9	19.4	6,862.9	77.8	63.5	14.3	6,276.8	15.4	10.4
Sep.	124.2	106.7	17.5	6,882.9	108.9	88.5	20.4	6,297.5	15.4	18.2
Oct.	144.5	108.4	36.1	6,921.7	123.4	91.5	31.9	6,329.7	21.0	16.8
Nov.	142.1	91.9	50.2	6,976.3	115.9	86.5	29.3	6,358.8	26.3	5.4
Dec.	123.6	85.6	38.0	7,013.6	113.0	75.2	37.8	6,395.7	10.5	10.4
2002 Jan.	173.6	110.7	62.9	7,081.2	155.9	104.7	51.2	6,445.1	17.7	6.0
Feb.	141.4	107.4	34.1	7,116.6	129.6	97.4	32.2	6,478.6	11.8	9.9
Mar.	165.1	103.0	62.1	7,177.6	143.5	92.1	51.4	6,529.4	21.6	10.9
Apr.	124.0	77.4	46.6	7,214.5	113.8	72.9	40.9	6,570.9	10.2	4.5
May	156.5	88.8	67.7	7,271.2	133.0	74.0	59.0	6,631.8	23.5	14.8

**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
2001 May	610.4	562.5	47.9	7,504.6	575.1	528.0	47.0	6,818.9	35.3	34.4
June	549.9	497.6	52.3	7,550.9	505.2	454.7	50.4	6,866.2	44.7	42.8
July	538.8	484.0	54.7	7,593.7	496.1	450.8	45.3	6,913.2	42.6	33.2
Aug.	516.2	492.3	23.9	7,601.0	482.6	463.7	18.9	6,931.7	33.6	28.6
Sep.	520.7	506.5	14.1	7,617.9	483.0	464.7	18.3	6,950.8	37.7	41.9
Oct.	642.7	602.4	40.3	7,664.0	603.5	562.3	41.1	6,992.6	39.2	40.1
Nov.	628.1	581.8	46.4	7,716.3	575.2	553.3	22.0	7,014.2	52.9	28.5
Dec.	455.7	461.5	-5.8	7,709.7	420.7	428.6	-7.9	7,006.4	34.9	32.9
2002 Jan.	658.4	564.0	94.4	7,812.1	620.0	537.3	82.6	7,088.6	38.4	26.6
Feb.	547.1	515.3	31.8	7,843.1	516.1	484.6	31.5	7,122.6	31.1	30.7
Mar.	585.3	505.8	79.5	7,923.5	543.2	475.0	68.2	7,191.7	42.1	30.8
Apr.	524.4	483.3	41.1	7,954.7	490.1	456.9	33.2	7,225.7	34.3	26.4
May	555.3	465.9	89.4	8,032.7	508.9	431.6	77.3	7,304.4	46.4	34.3

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

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

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	
0.7	83.3	11.8	13.5	-1.7	54.2	468.6	473.6	-5.0	706.1	2001 May
-0.5	83.6	25.1	9.8	15.2	69.5	413.0	405.3	7.7	712.1	June
3.0	85.6	6.2	25.5	-19.3	50.2	376.8	390.7	-13.9	699.7	July
-0.1	83.2	9.9	14.7	-4.8	45.4	414.7	415.0	-0.3	700.3	Aug.
-1.3	81.6	22.0	12.0	10.0	55.4	396.1	388.1	8.0	708.8	Sep.
-5.0	79.4	8.8	20.0	-11.1	44.3	488.9	490.8	-1.9	707.2	Oct.
3.5	84.6	16.2	12.9	3.3	47.6	475.5	479.6	-4.1	703.0	Nov.
1.9	85.5	17.1	10.2	6.9	54.5	324.8	363.7	-38.8	665.2	Dec.
0.1	87.4	11.3	24.2	-12.9	41.6	475.3	456.8	18.5	685.1	2002 Jan.
-1.5	82.6	13.4	11.8	1.7	43.3	399.8	398.9	0.9	687.2	Feb.
0.7	83.5	24.3	7.9	16.4	59.7	424.0	390.8	33.2	722.1	Mar.
2.2	85.4	.	.	.	.	.	.	.	.	Apr.
3.4	89.0	.	.	.	.	.	.	.	.	May

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	
0.2	602.4	27.0	10.4	16.6	794.4	145.2	78.3	67.0	6,961.4	2001 May
2.3	601.1	33.6	8.7	24.9	819.5	150.9	68.0	82.9	7,043.0	June
6.4	594.9	15.1	5.8	9.3	829.0	140.7	91.4	49.3	7,092.7	July
5.1	586.1	12.9	6.0	6.9	836.1	90.7	69.5	21.2	7,112.9	Aug.
-2.9	585.4	8.4	9.0	-0.6	835.5	117.3	97.5	19.7	7,133.0	Sep.
4.2	592.0	19.6	4.6	15.0	850.5	143.0	96.1	46.9	7,180.2	Oct.
20.9	617.5	30.1	7.4	22.7	873.2	145.9	93.9	52.0	7,231.9	Nov.
0.2	617.8	13.6	13.4	0.2	873.4	126.6	88.6	38.0	7,269.1	Dec.
11.7	636.1	20.4	6.8	13.6	886.9	176.3	111.5	64.8	7,332.0	2002 Jan.
1.9	637.9	19.7	13.9	5.8	892.8	149.3	111.3	38.0	7,371.4	Feb.
10.7	648.2	25.4	12.0	13.4	906.2	168.9	104.0	64.8	7,435.6	Mar.
5.7	643.6	.	.	.	.	.	.	.	.	Apr.
8.7	639.4	.	.	.	.	.	.	.	.	May

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	685.7	38.8	23.9	14.9	848.6	613.9	551.9	62.0	7,667.5	2001 May
1.9	684.7	58.7	18.6	40.1	889.0	563.9	473.3	90.6	7,755.1	June
9.4	680.5	21.3	31.3	-9.9	879.3	517.5	482.1	35.4	7,792.4	July
5.0	669.3	22.8	20.7	2.1	881.5	505.4	484.5	21.0	7,813.3	Aug.
-4.2	667.0	30.4	21.0	9.4	891.0	513.4	485.7	27.7	7,841.8	Sep.
-0.9	671.4	28.4	24.6	3.9	894.8	631.9	586.9	45.0	7,887.3	Oct.
24.4	702.1	46.2	20.2	26.0	920.8	621.5	573.5	48.0	7,934.9	Nov.
2.1	703.3	30.7	23.7	7.1	927.9	451.5	452.3	-0.8	7,934.2	Dec.
11.7	723.5	31.7	31.0	0.7	928.5	651.7	568.4	83.3	8,017.1	2002 Jan.
0.4	720.5	33.1	25.6	7.5	936.0	549.1	510.2	38.9	8,058.6	Feb.
11.4	731.7	49.7	19.9	29.8	965.9	592.9	494.9	98.0	8,157.6	Mar.
7.9	729.1	.	.	.	.	.	.	.	.	Apr.
12.1	728.4	.	.	.	.	.	.	.	.	May



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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 May	651.8	260.3	5.5	99.4	284.1	2.4	54.2	26.5	18.0	8.8
June	642.7	261.0	5.3	97.5	276.9	2.0	69.5	32.1	24.7	11.5
July	649.5	258.7	5.1	101.3	280.8	3.6	50.2	25.3	17.3	6.7
Aug.	654.9	254.3	4.4	106.8	285.9	3.6	45.4	23.1	15.7	5.8
Sep.	653.3	251.6	4.1	106.4	287.5	3.7	55.4	27.1	22.2	5.5
Oct.	662.9	261.4	3.8	110.3	284.0	3.4	44.3	23.3	16.4	4.0
Nov.	655.4	250.7	3.9	106.1	291.2	3.6	47.6	23.6	19.4	3.4
Dec.	610.7	240.3	3.4	95.4	267.4	4.1	54.5	23.8	24.4	4.4
2002 Jan.	643.5	257.4	3.7	100.1	278.8	3.5	41.6	18.8	18.9	3.1
Feb.	643.9	251.8	3.9	98.1	286.7	3.5	43.3	19.9	19.0	3.6
Mar.	662.4	258.9	4.3	96.9	299.0	3.3	59.7	26.4	26.2	6.4
Apr.	654.8	256.1	4.5	92.4	298.8	3.0	.	.	.	.
May	672.6	262.3	3.7	89.3	314.3	3.0	.	.	.	.

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 May	6,167.0	2,255.4	282.4	311.5	3,204.5	113.2	794.4	208.1	250.5	88.0
June	6,223.5	2,270.4	290.3	318.8	3,230.7	113.2	819.5	216.5	256.2	91.2
July	6,263.7	2,291.0	307.7	320.9	3,228.7	115.4	829.0	219.1	261.9	93.2
Aug.	6,276.8	2,291.0	310.4	327.5	3,229.6	118.3	836.1	220.2	268.9	93.9
Sep.	6,297.5	2,297.4	314.6	326.0	3,237.2	122.4	835.5	221.0	269.7	93.3
Oct.	6,329.7	2,313.0	324.9	323.5	3,240.8	127.5	850.5	223.0	276.1	95.3
Nov.	6,358.8	2,315.4	333.3	339.9	3,240.9	129.2	873.2	227.2	287.5	99.7
Dec.	6,395.7	2,317.9	364.0	345.0	3,238.3	130.4	873.4	229.4	287.0	100.3
2002 Jan.	6,445.1	2,322.7	369.7	350.3	3,269.0	133.4	886.9	229.6	291.4	103.7
Feb.	6,478.6	2,343.6	374.4	353.3	3,274.3	133.0	892.8	233.0	294.3	104.5
Mar.	6,529.4	2,365.3	379.8	353.6	3,293.1	137.6	906.2	235.4	305.0	106.2
Apr.	6,570.9	2,373.2	390.3	358.7	3,306.5	142.2	.	.	.	.
May	6,631.8	2,387.3	408.8	364.9	3,323.2	147.7	.	.	.	.

**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
2001 May	6,818.9	2,515.8	287.9	411.0	3,488.6	115.6	848.6	234.6	268.5	96.8
June	6,866.2	2,531.5	295.6	416.3	3,507.6	115.2	889.0	248.6	280.8	102.7
July	6,913.2	2,549.7	312.7	422.2	3,509.6	119.0	879.3	244.4	279.2	99.9
Aug.	6,931.7	2,545.4	314.8	434.2	3,515.5	121.8	881.5	243.3	284.5	99.7
Sep.	6,950.8	2,549.0	318.7	432.4	3,524.7	126.1	891.0	248.1	291.8	98.8
Oct.	6,992.6	2,574.3	328.7	433.9	3,524.8	130.8	894.8	246.3	292.5	99.3
Nov.	7,014.2	2,566.1	337.2	445.9	3,532.1	132.8	920.8	250.7	307.0	103.0
Dec.	7,006.4	2,558.2	367.5	440.5	3,505.6	134.6	927.9	253.3	311.4	104.7
2002 Jan.	7,088.6	2,580.1	373.4	450.4	3,547.8	136.9	928.5	248.4	310.4	106.8
Feb.	7,122.6	2,595.4	378.2	451.3	3,561.0	136.5	936.0	252.9	313.4	108.1
Mar.	7,191.7	2,624.1	384.1	450.6	3,592.1	140.9	965.9	261.8	331.2	112.6
Apr.	7,225.7	2,629.3	394.8	451.1	3,605.3	145.2	.	.	.	.
May	7,304.4	2,649.5	412.5	454.2	3,637.4	150.7	.	.	.	.

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	0.8	0.1	706.1	286.8	23.5	108.2	284.2	3.2	0.1	2001 May
0.2	0.8	0.2	712.1	293.1	29.9	109.0	277.1	2.8	0.2	June
0.2	0.7	0.0	699.7	284.0	22.3	108.0	281.0	4.3	0.0	July
0.1	0.6	0.0	700.3	277.4	20.1	112.6	286.0	4.2	0.0	Aug.
0.1	0.5	0.1	708.8	278.6	26.3	111.9	287.7	4.2	0.1	Sep.
0.1	0.3	0.2	707.2	284.6	20.2	114.3	284.2	3.7	0.2	Oct.
0.1	0.4	0.6	703.0	274.3	23.3	109.4	291.3	4.0	0.6	Nov.
0.1	0.5	1.3	665.2	264.1	27.8	99.8	267.5	4.7	1.3	Dec.
0.1	0.4	0.2	685.1	276.2	22.6	103.2	279.0	4.0	0.2	2002 Jan.
0.1	0.3	0.4	687.2	271.7	22.9	101.6	286.8	3.8	0.4	Feb.
0.1	0.2	0.4	722.1	285.2	30.5	103.3	299.2	3.5	0.4	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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	
92.5	39.6	115.7	6,961.4	2,463.6	532.9	399.5	3,296.9	152.8	115.7	2001 May
94.4	46.1	115.1	7,043.0	2,486.9	546.5	410.0	3,325.1	159.3	115.1	June
94.0	46.1	114.7	7,092.7	2,510.1	569.6	414.1	3,322.7	161.5	114.7	July
93.8	46.0	113.4	7,112.9	2,511.2	579.3	421.3	3,323.4	164.3	113.4	Aug.
92.0	46.0	113.6	7,133.0	2,518.4	584.2	419.2	3,329.1	168.4	113.6	Sep.
91.8	51.3	113.0	7,180.2	2,535.9	601.0	418.8	3,332.6	178.7	113.0	Oct.
91.5	51.7	115.7	7,231.9	2,542.6	620.8	439.5	3,332.4	180.9	115.7	Nov.
92.1	51.7	112.9	7,269.1	2,547.4	651.1	445.3	3,330.4	182.1	112.9	Dec.
91.3	56.5	114.4	7,332.0	2,552.3	661.1	454.0	3,360.3	189.8	114.4	2002 Jan.
92.0	56.3	112.5	7,371.4	2,576.7	668.7	457.8	3,366.4	189.3	112.5	Feb.
92.2	56.3	111.1	7,435.6	2,600.7	684.8	459.9	3,385.2	193.8	111.1	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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	
92.6	40.4	115.8	7,667.5	2,750.4	556.4	507.7	3,581.2	156.0	115.8	2001 May
94.6	46.9	115.3	7,755.1	2,780.0	576.4	519.0	3,602.2	162.2	115.3	June
94.2	46.9	114.8	7,792.4	2,794.1	591.9	522.1	3,603.8	165.8	114.8	July
93.9	46.6	113.5	7,813.3	2,788.7	599.4	533.9	3,609.4	168.4	113.5	Aug.
92.1	46.5	113.7	7,841.8	2,797.0	610.5	531.2	3,616.8	172.6	113.7	Sep.
92.0	51.6	113.2	7,887.3	2,820.6	621.2	533.1	3,616.8	182.4	113.2	Oct.
91.6	52.1	116.3	7,934.9	2,816.9	644.1	549.0	3,623.7	184.9	116.3	Nov.
92.2	52.2	114.1	7,934.2	2,811.5	678.9	545.1	3,597.9	186.7	114.1	Dec.
91.4	56.9	114.6	8,017.1	2,828.5	683.8	557.2	3,639.2	193.8	114.6	2002 Jan.
92.2	56.6	112.9	8,058.6	2,848.3	691.6	559.5	3,653.2	193.1	112.9	Feb.
92.3	56.5	111.5	8,157.6	2,885.9	715.3	563.2	3,684.4	197.4	111.5	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

**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
2001 May	456.8	341.5	2.8	71.3	39.2	1.9	11.8	5.7	5.0	0.8
June	387.9	282.0	2.7	64.7	37.4	1.1	25.1	9.8	11.5	3.3
July	370.6	245.1	2.3	75.7	44.9	2.6	6.2	2.8	2.8	0.6
Aug.	404.8	287.4	1.6	69.0	45.3	1.5	9.9	4.8	4.1	0.9
Sep.	374.1	269.5	2.2	66.4	34.3	1.8	22.0	8.0	11.4	2.2
Oct.	480.0	345.9	2.0	85.9	45.1	1.1	8.8	3.0	4.7	0.9
Nov.	459.4	347.2	2.3	66.4	42.2	1.3	16.2	6.4	7.9	1.1
Dec.	307.7	228.5	1.3	52.6	23.4	1.9	17.1	6.6	8.4	1.3
2002 Jan.	464.0	327.5	2.1	71.2	61.3	2.0	11.3	5.0	5.0	1.1
Feb.	386.4	268.0	2.6	66.0	47.9	1.9	13.4	5.0	6.5	1.5
Mar.	399.7	286.5	2.2	60.1	49.0	1.8	24.3	10.7	10.1	3.3
Apr.	376.3	254.8	2.5	63.4	53.8	1.8	.	.	.	.
May	375.9	253.1	2.1	62.1	57.0	1.6	.	.	.	.

**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
2001 May	118.3	38.9	13.6	11.9	52.9	0.9	27.0	8.9	9.7	6.5
June	117.3	44.9	11.3	10.9	49.6	0.5	33.6	11.8	7.7	4.7
July	125.6	53.3	20.9	6.1	42.6	2.7	15.1	4.8	7.3	2.3
Aug.	77.8	29.9	7.5	7.7	29.6	3.1	12.9	3.4	8.5	0.9
Sep.	108.9	35.9	7.3	2.3	58.8	4.6	8.4	4.8	3.0	0.2
Oct.	123.4	58.7	13.6	4.5	40.8	5.8	19.6	3.4	7.9	2.3
Nov.	115.9	48.0	11.9	17.5	35.8	2.7	30.1	6.0	12.7	4.6
Dec.	113.0	43.0	35.7	9.1	23.0	2.2	13.6	6.4	3.9	1.7
2002 Jan.	155.9	47.5	10.8	6.5	88.0	3.2	20.4	4.1	5.3	3.7
Feb.	129.6	54.1	8.7	8.2	57.5	1.1	19.7	8.1	8.2	1.3
Mar.	143.5	56.9	9.0	2.8	69.4	5.3	25.4	8.6	12.1	3.3
Apr.	113.8	43.0	12.9	7.7	45.2	4.9	.	.	.	.
May	133.0	40.8	22.3	8.0	55.3	6.6	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 May	575.1	380.4	16.5	83.2	92.1	2.9	38.8	14.7	14.8	7.3
June	505.2	326.9	14.1	75.6	87.0	1.6	58.7	21.6	19.2	8.0
July	496.1	298.3	23.2	81.8	87.5	5.2	21.3	7.6	10.1	2.9
Aug.	482.6	317.3	9.1	76.6	74.9	4.6	22.8	8.2	12.6	1.7
Sep.	483.0	305.4	9.4	68.7	93.1	6.4	30.4	12.7	14.3	2.4
Oct.	603.5	404.6	15.6	90.3	86.0	6.9	28.4	6.5	12.6	3.2
Nov.	575.2	395.3	14.2	83.9	78.0	4.0	46.2	12.5	20.6	5.7
Dec.	420.7	271.5	37.0	61.7	46.4	4.1	30.7	13.0	12.3	3.1
2002 Jan.	620.0	375.0	12.9	77.6	149.3	5.2	31.7	9.1	10.3	4.8
Feb.	516.1	322.1	11.3	74.2	105.4	3.0	33.1	13.2	14.7	2.9
Mar.	543.2	343.4	11.3	62.9	118.4	7.1	49.7	19.3	22.2	6.6
Apr.	490.1	297.8	15.5	71.1	99.0	6.7	.	.	.	.
May	508.9	293.9	24.5	70.0	112.3	8.2	.	.	.	.

*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	0.2	0.0	468.6	347.2	7.9	72.1	39.3	2.1	0.0	2001 May
0.1	0.1	0.2	413.0	291.8	14.3	67.9	37.5	1.2	0.2	June
0.0	0.0	0.0	376.8	247.8	5.1	76.4	44.9	2.6	0.0	July
0.1	0.0	0.0	414.7	292.2	5.7	69.8	45.4	1.5	0.0	Aug.
0.1	0.4	0.0	396.1	277.5	13.5	68.6	34.3	2.1	0.0	Sep.
0.0	0.0	0.2	488.9	349.0	6.7	86.7	45.1	1.2	0.2	Oct.
0.1	0.2	0.4	475.5	353.7	10.2	67.5	42.3	1.5	0.4	Nov.
0.0	0.1	0.7	324.8	235.0	9.7	53.9	23.4	2.0	0.7	Dec.
0.1	0.0	0.1	475.3	332.5	7.1	72.2	61.5	2.0	0.1	2002 Jan.
0.0	0.1	0.2	399.8	273.1	9.1	67.6	47.9	2.0	0.2	Feb.
0.0	0.1	0.1	424.0	297.2	12.4	63.4	49.0	1.9	0.1	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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	
1.7	0.0	0.1	145.2	47.8	23.4	18.4	54.6	1.0	0.1	2001 May
2.0	6.7	0.8	150.9	56.7	19.0	15.6	51.6	7.2	0.8	June
0.5	0.1	0.0	140.7	58.1	28.3	8.3	43.2	2.7	0.0	July
0.1	0.0	0.0	90.7	33.3	16.0	8.5	29.7	3.2	0.0	Aug.
0.1	0.0	0.4	117.3	40.7	10.2	2.5	58.9	4.6	0.4	Sep.
0.2	5.4	0.4	143.0	62.1	21.5	6.8	41.1	11.2	0.4	Oct.
1.0	0.5	5.1	145.9	54.1	24.6	22.1	36.8	3.2	5.1	Nov.
1.3	0.1	0.1	126.6	49.4	39.6	10.8	24.3	2.3	0.1	Dec.
0.0	5.1	2.1	176.3	51.7	16.1	10.2	88.0	8.3	2.1	2002 Jan.
1.5	0.3	0.3	149.3	62.2	16.9	9.5	59.0	1.4	0.3	Feb.
0.8	0.5	0.3	168.9	65.5	21.1	6.1	70.2	5.8	0.3	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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	
1.7	0.2	0.1	613.9	395.1	31.2	90.6	93.9	3.1	0.1	2001 May
2.1	6.8	1.0	563.9	348.5	33.3	83.6	89.1	8.4	1.0	June
0.6	0.1	0.1	517.5	305.9	33.4	84.7	88.1	5.3	0.1	July
0.2	0.0	0.1	505.4	325.5	21.8	78.4	75.1	4.7	0.1	Aug.
0.2	0.4	0.4	513.4	318.1	23.8	71.1	93.2	6.7	0.4	Sep.
0.2	5.4	0.5	631.9	411.1	28.3	93.5	86.2	12.3	0.5	Oct.
1.1	0.8	5.6	621.5	407.7	34.8	89.6	79.1	4.7	5.6	Nov.
1.3	0.3	0.8	451.5	284.5	49.3	64.8	47.8	4.3	0.8	Dec.
0.1	5.1	2.2	651.7	384.1	23.2	82.4	149.5	10.3	2.2	2002 Jan.
1.5	0.4	0.5	549.1	335.3	26.0	77.1	106.9	3.3	0.5	Feb.
0.8	0.5	0.4	592.9	362.7	33.4	69.5	119.2	7.6	0.4	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

**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
2001 May	-3.3	-9.5	0.1	7.0	-1.1	0.2	-1.7	-0.4	-0.5	-0.9
June	-7.6	2.2	-0.3	-1.8	-7.3	-0.4	15.2	5.6	6.7	2.7
July	5.4	-3.7	-0.2	3.7	4.0	1.6	-19.3	-6.7	-7.4	-4.8
Aug.	4.6	-5.2	-0.7	5.5	5.0	0.0	-4.8	-2.2	-1.6	-0.9
Sep.	-2.1	-3.2	-0.3	-0.4	1.7	0.1	10.0	4.0	6.5	-0.3
Oct.	9.3	9.6	-0.4	3.8	-3.5	-0.3	-11.1	-3.8	-5.8	-1.5
Nov.	-7.3	-10.7	0.1	-4.1	7.1	0.2	3.3	0.3	3.0	-0.6
Dec.	-45.7	-11.4	-0.5	-10.5	-23.8	0.6	6.9	0.2	5.0	1.0
2002 Jan.	31.4	15.7	0.2	4.6	11.4	-0.6	-12.9	-5.0	-5.5	-1.3
Feb.	-0.8	-6.6	0.2	-2.2	7.8	0.0	1.7	1.1	0.1	0.5
Mar.	16.8	5.4	0.4	-1.1	12.4	-0.2	16.4	6.5	7.2	2.8
Apr.	-7.7	-2.9	0.2	-4.5	-0.3	-0.3	.	.	.	.
May	18.2	6.7	-0.8	-3.1	15.5	0.0	.	.	.	.

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 May	50.4	7.4	10.3	10.1	21.9	0.7	16.6	5.6	6.2	5.4
June	58.0	16.5	7.9	7.4	26.2	0.0	24.9	8.4	5.6	3.1
July	40.0	20.6	17.3	2.1	-2.2	2.1	9.3	2.5	5.6	2.0
Aug.	14.3	1.2	2.8	6.6	0.9	2.9	6.9	1.1	6.8	0.7
Sep.	20.4	6.0	4.2	-1.5	7.5	4.1	-0.6	0.8	0.8	-0.6
Oct.	31.9	15.3	10.4	-2.4	3.7	5.1	15.0	2.0	6.5	2.0
Nov.	29.3	2.1	8.4	16.9	0.1	1.8	22.7	4.2	11.4	4.4
Dec.	37.8	3.4	30.8	5.1	-2.6	1.2	0.2	2.3	-0.5	0.6
2002 Jan.	51.2	6.5	5.7	5.5	30.7	2.9	13.6	0.1	4.4	3.4
Feb.	32.2	19.6	4.6	2.9	5.4	-0.4	5.8	3.5	2.8	0.8
Mar.	51.4	22.3	5.4	0.4	18.7	4.6	13.4	2.4	10.7	1.7
Apr.	40.9	7.3	10.5	5.0	13.5	4.6	.	.	.	.
May	59.0	12.5	18.5	5.9	16.6	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
2001 May	47.0	-2.1	10.4	17.0	20.7	1.0	14.9	5.3	5.7	4.5
June	50.4	18.6	7.7	5.6	19.0	-0.4	40.1	14.0	12.2	5.9
July	45.3	17.0	17.1	5.8	1.7	3.7	-9.9	-4.2	-1.8	-2.8
Aug.	18.9	-4.0	2.1	12.0	5.9	2.8	2.1	-1.1	5.2	-0.2
Sep.	18.3	2.8	3.9	-1.8	9.2	4.3	9.4	4.7	7.3	-0.9
Oct.	41.1	24.9	10.0	1.4	0.2	4.7	3.9	-1.8	0.7	0.5
Nov.	22.0	-8.5	8.6	12.7	7.2	2.0	26.0	4.5	14.5	3.7
Dec.	-7.9	-8.1	30.3	-5.4	-26.4	1.7	7.1	2.5	4.5	1.6
2002 Jan.	82.6	22.2	5.9	10.1	42.1	2.3	0.7	-4.9	-1.0	2.2
Feb.	31.5	13.0	4.8	0.7	13.2	-0.4	7.5	4.5	2.9	1.3
Mar.	68.2	27.7	5.8	-0.8	31.1	4.3	29.8	8.9	17.9	4.5
Apr.	33.2	4.4	10.7	0.5	13.2	4.3	.	.	.	.
May	77.3	19.2	17.8	2.8	32.1	5.5	.	.	.	.

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.0	0.0	-5.0	-9.8	-0.4	6.1	-1.1	0.2	0.0	2001 May
0.1	0.0	0.1	7.7	7.8	6.4	0.9	-7.2	-0.3	0.1	June
0.0	-0.1	-0.2	-13.9	-10.4	-7.6	-1.1	3.9	1.5	-0.2	July
0.0	-0.1	0.0	-0.3	-7.4	-2.2	4.6	5.0	-0.2	0.0	Aug.
0.0	-0.1	0.0	8.0	0.8	6.2	-0.7	1.7	0.0	0.0	Sep.
0.0	-0.2	0.1	-1.9	5.8	-6.1	2.3	-3.5	-0.5	0.1	Oct.
0.0	0.1	0.4	-4.1	-10.4	3.2	-4.7	7.1	0.4	0.4	Nov.
0.0	0.1	0.7	-38.8	-11.2	4.5	-9.5	-23.9	0.6	0.7	Dec.
0.0	-0.1	-1.1	18.5	10.7	-5.2	3.3	11.5	-0.7	-1.1	2002 Jan.
0.0	-0.2	0.2	0.9	-5.5	0.3	-1.7	7.8	-0.2	0.2	Feb.
0.0	0.0	0.0	33.2	11.9	7.6	1.6	12.4	-0.3	0.0	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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	
1.0	-0.4	-1.1	67.0	13.0	16.5	15.5	22.8	0.3	-1.1	2001 May
1.9	6.5	-0.6	82.9	24.8	13.5	10.5	28.2	6.5	-0.6	June
-0.5	0.0	-0.4	49.3	23.2	22.9	4.1	-2.7	2.1	-0.4	July
-0.2	-0.1	-1.3	21.2	2.3	9.5	7.2	0.6	2.8	-1.3	Aug.
-1.8	0.0	0.2	19.7	6.8	5.0	-2.0	5.7	4.1	0.2	Sep.
-0.1	5.3	-0.6	46.9	17.2	16.9	-0.4	3.5	10.3	-0.6	Oct.
-0.4	0.4	2.7	52.0	6.3	19.8	21.2	-0.3	2.2	2.7	Nov.
0.6	0.0	-2.8	38.0	5.7	30.3	5.7	-2.0	1.2	-2.8	Dec.
-0.8	4.8	1.5	64.8	6.6	10.1	8.9	29.9	7.8	1.5	2002 Jan.
0.7	-0.2	-1.9	38.0	23.1	7.4	3.8	6.1	-0.5	-1.9	Feb.
0.1	0.0	-1.4	64.8	24.7	16.1	2.1	18.8	4.5	-1.4	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

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	
1.0	-0.5	-1.1	62.0	3.2	16.1	21.6	21.7	0.5	-1.1	2001 May
2.0	6.5	-0.5	90.6	32.6	19.9	11.4	21.0	6.1	-0.5	June
-0.5	0.0	-0.6	35.4	12.8	15.3	2.9	1.3	3.7	-0.6	July
-0.3	-0.2	-1.3	21.0	-5.1	7.3	11.8	5.6	2.6	-1.3	Aug.
-1.8	-0.1	0.2	27.7	7.5	11.2	-2.7	7.4	4.2	0.2	Sep.
-0.2	5.1	-0.5	45.0	23.1	10.7	1.9	0.0	9.8	-0.5	Oct.
-0.3	0.5	3.1	48.0	-4.1	23.0	16.5	6.9	2.6	3.1	Nov.
0.6	0.0	-2.2	-0.8	-5.5	34.7	-3.8	-25.9	1.8	-2.2	Dec.
-0.8	4.7	0.5	83.3	17.3	4.9	12.2	41.4	7.1	0.5	2002 Jan.
0.7	-0.3	-1.7	38.9	17.6	7.7	2.1	14.0	-0.7	-1.7	Feb.
0.1	-0.1	-1.4	98.0	36.6	23.7	3.7	31.2	4.3	-1.4	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May

## 4 HICP and other prices in the euro area

**Table 4.1**

### Harmonised Index of Consumer Prices

(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>1)</sup>	100.0	100.0	61.1	61.1	38.9	38.9	100.0	100.0	61.1	38.9
	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	105.5	2.7	107.8	1.7	-	-	-	-
<i>Euro area enlargement</i>										
2001	108.9	2.5	108.1	2.5	110.4	2.5	-	-	-	-
2001 Q3	109.2	2.4	108.2	2.3	111.2	2.5	109.2	0.3	108.5	110.8
2001 Q4	109.5	2.1	108.6	1.7	111.2	2.8	109.6	0.3	108.6	111.6
2002 Q1	110.4	2.6	109.1	2.2	112.6	3.1	110.4	0.8	109.3	112.6
2002 Q2	111.5	2.1	110.3	1.4	113.5	3.2	111.1	0.6	109.9	113.6
2001 Aug.	109.1	2.4	107.9	2.3	111.3	2.4	109.1	0.0	108.3	110.8
2001 Sep.	109.4	2.2	108.6	2.0	111.0	2.6	109.5	0.4	108.8	111.0
2001 Oct.	109.5	2.3	108.7	2.0	111.1	2.8	109.6	0.1	108.7	111.4
2001 Nov.	109.5	2.1	108.5	1.5	111.1	2.7	109.6	0.0	108.5	111.6
2001 Dec.	109.6	2.0	108.6	1.6	111.5	2.8	109.7	0.1	108.6	111.9
2002 Jan.	110.1	2.7	108.9	2.4	112.2	3.0	110.3	0.5	109.2	112.3
2002 Feb.	110.2	2.5	108.8	2.1	112.7	3.0	110.3	0.1	109.2	112.6
2002 Mar.	110.8	2.5	109.7	2.0	113.0	3.2	110.7	0.3	109.5	113.0
2002 Apr.	111.4	2.4	110.4	2.0	113.2	3.0	111.0	0.3	110.0	113.1
2002 May	111.5	2.0	110.4	1.3	113.6	3.3	111.2	0.2	109.9	113.7
2002 June	111.5	1.8	110.2	1.0	113.9	3.2	111.2	0.0	109.7	113.9
2002 July <sup>2)</sup>	.	1.9	.	.	.	.	.	.	.	.

#### 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>1)</sup>	20.4	12.3	8.1	40.7	32.0	8.7	9.7	6.3	2.5	14.3	6.1
	11	12	13	14	15	16	17	18	19	20	21
1998	1.6	1.4	2.0	0.2	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.7	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
<i>Euro area enlargement</i>											
2001	4.5	2.8	7.0	1.5	1.1	2.7	1.9	3.5	-2.8	3.3	2.6
2001 Q3	5.1	3.3	7.9	1.0	0.9	1.1	1.9	3.7	-2.5	3.2	2.7
2001 Q4	4.7	3.5	6.7	0.2	1.6	-4.1	2.0	3.8	-1.8	3.6	2.9
2002 Q1	4.9	3.5	7.0	0.9	1.8	-2.1	2.3	3.6	-1.2	4.0	3.2
2002 Q2	2.8	3.1	2.4	0.7	1.7	-2.4	2.4	3.4	-0.8	4.2	3.3
2001 Aug.	5.0	3.4	7.6	1.0	0.7	2.0	1.9	3.7	-2.7	3.1	2.7
2001 Sep.	5.0	3.4	7.6	0.6	1.2	-1.4	1.9	3.6	-2.2	3.4	2.8
2001 Oct.	5.0	3.5	7.5	0.5	1.5	-2.7	2.0	3.8	-1.7	3.6	2.9
2001 Nov.	4.5	3.4	6.2	0.0	1.6	-5.0	2.0	3.7	-2.0	3.5	2.9
2001 Dec.	4.6	3.5	6.3	0.2	1.6	-4.6	2.0	4.0	-1.7	3.6	2.9
2002 Jan.	5.6	3.8	8.4	0.9	1.7	-1.9	2.2	3.6	-1.2	3.9	3.1
2002 Feb.	4.8	3.3	7.1	0.7	1.9	-2.9	2.2	3.5	-1.2	4.0	3.2
2002 Mar.	4.2	3.3	5.5	1.0	1.8	-1.6	2.3	3.7	-1.0	4.2	3.2
2002 Apr.	3.6	3.2	4.1	1.2	1.8	-0.5	2.5	3.2	-0.9	3.8	3.3
2002 May	2.7	3.1	2.1	0.6	1.7	-2.9	2.4	3.5	-0.7	4.4	3.4
2002 June	2.3	3.1	1.1	0.3	1.6	-3.6	2.4	3.5	-0.8	4.3	3.3
2002 July	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

1) Referring to the index period 2002.

2) Estimate based on first releases by Germany and Italy (and, when available, by other Member States), as well as on early information on energy prices.

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	1.7	2.0	1.7	0.9	1.4	0.9	6.0	-7.5	16.0
1997	101.4	1.1	0.6	0.2	0.3	1.1	0.6	1.2	3.2	1.3	0.8	10.7	14.6	17.0
1998	100.6	-0.8	0.2	-0.4	0.6	0.5	0.7	0.5	-5.2	0.3	-0.6	-21.0	-12.5	12.0
1999	100.2	-0.4	-0.6	-1.5	0.2	-0.1	0.7	-0.2	0.5	1.2	0.2	15.8	-5.9	17.1
2000	105.7	5.5	2.6	5.0	0.6	1.5	1.4	1.6	19.0	2.4	5.2	50.8	16.7	31.0
<i>Euro area enlargement</i>														
2001	108.2	2.1	1.8	1.2	1.0	3.0	2.1	3.1	2.7	2.2	1.2	-8.8	-7.6	27.8
2001 Q2	108.9	3.6	2.3	1.9	1.0	3.4	2.2	3.5	8.8	2.7	2.5	4.6	-3.0	31.7
Q3	108.3	1.4	1.5	0.1	1.2	3.0	2.1	3.1	0.6	2.4	0.6	-11.3	-10.4	29.0
Q4	107.2	-1.0	0.7	-1.3	1.1	2.4	1.9	2.4	-8.1	1.3	-1.5	-28.8	-15.6	22.4
2002 Q1	107.3	-0.9	0.2	-1.7	1.2	1.6	1.8	1.6	-5.0	2.0	-0.7	-10.5	-3.6	24.6
Q2	.	.	.	.	.	.	.	.	.	.	.	-8.7	-5.5	27.8
2001 July	108.4	2.1	1.7	0.6	1.1	3.1	2.2	3.2	2.8	-	1.2	-1.3	-1.8	29.4
Aug.	108.2	1.6	1.5	0.2	1.2	3.1	2.2	3.2	1.4	-	0.8	-10.4	-10.7	28.7
Sep.	108.3	0.6	1.2	-0.4	1.2	2.8	2.0	2.9	-2.3	-	-0.2	-20.7	-18.1	28.8
Oct.	107.6	-0.7	0.9	-0.9	1.1	2.5	1.9	2.6	-7.3	-	-1.3	-30.2	-19.3	23.8
Nov.	107.1	-1.3	0.6	-1.4	1.0	2.4	1.9	2.5	-9.5	-	-1.8	-34.1	-15.1	21.7
Dec.	106.9	-1.0	0.5	-1.5	1.1	2.1	1.9	2.1	-7.3	-	-1.5	-20.6	-12.3	21.5
2002 Jan.	107.2	-0.8	0.4	-1.6	1.2	2.0	1.9	2.0	-5.4	-	-0.7	-14.4	-6.5	22.6
Feb.	107.2	-1.1	0.2	-1.8	1.2	1.6	1.7	1.5	-5.6	-	-0.9	-15.2	-4.0	23.5
Mar.	107.6	-0.8	0.2	-1.6	1.2	1.2	1.7	1.1	-3.9	-	-0.6	-1.6	-0.3	27.9
Apr.	107.9	-0.8	0.2	-1.1	1.0	1.1	1.5	1.0	-3.9	-	-0.3	-1.2	-1.4	29.3
May	107.9	-1.0	0.2	-0.9	1.1	0.9	1.5	0.8	-5.1	-	-0.6	-9.5	-6.8	28.1
June	.	.	.	.	.	.	.	.	.	-	.	-15.0	-8.4	25.8
July	.	.	.	.	.	.	.	.	.	-	.	-10.3	-7.7	25.9

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	0.8	0.8
1997	103.6	1.5	1.7	2.0	1.3	1.0	1.8	2.6
1998	105.3	1.7	1.3	1.4	1.4	0.9	-0.1	-1.5
1999	106.5	1.1	1.2	1.1	1.7	0.8	-0.5	-0.3
2000	107.8	1.2	2.4	2.1	2.4	2.6	4.6	8.3
2000 Q3	108.1	1.4	2.5	2.3	2.5	2.6	5.0	8.2
Q4	108.4	1.4	2.5	2.5	2.5	3.0	5.4	8.5
<i>Euro area enlargement</i>								
2001	110.7	2.3	2.1	2.4	2.1	1.9	1.6	1.0
2001 Q1	109.9	2.2	2.5	2.5	2.3	2.4	3.5	4.3
Q2	110.5	2.4	2.4	2.7	2.3	1.9	2.7	2.7
Q3	110.8	2.2	2.0	2.4	2.0	1.9	0.8	0.3
Q4	111.5	2.5	1.7	2.0	2.0	1.5	-0.8	-2.9
2002 Q1	112.5	2.3	1.8	2.3	1.9	1.8	-0.3	-1.9
Q2	.	.	.	.	.	.	.	.

Sources: Eurostat, except columns 12 and 13 (HWWA - Hamburg Institute of International Economics), 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	
1997	5,649.0	5,500.5	3,201.3	1,150.7	1,138.2	10.3	148.6	1,827.2	1,678.7
1998	5,882.6	5,743.4	3,331.5	1,176.6	1,201.9	33.3	139.3	1,948.5	1,809.3
1999	6,144.9	6,043.3	3,499.7	1,229.8	1,291.4	22.4	101.6	2,052.7	1,951.1
2000	6,440.4	6,372.5	3,664.4	1,283.2	1,387.0	37.9	67.9	2,410.3	2,342.4
2000 Q4	1,633.4	1,621.4	929.5	326.4	352.7	12.9	12.0	637.6	625.6
<i>Euro area enlargement</i>									
2001	6,810.6	6,696.3	3,905.0	1,359.4	1,434.2	-2.2	114.2	2,538.1	2,423.9
2001 Q1	1,690.0	1,663.8	963.8	335.2	359.4	5.4	26.3	642.2	615.9
Q2	1,699.4	1,677.8	975.8	338.0	358.2	5.8	21.6	639.4	617.8
Q3	1,706.9	1,677.7	980.3	340.8	358.6	-2.1	29.2	633.4	604.2
Q4	1,714.2	1,677.0	985.0	345.3	357.9	-11.3	37.2	623.2	586.0
2002 Q1	1,734.0	1,686.8	992.4	348.9	359.8	-14.3	47.3	627.6	580.3

##### 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	
1997	5,509.1	5,354.1	3,093.4	1,126.1	1,131.9	2.7	155.0	1,806.3	1,651.2
1998	5,666.9	5,543.9	3,187.2	1,139.8	1,189.7	27.2	122.9	1,938.4	1,815.4
1999	5,819.7	5,730.5	3,292.3	1,164.2	1,260.4	13.6	89.2	2,040.7	1,951.4
2000	6,023.7	5,898.5	3,375.0	1,186.3	1,319.1	18.1	125.2	2,288.9	2,163.6
2000 Q4	1,519.9	1,488.6	847.6	299.1	332.3	9.6	31.4	594.5	563.1
<i>Euro area enlargement</i>									
2001	6,218.9	6,062.1	3,510.8	1,227.9	1,336.6	-13.2	156.8	2,372.8	2,215.9
2001 Q1	1,553.7	1,514.5	873.8	304.9	336.8	-1.0	39.2	600.0	560.8
Q2	1,554.4	1,519.8	877.9	306.2	334.8	0.8	34.7	594.9	560.2
Q3	1,557.4	1,516.2	879.0	307.2	333.3	-3.4	41.2	592.9	551.7
Q4	1,553.4	1,511.6	880.0	309.5	331.8	-9.7	41.8	585.0	543.2
2002 Q1	1,558.3	1,508.9	879.8	311.5	331.4	-13.8	49.4	588.0	538.6
<i>(annual percentage changes)</i>									
1997	2.3	1.7	1.6	1.3	2.3	-	-	10.4	9.0
1998	2.9	3.5	3.0	1.2	5.1	-	-	7.3	9.9
1999	2.7	3.4	3.3	2.1	5.9	-	-	5.3	7.5
2000	3.5	2.9	2.5	1.9	4.7	-	-	12.2	10.9
2000 Q4	2.9	2.5	1.9	1.8	3.5	-	-	11.6	10.8
<i>Euro area enlargement</i>									
2001	1.4	0.8	1.7	2.2	-0.5	-	-	2.5	0.8
2001 Q1	2.4	1.7	1.9	2.1	1.4	-	-	7.7	6.0
Q2	1.6	1.2	1.7	2.2	0.1	-	-	4.3	3.4
Q3	1.4	0.7	1.7	2.4	-1.5	-	-	1.0	-0.8
Q4	0.4	-0.4	1.5	2.2	-2.0	-	-	-2.7	-5.1
2002 Q1	0.3	-0.4	0.7	2.2	-1.6	-	-	-2.0	-4.0

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
1997	5,269.5	138.6	1,227.8	291.7	1,086.1	1,381.4	1,144.0	202.7	582.2
1998	5,469.0	138.8	1,276.1	294.9	1,140.2	1,440.4	1,178.6	201.4	615.0
1999	5,682.6	135.6	1,298.0	310.9	1,186.3	1,524.9	1,226.9	200.2	662.5
2000	5,964.4	136.4	1,367.7	325.7	1,247.7	1,615.9	1,271.1	212.9	688.8
2000 Q4	1,513.4	34.7	347.8	82.1	318.0	410.0	320.9	53.9	173.9
<i>Euro area enlargement</i>									
2001	6,320.8	151.0	1,425.9	345.5	1,341.1	1,715.9	1,341.5	229.4	719.2
2001 Q1	1,567.5	36.9	359.7	85.6	331.2	422.6	331.4	56.4	178.9
Q2	1,576.8	37.6	357.7	85.8	334.6	427.4	333.6	57.3	179.9
Q3	1,586.5	38.4	357.7	86.7	337.0	429.8	337.0	57.8	178.2
Q4	1,590.0	38.1	350.8	87.4	338.2	436.1	339.5	58.0	182.2
2002 Q1	1,608.5	39.0	354.4	90.1	340.7	439.9	344.4	57.1	182.6

### 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
1997	5,167.0	140.2	1,217.5	290.1	1,071.2	1,338.3	1,109.7	213.8	556.0
1998	5,317.2	142.2	1,254.8	292.0	1,114.0	1,388.3	1,125.9	221.1	570.8
1999	5,454.0	145.4	1,269.9	298.9	1,161.7	1,438.0	1,140.1	229.5	595.3
2000	5,659.9	144.9	1,328.2	305.2	1,215.5	1,505.8	1,160.3	244.8	608.6
2000 Q4	1,429.6	36.3	335.6	76.2	308.8	381.4	291.4	62.3	152.7
<i>Euro area enlargement</i>									
2001	5,856.0	152.3	1,352.5	310.4	1,277.1	1,573.0	1,190.7	260.8	623.7
2001 Q1	1,462.5	37.9	342.5	78.1	318.2	389.3	296.4	64.3	155.5
Q2	1,463.0	37.8	339.2	77.5	319.1	392.3	297.2	64.9	156.3
Q3	1,467.0	38.3	338.7	77.5	319.5	394.9	298.2	65.5	155.9
Q4	1,463.5	38.3	332.1	77.4	320.2	396.5	298.9	66.1	156.0
2002 Q1	1,470.3	38.4	334.8	78.1	320.8	398.4	299.9	65.4	153.4
<i>(annual percentage changes)</i>									
1997	2.4	0.4	3.3	-1.8	3.1	3.3	1.0	3.7	2.4
1998	2.9	1.4	3.1	0.7	4.0	3.7	1.5	3.4	2.7
1999	2.6	2.2	1.2	2.3	4.3	3.6	1.3	3.8	4.3
2000	3.8	-0.4	4.6	2.1	4.6	4.7	1.8	6.7	2.2
2000 Q4	3.4	-1.4	4.2	0.9	4.6	4.2	1.5	6.5	-0.2
<i>Euro area enlargement</i>									
2001	1.7	-0.7	0.7	-0.5	2.5	3.0	1.1	4.9	0.5
2001 Q1	2.7	-0.6	3.3	-0.4	3.9	3.4	1.2	5.7	1.4
Q2	1.9	-1.2	1.2	-0.3	2.9	3.2	1.0	5.0	0.0
Q3	1.6	-0.9	0.5	-0.6	2.3	2.9	1.2	4.6	0.5
Q4	0.6	-0.1	-2.1	-0.6	1.1	2.5	1.1	4.5	0.3
2002 Q1	0.5	1.4	-2.3	0.0	0.8	2.3	1.2	1.8	-1.3

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	
1998	3.7	109.3	4.3	4.7	4.0	7.7	2.7	4.6	2.3	1.1	1.3	4.7
1999	2.1	111.4	2.0	2.1	1.9	2.5	1.6	1.3	1.7	1.4	4.2	2.0
2000	5.0	117.5	5.5	6.0	6.0	9.3	2.2	6.2	1.4	1.8	2.0	5.9
<i>Euro area enlargement</i>												
2001	0.0	117.8	0.2	0.0	-0.9	1.3	0.1	-2.7	0.7	0.9	-0.6	0.1
2001 Q2	0.4	118.3	0.8	0.8	0.3	1.9	0.4	-1.9	0.9	0.9	-0.9	0.8
Q3	-0.4	117.8	-0.4	-0.5	-1.4	0.1	0.2	-3.9	1.0	0.5	-0.4	-0.5
Q4	-3.2	115.7	-3.8	-4.8	-6.0	-4.9	-2.9	-7.5	-1.9	2.7	0.6	-4.7
2002 Q1	-2.6	116.4	-2.8	-3.5	-2.2	-7.0	-1.4	-7.5	-0.1	1.6	1.0	-3.7
Q2	.	.	.	.	.	.	.	.	.	.	.	.
2001 Aug.	0.7	118.5	1.1	1.1	-0.6	2.8	1.8	0.3	2.0	0.7	-0.8	1.1
Sep.	-0.7	117.9	-0.5	-0.7	-1.8	0.1	-0.2	-4.1	0.6	0.9	-0.3	-0.6
Oct.	-1.9	116.0	-2.6	-2.9	-3.5	-2.7	-2.2	-7.1	-1.2	-1.1	2.1	-2.9
Nov.	-3.3	115.3	-4.1	-5.0	-6.2	-5.2	-2.9	-7.4	-1.9	1.7	0.4	-5.0
Dec.	-4.3	115.6	-4.7	-6.6	-8.7	-6.7	-3.6	-8.1	-2.7	7.2	-0.9	-6.4
2002 Jan.	-2.4	116.0	-2.8	-3.7	-3.4	-6.6	-0.9	-7.4	0.4	2.5	2.0	-3.8
Feb.	-2.7	116.0	-3.3	-4.0	-2.8	-7.8	-1.4	-7.2	-0.2	1.3	1.8	-4.0
Mar.	-2.7	117.0	-2.3	-2.7	-0.5	-6.7	-1.7	-8.0	-0.3	1.0	-0.5	-3.3
Apr.	-1.4	116.3	-1.0	-1.4	-0.1	-3.2	-1.6	-6.3	-0.6	2.6	-3.5	-1.1
May	-2.6	116.2	-1.4	-1.7	0.2	-5.6	-0.9	-7.3	0.4	2.0	-6.9	-2.1
June	.	.	.	.	.	.	.	.	.	.	.	.

**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			Index 1995 = 100				Textiles, clothing, footwear	Household equipment		
13	14	15	16	17	18	19	20	21	22		
1998	108.0	3.7	104.5	3.0	2.1	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	972	5.4	
2000	116.3	4.2	109.9	2.4	2.0	2.4	1.9	5.1	952	-2.1	
<i>Euro area enlargement</i>											
2001	121.3	3.9	111.4	1.4	1.2	1.5	1.4	-0.2	970	-0.6	
2001 Q2	121.3	4.2	111.5	1.2	0.8	1.3	1.1	-0.3	1,006	1.8	
Q3	121.9	4.0	111.3	1.2	1.1	1.2	1.9	-0.8	954	-1.2	
Q4	122.4	3.4	111.9	1.3	1.3	1.2	0.3	-0.1	966	2.5	
2002 Q1	122.9	2.8	112.2	1.1	1.3	0.2	0.6	-2.0	914	-4.0	
Q2	.	.	.	.	.	.	.	.	915	-8.0	
2001 Aug.	122.3	4.5	112.0	2.0	2.1	1.4	0.0	1.0	961	-0.5	
Sep.	122.2	3.3	111.3	0.7	-0.4	1.2	5.3	-1.3	958	-1.3	
Oct.	121.5	3.3	110.8	0.7	1.7	0.9	-2.7	0.7	962	3.2	
Nov.	123.1	4.1	113.3	2.3	1.7	2.0	3.2	-0.3	969	3.3	
Dec.	122.6	2.8	111.6	0.9	0.6	0.6	0.4	-0.7	965	0.8	
2002 Jan.	122.3	2.3	111.7	0.3	0.4	-0.3	-0.9	-2.0	926	-2.4	
Feb.	123.0	3.3	112.1	1.6	1.6	0.6	0.7	-1.1	921	-3.2	
Mar.	123.5	2.7	112.8	1.4	1.9	0.3	2.0	-2.8	895	-6.1	
Apr.	123.2	2.3	111.7	0.7	1.1	0.2	1.0	-2.4	895	-8.0	
May	.	.	.	.	.	.	.	.	916	-6.7	
June	.	.	.	.	.	.	.	.	934	-9.2	

*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

## European Commission Business and Consumer Surveys

## 1. Economic sentiment indicator, manufacturing industry and consumer surveys

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Economic sentiment indicator <sup>1)2)</sup> (index 1995 = 100)	Manufacturing industry					Consumer confidence indicator <sup>1)</sup>				
		Industrial confidence indicator				Capacity utilisation <sup>3)</sup> (percentages)	Total <sup>4)</sup>	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total <sup>4)</sup>	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
1998	101.4	-1	-5	9	11	83.0	-5	2	-4	16	-2
1999	101.2	-7	-17	11	7	81.8	-4	3	-4	12	-1
2000	103.8	5	3	5	17	83.8	1	4	1	1	0
<i>Euro area enlargement</i>											
2001	101.0	-8	-13	13	3	83.2	-5	2	-9	13	0
2001 Q2	101.6	-5	-8	13	5	83.6	-2	3	-5	6	1
Q3	100.3	-10	-17	15	2	83.0	-8	1	-12	18	-2
Q4	98.9	-17	-27	17	-8	81.8	-11	1	-16	29	0
2002 Q1	99.3	-13	-26	14	0	80.8	-10	0	-11	26	-1
Q2	99.6	-10	-23	11	5	80.7	-9	0	-8	21	-5
2001 June	101.1	-7	-10	14	3	-	-3	2	-7	8	1
July	100.7	-9	-16	15	5	-	-6	2	-10	14	-1
Aug.	100.1	-10	-16	15	2	-	-8	1	-12	19	-3
Sep.	100.1	-11	-18	15	-1	-	-9	1	-13	21	-1
Oct.	99.2	-16	-25	16	-8	-	-10	2	-17	27	1
Nov.	98.6	-18	-28	18	-9	-	-12	1	-17	31	-1
Dec.	98.9	-17	-28	16	-7	-	-10	1	-14	28	0
2002 Jan.	99.1	-14	-28	14	-1	-	-11	0	-13	28	-1
Feb.	99.2	-14	-25	14	-2	-	-9	1	-10	26	-1
Mar.	99.5	-11	-24	13	4	-	-9	0	-9	25	-1
Apr.	99.4	-11	-25	12	5	-	-10	-1	-10	22	-5
May	99.9	-9	-22	10	5	-	-8	0	-7	21	-4
June	99.6	-10	-23	12	5	-	-9	0	-8	21	-5

## 2. Construction industry, retail trade and services surveys

(percentage balances, seasonally adjusted)

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator <sup>1)</sup>			
	Total <sup>4)</sup>	Order books	Employment expectations	Total <sup>4)</sup>	Present business situation	Volume of stocks	Expected business situation	Total <sup>4)</sup>	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
1998	-19	-25	-12	-3	-3	13	8	32	33	30	32
1999	-7	-14	1	-5	-5	15	4	27	25	24	31
2000	1	-6	8	-1	4	16	9	30	36	22	33
<i>Euro area enlargement</i>											
2001	-5	-10	1	-6	-4	16	3	15	17	8	21
2001 Q2	-3	-9	4	-6	-5	16	3	24	24	16	31
Q3	-7	-10	-3	-6	-5	16	3	14	18	6	19
Q4	-9	-14	-4	-9	-11	15	-2	-4	-5	-8	0
2002 Q1	-11	-17	-4	-14	-19	18	-4	4	4	-13	22
Q2	-11	-17	-4	-15	-21	18	-7	7	3	2	15
2001 June	-5	-11	2	-7	-6	17	3	23	24	17	29
July	-7	-10	-3	-4	0	16	3	17	21	10	21
Aug.	-8	-10	-6	-8	-7	16	0	14	17	4	20
Sep.	-5	-9	0	-6	-8	15	6	12	17	5	15
Oct.	-8	-12	-4	-9	-11	14	-1	-2	-3	-6	3
Nov.	-10	-14	-5	-9	-10	14	-3	-6	-7	-7	-4
Dec.	-9	-16	-2	-10	-12	17	-1	-5	-5	-11	1
2002 Jan.	-12	-19	-4	-11	-15	15	-4	1	1	-15	18
Feb.	-10	-17	-3	-15	-24	17	-3	3	3	-14	21
Mar.	-11	-16	-6	-15	-19	21	-6	9	9	-10	27
Apr.	-12	-17	-6	-15	-22	19	-5	8	5	1	19
May	-9	-16	-2	-15	-21	19	-6	8	5	2	16
June	-11	-17	-5	-16	-20	16	-11	4	-1	3	11

Source: European Commission Business and Consumer Surveys.

1) Data for all periods refer to the Euro 12.

2) The economic sentiment indicator is composed of the industrial, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40% and the three other indicators have a weight of 20% each.

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

4) The confidence indicators are calculated as simple averages of the components shown; the assessment of stocks (columns 4 and 17) and unemployment (column 10) are used with inverted signs for the calculation of confidence indicators.

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

	Employment						Unemployment			
	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	
1997	101.4	0.8	1.0	0.2	-0.2	1.4	13.946	10.9	9.4	21.9
1998	103.1	1.7	1.9	0.6	1.1	2.3	13.269	10.2	8.9	20.0
1999	105.0	1.8	2.2	-0.3	-0.2	2.7	12.253	9.3	8.2	18.0
2000	107.1	2.1	2.4	0.3	0.7	2.8	11.092	8.4	7.3	16.2
<i>Euro area enlargement</i>										
2001	108.4	1.3	1.6	-0.1	0.4	1.9	11.061	8.0	7.0	15.7
2001 Q1	108.1	1.9	2.1	0.5	1.2	2.4	11.040	8.0	7.0	15.7
Q2	108.3	1.4	1.6	0.2	0.6	1.9	10.980	8.0	7.0	15.6
Q3	108.4	1.1	1.4	-0.4	0.1	1.7	11.042	8.0	7.0	15.7
Q4	108.7	0.8	1.1	-0.6	-0.5	1.5	11.183	8.1	7.1	15.9
2002 Q1	108.8	0.7	0.9	-0.6	-0.9	1.6	11.362	8.2	7.2	16.2
2001 May	-	-	-	-	-	-	10.975	8.0	7.0	15.6
June	-	-	-	-	-	-	11.011	8.0	7.0	15.7
July	-	-	-	-	-	-	11.029	8.0	7.0	15.7
Aug.	-	-	-	-	-	-	11.031	8.0	7.0	15.7
Sep.	-	-	-	-	-	-	11.066	8.0	7.0	15.7
Oct.	-	-	-	-	-	-	11.140	8.1	7.0	15.8
Nov.	-	-	-	-	-	-	11.183	8.1	7.1	15.9
Dec.	-	-	-	-	-	-	11.225	8.1	7.1	16.0
2002 Jan.	-	-	-	-	-	-	11.302	8.2	7.1	16.1
Feb.	-	-	-	-	-	-	11.367	8.2	7.2	16.2
Mar.	-	-	-	-	-	-	11.416	8.2	7.2	16.3
Apr.	-	-	-	-	-	-	11.466	8.3	7.2	16.3
May	-	-	-	-	-	-	11.567	8.3	7.3	16.5

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup>					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		
1997	0.7	2.2	1.6	2.6	2.6	2.7	2.2	2.7	2.2	
1998	0.1	1.3	1.2	1.6	1.9	0.8	1.6	1.4	2.2	
1999	1.4	2.3	0.9	2.3	2.6	1.4	2.4	1.9	2.5	
2000	1.0	2.6	1.5	3.2	3.4	2.5	3.2	2.9	2.7	
2000 Q1	0.3	2.6	2.2	3.5	3.7	2.8	3.6	3.3	2.9	
Q2	0.3	2.2	1.8	3.3	3.4	2.6	3.2	2.8	2.8	
Q3	1.3	2.4	1.1	3.2	3.4	2.5	3.1	2.6	2.5	
Q4	1.7	2.3	0.7	3.0	3.2	2.1	2.8	2.9	2.5	
<i>Euro area enlargement</i>										
2001	2.6	2.7	0.1	3.4	3.6	2.6	3.2	3.2	3.1	
2001 Q1	2.0	2.5	0.5	3.4	3.8	2.3	3.2	3.3	3.4	
Q2	2.5	2.8	0.2	3.0	3.2	2.3	3.1	2.1	3.1	
Q3	2.6	2.7	0.2	3.7	3.9	3.1	3.6	3.7	3.2	
Q4	3.4	2.9	-0.4	3.3	3.5	2.7	2.9	3.6	2.8	
2002 Q1	3.9	3.0	-0.9	3.9	4.1	3.1	3.5	4.0	.	

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
1998 Q1	4,642.4	311.8	4,050.9	1,133.2	1,457.0	1,342.7	118.0	139.4	140.2	247.2
Q2	4,699.1	315.5	4,100.3	1,204.9	1,452.7	1,341.9	100.8	147.4	135.8	239.7
Q3	4,677.5	311.8	4,074.2	1,184.2	1,451.1	1,341.4	97.4	156.4	135.1	237.6
Q4	4,826.0	323.4	4,211.2	1,282.9	1,463.3	1,386.3	78.6	149.8	141.6	215.3
1999 Q1	4,676.2	318.6	4,075.8	1,239.1	1,464.6	1,306.2	66.0	133.4	148.4	243.9
Q2	4,702.5	324.8	4,114.2	1,321.8	1,418.3	1,315.7	58.4	125.0	138.4	242.7
Q3	4,713.8	328.3	4,112.8	1,324.6	1,416.5	1,313.1	58.7	133.3	139.4	238.6
Q4	4,860.0	350.8	4,215.1	1,370.9	1,457.7	1,323.5	63.0	142.0	152.1	229.7
2000 Q1	4,837.9	335.5	4,222.3	1,379.6	1,462.5	1,303.3	76.8	130.2	150.0	260.6
Q2	4,895.0	342.0	4,256.9	1,409.7	1,485.7	1,282.6	78.9	146.0	150.1	247.2
Q3	4,915.2	339.8	4,266.5	1,396.9	1,524.0	1,263.7	81.9	159.2	149.7	254.1
Q4	5,030.4	348.4	4,361.6	1,464.4	1,542.4	1,269.1	85.6	164.5	156.0	230.3
<i>Euro area enlargement</i>										
2001 Q1	5,146.2	336.3	4,502.3	1,446.1	1,625.7	1,314.6	115.9	150.3	157.2	259.8
Q2	5,243.2	333.0	4,586.7	1,526.1	1,621.2	1,321.1	118.3	165.5	158.0	269.9
Q3	5,233.6	309.6	4,615.9	1,547.9	1,609.5	1,333.7	124.7	147.8	160.3	266.4
Q4	5,365.8	239.7	4,819.5	1,689.7	1,616.3	1,396.3	117.2	139.0	167.6	297.7
2002 Q1	.	254.3	4,781.1	1,638.5	1,609.8	1,411.1	121.7	157.5	.	.

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1998 Q1	1,598.7	192.7	1,406.0	3,303.0	1,978.8	1,324.3	186.5	2,482.4	2,217.2	265.1
Q2	1,555.5	167.6	1,387.9	3,529.6	2,099.6	1,429.9	186.7	2,532.1	2,264.8	267.3
Q3	1,546.3	156.5	1,389.9	3,165.5	1,725.1	1,440.4	187.9	2,527.5	2,257.5	270.1
Q4	1,542.8	155.5	1,387.3	3,527.9	2,006.8	1,521.1	172.7	2,625.8	2,355.8	270.0
1999 Q1	1,587.4	137.1	1,450.4	3,746.7	2,116.4	1,630.3	194.8	2,690.6	2,411.0	279.6
Q2	1,508.0	127.6	1,380.5	4,005.9	2,273.8	1,732.2	211.6	2,760.8	2,479.2	281.6
Q3	1,514.5	116.9	1,397.6	4,055.4	2,315.3	1,740.1	210.8	2,803.4	2,519.1	284.3
Q4	1,556.3	143.2	1,413.1	4,646.0	2,811.8	1,834.1	203.9	2,950.1	2,662.4	287.7
2000 Q1	1,558.3	149.1	1,409.1	4,899.5	2,966.8	1,932.7	218.3	3,074.5	2,773.3	301.2
Q2	1,589.5	149.9	1,439.5	4,793.7	2,887.2	1,906.5	208.9	3,118.0	2,814.0	303.9
Q3	1,656.4	164.4	1,491.9	4,918.4	2,996.6	1,921.8	207.3	3,168.4	2,861.2	307.2
Q4	1,730.6	180.1	1,550.5	4,939.8	3,065.8	1,874.0	203.4	3,198.0	2,888.3	309.7
<i>Euro area enlargement</i>										
2001 Q1	1,827.5	239.1	1,588.4	4,662.5	2,818.5	1,844.0	228.5	3,248.1	2,925.1	323.0
Q2	1,838.4	219.4	1,619.0	4,725.3	2,861.7	1,863.6	235.3	3,301.7	2,976.4	325.3
Q3	1,867.7	224.7	1,643.0	4,084.2	2,336.2	1,747.9	256.0	3,275.7	2,947.2	328.5
Q4	1,885.4	221.3	1,664.1	4,461.7	2,618.9	1,842.8	263.5	3,372.7	3,038.7	333.9
2002 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

- 1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- 3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.
- 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	
1998 Q1	5,897.6	5,357.3	906.9	35.6	871.3	2,452.4	855.4	1,597.1	2,538.2	223.4	2,314.8	146.9
Q2	6,006.2	5,453.0	901.1	31.9	869.2	2,505.1	878.9	1,626.2	2,599.9	232.5	2,367.4	151.3
Q3	6,081.8	5,524.1	903.5	33.3	870.2	2,528.7	866.2	1,662.5	2,649.6	233.8	2,415.9	147.4
Q4	6,227.4	5,663.4	911.3	36.0	875.2	2,600.6	902.9	1,697.7	2,715.5	240.8	2,474.8	151.3
1999 Q1	6,267.5	5,682.7	903.5	36.3	867.2	2,597.4	921.4	1,676.1	2,766.5	251.8	2,514.8	156.8
Q2	6,432.3	5,817.5	900.8	39.0	861.8	2,689.5	964.2	1,725.3	2,842.0	255.6	2,586.4	183.3
Q3	6,498.4	5,886.6	885.9	37.9	848.0	2,704.7	943.7	1,761.0	2,907.8	255.4	2,652.4	191.4
Q4	6,669.0	6,039.5	900.8	42.1	858.7	2,795.7	979.8	1,815.9	2,972.5	264.1	2,708.4	201.4
2000 Q1	6,814.1	6,156.4	891.4	41.1	850.3	2,894.7	1,037.7	1,857.0	3,028.0	265.6	2,762.4	221.1
Q2	6,962.3	6,262.2	885.6	42.0	843.7	2,996.9	1,090.8	1,906.2	3,079.7	274.4	2,805.3	219.7
Q3	7,099.3	6,379.6	865.8	39.9	825.9	3,099.2	1,145.7	1,953.5	3,134.3	275.9	2,858.4	252.3
Q4	7,269.6	6,500.6	883.0	42.0	841.0	3,197.8	1,160.5	2,037.3	3,188.8	280.9	2,907.9	245.2
<i>Euro area enlargement</i>												
2001 Q1	7,452.1	6,672.1	897.2	41.7	855.5	3,318.7	1,237.3	2,081.4	3,236.2	279.2	2,957.0	257.3
Q2	7,552.7	6,762.5	880.4	42.3	838.1	3,388.7	1,259.8	2,129.0	3,283.5	285.0	2,998.5	296.2
Q3	7,622.3	6,806.4	873.6	45.3	828.4	3,427.8	1,238.5	2,189.3	3,320.9	280.5	3,040.3	265.5
Q4	7,725.8	6,898.8	890.7	50.1	840.6	3,469.2	1,219.4	2,249.8	3,365.9	282.5	3,083.4	284.1
2002 Q1		6,957.9										

	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	
1998 Q1	3,767.7	3,448.7	498.0	2,950.7	319.0	55.7	263.3	2,535.8	136.3	218.5
Q2	3,833.5	3,511.5	496.6	3,014.9	322.0	53.9	268.1	2,762.9	134.2	221.2
Q3	3,924.3	3,592.3	498.6	3,093.8	332.0	55.3	276.7	2,362.0	133.8	224.1
Q4	3,926.8	3,593.2	468.2	3,125.1	333.6	55.1	278.5	2,659.1	140.3	227.0
1999 Q1	3,971.5	3,636.0	466.9	3,169.2	335.5	66.0	269.5	2,734.3	146.9	229.7
Q2	3,954.5	3,613.2	459.3	3,153.9	341.2	66.6	274.6	2,955.3	136.6	232.6
Q3	3,933.5	3,579.1	449.7	3,129.5	354.4	74.9	279.5	2,948.2	137.6	235.5
Q4	3,893.8	3,530.1	421.1	3,109.0	363.7	78.2	285.5	3,959.9	149.8	238.7
2000 Q1	3,964.4	3,597.4	425.3	3,172.1	367.1	79.1	287.9	4,428.2	147.6	241.0
Q2	3,997.9	3,618.5	425.8	3,192.7	379.4	88.9	290.5	4,179.9	147.6	243.4
Q3	4,035.0	3,634.7	421.8	3,212.9	400.4	95.7	304.6	4,058.7	147.2	245.3
Q4	4,078.9	3,661.4	400.8	3,260.6	417.5	100.8	316.7	3,838.4	153.7	247.1
<i>Euro area enlargement</i>										
2001 Q1	4,252.9	3,796.7	429.5	3,367.2	456.1	113.0	343.1	3,568.9	154.7	249.3
Q2	4,310.7	3,829.8	440.9	3,388.9	480.9	124.2	356.7	3,577.4	155.2	251.5
Q3	4,387.7	3,891.2	450.1	3,441.1	496.5	138.2	358.3	2,826.5	155.4	253.7
Q4	4,396.3	3,881.0	434.5	3,446.4	515.4	137.0	378.3	3,281.0	165.5	253.1
2002 Q1										

Source: ECB.

- 1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- 3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.
- 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
1998 Q1	-45.9	-8.8	-24.3	-25.9	-11.2	20.1	-7.4	-14.5	1.6	29.5
Q2	52.2	3.6	45.0	68.1	-5.9	-0.5	-16.7	8.0	-4.4	-4.9
Q3	-14.6	-3.7	-19.1	-17.8	2.3	-0.4	-3.3	9.0	-0.7	2.8
Q4	148.6	11.6	137.1	98.1	13.0	44.9	-18.8	-6.6	6.5	-24.5
1999 Q1	-39.6	-5.2	-37.0	-19.4	-15.1	10.3	-12.7	-4.2	6.8	23.4
Q2	22.1	6.3	34.2	81.3	-48.9	9.4	-7.6	-8.4	-9.9	-4.3
Q3	12.9	3.4	0.2	3.5	-1.1	-2.6	0.3	8.3	1.0	-2.8
Q4	138.7	22.3	95.1	44.2	36.4	10.3	4.2	8.7	12.7	-14.2
2000 Q1	-28.9	-15.3	0.4	6.1	0.9	-20.4	13.7	-11.9	-2.1	26.3
Q2	52.6	6.7	30.0	31.9	17.8	-21.8	2.1	15.8	0.1	-12.8
Q3	6.4	-2.2	-4.2	-17.3	28.8	-18.5	2.9	13.3	-0.4	-1.7
Q4	128.4	8.6	108.3	71.4	27.3	5.7	3.8	5.3	6.3	-16.7
<i>Euro area enlargement</i>										
2001 Q1	-19.3	-19.8	14.8	-34.4	41.9	-6.1	13.4	-15.6	1.2	13.6
Q2	93.6	-3.3	81.0	77.1	-4.8	6.3	2.3	15.1	0.8	5.8
Q3	9.1	-23.4	47.8	25.4	3.0	13.0	6.5	-17.7	2.3	3.1
Q4	134.5	-69.9	206.0	141.7	9.3	62.5	-7.5	-8.8	7.2	11.5
2002 Q1	.	14.5	-36.6	-51.7	-4.1	14.8	4.4	19.1	.	.

	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
1998 Q1	-25.4	-10.3	-15.1	93.8	-5.3	99.1	7.3	68.0	55.6	12.4
Q2	-66.2	-24.9	-41.3	118.4	24.4	94.0	0.0	46.5	44.5	2.0
Q3	-12.7	-11.2	-1.5	100.1	14.3	85.8	1.0	42.9	40.2	2.6
Q4	-13.6	-2.2	-11.4	82.6	63.2	19.4	-16.1	49.5	47.5	2.0
1999 Q1	18.4	-12.8	31.2	103.8	2.3	101.6	2.9	64.2	58.1	6.0
Q2	-46.1	-11.1	-35.0	148.6	64.0	84.7	16.8	54.1	49.6	4.5
Q3	-7.3	-13.1	5.9	94.1	53.4	40.7	-0.4	56.9	52.2	4.7
Q4	53.4	21.4	32.0	-8.3	24.1	-32.4	-6.8	71.0	68.9	2.1
2000 Q1	-9.5	12.4	-21.9	-14.0	-61.0	47.0	12.9	76.6	70.6	6.0
Q2	41.6	0.3	41.3	71.7	52.6	19.0	-9.7	56.6	52.2	4.3
Q3	74.5	15.2	59.3	151.2	142.8	8.4	-1.8	56.4	51.9	4.5
Q4	16.0	5.3	10.6	222.1	184.0	38.1	-3.9	58.3	59.3	-0.9
<i>Euro area enlargement</i>										
2001 Q1	103.5	63.1	40.4	51.2	14.4	36.8	24.8	58.7	52.0	6.7
Q2	9.7	-21.3	31.1	45.6	41.2	4.4	6.3	55.8	51.6	4.2
Q3	35.7	2.3	33.4	46.5	22.5	24.0	20.0	52.0	46.0	6.0
Q4	3.0	-7.1	10.1	15.7	-14.0	29.7	7.1	70.7	65.2	5.4
2002 Q1	.	.	.	.	.	.	.	.	.	.

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).
- 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	
1998 Q1	70.9	43.7	-16.1	-18.6	2.5	57.6	28.6	28.9	29.4	-0.2	29.6	3.9
Q2	117.7	110.8	-6.0	-3.7	-2.4	56.2	22.3	33.9	67.5	9.1	58.5	6.4
Q3	80.1	81.3	2.5	1.4	1.2	26.9	-15.3	42.3	50.6	1.2	49.4	-0.7
Q4	160.4	151.2	8.5	2.8	5.8	75.9	37.3	38.5	76.0	7.1	68.9	3.5
1999 Q1	90.1	76.6	-7.5	0.3	-7.8	22.2	23.6	-1.4	75.4	9.2	66.2	1.9
Q2	164.5	133.1	-4.1	2.7	-6.8	89.7	41.2	48.5	78.9	3.9	75.0	23.9
Q3	68.8	71.5	-14.7	-1.1	-13.6	17.7	-16.7	34.4	65.8	-0.3	66.1	8.4
Q4	170.8	146.6	15.1	4.2	10.9	85.6	34.0	51.7	70.1	8.8	61.3	-7.0
2000 Q1	143.7	108.8	-7.9	-1.0	-7.0	93.5	54.9	38.7	58.1	1.6	56.5	15.1
Q2	162.5	118.4	-6.0	0.9	-6.9	113.8	61.2	52.6	54.7	8.8	46.0	-0.8
Q3	131.1	91.6	-16.3	-2.1	-14.2	97.0	53.3	43.7	50.4	-0.1	50.5	23.2
Q4	182.4	139.9	16.5	2.1	14.4	115.8	19.2	96.7	50.0	5.3	44.7	1.9
<i>Euro area enlargement</i>												
2001 Q1	92.8	77.7	-3.8	-0.5	-3.3	62.1	39.0	23.0	34.5	-5.2	39.7	9.2
Q2	102.9	87.4	-17.1	0.6	-17.7	64.3	20.8	43.5	55.7	5.8	49.9	33.5
Q3	83.3	58.7	-6.0	2.9	-8.9	50.6	-15.7	66.4	38.6	-4.2	42.8	-22.1
Q4	101.3	94.4	15.7	4.8	10.9	37.0	-18.8	55.8	48.6	2.1	46.5	4.4
2002 Q1	.	59.0	.	.	.	.	.	.	.	.	.	.

	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	
1998 Q1	69.6	58.7	-6.1	64.8	10.9	10.0	0.9	10.4	1.1	2.2
Q2	53.3	50.6	-1.3	51.9	2.7	-1.8	4.4	36.8	-2.1	2.2
Q3	61.3	54.0	2.1	52.0	7.3	1.6	5.7	10.1	-0.4	2.2
Q4	-10.5	-15.4	-31.0	15.6	4.8	0.5	4.4	40.1	6.4	1.9
1999 Q1	73.8	60.4	1.0	59.4	13.4	10.4	3.0	10.8	6.6	2.3
Q2	37.7	29.2	-7.5	36.7	8.5	0.6	7.9	34.4	-10.3	2.3
Q3	56.1	38.0	-10.7	48.7	18.2	8.3	9.8	35.4	1.0	2.3
Q4	-11.8	-19.5	-27.6	8.1	7.6	3.3	4.3	43.0	12.1	2.3
2000 Q1	61.4	59.5	10.0	49.5	1.9	0.6	1.3	18.0	-2.2	1.9
Q2	37.9	23.6	-1.0	24.6	14.3	10.3	4.0	28.3	0.0	1.9
Q3	50.0	26.0	-2.7	28.8	23.9	7.3	16.7	70.8	-0.4	1.9
Q4	-0.8	-17.6	-27.0	9.4	16.8	5.2	11.6	50.2	6.4	1.8
<i>Euro area enlargement</i>										
2001 Q1	76.6	39.1	32.4	6.8	37.5	10.9	26.5	53.7	1.1	2.2
Q2	86.0	60.2	10.7	49.6	25.7	11.1	14.7	45.1	0.4	2.2
Q3	49.1	30.4	8.8	21.7	18.7	14.0	4.7	16.3	0.2	2.2
Q4	8.2	-9.5	-22.1	12.5	17.7	-1.2	18.9	5.2	10.1	-0.5
2002 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

- 1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- 3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.
- 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 <sup>1)</sup>***(EUR billions (ECU billions to 1998), unless otherwise indicated)***1. All sectors in the euro area <sup>2)</sup>**

	Net acquisition of non-financial assets					Net acquisition of financial assets							
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Changes in inventories <sup>3)</sup>	Non-produced assets	Total	Monetary gold and SDRs	Currency and deposits	Securities other than shares <sup>4)</sup>	Loans	Shares and other equity	Insurance technical reserves	Other investment (net) <sup>5)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13
1995	361.6	1,092.5	-757.5	26.4	0.1	1,528.9	0.7	485.2	222.0	421.1	164.6	201.1	34.2
1996	335.6	1,121.7	-788.1	1.6	0.4	1,730.0	-3.0	395.0	398.5	384.5	312.5	193.6	48.9
1997	348.3	1,138.2	-800.8	10.8	0.0	1,913.4	-0.2	393.6	332.4	446.0	484.3	222.1	35.4
1998	407.4	1,201.9	-827.8	33.1	0.2	2,371.1	11.0	430.2	362.2	512.3	815.1	209.6	30.8
1999	446.8	1,291.4	-866.4	21.6	0.2	3,034.7	1.3	551.6	387.3	881.5	912.2	253.7	47.1
2000	488.2	1,387.0	-918.7	36.4	-16.4	2,773.8	1.3	347.3	215.2	803.2	1,102.2	250.8	53.7
<i>Euro area enlargement</i>													
2001	467.1	1,434.2	-965.2	-2.3	0.5	2,454.4	-0.5	535.0	489.7	660.8	568.6	244.1	-43.3

	Changes in net worth <sup>6)</sup>				Net incurrence of liabilities					
	Total	Gross saving	Consumption of fixed capital (-)	Net capital transfers receivable	Total	Currency and deposits	Securities other than shares <sup>4)</sup>	Loans	Shares and other equity	Insurance technical reserves
	14	15	16	17	18	19	20	21	22	23
1995	407.7	1,158.3	-757.5	6.8	1,482.8	478.6	277.7	381.0	139.9	205.6
1996	407.7	1,188.7	-788.1	7.1	1,657.9	472.4	378.3	335.2	275.8	196.2
1997	453.4	1,241.4	-800.8	12.8	1,808.3	509.3	319.2	375.5	374.4	229.8
1998	482.6	1,298.8	-827.8	11.6	2,295.9	645.9	322.6	474.2	633.7	219.4
1999	501.5	1,358.9	-866.4	8.9	2,980.1	923.3	492.8	751.0	551.5	261.6
2000	522.6	1,434.0	-918.7	7.3	2,739.4	535.9	401.6	834.4	712.0	255.5
<i>Euro area enlargement</i>										
2001	513.7	1,470.6	-965.2	8.3	2,407.9	617.0	441.8	606.7	487.7	254.6

**2. Non-financial corporations**

	Net acquisition of non-financial assets			Net acquisition of financial assets					Changes in net worth <sup>6)</sup>		Net incurrence of liabilities			
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Total	Currency and deposits	Securities other than shares <sup>4)</sup>	Loans	Shares and other equity	Total	Gross saving	Total	Securities other than shares <sup>4)</sup>	Loans	Shares and other equity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	152.7	551.7	-422.9	220.3	33.4	10.0	39.9	64.5	233.1	511.6	140.0	-87.3	126.0	90.6
1996	135.5	571.9	-439.0	262.2	54.4	-13.8	55.4	85.9	121.9	518.3	275.8	6.8	144.2	117.2
1997	156.0	598.0	-454.0	241.8	24.4	-12.7	46.1	94.4	109.1	527.5	288.7	12.1	154.2	112.9
1998	201.3	642.8	-471.9	418.5	55.0	-9.7	87.8	199.9	144.7	572.1	475.1	25.8	243.6	197.1
1999	218.5	689.1	-492.4	596.8	24.6	33.6	177.0	303.3	109.4	555.1	705.9	47.7	415.7	227.8
2000	317.6	755.9	-525.3	811.0	75.8	41.3	164.5	412.2	94.3	576.9	1,034.3	56.9	553.6	419.6
<i>Euro area enlargement</i>														
2001	219.1	777.1	-558.5	574.3	94.0	45.7	141.5	219.0	78.2	590.5	715.2	99.6	350.9	257.9

**3. Households <sup>7)</sup>**

	Net acquisition of non-financial assets			Net acquisition of financial assets					Changes in net worth <sup>6)</sup>		Net incurrence of liabilities		Memo:	
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Total	Currency and deposits	Securities other than shares <sup>4)</sup>	Shares and other equity	Insurance technical reserves	Total	Gross saving	Total	Loans	Disposable income	Gross saving ratio <sup>8)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1995	157.2	367.9	-213.2	431.6	185.2	82.4	1.2	178.6	451.8	624.8	136.9	135.9	3,445.0	18.1
1996	154.9	377.5	-223.0	439.4	145.6	24.4	93.6	189.0	433.0	637.9	161.3	160.1	3,520.0	18.1
1997	152.0	368.0	-217.0	426.2	69.1	-18.8	195.8	215.8	409.7	605.2	168.5	167.1	3,613.2	16.7
1998	158.6	378.2	-223.0	450.3	95.5	-115.4	289.7	204.3	396.2	585.8	212.7	211.4	3,727.3	15.7
1999	173.6	410.3	-236.0	486.9	115.3	-14.0	205.8	241.3	390.1	581.7	270.4	268.9	3,854.5	15.1
2000	182.7	430.4	-249.1	418.2	48.5	76.5	129.1	243.4	383.6	590.3	217.3	215.6	4,004.4	14.7
<i>Euro area enlargement</i>														
2001	188.9	446.6	-255.8	407.2	150.5	99.3	76.3	229.3	416.4	627.7	179.8	177.9	4,185.2	15.0

Source: ECB.

1) Non-consolidated data.

2) All sectors comprise general government (S.13), non-financial corporations (S.11), financial corporations (S.12) and households (S.14) including non-profit institutions serving households (S.15).

3) Including net acquisition of valuables.

4) Excluding financial derivatives.

5) Financial derivatives, other accounts receivable/payable and statistical discrepancies.

6) Arising from saving and net capital transfers receivable, after allowance for consumption of fixed capital (-).

7) Including non-profit institutions serving households.

8) Gross saving as a percentage of disposable income.

# 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	Employers		Employees	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	
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	47.6	47.1	11.6	9.5	2.0	13.5	0.8	17.5	8.5	5.4	2.5	0.5	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	8.8	5.5	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	43.3	
1999	48.3	47.7	12.8	10.1	2.6	14.3	0.6	16.4	8.5	4.9	2.4	0.6	0.3	43.9	
2000	47.9	47.4	13.0	10.1	2.7	14.2	0.6	16.2	8.5	4.9	2.4	0.5	0.3	43.7	
<i>Euro area enlargement</i>															
2001	47.4	46.8	12.7	9.9	2.5	14.0	0.6	16.1	8.4	4.8	2.3	0.6	0.3	43.0	

### 2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure <sup>4)</sup>	
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>		Subsidies						Paid by EU institutions
							Social payments <sup>3)</sup>	Subsidies							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1992	52.3	47.6	11.4	5.0	5.7	25.6	21.9	2.3	0.5	4.7	3.2	1.5	0.0	46.6	
1993	53.7	49.2	11.6	5.2	5.9	26.6	22.8	2.4	0.6	4.6	3.1	1.5	0.0	47.9	
1994	52.7	48.3	11.3	5.0	5.5	26.5	22.9	2.3	0.6	4.3	2.9	1.4	0.0	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	50.9	47.1	11.0	4.8	5.1	26.2	23.1	2.1	0.6	3.7	2.4	1.3	0.1	45.8	
1998	49.9	46.0	10.7	4.7	4.7	25.9	22.6	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	25.8	22.6	2.0	0.5	4.1	2.5	1.6	0.1	45.3	
2000	48.8	44.8	10.5	4.7	4.0	25.5	22.3	1.9	0.5	4.0	2.5	1.5	0.0	44.7	
<i>Euro area enlargement</i>															
2001	48.6	44.5	10.5	4.7	3.9	25.4	22.3	1.9	0.5	4.1	2.5	1.6	0.0	44.7	

### 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
1992	-4.9	-4.3	-0.3	-0.2	0.0	0.8	20.8	11.4	5.0	4.9	1.8	-2.4	8.7	12.0
1993	-5.7	-5.0	-0.4	-0.2	-0.1	0.1	21.2	11.6	5.2	5.0	1.9	-2.5	8.9	12.2
1994	-5.1	-4.4	-0.5	-0.2	0.0	0.4	20.8	11.3	5.0	5.0	1.8	-2.5	8.6	12.1
1995	-5.0	-4.2	-0.5	-0.1	-0.3	0.7	20.5	11.2	4.8	5.1	1.8	-2.5	8.4	12.1
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	4.8	5.1	1.8	-2.5	8.5	12.1
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.4	11.0	4.8	5.1	1.8	-2.5	8.4	12.0
1998	-2.2	-2.2	-0.2	0.1	0.1	2.5	20.0	10.7	4.7	5.1	1.7	-2.5	8.1	11.9
1999	-1.3	-1.6	-0.1	0.0	0.4	2.9	20.0	10.7	4.7	5.1	1.7	-2.4	8.2	11.9
2000	-0.8	-1.3	-0.1	0.1	0.5	3.2	19.9	10.5	4.7	5.1	1.7	-2.4	8.1	11.8
<i>Euro area enlargement</i>														
2001	-1.3	-1.5	-0.4	0.1	0.4	2.6	19.9	10.5	4.7	5.1	1.7	-2.3	8.0	11.9

### 4. Euro area countries – deficit (-) / surplus (+) <sup>6)</sup>

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1998	-0.8	-2.2	-2.4	-2.6	-2.7	2.3	-2.8	3.2	-0.8	-2.4	-2.3	1.3
1999	-0.6	-1.6	-1.7	-1.1	-1.6	2.3	-1.8	3.8	0.4	-2.2	-2.2	1.9
2000	0.1	1.2	-0.8	-0.3	-1.3	4.5	-0.5	5.8	2.2	-1.5	-1.5	7.0
2001	0.2	-2.7	0.1	0.0	-1.4	1.7	-2.2	5.0	0.2	0.1	-4.1	4.9

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

- 1) Revenue, expenditure and deficit / surplus based on the ESA 95, but the figures exclude proceeds from the sale of UMTS licences in 2000 (the euro area deficit / surplus including those proceeds is equal to 0.2). 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.
- 6) Including proceeds from the sale of UMTS licences.

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

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFI's	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1992	61.0	2.6	16.2	10.1	32.0	50.3	26.4	7.6	16.3	10.7
1993	67.3	2.7	17.0	10.0	37.6	52.6	27.6	8.7	16.3	14.8
1994	70.0	2.9	16.1	10.3	40.6	55.8	29.8	9.9	16.1	14.2
1995	74.2	2.9	17.7	9.9	43.8	58.3	30.5	11.0	16.9	15.9
1996	75.5	2.9	17.2	9.9	45.5	58.9	30.3	13.2	15.5	16.5
1997	74.9	2.8	16.3	8.9	46.8	56.9	29.0	14.4	13.5	17.9
1998	73.1	2.8	15.2	7.9	47.3	53.3	27.0	16.2	10.2	19.8
1999	72.0	2.9	14.2	6.9	48.1	49.7	25.3	14.8	9.6	22.3
2000	69.5	2.7	13.0	6.2	47.6	46.0	22.9	13.4	9.7	23.6
<i>Euro area enlargement</i>										
2001	69.1	2.6	12.5	6.3	47.7	45.0	22.3	12.2	10.5	24.1

**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
1992	61.0	49.8	4.7	6.1	0.4	12.3	48.7	6.4	17.8	21.1	22.1	59.7	2.2	1.3
1993	67.3	55.3	5.2	6.3	0.6	12.0	55.3	6.7	18.5	24.4	24.4	65.6	2.9	1.7
1994	70.0	57.9	5.4	6.1	0.5	11.2	58.8	7.4	16.6	26.7	26.7	68.1	3.0	1.9
1995	74.2	61.7	5.7	6.0	0.8	10.6	63.6	6.9	17.6	26.4	30.2	72.4	2.9	1.9
1996	75.5	63.0	6.1	5.9	0.5	10.2	65.2	6.3	19.3	25.5	30.8	73.5	2.7	1.9
1997	74.9	62.4	6.3	5.6	0.6	8.8	66.1	6.0	18.6	25.4	30.8	72.9	2.8	2.0
1998	73.1	61.1	6.3	5.4	0.4	7.7	65.5	5.5	16.4	26.1	30.7	71.4	3.2	1.7
1999	72.0	60.1	6.2	5.3	0.3	6.3	65.7	5.1	14.5	26.8	30.6	70.1	-	1.8
2000	69.5	58.0	6.1	5.1	0.3	5.5	64.0	4.5	14.5	27.5	27.6	67.7	-	1.8
<i>Euro area enlargement</i>														
2001	69.1	57.6	6.2	5.0	0.3	5.7	63.4	3.3	.	.	.	67.4	-	1.7

**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
1998	119.3	60.9	105.0	64.6	59.5	55.1	116.4	6.3	66.8	63.9	54.8	48.8
1999	115.0	61.3	103.8	63.1	58.5	49.6	114.5	6.0	63.1	64.9	54.2	46.8
2000	109.3	60.3	103.9	60.4	57.4	39.0	110.6	5.6	56.0	63.6	53.4	44.0
2001	107.5	59.8	102.6	57.2	57.2	36.3	109.8	5.5	52.9	62.9	55.4	43.6

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
1992	6.7	5.6	0.4	0.7	0.1	0.1	1.1	1.0	4.5	4.8	3.1	0.7	1.9
1993	8.0	7.5	0.3	0.1	0.1	0.2	1.2	0.1	6.5	3.6	2.0	1.3	4.4
1994	6.0	5.2	0.2	0.7	0.0	0.4	-0.1	0.9	4.9	5.9	3.6	1.7	0.2
1995	7.8	5.5	0.2	2.2	-0.2	0.2	2.3	0.0	5.2	5.3	2.2	1.5	2.4
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.1	0.4	3.2	2.6	0.8	2.6	1.2
1997	2.3	2.4	0.2	-0.2	0.0	0.0	-0.2	-0.6	3.1	0.2	-0.1	1.8	2.0
1998	1.6	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.0	-0.8	2.4	2.7
1999	1.6	1.3	0.3	0.0	0.0	0.2	-0.4	-0.7	2.5	-1.7	-0.7	-0.7	3.2
2000	0.8	0.8	0.1	-0.1	0.0	0.0	-0.5	-0.3	1.7	-1.5	-1.2	-0.8	2.3
<i>Euro area enlargement</i>													
2001	1.5	1.5	0.0	0.0	0.0	0.0	-0.2	0.4	1.3	0.5	0.0	-0.4	1.0

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

	Change in debt	Deficit (-) / surplus (+) <sup>8)</sup>	Deficit-debt adjustment <sup>9)</sup>											Other <sup>11)</sup>
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Securities <sup>10)</sup>	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1992	6.7	-4.9	1.8	0.7	0.1	0.1	0.3	0.2	-0.1	0.2	0.4	0.3	0.7	0.0
1993	8.0	-5.7	2.3	1.5	1.3	0.2	0.3	-0.2	-0.3	0.1	0.3	0.3	0.1	0.3
1994	6.0	-5.1	0.9	0.0	-0.2	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	0.1
1995	7.8	-5.0	2.7	0.6	0.1	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.8	-4.3	-0.5	-0.1	-0.1	0.0	0.0	-0.1	-0.3	0.2	-0.2	-0.2	0.1	-0.2
1997	2.3	-2.6	-0.3	-0.5	0.2	-0.1	-0.1	-0.5	-0.8	0.3	0.2	0.2	-0.2	0.3
1998	1.6	-2.2	-0.6	-0.5	0.2	0.0	0.0	-0.7	-0.8	0.3	-0.2	0.0	0.0	0.1
1999	1.6	-1.3	0.3	-0.2	0.3	0.1	0.1	-0.7	-0.9	0.2	0.3	0.2	0.0	0.1
2000	0.8	0.2	1.1	1.0	0.7	0.2	0.1	-0.1	-0.4	0.2	0.1	0.0	-0.1	0.0
<i>Euro area enlargement</i>														
2001	1.5	-1.3	0.3	-0.3	-0.6	0.1	0.1	0.0	-0.3	0.2	0.0	0.0	0.0	0.6

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**

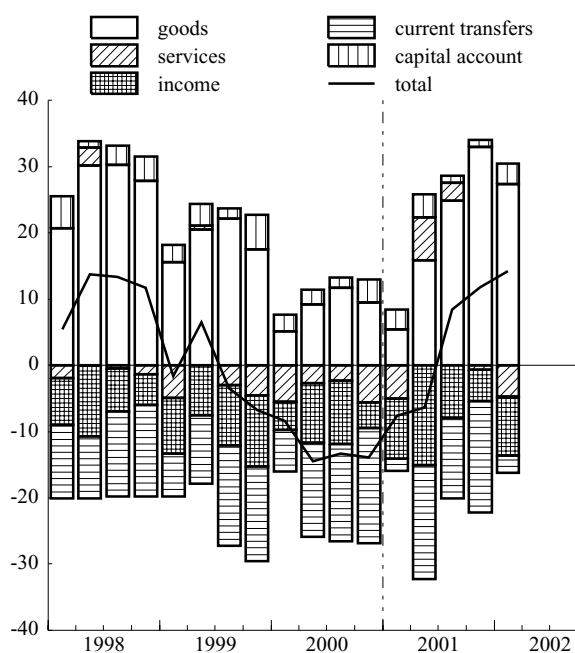
### Summary balance of payments <sup>1) 2)</sup>

(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	62.1	116.4	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.9	109.0	-1.1	-28.8	-47.2	12.4	-68.4	-81.3	-110.0	-8.2	123.0	8.2	24.1
1999	-18.3	75.6	-11.9	-35.7	-46.3	12.9	10.9	-118.1	-45.7	4.5	160.1	10.1	-5.5
2000	-59.9	35.6	-16.1	-26.7	-52.6	9.7	93.4	17.6	-111.5	-1.7	171.5	17.6	-43.2
<i>Euro area enlargement</i>													
2001	-2.3	79.2	3.5	-36.8	-48.2	8.5	-72.3	-103.3	36.4	-20.6	-2.7	17.8	66.1
2001 Q1	-10.5	5.5	-5.0	-9.1	-1.9	2.9	30.6	-40.6	-38.5	-2.0	102.2	9.5	-23.0
Q2	-9.9	15.9	6.5	-15.1	-17.2	3.5	-12.0	-51.7	25.7	0.7	10.8	2.5	18.4
Q3	7.4	24.8	2.7	-7.9	-12.2	1.0	-55.2	-22.4	49.6	-12.0	-72.8	2.5	46.7
Q4	10.7	33.0	-0.7	-4.7	-16.9	1.1	-35.8	11.5	-0.4	-7.2	-42.9	3.3	24.0
2002 Q1	11.1	27.4	-4.7	-8.9	-2.6	3.1	-28.3	-16.8	-54.8	0.3	46.1	-3.1	14.1
2001 Mar.	-0.6	6.0	-1.5	-1.0	-4.0	0.1	20.6	-33.2	6.6	3.3	41.2	2.7	-20.1
Apr.	-6.7	3.1	1.6	-7.0	-4.5	2.2	11.7	0.8	-19.2	1.7	21.4	7.0	-7.1
May	-2.2	4.4	2.8	-3.9	-5.4	0.5	-9.6	-41.5	15.1	3.6	16.8	-3.6	11.3
June	-1.0	8.4	2.1	-4.2	-7.3	0.8	-14.0	-11.0	29.8	-4.6	-27.4	-0.8	14.2
July	-0.2	10.9	1.5	-7.1	-5.4	0.4	-20.3	-1.5	3.2	-7.4	-14.5	0.0	20.0
Aug.	6.0	7.8	0.9	0.3	-3.0	0.6	-11.3	-7.0	2.4	-3.6	-7.2	4.1	4.7
Sep.	1.6	6.1	0.4	-1.1	-3.8	0.1	-23.6	-13.9	44.0	-1.0	-51.1	-1.6	22.0
Oct.	4.6	11.9	0.6	-2.4	-5.5	0.3	-23.0	3.8	-0.7	-2.7	-20.7	-2.6	18.2
Nov.	3.3	9.9	-1.1	-0.1	-5.4	0.2	-8.4	10.8	16.5	-2.9	-32.8	0.0	4.9
Dec.	2.8	11.2	-0.2	-2.2	-6.0	0.6	-4.3	-3.0	-16.2	-1.6	10.7	5.9	0.9
2002 Jan.	0.4	3.8	-2.5	-6.6	5.6	2.5	-50.0	-1.6	-41.8	2.5	-3.7	-5.3	47.1
Feb.	3.7	10.0	-1.8	-0.6	-3.8	0.2	6.4	-8.4	-14.3	1.4	25.2	2.5	-10.3
Mar.	7.1	13.6	-0.4	-1.7	-4.4	0.3	15.3	-6.8	1.3	-3.6	24.6	-0.2	-22.7
Apr.	-5.8	8.2	-0.1	-7.9	-6.0	1.3	-1.1	7.7	11.5	2.1	-30.8	8.3	5.6
May	0.1	9.2	2.8	-6.4	-5.5	1.1	4.9	5.1	32.0	-1.9	-32.4	2.1	-6.1

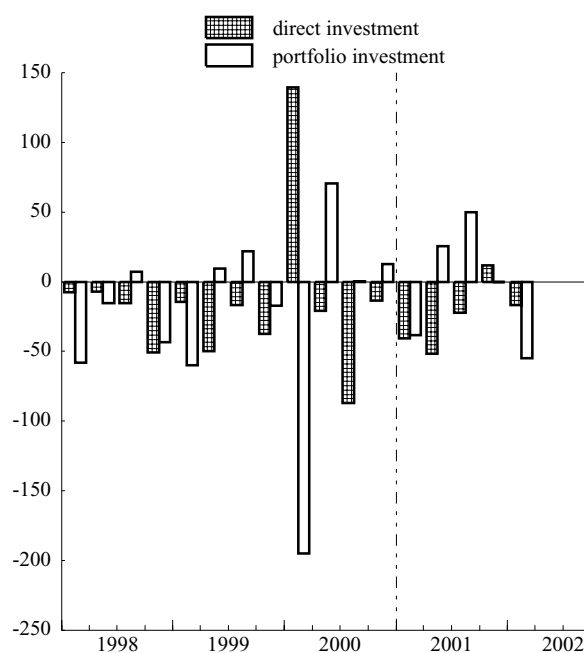
### Current and capital accounts

(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 <sup>12</sup>	Debit <sup>13</sup>
	Credit <sup>1</sup>	Debit <sup>2</sup>	Net <sup>3</sup>	Credit <sup>4</sup>	Debit <sup>5</sup>	Credit <sup>6</sup>	Debit <sup>7</sup>	Credit <sup>8</sup>	Debit <sup>9</sup>	Credit <sup>10</sup>	Debit <sup>11</sup>		
1997	1,218.5	1,156.3	62.1	754.6	638.3	214.2	211.0	189.5	204.7	60.1	102.3	18.9	5.9
1998	1,277.7	1,245.8	31.9	784.4	675.4	231.9	233.0	198.5	227.3	63.0	110.1	17.7	5.3
1999	1,334.5	1,352.7	-18.3	818.1	742.5	244.5	256.4	207.0	242.7	64.8	111.1	19.1	6.3
2000	1,597.6	1,657.5	-59.9	986.8	951.3	279.5	295.7	264.0	290.7	67.2	119.9	18.3	8.7
<i>Euro area enlargement</i>													
2001	1,717.2	1,719.4	-2.3	1,038.3	959.1	318.7	315.2	285.5	322.3	74.8	122.9	16.4	7.9
2001 Q1	423.3	433.9	-10.5	254.5	249.0	68.7	73.7	70.6	79.6	29.6	31.5	4.4	1.5
Q2	435.1	444.9	-9.9	262.7	246.8	83.0	76.5	74.4	89.5	15.0	32.2	5.3	1.8
Q3	424.7	417.3	7.4	255.1	230.3	86.0	83.2	69.0	76.9	14.7	26.9	2.7	1.7
Q4	434.1	423.4	10.7	266.0	233.0	81.0	81.7	71.5	76.2	15.5	32.4	4.0	3.0
2002 Q1	413.6	402.5	11.1	253.0	225.6	71.7	76.4	58.2	67.1	30.8	33.4	4.6	1.5
2001 Mar.	147.8	148.5	-0.6	92.4	86.4	23.9	25.4	25.4	26.4	6.1	10.2	0.7	0.5
Apr.	138.7	145.4	-6.7	83.6	80.5	26.3	24.6	23.0	30.0	5.8	10.3	2.6	0.4
May	148.3	150.5	-2.2	89.0	84.7	28.3	25.6	26.0	29.9	4.9	10.3	1.4	1.0
June	148.1	149.1	-1.0	90.0	81.6	28.4	26.3	25.4	29.6	4.3	11.6	1.3	0.4
July	153.2	153.4	-0.2	91.7	80.8	30.8	29.3	25.7	32.8	5.1	10.5	1.0	0.6
Aug.	136.8	130.8	6.0	82.1	74.3	29.1	28.2	21.3	21.0	4.4	7.4	1.1	0.5
Sep.	134.7	133.1	1.6	81.3	75.2	26.1	25.8	22.0	23.1	5.2	9.0	0.6	0.5
Oct.	149.6	145.0	4.6	95.1	83.2	28.0	27.4	21.9	24.3	4.6	10.1	1.0	0.7
Nov.	138.8	135.5	3.3	89.3	79.4	24.6	25.7	20.1	20.2	4.7	10.2	0.9	0.6
Dec.	145.7	142.9	2.8	81.6	70.4	28.5	28.7	29.5	31.7	6.2	12.1	2.2	1.7
2002 Jan.	141.5	141.2	0.4	79.2	75.4	24.1	26.6	20.8	27.5	17.4	11.8	3.0	0.5
Feb.	131.5	127.9	3.7	82.5	72.5	22.7	24.5	19.3	19.9	7.1	10.9	0.8	0.6
Mar.	140.5	133.4	7.1	91.3	77.7	24.9	25.3	18.1	19.7	6.3	10.7	0.8	0.5
Apr.	136.1	141.9	-5.8	86.1	77.9	25.8	25.9	19.6	27.5	4.7	10.7	1.9	0.6
May	140.8	140.7	0.1	86.7	77.6	28.0	25.2	21.0	27.4	5.1	10.5	1.5	0.4

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

	Current account										
	Total			Goods		Services		Income		Current transfers	
	Credit <sup>1</sup>	Debit <sup>2</sup>	Net <sup>3</sup>	Credit <sup>4</sup>	Debit <sup>5</sup>	Credit <sup>6</sup>	Debit <sup>7</sup>	Credit <sup>8</sup>	Debit <sup>9</sup>	Credit <sup>10</sup>	Debit <sup>11</sup>
2000 Q1	371.1	378.7	-7.6	229.3	217.2	65.6	68.7	59.8	65.4	16.4	27.4
Q2	387.3	407.2	-19.8	241.5	231.8	67.3	72.6	60.9	70.0	17.7	32.7
Q3	410.5	426.4	-16.0	252.9	245.0	71.6	74.2	70.2	79.0	15.8	28.2
Q4	431.7	449.5	-17.8	264.8	259.8	75.5	80.9	73.8	76.8	17.5	32.1
<i>Euro area enlargement</i>											
2001 Q1	428.7	435.8	-7.2	260.8	245.5	76.4	77.0	72.4	83.6	19.0	29.7
Q2	431.5	438.0	-6.5	263.5	246.3	80.7	78.1	68.9	80.5	18.3	33.1
Q3	432.5	427.1	5.4	260.0	239.4	80.4	80.1	73.4	79.3	18.8	28.3
Q4	423.6	413.9	9.7	254.9	227.0	79.6	78.2	70.7	77.3	18.3	31.4
2002 Q1	398.1	390.1	8.0	258.9	227.2	77.7	79.5	42.2	52.1	19.3	31.2
2001 Mar.	141.0	145.7	-4.6	86.1	81.1	25.0	25.8	23.6	27.6	6.2	11.2
Apr.	144.3	147.0	-2.7	86.9	82.8	27.3	25.9	22.9	27.3	7.2	10.9
May	145.7	145.0	0.7	88.4	81.4	27.1	25.8	24.7	27.0	5.5	10.8
June	141.5	146.0	-4.5	88.2	82.1	26.4	26.3	21.4	26.1	5.6	11.5
July	146.5	148.6	-2.1	86.7	81.5	27.3	27.2	26.3	29.2	6.1	10.7
Aug.	146.7	140.7	6.0	89.1	80.0	27.0	27.1	24.5	25.8	6.1	7.8
Sep.	139.4	137.8	1.6	84.1	77.9	26.1	25.8	22.6	24.3	6.6	9.8
Oct.	141.7	138.0	3.7	85.7	76.7	26.3	25.7	23.3	25.3	6.4	10.4
Nov.	138.7	135.8	2.9	84.8	75.5	25.6	26.1	22.4	23.8	6.0	10.4
Dec.	143.2	140.1	3.1	84.4	74.9	27.7	26.4	25.1	28.2	6.0	10.6
2002 Jan.	133.8	132.6	1.2	83.7	74.4	26.8	26.9	16.2	22.3	7.1	9.0
Feb.	130.7	128.1	2.6	85.3	75.5	25.1	26.4	14.6	15.2	5.8	11.0
Mar.	133.6	129.4	4.2	89.9	77.4	25.8	26.2	11.4	14.6	6.4	11.2
Apr.	134.3	138.3	-4.0	82.8	75.7	26.1	26.7	19.6	24.5	5.8	11.4
May	138.2	136.9	1.3	86.1	75.0	26.7	25.5	19.6	25.0	5.8	11.5

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	207.0	242.7	12.6	5.0	194.4	237.7	42.7	50.3	64.1	101.5	87.7	85.9
2000	264.0	290.7	13.2	5.4	250.8	285.2	57.4	59.3	74.6	106.9	118.7	119.0
<i>Euro area enlargement</i>												
2001	285.5	322.3	13.5	5.8	272.0	316.4	68.6	67.2	84.1	117.7	119.2	131.6
2001 Q1	70.6	79.6	3.3	1.1	67.2	78.5	15.6	15.4	17.8	26.3	33.8	36.8
Q2	74.4	89.5	3.4	1.5	71.0	88.0	18.8	15.4	21.5	39.4	30.7	33.3
Q3	69.0	76.9	3.3	1.7	65.6	75.2	15.1	15.1	22.4	29.1	28.1	31.0
Q4	71.5	76.2	3.4	1.6	68.1	74.7	19.1	21.2	22.3	22.9	26.6	30.6
2002 Q1	58.2	67.1	3.4	1.2	54.8	65.9	11.2	12.4	19.1	27.6	24.5	25.9

	Income on direct investment				Income on portfolio investment			
	Equity		Debt		Equity		Debt	
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Credit 19	Debit 20
1999	36.2	46.1	6.4	4.2	9.5	34.0	54.6	67.5
2000	47.4	52.2	10.0	7.1	14.2	30.6	60.5	76.3
<i>Euro area enlargement</i>								
2001	58.4	58.9	10.2	8.3	16.5	38.8	67.7	78.9
2001 Q1	13.1	13.0	2.5	2.4	2.4	7.0	15.4	19.4
Q2	16.2	13.0	2.6	2.4	5.3	17.1	16.2	22.3
Q3	12.9	13.5	2.2	1.7	3.9	8.6	18.5	20.5
Q4	16.1	19.4	3.0	1.8	4.8	6.2	17.5	16.7
2002 Q1	9.1	11.1	2.1	1.3	4.4	7.2	14.7	20.4

*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	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Total	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
		Total	MFIs <sup>2)</sup>	Non-MFIs	Total	MFIs <sup>2)</sup>	Non-MFIs		Total	MFIs <sup>2)</sup>	Non-MFIs	Total	MFIs <sup>2)</sup>	Non-MFIs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1997	-93.1	.	.	.	.	.	48.6	.	.	.	.	.	.	
1998	-172.8	.	.	.	.	.	91.5	.	.	.	.	.	.	
1999	-315.6	-234.7	-22.6	-212.1	-81.0	-1.7	-79.3	197.5	144.2	3.6	140.6	53.3	0.2	53.1
2000	-382.4	-283.6	-24.7	-258.9	-98.7	-2.2	-96.5	400.0	296.4	11.7	284.7	103.6	0.2	103.5
<i>Euro area enlargement</i>														
2001	-225.5	-139.8	-12.3	-127.4	-85.8	-0.7	-85.1	122.3	77.8	7.0	70.8	44.5	0.4	44.0
2001 Q1	-65.4	-26.5	-4.6	-21.8	-38.9	-0.1	-38.8	24.7	28.7	-0.6	29.3	-4.0	0.3	-4.4
Q2	-80.6	-59.2	-5.0	-54.2	-21.4	-0.2	-21.2	28.9	16.4	-0.2	16.6	12.4	-0.1	12.5
Q3	-46.6	-28.0	-0.9	-27.1	-18.5	-0.4	-18.2	24.1	15.7	-0.9	16.5	8.5	0.0	8.4
Q4	-33.0	-26.0	-1.8	-24.3	-7.0	-0.1	-6.9	44.5	17.0	8.6	8.4	27.6	0.1	27.5
2002 Q1	-42.3	-28.1	-2.2	-25.9	-14.2	0.0	-14.2	25.5	11.8	1.2	10.7	13.6	-0.1	13.7
2001 Mar.	-33.0	-13.0	-0.9	-12.1	-20.0	-0.1	-19.9	-0.2	8.4	-1.4	9.7	-8.5	0.1	-8.7
Apr.	-6.8	-9.4	-3.2	-6.2	2.6	0.0	2.6	7.6	2.8	-1.2	4.0	4.9	0.0	4.8
May	-51.8	-41.3	-2.2	-39.1	-10.5	0.0	-10.5	10.3	10.2	0.9	9.3	0.1	0.1	0.0
June	-21.9	-8.5	0.4	-8.9	-13.4	-0.1	-13.3	10.9	3.4	0.1	3.3	7.5	-0.1	7.7
July	-15.8	-16.3	-0.1	-16.2	0.5	-0.1	0.6	14.2	10.7	0.0	10.6	3.6	0.0	3.6
Aug.	-10.7	-5.9	-1.1	-4.8	-4.8	-0.1	-4.7	3.7	-1.9	-0.8	-1.1	5.6	0.0	5.6
Sep.	-20.1	-5.8	0.3	-6.1	-14.2	-0.2	-14.1	6.2	6.9	-0.1	7.0	-0.8	0.0	-0.8
Oct.	4.8	-10.5	-0.6	-9.8	15.3	0.0	15.3	-1.1	-7.4	0.4	-7.8	6.3	0.0	6.3
Nov.	-16.2	-5.9	0.4	-6.3	-10.3	0.0	-10.3	27.0	11.8	1.9	9.8	15.2	0.0	15.2
Dec.	-21.6	-9.7	-1.5	-8.1	-11.9	0.0	-11.9	18.6	12.6	6.3	6.3	6.0	0.0	6.0
2002 Jan.	-8.1	-8.0	-0.5	-7.5	0.0	0.0	0.0	6.5	1.5	0.2	1.3	5.0	0.0	5.0
Feb.	-19.7	-4.9	-0.3	-4.6	-14.9	0.0	-14.9	11.3	3.3	1.1	2.2	8.0	0.0	8.0
Mar.	-14.5	-15.2	-1.4	-13.7	0.7	-0.1	0.8	7.6	7.0	-0.1	7.1	0.6	-0.1	0.7
Apr.	-6.6	-3.0	-4.1	1.1	-3.6	0.0	-3.6	14.3	6.7	0.3	6.4	7.6	-0.1	7.6
May	-14.6	-9.2	-1.0	-8.2	-5.4	0.0	-5.4	19.7	9.0	0.6	8.4	10.7	0.0	10.7

*Source: ECB.*
*1) Inflows (+); outflows (-).*
*2) Excluding the Eurosystem.*

**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
1998	-363.3	253.3	-116.2	104.0	-247.1	-238.9	-8.2	149.3	121.6	27.7
1999	-311.4	265.7	-156.3	92.4	-155.1	-154.4	-0.7	173.4	117.4	55.9
2000	-412.8	301.2	-288.5	44.9	-124.3	-102.7	-21.6	256.3	229.6	26.7
<i>Euro area enlargement</i>										
2001	-270.1	306.5	-97.0	241.3	-173.1	-153.7	-19.4	65.2	76.2	-11.0
2001 Q1	-82.9	44.4	-29.1	18.7	-53.8	-37.2	-16.6	25.7	24.5	1.2
Q2	-75.5	101.3	-42.5	108.7	-33.0	-46.6	13.6	-7.5	-1.6	-5.9
Q3	-24.0	73.7	-1.0	53.4	-23.0	-18.2	-4.8	20.2	29.8	-9.5
Q4	-87.7	87.2	-24.4	60.5	-63.3	-51.6	-11.6	26.7	23.4	3.3
2002 Q1	-72.0	17.2	-32.6	31.5	-39.4	-19.6	-19.8	-14.3	0.8	-15.1
2001 Mar.	-16.7	23.3	4.3	6.5	-21.0	-13.9	-7.1	16.8	17.4	-0.6
Apr.	-20.7	1.5	-16.4	11.0	-4.3	-11.8	7.5	-9.5	-3.1	-6.4
May	-28.1	43.2	-14.5	58.8	-13.6	-17.0	3.5	-15.7	-12.8	-2.8
June	-26.8	56.6	-11.6	38.9	-15.2	-17.8	2.6	17.7	14.3	3.3
July	-14.9	18.2	-10.2	15.4	-4.7	-9.1	4.4	2.8	2.4	0.4
Aug.	-23.0	25.4	-4.7	13.6	-18.3	-16.9	-1.5	11.8	18.7	-6.9
Sep.	13.9	30.1	13.9	24.4	0.1	7.7	-7.6	5.6	8.6	-2.9
Oct.	-35.4	34.7	-7.9	23.0	-27.5	-19.4	-8.1	11.7	8.0	3.7
Nov.	-41.1	57.6	-10.0	24.8	-31.1	-17.7	-13.4	32.9	35.0	-2.2
Dec.	-11.1	-5.1	-6.5	12.7	-4.6	-14.5	9.8	-17.9	-19.6	1.7
2002 Jan.	-28.5	-13.3	-14.7	15.1	-13.9	-2.2	-11.6	-28.4	-14.8	-13.6
Feb.	-16.3	2.0	-8.6	7.3	-7.8	-4.4	-3.3	-5.2	-0.8	-4.4
Mar.	-27.1	28.4	-9.4	9.1	-17.7	-12.9	-4.8	19.4	16.4	3.0
Apr.	-8.5	20.0	-3.0	2.3	-5.6	-8.6	3.0	17.8	10.0	7.8
May	-26.2	58.2	-5.8	27.6	-20.4	-12.2	-8.3	30.5	13.9	16.6

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

	Equity					Debt instruments									
	Euro-system	MFIs <sup>3)</sup>	Non-MFIs			Euro-system	MFIs <sup>3)</sup>	Bonds and notes			Money market instruments				
			Total	General government	Other sectors			Euro-system	MFIs <sup>3)</sup>	Non-MFIs		Euro-system	MFIs <sup>3)</sup>	Non-MFIs	
										Total	General government			Other sectors	Total
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1999	0.1	-1.5	-155.0	-2.1	-152.8	0.1	-15.4	-139.1	-1.7	-137.4	0.9	-8.1	6.5	-0.1	6.7
2000	0.0	-4.4	-284.1	-2.5	-281.6	-1.7	-72.7	-28.4	-1.2	-27.2	2.2	-11.5	-12.2	-0.7	-11.5
<i>Euro area enlargement</i>															
2001	-0.4	3.3	-100.0	-2.0	-97.9	1.9	-70.5	-85.1	-0.9	-84.2	-2.4	-33.1	16.1	0.1	16.0
2001 Q1	-0.1	-11.0	-18.0	-0.4	-17.6	1.0	-16.3	-21.9	-0.6	-21.4	-1.3	-18.0	2.8	-1.2	4.0
Q2	0.0	6.3	-48.8	-0.7	-48.0	0.7	-22.3	-25.0	0.0	-25.0	-0.7	2.1	12.2	-0.1	12.3
Q3	-0.1	3.3	-4.3	-0.4	-3.9	1.0	4.2	-23.4	-0.1	-23.3	0.1	-13.4	8.6	-0.5	9.1
Q4	-0.1	4.7	-28.9	-0.5	-28.4	-0.7	-36.2	-14.7	-0.3	-14.5	-0.3	-3.8	-7.5	1.9	-9.5
2002 Q1	0.0	-4.9	-27.8	-1.4	-26.3	0.2	-4.7	-15.1	-0.5	-14.7	0.8	-13.5	-7.0	-1.1	-5.9
2001 Dec.	0.0	2.1	-8.6	.	.	-0.4	-10.2	-3.8	.	.	0.1	8.9	0.8	.	.
2002 Jan.	0.0	-2.7	-12.0	.	.	-0.1	2.8	-5.0	.	.	-0.2	-6.9	-4.5	.	.
Feb.	0.0	1.1	-9.7	.	.	0.2	-3.9	-0.7	.	.	1.4	-5.2	0.5	.	.
Mar.	0.0	-3.3	-6.0	.	.	0.1	-3.6	-9.4	.	.	-0.3	-1.5	-3.0	.	.
Apr.	0.0	1.8	-4.8	.	.	0.2	2.0	-10.8	.	.	0.5	-0.8	3.3	.	.
May	0.0	-3.9	-1.8	.	.	0.0	-3.9	-8.2	.	.	-1.0	-1.6	-5.7	.	.

Source: ECB.

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

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

3) Excluding the Eurosystem.

**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	-81.9	204.9	-0.7	3.5	-1.0	-6.1	-22.6	192.4	-37.6	40.4	15.0	152.0	-57.6	15.2
1999	-32.5	192.6	-2.0	6.6	3.3	-13.0	18.1	161.1	-47.2	53.8	65.3	107.3	-51.8	37.8
2000	-178.9	350.5	-1.1	0.9	-2.5	1.0	-131.3	289.6	-49.3	53.0	-82.0	236.6	-44.0	58.9
<i>Euro area enlargement</i>														
2001	-240.8	238.1	0.6	4.4	3.2	-1.2	-221.7	230.4	-43.6	22.0	-178.1	208.4	-22.9	4.5
2001 Q1	-136.1	238.3	0.8	-2.6	2.4	-8.2	-135.0	261.7	-7.4	1.8	-127.6	259.9	-4.3	-12.6
Q2	8.1	2.6	-0.8	4.3	-0.3	2.8	12.0	-9.1	-10.2	17.0	22.2	-26.1	-2.7	4.7
Q3	-55.1	-17.7	1.0	-0.9	-0.1	0.0	-53.0	-30.1	-7.8	11.2	-45.2	-41.3	-3.0	13.3
Q4	-57.7	14.8	-0.4	3.7	1.2	4.2	-45.7	7.8	-18.1	-8.1	-27.6	15.9	-12.9	-1.0
2002 Q1	26.4	19.7	-0.4	1.2	0.2	-8.4	22.0	26.6	0.7	11.8	21.3	14.8	4.7	0.2
2001 Mar.	-84.3	125.5	0.0	-1.8	-1.3	2.0	-78.7	136.7	-0.7	-1.0	-78.0	137.7	-4.3	-11.3
Apr.	7.1	14.3	-0.3	-1.6	-0.2	-0.8	14.4	16.2	-0.4	5.4	14.8	10.8	-6.9	0.5
May	2.3	14.5	-0.3	1.6	1.2	2.4	4.7	4.9	-7.3	4.2	12.0	0.7	-3.4	5.6
June	-1.2	-26.2	-0.3	4.2	-1.3	1.2	-7.2	-30.2	-2.6	7.4	-4.6	-37.6	7.5	-1.4
July	46.3	-60.9	0.7	-0.4	-1.6	0.8	46.0	-67.3	-2.0	1.9	48.0	-69.2	1.2	6.0
Aug.	-30.7	23.5	0.1	-2.4	1.7	-2.6	-31.6	24.9	-5.9	3.7	-25.7	21.2	-0.9	3.6
Sep.	-70.8	19.7	0.1	1.9	-0.1	1.7	-67.4	12.4	0.1	5.6	-67.5	6.7	-3.4	3.8
Oct.	-33.0	12.2	-0.5	4.5	-0.6	2.1	-22.5	6.1	-3.7	2.1	-18.8	4.0	-9.4	-0.5
Nov.	-59.4	26.6	0.0	2.0	1.8	2.5	-53.0	23.0	-9.8	-13.5	-43.2	36.5	-8.3	-0.9
Dec.	34.7	-24.0	0.1	-2.8	0.1	-0.4	29.8	-21.3	-4.7	3.3	34.4	-24.6	4.8	0.4
2002 Jan.	3.8	-7.5	-0.7	2.6	-1.1	-8.8	15.7	0.7	-0.4	6.4	16.2	-5.7	-10.2	-2.0
Feb.	27.8	-2.6	-0.1	-3.8	1.3	-1.6	6.4	12.6	-5.6	1.4	12.0	11.2	20.3	-9.8
Mar.	-5.2	29.8	0.4	2.4	0.1	2.1	-0.2	13.2	6.7	3.9	-6.9	9.3	-5.4	12.1
Apr.	-51.4	20.6	-0.4	-4.3	0.5	-0.5	-29.6	21.1	-4.3	7.7	-25.3	13.4	-22.0	4.4
May	-63.6	31.3	-0.1	-0.5	-1.2	-0.6	-56.1	34.5	-5.5	8.4	-50.6	26.1	-6.2	-2.2

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

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
1999	-1.2	6.7	5.5	-0.8	-0.1	-0.9
2000	-1.1	0.9	-0.2	0.0	0.0	0.0
<i>Euro area enlargement</i>						
2001	0.6	4.5	5.0	0.0	0.0	0.0
2001 Q1	0.8	-2.7	-1.9	0.0	0.0	0.0
Q2	-0.8	4.3	3.5	0.0	0.0	0.0
Q3	1.0	-0.9	0.0	0.0	0.0	0.0
Q4	-0.4	3.8	3.4	0.0	0.0	0.0
2002 Q1	-0.4	1.2	0.7	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	4.4	-13.1	-8.7	-1.2	0.2	-1.0
2000	0.1	0.0	0.1	-1.8	1.0	-0.8	-0.8	0.0	-0.8
<i>Euro area enlargement</i>									
2001	-0.1	0.0	-0.1	4.6	-1.2	3.4	-1.3	0.0	-1.3
2001 Q1	0.0	0.0	0.0	2.9	-8.0	-5.1	-0.5	-0.2	-0.7
Q2	0.0	0.0	0.0	0.1	2.7	2.8	-0.4	0.1	-0.3
Q3	0.0	0.0	0.0	0.2	0.0	0.2	-0.3	0.0	-0.3
Q4	0.0	0.0	0.0	1.4	4.1	5.5	-0.2	0.1	-0.1
2002 Q1	0.0	0.0	0.0	0.5	-8.1	-7.6	-0.3	-0.3	-0.6

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.3	160.4	177.7	0.8	0.7	1.5
2000	-127.3	284.3	157.0	-4.1	5.3	1.3
<i>Euro area enlargement</i>						
2001	-208.0	220.6	12.6	-13.7	9.8	-3.9
2001 Q1	-130.5	257.8	127.3	-4.5	3.9	-0.6
Q2	15.4	-11.9	3.5	-3.4	2.8	-0.6
Q3	-51.9	-31.9	-83.8	-1.1	1.8	0.7
Q4	-41.0	6.5	-34.4	-4.7	1.3	-3.4
2002 Q1	21.5	21.7	43.3	0.4	4.9	5.3

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-7.5	4.8	-2.7	-21.3	20.4	-1.0	-23.0	12.7	-10.3
2000	-14.9	10.4	-4.5	-23.8	53.6	29.8	-5.4	-5.0	-10.4
<i>Euro area enlargement</i>									
2001	-7.5	3.0	-4.5	-9.2	1.2	-8.0	-6.2	0.3	-5.8
2001 Q1	-4.8	4.2	-0.6	3.0	-16.3	-13.3	-2.5	-0.4	-3.0
Q2	-3.7	1.8	-1.9	2.1	3.9	6.0	-1.2	-1.0	-2.1
Q3	-1.7	-1.5	-3.2	0.3	13.6	13.9	-1.7	1.3	-0.4
Q4	2.5	-1.4	1.1	-14.6	0.0	-14.6	-0.8	0.4	-0.4
2002 Q1	-0.9	-1.2	-2.1	5.9	0.7	6.6	-0.3	0.8	0.4

## 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	10.1	0.3	1.0	2.0	6.9	12.5	-11.3	0.2	3.5	2.0	-0.1	0.0
2000	17.6	1.0	0.3	2.9	13.3	4.3	4.7	0.0	-5.6	10.1	-0.1	0.0
<i>Euro area enlargement</i>												
2001	17.8	0.6	-1.0	-4.2	22.5	10.0	-5.3	-1.1	20.4	-1.6	0.0	0.0
2001 Q1	9.5	0.3	-0.4	0.2	9.5	7.8	-8.2	-1.1	5.2	5.7	0.0	0.0
Q2	2.5	-0.1	-0.6	-0.7	4.0	0.2	-1.8	0.0	5.5	0.0	0.0	0.0
Q3	2.5	0.2	0.0	-4.5	6.7	-0.9	3.1	0.0	4.9	-0.4	0.0	0.0
Q4	3.3	0.1	-0.1	0.8	2.4	2.7	1.7	0.0	4.8	-6.9	0.0	0.0
2002 Q1	-3.1	-0.2	0.0	-0.4	-2.4	-1.7	-12.4	0.0	4.2	7.4	0.0	0.0

Source: ECB.

1) Increase (-); decrease (+)

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

	Total	Direct investment			Portfolio investment					Financial derivatives	Other investment				Reserve assets
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments				Total	Trade credits	Loans/currency and deposits	Other assets/liabilities	
							Total	Bonds and notes	Money market instruments						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1997	32.7	177.6	148.6	29.1	-724.7	-358.7	-366.0	-339.8	-26.2	-5.9	222.4	79.8	51.3	91.4	363.3
1998	-147.9	152.2	124.2	28.0	-713.5	-462.0	-251.5	-229.0	-22.5	2.3	81.7	100.0	-107.1	88.8	329.4
1999	-75.0	402.4	318.9	83.5	-752.8	-591.3	-161.4	-108.4	-53.0	10.1	-107.3	111.9	-338.2	119.0	372.6
2000	-101.4	466.6	395.0	71.6	-666.8	-366.9	-299.9	-263.1	-36.7	7.0	-286.2	115.7	-530.4	128.5	378.0
<i>Euro area enlargement</i>															
2001 1 Jan.	-152.1	459.3	388.5	70.8	-721.5	-375.8	-345.7	-308.6	-37.1	7.0	-288.2	114.9	-531.6	128.5	391.2

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) <sup>2)</sup>	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims		Claims on euro area residents denom- inated in foreign currency
						Total	Currency and deposits		Securities			Financial derivatives			
							With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>Eurosystem <sup>3)</sup></b>															
1998 Dec. <sup>4)</sup>	329.4	99.6	404.131	5.2	23.4	201.2	12.6	19.6	169.0	0.0	116.6	52.4	0.0	0.0	7.6
1999 Dec.	372.6	116.4	402.762	4.5	24.3	227.5	12.8	23.8	191.1	0.0	134.3	56.7	-0.2	0.0	14.6
2000 Dec.	378.0	117.8	399.537	4.3	20.8	235.0	9.2	20.9	204.2	0.0	153.9	50.3	0.7	0.0	15.8
<i>Euro area enlargement</i>															
2001 1 Jan.	391.2	119.2	404.119	4.3	21.2	246.5	9.2	28.3	208.2	0.0	157.9	50.3	0.7	0.0	16.3
2001 Jan.	385.7	115.0	404.119	4.5	22.3	244.0	11.8	20.8	210.7	-	-	-	0.7	0.0	20.9
Feb.	383.9	116.5	404.119	4.8	21.3	241.3	10.4	22.3	207.8	-	-	-	0.8	0.0	21.2
Mar.	392.9	117.6	403.153	4.9	21.4	249.0	9.7	29.4	209.5	-	-	-	0.5	0.0	20.2
Apr.	386.3	119.5	403.153	4.9	21.1	240.8	11.5	24.3	204.6	-	-	-	0.4	0.0	23.4
May	408.5	127.2	403.153	5.6	22.3	253.4	10.6	27.6	215.0	-	-	-	0.2	0.0	22.9
June	410.0	128.6	403.089	5.7	22.9	252.8	9.8	31.6	211.2	-	-	-	0.2	0.0	22.7
July	397.1	122.3	402.639	5.5	22.7	246.6	8.5	36.5	201.2	-	-	-	0.4	0.0	23.8
Aug.	381.8	120.0	402.430	5.5	21.9	234.4	8.3	28.3	197.3	-	-	-	0.5	0.0	23.7
Sep.	393.4	129.0	401.904	5.4	25.8	233.2	10.2	25.9	196.7	-	-	-	0.4	0.0	21.9
Oct.	393.6	123.9	401.902	5.4	24.9	239.5	8.6	33.3	197.1	-	-	-	0.5	0.0	21.9
Nov.	396.5	124.4	401.903	5.4	24.7	241.9	7.9	33.7	199.9	-	-	-	0.4	0.0	22.2
Dec.	392.4	126.1	401.876	5.5	25.3	235.6	8.0	25.9	201.2	-	-	-	0.4	0.0	24.9
2002 Jan.	407.8	131.4	401.877	5.5	25.7	245.2	8.3	38.2	198.4	-	-	-	0.3	0.0	22.3
Feb.	411.4	137.9	401.798	5.6	26.0	242.0	9.0	35.6	197.2	-	-	-	0.2	0.0	22.6
Mar.	409.0	138.7	401.527	5.5	25.8	238.9	9.6	39.0	190.1	-	-	-	0.2	0.0	21.8
Apr.	394.2	137.0	400.564	5.3	24.2	227.7	10.3	34.2	182.9	-	-	-	0.3	0.0	23.8
May	386.6	139.3	400.324	5.2	23.4	218.7	11.5	33.9	173.0	-	-	-	0.3	0.0	23.0
June	367.0	127.8	400.197	4.7	26.3	208.2	11.2	32.1	164.5	-	-	-	0.4	0.0	20.0
<b>European Central Bank <sup>5)</sup></b>															
1999 Dec.	49.3	7.0	24.030	0.0	0.0	42.3	0.3	7.8	34.3	0.0	27.7	6.5	0.0	0.0	2.6
2000 Dec.	44.7	7.0	24.030	0.0	0.0	37.7	0.6	6.8	30.0	0.0	19.8	10.2	0.3	0.0	3.8
<i>Euro area enlargement</i>															
2001 Jan.	45.6	7.0	24.656	0.0	0.0	38.6	0.7	3.4	34.3	-	-	-	0.3	0.0	3.5
Feb.	46.3	7.1	24.656	0.0	0.0	39.2	0.6	4.5	33.9	-	-	-	0.3	0.0	3.0
Mar.	46.3	7.2	24.656	0.0	0.0	39.1	0.6	7.3	31.1	-	-	-	0.0	0.0	3.9
Apr.	44.8	7.3	24.656	0.0	0.0	37.5	0.8	5.7	31.0	-	-	-	0.0	0.0	3.6
May	49.6	7.8	24.656	0.0	0.0	41.9	0.8	7.1	34.0	-	-	-	0.0	0.0	2.7
June	50.7	7.9	24.656	0.1	0.0	42.8	0.9	9.6	32.3	-	-	-	0.0	0.0	3.1
July	49.8	7.5	24.656	0.1	0.0	42.3	1.0	11.7	29.6	-	-	-	0.0	0.0	2.9
Aug.	45.5	7.3	24.656	0.1	0.0	38.1	1.1	6.1	30.8	-	-	-	0.0	0.0	3.5
Sep.	44.5	7.9	24.656	0.1	0.0	36.5	1.4	4.4	30.6	-	-	-	0.0	0.0	3.9
Oct.	47.9	7.6	24.656	0.1	0.0	40.2	0.9	7.2	32.1	-	-	-	0.0	0.0	2.8
Nov.	48.3	7.6	24.656	0.1	0.0	40.6	0.9	6.1	33.6	-	-	-	0.0	0.0	3.2
Dec.	49.0	7.7	24.656	0.1	0.0	41.2	0.8	7.0	33.3	-	-	-	0.0	0.0	3.6
2002 Jan.	51.8	8.1	24.656	0.1	0.0	43.6	1.1	9.0	33.5	-	-	-	0.0	0.0	3.5
Feb.	51.1	8.5	24.656	0.1	0.0	42.6	1.1	9.5	32.0	-	-	-	0.0	0.0	3.7
Mar.	50.9	8.5	24.656	0.1	0.0	42.3	1.2	9.0	32.1	-	-	-	0.0	0.0	3.6
Apr.	48.7	8.4	24.656	0.1	0.0	40.2	1.8	7.8	30.6	-	-	-	0.0	0.0	3.7
May	46.8	8.6	24.656	0.1	0.0	38.1	1.4	7.9	28.9	-	-	-	0.0	0.0	4.0
June	45.6	7.9	24.656	0.1	0.0	37.7	1.2	9.0	27.5	-	-	-	0.0	0.0	3.7

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) 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.

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

4) Position as at 1 January 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.) (2000=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); 2000=100 for columns 12 and 13)													
1998	797.1	369.9	179.9	214.0	697.8	711.4	393.5	123.0	175.9	540.3	41.6	78.6	70.5
1999	832.8	386.5	183.2	224.2	725.0	781.2	423.2	143.6	192.1	590.6	61.5	82.2	77.5
2000	1,013.7	482.6	221.7	265.4	883.2	1,008.4	579.8	179.4	218.1	730.2	118.9	100.0	100.0
<i>Euro area enlargement</i>													
2001	1,050.5	480.5	232.4	280.3	919.3	1,001.9	562.0	174.0	220.2	725.6	106.1	104.8	98.2
2001 Q1	259.6	121.8	56.3	68.0	227.7	261.6	149.1	47.3	54.4	190.9	27.3	106.0	101.1
Q2	265.0	122.0	58.6	68.4	232.0	258.5	145.7	44.3	54.1	186.9	28.0	105.8	100.8
Q3	256.2	117.3	55.1	70.5	224.2	237.6	133.4	38.5	55.7	170.4	27.8	105.1	97.5
Q4	269.7	119.5	62.4	73.3	235.4	244.1	133.8	44.0	56.0	177.4	23.0	102.9	92.8
2002 Q1	254.8	116.6	53.3	71.4	223.0	235.1	130.5	38.8	54.6	172.0	21.5	105.7	92.9
2001 Dec.	82.0	35.5	20.2	21.4	71.6	73.3	39.7	13.5	16.7	52.5	7.3	102.4	91.6
2002 Jan.	80.6	37.2	16.5	22.3	70.5	78.9	44.0	12.7	18.3	57.3	7.3	105.7	92.0
Feb.	82.7	37.7	17.0	23.7	72.3	76.8	42.1	12.3	17.9	56.0	7.1	105.0	93.6
Mar.	91.5	41.6	19.8	25.4	80.2	79.5	44.4	13.8	18.4	58.7	7.1	106.5	93.2
Apr.	89.4	41.3	18.7	24.9	78.1	84.4	47.9	13.8	19.1	61.3	8.5	104.9	95.7
May	89.1	42.2	19.2	23.7	78.1	80.9	46.2	13.2	18.0	58.4	6.7	107.7	94.9
Volumes (annual percentage changes; 2000=100 for columns 12 and 13) <sup>3)</sup>													
1998	3.6	4.2	6.0	3.8	4.0	11.4	8.2	21.8	7.7	13.4	-4.5	87.0	89.0
1999	2.2	2.8	-0.8	3.3	1.4	6.1	3.5	12.9	7.7	7.1	6.0	88.9	94.5
2000	12.4	12.5	12.7	12.7	13.6	5.9	6.8	11.7	4.5	8.9	4.7	100.0	100.0
<i>Euro area enlargement</i>													
2001	1.1	-2.7	3.4	2.1	1.5	-2.2	-3.9	-7.4	-4.7	-4.3	-2.2	101.3	96.6
2001 Q1	6.3	4.1	11.4	5.5	7.4	1.5	0.7	4.5	-4.7	0.7	-1.7	103.4	98.2
Q2	2.2	-1.6	4.1	2.1	2.8	-1.9	-4.3	-6.0	-5.5	-2.9	-3.1	101.0	96.8
Q3	-0.2	-3.4	1.6	2.2	0.4	-5.0	-6.2	-12.4	-4.1	-7.3	-3.1	101.0	93.3
Q4	-3.5	-9.1	-1.9	-0.8	-4.0	-3.7	-5.6	-14.5	-4.5	-7.7	-0.6	99.7	90.0
2002 Q1	-6.0	-6.9	-8.8	-3.4	-6.6	-8.2	-8.2	-18.7	-2.3	-11.0	-5.5	98.7	86.4
2001 Dec.	-4.8	-12.2	-4.3	-1.7	-5.4	-8.0	-9.5	-20.5	-9.0	-13.3	1.1	98.4	88.0
2002 Jan.	-5.9	-7.7	-7.5	-2.5	-6.1	-7.2	-8.0	-15.1	-1.5	-9.6	-6.8	98.0	85.4
Feb.	-5.9	-4.5	-11.0	-4.3	-6.8	-4.5	-4.8	-16.6	-1.7	-8.6	6.4	98.2	87.2
Mar.	-6.0	-8.5	-7.7	-3.3	-6.9	-12.3	-11.4	-23.2	-3.6	-14.5	-14.4	99.8	86.7
Apr.	5.0	6.2	0.4	13.0	4.7	1.6	3.7	-6.4	10.4	1.1	-3.9	99.3	90.3
May	-0.5	.	.	.	.	-4.6	.	.	.	.	.	103.4	91.8
Unit values (annual percentage changes; 2000=100 for columns 12 and 13) <sup>3)</sup>													
1998	0.9	-0.7	0.8	2.0	1.5	-5.4	-6.5	-3.6	1.2	-1.1	-30.4	90.5	79.4
1999	2.3	1.7	2.7	1.4	2.4	3.5	3.9	3.4	1.4	2.0	39.4	92.4	82.0
2000	8.3	11.0	7.4	5.1	7.2	21.9	28.3	11.8	8.7	13.5	84.8	100.0	100.0
<i>Euro area enlargement</i>													
2001	3.7	3.0	3.0	5.2	3.9	0.5	-0.3	3.1	5.0	2.8	-11.5	103.7	103.7
2001 Q1	6.6	6.4	5.6	5.5	6.5	8.8	9.2	8.6	8.0	9.3	3.2	102.6	102.9
Q2	5.8	5.1	4.2	7.0	5.7	6.0	6.3	5.3	7.5	6.1	4.3	104.8	104.2
Q3	3.1	0.8	2.3	6.6	3.0	-0.4	-2.3	2.4	5.3	2.2	-12.7	104.0	104.5
Q4	0.2	0.2	0.5	2.0	1.1	-10.5	-12.6	-2.9	-0.2	-5.2	-34.0	103.3	103.1
2002 Q1	4.4	2.9	3.9	8.9	4.9	-2.1	-4.7	0.8	2.7	1.3	-16.6	107.2	107.5
2001 Dec.	-0.2	0.5	0.0	1.9	0.6	-10.3	-12.1	-2.7	0.3	-4.2	-32.6	104.0	104.1
2002 Jan.	5.1	3.8	3.3	9.1	5.6	-3.2	-6.2	-0.2	2.3	0.5	-19.8	107.9	107.7
Feb.	4.8	1.0	5.9	10.7	5.3	-2.4	-6.0	2.4	3.8	1.8	-21.7	106.9	107.3
Mar.	3.4	3.8	2.4	6.7	3.8	-0.8	-1.9	0.3	1.9	1.4	-7.8	106.7	107.5
Apr.	1.7	2.3	-0.6	5.3	2.0	-1.0	-1.1	-0.8	0.3	-0.2	1.8	105.7	106.0
May	-0.6	.	.	.	.	-3.7	.	.	.	.	.	104.4	103.4

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, annual percentage changes are calculated using unit value indices for 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.)													
1998	797.1	-	150.5	31.6	20.6	101.5	51.1	120.3	23.9	114.9	49.7	42.4	90.5
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	1,013.7	-	189.7	38.8	23.2	131.0	63.4	171.4	34.2	151.6	56.1	46.7	107.8
<i>Euro area enlargement</i>													
2001	1,050.5	-	199.4	36.5	24.1	136.2	66.0	178.3	34.3	163.0	59.7	49.3	103.6
2001 Q1	259.6	265.9	49.9	9.7	6.1	33.5	17.1	45.1	9.1	39.8	14.4	12.1	22.8
Q2	265.0	265.2	50.5	9.1	6.0	34.2	16.6	45.2	8.3	40.5	15.3	12.8	26.5
Q3	256.2	263.6	49.0	8.3	5.9	32.7	16.1	43.6	8.2	40.0	14.4	12.1	26.0
Q4	269.7	258.1	50.0	9.5	6.1	35.7	16.2	44.4	8.7	42.7	15.6	12.4	28.3
2002 Q1	254.8	265.1	50.5	9.0	6.0	32.9	15.6	43.8	7.8	38.5	13.7	10.0	.
2001 Dec.	82.0	85.6	14.8	2.8	2.0	10.4	4.8	13.2	2.7	13.9	4.8	4.0	8.6
2002 Jan.	80.6	88.4	16.1	2.9	2.1	10.1	4.7	14.1	2.5	12.1	4.2	3.1	8.6
Feb.	82.7	87.8	16.5	3.0	1.9	11.1	5.3	14.1	2.5	12.2	4.4	3.2	8.7
Mar.	91.5	89.0	18.0	3.1	2.1	11.8	5.6	15.6	2.8	14.2	5.0	3.7	.
Apr.	89.4	87.7	16.9	3.3	2.0	11.9	5.4	15.1	2.6	13.7	5.0	3.7	.
May	89.1	90.0	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2002 May	-1.1	-	.	.	.	.	.	.	.	.	.	.	.
Imports (c.i.f.)													
1998	711.4	-	122.6	30.9	17.4	71.6	40.9	104.8	48.5	132.0	45.8	29.3	67.6
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	1,008.4	-	156.6	38.0	21.8	101.2	49.8	140.7	65.5	211.6	72.2	39.7	111.5
<i>Euro area enlargement</i>													
2001	1,001.9	-	152.3	33.7	21.0	116.4	52.8	136.3	57.7	205.8	73.3	40.4	112.0
2001 Q1	261.6	258.4	39.2	9.0	5.2	29.0	13.6	37.5	16.1	53.9	19.9	9.8	28.5
Q2	258.5	257.7	39.4	8.6	5.0	29.3	13.2	36.0	15.7	51.8	18.9	11.1	29.5
Q3	237.6	249.3	35.4	7.7	5.1	28.2	12.1	30.9	12.8	50.7	17.8	10.1	26.9
Q4	244.1	237.2	38.3	8.5	5.6	29.9	14.0	32.0	13.1	49.5	16.7	9.3	27.1
2002 Q1	235.1	237.5	35.1	7.9	5.0	28.7	12.5	31.6	12.2	45.6	17.4	8.7	.
2001 Dec.	73.3	78.1	12.0	2.5	1.9	8.6	3.9	9.6	3.7	14.8	5.3	2.6	8.3
2002 Jan.	78.9	78.4	11.7	2.6	1.6	9.0	3.9	10.5	4.2	16.2	6.1	3.0	10.1
Feb.	76.8	79.7	11.2	2.5	1.6	9.6	4.4	10.3	3.8	14.5	5.7	2.7	10.5
Mar.	79.5	79.4	12.3	2.8	1.7	10.1	4.2	10.9	4.2	14.9	5.6	3.1	.
Apr.	84.4	81.5	12.4	3.1	1.8	10.2	4.6	11.3	4.6	15.7	5.9	3.7	.
May	80.9	80.8	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2002 May	-8.2	-	.	.	.	.	.	.	.	.	.	.	.
Balance													
1998	85.7	-	28.0	0.7	3.2	29.9	10.2	15.5	-24.6	-17.1	3.9	13.1	22.9
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	5.3	-	33.1	0.8	1.4	29.8	13.6	30.7	-31.3	-60.0	-16.1	7.0	-3.7
<i>Euro area enlargement</i>													
2001	48.6	-	47.1	2.8	3.1	19.8	13.2	41.9	-23.4	-42.8	-13.6	9.0	-8.3
2001 Q1	-2.0	7.4	10.7	0.7	0.9	4.5	3.5	7.6	-7.0	-14.0	-5.5	2.3	-5.6
Q2	6.5	7.5	11.0	0.5	1.0	4.9	3.4	9.2	-7.3	-11.3	-3.6	1.6	-3.0
Q3	18.6	14.3	13.6	0.6	0.8	4.5	4.0	12.8	-4.6	-10.7	-3.4	2.0	-0.9
Q4	25.6	20.9	11.7	1.0	0.5	5.8	2.2	12.4	-4.5	-6.8	-1.1	3.1	1.2
2002 Q1	19.7	27.6	15.4	1.1	1.1	4.2	3.1	12.1	-4.4	-7.1	-3.7	1.4	.
2001 Dec.	8.7	7.5	2.8	0.3	0.0	1.8	0.9	3.6	-1.0	-0.9	-0.5	1.4	0.3
2002 Jan.	1.7	10.0	4.4	0.3	0.4	1.1	0.8	3.6	-1.7	-4.1	-1.9	0.2	-1.4
Feb.	6.0	8.0	5.2	0.4	0.2	1.5	0.9	3.8	-1.3	-2.3	-1.3	0.6	-1.8
Mar.	12.0	9.6	5.7	0.3	0.4	1.7	1.4	4.8	-1.5	-0.7	-0.5	0.7	.
Apr.	5.0	6.1	4.5	0.2	0.2	1.7	0.8	3.8	-2.0	-2.0	-0.9	0.0	.
May	8.3	9.2	.	.	.	.	.	.	.	.	.	.	.

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	
1997	99.1	99.4	99.3	100.3	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.6	99.9	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	96.0	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	87.0	86.1	88.2	86.3	0.924	99.5	1.558	0.609
2000 Q1	89.0	89.6	89.8	89.1	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	86.7	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.3	85.5	87.3	85.3	0.905	97.4	1.544	0.612
Q4	83.0	84.0	84.9	83.1	85.9	83.6	0.868	95.3	1.516	0.600
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	83.4	-	84.4	82.2	0.855	92.7	1.513	0.589
Nov.	82.3	83.3	84.1	-	85.1	82.9	0.856	93.3	1.522	0.600
Dec.	85.4	86.4	87.1	-	88.1	85.8	0.897	100.6	1.514	0.613
<i>Euro area enlargement</i>										
2001	87.3	88.9	89.2	86.8	91.0	88.0	0.896	108.7	1.511	0.622
2001 Q1	88.6	89.8	90.5	87.6	91.4	88.7	0.923	109.1	1.533	0.633
Q2	86.0	87.7	87.8	85.6	89.5	86.8	0.873	106.9	1.528	0.614
Q3	87.0	88.7	88.8	86.0	91.2	88.0	0.890	108.3	1.507	0.619
Q4	87.5	89.6	89.7	87.8	92.0	88.6	0.896	110.5	1.473	0.621
2002 Q1	87.1	89.7	89.5	87.3	91.3	88.0	0.877	116.1	1.473	0.615
Q2	88.8	91.7	91.1	-	93.9	90.4	0.919	116.5	1.465	0.629
2001 Jan.	89.2	90.2	90.8	-	91.7	89.0	0.938	109.6	1.529	0.635
Feb.	88.3	89.4	90.2	-	91.0	88.3	0.922	107.1	1.536	0.634
Mar.	88.4	89.8	90.4	-	91.4	88.9	0.910	110.3	1.535	0.629
Apr.	87.6	89.1	89.4	-	91.0	88.4	0.892	110.4	1.529	0.622
May	85.9	87.5	87.6	-	89.3	86.7	0.874	106.5	1.533	0.613
June	84.7	86.3	86.3	-	88.1	85.3	0.853	104.3	1.522	0.609
July	85.4	87.1	87.1	-	89.1	86.2	0.861	107.2	1.514	0.609
Aug.	87.7	89.3	89.5	-	91.8	88.6	0.900	109.3	1.514	0.627
Sep.	88.0	89.7	89.8	-	92.6	89.3	0.911	108.2	1.491	0.623
Oct.	88.0	90.0	90.0	-	92.8	89.5	0.906	109.9	1.479	0.624
Nov.	86.8	88.8	89.0	-	91.3	87.9	0.888	108.7	1.466	0.618
Dec.	87.7	89.9	90.0	-	91.9	88.5	0.892	113.4	1.475	0.620
2002 Jan.	87.6	90.3	90.2	-	91.6	88.3	0.883	117.1	1.475	0.617
Feb.	86.8	89.3	89.2	-	91.1	87.7	0.870	116.2	1.477	0.612
Mar.	86.8	89.6	89.2	-	91.2	88.1	0.876	114.7	1.468	0.616
Apr.	87.2	90.1	89.6	-	91.7	88.4	0.886	115.8	1.466	0.614
May	88.6	91.5	90.9	-	93.7	90.2	0.917	115.9	1.457	0.628
June	90.6	93.5	92.9	-	96.4	92.5	0.955	117.8	1.472	0.644
July	91.7	94.7	94.0	-	98.2	94.1	0.992	117.1	1.462	0.639
% ch. vs. <sup>4)</sup> prev. month										
2002 July	1.1	1.3	1.1	-	1.9	1.7	3.8	-0.6	-0.7	-0.8
% ch. vs. <sup>4)</sup> prev. year										
2002 July	7.4	8.8	7.9	-	10.2	9.2	15.3	9.2	-3.4	5.0

Source: ECB.

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

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

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

Bilateral ECU or euro exchange rates <sup>2)</sup>								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>3)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	
8.65	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
8.50	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
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>								
9.26	7.45	8.05	1.386	1.732	6.99	1,154.8	1.604	2001
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
9.41	7.44	8.01	1.374	1.734	6.94	1,150.1	1.582	Q3
9.48	7.44	7.97	1.416	1.751	6.99	1,155.2	1.634	Q4
9.16	7.43	7.81	1.398	1.692	6.84	1,155.3	1.607	2002 Q1
9.16	7.43	7.52	1.428	1.666	7.17	1,157.8	1.657	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.
9.67	7.44	8.00	1.426	1.804	7.11	1,178.3	1.593	Sep.
9.58	7.44	8.00	1.422	1.796	7.07	1,178.6	1.640	Oct.
9.42	7.45	7.92	1.415	1.717	6.93	1,137.5	1.625	Nov.
9.44	7.44	7.99	1.408	1.735	6.96	1,147.0	1.639	Dec.
9.23	7.43	7.92	1.413	1.709	6.89	1,160.8	1.625	2002 Jan.
9.18	7.43	7.79	1.388	1.696	6.79	1,147.2	1.594	Feb.
9.06	7.43	7.72	1.390	1.669	6.83	1,157.3	1.602	Mar.
9.14	7.43	7.62	1.401	1.654	6.91	1,163.2	1.619	Apr.
9.22	7.44	7.52	1.421	1.666	7.15	1,150.1	1.651	May
9.11	7.43	7.40	1.463	1.679	7.45	1,160.6	1.703	June
9.27	7.43	7.40	1.532	1.792	7.74	1,169.2	1.740	July
1.7	0.0	0.0	4.7	6.7	3.8	0.7	2.2	% ch. vs. <sup>4)</sup> prev. month 2002 July
0.1	-0.2	-7.1	16.5	6.1	15.3	4.4	10.9	% ch. vs. <sup>4)</sup> prev. year 2002 July

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.

## 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												
1998	1.3	1.1	56.2	4.94	7.50	-0.9	3.0	2.5	2.2	4.9	5.4	4.27
1999	2.1	3.1	52.7	4.91	7.44	1.7	2.2	2.3	1.8	4.8	-0.2	3.44
2000	2.7	2.5	46.8	5.64	7.45	1.6	1.5	3.0	6.2	4.4	1.2	5.00
2001	2.3	2.5	44.5	5.08	7.45	2.5	3.7	1.0	1.7	4.3	5.6	4.70
2001 Q1	2.3	-	-	5.03	7.46	4.7	3.0	1.6	5.4	4.4	1.9	5.26
Q2	2.5	-	-	5.27	7.46	1.8	3.9	0.8	0.9	4.4	3.3	5.06
Q3	2.3	-	-	5.18	7.44	3.7	4.1	1.1	2.0	4.3	7.9	4.73
Q4	2.0	-	-	4.83	7.44	0.2	3.7	0.4	-1.3	4.2	9.5	3.77
2002 Q1	2.5	-	-	5.21	7.43	2.6	2.6	1.0	-3.2	4.2	2.5	3.63
Q2	2.1	-	-	5.36	7.43	.	.	.	.	.	2.8	3.71
2002 Feb.	2.4	-	-	5.14	7.43	-	-	-	-0.8	4.2	2.2	3.60
Mar.	2.5	-	-	5.40	7.43	-	-	-	-7.8	4.2	1.3	3.64
Apr.	2.3	-	-	5.40	7.43	-	-	-	7.0	4.2	3.1	3.67
May	1.9	-	-	5.42	7.44	-	-	-	2.8	4.2	3.3	3.73
June	2.2	-	-	5.27	7.43	-	-	-	.	.	2.1	3.73
July	.	-	-	5.14	7.43	-	-	-	.	.	.	3.68
Sweden												
1998	1.0	1.9	70.5	4.99	8.92	3.7	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.5	65.0	4.98	8.81	2.7	-1.0	4.5	1.9	7.2	6.8	3.32
2000	1.3	3.7	55.3	5.37	8.45	3.5	5.8	3.6	7.9	5.9	6.2	4.07
2001	2.7	4.7	56.0	5.11	9.26	3.4	4.4	1.2	-0.8	5.1	.	4.11
2001 Q1	1.6	-	-	4.83	9.00	3.4	2.9	2.7	5.6	5.2	0.2	4.10
Q2	3.0	-	-	5.20	9.13	2.2	5.5	1.0	-2.5	5.0	1.1	4.15
Q3	3.1	-	-	5.28	9.41	4.2	4.9	0.4	-2.5	4.9	2.6	4.34
Q4	3.0	-	-	5.12	9.48	3.9	4.5	0.7	-3.3	5.1	.	3.85
2002 Q1	2.9	-	-	5.42	9.16	4.4	3.5	0.4	-2.2	5.2	.	4.00
Q2	1.9	-	-	5.64	9.16	.	.	.	.	5.1	.	4.43
2002 Feb.	2.7	-	-	5.37	9.18	-	-	-	-2.7	5.2	.	3.94
Mar.	3.0	-	-	5.63	9.06	-	-	-	0.9	5.3	.	4.20
Apr.	2.2	-	-	5.69	9.14	-	-	-	0.6	5.2	.	4.38
May	1.7	-	-	5.69	9.22	-	-	-	1.7	5.1	.	4.46
June	1.7	-	-	5.53	9.11	-	-	-	.	5.0	.	4.45
July	.	-	-	5.38	9.27	-	-	-	.	.	.	4.45
United Kingdom												
1998	1.6	0.4	47.6	5.60	0.676	-0.5	2.9	2.9	0.9	6.1	9.8	7.42
1999	1.3	1.1	45.2	5.01	0.659	-2.1	3.0	2.4	0.8	5.8	5.5	5.54
2000	0.8	4.1	42.4	5.33	0.609	-1.8	2.3	3.1	1.6	5.3	6.6	6.19
2001	1.2	0.9	39.0	5.01	0.622	-1.9	3.9	1.9	-2.1	5.0	8.0	5.04
2001 Q1	0.9	6.3	39.8	4.90	0.633	-1.1	4.3	2.3	1.5	5.0	9.0	5.72
Q2	1.5	-1.9	39.8	5.18	0.614	-2.7	4.5	2.1	-1.5	4.9	7.5	5.30
Q3	1.5	1.6	38.8	5.13	0.619	-1.4	3.5	1.9	-2.6	5.0	7.8	5.00
Q4	1.0	-1.9	38.8	4.82	0.621	-2.5	3.4	1.5	-5.6	5.1	7.7	4.16
2002 Q1	1.5	1.4	37.8	5.13	0.615	-1.5	3.0	1.1	-5.5	5.1	6.1	4.08
Q2	0.9	.	.	5.29	0.629	.	.	.	.	.	6.1	4.17
2002 Feb.	1.5	0.2	37.8	5.04	0.612	-	-	-	-4.7	5.1	6.6	4.05
Mar.	1.5	-5.0	37.8	5.34	0.616	-	-	-	-5.7	5.1	5.7	4.13
Apr.	1.3	-0.4	37.6	5.33	0.614	-	-	-	-4.2	5.2	5.9	4.17
May	0.8	-3.3	38.0	5.35	0.628	-	-	-	-0.5	.	5.9	4.15
June	0.6	.	.	5.19	0.644	-	-	-	.	.	6.5	4.18
July	.	.	.	5.03	0.639	-	-	-	.	.	.	4.06

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

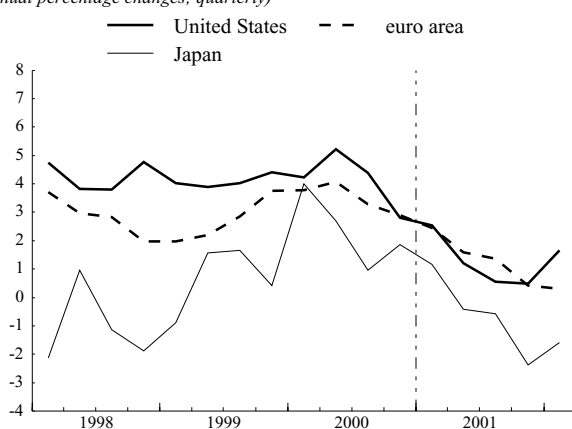
**Table 12.1**  
**Economic and financial developments**

(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											
1998	1.6	0.1	4.3	5.9	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-0.5	4.1	4.2	4.2	7.6	5.42	5.64	1.066	0.8	50.5
2000	3.4	0.8	4.1	4.7	4.0	6.1	6.53	6.03	0.924	1.7	45.0
2001	2.8	6.1	1.2	-4.2	4.8	8.7	3.78	5.01	0.896	0.5	44.7
2001 Q1	3.4	6.7	2.5	-1.0	4.2	7.2	5.35	5.04	0.923	1.5	45.0
Q2	3.4	8.0	1.2	-4.2	4.5	8.1	4.19	5.25	0.873	1.1	43.4
Q3	2.7	6.4	0.5	-5.6	4.8	9.4	3.46	4.98	0.890	-0.9	44.0
Q4	1.9	3.5	0.5	-6.1	5.6	10.3	2.15	4.74	0.896	0.1	44.7
2002 Q1	1.3	-0.3	1.7	-3.6	5.6	9.2	1.90	5.06	0.877	-1.6	45.1
Q2	1.3	.	.	.	5.9	7.7	1.92	5.08	0.919	.	.
2002 Feb.	1.1	.	.	-3.7	5.5	9.5	1.90	4.90	0.870	.	.
Mar.	1.5	.	.	-3.0	5.7	8.5	1.99	5.28	0.876	.	.
Apr.	1.6	.	.	-2.0	6.0	7.3	1.97	5.21	0.886	.	.
May	1.2	.	.	-1.6	5.8	8.0	1.91	5.15	0.917	.	.
June	1.1	.	.	.	5.9	7.7	1.88	4.90	0.955	.	.
July	.	.	.	.	.	.	1.85	4.62	0.992	.	.
Japan											
1998	0.7	6.3	-1.1	-7.1	4.1	4.4	0.66	1.30	146.4	-10.7	.
1999	-0.3	-2.4	0.7	0.8	4.7	3.7	0.22	1.75	121.3	-7.1	.
2000	-0.7	-6.3	2.4	5.9	4.7	2.1	0.28	1.76	99.5	-7.4	.
2001	-0.7	5.8	-0.6	-7.8	5.0	2.8	0.15	1.34	108.7	.	.
2001 Q1	-0.4	-0.2	1.2	-1.0	4.7	2.4	0.37	1.38	109.1	.	.
Q2	-0.7	3.6	-0.4	-5.6	4.9	2.7	0.08	1.28	106.9	.	.
Q3	-0.8	9.2	-0.6	-10.8	5.1	3.1	0.07	1.36	108.3	.	.
Q4	-1.0	11.1	-2.4	-13.5	5.4	3.2	0.08	1.35	110.5	.	.
2002 Q1	-1.4	6.6	-1.6	-10.9	5.3	3.6	0.10	1.46	116.1	.	.
Q2	-0.9	.	.	-3.7	.	3.5	0.08	1.37	116.5	.	.
2002 Feb.	-1.6	7.3	.	-11.5	5.3	3.6	0.10	1.52	116.2	.	.
Mar.	-1.2	5.2	.	-9.9	5.2	3.7	0.10	1.45	114.7	.	.
Apr.	-1.1	1.1	.	-6.1	5.2	3.6	0.08	1.39	115.8	.	.
May	-0.9	.	.	-2.1	5.4	3.5	0.08	1.38	115.9	.	.
June	-0.7	.	.	-2.8	.	3.4	0.07	1.36	117.8	.	.
July	.	.	.	.	.	.	0.07	1.30	117.1	.	.

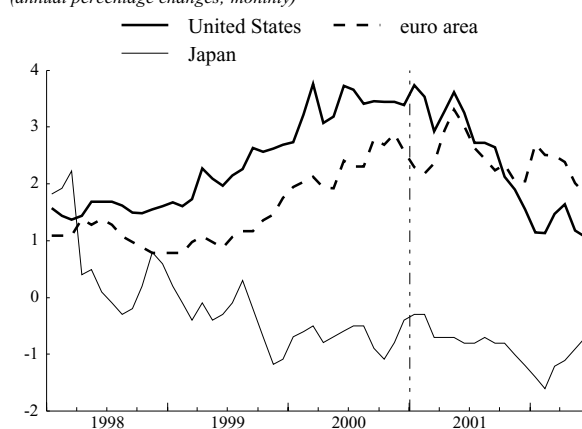
### Real gross domestic product

(annual percentage changes; quarterly)



### Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.

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

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

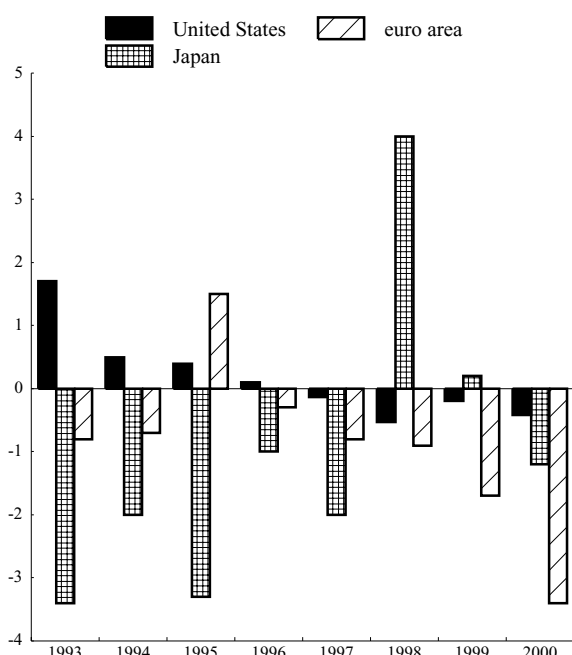
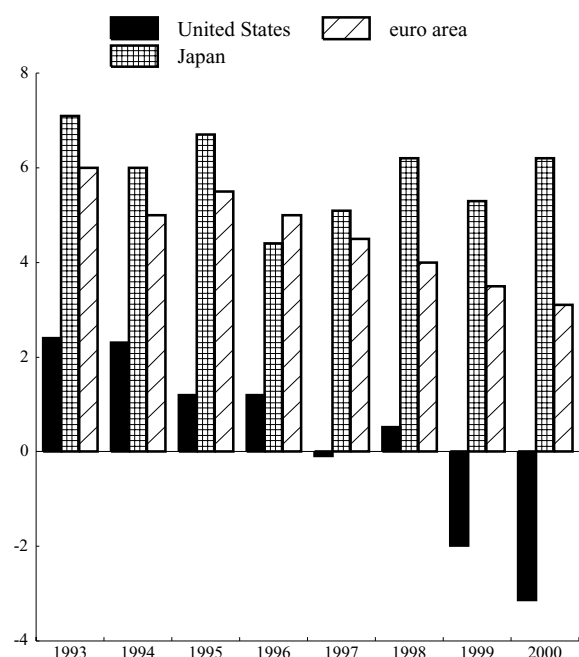
4) For more information, see Table 10.

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

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

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

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1998	18.8	20.7	-2.3	9.4	8.6	6.5	8.2	7.0	1.4	12.3	6.0	12.8	5.5
1999	18.4	20.9	-3.3	9.6	9.0	10.5	8.1	10.7	2.8	12.5	4.3	11.1	6.3
2000	18.1	21.1	-4.4	9.7	9.2	7.7	8.1	8.1	2.5	12.6	2.5	10.3	5.7
2001	17.1	19.3	-3.8	8.1	8.6	3.1	7.7	3.4	1.7	12.7	3.8	11.0	5.7
2000 Q2	18.3	21.4	-4.2	9.8	9.1	9.0	8.2	9.4	2.7	12.6	2.7	10.4	5.6
Q3	18.2	21.2	-4.5	9.9	9.4	7.5	8.2	8.0	1.9	12.5	2.8	10.1	6.0
Q4	18.0	21.0	-4.5	9.6	9.2	5.1	8.0	5.5	0.0	12.4	0.4	10.2	3.5
2001 Q1	17.3	20.2	-4.1	8.9	9.1	4.3	7.5	5.1	1.6	12.6	2.7	10.3	3.6
Q2	17.2	19.7	-4.0	8.4	8.8	2.7	7.5	3.0	2.1	12.6	4.0	10.5	6.6
Q3	17.1	19.1	-3.5	7.9	8.5	3.0	7.7	3.6	1.0	12.6	8.7	12.5	8.9
Q4	16.6	18.3	-3.5	7.1	8.1	2.6	8.2	1.9	2.0	13.1	-0.4	10.5	3.8
2002 Q1	16.5	18.8	-4.1	7.7	7.9	0.5	7.9	0.6	0.3	12.7	5.6	11.9	6.3
Japan													
1998	29.1	26.9	2.6	15.6	15.6	-6.0	13.3	-8.3	-0.3	5.3	6.1	11.7	-1.0
1999	27.6	25.8	2.2	14.4	14.8	3.3	13.5	-2.1	1.8	5.2	5.9	11.1	-0.3
2000	27.7	25.9	2.3	15.2	15.5	2.6	13.8	1.0	1.0	5.2	4.3	10.9	-0.4
2001	.	27.5	.	.	.	-2.7	.	-6.2	1.4	.	4.0	.	-0.3
2000 Q2	23.5	23.7	2.6	.	.	-25.1	.	-17.2	2.5	.	8.8	.	-7.5
Q3	27.9	26.1	2.6	.	.	13.5	.	1.9	-0.3	.	0.6	.	1.4
Q4	27.2	26.9	1.8	.	.	6.9	.	13.8	2.8	.	8.0	.	-0.5
2001 Q1	33.2	27.1	2.3	.	.	8.9	.	-3.3	0.2	.	-4.8	.	2.7
Q2	.	23.5	.	.	.	-30.8	.	-18.5	4.4	.	14.0	.	-5.3
Q3	.	26.1	.	.	.	5.1	.	-8.6	-1.1	.	-3.2	.	3.5
Q4	.	25.1	.	.	.	4.7	.	4.5	2.1	.	9.8	.	-1.9
2002 Q1	.	27.3	.	.	.	11.6	.	0.1	-0.8	.	-6.3	.	4.1

**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.

# Technical notes

## Relating to Table 2.4<sup>1</sup>

### 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

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

and  $I_t$  the index of adjusted stocks in month  $t$ , defined as

$$I_t = I_{t-1} \times \left( 1 + \frac{F_t}{L_{t-1}} \right)$$

where the base  $I_{\text{DEC}1998} = 100$  is used, 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:

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

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

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, although they are sufficiently comparable for 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.

<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.

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

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

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<sup>1</sup>

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 includes a working day and an Easter adjustment, whereas that for services includes only 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.

<sup>1</sup> See footnote 1 on the previous page.

# 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. New data will appear in the ECB's Monthly Bulletin as they become available. More detailed and longer runs of data, with further explanatory notes, are available in the "Statistics" section of the ECB's website ([www.ecb.int](http://www.ecb.int)). The services available within "Statistics on-line" include a browser interface with search facilities, subscription to different datasets and direct download in compressed comma separated value (CSV) files.

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's Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 31 July 2002.

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 i) shares/units issued by money market funds located in the euro area, and ii) money market paper and debt securities issued with

<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).



a maturity up to two years by MFIs 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. Tables 2.5 to 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, as replaced from January 2003 by ECB/2001/13).

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.

<sup>2</sup> The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including the Eurosystem), which 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, which 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); and other general government, which 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's 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. The HICP covers monetary expenditure on final consumption by households on the economic territory of the euro area. 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 Commission Regulation (EC) No. 586/2001 of 26 March 2001.

Opinion survey data (Table 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 presented separately. 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 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 has changed following the provision of capital accounts and financial accounts data for the years 1995 to 2001 under the ESA 95 Regulation (Council Regulation (EC) No. 2223/96 of 25 June 1996). The new table

shows annual data on saving, (financial and non-financial) investment and financing for euro area sectors as a whole, and for non-financial corporations and households separately. These annual data provide, in particular, fuller sectoral information on the acquisition of financial assets and are consistent with the quarterly data 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 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, Slovakia, 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 Greece. On adopting the euro in January 2001, Greece ceased to be a partner country in the effective exchange rate of the euro and the weighting scheme has been adjusted accordingly. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used. The bilateral rates shown are those against the 12 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

#### **Other statistics**

Statistics on other EU Member States (Table 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.



# 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 operations 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 operations 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 operations 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.

### **27 September, 11 October, 25 October 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 3.75%, 4.75% and 2.75% respectively.

### **8 November 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 3.25%, starting from the operation to be settled on 14 November 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 4.25% and 2.25% respectively, both with effect from 9 November 2001.

### **6 December 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 3.25%, 4.25% and 2.25% respectively.

In addition, it decides that the reference value for the annual growth rate of the broad monetary aggregate M3 will remain at 4½%.

### **3 January 2002**

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 3.25%, 4.25% and 2.25% respectively.

The Governing Council also decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2002. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2002 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.

**7 February, 7 March, 4 April,  
2 May, 6 June, 4 July, 1 August 2002**

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 3.25%, 4.25% and 2.25% respectively.

# Documents published by the European Central Bank

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## Annual Report

"Annual Report 1998", April 1999.

"Annual Report 1999", April 2000.

"Annual Report 2000", May 2001.

"Annual Report 2001", April 2002.

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## Convergence Report

"Convergence Report 2000", May 2000.

"Convergence Report 2002", May 2002.

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## Monthly Bulletin

Articles published from January 1999 onwards:

"The euro area at the start of Stage Three", January 1999.

"The stability-oriented monetary policy strategy of the Eurosystem", January 1999.

"Euro area monetary aggregates and their role in the Eurosystem's monetary policy strategy", February 1999.

"The role of short-term economic indicators in the analysis of price developments in the euro area", April 1999.

"Banking in the euro area: structural features and trends", April 1999.

"The operational framework of the Eurosystem: description and first assessment", May 1999.

"The implementation of the Stability and Growth Pact", May 1999.

"Longer-term developments and cyclical variations in key economic indicators across euro area countries", July 1999.

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

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

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

“Inflation differentials in a monetary union”, October 1999.

“ESCB preparations for the year 2000”, October 1999.

“Stability-oriented policies and developments in long-term real interest rates in the 1990s”, November 1999.

“TARGET and payments in euro”, November 1999.

“Legal instruments of the European Central Bank”, November 1999.

“The euro area one year after the introduction of the euro: key characteristics and changes in the financial structure”, January 2000.

“Foreign exchange reserves and operations of the Eurosystem”, January 2000.

“The Eurosystem and the EU enlargement process”, February 2000.

“Consolidation in the securities settlement industry”, February 2000.

“The nominal and real effective exchange rates of the euro”, April 2000.

“EMU and banking supervision”, April 2000.

“The information content of interest rates and their derivatives for monetary policy”, May 2000.

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

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

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

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

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

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