



EUROPEAN CENTRAL BANK

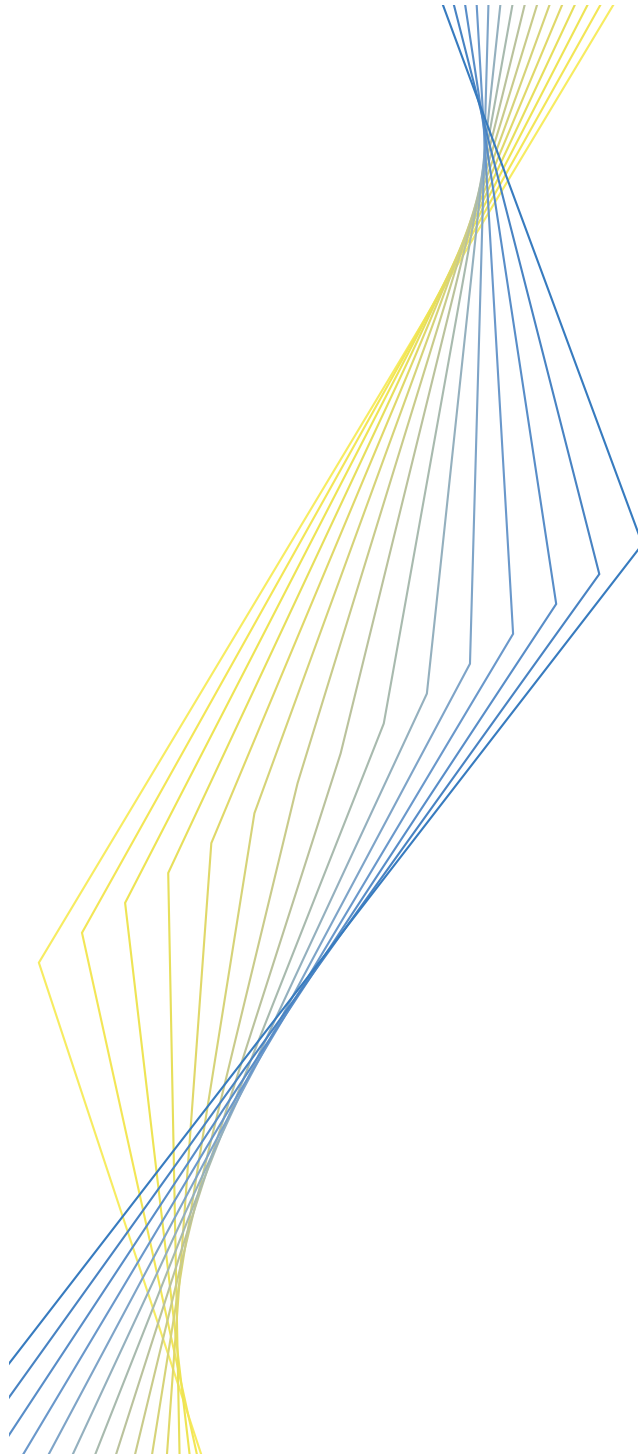
ECB EZB EKT BCE EKP

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

September 2002



EUROPEAN CENTRAL BANK



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B U L L E T I N**

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## Abbreviations

### Countries

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

### Others

BIS	Bank for International Settlements
BPM5	IMF Balance of Payments Manual (5th edition)
CDs	certificates of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
ECU	European Currency Unit
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 12 September 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.

The decision to leave the key ECB interest rates unchanged reflects the Governing Council's assessment that the risks to price stability appear to be rather balanced and that the current level of interest rates is therefore appropriate to maintain price stability over the medium term. This assessment was based on a comprehensive analysis, including the most recent evidence, of monetary, financial and economic developments provided under the two pillars of the ECB's monetary policy strategy.

With regard to the analysis under the first pillar, the three-month average of the annual growth rates of M3 was 7.3% in the period from May to July 2002, compared with 7.4% in the period from April to June 2002. While there is no indication of a significant reduction in monetary growth, the factors underlying recent trends need to be assessed with caution. On the one hand, the continued strength of monetary growth may partly be due to precautionary motives in an environment of increased financial market uncertainty over the last few months, reflected in renewed portfolio shifts towards assets included in M3. On the other hand, it reflects the low opportunity cost of holding money, as signalled in particular by the rise in the annual growth rate of M1 in recent months. From a longer-term perspective, the strong monetary growth raises concerns that more liquidity is available in the euro area than would be needed to finance non-inflationary economic growth in line with potential. However, at this juncture, there is less risk that excess liquidity will translate into inflationary pressure, given the environment of subdued economic growth. This assessment seems to be supported by the fact that the annual rate of change in

loans to the private sector continued to decline in July 2002.

As regards the analysis under the second pillar, recent data for real GDP in the euro area confirm the modest recovery to positive rates of growth in the first half of this year from a negative rate of growth in the last quarter of 2001. Real GDP is estimated to have increased by 0.3% quarter on quarter in the second quarter of 2002, following upwardly revised growth of 0.4% in the first quarter. In contrast to the first quarter, real GDP growth in the second quarter of 2002 appears to have been more broadly based, supported by private consumption, exports and changes in inventories. Private consumption, in particular, increased by 0.4% quarter on quarter, following a contraction of 0.2% in the previous quarter. However, growth in overall domestic demand remained subdued, also reflecting the protracted weakness in investment.

A number of leading indicators and survey data suggest that the recovery is proceeding weaker than expected, although they continue to point to economic expansion. Against this background, the most likely scenario is one of ongoing, albeit modest, growth in real GDP in the second half of this year. The acceleration of economic activity to growth rates in line with those of potential growth is now expected in the course of 2003 rather than by the end of this year. This delay broadly corresponds with the changes in the world economic outlook, as the expected pace of the global recovery has been scaled down over recent months. Notably, the sharp declines in stock prices are having negative effects on consumer and investor confidence, with the result that the strength of the upturn in economic activity has become subject to increased uncertainty, both inside and outside the euro area.

At the same time, however, the conditions for a stronger economic recovery in the euro area remain in place. Private consumption should benefit from the improvement in real disposable income associated with the decline

in inflation from the levels prevailing at the start of this year, while investment should be supported by low market interest rates. Moreover, expected improvements in the global economy should also lead to a gradual recovery in foreign demand. Nevertheless, there are downside risks to the economic outlook for the euro area that need to be monitored closely. On the one hand, these risks relate to developments and imbalances in the global economy and their possible spillovers to the euro area. On the other, the uncertainty surrounding developments in financial and labour markets could pose a risk to domestic demand.

Turning to price developments, Eurostat's flash estimate of annual HICP inflation for August 2002 is 2.1%, a rise of 0.2 percentage point compared with the previous month. This rise is fully in line with previous expectations that inflation rates are likely to be at around 2% for the remainder of this year, partly reflecting base effects associated with past developments in energy prices. However, given that oil prices have increased significantly over recent weeks, there are some upward risks to this outlook.

In July the inflation rate excluding unprocessed food and energy prices fell slightly to 2.5%, its first decline in 2002. Further declines are expected to occur mainly as a consequence of the projected moderation in the annual rate of change in services prices following its protracted rise, over recent years, to 3.2% in the second quarter of 2002. However, for overall HICP inflation to come down to levels below 2% in 2003, as currently projected by most forecasts from international and private institutions, it is crucial that oil prices do not escalate and that wage moderation prevails. Wage developments remain a cause for concern, as the upward trend in the rate of increase in nominal wages recorded over recent years continued even when the economy slowed down. Although the latest information available from wage indicators did not signal further acceleration, future wage developments warrant close

monitoring also in a context of weak cyclical dynamics.

The devastating floods that have hit specific regions in the euro area have caused considerable personal hardship and a substantial loss of wealth. At the same time, the overall macroeconomic impact of these factors should be limited for the countries involved and insignificant for the euro area as a whole.

Overall, the subdued developments in aggregate demand and the stronger euro should contribute to lower inflationary pressure. At the same time, other factors – in particular monetary developments, but also wage trends and oil prices – might pose upward risks to price stability in the medium term and therefore need to be monitored closely.

Regarding fiscal policies in the euro area, the unexpected fiscal burden associated with the floods will affect the budgets of the member countries concerned. In addition to this country-specific burden, however, recent months have also seen setbacks such as signs of expenditure overruns due only in part to lower than previously expected economic growth. These developments should lead to a review of priorities and a prudent control of expenditure. It currently seems all the more important that member countries remain committed to the Stability and Growth Pact. Countries with sound fiscal positions should safeguard their achievement, while countries with remaining imbalances must avoid deficits in excess of 3% of GDP and implement determined consolidation policies in order to progress towards budgets close to balance or in surplus. This is essential for maintaining and further strengthening confidence in the policy framework in the euro area, and for establishing in all countries fiscal positions that allow automatic stabilisers to work effectively, while securing sound fiscal positions in the longer term.

In the field of structural policies governments are urged to implement, in a determined way,

the reform agenda set in the Broad Economic Policy Guidelines. Structural reforms in the labour, product and financial markets would contribute to increasing the euro area's resilience to economic shocks and expanding its potential for non-inflationary economic growth. This would also help to raise the employment rate and to reduce the high

level of unemployment. At the same time, reforms would help to foster consumer and investor confidence in the long-term growth and employment opportunities in the euro area, thereby having a positive effect on consumption and investment decisions in the short and medium term.





# Economic developments in the euro area

## I Monetary and financial developments

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

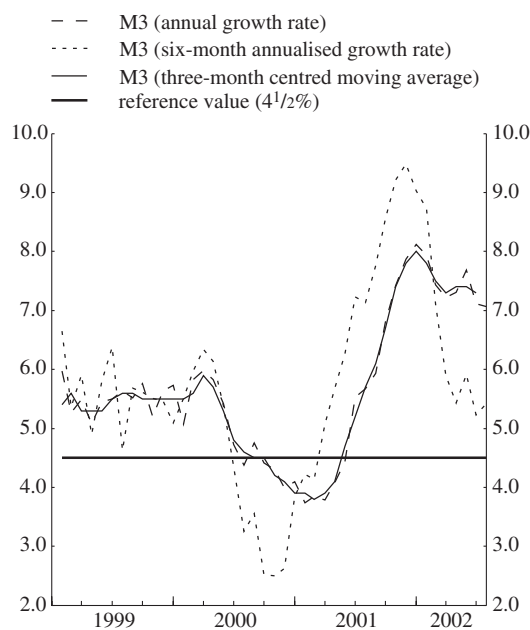
At its meeting on 12 September the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations, conducted as variable rate tenders, unchanged at 3.25%. The interest rates on the marginal lending facility and the deposit facility were also kept unchanged, at 4.25% and 2.25% respectively (see Chart 1).

### M3 growth remained high in July

The annual growth rate of the broad monetary aggregate M3 stood at 7.1% in July 2002, unchanged from the previous month and only 1 percentage point below the peak of 8.1% reached in December 2001. The three-month centred moving average of the annual growth rates of M3 was 7.3% in the period from May to July 2002, down from

**Chart 2**  
M3 growth and the reference value

(adjusted for seasonal and calendar effects)

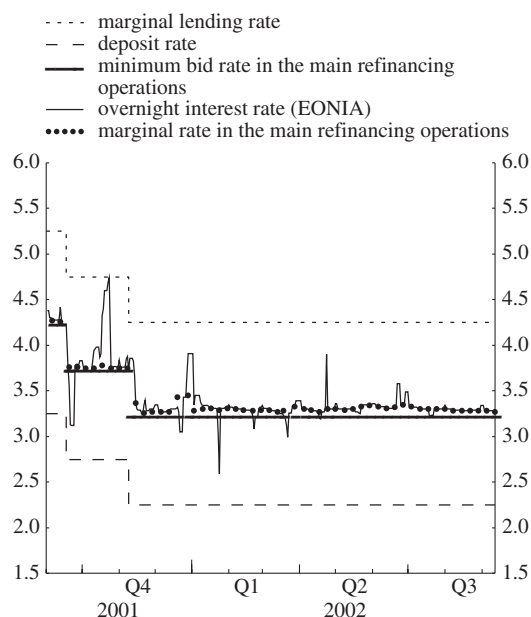


Source: ECB.

7.4% in the period from April to June 2002 (see Chart 2).

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

(percentages per annum; daily data)



Sources: ECB and Reuters.

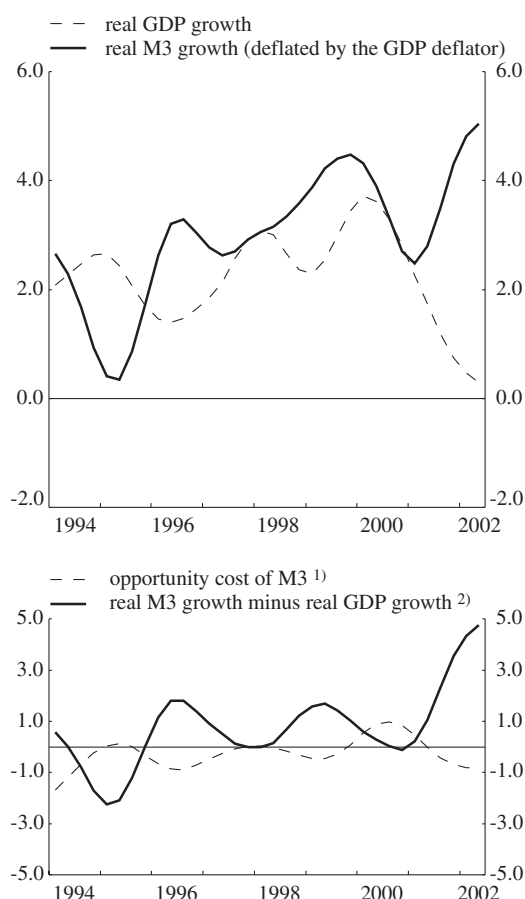
The strong M3 growth over recent months is partly related to the increased uncertainty in financial markets. In this respect, the recent situation is comparable with the situation in autumn 2001, when a significant increase in agents' liquidity preference led to substantial portfolio shifts out of long-term assets into liquid and safe assets included in M3. However, compared with the situation in autumn 2001, the most recent portfolio shifts towards liquid instruments appear not to have been so substantial. This can probably be explained by the fact that the latest shifts have been more oriented towards longer-term securities (as is indicated by the recent fall in government bond yields and the rise in demand for MFI longer-term financial liabilities), but also by the fact that agents have entered the latest period of financial uncertainty holding a substantial amount of liquid assets.

Chart 3 illustrates that over recent quarters actual M3 growth has continued to decouple from two of its fundamental determinants: economic activity and interest rates. As the top panel of Chart 3 shows, over the last few quarters the gap between the annual growth rate of M3 (measured in real terms)<sup>1</sup> and that of real GDP has significantly widened, signalling that the rise in (real) M3 growth cannot be attributed to greater demand for real transaction balances. At the same time, however, it is likely that demand for M3 has been partly supported by the low level of its

opportunity costs, which are measured here by the difference between the three-month money market rate and the own rate of return on M3. However, the lower panel of Chart 3 indicates that this factor can explain only to a limited extent the recent developments of M3, confirming that there has also been a significant increase in demand for precautionary motives in recent quarters.

Since M3 growth continued to be strong in the second quarter of 2002, the amount of liquidity in the hands of the public remained significantly higher than needed to finance non-inflationary growth. This ample liquidity situation in the euro area is clearly signalled by money gap measures constructed on the basis of the reference value for monetary growth.<sup>2</sup> As can be seen in Chart 4, as a result of the protracted strong growth in M3, measures of both the nominal and the real money gaps reached in July their highest levels in recent years.

**Chart 3**  
**Real M3, real GDP and opportunity costs**  
*(four-quarter moving averages of annual percentage changes; seasonally adjusted)*



Source: ECB

The annual growth rates of GDP and the GDP deflator in the second quarter of 2002 are assumed to be equal to those in the first quarter of 2002.

- 1) The opportunity cost of M3 is defined as the difference between the three-month money market rate and the own rate of return on M3.
- 2) Calculated as the difference between M3 growth deflated by the GDP deflator and real GDP growth.

### Stronger growth of the narrow monetary aggregate M1

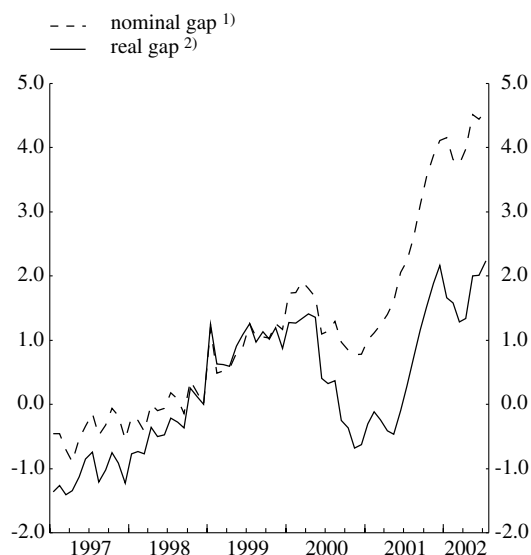
The stability of the annual growth rate of M3 in July 2002 masked divergent developments between the narrow monetary aggregate M1 and the other main components of M3. The annual growth rate of M1 rose to 7.6% in July, from 6.9% in June. This increase was entirely driven by the continued rebound in the annual growth rate of currency in circulation.

1 Part of the recent strengthening in nominal M3 growth can certainly also be attributed to the demand for transaction balances related to higher inflation in early 2002.

2 The measure used for the nominal money gap refers to the difference between the actual level of M3 and the level of M3 which would have resulted from growth at the reference value (4½% p.a.) since December 1998. The measure for the real money gap used in Chart 4 shows the difference between the actual level of M3 deflated by the HICP and the level of M3 in real terms which would have resulted from nominal M3 growth at the reference value and HICP inflation in line with the definition of price stability – again using December 1998 as the base period. Since the choice of the base period is somewhat arbitrary, the levels of these measures are less informative than changes in these measures (see the Monthly Bulletin article entitled “Framework and tools of monetary analysis”, May 2001).

**Chart 4**  
**Estimates of the nominal and real money gaps**

(as a percentage of the stock of M3)



Source: ECB.

1) Deviation of the actual stock of M3 from the level consistent with monetary growth at the reference value, taking December 1998 as the base period.

2) Nominal money gap minus the deviation of consumer prices from the definition of price stability, taking December 1998 as the base period.

Indeed, after the substantial reduction in currency in circulation in the run-up to the euro cash changeover, economic agents have continued to rebuild their currency holdings in 2002. The (seasonally adjusted) monthly inflow to currency in circulation was €10.7 billion in July 2002, having averaged €9.1 billion between March and June. The expansion of currency in circulation so far this year is likely to reflect to a large extent the reversal of previous shifts from currency into short-term deposits included in M3, which happened in 2001. Indeed, the six-month seasonally adjusted and annualised growth rate of overnight deposits has slowed down considerably during the last few months, reflecting the running down of precautionary holdings accumulated before the cash changeover. Chart 5 shows that the increase in the annual flows into currency in circulation in 2002 coincided with a decline in the annual flows into overnight deposits and, to a lesser extent, in the annual flows

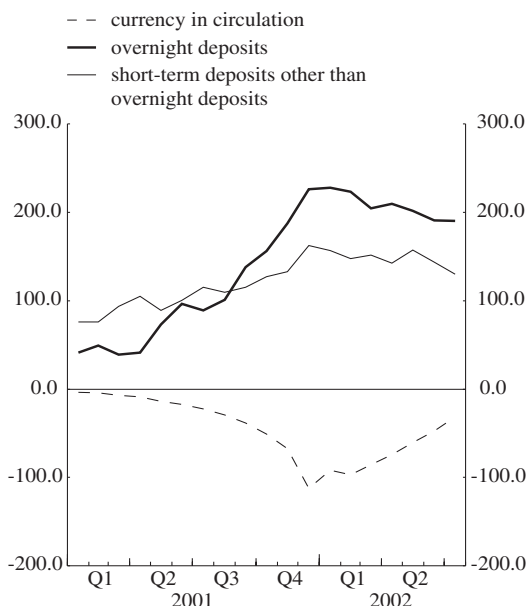
into other short-term deposits included in M3.

Taking currency and overnight deposits together, the rise in the annual rate of growth in M1 in recent months is likely to have been supported by the low level of the opportunity costs of holding the instruments included in M1. In fact, since instruments included in M1 bear little or no remuneration, M1 typically grows fast when interest rates on alternative short-term assets are low. At the same time, M1 has often been a good leading indicator for economic growth a few quarters ahead. Nevertheless, it cannot be ruled out that the recent rise in M1 has also been partly driven by factors associated with the cash changeover. In particular, part of the expansion in currency in circulation may have been absorbed by demand outside the euro area and may not, therefore, indicate the building-up of higher transaction balances in the euro area.

The annual rate of growth of short-term deposits other than overnight deposits

**Chart 5**  
**Currency in circulation and short-term deposits**

(annual flows, EUR billions)



Source: ECB.

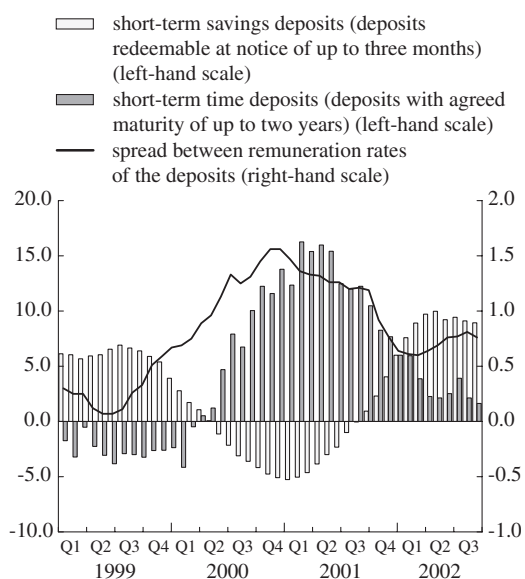
**Table 1****Components of M3***(annual percentage changes; quarterly averages)*

	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 July
<i>Seasonally and calendar effect adjusted</i>						
<b>M1</b>	2.5	3.8	5.5	6.2	6.6	7.6
<i>of which: currency in circulation</i>	-3.2	-7.6	-18.5	-28.0	-20.1	-9.7
<i>of which: overnight deposits</i>	3.7	6.1	10.4	13.0	11.7	10.8
M2 - M1 (= other short-term deposits)	4.4	4.9	5.8	6.7	6.4	5.5
<b>M2</b>	3.5	4.4	5.7	6.4	6.5	6.5
M3 - M2 (= marketable instruments)	10.4	16.2	20.5	15.7	13.2	10.7
<b>M3</b>	4.4	5.9	7.6	7.7	7.4	7.1
<i>Not adjusted for seasonal and calendar effects</i>						
Currency in circulation	-3.3	-7.4	-18.4	-27.9	-19.8	-9.7
Overnight deposits	3.9	6.2	10.1	13.0	11.7	10.5
Deposits with an agreed maturity of up to 2 years	13.9	10.9	6.9	3.4	2.9	1.6
Deposits redeemable at notice of up to 3 months	-2.6	0.5	5.0	9.1	9.4	8.9
Repurchase agreements	15.5	20.5	19.8	4.8	1.9	1.8
Money market fund shares/units	11.1	20.5	30.1	33.4	27.4	24.2
Money market paper and debt securities issued with a maturity of up to 2 years	1.1	0.8	1.6	-6.3	-3.1	-9.4

Source: ECB.

declined to 5.5% in July, from 6.1% in the previous month. This reflected the weaker dynamics of both short-term savings deposits (i.e. deposits redeemable at a period of notice of up to three months) and short-term time

deposits (i.e. deposits with an agreed maturity of up to two years) (see Chart 6). The annual growth rate of savings deposits declined to 1.6% (from 2.1% in June), while the annual rate of change in time deposits decreased to 8.9% (from 9.1% in the previous month).

**Chart 6****Short-term savings and time deposits and their retail interest rate spread***(annual percentage changes and differences in percentage points; not seasonally adjusted)*

Source: ECB.

The annual rate of growth of marketable instruments declined to 10.7%, from 11.2% in June. This decline, however, was partly due to a base effect. In fact, the shorter-term dynamics of marketable instruments picked up in July, consistent with the evidence of a renewed increase in liquidity preference.

**Loans to the private sector grew at a slower pace in July**

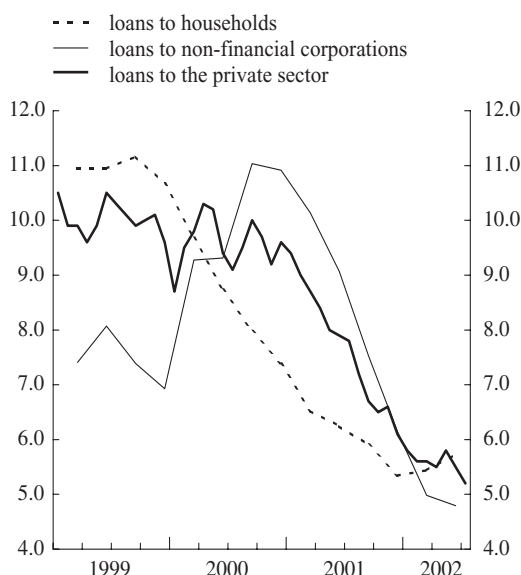
The annual rate of growth of MFI credit to euro area residents declined in the second quarter of 2002 to 4.6%, from 5.1% in the first quarter of the year. In July, it decreased further to 4.1%. The decline in credit to euro area residents mainly reflects the slowdown in credit to the private sector (see Table 2). Nevertheless, in July the annual growth rate of credit to the general government also declined.

The stronger growth in MFI credit to general government in 2002 reflects the higher financing needs of general government related to lower than expected fiscal revenue as a consequence of weaker economic activity. Within credit to general government, the annual rate of change in loans to general government has continued to be negative in recent quarters (see Table 2). By contrast, the annual rate of change in MFI purchases of debt securities issued by general government became positive in 2002.

As regards MFI credit to the private sector, 2002 has seen a gradual slowdown in this counterpart of M3. The annual growth of its most important component, loans to the private sector, has declined again over recent months (see Chart 7). Contrary to previous months, the evolution of the short-term dynamics in loans to the private sector no longer suggests that the declining trend in the growth of loans has been interrupted. This is signalled by the evolution of the six-month annualised growth rate of loans to the

**Chart 7**  
Sectoral breakdown of MFI loans to the private sector

(annual percentage changes)



Source: ECB.

Note: Loans to the private sector include loans to households, loans to non-financial corporations, loans to non-profit institutions serving households and loans to non-monetary financial corporations.

**Table 2**  
Counterparts of M3

(annual percentage changes; quarterly averages; not adjusted for seasonal and calendar effects)

	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 July
<b>Longer-term financial liabilities (excluding capital and reserves)</b>	3.1	2.2	2.9	3.1	4.0	4.8
Deposits with an agreed maturity of over 2 years	-0.1	-0.4	-0.2	0.2	0.8	1.8
Deposits redeemable at notice of over 3 months	8.2	1.2	-5.7	-11.5	-13.2	-11.7
Debt securities issued with a maturity of over 2 years	5.2	4.4	5.9	6.5	7.8	8.4
<b>Credit to euro area residents</b>	5.4	5.6	5.2	5.1	4.6	4.1
<b>Credit to general government</b>	-5.4	-1.9	-0.6	1.8	1.9	1.1
Securities other than shares	-8.2	-2.3	-0.5	3.7	3.9	2.2
Loans	-1.4	-1.5	-0.8	-0.8	-0.9	-0.6
<b>Credit to other euro area residents</b>	8.8	7.8	6.9	6.1	5.3	4.9
Securities other than shares	23.3	24.3	23.7	22.2	14.7	8.7
Shares and other equity	8.0	4.5	3.2	2.2	-2.9	0.3
Loans	8.3	7.4	6.5	5.7	5.6	5.2
<i>Memo item: Sectoral breakdown for loans (end of quarter)<sup>1)</sup></i>						
To non-financial corporations	9.1	7.5	6.1	5.0	4.8	.
To households	6.2	5.9	5.3	5.4	5.7	.
Consumer credit <sup>2)</sup>	5.2	3.6	3.6	4.3	3.9	.
Lending for house purchase <sup>2)</sup>	7.6	7.6	6.8	7.2	7.4	.
Other lending	2.9	2.3	2.2	0.7	1.7	.

Source: ECB.

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

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

private sector, which, after having increased between January and June, declined in July to 5.2%.

In terms of sectoral developments, quarterly data for the second quarter of 2002 show that there seems to be slightly different behaviour between loans to households and loans to non-financial corporations. While the annual growth rate of loans to households increased in the second quarter of 2002 (to 5.7%, from 5.4% in the previous quarter), the annual growth rate of loans to non-financial corporations continued to decline (to 4.8%, from 5.0% in the first quarter of 2002). Since the beginning of 2001, there has been a pronounced slowdown of loans to non-financial corporations. However, this slowdown needs to be put into perspective as the growth of loans to non-financial corporations in 2000 and the first half of 2001 was influenced upwards by the purchase of UMTS licences in the autumn of 2000 and strong merger and acquisition activity, which has since subsided. Other factors that have contributed to the lower growth in loans to non-financial corporations have been the weak economic activity in the euro area and,

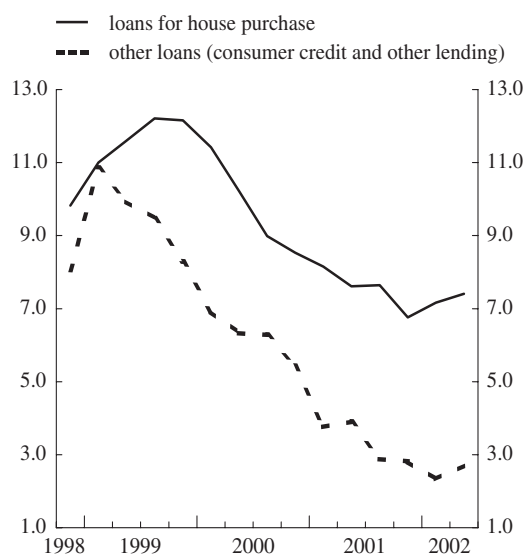
in some euro area countries, more difficult access of firms to credit. Within loans to households, growth in consumer credit and other lending was subdued, while growth in loans for house purchases remained robust (see Chart 8). This may reflect the fact that retail lending interest rates on housing loans have remained at low levels this year. In addition, the fact that loans for house purchases are collateralised, while consumer credit is not, may explain the different dynamics of these two types of loans.

The annual rate of growth of MFIs' longer-term financial liabilities (excluding capital and reserves) increased to 4.8% in July, from 4.6% in the previous month. This follows the rising trend in the annual growth of longer-term financial liabilities (excluding capital and reserves) seen since the third quarter of 2001 (see Table 2). This trend probably reflects both the steepening of the yield curve during this period and, more recently, portfolio shifts from stock markets to these longer-term financial instruments.

Over the 12 months to July 2002, the net external assets of the euro area MFI sector rose by €143.6 billion, compared with €164.7 billion in the 12 months to June (see Chart 9).

**Chart 8**  
**Breakdown of MFI loans to households by purpose**

(annual percentage changes)



Source: ECB.

### M3 growth remained high against renewed shifts from financial markets

In summary, despite slowing down somewhat with respect to the levels seen in autumn 2001, monetary growth remained strong in the first half of 2002. The incipient indications of a reversal of past portfolio shifts seen in the first months of the year (see Box 1) were not confirmed by later information against the background of the renewed uncertainty in financial markets and the low opportunity costs of holding liquid instruments.

The protracted high growth of M3 has led to the accumulation of substantial excess liquidity in the euro area. Such ample liquidity, if not corrected, would be of concern to

## Box I

### Financial investment of the non-financial sectors in the euro area in the first quarter of 2002

Data from the financial accounts allow for an analysis of the developments in the total financial investment of the non-financial sectors in the euro area in the first quarter of 2002. These data give some insight into portfolio decisions of the non-financial sectors and thereby also assist in the analysis of movements in M3.

#### Financial investment of euro area non-financial sectors

	Outstanding amount as a percentage of total <sup>1)</sup>	Annual growth rates <sup>2)</sup>									
		2000	2000	2000	2000	2001	2001	2001	2001	2002	2002
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
<b>Total</b>	<b>100</b>	<b>5.4</b>	<b>5.6</b>	<b>6.6</b>	<b>7.1</b>	<b>8.2</b>	<b>8.0</b>	<b>7.0</b>	<b>5.4</b>	<b>5.3</b>	.
of which: short-term financial investment <sup>3)</sup>	41.4	4.5	4.9	5.3	4.2	5.7	6.0	5.9	5.8	5.3	.
of which: long-term financial investment <sup>4)</sup>	58.6	6.0	6.1	7.4	9.0	9.8	9.3	7.6	5.1	5.3	.
Currency and deposits	35.2	3.1	3.7	3.6	3.3	3.5	4.3	4.3	4.3	4.7	.
Securities other than shares	13.0	3.4	9.6	15.2	10.1	17.5	14.2	11.1	9.3	7.1	.
of which: short-term	2.1	38.7	55.0	88.3	34.0	64.8	43.0	29.4	17.9	-2.1	.
of which: long-term	10.9	0.0	5.4	9.1	7.1	11.0	10.2	8.4	7.9	9.0	.
Mutual fund shares	12.3	8.6	4.3	2.4	6.1	5.3	4.6	5.4	5.0	5.6	.
of which: mutual fund shares, excluding money market fund shares	10.3	8.2	5.2	3.1	7.0	5.4	3.7	3.3	2.1	2.4	.
of which: money market fund shares	1.9	11.6	-1.9	-2.6	-1.2	4.3	12.1	22.8	28.8	27.9	.
Quoted shares	16.9	4.1	3.0	6.8	11.2	13.6	13.7	9.8	2.8	2.4	.
Insurance technical reserves	22.6	9.7	9.5	9.3	8.4	7.6	7.4	7.2	7.5	7.6	.
M3 <sup>5)</sup>		6.0	4.7	4.4	4.1	3.8	5.5	6.8	8.1	7.2	7.1

Source: ECB.

1) As at the end of the first quarter of 2002.

2) Annual growth rates are calculated as the ratio of the cumulative amount of financing in the last four quarters and the initial stock.

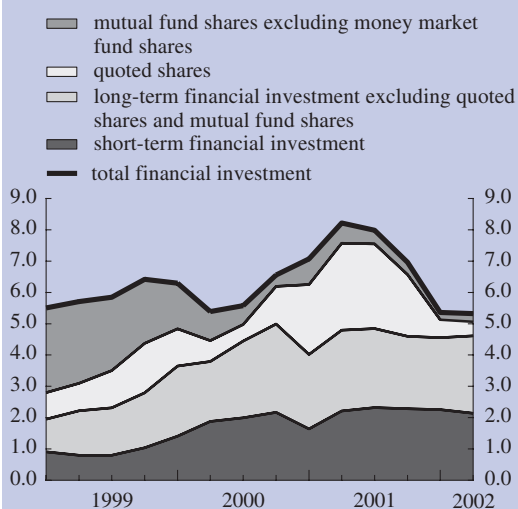
3) Short-term financial investment includes mainly currency and deposits, short-term debt securities and money market fund shares.

4) Long-term financial investment includes long-term debt securities, mutual fund shares excluding money market fund shares, quoted shares and insurance and pension products.

5) End-of-quarter. The monetary aggregate M3 includes monetary instruments held by euro area non-MFIs (i.e. the non-financial sector and non-Monetary Financial Institutions) with euro area MFIs.

#### Short-term and long-term financial investment of non-financial sectors

(contributions to annual growth rates in percentage points)



Source: ECB.

Note: Short-term financial investment consists mainly of currency and deposits, short-term debt securities and money market fund shares; long-term financial investment consists of long-term debt securities, quoted shares, mutual fund shares excluding money market fund shares and insurance and pension products.

The table above reveals that the annual growth of financial investment of the non-financial sectors remained broadly stable in the first quarter of 2002 at 5.3%. This overall pattern masks, however, a decline in the annual growth rate of short-term financial investment being offset by a rise in the annual growth in long-term financial investment (see the chart). As regards the former, the main reason for the decline has been lower annual growth of investment in short-term debt securities, mainly related to a base effect, while investment in money market fund shares remained relatively strong. With regard to long-term financial investment, there was, in particular, an increase in the annual growth rates of long-term debt securities. Also, investment in mutual fund shares (excluding money market fund shares) rose somewhat, probably mainly investment in equity-linked mutual fund shares, although remaining at a relatively subdued level. Demand for quoted shares stayed weak.



These data are compatible with the assessment that the moderation in M3 short-term dynamics in the first quarter of 2002 may, in fact, have been due to some reversal of previous portfolio shifts out of equity which had occurred in the autumn of 2001. This reversal of portfolio shifts into longer-term financial instruments has probably been fostered by the steepening yield curve. In addition, as the subdued annual growth of investment in quoted shares indicates, investors tended to prefer mutual fund shares to direct investment in quoted shares in early 2002.

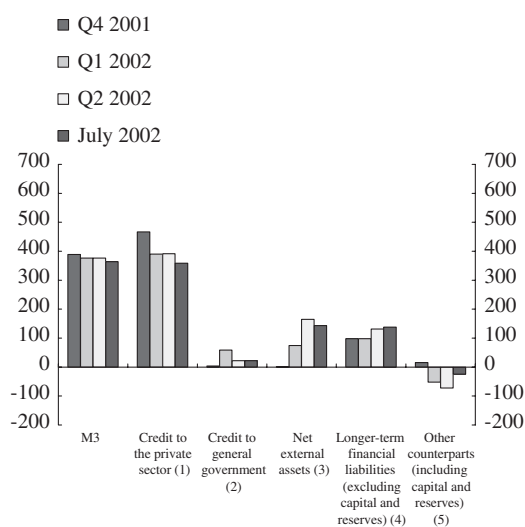
future inflation. However, at the current stage, there is less of a risk that excess liquidity will translate into inflationary pressure, given the environment of subdued aggregate demand. This assessment is supported by the continuation of the slowdown in loans to the private sector in recent months.

#### Decrease in the growth of debt securities issuance in the second quarter

The average annual growth of the amount outstanding of debt securities issued by euro area residents in the second quarter of 2002 was 6.9%. This was well below the 7.7% recorded in the first quarter (see Chart 10).

#### Chart 9 Movements in M3 and its counterparts

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



Source: ECB.

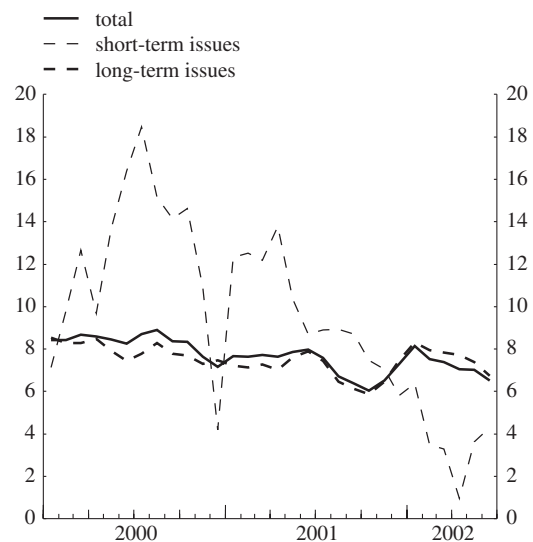
Note: Series adjusted for non-euro area residents' holdings of all negotiable instruments.

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

#### Chart 10

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

(annual percentage changes)



Source: ECB.

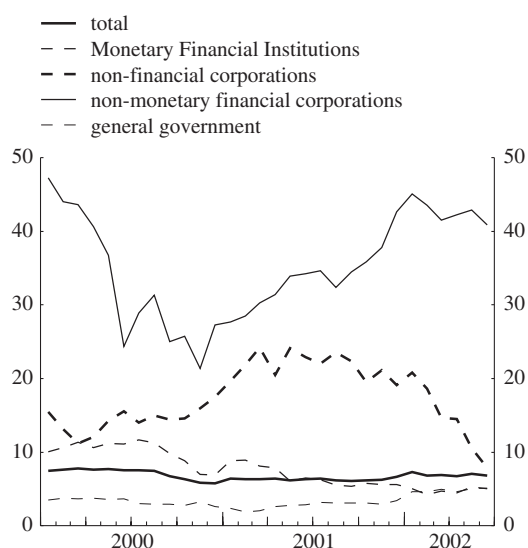
Note: From January 2001, euro area data include Greece. For reasons of comparability, annual growth rates before January 2001 use data for the euro area plus Greece.

The decrease was driven by lower issuance of both short-term and long-term debt securities: the average annual growth rates of the amounts outstanding of these securities declined from respectively 4.4% and 8% in the first quarter to 3% and 7.3% in the second. At the sectoral level, the declines in both short-term and long-term issuance were due to weaker activity on the part of non-financial corporations. The average annual growth rate of the amount outstanding of short-term debt securities issued by this sector became negative for the first time since the introduction of the euro. The situation in the non-financial corporate sector differed considerably from that in the public sector, where overall issuance activity remained robust for both short and long maturities.

The breakdown by currency shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents decreased slightly to 6.9% in the second quarter of 2002, from 7.0% in the previous quarter. At the same time, the share of euro-denominated debt securities in total gross issuance by euro area residents decreased from 93.7% in the first quarter of 2002 to 93.0% in the second quarter.

Breaking down euro-denominated debt securities issuance by sector reveals that, as mentioned above, the most notable development in the second quarter of 2002 was the further significant decline in issuance by non-financial corporations (see Chart 11). The average annual growth of the amount outstanding of debt securities issued by non-financial corporations, which has declined since the last quarter of 2001, decreased from 18.1% in the first quarter of 2002 to 11% in the second quarter. This was the lowest average annual growth rate since the second quarter of 1999. More specifically, the

**Chart 11**  
**Amounts outstanding of euro-denominated debt securities issued by euro area residents**  
*(annual percentage changes)*



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

annual growth in the amount outstanding of short-term debt securities issued by non-financial corporations fell to -8.7% in the second quarter of 2002. One of the main determinants of the weak issuance of debt securities – primarily short-term but also long-term – by this sector, in addition to uncertainties regarding the economic outlook, has been a continuing decline in merger and acquisition activity compared with previous quarters. Furthermore, issuance conditions have deteriorated generally owing to previous downgrades and a widening of corporate bond spreads throughout the year (see Chart 24). Finally, issuance conditions in the corporate bond market have been negatively affected by the declining stock markets. By contrast, the annual growth of the amount outstanding of debt securities issued by non-monetary financial corporations, which had increased throughout 2001 and the first quarter of 2002 to 43.4%, remained high in the second quarter, albeit declining to 42%.

Turning to the MFI sector, the average annual growth of the amount outstanding of debt securities was 4.9% in the second quarter of 2002, slightly above the 4.7% recorded in the previous quarter. This suggests a break with the trend of declining issuance by this sector which started in the second quarter of 2001.

In the general government sector, which includes the segments central government and other general government, issuance remained robust in the second quarter of 2002, indicating higher fiscal financing needs. The average annual growth of the amount outstanding of debt securities issued by central government remained unchanged at 4.1%, whereas issuance growth for other general government, primarily comprising local and state governments, increased from 24.3% in the first quarter of 2002 to 29.9% in the second quarter.

### Overall financing developments in the non-financial sectors

Taken together, the total annual growth of debt financing (consisting mainly of loans and

debt securities issued) of the non-financial sectors (households, non-financial corporations and general government) broadly stabilised in the first half of 2002, at slightly above 5%, having declined considerably since the end of 2000 (see Table 3). The annual growth of short-term debt financing is estimated to have dropped further in the second quarter of 2002. By contrast, the relatively low lending rates in the euro area by historical standards contributed to the stabilisation of the annual growth of long-term debt financing.<sup>3</sup>

The overall stabilisation in debt financing developments masked substantial differences across sectors and maturities (see Chart 12).

The annual growth of household debt financing, consisting mainly of loans granted by Monetary Financial Institutions (MFIs) but also of loans granted by other financial intermediaries (e.g. leasing companies, for which data are only available up to the first quarter of 2002), is estimated to have

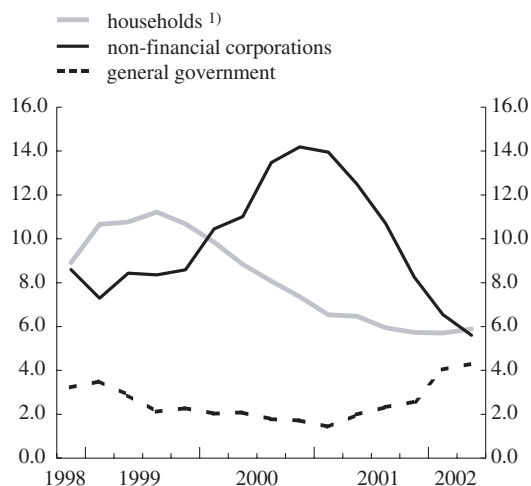
<sup>3</sup> Debt financing developments in the second quarter of 2002 have been approximated on the basis of money and banking statistics and securities issues statistics, as quarterly financial accounts data on the financing of the non-financial sectors are only available up to the first quarter of 2002. While the extension of loans by MFIs and the issuance of debt securities provide a good approximation for the debt financing of households and non-financial corporations, at the current stage information on loans granted by other financial intermediaries and on pension fund reserves incurred by non-financial corporations is only available up to the first quarter of 2002.

**Table 3**  
**Financing of euro area non-financial sectors**

	Outstanding amount as a percentage of total (sector) financing <sup>1)</sup>	Annual growth rates <sup>2)</sup>									
		2000 Q1	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2 <sup>3)</sup>
<b>Total</b>	<b>100</b>	<b>6.2</b>	<b>6.1</b>	<b>6.7</b>	<b>6.4</b>	<b>6.2</b>	<b>6.2</b>	<b>5.6</b>	<b>4.8</b>	<b>4.6</b>	.
of which: long-term financing <sup>4)</sup>	85.5	6.3	5.7	5.8	5.7	5.4	5.8	5.4	4.8	4.9	.
Debt financing <sup>5)</sup>	79.2	6.6	6.6	7.0	7.1	6.7	6.5	6.0	5.3	5.3	5.2
of which: short-term debt financing	14.5	5.8	8.4	12.4	11.0	11.4	9.4	6.8	5.1	2.8	0.1
of which: long-term debt financing	64.7	6.7	6.2	5.9	6.3	5.7	5.9	5.9	5.3	5.9	6.4
<b>Households<sup>5), 6)</sup></b>	<b>21.3</b>	<b>9.8</b>	<b>8.8</b>	<b>8.1</b>	<b>7.4</b>	<b>6.5</b>	<b>6.5</b>	<b>5.9</b>	<b>5.7</b>	<b>5.7</b>	<b>5.9</b>
of which: short-term debt financing	8.2	5.6	7.8	7.9	6.3	4.1	2.6	1.1	0.0	-0.4	0.0
of which: long-term debt financing	91.8	10.3	8.9	8.1	7.5	6.8	6.8	6.4	6.3	6.3	6.5
<b>Non-financial corporations</b>	<b>47.5</b>	<b>7.8</b>	<b>7.8</b>	<b>9.7</b>	<b>8.9</b>	<b>8.8</b>	<b>8.7</b>	<b>7.3</b>	<b>5.8</b>	<b>4.6</b>	.
of which: long-term financing	82.0	6.9	6.4	7.3	7.0	7.2	7.7	7.1	6.0	5.3	.
Debt financing <sup>5)</sup>	56.3	10.5	11.0	13.5	14.2	13.9	12.5	10.7	8.3	6.6	5.6
of which: short-term debt financing	18.0	12.8	15.2	22.2	20.1	18.5	14.1	8.3	4.7	1.0	-1.7
of which: long-term debt financing	38.3	9.4	9.1	9.6	11.5	11.8	11.7	11.9	10.0	9.4	9.3
of which: loans	46.1	11.0	11.5	14.4	15.0	13.4	11.3	9.5	6.7	5.5	5.1
of which: securities other than shares	6.8	10.8	12.3	13.4	15.5	25.2	27.5	24.9	24.0	16.8	11.0
of which: pension fund reserves	3.4	3.8	3.6	3.4	3.1	3.2	3.3	3.4	2.4	2.5	.
Quoted shares	43.7	4.8	4.3	5.6	4.4	4.7	5.4	4.2	3.3	2.3	.
<b>General government<sup>5)</sup></b>	<b>31.2</b>	<b>2.0</b>	<b>2.1</b>	<b>1.8</b>	<b>1.7</b>	<b>1.4</b>	<b>2.0</b>	<b>2.3</b>	<b>2.6</b>	<b>4.0</b>	<b>4.3</b>
of which: short-term debt financing	13.5	-4.7	-2.4	-1.5	-2.7	1.5	3.4	6.2	8.3	8.1	3.9
of which: long-term debt financing	86.5	3.1	2.8	2.3	2.4	1.4	1.8	1.7	1.7	3.4	4.4
of which: loans	17.9	-1.3	-1.5	-1.7	-1.6	-1.1	-2.4	-1.3	-1.0	0.0	-0.7
of which: securities other than shares	78.6	2.9	2.8	2.4	2.5	1.9	2.9	3.1	3.2	4.6	5.1
of which: central government deposit liabilities	3.5	0.5	8.1	7.0	2.6	4.9	5.1	5.5	7.7	12.9	.

Source: ECB.

- 1) As at the end of the first quarter of 2002. Short-term and long-term (debt) financing and sector financing as a percentage of total financing. Sector short-term and long-term (debt) financing and financing instruments as a percentage of total sector financing. Figures may not add up exactly due to rounding.
- 2) Annual growth rates are calculated as the ratio of the cumulative amount of financing in the last four quarters and the initial stock.
- 3) Figures for the second quarter of 2002 have been approximated on the basis of money and banking statistics and securities issues statistics.
- 4) Long-term financing, i.e. with an original maturity of over one year, includes long-term loans, long-term debt securities issued, quoted shares issued and pension fund reserves of non-financial corporations.
- 5) Debt financing includes loans, debt securities issued, pension fund reserves of non-financial corporations and deposit liabilities of central government. Short-term (debt) financing, i.e. with an original maturity of up to one year, includes short-term loans, short-term debt securities issued and deposit liabilities of central government. Long-term debt financing equals long-term financing excluding quoted shares issued.
- 6) Including non-profit institutions serving households.

**Chart 12****Debt financing of the non-financial sectors***(annual growth rates in percentages)*

Source: ECB.

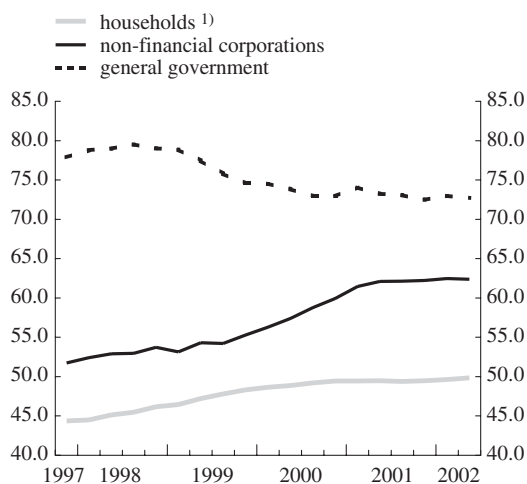
Note: Debt includes loans, debt securities issued, deposit liabilities of central government and pension fund reserves of non-financial corporations. Approximated for 2002 Q2 on the basis of money and banking statistics and securities issues statistics.

1) Including non-profit institutions serving households.

remained broadly stable in the first half of 2002, at rates close to 6% (see Table 3). While long-term financing remained robust, the annual rate of change in short-term household loans, which are mainly consumer loans and which are more sensitive to the economic cycle, was even slightly negative in the first half of 2002. At the same time, the ratio of household debt to GDP remained relatively stable at slightly below 50% during the past few quarters (see Chart 13).

In contrast, the annual growth of debt financing of non-financial corporations fell further in the first half of 2002, to around 5½% in the second quarter, continuing the trend under way throughout 2001 (see Chart 12 and Table 3). In particular, the annual growth of short-term debt financing declined substantially and became negative in the second quarter of 2002. The drop in short-term financing may be related to the weakness in economic activity but, in part, it also reflects the fall in mergers and acquisitions and the fading impact of the

purchase of the UMTS licences in autumn 2000. The latter were initially partly financed by short-term loans before being substituted in part by other instruments such as long-term debt securities. In a few cases, the decline in the annual growth of short-term financing may also reflect some difficulties firms face in obtaining credit, owing to worsened balance sheet conditions. By contrast, the annual growth of long-term debt financing of non-financial corporations, which accounts for the bulk of debt financing by non-financial firms, declined only slightly and remained robust with an annual growth of probably around 9% in the second quarter of 2002. The relatively low lending rates to enterprises in the euro area may have contributed to this robustness. As a result of the lower annual growth of debt financing, the level of indebtedness of non-financial corporations in relation to GDP stabilised in the past few quarters (see Chart 13).

**Chart 13****Ratio of debt to GDP of the non-financial sectors***(in percentages)*

Source: ECB.

Note: Debt includes loans, debt securities issued, deposit liabilities of central government and pension fund reserves of non-financial corporations. Approximated for 2002 Q2 on the basis of money and banking statistics and securities issues statistics. Compared with the annual financial accounts, the ratio of debt to GDP is somewhat lower on the basis of the quarterly financial accounts, mainly owing to the fact that loans granted by non-financial sectors and by banks outside the euro area are not included.

1) Including non-profit institutions serving households.

As regards equity financing by non-financial firms, data are only available up to the first quarter of 2002. Here, the annual growth of quoted shares issued by non-financial firms remained subdued, partly on account of a base effect (see Chart 14). Weak conditions on stock markets, linked to corporate earnings developments and uncertainty about the accounting practices of firms, made it difficult for companies to issue new capital.

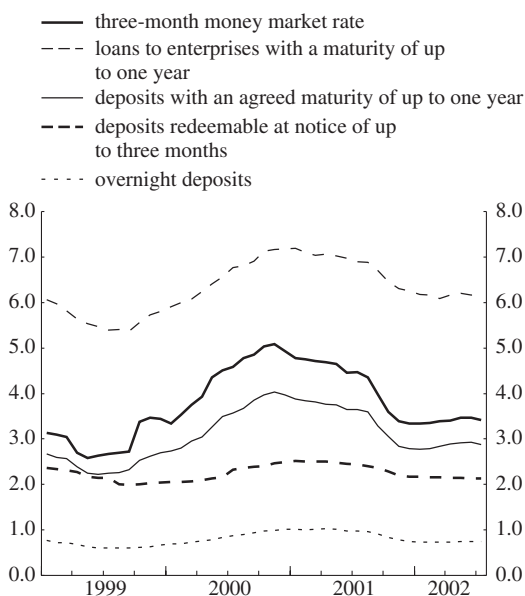
Finally, and in contrast to the total non-financial private sector, the annual growth of general government debt financing continued to increase in the first half of 2002, reflecting the impact of the weakness in economic activity on the fiscal situation (see Table 3).

#### Long-term retail bank interest rates declined between May and July

Short-term retail bank interest rates were broadly stable in the first seven months of 2002, in line with the relatively minor movements in money market rates over that

#### Chart 15 Short-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)

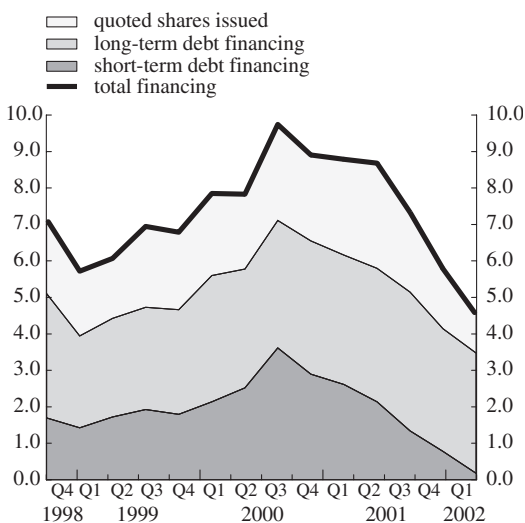


Sources: ECB aggregation of individual country data and Reuters.

Note: From January 2001, data include Greece.

#### Chart 14 Short-term and long-term financing of non-financial corporations

(contributions to annual growth rates in percentage points)



Source: ECB.

Note: Short-term debt financing consists of short-term loans and short-term debt securities issued; long-term debt financing consists of long-term loans, long-term debt securities issued and pension fund reserves of non-financial corporations.

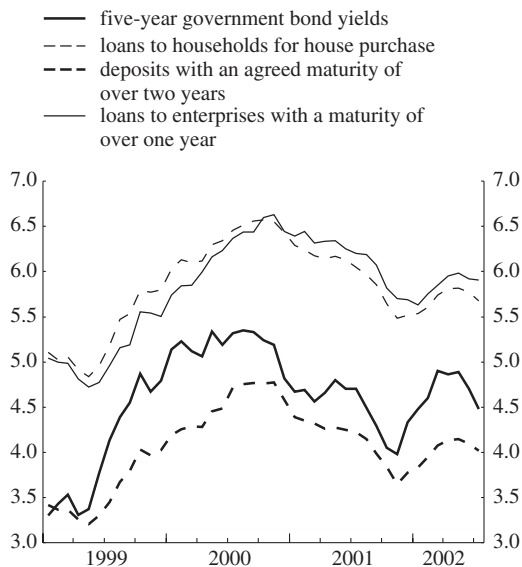
period (see Chart 15). In July 2002 the average three-month money market interest rate was 5 basis points below the level in June 2002, but 7 basis points higher than in January 2002. The average interest rate on deposits with an agreed maturity of up to one year showed a similar pattern; the level in July 2002 was around 10 basis points higher than at the start of the year and 5 basis points below the level in the previous month. This suggests a quick adjustment of this short-term retail bank rate to money market developments. The average interest rate level on short-term loans to enterprises returned in July 2002 to the same level as in January 2002, whereas the average retail bank interest rates on overnight deposits and deposits redeemable at notice of up to three months have moved by less than 5 basis points since January 2002. The latter is in line with the typically sticky behaviour of these two bank deposit rates.

By contrast, following the significant declines in government bond yields from May 2002,

## Chart 16

### 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 January 2001, data include Greece.

long-term retail bank interest rates have decreased (see Chart 16). Between May and July 2002, the average retail bank interest rates on deposits with an agreed maturity of over two years and on loans to households for house purchase decreased by almost 15 basis points. This suggests a relatively quick pass-through of market interest rate changes to these two bank lending rates, as five-year government bond yields decreased by around 40 basis points over the same period. The average retail bank interest rate for loans to enterprises over one year decreased by only 7 basis points between May and July 2002. A factor underlying the relatively slow pass-through of market developments to this long-term bank lending rate may be corporate credit risk concerns, as suggested by increasing corporate bond spreads during this period (see Chart 24).

### Money market interest rates decreased over the past few months

The increase in money market rates, which started in late 2001, came to a halt in mid-

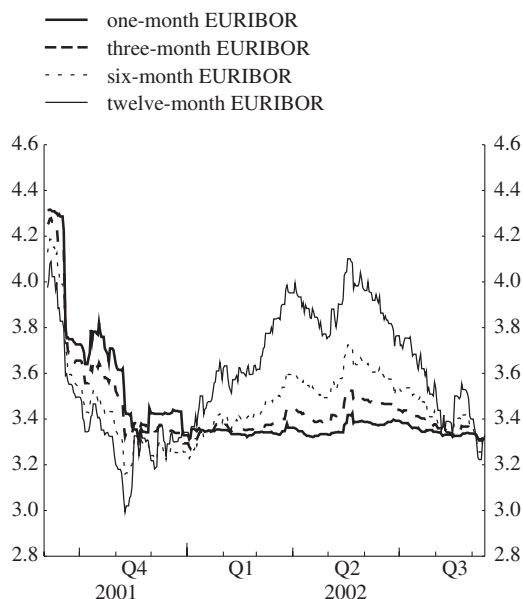
May 2002. In the period thereafter, rates declined significantly and almost continuously with the exception of a few short-lived increases (see Chart 17). The decline in market rates was most pronounced at the longer maturities, while at the short end rates changed less. Consequently, the slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, which turned positive around the turn of the year, virtually flattened out in the second week of September. This evolution reflected the fact that the markets' expectations of higher money market rates gradually declined.

The overnight interest rate, as measured by the EONIA, fluctuated around levels slightly above the minimum bid rate in the Eurosystem's main refinancing operations of 3.25% for most of 2002 (see Box 2). Between the end of July and 11 September the EONIA decreased by 5 basis points and stood at 3.29% on the latter date. Two-week money market rates also remained broadly stable and marginally above the minimum bid rate over the past few months, decreasing

## Chart 17

### Short-term interest rates in the euro area

(percentages per annum; daily data)



Source: Reuters.



**Box 2****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 August 2002**

During the reserve maintenance period under review, the Eurosystem settled five 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	24/07/2002	07/08/2002	108.7	84.0	1.29	319	3.25	3.30	3.31
MRO	31/07/2002	14/08/2002	86.9	55.0	1.58	281	3.25	3.30	3.31
MRO	07/08/2002	21/08/2002	104.3	82.0	1.27	257	3.25	3.28	3.29
MRO	14/08/2002	28/08/2002	85.2	52.0	1.64	256	3.25	3.28	3.29
MRO	21/08/2002	04/09/2002	115.9	82.0	1.41	286	3.25	3.28	3.29
LTRO	24/07/2002	30/10/2002	28.8	15.0	1.9	173	-	3.35	3.37

Source: ECB.

The marginal rate decreased from 3.30% in the first two MROs to 3.28% in the remaining three MROs.

The EONIA decreased smoothly from 3.32% on 24 July, the first trading day of the maintenance period, to 3.28% on Friday, 16 August, with the exception of a temporary increase to 3.34% on 31 July because of the end-of-month effect. On all of the remaining five trading days of the maintenance period the EONIA came out at 3.29%, indicating that market participants were perceiving the liquidity conditions to be broadly neutral. The maintenance period actually ended with a limited net recourse to the deposit facility of €2.6 billion. The average difference between current account holdings and minimum reserve requirements amounted to €0.6 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, €64.4 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €56.9 billion and €73.1 billion. The largest deviation between the published estimate and the actual figure occurred in the last week of the maintenance period, amounting to €0.9 billion.

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

(EUR billions)

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

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>194.5</b>	<b>0.1</b>	<b>+ 194.4</b>
Main refinancing operations	139.2	-	+ 139.2
Longer-term refinancing operations	55.2	-	+ 55.2
Standing facilities	0.1	0.1	0.0
Other operations	-	-	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>360.0</b>	<b>424.4</b>	<b>- 64.4</b>
Banknotes in circulation	-	322.7	- 322.7
Government deposits with the Eurosystem	-	50.9	- 50.9
Net foreign assets (including gold)	360.0	-	+ 360.0
Other factors (net)	-	50.8	- 50.8
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>129.9</b>
<b>(d) Required reserves</b>			<b>129.3</b>

Source: ECB.

Note: Totals may not add up due to rounding.

slightly since mid-May. The marginal and average rates of allotment in the Eurosystem's main refinancing operations reflected these developments. In the main refinancing operations settled between mid-May and the second week of September 2002, the rates declined slightly.

The one-month and three-month EURIBOR decreased by around 10 and 20 basis points respectively from mid-May to 11 September. On that day, the rates stood at 3.31% and 3.32% respectively. This implies that the money market yield curve at the short end, which was positively sloped at around 10 basis points in mid-May, had virtually flattened out.

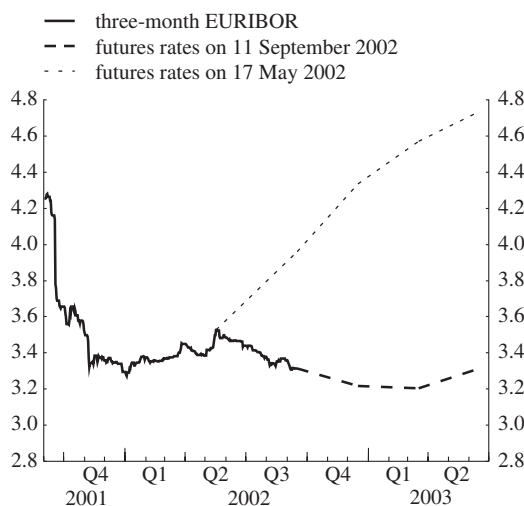
The evolution of the interest rates of allotment in the longer-term refinancing operations of the Eurosystem over the past few months has, as usual, largely reflected the developments of the three-month EURIBOR. In the operation settled on 29 August, the marginal and average rates of allotment were 3.33% and 3.34% respectively. These levels were 2 and 3 basis points lower than the corresponding rates on the longer-term refinancing operation settled on 25 July, and 5 and 7 basis points lower than the corresponding rates on the longer-term refinancing operation settled on 27 June.

At the longer end of the money market yield curve, interest rates have decreased more significantly over recent months. Between mid-May, when the rates reached the highest level in 2002, and 11 September, the six-month and the twelve-month EURIBOR declined by around 40 and 75 basis points respectively, to stand at 3.32% and 3.33% on the latter date. This implies that the slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, virtually flattened out, falling from around 65 basis points in mid-May to 2 basis points on 11 September.

The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in 2002 and

**Chart 18**  
**Three-month interest rates and futures rates in the euro area**

(percentages per annum; daily data)



Source: Reuters.

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

early 2003, also declined sharply over the last few months (see Chart 18). Compared with mid-May, the rates implied in futures prices on contracts with delivery dates in December 2002 and March 2003 decreased by around 110 and 135 basis points respectively, so that both rates stood at 3.21% on 11 September. On the same day, the futures prices on contracts with delivery dates in June and September 2003 stood at 3.32% and 3.47% respectively.

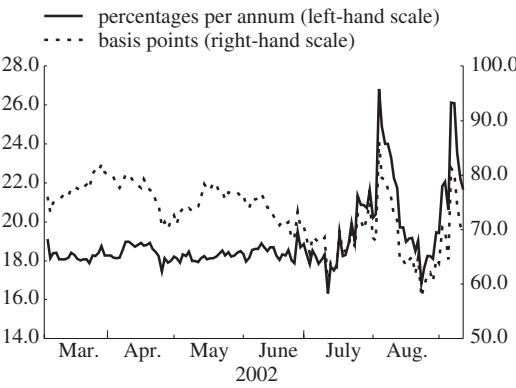
The volatility of the three-month EURIBOR implied in options on futures contracts maturing in 2002 can be seen as reflecting the uncertainty market participants attach to the expected future path of the three-month EURIBOR over the period up to the delivery date. After a relatively stable period during the first half of 2002 the volatility increased significantly in July in a period of high uncertainty prevailing in financial markets (see Chart 19). While the volatility steadily declined to the average level of the first half of 2002 for most of August, at the end of the month and at the beginning of September volatility increased again.



**Chart 19**

**Implied volatilities from options on three-month EURIBOR futures maturing in December 2002**

(percentages per annum; basis points; daily data)



Sources: Bloomberg and ECB calculations.  
 Note: The basis point measure is obtained as the product of implied volatility in percentages and the corresponding interest rate (see also the box entitled "Measures of implied volatility derived from options on short-term interest rate futures" on pages 13-16 of the May 2002 issue of the Monthly Bulletin).

**Long-term government bond yields declined over recent months**

Following a period of relative steadiness between mid-March and mid-May, long-term government bond yields in both the euro area and the United States declined (see Chart 20). Until the end of July, the main factor influencing bond markets appears to have been flight-to-safety portfolio shifts from stocks to bonds motivated by market participants' growing concerns about accounting irregularities. While these portfolio shifts also contributed to the further declines observed since early August, the main driving force over the most recent period seems to have been a less favourable assessment among market participants of the economic outlook both in the euro area and in the United States. As the decrease in ten-year bond yields was significantly larger in the United States than in the euro area, the differential between the two widened further, by about 20 basis points between end-July and 11 September. On that date it reached almost -55 basis points, one of its lowest levels since August 1996.

In the United States, government bond yields fell sharply across the entire maturity spectrum over recent months, with short to medium-term maturities experiencing the largest decreases. This general decline seems to have been driven, to a large extent, by continued flight-to-safety portfolio shifts from weakening and turbulent stock markets into the most liquid fixed-income government bonds. In addition, it seems that market participants have lately perceived the recovery of the US economy to be less certain and less strong than previously anticipated. This is suggested first by the two-year bond yield having reached its lowest level ever, at around 2% in early September. Second, the real yields on ten-year index-linked government bonds declined by around 50 basis points between the end of July and 11 September, to 2.3% on the latter date. Regarding inflation expectations, the ten-year break-even inflation rate, obtained from the difference between ten-year nominal bond yields and ten-year index-linked bond yields, remained broadly stable between end-July and 11 September at 1.8%.

**Chart 20**

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

(percentages per annum; daily data)

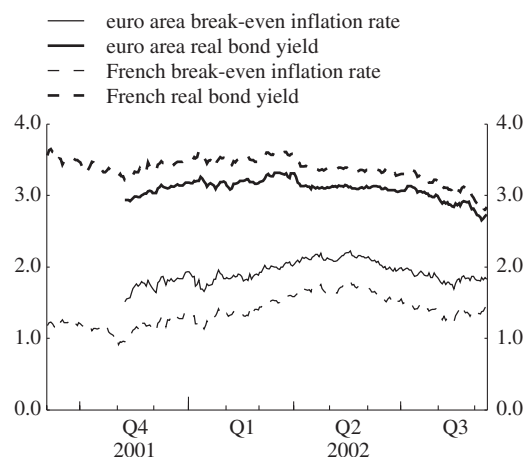


Source: Reuters.  
 Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity.

## Chart 2 I

### Break-even inflation rates calculated for the euro area HICP and French CPI

(in percentages; daily data)



Sources: Reuters, French Treasury and ISMA.

Note: The French and euro area real bond yields are derived from the market prices of French government bonds which are indexed to the French CPI or euro area HICP (both excluding tobacco prices) and which mature in 2009 and 2012 respectively. The nominal bond yields are obtained from bonds that mature in 2009. The methods used to compute the break-even inflation rate were outlined on page 16 of the February 2002 issue of the Monthly Bulletin.

implying no changes in market participants' inflation expectations. Overall, the August developments left US ten-year bond yields at about 4.1% on 11 September, 45 basis points lower than at end-July. In August, these yields reached their lowest level since the early 1960s.

In Japan, ten-year government bond yields resumed their decline in the second half of August, after a period of comparative steadiness earlier in the summer. Between end-July and 11 September they declined by about 25 basis points, to around 1.1%. In line with global developments, and exacerbated by concerns related to the domestic banking system, some downward pressure emanated from continued stock market weakness. In addition, while largely due to a change in statistical methodology, the large downward revision of GDP figures for the first quarter of 2002 (from a preliminary figure of +5.7% on an annualised basis to a revised -0.1%) raised concerns about the improvement of the outlook for the Japanese economy.

In the euro area, government bond yields have also dropped across the entire maturity spectrum since their mid-May turning point, although by less than in the United States. The broad-based decline in nominal euro area bond yields seems to reflect, to a large extent, continued portfolio shifts from stock markets into bond markets, as well as mounting concerns among market participants about the strength of the economic recovery. The real yield on French ten-year bonds indexed to the euro area HICP excluding tobacco, which had remained broadly stable between mid-May and early July, subsequently fell significantly. Between end-July and 11 September, it declined by 25 basis points, reaching a level of 2.7% on the latter date.

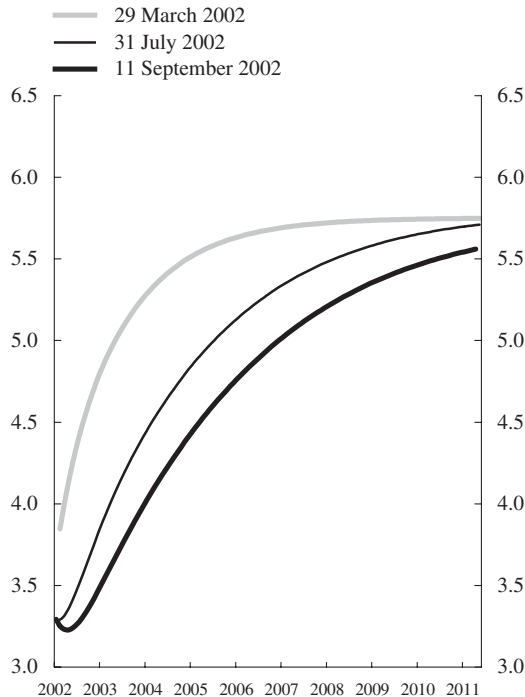
The impact of portfolio reallocations from stocks into the most liquid fixed-income government bonds might also explain the bulk of the decline in the ten-year break-even inflation rate – as measured by the difference between ten-year nominal bond yields and ten-year index-linked bond yields (indexed on the euro area HICP excluding tobacco) – observed between the downturn in long-term government bond yields in mid-May and the end of July (see Chart 2I). Thereafter, the break-even inflation rate levelled off, declining by less than 5 basis points between the end of July and 11 September, to 1.8% on the latter date.

The implied forward overnight interest rate curve for the euro area shifted downwards between the end of July and 11 September (see Chart 22). The biggest declines took place in the short to medium-term segment.

The degree of uncertainty perceived by market participants with regard to future euro area long-term government bond yields, as measured by the implied volatility of options on futures contracts on German government bonds, increased significantly in the second half of July and August, after having remained broadly stable between mid-May and mid-July (see Chart 23). Between the end of July and 11 September, implied bond market volatility in the euro area increased

**Chart 22**  
**Implied forward euro area overnight interest rates**

(percentages per annum; daily data)



Source: ECB estimate.

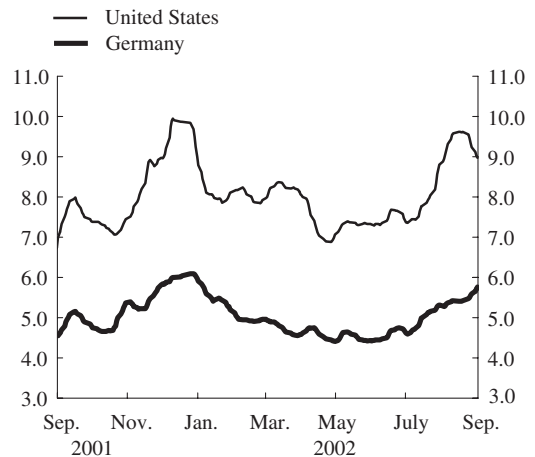
Note: The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to calculate these implied forward yield curves was outlined on page 26 of the January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

by about 0.7 percentage point, to 5.8% on the latter date, reflecting heightened market uncertainty about economic prospects in the euro area.

The differential between corporate and government bond yields in the euro area increased considerably between mid-May and early August, following similar developments in the United States (see Chart 24). This reflects market participants' concerns about the high credit risks involved in corporate lending, which in part may be related to the accounting irregularities recently revealed at some major US corporations. Between end-July and 11 September, however, spreads on BBB-rated corporate bonds narrowed by 30 basis points in the euro area and by

**Chart 23**  
**Implied volatility for futures contracts on the ten-year German Bund and the ten-year US Treasury note**

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

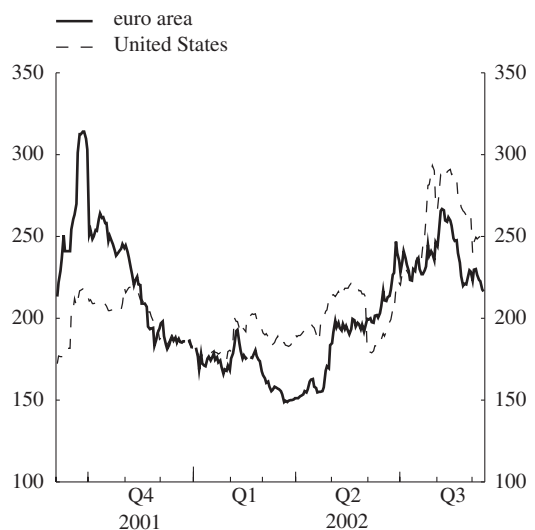


Source: Bloomberg.

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

**Chart 24**  
**Corporate bond spreads in the euro area and the United States**

(in basis points; daily data; BBB rating)



Sources: Bloomberg and ECB calculations.

Note: Corporate bond spreads are calculated as the difference between seven to ten-year corporate bond yields and seven to ten-year government bond yields.

20 basis points in the United States, possibly related to declining concerns about the reliability of corporate accounts following the measures taken by the US Securities and Exchange Commission (see Box 4 entitled “The impact of accounting issues on recent stock market developments”).

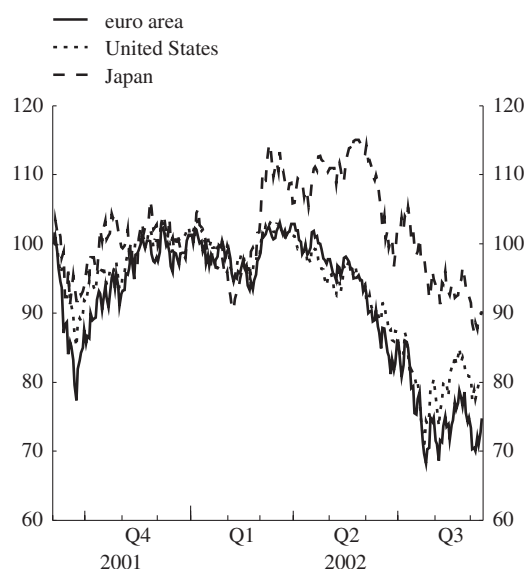
### Stock prices stabilised in August

After the significant decreases in global stock market indices over recent months, stock prices in the euro area and in the United States temporarily rebounded in the first half of August. Later in the month, however, fading optimism regarding the outlook for the global economy as well as concerns over future developments in corporate earnings tended to adversely influence stock prices in all the major global stock markets. All in all, between end-July and 11 September, US stock prices, as measured by the Standard & Poor’s 500 index, decreased by around 1%, while those in the euro area, as measured by the Dow Jones EURO STOXX, remained at the same level. In Japan, the Nikkei 225 index decreased by almost 5% during the same period (see Chart 25). Since stock prices have fallen continually over recent months, there are increasing concerns that this may have an impact on economic activity (see Box 3).

In the United States, the declining trend in broad stock price indices from mid-May came to a halt in August, but stock prices continued

### Chart 25 Stock price indices in the euro area, the United States and Japan

(index: 1 September 2001 = 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.

to show high volatility. The general trend in stock prices over recent months has been closely related to market participants’ uncertainty concerning the reliability of corporate earnings figures and accounting practices. These concerns seemed to lessen somewhat after the passing of the deadline of 14 August 2002 established by the Securities and Exchange Commission for the presentation of signed oaths by chief

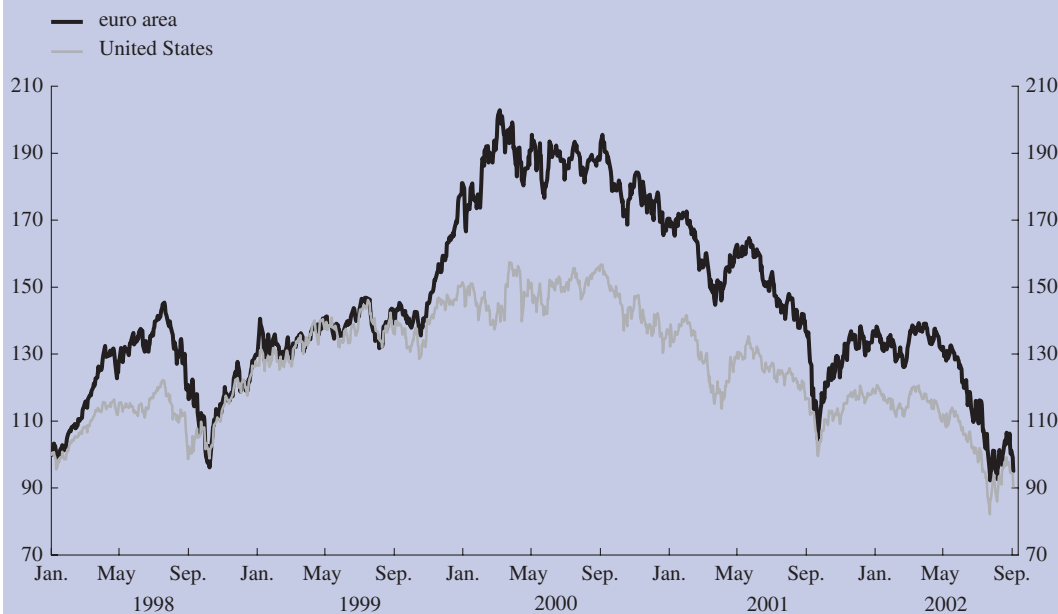
### Box 3

#### The importance of the effects of stock price movements on economic activity in the euro area

Over recent months stock prices in the euro area and other major economies have fallen. Between the end of March 2002 and 11 September 2002, broad-based stock price indices in the euro area and the United States – as measured by the Dow Jones EURO STOXX and the Standard & Poor’s 500 price indices – declined by 27% and 20% respectively (see the chart below). From a longer-term perspective, by 11 September 2002 stock price levels in the euro area and the United States were respectively 50% and 40% lower than the all-time highs reached in March 2000. As a result, these significant declines reversed the exceptionally strong stock price increases seen in 1998 and 1999, leaving euro area and US stock prices close to end-1997 levels by 11 September 2002. This box examines the impact which stock price changes may have on economic activity in the euro area. The impact of stock prices on government budgetary balances is dealt with in Box 7.

## Longer-term stock price developments in the euro area and the United States

(index: 1 January 1998 = 100; daily data)



Source: Reuters.

Note: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard & Poor's 500 for the United States.

There are four main channels through which the stock market can have a direct impact on economic developments: wealth effects on private consumption, cost-of-capital effects on corporate investment, and balance sheet as well as confidence effects on both consumption and investment. The underlying theoretical and conceptual issues, including the monetary policy implications of these stock price transmission channels, were dealt with in the article entitled "The stock market and monetary policy" in the February 2002 issue of the Monthly Bulletin. In the following, only the first two channels are further investigated given the lack of direct evidence on balance sheet and confidence effects for the euro area. Empirically, it is very difficult to disentangle the effects on consumption and investment stemming from each individual channel, in particular when basing the analysis on aggregate data. Hence, any correlation between, for example, stock prices and aggregate consumption or investment is likely to reflect the combined effect of a variety of transmission channels.

The wealth effect relates to the fact that consumers may spend more of their current income if they perceive a rise in their financial and non-financial wealth and assume that this will be permanent. As equity holdings form part of households' financial wealth, a lasting rise in the market value of stocks may cause households to feel permanently wealthier and to increase their current spending on consumer goods. The strength of the impact of a given change in stock prices on consumption hinges on three factors: the extent of households' direct and indirect stock market exposure in relation to disposable income, the marginal propensity to consume out of equity wealth and the extent to which these households perceive the stock price change to be permanent.

With regard to the first factor, euro area households have increased their direct and indirect holdings of equities considerably over recent years which, in turn, has raised the potential for more significant wealth effects in the euro area. According to financial accounts data, the outstanding amount of holdings of quoted shares and mutual fund shares by euro area households as a percentage of disposable income increased from 45% in 1997 to 66% in 2000. For households in the United States, the comparable figures are 116% in 1997 and 122% in 2000. As a percentage of total financial assets, euro area households' direct and indirect equity holdings rose from 15% to 20% between 1997 and 2000, whereas this share remained basically unchanged at around 30% during the same period for US households. The increased stock market exposure of euro area

households is due both to large stock price increases and to higher equity investments. For example, on the basis of transactions alone (i.e. disregarding valuation effects), investments in shares and mutual fund shares increased by 48% between 1996 and 2001. This compares with a (transactions-based) increase in total financial assets of only 34% during the same period. To conclude, the higher stock market exposure of euro area households implies that, compared with the situation some years ago, a given decline in stock prices entails larger capital losses for households' equity holdings (and thus for their total financial wealth) in absolute terms and in relation to disposable income.

Second, in order to assess the impact of an equity price change on consumption, one has to estimate the marginal propensity to consume out of equity wealth. This marginal propensity to consume is traditionally estimated by linking a measure of aggregate consumption to a comparable measure of households' equity wealth and further explanatory variables such as disposable income. Owing to data limitations, no reliable estimate of the marginal propensity to consume out of equity wealth is thus far available for the euro area as a whole. Approximate measures may be taken from studies on individual euro area countries. For example, a recent study undertaken by staff from the International Monetary Fund estimates the marginal propensity to consume out of equity wealth for a group of euro area countries (Belgium, Germany, Spain, France, Italy and Finland) to be around 0.01.<sup>1</sup> This means that consumers in these countries tend to spend one cent more if they experience a permanent increase in their equity wealth by one euro. In the case of France and Italy, other studies suggest somewhat higher marginal propensities up to 0.03 to consume out of equity and/or financial wealth.<sup>2</sup> Estimates for the United States are usually higher than for euro area countries, falling within the range of 0.03 to 0.07 in most cases.<sup>3</sup>

One reason why the marginal propensity to consume out of equity wealth may be lower in the euro area than in the United States is the fact that direct equity holdings of households are still not as widely distributed in the euro area as in the United States. This notwithstanding, equity holdings have become more popular among euro area households across all income classes over recent years. For example, according to recent household surveys, in Germany and France 6% and 12% of households held stocks directly in 1997, while this share increased to 10% and 13% respectively in 2000. In Italy, the percentage of households with stock holdings increased from 5% in 1995 to 10% in 2000. In the United States, by contrast, 19% of households held equities directly in 1998, up from 15% in 1995.<sup>4</sup>

On the basis of this information, a rough gauge of the wealth effect on euro area consumption can be calculated. Assuming a marginal propensity to consume out of equity wealth of 0.01 for the euro area, a permanent decline in stock prices by 10% would imply a very limited long-term decline in consumption by approximately 0.06%. Assuming a higher marginal propensity to consume between 0.01 and 0.03 would still lead to a rather moderate long-term decline in consumption by 0.06% to 0.19%.

Stock prices may also have a direct impact on economic activity by changing the cost of raising equity capital to finance corporate investment. For example, a firm may perceive the cost of equity capital to be rather high in periods when the firm's stock price declines to a level which is relatively low compared with earnings per share. As a result, firms may reduce investment in projects previously perceived as profitable, in which case economic activity would be directly affected by the decline in stock prices. However, only a relatively weak empirical relationship between overall issuing activity on euro area stock markets and corporate fixed-capital

1 See International Monetary Fund: "World Economic Outlook", April 2002, p. 79 ff.

2 Bertaut, C.C., "Equity prices, household wealth, and consumption growth in foreign industrial countries: Wealth effects in the 1990s", Board of Governors of the Federal Reserve System, International Finance Discussion Papers No. 724, April 2002; Boone, L., Girouard, N. and Wanner, I., "Financial market liberalisation, wealth and consumption", OECD Economics Department Working Paper No. 308, September 2001.

3 Boone, L., Giorno, C. and Richardson, P., "Stock market fluctuations and consumption behaviour: Some recent evidence", OECD Economics Department Working Paper No. 208, December 1998; Bertaut, C.C., *op. cit.*

4 See Deutsches Aktieninstitut: DAI-Factbook, February 2002; Banca d'Italia: "Italian household budgets in 2000", Supplement to the Statistical Bulletin, New Series, Year XII, No. 6, January 2002; "Recent changes in U.S. family finances: Results from the 1998 Survey of Consumer Finances", Federal Reserve Bulletin, January 2000; "Equity wealth and consumption – the experience of Germany, France and Italy in an international context", Bank of England Quarterly Bulletin, Spring 2002, p. 81.



## Net issuance of shares by non-financial corporations and gross fixed capital formation in the euro area

(as a percentage of GDP unless otherwise indicated)

	1995	1996	1997	1998	1999	2000	2001
Annual stock price change (as a %, end-of-period data)	8.8	21.2	37.0	29.8	39.5	-5.9	-19.7
Issuance of shares (transactions) as a % of annual financing	65.4	42.9	40.0	41.8	31.9	40.5	36.2
Annual net issuance of shares	1.7	2.1	2.0	3.3	3.6	6.4	3.8
Gross fixed capital formation	10.2	10.2	10.4	10.7	11.0	11.5	11.4

Sources: Reuters and the ECB.

investment both relative to GDP has been observed (see the table above). The different motives underlying this phenomenon may be the following. First, firms may switch to other, less costly forms of external finance (e.g. bank loans, issuance of corporate bonds) in such a situation without reducing investment. In addition, firms may also issue or repurchase their own stock simply to adjust their capital structure, in particular when they perceive the costs of equity capital to be temporarily high or low compared with the costs of other sources of finance. Finally, equity may be issued to finance merger and acquisition activities not directly related to firms' plans to invest in fixed capital.

However, it has to be stressed that the sources of a given change in stock prices also determine the extent to which consumption and investment tend to react. On the one hand, if market participants perceive a decline in equity prices as being permanent – reflecting, for example, revised expectations of permanently lower corporate earnings growth – it is likely that consumers and firms will react more strongly. On the other hand, if a given decline in stock prices reflects temporary increases in the equity risk premium required by market participants – for example in a period of exceptional financial uncertainty – consumers and firms may not adjust their current spending plans downwards at all. However, since stock prices tend to be highly volatile, households and firms may find it particularly difficult to assess whether a change in stock prices is permanent or temporary. This, in turn, is likely to lead to rather cautious responses from economic agents to short-term stock market developments.

All in all, the rather scarce empirical evidence available for the euro area suggests that the direct impact of stock market developments on economic activity through the above-mentioned transmission channels can be expected to be rather limited, though discernible. Direct stock market effects in the euro area appear moderate, in particular when compared with the United States where stock markets have long played an important role in the economy as a whole owing to their generally more widespread use by households and firms. This is true even though stock markets have become somewhat more important for the euro area economy over recent years. At the same time, the euro area economy is more affected by a synchronous worldwide downturn in equity prices resulting in spillover effects from abroad. Adverse stock price effects in the United States, in particular, may lead to reduced economic activity in this country which, in turn, affects economic growth in the euro area as well, mainly through international trade effects.

The main difficulty in assessing the effects of recent stock price changes on economic activity in the euro area relates to the fact that it is almost impossible to know to what extent economic agents regard them as permanent. Stock markets have been very volatile over recent years, and it is not clear to what extent: a) the high levels reached up to 2000 were indeed considered to be permanent increases in the value of stocks at the time; and b) the subsequent fall in stock prices is now regarded as affecting stock valuations permanently. Thus, it is very difficult to reliably quantify the impact of recent stock price declines on the euro area economy. This notwithstanding, it may be prudent to assume that recent stock price movements will affect economic activity in the euro area at least to some extent, in particular given the fact that recent stock market corrections have affected all major economies at the same time.

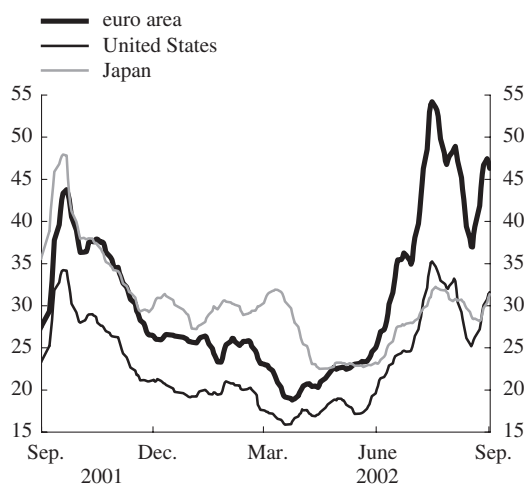
executive officers and chief financial officers on the completeness and accurateness of their companies' financial statements (see Box 4). However, later in the month, stock prices were negatively affected by economic data releases pointing to a less favourable near-term growth outlook for the US economy. In this environment, implied stock market volatility, derived from the Standard & Poor's 500 index, stood on 11 September 2002 at a level 9 percentage points above the average over the last two years, suggesting that a high degree of uncertainty about future trends remained (see Chart 26).

In Japan, stock price developments over recent months were characterised by a declining trend, which started at the end of May. During August stock prices were subject to wide swings reflecting conflicting signals concerning the recovery of the Japanese economy and the economic outlook for the United States (which affected the stock prices of export-oriented companies). Towards the end of the month, concerns related to the banking system as well as negative economic data releases contributed to a downward revision of market participants' expectations about the prospects for an economic recovery in Japan. In this environment, the implied stock market volatility remained at a level slightly above the average of the past two years (see Chart 26).

Stock price developments in the euro area over recent months closely followed the path observed in the United States, reflecting ongoing concerns over corporate governance in the euro area and a perception among market participants that the economic recovery could prove somewhat fragile. This perception was underpinned by macroeconomic data released over the period, which seemed to point to weaker than previously anticipated growth prospects for the euro area. Consistent with the heightened uncertainty about growth prospects, the implied volatility, derived from options on the Dow Jones EURO STOXX 50 index, increased to stand on 11 September

**Chart 26**  
**Implied stock market volatility in the euro area, United States and Japan**

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



Source: Bloomberg.

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

2002 at a level around 19 percentage points higher than the average for the last two years (see Chart 26).

The recent decline in the Dow Jones EURO STOXX index was broadly based and affected almost all economic sectors (see Table 4). In particular, the stock prices of technology and financial sector companies dropped by 17% and 16% respectively between end-June and 11 September 2002. The developments in the technology sector seemed to reflect lower than expected corporate earnings announcements as well as revised expectations concerning future sales, underlined by data releases pointing to decreasing confidence among euro area customers. The weakness in financial sector stock prices seemed to stem from concerns about the profitability of the insurance sector, more recently also in light of the valuations of the damage caused by the floods in central Europe.



**Table 4****Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices***(price changes as percentages of end-of-period prices; historical volatility as percentages per annum)*

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Healthcare	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price changes (end-of-period data)</b>											
2001 Q2	2.2	1.0	6.2	5.9	1.5	11.7	-3.5	-5.0	-11.5	6.7	0.9
2001 Q3	-19.2	-29.0	-13.3	-14.2	-22.7	-12.0	-23.5	-37.9	-26.5	-7.4	-22.4
2001 Q4	15.4	26.8	6.0	5.5	9.7	1.9	17.5	58.0	21.7	-1.4	15.4
2002 Q1	8.5	2.1	1.6	10.4	4.1	-10.1	7.8	-3.2	-10.0	-0.4	1.6
2002 Q2	-6.4	-17.1	-7.6	-8.5	-13.8	-14.4	-11.4	-36.3	-33.9	-7.8	-16.5
July 2002	-14.4	-12.9	-12.7	-11.8	-17.6	-9.1	-13.4	-16.4	8.0	16.1	-13.3
August 2002	-0.4	-3.1	2.9	-0.7	2.9	-4.6	-1.3	-1.0	2.2	5.5	0.6
End-June to 11 September 2002	-17.1	-15.3	-8.6	-10.6	-16.3	-11.6	-14.9	-16.8	7.6	-12.2	-13.0
<b>Volatilities (period averages)</b>											
2001 Q2	17.3	22.2	12.5	18.8	15.6	18.3	19.3	56.6	29.5	12.2	18.3
2001 Q3	31.3	34.3	22.0	33.3	35.5	29.1	25.5	53.6	40.0	24.6	29.7
2001 Q4	21.2	32.6	17.3	34.8	26.8	20.9	23.4	54.8	37.6	17.0	26.3
2002 Q1	13.0	20.7	10.3	18.3	18.8	20.2	14.1	38.7	26.7	12.8	17.6
2002 Q2	16.4	24.9	14.5	23.6	22.2	27.5	14.5	44.3	36.3	17.2	20.9
July 2002	39.7	52.8	40.1	51.7	55.6	57.9	29.5	61.9	58.9	37.5	48.7
August 2002	41.2	45.3	29.6	43.0	47.1	39.0	27.4	60.7	39.3	39.4	41.2
End-June to 11 September 2002	39.1	47.5	33.0	47.7	50.3	50.0	27.8	59.2	49.0	38.1	43.7

*Sources: STOXX and ECB calculations.**Note: Historical volatilities are calculated as the annualised standard deviation of daily index level changes over the period. Sector indices are shown in the "Euro area statistics" section of this issue of the Monthly Bulletin.***Box 4****The impact of accounting issues on recent stock market developments**

The collapse of Enron, the US energy corporation, in December 2001 marked the first disclosure of a series of accounting irregularities, notably in the United States, culminating in the revelation on 26 June 2002 that WorldCom, the telecommunications company, had considerably overstated its earnings. As a result of these irregularities, greater attention was paid to the different measurements of corporate profits and, in particular, to the noticeable disparities between operating earnings (i.e. profits from a corporation's ongoing operations) and actual earnings reported to the US Securities and Exchange Commission (SEC).<sup>1</sup> These irregularities led to a decline in investor confidence and played an important role in falling stock prices and heightened volatility. Although the euro area has, to a large extent, been spared gross irregularities thus far, concerns that such irregularities are not restricted to the United States have had a negative impact on stock prices in the euro area as well.

In an effort to restore investor confidence, on 27 June the SEC ordered the chief executive officers (CEOs) and the chief financial officers (CFOs) of almost 950 US corporations to sign an oath confirming the completeness and accuracy of their financial statements.<sup>2</sup> The SEC's order applied to companies with reported annual revenues in excess of USD 1.2 billion and required the officers of those companies to file written statements verifying the accuracy of their reports. The deadline was close of business of the first applicable date on which a company was required to submit an annual report (Form 10-K) or a quarterly report (Form 10-Q) to the SEC, i.e. on or after 14 August 2002. Where companies were not able to testify to the accuracy of their reports, for instance owing to the departure of CEOs, a statement was required in writing, under oath, explaining the

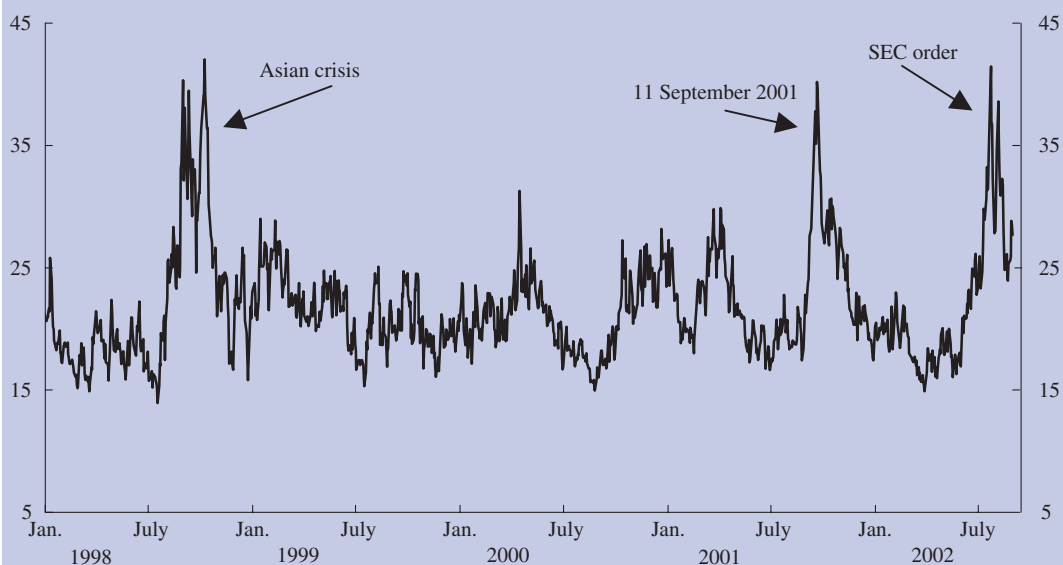
<sup>1</sup> See p. 19 of the May 2002 issue of the ECB's Monthly Bulletin; i.e. the Box entitled "US stock market and corporate profit measures".

<sup>2</sup> See Securities and Exchange Commission (2002): "File No. 4-460: Order Requiring the Filing of Sworn Statements Pursuant to Section 21(a) (1) of the Securities and Exchange Act of 1934", 27 June 2002.

circumstances under which a statement testifying to accurate financial figures might be incorrect. This order was issued under the authority of the SEC pursuant to Section 21(a) of the Securities and Exchange Act of 1934, which has the ability to impose civil penalties; it will expire on 31 January 2003.

### Implied volatility of the Standard & Poor's 500 stock market index

(daily data; percentages per annum)



Source: Bloomberg.

Of the 941 corporations, the CEOs and CFOs of which were required to swear oaths, only 694 were obliged to do so by 14 August. The CEOs and CFOs of a further 247 corporations, which do not prepare annual reports on a calendar-year basis but rather on a fiscal-year basis, will be expected to sign this oath over a series of deadlines leading up to 27 December 2002.

The SEC's order had a significant impact on the stock market: between 27 June and 14 August implied volatility, which measures the uncertainty of market participants with regard to future stock price changes, surged to levels previously seen only at the time of the Asian crisis and on 11 September 2001 (see the chart above). At the same time, the Standard & Poor's 500 index fell by almost 8% possibly reflecting investors' increased equity risk premia. However, the fact that further substantial accounting irregularities were not revealed before 14 August 2002 helped to reduce the uncertainty of market participants. This is reflected in the implied volatility, which fell by 10 percentage points from its peak in July. However, despite this recent decline, implied volatility was still regarded as historically high in the early part of September.

On 30 July President Bush signed the Sarbanes-Oxley Act of 2002 setting out further reforms. These reforms require each quarterly and annual report filed with the SEC after 29 August to be accompanied by a form of certification from the issuer's principal executive officer and principal financial officer testifying to the accuracy and completeness of the figures. This form of certification is much more comprehensive than the certification mandated by the SEC for CEOs and CFOs of 941 domestic securities issuers. It essentially covers all companies listed on the US markets without distinguishing between US and non-US issuers.

The euro area authorities have likewise taken steps towards improving accounting standards in the light of the recent irregularities in financial reporting. In June 2002 a new reporting framework concerning all EU companies listed on regulated markets was adopted. This framework states that, from 2005 onwards, companies should publish their consolidated accounts in accordance with the International Accounting Standards (IAS).

## 2 Price developments

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

HICP inflation is expected to have increased slightly in August 2002, as indicated by Eurostat's flash estimate of 2.1% (see Table 5). It is likely that this increase reflected the rise in oil prices in the second half of August, however no detailed breakdown of HICP developments in August is available at this stage. If confirmed, the increase in HICP inflation in August, together with the slight rise in July 2002, will be consistent with earlier expectations that inflation would fluctuate at around 2% in the second half of the year.

A detailed HICP breakdown is available for July 2002 however. The annual rate of HICP inflation in the euro area stood at 1.9%, i.e. 0.1 percentage point higher than in June. This slight increase mainly reflected a lower rate of decline in energy prices, which was partly offset by developments in all the other main sub-components with the exception of services prices, for which the annual rate of increase remained unchanged. As a result, the annual rate of change in the HICP excluding unprocessed food and energy decreased to 2.5% after six consecutive months at 2.6%.

**Table 5**  
**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	Mar.	Apr.	May	June	July	Aug.
<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	2.4	2.0	1.8	1.9	2.1
<i>of which:</i>													
Goods	0.9	2.7	2.5	2.3	1.7	2.2	1.4	2.0	2.0	1.3	1.0	1.2	.
Food	0.6	1.4	4.5	5.1	4.7	4.9	2.8	4.2	3.6	2.7	2.3	2.1	.
Processed food	0.9	1.1	2.8	3.3	3.5	3.5	3.1	3.3	3.2	3.1	3.1	2.9	.
Unprocessed food	0.0	1.7	7.0	7.9	6.7	7.0	2.4	5.5	4.1	2.1	1.1	0.9	.
Industrial goods	1.0	3.4	1.5	1.0	0.2	0.9	0.7	1.0	1.2	0.6	0.3	0.7	.
Non-energy industrial goods	0.7	0.7	1.1	0.9	1.6	1.8	1.7	1.8	1.8	1.7	1.6	1.4	.
Energy	2.4	13.3	2.7	1.1	-4.1	-2.1	-2.4	-1.6	-0.5	-2.9	-3.6	-1.7	.
Services	1.5	1.7	2.5	2.5	2.8	3.1	3.2	3.2	3.0	3.3	3.2	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	-0.9	-0.8	-0.8	-1.0	-1.1	-0.6	.
Unit labour costs <sup>3)</sup>	1.0	1.2	2.6	2.4	3.4	3.4	.	-	-	-	-	-	-
Labour productivity <sup>3)</sup>	1.0	1.4	0.1	0.2	-0.4	-0.4	.	-	-	-	-	-	-
Compensation per employee <sup>3)</sup>	2.0	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	27.9	29.3	28.1	25.8	25.9	27.0
Commodity prices <sup>6)</sup>	-5.9	16.7	-7.6	-10.4	-15.6	-3.6	-5.5	-0.3	-1.4	-6.8	-8.4	-7.7	-0.8

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 August 2002 refers to Eurostat's flash estimate.

2) Excluding construction.

3) Whole economy.

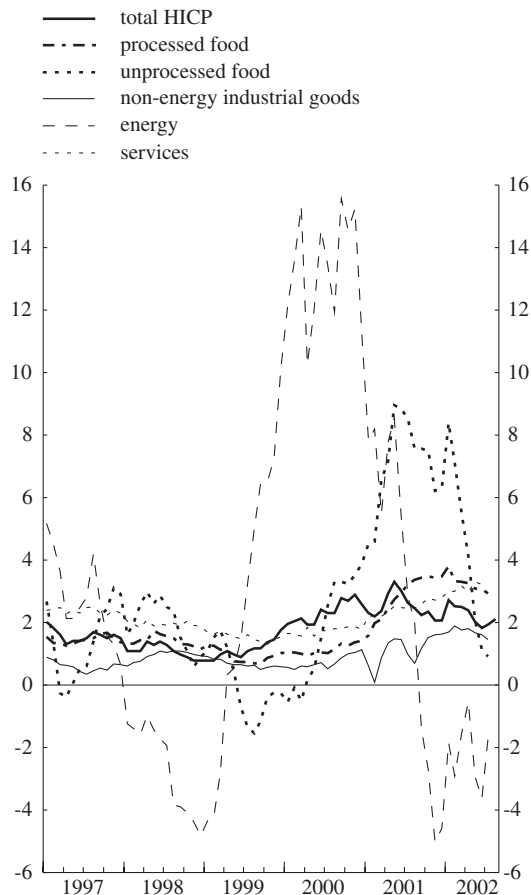
4) Whole economy (excluding agriculture, public administration, education, health and other services).

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 27**  
**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.

With an annual rate of decline of 1.7%, energy prices fell less strongly in July 2002 than in June (see Chart 27), reflecting base effects associated with the fall in euro-denominated oil prices in July 2001. The 0.2 percentage point decrease in the year-on-year rate of change in unprocessed food prices to 0.9% in July 2002 was the result of the fall in fruit prices attenuated by developments in vegetable prices.

The year-on-year rates of increase in non-energy industrial goods prices and processed food prices decreased by another 0.2 percentage point to 1.4% and 2.9%

respectively, which may reflect the further unwinding of indirect effects of past oil and food price shocks on these components.

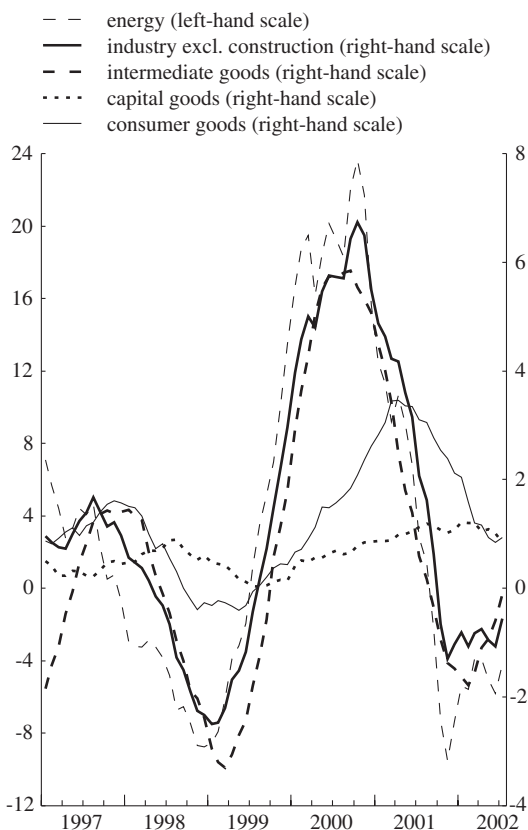
In July 2002 the annual rate of change in services prices remained unchanged from June at 3.2%. However, the year-on-year rate of increase in the recreation and personal services sub-component, which has made the largest contribution to the rise in overall services prices in recent months, fell slightly in July compared with June. In the case of restaurant and café prices, the month-on-month rates of increase continued to return towards their values prior to the euro cash changeover, down from the very high levels recorded at the beginning of the year.

**The year-on-year rate of decline in producer prices slowed in July 2002**

In July, the year-on-year rate of decline in euro area industrial producer prices was 0.6%, after 1.1% in June (see Chart 28). This slowdown was mainly the result of a lower annual rate of decline in energy prices, once again reflecting base effects from the fall in oil prices recorded in July 2001.

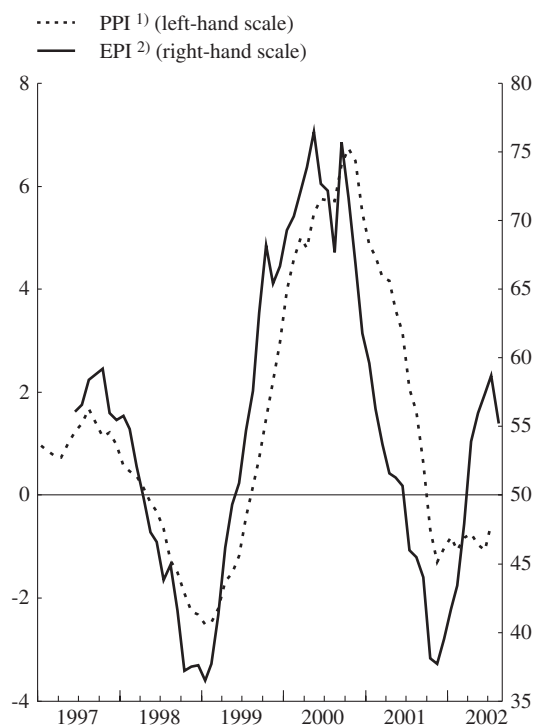
The annual rate of decline in intermediate goods prices continued to recede in July, possibly reflecting lagged effects of the pick-up in commodity prices, and particularly oil prices, between January and April 2002. The annual rate of increase in consumer goods prices rose slightly in July after reaching its lowest level for two years in June 2002. This may suggest that the unwinding of the indirect effects of past import price increases on consumer goods prices is coming to an end. By contrast, the year-on-year rate of increase in capital goods prices continued to decrease in July.

With regard to survey indicators of producer price developments, the Eurozone Price Index (EPI) fell in August 2002, but continued to signal upward pressures on input prices for the fifth consecutive month (see Chart 29).

**Chart 28****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).

**Chart 29****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.

**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 3.4%, unchanged from the fourth quarter of 2001. The annual rate of growth in compensation per employee increased slightly to 3.0% from 2.9% in the fourth quarter of 2001, while the rate of decline in labour productivity, owing mainly to the cyclical situation, remained unchanged at -0.4%.

The annual rate of growth in total hourly labour costs in the non-agricultural business sector was 3.9% in the first quarter of 2002, i.e. 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, developments in this indicator could be affected by changes in the number of working days in some euro area countries.

Available information on wage agreements suggests that there was no further increase in the annual rate of change of negotiated wages in the second quarter of 2002. For more information on the characteristics and construction of this indicator, see Box 5 entitled "Monitoring wage developments: an indicator of negotiated wages".

## Box 5

### Monitoring wage developments: an indicator of negotiated wages

The ECB regularly monitors a set of labour cost and wage indicators (e.g. unit labour costs, compensation per employee and hourly labour costs) in order to assess, in particular, the possible influence of labour costs on the outlook for price developments and the risks to price stability over the medium term. Each indicator may provide a slightly different picture of labour cost developments, depending on whether they are based on the number of employees or hours worked, and depending on whether bonuses, overtime payments or social security contributions are included (for further details, see the boxes in the October 1999 and February 2001 issues of the ECB's Monthly Bulletin). An important common source of information for all these indicators can be obtained from the outcome of collective bargaining agreements, although the latter are themselves dependent on specific wage bargaining practices in the national labour markets. The direct outcome of the bargaining between social partners can be referred to as "negotiated wages". As a general rule, it excludes bonuses, overtime and other individual compensation that is not linked to collective bargaining. Any difference between the actual wage outcome and the previously agreed or negotiated wage is generally referred to as the "wage drift". Hence, a measure of the wage drift may be derived from a comparison between an indicator of negotiated wages and indicators of the actual wage outcome such as gross monthly earnings or compensation per employee (corrected for developments in social security contributions).

The ECB has constructed an indicator of negotiated wages for the euro area using available national data. The euro area indicator presented in this box is calculated as the weighted average of national year-on-year growth rates of collectively agreed wages for most euro area countries. However, a number of important caveats need to be borne in mind when interpreting the developments in this indicator. In particular, it is based on non-harmonised national data, and the coverage of collectively agreed wages varies across countries. For example, some national indicators do not take account of the public administration and/or agricultural sectors. Nevertheless more than two-thirds of total compensation of the economy is covered. Furthermore, in a few cases there is no available national indicator of negotiated wages. In particular, the French index of gross monthly earnings is used as a proxy. It should also be noted that not all euro area employees are explicitly covered by collective agreements. Another source of differences across countries lies in the treatment of certain types of bonuses.

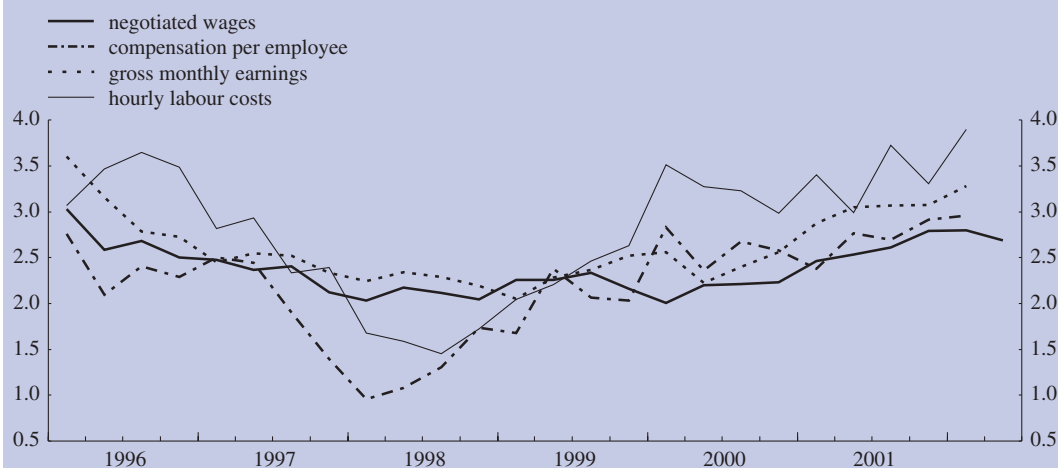
Given the caveats attached to its construction and the short available time span, caution should be exercised in drawing conclusions on the development of wage drift in the euro area on the basis of this indicator. At present, the euro area indicator of negotiated wages essentially provides useful early information which complements that of other wage and labour cost indicators. Indeed, it is the most timely of all. An estimate covering most of the euro area can be calculated around two and a half months after the end of the reference quarter. This is around one month earlier than the hourly labour cost index and two months prior to the release of national accounts data for compensation per employee. Given the early release, the indicator may anticipate possible turning points or changes in annual growth rates of labour costs.

In addition, despite the caveats noted above, developments in the euro area indicator of negotiated wages are broadly consistent with those of other wage and labour cost indicators and have confirmed the overall picture of wage developments in the euro area (see the chart). Unlike other available indicators, the new indicator is not affected by changes in social security contributions or working hours. Indeed, changes in the treatment of social security contributions in Italy distorted significantly compensation per employee and hourly labour costs in 1998, whereas hourly labour costs have been strongly influenced by the reduction of working hours in France, which gained momentum from late 1999. By contrast, the indicator of negotiated wages has shown a more stable development. At the same time, it shows a high degree of contemporaneous correlation with other indicators, in particular with compensation per employee and gross monthly earnings. More specifically, the index confirms the overall picture of relatively moderate and stable wage increases between 1997 and 2000,

with the average annual growth rate of negotiated wages remaining just above 2%. It also provides some indication of a slight increase since mid-2000, rising to, on average, 2.6% year on year in 2001, a general upward movement which has also been seen in other available indicators.

### Selected labour cost indicators for the euro area

(annual percentage changes)



Sources: Eurostat (monthly earnings; hourly labour costs); national data and ECB calculations (negotiated wages; compensation).

### HICP inflation expected to remain close to 2% over the next few months

The short-term outlook for inflation rates will remain heavily dependent on developments in oil prices, which have been on a rising trend for the past few weeks. In addition, the presence of some unfavourable base effects in the more volatile components of the HICP will affect overall HICP inflation over the next few months. All in all, HICP inflation is expected to be at around 2% in the short term, although this is of course very much dependent on oil price developments.

The recent appreciation of the exchange rate of the euro as well as the overall economic environment should contribute to some downward impact on consumer price inflation. Moreover, services price inflation is expected to moderate somewhat over the next few months, following particularly strong increases in the first half of 2002. For inflation rates to come down to levels below 2% in 2003, as is currently projected by most forecasts, it is however crucial that oil prices do not escalate and that wage moderation prevails.



### 3 Output, demand and labour market developments

#### Quarter-on-quarter real GDP growth at 0.3% in the second quarter

According to Eurostat's first estimate for the second quarter of 2002, euro area real GDP increased by 0.3% quarter on quarter, a rate of growth slightly lower than the rate of 0.4% recorded in the first quarter (real GDP growth in the first quarter was revised upwards by 0.1 percentage point from the previously released data). Despite the marginally lower real GDP growth rate (largely due to rounding) the composition of demand appears to have been more broadly based in the second quarter (see Table 6). Whereas growth at the beginning of the year was primarily driven by net exports (notably

as a result of weak imports), strong government consumption and a positive contribution from inventory changes, activity in the second quarter was, for the most part, supported by a significant contribution from both private consumption and exports. Inventory changes also contributed positively to growth in the second quarter.

More specifically, private consumption increased by 0.4% quarter on quarter, following a contraction of 0.2% in the previous quarter. More favourable consumer price developments in the second quarter may have helped raise real consumer spending. Despite the more positive development in private consumption, the

**Table 6**

#### 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 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2
Real gross domestic product	2.8	3.5	1.5	1.6	1.4	0.4	0.3	0.6	0.0	0.2	-0.3	0.4	0.3
<i>of which:</i>													
Domestic demand	3.4	2.9	0.9	1.3	0.7	-0.1	-0.2	-0.2	0.2	-0.3	-0.2	0.1	0.2
Private consumption	3.5	2.5	1.8	1.8	1.8	1.6	0.4	0.3	0.5	0.1	0.0	-0.2	0.4
Government consumption	1.9	1.9	1.9	2.1	2.1	1.4	1.9	1.8	0.4	0.3	0.4	0.8	0.4
Gross fixed capital formation	5.9	4.8	-0.6	-0.1	-1.5	-2.5	-2.7	-2.9	-0.6	-0.6	-0.9	-0.6	-0.8
Changes in inventories <sup>3), 4)</sup>	-0.2	0.0	-0.4	-0.2	-0.4	-0.7	-0.2	-0.1	0.0	-0.3	-0.1	0.1	0.1
Net exports <sup>3)</sup>	-0.6	0.6	0.6	0.4	0.7	0.5	0.5	0.8	-0.2	0.4	-0.1	0.3	0.1
Exports <sup>5)</sup>	5.3	12.4	2.5	4.4	1.3	-3.3	-3.0	0.0	-1.2	-0.3	-1.7	0.1	1.9
<i>of which: goods</i>	5.1	12.4	2.4	4.0	1.1	-3.0	-2.5	.	-1.2	-0.3	-1.4	0.4	.
Imports <sup>5)</sup>	7.4	11.1	1.1	3.6	-0.5	-4.9	-4.5	-2.2	-0.7	-1.5	-1.6	-0.7	1.7
<i>of which: goods</i>	7.2	11.3	0.5	3.4	-1.4	-5.8	-4.2	.	-0.5	-1.7	-1.4	-0.7	.
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	2.3	-0.3	-0.7	-1.0	-0.8	-0.3	0.9	0.9	0.1	1.4	-0.3	-0.3	0.1
Industry	1.3	3.7	0.6	1.0	0.5	-1.7	-1.9	-1.0	-0.9	-0.1	-1.5	0.5	0.0
Services	3.2	3.9	2.3	2.5	2.2	1.7	1.4	1.4	0.5	0.3	0.2	0.4	0.5

Sources: Eurostat and ECB calculations.

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

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

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

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

4) Including acquisitions less disposals of valuables.

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

6) Also includes hunting and forestry.

contribution from domestic demand was only 0.2 percentage point, as a result of a further marked contraction in investment. Investment thus declined for the sixth consecutive quarter, indicating that the protracted period of downward adjustment extended throughout the first half of the year. For more information on the breakdown in investment see Box 6 entitled "New data on the composition of investment". As regards trade, the increase in export growth is consistent with indications of a strengthening of foreign demand in the second quarter. On the other hand, imports also picked up substantially, reflecting mostly the increase in final demand. Against this background, the contribution to growth from net exports was only marginally positive. According to value-added data, growth in the second quarter was essentially concentrated in the services sector, while activity in the industrial sector stagnated.

According to the latest estimate by Eurostat, industrial production (excluding construction) increased by 0.9% month on month in June 2002, after having been unchanged in May (see Table 7). In the second quarter as a whole, industrial production grew by 0.2%,

following an increase of 0.8% in the first quarter. However, this deceleration was, to a large extent, caused by statistical factors and does not alter the picture of a continued – albeit moderate – expansion in production in the second quarter. In manufacturing the decline in growth was smaller, falling to 0.6% in the second quarter from 0.8% in the first quarter.

As regards the main industrial groupings, all sectors showed positive month-on-month growth rates in production in June. On a quarter-on-quarter basis, the recovery in production also appears to have become more broadly based in the second quarter. The durable consumer goods sector was the only sector showing a further decline in production. Production in the consumer goods sector as a whole, however, increased by 0.8% in the second quarter of the year, compared with a decline of 0.3% in the first quarter. Production in the capital goods sector increased by 0.2% in the second quarter, while in the intermediate goods sector production increased further in the second quarter, but at a lower rate than in the first quarter.

**Table 7**  
**Industrial production in the euro area**

(annual percentage changes, unless otherwise indicated)

	2000	2001	2002			2002			2002			2002		
			Apr.	May	June	Apr.	May	June	Jan.	Feb.	Mar.	Apr.	May	
														month-on-month
Total industry excluding construction by main industrial groupings:	5.5	0.2	-1.0	-1.2	-0.7	-0.7	0.0	0.9	-0.3	0.8	0.9	0.7	0.2	
Total indus. excl. construction and energy <sup>1)</sup>	6.0	0.1	-1.3	-1.5	-1.1	-0.2	-0.4	0.9	-0.4	1.0	1.2	0.7	0.3	
Intermediate goods	6.0	-0.9	-0.1	0.3	-0.2	-0.9	-0.1	0.7	-0.1	2.6	3.2	2.3	0.6	
Capital goods	9.3	1.2	-2.7	-4.9	-2.2	0.6	-1.1	1.1	-1.5	-0.9	-0.4	-0.2	0.2	
Consumer goods	2.3	0.2	-1.7	-0.5	-1.0	0.4	0.4	0.4	-0.6	-0.3	0.4	0.2	0.8	
Durable consumer goods	6.2	-2.7	-6.6	-7.3	-5.4	0.8	-1.3	1.8	0.4	-1.1	-1.7	-2.7	-0.8	
Non-durable consumer goods	1.5	0.8	-0.7	0.9	-0.1	0.3	0.7	0.1	-0.8	-0.1	0.8	0.8	1.1	
Energy	2.0	0.9	2.0	1.6	3.3	-0.7	0.2	0.9	1.9	0.3	-0.7	-0.7	0.0	
Manufacturing	5.9	0.1	-0.9	-1.9	-1.1	0.3	-1.0	1.4	-0.7	0.8	1.3	0.9	0.6	

Sources: Eurostat and ECB calculations.

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

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

## Box 6

### New data on the composition of investment

Quarterly data on the breakdown of investment by main type of product have recently become available for the euro area. This box presents the new data, describes the evolution of the composition of investment over the past decade and analyses the most recent developments. In general, the new breakdown extends the scope for the analysis of investment in the euro area and should provide additional insight into the conjunctural and structural developments affecting the euro area economy.

#### Investment breakdown by product categories

According to the European System of Accounts (ESA 95), gross fixed capital formation consists mainly of resident producers' acquisitions (less disposals) of fixed assets used repeatedly in processes of production for more than one year. Eurostat provides annual and quarterly euro area aggregates for total gross fixed capital formation and its breakdown in product categories, in both current and constant prices. The six categories are as follows: a) agriculture, forestry, fisheries and aquaculture products; b) metal products and machinery; c) transport equipment; d) housing; e) non-housing construction; and f) other products, such as software. Quarterly figures are compiled using national data, where available, and estimates are made for missing countries. Further countries will release such a breakdown in the future. The data currently available are therefore likely to be revised. Nevertheless, with a current coverage of around 85% of annual euro area gross fixed capital formation, the data are considered to provide a reliable picture of the breakdown in investment in the euro area.

#### The composition of euro area investment in the 1990s

The most important product categories are metal products and machinery which, together with housing and non-housing construction, account for around 80% of total investment. Since 1995, investment in the categories metal products and machinery has become the largest component in the breakdown, accounting for almost 31% of total investment in 2001, compared with around 25% for housing and 24% for non-housing construction (see the table).

#### Euro area investment breakdown by type of product

(annual and quarter-on-quarter percentage changes)

	share in 2001	Annual rates										Quarterly rates <sup>1)</sup>				
		1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2
Total	100.0	0.5	-6.1	2.3	2.4	1.3	2.4	5.2	5.9	4.8	-0.6	-0.6	-0.6	-0.9	-0.6	-0.8
Agriculture, forestry, fisheries and aquaculture	0.2	17.3	-10.2	17.4	4.2	18.1	-7.8	-6.9	17.6	-0.7	-8.5	34.1	-9.8	4.5	15.2	.
Metal products and machinery	30.7	-3.0	-10.6	1.7	4.6	4.5	5.2	8.4	6.9	7.4	0.3	-1.3	-1.8	-1.9	-1.1	.
Transport equipment	10.2	-5.3	-17.3	2.2	9.8	2.2	7.2	11.9	12.4	8.9	-2.6	-1.2	0.1	-1.6	-2.2	.
Housing	24.6	4.3	0.9	6.7	-0.3	0.2	0.8	1.6	3.5	0.8	-3.0	-0.6	-0.3	-0.3	-0.6	.
Non-housing construction	24.2	2.2	-5.9	-1.3	-2.5	-2.5	-1.4	1.8	4.3	3.4	0.9	-0.1	-0.4	-0.5	-0.3	.
Other products	10.1	1.6	-0.4	2.8	17.4	5.9	5.7	9.5	8.3	4.0	2.2	0.4	1.1	0.4	1.4	.

Source: Eurostat.

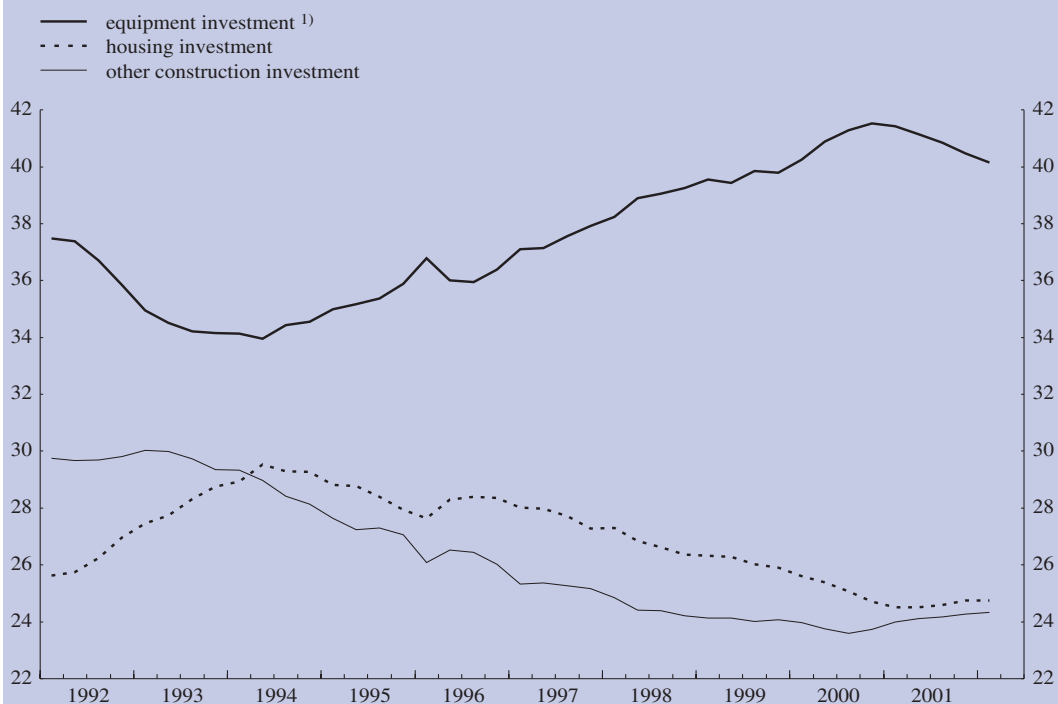
1) Quarterly rates: percentage change compared with the previous quarter; seasonally adjusted.

The most noticeable trend in the composition of investment in the euro area over the last decade has been the decrease in the share of construction investment in the second half of the 1990s (see the chart). This development reflects the impact of several factors. In the 1990s, investment in construction for the euro area as a whole was influenced significantly by specific developments in Germany which, in the aftermath of the strong expansion resulting from reunification in the early 1990s, suffered from a protracted period of declining investment in construction in the second half of the decade. In addition, public construction plans were scaled

down significantly in the course of the 1990s. The further decline in the share of construction investment in the latter part of the 1990s largely reflected the relative strength of investment in transport, metal products and machinery (also referred to as “equipment investment”).

### Construction versus equipment investment

(as a percentage of total investment)



Source: Eurostat.

1) Include: metal products, machinery and transport equipment.

### The slowdown in investment since the beginning of 2001

Since the end of 2000, a number of adverse shocks to both the euro area and world economies triggered a marked and largely unexpected deceleration in final demand in the euro area. In this context, firms have adjusted their investment plans downwards, which has led to negative growth rates of total real gross fixed capital formation in each quarter since the beginning of 2001 (see the table). The slowdown in investment occurred in all major product categories, although at a somewhat different pace, with the most significant slowdowns occurring in equipment and construction investment. The decline in equipment investment followed the strong increases in the preceding economic upturn. In particular, transport equipment has endured a more marked correction than metal products and machinery equipment, after having increased more strongly between 1998 and 2000. Despite the recent fall, the ratio of equipment investment to GDP remained at relatively high historical levels in the first quarter of 2002. As regards construction, the weakness derives largely from the continued adverse developments in Germany, in addition to the deterioration of the overall economic climate in the euro area. By contrast, investment in other products, such as software, remained relatively robust during the economic slowdown, despite the fact that, of all components, other products is the category which is historically most closely correlated to overall activity.

### Available surveys indicate no further improvement in the short term

The various business survey indicators available to date do not point to a significant increase in output growth in the third quarter. With regard to the European Commission confidence indicators, data are only available for July 2002, as some countries do not report results for August (see Table 8). However, available national data suggest that industrial confidence in the euro area, which was unchanged in July, may have declined somewhat in August. The Purchasing Managers' Index (PMI) for the euro area manufacturing sector deteriorated in August to 50.8, from 51.8 in July (see Chart 30). Despite the declines in the PMI in July and August, the index remained above the threshold of 50 in August, thus signalling an ongoing expansion in manufacturing activity since March 2002. Nevertheless, the second consecutive month of deterioration in the PMI also points to the possibility that manufacturing output growth might have

slowed in recent months. As regards the individual components of the PMI, decreases in the indicators of current output growth and new orders, as well as of employment, account for the deterioration in the overall index in August. The PMI indicator of services business activity in August stood at 50.8, thus signalling a further expansion in activity in August for the eighth consecutive month, albeit at a low rate of growth. All PMI components for the services sector deteriorated in August.

### No clear direction provided by indicators of household spending

A number of indicators of private consumption are now available for the second quarter of 2002, but the signals remain mixed. Following a sharp decline in the first quarter, new passenger car registrations stabilised in the second quarter. Over the same period, retail sales volumes decreased by 0.3% quarter on quarter, after an increase of

**Table 8**

### Results from European Commission Business and Consumer Surveys for the euro area

(seasonally adjusted data)

	1999	2000	2001	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July
Economic sentiment index <sup>1)</sup>	-0.2	2.6	-2.7	-1.3	-1.4	0.4	0.4	0.1	0.3	-0.1	0.5	-0.3	-0.2
Consumer confidence indicator <sup>2)</sup>	7	12	6	3	0	1	2	2	2	1	3	2	1
Industrial confidence indicator <sup>2)</sup>	0	12	-1	-3	-10	-6	-3	-7	-4	-4	-2	-3	-3
Construction confidence indicator <sup>2)</sup>	13	20	14	12	10	8	8	9	8	7	10	8	5
Retail trade confidence indicator <sup>2)</sup>	0	5	-1	-1	-4	-9	-10	-10	-10	-10	-10	-11	-10
Services confidence indicator <sup>2)</sup>	5	8	-7	-8	-26	-18	-15	-19	-13	-14	-14	-18	-21
Business climate indicator <sup>3)</sup>	-0.1	1.3	-0.1	-0.4	-1.1	-0.8	-0.4	-0.9	-0.6	-0.6	-0.2	-0.5	-0.4
Capacity utilisation (%) <sup>4)</sup>	81.9	83.9	82.8	82.4	81.3	80.8	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).

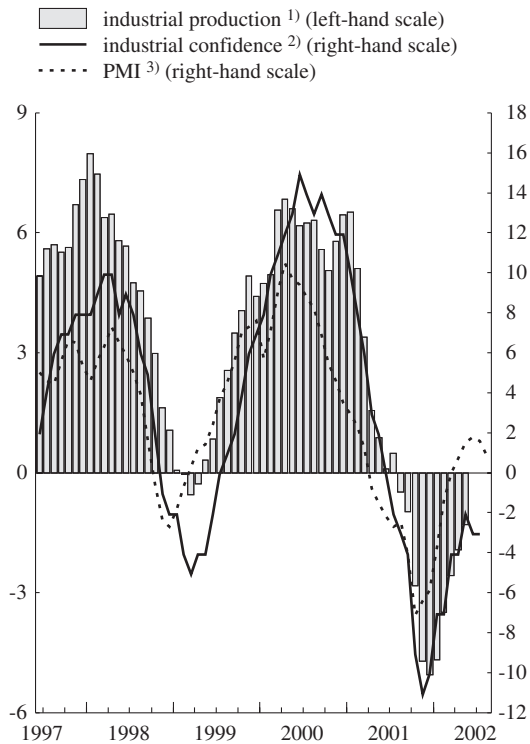
1) Percentage changes compared with the previous period.

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 30**  
**Industrial production, industrial confidence and the PMI for the euro area**  
 (monthly data)



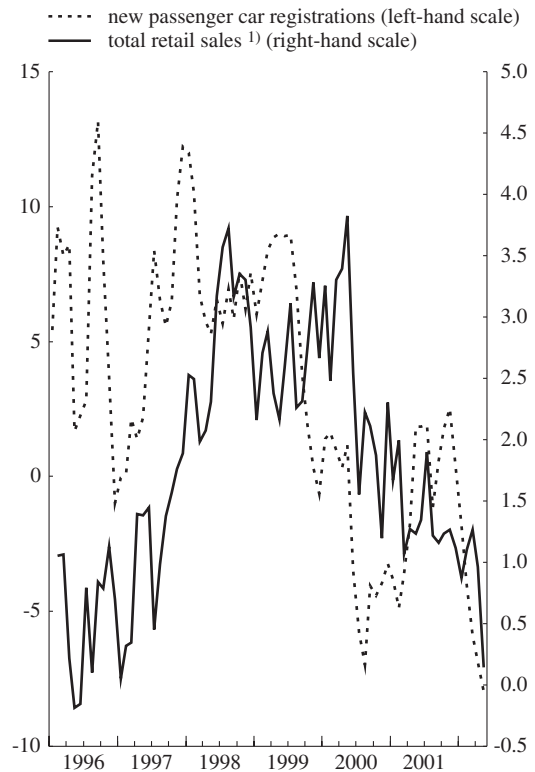
Sources: Eurostat, European Commission Business and Consumer Surveys, Reuters and ECB calculations.

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.

0.2% in the first quarter. However, on a year-on-year basis, both passenger car registrations and retail sales continued to decline in the second quarter (see Chart 31). Moreover, consumer confidence fell by one point in July, following a similar decrease in June (see Table 8). No clear indications on developments in private consumption are currently available for the third quarter, but a sustained recovery does not yet appear firmly established.

**Chart 31**  
**New passenger car registrations and retail sales in the euro area**  
 (annual percentage changes; three-month centred moving averages)



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

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

- 1) Calculated using seasonally adjusted data.

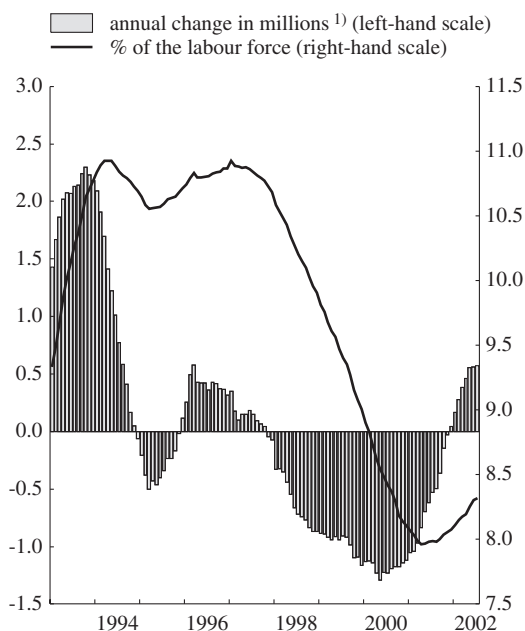
### Ongoing economic growth, but no acceleration this year

Available indicators, combined with somewhat weaker prospects for the international environment and recent negative developments in financial markets, suggest that it is unlikely that there will be a pick-up in real GDP growth in the second half of the year. However, a gradual shift from foreign to domestic demand should provide some impetus. More specifically, private consumption growth is expected to be supported by gains in real disposable income, notably linked to more favourable consumer

price developments when compared with the first half of 2002. However, the households' saving ratio could remain relatively high in the short term, reflecting the impact of recent financial market developments as well as more general concerns relating to the possible further deterioration of labour market conditions. Changes in inventories are also expected to continue to make a slightly positive contribution to growth, while the contribution from net exports should remain relatively limited. Following the strong increase in the second quarter, export growth is expected to continue at a moderate pace, while import growth should be sustained by a gradual recovery in domestic demand. Despite this assessment, considerable uncertainty still remains as regards the short-term prospects for the economy. However, in the absence of specific imbalances in the euro area economy, and given favourable financing conditions, a strengthening of growth over the medium term remains the most likely scenario.

**Chart 32**  
**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 at 8.3% in June and July 2002

In June and July 2002, the standardised rate of unemployment for the euro area remained at 8.3% of the labour force (see Chart 32). Although the rate was unchanged compared with May 2002, the number of unemployed continued to rise, by 73,000 and 15,000 in June and July respectively. As a result, the euro area unemployment rate for the second

quarter of 2002 increased to 8.3%, i.e. 0.2 percentage point higher than in the previous quarter. In line with the slowdown in activity at the end of 2001, euro area unemployment increased further in the second quarter of 2002. There were around 170,000 more unemployed than in the first quarter of 2002, which corresponds to the highest quarterly increase recorded since the unemployment rate started rising about a year ago.

**Table 9**  
**Unemployment in the euro area**

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

	1999	2000	2001	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Feb.	2002 Mar.	2002 Apr.	2002 May	2002 June	2002 July
Total	9.4	8.5	8.0	8.0	8.1	8.1	8.3	8.1	8.2	8.2	8.3	8.3	8.3
Under 25 years <sup>1)</sup>	18.5	16.6	15.7	15.7	15.9	16.1	16.3	16.0	16.1	16.2	16.3	16.5	16.4
25 years and over	8.2	7.4	7.0	7.0	7.0	7.1	7.2	7.1	7.1	7.1	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.



The further rise in the number of unemployed recorded in July was noticeably lower than the average monthly increase recorded earlier in the year, mainly reflecting a slight decline in youth unemployment, from 16.5% in June to 16.4% in July (see Table 9). This decline, however, essentially stems from a change in the seasonal pattern in one country, owing to an earlier start of the summer holidays. The unemployment rate for the older age group (aged 25 and above) continued to rise, from 7.2% in June to 7.3% in July.

### Sluggish employment growth in the first half of 2002

Following a slight revision, on account of more national accounts data becoming available, total employment in the euro area is now estimated to have increased by 0.1% in the first quarter of 2002, compared with the last quarter of 2001. This reflects a continued decline in employment in agriculture and industry excluding construction and slightly more moderate growth in the services sector (see Table 10). Up until the first quarter of the year,

employment growth rates in all services sub-sectors were relatively resilient, maintaining an average pace of above 1.5% year on year. While no estimates of employment based on national accounts data have yet been released for the second quarter of 2002, available information at the national level suggests that the employment growth rate for the euro area may have been around zero, in line with the rise in unemployment.

### No clear signs of improvement in the employment outlook

Recent survey indicators do not point to a clear improvement in labour market conditions in the short term. Results from the European Commission Business Survey up to June and the Purchasing Managers' Surveys up to July showed some signs of a bottoming-out of the decline in employment in the construction and the manufacturing sectors (see Charts 33 and 34). However, in August results from the Purchasing Managers' Survey indicated a significant deterioration in manufacturing employment. Similarly, for the services sector, results from this survey

**Table 10**  
**Employment growth in the euro area**

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

	1999	2000	2001	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	2.1	1.3	2.0	1.5	1.1	0.8	0.7	0.3	0.2	0.1	0.2	0.1
<i>of which:</i>													
Agriculture and fishing <sup>2)</sup>	-2.7	-1.7	-0.8	-0.1	-0.4	-1.2	-1.4	-2.3	0.3	-0.4	-1.0	-0.3	-0.5
Industry	0.3	0.8	0.4	1.1	0.7	0.2	-0.4	-0.8	0.2	-0.1	-0.2	-0.2	-0.2
Excluding construction	-0.2	0.6	0.4	1.3	0.7	0.1	-0.5	-0.9	0.2	-0.2	-0.2	-0.2	-0.3
Construction	2.0	1.6	0.4	0.7	0.7	0.3	-0.2	-0.5	0.1	0.0	-0.2	-0.2	-0.2
Services	2.7	2.9	1.9	2.4	1.9	1.7	1.5	1.5	0.3	0.4	0.4	0.4	0.3
Trade and transport <sup>3)</sup>	2.3	2.8	1.5	2.0	1.5	1.3	1.2	1.5	0.0	0.3	0.5	0.4	0.3
Finance and business <sup>4)</sup>	5.5	6.0	3.6	4.9	3.9	3.0	2.6	1.9	1.0	0.6	0.4	0.6	0.3
Public administration <sup>5)</sup>	1.8	1.5	1.4	1.6	1.4	1.3	1.3	1.4	0.3	0.3	0.2	0.4	0.4

Sources: Eurostat and ECB calculations.

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

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

2) Also includes hunting and forestry.

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

4) Also includes real estate and renting services.

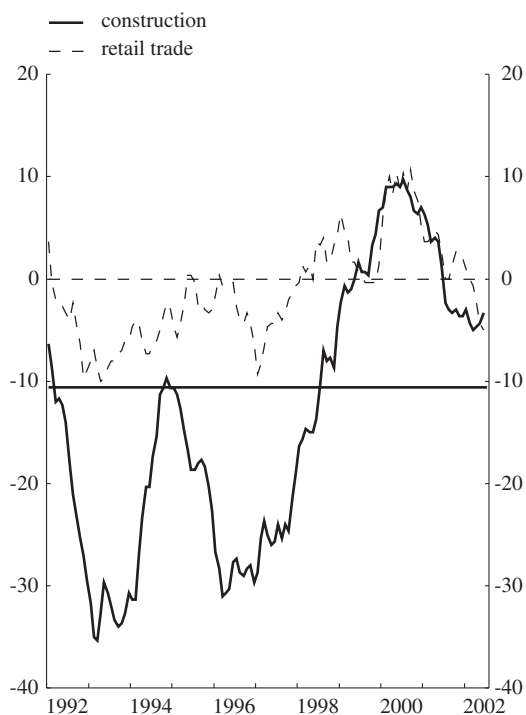
5) Also includes education, health and other services.

remained slightly positive until July, while a substantial drop was recorded in August, pointing to a possible decline in employment growth in the services sector. These latest results could thus imply either a delayed or a more subdued recovery of euro area employment growth, in line with evidence that the recovery in activity has not continued to strengthen.

Looking ahead, employment growth is expected to remain weak in the coming quarters, reflecting the usual lags in the adjustment of the labour market to real activity. As a result, the euro area

**Chart 33**  
**Employment expectations in the euro area**

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

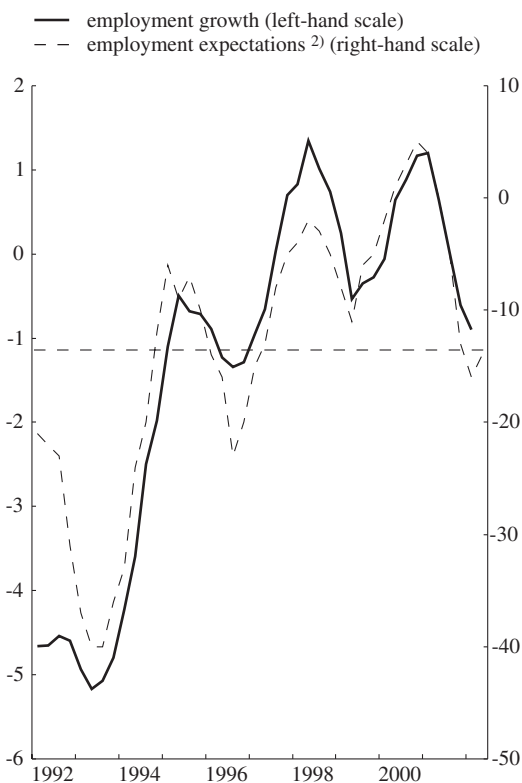


Sources: European Commission Business and Consumer Surveys.  
Note: The horizontal lines are averages of the employment expectations since January 1985 for construction and since February 1986 for retail trade.

**Chart 34**

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

(annual percentage changes; percentage balances)



Sources: Eurostat and European Commission Business and Consumer Surveys.

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

1) Excluding construction.

2) Employment expectations refer to manufacturing only.

unemployment rate is not expected to fall significantly in the coming months and could even increase slightly further. Against this background, continued efforts to implement further reforms in the euro area labour markets are crucial in order to achieve stronger employment growth and lower unemployment in a sustainable manner and also to better withstand the effect of cyclical downturns. At the same time, wage developments geared towards supporting employment growth also remain important.

## 4 Fiscal developments

### **Adverse developments cloud public finance outlook**

The latest harmonised data and estimates of budgetary developments in the euro area are those published in the spring of 2002. More recent information provided by governments on budgetary developments this year and on policy measures is not harmonised between countries as, inter alia, there are differences in coverage. Consequently, an assessment of the short-term orientation of public finances in the euro area countries can only be tentative.

Nonetheless, it is now increasingly likely that most euro area countries will miss the budgetary targets set for 2002. The average euro area government budget deficit is likely to be higher than projected in spring by the European Commission, so that the deterioration with respect to the previous year will also be larger than expected. This will further slow, if not halt, the decline in the euro area debt-to-GDP ratio in 2002.

This reassessment of budget balances in most euro area countries reflects several factors with adverse budgetary implications. Budget deficit estimates for 2001 have been revised upward in a number of countries since the submission of their latest stability programmes, with some adverse carry-over effects for 2002. The upward revision was greatest in the case of Portugal. The Portuguese government recently announced a budget deficit for 2001 of 4.1% of GDP, almost 2 percentage points above the target contained in the updated stability programme submitted at the end of 2001. Portugal is the first euro area country to report a deficit ratio in excess of the 3% reference value since the start of EMU. The higher deficit figure is, inter alia, a result of both expenditure overruns and revenue shortfalls.

In many euro area countries, the budgetary outcomes for the current year will also be

affected by the lagged impact of the economic downturn in 2001 as well as the moderate pace of the recovery in 2002. In this context, weaker than expected internal demand is having strong negative effects on fiscal revenue. This is consistent with the weak revenue performance that the available information suggests for many countries. Other factors that may explain the revenue shortfalls include the adverse effects of stock price developments, particularly on capital gains-related taxes (see Box 7) and some underestimation of the effects of tax reforms.

In some countries, the reassessment of budgetary prospects also reflects a lack of adequate measures to attain the targets set in the updated stability programmes, as well as overspending in social security payments, particularly in the health sector, and government consumption. The expenditure overruns are only partly owing to lower than expected growth; they also reflect ineffective expenditure controls. Furthermore, unexpected fiscal effects from the recent floods in Austria and Germany might affect the budgetary outcomes there.

Fiscal developments in the countries with sizeable fiscal imbalances remain a cause for concern. Two countries, Germany and again Portugal, are likely to come close to the 3% deficit limit in 2002, despite some welcome consolidation efforts this year by both. The other two countries in this group, France and Italy, are also reporting substantial slippages. In these four countries, prudent budget execution for the remainder of the year is needed to restrict deviations from the original targets to the effects of automatic stabilisers. If there is a risk of an excessive deficit, however, further expenditure savings will be needed. As regards those countries with sound fiscal positions, automatic stabilisers can be allowed to operate unrestrictedly, but a re-emergence of imbalances should be avoided.

## Box 7

### The effect of stock price changes on budgetary balances

The sharpness of recent declines in stock prices has sparked investigations into the effects of financial asset prices on public finances. In principle, stock price changes affect public finances via direct and indirect channels. Direct effects stem mainly from the taxation of capital gains or tax-deduction of capital losses, which affect both capital gains tax revenues and personal and corporate income tax receipts. Most euro area Member States tax capital gains in some form while also permitting the deduction of capital losses. Moreover, some countries tax the purchase and sale of stocks and/or stock-based wealth. Indirect effects may arise when stock price increases (or decreases) change households' net wealth and people adjust their consumption patterns, which then affects tax revenue.

The magnitude of the fiscal effects depends first on the tax system. A country with significant capital gains taxation and generous loss deduction is likely to experience stronger fiscal effects than a country without such rules. In addition, the stock market valuation and the dispersion of ownership influence the fiscal effect of stock price changes via both direct and indirect channels. For example, if stock market valuation is high relative to the size of the economy and if stock ownership is widespread, the effects of capital gains on revenue are likely to be more relevant. Moreover, the magnitude and the perceived duration of stock price changes can influence fiscal effects. The timing of fiscal effects can also differ: wealth-effect induced changes in consumption impact on revenues very quickly, while capital losses may only affect the following year's revenue, after personal or corporate tax declarations have been made.

From a policy perspective, the assessment of fiscal outcomes and the fiscal stance would benefit from a proper distinction between asset price effects, automatic budgetary reactions to macroeconomic fluctuations and discretionary policy influences. However, the above observations suggest that fiscal effects of stock price changes differ significantly across countries and over time. Moreover, the classification of tax revenue in official statistics often does not allow a distinction to be made between the sources of revenue (e.g. capital gains or wealth versus profit or income as sources of direct taxes). This makes an empirical assessment very difficult, and few quantitative studies have been undertaken in this regard.

Nevertheless, there is evidence that stock price changes can significantly affect budgetary positions and increase the variability of fiscal balances in some countries. The disappointing development of capital gains tax and corporate income tax receipts in 2001 and 2002 in a number of euro area countries is partly due to capital losses incurred in the financial and corporate sectors in the recent stock market downturn. The wealth effects on consumption and related taxes, however, are hard to quantify with sufficient precision.

### **Budgetary plans for 2003 must reflect commitment to the Stability and Growth Pact**

The euro area countries are currently preparing their budget plans for 2003. At the Seville European Council, all countries reaffirmed their commitment to the Stability and Growth Pact and agreed that the current framework of the Pact is fully appropriate. Indeed, it secures stable and sustainable public finances that, in turn, support growth, employment and macroeconomic stability in the euro area. This means that countries must

persist in maintaining or attaining positions which are close to balance or in surplus in the medium term and must avoid excessive deficits.

More specifically, in countries with sound budgetary positions, the revision of targets for 2003 vis-à-vis previous stability programmes may reflect changes in the macroeconomic environment and hence the operation of automatic stabilisers. However, debt reduction should continue to be prioritised in high debt countries, and fiscal activism should be avoided.

In countries still reporting fiscal imbalances, the developments in the current year put at risk the achievement of budgetary positions close to balance or in surplus by 2003-04. In order to make progress towards such a position, countries need to implement consolidation policies in 2003. Deficits higher than 3% of GDP must be avoided and cyclically adjusted budget deficits should be reduced, which is a necessary condition for automatic stabilisers to be in a position to operate in the future.

The developments in 2001 and this year underline the importance of basing fiscal targets on realistic macroeconomic assumptions and of identifying and implementing the necessary adjustment measures in a timely manner. Moreover, current uncertainty about the macroeconomic environment, the fiscal effects of reforms and developments in asset markets makes an extra margin of prudence in budget plans advisable.

Finally, the need to pursue structural fiscal reform to enhance economic growth should not be used as an excuse to delay consolidation. Comprehensive reforms, including tax cuts as well as employment and growth-friendly expenditure and benefit reforms, could be fiscally neutral. Hence they would better contribute to attaining governments' objectives of lowering unemployment and boosting growth than tax reforms alone. The importance of expenditure restraint and reform cannot be over-emphasised, given the poor track record of many euro area countries in recent years. Moreover, insufficient expenditure restraint raises the risk of missing budgetary targets. This may in turn result in a need to increase taxes and hence to a perception that reforms are being reversed, which could undermine confidence in a government's orientation towards reform.

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

### **Global economic recovery continues, but may be affected by headwinds from the financial markets**

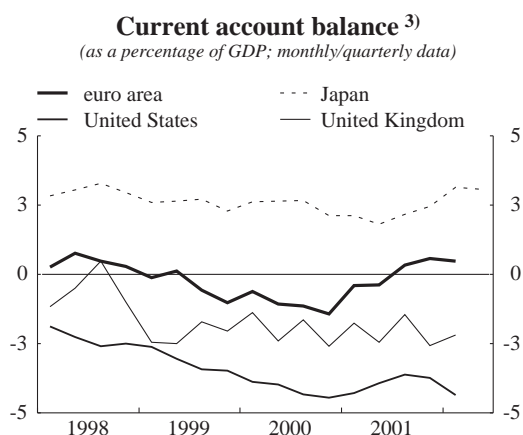
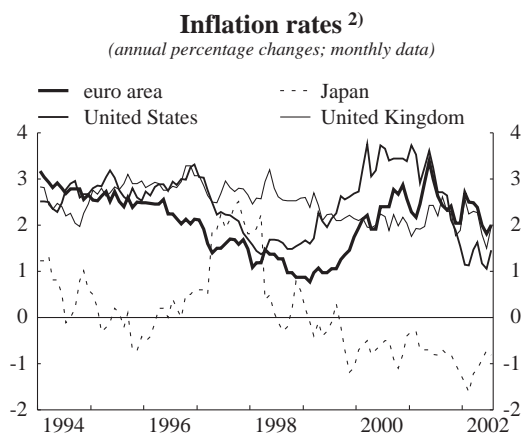
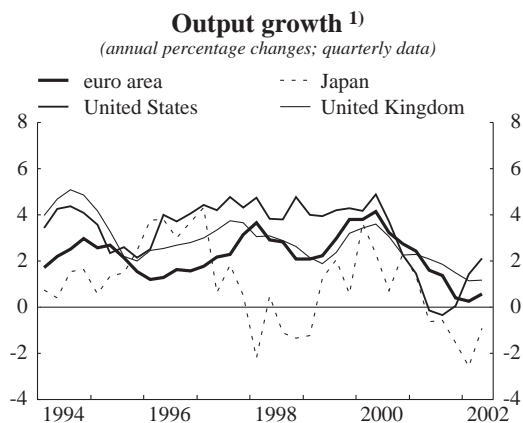
Recent weakness in global financial markets has led to increased uncertainty about the strength of the recovery of the world economy. In particular, global equity markets have recently experienced heightened volatility linked to financial irregularities in the United States against a backdrop of downward revisions to US GDP growth in 2001 and early 2002. The weakness in the financial markets has, despite firmness in the housing market, led to an expectation of negative wealth effects, raising doubts about both the resilience of US private consumption and the anticipated recovery of US business investment, in line with a less favourable profit outlook. In a possibly related development, the US dollar weakened compared with its level at the end of March 2002. This has highlighted the possibility of

slower than expected growth in US imports over the medium term with potential repercussions particularly on Asia, which continues to largely rely on export-led growth. Nevertheless, the weakening of the US dollar should facilitate the longer-term adjustment of the current account imbalances. The picture in the rest of the world is mixed. While some Latin American economies are mired in financial instability, with a deteriorating economic outlook for 2002, Asia, including Japan, as well as central and eastern Europe have been less adversely affected by global financial developments.

In the United States, the ongoing economic recovery may have lost some momentum as private consumption growth is slowing down and private business investment has not yet rebounded. Furthermore, recent data revisions show that the economic recession in 2001 was deeper and more protracted than previously estimated; real GDP grew by

### Chart 35

#### Main developments in major industrialised economies



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

1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used.

2) Data for the euro area up to 1995 are estimates for the HICP based on national CPI data; after 1995 HICP data are used. The RPIX index is used for the United Kingdom.

3) ECB and Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used. For all countries, figures refer to seasonally adjusted data for both GDP and the current account.

only 0.3% compared with a previous estimate of 1.2%. In the second quarter of 2002, real GDP growth stood at 1.1% (quarter-on-quarter, annualised), down from 5.0% in the previous quarter. Private consumption and business inventories were the largest contributors to real GDP growth (1.3 and 1.1 percentage points respectively), while government consumption and investment contributed 0.3 percentage point. Net trade was the major drag on real GDP growth, subtracting 1.8 percentage points, while the contribution of business investment was virtually nil.

Looking forward, the US economy is expected to grow rather modestly in the short term. Private consumption growth is expected to slow down in the short term as a result of the negative wealth effects arising from the sharp correction in the US stock market. Indeed, consumer confidence deteriorated further in both July and August. The widening of corporate bond spreads and persistent uncertainties about the financial soundness of corporations, may delay further any significant recovery in capital spending. Public expenditure growth is likely to be the main supporting factor behind real GDP growth over the short term.

In the longer term, the pace of recovery is likely to accelerate gradually as the economy unwinds accumulated imbalances. At the end of the second quarter of 2002, household and corporate sector debt remained at historically high levels, while the current account widened further, also because of the lagged response to the recent depreciation of the US dollar. Nevertheless looking ahead, the robust growth in real disposable income and the stabilisation of the unemployment rate should support private consumption growth, while subdued unit labour cost dynamics should gradually increase corporate profitability and, consequently, business investment. Over time, the current account deficit is expected to shrink as imports and exports react to the weaker US dollar exchange rate.



Inflation in the US remains subdued. The headline consumer price index in July increased by 1.5% (year-on-year), compared with 1.1% in June, while the headline producer price index declined by 1.1% in July (year-on-year), compared with a 2.1% decline in June. Against this background, the low capacity utilisation and positive productivity developments favour a continuation of moderate inflation.

The Federal Open Market Committee (FOMC), at its meeting on 13 August 2002, left its target for the federal funds rate at 1.75%, a level unchanged since December 2001. In addition, the FOMC assessed the risks facing the US economy as being “weighted mainly toward conditions that may generate economic weakness”.

In Japan, the economy continued its gradual recovery, which is still largely driven by the export sector. In the second quarter of 2002, real GDP grew by 0.6% (quarter-on-quarter), after virtually zero growth in the first quarter, with the latter having been revised downwards strongly as a result of a change in the statistical methodology. Apart from net exports, which contributed 0.4 percentage point to growth, private and public consumption also made positive contributions, while private investment spending continued to contract, albeit at a considerably slower rate than in the previous quarters. Industrial production has staged its strongest recovery in over a decade, having increased by almost 6½% in July from its trough in November 2001. At this point the recovery remains, however, heavily dependent on support from exports, as other sectors of the economy have failed to rebound and some recent signs of weakening have appeared.

Turning to the outlook, growth is still expected to be supported by external demand in the near term, although recent trade figures and general concerns about external demand cast some doubt on the sustainability of the current export momentum. If continued, the strong performance of the external sector would

lead to a gradual improvement in income and labour market conditions, thereby supporting continued growth in private consumption spending. Alongside the expected recovery in profits, business investment spending should likewise recover from its current depressed levels, as indicated by the recent reversal of the downward trend in private machinery orders. However, persistent structural problems and the corporate sector’s continued need to reduce its level of indebtedness are likely to exert a dampening effect on the speed of the investment recovery. Continuing problems in the banking sector will also weigh on the growth outlook.

Reflecting in part the improvements in the economic environment, deflationary pressures appear to be easing moderately. The Consumer Price Index declined by 0.8% (year-on-year) in July, compared with a low of -1.6% in February, while the annual rate of change in the core CPI remained relatively stable, standing at -0.8% in July. Against this background, the Bank of Japan decided on 9 August 2002 to continue conducting money market operations in order to maintain the outstanding balance of the current accounts at the Bank of Japan in an unchanged range of JPY 10 trillion to JPY 15 trillion; it has also emphasised that it will provide more liquidity in the case of risks to financial market stability.

In the United Kingdom, quarter-on-quarter real GDP growth picked up, to 0.6%, in the second quarter of 2002, following very subdued growth rates around the turn of the year. The annual real GDP growth rate rose from 1.1% in the first quarter of the year to 1.2% in the second quarter. An analysis of the demand side of the economy shows that private consumption was the main engine of growth in the second quarter. After a slowdown in the first quarter of 2002, private consumption growth in the second quarter accelerated to 3.9% compared with a year earlier. Household spending has been driven by strong gains in housing wealth, which have helped to offset the downward effects from the recent fall in equity prices. Public



consumption remained one of the fastest growing components of final demand and increased by 4.2% in the year to the second quarter of 2002. Global uncertainty is likely to have depressed gross fixed capital formation, which was still 5.4% below its level of a year earlier. Exports in the second quarter were 2.7% below their level of a year earlier, although the quarterly growth pattern suggests that export demand recovered during the second quarter. The pick-up in final demand contributed to a recovery in import growth during the second quarter. Owing to earlier declines, however, imports were still marginally below their level of a year earlier.

The labour market picture in the United Kingdom was broadly unchanged in the second quarter. The unemployment rate remained at 5.1%. The headline rate of average earnings growth, which is a three-month average, increased to 3.9% in June, from 2.9% in March, reflecting a lower downward contribution of bonuses. Unit wage costs increased by 3.0% in the first quarter. The Retail Price Index excluding mortgage interest payments (RPIX) rose at an annual rate of 2.0% in July, up from 1.5% in June.

The short-term prospects for the UK economy depend on the impact of global uncertainty on domestic spending. In addition, the outlook for house prices remains a source of uncertainty. The short-term outlook for inflation appears relatively benign, although some moderate upward price pressures may build up in the more medium term as the cyclical recovery gathers pace.

In Denmark, quarter-on-quarter real GDP growth rose to 1.1% in the second quarter of 2002, up from 0.2% in the previous quarter. This was mainly due to a recovery in investment, especially in machinery, transportation and software. The annual rate of HICP inflation in July 2002 remained at the June level of 2.2%. In Sweden, quarter-on-quarter real GDP growth increased to 0.6% in the second quarter of 2002, from 0.5% in

the first quarter, owing to a recovery in domestic demand. HICP inflation was 1.8% in July 2002, compared with 1.7% in June.

In Switzerland, the moderate recovery since the beginning of 2002 has resulted mainly from the good performance in exports despite the strength of the Swiss franc. Concerns about domestic demand sluggishness and the world economic outlook have been partially offset by recent leading indicator releases pointing to a slight improvement in the Swiss economic prospects. The Consumer Price Index declined slightly in July, by 0.1% (year-on-year).

The larger EU accession countries are continuing to post relatively high growth rates, despite the weaknesses in the international environment and the outburst of financial instability in some emerging markets. These negative impacts on the economic outlook have so far been offset by the resilience in domestic demand. At the country level, in the first quarter of the year growth in Hungary remained mainly driven by strong growth in private and public consumption, but also by investment demand. Similarly, in the Czech Republic, economic growth has been supported mainly by domestic demand, with private consumption and gross fixed capital formation growing sizeably in the first quarter of 2002 relative to one year earlier. By contrast, net exports contributed negatively to growth, with real export growth falling by about 1% over the same period. As for the short-term prospects, the recent floods that affected the country in August may have a significant impact. Unlike in other accession countries, economic activity remained very weak in Poland during the first part of the year. The latest data for industrial production in June and July 2002 were, however, better than expected, signalling a possible improvement in the economic outlook. In Turkey, the economy recorded a positive year-on-year growth in the first quarter of 2002 for the first time since the end of 2000. However, looking at the components of demand, private consumption and investment demand

continued to fall, while growth was mainly due to a very strong performance in real exports. The manufacturing sector has clearly benefited from the sharp devaluation, rebounding strongly since March 2002. Nonetheless, despite the improved prospects for the real sector, fiscal imbalances appear to weigh on the medium-term prospects.

In Russia, until recently concerns were mounting that the economy could be stalling, in the light of disappointing real gross fixed investment data and other indicators pointing to lower growth. However, the outlook has recently brightened, as household consumption has remained supportive and real gross investment is now growing again.

In non-Japan Asia, the latest data release points to a better than expected economic performance in 2002 tempered by increasing downside risks to the outlook for 2003. The economic recovery has been driven primarily by strong export growth and, more recently, by improvements to private consumption. The latter reflects a combination of strengthening household income, including improvements in labour market conditions and more favourable household credit conditions in selected economies.

Within the region, China has outperformed market expectations with second quarter 2002 real GDP growth estimated at 8.0% (year-on-year), driven by fixed asset investment growing by about 24% (year-on-year) and supportive public spending. This has led to increasing import demand in China providing a further boost to exports in the Asia region. Real GDP growth in China in the latter half of 2002 is expected to remain robust, reinforced by strong foreign direct investment flows, possibly providing further support to recovery prospects in the region. In other Asian economies excluding Japan, real GDP growth remains strong. In Korea, preliminary second quarter GDP growth was reported at 6.3% (year-on-year), driven by private consumption and export growth. In Singapore and Taiwan, recovery remains on track, with second quarter GDP growth in

2002 estimated at 3.9% and 4% (year-on-year) respectively, reflecting strong manufacturing growth and, in the case of Taiwan, very high export growth to China. Despite improvements in economic activity, deflationary pressures continue to beset various economies, with average CPI inflation in the first half of 2002 in China, Taiwan and Singapore in the range of 0 to -1%, while in Hong Kong SAR it remained below -3%.

While the outlook remains positive for non-Japan Asia for the remainder of 2002, the less favourable prospects for foreign demand from the developed economies has increased the uncertainty as to whether the momentum of the recovery in non-Japan Asia will be sustained in 2003.

In Latin America, recent data releases in the largest countries point to diverging economic outcomes, with an overall deterioration in the outlook driven by marked financial turbulence affecting Brazil. Among the region's other large economies, the continued recession in Argentina contrasts with increasing signs of economic recovery in Mexico. Since April 2002, Brazil has been subjected to a financial turmoil triggered by the country's mounting public debt and pre-election uncertainty. However, following Brazil's recent agreement with the IMF, the performance of the Brazilian economy is expected to improve despite continuing signs of financial stress. Argentina's economy is facing its fourth year of recession. The continued curbs on bank withdrawals weigh heavily on domestic demand as credit flows have dried up. Among the few factors providing some support to economic activity, exports have recently started to increase on the back of the depreciation of the peso. In Mexico, the latest official data point to a pick-up in economic activity: real GDP expanded by 2.1% (year-on-year) in the second quarter of the year driven by domestic demand while job creation has been improving. However, the recovery is far from broadly based and exports have only recently shown signs of recovery.

## **Exchange rate and balance of payments developments**

### ***Euro exchange rates broadly unchanged in August and early September***

Unlike in the other financial markets, fluctuations among the major currencies in foreign exchange markets were rather subdued in August and early September. Continuing on its recent stabilisation, the single currency traded in rather narrow ranges vis-à-vis all other major currencies after a period of appreciation in previous months. On 11 September, the euro stood at roughly the same level against most of the currencies of the euro area's major trading partners as at the end of July.

After depreciating moderately in the second half of July, the euro stabilised against the US dollar in a range of USD 0.97 and 0.99 in August amid mixed signals regarding the economic outlook for the United States. While some business and consumer confidence indicators pointed towards increased uncertainty for the second half of the year, stock markets temporarily recovered part of the losses experienced in the previous months. In this environment, overall market uncertainty declined slightly, but remained relatively high compared with the first half of 2002. In early September, the US dollar temporarily depreciated against all major currencies amid new data releases suggesting that the recovery of the US economy may have lost momentum. This phase was accompanied by a renewed reversal of stock market indices, which then fell again to below their end-July levels (see Chart 36). Towards the end of the review period, however, the US dollar recovered again, to be quoted on 11 September at USD 0.97 against the euro. As a result, the euro traded slightly below its level at the end of July and almost 9% above its 2001 average.

The Japanese yen continued to appreciate gradually against the US dollar and the euro in the first half of August, but remained broadly unchanged in the second half of the

month and in early September. The Japanese currency was supported by data releases suggesting that the Japanese economy would remain on its gradual recovery path, accompanied by some moderation of deflationary pressures. However, as the recovery in Japan has been mainly driven by the export sector, the present concerns regarding the world economic environment also affected the assessment of the outlook for the recovery in the medium term. On 11 September, the euro stood at JPY 116.9, slightly lower than its level at the end of July but 7.6% above its 2001 average.

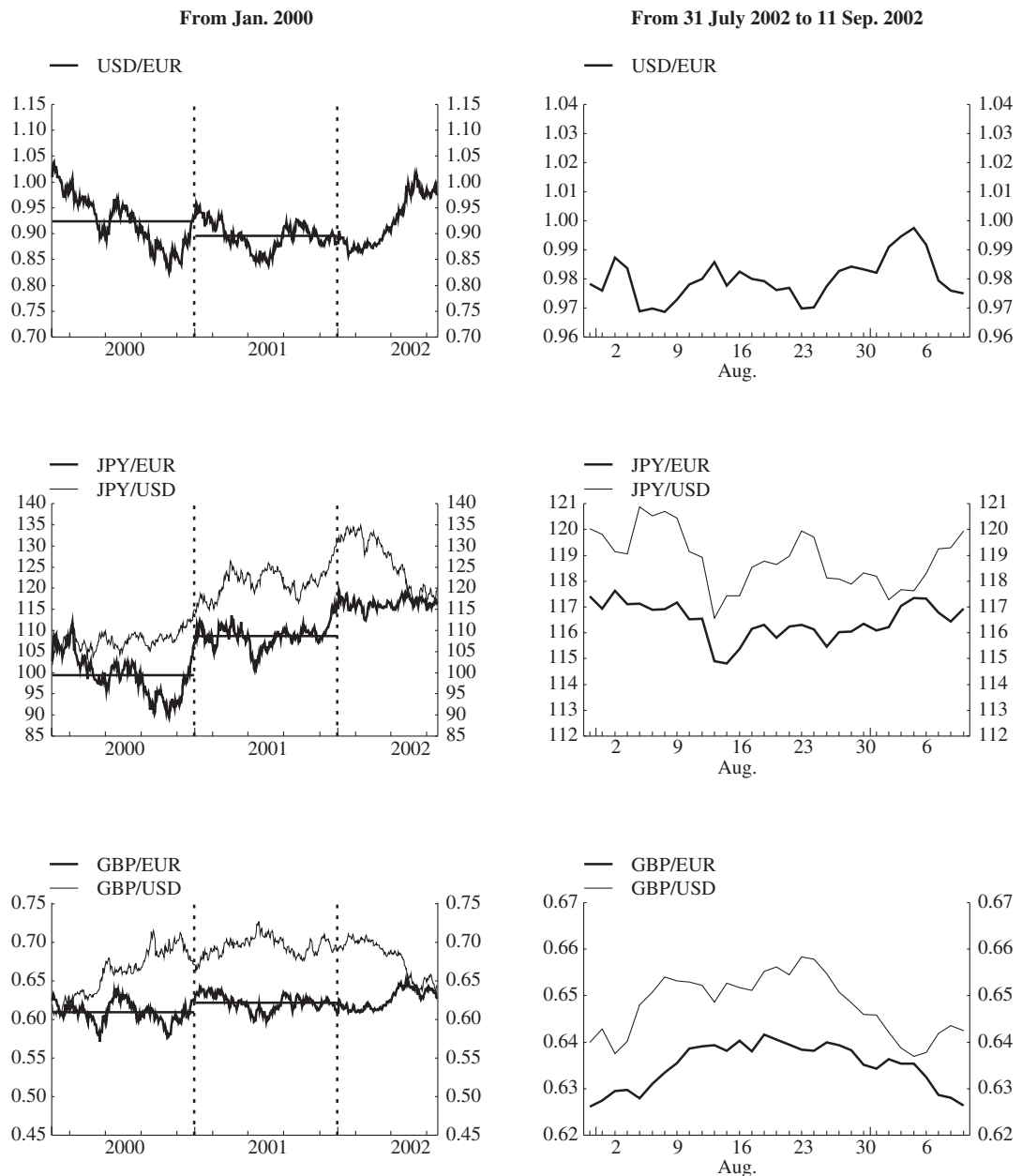
In the first half of August, the pound sterling depreciated moderately against the euro and the US dollar amid data releases indicating a slowdown in industrial and manufacturing production in the United Kingdom. As a result, the strengthening of the pound sterling vis-à-vis the euro experienced in the previous month was partially reversed. In the second half of August and in early September the pound sterling was relatively stable against the euro, but rebounded against the US dollar. Towards the end of the review period, the pound sterling appreciated slightly against the euro but lost some of its earlier gains against the US dollar. On 11 September, the euro traded at GBP 0.63, around its level at the end of July and almost 1% above its 2001 average.

Regarding other European currencies, the Danish krone strengthened slightly against the euro (see Chart 37), and Denmark's Nationalbank lowered its rate of interest on certificates of deposit and its lending rate by 0.05% on two occasions in August. Following a strong appreciation of the euro against the Swedish krona in early August, the Swedish currency partially recovered later in the month and in early September. On 11 September, the euro traded at SEK 9.17, 0.8% below its end-July level. The Swiss franc, which had benefited from its safe-haven status during the general overall tensions in international financial markets in previous months, depreciated gradually against the euro in August against a background of

## Chart 36

### Patterns in exchange rates

(daily data)



Source: ECB.

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

recovering stock markets, before rising again slightly in early September. On 11 September, the euro was quoted at CHF 1.46, 0.5% above its end-July level but 3.2% below its average 2001 level.

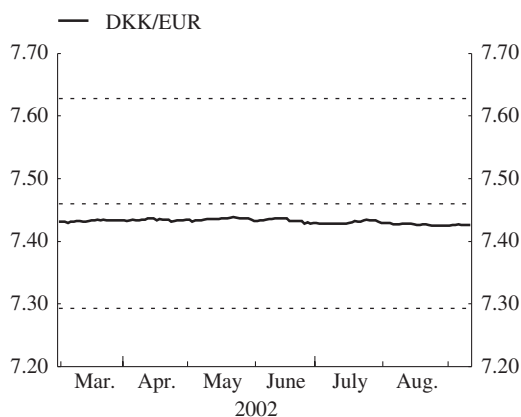
In the context of relatively calm foreign exchange markets, the nominal effective exchange rate of the euro, as measured

against the currencies of the 12 most important trading partners of the euro area, remained broadly unchanged for most of August. It increased somewhat later in the month and in early September, mostly as a result of the weakening of the US currency, but reverted towards the end of the review period (see Chart 38). On 11 September, the euro stood roughly at its end-July level and

### Chart 37

#### 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).

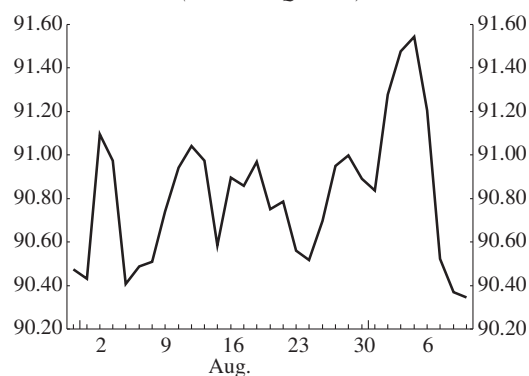
### Chart 38

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

(daily data)

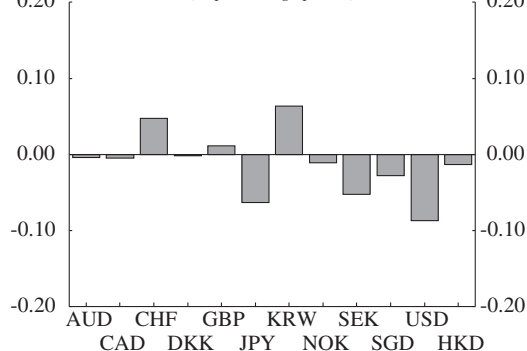
From 31 July 2002 to 11 Sep. 2002

(index: 1999 Q1 = 100)



Contributions to EER changes<sup>2)</sup>

(in percentage points)



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.

3.8% higher than its 2001 average. The real effective exchange rate indices of the euro followed the nominal index rather closely, standing above their average 2001 levels (see Chart 39). However, the CPI- and PPI-deflated indices rose by more than the nominal effective exchange rate compared with their average level in 2001, mainly reflecting the protracted deflation in Japan in this period and subdued price developments in other major partner countries such as the United Kingdom and Switzerland.

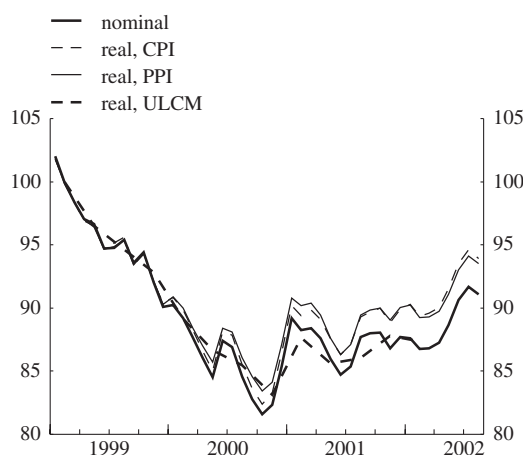
### Current account in surplus in June 2002

The euro area current account recorded a surplus of €3.9 billion in June 2002 compared with a deficit of €1.0 billion in June 2001 (see Table 11). This development mainly resulted from an increase in the goods surplus (from €8.4 billion to €12.1 billion) together with small decreases in the deficits for both income and current transfers, while the surplus for services remained virtually unchanged.

### Chart 39

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

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



Source: ECB.

1) An upward movement of the index represents an appreciation of the euro. The latest observations for monthly data are August 2002. In the case of the ULCM-based real EER, the latest observation is for Q1 2002 and is partly based on estimates.

Developments in the first half of 2002 show that the cumulated current account balance turned from a deficit of €20.4 billion in the same period last year into a surplus of €9.3 billion. This reflects a significant increase in the goods surplus (from €21.4 billion to €56.8 billion) which was only marginally offset by slightly higher deficits for income and

current transfers and a shift from a small surplus to balance for services. The rise in the goods surplus was due to the value of imports decreasing faster than that of exports (by 7.8% and 0.6% respectively), partly reflecting the significant decline in the price of oil imports over this period.

**Table 11**  
**Balance of payments of the euro area**

(EUR billions; not seasonally adjusted)

	2001 Jan. - June	2001 June	2002 Jan. - June	2002 Apr.	2002 May	2002 June
<b>Current account balance</b>	-20.4	-1.0	9.3	-5.8	0.1	3.9
Credits	858.4	148.1	831.7	136.1	140.8	141.1
Debits	878.8	149.1	822.3	141.9	140.7	137.2
Goods balance	21.4	8.4	56.8	8.2	9.2	12.1
Exports	517.1	90.0	514.0	86.1	86.7	88.2
Imports	495.8	81.6	457.2	77.9	77.6	76.1
Services balance	1.5	2.1	-0.0	-0.1	2.8	2.0
Exports	151.7	28.4	152.4	25.8	28.0	27.0
Imports	150.2	26.3	152.5	25.9	25.2	25.0
Income balance	-24.2	-4.2	-26.6	-7.9	-6.4	-3.4
Current transfers balance	-19.0	-7.3	-20.8	-6.0	-5.5	-6.7
<b>Capital account balance</b>	6.4	0.8	6.5	1.3	1.1	1.1
<b>Financial account balance</b>	18.6	-14.0	-61.4	-1.1	4.9	-36.9
Direct investment	-92.3	-11.0	-19.5	7.7	5.1	-15.5
Abroad	-146.0	-21.9	-79.0	-6.6	-14.6	-15.6
Equity capital and reinvested earnings	-85.7	-8.5	-51.2	-3.0	-9.2	-11.0
Other capital, mostly inter-company loans	-60.3	-13.4	-27.8	-3.6	-5.4	-4.6
In the euro area	53.6	10.9	59.5	14.3	19.7	0.1
Equity capital and reinvested earnings	45.2	3.4	30.8	6.7	9.0	3.2
Other capital, mostly inter-company loans	8.4	7.5	28.7	7.6	10.7	-3.2
Portfolio investment	-12.8	29.8	2.9	11.5	32.0	14.3
Equities	55.8	27.3	10.8	-0.7	21.9	-9.2
Assets	-71.6	-11.6	-47.1	-3.0	-5.8	-5.7
Liabilities	127.4	38.9	57.9	2.3	27.6	-3.5
Debt instruments	-68.6	2.5	-7.9	12.2	10.1	23.5
Assets	-86.8	-15.2	-66.9	-5.6	-20.4	-1.5
Liabilities	18.2	17.7	59.0	17.8	30.5	25.0
Memo item:						
Combined net direct and portfolio investment	-105.1	18.8	-16.6	19.3	37.1	-1.3
Financial derivatives	-1.4	-4.6	-0.6	2.1	-1.9	-1.1
Other investment	113.0	-27.4	-48.1	-30.8	-32.4	-31.0
Reserve assets	12.1	-0.8	3.9	8.3	2.1	-3.5
<b>Errors and omissions</b>	-4.6	14.2	45.6	5.6	-6.1	31.9

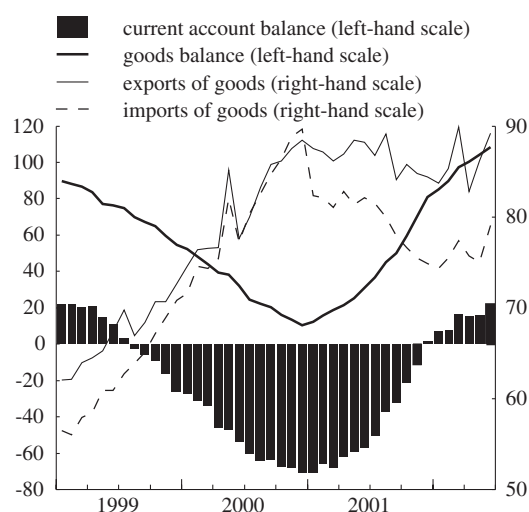
Source: ECB.

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.

Looking at month-on-month developments on the basis of seasonally adjusted data, the value of both exports and imports of goods grew rapidly in June 2002 compared with May, rising by 3.6% and 5.5% respectively (see Chart 40). However, seasonally adjusted quarterly exports of goods decreased by 0.3% in the second quarter of 2002 compared with the first quarter, despite the strong growth in foreign demand over the same period. In part, the reason may be that euro area exporters have been cutting profit margins and therefore reducing export prices (in euro) over this period, in order to partly offset the loss in price competitiveness resulting from the appreciation of the euro in the second quarter of 2002. Meanwhile, higher oil prices (in euro) in the second quarter, despite the appreciation of the euro, may to some extent explain the rise in the value of imports of goods in the same quarter. The appreciation of the euro may also partly account for the increase in the income deficit in the second quarter (see Chart 41) as it reduces the value of income receipts from abroad when expressed in euro.

### Chart 40 The euro area current account balance, the goods balance and exports and imports of goods

(EUR billions; seasonally adjusted)

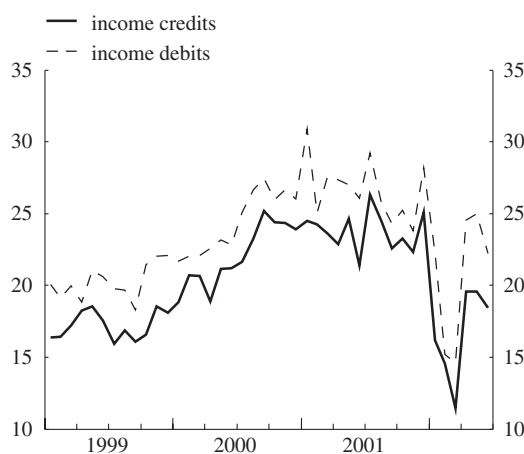


Source: ECB.

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

### Chart 41 Euro area income credits and debits

(EUR billions, seasonally adjusted)



Source: ECB.

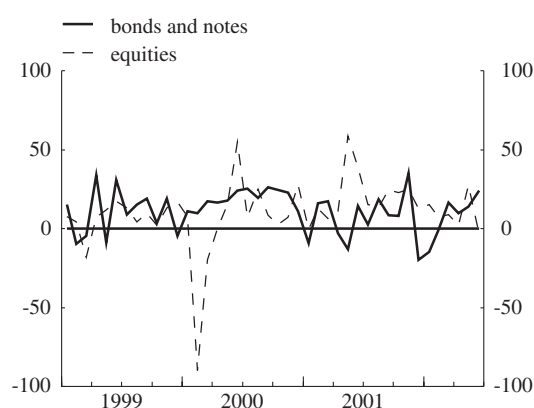
### Rising investment in euro area bonds and notes in the first half of 2002

Combined direct and portfolio investment in the euro area saw small net outflows (€1.3 billion) in June 2002, as net outflows in direct investment (€15.5 billion) were mostly offset by net inflows in portfolio investment (€14.3 billion).

The net outflows in direct investment were the result of euro area investment abroad on

### Chart 42 Foreign investment in euro area equities, bonds and notes

(EUR billions, monthly data)



Source: ECB.

Note: A positive (negative) number indicates a net inflow (outflow).



a significant scale (€15.6 billion), mainly in equity capital and reinvested earnings (€11 billion). The net inflows in portfolio investment of €14.3 billion in June stemmed from large net inflows in bonds and notes (€25.4 billion), only partially compensated for by net outflows in equity securities of €9.2 billion.

The rising investment in euro area bonds and notes and the declining investment in euro area equities by non-residents in the first half of 2002 (see Chart 42) seems to be mainly associated with the increased uncertainty about the global economic outlook related to the accounting scandals in the United States and the correction in equity valuations.

Other factors behind the investment rise in bonds and notes could be expectations of a euro appreciation, particularly in the second quarter of 2002.

In the first half of 2002, combined direct and portfolio investment on a cumulated basis recorded net outflows, although these were substantially lower (€16.6 billion) than during the same period in 2001 (€105.1 billion).

Other investment in June 2002 registered high net outflows (€45.2 billion) for the MFI sector, especially for short-term liabilities which may reflect a repatriation of liquid assets by non-residents (€72.3 billion).



## **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>
(p)	provisional
s.a.	seasonally adjusted

# Euro area overview table

## Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates

	M1 <sup>1)</sup>	M2 <sup>1)</sup>	M3 <sup>1)2)</sup>		MFI loans to euro area residents excluding MFIs and general government <sup>1)</sup>	Securities issued by non-financial and non-monetary financial corporations <sup>1)</sup>	3-month interest rate (EURIBOR, % per annum, period averages) <sup>7)</sup>	10-year government bond yield (% per annum, period averages) <sup>8)</sup>
	1	2	3	3-month moving average (centred) <sup>4)</sup>				
2000	8.0	4.4	5.0	-	9.6	21.2	4.40	5.44
<i>Euro area enlargement</i>								
2001	3.6	4.2	5.4	-	7.8	26.3	4.26	5.03
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
Q2	6.6	6.5	7.4	-	5.6	24.5	3.45	5.26
Q3	.	.	.	-	.	.	.	.
2002 Apr.	6.6	6.3	7.3	7.4	5.5	26.0	3.41	5.30
May	6.8	6.7	7.7	7.4	5.8	23.9	3.46	5.30
June	6.9	6.5	7.1	7.3	5.5	21.6	3.46	5.16
July	7.6	6.5	7.1	.	5.2	.	3.41	5.03
Aug.	.	.	.	.	.	.	3.35	4.73

### 2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy)	Real GDP	Industrial production (excluding construction)	Capacity utilisation in manufacturing (percentages)	Employment (whole economy)	Unemployment (% of labour force)
	9	10	11	12	13	14	15	16
2000	2.3	5.5	3.2	3.5	5.5	83.8	2.2	8.4
<i>Euro area enlargement</i>								
2001	2.5	2.1	3.4	1.5	0.2	83.2	1.3	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	-2.6	80.8	0.7	8.1
Q2	2.1	-0.9	.	0.6	-0.9	80.8	.	8.3
Q3	.	.	.	.	.	80.7	.	.
2002 Apr.	2.4	-0.8	-	-	-1.0	-	-	8.2
May	2.0	-1.0	-	-	-1.2	-	-	8.3
June	1.8	-1.1	-	-	-0.7	-	-	8.3
July	1.9	-0.6	-	-	.	-	-	8.3
Aug.	2.1	.	-	-	.	-	-	.

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

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts	Goods	Direct investment	Portfolio investment		Nominal	Real (CPI)	
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 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
Q2	1.7	29.4	-2.7	57.7	367.0	93.9	90.4	0.919
Q3	.	.	.	.	.	.	.	.
2002 Apr.	-4.5	8.2	7.7	11.5	394.2	91.7	88.4	0.886
May	1.2	9.2	5.1	32.0	386.6	93.7	90.3	0.917
June	5.0	12.1	-15.5	14.3	367.0	96.4	92.6	0.955
July	.	.	.	.	371.9	98.2	94.1	0.992
Aug.	.	.	.	.	.	97.7	93.4	0.978

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 12 Apr.	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 Aug.	128,323	240,117	19,987	4,936	194,032	139,001	54,999	0
9	128,323	239,409	19,302	4,824	192,067	136,998	54,999	0
16	128,323	237,438	19,399	4,949	189,105	133,999	54,999	0
23	128,323	239,979	17,924	4,827	189,037	133,999	54,999	0
30	128,323	238,451	17,005	5,304	197,034	146,998	50,000	0
6 Sep.	128,322	239,668	18,537	4,801	191,040	141,001	50,000	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 12 Apr.	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
2 Aug.	323,953	129,253	129,237	12	0	0	4	31	2,939
9	326,029	127,605	127,592	10	0	0	3	281	2,939
16	325,804	129,440	129,406	31	0	0	3	209	2,939
23	321,224	131,308	128,703	2,602	0	0	3	115	2,939
30	321,780	126,066	125,935	130	0	0	1	131	2,939
6 Sep.	325,814	129,856	129,836	15	0	0	5	260	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	
0	105	4	230	30,051	67,733	88,941	782,916	2002	12 Apr.
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	
0	12	20	422	30,482	67,659	85,632	771,591	2	Aug.
0	23	47	402	30,630	67,638	86,034	768,630	9	
0	69	38	151	30,673	67,198	86,272	763,509	16	
0	28	11	144	30,919	67,198	85,740	764,092	23	
0	22	14	367	31,361	67,198	85,794	770,838	30	
0	5	34	244	31,538	67,198	84,224	765,573	6	Sep.

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								10	11	
55,955	8,518	1,489	20,024	6,990	64,246	136,887	63,729	782,916	2002	12 Apr.
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	
55,257	9,382	1,392	20,375	6,521	59,106	99,114	64,268	771,591	2	Aug.
52,290	8,643	1,312	19,716	6,521	59,910	99,114	64,270	768,630	9	
47,496	8,609	1,285	17,306	6,521	60,512	99,114	64,274	763,509	16	
49,783	9,128	1,287	18,418	6,521	59,980	99,114	64,275	764,092	23	
63,849	8,972	1,271	16,111	6,521	59,807	99,114	64,277	770,838	30	
51,729	8,671	1,282	15,092	6,521	60,016	99,114	64,279	765,573	6	Sep.

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

With effect from <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
			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 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	
7 Aug.	104,266	82,000	-	3.25	3.28	3.29	14	
14	85,232	52,000	-	3.25	3.28	3.29	14	
21	115,921	82,000	-	3.25	3.28	3.29	14	
28	104,816	65,000	-	3.25	3.28	3.29	14	
4 Sep.	124,579	76,000	-	3.25	3.28	3.29	14	
11	105,528	60,000	-	3.25	3.27	3.28	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 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	
29 Aug.	33,527	15,000	-	3.33	3.34	91	

## 3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days
				Fixed rate	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 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	11,009.1	6,083.3	203.3	204.2	1,355.3	699.2	2,463.9
July <sup>(p)</sup>	11,002.3	6,070.4	202.2	205.4	1,367.5	695.2	2,461.6

Source: ECB.

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

**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 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.	129.3	129.7	0.5	0.0	3.29
Sep. <sup>(p)</sup>	129.0	.	.	.	.

Source: ECB.

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

**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 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	369.1	130.4	60.0	0.2	0.0	0.2	0.0	313.4	54.4	60.3	131.4	445.0
Aug. <sup>4)</sup>	360.0	139.2	55.2	0.1	0.0	0.1	0.0	322.7	50.9	50.8	129.9	452.8

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			Other euro area residents	Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by euro area residents			External assets <sup>1)</sup>	Fixed assets	Re-maining assets	Total	
	MFI's <sup>1)</sup>	General government			MFI's	General government	Other euro area residents	MFI's	Other euro area residents						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
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 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	54.3	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	983.8
Q2	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
2001 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	57.2	1,019.8
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	54.5	975.9
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	54.8	971.7
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	55.5	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	55.0	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	54.3	998.6
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	102.4	1,041.4
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	103.2	1,021.7
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	106.0	1,033.9
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	107.9	986.5
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	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	114.1	1,007.2
July <sup>(p)</sup>	364.0	337.7	25.7	0.6	107.7	5.1	101.9	0.8	13.8	4.7	9.0	377.9	12.1	115.7	991.2

#### 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	MFI's <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 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	370.5	312.6	253.4	46.8	12.4	5.5	204.6	26.8	63.8	983.8	
Q2	368.8	342.2	274.1	51.8	16.3	5.6	223.7	32.6	54.2	1,027.2	
2001 July	366.9	343.5	282.7	46.9	14.0	5.6	214.7	31.9	57.3	1,019.8	
Aug.	356.0	320.4	259.2	46.6	14.7	5.6	211.6	28.4	53.9	975.9	
Sep.	346.1	323.6	269.4	37.6	16.6	5.5	209.2	30.0	57.3	971.7	
Oct.	333.8	302.8	244.7	40.0	18.1	5.5	210.6	34.3	58.5	945.6	
Nov.	317.4	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	998.6	
2002 Jan.	339.7	345.2	285.1	44.9	15.2	4.6	214.5	37.4	100.0	1,041.4	
Feb.	308.1	349.6	282.7	52.1	14.7	4.6	219.8	33.9	105.7	1,021.7	
Mar.	309.1	355.1	282.4	56.3	16.4	4.6	217.8	36.8	110.5	1,033.9	
Apr.	311.2	323.5	254.8	50.8	17.9	4.6	212.8	32.4	101.9	986.5	
May	319.6	326.6	268.4	40.7	17.4	4.6	208.0	31.6	102.7	993.1	
June	329.1	354.3	285.2	51.5	17.5	4.6	182.3	31.0	106.0	1,007.2	
July <sup>(p)</sup>	339.7	316.0	247.4	52.9	15.6	4.6	183.3	35.5	112.2	991.2	

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
	1	2	3	4	5	6	7	8		10	11	12				
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 Q3	10,235.9	3,456.4	799.8	5,979.7	2,232.8	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	16,705.7
<i>Euro area enlargement</i>																
2001 Q1	10,805.5	3,707.3	824.4	6,273.7	2,319.9	969.0	1,064.0	286.9	157.1	812.2	255.3	556.9	2,240.1	160.8	1,097.2	17,592.8
Q2	10,886.9	3,691.1	808.5	6,387.3	2,395.5	991.3	1,103.7	300.5	164.6	799.2	251.3	547.9	2,288.2	163.5	1,128.3	17,826.2
2001 July	10,846.3	3,647.2	805.7	6,393.4	2,416.2	1,005.0	1,098.0	313.3	169.1	795.0	252.4	542.6	2,214.1	164.6	1,073.8	17,679.1
Aug.	10,821.3	3,651.1	801.6	6,368.7	2,414.7	1,003.7	1,088.9	322.1	163.4	783.2	247.5	535.7	2,226.0	164.9	1,064.9	17,638.4
Sep.	10,946.1	3,722.5	802.6	6,420.9	2,413.8	995.5	1,092.4	325.9	163.8	771.5	245.1	526.4	2,298.9	165.7	1,115.8	17,875.5
Oct.	10,969.9	3,719.2	800.0	6,450.6	2,415.5	1,004.2	1,083.0	328.2	167.0	779.0	244.0	535.0	2,341.0	166.3	1,147.0	17,985.7
Nov.	11,110.7	3,793.6	816.2	6,500.9	2,428.8	1,009.6	1,087.8	331.4	158.7	782.5	246.8	535.7	2,426.9	167.1	1,136.3	18,210.9
Dec.	11,128.5	3,788.1	822.1	6,518.4	2,420.0	1,008.0	1,076.5	335.5	153.1	810.9	251.8	559.0	2,406.8	168.1	1,129.2	18,216.5
2002 Jan.	11,058.4	3,705.9	819.1	6,533.4	2,465.3	1,018.6	1,106.6	340.2	168.8	811.4	252.3	559.1	2,420.2	165.4	1,159.7	18,249.2
Feb.	11,042.1	3,672.6	821.8	6,547.8	2,485.1	1,030.4	1,106.3	348.4	167.0	812.0	254.2	557.8	2,419.4	164.6	1,095.8	18,186.0
Mar.	11,203.5	3,771.4	827.2	6,604.9	2,518.1	1,046.0	1,127.1	345.0	174.0	811.5	257.7	553.8	2,430.4	164.5	1,030.8	18,332.8
Apr.	11,258.0	3,811.1	807.0	6,639.9	2,523.5	1,054.8	1,127.2	341.5	175.9	825.5	265.1	560.4	2,424.8	164.2	1,011.0	18,382.9
May	11,324.0	3,861.7	803.8	6,658.5	2,541.9	1,057.5	1,140.7	343.6	181.7	826.6	263.7	562.8	2,450.9	164.4	984.0	18,473.4
June	11,341.1	3,847.8	803.6	6,689.7	2,536.9	1,057.6	1,137.8	341.4	195.1	820.8	261.7	559.1	2,355.2	164.3	999.7	18,412.9
July <sup>(p)</sup>	11,331.2	3,839.1	802.0	6,690.2	2,522.2	1,046.7	1,130.1	345.4	205.5	809.7	266.2	543.5	2,375.5	164.6	1,015.9	18,424.7

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents				Repurchase agreements	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
					5	6	7	8							
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 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	16,705.7
<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	17,592.8
Q2	0.0	9,424.1	3,798.5	113.7	5,512.0	1,715.9	2,240.8	1,330.8	224.5	382.1	2,861.3	998.1	2,710.6	1,449.9	17,826.2
2001 July	0.0	9,365.4	3,755.5	108.7	5,501.2	1,699.1	2,242.1	1,333.6	226.4	393.6	2,874.0	997.6	2,611.1	1,437.4	17,679.1
Aug.	0.0	9,344.9	3,746.6	105.8	5,492.5	1,667.0	2,254.4	1,337.3	233.9	405.0	2,861.1	1,000.4	2,591.6	1,435.4	17,638.4
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	410.3	2,875.5	1,011.1	2,609.9	1,483.9	17,875.5
Oct.	0.0	9,484.9	3,809.0	113.2	5,562.7	1,732.5	2,241.4	1,351.9	236.9	423.5	2,900.6	1,019.3	2,627.3	1,530.1	17,985.7
Nov.	0.0	9,601.5	3,868.8	115.1	5,617.7	1,780.8	2,242.4	1,365.0	229.5	434.4	2,888.6	1,023.9	2,690.8	1,571.6	18,210.9
Dec.	0.0	9,696.7	3,823.7	103.9	5,769.1	1,882.2	2,261.5	1,405.0	220.4	430.8	2,882.9	1,043.0	2,683.4	1,479.8	18,216.5
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	452.3	2,921.5	1,050.1	2,717.8	1,477.5	18,249.2
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	464.5	2,933.1	1,050.6	2,729.4	1,437.2	18,186.0
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	473.2	2,966.1	1,057.6	2,749.8	1,389.5	18,332.8
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	480.9	2,969.4	1,064.1	2,736.7	1,387.6	18,382.9
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	489.2	2,995.4	1,071.8	2,718.7	1,385.6	18,473.4
June	0.0	9,858.6	3,942.1	101.7	5,814.7	1,901.7	2,259.5	1,422.0	231.6	493.4	2,982.5	1,078.1	2,585.2	1,415.3	18,412.9
July <sup>(p)</sup>	0.0	9,828.3	3,936.6	99.1	5,792.6	1,870.8	2,266.7	1,424.0	231.2	505.4	2,987.7	1,087.9	2,609.4	1,406.0	18,424.7

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

	Assets						External assets <sup>2)</sup>	Fixed assets	Remaining assets	Total	
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11
2001 Jan.	7,043.5	857.2	6,186.3	1,416.6	1,145.6	271.0	542.9	2,463.6	171.8	1,083.8	12,722.2
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	12,771.6
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	1,171.3	293.9	586.8	2,614.3	173.3	1,128.1	13,124.8
May	7,172.5	838.4	6,334.1	1,492.1	1,191.3	300.8	587.2	2,675.6	174.6	1,148.3	13,250.4
June	7,223.5	835.7	6,387.9	1,506.9	1,205.2	301.7	557.5	2,702.9	175.4	1,147.0	13,313.3
July	7,226.9	832.9	6,394.0	1,514.8	1,200.4	314.5	552.2	2,619.0	176.5	1,092.2	13,181.7
Aug.	7,198.0	828.8	6,369.3	1,515.1	1,191.8	323.3	545.1	2,622.9	176.9	1,082.6	13,140.5
Sep.	7,251.4	829.8	6,421.5	1,521.2	1,194.2	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	1,522.7	1,190.1	332.7	544.6	2,827.3	179.1	1,153.6	13,572.2
Dec.	7,366.7	847.7	6,519.0	1,515.2	1,178.4	336.8	568.2	2,805.7	180.0	1,137.3	13,573.1
2002 Jan.	7,378.8	844.8	6,534.0	1,547.1	1,205.5	341.5	568.2	2,829.2	177.5	1,168.9	13,669.6
Feb.	7,395.9	847.5	6,548.4	1,556.5	1,207.0	349.6	566.8	2,832.8	176.6	1,131.1	13,659.6
Mar.	7,458.5	853.0	6,605.5	1,574.4	1,228.1	346.3	562.9	2,844.8	176.4	1,082.0	13,699.0
Apr.	7,473.3	832.7	6,640.5	1,571.2	1,228.6	342.6	569.2	2,826.1	176.2	1,069.3	13,685.3
May	7,488.6	829.5	6,659.1	1,586.4	1,241.7	344.6	571.4	2,845.5	176.4	1,048.4	13,716.7
June	7,519.6	829.3	6,690.3	1,581.9	1,239.4	342.5	567.7	2,727.8	176.2	1,070.2	13,643.4
July <sup>(p)</sup>	7,518.5	827.7	6,690.8	1,578.2	1,231.9	346.2	552.6	2,753.4	176.8	1,088.2	13,667.5

## 2. Liabilities: levels

	Liabilities							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-remaining liabilities	Excess of inter-MFI liabilities	Total
	Currency in circulation	Deposits of central government	Deposits of other general government/other euro area residents	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	12,722.2
Feb.	335.0	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	12,771.6
Mar.	336.3	150.3	5,427.9	1,636.1	2,243.0	1,322.8	225.9	333.2	1,719.6	927.1	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	341.7	1,720.4	928.1	2,676.3	1,524.5	-12.2	13,124.8
May	332.9	146.9	5,495.0	1,691.8	2,243.3	1,322.5	237.4	351.2	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	5,515.2	1,712.7	2,242.5	1,333.6	226.4	358.4	1,737.4	955.2	2,643.0	1,494.6	-5.6	13,181.7
Aug.	319.2	152.4	5,507.1	1,681.2	2,254.8	1,337.3	233.9	369.8	1,731.3	959.9	2,620.0	1,489.2	-8.6	13,140.5
Sep.	309.6	147.8	5,559.0	1,749.9	2,238.2	1,342.6	228.2	374.3	1,754.1	970.4	2,639.9	1,541.2	18.7	13,315.1
Oct.	295.5	153.3	5,580.8	1,750.3	2,241.8	1,351.9	236.9	386.3	1,768.2	981.1	2,661.6	1,588.6	5.5	13,420.8
Nov.	279.7	150.2	5,635.3	1,798.1	2,242.7	1,365.0	229.5	395.1	1,760.5	982.6	2,726.2	1,632.2	10.4	13,572.2
Dec.	239.7	139.0	5,783.5	1,896.3	2,261.8	1,405.0	220.4	392.3	1,761.0	996.3	2,719.1	1,550.7	-8.4	13,573.1
2002 Jan.	246.4	148.9	5,744.5	1,847.9	2,258.0	1,418.8	219.7	411.1	1,776.2	1,007.5	2,755.2	1,577.5	2.4	13,669.6
Feb.	240.2	155.7	5,743.9	1,843.5	2,255.0	1,420.9	224.5	422.2	1,778.5	1,011.4	2,763.2	1,542.8	1.5	13,659.6
Mar.	254.3	157.5	5,765.6	1,839.5	2,270.3	1,423.0	232.7	426.6	1,793.2	1,013.0	2,786.6	1,500.0	2.3	13,699.0
Apr.	261.6	157.5	5,788.7	1,870.0	2,273.0	1,414.7	231.0	433.3	1,785.8	1,007.1	2,769.2	1,489.5	-7.4	13,685.3
May	273.8	149.0	5,806.1	1,870.2	2,282.6	1,415.5	237.8	438.3	1,806.7	1,011.3	2,750.3	1,488.4	-7.2	13,716.7
June	285.4	153.2	5,832.2	1,918.9	2,259.8	1,422.0	231.6	434.9	1,787.9	994.0	2,616.1	1,521.3	18.3	13,643.4
July <sup>(p)</sup>	296.2	152.1	5,808.2	1,886.0	2,267.0	1,424.0	231.2	444.6	1,795.8	1,000.3	2,644.9	1,518.2	7.2	13,667.5

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		Holdings of securities other than shares issued by euro area residents		Holdings of shares/ other equity issued by other euro area residents		External assets <sup>2)</sup>	Fixed assets	Remaining assets	Total	
	General government	Other euro area residents	General government	Other euro area residents	General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11
2001 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	-10.1	2.1	22.8	-28.0	1.1	-17.2	-1.6
2002 Jan.	9.6	-3.1	12.7	26.8	21.9	5.0	-0.3	1.6	-2.5	31.0	66.2
Feb.	19.3	2.7	16.5	9.2	1.3	8.0	0.7	0.3	-0.9	-39.1	-10.5
Mar.	64.5	5.5	58.9	14.0	16.7	-2.8	-5.2	19.9	0.0	-48.1	45.0
Apr.	21.8	-20.0	41.8	-2.2	1.7	-3.9	6.5	18.8	-0.2	-13.1	31.5
May	25.6	-2.8	28.4	12.7	9.7	3.0	1.3	74.1	0.2	-21.1	92.7
June	39.6	0.3	39.3	-2.5	-0.6	-1.9	-3.6	-29.6	-0.2	22.0	25.6
July <sup>(p)</sup>	-4.9	-1.8	-3.0	-2.6	-3.6	0.9	-11.8	-2.3	0.5	16.8	-4.3

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

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Deposits of other general government/ other euro area residents				Money market fund shares/ units <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
				Over-night	With agreed maturity	Redeem-able at notice	Repur-chase agree-ments							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2001 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	12.8	-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	4.4	3.0	1.9	9.5	3.0	-6.5	-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	51.0	68.4	-17.1	5.3	-5.6	4.1	15.8	9.0	18.0	41.3	19.1	144.1
Oct.	-14.2	5.4	21.9	0.9	2.9	9.2	8.9	12.4	13.0	7.9	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	33.1	4.6	146.8
Dec.	-40.0	-11.2	148.1	98.5	18.8	40.0	-9.2	-0.9	-0.6	14.7	-17.8	-74.5	-19.5	-1.6
2002 Jan.	6.7	10.4	-40.9	-49.4	-3.2	12.4	-0.6	19.7	10.4	13.3	13.8	20.9	11.7	66.2
Feb.	-6.2	6.9	-0.1	-4.3	-2.8	2.1	4.8	11.2	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	18.2	5.2	25.6	-55.7	10.0	45.0
Apr.	7.4	0.0	27.3	32.0	5.3	-8.2	-1.7	8.4	-1.4	-4.9	20.6	-16.8	-9.2	31.5
May	12.2	-8.5	24.5	2.4	14.1	1.1	6.8	3.9	31.0	4.0	35.0	-9.4	0.1	92.7
June	11.5	4.2	32.8	50.7	-17.5	6.7	-7.0	-8.0	-0.1	-11.3	-66.4	39.7	23.1	25.6
July <sup>(p)</sup>	10.9	-1.2	-26.1	-33.7	5.6	2.3	-0.4	11.4	-0.4	8.5	0.4	3.2	-11.0	-4.3

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	Overnight deposits	Total	Index Dec. 98=100 <sup>3)</sup>				
					1	2	3	4
2001 Jan.	336.1	1,692.8	2,028.8	112.28	1,042.2	1,275.1	4,346.1	107.81
Feb.	335.0	1,692.9	2,028.0	112.22	1,054.7	1,269.7	4,352.3	107.95
Mar.	336.3	1,703.2	2,039.5	112.73	1,070.7	1,269.8	4,379.9	108.52
Apr.	336.2	1,735.9	2,072.1	114.53	1,072.1	1,273.4	4,417.6	109.45
May	332.9	1,759.2	2,092.1	115.46	1,072.9	1,273.2	4,438.3	109.77
June	333.0	1,798.4	2,131.4	117.66	1,070.4	1,283.0	4,484.8	110.95
July	328.0	1,780.3	2,108.3	116.48	1,077.2	1,287.2	4,472.8	110.75
Aug.	319.2	1,747.5	2,066.7	114.28	1,092.8	1,292.9	4,452.4	110.37
Sep.	309.6	1,815.1	2,124.7	117.47	1,075.2	1,299.7	4,499.7	111.52
Oct.	295.5	1,816.1	2,111.6	116.78	1,078.9	1,311.6	4,502.1	111.58
Nov.	279.7	1,864.6	2,144.3	118.55	1,081.0	1,326.4	4,551.7	112.77
Dec.	239.7	1,968.3	2,208.0	122.09	1,092.7	1,367.9	4,668.6	115.67
2002 Jan.	246.4	1,922.0	2,168.4	119.84	1,084.8	1,390.4	4,643.7	115.02
Feb.	240.2	1,917.3	2,157.5	119.25	1,080.3	1,394.5	4,632.3	114.75
Mar.	254.3	1,914.6	2,168.8	119.89	1,092.1	1,397.9	4,658.8	115.43
Apr.	261.6	1,945.8	2,207.5	122.11	1,096.0	1,391.9	4,695.4	116.42
May	273.8	1,946.2	2,220.1	122.93	1,103.8	1,394.0	4,717.9	117.12
June	285.4	1,994.5	2,279.9	126.35	1,078.8	1,400.3	4,759.0	118.30
July <sup>4)</sup>	296.2	1,960.1	2,256.4	125.00	1,086.7	1,402.6	4,745.7	117.86

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	Overnight deposits	Total	Annual growth rate <sup>3)</sup> (%)				
					1	2	3	4
2001 Feb.	-1.0	-0.1	-1.1	2.1	12.3	-5.4	5.7	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	16.9	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	32.7	40.1	6.6	5.8	-5.8	40.0	6.4
May	12.2	2.6	14.8	6.5	11.2	2.3	28.3	6.7
June	11.5	50.2	61.8	7.4	-20.8	6.6	47.5	6.6
July <sup>4)</sup>	10.9	-35.2	-24.3	7.3	3.7	2.6	-18.0	6.4

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		
213.8	313.2	139.0	5,012.1	109.63		2001 Jan.
215.8	322.3	145.5	5,035.8	110.14		Feb.
225.9	333.2	139.3	5,078.4	110.97		Mar.
224.9	341.7	140.0	5,124.2	111.94		Apr.
237.4	351.2	135.0	5,161.8	112.57		May
224.5	349.3	145.2	5,203.8	113.51		June
226.4	358.4	140.9	5,198.5	113.49		July
233.9	369.8	142.5	5,198.5	113.60		Aug.
228.2	374.3	147.6	5,249.7	114.57		Sep.
236.9	386.3	149.9	5,275.2	115.11		Oct.
229.5	395.1	152.2	5,328.6	116.32		Nov.
220.4	392.3	145.9	5,427.1	118.48		Dec.
219.7	411.1	141.8	5,416.3	118.31		2002 Jan.
224.5	422.2	138.7	5,417.8	118.34		Feb.
232.7	426.6	137.1	5,455.2	119.19		Mar.
231.0	433.3	134.8	5,494.5	120.14		Apr.
237.8	438.3	144.1	5,538.1	121.22		May
231.6	434.9	130.6	5,556.1	121.74		June
231.2	444.6	126.6	5,548.1	121.44		July <sup>(p)</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		
1.9	9.3	6.2	23.2	3.8		2001 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	29.0	4.5		May
-12.8	-0.9	9.2	43.2	5.6		June
1.9	9.5	-4.5	-1.0	5.6		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	-0.9	-8.0	99.0	7.7		Dec.
-0.6	19.7	-0.4	-7.7	7.9		2002 Jan.
4.8	11.2	-4.0	1.2	7.4		Feb.
8.0	3.3	0.2	39.0	7.4		Mar.
-1.7	8.4	-3.1	43.7	7.3		Apr.
6.8	3.9	10.0	49.1	7.7		May
-7.0	-8.0	-8.6	23.8	7.2		June
-0.4	11.4	-6.3	-13.3	7.0		July <sup>(p)</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								Total	Index Dec. 98=100 <sup>4)</sup>		
	M1				Other short-term deposits <sup>5)</sup>			Total			Index Dec. 98=100 <sup>4)</sup>	
	Currency in circulation 1	Overnight deposits 2	Total	Index	Total	Index	Total					Index
			3	Dec. 98=100 <sup>4)</sup>								
2001 Jan.	343.4	1,698.9	2,042.3	113.03	2,295.9	103.06	4,338.2	107.61				
Feb.	342.0	1,704.8	2,046.8	113.26	2,310.7	103.72	4,357.5	108.08				
Mar.	338.9	1,709.9	2,048.9	113.25	2,329.8	104.45	4,378.7	108.48				
Apr.	337.5	1,722.8	2,060.3	113.88	2,340.1	104.92	4,400.3	109.02				
May	332.5	1,750.0	2,082.5	114.94	2,345.8	104.96	4,428.3	109.52				
June	329.1	1,764.9	2,093.9	115.59	2,361.6	105.71	4,455.5	110.22				
July	323.6	1,769.4	2,093.0	115.63	2,374.3	106.38	4,467.3	110.61				
Aug.	317.9	1,790.7	2,108.6	116.60	2,378.7	106.71	4,487.4	111.23				
Sep.	309.1	1,822.8	2,131.9	117.87	2,392.3	107.31	4,524.2	112.13				
Oct.	297.2	1,845.4	2,142.6	118.49	2,406.3	107.91	4,548.9	112.74				
Nov.	279.1	1,877.9	2,157.0	119.25	2,425.8	108.74	4,582.8	113.54				
Dec.	233.9	1,925.7	2,159.6	119.41	2,450.6	109.85	4,610.2	114.23				
2002 Jan.	251.8	1,929.4	2,181.2	120.54	2,456.0	110.08	4,637.2	114.86				
Feb.	245.0	1,930.5	2,175.5	120.24	2,461.8	110.34	4,637.2	114.87				
Mar.	253.1	1,914.2	2,167.3	119.81	2,481.6	111.26	4,648.9	115.18				
Apr.	263.5	1,930.6	2,194.2	121.37	2,480.5	111.30	4,674.7	115.91				
May	271.8	1,944.5	2,216.3	122.72	2,492.6	112.00	4,708.9	116.90				
June	281.5	1,947.4	2,228.9	123.52	2,491.2	112.14	4,720.1	117.34				
July <sup>6)</sup>	292.2	1,953.6	2,245.8	124.42	2,496.7	112.21	4,742.5	117.78				

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

	M2										
	M1					Other short-term deposits <sup>5)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)
	Currency in circulation 1	Overnight deposits 2	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)			
			3	4	5		6	7			
2001 Feb.	-1.4	5.6	4.2	0.2	2.3	14.6	0.6	3.5	18.8	0.4	2.9
Mar.	-3.0	3.0	-0.1	0.0	1.7	16.4	0.7	4.3	16.3	0.4	3.0
Apr.	-1.4	12.8	11.3	0.6	1.7	10.5	0.4	4.8	21.8	0.5	3.3
May	-5.0	24.1	19.1	0.9	3.0	0.9	0.0	4.0	20.0	0.5	3.5
June	-3.4	15.3	11.8	0.6	4.0	16.6	0.7	4.5	28.4	0.6	4.3
July	-5.4	6.2	0.7	0.0	3.3	15.1	0.6	5.1	15.8	0.4	4.3
Aug.	-5.7	23.2	17.5	0.8	3.6	7.5	0.3	4.9	25.0	0.6	4.3
Sep.	-8.9	31.9	23.0	1.1	5.0	13.2	0.6	5.1	36.2	0.8	5.0
Oct.	-11.9	23.2	11.3	0.5	5.2	13.5	0.6	5.6	24.7	0.5	5.4
Nov.	-18.0	31.8	13.7	0.6	5.9	18.5	0.8	5.8	32.2	0.7	5.9
Dec.	-45.3	48.1	2.8	0.1	5.6	24.8	1.0	7.1	27.6	0.6	6.4
2002 Jan.	17.9	2.7	20.6	1.0	6.7	5.1	0.2	6.8	25.6	0.6	6.7
Feb.	-6.8	1.2	-5.5	-0.3	6.2	6.0	0.2	6.4	0.5	0.0	6.3
Mar.	8.1	-15.9	-7.8	-0.4	5.8	20.4	0.8	6.5	12.6	0.3	6.2
Apr.	10.4	17.9	28.3	1.3	6.6	0.9	0.0	6.1	29.3	0.6	6.3
May	8.3	16.0	24.3	1.1	6.8	15.7	0.6	6.7	40.0	0.9	6.7
June	9.7	4.8	14.5	0.7	6.9	3.0	0.1	6.1	17.5	0.4	6.5
July <sup>6)</sup>	10.7	5.4	16.1	0.7	7.6	1.6	0.1	5.5	17.7	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>		
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	
673.3	124.78	5,011.4	109.61	6,185.9	120.51	2001 Jan.
678.3	125.71	5,035.8	110.13	6,218.7	121.17	Feb.
686.5	127.30	5,065.2	110.68	6,266.2	121.93	Mar.
692.8	128.21	5,093.2	111.26	6,300.8	122.64	Apr.
703.0	129.96	5,131.3	111.91	6,334.2	123.08	May
717.1	132.57	5,172.6	112.83	6,363.9	123.78	June
729.5	134.93	5,196.8	113.46	6,380.8	124.28	July
744.3	137.69	5,231.7	114.33	6,397.7	124.80	Aug.
759.7	139.34	5,283.9	115.32	6,433.5	125.41	Sep.
779.7	142.86	5,328.6	116.27	6,465.1	126.00	Oct.
781.5	143.85	5,364.2	117.10	6,503.2	126.73	Nov.
786.7	144.86	5,396.9	117.82	6,509.7	126.99	Dec.
779.0	144.29	5,416.2	118.31	6,535.2	127.44	2002 Jan.
779.9	144.30	5,417.1	118.32	6,562.3	128.01	Feb.
782.6	144.92	5,431.4	118.67	6,596.6	128.71	Mar.
785.4	145.62	5,460.1	119.39	6,625.6	129.41	Apr.
796.9	147.70	5,505.8	120.51	6,656.7	130.21	May
796.0	147.43	5,516.1	120.86	6,665.0	130.53	June
806.9	149.33	5,549.4	121.47	6,678.8	130.74	July <sup>(p)</sup>

M3 <sup>2)</sup>							Loans to other euro area residents (excluding government) <sup>3)</sup>			
Marketable instruments <sup>6)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	3-month moving average (centred) (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	
Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)								
12	13	14	15	16	17	18	19	20	21	
5.0	0.7	10.2	23.9	0.5	3.8	3.8	33.9	0.5	9.0	2001 Feb.
8.6	1.3	8.8	24.9	0.5	3.8	3.9	39.1	0.6	8.7	Mar.
4.9	0.7	9.2	26.7	0.5	4.1	4.1	36.7	0.6	8.4	Apr.
9.5	1.4	10.5	29.5	0.6	4.4	4.7	22.7	0.4	8.0	May
14.1	2.0	14.0	42.5	0.8	5.5	5.2	35.9	0.6	7.9	June
12.7	1.8	14.9	28.5	0.6	5.7	5.7	25.9	0.4	7.8	July
15.0	2.1	17.3	39.9	0.8	5.9	6.1	26.6	0.4	7.2	Aug.
8.9	1.2	18.8	45.1	0.9	6.8	6.7	31.0	0.5	6.7	Sep.
19.2	2.5	21.0	43.9	0.8	7.4	7.4	30.4	0.5	6.5	Oct.
5.4	0.7	21.4	37.6	0.7	7.9	7.8	37.6	0.6	6.6	Nov.
5.5	0.7	19.5	33.1	0.6	8.1	8.0	13.2	0.2	6.1	Dec.
-3.1	-0.4	15.6	22.5	0.4	7.9	7.8	23.2	0.4	5.8	2002 Jan.
0.1	0.0	14.8	0.5	0.0	7.4	7.5	29.3	0.4	5.6	Feb.
3.3	0.4	13.8	15.9	0.3	7.2	7.3	36.1	0.6	5.6	Mar.
3.8	0.5	13.6	33.0	0.6	7.3	7.4	35.8	0.5	5.5	Apr.
11.2	1.4	13.6	51.2	0.9	7.7	7.4	40.9	0.6	5.8	May
-1.5	-0.2	11.2	16.1	0.3	7.1	7.3	16.3	0.2	5.5	June
10.3	1.3	10.7	28.0	0.5	7.1	.	10.4	0.2	5.2	July <sup>(p)</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 counterpart parts**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**5. Main counterpart parts 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
2001 Jan.	1,170.2	126.8	1,555.4	909.0	2,002.8	7,000.2	6,186.3	120.52	18.0	171.8
Feb.	1,169.2	126.9	1,564.2	911.4	2,005.1	7,037.3	6,207.4	120.95	9.0	172.3
Mar.	1,172.5	126.4	1,576.9	927.1	2,016.8	7,129.3	6,274.3	122.09	-26.1	172.0
Apr.	1,169.7	124.6	1,577.9	928.1	2,014.8	7,194.3	6,313.6	122.89	-62.0	173.3
May	1,170.6	123.2	1,584.7	940.1	2,029.7	7,222.1	6,334.1	123.08	-79.3	174.6
June	1,170.9	122.0	1,593.3	965.9	2,040.9	7,247.0	6,387.9	124.25	-40.3	175.4
July	1,165.3	120.7	1,593.9	955.2	2,033.2	7,260.7	6,394.0	124.54	-24.0	176.5
Aug.	1,162.0	119.5	1,586.4	959.9	2,020.6	7,237.6	6,369.3	124.25	2.9	176.9
Sep.	1,163.0	118.6	1,604.9	970.4	2,024.1	7,283.3	6,421.5	125.18	56.1	177.6
Oct.	1,162.9	116.9	1,616.9	981.1	2,013.0	7,324.3	6,451.2	125.73	79.4	178.3
Nov.	1,161.7	115.8	1,606.8	982.6	2,033.4	7,378.8	6,501.5	126.70	101.2	179.1
Dec.	1,169.1	115.8	1,613.8	996.3	2,026.1	7,424.0	6,519.0	127.17	86.7	180.0
2002 Jan.	1,173.2	112.3	1,633.2	1,007.5	2,050.3	7,443.7	6,534.0	127.42	74.1	177.5
Feb.	1,174.7	111.2	1,639.2	1,011.4	2,054.4	7,464.7	6,548.4	127.74	69.6	176.6
Mar.	1,178.3	109.9	1,656.1	1,013.0	2,081.0	7,514.7	6,605.5	128.89	58.2	176.4
Apr.	1,177.1	108.0	1,650.5	1,007.1	2,061.3	7,552.3	6,640.5	129.70	57.0	176.2
May	1,178.8	106.8	1,662.1	1,011.3	2,071.3	7,575.2	6,659.1	130.26	95.2	176.4
June	1,181.0	106.6	1,656.9	994.0	2,068.7	7,600.5	6,690.3	131.03	111.7	176.2
July <sup>(p)</sup>	1,180.3	106.6	1,668.6	1,000.3	2,059.6	7,589.6	6,690.8	130.97	108.4	176.8

**6. Main counterpart parts 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 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	-5.1	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	-4.7	-1.4	7.1	-6.5	-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	9.0	-3.2	45.5	47.5	6.7	31.2	0.7
Oct.	-0.3	-1.7	12.3	7.9	-12.3	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	49.0	24.1	6.1	-10.3	1.1
2002 Jan.	3.6	-3.6	11.0	13.3	18.7	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	18.6	5.2	22.3	51.0	58.9	5.6	-5.7	0.0
Apr.	-0.5	-1.9	1.2	-4.9	-18.3	44.4	41.8	5.5	-1.8	-0.2
May	3.0	-1.2	21.0	4.0	6.9	32.7	28.4	5.8	39.1	0.2
June	3.3	-0.2	8.7	-11.3	-0.3	33.8	39.3	5.5	36.8	-0.2
July <sup>(p)</sup>	1.9	0.0	5.6	8.5	-5.4	-13.9	-3.0	5.2	-2.8	0.5

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

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

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

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

**Table 2.5**

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

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

**1. Loans to non-monetary financial corporations and to government: levels at the end of the period**

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total	Up to 1 year	Index Dec.98 =100 <sup>2)</sup>	Total	Up to 1 year	Index Dec.98 =100 <sup>2)</sup>	Central government <sup>3)</sup>	Other general government					Total	Index Dec.98 =100 <sup>2)</sup>
								State government	Local government		Social security funds			
	Over 5 years	Over 5 years												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2000 Q4	395.0	252.9	142.9	31.5	21.8	114.8	172.2	297.3	255.4	350.9	315.8	14.6	835.0	99.4
<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	418.2	273.1	153.0	36.4	26.8	132.3	188.4	295.2	255.3	352.4	314.0	15.6	851.7	99.0
Q2	425.5	280.7	155.8	36.2	26.7	131.5	174.1	294.0	254.9	350.4	312.4	17.2	835.7	97.1
Q3	409.0	256.8	149.6	37.4	26.9	137.1	167.3	293.9	254.1	349.7	312.0	18.9	829.8	96.5
Q4	434.6	276.2	159.9	34.9	24.8	127.8	170.1	298.3	252.0	362.9	322.3	16.4	847.7	98.5
2002 Q1	459.0	305.0	169.1	38.9	28.3	142.2	180.4	294.0	248.2	362.1	318.2	16.5	853.0	99.1
Q2 <sup>4)</sup>	461.4	304.1	169.9	37.8	26.8	137.4	162.4	280.9	245.8	368.0	316.3	17.9	829.3	96.5

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

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total	Up to 1 year	Annual growth rate <sup>2)</sup> (%)	Total	Up to 1 year	Annual growth rate <sup>2)</sup> (%)	Central government <sup>3)</sup>	Other general government					Total	Annual growth rate <sup>2)</sup> (%)
								State government	Local government		Social security funds			
	Over 5 years	Over 5 years												
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001 Q1	28.1	22.7	19.7	4.8	5.0	-2.1	-0.5	-2.0	-0.1	-0.7	-3.7	0.4	-2.9	-0.5
Q2	7.5	7.6	14.8	-0.2	-0.1	-6.9	-14.8	-1.3	-0.4	-2.0	-1.7	1.6	-16.4	-1.9
Q3	-16.8	-23.9	7.8	1.5	0.2	13.8	-6.2	0.0	-0.7	-0.7	-0.4	1.7	-5.2	-0.8
Q4	28.0	21.6	11.9	-2.5	-2.1	11.3	1.9	4.4	-2.1	13.2	10.3	-2.5	16.9	-0.9
2002 Q1	25.0	29.3	10.5	3.9	3.5	7.5	10.1	-4.3	-3.8	-0.8	-4.1	0.1	5.1	0.1
Q2 <sup>4)</sup>	2.3	-0.9	9.1	-1.3	-1.5	4.5	-16.8	-13.1	-2.4	5.9	-1.9	1.4	-22.5	-0.7

Source: ECB.

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

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

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

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

**Table 2.5 (cont'd)**

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

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

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

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>
	1	2	3	4	5	6	7	8	9	10
2000 Q4	968.0	429.8	1,287.9	2,685.7	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	445.9	1,313.6	2,793.7	120.9	98.7	168.4	212.8	479.9	115.0
Q2	1,051.7	456.3	1,343.4	2,851.5	123.1	100.1	171.1	217.7	488.8	117.5
Q3	1,027.2	467.3	1,371.8	2,866.2	124.3	100.6	170.7	221.7	493.1	118.6
Q4	1,017.9	489.8	1,394.3	2,902.0	125.9	102.6	170.4	226.7	499.6	120.0
2002 Q1	1,018.6	494.8	1,418.4	2,931.8	126.9	99.4	170.5	229.2	499.1	119.9
Q2 <sup>(p)</sup>	1,017.5	503.6	1,433.6	2,954.7	129.0	102.7	175.2	232.8	510.6	122.1

**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
2001 Q1	32.7	5.4	13.8	52.0	10.1	-4.4	0.1	0.5	-3.8	4.5
Q2	13.6	12.1	25.9	51.7	9.1	1.3	3.9	5.2	10.4	5.2
Q3	-19.3	14.3	32.3	27.3	7.5	0.9	-0.5	4.1	4.5	3.6
Q4	-10.1	23.9	22.5	36.3	6.1	1.9	-0.7	4.9	6.1	3.6
2002 Q1	-1.2	4.9	20.0	23.7	5.0	-4.2	1.2	2.5	-0.5	4.3
Q2 <sup>(p)</sup>	7.1	14.3	27.5	48.9	4.8	3.3	2.3	3.6	9.2	3.9

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	
22.2	62.4	1,792.7	1,877.3	121.7	147.4	101.3	340.0	588.6	112.8	2,941.6	118.8	38.2	109.3	2000 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.
22.7	62.6	1,830.0	1,915.4	123.5	146.9	104.5	342.1	593.5	113.9	2,988.7	120.1	37.3	106.5	2001 Q1
23.3	63.2	1,866.3	1,952.8	125.7	148.8	100.9	342.7	592.4	114.9	3,034.0	122.0	40.7	116.5	Q2
23.6	61.9	1,904.0	1,989.5	128.1	144.3	100.8	342.1	587.2	114.1	3,069.8	123.5	39.0	111.6	Q3
23.8	62.0	1,933.0	2,018.8	130.0	144.6	101.9	343.6	590.0	115.2	3,108.5	125.2	39.0	111.7	Q4
24.2	61.8	1,970.5	2,056.6	132.4	142.6	101.0	337.9	581.6	114.7	3,137.2	126.6	38.7	110.7	2002 Q1
24.6	62.2	2,010.3	2,097.1	135.0	145.0	103.0	342.9	590.9	116.8	3,198.7	129.0	39.4	112.7	Q2 <sup>(p)</sup>

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Annual growth rate <sup>2)</sup> (%)	Total	Annual growth rate <sup>2)</sup> (%)	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
0.4	-0.2	27.9	28.1	8.1	0.4	3.1	2.3	5.8	3.2	30.1	6.5	-1.0	-4.8	2001 Q1
0.6	0.6	32.1	33.3	7.6	2.0	-1.8	5.3	5.5	2.9	49.3	6.2	3.5	8.1	Q2
0.2	-1.3	38.3	37.2	7.6	-4.5	0.1	0.2	-4.3	2.3	37.4	5.9	-1.7	3.7	Q3
0.2	0.1	28.7	29.0	6.8	0.3	3.4	2.1	5.9	2.2	41.0	5.3	0.0	2.2	Q4
0.4	-0.2	37.6	37.9	7.2	-1.5	-0.4	-0.8	-2.7	0.7	34.7	5.4	-0.4	3.9	2002 Q1
0.4	0.4	39.8	40.6	7.4	2.6	2.5	5.8	10.8	1.7	60.6	5.7	0.7	-3.3	Q2 <sup>(p)</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 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	442.8	151.8	195.1	91.2	133.5	483.8	38.2	423.3	18.8	115.7	150.3	30.9	65.0	57.2	303.5	113.4
Q2	456.3	164.3	196.7	89.3	136.4	486.3	41.4	424.2	16.9	116.4	165.5	31.4	66.8	60.8	324.6	121.3
Q3	456.1	162.7	202.6	85.6	134.0	487.8	39.3	426.9	17.9	116.8	147.8	33.3	67.4	60.4	308.9	115.5
Q4	468.6	157.9	218.7	86.7	136.4	495.4	48.0	427.5	16.4	118.6	139.0	30.0	68.9	61.0	299.0	111.7
2002 Q1	487.6	158.1	230.1	93.4	141.4	498.6	43.9	433.0	17.7	119.3	157.5	31.0	64.2	61.8	314.4	117.7
Q2 <sup>(p)</sup>	490.1	163.8	227.3	93.5	141.9	504.3	48.8	433.4	18.5	120.7	153.2	34.4	65.5	59.6	312.8	117.1

**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	
2001 Q1	8.6	-2.5	-5.1	16.0	1.9	3.9	-2.5	4.7	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	4.4	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	-2.1	-3.7	2.2	1.5	-2.1	2.7	1.0	4.6	-17.7	1.9	0.5	-0.5	-15.7	-2.0
Q4	8.1	-4.6	11.4	1.2	4.2	7.6	8.8	0.6	-1.4	3.3	-8.8	-3.4	1.5	0.7	-10.0	-6.9
2002 Q1	17.0	0.1	9.5	6.7	5.8	3.0	-4.2	5.4	1.3	3.1	19.0	1.0	-4.7	0.7	16.1	3.8
Q2 <sup>(p)</sup>	1.9	5.3	-2.4	-0.5	4.0	5.7	4.9	0.4	0.7	3.7	-4.2	3.5	1.4	-2.1	-1.6	-3.4

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 Q4	497.5	324.7	24.1	26.3	872.5	111.2	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	348.2	24.1	32.4	883.7	108.5	906.1	1,192.4	1,287.1	78.9	3,464.5	104.6
Q2	514.6	334.7	24.4	32.1	905.8	110.8	947.2	1,198.8	1,293.5	81.3	3,520.8	106.3
Q3	514.8	321.9	25.4	34.5	896.7	111.9	963.6	1,203.8	1,305.3	84.6	3,557.3	107.5
Q4	577.1	336.6	27.5	36.5	977.6	121.6	1,043.5	1,195.8	1,365.7	76.8	3,681.9	111.4
2002 Q1	529.1	345.9	27.5	35.3	937.9	116.6	1,039.2	1,181.2	1,382.6	81.5	3,684.5	111.5
Q2 <sup>4)</sup>	557.5	338.8	27.7	37.9	961.9	121.8	1,077.3	1,178.9	1,382.3	78.0	3,716.5	112.5

**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
2001 Q1	-28.5	5.8	-0.1	1.8	-21.1	7.4	-4.6	37.8	-5.8	9.3	36.7	2.4
Q2	32.7	-13.8	0.3	-0.4	18.9	6.1	41.1	6.4	6.3	2.3	56.2	4.4
Q3	3.9	1.7	0.4	2.5	8.6	5.2	16.2	5.2	12.7	3.4	37.4	6.0
Q4	62.1	12.0	2.0	2.0	78.2	9.4	80.1	-2.9	60.3	-7.8	129.8	7.6
2002 Q1	-48.5	9.1	0.0	-1.2	-40.6	7.4	-4.3	-10.3	15.1	4.7	5.2	6.6
Q2 <sup>4)</sup>	34.8	4.5	0.2	2.3	41.9	9.9	37.7	-2.0	0.4	-3.5	32.5	5.8

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 Q4	945.4	92.9	78.9	445.6	524.5	127.0	1,469.9	102.7	174.2	175.4	290.6	184.2	474.8	108.9	649.0	121.2
<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	192.3	191.0	285.9	205.1	491.0	112.7	683.2	127.2
Q2	1,071.2	99.9	79.2	519.3	598.5	139.7	1,669.6	111.3	210.5	204.8	294.6	208.7	503.2	113.5	713.7	130.4
Q3	1,082.8	103.1	75.1	527.8	602.8	145.9	1,685.6	115.4	206.6	207.6	273.8	213.0	486.8	113.4	693.4	130.9
Q4	1,118.1	105.9	75.2	543.7	618.9	147.4	1,737.0	117.9	236.4	233.7	290.2	217.6	507.8	116.8	744.2	138.5
2002 Q1	1,104.5	104.4	76.8	556.6	633.5	151.1	1,738.0	117.8	262.6	258.9	276.0	217.6	493.6	113.7	756.2	140.7
Q2 <sup>(p)</sup>	1,085.9	109.5	73.5	529.0	602.6	154.4	1,688.5	122.4	243.9	255.4	243.3	212.8	456.1	111.6	700.0	138.4

**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	
2001 Q1	70.3	7.0	3.7	58.4	62.1	20.5	132.5	11.6	15.5	30.5	4.9	11.7	16.6	6.2	32.1	12.0
Q2	1.0	3.4	2.9	-12.6	-9.7	18.4	-8.7	8.3	13.9	30.9	9.2	-5.8	3.4	5.3	17.3	11.7
Q3	34.9	10.2	-4.1	30.5	26.5	19.6	61.3	13.5	2.9	26.6	-22.3	21.9	-0.4	3.2	2.6	9.2
Q4	29.4	14.1	0.1	6.1	6.2	16.1	35.7	14.8	25.9	33.2	16.7	-2.4	14.3	7.2	40.2	14.2
2002 Q1	-16.0	4.6	3.6	11.9	15.5	6.4	-0.5	5.3	25.5	35.5	-10.8	-2.6	-13.4	0.8	12.0	10.6
Q2 <sup>(p)</sup>	53.2	9.6	-3.3	17.0	13.7	10.5	66.9	9.9	-3.5	24.7	-35.4	26.5	-8.9	-1.7	-12.3	6.1

*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	
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	2000 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 1 Jan.
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
76.9	281.9	98.5	241.0	175.4	254.9	1,740.4	135.5	99.0	636.8	735.8	167.9	2,476.2	143.8	2002 Q1
77.8	286.1	97.9	239.8	175.8	255.9	1,606.7	133.5	96.0	606.9	702.8	169.9	2,309.6	142.8	Q2 <sup>(p)</sup>

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	
Total	Annual growth rate <sup>3)</sup> (%)	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
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	0.8	12.8	7.0	12.3	-12.0	8.7	2.3	17.5	19.8	17.9	7.8	11.2	Q4
3.3	11.8	9.8	6.1	13.0	8.3	7.6	-2.9	4.2	19.0	23.2	9.9	30.7	0.6	2002 Q1
1.1	21.0	-0.5	2.6	0.6	9.7	-25.1	-4.1	-3.0	11.6	8.5	10.7	-16.5	-0.1	Q2 <sup>(p)</sup>

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

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

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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 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	4,059.7	3,559.0	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	5,693.8	5,480.8	30.7	182.3	133.5	24.0	11.6	13.2
Q3	4,101.6	3,624.2	48.9	428.5	300.6	38.9	71.0	17.9	5,706.8	5,507.8	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	5,922.5	5,721.2	26.0	175.4	127.4	24.5	10.5	13.0
2002 Q1	4,128.6	3,640.1	46.1	442.4	315.8	40.0	65.6	21.0	5,923.1	5,719.3	28.5	175.2	126.9	23.1	10.7	14.6
Q2 <sup>(p)</sup>	4,227.3	3,783.6	42.8	400.8	278.7	40.7	63.3	18.2	5,999.5	5,810.4	26.8	162.3	115.1	23.1	11.0	13.1

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 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	1,740.4	661.9	144.8	933.7	781.0	44.4	74.6	33.8	735.8	312.7	66.6	356.5	302.8	20.0	18.9	14.8
Q2 <sup>(p)</sup>	1,606.7	647.5	142.1	817.1	669.5	39.3	73.7	34.6	702.8	321.9	62.9	318.1	269.6	19.3	18.0	11.2

**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 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	2,751.5	2,384.7	52.9	313.9	187.4	68.6	38.5	19.5	265.0	217.9	4.0	43.2	36.0	3.1	2.8	1.2
Q4	2,780.1	2,377.9	67.9	334.4	209.7	63.8	40.6	20.2	254.7	204.8	6.0	43.9	37.9	2.8	2.1	1.1
2002 Q1	2,844.8	2,428.7	71.5	344.6	219.8	56.4	43.3	25.2	274.7	226.1	5.4	43.2	36.9	2.4	2.6	1.3
Q2 <sup>(p)</sup>	2,849.1	2,447.0	68.4	333.7	207.9	55.4	44.5	25.9	285.5	233.8	6.6	45.0	39.1	1.8	2.4	1.7

Source: ECB.

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

<sup>2)</sup> Including items expressed in the national denominations of the euro.

<sup>3)</sup> 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 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	4,126.3	-	-	-	-	-	-	-	7,458.5	7,106.8	30.5	321.1	187.0	51.0	76.8	6.3
Q2 <sup>1)</sup>	4,209.1	-	-	-	-	-	-	-	7,519.9	7,205.8	28.7	285.4	153.8	48.9	77.1	5.6

**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 Q4	935.8	895.3	11.0	29.5	19.8	5.9	2.1	1.7	1,355.0	1,321.0	5.8	28.2	16.7	9.7	1.0	0.9
<i>Euro area enlargement</i>																
2001 Q1	971.8	931.5	9.7	30.5	20.6	6.3	1.7	1.8	1,453.2	1,413.3	3.8	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	1,506.9	1,465.1	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	1,521.2	1,482.2	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	1,050.2	1,002.0	14.8	33.4	24.0	5.6	1.8	1.9	1,574.4	1,537.8	3.7	32.9	19.5	11.7	1.1	0.6
Q2 <sup>1)</sup>	1,062.5	1,015.6	13.6	33.4	23.7	5.8	2.1	1.8	1,581.9	1,547.0	4.2	30.7	17.0	11.8	1.2	0.8

**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 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	1,071.2	473.2	103.0	494.9	375.9	47.3	36.7	35.0	598.5	184.7	47.7	366.1	318.5	12.1	26.9	8.6
Q3	1,082.8	487.2	101.5	494.1	378.6	41.2	40.3	33.9	602.8	201.5	46.8	354.5	307.9	12.7	24.9	9.0
Q4	1,118.1	450.5	114.7	552.9	435.9	45.2	37.9	33.8	618.9	202.6	46.8	369.6	323.5	12.0	25.7	8.4
2002 Q1	1,104.5	432.0	131.1	541.5	424.3	45.6	37.3	34.3	633.5	199.5	49.9	384.1	331.6	16.4	26.9	9.2
Q2 <sup>1)</sup>	1,085.9	458.4	129.0	498.5	377.9	59.2	37.9	23.6	602.6	205.4	46.5	350.7	301.5	12.8	27.8	8.7

**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 Q4	174.2	61.4	20.0	92.9	78.2	7.7	2.5	4.6	474.8	111.7	31.8	331.2	290.9	27.1	3.6	9.7
<i>Euro area enlargement</i>																
2001 Q1	192.3	65.2	23.0	104.1	89.9	7.3	2.3	4.6	491.0	121.0	24.4	345.5	307.1	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	262.6	86.8	33.5	142.3	130.6	4.4	2.9	4.5	493.6	127.7	26.9	339.0	298.6	24.6	5.0	10.8
Q2 <sup>1)</sup>	243.9	87.0	32.4	124.5	111.7	4.3	2.6	6.0	456.1	129.9	25.1	301.0	259.5	25.1	4.9	11.5

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

**Table 3.1**

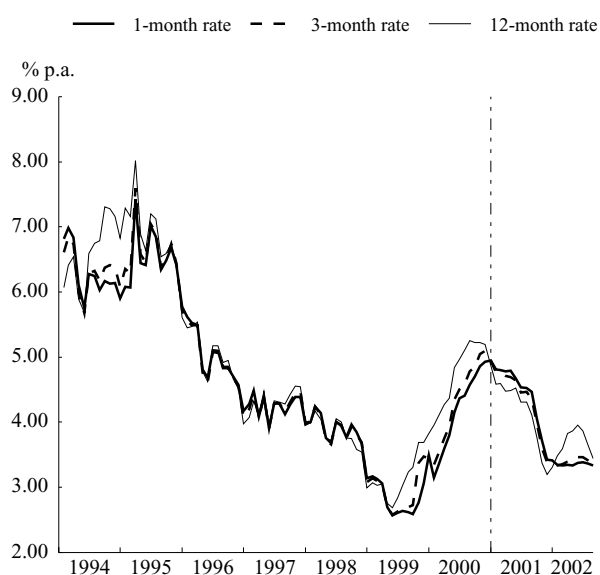
**Money market interest rates <sup>1)</sup>**

(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 Aug.	4.49	4.46	4.35	4.22	4.11	3.56	0.08
2001 Sep.	3.99	4.05	3.98	3.88	3.77	3.03	0.06
2001 Oct.	3.97	3.72	3.60	3.46	3.37	2.40	0.08
2001 Nov.	3.51	3.43	3.39	3.26	3.20	2.10	0.08
2001 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
2002 Feb.	3.28	3.34	3.36	3.40	3.59	1.90	0.10
2002 Mar.	3.26	3.35	3.39	3.50	3.82	1.99	0.10
2002 Apr.	3.32	3.34	3.41	3.54	3.86	1.97	0.08
2002 May	3.31	3.37	3.46	3.62	3.95	1.91	0.08
2002 June	3.35	3.38	3.46	3.59	3.87	1.88	0.07
2002 July	3.30	3.36	3.41	3.48	3.64	1.85	0.07
2002 Aug.	3.29	3.33	3.35	3.38	3.44	1.78	0.07
2002 2 Aug.	3.30	3.34	3.36	3.38	3.44	1.80	0.07
2002 9	3.29	3.33	3.34	3.36	3.39	1.75	0.07
2002 16	3.28	3.33	3.35	3.40	3.50	1.76	0.07
2002 23	3.29	3.34	3.37	3.42	3.53	1.80	0.07
2002 30	3.34	3.34	3.36	3.36	3.40	1.81	0.06
2002 6 Sep.	3.28	3.31	3.31	3.26	3.22	1.78	0.07

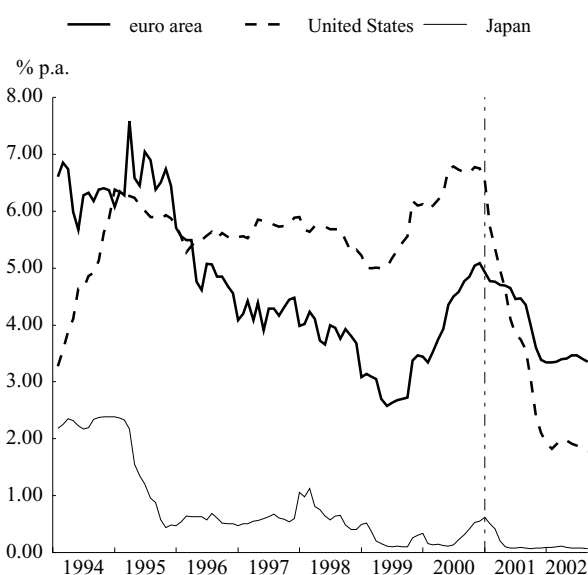
**Euro area money market rates**

(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**

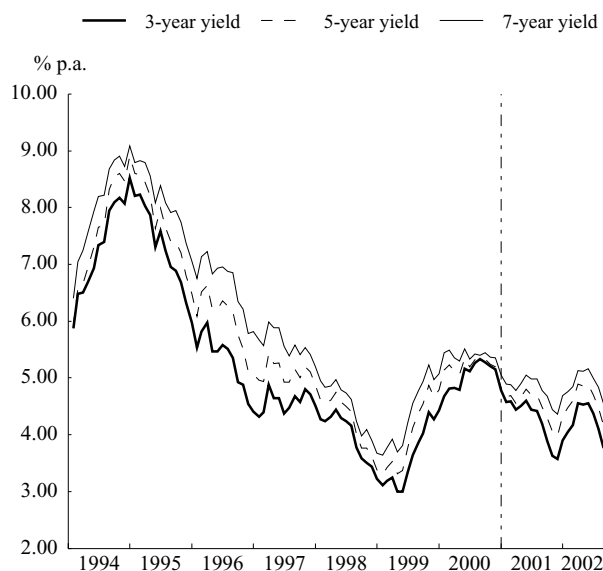
**Government bond yields <sup>1)</sup>**

(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 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	3.83	4.10	4.48	4.84	5.03	4.62	1.30
Aug.	3.47	3.76	4.15	4.54	4.73	4.24	1.26
2002 2 Aug.	3.39	3.72	4.13	4.56	4.76	4.30	1.30
9	3.41	3.71	4.12	4.51	4.71	4.32	1.26
16	3.56	3.84	4.21	4.55	4.72	4.28	1.28
23	3.54	3.83	4.22	4.60	4.79	4.24	1.26
30	3.40	3.68	4.08	4.49	4.70	4.14	1.19
6 Sep.	3.15	3.44	3.86	4.21	4.54	4.02	1.13

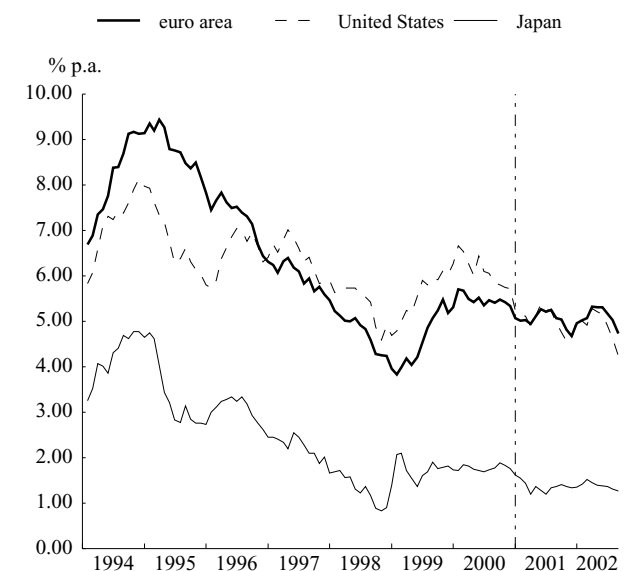
**Euro area government bond yields**

(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**

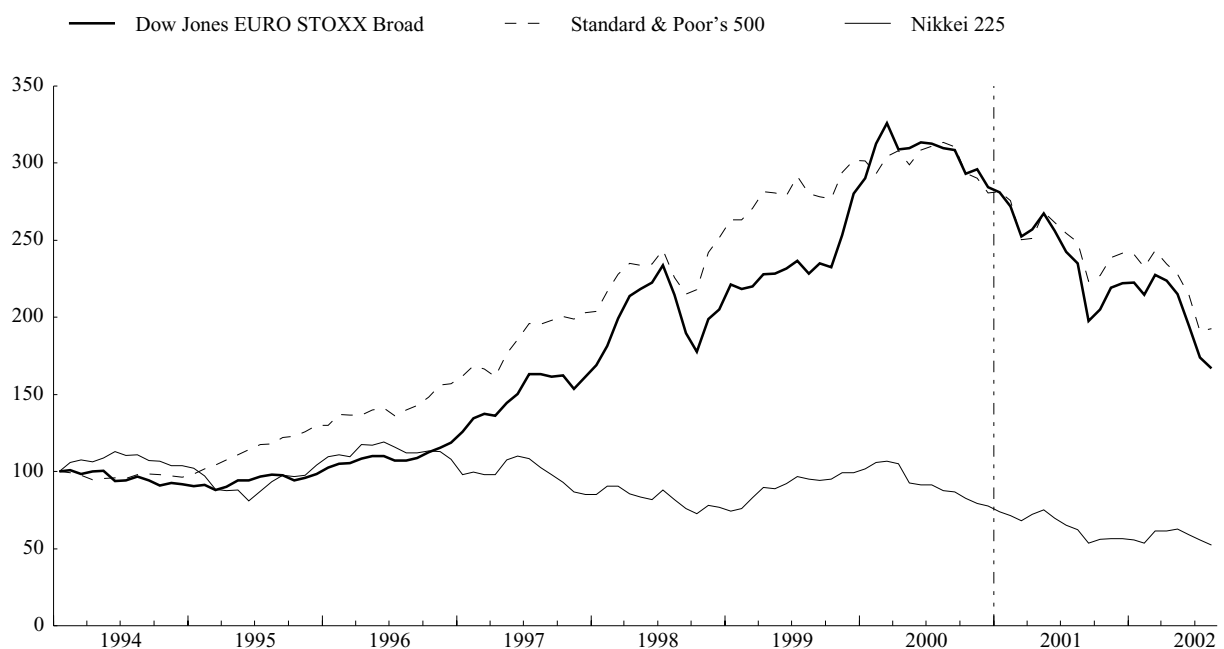
**Stock market indices**

(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 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	905.5	10,352.3
2002 Aug.	231.3	2,697.4	243.6	152.9	250.1	290.9	217.4	227.9	258.8	236.7	310.0	376.6	912.6	9,751.2
2002 2 Aug.	220.8	2,547.1	239.4	149.0	241.4	278.0	204.1	222.6	239.2	223.5	296.3	370.1	864.2	9,709.7
2002 9	233.6	2,750.2	248.5	153.6	251.0	299.7	218.4	227.5	257.8	240.1	311.8	391.2	908.6	9,999.8
2002 16	231.7	2,714.0	240.3	150.4	255.1	296.9	217.1	225.0	259.7	240.0	307.0	386.4	928.8	9,788.1
2002 23	241.4	2,821.0	254.6	160.0	257.7	297.4	229.3	236.5	280.7	243.5	325.1	376.6	940.9	9,867.5
2002 30	232.8	2,709.3	248.9	153.1	250.8	291.0	220.5	230.6	259.6	240.4	313.7	361.7	917.8	9,619.3
2002 6 Sep.	224.3	2,618.2	236.3	147.2	249.7	285.3	209.6	223.7	249.5	233.6	299.7	349.6	893.9	9,129.1

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

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

**Table 3.4**

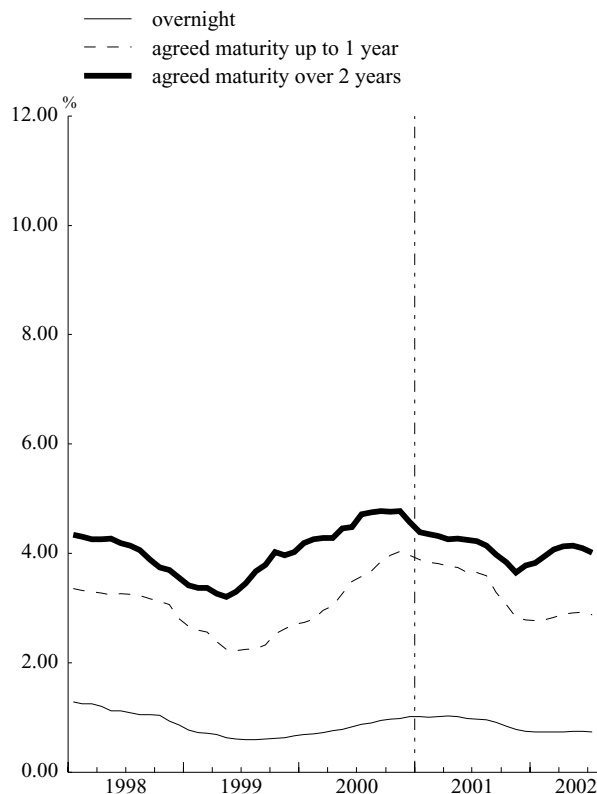
**Retail bank interest rates**

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight	With agreed maturity			Redeemable at notice		To enterprises		To households	
		1	Up to 1 year	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	Up to 1 year	Over 1 year	Consumer lending
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.39	5.29
2000	0.85	3.45	3.45	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 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	6.71	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.	0.73	2.78	2.79	3.95	2.15	2.91	6.16	5.75	9.81	5.61
Mar.	0.73	2.84	2.84	4.07	2.15	3.00	6.09	5.85	9.76	5.74
Apr.	0.74	2.89	2.90	4.13	2.14	3.07	6.17	5.95	9.82	5.81
May	0.74	2.91	2.92	4.15	2.15	3.08	6.20	5.98	9.85	5.82
June	0.74	2.93	2.94	4.09	2.13	3.08	6.17	5.92	9.81	5.77
July	0.74	2.88	2.89	4.02	2.13	3.02	6.18	5.91	9.81	5.68

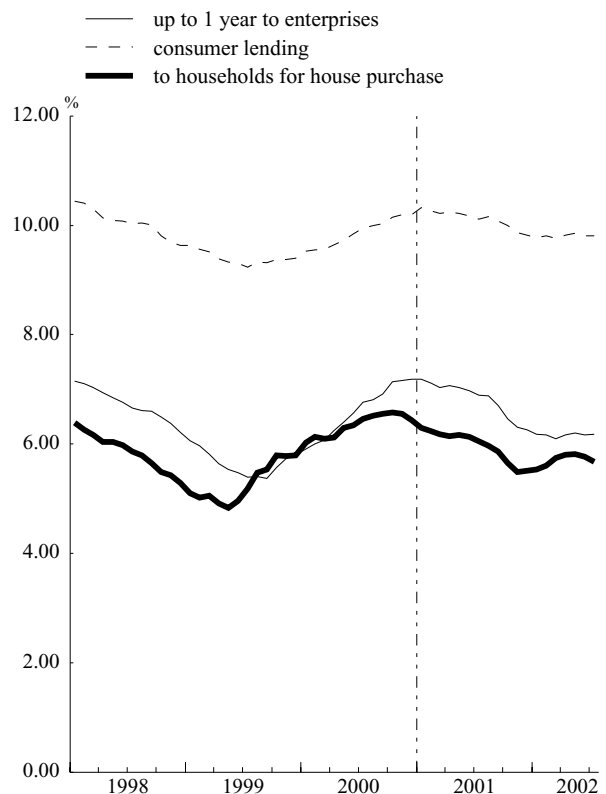
**Deposit interest rates**

(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 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	399.0	377.1	21.9	761.8	376.1	357.7	18.4	672.8	22.9	19.5
June	335.3	340.6	-5.3	757.4	315.3	318.4	-3.2	671.4	20.0	22.1

**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 June	139.3	78.9	60.4	6,826.0	117.3	59.2	58.1	6,224.4	22.0	19.7
July	144.9	98.6	46.4	6,860.0	125.6	85.6	40.0	6,264.6	19.3	13.0
Aug.	93.3	73.9	19.4	6,864.2	77.8	63.5	14.3	6,277.7	15.4	10.4
Sep.	124.2	106.7	17.5	6,884.3	108.9	88.5	20.4	6,298.4	15.4	18.2
Oct.	144.5	108.4	36.1	6,923.0	123.4	91.5	31.9	6,330.6	21.0	16.8
Nov.	142.1	91.9	50.2	6,977.6	115.9	86.5	29.3	6,359.7	26.3	5.4
Dec.	123.6	85.5	38.1	7,014.9	113.1	75.2	37.9	6,396.7	10.5	10.4
2002 Jan.	174.0	110.8	63.2	7,082.9	156.3	104.8	51.5	6,446.3	17.7	6.0
Feb.	142.3	107.5	34.8	7,118.9	129.7	97.5	32.1	6,479.7	12.6	9.9
Mar.	165.1	103.0	62.1	7,179.9	143.5	92.1	51.4	6,530.5	21.6	10.9
Apr.	124.0	78.8	45.2	7,215.4	113.8	74.3	39.5	6,570.5	10.2	4.5
May	154.5	87.8	66.7	7,270.8	132.8	75.4	57.4	6,629.8	21.7	12.4
June	133.7	96.2	37.5	7,286.6	123.8	87.1	36.7	6,662.8	9.9	9.1

**3. Total**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2001 June	549.9	497.5	52.4	7,552.3	505.2	454.7	50.5	6,867.1	44.7	42.8
July	538.8	484.0	54.7	7,595.0	496.1	450.8	45.3	6,914.1	42.6	33.2
Aug.	516.2	492.3	23.9	7,602.3	482.6	463.7	18.9	6,932.6	33.6	28.6
Sep.	520.7	506.5	14.1	7,619.2	483.0	464.7	18.3	6,951.7	37.7	41.9
Oct.	642.7	602.4	40.3	7,665.3	603.5	562.3	41.1	6,993.5	39.2	40.1
Nov.	628.1	581.8	46.4	7,717.7	575.2	553.3	22.0	7,015.1	52.9	28.5
Dec.	455.7	461.5	-5.8	7,711.1	420.7	428.6	-7.8	7,007.3	34.9	32.9
2002 Jan.	658.7	564.1	94.6	7,813.7	620.3	537.4	82.9	7,089.8	38.4	26.6
Feb.	548.0	515.4	32.6	7,845.5	516.1	484.7	31.4	7,123.7	31.9	30.7
Mar.	585.3	505.8	79.5	7,925.9	543.2	475.0	68.2	7,192.9	42.1	30.8
Apr.	524.4	484.8	39.6	7,955.7	490.1	458.4	31.7	7,225.3	34.3	26.4
May	553.5	465.0	88.5	8,032.6	508.9	433.1	75.8	7,302.6	44.6	31.9
June	469.0	436.8	32.2	8,044.1	439.1	405.5	33.6	7,334.2	29.9	31.2

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

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

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
-0.5	83.6	25.1	9.8	15.2	69.5	413.0	405.3	7.7	712.1	2001 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	9.7	28.1	-18.4	41.3	386.0	412.2	-26.2	696.1	Apr.
3.4	89.0	13.7	13.4	0.3	41.5	389.8	371.0	18.7	714.3	May
-2.1	86.0	20.9	8.0	12.9	54.4	336.2	326.5	9.7	725.8	June

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
2.3	601.6	34.1	8.7	25.4	820.8	151.4	67.9	83.4	7,045.3	2001 June
6.4	595.4	15.1	5.8	9.3	830.4	140.7	91.4	49.3	7,095.0	July
5.1	586.5	13.0	6.0	7.0	837.6	90.8	69.5	21.3	7,115.3	Aug.
-2.9	585.8	8.4	9.0	-0.6	837.0	117.3	97.5	19.7	7,135.4	Sep.
4.2	592.4	20.6	4.6	16.0	852.9	144.0	96.1	47.9	7,183.5	Oct.
20.9	618.0	30.1	7.4	22.8	875.7	146.0	93.9	52.1	7,235.4	Nov.
0.2	618.3	14.2	13.4	0.8	876.5	127.2	88.6	38.6	7,273.1	Dec.
11.7	636.5	19.6	6.8	12.7	889.2	175.9	111.6	64.2	7,335.5	2002 Jan.
2.7	639.2	19.7	13.9	5.9	895.1	149.4	111.4	38.0	7,374.9	Feb.
10.7	649.5	25.4	12.0	13.5	908.6	168.9	104.0	64.9	7,439.1	Mar.
5.7	644.9	22.9	7.6	15.4	924.2	136.7	81.9	54.8	7,494.8	Apr.
9.3	641.0	26.2	8.2	18.0	942.4	159.1	83.7	75.4	7,572.2	May
0.8	623.8	29.4	10.6	18.8	961.1	153.2	97.7	55.5	7,623.9	June

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
1.9	685.2	59.2	18.6	40.6	890.3	564.4	473.3	91.1	7,757.4	2001 June
9.4	681.0	21.3	31.3	-9.9	880.6	517.5	482.1	35.4	7,794.7	July
5.0	669.7	22.9	20.7	2.2	883.0	505.5	484.4	21.1	7,815.6	Aug.
-4.2	667.5	30.4	21.0	9.4	892.4	513.4	485.7	27.7	7,844.2	Sep.
-0.9	671.9	29.5	24.6	4.9	897.2	632.9	586.9	46.0	7,890.7	Oct.
24.4	702.6	46.3	20.2	26.0	923.3	621.5	573.5	48.0	7,938.4	Nov.
2.1	703.8	31.3	23.7	7.7	931.0	452.1	452.3	-0.2	7,938.3	Dec.
11.7	723.9	30.9	31.0	-0.1	930.8	651.2	568.5	82.8	8,020.6	2002 Jan.
1.2	721.8	33.2	25.6	7.5	938.4	549.2	510.4	38.9	8,062.1	Feb.
11.4	733.0	49.8	19.9	29.9	968.3	592.9	494.9	98.1	8,161.2	Mar.
7.9	730.4	32.6	35.7	-3.0	965.5	522.7	494.1	28.7	8,190.8	Apr.
12.7	730.0	39.9	21.6	18.3	983.9	548.8	454.7	94.1	8,286.5	May
-1.3	709.8	50.3	18.6	31.7	1,015.5	489.4	424.2	65.2	8,349.7	June

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

	By euro area residents						By non-residents			
	Total	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 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	41.3	18.2	18.5	3.8
May	672.8	262.3	3.7	89.5	314.3	3.0	41.5	18.3	19.0	3.5
June	671.4	260.3	3.7	81.8	322.5	3.0	54.4	21.3	27.6	4.4

**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 June	6,224.4	2,270.4	291.2	318.8	3,230.7	113.2	820.8	216.6	257.4	91.2
July	6,264.6	2,291.0	308.6	320.9	3,228.7	115.4	830.4	219.2	263.2	93.2
Aug.	6,277.7	2,291.0	311.3	327.5	3,229.6	118.3	837.6	220.3	270.2	93.9
Sep.	6,298.4	2,297.4	315.5	326.0	3,237.2	122.4	837.0	221.1	271.0	93.3
Oct.	6,330.6	2,313.0	325.8	323.5	3,240.8	127.5	852.9	224.1	277.4	95.3
Nov.	6,359.7	2,315.4	334.2	339.9	3,240.9	129.2	875.7	228.3	288.9	99.7
Dec.	6,396.7	2,317.9	365.0	345.0	3,238.3	130.4	876.5	230.5	288.5	100.8
2002 Jan.	6,446.3	2,322.7	370.9	350.3	3,269.0	133.4	889.2	230.7	292.1	104.2
Feb.	6,479.7	2,343.6	375.5	353.3	3,274.3	133.0	895.1	234.2	295.0	105.1
Mar.	6,530.5	2,365.3	380.9	353.6	3,293.1	137.6	908.6	236.6	305.7	106.8
Apr.	6,570.5	2,373.2	391.4	358.7	3,305.1	142.2	924.2	239.3	311.2	107.3
May	6,629.8	2,387.3	408.8	364.9	3,321.2	147.7	942.4	242.8	318.1	110.1
June	6,662.8	2,398.5	413.9	367.4	3,332.9	150.1	961.1	250.0	331.8	109.8

**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 June	6,867.1	2,531.5	296.5	416.3	3,507.6	115.2	890.3	248.7	282.0	102.7
July	6,914.1	2,549.7	313.6	422.2	3,509.6	119.0	880.6	244.5	280.4	99.9
Aug.	6,932.6	2,545.4	315.7	434.2	3,515.5	121.8	883.0	243.4	285.9	99.7
Sep.	6,951.7	2,549.0	319.6	432.4	3,524.7	126.1	892.4	248.2	293.1	98.8
Oct.	6,993.5	2,574.3	329.6	433.9	3,524.8	130.8	897.2	247.4	293.8	99.3
Nov.	7,015.1	2,566.1	338.1	445.9	3,532.1	132.8	923.3	251.8	308.3	103.1
Dec.	7,007.3	2,558.2	368.4	440.5	3,505.6	134.6	931.0	254.4	312.9	105.2
2002 Jan.	7,089.8	2,580.1	374.6	450.4	3,547.8	136.9	930.8	249.5	311.0	107.4
Feb.	7,123.7	2,595.4	379.3	451.4	3,561.0	136.5	938.4	254.1	314.0	108.7
Mar.	7,192.9	2,624.1	385.2	450.6	3,592.1	140.9	968.3	262.9	331.9	113.2
Apr.	7,225.3	2,629.3	395.9	451.1	3,603.8	145.2	965.5	257.5	329.7	111.1
May	7,302.6	2,649.6	412.5	454.4	3,635.5	150.7	983.9	261.2	337.1	113.6
June	7,334.2	2,658.9	417.6	449.3	3,655.4	153.1	1,015.5	271.3	359.3	114.3

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.8	0.2	712.1	293.1	29.9	109.0	277.1	2.8	0.2	2001 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.
0.1	0.2	0.5	696.1	274.3	23.0	96.2	298.9	3.2	0.5	Apr.
0.1	0.2	0.4	714.3	280.6	22.7	93.0	314.4	3.2	0.4	May
0.2	0.5	0.5	725.8	281.7	31.3	86.3	322.7	3.5	0.5	June

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
94.4	46.1	115.1	7,045.3	2,487.0	548.6	410.0	3,325.1	159.3	115.1	2001 June
94.0	46.1	114.7	7,095.0	2,510.2	571.7	414.1	3,322.7	161.5	114.7	July
93.8	46.0	113.4	7,115.3	2,511.3	581.5	421.4	3,323.4	164.3	113.4	Aug.
92.0	46.0	113.6	7,135.4	2,518.5	586.5	419.3	3,329.1	168.4	113.6	Sep.
91.8	51.3	113.0	7,183.5	2,537.0	603.3	418.9	3,332.6	178.7	113.0	Oct.
91.5	51.7	115.7	7,235.4	2,543.7	623.1	439.6	3,332.4	180.9	115.7	Nov.
92.1	51.7	112.9	7,273.1	2,548.5	653.5	445.9	3,330.4	182.1	112.9	Dec.
91.3	56.5	114.4	7,335.5	2,553.4	663.0	454.6	3,360.3	189.8	114.4	2002 Jan.
92.0	56.3	112.5	7,374.9	2,577.8	670.4	458.4	3,366.4	189.3	112.5	Feb.
92.2	56.3	111.1	7,439.1	2,601.8	686.6	460.5	3,385.2	193.8	111.1	Mar.
94.1	61.3	111.0	7,494.8	2,612.5	702.6	466.0	3,399.2	203.5	111.0	Apr.
95.1	61.2	115.1	7,572.2	2,630.1	726.9	475.0	3,416.3	208.8	115.1	May
93.2	61.6	114.7	7,623.9	2,648.5	745.6	477.2	3,426.1	211.7	114.7	June

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
94.6	46.9	115.3	7,757.4	2,780.1	578.5	519.1	3,602.2	162.2	115.3	2001 June
94.2	46.9	114.8	7,794.7	2,794.2	594.0	522.1	3,603.8	165.8	114.8	July
93.9	46.6	113.5	7,815.6	2,788.8	601.6	534.0	3,609.4	168.4	113.5	Aug.
92.1	46.5	113.7	7,844.2	2,797.1	612.8	531.2	3,616.8	172.6	113.7	Sep.
92.0	51.6	113.2	7,890.7	2,821.7	623.4	533.2	3,616.8	182.4	113.2	Oct.
91.6	52.1	116.3	7,938.4	2,818.0	646.4	549.0	3,623.7	184.9	116.3	Nov.
92.2	52.2	114.1	7,938.3	2,812.6	681.3	545.7	3,597.9	186.7	114.1	Dec.
91.4	56.9	114.6	8,020.6	2,829.6	685.6	557.8	3,639.2	193.8	114.6	2002 Jan.
92.2	56.6	112.9	8,062.1	2,849.5	693.4	560.0	3,653.2	193.1	112.9	Feb.
92.3	56.5	111.5	8,161.2	2,887.1	717.1	563.7	3,684.4	197.4	111.5	Mar.
94.2	61.5	111.5	8,190.8	2,886.8	725.6	562.2	3,698.0	206.7	111.5	Apr.
95.2	61.4	115.5	8,286.5	2,910.7	749.6	568.0	3,730.6	212.1	115.5	May
93.4	62.1	115.2	8,349.7	2,930.1	776.9	563.5	3,748.8	215.2	115.2	June

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 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	9.7	4.4	4.1	0.9
May	376.1	253.1	2.1	62.3	57.0	1.6	13.7	5.2	7.0	1.2
June	315.3	206.6	2.3	51.6	52.5	2.2	20.9	6.3	12.3	1.8

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 June	117.3	44.9	11.3	10.9	49.6	0.5	34.1	11.8	8.2	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	13.0	3.4	8.6	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	20.6	4.4	7.9	2.3
Nov.	115.9	48.0	11.9	17.5	35.8	2.7	30.1	6.0	12.8	4.6
Dec.	113.1	43.0	35.7	9.1	23.0	2.2	14.2	6.4	4.0	2.2
2002 Jan.	156.3	47.5	11.1	6.5	88.0	3.2	19.6	4.1	4.5	3.7
Feb.	129.7	54.1	8.8	8.2	57.5	1.1	19.7	8.2	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	22.9	5.1	7.7	1.1
May	132.8	40.8	22.2	8.0	55.3	6.6	26.2	5.7	10.0	3.2
June	123.8	48.9	14.5	6.3	51.3	2.9	29.4	9.9	17.2	0.7

**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 June	505.2	326.9	14.1	75.6	87.0	1.6	59.2	21.6	19.7	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	22.9	8.2	12.7	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	29.5	7.5	12.6	3.2
Nov.	575.2	395.3	14.2	83.9	78.0	4.0	46.3	12.5	20.7	5.7
Dec.	420.7	271.5	37.0	61.7	46.4	4.1	31.3	13.0	12.4	3.6
2002 Jan.	620.3	375.0	13.2	77.6	149.3	5.2	30.9	9.1	9.5	4.8
Feb.	516.1	322.1	11.3	74.2	105.4	3.0	33.2	13.2	14.7	2.9
Mar.	543.2	343.4	11.3	62.9	118.4	7.1	49.8	19.3	22.2	6.6
Apr.	490.1	297.8	15.5	71.1	99.0	6.7	32.6	9.5	11.7	2.0
May	508.9	293.9	24.3	70.3	112.3	8.2	39.9	10.9	17.0	4.4
June	439.1	255.5	16.8	58.0	103.8	5.1	50.3	16.3	29.5	2.5

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	
0.1	0.1	0.2	413.0	291.8	14.3	67.9	37.5	1.2	0.2	2001 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.
0.1	0.0	0.2	386.0	259.2	6.6	64.3	53.9	1.8	0.2	Apr.
0.0	0.0	0.1	389.8	258.3	9.1	63.5	57.0	1.6	0.1	May
0.0	0.3	0.1	336.2	213.0	14.6	53.4	52.5	2.5	0.1	June

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
2.0	6.7	0.8	151.4	56.7	19.5	15.6	51.6	7.2	0.8	2001 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	90.8	33.3	16.1	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	144.0	63.1	21.5	6.8	41.1	11.2	0.4	Oct.
1.0	0.5	5.1	146.0	54.1	24.7	22.1	36.8	3.2	5.1	Nov.
1.3	0.1	0.1	127.2	49.4	39.7	11.3	24.3	2.3	0.1	Dec.
0.0	5.1	2.1	175.9	51.7	15.6	10.2	88.0	8.3	2.1	2002 Jan.
1.5	0.3	0.3	149.4	62.3	17.0	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.
3.3	5.1	0.7	136.7	48.1	20.6	8.8	48.5	10.0	0.7	Apr.
2.0	0.1	5.3	159.1	46.5	32.2	11.1	57.2	6.7	5.3	May
0.1	0.7	0.7	153.2	58.8	31.6	7.0	51.4	3.7	0.7	June

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
2.1	6.8	1.0	564.4	348.5	33.8	83.6	89.1	8.4	1.0	2001 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	505.5	325.5	21.9	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	632.9	412.1	28.3	93.5	86.2	12.3	0.5	Oct.
1.1	0.8	5.6	621.5	407.7	34.9	89.6	79.1	4.7	5.6	Nov.
1.3	0.3	0.8	452.1	284.5	49.4	65.3	47.8	4.3	0.8	Dec.
0.1	5.1	2.2	651.2	384.1	22.7	82.4	149.5	10.3	2.2	2002 Jan.
1.5	0.4	0.5	549.2	335.4	26.1	77.1	106.9	3.3	0.5	Feb.
0.8	0.5	0.4	592.9	362.7	33.5	69.5	119.2	7.6	0.4	Mar.
3.3	5.1	0.9	522.7	307.3	27.2	73.2	102.3	11.8	0.9	Apr.
2.0	0.1	5.5	548.8	304.8	41.3	74.6	114.3	8.3	5.5	May
0.2	1.0	0.9	489.4	271.7	46.3	60.4	103.9	6.1	0.9	June

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 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	-18.4	-8.1	-7.7	-2.6
May	18.4	6.7	-0.8	-2.9	15.5	0.0	0.3	0.1	0.5	-0.3
June	-3.2	-3.5	0.0	-7.9	8.3	0.0	12.9	3.0	8.6	1.0

**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 June	58.1	16.5	8.0	7.4	26.2	0.0	25.4	8.4	6.1	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	7.0	1.1	6.9	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	16.0	3.0	6.5	2.0
Nov.	29.3	2.1	8.4	16.9	0.1	1.8	22.8	4.2	11.5	4.4
Dec.	37.9	3.4	30.8	5.1	-2.6	1.2	0.8	2.3	-0.4	1.1
2002 Jan.	51.5	6.5	5.9	5.5	30.7	2.9	12.7	0.1	3.6	3.4
Feb.	32.1	19.6	4.5	2.9	5.4	-0.4	5.9	3.5	2.8	0.9
Mar.	51.4	22.3	5.4	0.4	18.7	4.6	13.5	2.4	10.7	1.7
Apr.	39.5	7.3	10.5	5.0	12.0	4.6	15.4	2.7	5.5	0.5
May	57.4	12.5	17.4	5.9	16.1	5.5	18.0	3.6	6.9	2.8
June	36.7	15.1	4.9	2.7	11.7	2.4	18.8	7.1	13.7	-0.3

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 June	50.5	18.6	7.7	5.6	19.0	-0.4	40.6	14.0	12.8	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	2.2	-1.1	5.3	-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	4.9	-0.8	0.7	0.5
Nov.	22.0	-8.5	8.5	12.7	7.2	2.0	26.0	4.5	14.5	3.7
Dec.	-7.8	-8.1	30.3	-5.4	-26.4	1.7	7.7	2.5	4.5	2.1
2002 Jan.	82.9	22.2	6.2	10.1	42.1	2.3	-0.1	-4.9	-1.8	2.2
Feb.	31.4	13.0	4.7	0.7	13.2	-0.4	7.5	4.6	2.9	1.3
Mar.	68.2	27.7	5.8	-0.8	31.1	4.3	29.9	8.9	17.9	4.5
Apr.	31.7	4.4	10.7	0.5	11.7	4.3	-3.0	-5.4	-2.2	-2.1
May	75.8	19.2	16.6	2.9	31.6	5.5	18.3	3.7	7.4	2.5
June	33.6	11.5	4.8	-5.2	20.0	2.4	31.7	10.1	22.2	0.7

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	0.0	0.1	7.7	7.8	6.4	0.9	-7.2	-0.3	0.1	2001 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.
-0.1	0.0	0.1	-26.2	-11.0	-7.5	-7.1	-0.3	-0.3	0.1	Apr.
0.0	0.0	-0.1	18.7	6.8	-0.3	-3.2	15.5	0.0	-0.1	May
0.0	0.3	0.1	9.7	-0.6	8.5	-6.9	8.3	0.2	0.1	June

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
1.9	6.5	-0.6	83.4	24.8	14.1	10.5	28.2	6.5	-0.6	2001 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	21.3	2.3	9.7	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	47.9	18.2	16.9	-0.4	3.5	10.3	-0.6	Oct.
-0.4	0.4	2.7	52.1	6.3	19.9	21.2	-0.3	2.2	2.7	Nov.
0.6	0.0	-2.8	38.6	5.7	30.4	6.2	-2.0	1.2	-2.8	Dec.
-0.8	4.8	1.5	64.2	6.6	9.5	8.9	29.9	7.8	1.5	2002 Jan.
0.7	-0.2	-1.9	38.0	23.1	7.3	3.8	6.1	-0.5	-1.9	Feb.
0.1	0.0	-1.4	64.9	24.7	16.2	2.1	18.8	4.5	-1.4	Mar.
1.8	5.0	-0.1	54.8	10.0	15.9	5.5	13.8	9.6	-0.1	Apr.
0.9	-0.1	4.1	75.4	16.1	24.2	8.6	17.0	5.4	4.1	May
-1.9	0.5	-0.3	55.5	22.2	18.5	2.4	9.8	2.9	-0.3	June

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
2.0	6.5	-0.5	91.1	32.6	20.5	11.4	21.0	6.1	-0.5	2001 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	21.1	-5.1	7.4	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	46.0	24.1	10.7	1.9	0.0	9.8	-0.5	Oct.
-0.3	0.5	3.1	48.0	-4.1	23.1	16.5	6.9	2.6	3.1	Nov.
0.6	0.0	-2.2	-0.2	-5.5	34.9	-3.3	-25.9	1.8	-2.2	Dec.
-0.8	4.7	0.5	82.8	17.3	4.3	12.2	41.4	7.1	0.5	2002 Jan.
0.7	-0.3	-1.7	38.9	17.6	7.6	2.1	14.0	-0.7	-1.7	Feb.
0.1	-0.1	-1.4	98.1	36.6	23.7	3.7	31.2	4.3	-1.4	Mar.
1.8	5.0	0.0	28.7	-1.0	8.5	-1.6	13.5	9.3	0.0	Apr.
0.9	-0.1	4.0	94.1	22.9	24.0	5.4	32.5	5.3	4.0	May
-1.8	0.7	-0.3	65.2	21.6	27.1	-4.5	18.1	3.1	-0.3	June

## 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 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	111.3	1.9	109.4	1.2	114.8	3.2	111.3	0.1	109.7	114.1
2002 Aug. <sup>2)</sup>	.	2.1	.	.	.	.	.	.	.	.

#### 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 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	2.1	2.9	0.9	0.7	1.4	-1.7	2.5	3.5	-0.8	4.2	3.4
2002 Aug.	.	.	.	.	.	.	.	.	.	.	.

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>								Construction <sup>4)</sup>	Manufacturing	Total excluding energy			
	Total		Industry excluding construction and energy					Energy						
	Index 1995 = 100		Total	Intermediate 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	0.3	-1.7	1.2	1.6	1.8	1.6	-5.0	2.0	-0.7	-10.5	-3.6	24.6
Q2	107.9	-0.9	0.3	-0.9	1.1	1.0	1.5	0.9	-4.9	.	-0.5	-8.7	-5.5	27.8
2001 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	2.1	-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	1.6	-5.6	-	-1.0	-15.2	-4.0	23.5
Mar.	107.6	-0.8	0.1	-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	0.3	-1.1	1.0	1.2	1.6	1.1	-3.9	-	-0.3	-1.2	-1.4	29.3
May	107.9	-1.0	0.3	-0.9	1.1	0.9	1.5	0.9	-5.1	-	-0.6	-9.5	-6.8	28.1
June	107.8	-1.1	0.3	-0.6	1.0	0.8	1.4	0.8	-5.8	-	-0.7	-14.9	-8.4	25.8
July	107.7	-0.6	0.5	-0.1	0.8	0.9	1.2	0.9	-4.2	-	-0.2	-10.2	-7.7	25.9
Aug.	.	.	.	.	.	.	.	.	.	-	.	-4.1	-0.8	27.0

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	1.2	1.4	1.2	0.9	-0.1	-1.5
1999	106.5	1.1	1.2	1.1	1.9	0.8	-0.5	-0.2
2000	107.8	1.3	2.5	2.2	2.6	2.6	4.6	8.2
2000 Q2	107.7	1.2	2.4	1.9	2.5	2.6	4.5	8.3
Q3	108.2	1.4	2.5	2.3	2.6	2.6	5.0	8.1
Q4	108.4	1.5	2.6	2.5	2.6	3.0	5.3	8.4
<i>Euro area enlargement</i>								
2001	110.8	2.4	2.1	2.4	2.2	1.9	1.6	0.9
2001 Q1	109.9	2.1	2.4	2.4	2.2	2.2	3.3	4.1
Q2	110.5	2.3	2.4	2.7	2.2	1.9	2.6	2.6
Q3	111.0	2.2	2.1	2.5	2.1	2.1	0.8	0.3
Q4	111.9	2.8	1.7	2.2	2.2	1.5	-0.1	-3.1
2002 Q1	112.5	2.4	1.8	2.5	2.2	1.8	0.4	-1.4

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	5,742.6	3,331.8	1,176.6	1,201.9	32.2	140.0	1,949.1	1,809.1
1999	6,149.2	6,048.1	3,506.7	1,230.2	1,291.5	19.8	101.1	2,053.1	1,952.1
2000	6,444.8	6,376.9	3,672.8	1,285.9	1,387.5	30.7	67.9	2,412.5	2,344.6
<i>Euro area enlargement</i>									
2001	6,819.7	6,707.1	3,919.6	1,358.8	1,432.9	-4.3	112.6	2,544.6	2,432.0
2001 Q1	1,689.9	1,666.1	966.1	335.0	359.5	5.5	23.8	644.5	620.7
Q2	1,700.4	1,679.9	979.2	338.0	358.5	4.1	20.5	640.2	619.7
Q3	1,710.2	1,681.8	985.2	341.2	358.7	-3.2	28.4	634.3	605.9
Q4	1,719.2	1,679.3	989.2	344.6	356.2	-10.7	39.9	625.6	585.7
2002 Q1	1,735.3	1,692.4	994.8	348.7	356.2	-7.2	42.9	627.4	584.5
Q2	.	.	.	.	.	.	.	.	.

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
10	11	12	13	14	15	16	17	18	
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	5,544.3	3,187.5	1,142.4	1,189.7	24.7	122.5	1,939.1	1,816.5
1999	5,823.6	5,735.0	3,299.3	1,164.6	1,260.2	10.9	88.6	2,041.4	1,952.7
2000	6,025.4	5,900.0	3,382.0	1,186.7	1,319.6	11.7	125.4	2,293.3	2,167.9
<i>Euro area enlargement</i>									
2001	6,220.6	6,069.3	3,521.6	1,224.7	1,335.4	-12.5	151.3	2,378.6	2,227.3
2001 Q1	1,554.6	1,517.6	876.5	304.5	337.2	-0.7	37.0	603.4	566.4
Q2	1,555.2	1,521.2	881.1	305.8	335.1	-0.8	33.9	596.4	562.5
Q3	1,557.7	1,517.0	882.1	306.7	333.0	-4.8	40.7	594.5	553.8
Q4	1,553.2	1,513.5	881.9	307.8	330.0	-6.2	39.7	584.4	544.7
2002 Q1	1,558.7	1,514.4	880.4	310.2	328.1	-4.2	44.3	585.0	540.8
Q2	1,564.0	1,517.5	883.9	311.3	325.4	-3.1	46.5	596.4	549.9

(annual percentage changes)

1997	2.3	1.7	1.6	1.3	2.3	-	-	10.4	9.0
1998	2.9	3.6	3.0	1.4	5.1	-	-	7.4	10.0
1999	2.8	3.4	3.5	1.9	5.9	-	-	5.3	7.5
2000	3.5	2.9	2.5	1.9	4.7	-	-	12.3	11.0
<i>Euro area enlargement</i>									
2001	1.5	0.9	1.8	1.9	-0.6	-	-	2.5	1.1
2001 Q1	2.4	1.8	2.1	2.1	1.6	-	-	8.2	6.6
Q2	1.6	1.3	1.8	2.1	-0.1	-	-	4.4	3.6
Q3	1.4	0.7	1.8	2.1	-1.5	-	-	1.3	-0.5
Q4	0.4	-0.1	1.6	1.4	-2.5	-	-	-3.3	-4.9
2002 Q1	0.3	-0.2	0.4	1.9	-2.7	-	-	-3.0	-4.5
Q2	0.6	-0.2	0.3	1.8	-2.9	-	-	0.0	-2.2

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	5,469.1	138.8	1,276.7	294.9	1,139.6	1,439.8	1,179.3	201.4	615.0
1999	5,687.4	135.5	1,294.8	310.8	1,192.5	1,524.9	1,229.0	200.9	662.7
2000	5,967.7	136.3	1,348.8	326.0	1,263.5	1,616.4	1,276.7	211.6	688.7
<i>Euro area enlargement</i>									
2001	6,329.9	151.2	1,412.9	346.1	1,357.8	1,713.1	1,348.8	227.4	717.2
2001 Q1	1,566.5	36.6	355.9	85.4	334.8	421.6	332.3	55.9	179.2
Q2	1,578.5	37.5	353.6	86.1	339.0	427.0	335.3	56.7	178.6
Q3	1,588.2	38.6	353.9	86.8	341.4	428.8	338.6	57.3	179.3
Q4	1,596.7	38.4	349.4	87.8	342.6	435.6	342.7	57.5	180.0
2002 Q1	1,608.8	38.6	351.6	89.0	344.4	438.0	347.2	56.6	183.1
Q2	.	.	.	.	.	.	.	.	.

### 4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
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	5,317.7	142.2	1,256.8	291.2	1,114.9	1,386.2	1,126.4	221.4	570.5
1999	5,458.6	145.4	1,269.6	299.0	1,164.6	1,437.7	1,142.4	230.0	594.9
2000	5,660.9	144.8	1,320.7	305.2	1,221.1	1,504.4	1,164.7	245.5	609.9
<i>Euro area enlargement</i>									
2001	5,859.0	152.2	1,347.6	310.4	1,283.4	1,567.2	1,198.2	260.8	622.5
2001 Q1	1,462.8	37.8	341.3	77.7	319.6	388.4	297.9	64.4	156.2
Q2	1,464.4	37.8	337.6	77.6	321.0	391.3	299.1	64.9	155.6
Q3	1,467.8	38.4	337.4	77.5	321.5	393.1	300.0	65.5	155.4
Q4	1,463.9	38.2	331.3	77.5	321.3	394.3	301.2	66.0	155.2
2002 Q1	1,469.7	38.1	334.1	76.9	322.5	395.2	302.8	65.4	154.5
Q2	1,474.9	38.2	334.7	76.3	323.8	397.4	304.5	65.7	154.8
<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	3.2	0.4	4.1	3.6	1.5	3.5	2.6
1999	2.7	2.2	1.0	2.6	4.5	3.7	1.4	3.9	4.3
2000	3.7	-0.4	4.0	2.1	4.9	4.6	1.9	6.7	2.5
<i>Euro area enlargement</i>									
2001	1.7	-0.7	0.9	-0.5	2.6	2.7	1.4	4.7	0.1
2001 Q1	2.7	-0.8	3.5	-0.3	3.8	3.1	1.4	5.6	1.1
Q2	2.0	-1.0	1.4	-0.4	3.0	3.0	1.2	4.8	-0.4
Q3	1.6	-0.8	0.7	-0.6	2.4	2.6	1.5	4.3	0.1
Q4	0.6	-0.3	-1.9	-0.7	1.2	2.2	1.4	4.0	-0.3
2002 Q1	0.5	0.9	-2.1	-1.1	0.9	1.7	1.7	1.5	-1.1
Q2	0.7	0.9	-0.9	-1.7	0.9	1.6	1.8	1.2	-0.5

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	4.8	4.0	7.7	2.7	4.5	2.4	1.2	1.3	4.8
1999	2.1	111.4	2.0	2.1	1.9	2.5	1.7	1.3	1.7	1.4	4.2	2.0
2000	5.0	117.6	5.5	6.0	6.0	9.3	2.3	6.2	1.5	1.8	2.0	5.9
<i>Euro area enlargement</i>												
2001	0.0	117.9	0.2	0.1	-0.9	1.2	0.2	-2.7	0.8	0.9	-0.5	0.1
2001 Q2	0.5	118.3	0.9	0.8	0.3	1.8	0.5	-1.9	1.0	0.9	-1.0	0.9
Q3	-0.4	117.8	-0.4	-0.5	-1.4	0.1	0.3	-3.9	1.1	0.5	-0.4	-0.5
Q4	-3.2	115.7	-3.8	-4.8	-6.1	-4.9	-2.9	-7.6	-1.9	2.7	0.6	-4.7
2002 Q1	-2.3	116.7	-2.6	-3.2	-2.0	-6.5	-1.3	-7.3	0.0	1.7	1.6	-3.5
Q2	-1.3	117.0	-0.9	-1.3	0.0	-3.3	-1.1	-6.4	0.0	2.3	-3.2	-1.3
2001 Aug.	0.7	118.5	1.1	1.1	-0.5	2.7	1.8	0.2	2.1	0.7	-0.8	1.1
Sep.	-0.6	117.9	-0.4	-0.7	-1.7	0.2	-0.1	-4.1	0.8	0.9	-0.3	-0.6
Oct.	-1.9	116.1	-2.6	-2.9	-3.6	-2.7	-2.0	-7.2	-0.9	-1.0	2.1	-2.9
Nov.	-3.4	115.4	-4.2	-5.1	-6.2	-5.3	-2.9	-7.5	-2.0	1.5	0.4	-5.0
Dec.	-4.3	115.8	-4.7	-6.6	-8.7	-6.5	-3.8	-8.2	-2.9	7.2	-0.8	-6.4
2002 Jan.	-2.4	116.3	-2.8	-3.6	-3.3	-6.2	-1.0	-7.3	0.2	2.5	1.9	-3.7
Feb.	-2.5	116.4	-3.1	-3.8	-2.7	-7.3	-1.4	-6.9	-0.2	1.4	1.6	-3.9
Mar.	-2.1	117.4	-2.0	-2.4	-0.3	-6.0	-1.5	-7.6	-0.2	1.1	1.3	-2.9
Apr.	-0.9	116.6	-1.0	-1.3	-0.1	-2.7	-1.7	-6.6	-0.7	2.0	-1.2	-0.9
May	-1.9	116.7	-1.2	-1.5	0.3	-4.9	-0.5	-7.3	0.9	1.6	-4.9	-1.9
June	-0.9	117.7	-0.7	-1.1	-0.2	-2.2	-1.0	-5.4	-0.1	3.3	-3.3	-1.1

**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	3.6	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	1.3	-0.2	970	-0.6	
2001 Q2	121.4	4.3	111.5	1.2	0.8	1.4	1.3	-0.3	1,006	1.8	
Q3	122.0	4.1	111.4	1.2	1.1	1.1	1.8	-0.8	954	-1.2	
Q4	122.3	3.3	111.9	1.3	1.3	1.1	0.2	-0.2	966	2.5	
2002 Q1	122.7	2.8	112.1	1.1	1.2	0.1	0.5	-2.0	914	-4.0	
Q2	123.2	1.5	111.7	0.1	0.3	-0.3	-0.7	-2.2	915	-8.0	
2001 Aug.	122.0	4.3	112.0	2.1	2.0	1.3	0.0	0.9	961	-0.5	
Sep.	122.0	3.5	111.3	0.7	-0.3	1.2	5.2	-1.3	958	-1.3	
Oct.	122.0	3.5	110.8	0.7	1.7	0.9	-2.8	0.6	962	3.2	
Nov.	122.7	3.4	113.4	2.3	1.7	1.9	3.1	-0.4	969	3.3	
Dec.	122.3	2.9	111.5	0.8	0.5	0.6	0.3	-0.7	965	0.8	
2002 Jan.	122.4	2.6	111.6	0.3	0.4	-0.4	-0.9	-2.0	926	-2.4	
Feb.	122.5	2.8	112.0	1.6	1.5	0.5	0.6	-1.1	921	-3.2	
Mar.	123.2	2.8	112.8	1.5	1.8	0.2	1.8	-2.9	895	-6.1	
Apr.	123.2	2.2	111.7	0.8	1.0	0.1	1.3	-2.4	895	-8.0	
May	123.3	1.4	112.0	0.7	1.1	-0.2	-3.7	-1.3	916	-6.7	
June	123.2	0.8	111.4	-1.0	-1.2	-0.8	0.4	-2.7	934	-9.2	

*Sources: Eurostat, except columns 21 and 22 (ECB calculation based on data from the ACEA, 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	101.3	-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 Q3	100.3	-10	-17	15	2	83.0	-8	1	-12	18	-2
2001 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
2002 Q2	99.6	-10	-24	11	5	80.8	-9	0	-8	21	-5
2002 Q3	.	.	.	.	.	80.7	.	.	.	.	.
2001 July	100.7	-9	-16	15	5	-	-6	2	-10	14	-1
2001 Aug.	100.1	-10	-16	15	2	-	-8	1	-12	19	-3
2001 Sep.	100.1	-11	-18	15	-1	-	-9	1	-13	21	-1
2001 Oct.	99.2	-16	-25	16	-8	-	-10	2	-17	27	1
2001 Nov.	98.6	-18	-28	18	-9	-	-12	1	-17	31	-1
2001 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
2002 Feb.	99.2	-14	-25	14	-2	-	-9	1	-10	26	-1
2002 Mar.	99.5	-11	-24	13	4	-	-9	0	-9	25	-1
2002 Apr.	99.4	-11	-25	12	5	-	-10	-1	-10	22	-5
2002 May	99.9	-9	-22	10	5	-	-8	0	-7	21	-4
2002 June	99.6	-10	-24	12	5	-	-9	0	-8	21	-5
2002 July	99.4	-10	-24	11	5	-	-10	0	-10	25	-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 Q3	-7	-10	-3	-6	-5	16	3	14	18	6	19
2001 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
2002 Q2	-11	-17	-4	-15	-21	18	-7	7	3	2	15
2002 Q3	.	.	.	.	.	.	.	.	.	.	.
2001 July	-7	-10	-3	-4	0	16	3	17	21	10	21
2001 Aug.	-8	-10	-6	-8	-7	16	0	14	17	4	20
2001 Sep.	-5	-9	0	-6	-8	15	6	12	17	5	15
2001 Oct.	-8	-12	-4	-9	-11	14	-1	-2	-3	-6	3
2001 Nov.	-10	-14	-5	-9	-10	14	-3	-6	-7	-7	-4
2001 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
2002 Feb.	-10	-17	-3	-15	-24	17	-3	3	3	-14	21
2002 Mar.	-11	-16	-6	-15	-19	21	-6	9	9	-10	27
2002 Apr.	-12	-17	-6	-15	-22	19	-5	8	5	1	19
2002 May	-9	-16	-2	-15	-21	19	-6	8	5	2	16
2002 June	-11	-17	-5	-16	-20	17	-11	4	-1	2	11
2002 July	-14	-24	-3	-15	-20	15	-10	1	-3	-7	12

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>
	Millions		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	119.894	0.8	1.0	0.2	-0.2	1.4	13.946	10.9	9.4	21.9
1998	122.001	1.8	1.9	0.8	1.0	2.4	13.270	10.2	8.9	20.0
1999	124.209	1.8	2.2	-0.5	-0.2	2.7	12.253	9.3	8.2	18.0
2000	126.884	2.2	2.4	0.6	0.7	2.9	11.094	8.4	7.3	16.2
2000 Q2	126.610	2.3	2.6	0.3	0.6	3.1	11.178	8.5	7.4	16.4
Q3	127.261	2.2	2.5	0.8	0.9	3.0	10.961	8.3	7.2	16.1
Q4	127.909	2.2	2.4	1.5	1.2	2.9	10.727	8.1	7.1	15.6
<i>Euro area enlargement</i>										
2001	132.540	1.3	1.6	0.2	0.4	1.9	11.045	8.0	7.0	15.7
2001 Q1	132.171	2.0	2.1	1.0	1.3	2.4	11.040	8.0	7.0	15.7
Q2	132.435	1.5	1.7	0.6	0.7	1.9	10.977	8.0	7.0	15.6
Q3	132.626	1.1	1.4	-0.2	0.1	1.7	11.022	8.0	7.0	15.7
Q4	132.927	0.8	1.1	-0.5	-0.5	1.5	11.143	8.1	7.0	15.9
2002 Q1	133.117	0.7	0.9	-0.4	-0.9	1.5	11.287	8.1	7.1	16.1
Q2	.	.	.	.	.	.	11.457	8.3	7.2	16.3
2001 July	-	-	-	-	-	-	11.013	8.0	7.0	15.7
Aug.	-	-	-	-	-	-	11.012	8.0	7.0	15.7
Sep.	-	-	-	-	-	-	11.041	8.0	7.0	15.7
Oct.	-	-	-	-	-	-	11.108	8.0	7.0	15.8
Nov.	-	-	-	-	-	-	11.143	8.1	7.0	15.9
Dec.	-	-	-	-	-	-	11.177	8.1	7.0	15.9
2002 Jan.	-	-	-	-	-	-	11.235	8.1	7.1	16.0
Feb.	-	-	-	-	-	-	11.294	8.1	7.1	16.0
Mar.	-	-	-	-	-	-	11.333	8.2	7.1	16.1
Apr.	-	-	-	-	-	-	11.372	8.2	7.1	16.2
May	-	-	-	-	-	-	11.464	8.3	7.2	16.3
June	-	-	-	-	-	-	11.536	8.3	7.2	16.5
July	-	-	-	-	-	-	11.553	8.3	7.3	16.4

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup>					Earnings per employee in manufacturing	
	Unit labour cost	Compensation per employee	Labour productivity	Total	By component		By selected sector			
					Wages and salaries	Employers' social contributions and other costs	Industry excluding construction	Services		
	11	12	13	14	15	16	17	18	19	
1997	0.5	1.9	1.5	2.6	2.6	2.7	2.2	2.7	2.2	
1998	0.1	1.2	1.1	1.6	1.9	0.8	1.6	1.4	2.2	
1999	1.0	2.0	0.9	2.3	2.6	1.4	2.4	1.9	2.5	
2000	1.3	2.6	1.3	3.2	3.4	2.5	3.2	2.9	2.7	
2000 Q2	0.5	2.4	1.8	3.3	3.4	2.6	3.2	2.8	2.8	
Q3	1.7	2.8	1.0	3.2	3.4	2.5	3.1	2.6	2.5	
Q4	2.2	2.7	0.5	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	1.9	2.4	0.5	3.4	3.8	2.3	3.2	3.3	3.4	
Q2	2.6	2.8	0.1	3.0	3.2	2.3	3.1	2.1	3.1	
Q3	2.4	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	3.4	3.0	-0.4	3.9	4.1	3.1	3.5	4.0	.	

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

1) Data for employment are based on the ESA 95. 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 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	4,677.4	311.8	4,074.2	1,184.2	1,451.1	1,341.4	97.4	156.4	135.0	237.6
Q4	4,825.9	323.4	4,211.2	1,282.9	1,463.3	1,386.3	78.6	149.8	141.5	215.3
1999 Q1	4,676.1	318.6	4,075.8	1,239.1	1,464.6	1,306.2	66.0	133.4	148.3	243.9
Q2	4,702.4	324.8	4,114.2	1,321.8	1,418.3	1,315.7	58.4	125.0	138.4	242.7
Q3	4,713.7	328.3	4,112.8	1,324.6	1,416.5	1,313.1	58.7	133.3	139.4	238.6
Q4	4,859.9	350.8	4,215.1	1,370.9	1,457.7	1,323.5	63.0	142.0	152.0	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	4,894.9	342.0	4,256.9	1,409.7	1,485.7	1,282.6	78.9	146.0	150.0	247.2
Q3	4,915.1	339.8	4,266.5	1,396.9	1,524.0	1,263.7	81.9	159.2	149.6	254.1
Q4	5,030.3	348.4	4,361.6	1,464.4	1,542.4	1,269.1	85.6	164.5	155.9	230.3
<i>Euro area enlargement</i>										
2001 Q1	5,148.0	336.3	4,501.3	1,446.1	1,624.7	1,314.6	115.9	150.3	160.1	259.8
Q2	5,245.2	333.0	4,585.7	1,526.1	1,620.2	1,321.1	118.3	165.5	161.0	269.9
Q3	5,232.7	309.6	4,615.1	1,547.9	1,608.7	1,333.7	124.7	147.8	160.2	266.4
Q4	5,365.8	239.7	4,819.4	1,690.3	1,615.6	1,396.3	117.2	139.0	167.6	297.7
2002 Q1	5,368.8	254.3	4,779.3	1,637.6	1,607.2	1,413.0	121.6	157.5	177.7	.
Q2	.	285.4	4,837.9	1,706.4	1,599.1	1,412.8	119.6	153.2	.	.
	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
	11	12	13	14	15	16	17	18	19	20
1998 Q2	1,555.9	167.6	1,388.3	3,500.8	2,070.8	1,429.9	186.7	2,523.8	2,256.5	267.4
Q3	1,546.6	156.5	1,390.1	3,138.9	1,698.5	1,440.4	187.9	2,518.6	2,248.5	270.1
Q4	1,544.1	155.5	1,388.6	3,495.4	1,974.3	1,521.1	172.7	2,616.0	2,345.9	270.1
1999 Q1	1,559.8	135.8	1,424.0	3,721.9	2,090.8	1,631.0	194.8	2,679.6	2,402.8	276.9
Q2	1,483.8	125.5	1,358.2	3,989.6	2,258.8	1,730.9	211.6	2,749.9	2,469.4	280.5
Q3	1,491.7	115.1	1,376.6	4,027.4	2,288.6	1,738.8	210.8	2,793.4	2,508.8	284.6
Q4	1,565.0	171.2	1,393.8	4,619.6	2,783.6	1,836.0	203.9	2,938.0	2,650.4	287.6
2000 Q1	1,583.4	191.5	1,391.9	4,863.0	2,926.7	1,936.2	218.3	3,054.1	2,758.6	295.5
Q2	1,618.5	196.5	1,422.0	4,752.6	2,843.3	1,909.3	208.8	3,099.9	2,800.6	299.3
Q3	1,689.0	215.4	1,473.6	4,864.2	2,940.7	1,923.5	207.3	3,154.0	2,850.5	303.5
Q4	1,761.5	232.9	1,528.6	4,885.5	3,010.2	1,875.3	203.4	3,182.0	2,878.0	304.0
<i>Euro area enlargement</i>										
2001 Q1	1,881.5	321.4	1,560.1	4,594.7	2,755.2	1,839.5	228.4	3,232.4	2,921.6	310.8
Q2	1,877.9	288.1	1,589.7	4,647.4	2,786.2	1,861.2	235.4	3,290.5	2,977.6	312.9
Q3	1,903.5	289.6	1,613.9	3,991.4	2,249.3	1,742.1	256.1	3,267.0	2,950.7	316.3
Q4	1,900.8	278.8	1,622.0	4,362.6	2,526.3	1,836.3	263.8	3,364.0	3,043.4	320.6
2002 Q1	1,976.3	318.3	1,658.0	4,449.2	2,580.9	1,868.3	293.9	3,448.1	3,119.2	329.0
Q2	.	.	.	.	.	.	.	.	.	.

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. Financial derivatives, loans granted by general government and non-financial corporations, unquoted shares, other 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 Q2	6,006.2	5,453.0	901.1	31.9	869.2	2,505.2	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	6,227.5	5,663.5	911.2	36.0	875.2	2,600.7	902.9	1,697.8	2,715.6	240.8	2,474.8	151.3
1999 Q1	6,259.4	5,682.7	902.1	36.3	865.8	2,595.9	921.3	1,674.6	2,761.3	251.8	2,509.6	156.8
Q2	6,423.4	5,817.5	899.5	39.0	860.6	2,688.1	964.2	1,724.0	2,835.7	255.6	2,580.1	183.3
Q3	6,491.4	5,886.6	884.7	37.9	846.8	2,703.0	943.7	1,759.3	2,903.6	255.4	2,648.3	191.4
Q4	6,665.1	6,039.5	900.1	42.1	858.0	2,795.4	979.8	1,815.6	2,969.5	264.1	2,705.4	201.4
2000 Q1	6,809.9	6,156.4	890.4	41.1	849.3	2,894.2	1,038.0	1,856.2	3,025.2	265.6	2,759.7	221.1
Q2	6,957.6	6,262.2	884.8	42.0	842.8	2,994.4	1,090.7	1,903.7	3,078.3	274.4	2,804.0	219.7
Q3	7,102.2	6,379.6	865.0	39.9	825.0	3,102.3	1,152.4	1,949.9	3,134.9	275.9	2,859.0	252.3
Q4	7,264.2	6,500.5	880.2	42.0	838.2	3,199.5	1,167.3	2,032.2	3,184.4	281.0	2,903.4	245.2
<i>Euro area enlargement</i>												
2001 Q1	7,450.5	6,671.4	894.5	41.8	852.7	3,320.4	1,243.9	2,076.4	3,235.7	280.2	2,955.5	257.3
Q2	7,554.9	6,761.9	877.5	42.1	835.4	3,392.2	1,266.5	2,125.7	3,285.2	286.2	2,999.0	296.2
Q3	7,626.8	6,804.9	871.0	45.1	826.0	3,432.8	1,244.6	2,188.1	3,323.0	281.8	3,041.2	265.5
Q4	7,730.5	6,897.2	891.3	50.6	840.7	3,470.1	1,225.3	2,244.8	3,369.1	284.1	3,085.1	284.1
2002 Q1	7,804.4	6,960.6	895.8	53.3	842.5	3,506.3	1,223.3	2,283.0	3,402.3	279.4	3,122.9	.
Q2	.	7,022.0	.	.	.	.	.	.	.	.	.	.
<i>Securities other than shares issued by</i>												
	Total	General government			Non-financial corporations			Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations		
		Total	Short-term	Long-term	Total	Short-term	Long-term					
	13	14	15	16	17	18	19	20	21	22		
1998 Q2	3,836.2	3,514.2	496.6	3,017.6	322.0	53.9	268.1	2,762.9	134.2	221.2		
Q3	3,927.0	3,595.0	498.6	3,096.4	332.0	55.3	276.7	2,362.0	133.8	224.1		
Q4	3,929.5	3,595.9	468.2	3,127.8	333.6	55.1	278.5	2,659.1	140.3	227.0		
1999 Q1	3,973.6	3,638.9	466.9	3,172.0	334.8	65.7	269.1	2,734.3	146.9	229.7		
Q2	3,956.6	3,616.0	459.3	3,156.7	340.7	66.4	274.3	2,955.3	136.6	232.6		
Q3	3,935.6	3,581.7	449.6	3,132.0	353.9	74.8	279.1	2,948.2	137.6	235.5		
Q4	3,896.3	3,532.6	421.1	3,111.5	363.8	78.2	285.5	3,959.9	149.8	238.7		
2000 Q1	3,964.9	3,598.8	425.3	3,173.5	366.1	78.7	287.4	4,422.6	147.6	241.0		
Q2	3,997.5	3,619.7	425.8	3,193.9	377.8	88.7	289.2	4,174.3	147.6	243.4		
Q3	4,033.5	3,635.5	421.8	3,213.7	397.9	95.6	302.4	4,053.3	147.2	245.3		
Q4	4,077.2	3,663.0	400.8	3,262.2	414.1	100.6	313.6	3,833.4	153.7	247.1		
<i>Euro area enlargement</i>												
2001 Q1	4,251.1	3,797.4	429.3	3,368.1	453.8	112.8	341.0	3,564.0	154.7	249.3		
Q2	4,310.2	3,830.3	440.7	3,389.7	479.9	123.9	355.9	3,572.4	155.2	251.5		
Q3	4,386.9	3,891.4	449.9	3,441.5	495.5	138.1	357.4	2,822.5	155.4	253.7		
Q4	4,393.3	3,879.3	434.4	3,444.9	514.0	136.5	377.5	3,276.5	165.5	253.1		
2002 Q1	4,451.4	3,931.9	446.8	3,485.1	519.5	143.6	375.9	3,324.0	174.8	255.6		
Q2	.	.	.	.	.	.	.	.	.	.		

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. Financial derivatives, loans granted by general government and non-financial corporations, unquoted shares, other 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 Q2	52.5	3.6	45.2	68.1	-5.7	-0.5	-16.7	8.0	-4.4	-4.9
Q3	-14.0	-3.7	-18.5	-17.7	2.7	-0.2	-3.3	9.0	-0.7	2.8
Q4	148.5	11.6	137.0	98.1	13.0	44.8	-18.9	-6.6	6.5	-24.5
1999 Q1	-40.3	-5.2	-37.7	-19.4	-15.7	10.1	-12.7	-4.2	6.8	23.4
Q2	22.0	6.2	34.2	81.3	-48.9	9.4	-7.6	-8.4	-9.9	-4.3
Q3	12.9	3.5	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	-0.5	-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	-17.4	-19.8	13.8	-34.4	40.8	-6.1	13.4	-15.6	4.2	13.6
Q2	93.8	-3.3	81.0	77.1	-4.7	6.3	2.3	15.1	0.9	5.8
Q3	6.1	-23.4	48.0	25.4	3.2	13.0	6.5	-17.7	-0.8	3.1
Q4	135.4	-69.9	206.8	142.4	9.4	62.5	-7.5	-8.8	7.4	11.5
2002 Q1	5.4	14.5	-38.4	-53.3	-4.3	14.9	4.3	19.0	10.1	.
Q2	.	31.1	77.0	74.9	3.8	0.5	-2.2	-4.2	0.7	.

	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 Q2	-66.4	-24.9	-41.5	118.5	24.4	94.1	0.0	46.5	44.5	2.0
Q3	-12.7	-11.2	-1.5	100.2	14.3	85.9	1.0	42.9	40.3	2.6
Q4	-13.0	-2.2	-10.8	82.7	63.2	19.5	-16.1	49.5	47.6	2.0
1999 Q1	20.0	-13.1	33.1	105.3	3.7	101.6	2.9	64.7	58.6	6.0
Q2	-43.0	-11.9	-31.0	150.1	65.5	84.7	16.8	54.5	50.0	4.5
Q3	-4.6	-13.0	8.4	95.4	54.7	40.7	-0.4	57.7	52.9	4.8
Q4	89.3	50.7	38.6	-7.6	24.8	-32.4	-6.8	70.8	68.7	2.1
2000 Q1	11.0	26.9	-15.8	-13.2	-60.2	47.0	12.9	76.3	69.9	6.3
Q2	46.1	4.5	41.6	68.2	49.2	19.0	-9.7	56.7	52.1	4.6
Q3	80.0	19.6	60.4	150.9	142.6	8.4	-1.8	56.5	51.7	4.8
Q4	20.7	7.3	13.4	219.1	181.0	38.1	-4.0	58.4	59.1	-0.7
<i>Euro area enlargement</i>										
2001 Q1	130.1	92.7	37.5	62.3	25.8	36.6	24.7	59.5	54.2	5.3
Q2	-1.6	-34.9	33.4	43.2	38.7	4.5	6.4	56.1	53.1	3.0
Q3	38.6	-1.6	40.2	68.1	43.4	24.8	20.1	52.1	47.5	4.6
Q4	-3.9	-14.4	10.4	4.1	-23.4	27.5	7.3	70.0	65.7	4.2
2002 Q1	100.3	44.2	56.1	54.0	8.2	45.8	29.9	68.9	60.5	8.4
Q2	.	.	.	.	.	.	.	.	.	.

Source: ECB.

- 1) Most of the financial asset and liability categories defined in the ESA 95 are covered. Financial derivatives, loans granted by general government and non-financial corporations, unquoted shares, other equity and other receivables and payables are not included.
- 2) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.
- 3) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 4) 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)*
**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	
1998 Q2	118.2	111.3	-5.9	-3.7	-2.2	56.6	22.5	34.1	67.5	9.1	58.4	6.4
Q3	81.1	82.2	2.8	1.4	1.4	27.6	-15.0	42.6	50.7	1.2	49.4	-0.7
Q4	160.2	151.0	8.3	2.8	5.5	75.8	37.3	38.5	76.0	7.1	68.9	3.5
1999 Q1	89.6	75.6	-7.7	0.3	-8.0	21.1	23.3	-2.2	76.2	9.2	67.0	1.9
Q2	162.7	133.2	-4.1	2.7	-6.8	89.6	41.2	48.4	77.2	3.9	73.3	23.9
Q3	70.6	71.5	-14.7	-1.1	-13.6	17.3	-16.7	34.0	67.9	-0.3	68.2	8.4
Q4	170.4	146.6	15.1	4.2	10.9	86.4	34.0	52.4	68.8	8.8	60.0	-7.0
2000 Q1	141.6	108.8	-8.3	-0.9	-7.4	91.9	54.7	37.2	58.0	1.6	56.4	15.1
Q2	163.4	118.4	-5.9	0.9	-6.8	113.4	62.2	51.3	55.9	9.8	46.1	-0.8
Q3	132.1	91.6	-16.2	-2.1	-14.1	96.6	53.4	43.2	51.8	0.0	51.8	23.2
Q4	185.0	140.1	15.6	2.1	13.5	116.3	19.6	96.7	53.1	5.3	47.7	1.9
<i>Euro area enlargement</i>												
2001 Q1	95.4	78.2	-3.8	-0.5	-3.3	62.1	38.1	24.0	37.1	-4.2	41.3	9.2
Q2	104.5	88.0	-17.3	0.3	-17.7	64.7	20.9	43.7	57.2	6.1	51.1	33.5
Q3	83.6	57.9	-6.0	2.9	-8.9	50.6	-15.8	66.4	38.9	-4.1	43.1	-22.1
Q4	103.8	94.3	18.6	5.5	13.1	35.9	-18.0	53.9	49.3	2.2	47.1	4.4
2002 Q1	73.6	63.2	4.4	2.7	1.6	30.1	-4.0	34.0	39.1	-5.2	44.3	.
Q2	.	87.7	.	.	.	.	.	.	.	.	.	.

	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			
1998 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	73.9	60.5	1.1	59.4	13.4	10.4	3.0	10.8	6.6	2.3	
Q2	37.9	29.3	-7.4	36.7	8.5	0.6	8.0	34.4	-10.3	2.3	
Q3	55.9	37.8	-10.8	48.6	18.2	8.3	9.8	35.4	1.0	2.3	
Q4	-12.1	-19.7	-27.7	8.0	7.6	3.3	4.3	43.0	12.1	2.3	
2000 Q1	60.8	58.9	10.0	48.9	1.8	0.5	1.4	19.4	-2.2	1.9	
Q2	37.1	23.0	-1.0	23.9	14.1	10.2	3.9	29.7	0.0	1.9	
Q3	49.3	25.5	-2.7	28.2	23.8	7.2	16.6	72.2	-0.4	1.9	
Q4	-1.0	-17.7	-27.0	9.3	16.7	5.2	11.5	51.6	6.4	1.8	
<i>Euro area enlargement</i>											
2001 Q1	76.0	38.5	32.3	6.1	37.5	11.0	26.5	54.7	1.1	2.2	
Q2	86.1	60.3	10.7	49.6	25.7	11.0	14.7	46.5	0.4	2.2	
Q3	49.0	30.0	8.7	21.3	19.0	14.1	4.9	17.6	0.2	2.2	
Q4	6.2	-11.1	-22.1	11.0	17.3	-1.6	18.9	7.3	10.1	-0.5	
2002 Q1	110.8	96.7	21.5	75.2	14.1	6.9	7.2	10.9	9.3	2.4	
Q2	.	.	.	.	.	.	.	.	.	.	

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. Financial derivatives, loans granted by general government and non-financial corporations, unquoted shares, other 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	367.4	1,092.5	-751.6	26.4	0.1	1,527.6	0.7	484.6	222.1	420.9	164.6	201.1	33.7
1996	340.1	1,121.7	-783.6	1.6	0.4	1,729.6	-3.0	395.0	398.1	384.4	312.5	193.6	49.0
1997	352.2	1,138.2	-796.9	10.8	0.0	1,911.7	-0.2	393.4	331.9	446.4	482.9	222.1	35.2
1998	412.4	1,201.9	-822.8	33.1	0.2	2,369.5	11.0	430.2	361.7	511.0	815.5	209.7	30.3
1999	451.6	1,291.4	-861.6	21.6	0.2	3,037.3	1.3	552.2	432.3	883.1	914.0	255.2	-0.8
2000	495.8	1,387.0	-911.1	36.4	-16.4	2,767.4	1.3	349.7	257.4	802.7	1,109.4	250.5	-3.7
<i>Euro area enlargement</i>													
2001	462.6	1,434.2	-969.7	-2.3	0.5	2,501.4	-0.5	579.8	473.8	702.9	553.8	248.7	-57.0

	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	413.5	1,158.3	-751.6	6.8	1,481.5	477.7	277.7	380.7	139.9	205.6
1996	412.1	1,188.6	-783.6	7.1	1,657.6	472.4	378.0	335.1	275.8	196.2
1997	457.2	1,241.3	-796.9	12.8	1,806.7	509.2	319.0	375.6	373.1	229.8
1998	487.1	1,298.3	-822.8	11.6	2,294.8	645.9	322.5	472.8	634.2	219.4
1999	502.6	1,354.1	-861.6	10.1	2,986.3	925.8	493.3	749.8	554.9	262.5
2000	524.9	1,425.7	-911.1	10.4	2,738.3	531.2	411.2	822.7	720.3	253.0
<i>Euro area enlargement</i>										
2001	512.0	1,471.3	-969.7	10.5	2,452.0	669.8	472.9	574.7	485.3	249.3

**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	139.9	-87.3	126.0	90.6
1996	135.5	571.9	-439.0	262.1	54.4	-13.8	55.4	85.9	121.9	518.3	275.7	6.8	144.1	117.2
1997	156.0	598.0	-454.0	240.4	24.4	-12.7	46.1	94.0	109.1	527.5	287.4	12.1	154.2	111.5
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	597.1	24.5	58.7	176.8	302.6	109.5	555.1	706.0	47.7	414.8	228.7
2000	317.5	755.8	-525.3	802.0	70.5	69.5	167.9	412.8	94.8	577.3	1,024.8	56.4	539.0	425.2
<i>Euro area enlargement</i>														
2001	217.8	778.2	-558.8	564.3	81.0	53.5	143.3	191.1	80.1	593.6	701.9	99.6	332.5	263.1

**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	163.0	367.9	-207.3	430.9	185.2	82.4	1.2	178.6	457.1	624.2	136.9	135.8	3,445.0	18.1
1996	159.4	377.4	-218.5	438.8	145.6	24.3	93.6	189.0	436.9	637.3	161.3	160.1	3,520.0	18.1
1997	155.9	368.1	-213.1	425.3	69.1	-18.8	194.9	215.8	412.7	604.4	168.5	167.1	3,613.2	16.7
1998	163.7	378.1	-217.9	449.0	95.5	-115.5	290.2	204.4	400.0	584.4	212.7	211.4	3,727.3	15.7
1999	178.3	410.1	-231.1	479.8	115.3	6.7	205.3	242.7	389.3	575.8	268.8	267.3	3,854.5	14.9
2000	190.9	431.1	-241.2	418.0	52.1	83.2	129.5	242.9	387.1	583.5	221.8	220.1	4,004.3	14.6
<i>Euro area enlargement</i>														
2001	180.3	441.8	-260.1	408.2	178.8	102.4	73.3	234.4	418.2	628.5	170.3	168.4	4,185.6	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	48.2	47.7	12.8	10.1	2.6	14.3	0.6	16.4	8.5	4.9	2.4	0.6	0.3	43.8	
2000	47.9	47.3	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	47.3	46.7	12.6	9.9	2.5	13.9	0.6	16.0	8.4	4.8	2.3	0.6	0.3	42.9	

### 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					
							Social payments <sup>3)</sup>	Paid by EU institutions						
	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	49.5	45.4	10.7	4.7	4.2	25.8	22.5	2.0	0.5	4.1	2.5	1.6	0.1	45.3
2000	48.7	44.8	10.5	4.7	4.0	25.6	22.3	1.9	0.5	4.0	2.5	1.5	0.0	44.7
<i>Euro area enlargement</i>														
2001	48.7	44.5	10.4	4.8	3.9	25.4	22.2	1.9	0.5	4.2	2.6	1.6	0.0	44.8

### 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
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	0.1	0.4	2.9	20.0	10.7	4.7	5.1	1.7	-2.4	8.2	11.8
2000	-0.9	-1.3	-0.1	0.1	0.4	3.1	19.9	10.5	4.7	5.1	1.7	-2.4	8.1	11.8
<i>Euro area enlargement</i>														
2001	-1.5	-1.6	-0.4	0.1	0.4	2.5	19.9	10.4	4.8	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	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	16.2	14.8
1994	70.0	2.9	16.1	10.3	40.6	55.8	29.8	9.9	16.0	14.2
1995	74.2	2.9	17.7	9.9	43.8	58.3	30.5	11.0	16.9	15.9
1996	75.4	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	13.4	17.9
1998	73.1	2.8	15.1	7.9	47.3	53.3	27.0	16.2	10.2	19.8
1999	71.9	2.9	14.1	6.9	48.0	49.6	25.3	14.8	9.6	22.3
2000	69.4	2.7	13.0	6.2	47.5	45.8	22.8	13.3	9.7	23.6
<i>Euro area enlargement</i>										
2001	69.1	2.6	12.5	6.3	47.6	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	12.2	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	6.8	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	58.7	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	72.3	2.9	1.9
1996	75.4	63.0	6.1	5.9	0.5	10.2	65.2	6.3	19.2	25.4	30.8	73.5	2.7	1.9
1997	74.9	62.4	6.3	5.6	0.6	8.8	66.0	6.0	18.6	25.4	30.8	72.8	2.8	2.0
1998	73.1	61.1	6.3	5.4	0.4	7.7	65.4	5.5	16.4	26.1	30.7	71.4	3.2	1.7
1999	71.9	60.0	6.2	5.3	0.3	6.3	65.6	5.1	14.5	26.8	30.6	70.1	-	1.8
2000	69.4	57.9	6.1	5.1	0.3	5.5	63.9	4.5	14.4	27.4	27.6	67.6	-	1.8
<i>Euro area enlargement</i>														
2001	69.1	57.6	6.2	5.0	0.3	5.7	63.3	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	-1.6	-0.7	-0.7	3.2
2000	0.8	0.8	0.1	0.0	0.0	0.0	-0.5	-0.3	1.7	-1.5	-1.3	-0.8	2.4
<i>Euro area enlargement</i>													
2001	1.6	1.6	0.0	0.0	0.0	0.0	-0.1	0.4	1.2	0.6	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	-0.4	-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	-0.6	-0.9	0.2	0.3	0.2	0.0	0.2
2000	0.8	0.2	1.0	1.0	0.7	0.2	0.2	-0.1	-0.4	0.2	0.1	0.0	0.0	0.0
<i>Euro area enlargement</i>														
2001	1.6	-1.4	0.2	-0.3	-0.6	0.1	0.1	0.0	-0.3	0.2	0.0	0.0	0.0	0.5

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

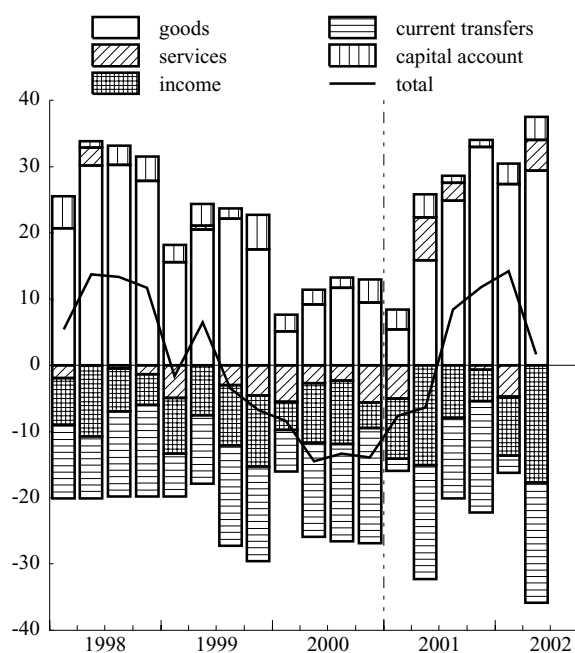
### Summary balance of payments <sup>1) 2)</sup>

(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 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
Q2	-1.8	29.4	4.6	-17.7	-18.2	3.5	-33.1	-2.7	57.7	-0.9	-94.2	6.9	31.5
2001 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
June	3.9	12.1	2.0	-3.4	-6.7	1.1	-36.9	-15.5	14.3	-1.1	-31.0	-3.5	31.9

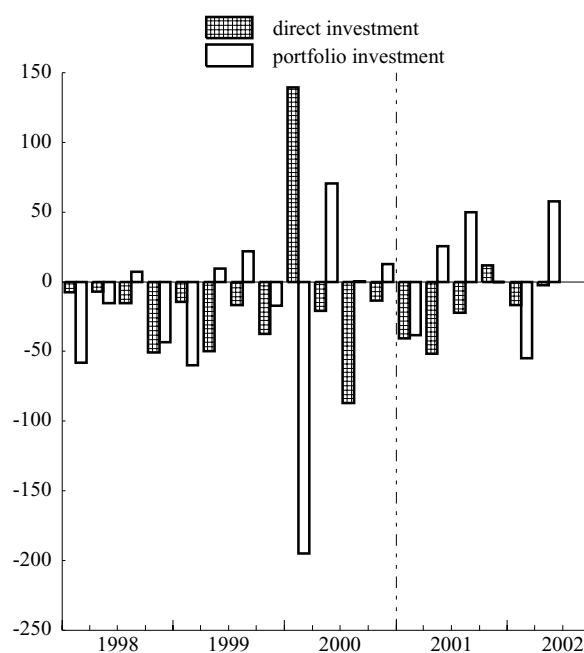
### Current and capital accounts

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



### Direct and portfolio investment

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



Source: ECB.

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

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

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

	Current account											Capital account	
	Total			Goods		Services		Income		Current transfers		Credit 12	Debit 13
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11		
1997	1,218.5	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 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
Q2	418.1	419.9	-1.8	261.0	231.6	80.8	76.1	61.9	79.6	14.3	32.5	5.0	1.6
2001 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
June	141.1	137.2	3.9	88.2	76.1	27.0	25.0	21.4	24.7	4.6	11.3	1.6	0.5

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

	Current account										
	Total			Goods		Services		Income		Current transfers	
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11
2000 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
Q2	412.0	413.3	-1.3	258.1	229.8	78.8	77.9	57.6	71.8	17.6	33.9
2001 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
June	139.5	138.1	1.4	89.2	79.1	26.0	25.8	18.4	22.2	5.9	11.0

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 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
Q2	-36.7	-23.1	-5.9	-17.2	-13.6	-0.2	-13.4	34.0	18.9	0.7	18.3	15.1	0.0	15.1
2001 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
June	-15.6	-11.0	-0.9	-10.1	-4.6	-0.2	-4.4	0.1	3.2	-0.2	3.5	-3.2	0.1	-3.3

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	7	8	9	10
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 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
Q2	-42.0	99.7	-14.4	26.4	-27.5	-19.6	-8.0	73.3	48.1	25.2
2001 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
June	-7.2	21.5	-5.7	-3.5	-1.5	1.2	-2.7	25.0	24.2	0.8

**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 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
Q2	0.0	-1.8	-12.6	.	.	-0.2	-7.7	-11.6	.	.	.	.	.	.	.
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	.	.
June	0.0	0.3	-6.0	.	.	-0.3	-5.9	7.4	.	.	.	.	.	.	.

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 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
Q2	-85.2	-9.0	-0.6	-3.5	-2.5	1.6	-63.2	-12.1	-7.4	20.6	-55.8	-32.7	-19.0	5.1
2001 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
June	29.8	-60.9	-0.1	1.3	-1.8	2.7	22.5	-67.7	2.4	4.5	20.2	-72.3	9.2	2.9

**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 denomi- nated in foreign currency
						Total	Currency and deposits		Securities				Financial deriva- tives			
							With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15		
<b>Eurosystem <sup>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	
July	371.9	124.6	400.199	4.8	26.6	216.0	9.9	37.9	167.7	-	-	-	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	
July	46.9	7.7	24.656	0.1	0.0	39.1	1.1	9.9	28.1	-	-	-	0.0	0.0	3.4	

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	1,061.3	482.6	235.2	284.7	927.4	988.3	553.3	171.3	218.3	717.0	101.9	104.7	98.0
2001 Q2	269.4	122.7	59.5	69.7	235.8	254.9	143.3	43.5	53.6	184.6	26.7	105.4	100.8
2001 Q3	258.4	117.8	55.8	71.5	225.6	234.7	131.7	37.8	55.2	168.6	26.9	105.5	97.7
2001 Q4	271.5	119.7	62.9	74.3	236.4	240.5	131.4	43.2	55.3	174.9	22.0	103.4	93.1
2002 Q1	256.8	112.2	53.7	71.2	224.4	234.5	128.1	38.7	54.5	173.1	22.3	106.5	93.9
2002 Q2	270.5	126.5	58.1	72.9	236.8	246.0	140.7	39.8	55.7	178.5	22.5	107.0	95.1
2002 Jan.	81.1	31.5	16.5	21.7	70.9	77.5	38.5	12.1	17.7	56.3	7.2	106.2	92.9
2002 Feb.	83.4	38.4	17.2	23.9	72.8	75.8	43.8	12.7	18.3	56.7	7.8	105.7	94.3
2002 Mar.	92.4	42.4	20.0	25.6	80.8	81.2	45.8	13.9	18.6	60.0	7.3	107.5	94.7
2002 Apr.	89.7	41.5	18.8	25.0	78.3	84.5	48.0	13.9	19.2	61.3	8.5	106.6	95.7
2002 May	90.0	42.6	18.9	24.2	78.5	81.4	47.0	13.0	18.4	58.8	8.5	108.1	95.1
2002 June	90.8	42.5	20.4	23.7	79.9	80.1	45.8	13.0	18.2	58.4	5.5	106.2	94.6
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	87.6	89.7
1999	2.2	2.8	-0.8	3.3	1.4	6.1	3.5	12.9	7.7	7.1	6.0	89.3	95.2
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	0.9	-2.9	3.0	2.0	1.0	-2.4	-4.3	-7.4	-4.7	-4.5	-3.2	100.9	99.9
2001 Q2	2.5	-1.8	3.3	2.2	2.9	-1.9	-4.4	-6.2	-5.4	-3.0	-2.8	100.7	100.3
2001 Q3	-0.4	-3.5	1.4	1.9	-0.1	-5.0	-6.3	-12.3	-4.0	-7.3	-3.3	100.8	99.5
2001 Q4	-3.8	-9.5	-2.2	-1.0	-4.6	-4.3	-6.5	-15.0	-5.0	-8.2	-3.4	99.2	98.4
2002 Q1	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Q2	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Jan.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Feb.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Mar.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Apr.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 May	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 June	.	.	.	.	.	.	.	.	.	.	.	.	.
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	103.9	100.6
2001 Q2	5.8	5.1	4.2	7.0	5.7	6.0	6.3	5.3	7.5	6.1	4.3	104.3	103.0
2001 Q3	3.1	0.8	2.3	6.6	3.0	-0.4	-2.3	2.4	5.3	2.2	-12.7	104.3	100.7
2001 Q4	0.2	0.2	0.5	2.0	1.1	-10.5	-12.6	-2.9	-0.2	-5.2	-34.0	103.9	97.0
2002 Q1	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Q2	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Jan.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Feb.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Mar.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 Apr.	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 May	.	.	.	.	.	.	.	.	.	.	.	.	.
2002 June	.	.	.	.	.	.	.	.	.	.	.	.	.

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

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

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

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

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

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

	Total 1	Total (s.a.) 2	United Kingdom 3	Sweden 4	Denmark 5	Candidate countries 6	Switzer- land 7	United States 8	Japan 9	Asia excl. Japan 10	Africa 11	Latin America 12	Other countries 13
Exports (f.o.b.)													
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	1,061.3	-	198.2	36.0	25.1	133.3	65.7	177.6	34.2	161.9	59.3	49.2	120.6
2001 Q2	269.4	264.2	50.6	9.0	7.2	33.5	16.6	45.0	8.3	40.2	15.2	12.7	31.1
Q3	258.4	264.5	48.6	7.9	5.8	32.1	16.0	43.5	8.2	39.8	14.3	12.1	30.1
Q4	271.5	259.2	49.8	9.4	6.1	34.7	16.1	44.1	8.6	42.3	15.5	12.4	32.3
2002 Q1	256.8	266.9	50.6	9.0	6.0	33.0	15.6	43.8	7.8	38.6	13.7	10.1	28.6
Q2	270.5	268.3	.	.	.	.	.	.	.	.	.	.	.
2002 Jan.	81.1	88.7	16.0	2.9	2.0	10.0	4.7	14.1	2.5	12.1	4.2	3.1	9.4
Feb.	83.4	88.4	16.4	2.9	1.9	11.0	5.2	14.0	2.5	12.2	4.4	3.2	9.6
Mar.	92.4	89.8	18.1	3.2	2.1	11.9	5.7	15.7	2.8	14.3	5.1	3.8	9.7
Apr.	89.7	89.1	17.0	3.3	2.0	12.0	5.4	15.1	2.6	13.8	5.0	3.7	.
May	90.0	90.4	15.0	2.7	1.8	12.7	5.5	14.9	2.5	14.1	5.3	3.6	.
June	90.8	88.7	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2002 June	-0.6	-	.	.	.	.	.	.	.	.	.	.	.
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	988.3	-	150.0	33.1	20.5	114.2	52.0	135.2	56.8	200.1	72.4	39.9	114.1
2001 Q2	254.9	258.1	38.8	8.5	4.9	28.7	13.0	35.7	15.4	50.1	18.6	11.0	30.1
Q3	234.7	250.1	34.9	7.5	5.0	27.8	11.9	30.6	12.6	49.3	17.7	10.0	27.5
Q4	240.5	238.3	37.9	8.4	5.5	29.2	13.7	31.7	12.9	48.2	16.4	9.2	27.4
2002 Q1	234.5	240.4	35.6	8.0	5.0	28.7	12.5	31.8	12.2	46.2	17.4	8.8	28.4
Q2	246.0	243.5	.	.	.	.	.	.	.	.	.	.	.
2002 Jan.	77.5	79.3	11.6	2.6	1.6	9.0	3.9	10.5	4.2	16.1	6.1	3.0	9.1
Feb.	75.8	80.4	11.6	2.6	1.6	9.6	4.4	10.2	3.8	14.3	5.7	2.7	9.4
Mar.	81.2	80.8	12.4	2.9	1.7	10.1	4.3	11.0	4.3	15.8	5.6	3.2	9.9
Apr.	84.5	81.7	12.3	3.0	1.7	10.3	4.6	11.3	4.6	15.7	5.9	3.7	.
May	81.4	81.1	11.1	2.4	1.5	9.9	4.3	10.6	4.3	15.7	5.8	3.3	.
June	80.1	80.7	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2002 June	-7.5	-	.	.	.	.	.	.	.	.	.	.	.
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	73.0	-	48.2	3.0	4.6	19.1	13.8	42.4	-22.5	-38.2	-13.1	9.2	6.5
2001 Q2	14.6	6.1	11.8	0.6	2.2	4.8	3.6	9.3	-7.1	-9.9	-3.5	1.7	1.0
Q3	23.7	14.4	13.7	0.5	0.8	4.4	4.1	12.9	-4.4	-9.6	-3.4	2.1	2.6
Q4	31.1	20.9	11.9	1.1	0.6	5.5	2.5	12.4	-4.2	-5.9	-0.9	3.2	5.0
2002 Q1	17.5	26.5	15.6	1.1	1.1	4.3	3.2	11.7	-4.5	-8.9	-3.7	1.0	-3.5
Q2	24.5	24.8	.	.	.	.	.	.	.	.	.	.	.
2002 Jan.	0.8	9.5	4.5	0.3	0.4	1.1	0.9	3.3	-1.7	-4.6	-1.9	0.0	-1.5
Feb.	5.5	8.0	5.3	0.5	0.3	1.5	0.9	3.8	-1.3	-2.8	-1.3	0.5	-1.8
Mar.	11.2	9.1	5.8	0.3	0.4	1.8	1.4	4.7	-1.5	-1.4	-0.5	0.5	-0.2
Apr.	5.2	7.5	4.7	0.3	0.3	1.8	0.8	3.8	-2.0	-2.0	-0.9	0.0	.
May	8.6	9.3	4.0	0.2	0.3	2.8	1.2	4.3	-1.8	-1.6	-0.5	0.3	.
June	10.7	8.0	.	.	.	.	.	.	.	.	.	.	.

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

1) Owing to differences in definitions 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	89.6	87.3	91.3	88.0	0.877	116.1	1.473	0.615	
Q2	88.8	91.7	91.3	-	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	89.3	-	91.1	87.7	0.870	116.2	1.477	0.612	
Mar.	86.8	89.6	89.3	-	91.2	88.1	0.876	114.7	1.468	0.616	
Apr.	87.2	90.1	89.8	-	91.7	88.4	0.886	115.8	1.466	0.614	
May	88.6	91.5	91.1	-	93.7	90.3	0.917	115.9	1.457	0.628	
June	90.6	93.5	93.0	-	96.4	92.6	0.955	117.8	1.472	0.644	
July	91.7	94.6	94.1	-	98.2	94.1	0.992	117.1	1.462	0.639	
Aug.	91.1	93.9	93.5	-	97.7	93.4	0.978	116.3	1.464	0.636	
% ch. vs. <sup>4)</sup> prev. month											
2002 Aug.	-0.7	-0.8	-0.7	-	-0.5	-0.8	-1.5	-0.7	0.1	-0.4	
% ch. vs. <sup>4)</sup> prev. year											
2002 Aug.	3.9	5.2	4.5	-	6.4	5.5	8.6	6.4	-3.3	1.5	

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
9.25	7.43	7.43	1.533	1.805	7.63	1,167.1	1.716	Aug.
-0.2	0.0	0.3	0.1	0.7	-1.5	-0.2	-1.3	% ch. vs. <sup>4)</sup> prev. month 2002 Aug.
-0.7	-0.2	-7.8	10.7	5.1	8.6	1.1	8.3	% ch. vs. <sup>4)</sup> prev. year 2002 Aug.

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 1	General government deficit (-)/ surplus (+) as a % of GDP 2	General government gross debt as a % of GDP 3	Long-term government bond yield <sup>1)</sup> as a % per annum 4	Exchange rate <sup>2)</sup> as national currency per ECU or euro 5	Current and new capital account as a % of GDP 6	Unit labour costs <sup>3)</sup> 7	Real GDP 8	Industrial production index <sup>4)</sup> 9	Standard- ised unemploy- ment rate as a % of labour force (s.a.) 10	Broad money <sup>5)</sup> 11	3-month interest rate <sup>1)</sup> as a % per annum 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	1.9	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	1.1	5.00
2001	2.3	2.5	44.5	5.08	7.45	2.5	3.7	1.0	1.6	4.3	5.7	4.70
2001 Q1	2.3	-	-	5.03	7.46	4.7	3.0	1.6	5.4	4.4	2.1	5.26
Q2	2.5	-	-	5.27	7.46	1.6	3.9	0.8	0.9	4.4	3.4	5.06
Q3	2.3	-	-	5.18	7.44	3.6	4.1	1.1	1.9	4.3	7.9	4.73
Q4	2.0	-	-	4.83	7.44	0.4	3.7	0.4	-1.3	4.2	9.6	3.77
2002 Q1	2.5	-	-	5.21	7.43	2.6	2.6	1.0	-3.2	4.2	2.4	3.63
Q2	2.1	-	-	5.36	7.43	1.9	0.8	2.2	4.1	4.2	2.8	3.71
2002 Mar.	2.5	-	-	5.40	7.43	-	-	-	-7.8	4.2	1.2	3.64
Apr.	2.3	-	-	5.40	7.43	-	-	-	7.3	4.2	3.1	3.67
May	1.9	-	-	5.42	7.44	-	-	-	2.6	4.3	3.2	3.73
June	2.2	-	-	5.27	7.43	-	-	-	2.6	4.2	2.1	3.73
July	2.2	-	-	5.13	7.43	-	-	-	-1.5	4.3	3.9	3.68
Aug.	2.4	-	-	4.87	7.43	-	-	-	.	.	.	3.58
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	7.1	6.8	3.32
2000	1.3	3.7	55.3	5.37	8.45	3.5	5.8	3.6	7.9	5.8	6.2	4.07
2001	2.7	4.7	56.0	5.11	9.26	3.4	4.4	1.2	-0.8	4.9	.	4.11
2001 Q1	1.6	-	-	4.83	9.00	3.4	2.9	2.7	5.6	5.1	0.2	4.10
Q2	3.0	-	-	5.20	9.13	2.2	5.5	1.0	-2.5	4.8	1.1	4.15
Q3	3.1	-	-	5.28	9.41	4.2	4.9	0.4	-2.5	4.8	2.6	4.34
Q4	3.0	-	-	5.12	9.48	3.9	4.5	0.7	-3.3	5.0	.	3.85
2002 Q1	2.9	-	-	5.42	9.16	4.5	3.5	0.4	-2.3	5.1	.	4.00
Q2	1.9	-	-	5.64	9.16	.	.	2.6	0.1	5.0	.	4.43
2002 Mar.	3.0	-	-	5.63	9.06	-	-	-	0.7	5.1	.	4.20
Apr.	2.2	-	-	5.69	9.14	-	-	-	0.2	5.1	.	4.38
May	1.7	-	-	5.69	9.22	-	-	-	1.5	5.0	.	4.46
June	1.7	-	-	5.53	9.11	-	-	-	-1.4	4.8	.	4.45
July	1.8	-	-	5.37	9.27	-	-	-	.	4.9	.	4.45
Aug.	.	-	-	5.14	9.25	-	-	-	.	.	.	4.41
United Kingdom												
1998	1.6	0.4	47.6	5.60	0.676	-0.5	2.9	2.9	0.9	6.1	9.7	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	39.6	4.90	0.633	-1.1	4.3	2.3	1.5	5.0	9.0	5.72
Q2	1.5	-2.1	39.6	5.18	0.614	-2.7	4.5	2.1	-1.6	4.9	7.5	5.30
Q3	1.5	1.4	38.8	5.13	0.619	-1.4	3.5	1.9	-2.7	5.0	7.8	5.00
Q4	1.0	-2.0	38.8	4.82	0.621	-2.5	3.4	1.5	-5.6	5.1	7.7	4.16
2002 Q1	1.5	2.7	37.8	5.13	0.615	-1.5	3.0	1.1	-5.6	5.1	6.1	4.08
Q2	0.9	-2.8	38.2	5.28	0.629	.	.	1.2	-4.3	.	6.0	4.17
2002 Mar.	1.5	-2.4	37.8	5.34	0.616	-	-	-	-5.8	5.1	5.7	4.13
Apr.	1.3	0.2	37.7	5.33	0.614	-	-	-	-4.1	5.2	5.8	4.17
May	0.8	-5.5	38.1	5.35	0.628	-	-	-	0.2	5.1	5.9	4.15
June	0.6	-3.1	38.2	5.17	0.644	-	-	-	-8.9	.	6.3	4.18
July	1.1	6.1	37.8	5.02	0.639	-	-	-	-2.0	.	5.8	4.06
Aug.	.	.	.	4.67	0.636	-	-	-	.	.	.	3.99

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**

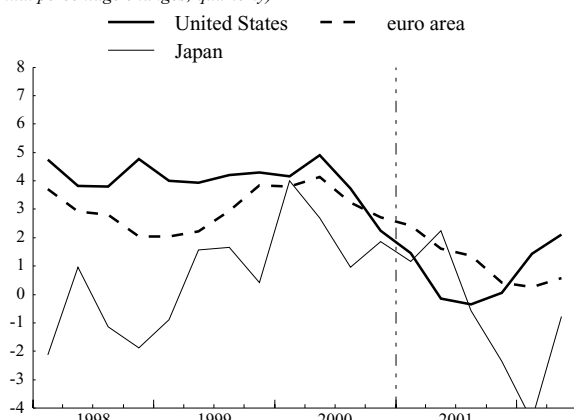
### Economic and financial developments

(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	0.4	4.3	5.9	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-1.1	4.1	4.2	4.2	7.6	5.42	5.64	1.066	0.7	50.4
2000	3.4	3.2	3.8	4.7	4.0	6.1	6.53	6.03	0.924	1.4	45.2
2001	2.8	0.6	0.3	-4.2	4.8	8.7	3.78	5.01	0.896	-0.5	45.3
2001 Q1	3.4	-0.9	1.5	-1.0	4.2	7.2	5.35	5.04	0.923	0.7	45.3
Q2	3.4	2.4	-0.1	-4.2	4.5	8.1	4.19	5.25	0.873	0.2	43.9
Q3	2.7	0.1	-0.4	-5.6	4.8	9.4	3.46	4.98	0.890	-1.7	44.5
Q4	1.9	0.9	0.1	-6.1	5.6	10.3	2.15	4.74	0.896	-1.0	45.3
2002 Q1	1.3	-0.6	1.4	-3.7	5.6	9.2	1.90	5.06	0.877	-2.9	45.6
Q2	1.3	-1.6	2.1	-1.2	5.9	7.7	1.92	5.08	0.919	-3.2	.
2002 Mar.	1.5	-	-	-3.0	5.7	8.5	1.99	5.28	0.876	-	-
Apr.	1.6	-	-	-2.2	6.0	7.3	1.97	5.21	0.886	-	-
May	1.2	-	-	-1.5	5.8	8.0	1.91	5.15	0.917	-	-
June	1.1	-	-	0.1	5.9	7.7	1.88	4.90	0.955	-	-
July	1.5	-	-	0.0	5.9	7.9	1.85	4.62	0.992	-	-
Aug.	.	-	-	.	5.7	.	1.78	4.24	0.978	-	-
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	0.1	-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	2.2	-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	-2.3	-13.5	5.4	3.2	0.08	1.35	110.5	.	.
2002 Q1	-1.4	6.6	-4.4	-10.9	5.3	3.6	0.10	1.46	116.1	.	.
Q2	-0.9	.	-0.8	-3.6	5.3	3.5	0.08	1.37	116.5	.	.
2002 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	-3.2	-	-2.1	5.4	3.5	0.08	1.38	115.9	-	-
June	-0.7	.	-	-2.5	5.4	3.4	0.07	1.36	117.8	-	-
July	-0.8	.	-	3.4	.	3.3	0.07	1.30	117.1	-	-
Aug.	.	.	-	.	.	3.5	0.07	1.26	116.3	-	-

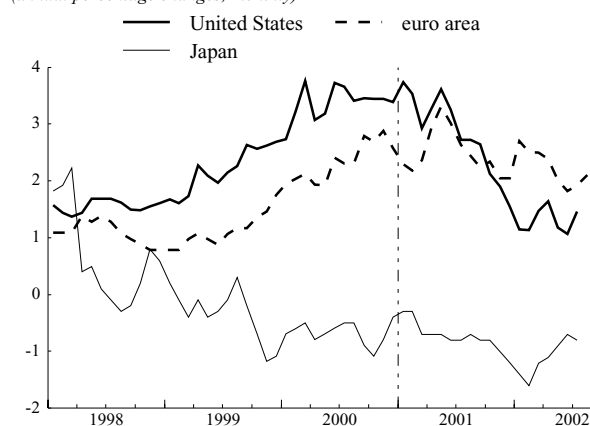
#### Real gross domestic product

(annual percentage changes; quarterly)



#### Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.

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

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

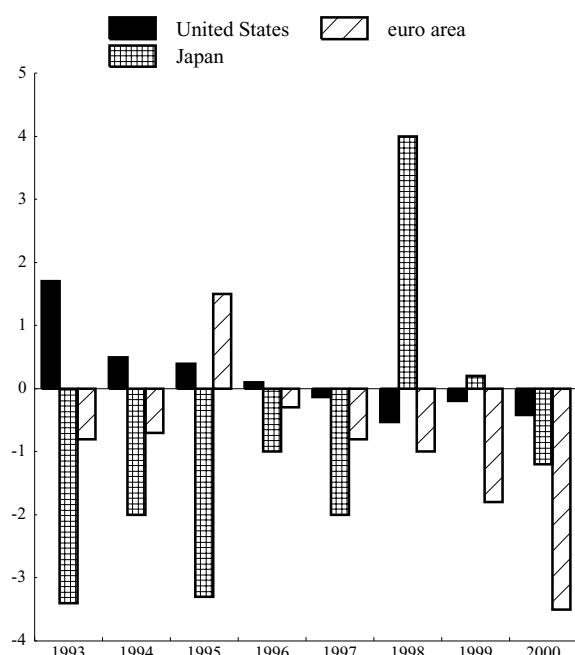
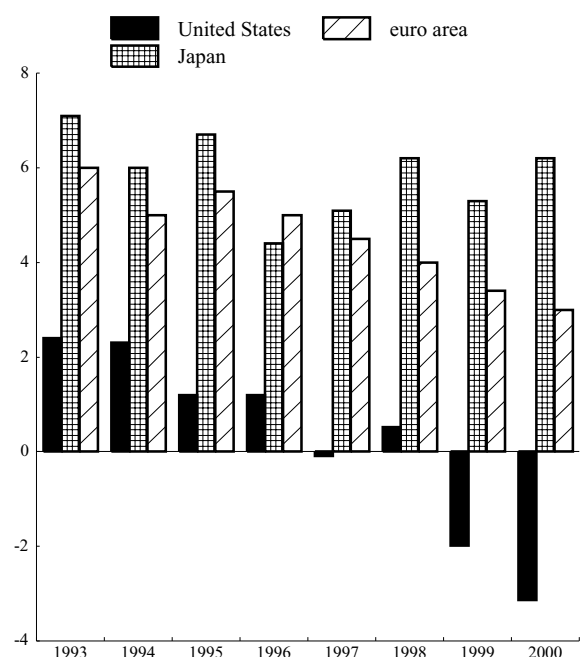
4) For more information, see Table 10.

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

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

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

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
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	-5.9	13.3	-8.3	-0.4	5.3	6.3	11.7	-0.9
1999	27.6	25.8	2.2	14.4	14.8	2.4	13.5	-3.5	1.7	5.2	5.1	11.1	0.2
2000	27.7	25.9	2.3	15.2	15.5	2.4	13.8	0.3	1.2	5.2	4.1	10.9	0.0
2001	.	27.5	.	.	.	-2.4	.	-5.8	1.7	.	3.0	.	-0.1
2000 Q2	23.5	23.7	2.6	.	.	-20.9	.	-17.2	2.5	.	8.7	.	-6.1
Q3	27.9	26.1	2.6	.	.	11.1	.	-1.0	-0.3	.	-0.4	.	1.2
Q4	27.2	26.9	1.8	.	.	7.0	.	12.7	2.7	.	7.4	.	0.5
2001 Q1	33.2	27.1	2.3	.	.	8.8	.	-2.4	2.2	.	-4.0	.	3.2
Q2	.	23.5	.	.	.	-28.0	.	-16.0	4.2	.	12.3	.	-4.7
Q3	.	26.1	.	.	.	6.4	.	-8.9	-1.1	.	-5.2	.	2.6
Q4	.	25.1	.	.	.	2.3	.	3.2	1.5	.	8.9	.	-1.5
2002 Q1	.	27.3	.	.	.	9.8	.	-6.5	-2.4	.	-6.3	.	2.4

**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 11 September 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.

2 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. The labour force estimates underlying the unemployment rate are different from the sum of the employment and unemployment levels published in Table 5.4.

## 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,  
12 September 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 TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system

## Payment flows in TARGET

In the second quarter of 2002, TARGET traffic increased slightly in terms of both value and volume compared with the previous quarter. The increase is more pronounced if the figures are compared with those for the second quarter of 2001, more so for domestic than for cross-border transfers. This is due to the merger in November 2001 of the EAF<sup>1</sup> system's traffic with the German system, RTGS<sup>plus</sup>.

The average daily number of payments processed in the second quarter of 2002 in TARGET as a whole, i.e. cross-border and

domestic payments taken together, and the average value of such payments increased by 1% compared with the first quarter of 2002. The total number of TARGET payments in the second quarter of 2002 reached a daily average of 251,340, representing a value of €1,551 billion.

At the domestic level, TARGET processed a daily average of 197,067 payments with a value of €1,062 billion, remaining at around the same level as in the first quarter of 2002. Domestic

<sup>1</sup> Euro Access Frankfurt.

**Table I**

### Payment instructions processed by TARGET and other selected interbank funds transfer systems: volume of transactions

(number of payments)

	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2
<b>TARGET</b>					
All TARGET payments					
Total volume	12,957,667	12,992,738	14,990,244	15,364,299	15,834,392
Daily average	208,995	199,888	237,940	247,811	251,340
Cross-border TARGET payments					
Total volume	2,789,449	2,854,823	3,045,061	3,188,285	3,419,144
Daily average	44,991	43,920	48,334	51,424	54,272
Domestic TARGET payments					
Total volume	10,168,218	10,137,915	11,945,183	12,176,014	12,415,248
Daily average	164,004	155,968	189,606	196,387	197,067
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	7,074,610	6,990,816	7,607,298	7,790,799	8,549,759
Daily average	114,107	107,551	120,751	125,658	135,710
Euro Access Frankfurt (EAF) <sup>1)</sup>					
Total volume	3,243,631	3,230,911	1,209,501	-	-
Daily average	52,317	49,706	48,380	-	-
Paris Net Settlement (PNS)					
Total volume	2,025,034	1,959,480	1,998,239	1,900,298	1,901,820
Daily average	32,662	30,146	31,718	30,650	30,188
Servicio Español de Pagos Interbancarios (SPI)					
Total volume	329,963	360,296	421,685	409,483	455,080
Daily average	5,322	5,543	6,693	6,605	7,223
Pankkien On-line Pikasiirrot ja Sekit-järjestelmä (POPS)					
Total volume	232,172	180,229	165,329	152,445	212,064
Daily average	3,745	2,773	2,624	2,459	3,366

1) The EAF system ceased operations on 2 November 2001 and its functions were taken over by the RTGS<sup>plus</sup> system.

payments in TARGET accounted for 68.5% and 78.4% respectively of the total value and volume of TARGET payments. The highest value on a single day in TARGET domestic payments was recorded on 28 June 2002 (the last day of the half-year), when a total of €1,489 billion were processed. In volume terms, 28 June was also the peak day, with a total of 286,899 payments. Analysing these payments in terms of value bands, 64% of the total number of domestic payments had a value of less than or equal to €50,000, while for higher-value payments, ranging from €1 million to €1 billion, the share was 12%. The share of domestic TARGET payments with a value above €1 billion was less than 0.1%.

Compared<sup>2</sup> with the first quarter of 2002, RTGS<sup>plus</sup> domestic traffic for the second quarter of 2002 increased slightly, by 1%, in terms of volume and remained stable in terms of value. If compared with the ELS<sup>3</sup> plus EAF figures in the second quarter of 2001, it decreased by 14% and 15% in terms of value and volume respectively.

- 2 In this comparison, the liquidity transfers between the home accounts of the participants at the Deutsche Bundesbank and their RTGS<sup>plus</sup> accounts have not been included, given that this kind of transaction did not exist in the ELS system and to enable a meaningful comparison between 2001 and 2002 figures.
- 3 Euro Link System; the former RTGS<sup>plus</sup> system of the Deutsche Bundesbank.

**Table 2**  
**Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions**  
*(EUR billions)*

	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2
<b>TARGET</b>					
All TARGET payments					
Total value	80,019	78,040	92,627	95,440	97,682
Daily average	1,291	1,201	1,470	1,539	1,551
Cross-border TARGET payments					
Total value	31,439	31,818	32,176	29,720	30,794
Daily average	507	490	511	479	489
Domestic TARGET payments					
Total value	48,580	46,222	60,451	65,720	66,888
Daily average	784	711	960	1,060	1,062
<b>Other systems</b>					
Euro 1 (EBA)					
Total value	13,164	12,533	12,445	11,961	12,045
Daily average	212	193	198	193	191
Euro Access Frankfurt (EAF) <sup>1)</sup>					
Total value	10,380	10,082	3,660	-	-
Daily average	167	155	146	-	-
Paris Net Settlement (PNS)					
Total value	5,700	5,393	5,399	5,061	5,079
Daily average	92	83	86	82	81
Servicio Español de Pagos Interbancarios (SPI)					
Total value	94	98	73	74	80
Daily average	2	2	1	1	1
Pankkien On-line Pikasiirrot ja Sekit-järjestelmä (POPS)					
Total value	113	89	92	92	100
Daily average	2	1	1	1	1

1) The EAF system ceased operations on 2 November 2001 and its functions were taken over by the RTGS<sup>plus</sup> system.

Compared with the first quarter of 2002, the volume of cross-border payments increased by 6% (averaging 54,272 payments a day), whereas the value grew by 2% (averaging a daily value of €489 billion).

During the second quarter, 28 June was also the peak day for TARGET cross-border payments in terms of both value (€683 billion) and volume (82,052 payments).

The ratio of customer payments to the average number of daily TARGET cross-border payments increased to 46% in terms of volume and 4% in terms of value. The average value of customer payments decreased slightly to €0.8 million and the average value of interbank payments decreased to €15.9 million. The continued increase in customer payments, most significantly in volume terms (+8% compared with the first quarter of 2002, +42% compared with the second quarter of 2001), remains one of the most notable trends in TARGET cross-border flows. In terms of value bands, 54% of total cross-border payments had a value of less than or equal to €50,000, while for higher-value payments, ranging from €1 million to €1 billion, the share was 19%. The share of TARGET cross-border payments with a value above €1 billion was less than 0.1%.

### **TARGET 2002 release**

Preparations and testing for a new TARGET release, which will go live in November 2002, have continued according to schedule. This release will involve the introduction of SWIFT standards focusing on new message validation rules to be added to the MT103 and MT103+. Additional straight-through processing (STP) features will be introduced for the MT103+, such as the validation of the IBAN<sup>4</sup> (International Bank Account Number).

### **Involvement of TARGET in CLS live trials**

On Monday, 13 May 2002, the CLSB (Continuous Link Settlement Bank) launched its first trial phase known as “End-to-End Functionality Trialling” involving a small subset of prospective CLS members. While the purpose of this phase was to prove the operational capability of the CLS production service, the following period, entitled “Controlled Scripted Live Trials”, which began on Monday, 8 July 2002, was intended to check that all prospective CLS members can participate in CLS live operations from an operational perspective. Euro settlement-related payments were processed successfully during both trial periods via TARGET. CLS live operations began on 9 September 2002.

### **TARGET at Sibos, Geneva (30 September –4 October 2002)**

TARGET has attended the Sibos fair, which is organised by SWIFT, since 1998. This year, the ECB, together with the Deutsche Bundesbank, the Banco de España, the Banque de France, Banca d'Italia and De Nederlandsche Bank, will present the financial services of the Eurosystem, of which TARGET forms the centrepiece. The Eurosystem's presence at Sibos offers its audience a unique opportunity to find out more about the euro, the financial services of the euro area and, in particular, TARGET.

Further information on the TARGET system is available in the “TARGET” section of the ECB's website.

<sup>4</sup> The IBAN is an international standard account identifier for identifying an account held by a financial institution in order to facilitate automated processing of transactions.



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