



EUROPEAN CENTRAL BANK

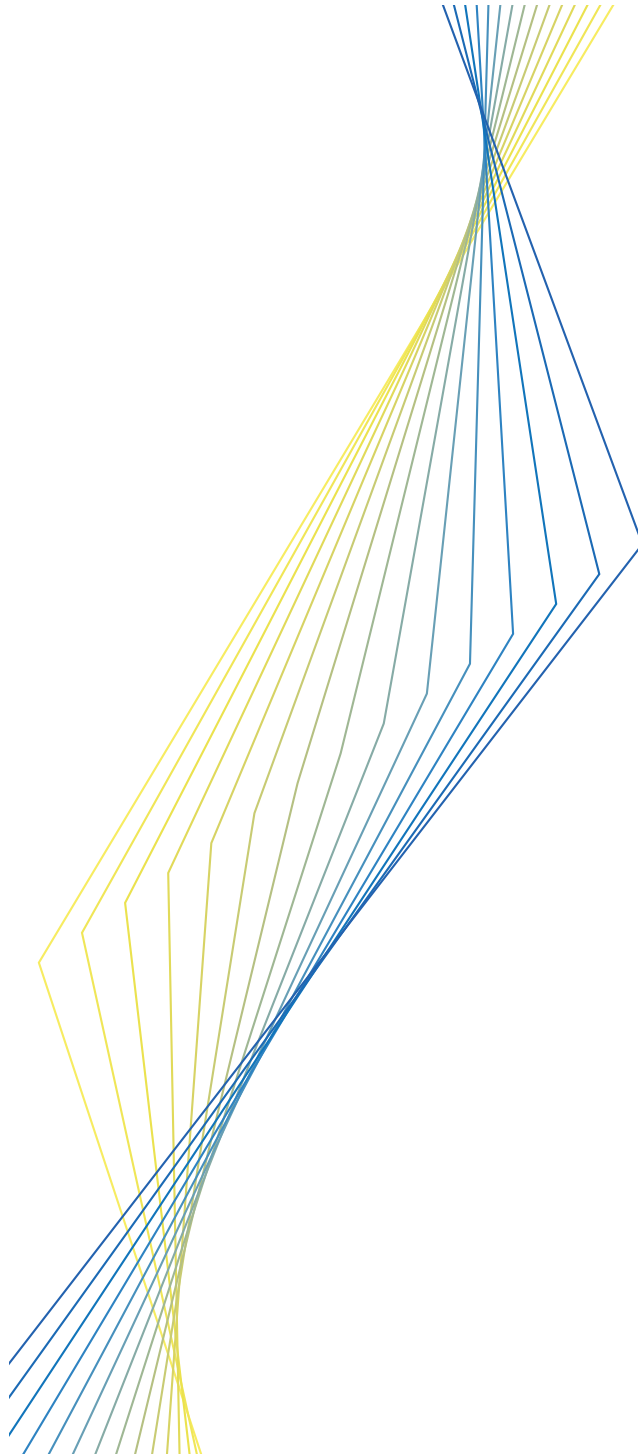
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**M O N T H L Y
B U L L E T I N**

October 2003



EUROPEAN CENTRAL BANK



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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
EMU	Economic and Monetary Union
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
ULCT	unit labour costs in the total economy

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 2 October 2003, the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem unchanged at 2.0%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged at 3.0% and 1.0% respectively.

The decision to leave interest rates unchanged reflects the Governing Council's assessment that the outlook for price stability over the medium term remains favourable. The Governing Council thus regards the current historically low level of ECB interest rates as appropriate. This level of interest rates also lends ongoing support to economic activity. The Governing Council will continue to carefully monitor all factors that might affect this assessment.

Starting with the economic analysis, real GDP in the euro area was virtually stagnant in the first half of this year. However, the latest data and information are consistent with a moderate pick-up in activity in the second half. Survey and production data indicate that economic activity might have firmed somewhat in the third quarter, and confidence indicators available up to September generally point to some improvement in economic expectations. In line with available forecasts and projections, the economic upturn should gradually strengthen in the course of 2004.

Externally, the recovery in world economic activity appears to be proceeding. This should support demand for euro area exports, counteracting the effects of the deterioration in price competitiveness. Domestically, companies seem to be continuing their adjustment efforts to enhance productivity and profitability. This, together with the low level of interest rates and generally favourable financing conditions, should contribute to a recovery in investment. Terms-of-trade effects stemming from the appreciation of the euro positively affect real disposable income in the euro area and should facilitate a pick-up in consumption growth. Developments in

financial markets are broadly consistent with the overall picture of a gradual resumption of economic growth.

For the near future, risks to the main scenario of a gradual recovery appear to be broadly balanced. However, some risks to the sustainability of economic growth at the global level remain, owing to unresolved structural problems and persistent macroeconomic imbalances in major industrialised countries.

Turning to the outlook for prices, according to Eurostat's latest flash estimate, annual HICP inflation in September was 2.1%, unchanged from August. For the remainder of this year, HICP inflation should hover at around 2%. Exchange rate developments help to contain short-term upward pressure on prices, while higher unprocessed food prices related to the hot and dry weather conditions in some euro area countries could imply some limited upward risk over the next few months. For early 2004, there is still some uncertainty about the precise impact on HICP inflation of planned increases in indirect taxes and administered prices in a number of euro area countries.

Looking beyond the short term, inflation continues to be expected to fall below 2% in 2004 and to remain in line with price stability thereafter. This expectation is based on the assumption of moderate wage developments in the context of a gradual economic recovery. Moreover, the moderation in import prices, which is also reflected in current subdued price pressures at the producer level, should continue to dampen consumer price increases. It should also be noted that long-term inflation expectations in the euro area remain at levels below but close to 2%.

Turning to the monetary analysis, the strong monetary growth over the past two years has been fuelled by portfolio shifts, precautionary savings and the low level of interest rates. The latter factor also provided a counterweight to the negative impact of

weak economic growth on loan developments. In fact, there are signs of a pick-up in the growth rates of loans to the private sector.

At the current juncture, the accumulation of excess liquidity is not a cause for concern given the subdued economic growth in the euro area. However, if it were to persist in conjunction with a significant strengthening of economic activity, it could lead to inflationary pressures in the medium term.

Summing up and cross-checking the information from the two pillars, the economic analysis continues to confirm the expectation that price pressures will remain subdued in the coming years, in the context of a gradual economic recovery and moderate import price and wage developments. In view of the economic situation, the strong monetary expansion should not be seen as adversely affecting this outlook for the time being. Overall, therefore, the medium-term outlook for price stability remains favourable.

As regards fiscal policy, recent developments give rise to serious concerns. There is growing evidence that most countries will miss their budgetary targets for 2003 by a significant margin, and, in a number of cases, budgetary plans for 2004 are not reassuring. While the deterioration of budgetary balances mainly reflects the lower-than-anticipated economic growth, it is worrying to see that not all countries with severe imbalances have so far introduced sufficient consolidation measures. It is fundamental that the credibility of the institutional underpinnings of EMU be maintained.

In this respect, the Treaty and the Stability and Growth Pact provide an appropriate framework for maintaining fiscal discipline,

within adequate bounds of flexibility. Far from being a mechanical scheme to constrain fiscal policies, the excessive deficit procedure establishes a sequence of incentives for countries to prevent and correct severe budgetary imbalances. At each instance of this sequence, a country's fiscal efforts and changes in the economic environment are assessed and taken into account in the design of further steps. Countries are therefore continuously made aware of the risks and costs arising from any delay in taking policy action to preserve the sustainability of public finances. To maintain the credibility of the fiscal policy framework it is essential to fully abide by its rules and to implement them in every respect. Doing so and complying with the requirements of the ECOFIN Council will lead to positive confidence and growth effects, which can be strengthened if fiscal plans are part of a comprehensive and credible medium-term strategy with emphasis on structural expenditure reform.

Finally, more reforms are urgently needed to reduce structural rigidities in labour and product markets so as to address the main economic problem of the euro area, namely the high level of structural unemployment. Moreover, current efforts to set in motion important changes in pension and health systems as well as in other areas in order to prepare for the ageing of society are of immense significance in ensuring the sustainability of our social security systems.

This issue of the Monthly Bulletin contains two articles. The first reviews recent developments in the financial structures of the euro area, focusing on the changing roles of financial intermediaries and financial markets. The second gives an overview of the ongoing process towards the integration of financial markets in the euro area.

Economic and monetary developments in the euro area

I Monetary and financial developments

Monetary policy decisions of the Governing Council of the ECB

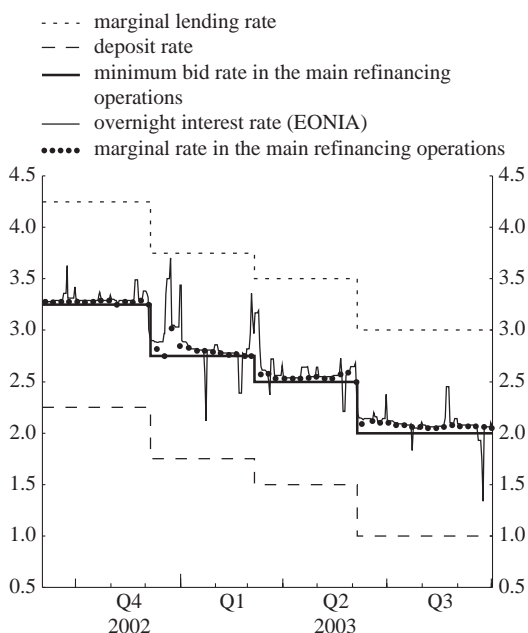
At its meeting on 2 October 2003, the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations, conducted as variable rate tenders, unchanged at 2.0%. The interest rates on both the marginal lending facility and the deposit facility were also kept unchanged, at 3.0% and 1.0% respectively (see Chart 1).

M3 growth declined in August

Monetary dynamics moderated somewhat in August. As a consequence, the annual growth rate of the broad monetary aggregate M3 declined to 8.2% in August 2003, down from 8.6% in the previous month (see Chart 2). The three-month average of the annual growth rates of M3 stood at 8.4% in the period from June to August 2003, compared with 8.5% in the period from May to July 2003.

Chart 1 ECB interest rates and money market rates

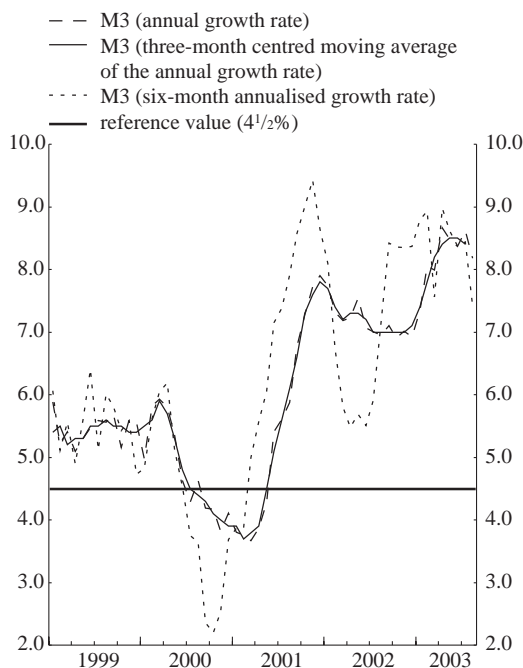
(percentages per annum; daily data)



Sources: ECB and Reuters.

Chart 2 M3 growth and the reference value

(adjusted for seasonal and calendar effects)



Source: ECB.

While monthly developments are volatile and should not be overemphasised, the moderation in monetary dynamics in August might indicate some portfolio reallocation from money into longer-term financial assets in an environment of improved financial market conditions. It will be important to see whether the latest developments find further confirmation over the next few months. In any case, liquidity remains very ample and there is at present significantly more liquidity in the euro area than needed to finance non-inflationary economic growth. The accumulation of excess liquidity is not a concern in view of the current environment of subdued economic growth in the euro area. However, if it were to persist at the time of a significant strengthening of economic activity, this ample liquidity could lead to inflationary pressures in the medium term. Therefore, the extent of the reversal of past portfolio shifts and the possibility of excess liquidity feeding into aggregate spending at a time of stronger economic growth are both factors which have to be monitored closely (see Box 1).

Box I

What could happen with the accumulated excess liquidity in the euro area?

Ample liquidity in the euro area

Over recent years, M3 has grown significantly above the reference value of 4½% which has been set by the Governing Council of the ECB and which refers to the annual growth rate of M3 compatible with price stability over the medium term. As a consequence of the strong M3 growth, there is now significantly more liquidity in the euro area economy than is needed to finance non-inflationary growth. This can be illustrated by constructing measures of money gaps which show the cumulative deviations of M3 growth from the reference value over a number of years. The nominal money gap measure in the chart refers to the difference between the actual level of M3 and the level of M3 which would have resulted from M3 growth at its reference value (4½%). The chart uses December 1998, the month before the start of the single monetary policy, as the base period. The real money gap measure 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. The latter indicator takes into account

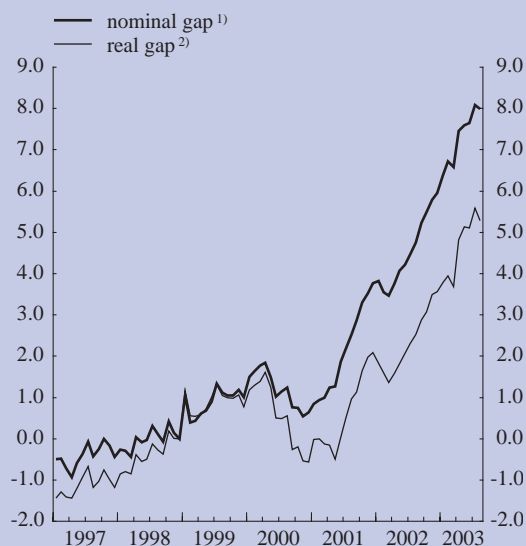
the fact that part of the excess liquidity which has accumulated over the past few years has in the meantime been absorbed by higher prices, reflecting upward deviations of inflation rates from the price stability objective. For this reason, the measure of the real money gap shows a lower amount of excess liquidity. Although the choice of base period for these indicators is rather arbitrary, there is clear evidence that very large amounts of excess liquidity have accumulated over the past two years (see the chart).

Motives underlying the accumulation of excess liquidity

The question thus arises as to what will happen with these high amounts of excess liquidity. In this respect the motives underlying the build-up of liquidity can provide an initial indication. First, the current situation of ample liquidity in the euro area is to a significant extent associated with past portfolio shifts, most of which occurred between mid-2001 and early 2003 in the context of high stock market volatility and the continuous decline in stock prices. These parked funds could in general be expected to be reallocated to longer-term financial assets or real estate once the financial market uncertainty recedes. Second, the low level of interest rates and thus opportunity costs of M3 have fuelled the holding of liquid funds. Part of these funds may be used for transaction purposes in the future. Finally, increased precautionary savings in view of uncertain economic and employment prospects also appear to have played a role. This part of the accumulated money holdings could be expected to be either reallocated to longer-term financial assets or real estate or used for spending once the outlook for employment improves.

It is difficult to identify the amounts held for each of these three purposes, as economic agents obviously do not “ earmark ” the various parts of their money holdings according to these motives. Furthermore, it can be

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 a level compatible with the definition of price stability, taking December 1998 as the base period.

assumed that the use of liquid assets depends on the underlying economic conditions, with the result that e.g. liquid assets initially held for portfolio reasons may be used for transaction purposes when the economic outlook improves. The rest of this box describes in more detail the possible macroeconomic impacts of the different uses of the accumulated excess liquidity.

Macroeconomic effects of possible uses of excess liquidity

As noted above, one possibility is that part of the accumulated excess liquidity will be invested in longer-term financial assets, in equity or debt securities, either directly or indirectly via investment funds. If the non-MFI sector as a whole were to reallocate its portfolio, either the resident MFI sector or agents outside the euro area would have to act as counterparts. If this happens, excess liquidity would decline. While this would weaken concerns for price stability, the readjustment of portfolios may, under certain circumstances, have an impact on asset prices. The subsequent influence on spending (via wealth effects or a possible improvement in financing conditions) should, however, be limited. How quickly a reversal of portfolio shifts would lead to a decline in excess liquidity depends crucially on whether the private non-MFI sector only adjusts its investment behaviour in terms of new savings or also adjusts the amounts outstanding of the different components of its investment portfolio. Given the high degree of liquidity of portfolios, the reversal of past portfolio shifts could easily relate to both new savings and level adjustments. Thus, in principle, the decline in excess liquidity could be relatively steep. However, the experience of the past few months, in which the reallocation of liquid funds to equity remained limited, indicates that the adjustment may also be rather slow. One reason for this could be that households are now more reluctant to invest in equity markets since they experienced substantial losses in these markets from mid-2000 to early 2003.

An alternative to investing excess liquidity in financial assets is buying real estate. In this case, basically the same considerations apply as above. However, as it is highly likely that real estate would be traded between resident non-MFIs, excess liquidity is unlikely to decline (and might even increase if additional loans are taken up to finance housing), and there will most probably be a positive impact on housing prices, which could then, via wealth effects, also affect spending.

The excess liquidity could also lead directly to higher spending, in particular once the economic recovery gains momentum. While this is obvious for the part of the accumulated excess liquidity held for transaction purposes, part of the money holdings originating from speculative or precautionary motives could also, over time, become transaction balances. Since it is most likely that the private non-MFI sector would increase its demand mainly for domestic goods and services, the resulting rise in aggregate spending would not only contribute to a gradual absorption of the excess capacity in the euro area economy but might also pose a risk to HICP inflation in the medium term.

Finally, it cannot be entirely ruled out that the current situation of ample liquidity to some extent reflects a change in the money demand behaviour of economic agents, i.e. an increase in the desired level of money holdings. Such a structural shift in money demand would mean that, at present, the money gap measures are overestimating the excess liquidity in the euro area. However, it is difficult to identify factors which could have induced such an upward shift in money demand over the last two years. (For example, there is little evidence that specific financial innovations or changes in the tax treatment of particular financial instruments have increased the attractiveness of money holdings during this time.) Therefore, it seems rather unlikely that a large part of the excess liquidity can be attributed to such a structural change.

Conclusions

In sum, whether or not inflationary pressures will stem from the excess liquidity in the euro area depends on the purposes for which this excess liquidity is used. Should most of the accumulated money holdings be reallocated towards equity or longer-term debt security markets before economic activity strengthens significantly, there would be less cause for concern regarding the inflationary outlook, although asset prices might increase more strongly. However, if there is still considerable excess liquidity at a time of strong economic growth, the

likelihood of it being used, over time, for transaction purposes would increase, and the resulting higher aggregate demand may imply inflationary risks in the medium term.

Recent developments do not yet allow us to assess which use of excess liquidity will dominate in the future. Despite a tendency towards a normalisation of stock market conditions and the decline of geopolitical tensions in recent months, the reallocation of portfolios towards equity and equity funds has remained limited. Moreover, developments in bond markets over most of this year may have also reduced – at least temporarily – the attractiveness of longer-term fixed income investments. Overall, this analysis confirms that a close monitoring of developments in excess liquidity and its possible uses is needed in order to detect possible inflationary pressures and take appropriate monetary policy decisions in a timely manner.

Turning to the main components of M3, the annual growth rate of the narrow monetary aggregate M1 increased in August to 11.8%, from 11.6% in July (see Table I). Among its components, the annual rate of growth of currency in circulation was 28.8%, compared with 30.3% in the previous month. The short-run dynamics of currency in circulation remained relatively strong and continued to reflect the rebuilding of currency holdings both inside and outside the euro area after the euro cash changeover. The annual rate of growth of overnight deposits increased to 9.3% in August, from 8.9% in the previous month. The persistently strong dynamics of

overnight deposits are likely to be mainly related to the low level of their opportunity costs.

As for the other components of M3, the annual rate of growth of short-term deposits other than overnight deposits declined to 5.5% in August, from 5.8% in July. This reflected the decrease in the annual rate of change of deposits with an agreed maturity of up to two years to -1.9%, down from -1.1% in July. By contrast, the annual growth rate of deposits redeemable at a period of notice of up to three months increased further to 11.2%, from 11.0% in the previous

Table I
Summary table of monetary variables in the euro area

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

	2002 Q4	2003 Q1	2003 Q2	2003 May	2003 June	2003 July	2003 Aug.
M1	8.8	10.3	11.4	11.4	11.4	11.6	11.8
<i>of which: currency in circulation</i>	12.9	39.1	35.7	34.3	31.9	30.3	28.8
<i>of which: overnight deposits</i>	8.1	6.6	8.1	8.3	8.5	8.9	9.3
M2 - M1 (= other short-term deposits)	4.9	4.4	5.4	5.9	5.6	5.8	5.5
M2	6.7	7.1	8.2	8.5	8.4	8.5	8.5
M3 - M2 (= marketable instruments)	8.5	10.5	9.8	8.7	8.5	9.1	6.3
M3	7.0	7.6	8.4	8.5	8.4	8.6	8.2
Longer-term financial liabilities (excluding capital and reserves)	5.2	5.0	5.2	5.2	5.2	5.5	5.6
Credit to euro area residents	4.1	4.2	4.7	5.0	4.8	5.3	5.4
Credit to general government	2.0	2.1	3.5	4.3	3.6	4.6	4.8
<i>of which: loans to general government</i>	-1.2	-1.2	-0.5	-0.2	-0.4	0.8	1.4
Credit to other euro area residents	4.7	4.8	5.1	5.2	5.1	5.5	5.5
<i>of which: loans to the private sector</i>	4.8	4.9	4.6	4.6	4.5	4.9	5.0

Source: ECB.

month. These divergent developments probably reflect the narrowing of the spread between the retail interest rates on these types of deposit in recent months, which reduced the attractiveness of time deposits over savings deposits.

The annual growth rate of marketable instruments included in M3 fell significantly to 6.3% in August, from 9.1% in July. This was due to a decrease in the annual rate of change of all the components: repurchase agreements (to -2.9%, from 0.7% in July), money market fund shares/units (to 15.4%, from 18.2% in July) and debt securities issued with a maturity of up to two years (to -15.1%, from -13.7% in July). These developments suggest that, even though it is too early to draw any firm conclusions, some reallocations out of the short-term safe assets included in M3 might have occurred in August.

Regarding the counterparts of M3 in the MFI balance sheets, the annual rate of growth of MFIs' longer-term financial liabilities (excluding capital and reserves) increased slightly to 5.6% in August, from 5.5% in the previous month.

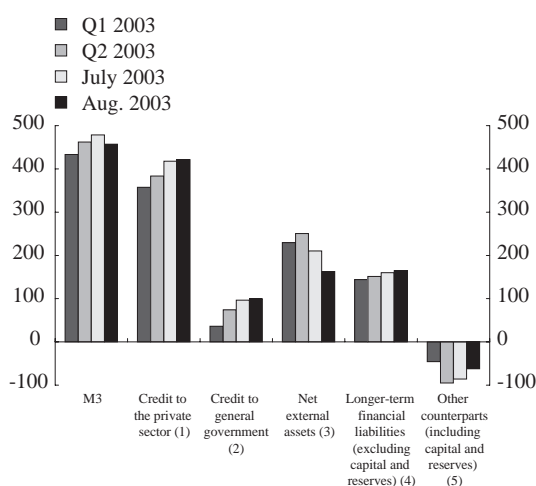
Annual growth of loans to the private sector increased slightly in August

Turning to the asset side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents was 5.4% in August, compared with 5.3% in July. This reflected a rise in the annual growth rates of credit extended to general government to 4.8%, from 4.6% in the previous month. At the same time, the rate of growth of credit extended to the private sector remained unchanged at 5.5%. Among the components of the latter item, shorter-term dynamics of loans have strengthened over recent months, which might be a tentative indication of a pick-up in loan growth. As a consequence, the annual rate of growth of loans to the private sector rose slightly to 5.0%, from 4.9% in July.

Chart 3

Movements in M3 and its counterparts

(annual flows, end of period; EUR billions; adjusted for seasonal and calendar effects)



Source: ECB.

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

In August 2003, the net external asset position of the euro area MFI sector decreased by €41 billion, in absolute and seasonally adjusted terms. Over the 12 months up to August 2003, the net external assets of the MFI sector increased by €163 billion, compared with €210 billion over the 12 months up to July 2003 and €251 billion over the 12 months up to June 2003. According to balance of payments data (available up to July), the recent decline in net external assets might be attributable mainly to higher purchases of foreign bonds by euro area residents and sales of euro area bonds by non-residents.

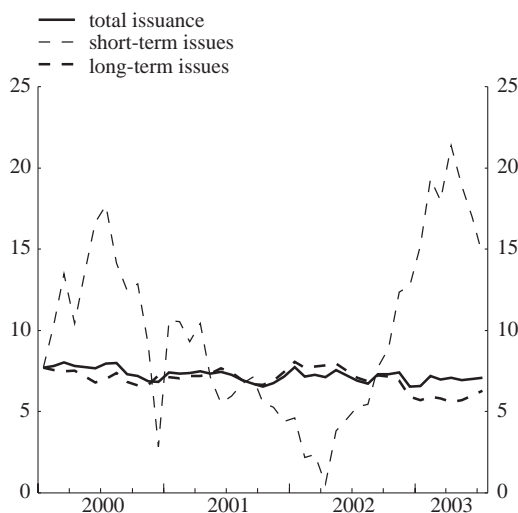
Debt securities issuance was stable in July

The annual growth rate of the amount outstanding of debt securities issued by euro area residents increased slightly to 7.1% in July, as compared with 7.0% in June. Underlying this was an increase of 0.3 percentage point in the annual rate of growth of the amount outstanding of long-term debt securities, to 6.3% in July. The annual growth rate of the amount outstanding

Chart 4

Maturity breakdown of debt securities issued by euro area residents

(annual percentage changes)



Source: ECB.

Note: Annual growth rates are based on financial transactions and are corrected for reclassifications, revaluations, exchange rate variations and other changes that do not arise from transactions.

of short-term debt securities declined by 2.3 percentage points to 14.6% in July (see Chart 4).

The currency breakdown shows that the annual rate of growth of the amount outstanding of euro-denominated debt securities issued by euro area residents, at 6.7% in July, remained broadly unchanged in relation to the previous month. The annual rate of growth of non-euro-denominated debt securities decreased to 10.9% in July, from 11.2% in June.

Turning to the sectoral breakdown of euro-denominated debt securities issuance, the annual growth of the amount outstanding of debt securities issued by MFIs was 4.3% in July, which was 0.6 percentage point higher than in the previous month. Underlying this was an increase in the annual rate of growth of the amount outstanding of long-term securities to 3.0% in July, from 2.0% in June. By contrast, the annual growth of the amount outstanding of short-term debt securities issued by MFIs decreased by 2.6 percentage points to 16.1%. On a consolidated basis, there was an increase of 7.5% in the annual growth rate of long-term debt securities issued by MFIs, contributing to an increase in the availability of long-term funds on the MFI balance sheet.

In the private non-MFI sector, which includes both non-monetary financial corporations and non-financial corporations, the annual rate of growth of the amount outstanding of euro-denominated debt securities decreased by 0.4 percentage point to 21.6% in July.

Among the two subsectors, the annual rate of growth of the amount outstanding of euro-denominated debt securities issued by non-financial corporations decreased from 14.5% in June to 13.2% in July, interrupting the upward trend observed over the previous six months. However, the growth rate remains relatively high, reflecting the increasing importance of the corporate bond market in recent years (see Box 2).

Box 2

The relationship between intermediated and debt securities financing of non-financial corporations in the euro area

The euro area financial system is largely influenced by banks in the sense that a major part of the investment and financing decisions of the non-financial sectors are carried out through financial intermediaries, notably through banks (see ECB, "Report on Financial Structures", October 2002). However, securities markets have been growing in importance over recent years and among the catalysts for this was the introduction of the euro, which enhanced the opportunities and incentives for larger euro area corporations to tap the corporate bond markets on an area-wide scale, paving the way for the opening up of this financing channel, which previously was relatively insignificant.

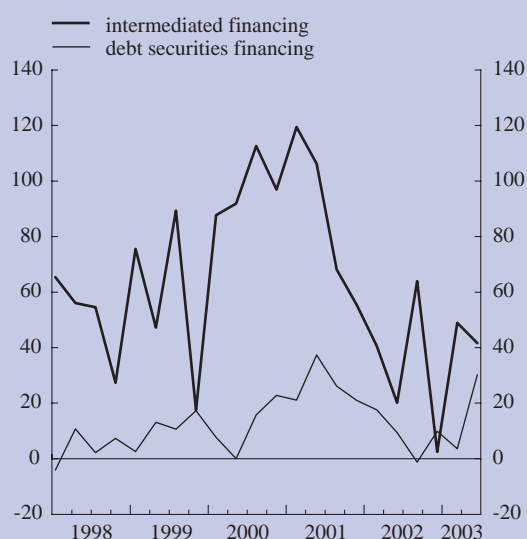
As financial systems become more diversified, they can, by providing multiple avenues of finance, enhance the stability of overall financing flows to corporations. This box analyses the extent to which the emergence of a euro area-wide corporate bond market has increased the sources of finance for euro area corporations, and hence whether the financial system has become sufficiently diverse to allow other segments to take over when difficulties in providing finance arise in one part of the system.

Apart from the introduction of the euro, the rapid development of the corporate debt market in the euro area in recent years was supported by a number of partly exogenous factors. In particular, the wave of mergers and acquisitions which occurred in the late 1990s and the acquisitions by telecommunications companies in the euro area of UMTS licences in 2000 generated large financing needs. As the market developed and deepened, it provided more and more large euro area companies with the capability of tapping the bond markets for funding.¹

While the growth of the corporate bond market has given firms access to multiple means of obtaining finance, this development does not in itself imply that the euro area financial system has become more resilient to shocks. One possibility of assessing whether benefits from diversified financing sources have been reaped is to test whether different sources of finance have in the past balanced each other out on average over time or rather have moved together. Only in the former case can the stability that comes with diversification be obtained. A simple analysis can be employed to determine the extent to which the availability of both intermediated (defined as loans granted by Monetary Financial Institutions (MFIs) and non-monetary financial institutions) and more market-based (non-intermediated, i.e. mainly corporate bonds and equity) sources of finance enhance the stability of financing flows in the sense that these sources tend to balance each other out over time. In principle, if the volatility of both individual forms of debt finance were to be higher than the volatility of total debt financing, this would be an indication of a substitutive relationship between various forms of finance. In addition, if a low, or even negative, correlation is found between intermediated financing and non-intermediated financing, it would be an indication that the two sources of finance on average do not move in parallel over time.

Debt financing of non-financial corporations in the euro area

(quarterly flows, not seasonally adjusted)



Source: ECB.

Note: "Intermediated financing" is loans granted by MFIs and non-monetary financial intermediaries. "Debt securities financing" is debt finance obtained through the issuance of debt securities by euro area non financial corporations.

Focusing only on debt financing, the Chart shows the financing patterns of non-financial corporations in the euro area broken down by intermediated financing and debt securities financing over the last five years, based on quarterly financial accounts. Although intermediated financing has been the most important financing source for non-financial corporations over the period, debt securities financing has also been non-negligible. Furthermore, the different financing sources do not seem to show strong co-movements over the period 1997 Q4 to 2003 Q1. The Table shows the volatility and correlation of the two different debt financing sources

¹ See also Santillán, J., M. Bayle and C. Thygesen (2000), "The impact of the euro on money and bond markets", ECB Occasional Paper No. 1, July.

over that period. The volatility measure shown is the coefficient of variation.² In general, when interpreting these figures it should be borne in mind that the period for which data are available is relatively short.

As shown in the Table, the volatility measures for intermediated finance and debt securities financing are higher than for total debt financing. Furthermore the contemporaneous correlation results suggest that intermediated and debt securities financing on average did not move together strongly over the period 1997 Q4 to 2003 Q1, since the correlation between the two is not particularly high (0.19). The availability of multiple sources of finance is presumably most important with regard to short-term financing. In this respect, short-term intermediated and short-term debt securities financing have been even less correlated on a quarterly basis (0.09) than the overall intermediated and debt securities financing.³

These results suggest that the growth of the corporate bond market in the euro area, by acting as a supplement to loan financing, has helped to smoothen firms' access to debt financing by increasing their financing alternatives and has thus deepened the financial system.

The fact that intermediated financing has been less volatile than debt securities financing also suggests that loans have had a stabilising effect on overall debt financing in the euro area. The relatively volatile behaviour of debt securities financing may in part be explained by the expansion of the euro area corporate bond market during the period considered. While beneficial to the financial system in "normal" times, the corporate bond market in the euro area does not yet appear to be capable of providing a "spare wheel" in periods of subdued economic activity and poor financing conditions.

Volatility and correlation of quarterly financing flows, 1997 Q4 - 2003 Q1

	Total debt financing	Intermediated financing	Short-term intermediated financing	Debt securities financing	Short-term debt securities financing
Coefficient of variation ¹⁾	0.45	0.51	1.52	0.84	1.56
Total debt financing	1.00				
Intermediated financing	0.95	1.00			
Short-term intermediated financing	0.77	0.80	1.00		
Debt securities financing	0.47	0.19	0.16	1.00	
Short-term debt securities financing	0.21	-0.02	0.09	0.76	1.00

Source: ECB estimations.

1) Standard deviation divided by the mean.

Overall, MFIs, which account for the bulk of the intermediated lending to non-financial corporations, continue to play a crucial role in the euro area financial system. Indeed, MFI lending appeared to be the fallback option for many companies and, hence, the stabilising factor in corporate finance in the period 1997-2002. Furthermore, the availability of MFI financing contributed markedly to the development of the corporate bond market, since it provided the necessary "bridging loans" to corporations that later issued corporate bonds. While securities markets are becoming more important, they are unlikely to develop without the involvement of financial intermediaries, which act as providers of "insurance" to the markets. In addition, although large corporations may have increasingly turned to the capital markets to obtain funding, small and medium-sized enterprises, which dominate the euro area economy, are still heavily reliant on intermediated financing. Thus, while there is some supportive evidence that corporate bond finance has gained importance, intermediated financing remains the stabilising factor and hence the fallback option for most euro area firms.

2 This is the standard deviation divided by the mean. This metric of volatility allows series of different magnitudes to be more readily compared than by using standard deviations.

3 See also de Bondt, G. (2002), "Euro area corporate debt securities market: first empirical evidence", ECB Working Paper No. 164.

With regard to non-monetary financial corporations, the annual rate of growth of the amount outstanding of euro-denominated debt securities increased slightly to 31.0% in July, from 30.5% in June. Growth in the amount outstanding of debt securities issued by this sector has been rather buoyant since June 1999. Issuance has tended to be concentrated in a few countries where the tax systems are favourable for corporations using Special Purpose Vehicles (SPVs) and other financing agencies to raise capital via the corporate bond market (see the article entitled "Recent developments in financial structures of the euro area" in this issue of the Monthly Bulletin). However, financial institutions too may choose to issue debt securities through SPVs. Notably, the two largest issues by non-MFIs in July were securitisations of underlying assets by financial institutions.

Turning to the government sector, the annual rate of growth of the amount outstanding of euro-denominated debt securities issued by the central government sector remained unchanged at 4.3% in July as compared with the previous month. A notable feature over the past few months has been the increase in the issuance of inflation-linked bonds. Issuance of inflation-linked bonds in Greece and, more recently, in Italy contributed to this development.

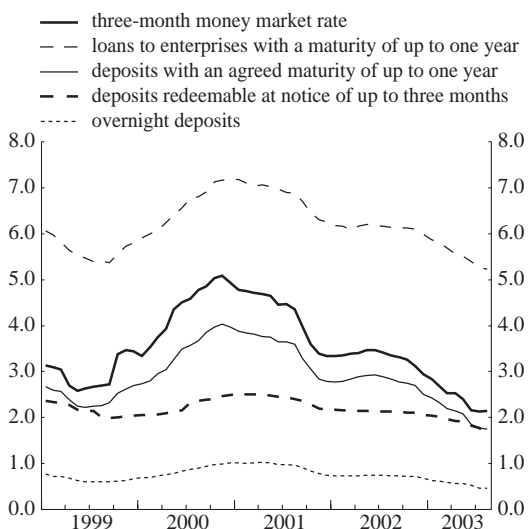
The other general government sector, mainly consisting of state and local government, decreased its pace of issuance of euro-denominated debt securities. The annual growth rate of the amount outstanding of this sector declined from 26.9% in June to 20.2% in July. The still very high level of issuance activity of this sector can be explained by the high financing needs of local authorities in a few euro area countries.

Mixed trends in retail interest rates in August

Short-term retail bank interest rates continued to decline in August 2003, taking

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

(percentages per annum; monthly averages)



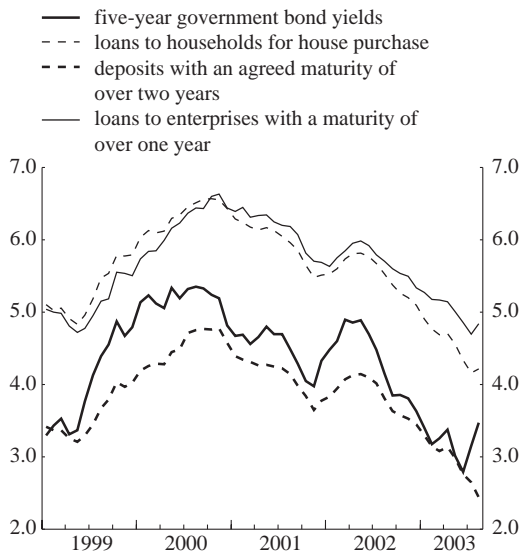
Sources: ECB aggregation of individual country data, which are partly based on national estimates, and Reuters.
Note: From January 2001, data include Greece.

them to their lowest levels since January 1990, when these data were first reported. The declines in short-term interest rates between July and August 2003 ranged from just a single basis point for interest rates on overnight deposits to 16 basis points for interest rates on deposits redeemable at a period of notice of up to three months. Between June 2002, when most short-term retail interest rates peaked, and August 2003, declines ranged from around 30 basis points for the rate on overnight deposits to around 120 basis points for the rate on time deposits with agreed maturities of up to one year. This compares with a parallel decrease in the three-month money market interest rate of around 130 basis points over the same period (see Chart 5).

All long-term retail bank lending rates increased in August as compared with the previous month, reflecting the increase in long-term bond yields that began in mid-June. From July to August, interest rates on loans to households for house purchase as well as on consumption loans to households increased by 5 and 6 basis points respectively,

Chart 6
Long-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data, which are partly based on national estimates, and Reuters.
 Note: From January 2001, data include Greece.

whereas long-term interest rates on loans to enterprises increased by 14 basis points. Overall, however, the spreads between long-term lending rates and comparable market rates decreased in August. This is in line with the decline in corporate bond spreads that has been taking place over the course of 2003, which is probably partly related to perceptions of decreasing credit risk. Turning to long-term deposit rates, the recent increase in long-term bond yields was not reflected in a corresponding adjustment of deposit rates, which fell by 21 basis points between July and August (see Chart 6).

Money market interest rates at longer maturities declined somewhat in September

After increasing in August, money market interest rates with a maturity of more than three-months declined somewhat in September. Shorter-term money market rates have, in contrast, remained broadly unchanged since early June. The positive slope of the money market yield curve, as measured

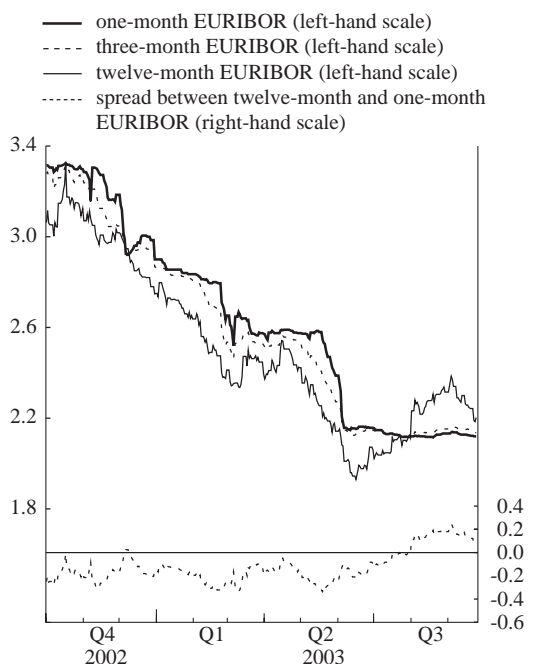
by the difference between the twelve-month and the one-month EURIBOR, became virtually flat in September.

The overnight interest rate, as measured by the EONIA, fluctuated between 2.06% and 2.09% for most of the time between end-August and 1 October. In the same period, the two-week EONIA swap rate varied between 2.05% and 2.09%. The marginal and average rates of allotment in the Eurosystem's main refinancing operations were, on average, 7 and 8 basis points respectively above the minimum bid rate set by the Governing Council of the ECB for these operations.

Between end-August and 1 October, both the one-month and the three-month EURIBOR decreased by 3 basis points, to stand at 2.10% and 2.12% respectively on the latter date (see Chart 7). The marginal and the average interest rates in the Eurosystem's longer-term refinancing operation settled on 25 September were respectively 4 and 2 basis

Chart 7
Short-term interest rates in the euro area and the slope of the money market yield curve

(percentages per annum; percentage points; daily data)



Source: Reuters.

Box 3**Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 September 2003**

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

Open market 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	Fixed rate
MRO	27/08/2003	10/09/2003	121.93	75.00	1.63	297	2.00	2.08	2.08	-
MRO	03/09/2003	17/09/2003	185.56	140.00	1.33	316	2.00	2.07	2.08	-
MRO	10/09/2003	24/09/2003	125.76	68.00	1.85	288	2.00	2.07	2.08	-
MRO	17/09/2003	01/10/2003	177.86	150.00	1.19	331	2.00	2.07	2.08	-
LTRO	28/08/2003	27/11/2003	35.94	15.00	2.40	143	-	2.12	2.13	-

Source: ECB.

The allotment volumes of the second and fourth MROs were relatively large, and since bid amounts did not increase proportionally, bid-cover ratios were correspondingly lower in these two operations. The weighted average MRO rates stood at 2.08% throughout the maintenance period.

Except for the usual increase on the last trading day of the calendar month, the EONIA declined gradually from 2.10% at the beginning of the reserve maintenance period to 2.08% on 16 September, when the last MRO of the period was allotted. The decline of the EONIA was consistent with the comfortable liquidity conditions which prevailed throughout the reserve maintenance period as a consequence of the MRO allotment volumes. On 23 September, the last day of the maintenance period, the EONIA fell more rapidly and reached a level of 1.34%. The reserve maintenance period ended on the loose side with a net recourse to the deposit facility on the last day of €7.2 billion.

The average difference between current account holdings of credit institutions with the Eurosystem and the minimum reserve requirements was €0.64 billion.

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 August to 23 September 2003

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	259.1	0.6	+ 258.5
Main refinancing operations	214.0	-	+ 214.0
Longer-term refinancing operations	45.0	-	+ 45.0
Standing facilities	0.1	0.6	-0.5
Other operations	-	-	-
(b) Other factors affecting the banking system's liquidity¹⁾	319.5	446.1	- 126.6
Banknotes in circulation	-	391.7	- 391.7
Government deposits with the Eurosystem	-	54.4	- 54.4
Net foreign assets (including gold)	315.0	-	+ 315.0
Other factors (net)	4.4	-	+4.4
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			132.0
(d) Required reserves			131.3

Source: ECB.

Note: Totals may not add up due to rounding.

1) The published estimates of the average liquidity needs stemming from autonomous factors ranged between €119.7 billion and €127.5 billion. The largest deviation between the published estimate and the actual figure occurred for the period from 25 August to 2 September and amounted to €1.5 billion.

points lower than the then prevailing three-month EURIBOR, at 2.10% and 2.12% respectively, 2 and 1 basis points lower than in the longer-term refinancing operation settled on 28 August (see Box 3).

While interest rates at the short end of the money market yield curve remained virtually unchanged from August to September, those at the longer end decreased somewhat. Between end-August and 1 October, the six-month and twelve-month EURIBOR decreased by 11 and 20 basis points respectively, to stand at 2.09% and 2.12% on the latter date. The slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, which was 19 basis points at the end of August, was therefore less steep, at only 2 basis points, on 1 October.

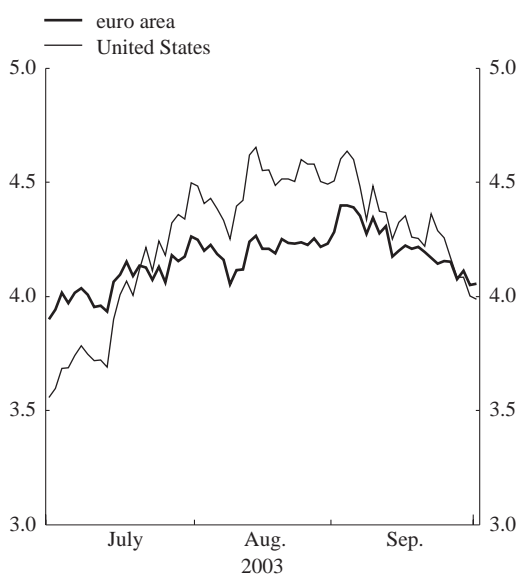
The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in late 2003 and in the first half of 2004, also declined in the course of September. In the period under review, the rates implied in futures prices on contracts with delivery dates in December 2003 and March and June 2004 decreased by 15, 30 and 44 basis points respectively, to stand at 2.04%, 2.02% and 2.11% on 1 October.

Long-term government bond yields declined in September

The upward trend in long-term government bond yields observed for the major bond markets from mid-June onwards was reversed in the course of September. In the United States and the euro area, ten-year government bond yields decreased by 50 and 20 basis points respectively between the end of August and 1 October, standing at 4.0% and 4.1% respectively on the latter date (see Chart 8). As a result, the yield differential between US and euro area ten-year government bonds turned negative and stood at -10 basis points on 1 October.

Chart 8
Long-term government bond yields in the euro area and the United States

(percentages per annum; daily data)



Source: Reuters.

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

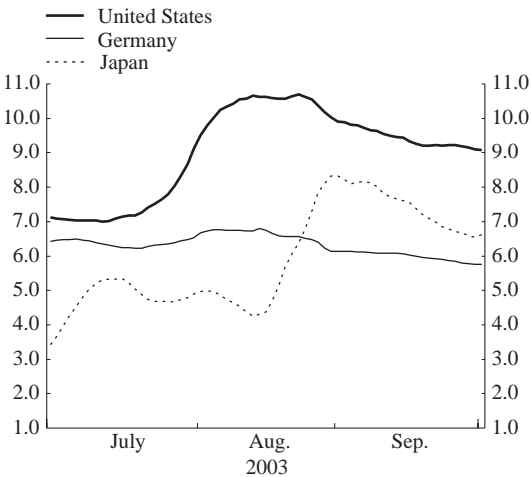
The decline in long-term government bond yields in the United States seemed to mainly reflect some downward revision by market participants of both growth and inflation expectations. The slightly less favourable growth outlook was suggested by a 45 basis point decline in the real yield on ten-year index-linked bonds between the end of August and 1 October. The downward revisions followed less optimistic data releases with regard to employment and consumer confidence in the course of September. In parallel, market participants also seemed to have revised downwards their expectations with regard to future inflation developments. This was suggested by a decline in the ten-year break-even inflation rate – measured by the difference between yields on ten-year nominal and index-linked US government bonds – of 15 basis points between the end of August and 1 October.

Following the mixed macroeconomic data releases, market participants' uncertainty about future bond yield movements in the US market remained relatively high. The ten-day

Chart 9

Implied volatility for futures contracts on the ten-year German Bund, the ten-year US Treasury note and the ten-year Japanese government bond

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



Source: Bloomberg.
Notes: The implied volatility series represents 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.

moving average of implied volatility on ten-year US Treasury futures contracts stood at 9.1% on 1 October. This was around 1.5 percentage point above its average over the past two years (see Chart 9).

In Japan, long-term government bond yields in September reversed the upward trend seen in previous months. The downward movement appeared to have been triggered by market participants' concerns about a possible strengthening of the yen, which was seen to have the potential to weaken demand for exports. Between the end of August and 1 October, ten-year government bond yields decreased by around 5 basis points, reaching 1.4% on the latter date. Uncertainty among market participants remained high, as indicated by the level of implied bond market volatility. On 1 October the ten-day moving average of implied bond market volatility stood at around 6.6%, which compares with an average of 3.1% for this measure of bond market uncertainty over the past two years.

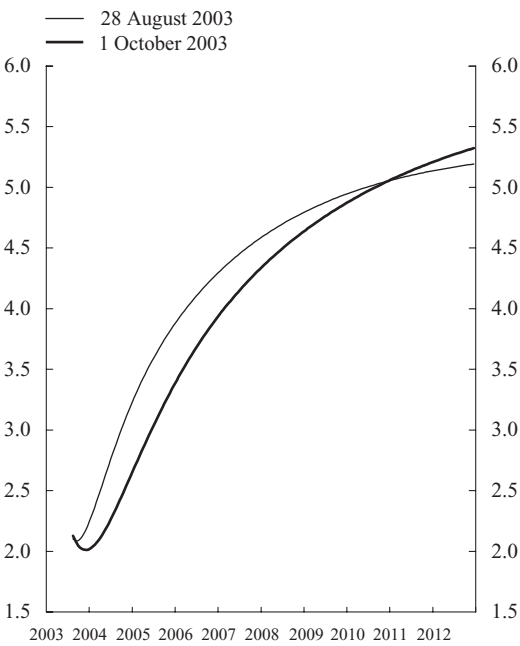
In the euro area, government bond yields declined across the entire maturity spectrum in September. The largest decrease was observed for shorter maturities, which resulted in a steeper slope of the implied forward overnight interest rate curve (see Chart 10). To some extent, the decline in euro area bond yields reflected spillover effects from the US bond market.

A 25 basis point decline in ten-year index-linked real yields (indexed on the euro area HICP excluding tobacco) between the end of August and 1 October suggests that market participants have revised their growth expectations for the euro area slightly downwards. At the same time, long-term inflation expectations among investors in the euro area seem to have remained broadly unchanged. This is indicated by the overall

Chart 10

Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

stability of the ten-year break-even inflation rate, which stood at 1.9% on 1 October.

The degree of uncertainty prevailing in the euro area bond markets, as reflected by the implied volatility of options on futures contracts on German ten-year government bonds, declined by 1 percentage point between the end of August and 1 October. On the latter date, the ten-day moving average of implied bond volatility stood at 5.7%, which was still 1 percentage point higher than the average over the past two years.

Lower stock prices in the euro area in September

Following the strong increases that had accumulated over previous months, stock prices in the euro area, as measured by the broad Dow Jones EURO STOXX index, fell by 4% between the end of August and 1 October (see Chart 11). By contrast, in the

United States, stock prices, as measured by the Standard & Poor's 500 index, increased by 1%, while the Japanese Nikkei 225 index was broadly unchanged over the same period.

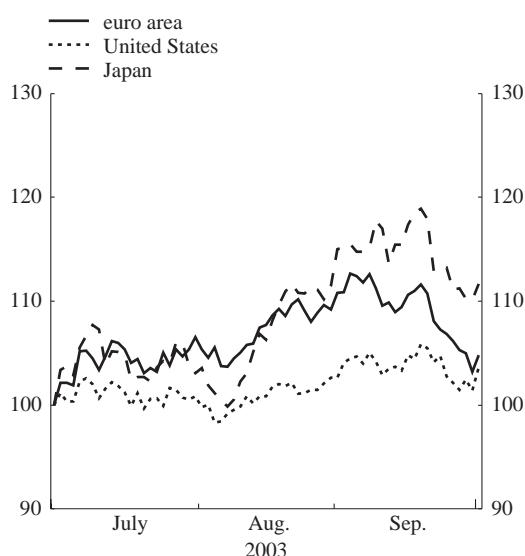
In the United States, stock prices continued the stabilisation process that began at end-August. On the one hand, several key data releases in the United States were below market participants' average expectations and thus may have affected their view on the strength of the upswing in the US economy. Rising energy prices at the end of the month, as a consequence of OPEC's decision on 25 September 2003 to cut oil production, also weighed adversely on stock prices. On the other hand, favourable earnings pre-announcements from companies in the Standard & Poor's 500 index appeared to have a positive impact on the stock market.

Stock market uncertainty, as measured by the ten-day moving average of implied volatility derived from options on the Standard & Poor's 500 index, increased by about 2 percentage points between end-August and 1 October, to stand at 19% on the latter date (see Chart 12). However, implied stock market volatility was still relatively low compared with the levels seen throughout the past two years.

In Japan, stock prices stabilised in September following the rapid increases in earlier months. Optimism about the economic outlook for Japan helped to sustain equity prices, with economic data releases for Japan overall being better than market participants' expectations. However, the surge of the Japanese yen against the US dollar following the G7 finance ministers' call for more flexible exchange rates at their 21 September meeting led to a fall in stock prices triggered by market concerns that Japanese exporters would be affected to some extent by a stronger domestic currency. Uncertainty in the Japanese stock market, as measured by the ten-day moving average of implied volatility extracted from options on the Nikkei 225 index, increased by about 3 percentage points between end-August and

Chart 11
Stock price indices in the euro area, the United States and Japan

(index: 1 July 2003 = 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 and Nikkei 225 for Japan.

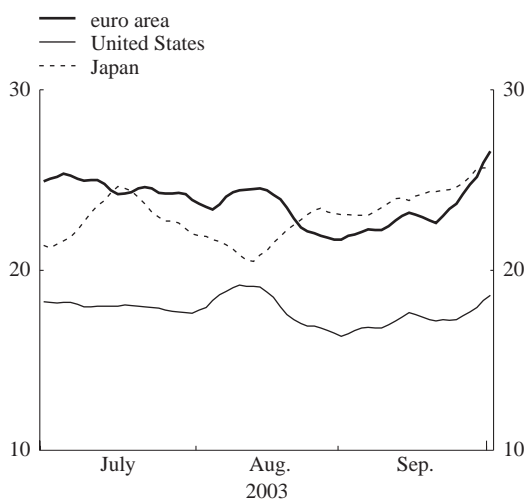
1 October to stand at 26%, which was still below its average over the past two years.

In the euro area stock prices declined between end-August and 1 October. Some economic data releases and the appreciation of the euro vis-à-vis the US dollar seemed to have had an adverse impact on market participants' earnings expectations and thus also on stock prices. Some further downward pressure on stock prices might have emanated from an increase in market participants' uncertainty about future stock price movements, as indicated by the increase in the ten-day moving average of the implied volatility extracted from options on the Dow Jones EURO STOXX 50 index by 5 percentage points during the same period. However, implied volatility remained well below its two-year average, standing at 27% on 1 October.

Chart 12

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

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



Source: Bloomberg.

Notes: 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 and Poor's 500 for the United States, and the Nikkei 225 for Japan.

2 Price developments

HICP inflation is estimated to have remained unchanged at 2.1% in September 2003

According to Eurostat's flash estimate, euro area HICP inflation stood at 2.1% in September 2003, unchanged from August (see Table 2). However, as is usually the case, a degree of uncertainty surrounds this estimate. Although a detailed HICP breakdown is not yet available for September, HICP inflation developments for that month are likely to have been influenced on the one hand by the moderation in energy prices as a result of the recent appreciation of the euro vis-à-vis the US dollar, despite the volatility shown in oil prices over the month. On the other hand, concerning unprocessed food prices, there is evidence of some upward pressure as a result

of the hot and dry weather conditions in Europe this summer, albeit, for the time being at least, not of a significant magnitude.

Euro area HICP inflation rose in August 2003 to 2.1%, up from 1.9% in July. This increase reflected upward movements in the annual growth rates of the more volatile sub-components, but also a rise in the annual growth rate of the HICP excluding unprocessed food and energy to 1.9% in August from 1.8% in the previous month.

The annual rate of change in unprocessed food prices rose to 3.3% in August from 2.7% in July (see Chart 13). This rise reflected an increase in the annual growth rate of vegetable and fruit prices and, to a greater extent, meat prices. As regards vegetable and

Table 2
Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	2000	2001	2002	2002	2002	2003	2003	2003	2003	2003	2003	2003	2003
				Q3	Q4	Q1	Q2	Apr.	May	June	July	Aug.	Sep.
Harmonised Index of Consumer Prices (HICP) and its components													
Overall index ¹⁾	2.1	2.3	2.3	2.1	2.3	2.3	1.9	2.1	1.8	1.9	1.9	2.1	2.1
<i>of which:</i>													
Goods	2.5	2.3	1.7	1.3	1.8	2.0	1.5	1.5	1.4	1.6	1.6	1.7	.
Food	1.4	4.5	3.1	2.3	2.2	1.9	2.5	2.3	2.4	2.9	3.0	3.1	.
Processed food	1.2	2.9	3.1	2.9	2.6	3.1	3.3	3.3	3.3	3.2	3.2	3.0	.
Unprocessed food	1.8	7.0	3.1	1.3	1.6	0.1	1.5	0.9	1.1	2.5	2.7	3.3	.
Industrial goods	3.0	1.2	1.0	0.8	1.6	2.0	1.0	1.1	0.9	1.0	1.0	1.0	.
Non-energy industrial goods	0.5	0.9	1.5	1.3	1.2	0.7	0.9	0.8	0.9	0.8	0.7	0.6	.
Energy	13.0	2.2	-0.6	-0.7	2.9	7.0	1.5	2.2	0.6	1.6	2.0	2.7	.
Services	1.5	2.5	3.1	3.3	3.1	2.7	2.6	2.9	2.5	2.5	2.3	2.5	.
Other price and cost indicators													
Industrial producer prices	5.3	2.2	0.0	0.0	1.3	2.4	1.5	1.7	1.3	1.4	1.4	.	.
Unit labour costs	1.3	2.6	2.2	1.9	1.5	1.9	.	-	-	-	-	-	-
Labour productivity	1.3	0.2	0.4	0.6	1.0	0.8	0.3	-	-	-	-	-	-
Compensation per employee	2.6	2.8	2.6	2.6	2.5	2.7	.	-	-	-	-	-	-
Total hourly labour costs	2.8	3.4	3.5	3.2	3.5	2.7	2.9	-	-	-	-	-	-
Oil prices (EUR per barrel)	31.0	27.8	26.5	27.2	26.5	28.4	22.7	22.9	21.9	23.3	25.0	26.5	23.9
Commodity prices (EUR)	20.4	-8.1	-0.9	1.1	5.6	-3.2	-7.9	-6.2	-8.0	-9.6	-7.5	-5.2	-4.7

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

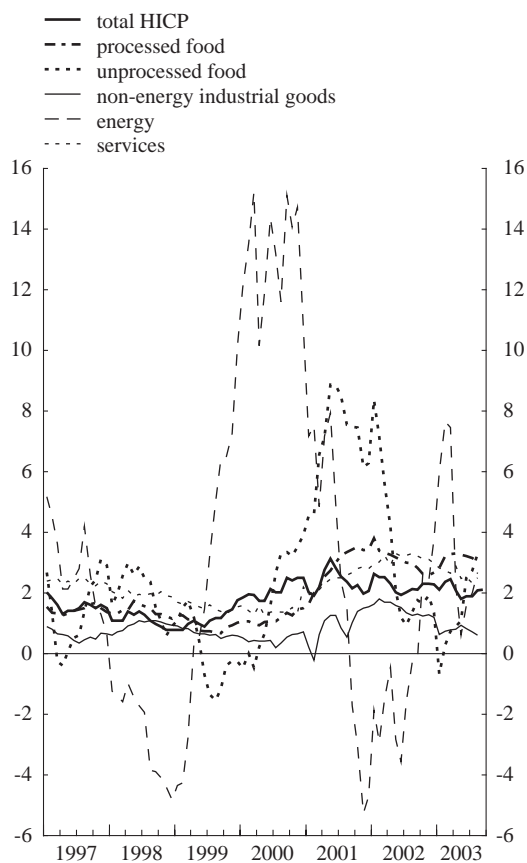
Note: For periods prior to 2001, HICP data do not include Greece. The other price and cost indicators include Greece for periods prior to 2001. For further details on the data, see the "Euro area statistics" section.

1) HICP inflation in September 2003 refers to Eurostat's flash estimate.

Chart 13

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.

fruit prices, the price indices for these products fell between July and August, as they have done in the last few years. However, their year-on-year rates of growth rose from July to August because the fall in prices between July and August was lower this year than last year. This may have been on account of the effects of the unusual weather conditions. Meat prices rose strongly for a second month in a row but the reason for these increases – after a period of relatively moderate growth rates – is still unclear.

As in the previous two months, the annual rate of change in energy prices continued to increase to 2.7% in August from 2.0% in July.

This is mainly attributable to the increase in euro-denominated oil prices recorded in July and August, caused by both a rise in oil prices denominated in US dollars and the depreciation of the euro in the summer months.

Developments in these volatile components are likely to be behind the slight upward movement in consumers' inflation perceptions in the most recent European Commission Consumer Survey. Box 4 reviews developments in this indicator over the last few years, with particular emphasis on the potential explanations for its increase in 2002.

The annual rate of change in HICP excluding unprocessed food and energy rose by 0.1 percentage point to 1.9% in August. This rise was mainly due to the increase in services prices inflation, only partly offset by a fall in the annual growth rates of processed food and non-energy industrial goods.

The year-on-year rate of change in processed food prices was 3.0% in August, 0.2 percentage point lower than in the previous month. Non-energy industrial goods prices grew by 0.6% year on year in August 2003, which was 0.1 percentage point less than in July 2003. Movements in non-energy industrial goods prices over the last two months appear to be mostly related to clothing prices. In the last few years, the seasonal decline in clothing prices in July as a result of the summer sales was partly reversed in August with the end of the sales in most euro area countries. However, this year clothing prices remained roughly unchanged. In contrast to these developments, service price inflation rose by 0.2 percentage point to 2.5% in August. The main contribution to this rise came from the annual rate of change in package holiday prices, following the unusual drop in July. A possible shift in the timing of summer holidays in some countries between these two months might explain these latest developments.

Box 4

Recent developments in euro area inflation perceptions

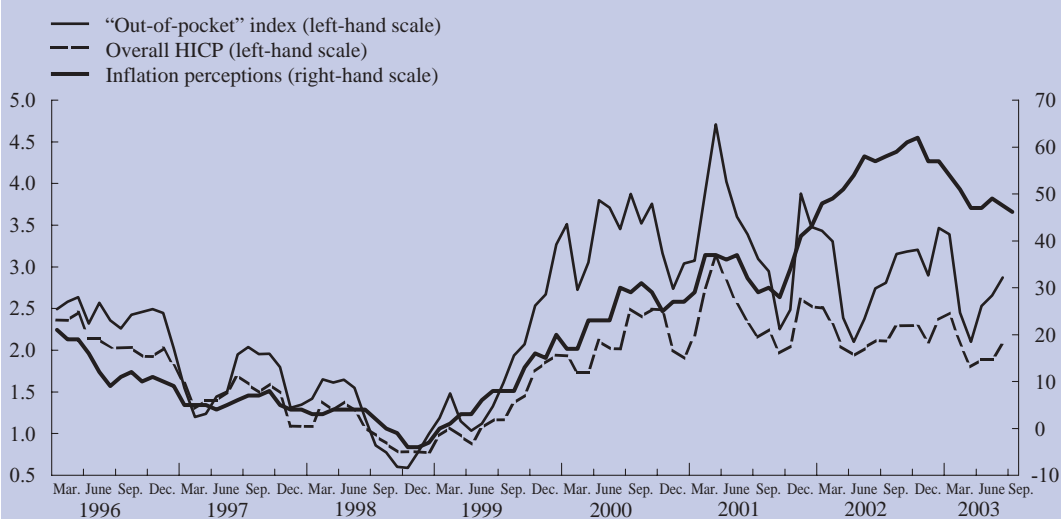
An indicator of consumers' perceptions of inflation in the euro area is published regularly by the European Commission as part of its Consumer Survey. Since the introduction of the euro banknotes and coins, developments in this indicator have generated a substantial amount of interest, as inflation perceptions started to deviate from HICP inflation in January 2002 to reach a historic peak in January 2003. Although euro area inflation perceptions have somewhat moderated so far this year they still remain at high levels by historic standards. This box provides some potential explanations for recent developments in this indicator.

The European Commission indicator on perceived inflation

The European Commission (EC) Consumer Survey questions on a monthly basis approximately 20,000 consumers in the euro area about their inflation perceptions, among other things.¹ The survey results are summarised by the EC as the difference (in percentage points) between the weighted proportion of respondents stating that consumer prices have risen and the weighted proportion of respondents stating that consumer prices have fallen or have stayed approximately the same. Hence, the indicator has the form of a "balance statistic", and gives qualitative information on the directional change in inflation perceptions.²

Comparison of inflation perceptions (balance statistic from the EC Consumer Survey), overall HICP and the index of "out-of-pocket" expenditure

(percentage balance; annual percentage changes)



Sources: European Commission, Eurostat and ECB calculations.

As regards perceived inflation, the survey asks respondents to assess developments in consumer prices over the last 12 months, but does not specify a particular price index. The HICP contains information on the prices of almost 100 different product categories, appropriately weighted to reflect consumption patterns over recent years. However, while it is logical to assume that the average survey respondent neither gathers nor processes the same quantity of information as collected by statistical institutes, in the past there has been a close and relatively straightforward relationship between consumers' inflation perceptions and developments in the

1 The whole survey consists of 15 questions. The question on perceived inflation asked in the survey and the six response options are as follows: "How do you think that consumer prices have developed over the last 12 months?" (1) risen a lot, (2) risen moderately, (3) risen slightly, (4) stayed about the same, (5) fallen, or (6) don't know. This is the current format of the question and response options that were introduced in May 2003. Before, instead of asking about consumer prices, the EC asked about the cost of living.

2 Denoting S_i (with $i = 1, 2, 3, 4$ and 5) as the proportion of consumers opting for each of the five response categories, the balance statistic is calculated as $(S_1 + \frac{1}{2}S_2) - (\frac{1}{2}S_4 + S_5)$.

overall HICP in the euro area. This close relationship between the two clearly broke down in 2002 at the time of the introduction of the euro banknotes and coins (see above).

Potential factors explaining movements in inflation perceptions since 2002

The HICP includes the prices of consumed products that are purchased on an almost daily basis (for example bread, a coffee in a bar or restaurant), less frequent expenditures (for example a car) as well as expenditures which are normally made via regular bank transfer (for example rents and insurance). It could be argued that consumers' inflation perceptions are mainly formed on the basis of the prices of the first category of products, which can be broadly considered "out-of-pocket" expenditure. The amount of money spent on daily "out-of-pocket" expenditures tends to be relatively low; on the basis of the actual HICP weights, these represent around 35-40% of the all-items euro area HICP.³ The chart depicts the developments in such an index together with those in the overall HICP and consumers' inflation perceptions.

The year-on-year rate of increase of the daily "out-of-pocket" expenditure index does not correlate much more strongly with perceptions than overall HICP inflation over the whole sample.⁴ The increase in inflation perceptions at the beginning of 2002 could be partly explained by the "out-of-pocket" measure of inflation, which between December 2001 and January 2002 rose by as much as 1.5 percentage points (from 2.5% to 4.0%). However, as shown in the chart, the sharp increase in the "out-of-pocket" index was not without historical precedent, most likely as a result of the relatively high weight of volatile unprocessed food and fuel prices in the index. Some additional factors could explain the rise in inflation perceptions in 2002 as a whole. First, approximations regarding the conversion rates of the national currencies to the euro could have led consumers to perceive price increases to be higher than they actually were in some countries.⁵ Second, the extensive media coverage of price developments in the context of the euro cash changeover and the substantial price increases in some products reported by Eurostat and national statistical institutes from January 2002 onwards could have made consumers more prone to react (or possibly overreact) to any observed price increase. Along the same lines, consumers' inflation perceptions could have also included developments in the prices of some items that are not included in the HICP but which are widely commented upon in the media and society, as is the case with house prices. The more recent downward movements in inflation perceptions in 2003, which have taken place against the background of upward movements in the year-on-year rate of increase in the daily "out-of-pocket" expenditure index, also suggest that additional factors shape inflation perceptions.

Although cultural and country-specific factors are most likely to have played a role, developments in inflation perceptions have followed a common pattern in most euro area countries. Indeed, there seems to be a close relationship between the timing of the peaks in inflation perceptions and actual inflation in each country since January 2002. When the period after the introduction of euro banknotes and coins is considered, the peaks in actual inflation rates generally preceded the peaks in perceptions. It also appears that countries that experienced the peak in actual inflation relatively early also experienced the peak in perceptions earlier than other countries.

The gradual decline in inflation perceptions seen in the first half of this year flattened out in the summer months, possibly as a result of the upward movement in the more frequently purchased items, notably unprocessed food and energy prices. Nevertheless, inflation perceptions are expected to resume their decline and be more in line with overall HICP inflation as developments in the index of daily "out-of-pocket" expenditure moderate and the above-mentioned transitory effects related to the introduction of euro banknotes and coins disappear.

³ The definition of "out-of-pocket" purchases covers non-durable goods and daily consumer services, i.e. food, beverages, tobacco, non-durable household goods, transport services, fuel, postal services, hotels, restaurants, cafés and hairdressing.

⁴ It should be taken into account that country differences may play a substantial role here. For example, in Spain, a fairly similar index (including food, energy, local transport, newspapers and magazines, bars, cafés and restaurants and cultural and sport recreational services) constructed by the Banco de España seems to fit developments in Spanish inflation expectations over 2002 as a whole remarkably well (see Banco de España, Annual Report 2002, Recuadro IV.4).

⁵ In this regard, countries like Germany, Spain and the Netherlands seem to have been more prone to these effects than others. See "La conversione approssimata dei prezzi in euro nelle valute nazionali e l'inflazione percepita dai consumatori", published in "Rapporto trimestrale ISAE", January 2003, pp. 118-120.

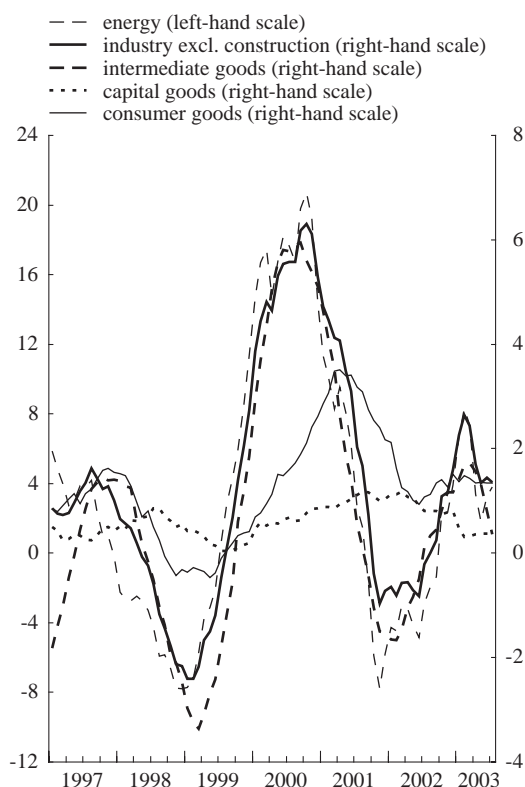
Price pressures at the producer level continued to be subdued in July

As reported in the previous issue of the Monthly Bulletin, price pressures at the producer level remain subdued, as the year-on-year rate of change in euro area industrial producer prices was unchanged at 1.4% in July 2003.

The overall rate of change in producer prices concealed offsetting movements in its components (see Chart 14). The annual rate of change in energy prices rose to 3.6% in July, reflecting increases in euro-denominated oil prices in that month, while the year-on-year rate of increase in intermediate goods prices declined by 0.4 percentage point to 0.4% and that of capital goods prices by 0.1 percentage point to 0.3%. The annual rate

Chart 14
Breakdown of industrial producer prices for the euro area

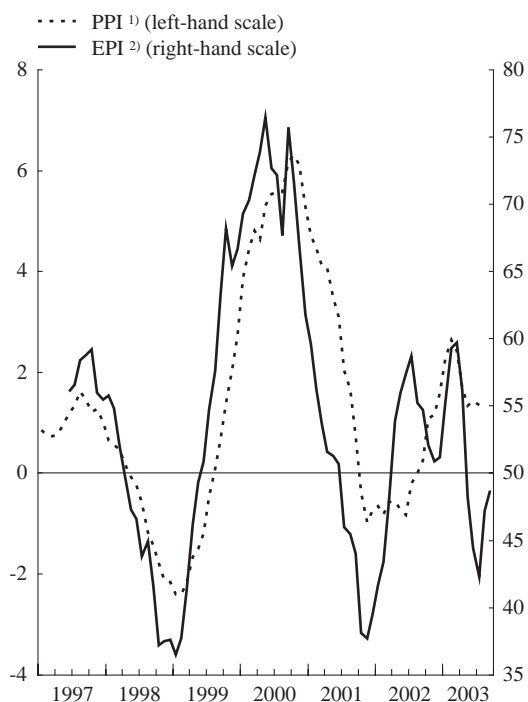
(annual percentage changes; monthly data)



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

Chart 15
Overall producer prices and manufacturing input prices for the euro area

(monthly data)



Sources: Eurostat and Reuters.

- 1) Producer Price Index; annual percentage changes; excluding construction.
- 2) Eurozone Price Index; manufacturing input prices from the Purchasing Managers' Survey. An index value above 50 indicates an increase in manufacturing input prices, whereas a value below 50 indicates a decrease. For periods prior to 2001, EPI data do not include Greece.

of change in consumer goods prices remained unchanged at 1.3% for the third consecutive month.

The Eurozone Input Price Index (EPI) for manufacturing from the Purchasing Managers' Survey increased from 46.9 in August to 48.7 in September 2003, its second rise in a row after four consecutive monthly declines (see Chart 15). However, it remained below the no-change threshold of 50, suggesting a continued, albeit more moderate, decline in manufacturing input prices over recent months, which should be reflected in overall producer prices. The slower fall in average input prices probably reflects higher overall import prices arising from the depreciation of the euro, together with the rise in oil

prices denominated in US dollars in the summer months.

Somewhat lower wage growth in the second quarter of 2003

The indicator of negotiated wages showed a decline in its year-on-year growth rate to 2.4% in the second quarter of 2003, down from 2.7% in the first quarter of the year (see Chart 16). However, this was mainly attributable to temporary effects in Germany of both a one-off lump sum paid at the beginning of this year, which pushed up growth in the first quarter, and the substantial pay increases recorded in the second quarter of 2002, which have helped to lower the

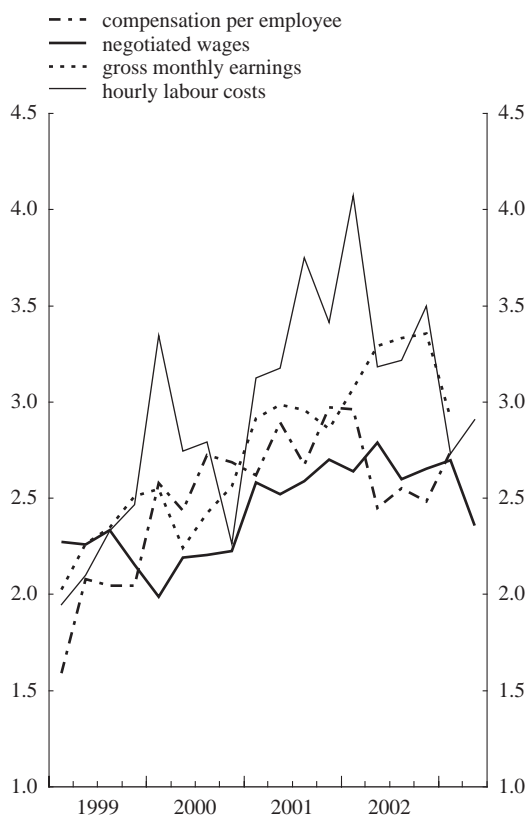
year-on-year rate of growth in the second quarter of this year. After taking these factors into account, negotiated wage growth in the euro area was broadly stable in the first half of 2003.

Country-specific evidence suggests that the annual rate of growth in compensation per employee declined by between 0.1 and 0.2 percentage point in the second quarter of 2003 from 2.7% in the first quarter. This would support the view that the increase in the first quarter was mainly due to temporary factors and is not an indication of increasing wage pressures at the beginning of 2003. Overall, the latest available evidence tends to confirm the earlier assessment that labour cost growth levelled off during 2002 and has remained broadly stable since then.

Chart 16

Selected labour cost indicators for the euro area

(annual percentage changes)



Sources: Eurostat, national data and ECB calculations.

In contrast with developments in other labour cost indicators, euro area hourly labour costs in the non-agricultural business sector grew by 2.9% year on year in the second quarter of 2003, compared with 2.7% in the first quarter. However, given the strong volatility of this indicator, this slight upward movement should not be overemphasised. Taking a longer-term perspective to assess developments in this indicator, the average growth in hourly labour costs in the first half of 2003 has shown a decline (by around 0.6 percentage point) from the average growth rates recorded in 2001 and 2002, more in line with the overall picture of a somewhat lower wage growth suggested by the other labour cost indicators (see Table 2).

Following a sharp fall in the course of 2002, unit labour cost growth increased by 0.4 percentage point to 1.9% in the first quarter of 2003, reflecting both higher growth in compensation per employee and the cyclical decline in labour productivity growth. The year-on-year increase in unit labour costs in the first quarter remains clearly below the average growth rate recorded in 2001 and 2002.

HICP inflation expected to continue to hover around 2% for the remainder of 2003

HICP inflation should continue to hover around 2% for the remainder of this year. As noted in the September issue of the Monthly Bulletin, in the short term some volatility in HICP inflation may stem from a number of items, for example, further price increases related to the adverse weather conditions

this summer, recently announced tax increases in some countries and the volatility in oil prices. Overall, however, the broad picture remains unchanged.

Looking further ahead, annual inflation rates should fall below 2% in 2004 and then stabilise at levels consistent with price stability. This expectation is based on the assumption of moderate wage developments in the context of a gradual economic recovery.

3 Output, demand and labour market developments

Economic activity stagnated in the first half of 2003

According to Eurostat's first estimate of euro area national accounts, euro area real GDP growth was -0.1% quarter on quarter in the second quarter of 2003, while the quarter-

on-quarter growth rate in the previous quarter was revised downwards by 0.1 percentage point to zero (see Table 3). The estimate for the second quarter is therefore slightly below the flash estimate published in mid-August (which pointed to zero quarter-on-quarter growth), but the

Table 3
Composition of real GDP growth in the euro area
(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates ¹⁾								Quarterly rates ²⁾				
	2000	2001	2002	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
Real gross domestic product	3.5	1.6	0.8	0.9	0.9	1.1	0.8	0.2	0.5	0.2	0.1	0.0	-0.1
<i>of which:</i>													
Domestic demand	2.9	1.0	0.2	-0.1	0.4	0.8	1.3	1.2	0.3	0.2	0.3	0.5	0.1
Private consumption	2.7	1.8	0.4	0.1	0.2	0.7	1.5	1.2	0.4	0.3	0.3	0.5	0.1
Government consumption	2.0	2.3	2.8	3.2	3.1	2.1	1.8	1.7	0.8	0.5	0.2	0.3	0.7
Gross fixed capital formation	5.0	-0.2	-2.7	-3.4	-2.5	-1.8	-2.2	-1.2	-1.3	0.1	0.2	-1.2	-0.4
Changes in inventories ³⁾	-0.1	-0.5	0.0	-0.1	0.2	0.3	0.6	0.4	0.2	-0.1	0.0	0.4	0.0
Net exports ³⁾	0.6	0.6	0.7	1.0	0.6	0.3	-0.5	-0.9	0.2	0.0	-0.2	-0.5	-0.2
Exports ⁴⁾	12.6	3.2	1.5	1.5	3.2	3.7	2.5	-0.6	2.6	1.5	-0.4	-1.2	-0.5
<i>of which: goods</i>	12.6	3.1	1.5	0.8	3.3	4.6	2.6	.	2.1	2.0	-0.2	-1.4	.
Imports ⁴⁾	11.3	1.6	-0.3	-1.3	1.8	3.0	4.2	1.8	2.3	1.5	0.2	0.1	0.0
<i>of which: goods</i>	11.4	0.9	-0.4	-2.1	2.1	3.8	4.9	.	2.1	2.0	0.7	0.1	.
Real gross value added:													
Agriculture and fishing	-0.7	-1.5	-0.4	0.2	-0.5	-1.6	0.7	0.5	-0.3	0.5	0.0	0.6	-0.5
Industry	3.7	0.5	0.5	0.7	0.8	1.3	0.3	-0.9	0.4	0.2	-0.3	0.0	-0.7
Services	4.0	2.5	1.4	1.5	1.4	1.5	1.2	0.7	0.6	0.2	0.3	0.1	0.2

Sources: Eurostat and ECB calculations.

Note: Data refer to the Euro 12 (including periods prior to 2001). For further details on the data, see the "Euro area statistics" section.

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) 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.

picture of stagnating economic activity in the first half of 2003 remains.

The small decline in real GDP growth between the first and second quarters of 2003 reflects opposite developments in the contributions to growth from domestic demand and net exports that largely offset one another. More specifically, the contribution from domestic demand fell by 0.4 percentage point to 0.1%, while that from net exports rose by 0.3 percentage point but remained negative at -0.2%.

As regards the components of domestic demand, the contribution to growth from changes in inventories declined by 0.4 percentage point to zero. This was in line with earlier expectations that the unusually strong contribution in the first quarter would either be revised downwards or unwind in the second quarter. The contribution from final domestic demand (excluding inventory changes) was broadly unchanged, with higher growth in government consumption and a more moderate decline in fixed capital formation compensating for lower growth in private consumption. The decline in private consumption growth was expected on account of the geopolitical and economic uncertainties prevailing in the first half of this year. The less negative contribution from net

exports compared with the first quarter reflects a small decrease in import growth and a smaller decline in exports. Although export growth was still negative, this is in line with earlier expectations that positive impulses from higher foreign demand on extra-euro area exports would become visible from the second quarter onwards. The fact that total exports (both intra and extra-euro area) continued to decline is consistent with the dampening impact on intra-euro area trade from weak domestic demand.

Industrial production growth is likely to have increased in the third quarter of 2003

According to Eurostat, euro area industrial production (excluding construction) increased by 1.0% month on month in July 2003 (see Table 4), after zero growth in June (revised upwards from -0.1%). The increase in July was largely accounted for by strong production growth in Germany, which was partly due to a change in seasonal factors, although no clear signs of a broadly based and robust upturn are yet visible.

The increase in industrial production (excluding construction and energy) in July reflected positive month-on-month growth in

Table 4
Industrial production in the euro area

(annual percentage changes, unless otherwise indicated)

	2001	2002	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003	2003
			May	June	July	May	June	July	Feb.	Mar.	Apr.	May	June	
				month-on-month			three-month moving averages							
Total industry excluding construction by main industrial groupings:	0.5	-0.5	-1.2	-1.4	0.7	-1.0	0.0	1.0	0.2	0.2	-0.2	-0.5	-0.5	
Total indus. excl. construction and energy	0.3	-0.8	-1.4	-1.7	0.4	-1.0	-0.1	1.1	-0.1	-0.1	-0.1	-0.6	-0.6	
Intermediate goods	-0.5	0.4	-1.1	-0.5	0.0	-1.3	0.4	0.6	0.3	-0.1	0.0	-0.6	-0.6	
Capital goods	1.6	-2.0	-0.6	-3.8	1.7	-0.7	-1.1	2.2	-0.2	-0.2	-0.6	-0.7	-0.6	
Consumer goods	0.6	-0.5	-2.7	-1.1	0.9	-1.8	0.7	1.0	-0.3	0.0	-0.2	-0.3	-0.5	
Durable consumer goods	-1.7	-5.5	-6.9	-6.9	-4.5	-2.2	0.5	1.5	-1.5	-1.8	-1.9	-2.2	-1.7	
Non-durable consumer goods	1.0	0.5	-2.0	0.0	1.9	-1.7	0.8	1.0	-0.1	0.3	0.1	0.0	-0.3	
Energy	1.7	1.0	1.0	2.0	1.4	-0.6	2.2	-0.1	2.8	2.8	-0.8	-0.5	-0.1	
Manufacturing	0.4	-0.7	-1.2	-1.7	0.6	-0.9	-0.1	1.2	-0.1	-0.1	-0.1	-0.6	-0.5	

Sources: Eurostat and ECB calculations.

Note: Data refer to the Euro 12 (including periods prior to 2001). For further details on the data, see the "Euro area statistics" section.

the three main industrial groupings, with particularly strong positive contributions from the industries producing capital goods and durable consumer goods. Growth in the capital goods industry was the strongest recorded over the past year, in line with improved prospects for investment. While the three-month period from May to July 2003 still shows negative growth rates for all industrial groupings compared with that from February to April 2003, this largely reflects the strong falls recorded in May. From August an improvement is also likely to become visible in the three-month growth rate.

Survey data point to an improvement in the industrial sector

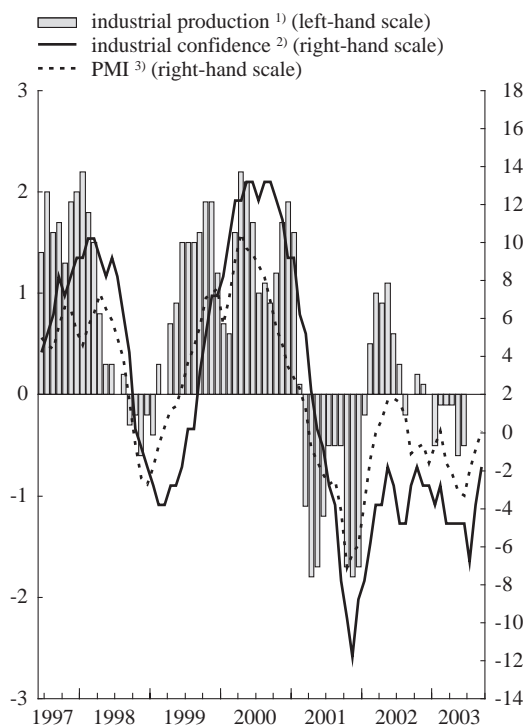
According to the European Commission Business Survey, industrial confidence rose somewhat in August and September 2003 (see Table 5). The rise in both August and September was due to a marked improvement in production expectations and the assessment of inventories, while the assessment of current order books remained broadly unchanged. In terms of the main industrial groupings, the increase in industrial confidence was broadly based. For the third quarter of 2003 as a whole, the industrial confidence indicator implied more favourable developments in the industrial sector, following an opposite pattern in the first two quarters.

The Purchasing Managers' Index (PMI) provides a similar picture (see Chart 17). More specifically, the PMI increased for the third consecutive month in September, pointing to an expansion in manufacturing production for the first time since March 2003. In the third quarter of 2003 as a whole, the PMI improved markedly, after a strong fall in the previous quarter. As regards the sub-component indices of the PMI, both the new orders and changes in output components increased strongly in September for the third consecutive month. On a quarterly basis, developments in both components are consistent with the view that manufacturing production is likely to have

returned to positive growth rates. The measure of stocks of purchased products decreased slightly in September and remained broadly stable in the third quarter as a whole, pointing to a further decrease in purchases of raw materials by manufacturing firms, which may still be engaged in a cost-cutting process.

Overall, survey data available up to September point to a further improvement in the industrial sector during the summer, suggesting that after a fall in the second quarter, industrial production growth is likely to have risen in the third quarter. Services sector survey data also improved in September, continuing the recovery observed since the spring of 2003.

Chart 17
Industrial production, industrial confidence and the PMI for the euro area
(monthly data)



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

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

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

	2000	2001	2002	2002	2003	2003	2003	2003	2003	2003	2003	2003	2003
				Q4	Q1	Q2	Q3	Apr.	May	June	July	Aug.	Sep.
Economic sentiment index ¹⁾	2.5	-3.0	-1.5	-0.1	-0.5	-0.1	0.2	0.1	0.1	0.0	-0.2	0.4	0.4
Consumer confidence indicator ²⁾	12	6	0	-3	-8	-8	-6	-8	-9	-8	-7	-6	-6
Industrial confidence indicator ²⁾	12	-2	-4	-3	-4	-5	-4	-5	-5	-5	-7	-4	-2
Construction confidence indicator ²⁾	16	10	2	-1	1	0	-1	1	0	-1	1	-2	-2
Retail trade confidence indicator ²⁾	5	0	-9	-8	-10	-8	-6	-10	-6	-7	-5	-7	-5
Services confidence indicator ²⁾	11	-4	-18	-23	-25	-21	-14	-22	-21	-20	-16	-13	-12
Business climate indicator ³⁾	1.4	-0.2	-0.5	-0.3	-0.4	-0.6	-0.6	-0.5	-0.6	-0.6	-0.9	-0.5	-0.4
Capacity utilisation (%)	84.5	82.9	81.4	81.5	81.1	80.7		80.8	-	-	80.6	-	-

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). For further details on the data, see the "Euro area statistics" section.

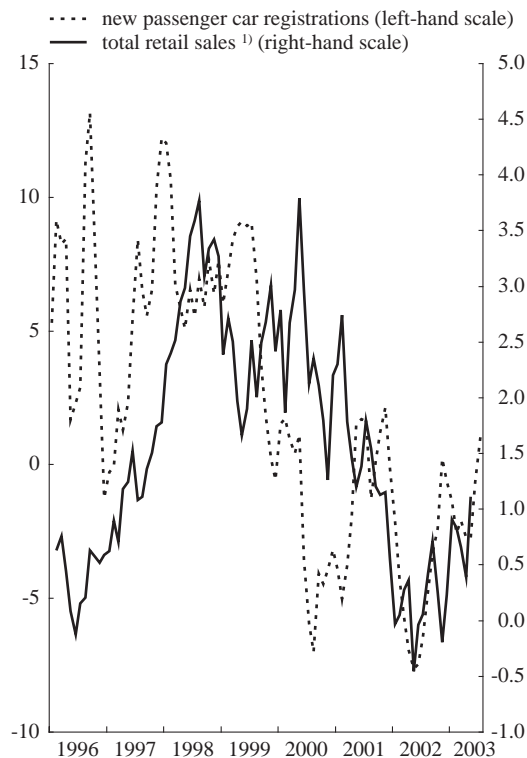
1) Percentage changes compared with the previous period.

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.

Recent data point to moderate growth in private consumption in the third quarter of 2003

Survey data and other short-term household spending indicators suggest only a moderate recovery in private consumption growth in the third quarter of 2003. Retail sales volumes increased slightly, by 0.1% month on month, in June 2003, after decreasing by 0.9% in May 2003. However, developments in May and June only partially offset the strong increase recorded in April. Quarter-on-quarter growth in retail sales volumes therefore remained positive in the second quarter of 2003 (at 0.1%), although this growth was significantly lower than in the previous quarter (0.7%). The lack of signs of a clear upturn in consumer spending in various euro area countries up to July is likely to imply a weak contribution from retail sales to private consumption growth at the start of the third quarter of 2003. New car registrations decreased slightly in August, by 0.3% month on month, following a slight increase in July and a strong rise in June. However, on a three-month moving average basis, new car registrations have been gradually increasing from April onwards and were 4.0% higher in the period from June to August compared with the period from

Chart 18**New passenger car registrations and retail sales in the euro area***(annual percentage changes; three-month centred moving averages; working day-adjusted)*

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.

March to May. The year-on-year growth rates of passenger car registrations and retail sales have trended upwards since mid-2002 (see Chart 18).

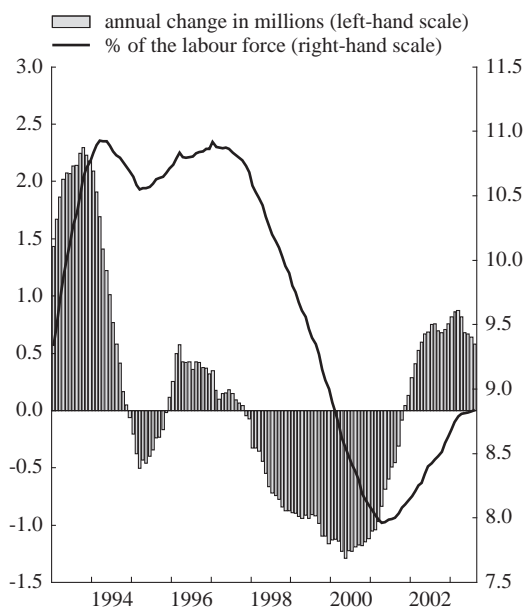
The EC Survey indicator of consumer confidence was unchanged in September, after slight increases in the previous four months. Overall, consumer confidence improved somewhat in the third quarter compared with the first half of the year. Concerning the components of consumer confidence, households' expectations improved with regard to the general economic situation, both in August and September, and remained broadly unchanged with regard to unemployment. As to the other components of consumer confidence, households' expectations of their own financial situation remained unchanged, whereas savings expectations declined slightly in September after an increase in August. Confidence in the retail trade improved in September, following a somewhat erratic pattern in the previous months, signalling an improvement in the third quarter of 2003 as a whole of a similar magnitude to that observed in the previous quarter.

Underlying weakness in labour market conditions in the third quarter of 2003

The euro area standardised unemployment rate was 8.8% in August, unchanged from July (see Table 6). Downward revisions to the data for June and July imply that the euro area unemployment rate has been stable since

Chart 19 Unemployment in the euro area

(monthly data; seasonally adjusted)



Source: Eurostat.

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

March this year. The stabilisation is broadly based across different unemployment age groups. The number of unemployed increased by about 11,000 in August, similar to the increases observed in June and July. Overall, the number of unemployed has increased significantly less since May 2003 compared with the monthly average increases recorded since May 2001, when the number of unemployed started to rise (see Chart 19). However, the developments since May 2003 are largely attributable to country-specific factors, which may not exert a further strong

Table 6
Unemployment in the euro area

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

	2000	2001	2002	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Mar.	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.
Total	8.5	8.0	8.4	8.5	8.6	8.7	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Under 25 years ¹⁾	16.6	15.7	16.2	16.2	16.5	16.8	16.8	16.9	16.9	16.8	16.8	16.8	16.8
25 years and over	7.4	7.0	7.4	7.4	7.6	7.7	7.8	7.8	7.8	7.8	7.8	7.8	7.8

Source: Eurostat.

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

1) In 2002 this category represented 22.2% of total unemployment.

Table 7**Employment growth in the euro area***(annual percentage changes, unless otherwise indicated; seasonally adjusted)*

	2000	2001	2002	2002	2002	2002	2003	2003	2002	2002	2002	2003	2003
				Q2	Q3	Q4	Q1	Q2	Q2	Q3	Q4	Q1	Q2
	Quarterly rates ¹⁾												
Whole economy	2.2	1.4	0.4	0.5	0.3	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0
<i>of which:</i>													
Agriculture and fishing	-1.6	-0.8	-2.0	-2.0	-1.9	-1.9	-2.3	-2.3	-0.4	-0.7	-0.4	-0.8	-0.5
Industry	0.9	0.4	-1.2	-1.1	-1.3	-1.6	-1.6	-1.6	-0.3	-0.4	-0.5	-0.3	-0.3
Excluding construction	0.5	0.3	-1.3	-1.2	-1.3	-1.7	-1.8	-2.0	-0.3	-0.4	-0.6	-0.5	-0.5
Construction	1.9	0.4	-1.1	-0.9	-1.3	-1.3	-1.1	-0.4	-0.3	-0.5	-0.2	0.0	0.3
Services	3.0	1.9	1.2	1.3	1.1	0.9	0.7	0.7	0.2	0.1	0.2	0.2	0.2
Trade and transport	3.1	1.6	0.5	0.6	0.2	0.0	-0.2	-0.1	-0.1	-0.1	-0.1	0.1	0.0
Finance and business	5.8	3.9	2.3	2.6	2.1	2.0	1.6	1.2	0.7	0.2	0.5	0.1	0.3
Public administration	1.6	1.3	1.3	1.3	1.4	1.2	1.1	1.1	0.3	0.3	0.3	0.3	0.3

*Sources: Eurostat and ECB calculations.**Note: Data refer to the Euro 12 (including periods prior to 2001). For further details on the data, see the "Euro area statistics" section.**1) Quarterly rates: percentage change compared with the previous quarter.*

positive influence on labour markets over the remainder of the year.

Quarter-on-quarter employment growth in the second quarter of 2003 remained unchanged at zero, as in the three previous quarters, despite subdued activity and the recorded increases in the number of unemployed (see Table 7). Developments differed across sectors, with industrial employment recording a marked fall again in the second quarter, while both construction and services employment growth were positive, at 0.3% and 0.2% respectively.

The EC and PMI survey data concerning labour markets available up to September 2003 indicate a further contraction in manufacturing employment in the third quarter. As regards employment in the services sector, PMI surveys up to August and EC surveys up to September show signs of improvement,

although the respective indicators remain at levels consistent with subdued services employment growth in the third quarter.

Increasing signs of a gradual recovery in the second half of 2003

Real GDP in the euro area was virtually stagnant in the first half of this year. However, the latest data and information are consistent with a moderate pick-up in activity in the second half. In particular, there are signs that economic activity might have firmed somewhat in the third quarter, and confidence indicators available up to September generally point to some improvement in economic expectations. In line with the available forecasts and projections, the economic upturn should gradually strengthen in the course of 2004.

4 Exchange rate and balance of payments developments

Euro rebounded in September

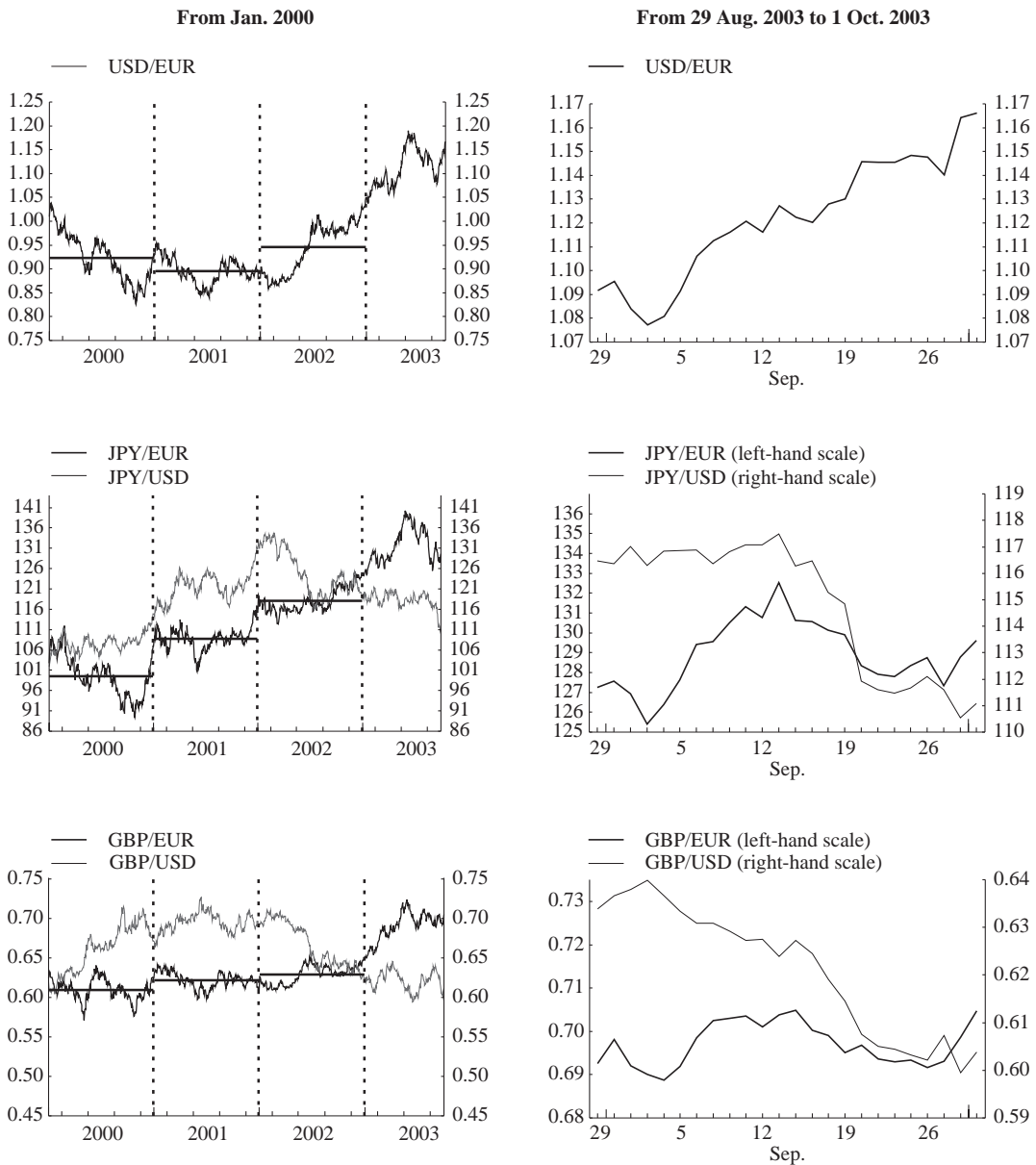
After weakening in August, the euro rebounded strongly in nominal effective terms in the earlier part of September and remained broadly stable thereafter. Towards the end of the period under review, the euro strengthened again. In particular, the euro

appreciated in the first half of the month against both the US dollar and the Japanese yen, initially due to data releases in the United States and market expectations about foreign exchange policy in Japan (see Chart 20). Later on, the Japanese yen strengthened against all major currencies, while the US dollar weakened following the G7 meeting in Dubai,

Chart 20

Patterns in exchange rates

(daily data)



Source: ECB.

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

where it was stated that more flexibility in exchange rates was desirable to promote smooth and widespread adjustments in the financial system based on market mechanisms.

The rebound of the euro against the US currency in September was associated, in particular, with the release of US labour market data which gave market participants a somewhat less optimistic outlook for the US recovery. This outlook was also reflected in a decline in US long-term government bond yields, levelling out the previous months' positive long-term interest rate differential between the United States and the euro area. In the second half of September the US dollar also depreciated strongly against the Japanese yen to trade at around JPY/USD 111 towards the end of the period under review, close to its lowest level since December 2000. On 1 October the euro stood at USD 1.17, 6.8% higher than its end-August 2003 level and 23.4% above its 2002 average.

Vis-à-vis the yen, in the first half of September the euro reversed the depreciation experienced in August against the background of a broadly stable yen/dollar exchange rate (see Chart 20). During the first half of September, the upward pressure on the Japanese currency – associated with more favourable prospects for a recovery in the Japanese economy and the continuation of capital inflows into the country's equity market – was counterbalanced by market expectations about the foreign exchange policy of the Japanese authorities. Subsequently, the yen underwent a broad-based appreciation following the G7 meeting on 20 September. On 1 October the euro was quoted at JPY 129.6, 1.9% above its end-August level and 9.8% higher than its 2002 average.

In September the euro traded in a fairly narrow range against the pound sterling, which appreciated against the US dollar over the same period (see Chart 20). The relative strengthening of the pound sterling was related to positive economic data releases and official statements supporting market expectations of a

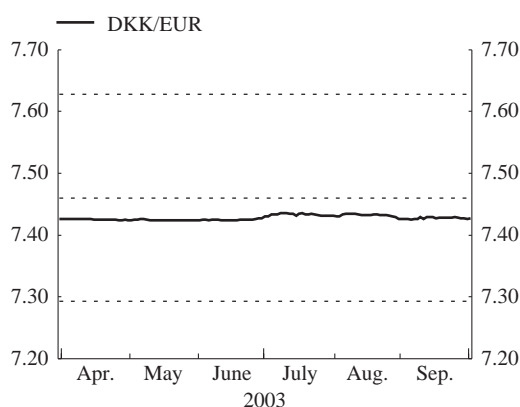
recovery in the UK economy. Towards the end of the review period the euro strengthened against the pound sterling to trade on 1 October at GBP 0.70, 1.7% above its level at the end of August and 12.1% higher than its 2002 average.

In ERM II, the Danish krone continued to fluctuate in a very narrow range close to its central parity (see Chart 21). The Swedish krona strengthened somewhat against the euro prior to the referendum on 14 September. The rejection of euro area membership by Swedish voters had only a relatively modest impact on developments in foreign exchange markets, as the outcome was consistent with the pre-election polls. As a result, the Swedish currency temporarily depreciated slightly against the euro. Soon afterwards, the Swedish krona recovered strongly but moderated again towards the end of the month. On 1 October the euro traded against the Swedish krona 1.6% lower than at the end of August. In terms of other European currencies, the euro was broadly unchanged in the review period against the Swiss franc and the Norwegian krone.

By 1 October the nominal effective exchange rate of the euro – as measured against the currencies of 12 major trading partners – had appreciated by 3.0% relative to its end-August

Chart 21
Patterns in exchange rates within ERM II

(daily data)



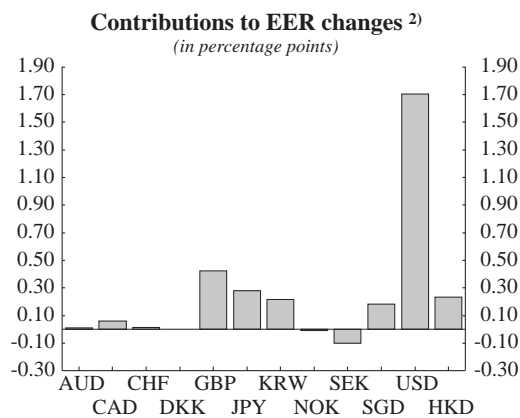
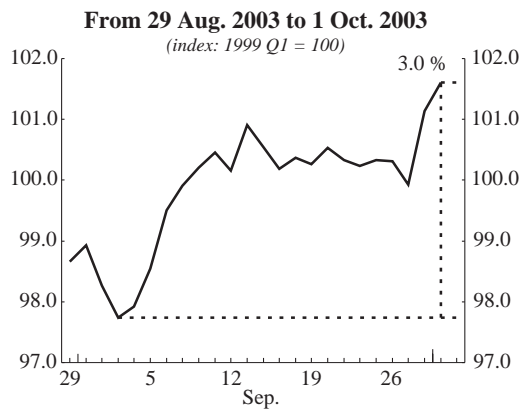
Source: ECB.

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

Chart 22

The effective euro exchange rate and its decomposition¹⁾

(daily data)



Source: ECB.

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

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

level and was 12.9% above its average level in 2002 (see Chart 22). This strengthening of the euro in effective terms mainly reflects its rebound against the US dollar and – to a lesser extent – its appreciation against several Asian currencies and the pound sterling, which were only partially offset by its weakening against the Swedish krona.

Seasonally adjusted current account in balance in July 2003

In July 2003 the current account of the euro area was in balance in seasonally adjusted terms. This reflected surpluses in both the goods (€10.9 billion) and services (€0.8 billion) balances, offset by deficits in income and current transfers (see Table 8).

Compared with June 2003 the seasonally adjusted current account balance declined by €2.1 billion in July (see Table 8). This development resulted from the fact that a rise in the surplus of the goods item (by €1.9 billion) was more than offset by increases in the income and current transfers deficits (by €0.9 billion and €3.0 billion respectively). The services balance remained broadly unchanged.

Taking a longer-term view, the 12-month cumulated current account surplus continued

Table 8

Current account of the euro area

(EUR billions, seasonally adjusted)

	2003	2003	2003	2003	2003	2003	12-month cumulated figures ending	
	Feb.	Mar.	Apr.	May	June	July	2002 July	2003 July
Current account balance	3.0	2.1	-1.0	2.8	2.1	-0.0	33.1	43.3
Goods balance	10.3	5.5	9.8	9.5	9.0	10.9	117.8	118.4
Exports	87.9	83.2	87.3	86.4	83.2	85.8	1042.1	1045.3
Imports	77.6	77.7	77.5	76.9	74.2	74.8	924.3	926.9
Services balance	1.8	2.6	0.6	0.5	1.0	0.8	2.0	17.8
Exports	27.8	28.5	26.9	25.6	25.9	26.5	327.6	329.9
Imports	26.0	25.9	26.3	25.1	24.8	25.7	325.6	312.1
Income balance	-4.8	-2.2	-6.6	-2.7	-4.4	-5.3	-36.9	-43.7
Current transfers balance	-4.3	-3.8	-4.8	-4.6	-3.5	-6.5	-49.8	-49.2

Source: ECB.

Notes: Figures may not add up due to rounding. A detailed set of tables on Euro 12 balance of payments data can be found on the ECB's website.

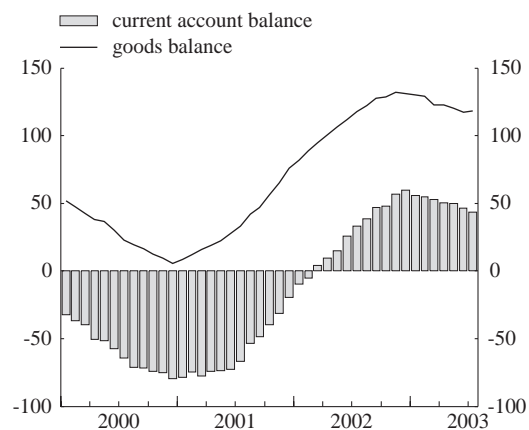
to decline in July after peaking at the end of 2002 (Chart 23). One of the factors behind this trend decline was a lower trade surplus, triggered by decreasing exports, against the background of virtually constant imports. With regard to goods, the fall in the value of goods exports can be attributable to declining export volumes (see Chart 24) and prices that, in turn, partly reflect the weakness of global demand and the appreciation of the euro that took place between the second quarter of 2002 and the second quarter of 2003. The broadly unchanged value of goods imports is mostly due to sluggish domestic demand. Looking at services, the strong fall in the value of exports recorded from April 2003 onwards seems to be associated with the appreciation of the euro and weak foreign demand, which was compounded by the effects of the Iraq war and the SARS epidemic. Meanwhile, imports of services also decreased, albeit to a lesser extent than exports.

Turning to trade volumes, recent developments suggest that the appreciation of the euro has resulted, to a certain extent, in a substitution towards extra-euro area imports and away from intra-euro area imports by reducing the relative price of the former. Chart 24 shows the recent

Chart 23

The euro area current account and goods balances

(EUR billions; monthly data; seasonally adjusted; 12-month cumulated figures)

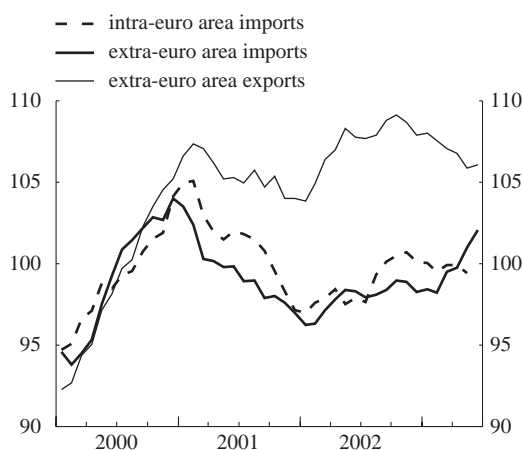


Source: ECB.

Chart 24

Intra and extra-euro area trade volumes¹⁾

(index: 2000 = 100, seasonally adjusted, three-month moving average)



Sources: Eurostat and ECB calculations based on Eurostat data.
1) Latest extra-euro area observations are for June 2003, latest intra-euro area observations are for May 2003 and both are partly based on estimates.

evolution of intra-euro area import volumes compared with extra euro area import and export volumes. Overall, fluctuations in intra-euro area import volumes are relatively similar to that of extra-euro area imports volumes, as, to a large extent, both are influenced by euro area domestic demand, while extra-euro area export volumes move somewhat differently, partly because they are driven by foreign demand. However, in recent months, intra-euro area imports have been falling, possibly due in part to the effects of the aforementioned substitution effects. By contrast, despite the sluggishness of euro area demand, extra-euro area import volumes have increased since the start of 2003 suggesting that, as expected, the appreciation of the euro contributed towards improving their price competitiveness relative to euro area products.

Large net outflows in bonds and notes in July

Combined direct and portfolio investment of the euro area recorded net outflows of €38.9 billion in July, mainly reflecting net outflows in bonds and notes (see Table 9).

Table 9
Balance of payments of the euro area

(EUR billions; not seasonally adjusted)

	2003	2003	2003	2003	2003	2003	12-month cumulated figures ending	
	Feb.	Mar.	Apr.	May	June	July	2002 July	2003 July
Current account balance	3.5	4.0	-8.6	0.4	2.8	1.2	31.9	39.2
Goods balance	9.1	6.2	7.4	8.3	10.9	15.3	117.0	117.0
Services balance	0.1	1.5	0.8	2.0	2.9	2.2	2.0	17.2
Income balance	-2.6	-0.6	-10.5	-4.3	-4.3	-10.2	-38.0	-45.8
Current transfers balance	-3.1	-3.0	-6.3	-5.6	-6.7	-6.1	-49.1	-49.2
Capital account balance	-0.9	0.8	0.1	0.4	2.3	0.8	9.2	9.9
Financial account balance	-25.8	7.9	7.8	-29.8	-21.1	-6.0	-103.3	-166.4
Direct investment	3.2	-7.7	-20.2	-0.2	24.0	-3.6	-37.2	-9.3
Abroad	-6.8	-17.1	-22.8	-0.7	14.9	-7.5	-184.1	-104.7
In the euro area	10.0	9.4	2.6	0.5	9.1	3.9	146.9	95.4
Portfolio investment	-12.0	17.6	9.3	8.0	12.9	-35.3	115.0	58.9
Equities	2.5	-3.4	7.1	-15.0	4.9	5.2	105.3	42.1
Assets	0.3	7.4	-3.0	-5.8	-14.6	-8.1	-68.1	-9.9
Liabilities	2.2	-10.8	10.2	-9.2	19.6	13.3	173.4	52.1
Debt instruments	-14.4	21.0	2.1	23.0	8.0	-40.6	9.6	16.8
Assets	-23.9	-14.8	-9.1	-20.6	-30.4	-22.6	-172.0	-188.6
Liabilities	9.5	35.8	11.2	43.6	38.4	-17.9	181.6	205.4
Memo item:								
Combined net direct and portfolio investment	-8.8	9.9	-10.9	7.7	37.0	-38.9	77.8	49.6
Financial derivatives	0.6	0.2	-4.6	0.6	-0.4	-2.8	-19.1	-12.9
Other investment	-22.9	-7.2	22.9	-39.6	-58.5	34.1	-168.8	-216.1
Reserve assets	5.3	5.0	0.5	1.4	0.8	1.6	6.8	12.9
Errors and omissions	23.2	-12.7	0.7	29.1	16.0	4.1	62.1	117.3

Source: ECB.

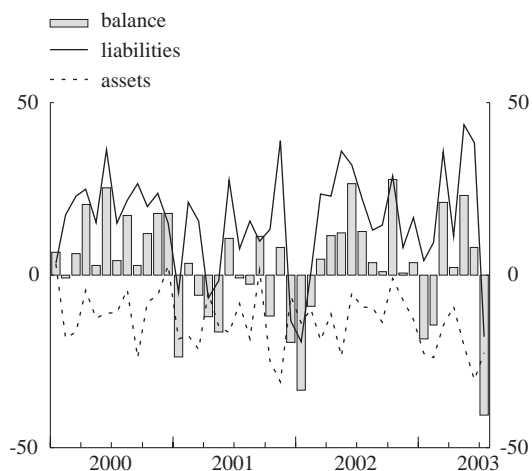
Notes: Figures may not add up due to rounding. For the financial account, a positive sign indicates an inflow, a negative sign an outflow; for reserve assets, a negative sign indicates an increase, a positive sign a decrease. A detailed set of tables on Euro 12 balance of payments data can be found on the ECB's website.

The substantial net outflows in portfolio investment (€35.3 billion) in that month stemmed from net outflows in bonds and notes (€44.7 billion). This development constitutes a partial reversal from the substantial inflows in bonds and notes in previous months. In particular, non-residents reversed their previous trend of purchasing significant amounts of euro area bonds and notes (see Chart 25). Yield considerations, along with a possible portfolio re-balancing of previous large purchases of euro area bonds and notes, may have played a role in accounting for these developments in the financial account in July.

By contrast, equity portfolio investment and money market instruments recorded small net inflows in July, roughly in line with developments in previous months. Finally, the deficit of the direct investment account was €3.6 billion in July.

Chart 25
Euro area portfolio investment in debt instruments

(EUR billions, monthly data)



Source: ECB.

Recent developments in financial structures of the euro area

Financial structures are of particular interest for central banks because they have an impact on the way central banks operate through the banking system and in financial markets. In October 2002 the ECB published a “Report on financial structures” describing the main characteristics of the financial structures in each euro area country and in the euro area as a whole. The aim of this article is to update and complement some of the information contained in this report. The article focuses on how financial flows are channelled through financial intermediaries or through non-intermediated instruments (i.e. financial markets).

A process of disintermediation got under way in parallel with the significant rise in stock prices in the late 1990s, the introduction of the euro, a surge in financial innovation and an increase in savings for pension purposes. The correction of stock prices and episodes of turbulence in the financial markets since mid-2000 have somewhat reversed this trend. Nevertheless, the increased importance of non-bank financial intermediaries, the emergence of a corporate bond market and the process of consolidation and innovation in stock markets have together deepened the financial markets and broadened the financial system, paving the way for an improved allocation of capital in the euro area.

I Introduction

Central banks operate through the banking system and financial markets. They thus need a sound knowledge of how the financial system works, e.g. of the supportive role played by banks in the financial system and of the factors underlying observed trends in financial structures. In October 2002 the ECB published a “Report on financial structures”, which described the financial structures of the euro area and its constituent countries and analysed the functioning of the financial system. The aim of this article is to update and complement some of the information contained in this report. The main focus is on the role played by intermediaries and non-intermediated instruments (i.e. financial markets) in the financial system of the euro area.

It is difficult to make a clear-cut distinction between intermediated and non-intermediated financial assets. For the purpose of highlighting the role of financial intermediation in this article, “intermediated” financial assets have been categorised as assets held with monetary financial institutions (mainly credit institutions and money market funds), insurance corporations and pension funds and other financial intermediaries (mainly investment/mutual funds). Conversely, “non-intermediated” financial assets consist of direct holdings of

shares and other equity and of securities other than shares (primarily bonds).¹

The euro area financial system is more or less evenly split between intermediated and non-intermediated instruments. At the end of 2001, the value of euro area residents’ holdings of intermediated financial assets was equivalent to 254% of GDP. Their holdings of non-intermediated financial assets amounted to around 285% of GDP and thus accounted for 53% of their total holdings of financial assets.² Excluding financial corporations, the financial asset holdings of the non-financial sectors of the euro area at the end of 2001 were equivalent to 162% of GDP (52% of the total) for intermediated assets and 147% of GDP (48% of the total) for non-intermediated assets.

A key development in the European financial system since the mid-1990s has been a trend towards disintermediation. In 1995, financial asset holdings of euro area residents were

¹ For a more detailed description of the division of financial assets into intermediated and non-intermediated assets, see “Report on financial structures”, ECB, October 2002.

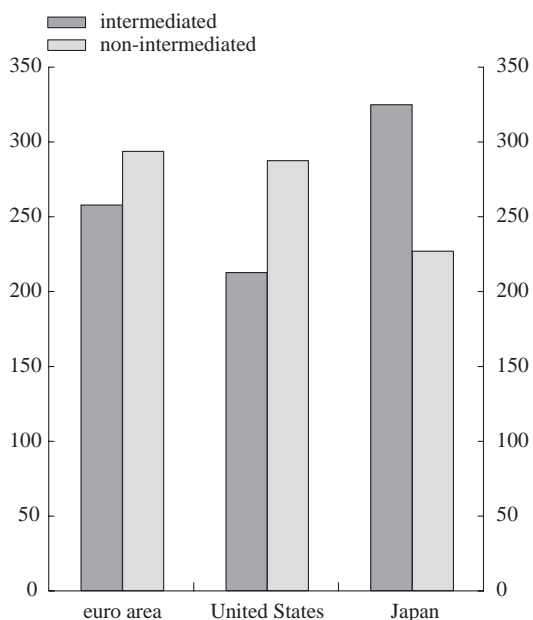
² In this article the economic sectors’ holdings and acquisitions of financial assets are based on financial accounts data, which are compiled by the ECB. At the time of writing, transaction data were available from 1995 to 2002, while data for amounts outstanding were available only for the period from 1995 to 2001.

primarily allocated to intermediated assets (around 53% of the total). Since then, the euro area financial system has become more oriented towards non-intermediated instruments. The process of disintermediation is confirmed by transaction data, which show that euro area residents' (net) acquisitions of non-intermediated assets followed a significant upward trend between 1995 and 2000 (see Chart 1). It seems that a major driving force behind this process was the significant rise in stock prices over this period, which encouraged investments in relatively risky assets. It is therefore not surprising to see a slight reversal of this trend in 2001 and 2002, as investors moved into safer assets, such as bank deposits and money market funds, following the correction in stock prices and the financial market turbulence over that period.

In terms of its allocation between intermediated and non-intermediated instruments, the euro area financial system

Chart 2
Distribution of financial assets in the euro area, the United States and Japan

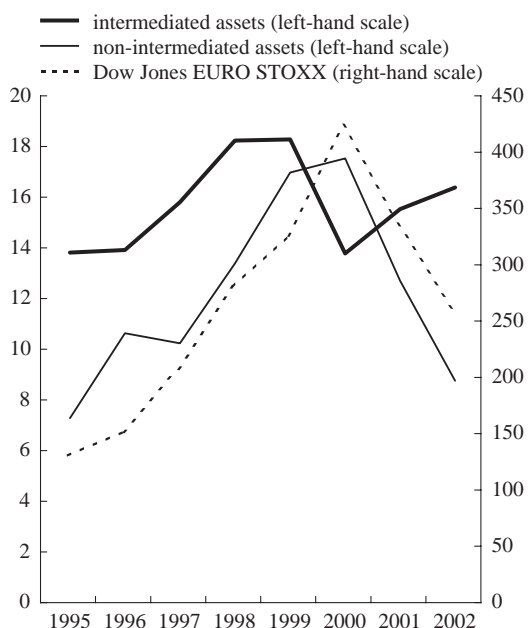
(as a percentage of GDP; end-2001)



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

Chart 1
The acquisition of financial assets by euro area residents and the Dow Jones EURO STOXX index

(as a percentage of GDP; index level in points)



Sources: ECB and Reuters.

Note: Non-intermediated assets do not include financial derivatives.

lies somewhere between the US financial system, which is more market-oriented, and the Japanese financial system, where financial intermediaries – and banks in particular – play a dominant role (see Chart 2). This aggregate comparison, however, hides important additional differences. For instance, in the euro area, a relatively large proportion of shares are not quoted, reflecting the fact that most euro area non-financial corporations are small and medium-sized enterprises. In addition, both in the euro area and in Japan, most intermediated assets are held with monetary financial institutions (MFIs), while in the United States the most important intermediaries in terms of the value of assets outstanding are pension funds.

The remainder of this article is structured as follows. Section 2 describes the allocation of intermediated assets among different types of financial intermediary and subsequently describes in detail developments in the three main intermediary segments: MFIs, insurance corporations and pension funds (ICPFs), and other financial intermediaries (OFIs).

Section 3 describes the allocation of assets among the different types of non-intermediated instrument and the

structural developments in the bond and stock markets. Section 4 offers some concluding remarks.

2 Financial intermediaries

Financial intermediaries are prominent actors in the euro area financial system both in terms of the significant funds that the non-financial sectors place with them (162% of GDP at end-2001) and in terms of their considerable involvement in the financial markets. Holdings of the non-financial sectors with MFIs remain the most important intermediated financial assets in the euro area. In terms of amounts outstanding at the end of 2001, financial assets held by non-financial sectors with MFIs were valued at 82% of GDP. The corresponding holdings with insurance corporations and pension funds amounted to 51% of GDP, while holdings with other financial intermediaries had a value of 28% of GDP (see Table I).

However, on average between 1998 and 2002, the non-financial sectors of the euro area allocated more funds to non-bank financial intermediaries (i.e. insurance corporations, pension funds and other financial intermediaries) than to MFIs. The non-financial sectors annually acquired financial assets of other financial intermediaries (mainly investment fund shares) for a value averaging around 2.8% of GDP between 1998 and 2002. The acquisition of insurance technical reserves averaged 3.7% of GDP over the same period. The sum of this (6.5% of GDP) was more than twice the allocation of funds to MFIs, which reached 3.0% of GDP. Flows into insurance corporations and pension funds were

Table I
Financial assets (acquisitions and holdings) in the form of intermediated instruments by sector
(as a percentage of GDP)

	Monetary financial institutions (MFIs)					Other financial intermediaries (OFIs)					Insurance corporations and pension funds (ICPFs)				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Annual transactions															
Households	1.6	1.9	1.0	2.3	3.3	4.6	2.6	1.5	1.1	0.8	3.6	4.1	3.8	3.5	3.3
Non-financial corporations	1.0	0.4	1.0	1.3	0.3	0.5	0.4	0.1	0.8	1.2	0.0	0.1	0.0	0.1	0.1
General government	0.2	0.5	0.7	-0.7	0.2	0.0	0.1	0.2	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Financial corporations	4.5	5.8	2.2	5.1	5.5	2.2	2.2	2.7	1.9	1.5	0.0	0.1	0.0	0.1	0.0
Total	7.2	8.5	5.0	7.9	9.2	7.3	5.3	4.6	3.9	3.5	3.7	4.3	3.9	3.7	3.4
Year-end outstanding amounts															
Households	63.5	63.3	61.4	61.6	.	21.5	25.0	24.3	22.7	.	43.8	47.4	49.0	49.9	.
Non-financial corporations	13.7	13.6	14.1	14.9	.	4.1	4.6	4.4	4.3	.	1.3	1.4	1.4	1.4	.
General government	6.2	6.4	6.8	5.9	.	0.4	0.7	0.8	0.9	.	0.1	0.0	0.0	0.0	.
Financial corporations	69.3	74.3	72.9	75.6	.	10.1	13.5	15.6	15.7	.	1.2	1.3	1.3	1.3	.
Total	152.7	157.6	155.1	158.0	.	36.1	43.7	45.1	43.6	.	46.3	50.1	51.7	52.7	.

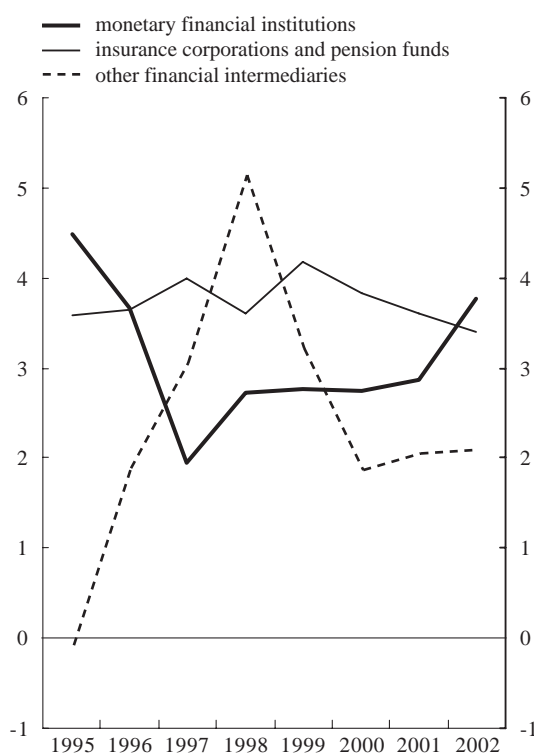
Source: ECB.

persistently strong between 1995 and 2002, largely reflecting an increase in private savings related to population ageing, while investment in other financial intermediaries was significant between 1997 and 1999, but decreased in more recent years (see Chart 3). The decline in flows into other financial intermediaries from 1998 onwards can be considered a normalisation following the strong growth of this industry in previous years. In addition, many investors may to an increasing extent have replaced holdings in investment funds with direct holdings of shares in the period 1998-2000 as a result of rising stock prices and the privatisation activity of some euro area governments.

Several factors may explain why the importance of MFIs has been diminishing relative to other types of intermediary/instrument in recent years. In some countries, changes in tax regulations have altered saving

patterns. More generally, the low levels of interest rates and inflation have led many investors to search for investments with higher yields than traditional bank deposits. In response to this demand, alternative instruments have been offered both by MFIs and other intermediaries, resulting in increased competition among different providers of similar services. Furthermore, demographic developments have sparked a trend to invest in financial assets of a longer-term nature, such as pension fund shares. However, owing to the decline in stock prices and the global rise in risk aversion (especially after the terrorist attacks on 11 September 2001), many investors have returned to safer assets such as bank deposits and money market funds. Thus, the amount of financial assets allocated to MFIs in 2001 and 2002 was higher than in previous years, although still somewhat lower than the amount of assets allocated to non-bank financial intermediaries.

Chart 3
Acquisition of intermediated assets by euro area non-financial sectors
(as a percentage of GDP)



Source: ECB.

Monetary financial institutions

Recent years have seen a continuation of the steady decline in the number of MFIs that occurred over the last couple of decades. At the end of 1998, there were 9,844 MFIs (excluding central banks) in the euro area. By end-2002, this number had declined to 8,531. While the overall number of MFIs, which include credit institutions and money market funds, decreased in the period 1998-2002, the number of money market funds increased significantly (by 7%) over the same period to a total of 1,620. The money market funds are, however, concentrated in a few countries, such as France and Luxembourg, and overall they account for only a small part of the total MFI sector (when measured in terms of total MFI assets).

These developments reflect a continuing consolidation of the banking sector, which in the period up to 2000 took place in the form of mergers between (mainly) smaller credit institutions at both regional and national level. Cross-border mergers in the

euro area have been relatively rare and have mostly involved larger institutions that have expanded on a regional basis, e.g. in the Benelux countries or the Nordic/Baltic region. At present, only a few MFIs operate on a euro area-wide scale and then primarily in the wholesale area. Retail activities are still taking place on a predominantly regional/national level, although new technologies, such as internet banking, may eventually enable further cross-border expansion in the retail business. Consolidation has slowed somewhat recently, mainly as a result of the weakening stock market, which has made mergers and acquisitions more difficult to finance, as it has become more costly to issue equity capital. The slowdown has been most evident for (cross-border) mergers involving major banks; continuing merger activity has largely been at a domestic level between small and medium-sized banks.³

Traditional banking activities, such as granting loans and taking deposits, still account for most of the aggregated MFI balance sheet. At the end of 2002, loans amounted to 70% of total MFI assets (49% excluding euro area interbank loans) and deposits amounted to more than 65% of total MFI liabilities (45% excluding euro area interbank funding). However, between 1998 and 2002, the share of loans to resident non-MFIs in total assets declined by almost 4%. Similarly, over the same period, the share of deposits taken from resident non-MFIs in total MFI liabilities fell by more than 8%. These developments seem to some extent to reflect a shift in the nature of banking activities towards a larger degree of securitisation (see Box 1). On the asset side, MFIs had increased their holdings of securities (including bonds, shares and money market paper) to 23% of total assets by the end of 2002, representing an increase of almost 9% since 1998. On the liability side, MFIs are to an increasing extent funding their activities through the issuance of securities as a complement to traditional deposit financing.

Furthermore, the aggregated balance sheet of MFIs only reflects the on-balance-sheet

activities of banks and other credit institutions. It does not provide information about off-balance-sheet activities, such as derivatives trading, financial guarantees and loan commitments (e.g. liquidity back-up lines and securities underwriting back-up lines), which have been growing in importance in recent decades. More generally, the technological developments and financial deregulation and innovation in the past decades have at the same time broadened the scope of banking activities and led to more sophisticated risk transformation and management. This is also evidenced by the fact that banks' interest income has gradually been declining relative to their non-interest income.⁴ Banking has thus changed in many respects, but MFIs remain important players in the euro area financial system.

Insurance corporations and pension funds

Owing to their function as saving vehicles for old age, insurance corporations and pension funds primarily invest in financial assets of a long-term nature, such as equity and long-term bonds. At the end of 2002 holdings of debt securities constituted 38% and quoted shares 35% of total financial assets of insurance corporations and pension funds. While the overall share of securities in the total assets of insurance corporations and pension funds has remained largely unchanged at around 70-75% over the past five years, notable changes have occurred with respect to the importance of quoted shares relative to debt securities. During the stock market boom of the late 1990s and early 2000, the value of share holdings increased significantly, and the ratio of quoted shares to total assets peaked at 41% by the end of 2000, whereas debt securities constituted only 33% of total assets. The subsequent stock market correction in 2001 and 2002 reversed this trend, causing the combined value of quoted

³ See, for example, "Structural analysis of the EU banking sector", ECB, November 2002.

⁴ See, for example, "EU banks' income structure", ECB, April 2000.

shares and mutual fund shares on the aggregated insurance corporations and pension funds balance sheet to decrease significantly, while the share of debt securities had by end-2002 returned to its end-1998 level. Most of these changes were due to revaluation adjustments and only to a lesser extent reflected transactions.

On the liability side, “insurance technical reserves”, which insurance corporations are legally obliged to build up over the life of an insurance contract to take into account future claims, take up the major part of the funding of insurance corporations and pension funds. Furthermore, the sharp decline in stock prices and other problems facing insurance corporations in the past two years have resulted in a marked decline in the value of the quoted shares issued by these corporations. While quoted shares accounted for 11% of total liabilities at the end of 1998, the figure had fallen to 3% by the end of 2002.

Public pension schemes have traditionally played a dominant role in household saving for old age in most euro area countries, but demographic trends have in recent years strengthened the incentives to use complementary (private) pension schemes. Households have therefore increasingly allocated long-term savings to insurance corporations and pension funds. However, the importance of this sector varies significantly across the euro area, among other things reflecting country-specific factors in relation to mandatory funded pension schemes, the social security system and the tax treatment of voluntary pensions.⁵

Other financial intermediaries

Over the last decade other financial intermediaries (primarily investment/mutual funds) have become more important in the euro area financial system both as collectors of funds and as investors in the financial markets. The composition of their assets has changed over the past two years, mainly reflecting the decline in stock prices and the rise in bond prices. The percentage of assets that other financial intermediaries held in shares and other equity fell from 43% at end-2000 to 30% by end-2002. Investment in securities other than shares increased from around 39% of total assets in 2000 to 47% in 2002. The share of total assets invested in real estate funds and other funds also rose. This reflected the continued increase in real estate prices in some European countries and in the United States, as well as an increased incentive to diversify portfolios towards alternative investments amid high capital market volatility.

The importance of other financial intermediaries still varies considerably across the euro area countries, with Germany, France and Luxembourg accounting for around 72% of the total activity of these institutions in the euro area at the end of 2002.⁶ The size of the other financial intermediary segment in terms of GDP is also above the euro area average in Belgium, Italy and Austria.

⁵ See “Report on financial structures”, ECB, October 2002, p. 26.

⁶ Official ECB statistics on other financial intermediaries do not include data for Ireland. Alternative sources suggest that investment funds in Ireland are important (see the above-mentioned “Report on financial structures”).

3 Markets

Euro area residents' holdings of non-intermediated financial assets (shares and other securities) totalled 285% of GDP at the end of 2001 (see Table 2). Shares and other equity accounted for around 60% of non-intermediated financial assets, while other securities (mainly debt securities) made up the remaining 40%. Around 39% of shares and other equity was held by non-financial corporations at the end of 2001, partly reflecting the importance of cross-shareholdings and non-quoted shares in the euro area. At the same point in time, financial corporations held 74% of the total outstanding amount of securities other than shares.

Shares dominated the acquisitions of financial assets by the non-financial sector in the euro area between 1998 and 2000. On average in that period, it annually acquired shares for a value of around 4.6% of GDP, reflecting primarily acquisitions by non-financial corporations. Over the same period, the acquisition of securities other than shares by the non-financial sector amounted to 1.5% of GDP per year.

Financial corporations were the main investors in non-intermediated assets between 1998 and 2000, accounting for 63% of the total securities acquired in 2000.

In 2001 and 2002, owing to the decline in equity prices, investment in shares was lower than in the previous years, which was a reversal of the increasing trend observed since 1995. By contrast, investment in securities other than shares increased sharply in 2001. In 2002 it was comparable with investment in shares. In particular, from the second half of 2001 financial corporations seem to have reallocated their financial portfolios away from equity towards more secure financial assets. The decrease in the equity investments of non-financial corporations also reflected the subdued mergers and acquisitions activity during that period.

The debt securities markets

There has been substantial growth in the amount outstanding of debt securities in the

Table 2

Financial assets (acquisitions and holdings) in the form of non-intermediated instruments by sector

(as a percentage of GDP)

	Shares and other equity					Securities other than shares				
	1998	1999	2000	2001	2002	1998	1999	2000	2001	2002
Annual transactions										
Households	0.4	0.6	0.3	0.9	-0.9	-2.0	0.6	0.7	1.2	1.0
Non-financial corporations	2.7	4.5	6.8	3.5	2.6	-0.3	4.5	1.5	1.5	0.3
General government	-0.6	-0.7	-0.2	0.0	-0.3	0.1	-0.7	0.1	0.1	0.1
Financial corporations	4.5	5.3	6.3	4.9	2.2	14.3	5.3	9.5	12.3	2.6
Total	7.0	9.7	13.2	9.3	3.7	12.1	9.7	11.9	15.1	4.0
Year-end outstanding amounts										
Households	44.4	56.1	51.8	41.8	.	20.0	18.4	18.8	19.1	.
Non-financial corporations	52.7	69.2	73.9	67.2	.	4.5	6.0	7.2	8.5	.
General government	9.6	10.8	9.5	8.5	.	1.9	2.0	2.0	2.1	.
Financial corporations	44.2	61.4	62.6	54.6	.	79.7	80.2	79.5	82.9	.
Total	150.8	197.4	197.8	172.2	.	106.1	106.5	107.6	112.6	.

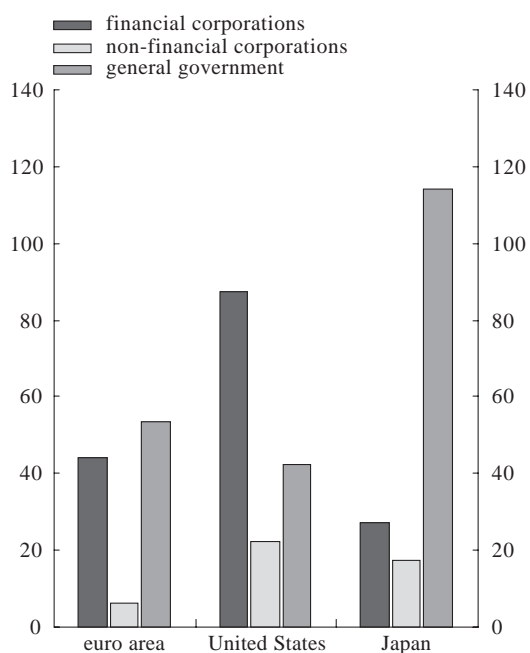
Source: ECB.

euro area. The total amount outstanding of euro-denominated debt securities issued by euro area residents increased by an annual average of 6% between 1998 and 2000. However, growth rates differed significantly across issuing sectors. On account of consolidation of budgets, between 1998 and 2000 the amount outstanding of debt securities issued by central government grew by only 4% a year. Over the same period, corporate issuers stepped up the pace of their issuance activities and the amount outstanding of corporate debt securities issued by non-MFIs increased at an annual rate of around 17%. In 2001 and 2002, bond issuance trends partly reversed compared with the previous few years. There was a general decline in private sector issuance and a rise in issuance by the general government sector, reflecting differences in the financing needs of these sectors at a time of weak economic growth.

The relative value of outstanding debt securities is lower in the euro area than in the other major developed economies. The total amount outstanding of debt securities at the end of 2002 equalled around 105% of GDP in the euro area, 154% in the United States and 160% in Japan. However, these aggregate values mask significant differences in the sectoral composition. Both in the euro area and in Japan, government debt accounts for most of the outstanding securities. At the end of 2002, in the Japanese debt market government securities accounted for around 72% of the total amount outstanding, while in the euro area government securities represented 51% of the total debt outstanding. In the United States, by contrast, the most important issuers of debt securities are financial corporations, and the total private sector (financial plus non-financial corporations) accounted for around 72% of the total debt outstanding at the end of 2002 (see Chart 4). In addition, in the euro area most corporate borrowing is via loans, while in the United States loans only cover about half of corporations' funding needs.⁷ There thus seems to be scope for further development of the corporate bond market in the euro area.

Chart 4
Amounts outstanding of debt securities denominated in domestic currency issued by residents in the euro area, the United States and Japan

(as a percentage of GDP; end-2002)



Sources: ECB and BIS.

Trends in the corporate bond market

In 2001 net bond issuance by non-MFIs (non-monetary financial corporations and non-financial corporations) was higher than net issuance by banks (see Chart 5). This represented a notable change in issuance activity compared with the recent past; until the end of 2000 euro area MFIs were the main net issuers of corporate bonds among euro area residents.

The start of Stage Three of Economic and Monetary Union seems to have led to a large increase in the use of bond issuance as a

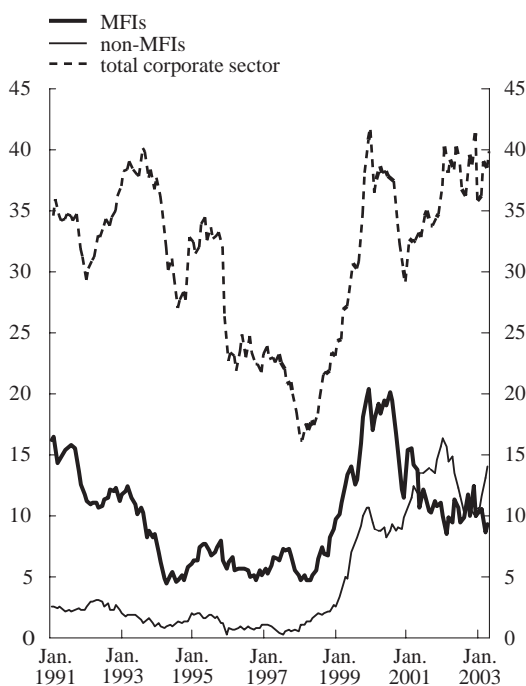
⁷ See B. N. Carnegie-Brown and M. King, "Development of the European bond markets" published in "The transformation of the European financial system", Second ECB Central Banking Conference, October 2002.

financing source by corporations (both financial and non-financial). However, the increase was also due to other, temporary factors, such as corporate restructuring and related mergers and acquisitions activity as well as the liberalisation of the telecommunications industry. The impact of the latter factors seemed to diminish somewhat in 2001. Debt securities issuance from the private sector continued to grow in 2002, albeit at a slower pace, also reflecting lower financing needs due to sluggish economic activity.

In recent years, non-monetary financial corporations have been a driving force behind the issuance activity of the non-MFI sector. Between 1998 and 2002, the annual average rate of growth in the amount outstanding stood at around 34% for non-monetary financial corporations and 12% for non-financial corporations. The strong growth in the issuance activity of non-monetary financial corporations seems to reflect, in part, a shift from direct issuance by the non-financial corporate sector to indirect issuance via *special finance vehicles* (see Box).

Chart 5
Net issuance of corporate bonds in the euro area by issuer

(EUR billions, 12-month moving average)



Source: ECB.

Box

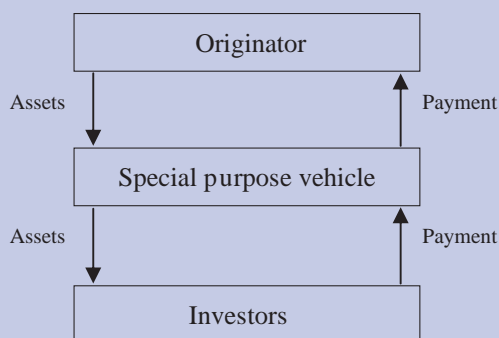
Securitisation and the activity of special finance vehicles

One of the most striking developments in debt securities issuance over recent years has been the remarkable increase in the amount of debt securities issued by non-monetary financial corporations in the euro area. This group includes insurance corporations and pension funds and other financial intermediaries, but the bulk of its securities issuance stems from special finance vehicles. These are institutions which engage in financial activities and whose main purpose is to raise money on behalf of a third party, e.g. a non-financial corporation, a credit institution or an investment fund. Such vehicles can be legally owned by the company to which they are providing funds, or they can be without capital links to that company and can be established to facilitate a particular financial transaction. In the latter case they are known as special purpose vehicles (SPVs). SPVs act solely as a single-purpose conduit for channelling funds from lenders to borrowers. They are precluded from engaging in activities other than the transaction for which they were established and they immunise the investor against the potential bankruptcy of the original owner of the assets (the originator).

In the euro area, these finance vehicles existed until very recently in only a few countries – particularly in the Netherlands, where they started their activities at the end of the 1970s.¹ Initially, they were typically established in that country by foreign multinationals and they were limited to collecting funds and lending or investing them within their own group. They were pure holding companies or companies managing licences,

¹ See De Nederlandsche Bank, *Statistical Bulletin*, March 2000.

Chart A: Creation of an asset-backed security



portfolios of banks, can be packaged into securities and sold to investors. In this context, securitisation entails the sale of financial assets by the originator to a separate legal entity, the SPV. To finance its purchase, the SPV (in some cases through a trust whose beneficiaries are investors in the securities) issues marketable securities usually known as asset-backed securities (see Chart A). The conveyance of assets from the originator to the SPV generally needs to be conducted in a manner that results in a “true sale”. This is necessary to remove the assets from the bankruptcy or insolvency estate of the originator – the “bankruptcy remote principle”.

As a way of raising funds, securitisation brings several advantages to the originator. First, an SPV can generally obtain cheaper finance since it is typically assigned a higher credit rating than the originator. Since the assets are separated from the credit risk of the originator, the premium demanded by investors to lend money to that particular corporation is generally lower than it would be in traditional bank and debt capital markets. Depending upon the nature of the transaction and the assets involved, it may be necessary to enhance the credit quality of the asset pool by complementing it with one or more types of credit and/or liquidity support. These may be supplied from internal sources or, for a fee, by a third party. Second, institutions with a low rating, or no rating at all, can gain access to institutional investors, including banks, insurance companies and pension funds, which are often restricted to investment in high-rated bonds. Third, as an off-balance-sheet funding technique, securitisation is also aimed at reducing a company’s leverage by selling assets and using the proceeds, for example to repay more expensive long-term debt.

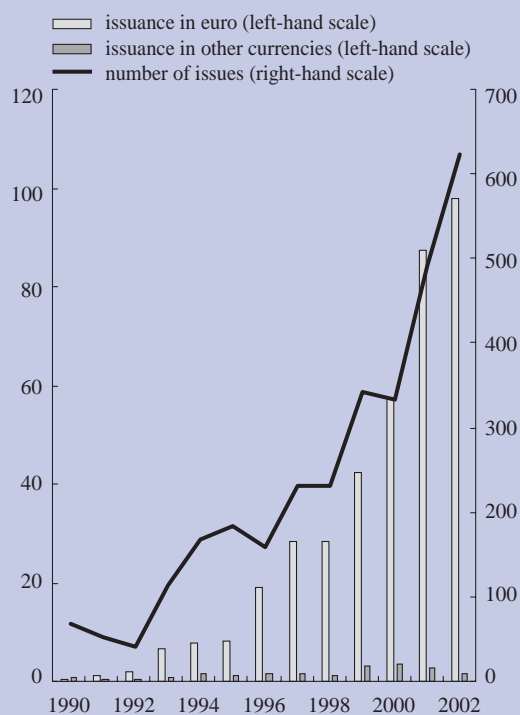
The issuance activity of special finance vehicles flourished in the last few years of the 1990s in parallel with the introduction of the euro. The bulk of the issuance of financial institutions legally established in the euro area countries is denominated in euro.

patents or film rights. When the exchange controls on financing companies engaged exclusively in collecting funds and investing them abroad were relaxed, these special financial institutions were also able to raise money from non-resident investors external to their group.

More recently, the activity of special finance vehicles has been linked to the development of the securitisation market. Securitisation is in part carried out through SPVs. The term “securitisation” refers to the transformation of non-marketable assets into marketable securities. Assets such as mortgage loans, which have traditionally been held in the loan

Chart B: Issuance activity of special finance vehicles¹⁾: volume and number

(EUR billions)



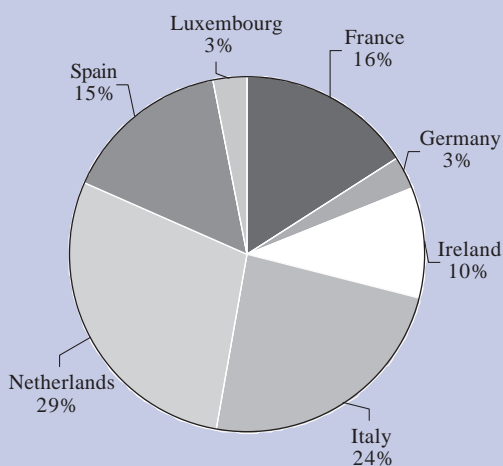
Source: Bondware Dealogic.

1) Special finance vehicles consist of “SPVs”, “finance vehicles” and “private finance companies” as defined by Bondware Dealogic.

Regulatory changes in several euro area countries also fuelled the increase in special finance vehicle activity, both in terms of the number of issues and issuance volume (see Chart B).

Special finance vehicles are usually set up in jurisdictions which are more favourable in terms of the bankruptcy remote principle, the security arrangements provided for the investors and the tax treatment. In the euro area, a traditional jurisdiction in which to establish special finance vehicles has been the Netherlands, which on average between 1990 and 2002 accounted for around 30% of the total volume issued by such vehicles. Other common jurisdictions used for establishing special finance vehicles (in particular SPVs) are Ireland, Italy and Luxembourg. In addition, securitisation entities are established in the same jurisdiction as the originator in Spain, France and Italy (see Chart C).

Chart C: Issuance activity of special finance vehicles¹⁾ by country of issuer
(percentage of total issuance; end-2002)



Source: Bondware Dealogic.

1) Special finance vehicles consist of "SPVs", "finance vehicles" and "private finance companies" as defined by Bondware Dealogic.

Trends in government debt securities markets

Government debt securities represent the largest segment of the debt securities market. They amounted to 54% of GDP at the end of 2002, having grown slowly between 1998 and 2000. During the 1990s, the share of short-term government securities in total government debt declined steadily. Substantially lower long-term interest rates compared with the years prior to Stage Three of Monetary Union and an environment of price stability created incentives for euro area governments to lengthen the average maturity of their debt, taking advantage of the flatter yield curve. The adjustment process may have come to an end in the late 1990s, as short-term government securities issuance rose again in 2001 and 2002. This partly reflected the deterioration of economic activity and the consequent increase in government borrowing needs, as well as the short-term budgetary benefits from the low level of short-term yields.

Government debt financing has undergone major changes in the last few years. The

introduction of the single currency resulted in increased competition among government debt managers, fostering transparency and liquidity in both the primary and secondary markets. At the same time, regulatory changes relaxed constraints on foreign holdings for certain categories of institutional investors, which were allowed to diversify their financial portfolios abroad. The disappearance of exchange rate risk in the euro area significantly reduced investors' "home bias". For example, domestic ownership of government debt in the euro area decreased from 73% of the total in 1998 to 63% in 2002. Compared with the years prior to Stage Three, the volume of individual primary issues has generally increased, as governments are interested in providing high liquidity to the markets and accessing trading platforms. The use of electronic trading systems for the secondary market has increased efficiency and liquidity, overall lowering financing costs for issuers.

There have been a number of important innovations in debt management. Increasingly, euro area debt managers use interest rate swaps, which give them more flexibility to

actively manage their liabilities, without influencing volumes of issuance in the market. The involvement of governments in swap markets has had an impact on these markets owing to the large size of the operations involved and has tended to put a ceiling on euro swap spreads.⁸ Another important innovation has been the issuance of index-linked bonds. The French Treasury took this initiative in October 2001 when it started issuing bonds linked to the euro area HICP excluding tobacco. The Greek government followed suit in March 2003, and the Italian government in September 2003. These financial instruments are of particular interest for insurance corporations and pension funds, as these financial intermediaries tend to have long-term liabilities linked to nominal price developments. Indeed, according to the French Treasury, insurance corporations and pension funds acquired around 18% of the French index-linked bonds offered on the occasion of the first issue.

More local and regional governments have issued bonds to meet their financing needs, seizing the opportunity to access a larger investor base. Regulatory changes in some countries contributed to this development, as did the less favourable budgetary developments and the resulting increased borrowing requirements of these public entities. Despite the strong growth in issuance of debt securities by local and regional governments in recent years, its importance is low – the overall amount outstanding accounted for only around 4% of

total government debt securities issuance in the euro area at end-2002 – and it remains limited to a small number of countries.

The stock market

The development in the amount outstanding of quoted shares in the euro area has broadly followed the upswings and subsequent downturns in share prices. The amount outstanding of quoted shares held by non-financial sectors was equivalent to 64% of GDP at end-2001 and had declined to 49% of GDP by end-2002. The non-financial sectors' holdings of quoted shares increased steadily between 1995 and 2000 amid favourable developments in stock prices. In 2001, however, this trend was reversed, and the downtrend continued throughout 2002 as stock prices declined for their third consecutive year. This prolonged decline in stock prices resulted in a significant drop in quoted share holdings, while the holdings of mutual fund shares were almost unchanged.

The market capitalisation of euro area stock exchanges was equivalent to 47% of GDP at the end of 2002 (see Table 3), which compares with a peak of 88% of GDP in 1999. The decline mainly reflects the decrease in stock prices, but also de-listing, as the total number of companies quoted fell by 2% between end-2001 and end-2002.

⁸ See E. Remolona and P. D. Wooldridge, *BIS Quarterly Review*, March 2003.

Table 3
Characteristics and activity of the euro area stock market

	1998	1999	2000	2001	2002
Number of public companies listed	3,870	-	5,103	5,910	5,787
Number of newly listed companies	635	937	929	820	590
Market capitalisation of listed domestic shares (EUR billions)	3,625	5,430	5,646	4,942	3,324
Market capitalisation of listed domestic shares (% of GDP)	61	88	87	72	47
Gross amount of capital raised by domestic companies through listed shares (EUR billions)	120	186	277	144	73
Concentration (top ten companies' percentage share of total market capitalisation)	62	68	67	62	59

Sources: ECB (*Report on financial structures*), World Federation of Exchanges and Comisión Nacional del Mercado de Valores.

Stock price developments in 2001 and 2002 made equity financing an expensive option for euro area corporations. Both capital increases and initial public offerings (IPOs) declined. The new capital raised by domestic companies through the issuance of equities on regulated stock exchanges in 2001 was roughly half the volume raised in 2000, and it declined even further in 2002. This was also reflected in a significant drop in the number of euro area IPOs as well as in their volume in 2001 and 2002 compared with the previous years.⁹ Similar developments also took place in the primary equity markets in the United States and Japan (see Chart 6).

The diminished opportunities to raise capital in the equity market significantly affected the financing possibilities of companies belonging to the so-called “New Economy”, which typically lack collateral to put forward as a loan guarantee. The activity of the “parallel markets” (mainly the new markets created between 1996 and 2000 to specialise in the trading of shares in technology or low

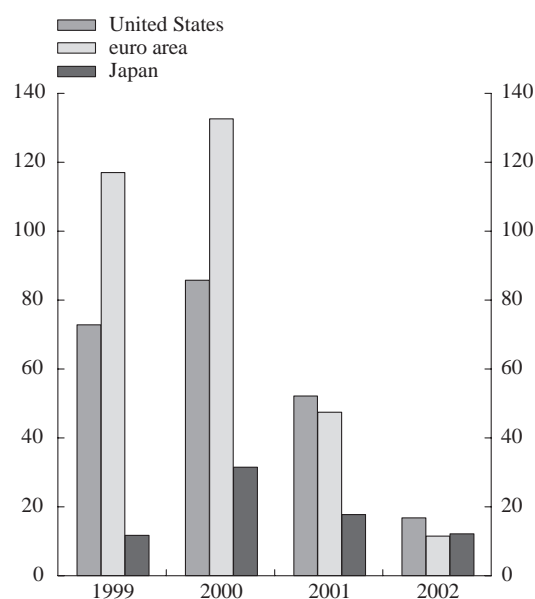
capitalisation firms), which were flourishing at the end of 2000, dropped significantly. The market capitalisation of these parallel markets, which amounted to around 3% of GDP at the end of 2000, fell by 78% between end-2000 and end-2002. Over that period the new capital raised on these exchanges was virtually nil. The German Neuer Markt was, in fact, closed down at the beginning of 2003.

Since the early 1990s, several trends have had an impact on stock exchange activity. Alternative trading systems operating on networks (such as the internet) in parallel with traditional market places have emerged, offering advantages such as the possibility of cross-border trading and lower transaction costs. While specialisation and segmentation of stock exchanges seemed to prevail after the introduction of the single currency, more recent developments seem to point towards consolidation, probably owing to increased competition.

The globalisation of financial markets and market operations has also prompted important developments in the clearing and settlement business. Some consolidation in the clearing and settlement infrastructure of the euro area has taken place. However, there are still many different systems in use in Europe. The present structure seems to leave scope for further consolidation and harmonisation, potentially generating substantial savings for end-users (see also the article entitled “The integration of Europe’s financial markets” in this issue of the Monthly Bulletin).

Chart 6
Volume of initial public offerings in the euro area, the United States and Japan

(EUR billions)



Source: Bondware Dealogic.

⁹ See also the box entitled “Recent trends in equity issuance in the euro area” on page 21 of the March 2003 issue of the ECB’s Monthly Bulletin.

4 Concluding remarks

The euro area financial system is a well-developed system in which intermediated and non-intermediated instruments are more or less equally important. It therefore lies somewhere between the more market-oriented US financial system and the more bank-oriented Japanese financial system. In the late 1990s, the system started to rely less on traditional bank intermediation through loans and deposits, with other types of financial intermediary developing, as investors allocated more funds to long-term savings products and direct securities holdings. Stock price increases at the end of the 1990s had a significant impact on the euro area financial system by reinforcing some of the general trends, e.g. towards increased household and corporate shareholdings. At the same time, the corporate bond market flourished,

supported by several temporary factors. The bond market still continues to develop, as corporations are seizing the opportunity to issue bonds on a euro area-wide scale. In addition, the introduction of the single currency prompted consolidation of the euro area's financial markets. While the correction of stock prices and the general turbulence in financial markets have caused a moderation of the longer-term trend, there is a clear movement towards a more complete financial system in the euro area. The growth of non-bank financial intermediaries, the emergence of a significant corporate bond market and the process of consolidation and innovation in stock markets have together deepened the financial markets and broadened the financial system, paving the way for a better allocation of capital in the euro area.

The integration of Europe's financial markets

This article gives an overview of the ongoing process towards the integration of Europe's wholesale financial markets and explains the ECB's interest in this process. Financial integration may be defined as a situation whereby there are no frictions that discriminate between economic agents in their access to – and their investment of – capital, particularly on the basis of their location. The achievement of financial integration implies the removal of obstacles to the optimal exploitation of the network externalities and economies of scale and scope available to participants in a broad market, and the emergence of rules, practices and standards common to all market players and service providers. Fostering integration requires an effective interplay between market forces, collective action within the market community to overcome coordination problems, and action by public authorities. An assessment of the current state of integration of the markets in the euro area, based in particular on quantitative measures of integration, reveals a heterogeneous situation, where integration has only been completed in a few market segments. These segments are characterised by standardised product specification, harmonised rules and practices, and the existence of a common infrastructure. Further integration requires a strong commitment by EU and national authorities. The ECB also sees a need for public authorities to foster collective action in the private sector at the EU level to solve coordination problems that hamper financial integration. The ECB provides support to several such initiatives and intends to continue to do so, within the limits of its capability and competence, with other initiatives that may arise in the future.

I Introduction

The creation of an internal market for goods and services, labour and capital is a fundamental objective of the EU and part of its *raison d'être*. Since the initial declaration set out in the Treaty of Rome in 1957, this objective has been furthered with the adoption of the Single Market programme in 1985 and, as regards its financial component, with the subsequent full liberalisation of capital movements. The introduction of the euro has acted as a powerful catalyst for the creation of an integrated financial market by removing the most important obstacle to the cross-border provision of financial services. At the same time, it has led to a greater awareness of the existence of other impediments to a truly integrated financial market and of the need to remove them. In response, the European Commission adopted a Financial Services Action Plan (FSAP) in the spring of 1999, which listed a number of legislative and other measures geared towards achieving a single market for wholesale financial services, open and secure retail markets, and state-of-the-art prudential rules and supervision. The high priority given by the political authorities of the EU to financial market integration was underlined by the Heads of State or Government at the European Councils of Lisbon (March 2000)

and Stockholm (March 2001). The European Council called for full implementation of the FSAP by 2005, with all parties concerned making every effort to achieve an integrated securities market by the end of 2003 by giving priority to the securities markets legislation provided for under the plan. Simultaneously, numerous other initiatives, at the instigation of both the public and private sectors, have emerged, all with the aim of completing the integration of the financial markets.

This article gives an overview of the ongoing process of integration of Europe's wholesale financial markets. Section 2 defines the notion of financial integration in the context of the EU and the euro area. Section 3 describes the three drivers of financial integration and highlights the role of the various parties involved in this process, in particular with regard to the complementary contributions of the public and private sectors. Section 4 addresses more specifically the interest of the European Central Bank in a full integration of Europe's financial markets and the role it plays in this context. Section 5 takes stock of the current state of integration of the market and highlights some ongoing initiatives and challenges that are representative of the whole integration process.

2 Definition of financial integration in a European context

Financial integration may be defined as a situation whereby there are no frictions that discriminate between economic agents in their access to – and their investment of – capital, particularly on the basis of their location.

The underlying objective of promoting financial market integration, as that of the whole Single Market policy, is to foster a more efficient allocation, and subsequent use, of the resources available to the European economy. Financial integration must therefore ultimately be understood in terms of, and measured against, this benchmark. More specifically, financial integration has important implications in relation to the roles that financial markets perform, such as the allocation of resources across time and space, the provision of information and incentives, the ability to manage risks and pool resources, as well as the clearing and settlement of payments and securities transactions. In the performance of these functions, markets are characterised by significant network externalities as well as a potential for sizeable economies of scale and scope. The purpose of promoting integration is the exploitation of these benefits. Integration should in particular benefit the corporate sector and stimulate competition and innovation in line with the conclusions of the Lisbon European Council.

The optimal level of integration is achieved when further consolidation or concentration of markets would mean that the benefits of integration are outweighed by the loss of opportunities, in particular for diversification of risk, or that markets are no longer contestable.

As mentioned by A. Lamfalussy in the first Report of the Committee of Wise Men on the regulation of European securities markets (November 2000), building an open European financial services and capital market is the logical and necessary complement to the euro.

The expected benefits of financial integration in the EU require the removal of the barriers and obstacles created by unnecessary differences in the various jurisdictions of the EU which are a persistent cause of market segmentation: the diversity of the Member States' legal systems, the patchwork of applicable legislation, taxation and cultural differences.

In the context of the EU, another relevant aspect of the definition of financial integration relates to the boundaries applicable. Insofar as financial integration aims to achieve a Single Market for financial services, its geographical scope should ultimately be that of the entire EU. This is of particular importance in the context of an enlarged EU incorporating ten new Member States as from 2004. Since the new Member States will have a derogation and will not introduce the euro immediately after their accession, they will retain their sovereign powers in the monetary policy field. However, the geographic extension of the single financial market will increase its economic benefits and, as stressed by the Commission in its last FSAP progress report of June 2003, "it is in all our interests that these new additional markets will be absorbed smoothly into the EU regulatory system".

At the same time, it must be recognised that perhaps the most important defining feature of any financial system – in fact the interconnecting element that justifies the use of the word "system" to refer to the whole financial sector – is the currency that supports it. There are, accordingly, situations in which the natural boundary for the integration of the financial system is either the euro area, when localisation is relevant (i.e. retail markets), or the euro-denominated financial markets (i.e. wholesale markets). Until all Member States of the EU have adopted the euro, the assessment of the appropriate level at which integration is to be pursued in each market segment should be made on a case-by-case basis, within the framework of the objectives and principles of the Treaty.

3 The three drivers of integration

Descriptions of the ongoing process towards the integration of Europe's financial markets often specifically emphasise the action of public authorities, in particular through legislation and regulation. This attention is justified by the need to build a comprehensive EU legislative framework for the financial sector enshrining effective Single Market freedom and common regulatory objectives in principles-based rules. This should not, however, overshadow the fact that, while the legislative and regulatory environment of the financial system creates the necessary conditions for financial integration and development, market participants also contribute towards creating and developing the Single Market by taking advantage – both individually and collectively – of the opportunities it opens up. The complementary role of public and private sector action in this process can be more explicitly described by distinguishing between three groups of beneficiaries of market integration and the three corresponding types of action that contribute to it. First, each market participant taken individually can expect to benefit from integration, for instance through opportunities to gain market share from competitors, or to launch or benefit from a wider range of financial products without having to operate across borders. Accordingly, integration can proceed from the expression of market forces. Second, integration benefits the community of market participants as a whole, for instance through increased market depth and liquidity, and integration should therefore be furthered by means of the collective action of the financial community. Finally, integration benefits the economy as a whole, in particular through externalities from the financial sector to the non-financial sector, and consequently integration may be furthered by the action of public authorities. In practice, the attainment of an optimal level of integration requires an effective interplay between (i) market forces, (ii) collective action and (iii) public action, and therefore also between the various parties involved.

Market forces

The first driver of financial integration, in line with the principle of an open market economy with free competition, is and should be the expression of market forces. Market users are, as previously mentioned, the first and main beneficiaries of financial integration. They benefit directly from the lower cost of intermediation that enhanced competition brings about. They also benefit from access to a broader range of financial instruments and more opportunities to diversify their portfolios. Financial service providers can also profit from the exploitation of the potential economies of scale and scope that a larger market offers.

Since individual market participants are the first beneficiaries of financial integration, and assuming that their incentives are properly aligned, the expression of market forces should lead to the elimination of inefficiencies, i.e. in this case, market segmentation. An example of partial integration brought about by market forces is provided by the convergence of issuance practices of sovereign debt issuers towards what was perceived as the “best” practice, in an environment where debt management offices found themselves competing to attract demand from a single pool of savings.

Another type of integration resulting from the expression of market forces can be seen in the numerous examples of consolidation, particularly in the form of mergers, that have taken place in the field of market infrastructure, including stock exchanges, clearing houses and securities settlement systems. Such consolidation is underpinned, to a large extent, by efforts to exploit the economies of scale and scope potentially available within a broader market. In this context, it should be emphasised that market forces can effectively further integration only if no legislative or regulatory obstacles stand in the way of cross-border consolidation of financial service providers, of the emergence

of a market for corporate control, or of a general availability of similar financial products across the entire area. This is a necessary condition if pan-European financial service providers are to be able to become established in all fields of finance.

Collective action

There are situations, however, where market forces alone are not sufficient to remove inefficiencies. Coordination problems occur when incentives for market participants are not properly aligned. In such cases, market forces may not be able to drive financial integration forward or towards an optimal outcome. Collective action is therefore necessary to achieve an optimal outcome, from the common perspective of the whole market community.

The widespread need for collective action to complement and enhance the freedom of the market originates arguably from the importance of network externalities in the financial system. The more participants use a particular market, the more benefits it brings to its users. These benefits include greater depth and liquidity, reduced transaction costs, as well as easier and more effective opportunities for risk management. Against this background, coordination of market participants can deliver unique benefits through agreements on standard technical features of financial instruments, the definition of common practices and conventions, or the establishment of reference indices, for instance.

The existence of powerful network externalities may have, however, the paradoxical effect of slowing the process of integration of Europe's financial system. Strong network effects are often associated with high switching costs, i.e. the cost of switching from one set of organisation, practices, conventions, rules and infrastructure to another. In the European context, national markets have been developed over decades, with their own coordinated arrangements and their own internal network externalities. For participants in each national

market, a switch to a pan-European market entails costs – at least in the short-term – that may slow the transformation of the European system from a juxtaposition of national systems into a genuinely integrated one, unless the long-term benefits of such a switch are well understood.

Effective and market-led integration therefore requires new coordinated arrangements to be devised, with the aim of both lowering the switching costs and maximising the network externalities provided by the broader market that would be thus created. This, in turn, requires the existence of fora, in particular Europe-wide industry associations in all segments of the financial system, where such coordination can take place.

In practice, where collective action has been undertaken on a market-wide scale, it has achieved significant benefits. Market conventions contribute to the harmonisation of market practices within the EU. In 1998 a series of market conventions sponsored by several market organisations paved the way for a basic integration of wholesale markets at the launch of the single currency. This included the rules applicable to the basic market interest reference rate, the EURIBOR (euro interbank offered rate: the rate at which euro interbank term deposits are offered by one prime bank to another at 11 a.m. C.E.T.). A similar initiative permitted the establishment of the other basic interest reference rate for overnight unsecured interbank deposits, the EONIA (euro overnight index average). Recently, another market convention has added a new reference index, the EUREPO. This is the rate at which one prime bank offers funds in euro to another prime bank if in exchange the former receives eligible assets as collateral from the latter.

Public action

While financial integration benefits first and foremost the market community, its effects are much more widespread. Integration has,

in particular, the potential to raise the level of financial development of the area in which it takes place and, through this channel, to generate a higher level of sustainable non-inflationary growth. The existence of a causal relationship between financial development and economic growth is indeed well established by both theoretical and empirical research. One of the means by which financial integration may raise the level of financial development is by facilitating innovation, insofar as the economies of scale brought about by a larger market allow the investment costs associated with innovation to be recouped more easily. More generally, integration opens up new opportunities for risk-sharing across regions, which, according to recent empirical findings, creates the potential to enhance specialisation in production, itself a factor of higher potential growth.

Financial integration has the potential to alter the nature of the risks faced by the financial system and the rest of the economy. As financial integration takes place, it should lead to structural changes which may imply a redistribution of (especially system-wide) risk and a different configuration of channels for contagion. This means that public authorities, and in particular the central banks and supervisory authorities of the EU, must establish mechanisms that allow for the monitoring and analysis of such developments so as to obtain a better understanding of the change in systemic risk. In this respect, the Banking Supervision Committee of the European System of Central Banks (ESCB) has established a framework for macro-prudential analysis that focuses more specifically on the stability of the banking sector. Regular internal macro-prudential reports are produced twice a year, as well as ad hoc reports on relevant issues (such as developments in the banks' liquidity profile and management), a number of which have been published.

The pervasive effects of financial integration on the whole economy potentially justify the

involvement of public authorities to support its development towards an optimal outcome, e.g. in situations where a public good cannot be supplied privately or where a market or coordination failure occurs. In both cases, neither market forces alone nor collective action within the private sector is sufficient to deliver the desirable level of integration.

In this context, action by public authorities may come in many forms. It can be a catalyst or facilitator of collective action to help overcome coordination problems (for instance, the neutral role of the ECB in the fixing of the EONIA rate as a service to the banking sector). It can extend to direct intervention, as in the case for instance of the development of TARGET (the EU-wide large-value payment system operated by the ESCB), which was instrumental in allowing inter alia the full integration of the interbank market for bank reserves at the start of Stage Three of Economic and Monetary Union (EMU).

However, an exclusive and essential responsibility of public action remains the establishment of an appropriate legislative and regulatory framework, able to deliver effectively the freedom of the Single Market and stability. This function cannot be underestimated, as financial markets and services are highly regulated activities, and market forces and collective action may only succeed where the legal and regulatory framework has paved the way, not only by removing obstacles but also by setting common basic rules. The European Commission's FSAP, described in the introduction, so far represents the main element of that framework, which aims to create a single wholesale market and an open and secure retail market. As most measures included in the FSAP have now been adopted or are likely to be adopted soon, the emphasis is gradually moving towards their full, consistent implementation and enforcement and the monitoring of their effects.

4 The interest of the ECB in a fully integrated European financial system

The reasons for the ECB's interest

The integration of Europe's financial markets is a policy objective and a political priority reiterated on several occasions by the European Council. The interest of the ECB in financial integration, and its support for initiatives that may contribute to furthering it, can therefore be interpreted in the light of the provision of Article 105 of the Treaty, which states that without prejudice to the objective of price stability, the ESCB shall support the general economic policies in the Community.

In addition, the ECB has a particular interest in the further integration of Europe's financial system. An efficient and well-integrated financial system is pivotal to the smooth and effective transmission of monetary policy throughout the euro area. While this assessment applies to all segments of the financial system, it is of particular importance with regard to the market segments most directly relevant to the implementation of monetary policy, especially the market for bank reserves (unsecured interbank money market).

In the context of the operational implementation of monetary policy, more integrated financial markets may also help the ECB in another way. The Eurosystem grants credit to its counterparties against adequate collateral. In the current collateral framework, eligible assets are divided into two tiers, tier two consisting of a variety of asset types fulfilling national eligibility criteria. In view of the need to ensure the transparency of the collateral policy and a level playing-field for counterparties, the Eurosystem is investigating whether and how this heterogeneity could be reduced, and under what conditions the two tiers could be merged to obtain a single list. Its success is highly dependent on the further harmonisation of national laws and/or practices in the field of securities and collateral.

Another reason for the ECB's interest in financial market integration relates to the promotion of the smooth operation of payment systems. Financial integration, in particular at the level of infrastructure, may be instrumental in facilitating the pursuit of this task.

Finally, another reason for the ECB's interest in financial integration is its relationship with financial stability. Central banks have a natural interest in this area and this role is confirmed in Article 105(5) of the Treaty, which *inter alia* states that the ESCB shall contribute to the smooth conduct of policies pursued by the competent authorities relating to the stability of the financial system. A high degree of integration has an impact on financial stability. A larger and more diversified financial system will be better able to absorb economic shocks than financial systems in individual countries. On the other hand, high integration may also increase the risk of cross-border contagion.

The nature of the ECB's contribution to financial integration

Reflecting the areas of and reasons for its interest, the support given by the ECB to financial integration is not only *passive*, it is also *active*. This support takes the form of (i) direct action, (ii) catalysis of collective action, and (iii) contribution to raising the level of awareness of the need for integration and the means to achieve it, and is reflected in a large number of initiatives of which a few representative examples follow. Direct action is undertaken in the areas of the ECB's immediate competence and within the context of the pursuit of its basic tasks. The establishment of TARGET, which, as already mentioned, was instrumental in the integration of the unsecured money market, falls into this category.

Owing to its particular institutional position, being both a public authority with a pan-European scope and a market participant, the ECB is well positioned to complement and support the action of other parties to promote financial integration. In this context, the advisory role entrusted by the Treaty to the ECB is particularly noteworthy, as the ECB's advice can contribute to the integration of financial markets, in particular from a regulatory and legal point of view. According to Article 105(4) of the Treaty, the ECB is to be consulted on any proposed Community act and by national authorities regarding any draft legislation in its fields of competence. In addition, the ECB may submit opinions to the appropriate Community institutions or bodies or to national authorities on matters within its fields of competence. In the field of prudential supervision (Article 25 of the Statute of the ESCB), the ECB may offer advice to and be consulted by the Council, the Commission and the competent authorities of EU Member States on the scope and implementation of Community legislation relating to the prudential supervision of credit institutions and to the stability of the financial system. In some instances, the Treaty or the Statute provide explicitly for a mission of harmonisation and/or integration, such as in the case of Article 5.3 of the Statute which foresees that the ECB shall contribute to the harmonisation, where necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its field of competence.

The action of the ECB is also channelled through its participation in a number of EU committees whose missions encompass a contribution to financial integration. An example of this is the Economic and Financial Committee (EFC) and its working party on EU government bonds and bills (the "Brouhns Group"). The ECB participates as an observer in the newly established Financial Services Committee (FSC), which is the successor of the Financial Services Policy Group. In the new institutional setting, the FSC provides advice for the EU Council and the Commission on a range of financial markets

issues, both internal (e.g. Single Market, including implementation of the FSAP) and external (e.g. in the framework of the World Trade Organisation). The ECB cooperates closely with the Committee of European Securities Regulators (CESR) with whom it has established a joint working group on issues of common interest in the field of securities clearing and settlement systems.¹ With the exception of the insurance sector, the ECB will also be present in the new European regulatory and supervisory committees that will be set up in the near future for the different financial sectors (see Section 5).

An example of the public action in which the ECB is involved is the recent work undertaken by the ESCB and the CESR to set out standards for securities clearing and settlement systems. One of the objectives of the work is "to promote and sustain integration in the European markets by referring to one single set of standards that provides a clear and rational regulatory framework and does not impose undue costs on market participants". More specifically, some standards, particularly those relating to settlement cycles, access criteria and efficiency, expressly require a degree of harmonisation at the EU level. As pointed out in the Giovannini Group's Second Report on EU Clearing and Settlement Arrangements ("the Giovannini Report", April 2003), harmonisation of settlement cycles is an important element in order to achieve more integrated repo markets. However, such harmonisation will be costly since it may require a significant review of current market practices. The joint work of the ESCB and the CESR calls for further analysis to identify the appropriate level of harmonisation.

Beyond its cooperation with other public authorities, the ECB also acts in partnership with the private sector to foster collective action. In the case of the development of the EONIA, as previously mentioned, the ECB acted as facilitator. At the request and on

¹ See http://www.ecb.int/pub/cons/cesr2003/ecbcesr_announce.pdf

behalf of market associations, the ECB collects the data from which the index is derived and calculates the reference rate daily. Another example of the ECB's involvement in support of a private sector initiative is the work currently being undertaken by a group of market participants under the auspices of the ACI (the Financial Market Association) with a view to achieving effective integration of the multiple markets for short-term securities that exist across the continent. The purpose of this initiative, which draws upon input from issuers, investors, dealers and infrastructure providers from throughout the EU, is to define common conventions and market practices applicable to short-term securities across the area, thereby creating a de facto single market for these securities. As it did in the creation of the EONIA, the ECB is playing the role of facilitator in this initiative. In particular, the ECB hosted, at the request and on behalf of private sector participants, a market-wide consultation on the means of furthering integration of this particular market segment.² The ECB may also be asked to carry out some functions, such as compiling statistics, to support the smooth operation of this market.

Another private sector initiative that the ECB has sponsored is the establishment of the European Financial Markets Lawyers Group (EFMLG), which since 1999 has met at the ECB's premises in Frankfurt.³ The members of the EFMLG are selected, on the basis of their personal experience, from among senior lawyers of those credit institutions based in the EU which are most active in the European financial markets. Recognising that, notwithstanding the introduction of the euro, the integration of European financial markets is still hampered by the absence of a single set of legal rules and harmonised contractual practices, the EFMLG aims to discuss the promotion of initiatives to foster the harmonisation of the laws and practices underpinning financial market activities. Among the issues discussed so far are the legal barriers to the cross-border use of collateral (pledges and transfer of title arrangements), addressed at the EU-wide level by the EU Directive on financial collateral arrangements,

the legal obstacles to the integration of short-term securities markets (in cooperation with the ACI, see above) and the harmonisation of the legal framework for rights evidenced by book-entries in respect of certain financial instruments in the EU.

One important market-led initiative to harmonise contractual documentation was the European Banking Federation's launch of a Master Agreement for Financial Transactions in January 2001.⁴ Drawn up in English, French, German, Italian, Spanish and Portuguese and subject to the governing law chosen by the contracting parties, this multi-lingual, multi-jurisdictional and multi-product master agreement seeks to consolidate into a single master agreement the various master agreements used within the euro area for the documentation of repurchase and securities lending transactions, as well as, in the near future, foreign exchange and standard derivatives transactions. The ECB is itself a user of this master agreement in connection with the ECB's own repo operations with all counterparties in the EU and Switzerland.

The fora in which the ECB cooperates with third parties to raise awareness of issues related to financial integration, in particular its effects, extend also to the academic sector. In cooperation with academic collaborators, the ECB established a research network on "Capital Markets and Financial Integration in Europe". Its purpose is to stimulate policy-relevant research that aims to contribute towards the understanding of the current and future integration and structure of the financial system in Europe.⁵ Through the existence of this network, and by making its findings available to the public, the ECB aims to provide sound theoretical and empirical underpinnings to initiatives that may subsequently be adopted by the private or public sector to further market integration.

² See <http://www.ecb.int/publ/cons/acil>

³ See <http://www.efmlg.org/>

⁴ See http://www.fbe.be/downloads/EMA_3.pdf

⁵ See <http://www.eu-financial-system.org>

5 The current state of integration and ongoing challenges

Indicators of financial integration

In order to assess the current state of integration, and provided that a degree of comparability of products and services can be ensured across Member States, it is necessary, in principle, to evaluate the extent to which geographical considerations affect the price of financial instruments and the behaviour of market participants. One way of doing this is to test whether the so-called law of one price holds, i.e. whether similar financial instruments that provide the same risk/return profile trade at the same price, irrespective of the place of issuance, transaction, settlement and custody. Indicators of the extent to which market participants engage in cross-border activity also provide some indication of the degree of market integration. In the absence of geographical constraints, investors should, in theory, not be affected by a particular home bias, i.e. a preference for instruments issued locally rather than in other regions.

These indicators, however, need to be complemented by an overall assessment of the degree of integration of the financial system, i.e. of whether the diversity of markets can be explained by the different economic needs they serve, and whether markets are conducive to the most effective allocation and utilisation of capital.

With a view to monitoring in a dynamic fashion the process of European financial integration, the European Commission is in the process of developing a comprehensive set of indicators relating to the convergence of interest rates, the extent of cross-border activity, cost-effectiveness and market power. This exercise should make it possible, in particular, to identify the technical, legal and regulatory bottlenecks to the process and provide some basis for prioritisation of EU-level actions. See the box for some quantitative measures of financial integration developed at the ECB and applied to the euro area money, bond and equity markets.

Box

Measuring financial integration in the euro area

The strongest implication of financial integration in a given geographical area is that the law of one price should hold in the financial markets of this area. In this context, the law of one price states that assets with the same risk characteristics should have the same expected return, regardless of the location or identity of either the issuers or the holders of the assets. Full financial integration in the euro area would then imply that assets that are comparable and available throughout the various jurisdictions of the euro area and that generate identical cash flows trade at the same price in all countries of the area. In some markets, such as money and government bond markets, assets are often sufficiently comparable to permit the measurement of price differences directly as an indicator of the degree of integration. In other cases, such as equity markets, it is in practice very difficult to find securities in different markets that have sufficiently similar cash flows and risk characteristics to allow simple price comparisons as measures of integration. In these cases, integration measures need to estimate the relative importance of factors common to the euro area in the pricing of assets ("systematic risk"), as opposed to idiosyncratic factors (notably country-related factors). This box presents a selection of financial integration measures, based on the law of one price, and applies them to money, bond and equity markets in the euro area.¹

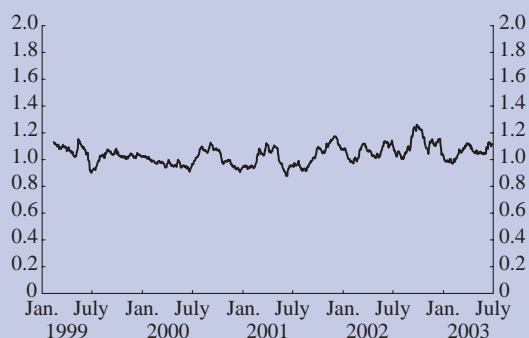
The first measure consists of directly capturing price differences within a country relative to price differences across borders. In Chart A this measure is illustrated using the case of the money market, and more

¹ Further details on these measures, as well as additional results based on alternative integration measures and other market segments, will be available in the forthcoming ECB Occasional Paper "Measuring financial integration in the euro area" by Baele et al.

specifically the unsecured euro overnight market. This market is of special interest to the ECB, as it is of particular importance to the implementation of monetary policy. Moreover, it benefits from very detailed information on rates across the euro area, since the calculation of the EONIA is based on daily interest rates provided by individual EONIA panel banks, weighted by lending volume. The curve in the chart shows the ratio of average overnight rate differences between EONIA panel banks located in *different* euro area countries and average overnight rate differences between EONIA panel banks located *within the same* euro area country. On the plausible assumption that national money markets are fully integrated, a ratio very close to one indicates that the euro overnight market is also fully integrated. The higher the ratio is above one, the less integrated the market is. As the curve has been oscillating within a fairly narrow range around one since early 1999, Chart A clearly shows that the unsecured euro overnight market has been highly integrated since the start of Stage Three of EMU.

Chart A: Euro area overnight market integration: ratio of average “cross-border” rate deviations to average “within-country” rate deviations

(30-day moving average)



Sources: European Banking Federation and ECB.

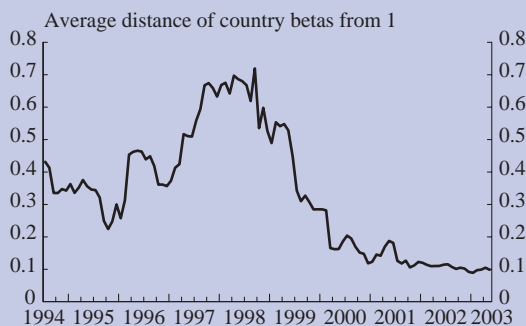
Note: Deviations are calculated as absolute values of interest rate differences across all possible combinations of rates among banks located in different countries (for “cross-border”) or located in the same country (for “within-country”).

The other two measures presented in this box are of the more indirect type, where the relative importance of common factors across the area is estimated as an indicator of integration. The rationale behind these measures is that if there are no barriers to international investment, investors can diversify against local shocks by holding assets from different countries. Hence, these shocks should not constitute a source of systematic risk. In fully integrated financial markets, returns on similar assets should be equal across countries and should only be influenced by factors common to all.

Chart B shows one such measure, as applied to the euro area government bond market. The curve in the chart is derived from regressions estimating to what extent ten-year government bond yields in the euro area countries react to a common factor of the area, as constituted by the benchmark yield for this maturity. The idea is that a benchmark yield incorporates all the common factors relevant to price in the respective area. If the coefficient of the estimation for a given euro area country is close to 1, then this country’s government bonds are highly integrated within the euro area market. The lower the coefficient is below 1, the less integrated these bonds are. In the case of Chart B, the curve is calculated as the average of the differences of the coefficients from 1 across all euro area countries, so that a value closer to 0 indicates greater integration and a value closer to 1 indicates less integration. The profile of the curve suggests that the introduction of the euro in 1999 was accompanied by a substantial increase in the integration of the ten-year government bond market in the euro area (the integration indicator

Chart B: Euro area government bond market integration: average “cross-country” deviation from 1 of the reaction of each country’s ten-year bond yield changes to euro area-wide benchmark yield changes

(18-month rolling estimation window)



Source: ECB.

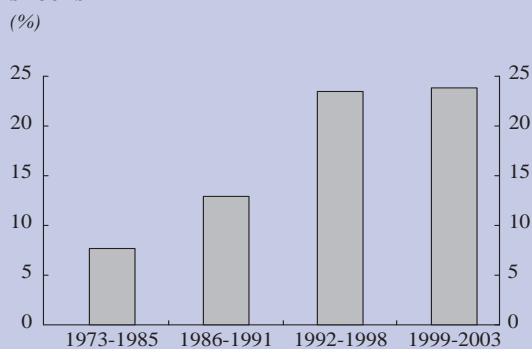
Note: The chart plots the average distance of a regression coefficient, measuring the reaction of local bond yield changes to changes in euro area-wide bond yield changes (using German ten-year government bonds as the benchmark), from 1.

declines from about 0.7 for 1998 to around 0.1 for 2000, and remains at that level thereafter). The current level of integration is, however, less advanced than in the case of the money market, as the indicator has not yet declined consistently below the level of 0.1. Hence, some obstacles to the full integration of the government bond market still seem to remain. Moreover, in the mid-1990s there was already a period during which euro area ten-year government bond yields moved closely in line with the euro area-wide benchmark, albeit to a somewhat lesser extent than since the introduction of the euro.

Chart C shows the results for another of the indirect measures, this time applied to euro area equity markets.

The bars in the chart refer to the average variance ratios among euro area countries that measure the part of local equity return volatility explained by pure euro area shocks. The ratios, which are estimated using an approach that allows variances to vary over time, isolate the common euro area shocks from those that originate in the rest of the world, as proxied by US equity market shocks. The larger the variance ratio for euro area shocks, the more integrated equity markets are, with the limit being 100%. Overall, the results in the chart suggest that equity market integration in the euro area has advanced significantly since the 1970s. The euro area average variance ratio has increased from about 8% in the 1973-86 period to almost 25% for the period since the introduction of the euro, although in the most recent period between 1999 and 2003, the average increase was marginal. Despite the overall increase over the last decades, the fact that the average variance ratio is not higher than 25% can be interpreted as an indication that the level of equity market integration reached so far is not particularly high. Indeed, although the three measures presented in this box are not directly comparable, it seems that equity markets may be the least integrated markets of the three examples given here.

Chart C: Euro area equity market integration: average proportion of stock price variations explained by pure euro area shocks



Sources: Datastream and ECB.

Note: The chart shows the relative importance of euro area-wide factors (excluding the common impact of US equity market fluctuations) in explaining the variance of each euro area country's equity market index ("variance ratio"), averaged across countries for four different periods. The individual country variances, as well as the common euro area and US variances, were estimated using a GARCH model.

Heterogeneity of the wholesale capital market segments

Based on the above quantitative measures, the assessment that emerges is that, almost five years after the introduction of the euro, the level of integration achieved in the different segments of the European wholesale capital market is still heterogeneous. Integration appears to have progressed both faster and more deeply in market segments where product specification has been defined on a market-wide basis, where the rules applying to transactions and the practices followed by market participants have been

harmonised across the area, and where a common infrastructure exists. In addition to the unsecured interbank money market mentioned above, another example of a perfectly integrated market segment is the overnight interest rate swap market, where the definition of the product (based on the EONIA reference) is fully standardised. Derivatives markets, including both money market futures contracts and government bond futures, can also be said to be perfectly integrated in the sense that all market participants use the same standardised products and market infrastructure, and follow the same market rules.

A lower level of integration has been achieved in markets where the segmentation of the infrastructure, especially with regard to securities clearing and settlement, remains in place. This is the case, for example, in the secured money market (repo market) where, despite collective action by market participants to harmonise product specification, obstacles to full integration remain.

A broadly similar assessment can be made for market segments where market specification is not entirely harmonised. Examples of these are the bond market in general and the government bond market segment in particular. Convergence of technical features of inflation-linked bonds denominated in euro issued by the French and Greek governments suggests, however, that this is one sub-segment of the market where integration through harmonisation of product specification appears to be occurring.

Markets for high-yield debt securities and asset-backed securities, both of which can play an important role in allowing risks to be spread across the area, remain fragmented and relatively underdeveloped. This is in part the consequence of the lack of harmonisation of product specification, itself a reflection of differences in national bankruptcy laws *inter alia*.

Another example of an imperfectly integrated market is the short-term securities market, where a lack of product feature harmonisation across the continent results in a segmentation of the market. In this context, it is noteworthy that efforts are being undertaken by the community of participants in this market to achieve better product standardisation and facilitate integration by means of the initiative on short-term securities referred to in Section 4.

Ongoing challenges

On 15 July 2003, the ECOFIN Council invited the FSC to examine the overall progress in

financial integration and its economic benefits, notably in the context of the FSAP and its follow-up, to examine those key areas where further financial integration could deliver significant economic benefits to the EU, and to advise on those areas where progress needs to be made as a matter of priority in order to create a truly integrated EU financial services market. The FSC will report back on its work during the spring of 2004 in order to prepare a political debate in the Council on priority areas for further action. Within the limits of its field of competence, the ECB intends to contribute fully to the preparation of the "post-FSAP" strategy. Among the immediate and ongoing challenges related to financial integration, the issues of the consolidation of the financial infrastructure and of the EU regulatory and supervisory arrangements for the financial sector are of particular importance. Distortions arising from differences in taxation regimes also remain a source of concern.

Given the key role that the establishment of a common infrastructure appears to have in the process of capital market integration, the ongoing work of the Giovannini Group must be underlined as likely to facilitate considerably further integration in securities markets. The Giovannini Group is a forum of financial sector experts, in which ECB representatives also actively participate, which meets under the chairmanship of Alberto Giovannini and advises the European Commission. It has studied both the nature of the remaining obstacles to complete integration of the clearing and settlement arrangements in the EU and the means to remove these obstacles. The group has identified 15 barriers to efficient and integrated clearing and settlement arrangements. Of these, two relate to taxation and three to legal certainty. However, tellingly, no less than ten barriers relate to technical requirements and/or market practices, i.e. to issues that can potentially be solved by market participants themselves through coordinated action, sometimes with the support or shared responsibility of the public sector. Moreover,

the group suggested specific actions to remove each of these barriers and, in cases where coordination was needed, identified an institution that could act as coordinator.

A comprehensive review of the EU arrangements for financial regulation, supervision and stability is currently underway. The review, which should contribute to the further integration of the EU's institutional financial architecture, was initially triggered by the report (2001) of the Lamfalussy Committee on the regulation of European securities markets. The Committee of Wise Men made a number of recommendations to increase the speed and efficiency of the European regulatory and supervisory framework for securities. An overhaul of the existing structure was deemed necessary to meet the challenges of modern financial markets. In addition, based on the recommendations contained in two EFC reports on the subject, and following a public consultation, ECOFIN decided at the end of 2002 to extend the Wise Men's approach, i.e. the elements of the regulatory process applied in the securities sector, to the whole financial sector. A major challenge for the

future will be to make this new financial architecture (comprising a network of financial regulators and supervisors) work speedily, effectively and in a flexible manner. As mentioned by the Inter-Institutional Monitoring Group in its first interim report of May 2003, the success of the Lamfalussy approach will depend on its ability to produce Level 1 legislation⁶ that is not too detailed. In addition, Level 2 legislation should not become an amalgam of already existing detailed rules. The first experiences of Level 1 legislation seem to go beyond what are termed "framework principles" in the Lamfalussy approach. At the same time, in recent years Member States have introduced national financial legislation outside the still young Lamfalussy framework, the results of which constitute a more diversified legislative framework for financial services.

Another area where progress should be made in order to further the integration of financial markets is the area of taxation, which still gives rise to substantial distortions within the EU. The most critical part of this area, the taxation of savings income, has been tackled by way of a Directive adopted in June 2003.

6 Conclusion

In view of the considerable benefits that European financial integration can bring to the economy at large, the current situation, whereby numerous market segments remain insufficiently integrated, calls for continued commitment by all parties involved to further this process until its completion. The ECB itself intends to actively contribute to fostering European financial integration within the limits of its capabilities and competence. It is also necessary that the other public authorities of the EU maintain a strong commitment to foster the integration process. This implies in particular an unwavering commitment by national authorities to implement a legislative and regulatory framework that delivers Single Market freedom and financial stability, with the full acknowledgement that both the

freedom to participate in the market and its stability constitute public interests at the European level.

In addition to the action of public authorities, it appears that collective action by market participants, when used effectively, can deliver unique benefits to achieve not only integration

⁶ *The Lamfalussy approach is a four-level process for approving legislation on securities regulation. Level 1 consists of framework principles, namely in the form of directives or regulations, to be decided by normal EU legislative procedures. Level 2 arranges for the implementation of detailed measures following the Level 1 framework principles. Level 3 consists in enhanced cooperation and networking among EU securities regulators to ensure consistent and equivalent transposition of Level 1 and Level 2 legislation. Level 4 consists in strengthened enforcement, notably with action by the European Commission to enforce Community law, underpinned by enhanced cooperation between Member States, their regulators and the private sector.*

per se, but also convergence towards the best market standards. There may be benefits for the financial community as a whole to be derived from a more systematic investigation of situations where collective action may contribute to the development of an integrated market for financial services. In this context, the ECB has on numerous

occasions, only a few of which have been mentioned here, acted as a facilitator for such collective action in the private sector to solve coordination problems that have hampered financial integration. It is therefore foreseeable that other future initiatives may also elicit and receive its support.



Euro area statistics



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¹ See the ECB's website (www.ecb.int) for longer runs and more detailed data.

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Conventions used in the tables

“-”	data do not exist/data are not applicable
“.”	data are not yet available
“...”	nil or negligible
“billion”	10 ⁹
(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 ¹⁾	M2 ¹⁾	M3 ¹⁾²⁾		MFI loans to euro area residents excluding MFIs and general government ¹⁾	Securities issued by non-financial and non-monetary financial corporations ¹⁾	3-month interest rate (EURIBOR, % per annum, period averages) ⁷⁾	10-year government bond yield (% per annum, period averages) ⁸⁾
	1	2	3	3-month moving average (centred) ⁴⁾				
2001	3.6	4.2	5.4	-	7.8	27.7	4.26	5.03
2002	7.3	6.5	7.2	-	5.3	21.7	3.32	4.92
2002 Q4	8.8	6.7	7.0	-	4.8	15.6	3.11	4.54
2003 Q1	10.3	7.1	7.6	-	4.9	16.7	2.69	4.16
Q2	11.4	8.2	8.4	-	4.6	20.2	2.37	3.96
Q3	.	.	.	-	.	.	2.14	4.16
2003 Apr.	11.2	8.0	8.7	8.4	4.7	20.1	2.54	4.23
May	11.4	8.5	8.5	8.5	4.6	20.2	2.41	3.92
June	11.4	8.4	8.4	8.5	4.5	22.0	2.15	3.72
July	11.6	8.5	8.6	8.4	4.9	21.6	2.13	4.06
Aug.	11.8	8.5	8.2	.	5.0	.	2.14	4.20
Sep.	.	.	.	.	.	.	2.15	4.23

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
2001	2.3	2.2	3.4	1.6	0.5	82.9	1.4	8.0
2002	2.3	0.0	3.5	0.8	-0.5	81.4	0.4	8.4
2002 Q4	2.3	1.3	3.5	1.1	1.2	81.5	0.1	8.6
2003 Q1	2.3	2.4	2.7	0.8	1.2	81.1	0.0	8.7
Q2	1.9	1.5	2.9	0.2	-0.6	80.7	0.0	8.8
Q3	.	.	.	.	.	.	.	.
2003 Apr.	2.1	1.7	-	-	0.9	80.8	-	8.8
May	1.8	1.3	-	-	-1.2	-	-	8.8
June	1.9	1.4	-	-	-1.4	-	-	8.8
July	1.9	1.4	-	-	0.7	80.6	-	8.8
Aug.	2.1	.	-	-	.	-	-	8.8
Sep.	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)	
					17			18	19	20	21	22	23	24
2001	-9.8	75.5	-102.8	64.7	392.7	91.0	87.7	0.896
2002	71.2	131.1	-33.6	108.4	366.1	95.6	91.7	0.946
2002 Q4	25.1	34.6	3.6	36.2	366.1	99.4	94.9	0.999
2003 Q1	4.7	17.3	-7.7	2.8	339.1	104.1	99.2	1.073
Q2	-2.7	26.6	3.6	30.2	326.1	107.9	102.9	1.137
Q3	.	.	.	.	.	106.9	101.9	1.125
2003 Apr.	-8.5	7.4	-20.2	9.3	332.4	105.2	100.4	1.085
May	0.8	8.3	-0.2	8.0	323.1	109.1	104.0	1.158
June	5.1	10.9	24.0	12.9	326.1	109.3	104.4	1.166
July	2.0	15.3	-3.6	-35.3	328.9	107.8	102.8	1.137
Aug.	.	.	.	.	346.8	106.6	101.6	1.114
Sep.	.	.	.	.	.	106.4	101.2	1.122

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 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
2003	2 May	122,274	214,456	16,721	4,597	207,989	163,001	44,979	0
	9	122,274	214,120	17,116	4,821	211,999	166,992	44,979	0
	16	122,274	215,054	16,946	4,493	218,054	173,001	44,979	0
	23	122,274	216,212	17,234	3,656	238,095	192,998	44,979	0
	30	122,246	214,154	17,283	3,384	247,352	202,001	44,988	0
	6 June	122,245	213,549	16,428	3,487	223,508	178,372	44,988	0
	13	122,245	214,814	15,494	3,322	246,854	201,372	44,988	0
	20	122,244	211,995	16,793	3,446	237,979	191,001	44,988	0
	27	122,244	212,918	17,133	3,411	257,883	212,000	45,000	0
	4 July	119,980	206,413	15,586	3,963	251,103	205,999	45,000	0
	11	119,980	208,438	14,968	3,641	245,051	200,000	45,000	0
	18	119,980	205,363	15,799	4,420	244,057	198,999	45,000	0
	25	119,947	204,022	15,209	4,388	277,751	232,002	45,000	0
	1 Aug.	119,993	203,971	15,194	4,265	252,077	207,000	44,995	0
	8	119,993	203,221	15,241	4,417	262,070	217,000	44,995	0
	15	119,993	202,993	14,651	4,377	250,023	205,000	44,995	0
	22	119,785	202,243	14,849	4,847	251,678	204,998	44,995	0
	29	119,785	203,484	15,186	4,554	264,053	219,000	44,994	0
	5 Sep.	119,785	201,457	15,218	4,449	260,028	215,000	44,994	0
	12	119,785	202,580	14,568	4,541	253,037	207,999	44,994	0
	19	119,779	199,598	16,374	4,452	263,034	218,002	44,994	0
	26	119,722	202,375	14,800	4,579	276,082	231,001	45,000	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
2003	2 May	367,432	122,600	122,512	87	0	0	1	15	2,029
	9	368,111	129,360	129,284	75	0	0	1	15	2,029
	16	366,888	128,610	128,532	77	0	0	1	15	2,029
	23	365,344	126,340	121,748	741	3,850	0	1	15	2,029
	30	371,002	134,948	134,842	105	0	0	1	15	2,029
	6 June	376,039	112,718	112,667	50	0	0	1	15	2,029
	13	376,498	139,059	139,000	59	0	0	0	15	2,029
	20	375,979	134,360	134,098	262	0	0	0	15	2,029
	27	377,232	130,970	130,891	61	0	0	18	31	2,029
	4 July	383,664	133,314	133,183	109	0	0	22	31	2,029
	11	386,242	130,912	130,866	24	0	0	22	31	2,029
	18	386,913	133,797	133,735	43	0	0	19	31	2,029
	25	386,347	142,560	142,502	34	0	0	24	31	2,029
	1 Aug.	392,088	125,977	125,904	70	0	0	3	31	2,029
	8	395,055	134,631	134,608	19	0	0	4	31	2,029
	15	395,013	129,178	129,166	8	0	0	4	31	2,029
	22	390,047	136,245	134,996	1,240	0	0	9	51	2,029
	29	390,447	131,016	131,001	6	0	0	9	51	2,029
	5 Sep.	393,914	133,418	133,333	75	0	0	10	51	2,029
	12	393,631	131,334	131,310	22	0	0	2	51	2,029
	19	392,056	129,143	128,660	481	0	0	2	51	2,029
	26	391,457	135,669	135,655	14	0	0	0	75	2,029

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11	12	13	14	15	16
0	1	8	111	40,295	44,273	109,631	760,351	2003	2 May
0	0	28	195	40,543	44,274	109,789	765,135		9
0	53	21	197	40,996	44,270	109,580	771,868		16
0	90	28	158	42,348	44,266	109,647	793,894		23
0	313	50	330	42,294	44,260	110,128	801,435		30
0	99	49	225	43,067	44,261	110,286	777,056		6 June
0	415	79	347	43,381	44,261	110,952	801,670		13
0	1,922	68	287	43,811	44,261	110,891	791,707		20
0	796	87	244	44,146	44,262	111,327	813,568		27
0	16	88	253	44,099	43,781	116,929	802,107		4 July
0	7	44	259	44,476	43,781	117,402	797,996		11
0	10	48	327	44,530	43,782	117,016	795,274		18
0	702	47	289	46,632	43,782	116,455	828,475		25
0	25	57	212	46,937	43,782	116,511	802,942		1 Aug.
0	14	61	235	47,092	43,788	116,526	812,583		8
0	16	12	236	47,182	43,762	115,175	798,392		15
0	1,671	14	318	47,908	43,763	114,823	800,214		22
0	25	34	346	48,499	43,763	115,140	814,810		29
0	7	27	357	49,344	43,763	115,100	809,501		5 Sep.
0	9	35	301	50,047	43,763	115,736	804,358		12
0	8	30	288	50,444	43,783	115,822	813,574		19
0	49	32	348	51,164	43,783	116,386	829,239		26

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								10	11	12	13	14	15	16	17	18
40,143	9,506	1,048	12,990	6,168	65,853	67,910	64,657	760,351	2003	2 May
37,661	8,904	1,032	13,626	6,168	65,634	67,910	64,685	765,135		9
46,332	8,803	1,029	13,644	6,168	65,729	67,910	64,711	771,868		16
69,296	9,551	987	16,002	6,168	65,231	67,910	65,021	793,894		23
65,536	8,815	1,049	14,022	6,168	64,918	67,910	65,023	801,435		30
58,912	8,966	961	13,725	6,168	64,606	67,910	65,007	777,056		6 June
55,148	9,020	959	15,216	6,168	64,640	67,910	65,008	801,670		13
48,390	10,583	952	14,626	6,168	65,686	67,910	65,009	791,707		20
72,975	8,738	1,002	16,047	6,168	65,455	67,910	65,011	813,568		27
57,937	8,810	916	16,418	5,997	65,784	62,226	64,981	802,107		4 July
52,121	8,696	911	17,859	5,997	65,990	62,226	64,982	797,996		11
45,723	8,880	882	16,745	5,997	67,068	62,226	64,983	795,274		18
70,574	9,317	874	16,629	5,997	66,906	62,226	64,985	828,475		25
56,814	9,076	888	16,250	5,997	66,580	62,226	64,986	802,942		1 Aug.
55,558	9,032	846	15,781	5,997	66,410	62,226	64,987	812,583		8
48,668	9,409	835	14,812	5,997	65,205	62,226	64,989	798,392		15
48,778	9,319	836	14,927	5,997	64,768	62,226	64,991	800,214		22
66,934	9,419	835	16,539	5,997	64,325	62,226	64,992	814,810		29
57,005	9,659	805	15,029	5,997	64,375	62,226	64,993	809,501		5 Sep.
54,235	9,597	820	14,953	5,997	64,491	62,226	64,994	804,358		12
67,696	9,285	794	13,816	5,997	65,483	62,226	64,998	813,574		19
76,112	9,329	760	15,420	5,997	65,165	62,226	65,000	829,239		26

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

With effect from ¹⁾	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 ²⁾	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 ³⁾	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
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
2002 6 Dec.	1.75	-0.50	-	2.75	-0.50	3.75	-0.50
2003 7 Mar.	1.50	-0.25	-	2.50	-0.25	3.50	-0.25
6 June	1.00	-0.50	-	2.00	-0.50	3.00	-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 ^{1) 2)}***(EUR millions; interest rates in percentages per annum)***1. Main refinancing operations ³⁾**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate ⁴⁾	Weighted average rate	
	1	2	3	4	5	6	7
2003 7 May	120,843	76,000	-	2.50	2.53	2.54	14
7	67,356	53,000	-	2.50	2.53	2.54	7
14	145,595	97,000	-	2.50	2.53	2.54	14
21	157,067	96,000	-	2.50	2.57	2.58	14
28	184,856	106,000	-	2.50	2.59	2.61	12
4 June	72,372	72,372	-	2.50	2.50	2.50	14
9	145,751	129,000	-	2.00	2.09	2.11	16
18	111,215	62,000	-	2.00	2.12	2.12	14
25	166,404	150,000	-	2.00	2.10	2.12	14
2 July	111,698	56,000	-	2.00	2.10	2.11	14
9	130,689	101,000	-	2.00	2.08	2.10	14
9	67,965	43,000	-	2.00	2.09	2.10	7
16	147,621	98,000	-	2.00	2.08	2.09	14
23	141,573	134,000	-	2.00	2.06	2.08	14
30	114,569	73,000	-	2.00	2.06	2.07	14
6 Aug.	174,505	144,000	-	2.00	2.05	2.06	14
13	118,015	61,000	-	2.00	2.05	2.06	14
20	192,891	144,000	-	2.00	2.06	2.06	14
27	121,927	75,000	-	2.00	2.08	2.08	14
3 Sep.	185,556	140,000	-	2.00	2.07	2.08	14
10	125,756	68,000	-	2.00	2.07	2.08	14
17	177,865	150,000	-	2.00	2.07	2.08	14
24	109,738	81,000	-	2.00	2.06	2.07	14
1 Oct.	164,023	123,000	-	2.00	2.05	2.06	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 ⁴⁾	Weighted average rate		
	1	2	3	4	5	6	
2001 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	
26 Sep.	25,728	15,000	-	3.23	3.26	88	
31 Oct.	27,820	15,000	-	3.22	3.24	91	
28 Nov.	38,644	15,000	-	3.02	3.04	91	
23 Dec.	42,305	15,000	-	2.93	2.95	94	
2003 30 Jan.	31,716	15,000	-	2.78	2.80	90	
27 Feb.	24,863	15,000	-	2.48	2.51	91	
27 Mar.	33,367	15,000	-	2.49	2.51	91	
30 Apr.	35,096	15,000	-	2.50	2.51	92	
29 May	30,218	15,000	-	2.25	2.27	91	
26 June	28,694	15,000	-	2.11	2.12	91	
31 July	25,416	15,000	-	2.08	2.10	91	
28 Aug.	35,940	15,000	-	2.12	2.13	91	
25 Sep.	28,436	15,000	-	2.10	2.12	84	

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 ⁴⁾	Weighted average rate		
	1	2	3	4	5	6	7	8	
2000 5 Jan. ⁵⁾	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	
18 Dec.	Reverse transaction	28,480	10,000	-	2.75	2.80	2.82	6	
2003 23 May	Collection of fixed-term deposits	3,850	3,850	2.50	-	-	-	3	

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) With effect from April 2002, split tender operations, i.e. operations with one-week maturity conducted as standard tenders in parallel with a main refinancing operation, are classified as main refinancing operations. For split tender operations conducted before this month, see Table 1.3.3.
- 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.
- 4) In liquidity providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.
- 5) 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 ^{1) 2)}***(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) ²	Debt securities up to 2 years' agreed maturity ³⁾	Deposits (over 2 years' agreed maturity and notice period) ⁴	Repos ⁵	Debt securities over 2 years' agreed maturity ⁶
	1	2	3	4	5	6
2002 Aug.	10,952.0	6,010.3	401.5	1,359.7	703.2	2,477.2
Sep.	11,054.3	6,055.4	405.0	1,373.5	747.6	2,472.7
Oct.	11,113.6	6,052.0	414.2	1,379.1	790.5	2,477.8
Nov.	11,207.0	6,142.9	426.9	1,365.2	784.2	2,487.7
Dec.	11,116.8	6,139.9	409.2	1,381.9	725.5	2,460.3
2003 Jan.	11,100.8	6,048.5	426.0	1,385.7	773.9	2,466.7
Feb.	11,214.2	6,092.6	434.0	1,396.4	808.2	2,483.0
Mar.	11,229.9	6,117.2	427.4	1,404.1	782.7	2,498.5
Apr.	11,312.6	6,154.9	431.4	1,406.9	815.2	2,504.2
May	11,340.5	6,182.9	423.1	1,401.2	815.9	2,517.3
June	11,381.7	6,217.9	415.4	1,421.4	781.0	2,545.9
July	11,394.7	6,176.0	417.8	1,430.0	800.8	2,570.1
Aug. ^(p)	11,406.0	6,183.5	404.1	1,441.0	787.7	2,589.6

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 held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. This percentage was 10% for calculating the reserve base until November 1999, and 30% thereafter.
- 2) Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.
- 3) Includes money market paper. For further details, see the general notes.

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

Maintenance period ending in:	Required reserves ²⁾	Actual reserves ³⁾	Excess reserves ⁴⁾	Deficiencies ⁵⁾	Interest rate on minimum reserves ⁶⁾
	1	2	3	4	5
2002 Oct.	127.7	128.2	0.5	0.0	3.28
Nov.	128.7	129.2	0.5	0.0	3.28
Dec.	128.8	129.4	0.7	0.0	3.06
2003 Jan.	130.9	131.4	0.6	0.0	2.87
Feb.	130.4	131.0	0.6	0.0	2.78
Mar.	128.9	129.5	0.6	0.0	2.67
Apr.	130.0	130.5	0.5	0.0	2.53
May	130.3	130.8	0.5	0.0	2.54
June	131.2	131.7	0.5	0.0	2.34
July	131.6	132.0	0.5	0.0	2.09
Aug.	132.1	132.7	0.6	0.0	2.06
Sep.	131.3	131.8	0.5	0.0	2.07
Oct. ^(p)	131.2	.	.	.	.

Source: ECB.

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

Table 1.5
Banking system's liquidity position ¹⁾
(EUR billions; period averages of daily positions)

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts ⁴⁾	Base money ⁵⁾
	Monetary policy operations of the Eurosystem					Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) ³⁾				
	Eurosystem's net assets in gold and foreign currency ¹⁾	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations ²⁾				Deposit facility	Other liquidity-absorbing operations ²⁾		
1	2	3	4	5	6	7	8	9	10	11	12	
2002 Aug.	360.0	139.2	55.2	0.1	0.0	0.1	0.0	322.8	50.9	50.8	129.9	452.8
Sep.	362.3	140.9	50.8	0.1	0.0	0.2	0.0	323.6	49.1	51.7	129.6	453.4
Oct.	370.0	146.1	45.3	0.1	0.0	0.1	0.0	329.2	45.6	58.2	128.3	457.6
Nov.	372.1	147.5	45.0	0.1	0.0	0.1	0.0	334.0	42.8	58.6	129.3	463.4
Dec.	371.5	168.1	45.0	1.1	2.0	0.2	0.0	350.7	51.7	55.5	129.5	480.5
2003 Jan.	360.9	176.3	45.0	0.5	0.0	0.3	0.0	353.9	43.7	53.3	131.6	485.8
Feb.	356.4	168.6	45.0	0.3	0.0	0.3	0.0	340.7	50.2	48.0	131.1	472.2
Mar.	352.5	179.5	45.0	0.2	0.0	0.1	0.0	347.8	59.1	40.6	129.6	477.5
Apr.	337.4	179.4	45.0	0.1	0.0	0.2	0.0	358.5	52.1	20.5	130.6	489.3
May	333.1	177.1	45.0	0.4	0.0	0.2	0.1	366.2	42.6	15.5	130.9	497.3
June	331.3	194.7	45.0	0.4	0.0	0.3	0.2	373.2	52.6	13.2	131.9	505.3
July	320.4	204.7	45.0	0.4	0.0	0.3	0.0	382.7	52.4	2.9	132.2	515.2
Aug.	315.8	213.4	45.0	0.2	0.0	0.1	0.0	391.6	51.5	-1.6	132.8	524.6
Sep. ⁴⁾	315.0	214.0	45.0	0.1	0.0	0.6	0.0	391.7	54.4	-4.4	132.0	524.2

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 and investment funds in the euro area

Table 2.1

Aggregated balance sheet of the euro area MFIs

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

1. Assets: levels

	Eurosysteem												Total
	Loans to euro area residents	MFIs ¹⁾	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	MFIs	General government	Other euro area residents	Holdings of shares/ other equity issued by euro area residents	External assets ¹⁾	Fixed assets	Re-maining assets	
	1	2	3	4	5	6	7	8	9	10	11	12	
2001	412.7	386.4	25.7	0.6	107.0	3.8	101.8	1.3	13.8	399.0	11.9	54.3	998.6
2002	416.2	391.3	24.2	0.6	94.5	7.6	86.0	0.8	13.2	374.8	11.9	132.3	1,042.8
2003 Q1	411.8	387.0	24.1	0.6	105.4	9.5	95.1	0.8	12.5	350.2	11.9	123.6	1,015.4
2003 Apr.	369.6	344.9	24.1	0.6	107.7	9.6	97.3	0.8	13.0	341.5	12.0	128.3	972.1
May	444.7	420.0	24.0	0.7	113.1	10.4	101.6	1.0	12.2	334.0	11.9	131.0	1,046.9
June	469.3	445.0	23.7	0.6	114.2	10.0	103.1	1.1	12.4	335.2	12.0	131.5	1,074.6
July	437.3	412.9	23.7	0.7	115.3	9.6	104.6	1.1	12.5	337.9	12.2	133.4	1,048.5
Aug. ^(p)	437.4	413.0	23.7	0.7	117.4	10.0	106.4	1.0	12.5	354.1	12.2	130.1	1,063.7

2. Liabilities: levels

	Eurosysteem										Total
	Currency in circulation	Deposits of euro area residents	MFIs ¹⁾	Central government	Other general government/ other euro area residents	Debt securities issued	Capital and reserves	External liabilities ¹⁾	Remaining liabilities		
	1	2	3	4	5	6	7	8	9		
2001	285.9	391.9	342.4	35.1	14.4	4.6	209.8	35.6	70.8	998.6	
2002	392.9	328.4	283.3	29.5	15.6	3.6	165.9	32.9	119.1	1,042.8	
2003 Q1	365.4	345.8	279.0	50.7	16.2	2.7	149.5	28.7	123.3	1,015.4	
2003 Apr.	378.7	292.1	233.2	42.0	16.9	2.7	144.9	27.7	126.1	972.1	
May	384.1	361.9	297.6	45.9	18.4	2.7	142.1	28.1	127.9	1,046.9	
June	391.4	379.4	307.9	52.6	18.9	2.6	143.1	29.8	128.3	1,074.6	
July	403.5	334.4	266.1	52.3	16.0	2.6	145.2	31.7	131.1	1,048.5	
Aug. ^(p)	404.1	335.8	270.3	49.7	15.8	2.6	157.9	32.7	130.6	1,063.7	

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-of-month positions in 1999 and in 2000 (January to October), see the corresponding footnote in the February 2000 and December 2000 issues of the Monthly Bulletin.

Table 2.1 (cont'd)
Aggregated balance sheet of the euro area MFIs
(EUR billions; not seasonally adjusted; end of period)
3. Assets: levels

	MFIs excluding the Eurosystem													Total
	Loans to euro area residents	MFIs	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	MFIs	General government	Other euro area residents	Money market fund shares/units	Holdings of shares/other equity issued by euro area residents	External assets	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13	
2001	11,134.7	3,794.0	822.0	6,518.7	2,535.9	1,122.9	1,077.4	335.6	38.5	810.8	2,408.8	168.1	1,129.5	18,226.3
2002	11,613.3	4,019.8	812.6	6,780.9	2,671.2	1,170.0	1,135.0	366.2	62.4	827.6	2,465.5	167.6	1,051.8	18,859.3
2003 Q1	11,735.0	4,076.3	804.8	6,853.9	2,830.2	1,234.3	1,210.0	385.9	66.8	818.3	2,545.0	160.8	1,029.7	19,185.9
2003 Apr.	11,798.5	4,109.0	799.2	6,890.3	2,852.5	1,223.0	1,226.2	403.4	69.6	837.2	2,564.8	158.8	1,038.0	19,319.4
May	11,891.9	4,190.8	794.8	6,906.3	2,896.5	1,233.8	1,256.6	406.1	70.7	854.1	2,544.4	159.4	1,073.1	19,490.1
June	11,881.8	4,143.4	795.8	6,942.6	2,887.3	1,243.1	1,238.6	405.6	68.9	849.3	2,625.2	158.3	1,054.6	19,525.4
July	11,863.5	4,099.1	801.8	6,962.5	2,913.3	1,260.6	1,250.4	402.3	68.9	883.3	2,605.5	158.7	1,007.5	19,500.7
Aug. ^(p)	11,904.9	4,132.5	796.0	6,976.4	2,906.4	1,259.2	1,242.3	404.9	70.0	886.8	2,576.2	158.7	1,009.6	19,512.6

4. Liabilities: levels

	MFIs excluding the Eurosystem										Total
	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents	Money market fund shares/units ¹⁾	Debt securities issued ¹⁾	Capital and reserves	External liabilities	Remaining liabilities	
	1	2	3	4	5	6	7	8	9	10	
2001	0.0	9,696.6	3,829.6	103.9	5,763.1	436.5	2,882.9	1,041.9	2,687.4	1,480.9	18,226.3
2002	0.0	10,198.9	4,136.5	106.9	5,955.6	532.9	2,992.7	1,108.8	2,594.3	1,431.7	18,859.3
2003 Q1	0.0	10,319.0	4,198.7	125.5	5,994.7	617.6	3,045.6	1,115.8	2,665.4	1,422.6	19,185.9
2003 Apr.	0.0	10,350.2	4,200.8	117.8	6,031.6	632.6	3,064.4	1,116.9	2,687.9	1,467.5	19,319.4
May	0.0	10,517.3	4,310.1	124.2	6,082.9	641.9	3,062.5	1,120.5	2,625.4	1,522.6	19,490.1
June	0.0	10,545.9	4,303.4	147.3	6,095.1	640.0	3,082.8	1,128.8	2,640.4	1,487.4	19,525.4
July	0.0	10,501.3	4,257.4	121.2	6,122.7	653.9	3,115.8	1,137.4	2,648.7	1,443.6	19,500.7
Aug. ^(p)	0.0	10,515.0	4,273.9	113.4	6,127.8	657.1	3,127.8	1,140.0	2,645.7	1,427.0	19,512.6

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

Table 2.2**Consolidated balance sheet of the euro area MFIs including the Eurosystem***(EUR billions; not seasonally adjusted; end of period)***1. Assets: levels**

										Total	
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ¹⁾	Fixed assets		Remaining assets
	1	2	3	4	5	6	7	8	9	10	11
2001	7,367.0	847.7	6,519.3	1,516.1	1,179.2	336.9	568.1	2,807.8	180.0	1,137.6	13,576.7
2002	7,618.3	836.8	6,781.5	1,588.0	1,221.0	367.0	572.7	2,840.3	179.5	1,132.2	13,931.0
2003 Q1	7,683.4	828.9	6,854.6	1,691.8	1,305.1	386.7	565.3	2,895.2	172.7	1,115.1	14,123.6
2003 Apr.	7,714.3	823.3	6,891.0	1,727.7	1,323.5	404.2	584.2	2,906.3	170.8	1,123.8	14,227.1
May	7,725.8	818.9	6,906.9	1,765.2	1,358.2	407.1	596.2	2,878.4	171.3	1,163.8	14,300.7
June	7,762.8	819.5	6,943.2	1,748.4	1,341.7	406.7	590.3	2,960.4	170.4	1,145.7	14,377.9
July	7,788.8	825.5	6,963.2	1,758.4	1,355.0	403.4	615.5	2,943.3	170.9	1,098.8	14,375.6
Aug. ^(p)	7,796.7	819.7	6,977.0	1,754.7	1,348.7	406.0	619.4	2,930.3	170.9	1,098.2	14,370.2

2. Liabilities: levels

										Total
	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units ²⁾	Debt securities issued ²⁾	Capital and reserves	External liabilities ¹⁾	Remaining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10
2001	239.7	139.0	5,777.6	398.0	1,760.8	995.2	2,723.0	1,551.8	-8.5	13,576.7
2002	341.2	136.4	5,971.1	470.6	1,818.6	1,006.5	2,627.2	1,550.8	8.7	13,931.0
2003 Q1	327.2	176.2	6,010.9	550.8	1,804.5	999.8	2,694.1	1,545.8	14.3	14,123.6
2003 Apr.	336.3	159.7	6,048.5	563.0	1,834.5	995.8	2,715.5	1,593.6	-19.8	14,227.1
May	343.8	170.1	6,101.4	571.1	1,821.0	992.6	2,653.4	1,650.5	-3.1	14,300.7
June	351.0	200.0	6,114.1	571.2	1,832.2	1,000.5	2,670.2	1,615.8	22.9	14,377.9
July	361.5	173.5	6,138.7	584.9	1,848.2	1,002.2	2,680.5	1,574.7	11.5	14,375.6
Aug. ^(p)	362.7	163.1	6,143.6	587.0	1,861.3	1,017.9	2,678.4	1,557.6	-1.3	14,370.2

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-of-month positions in 1999 and in 2000 (January to October), see the corresponding footnote in the February 2000 and December 2000 issues of the Monthly Bulletin.

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

Table 2.2 (cont'd)

Consolidated balance sheet of the euro area MFIs including the Eurosystem

(EUR billions; not seasonally adjusted; transactions during the period)

3. Assets: flows ¹⁾

	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ²⁾	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6	7	8	9	10	11
2001	364.2	-7.6	371.8	71.5	8.5	62.9	29.8	330.5	8.1	100.6	904.6
2002	297.3	-9.8	307.1	75.9	45.7	30.2	5.4	246.0	-1.3	-20.6	602.8
2003 Q1	87.0	-0.3	87.3	63.2	46.5	16.6	-0.9	91.4	-3.6	-17.0	220.6
2003 Apr.	38.6	-5.4	44.0	33.4	21.0	12.4	15.4	39.8	-1.9	4.8	130.0
May	24.3	-4.0	28.3	33.9	30.7	3.2	11.1	41.8	0.5	39.2	150.8
June	33.2	0.5	32.8	-15.6	-14.6	-1.0	-7.7	41.0	-0.8	-15.3	34.9
July	27.0	7.4	19.5	7.3	9.6	-2.2	-0.5	-33.6	0.4	-49.6	-48.9
Aug. ^(p)	1.0	-6.1	7.2	-3.7	-5.5	1.8	2.7	-71.1	0.0	-2.0	-73.1

4. Liabilities: flows ¹⁾

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Money market fund shares/ units ³⁾	Debt securities issued ³⁾	Capital and reserves	External liabilities ²⁾	Remaining liabilities	Excess of inter-MFI liabilities	Total
	1	2	3	4	5	6	7	8	9	10
2001	-116.4	-26.9	385.4	90.9	107.6	79.3	338.4	79.9	-33.5	904.6
2002	101.4	-5.8	223.2	70.1	105.3	36.8	76.0	-35.0	30.6	602.8
2003 Q1	7.7	32.8	48.9	35.7	24.9	1.9	59.4	-4.3	13.6	220.6
2003 Apr.	9.1	-16.5	41.1	11.8	30.0	0.1	44.5	43.2	-33.5	130.0
May	7.4	10.4	61.2	8.8	2.4	-6.6	0.6	52.2	14.4	150.8
June	7.3	29.9	7.9	-0.7	2.7	9.3	-20.4	-27.6	26.4	34.9
July	11.1	-26.5	-9.9	9.5	14.8	9.5	6.9	-57.0	-7.4	-48.9
Aug. ^(p)	1.2	-10.4	-0.7	2.0	2.2	7.6	-39.8	-22.6	-12.5	-73.1

Source: ECB.

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

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

3) 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**Monetary aggregates ¹⁾ and counterparts (not seasonally adjusted)***(EUR billions and annual percentage growth rates; levels and growth rates at end of period, flows as transactions during the period)***1. Levels**

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Loans	Net external assets
	M2			M3-M2	Total					
	M1	M2-M1	Total							
1	2	3	4	5	6	7	8	9	10	
2001	2,207.9	2,459.8	4,667.7	762.4	5,430.2	3,893.8	2,026.9	7,424.4	6,519.3	84.7
2002	2,425.5	2,539.1	4,964.6	825.1	5,789.7	3,991.5	2,057.8	7,721.2	6,781.5	213.1
2003 Q1	2,396.9	2,588.4	4,985.3	874.2	5,859.5	4,010.7	2,134.0	7,806.6	6,854.6	201.1
2003 Apr.	2,425.7	2,605.5	5,031.2	917.4	5,948.7	4,006.0	2,146.8	7,879.4	6,891.0	190.8
May	2,458.0	2,627.9	5,085.9	907.5	5,993.4	4,012.0	2,177.0	7,910.2	6,906.9	225.0
June	2,501.1	2,606.5	5,107.6	882.4	5,990.0	4,042.0	2,161.3	7,940.2	6,943.2	290.1
July	2,483.8	2,619.4	5,103.2	894.7	5,997.9	4,070.3	2,180.5	7,982.1	6,963.2	262.9
Aug. ^(p)	2,468.3	2,632.9	5,101.2	894.9	5,996.1	4,107.2	2,168.4	8,002.4	6,977.0	251.9

2. Flows ²⁾

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Loans	Net external assets
	M2			M3-M2	Total					
	M1	M2-M1	Total							
1	2	3	4	5	6	7	8	9	10	
2001	106.8	162.2	269.1	114.0	383.0	176.5	0.9	464.6	371.8	-7.9
2002	215.1	89.3	304.3	66.7	371.1	186.5	35.9	342.7	307.1	170.0
2003 Q1	-4.6	51.5	46.9	37.8	84.6	38.3	46.2	103.0	87.3	32.0
2003 Apr.	30.1	18.9	48.9	38.6	87.5	4.1	15.6	71.7	44.0	-4.7
May	35.3	26.5	61.8	-7.9	53.9	18.4	26.7	42.6	28.3	41.1
June	54.5	-23.7	30.8	-25.3	5.5	21.6	-14.1	24.1	32.8	61.4
July	-15.6	12.5	-3.1	8.8	5.8	32.7	17.0	16.8	19.5	-40.5
Aug. ^(p)	-17.6	11.3	-6.4	0.0	-6.4	16.8	-11.6	11.6	7.2	-31.3

3. Growth rates ³⁾

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Loans	Net external assets ⁴⁾
	M2			M3-M2	Total					
	M1	M2-M1	Total							
1	2	3	4	5	6	7	8	9	10	
2001	5.1	7.1	6.1	17.7	7.6	4.7	0.0	6.7	6.0	-7.9
2002	9.8	3.6	6.5	8.8	6.8	4.8	1.8	4.6	4.7	170.0
2003 Q1	11.6	4.6	7.8	8.1	7.9	4.3	1.8	4.7	4.7	229.2
2003 Apr.	10.9	5.4	8.0	12.4	8.6	4.5	3.5	5.1	4.7	227.4
May	11.8	5.9	8.7	8.6	8.7	4.3	4.4	5.2	4.7	229.6
June	11.3	5.5	8.3	8.3	8.3	5.0	3.7	5.1	4.5	249.9
July	11.7	5.7	8.6	9.1	8.6	5.2	4.7	5.5	4.9	207.9
Aug. ^(p)	12.3	5.4	8.6	6.3	8.3	5.3	4.8	5.6	5.0	162.5

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. M1 is the sum of currency in circulation and overnight deposits; M2 is the sum of M1, deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months; and M3 is the sum of M2, repurchase agreements, money market fund shares/units and debt securities up to two years.
- 2) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes that do not arise from transactions.
- 3) For the calculation of the growth rates, see the technical notes.
- 4) Sum of 12 monthly flows ending in the period indicated.

Table 2.3 (cont'd)
Monetary aggregates ¹⁾ and counterparts (not seasonally adjusted)
(EUR billions and annual percentage growth rates; levels and growth rates at end of period, flows as transactions during the period)
4. Levels

	Currency in circulation 1	Overnight deposits 2	Deposits with agreed maturity up to 2 years 3	Deposits redeemable at notice up to 3 months 4	Repurchase agreements 5	Money market fund shares/units 6	Debt securities up to 2 years 7	Debt securities over 2 years 8	Deposits redeemable at notice over 3 months 9	Deposits with agreed maturity over 2 years 10	Capital and reserves 11
2001	239.7	1,968.2	1,088.8	1,371.0	218.5	398.0	145.9	1,613.6	115.8	1,169.1	995.2
2002	341.2	2,084.4	1,075.5	1,463.5	226.9	470.6	127.7	1,689.7	105.8	1,189.6	1,006.5
2003 Q1	327.2	2,069.7	1,073.2	1,515.2	224.0	550.8	99.4	1,704.2	100.9	1,205.9	999.8
2003 Apr.	336.3	2,089.4	1,081.9	1,523.7	230.5	563.0	124.0	1,709.7	98.3	1,202.2	995.8
May	343.8	2,114.2	1,096.9	1,531.0	231.4	571.1	105.0	1,714.2	96.9	1,208.4	992.6
June	351.0	2,150.1	1,060.5	1,546.0	215.0	571.2	96.3	1,734.2	95.4	1,212.0	1,000.5
July	361.5	2,122.3	1,063.6	1,555.7	219.9	584.9	89.8	1,756.5	93.3	1,218.3	1,002.2
Aug. ^(p)	362.7	2,105.6	1,069.6	1,563.3	218.7	587.0	89.2	1,770.5	91.7	1,227.1	1,017.9

5. Flows ²⁾

	Currency in circulation 1	Overnight deposits 2	Deposits with agreed maturity up to 2 years 3	Deposits redeemable at notice up to 3 months 4	Repurchase agreements 5	Money market fund shares/units 6	Debt securities up to 2 years 7	Debt securities over 2 years 8	Deposits redeemable at notice over 3 months 9	Deposits with agreed maturity over 2 years 10	Capital and reserves 11
2001	-116.4	223.2	64.3	98.0	25.2	90.9	-2.1	110.2	-10.8	-2.2	79.3
2002	101.4	113.6	-2.8	92.0	9.6	70.1	-13.0	118.4	-10.0	41.4	36.8
2003 Q1	7.7	-12.3	-0.3	51.8	5.8	35.7	-3.7	28.9	-4.9	12.3	1.9
2003 Apr.	9.1	21.0	10.2	8.7	6.4	11.8	20.3	9.8	-2.6	-3.2	0.1
May	7.4	27.9	18.8	7.7	1.0	8.8	-17.7	19.1	-1.3	7.3	-6.6
June	7.3	47.3	-38.5	14.7	-16.4	-0.7	-8.2	10.9	-1.6	2.9	9.3
July	11.1	-26.6	2.8	9.7	4.3	9.5	-5.0	19.8	-2.1	5.4	9.5
Aug. ^(p)	1.2	-18.8	3.8	7.4	-1.3	2.0	-0.7	3.1	-1.6	7.7	7.6

6. Growth rates ³⁾

	Currency in circulation 1	Overnight deposits 2	Deposits with agreed maturity up to 2 years 3	Deposits redeemable at notice up to 3 months 4	Repurchase agreements 5	Money market fund shares/units 6	Debt securities up to 2 years 7	Debt securities over 2 years 8	Deposits redeemable at notice over 3 months 9	Deposits with agreed maturity over 2 years 10	Capital and reserves 11
2001	-32.7	12.8	6.3	7.7	13.0	29.1	-1.5	7.2	-8.5	-0.2	8.7
2002	42.3	5.8	-0.3	6.7	4.4	17.6	-9.3	7.4	-8.7	3.6	3.7
2003 Q1	37.6	8.2	-0.4	8.5	1.8	16.4	-11.3	6.7	-8.2	3.9	2.3
2003 Apr.	37.4	7.4	0.0	9.6	5.4	16.8	9.6	7.2	-8.9	3.6	2.8
May	34.2	8.7	0.7	10.0	2.8	17.5	-12.4	7.1	-9.2	3.9	1.8
June	31.4	8.5	-0.9	10.5	-2.0	19.4	-14.9	7.2	-10.5	3.9	4.5
July	30.6	9.0	-1.1	11.0	0.3	18.1	-13.7	7.5	-12.5	4.2	4.5
Aug. ^(p)	29.0	9.8	-1.9	11.0	-3.5	15.4	-15.1	7.5	-14.1	4.7	4.3

Source: ECB.

1) Monetary aggregates comprise monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government. M1 is the sum of currency in circulation and overnight deposits; M2 is the sum of M1, deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months; and M3 is the sum of M2, repurchase agreements, money market fund shares/units and debt securities up to two years.

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

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

Table 2.3 (cont'd)
Monetary aggregates ¹⁾ and counterparts (seasonally adjusted)
(EUR billions and annual percentage growth rates; levels and growth rates at end of period, flows as transactions during the period)
7. Levels

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Loans	Net external assets
	M2			M3-M2	Total					
	M1	M2-M1	Total							
1	2	3	4	5	6	7	8	9	10	
2001	2,151.7	2,450.4	4,602.2	789.2	5,391.3	3,897.3	2,041.0	7,425.5	6,514.7	48.8
2002	2,367.1	2,531.7	4,898.8	853.7	5,752.5	3,994.7	2,073.3	7,724.2	6,780.9	176.5
2003 Q1	2,407.6	2,576.9	4,984.6	856.5	5,841.1	4,003.2	2,120.9	7,786.9	6,847.0	228.3
2003 Apr.	2,426.5	2,593.3	5,019.8	899.2	5,919.0	4,007.1	2,137.3	7,845.9	6,871.4	237.9
May	2,445.1	2,609.7	5,054.9	885.9	5,940.8	4,014.6	2,159.2	7,873.6	6,893.4	266.8
June	2,449.9	2,619.7	5,069.7	887.2	5,956.9	4,033.0	2,144.1	7,909.0	6,912.5	290.9
July	2,476.4	2,630.1	5,106.5	903.5	6,009.9	4,067.2	2,182.4	7,978.8	6,953.5	266.2
Aug. ^(p)	2,503.8	2,632.1	5,136.0	894.1	6,030.1	4,113.2	2,183.2	8,034.8	7,004.9	245.4

8. Flows ²⁾

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Loans	Net external assets
	M2			M3-M2	Total					
	M1	M2-M1	Total							
1	2	3	4	5	6	7	8	9	10	
2001	109.7	165.4	275.0	118.3	393.4	176.3	2.5	465.7	376.1	-9.5
2002	213.0	91.2	304.2	68.6	372.8	186.1	37.7	344.7	311.1	169.3
2003 Q1	64.6	47.4	112.1	-8.5	103.6	27.5	17.2	80.3	80.4	95.9
2003 Apr.	20.1	18.1	38.2	38.1	76.3	12.8	19.2	58.0	31.9	15.2
May	21.7	20.6	42.3	-11.5	30.8	19.9	18.4	39.5	34.3	35.9
June	16.0	7.7	23.7	1.1	24.8	10.0	-13.5	29.5	15.5	20.3
July	28.1	10.0	38.1	12.8	50.9	38.6	36.0	44.4	40.6	-38.0
Aug. ^(p)	25.3	-0.3	25.1	-9.5	15.6	25.9	1.3	47.3	44.8	-41.0

9. Growth rates ³⁾

	M3						Longer-term financial liabilities	Credit to general government	Credit to other euro area residents	Loans	Net external assets ⁴⁾
	M2			M3-M2	Total	3-month moving average (centred)					
	M1	M2-M1	Total								
1	2	3	4	5	6	7	8	9	10	11	
2001	5.4	7.2	6.4	17.5	7.9	-	4.7	0.1	6.7	6.1	-9.5
2002	9.9	3.7	6.6	8.7	6.9	-	4.8	1.8	4.7	4.8	169.3
2003 Q1	11.8	4.7	8.0	8.0	8.0	-	4.3	1.8	4.8	4.7	229.6
2003 Apr.	11.2	5.2	8.0	12.4	8.7	8.4	4.6	3.4	5.1	4.7	227.7
May	11.4	5.9	8.5	8.7	8.5	8.5	4.3	4.3	5.2	4.6	228.9
June	11.4	5.6	8.4	8.5	8.4	8.5	5.0	3.6	5.1	4.5	250.6
July	11.6	5.8	8.5	9.1	8.6	8.4	5.2	4.6	5.5	4.9	210.4
Aug. ^(p)	11.8	5.5	8.5	6.3	8.2	.	5.3	4.8	5.5	5.0	162.7

Source: ECB.

- 1) Monetary aggregates comprise monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government. M1 is the sum of currency in circulation and overnight deposits; M2 is the sum of M1, deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months; and M3 is the sum of M2, repurchase agreements, money market fund shares/units and debt securities up to two years.
- 2) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes that do not arise from transactions.
- 3) For the calculation of the growth rates, see the technical notes.
- 4) Sum of 12 monthly flows ending in the period indicated.

Table 2.3 (cont'd)**Monetary aggregates ¹⁾ and counterparts (seasonally adjusted)***(EUR billions and annual percentage growth rates; levels and growth rates at end of period, flows as transactions during the period)***10. Levels**

	Currency in circulation 1	Overnight deposits 2	Deposits with agreed maturity up to 2 years 3	Deposits redeemable at notice up to 3 months 4	Repurchase agreements 5	Money market fund shares/units 6	Debt securities up to 2 years 7	Debt securities over 2 years 8	Deposits redeemable at notice over 3 months 9	Deposits with agreed maturity over 2 years 10	Capital and reserves 11
2001	233.4	1,918.3	1,090.1	1,360.3	231.4	411.9	145.9	1,621.4	113.7	1,166.8	995.3
2002	333.0	2,034.1	1,079.5	1,452.1	240.1	485.9	127.7	1,697.3	103.8	1,187.2	1,006.4
2003 Q1	331.9	2,075.7	1,072.1	1,504.9	209.9	547.2	99.4	1,703.0	100.3	1,201.8	998.0
2003 Apr.	338.0	2,088.5	1,076.5	1,516.8	221.4	553.8	124.0	1,708.5	98.9	1,201.4	998.2
May	342.0	2,103.1	1,081.3	1,528.4	219.0	561.8	105.0	1,711.6	97.9	1,206.2	998.8
June	347.1	2,102.8	1,074.4	1,545.3	218.8	572.1	96.3	1,730.6	96.4	1,210.0	996.0
July	355.2	2,121.2	1,067.4	1,562.6	226.8	586.8	89.8	1,754.6	94.2	1,219.4	998.9
Aug. ^(p)	359.6	2,144.2	1,057.8	1,574.3	223.2	581.8	89.2	1,773.8	92.3	1,227.9	1,019.2

11. Flows ²⁾

	Currency in circulation 1	Overnight deposits 2	Deposits with agreed maturity up to 2 years 3	Deposits redeemable at notice up to 3 months 4	Repurchase agreements 5	Money market fund shares/units 6	Debt securities up to 2 years 7	Debt securities over 2 years 8	Deposits redeemable at notice over 3 months 9	Deposits with agreed maturity over 2 years 10	Capital and reserves 11
2001	-112.5	222.1	69.4	96.0	26.8	93.7	-2.1	110.0	-10.6	-2.4	79.3
2002	99.6	113.4	-0.1	91.3	9.9	71.7	-13.0	118.1	-9.9	41.2	36.7
2003 Q1	20.9	43.7	-5.5	53.0	-21.6	16.8	-3.7	20.1	-3.5	10.7	0.2
2003 Apr.	6.1	14.1	6.0	12.0	11.7	6.2	20.3	9.8	-1.4	0.0	4.3
May	4.0	17.7	8.6	12.0	-2.4	8.6	-17.7	17.6	-1.0	6.0	-2.8
June	5.0	10.9	-9.0	16.7	-0.2	9.6	-8.2	10.0	-1.6	3.1	-1.5
July	8.7	19.5	-7.3	17.3	7.4	10.4	-5.0	21.5	-2.2	8.5	10.8
Aug. ^(p)	4.4	20.9	-11.7	11.4	-3.7	-5.1	-0.7	8.3	-1.9	7.4	12.3

12. Growth rates ³⁾

	Currency in circulation 1	Overnight deposits 2	Deposits with agreed maturity up to 2 years 3	Deposits redeemable at notice up to 3 months 4	Repurchase agreements 5	Money market fund shares/units 6	Debt securities up to 2 years 7	Debt securities over 2 years 8	Deposits redeemable at notice over 3 months 9	Deposits with agreed maturity over 2 years 10	Capital and reserves 11
2001	-32.4	13.1	6.8	7.6	12.5	28.9	-1.5	7.2	-8.5	-0.2	8.7
2002	42.7	5.9	0.0	6.7	4.3	17.3	-9.3	7.3	-8.7	3.6	3.7
2003 Q1	39.7	8.1	0.0	8.4	1.1	16.4	-11.3	6.7	-8.1	3.8	2.3
2003 Apr.	37.4	7.7	-0.4	9.7	5.3	16.9	9.6	7.2	-8.9	3.6	2.8
May	34.3	8.3	0.8	9.8	2.5	17.7	-12.4	7.1	-9.2	3.9	1.8
June	31.9	8.5	-0.5	10.4	-1.4	19.5	-14.9	7.2	-10.5	3.8	4.6
July	30.3	8.9	-1.1	11.0	0.7	18.2	-13.7	7.5	-12.5	4.2	4.5
Aug. ^(p)	28.8	9.3	-1.9	11.2	-2.9	15.4	-15.1	7.6	-14.2	4.7	4.3

Source: ECB.

1) Monetary aggregates comprise monetary liabilities of MFIs and central government (post office, treasury) vis-à-vis non-MFI euro area residents excluding central government. M1 is the sum of currency in circulation and overnight deposits; M2 is the sum of M1, deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months; and M3 is the sum of M2, repurchase agreements, money market fund shares/units and debt securities up to two years.

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

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

Table 2.4**MFI loans, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***1. Loans to financial intermediaries and non-financial corporations: levels**

	Insurance corporations and pension funds		Other financial intermediaries ²⁾		Non-financial corporations			
	Total	Up to 1 year	Total	Up to 1 year	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total
	1	2	3	4	5	6	7	8
2001	34.9	24.8	434.4	276.0	1,019.0	489.8	1,394.5	2,903.3
2002	33.0	19.7	453.9	288.0	980.8	514.3	1,477.2	2,972.3
2003 Q1	42.4	30.0	470.2	301.0	991.3	512.7	1,487.3	2,991.2
2003 Apr.	46.3	33.5	480.7	308.1	992.2	513.4	1,494.5	3,000.1
May	46.2	33.3	484.4	309.7	983.7	509.8	1,502.0	2,995.4
June	44.6	31.2	477.8	304.1	994.9	510.7	1,509.4	3,015.0
July	48.7	32.8	471.4	292.5	982.2	516.4	1,515.1	3,013.7
Aug. ^(p)	44.0	28.3	470.3	291.8	976.0	522.0	1,523.6	3,021.7

2. Loans to financial intermediaries and non-financial corporations: flows ³⁾

	Insurance corporations and pension funds		Other financial intermediaries ²⁾		Non-financial corporations			
	Total	Up to 1 year	Total	Up to 1 year	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total
	1	2	3	4	5	6	7	8
2001	3.6	3.0	46.4	27.7	18.4	55.6	93.6	167.7
2002	-4.4	-5.3	25.5	18.2	-25.9	31.0	97.5	102.6
2003 Q1	11.3	10.3	9.1	5.1	13.2	2.3	16.3	31.9
2003 Apr.	4.0	3.6	11.7	7.9	2.4	1.4	9.6	13.4
May	0.0	-0.1	6.6	3.5	-5.7	-2.8	10.9	2.3
June	-1.6	-2.2	-7.7	-6.6	10.8	0.0	6.4	17.2
July	4.0	1.6	-7.1	-12.1	-12.3	5.5	5.5	-1.3
Aug. ^(p)	-4.7	-4.6	-3.1	-1.9	-7.5	5.0	6.8	4.3

3. Loans to financial intermediaries and non-financial corporations: growth rates ⁴⁾

	Insurance corporations and pension funds		Other financial intermediaries ²⁾		Non-financial corporations			
	Total	Up to 1 year	Total	Up to 1 year	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total
	1	2	3	4	5	6	7	8
2001	11.3	13.6	11.8	11.0	2.0	12.8	7.2	6.2
2002	-11.1	-21.2	5.9	6.6	-2.6	6.3	7.0	3.5
2003 Q1	7.2	5.3	1.9	-2.2	-1.0	5.8	6.6	3.8
Q2 ^(p)	4.2	2.5	3.8	-0.1	-0.1	2.7	6.5	3.6

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) This category includes e.g. investment funds.

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

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

Table 2.4 (cont'd)**MFI loans, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***4. Loans to households: levels**

	Households ²⁾												
	Consumer credit				Lending for house purchase				Other lending				Total
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	
2001	102.5	170.4	224.2	497.1	22.7	61.0	1,937.0	2,020.6	152.8	105.3	370.3	628.3	3,146.1
2002	104.3	178.2	237.0	519.5	25.8	66.5	2,085.8	2,178.0	155.0	99.8	369.4	624.3	3,321.8
2003 Q1	110.6	176.1	208.1	494.8	16.2	68.4	2,124.0	2,208.5	146.2	94.9	405.7	646.8	3,350.1
2003 Apr.	110.0	177.7	206.9	494.6	15.9	68.7	2,134.1	2,218.7	145.5	95.3	409.1	649.9	3,363.2
May	109.5	179.3	206.0	494.8	16.1	68.8	2,149.9	2,234.9	143.7	94.8	412.1	650.6	3,380.3
June	114.0	179.4	209.7	503.0	16.6	68.7	2,165.8	2,251.2	145.1	94.6	411.4	651.1	3,405.2
July	112.0	180.5	211.8	504.3	16.3	69.5	2,187.8	2,273.6	140.8	95.2	414.8	650.9	3,428.7
Aug. ^(p)	108.2	178.3	202.6	489.1	16.5	69.9	2,202.3	2,288.6	140.7	96.3	425.7	662.7	3,440.3

5. Loans to households: flows ³⁾

	Households ²⁾												
	Consumer credit				Lending for house purchase				Other lending				Total
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	
2001	-0.4	3.1	12.5	15.2	0.3	-1.8	132.1	130.7	-2.0	3.0	8.8	9.8	155.7
2002	5.2	4.0	11.7	20.9	3.1	3.9	147.4	154.4	-0.6	2.4	7.8	9.5	184.8
2003 Q1	6.3	-3.5	-8.0	-5.3	-9.5	2.0	38.3	30.8	-6.5	-2.3	18.4	9.6	35.1
2003 Apr.	0.3	1.9	-0.2	2.1	-0.3	0.4	10.7	10.8	-1.2	0.3	2.9	2.0	14.9
May	-0.6	1.6	-0.2	0.8	0.3	0.2	16.7	17.2	-1.6	-0.1	3.0	1.4	19.4
June	1.7	1.5	2.3	5.6	0.4	-0.8	18.3	17.8	4.2	-1.1	-1.6	1.5	24.9
July	-2.0	1.5	3.1	2.6	-0.3	0.8	21.5	22.1	-3.7	0.2	2.6	-0.9	23.7
Aug. ^(p)	-0.7	-1.0	-1.1	-2.8	0.2	0.3	13.9	14.5	-3.4	-0.3	2.8	-0.9	10.8

6. Loans to households: growth rates ⁴⁾

	Households ²⁾												
	Consumer credit				Lending for house purchase				Other lending				Total
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	
1	2	3	4	5	6	7	8	9	10	11	12	13	
2001	-0.6	1.9	5.9	3.1	1.5	-2.8	7.3	6.9	-1.3	2.9	2.4	1.6	5.2
2002	5.0	2.3	5.2	4.2	13.7	6.4	7.6	7.6	-0.4	2.3	2.1	1.5	5.9
2003 Q1	16.2	-0.4	0.6	3.3	-29.4	10.2	7.5	7.1	-3.5	0.1	7.6	3.6	5.8
Q2 ^(p)	14.3	2.1	-0.1	3.5	-29.4	9.8	7.4	7.0	-7.0	-3.4	7.6	2.1	5.5

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

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

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

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

Table 2.4 (cont'd)**MFI loans, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***7. Loans to government and non-euro area residents: levels**

	General government					Loans to non-residents				
	Central government	Other general government			Total	Banks ²⁾	Non-banks			Total
		State government	Local government	Social security funds			General government	Other	Total	
	1	2	3	4	5	6	7	8	9	10
2001	146.0	298.3	362.9	14.8	822.0	1,095.6	69.9	538.8	608.7	1,704.3
2002	132.3	277.7	382.8	19.7	812.6	1,146.2	64.6	519.3	583.9	1,730.1
2003 Q1	134.3	267.2	379.0	23.9	804.8	1,173.0	59.0	535.0	594.0	1,767.0
Q2 ^(p)	127.7	263.5	379.3	24.7	795.8	1,239.6	59.5	534.5	594.0	1,833.6

8. Loans to government and non-euro area residents: flows ³⁾

	General government					Loans to non-residents				
	Central government	Other general government			Total	Banks ²⁾	Non-banks			Total
		State government	Local government	Social security funds			General government	Other	Total	
	1	2	3	4	5	6	7	8	9	10
2001	-18.3	1.1	9.9	1.3	-6.2	139.7	4.3	80.2	84.5	224.2
2002	-12.2	-21.1	19.9	4.9	-8.3	134.4	-1.2	35.6	34.4	168.8
2003 Q1	0.6	-10.2	4.8	4.1	-0.2	43.8	-5.5	28.5	23.0	66.8
Q2 ^(p)	-6.1	-3.7	0.2	0.9	-8.6	90.5	0.6	15.4	16.0	106.5

9. Loans to government and non-euro area residents: growth rates ⁴⁾

	General government					Loans to non-residents				
	Central government	Other general government			Total	Banks ²⁾	Non-banks			Total
		State government	Local government	Social security funds			General government	Other	Total	
	1	2	3	4	5	6	7	8	9	10
2001	-11.2	0.4	2.8	9.7	-0.8	14.8	6.2	17.8	16.2	15.4
2002	-8.4	-7.1	5.5	33.2	-1.0	12.8	-1.9	6.7	5.7	10.3
2003 Q1	-13.9	-9.2	7.1	60.2	-1.6	20.6	-13.9	9.9	7.1	15.6
Q2 ^(p)	-8.3	-6.3	5.8	37.4	-0.1	23.9	-7.9	9.7	7.7	18.1

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

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

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

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

Table 2.5**Deposits held with MFIs, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***1. Deposits by financial intermediaries: levels**

	Insurance corporations and pension funds					Other financial intermediaries ²⁾				
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total
	1	2	3	4	5	6	7	8	9	10
2001	48.0	427.5	3.4	16.4	495.4	156.5	217.3	5.2	85.3	464.5
2002	55.9	445.6	3.5	17.9	522.8	152.6	237.3	6.6	97.1	493.6
2003 Q1	59.6	454.0	3.7	18.2	535.5	165.3	251.1	8.2	99.6	524.3
2003 Apr.	55.8	457.2	3.3	21.1	537.4	164.5	259.2	8.8	103.9	536.3
May	56.0	458.4	3.2	22.4	539.9	173.9	269.2	9.4	102.7	555.1
June	62.2	450.3	3.0	22.3	537.7	176.6	259.3	9.6	98.0	543.5
July	53.7	458.1	3.1	20.8	535.7	167.3	256.2	9.6	104.8	537.9
Aug. ³⁾	49.6	463.2	3.2	19.0	535.0	163.7	257.6	9.0	106.5	536.7

2. Deposits by financial intermediaries: flows ³⁾

	Insurance corporations and pension funds					Other financial intermediaries ²⁾				
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total
	1	2	3	4	5	6	7	8	9	10
2001	7.6	9.0	0.3	-1.1	15.8	3.6	1.8	0.6	10.3	16.2
2002	7.9	18.0	0.1	1.4	27.3	-4.7	18.8	-0.2	12.8	26.6
2003 Q1	3.9	7.8	0.2	0.4	12.2	13.4	14.0	1.7	11.0	40.1
2003 Apr.	-3.8	2.9	-0.3	2.9	1.8	-0.4	8.7	0.6	4.2	13.2
May	0.3	1.6	0.1	1.3	3.3	10.5	11.5	0.6	-1.2	21.5
June	6.1	-8.3	-0.2	-0.1	-2.5	2.0	-10.7	0.2	-4.6	-13.1
July	-8.5	7.6	0.2	-1.5	-2.3	-9.4	-3.2	0.0	6.1	-6.5
Aug. ³⁾	-4.2	4.9	0.1	-2.0	-1.2	-4.8	0.3	-0.7	1.7	-3.4

3. Deposits by financial intermediaries: growth rates ⁴⁾

	Insurance corporations and pension funds					Other financial intermediaries ²⁾				
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total
	1	2	3	4	5	6	7	8	9	10
2001	18.7	2.2	8.6	-5.1	3.3	2.3	0.6	13.6	14.0	3.7
2002	16.4	4.2	1.9	8.5	5.5	-3.0	8.8	-9.0	14.9	5.7
2003 Q1	36.3	4.7	-8.0	2.7	7.3	5.5	10.3	-0.2	17.8	10.1
Q2 ³⁾	29.1	3.9	-10.7	17.4	6.7	9.1	13.8	78.3	16.4	13.5

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

2) This category includes e.g. investment funds.

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

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

Table 2.5 (cont'd)**Deposits held with MFIs, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***4. Deposits by non-financial corporations and households: levels**

	Non-financial corporations					Households ²⁾				
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total
	1	2	3	4	5	6	7	8	9	10
2001	575.3	335.2	27.5	36.2	974.2	1,042.4	1,194.6	1,365.7	76.6	3,679.3
2002	595.4	329.0	30.5	34.7	989.6	1,116.7	1,180.8	1,435.9	74.7	3,808.0
2003 Q1	560.1	333.1	34.4	32.4	960.0	1,124.7	1,167.6	1,473.5	70.6	3,836.4
2003 Apr.	567.8	334.3	34.8	32.0	968.9	1,138.5	1,162.6	1,479.0	70.1	3,850.2
May	574.2	343.0	35.6	34.2	987.0	1,147.1	1,158.5	1,482.1	68.6	3,856.3
June	593.4	340.4	36.7	29.9	1,000.3	1,164.6	1,149.3	1,493.9	61.6	3,869.4
July	583.7	346.8	36.8	28.6	996.0	1,200.0	1,148.9	1,500.6	62.2	3,911.7
Aug. ^(p)	580.3	357.5	37.4	29.5	1,004.6	1,198.9	1,147.8	1,505.7	60.8	3,913.2

5. Deposits by non-financial corporations and households: flows ³⁾

	Non-financial corporations					Households ²⁾				
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total
	1	2	3	4	5	6	7	8	9	10
2001	69.6	10.3	2.6	7.4	89.9	132.8	45.3	73.5	7.0	258.5
2002	28.8	22.3	4.1	-1.3	53.9	63.8	-9.3	69.8	-1.9	122.3
2003 Q1	-34.3	5.1	4.0	-2.3	-27.5	8.6	-15.8	37.8	-4.1	26.4
2003 Apr.	8.3	2.3	0.4	-0.4	10.5	14.0	-4.5	5.5	-0.4	14.6
May	7.7	10.4	0.5	2.3	21.0	9.0	-2.7	3.3	-1.6	8.0
June	18.4	-3.6	1.1	-4.4	11.5	17.3	-10.0	11.7	-6.9	12.1
July	-10.5	6.4	0.1	-1.2	-5.3	3.9	-1.4	6.7	0.6	9.8
Aug. ^(p)	-4.1	9.6	0.5	1.0	7.1	-1.4	-2.1	5.0	-1.4	0.1

6. Deposits by non-financial corporations and households: growth rates ⁴⁾

	Non-financial corporations					Households ²⁾				
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Overnight	With agreed maturity	Redeemable at notice	Repos	Total
	1	2	3	4	5	6	7	8	9	10
2001	13.6	3.3	10.3	25.8	10.1	14.6	4.0	5.7	12.9	7.6
2002	5.1	6.8	14.8	-3.5	5.6	6.1	-0.8	5.1	-2.5	3.3
2003 Q1	8.0	5.5	29.5	-3.2	7.2	7.4	-1.3	6.7	-12.5	3.9
Q2 ^(p)	7.9	7.0	36.0	-17.9	7.4	7.4	-2.3	8.1	-19.9	4.0

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

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

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

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

Table 2.5 (cont'd)**Deposits held with MFIs, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***7. Deposits by government and non-euro area residents: levels**

	General government					Non-residents				
	Central government	Other general government			Total	Banks ²⁾	Non-banks			Total
		State government	Local government	Social security funds			General government	Other	Total	
1	2	3	4	5	6	7	8	9	10	
2001	103.9	29.9	68.9	50.9	253.6	1,696.9	94.1	609.1	703.2	2,400.1
2002	106.9	31.6	69.2	40.7	248.4	1,585.3	97.4	588.7	686.0	2,271.3
2003 Q1	125.5	32.0	65.5	41.0	264.0	1,587.9	97.8	606.3	704.2	2,292.0
Q2 ^(p)	147.3	34.2	65.2	44.8	291.4	1,579.3	94.7	599.0	693.7	2,273.1

8. Deposits by government and non-euro area residents: flows ³⁾

	General government					Non-residents				
	Central government	Other general government			Total	Banks ²⁾	Non-banks			Total
		State government	Local government	Social security funds			General government	Other	Total	
1	2	3	4	5	6	7	8	9	10	
2001	-14.1	-0.8	-0.2	2.6	-12.5	130.6	10.2	93.6	103.9	234.5
2002	-0.2	1.8	0.3	-10.3	-8.3	-4.9	3.6	31.9	35.5	30.6
2003 Q1	11.6	0.4	-3.7	0.4	8.7	30.1	0.5	30.7	31.1	61.3
Q2 ^(p)	21.8	2.2	-0.3	3.7	27.4	26.2	-3.2	5.8	2.7	28.9

9. Deposits by government and non-euro area residents: growth rates ⁴⁾

	General government					Non-residents				
	Central government	Other general government			Total	Banks ²⁾	Non-banks			Total
		State government	Local government	Social security funds			General government	Other	Total	
1	2	3	4	5	6	7	8	9	10	
2001	-12.0	-2.6	-0.3	5.3	-4.8	8.7	12.2	18.5	17.6	11.1
2002	-0.2	5.9	0.5	-20.2	-3.3	-0.2	3.9	5.2	5.1	1.3
2003 Q1	13.0	3.7	2.1	-16.9	3.1	1.4	-0.1	7.0	6.0	2.8
Q2 ^(p)	29.6	0.4	-0.7	-2.5	12.2	4.4	-0.5	5.7	4.9	4.6

Source: ECB.

1) MFI sector excluding the Eurosystem; sectoral classification is based on ESA 95.

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

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

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

Table 2.6**MFI holdings of securities, breakdown ¹⁾***(EUR billions and annual percentage growth rates; not seasonally adjusted; levels and growth rates at end of period, flows as transactions during the period)***1. Levels**

	Securities other than shares								Shares and other equity			
	MFIs		General government		Other euro area residents		Total	Non-residents	MFIs	Non-MFIs	Total	Non-residents
	Euro	Non-euro	Euro	Non-euro	Euro	Non-euro						
1	2	3	4	5	6	7	8	9	10	11	12	
2001	1,068.7	54.2	1,059.8	17.6	319.8	15.8	2,535.9	541.0	251.9	559.0	810.8	161.6
2002	1,121.8	48.2	1,119.4	15.5	349.5	16.7	2,671.2	556.6	263.3	564.3	827.6	177.3
2003 Q1	1,172.9	61.4	1,192.3	17.7	366.9	19.0	2,830.2	595.8	260.4	557.9	818.3	181.0
2003 Apr.	1,165.9	57.1	1,209.0	17.2	385.4	17.9	2,852.5	599.8	260.9	576.3	837.2	182.0
May	1,178.4	55.5	1,240.7	15.9	386.9	19.1	2,896.5	592.1	265.6	588.5	854.1	178.7
June	1,183.6	59.5	1,222.5	16.1	387.2	18.4	2,887.3	615.5	267.0	582.3	849.3	174.7
July	1,200.3	60.3	1,233.7	16.7	383.0	19.3	2,913.3	625.4	275.9	607.5	883.3	178.9
Aug. ^(p)	1,200.0	59.2	1,225.3	17.0	385.3	19.6	2,906.4	636.3	275.5	611.4	886.8	183.1

2. Flows ²⁾

	Securities other than shares								Shares and other equity			
	MFIs		General government		Other euro area residents		Total	Non-residents	MFIs	Non-MFIs	Total	Non-residents
	Euro	Non-euro	Euro	Non-euro	Euro	Non-euro						
1	2	3	4	5	6	7	8	9	10	11	12	
2001	82.4	-4.1	13.1	-4.9	63.0	-0.1	149.5	108.9	10.3	29.6	40.0	17.0
2002	47.7	-0.9	41.0	-0.8	27.3	3.2	117.6	57.1	13.6	4.7	18.3	18.7
2003 Q1	41.9	4.0	36.2	1.5	16.4	0.2	100.2	31.4	-1.8	-0.5	-2.3	2.9
2003 Apr.	-1.1	-3.5	18.6	-0.1	13.0	-0.6	26.3	7.6	-0.6	15.4	14.8	0.3
May	13.5	0.4	28.0	-0.4	1.1	2.2	44.8	8.1	4.6	11.1	15.7	-3.4
June	5.4	2.7	-16.4	-0.2	0.3	-1.3	-9.6	11.9	0.9	-7.9	-6.9	-4.5
July	15.0	0.5	6.6	0.4	-3.1	0.8	20.4	7.5	5.6	-0.6	5.0	3.0
Aug. ^(p)	0.0	-2.6	-7.1	-0.4	2.3	-0.4	-8.3	-1.1	-0.3	2.6	2.4	3.6

3. Growth rates ³⁾

	Securities other than shares								Shares and other equity			
	MFIs		General government		Other euro area residents		Total	Non-residents	MFIs	Non-MFIs	Total	Non-residents
	Euro	Non-euro	Euro	Non-euro	Euro	Non-euro						
1	2	3	4	5	6	7	8	9	10	11	12	
2001	8.2	-7.1	1.2	-23.4	25.0	-0.4	6.3	25.4	4.2	5.7	5.2	12.0
2002	4.5	-2.5	3.9	-4.3	8.5	21.9	4.6	10.8	5.4	0.9	2.3	11.6
2003 Q1	4.2	-3.4	3.2	7.5	9.9	25.4	4.5	11.9	1.4	2.1	1.9	5.0
2003 Apr.	3.2	-10.0	4.7	5.9	15.5	9.7	5.1	13.8	-1.6	3.7	2.0	6.8
May	3.9	-10.1	6.1	7.7	14.8	22.1	6.0	13.4	0.0	5.5	3.7	2.3
June	4.3	-9.4	4.9	7.2	15.4	16.2	5.7	16.4	0.0	5.1	3.4	-0.5
July	5.8	-8.2	5.7	7.0	14.8	23.0	6.6	15.9	4.2	7.3	6.3	1.2
Aug. ^(p)	6.4	-11.9	5.5	5.0	16.6	20.2	6.9	14.4	4.6	5.9	5.5	4.4

Source: ECB.

1) MFI sector excluding the Eurosystem.

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

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

Table 2.7**Revaluation of selected MFI balance sheet items ¹⁾***(EUR billions; not seasonally adjusted)***1. Write-offs/write-downs of loans to households**

	Households ²⁾											
	Consumer credit				Lending for house purchase				Other lending			
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total
	1	2	3	4	5	6	7	8	9	10	11	12
2001	-	-	-	0.0	-	-	-	0.0	-	-	-	0.0
2002	-	-	-	0.0	-	-	-	0.0	-	-	-	-1.0
2003 Q1	-0.6	-0.1	-0.5	-1.2	-0.1	0.0	-1.0	-1.1	-1.2	-0.1	-1.3	-2.6
2003 Apr.	0.0	-0.1	0.0	-0.1	0.0	0.0	-0.1	-0.1	-0.1	0.0	-0.3	-0.4
May	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.1	-0.1	-0.1	0.0	-0.3	-0.4
June	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	0.0	-0.3	-0.4
July	-0.1	0.0	0.0	-0.1	0.0	0.0	-0.3	-0.4	-0.1	0.0	-0.3	-0.4
Aug. ^(p)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.3	-0.3

2. Write-offs/write-downs of loans to non-financial corporations and to non-euro area residents

	Non-financial corporations				Non-residents		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Up to 1 year	Over 1 year	Total
	1	2	3	4	5	6	7
2001	-0.8	-5.4	-4.4	-10.6	-	-	-0.4
2002	-1.8	-2.7	-4.7	-9.2	-	-	-6.7
2003 Q1	-4.1	-0.6	-2.5	-7.2	0.0	-0.1	-0.1
2003 Apr.	-0.3	0.0	-0.5	-0.8	0.0	0.0	0.0
May	-0.5	0.0	-0.3	-0.8	0.0	0.0	0.0
June	-0.3	0.0	-0.2	-0.6	-0.3	0.0	-0.3
July	-0.1	-0.1	-0.5	-0.6	0.0	0.0	0.0
Aug. ^(p)	0.0	-0.1	-0.3	-0.4	0.0	-0.1	0.0

3. Revaluation of securities held by MFIs

	Securities other than shares							Shares and other equity				
	MFIs		General government		Other euro area residents		Total	Non-residents	MFIs	Non-MFIs	Total	Non-residents
	Euro	Non-euro	Euro	Non-euro	Euro	Non-euro						
	1	2	3	4	5	6	7	8	9	10	11	12
2001	-0.6	0.2	9.8	0.1	5.9	0.1	15.6	-1.5	1.1	7.6	8.7	-1.3
2002	9.8	0.6	11.0	-0.1	5.1	0.2	26.8	4.4	-4.7	0.8	-3.9	-2.7
2003 Q1	-1.8	-0.1	10.2	0.0	-1.4	0.2	7.1	-1.0	-1.1	-7.2	-8.4	0.9
2003 Apr.	-0.4	0.0	-1.7	-0.1	-0.1	-0.2	-2.4	0.4	0.9	3.1	4.0	0.5
May	-0.4	-0.1	3.7	-0.1	0.4	0.0	3.5	-0.1	0.1	1.1	1.2	0.1
June	-0.4	0.0	-1.8	0.0	0.0	0.0	-2.1	0.7	0.5	1.7	2.1	0.5
July	0.5	0.0	-0.8	0.0	0.0	-0.1	-0.4	0.3	4.5	-1.2	3.3	0.7
Aug. ^(p)	-0.3	0.2	-1.3	0.0	0.0	0.0	-1.3	0.4	-0.1	1.3	1.1	0.6

Source: ECB.

1) MFI sector excluding the Eurosystem.

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

Table 2.8**Currency analysis of selected liabilities and assets of the euro area MFIs ¹⁾***(EUR billions; not seasonally adjusted; end of period)***1. Deposits placed by euro area residents: levels**

	MFIs							Non-MFIs						
	All currencies 1	Euro ²⁾ 2	Non-euro currencies 3	Non-euro currencies				All currencies 8	Euro ²⁾ 9	Non-euro currencies 10	Non-euro currencies			
				USD 4	JPY 5	CHF 6	GBP 7				USD 11	JPY 12	CHF 13	GBP 14
2001	3,829.6	3,359.2	470.3	305.8	33.5	67.2	37.2	5,867.1	5,666.6	200.4	127.0	23.9	10.5	19.6
2002	4,136.5	3,731.6	404.8	252.1	33.2	60.3	28.5	6,062.4	5,885.2	177.3	108.7	20.1	11.3	18.5
2003 Q1	4,198.7	3,800.3	398.4	254.0	28.3	61.5	33.5	6,120.3	5,942.1	178.1	107.8	21.2	10.4	20.1
Q2 ^(p)	4,303.4	3,912.9	390.5	246.3	26.2	61.5	35.0	6,242.1	6,056.1	185.9	112.5	21.2	10.8	21.5

2. Deposits placed by non-euro area residents: levels

	Banks ³⁾							Non-banks						
	All currencies 1	Euro ²⁾ 2	Non-euro currencies 3	Non-euro currencies				All currencies 8	Euro ²⁾ 9	Non-euro currencies 10	Non-euro currencies			
				USD 4	JPY 5	CHF 6	GBP 7				USD 11	JPY 12	CHF 13	GBP 14
2001	1,696.9	619.9	1,077.0	788.9	48.5	75.3	1,077.0	703.2	307.0	396.2	288.0	16.8	18.1	56.0
2002	1,585.3	692.0	893.2	621.3	33.5	68.8	893.2	686.0	331.3	354.7	240.3	15.5	13.2	67.3
2003 Q1	1,587.9	731.2	856.6	584.1	34.0	69.6	856.6	704.2	364.3	339.8	225.6	17.6	13.7	62.5
Q2 ^(p)	1,579.3	722.7	856.6	585.6	32.3	66.6	856.6	693.7	362.7	331.0	221.6	15.9	13.0	60.4

3. Debt securities issued by euro area MFIs: levels

	Debt securities							
	All currencies 1	Euro ²⁾ 2	Non-euro currencies 3	Non-euro currencies				
				USD 4	JPY 5	CHF 6	GBP 7	
2001		3,030.2	2,579.5	450.4	247.6	65.2	42.8	67.5
2002		3,138.8	2,680.9	457.5	241.0	55.8	50.8	72.7
2003 Q1		3,197.1	2,724.7	471.9	259.9	50.9	50.3	72.8
Q2 ^(p)		3,228.4	2,763.9	463.9	260.0	46.5	51.5	70.1

Source: ECB.

1) MFI sector excluding the Eurosystem.

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

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

Table 2.8 (cont'd)
Currency analysis of selected liabilities and assets of the euro area MFIs ¹⁾
(EUR billions; not seasonally adjusted; end of period)
4. Loans to euro area residents: levels

	MFIs							Non-MFIs						
	All currencies	Euro ²⁾	Non-euro currencies					All currencies	Euro ²⁾	Non-euro currencies				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001	3,794.0	-	-	-	-	-	-	7,340.7	6,999.5	341.2	181.6	47.8	77.5	26.6
2002	4,019.8	-	-	-	-	-	-	7,593.5	7,303.1	290.4	133.7	40.3	83.3	24.4
2003 Q1	4,076.3	-	-	-	-	-	-	7,658.7	7,367.8	290.9	135.1	36.6	85.8	24.9
Q2 ³⁾	4,143.4	-	-	-	-	-	-	7,738.4	7,455.5	282.9	134.1	28.4	87.9	24.3

5. Loans to non-residents of the euro area: levels

	Banks ³⁾							Non-banks						
	All currencies	Euro ²⁾	Non-euro currencies					All currencies	Euro ²⁾	Non-euro currencies				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001	1,095.6	451.9	643.7	415.7	44.1	37.1	91.7	608.7	201.3	407.3	315.7	11.5	25.6	36.9
2002	1,146.2	553.9	592.3	371.7	51.3	30.4	103.8	583.9	211.4	372.5	278.1	13.6	27.4	32.9
2003 Q1	1,173.0	593.2	579.7	359.2	50.3	31.6	101.4	594.0	226.9	367.2	277.1	11.4	27.1	33.5
Q2 ³⁾	1,239.6	630.5	609.1	381.2	59.0	31.8	97.0	594.0	233.9	360.1	274.1	9.1	25.0	34.1

6. Holdings of securities other than shares issued by euro area residents: levels

	Issued by MFIs							Issued by non-MFIs						
	All currencies	Euro ²⁾	Non-euro currencies					All currencies	Euro ²⁾	Non-euro currencies				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001	1,122.9	1,068.7	54.2	37.2	9.0	1.8	15.2	1,413.0	1,379.6	33.4	17.8	10.6	1.1	2.3
2002	1,170.0	1,121.8	48.2	24.8	6.7	1.9	22.9	1,501.2	1,468.9	32.2	14.3	9.8	1.5	5.3
2003 Q1	1,234.3	1,172.9	61.4	20.8	7.9	2.8	11.9	1,595.9	1,559.2	36.7	20.4	10.2	1.0	3.9
Q2 ³⁾	1,243.1	1,183.6	59.5	21.0	6.9	3.2	12.8	1,644.2	1,609.7	34.5	18.5	9.8	1.1	4.0

7. Holdings of securities other than shares issued by non-euro area residents: levels

	Issued by banks ³⁾							Issued by non-banks						
	All currencies	Euro ²⁾	Non-euro currencies					All currencies	Euro ²⁾	Non-euro currencies				
				USD	JPY	CHF	GBP				USD	JPY	CHF	GBP
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
2001	233.0	80.1	152.9	115.6	4.2	2.7	23.8	308.0	127.4	180.7	136.0	18.2	2.6	14.5
2002	239.6	88.4	151.1	109.1	4.1	1.4	31.7	317.1	131.6	185.4	133.1	18.4	2.9	17.6
2003 Q1	256.6	102.1	154.5	93.0	9.4	8.6	30.7	339.2	146.7	192.5	123.7	30.8	2.5	19.9
Q2 ³⁾	259.9	110.1	149.8	88.8	9.0	6.3	35.4	355.3	156.9	198.4	126.9	33.3	2.7	21.4

Source: ECB.
1) MFI sector excluding the Eurosystem.
2) Including items expressed in the national denominations of the euro.
3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.

Table 2.9**Aggregated balance sheet of euro area investment funds ¹⁾***(EUR billions; not seasonally adjusted; end of period)***1. Assets**

									Total 9
	Deposits 1	Holdings of securities other than shares 2	Holdings of securities		Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Fixed assets 7	Other assets 8	
			Up to 1 year 3	Over 1 year 4					
2001 Q3	242.4	1,293.9	62.6	1,231.4	1,053.9	192.4	105.0	90.4	2,977.9
Q4	244.6	1,309.9	63.5	1,246.5	1,219.1	209.6	108.9	98.7	3,190.8
2002 Q1	253.6	1,308.7	70.7	1,238.0	1,263.3	224.6	111.0	98.0	3,259.2
Q2	242.8	1,312.6	75.4	1,237.1	1,056.1	215.2	108.0	99.8	3,034.4
Q3	236.7	1,337.4	74.3	1,263.0	844.8	203.4	121.0	103.2	2,846.5
Q4	242.0	1,335.3	72.2	1,263.2	853.2	203.1	123.7	106.4	2,863.7
2003 Q1 ^(p)	216.9	1,331.6	70.7	1,260.9	767.0	205.4	120.0	108.5	2,749.3

2. Liabilities

				Total 4
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	
2001 Q3	41.5	2,858.8	77.6	2,977.9
Q4	41.1	3,075.6	74.1	3,190.8
2002 Q1	42.6	3,137.7	78.8	3,259.2
Q2	39.1	2,919.8	75.5	3,034.4
Q3	38.9	2,732.3	75.3	2,846.5
Q4	40.2	2,746.6	76.9	2,863.7
2003 Q1 ^(p)	41.0	2,629.8	78.5	2,749.3

3. Total assets/liabilities broken down by investment policy and type of investor

	Funds by investment policy							Funds by type of investor	Total 8
	Funds by investment policy					Funds by type of investor			
	Equity funds 1	Bond funds 2	Mixed funds 3	Real estate funds 4	Other funds 5	General public funds 6	Special investors' funds 7		
2001 Q3	738.2	1,019.1	756.0	127.0	337.7	2,241.8	736.1	2,977.9	
Q4	839.6	1,031.7	810.3	134.0	375.2	2,408.1	782.7	3,190.8	
2002 Q1	862.4	1,039.3	820.3	142.3	394.8	2,464.2	794.9	3,259.2	
Q2	728.7	1,037.0	762.6	139.2	366.9	2,262.4	772.0	3,034.4	
Q3	585.2	1,063.2	699.9	145.6	352.6	2,092.3	754.2	2,846.5	
Q4	593.9	1,068.2	701.6	150.8	349.2	2,090.9	772.9	2,863.7	
2003 Q1 ^(p)	525.7	1,054.2	675.3	157.3	336.8	1,978.9	770.4	2,749.3	

Source: ECB.

1) Other than money market funds. Data refer to euro area countries excluding Ireland. For further details, see the general notes.

Table 2.10
Aggregated balance sheet of euro area investment funds broken down by investment policy
(EUR billions; not seasonally adjusted; end of period)
1. Assets of equity funds

	Deposits 1	Holdings of securities other than shares 2	Investment period		Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Other assets 7	Total 8
			Up to 1 year 3	Over 1 year 4				
			2001 Q3	41.2					30.6	4.2	26.4	636.1	16.7	13.6	738.2
Q4	39.5	29.0	3.0	26.1	735.2	19.4	16.5	839.6
2002 Q1	39.3	28.7	2.9	25.8	759.1	20.6	14.7	862.4
Q2	34.0	27.4	4.0	23.4	630.0	22.2	15.0	728.7
Q3	29.0	26.5	3.7	22.8	496.5	19.1	14.1	585.2
Q4	26.6	28.2	3.4	24.9	506.0	18.4	14.7	593.9
2003 Q1 ^(p)	24.5	30.4	3.0	27.4	438.4	16.4	16.0	525.7

2. Liabilities of equity funds

	Liabilities			Total 4
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	
2001 Q3		727.9	6.1	738.2
Q4	4.1	831.4	5.6	839.6
2002 Q1	3.5	852.7	6.1	862.4
Q2	4.4	718.7	5.6	728.7
Q3	4.1	576.0	5.1	585.2
Q4	3.9	586.3	3.6	593.9
2003 Q1 ^(p)	3.8	517.4	4.5	525.7

3. Assets of bond funds

	Deposits 1	Holdings of securities other than shares 2	Investment period		Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Other assets 7	Total 8
			Up to 1 year 3	Over 1 year 4				
			2001 Q3	74.9					865.5	32.2	833.3	34.3	12.7	31.6	1,019.1
Q4	73.2	875.5	33.2	842.3	38.5	11.2	33.4	1,031.7
2002 Q1	77.9	874.0	37.3	836.7	42.9	11.5	33.0	1,039.3
Q2	75.9	882.2	38.5	843.8	33.2	10.8	34.9	1,037.0
Q3	78.3	902.1	37.2	865.0	32.6	11.6	38.5	1,063.2
Q4	83.9	902.8	36.5	866.3	31.9	12.3	37.2	1,068.2
2003 Q1 ^(p)	77.5	899.7	35.8	863.9	26.6	18.6	31.7	1,054.2

4. Liabilities of bond funds

	Liabilities			Total 4
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	
2001 Q3		991.2	19.8	1,019.1
Q4	8.1	1,007.3	16.0	1,031.7
2002 Q1	8.5	1,013.2	17.7	1,039.3
Q2	7.9	1,011.5	17.6	1,037.0
Q3	7.0	1,039.2	17.0	1,063.2
Q4	7.7	1,044.0	16.5	1,068.2
2003 Q1 ^(p)	8.9	1,030.5	14.7	1,054.2

Source: ECB.

Table 2.10 (cont'd)**Aggregated balance sheet of euro area investment funds broken down by investment policy***(EUR billions; not seasonally adjusted; end of period)***5. Assets of mixed funds**

									Total
	Deposits 1	Holdings of securities other than shares 2			Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Fixed assets 7	Other assets 8	9
			Up to 1 year 3	Over 1 year 4					
2001 Q3	55.2	290.4	16.4	274.0	297.5	85.7	2.5	24.8	756.0
Q4	56.9	286.5	17.0	269.5	347.5	92.7	2.4	24.3	810.3
2002 Q1	52.6	283.8	18.1	265.7	357.0	100.3	2.3	24.4	820.3
Q2	54.2	286.9	20.6	266.3	298.8	94.6	2.1	26.0	762.6
Q3	53.0	291.7	21.3	270.4	234.3	88.1	5.2	27.7	699.9
Q4	53.9	295.6	21.2	274.4	233.0	87.7	3.4	28.0	701.6
2003 Q1 ^(p)	50.4	301.2	21.8	279.5	210.0	83.7	0.7	29.4	675.3

6. Liabilities of mixed funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
	2001 Q3	3.3	734.4	18.3	756.0
Q4	2.9	790.9	16.5	810.3
2002 Q1	2.9	799.4	18.0	820.3
Q2	3.1	741.3	18.2	762.6
Q3	3.5	676.9	19.5	699.9
Q4	3.0	677.2	21.5	701.6
2003 Q1 ^(p)	2.9	650.0	22.5	675.3

7. Assets of real estate funds

									Total
	Deposits 1	Holdings of securities other than shares 2			Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Fixed assets 7	Other assets 8	9
			Up to 1 year 3	Over 1 year 4					
2001 Q3	9.8	7.6	0.5	7.1	0.9	1.5	102.3	4.9	127.0
Q4	8.6	10.7	0.5	10.1	1.0	2.0	106.1	5.7	134.0
2002 Q1	11.5	12.9	0.6	12.3	1.1	2.1	108.3	6.4	142.3
Q2	13.5	9.8	0.6	9.2	0.9	3.9	105.1	6.0	139.2
Q3	13.3	10.7	0.6	10.1	0.8	5.1	109.5	6.2	145.6
Q4	10.9	9.5	0.5	8.9	0.7	7.0	115.8	6.9	150.8
2003 Q1 ^(p)	14.7	8.3	0.6	7.7	0.7	8.6	118.4	6.6	157.3

8. Liabilities of real estate funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
	2001 Q3	24.8	97.9	4.4	127.0
Q4	25.9	103.3	4.8	134.0
2002 Q1	26.7	110.7	4.9	142.3
Q2	22.3	112.1	4.8	139.2
Q3	22.9	117.7	5.0	145.6
Q4	24.6	120.9	5.4	150.8
2003 Q1 ^(p)	24.0	127.9	5.4	157.3

Source: ECB.

Table 2.11**Aggregated balance sheet of euro area investment funds broken down by type of investor***(EUR billions; not seasonally adjusted; end of period)***1. Assets of general public funds**

							Total
	Deposits 1	Holdings of securities other than shares 2	Holdings of shares/ other equity 3	Holdings of investment fund shares 4	Fixed assets 5	Other assets 6	7
2001 Q3	196.4	912.1	820.2	151.6	96.4	65.1	2,241.8
Q4	201.0	928.7	949.2	167.0	99.1	63.2	2,408.1
2002 Q1	213.3	921.8	984.8	176.8	100.6	66.9	2,464.2
Q2	199.2	915.7	818.4	166.7	96.1	66.3	2,262.4
Q3	187.9	917.6	654.4	156.0	107.9	68.5	2,092.3
Q4	190.8	905.1	663.2	153.1	109.0	69.6	2,090.9
2003 Q1 ^(p)	165.5	882.5	599.8	155.0	104.6	71.5	1,978.9

2. Liabilities of general public funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
2001 Q3	37.4	2,137.4	67.0	2,241.8
Q4	36.4	2,312.9	58.8	2,408.1
2002 Q1	38.1	2,360.2	65.9	2,464.2
Q2	34.0	2,166.0	62.4	2,262.4
Q3	33.0	1,997.8	61.5	2,092.3
Q4	33.7	1,995.4	61.7	2,090.9
2003 Q1 ^(p)	34.6	1,881.4	63.0	1,978.9

3. Assets of special investors' funds

							Total
	Deposits 1	Holdings of securities other than shares 2	Holdings of shares/ other equity 3	Holdings of investment fund shares 4	Fixed assets 5	Other assets 6	7
2001 Q3	46.0	381.8	233.7	40.7	8.6	25.3	736.1
Q4	43.6	381.2	270.0	42.6	9.8	35.6	782.7
2002 Q1	40.3	386.9	278.4	47.8	10.3	31.2	794.9
Q2	43.6	396.9	237.7	48.5	11.9	33.5	772.0
Q3	48.8	419.8	190.3	47.5	13.1	34.7	754.2
Q4	51.2	430.3	190.0	49.9	14.7	36.8	772.9
2003 Q1 ^(p)	51.4	449.1	167.1	50.3	15.4	37.0	770.4

4. Liabilities of special investors' funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
2001 Q3	4.2	721.4	10.5	736.1
Q4	4.6	762.8	15.3	782.7
2002 Q1	4.5	777.5	12.9	794.9
Q2	5.1	753.8	13.1	772.0
Q3	5.9	734.5	13.8	754.2
Q4	6.5	751.2	15.2	772.9
2003 Q1 ^(p)	6.5	748.4	15.5	770.4

Source: ECB.

3 Financial markets and interest rates in the euro area

Table 3.1

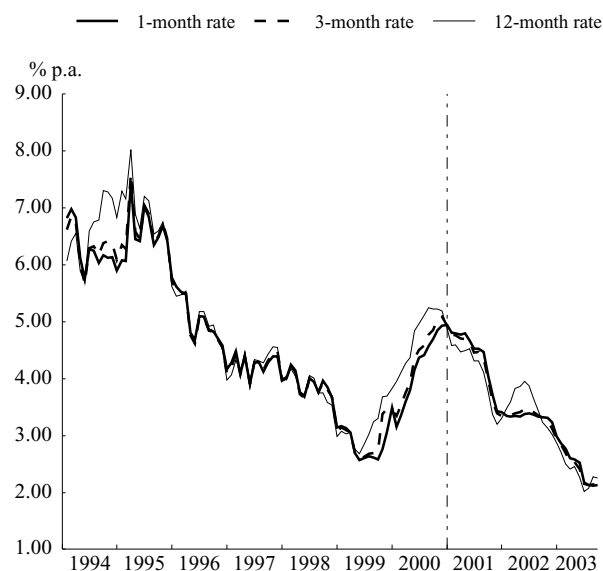
Money market interest rates ¹⁾

(percentages per annum)

	Euro area ⁴⁾					United States ⁶⁾	Japan ⁶⁾
	Overnight deposits ^{2) 3)} 1	1-month deposits ⁵⁾ 2	3-month deposits ⁵⁾ 3	6-month deposits ⁵⁾ 4	12-month deposits ⁵⁾ 5	3-month deposits ⁶⁾ 6	3-month deposits ⁷⁾ 7
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
2002	3.29	3.30	3.32	3.35	3.49	1.80	0.08
2002 Sep.	3.32	3.32	3.31	3.27	3.24	1.80	0.07
Oct.	3.30	3.31	3.26	3.17	3.13	1.78	0.07
Nov.	3.30	3.23	3.12	3.04	3.02	1.46	0.07
Dec.	3.09	2.98	2.94	2.89	2.87	1.41	0.06
2003 Jan.	2.79	2.86	2.83	2.76	2.71	1.37	0.06
Feb.	2.76	2.77	2.69	2.58	2.50	1.34	0.06
Mar.	2.75	2.60	2.53	2.45	2.41	1.29	0.06
Apr.	2.56	2.58	2.53	2.47	2.45	1.30	0.06
May	2.56	2.52	2.40	2.32	2.26	1.28	0.06
June	2.21	2.18	2.15	2.08	2.01	1.12	0.06
July	2.08	2.13	2.13	2.09	2.08	1.11	0.05
Aug.	2.10	2.12	2.14	2.17	2.28	1.14	0.05
Sep.	2.02	2.13	2.15	2.18	2.26	1.14	0.05
2003 5 Sep.	2.08	2.14	2.16	2.20	2.34	1.14	0.05
12	2.08	2.13	2.15	2.20	2.30	1.14	0.06
19	1.93	2.12	2.15	2.18	2.24	1.14	0.05
26	2.06	2.11	2.13	2.14	2.17	1.14	0.05

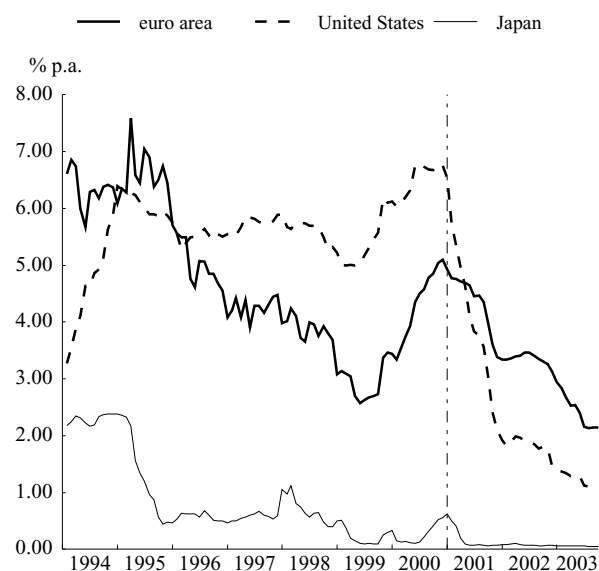
Euro area money market rates

(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

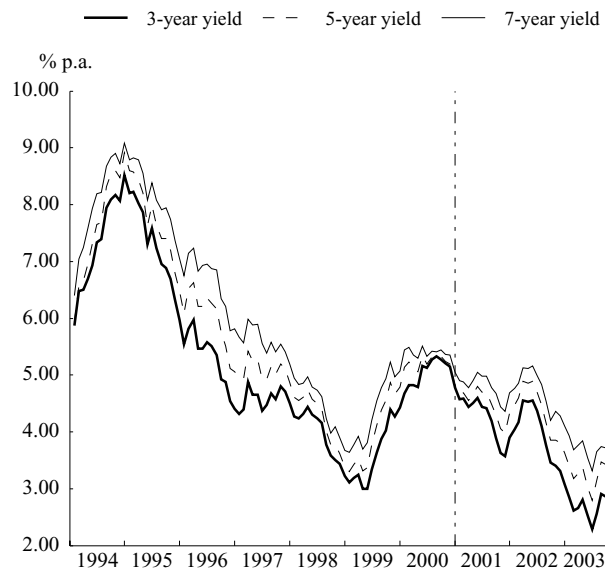
Government bond yields ¹⁾

(percentages per annum)

	Euro area ²⁾					United States	Japan
	2 years ¹	3 years ²	5 years ³	7 years ⁴	10 years ⁵	10 years ⁶	10 years ⁷
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
2002	3.68	3.94	4.35	4.70	4.92	4.60	1.27
2002 Sep.	3.19	3.46	3.85	4.20	4.52	3.88	1.16
Oct.	3.13	3.41	3.86	4.36	4.62	3.91	1.09
Nov.	3.04	3.31	3.81	4.28	4.59	4.04	0.99
Dec.	2.84	3.08	3.63	4.10	4.41	4.03	0.97
2003 Jan.	2.64	2.85	3.40	3.93	4.27	4.02	0.84
Feb.	2.45	2.61	3.18	3.68	4.06	3.90	0.83
Mar.	2.50	2.66	3.26	3.76	4.13	3.79	0.74
Apr.	2.59	2.81	3.38	3.85	4.23	3.94	0.66
May	2.31	2.53	3.02	3.54	3.92	3.56	0.57
June	2.08	2.29	2.79	3.32	3.72	3.32	0.56
July	2.30	2.56	3.15	3.65	4.06	3.93	0.99
Aug.	2.63	2.91	3.47	3.74	4.20	4.44	1.15
Sep.	2.53	2.87	3.42	3.72	4.23	4.29	1.45
2003 5 Sep.	2.65	2.98	3.59	3.87	4.35	4.43	1.44
12	2.51	2.86	3.38	3.69	4.17	4.21	1.53
19	2.48	2.83	3.37	3.66	4.19	4.18	1.39
26	2.34	2.65	3.20	3.54	4.07	4.04	1.40

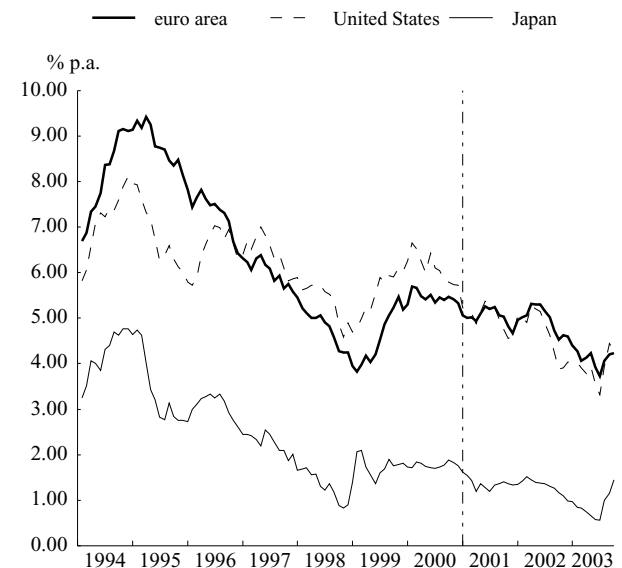
Euro area government bond yields

(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

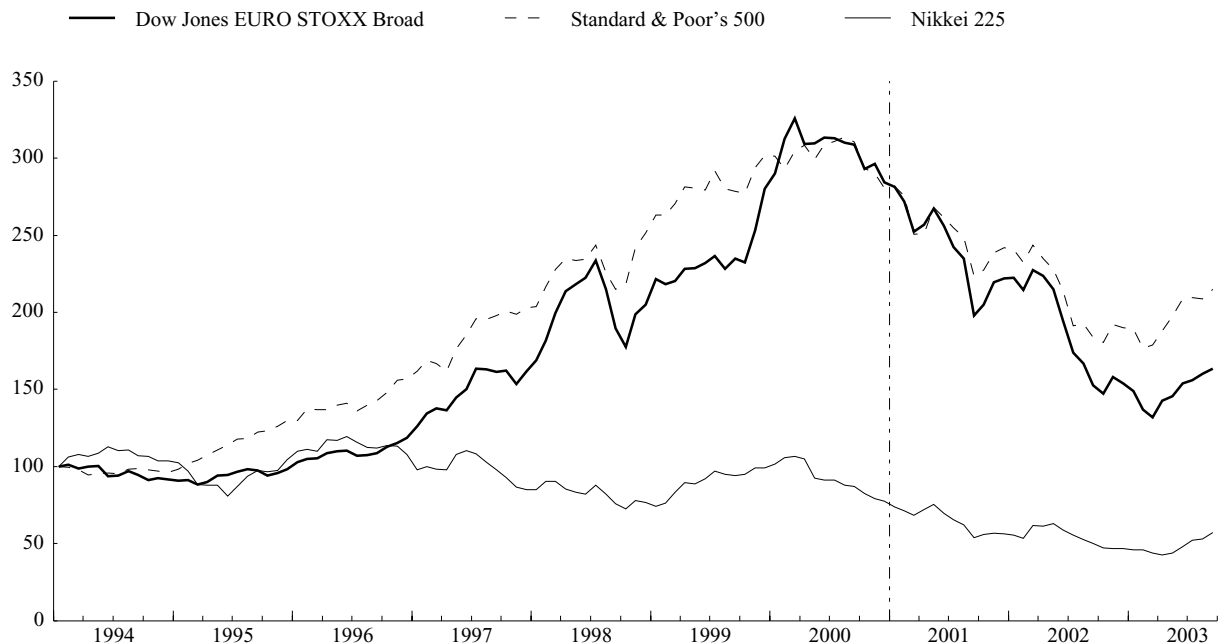
Stock market indices

(index levels, in points)¹⁾

	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			Standard & Poor's 500	Nikkei 225
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
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
2002	259.9	3,023.4	267.5	175.0	266.5	308.9	243.3	252.4	345.1	255.5	349.2	411.8	995.4	10,119.3
2002 Sep.	211.8	2,450.2	227.2	140.6	241.2	274.0	193.1	215.3	229.0	221.2	283.1	337.0	870.1	9,354.8
Oct.	204.0	2,384.7	214.4	135.3	236.5	272.1	177.8	193.6	235.8	209.6	286.8	345.4	854.6	8,781.1
Nov.	219.5	2,559.0	224.2	145.4	234.8	272.4	197.0	208.8	289.6	215.2	324.5	347.1	910.1	8,699.6
Dec.	213.6	2,475.1	225.3	139.4	226.5	268.8	194.2	205.2	270.4	207.3	322.5	324.4	899.1	8,674.8
2003 Jan.	206.3	2,377.4	213.0	130.9	220.2	262.4	186.5	198.5	250.2	210.0	330.0	313.8	896.0	8,567.4
Feb.	189.8	2,170.9	185.8	121.5	196.5	245.1	172.2	186.0	226.5	198.1	309.4	274.3	836.6	8,535.8
Mar.	183.0	2,086.5	176.1	115.4	188.4	241.1	164.5	181.2	228.2	185.6	292.8	275.2	846.6	8,171.0
Apr.	197.9	2,278.2	193.4	122.5	203.9	250.0	181.0	192.0	251.6	201.0	324.8	288.7	889.6	7,895.7
May	202.0	2,303.0	196.4	124.9	202.3	249.6	187.4	198.5	258.2	208.3	324.9	304.2	935.8	8,122.1
June	213.5	2,443.3	205.0	133.0	206.5	266.1	201.2	207.4	271.5	216.7	340.7	318.9	988.0	8,895.7
July	216.1	2,459.8	218.8	138.1	205.5	260.1	206.1	216.0	274.2	214.6	340.9	306.8	992.6	9,669.8
Aug.	222.3	2,524.1	227.2	144.6	211.9	268.6	211.6	227.0	281.7	217.0	352.4	293.2	989.5	9,884.6
Sep.	226.8	2,553.3	229.5	151.2	221.4	269.0	212.1	232.0	302.1	216.6	349.6	313.2	1,018.9	10,644.8
2003 5 Sep.	231.8	2,614.8	235.8	156.8	222.2	276.8	215.8	238.6	317.3	220.0	351.2	309.8	1,021.4	10,650.8
12	226.2	2,546.8	230.3	149.4	221.4	270.3	211.5	230.6	297.3	216.4	349.9	317.4	1,018.6	10,712.8
19	229.5	2,582.5	232.2	152.7	223.9	266.2	216.2	235.3	306.1	217.7	354.4	322.8	1,036.3	10,938.4
26	218.5	2,447.9	218.2	143.5	218.6	259.7	204.4	224.2	284.6	210.4	340.9	307.1	996.9	10,318.4

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

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

Table 3.4

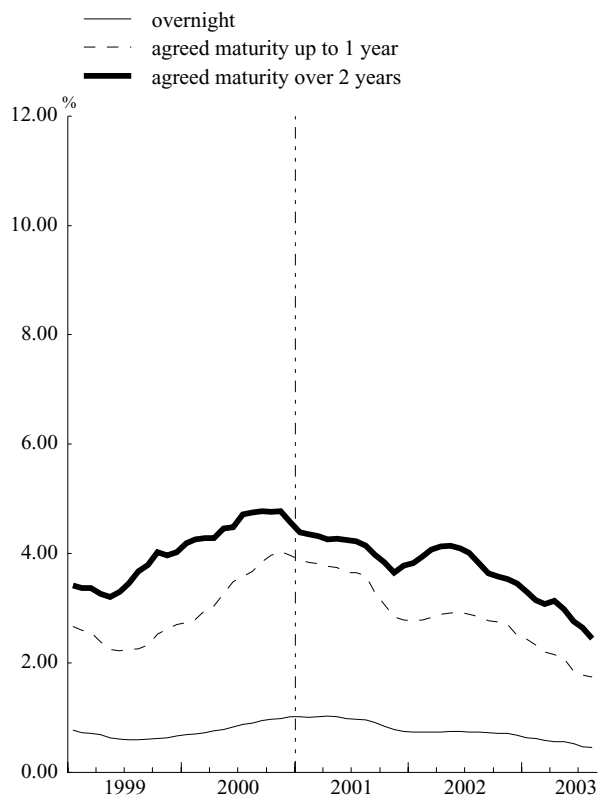
Retail bank interest rates

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
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
2002	0.73	2.80	2.80	3.85	2.13	2.85	6.13	5.71	9.78	5.54
2002 Aug.	0.73	2.84	2.85	3.81	2.12	2.94	6.15	5.71	9.79	5.53
2002 Sep.	0.73	2.77	2.77	3.64	2.13	2.73	6.12	5.61	9.85	5.38
2002 Oct.	0.72	2.74	2.74	3.58	2.11	2.63	6.13	5.54	9.72	5.26
2002 Nov.	0.71	2.70	2.69	3.53	2.11	2.55	6.10	5.50	9.70	5.21
2002 Dec.	0.68	2.51	2.51	3.45	2.05	2.41	5.98	5.34	9.58	5.10
2003 Jan.	0.63	2.43	2.42	3.30	2.05	2.34	5.87	5.27	9.49	4.91
2003 Feb.	0.62	2.32	2.32	3.15	2.02	2.12	5.81	5.18	9.40	4.77
2003 Mar.	0.59	2.20	2.19	3.08	1.97	2.05	5.69	5.17	9.29	4.69
2003 Apr.	0.56	2.15	2.14	3.14	1.93	2.05	5.57	5.14	9.24	4.70
2003 May	0.56	2.08	2.08	2.98	1.91	1.92	5.51	5.01	9.22	4.56
2003 June	0.52	1.85	1.84	2.76	1.83	1.65	5.39	4.86	9.15	4.34
2003 July	0.46	1.78	1.77	2.65	1.77	1.48	5.26	4.70	9.01	4.16
2003 Aug.	0.46	1.74	1.74	2.44	1.61	1.43	5.23	4.84	9.06	4.22

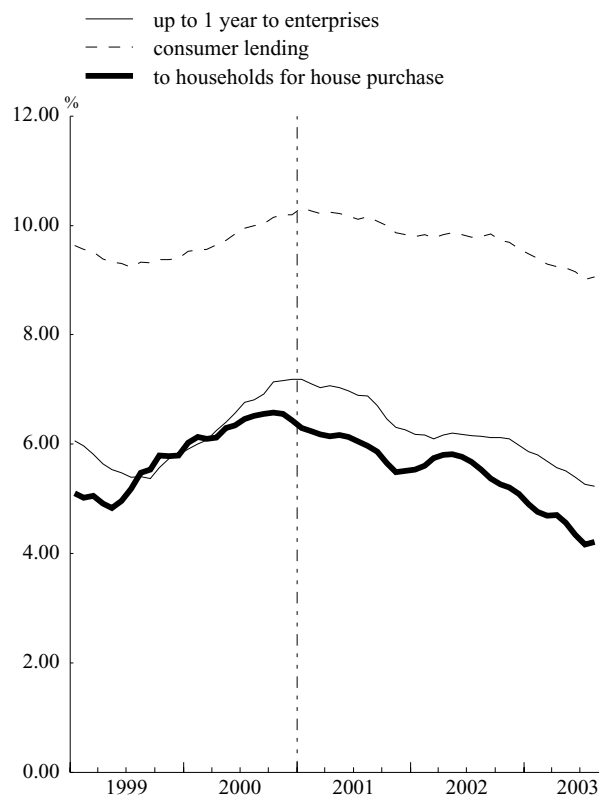
Deposit interest rates

(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 ¹⁾				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
2002 July	406.0	392.2	13.8	772.6	382.4	371.4	11.0	685.0	23.6	20.9
Aug.	384.5	378.1	6.4	775.6	366.2	356.8	9.3	693.1	18.3	21.3
Sep.	414.9	400.6	14.3	792.7	392.1	381.0	11.0	706.7	22.8	19.6
Oct.	468.3	456.4	11.9	806.1	441.8	433.3	8.5	715.4	26.5	23.1
Nov.	435.5	413.0	22.5	830.5	413.5	388.9	24.6	740.2	22.0	24.2
Dec.	406.1	451.6	-45.5	783.5	386.8	429.9	-43.1	696.0	19.3	21.7
2003 Jan.	545.1	487.4	57.7	840.8	518.6	462.7	55.9	751.0	26.5	24.7
Feb.	456.3	428.4	27.9	866.0	433.5	408.3	25.2	775.6	22.8	20.1
Mar.	452.0	440.7	11.3	875.7	433.0	423.1	9.9	785.4	19.0	17.6
Apr.	476.7	456.1	20.6	892.4	454.8	431.8	23.1	807.8	21.9	24.3
May	443.1	435.3	7.8	898.0	415.9	410.7	5.2	812.3	27.2	24.6
June	434.6	454.7	-20.1	877.9	412.4	429.2	-16.8	795.2	22.3	25.6
July	458.2	460.1	-1.8	876.4	436.4	433.1	3.2	798.2	21.9	26.9

2. Long-term

	By euro area residents									
					In euro ¹⁾				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
2002 July	134.7	114.5	20.2	7,335.2	117.2	104.6	12.6	6,687.4	17.5	9.8
Aug.	70.8	65.0	5.8	7,338.4	60.9	55.4	5.5	6,692.3	10.0	9.6
Sep.	141.7	97.3	44.4	7,382.3	122.2	84.6	37.6	6,729.1	19.5	12.7
Oct.	125.3	92.5	32.8	7,414.4	107.2	81.7	25.5	6,754.9	18.1	10.8
Nov.	133.0	96.5	36.5	7,448.2	119.3	90.3	29.0	6,783.9	13.7	6.2
Dec.	148.0	174.7	-26.6	7,402.2	136.4	160.7	-24.3	6,758.4	11.7	13.9
2003 Jan.	179.2	134.8	44.4	7,434.3	155.9	125.4	30.5	6,789.5	23.3	9.5
Feb.	165.0	112.9	52.1	7,488.6	146.2	104.3	41.9	6,832.1	18.8	8.6
Mar.	162.4	106.1	56.3	7,540.8	146.6	95.9	50.7	6,883.3	15.8	10.2
Apr.	160.7	125.2	35.6	7,567.1	146.0	115.9	30.1	6,913.6	14.7	9.3
May	174.5	101.0	73.5	7,619.4	160.9	91.5	69.4	6,983.0	13.6	9.5
June	170.2	109.0	61.2	7,692.9	154.2	100.1	54.1	7,037.8	15.9	8.8
July	182.0	139.4	42.7	7,739.9	161.4	132.8	28.7	7,067.4	20.6	6.6

3. Total

	By euro area residents									
					In euro ¹⁾				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
2002 July	540.7	506.7	34.0	8,107.8	499.6	476.0	23.6	7,372.4	41.1	30.7
Aug.	455.3	443.1	12.2	8,114.0	427.0	412.2	14.8	7,385.4	28.3	30.9
Sep.	556.6	497.9	58.7	8,174.9	514.2	465.6	48.6	7,435.8	42.3	32.2
Oct.	593.6	548.9	44.7	8,220.4	549.0	515.0	34.0	7,470.2	44.6	33.9
Nov.	568.5	509.5	59.0	8,278.7	532.8	479.1	53.7	7,524.1	35.7	30.4
Dec.	554.1	626.3	-72.1	8,185.7	523.1	590.6	-67.4	7,454.4	31.0	35.7
2003 Jan.	724.3	622.3	102.0	8,275.1	674.5	588.1	86.5	7,540.5	49.8	34.2
Feb.	621.3	541.3	80.0	8,354.6	579.7	512.6	67.0	7,607.7	41.6	28.7
Mar.	614.4	546.8	67.6	8,416.5	579.6	519.0	60.6	7,668.6	34.8	27.8
Apr.	637.5	581.3	56.2	8,459.5	600.8	547.6	53.2	7,721.4	36.6	33.6
May	617.6	536.3	81.3	8,517.4	576.8	502.2	74.6	7,795.3	40.8	34.1
June	604.8	563.7	41.1	8,570.7	566.6	529.3	37.3	7,833.0	38.2	34.4
July	640.3	599.4	40.8	8,616.3	597.8	565.9	31.9	7,865.6	42.5	33.5

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

currencies		By non-residents of the euro area in euro ¹⁾				Total in euro ¹⁾				
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	
2.7	87.6	14.7	24.8	-10.1	44.4	397.1	396.2	0.9	729.4	2002 July
-3.0	82.6	12.1	11.5	0.6	44.9	378.3	368.4	9.9	738.0	Aug.
3.3	86.0	31.7	7.7	24.0	68.9	423.8	388.7	35.1	775.6	Sep.
3.4	90.7	17.1	31.3	-14.2	54.7	458.8	464.5	-5.7	770.1	Oct.
-2.2	90.4	14.6	16.9	-2.3	52.4	428.0	405.7	22.3	792.5	Nov.
-2.4	87.5	23.8	10.6	13.2	65.6	410.6	440.5	-29.9	761.6	Dec.
1.8	89.8	16.3	34.5	-18.2	47.4	534.9	497.2	37.7	798.4	2003 Jan.
2.7	90.4	20.1	14.1	6.0	53.4	453.6	422.5	31.1	829.0	Feb.
1.4	90.4	33.3	9.7	23.6	76.9	466.2	432.8	33.5	862.3	Mar.
-2.4	84.6	14.6	35.8	-21.1	55.8	469.5	467.5	2.0	863.6	Apr.
2.6	85.7	20.9	18.4	2.4	58.2	436.7	429.1	7.7	870.6	May
-3.3	82.7	38.4	10.6	27.9	86.1	450.8	439.7	11.1	881.3	June
-5.1	78.2	.	.	.	.	.	.	.	.	July

currencies		By non-residents of the euro area in euro ¹⁾				Total in euro ¹⁾				
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	
7.6	647.8	11.6	8.2	3.4	963.9	128.9	112.9	16.0	7,651.2	2002 July
0.4	646.1	7.0	8.1	-1.2	962.7	67.8	63.5	4.3	7,655.0	Aug.
6.8	653.2	24.3	11.4	12.9	975.6	146.5	96.0	50.5	7,704.7	Sep.
7.2	659.5	13.2	13.1	0.1	975.8	120.4	94.8	25.6	7,730.7	Oct.
7.5	664.3	13.6	12.1	1.6	977.4	133.0	102.4	30.6	7,761.3	Nov.
-2.3	643.8	18.3	10.9	7.4	984.8	154.7	171.6	-16.9	7,743.2	Dec.
13.8	644.8	23.8	7.2	16.6	1,001.4	179.7	132.5	47.1	7,790.9	2003 Jan.
10.2	656.5	26.5	17.7	8.9	1,010.3	172.7	122.0	50.7	7,842.3	Feb.
5.6	657.5	28.7	9.6	19.2	1,029.3	175.3	105.4	69.9	7,912.6	Mar.
5.4	653.5	19.4	9.4	10.0	1,039.5	165.4	125.2	40.1	7,953.1	Apr.
4.1	636.4	25.7	8.3	17.4	1,056.9	186.6	99.8	86.8	8,039.9	May
7.1	655.1	30.0	14.9	15.1	1,071.9	184.2	115.1	69.1	8,109.6	June
14.0	672.5	.	.	.	.	.	.	.	.	July

currencies		By non-residents of the euro area in euro ¹⁾				Total in euro ¹⁾				
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	
10.4	735.4	26.4	33.0	-6.7	1,008.2	526.0	509.0	16.9	8,380.6	2002 July
-2.6	728.6	19.1	19.7	-0.6	1,007.6	446.1	431.9	14.2	8,393.0	Aug.
10.1	739.1	56.0	19.1	37.0	1,044.6	570.3	484.7	85.6	8,480.4	Sep.
10.6	750.2	30.3	44.3	-14.1	1,030.5	579.3	559.3	19.9	8,500.8	Oct.
5.3	754.6	28.2	29.0	-0.8	1,029.7	561.0	508.1	52.9	8,553.8	Nov.
-4.7	731.2	42.1	21.5	20.6	1,050.4	565.2	612.1	-46.8	8,504.8	Dec.
15.6	734.6	40.1	41.7	-1.6	1,048.8	714.6	629.8	84.8	8,589.3	2003 Jan.
13.0	746.9	46.6	31.8	14.8	1,063.6	626.3	544.5	81.9	8,671.3	Feb.
7.0	747.9	62.0	19.2	42.7	1,106.3	641.6	538.2	103.4	8,774.9	Mar.
3.0	738.1	34.0	45.1	-11.1	1,095.3	634.8	592.8	42.1	8,816.7	Apr.
6.7	722.0	46.5	26.7	19.8	1,115.1	623.3	528.9	94.5	8,910.5	May
3.8	737.8	68.4	25.5	42.9	1,158.0	635.0	554.8	80.2	8,991.0	June
8.9	750.7	.	.	.	.	.	.	.	.	July

Table 3.6**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer ¹⁾***(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
2002 July	685.0	269.7	4.1	86.2	321.7	3.4	44.4	18.3	22.8	2.8
Aug.	693.1	269.9	4.3	86.7	328.8	3.3	44.9	18.1	23.9	2.6
Sep.	706.7	276.6	4.1	87.7	335.7	2.6	68.9	26.8	37.3	4.0
Oct.	715.4	284.0	4.2	88.5	335.6	3.0	54.7	20.9	28.1	3.5
Nov.	740.2	304.7	4.7	89.9	337.8	3.1	52.4	18.2	28.1	3.7
Dec.	696.0	281.4	4.3	85.3	321.8	3.2	65.6	20.5	37.9	4.6
2003 Jan.	751.0	313.3	4.5	92.6	337.9	2.6	47.4	18.1	26.4	2.4
Feb.	775.6	318.6	5.9	96.0	352.0	3.2	53.4	21.4	28.9	2.5
Mar.	785.4	314.6	6.3	98.5	362.8	3.2	76.9	27.6	44.6	3.3
Apr.	807.8	323.0	5.9	99.1	376.6	3.3	55.8	21.9	30.8	2.1
May	812.3	317.9	5.9	101.8	383.2	3.5	58.2	22.9	32.1	2.4
June	795.2	309.1	6.1	95.9	380.7	3.5	86.1	32.1	49.5	3.4
July	798.2	310.2	6.2	95.9	382.1	3.8				

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
2002 July	6,687.4	2,405.5	412.1	379.4	3,331.1	159.2	963.9	246.0	385.2	110.7
Aug.	6,692.3	2,404.5	413.4	377.4	3,337.0	160.1	962.7	245.4	384.8	110.8
Sep.	6,729.1	2,426.2	412.3	380.1	3,348.7	161.8	975.6	246.2	394.1	109.3
Oct.	6,754.9	2,422.3	420.1	379.2	3,367.8	165.5	975.8	247.0	395.7	109.0
Nov.	6,783.9	2,419.8	433.3	382.6	3,381.2	167.0	977.4	249.3	398.1	108.4
Dec.	6,758.4	2,405.6	471.7	384.2	3,328.2	168.7	984.8	251.9	402.7	109.5
2003 Jan.	6,789.5	2,401.0	473.3	390.6	3,351.9	172.7	1,001.4	258.0	411.9	111.0
Feb.	6,832.1	2,411.7	482.5	394.7	3,365.0	178.1	1,010.3	264.6	413.9	112.3
Mar.	6,883.3	2,421.5	491.7	403.3	3,385.7	181.1	1,029.3	274.6	417.6	112.2
Apr.	6,913.6	2,429.1	506.8	411.5	3,381.9	184.3	1,039.5	279.5	424.9	112.3
May	6,983.0	2,445.0	511.1	423.6	3,416.5	186.8	1,056.9	286.5	431.9	110.7
June	7,037.8	2,457.7	524.8	431.3	3,432.8	191.1	1,071.9	290.0	437.4	113.0
July	7,067.4	2,477.2	539.3	432.2	3,427.0	191.7				

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
2002 July	7,372.4	2,675.2	416.3	465.6	3,652.8	162.6	1,008.2	264.3	407.9	113.5
Aug.	7,385.4	2,674.4	417.7	464.0	3,665.8	163.4	1,007.6	263.5	408.7	113.4
Sep.	7,435.8	2,702.7	416.4	467.9	3,684.4	164.4	1,044.6	273.0	431.4	113.3
Oct.	7,470.2	2,706.3	424.3	467.8	3,703.4	168.5	1,030.5	267.9	423.8	112.5
Nov.	7,524.1	2,724.5	438.0	472.6	3,718.9	170.1	1,029.7	267.5	426.2	112.1
Dec.	7,454.4	2,687.0	476.0	469.5	3,650.1	171.9	1,050.4	272.5	440.6	114.1
2003 Jan.	7,540.5	2,714.3	477.8	483.2	3,689.8	175.3	1,048.8	276.1	438.3	113.4
Feb.	7,607.7	2,730.2	488.4	490.7	3,717.0	181.4	1,063.6	286.0	442.8	114.8
Mar.	7,668.6	2,736.1	498.0	501.7	3,748.5	184.3	1,106.3	302.3	462.2	115.5
Apr.	7,721.4	2,752.0	512.7	510.6	3,758.5	187.5	1,095.3	301.5	455.7	114.4
May	7,795.3	2,762.9	517.0	525.4	3,799.7	190.3	1,115.1	309.4	464.1	113.1
June	7,833.0	2,766.8	530.9	527.2	3,813.5	194.6	1,158.0	322.0	486.9	116.4
July	7,865.6	2,787.4	545.5	528.2	3,809.2	195.4				

*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	0.0	0.2	729.4	288.0	26.9	89.0	321.8	3.4	0.2	2002 July
0.1	0.0	0.1	738.0	288.0	28.2	89.3	329.0	3.4	0.1	Aug.
0.2	0.0	0.6	775.6	303.3	41.4	91.8	335.9	2.7	0.6	Sep.
0.1	0.2	1.8	770.1	304.9	32.4	92.1	335.7	3.2	1.8	Oct.
0.1	0.2	2.0	792.5	322.9	32.9	93.6	337.8	3.3	2.0	Nov.
0.0	0.2	2.4	761.6	302.0	42.2	89.9	321.9	3.4	2.4	Dec.
0.0	0.1	0.4	798.4	331.4	30.9	95.1	338.0	2.7	0.4	2003 Jan.
0.0	0.1	0.4	829.0	340.0	34.9	98.4	352.0	3.4	0.4	Feb.
0.0	0.2	1.2	862.3	342.2	50.9	101.8	362.8	3.4	1.2	Mar.
0.0	0.2	0.8	863.6	344.9	36.7	101.2	376.6	3.4	0.8	Apr.
0.0	0.2	0.7	870.6	340.8	38.0	104.2	383.2	3.7	0.7	May
0.0	0.2	1.0	881.3	341.1	55.5	99.3	380.7	3.7	1.0	June July

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	
93.1	14.6	114.3	7,651.2	2,651.5	797.3	490.1	3,424.2	173.8	114.3	2002 July
93.4	14.6	113.6	7,655.0	2,649.9	798.2	488.2	3,430.4	174.7	113.6	Aug.
94.1	14.7	117.3	7,704.7	2,672.4	806.4	489.4	3,442.8	176.5	117.3	Sep.
93.6	14.6	115.9	7,730.7	2,669.3	815.7	488.2	3,461.4	180.1	115.9	Oct.
93.1	14.6	113.8	7,761.3	2,669.1	831.4	491.0	3,474.3	181.6	113.8	Nov.
92.7	14.3	113.6	7,743.2	2,657.5	874.5	493.8	3,420.9	183.0	113.6	Dec.
92.2	14.0	114.4	7,790.9	2,659.0	885.2	501.6	3,444.0	186.7	114.4	2003 Jan.
92.7	14.9	111.8	7,842.3	2,676.2	896.4	507.1	3,457.8	193.0	111.8	Feb.
92.7	15.4	116.9	7,912.6	2,696.1	909.3	515.5	3,478.4	196.5	116.9	Mar.
90.7	15.3	116.8	7,953.1	2,708.6	931.7	523.8	3,472.7	199.6	116.8	Apr.
95.3	16.1	116.3	8,039.9	2,731.5	943.1	534.3	3,511.9	202.9	116.3	May
94.5	16.2	120.8	8,109.6	2,747.7	962.2	544.3	3,527.4	207.3	120.8	June July

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	
93.3	14.7	114.5	8,380.6	2,939.5	824.2	579.1	3,746.1	177.3	114.5	2002 July
93.5	14.7	113.7	8,393.0	2,937.9	826.4	577.5	3,759.4	178.1	113.7	Aug.
94.3	14.7	117.9	8,480.4	2,975.7	847.8	581.2	3,778.7	179.1	117.9	Sep.
93.7	14.8	117.7	8,500.8	2,974.2	848.1	580.3	3,797.2	183.2	117.7	Oct.
93.2	14.8	115.9	8,553.8	2,992.0	864.2	584.7	3,812.1	184.9	115.9	Nov.
92.7	14.5	116.0	8,504.8	2,959.5	916.6	583.6	3,742.8	186.3	116.0	Dec.
92.2	14.1	114.8	8,589.3	2,990.4	916.1	596.6	3,782.0	189.4	114.8	2003 Jan.
92.8	15.0	112.2	8,671.3	3,016.2	931.3	605.5	3,809.8	196.4	112.2	Feb.
92.7	15.5	118.1	8,774.9	3,038.3	960.2	617.3	3,841.2	199.8	118.1	Mar.
90.7	15.5	117.5	8,816.7	3,053.5	968.4	625.0	3,849.2	203.0	117.5	Apr.
95.4	16.3	117.0	8,910.5	3,072.3	981.1	638.5	3,895.1	206.6	117.0	May
94.5	16.4	121.8	8,991.0	3,088.8	1,017.8	643.7	3,908.0	211.0	121.8	June July

Table 3.6 (cont'd)**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer ¹⁾***(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
2002 July	382.4	260.2	1.8	65.6	52.6	2.2	14.7	5.9	8.2	0.6
Aug.	366.2	257.8	1.8	50.9	53.9	1.8	12.1	4.5	6.8	0.6
Sep.	392.1	278.4	1.9	56.8	53.0	2.0	31.7	11.1	18.0	2.0
Oct.	441.8	319.4	2.2	64.7	53.1	2.3	17.1	5.0	9.0	1.3
Nov.	413.5	302.9	2.4	58.2	47.7	2.3	14.6	4.7	8.4	1.2
Dec.	386.8	291.3	2.2	46.4	44.3	2.6	23.8	6.3	15.6	1.3
2003 Jan.	518.6	375.7	2.1	66.0	72.9	1.9	16.3	6.3	9.4	0.3
Feb.	433.5	308.0	2.2	56.7	64.4	2.1	20.1	7.2	11.6	1.0
Mar.	433.0	301.5	2.3	62.9	63.7	2.6	33.3	10.2	20.7	1.4
Apr.	454.8	308.5	1.8	70.9	71.7	1.9	14.6	5.1	9.1	0.2
May	415.9	284.7	2.0	66.7	60.4	2.1	20.9	7.5	12.2	1.1
June	412.4	283.8	2.7	64.1	59.7	2.1	38.4	12.7	23.4	1.6
July	436.4	304.9	1.6	64.4	63.1	2.4				

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
2002 July	117.2	38.3	15.1	6.2	48.2	9.4	11.6	2.9	6.9	0.4
Aug.	60.9	28.2	4.0	2.2	25.2	1.3	7.0	3.1	2.7	0.3
Sep.	122.2	52.4	12.2	4.5	50.4	2.6	24.3	5.2	12.6	0.2
Oct.	107.2	39.1	10.8	0.9	52.1	4.4	13.2	4.6	6.7	0.3
Nov.	119.3	48.1	16.2	3.5	48.0	3.6	13.6	5.6	6.6	0.8
Dec.	136.4	45.6	44.8	7.9	34.4	3.7	18.3	6.1	8.8	2.2
2003 Jan.	155.9	58.3	6.1	8.9	76.3	6.3	23.8	7.9	12.4	1.7
Feb.	146.2	55.7	13.6	8.6	61.9	6.3	26.5	10.9	6.7	3.5
Mar.	146.6	53.8	15.6	10.4	63.1	3.7	28.7	13.2	8.2	0.6
Apr.	146.0	50.9	18.7	11.0	61.7	3.7	19.4	8.6	8.9	1.0
May	160.9	54.1	9.4	16.2	78.0	3.2	25.7	9.8	9.2	0.3
June	154.2	56.3	18.1	12.7	61.4	5.7	30.0	9.3	10.4	2.9
July	161.4	60.2	19.9	7.2	71.3	2.8				

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
2002 July	499.6	298.5	16.9	71.9	100.8	11.6	26.4	8.8	15.1	1.0
Aug.	427.0	285.9	5.8	53.1	79.0	3.2	19.1	7.7	9.5	0.9
Sep.	514.2	330.8	14.1	61.3	103.5	4.6	56.0	16.3	30.7	2.1
Oct.	549.0	358.5	13.0	65.6	105.2	6.7	30.3	9.6	15.8	1.6
Nov.	532.8	351.0	18.6	61.6	95.7	5.8	28.2	10.3	15.0	2.0
Dec.	523.1	336.9	46.9	54.3	78.7	6.4	42.1	12.4	24.4	3.5
2003 Jan.	674.5	434.0	8.2	74.9	149.2	8.2	40.1	14.2	21.8	2.1
Feb.	579.7	363.7	15.9	65.3	126.3	8.4	46.6	18.1	18.4	4.5
Mar.	579.6	355.3	17.9	73.3	126.7	6.3	62.0	23.5	28.9	2.0
Apr.	600.8	359.4	20.4	82.0	133.4	5.6	34.0	13.7	18.0	1.2
May	576.8	338.8	11.5	82.8	138.4	5.3	46.5	17.3	21.4	1.4
June	566.6	340.1	20.8	76.8	121.2	7.8	68.4	22.0	33.8	4.5
July	597.8	365.1	21.6	71.6	134.4	5.2				

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.0	0.0	397.1	266.1	10.0	66.2	52.6	2.2	0.0	2002 July
0.0	0.0	0.1	378.3	262.3	8.6	51.5	53.9	1.8	0.1	Aug.
0.1	0.0	0.5	423.8	289.5	19.9	58.7	53.1	2.0	0.5	Sep.
0.0	0.1	1.6	458.8	324.5	11.2	66.0	53.1	2.5	1.6	Oct.
0.0	0.0	0.2	428.0	307.6	10.8	59.4	47.7	2.3	0.2	Nov.
0.0	0.0	0.5	410.6	297.5	17.8	47.7	44.3	2.7	0.5	Dec.
0.0	0.1	0.1	534.9	382.0	11.5	66.4	72.9	2.0	0.1	2003 Jan.
0.0	0.0	0.2	453.6	315.3	13.9	57.7	64.4	2.1	0.2	Feb.
0.0	0.0	0.9	466.2	311.7	23.0	64.3	63.7	2.6	0.9	Mar.
0.0	0.1	0.2	469.5	313.6	10.9	71.1	71.7	2.0	0.2	Apr.
0.0	0.0	0.1	436.7	292.2	14.2	67.8	60.4	2.1	0.1	May
0.0	0.1	0.7	450.8	296.4	26.1	65.7	59.8	2.2	0.7	June
										July

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	
0.9	0.1	0.3	128.9	41.2	22.0	6.7	49.1	9.5	0.3	2002 July
0.3	0.1	0.5	67.8	31.3	6.7	2.5	25.5	1.4	0.5	Aug.
0.7	0.2	5.5	146.5	57.6	24.9	4.7	51.1	2.7	5.5	Sep.
0.2	0.0	1.3	120.4	43.7	17.5	1.2	52.2	4.4	1.3	Oct.
0.0	0.0	0.5	133.0	53.7	22.8	4.3	48.0	3.6	0.5	Nov.
0.4	0.0	0.8	154.7	51.7	53.6	10.0	34.8	3.7	0.8	Dec.
0.5	0.0	1.3	179.7	66.2	18.5	10.6	76.8	6.3	1.3	2003 Jan.
3.3	1.0	1.1	172.7	66.6	20.4	12.1	65.2	7.4	1.1	Feb.
0.4	0.6	5.7	175.3	67.0	23.8	11.0	63.5	4.3	5.7	Mar.
0.1	0.0	0.8	165.4	59.6	27.6	12.0	61.8	3.7	0.8	Apr.
5.1	0.8	0.5	186.6	63.8	18.7	16.5	83.2	3.9	0.5	May
1.5	0.1	5.7	184.2	65.6	28.5	15.7	62.9	5.7	5.7	June
										July

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
1.0	0.1	0.4	526.0	307.3	32.0	72.9	101.8	11.7	0.4	2002 July
0.3	0.1	0.6	446.1	293.6	15.3	54.0	79.4	3.3	0.6	Aug.
0.8	0.2	6.0	570.3	347.0	44.8	63.4	104.2	4.8	6.0	Sep.
0.2	0.1	2.9	579.3	368.2	28.7	67.2	105.3	6.9	2.9	Oct.
0.0	0.0	0.7	561.0	361.4	33.6	63.7	95.7	5.9	0.7	Nov.
0.4	0.0	1.3	565.2	349.2	71.4	57.8	79.1	6.4	1.3	Dec.
0.5	0.1	1.4	714.6	448.2	30.0	77.0	149.7	8.3	1.4	2003 Jan.
3.3	1.0	1.3	626.3	381.8	34.3	69.8	129.7	9.5	1.3	Feb.
0.4	0.6	6.6	641.6	378.7	46.8	75.3	127.2	6.9	6.6	Mar.
0.1	0.1	0.9	634.8	373.2	38.5	83.1	133.5	5.7	0.9	Apr.
5.2	0.8	0.6	623.3	356.1	32.8	84.2	143.6	6.1	0.6	May
1.5	0.2	6.4	635.0	362.0	54.6	81.3	122.7	7.9	6.4	June
										July

Table 3.6 (cont'd)
Euro-denominated securities other than shares by original maturity, residency and sector of the issuer ¹⁾
(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
2002 July	11.0	7.1	0.3	4.1	-0.9	0.3	-10.1	-3.0	-5.2	-1.6
Aug.	9.3	1.5	0.2	0.5	7.2	0.0	0.6	-0.2	1.1	-0.2
Sep.	11.0	4.1	-0.3	1.1	6.9	-0.7	24.0	8.6	13.5	1.4
Oct.	8.5	7.5	0.2	0.8	-0.3	0.3	-14.2	-5.8	-9.1	-0.5
Nov.	24.6	20.5	0.5	1.4	2.2	0.1	-2.3	-2.7	0.0	0.2
Dec.	-43.1	-22.2	-0.4	-4.7	-15.9	0.1	13.2	2.3	9.8	0.9
2003 Jan.	55.9	32.8	0.3	7.4	16.1	-0.6	-18.2	-2.5	-11.6	-2.1
Feb.	25.2	5.8	1.4	3.3	14.0	0.6	6.0	3.4	2.6	0.0
Mar.	9.9	-3.8	0.3	2.5	10.9	0.0	23.6	6.2	15.7	0.8
Apr.	23.1	9.1	-0.4	0.6	13.7	0.1	-21.1	-5.7	-13.8	-1.2
May	5.2	-4.4	0.0	2.7	6.6	0.3	2.4	0.9	1.3	0.3
June	-16.8	-8.5	0.2	-5.9	-2.5	0.0	27.9	9.2	17.3	1.1
July	3.2	1.4	0.1	0.0	1.5	0.3				

2. Long-term

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 July	12.6	-4.6	8.9	2.4	-3.0	8.9	3.4	0.0	4.3	-0.3
Aug.	5.5	-0.7	1.2	-1.9	5.9	0.9	-1.2	-0.6	-0.3	0.1
Sep.	37.6	22.5	-1.1	2.8	11.7	1.7	12.9	0.8	9.3	-1.5
Oct.	25.5	-4.4	7.7	-0.8	19.3	3.7	0.1	0.8	1.5	-0.3
Nov.	29.0	0.3	13.2	0.7	13.3	1.5	1.6	2.3	2.4	-0.6
Dec.	-24.3	-14.3	38.5	2.6	-52.9	1.7	7.4	2.6	4.7	1.1
2003 Jan.	30.5	-5.1	1.6	6.4	23.6	4.0	16.6	6.1	9.2	1.4
Feb.	41.9	10.0	9.1	4.1	13.2	5.4	8.9	6.5	2.0	1.4
Mar.	50.7	9.4	9.2	8.6	20.5	2.9	19.2	10.1	3.7	-0.1
Apr.	30.1	7.3	15.2	8.2	-3.8	3.2	10.0	4.8	7.2	0.1
May	69.4	15.9	4.3	12.1	34.6	2.5	17.4	7.0	7.1	-1.6
June	54.1	12.0	13.7	7.8	16.3	4.3	15.1	3.4	5.6	2.3
July	28.7	18.5	14.2	1.2	-5.8	0.6				

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 July	23.6	2.6	9.2	6.5	-3.9	9.2	-6.7	-3.0	-1.0	-1.9
Aug.	14.8	0.9	1.4	-1.4	13.0	0.8	-0.6	-0.8	0.8	-0.1
Sep.	48.6	26.5	-1.3	3.8	18.6	1.0	37.0	9.4	22.7	-0.1
Oct.	34.0	3.1	7.9	0.0	19.1	4.0	-14.1	-5.0	-7.6	-0.8
Nov.	53.7	20.8	13.7	2.0	15.5	1.6	-0.8	-0.4	2.4	-0.4
Dec.	-67.4	-36.5	38.2	-2.0	-68.9	1.8	20.6	4.9	14.4	2.0
2003 Jan.	86.5	27.7	1.9	13.8	39.7	3.4	-1.6	3.6	-2.4	-0.7
Feb.	67.0	15.8	10.6	7.4	27.2	6.0	14.8	9.9	4.6	1.4
Mar.	60.6	5.6	9.5	11.1	31.4	2.9	42.7	16.3	19.4	0.7
Apr.	53.2	16.4	14.8	8.8	9.9	3.3	-11.1	-0.9	-6.6	-1.1
May	74.6	11.6	4.3	14.7	41.3	2.8	19.8	8.0	8.4	-1.3
June	37.3	3.5	13.8	1.9	13.8	4.2	42.9	12.6	22.9	3.3
July	31.9	19.9	14.4	1.1	-4.4	0.9				

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.0	-0.2	0.9	4.2	-4.9	2.5	-0.9	0.3	-0.2	2002 July
0.0	0.0	-0.1	9.9	1.3	1.3	0.3	7.1	0.0	-0.1	Aug.
0.1	0.0	0.5	35.1	12.7	13.2	2.5	6.9	-0.7	0.5	Sep.
-0.1	0.1	1.2	-5.7	1.7	-9.0	0.3	-0.3	0.5	1.2	Oct.
0.0	0.0	0.2	22.3	17.8	0.5	1.5	2.1	0.1	0.2	Nov.
-0.1	0.0	0.3	-29.9	-20.0	9.4	-3.8	-16.0	0.1	0.3	Dec.
0.0	-0.1	-2.0	37.7	30.3	-11.3	5.2	16.1	-0.7	-2.0	2003 Jan.
0.0	0.0	0.0	31.1	9.1	4.0	3.4	14.0	0.7	0.0	Feb.
0.0	0.0	0.8	33.5	2.4	16.0	3.3	10.8	0.0	0.8	Mar.
0.0	0.0	-0.4	2.0	3.4	-14.2	-0.6	13.7	0.1	-0.4	Apr.
0.0	0.0	-0.1	7.7	-3.4	1.3	2.9	6.7	0.3	-0.1	May
0.0	0.1	0.3	11.1	0.7	17.5	-4.8	-2.5	0.0	0.3	June
										July

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	-0.5	16.0	-4.6	13.2	2.1	-3.1	8.9	-0.5	2002 July
0.3	0.0	-0.7	4.3	-1.3	0.9	-1.7	6.2	0.9	-0.7	Aug.
0.7	0.0	3.7	50.5	23.3	8.2	1.3	12.4	1.7	3.7	Sep.
-0.5	-0.1	-1.4	25.6	-3.6	9.2	-1.1	18.8	3.6	-1.4	Oct.
-0.5	0.0	-2.0	30.6	2.6	15.6	0.1	12.9	1.5	-2.0	Nov.
-0.4	-0.3	-0.3	-16.9	-11.7	43.2	3.7	-53.4	1.4	-0.3	Dec.
-0.5	-0.3	0.7	47.1	1.0	10.8	7.8	23.1	3.7	0.7	2003 Jan.
0.6	0.9	-2.6	50.7	16.6	11.2	5.5	13.7	6.3	-2.6	Feb.
-0.1	0.5	5.1	69.9	19.5	12.9	8.5	20.5	3.4	5.1	Mar.
-1.9	-0.1	-0.1	40.1	12.1	22.3	8.3	-5.7	3.1	-0.1	Apr.
4.6	0.8	-0.5	86.8	23.0	11.4	10.5	39.2	3.3	-0.5	May
-0.8	0.1	4.5	69.1	15.5	19.2	10.0	15.5	4.4	4.5	June
										July

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	-0.7	16.9	-0.4	8.2	4.6	-4.0	9.2	-0.7	2002 July
0.3	0.0	-0.8	14.2	0.1	2.2	-1.4	13.3	0.8	-0.8	Aug.
0.8	0.0	4.2	85.6	36.0	21.4	3.7	19.3	1.0	4.2	Sep.
-0.6	0.1	-0.2	19.9	-2.0	0.3	-0.8	18.5	4.1	-0.2	Oct.
-0.5	0.0	-1.8	52.9	20.4	16.0	1.6	15.0	1.6	-1.8	Nov.
-0.5	-0.3	0.1	-46.8	-31.6	52.6	0.0	-69.4	1.5	0.1	Dec.
-0.5	-0.4	-1.2	84.8	31.3	-0.5	13.0	39.2	3.1	-1.2	2003 Jan.
0.6	0.9	-2.6	81.9	25.7	15.2	8.9	27.8	7.0	-2.6	Feb.
-0.1	0.5	5.9	103.4	22.0	28.9	11.8	31.3	3.4	5.9	Mar.
-1.9	-0.1	-0.6	42.1	15.5	8.2	7.7	8.0	3.2	-0.6	Apr.
4.6	0.8	-0.6	94.5	19.5	12.7	13.4	45.9	3.5	-0.6	May
-0.8	0.1	4.8	80.2	16.1	36.7	5.2	13.0	4.4	4.8	June
										July

Table 3.7**Annual growth rates of securities other than shares issued by euro area residents ¹⁾***(percentage changes)***1. Short-term**

	In all currencies combined						
	Total		MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government
	1	Index Dec.01= 100 2						3	4	5	6	7
2002 July	5.3	111.3	3.8	-16.4	-14.0	14.6	-3.1
Aug.	5.4	112.3	4.8	0.6	-18.0	15.2	-1.3
Sep.	7.8	114.3	8.9	0.8	-17.0	16.3	-19.4
Oct.	8.9	116.1	10.5	14.9	-18.5	17.9	-0.9
Nov.	12.3	119.3	18.6	23.3	-14.6	15.6	-5.3
Dec.	12.7	112.7	14.7	30.4	-10.4	19.3	-14.3
2003 Jan.	15.2	121.1	17.6	28.9	-7.2	21.1	-15.2
Feb.	19.3	125.1	22.4	60.3	-1.5	23.0	0.6
Mar.	18.0	126.7	19.4	53.1	2.1	21.4	5.7
Apr.	21.3	129.7	20.9	36.8	7.5	26.1	18.1
May	18.9	130.8	17.4	65.5	12.6	21.7	22.5
June	16.9	127.9	15.5	61.5	17.4	17.7	18.7
July	14.6	127.6	11.7	53.7	11.4	18.1	13.7

2. Long-term

	In all currencies combined						
	Total		MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government
	1	Index Dec.01= 100 2						3	4	5	6	7
2002 July	7.1	104.6	6.8	27.4	12.0	3.1	35.9
Aug.	6.9	104.7	6.6	26.9	9.2	3.3	33.6
Sep.	7.2	105.3	7.1	25.4	12.0	3.6	30.6
Oct.	7.1	105.8	6.4	25.0	12.6	3.9	29.4
Nov.	6.9	106.3	5.8	25.1	8.2	4.3	28.8
Dec.	5.9	105.9	5.0	24.9	7.1	2.9	29.1
2003 Jan.	5.7	106.6	4.8	24.0	7.5	2.7	29.5
Feb.	5.9	107.3	4.4	25.5	7.9	3.0	34.2
Mar.	5.8	108.1	3.8	26.4	9.6	3.0	32.1
Apr.	5.6	108.6	3.8	26.4	10.3	2.4	30.6
May	5.7	109.7	3.6	23.2	11.8	3.1	27.5
June	6.0	110.6	3.7	24.8	12.2	3.2	28.4
July	6.3	111.2	4.7	25.7	11.9	3.2	21.9

3. Total

	In all currencies combined						
	Total		MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government
	1	Index Dec.01= 100 2						3	4	5	6	7
2002 July	6.9	105.2	6.5	26.8	6.6	4.1	34.6
Aug.	6.7	105.4	6.4	26.6	3.5	4.3	32.6
Sep.	7.3	106.1	7.3	25.2	5.8	4.6	29.1
Oct.	7.3	106.7	6.8	24.9	5.8	5.0	28.7
Nov.	7.4	107.5	7.2	25.1	3.4	5.2	27.8
Dec.	6.5	106.5	6.1	24.9	3.7	4.1	27.7
2003 Jan.	6.6	107.9	6.2	24.0	4.6	4.1	28.3
Feb.	7.2	108.9	6.4	25.8	6.1	4.6	33.3
Mar.	7.0	109.8	5.5	26.6	8.2	4.5	31.4
Apr.	7.1	110.5	5.7	26.4	9.8	4.3	30.4
May	7.0	111.6	5.1	23.5	12.0	4.7	27.4
June	7.0	112.1	5.0	25.1	13.0	4.5	28.2
July	7.1	112.7	5.5	26.0	11.8	4.5	21.7

Source: ECB.

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

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

In euro ²⁾								
Total	Index Dec.01= 100	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government		
								8	9	10	11	12	13	14
5.1	111.9	3.6	-18.5	-15.6	14.5	-7.0	2002 July	
5.7	113.5	6.1	-1.8	-19.4	15.0	-7.0	Aug.	
7.7	115.3	9.0	-1.8	-18.1	16.7	-28.9	Sep.	
7.6	116.6	8.1	12.1	-20.3	18.1	-11.8	Oct.	
12.3	120.7	20.4	20.6	-15.9	15.9	-14.0	Nov.	
13.6	113.6	16.6	27.3	-11.4	20.3	-23.4	Dec.	
16.1	122.8	20.5	26.0	-8.1	21.1	-27.0	2003 Jan.	
20.1	126.9	25.7	57.4	-2.7	22.7	-9.0	Feb.	
18.5	128.5	21.5	50.3	1.0	21.3	-2.7	Mar.	
23.3	132.3	26.1	34.1	6.5	26.0	8.9	Apr.	
20.5	133.1	20.9	62.2	12.8	21.9	17.6	May	
18.4	130.4	18.7	62.7	16.8	18.0	14.4	June	
17.0	130.9	16.1	54.6	11.2	18.7	11.8	July	

In euro ²⁾								
Total	Index Dec.01= 100	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government		
								8	9	10	11	12	13	14
6.5	104.3	4.6	34.0	16.1	3.1	37.6	2002 July	
6.3	104.4	4.5	33.1	13.2	3.3	34.9	Aug.	
6.6	104.9	5.2	31.0	14.6	3.4	31.8	Sep.	
6.4	105.3	4.3	28.8	15.2	3.9	29.4	Oct.	
6.4	105.8	4.3	29.5	9.8	4.3	28.8	Nov.	
5.4	105.4	3.5	29.7	8.6	2.8	29.0	Dec.	
5.1	105.9	3.2	28.9	8.7	2.5	29.1	2003 Jan.	
5.3	106.5	2.7	29.9	8.9	2.7	33.8	Feb.	
5.2	107.3	2.1	30.5	11.1	2.8	31.5	Mar.	
5.0	107.8	2.0	31.1	11.7	2.3	29.5	Apr.	
5.2	108.9	2.1	27.9	13.2	2.8	26.3	May	
5.4	109.7	2.0	30.2	14.0	3.0	27.1	June	
5.7	110.2	3.0	30.8	13.6	2.9	20.4	July	

In euro ²⁾								
Total	Index Dec.01= 100	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government		
								8	9	10	11	12	13	14
6.4	104.9	4.5	33.1	8.6	4.1	36.2	2002 July	
6.3	105.2	4.7	32.6	5.3	4.2	33.7	Aug.	
6.7	105.8	5.6	30.5	6.6	4.5	30.0	Sep.	
6.5	106.3	4.7	28.7	6.3	5.0	28.4	Oct.	
7.0	107.1	5.8	29.4	3.8	5.3	27.6	Nov.	
6.1	106.1	4.7	29.7	4.3	4.1	27.4	Dec.	
6.1	107.4	4.9	28.8	5.0	4.0	27.7	2003 Jan.	
6.6	108.3	5.0	30.2	6.4	4.3	32.7	Feb.	
6.4	109.2	4.0	30.7	9.0	4.3	30.7	Mar.	
6.6	109.9	4.3	31.2	10.7	4.3	29.0	Apr.	
6.6	111.0	4.0	28.2	13.1	4.5	26.2	May	
6.6	111.5	3.7	30.5	14.5	4.3	26.9	June	
6.7	112.0	4.3	31.0	13.2	4.3	20.2	July	

Table 3.8**Quoted shares issued by euro area residents***(EUR billions; end-of-period stocks; market values)***Amounts outstanding**

	Total 1	MFIs 2	Non-monetary financial corporations 3	Non-financial corporations 4
2000 July	5,835.4	700.3	696.3	4,438.9
Aug.	5,948.9	742.1	700.4	4,506.4
Sep.	5,640.6	730.3	687.7	4,222.7
Oct.	5,667.9	718.9	664.4	4,284.5
Nov.	5,466.7	674.4	673.5	4,118.7
Dec.	5,431.7	687.0	675.0	4,069.6
<i>Euro area enlargement</i>				
2001 Jan.	5,668.5	762.2	706.3	4,200.0
Feb.	5,249.6	710.1	661.6	3,877.9
Mar.	5,029.0	686.3	620.4	3,722.4
Apr.	5,365.9	715.3	643.4	4,007.2
May	5,235.2	697.9	627.0	3,910.4
June	4,991.3	676.5	635.1	3,679.7
July	4,959.8	647.0	572.4	3,740.4
Aug.	4,648.2	643.2	576.6	3,428.4
Sep.	4,054.7	535.7	485.4	3,033.6
Oct.	4,278.0	551.5	497.8	3,228.7
Nov.	4,523.9	587.5	512.1	3,424.3
Dec.	4,656.4	617.3	511.1	3,528.0
2002 Jan.	4,575.1	623.8	518.8	3,432.5
Feb.	4,545.6	622.4	509.8	3,413.4
Mar.	4,748.1	665.3	536.6	3,546.2
Apr.	4,569.8	678.0	517.5	3,374.2
May	4,432.0	666.3	484.9	3,280.9
June	4,113.0	614.8	463.4	3,034.8
July	3,709.7	515.6	395.4	2,798.7
Aug.	3,519.2	521.7	371.0	2,626.5
Sep.	2,978.1	412.6	276.0	2,289.5
Oct.	3,250.9	446.9	321.2	2,482.8
Nov.	3,434.7	487.3	346.0	2,601.4
Dec.	3,130.5	450.7	283.6	2,396.2
2003 Jan.	2,993.8	425.8	261.1	2,306.9
Feb.	2,900.4	425.2	270.8	2,204.4
Mar.	2,772.6	413.0	236.2	2,123.5
Apr.	3,127.5	471.4	291.8	2,364.4
May	3,160.8	476.6	291.4	2,392.8
June	3,275.9	506.5	300.6	2,468.8
July	3,386.6	530.2	330.9	2,525.5

Total outstanding amounts*(EUR billions; end-of-period stocks; market values)*

Source: ECB.



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 (%) ¹⁾	100.0	100.0	59.1	59.1	40.9	40.9	100.0	100.0	59.1	40.9
	1	2	3	4	5	6	7	8	9	10
1999	103.8	1.1	102.7	0.9	106.0	1.5	-	-	-	-
2000	106.0	2.1	105.3	2.5	107.5	1.5	-	-	-	-
<i>Euro area enlargement</i>										
2001	108.5	2.3	107.7	2.3	110.2	2.5	-	-	-	-
2002	110.9	2.3	109.5	1.7	113.6	3.1	-	-	-	-
2002 Q3	111.1	2.1	109.2	1.3	114.5	3.3	111.2	0.4	109.6	114.1
Q4	111.7	2.3	110.1	1.8	114.5	3.1	111.7	0.5	110.0	114.8
2003 Q1	112.5	2.3	110.8	2.0	115.3	2.7	112.6	0.8	111.1	115.4
Q2	113.2	1.9	111.5	1.5	116.1	2.6	112.8	0.2	111.0	116.1
2002 Oct.	111.6	2.3	110.1	1.7	114.2	3.1	111.7	0.2	110.1	114.6
Nov.	111.5	2.3	110.0	1.8	114.2	3.1	111.7	0.0	109.9	114.8
Dec.	112.0	2.3	110.2	1.9	115.2	3.0	111.9	0.2	110.1	115.1
2003 Jan.	111.9	2.1	110.2	1.6	115.0	2.8	112.3	0.3	110.7	115.2
Feb.	112.4	2.4	110.6	2.1	115.4	2.7	112.7	0.3	111.1	115.4
Mar.	113.1	2.4	111.6	2.2	115.6	2.6	112.9	0.2	111.5	115.6
Apr.	113.2	2.1	111.6	1.5	116.0	2.9	112.8	-0.1	111.1	115.9
May	113.1	1.8	111.5	1.4	116.0	2.5	112.7	-0.1	110.8	116.1
June	113.2	1.9	111.5	1.6	116.4	2.5	113.0	0.2	111.0	116.4
July	113.1	1.9	110.7	1.6	117.1	2.3	113.1	0.1	111.2	116.4
Aug.	113.3	2.1	110.8	1.7	117.5	2.5	113.4	0.3	111.5	116.9
Sep. ²⁾	.	2.1	.	.	.	.	.	.	.	.

2. Breakdown of goods and services

	Goods						Services				
	Food ³⁾			Industrial goods			Housing	Transport	Communi- cation	Recreation and personal	Miscellan- eous
	Total	Processed food ³⁾	Unprocessed food	Total	Non-energy industrial goods	Energy					
Weight in the total (%) ¹⁾	19.3	11.7	7.6	39.8	31.6	8.2	10.4	6.3	2.9	14.9	6.4
	11	12	13	14	15	16	17	18	19	20	21
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	1.2	1.8	3.0	0.5	13.0	1.5	2.5	-7.1	2.4	2.5
<i>Euro area enlargement</i>											
2001	4.5	2.9	7.0	1.2	0.9	2.2	1.8	3.6	-4.1	3.6	2.7
2002	3.1	3.1	3.1	1.0	1.5	-0.6	2.4	3.2	-0.3	4.2	3.4
2002 Q3	2.3	2.9	1.3	0.8	1.3	-0.7	2.4	3.4	0.0	4.3	3.5
Q4	2.2	2.6	1.6	1.6	1.2	2.9	2.5	3.0	-0.2	4.0	3.4
2003 Q1	1.9	3.1	0.1	2.0	0.7	7.0	2.4	3.2	-0.8	3.0	3.7
Q2	2.5	3.3	1.5	1.0	0.9	1.5	2.4	3.0	-0.5	2.9	3.5
2002 Oct.	2.2	2.6	1.7	1.5	1.2	2.6	2.4	3.0	0.1	4.3	3.3
Nov.	2.3	2.6	1.9	1.5	1.3	2.4	2.5	3.2	-0.4	4.0	3.4
Dec.	2.1	2.7	1.3	1.7	1.2	3.8	2.5	2.8	-0.5	3.8	3.5
2003 Jan.	1.4	2.8	-0.7	1.7	0.6	6.0	2.5	3.3	-0.7	3.2	3.6
Feb.	2.0	3.2	0.3	2.2	0.7	7.7	2.4	3.3	-0.9	3.0	3.7
Mar.	2.2	3.3	0.7	2.2	0.8	7.5	2.4	3.0	-0.7	2.8	3.7
Apr.	2.3	3.3	0.9	1.1	0.8	2.2	2.4	3.2	-0.6	3.5	3.6
May	2.4	3.3	1.1	0.9	0.9	0.6	2.4	2.8	-0.5	2.5	3.5
June	2.9	3.2	2.5	1.0	0.8	1.6	2.3	2.9	-0.6	2.7	3.5
July	3.0	3.2	2.7	1.0	0.7	2.0	2.4	2.6	-0.5	2.3	3.3
Aug.	3.1	3.0	3.3	1.0	0.6	2.7	2.3	2.8	-0.4	2.7	3.2
Sep.	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

1) Referring to the index period 2003.

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 ¹⁾		Oil prices ²⁾ (EUR per barrel)
	Industry excluding construction ³⁾									Construc- tion ⁴⁾	Manu- facturing	Total excluding energy		
	Total		Industry excluding construction and energy						Energy					
	Index 2000 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods								
1	2	3	4	5	Total	Durable consumer goods	Non-durable consumer goods	8	9	10	11	12	13	14
1997	96.0	1.1	0.4	0.2	0.3	0.7	0.6	1.2	3.0	1.4	0.8	0.3	10.7	17.0
1998	95.4	-0.7	0.1	-0.4	0.6	0.7	0.7	0.5	-4.6	0.3	-0.5	-21.9	-14.7	12.0
1999	95.0	-0.4	-0.6	-1.5	0.2	0.6	0.7	-0.2	0.2	1.3	0.1	14.6	-6.4	17.1
2000	100.0	5.3	2.5	5.1	0.6	1.4	1.4	1.6	17.3	2.5	4.8	51.9	20.4	31.0
<i>Euro area enlargement</i>														
2001	102.2	2.2	1.7	1.2	1.0	3.0	1.8	3.1	2.7	2.3	1.2	-8.3	-8.1	27.8
2002	102.1	0.0	0.5	-0.3	0.9	1.3	1.6	1.3	-1.9	2.7	0.3	-4.1	-0.9	26.5
2002 Q3	102.3	0.0	0.6	0.3	0.8	1.2	1.5	1.1	-2.1	2.6	0.4	-4.6	1.1	27.2
Q4	102.6	1.3	1.0	1.0	0.8	1.4	1.3	1.4	2.8	3.1	1.5	12.6	5.6	26.5
2003 Q1	104.1	2.4	1.2	1.6	0.4	1.4	0.9	1.5	7.5	1.9	2.2	9.1	-3.2	28.4
Q2	103.6	1.5	1.0	1.2	0.4	1.3	0.8	1.4	2.8	.	0.8	-13.7	-7.9	22.7
Q3	.	.	.	.	.	.	.	.	.	.	.	-6.5	-5.8	25.1
2002 Sep.	102.5	0.2	0.7	0.4	0.8	1.3	1.6	1.3	-1.4	-	0.6	2.1	7.9	28.9
Oct.	102.7	1.1	0.9	0.8	0.7	1.4	1.4	1.4	2.3	-	1.3	13.2	10.2	27.9
Nov.	102.4	1.2	1.0	1.2	0.8	1.3	1.2	1.3	2.4	-	1.3	9.1	3.9	24.2
Dec.	102.7	1.6	1.1	1.2	0.8	1.5	1.3	1.5	3.9	-	1.8	15.6	2.9	27.1
2003 Jan.	103.7	2.3	1.1	1.4	0.5	1.4	1.1	1.4	6.7	-	2.0	15.4	-1.1	28.3
Feb.	104.2	2.6	1.2	1.7	0.3	1.5	1.0	1.6	8.3	-	2.4	15.8	-2.1	29.8
Mar.	104.3	2.4	1.2	1.7	0.3	1.4	0.8	1.5	7.4	-	2.1	-2.2	-6.4	27.2
Apr.	103.8	1.7	1.1	1.6	0.4	1.3	0.7	1.4	3.4	-	1.1	-15.2	-6.2	22.9
May	103.5	1.3	1.0	1.3	0.4	1.3	0.7	1.4	1.8	-	0.6	-16.6	-8.0	21.9
June	103.4	1.4	0.9	0.8	0.4	1.3	0.9	1.4	3.3	-	0.7	-8.9	-9.6	23.3
July	103.5	1.4	0.7	0.4	0.4	1.3	1.1	1.4	3.8	-	0.7	-4.4	-7.5	25.0
Aug.	.	.	.	.	.	.	.	.	.	-	.	-2.9	-5.2	26.5
Sep.	.	.	.	.	.	.	.	.	.	-	.	-11.7	-4.7	23.9

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

	Total		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports ⁶⁾	Imports ⁶⁾
	Index 1995 = 100	16						
	15		17	18	19	20	21	22
1996	102.0	2.0	2.1	2.4	2.2	0.9	0.8	0.7
1997	103.6	1.5	1.7	2.0	1.3	1.0	1.8	2.6
1998	105.3	1.7	1.3	1.4	1.2	0.9	-0.1	-1.5
1999	106.4	1.1	1.2	1.1	1.9	0.8	-0.5	-0.3
2000	107.9	1.4	2.6	2.2	2.6	2.5	4.7	8.3
<i>Euro area enlargement</i>								
2001	110.9	2.4	2.2	2.3	2.5	1.9	1.4	0.7
2002	113.6	2.4	2.1	2.4	1.8	1.9	-0.7	-1.6
2001 Q4	112.1	2.8	1.8	2.0	2.3	1.5	-0.8	-3.6
2002 Q1	112.9	2.7	2.4	2.1	2.0	1.9	-0.9	-1.8
Q2	113.2	2.2	2.0	2.5	1.7	2.1	-1.2	-2.2
Q3	113.9	2.6	2.0	2.5	1.8	1.8	-0.3	-2.2
Q4	114.4	2.1	2.2	2.5	1.8	1.9	-0.2	-0.3
2003 Q1	115.1	2.0	1.9	2.3	1.9	1.4	0.2	-0.1
Q2	115.7	2.2	1.6	1.9	1.6	1.1	0.0	-1.6

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 ¹⁾

GDP and expenditure components

1. Current prices

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

	GDP								
	Total	Domestic demand					External balance ³⁾		
		Total	Private consumption	Government consumption	Gross fixed capital formation ⁵⁾	Changes in inventories ²⁾	Total	Exports ³⁾	Imports ³⁾
1	2	3	4	5	6	7	8	9	
1998	5,883.6	5,743.7	3,330.9	1,176.3	1,203.4	33.0	139.9	1,949.1	1,809.2
1999	6,150.4	6,048.8	3,506.5	1,229.4	1,292.0	20.9	101.6	2,051.8	1,950.2
2000	6,453.0	6,385.4	3,681.0	1,287.4	1,390.0	27.0	67.6	2,417.3	2,349.7
<i>Euro area enlargement</i>									
2001	6,842.2	6,726.9	3,921.7	1,370.2	1,441.8	-6.8	115.2	2,560.8	2,445.6
2002	7,065.7	6,883.2	4,032.3	1,433.6	1,430.4	-13.1	182.6	2,581.4	2,398.8
2002 Q1	1,746.6	1,704.1	994.9	352.7	358.5	-2.0	42.5	629.3	586.9
Q2	1,760.0	1,715.1	1,004.5	357.2	355.7	-2.3	44.8	644.6	599.8
Q3	1,775.0	1,725.6	1,012.3	360.5	356.9	-4.2	49.4	654.3	604.9
Q4	1,784.3	1,738.3	1,020.5	363.2	359.3	-4.6	45.9	653.1	607.2
2003 Q1	1,795.3	1,759.1	1,032.6	365.9	355.8	4.8	36.1	646.5	610.4
Q2	1,803.1	1,763.1	1,035.4	369.3	355.2	3.3	40.0	640.9	601.0

2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP								
	Total	Domestic demand					External balance ³⁾		
		Total	Private consumption	Government consumption	Gross fixed capital formation ⁴⁾	Changes in inventories ²⁾	Total	Exports ³⁾	Imports ³⁾
10	11	12	13	14	15	16	17	18	
1998	5,667.3	5,544.7	3,186.2	1,142.2	1,190.8	25.6	122.5	1,939.1	1,816.6
1999	5,826.4	5,738.5	3,299.1	1,164.0	1,260.8	14.7	87.9	2,039.6	1,951.7
2000	6,029.4	5,905.9	3,388.8	1,187.7	1,323.4	6.0	123.5	2,294.7	2,171.2
<i>Euro area enlargement</i>									
2001	6,233.1	6,079.8	3,527.1	1,230.5	1,345.1	-23.0	153.3	2,396.3	2,243.0
2002	6,285.9	6,091.0	3,541.5	1,264.5	1,309.2	-24.3	194.9	2,431.6	2,236.6
2002 Q1	1,563.9	1,516.8	880.8	313.4	330.2	-7.7	47.1	592.4	545.3
Q2	1,571.3	1,521.1	884.2	315.7	325.8	-4.6	50.2	608.0	557.8
Q3	1,574.9	1,524.1	886.9	317.4	326.2	-6.4	50.8	616.9	566.1
Q4	1,575.8	1,529.0	889.6	318.1	327.0	-5.7	46.8	614.3	567.5
2003 Q1	1,576.2	1,537.0	893.8	319.0	323.1	1.1	39.2	607.1	567.9
Q2	1,575.0	1,538.6	894.5	321.2	321.8	1.1	36.3	604.3	568.0

(annual percentage changes)

1998	2.9	3.6	3.0	1.4	5.1	-	-	7.4	10.0
1999	2.8	3.5	3.5	1.9	5.9	-	-	5.2	7.4
2000	3.5	2.9	2.7	2.0	5.0	-	-	12.5	11.2
<i>Euro area enlargement</i>									
2001	1.6	1.0	1.8	2.3	-0.2	-	-	3.2	1.6
2002	0.8	0.2	0.4	2.8	-2.7	-	-	1.5	-0.3
2002 Q1	0.4	-0.3	0.6	2.7	-2.9	-	-	-2.4	-4.5
Q2	0.9	-0.1	0.1	3.2	-3.4	-	-	1.5	-1.3
Q3	0.9	0.4	0.2	3.1	-2.5	-	-	3.2	1.8
Q4	1.1	0.8	0.7	2.1	-1.8	-	-	3.7	3.0
2003 Q1	0.8	1.3	1.5	1.8	-2.2	-	-	2.5	4.2
Q2	0.2	1.2	1.2	1.7	-1.2	-	-	-0.6	1.8

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 economic activity

3. Current prices

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

	Gross value added							Intermediate consumption of FISIM ¹⁾	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
1998	5,470.9	138.7	1,276.6	295.4	1,139.7	1,445.9	1,174.5	202.2	614.8
1999	5,689.3	136.6	1,296.1	311.3	1,185.1	1,534.2	1,226.0	201.6	662.7
2000	5,972.4	137.0	1,354.1	328.4	1,247.8	1,627.2	1,278.0	208.4	689.0
<i>Euro area enlargement</i>									
2001	6,347.9	150.9	1,413.8	349.9	1,349.9	1,723.1	1,360.4	222.3	716.6
2002	6,553.4	149.9	1,428.5	361.7	1,384.3	1,802.2	1,426.8	226.9	739.2
2002 Q1	1,621.4	38.2	354.1	90.5	342.8	444.7	351.1	56.3	181.5
Q2	1,633.3	37.0	356.9	89.7	345.1	449.6	355.2	56.5	183.1
Q3	1,645.2	37.4	359.5	90.4	347.4	452.1	358.3	56.5	186.3
Q4	1,653.6	37.3	358.0	91.1	349.0	455.8	362.3	57.6	188.3
2003 Q1	1,663.4	37.5	361.0	91.1	348.8	459.7	365.3	57.8	189.7
Q2	1,672.6	37.5	357.9	92.6	352.2	464.8	367.6	58.0	188.6

4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM ¹⁾	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
1998	5,319.4	142.4	1,256.4	291.9	1,114.4	1,388.3	1,126.0	222.4	570.3
1999	5,462.5	146.7	1,269.3	298.8	1,163.4	1,439.5	1,145.0	231.2	595.2
2000	5,668.1	146.1	1,320.6	305.4	1,221.1	1,506.2	1,168.8	248.1	609.3
<i>Euro area enlargement</i>									
2001	5,870.5	152.0	1,345.2	310.6	1,288.5	1,574.1	1,200.1	264.6	627.2
2002	5,937.0	151.4	1,357.0	307.8	1,305.2	1,587.1	1,228.6	262.5	611.3
2002 Q1	1,476.4	37.9	336.8	78.0	324.1	395.0	304.6	65.3	152.9
Q2	1,484.3	37.7	339.9	76.7	326.0	397.3	306.7	65.0	152.0
Q3	1,487.4	37.9	340.8	76.6	327.2	397.0	307.9	65.7	153.1
Q4	1,488.9	37.9	339.5	76.6	327.8	397.8	309.4	66.5	153.3
2003 Q1	1,489.7	38.1	340.3	75.6	327.5	398.3	310.0	66.8	153.3
Q2	1,488.4	37.9	336.7	76.1	327.3	399.4	310.9	66.9	153.5
<i>(annual percentage changes)</i>									
1998	2.9	1.5	3.2	0.5	4.0	3.7	1.5	3.6	2.6
1999	2.7	3.0	1.0	2.4	4.4	3.7	1.7	4.0	4.4
2000	3.8	-0.4	4.0	2.2	5.0	4.6	2.1	7.3	2.4
<i>Euro area enlargement</i>									
2001	1.8	-1.5	0.7	-0.5	3.1	3.1	1.2	5.2	0.9
2002	1.1	-0.4	0.9	-0.9	1.3	0.8	2.4	-0.8	-2.5
2002 Q1	0.7	0.4	-0.9	0.3	1.0	1.1	2.1	-0.4	-2.8
Q2	1.3	0.2	1.1	-1.0	1.3	1.0	2.5	-1.8	-3.8
Q3	1.2	-0.5	1.3	-1.2	1.4	0.6	2.5	-1.1	-2.1
Q4	1.3	-1.6	2.0	-1.7	1.6	0.6	2.5	0.3	-1.4
2003 Q1	0.9	0.7	1.0	-3.0	1.0	0.8	1.8	2.2	0.3
Q2	0.3	0.5	-0.9	-0.8	0.4	0.5	1.4	2.9	1.0

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 ¹⁾
1. Industrial production
(annual percentage changes, unless otherwise indicated)

	Total		Industry excluding construction ²⁾							Construction	Manufacturing	
	Total		Industry excluding construction and energy				Energy					
	Index (s.a.) 2000 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods						
						Total	Durable consumer goods ⁸	Non-durable consumer goods ⁹				
1	2	3	4	5	6	7	8	9	10	11	12	
1999	2.1	95.0	1.9	1.8	1.9	2.3	1.5	1.4	1.5	0.7	4.1	1.9
2000	4.9	100.1	5.3	5.4	5.9	8.3	2.0	6.5	1.2	1.9	2.4	5.6
<i>Euro area enlargement</i>												
2001	0.4	100.7	0.5	0.3	-0.5	1.6	0.6	-1.7	1.0	1.7	0.4	0.4
2002	-0.5	100.0	-0.5	-0.8	0.4	-2.0	-0.5	-5.5	0.5	1.0	0.7	-0.7
2002 Q2	-0.9	100.3	-0.6	-0.7	-0.1	-1.7	-0.8	-6.3	0.3	2.0	0.5	-0.7
Q3	0.0	100.2	0.1	-0.3	1.3	-1.2	-0.7	-4.3	-0.1	1.7	0.7	-0.1
Q4	0.9	100.3	1.2	1.4	2.8	1.2	0.6	-4.2	1.5	-0.7	-0.5	1.6
2003 Q1	0.8	100.5	1.2	0.8	1.4	1.5	-0.8	-4.9	0.0	4.6	-2.6	0.9
Q2	-0.5	100.0	-0.6	-1.1	-0.3	-1.7	-1.0	-6.2	-0.1	2.0	-0.8	-1.0
2002 Oct.	0.7	100.5	1.3	0.8	1.4	0.5	0.5	-3.9	1.4	5.1	-1.1	1.0
Nov.	2.2	100.9	2.7	3.2	4.9	3.3	1.9	-2.0	2.7	-1.7	0.9	3.3
Dec.	-0.3	99.6	-0.4	0.1	1.9	-0.2	-0.7	-7.0	0.4	-4.4	-1.4	0.2
2003 Jan.	1.1	100.5	1.3	0.8	2.8	1.4	-0.8	-4.4	-0.1	1.4	-1.2	1.0
Feb.	1.3	100.9	2.2	0.9	1.1	3.2	-0.4	-4.3	0.3	9.7	-4.2	1.1
Mar.	0.1	100.1	0.0	0.5	0.5	0.1	-1.1	-5.8	-0.2	3.3	-1.6	0.5
Apr.	0.4	100.6	0.9	-0.1	0.7	-0.4	0.7	-4.9	1.8	3.1	-2.1	0.0
May	-1.2	99.6	-1.2	-1.4	-1.1	-0.6	-2.7	-6.9	-2.0	1.0	-2.0	-1.2
June	-0.6	99.7	-1.4	-1.7	-0.5	-3.8	-1.1	-6.9	0.0	2.0	2.8	-1.7
July	.	100.7	0.7	0.4	0.0	1.7	0.9	-4.5	1.9	1.4	.	0.6
Aug.	.	.	.	.	.	.	.	.	.	.	.	.

2. Retail sales and car registrations
(annual percentage changes, unless otherwise indicated)

	Retail sales (s.a.)									New passenger car registrations	
	Current prices			Constant prices						Thousands ³⁾ (s.a.)	
	Total		Index 2000 = 100	Total		Food, beverages, tobacco	Non-food				
	Index 2000 = 100			Index 2000 = 100				Textiles, clothing, footwear	Household equipment		
13	14	15	16	17	18	19	20	21	22		
1999	96.0	3.0	97.8	2.4	2.9	2.2	1.3	2.5	973	5.4	
2000	99.9	4.1	100.0	2.3	1.8	2.1	1.6	4.4	952	-2.1	
<i>Euro area enlargement</i>											
2001	104.1	4.2	101.6	1.7	1.8	1.5	0.8	-0.3	968	-0.8	
2002	106.1	1.9	101.6	0.0	0.8	-0.4	-1.9	-1.8	926	-4.3	
2002 Q2	105.8	1.8	101.2	-0.5	0.6	-0.2	-2.5	-2.1	915	-7.6	
Q3	106.6	1.8	102.2	0.4	1.2	0.2	-2.4	-0.6	919	-4.7	
Q4	106.6	1.5	101.6	-0.2	1.1	-0.7	-1.3	-2.4	950	0.2	
2003 Q1	108.1	2.8	102.3	0.8	2.4	0.6	-1.7	0.2	897	-2.6	
Q2	108.1	2.1	102.3	1.1	1.7	0.3	-1.1	0.7	887	-2.8	
2002 Oct.	107.4	3.4	102.3	1.5	2.1	1.4	3.9	-1.5	929	-3.3	
Nov.	106.2	0.8	101.5	-0.9	1.4	-1.7	-5.5	-2.9	942	-1.3	
Dec.	106.2	0.3	100.8	-1.2	-0.1	-1.8	-2.0	-2.9	980	6.2	
2003 Jan.	108.2	3.5	103.3	2.8	4.2	1.9	2.7	0.4	885	-5.3	
Feb.	108.2	2.8	102.5	1.1	2.7	0.4	-3.9	-0.3	899	-3.5	
Mar.	107.9	2.1	101.2	-1.4	0.4	-0.5	-3.8	0.6	908	0.6	
Apr.	108.1	2.2	102.9	2.3	2.5	0.6	-0.7	1.5	876	-3.9	
May	107.9	2.1	102.0	0.3	1.4	0.0	-1.7	-0.2	868	-5.3	
June	108.2	2.2	102.0	0.7	1.2	0.2	-0.9	0.8	916	0.8	
July	.	.	.	.	.	.	.	.	922	2.6
Aug.	.	.	.	.	.	.	.	.	920	-0.9

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) Annual and quarterly figures are averages of monthly totals.

Table 5.3

European Commission Business and Consumer Surveys ¹⁾

1. Economic sentiment indicator, manufacturing industry and consumer surveys

(percentage balances ²⁾, unless otherwise indicated; seasonally adjusted)

	Economic sentiment indicator ³⁾ (index 2000 = 100)	Manufacturing industry					Consumer confidence indicator				
		Industrial confidence indicator				Capacity utilisation ⁴⁾ (percentages)	Total ⁵⁾	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total ⁵⁾	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
1999	97.6	-7	-16	11	6	82.6	-3	3	-4	11	1
2000	100.0	5	2	4	16	84.5	1	4	1	1	2
2001	97.0	-9	-15	14	1	82.9	-5	2	-10	14	2
2002	95.6	-11	-25	11	3	81.4	-11	-1	-12	26	-3
2002 Q3	95.4	-11	-27	11	4	81.5	-10	-1	-11	26	-3
Q4	95.3	-10	-23	10	4	81.5	-14	-3	-15	30	-8
2003 Q1	94.9	-11	-24	10	0	81.1	-19	-5	-23	39	-9
Q2	94.8	-12	-27	9	0	80.7	-19	-4	-22	41	-9
Q3	95.0	-11	-27	11	3	.	-17	-4	-20	38	-8
2002 Sep.	95.6	-10	-26	12	7	-	-9	-1	-10	24	-2
Oct.	95.6	-9	-25	10	7	81.7	-12	-2	-12	27	-7
Nov.	95.3	-10	-22	10	3	-	-14	-4	-15	30	-7
Dec.	95.1	-10	-22	10	1	-	-16	-4	-19	33	-9
2003 Jan.	94.9	-11	-22	9	-1	81.3	-18	-5	-21	36	-9
Feb.	95.1	-10	-23	10	2	-	-19	-5	-23	39	-9
Mar.	94.6	-12	-26	10	0	-	-21	-6	-26	42	-9
Apr.	94.7	-12	-27	10	1	80.8	-19	-5	-22	40	-9
May	94.8	-12	-27	9	0	-	-20	-4	-23	43	-9
June	94.8	-12	-28	9	0	-	-19	-4	-22	40	-8
July	94.6	-14	-28	13	-2	80.6	-18	-4	-21	39	-9
Aug.	95.0	-11	-26	11	4	-	-17	-4	-20	37	-7
Sep.	95.4	-9	-26	9	8	-	-17	-4	-18	37	-8

2. Construction industry, retail trade and services surveys

(percentage balances ²⁾, seasonally adjusted)

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator			
	Total ⁵⁾	Order books	Employment expectations	Total ⁵⁾	Present business situation	Volume of stocks	Expected business situation	Total ⁵⁾	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
1999	-10	-17	-2	-7	-7	17	2	27	25	26	31
2000	-5	-13	3	-2	1	17	9	30	36	23	33
2001	-11	-16	-4	-7	-7	17	2	15	16	8	20
2002	-19	-26	-11	-16	-23	18	-9	1	-4	-6	13
2002 Q3	-22	-30	-12	-17	-24	15	-11	-1	-5	-8	11
Q4	-22	-29	-15	-15	-21	17	-8	-4	-13	-4	4
2003 Q1	-20	-27	-13	-17	-24	17	-10	-6	-16	-11	11
Q2	-21	-27	-14	-15	-20	18	-6	-2	-12	0	6
Q3	-22	-28	-15	-13	-19	16	-3	5	-1	4	13
2002 Sep.	-22	-29	-14	-17	-26	15	-11	0	-6	-5	12
Oct.	-22	-30	-13	-16	-21	15	-11	-4	-13	-4	5
Nov.	-24	-30	-17	-14	-17	18	-7	-4	-13	-4	5
Dec.	-21	-28	-14	-16	-24	17	-7	-5	-13	-4	2
2003 Jan.	-21	-28	-14	-19	-30	18	-10	-5	-15	-12	13
Feb.	-19	-26	-11	-14	-18	14	-9	-5	-15	-9	10
Mar.	-20	-26	-13	-18	-25	18	-12	-7	-18	-13	9
Apr.	-20	-27	-13	-17	-24	17	-9	-3	-14	-1	7
May	-21	-27	-15	-13	-19	18	-3	-2	-11	0	6
June	-22	-28	-15	-14	-18	18	-6	-1	-10	1	6
July	-20	-27	-13	-12	-19	16	0	3	-3	3	10
Aug.	-23	-29	-16	-14	-18	18	-5	6	-1	5	14
Sep.	-23	-29	-16	-12	-19	14	-4	7	1	5	16

Source: European Commission Business and Consumer Surveys.

1) Data refer to the Euro 12.

2) Difference between the percentages of respondents giving positive and negative replies.

3) 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.

4) Data are collected in January, April, July and October each year. The quarterly figures shown are the average of two successive surveys. Annual data are derived from quarterly averages.

5) 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⁾
1. Employment
(annual percentage changes, unless otherwise indicated; seasonally adjusted)

	Whole economy		By employment status		By economic activity					
	Millions		Employees	Self-employed	Agriculture, hunting, forestry and fishing	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business services	Public administration, education, health and other services
Weight in the total ²⁾	100.0	100.0	84.2	15.8	4.7	19.3	7.0	25.1	14.3	29.6
	1	2	3	4	5	6	7	8	9	10
1998	122.360	1.8	2.0	0.9	-1.3	1.0	0.1	2.1	5.3	1.6
1999	124.605	1.8	2.3	-0.6	-2.5	-0.2	1.9	2.2	5.7	1.9
2000	127.396	2.2	2.5	0.8	-1.5	0.6	1.8	3.2	5.9	1.6
<i>Euro area enlargement</i>										
2001	133.155	1.4	1.6	0.2	-0.8	0.3	0.4	1.6	3.9	1.3
2002	133.703	0.4	0.5	-0.3	-2.0	-1.3	-1.1	0.5	2.3	1.3
2002 Q2	133.760	0.5	0.7	-0.5	-2.0	-1.2	-0.9	0.6	2.6	1.3
Q3	133.707	0.3	0.5	-0.4	-1.9	-1.3	-1.3	0.2	2.1	1.4
Q4	133.656	0.1	0.1	0.2	-1.9	-1.7	-1.3	0.0	2.0	1.2
2003 Q1	133.649	0.0	-0.2	0.7	-2.3	-1.8	-1.1	-0.2	1.6	1.1
Q2	133.704	0.0	-0.3	1.1	-2.3	-2.0	-0.4	-0.1	1.2	1.1

2. Unemployment
(seasonally adjusted)

	Total		By age ³⁾				By gender ⁴⁾			
			Adult		Youth		Male		Female	
	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force	Millions	% of labour force
	11	12	13	14	15	16	17	18	19	20
1998	13.270	10.2	10.146	8.9	3.124	20.0	6.445	8.6	6.825	12.5
1999	12.247	9.3	9.431	8.2	2.815	18.0	5.901	7.8	6.345	11.4
2000	11.104	8.4	8.555	7.3	2.549	16.2	5.286	7.0	5.818	10.3
<i>Euro area enlargement</i>										
2001	11.062	8.0	8.535	7.0	2.527	15.7	5.313	6.7	5.749	9.7
2002	11.689	8.4	9.095	7.4	2.595	16.2	5.762	7.3	5.927	9.9
2002 Q2	11.609	8.3	9.011	7.3	2.598	16.2	5.711	7.2	5.898	9.8
Q3	11.782	8.5	9.179	7.4	2.603	16.2	5.827	7.4	5.956	9.9
Q4	11.971	8.6	9.344	7.6	2.627	16.5	5.942	7.5	6.029	10.0
2003 Q1	12.222	8.7	9.537	7.7	2.685	16.8	6.082	7.7	6.141	10.2
Q2	12.346	8.8	9.662	7.8	2.685	16.8	6.143	7.7	6.203	10.2
2002 Aug.	11.784	8.5	9.179	7.4	2.605	16.3	5.829	7.4	5.954	9.9
Sep.	11.823	8.5	9.222	7.5	2.600	16.2	5.850	7.4	5.973	9.9
Oct.	11.885	8.5	9.281	7.5	2.605	16.3	5.888	7.4	5.997	9.9
Nov.	11.979	8.6	9.349	7.6	2.630	16.5	5.945	7.5	6.034	10.0
Dec.	12.049	8.6	9.404	7.6	2.645	16.6	5.992	7.6	6.057	10.0
2003 Jan.	12.140	8.7	9.467	7.6	2.674	16.7	6.042	7.6	6.098	10.1
Feb.	12.230	8.7	9.541	7.7	2.689	16.8	6.088	7.7	6.142	10.2
Mar.	12.297	8.8	9.604	7.8	2.693	16.9	6.115	7.7	6.182	10.2
Apr.	12.341	8.8	9.652	7.8	2.689	16.9	6.139	7.7	6.202	10.2
May	12.343	8.8	9.658	7.8	2.685	16.8	6.144	7.7	6.200	10.2
June	12.354	8.8	9.675	7.8	2.679	16.8	6.147	7.7	6.207	10.2
July	12.366	8.8	9.692	7.8	2.673	16.8	6.146	7.7	6.220	10.3
Aug.	12.377	8.8	9.707	7.8	2.670	16.8	6.149	7.7	6.228	10.3

Sources: ECB calculations based on Eurostat data (columns 1 to 10) and Eurostat (columns 11 to 20).

1) Data for employment refer to persons and are based on the ESA 95. Data for unemployment refer to persons and follow ILO recommendations.

2) In 2002.

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

4) Rates are expressed as a percentage of the labour force for the relevant gender.

3. Unit labour costs, compensation per employee and labour productivity

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

	Total		By economic activity						
	Index 2000=100		Agriculture, hunting, forestry and fishing	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate renting and business services	Public administration, education, health and other services	
	1	2	3	4	5	6	7	8	
Unit labour costs ¹⁾									
2000	100.0	1.3	1.7	-0.3	2.0	-0.3	4.3	2.0	
<i>Euro area enlargement</i>									
2001	102.6	2.6	3.2	2.5	3.9	1.4	2.2	3.3	
2002	104.8	2.2	1.7	0.7	3.3	1.5	3.7	1.6	
2002 Q2	104.5	2.1	-0.4	0.6	3.4	1.3	3.0	1.7	
Q3	104.9	1.9	-1.7	0.4	3.1	1.1	3.8	1.5	
Q4	105.5	1.5	3.9	-0.6	3.3	0.8	3.9	0.7	
2003 Q1	106.4	1.9	0.9	0.5	5.1	1.7	3.3	1.5	
Q2	.	.	.	.	.	.	.	.
Compensation per employee									
2000	100.0	2.5	2.9	3.1	2.3	1.4	3.1	2.4	
<i>Euro area enlargement</i>									
2001	102.8	2.8	2.5	2.9	3.0	2.9	1.4	3.2	
2002	105.5	2.6	3.4	2.9	3.5	2.3	2.2	2.7	
2002 Q2	105.1	2.4	1.8	2.9	3.2	2.0	1.5	2.8	
Q3	105.8	2.6	-0.3	3.1	3.2	2.3	2.2	2.6	
Q4	106.5	2.5	4.2	3.1	2.9	2.3	2.5	2.0	
2003 Q1	107.4	2.7	4.0	3.4	3.0	2.9	2.6	2.2	
Q2	.	.	.	.	.	.	.	.
Labour productivity ²⁾									
2000	100.0	1.2	1.1	3.4	0.4	1.7	-1.2	0.4	
<i>Euro area enlargement</i>									
2001	100.2	0.2	-0.7	0.4	-0.9	1.5	-0.8	-0.2	
2002	100.7	0.4	1.7	2.2	0.2	0.8	-1.5	1.0	
2002 Q2	100.6	0.4	2.2	2.3	-0.1	0.7	-1.5	1.1	
Q3	100.9	0.6	1.5	2.7	0.1	1.1	-1.5	1.1	
Q4	101.0	1.0	0.3	3.8	-0.4	1.5	-1.3	1.2	
2003 Q1	101.0	0.8	3.1	2.9	-2.0	1.2	-0.7	0.6	
Q2	100.9	0.3	3.0	1.1	-0.4	0.5	-0.6	0.2	

4. Hourly labour cost indicators

(annual percentage changes, unless otherwise indicated)

	Total ³⁾		By component		By selected economic activity		
	Index (s.a.) 2000=100		Wages and salaries	Employers' social contributions	Manufacturing, energy and mining	Construction	Services
	9	10	11	12	13	14	15
2000	100.0	2.8	3.0	2.0	3.3	3.3	2.2
<i>Euro area enlargement</i>							
2001	103.3	3.4	3.5	2.9	3.2	3.6	3.6
2002	106.9	3.5	3.4	3.9	3.2	3.5	3.7
2002 Q2	106.4	3.2	3.0	3.7	2.8	3.0	3.5
Q3	107.2	3.2	3.1	3.6	2.9	3.4	3.3
Q4	108.1	3.5	3.4	3.9	3.5	3.0	3.5
2003 Q1	108.9	2.7	2.6	3.2	2.8	2.3	2.5
Q2	109.6	2.9	2.8	3.2	3.4	3.3	2.9

Sources: ECB calculations based on Eurostat data (columns 1 to 8 and 15) and Eurostat (columns 9 to 14).

1) Compensation (at current prices) per employee divided by value added (at constant prices) per person employed.

2) Value added (at constant prices) per person employed.

3) Hourly labour costs for the whole economy, excluding agriculture, public administration, education, health and other services. 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 ¹⁾

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

Amounts outstanding

1. Main financial assets ²⁾

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area ³⁾
	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 ⁴⁾	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1999 Q2	4,704.4	324.8	4,114.2	1,321.8	1,418.3	1,315.7	58.4	125.0	140.4	242.7
Q3	4,716.7	328.3	4,112.8	1,324.6	1,416.5	1,313.1	58.7	133.3	142.3	238.6
Q4	4,859.1	350.8	4,215.1	1,370.9	1,457.7	1,323.5	63.0	142.0	151.2	229.7
2000 Q1	4,838.4	335.5	4,222.3	1,379.6	1,462.5	1,303.3	76.8	130.2	150.5	260.5
Q2	4,895.0	342.0	4,256.9	1,409.7	1,485.7	1,282.6	78.9	146.0	150.1	247.1
Q3	4,915.8	339.8	4,266.5	1,396.9	1,524.0	1,263.7	81.9	159.2	150.2	253.9
Q4	5,032.2	348.4	4,361.6	1,464.4	1,542.4	1,269.1	85.6	164.5	157.8	230.1
<i>Euro area enlargement</i>										
2001 Q1	5,138.1	336.3	4,494.1	1,446.1	1,620.9	1,314.6	112.6	150.3	157.3	259.6
Q2	5,236.2	333.0	4,579.4	1,526.3	1,616.7	1,321.1	115.3	165.5	158.3	268.8
Q3	5,225.6	309.6	4,609.0	1,547.9	1,605.2	1,333.7	122.2	147.8	159.1	265.6
Q4	5,366.7	239.7	4,816.3	1,690.3	1,613.0	1,396.3	116.7	139.0	171.7	298.1
2002 Q1	5,363.7	254.3	4,774.3	1,637.4	1,604.8	1,413.0	119.1	157.5	177.6	301.7
Q2	5,447.0	285.7	4,827.6	1,703.6	1,593.8	1,412.5	117.6	155.0	178.7	278.1
Q3	5,461.2	306.7	4,827.4	1,699.6	1,585.8	1,423.3	118.8	146.3	180.8	289.0
Q4	5,624.4	341.2	4,953.6	1,790.2	1,582.0	1,469.6	111.9	136.4	193.3	291.6
2003 Q1	5,650.2	327.2	4,950.0	1,759.2	1,573.3	1,511.3	106.2	176.2	196.8	.
Q2	.	351.0	5,031.7	1,840.5	1,562.6	1,533.9	94.7	200.0	.	.

	Securities other than shares			Shares ⁵⁾				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
1999 Q2	1,499.9	156.9	1,343.0	4,140.0	2,422.5	1,717.5	211.4	2,758.4	2,471.6	286.8
Q3	1,504.9	143.3	1,361.6	4,059.2	2,334.3	1,724.9	210.0	2,800.9	2,510.1	290.7
Q4	1,563.8	169.6	1,394.1	4,796.8	2,976.6	1,820.3	204.2	2,952.3	2,652.3	300.0
2000 Q1	1,554.0	178.4	1,375.6	4,872.1	2,952.9	1,919.2	214.9	3,065.6	2,764.8	300.8
Q2	1,583.0	183.7	1,399.2	4,781.3	2,888.4	1,892.9	204.6	3,113.2	2,808.6	304.6
Q3	1,667.2	202.6	1,464.6	4,825.4	2,918.3	1,907.1	204.1	3,168.8	2,860.3	308.5
Q4	1,752.9	220.5	1,532.4	4,844.6	2,985.8	1,858.7	200.1	3,200.7	2,892.0	308.7
<i>Euro area enlargement</i>										
2001 Q1	1,861.7	285.4	1,576.3	4,527.1	2,706.6	1,820.6	224.0	3,253.0	2,939.1	313.9
Q2	1,858.7	245.1	1,613.6	4,492.3	2,644.6	1,847.7	232.3	3,312.1	2,995.4	316.7
Q3	1,890.7	240.4	1,650.3	4,000.8	2,272.7	1,728.1	253.1	3,289.0	2,968.0	321.0
Q4	1,926.2	228.1	1,698.1	4,349.1	2,527.4	1,821.8	260.0	3,378.7	3,053.6	325.0
2002 Q1	1,979.2	266.5	1,712.7	4,436.5	2,582.5	1,854.0	290.5	3,402.4	3,070.7	331.7
Q2	2,004.1	229.9	1,774.2	4,048.6	2,293.0	1,755.6	292.8	3,422.8	3,087.4	335.4
Q3	2,060.8	255.8	1,805.0	3,443.6	1,726.0	1,717.6	309.2	3,448.6	3,110.4	338.2
Q4	2,059.6	248.4	1,811.2	3,435.3	1,738.0	1,697.3	304.3	3,518.6	3,174.6	344.0
2003 Q1	2,055.7	238.2	1,817.6	3,295.4	1,586.2	1,709.1	379.2	3,575.8	3,227.0	348.8
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 and 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.

2. Main liabilities ¹⁾

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks ²⁾
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households ³⁾			
			Total	Short-term	Long-term ⁴⁾	Total	Short-term	Long-term	Total	Short-term	Long-term	
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Q2	6,400.1	5,802.5	897.3	38.6	858.7	2,669.7	958.5	1,711.2	2,833.1	254.2	2,578.8	183.3
Q3	6,478.1	5,881.8	882.4	37.5	844.9	2,694.9	939.9	1,755.1	2,900.8	253.9	2,646.9	191.4
Q4	6,660.4	6,039.5	902.4	41.7	860.7	2,791.4	978.6	1,812.9	2,966.6	262.6	2,704.1	201.4
2000 Q1	6,805.6	6,156.4	893.1	40.7	852.3	2,890.2	1,036.8	1,853.4	3,022.3	264.0	2,758.3	221.1
Q2	6,952.8	6,262.2	887.9	41.6	846.3	2,989.6	1,088.8	1,900.7	3,075.3	272.7	2,802.6	219.7
Q3	7,097.8	6,379.6	868.4	39.5	828.8	3,097.5	1,150.6	1,947.0	3,131.9	274.2	2,857.7	252.3
Q4	7,261.5	6,500.5	884.2	41.7	842.5	3,196.3	1,166.1	2,030.3	3,181.1	279.3	2,901.8	245.2
<i>Euro area enlargement</i>												
2001 Q1	7,455.1	6,671.7	897.6	42.3	855.3	3,322.9	1,243.9	2,079.1	3,234.5	278.9	2,955.6	257.3
Q2	7,561.3	6,762.2	882.7	42.2	840.5	3,394.6	1,265.6	2,129.0	3,284.0	284.8	2,999.1	279.2
Q3	7,632.6	6,805.2	876.1	45.3	830.9	3,434.5	1,243.2	2,191.3	3,321.9	280.3	3,041.6	249.7
Q4	7,751.1	6,897.7	903.1	50.0	853.2	3,474.3	1,226.0	2,248.4	3,373.6	281.6	3,092.0	268.9
2002 Q1	7,812.9	6,960.5	904.5	53.4	851.1	3,501.6	1,222.0	2,279.6	3,406.8	277.2	3,129.6	278.5
Q2	7,907.2	7,017.6	877.7	53.4	824.3	3,547.0	1,206.7	2,340.4	3,482.4	287.9	3,194.5	245.5
Q3	7,952.5	7,053.0	870.1	54.7	815.4	3,554.3	1,188.7	2,365.6	3,528.0	284.1	3,244.0	238.0
Q4	8,064.4	7,131.5	883.2	60.6	822.6	3,594.2	1,172.7	2,421.5	3,587.1	289.3	3,297.8	240.2
2003 Q1	8,116.6	7,170.5	874.8	68.3	806.5	3,622.6	1,188.1	2,434.5	3,619.2	276.9	3,342.3	.
Q2	.	7,239.8	.	.	.	.	.	.	.	.	.	.

	Securities other than shares issued by							Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations					
		Total	Short-term	Long-term	Total	Short-term	Long-term			
13	14	15	16	17	18	19	20	21	22	
1999 Q2	3,951.7	3,612.1	458.2	3,153.8	339.7	66.2	273.5	3,090.6	139.6	221.9
Q3	3,930.1	3,577.4	448.1	3,129.2	352.7	73.9	278.8	3,015.8	141.7	224.2
Q4	3,896.5	3,533.3	419.7	3,113.6	363.2	77.4	285.8	4,193.5	148.9	226.5
2000 Q1	3,950.7	3,586.0	425.1	3,160.9	364.7	77.0	287.7	4,536.4	148.2	228.4
Q2	3,984.8	3,607.7	425.6	3,182.1	377.1	87.8	289.3	4,381.0	147.9	230.2
Q3	4,018.7	3,622.1	422.0	3,200.1	396.6	94.6	302.0	4,222.7	147.9	232.1
Q4	4,068.1	3,650.2	400.5	3,249.6	417.9	100.8	317.1	4,069.6	155.3	233.9
<i>Euro area enlargement</i>										
2001 Q1	4,245.6	3,790.9	429.7	3,361.2	454.8	111.4	343.4	3,722.4	154.7	236.1
Q2	4,296.1	3,815.9	441.2	3,374.7	480.2	122.5	357.7	3,679.7	155.2	238.3
Q3	4,380.4	3,880.8	450.1	3,430.7	499.7	137.1	362.6	3,033.6	156.3	240.5
Q4	4,394.2	3,875.1	434.3	3,440.8	519.0	136.9	382.1	3,528.0	168.6	241.4
2002 Q1	4,452.3	3,929.0	446.6	3,482.4	523.3	141.7	381.6	3,546.2	174.6	243.8
Q2	4,543.2	4,025.5	481.6	3,543.9	517.7	126.9	390.8	3,034.8	175.7	246.2
Q3	4,653.0	4,122.3	479.9	3,642.4	530.8	133.8	396.9	2,289.5	177.6	248.6
Q4	4,660.2	4,125.9	480.0	3,646.0	534.3	140.2	394.1	2,396.2	190.1	251.1
2003 Q1	4,814.0	4,248.8	521.4	3,727.4	565.2	161.8	403.4	2,123.5	193.7	254.6
Q2	.	.	.	.	.	.	.	2,468.8	.	.

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 and 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) Including non-profit institutions serving households.

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

Table 6.1 (cont'd)
Financial investment and financing of non-financial sectors ¹⁾
(EUR billions; not seasonally adjusted)
Transactions
1. Main financial assets ²⁾

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area ³⁾
	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 ⁴⁾	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1999 Q2	22.9	6.2	34.2	81.3	-48.9	9.4	-7.6	-8.4	-9.1	-4.3
Q3	13.9	3.5	0.2	3.5	-1.1	-2.6	0.3	8.3	1.9	-2.8
Q4	133.6	22.3	95.1	44.2	36.4	10.3	4.2	8.7	7.6	-14.2
2000 Q1	-27.6	-15.3	0.4	6.1	0.9	-20.4	13.7	-11.9	-0.7	26.1
Q2	52.1	6.7	30.0	31.9	17.8	-21.8	2.1	15.8	-0.4	-12.8
Q3	7.0	-2.2	-4.2	-17.3	28.8	-18.5	2.9	13.3	0.1	-1.7
Q4	129.7	8.6	108.3	71.4	27.3	5.7	3.8	5.3	7.6	-16.7
<i>Euro area enlargement</i>										
2001 Q1	84.8	-19.8	120.6	-23.8	72.6	44.9	26.9	-15.6	-0.5	13.6
Q2	94.8	-3.3	82.0	77.3	-4.3	6.3	2.7	15.1	1.0	4.8
Q3	7.9	-23.4	48.1	25.2	3.0	13.0	7.0	-17.7	0.8	3.4
Q4	143.7	-69.9	209.9	142.3	10.6	62.5	-5.4	-8.8	12.5	12.2
2002 Q1	-0.7	14.6	-40.2	-53.4	-4.1	14.9	2.3	19.0	6.0	2.7
Q2	103.2	31.4	73.2	72.2	0.9	1.7	-1.7	-2.5	1.1	-10.0
Q3	11.2	21.0	0.6	-4.4	-7.3	10.6	1.7	-12.5	2.1	9.2
Q4	173.0	34.5	135.9	83.8	12.4	46.6	-6.9	-9.9	12.5	8.5
2003 Q1	40.6	7.7	-3.5	-29.5	-10.2	41.9	-5.6	32.8	3.6	.
Q2	.	23.8	86.1	82.9	-7.8	22.5	-11.5	23.8	.	.

	Securities other than shares			Shares ⁵⁾				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
1999 Q2	-36.0	-8.4	-27.6	150.6	65.9	84.7	15.5	55.0	49.3	5.7
Q3	-3.2	-14.6	11.4	86.3	46.5	39.8	-2.1	57.6	52.1	5.5
Q4	61.2	25.2	36.0	-16.7	14.3	-31.0	-12.7	75.4	70.4	4.9
2000 Q1	10.1	21.8	-11.6	-16.3	-64.4	48.1	13.5	79.9	74.3	5.6
Q2	40.9	4.3	36.6	68.1	49.2	18.9	-7.4	55.4	52.8	2.7
Q3	75.0	22.3	52.7	104.8	97.3	7.4	-1.3	55.5	52.7	2.7
Q4	17.4	6.5	10.9	177.7	139.6	38.1	-5.1	59.2	61.3	-2.2
<i>Euro area enlargement</i>										
2001 Q1	104.3	66.4	37.8	45.9	-1.6	47.5	22.0	68.2	60.9	7.3
Q2	-2.1	-34.2	32.2	42.1	35.6	6.5	3.4	53.2	49.7	3.6
Q3	31.2	-5.8	36.9	55.1	29.0	26.1	14.0	51.0	45.9	5.1
Q4	3.5	-18.2	21.7	-0.2	-23.3	23.2	3.1	56.6	54.4	2.2
2002 Q1	68.3	36.3	32.0	47.7	4.9	42.8	26.3	65.3	55.6	9.7
Q2	-11.1	-42.5	31.4	26.5	12.8	13.7	-1.5	50.2	46.2	4.0
Q3	46.7	27.4	19.3	44.4	20.5	23.9	13.7	47.8	43.8	4.0
Q4	-17.9	-16.0	-1.9	-34.7	-46.7	12.1	-7.6	57.6	56.5	1.1
2003 Q1	-5.2	-4.7	-0.5	61.6	5.5	56.1	30.3	65.6	59.7	6.0
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 and 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.

2. Main liabilities ¹⁾

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks ²⁾
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households ³⁾			
			Total	Short-term	Long-term ⁴⁾	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Q2	151.7	122.6	-4.1	2.7	-6.8	78.8	37.3	41.5	77.0	3.8	73.2	23.9
Q3	88.1	89.2	-14.7	-1.1	-13.6	35.0	-12.5	47.6	67.7	-0.3	68.1	8.4
Q4	163.1	133.6	19.7	4.2	15.5	75.1	32.2	42.9	68.4	8.4	60.0	-7.0
2000 Q1	121.2	88.0	-7.9	-0.9	-7.0	71.1	49.3	21.8	58.0	1.5	56.5	15.1
Q2	162.1	117.6	-5.5	0.9	-6.4	111.8	61.4	50.4	55.8	9.7	46.1	-0.8
Q3	99.2	58.0	-15.9	-2.1	-13.8	63.3	45.2	18.1	51.8	0.0	51.8	23.2
Q4	220.7	172.6	16.1	2.2	13.9	151.9	29.4	122.6	52.7	5.3	47.4	1.9
<i>Euro area enlargement</i>												
2001 Q1	89.6	75.7	-6.3	0.0	-6.3	44.5	31.5	13.0	51.4	-0.4	51.8	9.2
Q2	101.9	80.1	-15.3	-0.1	-15.2	60.2	18.7	41.5	57.0	6.0	51.0	16.8
Q3	110.8	80.6	-6.1	3.1	-9.1	78.1	-9.5	87.7	38.7	-4.2	42.9	-21.4
Q4	106.2	79.5	26.1	4.7	21.4	27.6	-23.1	50.7	52.4	1.4	51.0	4.2
2002 Q1	58.3	60.0	1.0	3.4	-2.4	18.3	-7.2	25.5	39.0	-4.9	43.9	8.4
Q2	140.7	110.2	-25.2	0.1	-25.3	91.1	4.1	87.0	74.8	10.9	63.9	-18.7
Q3	41.4	32.4	-7.9	1.3	-9.1	0.6	-18.3	18.9	48.7	-3.9	52.6	-9.0
Q4	118.1	91.4	13.5	5.9	7.6	42.0	-13.1	55.1	62.6	6.2	56.5	8.9
2003 Q1	81.1	66.2	-0.6	8.0	-8.6	41.7	15.0	26.8	39.9	-9.9	49.8	.
Q2	.	83.0	.	.	.	.	.	.	.	.	.	.

	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations						
		Total	Short-term	Long-term	Total	Short-term	Long-term				
	13	14	15	16	17	18	19	20	21	22	
1999 Q2	39.6	29.0	-7.7	36.7	10.6	2.5	8.1	34.7	-9.2	2.8	
Q3	55.8	38.6	-10.0	48.6	17.2	7.6	9.6	34.7	2.1	2.8	
Q4	-12.1	-19.8	-27.9	8.1	7.7	3.6	4.1	42.1	7.2	2.8	
2000 Q1	60.9	61.0	10.9	50.0	-0.1	-0.5	0.4	20.9	-0.7	2.8	
Q2	39.3	23.5	-1.3	24.8	15.8	10.9	4.9	29.0	-0.3	2.8	
Q3	48.6	25.8	-2.3	28.1	22.8	7.0	15.8	69.0	0.0	2.8	
Q4	0.8	-20.3	-27.4	7.2	21.0	7.4	13.6	55.1	7.4	2.8	
<i>Euro area enlargement</i>											
2001 Q1	74.9	37.6	32.5	5.1	37.3	10.9	26.4	51.4	-0.6	3.1	
Q2	85.4	59.3	10.8	48.6	26.1	11.7	14.4	43.8	0.5	3.1	
Q3	50.6	29.6	8.8	20.8	21.0	14.6	6.4	9.2	1.1	3.1	
Q4	9.7	-7.9	-21.9	14.0	17.6	-0.8	18.3	5.9	12.3	1.8	
2002 Q1	102.7	93.3	21.7	71.7	9.4	5.2	4.1	9.4	6.0	3.3	
Q2	60.7	61.9	33.9	28.1	-1.2	-15.2	13.9	4.7	1.1	3.3	
Q3	56.1	46.2	-0.9	47.1	9.9	7.0	2.8	-0.4	1.9	3.8	
Q4	2.9	-0.6	-8.4	7.8	3.5	6.5	-3.0	-6.2	12.4	2.5	
2003 Q1	159.1	128.9	50.1	78.8	30.2	22.1	8.1	-4.5	3.6	3.4	
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 and 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) Including non-profit institutions serving households.

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

Table 6.2
Financial investment and financing of insurance corporations and pension funds
(EUR billions; not seasonally adjusted; end of period)
Amounts outstanding

	Main financial assets ¹⁾										
	Deposits with euro area MFIs					Loans			Securities other than shares		
	Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements	Total	Short-term	Long-term	Total	Short-term	Long-term
	1	2	3	4	5	6	7	8	9	10	11
1999 Q2	430.9	36.4	380.5	3.3	10.7	321.7	42.5	279.2	1,024.1	37.1	987.0
Q3	436.6	32.0	389.8	3.3	11.5	313.6	41.3	272.3	1,031.2	34.0	997.2
Q4	447.5	32.2	400.3	3.3	11.7	313.6	41.1	272.5	1,035.1	38.5	996.6
2000 Q1	458.9	35.4	407.1	3.2	13.1	317.4	45.0	272.4	1,064.4	40.4	1,024.0
Q2	460.8	34.6	411.1	3.5	11.6	316.1	46.3	269.8	1,091.1	45.1	1,046.0
Q3	464.6	34.1	413.8	3.7	12.9	317.2	46.9	270.3	1,091.4	45.6	1,045.9
Q4	477.6	40.6	418.5	3.2	15.3	311.3	50.1	261.1	1,085.2	40.4	1,044.8
<i>Euro area enlargement</i>											
2001 Q1	483.8	38.2	423.3	3.5	18.8	313.1	51.9	261.2	1,126.8	40.3	1,086.5
Q2	486.3	41.4	424.2	3.8	16.9	316.1	52.2	263.9	1,150.5	55.0	1,095.5
Q3	487.8	39.3	426.9	3.8	17.9	316.5	53.1	263.4	1,165.2	50.1	1,115.1
Q4	495.4	48.0	427.5	3.4	16.4	320.2	56.7	263.5	1,187.2	44.3	1,142.9
2002 Q1	498.6	43.9	433.0	4.0	17.7	325.2	59.5	265.7	1,252.5	52.9	1,199.5
Q2	503.9	48.4	432.9	3.7	19.0	331.7	65.2	266.5	1,242.7	40.8	1,201.9
Q3	506.3	50.1	437.9	3.9	14.4	334.3	69.2	265.1	1,301.0	50.8	1,250.2
Q4	522.8	55.9	445.6	3.5	17.9	337.0	70.7	266.3	1,345.4	54.1	1,291.3
2003 Q1	535.5	59.7	454.0	3.7	18.2	343.9	71.6	272.3	1,379.1	64.5	1,314.6
Q2	537.7	62.2	450.3	3.0	22.3	.	.	.	.	.	.

	Main financial assets ¹⁾					Main liabilities ¹⁾							
	Shares ²⁾				Prepayments of insurance premiums and reserves for outstanding claims	Loans taken from euro area MFIs and other financial corporations		Securities other than shares	Quoted shares	Insurance technical reserves			
	Total	Quoted shares	Mutual fund shares	Money market fund shares		Total	Taken from euro area MFIs			Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims	
													12	13	14	15	16	17	18	19	20	21	22	23
1999 Q2	1,002.0	580.8	421.2	36.6	71.3	54.4	40.4	3.8	279.7	2,590.5	2,186.3	404.2	
Q3	1,012.4	586.3	426.1	33.7	72.5	56.4	41.9	4.5	272.1	2,633.7	2,221.9	411.7	
Q4	1,232.8	719.7	513.1	33.4	75.5	44.1	29.6	4.5	332.4	2,780.4	2,359.7	420.7	
2000 Q1	1,348.7	777.9	570.8	37.1	78.0	52.3	37.1	5.1	363.4	2,897.3	2,467.4	429.9	
Q2	1,363.1	771.6	591.5	40.6	78.9	54.2	38.8	5.1	332.2	2,941.9	2,507.9	434.0	
Q3	1,412.0	797.3	614.6	37.4	80.0	49.0	33.1	7.9	359.0	2,994.4	2,556.2	438.2	
Q4	1,331.6	726.9	604.7	36.9	78.4	47.3	31.5	9.1	326.3	3,019.8	2,582.2	437.6	
<i>Euro area enlargement</i>													
2001 Q1	1,305.9	709.7	596.1	44.8	80.8	51.3	36.4	9.2	311.9	3,072.6	2,624.6	448.0	
Q2	1,343.2	736.3	606.8	46.5	81.7	51.2	36.2	9.7	315.6	3,130.5	2,677.8	452.7	
Q3	1,212.9	648.0	564.9	45.9	83.6	52.1	37.4	9.7	221.5	3,108.4	2,648.0	460.4	
Q4	1,310.7	704.0	606.7	46.0	92.2	48.5	34.9	10.3	234.7	3,207.3	2,730.9	476.4	
2002 Q1	1,389.2	765.8	623.4	47.5	96.5	52.5	38.9	10.3	257.0	3,235.9	2,743.5	492.5	
Q2	1,270.6	672.6	598.0	50.1	97.5	55.9	42.5	10.6	226.5	3,254.6	2,756.6	498.0	
Q3	1,130.3	562.8	567.5	48.7	98.7	56.4	42.1	10.8	127.2	3,280.1	2,775.8	504.3	
Q4	1,160.5	584.4	576.1	55.3	98.7	43.4	33.0	10.8	113.3	3,342.2	2,836.0	506.2	
2003 Q1	1,120.4	543.5	577.0	55.9	100.1	56.4	42.4	10.9	103.3	3,401.3	2,888.0	513.2	
Q2	.	.	.	.	.	.	44.6	.	136.5	.	.	.

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 and other equity, and other receivables and payables are not included.

2) Excluding unquoted shares.

Transactions

	Main financial assets ¹⁾										
	Deposits with euro area MFIs					Loans			Securities other than shares		
	Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements	Total	Short-term	Long-term	Total	Short-term	Long-term
	1	2	3	4	5	6	7	8	9	10	11
1999 Q2	4.8	4.3	0.4	0.3	-0.2	-1.7	-0.1	-1.6	18.1	-2.2	20.4
Q3	5.8	-4.4	9.3	0.0	0.8	-8.4	-1.2	-7.2	18.1	-2.8	20.9
Q4	10.5	0.2	10.1	0.0	0.2	-0.1	-0.3	0.2	4.3	3.8	0.5
2000 Q1	11.4	3.2	6.8	0.0	1.4	4.0	4.0	0.1	22.1	2.2	19.9
Q2	1.9	0.3	2.8	0.3	-1.5	-0.9	1.3	-2.2	23.2	4.7	18.6
Q3	1.2	-0.7	0.4	0.2	1.3	1.2	0.5	0.6	9.3	0.4	8.9
Q4	13.0	6.5	4.6	-0.5	2.4	-5.5	3.3	-8.8	-9.9	-6.0	-3.9
<i>Euro area enlargement</i>											
2001 Q1	6.2	-2.5	4.8	0.3	3.5	2.0	1.7	0.3	29.9	-0.2	30.1
Q2	2.8	3.4	1.0	0.3	-1.9	3.0	0.5	2.5	28.7	14.6	14.1
Q3	1.5	-2.1	2.7	-0.1	1.0	0.5	0.8	-0.3	10.6	-4.9	15.5
Q4	7.6	8.8	0.6	-0.3	-1.4	5.3	3.6	1.7	27.1	-5.9	33.0
2002 Q1	3.0	-4.2	5.3	0.5	1.3	3.2	1.2	2.0	55.3	8.5	46.8
Q2	5.3	4.5	-0.1	-0.3	1.2	5.5	4.3	1.3	-6.2	-12.4	6.2
Q3	2.5	1.7	5.1	0.3	-4.6	1.1	2.5	-1.4	39.1	9.8	29.3
Q4	16.5	5.8	7.7	-0.4	3.5	3.0	1.5	1.5	33.5	1.9	31.6
2003 Q1	12.2	3.9	7.8	0.2	0.4	10.0	3.5	6.6	42.4	10.8	31.7
Q2	2.5	2.7	-3.8	-0.4	4.0	.	.	.	.	.	.

	Main financial assets ¹⁾						Main liabilities ¹⁾						
	Shares ²⁾				Prepayments of insurance premiums and reserves for outstanding claims	Loans taken from euro area MFIs and other financial corporations		Securities other than shares	Quoted shares	Insurance technical reserves			
	Total	Quoted shares	Mutual fund shares	Money market fund shares		Total	Taken from euro area MFIs			Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims	
													12	13	14	15	16	17	18	19	20	21	22	23
1999 Q2	23.4	12.8	10.6	3.0	1.2	4.2	4.2	1.8	0.3	53.5	45.9	7.6	
Q3	15.0	11.9	3.1	-2.8	1.3	2.0	1.8	0.4	0.2	56.4	48.8	7.7	
Q4	50.8	11.2	39.6	-0.3	3.0	-12.8	-12.5	0.6	-0.4	75.5	66.4	9.1	
2000 Q1	41.9	4.6	37.3	4.4	2.4	7.9	7.3	0.5	0.7	78.8	69.5	9.3	
Q2	33.6	8.8	24.8	3.4	0.9	1.9	1.7	0.0	1.9	53.5	49.4	4.1	
Q3	36.3	18.8	17.5	-3.2	1.1	-5.7	-6.2	2.7	0.2	53.8	49.5	4.3	
Q4	17.0	2.6	14.4	-0.5	-1.6	-1.4	-1.2	1.0	0.1	57.3	57.8	-0.5	
<i>Euro area enlargement</i>													
2001 Q1	46.4	28.9	17.6	8.2	2.4	3.8	4.3	0.1	-0.9	66.9	56.0	10.9	
Q2	14.7	11.2	3.5	1.3	0.9	0.3	-0.2	0.6	-1.0	51.7	46.6	5.1	
Q3	23.8	19.7	4.1	-0.7	1.9	2.0	2.0	0.2	4.0	51.2	43.0	8.2	
Q4	34.6	7.9	26.8	0.0	8.6	-3.7	-2.9	0.6	0.6	67.5	51.1	16.4	
2002 Q1	31.6	16.2	15.3	1.5	4.3	3.7	3.9	0.2	0.2	66.7	50.7	16.0	
Q2	18.0	5.6	12.4	2.6	1.0	4.2	4.7	0.4	0.2	47.6	42.1	5.5	
Q3	11.4	7.9	3.5	-1.4	1.3	-2.1	-2.6	0.1	0.0	45.4	39.2	6.2	
Q4	14.5	-3.0	17.5	6.7	0.0	-11.6	-9.2	0.3	0.5	54.7	52.9	1.8	
2003 Q1	20.3	6.5	13.8	0.5	1.4	14.8	11.3	0.0	0.2	65.9	58.8	7.0	
Q2	.	.	.	.	.	.	2.4	.	.	.	.	.

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 and other equity, and other receivables and payables are not included.

2) Excluding unquoted shares.

Table 6.3**Saving, investment and financing ¹⁾***(EUR billions, unless otherwise indicated)***1. All sectors in the euro area ²⁾**

	Net acquisition of non-financial assets					Net acquisition of financial assets							
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Changes in inventories ³⁾	Non-produced assets	Total	Monetary gold and SDRs	Currency and deposits	Securities other than shares ⁴⁾	Loans	Shares and other equity	Insurance technical reserves	Other investment (net) ⁵⁾
	1	2	3	4	5	6	7	8	9	10	11	12	13
1996	340.4	1,122.4	-783.9	1.6	0.4	1,735.6	-3.0	395.3	397.7	383.8	315.0	195.4	51.4
1997	353.0	1,139.2	-797.1	10.8	0.1	1,916.6	-0.2	394.4	332.3	449.9	485.6	223.7	30.9
1998	412.3	1,203.4	-823.6	32.3	0.2	2,393.9	11.0	430.7	357.2	523.3	831.2	215.9	24.5
1999	449.3	1,292.0	-863.7	20.9	0.1	3,068.9	1.3	557.7	427.1	880.6	906.8	261.1	34.3
2000	487.0	1,390.0	-913.1	26.7	-16.6	2,801.0	1.3	349.6	266.5	808.9	1,121.3	252.9	0.5
<i>Euro area enlargement</i>													
2001	463.4	1,441.8	-973.6	-6.7	1.9	2,558.1	-0.5	558.7	431.7	714.6	612.3	236.8	4.4
2002	370.0	1,430.4	-1,049.6	-12.1	1.3	2,256.3	0.9	613.5	331.1	522.8	487.6	222.0	78.4

	Changes in net worth ⁶⁾				Net incurrence of liabilities					
	Total	Gross saving	Consumption of fixed capital (-)	Net capital transfers receivable	Total	Currency and deposits	Securities other than shares ⁴⁾	Loans	Shares and other equity	Insurance technical reserves
	14	15	16	17	18	19	20	21	22	23
1996	410.7	1,190.0	-783.9	4.6	1,665.4	472.4	383.4	335.0	278.2	196.3
1997	456.1	1,241.8	-797.1	11.4	1,813.4	511.6	317.7	378.6	375.6	229.9
1998	486.5	1,299.1	-823.6	11.1	2,319.7	648.4	322.5	481.8	645.5	221.5
1999	498.3	1,352.0	-863.7	10.0	3,020.0	929.1	503.8	762.5	559.7	264.9
2000	514.7	1,419.4	-913.1	8.4	2,773.3	532.4	413.8	850.6	723.8	252.7
<i>Euro area enlargement</i>										
2001	483.4	1,449.4	-973.6	7.6	2,538.1	660.2	493.0	594.5	541.0	249.3
2002	524.4	1,561.0	-1,049.6	13.0	2,101.9	559.4	452.6	468.2	387.7	233.9

2. Non-financial corporations

	Net acquisition of non-financial assets			Net acquisition of financial assets					Changes in net worth ⁶⁾		Net incurrence of liabilities			
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Total	Currency and deposits	Securities other than shares ⁴⁾	Loans	Shares and other equity	Total	Gross saving	Total	Securities other than shares ⁴⁾	Loans	Shares and other equity
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	136.0	589.1	-454.7	267.2	54.1	-13.5	55.1	87.5	125.8	537.6	277.4	7.0	143.8	119.0
1997	157.4	615.0	-469.2	244.3	25.3	-13.6	46.3	95.9	112.5	544.9	289.2	12.1	154.5	113.0
1998	201.6	659.5	-487.0	421.8	54.1	-10.2	96.4	185.8	156.4	594.3	467.1	22.7	253.1	180.6
1999	220.6	710.4	-508.0	604.5	27.0	87.0	169.4	296.0	115.0	572.9	710.1	48.6	420.7	224.3
2000	318.2	777.0	-541.9	827.2	71.3	93.5	192.4	435.0	91.2	586.8	1,054.2	59.5	559.7	427.0
<i>Euro area enlargement</i>														
2001	221.6	800.3	-576.3	601.6	88.5	74.5	135.8	229.5	88.5	606.4	734.7	102.0	311.3	309.9
2002	183.5	784.9	-597.3	370.9	22.5	17.5	47.3	254.7	123.2	657.6	431.2	21.5	208.8	187.0

3. Households ⁷⁾

	Net acquisition of non-financial assets			Net acquisition of financial assets					Changes in net worth ⁶⁾		Net incurrence of liabilities		Memo:	
	Total	Gross fixed capital formation	Consumption of fixed capital (-)	Total	Currency and deposits	Securities other than shares ⁴⁾	Shares and other equity	Insurance technical reserves	Total	Gross saving	Total	Loans	Disposable income	Gross saving ratio ⁸⁾
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	164.2	361.8	-199.0	433.9	146.2	24.8	94.4	190.9	436.8	620.5	161.3	160.1	3,763.5	16.5
1997	160.1	353.6	-194.7	423.3	70.4	-18.3	195.0	217.4	414.9	590.3	168.5	167.1	3,791.0	15.6
1998	169.3	364.2	-199.0	439.8	96.3	-118.5	292.7	210.7	397.7	566.5	211.5	210.2	3,897.4	14.5
1999	180.3	391.1	-213.5	476.3	119.2	-22.8	193.4	247.6	383.2	553.9	273.4	271.9	4,060.4	13.6
2000	186.7	411.8	-221.1	421.4	65.6	37.4	117.8	247.0	385.9	567.7	222.2	220.5	4,248.6	13.4
<i>Euro area enlargement</i>														
2001	182.3	424.7	-240.8	409.4	172.3	52.4	60.3	223.5	417.9	625.3	173.7	171.8	4,547.0	13.8
2002	138.9	436.3	-290.6	556.5	229.2	64.4	-4.5	215.5	480.4	740.1	215.0	212.8	4,777.7	15.5

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 ¹⁾

(as a percentage of GDP)

1. Euro area – revenue

	Total 1	Current revenue			Indirect taxes 6	Received by EU institutions 7	Social contributions 8	Employers 9	Employees 10	Sales 11	Capital revenue 12	Capital taxes 13	Memo: fiscal burden ²⁾ 14	
		Direct taxes 3	Households 4	Corporations 5										
1993	48.0	47.5	12.1	9.8	2.0	13.2	0.8	17.5	8.7	5.6	2.5	0.5	0.3	43.1
1994	47.6	47.1	11.6	9.3	1.9	13.4	0.8	17.5	8.5	5.7	2.5	0.4	0.2	42.8
1995	47.2	46.6	11.6	9.2	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	9.4	2.3	13.4	0.8	17.6	8.7	5.6	2.5	0.5	0.3	43.3
1997	48.2	47.6	12.2	9.3	2.5	13.5	0.7	17.6	8.8	5.6	2.5	0.6	0.4	43.7
1998	47.6	47.2	12.4	9.6	2.5	14.1	0.7	16.5	8.5	5.0	2.5	0.4	0.3	43.3
1999	48.2	47.7	12.8	9.8	2.6	14.3	0.6	16.4	8.5	5.0	2.5	0.5	0.3	43.8
2000	47.8	47.3	13.0	10.0	2.7	14.2	0.6	16.2	8.4	4.9	2.4	0.5	0.3	43.6
<i>Euro area enlargement</i>														
2001	47.1	46.6	12.6	9.8	2.5	13.9	0.6	16.0	8.4	4.8	2.3	0.5	0.3	42.7
2002	46.5	45.9	12.1	9.5	2.4	13.8	0.5	16.0	8.4	4.7	2.3	0.5	0.3	42.2

2. Euro area – expenditure

	Total 1	Current expenditure							Capital expenditure 10	Investment 11	Capital transfers 12	Paid by EU institutions 13	Memo: primary expenditure ⁴⁾ 14	
		Total 2	Compensation of employees 3	Inter-mediate consumption 4	Interest 5	Current transfers 6	Social payments ³⁾ 7	Subsidies 8						
														Paid by EU institutions 9
1993	53.7	49.2	11.6	5.1	5.9	26.6	23.0	2.5	0.6	4.6	3.1	1.6	0.1	47.9
1994	52.7	48.3	11.3	4.9	5.5	26.6	23.0	2.4	0.6	4.3	2.9	1.5	0.0	47.1
1995	52.2	47.7	11.2	4.8	5.7	26.1	22.9	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.3	48.3	11.2	4.8	5.7	26.6	23.3	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.9	47.2	11.0	4.7	5.1	26.3	23.2	2.1	0.6	3.7	2.4	1.3	0.1	45.7
1998	49.9	46.0	10.7	4.6	4.7	26.0	22.7	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.4	45.4	10.7	4.7	4.2	25.8	22.6	2.0	0.5	4.0	2.5	1.5	0.1	45.2
2000	48.7	44.7	10.5	4.7	4.0	25.5	22.3	1.9	0.5	4.0	2.5	1.4	0.0	44.7
<i>Euro area enlargement</i>														
2001	48.7	44.6	10.5	4.7	4.0	25.4	22.3	1.9	0.5	4.2	2.5	1.6	0.0	44.8
2002	48.7	44.8	10.6	4.8	3.7	25.7	22.8	1.8	0.5	3.9	2.4	1.5	0.0	45.1

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+) 6	Government consumption ⁵⁾							
	Total 1	Central government 2	State government 3	Local government 4	Social security funds 5		Total 7	Compensation of employees 8	Inter-mediate consumption 9	Transfers in kind via market producers 10	Consumption of fixed capital 11	Sales (minus) 12	Government collective consumption 13	Government individual consumption 14
1993	-5.7	-5.0	-0.4	-0.2	-0.1	0.2	21.2	11.6	5.1	5.0	2.0	-2.5	9.0	12.2
1994	-5.1	-4.4	-0.5	-0.2	0.0	0.4	20.8	11.3	4.9	5.1	1.9	-2.5	8.7	12.1
1995	-5.1	-4.2	-0.5	-0.1	-0.3	0.6	20.5	11.2	4.8	5.1	1.9	-2.5	8.6	11.9
1996	-4.3	-3.6	-0.4	0.0	-0.2	1.4	20.6	11.2	4.8	5.2	1.9	-2.5	8.6	12.0
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.4	11.0	4.7	5.1	1.9	-2.5	8.4	11.9
1998	-2.3	-2.2	-0.2	0.1	0.0	2.4	20.0	10.7	4.6	5.1	1.8	-2.5	8.2	11.8
1999	-1.3	-1.6	-0.1	0.1	0.4	2.9	20.0	10.7	4.7	5.1	1.8	-2.5	8.2	11.8
2000	-0.9	-1.3	-0.1	0.1	0.4	3.1	20.0	10.5	4.7	5.2	1.8	-2.4	8.1	11.9
<i>Euro area enlargement</i>														
2001	-1.7	-1.5	-0.4	0.0	0.3	2.3	20.0	10.5	4.7	5.2	1.8	-2.3	8.1	11.9
2002	-2.3	-1.9	-0.5	-0.1	0.2	1.4	20.3	10.6	4.8	5.3	1.8	-2.3	8.2	12.2

4. Euro area countries – deficit (-) / surplus (+) ⁶⁾

	BE 1	DE 2	GR 3	ES 4	FR 5	IE 6	IT 7	LU 8	NL 9	AT 10	PT 11	FI 12
1999	-0.4	-1.5	-1.8	-1.2	-1.8	2.4	-1.7	3.5	0.7	-2.3	-2.8	2.2
2000	0.2	1.3	-1.9	-0.8	-1.4	4.4	-0.6	6.4	2.2	-1.5	-2.8	7.1
2001	0.6	-2.8	-1.5	-0.3	-1.5	0.9	-2.6	6.1	0.0	0.3	-4.2	5.2
2002	0.1	-3.5	-1.2	0.1	-3.1	-0.2	-2.3	2.5	-1.6	-0.2	-2.7	4.2

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 (Universal Mobile Telecommunications Systems) licences in 2000 (the euro area deficit / surplus including those proceeds is equal to 0.2). 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 ¹⁾***(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 ²⁾				Other creditors ³⁾
						Total	MFIs	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1993	67.3	2.7	17.0	10.0	37.6	52.5	27.6	8.8	16.1	14.8
1994	70.0	2.9	16.1	10.3	40.6	55.8	29.8	10.0	15.9	14.2
1995	74.2	2.9	17.7	9.9	43.8	58.3	30.5	11.0	16.8	15.9
1996	75.4	2.9	17.2	9.9	45.5	58.9	30.3	13.2	15.4	16.5
1997	74.9	2.8	16.3	8.9	46.8	56.9	29.1	14.5	13.3	17.9
1998	73.2	2.8	15.1	7.9	47.3	53.4	27.0	16.3	10.1	19.8
1999	72.1	2.9	14.2	6.9	48.1	49.8	25.2	14.9	9.7	22.3
2000	69.6	2.7	13.0	6.2	47.6	46.0	22.8	13.3	9.8	23.6
<i>Euro area enlargement</i>										
2001	69.2	2.6	12.5	6.3	47.8	44.7	22.5	12.5	9.6	24.5
2002	69.0	2.5	11.8	6.7	48.0	43.1	21.4	12.1	9.5	25.9

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

	Total	Issued by ⁴⁾				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 ⁵⁾	Non-domestic currency	Other currencies
1993	67.3	55.2	5.2	6.3	0.6	11.9	55.4	6.6	18.4	24.4	24.4	65.6	2.9	1.7
1994	70.0	57.9	5.4	6.1	0.5	11.2	58.8	7.4	16.5	26.8	26.7	68.1	3.0	1.9
1995	74.2	61.7	5.7	6.0	0.8	10.6	63.6	6.8	17.6	26.4	30.2	72.5	2.9	1.7
1996	75.4	62.9	6.1	5.9	0.5	10.2	65.2	6.3	19.2	25.4	30.8	73.7	2.7	1.8
1997	74.9	62.3	6.3	5.6	0.6	8.8	66.0	6.0	18.6	25.4	30.8	73.0	2.8	1.9
1998	73.2	61.1	6.3	5.4	0.4	7.7	65.4	5.5	16.4	26.1	30.7	71.6	3.2	1.5
1999	72.1	60.2	6.2	5.3	0.3	6.5	65.6	5.0	14.4	26.9	30.7	70.3	-	1.7
2000	69.6	58.1	6.1	5.1	0.3	5.7	63.8	4.4	14.3	27.6	27.7	67.8	-	1.7
<i>Euro area enlargement</i>														
2001	69.2	57.8	6.2	4.9	0.3	6.0	63.2	3.2	14.6	26.3	28.3	67.6	-	1.6
2002	69.0	57.5	6.4	4.9	0.3	6.2	62.8	3.3	15.4	25.1	28.5	67.6	-	1.4

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
1999	114.9	61.2	105.2	63.1	58.5	48.6	114.9	5.9	63.1	67.5	54.3	47.0
2000	109.6	60.2	106.2	60.5	57.2	38.4	110.6	5.5	55.9	66.8	53.3	44.6
2001	108.5	59.5	106.9	56.8	56.8	36.1	109.5	5.5	52.9	67.3	55.5	44.0
2002	105.8	60.8	104.7	53.8	59.0	32.4	106.7	5.7	52.4	67.3	58.1	42.7

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 ¹⁾

(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 ²⁾	Valuation effects ³⁾	Other changes in volume ⁴⁾	Aggregation effect ⁵⁾	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ⁶⁾	MFIs	Other financial corporations	Other creditors ⁷⁾
1993	8.0	7.5	0.4	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	2.3	-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	1.7	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.0	-0.8	2.4	2.6
1999	1.7	1.4	0.3	0.1	0.0	0.2	-0.4	-0.7	2.6	-1.5	-0.7	-0.7	3.2
2000	0.9	0.8	0.1	-0.1	0.0	0.0	-0.5	-0.3	1.7	-1.5	-1.3	-0.9	2.4
<i>Euro area enlargement</i>													
2001	1.7	1.7	0.0	0.0	0.0	0.0	-0.2	0.4	1.4	0.2	0.1	0.0	1.4
2002	2.0	2.5	-0.5	0.0	0.0	0.0	-0.4	0.6	1.7	-0.2	-0.3	0.0	2.2

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) ⁸⁾	Deficit-debt adjustment ⁹⁾											Other ¹¹⁾
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Securities ¹⁰⁾	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1993	8.0	-5.7	2.3	1.5	1.3	0.2	0.3	-0.2	-0.3	0.1	0.4	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	-5.1	2.7	0.6	0.1	-0.1	0.5	0.1	-0.4	0.2	0.2	-0.1	2.3	-0.3
1996	3.8	-4.3	-0.5	-0.2	-0.1	0.0	-0.1	-0.1	-0.3	0.2	-0.2	-0.1	0.1	-0.2
1997	2.3	-2.6	-0.3	-0.5	0.2	-0.1	0.0	-0.5	-0.8	0.3	0.2	0.2	-0.2	0.2
1998	1.7	-2.3	-0.6	-0.5	0.1	0.0	-0.1	-0.6	-0.8	0.3	-0.2	0.0	0.0	0.1
1999	1.7	-1.3	0.4	-0.1	0.5	0.1	0.0	-0.7	-0.9	0.1	0.3	0.2	0.1	0.1
2000	0.9	0.2	1.1	0.9	0.7	0.1	0.2	-0.2	-0.4	0.1	0.1	0.0	-0.1	0.1
<i>Euro area enlargement</i>														
2001	1.7	-1.6	0.1	-0.4	-0.6	0.1	0.2	-0.1	-0.4	0.2	0.0	0.0	0.0	0.5
2002	2.0	-2.3	-0.2	0.3	0.2	0.1	0.1	0.0	-0.3	0.1	-0.5	-0.1	0.0	0.0

Source: ECB.

1) Data are partially estimated. Annual change in gross nominal consolidated debt expressed as a percentage of GDP [$debt(t) - debt(t-1) \div GDP(t)$].

2) The borrowing requirement is by definition equal to transactions in government debt.

3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).

4) Comprises, in particular, the impact of the reclassification of units and certain types of debt assumption.

5) The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt, due to variations in the exchange rates used for aggregation before 1999.

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

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

8) Including proceeds from sales of UMTS licences.

9) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.

10) Excluding financial derivatives.

11) Comprises mainly transactions in other assets and liabilities (trade credit, other receivables/payables and financial derivatives).

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

Table 8.1

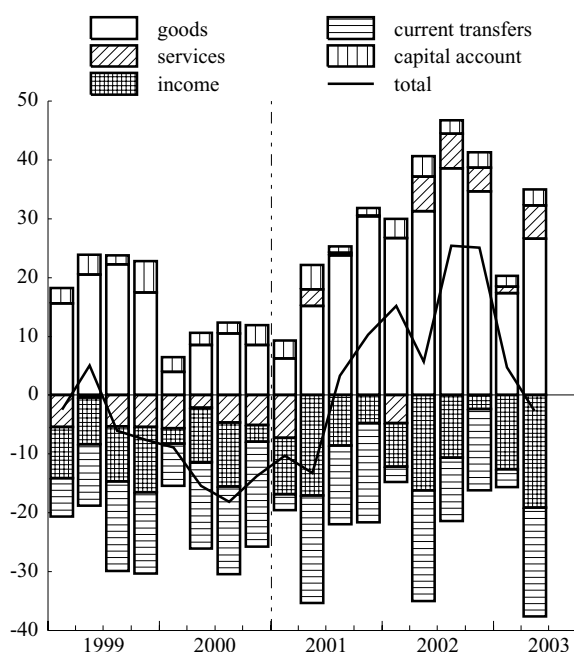
Summary balance of payments ^{1) 2)}

(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	56.7	116.4	-2.3	-15.2	-42.2	13.0	.	-44.4	-24.1	.	.	.	.
1998	26.7	109.0	-6.3	-28.8	-47.2	12.4	-67.0	-81.3	-109.9	-8.2	124.2	8.2	27.9
1999	-23.8	75.7	-16.5	-37.0	-46.1	12.8	13.5	-119.5	-41.4	3.3	161.0	10.1	-2.5
2000	-66.0	31.6	-17.5	-25.5	-54.6	9.8	66.9	-16.5	-111.6	-3.4	180.8	17.6	-10.7
<i>Euro area enlargement</i>													
2001	-19.4	75.5	-3.7	-39.9	-51.2	9.5	-24.9	-102.8	64.7	-3.5	-1.1	17.8	34.7
2002	59.6	131.1	11.1	-36.6	-46.0	11.6	-132.1	-33.6	108.4	-14.0	-190.7	-2.2	60.9
2002 Q2	2.2	31.3	5.9	-16.2	-18.8	3.5	-19.8	-9.2	72.2	-2.8	-86.7	6.7	14.1
Q3	23.0	38.5	5.9	-10.7	-10.7	2.3	-50.3	-12.0	35.7	-9.6	-59.7	-4.6	24.9
Q4	22.4	34.6	4.0	-2.4	-13.8	2.6	-53.9	3.6	36.2	-4.0	-88.4	-1.3	28.8
2003 Q1	2.8	17.3	1.1	-12.6	-3.0	1.9	-30.5	-7.7	2.8	-0.1	-37.5	11.9	25.8
Q2	-5.4	26.6	5.6	-19.1	-18.5	2.8	-43.1	3.6	30.2	-4.5	-75.3	2.8	45.8
2002 May	0.7	10.3	2.1	-6.4	-5.3	1.0	5.6	1.5	34.2	-2.0	-30.0	1.9	-7.3
June	7.4	13.7	3.2	-2.1	-7.5	1.1	-40.2	-18.8	22.0	-2.2	-37.7	-3.5	31.8
July	4.8	15.3	1.7	-9.0	-3.1	0.5	-17.4	-6.7	10.7	-8.2	-10.7	-2.6	12.1
Aug.	9.9	12.2	0.4	0.3	-3.0	0.6	-11.5	1.7	8.3	-2.1	-21.1	1.8	1.0
Sep.	8.3	11.1	3.9	-2.0	-4.6	1.2	-21.3	-7.0	16.7	0.7	-27.9	-3.8	11.8
Oct.	4.7	12.4	0.9	-2.4	-6.2	1.4	-17.4	-6.2	25.9	-0.1	-39.3	2.1	11.3
Nov.	10.6	12.6	1.7	0.2	-3.9	0.3	-20.2	7.2	15.6	-1.4	-39.2	-2.4	9.3
Dec.	7.1	9.6	1.4	-0.2	-3.7	0.9	-16.2	2.5	-5.3	-2.5	-9.9	-1.0	8.2
2003 Jan.	-4.8	2.1	-0.6	-9.4	3.2	2.1	-12.7	-3.1	-2.8	-0.8	-7.4	1.5	15.3
Feb.	3.5	9.1	0.1	-2.6	-3.1	-0.9	-25.8	3.2	-12.0	0.6	-22.9	5.3	23.2
Mar.	4.0	6.2	1.5	-0.6	-3.0	0.8	7.9	-7.7	17.6	0.2	-7.2	5.0	-12.7
Apr.	-8.6	7.4	0.8	-10.5	-6.3	0.1	7.8	-20.2	9.3	-4.6	22.9	0.5	0.7
May	0.4	8.3	2.0	-4.3	-5.6	0.4	-29.8	-0.2	8.0	0.6	-39.6	1.4	29.1
June	2.8	10.9	2.9	-4.3	-6.7	2.3	-21.1	24.0	12.9	-0.4	-58.5	0.8	16.0
July	1.2	15.3	2.2	-10.2	-6.1	0.8	-6.0	-3.6	-35.3	-2.8	34.1	1.6	4.1

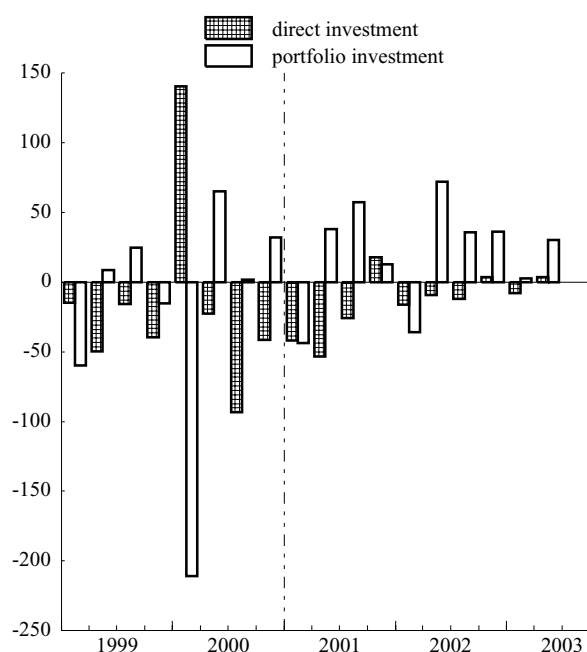
Current and capital accounts

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



Direct and portfolio investment

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



Source: ECB.

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

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

Table 8.2**Balance of payments: current and capital accounts***(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	1,161.8	56.7	754.6	638.3	214.3	216.5	189.5	204.7	60.0	102.3	18.9	5.9
1998	1,277.3	1,250.6	26.7	784.4	675.4	231.6	237.9	198.5	227.3	62.9	110.1	17.7	5.3
1999	1,337.0	1,360.8	-23.8	818.3	742.5	246.7	263.2	207.3	244.2	64.8	110.9	19.1	6.3
2000	1,613.1	1,679.1	-66.0	989.8	958.3	287.5	304.9	269.1	294.6	66.7	121.3	18.3	8.5
<i>Euro area enlargement</i>													
2001	1,716.3	1,735.7	-19.4	1,033.0	957.6	325.0	328.7	283.1	322.9	75.3	126.5	17.0	7.5
2002	1,713.4	1,653.8	59.6	1,059.3	928.2	332.0	320.9	238.0	274.6	84.2	130.2	18.9	7.3
2002 Q2	429.3	427.1	2.2	267.3	236.0	84.5	78.6	62.5	78.6	15.1	33.9	5.0	1.5
Q3	426.8	403.8	23.0	263.2	224.7	89.8	83.9	55.4	66.0	18.4	29.2	4.1	1.7
Q4	440.8	418.4	22.4	273.9	239.3	85.2	81.1	61.9	64.2	19.9	33.7	5.2	2.5
2003 Q1	411.8	409.0	2.8	252.6	235.3	75.3	74.3	51.3	63.8	32.6	35.6	5.2	3.3
Q2	413.5	419.0	-5.4	256.8	230.2	79.8	74.2	61.9	81.0	15.0	33.5	4.6	1.8
2002 May	143.0	142.3	0.7	88.9	78.6	28.2	26.1	20.5	26.9	5.3	10.6	1.5	0.4
June	144.9	137.6	7.4	89.9	76.3	28.8	25.6	21.7	23.8	4.5	12.0	1.6	0.5
July	151.1	146.3	4.8	93.5	78.2	31.3	29.6	20.1	29.1	6.3	9.4	1.1	0.6
Aug.	134.9	125.1	9.9	81.7	69.5	28.9	28.6	18.3	18.0	6.0	9.0	1.3	0.7
Sep.	140.8	132.4	8.3	88.1	77.0	29.6	25.7	17.0	19.0	6.1	10.7	1.6	0.4
Oct.	151.3	146.6	4.7	97.7	85.2	29.1	28.2	19.5	21.9	5.1	11.3	2.0	0.6
Nov.	145.6	134.9	10.6	92.2	79.7	26.8	25.1	19.6	19.4	6.9	10.8	1.1	0.8
Dec.	144.0	136.9	7.1	84.0	74.4	29.2	27.8	22.8	23.0	7.9	11.6	2.1	1.2
2003 Jan.	143.7	148.5	-4.8	82.4	80.3	25.5	26.2	18.0	27.4	17.8	14.6	2.6	0.5
Feb.	131.0	127.5	3.5	83.3	74.2	23.4	23.3	16.5	19.0	7.8	10.9	1.5	2.4
Mar.	137.1	133.1	4.0	86.9	80.7	26.4	24.8	16.8	17.4	7.0	10.1	1.2	0.3
Apr.	138.8	147.4	-8.6	86.3	78.9	26.4	25.7	21.3	31.8	4.7	11.0	0.5	0.4
May	135.7	135.3	0.4	84.5	76.2	26.0	24.1	20.1	24.4	5.1	10.7	1.4	1.0
June	139.0	136.2	2.8	86.0	75.1	27.4	24.5	20.5	24.8	5.2	11.8	2.7	0.4
July	147.4	146.2	1.2	91.5	76.2	30.7	28.5	19.4	29.6	5.9	12.0	1.3	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
2001 Q2	430.8	442.6	-11.8	260.6	244.3	81.5	82.3	69.6	82.4	19.1	33.6
Q3	428.2	430.4	-2.2	257.4	239.1	82.1	82.5	70.1	78.0	18.5	30.8
Q4	422.4	419.7	2.6	253.7	228.3	81.8	81.7	68.3	76.9	18.5	32.8
2002 Q1	426.4	411.0	15.3	263.7	228.8	81.6	81.8	61.6	68.9	19.5	31.5
Q2	427.4	417.2	10.2	266.3	232.7	82.9	80.7	58.2	70.1	20.0	33.7
Q3	430.9	412.1	18.7	266.2	232.3	83.7	78.8	58.5	68.6	22.5	32.4
Q4	429.1	413.6	15.4	263.5	234.4	83.4	79.4	59.9	66.5	22.2	33.4
2003 Q1	420.6	412.2	8.3	260.1	233.8	84.9	78.6	54.6	67.0	20.9	32.9
Q2	413.5	409.6	3.9	256.9	228.6	78.4	76.2	57.9	71.6	20.3	33.2
2002 May	141.8	138.4	3.4	88.5	76.7	27.2	26.6	19.5	24.0	6.6	11.2
June	143.6	137.9	5.7	89.7	78.1	27.8	26.5	19.5	22.0	6.6	11.2
July	141.4	138.4	3.0	87.2	77.0	27.0	26.6	19.8	24.3	7.4	10.5
Aug.	145.4	137.9	7.5	89.8	77.7	27.6	26.9	20.3	22.7	7.7	10.7
Sep.	144.0	135.8	8.2	89.2	77.6	29.1	25.3	18.4	21.7	7.4	11.2
Oct.	143.1	139.5	3.5	88.3	78.5	27.8	26.6	19.8	23.0	7.2	11.4
Nov.	146.6	138.2	8.4	89.4	78.1	28.3	26.2	21.2	22.7	7.7	11.2
Dec.	139.4	135.9	3.5	85.7	77.9	27.4	26.5	19.0	20.7	7.3	10.8
2003 Jan.	143.6	140.4	3.2	89.0	78.5	28.6	26.7	18.8	24.3	7.2	11.0
Feb.	140.6	137.6	3.0	87.9	77.6	27.8	26.0	18.1	22.9	6.7	11.1
Mar.	136.3	134.3	2.1	83.2	77.7	28.5	25.9	17.6	19.8	7.0	10.8
Apr.	140.5	141.5	-1.0	87.3	77.5	26.9	26.3	20.1	26.7	6.3	11.0
May	137.7	134.9	2.8	86.4	76.9	25.6	25.1	19.1	21.8	6.5	11.1
June	135.4	133.3	2.1	83.2	74.2	25.9	24.8	18.7	23.2	7.5	11.1
July	138.3	138.3	0.0	85.8	74.8	26.5	25.7	19.3	24.6	6.7	13.2

Source: ECB.

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	207.3	244.2	12.6	4.9	194.7	239.3	42.7	51.2	64.2	102.2	87.8	85.8
2000	269.1	294.6	13.2	5.3	255.9	289.4	61.3	64.5	76.7	107.4	117.9	117.5
<i>Euro area enlargement</i>												
2001	283.1	322.9	14.0	5.9	269.1	317.0	69.5	68.9	82.5	118.2	117.1	129.8
2002	238.0	274.6	14.5	5.7	223.5	268.9	56.1	53.7	83.8	123.3	83.6	91.8
2002 Q1	58.3	65.7	3.5	1.2	54.7	64.5	11.3	12.9	20.6	26.4	22.8	25.1
Q2	62.5	78.6	3.5	1.4	58.9	77.2	17.2	16.3	22.0	38.6	19.8	22.3
Q3	55.4	66.0	3.6	1.6	51.8	64.5	10.9	11.8	20.5	31.0	20.3	21.6
Q4	61.9	64.2	3.8	1.5	58.1	62.7	16.6	12.7	20.8	27.3	20.7	22.7
2003 Q1	51.3	63.8	3.6	1.2	47.7	62.6	8.9	12.5	18.1	30.1	20.7	20.0

	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	46.7	6.5	4.6	9.5	34.0	54.7	68.3
2000	50.5	56.8	10.9	7.7	14.3	30.6	62.4	76.8
<i>Euro area enlargement</i>								
2001	59.3	60.1	10.2	8.9	17.3	43.8	65.2	74.4
2002	48.4	48.0	7.7	5.7	20.6	53.0	63.2	70.3
2002 Q1	9.3	11.6	2.1	1.3	4.8	8.8	15.7	17.6
Q2	15.4	15.1	1.8	1.2	6.5	23.8	15.5	14.8
Q3	9.5	10.5	1.4	1.3	4.4	10.4	16.1	20.6
Q4	14.2	10.9	2.3	1.8	4.9	10.0	15.8	17.3
2003 Q1	7.6	10.5	1.3	1.9	3.5	8.3	14.5	21.8

Source: ECB.

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

	By resident units abroad							By non-resident units 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 ²⁾	Non-MFIs	Total	MFIs ²⁾	Non-MFIs		Total	MFIs ²⁾	Non-MFIs	Total	MFIs ²⁾	Non-MFIs
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1997	-93.2	.	.	.	.	.	48.7	.	.	.	.	.	.
1998	-172.7	.	.	.	.	.	91.4	.	.	.	.	.	.
1999	-320.9	-239.5	-25.0	-214.6	-81.3	-0.6	-80.7	201.3	145.7	3.5	142.2	55.6	0.2	55.4
2000	-443.3	-351.7	-35.5	-316.2	-91.5	0.3	-91.8	426.7	301.0	12.4	288.6	125.8	0.1	125.7
<i>Euro area enlargement</i>														
2001	-259.2	-167.0	-13.9	-153.1	-92.1	-0.6	-91.6	156.4	99.9	5.3	94.6	56.5	0.7	55.8
2002	-163.5	-135.8	-19.3	-116.6	-27.6	-0.5	-27.1	129.8	93.2	4.3	88.9	36.6	0.7	35.9
2002 Q2	-47.0	-28.8	-6.0	-22.7	-18.2	-0.3	-17.9	37.7	22.1	2.8	19.3	15.6	0.1	15.6
Q3	-32.5	-36.2	-5.2	-31.0	3.7	-0.1	3.8	20.5	12.2	-0.4	12.6	8.4	0.6	7.8
Q4	-28.5	-29.3	-5.6	-23.7	0.7	-0.1	0.8	32.1	32.6	0.7	31.9	-0.5	0.0	-0.5
2003 Q1	-40.7	-19.7	-2.0	-17.7	-21.0	-0.1	-20.9	33.0	21.2	0.7	20.5	11.9	-0.1	12.0
Q2	-8.6	-6.1	5.1	-11.1	-2.5	-0.5	-2.0	12.2	4.8	1.7	3.1	7.4	-0.1	7.4
2002 May	-18.0	-10.5	-1.0	-9.5	-7.4	0.0	-7.4	19.4	6.5	0.7	5.8	13.0	0.0	12.9
June	-21.3	-15.9	-0.9	-15.0	-5.4	-0.3	-5.1	2.5	6.2	0.1	6.2	-3.7	0.1	-3.8
July	-13.1	-14.5	-3.4	-11.1	1.4	0.0	1.4	6.4	2.8	0.9	1.9	3.6	0.0	3.6
Aug.	-1.1	-6.6	-0.3	-6.3	5.5	-0.1	5.5	2.8	2.4	-0.8	3.2	0.4	0.7	-0.3
Sep.	-18.3	-15.2	-1.5	-13.7	-3.1	0.0	-3.1	11.3	7.0	-0.6	7.5	4.3	-0.1	4.4
Oct.	-12.6	-6.9	-0.9	-6.0	-5.7	0.0	-5.7	6.4	6.0	0.3	5.8	0.4	0.0	0.4
Nov.	-14.6	-6.8	-1.2	-5.5	-7.8	0.0	-7.8	21.8	15.1	0.0	15.1	6.7	0.0	6.6
Dec.	-1.3	-15.6	-3.5	-12.1	14.3	0.0	14.3	3.9	11.4	0.4	11.0	-7.6	0.0	-7.6
2003 Jan.	-16.8	-8.5	-0.7	-7.8	-8.3	0.0	-8.3	13.6	10.8	0.2	10.6	2.8	0.0	2.8
Feb.	-6.8	-5.4	-0.5	-4.8	-1.5	0.0	-1.5	10.0	6.2	0.8	5.4	3.8	-0.1	3.9
Mar.	-17.1	-5.8	-0.7	-5.1	-11.3	-0.1	-11.2	9.4	4.1	-0.3	4.4	5.3	0.0	5.3
Apr.	-22.8	-7.0	-1.3	-5.6	-15.8	-0.3	-15.5	2.6	1.4	0.1	1.3	1.2	0.0	1.2
May	-0.7	-3.5	-0.8	-2.7	2.8	-0.1	2.9	0.5	-0.8	0.2	-1.0	1.3	-0.1	1.4
June	14.9	4.4	7.2	-2.8	10.5	-0.1	10.6	9.1	4.2	1.4	2.8	4.9	0.0	4.8
July	-7.5	-5.9	-0.9	-5.0	-1.6	0.0	-1.6	3.9	4.0	0.2	3.8	0.0	-0.7	0.6

Source: ECB.

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

2) Excluding the Eurosystem.

Table 8.5

Balance of payments: portfolio investment account ¹⁾

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

1. By instrument

	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	149.4	121.3	28.1
1999	-311.3	269.8	-156.5	93.0	-154.8	-154.9	0.1	176.8	117.0	59.9
2000	-409.0	297.4	-285.9	49.9	-123.1	-114.3	-8.8	247.5	239.2	8.3
<i>Euro area enlargement</i>										
2001	-291.0	355.8	-108.3	233.2	-182.7	-160.1	-22.6	122.5	115.1	7.4
2002	-177.8	286.2	-40.8	88.2	-137.1	-80.6	-56.4	198.0	133.5	64.5
2002 Q2	-54.2	126.5	-13.9	36.0	-40.3	-25.3	-15.0	90.5	61.4	29.1
Q3	-19.8	55.5	12.7	6.0	-32.5	-17.3	-15.2	49.5	26.3	23.2
Q4	-28.8	65.0	-7.5	11.8	-21.3	-16.1	-5.2	53.3	38.6	14.6
2003 Q1	-51.4	54.2	10.0	4.9	-61.4	-51.0	-10.4	49.3	49.7	-0.3
Q2	-83.6	113.8	-23.5	20.6	-60.1	-54.1	-6.0	93.2	90.8	2.5
2002 May	-29.5	63.7	-5.8	27.8	-23.6	-14.7	-9.0	35.9	22.8	13.1
June	-11.6	33.5	-6.2	1.7	-5.4	-0.6	-4.8	31.8	23.5	8.3
July	-15.8	26.5	-6.4	4.5	-9.4	-1.3	-8.1	22.0	13.4	8.6
Aug.	-4.4	12.7	5.1	-0.3	-9.5	-10.1	0.5	13.0	2.1	10.9
Sep.	0.4	16.4	14.0	1.9	-13.6	-6.0	-7.7	14.5	10.8	3.7
Oct.	-1.6	27.6	-0.6	-1.1	-1.0	-4.1	3.1	28.7	17.2	11.5
Nov.	-7.0	22.6	0.3	14.7	-7.3	-3.7	-3.7	7.9	6.0	2.0
Dec.	-20.1	14.8	-7.1	-1.8	-13.0	-8.3	-4.7	16.6	15.4	1.2
2003 Jan.	-20.4	17.5	2.3	13.4	-22.7	-15.6	-7.1	4.1	5.5	-1.4
Feb.	-23.6	11.7	0.3	2.2	-23.9	-20.3	-3.6	9.5	3.4	6.1
Mar.	-7.4	25.0	7.4	-10.8	-14.8	-15.0	0.3	35.8	40.8	-5.1
Apr.	-12.1	21.4	-3.0	10.2	-9.1	-16.1	7.1	11.2	0.5	10.7
May	-26.4	34.4	-5.8	-9.2	-20.6	-15.3	-5.3	43.6	43.5	0.1
June	-45.0	58.0	-14.6	19.6	-30.4	-22.7	-7.7	38.4	46.7	-8.3
July	-30.7	-4.6	-8.1	13.3	-22.6	-28.4	5.8	-17.9	-16.3	-1.7

2. Assets by instrument and sector of holder

	Equity					Debt instruments									
	Euro-system	MFIs ²⁾	Non-MFIs			Euro-system	MFIs ²⁾	Bonds and notes			Money market instruments				
			Total	General government	Other sectors			Euro-system	MFIs ²⁾	Non-MFIs		Euro-system	MFIs ²⁾	Non-MFIs	
										Total	General government			Other sectors	Total	General government	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1999	0.1	-1.5	-155.1	-2.1	-153.0	0.1	-15.4	-139.6	-1.7	-137.9	0.9	-8.1	7.3	-0.1	7.5
2000	-0.1	-4.3	-281.6	-2.6	-278.9	-1.9	-46.3	-66.1	-1.5	-64.6	2.2	-15.5	4.6	-1.0	5.5
<i>Euro area enlargement</i>															
2001	-0.4	3.8	-111.8	-2.1	-109.8	1.9	-71.1	-90.9	-1.2	-89.6	-2.3	-34.5	14.3	-0.2	14.5
2002	-0.4	-9.7	-30.7	-5.2	-25.5	3.2	-11.3	-72.5	-1.0	-71.5	2.1	-34.9	-23.7	-0.9	-22.7
2002 Q2	-0.1	-3.7	-10.1	-2.0	-8.1	2.4	-2.3	-25.4	0.2	-25.6	0.0	-1.9	-13.1	-0.1	-13.0
Q3	-0.1	2.8	10.0	-0.6	10.6	-1.1	-2.9	-13.3	-0.3	-13.0	0.9	-13.3	-2.7	0.2	-3.0
Q4	-0.2	-3.9	-3.4	-1.2	-2.2	1.6	-1.4	-16.3	-0.4	-15.8	0.4	-6.6	1.0	0.1	0.8
2003 Q1	-0.1	-3.8	13.9	-0.6	14.5	-1.6	-22.9	-26.5	0.3	-26.8	-1.4	-7.1	-1.9	-1.6	-0.3
Q2	-0.1	0.4	-23.7	.	.	-0.8	-19.1	-34.2	.	.	1.1	-6.9	-0.1	.	.
2003 Feb.	-0.1	-1.5	1.9	.	.	-0.2	-9.6	-10.5	.	.	-0.9	-0.7	-2.0	.	.
Mar.	0.0	-3.9	11.3	.	.	-0.7	-1.3	-13.0	.	.	-0.2	6.3	-5.9	.	.
Apr.	-0.1	0.6	-3.5	.	.	-0.8	-7.6	-7.8	.	.	0.5	2.3	4.3	.	.
May	0.0	0.4	-6.2	.	.	-0.2	-1.3	-13.8	.	.	0.9	-7.2	0.9	.	.
June	0.0	-0.6	-14.0	.	.	0.1	-10.2	-12.6	.	.	-0.4	-2.0	-5.4	.	.
July	0.0	-2.5	-5.6	.	.	-0.1	-2.1	-26.2	.	.	0.1	-2.9	8.6	.	.

Source: ECB.

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

2) 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 ¹⁾

	Total		Eurosysteem		General government		MFIs (excluding the Eurosysteem)						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	-81.5	205.6	-0.7	3.5	-1.0	-6.1	-22.6	192.4	-37.6	40.4	15.0	152.0	-57.1	15.9
1999	-31.8	192.7	-1.9	6.6	3.3	-13.0	16.3	161.2	-47.2	53.8	63.5	107.4	-49.4	37.9
2000	-179.0	359.8	-1.1	0.9	-2.2	0.7	-130.4	288.8	-50.0	52.5	-80.4	236.3	-45.4	69.5
<i>Euro area enlargement</i>														
2001	-250.2	249.0	0.6	4.4	2.9	-0.5	-227.6	233.5	-45.3	22.4	-182.3	211.1	-26.1	11.6
2002	-220.8	30.1	-1.2	0.1	0.0	-8.3	-164.3	23.1	-29.6	51.5	-134.7	-28.4	-55.4	15.2
2002 Q2	-77.6	-9.1	-0.6	-3.5	0.9	3.8	-62.7	-11.8	-4.4	19.8	-58.3	-31.6	-15.2	2.4
Q3	-62.1	2.3	0.3	-0.1	-0.5	-2.8	-34.9	9.6	-4.7	4.6	-30.2	5.0	-26.9	-4.3
Q4	-101.0	12.6	-0.4	2.5	0.3	-1.0	-85.3	-0.4	-17.9	15.7	-67.4	-16.2	-15.5	11.6
2003 Q1	-105.9	68.4	-0.6	-4.4	-1.6	-8.5	-60.1	59.2	-13.4	8.6	-46.7	50.7	-43.6	22.1
Q2	-120.3	45.0	0.2	2.3	-2.1	3.3	-105.0	34.6	-12.1	14.7	-92.8	19.8	-13.4	4.9
2002 May	-64.2	34.2	-0.1	-0.5	0.0	0.0	-56.0	36.4	-3.9	8.2	-52.1	28.2	-8.0	-1.7
June	28.8	-66.4	-0.1	1.3	-0.7	-1.8	23.4	-70.4	3.7	4.4	19.7	-74.8	6.2	4.5
July	-2.3	-8.4	0.4	2.7	-0.2	-1.2	14.0	-9.8	2.8	1.6	11.2	-11.4	-16.5	-0.1
Aug.	8.5	-29.7	0.1	-5.0	-0.6	-2.2	12.8	-17.9	0.4	2.0	12.4	-19.9	-3.8	-4.6
Sep.	-68.3	40.4	-0.2	2.1	0.3	0.6	-61.7	37.3	-7.9	0.9	-53.8	36.3	-6.6	0.4
Oct.	-70.2	31.0	-0.1	-0.3	-0.4	1.3	-53.9	22.3	-5.2	8.0	-48.7	14.2	-15.9	7.8
Nov.	-77.1	37.9	0.9	1.2	-1.6	-0.3	-65.6	34.7	-7.8	-6.3	-57.8	41.0	-10.8	2.3
Dec.	46.4	-56.3	-1.3	1.6	2.3	-2.0	34.1	-57.4	-5.0	14.0	39.1	-71.4	11.2	1.5
2003 Jan.	-8.1	0.7	0.5	-2.4	-2.4	-6.2	4.6	2.9	-3.6	2.7	8.2	0.3	-10.8	6.5
Feb.	-84.3	61.4	-0.5	-2.0	-3.8	-2.2	-55.9	54.1	-6.3	4.5	-49.6	49.6	-24.0	11.4
Mar.	-13.5	6.3	-0.5	0.0	4.6	-0.1	-8.7	2.2	-3.5	1.4	-5.3	0.8	-8.8	4.2
Apr.	-40.3	63.2	0.0	-0.3	1.1	2.7	-32.6	55.8	-3.4	2.9	-29.2	53.0	-8.8	4.9
May	-48.2	8.7	0.7	0.9	-3.1	1.1	-36.3	4.8	-2.0	2.7	-34.3	2.1	-9.5	1.9
June	-31.8	-26.8	-0.5	1.6	-0.1	-0.4	-36.0	-26.1	-6.7	9.1	-29.4	-35.2	4.9	-1.9
July	34.8	-0.7	0.1	1.5	-2.7	1.8	43.7	2.7	-5.1	7.5	48.8	-4.8	-6.3	-6.8

2. Other investment by sector and instrument ¹⁾
2.1. Eurosysteem

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
1999	-1.1	6.7	5.6	-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	4.4	5.0	0.0	0.0	0.0
2002	-1.2	0.0	-1.1	0.0	0.0	0.0
2002 Q1	-0.4	1.2	0.7	0.0	0.0	0.0
Q2	-0.6	-3.5	-4.1	0.0	0.0	0.0
Q3	0.3	-0.2	0.1	0.0	0.0	0.0
Q4	-0.4	2.6	2.1	0.0	0.0	0.0
2003 Q1	-0.6	-4.4	-4.9	0.0	0.0	0.0

Source: ECB.
1) Inflows (+); outflows (-).

Table 8.6 (cont'd)
Balance of payments: other investment account and reserve assets
(EUR billions; net flows)
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	-1.4	0.6	-0.8	-0.9	0.1	-0.8
<i>Euro area enlargement</i>									
2001	-0.1	0.0	-0.1	4.4	-0.6	3.9	-1.4	0.1	-1.3
2002	1.5	0.0	1.4	-0.6	-8.0	-8.6	-0.8	-0.3	-1.1
2002 Q1	0.0	0.0	0.0	-0.3	-8.0	-8.3	-0.3	-0.3	-0.6
Q2	1.4	0.0	1.4	-0.2	3.6	3.4	-0.3	0.2	-0.2
Q3	0.0	0.0	0.0	-0.3	-2.7	-3.0	-0.2	0.0	-0.3
Q4	0.0	0.0	0.0	0.2	-0.9	-0.6	0.1	-0.1	-0.1
2003 Q1	0.0	0.0	0.0	-1.2	-8.3	-9.6	-0.4	-0.2	-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	15.5	160.5	176.0	0.8	0.7	1.5
2000	-126.3	283.5	157.1	-4.1	5.3	1.3
<i>Euro area enlargement</i>						
2001	-213.6	223.7	10.0	-13.9	9.8	-4.1
2002	-160.6	26.0	-134.6	-3.7	-2.9	-6.6
2002 Q1	24.1	19.7	43.9	-5.5	6.0	0.5
Q2	-61.8	-10.5	-72.3	-0.9	-1.3	-2.2
Q3	-32.6	7.6	-25.0	-2.3	2.0	-0.3
Q4	-90.4	9.2	-81.2	5.0	-9.6	-4.6
2003 Q1	-58.1	58.8	0.6	-2.0	0.5	-1.5

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	-18.9	21.7	2.9	-23.0	11.3	-11.7
2000	-14.6	10.5	-4.0	-25.2	64.0	38.8	-5.7	-5.0	-10.7
<i>Euro area enlargement</i>									
2001	-0.4	0.6	0.1	-25.3	10.6	-14.7	-0.3	0.4	0.1
2002	-8.7	-3.8	-12.6	-43.8	15.5	-28.3	-2.9	3.6	0.7
2002 Q1	-1.2	-0.5	-1.7	5.0	5.3	10.3	-1.6	0.8	-0.8
Q2	-3.6	-1.4	-5.0	-11.4	2.9	-8.6	-0.1	0.9	0.8
Q3	-2.8	0.9	-1.9	-23.9	-7.2	-31.2	-0.1	2.0	1.9
Q4	-1.1	-2.9	-4.0	-13.4	14.6	1.2	-1.1	-0.1	-1.2
2003 Q1	-1.6	5.3	3.8	-36.3	15.5	-20.7	-5.8	1.2	-4.5

3. Reserve assets ¹⁾

	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	6.1	12.5	-12.1	0.2	3.5	2.0	-0.1	0.8
2000	17.6	1.0	0.3	2.9	13.3	4.3	4.6	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
2002	-2.2	0.7	0.2	-2.0	-1.2	-2.3	-15.3	0.0	8.2	8.4	-0.2	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
Q2	6.7	0.5	0.5	-2.1	7.8	-0.6	1.2	0.0	4.3	3.1	-0.2	0.0
Q3	-4.6	-0.1	-0.2	0.2	-4.6	-2.4	-3.0	0.0	1.9	-1.2	0.0	0.0
Q4	-1.3	0.4	-0.1	0.3	-1.9	2.3	-1.2	0.0	-2.3	-0.9	0.0	0.0
2003 Q1	11.9	0.5	0.0	-0.2	11.5	0.8	-0.6	0.0	9.6	1.7	0.0	0.0

Source: ECB.
1) Increase (-); decrease (+)

Table 8.7**Monetary presentation of the euro area balance of payments ¹⁾***(EUR billions)*

	Current and capital accounts 1	Direct investment		Portfolio investment			Other investment		Financial derivatives 9	Errors and omissions 10	Total ⁵⁾ 11	Memo item: transactions in the external counterpart of M3 ⁶⁾ 12
		By resident units abroad (non-MFIs) 2	By non-resident units in the euro area ²⁾ 3	Assets		Liabilities	Assets Non-MFIs 7	Liabilities Non-MFIs 8				
				Non-MFIs 4	Equity ³⁾ 5	Debt instruments ⁴⁾ 6						
2000	-56.2	-408.0	426.7	-343.1	37.2	209.8	-47.6	70.2	-3.4	-10.7	-125.1	142.2
2000 Q1	-8.9	-68.4	217.6	-129.2	-103.3	38.2	-40.3	10.6	1.3	-35.8	-118.0	118.0
Q2	-15.4	-88.8	71.6	-66.7	66.9	70.7	-5.5	4.1	4.4	3.7	45.1	-35.2
Q3	-18.1	-121.4	40.3	-75.1	28.9	55.7	-12.3	38.3	0.1	23.2	-40.4	51.6
Q4	-13.8	-129.4	97.1	-72.1	44.7	45.1	10.5	17.1	-9.3	-1.9	-11.8	7.8
<i>Euro area enlargement</i>												
2001	-9.8	-244.7	155.7	-188.4	172.9	83.7	-23.2	11.1	-3.5	34.7	-11.4	7.9
2002	71.2	-143.7	129.1	-126.9	51.4	187.6	-55.4	6.9	-14.0	60.9	167.3	-170.0
2001 Q1	-10.3	-72.9	35.4	-46.0	1.7	22.4	2.8	-12.1	1.4	-32.5	-110.1	105.8
Q2	-13.2	-91.2	43.2	-70.1	89.6	5.1	0.8	9.5	12.0	-2.0	-16.3	18.0
Q3	3.4	-56.1	31.3	-22.9	42.0	27.8	-3.5	11.9	-10.3	47.4	71.0	-74.3
Q4	10.3	-24.6	45.8	-49.4	39.6	28.3	-23.2	1.8	-6.6	21.8	43.9	-41.6
2002 Q1	15.2	-53.0	39.5	-53.6	15.2	3.9	1.6	-2.7	2.5	-6.9	-38.4	27.1
Q2	5.7	-40.7	37.7	-48.6	38.5	83.6	-14.3	6.2	-2.8	14.1	79.3	-77.0
Q3	25.3	-27.2	19.9	-6.0	-4.6	56.7	-27.4	-7.1	-9.6	24.9	44.8	-33.8
Q4	25.1	-22.8	32.1	-18.7	2.4	43.5	-15.2	10.5	-4.0	28.8	81.6	-86.3
2003 Q1	4.7	-38.6	33.1	-14.5	7.8	44.5	-45.2	13.6	-0.1	25.8	31.1	-32.0
Q2	-2.7	-13.2	12.2	-58.1	24.2	95.3	-15.5	8.2	-4.5	45.8	91.9	-97.8

Source: ECB.

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

2) Including all transactions of the non-MFI sector, and MFI sector transactions in equity capital and reinvested earnings.

3) Excluding money market fund shares/units.

4) Excluding debt securities with a maturity of up to two years and issued by euro area MFIs.

5) Sum of columns 1 to 10; errors and omissions (column 10) are those shown in Table 8.1 (column 13) of the Monthly Bulletin; remaining differences (in absolute values) with column 12 are explained in a methodological note available on the statistics section of the ECB's website (www.ecb.int).

6) Source: Monthly Bulletin, Table 2.3.2, column 10.

Table 8.8**International investment position ¹⁾ and reserve assets outstanding***(EUR billions (ECU billions in 1997); end-of-period positions)***1. Summary international investment position**

	Total		Direct investment 3	Portfolio investment 4	Financial derivatives 5	Other investment 6	Reserve assets 7
	1	as % of GDP 2					
Net international investment position ²⁾³⁾							
1997	16.3	0.3	181.5	-750.5	-5.9	223.8	367.3
1998	-170.1	-2.8	152.0	-748.5	2.3	86.5	337.6
1999	-297.3	-4.7	369.6	-881.2	16.0	-183.9	382.2
2000	-414.7	-6.3	428.4	-804.9	8.5	-437.2	390.4
2001	-152.2	-2.2	530.7	-682.7	-5.9	-387.0	392.7
Outstanding assets							
1999	5,796.7	92.5	1,174.5	2,058.1	111.1	2,070.8	382.2
2000	6,740.0	102.5	1,609.7	2,344.1	117.9	2,277.9	390.4
2001	7,459.4	109.0	1,859.9	2,499.8	123.7	2,583.4	392.7
Outstanding liabilities							
1999	6,094.0	97.2	804.9	2,939.3	95.1	2,254.7	-
2000	7,154.7	108.8	1,181.2	3,149.1	109.3	2,715.1	-
2001	7,611.6	111.2	1,329.2	3,182.5	129.5	2,970.5	-

2. Direct investment

	By resident units abroad						By non-resident units in the euro area					
	Equity capital and reinvested earnings			Other capital (mostly inter-company loans)			Equity capital and reinvested earnings			Other capital (mostly inter-company loans)		
	Total 1	MFIs ⁴⁾ 2	Non-MFIs 3	Total 4	MFIs ⁴⁾ 5	Non-MFIs 6	Total 7	MFIs ⁴⁾ 8	Non-MFIs 9	Total 10	MFIs ⁴⁾ 11	Non-MFIs 12
1999	938.7	85.7	853.0	235.8	1.8	234.0	606.3	24.3	582.0	198.6	1.7	196.9
2000	1,256.0	115.9	1,140.1	353.7	2.3	351.3	880.6	31.8	848.8	300.7	1.8	298.9
2001	1,478.4	132.0	1,346.4	381.5	2.6	378.9	985.6	42.4	943.2	343.6	2.6	341.0

3.1. Portfolio investment by instrument

	Equity		Debt instruments						
	Assets 1	Liabilities 2	Assets			Liabilities			
			Total 3	Bonds and notes 4	Money market instruments 5	Total 6	Bonds and notes 7	Money market instruments 8	
1999	1,013.6	1,698.1	1,044.4	937.2	107.2	1,241.2	1,138.5	102.7	
2000	1,183.6	1,627.6	1,160.5	1,038.4	122.1	1,521.5	1,399.9	121.6	
2001	1,111.5	1,577.6	1,388.3	1,208.1	180.1	1,604.9	1,505.5	99.4	

3.2. Portfolio investment: assets by instrument and sector of holder

	Equity					Debt instruments									
	Euro-system 9	MFIs ⁴⁾ 10	Non-MFIs			Bonds and notes			Money market instruments						
			Total 11	General government 12	Other sectors 13	Euro-system 14	MFIs ⁴⁾ 15	Non-MFIs			Euro-system 19	MFIs ⁴⁾ 20	Non-MFIs		
								Total 16	General government 17	Other sectors 18			Total 21	General government 22	Other sectors 23
1999	0.4	25.9	987.3	4.1	983.2	4.5	257.2	675.4	6.2	669.3	2.6	68.5	36.1	0.2	35.9
2000	0.9	42.7	1,140.0	5.6	1,134.4	3.4	328.5	706.5	5.7	700.9	0.5	85.6	36.0	0.1	35.8
2001	1.2	43.7	1,066.7	6.6	1,060.0	2.1	422.1	784.0	8.0	776.0	2.8	125.2	52.1	0.2	51.9

Source: ECB.

1) Data refer to the Euro 12, i.e. they include Greece.

2) Assets minus liabilities.

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

4) Excluding the Eurosystem.

4. Other investment by sector and instrument

	Eurosysteem						General government							
	Total		Loans/currency and deposits		Other assets/liabilities		Total		Trade credits		Loans/currency and deposits		Other assets/liabilities	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12	Assets 13	Liabilities 14
1999	3.1	27.4	3.0	27.1	0.1	0.3	125.5	57.3	2.5	0.1	72.4	45.4	50.6	11.8
2000	3.0	32.2	2.9	31.9	0.1	0.3	133.8	60.0	2.8	0.2	77.5	47.7	53.5	12.1
2001	3.0	36.4	2.9	36.2	0.1	0.2	132.5	63.8	3.1	0.2	73.6	51.4	55.9	12.3

	MFIs (excluding the Eurosysteem)						Other sectors							
	Total		Loans/currency and deposits		Other assets/liabilities		Total		Trade credits		Loans/currency and deposits		Other assets/liabilities	
	Assets 15	Liabilities 16	Assets 17	Liabilities 18	Assets 19	Liabilities 20	Assets 21	Liabilities 22	Assets 23	Liabilities 24	Assets 25	Liabilities 26	Assets 27	Liabilities 28
1999	1,317.7	1,823.5	1,291.8	1,798.1	25.9	25.5	624.5	346.5	161.0	90.7	394.2	225.7	69.3	30.1
2000	1,458.5	2,168.4	1,421.4	2,126.4	37.1	42.0	682.6	454.5	179.5	110.2	418.9	314.8	84.2	29.5
2001	1,719.5	2,407.3	1,668.6	2,354.1	50.9	53.2	728.4	462.9	177.6	109.7	478.4	321.9	72.4	31.4

5. Reserves and related assets of the Eurosysteem and of the European Central Bank ¹⁾

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

	Reserve assets													Memo: related assets		
	Total 1	Monetary gold 2	In fine troy ounces (millions) ³⁾ 3	Special drawing rights 4	Reserve position in the IMF 5	Foreign exchange									Other claims 14	Claims on euro area residents denominated in foreign currency 15
						Total 6	Currency and deposits		Securities				Financial derivatives 13			
							With monetary authorities and the BIS 7	With banks 8	Total 9	Equities 10	Bonds and notes 11	Money market instruments 12				
Eurosysteem ³⁾																
1998 Dec. ⁴⁾	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.	372.1	116.4	402.758	4.5	24.3	226.9	13.5	23.0	190.7	0.0	133.9	56.8	-0.2	0.0	14.6	
2000 Dec.	377.2	117.1	399.537	4.3	20.8	235.0	9.7	20.1	204.4	0.0	154.0	50.4	0.7	0.0	15.8	
<i>Euro area enlargement</i>																
2001 1 Jan.	390.4	118.4	404.157	4.3	21.2	246.5	16.8	20.5	208.5	0.0	158.1	50.4	0.7	0.0	16.3	
2001 Dec.	392.7	126.1	401.876	5.5	25.3	235.8	8.0	25.9	201.5	1.2	147.0	53.3	0.4	0.0	24.7	
2002 Dec.	366.1	130.4	399.022	4.8	25.0	205.8	10.3	35.3	159.8	-	-	-	0.4	0.0	22.4	
2003 May	323.1	121.1	396.233	4.5	24.2	173.3	6.9	33.6	131.6	-	-	-	1.1	0.0	18.7	
June	326.1	120.0	396.229	4.6	25.5	176.1	8.3	34.8	132.2	-	-	-	0.8	0.0	18.2	
July	328.9	124.2	396.277	4.5	25.5	174.7	9.4	32.3	132.3	-	-	-	0.8	0.0	18.1	
Aug.	346.8	136.0	395.632	4.7	26.6	179.5	11.0	30.8	137.3	-	-	-	0.4	0.0	18.1	
European Central Bank ⁵⁾																
1999 Dec.	49.3	7.0	24.030	0.0	0.0	42.3	0.3	7.8	34.3	0.0	27.8	6.5	0.0	0.0	2.6	
2000 Dec.	45.3	7.0	24.030	0.0	0.0	38.2	0.6	6.8	30.6	0.0	20.4	10.2	0.3	0.0	3.8	
<i>Euro area enlargement</i>																
2001 Dec.	49.3	7.8	24.656	0.1	0.0	41.4	0.8	7.0	33.6	0.0	23.5	10.1	0.0	0.0	3.6	
2002 Dec.	45.5	8.1	24.656	0.2	0.0	37.3	1.2	9.9	26.1	-	-	-	0.0	0.0	3.0	
2003 May	39.2	7.5	24.656	0.2	0.0	31.4	0.8	8.0	22.6	-	-	-	0.0	0.0	2.4	
June	39.3	7.5	24.656	0.2	0.0	31.6	0.9	7.1	23.6	-	-	-	0.0	0.0	2.8	
July	41.3	7.7	24.656	0.2	0.0	33.4	0.8	6.7	25.9	-	-	-	0.0	0.0	2.3	
Aug.	42.7	8.5	24.656	0.2	0.0	34.0	0.9	5.7	27.4	-	-	-	0.0	0.0	2.7	

Source: ECB.

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

2) Changes in the gold holdings of the Eurosysteem 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 Eurosysteem's reserves.

9 External trade in goods of the euro area

Table 9

1. Values, volumes and unit values by commodity ^{1) 2)}

(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; 2000=100 for columns 12 and 13)													
1999	832.8	386.5	183.2	224.2	725.0	781.2	423.2	143.6	192.1	590.6	61.5	82.5	78.1
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	1,060.8	491.6	235.8	287.0	930.8	1,011.1	575.1	178.2	226.1	738.1	107.5	106.2	98.9
2002	1,077.9	495.1	227.5	303.9	939.0	980.1	552.3	161.8	230.4	710.1	104.9	108.0	95.9
2002 Q2	273.3	128.2	57.6	74.9	238.5	250.5	143.3	40.7	57.5	181.7	26.5	108.6	96.7
Q3	267.1	121.7	55.5	76.6	232.6	236.1	132.5	38.4	57.4	171.5	26.8	108.5	95.8
Q4	278.1	125.2	60.8	79.0	241.4	252.0	139.8	43.1	59.2	180.2	28.1	107.2	96.1
2003 Q1	257.8	119.7	52.0	72.8	223.6	250.5	142.8	40.2	57.6	178.5	29.5	106.4	97.7
Q2	258.1	120.3	53.0	69.8	223.9	243.5	134.5	39.6	58.1	176.7	25.0	103.4	95.1
2003 Feb.	84.6	39.0	17.1	24.2	73.5	79.4	45.5	12.2	18.5	56.2	9.4	106.5	96.9
Mar.	89.6	41.2	18.8	25.1	77.8	86.1	48.9	14.2	19.6	61.8	10.0	104.4	97.4
Apr.	86.8	40.3	17.4	24.0	74.9	83.5	46.5	13.7	19.7	60.1	9.4	105.5	96.6
May	85.4	40.5	16.8	23.1	73.8	80.9	44.9	13.0	19.0	58.3	7.7	102.2	94.6
June	85.9	39.4	18.8	22.7	75.3	79.2	43.0	12.9	19.3	58.3	7.9	102.5	94.2
July	91.5	40.8	19.9	25.5	80.3	79.3	43.0	12.6	19.7	57.9	.	103.0	92.8
Volumes (annual percentage changes; 2000=100 for columns 12 and 13)													
1999	2.2	2.8	-0.8	3.3	1.4	6.1	3.5	12.9	7.7	7.1	6.0	88.2	93.8
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	5.1	1.8	8.6	7.9	5.8	-1.2	-1.0	-3.9	-0.1	-1.7	-1.6	105.3	98.8
2002	1.8	1.0	-3.5	4.3	1.2	-1.5	-2.5	-8.2	1.6	-2.7	-1.5	107.7	98.0
2002 Q2	2.9	3.4	-2.2	5.1	2.4	-0.5	-0.5	-9.2	3.2	-2.3	0.4	107.8	98.3
Q3	5.4	5.0	-0.1	7.6	4.6	2.1	1.1	1.3	4.0	1.8	0.4	108.8	98.4
Q4	3.0	3.4	-2.1	5.9	2.3	1.2	-0.4	-1.1	4.7	0.7	1.9	107.9	98.3
2003 Q1	2.1	1.8	0.0	2.5	1.7	3.6	1.1	8.5	5.8	4.9	-2.9	107.1	99.5
Q2	-2.0	-3.2	-3.3	-3.5	-2.5	2.4	-0.9	5.5	4.9	2.3	5.1	106.1	102.1
2003 Feb.	2.3	1.5	1.9	1.8	1.8	1.5	0.1	1.5	4.1	2.2	-5.1	107.9	98.7
Mar.	-0.9	-1.7	-2.1	0.3	-1.0	5.4	2.8	8.6	7.6	6.0	3.2	105.1	100.3
Apr.	-1.3	-1.5	-5.4	-2.6	-2.1	-0.1	-2.2	0.2	3.4	0.2	7.5	107.3	100.3
May	-3.1	-4.9	-6.0	-2.6	-3.9	3.4	0.1	5.6	5.6	1.9	3.1	105.2	102.5
June	-1.6	-3.0	1.2	-5.2	-1.3	4.0	-0.6	11.7	5.6	4.9	4.2	105.7	103.5
July	.	.	.	.	.	.	.	.	.	.	.	.	.
Unit values (annual percentage changes; 2000=100 for columns 12 and 13)													
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	82.1
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	1.0	0.7	0.3	1.9	1.0	0.2	-1.3	1.6	2.8	1.7	-11.0	101.0	100.2
2002	-0.7	-1.4	-0.5	0.5	-0.7	-2.4	-2.8	-2.1	-1.0	-1.6	-3.8	100.3	97.8
2002 Q2	-0.7	-1.4	-0.3	0.4	-0.6	-3.2	-4.2	-1.8	-1.1	-1.6	-8.4	100.7	98.3
Q3	-1.9	-2.7	-1.8	-0.6	-1.9	-3.4	-3.6	-3.4	-2.8	-2.8	-4.6	99.6	97.6
Q4	-1.1	-1.1	-1.5	-0.6	-1.2	0.6	2.5	-2.7	-1.4	-1.5	19.3	99.8	98.1
2003 Q1	-2.6	-2.0	-3.1	-3.1	-2.9	0.1	3.3	-6.4	-3.4	-3.6	29.2	98.3	97.3
Q2	-3.6	-3.1	-4.8	-3.5	-3.7	-5.1	-5.3	-7.8	-3.6	-5.0	-10.3	97.1	93.3
2003 Feb.	-2.4	-1.6	-2.3	-3.3	-2.6	0.3	3.9	-5.7	-4.2	-3.8	33.8	98.5	97.2
Mar.	-3.0	-2.2	-4.1	-3.6	-3.3	-1.3	1.6	-7.5	-4.1	-4.4	22.1	98.0	96.6
Apr.	-3.1	-2.8	-3.4	-3.0	-3.2	-3.5	-3.2	-7.2	-2.7	-4.0	-3.2	97.6	95.0
May	-4.0	-2.9	-6.5	-3.7	-4.0	-6.1	-6.7	-8.2	-4.3	-5.4	-16.6	97.1	92.4
June	-3.9	-3.7	-4.5	-3.7	-4.1	-5.5	-6.0	-7.9	-3.7	-5.4	-10.9	96.5	92.5
July	.	.	.	.	.	.	.	.	.	.	.	.	.

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.

2. Geographical breakdown ¹⁾

(EUR billions; not seasonally adjusted, unless otherwise indicated)

	Total 1	Total (s.a.) 2	United Kingdom 3	Sweden 4	Denmark 5	Acceding 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.)													
1999	832.8	-	161.4	33.1	21.1	77.3	56.1	135.1	26.8	119.2	48.4	39.1	113.6
2000	1,013.7	-	189.7	38.8	23.2	94.6	63.4	171.4	34.2	151.6	56.1	46.7	141.6
<i>Euro area enlargement</i>													
2001	1,060.8	-	201.9	36.9	24.3	105.9	66.3	180.0	34.5	165.3	60.3	49.8	135.6
2002	1,077.9	-	204.5	36.9	24.7	112.1	63.8	182.0	32.6	170.1	59.8	43.1	148.3
2002 Q2	273.3	271.9	51.6	9.3	6.3	28.7	16.2	46.0	7.8	42.7	15.6	11.3	37.7
Q3	267.1	271.5	50.5	8.4	6.0	27.8	15.7	44.5	8.3	42.9	14.9	10.6	37.7
Q4	278.1	268.4	50.1	10.0	6.5	29.2	16.1	46.7	8.6	45.1	15.2	11.0	39.6
2003 Q1	257.8	266.3	49.1	9.7	6.3	27.7	16.5	42.0	7.8	40.3	13.7	9.6	35.1
Q2	258.1	258.8	46.0	9.5	5.9	29.4	15.5	41.0	7.3	40.8	14.9	9.5	.
2003 Feb.	84.6	88.9	16.0	3.2	2.0	9.1	5.5	13.7	2.5	13.4	4.4	3.1	11.8
Mar.	89.6	87.1	17.7	3.5	2.4	9.5	5.6	13.9	2.7	13.9	4.7	3.4	12.3
Apr.	86.8	88.0	15.8	3.3	2.0	9.7	5.1	13.8	2.7	13.7	5.1	3.1	12.5
May	85.4	85.3	15.0	3.2	2.0	9.8	5.2	14.0	2.3	13.6	4.9	3.0	.
June	85.9	85.5	15.2	3.0	1.9	9.8	5.2	13.2	2.3	13.5	4.9	3.4	.
July	91.5	85.9	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2003 July	-4.1	-	.	.	.	.	.	.	.	.	.	.	.
Imports (c.i.f.)													
1999	781.2	-	131.0	33.2	18.6	60.3	43.2	113.2	53.9	151.8	49.0	30.4	95.4
2000	1,008.4	-	156.6	38.0	21.8	76.8	49.8	140.7	65.5	211.6	72.2	39.7	134.0
<i>Euro area enlargement</i>													
2001	1,011.1	-	154.0	34.3	21.3	88.8	52.9	138.1	58.6	207.9	74.0	40.9	140.3
2002	980.1	-	147.5	35.3	22.4	93.5	51.9	125.3	52.6	204.5	68.2	39.3	139.5
2002 Q2	250.5	247.6	38.6	9.1	5.4	23.9	13.6	33.0	13.6	48.9	17.1	10.7	36.5
Q3	236.1	245.4	34.5	8.3	5.4	22.6	12.3	28.7	12.6	51.7	16.2	10.0	33.7
Q4	252.0	246.0	37.0	9.5	6.2	24.7	13.3	30.5	13.6	54.6	17.1	9.3	36.1
2003 Q1	250.5	250.2	35.3	9.0	5.8	24.6	13.4	28.5	13.5	54.2	19.0	9.1	37.9
Q2	243.5	243.5	33.3	9.2	5.5	25.2	12.5	28.7	13.3	51.6	16.6	10.4	.
2003 Feb.	79.4	82.7	11.3	3.0	2.0	7.9	4.4	8.9	4.1	17.1	6.0	2.8	12.0
Mar.	86.1	83.2	12.8	3.2	1.9	8.7	4.7	9.8	4.7	18.1	6.4	3.2	12.7
Apr.	83.5	82.4	11.2	3.2	1.9	8.5	4.1	10.1	4.8	17.7	6.1	3.6	12.2
May	80.9	80.7	10.9	3.0	1.8	8.2	4.3	9.6	4.4	17.1	5.3	3.5	.
June	79.2	80.4	11.2	3.0	1.9	8.4	4.0	9.0	4.2	16.8	5.1	3.3	.
July	79.3	79.2	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2003 July	-3.4	-	.	.	.	.	.	.	.	.	.	.	.
Balance													
1999	51.6	-	30.4	-0.1	2.6	17.0	12.9	21.9	-27.1	-32.6	-0.6	8.7	18.2
2000	5.3	-	33.1	0.8	1.4	17.8	13.6	30.7	-31.3	-60.0	-16.1	7.0	7.6
<i>Euro area enlargement</i>													
2001	49.7	-	47.8	2.7	3.0	17.1	13.4	42.0	-24.1	-42.5	-13.7	8.9	-4.7
2002	97.8	-	56.9	1.6	2.4	18.5	11.9	56.7	-20.0	-34.5	-8.4	3.8	8.8
2002 Q2	22.9	24.3	13.0	0.2	0.8	4.8	2.7	13.0	-5.8	-6.2	-1.5	0.7	1.2
Q3	31.0	26.2	15.9	0.2	0.6	5.2	3.3	15.8	-4.3	-8.9	-1.4	0.6	4.0
Q4	26.2	22.4	13.1	0.6	0.3	4.5	2.8	16.2	-5.0	-9.5	-1.9	1.6	3.5
2003 Q1	7.3	16.2	13.8	0.7	0.5	3.1	3.1	13.4	-5.8	-13.9	-5.3	0.5	-2.8
Q2	14.6	15.3	12.7	0.3	0.4	4.2	3.0	12.3	-6.0	-10.9	-1.7	-0.9	.
2003 Feb.	5.2	6.2	4.6	0.2	0.0	1.2	1.1	4.8	-1.6	-3.6	-1.6	0.3	-0.2
Mar.	3.5	4.0	4.9	0.2	0.6	0.8	0.9	4.1	-2.0	-4.2	-1.7	0.2	-0.4
Apr.	3.3	5.6	4.6	0.1	0.2	1.2	1.0	3.8	-2.1	-4.1	-1.0	-0.5	0.3
May	4.5	4.6	4.1	0.1	0.2	1.6	0.9	4.3	-2.0	-3.5	-0.5	-0.5	.
June	6.7	5.1	4.0	0.0	0.0	1.4	1.2	4.2	-1.9	-3.3	-0.1	0.1	.
July	12.2	6.7	.	.	.	.	.	.	.	.	.	.	.

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

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Tables 8.1 and 8.2).

10 Exchange rates

Table 10

Exchange rates

(period averages; units of national currency per ECU or euro (bilateral); index 1999 Q1=100 (effective))

	Effective exchange rate of the euro ¹⁾								Bilateral ECU or euro exchange rates ²⁾	
	Narrow group						Broad group		US dollar	Japanese yen
	Nominal	Real CPI	Real PPI	Real GDP deflator	Real ULCM	Real ULCT	Nominal	Real CPI		
1	2	3	4	5	6	7	8	9	10	
1997	99.1	99.4	99.1	98.3	101.0	101.6	90.4	96.5	1.1340	137.09
1998	101.5	101.3	101.5	100.9	99.8	101.5	96.6	99.1	1.1211	146.41
1999	95.7	95.7	95.6	95.6	96.2	95.8	96.6	95.8	1.0658	121.32
2000	85.7	86.3	86.6	85.4	87.2	85.1	88.2	86.0	0.9236	99.47
<i>Euro area enlargement</i>										
2001	87.3	88.6	89.0	88.1	88.5	86.4	91.0	87.7	0.8956	108.68
2002	90.0	92.5	92.6	92.3	90.9	90.3	95.6	91.7	0.9456	118.06
2001 Q1	88.6	89.5	90.2	88.9	90.2	87.3	91.4	88.4	0.9232	109.06
Q2	86.0	87.3	87.5	86.5	87.6	85.1	89.5	86.4	0.8725	106.93
Q3	87.0	88.3	88.6	87.7	87.6	85.7	91.2	87.7	0.8903	108.27
Q4	87.5	89.3	89.6	89.2	88.6	87.5	92.0	88.4	0.8959	110.45
2002 Q1	87.1	89.4	89.7	88.8	87.8	87.5	91.3	87.8	0.8766	116.07
Q2	88.8	91.4	91.3	90.9	89.7	89.2	93.9	90.2	0.9188	116.46
Q3	91.3	93.9	94.2	93.8	92.6	91.5	97.9	93.8	0.9838	117.25
Q4	92.5	95.4	95.3	95.6	93.6	92.8	99.4	94.9	0.9994	122.42
2003 Q1	96.9	100.1	99.6	100.2	97.7	97.7	104.1	99.2	1.0731	127.59
Q2	101.3	104.9	103.9	105.0	102.4	102.4	107.9	102.9	1.1372	134.74
Q3	100.5	104.1	103.1	-	-	-	106.9	101.9	1.1248	132.14
2001 Jan.	89.2	89.9	90.6	-	-	-	91.7	88.6	0.9383	109.57
Feb.	88.3	89.1	90.0	-	-	-	91.0	88.1	0.9217	107.08
Mar.	88.4	89.4	90.1	-	-	-	91.4	88.4	0.9095	110.33
Apr.	87.6	88.8	89.2	-	-	-	91.0	88.0	0.8920	110.36
May	85.9	87.2	87.3	-	-	-	89.3	86.2	0.8742	106.50
June	84.7	86.0	86.1	-	-	-	88.1	85.0	0.8532	104.30
July	85.4	86.8	86.9	-	-	-	89.1	85.9	0.8607	107.21
Aug.	87.7	89.0	89.3	-	-	-	91.8	88.3	0.9005	109.34
Sep.	88.0	89.3	89.6	-	-	-	92.6	89.0	0.9111	108.20
Oct.	88.0	89.6	89.8	-	-	-	92.8	89.1	0.9059	109.86
Nov.	86.8	88.4	89.0	-	-	-	91.3	87.6	0.8883	108.68
Dec.	87.7	89.8	90.1	-	-	-	91.9	88.5	0.8924	113.38
2002 Jan.	87.6	89.9	90.3	-	-	-	91.6	88.1	0.8833	117.12
Feb.	86.8	89.0	89.3	-	-	-	91.1	87.4	0.8700	116.23
Mar.	86.8	89.3	89.4	-	-	-	91.2	87.8	0.8758	114.75
Apr.	87.2	89.7	89.7	-	-	-	91.7	88.1	0.8858	115.81
May	88.6	91.1	91.1	-	-	-	93.7	89.9	0.9170	115.86
June	90.6	93.2	93.1	-	-	-	96.4	92.5	0.9554	117.80
July	91.7	94.4	94.5	-	-	-	98.2	94.2	0.9922	117.11
Aug.	91.1	93.6	94.0	-	-	-	97.7	93.5	0.9778	116.31
Sep.	91.2	93.7	94.1	-	-	-	98.0	93.7	0.9808	118.38
Oct.	91.7	94.3	94.3	-	-	-	98.5	94.2	0.9811	121.57
Nov.	92.5	95.1	95.1	-	-	-	99.3	94.6	1.0014	121.65
Dec.	93.6	96.7	96.6	-	-	-	100.4	96.0	1.0183	124.20
2003 Jan.	95.8	98.8	98.8	-	-	-	103.0	98.1	1.0622	126.12
Feb.	97.1	100.2	99.9	-	-	-	104.4	99.4	1.0773	128.60
Mar.	97.9	101.2	100.0	-	-	-	105.1	100.2	1.0807	128.16
Apr.	98.6	102.1	101.1	-	-	-	105.2	100.4	1.0848	130.12
May	102.5	106.1	105.2	-	-	-	109.1	104.0	1.1582	135.83
June	102.7	106.5	105.4	-	-	-	109.3	104.4	1.1663	138.05
July	101.4	105.2	104.0	-	-	-	107.8	102.8	1.1372	134.99
Aug.	100.3	103.9	102.8	-	-	-	106.6	101.6	1.1139	132.38
Sep.	99.9	103.4	102.4	-	-	-	106.4	101.2	1.1222	128.94
% ch. vs. ⁴⁾ prev. month										
2003 Sep.	-0.4	-0.4	-0.4	-	-	-	-0.2	-0.3	0.7	-2.6
% ch. vs. ⁴⁾ prev. year										
2003 Sep.	9.5	10.3	8.8	-	-	-	8.6	8.1	14.4	8.9

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.

Bilateral ECU or euro exchange rates ²⁾										
Swiss franc	Pound sterling	Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar ³⁾	South Korean won ³⁾	Singapore dollar ³⁾	
11	12	13	14	15	16	17	18	19	20	
1.6440	0.69230	8.6512	7.4836	8.0186	1.5692	1.5281	8.7498	1,069.75	1.6777	1997
1.6220	0.67643	8.9159	7.4993	8.4659	1.6651	1.7867	8.6946	1,568.89	1.8764	1998
1.6003	0.65874	8.8075	7.4355	8.3104	1.5840	1.6524	8.2694	1,267.26	1.8064	1999
1.5579	0.60948	8.4452	7.4538	8.1129	1.3706	1.5889	7.1972	1,043.50	1.5923	2000
<i>Euro area enlargement</i>										
1.5105	0.62187	9.2551	7.4521	8.0484	1.3864	1.7319	6.9855	1,154.83	1.6039	2001
1.4670	0.62883	9.1611	7.4305	7.5086	1.4838	1.7376	7.3750	1,175.50	1.6912	2002
1.5334	0.63260	9.0038	7.4639	8.2024	1.4099	1.7405	7.2007	1,174.68	1.6164	2001 Q1
1.5283	0.61437	9.1261	7.4593	8.0109	1.3450	1.7013	6.8051	1,138.94	1.5829	Q2
1.5070	0.61940	9.4067	7.4438	8.0094	1.3743	1.7341	6.9439	1,150.05	1.5823	Q3
1.4735	0.62090	9.4810	7.4415	7.9693	1.4157	1.7508	6.9873	1,155.22	1.6344	Q4
1.4733	0.61471	9.1589	7.4318	7.8117	1.3978	1.6923	6.8368	1,155.27	1.6072	2002 Q1
1.4648	0.62853	9.1584	7.4343	7.5175	1.4275	1.6662	7.1664	1,157.79	1.6567	Q2
1.4636	0.63533	9.2301	7.4281	7.3991	1.5361	1.7965	7.6731	1,172.73	1.7295	Q3
1.4667	0.63611	9.0946	7.4281	7.3192	1.5687	1.7913	7.7941	1,215.37	1.7671	Q4
1.4662	0.66961	9.1822	7.4305	7.5706	1.6203	1.8095	8.3695	1,288.92	1.8724	2003 Q1
1.5180	0.70169	9.1425	7.4250	7.9570	1.5889	1.7742	8.8692	1,373.83	1.9872	Q2
1.5451	0.69888	9.1631	7.4309	8.2472	1.5533	1.7089	8.7674	1,321.05	1.9699	Q3
1.5291	0.63480	8.9055	7.4642	8.2355	1.4098	1.6891	7.3182	1,194.92	1.6302	2001 Jan.
1.5358	0.63400	8.9770	7.4630	8.2125	1.4027	1.7236	7.1889	1,153.81	1.6067	Feb.
1.5355	0.62915	9.1264	7.4643	8.1600	1.4167	1.8072	7.0939	1,173.40	1.6114	Mar.
1.5287	0.62168	9.1120	7.4633	8.1146	1.3903	1.7847	6.9568	1,183.45	1.6165	Apr.
1.5334	0.61328	9.0576	7.4612	7.9927	1.3473	1.6813	6.8182	1,133.74	1.5855	May
1.5225	0.60890	9.2106	7.4539	7.9360	1.3016	1.6469	6.6542	1,104.12	1.5497	June
1.5135	0.60857	9.2637	7.4447	7.9714	1.3153	1.6890	6.7130	1,120.28	1.5691	July
1.5144	0.62672	9.3107	7.4450	8.0552	1.3857	1.7169	7.0236	1,153.99	1.5855	Aug.
1.4913	0.62291	9.6744	7.4413	7.9985	1.4260	1.8036	7.1063	1,178.27	1.5929	Sep.
1.4793	0.62393	9.5780	7.4367	7.9970	1.4224	1.7955	7.0655	1,178.62	1.6397	Oct.
1.4663	0.61838	9.4166	7.4452	7.9224	1.4153	1.7172	6.9284	1,137.48	1.6254	Nov.
1.4749	0.62012	9.4359	7.4431	7.9911	1.4075	1.7348	6.9595	1,146.99	1.6389	Dec.
1.4745	0.61659	9.2275	7.4329	7.9208	1.4135	1.7094	6.8886	1,160.78	1.6247	2002 Jan.
1.4775	0.61160	9.1828	7.4299	7.7853	1.3880	1.6963	6.7857	1,147.18	1.5935	Feb.
1.4678	0.61574	9.0594	7.4324	7.7183	1.3903	1.6695	6.8308	1,157.30	1.6016	Mar.
1.4658	0.61407	9.1358	7.4341	7.6221	1.4008	1.6537	6.9091	1,163.18	1.6191	Apr.
1.4572	0.62823	9.2208	7.4356	7.5207	1.4210	1.6662	7.1521	1,150.08	1.6506	May
1.4721	0.64405	9.1137	7.4330	7.4043	1.4627	1.6793	7.4523	1,160.62	1.7029	June
1.4624	0.63870	9.2689	7.4301	7.4050	1.5321	1.7922	7.7389	1,169.16	1.7395	July
1.4636	0.63633	9.2489	7.4270	7.4284	1.5333	1.8045	7.6265	1,167.08	1.7164	Aug.
1.4649	0.63059	9.1679	7.4271	7.3619	1.5434	1.7927	7.6500	1,182.57	1.7320	Sep.
1.4650	0.62994	9.1051	7.4297	7.3405	1.5481	1.7831	7.6521	1,211.92	1.7511	Oct.
1.4673	0.63709	9.0818	7.4280	7.3190	1.5735	1.7847	7.8098	1,208.19	1.7666	Nov.
1.4679	0.64218	9.0961	7.4264	7.2948	1.5872	1.8076	7.9409	1,226.88	1.7858	Dec.
1.4621	0.65711	9.1733	7.4324	7.3328	1.6364	1.8218	8.2841	1,250.06	1.8433	2003 Jan.
1.4674	0.66977	9.1455	7.4317	7.5439	1.6299	1.8112	8.4022	1,282.82	1.8803	Feb.
1.4695	0.68255	9.2265	7.4274	7.8450	1.5943	1.7950	8.4279	1,335.44	1.8954	Mar.
1.4964	0.68902	9.1541	7.4255	7.8317	1.5851	1.7813	8.4605	1,337.38	1.9282	Apr.
1.5155	0.71322	9.1559	7.4246	7.8715	1.6016	1.7866	9.0321	1,390.03	2.0074	May
1.5411	0.70224	9.1182	7.4250	8.1619	1.5798	1.7552	9.0955	1,392.33	2.0233	June
1.5476	0.70045	9.1856	7.4332	8.2893	1.5694	1.7184	8.8689	1,342.27	1.9956	July
1.5400	0.69919	9.2378	7.4322	8.2558	1.5570	1.7114	8.6873	1,312.67	1.9531	Aug.
1.5474	0.69693	9.0682	7.4273	8.1952	1.5330	1.6967	8.7377	1,306.88	1.9591	Sep.
0.5	-0.3	-1.8	-0.1	-0.7	-1.5	-0.9	0.6	-0.4	0.3	% ch. vs. ⁴⁾ prev. month 2003 Sep.
5.6	10.5	-1.1	0.0	11.3	-0.7	-5.4	14.2	10.5	13.1	% ch. vs. ⁴⁾ prev. year 2003 Sep.

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

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

II Economic and financial developments in the other EU Member States

Table 11

Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield ¹⁾ as a % per annum	Exchange rate ²⁾ as national currency per euro	Current and new capital account as a % of GDP	Unit labour costs ³⁾	Real GDP	Industrial production index ⁴⁾	Standardised unemployment rate as a % of labour force (s.a.)	Broad money ⁵⁾	3-month interest rate ¹⁾ as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1999	2.1	3.3	53.0	4.91	7.44	1.8	2.4	2.6	0.1	4.8	-0.2	3.44
2000	2.7	2.6	47.3	5.64	7.45	1.5	1.4	2.9	5.7	4.4	1.1	5.00
2001	2.3	3.1	45.4	5.08	7.45	3.1	3.7	1.4	1.3	4.3	5.7	4.70
2002	2.4	2.1	45.5	5.06	7.43	2.6	1.2	2.1	1.4	4.5	3.5	3.54
2002 Q2	2.1	-	-	5.36	7.43	3.3	0.0	3.4	4.5	4.4	2.8	3.71
Q3	2.4	-	-	4.92	7.43	3.2	1.0	1.6	0.9	4.6	2.6	3.57
Q4	2.7	-	-	4.74	7.43	1.6	0.4	1.5	1.0	4.7	6.1	3.27
2003 Q1	2.8	-	-	4.30	7.43	2.6	-0.1	1.5	1.6	5.0	19.1	2.83
Q2	2.2	-	-	4.12	7.43	4.0	2.6	-0.8	-0.6	5.2	22.2	2.48
Q3	.	-	-	4.31	7.43	.	.	.	.	.	.	2.18
2003 Apr.	2.5	-	-	4.41	7.43	-	-	-	-0.2	5.0	20.6	2.67
May	2.1	-	-	4.09	7.42	-	-	-	-1.3	5.2	24.2	2.54
June	2.0	-	-	3.85	7.42	-	-	-	-0.3	5.3	21.8	2.22
July	1.8	-	-	4.17	7.43	-	-	-	1.9	5.3	21.6	2.18
Aug.	1.5	-	-	4.35	7.43	-	-	-	.	.	20.2	2.19
Sep.	.	-	-	4.41	7.43	-	-	-	.	.	.	2.19
Sweden												
1999	0.6	1.5	62.7	4.98	8.81	2.6	-1.2	4.6	2.2	6.7	6.8	3.32
2000	1.3	3.4	52.8	5.37	8.45	3.8	5.0	4.4	6.3	5.6	6.2	4.07
2001	2.7	4.5	54.4	5.11	9.26	3.8	5.8	1.1	-0.3	4.9	3.4	4.11
2002	2.0	1.3	52.7	5.31	9.16	4.3	2.1	1.9	-1.2	4.9	5.4	4.24
2002 Q2	1.9	-	-	5.64	9.16	5.3	0.8	3.1	0.1	4.9	5.3	4.43
Q3	1.5	-	-	5.16	9.23	4.1	1.4	2.4	-1.1	4.9	6.0	4.41
Q4	1.6	-	-	5.00	9.09	2.5	1.7	1.3	-2.5	5.1	3.4	4.09
2003 Q1	2.9	-	-	4.59	9.18	5.4	-0.5	1.9	-2.0	5.3	5.6	3.72
Q2	2.1	-	-	4.43	9.14	4.1	0.5	0.7	0.5	5.4	5.5	3.28
Q3	.	-	-	4.65	9.16	.	.	.	.	.	.	2.86
2003 Apr.	2.3	-	-	4.73	9.15	-	-	-	1.8	5.4	4.4	3.56
May	2.0	-	-	4.37	9.16	-	-	-	-2.0	5.4	7.0	3.35
June	2.0	-	-	4.20	9.12	-	-	-	1.7	5.4	5.0	2.93
July	2.4	-	-	4.51	9.19	-	-	-	1.9	5.5	5.1	2.83
Aug.	2.2	-	-	4.70	9.24	-	-	-	.	5.5	5.5	2.87
Sep.	.	-	-	4.74	9.07	-	-	-	.	.	.	2.88
United Kingdom												
1999	1.3	1.0	45.1	5.01	0.659	-2.1	2.8	2.4	0.8	5.9	5.5	5.54
2000	0.8	3.8	42.1	5.33	0.609	-1.8	2.4	3.1	1.6	5.4	6.6	6.19
2001	1.2	0.7	38.9	5.01	0.622	-1.1	4.0	2.1	-2.1	5.0	8.1	5.04
2002	1.3	-1.5	38.5	4.91	0.629	-0.8	2.3	1.9	-3.5	5.1	6.0	4.06
2002 Q2	0.9	-3.9	38.1	5.28	0.629	-2.1	2.8	1.8	-4.3	5.1	5.7	4.17
Q3	1.1	-0.7	37.7	4.71	0.635	0.0	1.7	2.3	-2.4	5.2	5.7	4.01
Q4	1.6	-3.2	38.2	4.52	0.636	-1.0	1.7	2.3	-1.3	5.0	6.3	3.98
2003 Q1	1.5	-0.4	37.6	4.34	0.670	1.8	1.7	2.1	-0.7	5.0	6.8	3.80
Q2	1.3	-4.9	38.4	4.35	0.702	.	.	1.8	-0.2	5.0	8.2	3.64
Q3	.	.	.	4.63	0.699	.	.	.	.	.	.	3.57
2003 Apr.	1.5	-3.0	37.5	4.56	0.689	-	-	-	-0.9	5.0	8.1	3.65
May	1.2	-7.5	37.9	4.31	0.713	-	-	-	-4.0	4.9	8.3	3.63
June	1.1	-4.3	38.4	4.19	0.702	-	-	-	4.5	5.0	8.2	3.64
July	1.3	0.6	38.5	4.47	0.700	-	-	-	-0.9	.	7.8	3.49
Aug.	1.4	-5.3	38.4	4.65	0.699	-	-	-	.	.	6.5	3.52
Sep.	.	.	.	4.77	0.697	-	-	-	.	.	.	3.70

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

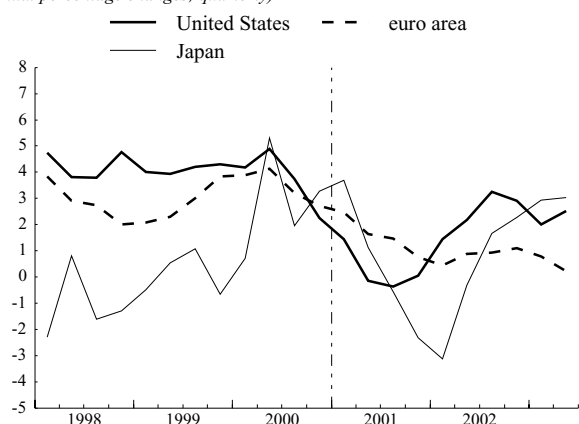
Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs ¹⁾	Real GDP	Industrial production index ¹⁾	Unemployment rate as a % of labour force (s.a.)	Broad money ²⁾	3-month interbank deposit rate ³⁾ as a % per annum	10-year government bond yield ³⁾ as a % per annum	Exchange rate ⁴⁾ as national currency per euro	Fiscal deficit (-)/surplus (+) ⁵⁾ as a % of GDP	Gross public debt ⁶⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1999	2.2	-1.1	4.1	5.0	4.2	8.7	5.42	5.64	1.066	0.7	49.6
2000	3.4	3.2	3.8	5.2	4.0	9.4	6.53	6.03	0.924	1.4	44.2
2001	2.8	0.7	0.3	-4.1	4.8	11.4	3.78	5.01	0.896	-0.5	43.6
2002	1.6	-1.3	2.4	-1.0	5.8	8.0	1.80	4.60	0.946	-3.4	45.8
2002 Q2	1.3	-1.4	2.2	-1.5	5.8	7.9	1.92	5.08	0.919	-3.3	44.2
Q3	1.6	-1.9	3.3	0.5	5.8	7.2	1.81	4.25	0.984	-3.4	44.9
Q4	2.2	-0.8	2.9	1.1	5.9	6.4	1.55	3.99	0.999	-3.9	45.8
2003 Q1	2.9	0.6	2.0	0.4	5.8	6.3	1.33	3.90	1.073	-4.2	46.3
Q2	2.1	0.7	2.5	-1.3	6.2	6.9	1.24	3.61	1.137	-4.7	47.1
Q3	.	.	.	.	.	.	1.13	4.22	1.125	.	.
2003 Apr.	2.2	.	.	-1.1	6.0	6.6	1.30	3.94	1.085	.	.
May	2.1	.	.	-1.3	6.1	6.8	1.28	3.56	1.158	.	.
June	2.1	.	.	-1.5	6.4	7.3	1.12	3.32	1.166	.	.
July	2.1	.	.	-1.4	6.2	8.6	1.11	3.93	1.137	.	.
Aug.	2.2	.	.	-1.6	6.1	8.0	1.14	4.44	1.114	.	.
Sep.	.	.	.	.	.	.	1.14	4.29	1.122	.	.
Japan											
1999	-0.3	-1.8	0.1	0.2	4.7	3.7	0.22	1.75	121.3	-7.2	118.2
2000	-0.7	-6.0	2.8	5.7	4.7	2.1	0.28	1.76	99.5	-7.4	126.1
2001	-0.7	5.1	0.4	-6.8	5.0	2.8	0.15	1.34	108.7	-6.1	134.6
2002	-0.9	-3.0	0.1	-1.2	5.4	3.3	0.08	1.27	118.1	.	.
2002 Q2	-0.9	-1.7	-0.3	-3.5	5.4	3.5	0.08	1.37	116.5	.	.
Q3	-0.8	-6.7	1.7	3.3	5.4	3.3	0.07	1.24	117.2	.	.
Q4	-0.5	-8.4	2.3	6.0	5.4	2.9	0.07	1.01	122.4	.	.
2003 Q1	-0.2	-6.9	2.9	5.5	5.4	1.9	0.06	0.80	127.6	.	.
Q2	-0.2	-3.6	3.0	2.2	5.4	1.6	0.06	0.60	134.7	.	.
Q3	.	.	.	.	.	.	0.05	1.20	132.1	.	.
2003 Apr.	-0.1	-4.8	.	3.0	5.4	1.3	0.06	0.66	130.1	.	.
May	-0.2	-2.3	.	1.3	5.4	1.6	0.06	0.57	135.8	.	.
June	-0.4	-3.6	.	2.4	5.3	1.8	0.06	0.56	138.1	.	.
July	-0.2	.	.	-0.3	5.3	1.8	0.05	0.99	135.0	.	.
Aug.	-0.3	.	.	-1.2	.	2.0	0.05	1.15	132.4	.	.
Sep.	.	.	.	.	.	.	0.05	1.45	128.9	.	.

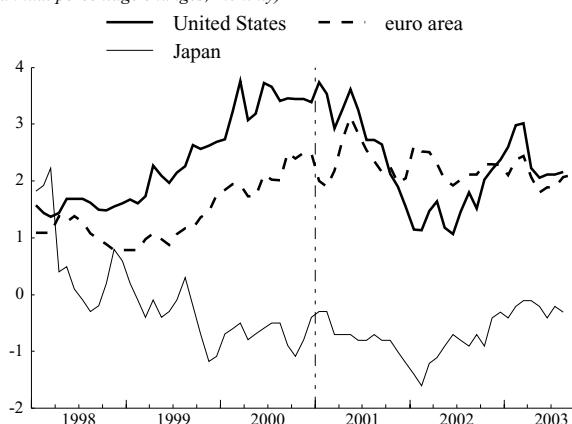
Real gross domestic product

(annual percentage changes; quarterly)



Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.

2) Average-of-period values; M3 for US, M2+CDs for Japan.

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

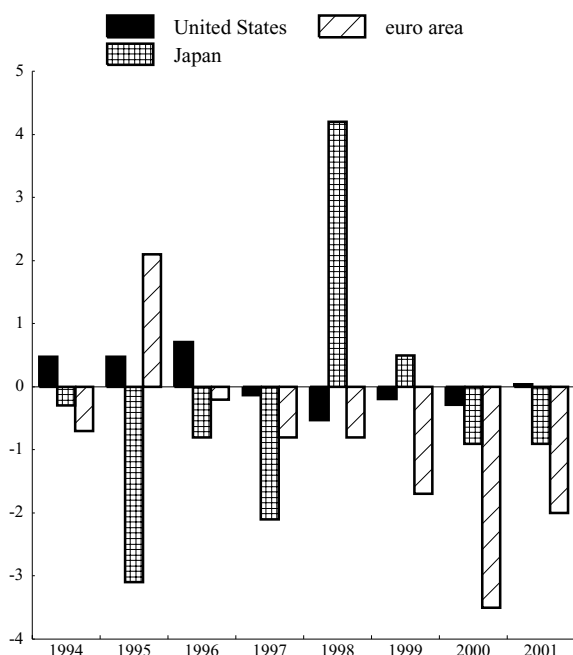
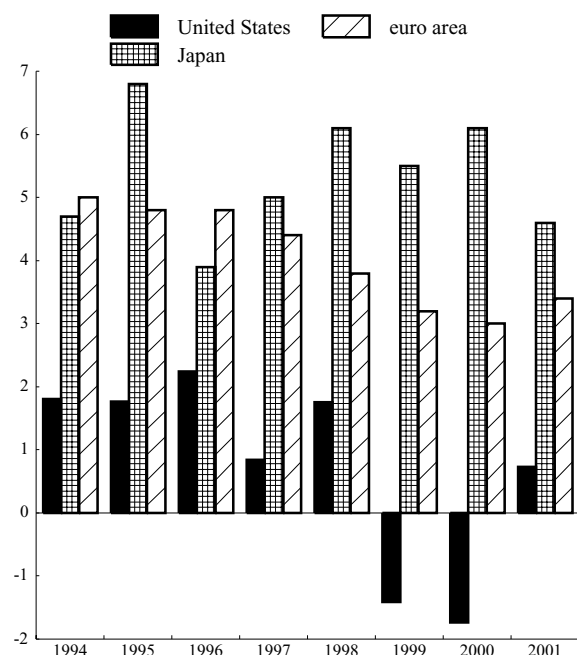
4) For more information, see Table 10.

5) 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 ¹⁾			
	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													
1999	18.4	20.9	-3.0	9.5	8.9	10.5	8.2	10.6	2.9	12.4	4.8	11.2	6.3
2000	18.4	21.1	-4.0	9.7	9.1	12.3	7.5	12.6	2.7	12.5	4.0	11.5	5.8
2001	16.5	19.1	-3.7	7.9	8.5	1.9	7.7	1.8	1.9	13.0	6.5	11.6	5.8
2002	15.0	18.6	-4.7	7.7	7.6	1.7	7.7	2.0	0.2	12.8	6.1	12.5	7.0
2001 Q3	16.5	18.8	-3.5	7.7	8.3	0.1	7.8	0.3	0.5	12.9	9.1	12.8	9.2
Q4	15.9	18.2	-3.6	7.1	8.0	2.1	8.5	0.8	2.2	13.4	3.5	10.9	3.5
2002 Q1	15.5	18.6	-4.1	7.5	7.8	1.8	7.9	1.5	0.4	12.8	6.1	12.3	6.9
Q2	15.5	18.7	-4.8	7.7	7.6	2.6	7.7	2.6	1.0	12.7	5.8	12.7	5.9
Q3	14.6	18.6	-4.7	7.8	7.6	0.3	7.5	1.0	-1.4	12.9	4.7	12.5	6.8
Q4	14.3	18.7	-5.1	7.8	7.5	2.3	7.6	2.8	0.7	12.7	7.6	12.2	8.4
2003 Q1	14.0	18.4	-5.2	7.4	7.4	2.1	7.4	2.5	0.5	12.7	7.3	12.1	8.3
Q2	13.9	18.2	-5.2	7.3	7.4	4.1	8.0	3.6	2.4	12.9	12.2	12.2	12.6
Japan													
1999	27.8	25.9	2.2	14.4	14.8	0.5	13.7	-5.0	0.6	5.2	5.7	11.5	0.3
2000	27.7	26.2	2.3	15.8	15.4	0.9	14.3	-1.0	0.2	5.2	3.9	10.7	-0.1
2001	26.4	25.6	2.0	15.7	15.2	-2.8	14.1	-6.3	0.2	4.9	2.8	8.6	0.2
2002	.	23.7	.	.	.	-2.9	.	-7.0	-0.9	.	0.7	.	-2.1
2001 Q3	25.9	25.3	2.1	.	.	3.0	.	-8.4	-1.5	.	-5.6	.	3.2
Q4	25.5	25.5	2.0	.	.	4.3	.	5.7	-0.3	.	9.9	.	-0.6
2002 Q1	29.6	22.8	3.4	.	.	9.1	.	-4.8	-3.0	.	-6.6	.	2.5
Q2	.	22.7	.	.	.	-27.8	.	-23.6	0.8	.	5.8	.	-8.5
Q3	.	23.7	.	.	.	1.2	.	-9.7	-2.3	.	-6.8	.	-0.6
Q4	.	25.0	.	.	.	5.9	.	9.2	0.7	.	9.4	.	-1.5
2003 Q1	.	22.9	.	.	.	16.1	.	-5.1	0.4	.	-11.3	.	3.4
Q2	.	23.3	.	.	.	-23.7	.	-22.2	0.1	.	3.0	.	-5.5

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

Net lending of households ¹⁾
(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 the euro area overview table (I. Monetary developments and interest rates)

The average growth rate for the quarter ending in month t is calculated as:

$$a) \left(\frac{0.5I_t + \sum_{i=1}^2 I_{t-i} + 0.5I_{t-3}}{0.5I_{t-12} + \sum_{i=1}^2 I_{t-i-12} + 0.5I_{t-15}} - 1 \right) \times 100$$

where I_t is the index of adjusted stocks as at month t (see also below). Likewise, for the year ending in month t , the average growth rate is calculated as:

$$b) \left(\frac{0.5I_t + \sum_{i=1}^{11} I_{t-i} + 0.5I_{t-12}}{0.5I_{t-12} + \sum_{i=1}^{11} I_{t-i-12} + 0.5I_{t-24}} - 1 \right) \times 100$$

Relating to Tables 2.1 to 2.8

Calculation of flows

Monthly flows are calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

If L_t represents the level outstanding at the end of month t , C_t^M the reclassification adjustment in month t , E_t^M the exchange rate adjustment and V_t^M the other revaluation adjustments, the flow F_t^M in month t is defined as:

$$c) F_t^M = (L_t - L_{t-1}) - C_t^M - E_t^M - V_t^M$$

Similarly, the quarterly flow F_t^Q for the quarter ending in month t is defined as:

$$d) F_t^Q = (L_t - L_{t-3}) - C_t^Q - E_t^Q - V_t^Q$$

where L_{t-3} is the level outstanding at the end of month $t-3$ (the end of the previous quarter) and, for example, C_t^Q is the reclassification adjustment in the quarter ending in month t .

For those quarterly series for which monthly observations are now available (see below), the

quarterly flow can equivalently be derived as sum of the three monthly flows in the quarter.

Calculation of growth rates for monthly series

Growth rates may be calculated from flows or from the index of adjusted stocks. If F_t^M and L_t are defined as above, the index I_t of adjusted stocks in month t is defined as:

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

The base of the index (of the non-seasonally adjusted series) is currently set as December 2001 = 100. Time series of the index of adjusted stocks are available on the ECB's website (www.ecb.int) under the "Monetary statistics" item of the statistics section.

The annual percentage change a_t for month t – i.e. the change in the 12 months ending in month t – may be calculated using either of the following two formulae:

$$f) a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

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

Unless otherwise indicated, the annual percentage changes refer to the end of the indicated period. For example, the annual percentage change for the year 2002 is calculated in g) by dividing the index of December 2002 by the index of December 2001.

Percentage changes for intra-annual growth rates may be derived by adapting formula g). For example, the month-on-month growth rate a_t^M may be calculated as:

$$h) a_t^M = \left(\frac{I_t}{I_{t-1}} - 1 \right) \times 100$$

Finally, the three-month moving average for the annual percentage change of M3 is obtained as $(a_t + a_{t-1} + a_{t-2})/3$, where a_t is defined as in f) or g) above.

Calculation of growth rates for quarterly series

Following the entry into force on 1 January 2003 of ECB Regulation ECB/2001/13, a number of breakdowns of MFI balance-sheet data, previously reported at a quarterly frequency, are now available monthly – thus providing monthly data on, for example, loans to households. However, for the time being and until at least a full year of monthly data becomes available, growth rates will continue to be calculated on the basis of the quarterly data.

If F_t^Q and L_{t-3} are defined as above, the index I_t of adjusted stocks for the quarter ending in month t is defined as:

$$i) \quad I_t = I_{t-3} \times \left(1 + \frac{F_t^Q}{L_{t-3}} \right)$$

The annual percentage change in the four quarters ending in month t , i.e. a_t , may be calculated using formula g).

Seasonal adjustment of the euro area monetary statistics¹

The approach used relies on a multiplicative decomposition through X-12-ARIMA.² The seasonal adjustment may include a day-of-the-week adjustment, and for some series is carried out indirectly by means of a linear combination of components. In particular, this is the case for M3, derived by aggregating the seasonally adjusted series for M1, M2 less M1, and M3 less M2.

The seasonal adjustment procedures are first applied to the index of adjusted stocks.³ The resulting estimates of the seasonal factors are then applied to the levels and to the adjustments arising from reclassifications and revaluations, in turn yielding seasonally adjusted flows. Seasonal (and trading day) factors are revised at annual intervals or as required.

Relating to Table 3.7

Calculation of growth rates

Growth rates are calculated on the basis of financial transactions and therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. They may be calculated from flows or from the index of adjusted stocks. If N_t^M represents the flow (net issues) in month t and L_t the level outstanding at the end of the month t , the index I_t of adjusted stocks in month t is defined as:

$$j) \quad I_t = I_{t-1} \times \left(1 + \frac{N_t^M}{L_{t-1}} \right)$$

As a base, the index is set equal to 100 on December 2001. The annual percentage change a_t for month t – i.e. the change in the 12 months ending in month t – may be calculated using either of the following two formulae:

$$k) \quad a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{N_{t-i}^M}{L_{t-1-i}} \right) - 1 \right] \times 100$$

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

The method used to calculate the growth rates for securities issues statistics is the same as that used for the monetary aggregates, the only difference being that an “N” is used rather than an “F”. The reason for this is to distinguish between the different ways of obtaining “net issues” for securities issues statistics, where the ECB collects information on gross issues and redemptions separately, and “flows” used for the monetary aggregates.

¹ For details, see “Seasonal adjustment of monetary aggregates and HICP for the euro area”, ECB (August 2000) and the statistics section of the ECB’s website (www.ecb.int), under the “Monetary statistics” item.

² 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, pp. 127-152, or “X-12-ARIMA Reference Manual”, *Time Series Staff, Bureau of the Census, Washington, D.C.*

For internal purposes, the model-based approach of TRAMO-SEATS is also used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), “Programs TRAMO and SEATS: Instructions for the User”, Banco de España, Working Paper No. 9628, Madrid.

³ It follows that for the seasonally adjusted series, the level of the index for the base period, i.e. December 2001, generally differs from 100, reflecting the seasonality of that month.

Relating to Table 4.1

Seasonal adjustment of the HICP⁴

The approach used relies on multiplicative decomposition through X-12-ARIMA (see footnote 2 on page 86*). The seasonal adjustment of the overall 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 (see footnote 2 on page 86*). Goods raw data are pre-adjusted to take into account “working day”, “leap year” and “Easter” effects. Services data are subject to only a “working day” pre-adjustment. The seasonal adjustment for goods and services is carried out using these pre-adjusted series. Income and current transfers are not pre-adjusted. 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.

⁴ See footnote 1 on page 86*.



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. The document covers money and banking and related statistics, balance of payments statistics, international investment position statistics and financial accounts statistics. The ECB’s requirements 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 2000.¹

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). Services available under “Statistics on-line” include a browser interface with search facilities, subscription to different datasets and a facility allowing data to be downloaded directly in compressed Comma Separated Value (CSV) files.

Given that the composition of the ECU does not coincide with the former currencies of the countries 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 EU 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 data expressed in national currency terms.

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

As a general rule, the cut-off date for the statistics included in the Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council. For this issue, the cut-off date was 1 October 2003.

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

Statistical series relating to the euro area cover EU Member States that had adopted the euro at the time to which the statistics relate. This means that euro area data up to end-2000 cover the Euro 11 and, from the beginning of 2001, data cover the Euro 12. Exceptions to this rule are indicated where appropriate.

In the tables, the break is shown by means of a line marked “Euro area enlargement”. In the charts, the break is indicated by a dotted line. Where possible, absolute and percentage changes for 2001 calculated from a base in 2000 use a series which takes into account the impact of Greece’s entry into the euro area.

Data for the euro area plus Greece up to end-2000 can be downloaded (CSV files) from the ECB’s website (www.ecb.int).

The group “acceding countries” consists of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia.

Overview

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

¹ The ECB is responsible for money, banking and financial markets statistics at the European level; responsibility for balance of payments, international investment position and financial accounts statistics is shared with the European Commission (Eurostat); price, cost and other economic statistics are the responsibility of the European Commission (Eurostat).

Monetary policy 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 developments and investment funds

Table 2.1 shows the aggregated balance sheet of the monetary financial institution (MFI) sector, i.e. the sum of the harmonised balance sheets of all MFIs resident in the euro area. Table 2.2 shows the consolidated balance sheet of the MFI sector, which is obtained by netting the aggregated balance sheet positions between MFIs in the euro area. Due to limited heterogeneity in recording practices, the sum of the inter-MFI positions is not necessarily zero; the balance is shown in column 9 of the liabilities side of Table 2.2. Table 2.3 sets out the euro area monetary aggregates and counterparts. These are derived from the consolidated MFI balance sheet; they also take account of some monetary assets/liabilities of central government. Statistics on monetary aggregates and counterparts are presented with reference to both unadjusted data (panels 1-6) and data adjusted for seasonal and trading-day effects (panels 7-12). Whereas in Tables 2.1 and 2.2, the holdings by non-euro area residents of i) shares/units issued by money market funds located in the euro area and ii) debt securities issued with a maturity of up to two years by MFIs located in the euro area are shown in the external liabilities item, in Table 2.3, these holdings are excluded from the monetary aggregates and contribute to the item net external assets. Table 2.4 provides an analysis by sector, type and original maturity of loans granted by MFIs other than the Eurosystem (the banking system) resident in the euro area. Table 2.5 shows a sectoral and instrument analysis of deposits held with the

euro area banking system. Table 2.6 shows the securities held by the euro area banking system, by type of issuer. Tables 2.2 to 2.6 include flows adjusted for reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions. Table 2.7 shows selected revaluations for which the flows are adjusted. Tables 2.3 to 2.6 also provide growth rates in terms of annual percentage changes based on the adjusted flows. Table 2.8 shows a quarterly currency analysis of selected MFI balance sheet items.

A complete list of MFIs is published on the ECB's website. Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual: guidance for the statistical classification of customers" (ECB, November 1999). The "Guidance Notes to Regulation ECB/2001/13 on the MFI Balance Sheet Statistics" (ECB, November 2002) explains practices recommended to be followed by the NCBs. From 1 January 1999 the statistical information has been 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).

Following the entry into force of Regulation ECB/2001/13, the balance sheet item "money market paper" has been merged with the item "debt securities" on both the assets and liabilities side of the MFI balance sheet.

Table 2.9 shows end-quarter outstanding stocks for the balance sheet of the euro area investment funds (other than money market funds). The balance sheet is aggregated and thus includes among the liabilities holdings by investment funds of shares/units issued by other investment funds. Total assets/liabilities are also broken down by investment policy (equity funds, bond funds, mixed funds, real estate funds, and other funds) and by type of investor (general public funds and special investors' funds). Table 2.10 shows the aggregated balance sheet for each investment

fund sector as identified by investment policy, and Table 2.11 shows the aggregated balance sheet broken down by type of investor.

Financial markets and interest rates

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 cover securities other than shares (debt securities), which are presented in Tables 3.5, 3.6 and 3.7, as well as quoted shares, which are presented in Table 3.8. Debt securities are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in exceptional cases, and in accordance with the ESA 95, 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 debt securities 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).² 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 the securities issues statistics is at present somewhat narrower.

Table 3.7 shows annual growth rates for debt securities issued by euro area residents (broken down by sector of the issuer), which are based on financial transactions that occur when an institutional unit acquires or disposes of financial assets and incurs or repays liabilities. The annual growth rates therefore exclude reclassifications, revaluations, exchange rate variations and any other changes which do not arise from transactions.

Table 3.8 shows the outstanding amounts of quoted shares issued by euro area residents broken down by issuing sector. The monthly data for quoted shares issued by non-financial corporations correspond to the quarterly series shown in Table 6.1 (main liabilities, column 20).

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, the NCBs of the euro area member countries (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).

HICP and other prices

The data described in this section and the “Real economy indicators” section 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. As a general rule, however, the availability of comparable data is 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, which 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). 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.

Real economy indicators

With regard to statistics on national accounts (Tables 4.2 and 5.1), the implementation of the ESA 95 from 1999 has begun to pave the way for fully comparable data, including quarterly summary accounts, across the euro area. For data before 1999, the deflators of GDP in Table 4.2.2 are derived from national data in domestic currency. National accounts in the Monthly Bulletin 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 products applied in Tables 4.2.1 and 5.2.1 is the harmonised sub-division of industry excluding construction

(NACE sections C to E) into Main Industrial Groupings as defined by Commission Regulation (EC) No. 586/2001 of 26 March 2001.

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

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.

Saving, investment and financing

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 cover amounts outstanding and 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.

Table 6.2 shows quarterly data on financial accounts for insurance corporations and pensions funds (S.125) in the euro area. As in Table 6.1, the data cover amounts outstanding and financial transactions and show the main financial investment and financing activities of this sector.

The quarterly data in both tables are based on quarterly national financial accounts, MFI balance sheet and securities issues statistics. Table 6.1 also refers to data taken from BIS international banking statistics. Although all euro area countries contribute to the MFI balance sheet and securities issues statistics, Ireland and Luxembourg do not yet provide quarterly national financial accounts data.

Table 6.3 shows annual data on saving, investment (financial and non-financial) and financing for the 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 the two previous tables.

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. The deficit and debt data for the euro area countries may therefore differ from those used by the European Commission in the context of the excessive deficit procedure.

Table 7.1 shows general government revenue and expenditure on the basis of definitions laid down in Commission Regulation (EC) 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 the 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 (including reserves)

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position statistics (Tables 8.8.1 to 8.8.4) generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of May 2003 (ECB/2003/7) on the statistical reporting requirements of the ECB, and to Eurostat's documentation.

The euro area balance of payments (b.o.p.) data are compiled by the ECB. Data up to December 1998 are expressed in ECU. The recent monthly figures should be regarded as provisional. Data are revised with the publication of the figures for the next month and of the detailed quarterly b.o.p. data. Earlier data are revised periodically or as a result of methodological changes in the compilation of the source data.

Some earlier data have been partially estimated and may not be fully comparable with more recent observations. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-euro area residents. For the time being, it is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

A specific methodological note on the monetary presentation of the euro area b.o.p. (Table 8.7) is available in the statistics section of the ECB's website (www.ecb.int). See also Box I on page 15 of the June 2003 issue of the ECB's Monthly Bulletin.

The euro area international investment position (i.i.p.) is compiled on the basis of euro area member countries' positions vis-à-vis non-euro area residents (i.e. considering the euro area as a single economy) from

end-1999 data onwards, with the result that euro area assets and liabilities are shown separately (see also Box 9 on page 71 of the December 2002 issue of the Monthly Bulletin). For end-1997 and end-1998 positions, the i.i.p. is compiled on a “net” basis, i.e. by aggregating national data. The “net” and the “extra-euro area” based compilation methodologies may not give fully comparable results. 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 8.8.5 with the corresponding reserves and related assets held by the ECB. The data in Table 8.8.5 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Earlier data are continually revised. 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 (“Statistical treatment of the Eurosystem’s international reserves”, October 2000).

External trade in goods

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.

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).

Exchange rates

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. When Greece joined the euro area in January 2001, it 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 (PPI), gross domestic product (GDP deflator), unit labour costs in manufacturing (ULCM) and unit labour costs in the total economy (ULCT). Where deflators are not yet available, estimates are used. Rates using the GDP deflator and the ULCT index as deflators refer to the Euro 12, i.e. they include Greece for the entire period.

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. For more detailed information on the calculation of effective exchange rates, see the article entitled “Developments in the euro area’s international cost and price competitiveness” in the August 2003 issue of the Monthly Bulletin (page 67) and the ECB’s Occasional Paper No. 2 (“The effective exchange rates of the euro”, Luca Buldorini, Stelios Makrydakis and Christian Thimann, February 2002), which can be downloaded from the ECB’s website.

Economic and financial developments outside the euro area

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 Eurosystem¹

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

¹ The chronology of monetary policy measures of the Eurosystem taken in 1999 and 2000 can be found on pages 176 to 179 of the ECB Annual report 1999 and on pages 205 to 208 of the ECB Annual report 2000 respectively.

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 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.

10 July 2002

The Governing Council of the ECB decides to reduce the allotment amount for each of the longer-term refinancing operations to be conducted in the second half of 2002 from €20 billion to €15 billion. This latter amount takes into consideration the expected liquidity needs of the euro area banking system in the second half of 2002 and reflects the desire of the Eurosystem to continue to provide the bulk of liquidity through its main refinancing operations.

1 August, 12 September, 10 October, 7 November 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.

5 December 2002

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 2.75%, starting from the operation to be settled on 11 December 2002. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 3.75% and 1.75% respectively, both with effect from 6 December 2002.

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

9 January 2003

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 2.75%, 3.75% and 1.75% respectively.

23 January 2003

The Governing Council of the ECB decides to implement the following two measures to improve the operational framework for monetary policy:

Firstly, the timing of the reserve maintenance period will be changed so that it will always start on the settlement day of the main refinancing operation (MRO) following the Governing Council meeting at which the monthly assessment of the monetary policy stance is pre-scheduled. Furthermore, as a rule, the implementation of changes to the standing facility rates will be aligned with the start of the new reserve maintenance period.

Secondly, the maturity of the MROs will be shortened from two weeks to one week.

These measures are scheduled to come into effect during the first quarter of 2004.

Further to the press release of 10 July 2002, the Governing Council also decides to maintain at €15 billion the allotment amount for each of the longer-term refinancing operations to be conducted in the year 2003. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2003 and reflects the desire of the Eurosystem to continue to provide the bulk of liquidity through its main refinancing operations.

6 February 2003

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 2.75%, 3.75% and 1.75% respectively.

6 March 2003

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage point to 2.50%, starting from the operation to be settled on 12 March 2003. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 3.50% and 1.50% respectively, both with effect from 7 March 2003.

3 April 2003

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 2.50%, 3.50% and 1.50% respectively.

8 May 2003

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 2.50%, 3.50% and 1.50% respectively.

It also announces the results of its evaluation of the ECB's monetary policy strategy. This strategy, which was announced on 13 October 1998, consists of three main elements: a quantitative definition of price stability, a prominent role for money in the assessment of risks to price stability, and a broadly based assessment of the outlook for price developments.

The Governing Council confirms the definition of price stability formulated in October 1998, namely that "price stability is defined as a year-on-year increase in the Harmonised Index of Consumer Prices (HICP) for the euro area of below 2%. Price stability is to be maintained over the medium term". At the same time, the Governing Council agrees that in the pursuit of

price stability it will aim to maintain inflation rates close to 2% over the medium term.

The Governing Council confirms that its monetary policy decisions will continue to be based on a comprehensive analysis of the risks to price stability. At the same time, the Governing Council decides to clarify in its communication the respective roles played by economic and monetary analysis in the process of coming to the Council's overall assessment of risks to price stability.

To underscore the longer-term nature of the reference value for monetary growth as a benchmark for the assessment of monetary developments, the Governing Council also decides that it will no longer conduct a review of the reference value on an annual basis. However, it will continue to assess the underlying conditions and assumptions.

5 June 2003

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 2.0%, starting from the operation to be settled on 9 June 2003. It also decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 3.0% and 1.0% respectively, both with effect from 6 June 2003.

10 July, 31 July, 4 September, 2 October 2003

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 2.0%, 3.0% and 1.0% respectively.

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