



EUROPEAN CENTRAL BANK

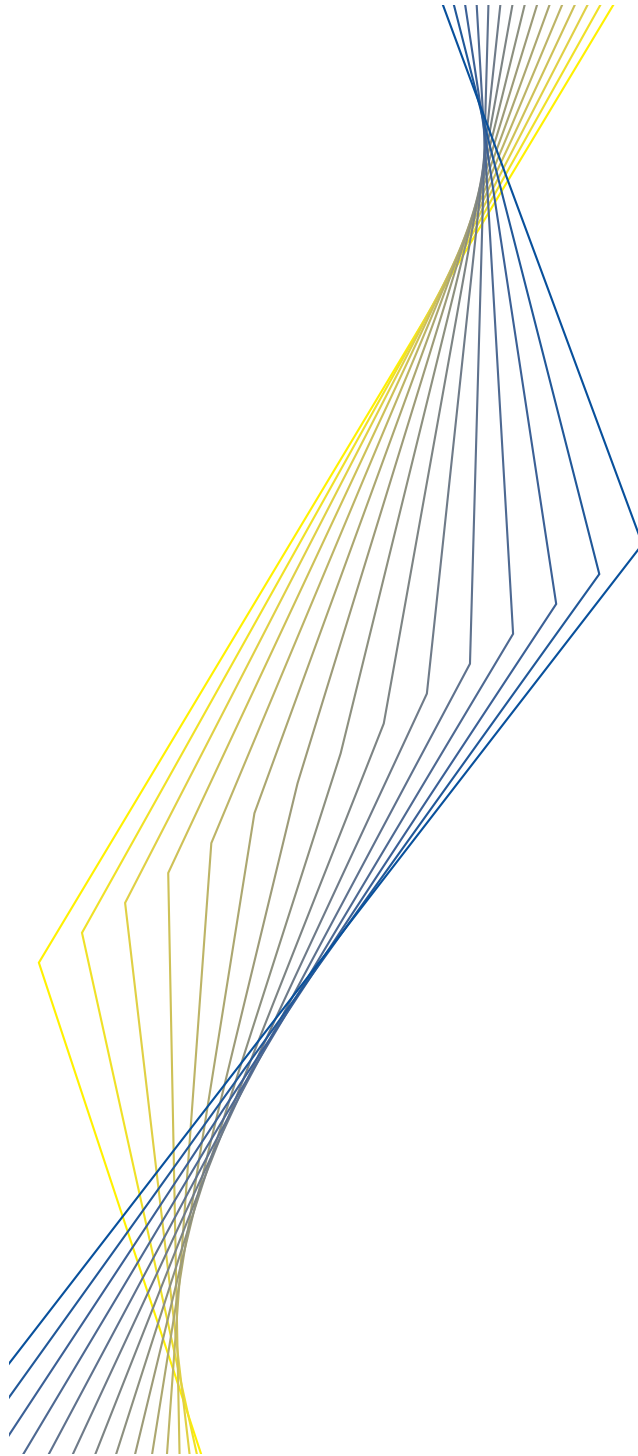
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**M O N T H L Y
B U L L E T I N**

December 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 4 December 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 at their low levels reflects the Governing Council's assessment that the monetary policy stance remains appropriate to preserve price stability over the medium term. While annual inflation rates are likely to fluctuate around 2% over the coming months, a gradual and limited decline in inflation should take place later on. The economic recovery in the euro area has started and confidence has strengthened further. The Governing Council will continue to carefully monitor all developments that might affect its assessment of the risks to price stability over the medium term.

The Governing Council deeply regrets recent developments in the area of fiscal policy, notably the decision taken at the ECOFIN Council meeting on 25 November 2003 not to act on the Commission's recommendations for the next steps in the excessive deficit procedures against France and Germany. As already stressed in the Governing Council's statement issued on the same day (see Box 8 in this issue of the Monthly Bulletin), these developments risk undermining the credibility of the institutional framework and the confidence in sound public finances of Member States across the euro area. A credible fiscal framework is key not only to stability but also to growth, and is a precondition for low risk premia in financial markets to be preserved.

Turning now to the more detailed assessment underlying the decision on key ECB interest rates, in the context of the economic analysis, the latest data releases confirmed that economic activity in the euro area has picked up in the second half of 2003. The recovery in real GDP growth in the third quarter of

the year reflects the upswing in the world economy, which is expected to continue next year.

At the same time, domestic demand is expected to increase. Private consumption should be supported by positive terms-of-trade effects due to the past appreciation of the euro. In the course of time, it should also profit from an increase in employment growth, which can be expected as the recovery unfolds. Business investment should recover gradually, mainly helped by an expansion of external demand, the low level of interest rates and generally favourable financing conditions. Moreover, it should benefit from the ongoing adjustment efforts of the corporate sector to enhance productivity and profitability.

The Eurosystem staff projections, which were available to the Governing Council at the time of its last meeting, are published in this issue of the Monthly Bulletin. They are conditional on a set of technical assumptions, which are based on data available up to mid-November 2003. The staff projections envisage euro area real GDP growth of between 0.2% and 0.6% on average in 2003, rising to between 1.1% and 2.1% in 2004 and to between 1.9% and 2.9% in 2005. Available forecasts from international and private organisations convey a broadly similar picture regarding the outlook for euro area activity. Recent financial market developments are also consistent with this outlook.

In the view of the Governing Council, euro area economic growth is likely to gradually recover over the next quarters, leading to a broader and stronger upswing in the course of next year and the year after. The risks to this main scenario appear to be balanced. Concerns remain about the sustainability of global economic growth in the context of imbalances in some parts of the world economy.

As regards price developments, Eurostat's flash estimate for annual HICP inflation in November was 2.2%, following a rate of 2.0%

in October. Similar rates have prevailed for most of this year and this pattern of annual inflation rates hovering around 2% is likely to continue in the coming months. Due to adverse food price developments, the evolution of oil prices and planned increases in indirect taxes and administered prices, inflation rates will fall neither as quickly nor as strongly as was expected earlier in the year.

However, when assessing price trends beyond the short term, a number of factors should dampen inflationary pressures. First, the past appreciation of the euro will contribute further to subdued import price developments. Second, domestic price pressures should remain moderate. In particular, wage growth should be contained in the context of a recovery which, for the time being, is expected to remain gradual. Wage moderation is also indispensable for fostering employment. Provided that moderate wage growth prevails, the cyclical recovery in productivity should reduce growth in unit labour costs, which has thus far been relatively high when judged against the weakness of the economy.

Overall, this broad picture is also reflected in recently released forecasts and the projections prepared by Eurosystem staff. The staff projections see average annual HICP inflation between 2.0% and 2.2% in 2003, between 1.3% and 2.3% in 2004 and between 1.0% and 2.2% in 2005.

At the same time, the outlook for inflation is conditional on quite a number of assumptions, such as those on global developments, oil prices, exchange rates, wage developments and fiscal measures. Therefore, elements of risk to the outlook for price stability need to be kept in mind. In this respect, financial market indicators for inflation expectations have shown some upward momentum over recent months. While technical factors might also have played a role in the movement of these indicators, and other indicators – such as survey-based measures of long-term inflation expectations – have remained

broadly unchanged, inflation expectations warrant close monitoring.

Turning to the monetary analysis, M3 growth has been very strong over the past two years, reflecting portfolio shifts, precautionary savings and the low level of interest rates. The low level of interest rates has also supported the growth of credit demand. The accumulation of excess liquidity is not of concern for price stability at the current juncture, given that, for the time being, the economic recovery is only gradual. However, should high excess liquidity continue to prevail once there is a significant strengthening of economic activity, it could lead to inflationary pressures in the medium term. Therefore monetary developments need to be carefully monitored.

In summary, the economic analysis indicates that the main scenario for price developments in the medium term continues to be in line with the definition of price stability. This picture is confirmed by cross-checking with the monetary analysis.

Concerning fiscal policies, maintaining confidence in the soundness of public finances is essential for sustainable growth in consumption and investment. In this regard, the overall fiscal framework of the Stability and Growth Pact remains of central importance and should be fully respected. The same applies to the requirement to avoid and correct excessive deficits, laid down in Article 104 of the Treaty, and to the reference values of 3% and 60% for the deficit and debt-to-GDP ratios respectively, specified in the Protocol on the excessive deficit procedure annexed to the Treaty. These are the foundations for trust and confidence in EMU.

The Governing Council took note of the commitments made by France and Germany to correct their excessive deficits as rapidly as possible and at the latest by 2005. Moreover, it noted that the ECOFIN Council stands ready to give notice to the two governments to take measures that would lead to a correction of their excessive deficits,

should they fail to act in accordance with their commitments. The Governing Council strongly urges the governments concerned to live up to their responsibilities.

This is also crucial in the context of structural reform. Enhancing the competitiveness of the euro area, in particular in labour and product markets, increasing the efficiency of the tax systems and ensuring the sustainability of social security schemes all foster a better allocation and utilisation of capital and human resources. There is no doubt that measures in these respects would improve the growth perspectives of the euro area and enhance

flexibility to adjust to economic shocks in the individual Member States. However, in order to foster confidence in the shorter term, convincing assurance must be given that these challenges are indeed being tackled in a decisive manner and that clear action is being taken. While some progress has been made, the Governing Council strongly encourages governments to accelerate the implementation of structural reforms and also calls upon social partners to fully commit themselves to the objective of making the euro area a more dynamic and innovative economy.

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 4 December 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).

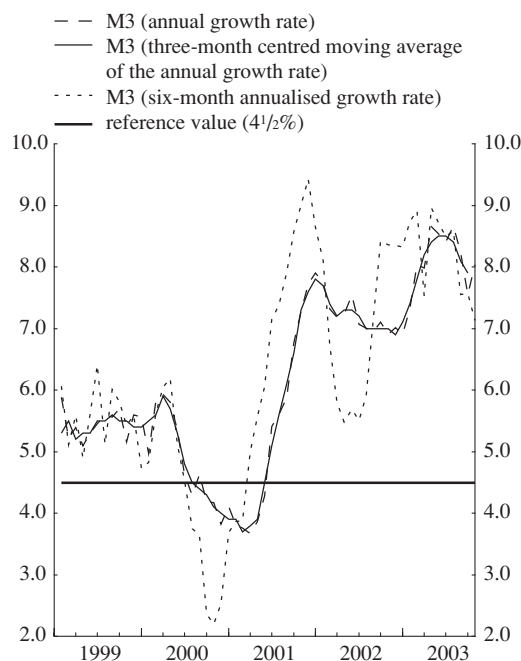
Moderation of M3 growth proceeding very slowly

While annual M3 growth seems to have passed its peak of the summer months, the moderation is proceeding very slowly. The three-month average of the annual growth rates of M3 declined further to 7.9% in the period from August to October 2003, after peaking at 8.5% in the periods April to June and May to July (see Chart 2). However, in

Chart 2

M3 growth and the reference value

(adjusted for seasonal and calendar effects)



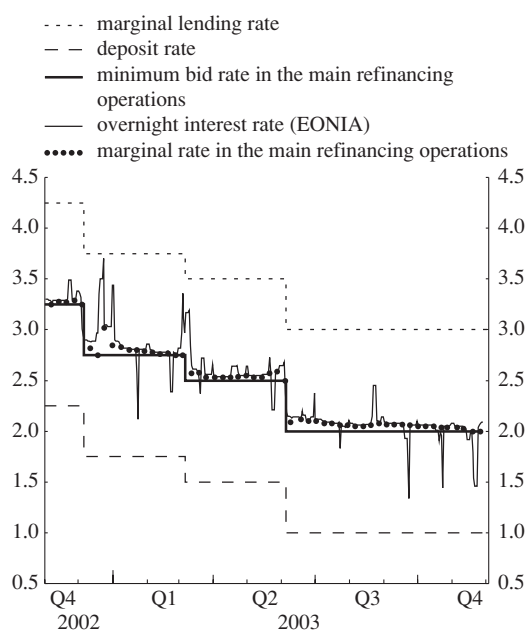
Source: ECB.

October the annual growth rate of M3 rose again, to 8.0%, reflecting a strong month-on-month expansion of M3.

Chart 1

ECB interest rates and money market rates

(percentages per annum; daily data)



Sources: ECB and Reuters.

The monetary data for August and September pointed to an incipient reversal of past portfolio shifts into monetary assets against a background of improved conditions in financial markets. Other things being equal, the favourable developments in financial markets in October and the continuing improvement in the economic outlook should have been conducive to a continuation of this trend. However, the fact that M3 growth actually increased in October suggests that some counterbalancing factors were at work.

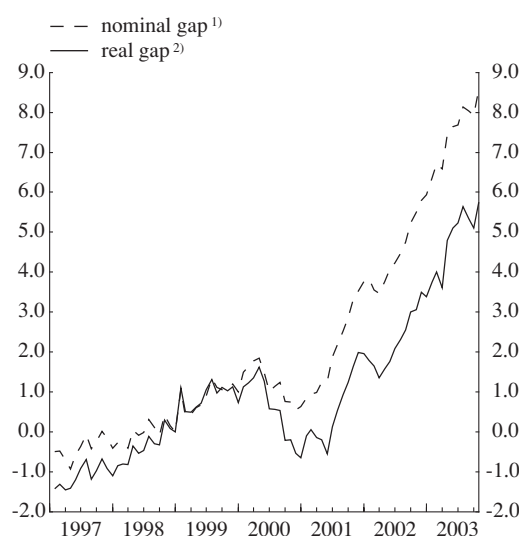
In this regard, a sharp reduction in deposits held by central governments with MFIs boosted M3 growth. Treasury operations involving monetary transfers from central government to non-MFIs have a positive impact on M3 because central government is not considered part of the money-holding sector.

In addition, other, more fundamental factors seem to have been at work over recent months. In particular, the low interest rates across the entire maturity spectrum and the resulting low opportunity costs seem to have bolstered the demand for monetary assets, especially for the most liquid monetary assets included in the narrow aggregate M1. In addition, the increasing growth in credit to general government has contributed to faster monetary creation over the past few months.

The strong monetary growth experienced in the euro area over the last two years has resulted in the accumulation of significantly more liquidity than is needed to finance non-inflationary economic growth. This is illustrated by the sharp rise in measures of the nominal and real money gaps over the same period (see Chart 3). The nominal money gap measure refers to the difference between the actual level of M3 and the level of M3 that would have resulted from M3 growth at its reference value (4½% p.a.) since

Chart 3
Estimates of the nominal and real money gaps

(as a percentage of the stock of M3)

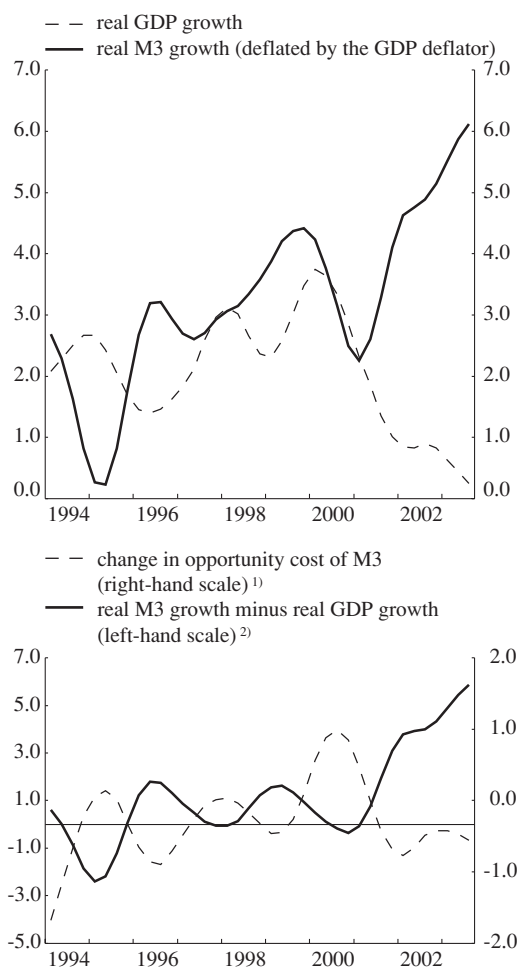


Source: ECB.

- 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.

Chart 4
Real M3, real GDP and opportunity costs of M3

(four-quarter moving averages of annual percentage changes)



Source: ECB.

Note: The annual growth rates of real GDP and the GDP deflator in the third quarter of 2003 are assumed to be equal to those in the second quarter. Data for M3, real GDP and the GDP deflator are seasonally adjusted.

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

December 1998. 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 that 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. While the choice of the base period is somewhat arbitrary, this should not alter the conclusion

that a large amount of excess liquidity has been accumulated in the euro area.

In the third quarter of 2003 the annual growth rate of M3 continued to be significantly higher than could be explained by developments in its main traditional determinants, i.e. real income and the opportunity cost of holding money. As shown in Chart 4, there is a growing gap between real M3 growth and real GDP growth that cannot be entirely explained by the low level of the opportunity costs of M3. This seems to confirm that over the last two years other factors, such as portfolio shifts and precautionary savings, have fuelled monetary growth.

All main components of M3 contributed to its strong dynamics

In October 2003 the annual growth rate of the narrow monetary aggregate M1 reached 12.5% (see Table 1), returning to levels last observed in 1999. While continuing its gradual decline from the highs recorded at the beginning of 2003, the annual growth rate of currency in circulation remained very high (26.1%). The robust dynamics of currency in circulation in October reflect that economic agents (both inside and outside the euro area)

continue to replenish their currency holdings following the euro cash changeover on 1 January 2002. As a result, the stock of currency in circulation has now returned to levels broadly in line with the long-term trend observed in these instruments before the euro cash changeover.

The annual growth rate of overnight deposits has risen rapidly so far in 2003, from 6.2% in January to 10.4% in October. The low level of their opportunity cost has probably been the main factor behind the increase in the growth of overnight deposits over the course of the year.

The annual growth rate of other short-term deposits was 4.2% in October, down from 5.4% in the second quarter of 2003. The weaker growth of this component of M3 reflected lower rates of change in time deposits and savings deposits. Time deposits have been recording negative annual growth rates since the second quarter and the negative growth differential between these and savings deposits has widened further. This may have partly reflected shifts prompted by the almost complete elimination of the spread between the respective remuneration rates of time and savings deposits over recent months (see Chart 5).

Table 1

Components of M3

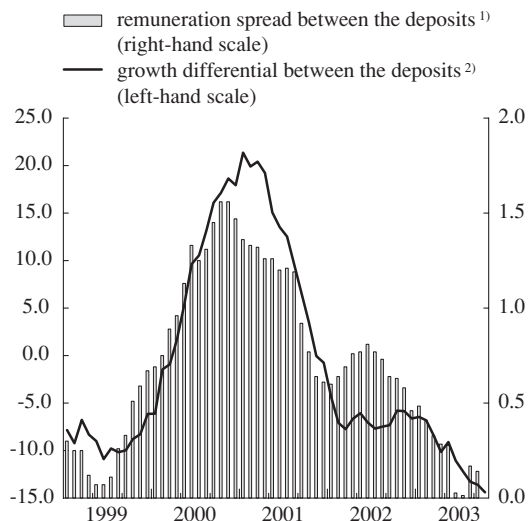
(annual percentage changes; quarterly averages; adjusted for seasonal and calendar effects)

	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Oct.
M1	7.6	8.8	10.3	11.5	11.7	12.5
Currency in circulation	-7.7	12.9	39.1	35.7	29.6	26.1
Overnight deposits	10.3	8.1	6.6	8.2	9.1	10.4
M2 - M1 (= other short-term deposits)	5.5	4.9	4.3	5.4	5.5	4.2
Deposits with an agreed maturity of up to 2 years	1.4	1.5	0.4	-0.1	-1.6	-4.0
Deposits redeemable at notice of up to 3 months	8.8	7.7	7.3	9.6	11.0	10.4
M2	6.5	6.7	7.1	8.2	8.4	8.2
M3 - M2 (= marketable instruments)	10.4	8.5	10.5	9.8	7.4	7.4
Repurchase agreements	3.2	2.2	8.4	2.5	-2.1	-0.5
Money market fund shares/units	22.5	18.5	16.6	17.5	16.9	15.3
Debt securities issued with a maturity of up to 2 years	-9.5	-8.8	-5.4	-5.3	-14.2	-11.8
M3	7.0	7.0	7.6	8.5	8.3	8.0

Source: ECB.

Chart 5 Short-term time and savings deposits and their remuneration spread

(differences in percentage points)



Source: ECB.

1) Euro area retail interest rates until December 2002; MFI interest rates since January 2003.

2) Difference between the annual growth rate of short-term time deposits (deposits with agreed maturity of up to two years) and that of short-term savings deposits (deposits redeemable at notice of up to three months); data for short-term time and savings deposits are adjusted for seasonal and calendar effects.

The annual growth rate of marketable instruments included in M3 was 7.4% in October, down from 9.8% in the second quarter of 2003. The annual growth in money market fund shares/units – instruments which, like overnight deposits, are well suited for

parking money in times of high uncertainty – declined in October to 15.3%, continuing the downward movement observed in recent months. By contrast, the annual rates of change of the other components of marketable instruments – repurchase agreements and short-term debt securities issued by MFIs – remained negative in October.

Growth in loans to the private sector remained broadly stable in October

With regard to the counterparts of M3 in the consolidated balance sheet of the euro area MFI sector, the annual growth rate of total credit granted to euro area residents increased in October to 5.7%, up from 4.8% in the second quarter of 2003, continuing the upward trend that began in the first quarter of this year. In particular, this trend reflected stronger growth in credit extended to general government (see Table 2).

The annual growth rate of credit to general government increased in October to 6.8%, up from 3.5% in the second quarter of 2003. Growth in credit to general government has been on the rise since mid-2002, driven by the deteriorating budgetary positions in the euro area. The increase in the dynamics of credit to general government has largely

Table 2 Counterparts of M3

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

	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 Oct.
Longer-term financial liabilities (excluding capital and reserves)						
Deposits with an agreed maturity of over 2 years	5.1	5.2	5.1	5.2	5.6	6.5
Deposits redeemable at notice of over 3 months	1.9	2.7	3.5	3.9	4.5	5.0
Debt securities issued with a maturity of over 2 years	-11.2	-9.1	-7.9	-9.1	-13.2	-14.4
Credit to euro area residents	8.8	8.1	7.1	7.1	7.6	8.9
Credit to general government	4.2	4.1	4.2	4.8	5.4	5.7
Securities other than shares	1.2	2.0	2.0	3.5	4.8	6.8
Loans	2.6	4.2	4.3	6.1	7.4	10.3
Credit to other euro area residents	-0.9	-1.2	-1.2	-0.4	1.0	1.4
Securities other than shares	5.0	4.7	4.8	5.1	5.5	5.4
Shares and other equities	7.3	6.8	8.7	14.3	15.7	15.7
Loans	0.9	2.6	1.2	5.1	6.3	3.2
Loans	5.3	4.8	5.0	4.6	4.9	5.1

Source: ECB.

reflected the strong growth in MFI holdings of debt securities. However, in recent months the annual growth rate of MFI loans to general government has also turned positive. Thus, the higher growth of MFI credit to governments prompted by rising fiscal deficits has contributed to foster the creation of money in the euro area.

The annual growth rate of MFI loans to the private sector was 5.1% in October, compared with 4.6% in the second quarter of 2003 and 5.0% in the first quarter. The shorter-term dynamics of loans suggest a pick-up in loan growth over recent months, possibly reflecting in particular the favourable financing conditions.

Among the other counterparts of M3, the annual growth rate of MFIs' longer-term financial liabilities (excluding capital and reserves) was 6.5% in October, up from 5.2% in the second quarter. Growth in this counterpart of M3 has gradually increased since the start of this year. In October the annual growth rates of deposits with an agreed maturity of over two years and of debt securities with a maturity of over two years issued by MFIs were 5.0% and 8.9% respectively, compared with 3.5% and 7.1% in the first quarter of the year. The rising

demand for MFI longer-term liabilities may have reflected the steepening of the yield curve over recent months.

In October 2003 the net external asset position of the euro area MFI sector increased by €8 billion. Over the 12 months up to October the net external assets of the euro area MFI sector increased by €138 billion. At the same time, the level of the 12-month flows of net external assets of MFIs has significantly declined over the last three quarters (see Chart 6), possibly pointing to some portfolio rebalancing by euro area residents. In fact, other things being equal, the increased acquisition of foreign financial assets by euro area non-MFI residents translates into lower net external assets of the MFI sector.

Liquidity in the euro area remains ample

Following the strong monetary growth recorded over the last two years, there is at present significantly more liquidity in the euro area than is needed to finance non-inflationary economic growth. This accumulated liquidity is the result of past portfolio shifts, precautionary savings and the low level of interest rates. While the existence of this excess liquidity should not be a cause for concern in the environment of subdued economic activity observed for the last two years, it could lead to inflationary pressures in the medium term if it were to persist at a time of significantly strengthening economic growth. Therefore, it is important to monitor closely the extent to which past portfolio shifts into money are reversed and whether there is a risk of accumulated liquidity feeding into aggregate spending.

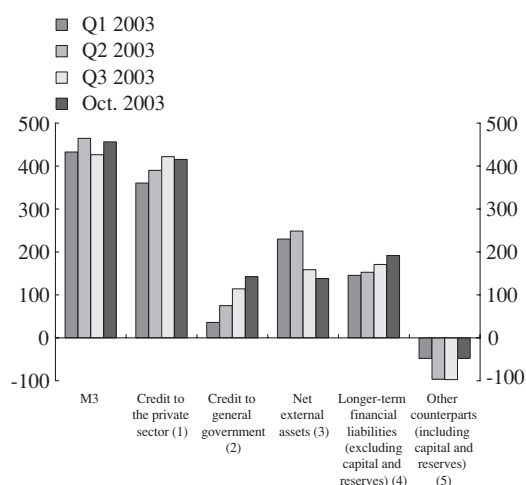
Some stabilisation in investment fund assets in the second quarter of 2003

The annual rate of change in the value of total assets of euro area investment funds was -2.6% at the end of the second quarter of 2003, compared with -15.6% at the end

Chart 6

Movements in M3 and its counterparts

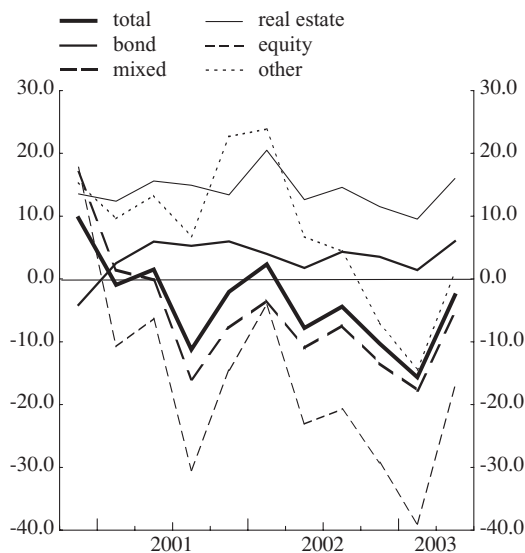
(annual flows, end of period; EUR billions; adjusted for seasonal and calendar effects)



Source: ECB.

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

Chart 7
Annual growth in the value of total assets of investment funds in the euro area, broken down by investment policy
(annual percentage changes; end-of-period stock data)



Source: ECB.

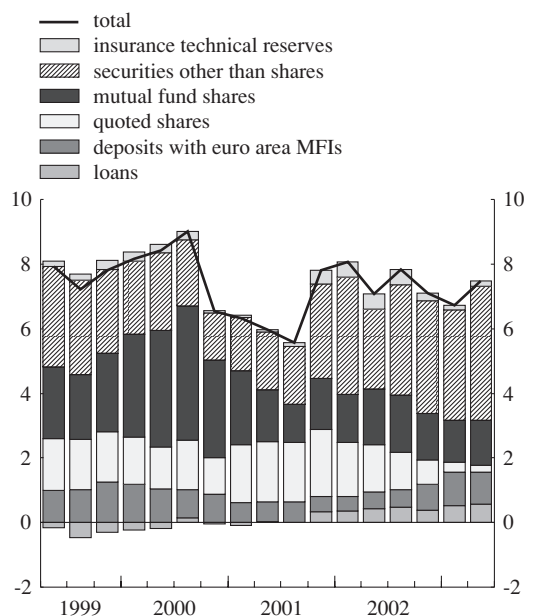
of the previous quarter (see Chart 7). Underlying this development in total investment fund assets were diverging trends in the value of assets of different investment fund categories according to investment policy, which were largely driven by changes in financial asset prices. The value of total assets held by equity funds declined by 17.2% year on year in the second quarter of 2003. At the same time, the annual rates of decline in the Dow Jones EURO STOXX index and Standard & Poor's 500 index were 20.7% and 1.6% respectively. In contrast, the annual growth in the value of the balance sheet total of euro area bond funds was positive and amounted to 6.0% over this period, partly on account of rising bond prices.

Data from the Fédération Européenne des Fonds et Sociétés d'Investissement, the European investment fund sector association, show that, in contrast to previous quarters, the net flow into equity funds, as reported for eight euro area countries, was positive in the second quarter of 2003. Bond funds also continued to record positive net flows in the second quarter.

Higher growth in financial investment of insurance corporations and pension funds in the second quarter of 2003

The annual growth rate of the financial investment of insurance corporations and pension funds in the euro area increased from 6.7% in the first quarter of 2003 to 7.5% in the second quarter (see Chart 8). This increase reflected higher annual growth rates in the acquisition of debt securities (from 9.7% to 11.5%), mutual fund shares (from 7.4% to 8.1%) and loans (from 5.7% to 5.9%). By contrast, in the second quarter of 2003 the annual growth rate of insurance corporations' and pension funds' holdings of deposits with euro area MFIs and quoted shares fell from 7.3% to 6.7% and from 1.5% to 1.1% respectively, compared with the previous quarter. Insurance corporations and pension funds therefore continued to reduce their share of holdings of quoted shares in total assets while increasing their relative exposure to debt securities and mutual fund shares in the second quarter.

Chart 8
Financial investment of insurance corporations and pension funds in the euro area
(annual growth rates; contributions in percentage points)



Source: ECB.

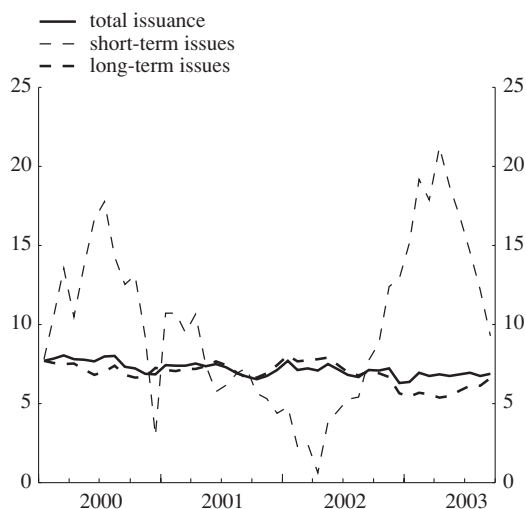
On the liability side of the insurance corporation and pension fund sector, the annual growth rate of technical reserves was broadly unchanged at 6.7% in the second quarter of 2003. Technical reserves account for around 95% of the liabilities of insurance corporations and pension funds and mainly reflect households' and corporations' investment in insurance and pension products.

Growth in corporate debt securities issuance remained strong in the third quarter

In the third quarter of 2003 the average annual growth in the amount outstanding of debt securities issued by euro area residents remained broadly unchanged at 6.5% compared with the previous quarter (see Chart 9). Underlying this development was a decline in the average annual growth in the amount outstanding of short-term debt securities to 14.4% in the third quarter from 20.6% in the second, whereas the average annual growth in the amount outstanding

Chart 9 Annual growth rates of debt securities issued by euro area residents

(annual percentage changes)

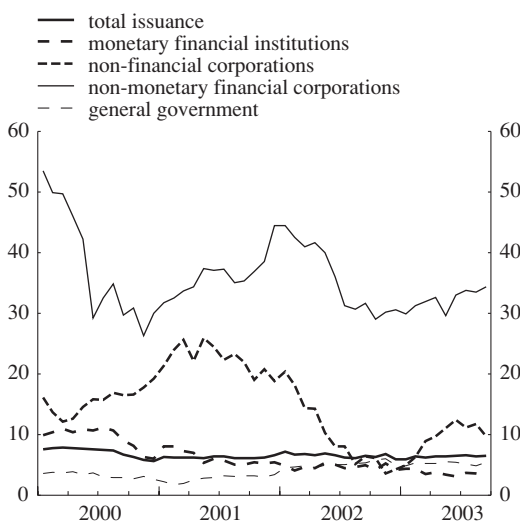


Source: ECB.

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.

Chart 10 Sectoral breakdown of euro-denominated 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 long-term debt securities increased by 0.6 percentage point to 5.7% over the same period.

The breakdown by currency shows that the average annual growth in the amount outstanding of euro-denominated debt securities issued by euro area residents in the third quarter remained at 6.5%, unchanged from the previous quarter. In the same period, the average annual growth in non-euro-denominated debt securities issued by euro area residents decreased by 0.2 percentage point to 10.0% in the third quarter. Of the amount outstanding of debt securities issued by euro area residents, 91.4% was denominated in euro at the end of the third quarter of 2003, which was the same proportion as at the end of the second quarter.

Turning to the sectoral breakdown of euro-denominated debt securities issuance (see Chart 10), the average annual growth in the amount outstanding of debt securities issued

by MFIs remained broadly unchanged in the third quarter at 3.6%. Underlying this development was a decrease in the average annual growth rate of the amount outstanding of short-term securities, which fell to 12.8% in the third quarter from 21.9% in the second. Over the same period, the average annual growth rate of the amount outstanding of long-term securities increased to 2.5%, up from 1.4% in the second quarter. On a consolidated basis, the annual growth in debt securities with a maturity of over two years issued by MFIs increased in the third quarter by 0.7 percentage point to 7.9%.

With regard to non-financial corporations, the average annual growth in the amount outstanding of debt securities decreased slightly to 10.9% in the third quarter of 2003. This indicates a stabilisation of the growth rate which had been on an upward trend since the beginning of 2003. The average annual growth in outstanding long-term debt securities issued by non-financial corporations rose slightly to 11.4% in the third quarter. In the case of short-term debt securities, the average annual growth rate decreased by 3.0 percentage points to 8.8% in the third quarter. To some extent, the continued high growth in corporate debt securities issuance can be explained by the low financing costs and the ongoing use of the debt securities

markets to finance mergers and acquisitions (see Box 1).

For non-monetary financial corporations, the average annual growth in debt securities issuance rose to 33.9% in the third quarter, from 31.8% in the second. The high growth rate reflects the high level of securitisation activity through special purpose vehicles (SPVs) which are used to issue securities partly in order to indirectly finance non-financial corporations.

With regard to the general government sector, the average annual growth in the amount outstanding of debt securities issued by central government was unchanged in the third quarter of 2003 at 4.5%. The central government sector decreased its borrowing through the issuance of short-term debt securities, the annual growth rate of which stood at 17.0% in the third quarter, compared with 21.9% in the second. At the same time, the average annual growth in the amount outstanding of debt securities issued by other general government sub-sectors (primarily state and local governments) decreased to 20.6% in the third quarter, from 27.5% in the second. The still high issuance activity in this sector can be explained by the high financing needs of local authorities in a few euro area countries.

Box I

Recent trends in merger and acquisition finance

This box takes a closer look at some recent developments in the financing pattern of mergers and acquisitions (M&A) in the euro area. In the late 1990s the corporate restructuring process, as reflected in mergers and acquisitions, ran at an unprecedented pace (see Chart A). Reaching its peak in 2000, a sizeable part of this activity was accounted for by a few, very large deals: the Vodafone/Mannesmann transaction alone amounted to €204.8 billion and represented approximately 25% of the total M&A activity in 2000. The total number of deals also peaked in 2000, at over 6,500, compared with an average of 4,000 a year in the 1990s.

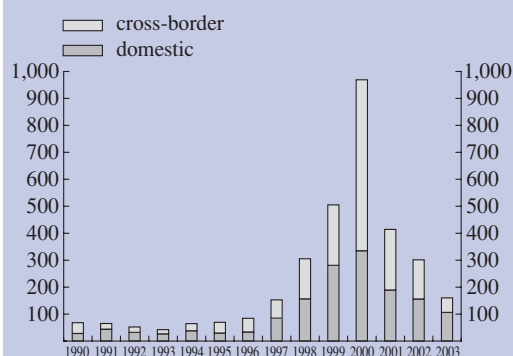
Between 1998 and 2000 the combination of the introduction of the euro, which enhanced the process of consolidation, and the boom in the stock markets contributed to the boost in M&A activity, which in turn led to a strong demand for funding. There is empirical evidence that the boost in M&A affected both the growth of MFI loans and the debt securities market.¹

Chart A outlines developments in M&A-related payments between 1990 and the first ten months of 2003. As can be seen from the chart, the decline in M&A activity after 2000 has been less pronounced for domestic, i.e. intra-euro area, flows and more pronounced for cross-border flows.

Chart B shows developments in intra-euro area M&A-related cash and non-cash payments, respectively. Non-cash payments, which are mostly exchanges of shares, as a portion of all domestic M&A deals in the euro area were high in 1999-2001, but have fallen to around 10% in the first few months of 2003. This has contributed to the very low levels of equity issuance in 2002 and 2003. In contrast, intra-euro area M&A-related cash payments are currently still at a high level compared with the early and mid-1990s. The ongoing need to finance substantial cash payments for M&A appears to be one factor contributing to the presently robust debt financing of corporations.

Chart A: M&A activity in the euro area¹⁾

(EUR billion)

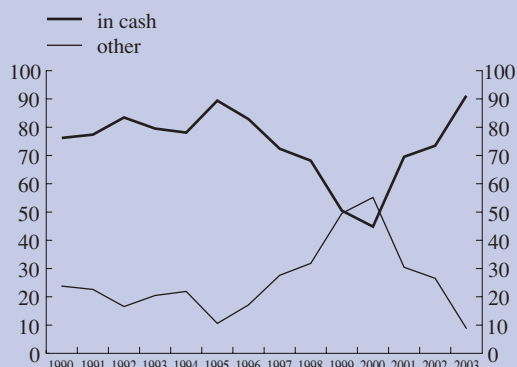


Source: Thomson Financial Deals.

1) Involving all deals where euro area firm is either bidder or target.

Chart B: Forms of payment of domestic M&A in the euro area¹⁾

(as % of total)



Source: Thomson Financial Deals.

1) Involving all deals where euro area firm is bidder and target.

¹ See "A monthly monetary model with banking intermediation for the euro area", A. Bruggeman and M. Donnay, 2003 (ECB Working Paper No. 264) and "Euro area corporate debt securities market: first empirical evidence", G. de Bondt, 2002 (ECB Working Paper No. 164).

Overall debt financing of the non-financial sector grew at a relatively robust pace in the third quarter of 2003

The debt financing of the non-financial sector (i.e. households, non-financial corporations and general government) continued to grow at a relatively robust pace in the third quarter of 2003. The annual rate of growth is estimated to have increased slightly to 5¾%, from 5.6% in the second quarter (see Table 3). This further slight rise is likely to be related to the low cost of debt financing. In addition, with regard to general government, the weak economic growth in the first half of 2003 has put strains on governments'

revenues in relation to their expenditure, thus increasing their financing needs.

Mainly as a result of low mortgage rates and ongoing increases in house prices (see Box 5 in Section 2), households continued to increase their debt financing in the third quarter at a rapid pace. The annual rate of growth of household debt financing is estimated to have risen to 6¾%, from 6.4% in the second quarter (see Chart 11). In particular, there was continued strong growth in long-term debt financing (with an original maturity of over one year), mainly consisting of housing loans. In contrast, in the third quarter the annual rate of change of

Table 3
Financing of euro area non-financial sectors

	Outstanding amount as a percentage of (sector) financing ¹⁾	Annual growth rates									
		2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3 ²⁾
Non-financial sectors	100	5.5	4.9	4.5	4.5	4.2	4.1	3.9	4.2	4.6	.
of which: long-term financing ³⁾	84.5	4.9	4.6	4.4	4.9	4.6	4.7	4.1	4.1	4.3	.
Debt financing ⁴⁾	84.7	6.6	6.2	5.5	5.4	5.2	4.8	4.7	5.3	5.6	5 ¾
of which: short-term debt financing	15.5	9.6	6.9	5.1	2.5	1.5	0.7	2.2	5.0	6.9	7 ¾
of which: long-term debt financing	69.2	6.0	6.0	5.7	6.1	6.0	5.8	5.3	5.4	5.3	5 ½
Households^{4),5)}	22.9	6.4	5.8	5.8	5.8	6.3	6.5	6.7	6.6	6.4	6 ¾
of which: short-term debt financing	7.6	2.2	0.7	-0.7	-0.6	1.0	1.1	2.8	1.0	-1.0	-1 ¼
of which: long-term debt financing	92.4	6.8	6.3	6.4	6.4	6.8	7.0	7.0	7.1	7.0	7 ½
Non-financial corporations	43.5	7.2	6.2	5.1	4.3	3.5	2.9	2.5	2.9	3.3	.
of which: long-term financing	80.3	6.0	5.8	5.1	5.1	4.9	4.5	3.5	3.4	3.2	.
Debt financing ⁴⁾	64.8	13.0	11.4	8.8	6.7	5.8	4.2	3.9	4.9	5.1	5 ½
of which: short-term debt financing	19.7	14.5	8.6	4.7	0.6	-3.0	-3.7	-2.6	0.3	3.7	3 ½
of which: long-term debt financing	45.1	12.2	12.7	10.9	9.8	10.3	8.0	7.0	7.0	5.7	6 ½
of which: loans	52.4	11.6	9.9	7.1	5.5	5.3	3.7	3.8	4.4	4.1	4 ¾
of which: securities other than shares	8.5	28.7	26.7	24.5	16.2	9.7	7.1	4.2	7.9	11.7	9 ½
of which: pension fund reserves	3.9	5.0	5.1	4.6	4.7	4.7	4.9	5.2	5.1	5.1	5
Quoted shares	35.2	2.5	1.7	1.5	1.7	0.9	1.2	0.7	0.4	0.8	.
General government⁴⁾	33.7	1.9	2.2	2.7	4.1	3.9	4.2	4.1	4.7	5.4	5 ¼
of which: short-term debt financing	15.4	3.4	6.3	8.6	8.0	11.6	9.7	12.0	16.3	16.1	19 ¼
of which: long-term debt financing	84.6	1.6	1.6	1.8	3.5	2.8	3.4	2.9	2.9	3.6	3
of which: loans	15.8	-2.6	-1.6	-0.5	0.4	-0.6	-0.8	-2.1	-2.3	-0.6	½
of which: securities other than shares	80.4	2.8	2.9	3.2	4.6	4.6	5.0	5.2	6.0	6.4	6
of which: central government deposit liabilities	3.7	4.9	5.7	8.6	12.9	13.2	13.6	12.7	11.5	12.1	12

Source: ECB.

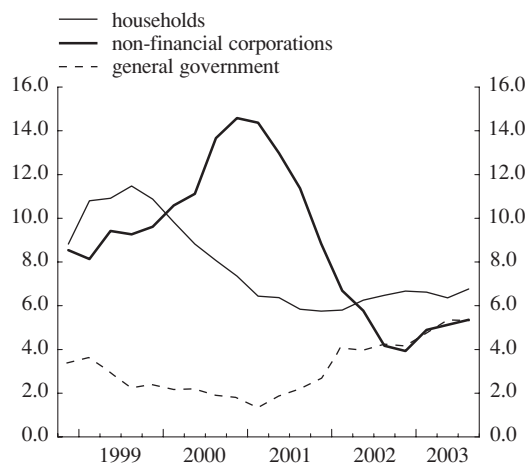
Note: For details, see footnote to Table 6.1 in the "Euro area statistics" section of the Monthly Bulletin.

- 1) As at the end of the second quarter of 2003. Short-term and long-term (debt) financing and sector financing as a percentage of financing. Sector short-term and long-term (debt) financing and financing instruments as a percentage of sector financing. Figures may not add up exactly due to rounding.
- 2) Figures for the most recent quarter shown in the table have been estimated on the basis of transactions reported in money and banking statistics and in securities issues statistics.
- 3) Long-term financing with an original maturity of over one year includes long-term loans, long-term debt securities issued, quoted shares issued and pension fund reserves of non-financial corporations.
- 4) Debt financing includes loans, debt securities issued, pension fund reserves of non-financial corporations and deposit liabilities of central government. Short-term debt financing with an original maturity of up to one year includes short-term loans, short-term debt securities issued and deposit liabilities of central government. Long-term debt financing equals long-term financing excluding quoted shares issued.
- 5) Including non-profit institutions serving households.

Chart 11

Debt financing by the non-financial sectors

(annual percentage changes)



Source: ECB.

Note: For details, see Table 3.

household short-term debt financing (with an original maturity of up to one year), mainly consisting of consumer credit and other loans, continued to decrease. As a consequence, the debt-to-GDP ratio of households is estimated to have increased to 52% in the third quarter from 51.5% in the second quarter (see Chart 12). This increase notwithstanding, euro area households' financial positions appear to be relatively sound, even though differences may exist in this respect across euro area countries.

Non-financial corporations' debt financing is growing more slowly than that of households, although its pace picked up somewhat in the first three quarters of 2003. The low cost of debt financing compared with equity financing has contributed to the rise in demand for debt instruments. In the third quarter the annual growth of debt financing of non-financial corporations is estimated to have been around 5¼%, up from 5.1% in the second quarter. In particular, long-term debt financing growth is estimated to have again been somewhat stronger, reflecting the very low levels of corporate bond yields and long-term MFI retail bank interest rates in the third quarter. The annual growth of short-term debt financing of non-financial

corporations is estimated to have remained broadly stable in the third quarter, at 3½%, after recovering somewhat in the second quarter. The debt-to-GDP ratio of non-financial corporations is estimated to have stabilised at just above 63% in the third quarter.

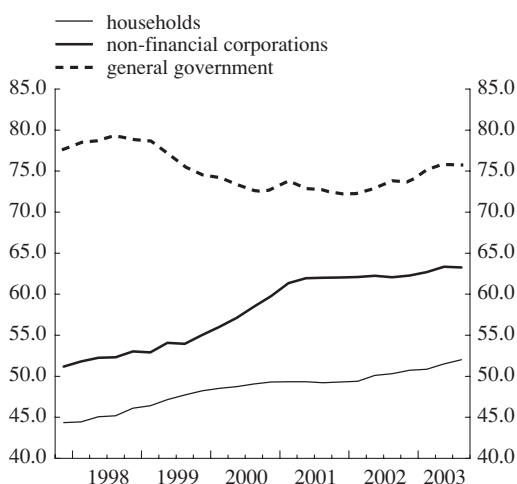
Information on quoted share issuance by non-financial corporations is only available up to the second quarter of 2003. In that quarter, the annual growth of quoted shares issued picked up slightly, to 0.8% from 0.4% in the first quarter, at a time of more favourable stock market developments.

The annual growth of debt financing of general government is estimated to have been 5¼% in the third quarter of 2003, similar to the previous quarter. In particular, short-term debt financing growth remained high, at 19¼%, indicating acute financing needs stemming from revenue shortfalls and higher expenditure, most likely linked to cyclical factors. In addition, the

Chart 12

Ratio of debt to GDP of the non-financial sectors

(in percentages)



Source: ECB.

Note: For details, see Table 3. Compared with the annual financial accounts, the ratio of debt to GDP is somewhat lower on the basis of the quarterly financial accounts, mainly due to the fact that loans granted by non-financial sectors and by banks outside the euro area are not included. The debt-to-GDP ratio of general government differs somewhat from the public debt definition set out in the excessive deficit procedure, owing to differences in valuation, coverage and treatment of accrued interest.

steepening of the yield curve probably contributed to governments' preferences for short-term debt financing.

Higher investment in shares by the non-financial sector in the second quarter of 2003

The annual growth rate of financial investment by the non-financial sector increased in the second quarter of 2003 to 5.0%, up from 4.5% in the first quarter (see Table 4).¹ This rise was mainly driven by short-term financial investment, whereas long-term financial investment remained broadly stable.

The annual growth of short-term investment rose to 5.8% in the second quarter, from 5.2% in the previous quarter. This reflects the fact that the non-financial sector continued to have a preference for safe and liquid assets, as had already been indicated by M3 developments in that quarter.

The annual growth of long-term financial investment by the non-financial sector remained broadly stable in the second quarter at 4.1%. Within long-term investment, however, there was a clear shift in preferences towards shares (including mutual fund shares) and away from debt securities. The annual growth of the investment in quoted shares rose to 2.6% in the second quarter, up from 1.5% in the first quarter. The increase in stock prices from the low of the first quarter as well as the considerably lower stock market volatility have been important factors in this recovery. In contrast, the annual growth of investment in long-term debt securities dropped to 0.4% from 3.0% in the first quarter. The strong fall in bond yields and the rise in bond market volatility in the second quarter might have played a role in this development.

¹ Data on the financial investment of the non-financial sector are only available up to the second quarter of 2003. In addition, no sector breakdown is currently available.

Table 4
Financial investment of the euro area non-financial sector

	Outstanding amount as a percentage of financial investment ¹⁾	Annual growth rates									
		2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3
Financial investment	100	6.2	5.7	4.6	4.7	4.6	4.9	4.5	4.5	5.0	.
<i>of which:</i> short-term financial investment ²⁾	43.3	5.1	5.6	5.7	4.8	4.8	5.2	5.4	5.2	5.8	.
<i>of which:</i> long-term financial investment ³⁾	55.4	6.7	6.0	4.2	4.6	4.6	4.7	4.1	4.0	4.1	.
Currency and deposits	38.2	4.2	4.3	4.5	4.7	4.6	4.6	4.9	5.8	6.5	.
Securities other than shares	13.3	12.2	9.0	7.7	5.4	4.9	5.8	4.4	0.7	-0.4	.
<i>of which:</i> short-term	1.5	32.5	15.9	3.6	-7.7	-12.0	1.3	2.4	-13.1	-6.5	.
<i>of which:</i> long-term	11.9	9.5	8.0	8.3	7.8	7.5	6.4	4.7	3.0	0.4	.
Mutual fund shares	12.0	5.4	6.3	5.6	5.4	5.7	5.9	4.4	5.4	6.7	.
<i>of which:</i> mutual fund shares, excluding money market fund shares	9.4	4.9	5.0	3.7	3.2	3.9	4.1	3.2	4.3	5.5	.
<i>of which:</i> money market fund shares	2.6	9.3	16.8	21.2	21.0	18.1	16.5	11.7	11.3	12.9	.
Quoted shares	12.2	5.1	3.9	-0.5	1.2	0.9	1.4	1.2	1.5	2.6	.
Insurance technical reserves	24.2	7.6	7.3	7.2	6.9	6.7	6.6	6.5	6.4	6.5	.
M3 ⁴⁾		5.4	6.8	7.9	7.2	7.1	7.1	6.9	8.0	8.4	7.5

Source: ECB.

Note: For details, see footnote to Table 6.1 in the "Euro area statistics" section of the Monthly Bulletin.

1) As at the end of the second quarter of 2003.

2) Short-term financial investment includes currency and deposits (excluding central government deposits), short-term debt securities and money market fund shares. Owing to the exclusion of central government deposits, short-term and long-term financial investment do not add up to 100%. When interpreting these figures, it should be kept in mind that both short-term and long-term deposits are included in short-term investment.

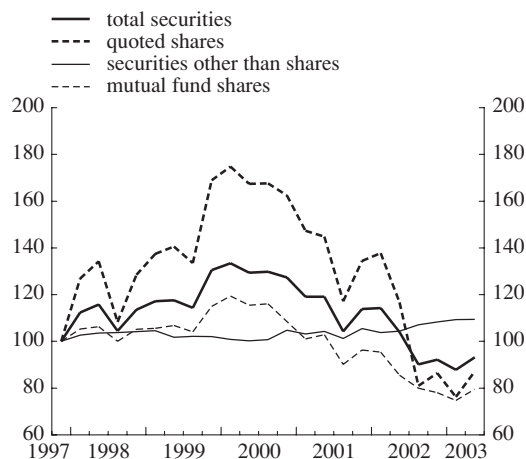
3) Long-term financial investment includes long-term debt securities, mutual fund shares excluding money market fund shares, quoted shares and insurance and pension products.

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

Chart 13

Gains and losses on holdings of securities by the non-financial sector of the euro area

(1997 Q4 = 100)



Source: ECB.

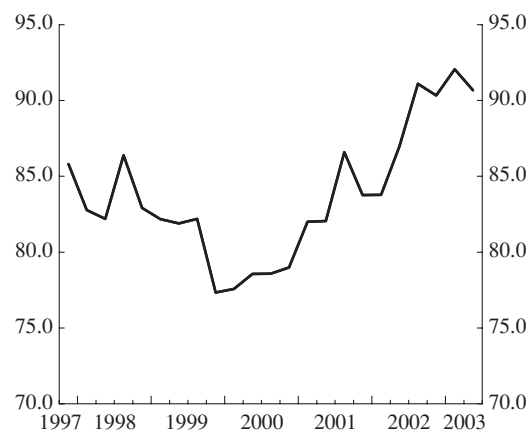
Overall, the data for financial investment in the second quarter suggest a shift away from investment in bond markets and into equity markets, and continued strong interest in the liquid assets contained in M3.

Both gains on the holdings of securities (see Chart 13) and the financial investment growth in the second quarter of 2003 contributed to a fall in the debt-to-financial asset ratio of the non-financial sector, reversing the increase

Chart 14

Ratio of debt to financial assets of the non-financial sector

(in percentages)



Source: ECB.

observed in the first quarter (see Chart 14). This slight improvement in the financial position of the non-financial sector is, however, small compared with the overall deterioration since early 2000, when stock prices first began to fall. A further decline in leverage ratios would require, in particular, a stronger recovery of corporate profits.

New statistics highlight differences in developments in MFI interest rates in 2003

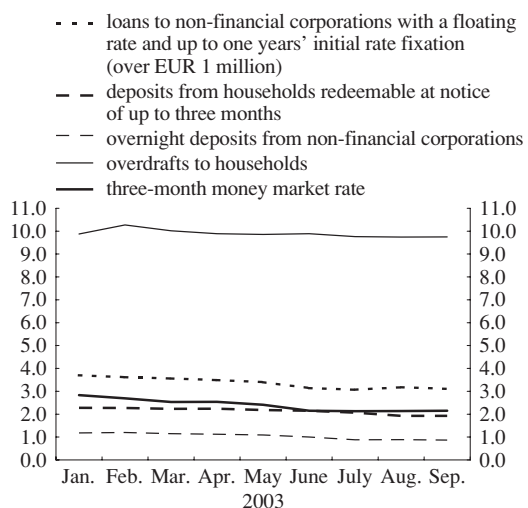
In this issue of the Monthly Bulletin, the ECB is publishing for the first time the new MFI interest rate statistics, which will replace the retail interest rate statistics published previously. The new statistics, available as from January 2003, cover interest rates that are applied by resident credit institutions and other institutions to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Their main advantage is that they are collected on the basis of common definitions, which considerably improves the quality of the euro area aggregates (see Box 2).

The statistics on new business provide a differentiated picture of developments in short-term MFI rates between January and September 2003 (see Chart 15). Rates for short-term deposits declined in the order of 30 to 35 basis points for overnight deposits from non-financial corporations and deposits from households redeemable at up to three months' notice. In most cases, short-term lending rates also declined. However, developments in loans to non-financial corporations and to households differed somewhat. With regard to the former, loans over €1 million with a floating rate or up to a one-year initial rate fixation fell by around 60 basis points. By contrast, in the case of households, the rate on overdrafts declined by only 15 basis points. The rate on consumer loans with a floating rate or up to a one-year initial rate fixation even increased by around 15 basis points.

The developments in short-term MFI rates compare with a decrease in the three-month money market rate of around 70 basis points between January and September 2003. This confirms the observed historical pattern, namely that rates on overnight deposits and on typical savings deposits (i.e. deposits from households redeemable at notice of up to three months) adjust particularly slowly to changes in market rates. It also seems to be the case that short-term lending rates have been stickier for households than for non-financial corporations.

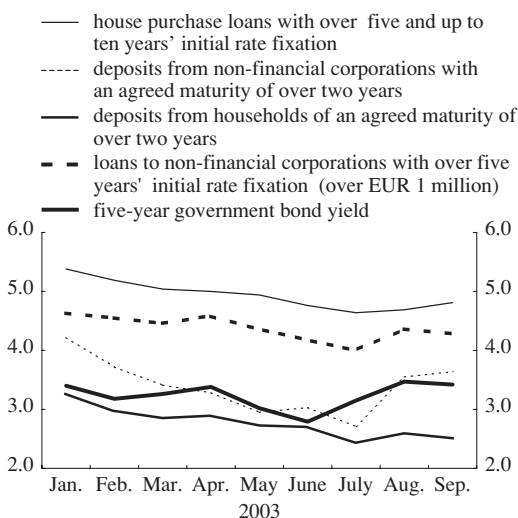
With regard to long-term MFI rates, the rate on deposits with an agreed maturity of over two years from households and from non-financial corporations fell by around 75 and 60 basis points respectively between January and September 2003. In the case of long-term lending, the rates on loans to households for house purchase with an initial rate fixation of between five and ten years

Chart 15
Short-term MFI interest rates and a comparable market rate
(percentages per annum; rates on new business)



Source: ECB.

Chart 16
Long-term MFI interest rates and a comparable market rate
(percentages per annum; rates on new business)



Source: ECB.

decreased by around 60 basis points between January and September 2003. For non-financial corporations, rates on loans over €1 million with an initial rate fixation of over five years decreased by only 35 basis points during the same period. These differences in developments may to some extent mirror a shift in MFIs' perceptions of credit risk associated with the various forms of loans.

Chart 16 shows recent developments in MFI rates compared with those in five-year government bond yields. These bond yields were subject to some fluctuations in the course of 2003, falling initially, but rising again after June and reaching in September levels close to those observed in January. MFI rates typically react to movements in market rates with some delay. In particular, rates on long-term deposits from households seem to have reacted rather sluggishly to the rise in long-term market rates.

Box 2

New ECB statistics on MFI interest rates

This issue of the Monthly Bulletin includes for the first time euro area MFI interest rate statistics (see Table 3.3 in the “Euro area statistics” section). They replace the previously published euro area retail interest rate statistics, which were produced on the basis of national interest rate statistics that existed before 1999. The latter were not harmonised and thus generally not comparable across countries. This box describes the new MFI interest rate statistics and highlights a number of their main features.

The new MFI interest rate statistics provide a harmonised and more comprehensive and detailed statistical picture of the interest rates applied by MFIs. MFI interest rate statistics cover interest rates that credit institutions and other institutions resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations.¹ A total of 45 interest rates are collected on a monthly basis, starting with the reference month January 2003. The instrument categories are largely consistent with those in the MFI balance sheet statistics regularly published by the ECB.

The MFI interest rate statistics refer to the rates that are individually agreed between the MFIs and their customers. Thus, they are not necessarily identical to advertised interest rates. MFI interest rates are quoted in percentages per annum. They are provided separately for new business and for outstanding amounts. New business refers to any new agreement between the customer and the MFI, while outstanding amounts refer to the stock of all deposits and all loans at a specific moment in time. Three instrument categories – overnight deposits, bank overdrafts and deposits redeemable at notice – form a separate group for which a distinction between the interest rates on new business and outstanding amounts is not meaningful. Indeed, by leaving a net (debit/credit) balance on such accounts, the customer is assumed to have implicitly agreed to the related terms and conditions, whenever they change.

The new statistics provide an insight into how differentiated MFI interest rates are. They show *inter alia* that the levels of MFI interest rates depend on the period of initial rate fixation, the type of customer, whether they refer to deposits or loans, the purpose of the loan, the underlying collateral, etc. For example, in September 2003 the interest rate on loans over €1 million to non-financial corporations with a floating rate or up to one year initial rate fixation stood at 3.11%, while for similar loans up to €1 million, this rate stood at 4.08%. The interest rate on loans to households for consumption purposes with a floating rate or up to one year initial rate fixation was 7.37%. Similarly, the interest rate on overnight deposits from non-financial corporations stood at 0.87%, while the interest rate on overnight deposits from households amounted to 0.68%. The interest rate on loans to households for house purchase with an initial rate fixation of over five and up to ten years stood at 4.81%.

For two categories of loans the new statistics also provide insights into the full cost of borrowing. This full cost, as measured by the annual percentage rate of charge, comprises not only an interest rate component but also a component for other related charges such as the cost of inquiries, administration, preparation of the documents, guarantees and credit insurance. The available measures for the annual percentage rate of charge cover loans to households for consumption and for house purchase. The difference between the annual percentage rate of charge and the weighted average of the interest rates amounted to 65 and 20 basis points, on average, between January and September 2003, for consumer and house purchase loans respectively.

The MFI interest rates related to outstanding amounts of euro-denominated deposits and loans include the interest rates on business agreed in the past. As a consequence, the interest rates on outstanding amounts react only slowly to movements in the interest rates on new business. MFI interest rate statistics on outstanding amounts provide, for example, information about the interest paid and received by households and non-financial corporations, which allows an analysis of changes in the disposable income of these sectors and their interest burden. The MFI interest rates on outstanding amounts for loans to households for house purchase and loans to non-financial corporations,

¹ The requirements of the MFI interest rate statistics are laid down in Regulation (EC) No 63/2002 of the ECB of 20 December 2001 concerning statistics on interest rates applied by monetary financial institutions to deposits and loans vis-à-vis households and non-financial corporations (OJ L 10, 12.1.2002, p. 24).

both of which with a maturity of over five years, stood at 5.24% and 4.75% respectively in September 2003. The rates for new loans to households were 4.75% (period of initial rate fixation of more than ten years) and 4.81% (period of initial rate fixation of over five and up to ten years). New business rates for loans to non-financial corporations with a period of initial rate fixation of more than five years were 4.28% (over €1 million) and 4.76% (up to €1 million).

As mentioned above, a main advantage of the MFI interest rate statistics is that they are produced on the basis of harmonised national definitions. Consequently, cross-country comparisons of the levels of MFI interest rates are no longer affected by national statistical differences. The table below indicates that the MFI interest rates vary to some extent from one euro area country to another. In September 2003 these differences, if measured by variation coefficients (i.e. the ratio of standard deviation of the national rates to the unweighted average of these rates), were the largest for overnight deposits, deposits from households redeemable at up to three months' notice and, on the lending side, overdrafts to non-financial corporations. For other segments of the loan and deposit market the differences were smaller.

Differences in national MFI interest rates in September 2003

(percentages per annum, percentage points; new business and annualised agreed rate¹⁾, unless otherwise indicated)

	Mean ²⁾	Standard deviation		Euro area average ⁴⁾
		Variation coefficient ³⁾		
Deposits from households				
Overnight	0.67	0.36	0.54	0.68
With agreed maturity: up to one year	1.90	0.24	0.13	1.87
Redeemable at notice: up to three months' notice	1.49	0.75	0.50	1.93
Deposits from non-financial corporations				
Overnight	0.84	0.51	0.61	0.87
With agreed maturity: up to one year	2.00	0.12	0.06	2.00
Loans to households				
Overdrafts	9.70	2.68	0.28	9.75
For consumption: floating rate or up to one year initial rate fixation	7.26	2.44	0.34	7.37
For house purchase: over five and up to ten years' initial rate fixation	5.35	1.67	0.31	4.81
For consumption (annual percentage rate of charge) ⁵⁾	8.42	1.88	0.22	8.01
For house purchase (annual percentage rate of charge) ⁵⁾	4.26	0.57	0.13	4.41
Loans to non-financial corporations				
Overdrafts	6.44	3.80	0.59	5.46
Loans up to EUR 1 million: floating rate or up to one year initial rate fixation	4.11	0.84	0.20	4.08
Loans over EUR 1 million: floating rate or up to one year initial rate fixation	3.32	0.53	0.16	3.11
Loans over EUR 1 million: over five years	4.11	0.57	0.14	4.28
MFI interest rates on outstanding amounts				
Loans to households for house purchase over five years' maturity	4.66	0.81	0.17	5.24
Loans to non-financial corporations over five years' maturity	4.51	0.62	0.14	4.75

Source: ECB.

1) The annualised agreed rate refers only to the interest rate component and not to other charges that may apply.

2) Unweighted average of national MFI interest rates.

3) The variation coefficient is the ratio of the standard deviation of the national rates to the unweighted average of these rates (i.e. the mean).

4) Weighted average for the euro area.

5) The annual percentage rate of charge refers to the total costs of the credit to the consumer and comprises an interest rate component as well as a component of other related charges such as the cost of inquiries, administration, preparation of the documents, guarantees and credit insurance. This category refers to all initial periods of interest rate fixation combined.

Cross-country differences in the level of MFI interest rates can be expected because a host of factors affect the interest rates set by MFIs. One of the many determinants of MFI interest rates is, for example, the degree of prevailing competitive forces within different segments of the bank deposit and credit markets. Banks need to set rates at competitive levels in order to attract customers, and their power to set rates depends very much on the degree of contestability of the specific bank market segment as well as the availability of alternative investment possibilities and sources of funds for bank customers. Another determinant of bank interest rates is the (expected) exposure of a bank to interest rate, credit and other risks when it grants deposits or loans. The administrative costs of effectively changing bank interest rates, bank-customer relationships and the behaviour of customers with respect to a given retail bank instrument may also play a role in the determination of bank interest rates. Bank interest rates may also be affected by bank-specific characteristics, such as the interplay between bank profitability and refinancing conditions, and institutional or national characteristics, for instance regulated interest rates or the degree to which loans are pledged with collateral. Finally, it should be borne in mind that differences in the new MFI interest rate statistics also exist within countries. The factors mentioned above may not only lead to cross-country differences, they can also explain differences within a country.

With the release of the euro area MFI interest rate statistics, an important statistical milestone has been passed. This work is the result of substantial efforts of approximately 1,800 MFIs and of the Eurosystem. The MFI interest rate statistics can be used for assessing the transmission mechanism of monetary policy in the euro area. In addition, they will also be important for enhancing analysis in the fields of financial market integration and financial stability. However, it should be emphasised that the economic interpretation of the MFI interest rate statistics can only be tentative at this stage and needs to be deepened once sufficiently long time series become available. Conclusions drawn from the new statistics at this stage should therefore be viewed with caution.

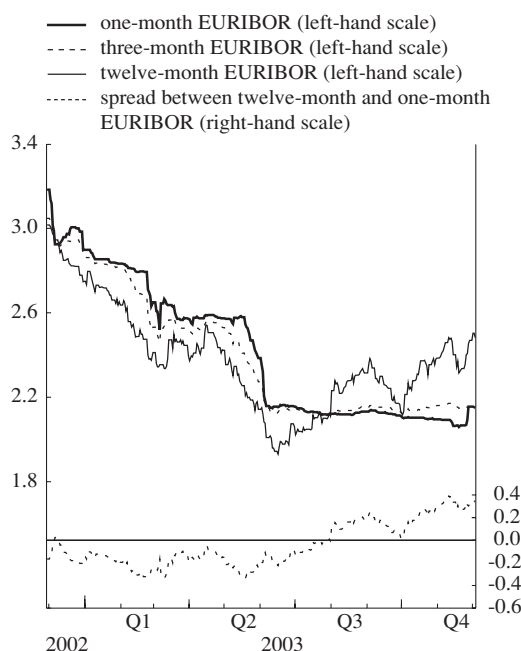
Money market interest rates at longer maturities have increased over the past few months

Since the last reduction in key ECB interest rates in June 2003, interest rates at the very short end of the money market yield curve have been stable at close to the interest rates applied by the ECB on its open market operations, while those at longer maturities have increased significantly (see Chart 17). Consequently, the slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, which was negative in mid-June, turned positive in August, and has become steeper since then.

Between end-October and 3 December, the EONIA fluctuated between 2.04% and 2.09%, with a few short-lived exceptions. During this period, the two-week EONIA swap rate varied between 1.99% and 2.09%, to stand at 2.04% on 3 December. The marginal and average rates of allotment in the Eurosystem's

Chart 17
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 November 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
MRO	27/10/2003	11/11/2003	135.87	117.00	1.16	255	2.00	2.04	2.05
MRO	05/11/2003	19/11/2003	125.77	84.00	1.50	290	2.00	2.04	2.05
MRO	11/11/2003	26/11/2003	126.83	118.00	1.07	243	2.00	2.03	2.04
MRO	19/11/2003	03/12/2003	113.35	99.00	1.14	281	2.00	2.00	2.02
LTRO	30/10/2003	29/01/2004	32.38	15.00	2.16	150	1.8	2.13	2.14

Source: ECB.

The weighted average MRO rate declined gradually from 2.05% to 2.02% over the maintenance period under review. The marginal MRO rate was 1 basis point lower than the weighted average rate for the first three MROs and 2 basis points lower for the last one, being equal to the minimum bid rate in the latter case. The bid-cover ratio was below 1.2 in three of the MROs, somewhat lower than usual.

From the start of the maintenance period until 12 November, with the exception of a relatively moderate month-end effect on 31 October, the EONIA remained stable at around 2.05%. In subsequent days it declined to around 2.00% as market participants appeared to anticipate a loose end of the maintenance period. On the last three business days of the maintenance period, the EONIA decreased further and ended at 1.46% on the last day as a result of the prevailing comfortable liquidity conditions. Owing to the evolution of autonomous liquidity factors, the reserve maintenance period ended with a total net recourse to the deposit facility of €4.05 billion (in accumulated terms, from Friday 21 November to Sunday 23 November).

The average difference between current account holdings of credit institutions with the Eurosystem and the minimum reserve requirements was €0.73 billion.

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 October to 23 November 2003

	Liquidity-providing	Liquidity-absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	250.9	0.3	+ 250.6
Main refinancing operations	205.8	-	+ 205.8
Longer-term refinancing operations	45.0	-	+ 45.0
Standing facilities	0.1	0.3	-0.2
Other operations	-	-	-
(b) Other factors affecting the banking system's liquidity¹⁾	324.0	442.8	- 118.8
Banknotes in circulation	-	399.4	- 399.4
Government deposits with the Eurosystem	-	43.4	- 43.4
Net foreign assets (including gold)	321.8	-	+ 321.8
Other factors (net)	2.2	-	+ 2.2
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			131.8
(d) Required reserves			131.0

Source: ECB.

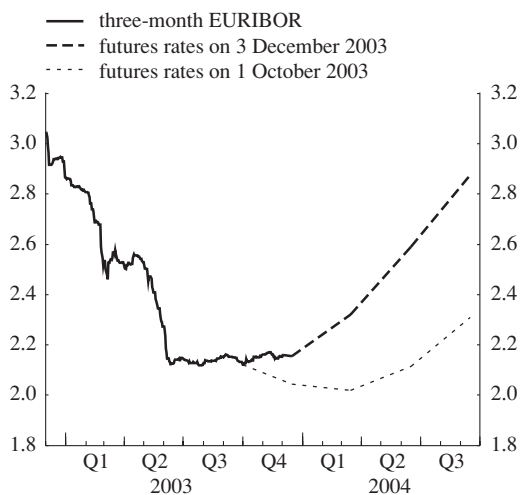
Note: Totals may not add up due to rounding.

1) The published estimates of the average liquidity needs stemming from autonomous factors ranged between €110.5 billion and €127.7 billion. The largest deviation between the published estimate and the actual figure occurred for the period from 3 November to 10 November and amounted to €1.4 billion.

Chart 18

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

(percentages per annum; daily data)



Source: Reuters.

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

main refinancing operations were, on average, 1 and 3 basis points respectively above the minimum bid rate of 2% applied to these operations in the period between end-October and 3 December (see Box 3).

Between end-October and 3 December, the one-month EURIBOR increased by 5 basis points to 2.15%, possibly in relation to the end-of-year effect, while the three-month EURIBOR remained unchanged, standing at 2.16% on 3 December. Developments in the three-month EURIBOR have, as usual, been reflected in the interest rates of allotment in the longer-term refinancing operations of the Eurosystem. In the operation settled on 27 November, the marginal and average rates of allotment were 2.12% and 2.13%, both 1 basis point lower than in the longer-term refinancing operation settled on 30 October.

As previously noted, the money market rates at the long end of the money market yield curve have increased over the past couple of months. More recently, between end-October and 3 December, the six-month and twelve-month EURIBOR increased by 2 and 9 basis points respectively, to stand at 2.23%

and 2.48% on the latter date. In the same period, the slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, became slightly steeper, reaching 33 basis points on 3 December.

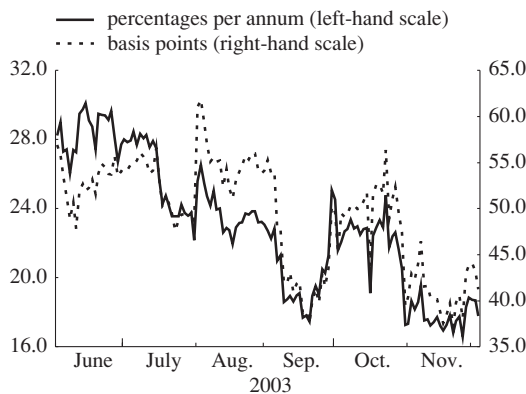
The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in 2004, rose significantly in October and November. This indicates that over the past couple of months market participants have revised their expectations upwards with regard to future short-term interest rates (see Chart 18). Between end-October and 3 December, the implied futures rates on contracts with delivery dates in March, June and September 2004 increased by 3, 9 and 13 basis points respectively to stand at 2.32%, 2.59% and 2.88%.

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in March 2004 has decreased significantly from its highs of October to a relatively low level by historical standards. This indicates that market participants attach

Chart 19

Implied volatilities derived from options on three-month EURIBOR futures maturing in March 2004

(percentages per annum; basis points; daily data)



Sources: Bloomberg and ECB calculations.

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

a rather low level of uncertainty to the three-month EURIBOR for mid-March 2004 (see Chart 19).

Long-term bond yields rising in the euro area

Long-term government bond yields in the euro area continued to rise over the autumn months, whereas in the United States they were somewhat more volatile (see Chart 20). The rise in euro area bond yields suggests that market participants have become more optimistic about the strength and the sustainability of the economic recovery in the euro area. More recently, between the end of October and 3 December, ten-year government bond yields in the euro area and in the United States increased by about 10 basis points, both standing close to 4.5% on the latter date. The differential between ten-year bond yields in the United States and in the euro area stood at -5 basis points on 3 December.

Chart 20 Long-term government bond yields in the euro area and the United States

(percentages per annum; daily data)

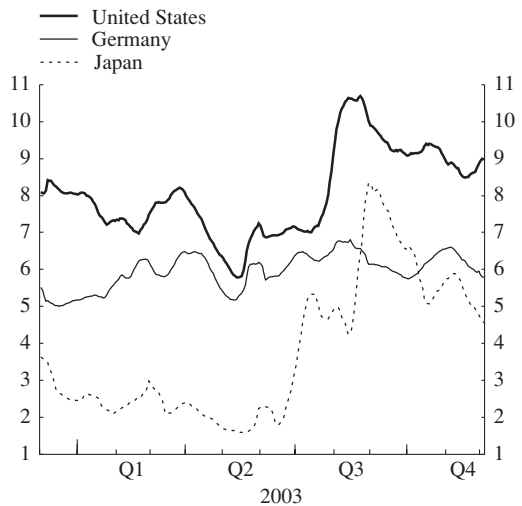


Source: Reuters.

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

Chart 21 Implied volatility in major bond markets

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



Source: Bloomberg.

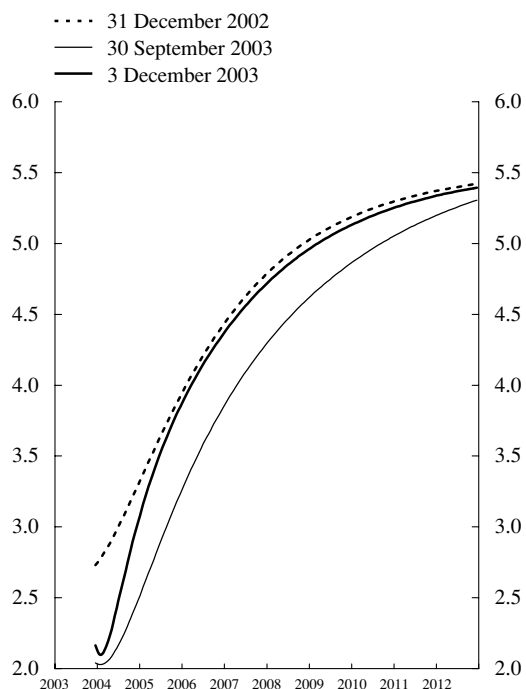
Notes: The implied volatility series represents the nearby implied volatility on the near-contract generic future, rolled over 20 days prior to expiry, as defined by Bloomberg. This means that 20 days prior to expiry of the contracts, a change in the choice of contracts used to obtain the implied volatility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

Long-term government bond yields in the United States fluctuated markedly over the past three months and overall declined slightly over this period. The movements in long-term bond yields seemed to reflect, on the one hand, downward pressures emanating from policy statements by the Federal Reserve, triggering perceptions among market participants that short-term interest rates will be kept low for a longer period than previously anticipated. On the other hand, generally better than expected data releases exerted upward pressure on bond yields.

Bond market developments in November seemed to indicate some upward revisions in market participants' long-term average growth expectations. This was suggested by a 15 basis point increase in the real yield on ten-year index-linked government bonds between the end of October and 3 December. Meanwhile, measures of investors' long-term average inflation expectations have remained broadly unchanged over the same

Chart 22
Implied forward euro area overnight interest rates

(percentages per annum; daily data)



Source: ECB estimate.

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

period. The ten-year break-even inflation rate – measured by the difference between yields on ten-year nominal and index-linked US government bonds – was close to 2.3% on 3 December.

Market participants' uncertainty about future bond yield movements in the US market remained broadly unchanged in November. The ten-day moving average of implied volatility on ten-year US Treasury futures contracts stood close to 9% on 3 December, about 2 percentage points above its average since 1999 (see Chart 21).

In Japan, the upward trend in ten-year government bond yields that began in mid-June tapered off over recent months. Between the end of October and 3 December, ten-year

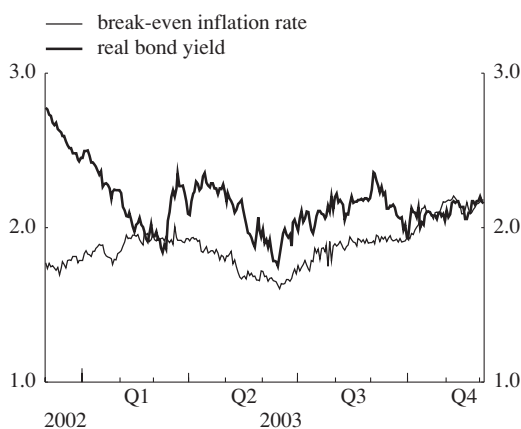
government bond yields in Japan remained broadly unchanged to stand at 1.5% on the latter date. At the same time, market participants' uncertainty about future bond yield movements seems to have fallen. The ten-day moving average of implied bond market volatility on 3 December stood at around 4.5%, which was still close to its average since 1999.

In the euro area, over the last three months long-term government bond yields have remained on the upward trend that started in mid-June 2003. These overall developments seem to reflect a slightly more optimistic assessment of the economic outlook among market participants, but also possibly indicate some upward revisions of market participants' inflation expectations.

The steepening of the implied forward overnight interest rate curve (see Chart 22) and recent trends in the real yield on inflation-indexed bonds (see Chart 23) provide an indication that market participants have a slightly more optimistic assessment of the future economic outlook. At the same

Chart 23
Euro area real bond yield and break-even inflation rate

(percentages per annum; daily data)



Source: Reuters.

Note: Real bond yields are derived from the market prices of French government bonds which are indexed to the euro area HICP (excluding tobacco prices) and which mature in 2012. The method used to calculate the break-even inflation rate was outlined on page 16 of the February 2002 issue of the Monthly Bulletin.

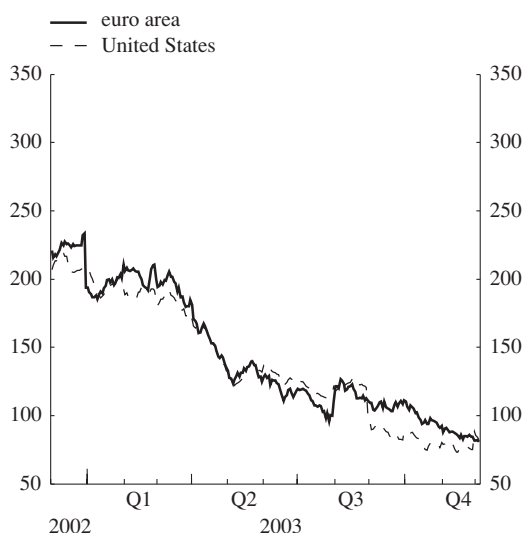
time, the ten-year break-even inflation rate, measured as the difference between the yields on ten-year nominal and index-linked bonds, has increased significantly since mid-June. This was partly due to a number of technical factors, but it cannot be ruled out that, to some extent, it also reflects an increase in long-term inflation expectations among market participants (see Box 4).

The degree of uncertainty prevailing in the euro area bond market, as measured by the implied volatility of options on futures contracts on German long-term government bonds, declined slightly between the end of October and 3 December. On the latter date, the ten-day moving average of implied bond market volatility stood at 5.8%, which was above its average since 1999.

The financing conditions in the corporate bond market in the euro area have remained very favourable over recent months (see Chart 24). The yields on bonds issued by BBB-rated corporations in the euro area remained broadly unchanged between the end of October and 3 December. The relative cost of financing, as measured by the differential between the yields on bonds

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

(in basis points; daily data; BBB rating)



Sources: Bloomberg and ECB calculations.

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

issued by BBB-rated corporations and comparable government bonds in the euro area, stood at 80 basis points on 3 December. From a historical perspective this was a very low level.

Box 4

Recent developments in the market for index-linked bonds in the euro area

The issuance of new index-linked bonds in 2003

The year 2003 has seen significant growth in the market for index-linked bonds in the euro area, notably with the arrival of two new government issuers, Greece and Italy. Before March 2003 only France had issued bonds linked to the euro area HICP (excluding tobacco), covering two maturities (2012 and 2032) with an outstanding amount of around €16 billion. In March 2003 Greece issued an index-linked bond maturing in 2025 for an amount of €1.25 billion. More recently, in September 2003, Italy issued an index-linked bond maturing in 2008 for an amount of €7 billion.

The two new index-linked bonds share most of the technical characteristics of the existing French index-linked bonds. First, they are linked to the euro area HICP excluding tobacco. Second, as in the case of the French index-linked bonds, the Italian and Greek bonds have guaranteed redemption at par, implying that in the event of deflation during the life of the bond, the redemption amount will equal the face value.

Characteristics of the euro area bonds linked to HICP excluding tobacco at end-September 2003

Issuer	Maturity	Issuance date	Coupon % p.a.	Amount outstanding EUR billion	Ratings Moody's/S&P/Fitch
Italy	Sep. 2008	Sep. 2003	1.65	7.00	Aa2/AA/AA
France	July 2012	Nov. 2001	3.00	11.00	Aaa/AAA/AAA
Greece	July 2025	Mar. 2003	2.90	1.25	A1/A+/A1
France	July 2032	Oct. 2002	3.15	5.00	Aaa/AAA/AAA

Sources: Agence France Trésor, Italian and Greek Treasuries.

However, two main differences exist between the bonds issued by the different countries. First, the tax regime differs across the countries. Second, the different bonds are not perceived by rating agencies to bear the same credit risk. As shown in the table above, the credit rating is the highest for France and the lowest for Greece.

Deriving measures of inflation expectations

The availability of these new bonds with different maturities makes it possible to construct a rudimentary euro area break-even inflation rate (BEIR) curve. Break-even inflation rates may not be biased strongly by differences in credit risk since they are calculated as the difference between the yields of comparable nominal and index-linked bonds which are both subject to the same credit risk premia for each country (for more details on break-even inflation rates see the box entitled “Deriving long-term euro area inflation expectations from index-linked bonds issued by the French Treasury” on page 16 of the February 2002 issue of the Monthly Bulletin). However, differences in tax regimes may bias the calculated break-even inflation rates across countries. This bias is difficult to measure, since the impact of differing tax regimes on the specific bond yields hinges on the tax rates applicable to individual investors, be they residents or non-residents. In addition, liquidity differences between the corresponding index-linked and nominal bonds may also hamper comparability of break-even inflation rates.

The term structure of break-even inflation rates calculated from the four bonds linked to the euro area HICP excluding tobacco is very similar to the “inflation expectations curve” extracted from inflation-linked zero-coupon swaps (more details on inflation-linked swaps can be found in the box entitled “Deriving euro area inflation expectations from inflation-linked swaps” on page 31 of the September 2003 issue of the Monthly Bulletin). The chart below shows the different measures of average inflation expectations over different horizons as of the end of November 2003. For break-even inflation rates, two different curves have been constructed. One reports the break-even inflation rates for each maturity date of the underlying index-linked bonds. This term structure, however, does not accurately measure average inflation expectations over different horizons. This is because the index-linked and nominal bonds used for the calculation of the break-even inflation rates are coupon-paying bonds, the maturity of which does not represent a good measure of how long, on average, the holder of the bonds has to wait before receiving cash payment. A better measure in this respect is the “duration” of a coupon-paying bond, which is lower than its maturity.¹ The chart below therefore also shows a curve that plots the break-even inflation rates against the duration of the corresponding nominal bond (the curve is therefore named “maturity-adjusted”). It can be seen that the maturity-adjusted BEIR curve is very close to the curve built from the inflation-linked zero-coupon swaps.

In interpreting the chart, it is important to recall a number of caveats about why break-even inflation rates may not correspond to average inflation expectations. First, a difference may be due in part to an inflation uncertainty risk premium required by investors to hold long-maturity nominal bonds. This first premium

¹ The duration of a bond is its maturity adjusted for payments on the bond that are made early (e.g. interest and/or amortisation of the principal). The duration is also an expression of the sensitivity of the net present value of a bond to a change in its discount rate.

implies that the break-even inflation rate is biased upwards. It is natural to expect this inflation risk premium to rise with the maturity of the bond. Second, a liquidity premium can work in the opposite direction since the liquidity of the index-linked bond is typically lower than that of the corresponding nominal bond. Third, break-even inflation rates refer to the HICP excluding tobacco. The average inflation rate of the HICP including tobacco has on average, over recent years, been slightly higher than the HICP excluding tobacco, implying a negative bias in the break-even inflation rates. Fourth, break-even inflation rates may be sometimes subject to technical factors.

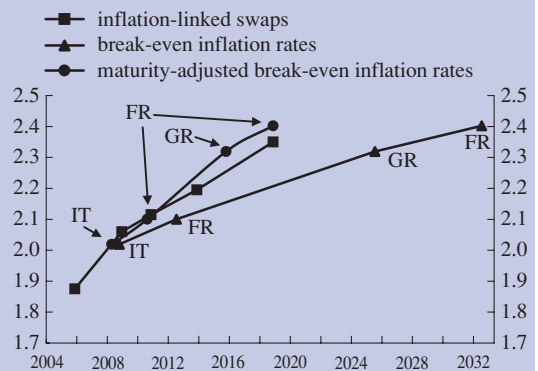
As seen in Chart 23, the break-even inflation rate in the euro area rose quite strongly in recent months. According to some anecdotal evidence, increasing demand for index-linked bonds from different types of investors, for example insurance companies and pension funds, may have pushed the prices of index-linked bonds up and their real yields down. This factor may, in particular, have generated upward bias in the long end of the break-even inflation rate curve. The announcement by the German authorities that they would not be issuing index-linked bonds in 2004 was in contrast to some market participants' expectations and could have created a kind of "scarcity premium" in the prices of the existing index-linked bonds, adding upward pressure on break-even inflation rates.

Although these special factors could potentially explain a significant part of the current relatively high levels of euro area break-even inflation rates, it cannot be ruled out that more fundamental factors have played a role. For example, over recent months there has been a considerable amount of positive news on economic activity in the euro area, while there has also been some very disappointing news in the area of fiscal policy. Neither can it be ruled out, at this stage, that these two factors have also had an impact on inflation uncertainty and even on average inflation expectations in the euro area. It is therefore important to monitor developments in these markets carefully and to compare them with other measures of inflation expectations such as those derived from surveys, which have remained broadly unchanged over recent months.²

² See also the box entitled "Forecasts by other institutions" on page 60 of this issue of the Monthly Bulletin.

Inflation expectation curves extracted from the euro area index-linked bond markets and the inflation-linked swaps market

(as at the duration/maturity of each bond)



Sources: Agence France Trésor, Italian and Greek treasuries, and CDC-IXIS capital markets.

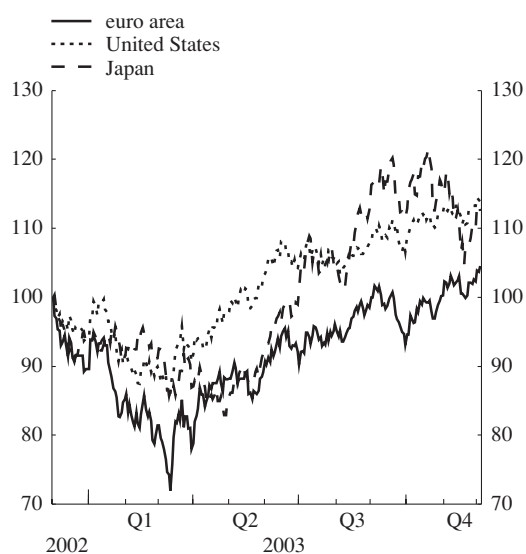
Stock prices rose further in the euro area and the United States

Stock prices in the euro area and the United States rose further during the autumn months, although at a more moderate pace than in the spring of 2003 (see Chart 25). More recently, between the end of October and 3 December, stock prices in the euro area and the United States, as measured by the broad Dow Jones EURO STOXX index and the Standard & Poor's 500 index, rose by 4% and 1% respectively. In Japan, the Nikkei 225 index declined by 2% over the same period following strong increases earlier this year.

In the United States the moderate overall stock price increases, which accumulated over the autumn months of 2003, seem to reflect mainly better than expected corporate earnings reports and macroeconomic data releases on economic activity and employment. Apparently this news strengthened market participants' beliefs in the recovery of the US economy. The increase in stock prices was more

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

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

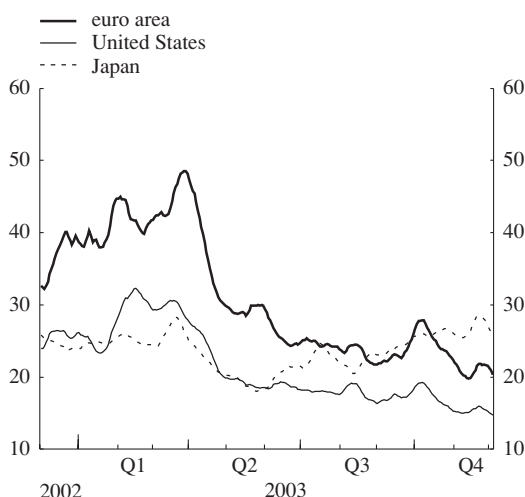


Source: Reuters.

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.

Chart 26 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 reflects 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, Standard & Poor's 500 for the United States, and the Nikkei 225 for Japan.

pronounced in the case of technology sector shares, as measured by the Nasdaq Composite index. According to earnings reports provided by firms in the Standard & Poor's 500 index, the improvement in corporate earnings for the third quarter of 2003 seemed to a large extent to reflect cost-cutting measures, as revenues continued to grow at a lower rate than earnings.

Market participants' uncertainty about future stock price developments declined further over the past three months. By 3 December the ten-day moving average of implied volatility derived from options on the Standard & Poor's 500 index stood at 15% (see Chart 26), significantly below its average since 1999. The decline in uncertainty over the previous months may have also supported the overall increase in stock prices due to lower risk premia demanded by investors for holding equity.

In Japan, stock prices experienced a decline in November. Concerns about the appreciation of the Japanese yen, which could negatively affect

the Japanese export industry, and lower than expected quarterly corporate earnings statements from some large companies appear to have contributed to this decline. 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, stood at around 26% on 3 December. This was broadly unchanged compared with its level at the end of October and slightly below its average since 1999.

In the euro area, stock prices continued to increase over the last three months reflecting a market perception of a more favourable economic outlook supported by overall better than expected macroeconomic data releases. Data showing further improvements in the profitability of euro area firms may also have had a positive impact on euro area stock prices. Furthermore, the decline in market participants' uncertainty, as measured by the ten-day moving

average of implied volatility extracted from options on the Dow Jones EURO STOXX 50, over the past three months may have provided additional support to the stock market. By 3 December, implied stock market volatility stood at 20%, well below its average since the beginning of Stage Three of Economic and Monetary Union.

Stock price increases in the euro area during the autumn months were broadly based across economic sectors (see Table 5). Stocks in the healthcare, financial and technology sectors rose particularly strongly over the last three months. Developments in the two latter sectors seem to reflect a more optimistic assessment by market participants of the growth outlook for the euro area. In contrast, a relatively weak performance of the energy sector was related to a decline in the prices of refined oil products over the last three months.

Table 5
Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices

(price changes as percentages of end-of-period prices; historical volatility as percentages per annum)

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Healthcare	Industrial	Technology	Tele-communications	Utility	EURO STOXX
Share of sector in market capitalisation (end-of-period data)	5.0	10.6	9.1	8.6	29.7	9.1	7.2	8.8	7.3	4.6	100.0
Price changes (end-of-period data)											
2002 Q3	-28.8	-29.3	-18.0	-21.0	-36.7	-22.7	-27.8	-35.6	-11.7	-23.8	-28.2
2002 Q4	4.0	2.9	-1.2	3.8	13.6	-0.9	0.8	21.4	21.8	-3.4	7.6
2003 Q1	-19.6	-15.8	-16.0	-12.9	-14.9	-16.4	-9.0	-9.4	-4.1	-7.8	-11.8
2003 Q2	18.0	21.1	7.6	10.3	25.4	15.3	15.6	19.0	17.7	16.8	18.2
2003 Q3	4.4	4.4	5.1	-2.9	0.5	-2.1	6.2	5.9	-3.1	-3.7	5.7
October	7.6	10.3	1.9	2.6	10.2	3.1	9.1	13.8	5.8	2.0	7.6
November	3.9	1.8	1.9	0.4	1.0	4.7	1.3	2.7	2.3	3.2	1.8
End-August to 3 December 2003	6.2	5.3	-0.4	-2.0	10.5	10.4	8.4	9.0	6.7	2.3	6.2
Volatilities (period averages)											
2002 Q3	38.2	46.4	31.9	46.5	51.0	49.5	27.8	58.9	47.8	39.4	36.4
2002 Q4	34.2	40.7	20.8	31.1	44.3	30.6	28.8	61.1	35.7	29.8	34.9
2003 Q1	37.2	37.8	29.3	32.1	40.3	36.5	25.6	44.9	35.0	33.3	33.8
2003 Q2	25.3	28.5	19.9	22.2	25.8	24.3	17.6	34.3	21.3	20.4	32.2
2003 Q3	23.6	19.9	12.2	18.4	18.7	18.1	15.5	32.8	14.7	13.7	16.8
October	23.0	21.6	15.1	15.9	17.0	19.3	13.9	27.8	15.6	13.5	16.5
November	16.8	19.0	11.9	14.0	15.1	21.3	13.3	25.7	12.9	10.2	15.1
End-August to 3 December 2003	20.0	20.6	12.4	15.0	16.7	19.3	15.1	27.4	14.6	12.1	16.1

Sources: STOXX and ECB calculations.

Note: Historical volatilities are calculated as the annualised standard deviation of daily index level changes over the period. Sector indices are shown in the "Euro area statistics" section of this issue of the Monthly Bulletin.

2 Price developments

HICP inflation is estimated to have increased to 2.2% in November

According to Eurostat's flash estimate, HICP inflation increased to 2.2% in November, up from 2.0% in October (see Table 6). Although a detailed breakdown for November is not yet available, this upward movement is probably due to an unfavourable base effect associated with energy prices. In addition, the recent increase in tobacco taxes in France may have had an impact on the year-on-year growth rate of processed food prices.

Euro area HICP inflation declined to 2.0% in October, down from 2.2% in September. This decline in overall inflation in October can be entirely attributed to the volatile HICP components, energy and unprocessed food

prices (see Chart 27). Energy price developments helped to dampen overall HICP inflation as a result, in particular, of a favourable base effect, which lowered the annual growth rate of energy prices from 1.6% in September to 0.7% in October. In addition, the impact of this summer's food price shock, albeit still noticeable, started to unwind, with the annual growth rate of unprocessed food prices falling from 4.3% in September to 3.9% in October.

By contrast with developments in overall inflation, the annual rate of growth of HICP excluding the more volatile components increased by 0.1 percentage point to stand at 2.0% in October. This was driven entirely by an increase in the year-on-year growth rate of processed food prices, from 3.1% in

Table 6
Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	2000	2001	2002	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 June	2003 July	2003 Aug.	2003 Sep.	2003 Oct.	2003 Nov.
Harmonised Index of Consumer Prices (HICP) and its components													
Overall index ¹⁾	2.1	2.3	2.3	2.3	2.3	1.9	2.0	1.9	1.9	2.1	2.2	2.0	2.2
<i>of which:</i>													
Goods	2.5	2.3	1.7	1.8	2.0	1.5	1.7	1.6	1.6	1.7	1.8	1.7	.
Food	1.4	4.5	3.1	2.2	1.9	2.5	3.2	2.9	3.0	3.1	3.6	3.7	.
Processed food	1.2	2.9	3.1	2.6	3.1	3.3	3.1	3.2	3.1	3.0	3.1	3.5	.
Unprocessed food	1.8	7.0	3.1	1.6	0.1	1.5	3.4	2.5	2.7	3.3	4.3	3.9	.
Industrial goods	3.0	1.2	1.0	1.6	2.0	1.0	1.0	1.0	1.0	1.0	1.0	0.8	.
Non-energy industrial goods	0.5	0.9	1.5	1.2	0.7	0.9	0.7	0.8	0.7	0.6	0.8	0.8	.
Energy	13.0	2.2	-0.6	2.9	7.0	1.5	2.1	1.6	2.0	2.7	1.6	0.7	.
Services	1.5	2.5	3.1	3.1	2.7	2.6	2.4	2.5	2.3	2.5	2.5	2.5	.
Other price and cost indicators													
Industrial producer prices	5.3	2.1	-0.1	1.2	2.4	1.5	1.2	1.4	1.3	1.3	1.1	0.9	.
Unit labour costs	1.3	2.5	2.1	1.5	2.0	2.8	.	-	-	-	-	-	-
Labour productivity	1.3	0.2	0.5	1.0	0.7	0.0	.	-	-	-	-	-	-
Compensation per employee	2.6	2.8	2.6	2.5	2.8	2.8	.	-	-	-	-	-	-
Total hourly labour costs	2.8	3.4	3.5	3.5	2.9	3.1	.	-	-	-	-	-	-
Oil prices (EUR per barrel)	31.0	27.8	26.5	26.5	28.4	22.7	25.1	23.3	25.0	26.5	23.9	24.7	24.6
Commodity prices (EUR)	20.4	-8.1	-0.9	5.6	-3.2	-7.9	-5.8	-9.6	-7.5	-5.2	-4.7	-3.7	0.2

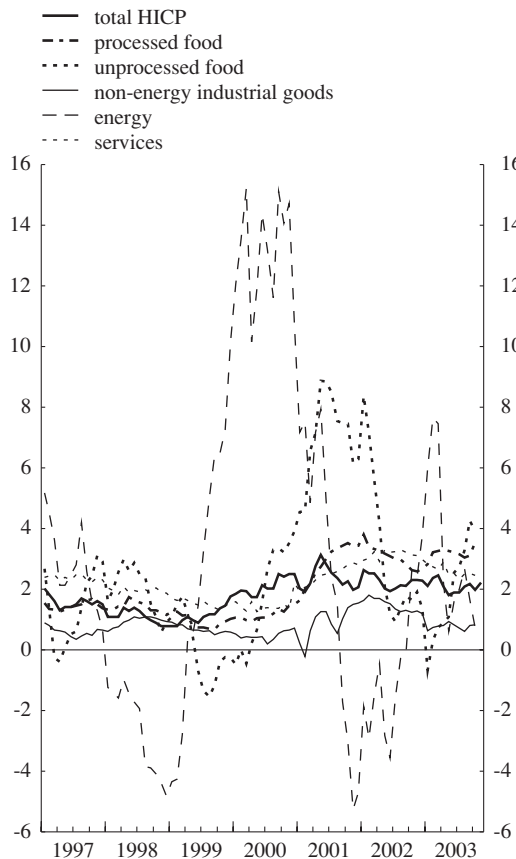
Sources: Eurostat, national data, Thomson Financial Datastream, HWWA (Hamburg Institute of International Economics) and ECB calculations.

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 November 2003 refers to Eurostat's flash estimate.

Chart 27
Breakdown of HICP inflation in the euro area by component

(annual percentage changes; monthly data)



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

September to 3.5% in October, while the annual growth rates of services and non-energy industrial goods prices remained unchanged. Most of the higher contribution from processed food prices related to an increase in tobacco prices, largely driven by the rise in tobacco taxes implemented by the French government in October 2003.

Industrial producer price inflation declined in October 2003

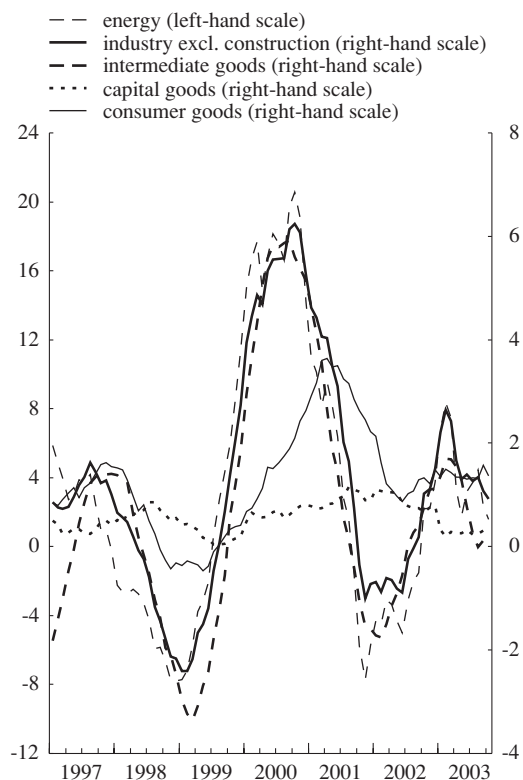
The annual growth rate in the euro area Producer Price Index (PPI), excluding construction, decreased from 1.1% in September to 0.9% in October 2003. This related almost entirely to a favourable base

effect affecting energy producer prices. The year-on-year rate of change in the PPI for total industry excluding construction and energy remained unchanged at 0.6%, reflecting slight counterbalancing developments across industrial branches (see Chart 28).

In the intermediate goods industries, producer prices rose further, from 0.1% (year on year) in September to 0.3% in October. The marked increase in euro-denominated non-oil commodity prices (of more than 10% since June 2003), in line with the rising global demand for raw materials, could have contributed to this development. In contrast, producer prices in the consumer goods industries decreased from 1.5% (year on year) in September to 1.3% in October, possibly reflecting a moderating impact from food producer prices. In the capital goods

Chart 28
Breakdown of industrial producer prices for the euro area

(annual percentage changes; monthly data)

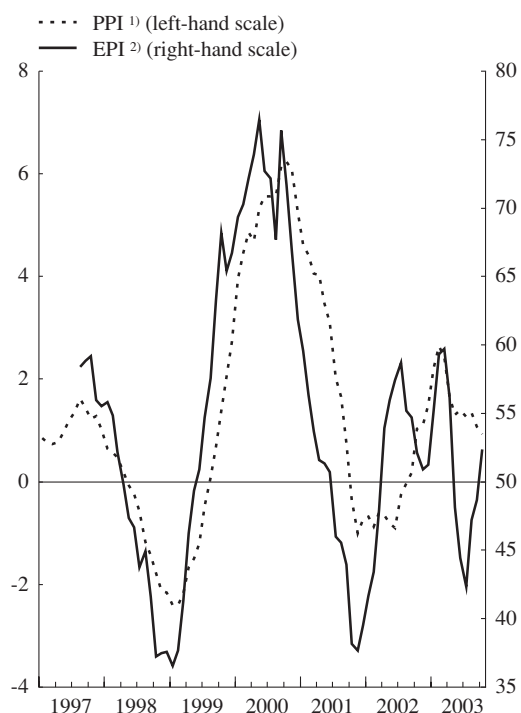


Source: Eurostat.
 Note: Data refer to the Euro 12 (including periods prior to 2001).

industries, the annual rate of price increase remained low, in line with developments since the beginning of the year. Overall, price pressure at the producer level remains subdued, dampened, in particular, by the past appreciation of the euro.

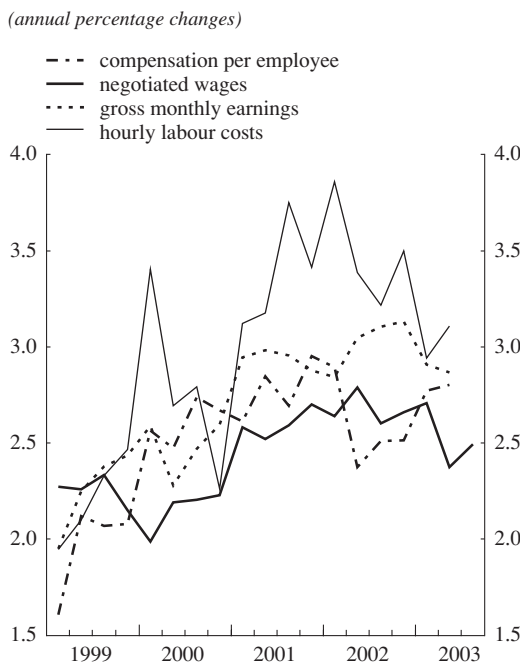
Survey indicators, however, point to a return of some upward pressure on producer prices (see Chart 29). The Eurozone Manufacturing Price Index from the Purchasing Managers' Survey rose slightly, from 52.3 in October to 52.9 in November. According to the survey's participants, the marked increases in the prices of some raw materials, in particular basic metals, driven by stronger global

Chart 29
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 Manufacturing Input Price Index. 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.

Chart 30
Selected labour cost indicators for the euro area



Sources: Eurostat, national data and ECB calculations.

demand, were only partly offset by the strengthening of the euro and its moderating impact on the price of imported goods.

Wage growth broadly unchanged from previous years

Despite mixed evidence from labour cost indicators, the overall picture of euro area wage developments for 2003 continues to point to a levelling-off of wage growth around the averages observed in the last two years (see Chart 30). Gross monthly earnings increased by 2.9% year on year in the first half of 2003, only slightly below the average growth rate for the last two years. Hourly labour costs in the non-agricultural business sector grew by around 3.0% in the first half of 2003, almost 0.5 percentage point below the average for 2001 and 2002. By contrast, the annual growth rate of compensation per employee was, at 2.8% in the first half of 2003, slightly above the average for 2002.

At the sectoral level, the annual growth rates of compensation per employee appear to have levelled off only in industry excluding construction and non-market-related services in the first half of 2003. By contrast, annual growth rates in compensation per employee in market-related services (which include trade, hotels and restaurants, finance and business services) have recently increased, to almost 3% in the first half of 2003, compared with an average of 2.3% in the two previous years. Compensation per employee in the market-related services sector is thus growing at the same rate as in industry, whereas for the last decade it has typically been lower. However, given the volatility of the sectoral data and potential revisions in subsequent releases, it is too early to assess whether data for the first half of this year point to an increase in wage pressure in this specific sub-sector or are just a statistical

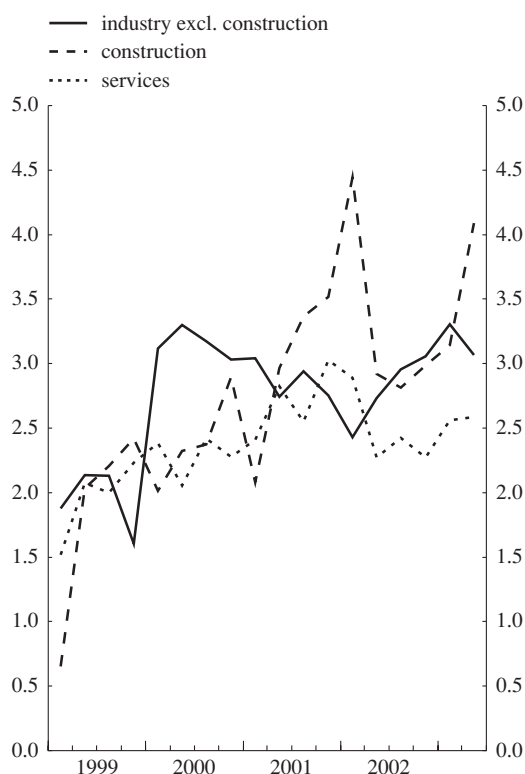
artefact. Moreover, the marked slowdown in wage growth in non-market-related services (from an average of 3.0% in the two previous years to around 2.1% in the first half of 2003) partly offsets the increase in wage growth in the rest of the services sector (see Chart 31).

Regarding more recent developments, the annual growth rate of negotiated wages rose slightly to 2.5% in the third quarter. Average negotiated wage growth is expected to stand at a lower level in 2003 than in the last two years. However, a less negative wage drift, combined with a slight increase in social security contributions, could offset the impact of lower negotiated wage growth on compensation per employee growth in 2003.

The gradual improvement in labour productivity growth in the course of 2002 was reversed in the first half of 2003, with productivity growth falling from 0.7% year on year in the first quarter to 0.0% in the second quarter of the year. As a result, the annual growth rate in unit labour costs increased by 0.8 percentage point to 2.8% in the second quarter of 2003, continuing the relatively sustained pace seen over the last three years. However, as the economic recovery proceeds, productivity should increase and dampen unit labour cost growth.

Chart 31
Sectoral compensation per employee in the euro area

(annual percentage changes; quarterly data)



Sources: Eurostat and ECB calculations.

HICP inflation expected to fluctuate around 2% over the coming months

Looking ahead, euro area HICP inflation is likely to fluctuate around 2% over the coming months. Although the food price shock in the aftermath of this summer's heatwave is expected to gradually unwind, euro area inflation is likely to prove sticky in early 2004, owing to planned increases in indirect taxes (in particular tobacco taxes) and administered prices (especially health care prices). However, some uncertainty still surrounds the precise implementation and timing of government measures impacting on prices. Later in 2004, assuming that wage

developments remain moderate, HICP inflation should fall and remain below 2%, as the past appreciation of the euro should continue to dampen price pressures. For further information on the economic outlook, see the section entitled “Eurosysteem staff

macroeconomic projections for the euro area”.

In addition, Box 5 presents a brief review of recent developments in euro area residential property prices.

Box 5

Residential property price developments in the euro area

In March this year the ECB published a report entitled “Structural factors in the EU housing markets”. Residential property prices are an important input into the analysis of risks to price stability. This box reviews most recent euro area residential property price developments, whose dynamics remained relatively strong on the basis of evidence available up to early 2003.

Statistical background

The residential property price index for the euro area is calculated by the ECB as the average of the annual growth rates of national indicators, weighted by 2001 GDP shares. The Eurosystem has decided on a set of target definitions aimed at harmonising, as much as possible, information on property prices across EU countries. The selection of national residential property price data is based on the degree of market coverage in each country, the methods used for quality adjustment, the quality of the data source and the sample size. Nevertheless, both the methods employed for the compilation of residential property price indicators and the coverage of the data still vary considerably from country to country. The differences between the available property price indices concern several aspects: market coverage (geographical coverage, type of property, mortgage/cash transactions), quality adjustment (i.e. methods used to adjust for differences in the characteristics of the property transacted between periods), data sources (tax records, mortgage applications, real estate agents, newspapers), index construction, and weighting. This suggests that, while the euro area residential property price index may be used to analyse longer-term developments, both the more specific short-term changes in the index and the level of the annual growth rates have to be treated with a considerable degree of caution.

Euro area developments

Data available for 2003 (referring mainly to the first quarter) show that residential property price increases remained strong in the euro area as a whole. As Chart A shows, the annual rate of increase in residential property prices in the euro area has remained at around 7% over the last four years. However, this increase must be seen in the light of subdued residential property price growth in the five years prior to this period (1994-1998), of around 1½% on average.

In the light of the caveats mentioned above concerning measurement difficulties, it is worthwhile to assess whether the development of overall residential property prices in the euro area, as measured by the above-mentioned index, is closely followed by alternative classifications (e.g. new or existing residential property prices, residential property prices in large urban areas). In this regard, price developments for both new and

Chart A: Euro area residential property prices

(annual percentage changes; annual data)

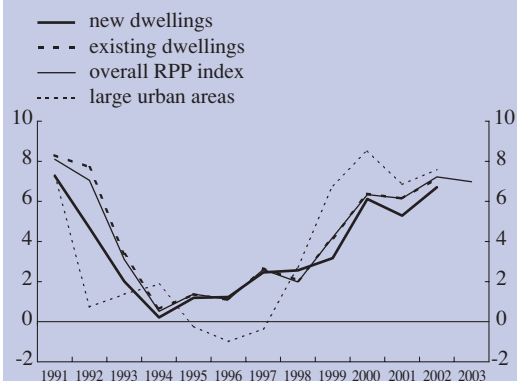


Source: ECB calculations based on non-harmonised national data.

Note: Data for 2003 refer to the first quarter.

**Chart B: Residential property prices (RPP)
– alternative coverage classifications**

(annual percentage changes; annual data)



Source: ECB calculations based on non-harmonised national data. Proxies are used in some instances where available data do not meet target definition.

Note: Data for 2003 refer to the first quarter.

dynamics observed between 1997 and 2001; the relatively low levels of interest rates since 1998, particularly in comparison with earlier levels; a possible shifting of investment from stock markets into residential property in the light of the poor stock market performance between 2000 and 2002; and developments in financial intermediation markets (i.e. financial liberalisation and a higher degree of integration of the housing credit market with the rest of the financial system), which may have increased the sensitivity of residential property prices to interest rates as credit constraints are reduced.

Developments at the country level

Although almost all euro area countries have experienced an increase in residential property prices since 1999, the extent of the observed price changes has varied largely from country to country, resulting in marked differentials. Compared with the euro area average, Spain, Ireland, the Netherlands, Greece and France observed above-average price increases between 1999 and 2002, with the differential widening in Spain and declining in the Netherlands and Ireland (Chart C). By contrast, in Austria and Germany residential property price changes remained below the euro area average rate between 1999 and 2002.

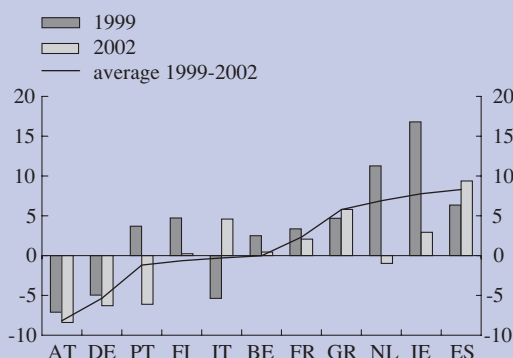
Considering the potential reasons for cross-country diversity in these price developments, longer-term determinants of these prices related mostly to the local character of housing markets (differences in the provision of financing for the purchase of residential properties, different tax incentives and subsidies related to residential property, divergent transaction costs and zoning laws, etc.) and to demographic trends are the most relevant. Moreover, the extent of interest rate changes differed significantly across euro area countries in the late 1990s. This has possibly contributed to the observed differences in residential property price developments. In particular, the move to Stage Three of EMU led to a large decline in interest rates in Ireland, Spain, Greece and Portugal, i.e. countries where, with the exception of Portugal, the increase in residential property prices clearly exceeded the euro area average. In most other euro area countries, including Germany and Austria, the scope for stimulative convergence effects was much lower.

existing dwellings have been broadly similar (see Chart B). Different dynamics can be observed in large urban areas. Although the profile is broadly similar, it appears that the amplitude of movement over the cycle, i.e. both on the upside and the downside, is larger than for non-urban areas. This is hardly surprising, particularly during the upswing, when supply constraints in large urban areas (e.g. limited land availability) can give rise to stronger increases in property prices than in less populated areas.

Although country-specific factors are undoubtedly important for understanding residential property price movements, a number of common factors appear to be driving the relatively strong development in property prices observed in the euro area since 1998. These factors include the lagged consequence of strong growth and employment

Chart C: Differences in residential property price changes across euro area countries

(percentage points, calculated as annual percentage changes relative to euro area average)



Source: ECB calculations based on non-harmonised national data.

3 Output, demand and labour market developments

Real GDP rose by 0.4% quarter on quarter in the third quarter of 2003

Euro area real GDP increased by 0.4% quarter on quarter in the third quarter of 2003 according to Eurostat's first detailed estimate of GDP (see Table 7). Following three quarters of stagnation, a return to positive growth rates was largely anticipated.

The composition of GDP from the expenditure side suggests that growth in the third quarter was driven by net exports. More specifically, the contribution from net exports reflects a strong pick up in export growth linked to the strengthening of global activity while growth in imports remained negative, in line with weak domestic demand. Possibly linked, in part, to still weak labour market conditions, private

consumption was unchanged in the third quarter. Government consumption rose by 0.5% quarter on quarter while gross fixed capital formation and changes in inventories both declined in the third quarter. From the supply side, there was an expansion in both industrial production and the services sector (see Box 6 for a discussion of the value-added side of GDP).

Industrial production stabilised in the third quarter of 2003

Euro area industrial production (excluding construction) decreased by 0.3% month on month in September, following two months of erratic movement related to holiday effects (see Table 8 below). Developments in September were broadly similar across the main industrial

Table 7

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 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3
Real gross domestic product	3.5	1.6	0.9	1.0	1.1	0.7	0.1	0.3	0.2	0.0	0.0	-0.1	0.4
<i>of which:</i>													
Domestic demand	2.9	1.0	0.2	0.4	0.9	1.2	1.0	0.1	0.2	0.4	0.3	0.1	-0.6
Private consumption	2.7	1.8	0.1	0.0	0.6	1.5	1.2	0.9	0.3	0.3	0.5	0.1	0.0
Government consumption	2.1	2.4	2.8	3.1	2.2	1.9	1.6	1.5	0.5	0.2	0.4	0.4	0.5
Gross fixed capital formation	4.9	-0.1	-2.9	-3.0	-1.9	-2.3	-1.3	-1.9	0.1	0.3	-1.1	-0.5	-0.5
Changes in inventories ³⁾	-0.1	-0.5	0.2	0.4	0.5	0.4	0.2	-0.3	-0.1	0.1	0.2	0.0	-0.6
Net exports ³⁾	0.6	0.6	0.6	0.6	0.2	-0.5	-0.8	0.1	0.1	-0.3	-0.3	-0.2	1.0
Exports ⁴⁾	12.6	3.3	1.7	3.4	4.1	2.4	-0.9	-0.1	1.4	-0.2	-1.5	-0.6	2.2
<i>of which: goods</i>	12.6	3.1	1.8	3.6	5.0	2.5	0.1	.	2.2	0.1	-1.7	-0.4	.
Imports ⁴⁾	11.2	1.8	0.1	1.9	3.8	4.0	1.3	-0.5	1.4	0.8	-0.6	-0.2	-0.4
<i>of which: goods</i>	11.3	1.0	0.1	2.5	4.3	5.0	3.2	.	2.0	0.9	-0.2	0.5	.
Real gross value added:													
Agriculture and fishing	-0.4	-1.4	-0.8	-1.1	-2.6	-1.3	-1.2	-1.1	-0.3	-0.2	-0.3	-0.3	-0.2
Industry	3.7	0.4	0.6	0.9	1.5	0.5	-0.9	-0.6	0.2	-0.3	0.0	-0.8	0.4
Services	4.0	2.5	1.5	1.4	1.5	1.1	0.6	0.9	0.2	0.2	0.0	0.1	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.

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.

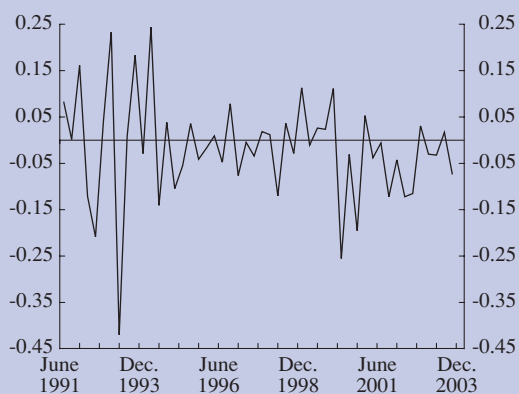
Box 6

What is behind discrepancies between growth in GDP and gross value added?

GDP is the main summary indicator of economic activity and can be compiled using different approaches. On the output side, GDP measures the sum of the gross value added created through the production of goods and services in the individual sectors of the economy. On the income side, it measures the sum of all incomes generated by the production of goods and services, and on the expenditure side, it measures the sum of domestic and (net) external demand for the produced goods and services. Developments in real GDP growth based on measures of expenditure components and sectoral output in volume terms are regularly presented in the section of the Monthly Bulletin entitled “Economic and monetary developments in the euro area”. Quarter-on-quarter rates of growth in real GDP and total real gross value added tend to be very similar, but, at times, there can be relatively large and persistent discrepancies (see Chart A). This box explains the conceptual differences between GDP and total gross value added and studies these discrepancies in terms of their real rates of growth since the early 1990s.

Chart A: Real GDP and real gross value added

(percentage point difference between the quarter-on-quarter growth rates)



Source: Eurostat.

Conceptual differences between GDP and gross value added

There are two important differences between GDP and total gross value added. First, the gross value added of a sector includes the financial intermediation services indirectly measured (FISIM) by this sector. FISIM denote the payments for services rendered by financial intermediaries to their customers, such as reflected in charges and interest margins, and are treated as intermediate consumption. In the national accounts for the euro area, FISIM are not allocated to individual user sectors, but treated as a fictitious separate sector deducted from total gross value added.¹ Second, the gross value added of a sector is measured net of taxes (for instance VAT) and subsidies on products. In the national accounts for the euro area, product taxes (minus subsidies) are recorded for the economy as a whole and added to the total gross value added.

The separation of FISIM and product taxes (minus subsidies) from gross value added can have implications for comparisons across sectors as well as for comparisons between sectoral and economy-wide developments. If, for instance, the share of FISIM and its movement over the economic cycle is very different across sectors, the value added is not fully comparable across sectors and may somewhat distort measures such as productivity and unit labour costs. Moreover, if the share of product taxes (minus subsidies) in GDP varies significantly over the economic cycle, economy-wide developments in productivity and unit labour costs based on GDP will deviate from those implied by sectoral developments.

Empirical discrepancies between real GDP growth and total real gross value added growth

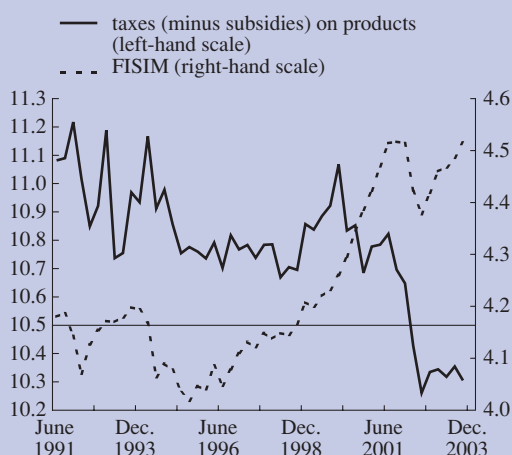
Since the early 1990s, real GDP and total real gross value added have grown at roughly the same pace, with an average absolute difference in quarter-on-quarter growth of only 0.02 percentage point. In individual quarters the absolute difference was up to 0.42 percentage point, but such large discrepancies were usually counterbalanced

¹ Commission regulation (EC) 1889/2002 of 23 October 2002 requires that Member States allocate FISIM in the national accounts according to a harmonised methodology as of 2005.

during subsequent quarters (see Chart A above). In this respect, the years 2000 and 2001 were markedly different, as growth in total real gross value added was consistently higher than real GDP growth. This implies that the level of total real gross value added gradually rose relative to that of real GDP. Two factors are behind these developments. First, product taxes (minus subsidies) per unit of total real gross value added declined sharply at the end of the 1990s and continued to do so during most of the slowdown from 2000 onwards. National data suggest that this essentially reflects developments in Germany. Second, FISIM per unit of real gross value added rose strongly in the late 1990s and up to 2001, reinforcing the effect of developments in product taxes (minus subsidies). The relative rise of FISIM in volume terms reflects, to a large extent, the effect of declining prices for financial intermediation services, given that, in nominal terms, FISIM per unit of gross value added has continued to decline over the past few years.

Chart B: Taxes (minus subsidies) on products and FISIM

(as a percentage of real gross value added)



Source: Eurostat.

Note: FISIM denotes financial intermediation services indirectly measured.

Overall, the lower growth in real GDP compared with that in total real gross value added in 2000 and 2001 is explained by the fact that, relative to total real gross value added, product taxes (minus subsidies) declined and FISIM increased. Since mid-2002 growth in real GDP and in total real gross value added has, however, been broadly similar.

groupings, but industrial production of energy and non-durable consumer goods experienced the largest decrease. On a three-month average basis, however, all components showed positive growth rates, including capital goods

production for the first time since November 2002.

Despite a decline in September, industrial production (excluding construction) still grew

Table 8

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
			July	Aug.	Sep.	July	Aug.	Sep.	Apr.	May	June	July	Aug.
						month-on-month			three-month moving averages				
Total industry excluding construction	0.5	-0.5	0.7	-0.5	-1.3	1.0	-0.7	-0.3	-0.3	-0.6	-0.6	-0.1	0.1
<i>by main industrial groupings:</i>													
Total indus. excl. construction and energy	0.3	-0.7	0.4	-1.1	-1.6	1.1	-0.8	-0.3	-0.3	-0.8	-0.7	-0.2	0.1
Intermediate goods	-0.5	0.3	0.2	0.5	-1.7	0.6	0.1	-1.0	-0.1	-0.6	-0.6	0.0	0.1
Capital goods	1.5	-1.9	1.0	-3.3	-1.8	2.4	-1.7	-0.2	-1.0	-1.1	-1.0	-0.5	0.1
Consumer goods	0.7	-0.4	1.5	0.5	-1.3	0.7	-0.4	-0.7	-0.2	-0.5	-0.3	0.4	0.4
Durable consumer goods	-1.9	-5.3	-2.4	-4.2	-5.2	2.7	-2.6	0.3	-1.8	-2.0	-1.0	0.0	0.6
Non-durable consumer goods	1.2	0.6	2.2	1.1	-0.9	1.1	-0.3	-1.2	0.0	0.0	-0.2	0.5	0.4
Energy	1.6	1.1	1.7	3.8	2.0	0.2	0.8	-1.9	-0.7	-0.7	-0.3	2.1	1.1
Manufacturing	0.4	-0.7	0.5	-1.1	-1.6	1.2	-0.9	-0.3	-0.3	-0.7	-0.6	-0.2	0.1

Sources: Eurostat and ECB calculations.

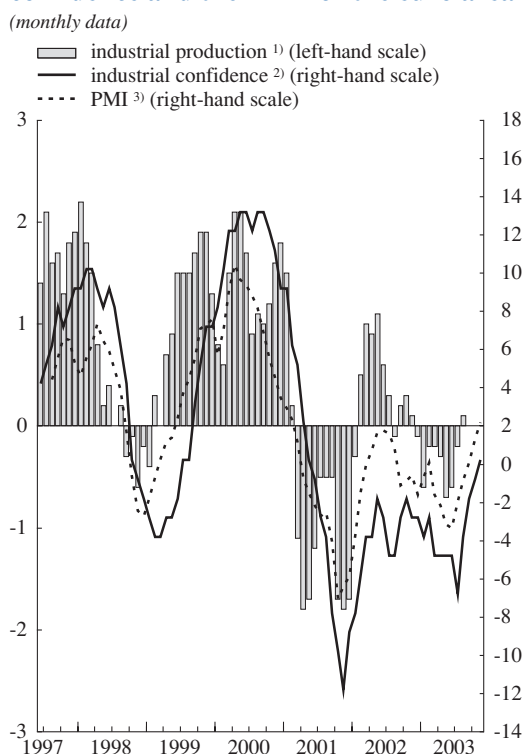
Note: Data refer to the Euro 12 (including periods prior to 2001). For further details on the data, see the "Euro area statistics" section.

by 0.1% quarter on quarter in the third quarter, having contracted by 0.6% in the second quarter. According to national accounts data, gross value added in industry grew by 0.4% quarter on quarter in the third quarter. The increase in production was also reflected in capacity utilisation figures, which rose slightly to 81% in the third quarter (see Table 9). The level of capacity utilisation differed across the main industrial groupings in the third quarter, with industrial firms producing consumer goods appearing to face the largest amount of spare capacity. Monthly data on new orders in euro area manufacturing industries have recently become available (see Box 7). Developments in new orders in recent months are in line with expectations of increasing economic activity.

Further improvement in survey data

The European Commission Business Survey suggests that confidence in the manufacturing sector strengthened further in November. The increase in the industrial confidence indicator reflected a more positive assessment of current order book levels and production expectations in the months ahead. In addition, the assessed inventory level of

Chart 32
Industrial production, industrial confidence and the PMI for the euro area



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 9
Results from European Commission Business and Consumer Surveys for the euro area

(seasonally adjusted data)

	2000	2001	2002	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 June	2003 July	2003 Aug.	2003 Sep.	2003 Oct.	2003 Nov.
Economic sentiment index ¹⁾	2.5	-3.0	-1.5	-0.1	-0.5	-0.1	0.2	0.0	-0.1	0.3	0.3	0.2	0.4
Consumer confidence indicator ²⁾	12	6	0	-3	-8	-8	-6	-8	-7	-6	-6	-6	-5
Industrial confidence indicator ²⁾	12	-2	-4	-3	-4	-5	-4	-5	-7	-4	-2	-1	0
Construction confidence indicator ²⁾	16	10	2	-1	1	0	-1	-1	1	-2	-2	-1	1
Retail trade confidence indicator ²⁾	5	0	-9	-8	-10	-8	-6	-7	-5	-7	-5	-2	-3
Services confidence indicator ²⁾	11	-4	-18	-23	-25	-21	-14	-20	-16	-13	-12	-10	-8
Business climate indicator ³⁾	1.4	-0.2	-0.5	-0.3	-0.4	-0.6	-0.6	-0.6	-0.8	-0.5	-0.5	-0.2	0.0
Capacity utilisation (%)	84.5	82.9	81.4	81.5	81.1	80.8	81.0	-	80.7	-	-	81.2	-

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.

Box 7

New orders in euro area manufacturing industries

This box describes the concepts behind and compilation of the data on actual new orders in the euro area, and assesses their usefulness for economic analysis. New orders are covered by the EU regulation on short-term statistics. The transition period for its introduction in EU countries ended in June 2003. In November 2003 Eurostat officially released euro area-wide statistics on new orders in manufacturing industries for the first time. Prior to the introduction of these statistics, business surveys were the only source of information available on orders.

The concepts behind and compilation of data on new orders for the euro area

New orders are defined as the *intent to purchase for immediate or future delivery*. They measure the value of the incoming contracts in each reference month, including orders from sub-contractors. In the EU, the convention is for order cancellations not to be deducted from current or past order figures.

The EU regulation only covers industries that work on the basis of orders (i.e. textile, pulp and paper, chemicals, all capital goods, most consumer durable goods and selected non-durable consumer goods), which is not the case for all manufacturing industries. The aggregate comprising these industries is classified as *manufacturing industries working on orders* and accounts for around 63% of total manufacturing turnover. The euro area-wide index for this aggregate is available from January 1996. Spain, France and Portugal only recently introduced new order statistics into their systems. Consequently, the coverage of the euro area aggregate, in terms of underlying national data, has been gradually increasing, with coverage of over 90% only being achieved in 2002. Eurostat also provides a breakdown of total new orders into domestic and foreign new orders. As this breakdown is based on the respective national results, foreign new orders include those from outside the euro area as well as those originating from other euro area countries (a distinction between “true” intra and extra-euro area orders will only become available after 2005). It should be noted that euro area-wide new order data are only available in value terms. According to the transmission deadlines, euro area-wide indices should become available around 50 days after the end of the reference month, i.e. between one and two weeks after the release of the euro area industrial production indices for the same month.

The usefulness of data on new orders for economic analysis

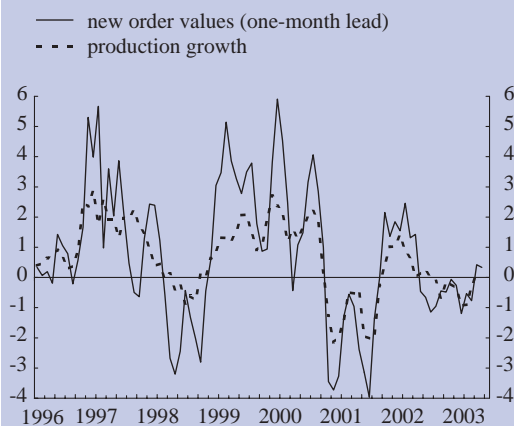
In principle, new orders provide indications of current demand and future production. They tend to play an important role in the construction of composite leading indicators for real GDP growth. However, the lead time of orders can vary given that it is difficult to determine when exactly orders become production. More specifically, new orders result in turnover that can be serviced from production or inventories. In the latter case, the relationship between new orders and production depends on whether and how quickly inventories are replenished after sales have taken place. Moreover, new orders sometimes exhibit considerable month-to-month volatility, related in particular to high-value contracts, e.g. for transportation (aircraft and ships). Unfilled orders would provide a more direct link with future production given that they imply an order backlog and pent-up production; however, these data are not available for the euro area.

Correlation analysis suggests that over the period from 1996 to 2003, the three-month on three-month growth rate in new orders of *manufacturing industries working to order* has a lead time of one month over the corresponding growth rate for production (see Chart A). The same lead time is observed for the so-called order-to-sales ratio, which can be constructed from data on new orders and turnover (see Chart B). This ratio can be used as an indicator of turning points in output and may contribute to the analysis of production capacity developments. If capacity utilisation is already high and inventories are low, a strong rise in the ratio would suggest that new orders are gradually creating a backlog of unfilled orders. The order-to-sales ratio has been on a broad upward movement since 2001 and in the summer of 2003 it was back to levels comparable to those

observed at the business cycle peak in 2000. This development suggests that incoming business may have started to exceed outgoing sales, with the result of a backlog of orders. That would be in line with the available survey data for the manufacturing sector, which indicate that order books are increasingly regarded as sufficient and that the production months assured by current order books have remained well above their longer-term average. In this respect, data on actual new orders are also useful to cross-check – albeit with some time lag – the information available from survey data.

Chart A: Growth in new orders and production

(3 month-on-3 month percentage changes)

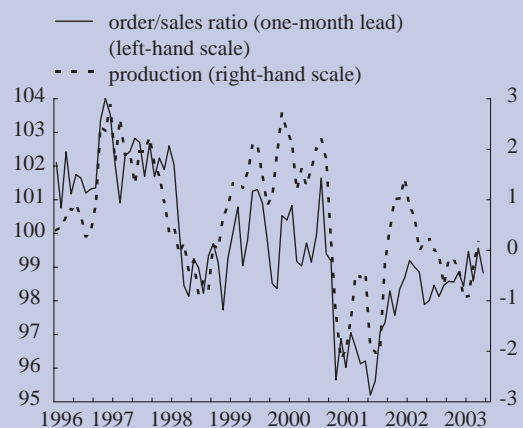


Source: Eurostat.

Note: Data are seasonally adjusted and refer to manufacturing industries working on orders.

Chart B: Order-to-sales ratio and production growth

(index; 2000 = 100; 3 month-on-3 month percentage changes)



Source: Eurostat.

Note: Data are seasonally adjusted and refer to manufacturing industries working on orders. Order-to-sales ratio calculated as index of new orders divided by index of turnover.

Overall, data on actual new orders help to fill an important gap in the availability of hard data in the area of short-term statistics. Developments in new orders are ahead of those in production, but their usefulness as a leading indicator is somewhat restricted, since new order data only become available once the corresponding production data has already been released. However, the data now allow for a combined analysis of orders, turnover and production based exclusively on hard data and thus help to assess the information from survey data. Moreover, they provide valuable information at the disaggregated level of industries, e.g. capital goods industries. Desirable improvements include the timeliness of order data and the availability of data in volume terms.

finished goods continued to decline in November.

The Purchasing Managers' Index (PMI) mirrored the results from the European Commission's survey. It remained on an upward trend in November and reached 52.2, its highest level since February 2001 (see Chart 32). Moreover, the PMI has been above 50 since September 2003, indicating an expansion of manufacturing output. The rise in the PMI in November reflects favourable developments in current output and new orders, with the new orders index reaching a

three-year high in that month. Overall, the increasingly positive signals coming from the October and November surveys point to an expansion in industrial output in the fourth quarter.

Survey data covering the services sector remain the clearest indication of the recovery. The confidence indicator from the Purchasing Managers' Survey for November rose as a result of a better assessment of current, new and expected business activity. The Purchasing Managers' Index for business activity in the services sector rose to 57.5 in

November, its highest level since October 2000.

Consumption indicators send mixed signals

Private consumption remained weak in the third quarter of 2003, according to the first release of the composition of national accounts. Subdued developments in private consumption were largely anticipated in light of the mixed signals provided by household spending indicators. Available information at the country level suggests that retail sales volumes were broadly unchanged in September leading to a quarter-on-quarter decline in euro area retail sales in the third quarter. By contrast, growth in new passenger car registrations was strong in August and September. For the third quarter, this implied positive growth of 4.5% quarter on quarter (see Chart 33).

More recently, new car registrations contracted by 1.1% in October on a month-on-month basis. Consumer confidence improved slightly in November, having remained unchanged in the previous three months. Confidence in the retail trade sector declined slightly in November after increasing in October.

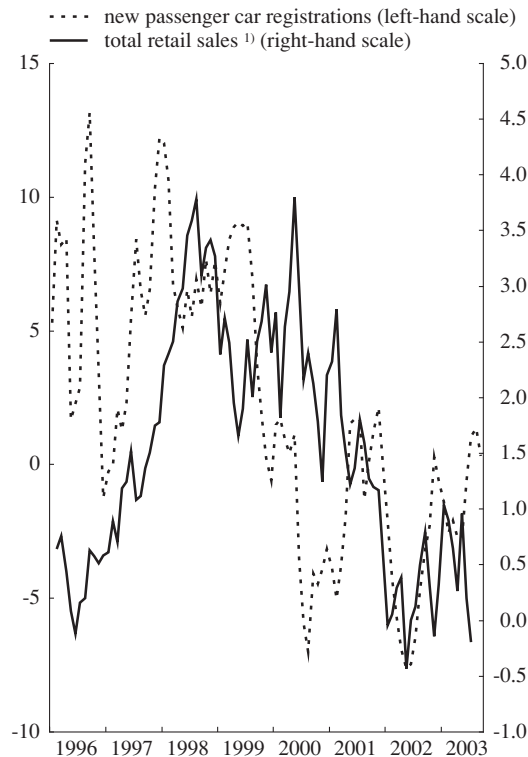
The unemployment rate remained unchanged in October

The euro area standardised unemployment rate remained at 8.8% in October (see

Chart 33

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.

Chart 34), unchanged since March 2003. However, the number of unemployed rose by around 23,000 in October, following an increase of 25,000 in September. The recent monthly increases are somewhat higher than the average monthly increases in the second and third quarters of 2003 (12,000) but lower than in

Table 10

Unemployment in the euro area

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

	2000	2001	2002	2002 Q4	2003 Q1	2003 Q2	2003 Q3	2003 May	2003 June	2003 July	2003 Aug.	2003 Sep.	2003 Oct.
Total	8.5	8.0	8.4	8.6	8.7	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Under 25 years ¹⁾	16.7	15.7	16.2	16.4	16.7	16.7	16.7	16.8	16.7	16.7	16.7	16.8	16.8
25 years and over	7.4	7.0	7.4	7.6	7.7	7.8	7.8	7.8	7.8	7.8	7.8	7.8	7.8

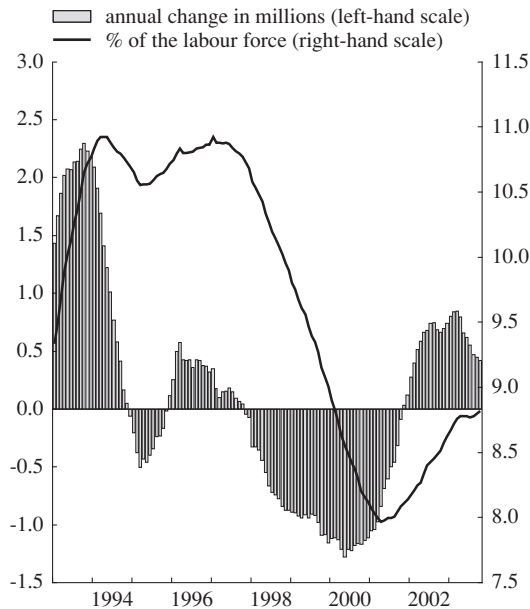
Source: Eurostat.

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.

Chart 34 Unemployment in the euro area

(monthly data; seasonally adjusted)



Source: Eurostat.

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

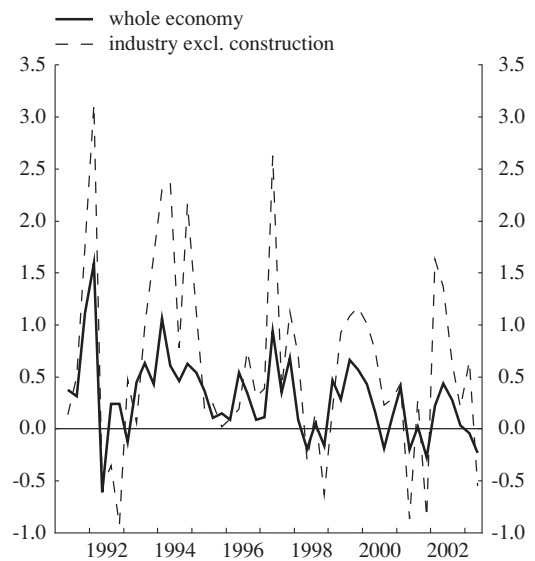
2002 (62,000) and the first quarter of 2003 (76,000). In terms of the age breakdown, both the unemployment rate for those below 25 and those aged 25 and above remained unchanged in October, at 16.8% and 7.8% respectively (see

Table 10). The number of unemployed increased further in both age groups.

On a quarterly basis, employment growth for the whole economy was zero in the second quarter (see Table 11). However, the picture varies between sectors. Employment expanded in services and construction in the

Chart 35 Labour productivity in the euro area

(quarterly percentage changes; seasonally adjusted)



Source: Eurostat.

Table 11 Employment growth in the euro area

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

	2000	2001	2002	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2002 Q2	2002 Q3	2002 Q4	2003 Q1	2003 Q2
	Quarterly rates ¹⁾												
Whole economy	2.2	1.4	0.4	0.5	0.3	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.1
of which:													
Agriculture and fishing	-1.6	-0.8	-2.0	-2.0	-1.9	-1.9	-2.3	-2.1	-0.5	-0.7	-0.4	-0.8	-0.3
Industry	0.9	0.4	-1.2	-1.1	-1.3	-1.6	-1.5	-1.4	-0.4	-0.4	-0.5	-0.3	-0.2
Excluding construction	0.5	0.3	-1.3	-1.2	-1.3	-1.7	-1.8	-1.8	-0.4	-0.4	-0.6	-0.4	-0.4
Construction	1.9	0.4	-1.1	-0.9	-1.3	-1.3	-1.0	-0.3	-0.4	-0.5	-0.2	0.1	0.4
Services	3.0	1.9	1.2	1.3	1.1	0.9	0.8	0.8	0.2	0.1	0.2	0.2	0.3
Trade and transport	3.1	1.6	0.5	0.6	0.2	0.0	-0.1	0.1	-0.1	-0.1	-0.1	0.1	0.2
Finance and business	5.8	3.9	2.3	2.6	2.1	2.0	1.7	1.4	0.7	0.3	0.5	0.3	0.4
Public administration	1.6	1.3	1.3	1.3	1.3	1.2	1.1	1.1	0.3	0.3	0.3	0.2	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.

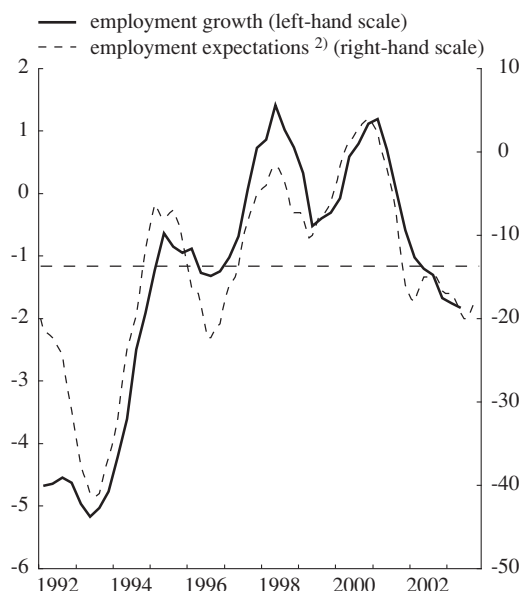
second quarter of 2003 while it remained negative in the industrial sector. Although total employment in the economy as a whole has remained remarkably resilient during the recent slowdown, there is evidence that some adjustment has taken place in terms of hours worked. This evidence stems from Labour Force Survey data, which show that hours worked per worker declined during the recent period of sluggish growth.

Quarterly growth in labour productivity in both the industrial sector and in the economy as a whole was negative in the second quarter of 2003 (see Chart 35). Since employment growth was flat in this period, this deceleration reflected the slowdown in economic activity. Employment figures for the third quarter are still not available but survey data suggest continued weakness. With GDP growth having picked up in the third

Chart 36

Employment growth and employment expectations in industry in the euro area¹⁾

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



Sources: Eurostat and European Commission Business and Consumer Surveys.

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

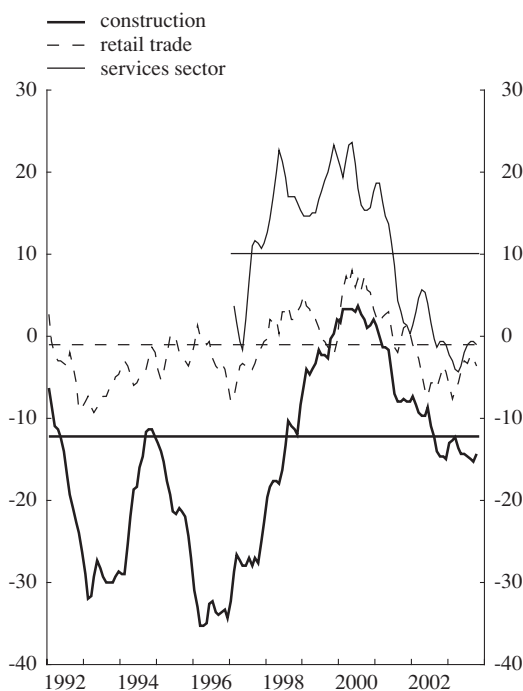
1) Excluding construction.

2) Employment expectations refer to manufacturing only.

Chart 37

Employment expectations in the euro area

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



Sources: European Commission Business and Consumer Surveys. Note: The horizontal lines are averages of employment expectations since January 1985 for construction, since April 1985 for retail trade, and since January 1997 for the services sector.

quarter, labour productivity is likely to show some improvement as well.

Labour market developments remain subdued

Employment expectations for the euro area up to November 2003 continue to point to subdued labour market developments. According to the European Commission's survey, manufacturing firms expect total employment to remain subdued (see Chart 36). In the Purchasing Managers' Survey, the employment index for manufacturing remained below the level of 50, but has been gradually improving since May and reached 48.5 in November. Given the close relationship between employment expectations and employment growth in the manufacturing

sector, the latest survey results suggest that employment growth in this sector will remain subdued in the fourth quarter of 2003. The employment outlook for the construction sector improved in November, while it worsened for both services and retail firms according to the European Commission's surveys (see Chart 37). By contrast, the employment index for the services sectors in the Purchasing Managers' Survey has been increasing since May 2003 and has reached 50.4, indicating an expansion in November.

Stronger signs of recovery

Business surveys and industrial production data as well as the first estimate of real GDP growth in the third quarter of 2003 suggest that a turning point has been reached and that a gradual recovery started in the second half of this year. In line with the ongoing recovery in

the world economy, exports picked up and were responsible for growth in the third quarter. Industrial production expanded in the third quarter, albeit at a slow pace, after contracting in the second quarter, and survey results point to a further increase in the fourth quarter. The cyclically less vulnerable services sector expanded at a brisker pace in the third quarter, and the latest survey results in that sector remain the most positive indicators. Domestic demand remained subdued in the third quarter but is expected to pick up gradually. In line with growth in real disposable income, private consumption is expected to increase, while the low level of interest rates, generally favourable financing conditions and an improvement in the global economic environment will support investment growth. For a further discussion of the outlook for growth, see the section entitled "Eurosystem staff macroeconomic projections for the euro area".

4 Fiscal developments

Significant deficits expected in the euro area in 2003 and 2004

According to the latest forecasts published by the European Commission, the average general government budget deficit ratio of the euro area is expected to continue to deteriorate for the third year in a row, from 2.2% of GDP in 2002 to 2.8% in 2003 (see Table 12). This indicates a considerable worsening compared with both the outcome for 2002 and the Commission's spring forecast for this year (see Table 13 in the June 2003 issue of the Monthly Bulletin). The primary surplus (which excludes interest expenditure) is expected to decline by 0.7 percentage point in 2003 to 0.7% of GDP, which also points to a noticeable deterioration compared with last spring.

The Commission forecasts for the euro area deficit ratio deviate very significantly from the more optimistic targets set on average in the updated stability programmes, which were submitted at the end of 2002 and the

beginning of 2003. The difference amounts to 1 percentage point in 2003. According to the Commission forecasts, most countries will register higher deficits in 2003 than those targeted in their updated stability programmes. Two countries (Germany and France) will breach the deficit reference value of 3% of GDP for the second year in a row, with both countries recording deficit ratios above 4%. Three countries (Italy, the Netherlands and Portugal) will record deficit ratios close to the 3% threshold.

The further weakening of budgetary positions in 2003 compared with the spring estimates is mainly due to the operation of automatic stabilisers in a considerably less favourable macroeconomic environment than anticipated. The cyclical component of the annual change in the average euro area deficit ratio with respect to 2002 will account for most of the anticipated deterioration (see Chart 38). Such a broadly neutral fiscal stance – as shown by a cyclically adjusted budget balance ratio which is almost

Table 12**Forecasts of fiscal developments in the euro area***(as a percentage of GDP)*

		2002	2003	2004
Budget balance	European Commission ¹⁾	-2.2	-2.8	-2.7
	OECD ²⁾	-2.3	-2.7	-2.6
	Stability programmes ³⁾	-2.2	-1.8	-1.1
Cyclically adjusted budget balance	European Commission ¹⁾	-2.4	-2.3	-2.2
	OECD ^{2), 4)}	-1.9	-1.7	-1.5
	Stability programmes ³⁾	-1.9	-1.3	-0.8
Primary budget balance	European Commission ¹⁾	1.4	0.7	0.7
	Stability programmes ³⁾	1.5	1.9	2.5
Gross debt	European Commission ¹⁾	69.0	70.4	70.7
	Stability programmes ³⁾	69.7	68.7	66.8

Note: In 2002 the proceeds from the sale of UMTS licences in the euro area as a whole are included. However, such proceeds are very limited and do not affect the figures reported in the table.

1) *European Economy 5/2003, Economic Forecasts, autumn 2003.*

2) *Economic Outlook, preliminary edition, November 2003.*

3) *European Commission figures on the basis of Member States' updated stability programmes, May 2003.*

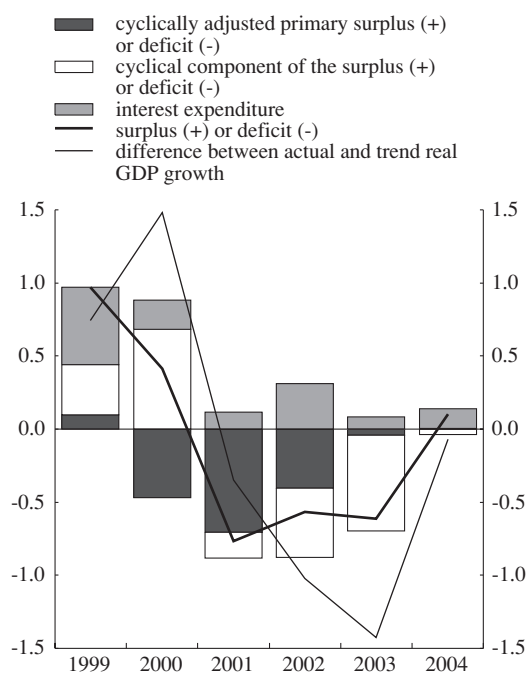
4) *Excluding Luxembourg.*

unchanged – compares with the small average tightening foreseen in last year's updated stability programmes. In some countries, however, consolidation measures were offset by the unfavourable effects of unexpected events, which adversely affected budget developments. In other countries, a number of temporary measures are containing the deterioration of the budget balance. This is the case, in particular, in Italy and Portugal, where the effect of such measures is estimated to amount to about 1.5% and 2.5% of GDP, respectively.

Contrary to what has happened in previous years, interest expenditure has been declining only slightly in 2003, thus improving very little the overall deficit ratio. Nevertheless, budget balances in the most indebted countries continue to benefit from declining interest expenditure.

The euro area general government debt-to-GDP ratio is expected to increase by 1.4 percentage points, reaching 70.4% at the end of 2003. This would be the first time that the aggregate debt ratio has risen since the start of Stage Three of EMU, interrupting the gradual downward trend that began in the mid-1990s. Both lower nominal growth and higher deficits are behind this rise in debt ratios. In France, the stock of

government debt in 2003 is very likely to exceed the 60%-of-GDP threshold for the first time. The debt ratio will also rise clearly

Chart 38**Annual changes in the average euro area budgetary position and underlying factors***(in percentage points of GDP)*

Sources: *European Commission, autumn 2003, and ECB calculations.*

Note: Positive values indicate a contribution to a decrease in deficits, while negative values indicate a contribution to their increase. Data exclude proceeds from the sale of UMTS licences.

above the reference value in Germany in 2003. It will decline only marginally in Italy, which still records the highest government debt ratio in the euro area. At the end of 2003, the number of countries with a debt ratio above 60% is going to increase to six, from five one year earlier.

The European Commission forecasts a small decline in the average government deficit for the euro area to 2.7% of GDP in 2004. The reduction of the fiscal imbalances in countries with excessive deficits will be partly offset by the re-emergence of sizeable budget disequilibria in other member countries. Three countries (Germany, France and Portugal) are expected to report deficit ratios above the 3% reference value and another three countries (Greece, Italy and the Netherlands) are likely to post deficits close to 3%. The other euro area countries will register less significant imbalances or even show a surplus in their budget balances.

The expected developments for 2004 point to a neutral fiscal stance on average in the euro area. With actual growth coming close to its trend rate, the cycle will have no significant effect on budget balance developments in 2004. Declining interest expenditure will fully account for the small improvement of the overall deficit, while the average primary surplus will remain constant. As in 2003, temporary measures will continue to contain the deterioration of the budget balance in a few countries in 2004, particularly in Italy. The euro area debt ratio is projected to keep increasing slightly in 2004.

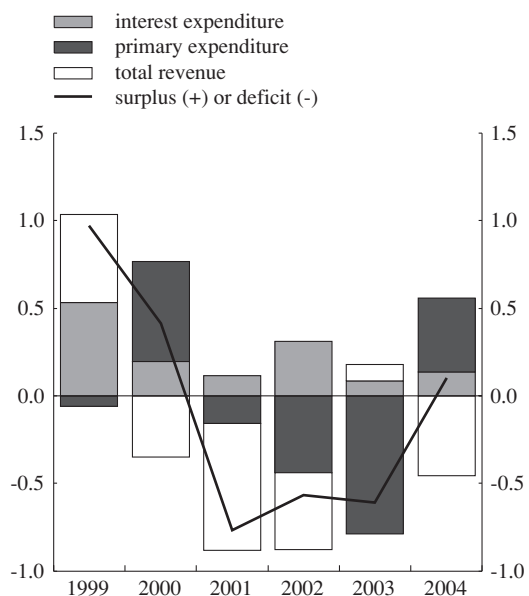
Developments in the fiscal balance and stance at the aggregate level disguise very diverse country situations. Only four euro area countries (Belgium, Spain, Austria and Finland) are expected to record very small budget deficits or budget surpluses in 2004. Of the countries with deteriorating fiscal positions (Greece, Ireland and Luxembourg), only Ireland is currently expected to implement some fiscal tightening towards restoring a sound budgetary position. Moreover, of the countries with severe disequilibria in

public finances, Germany, France, Italy and Portugal have not yet introduced sufficient consolidation measures, while the Netherlands is projected to implement sufficient consolidation to prevent the breaching of the 3% deficit limit in 2004.

Tax and expenditure developments in 2003 and 2004

Cyclical effects are determining much of the change in the revenue and primary expenditure ratios in 2003 (see Chart 39). Revenue is growing rather modestly, in line with nominal GDP, reflecting weak developments in private consumption and employment. Hence, the ratio of total revenue to GDP is expected to remain broadly unchanged at 46.2%. Further income tax cuts in a number of countries are

Chart 39
Annual changes in the average euro area budgetary position: contributions of revenue, primary expenditure and interest expenditure
(in percentage points of GDP)



Sources: European Commission, autumn 2003, and ECB calculations.
 Note: Positive values indicate a contribution to a decrease in deficits, while negative values indicate a contribution to their increase. Data exclude proceeds from the sale of UMTS licences.

compensated for at the euro area level by increases in indirect taxes and social contributions. On the spending side, the ratio of primary expenditure to GDP is expected to increase by 0.7 percentage point to 45.4%, with the persistent upward pressure on current outlays largely originating from higher unemployment benefits and related social transfers, which are driven primarily by cyclical factors.

In 2004, stronger economic activity, together with government plans to keep spending under control, are expected to contribute to improving budgetary positions. At the same time, income tax cuts in a number of countries are expected to dampen the growth of revenue on average in the euro area and adversely affect budget balance ratios.

Key policy challenges

Progress towards higher potential growth and sound public finances in the euro area is being hindered by the lack of political resolve to undertake durable fiscal consolidation. Meanwhile, the persistence of imbalances, which in some cases are severe, is a drag on the dynamism of the economy. This not only points to weak commitments to budgetary retrenchment and public sector reforms in some countries' medium-term plans, but also challenges the European framework of fiscal rules.

It is fundamental that confidence in the solidity of the institutional underpinnings of EMU be maintained. Far from being a merely procedural issue, this has a profound influence on the prospects for growth and stability in the euro area.

In a monetary union among sovereign states that retain control of their fiscal policies, a solid framework securing sustainable fiscal policies on the basis of commonly agreed rules is indispensable. The shrinking of bond yield differentials linked to sovereign risk removes a correcting factor of the deficit bias in national fiscal policies. Furthermore,

the deficit bias might increase as the short-term political benefits of deficits primarily accrue to the country relaxing budget constraints, whereas the negative effects on the level of interest rates affect all member countries. Bond markets would still react to expectations of errant fiscal policies in the euro area, but there is no evidence that the discipline exerted by financial markets is sufficient. The reaction of increasingly globalised markets to the deviant policy of a single country in the euro area is likely to be slow and only partially reflected in bond yield differentials, despite the fact that euro area governments cannot be forced to bail each other out in case of fiscal difficulties. Financial market signals are therefore normally far too weak a deterrent to induce governments to fully take into account long-term budget constraints. A commonly shared fiscal framework, such as the one set out in the Treaty and the Stability and Growth Pact, supplements the effects of market forces and facilitates the coordination of fiscal policies in the euro area.

Weakening the fiscal policy framework of EMU – by bending the rules and making room within it for unpredictable discretion – entails considerable risks. Experience over the past few decades has shown that protracted high deficits and mounting debt ratios cast a shadow over the sustainability of public finances and, concomitantly, over output growth and macroeconomic stability.

Concerning growth, increased financing needs of governments drive up interest rates, especially over longer maturities, and private credit demand is crowded out. This reduces investment and physical capital formation, which in turn reduces potential output and limits future production and consumption possibilities.

Regarding macroeconomic stabilisation, it is a delusion to expect that relaxing fiscal rules and opting for political expediency in the short term would increase flexibility and widen margins of discretion. Increasing discretion in national fiscal policy-making

creates uncertainty as to how the rules will be implemented thereafter and hence raises concerns about the commitment to future fiscal rectitude. This uncertainty affects private agents' economic behaviour. Households and enterprises may postpone consumption and investment decisions as trust in economic stability is reduced. In fact, negative confidence effects on some components of aggregate demand may become so important that they more than offset the expansionary effect of a fiscal loosening on some of its other components. A fiscal relaxation may then have a net contractionary impact on output by failing to expand aggregate demand, a phenomenon referred to as non-Keynesian effects.

Loosening the rules of fiscal discipline not only fails to provide additional room for discretionary policies, it also hinders the automatic stabilisation effects that systematic compliance with the rules delivers. High debt and deficit ratios leave little scope for fiscal balances to smooth unforeseen adverse developments. This makes the overall economy more vulnerable to shocks. Thus, the operation of automatic stabilisers will also be impaired when fiscal sustainability is called into question. Their operation may either have to be restricted to improve sustainability or private agents may offset their impact through higher saving, preparing for expected higher taxation in the future.

Strategy for fiscal policies

On 25 November, the ECOFIN Council decided not to act on the basis of the Commission recommendations concerning France and Germany. Instead, it issued Conclusions which require that excessive deficits be corrected as early as possible and by 2005 at the latest and which contain less demanding consolidation requirements for 2004 than the Commission recommendations. For France, the Conclusions call for structural consolidation of 0.8% of GDP in 2004 and at least 0.6% of GDP in 2005, which is marginally above the

government's original intention as indicated during its budget process. For Germany, the Conclusions call for structural consolidation of 0.6% of GDP in 2004, which is in line with the 2004 budget proposal as submitted to the parliament, and of at least 0.5% of GDP in 2005. In addition, "prevailing economic conditions" will be taken into account when assessing compliance with the recommendations for both countries. In the case of Germany, the objective for 2005 has been made explicitly conditional on the Commission's growth projections. Moreover, the ECOFIN Council stands ready to take a decision under Article 104(9) of the Treaty on the basis of the Commission recommendations, should these countries fail to act in accordance with the commitments set out in the Council conclusions.

As to progress with fiscal consolidation towards the attainment of sound and sustainable public finances, the Council conclusions clearly fall short of what the Commission considered an appropriate adjustment path. Moreover, they do not implement the procedures in the manner recommended by the Commission. The statement of the Governing Council, as reproduced in Box 8 at the end of this section, expressed the regret of the ECB with regard to this outcome and calls for governments to live up to their responsibilities with effective action so as to limit negative effects on confidence.

In addition, countries with less severe imbalances need to implement forcefully the Eurogroup agreement of October 2002. This agreement requires countries that are not yet in a budgetary position close to balance or in surplus to reduce their underlying deficit by a minimum of 0.5% of GDP per year. With regard to the implementation of the rules and procedures of the Pact, the credibility of the framework hinges on the full implementation of all procedural steps.

Looking at the longer term, in view of the foreseeable fiscal pressures due to population ageing it is of particular importance that

governments secure fiscal leeway in time. The requirements for sound public finances and low debt under the Pact set the right incentives for governments to prepare for this challenge.

Summing up, in the absence of sufficient fiscal discipline, conducting stability-oriented monetary policy becomes more difficult. As

argued above, the crowding out of private credit demand implies that price stability can only be preserved at a higher interest rate level. Moreover, the lack of a solid fiscal framework increases the risk that discretionary fiscal policies in individual countries will disturb macroeconomic stability.

Box 8

Statement of the Governing Council on the ECOFIN Council conclusions regarding the correction of excessive deficits in France and Germany

25 November 2003

In its previous meeting, the Governing Council took the view that the recommendations of the European Commission for the next steps in the excessive deficit procedure pushed the room for the interpretation of the rules and procedures to the limit.

The ECOFIN Council decided today not to act on the basis of the Commission recommendations regarding France and Germany. The Governing Council deeply regrets these developments and shares the views made public by the Commission on the ECOFIN Council conclusions.

The Conclusions adopted by the ECOFIN Council carry serious dangers. The failure to go along with the rules and procedures foreseen in the Stability and Growth Pact risks undermining the credibility of the institutional framework and the confidence in sound public finances of Member States across the euro area.

The Governing Council takes note of the commitments by France and Germany to correct their excessive deficits as rapidly as possible and at the latest by 2005 and strongly urges the governments concerned to live up to their responsibilities. It is now absolutely imperative that effective action be taken to limit negative effects on confidence.

The public can rest assured that the Governing Council remains staunchly committed to maintaining price stability.

5 Eurosystem staff macroeconomic projections for the euro area

On the basis of the information available up to 15 November 2003, Eurosystem staff have prepared projections for macroeconomic developments in the euro area. These projections were produced jointly by experts from both the ECB and the euro area national central banks.¹ They are a biannual input into the Governing Council's assessment of economic developments and the risks to price stability.

The staff projections are based on a series of assumptions with regard to interest rates, exchange rates, oil prices, world trade outside the euro area and fiscal policies. In particular, the technical assumption is made that short-term market interest rates and bilateral exchange rates will remain unchanged over the projection horizon. The technical assumptions with regard to long-term interest rates and both oil and non-energy commodity prices are based on market expectations.² Fiscal policy assumptions are based on national budget plans and other information concerning budgetary developments in the individual euro area member countries.

To express the uncertainty surrounding the projections, ranges are used to present the results for each variable. The ranges are based on the differences between actual outcomes and previous projections carried out by euro area central banks over a number of years. The width of the ranges is twice the average absolute value of these differences.

Assumptions with regard to the international environment

World economic growth is estimated to have increased in the course of this year. This has been linked to a return of confidence, which is also reflected in improving financial market conditions, as manifested in higher stock prices and reduced market volatility.

The recovery in world economic activity is assumed to continue over the projection horizon. In 2004, world economic growth is expected to remain at about the level estimated for the second half of 2003 and to strengthen somewhat in 2005. In the United States, real GDP growth is expected to remain robust over the horizon, albeit at rates below those observed in the late 1990s. While the current economic recovery is supported by strongly expansionary macroeconomic policies, the prospects for business investment growth are expected to remain somewhat tempered by the ongoing correction of private sector financial positions and by low rates of capacity utilisation. Over the course of the projection horizon, these constraints to growth are expected to diminish. The economic recovery in Japan is also expected to continue, while growth in non-Japan Asia is expected to remain buoyant. In addition, the EU acceding countries and other transition economies are projected to continue to grow at a relatively strong pace. Overall, *world real GDP growth outside the euro area* is estimated to have reached around 4.0% on average in 2003. It is projected to increase to about 4.5% in 2004 and 5.0% in 2005.

Growth in world trade is assumed to follow a pattern consistent with that of world real GDP. The *euro area's external export markets* are estimated to have picked up gradually in the course of 2003, resulting in an average

¹ More information on the procedures and techniques used is given in "A guide to Eurosystem staff macroeconomic projection exercises", ECB, June 2001.

² Short-term interest rates as measured by the three-month Euribor are assumed to remain constant over the projection horizon at slightly below 2.2%. The technical assumption of constant exchange rates implies that the EUR/USD exchange rate will stay at 1.17 over the horizon and that the effective exchange rate of the euro will be 12% higher than the average for 2002. Market expectations of euro area ten-year nominal government bond yields imply a slightly rising profile from an average of 4.15% in 2003 to 4.3% in 2005. Based on the path implied by futures markets, annual average oil prices are assumed to decline to USD 24.5 per barrel in 2005, from USD 28.5 per barrel in 2003. By contrast, non-energy commodity prices are assumed to increase in both 2004 and 2005, though at a slower pace than in 2003.

annual growth rate of about 4% in 2003. The euro area's external export market growth is expected to increase further to about 7% in 2004 and 8% in 2005.

Real GDP growth projections

Following a stagnation of real GDP in the first half of 2003, the quarterly growth rates of euro area real GDP are estimated to have turned positive in the second half of the year. They are projected to strengthen further in the first half of 2004. Real GDP growth is estimated to have been between 0.2% and 0.6% on average in 2003. It is projected to increase to between 1.1% and 2.1% in 2004 and to between 1.9% and 2.9% in 2005. The assumed strengthening in euro area foreign demand is projected to lead to a pick-up in export growth, despite some delayed impact of the past appreciation of the euro in effective terms. Euro area domestic demand is also projected to pick up, driven by recoveries in both investment and private consumption. Inventory investment and net exports are not projected to provide significant positive contributions to real GDP growth.

Among the domestic expenditure components, average annual growth in *private consumption* is estimated to have been between 1.0% and 1.4% in 2003 with continued modest quarterly rates of growth in the second half of the year. A higher growth in private consumption is projected as from the beginning of 2004, resulting in average annual growth rates of between 1.1% and 2.1% in 2004, and between 1.4% and 3.0% in 2005. Consumption expenditure is projected to develop broadly in line with households' real disposable income. Households are expected to maintain their saving ratio over the next two years due to offsetting factors. On the one hand, gradually improving labour market conditions are expected to reduce the need for precautionary savings, but on the other hand, uncertainty about health care and pension reforms is likely to encourage them. In 2004, households' real disposable income growth is

projected to remain somewhat restrained due to weak employment growth, while in 2005, it will be supported by stronger employment growth and higher real wage growth fostered by lower inflation. As regards the fiscal assumptions, the positive impact of cuts in income taxes and social security contributions on households' real disposable income in 2004 will be counterbalanced by higher indirect taxes and administered prices (including health charges). Finally, on the basis of current budget plans, it is assumed that the contribution of *government consumption* to real GDP growth will decline over the projection horizon.

With regard to *total fixed investment*, the average annual rate of change is expected to be negative, between -1.7% and -0.7% in 2003. This rate is projected to increase to between 0.2% and 3.2% in 2004 and to be in a range of 2.3% to 5.5% in 2005. The recovery in total investment results mainly from *business investment*, which is supported by the improvement in the global economic environment and by the low level of real interest rates. Nevertheless, the contribution of business investment to growth is projected to remain modest in 2004 due to weak corporate profitability in recent years and an ongoing restructuring of corporate balance sheets. *Residential private investment* is projected to recover moderately in 2004, following three years of decline.

Turning to trade, the average annual rate of change in exports is estimated to have been between -1.6% and 1.2% in 2003.³ It is projected to increase to between 2.8% and 6.0% in 2004 and to be in a range of 5.0% to 8.2% in 2005. Projected export growth is below that of export markets, as the appreciation of the euro since spring 2002 is expected to result in some further reduction in the euro area's external market share. The average annual rate of change in imports is estimated to have been between 0.1% and 2.7% in 2003. It is projected to be between

³ Trade projections are consistent with national account data. They therefore include intra-euro area trade.

2.9% and 6.3% in 2004 and to reach 5.1% to 8.5% in 2005. The projection for imports reflects the profile of total final expenditure in the euro area, but also some delayed upward impact of the appreciation of the euro.

Total employment is estimated to have remained broadly unchanged in 2003, despite the protracted weakness in economic activity. Reflecting the usual lag in the cyclical pattern of employment and the efforts of firms to restore their profitability by stepping up productivity, total employment is projected to pick up only slowly in 2004 before gaining strength in 2005. Labour supply is projected to rise as a result of increasing participation rates, although at a slower pace than in recent years owing to the less favourable labour market conditions. The projections for labour supply and employment imply that the unemployment rate may start to decline only towards the end of the horizon.

Price and cost projections

The average rate of increase in the overall *Harmonised Index of Consumer Prices (HICP)* is estimated to have been in a range of 2.0% to 2.2% in 2003. It is projected to be between 1.3% and 2.3% in 2004 and between 1.0% and 2.2% in 2005. The energy component is projected to dampen HICP inflation over the horizon. This largely reflects the assumed decline in oil prices in euro terms. The fiscal

assumptions imply that increases in indirect taxes and administered prices will raise the non-energy component of the HICP in early 2004. Thereafter, the rate of increase in the non-energy component is projected to decline gradually, reflecting the fiscal assumptions, a reduction in domestic cost pressures and continued low import prices. The rate of increase in the non-energy component is projected to stabilise towards the end of the horizon. The projection for HICP is, however, made somewhat volatile by the uncertainties surrounding the implementation of the announced fiscal measures.

Import prices are estimated to have continued to decrease in 2003 as a consequence of the appreciation of the euro since spring 2002 and the weak external inflationary pressures. They are expected to remain subdued in 2004, reflecting the delayed impact of the euro appreciation and the assumed reduction in oil prices. They are projected to increase modestly in 2005.

Taking into account current wage settlements, the growth in nominal compensation per employee is assumed to remain broadly unchanged over the horizon. *Unit labour costs* are projected to decelerate, largely driven by the cyclical recovery in labour productivity. After remaining low in early 2003, labour productivity growth is estimated to have picked up somewhat in the second half of the year in line with economic

Table 13

Macroeconomic projections

(average annual percentage changes)¹⁾

	2002	2003	2004	2005
HICP	2.3	2.0 – 2.2	1.3 – 2.3	1.0 – 2.2
Real GDP ²⁾	0.9	0.2 – 0.6	1.1 – 2.1	1.9 – 2.9
Private consumption	0.5	1.0 – 1.4	1.1 – 2.1	1.4 – 3.0
Government consumption	2.8	0.9 – 2.1	0.6 – 1.6	0.3 – 1.3
Gross fixed capital formation	-2.8	-1.7 – -0.7	0.2 – 3.2	2.3 – 5.5
Exports (goods and services)	1.7	-1.6 – 1.2	2.8 – 6.0	5.0 – 8.2
Imports (goods and services)	0.0	0.1 – 2.7	2.9 – 6.3	5.1 – 8.5

1) For each variable and horizon, ranges are based on the average absolute difference between actual outcomes and past projections by euro area central banks.

2) The projections for real GDP refer to working-day-adjusted data.

activity. The projections for real GDP growth and employment imply that labour productivity growth will increase over the horizon, moving back to rates close to the long-term average towards the end of the horizon. As a result, unit labour cost growth is projected to decline in 2004 and 2005.

Despite the weak economic activity and the past appreciation of the euro, *profit margins* are estimated to have remained broadly unchanged in 2003. They are projected to widen over the projection horizon as the recovery gathers momentum.

Box 9

Comparison with June 2003 projections

The main change to the projections compared with the Eurosystem staff macroeconomic projections published in the Monthly Bulletin in June 2003 is an upward shift in the ranges projected for HICP in 2004. This is broadly explained by various planned fiscal measures, as contained in national budget plans. The new fiscal measures consist of increases in indirect taxes and administered prices in 2004 (notably health care charges), which are estimated to contribute about ½ percentage point to euro area HICP inflation in 2004. In addition, the fiscal assumptions include the plans by fiscal authorities to bring forward additional cuts in labour income taxes and to reduce social security contributions.

The ranges projected for real GDP growth have now been adjusted downwards somewhat for 2003, but remain unchanged for 2004. The revision for 2003 is largely explained by the somewhat weaker outcome for the second quarter of this year compared with the June 2003 projections. It reflects lower contributions of net exports and investment to GDP growth. The impact of the new fiscal measures on euro area real GDP growth in 2004 is limited, as the negative impact of the higher HICP on household real disposable income is counterbalanced by the positive impact of the tax cuts.

Taking into account current wage settlements, growth in nominal compensation per employee has been revised downwards for 2004, compared with the June 2003 projections. This also results in a small downward revision to unit labour cost growth, with a larger widening of profit margins now being projected. The changes to the technical assumptions on oil prices, interest rates and exchange rates are small compared with the June 2003 projections. However, it is assumed that non-oil commodity prices will increase more strongly than projected last June.

Comparison of macroeconomic projections

(average annual percentage changes)

	2002	2003	2004
HICP – December 2003	2.3	2.0 – 2.2	1.3 – 2.3
HICP – June 2003	2.3	1.8 – 2.2	0.7 – 1.9
Real GDP – December 2003	0.9	0.2 – 0.6	1.1 – 2.1
Real GDP – June 2003	0.9	0.4 – 1.0	1.1 – 2.1

Box 10**Forecasts by other institutions**

A number of forecasts for the euro area are available from various institutions, both international organisations and those in the private sector. However, these forecasts are not strictly comparable with one another or with the Eurosystem staff macroeconomic projections, as they are based on different assumptions and were finalised at different points in time (resulting in different cut-off dates for the inclusion of the latest available information). In contrast to the Eurosystem staff projections, the other forecasts are typically not conditioned on the assumption that short-term interest rates will remain unchanged over the projection horizon. Moreover, the forecasts differ in respect of their assumptions for fiscal, financial and external variables. The forecasts covered by the Consensus Economics Forecasts and the ECB Survey of Professional Forecasters use a variety of unspecified assumptions.

Despite different assumptions, there is a consensus among the forecasts currently available from other institutions that euro area economic activity will gradually recover, leading to average annual GDP growth of about 1½% to 2% in 2004. The Consensus Economics Forecasts and the Survey of Professional Forecasters anticipate annual GDP growth of 1.7%, whereas the international organisations forecast somewhat higher annual GDP growth of 1.8% to 1.9%. The latter forecasts are at the upper end of the ranges projected by Eurosystem staff projections. It should be noted that the European Commission forecasts report non-working-day-adjusted annual growth rates, which will be higher than the working-day-adjusted growth rates used in the Eurosystem projections by around ¼ percentage point in 2004 owing to the higher number of working days next year. The OECD forecast reports working-day-adjusted annual growth rates, whereas the other forecasts do not specify whether they report working-day-adjusted or non-working-day-adjusted data.

Table A: Comparison of forecasts for euro area real GDP growth*(annual percentage changes)*

	Date of release	2003	2004	2005
European Commission	Nov. 2003	0.4	1.8	2.3
IMF	Sep. 2003	0.5	1.9	n.a.
OECD	Nov. 2003	0.5	1.8	2.5
Consensus Economics Forecasts	Nov. 2003	0.5	1.7	n.a.
Survey of Professional Forecasters	Nov. 2003	0.5	1.7	2.3

Sources: European Commission Economic Forecasts Autumn 2003; IMF World Economic Outlook September 2003; OECD Economic Outlook No. 74; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

The European Commission forecasts HICP inflation of 2.0% in 2004. All other forecasts show a stronger decrease in consumer price inflation in 2004, with average annual inflation ranging between 1.5% and 1.6%. These forecasts are at the lower end of the Eurosystem's projected range. As regards the forecasts by the IMF and the OECD, this might be because these institutions have not incorporated recent information on the indirect tax and administered price measures which are planned for 2004.

Table B: Comparison of forecasts for euro area overall HICP inflation*(annual percentage changes)*

	Date of release	2003	2004	2005
European Commission	Nov. 2003	2.1	2.0	1.7
IMF	Sep. 2003	2.0	1.6	n.a.
OECD	Nov. 2003	2.0	1.5	1.4
Consensus Economics Forecasts	Nov. 2003	2.0	1.6	n.a.
Survey of Professional Forecasters	Nov. 2003	2.0	1.6	1.8

Sources: European Commission Economic Forecasts Autumn 2003; IMF World Economic Outlook September 2003; OECD Economic Outlook No. 74; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

6 The global macroeconomic environment, exchange rates and the balance of payments

World economic recovery has continued to strengthen

Recent data releases have confirmed that the recovery in the global economy is gaining momentum. In 2004, world economic growth is expected to remain at about the level estimated for the second half of 2003, driven by growth dynamics in the United States and Asia. In the United States, the recovery continues to be supported by strongly expansionary macroeconomic policies. In Japan, the overall economic situation is continuing to improve, and in non-Japan Asia the growth momentum has increased considerably. Nevertheless, business investment, despite some recent signs of revitalisation, has remained on a relatively low level in most industrialised countries as a result of overcapacity and corporate indebtedness, implying that it may take time for the recovery to become fully self-sustained. Inflationary pressures in the world economy remain relatively low, given strong productivity growth and the – continuing – significant overcapacity (see Chart 40).

Overall, risks to the recovery in the world economy appear to be balanced in the short term. On the upside, should the acceleration in economic growth in the United States and in Asia continue, this may generate higher than expected positive spillovers to other countries. On the downside, the persisting mismatches of savings and investment in some major countries – reflected in high current account imbalances – still cloud the world economic outlook.

In the United States, preliminary data indicate that economic activity gathered speed in the third quarter of 2003. Real GDP grew by 8.2% (quarter-on-quarter, annualised) with the main contributor being private consumption, particularly of durable goods. Household expenditure benefited from strong real disposable income growth supported by

tax cuts. The increase in real GDP growth also reflected a significant pick-up in private fixed investment. Residential investment and “equipment and software” spending rose at double-figure annualised rates. Net exports contributed to the surge in GDP growth, albeit to a lesser extent. Inventories also contributed positively, while government defence spending had far less of an impact than in the previous quarter.

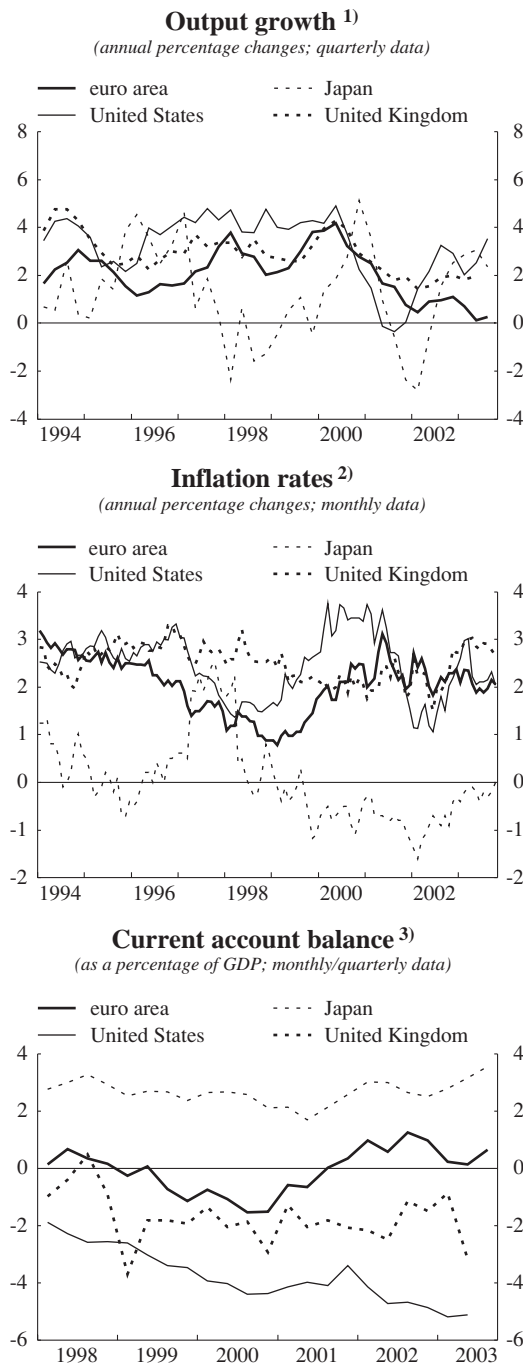
Available evidence suggests that economic activity will remain buoyant in the next few months, although a moderation, particularly in consumption, can be expected following the strong growth observed in the third quarter. Since the effects of expansionary macroeconomic policies are expected to gradually decline, a self-sustained recovery will crucially hinge on further improvements in labour market conditions, as well as in investment and business confidence.

With regard to business spending, leading indicators suggest that US firms’ investment plans are gaining further momentum. In October, new orders increased significantly in both the manufacturing and services sectors. Furthermore, industrial production rose for the fourth consecutive month, and capacity utilisation showed signs of recovery from historically low levels. In combination with the above-mentioned factors, business confidence is expected to continue to support private investment in an environment of favourable external financing conditions, relatively low inventory levels and vigorous final demand. However, overcapacity and corporate indebtedness may continue to dampen investment growth.

With regard to private consumption, recent data releases suggest that household spending growth, while remaining robust, is likely to decelerate in the next few months. In an environment of low inflation and following the significant increase in real disposable income since the beginning of the year,

Chart 40

Main developments in major industrialised economies



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

- 1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used.
- 2) Data for the euro area up to 1995 are estimates for the HICP based on national CPI data; after 1995 HICP data are used. The RPIX index is used for the United Kingdom.
- 3) ECB and Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used. For all countries, figures refer to seasonally adjusted data for both GDP and the current account.

the recent improvement in consumer confidence may add further support to household expenditure. Moreover, encouraging signs have emanated from labour market developments over the past few months. A further improvement in employment conditions over the near term remains necessary for the continuation of the recovery in the United States.

Annual CPI inflation has stabilised in recent months, to stand at 2.0% in October. Excluding food and energy, CPI inflation has been on a downward trend since late 2001. However, in October it increased slightly to 1.3% (year on year). This latest development seems to be in line with the bottoming-out of the core personal consumption expenditure index and the GDP deflator in the third quarter.

With regard to monetary policy, at its meeting on 28 October the Federal Open Market Committee (FOMC) decided to maintain its target for the federal funds interest rate at 1%. The FOMC reiterated its September statement that policy accommodation would be maintained for a “considerable period” given the risk of an unwelcome fall in inflation.

In Japan, the overall economic situation has continued to improve. Quarter-on-quarter GDP growth was 0.6% in the third quarter, slightly lower than in the second quarter. Two-thirds of the growth was due to domestic demand and the remainder to net exports. Net exports benefited from a further rise in export growth, reflecting the gradual recovery in the global economy. At the same time, imports recovered from their SARS-related contraction in the second quarter. Private demand was supported mainly by investment spending, with non-residential investment increasing by 2.8%, while consumption growth was basically flat. Public investment growth declined further to -3.9%, reflecting continued efforts by the Japanese government to achieve fiscal consolidation.

The Japanese economy is expected to continue to improve gradually, with overall activity being supported by a further increase in global growth. Private demand is also expected to gain further momentum. Consumption growth is likely to pick up as a result of the improvement in the income and labour market situations. At the same time, recent machinery orders suggest some moderation of private investment spending, which continues to be hampered by structural impediments despite some progress in reforms related to the corporate and financial sectors. Finally, public spending is likely to remain contained by the need to ensure fiscal sustainability.

Regarding price developments, deflationary pressures are persisting. The annual rate of change of the CPI and the CPI excluding fresh food stood at 0.0% and +0.1% respectively in October. However, these rates were influenced by a number of specific factors, such as increases in tobacco taxes and medical co-payments, which exerted upward pressure on prices. The GDP deflator, which was -2.7% in the third quarter, signalled more pronounced deflationary pressures.

Against this background, the Bank of Japan raised the upper limit of its target range for the balance of current accounts from around JPY 30 trillion to around JPY 32 trillion on 10 October 2003. It also decided on a number of measures aimed at enhancing monetary policy transparency and clarified its commitment to maintaining the current quantitative easing policy. In particular, it spelled out two necessary preconditions for ending quantitative easing: first, the annual rate of change of the CPI (excluding fresh food) would have to be zero or positive for at least a few months; second, the expected annual rate of change of the CPI (excluding fresh food), as indicated in the published forecasts of the Policy Board members, would have to remain above zero over an extended period.

In the United Kingdom, real GDP growth picked up to a quarterly rate of 0.7% in the

third quarter of 2003, to stand at 2.0% year on year. Private consumption was an important driver of real GDP growth, rising by 0.8% during the third quarter and accelerating slightly compared with the previous quarter. Household spending continues to be supported by increases in housing and financial wealth, although growth in real disposable income has slowed. Public consumption also underpinned GDP growth, increasing by 0.6% during the third quarter. Gross fixed capital formation declined by 1.3% in the third quarter, driven by a fall in business investment. Investment spending has been held back by financial restructuring and spare capacity in the corporate sector, although profits have recently shown some signs of improvement. Despite the depreciation of the pound sterling during the first half of 2003, exports increased only marginally in the third quarter, following a fall in the second quarter. Imports rose by 1.0% in the third quarter, resulting in a negative contribution of net exports to real GDP growth.

Inflation, as measured by the Retail Price Index excluding mortgage interest payments (RPIX), stood at an annual rate of 2.7% in October, against 2.9% in the third quarter. Annual HICP inflation, at 1.4% in October, was considerably lower than RPIX inflation, reflecting the impact of including housing cost components in the RPIX and other methodological differences. The depreciation of the pound sterling during the first half of 2003 has so far had a relatively limited impact on import prices. Unemployment was broadly stable in the third quarter, and nominal wage increases remained subdued.

On 6 November 2003, the Bank of England's Monetary Policy Committee (MPC) raised its repo rate by 0.25 percentage point to 3.75%. The Bank of England explained its decision by referring to the increasing strength of the recovery in the global economy and in the United Kingdom, where the upturn was becoming more broad-based. In addition, credit growth had remained strong and the housing market and private consumption had

been more resilient than previously expected. In conjunction with the impact of the depreciation of the pound sterling earlier this year, the Bank of England said that these developments were likely to gradually increase upward pressures on prices.

In Sweden, real GDP rose by 0.5% quarter on quarter in the third quarter of 2003 (2.0% year on year), compared with 0.3% in the second quarter. While household consumption and net exports made a significant contribution to real output growth, investment and inventories had a negative impact. Annual HICP inflation was 2.3% in October 2003, unchanged from the average for the third quarter. While energy and services prices had an upward effect on HICP inflation, the annual rate of change in non-energy industrial goods prices remained negative.

In Denmark, real GDP decreased by 0.3% quarter on quarter in the third quarter of 2003 (0.3% year on year), after -0.5% in the previous quarter. The decline was mainly due to a fall in net exports and inventories. Gross fixed capital formation picked up in the third quarter and, together with private consumption, was the main factor to contribute positively to real GDP. The annual rate of HICP inflation decreased further, from 1.6% in the second quarter of 2003 to 1.1% in October. The continued fall in inflation mainly reflected a drop in import and food prices.

In Switzerland, recent data releases have shown a mild improvement in economic activity. Real GDP growth turned slightly positive in the third quarter of the year (1.0 % quarter on quarter, annualised) after having been negative in the previous three quarters. While private consumption growth has remained modest, investment has increased significantly and the recovery in the global economy has instigated a rebound in exports. Moreover, leading indicators are pointing to a clear improvement in the economic situation, reinforcing the likelihood of an upturn towards the end of the year. Producer

prices stabilised in October after several months of contraction, while the year-on-year rate of CPI inflation was 0.5%, unchanged compared with September.

In the EU acceding countries, the overall outlook for growth remains positive. Domestic demand has continued to be strong, although in a number of countries the reversal of past fiscal stimulus policies may have some dampening effects. Consumer demand has been robust and in some countries has even accelerated. Exports have generally been sustained, but sizeably outpaced by buoyant imports, supported by the improvement in the business climate. The performance of investment has been less homogenous across countries, but looking ahead it is expected to improve.

At the country level, in the Czech Republic, GDP growth declined slightly in the second quarter to just above 2% on an annual basis. It remained driven mainly by strong private consumption, while gross capital formation declined throughout the second quarter. Import growth increased sizeably, causing a deterioration in net exports. Annual inflation turned positive again in October 2003 but remained subdued. In Hungary, output growth declined in the second quarter of the year. After falling considerably in the first quarter, fixed investment picked up slightly. Looking ahead, corporate investment could benefit from the improvement in the global environment, while the outlook for residential investment is more subdued. In Poland, GDP growth increased to 3.8% in the second quarter from 2.2% in the first quarter. The increase was mainly driven by domestic demand and exports, which was supported by the depreciation of the zloty over the past two years.

In Russia the outlook for growth remains positive. GDP growth, at over 7% in the second quarter of the year, appears to be broadly based, with fixed investment increasing at a very sustained pace for the second quarter in a row. Inflation has declined slightly, falling from 15% in 2002 to just above 13% in August 2003.

In Turkey, GDP growth declined to less than 4% in the second quarter, following four quarters of between 8 and 11% (year on year). This development reflected a fall in private consumption and investment growth, but also a continued rise in imports. Annual inflation has declined markedly, from about 30% in the second quarter to just above 20% in October.

In non-Japan Asia, the growth momentum increased considerably in the third quarter of 2003. The strong pick-up in growth reflects not only a rebound from the impact of the SARS epidemic in the second quarter, but also strong domestic demand in China, an improvement in the external demand from the United States, and growing intra-regional trade. In recent months, exports from China, South Korea, Taiwan and Singapore experienced particularly robust growth. Box II reviews briefly the role of non-Japan Asia in the world economy.

In China, real GDP grew by 9.1% (year on year) in the third quarter of 2003, supported by strong domestic demand. Fixed asset investment led the upturn in economic activity, growing by 30.2% (year on year) in the first ten months of 2003. In October retail sales increased by 10.2% compared with a year earlier, the biggest rise in two years. The increase in economic growth has led to concerns about a possible overheating of the economy. The monetary aggregate M2 grew 21% (year on year) in October and CPI inflation surged to 1.8%, the highest since August 1997. Against this background, the People's Bank of China raised the reserve requirement ratio from 6% to 7% in September.

In contrast, the pace of economic growth in South Korea has remained moderate, with real GDP increasing by 2.3% (year on year) in the third quarter of 2003 after 1.9% in the second quarter. Economic activity continues to be constrained by relatively weak consumption and capital expenditure, which have to some extent offset the strengthening of export performance. Exports have recently benefited from the recovery in foreign demand, amid increasing evidence of a pick-up in the global information technology sector.

In Latin America, recent information shows that economic activity remains constrained by a relatively weak performance in the region's two largest countries, namely Mexico and Brazil, which outweighs the strong recovery that is taking place in Argentina. In Mexico, real GDP rose by 0.4% (year on year) in the third quarter of 2003, following growth of only 0.2% (year on year) in the previous quarter. The manufacturing sector contracted by 3.6% (year on year) in the third quarter, reflecting strong competition from producers based in non-Japan Asia. In Brazil, economic activity has been hampered by sluggish domestic demand, although it has been supported by a strong increase in exports. In Argentina, the economic recovery remains strong and has become more broadly based as robust export growth has spilled over to domestic demand. In October industrial production increased 16% (year on year). Despite these positive developments, the prospects for the Argentinian economy are surrounded by risks relating to the ongoing external debt restructuring process.

Box 11

Non-Japan Asia's role in the global economy

The dynamism of the non-Japan Asia economies

Non-Japan Asia (NJA) is the most dynamic region in the world in terms of economic growth. On average the NJA economies have grown by around 7% per year over the past two decades, much faster than the rest of the world. As a result, the contribution of NJA to world GDP growth has increased considerably. In 2001 and 2002 the world economy grew by 2.1% and 3.1% respectively, more than half of this growth being attributable to NJA.

The major NJA economies include China, India, and the four newly industrialised economies of South Korea, Taiwan, Hong Kong SAR and Singapore, which are often simply referred to as NIE4. Together, these economies accounted for 79% of the whole NJA economy in 2002. China is the largest economy in NJA, accounting for 48% of its GDP. India and NIE4 account for 18% and 13% respectively. The increasingly important role played by NJA in the global economy mainly reflects the dynamism of the Chinese economy. Since the start of the "open up and reform" policy in 1979, China's GDP growth has averaged around 9% per year, raising its real income per capita five-fold.

Impact on global trade

The growing role played by NJA in the world economy is firstly reflected in its importance to global trade. NJA is one of the world's major trade areas: with 19.6% of total world exports of goods and services in 2002, NJA ranked second after the euro area. NJA's share in total world exports increased by nearly 1 percentage point in the past five years. In terms of imports of goods and services, NJA ranked third, with a share of 17.3% of total world imports in 2002. Major NJA economies have substantial current account surpluses. In 2002, NJA's total current account surplus reached USD 133.2 billion (see the table below).

NJA current account balances and shares in world exports, 2002

(USD billions; percentages)

	Exports		Current account balances	
	amount	% of world exports	amount	% of GDP
China	325.6	4.6	35.4	2.8
India	52.2	0.9	4.8	1.0
NIE4	621	9.7	68	6.8
<i>South Korea</i>	<i>162.6</i>	<i>2.5</i>	<i>6.1</i>	<i>1.3</i>
<i>Taiwan</i>	<i>129.9</i>	<i>2.0</i>	<i>25.7</i>	<i>9.1</i>
<i>Hong Kong SAR¹⁾</i>	<i>200.1</i>	<i>3.1</i>	<i>17.5</i>	<i>10.8</i>
<i>Singapore</i>	<i>128.4</i>	<i>2.1</i>	<i>18.7</i>	<i>21.5</i>
The rest of NJA	318.7	4.4	25	..
Total	1,317.5	19.6	133.2	..

Sources: IMF and ECB calculations.

1) Exports from Hong Kong SAR include re-exports from China.

NJA is among the most important export destinations for major industrialised economies. For example, in the first nine months of 2003 it was the largest export market for the euro area, accounting for 22.4% of the euro area's exports. To a large extent, China's strong performance in external trade underpinned NJA's growing role in global trade over the past decade, a period in which China's total imports almost trebled, from USD 104.0 billion in 1993 to USD 295.3 billion in 2002.

NJA has recently experienced a considerable increase in intra-regional trade. China is a driving force behind this phenomenon, importing increasing volumes of intermediate and capital goods from other Asian economies

and subsequently exporting the final assembled products to the rest of the world. During the first nine months of 2003, China's trade surpluses with the United States and the euro area reached USD 89.7 billion and USD 27.2 billion¹ respectively, while its total trade surplus was around USD 9 billion, which implies that its trade deficit with the rest of Asia widened considerably. Over the past few years, most East Asian economies have witnessed a spectacular increase in exports to China, which was already the most important trade partner of Taiwan and Hong Kong SAR. In 2002 China also became the most important export destination for South Korea and the most important import source and second export market for Japan.

NJA, and particularly China, are playing an increasingly important role in world commodity trade. NJA's growing contribution to the world economy is reflected in the increase in the global demand for raw materials. In the energy sector, for example, in the first half of 2003 China, India and NIE4 consumed 11.5 million barrels of oil products per day, accounting for 14.8% of world total consumption, compared with 5.7 million barrels per day, equivalent to 8.5% of the world total, in 1990.

Foreign direct investment in non-Japan Asia

In addition to its impact on global trade, NJA has for many years received the largest share of foreign direct investment (FDI) inflows. In 1996, prior to the Asian crisis, NJA accounted for over 22% of global FDI inflows, slightly more than the United States. However, during the Asian crisis, NJA's share of global FDI inflows dropped to less than 10%. After the crisis, FDI inflows recovered, with the region accounting for around 13.5% of global inward FDI in 2002.²

Before the Asian crisis, the South-East Asian countries within NJA, including Singapore, Malaysia, Indonesia and Thailand, received a substantial share of FDI inflows to the region. After the Asian crisis, China emerged as the main recipient, mainly because its resilience in the face of the crisis and its stable economic environment gained the confidence of international investors. Furthermore, since China's accession to the World Trade Organization in 2001, its huge domestic market has been an increasingly important factor in attracting FDI inflows. In 2002 China received USD 52.7 billion of FDI, becoming the largest FDI-recipient nation in the world. The FDI inflows into China accounted for 60% of the total inflows to NJA.

1 Chinese official statistics showed China's trade surpluses with the United States and the euro area to be USD 41 and 7 billion, respectively, in the first nine months of 2003. The discrepancy mainly reflects the role of Hong Kong SAR as a entrepot hub for China.

2 Source: UNCTAD.

Euro strengthened in November

Foreign exchange markets were characterised by an overall strengthening of the euro against all major currencies and a relatively stable dollar/yen exchange rate in November.

Despite some weakening of the euro against the US dollar in the first week of November, mainly associated with firming evidence of a strong recovery in the United States, from the second week onwards the euro strengthened against the US currency. This was due to a combination of mixed data releases in the United States and persisting geopolitical tensions (see Chart 41). In particular, the widening of the US trade deficit put downward pressure on

the dollar, which intensified later in the month as the focus shifted towards the financing of the US current account deficit. Concern among market participants about trade protectionism and the events in the Middle East and in Turkey seem to have increased the investor risk aversion also weighing on the US dollar. On 3 December, the euro stood at USD 1.21, or 4.1% higher than its end-October level and 28% stronger than its 2002 average.

Against the Japanese yen, the euro showed a similar pattern as against the US dollar in November – depreciating at the beginning of the month and appreciating thereafter, while the dollar/yen exchange rate was relatively stable in the period under review (see

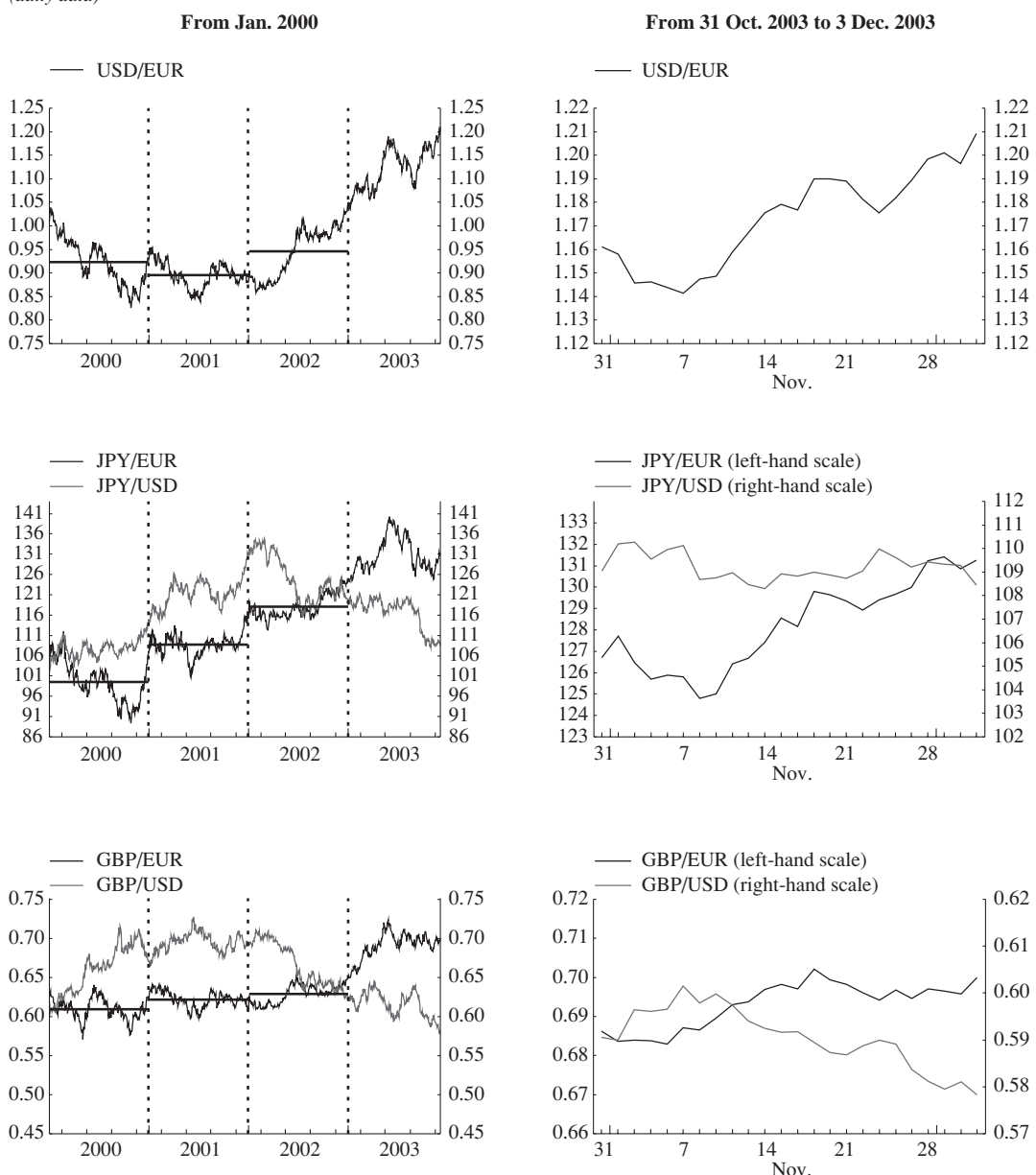
Chart 4I). The yen was not particularly responsive to quite favourable data releases which underpinned prospects of a gradual recovery of the Japanese economy. Evidence of a gradual improvement of the economic situation in Japan stemmed from better than expected data on economic activity as well as various sentiment indicators. On 3 December, the euro was recorded at JPY 131.3, 3.6%

stronger than at the end of October and 11.2% higher than its 2002 average.

The euro traded in a fairly narrow range against the pound sterling in the first week of November. The decision of the Bank of England's Monetary Policy Committee to raise the repo rate by 25 basis points to 3.75% on 6 November was widely expected

Chart 4 I Patterns in exchange rates

(daily data)



Source: ECB.

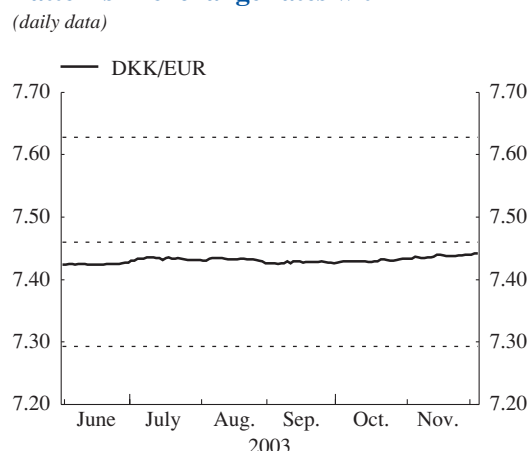
Note: The scaling of the charts is comparable within each column. Horizontal lines show annual averages.

and thus did not have a discernible impact on foreign exchange markets. Subsequently, the euro appreciated gradually against the British currency (see Chart 41). Towards the end of the review period, the appreciation of the euro against the pound sterling moderated somewhat. On 3 December, the euro traded against the pound sterling at GBP 0.70, or 2% higher than at the end of October and 11.2% 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 42). Turning to other European currencies, the Swedish krona and the Norwegian krone traded in fairly narrow margins against the euro. The Swiss franc was also broadly stable against the euro, implying that it did not benefit from “safe haven” considerations in the context of a renewed rise in global tensions.

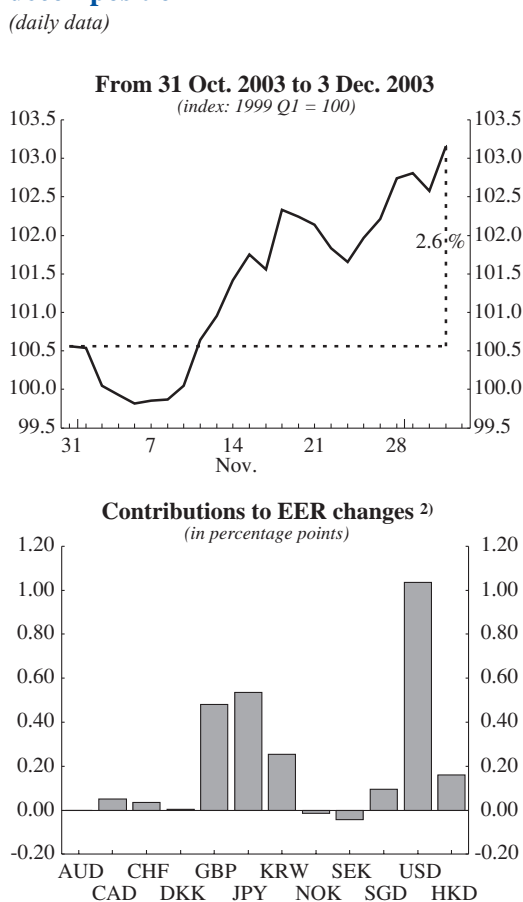
Against this background, the euro rose in nominal effective terms – as measured against the currencies of 12 major trading partners – by 2.6% compared with its end-October level to stand, on 3 December, at 14.7% above its average level in 2002 (see Chart 43). This strengthening of the euro in effective terms can be mainly attributed to its

Chart 42
Patterns in exchange rates within ERM II



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

Chart 43
The effective euro exchange rate and its decomposition¹⁾

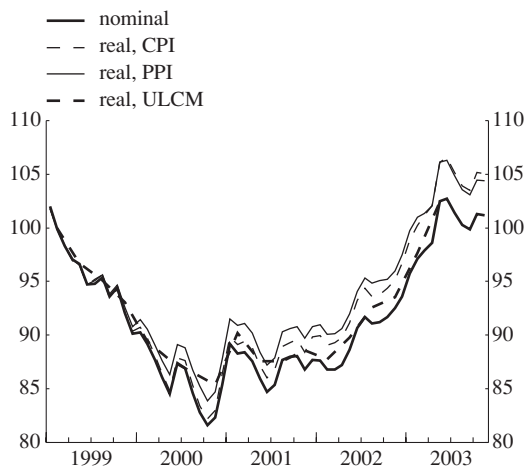


Source: ECB.
1) An upward movement of the index represents an appreciation of the effective exchange rate against 12 partner currencies.
2) Changes are calculated, using trade weights, against 12 major trading partners.

appreciation against the currencies of the most important trading partners of the euro area – the US dollar, the pound sterling and the Japanese yen. Taking a more medium-term perspective, the real effective exchange rate of the euro, based on developments in CPI, PPI and ULCM, continued to track developments in the nominal index. In the third quarter of 2003, the nominal effective exchange rate of the euro stood close to its level in the first quarter of 1999, while indices of the real effective exchange rate stood somewhat above this level (see Chart 44).

Chart 44 Nominal and real effective euro exchange rates¹⁾

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



Source: ECB.

1) An upward movement of the index represents an appreciation of the euro. The latest observations for monthly data are November 2003. In the case of the ULCM-based real EER, the latest observation is for Q3 2003 and is partly based on estimates.

Seasonally adjusted current account in surplus in September 2003

The seasonally adjusted current account of the euro area showed a surplus of €7.7 billion in September 2003 (see Table 14). This reflected surpluses in both the goods and services balances that were partly offset by

deficits in the income and current transfers balances.

Looking at quarterly figures, the current account surplus increased by just over €9 billion in the third quarter of 2003 compared with the second quarter, mostly as a result of a rise in the goods surplus, which increased by €7.6 billion over this period (see Table 8.2 in the “Euro area statistics” section of this issue of the Monthly Bulletin). As shown in Chart 45, the higher goods surplus in the third quarter was due to an increase in the value of exports (by nearly 2%) and a decrease in the value of imports (by roughly 1%).

The rise in the value of exports contrasted with the decreases registered over the preceding three quarters and may be related to the pick-up in foreign demand. In addition, the lagged effects of the euro appreciation that took place between the second quarter of 2002 and the second quarter of 2003 may have become somewhat weaker. Meanwhile, the lower value for imports seems to be partly the result of falling import prices due to the euro appreciation, combined with sluggish demand in the euro area.

Turning to services, the larger surplus in the third quarter of 2003 was also the result of a

Table 14
Current account of the euro area

(EUR billions, seasonally adjusted)

							12-month cumulated figures ending	
	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.	2003 Sep.	2002 Sep.	2003 Sep.
Current account balance	-0.6	2.7	0.4	1.3	2.7	7.7	55.3	36.1
Goods balance	10.1	9.0	7.8	10.6	10.2	13.7	127.2	115.4
Exports	87.4	85.5	82.2	86.0	86.6	87.3	1,050.4	1,036.1
Imports	77.3	76.5	74.4	75.4	76.4	73.6	923.2	920.7
Services balance	0.8	0.3	0.9	1.1	0.9	1.4	8.3	14.9
Exports	26.4	25.8	26.0	26.3	26.0	26.2	330.9	323.2
Imports	25.6	25.4	25.1	25.2	25.0	24.8	322.7	308.3
Income balance	-6.4	-1.9	-3.5	-4.7	-2.8	-2.2	-30.1	-39.8
Current transfers balance	-5.1	-4.8	-4.7	-5.7	-5.6	-5.2	-50.1	-54.4

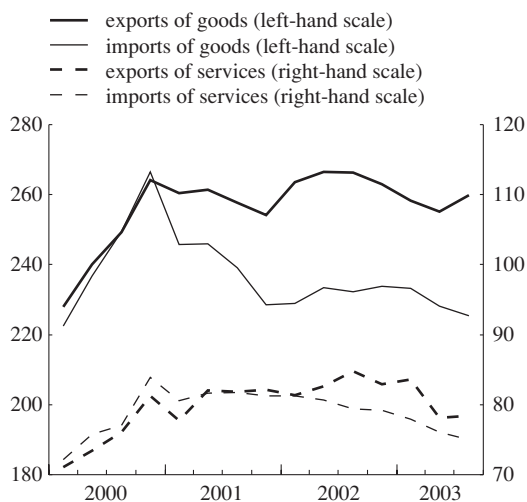
Source: ECB.

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.

Chart 45

Euro area exports and imports of goods and of services

(EUR billions; quarterly data; seasonally adjusted)



Source: ECB.

small increase in exports and a decrease in imports (see Chart 45). Exports of services therefore did not recover in the third quarter from the large fall recorded in the second quarter. This may reflect the lingering effect of geopolitical uncertainty on travel and air transportation revenues, which can also partly account for the decline in imports of services over this period.

From a longer-term perspective, the euro area 12-month cumulated current account surplus for the period ending in September 2003 (at €36.1 billion) was nearly €20 billion below the level reached in September 2002, mostly due to a €11.7 billion fall in the goods surplus and to a €9.7 billion increase in the income deficit. The small decline in the value of goods exports reflects the weakness of foreign demand as well as the effects of the euro appreciation. The latter can also partly explain the fall in income credits – and the associated rise in the income deficit – over this period, as income received in foreign currency from the rest of the world has a lower value when expressed in euro.

Balanced flows in combined direct and portfolio investment in September 2003

Combined direct and portfolio investment in the euro area was close to balance in September 2003 (see Table 15), mainly reflecting net outflows in direct investment (€9.6 billion) which were broadly offset by net inflows in portfolio investment (€8.3 billion).

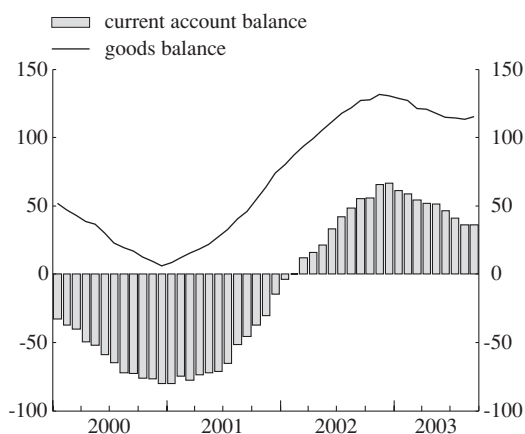
Compared with the figures for August 2003, combined direct and portfolio investment net outflows declined sharply, by €43.7 billion in September (see Table 15). Developments in purchases of euro area portfolio securities by non-residents accounted for most of this decline. In particular, while in July and August 2003 non-residents were net sellers of euro area debt instruments, in September they purchased more than €15 billion of euro area debt instruments.

From a longer-term perspective, on a 12-month cumulative basis, net inflows of combined direct and portfolio investment continued to decline, almost reaching a balanced position at €4.5 billion in September (€52.5 billion lower than a year earlier). This was the result of the sizeable reduction in net inflows of portfolio investment, in particular in equity

Chart 46

The euro area current account and goods balances

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



Source: ECB.

Table 15**Balance of payments of the euro area***(EUR billions; not seasonally adjusted)*

	2003 Apr.	2003 May	2003 June	2003 July	2003 Aug.	2003 Sep.	12-month cumulated figures ending	
							2002 Sep.	2003 Sep.
Current account balance	-10.0	-0.1	3.1	2.0	4.9	9.3	55.3	34.7
Goods balance	6.9	7.6	10.5	15.3	10.6	12.7	126.5	114.8
Services balance	0.4	1.3	2.5	2.8	0.8	1.5	8.6	14.4
Income balance	-10.9	-3.6	-2.8	-10.1	-0.9	0.8	-30.5	-40.9
Current transfers balance	-6.5	-5.5	-7.2	-6.1	-5.5	-5.7	-49.4	-53.6
Capital account balance	0.1	0.2	1.5	0.8	1.7	0.2	6.8	8.9
Financial account balance	16.1	-33.4	-24.0	-6.1	-3.0	-13.8	-79.1	-137.8
Direct investment	-18.4	0.7	23.1	-3.2	-2.6	-9.6	-16.5	-16.9
Abroad	-24.4	-15.6	9.9	-7.6	-5.9	-12.0	-225.5	-133.2
In the euro area	6.0	16.3	13.2	4.4	3.3	2.5	209.1	116.4
Portfolio investment	25.1	1.1	16.0	-35.6	-42.5	8.3	73.4	21.4
Equities	9.0	-17.8	7.0	5.0	-6.4	7.3	81.3	23.7
Assets	-7.1	-10.4	-14.8	-8.1	-0.2	-6.5	-58.4	-44.9
Liabilities	16.0	-7.4	21.8	13.1	-6.1	13.9	139.6	68.5
Debt instruments	16.1	19.0	8.9	-40.6	-36.1	0.9	-7.9	-2.3
Assets	-9.9	-25.2	-28.8	-21.4	-11.9	-14.3	-171.8	-194.1
Liabilities	26.1	44.2	37.8	-19.2	-24.2	15.2	163.9	191.8
Memo item:								
Combined net direct and portfolio investment	6.7	1.8	39.1	-38.9	-45.0	-1.3	57.0	4.5
Financial derivatives	-4.7	1.4	0.5	-2.7	-1.6	-0.0	-13.1	-12.5
Other investment	13.3	-37.0	-64.4	33.8	43.4	-12.2	-125.3	-144.0
Reserve assets	0.8	0.4	0.9	1.6	0.3	-0.2	2.3	14.2
Errors and omissions	-6.2	33.3	19.4	3.4	-3.6	4.3	17.0	94.2

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.

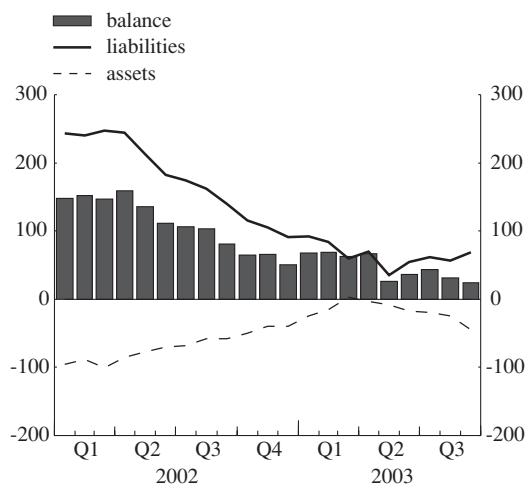
securities (see Table 15). 12-month cumulated figures show that net portfolio inflows into equity securities gradually declined from the second quarter of 2002 to stabilise only recently, possibly owing to improvements in equity prices worldwide (see Chart 47).

Cross-border direct investment activities remained subdued compared with previous years in the 12 months to September. In September, however, euro area direct investment abroad increased, while foreign direct investment in the euro area remained subdued.

Overall net debtor position of the euro area at the end of 2002

Table 8.8 in the "Euro area statistics" section of this issue of the Monthly Bulletin presents figures for the international investment position (i.i.p.) of the euro area, which is now available for 2002. The i.i.p. reports the external assets and liabilities of the euro area at the end of the calendar year, comprising positions in direct and portfolio investment, financial derivatives, other investment and reserve assets.

Total outstanding assets held abroad by euro area residents amounted to €7.5 trillion at the end of 2001, compared with €7.3 trillion at the end of 2002. In the same period, the outstanding stock of euro area assets held by

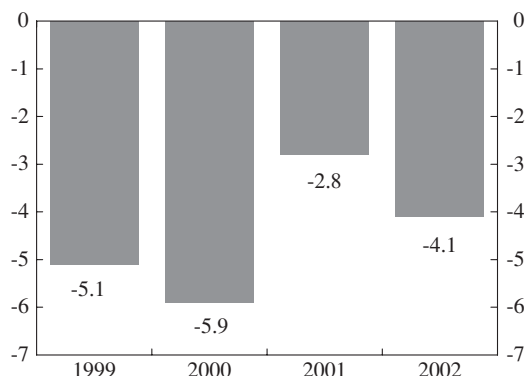
Chart 47**Euro area portfolio investment in equity securities***(EUR billions; monthly data; 12-month cumulated figures)*

Source: ECB.

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

non-residents (i.e. euro area liabilities) decreased from €7.7 trillion to €7.6 trillion.

Therefore, at the end of 2002, the i.i.p. of the euro area vis-à-vis the rest of the world recorded net liabilities of €289.6 billion, which represents 4.1% of euro area GDP. This net debtor position was greater than at the end of 2001, when it stood at €189.6 billion (2.8% of GDP), but lower than in 1999 and 2000, when it stood at €318.5 billion

Chart 48**The international investment position of the euro area as a percentage of GDP¹⁾***(percentages)*

Source: ECB.

1) A minus sign denotes a net debtor position.

(5.1% of GDP) and €386.8 billion (5.9% of GDP) respectively (see Chart 48).

The increase in the net liabilities of the i.i.p. between 2001 and 2002 can be explained by the greater increase in liabilities than in assets in direct investment and the larger decrease in assets than in liabilities in portfolio investment. The net direct investment position decreased from €496.4 billion in 2001 to €425.1 billion in 2002, in particular owing to valuation changes in euro area assets held abroad. Conversely, the net portfolio investment liability position increased from €691.4 billion in 2001 to €756.3 billion in 2002, largely due to portfolio inflows to the euro area.

The change in the net international portfolio investment position of the euro area was largely due to developments in bonds and notes. Euro area holdings of foreign bonds and notes declined mostly as a result of negative valuation changes, while foreign holdings of euro area bonds and notes increased as foreign purchases outweighed the relatively smaller capital losses associated with the euro area bonds and notes. Non-resident purchases of euro area bonds and notes over 2002 may have been driven partly by the broadening and deepening of the euro area corporate debt markets as well as by shifts from equities to bonds in an environment of high volatility in global equity markets. Meanwhile, the outstanding positions in portfolio equity securities on both the asset and liability sides were influenced by valuation changes and particularly by the decline in stock market prices in 2002, leaving the net position almost unchanged.

With regard to the remaining items of the euro area i.i.p., the net “other investment” position recorded a net debtor position of €316.4 billion in 2002, down from €388.8 billion in 2001. As in previous years, net financial derivatives were relatively small, resulting in a net debtor position of €8.1 billion in 2002. Reserve assets declined from €392.7 in 2001 to €366.1 billion in 2002.



Euro area statistics



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What's new?

Table 3.3 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. The new MFI interest rate statistics replace the ten transitional statistical series on euro area retail interest rates which have been published in the ECB's Monthly Bulletin since January 1999.

Tables 3.3 to 3.8 have been renumbered.

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					5	6	7	8
2001	3.6	4.2	5.4	-	7.8	27.7	4.26	5.03
2002	7.3	6.5	7.2	-	5.3	21.3	3.32	4.92
2002 Q4	8.8	6.7	7.0	-	4.8	15.9	3.11	4.54
2003 Q1	10.3	7.1	7.6	-	5.0	17.1	2.69	4.16
Q2	11.5	8.2	8.5	-	4.6	20.1	2.37	3.96
Q3	11.7	8.4	8.3	-	4.9	21.7	2.14	4.16
2003 June	11.5	8.4	8.4	8.5	4.6	22.0	2.15	3.72
July	11.6	8.5	8.7	8.4	4.9	21.7	2.13	4.06
Aug.	12.0	8.6	8.2	8.1	5.0	21.9	2.14	4.20
Sep.	11.4	8.1	7.6	7.9	5.0	21.3	2.15	4.23
Oct.	12.5	8.2	8.0	.	5.1	.	2.14	4.31
Nov.	.	.	.	.	.	.	2.16	4.44

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	2.1	3.4	1.6	0.5	82.9	1.4	8.0
2002	2.3	-0.1	3.5	0.9	-0.5	81.4	0.4	8.4
2002 Q4	2.3	1.2	3.5	1.1	1.3	81.5	0.1	8.6
2003 Q1	2.3	2.4	2.9	0.7	1.1	81.1	0.0	8.7
Q2	1.9	1.5	3.1	0.1	-0.6	80.8	0.1	8.8
Q3	2.0	1.2	.	0.3	-0.4	81.0	.	8.8
2003 June	1.9	1.4	-	-	-1.5	-	-	8.8
July	1.9	1.3	-	-	0.7	80.7	-	8.8
Aug.	2.1	1.3	-	-	-0.5	-	-	8.8
Sep.	2.2	1.1	-	-	-1.3	-	-	8.8
Oct.	2.0	0.9	-	-	.	81.2	-	8.8
Nov.	2.2	.	-	-	.	-	-	.

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)	
2001	-7.8	73.6	-102.4	68.1	392.7	91.0	87.9	0.896
2002	77.9	130.6	-41.5	103.4	366.1	95.6	91.8	0.946
2002 Q4	25.6	34.5	-6.0	42.0	366.1	99.4	95.2	0.999
2003 Q1	4.4	16.6	-0.9	7.0	339.1	104.1	99.3	1.073
Q2	-5.2	25.1	5.4	42.2	326.1	107.9	103.1	1.137
Q3	18.8	38.6	-15.3	-69.8	332.9	106.9	102.0	1.125
2003 June	4.6	10.5	23.1	16.0	326.1	109.3	104.5	1.166
July	2.8	15.3	-3.2	-35.6	328.9	107.8	102.9	1.137
Aug.	6.6	10.6	-2.6	-42.5	346.8	106.6	101.6	1.114
Sep.	9.5	12.7	-9.6	8.3	332.9	106.4	101.5	1.122
Oct.	.	.	.	.	332.4	108.3	103.3	1.169
Nov.	.	.	.	.	.	108.3	103.2	1.170

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	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
	3 Oct.	130,822	200,970	15,054	5,001	249,311	204,000	45,000	0
	10	130,822	200,836	15,765	4,727	250,032	205,001	45,000	0
	17	130,822	198,294	15,793	4,918	240,255	194,999	45,000	0
	24	130,822	197,989	16,373	5,087	248,044	203,002	45,000	0
	31	130,769	199,673	15,382	5,020	252,050	207,000	44,999	0
	7 Nov.	130,717	198,814	15,911	4,998	246,128	200,999	44,999	0
	14	130,609	195,684	15,773	5,098	247,031	201,999	44,999	0
	21	130,534	196,135	15,230	5,540	262,510	217,001	44,999	0
	28	130,438	194,755	14,151	5,451	270,312	225,292	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	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
	3 Oct.	397,614	129,449	129,445	4	0	0	0	115	2,029
	10	397,974	132,750	132,685	63	0	0	2	136	2,029
	17	396,826	131,003	130,263	739	0	0	1	187	2,029
	24	395,434	127,802	127,788	13	0	0	1	187	2,029
	31	398,372	128,223	128,206	14	0	0	3	187	2,029
	7 Nov.	401,898	133,421	133,401	15	0	0	5	208	1,054
	14	401,928	132,484	132,425	58	0	0	1	208	1,054
	21	400,546	129,023	127,185	1,838	0	0	0	208	1,054
	28	405,240	124,993	124,942	50	0	0	1	208	1,054

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	16	88	253	44,099	43,781	116,929	802,107	2003	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
0	283	28	358	51,157	43,757	117,182	813,612		3 Oct.
0	0	31	287	51,931	43,757	117,770	815,927		10
0	225	31	386	52,407	43,757	117,046	803,678		17
0	11	31	385	52,517	43,757	117,543	812,517		24
0	23	28	442	53,007	43,776	118,487	818,606		31
0	49	81	595	53,354	43,776	119,256	813,549		7 Nov.
0	7	26	732	53,124	43,757	120,055	811,863		14
0	484	26	849	53,037	43,758	119,470	827,063		21
0	6	14	773	53,627	43,762	120,070	833,339		28

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
57,937	8,810	916	16,418	5,997	65,784	62,226	64,981	802,107	2003	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
49,965	9,450	679	17,186	5,991	64,958	71,174	65,002	813,612		3 Oct.
48,196	9,380	661	17,750	5,991	64,882	71,174	65,004	815,927		10
40,409	9,493	643	15,151	5,991	65,767	71,174	65,005	803,678		17
53,524	9,397	651	15,545	5,991	65,776	71,174	65,007	812,517		24
55,000	9,572	828	16,230	5,991	65,991	71,174	65,009	818,606		31
41,403	9,621	726	17,150	5,991	65,892	71,174	65,011	813,549		7 Nov.
43,185	9,655	749	14,238	5,991	66,184	71,174	65,013	811,863		14
62,189	9,762	729	14,643	5,991	66,729	71,174	65,015	827,063		21
70,342	9,696	665	12,308	5,991	66,651	71,174	65,017	833,339		28

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 operations³⁾**

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 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
8	135,884	82,000	-	2.00	2.05	2.06	14
15	153,304	113,000	-	2.00	2.05	2.05	12
22	119,327	90,000	-	2.00	2.04	2.05	14
27	135,867	117,000	-	2.00	2.04	2.05	15
5 Nov.	125,765	84,000	-	2.00	2.04	2.05	14
11	126,830	118,000	-	2.00	2.03	2.04	15
19	113,354	99,000	-	2.00	2.00	2.02	14
26	126,291	126,291	-	2.00	2.00	2.02	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	7	8
2001 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
30 Oct.	32,384	15,000	-	2.13	2.14		91
27 Nov.	25,402	15,000	-	2.12	2.13		91

3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate ⁴⁾	Weighted average rate		
1	2	3	4	5	6	7	8	9	
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)	Debt securities up to 2 years' agreed maturity ³⁾	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6
2002 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.	11,408.0	6,184.3	404.3	1,442.5	787.6	2,589.3
Sep.	11,396.7	6,173.3	405.1	1,433.2	791.7	2,593.3
Oct. ^(p)	11,484.3	6,193.4	414.1	1,443.8	813.9	2,619.1

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 maintenance¹⁾*(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 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.	131.2	131.8	0.5	0.0	2.05
Nov.	131.0	131.7	0.7	0.0	2.03
Dec. ^(p)	131.6	.	.	.	.

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	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 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.	315.0	214.0	45.0	0.1	0.0	0.6	0.0	391.7	54.4	-4.4	132.0	524.2
Oct.	321.3	208.4	45.0	0.1	0.0	0.2	0.0	395.5	48.3	-1.1	131.9	527.5
Nov. ⁶⁾	321.8	205.8	45.0	0.1	0.0	0.3	0.0	399.4	43.4	-2.2	131.8	531.4

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	Eurosysteem			Holdings of shares/ other equity issued by euro area residents	External assets ¹⁾	Fixed assets	Re-maining assets	
						MFIs	General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11	12	13
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
Q2	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
2003 July	437.3	412.9	23.7	0.7	115.3	9.6	104.6	1.1	12.5	338.1	12.2	133.4	1,048.8
Aug.	437.4	413.0	23.7	0.7	117.4	10.0	106.4	1.0	12.5	354.1	12.2	130.1	1,063.8
Sep.	462.5	438.1	23.7	0.6	121.6	10.1	110.4	1.1	12.4	341.8	12.3	138.4	1,089.0
Oct. ^(p)	449.6	425.2	23.7	0.6	122.9	10.2	111.5	1.2	12.7	341.4	12.3	142.4	1,081.3

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
	1	2	3	4	5	6	7	8	9	10	
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	
Q2	391.4	379.4	307.9	52.6	18.9	2.6	143.1	29.8	128.3	1,074.6	
2003 July	403.5	334.4	266.1	52.3	16.0	2.6	145.2	31.9	131.1	1,048.8	
Aug.	404.1	335.8	270.3	49.7	15.8	2.6	157.9	32.7	130.6	1,063.8	
Sep.	406.4	362.1	289.8	55.0	17.4	2.6	151.1	32.4	134.4	1,089.0	
Oct. ^(p)	412.3	345.6	292.1	35.0	18.5	2.6	150.6	32.0	138.2	1,081.3	

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		14
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	11,611.4	4,017.8	812.6	6,781.0	2,671.2	1,170.0	1,135.0	366.2	62.4	827.6	2,465.5	167.6	1,051.8	18,857.5
2003 Q1	11,732.8	4,074.2	804.8	6,853.8	2,830.2	1,234.3	1,210.0	385.9	66.8	818.3	2,545.0	160.8	1,029.7	19,183.6
Q2	11,881.0	4,143.2	794.2	6,943.6	2,886.2	1,241.7	1,239.4	405.1	69.0	853.4	2,624.2	157.9	1,058.1	19,529.8
2003 July	11,865.1	4,099.0	802.2	6,963.9	2,912.0	1,259.3	1,251.1	401.7	68.4	883.6	2,604.6	158.2	1,010.8	19,502.7
Aug.	11,902.3	4,129.9	796.3	6,976.1	2,905.8	1,258.1	1,243.4	404.3	69.6	887.1	2,575.8	158.2	1,008.8	19,507.5
Sep.	11,956.0	4,160.1	797.1	6,998.8	2,928.4	1,256.5	1,260.9	410.9	68.8	882.0	2,544.8	158.9	1,040.1	19,579.0
Oct. ^(p)	11,920.3	4,096.2	797.4	7,026.7	2,958.2	1,266.5	1,277.2	414.5	70.1	881.3	2,607.7	158.7	1,033.2	19,629.6

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 ^{b)}	Debt securities issued ^{b)}	Capital and reserves	External liabilities	Remaining liabilities	
	1	2	3	4	5	6	7	8	9	10		11
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	10,197.4	4,136.5	106.9	5,954.1	532.9	2,992.7	1,108.7	2,594.0	1,431.8	18,857.5
2003 Q1	0.0	10,316.8	4,196.6	125.5	5,994.7	617.6	3,045.6	1,115.8	2,665.4	1,422.4	19,183.6
Q2	0.0	10,540.5	4,298.1	147.6	6,094.7	640.0	3,083.1	1,126.4	2,641.7	1,498.1	19,529.8
2003 July	0.0	10,497.1	4,253.8	120.7	6,122.7	653.9	3,116.0	1,132.9	2,649.5	1,453.2	19,502.7
Aug.	0.0	10,509.1	4,270.1	112.8	6,126.2	657.3	3,126.9	1,135.4	2,647.2	1,431.6	19,507.5
Sep.	0.0	10,567.5	4,312.3	128.8	6,126.4	646.1	3,128.9	1,137.0	2,607.6	1,491.9	19,579.0
Oct. ^(p)	0.0	10,533.9	4,244.3	130.5	6,159.0	653.9	3,173.6	1,137.6	2,657.0	1,473.6	19,629.6

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
(EUR billions; not seasonally adjusted; end of period)
1. Assets: levels

	Loans to euro area residents		Other euro area residents	Holdings of securities other than shares issued by euro area residents		Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ¹⁾	Fixed assets	Remaining assets	Total
	General government			General government							
	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	7,618.4	836.8	6,781.6	1,588.0	1,221.0	367.0	572.7	2,840.3	179.5	1,132.3	13,931.2
2003 Q1	7,683.3	828.9	6,854.4	1,691.8	1,305.1	386.7	566.6	2,895.2	172.7	1,115.1	14,124.7
Q2	7,762.1	817.9	6,944.2	1,748.7	1,342.5	406.2	594.1	2,959.3	169.9	1,149.2	14,383.3
2003 July	7,790.5	825.9	6,964.6	1,758.5	1,355.7	402.8	616.7	2,942.7	170.4	1,102.1	14,380.9
Aug.	7,796.7	820.0	6,976.8	1,755.2	1,349.8	405.4	620.6	2,929.9	170.4	1,097.4	14,370.3
Sep.	7,820.2	820.8	6,999.4	1,783.4	1,371.3	412.1	616.9	2,886.6	171.1	1,137.0	14,415.3
Oct. ^(p)	7,848.5	821.2	7,027.3	1,804.5	1,388.7	415.7	614.3	2,949.2	171.0	1,134.6	14,522.0

2. Liabilities: levels

	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	Total
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	5,969.6	470.5	1,818.6	1,006.4	2,626.9	1,550.9	10.7	13,931.2
2003 Q1	327.2	176.2	6,010.9	550.8	1,804.5	1,001.0	2,694.1	1,545.7	14.4	14,124.7
Q2	351.0	200.3	6,113.7	571.0	1,833.9	997.7	2,671.6	1,626.4	17.7	14,383.3
2003 July	361.5	173.0	6,138.7	585.5	1,849.7	998.7	2,681.5	1,584.3	8.0	14,380.9
Aug.	362.7	162.5	6,142.0	587.7	1,861.5	1,014.3	2,679.9	1,562.3	-2.5	14,370.3
Sep.	364.9	183.8	6,143.7	577.3	1,864.8	1,010.6	2,640.0	1,626.3	3.8	14,415.3
Oct. ^(p)	371.3	165.6	6,177.5	583.8	1,899.5	1,008.6	2,689.0	1,611.8	15.0	14,522.0

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

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

3. Assets: flows ¹⁾

	Loans to euro area residents			Holdings of securities of other than shares issued by euro area residents	General government		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
2001	365.6	-7.6	373.2	71.5	8.5	62.9	29.8	331.1	8.1	100.6	906.5
2002	299.2	-9.8	309.0	75.9	45.7	30.2	5.5	242.5	-1.3	-20.5	601.3
2003 Q1	87.2	-0.3	87.5	63.0	46.4	16.6	0.2	90.6	-3.6	-17.0	221.0
Q2	98.3	-8.6	106.9	52.0	37.9	14.1	21.2	122.1	-2.5	32.4	323.3
2003 July	27.9	7.9	20.0	10.4	12.8	-2.4	-3.1	-33.1	0.4	-49.8	-47.2
Aug.	-0.1	-6.2	6.1	-3.2	-5.0	1.8	3.1	-70.6	0.0	-6.6	-77.4
Sep.	34.8	1.2	33.6	30.7	23.0	7.7	-4.2	27.7	0.7	38.0	127.8
Oct. ^(p)	28.3	0.4	27.9	26.3	22.2	4.1	-4.8	50.2	0.0	0.8	100.8

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
2001	-116.4	-26.9	385.4	90.9	107.6	81.2	338.4	79.8	-33.5	906.5
2002	101.4	-5.8	221.7	70.1	105.3	39.2	75.7	-38.9	32.6	601.3
2003 Q1	7.7	32.8	50.4	35.8	24.9	2.6	59.6	-4.5	11.7	221.0
Q2	23.8	24.1	109.9	19.7	36.7	0.7	26.0	78.9	3.5	323.3
2003 July	11.1	-24.6	-8.6	10.3	14.4	8.9	6.6	-57.5	-7.8	-47.2
Aug.	1.2	-10.5	-2.2	2.1	0.7	7.7	-39.1	-27.0	-10.2	-77.4
Sep.	2.2	21.3	9.4	-8.4	21.9	1.2	12.7	62.0	5.6	127.8
Oct. ^(p)	6.4	-18.2	32.7	6.8	31.2	2.3	39.0	-12.7	13.3	100.8

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 aggregates¹⁾ 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		Net external assets
	M2			M3-M2	Total			Loans		
	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	2,537.9	4,963.5	825.1	5,788.5	3,991.1	2,057.8	7,721.3	6,781.6	213.4
2003 Q1	2,415.6	2,586.9	5,002.6	874.2	5,876.8	4,013.4	2,134.0	7,807.7	6,854.4	201.1
Q2	2,522.6	2,604.8	5,127.3	883.5	6,010.8	4,040.5	2,160.4	7,944.5	6,944.2	287.8
2003 July	2,503.4	2,618.0	5,121.4	896.8	6,018.1	4,067.9	2,181.6	7,984.1	6,964.6	261.3
Aug.	2,490.8	2,632.0	5,122.9	893.7	6,016.5	4,104.9	2,169.8	8,002.8	6,976.8	250.0
Sep.	2,533.0	2,600.8	5,133.7	880.4	6,014.1	4,099.8	2,192.1	8,028.4	6,999.4	246.6
Oct. ^(p)	2,538.5	2,615.5	5,154.0	907.0	6,061.0	4,131.2	2,209.9	8,057.3	7,027.3	260.2

2. Flows²⁾

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets
	M2			M3-M2	Total			Loans		
	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	178.4	0.9	465.9	373.2	-7.3
2002	215.1	88.1	303.2	66.7	369.9	188.5	35.9	344.7	309.0	166.8
2003 Q1	-3.7	51.2	47.5	37.8	85.3	40.8	46.1	104.3	87.5	31.0
Q2	122.7	21.4	144.1	6.4	150.5	41.8	29.2	142.2	106.9	96.1
2003 July	-17.4	12.8	-4.6	10.7	6.1	31.4	20.7	14.5	20.0	-39.7
Aug.	-14.6	11.7	-2.9	-3.2	-6.1	17.0	-11.2	11.1	6.1	-31.5
Sep.	45.4	-29.0	16.4	-10.9	5.5	20.1	24.2	37.1	33.6	15.0
Oct. ^(p)	5.1	14.2	19.3	26.7	46.0	32.4	22.6	27.3	27.9	11.2

3. Growth rates³⁾

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets ⁴⁾
	M2			M3-M2	Total			Loans		
	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	4.8	0.0	6.7	6.1	-7.3
2002	9.8	3.6	6.5	8.8	6.8	4.9	1.8	4.7	4.7	166.8
2003 Q1	11.6	4.5	7.8	8.1	7.9	4.4	1.8	4.8	4.7	229.4
Q2	11.4	5.5	8.3	8.5	8.3	5.1	3.7	5.2	4.6	247.8
2003 July	11.7	5.7	8.6	9.4	8.7	5.2	4.9	5.6	4.9	206.5
Aug.	12.4	5.3	8.7	6.3	8.3	5.3	5.0	5.6	5.0	160.9
Sep.	11.4	5.0	8.1	4.6	7.5	5.2	5.5	5.5	5.0	157.7
Oct. ^(p)	12.0	4.4	8.0	7.5	8.0	5.8	6.8	5.5	5.1	139.2

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 aggregates¹⁾ 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	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repurchase agreements	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	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	1,462.4	226.9	470.5	127.7	1,689.7	105.8	1,189.2	1,006.4
2003 Q1	327.2	2,088.4	1,072.3	1,514.7	224.0	550.8	99.4	1,704.2	100.9	1,207.3	1,001.0
Q2	351.0	2,171.5	1,059.1	1,545.7	214.9	571.0	97.6	1,734.5	95.4	1,213.0	997.7
2003 July	361.5	2,141.9	1,062.5	1,555.5	220.1	585.5	91.2	1,756.7	93.3	1,219.2	998.7
Aug.	362.7	2,128.2	1,068.4	1,563.7	217.1	587.7	88.9	1,771.0	91.7	1,227.9	1,014.3
Sep.	364.9	2,168.1	1,036.9	1,563.8	211.7	577.3	91.4	1,771.9	90.9	1,226.4	1,010.6
Oct. ^(p)	371.3	2,167.2	1,049.2	1,566.2	225.1	583.8	98.0	1,800.3	91.0	1,231.4	1,008.6

5. Flows²⁾

	Currency in circulation	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repurchase agreements	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
2001	-116.4	223.2	64.3	98.0	25.2	90.9	-2.1	110.2	-10.8	-2.2	81.2
2002	101.4	113.6	-2.8	90.9	9.6	70.1	-13.0	118.4	-10.0	41.0	39.2
2003 Q1	7.7	-11.4	-1.3	52.5	5.8	35.8	-3.7	28.9	-4.9	14.1	2.6
Q2	23.8	98.9	-9.9	31.3	-9.1	19.7	-4.2	40.1	-5.5	6.6	0.7
2003 July	11.1	-28.5	3.0	9.8	5.5	10.3	-5.0	19.3	-2.1	5.3	8.9
Aug.	1.2	-15.8	3.8	7.9	-3.0	2.1	-2.3	3.2	-1.6	7.7	7.7
Sep.	2.2	43.2	-29.5	0.4	-4.3	-8.4	1.8	20.1	-0.7	-0.5	1.2
Oct. ^(p)	6.4	-1.3	11.8	2.4	13.5	6.8	6.4	25.2	0.1	4.9	2.3

6. Growth rates³⁾

	Currency in circulation	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repurchase agreements	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
2001	-32.7	12.8	6.3	7.7	13.0	29.1	-1.5	7.2	-8.5	-0.2	8.9
2002	42.3	5.8	-0.3	6.6	4.4	17.6	-9.3	7.4	-8.7	3.5	4.0
2003 Q1	37.6	8.2	-0.5	8.5	1.8	16.4	-11.3	6.7	-8.2	4.0	2.5
Q2	31.4	8.6	-1.1	10.5	-2.0	19.3	-13.7	7.2	-10.5	4.0	4.5
2003 July	30.6	9.0	-1.2	11.0	0.8	18.2	-12.4	7.5	-12.5	4.3	4.4
Aug.	29.0	10.0	-2.0	11.0	-3.8	15.5	-15.4	7.5	-14.1	4.8	4.3
Sep.	27.4	9.0	-2.7	10.9	-6.7	14.5	-16.0	8.0	-15.1	4.6	3.4
Oct. ^(p)	26.7	9.8	-3.4	10.5	0.4	15.4	-11.8	8.9	-14.3	4.9	3.6

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 aggregates¹⁾ 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		Net external assets
	M2			M3-M2	Total			Loans		
	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	2,530.5	4,897.7	853.7	5,751.3	3,994.3	2,073.3	7,724.3	6,781.0	176.7
2003 Q1	2,426.4	2,575.5	5,001.9	856.5	5,858.5	4,005.8	2,120.9	7,788.0	6,846.9	228.3
Q2	2,471.0	2,618.0	5,089.0	888.3	5,977.3	4,031.5	2,143.2	7,913.3	6,913.5	288.5
2003 July	2,495.9	2,628.7	5,124.6	905.6	6,030.2	4,064.8	2,183.4	7,980.8	6,954.9	264.6
Aug.	2,526.7	2,631.2	5,157.9	893.0	6,050.9	4,110.9	2,184.6	8,035.2	7,004.7	243.6
Sep.	2,538.8	2,628.8	5,167.6	889.7	6,057.3	4,102.0	2,202.7	8,052.5	7,009.6	225.0
Oct. ^(p)	2,582.2	2,629.9	5,212.1	912.5	6,124.6	4,134.1	2,221.7	8,079.6	7,041.4	235.1

8. Flows²⁾

	M3					Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets
	M2			M3-M2	Total			Loans		
	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	178.2	2.5	467.0	377.4	-9.0
2002	213.0	90.0	303.1	68.5	371.6	188.1	37.7	346.7	313.0	166.1
2003 Q1	65.5	47.1	112.7	-8.4	104.2	30.0	17.0	81.6	80.6	94.9
Q2	60.1	46.1	106.1	28.9	135.0	40.3	25.2	130.8	83.6	69.6
2003 July	26.6	10.3	36.9	14.7	51.6	37.4	39.8	42.2	41.0	-37.2
Aug.	28.7	0.2	29.0	-12.7	16.2	26.1	1.7	46.8	43.7	-41.2
Sep.	15.3	-0.2	15.2	-0.8	14.4	16.3	20.0	28.8	15.9	-0.1
Oct. ^(p)	43.0	0.6	43.6	22.9	66.5	33.0	23.8	25.4	31.8	7.7

9. Growth rates³⁾

	M3						Longer-term financial liabilities	Credit to general government	Credit to other euro area residents		Net external assets ⁴⁾
	M2			M3-M2	Total	3-month moving average (centred)			Loans		
	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	-	4.8	0.1	6.7	6.1	-9.0
2002	9.9	3.7	6.6	8.7	6.9	-	4.9	1.8	4.7	4.8	166.1
2003 Q1	11.8	4.7	8.0	8.0	8.0	-	4.4	1.7	4.8	4.7	229.8
Q2	11.5	5.6	8.4	8.7	8.4	-	5.1	3.7	5.2	4.6	248.5
2003 July	11.6	5.7	8.5	9.5	8.7	8.4	5.2	4.9	5.6	4.9	209.0
Aug.	12.0	5.5	8.6	6.3	8.2	8.1	5.3	5.1	5.6	5.0	161.1
Sep.	11.4	5.1	8.1	4.6	7.6	7.9	5.2	5.5	5.5	5.0	158.5
Oct. ^(p)	12.5	4.2	8.2	7.4	8.0	.	5.8	6.8	5.4	5.1	138.3

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.
- 4) Sum of 12 monthly flows ending in the period indicated.

Table 2.3 (cont'd)
Monetary aggregates¹⁾ 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	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repurchase agreements	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	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	1,079.6	1,451.0	240.1	485.9	127.7	1,697.3	103.8	1,186.8	1,006.4
2003 Q1	331.9	2,094.5	1,071.1	1,504.4	209.9	547.2	99.4	1,703.0	100.3	1,203.2	999.2
Q2	347.1	2,123.8	1,073.0	1,545.0	218.7	572.0	97.6	1,731.0	96.4	1,211.0	993.1
2003 July	355.2	2,140.7	1,066.2	1,562.4	227.0	587.4	91.2	1,754.8	94.2	1,220.3	995.4
Aug.	359.6	2,167.1	1,056.6	1,574.6	221.6	582.4	88.9	1,774.3	92.3	1,228.7	1,015.6
Sep.	366.9	2,171.9	1,049.8	1,579.0	215.6	582.7	91.4	1,773.3	90.9	1,229.8	1,008.0
Oct. ^(p)	371.7	2,210.5	1,046.1	1,583.8	222.7	591.8	98.0	1,799.0	91.2	1,235.3	1,008.6

11. Flows²⁾

	Currency in circulation	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repurchase agreements	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
2001	-112.5	222.1	69.4	96.0	26.8	93.7	-2.1	110.0	-10.6	-2.4	81.3
2002	99.6	113.4	-0.1	90.1	9.9	71.6	-13.0	118.1	-9.9	40.9	39.0
2003 Q1	20.9	44.6	-6.5	53.6	-21.6	16.9	-3.7	20.2	-3.5	12.4	0.9
Q2	15.2	44.9	5.1	40.9	8.9	24.2	-4.2	37.7	-4.0	8.7	-2.1
2003 July	8.7	18.0	-7.1	17.4	8.6	11.1	-5.0	21.0	-2.2	8.4	10.1
Aug.	4.4	24.3	-11.7	11.9	-5.4	-5.0	-2.3	8.4	-1.9	7.3	12.3
Sep.	7.3	8.1	-4.8	4.6	-4.9	2.3	1.8	18.2	-1.4	2.1	-2.7
Oct. ^(p)	4.8	38.2	-4.2	4.8	7.1	9.3	6.4	22.5	0.3	5.4	4.9

12. Growth rates³⁾

	Currency in circulation	Overnight deposits	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Repurchase agreements	Money market fund shares/units	Debt securities up to 2 years	Debt securities over 2 years	Deposits redeemable at notice over 3 months	Deposits with agreed maturity over 2 years	Capital and reserves
	1	2	3	4	5	6	7	8	9	10	11
2001	-32.4	13.1	6.8	7.6	12.5	28.9	-1.5	7.2	-8.5	-0.2	8.9
2002	42.7	5.9	0.0	6.6	4.3	17.3	-9.3	7.3	-8.7	3.5	4.0
2003 Q1	39.7	8.1	-0.1	8.3	1.1	16.4	-11.3	6.7	-8.1	4.0	2.5
Q2	31.9	8.6	-0.6	10.4	-1.4	19.4	-13.7	7.2	-10.5	3.9	4.6
2003 July	30.3	9.0	-1.2	11.0	1.2	18.3	-12.4	7.5	-12.5	4.3	4.4
Aug.	28.8	9.5	-2.1	11.2	-3.2	15.5	-15.4	7.6	-14.2	4.8	4.3
Sep.	27.8	9.0	-2.7	10.9	-6.7	14.6	-16.0	8.0	-15.2	4.6	3.4
Oct. ^(p)	26.1	10.4	-4.0	10.4	-0.5	15.3	-11.8	8.9	-14.4	5.0	3.5

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.

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	991.5	512.5	1,487.2	2,991.2
Q2	44.8	31.3	477.9	304.4	1,000.1	508.5	1,508.2	3,016.7
2003 July	48.7	32.8	471.6	292.7	987.0	514.3	1,514.4	3,015.6
Aug.	44.1	28.2	470.4	289.4	978.5	519.8	1,523.5	3,021.8
Sep.	44.5	28.3	479.4	295.7	972.3	521.8	1,524.4	3,018.5
Oct. ^(p)	50.0	33.9	480.5	295.1	961.9	525.8	1,534.5	3,022.1

2. Loans to financial intermediaries and non-financial corporations: flows³⁾

	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	94.7	99.8
2003 Q1	11.3	10.3	9.0	5.1	13.5	2.1	16.6	32.2
Q2	2.6	1.4	10.2	5.1	12.5	-2.7	26.0	35.8
2003 July	3.9	1.5	-6.6	-12.1	-12.8	5.6	6.1	-1.0
Aug.	-4.7	-4.6	-1.4	-3.4	-9.7	4.9	7.5	2.7
Sep.	0.4	0.1	10.1	6.9	-4.5	2.6	3.7	1.9
Oct. ^(p)	5.5	5.6	1.2	-0.6	-10.5	3.8	9.9	3.2

3. Loans to financial intermediaries and non-financial corporations: growth rates⁴⁾

	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	6.8	3.4
2003 Q1	7.2	5.3	1.9	-2.2	-1.0	5.8	6.5	3.7
Q2	4.7	2.9	3.7	0.0	0.5	2.4	6.3	3.6
Q3 ^(p)	10.5	-5.7	6.3	2.5	-0.9	5.1	6.4	3.7

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, breakdown¹⁾***(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⁾												Total
	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	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	105.1	178.3	237.0	520.4	25.8	66.5	2,085.7	2,178.0	154.0	99.7	369.7	623.4	3,321.8
2003 Q1	111.3	176.6	208.1	496.0	16.2	68.1	2,124.5	2,208.7	145.0	94.9	405.4	645.3	3,350.0
Q2	114.9	179.2	209.5	503.6	16.6	68.5	2,166.2	2,251.3	145.3	92.7	411.3	649.2	3,404.1
2003 July	113.0	180.4	211.7	505.1	16.3	69.3	2,188.2	2,273.8	140.8	93.2	415.1	649.0	3,427.9
Aug.	108.1	178.1	202.2	488.4	16.5	69.6	2,203.1	2,289.2	141.8	94.2	426.2	662.2	3,439.8
Sep.	109.3	177.9	189.4	476.6	16.8	70.2	2,214.8	2,301.8	145.5	95.7	436.8	678.0	3,456.4
Oct. ^(p)	109.9	178.4	190.6	479.0	16.5	71.1	2,236.9	2,324.5	143.3	95.3	432.0	670.6	3,474.1

5. Loans to households: flows³⁾

	Households ²⁾												Total
	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	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	6.0	4.1	11.7	21.8	3.1	3.9	147.3	154.4	-1.7	2.3	8.1	8.6	184.8
2003 Q1	6.2	-3.2	-8.0	-5.0	-9.5	1.7	38.8	31.0	-6.6	-2.2	17.9	9.1	35.1
Q2	1.7	4.5	1.7	7.9	0.4	-0.2	45.6	45.8	2.8	-2.9	4.6	4.6	58.3
2003 July	-1.9	1.5	3.2	2.8	-0.3	0.8	21.6	22.3	-3.9	0.1	2.9	-0.8	23.9
Aug.	-1.5	-0.9	-1.3	-3.5	0.2	0.4	14.3	15.5	-2.5	-0.4	3.1	0.5	11.4
Sep.	2.1	1.2	-2.3	0.8	0.4	0.6	13.4	13.8	3.1	0.1	-0.2	2.7	18.4
Oct. ^(p)	0.6	0.6	0.6	1.8	-0.3	0.9	21.6	22.2	-2.2	-0.4	-3.2	-5.8	18.2

6. Loans to households: growth rates⁴⁾

	Households ²⁾												Total
	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	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	5.8	2.4	5.2	4.4	13.8	6.4	7.6	7.6	-1.1	2.2	2.2	1.4	5.9
2003 Q1	16.9	-0.2	0.6	3.5	-29.4	9.8	7.5	7.2	-4.3	0.2	7.5	3.4	5.8
Q2	15.5	2.0	-0.2	3.7	-29.3	9.4	7.4	7.0	-6.8	-5.4	7.6	1.8	5.5
Q3 ^(p)	12.0	3.0	-2.0	2.5	-30.5	12.2	7.7	7.4	-5.2	-4.3	7.9	2.8	5.8

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	126.4	263.5	375.4	28.3	794.2	1,242.2	59.2	531.7	590.9	1,833.1
Q3 ^(p)	128.7	262.3	375.4	30.0	797.1	1,160.9	59.1	520.7	579.9	1,740.7

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	140.1	4.3	80.3	84.6	224.8
2002	-12.2	-21.1	19.9	4.9	-8.3	134.8	-1.2	35.7	34.5	169.3
2003 Q1	0.5	-10.2	4.8	4.1	-0.2	43.8	-5.5	28.5	22.9	66.8
Q2	-7.5	-3.7	-1.6	4.5	-8.2	93.1	0.3	12.5	12.8	105.9
Q3 ^(p)	2.3	-1.1	-0.1	1.7	3.0	-79.8	-0.1	-7.5	-7.6	-87.4

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	14.9	6.3	17.8	16.3	15.4
2002	-8.4	-7.1	5.5	33.2	-1.0	12.9	-1.9	6.7	5.7	10.4
2003 Q1	-13.9	-9.2	7.1	60.3	-1.6	20.6	-13.9	9.9	7.1	15.7
Q2	-9.3	-6.3	5.3	57.4	0.0	24.1	-8.3	9.1	7.2	18.0
Q3 ^(p)	-3.3	-4.4	4.9	47.4	1.5	13.9	-11.5	6.1	4.1	10.4

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	18.3	535.6	165.3	252.8	8.2	99.6	525.9
Q2	62.2	450.2	3.0	22.3	537.6	176.5	261.1	9.6	98.0	545.2
2003 July	53.7	458.0	3.1	20.8	535.7	167.2	258.4	9.6	104.6	539.8
Aug.	49.6	463.1	3.2	19.0	534.9	163.5	260.2	9.0	104.9	537.7
Sep.	55.8	455.0	3.0	18.6	532.3	173.5	252.6	9.4	103.5	539.0
Oct. ^(p)	51.0	461.3	3.2	18.4	533.9	171.3	257.9	10.2	116.6	556.0

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	0.5	12.3	13.4	15.6	1.7	11.0	41.8
Q2	2.7	-3.9	-0.4	3.9	2.3	12.2	9.7	1.5	-1.6	21.7
2003 July	-8.5	7.6	0.2	-1.5	-2.2	-9.4	-2.8	0.0	7.0	-5.3
Aug.	-4.3	4.1	0.1	-2.0	-2.1	-4.8	0.8	-0.7	0.3	-4.4
Sep.	6.2	-7.9	-0.2	-0.4	-2.3	11.3	-7.6	0.5	-1.6	2.6
Oct. ^(p)	-4.8	6.3	0.2	-0.2	1.5	-2.3	5.2	0.8	13.1	16.7

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	3.3	7.4	5.5	11.1	-0.2	17.7	10.4
Q2	29.2	3.9	-10.8	17.4	6.7	9.1	14.6	78.3	16.3	13.8
Q3 ^(p)	11.6	3.5	-15.3	27.8	4.8	11.5	9.8	70.5	8.7	10.7

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	1,180.0	1,434.7	74.7	3,806.1
2003 Q1	560.1	332.8	35.2	32.3	960.4	1,124.7	1,166.7	1,472.2	70.6	3,834.3
Q2	593.6	340.1	37.6	29.8	1,001.1	1,164.8	1,148.1	1,492.7	61.9	3,867.6
2003 July	584.0	346.3	37.7	28.6	996.6	1,200.2	1,147.1	1,499.4	62.5	3,909.2
Aug.	580.7	356.4	38.3	29.3	1,004.7	1,199.1	1,146.0	1,504.8	60.9	3,910.8
Sep.	603.3	347.0	38.2	29.4	1,018.0	1,199.9	1,141.7	1,503.8	56.6	3,901.9
Oct. ^(p)	601.3	356.8	38.7	30.2	1,027.1	1,204.0	1,139.7	1,506.4	56.3	3,906.5

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	-10.1	68.6	-1.9	120.4
2003 Q1	-34.3	4.8	4.7	-2.4	-27.1	8.6	-15.9	37.6	-4.1	26.2
Q2	34.7	9.0	2.1	-2.4	43.4	40.5	-17.4	20.6	-8.7	35.0
2003 July	-10.5	6.2	0.2	-1.2	-5.3	3.9	-2.1	6.7	0.6	9.1
Aug.	-3.9	9.1	0.5	0.9	6.6	-1.5	-2.0	5.3	-1.6	0.2
Sep.	24.2	-7.9	0.0	1.4	17.8	1.1	-3.0	-0.9	-4.4	-7.2
Oct. ^(p)	-2.2	9.6	0.5	0.8	8.7	4.0	-2.2	2.6	-0.3	4.2

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	5.0	-2.5	3.3
2003 Q1	8.0	5.4	32.4	-3.5	7.3	7.4	-1.3	6.6	-12.4	3.9
Q2	8.0	6.9	39.3	-18.0	7.4	7.4	-2.4	8.0	-19.6	4.0
Q3 ^(p)	8.7	8.7	37.3	-15.0	8.6	8.7	-2.8	8.0	-27.8	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	588.3	685.7	2,271.0
2003 Q1	125.5	32.0	65.5	41.0	264.0	1,587.9	97.8	606.3	704.1	2,292.0
Q2	147.6	34.2	64.5	44.5	290.9	1,580.6	94.5	599.3	693.9	2,274.5
Q3 ³⁾	128.8	32.2	64.3	38.7	264.0	1,556.9	93.5	606.7	700.1	2,257.0

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	0.4	-10.3	-8.4	-4.9	3.6	31.6	35.2	30.3
2003 Q1	11.6	0.4	-3.7	0.4	8.6	30.2	0.5	31.0	31.4	61.6
Q2	22.1	2.2	-0.9	3.5	26.9	27.2	-3.3	6.2	2.9	30.1
Q3 ³⁾	-16.1	-2.0	-0.3	-5.0	-23.4	-13.3	-1.1	8.8	7.8	-5.6

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	5.1	5.0	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	29.9	0.4	-1.6	-3.0	12.0	4.5	-0.6	5.8	4.9	4.6
Q3 ³⁾	18.8	-5.8	0.8	-5.4	6.6	3.4	-7.7	6.8	4.7	3.8

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	259.2	559.1	818.3	181.0
Q2	1,182.2	59.5	1,223.2	16.1	386.8	18.3	2,886.2	614.8	267.3	586.1	853.4	174.8
2003 July	1,198.9	60.3	1,234.4	16.7	382.5	19.2	2,912.0	624.9	274.9	608.6	883.6	178.9
Aug.	1,198.9	59.2	1,226.3	17.1	384.8	19.5	2,905.8	635.8	274.5	612.6	887.1	183.0
Sep.	1,198.6	58.0	1,244.2	16.7	391.8	19.2	2,928.4	623.3	273.1	608.9	882.0	179.4
Oct. ^(p)	1,207.2	59.3	1,261.0	16.2	395.3	19.2	2,958.2	634.5	275.3	606.1	881.3	182.0

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	53.1	13.7	4.8	18.4	18.7
2003 Q1	41.8	4.0	36.1	1.5	16.4	0.2	99.9	31.2	-3.0	0.7	-2.4	2.3
Q2	16.5	-0.4	30.9	-0.7	14.0	0.2	60.5	27.2	5.8	21.0	26.8	-7.1
2003 July	15.3	0.5	9.9	0.4	-3.2	0.8	23.8	7.6	4.2	-3.2	1.1	2.9
Aug.	0.3	-2.6	-6.7	-0.3	2.3	-0.4	-7.4	-0.7	-0.3	3.1	2.8	3.6
Sep.	-0.1	0.4	19.1	0.3	7.1	0.5	27.3	3.1	-1.5	-4.2	-5.8	-2.8
Oct. ^(p)	9.8	0.9	20.8	-0.6	4.0	0.0	34.9	9.1	1.6	-4.9	-3.3	1.2

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	10.0	5.4	0.9	2.3	11.6
2003 Q1	4.2	-3.4	3.2	7.5	9.9	25.4	4.5	12.0	1.0	2.3	1.8	4.7
Q2	4.2	-9.4	4.9	7.2	15.3	15.8	5.6	16.3	-0.1	5.8	3.9	-0.5
2003 July	5.8	-8.2	6.0	6.9	14.6	22.5	6.7	15.9	3.6	7.5	6.2	1.1
Aug.	6.3	-11.8	5.8	5.5	16.4	19.7	7.0	14.4	4.0	6.2	5.5	4.3
Sep.	6.0	-8.0	6.4	8.4	15.4	18.4	7.1	13.7	3.5	6.4	5.4	3.8
Oct. ^(p)	6.8	4.5	8.6	5.3	15.8	11.1	8.6	15.7	3.4	3.5	3.5	2.8

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	-0.4	-1.2	-0.1	0.0	-1.0	-1.1	-1.2	-0.1	-1.5	-2.7
Q2	0.0	-0.1	-0.1	-0.2	0.0	0.0	-0.2	-0.2	-0.3	0.0	-0.9	-1.3
2003 July	-0.1	0.0	0.0	-0.1	0.0	0.0	-0.3	-0.4	-0.1	0.0	-0.3	-0.5
Aug.	0.0	0.0	-0.1	-0.1	0.0	0.0	0.0	0.0	-0.1	0.0	-0.3	-0.4
Sep.	0.0	0.0	-0.1	-0.1	0.0	0.0	-0.2	-0.2	-0.2	0.0	-0.4	-0.6
Oct. ^(p)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.1	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	-2.8	-7.5	0.0	-0.1	-0.1
Q2	-1.2	-0.1	-1.1	-2.3	-0.3	-0.1	-0.3
2003 July	-0.1	0.0	-0.5	-0.7	0.0	0.0	0.0
Aug.	-0.1	-0.1	-0.4	-0.7	0.0	-0.1	0.0
Sep.	-0.3	-0.1	-0.5	-0.9	-0.1	0.0	-0.1
Oct. ^(p)	0.0	0.0	-0.3	-0.4	0.0	0.0	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	10.3	0.0	-1.4	0.2	7.3	-0.9	-1.1	-7.2	-8.3	1.5
Q2	-1.3	-0.1	0.1	-0.1	0.3	-0.2	-1.1	0.8	2.2	6.0	8.2	0.7
2003 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.	-0.3	0.2	-1.4	0.1	0.0	0.0	-1.5	0.4	-0.1	0.9	0.8	0.6
Sep.	0.0	-0.2	0.2	-0.1	-0.1	0.0	-0.2	-0.7	0.0	0.5	0.6	-0.8
Oct. ^(p)	-0.3	0.0	-2.8	0.0	-0.4	0.0	-3.4	-0.1	0.5	2.1	2.6	1.4

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 MFI¹⁾ balance sheet items***(EUR billions; not seasonally adjusted; end of period)***1. Deposits by euro area residents: levels**

	MFIs							Non-MFIs						
	All currencies	Euro ²⁾	Non-euro currencies	Non-euro currencies				All currencies	Euro ²⁾	Non-euro currencies	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	3,829.6	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	6,060.9	5,883.7	177.3	108.7	20.1	11.3	18.5
2003 Q1	4,196.6	3,798.2	398.4	254.0	28.3	61.5	33.5	6,120.2	5,942.1	178.1	107.8	21.2	10.4	20.1
Q2	4,298.1	3,909.4	388.7	247.6	25.0	59.6	35.0	6,242.0	6,056.3	185.7	110.9	21.1	10.8	22.5
Q3 ^(p)	4,312.3	3,925.6	386.8	243.3	22.7	61.0	37.7	6,255.2	6,074.4	180.8	108.5	22.5	8.5	21.3

2. Deposits by non-euro area residents: levels

	Banks ³⁾							Non-banks						
	All currencies	Euro ²⁾	Non-euro currencies	Non-euro currencies				All currencies	Euro ²⁾	Non-euro currencies	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	1,696.9	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	685.7	331.0	354.7	240.3	15.5	13.2	67.3
2003 Q1	1,587.9	731.3	856.6	584.1	34.0	69.6	856.6	704.1	364.3	339.8	225.6	17.6	13.7	62.5
Q2	1,580.6	725.4	855.2	591.1	26.2	65.7	855.2	693.9	361.3	332.5	224.1	15.1	12.9	60.7
Q3 ^(p)	1,556.9	723.1	833.8	557.9	26.1	64.2	833.8	700.1	369.8	330.3	213.8	16.5	15.6	63.9

3. Debt securities issued by euro area MFIs: levels

	Debt securities						
	All currencies	Euro ²⁾	Non-euro currencies	Non-euro currencies			
				USD	JPY	CHF	GBP
1	2	3	4	5	6	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	3,228.6	2,763.6	464.4	261.4	46.2	52.7	67.8
Q3 ^(p)	3,264.1	2,782.8	480.6	266.9	51.1	55.7	69.4

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 2.8 (cont'd)
Currency analysis of selected MFI¹⁾ balance sheet items
(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	4,017.8	-	-	-	-	-	7,593.6	7,303.2	290.4	133.7	40.3	83.3	24.4	
2003 Q1	4,074.2	-	-	-	-	-	7,658.6	7,367.7	290.9	135.0	36.6	85.8	24.9	
Q2	4,143.2	-	-	-	-	-	7,737.8	7,455.1	282.6	133.5	28.2	86.5	23.3	
Q3 ^(p)	4,160.1	-	-	-	-	-	7,795.9	7,511.0	284.9	131.4	27.6	89.9	24.0	

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	1,242.2	631.4	610.9	382.7	60.0	30.1	98.7	590.9	232.2	358.7	273.0	8.9	24.9	34.0
Q3 ^(p)	1,160.9	580.3	580.6	352.6	60.7	27.5	102.4	579.9	218.6	361.3	269.6	12.0	25.5	36.3

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	1,241.7	1,182.2	59.5	21.1	6.9	3.2	12.6	1,644.5	1,610.0	34.4	18.4	9.9	1.1	4.0
Q3 ^(p)	1,256.5	1,198.6	58.0	19.7	6.4	3.7	13.7	1,671.8	1,636.0	35.8	18.6	11.2	1.1	3.9

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	259.1	109.5	149.7	89.1	8.7	6.5	35.3	355.4	157.1	198.3	125.7	30.3	2.4	21.2
Q3 ^(p)	262.7	112.8	149.9	85.3	9.2	7.3	38.2	360.1	160.7	199.5	123.9	32.0	2.5	19.8

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
	Deposits	Holdings of securities other than shares	Holdings of securities		Holdings of shares/ other equity	Holdings of investment fund shares	Fixed assets	Other assets	
			Up to 1 year	Over 1 year					
	1	2	3	4	5	6	7	8	9
2001 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	1,335.1	72.0	1,263.1	853.2	203.1	122.4	106.6	2,862.3
2003 Q1	217.1	1,331.8	70.6	1,261.2	767.3	205.8	118.6	108.2	2,748.9
Q2 ^(p)	232.5	1,382.2	67.0	1,315.2	878.2	223.7	120.7	118.0	2,955.5

2. Liabilities

				Total
	Deposits and loans taken	Investment fund shares	Other liabilities	
2001 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	2,745.2	76.9	2,862.3
2003 Q1	41.1	2,629.4	78.5	2,748.9
Q2 ^(p)	41.8	2,821.8	91.8	2,955.5

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

	Funds by investment policy							Total
	Funds by investment policy					Funds by type of investor		
	Equity funds	Bond funds	Mixed funds	Real estate funds	Other funds	General public funds	Special investors' funds	
	1	2	3	4	5	6	7	8
2001 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	149.4	349.2	2,089.5	772.9	2,862.3
2003 Q1	525.9	1,054.1	675.3	155.9	337.7	1,977.5	771.4	2,748.9
Q2 ^(p)	603.3	1,099.5	720.7	161.5	370.5	2,140.2	815.3	2,955.5

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**

								Total
	Deposits 1	Holdings of securities other than shares 2	Up to 1 year		Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Other assets 7	8
			3	Over 1 year 4				
2001 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	28.0	3.1	24.9	506.0	18.4	14.9	593.9
2003 Q1	24.5	30.3	2.8	27.5	438.6	16.5	16.1	525.9
Q2 ^(p)	27.9	31.6	2.9	28.8	506.4	18.5	18.9	603.3

2. Liabilities of equity funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
2001 Q4	2.6	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	586.4	3.6	593.9
2003 Q1	3.8	517.6	4.5	525.9
Q2 ^(p)	4.3	592.4	6.5	603.3

3. Assets of bond funds

								Total
	Deposits 1	Holdings of securities other than shares 2	Up to 1 year		Holdings of shares/ other equity 5	Holdings of investment fund shares 6	Other assets 7	8
			3	Over 1 year 4				
2001 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	36.6	866.2	31.9	12.3	37.2	1,068.2
2003 Q1	77.5	899.8	35.8	864.0	26.6	18.6	31.5	1,054.1
Q2 ^(p)	82.4	928.2	33.0	895.2	31.1	20.9	36.9	1,099.5

4. Liabilities of bond funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
2001 Q4	8.4	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	8.9	1,030.5	14.7	1,054.1
Q2 ^(p)	8.5	1,069.9	21.1	1,099.5

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**

	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	Total 9
			Up to 1 year 3	Over 1 year 4					
			2001 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	295.0	21.3	273.7	232.9	87.7	3.4	28.6	701.6
2003 Q1	50.4	300.7	21.8	278.9	209.9	83.7	0.7	29.9	675.3
Q2 ^(p)	49.4	311.8	20.9	290.9	237.0	91.9	0.3	30.3	720.7

6. Liabilities of mixed funds

	Total 4			
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	
2001 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	677.1	21.5	701.6
2003 Q1	2.9	649.9	22.5	675.3
Q2 ^(p)	2.6	695.9	22.3	720.7

7. Assets of real estate funds

	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	Total 9
			Up to 1 year 3	Over 1 year 4					
			2001 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	114.5	6.9	149.4
2003 Q1	14.7	8.3	0.5	7.7	0.7	8.6	117.1	6.6	155.9
Q2 ^(p)	16.5	9.0	0.6	8.5	0.7	9.1	119.8	6.3	161.5

8. Liabilities of real estate funds

	Total 4			
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	
2001 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	119.5	5.4	149.4
2003 Q1	24.0	126.5	5.4	155.9
Q2 ^(p)	24.9	131.1	5.4	161.5

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 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	904.8	663.2	153.1	107.7	69.8	2,089.5
2003 Q1	165.5	882.6	599.9	155.1	103.2	71.2	1,977.5
Q2 ^(p)	181.5	912.6	691.5	168.3	104.3	82.0	2,140.2

2. Liabilities of general public funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
2001 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	1,994.0	61.7	2,089.5
2003 Q1	34.6	1,880.0	62.9	1,977.5
Q2 ^(p)	34.7	2,028.7	76.8	2,140.2

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 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	51.6	449.2	167.4	50.7	15.4	37.1	771.4
Q2 ^(p)	51.0	469.6	186.7	55.4	16.5	36.0	815.3

4. Liabilities of special investors' funds

				Total
	Deposits and loans taken 1	Investment fund shares 2	Other liabilities 3	4
2001 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	6.5	749.3	15.5	771.4
Q2 ^(p)	7.2	793.1	15.0	815.3

Source: ECB.

3 Financial markets and interest rates in the euro area

Table 3.1

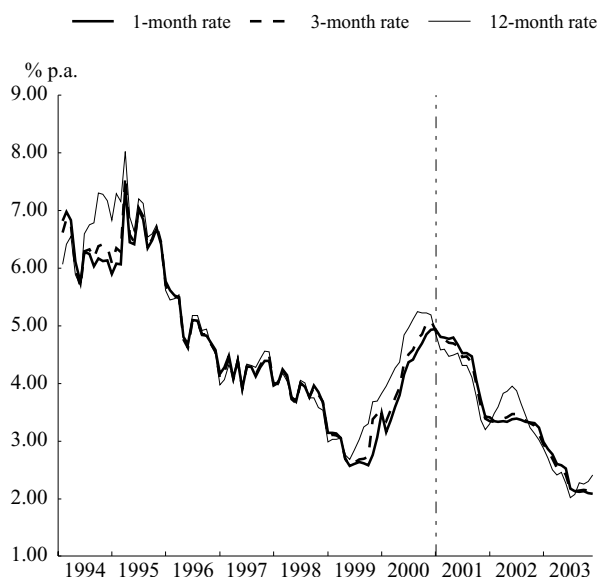
Money market interest rates¹⁾

(percentages per annum)

	Euro area ⁴⁾					United States ⁶⁾	Japan ⁶⁾
	Overnight deposits ^{3) 5)} 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	3-month deposits 7
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.05	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 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
Oct.	2.01	2.10	2.14	2.17	2.30	1.16	0.06
Nov.	1.97	2.09	2.16	2.22	2.41	1.17	0.06
2003 7 Nov.	2.05	2.09	2.17	2.24	2.46	1.17	0.06
14	1.92	2.06	2.16	2.22	2.40	1.17	0.06
21	1.46	2.07	2.15	2.20	2.34	1.17	0.06
28	2.09	2.15	2.15	2.24	2.47	1.17	0.06

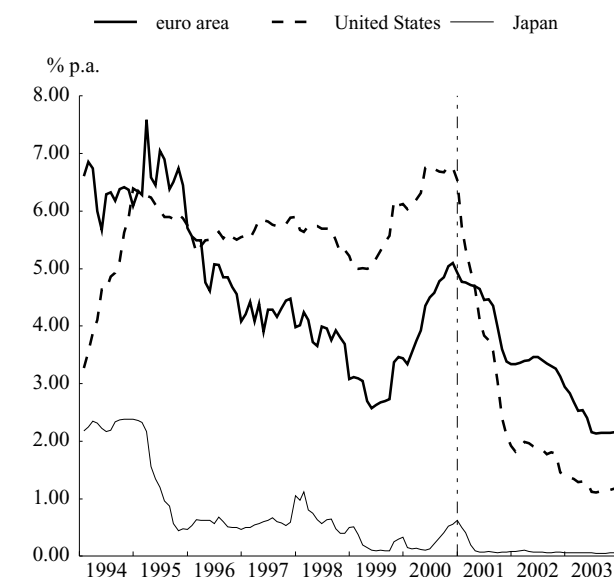
Euro area money market rates

(monthly)



3-month money market rates

(monthly)



Sources: Reuters and ECB.

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

Table 3.2

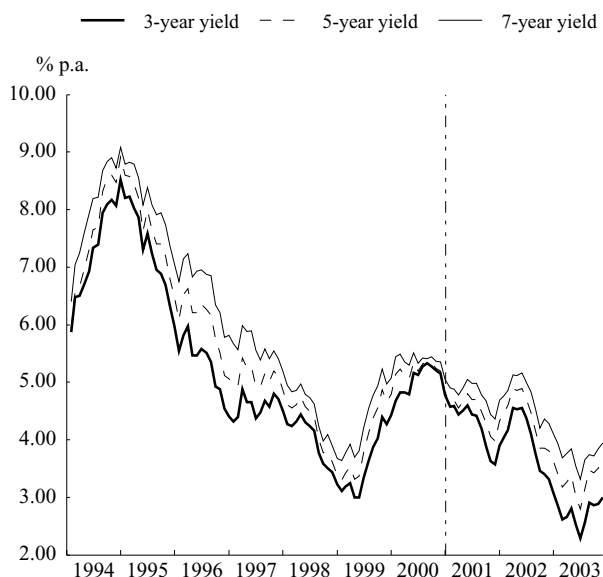
Government bond yields ¹⁾

(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 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
Oct.	2.59	2.88	3.50	3.85	4.31	4.27	1.40
Nov.	2.70	2.99	3.70	3.94	4.44	4.29	1.38
2003 7 Nov.	2.81	3.10	3.81	4.04	4.53	4.47	1.54
14	2.65	2.94	3.64	3.89	4.39	4.25	1.35
21	2.57	2.87	3.57	3.84	4.35	4.13	1.30
28	2.79	3.07	3.77	4.00	4.49	4.32	1.30

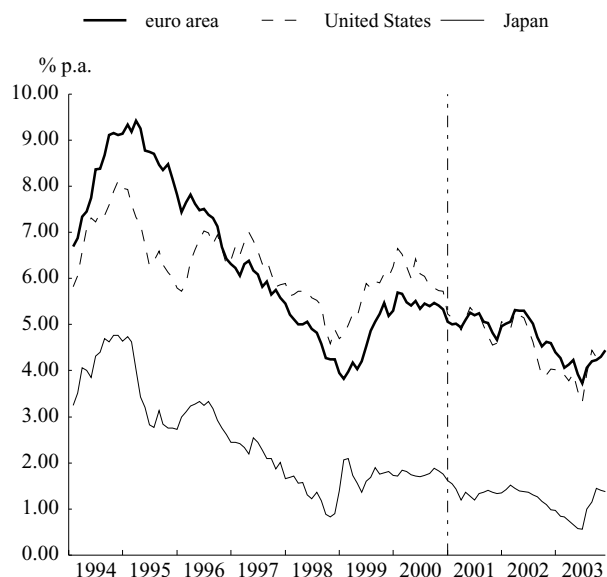
Euro area government bond yields

(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
MFI interest rates on euro-denominated deposits and loans by euro area residents
(percentages per annum; outstanding amounts as end-of-period, new business as period average unless otherwise indicated)
1. Interest rates on deposits (new business)

	Deposits from households						Deposits from non-financial corporations				Repos
	Overnight ¹⁾	With agreed maturity			Redeemable at notice ^{1,2)}		Overnight ¹⁾	With agreed maturity			
		Up to 1 year	Over 1 and up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 1 year	Over 1 and up to 2 years	Over 2 years	
		1	2	3	4	5		6	7	8		9	10
2003 Jan.	0.88	2.57	2.83	3.27	2.28	3.27	1.18	2.71	3.42	4.22	2.69
Feb.	0.90	2.44	2.74	2.98	2.27	3.23	1.20	2.63	2.92	3.72	2.68
Mar.	0.86	2.34	2.62	2.85	2.23	3.19	1.15	2.50	2.50	3.41	2.57
Apr.	0.83	2.25	2.63	2.89	2.24	3.14	1.12	2.43	2.40	3.28	2.48
May	0.84	2.23	2.48	2.72	2.18	3.10	1.08	2.43	2.35	2.95	2.46
June	0.76	2.00	2.31	2.69	2.15	3.01	1.00	2.10	2.19	3.03	2.14
July	0.68	1.91	2.19	2.43	2.07	2.93	0.88	2.02	2.14	2.71	2.03
Aug.	0.68	1.91	2.20	2.60	1.93	2.88	0.89	2.02	2.28	3.55	1.97
Sep.	0.68	1.87	2.18	2.51	1.93	2.85	0.87	2.00	2.31	3.64	2.00

2. Interest rates on loans to households (new business)

	Bank overdraft ¹⁾	Consumer credit				Lending for house purchase					Other lending by initial period of fixation		
		By initial period of fixation			Annual percentage rate of charge ³⁾	By initial period of fixation				Annual percentage rate of charge ³⁾	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 and up to 10 years	Over 10 years				
		1	2	3		4	5	6	7					8	9	10	11	12	13
2003 Jan.	9.88	7.23	7.37	8.36	8.22	4.44	4.77	5.38	5.27	4.98	4.94	5.60	5.51
Feb.	10.27	7.64	7.15	8.37	8.22	4.27	4.59	5.19	5.10	4.88	4.63	5.62	5.42
Mar.	10.02	7.27	7.00	8.28	8.05	4.13	4.41	5.04	5.05	4.70	4.73	5.31	5.37
Apr.	9.89	7.44	6.99	8.32	8.15	4.07	4.32	5.00	5.03	4.67	4.71	5.30	5.33
May	9.86	7.63	6.98	8.34	8.16	3.93	4.29	4.94	4.91	4.56	4.44	5.35	5.32
June	9.89	7.10	6.94	8.28	8.02	3.80	4.16	4.76	4.78	4.42	4.12	4.97	4.91
July	9.76	7.23	7.04	8.20	7.92	3.68	3.92	4.64	4.68	4.33	4.11	4.95	4.98
Aug.	9.74	7.69	6.84	8.28	8.04	3.64	3.96	4.69	4.69	4.41	4.13	5.00	4.98
Sep.	9.75	7.37	6.89	8.04	8.01	3.63	4.10	4.81	4.75	4.41	3.98	5.00	5.11

3. Interest rates on loans to non-financial corporations (new business)

	Bank overdraft ¹⁾	Other loans up to EUR 1 million by initial period of fixation			Other loans over EUR 1 million by initial period of fixation		
		Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years	Floating rate and up to 1 year	Over 1 and up to 5 years	Over 5 years
		1	2	3	4	5	6	7
2003 Jan.	6.20	4.88	5.26	5.06	3.70	3.80	4.63
Feb.	6.14	4.74	5.07	5.10	3.62	4.02	4.55
Mar.	6.05	4.54	5.03	5.11	3.56	3.86	4.46
Apr.	5.85	4.57	4.89	5.04	3.49	3.69	4.58
May	5.81	4.47	4.86	4.96	3.40	3.57	4.36
June	5.68	4.20	4.60	4.89	3.14	3.39	4.18
July	5.56	4.15	4.59	4.73	3.07	3.14	4.00
Aug.	5.47	4.17	4.65	4.77	3.18	3.41	4.36
Sep.	5.46	4.08	4.79	4.76	3.11	3.32	4.28

Source: ECB.

1) For this instrument category, new business and outstanding amounts coincide. End-of-period.

2) For this instrument category, households and non-financial corporations are merged and allocated to the household sector, since the outstanding amounts of non-financial corporations are negligible compared with those of the household sector in all participating Member States combined.

3) The annual percentage rate of charge is the weighted average rate across all maturities and equals the total cost of the loans. These total costs comprise an interest rate component and a component of other (related) charges, such as the cost of inquiries, administration, preparation of documents, guarantees, etc.

4. Interest rates on deposits (outstanding amounts)

	Deposits from households					Deposits from non-financial corporations			Repos
	Overnight ¹⁾	With agreed maturity		Redeemable at notice ^{1),2)}		Overnight ¹⁾	With agreed maturity		
		Up to 2 years	Over 2 years	Up to 3 months	Over 3 months		Up to 2 years	Over 2 years	
	1	2	3	4	5	6	7	8	9
2003 Jan.	0.88	2.63	3.60	2.28	3.27	1.18	2.81	4.64	2.77
Feb.	0.90	2.55	3.68	2.27	3.23	1.20	2.73	4.73	2.69
Mar.	0.86	2.44	3.54	2.23	3.19	1.15	2.60	4.66	2.52
Apr.	0.83	2.38	3.54	2.24	3.14	1.12	2.52	4.62	2.44
May	0.84	2.33	3.47	2.18	3.10	1.08	2.50	4.50	2.42
June	0.76	2.17	3.47	2.15	3.01	1.00	2.25	4.45	2.19
July	0.68	2.07	3.43	2.07	2.93	0.88	2.23	4.40	2.08
Aug.	0.68	2.03	3.42	1.93	2.88	0.89	2.19	4.26	2.05
Sep.	0.68	2.00	3.44	1.93	2.85	0.87	2.23	4.33	2.04

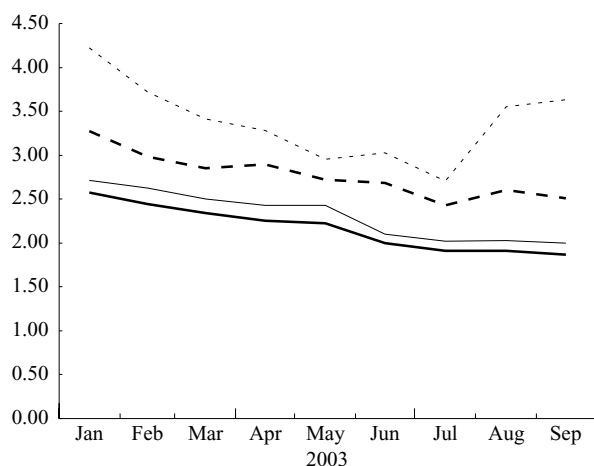
5. Interest rates on loans (outstanding amounts)

	Loans to households						Loans to non-financial corporations		
	Lending for house purchase, with maturity			Consumer credit and other loans, with maturity			With maturity		
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Up to 1 year	Over 1 and up to 5 years	Over 5 years
	1	2	3	4	5	6	7	8	9
2003 Jan.	5.51	5.41	5.58	8.59	7.51	6.24	5.25	4.83	5.20
Feb.	5.49	5.43	5.62	8.69	7.53	6.23	5.18	4.82	5.26
Mar.	5.47	5.36	5.55	8.64	7.42	6.17	5.00	4.68	5.12
Apr.	5.41	5.26	5.49	8.53	7.45	6.10	4.89	4.61	5.03
May	5.34	5.22	5.44	8.52	7.34	6.09	4.83	4.56	4.94
June	5.32	5.13	5.40	8.47	7.37	6.03	4.72	4.46	4.90
July	5.22	5.07	5.31	8.36	7.27	5.96	4.60	4.32	4.81
Aug.	5.12	4.99	5.25	8.31	7.23	6.06	4.53	4.21	4.75
Sep.	5.06	4.95	5.24	8.33	7.26	6.00	4.55	4.19	4.75

New deposits with agreed maturity

(percentages per annum excluding charges; period averages)

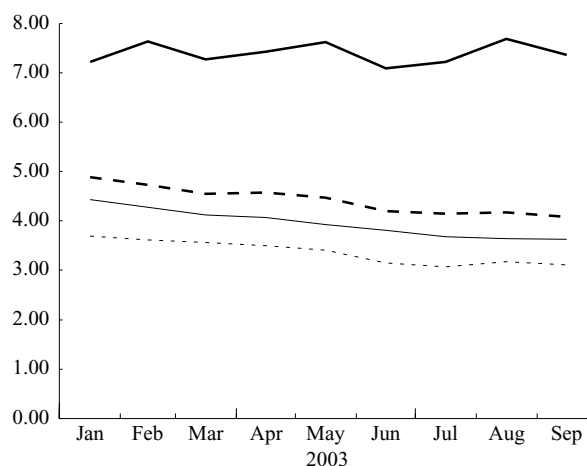
- to households, up to 1 year
- to non-financial corporations, up to 1 year
- - - to households, over 2 years
- - - to non-financial corporations, over 2 years



New loans at floating rate and up to 1 year initial rate fixation

(percentages per annum excluding charges; period averages)

- to households for consumption
- to households for house purchase
- - - to households, over 2 years
- - - to non-financial corporations, up to EUR 1 million



Source: ECB.

Table 3.4**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 Sep.	415.9	401.9	14.1	795.3	393.1	382.3	10.8	709.3	22.8	19.6
Oct.	469.9	458.0	11.9	808.7	443.4	434.9	8.5	718.0	26.5	23.1
Nov.	436.4	413.9	22.5	833.2	414.4	389.7	24.6	742.8	22.0	24.2
Dec.	406.9	452.2	-45.3	786.4	387.5	430.4	-42.9	698.9	19.3	21.7
2003 Jan.	546.8	489.4	57.4	843.4	520.3	464.7	55.6	753.5	26.5	24.7
Feb.	457.4	429.5	28.0	868.6	434.6	409.4	25.2	778.3	22.8	20.1
Mar.	452.3	441.0	11.3	878.3	433.3	423.5	9.8	787.9	19.0	17.6
Apr.	477.8	457.1	20.6	895.0	455.9	432.8	23.1	810.4	21.9	24.3
May	444.1	436.5	7.6	900.4	416.9	411.9	5.0	814.7	27.2	24.6
June	435.4	455.3	-19.9	880.4	413.0	429.7	-16.7	797.6	22.3	25.6
July	459.7	461.0	-1.2	879.5	437.3	434.0	3.3	800.7	22.4	26.9
Aug.	382.4	393.8	-11.4	866.2	363.9	366.7	-2.7	797.0	18.5	27.2
Sep.	420.7	427.9	-7.3	858.5	396.1	407.7	-11.6	785.2	24.6	20.2

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 Sep.	132.6	97.0	35.5	7,367.1	117.2	84.4	32.8	6,718.4	15.4	12.7
Oct.	125.6	94.8	30.8	7,397.2	107.4	84.0	23.4	6,742.1	18.2	10.8
Nov.	133.1	96.5	36.6	7,431.1	119.4	90.3	29.1	6,771.2	13.7	6.2
Dec.	148.6	179.3	-30.7	7,381.1	136.9	162.8	-25.9	6,744.2	11.7	16.5
2003 Jan.	180.0	134.8	45.1	7,414.1	156.7	125.4	31.3	6,776.0	23.3	9.5
Feb.	164.9	112.7	52.2	7,468.5	146.0	104.0	42.0	6,818.8	18.8	8.7
Mar.	162.5	106.2	56.2	7,520.6	146.6	96.0	50.6	6,869.9	15.9	10.2
Apr.	160.8	125.2	35.6	7,547.0	146.0	115.9	30.1	6,900.2	14.7	9.3
May	174.6	101.0	73.6	7,599.4	161.0	91.5	69.5	6,969.6	13.6	9.5
June	170.5	108.6	62.0	7,673.6	155.1	100.1	55.0	7,025.2	15.4	8.4
July	184.5	141.4	43.1	7,721.0	162.9	134.3	28.6	7,054.7	21.6	7.1
Aug.	79.0	71.1	7.9	7,746.2	69.5	64.2	5.3	7,061.5	9.4	6.9
Sep.	172.1	100.3	71.8	7,798.4	158.1	90.8	67.3	7,127.4	14.0	9.5

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 Sep.	548.5	498.9	49.6	8,162.4	510.2	466.7	43.6	7,427.8	38.3	32.2
Oct.	595.5	552.8	42.7	8,205.9	550.8	518.9	31.9	7,460.1	44.7	33.9
Nov.	569.5	510.4	59.1	8,264.3	533.8	480.0	53.8	7,514.0	35.7	30.4
Dec.	555.4	631.4	-76.0	8,167.5	524.4	593.2	-68.8	7,443.1	31.0	38.3
2003 Jan.	726.8	624.3	102.5	8,257.5	677.0	590.1	86.9	7,529.6	49.8	34.2
Feb.	622.3	542.1	80.1	8,337.1	580.6	513.4	67.2	7,597.0	41.6	28.7
Mar.	614.8	547.3	67.5	8,398.9	579.9	519.4	60.5	7,657.8	34.8	27.8
Apr.	638.5	582.3	56.2	8,442.0	601.9	548.7	53.2	7,710.6	36.6	33.6
May	618.7	537.6	81.2	8,499.8	577.9	503.4	74.5	7,784.2	40.8	34.1
June	605.9	563.9	42.0	8,554.0	568.1	529.9	38.2	7,822.8	37.8	34.0
July	644.3	602.4	41.9	8,600.5	600.2	568.4	31.8	7,855.4	44.1	34.0
Aug.	461.4	464.9	-3.6	8,612.3	433.4	430.8	2.6	7,858.5	27.9	34.1
Sep.	592.7	528.2	64.6	8,656.8	554.2	498.5	55.7	7,912.6	38.6	29.7

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	
3.3	86.0	31.7	7.7	24.0	68.9	424.8	390.0	34.8	778.3	2002 Sep.
3.4	90.7	17.1	31.3	-14.2	54.7	460.5	466.2	-5.7	772.7	Oct.
-2.2	90.4	14.6	16.9	-2.3	52.4	428.9	406.6	22.3	795.2	Nov.
-2.4	87.5	23.8	10.6	13.2	65.6	411.3	441.0	-29.7	764.5	Dec.
1.8	89.8	16.3	34.5	-18.2	47.4	536.6	499.2	37.4	800.9	2003 Jan.
2.7	90.4	20.1	14.1	6.0	53.4	454.7	423.5	31.2	831.6	Feb.
1.4	90.4	33.3	9.7	23.6	76.9	466.6	433.1	33.4	864.9	Mar.
-2.4	84.6	14.7	35.8	-21.1	55.8	470.5	468.5	2.0	866.2	Apr.
2.6	85.7	20.9	18.4	2.5	58.3	437.8	430.3	7.5	872.9	May
-3.2	82.8	38.5	10.6	27.9	86.2	451.5	440.3	11.2	883.8	June
-4.5	78.8	13.7	36.2	-22.6	63.7	450.9	470.3	-19.3	864.3	July
-8.7	69.2	20.0	23.3	-3.2	60.4	384.0	390.0	-6.0	857.4	Aug.
4.4	73.3	39.2	14.2	24.9	85.4	435.2	421.9	13.3	870.6	Sep.

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	648.7	24.3	11.4	12.9	976.7	141.5	95.8	45.7	7,695.1	2002 Sep.
7.4	655.1	13.2	13.1	0.1	976.9	120.6	97.1	23.5	7,718.9	Oct.
7.5	659.9	13.6	12.1	1.6	978.5	133.1	102.4	30.7	7,749.6	Nov.
-4.9	637.0	18.3	10.9	7.4	985.9	155.2	173.6	-18.4	7,730.1	Dec.
13.8	638.0	23.8	7.2	16.6	1,002.5	180.5	132.6	47.9	7,778.6	2003 Jan.
10.2	649.7	26.5	17.7	8.9	1,011.4	172.5	121.7	50.9	7,830.1	Feb.
5.6	650.8	28.7	9.6	19.2	1,030.4	175.4	105.5	69.8	7,900.3	Mar.
5.4	646.8	19.5	9.4	10.1	1,040.8	165.5	125.3	40.2	7,941.0	Apr.
4.1	629.8	25.7	8.5	17.2	1,057.9	186.7	100.0	86.6	8,027.5	May
7.0	648.4	30.0	14.9	15.1	1,072.9	185.1	115.1	70.0	8,098.1	June
14.5	666.3	34.7	12.7	22.0	1,094.7	197.6	147.1	50.6	8,149.4	July
2.5	684.6	16.9	12.6	4.2	1,098.9	86.4	76.8	9.6	8,160.4	Aug.
4.5	671.0	22.0	10.1	12.0	1,110.9	180.2	100.8	79.3	8,238.3	Sep.

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	
6.0	734.7	56.0	19.1	37.0	1,045.7	566.3	485.7	80.6	8,473.4	2002 Sep.
10.8	745.9	30.3	44.3	-14.1	1,031.6	581.1	563.3	17.8	8,491.7	Oct.
5.3	750.3	28.2	29.0	-0.8	1,030.8	562.0	509.0	53.0	8,544.9	Nov.
-7.3	724.4	42.1	21.5	20.6	1,051.5	566.5	614.7	-48.2	8,494.6	Dec.
15.6	727.9	40.1	41.7	-1.6	1,049.9	717.0	631.8	85.3	8,579.5	2003 Jan.
12.9	740.1	46.6	31.8	14.8	1,064.7	627.3	545.2	82.1	8,661.7	Feb.
7.0	741.1	62.0	19.2	42.7	1,107.4	641.9	538.7	103.2	8,765.2	Mar.
3.0	731.4	34.2	45.1	-11.0	1,096.6	636.1	593.8	42.2	8,807.1	Apr.
6.7	715.5	46.5	26.9	19.6	1,116.2	624.4	530.3	94.1	8,900.5	May
3.8	731.2	68.4	25.5	43.0	1,159.2	636.6	555.4	81.2	8,982.0	June
10.1	745.2	48.4	48.9	-0.6	1,158.3	648.6	617.3	31.2	9,013.7	July
-6.2	753.8	36.9	35.9	1.0	1,159.3	470.4	466.7	3.6	9,017.8	Aug.
8.9	744.3	61.2	24.3	36.9	1,196.3	615.4	522.8	92.6	9,108.8	Sep.

Table 3.5**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer¹⁾***(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 Sep.	709.3	276.6	6.9	87.6	335.7	2.6	68.9	26.8	37.3	4.0
Oct.	718.0	284.0	7.0	88.4	335.6	3.0	54.7	20.9	28.1	3.5
Nov.	742.8	304.7	7.5	89.8	337.8	3.1	52.4	18.2	28.1	3.7
Dec.	698.9	281.4	7.3	85.2	321.8	3.2	65.6	20.5	37.9	4.6
2003 Jan.	753.5	313.3	7.2	92.5	337.9	2.6	47.4	18.1	26.4	2.4
Feb.	778.3	318.6	8.6	95.9	352.0	3.2	53.4	21.4	28.9	2.5
Mar.	787.9	314.6	8.9	98.4	362.8	3.2	76.9	27.6	44.6	3.3
Apr.	810.4	323.0	8.6	99.0	376.6	3.3	55.8	21.9	30.8	2.1
May	814.7	317.9	8.3	101.7	383.2	3.5	58.3	22.9	32.2	2.4
June	797.6	309.1	8.6	95.8	380.7	3.5	86.2	32.1	49.5	3.4
July	800.7	310.2	8.6	95.9	382.1	3.8	63.7	25.3	34.8	3.1
Aug.	797.0	304.6	8.6	95.7	384.8	3.4	60.4	22.6	33.2	4.2
Sep.	785.2	294.7	7.9	92.1	387.6	3.0	85.4	33.8	44.8	5.8

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 Sep.	6,718.4	2,426.2	403.2	379.0	3,348.7	161.4	976.7	241.8	400.2	109.8
Oct.	6,742.1	2,422.3	408.8	378.1	3,367.8	165.1	976.9	242.6	401.8	109.5
Nov.	6,771.2	2,419.8	422.1	381.5	3,381.2	166.6	978.5	244.9	404.2	108.9
Dec.	6,744.2	2,405.6	459.0	383.1	3,328.2	168.3	985.9	248.0	408.8	110.1
2003 Jan.	6,776.0	2,401.0	461.4	389.5	3,351.9	172.3	1,002.5	254.0	418.0	111.5
Feb.	6,818.8	2,411.8	470.6	393.5	3,365.0	177.8	1,011.4	260.6	420.0	112.9
Mar.	6,869.9	2,421.6	479.7	402.1	3,385.7	180.7	1,030.4	270.6	423.7	112.7
Apr.	6,900.2	2,429.2	494.8	406.3	3,385.9	184.0	1,040.8	275.5	431.1	112.9
May	6,969.6	2,445.0	499.1	413.0	3,425.9	186.5	1,057.9	282.5	438.0	111.3
June	7,025.2	2,457.7	513.7	420.7	3,442.2	190.8	1,072.9	286.0	443.5	113.5
July	7,054.7	2,477.3	528.0	421.6	3,436.4	191.4	1,094.7	296.1	449.6	117.3
Aug.	7,061.5	2,481.8	529.0	423.3	3,435.9	191.5	1,098.9	298.1	449.8	119.5
Sep.	7,127.4	2,493.7	543.4	420.9	3,472.6	196.7	1,110.9	300.4	455.2	122.8

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 Sep.	7,427.8	2,702.7	410.1	466.6	3,684.4	164.0	1,045.7	268.6	437.5	113.9
Oct.	7,460.1	2,706.3	415.8	466.5	3,703.4	168.1	1,031.6	263.5	429.9	113.1
Nov.	7,514.0	2,724.5	429.6	471.3	3,718.9	169.7	1,030.8	263.2	432.3	112.6
Dec.	7,443.1	2,687.0	466.3	468.2	3,650.1	171.5	1,051.5	268.5	446.7	114.6
2003 Jan.	7,529.6	2,714.4	468.5	482.0	3,689.8	174.9	1,049.9	272.1	444.3	113.9
Feb.	7,597.0	2,730.4	479.2	489.4	3,717.0	181.0	1,064.7	282.0	448.9	115.3
Mar.	7,657.8	2,736.2	488.7	500.5	3,748.5	184.0	1,107.4	298.3	468.3	116.0
Apr.	7,710.6	2,752.1	503.4	505.3	3,762.5	187.2	1,096.6	297.5	461.9	114.9
May	7,784.2	2,762.9	507.4	514.7	3,809.1	190.0	1,116.2	305.4	470.1	113.6
June	7,822.8	2,766.8	522.3	516.5	3,822.9	194.3	1,159.2	318.0	493.0	116.9
July	7,855.4	2,787.5	536.6	517.5	3,818.6	195.2	1,158.3	321.4	484.4	120.4
Aug.	7,858.5	2,786.4	537.6	519.0	3,820.7	194.8	1,159.3	320.7	483.0	123.7
Sep.	7,912.6	2,788.4	551.4	513.0	3,860.2	199.7	1,196.3	334.3	499.9	128.6

*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	0.6	778.3	303.3	44.2	91.6	335.9	2.7	0.6	2002 Sep.
0.1	0.2	1.8	772.7	304.9	35.2	91.9	335.7	3.2	1.8	Oct.
0.1	0.2	2.0	795.2	322.9	35.6	93.5	337.8	3.3	2.0	Nov.
0.0	0.2	2.4	764.5	302.0	45.2	89.8	321.9	3.4	2.4	Dec.
0.0	0.1	0.4	800.9	331.4	33.5	95.0	338.0	2.7	0.4	2003 Jan.
0.0	0.1	0.4	831.6	340.0	37.5	98.3	352.0	3.4	0.4	Feb.
0.0	0.2	1.2	864.9	342.2	53.5	101.7	362.8	3.4	1.2	Mar.
0.0	0.2	0.8	866.2	344.9	39.4	101.1	376.6	3.4	0.8	Apr.
0.0	0.2	0.7	872.9	340.8	40.5	104.1	383.2	3.7	0.7	May
0.0	0.2	1.0	883.8	341.1	58.1	99.2	380.7	3.7	1.0	June
0.1	0.2	0.2	864.3	335.5	43.4	99.0	382.2	4.0	0.2	July
0.1	0.2	0.1	857.4	327.2	41.8	99.9	384.9	3.6	0.1	Aug.
0.1	0.2	0.7	870.6	328.5	52.7	97.9	387.7	3.2	0.7	Sep.

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	
93.5	14.1	117.3	7,695.1	2,668.0	803.4	488.8	3,442.1	175.5	117.3	2002 Sep.
93.0	14.1	115.9	7,718.9	2,664.9	810.6	487.6	3,460.8	179.1	115.9	Oct.
92.5	14.1	113.8	7,749.6	2,664.7	826.3	490.4	3,473.7	180.7	113.8	Nov.
91.7	13.7	113.6	7,730.1	2,653.5	867.8	493.1	3,419.9	182.0	113.6	Dec.
91.2	13.4	114.4	7,778.6	2,655.1	879.3	500.9	3,443.0	185.8	114.4	2003 Jan.
91.7	14.4	111.8	7,830.1	2,672.4	890.6	506.4	3,456.8	192.2	111.8	Feb.
91.7	14.9	116.9	7,900.3	2,692.2	903.4	514.8	3,477.4	195.6	116.9	Mar.
89.7	14.8	116.8	7,941.0	2,704.7	925.9	519.1	3,475.7	198.8	116.8	Apr.
94.3	15.6	116.3	8,027.5	2,727.5	937.1	524.3	3,520.3	202.1	116.3	May
93.5	15.7	120.8	8,098.1	2,743.7	957.2	534.2	3,535.8	206.4	120.8	June
94.2	15.6	121.9	8,149.4	2,773.5	977.6	538.9	3,530.6	206.9	121.9	July
94.3	15.6	121.6	8,160.4	2,779.9	978.8	542.8	3,530.3	207.1	121.6	Aug.
95.9	15.5	121.1	8,238.3	2,794.2	998.6	543.7	3,568.5	212.1	121.1	Sep.

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	
93.7	14.2	117.9	8,473.4	2,971.3	847.6	580.4	3,778.0	178.2	117.9	2002 Sep.
93.1	14.2	117.7	8,491.7	2,969.8	845.8	579.5	3,796.5	182.3	117.7	Oct.
92.6	14.3	115.9	8,544.9	2,987.6	862.0	583.9	3,811.5	184.0	115.9	Nov.
91.7	13.9	116.0	8,494.6	2,955.5	913.0	582.9	3,741.8	185.4	116.0	Dec.
91.2	13.6	114.8	8,579.5	2,986.5	912.9	595.9	3,781.0	188.5	114.8	2003 Jan.
91.8	14.5	112.2	8,661.7	3,012.4	928.1	604.7	3,808.8	195.5	112.2	Feb.
91.7	15.0	118.1	8,765.2	3,034.4	956.9	616.5	3,840.2	199.0	118.1	Mar.
89.7	15.0	117.5	8,807.1	3,049.6	965.3	620.3	3,852.2	202.2	117.5	Apr.
94.4	15.7	117.0	8,900.5	3,068.3	977.6	628.4	3,903.5	205.7	117.0	May
93.5	15.9	121.8	8,982.0	3,084.8	1,015.3	633.5	3,916.4	210.1	121.8	June
94.3	15.7	122.1	9,013.7	3,108.9	1,021.0	637.9	3,912.9	211.0	122.1	July
94.4	15.8	121.7	9,017.8	3,107.0	1,020.6	642.7	3,915.2	210.6	121.7	Aug.
96.0	15.7	121.8	9,108.8	3,122.7	1,051.3	641.6	3,956.1	215.3	121.8	Sep.

Table 3.5 (cont'd)
Euro-denominated securities other than shares by original maturity, residency and sector of the issuer¹⁾
(EUR billions; transactions during the month; nominal values)
Gross issues
1. Short-term

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 Sep.	393.1	278.4	2.9	56.8	53.0	2.0	31.7	11.1	18.0	2.0
Oct.	443.4	319.4	3.8	64.8	53.1	2.3	17.1	5.0	9.0	1.3
Nov.	414.4	302.9	3.2	58.3	47.7	2.3	14.6	4.7	8.4	1.2
Dec.	387.5	291.3	2.9	46.4	44.3	2.6	23.8	6.3	15.6	1.3
2003 Jan.	520.3	375.7	3.7	66.0	72.9	1.9	16.3	6.3	9.4	0.3
Feb.	434.6	308.0	3.4	56.7	64.4	2.1	20.1	7.2	11.6	1.0
Mar.	433.3	301.5	2.6	62.9	63.7	2.6	33.3	10.2	20.7	1.4
Apr.	455.9	308.5	2.8	70.9	71.7	1.9	14.7	5.1	9.1	0.2
May	416.9	284.7	3.0	66.7	60.4	2.1	20.9	7.5	12.2	1.1
June	413.0	283.8	3.3	64.1	59.7	2.1	38.5	12.7	23.4	1.6
July	437.3	304.9	2.4	64.4	63.1	2.5	13.7	4.0	8.6	1.0
Aug.	363.9	243.8	2.5	57.9	58.1	1.7	20.0	7.9	10.1	1.9
Sep.	396.1	265.8	3.1	64.0	60.6	2.6	39.2	15.1	21.0	2.4

2. Long-term

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 Sep.	117.2	47.4	12.2	4.5	50.4	2.6	24.3	5.1	12.7	0.2
Oct.	107.4	39.1	11.0	0.9	52.1	4.4	13.2	4.6	6.7	0.3
Nov.	119.4	48.1	16.3	3.5	48.0	3.6	13.6	5.6	6.6	0.8
Dec.	136.9	45.6	45.2	7.9	34.4	3.7	18.3	6.4	8.8	2.2
2003 Jan.	156.7	58.4	6.8	8.9	76.3	6.3	23.8	7.9	12.4	1.7
Feb.	146.0	55.4	13.7	8.7	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	51.0	18.7	7.0	65.7	3.7	19.5	8.6	9.0	1.0
May	161.0	54.1	9.4	10.9	83.4	3.2	25.7	9.8	9.2	0.3
June	155.1	56.3	19.1	12.7	61.4	5.7	30.0	9.3	10.4	2.9
July	162.9	61.3	19.7	7.9	71.3	2.8	34.7	13.4	12.5	4.9
Aug.	69.5	36.8	5.4	3.4	22.4	1.5	16.9	7.2	4.8	4.1
Sep.	158.1	51.3	18.7	2.7	78.4	7.0	22.0	6.4	10.2	3.4

3. Total

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 Sep.	510.2	325.8	15.1	61.3	103.5	4.6	56.0	16.3	30.7	2.1
Oct.	550.8	358.5	14.7	65.7	105.2	6.7	30.3	9.6	15.8	1.6
Nov.	533.8	351.0	19.5	61.7	95.7	5.8	28.2	10.3	15.0	2.0
Dec.	524.4	336.9	48.2	54.3	78.7	6.4	42.1	12.7	24.4	3.5
2003 Jan.	677.0	434.0	10.6	74.9	149.2	8.2	40.1	14.2	21.8	2.1
Feb.	580.6	363.5	17.0	65.4	126.3	8.4	46.6	18.1	18.4	4.5
Mar.	579.9	355.3	18.2	73.4	126.7	6.3	62.0	23.5	28.9	2.0
Apr.	601.9	359.5	21.5	78.0	137.4	5.6	34.2	13.7	18.2	1.1
May	577.9	338.8	12.5	77.5	143.8	5.3	46.5	17.3	21.4	1.4
June	568.1	340.0	22.4	76.7	121.2	7.8	68.4	22.0	33.8	4.5
July	600.2	366.2	22.1	72.3	134.4	5.3	48.4	17.4	21.1	5.9
Aug.	433.4	280.6	8.0	61.3	80.4	3.1	36.9	15.1	14.9	6.0
Sep.	554.2	317.1	21.8	66.7	139.0	9.6	61.2	21.6	31.2	5.8

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	0.0	0.5	424.8	289.5	20.9	58.7	53.1	2.0	0.5	2002 Sep.
0.0	0.1	1.6	460.5	324.5	12.8	66.1	53.1	2.5	1.6	Oct.
0.0	0.0	0.2	428.9	307.6	11.6	59.5	47.7	2.3	0.2	Nov.
0.0	0.0	0.5	411.3	297.5	18.5	47.7	44.3	2.7	0.5	Dec.
0.0	0.1	0.1	536.6	382.0	13.2	66.4	72.9	2.0	0.1	2003 Jan.
0.0	0.0	0.2	454.7	315.3	15.0	57.7	64.4	2.1	0.2	Feb.
0.0	0.0	0.9	466.6	311.7	23.3	64.3	63.7	2.6	0.9	Mar.
0.0	0.1	0.2	470.5	313.6	11.9	71.1	71.7	2.0	0.2	Apr.
0.0	0.0	0.1	437.8	292.2	15.2	67.8	60.4	2.1	0.1	May
0.0	0.1	0.7	451.5	296.4	26.7	65.7	59.8	2.2	0.7	June
0.1	0.0	0.0	450.9	308.8	11.0	65.4	63.2	2.5	0.0	July
0.0	0.1	0.0	384.0	251.7	12.6	59.8	58.1	1.7	0.0	Aug.
0.0	0.0	0.6	435.2	280.9	24.1	66.4	60.6	2.6	0.6	Sep.

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	
0.7	0.2	5.5	141.5	52.6	24.8	4.7	51.1	2.7	5.5	2002 Sep.
0.2	0.0	1.3	120.6	43.7	17.7	1.2	52.2	4.4	1.3	Oct.
0.0	0.0	0.5	133.1	53.7	22.9	4.3	48.0	3.6	0.5	Nov.
0.1	0.0	0.8	155.2	52.1	54.1	10.1	34.5	3.7	0.8	Dec.
0.5	0.0	1.3	180.5	66.3	19.2	10.6	76.8	6.3	1.3	2003 Jan.
3.3	1.0	1.1	172.5	66.3	20.4	12.1	65.2	7.4	1.1	Feb.
0.4	0.6	5.7	175.4	67.0	23.9	11.0	63.5	4.3	5.7	Mar.
0.1	0.0	0.8	165.5	59.6	27.7	8.0	65.8	3.7	0.8	Apr.
5.1	0.8	0.5	186.7	63.8	18.7	11.1	88.6	3.9	0.5	May
1.5	0.1	5.7	185.1	65.6	29.5	15.6	62.9	5.7	5.7	June
1.4	0.0	2.6	197.6	74.7	32.1	12.7	72.7	2.8	2.6	July
0.2	0.0	0.6	86.4	44.0	10.2	7.5	22.6	1.5	0.6	Aug.
1.9	0.0	0.1	180.2	57.8	28.9	6.1	80.3	7.0	0.1	Sep.

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	
0.8	0.2	6.0	566.3	342.0	45.8	63.4	104.2	4.8	6.0	2002 Sep.
0.2	0.2	2.9	581.1	368.1	30.5	67.3	105.3	6.9	2.9	Oct.
0.0	0.0	0.7	562.0	361.4	34.6	63.8	95.7	5.9	0.7	Nov.
0.1	0.0	1.3	566.5	349.6	72.6	57.8	78.8	6.4	1.3	Dec.
0.5	0.1	1.4	717.0	448.2	32.4	77.0	149.7	8.3	1.4	2003 Jan.
3.3	1.1	1.3	627.3	381.6	35.4	69.8	129.7	9.5	1.3	Feb.
0.4	0.6	6.6	641.9	378.7	47.2	75.3	127.2	6.9	6.6	Mar.
0.1	0.1	0.9	636.1	373.2	39.7	79.1	137.5	5.7	0.9	Apr.
5.2	0.8	0.6	624.4	356.1	33.9	78.9	149.0	6.1	0.6	May
1.5	0.2	6.4	636.6	362.0	56.3	81.2	122.7	7.9	6.4	June
1.5	0.0	2.6	648.6	383.6	43.2	78.2	135.9	5.3	2.6	July
0.2	0.1	0.6	470.4	295.7	22.9	67.3	80.7	3.2	0.6	Aug.
1.9	0.0	0.7	615.4	338.7	52.9	72.5	140.9	9.6	0.7	Sep.

Table 3.5 (cont'd)**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer¹⁾***(EUR billions; transactions during the month; nominal values)***Net issues****1. Short-term**

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 Sep.	10.8	4.1	-0.4	1.0	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.	-42.9	-22.2	-0.1	-4.7	-15.9	0.1	13.2	2.3	9.8	0.9
2003 Jan.	55.6	32.8	-0.1	7.4	16.1	-0.6	-18.2	-2.5	-11.6	-2.1
Feb.	25.2	5.8	1.5	3.3	14.0	0.6	6.0	3.4	2.6	0.0
Mar.	9.8	-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	-13.7	-1.2
May	5.0	-4.4	-0.2	2.7	6.6	0.3	2.5	0.9	1.3	0.3
June	-16.7	-8.5	0.2	-5.9	-2.5	0.0	27.9	9.2	17.3	1.1
July	3.3	1.4	0.0	0.0	1.5	0.4	-22.6	-6.8	-14.7	-0.3
Aug.	-2.7	-4.7	-0.1	-0.2	2.7	-0.5	-3.2	-2.7	-1.6	1.1
Sep.	-11.6	-9.7	-0.6	-3.7	2.7	-0.3	24.9	11.2	11.5	1.7

2. Long-term

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 Sep.	32.8	8.5	8.1	2.8	11.7	1.7	12.9	0.8	9.3	-1.5
Oct.	23.4	-4.4	5.6	-0.8	19.3	3.7	0.1	0.8	1.5	-0.3
Nov.	29.1	0.3	13.3	0.7	13.3	1.5	1.6	2.3	2.4	-0.6
Dec.	-25.9	-14.3	37.0	2.6	-52.9	1.7	7.4	3.1	4.6	1.1
2003 Jan.	31.3	-5.0	2.3	6.4	23.6	4.0	16.6	6.1	9.2	1.4
Feb.	42.0	10.0	9.2	4.1	13.2	5.5	8.9	6.5	2.0	1.4
Mar.	50.6	9.4	9.1	8.6	20.5	2.9	19.2	10.1	3.7	-0.1
Apr.	30.1	7.3	15.1	4.2	0.2	3.2	10.1	4.8	7.3	0.1
May	69.5	15.9	4.3	6.7	40.0	2.5	17.2	7.0	6.9	-1.6
June	55.0	12.0	14.6	7.7	16.3	4.3	15.1	3.4	5.6	2.3
July	28.6	18.7	14.0	1.2	-5.8	0.6	22.0	10.2	6.2	3.8
Aug.	5.3	3.0	1.0	1.7	-0.5	0.1	4.2	1.9	0.3	2.3
Sep.	67.3	12.7	14.4	-1.6	36.7	5.2	12.0	2.4	5.4	3.2

3. Total

	By euro area residents						By non-residents			
	Total	MFI (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2002 Sep.	43.6	12.5	7.7	3.8	18.6	1.0	37.0	9.4	22.7	-0.1
Oct.	31.9	3.1	5.7	0.0	19.1	4.0	-14.1	-5.0	-7.6	-0.8
Nov.	53.8	20.8	13.8	2.1	15.5	1.6	-0.8	-0.4	2.4	-0.4
Dec.	-68.8	-36.5	36.9	-2.0	-68.9	1.8	20.6	5.3	14.4	2.0
2003 Jan.	86.9	27.8	2.2	13.8	39.7	3.4	-1.6	3.6	-2.4	-0.7
Feb.	67.2	15.8	10.7	7.4	27.2	6.1	14.8	9.9	4.6	1.4
Mar.	60.5	5.6	9.4	11.1	31.4	2.9	42.7	16.3	19.4	0.7
Apr.	53.2	16.4	14.8	4.8	13.9	3.3	-11.0	-0.9	-6.4	-1.1
May	74.5	11.6	4.1	9.4	46.7	2.8	19.6	7.9	8.2	-1.3
June	38.2	3.5	14.9	1.8	13.8	4.3	43.0	12.6	22.9	3.3
July	31.8	20.0	14.0	1.2	-4.4	1.0	-0.6	3.4	-8.5	3.5
Aug.	2.6	-1.7	1.0	1.5	2.2	-0.4	1.0	-0.7	-1.3	3.3
Sep.	55.7	3.0	13.8	-5.3	39.4	4.8	36.9	13.6	16.9	4.9

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	
0.1	0.0	0.5	34.8	12.7	13.0	2.4	6.9	-0.7	0.5	2002 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	1.6	2.1	0.1	0.2	Nov.
-0.1	0.0	0.3	-29.7	-20.0	9.6	-3.8	-16.0	0.1	0.3	Dec.
0.0	-0.1	-2.0	37.4	30.3	-11.7	5.2	16.1	-0.7	-2.0	2003 Jan.
0.0	0.0	0.0	31.2	9.1	4.0	3.4	14.0	0.7	0.0	Feb.
0.0	0.0	0.8	33.4	2.4	16.0	3.3	10.8	0.0	0.8	Mar.
0.0	0.0	-0.4	2.0	3.4	-14.1	-0.6	13.7	0.1	-0.4	Apr.
0.0	0.0	-0.1	7.5	-3.4	1.1	2.9	6.7	0.3	-0.1	May
0.0	0.1	0.3	11.2	0.6	17.6	-4.8	-2.5	0.0	0.3	June
0.1	-0.1	-0.8	-19.3	-5.4	-14.7	-0.3	1.6	0.3	-0.8	July
0.0	0.0	-0.1	-6.0	-7.4	-1.7	0.9	2.7	-0.5	-0.1	Aug.
0.0	0.0	0.5	13.3	1.5	10.9	-2.0	2.7	-0.4	0.5	Sep.

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	
0.7	0.0	3.7	45.7	9.3	17.4	1.3	12.4	1.7	3.7	2002 Sep.
-0.5	-0.1	-1.4	23.5	-3.6	7.1	-1.1	18.8	3.6	-1.4	Oct.
-0.5	0.0	-2.0	30.7	2.6	15.7	0.1	12.9	1.5	-2.0	Nov.
-0.8	-0.3	-0.3	-18.4	-11.3	41.6	3.8	-53.7	1.4	-0.3	Dec.
-0.5	-0.3	0.7	47.9	1.0	11.5	7.8	23.1	3.7	0.7	2003 Jan.
0.6	0.9	-2.6	50.9	16.5	11.3	5.5	13.7	6.4	-2.6	Feb.
-0.1	0.5	5.1	69.8	19.5	12.8	8.5	20.5	3.4	5.1	Mar.
-1.9	-0.1	-0.1	40.2	12.1	22.4	4.3	-1.7	3.2	-0.1	Apr.
4.6	0.8	-0.5	86.6	23.0	11.1	5.2	44.6	3.3	-0.5	May
-0.8	0.1	4.5	70.0	15.5	20.2	9.9	15.5	4.4	4.5	June
0.7	-0.1	1.1	50.6	28.9	20.2	5.0	-5.1	0.5	1.1	July
0.1	0.0	-0.4	9.6	4.9	1.3	3.9	-0.4	0.1	-0.4	Aug.
1.6	-0.1	-0.4	79.3	15.0	19.8	1.6	38.2	5.1	-0.4	Sep.

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	
0.8	0.0	4.2	80.6	22.0	30.4	3.7	19.3	1.0	4.2	2002 Sep.
-0.6	0.1	-0.2	17.8	-2.0	-1.9	-0.8	18.5	4.1	-0.2	Oct.
-0.5	0.0	-1.8	53.0	20.4	16.1	1.7	15.0	1.7	-1.8	Nov.
-0.9	-0.3	0.1	-48.2	-31.2	51.3	0.0	-69.7	1.5	0.1	Dec.
-0.5	-0.4	-1.2	85.3	31.4	-0.2	13.0	39.2	3.1	-1.2	2003 Jan.
0.6	0.9	-2.6	82.1	25.7	15.3	8.8	27.8	7.1	-2.6	Feb.
-0.1	0.5	5.9	103.2	21.9	28.8	11.8	31.3	3.4	5.9	Mar.
-1.9	-0.1	-0.6	42.2	15.5	8.3	3.7	12.0	3.2	-0.6	Apr.
4.6	0.8	-0.6	94.1	19.5	12.3	8.1	51.3	3.5	-0.6	May
-0.8	0.2	4.8	81.2	16.1	37.8	5.1	13.0	4.4	4.8	June
0.8	-0.1	0.3	31.2	23.4	5.5	4.7	-3.6	0.8	0.3	July
0.1	0.1	-0.4	3.6	-2.4	-0.4	4.8	2.3	-0.3	-0.4	Aug.
1.6	-0.1	0.1	92.6	16.6	30.7	-0.4	41.0	4.7	0.1	Sep.

Table 3.6**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					
2002 Sep.	7.7	114.5	8.9	2.1	-17.1	16.3	-19.4
Oct.	8.8	116.2	10.5	5.8	-18.6	17.9	-0.9
Nov.	12.4	119.4	18.6	26.7	-14.7	15.6	-5.3
Dec.	12.9	112.9	14.7	52.1	-10.5	19.3	-14.3
2003 Jan.	15.2	121.2	17.6	16.0	-7.3	21.1	-15.2
Feb.	19.2	125.2	22.4	29.8	-1.6	23.0	0.6
Mar.	17.9	126.8	19.4	28.2	2.0	21.4	5.7
Apr.	21.2	129.8	20.9	20.0	7.4	26.1	18.1
May	18.8	130.9	17.4	30.9	12.5	21.7	22.5
June	16.8	128.0	15.5	29.0	17.2	17.7	18.7
July	14.6	127.8	11.7	22.9	11.5	18.2	18.9
Aug.	12.2	126.1	8.0	18.6	11.2	16.6	2.5
Sep.	9.3	125.1	3.9	17.0	5.8	15.4	14.5

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					
2002 Sep.	7.0	105.1	6.4	26.4	11.9	3.6	30.9
Oct.	6.9	105.6	5.7	25.5	12.6	3.9	29.8
Nov.	6.7	106.1	5.1	25.7	8.1	4.3	29.1
Dec.	5.6	105.6	4.3	24.9	7.1	2.9	29.4
2003 Jan.	5.4	106.3	4.1	24.5	7.5	2.7	29.8
Feb.	5.7	107.0	3.7	26.1	7.9	3.0	34.6
Mar.	5.6	107.8	3.1	27.1	9.6	3.0	32.4
Apr.	5.4	108.3	3.2	27.2	9.3	2.5	30.9
May	5.5	109.4	2.9	24.1	9.7	3.3	27.7
June	5.8	110.3	3.1	26.7	10.0	3.5	28.5
July	6.1	110.9	4.0	27.8	9.8	3.4	22.0
Aug.	6.1	111.0	4.3	27.4	10.7	3.2	21.4
Sep.	6.6	112.1	4.7	28.0	9.5	3.8	23.4

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					
2002 Sep.	7.1	106.0	6.7	26.0	5.7	4.6	29.4
Oct.	7.1	106.5	6.2	25.2	5.6	5.0	29.0
Nov.	7.2	107.3	6.6	25.8	3.3	5.2	28.1
Dec.	6.3	106.3	5.4	25.1	3.7	4.1	28.0
2003 Jan.	6.4	107.6	5.6	24.3	4.6	4.1	28.6
Feb.	6.9	108.7	5.8	26.2	6.1	4.6	33.7
Mar.	6.7	109.6	4.9	27.1	8.2	4.5	31.8
Apr.	6.9	110.3	5.1	27.1	9.0	4.4	30.6
May	6.7	111.3	4.5	24.2	10.2	4.9	27.5
June	6.9	111.9	4.4	26.7	11.2	4.7	28.3
July	6.9	112.4	4.9	27.7	10.1	4.7	21.9
Aug.	6.7	112.4	4.7	27.3	10.8	4.4	21.0
Sep.	6.9	113.2	4.7	27.9	8.9	4.9	23.2

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	
7.7	115.4	9.0	0.6	-18.2	16.7	-28.9	2002 Sep.
7.5	116.8	8.1	4.2	-20.4	18.1	-11.8	Oct.
12.4	120.8	20.4	25.0	-16.0	15.9	-14.0	Nov.
13.8	113.8	16.6	50.0	-11.5	20.3	-23.4	Dec.
16.0	122.9	20.5	14.3	-8.2	21.1	-27.0	2003 Jan.
19.9	127.0	25.8	28.2	-2.8	22.7	-9.0	Feb.
18.4	128.6	21.5	26.5	0.9	21.3	-2.7	Mar.
23.1	132.4	26.1	18.3	6.4	26.0	8.9	Apr.
20.3	133.2	20.9	29.0	12.6	21.9	17.6	May
18.2	130.4	18.7	29.2	16.6	18.0	14.4	June
16.8	131.0	16.1	22.9	11.3	18.7	14.4	July
14.9	130.5	13.7	18.6	10.4	17.0	1.1	Aug.
11.5	128.6	8.5	16.9	4.9	15.4	14.5	Sep.

In euro ²⁾							
Total	Index Dec.01= 100	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	
6.4	104.8	4.6	32.3	14.4	3.4	32.2	2002 Sep.
6.3	105.2	3.7	29.6	15.1	3.9	29.8	Oct.
6.2	105.6	3.7	30.3	9.7	4.3	29.1	Nov.
5.2	105.2	2.9	30.4	8.6	2.8	29.3	Dec.
5.0	105.7	2.6	30.2	8.7	2.5	29.5	2003 Jan.
5.1	106.4	2.1	31.3	8.9	2.7	34.2	Feb.
5.0	107.1	1.5	32.1	11.1	2.8	31.8	Mar.
4.8	107.6	1.4	32.9	10.6	2.4	29.7	Apr.
5.0	108.7	1.5	29.6	10.8	3.1	26.5	May
5.3	109.6	1.4	33.1	11.6	3.2	27.3	June
5.6	110.0	2.4	34.0	11.2	3.2	20.5	July
5.6	110.1	2.5	33.8	12.2	3.0	19.9	Aug.
6.0	111.1	2.7	34.7	10.9	3.7	21.9	Sep.

In euro ²⁾							
Total	Index Dec.01= 100	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	
6.5	105.7	5.0	31.6	6.5	4.5	30.4	2002 Sep.
6.4	106.2	4.2	29.0	6.2	5.0	28.7	Oct.
6.8	106.9	5.3	30.2	3.6	5.3	28.0	Nov.
6.0	106.0	4.2	30.6	4.3	4.1	27.7	Dec.
6.0	107.2	4.4	30.0	5.0	4.0	28.0	2003 Jan.
6.4	108.2	4.4	31.3	6.4	4.3	33.1	Feb.
6.3	109.0	3.5	32.0	9.0	4.3	31.0	Mar.
6.5	109.8	3.8	32.6	9.8	4.4	29.3	Apr.
6.5	110.8	3.4	29.6	11.1	4.7	26.3	May
6.5	111.4	3.1	33.1	12.5	4.5	27.0	June
6.6	111.8	3.8	33.8	11.2	4.5	20.4	July
6.4	111.9	3.7	33.5	11.8	4.2	19.5	Aug.
6.6	112.7	3.3	34.4	9.8	4.8	21.7	Sep.

Table 3.7**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 Sep.	5,640.6	730.3	687.7	4,222.7
Oct.	5,669.6	719.0	664.4	4,286.3
Nov.	5,468.5	674.5	673.5	4,120.5
Dec.	5,431.7	687.0	675.0	4,069.6
<i>Euro area enlargement</i>				
2001 Jan.	5,669.1	762.2	706.3	4,200.5
Feb.	5,250.1	710.1	661.6	3,878.4
Mar.	5,029.0	686.2	620.4	3,722.4
Apr.	5,367.8	718.2	643.4	4,006.1
May	5,237.3	701.0	627.0	3,909.3
June	4,994.4	679.5	635.1	3,679.7
July	4,960.3	650.1	572.4	3,737.9
Aug.	4,648.6	646.1	576.6	3,426.0
Sep.	4,057.7	538.7	485.4	3,033.6
Oct.	4,277.7	554.4	497.8	3,225.5
Nov.	4,520.7	587.7	512.1	3,421.0
Dec.	4,656.4	617.3	511.1	3,528.0
2002 Jan.	4,575.2	623.9	518.8	3,432.5
Feb.	4,545.6	622.5	509.8	3,413.4
Mar.	4,753.9	665.3	536.6	3,551.9
Apr.	4,570.2	678.1	517.4	3,374.7
May	4,432.4	666.3	484.8	3,281.3
June	4,118.3	614.9	463.4	3,040.1
July	3,710.7	515.7	395.4	2,799.6
Aug.	3,520.2	521.7	371.0	2,627.5
Sep.	2,981.8	412.6	276.0	2,293.2
Oct.	3,251.6	446.9	321.2	2,483.4
Nov.	3,435.5	487.4	346.0	2,602.1
Dec.	3,132.4	450.7	283.6	2,398.1
2003 Jan.	2,991.6	425.8	261.1	2,304.7
Feb.	2,897.5	425.3	270.8	2,201.4
Mar.	2,773.9	413.0	236.2	2,124.7
Apr.	3,125.5	471.4	291.8	2,362.3
May	3,157.9	476.7	291.3	2,389.8
June	3,273.3	506.5	300.6	2,466.1
July	3,384.0	530.3	330.9	2,522.8
Aug.	3,428.3	506.5	325.5	2,596.4
Sep.	3,292.3	494.8	307.1	2,490.5

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

Source: ECB.

Table 3.8

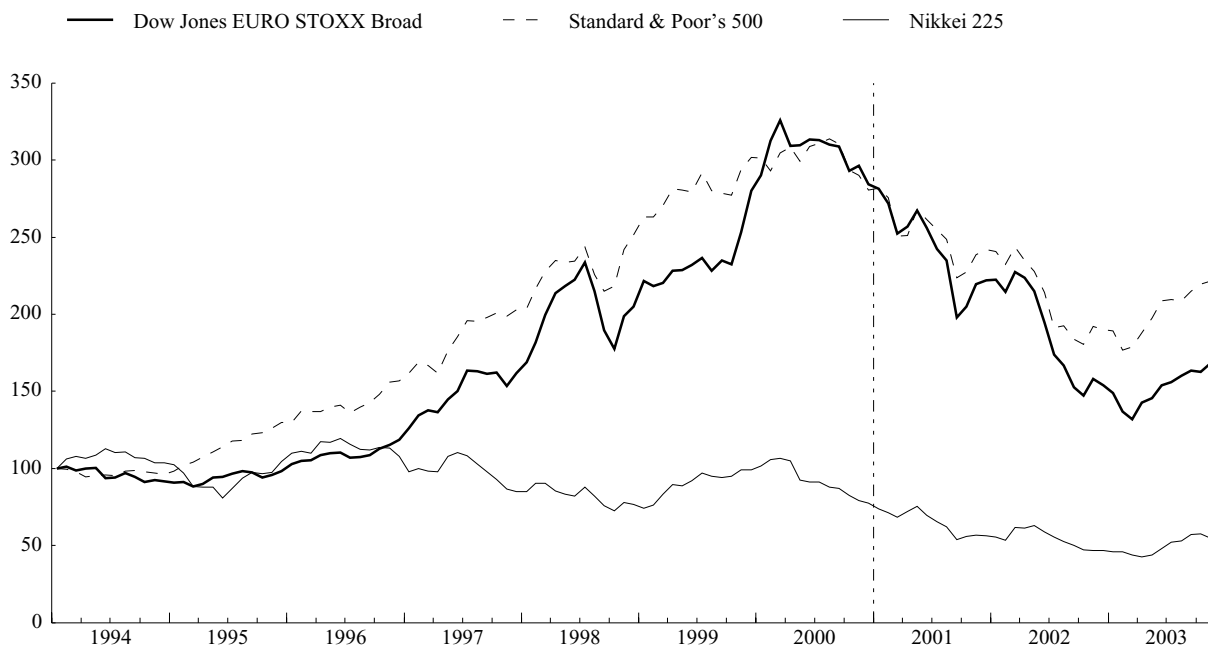
Stock market indices

(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 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
2002 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
2003 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
2003 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
2003 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
2003 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
2003 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
2003 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
2003 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
2003 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 Oct.	225.5	2,523.3	222.0	150.1	218.9	263.0	212.9	231.5	308.0	210.8	348.4	309.7	1,038.7	10,720.1
2003 Nov.	233.9	2,618.1	237.5	156.8	222.1	262.0	223.0	241.5	325.4	217.0	358.7	319.3	1,050.1	10,205.4
2003 7 Nov.	237.1	2,657.6	240.7	159.4	225.5	266.4	226.2	243.6	334.7	216.7	360.2	317.3	1,053.2	10,629.0
2003 14	237.0	2,656.9	243.3	159.6	224.6	264.6	225.6	244.0	331.5	219.0	360.2	326.5	1,050.4	10,167.1
2003 21	230.4	2,578.2	235.8	153.1	219.2	258.1	219.1	238.8	317.3	216.7	356.0	319.7	1,035.3	9,852.8
2003 28	235.3	2,630.5	238.9	157.0	219.2	261.7	225.0	244.0	325.0	220.8	366.4	323.6	1,058.2	10,100.6

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.

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 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
Q3	113.4	2.0	111.0	1.7	117.2	2.4	113.4	0.5	111.5	116.8
2002 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.	113.7	2.2	111.7	1.8	117.1	2.5	113.8	0.3	111.9	117.2
Oct.	113.8	2.0	112.0	1.7	117.0	2.5	113.9	0.1	112.0	117.4
Nov. ²⁾	.	2.2	.	.	.	.	.	.	.	.

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 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
Q3	3.2	3.1	3.4	1.0	0.7	2.1	2.4	2.8	-0.4	2.5	3.2
2002 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	3.1	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.	3.6	3.1	4.3	1.0	0.8	1.6	2.4	3.0	-0.3	2.6	3.1
Oct.	3.7	3.5	3.9	0.8	0.8	0.7	2.2	2.9	-0.8	2.7	3.4
Nov.	.	.	.	.	.	.	.	.	.	.	.

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⁾									Construction ⁴⁾	Manufacturing				
	Total		Industry excluding construction and energy						Energy						
	Index 2000 = 100		Total	Intermediate goods	Capital goods	Consumer goods									
Total						Durable consumer goods	Non-durable consumer goods								
	1	2	3	4	5	6	7	8	9	10	11	Total excluding energy	12	13	14
1997	96.0	1.1	0.6	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	-0.5	-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	2.6	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	102.1	2.1	1.7	1.2	0.9	3.0	1.9	3.2	2.8	2.3	1.2	-8.3	-8.1	27.8	
2002	102.1	-0.1	0.4	-0.3	0.9	1.3	1.5	1.2	-2.0	2.7	0.3	-4.1	-0.9	26.5	
2002 Q3	102.2	0.0	0.5	0.2	0.8	1.1	1.4	1.1	-2.2	2.6	0.4	-4.6	1.1	27.2	
Q4	102.5	1.2	0.9	1.0	0.7	1.3	1.2	1.4	2.7	3.0	1.4	12.6	5.6	26.5	
2003 Q1	104.0	2.4	1.1	1.6	0.3	1.4	0.8	1.5	7.5	2.1	2.1	9.1	-3.2	28.4	
Q2	103.5	1.5	0.9	1.2	0.3	1.3	0.6	1.4	2.7	2.2	0.7	-13.7	-7.9	22.7	
Q3	103.5	1.2	0.5	0.1	0.3	1.4	0.6	1.5	3.5	.	0.5	-6.5	-5.8	25.1	
2002 Nov.	102.3	1.1	0.9	1.1	0.8	1.2	1.2	1.2	2.2	-	1.2	9.1	3.9	24.2	
Dec.	102.6	1.5	1.0	1.1	0.8	1.5	1.2	1.5	3.8	-	1.7	15.6	2.9	27.1	
2003 Jan.	103.6	2.2	1.0	1.4	0.3	1.3	0.9	1.4	6.8	-	1.9	15.4	-1.1	28.3	
Feb.	104.1	2.6	1.2	1.7	0.2	1.5	0.8	1.6	8.4	-	2.4	15.8	-2.1	29.8	
Mar.	104.3	2.4	1.1	1.7	0.3	1.4	0.6	1.5	7.5	-	2.1	-2.2	-6.4	27.2	
Apr.	103.7	1.7	1.0	1.5	0.3	1.3	0.6	1.4	3.3	-	1.0	-15.2	-6.2	22.9	
May	103.3	1.3	0.9	1.3	0.3	1.3	0.6	1.4	1.7	-	0.6	-16.6	-8.0	21.9	
June	103.3	1.4	0.8	0.8	0.3	1.3	0.6	1.4	3.2	-	0.6	-8.9	-9.6	23.3	
July	103.3	1.3	0.5	0.3	0.2	1.4	0.7	1.4	3.7	-	0.6	-4.4	-7.5	25.0	
Aug.	103.6	1.3	0.5	0.0	0.2	1.3	0.6	1.4	4.5	-	0.5	-2.9	-5.2	26.5	
Sep.	103.5	1.1	0.6	0.1	0.3	1.6	0.7	1.7	2.3	-	0.3	-11.8	-4.7	23.9	
Oct.	103.6	0.9	0.6	0.3	0.3	1.3	0.7	1.5	1.6	-	0.3	-8.2	-3.7	24.7	
Nov.	.	.	.	.	.	.	.	.	.	-	.	1.1	0.2	24.6

2. Deflators of gross domestic product⁵⁾
(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							
	15	16	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	2.5	2.2	2.4	2.5	1.9	1.4	0.7
2002	113.6	2.4	2.1	2.8	1.9	1.8	-0.6	-1.7
2002 Q1	112.9	2.7	2.3	2.9	2.0	1.8	-0.9	-2.0
Q2	113.3	2.3	1.9	2.8	1.7	1.9	-1.1	-2.3
Q3	113.9	2.6	2.0	2.7	1.9	1.7	-0.2	-2.2
Q4	114.5	2.1	2.2	2.7	1.8	1.9	-0.2	-0.3
2003 Q1	115.1	1.9	1.9	2.3	1.8	1.4	0.2	0.2
Q2	115.7	2.1	1.8	1.7	1.8	1.2	-0.6	-1.6
Q3	116.1	1.9	2.1	1.7	2.2	1.3	-2.1	-2.0

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 accounts¹⁾

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	Changes in inventories ²⁾	Total	Exports ³⁾	Imports ³⁾
1	2	3	4	5	6	7	8	9	
1998	5,883.5	5,743.7	3,330.8	1,176.3	1,203.5	33.2	139.8	1,948.9	1,809.1
1999	6,150.3	6,049.1	3,506.5	1,229.4	1,292.4	20.8	101.3	2,051.4	1,950.2
2000	6,453.0	6,385.8	3,680.5	1,287.6	1,389.1	28.6	67.1	2,417.2	2,350.1
<i>Euro area enlargement</i>									
2001	6,844.2	6,730.5	3,922.6	1,371.4	1,443.5	-6.9	113.7	2,564.8	2,451.1
2002	7,070.8	6,887.5	4,034.9	1,435.7	1,428.0	-11.1	183.4	2,594.0	2,410.7
2002 Q2	1,761.7	1,716.8	1,005.4	357.6	355.0	-1.2	44.9	647.5	602.6
Q3	1,776.3	1,725.7	1,013.3	361.3	356.1	-5.0	50.6	657.4	606.8
Q4	1,785.0	1,740.4	1,021.3	363.4	358.5	-2.7	44.5	657.6	613.0
2003 Q1	1,794.5	1,759.1	1,033.0	366.5	355.2	4.4	35.4	648.1	612.7
Q2	1,801.8	1,763.9	1,035.1	369.7	354.5	4.6	38.0	638.3	600.4
Q3	1,814.9	1,763.7	1,039.6	374.6	354.2	-4.6	51.2	643.0	591.8

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	Changes in inventories ²⁾	Total	Exports ³⁾	Imports ³⁾
10	11	12	13	14	15	16	17	18	
1998	5,666.9	5,544.1	3,186.0	1,142.2	1,190.9	25.0	122.8	1,939.1	1,816.3
1999	5,826.0	5,737.9	3,299.0	1,164.1	1,261.1	13.7	88.2	2,039.9	1,951.7
2000	6,029.8	5,905.0	3,388.6	1,188.2	1,322.3	5.9	124.8	2,296.2	2,171.4
<i>Euro area enlargement</i>									
2001	6,234.6	6,081.4	3,525.3	1,232.6	1,346.2	-22.8	153.2	2,400.9	2,247.7
2002	6,288.9	6,095.4	3,528.5	1,266.9	1,307.6	-7.6	193.5	2,442.7	2,249.3
2002 Q2	1,572.2	1,522.3	880.9	316.3	325.4	-0.3	49.8	610.4	560.6
Q3	1,575.9	1,525.1	883.6	318.0	325.5	-2.0	50.7	619.2	568.5
Q4	1,576.1	1,530.8	886.5	318.6	326.4	-0.6	45.3	618.2	572.8
2003 Q1	1,575.9	1,536.0	891.1	319.9	322.7	2.3	39.8	609.0	569.2
Q2	1,574.2	1,536.9	891.7	321.2	321.0	2.9	37.4	605.2	567.8
Q3	1,580.3	1,527.3	891.5	322.7	319.4	-6.3	53.0	618.6	565.6

(annual percentage changes)

1998	2.9	3.5	3.0	1.4	5.1	-	-	7.4	10.0
1999	2.8	3.5	3.5	1.9	5.9	-	-	5.2	7.5
2000	3.5	2.9	2.7	2.1	4.9	-	-	12.6	11.3
<i>Euro area enlargement</i>									
2001	1.6	1.0	1.8	2.4	-0.1	-	-	3.3	1.8
2002	0.9	0.2	0.1	2.8	-2.9	-	-	1.7	0.1
2002 Q2	0.9	-0.1	-0.1	3.2	-3.7	-	-	1.6	-1.0
Q3	1.0	0.4	0.0	3.1	-3.0	-	-	3.4	1.9
Q4	1.1	0.9	0.6	2.2	-1.9	-	-	4.1	3.8
2003 Q1	0.7	1.2	1.5	1.9	-2.3	-	-	2.4	4.0
Q2	0.1	1.0	1.2	1.6	-1.3	-	-	-0.9	1.3
Q3	0.3	0.1	0.9	1.5	-1.9	-	-	-0.1	-0.5

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	5,471.1	138.7	1,277.0	295.5	1,139.1	1,446.1	1,174.6	202.2	614.6
1999	5,689.3	136.7	1,296.1	311.5	1,184.8	1,534.5	1,225.7	201.6	662.7
2000	5,972.9	137.7	1,353.0	328.6	1,248.9	1,627.5	1,277.2	208.5	688.6
<i>Euro area enlargement</i>									
2001	6,348.9	151.2	1,412.4	351.6	1,350.4	1,722.8	1,360.6	221.8	717.0
2002	6,555.9	149.6	1,428.9	362.3	1,385.4	1,803.4	1,426.2	227.0	742.0
2002 Q2	1,634.1	37.1	357.0	89.8	345.3	449.8	355.1	56.5	184.1
Q3	1,646.0	37.3	359.6	90.3	347.8	452.5	358.3	56.6	186.9
Q4	1,653.4	37.0	358.3	91.4	349.0	456.2	361.4	57.6	189.1
2003 Q1	1,661.7	36.9	361.0	91.5	347.9	459.9	364.4	57.6	190.4
Q2	1,669.2	37.2	356.8	92.8	351.5	464.9	366.1	58.3	190.9
Q3	1,683.9	37.4	359.7	93.4	353.6	469.9	369.9	58.8	189.8

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	5,319.5	142.4	1,255.8	292.1	1,115.2	1,384.0	1,130.0	222.4	569.8
1999	5,462.9	146.3	1,268.3	299.1	1,164.4	1,431.5	1,153.3	231.8	594.9
2000	5,669.1	146.0	1,318.9	305.9	1,223.3	1,492.9	1,182.2	248.0	608.7
<i>Euro area enlargement</i>									
2001	5,868.7	152.0	1,341.5	310.8	1,291.5	1,553.7	1,219.3	264.3	630.2
2002	5,937.3	150.7	1,354.6	308.0	1,307.4	1,588.1	1,228.4	262.4	614.0
2002 Q2	1,484.8	37.7	339.4	76.7	326.7	397.6	306.7	65.0	152.4
Q3	1,487.8	37.6	340.3	76.7	327.9	398.1	307.3	65.7	153.8
Q4	1,488.6	37.5	338.9	76.7	328.2	398.6	308.6	66.4	154.0
2003 Q1	1,488.8	37.4	339.7	76.1	327.6	398.2	309.8	66.5	153.6
Q2	1,487.0	37.3	336.4	76.2	328.0	398.5	310.7	66.7	154.0
Q3	1,493.8	37.2	337.9	76.4	330.3	399.9	312.0	67.4	153.9
<i>(annual percentage changes)</i>									
1998	2.9	1.5	3.2	0.5	4.1	3.3	1.9	3.6	2.6
1999	2.7	2.8	1.0	2.4	4.4	3.4	2.1	4.2	4.4
2000	3.8	-0.2	4.0	2.3	5.1	4.3	2.5	7.0	2.3
<i>Euro area enlargement</i>									
2001	1.8	-1.4	0.6	-0.6	3.1	2.7	1.6	5.1	1.3
2002	1.2	-0.8	1.0	-0.9	1.2	2.2	0.7	-0.7	-2.6
2002 Q2	1.3	0.1	1.2	-1.0	1.2	2.7	0.7	-1.7	-3.9
Q3	1.2	-1.1	1.4	-1.2	1.3	2.2	0.6	-1.0	-2.2
Q4	1.4	-2.6	2.1	-1.5	1.5	1.8	1.0	0.1	-1.5
2003 Q1	0.9	-1.3	1.1	-2.2	0.9	1.1	1.3	1.9	-0.2
Q2	0.1	-1.2	-0.9	-0.7	0.4	0.2	1.3	2.6	1.1
Q3	0.4	-1.1	-0.7	-0.4	0.7	0.5	1.6	2.6	0.1

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 indicators¹⁾
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	Non-durable consumer goods			
1	2	3	4	5	6	7	8	9	10	11	12	
1999	2.1	95.0	1.9	1.9	1.9	2.3	1.6	1.5	1.6	0.7	4.1	1.9
2000	4.9	100.1	5.3	5.4	5.9	8.4	2.0	6.1	1.2	1.7	2.4	5.6
<i>Euro area enlargement</i>												
2001	0.4	100.6	0.5	0.3	-0.5	1.5	0.7	-1.9	1.2	1.6	0.5	0.4
2002	-0.5	100.1	-0.5	-0.7	0.3	-1.9	-0.4	-5.3	0.6	1.1	0.6	-0.7
2002 Q3	0.0	100.3	0.1	-0.2	1.3	-1.1	-0.7	-4.1	0.0	1.8	0.5	0.0
Q4	0.9	100.4	1.3	1.5	2.7	1.3	0.8	-4.0	1.7	-0.5	-0.5	1.6
2003 Q1	0.8	100.4	1.1	0.8	1.4	1.6	-0.6	-4.8	0.0	4.6	-2.3	0.9
Q2	-0.5	99.8	-0.6	-1.2	-0.2	-1.9	-1.4	-6.0	-0.3	2.0	-0.3	-1.1
Q3	.	99.9	-0.4	-0.8	-0.4	-1.2	0.2	-3.9	0.8	2.4	.	-0.7
2002 Dec.	-0.2	99.6	-0.3	0.2	1.8	0.1	-0.4	-6.4	0.8	-4.2	-1.5	0.4
2003 Jan.	0.9	100.5	1.3	0.9	2.8	1.6	-0.8	-4.1	0.0	1.3	-1.6	1.0
Feb.	1.3	100.8	2.2	0.9	1.1	3.2	-0.5	-4.4	0.3	10.0	-4.3	1.1
Mar.	0.1	100.0	0.0	0.5	0.5	0.1	-0.5	-5.7	-0.4	3.2	-1.3	0.5
Apr.	0.4	100.5	0.8	-0.2	0.7	-0.6	-0.1	-4.9	1.6	3.1	-1.4	-0.2
May	-1.0	99.5	-1.1	-1.5	-0.9	-0.9	-2.9	-6.4	-2.1	0.9	-0.9	-1.3
June	-0.9	99.4	-1.5	-1.8	-0.5	-4.1	-1.1	-6.8	-0.2	1.9	1.6	-1.9
July	0.7	100.4	0.7	0.4	0.2	1.0	1.5	-2.4	2.2	1.7	3.3	0.5
Aug.	-0.8	99.7	-0.5	-1.1	0.5	-3.3	0.5	-4.2	1.1	3.8	1.4	-1.1
Sep.	.	99.4	-1.3	-1.6	-1.7	-1.8	-1.3	-5.2	-0.9	2.0	.	-1.6
Oct.	.	.	.	.	.	.	.	.	.	.	.	.

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		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	1.4	2.5	973	5.4	
2000	99.9	4.1	100.0	2.2	1.8	2.1	1.6	4.4	952	-2.1	
<i>Euro area enlargement</i>											
2001	104.1	4.2	101.7	1.7	1.8	1.6	0.8	-0.2	968	-0.8	
2002	106.1	1.9	101.7	0.0	0.9	-0.3	-1.9	-1.7	926	-4.3	
2002 Q3	106.8	1.9	102.4	0.5	1.2	0.4	-2.2	-0.5	918	-4.7	
Q4	106.6	1.5	101.6	-0.1	1.1	-0.7	-1.2	-2.4	949	0.3	
2003 Q1	108.0	2.7	102.4	0.9	2.5	0.6	-1.8	0.2	898	-2.6	
Q2	107.7	1.8	102.2	1.0	1.7	-0.2	-1.6	0.2	889	-2.8	
Q3	.	.	.	.	.	.	.	.	929	1.4
2002 Dec.	106.2	0.4	100.9	-1.1	0.0	-1.8	-1.9	-2.9	979	6.1	
2003 Jan.	108.1	3.5	103.4	3.0	4.2	2.0	2.3	0.6	883	-5.3	
Feb.	108.2	2.8	102.6	1.3	2.7	0.5	-3.5	-0.2	899	-3.5	
Mar.	107.7	1.9	101.1	-1.5	0.5	-0.7	-4.1	0.3	911	0.6	
Apr.	107.8	1.9	102.9	2.2	2.5	0.3	-1.0	1.1	879	-3.8	
May	107.4	1.7	101.8	0.1	1.4	-0.5	-2.4	-0.5	870	-5.3	
June	107.8	1.8	101.9	0.6	1.3	-0.3	-1.5	0.2	918	0.8	
July	107.8	1.5	102.1	-0.1	1.0	-1.0	-2.2	-1.2	925	2.6	
Aug.	107.4	0.2	101.6	-1.1	1.3	-2.8	-7.6	-1.3	922	-0.9	
Sep.	.	.	.	.	.	.	.	.	939	1.7
Oct.	.	.	.	.	.	.	.	.	929	-0.1

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	80.8	-19	-4	-22	41	-9
Q3	95.0	-11	-27	11	4	81.0	-17	-4	-20	38	-8
2002 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	94.7	-14	-28	12	-1	80.7	-18	-4	-21	39	-9
Aug.	95.0	-11	-26	11	4	-	-17	-4	-20	37	-7
Sep.	95.3	-9	-26	10	9	-	-17	-4	-18	37	-8
Oct.	95.5	-8	-23	10	8	81.2	-17	-5	-18	36	-9
Nov.	95.9	-7	-21	9	9	-	-16	-4	-16	34	-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 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	4	16
Oct.	-22	-29	-14	-9	-16	12	0	9	3	9	15
Nov.	-20	-27	-13	-10	-13	16	-2	11	6	11	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 indicators¹⁾
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	122.350	1.8	2.0	0.8	-1.3	1.0	0.1	2.1	5.3	1.6
1999	124.594	1.8	2.3	-0.6	-2.5	-0.2	1.9	2.2	5.7	1.9
2000	127.385	2.2	2.5	0.8	-1.5	0.6	1.8	3.2	5.9	1.6
<i>Euro area enlargement</i>										
2001	133.145	1.4	1.6	0.2	-0.8	0.3	0.4	1.6	3.9	1.3
2002	133.695	0.4	0.5	-0.3	-2.0	-1.3	-1.1	0.5	2.3	1.3
2002 Q2	133.742	0.5	0.7	-0.5	-2.0	-1.2	-0.9	0.6	2.6	1.3
Q3	133.683	0.3	0.4	-0.5	-1.9	-1.3	-1.3	0.2	2.1	1.3
Q4	133.666	0.1	0.1	0.3	-1.9	-1.7	-1.3	0.0	2.0	1.2
2003 Q1	133.698	0.0	-0.1	0.7	-2.3	-1.8	-1.0	-0.1	1.7	1.1
Q2	133.866	0.1	-0.1	1.1	-2.1	-1.8	-0.3	0.1	1.4	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	12.249	9.3	9.433	8.2	2.816	18.0	5.902	7.8	6.347	11.4
2000	11.117	8.4	8.564	7.3	2.553	16.2	5.291	7.0	5.826	10.3
<i>Euro area enlargement</i>										
2001	11.071	8.0	8.541	7.0	2.530	15.7	5.317	6.8	5.754	9.7
2002	11.687	8.4	9.094	7.4	2.593	16.2	5.761	7.3	5.926	9.9
2002 Q3	11.785	8.5	9.185	7.4	2.600	16.2	5.829	7.4	5.956	9.9
Q4	11.960	8.6	9.343	7.6	2.617	16.4	5.935	7.5	6.025	10.0
2003 Q1	12.189	8.7	9.522	7.7	2.667	16.7	6.064	7.6	6.124	10.1
Q2	12.301	8.8	9.635	7.8	2.666	16.7	6.126	7.7	6.176	10.2
Q3	12.310	8.8	9.653	7.8	2.657	16.7	6.137	7.7	6.172	10.2
2002 Oct.	11.883	8.5	9.286	7.5	2.597	16.3	5.887	7.4	5.996	9.9
Nov.	11.966	8.6	9.346	7.6	2.620	16.4	5.937	7.5	6.029	10.0
Dec.	12.031	8.6	9.398	7.6	2.633	16.5	5.982	7.5	6.049	10.0
2003 Jan.	12.113	8.7	9.456	7.6	2.658	16.7	6.027	7.6	6.086	10.1
Feb.	12.195	8.7	9.524	7.7	2.670	16.7	6.070	7.6	6.125	10.1
Mar.	12.258	8.8	9.585	7.7	2.673	16.8	6.096	7.7	6.162	10.2
Apr.	12.301	8.8	9.631	7.8	2.670	16.8	6.121	7.7	6.180	10.2
May	12.303	8.8	9.635	7.8	2.667	16.8	6.126	7.7	6.176	10.2
June	12.300	8.8	9.639	7.8	2.661	16.7	6.129	7.7	6.170	10.2
July	12.293	8.8	9.637	7.8	2.655	16.7	6.127	7.7	6.166	10.1
Aug.	12.306	8.8	9.651	7.8	2.655	16.7	6.133	7.7	6.172	10.2
Sep.	12.331	8.8	9.671	7.8	2.660	16.8	6.152	7.7	6.179	10.2
Oct.	12.354	8.8	9.689	7.8	2.665	16.8	6.163	7.8	6.191	10.2

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	1.5	-0.3	2.1	-0.4	4.7	1.6
	<i>Euro area enlargement</i>							
2001	102.5	2.5	3.2	2.6	4.0	1.2	2.6	2.9
2002	104.7	2.1	1.8	0.5	3.1	1.6	2.1	3.4
2002 Q2	104.3	2.0	-1.0	0.3	3.0	1.4	1.2	3.6
Q3	104.8	1.8	-1.0	0.2	2.7	1.2	1.9	3.5
Q4	105.5	1.5	5.2	-0.8	3.2	1.0	2.4	2.3
2003 Q1	106.4	2.0	4.1	0.4	4.4	1.9	3.0	2.1
Q2	107.2	2.8	7.8	2.1	4.5	3.3	3.9	1.7
	Compensation per employee							
2000	100.0	2.5	2.9	3.1	2.5	1.4	3.1	2.4
	<i>Euro area enlargement</i>							
2001	102.8	2.8	2.6	2.9	3.0	2.8	1.5	3.2
2002	105.4	2.6	3.1	2.8	3.3	2.4	2.0	2.8
2002 Q2	105.0	2.4	1.1	2.7	2.9	2.0	1.3	2.9
Q3	105.8	2.5	-0.2	3.0	2.8	2.3	2.0	2.7
Q4	106.5	2.5	4.5	3.1	3.0	2.5	2.3	2.1
2003 Q1	107.4	2.8	5.1	3.3	3.1	3.0	2.5	2.3
Q2	107.9	2.8	8.9	3.1	4.1	3.5	2.7	1.9
	Labour productivity ²⁾							
2000	100.0	1.2	1.3	3.4	0.4	1.8	-1.5	0.8
	<i>Euro area enlargement</i>							
2001	100.2	0.2	-0.6	0.2	-1.0	1.5	-1.1	0.3
2002	100.7	0.5	1.2	2.3	0.2	0.7	-0.1	-0.6
2002 Q2	100.7	0.4	2.2	2.4	-0.1	0.6	0.1	-0.7
Q3	100.9	0.7	0.8	2.8	0.1	1.1	0.1	-0.7
Q4	101.0	1.0	-0.7	3.9	-0.2	1.5	-0.2	-0.3
2003 Q1	100.9	0.7	1.0	2.9	-1.3	1.1	-0.6	0.2
Q2	100.7	0.0	1.0	0.9	-0.4	0.3	-1.1	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	100.1	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	106.5	3.4	3.2	3.9	3.0	3.5	3.7
Q3	107.3	3.2	3.1	3.6	2.9	3.4	3.3
Q4	108.2	3.5	3.4	3.9	3.5	3.0	3.5
2003 Q1	108.9	2.9	2.8	3.4	3.0	2.8	2.7
Q2	109.8	3.1	3.0	3.5	3.7	3.7	3.2

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 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	4,898.6	342.0	4,260.5	1,413.3	1,485.8	1,282.6	78.8	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	5,346.2	236.7	4,774.3	1,637.4	1,604.8	1,413.0	119.1	157.5	177.6	301.7
Q2	5,422.5	261.2	4,827.6	1,703.6	1,593.8	1,412.5	117.6	155.0	178.7	278.1
Q3	5,432.9	278.4	4,827.4	1,699.6	1,585.8	1,423.3	118.8	146.3	180.8	289.0
Q4	5,590.5	309.2	4,951.7	1,790.2	1,581.2	1,468.4	111.9	136.4	193.3	293.0
2003 Q1	5,635.1	295.2	4,948.2	1,759.2	1,572.1	1,510.8	106.1	176.2	215.4	323.0
Q2	5,751.3	319.1	5,029.8	1,840.9	1,560.5	1,533.6	94.7	200.3	202.2	.
Q3	.	332.9	5,071.4	1,880.7	1,555.6	1,545.5	89.6	183.8	.	.
	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
	11	12	13	14	15	16	17	18	19	20
1999 Q3	1,502.5	142.3	1,360.2	4,096.3	2,371.4	1,724.9	210.0	2,800.9	2,510.1	290.7
Q4	1,562.9	168.8	1,394.1	4,763.7	2,943.4	1,820.3	204.2	2,952.3	2,652.3	300.0
2000 Q1	1,552.2	178.6	1,373.6	4,902.0	2,983.5	1,918.5	214.9	3,065.7	2,764.9	300.7
Q2	1,585.1	187.2	1,397.9	4,813.6	2,921.4	1,892.1	204.6	3,113.3	2,808.8	304.5
Q3	1,667.2	206.6	1,460.6	4,887.6	2,979.9	1,907.7	204.3	3,168.9	2,860.5	308.4
Q4	1,748.6	225.7	1,522.9	4,865.3	3,006.5	1,858.8	200.1	3,200.7	2,892.0	308.7
<i>Euro area enlargement</i>										
2001 Q1	1,827.1	286.7	1,540.4	4,536.1	2,715.7	1,820.5	224.0	3,254.2	2,939.8	314.4
Q2	1,842.2	251.5	1,590.7	4,550.5	2,702.5	1,848.1	232.2	3,313.2	2,996.0	317.2
Q3	1,825.0	245.2	1,579.8	4,001.2	2,273.7	1,727.5	253.0	3,289.8	2,968.3	321.5
Q4	1,895.6	233.8	1,661.9	4,354.8	2,534.2	1,820.6	260.1	3,379.4	3,053.9	325.5
2002 Q1	1,935.6	266.8	1,668.9	4,442.6	2,590.3	1,852.2	290.6	3,402.2	3,070.9	331.4
Q2	1,933.2	224.7	1,708.5	4,018.3	2,266.1	1,752.3	292.8	3,422.3	3,087.3	335.0
Q3	2,023.3	251.2	1,772.0	3,426.6	1,713.6	1,713.0	309.3	3,448.7	3,111.0	337.7
Q4	2,023.4	244.9	1,778.4	3,472.7	1,782.0	1,690.7	303.6	3,519.3	3,175.3	344.0
2003 Q1	2,037.9	243.5	1,794.4	3,339.3	1,625.3	1,713.9	381.9	3,576.3	3,228.0	348.3
Q2	2,006.6	221.5	1,785.1	3,644.1	1,841.2	1,802.8	387.3	3,647.2	3,296.0	351.2
Q3	.	.	.	.	.	.	.	.	.	.

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 liabilities¹⁾

	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 Q3	6,482.9	5,886.6	882.4	37.5	844.9	2,699.7	942.8	1,756.9	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	201.5
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	6,953.0	6,262.4	887.9	41.5	846.4	2,989.7	1,088.9	1,900.8	3,075.4	272.7	2,802.7	219.7
Q3	7,097.8	6,379.6	868.3	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	884.1	41.7	842.4	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	7,453.7	6,671.7	896.9	42.3	854.6	3,322.3	1,243.9	2,078.5	3,234.5	278.9	2,955.6	257.3
Q2	7,559.2	6,762.2	881.3	42.2	839.1	3,394.0	1,265.6	2,128.4	3,284.0	284.8	2,999.1	279.2
Q3	7,629.9	6,805.2	874.0	45.3	828.7	3,434.0	1,243.2	2,190.8	3,321.9	280.3	3,041.6	249.7
Q4	7,748.3	6,897.7	900.3	50.0	850.3	3,473.8	1,226.0	2,247.8	3,374.2	281.6	3,092.6	268.9
2002 Q1	7,810.2	6,960.5	901.5	53.4	848.2	3,501.2	1,222.0	2,279.3	3,407.4	277.2	3,130.2	278.5
Q2	7,904.2	7,017.6	874.7	53.4	821.3	3,546.5	1,206.7	2,339.8	3,483.0	287.7	3,195.2	245.5
Q3	7,949.2	7,053.0	867.0	54.7	812.3	3,553.7	1,188.7	2,365.0	3,528.4	283.8	3,244.6	238.0
Q4	8,061.2	7,131.5	880.0	60.6	819.4	3,593.8	1,172.5	2,421.2	3,587.5	289.0	3,298.5	240.2
2003 Q1	8,113.6	7,170.3	871.6	68.3	803.3	3,622.7	1,188.6	2,434.1	3,619.2	276.5	3,342.7	239.4
Q2	8,215.2	7,238.8	859.1	69.6	789.5	3,669.9	1,212.5	2,457.4	3,686.2	280.9	3,405.3	.
Q3	.	7,295.6	.	.	.	.	.	.	.	.	.	.

	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 Q3	3,928.8	3,577.5	448.1	3,129.3	351.3	72.5	278.8	3,015.8	141.7	227.5	
Q4	3,895.4	3,533.4	419.7	3,113.7	361.9	76.2	285.8	4,193.5	148.9	230.3	
2000 Q1	3,951.0	3,586.1	425.1	3,161.0	364.9	77.2	287.7	4,536.4	148.2	233.1	
Q2	3,985.2	3,607.8	425.6	3,182.2	377.4	88.1	289.3	4,381.0	147.9	235.9	
Q3	4,019.5	3,622.2	422.0	3,200.2	397.3	95.4	301.9	4,222.7	147.9	238.7	
Q4	4,069.0	3,650.2	400.5	3,249.7	418.8	102.7	316.1	4,069.6	155.3	241.5	
<i>Euro area enlargement</i>											
2001 Q1	4,247.4	3,791.6	429.7	3,361.9	455.8	113.7	342.1	3,722.4	154.7	244.6	
Q2	4,297.5	3,816.0	441.2	3,374.8	481.5	125.6	355.9	3,679.7	155.2	247.7	
Q3	4,381.8	3,880.8	450.1	3,430.8	501.0	139.9	361.0	3,033.6	156.3	250.8	
Q4	4,392.7	3,874.1	434.3	3,439.8	518.6	139.8	378.8	3,528.0	168.6	252.6	
2002 Q1	4,433.3	3,907.8	446.6	3,461.2	525.5	144.7	380.8	3,551.9	174.6	256.0	
Q2	4,529.8	4,008.8	481.6	3,527.2	521.0	130.0	391.0	3,040.1	175.7	259.3	
Q3	4,666.4	4,130.6	479.9	3,650.7	535.9	137.0	398.8	2,293.2	177.6	263.1	
Q4	4,677.0	4,134.7	480.0	3,654.7	542.3	143.8	398.5	2,398.1	190.1	265.7	
2003 Q1	4,836.3	4,265.7	529.9	3,735.8	570.5	165.9	404.6	2,124.7	212.4	269.1	
Q2	4,957.1	4,364.6	563.6	3,800.9	592.5	163.5	429.0	2,466.1	201.6	272.5	
Q3	.	.	.	.	.	.	.	2,490.5	.	.

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) 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 sectors¹⁾
(EUR billions; not seasonally adjusted)
Transactions
1. Main financial assets²⁾

	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 Q3	13.9	3.5	0.2	3.5	-1.1	-2.6	0.3	8.3	1.9	-2.7	
Q4	133.6	22.3	95.1	44.2	36.4	10.3	4.2	8.7	7.6	-14.5	
2000 Q1	-27.6	-15.3	0.4	6.1	0.9	-20.4	13.7	-11.9	-0.7	25.9	
Q2	55.7	6.7	33.6	35.5	17.9	-21.8	2.0	15.8	-0.4	-12.8	
Q3	3.4	-2.2	-7.8	-21.0	28.7	-18.5	3.0	13.3	0.1	-2.1	
Q4	129.7	8.6	108.3	71.4	27.3	5.7	3.8	5.3	7.6	-16.5	
				<i>Euro area enlargement</i>							
2001 Q1	-22.0	-19.8	13.9	-34.4	42.6	-6.1	11.8	-15.6	-0.5	13.3	
Q2	94.8	-3.3	82.0	77.3	-4.3	6.3	2.7	15.1	1.0	4.6	
Q3	7.9	-23.4	48.1	25.2	3.0	13.0	7.0	-17.7	0.8	3.9	
Q4	143.7	-69.9	209.9	142.3	10.6	62.5	-5.4	-8.8	12.5	12.2	
2002 Q1	-6.8	8.5	-40.2	-53.4	-4.1	14.9	2.3	19.0	6.0	2.7	
Q2	96.3	24.5	73.2	72.2	0.9	1.7	-1.7	-2.5	1.1	-10.0	
Q3	7.4	17.2	0.6	-4.4	-7.3	10.6	1.7	-12.5	2.1	9.1	
Q4	167.3	30.8	134.0	83.8	11.6	45.5	-6.9	-9.9	12.5	9.8	
2003 Q1	41.6	7.7	-3.3	-29.5	-10.6	42.6	-5.7	32.8	4.4	31.7	
Q2	136.3	23.8	86.0	83.3	-8.6	22.7	-11.4	24.1	2.4	.	
Q3	.	14.4	12.3	8.4	-4.3	11.9	-3.6	-13.8	.	.	

	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	
											11	12	13	14	15	16	17	18	19	20
1999 Q3	-3.3	-14.7	11.4	101.5	61.7	39.8	-2.1	57.6	52.1	5.5	
Q4	61.4	25.4	36.0	-36.9	-5.9	-31.0	-12.7	75.4	70.4	4.9	
2000 Q1	8.4	20.1	-11.6	-9.6	-56.6	47.1	13.5	80.0	74.4	5.6	
Q2	42.7	6.0	36.6	77.7	59.0	18.7	-7.4	55.4	52.8	2.7	
Q3	75.0	22.3	52.7	63.6	55.0	8.6	-1.3	55.5	52.8	2.7	
Q4	17.4	6.6	10.9	148.6	110.4	38.2	-5.1	59.2	61.2	-2.1	
				<i>Euro area enlargement</i>							
2001 Q1	103.9	66.2	37.7	4.2	-43.8	48.0	22.0	68.1	60.9	7.2	
Q2	-2.3	-34.3	32.0	34.8	28.2	6.6	3.4	53.3	49.7	3.6	
Q3	30.9	-5.8	36.6	49.5	22.8	26.7	14.0	50.9	45.8	5.1	
Q4	2.4	-18.1	20.4	1.2	-20.9	22.1	3.1	56.9	54.6	2.2	
2002 Q1	67.7	36.1	31.6	43.8	1.5	42.3	26.5	64.1	55.3	8.8	
Q2	-11.2	-42.4	31.1	33.7	19.6	14.1	-1.6	49.7	45.7	3.9	
Q3	46.1	27.5	18.6	54.9	30.9	24.0	13.7	47.4	43.5	3.9	
Q4	-18.9	-15.6	-3.2	-21.4	-21.8	0.4	-8.4	58.2	56.6	1.6	
2003 Q1	-1.8	-4.5	2.8	71.4	10.5	60.9	29.1	63.3	57.8	5.5	
Q2	-33.0	-22.1	-10.9	71.5	38.7	32.9	3.3	53.6	48.9	4.7	
Q3	.	.	.	.	.	.	.	.	.	.

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 liabilities¹⁾

	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 Q3	70.4	71.6	-14.7	-1.1	-13.6	17.4	-16.7	34.1	67.7	-0.3	68.1	8.5
Q4	175.8	146.3	19.7	4.2	15.5	87.7	33.6	54.2	68.4	8.4	60.0	-7.1
2000 Q1	141.9	108.8	-7.9	-0.9	-7.0	91.9	55.0	36.9	58.0	1.5	56.5	15.0
Q2	162.8	118.4	-5.5	0.7	-6.2	112.5	61.8	50.7	55.8	9.7	46.1	-0.8
Q3	132.6	91.4	-15.9	-2.0	-14.0	96.8	53.6	43.2	51.7	0.0	51.8	23.0
Q4	188.2	140.1	16.1	2.2	13.9	119.5	20.4	99.0	52.7	5.3	47.4	2.1
<i>Euro area enlargement</i>												
2001 Q1	90.7	77.5	-7.0	0.0	-7.0	63.3	38.5	24.8	34.4	-5.2	39.6	9.1
Q2	109.1	88.0	-16.0	-0.1	-15.9	68.1	20.1	48.1	57.0	6.0	51.0	16.7
Q3	87.3	57.8	-6.8	3.1	-9.8	55.3	-16.4	71.7	38.7	-4.2	42.9	-21.3
Q4	119.0	92.5	25.4	4.7	20.7	40.6	-19.6	60.2	53.0	1.4	51.6	4.2
2002 Q1	59.7	61.9	0.9	3.4	-2.5	19.8	-7.1	26.9	39.0	-4.9	43.9	8.4
Q2	113.2	83.0	-25.3	0.1	-25.4	63.8	-3.8	67.5	74.8	10.7	64.1	-18.7
Q3	42.8	34.2	-8.0	1.3	-9.2	2.3	-17.7	20.0	48.5	-3.9	52.4	-9.0
Q4	122.3	95.6	13.4	5.9	7.6	46.1	-11.1	57.3	62.7	6.1	56.5	8.9
2003 Q1	81.8	66.5	-0.6	8.0	-8.6	42.8	15.6	27.1	39.7	-10.1	49.8	1.8
Q2	116.2	85.4	-10.3	3.3	-13.6	56.0	29.6	26.4	70.5	5.0	65.6	.
Q3	.	60.1	.	.	.	.	.	.	.	.	.	.

	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 Q3	54.4	38.7	-10.0	48.6	15.7	6.1	9.6	47.7	2.1	2.8
Q4	-11.9	-19.7	-27.9	8.2	7.7	3.7	4.1	22.4	7.2	2.8
2000 Q1	62.4	61.0	10.9	50.0	1.4	1.0	0.4	29.0	-0.7	2.8
Q2	39.3	23.5	-1.3	24.8	15.8	10.9	4.9	40.8	-0.3	2.8
Q3	49.1	25.8	-2.3	28.1	23.3	7.5	15.8	42.0	0.0	2.8
Q4	0.9	-20.3	-27.4	7.2	21.2	7.5	13.6	22.3	7.4	2.8
<i>Euro area enlargement</i>										
2001 Q1	75.1	37.6	32.5	5.1	37.5	11.1	26.4	8.6	-0.6	3.1
Q2	85.6	59.3	10.8	48.6	26.3	11.9	14.4	36.6	0.5	3.1
Q3	50.6	29.6	8.8	20.8	21.0	14.6	6.4	2.6	1.1	3.1
Q4	8.5	-9.1	-21.9	12.8	17.6	-0.7	18.3	13.2	12.3	1.8
2002 Q1	102.9	94.1	21.7	72.4	8.9	5.2	3.7	9.3	6.0	3.3
Q2	61.3	62.1	33.9	28.2	-0.8	-14.5	13.7	7.5	1.1	3.3
Q3	56.2	46.2	-0.9	47.1	10.0	7.1	2.9	5.5	1.9	3.8
Q4	3.0	-0.6	-8.4	7.8	3.6	6.7	-3.1	1.7	12.4	2.5
2003 Q1	157.4	128.8	50.0	78.8	28.6	22.1	6.6	-0.2	4.6	3.4
Q2	101.0	82.0	33.8	48.1	19.0	-2.3	21.3	16.2	2.4	3.4
Q3	.	.	.	.	.	.	.	.	.	.

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 Q3	436.6	32.0	389.8	3.3	11.5	313.6	41.3	272.3	1,031.1	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	1,064.0	40.0	1,024.0
Q2	460.8	34.7	411.0	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	312.5	51.9	260.6	1,127.5	41.1	1,086.5
Q2	486.3	41.4	424.2	3.8	16.9	315.5	52.2	263.3	1,151.5	56.0	1,095.5
Q3	487.8	39.3	426.9	3.8	17.9	316.0	53.1	262.9	1,166.1	51.0	1,115.1
Q4	495.4	48.0	427.5	3.4	16.4	319.7	56.7	262.9	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	1,251.6	52.5	1,199.1
Q2	503.9	48.4	432.9	3.7	19.0	331.7	65.2	266.5	1,241.9	40.5	1,201.4
Q3	506.3	50.1	437.9	3.9	14.4	334.3	69.2	265.1	1,301.3	51.5	1,249.9
Q4	522.8	55.9	445.6	3.5	17.9	336.9	70.5	266.4	1,345.4	54.1	1,291.3
2003 Q1	535.6	59.7	454.0	3.7	18.3	342.5	71.8	270.8	1,397.3	63.7	1,333.6
Q2	537.6	62.2	450.2	3.0	22.3	346.0	72.9	273.1	1,424.7	58.9	1,365.9
Q3	532.3	55.8	455.0	3.0	18.6	.	.	.	.	.	.

	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
1999 Q3	997.1	586.3	410.8	33.7	72.5	56.4	41.9	4.5	272.1	2,633.6	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	2,780.3	2,359.6	420.7
2000 Q1	1,348.7	777.9	570.8	37.1	78.0	52.3	37.1	5.1	363.4	2,897.4	2,467.6	429.9
Q2	1,363.1	771.6	591.5	40.6	78.9	54.2	38.8	5.1	332.2	2,942.0	2,508.1	433.9
Q3	1,412.0	797.3	614.6	37.4	80.0	49.0	33.1	7.9	359.0	2,994.6	2,556.5	438.1
Q4	1,331.6	726.9	604.7	36.9	78.4	47.3	31.5	9.1	326.3	3,019.5	2,581.9	437.6
<i>Euro area enlargement</i>												
2001 Q1	1,305.9	709.7	596.1	44.8	80.5	51.3	36.4	9.2	311.9	3,073.2	2,625.0	448.1
Q2	1,343.2	736.3	606.8	46.5	81.5	51.2	36.2	9.7	315.6	3,131.0	2,678.2	452.8
Q3	1,212.9	648.0	564.9	45.9	83.4	52.1	37.4	9.7	221.5	3,108.6	2,648.0	460.7
Q4	1,305.3	704.0	601.3	46.0	92.0	48.5	34.9	10.3	234.7	3,206.7	2,730.0	476.7
2002 Q1	1,382.7	765.7	617.0	47.5	96.3	52.5	38.9	10.4	257.0	3,234.4	2,742.5	491.9
Q2	1,263.3	672.4	590.9	50.1	97.2	55.9	42.5	10.7	226.5	3,252.3	2,754.8	497.5
Q3	1,123.0	562.7	560.3	48.7	98.5	56.4	42.1	10.8	127.2	3,278.4	2,774.8	503.5
Q4	1,155.7	583.8	571.9	55.2	99.4	43.4	33.0	10.9	113.3	3,341.3	2,835.3	506.1
2003 Q1	1,103.8	534.5	569.3	57.1	101.0	55.8	42.4	11.1	103.3	3,401.8	2,889.0	512.8
Q2	1,210.6	604.6	606.1	61.6	102.5	58.1	44.8	11.3	136.5	3,472.0	2,954.0	518.1
Q3	.	.	.	.	.	.	44.5	.	136.7	.	.	.

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 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	21.7	1.8	19.9
Q2	2.0	0.4	2.8	0.3	-1.5	-0.9	1.3	-2.2	23.6	5.0	18.6
Q3	1.1	-0.8	0.5	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	3.9	-2.5	4.7	0.3	1.3	2.0	1.7	0.3	30.6	0.5	30.1
Q2	2.8	3.4	1.0	0.3	-1.9	3.0	0.5	2.5	29.0	14.9	14.1
Q3	1.5	-2.1	2.7	-0.1	1.0	0.5	0.8	-0.3	10.5	-5.0	15.5
Q4	7.6	8.8	0.6	-0.3	-1.4	5.3	3.6	1.7	26.2	-6.8	33.0
2002 Q1	3.0	-4.2	5.3	0.5	1.3	3.2	1.2	2.0	53.8	8.1	45.7
Q2	5.3	4.5	-0.1	-0.3	1.2	5.5	4.3	1.3	-6.9	-12.3	5.4
Q3	2.5	1.7	5.1	0.3	-4.6	1.1	2.5	-1.4	39.0	9.7	29.3
Q4	16.5	5.8	7.7	-0.4	3.5	3.1	1.5	1.6	33.0	2.2	30.7
2003 Q1	12.4	3.9	7.8	0.2	0.5	8.8	3.8	5.0	56.7	10.5	46.2
Q2	2.3	2.7	-3.9	-0.4	3.9	6.6	3.7	2.9	14.3	-5.0	19.3
Q3	-6.7	-6.5	3.7	0.1	-3.9	.	.	.	.	.	.

	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
1999 Q3	14.0	11.9	2.1	-2.8	1.3	1.7	1.5	0.4	0.2	56.4	48.8	7.7
Q4	49.8	11.2	38.6	-0.3	3.0	-12.6	-12.4	0.6	-0.4	75.5	66.4	9.1
2000 Q1	41.9	4.6	37.3	4.4	2.4	8.2	7.5	0.5	0.7	78.9	69.7	9.2
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	-5.2	-5.7	2.7	0.2	53.8	49.5	4.2
Q4	17.0	2.6	14.4	-0.5	-1.6	-1.7	-1.6	1.0	0.1	57.2	57.6	-0.4
<i>Euro area enlargement</i>												
2001 Q1	46.4	28.9	17.6	8.2	2.4	4.3	4.8	0.1	-0.9	65.2	55.9	9.2
Q2	14.7	11.2	3.5	1.3	0.9	0.3	-0.2	0.6	-1.0	50.2	46.7	3.5
Q3	23.8	19.7	4.1	-0.7	1.9	1.6	1.5	0.2	4.0	49.4	42.8	6.6
Q4	34.6	7.9	26.8	0.0	8.6	-3.3	-2.5	0.7	0.5	67.7	51.3	16.4
2002 Q1	31.4	16.1	15.3	1.6	4.3	3.7	3.9	0.2	0.2	65.6	50.5	15.1
Q2	17.9	5.4	12.4	2.5	1.0	2.9	3.3	0.4	0.2	47.1	41.7	5.4
Q3	11.1	7.6	3.4	-1.4	1.3	-2.0	-2.5	0.1	0.0	44.9	39.0	5.9
Q4	14.2	-3.5	17.7	6.5	0.9	-11.5	-9.2	0.1	0.5	55.4	53.0	2.5
2003 Q1	14.0	1.8	12.2	1.9	1.6	14.1	11.2	0.0	0.2	65.0	57.1	8.0
Q2	16.3	1.6	14.6	4.4	1.4	2.4	2.5	0.2	2.7	53.3	46.4	7.0
Q3	.	.	.	.	.	.	-0.3	.	.	.	.	.

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 financing¹⁾***(EUR billions, unless otherwise indicated)***1. All sectors in the euro area²⁾**

	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	1,730.1	-3.0	395.3	397.7	383.7	313.2	193.6	49.7
1997	353.0	1,139.3	-797.1	10.7	0.0	1,912.7	-0.2	394.4	332.2	449.8	485.7	222.0	28.7
1998	412.4	1,203.5	-823.6	32.3	0.2	2,380.2	11.0	422.7	357.6	522.9	827.2	215.9	23.0
1999	449.6	1,292.4	-863.7	20.8	0.2	3,067.2	1.3	557.7	427.3	880.7	905.1	261.1	34.0
2000	487.4	1,389.1	-913.1	28.0	-16.6	2,802.2	1.3	349.6	267.9	809.3	1,126.4	252.9	-5.1
<i>Euro area enlargement</i>													
2001	465.8	1,443.5	-973.6	-6.0	1.9	2,574.0	-0.5	574.1	429.3	729.9	627.3	243.1	-29.2
2002	409.1	1,428.0	-1,011.4	-8.8	1.2	2,158.5	0.9	581.2	330.2	524.1	483.7	226.1	12.3

	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	1,659.8	472.4	383.4	334.9	272.9	196.3
1997	455.7	1,241.8	-797.1	11.0	1,809.9	511.6	317.7	378.5	372.2	229.9
1998	486.6	1,299.1	-823.6	11.1	2,306.0	648.4	323.0	481.3	631.8	221.5
1999	498.3	1,352.0	-863.7	10.0	3,018.6	929.1	502.9	764.6	557.5	264.5
2000	514.8	1,419.4	-913.1	8.5	2,774.8	532.3	415.9	851.3	722.3	253.0
<i>Euro area enlargement</i>										
2001	483.5	1,449.4	-973.6	7.7	2,556.3	660.2	492.3	608.1	545.8	249.9
2002	497.8	1,496.5	-1,011.4	12.7	2,069.8	534.4	453.8	463.9	376.8	240.9

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	132.2	567.3	-437.3	258.5	54.1	-13.9	55.1	87.5	120.1	514.5	270.5	7.0	143.5	112.4
1997	151.8	592.0	-451.9	239.6	25.3	-13.0	46.3	97.0	106.5	521.5	285.0	12.1	153.7	109.7
1998	195.3	635.2	-469.1	407.0	45.7	-9.9	96.3	185.5	149.2	569.2	453.1	22.8	252.8	166.9
1999	213.6	684.2	-489.0	604.4	26.9	88.9	169.1	299.1	109.0	548.0	709.0	47.2	423.3	222.0
2000	309.4	748.6	-521.5	831.6	71.8	88.8	193.0	457.7	86.2	561.3	1,054.7	61.6	559.6	425.5
<i>Euro area enlargement</i>														
2001	215.8	771.8	-554.5	623.5	103.7	40.1	143.3	242.5	85.1	581.2	754.2	102.4	325.2	315.1
2002	180.6	758.5	-574.4	366.0	19.2	15.2	46.3	263.6	123.0	630.1	423.6	21.7	202.4	185.6

3. Households⁷⁾

	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	168.2	384.7	-217.5	437.9	146.2	25.1	93.0	189.0	444.7	646.9	161.3	160.1	3,789.8	17.1
1997	165.9	377.9	-213.1	425.6	70.4	-19.0	193.7	215.8	423.0	617.2	168.5	167.1	3,818.0	16.2
1998	175.9	389.8	-218.0	442.3	96.3	-118.6	288.1	210.7	406.7	594.5	211.5	210.1	3,925.3	15.1
1999	187.7	418.9	-233.6	477.3	119.2	-24.1	189.7	247.6	391.6	582.5	273.4	271.9	4,089.0	14.2
2000	196.1	440.7	-242.8	419.7	65.6	42.0	114.1	247.0	393.9	597.3	221.8	220.1	4,277.8	14.0
<i>Euro area enlargement</i>														
2001	190.7	456.4	-264.0	402.1	172.8	86.6	58.2	223.7	423.4	653.8	169.4	167.5	4,576.4	14.3
2002	180.8	461.5	-276.7	490.9	227.0	66.5	-7.0	214.2	458.2	706.4	213.5	211.3	4,741.3	14.9

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	Current revenue	Direct taxes			Indirect taxes	Received by EU institutions	Social contributions	Employers		Sales	Capital revenue	Capital taxes	Memo: fiscal burden ²⁾
			Households	Corporations	Employers				Employees					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
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	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure ³⁾
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments ⁴⁾	Subsidies	Paid by EU institutions					
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 (+)	Government consumption ⁵⁾							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
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	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	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**Debt¹⁾***(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 debt¹⁾

(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

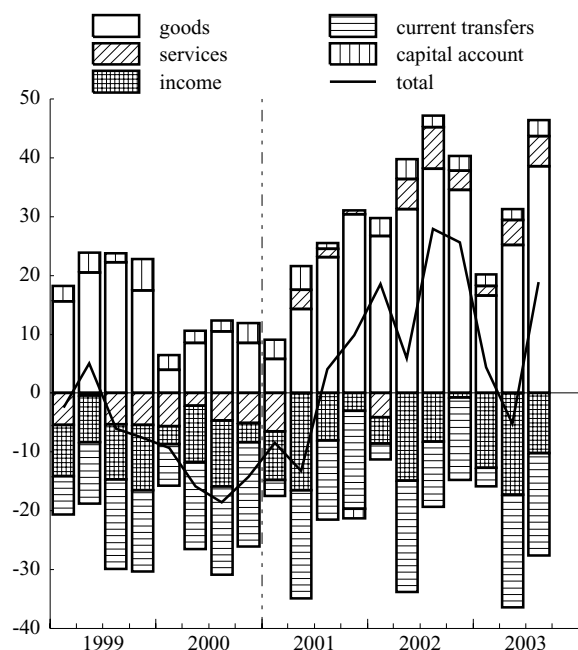
Summary balance of payments ^{1) 2)}

(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	-67.6	31.6	-17.5	-27.1	-54.6	9.8	68.4	-14.9	-111.6	-3.4	180.8	17.6	-10.7
<i>Euro area enlargement</i>													
2001	-14.5	73.6	-1.1	-35.7	-51.3	6.7	-24.4	-102.4	68.1	-1.5	-6.4	17.8	32.2
2002	67.0	130.6	11.3	-28.2	-46.7	10.9	-97.2	-41.5	103.4	-10.2	-146.6	-2.3	19.3
2002 Q3	25.8	38.1	7.0	-8.2	-11.2	2.0	-53.6	-10.8	19.9	-9.0	-49.1	-4.6	25.8
Q4	23.1	34.5	3.4	-0.7	-14.0	2.4	-48.5	-6.0	42.0	-2.9	-80.3	-1.3	22.9
2003 Q1	2.4	16.6	1.6	-12.7	-3.1	2.0	-25.1	-0.9	7.0	-2.5	-40.7	11.9	20.7
Q2	-7.0	25.1	4.3	-17.2	-19.2	1.8	-41.3	5.4	42.2	-2.8	-88.1	2.0	46.5
Q3	16.1	38.6	5.1	-10.2	-17.3	2.7	-22.9	-15.3	-69.8	-4.4	65.0	1.7	4.0
2002 July	8.2	16.0	2.9	-7.5	-3.3	0.4	-16.9	-6.0	8.7	-8.3	-8.7	-2.6	8.3
Aug.	9.3	11.3	0.5	0.6	-3.1	0.6	-30.4	1.5	-9.6	-1.7	-22.4	1.8	20.5
Sep.	8.4	10.8	3.7	-1.3	-4.8	1.0	-6.3	-6.3	20.7	1.0	-18.0	-3.8	-3.0
Oct.	4.6	12.5	0.5	-2.1	-6.3	1.4	-13.9	-6.9	27.6	0.5	-37.2	2.1	7.9
Nov.	10.6	12.4	1.6	0.4	-3.9	0.3	-18.9	7.3	15.1	-0.8	-38.1	-2.4	8.0
Dec.	7.9	9.6	1.2	1.0	-3.8	0.8	-15.7	-6.4	-0.7	-2.5	-5.0	-1.1	7.0
2003 Jan.	-5.2	1.5	-0.5	-9.4	3.2	2.1	-12.2	-2.2	-0.6	-1.5	-9.4	1.5	15.3
Feb.	3.4	8.7	0.4	-2.6	-3.2	-0.9	-19.6	2.9	-6.6	-0.1	-21.2	5.3	17.2
Mar.	4.3	6.5	1.7	-0.8	-3.1	0.8	6.7	-1.5	14.2	-0.9	-10.1	5.0	-11.8
Apr.	-10.0	6.9	0.4	-10.9	-6.5	0.1	16.1	-18.4	25.1	-4.7	13.3	0.8	-6.2
May	-0.1	7.6	1.3	-3.6	-5.5	0.2	-33.4	0.7	1.1	1.4	-37.0	0.4	33.3
June	3.1	10.5	2.5	-2.8	-7.2	1.5	-24.0	23.1	16.0	0.5	-64.4	0.9	19.4
July	2.0	15.3	2.8	-10.1	-6.1	0.8	-6.1	-3.2	-35.6	-2.7	33.8	1.6	3.4
Aug.	4.9	10.6	0.8	-0.9	-5.5	1.7	-3.0	-2.6	-42.5	-1.6	43.4	0.3	-3.6
Sep.	9.3	12.7	1.5	0.8	-5.7	0.2	-13.8	-9.6	8.3	0.0	-12.2	-0.2	4.3

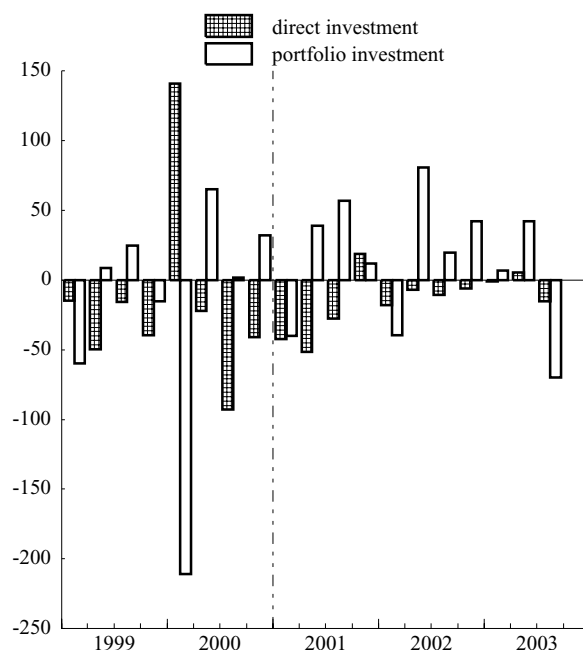
Current and capital accounts

(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	1,612.1	1,679.7	-67.6	989.8	958.3	287.5	304.9	268.1	295.2	66.7	121.3	18.3	8.5
<i>Euro area enlargement</i>													
2001	1,714.4	1,728.9	-14.5	1,033.8	960.3	324.5	325.6	277.3	313.0	78.8	130.0	17.4	10.7
2002	1,728.8	1,661.8	67.0	1,059.6	929.0	332.2	320.8	251.3	279.6	85.7	132.4	18.9	8.0
2002 Q3	431.9	406.1	25.8	263.3	225.2	91.3	84.2	58.5	66.7	18.8	29.9	4.1	2.0
Q4	443.3	420.1	23.1	273.6	239.2	84.4	81.0	64.9	65.6	20.4	34.4	5.2	2.7
2003 Q1	414.3	411.8	2.4	252.6	236.0	75.7	74.1	53.4	66.1	32.6	35.7	5.3	3.4
Q2	408.3	415.3	-7.0	253.5	228.3	78.2	73.9	61.4	78.6	15.2	34.4	4.4	2.6
Q3	413.3	397.1	16.1	257.1	218.5	84.6	79.5	55.3	65.5	16.2	33.6	4.0	1.3
2002 July	154.0	145.8	8.2	94.1	78.1	32.5	29.6	21.0	28.4	6.4	9.7	1.1	0.7
Aug.	135.6	126.3	9.3	81.1	69.8	29.1	28.6	19.3	18.7	6.1	9.2	1.3	0.7
Sep.	142.3	133.9	8.4	88.1	77.3	29.6	25.9	18.3	19.6	6.2	11.0	1.6	0.6
Oct.	151.9	147.3	4.6	97.6	85.1	28.8	28.3	20.3	22.4	5.2	11.5	2.0	0.6
Nov.	146.2	135.6	10.6	92.1	79.7	26.6	25.0	20.4	20.0	7.1	11.0	1.1	0.8
Dec.	145.1	137.2	7.9	83.9	74.3	29.0	27.8	24.1	23.2	8.1	11.9	2.1	1.3
2003 Jan.	144.0	149.2	-5.2	82.2	80.7	25.6	26.1	18.4	27.7	17.8	14.6	2.6	0.5
Feb.	131.4	128.0	3.4	83.1	74.4	23.6	23.2	16.9	19.5	7.8	10.9	1.5	2.5
Mar.	138.9	134.6	4.3	87.3	80.9	26.4	24.7	18.1	18.9	7.0	10.1	1.2	0.4
Apr.	136.5	146.5	-10.0	85.3	78.4	25.4	24.9	21.0	31.9	4.8	11.3	0.5	0.4
May	134.4	134.6	-0.1	83.7	76.1	25.6	24.3	19.9	23.5	5.1	10.6	1.4	1.2
June	137.4	134.2	3.1	84.4	73.9	27.2	24.7	20.5	23.3	5.2	12.5	2.6	1.0
July	147.9	145.9	2.0	91.7	76.4	30.7	27.9	19.6	29.6	5.9	12.0	1.3	0.5
Aug.	126.7	121.8	4.9	77.1	66.4	26.7	25.9	17.5	18.5	5.4	11.0	2.1	0.4
Sep.	138.6	129.4	9.3	88.3	75.7	27.1	25.7	18.2	17.4	5.0	10.6	0.7	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 Q3	426.9	426.7	0.2	257.6	239.1	81.9	81.8	68.3	75.0	19.1	30.7
Q4	424.4	418.4	6.0	254.1	228.6	82.1	81.3	68.7	75.2	19.5	33.2
2002 Q1	429.6	412.7	16.9	263.5	228.9	81.4	81.3	64.9	70.2	19.8	32.3
Q2	431.5	421.3	10.1	266.5	233.4	82.7	80.7	62.4	72.6	19.9	34.7
Q3	435.3	413.0	22.3	266.3	232.3	84.8	79.4	61.4	69.4	22.8	31.9
Q4	432.0	414.5	17.5	262.9	233.8	82.9	79.3	62.9	67.3	23.2	34.1
2003 Q1	418.8	414.5	4.4	258.2	233.3	83.6	77.9	55.7	69.6	21.2	33.7
Q2	411.8	409.3	2.5	255.1	228.2	78.2	76.1	58.8	70.6	19.8	34.4
Q3	415.5	403.8	11.7	259.9	225.4	78.4	75.0	57.6	67.3	19.6	36.0
2002 July	144.1	137.3	6.8	88.0	77.0	27.8	26.7	20.8	23.5	7.5	10.1
Aug.	146.4	138.5	7.9	88.9	77.8	27.8	27.0	21.8	23.3	7.8	10.4
Sep.	144.8	137.2	7.6	89.5	77.5	29.2	25.6	18.8	22.6	7.4	11.4
Oct.	142.9	140.3	2.6	87.7	78.4	27.6	26.7	20.5	23.5	7.1	11.7
Nov.	148.4	139.1	9.4	89.1	77.9	28.2	26.2	22.7	23.6	8.4	11.4
Dec.	140.7	135.1	5.6	86.1	77.4	27.2	26.4	19.7	20.3	7.6	11.0
2003 Jan.	143.0	140.9	2.2	88.1	78.4	28.7	26.4	19.0	24.6	7.3	11.4
Feb.	139.6	137.9	1.7	87.0	77.3	27.5	25.9	18.4	23.4	6.8	11.3
Mar.	136.2	135.8	0.4	83.2	77.7	27.5	25.6	18.3	21.6	7.2	10.9
Apr.	140.8	141.3	-0.6	87.4	77.3	26.4	25.6	20.8	27.2	6.2	11.3
May	137.1	134.5	2.7	85.5	76.5	25.8	25.4	19.4	21.3	6.5	11.3
June	133.9	133.5	0.4	82.2	74.4	26.0	25.1	18.6	22.1	7.1	11.8
July	138.4	137.1	1.3	86.0	75.4	26.3	25.2	19.3	24.0	6.8	12.5
Aug.	139.8	137.0	2.7	86.6	76.4	26.0	25.0	20.3	23.1	6.9	12.5
Sep.	137.3	129.7	7.7	87.3	73.6	26.2	24.8	18.0	20.2	5.9	11.1

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	268.1	295.2	13.2	5.3	254.9	289.9	60.4	65.1	76.7	107.4	117.9	117.5
<i>Euro area enlargement</i>												
2001	277.3	313.0	14.7	5.9	262.6	307.1	60.6	59.0	85.0	116.8	117.0	131.2
2002	251.3	279.6	14.7	6.0	236.7	273.6	67.0	57.1	86.4	123.9	83.3	92.6
2002 Q2	65.6	80.4	3.5	1.5	62.0	78.9	19.4	16.7	23.0	39.7	19.6	22.5
Q3	58.5	66.7	3.7	1.6	54.9	65.1	13.4	12.5	21.0	30.6	20.4	22.0
Q4	64.9	65.6	3.9	1.6	61.0	64.0	19.5	15.2	21.1	26.2	20.4	22.6
2003 Q1	53.4	66.1	3.6	1.2	49.8	64.9	10.1	13.0	19.0	31.8	20.7	20.1
Q2	61.4	78.6	3.6	1.4	57.8	77.2	17.1	19.3	22.0	36.8	18.7	21.2

	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	49.5	57.4	10.9	7.7	14.3	30.6	62.4	76.8
<i>Euro area enlargement</i>								
2001	50.4	49.8	10.2	9.2	17.9	44.7	67.0	72.1
2002	59.1	51.2	7.9	5.9	20.4	52.7	65.9	71.2
2002 Q2	17.7	15.4	1.8	1.3	6.6	24.3	16.4	15.4
Q3	12.0	11.1	1.4	1.4	4.5	10.6	16.5	20.0
Q4	17.1	13.3	2.4	1.9	4.5	9.1	16.6	17.1
2003 Q1	8.4	11.1	1.7	1.9	3.7	8.4	15.4	23.4
Q2	14.3	17.0	2.8	2.3	6.9	20.7	15.1	16.1

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	-442.3	-350.7	-35.5	-315.2	-91.5	0.3	-91.8	427.3	301.6	12.4	289.2	125.8	0.1	125.7
<i>Euro area enlargement</i>														
2001	-305.0	-234.7	-19.9	-214.8	-70.3	-0.1	-70.2	202.6	148.8	4.4	144.4	53.8	0.9	52.9
2002	-183.5	-156.7	-17.3	-139.3	-26.8	0.0	-26.8	142.0	95.7	3.1	92.6	46.3	0.5	45.8
2002 Q3	-32.6	-39.8	-5.1	-34.7	7.2	0.0	7.2	21.8	12.3	0.7	11.5	9.5	0.6	9.0
Q4	-41.2	-34.2	-5.7	-28.6	-6.9	0.0	-6.9	35.1	34.2	0.7	33.5	0.9	0.0	1.0
2003 Q1	-36.5	-19.3	-1.9	-17.4	-17.2	-0.1	-17.1	35.6	25.6	0.8	24.8	10.0	-0.1	10.1
Q2	-30.1	-21.2	5.4	-26.6	-8.9	-0.3	-8.5	35.4	29.4	1.9	27.6	6.0	0.0	6.0
Q3	-25.5	-22.3	-0.6	-21.6	-3.2	-0.1	-3.1	10.2	4.6	0.2	4.4	5.6	-0.7	6.3
2002 July	-12.7	-14.8	-3.3	-11.6	2.1	0.0	2.1	6.7	2.9	0.2	2.7	3.8	-0.1	3.9
Aug.	-2.1	-9.1	-0.2	-8.8	6.9	0.0	6.9	3.6	3.0	0.3	2.7	0.7	0.7	-0.1
Sep.	-17.8	-15.9	-1.5	-14.4	-1.9	0.0	-1.9	11.4	6.4	0.3	6.1	5.0	-0.1	5.1
Oct.	-14.5	-8.0	-0.9	-7.1	-6.6	0.0	-6.6	7.6	6.7	0.2	6.5	0.9	-0.1	0.9
Nov.	-15.4	-7.9	-1.2	-6.7	-7.4	0.0	-7.4	22.7	15.9	0.0	15.9	6.8	0.0	6.8
Dec.	-11.3	-18.4	-3.6	-14.7	7.1	0.0	7.1	4.8	11.6	0.4	11.1	-6.7	0.0	-6.7
2003 Jan.	-14.7	-8.5	-0.7	-7.8	-6.2	0.0	-6.2	12.5	10.9	0.2	10.6	1.7	0.0	1.7
Feb.	-7.1	-5.3	-0.4	-4.9	-1.8	0.0	-1.8	10.0	6.2	0.8	5.4	3.7	-0.1	3.8
Mar.	-14.7	-5.4	-0.7	-4.7	-9.3	-0.1	-9.2	13.1	8.5	-0.2	8.7	4.6	0.0	4.7
Apr.	-24.4	-7.9	-1.3	-6.6	-16.5	-0.3	-16.2	6.0	7.5	0.2	7.3	-1.5	0.0	-1.5
May	-15.6	-16.2	-0.7	-15.5	0.6	0.0	0.6	16.3	15.2	0.2	15.0	1.0	-0.1	1.1
June	9.9	2.8	7.3	-4.5	7.1	0.0	7.1	13.2	6.7	1.5	5.2	6.5	0.1	6.4
July	-7.6	-6.2	-0.9	-5.3	-1.4	0.0	-1.4	4.4	3.9	0.1	3.8	0.5	-0.7	1.2
Aug.	-5.9	-9.9	-0.5	-9.4	4.0	0.0	4.0	3.3	0.9	0.1	0.8	2.5	0.1	2.4
Sep.	-12.0	-6.2	0.7	-6.9	-5.8	0.0	-5.8	2.5	-0.2	0.0	-0.2	2.6	-0.1	2.7

Source: ECB.

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

2) Excluding the Eurosystem.

Table 8.5
Balance of payments: portfolio investment account¹⁾
(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	-410.7	299.1	-285.9	49.9	-124.7	-114.3	-10.5	249.2	239.2	10.0
<i>Euro area enlargement</i>										
2001	-288.2	356.3	-104.8	233.2	-183.5	-155.8	-27.6	123.1	114.0	9.1
2002	-173.9	277.3	-40.2	90.8	-133.7	-88.9	-44.8	186.6	127.7	58.9
2002 Q3	-21.6	41.5	12.7	6.4	-34.3	-19.1	-15.2	35.1	8.1	27.0
Q4	-32.8	74.8	-8.4	13.5	-24.4	-20.0	-4.4	61.3	46.7	14.7
2003 Q1	-47.3	54.3	10.8	3.7	-58.0	-49.9	-8.1	50.6	47.9	2.7
Q2	-96.3	138.5	-32.3	30.5	-64.0	-53.9	-10.1	108.0	97.5	10.5
Q3	-62.5	-7.3	-14.9	20.8	-47.7	-49.3	1.7	-28.1	-19.7	-8.5
2002 July	-16.2	24.9	-6.4	5.2	-9.8	-1.9	-7.8	19.7	10.5	9.2
Aug.	-5.9	-3.7	5.4	-0.4	-11.3	-11.4	0.2	-3.3	-10.8	7.5
Sep.	0.4	20.3	13.7	1.6	-13.3	-5.7	-7.5	18.7	8.4	10.3
Oct.	-3.0	30.6	-0.7	-0.6	-2.3	-5.7	3.4	31.2	19.6	11.6
Nov.	-7.6	22.7	0.2	15.3	-7.8	-4.4	-3.4	7.4	5.5	1.9
Dec.	-22.3	21.5	-8.0	-1.2	-14.3	-9.9	-4.4	22.7	21.6	1.2
2003 Jan.	-18.7	18.1	2.3	13.5	-21.0	-15.1	-6.0	4.6	5.5	-0.9
Feb.	-21.5	14.9	0.8	2.1	-22.2	-20.3	-2.0	12.8	4.3	8.5
Mar.	-7.1	21.3	7.7	-11.8	-14.8	-14.6	-0.2	33.1	38.1	-4.9
Apr.	-17.0	42.1	-7.1	16.0	-9.9	-14.7	4.7	26.1	10.1	15.9
May	-35.7	36.8	-10.4	-7.4	-25.2	-17.6	-7.6	44.2	42.4	1.8
June	-43.6	59.6	-14.8	21.8	-28.8	-21.6	-7.2	37.8	44.9	-7.2
July	-29.5	-6.1	-8.1	13.1	-21.4	-27.2	5.8	-19.2	-17.4	-1.8
Aug.	-12.2	-30.3	-0.2	-6.1	-11.9	-12.4	0.5	-24.2	-11.2	-13.0
Sep.	-20.9	29.1	-6.5	13.9	-14.3	-9.7	-4.6	15.2	8.9	6.4

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	2.9	-1.0	3.9
<i>Euro area enlargement</i>															
2001	-0.4	4.0	-108.4	-2.1	-106.4	0.2	-67.1	-89.0	-1.2	-87.8	-2.4	-40.7	15.4	-0.1	15.5
2002	-0.4	-7.8	-32.0	-4.4	-27.6	-0.6	-14.6	-73.8	-1.0	-72.7	2.1	-33.0	-13.9	-1.0	-12.9
2002 Q3	-0.1	3.2	9.5	-0.6	10.1	-0.5	-4.1	-14.6	-0.3	-14.2	0.9	-13.3	-2.7	0.2	-2.9
Q4	-0.2	-2.7	-5.6	-1.2	-4.4	0.0	-1.9	-18.1	-0.4	-17.7	0.4	-4.8	0.0	0.1	-0.2
2003 Q1	-0.1	-3.7	14.6	-0.6	15.2	-0.4	-22.9	-26.6	0.2	-26.9	-1.4	-7.3	0.6	-1.6	2.2
Q2	-0.2	0.7	-32.9	-0.8	-32.2	-0.2	-21.2	-32.4	0.0	-32.4	1.1	-4.4	-6.7	1.0	-7.8
Q3	-0.1	-6.1	-8.7	.	.	-1.4	-7.9	-40.1	.	.	0.0	-1.3	3.0	.	.
2003 Apr.	-0.1	0.7	-7.6	.	.	-0.1	-7.3	-7.3	.	.	0.5	2.9	1.3	.	.
May	0.0	0.2	-10.6	.	.	-0.2	-2.0	-15.4	.	.	0.9	-6.2	-2.3	.	.
June	0.0	-0.1	-14.6	.	.	0.1	-12.0	-9.7	.	.	-0.4	-1.1	-5.7	.	.
July	0.0	-2.5	-5.6	.	.	-0.1	-2.3	-24.8	.	.	0.1	-2.9	8.6	.	.
Aug.	0.0	-0.5	0.3	.	.	-0.6	-3.8	-8.0	.	.	0.0	3.6	-3.2	.	.
Sep.	0.0	-3.2	-3.3	.	.	-0.7	-1.8	-7.3	.	.	-0.2	-2.0	-2.4	.	.

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 sector¹⁾

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-81.5	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	-267.6	261.2	0.6	4.4	3.0	-0.4	-229.1	232.4	-46.1	21.8	-183.0	210.5	-42.1	24.8
2002	-205.4	58.8	-1.2	19.3	0.0	-8.2	-164.8	28.4	-31.4	52.5	-133.4	-24.1	-39.5	19.3
2002 Q3	-59.9	10.8	0.3	3.6	-0.6	-2.8	-33.3	13.9	-5.4	6.2	-28.0	7.6	-26.3	-3.9
Q4	-99.2	18.9	-0.4	6.2	0.3	-1.0	-88.1	0.8	-19.2	16.3	-68.8	-15.6	-11.0	12.9
2003 Q1	-114.7	74.0	-0.6	-4.4	-1.8	-8.4	-65.4	60.2	-15.1	10.1	-50.4	50.0	-46.9	26.6
Q2	-120.2	32.1	0.2	2.3	-1.5	3.9	-103.2	27.0	-11.5	12.1	-91.7	14.9	-15.6	-1.0
Q3	77.4	-12.4	0.4	2.7	-0.8	4.7	86.3	-10.2	-15.1	13.8	101.4	-23.9	-8.5	-9.6
2002 July	-1.9	-6.8	0.4	5.4	-0.5	-1.2	13.6	-9.8	2.2	1.5	11.5	-11.3	-15.4	-1.1
Aug.	8.3	-30.7	0.1	-5.0	-0.3	-2.2	12.6	-17.7	0.0	2.1	12.6	-19.8	-4.2	-5.8
Sep.	-66.3	48.3	-0.2	3.3	0.2	0.6	-59.6	41.4	-7.6	2.7	-52.0	38.7	-6.7	3.1
Oct.	-69.5	32.3	-0.1	0.9	-0.4	1.3	-54.8	22.6	-5.6	8.2	-49.2	14.4	-14.2	7.6
Nov.	-77.2	39.1	0.9	2.0	-1.6	-0.3	-66.5	35.1	-8.3	-6.1	-58.2	41.2	-10.0	2.3
Dec.	47.6	-52.6	-1.3	3.3	2.3	-2.0	33.2	-57.0	-5.4	14.2	38.6	-71.2	13.3	3.1
2003 Jan.	-9.8	0.4	0.5	-2.4	-2.4	-6.2	3.1	1.6	-3.7	1.3	6.8	0.3	-11.0	7.4
Feb.	-83.3	62.1	-0.5	-2.0	-3.8	-2.2	-54.9	54.1	-6.3	4.5	-48.6	49.6	-24.1	12.2
Mar.	-21.6	11.5	-0.5	0.0	4.4	0.1	-13.7	4.4	-5.1	4.2	-8.6	0.2	-11.8	7.0
Apr.	-42.8	56.1	0.0	-0.3	0.9	2.7	-32.7	52.1	-3.7	2.0	-29.1	50.1	-11.0	1.6
May	-46.8	9.9	0.7	0.9	-3.5	1.3	-35.2	3.8	-1.7	2.8	-33.5	1.0	-8.8	3.9
June	-30.5	-33.9	-0.5	1.6	1.1	-0.2	-35.3	-28.9	-6.2	7.3	-29.1	-36.2	4.2	-6.5
July	34.8	-0.9	0.1	1.5	-2.7	1.8	43.7	2.7	-5.1	7.5	48.8	-4.8	-6.3	-7.0
Aug.	74.3	-30.9	0.3	0.4	0.4	0.4	72.2	-32.2	-2.8	2.2	75.0	-34.4	1.4	0.5
Sep.	-31.7	19.4	0.0	0.7	1.5	2.5	-29.6	19.3	-7.1	4.1	-22.4	15.3	-3.6	-3.1

2. Other investment by sector and instrument¹⁾
2.1. Eurosystem

	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	4.5	5.0	0.0	0.0	0.0
2002	-1.2	19.3	18.2	0.0	0.0	0.0
2002 Q2	-0.6	3.4	2.8	0.0	0.0	0.0
Q3	0.3	3.6	3.9	0.0	0.0	0.0
Q4	-0.4	6.3	5.8	0.0	0.0	0.0
2003 Q1	-0.6	-4.4	-4.9	0.0	0.0	0.0
Q2	0.2	2.3	2.4	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	-0.5	3.9	-1.3	0.1	-1.3
2002	1.5	0.0	1.4	-0.6	-8.0	-8.6	-0.9	-0.2	-1.1
2002 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	-0.5	-0.1	-0.6
Q2	0.0	0.0	0.0	-1.2	3.6	2.4	-0.3	0.3	0.0

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	-215.1	222.2	7.1	-14.0	10.2	-3.9
2002	-161.0	31.2	-129.8	-3.8	-2.8	-6.6
2002 Q2	-64.1	-11.1	-75.2	-1.0	-1.3	-2.3
Q3	-31.0	11.8	-19.2	-2.3	2.1	-0.3
Q4	-93.1	10.4	-82.7	5.1	-9.6	-4.6
2003 Q1	-63.5	59.7	-3.8	-1.9	0.5	-1.5
Q2	-103.9	28.7	-75.2	0.7	-1.6	-1.0

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	-3.5	1.3	-2.2	-29.6	18.3	-11.3	-8.9	5.2	-3.8
2002	-3.5	-3.0	-6.4	-34.1	16.0	-18.1	-1.9	6.3	4.3
2002 Q2	-2.5	-1.3	-3.8	-8.5	-0.2	-8.8	0.3	1.0	1.4
Q3	-1.8	1.9	0.1	-24.6	-8.0	-32.6	0.1	2.2	2.3
Q4	0.2	-3.0	-2.8	-10.6	14.2	3.6	-0.5	1.7	1.2
2003 Q1	-1.3	5.1	3.8	-39.8	18.2	-21.6	-5.8	3.2	-2.6
Q2	-1.4	-0.9	-2.2	-6.7	-6.4	-13.2	-7.5	6.3	-1.2

3. Reserve assets¹⁾

	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	-2.3	0.7	0.2	-2.0	-1.2	-2.3	-15.3	0.0	8.1	8.5	-0.2	0.0
2002 Q2	6.7	0.5	0.5	-2.0	7.8	-0.6	1.2	0.0	4.2	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
Q2	2.0	0.0	0.0	-2.6	4.5	-0.5	0.0	-0.1	4.8	0.2	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	Direct investment		Portfolio investment			Other investment		Financial derivatives	Errors and omissions	Total ⁵⁾	Memo item: transactions in the external counterpart of M3 ⁶⁾
		By resident units abroad (non-MFIs)	By non-resident units in the euro area ²⁾	Assets Non-MFIs	Liabilities		Assets Non-MFIs	Liabilities Non-MFIs				
					Equity ³⁾	Debt instruments ⁴⁾						
1	2	3	4	5	6	7	8	9	10	11	12	
2000	-57.7	-407.0	427.2	-344.7	37.2	211.5	-47.6	70.2	-3.4	-10.7	-125.1	141.7
2000 Q1	-9.3	-68.2	217.8	-129.9	-103.3	38.9	-40.3	10.6	1.3	-35.8	-118.0	117.9
Q2	-15.8	-88.6	71.8	-67.3	66.9	71.4	-5.5	4.1	4.4	3.7	45.1	-35.3
Q3	-18.5	-121.1	40.5	-75.3	28.9	55.9	-12.3	38.3	0.1	23.2	-40.4	51.4
Q4	-14.2	-129.1	97.2	-72.3	44.7	45.3	10.5	17.1	-9.3	-1.9	-11.8	7.7
<i>Euro area enlargement</i>												
2001	-7.8	-285.0	201.7	-182.0	172.9	84.3	-39.1	24.4	-1.5	32.2	0.2	7.3
2002	77.9	-166.2	141.6	-119.7	53.9	176.1	-39.5	11.0	-10.2	19.3	144.3	-166.8
2001 Q1	-8.5	-67.0	29.4	-44.4	4.0	19.9	-7.3	-7.6	0.7	-29.9	-110.6	105.6
Q2	-13.2	-83.6	37.8	-66.5	88.1	8.4	-0.4	13.1	12.1	-6.7	-11.0	17.8
Q3	4.0	-58.9	32.5	-19.6	40.1	27.7	-6.8	14.7	-8.5	48.2	73.5	-74.4
Q4	9.8	-75.5	102.1	-51.5	40.7	28.2	-24.7	4.2	-5.7	20.6	48.3	-41.6
2002 Q1	18.5	-60.6	46.6	-48.5	15.5	-4.6	7.8	2.5	4.8	-26.8	-44.6	31.6
Q2	5.9	-42.5	38.5	-39.7	38.5	86.9	-9.8	3.3	-3.1	-2.6	75.4	-77.6
Q3	27.9	-27.6	21.2	-7.7	-4.2	42.2	-26.9	-6.7	-9.0	25.8	35.1	-33.9
Q4	25.6	-35.5	35.2	-23.8	4.0	51.5	-10.7	11.9	-2.9	22.9	78.4	-86.8
2003 Q1	4.4	-34.5	35.7	-11.4	6.7	45.7	-48.7	18.2	-2.5	20.7	34.4	-31.0
Q2	-5.2	-35.1	35.4	-72.1	34.1	110.2	-17.1	2.8	-2.8	46.5	96.8	-96.1
Q3	18.8	-24.8	10.9	-45.8	22.9	-13.1	-9.3	-4.9	-4.4	4.0	-45.6	56.2

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	6.8	0.1	181.5	-750.5	-5.9	214.2	367.3
1998	-179.7	-3.0	152.0	-748.5	2.3	76.9	337.6
1999	-318.5	-5.1	369.6	-892.8	16.0	-193.5	382.2
2000	-386.8	-5.9	452.7	-786.4	2.0	-446.3	391.2
2001	-189.6	-2.8	496.4	-691.4	1.5	-388.8	392.7
2002	-289.6	-4.1	425.1	-756.3	-8.1	-316.4	366.1
Outstanding assets							
1999	5,796.6	92.5	1,174.5	2,058.0	111.1	2,070.8	382.2
2000	6,751.2	102.7	1,626.7	2,351.1	105.8	2,276.4	391.2
2001	7,537.2	110.1	1,897.0	2,521.3	108.4	2,617.9	392.7
2002	7,277.9	102.9	1,937.5	2,270.4	122.6	2,581.3	366.1
Outstanding liabilities							
1999	6,115.1	97.6	804.9	2,950.8	95.1	2,264.3	-
2000	7,138.0	108.5	1,174.0	3,137.5	103.7	2,722.7	-
2001	7,726.8	112.9	1,400.6	3,212.7	106.9	3,006.7	-
2002	7,567.5	107.0	1,512.5	3,026.7	130.7	2,897.6	-

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⁾	Non-MFIs ³	Total ⁴	MFIs ⁴⁾	Non-MFIs ⁶	Total ⁷	MFIs ⁴⁾	Non-MFIs ⁹	Total ¹⁰	MFIs ⁴⁾	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	1,273.4	115.2	1,158.2	353.3	1.7	351.6	869.2	32.1	837.1	304.8	1.8	303.0
2001	1,513.2	129.3	1,383.9	383.8	1.4	382.4	1,043.3	42.3	1,001.1	357.3	2.5	354.8
2002	1,554.4	137.5	1,416.9	383.1	1.4	381.7	1,107.7	43.1	1,064.6	404.8	2.7	402.1

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	1,013.7	1,698.9	1,044.4	937.1	107.2	1,251.9	1,146.5	105.4
2000	1,183.7	1,606.7	1,167.4	1,045.3	122.2	1,530.8	1,365.5	165.4
2001	1,122.4	1,582.0	1,399.0	1,222.0	176.9	1,630.7	1,460.8	169.9
2002	862.2	1,328.3	1,408.3	1,168.7	239.6	1,698.5	1,518.5	179.9

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

	Equity					Debt instruments									
	Euro-system ⁹	MFIs ⁴⁾	Non-MFIs			Euro-system ¹⁴	MFIs ⁴⁾	Bonds and notes			Money market instruments				
			Total ¹¹	General government ¹²	Other sectors ¹³			Euro-system ¹⁹	MFIs ⁴⁾	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	669.2	2.6	68.5	36.1	0.2	35.9
2000	0.9	42.7	1,140.1	5.7	1,134.4	3.4	328.5	713.4	5.7	707.7	0.5	85.6	36.1	0.1	35.9
2001	1.3	38.1	1,082.9	6.7	1,076.3	2.2	418.7	801.1	8.3	792.8	2.8	131.9	42.2	0.2	42.0
2002	1.4	38.0	822.8	8.4	814.4	5.0	379.0	784.8	8.8	776.0	1.2	190.1	48.2	1.1	47.1

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	37.0	3.0	36.6	0.1	0.3	125.5	57.3	2.5	0.1	72.4	45.4	50.6	11.8
2000	3.0	41.8	2.9	41.4	0.1	0.3	133.9	59.5	2.8	0.2	77.5	47.2	53.5	12.1
2001	3.1	40.7	3.0	40.5	0.1	0.2	127.3	61.6	3.1	0.2	68.4	49.1	55.8	12.4
2002	3.4	58.1	3.4	57.9	0.1	0.2	120.6	61.0	1.3	0.1	64.9	45.8	54.3	15.1

	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	158.9	91.8	396.3	224.6	69.3	30.1
2000	1,458.5	2,169.0	1,421.4	2,127.1	37.1	42.0	681.1	452.4	173.9	110.9	422.9	311.8	84.2	29.6
2001	1,715.8	2,413.1	1,668.3	2,364.1	47.5	49.0	771.7	491.3	176.6	109.5	507.4	346.8	87.6	35.1
2002	1,717.0	2,274.6	1,660.1	2,227.2	56.9	47.4	740.3	503.9	176.5	105.2	485.4	354.6	78.4	44.0

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	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims		Claims on euro area residents denominated in foreign currency
		In fine troy ounces (millions) ²⁾	Total			Currency and deposits		Securities			Financial derivatives				
						With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes		Money market instruments			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
Eurosysteem³⁾															
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.	378.0	117.8	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.	391.2	119.2	404.157	4.3	21.2	246.5	16.8	20.5	208.5	0.0	155.3	53.2	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	144.4	55.9	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	1.0	117.1	41.7	0.4	0.0	22.4
2003 July	328.9	124.2	396.277	4.5	25.5	174.7	8.4	33.2	132.3	-	-	-	0.8	0.0	18.1
Aug.	346.8	136.0	395.632	4.7	26.6	179.5	10.3	31.5	137.3	-	-	-	0.4	0.0	18.1
Sep.	332.9	131.7	395.444	4.6	26.1	170.5	9.5	30.3	130.4	-	-	-	0.3	0.0	17.1
Oct.	332.4	131.4	395.284	4.6	26.2	170.2	9.4	31.5	128.6	-	-	-	0.8	0.0	17.8
European Central Bank⁵⁾															
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	19.5	6.7	0.0	0.0	3.0
2003 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
Sep.	40.7	8.2	24.656	0.2	0.0	32.3	0.9	4.5	26.9	-	-	-	0.0	0.0	2.4
Oct.	40.4	8.2	24.656	0.2	0.0	32.0	1.0	4.7	26.3	-	-	-	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: Oil 11	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
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	1,082.4	497.0	227.9	306.2	943.5	983.1	554.6	161.7	231.3	711.7	105.2	108.4	96.2
2002 Q3	268.3	122.1	55.5	77.3	233.9	236.3	132.9	38.0	57.5	171.5	26.8	108.8	95.9
Q4	279.2	125.6	61.1	79.4	242.5	253.4	140.9	43.3	59.4	180.9	28.2	107.7	96.6
2003 Q1	257.7	119.7	51.9	72.8	223.5	250.5	142.8	40.2	57.6	178.5	29.5	106.4	97.8
Q2	258.2	121.0	53.2	70.4	224.1	243.1	134.6	39.5	58.5	176.4	25.0	103.6	95.0
Q3	259.3	118.4	54.0	72.9	226.4	230.1	126.2	35.7	57.2	165.5	26.3	105.4	93.5
2003 Apr.	86.7	40.5	17.5	24.2	74.8	83.7	46.8	13.7	19.8	60.2	9.5	105.4	96.8
May	85.5	40.8	16.9	23.3	73.9	80.7	45.1	12.9	19.2	58.1	7.8	102.4	94.4
June	86.0	39.7	18.8	22.9	75.4	78.8	42.7	12.9	19.5	58.1	7.7	102.9	93.8
July	92.8	41.3	20.5	26.1	81.6	79.5	43.1	12.5	20.2	57.7	8.7	104.2	92.9
Aug.	76.5	36.1	15.2	20.7	66.0	69.0	38.1	9.9	17.2	47.7	9.1	106.4	95.0
Sep.	90.1	41.0	18.2	26.0	78.8	81.6	45.0	13.4	19.7	60.1	8.5	105.4	92.7
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	108.2	98.4
2002 Q3	5.5	5.1	0.1	7.6	4.7	2.4	1.4	1.6	4.3	2.2	0.6	109.2	98.7
Q4	3.3	3.6	-2.0	6.1	2.5	1.5	-0.1	-0.7	5.1	1.0	2.1	108.1	98.9
2003 Q1	1.7	1.4	-0.2	1.9	1.2	3.3	0.9	8.2	5.2	4.6	-3.4	108.0	100.1
Q2	-2.1	-3.0	-2.9	-3.7	-2.9	1.9	-1.2	5.2	5.1	1.8	4.4	106.8	101.7
Q3	.	-0.3	-0.1	.	.	0.8	-1.1	-0.9	1.2	-0.1	4.8	.	99.7
2003 Apr.	-1.9	-1.4	-5.1	-2.8	-2.9	-0.3	-2.2	-0.2	3.3	0.0	8.4	108.0	101.4
May	-3.5	-4.5	-5.5	-3.0	-4.2	3.1	0.2	5.8	6.0	1.5	3.4	105.7	102.4
June	-1.9	-3.1	1.9	-5.4	-1.7	3.0	-1.8	11.0	6.0	3.9	0.7	106.7	101.2
July	-1.2	-2.8	5.5	-4.5	-0.7	1.0	-1.8	4.5	0.8	0.4	3.1	107.7	99.8
Aug.	-3.1	-1.1	-7.1	-7.0	-2.8	-2.3	-3.0	-12.8	-1.7	-6.2	8.2	110.1	101.1
Sep.	.	3.1	0.1	.	.	3.5	1.2	4.5	4.4	4.8	3.1	.	98.0
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 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	97.9
2003 Q1	-2.6	-2.0	-3.1	-3.1	-2.9	0.1	3.2	-6.3	-3.4	-3.6	29.2	98.4	97.2
Q2	-3.7	-3.2	-4.8	-3.4	-3.7	-5.0	-5.2	-7.6	-3.5	-4.9	-10.0	97.0	93.5
Q3	.	-2.8	-2.7	.	.	-3.4	-3.9	-5.2	-1.9	-3.4	-6.6	.	94.3
2003 Apr.	-3.2	-2.8	-3.5	-3.0	-3.2	-3.5	-3.1	-7.0	-2.7	-4.0	-3.2	97.6	95.2
May	-4.0	-3.0	-6.3	-3.6	-4.0	-6.2	-6.8	-8.3	-4.3	-5.4	-16.5	97.1	92.4
June	-3.9	-3.7	-4.5	-3.5	-4.0	-5.3	-5.9	-7.5	-3.6	-5.1	-10.3	96.4	93.0
July	-2.8	-2.9	-2.1	-2.5	-2.8	-4.3	-5.2	-6.0	-2.1	-4.2	-7.5	96.8	93.6
Aug.	-3.0	-2.2	-4.5	-2.7	-3.2	-3.1	-3.2	-5.2	-2.0	-3.3	-3.4	96.8	94.5
Sep.	.	-3.3	-1.6	.	.	-2.8	-3.3	-4.3	-1.5	-2.6	-8.7	.	95.0

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 breakdown¹⁾

(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	1,082.4	-	205.7	37.0	24.8	112.1	63.9	184.0	33.0	170.3	59.4	43.4	148.8
2002 Q3	268.3	272.3	50.7	8.4	6.0	27.7	15.7	45.9	8.4	42.6	14.4	10.6	37.8
Q4	279.2	269.5	50.5	10.1	6.5	29.3	16.1	46.7	8.7	45.2	15.2	11.1	39.8
2003 Q1	257.7	266.2	49.1	9.7	6.4	27.6	16.5	41.9	7.8	40.3	13.7	9.6	35.1
Q2	258.2	259.3	46.2	9.5	6.0	29.4	15.5	41.0	7.2	40.8	14.9	9.5	38.2
Q3	259.3	263.7	.	.	.	.	.	.	.	.	.	.	.
2003 Apr.	86.7	88.0	15.8	3.3	2.0	9.7	5.1	13.8	2.6	13.7	5.1	3.1	12.5
May	85.5	85.5	15.1	3.2	2.1	9.8	5.2	14.0	2.3	13.6	4.9	3.0	12.4
June	86.0	85.9	15.3	3.0	1.9	9.8	5.2	13.2	2.3	13.5	4.9	3.4	13.4
July	92.8	87.0	16.7	2.6	1.9	10.4	5.4	14.6	2.8	15.0	5.4	3.4	.
Aug.	76.5	88.8	13.2	2.7	2.0	8.8	4.2	12.3	2.3	12.8	4.2	2.6	.
Sep.	90.1	88.0	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year 2003 Sep. -0.3													
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	983.1	-	149.0	35.6	22.7	93.5	51.9	125.6	52.7	204.7	67.9	39.4	140.2
2002 Q3	236.3	245.5	34.8	8.3	5.5	22.7	12.3	28.8	12.6	51.7	15.8	10.0	33.8
Q4	253.4	247.4	37.4	9.5	6.3	24.7	13.3	30.7	13.7	54.6	17.2	9.4	36.7
2003 Q1	250.5	250.3	35.3	9.1	5.8	24.6	13.4	28.5	13.5	54.2	19.0	9.1	37.9
Q2	243.1	243.2	33.6	9.3	5.6	25.2	12.5	28.7	13.4	51.3	16.6	10.4	36.7
Q3	230.1	239.5	.	.	.	.	.	.	.	.	.	.	.
2003 Apr.	83.7	82.6	11.3	3.2	1.9	8.6	4.1	10.1	4.8	17.8	6.1	3.6	12.1
May	80.7	80.5	11.0	3.0	1.8	8.2	4.3	9.7	4.4	16.9	5.3	3.6	12.4
June	78.8	80.0	11.3	3.0	1.9	8.4	4.0	8.9	4.2	16.6	5.1	3.2	12.1
July	79.5	79.3	10.8	2.5	1.6	8.9	4.3	8.8	4.1	17.2	5.7	3.4	.
Aug.	69.0	81.1	9.3	2.4	1.7	6.5	3.1	7.8	3.3	16.1	4.6	2.9	.
Sep.	81.6	79.1	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year 2003 Sep. 0.6													
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	99.4	-	56.7	1.4	2.2	18.6	12.1	58.5	-19.6	-34.4	-8.5	4.0	8.6
2002 Q3	32.0	26.8	15.9	0.1	0.5	5.1	3.4	17.1	-4.2	-9.1	-1.4	0.6	4.0
Q4	25.8	22.1	13.1	0.5	0.3	4.5	2.8	16.1	-5.0	-9.4	-1.9	1.7	3.2
2003 Q1	7.2	16.0	13.8	0.6	0.5	3.0	3.1	13.4	-5.7	-14.0	-5.3	0.5	-2.8
Q2	15.1	16.1	12.6	0.3	0.4	4.1	3.0	12.3	-6.2	-10.5	-1.6	-0.9	1.6
Q3	29.2	24.2	.	.	.	.	.	.	.	.	.	.	.
2003 Apr.	3.0	5.4	4.5	0.1	0.2	1.1	1.0	3.7	-2.2	-4.1	-1.1	-0.6	0.4
May	4.8	4.9	4.1	0.1	0.3	1.6	0.9	4.3	-2.1	-3.3	-0.5	-0.5	-0.1
June	7.3	5.8	4.0	0.0	0.0	1.4	1.2	4.3	-1.9	-3.1	-0.1	0.2	1.2
July	13.3	7.7	5.9	0.1	0.2	1.5	1.1	5.8	-1.3	-2.1	-0.3	0.0	.
Aug.	7.5	7.7	3.9	0.4	0.3	2.3	1.1	4.5	-1.0	-3.3	-0.4	-0.3	.
Sep.	8.5	8.8	.	.	.	.	.	.	.	.	.	.	.

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	99.2	98.3	101.0	101.6	90.4	96.7	1.1340	137.09
1998	101.5	101.3	101.6	100.9	99.8	101.5	96.6	99.2	1.1211	146.41
1999	95.7	95.7	95.9	95.6	96.2	95.8	96.6	95.9	1.0658	121.32
2000	85.7	86.3	87.6	85.4	87.2	85.1	88.2	86.2	0.9236	99.47
<i>Euro area enlargement</i>										
2001	87.3	88.6	89.9	88.1	88.5	86.4	91.0	87.9	0.8956	108.68
2002	90.0	92.5	93.5	92.3	90.9	90.3	95.6	91.8	0.9456	118.06
2001 Q1	88.6	89.5	91.2	88.9	90.2	87.3	91.4	88.4	0.9232	109.06
Q2	86.0	87.3	88.6	86.5	87.6	85.1	89.5	86.6	0.8725	106.93
Q3	87.0	88.3	89.6	87.7	87.6	85.7	91.2	87.8	0.8903	108.27
Q4	87.5	89.3	90.4	89.2	88.6	87.5	92.0	88.6	0.8959	110.45
2002 Q1	87.1	89.4	90.4	88.8	87.8	87.5	91.3	87.8	0.8766	116.07
Q2	88.8	91.4	92.2	90.9	89.7	89.2	93.9	90.3	0.9188	116.46
Q3	91.3	93.9	95.1	93.8	92.6	91.5	97.9	93.9	0.9838	117.25
Q4	92.5	95.4	96.2	95.6	93.6	92.8	99.4	95.2	0.9994	122.42
2003 Q1	96.9	100.1	100.7	100.2	97.7	97.7	104.1	99.3	1.0731	127.59
Q2	101.3	104.9	104.8	105.0	102.4	102.4	107.9	103.1	1.1372	134.74
Q3	100.5	104.2	103.8	-	-	-	106.9	102.0	1.1248	132.14
2001 Jan.	89.2	89.9	91.5	-	-	-	91.7	88.7	0.9383	109.57
Feb.	88.3	89.1	90.9	-	-	-	91.0	88.0	0.9217	107.08
Mar.	88.4	89.4	91.1	-	-	-	91.4	88.5	0.9095	110.33
Apr.	87.6	88.8	90.2	-	-	-	91.0	88.1	0.8920	110.36
May	85.9	87.2	88.4	-	-	-	89.3	86.4	0.8742	106.50
June	84.7	86.0	87.2	-	-	-	88.1	85.2	0.8532	104.30
July	85.4	86.8	87.9	-	-	-	89.1	86.0	0.8607	107.21
Aug.	87.7	89.0	90.3	-	-	-	91.8	88.4	0.9005	109.34
Sep.	88.0	89.3	90.6	-	-	-	92.6	89.1	0.9111	108.20
Oct.	88.0	89.6	90.8	-	-	-	92.8	89.3	0.9059	109.86
Nov.	86.8	88.4	89.7	-	-	-	91.3	87.8	0.8883	108.68
Dec.	87.7	89.8	90.8	-	-	-	91.9	88.7	0.8924	113.38
2002 Jan.	87.6	89.9	91.0	-	-	-	91.6	88.1	0.8833	117.12
Feb.	86.8	89.0	90.0	-	-	-	91.1	87.4	0.8700	116.23
Mar.	86.8	89.3	90.2	-	-	-	91.2	87.9	0.8758	114.75
Apr.	87.2	89.7	90.6	-	-	-	91.7	88.2	0.8858	115.81
May	88.6	91.1	92.0	-	-	-	93.7	90.0	0.9170	115.86
June	90.6	93.2	94.0	-	-	-	96.4	92.6	0.9554	117.80
July	91.7	94.4	95.3	-	-	-	98.2	94.3	0.9922	117.11
Aug.	91.1	93.6	94.8	-	-	-	97.7	93.6	0.9778	116.31
Sep.	91.2	93.7	95.1	-	-	-	98.0	93.8	0.9808	118.38
Oct.	91.7	94.3	95.2	-	-	-	98.5	94.4	0.9811	121.57
Nov.	92.5	95.1	96.0	-	-	-	99.3	94.9	1.0014	121.65
Dec.	93.6	96.7	97.4	-	-	-	100.4	96.2	1.0183	124.20
2003 Jan.	95.8	98.8	99.7	-	-	-	103.0	98.1	1.0622	126.12
Feb.	97.1	100.2	101.0	-	-	-	104.4	99.4	1.0773	128.60
Mar.	97.9	101.2	101.3	-	-	-	105.1	100.3	1.0807	128.16
Apr.	98.6	102.1	102.1	-	-	-	105.2	100.6	1.0848	130.12
May	102.5	106.1	106.1	-	-	-	109.1	104.1	1.1582	135.83
June	102.7	106.6	106.3	-	-	-	109.3	104.5	1.1663	138.05
July	101.4	105.2	104.9	-	-	-	107.8	102.9	1.1372	134.99
Aug.	100.3	103.9	103.6	-	-	-	106.6	101.6	1.1139	132.38
Sep.	99.9	103.5	103.1	-	-	-	106.4	101.5	1.1222	128.94
Oct.	101.3	105.2	104.4	-	-	-	108.3	103.3	1.1692	128.12
Nov.	101.2	105.1	104.4	-	-	-	108.3	103.2	1.1702	127.84
% ch. vs. ⁴⁾ prev. month										
2003 Nov.	-0.1	-0.1	0.0	-	-	-	0.0	-0.1	0.1	-0.2
% ch. vs. ⁴⁾ prev. year										
2003 Nov.	9.4	10.4	8.8	-	-	-	9.1	8.7	16.9	5.1

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 ³⁾										
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.
1.5485	0.69763	9.0105	7.4301	8.2274	1.5489	1.6867	9.0530	1,364.70	2.0282	Oct.
1.5590	0.69278	8.9939	7.4370	8.1969	1.5361	1.6337	9.0836	1,388.09	2.0233	Nov.
0.7	-0.7	-0.2	0.1	-0.4	-0.8	-3.1	0.3	1.7	-0.2	% ch. vs. ⁴⁾ prev. month 2003 Nov.
6.3	8.7	-1.0	0.1	12.0	-2.4	-8.5	16.3	14.9	14.5	% ch. vs. ⁴⁾ prev. year 2003 Nov.

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	4.6	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	1.0	4.7	2.6	3.57
Q4	2.7	-	-	4.74	7.43	1.6	0.4	1.5	1.0	4.9	6.1	3.27
2003 Q1	2.8	-	-	4.30	7.43	2.6	0.9	1.4	1.6	5.2	19.1	2.83
Q2	2.2	-	-	4.12	7.43	3.8	2.9	-1.0	-1.2	5.5	22.2	2.48
Q3	1.6	-	-	4.31	7.43	.	.	.	0.7	5.8	19.3	2.18
2003 June	2.0	-	-	3.85	7.42	-	-	-	-1.8	5.7	21.8	2.22
July	1.8	-	-	4.17	7.43	-	-	-	1.2	5.7	21.6	2.18
Aug.	1.5	-	-	4.35	7.43	-	-	-	0.7	5.8	20.2	2.19
Sep.	1.7	-	-	4.40	7.43	-	-	-	0.4	5.9	16.2	2.19
Oct.	1.1	-	-	4.44	7.43	-	-	-	.	6.0	20.5	2.20
Nov.	.	-	-	4.57	7.44	-	-	-	.	.	.	2.21
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	6.0	4.4	6.3	5.6	6.2	4.07
2001	2.7	4.5	54.4	5.11	9.26	3.8	5.6	1.1	-0.3	4.9	3.4	4.11
2002	2.0	1.3	52.7	5.31	9.16	4.3	0.4	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	0.4	5.5	5.5	3.28
Q3	2.3	-	-	4.65	9.16	.	.	.	0.9	5.6	5.2	2.86
2003 June	2.0	-	-	4.20	9.12	-	-	-	1.6	5.5	5.0	2.93
July	2.4	-	-	4.51	9.19	-	-	-	1.5	5.5	5.1	2.83
Aug.	2.2	-	-	4.70	9.24	-	-	-	2.0	5.6	5.5	2.87
Sep.	2.3	-	-	4.73	9.07	-	-	-	-0.3	5.6	4.9	2.88
Oct.	2.0	-	-	4.85	9.01	-	-	-	.	5.8	6.0	2.86
Nov.	.	-	-	4.98	8.99	-	-	-	.	.	.	2.85
United Kingdom												
1999	1.3	1.0	45.1	5.01	0.659	-2.2	2.6	2.8	1.2	5.9	5.5	5.54
2000	0.8	3.8	42.1	5.33	0.609	-1.9	2.5	3.8	1.9	5.4	6.6	6.19
2001	1.2	0.7	38.9	5.01	0.622	-1.7	3.9	2.1	-1.6	5.0	8.1	5.04
2002	1.3	-1.5	38.5	4.91	0.629	-1.7	2.2	1.7	-2.7	5.1	6.0	4.06
2002 Q2	0.9	-4.1	38.1	5.28	0.629	-3.3	2.9	1.5	-2.9	5.1	5.7	4.17
Q3	1.1	-0.9	37.7	4.71	0.635	-0.7	1.8	1.9	-2.7	5.2	5.7	4.01
Q4	1.6	-3.3	38.2	4.52	0.636	-1.7	1.5	2.0	-1.1	5.0	6.3	3.98
2003 Q1	1.5	0.1	37.6	4.34	0.670	0.1	1.9	1.8	-1.1	5.0	6.8	3.80
Q2	1.3	-5.6	38.4	4.35	0.702	-4.0	1.2	2.0	-0.5	5.0	8.2	3.64
Q3	1.4	-2.1	38.8	4.63	0.699	.	.	.	-0.8	.	6.9	3.57
2003 June	1.1	-6.7	38.4	4.19	0.702	-	-	-	2.8	5.0	8.1	3.64
July	1.3	0.8	38.4	4.47	0.700	-	-	-	0.0	5.0	7.5	3.49
Aug.	1.4	-5.2	38.3	4.65	0.699	-	-	-	-1.6	4.9	6.4	3.52
Sep.	1.4	-1.9	38.8	4.76	0.697	-	-	-	-0.9	.	6.8	3.70
Oct.	1.4	0.6	39.3	4.96	0.698	-	-	-	.	.	6.5	3.80
Nov.	.	.	.	5.10	0.693	-	-	-	.	.	.	3.98

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

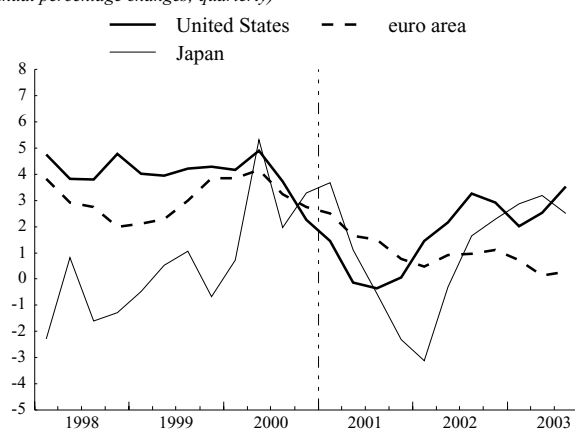
Economic and financial developments

(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	5.1	4.2	8.7	5.42	5.64	1.066	0.7	49.6
2000	3.4	3.2	3.8	4.8	4.0	9.4	6.53	6.03	0.924	1.4	44.2
2001	2.8	0.7	0.3	-3.9	4.8	11.4	3.78	5.01	0.896	-0.5	43.6
2002	1.6	-1.3	2.4	-0.5	5.8	8.0	1.80	4.60	0.946	-3.4	45.8
2002 Q2	1.3	-1.4	2.2	-1.0	5.8	7.9	1.92	5.08	0.919	-3.3	44.2
Q3	1.6	-1.9	3.3	1.0	5.8	7.2	1.81	4.25	0.984	-3.4	44.9
Q4	2.2	-0.8	2.9	1.2	5.9	6.4	1.55	3.99	0.999	-3.9	45.8
2003 Q1	2.9	0.4	2.0	0.7	5.8	6.3	1.33	3.90	1.073	-4.2	46.3
Q2	2.1	0.6	2.5	-1.3	6.2	6.9	1.24	3.61	1.137	-4.7	47.1
Q3	2.2	0.7	3.5	-0.6	6.1	7.7	1.13	4.22	1.125	-5.2	.
2003 June	2.1	-	-	-1.7	6.4	7.3	1.12	3.32	1.166	-	-
July	2.1	-	-	-0.8	6.2	8.3	1.11	3.93	1.137	-	-
Aug.	2.2	-	-	-1.1	6.1	7.8	1.14	4.44	1.114	-	-
Sep.	2.3	-	-	0.0	6.1	7.0	1.14	4.29	1.122	-	-
Oct.	2.0	-	-	0.5	6.0	6.0	1.16	4.27	1.169	-	-
Nov.	.	-	-	.	.	.	1.17	4.29	1.170	-	-
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	-3.2	0.1	-1.2	5.4	3.3	0.08	1.27	118.1	.	.
2002 Q2	-0.9	-2.0	-0.3	-3.5	5.4	3.5	0.08	1.37	116.5	.	.
Q3	-0.8	-6.8	1.7	3.3	5.4	3.3	0.07	1.24	117.2	.	.
Q4	-0.5	-8.5	2.3	6.0	5.4	2.9	0.07	1.01	122.4	.	.
2003 Q1	-0.2	-6.8	2.9	5.5	5.4	1.9	0.06	0.80	127.6	.	.
Q2	-0.2	-3.2	3.2	2.2	5.4	1.6	0.06	0.60	134.7	.	.
Q3	-0.2	.	2.5	0.9	.	1.8	0.05	1.20	132.1	.	.
2003 June	-0.4	-3.2	-	2.4	5.3	1.8	0.06	0.56	138.1	-	-
July	-0.2	-0.6	-	-0.3	5.3	1.8	0.05	0.99	135.0	-	-
Aug.	-0.3	.	-	-1.3	.	2.0	0.05	1.15	132.4	-	-
Sep.	-0.2	.	-	4.1	.	1.8	0.05	1.45	128.9	-	-
Oct.	0.0	.	-	3.6	.	1.5	0.06	1.40	128.1	-	-
Nov.	.	.	-	.	.	.	0.06	1.38	127.8	-	-

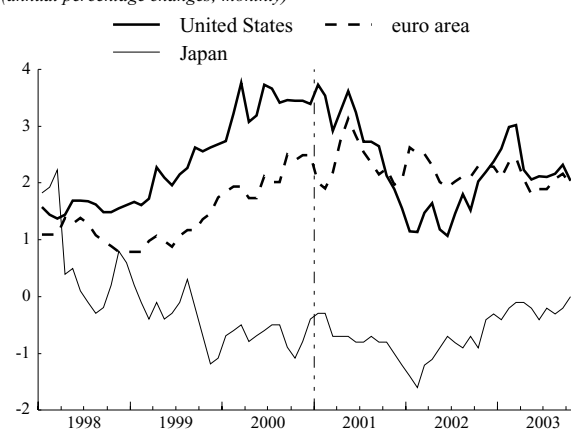
Real gross domestic product

(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.

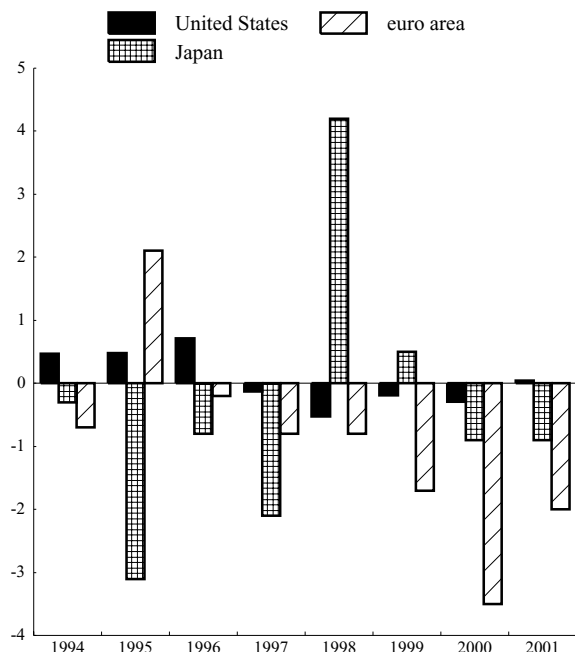
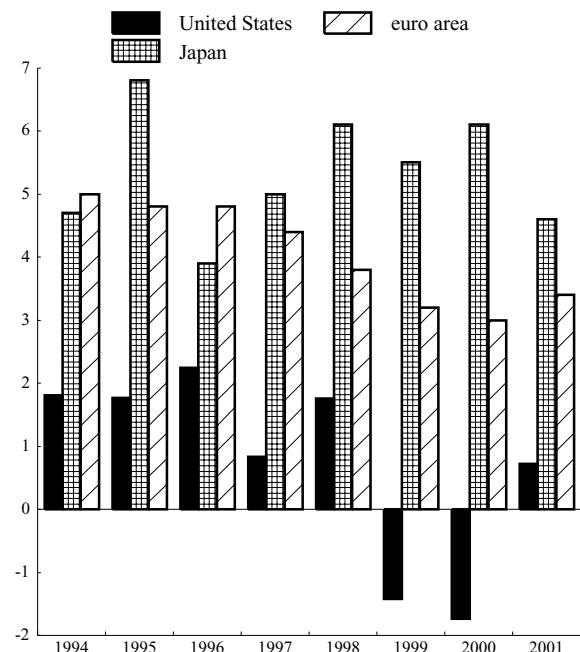
4) For more information, see Table 10.

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 households¹⁾
(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:

$$f) a_t = \left[\prod_{i=0}^{11} \left(1 + \frac{F_{t-i}^M}{L_{t-i-1}} \right) - 1 \right] \times 100$$

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

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 3.6

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*). The raw data for goods and services are pre-adjusted to take “working day” and “Easter” effects into account. Data on income credits are subject to a “working day” pre-adjustment. The seasonal adjustment for these items is carried out using these pre-adjusted series. Income debits 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 semi-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 3 December 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, 3.2 and 3.8) are produced by the ECB using data from wire services.

Table 3.3 presents statistics on all the interest rates that MFIs resident in the euro area apply to euro-denominated deposits and loans vis-à-vis households and non-financial corporations resident in the euro area. Euro area MFI interest rates are calculated as a weighted average (by corresponding business volume) of the euro area countries' interest rates for each category. MFI interest rate statistics are broken down by type of business coverage, sector, instrument category and maturity, period of notice or initial period of interest rate fixation.

Statistics on securities issues cover securities other than shares (debt securities), which are presented in Tables 3.4, 3.5 and 3.6, as well as quoted shares, which are presented in Table 3.7. 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 3.4 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 3.5 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 3.5 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 3.4. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.5 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 3.6 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.

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).

Table 3.7 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).

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 1 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, 6 November, 4 December 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.

The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system

Change in terminology: Please note that the former division of TARGET traffic into domestic and cross-border has been changed. "Domestic" is now referred to as "Intra-Member State" and "cross-border" as "Inter-Member State", with Member State referring to EU membership.

Payment flows in TARGET

In the third quarter TARGET traffic showed a pattern which is typical for the summer holiday period. Compared with the previous quarter, TARGET intra-Member State and inter-Member State traffic decreased in terms of both volume and value. TARGET as a whole, i.e. at both the intra-Member State and inter-Member State level, processed a daily average of 252,501 payments with a value of €1,594 billion, showing a decrease of 6% in volume and 7% in value. TARGET's overall market share grew slightly to 87.0% in terms of value and 57.7% in terms of volume.

TARGET intra-Member State

TARGET intra-Member State traffic decreased in the third quarter. TARGET processed a daily average of 194,724 intra-Member State payments with a value of €1,070 billion, representing a reduction of 6% and 8% respectively as compared with the previous quarter. Compared with the corresponding period in 2002, the volume grew by 1% and the value by 5%.

TARGET intra-Member State accounted for 67.1% and 77.1% of the total value and volume of TARGET respectively. The average value of an intra-Member State payment, at €5.5 million, was €0.2 million lower than in the previous quarter.

At 263,035 payments, the highest intra-Member State volume was processed on 30 September. The highest value was recorded on 15 July 2003, the day after the Fête Nationale in France, when a total value of €1,341 billion was processed.

With regard to payment value bands, 65% of all intra-Member State TARGET payments were less than or equal to €50,000, while 12% were

higher than €1 million. On average there were around 120 TARGET intra-Member State payments per day with a value above €1 billion.

TARGET inter-Member State

At the inter-Member State level, TARGET processed a daily average of 57,776 payments with a value of €524 billion. Compared with the second quarter of 2003 this represents a decrease of 5% and 3% respectively. The inter-Member State figures were up by 7% in volume terms and 14% in value terms as compared with the third quarter of last year.

Interbank payments fell by 3% in terms of value and by 8% in volume terms as compared with the previous quarter. Customer payments remained unchanged in value, though their number decreased by 3%.

The ratio of interbank payments to the average number of daily TARGET inter-Member State payments was 95.4% in value and 51.7% in volume. The average value of interbank payments rose from €16.0 million to €16.7 million as compared with the second quarter of this year. The average value of customer payments also rose from €833,000 to €857,000.

In the third quarter the highest value on a single day in TARGET inter-Member State was recorded on 30 September, on which date €705 billion was processed. In terms of volume the peak day was 7 July, the first business day following a US holiday, when 77,694 TARGET inter-Member State payments were processed.

In terms of value bands, 59% of inter-Member State payments had a value of less than or equal to €50,000. 16% had a value above €1 million. On average there were around 40 TARGET inter-Member State payments per day with a value above €1 billion.

TARGET availability and business performance

For the first time this article provides information on the availability of the TARGET system and the processing time for TARGET inter-Member State traffic.

In the third quarter of 2003 the overall availability of TARGET was 99.80%. The adjacent table shows the respective figures for each TARGET component and the ECB payment mechanism (EPM). In the third quarter of 2003 TARGET inter-Member State payments were processed smoothly and rapidly. 96.79% of the daily average of 57,776 inter-Member State payments were processed in less than 5 minutes; only 0.29% needed between 5 minutes and 30 minutes. Owing to unusual disruptions, the processing time exceeded 30 minutes for 0.16% of inter-Member State payments.

TARGET release 2003

After thorough preparations and testing, the TARGET release 2003 became effective on 17 November 2003 and is operating smoothly.

Table I
TARGET availability for each national component and the ECB payment mechanism (EPM)

National TARGET component	Availability Q3 2003 %
AT	99.86
BE	99.83
DE	99.84
DK	99.29
ES	99.80
EPM	99.95
FI	99.87
FR	100.00
GR	99.97
IE	99.78
IT	99.66
LU	99.91
NL	99.84
PT	100.00
SE	99.95
UK	99.17
Overall TARGET Availability	99.80

With the release, the Interlinking sub-message type MT100 was withdrawn from the TARGET system; thus, in line with the SWIFT network, TARGET supports only the sub-message type MT103 for customer payments.

Table 2**Payment instructions processed by TARGET and other selected interbank funds transfer systems: volume of transactions***(number of payments)*

	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3
TARGET					
All TARGET payments					
Total volume	16,361,900	16,581,446	15,932,658	16,606,135	16,665,036
Daily average	247,908	259,085	252,899	267,841	252,501
Inter-Member State TARGET payments					
Total volume	3,577,801	3,548,455	3,626,612	3,790,098	3,813,244
Daily average	54,209	55,445	57,565	61,131	57,776
Intra-Member State TARGET payments					
Total volume	12,784,099	13,032,991	12,306,046	12,816,037	12,851,792
Daily average	193,698	203,640	195,334	206,710	194,724
Other systems					
Euro 1 (EBA)					
Total volume	8,866,903	9,193,222	9,175,565	9,752,646	9,835,244
Daily average	134,347	143,644	145,664	157,301	149,019
Paris Net Settlement (PNS)					
Total volume	1,860,283	1,907,487	1,848,463	1,860,345	1,790,113
Daily average	28,186	29,804	29,341	30,006	27,123
Servicio Español de Pagos Interbancarios (SPI)					
Total volume	449,333	462,054	475,698	461,878	419,123
Daily average	6,808	7,220	7,551	7,450	6,350
Pankkien On-line Pikasiirrot ja Sekit-järjestelmä (POPS)					
Total volume	157,864	138,552	134,248	191,101	151,666
Daily average	2,392	2,165	2,131	3,082	2,298

Table 3**Payment instructions processed by TARGET and other selected interbank funds transfer systems: value of transactions***(EUR billions)*

	2002 Q3	2002 Q4	2003 Q1	2003 Q2	2003 Q3
TARGET					
All TARGET payments					
Total value	97,404	105,008	106,869	105,978	105,216
Daily average	1,476	1,641	1,696	1,709	1,594
Inter-Member State TARGET payments					
Total value	30,309	32,899	34,636	33,545	34,570
Daily average	459	514	550	541	524
Intra-Member State TARGET payments					
Total value	67,095	72,110	72,233	72,433	70,646
Daily average	1,017	1,127	1,147	1,168	1,070
Other systems					
Euro 1 (EBA)					
Total value	12,279	11,711	11,431	11,074	11,331
Daily average	186	183	181	179	172
Paris Net Settlement (PNS)					
Total value	4,832	4,995	4,896	4,698	4,203
Daily average	73	78	78	76	64
Servicio Español de Pagos Interbancarios (SPI)					
Total value	78	72	79	78	75
Daily average	1	1	1	1	1
Pankkien On-line Pikasiirrot ja Sekit-järjestelmä (POPS)					
Total value	98	102	115	111	96
Daily average	1	2	2	2	1

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