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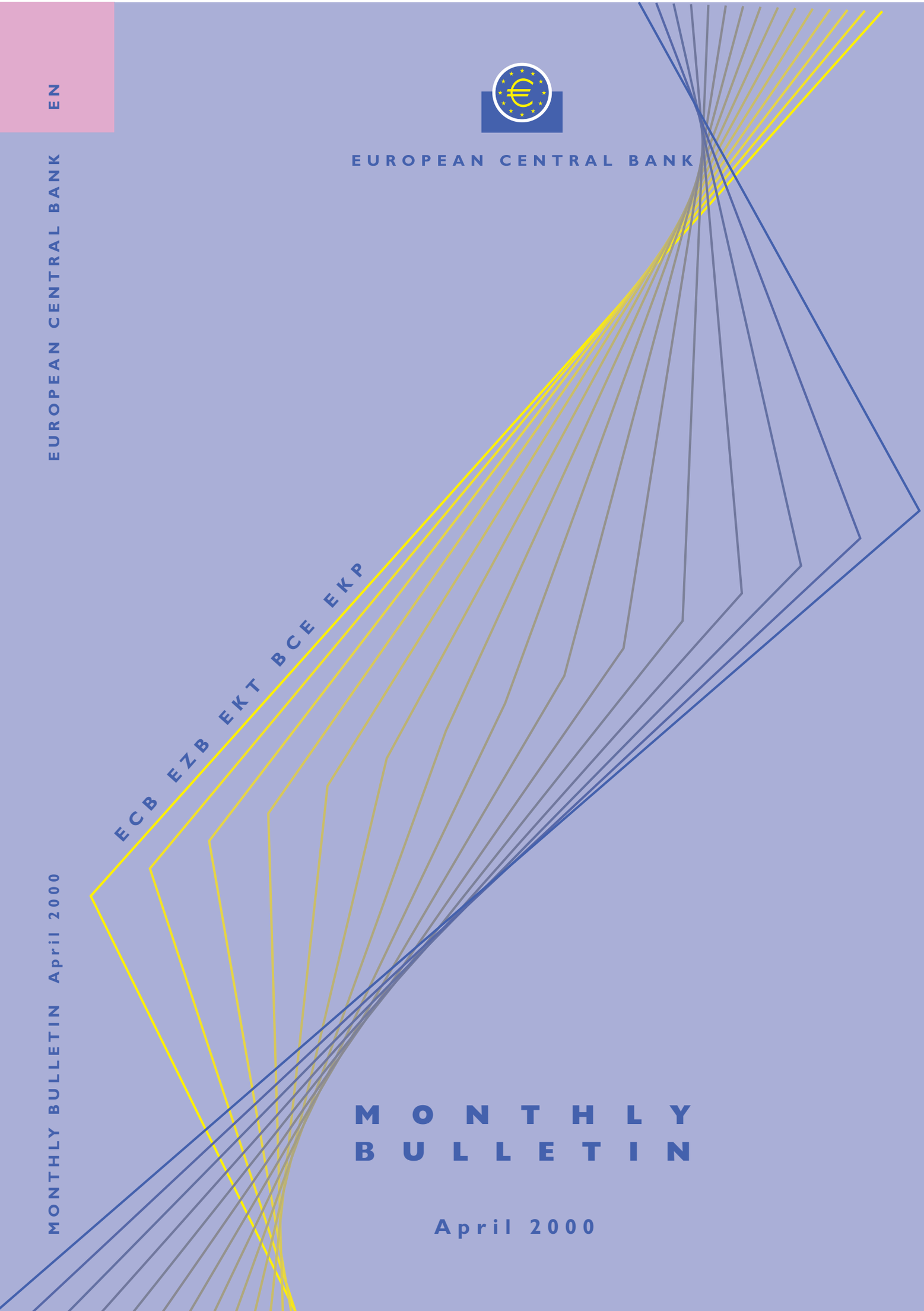
EUROPEAN CENTRAL BANK



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MONTHLY BULLETIN

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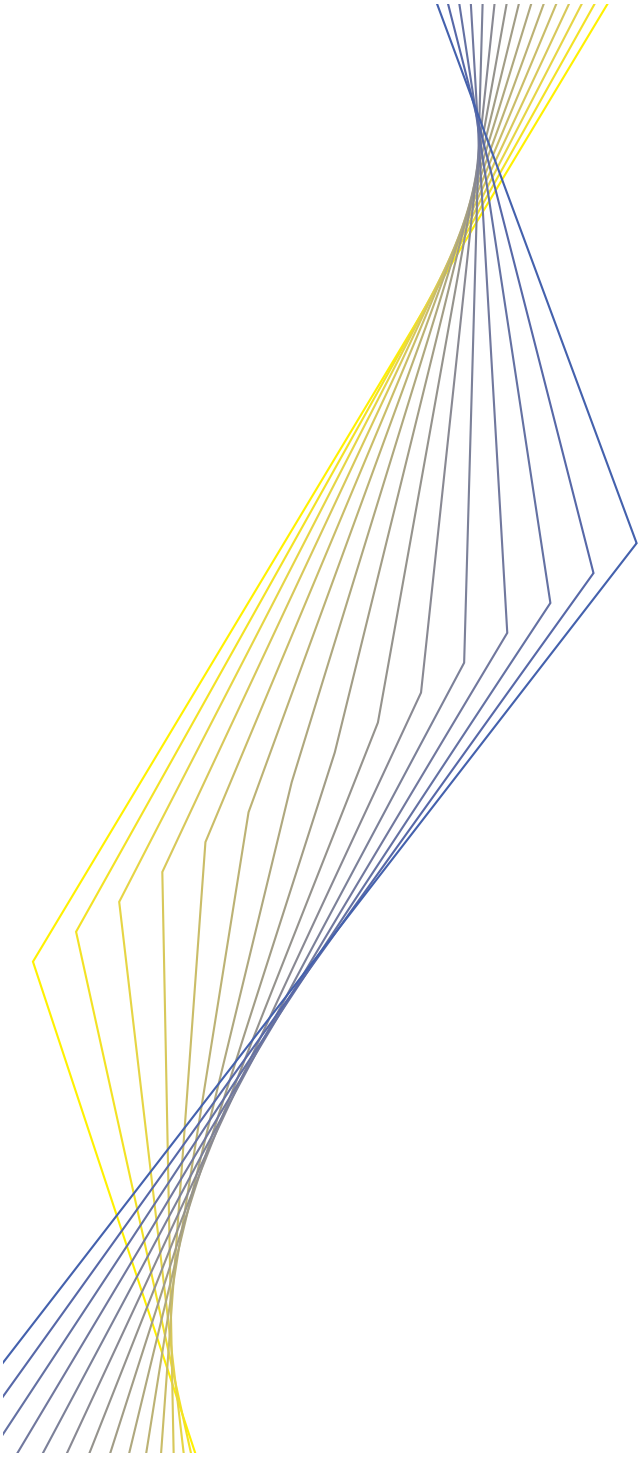

MONTHLY BULLETIN

April 2000

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Contents

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
BPM4	IMF Balance of Payments Manual (4th edition)
BPM5	IMF Balance of Payments Manual (5th edition)
CDs	certificates of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
ECU	European Currency Unit
EMI	European Monetary Institute
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
ILO	International Labour Organization
IMF	International Monetary Fund
MFIs	Monetary Financial Institutions
NCBs	national central banks
repos	repurchase agreements
SITC Rev. 3	Standard International Trade Classification (revision 3)

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

Editorial

The Governing Council of the ECB has held three meetings since the last issue of the ECB Monthly Bulletin was finalised. At the first meeting, which was held on 16 March 2000, the Governing Council decided to raise the interest rate on the Eurosystem's main refinancing operations, which continue to be conducted as fixed rate tenders, by 25 basis points, to 3.50%, starting with the operation to be settled on 22 March 2000. The interest rates on the marginal lending facility and on the deposit facility were also increased by 25 basis points, to 4.50% and 2.50% respectively, both with effect from 17 March 2000. At the two subsequent meetings held on 30 March 2000 and 13 April 2000, the Governing Council decided to leave the ECB interest rates unchanged.

The decision of 16 March 2000 to increase the ECB interest rates was taken in order to address the prevailing upward risks to price stability, as indicated by both pillars of the monetary policy strategy of the Eurosystem. In particular, it was considered that the prolonged deviation of M3 growth from the reference value of 4½%, especially when seen in conjunction with the dynamic growth of credit to the private sector, pointed to the existence of ample liquidity in the euro area. In addition, in view of the strength of the upturn in economic activity, the potential spillover of the protracted increases in import and producer prices to consumer prices was seen as a factor affecting the outlook for prices in the medium term.

Subsequently, monetary data were released showing that the three-month average of annual M3 growth covering the period from December 1999 to February 2000 was equal to 5.9%, compared with 5.8% in the three-month period from November 1999 to January 2000. M3 growth thus remained around 1½ percentage points above the reference value of 4½%. The higher three-month average of annual M3 growth reflected an increase in the annual rate of growth of M3 in February 2000 to 6.2%, from 5.2% in January 2000. This resulted from both strong seasonally adjusted growth of M3 in February 2000 and a strong base effect. The picture of ample liquidity in the euro area is also confirmed by the continued robust annual rate of growth of loans to the private sector, which stood at 10.5% in February.

With regard to economic developments in the euro area, Eurostat estimates for euro area real GDP growth in the fourth quarter of 1999 confirmed that real economic activity accelerated in the second part of 1999. As a result, in 1999 as a whole real GDP increased by 2.3%, despite weak growth in the first half of the year. Domestic demand was the main driving force in the second half of 1999 supporting the upswing in economic activity. The most recent production and survey data suggest that the economic expansion also continued to be strong in early 2000. In particular, both consumer and industrial confidence have now reached levels which are at or close to the highest since the start of these series in the mid-1980s. This picture of continuing strong domestic demand supports the favourable outlook for economic growth in the euro area as shown in recent forecasts. The positive prospects for euro area activity are also benefiting from the strong cyclical upswing in the world economy, which has become more broadly based across industrial and emerging economies and which is expected to continue in coming years.

The general picture of a lasting expansion of economic activity in the euro area is also confirmed in bond markets. The current configuration of the yield curve, which is flatter than at the end of 1999, but still positively sloped, may indicate that financial markets expect the current upswing in economic activity to be followed by a period of protracted economic growth in the euro area. Bond yields in the euro area declined in March and April 2000. This reflected, to some extent, global factors. In the United States the Treasury announced that it would scale back the issuance of bonds with longer maturities.

The exchange rate of the euro does not reflect the ongoing improvement in the

economic outlook in the euro area. In nominal effective terms, on 12 April 2000 the euro was around 3% lower than at the beginning of the year and approximately 13% below its level in the first quarter of 1999. These developments have put upward pressure on import prices and affect the risks for price stability in the euro area.

The recent rises in the inflation rate in the euro area, as measured by the Harmonised Index of Consumer Prices (HICP), stem, to a large extent, from the combined effects of both oil price and exchange rate developments. The annual rate of change in the HICP rose to 2.0% in February 2000, from 1.9% in the previous month. The annual rate of increase in total producer prices also rose in February, to 5.7%, from 5.1% in January 2000, mainly as a result of the developments in intermediate goods prices, which, in turn, were significantly affected by oil price developments. In this context, the annual rate of increase in capital and consumer goods prices has slowly begun to rise in recent months. This might be an indication that the rise in intermediate goods prices is gradually feeding through the production chain.

In the course of the past few weeks oil prices have declined. This has been in line with the assumptions underlying currently available economic forecasts, namely that the oil price increases which had been observed up to March 2000 will partially unwind in the course of the year. At the same time, it is most likely that the upward impact of the oil price and exchange rate developments in recent months on consumer prices, via import and producer prices, has not yet fully materialised. Against this background, the possibility cannot be ruled out that annual HICP inflation will temporarily slightly exceed 2% in the spring of this year, before falling back to lower levels.

Movements in 12-month HICP inflation rates this year should not be overemphasised, however, as they will be substantially influenced by base effects related to the strong growth in oil prices which has been having an upward effect on the energy price component of the HICP since March 1999. What matters for monetary policy are the trends underlying the outlook for price stability in the medium term. In this respect, monetary and credit developments confirm that liquidity in the euro area is still ample. The exchange rate of the euro also remains a cause for concern with regard to future price stability. In the context of the favourable prospects for strong economic growth, the impact of these developments on inflationary pressures will need to be monitored closely.

Against this background, monetary policy must remain vigilant in assessing upside risks to price stability and take appropriate action if and when required. Monetary policy has to be forward-looking, since responding to risks to price stability before they materialise will avoid the need for a costly process of disinflation at a later stage. Such a forward-looking approach is clearly also the best contribution monetary policy can make to ensuring the sustainability of economic growth.

This phase of economic growth in the euro area provides a great opportunity to make further progress in bringing down the high level of unemployment in the euro area. An important means of achieving this will be continued wage moderation, which, in turn, will also help to contain inflationary pressures. This notwithstanding, the key to achieving a sustainable reduction in the level of unemployment is structural reform in the euro area. Only when labour markets are more flexible and competitive pressures are high will it be possible to prevent bottlenecks on the supply side from triggering upward pressures on prices at a relatively early stage of an economic recovery.

Fiscal policy has to play its part in this context. The favourable economic prospects will lead to higher tax revenues. In line with the Stability and Growth Pact, it is not opportune to use these extra revenues for higher spending. Now is the time to step up

fiscal consolidation in order to help to reduce further the debt-to-GDP ratios in the euro area and to approach more quickly fiscal budgetary positions in surplus or balance.

The current phase of strong growth also provides a good opportunity to make progress in reducing and restructuring fiscal expenditure and reforming pension arrangements. This, together with adherence to the Stability and Growth Pact, should help to create the necessary scope for tax reductions.

This issue of the ECB Monthly Bulletin contains two articles. The first article, entitled "The nominal and real effective exchange rates of the euro", presents the results of the work undertaken by the Eurosystem in order to compile indicators for the price and cost competitiveness of the euro area. The second article, entitled "EMU and banking supervision", discusses challenges for banking supervision brought about by the increased cross-border dimension of banking activities in the euro area.

Economic developments in the euro area

1 Monetary and financial developments

Monetary policy decisions of the Governing Council of the ECB

At its meeting on 16 March 2000 the Governing Council of the ECB decided to raise the interest rate on the main refinancing operations (which will continue to be conducted as fixed rate tenders) by 25 basis points, to 3.50%, starting with the operation to be settled on 22 March 2000. The interest rates on the deposit facility and on the marginal lending facility were also increased by 25 basis points, to 2.50% and 4.50% respectively, both with effect from 17 March 2000. At the subsequent Governing Council meetings, which were held on 30 March and 13 April, ECB interest rates were left unchanged.

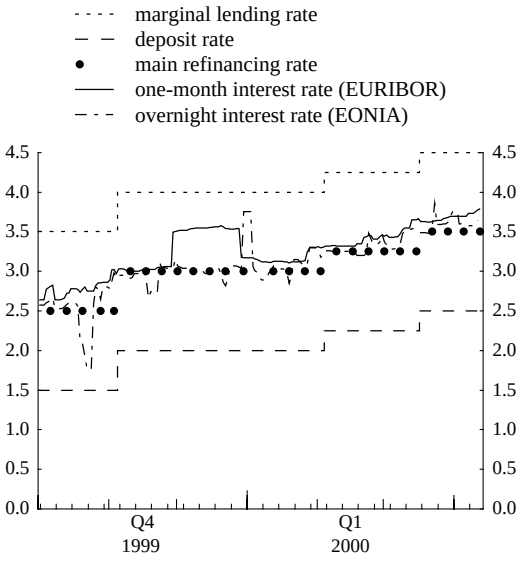
Increase in the annual M3 growth rate in February 2000

In February 2000 the annual rate of growth of the broad monetary aggregate M3 increased to 6.2%, from 5.2% in January 2000

Chart 1

ECB interest rates and money market rates

(percentages per annum; daily data)

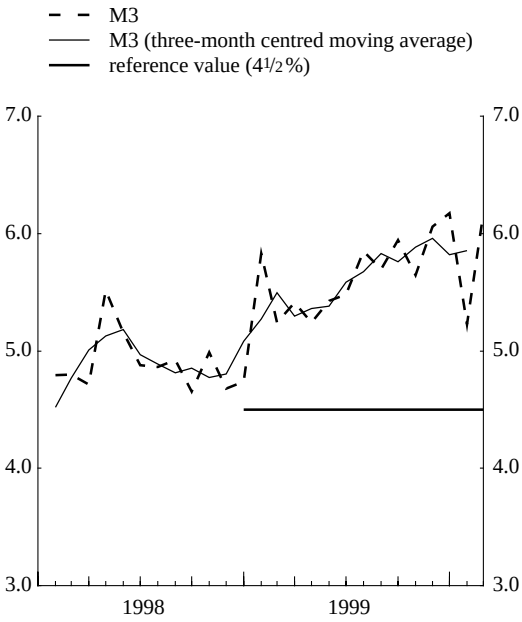


Sources: ECB and Reuters.

Chart 2

M3 growth and the reference value

(annual percentage changes)



Source: ECB.

(the latter figure was revised upwards from 5.0%). The three-month average of the annual growth rates of M3, covering the period from December 1999 to February 2000, rose slightly, to 5.9%, from 5.8% in the previous three-month period (the latter figure was revised upwards from 5.7%). Consequently, M3 growth remained almost 1½ percentage points above the reference value of 4½% (see Chart 2). This confirms that liquidity in the euro area is ample.

The rise in the annual rate of growth of M3 in February 2000 reflected both a pronounced expansion of M3 in that month and a base effect related to the special circumstances at the start of Stage Three of Economic and Monetary Union. In February 2000 M3 grew by €25 billion. Corrected for seasonal factors, M3 rose by €44 billion, or 0.9%, compared with January 2000. This monthly increase was unusually strong and thus interrupted the slowdown in M3 growth observed over recent months. In fact, the seasonally adjusted and annualised six-month

growth rate of M3 rose to 6.4% in February, compared with 5.1% in January 2000. In interpreting these data, it should be borne in mind that monthly M3 data can be fairly volatile. It remains to be seen whether the February development is a one-off phenomenon or whether it constitutes a renewed increase in the pace of growth of M3. The increase in the year-on-year growth rate of M3 in February 2000 also reflected a base effect. In February 1999, mainly as a counter-reaction to the extraordinarily strong month-on-month rise in January 1999, M3 declined by €16.5 billion (in non-seasonally adjusted terms); corrected for seasonal influences, M3 was virtually constant in that month. This dampening effect has now dropped out of the calculation of the 12-month growth rate.

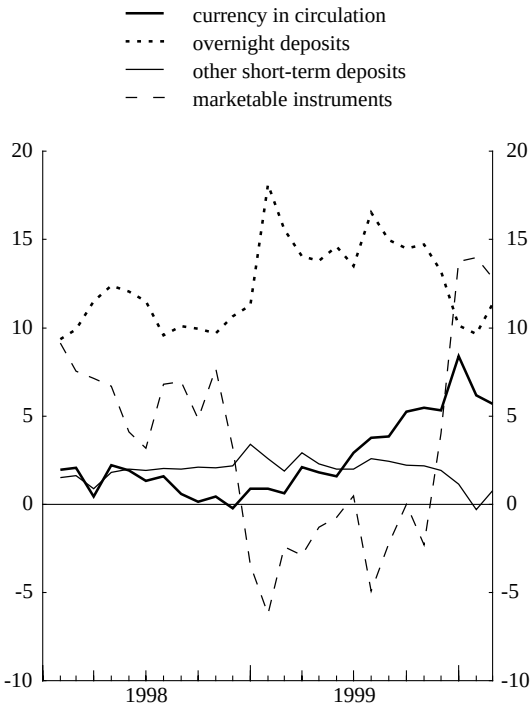
The seasonally adjusted monthly increase in M3 in February 2000 reflected a rise in all the main components of M3 (see Table 1). M1 (currency in circulation and overnight deposits) rose by a seasonally adjusted €26 billion, or 1.3%, in February. Short-term deposits other than overnight deposits increased by a seasonally adjusted €12 billion, or 0.6%, and marketable instruments grew by a seasonally adjusted €6 billion, or 0.9%.

The annual rate of growth of M1 rose to 10.4% in February 2000, compared with 9.0% in the previous month. While the annual growth rate of currency in circulation fell to 5.7% in February, from 6.2% in January 2000 (see Chart 3), the year-on-year growth rate of overnight deposits rose significantly, to 11.4%, from 9.7% in January. The latter

Chart 3

Components of M3

(annual percentage changes)



Source: ECB.

Table 1

M3 and its main components

(end-of-month levels and seasonally adjusted month-on-month changes)

	Feb. 2000 levels	Dec. 1999 change		Jan. 2000 change		Feb. 2000 change		Dec. 1999 to Feb. 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
M3	4,808.9	13.2	0.3	22.0	0.5	43.6	0.9	26.3	0.6
Currency in circulation and overnight deposits (= M1)	1,954.3	1.4	0.1	41.0	2.2	25.7	1.3	22.7	1.2
Other short-term deposits (= M2 - M1)	2,148.8	-3.1	-0.1	-20.2	-0.9	11.8	0.6	-3.8	-0.2
Marketable instruments (= M3 - M2)	705.7	14.9	2.2	1.2	0.2	6.2	0.9	7.4	1.1

Source: ECB.
Note: Due to rounding, the sum of the components of M3 in euro (billions) may not add up to the total reported for M3.

increase was to some extent a result of the aforementioned base effect. In addition, the strong growth in overnight deposits in January and February might have been supported by dynamic domestic demand in the euro area. As can be seen from Box 1, the strong growth in overnight deposits in 1999 was largely a result of the pronounced increase in the holdings of households, which might be related to the relatively low opportunity costs of holding these deposits in an environment of historically low nominal interest rates.

With regard to short-term deposits other than overnight deposits, the fall in the annual growth rate which had been observed after September 1999 was interrupted in February 2000. The annual growth rate of these short-term deposits rose to 0.8% in February, from -0.3% in the previous month. The annual rate of decline in deposits with an agreed maturity of up to two years fell from 4.3% in January to 0.5% in February. By contrast, the year-on-year growth rate of deposits redeemable at a period of notice of up to three months slowed down further, from 2.5% in January to 1.7% in February. The continued weakening of demand for the latter deposits since the summer of 1999 may be related to their declining relative attractiveness in terms of yield. The spread between both long-term and short-term market interest rates, on the one hand, and retail rates paid on deposits redeemable at a period of notice of up to three months, on the other, has widened significantly over recent months (see Charts 5 and 6). In addition, the spread between the retail rate on deposits with an agreed maturity of up to two years and that paid on deposits redeemable at a period of notice of up to three months has also widened, thereby reducing the attractiveness of the latter. Taking the developments in currency in circulation and in all short-term deposits together, the annual rate of growth of the monetary aggregate M2 rose to 5.1% in February 2000, from 4.0% in January 2000.

The annual rate of growth of the marketable instruments included in M3 declined somewhat in February 2000, but remained high at 12.8% (it had been 14.0% in the previous month). After the very subdued seasonally adjusted monthly increase in January 2000 (0.2%), the demand for these instruments was relatively strong in February (0.9%), but it did not reach the extraordinary growth rates seen in the second half of 1999. Turning to the sub-components, the fall in the annual rate of growth of marketable instruments in February 2000 mainly resulted from a rise in the annual rate of decline in repurchase agreements (to 12.9%, from 9.0% in January). The annual rate of increase in debt securities issued with a maturity of up to two years rose further (to 37.3%, from 33.7% in the previous month). The year-on-year growth rate of money market fund shares and money market paper stood at 22.2%, virtually unchanged from the previous month (22.4%). The strong expansion of the latter component over the past 12 months seems to have been significantly bolstered by purchases made by non-euro area residents (which at present cannot be identified separately in the monetary statistics of the Eurosystem in a reliable manner). This suggests that some caution must be exercised in interpreting the development of this item. At the same time, the volumes involved in these transactions are not so high as to have a significant effect upon the overall assessment of monetary growth as indicating ample liquidity.

Rise in credit growth

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents rose to 8.0% in February 2000, from 7.4% in January. This rise was the result of a higher growth rate of credit to the private sector, which reached 10.5%, up from 9.5% in the previous month. All the components of credit to the private sector contributed to this increase. The annual growth rate of loans extended to the private sector rose to 9.5% (from 8.8% in January). The annual growth rate of MFI holdings of debt securities

Box 1

Breakdown of MFI deposit liabilities by sector and instrument type as at the end of 1999

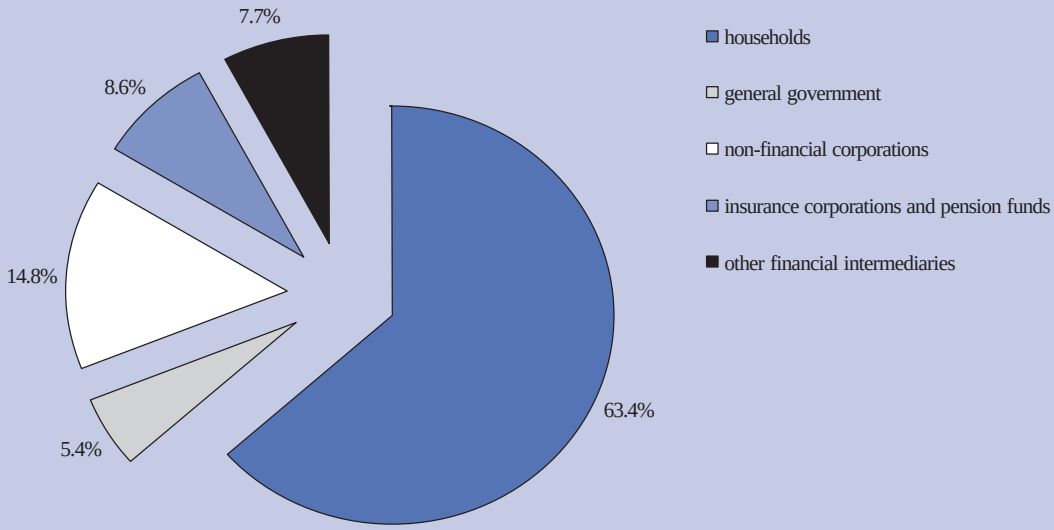
The first set of quarterly data on the breakdown of MFI deposit liabilities by type of instrument and counterpart sector has recently become available. The data are drawn from the consolidated balance sheet of the MFI sector, i.e. they exclude inter-MFI positions (for a detailed description of the balance sheet of the MFI sector, see the article in the August 1999 issue of the ECB Monthly Bulletin entitled "The balance sheets of the Monetary Financial Institutions of the euro area in early 1999"). The availability of these data is important for analytical purposes, as they may contribute to a deeper understanding of the structure, and of the development over time, of deposits held with euro area MFIs, which represent a major proportion of M3 in the euro area. For instance, these data may provide interesting information on whether deposits are held mainly for spending or saving purposes, depending on the holding sector. This information may in turn have a bearing on the assessment of the overall liquidity situation in the euro area.

The data are reported for the first time in Tables 2.6 and 2.7 of the "Euro area statistics" section of this issue of the ECB Monthly Bulletin and are available from the first quarter of 1998 to the last quarter of 1999. Only outstanding amounts are currently available. Owing to reclassifications which occurred at the start of Stage Three of Economic and Monetary Union, the calculation of growth rates is problematical for the time being. In addition, no detailed maturity breakdown is envisaged in this quarterly reporting scheme, which does not allow for a breakdown of all deposit components of M3 by holding sector.

At the end of 1999 euro area residents held 74.1% of total deposits, while non-euro area residents held the remaining 25.9%. Among euro area residents, households held the bulk of deposits with euro area MFIs at the end of 1999, with a share of 63.4% (see the chart below). Non-financial firms held 14.8% of these deposits, insurance and pension funds 8.6%, other financial intermediaries 7.7% and, finally, general government held 5.4%, around half of which was accounted for by central government.

Total outstanding deposits held by euro area residents against MFIs by counterpart

(fourth quarter of 1999; end of period shares as percentages of the total)



With regard to deposits held by households, 26.3% were overnight deposits, 33.3% were deposits with an agreed maturity, 39.2% were deposits redeemable at notice and only 1.2% were repurchase agreements. Deposits redeemable at notice do not normally provide the same liquidity services as overnight deposits, and yet are remunerated at a lower rate than that on deposits with an agreed maturity or marketable instruments. They appear attractive to households presumably mainly on account of the ease with which they can be held,

since they do not, for instance, need to be renewed at maturity and their remuneration is normally automatically (albeit imperfectly) adjusted following changes in market interest rates. Developments seen in the course of 1999 indicate that the attractiveness of deposits redeemable at a period of notice of over three months declined considerably. This can be seen as a consequence of the fact that these instruments are relatively unsophisticated. By contrast, there was a strong demand, especially in the first part of 1999, for deposits redeemable at a period of notice of up to three months, which presumably reflected the low level of the spread between short-term market interest rates and the rate of return on these instruments prevailing at that time.

While total deposits held by households declined between the end of 1998 and the end of 1999, a rapid increase in their holdings of overnight deposits took place in the course of last year. This is consistent with the view that the strong rate of growth of overnight deposits in the euro area in the course of 1999 may have been related to the lack of incentives for households to invest their funds in other financial instruments in an environment of low interest rates in the euro area.

Deposits held by non-financial corporations tended to increase in the course of 1999. At the end of last year the share of overnight deposits held by non-financial corporations – probably used mainly for transaction purposes – was significantly larger than for households (57.5%). The share of deposits with an agreed maturity (which are possibly regarded as a safe means of investment) amounted to 36.5%, whereas the shares of deposits redeemable at notice and repurchase agreements were very small.

With regard to deposits held by insurance corporations and pension funds, the bulk of these were deposits with an agreed maturity, with a share of 88.8% at the end of 1999. These deposits are presumably held by these financial intermediaries – which by their very nature are geared to investing in medium-term to long-term instruments – for investment purposes. Conversely, other financial intermediaries (mainly mutual funds) held a substantial proportion of total deposits (around one-third) in the form of overnight deposits. It is plausible that the demand for such instruments by these intermediaries may reflect a buffer motive. These financial intermediaries also held a significant share (17.3%) of total deposits in the form of repurchase agreements.

Finally, no breakdown by type of instrument is available for deposits held by central government. Deposits held by other parts of general government (i.e. state government, local authorities and social security funds) mainly consisted of overnight deposits and deposits with an agreed maturity.

With regard to deposits held by non-euro area residents with euro area MFIs (excluding the Eurosystem), these were mainly in the hands of banks (72.1%) and a smaller, but still significant, proportion was held by non-euro area residents other than banks, including general government (27.9%). From the fourth quarter of 1998 to the first quarter of 1999 there was a large increase in deposits held by non-euro area residents with euro area MFIs. This may, at least in part, have been the result of greater interest on the part of international investors in financial instruments denominated in euro at the time of the launch of the new currency.

reached 15.9%, up from 10.0% in January, while that of holdings of shares and other equity stood at 22.7%, compared with 21.5% in January 2000.

Seasonally adjusted data show continued dynamic growth in loans to the private sector in February 2000. This development occurred in spite of the rising trend in retail lending interest rates (see Charts 5 and 6). Strong consumer and industrial confidence may have played an important role in sustaining the demand for loans from households and enterprises in recent months. In addition, the pronounced merger and acquisition activity in the euro area and the interplay between credit and rising property prices in some euro area countries continue to underpin the expansion of loans.

Table 2

M3 and its main counterparts

(EUR billions)

	Amounts outstanding	12-month flows					
	2000 Feb.	1999 Sep.	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.
1. Credit to the private sector	6,241.0	572.1	576.4	601.5	580.4	537.1	591.3
2. Credit to general government	2,063.8	21.6	30.8	39.3	36.5	28.7	22.7
3. Net external assets	244.7	-235.1	-208.7	-202.2	-172.6	-183.8	-123.1
4. Longer-term financial liabilities	3,627.3	180.4	224.0	236.7	257.7	240.3	244.9
5. Other counterparts (net liabilities)	113.3	-79.4	-71.9	-64.2	-89.8	-94.6	-32.1
M3 (= 1 + 2 + 3 - 4 - 5)	4,808.9	257.6	246.4	266.1	276.3	236.2	278.0

Source: ECB.
Note: Due to rounding, the sum of the counterparts of M3 in euro (billions) may not add up to the total reported for M3.

By contrast, the annual growth rate of credit to general government remained low, at 1.1%, having been 1.4% in January. The outstanding amount of MFI loans to general government declined by 1.5% compared with a year earlier. The annual growth rate of MFI holdings of government debt securities was 2.9%, which was slightly below the January figure (3.1%). The subdued growth of credit to general government presumably continues to reflect mainly the reduction in net borrowing requirements of the public sector over recent years.

Turning to the liabilities side of the consolidated balance sheet of the MFI sector, the annual rate of increase in longer-term financial liabilities of the MFI sector was almost stable in February, at 7.3%. Among the components of longer-term financial liabilities, the annual rate of growth of deposits with an agreed maturity of over two years declined slightly, to 5.1%, from 5.4% in the previous month. This decline interrupted the trend of rising growth in these deposits which has been associated with the significant widening of the spread between the retail interest rate on these deposits and that on short-term deposits over the past 12 months (see Charts 5 and 6). The annual growth rate of debt securities issued with a maturity of over two years remained unchanged, at 6.0%. As in previous months, deposits redeemable at a period of notice of over three months (which account for only 3% of MFI longer-term financial liabilities) continued to decline, although at a slower annual pace (7.3%, compared with 9.1% in January). Finally, the annual growth rate of capital and reserves rose to 15.1%, from 14.5% in the previous month.

In February 2000 the net external asset position of the euro area MFI sector increased by €8 billion in non-seasonally adjusted terms. This increase contrasts with developments over the past 12 months, during which the net external assets of the MFI sector declined by €123 billion, mirroring a net outflow of funds from the euro area by non-MFIs. Table 2 shows that from September 1999 to February 2000 the 12-month decline in net external assets became significantly smaller, while the annual increase in longer-term financial liabilities became significantly larger. By contrast, the 12-month increases in M3 and credit did not change significantly during this period.

High volume of issuance and redemptions of debt securities in January

In January 2000 the total gross issuance of debt securities by euro area residents was €354.5 billion, compared with €358.6 billion in January 1999 and an average monthly issuance of €311.1 billion in 1999. Thus, the relatively substantial gross issuance of debt securities observed in 1999 following the

introduction of the euro seems to have continued in January 2000. Of the total gross issuance of debt securities by euro area residents in January, 70% of the securities were short term, which was a larger proportion than the average monthly share of 61% which prevailed during 1999.

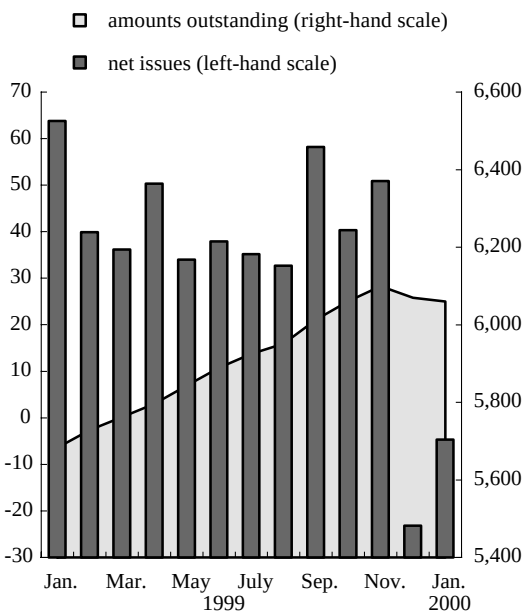
However, redemptions of debt securities by euro area residents in January 2000 were also large, surpassing gross issuance. This resulted in net redemptions of €3.0 billion (see Chart 4). The overall net redemption of debt securities by euro area residents reflected substantial redemptions of short-term debt securities of €266.1 billion. Since the gross issuance of short-term debt securities in January was €249.2 billion, this led to net redemptions of short-term debt securities of €16.9 billion.

With regard to securities issues broken down by issuing sector, January 2000 saw particularly strong issuance activity by MFIs.

Chart 4

Debt securities issued by euro area residents

(EUR billions)



Source: ECB.

Note: Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments.

MFIs accounted for 57% of the total gross issuance of euro-denominated debt securities by euro area residents in that month. This compares with an average monthly share of gross issuance by MFIs of 52% in 1999.

The amount outstanding of debt securities issued by euro area residents was €6,516.6 billion at end-January 2000, which compares with €6,068.4 billion one year earlier, corresponding to a 12-month increase of 7.3%. As regards the outstanding amounts of debt securities issued by the various sectors from January 1999 to January 2000, these increased by 8.9% in the case of MFIs, by 3.3% for central government and by 41.9% in the case of non-monetary financial corporations. These figures underline the substantial structural changes which took place in the capital markets of the euro area after the start of Stage Three of EMU.

Retail bank interest rates continued to rise in February

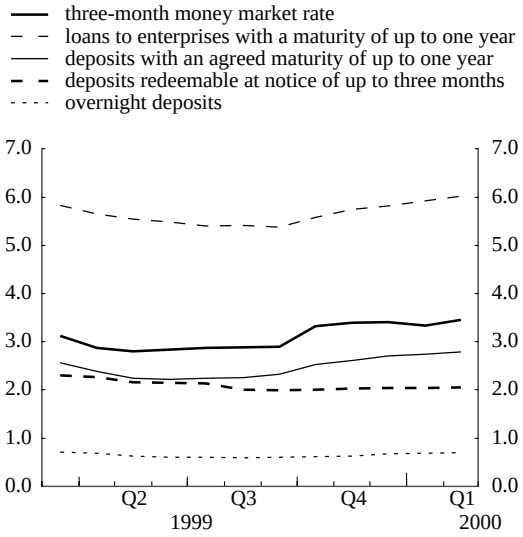
Continuing an upward trend which started after the summer months of 1999, short-term retail bank interest rates in the euro area rose somewhat further in February 2000 (see Chart 5). However, reflecting the fact that retail bank interest rates tend to adjust to changes in comparable market interest rates with a lag, the increases in average short-term retail bank interest rates in February were smaller than those of comparable money market rates accompanying the increase in ECB interest rates on 3 February 2000. The average rate on deposits with an agreed maturity of up to one year increased by 5 basis points to 2.8%, while the average rate on deposits redeemable at a period of notice of up to three months rose by only 2 basis points, to almost 2.1%. The average interest rate on loans to enterprises with a maturity of up to one year showed an increase of 9 basis points, bringing it to above 6.0%.

Even though the increase in long-term capital market interest rates, which started in the middle of 1999, came to a halt in early 2000, average retail bank interest rates continued

Chart 5

Short-term retail bank interest rates and the comparable market rate

(percentages per annum; monthly averages)



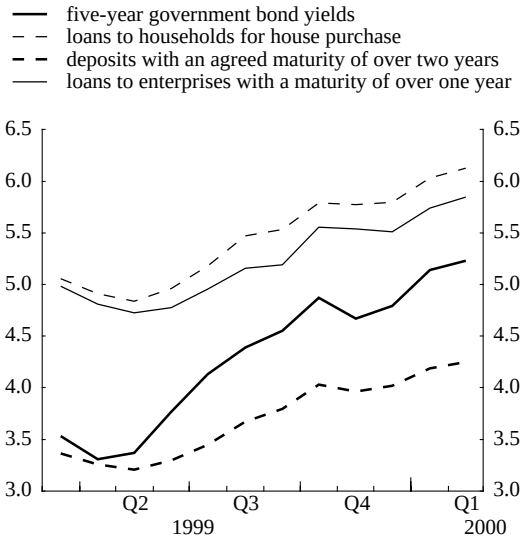
Sources: ECB aggregation of individual country data and Reuters.

to increase at longer maturities in February. The average rate on deposits with an agreed maturity of more than two years rose by 6 basis points in February to reach almost 4.3%. The average rate on loans to households for house purchases rose by 10 basis points to stand at over 6.1% in February. In addition, the average rate on loans to enterprises rose by 9 basis points to almost 5.9%. Overall, long-term retail bank interest rates have increased substantially since May 1999 (see Chart 6), and by February 2000 they stood at levels which were well above those prevailing in February 1999.

Chart 6

Long-term retail bank interest rates and the comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

Money market interest rates rose in March

Money market interest rates rose significantly in March and early April 2000. In the first half of March the overnight interest rate, as measured by the EONIA, remained close to 3.5%, signalling the anticipation by the market of the decision by the Governing Council of the ECB to raise the main refinancing rate from 3.25% to 3.50%. Towards the end of March and in early April the EONIA for the most part stood at close to 3.60%. However, on the last day of the reserve maintenance period ending on 23 March 2000, the EONIA was driven further upwards to reach 3.86%, presumably reflecting some inefficiencies in the distribution of the available liquidity among money market participants (see Box 2). The EONIA also surged on the last two days of March, when it temporarily reached levels of 3.7% or above, in all likelihood as a result of the desire on the part of market participants to adjust their balance sheets for the end of the quarter. The EONIA temporarily rose to levels around 3.7% again in mid-April, a pattern which this time reflected some market expectations of a further increase in ECB interest rates.

Other money market interest rates at the short end of the money market yield curve rose in the first half of March in anticipation of an interest rate move at the meeting of the Governing Council held on 16 March. On 16 March the one-month and three-month EURIBOR interest rates were equal to 3.66% and 3.81% respectively, which was 20 and 18 basis points higher than at the end of February 2000 (see Chart 7). After remaining

Box 2

Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 March 2000

Allotments in monetary policy operations

During the third reserve maintenance period of this year, which lasted from 24 February to 23 March 2000, the Eurosystem conducted four main refinancing operations and one longer-term refinancing operation. While the first three main refinancing operations (allotted on 29 February, 6 March and 14 March) were carried out at a fixed interest rate of 3.25%, the last (21 March) was conducted at a fixed interest rate of 3.50%, following the decision taken by the Governing Council of the ECB on 16 March 2000 to raise ECB interest rates. The allotted volume ranged between €47 billion and €89 billion. The amounts of the bids submitted for the main refinancing operations varied between €1,628 billion and €4,166 billion, with an average of €2,589 billion, compared with an average bid amount of €1,744 billion in the previous reserve maintenance period. The record volume of bids of €4,166 billion, which was reached in the last operation conducted at a rate of 3.25% (14 March), was the result of strong expectations of an increase in ECB interest rates at the Governing Council meeting on 16 March. The allotment ratios in the main refinancing operations varied between 2.04% and 3.13%, compared with a wider range of 2.06% to 6.37% in the preceding reserve maintenance period.

The Eurosystem conducted a longer-term refinancing operation on 1 March through a variable rate tender with a pre-announced allotment volume of €20 billion. A total number of 336 bidders participated in this operation and the total amount of bids was €73 billion. The marginal rate was calculated at 3.60%, while the average rate was 3.61%.

At the beginning of the reserve maintenance period the EONIA remained well above the main refinancing operation rate, fluctuating in a range from 3.34% to 3.47%. This mainly reflected a combination of expectations of an increase in ECB interest rates within the same reserve maintenance period and the accumulation of a relatively large liquidity deficit. Expectations of an interest rate increase decreased temporarily after the Governing Council meeting on 2 March, leading to an easing of the EONIA on the following day to 3.28% – the lowest level reached in the period under review. In the following week the EONIA increased again steadily

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 February to 23 March 2000

	Liquidity providing	*Liquidity absorbing*	*Net contribution*
(a) Monetary policy operations of the Eurosystem	**202.5**	**0.3**	**+ 202.2**
Main refinancing operations	136.1	-	+ 136.1
Longer-term refinancing operations	66.2	-	+ 66.2
Standing facilities	0.2	0.3	-0.1
Other operations	0.0	0.0	0.0
(b) Other factors affecting the banking system's liquidity	**369.2**	**462.8**	**- 93.6**
Banknotes in circulation	-	347.6	- 347.6
Government deposits with the Eurosystem	-	51.7	-51.7
Net foreign assets (including gold)	369.2	-	+ 369.2
Other factors (net)	-	63.5	- 63.5
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			**108.6**
(d) Required reserves			**108.0**

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

to reach 3.52% on Friday 10 March, and subsequently remained at around this level. This increase again reflected both heightened expectations on the part of market participants of a rate rise which would come into effect within the reserve maintenance period and, after the decision taken by the Governing Council at its meeting on 16 March, the effective new level of ECB interest rates. The EONIA reached its peak (3.86%) on the last day of the reserve maintenance period, despite a final net liquidity surplus. The discrepancy between rates and the liquidity situation might be explained by an uneven distribution of liquidity between credit institutions, exacerbated by adjustments at the end of the reserve maintenance period.

Use of standing facilities

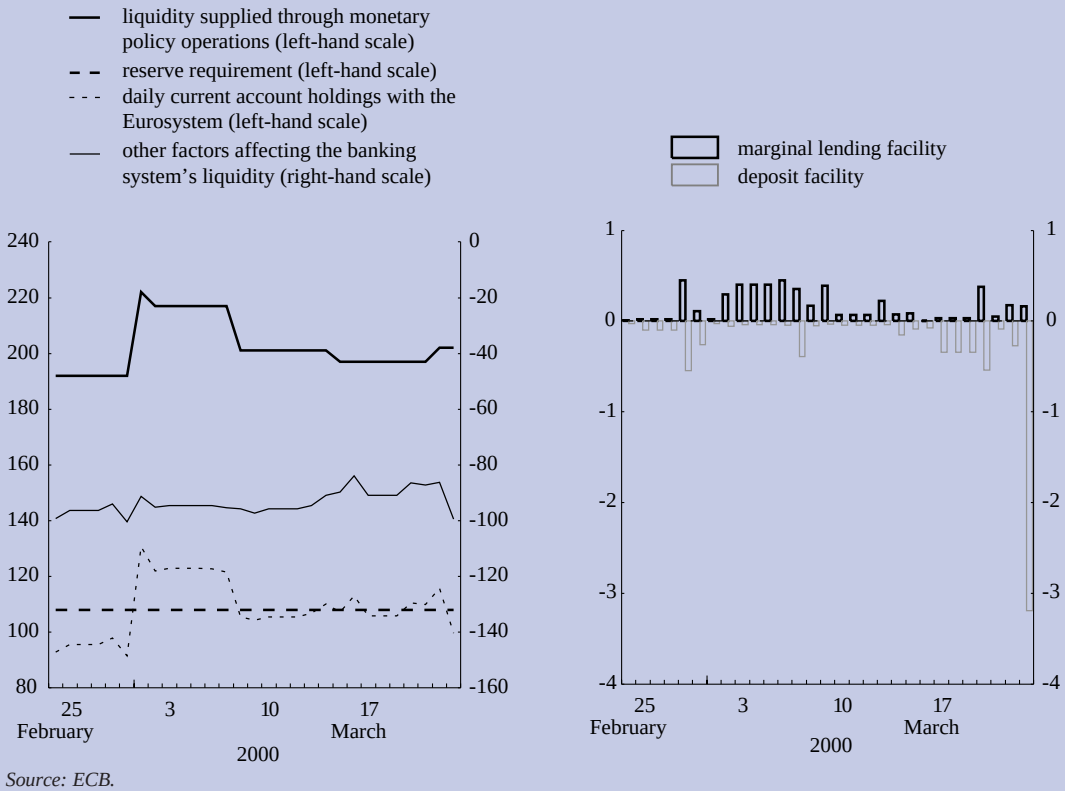
Compared with the previous reserve maintenance period, the average use of the marginal lending facility increased from €0.1 billion to €0.2 billion, while the average use of the deposit facility increased from €0.2 billion to €0.3 billion. On the last day of the reserve maintenance period recourse to the deposit facility amounted to €3.2 billion, while the use of the marginal lending facility was €0.2 billion. Hence there was a net liquidity absorption through the use of the standing facilities of €3.0 billion on that day.

Liquidity factors not related to monetary policy

The net liquidity-absorbing impact of the autonomous factors (i.e. the factors not related to monetary policy) on the banking system's liquidity (item (b) in the table above) was €93.6 billion on average, i.e. €0.4 billion more than in the previous reserve maintenance period. This was mainly the result of increased government deposits. The sum of autonomous factors fluctuated between €83.9 billion and €100.4 billion, showing slightly lower volatility than in the previous reserve maintenance period.

Factors contributing to the banking system's liquidity during the maintenance period ending on 23 March 2000

(EUR billions; daily data)



Source: ECB.

Current account holdings of counterparties

The average current account holdings amounted to €108.6 billion, and reserve requirements to €108.0 billion. The difference between the average current account holdings and the reserve requirements thus amounted to €0.6 billion. Around €0.2 billion of this amount was related to current account holdings not contributing to the fulfilment of reserve requirements, and €0.4 billion to excess reserves.

broadly stable for a few days following the decision to increase ECB rates, the one-month and three-month EURIBOR rates rose again slightly towards the end of March and in early April. On 12 April they were equal to 3.79% and 3.92% respectively, bringing the total increases since the end of February 2000 to 33 and 29 basis points.

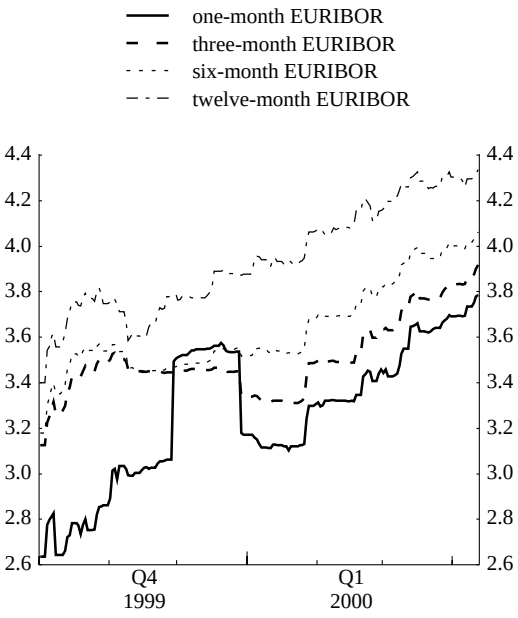
As shown by the development of interest rates implied in futures contracts, the path expected by the markets of increases in ECB interest rates in the remainder of the year 2000 showed little change in March. The three-month EURIBOR interest rates implied in futures contracts for delivery in June and September 2000 rose by only 10 and 4 basis points respectively between the end of February and 12 April 2000, at which point they were equal to 4.16% and 4.37% respectively. The three-month EURIBOR interest rate implied in futures for delivery in December 2000 remained unchanged at 4.58%. As a result, the six-month and twelve-month EURIBOR rates rose by less than the interest rates for shorter maturities. On 12 April they were equal to 4.06% and 4.34% respectively, which was 24 and 18 basis points higher than at the end of February.

On 29 March 2000 the Eurosystem conducted a longer-term refinancing operation for settlement on 30 March. The marginal and average allotment rates on this operation, which had a three-month maturity, were equal to 3.78% and 3.80% respectively. This was slightly below the three-month EURIBOR interest rate prevailing on 29 March.

Chart 7

Short-term interest rates in the euro area

(percentages per annum; daily data)



Source: Reuters.

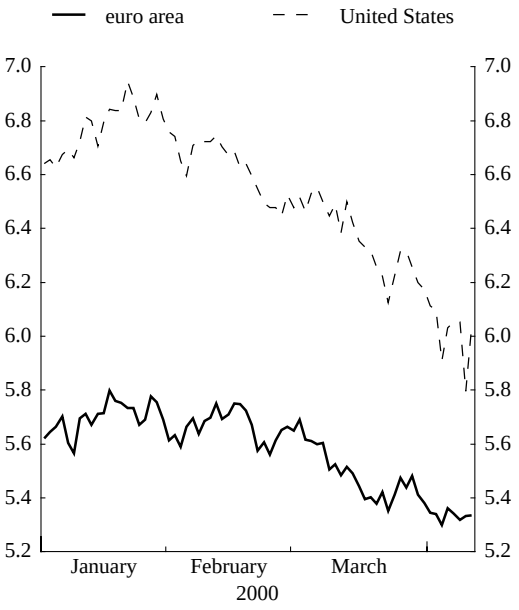
Long-term bond yields declined in March

Following the protracted rise in long-term interest rates observed throughout much of 1999 and in early 2000, euro area government bond yields displayed significant declines in March and early April 2000 (see Chart 8). Between end-February and 12 April 2000 the average level of ten-year bond yields in the euro area fell by around 30 basis points, to 5.34%, bringing it back to the levels which prevailed in December 1999. This was partly a result of developments in the United States, where in March and early April declines in bond yields were even more pronounced than those in the euro area. As a result, there was a narrowing of the spread between US and euro area ten-year bond yields by around 20 basis points, leaving it at around 70 basis points on 12 April 2000. This was the lowest

Chart 8

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

(percentages per annum; daily data)



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

level of the ten-year government bond differential which has prevailed since October 1999.

Considering first the global environment for bond yield developments, a substantial decline in oil prices in anticipation of, and following, the decision by the Organization of the Petroleum Exporting Countries (OPEC) to increase oil production seemed to place downward pressure on long-term interest rates both within and outside the euro area. In the United States ten-year bond yields dropped substantially, by around 50 basis points, between end-February and 12 April 2000, to stand just above 6%. This represented a continuation of a trend which had been evident from the second half of January 2000 onwards. Compared with the peak level prevailing around mid-January, ten-year bond yields in the United States had fallen by around 90 basis points by 12 April. In addition to the impact of the decline in oil prices, the downward pressure on US bond yields appeared to a large extent to have been provoked by the US Treasury's plans to scale back bond issuance significantly at longer-term maturities and to buy back bonds prior to maturity. Furthermore, the decision of the Federal Open Market Committee of the Federal Reserve on 21 March 2000 to raise interest rates by 25 basis points may have reduced concerns about long-term inflation risks among market participants, thereby resulting in lower bond yields. Moreover, the recent volatile developments in stock markets, in particular in the US technology-intensive Nasdaq market, at times seemed to augment the downward pressure on US bond yields reflecting safe haven-related portfolio flows.

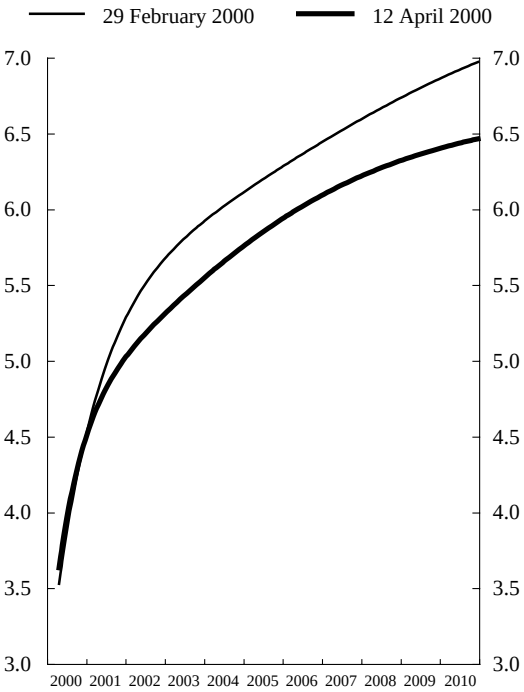
In Japan ten-year bond yields declined by around 5 basis points between end-February and early April, to stand at 1.79% on 12 April 2000. As has been the case in recent months, indications as to the pace of economic recovery and future prospects were mixed throughout this period. Although the Bank of Japan's Tankan survey report, which was released in early April 2000, indicated an improvement in business conditions, the impact on Japanese bond yields was limited, since the outcome was broadly in line with market expectations.

Apart from the aforementioned declines in oil prices and the pronounced downturn in US bond yields, other factors also seem to have played a role in explaining the declines in euro area bond yields between end-February and early April 2000. In particular, market uncertainty regarding the likelihood of upward pressures on euro area prices in the medium term appear to have subsided following the increase in ECB interest rates on 16 March. This, in combination with the announcement of wage settlements in the euro area which were more moderate than feared by the markets, appears to have contributed to lowering long-term bond yields. Reflecting the aforementioned increases in short-term interest rates and the declines in long-term bond yields, the euro area forward yield curve flattened markedly in the course of March and early April (see Chart 9).

Chart 9

Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

Between end-February and 12 April 2000 the real yield on the French ten-year index-linked bond declined by around 20 basis points, while the "break-even" inflation rate, i.e. the differential between nominal and real ten-year yields, decreased by around 15 basis points. On the basis of this evidence, the recent decline in long-term nominal euro area bond yields seems to have been linked both to falling real interest rates as well as to somewhat lower long-term inflation expectations. However, as mentioned in previous issues of the ECB Monthly Bulletin, any inference regarding inflation expectations based on developments in French index-linked bond yields warrants some degree of caution, since a number of caveats apply.

The implied volatility on ten-year German Bund futures declined from around 6.25% at the end of February to below 6% in early April 2000, continuing a trend which has been observable since the turn of the year, when implied volatility stood at above 8%. This indicated that market uncertainty with regard to the future level of bond yields had gradually been reduced during the first few months of 2000. This, in turn, would seem to reflect that uncertainty regarding developments in real yields and long-term inflation expectations may also have declined. The rise in ECB interest rates on 16 March may have contributed to reducing uncertainty somewhat, as the move was perceived by investors as being warranted from the point of view of containing inflationary pressures in the euro area.

Marked divergences across different sectors of stock markets in March 2000

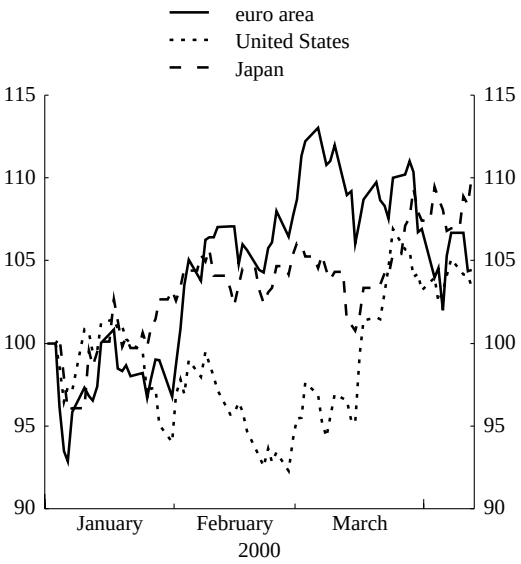
In March and at the beginning of April 2000 considerable volatility was seen in the stock prices of technology firms, particularly in the United States, but also in the euro area and in Japan. As a result, considerable differences were seen in the performance of major stock market indices (see Chart 10). In the euro area, stock prices declined between end-February and 12 April 2000. In the United States there was an increase in broad stock price indexes over the same period, despite sizeable divergences across sectors. Stock prices also increased in Japan.

Looking first at the global stock market environment, in the United States the Standard and Poor's 500 index increased by slightly more than 7% between end-February and 12 April, to reach a level close to that recorded at the end of 1999. The Standard and Poor's 500 index thereby recovered from the declines seen in January and February. This recovery seemed, in part, to reflect changing expectations with regard to the outlook for future corporate earnings growth following the release of data indicating continued strength in the pace of economic activity.

Chart 10

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

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



Source: Reuters.
Note: Dow Jones EURO STOXX broad (stock price) index for the euro area, Standard and Poor's 500 for the United States and Nikkei 225 for Japan.

At the same time, continuing a pattern which has been apparent since end-September 1999, there were wide divergences across different sectors of the US stock market in March. Between end-February and 12 April stock prices in the financial sector and in the consumer cyclical sector increased, while stock prices in the US technology sector were subject to considerable fluctuations and, overall, showed a decline. In particular, the Nasdaq Composite index, which primarily consists of technology stocks, declined by close to 20% between end-February and 12 April, to reach a level which was more than 7% below end-1999 levels.

In Japan stock prices, as measured by the Nikkei 225 index, increased by slightly more than 2% between end-February and 12 April 2000. This brought this index to a level which was more than 8% above end-1999 levels. In particular at the beginning of April, the release of data pointing to a recent improvement in economic sentiment, including the Bank of Japan's Tankan survey report and the Economic Planning Agency survey report, may have contributed to the upward pressure on Japanese stock prices. In March, as in earlier months, stock price increases in the financial sector provided the main positive contribution to Japanese stock price developments. This seemed to reflect improved expectations regarding future bank profitability following a period of merger and acquisition activity.

By contrast with the increases seen in broad US and Japanese stock price indices in March and early April 2000, and following the considerable increases observed in the euro area in February, broad indices of euro area stock prices declined in March. When measured according to the Dow Jones EURO STOXX index, euro area stock prices declined by 3% between end-February and 12 April, bringing this index back to stand only 3.5% above its end-1999 levels. The main cause of this decline was a reversal of the considerable increases seen in previous months in the stock prices of firms in the euro area telecommunications and technology sectors. This reversal seemed largely to result from a spillover of portfolio shifts within the US stock market from the stocks of firms in the "new economy" to more traditional sectors. At the aggregate level, the declines seen in telecommunications and technology-related stock prices were partly offset by increases in certain other sectors of the euro area stock market, notably the financial and energy sectors.

2 Price developments

Energy prices led to a further rise in consumer price inflation in February

According to the most recent data, the upward trend in consumer price inflation continued in February 2000, mainly owing to developments in energy prices. The rate of euro area inflation, as measured by the year-on-year increase in the overall Harmonised Index of Consumer Prices (HICP), rose to 2.0% in February, up from a revised 1.9% in January.

The year-on-year increase in energy prices rose from 12.0% in January to 13.5% in February (see Table 3). This rise was partly due to a base effect arising from the decline in the energy index from January to February 1999. As a result of the energy index reaching a trough in February 1999, the upward contribution from base effects to the annual rate of increase in the energy component has now come to an end. In the short run, the rise in the oil price to €28.4 per barrel in March 2000, up from €27.6 per barrel in February, is likely to continue to exert upward pressure on the HICP energy component. However, in the light of the recent agreement by the Organization of the Petroleum Exporting Countries (OPEC) to increase production, oil prices have declined since mid-March. The annual rate of increase in the HICP energy component is expected to slow in the course of 2000.

Table 3

Price and cost developments in the euro area

(annual percentage changes, unless otherwise indicated)

	1997	1998	1999	1999 Q2	1999 Q3	1999 Q4	2000 Q1	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar.
Harmonised Index of Consumer Prices (HICP) and its components													
Overall index	1.6	1.1	1.1	1.0	1.1	1.5	.	1.4	1.5	1.7	1.9	2.0	.
of which:													
Goods	1.2	0.6	0.8	0.6	0.9	1.5	.	1.3	1.5	1.9	2.2	2.4	.
Food	1.4	1.6	0.5	0.6	-0.2	0.4	.	0.3	0.4	0.5	0.4	0.6	.
Processed food	1.4	1.4	0.9	0.8	0.6	0.9	.	0.8	0.9	1.0	1.0	1.0	.
Unprocessed food	1.4	1.9	0.0	0.3	-1.4	-0.3	.	-0.4	-0.3	-0.2	-0.5	-0.1	.
Industrial goods	1.0	0.1	1.0	0.6	1.5	2.1	.	1.8	2.0	2.6	3.2	3.3	.
Non-energy industrial goods	0.5	0.9	0.7	0.7	0.6	0.6	.	0.5	0.6	0.6	0.8	0.5	.
Energy	2.8	-2.6	2.2	0.5	4.6	7.8	.	6.3	7.1	10.0	12.0	13.5	.
Services	2.3	1.9	1.6	1.6	1.5	1.5	.	1.4	1.5	1.6	1.7	1.7	.
Other price and cost indicators													
Industrial producer prices [1]	1.1	-0.8	0.0	-1.3	0.7	3.2	.	2.2	3.1	4.1	5.1	5.7	.
Unit labour costs [2]	0.7	0.0	.	1.5	0.7	.	.	-	-	-	-	-	-
Labour productivity [2]	1.8	1.5	.	0.5	1.1	.	.	-	-	-	-	-	-
Compensation per employee [2]	2.4	1.5	.	2.0	1.7	.	.	-	-	-	-	-	-
Total hourly labour costs [3]	2.5	1.7	2.1	1.9	2.2	2.2	.	-	-	-	-	-	-
Oil prices (EUR per barrel) [4]	17.1	12.0	17.1	15.0	19.7	23.0	27.1	20.8	23.5	24.8	24.9	27.6	28.4
Commodity prices [5]	12.9	-12.5	-3.1	-8.2	1.1	14.0	19.9	10.7	11.9	19.3	19.4	20.0	20.2

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

1) Excluding construction.
2) Whole economy.
3) Whole economy (excluding agriculture, public administration, education, health and other services).
4) Brent Blend (for one-month forward delivery). In ECU up to December 1998.
5) Excluding energy. In euro; in ECU up to December 1998.

In addition to energy prices, unprocessed food prices also contributed, albeit to a lesser extent, to the rise in HICP inflation in February. The year-on-year decline in unprocessed food prices slowed from 0.5% in January 2000 to 0.1% in February, bringing it more into line with the trend seen in late 1999 (see Chart 11).

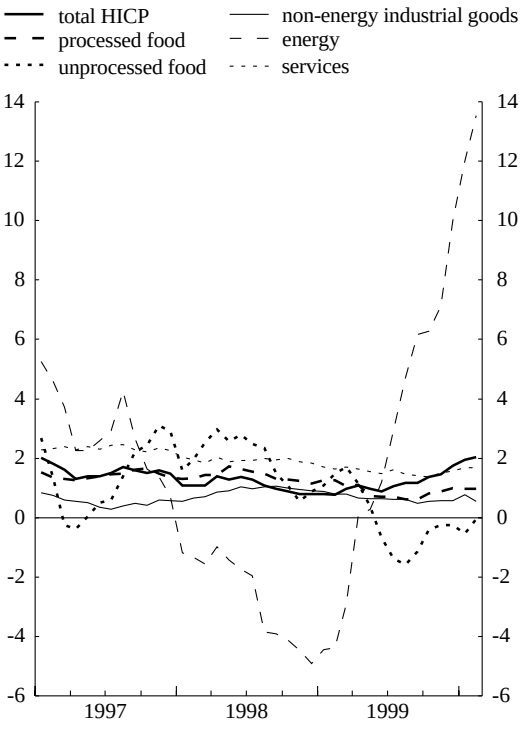
By contrast with the developments in energy and unprocessed food prices, the rate of increase in non-energy industrial goods prices, which rose from 0.6% in December 1999 to 0.8% in January 2000, fell back to 0.5% in February. This development is related to a change in the timing of end-of-season sales in one of the larger euro area countries.

Against the background of unchanged annual rates of increase in processed food and services prices from January to February 2000 (at 1.0% and 1.7% respectively), the pattern in non-energy industrial goods is also reflected in the developments in the HICP excluding seasonal food and energy. The annual rate of increase in the latter thus rose from 1.0% in December 1999 to 1.2% in January 2000, but fell back to 1.1% in February. The upward trend in the annual rate of increase in the HICP excluding seasonal food and energy observed since September 1999 may continue in coming months if rising raw material costs, in particular earlier rises in oil prices, feed into consumer prices via developments in industrial producer prices.

Chart 11

Breakdown of HICP inflation in the euro area by components

(annual percentage changes; monthly data)



Source: Eurostat.

Rising industrial producer prices also reflected oil price developments

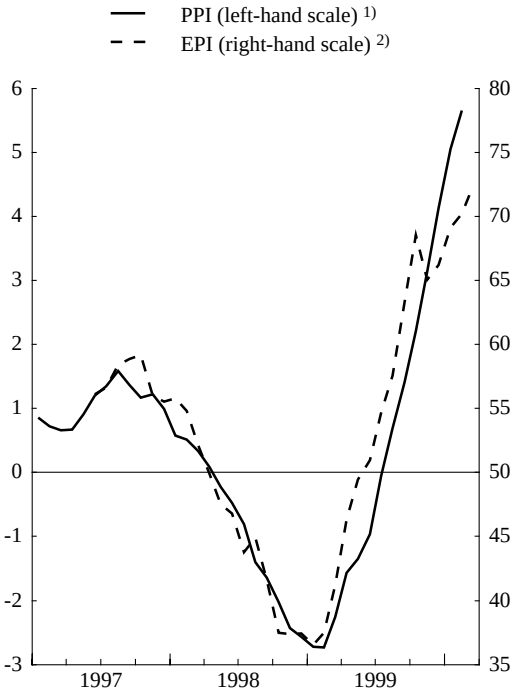
Industrial producer prices continue to be dominated by developments in oil prices. The year-on-year increase in euro area-wide industrial producer prices rose from 5.1% in January 2000 to 5.7% in February. Moreover, the March data from the Eurozone Price Index (EPI), which relates to manufacturing input prices, indicate that a further upward impact of oil prices on the annual rate of increase in industrial producer prices is likely. The EPI, which is derived from the same survey as the Purchasing Managers' Index (PMI) (see the "Output, demand and labour market developments" section below), provides evidence of prices paid by manufactures for their purchases. Over the relatively short time period for which the EPI has been available (from mid-1997 onwards), it has been closely correlated with developments in overall industrial producer prices (see Chart 12).

As in previous months, the rise in the annual rate of increase in total industrial producer prices in February 2000 was mainly a consequence of the developments in intermediate goods prices, which are greatly affected by oil price developments. The annual rate of increase in intermediate goods prices rose from 8.1% in January to 9.2% in February, a level not previously observed in the 1990s. Nevertheless, two factors indicate

Chart 12

Producer prices and manufacturing input prices for the euro area

(monthly data)



Sources: Eurostat and Reuters.

1) *Industrial producer prices; annual percentage changes; excluding construction.*

2) *Eurozone Price Index; manufacturing input prices from the Purchasing Managers' Survey. An index value above 50% indicates an increase in manufacturing input prices, whereas a value below 50% indicates a decrease.*

that the annual rate of increase in intermediate goods prices could be approaching a peak. First, the most recent developments reflect a slowdown compared with previous months, as the month-on-month increase was lower in February than in the previous three months. Second, the rise in the annual rate of increase from January to February 2000 was partly a result of the base effect associated with the decline in the level of intermediate goods prices from January to February 1999. The intermediate goods price index reached a trough in February 1999 and the contribution to the annual rate of increase from base effects will, therefore, become negative as from March 2000 (this is similar to the development in the HICP energy component, which is also heavily influenced by oil price developments).

By contrast, the annual rate of increase in capital and consumer goods producer prices has slowly begun to rise in recent months, while still remaining at moderate levels. This may be an indication that the rise in intermediate goods prices is feeding through the production chain. The year-on-year rate of change in capital goods prices rose to 0.5% in February 2000, representing a gradual increase from -0.1% in September 1999, while the year-on-year increase in consumer goods prices over the same period rose from 0.4% in September 1999 to 0.7% in February 2000.

Wages increased moderately in 1999

Available data on wage developments indicate that wage pressures remained subdued up to the end of 1999. The annual rate of increase in hourly labour costs stood at 2.2% in the fourth quarter of 1999, unchanged from the previous quarter, but 0.3 percentage point higher than the yearly increases recorded in the first two quarters of 1999. In fact, the year-on-year growth rate of nominal hourly labour costs has gradually been rising since the second half of 1998. Nevertheless, growth in unit labour costs remained moderate. The year-on-year increase in unit labour costs fell to 0.7% in the third quarter of 1999 from 1.5% in the previous quarter, mostly reflecting a cyclical recovery in labour productivity. Furthermore, the year-on-year increase in unit labour costs is expected to have declined in the fourth quarter of 1999 compared with the previous quarter. This is because compensation per employee is expected to have increased at a relatively moderate pace, while productivity growth increased by 0.8 percentage point from the third to the fourth quarter of 1999. For 2000, recent information on wage bargaining developments suggests that the temporary increase in the HICP does not appear to have translated into negotiated wage increases.

3 Output, demand and labour market developments

Continued strong growth in real GDP at the end of last year

Since the March 2000 issue of the ECB Monthly Bulletin was published, Eurostat has released estimates for euro area real GDP growth in the fourth quarter of 1999. According to these estimates, real GDP grew by 0.9% compared with the previous quarter, following a rate of growth of 1.0% in the third quarter of 1999, thus confirming earlier expectations of continued strong output growth in the final quarter of last year. As a result, in 1999 as a whole real GDP increased by 2.3%, with the year-on-year rate of growth rising from 1.8% in the first quarter of 1999 to 3.0% in the fourth quarter.

While quarter-on-quarter real GDP growth remained strong in the fourth quarter of 1999, there was a shift in the contributions from individual expenditure components (see Table 4). The contribution from changes in inventories to overall growth was positive, at 0.3 percentage point, following a negative contribution of a similar magnitude in the third quarter of 1999. The contribution from net exports, which had turned positive in the course of last year and increased to 0.4 percentage point in the third quarter, was zero in the fourth quarter. This reflects the fact that, following a strong expansion in the third quarter, the rate of growth in exports in the fourth quarter of 1999 broadly halved, while that of imports slowed down to a far lesser extent. However, it should be noted that the changes in the growth rates of exports and imports, as experienced from the third to the fourth quarter, were within the normal range of variability for these expenditure components. Finally, contributions from final domestic demand (i.e. excluding changes in inventories) remained broadly stable, at 0.6 percentage point following 0.8 percentage point in the third quarter of 1999, supported, in particular, by continued strong growth in private consumption.

The shift in growth contributions in the fourth quarter of 1999 is difficult to assess as

Table 4

Composition of real GDP growth in the euro area

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates [1]								Quarterly rates [2]				
	1997	1998	1999	1998 Q4	1999 Q1	1999 Q2	1999 Q3	1999 Q4	1998 Q4	1999 Q1	1999 Q2	1999 Q3	1999 Q4
Real gross domestic product	2.3	2.8	2.3	2.0	1.8	1.9	2.4	3.0	0.3	0.6	0.5	1.0	0.9
of which:													
Domestic demand	1.7	3.4	2.8	3.2	2.8	2.8	2.9	2.8	1.0	0.8	0.4	0.6	0.9
Private consumption	1.5	3.0	2.5	3.1	2.8	2.4	2.4	2.5	0.6	0.8	0.3	0.7	0.7
Government consumption	0.7	1.1	1.2	1.1	1.3	0.9	1.2	1.2	0.2	0.9	-0.2	0.2	0.2
Gross fixed capital formation	2.2	4.4	4.7	3.8	3.8	5.3	4.9	4.8	0.7	1.7	0.8	1.5	0.6
Changes in inventories [3] [4]	0.3	0.5	0.1	0.3	0.1	0.1	0.2	0.1	0.4	-0.2	0.1	-0.2	0.3
Net exports [3]	0.6	-0.5	-0.5	-1.1	-1.0	-0.9	-0.4	0.3	-0.7	-0.2	0.1	0.4	0.0
Exports [5]	10.1	6.8	4.1	2.1	0.7	2.3	5.2	8.1	-1.2	0.6	2.5	3.2	1.5
Imports [5]	8.7	9.1	5.9	5.8	3.8	5.2	6.8	7.6	0.9	1.2	2.3	2.2	1.7

Sources: Eurostat and ECB calculations.

1) *Annual rates: percentage change compared with the same period a year earlier.*
2) *Quarterly rates: percentage change compared with the previous quarter.*
3) *As a contribution to real GDP growth; in percentage points.*
4) *Including acquisitions less disposals of valuables.*
5) *Exports and imports cover goods and services and include internal cross-border trade in the euro area. Intra-euro area trade is not cancelled out in import and export figures used in national accounts. Consequently, these data are not fully comparable with balance of payments data.*

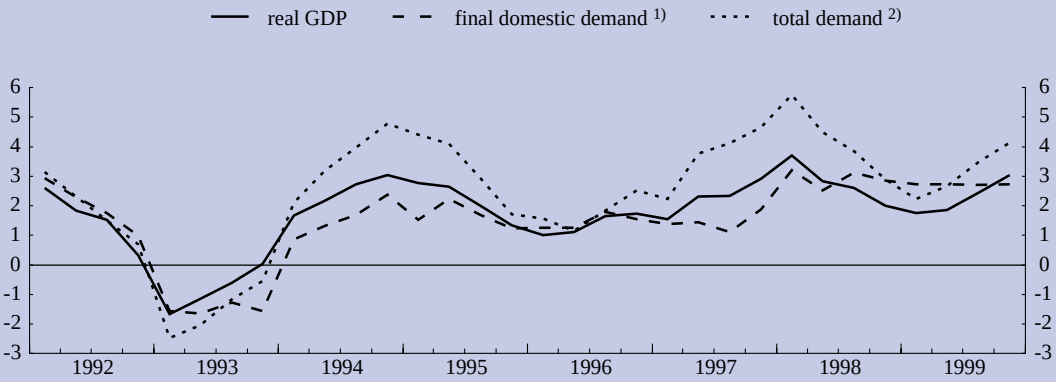
Box 3

The relative importance of domestic and foreign demand for output growth in the euro area

Looking at the pattern of economic growth in the euro area over the past two years, the overriding feature is the sustained growth in final domestic demand, i.e. excluding changes in inventories, which greatly mitigated the effects of the temporary slowdown in exports on GDP growth (see the chart below). Compared with the economies of the individual Member States, the euro area is a large and relatively closed economy. In such an economy, shocks to domestic demand would be expected to be at least as important a cause of changes in overall output growth as external developments. However, when assessing the relative importance of internal and external demand, a complicating factor is the fact that national accounts do not make a distinction between intra-euro area and extra-euro area exports. Such a distinction, offering helpful additional information, is provided by trade statistics, although it should be noted that trade data refer to goods only. These data show that the volumes of exports of goods within and outside the euro area are roughly equal in size. This box uses this information to review the relative importance of internal and external demand for the cyclical movements in output growth in the 1990s in what is now the euro area economy.

Output and demand growth in the euro area

(annual percentage changes; quarterly data)



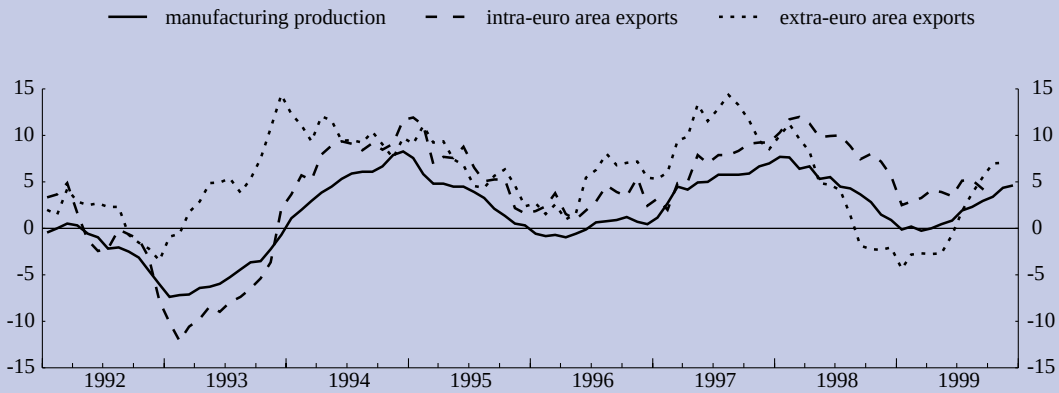
Source: Eurostat.
1) Domestic demand excluding changes in inventories.
2) Domestic demand plus exports.

Manufacturing production growth closely in line with growth in intra-euro area exports of goods

At the sectoral level, fluctuations in overall output growth largely reflect the cyclical movements in industrial activity, even though the weight of manufacturing production in total output is only around one-third. In turn, in the small and open economies of the individual Member States, the relatively high volatility of production is mostly a reflection of the high exposure of the manufacturing sector to fluctuations in foreign demand. However, in so far as this foreign demand includes demand from other euro area countries, from an area-wide perspective it constitutes internal demand. With regard to cyclical developments in the 1990s, growth in euro area manufacturing production appears to have been rather closely in line with growth in intra-euro area exports, while the relationship with growth in extra-euro area exports was clearly weaker (see the chart below). In this context, it should be borne in mind that changes in inventories can play a significant role as a buffer between production and demand developments.

Growth in manufacturing production and exports of goods in the euro area

(annual percentage changes; monthly data)



Source: Eurostat.
Note: Calculated from three-month centred moving averages. Trade data are volumes.

Cyclical pattern in output growth in the 1990s reflects different developments in domestic and foreign demand

On the basis of the combined information shown in the above charts, three periods can be identified in which the relative importance of internal and foreign demand for the cyclical movements in euro area real GDP growth differs. First, developments in 1998 and 1999 show that the temporary slowdown in output growth, most noticeably in manufacturing, was largely the result of a decline in exports to countries outside the euro area following the crises in emerging market economies, while intra-euro area export growth was affected to a far lesser extent. As growth in final domestic demand in particular remained robust, real GDP growth only slowed to just below 2% in early 1999. By contrast, the recession in 1993 was mainly due to the continued and significant weakening of final domestic demand in the individual Member States in preceding years, together with the associated strongly negative effects on intra-euro area trade volumes. This was mainly a consequence of policy measures to contain the inflationary pressures that resulted from the period of strong economic growth in the late 1980s and the subsequent German unification. In 1991 the expansionary effects of German unification in terms of strong internal demand in the euro area completely overshadowed the effects of the slump in foreign demand as the US economy went into recession in the same year. In the course of 1993 the rate of growth of extra-euro area exports picked up strongly, but depressed domestic activity was the more important factor for GDP growth, as witnessed by strongly negative effects on intra-euro area trade. Finally, the slowdown in output growth in 1995 and 1996 appears to have been broadly based in terms of a weakening of final domestic demand in the individual euro area countries and a similar slowdown in extra-euro area and intra-euro area export growth. This reflects both factors originating at the domestic level, such as excessive wage growth in some countries, and external factors, such as the appreciation of European currencies vis-à-vis the US dollar. In this case, therefore, the slowdown in foreign demand does not appear to have reflected changes in world economic activity.

Overall, output and demand developments in the 1990s in what was to become the euro area seem to confirm the characteristics usually attributed to a large and relatively closed economy. First, the effect of foreign demand shocks on GDP growth is limited by the lower degree of openness. Moreover, such shocks do not necessarily affect internal demand. Second, major cyclical movements in GDP growth will normally result from the intrinsic cyclical dynamics of the domestic economy or from major internal shocks to the economy and the policy reactions to them.

the GDP estimates are still of a preliminary nature and there may be subsequent revisions. This holds true, above all, for the more volatile components such as changes in inventories and net exports. In particular, the extent to which the century date change has, indeed, led to a precautionary accumulation of inventories is still uncertain. This would not only explain the higher contribution from changes in inventories, but also the lower contribution from net exports, as some of the additional inventories may have been imported, for instance in the form of production inputs. At this juncture, the results for the fourth quarter of 1999 should mainly be regarded as pointing to solid growth in final domestic demand (see Box 3 for a discussion of the importance of domestic demand for euro area output growth).

Upward revisions to industrial production for the final months of last year

As expected, with the data release for January 2000, Eurostat has also published upward revisions to the results for industrial production in the final months of 1999. Quarter-on-quarter, growth in industrial production (excluding construction) is now estimated to have been 1.3% in the fourth quarter of 1999. This is around 0.5 percentage point higher than previously estimated and is more closely in line with the rate of growth of 1.5% observed in the third quarter of 1999 (see Table 5). In the three-month period from November 1999 to January 2000 production grew by 1.1% compared with the period from August to October 1999, reflecting weaker performance at the turn of the year. However, in view of all the other data available on developments in the industrial sector over the first few months of this year, this would not seem to indicate that a lasting slowdown in industrial activity is imminent in the first quarter of 2000.

With regard to the main categories of manufacturing production, the differences in performance observed in recent months continued in the three months up to and including January 2000. Measured on the basis of three-month averages and compared with the preceding three-month period, industries producing intermediate and capital goods witnessed solid rates of growth of around 1.5%, while there was a slowdown in production growth in consumer goods industries. This slowdown was particularly pronounced for durable consumer goods, largely reflecting the weak output of motor vehicles in the latter part of 1999, which is also demonstrated by fewer passenger car

Table 5

Industrial production in the euro area

(annual percentage changes, unless otherwise indicated)

	1998	1999	1999 Nov.	1999 Dec.	2000 Jan.	1999 Nov.	1999 Dec.	2000 Jan.	1999 Aug.	1999 Sep.	1999 Oct.	1999 Nov.	1999 Dec.
						month-on-month			three-month moving averages				
Total industry excl. construct.	4.2	1.8	4.0	5.0	3.6	0.8	-0.1	-0.1	1.5	1.3	1.3	1.3	1.1
Manufacturing	4.6	1.8	4.6	5.7	3.6	0.8	0.2	-0.2	1.8	1.6	1.0	1.1	1.0
by main industrial groupings:													
Intermediate goods	3.8	2.1	4.8	6.7	4.2	0.9	0.1	-0.2	1.7	1.5	1.6	1.6	1.5
Capital goods	7.1	1.8	3.6	4.6	6.0	0.6	0.7	0.7	1.4	1.6	1.4	1.3	1.6
Consumer goods	3.3	2.2	4.2	4.2	1.4	0.7	-0.4	-0.9	1.7	1.1	0.4	0.5	0.1
Durable consumer goods	6.2	3.3	4.8	7.6	7.4	0.4	1.0	1.3	3.0	2.7	0.4	0.8	1.1
Non-durable consumer goods	1.8	1.7	3.7	3.0	-0.9	0.2	0.0	-0.2	0.8	0.7	0.5	0.3	0.2

Sources: Eurostat and ECB calculations.

Note: Annual percentage changes are calculated by using data adjusted for variations in the number of working days; percentage changes on the previous month and three-month centred moving averages against the corresponding average three months earlier are calculated by using seasonally and working day adjusted data.

registrations over the same period. Around the turn of the year, growth in the production of motor vehicles and durable consumer goods was somewhat higher again.

Survey data point to sustained strong growth in the first few months of this year

Since the March 2000 issue of the ECB Monthly Bulletin was published the European Commission has released the results of its Business and Consumer Surveys covering February and March 2000. Overall, the data point to a continuation of the strong growth in output and demand observed in the second half of 1999. In the first quarter of this year the economic sentiment indicator rose to a new all-time high, reflecting improvements in industrial and consumer confidence, as well as in construction confidence and the share price index (see Table 6).

Industrial confidence witnessed further increases in both February and March 2000. It has now reached a level which exceeds the peak observed in the previous cyclical upswing in the spring of 1998 and which is only slightly below the all-time high of the series reached in the first half of 1989. The rise in overall industrial confidence in March 2000 was essentially the result of a more positive assessment of order books, while the rise in confidence in the previous month was more broadly based, given that it also reflected improvements in production expectations and in the assessment of stocks of finished products.

On the basis of developments in industrial confidence in the first few months of this year, the year-on-year growth rate of industrial production can be expected to rise further (see Chart 13). This picture is also supported by the latest available data for the euro area Purchasing Managers' Index (PMI). On average, in the first quarter of 2000 the PMI was unchanged from the fourth quarter of 1999. However, this reflects the temporary decline in January 2000, while the index seems to have resumed its upward trend in subsequent months. In March the PMI recorded a particularly strong increase and reached its highest level since the series started in mid-1997. This increase was mainly the result of a rise in the components for new orders, output and the length of delivery times, all of which reached their highest level so far.

After having remained unchanged in the period around the turn of the year, consumer confidence increased in February 2000 to a level

Table 6

Results from EC Business and Consumer Surveys for the euro area

(seasonally adjusted data)

	1997	1998	1999	1999 Q2	1999 Q3	1999 Q4	2000 Q1	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar.
Economic sentiment index [1]	2.4	3.0	0.2	-0.5	0.1	1.1	1.2	0.6	0.7	0.2	0.5	0.4	0.2
Consumer confidence indicator [2]	-4	6	9	7	7	10	11	9	10	10	10	11	11
Industrial confidence indicator [2]	3	6	0	-3	1	6	10	4	6	7	8	10	11
Construction confidence indicator [2]	-11	3	15	15	15	19	22	16	22	18	24	20	22
Retail confidence indicator [2]	-3	3	1	2	-1	-1	6	-3	-3	4	4	3	11
Capacity utilisation (%) [3]	81.4	82.9	81.9	81.7	81.8	82.4	.	81.9	-	-	82.9	-	-

Source: European Commission Business and Consumer Surveys.

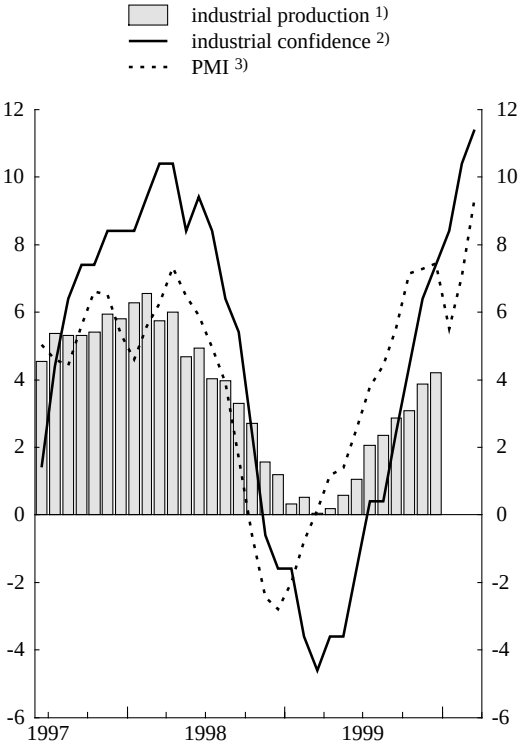
1) Percentage changes compared with the previous period.

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

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

Chart 13

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



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

1) Annual percentage changes of three-month moving averages; working day adjusted data.

2) Percentage balances, deviations from the average since January 1985.

3) Purchasing Managers' Index; deviations from the value of 50; positive values indicate an expansion of economic activity.

corresponding to the record high reached in the first two months of 1999. In March 2000 consumer confidence remained unchanged at this high level. Underlying these latest developments have been somewhat divergent movements in the components of consumer confidence. While the more forward-looking assessments of the financial situation and the general economic situation in the forthcoming months have become more positive, the willingness to make major purchases at present has decreased. In March these movements offset one another, leaving overall consumer confidence unchanged. However, the persistently high level of confidence would be consistent with sustained strong growth in private consumption in the first few months of this year.

This picture is also broadly supported by recent developments in retail sales volumes and new passenger car registrations. Following declines in the number of car registrations in the second half of 1999, data up to February 2000 suggest that there has been a slight recovery from the end of last year. Eurostat data on retail sales volumes now cover January 2000 and point to a broadly unchanged rate of growth. In the three-month period from November 1999 to January 2000 retail sales increased by 0.7% compared with the three-month period from August to October 1999. This corresponds to the average rate of growth of around ¾% recorded for the three-month moving averages in the second half of 1999. Compared with the same period a year earlier, retail sales growth around the turn of the year was close to 2½%.

To summarise, available evidence from short-term indicators suggests that the outlook for overall output growth in the euro area remains favourable and that quarter-on-quarter growth in real GDP in the first quarter of 2000 could reach a similar magnitude to that recorded in the second half of 1999.

Employment growth unchanged in the fourth quarter of 1999

According to available national data, total employment growth is estimated to have increased at a quarter-on-quarter rate of 0.3% in the fourth quarter of 1999, i.e. at a rate identical to that reached in the previous two quarters (see Table 7). As a result, overall in 1999, employment grew by 1.5%, i.e. by slightly more than in 1998, when it increased by 1.4%. The strengthening of economic activity during the course of 1999 and at the start of 2000 may be expected to result in continued or even stronger net job creation this year.

At the sectoral level, a slight improvement in employment in the industrial sector was recorded in the last quarter of 1999, while

Table 7

Employment growth in the euro area

(annual percentage changes, unless otherwise indicated)

	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	1999 Q1	1999 Q2	1999 Q3	1999 Q4	1999 Oct.	1999 Nov.	1999 Dec.
							Quarterly rates [1]						
Whole economy [2]	1.4	1.5	1.7	1.6	1.4	1.3	0.4	0.3	0.3	0.3	-	-	-
Total industry	0.3	0.2	0.3	0.3	0.1	0.0	0.0	-0.1	-0.1	0.1	-0.1	0.1	0.1
Construction	0.2	3.0	2.9	3.5	3.7	2.1	0.9	0.2	0.6	0.4	2.1	2.1	2.0
Total industry excl. construct.	0.4	-0.4	0.0	-0.5	-0.7	-0.5	0.0	-0.3	-0.2	-0.1	-0.7	-0.5	-0.4
Manufacturing	0.8	-0.2	0.2	-0.4	-0.5	-0.3	-0.1	-0.3	0.0	0.1	-0.4	-0.2	-0.2

Sources: National data and Eurostat (Short-term Business Statistics).
1) Quarterly rates: percentage change compared with the previous quarter; seasonally adjusted.
2) Excluding Belgium and Ireland; seasonally adjusted.

the pace of net job creation in the services sector is likely to have remained broadly unchanged. According to data recently released by Eurostat, employment in industry increased in the fourth quarter of 1999 compared with the previous quarter, following two consecutive quarters of negative rates of growth. The main driving force behind this development was the manufacturing sector, which recorded its first increase in employment since the third quarter of 1998, thus confirming expectations from different sources which suggest that conditions in the manufacturing sector continued to improve at the turn of the year. In the construction sector, in line with employment expectations, the quarter-on-quarter growth rate remained strong in the fourth quarter. Finally, with regard to the services sector, European Commission Business and Consumer Survey results indicate that employment expectations in retail trade have remained broadly stable in recent months.

Gradual reduction in unemployment continued at the beginning of 2000

In February 2000 the standardised rate of unemployment in the euro area stood at 9.5%, unchanged from the previous month, and 0.8 percentage point below the rate recorded a year earlier. Although it is not evident, owing to rounding effects, the slightly downward trend in the unemployment rate continued in February (see Chart 14). Indeed, in January and February 2000 the rate of unemployment declined at the same pace, on average, as in 1999, thus confirming the continuation of the pattern of a gradual reduction in unemployment.

Table 8

Unemployment in the euro area

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

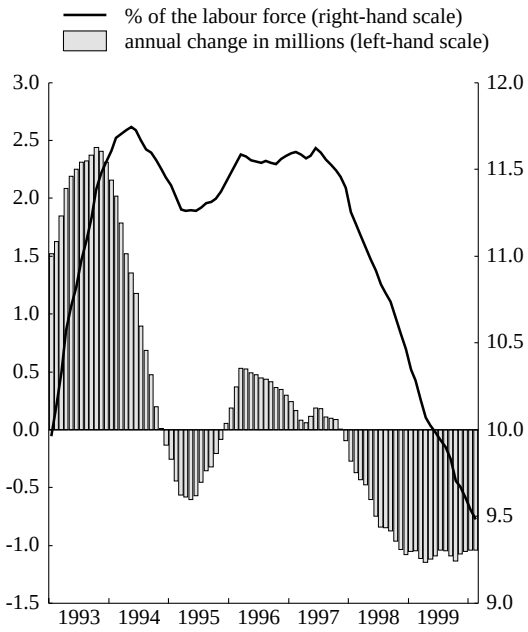
	1997	1998	1999	1999 Q1	1999 Q2	1999 Q3	1999 Q4	1999 Sep.	1999 Oct.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.
Total	11.5	10.9	10.0	10.3	10.0	9.9	9.7	9.8	9.7	9.7	9.6	9.5	9.5
Under 25 years [1]	23.2	21.3	19.0	20.0	19.2	18.8	18.1	18.6	18.3	18.2	18.0	18.0	17.9
25 years and over [2]	9.9	9.4	8.7	8.9	8.8	8.7	8.5	8.6	8.5	8.5	8.5	8.4	8.3

Source: Eurostat.
Note: According to ILO recommendations.
1) In 1999 this category represented 23.1% of total unemployment.
2) In 1999 this category represented 76.9% of total unemployment.

Chart 14

Unemployment in the euro area

(monthly data; seasonally adjusted)



Source: Eurostat.

With regard to age groups, the unemployment rate fell slightly in February for both those under 25 years of age and those aged over 25 (see Table 8). For the former group, the rate of unemployment stood at 17.9%, i.e. 0.1 percentage point below the rate recorded a month earlier. The decline at the beginning of 2000 was, therefore, less pronounced than in the latter part of 1999, during which a particularly strong decline in youth unemployment was recorded. By contrast, for those over 25 years of age, the recent decline in the unemployment rate, to 8.3% in February, compares favourably with the pattern of unchanged rates at the end of 1999. At the national level, the general pattern of a downward trend in the unemployment rate continued in February.

In short, the pace of net job creation is likely to gain momentum during the course of this year, in line with the strengthening of economic activity and, accordingly, unemployment should benefit from this favourable scenario. At the same time, in addition to the improvement in the labour market brought about by cyclical effects, further advances in structural reforms would help to consolidate gains in employment and to strengthen the reduction in unemployment.

4 Exchange rate and balance of payments developments

Euro continued to weaken despite stronger growth prospects in the euro area

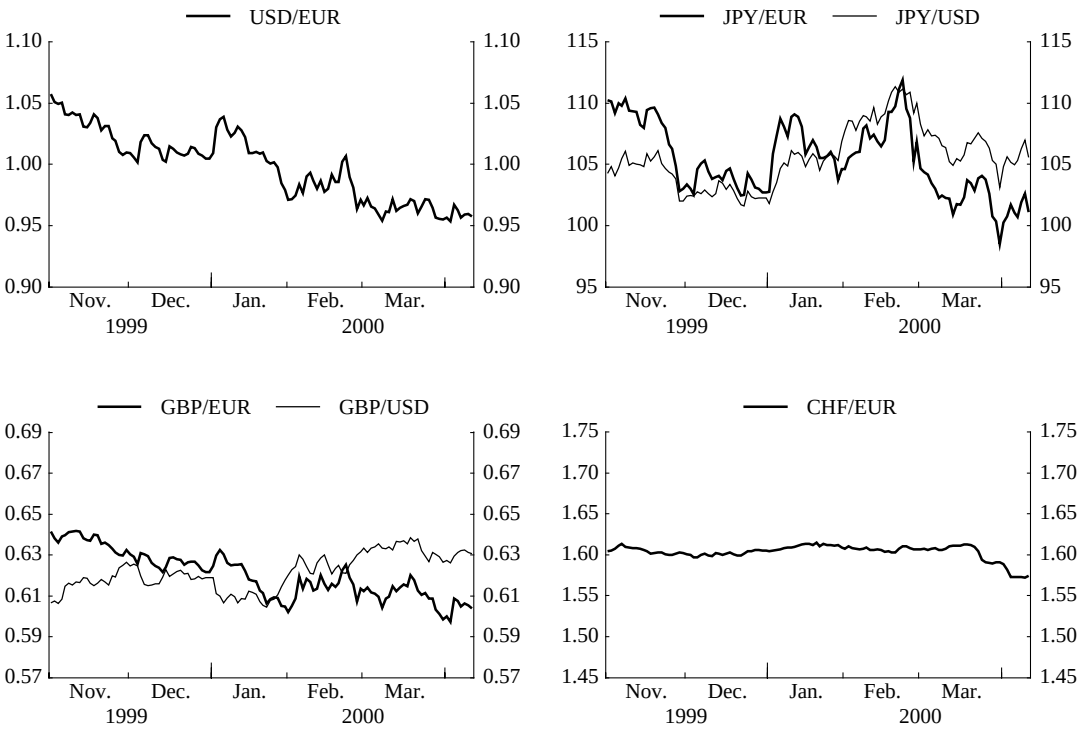
The improvement in the euro area economic outlook does not appear to be appropriately reflected in recent developments in the external value of the euro, which faced downward pressure in foreign exchange markets for most of the period from early March until mid-April 2000. In nominal effective terms, the euro weakened by around 2% during this period to stand, on 12 April, at around 3% below the level at the beginning of the year and at around 9% below the average level in 1999. In early April the Swiss franc, which had hitherto been trading in a very close range vis-à-vis the euro, also strengthened somewhat. Foreign exchange markets in emerging market economies witnessed a gradual strengthening of a number of currencies, in line with the continued stabilisation of most of the economies concerned.

Against the US dollar the euro traded in a range of around USD 0.95 to USD 0.97 during most of March 2000. Even though the level reached on 12 April was broadly similar to that at the beginning of March, the average level during this period was some 2% below the average level in February (see Chart 15). Foreign exchange markets appeared to focus more on continued strong growth in the

Chart 15

Patterns in exchange rates

(daily data)



Source: ECB.

United States and less on the evidence of an acceleration in economic activity in the euro area, where the latest indicators have confirmed a broadly based upswing. The announcements by both the ECB and the Federal Reserve of a rise in interest rates by 25 basis points in March were largely expected and had little impact on the USD/EUR exchange rate. In early April volatility rose significantly in US equity markets – partially spilling over into equity markets in other parts of the world – but this did not translate into any significant impact on volatility in foreign exchange markets. On 12 April the euro was quoted at USD 0.958.

The Japanese yen fluctuated rather widely against the euro and the US dollar in March, rallying strongly at the end of the month as a result of the relatively favourable business outlook which emerged from the Bank of Japan's Tankan survey report and the positive figures for industrial production and export performance. The strengthening of the yen was also possibly related to financial capital flowing into Japan in connection with the close of the fiscal year at end-March. During this period the Bank of Japan intervened in the foreign exchange market in order to prevent high exchange rate variability and an excessively rapid yen appreciation from dampening the ensuing recovery. On 12 April the euro was quoted at JPY 101.11.

The pound sterling also rose against the euro amid somewhat higher volatility in the sterling exchange rate compared with earlier months. The main driving force behind its strength appears to have been the strengthening of economic growth in the United Kingdom, which is generally expected to continue throughout this year. On 12 April the euro was quoted at GBP 0.604.

The currencies in ERM II mostly remained stable (see Chart 16). However, some intraday volatility was observed after the decision by the Bank of Greece to cut interest rates by 50 basis points, soon after the Greek Government formally applied to adopt the euro at the beginning of 2001. The Danish Government announced that a referendum on the prospective adoption of the euro would be held in September 2000. At an average level vis-à-vis the euro of DKK 7.45, the Danish krone remained very close to its central parity.

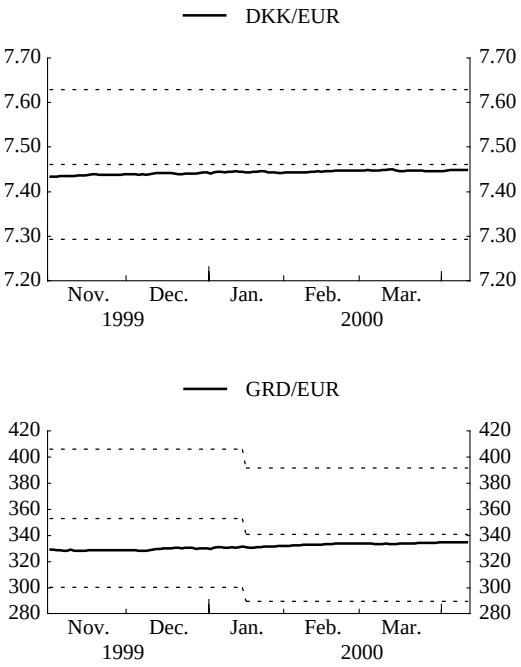
After a long period of trading in a narrow range against the euro, the Swiss franc strengthened somewhat in late March and early April following the increase by the Swiss National Bank of its CHF LIBOR target range by 75 basis points to 2.5%-3.5%. The Swiss National Bank explained this tightening on the basis of rising inflationary pressures stemming from improved growth prospects and the decline in the Swiss franc's external value. On 12 April the euro was quoted at CHF 1.57, compared with an average level of CHF 1.61 in the first quarter of this year.

In nominal effective terms, the euro declined by 2.2% in March, driven by its weakening – in order of relative importance – against the Japanese yen, the pound sterling and the US dollar (see Chart 17). The real effective exchange rate of the euro – a proxy for the euro area's price and cost competitiveness – exhibits a pattern similar to that of the nominal exchange rate, given that, since the launch of the euro, inflation differentials between the euro area and its main trading partners have been negligible. A comprehensive discussion of price and cost competitiveness developments in the euro area, on the basis of CPI, PPI and ULC deflators, is presented in the article entitled "The nominal and real effective exchange rates of the euro", contained in this issue of the ECB Monthly Bulletin.

Chart 16

Patterns of exchange rates within ERM II

(daily data)



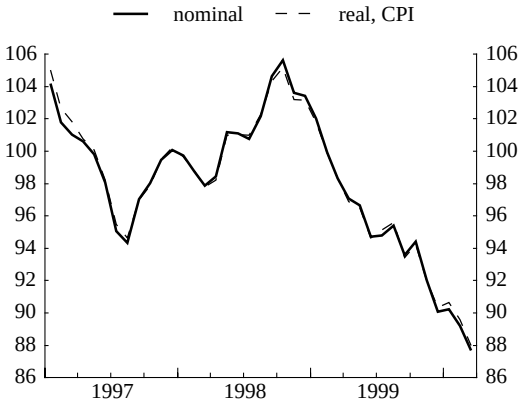
Source: ECB.

Note: The horizontal lines indicate the central parities (DKK 7.46; GRD 340.75, with the latter effective from 17 January 2000) and the respective fluctuation bands (±2.25% for DKK and ±15% for GRD).

Chart 17

Nominal and real effective exchange rates [1)]

(monthly averages; index: 1999 Q1 = 100)



Source: ECB.

1) Data are ECB calculations (see Box 5 in the October 1999 issue of the Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations are for March 2000.

Change in methodology leads to downward revisions of the current account surplus

Following the adoption of a new methodology for deriving portfolio investment income, the ECB has revised the income account figures and the associated balance of payments key items (see Box 4). The change in methodology has resulted in a higher deficit for the income account for the period from 1997 to 1999 and corresponding downward revisions to the current account surplus over the same period. Accordingly, the current account surplus is now recorded at ECU 76.2 billion, ECU 43.3 billion and €24.3 billion for the years 1997, 1998 and 1999 respectively (compared with ECU 94.7 billion, ECU 60.3 billion and €43.2 billion previously) (see Table 9).

In January 2000 the current account of the euro area recorded a deficit of €6.6 billion, compared with a deficit of €2.4 billion for

Table 9

Balance of payments of the euro area [1)]

(EUR billions; ECU billions for 1998 (not seasonally adjusted))

	1998 Jan. - Dec.	1999 Jan.	1999 Jan. - Dec.	1999 Nov.	1999 Dec.	2000 Jan.
Current account balance	43.3	-2.4	24.3	2.2	1.6	-6.6
Credits	1,264.0	95.4	1,291.5	112.9	118.3	110.8
Debits	1,220.6	97.7	1,267.2	110.7	116.7	117.4
Goods balance	118.8	4.8	99.9	8.3	8.4	0.9
Exports	772.4	53.5	791.3	73.6	73.4	63.7
Imports	653.6	48.7	691.4	65.2	65.0	62.8
Services balance	-0.9	-2.9	-6.6	-1.1	-0.7	-1.9
Exports	232.0	14.9	232.4	19.1	21.1	17.8
Imports	232.8	17.8	239.0	20.3	21.8	19.7
Income balance [2)]	-28.8	-2.3	-26.2	-0.5	-1.3	-4.3
Current transfers balance	-45.8	-2.0	-42.8	-4.5	-4.8	-1.3
Capital account balance	12.7	2.7	12.8	0.8	2.6	1.4
Financial account balance [3)]	-69.1	0.4	-62.7	-0.6	-6.1	17.1
Direct investment	-102.6	-4.7	-147.2	-17.5	-26.6	2.0
Abroad	-183.0	-11.8	-212.5	-19.9	-33.8	-5.4
In the euro area	80.4	7.1	65.2	2.4	7.2	7.4
Portfolio investment [3)]	-85.3	8.8	-21.3	18.0	7.0	-17.5
Assets	-302.1	-19.1	-280.5	-31.1	-18.9	-25.1
Liabilities	216.8	27.9	259.2	49.1	25.9	7.6
Financial derivatives [3)]	-8.2	-1.9	-0.8	1.6	-0.4	-1.3
Other investment [3) 4)]	118.5	0.3	93.2	-3.2	14.7	35.5
Reserve assets [3)]	8.5	-2.1	13.4	0.6	-0.8	-1.6
Errors and omissions [3)]	13.1	-0.7	25.5	-2.5	1.8	-11.9

Source: ECB.

Note: 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 more detailed set of tables may be found in Section 8 of the "Euro area statistics" section of this Monthly Bulletin.

1) Figures may not add up due to rounding.

2) Monthly figures for 1998-99 are not closely comparable with later observations.

3) Data before end-1998 are not closely comparable with later observations.

4) Flows before January 1999 include estimates.

Box 4

Change in methodology for compiling portfolio investment income

The balance of payments (b.o.p.) income account comprises the compensation of employees (payments to non-resident workers or receipts of residents working abroad) and investment income relating to external financial assets and liabilities of the euro area. Included in the latter are receipts and payments on direct, portfolio and "other" investment. The change in methodology affects only portfolio investment-related income.

International standards require income flows vis-à-vis non-residents of the euro area to be allocated to the end-investor (payments from the euro area) or to the non-resident debtor (receipts). Interest and dividends relating to portfolio investment are often paid or received through central securities depositories or other intermediaries located in the euro area. Where, for practical reasons, national compilers allocate payments and receipts according to the immediate counterpart, some income debit payments have been incorrectly classified, in particular those related to euro area securities held by non-residents of the euro area.

The new methodology, which is consistent with the compilation of portfolio investment flows in the financial account, avoids any such misallocation. The new methodology first calculates total portfolio income payments arising from euro area debtors and then subtracts income payments received by euro area residents.

the same month last year. A fall in the goods surplus (from €4.8 billion in January 1999 to €0.9 billion in January 2000) and a larger deficit for the income account, only partially offset by reductions in the deficits for services and current transfers, explain the rise in the deficit.

Although the value of exports of goods again grew strongly in January 2000, compared with the same month a year earlier, the goods surplus continued to diminish as imports grew even more rapidly, following the 20% rise in import prices in the 12-month period up to December 1999. Preliminary estimates suggest that around half of the rise in import prices resulted from the sharp increase in the dollar price of oil, with the decline in the euro accounting for most of the remainder.

Net inflows in direct investment, but strong equity net outflows in January

In January 2000 the combined net direct and portfolio investment outflows declined to €15.5 billion, compared with €19.6 billion in December 1999. This was the result of a swing in direct investment from net outflows to net inflows, attributable mainly to lower direct investment abroad by euro area residents in January 2000 (€5.4 billion, compared with €33.8 billion in December 1999).

Net direct investment inflows contrasted with net portfolio investment outflows (€17.5 billion in January 2000), owing to a strong increase in equity net outflows to €18.0 billion in January 2000 (from €3.6 billion in December 1999). In particular, equity investment in the euro area declined to €4.0 billion in January 2000, from €16.9 billion in December 1999. Foreign investors also reduced their new investment in euro area debt securities, mostly money market instruments, to €3.6 billion, from €9.0 billion in December 1999. Altogether, portfolio investment in euro area securities declined to €7.6 billion in January 2000, from €25.9 billion in December 1999.

Moreover, portfolio investment abroad by euro area residents increased to €25.1 billion in January 2000, from €18.9 billion in December 1999. This was accompanied by both an increase in the investment of euro area residents in foreign equities and higher investment in foreign debt instruments.

The nominal and real effective exchange rates of the euro

This article presents the results of the work undertaken by the European Central Bank (ECB) and the national central banks (NCBs) starting in 1999 to compile effective exchange rate indicators for the euro which are based on a commonly agreed methodological framework and which are appropriate for the needs of the Eurosystem. This work has produced two sets of indicators: (i) one nominal and several real effective exchange rate indices based on different price and cost deflators for a narrow group of countries consisting of 13 industrial and newly industrialised trading partners of the euro area; and (ii) a nominal and a real effective exchange rate index for a broad group of 39 trading partners, including emerging market and transition economies. The narrow and broad groups of partner countries accounted for roughly 62% and 89% respectively of total euro area manufacturing trade (imports and exports) in 1995-97.

The methodology used to compute the trade weights on which the Eurosystem's set of effective exchange rates is based is similar to that underlying the effective exchange rate indices published by the Bank for International Settlements (BIS). The weights used in setting up the indices are overall trade weights based on extra-euro area manufacturing trade and take account of "third market" effects. The weighting scheme is fixed; however, the weights themselves will be revised every five years. Historical data for both the narrow and broad sets of indicators are computed by means of aggregating euro area countries' data and using a "theoretical" euro, calculated on the basis of participating countries' currencies before 1999.

1 Introduction

The nominal effective exchange rate (EER) is a summary measure of the external value of a currency vis-à-vis the currencies of the most important trading partners, while the real EER – obtained by deflating the nominal rate with appropriate price or cost indices – is the most commonly used indicator of international price and cost competitiveness.

In preparation for the start of Stage Three of Economic and Monetary Union (EMU), the ECB and the NCBs of participating countries began their work on the composition of a set of EER indicators for the single currency based on a commonly agreed methodological framework. This undertaking was aimed primarily at addressing the lack of indicators which treat the euro area as a whole, while ensuring the use of methodologies that would be both scientifically satisfactory and tailored to the specific needs of the Eurosystem.

In the light of these primary objectives, two sets of EER indicators have been compiled on the basis of a narrow and a broad group of trading partners, in order to deal effectively with the trade-off between trade coverage and availability, as well as the timely updating of the indicators. Specifically, this dual approach ensures that: (i) the external value of the euro and the competitiveness of the euro area in terms of prices and costs can be assessed in a comprehensive manner against a relatively small number of countries which account for a sufficiently large portion of euro area trade and for which reliable data are available in a timely fashion; and (ii) euro area competitiveness can be evaluated, albeit only in terms of relative consumer prices, against an extended group of trading partners which also encompasses accession countries and emerging market economies in Asia, Latin America and eastern Europe, as well as relevant trading partners in other parts of the world.

The wider coverage of the broad group of trading partners is intended to serve an additional purpose. The group is sufficiently broad to enable *national competitiveness indicators* to be constructed for euro area countries using the commonly agreed methodological framework. Such indicators may provide useful information on the competitive position of individual euro area countries, considering that trade patterns

vis-à-vis the outside world may differ between these countries.

The Eurosystem's set of real EER indicators for the euro presented in this article is designed primarily to measure changes in the international price and cost competitiveness of the euro area and, consequently, these indicators may not be particularly suitable for use in assessing the impact of exchange rate changes on domestic inflation through import prices. In order to address the latter issue, the possibility of constructing a real EER indicator based on import prices and appropriate weights is under consideration.

Finally, it should be noted that the term "competitiveness" in this article refers exclusively to relative price and cost developments between the euro area and its trading partners, as the real EER indicators do not take into account other aspects of international competitiveness, such as product quality, innovation and flexible labour markets.

2 Methodological issues

Trade basis for the calculation of the weights

The weights required for setting up the nominal and real EERs of the euro are computed on the basis of manufacturing trade flows (three-year average over the period from 1995 to 1997) as defined in Sections 5 to 8 of the Standard International Trade Classification (SITC 5-8). Manufacturing trade constitutes the most appropriate trade basis for the Eurosystem's set of EERs, mainly owing to the large share of manufacturing goods in total euro area trade. Although it would, in principle, be desirable to include trade in services, data on transactions in services and their prices are relatively scarce and show a low level of comparability across countries.

Selection of partner countries

The euro area has significant trade relationships with a large number of countries around the world. This means that effective exchange rate developments of the euro and competitiveness developments in the euro area have to be measured relative to many currencies and trading partners worldwide, including emerging market economies and economies in transition. At the same time, however, for several of these countries, necessary data on price and cost indicators, in particular, may not be available on a timely or high-frequency basis; some of these countries may also be prone to inflation, with currencies experiencing large and prolonged nominal depreciations accordingly. Therefore, the Eurosystem has adopted a two-pronged approach to the compilation of its set of EER indicators, by considering two groups of countries: a narrow group comprising 13 industrial and newly industrialised trading partners of the euro area, and a broad group with 39 trading partners.

The selection criteria for the countries of each of the two groups are different and relate not only to the relative importance of the respective countries as trading partners of the euro area, but also to the properties which the resultant EER indicator is required to exhibit. The narrow group, which covers a significant portion of total euro area manufacturing trade (62% in 1995-97), is made up of those trading partners of the euro area for which (i) significant trade links with the euro area exist, (ii) exchange rate data are available on a daily basis, and (iii) a sufficiently broad range of price and cost indices exists on a monthly or quarterly basis and in a relatively timely and reliable fashion.

The broad group of partner countries covers 89% of euro area external trade in manufacturing goods in the period from 1995 to 1997. In addition to the countries in

Table 1

Weights in the ECB's narrow and broad effective exchange rate indices

(as percentages)

	Partner countries	Simple share in the euro area's manufacturing trade [1]	Overall weight in the narrow EER index [2]	Simple share in the euro area's manufacturing trade [1]	Overall weight in the broad EER index [2]
Broad group [3]				**100**	**100**
	Narrow group [3]	**100**	**100**	**69.32**	**69.69**
	Australia	1.27	1.12	0.88	0.79
	Canada	1.84	1.93	1.28	1.45
	Denmark	3.91	3.45	2.71	2.55
	Greece	1.87	1.47	1.30	1.10
	Hong Kong SAR	2.68	3.83	1.85	2.03
	Japan	10.01	14.78	6.94	9.98
	Norway	2.10	1.68	1.45	1.32
	Singapore	2.36	3.44	1.63	2.04
	South Korea	2.92	4.80	2.03	2.76
	Sweden	7.07	6.14	4.90	4.31
	Switzerland	11.20	8.71	7.76	6.44
	United Kingdom	29.48	23.92	20.43	17.85
	United States	23.29	24.72	16.15	17.07
	Additional countries in the broad group			**30.68**	**30.31**
	Algeria			0.38	0.32
	Argentina			0.58	0.53
	Brazil			1.42	1.43
	China			3.69	3.99
	Croatia			0.51	0.49
	Cyprus			0.15	0.10
	Czech Republic			2.09	1.83
	Estonia			0.17	0.15
	Hungary			1.77	1.52
	India			1.32	1.46
	Indonesia			0.94	0.91
	Israel			1.26	1.08
	Malaysia			1.18	1.30
	Mexico			0.69	0.82
	Morocco			0.72	0.63
	New Zealand			0.14	0.20
	Philippines			0.44	0.42
	Poland			2.61	2.29
	Romania			0.73	0.68
	Russia			2.11	2.33
	Slovakia			0.69	0.76
	Slovenia			0.95	0.81
	South Africa			0.89	0.89
	Taiwan			1.94	2.13
	Thailand			1.10	1.20
	Turkey			2.21	2.04

Sources: Eurostat (Comext) and ECB calculations.

1) Simple import and export shares in total euro area manufacturing trade excluding "third market" effects.

2) Overall weights are a weighted average of simple import shares and double export weights, i.e. taking into account "third market" effects.

3) The narrow and broad groups account for 62% and 89% respectively of total euro area manufacturing trade in 1995-97.

the narrow group, it incorporates other countries which possess one or more of the following features: (i) an individual share in total euro area manufacturing trade larger than 1%, (ii) being among the EU accession countries, and (iii) significant trade links with individual euro area countries, although the share relative to overall euro area manufacturing trade may be small. In conjunction with these selection criteria, the composition of the broad group was also determined by timely and reliable availability of the Consumer Price Index (CPI) on a monthly basis.

In terms of overall trade weights, the euro area's two main trading partners are the United States and the United Kingdom, which have very similar weights, amounting to around 24% each in the narrow index and 17% in the broad index (see Table 1). The weights of the third and fourth most important trading partners – Japan and Switzerland – in the narrow index are 15% and 9% respectively, while in the broad index these are 10% and 6% respectively. All other trading partners have a share of less than 5% in both the narrow and the broad indices, indicating a broad dispersion of euro area external trade.

In terms of a regional grouping, the industrial economies outside the euro area within Europe clearly constitute the most important regional group for the euro area's external trade, carrying a weight of around 34% in the broad index coverage. The second largest region is Asia, with some 20%, followed by North America, with around 18%. The transition economies in eastern Europe together with Russia account for a total of some 11% and Latin America for around 5%. The remainder includes countries in Africa, the Middle East and Oceania. Those trading partners which have been excluded from the broad group, although they account for approximately 11% of total euro area manufacturing trade, exhibit small individual trade shares with the euro area and weak trade relationships with individual euro area countries.

The weighting method

The methodology adopted to compute the trade weights required for the construction of the EER indices of the euro is similar to that underlying the EER indices published by the Bank for International Settlements (BIS). The Eurosystem's nominal EERs are constructed by applying overall trade weights to the bilateral exchange rates of the euro against the currencies of the trading partners (see Annex I). The overall weights incorporate information on both exports and imports, excluding trade within the euro area. The import weights are the simple shares of each partner country in total euro area imports from the partner countries. Exports are double weighted in order to account for third market effects, so as to capture the competition faced by euro area exporters in foreign markets from both domestic producers and exporters from third countries. As the double weighting of exports requires a measure of the domestic supply of manufactured goods in each export market, the latter was estimated by subtracting each partner country's net exports of manufactured goods from its value added in manufacturing.

The overall trade weights obtained for both groups of trading partners are presented in Table 1, alongside the simple shares of the partner countries in total euro area manufacturing trade (i.e. the average of imports plus exports). A simple comparison between the two sets of weights for each grouping reveals the practical implications of accounting for third market effects. Those trading partners which are important global suppliers of manufactured goods and compete strongly with euro area exporters in third markets tend to have larger overall trade weights than their corresponding simple shares in total euro area manufacturing trade would imply. This is particularly true for the United States, Japan and the newly industrialised Asian economies.

This weighting scheme is fixed in the sense that the same set of weights is applied

uniformly to the whole period over which the EER indices are calculated. The weights will, however, be revised every five years in order to give due consideration to shifts in international trade flows.

A proxy for the exchange rate of the euro in the period from 1990 to 1998

Owing to the fact that euro exchange rates are only available from the start of Stage Three of EMU, earlier EER data are based on a basket of the currencies of those countries which now constitute the euro area. The weights for the pre-1999 "theoretical" euro exchange rates are based on the share of each euro area country in total manufacturing trade (three-year 1995-97 average) of the euro area vis-à-vis non-euro area countries. In order to ensure consistency with the weighting method used to compute the overall trade weights for the euro EERs, total manufacturing trade is defined as the sum of total euro area exports plus euro area imports from the partner countries. This entails two sets of weights for the theoretical euro, depending on whether the narrow or the broad group of trading partners is used (see the footnote to Table 2). The resulting theoretical euro composite indicator summarises the exchange rate developments of the countries which now form the euro area, thereby providing a synthesis of the external value of euro area currencies in the 1990s (see Annex I).

Choice of deflators

The real effective exchange rates of the euro measure the competitiveness of euro area suppliers in terms of prices or costs relative to their trading partners. These indicators are defined as the relative prices between the euro area and its partner countries expressed in a common currency and are constructed by deflating the nominal EER index by appropriate price or cost indicators.

In the case of the narrow group of partner countries, the competitive position of the euro area is measured in terms of several deflators, namely consumer prices, producer (or wholesale) prices and unit labour costs in manufacturing (ULCM). Work to supplement the set of the Eurosystem's EERs with additional deflators, such as GDP

Table 2

Weights for constructing the "theoretical" euro before 1999 [1)]

(as percentages)

EMU legacy currencies	"Theoretical" euro weights in the narrow index	"Theoretical" euro weights in the broad index
Deutsche Mark	34.66	35.52
French franc	17.83	17.38
Italian lira	14.34	14.20
Dutch guilder	9.19	9.32
Belgian and Luxembourg franc	8.01	8.04
Spanish peseta	4.95	4.94
Irish pound	3.75	3.47
Finnish markka	3.27	3.07
Austrian schilling	2.91	3.02
Portuguese escudo	1.08	1.05

Sources: Eurostat (Comext) and ECB calculations (based on 1995-97 data).

1) *The use of two sets of weights for the "theoretical" euro is a consequence of the weighting method employed in computing the double export weights for the EER indices. According to this procedure, the exports of manufactured goods, as well as the domestic output of the manufacturing sector of the countries not included in the narrow (broad) group, termed "rest of the world" for convenience, are assumed not to compete with goods produced by the competitor countries (see Appendix I in P. Turner and J. Van't dack: "Measuring International Price and Cost Competitiveness", BIS Economic Paper No. 39, 1993). Thus the definition of total euro area trade underlying the computation of the weights for the theoretical euro does not include imports from the "rest of the world" countries.*

deflators and unit labour costs for the whole economy, is currently under way. For the broad group, only consumer prices are being used, owing to a lack of timely and comparable data on other measures of prices and costs.

Price developments against the two groups are summarised by applying the overall trade weights to the relevant price indices of the trading partners. As far as the euro area is concerned, such developments are described, to the extent possible, by means of comparable euro area indicators. Specifically, the Harmonised Index of Consumer Prices (HICP) and the manufacturing producer price indices (PPIs) compiled by Eurostat were used as indicators of consumer and producer price developments in the euro area respectively. In the absence of published unit labour cost data from Eurostat, the area-wide ULCM was obtained by aggregating appropriately the ULCM indicators of euro area countries.

Base period and frequency of the EER indicators

The base period for all EER indicators is the first quarter of 1999 (1999 Q1 = 100). The base period was selected simply on the grounds that it coincides with the start of Stage Three of EMU and is sufficiently broad to minimise any potential biases emanating from the selection of a particular trading day as the base for the indices. The base period chosen does not relate to any notion of an "equilibrium" value of the euro.

With regard to the data frequency of the EER series, the nominal EER index for the narrow group of trading partners is published daily on the ECB's website, as it constitutes a summary measure of short-term foreign exchange market developments. The nominal EER indicator for the broad group will be published monthly. The CPI-based narrow real EER index is published monthly, and this will also be the case for the CPI-based real EER index for the broad group and the PPI-based index for the narrow group. The narrow real EER index deflated by unit labour costs in manufacturing will be published quarterly. The lower frequency for some indicators is dictated by data availability. Table 3 presents an overview of the set of EER indicators in terms of availability and frequency of publication.

Table 3

The ECB's set of nominal and real EER indicators [1)]

EER indicator	Highest frequency of data availability	Historical period covered	Publication date
Narrow group			
Nominal EER	Daily	1990 to date	October 1999
Real EER (deflated by)			
CPI	Monthly	1990 to date	October 1999
PPI	Monthly	1990 to date	April 2000
ULCM	Quarterly	1990 to date	April 2000
Broad group			
Nominal EER	Monthly	1993 to date	April 2000
Real EER (deflated by)			
CPI	Monthly	1993 to date	April 2000

Source: ECB.

1) CPI, PPI and ULCM refer to consumer prices, producer prices and unit labour costs in manufacturing deflators respectively.

3 The euro's nominal and real external value

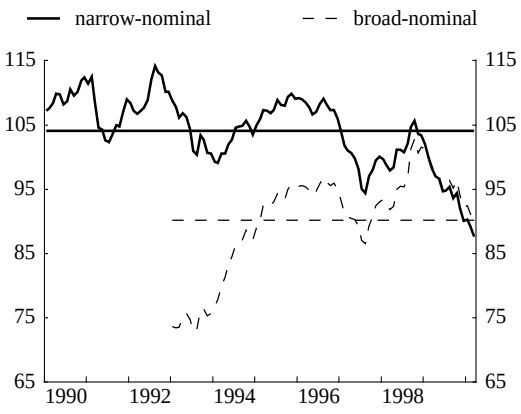
The *nominal* effective exchange rate (EER) developments for the euro are summarised by the nominal EER indicators. These indices are computed as a geometric weighted average of the bilateral exchange rates of the euro against the currencies of the trading partners. The weights used are the overall trade weights presented in Table 1, while bilateral exchange rates are mostly monthly averages of daily spot foreign currency quotations of the euro. The narrow nominal EER index is computed for the period as from January 1990, while the broad nominal EER is available only as from January 1993, owing to missing data on a number of transition economies in eastern Europe.

The presence of economies with at times relatively high inflation (in Asia, Latin America and eastern Europe) among the trading partners making up the broad group suggests that the nominal EER of the euro, based on the broad group, will be influenced by the depreciating nominal external value of the currencies of those countries. This point is shown in Chart 1, on which the nominal EER indices for the two groups of partner countries are plotted. In the course of the 1990s the narrow and broad nominal EER indices of the euro exhibit divergent behaviour. The broad nominal EER indicator points to a strong nominal appreciation of the euro against the currencies of the euro area's trading partners between 1993 and 1998, amounting to 38%. This contrasts sharply with the narrow nominal EER which shows a nominal depreciation of around 5% over the same period. Nonetheless, once the relative price movements in the euro area and in the respective groups of trading partners are taken into account, i.e. when the real EER indices for the two groups are computed, the discrepancy observed between the narrow and broad indicators is greatly reduced (see Chart 2). Taking into consideration the latter observation and the increasing importance of the emerging market and transition economies in world trade, the real EER index for the broad group could provide a useful

Chart 1

Nominal effective exchange rate of the euro against the currencies of the narrow and broad groups of trading partners [1)]

(monthly averages; index: 1999 Q1 = 100)



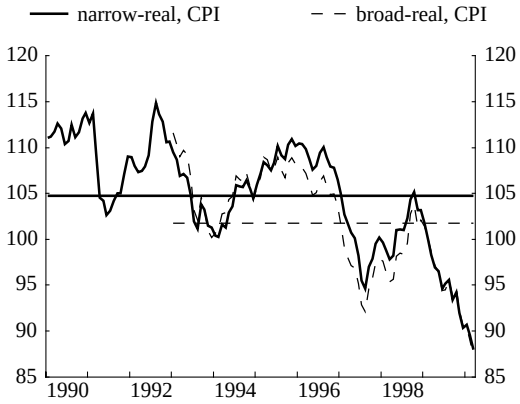
Source: ECB.

1) Data are ECB calculations. An upward movement of the index represents an appreciation of the euro. The horizontal lines show the average over the period shown. The latest observations are for March 2000.

Chart 2

CPI deflated real effective exchange rate of the euro against the currencies of the narrow and broad groups of trading partners [1)]

(monthly averages; index: 1999 Q1 = 100)



Source: ECB.

1) Data are ECB calculations. An upward movement of the index represents an appreciation of the euro. The horizontal lines show the average over the period shown. The latest observations are for March 2000.

measure of the euro area's competitiveness. Moreover, it could serve as a platform for deriving real EER indices of the euro area against selected regional country groupings in the near future.

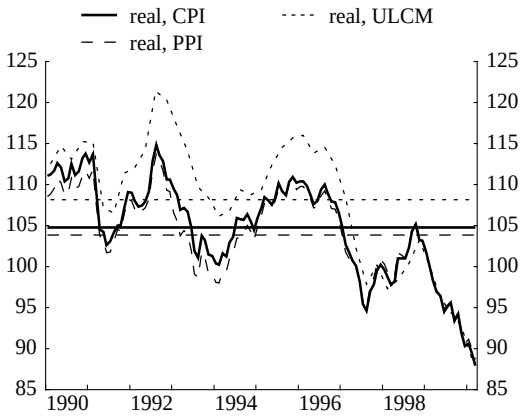
Turning to developments in the international price and cost competitiveness position of the euro area in the 1990s, as measured by real effective exchange rates, both CPI-deflated real EER indices point to a gradual improvement over the period for which these indicators are calculated. Between the first quarter of 1990 and the fourth quarter of 1999 the narrow real EER index registered an effective depreciation of 17.2%, while the broad real EER declined by approximately the same rate as the narrow index (i.e. 16.2%) between the first quarter of 1993 and the fourth quarter of 1999. Looking at Chart 2, euro area competitiveness improved following the crisis in the ERM in 1992 as the currencies of several countries which later participated in the euro area depreciated against the currencies of major trading partners. Subsequently, the real effective exchange rate appreciated in the period from early 1994 to around mid-1996. Between the third quarter of 1996 and the third quarter of 1997, the nominal weakening of EMU constituent currencies mainly against the US dollar as well as the loss of competitiveness of emerging market and transition economies caused the euro area real EER to depreciate below the low reached in the first quarter of 1994. Nonetheless, in the aftermath of the financial and currency crisis in Asia, i.e. between the third quarter of 1997 and the fourth quarter of 1998, almost all of the gain in the price and cost competitiveness of the euro area that had occurred in the 12 months preceding the crisis dissipated.

Following the launch of the single currency, the degree of competitiveness of the euro area vis-à-vis its trading partners changed course again. Between the first and fourth quarters of 1999 the real effective depreciation of the euro amounted to 7.8% against the currencies of the trading partners

Chart 3

The real EER of the euro for the narrow group under alternative deflators [1)]

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



Source: ECB.

1) Data are ECB calculations. An upward movement of the index represents an appreciation of the euro. The horizontal lines show the average over the period shown. The latest observations are for March 2000 and Q1 2000.

in the narrow group and 7.5% against those in the broad group. As CPI inflation in the euro area and its trading partners in the narrow group evolved very similarly, the improvement in euro area competitiveness in 1999 stemmed almost entirely from the nominal depreciation of the euro. The effective depreciation of the euro over this period was mainly driven by the weakening of the euro against the currencies of the euro area's largest trading partners, particularly the United States, Japan and the United Kingdom. The real external value of the euro against the currencies of the partner countries in the broad group declined in 1999 by the same amount as the decline against those in the narrow group over the same period.

The use of alternative deflators for the narrow group of partner countries for which such information is available results in indicators of the euro's real external value which largely reflect the same pattern as the CPI-based narrow real EER index (see Chart 3). In terms of levels, the PPI-deflated narrow real EER is practically indistinguishable from its CPI counterpart. The real EER index based on unit labour costs in manufacturing

(ULCM) shows a somewhat larger effective depreciation, which is, however, mostly a result of movements which occurred in the early and mid-1990s. Between the first quarter of 1990 and the fourth quarter of 1999 euro area suppliers became more competitive by some 18% in terms of relative unit labour costs as compared with improvements of around 17% and 15% in terms of relative consumer and producer prices respectively. Since the launch of the single currency, the cumulative real effective weakening of the euro as measured by the ULCM-deflated EER index has been similar to that shown by the CPI and PPI-deflated real EER indicators.

From a historical perspective, both the CPI-deflated real EER index for the broad group as well as the real EER indices for the narrow group were below their corresponding 1990-00 (1993-00 for the broad group) averages in the first quarter of 2000 (see Charts 2 and 3).

Annex

Formulae used for the calculation of the effective exchange rates

The methodology underlying the calculation of the Eurosystem's set of effective exchange rates is similar to that used by the Bank for International Settlements (BIS) (see P. Turner and J. Van't dack: "Measuring International Price and Cost Competitiveness", BIS Economic Paper No. 39, 1993). The indices are computed as geometric weighted averages of relative price indicators using the formulae set out below.

General formula for the effective exchange rate (EER)

The general formula for the calculation of the real EER (REER) in period t is:

$$REER^{(t)} = \prod_{i=1}^{N} \left(\frac{d_{euro}^{(t)} e_{i,euro}^{(t)}}{d_i^{(t)}} \right)^{w_i},$$

where N stands for the number of partner countries in the EER index, d_i is the deflator for partner country i, d_{euro} is the deflator for the euro area, $e_{i,euro}$ is the exchange rate of the currency of partner country i vis-à-vis the euro and w_i is the overall trade weight assigned to the currency (or partner country) i.

The nominal EER (NEER) is derived in a similar fashion by leaving out the deflators from the aforementioned formula. Hence the formula for the NEER is:

$$NEER^{(t)} = \prod_{i=1}^{N} \left(e_{i,euro}^{(t)} \right)^{w_i}.$$

Double export weights

Let us assume that the euro area exports to H foreign markets ($H > N$) and x_j^a denote the gross exports flow in the reference period from the euro area to market j. The share of each market in total exports is then calculated as:

$$x_j = x_j^a / \sum_{j=1}^{H} x_j^a, \; j = 1,2,\ldots,H.$$

These simple export shares are adjusted in order to take account of third market effects. On the assumption that the N partner countries are the only suppliers in the H foreign markets and that exports of manufactured goods, as well as the domestic supply of the manufacturing sector of the countries not included among the partner countries (i.e. H-N), termed "rest of the world" for convenience, do not compete with goods produced by the partner countries, the double export weight of each partner country is defined as:

$$w_i^x = \sum_{j=1}^{H} s_{i,j} x_j, \; i = 1,2,\ldots,N,$$

with $S_{i,j}$ being the share of country *i*'s supply in market *j* and given by:

$$S_{i,j} = S^a_{i,j} / \sum_{i=1}^{N} S^a_{i,j} ,$$

where $S^a_{i,j}$ (for $i \neq j$, $i = 1,2,...,N$ and $j = 1,2,...,H$) denotes the gross export flows from country *i* to market *j*, and $S^a_{i,i}$ (for $i = 1,2,\ldots,N$) represents the gross domestic production destined for the domestic market of country *i*.

Import weights

The import weight of partner country *i* is not subject to any adjustment and, consequently, coincides with its simple import share (m_i) in total euro area imports from the *N* partner countries, i.e.

$$w^m_i = m_i = m^a_i / \sum_{i=1}^{N} m^a_i , \; i = 1,2,\ldots,N,$$

where m^a_i denotes the gross import flows in the reference period into the euro area from country *i*.

Overall trade weights

The overall trade weight of each partner country is then obtained as

$$w_i = \left(\frac{x^a}{x^a + m^a} \right) w^x_i + \left(\frac{m^a}{x^a + m^a} \right) w^m_i \; , \; i = 1,2,\ldots,N,$$

where $x^a = \sum_{j=1}^{H} x^a_j$ denotes the exports of the euro area to the *H* foreign markets and $m^a = \sum_{i=1}^{N} m^a_i$ denotes the imports of the euro area from the *N* partner countries.

The proxy for the euro

For the purpose of calculating the exchange rate of the euro up to 31 December 1998, the exchange rates of the national currencies of euro area countries are aggregated in order to obtain a "theoretical" euro exchange rate (that is, a proxy for the exchange rate of the euro) according to the following formula:

$$e^{(t)}_{i,euro} = \prod_{k=1}^{n} \left(e^{(t)}_{i,k} \right)^{w^e_k} , \; i = 1,2,...,N,$$

where *n* stands for the number of EMU legacy currencies, $e^{(t)}_{i,euro}$ is the proxy for the exchange rate of the partner country's currency *i* against the euro, and $e^{(t)}_{i,k}$ is the exchange rate of the partner country's currency *i* against the euro area country's currency *k*.

The weights applied are the shares of each euro area country in the total manufacturing trade of the euro area and are obtained as follows: let t^a_k denote the total gross trade flow of euro area country *k*, where the total gross trade flow is defined as total euro area exports to the *H* foreign markets plus total euro area imports from the *N* partner countries. These data are consistent with the data on exports and imports used for deriving the overall trade weights for the euro EER in the sense that $\sum_{k=1}^{n} t^a_k = \sum_{j=1}^{H} x^a_j + \sum_{i=1}^{N} m^a_i$. The weights for the calculation of the theoretical euro exchange rate are then given by:

$$w^e_k = t^a_k / \sum_{k=1}^{n} t^a_k , \; k = 1,2,\ldots,n.$$

EMU and banking supervision

The introduction of the single currency has strengthened the internationalisation of banking activities in the euro area. The amalgamation of the infrastructures for large-value payments and interbank markets, and the increasing integration of the capital markets have already produced more and new kinds of links between banks. While the bulk of risks in traditional banking activities still arise in domestic markets, the changes fostered by the introduction of the euro leave banks increasingly exposed to shocks originating outside national boundaries. The institutional framework for banking supervision largely relies on national arrangements, which still display a wide range of solutions. At the same time, it requires extensive co-operation between national banking supervisors, and between national supervisors and the Eurosystem, in order to ensure an adequate exchange of information and a smooth management of crises, whenever they entail cross-border effects. While, in principle, the institutional framework (i.e. the Treaty establishing the European Community and the relevant EU Directives) is adequate, operational arrangements for supervisory co-operation need to be enhanced in order to ensure that supervision is carried out effectively in an increasingly integrated euro area banking market. Some steps in this direction have already been taken, and the process has to continue. The Banking Supervision Committee of the European System of Central Banks (ESCB) has been established in order both to assist the Eurosystem in its role of contributing to the smooth conduct of national policies in the field of prudential supervision and financial stability and to develop co-operation between supervisory authorities.

1 Internationalisation of banking and prudential supervision

The globalisation of financial activity has increasingly called for updating and enhancing safeguards for financial stability. Prudential supervision – i.e. the requirements for the sound and prudent conduct of banking and financial activity, controls to monitor compliance and instruments for corrective action – has already undergone substantial changes since the mid-1980s. The growth in cross-border activities has necessitated increased co-operation between supervisory authorities and joint efforts to design a common set of principles and requirements for preventing financial crises. The Basel Committee on Banking Supervision has been the main body fostering co-operation between banking supervisors and has contributed to the design of a general framework which has been applied to G10 countries and which has gradually been expanded worldwide. Traditional tools limiting the scope of permissible activities, a geographical expansion of business and price-setting by banks have gradually been dismantled. Capital requirements, obliging banks to maintain an adequate level of own funds relative to the risks undertaken, are now one of the cornerstones of prudential regulation. The focus of banking supervision is increasingly on the procedures and policies banks themselves put in place to measure, monitor and control risks. The international expansion of banking business, through increasingly complex networks of bank and non-bank subsidiaries, has necessitated extensive reliance on consolidated supervision. The ultimate responsibility for supervising international banking organisations lies with the home authority of the parent organisation, but extensive co-operation arrangements for effectively exchanging information and co-ordinating corrective measures play a crucial role.

Within the EU, regulatory harmonisation and supervisory co-operation have been promoted to a far greater extent with the creation of the Single Market for banking and financial services. Banks and financial institutions have complete freedom to provide services in any Member State, through either branches or direct supply, while being supervised by their home-country authority. Banks located in the 11 Member States participating in Economic and Monetary Union (EMU) may now also have recourse to a unified framework for accessing central bank liquidity and a fully harmonised large-value payment systems infrastructure. At the same time, cross-border activities within the

euro area are no longer affected by exchange rate risk. Insofar as these developments boost the integration of banking activity, co-operation between competent supervisory authorities is becoming more and more important, both for preventing crises and for limiting their effects, should they occur.

2 Banking developments in the single currency environment

There are many different ways in which banks' operations may become more sensitive to developments occurring outside domestic borders. Changes in interbank activities stimulated by the single currency and the single monetary policy have altered the patterns of exposures between banks, potentially affecting the scope for cross-border contagion. In addition, changes in the relevance of other cross-border activities, even in the retail business, may have affected the degree to which banks are exposed to risks originating from foreign counterparts and markets. Finally, the restructuring in the banking and financial services industry is leading to the emergence of large and complex banking groups, each maintaining a strong national base, but becoming increasingly involved in area-wide activities, especially in capital market and wholesale banking business.

Restructuring of interbank activities

Banks are particularly exposed to one another in the unsecured interbank money market, consisting mostly of financial contracts with maturities of less than one year. The share of unsecured transactions, the share of cross-border transactions and the degree of concentration of the interbank market are very important factors with regard to the potential danger of contagion. If there are only few market participants and if the concentration of the unsecured interbank liabilities is high, the likelihood of a failure having stronger repercussions on the viability of other institutions is higher. In this sense, the larger market and increasing cross-border transactions might have a positive impact on financial stability. Furthermore, wider and deeper money markets can absorb liquidity shortages more easily than before, as banks can borrow from foreign institutions more readily. At the same time, should some credit institutions nonetheless find themselves in a situation of distress, the likelihood of cross-border contagion in other euro area countries is probably greater.

Interbank markets consist mainly of unsecured contracts

The share of unsecured money market transactions appears to be roughly 70% of the total interbank market in euro (disregarding foreign currency swaps). Unsecured transactions seem to dominate overnight trade, while repurchase agreement (repo) transactions are, in relative terms, more common at longer maturities, as they offer greater security. As described in detail in a previous article (entitled "The euro area one year after the introduction of the euro" in the January 2000 issue of the ECB Monthly Bulletin), the introduction of the single monetary policy framework has significantly fostered the integration of the euro area money market. Moreover, the integration of the large-value real-time gross settlement systems within the TARGET system has contributed to increasing cross-border trade. In particular, the unsecured market in euro has already become highly integrated and liquid.

Share of cross-border interbank transactions increased

The share of cross-border transactions has substantially increased in both unsecured and repo interbank markets, currently accounting

Table 1

TARGET payment flows

	1999 Q1	1999 Q2	1999 Q3	1999 Q4
All TARGET payments				
– Daily average total value (EUR billions)	964	906	884	947
– Daily average total volume (thousands)	155	158	163	176
– Average daily payment size (EUR millions)	6.2	5.7	5.4	5.4
Cross-border TARGET payments				
– Daily average total value (EUR billions)	349	351	354	386
– Daily average total volume (thousands)	25	28	30	32
– Average daily payment size (EUR millions)	14.1	12.5	11.8	12.1
Domestic TARGET payments				
– Daily average total value (EUR billions)	615	554	530	562
– Daily average total volume (thousands)	130	130	133	144
– Average daily payment size (EUR millions)	4.7	4.3	4.0	3.9

Source: ECB.

for more than 50% of overall activity in both markets. This trend has been reflected in the rising share of cross-border transactions being processed in the settlement systems for large-value payments (see also the article entitled "TARGET and payments in euro" in the November 1999 issue of the ECB Monthly Bulletin). The share of cross-border payments in total TARGET payments, in terms of value, rose from around 36% in the first quarter to 41% in the fourth quarter of 1999 (see Table 1). The vast majority of all cross-border TARGET payments involve interbank trading (more than 95% in terms of value). The total daily average value of close to €400 billion indicates that the amounts exchanged are of a substantial magnitude. The other major payment systems operating in the euro area, Euro 1 (EBA) and Euro Access Frankfurt (EAF), have a combined daily value of transactions of approximately €300 billion, consisting mostly of cross-border interbank payments.

The changing patterns of trading in the euro area interbank markets are producing changes in the geographical breakdown of the corresponding items on banks' balance sheets, as approximated by the developments in the sector of euro area Monetary Financial Institutions other than central banks (OMFIs) (see Table 2 also for a precise definition). Cross-border activity involving non-euro area counterparties still exceeds activity involving euro area ones. However, the difference has almost disappeared in the case of interbank assets, and the share of the business within the euro area has increased in terms of both assets and liabilities. The growing relevance of cross-border exposures within the euro area is more clearly reflected in fixed income securities and money market paper, while the composition of loans has changed less markedly. Within the former classes of assets, the change has been larger at the short end of the maturity spectrum. For instance, the share of securities with maturities of less than one year issued by non-domestic euro area banks rose from 47% of total interbank assets at the end of 1997 to around 60% at the end of 1999.

Concentration of the interbank market

The aggregated data may hide some important developments at the country level or, perhaps more importantly, at the level of individual banks. Average figures are heavily influenced by the behaviour of small and medium-sized banks, which have benefited from the convergence in prices and the increased liquidity of the area-wide market, while keeping their interbank activity confined to national markets. The asset and liability structure of the largest banks, which traditionally have a greater level of involvement in the wholesale business, is more likely to be extensively affected. These

Table 2

Composition of the assets and liabilities of the euro area Monetary Financial Institutions other than central banks (OMFIs) vis-à-vis other OMFIs [1)]

	December 1997	December 1998	December 1999
Total inter-OMFI claims (loans, securities and money market paper) (EUR billions)	4,673	4,964	5,366
of which domestic business (%)	63.2	64.5	64.5
of which business with other euro area countries (%)	14.7	16.3	17.6
of which business with the rest of the world (%)	22.1	19.2	17.8
Breakdown of the euro area business			
Loans (EUR billions)	2,906	3,182	3,447
of which business with other euro area countries (%)	20.2	21.3	21.9
Fixed income securities [2)] (EUR billions)	636	721	832
of which business with other euro area countries (%)	13.0	15.3	19.6
Money market paper (EUR billions)	100	107	130
of which business with other euro area countries (%)	17.6	19.0	21.3
Total inter-OMFI deposits (EUR billions)	4,098	4,451	4,884
of which domestic business (%)	58.9	58.7	57.8
of which business with other euro area countries (%)	14.5	15.7	16.0
of which business with the rest of the world (%)	26.6	25.6	26.2

Source: ECB.

1) OMFIs (Monetary Financial Institutions other than central banks) comprise resident credit institutions, as defined in Community law, and other resident financial institutions, the business of which is to receive deposits and/or close substitutes for deposits from entities other than MFIs, and, for their own account (at least in economic terms), to grant credits and/or make investments in securities. The data refer to the business carried out by the institutions located in euro area countries. As far as the business with the rest of the world is concerned, institutions similar in type to OMFIs are considered.

2) Securities other than shares.

institutions are more inclined to expand the scope of their wholesale business to the euro area as a whole and to strengthen their positions in cross-border interbank activities. TARGET statistics show that daily cross-border interbank transfers are, on average, significantly larger than domestic ones. At the same time, the number of transactions is much smaller (see Table 1). This evidence points to the possible emergence of a "tiered" interbank market structure, which would resemble the structure existing in many domestic systems prior to the introduction of the euro (or currently existing in the United States).

Further evidence of the significant role played by large institutions is provided by the data on interbank market concentration. The largest banks have a noteworthy share of total euro area interbank assets and liabilities, and a slight increase was observed during the

Table 3

Concentration of the interbank assets and liabilities in the euro area [1)]

	December 1997		December 1998		June 1999	
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
Market share of the 5 largest institutions (%)	11.2	14.2	11.1	14.7	13.3	15.7
Market share of the 10 largest institutions (%)	19.9	24.0	19.4	24.6	22.3	25.6
Market share of the 20 largest institutions (%)	31.6	37.5	31.4	37.8	34.8	39.4

Sources: IBCA Bankscope (individual bank data) and ECB (aggregated data).

1) Market shares are calculated as the ratio of interbank activity of the largest banks, from IBCA individual balance sheet data, to the overall amount of interbank business available from OMFI statistics.

first half of 1999 (see Table 3). No data are available on the concentration of cross-border interbank activities, which is likely to be considerably higher. In any event, the further extension of the market has led to a far less concentrated interbank market, for the time being, by comparison with the national currency-based markets prior to the introduction of the euro. For example, at the end of 1998 the share of the five largest banks in the most dispersed banking systems, those of France, Germany and Italy, was around 30% of total interbank activity, while in the euro area as a whole the same ratio was around 15%.

Cross-border banking within the euro area

More generally, domestic risks still continue to be very important for banks in the euro area and, for many banks, they represent the only relevant potential source of fragility. As yet, the balance sheet structure of euro area OMFIs has not, on average, undergone any major changes. While retail banking business has largely remained domestically based, the increase in cross-border activities, especially in capital market-related businesses, is affecting the balance of risks faced by the credit institutions. On the one hand, it might

Table 4

Certain balance sheet items of the euro area OMFIs

	EUR billions			As a proportion of the balance sheet total (%)		
	Dec. 1997	Dec. 1998	Dec. 1999	Dec. 1997	Dec. 1998	Dec. 1999
Total loans	9,758	10,350	11,070	73.0	72.6	71.2
Of which:						
Loans to households [1) 2)]	2,336	2,516	2,751	17.5	17.7	17.7
Loans to non-financial corporations [1)]	2,135	2,287	2,417	16.0	16.1	15.5
Loans to general governments	885	892	886	6.6	6.3	5.7
Loans to OMFIs	3,879	4,071	4,311	29.0	28.5	27.7
Other claims on OMFIs (securities and money market paper)	794	893	1,056	5.9	6.3	6.8
Fixed income securities [3)] issued by general government	1,139	1,192	1,222	8.5	8.4	7.9
Fixed income securities [3)] issued by the non-bank private sector	280	307	377	2.1	2.2	2.4
Equity holdings	380	479	601	2.8	3.4	3.9
Other assets	1,014	1,021	1,221	7.7	7.2	7.9
Total assets	13,365	14,243	15,546	100.0	100.0	100.0
Total deposits	9,147	9,780	10,510	68.4	68.7	67.6
Of which:						
Deposits from the non-bank private sector	4,778	5,047	5,328	35.7	35.4	34.3
Deposits from general government	272	283	297	2.0	2.0	1.9
Inter-OMFI deposits	4,098	4,451	4,884	30.7	31.3	31.4
Fixed income securities [3)] held by OMFIs	874	989	1,214	6.5	6.9	7.8
Fixed income securities [3)] held by non-OMFIs	1,190	1,288	1,402	8.9	9.0	9.0
Capital and reserves	687	742	833	5.1	5.2	5.4
Other liabilities	1,466	1,443	1,588	11.0	10.1	10.2
Total liabilities	13,365	14,243	15,546	100.0	100.0	100.0

Source: ECB.

1) Data include only loans to euro area residents.

2) Including loans to non-profit institutions serving households.

3) Securities other than shares.

have a favourable impact upon the overall risk profile of these banks, provided that their operations become more diversified. Moreover, the fact that exchange rate movements can no longer occur within the euro area is a factor which contributes to the overall stability of the European financial markets. On the other hand, banks are increasingly exposed to risks arising outside the boundaries of domestic markets, thereby increasing the need to enhance supervisory co-operation.

The bulk of loans and deposits of euro area banks are still domestic

The total assets of euro area banks (as approximated by the assets of the OMFI sector) have grown quite significantly over the past two years. However, the shares of the core asset and liability items seem to have remained stable since the end of 1997 (see Table 4). The most significant individual item, loans to the non-bank private sector, has remained slightly below 40% of total assets, with around half consisting of loans to households. The security holdings, for the most part, are clearly fixed income securities. The share of equities is only 4% of total assets. Deposits from the non-financial sectors represent the most significant liability item, with a share of approximately 35%.

The bulk of the loans and deposits of euro area banks vis-à-vis the non-bank private sector are still domestic (see Table 5). Cross-border activity is more significant in terms of fixed income securities than loans, as these instruments can be more easily traded internationally. Retail markets in the euro area still display a significant degree of

Table 5

Domestic and cross-border on-balance-sheet activities of OMFIs within the euro area

	Proportion of respective (%) balance sheet items [1]			Growth rates [2] (%)	
	Dec. 1997	Dec. 1998	Dec. 1999	Dec. 1997-Dec. 1998	Dec. 1998-Dec. 1999
Total loans [3]					
of which domestic business	79.2	79.8	79.8	7.5	7.9
of which business with other euro area countries	7.4	8.1	8.7	17.1	13.3
Loans to the non-bank private sector					
of which domestic business	92.2	92.1	91.2	8.6	9.2
of which business with other euro area countries	2.1	2.5	2,8	27.2	23.5
Total holdings of government fixed income securities [4]					
of which domestic business	77.0	72.6	66.7	-1.0	-5.8
of which business with other euro area countries	15.4	19.9	25.9	35.0	38.1
Total holdings of non-bank private fixed income securities [4]					
of which domestic business	46.6	45.3	39.5	6.7	8.0
of which business with other euro area countries	20.3	16.1	19.1	-4.5	22.9
Total deposits					
of which domestic business	75.4	74.4	72.8	5.5	6.1
of which business with other euro area countries	9.6	10.2	10.3	13.9	7.9
Deposits from the non-bank private sector					
of which domestic business	88.7	87.8	86.5	4.3	4.0
of which business with other euro area countries	5.7	5.8	5.6	6.0	-2.6

Source: ECB.

1) Percentages do not add up to 100 because the items vis-à-vis the rest of the world are not shown in the table.

2) Growth rates are calculated on the basis of monthly flows, adjusted for reclassifications, other re-evaluations and exchange rate changes.

3) Including loans to other Monetary Financial Institutions and general government.

4) Securities other than shares.

segmentation into national or even narrower regional markets, especially when compared with wholesale activities. The effects of the Single Market and the euro on retail activities are likely to take longest to materialise (see the article entitled "Banking in the euro area: structural features and trends" in the April 1999 issue of the ECB Monthly Bulletin). Nevertheless, the growth rates of cross-border business within the euro area far exceed the growth rates of domestic business in almost all areas of activity.

Residency-based statistics, such as the statistics on the euro area OMFIs, may underestimate the importance of international claims (and liabilities), as they do not take into account the business carried out by the affiliates of banks in other countries. The establishment of foreign branches and subsidiaries has made a significant contribution to the integration of banking in the Single Market, even though it is only in Belgium, Ireland and Luxembourg that the market shares of banks from other EU countries are significant.

On the basis of the Consolidated International Banking Statistics issued by the Bank for International Settlements (BIS), international claims do indeed seem to be significantly larger when the assets of foreign affiliates are taken into account. The international claims of the OMFI sector currently represent around 18% of total assets, while the claims reported by the BIS are 22% of total OMFI sector assets. The difference is likely to be larger in reality, owing to the smaller sample size of the BIS statistics. In any event, the aggregated figures underestimate the importance of international credit exposures for the largest, internationally active banks. On the basis of the BIS statistics (June 1999), the cross-border claims of euro area banks seem to be concentrated, to a significant degree, in the euro area and the EU as a whole. Around 37% of all international claims of euro area banks are vis-à-vis other euro area countries, and 55% vis-à-vis other EU Member States.

Growing diversification of euro area banks' securities portfolios

A much sharper trend towards international diversification emerges when looking at the composition of the securities portfolios of euro area banks. The introduction of the euro has encouraged increasing diversification of investment on an industry rather than on a country basis. The share of domestic instruments in total holdings of fixed securities by euro area banks has decreased steadily since 1997. The trend is particularly strong in the case of government bonds, since holdings of domestic securities decreased by 6% in 1999, while instruments issued by other euro area governments rose by 38%. However, holdings of fixed income securities issued by non-bank private companies from other euro area countries also increased substantially (23%), compared with domestic business (8%) in 1999.

Increasing asset management activities also contribute to the expansion of cross-border activities

A balance sheet analysis does not provide a full picture of the cross-border activities of banks, since many services increasingly provided by banks are not reflected in corresponding balance sheet items. These activities generate fee and commission income rather than interest income. The share of banks' operating income generated by non-traditional activities – such as capital market-related investment banking and asset management services – has generally been on an increasing trend. In the first year following the introduction of the euro, private capital market activities expanded noticeably, with markets becoming increasingly integrated (see the article entitled "The euro area one year after the introduction of the euro" in the January 2000 issue of the ECB Monthly Bulletin). Banking organisations carrying out activities in increasingly integrated capital markets are more exposed to market shocks originating beyond their national borders.

Restructuring of the banking industry

The introduction of the euro has also provided an incentive for the reorganisation of the banking industry, which is being closely monitored by supervisory authorities.

Clearer distinction between large banks providing a full range of services and smaller specialised institutions

The consolidation process in the euro area has resulted in a much clearer distinction between the large institutions which supply a full range of services and the various smaller institutions usually specialised in some geographic or product segment of the market. The size of large banks has increased significantly in practically all euro area countries and more business has been concentrated with them. This increase in concentration took place earlier in the smaller countries and has recently quite clearly also involved the larger countries. While there are obviously a large number of differences between countries, this shrinking class of "middle-sized – non-specialised – banks" seems to be a common phenomenon. The number of small banks which are specialised in geographical or product terms has decreased, but these institutions seem capable of coexisting with the large institutions.

Increased merger and acquisition activity

The substantial deals carried out in 1999 suggest that the tendency to create very large entities has recently accelerated (see Table 6). Moreover, the average value of bank

Table 6

Major mergers and acquisitions involving euro area banks during 1999

Banks involved (bidder-target)		Assets at end 1998 [1] (EUR billions)
– Deutsche Bank (Germany)		604
– Bankers' Trust (United States)		114
	Total assets:	718
– Banque Nationale de Paris BNP (France)		325
– Paribas (France)		249
	Total assets:	574
– ING Group (Netherlands)		395
– BHF Bank (Germany)		45
	Total assets:	440
– Générale de Banque – General Bank (Belgium)		208
– ASLK/CGER Bank (Belgium)	(now within the Belgian-Dutch Fortis Group)	80
	Total assets:	288
– Banca Intesa (Italy)		153
– Banca Commerciale Italiana (Italy)		113
	Total assets:	266
– Banco Santander (Spain)		154
– Banco Central Hispanoamericano (Spain)		82
	Total assets:	236
– Crédit Communal de Belgique (Belgium)		105
– Crédit Local de France (France)	(now within the Dexia Group)	99
	Total assets:	204
– Banco Bilbao Vizcaya (Spain)		132
– Argentaria (Spain)		70
	Total assets:	202
– SEB (Sweden)		73
– BfG (Germany)		42
	Total assets:	115

Source: Assets from IBCA Bankscope.

1) Total assets are calculated "pro-forma" by adding up the consolidated assets of banks involved in the mergers.

mergers and acquisitions has strongly increased in the euro area, from around €200 million in 1997 to around €600 million in the first 11 months of 1999, according to data collected by the Securities Data Company. The annual number of bank mergers and acquisitions was around 400, on average, during the first half of the 1990s, compared with 200 in the latter half, indicating that the focus of merger and acquisition activity is indeed shifting towards larger institutions. Merger activity has had a significant domestic focus, but cross-border operations were quite important in 1999 and, compared with past evidence, are clearly increasing in relevance (see Table 6). These deals often involve banks located outside the euro area, reflecting significant links with other EU markets and, in the case of the largest institutions, global competition in some lines of business. These trends seem to be confirmed and reinforced by the operations publicised in the first quarter of the current year.

The increasing relevance of deals involving large credit institutions is related to the transformation of money and capital market activity in the euro area. Indeed, there seem to be significant economies of scale associated with asset management operations, either on the banks' own or on their customers' accounts, particularly following the introduction of the euro. In integrated money and capital markets, institutions need to process area-wide rather than national market information and may also need to be able to execute larger transactions than before. The bank consolidation tendency has been strikingly similar in the United States and in the euro area, despite the differences between the respective regulatory frameworks. This suggests that the forces at work are related not only to the transformation of the euro area money and capital markets, but also to the globalisation of financial markets in general and to technological innovation.

3 Institutional framework for banking supervision in the euro area

National competence and cross-border co-operation as guiding principles in banking supervision

The institutional framework for banking supervision established by Community law (notably the First and Second Banking Co-ordination Directives, as amended by the "post-BCCI" Directive) relies on two building blocks: national competence (based on the principles of "home-country control" and "mutual recognition") and co-operation. Supervisory responsibilities are at the national level, closest to those institutions which could give rise to financial stability concerns. This structure favours timely access to information and allows a detailed monitoring of banks' activities. According to the home-country control principle, every bank has the right to provide its services throughout the EU by virtue of a single licence, while being subject to the supervision of the authority of the country where it was licensed. At the same time, to avoid the possible drawbacks of a fully decentralised approach vis-à-vis an increasingly integrated market, the principle of co-operation between the responsible authorities is forcefully stated within the institutional framework of the EU.

Separation of central banking and banking supervision

If attention is focused on the euro area, an additional element has to be taken into consideration, since a dual separation of central banking and banking supervision, both geographical and functional, was introduced at the start of Stage Three of EMU. For the 11 Member States participating in Monetary Union, the jurisdiction of the central bank (the euro area) no longer coincides with the jurisdiction of

Table 7

Banking supervision arrangements in the euro area

	Authority responsible for banking supervision	Position vis-à-vis the government and funding of activities	Composition of decision-making bodies	Scope of supervisory responsibilities beyond the banking sector
Belgium	Commission Bancaire et Financière	Autonomous public institution, self-financed by supervised entities	Collegial body comprising a President, a member of the Board of the National Bank of Belgium and five other members	Investment firms and collective investment schemes; market disclosure.
Germany	Bundesaufsichtsamt für das Kreditwesen	Dependent on the Ministry of Finance; a high percentage of the costs incurred is refunded by supervised entities	President nominated by the Federal Government and appointed by the President of the Federal Republic of Germany, after consultation with the Deutsche Bundesbank	Investment firms, open-ended collective investment schemes and providers of financial services other than insurance companies
Spain	Banco de España	Independent central bank	Board of the Banca de España	None
France	Commission Bancaire	Autonomous public institution; strong links with the Banque de France (which provides the staff and the budget of the General Secretariat)	Collegial body chaired by the Governor of the Banque de France and comprising the Head of the Treasury and four other members	Investment firms
Ireland	Central Bank of Ireland	Independent central bank	Board of the Central Bank of Ireland	Investments firms; setting requirements for stock exchanges and authorised member firms
Italy	Banca d'Italia	Independent central bank	Governor	All financial institutions (except insurance companies) and wholesale markets, for government securities
Luxembourg	Commission de Surveillance du Secteur Financier	Autonomous public institution, self-financed by supervised entities	Chief executive appointed by the Grand-Duc of Luxembourg	All financial institutions (except insurance companies) and markets
Netherlands	De Nederlandsche Bank	Independent central bank	Board, collegial decision-making body	Collective investment schemes
Austria	Ministry of Finance	Part of the Government	Minister of Finance	Insurance companies
Portugal	Banco de Portugal	Independent central bank	Board of the Banco de Portugal	Investment firms
Finland	Financial Supervision Authority	Autonomous public institution, self-financed by supervised entities; strong links with Suomen Pankki	Collegial body, chaired by a member of the Board of Suomen Pankki	Investment firms and stock exchanges

Central bank involvement in banking supervision	Formal co-ordination arrangements between the banking supervisor and the central bank	Other authorities with responsibility for banking regulation	Other authorities involved in granting and/or in withdrawing the banking licence	
No specific supervisory tasks	Board participation	The central bank is consulted on prudential regulations and accounting principles	None	**Belgium**
Extensive involvement in the supervision of individual institutions; right to be consulted in many cases	Legal obligation to co-operate closely	Ministry of Finance; Ministry of Justice concerning bank accounting and disclosure; the central bank is consulted	The central bank is consulted	**Germany**
Full responsibility	Same authority	None	Ministry of Finance	**Spain**
Extensive involvement	The Governor of the Banque de France chairs the Commission Bancaire and the CECEI and is a member of the CRBF; administrative links	Comité de la Réglementation Bancaire et Financière (CRBF)	Comité des Etablissements de Crédit et des Entreprises d'Investissement (CECEI)	**France**
Full responsibility	Same authority	None	None	**Ireland**
Full responsibility	Same authority	Comitato Interministeriale per il Credito e il Risparmio (CICR); Minister of Treasury	Minister of Treasury for liquidation procedures	**Italy**
No direct involvement	None	None	None	**Luxembourg**
Full responsibility	Same authority	None	None	**Netherlands**
Extensive involvement in the supervision of individual institutions; right to be consulted in many cases	Expert Commission composed of members of the Ministry of Finance and of the central bank	The central bank is consulted	The central bank is consulted	**Austria**
Full responsibility	Same authority	Ministry of Finance	None	**Portugal**
No specific supervisory tasks	Board participation and administrative links	Ministry of Finance	Ministry of Finance	**Finland**

the supervisor (nationally chartered institutions). Accordingly, institutional mechanisms have been devised in order to enable the central bank and the supervisory authorities to share information and to combine efforts whenever necessary.

Current supervisory structures

Diversity in national supervisory structures

Institutional arrangements for banking supervision show diversity within the euro area. There are only three euro area countries – Belgium, Luxembourg and Finland – where the national central bank (NCB) is not directly involved in banking supervision (see Table 7). In the other eight countries the NCBs are extensively or even exclusively entrusted with banking supervisory tasks. In Spain, Ireland, Italy, the Netherlands and Portugal the NCB is the sole body responsible for banking supervision. In France, Germany and Austria the separate supervisory agencies have close links with the NCBs. This is also true for Finland. In Finland and France the supervisory agencies are chaired by a representative of the relevant NCB (a member of the board of Suomen Pankki and the Governor of the Banque de France respectively), information is shared and the staff can move freely between the two institutions. In Germany the Deutsche Bundesbank has the right to be consulted on a variety of supervisory issues, co-operates with regard to on-site examinations and collects information on behalf of the responsible supervisory authority. Similar activities are performed by the Oesterreichische Nationalbank in Austria. Various institutional changes are currently being discussed in some euro area countries: plans to create new supervisory agencies have been presented in Ireland and the Netherlands, while a move in the opposite direction, increasing the involvement of the NCB in supervisory issues, is being debated in Austria.

Where the prime responsibility for banking supervision does not lie with an NCB, the relationship between the supervisory agency and the government varies from country to country. In Germany and Austria the banking supervisory agency is part of the government sector (in Austria responsibility is in fact entrusted directly to the Ministry of Finance). In other countries the agency is an autonomous public institution, managed by a collegial body in which representatives of the industry may also have a seat, often alongside government representatives. In addition, in the latter case, the agency is frequently self-financed through contributions from the supervised entities.

Where the NCB is not directly entrusted with responsibility for banking supervision, mechanisms for co-operation with the responsible authority are usually in place (e.g. board participation, joint committees and administrative links).

The scope of supervisory functions beyond the banking sector does not strictly depend on NCBs' involvement in supervision in the euro area. Generally speaking, where responsibility for banking supervision is not entrusted to the central bank, the agency has some role in monitoring non-bank financial institutions and markets. However, the scope of activity never extends so far as to embrace all segments of financial activity, along the lines of the conglomerate agency model which has been adopted in the United Kingdom and Sweden. In the euro area NCBs are frequently also in charge of supervising non-bank financial institutions and markets. In Italy, for instance, the Banca d'Italia carries out prudential supervision of all financial institutions except in the area of insurance, while the Italian Securities Commission (Consob) is in charge of controls aimed at ensuring transparency and investor protection. As a rule, when the central bank is involved in the supervision of non-bank financial institutions and markets, this function is usually related to systemic stability, while consumer protection issues play a larger role in the case of separate supervisory agencies.

Finally, in most countries other bodies are also involved in banking regulation and in granting or withdrawing bank licences.

Despite diverse institutional structures, harmonised regulations are applied in euro area countries

Banking supervision in the euro area as well as in the EU countries, while performed by different institutional structures, is based on a core set of harmonised concepts and rules, provided by the Community Directives issued thus far for the banking sector. The First and Second Banking Co-ordination Directives establish the three working principles for the single banking market: the minimum harmonisation of rules, mutual recognition of authorisation and supervisory practices and home-country control. On the basis of a common notion of the credit institution, objective criteria for bank licensing, branching and the cross-border provision of services have been harmonised. In the same manner, basic prudential requirements in relation to capital adequacy and large exposures have been developed and implemented in all Member States, on the basis of a harmonised definition of own funds.

General rules for the preparation of the annual and consolidated accounts of banks have also been harmonised since the mid-1980s. The principles concerning consolidated supervision were agreed in 1983 and then reinforced in the aftermath of the BCCI crisis. The need for extensive exchanges of information between competent authorities has been stressed, while the legal obstacles to the sharing of confidential information, also with central banks, have been removed at the Community level. Lastly, it should be noted that rules on exiting the banking market are still largely domestic. In this area, some harmonisation of the framework for deposit insurance schemes has already been achieved, while the Financial Services Action Plan presented by the European Commission in 1999 has recognised the need to finalise the work on a Directive relating to the reorganisation and winding-up of credit institutions. The Banking Advisory Committee is responsible for assisting the European Commission in preparing Community legislation relating to the banking sector and in monitoring its implementation.

The operational conduct of supervision, as well as the detailed implementation of the principles laid down in relevant EU legislation, also exhibit, to some extent, national peculiarities. Supervisory authorities rely to a different degree, for instance, on on-site examinations and off-site surveillance. In addition, the weight of administrative procedures, as opposed to a style of supervision based on regular contact with the management of the banks, varies from country to country. The strategies for taking corrective measures in cases of bank fragility also differ to a certain extent. As far as the implementation of relevant EU legislation is concerned, divergent national legal traditions may influence the interpretation of guiding principles, such as the prerequisite of suitability and propriety of bank managers. Furthermore, the harmonised framework for deposit insurance (through the specific Directive) leaves some scope for differences in the coverage, administration and funding of domestic schemes.

These differences do not necessarily hamper the integration of the euro area banking market, but they do allow for monitoring and corrective measures which are best suited to specific national environments. As long as the significance of cross-border activities increases, there will be a market-driven process of regulatory competition. In the medium term, this may be very helpful in preventing the spread of unnecessarily cumbersome regulations and in selecting the best supervisory practices.

Outside the realm of prudential regulations, there are fields in which national arrangements still differ widely, possibly also affecting the scope and the pace of integration in the euro area banking market. This is the case with tax rules; differences within the euro area may well

have affected decisions taken by major banking groups to organise certain activities in subsidiaries and to locate them in such a way as to minimise the tax burden. Moreover, the absence of a common framework for takeover bids or, more generally, for corporate law, may influence the restructuring of the industry, possibly determining significant discrepancies in the functioning of mechanisms for corporate control.

Co-operation among authorities

To the extent that national supervisors, applying commonly agreed principles, are able both to prevent excessive risk-taking by the banks they oversee and to take effective corrective measures, the soundness of the euro area banking system will be promoted. However, strengthening co-operation between competent authorities is deemed necessary to deal with the increasing scope of cross-border activity. The blurring of distinctions between different financial contracts, as well as the existence of multi-business conglomerates, also calls for extensive reliance on cross-sector co-operation, involving banking, securities and insurance supervisors. This issue is currently being addressed at the EU level.

The need for co-operation in banking supervision has been heightened by the introduction of the euro

First of all, the clear-cut separation between the jurisdiction of the single monetary policy and that of national supervisory policies has determined the need for co-ordination mechanisms aimed both at sharing information whenever necessary and at contributing to a common stance on financial stability issues of mutual interest. Second, disruptions in the banking system frequently stem from abrupt changes in the macroeconomic environment or relevant sectors of the economy. Since these developments in the euro area are gradually becoming more closely interwoven, an area-wide view is needed to complement national perspectives on risks to banking stability. Although most retail markets are still nationally, if not regionally, segmented, common factors are increasingly likely to affect the choice of banking institutions across the euro area as well as their risk exposures. Third, as discussed in the second section of this article, elements of fragility may well arise from capital market activities (e.g. asset management and investment banking) and other businesses which are already assuming an area-wide dimension. Moreover, as the introduction of the euro and the single monetary policy have substantially altered the functioning of the money market and the network of exposures in the interbank market, a drying-up of liquidity, causing distress in banking institutions, is unlikely to be contained within domestic borders. The risk of cross-border contagion is correspondingly greater.

The instruments for co-operation are already in place

The instruments for co-operation already established are flexible enough to be modified on an ongoing basis. In view of the further integration of the banking and financial industry in the euro area, they will have to be used more extensively and developed further in order to facilitate joint preventive and corrective actions by European supervisory authorities. In fact, most of these instruments have an EU, or even a European Economic Area (EEA), dimension. The following, however, focuses on a euro area perspective.

The Memorandum of Understanding is the key instrument for bilateral co-operation. It functions as the basic channel for the exchange of information between home and host-country supervisors and for facilitating consolidated supervision. Memoranda of Understanding have been very widely agreed, and typically include practical provisions concerning the establishment of branches and subsidiaries and cross-border investigations. Using this instrument, most co-ordination

problems arising from the expansion of cross-border banking through branches and subsidiaries can be addressed by two authorities (home and host country).

The other main mechanism in place is co-operation through committees. In this case, co-operation is undertaken on a multilateral basis, assuming the perspective of the whole area of joint responsibility. From the point of view of the Eurosystem, the Banking Supervision Committee (BSC; see Box), established by the Governing Council of the ECB, is the relevant forum for addressing the issues raised by the introduction of the euro and for promoting supervisory co-operation. It includes banking supervisors and central banks of the EU countries, as well as the ECB, and is entrusted with a twofold responsibility.

First, it facilitates co-operation between the Eurosystem and national supervisory authorities. The BSC has the function of giving

Box

Banking Supervision Committee

The Banking Supervision Committee (BSC) was established as an ESCB Committee in June 1999, taking over the functions previously fulfilled by the Banking Supervisory Sub-Committee established at the European Monetary Institute. It is composed of high-ranking officials from supervisory authorities and central banks of the EU countries and is currently chaired by a member of the Board of the Deutsche Bundesbank. Its mandate is to assist the Eurosystem in the fulfilment of its statutory tasks in the field of the prudential supervision of credit institutions and the stability of the financial system. In this context, the BSC performs three basic tasks:

1. pursuant to Article 105 (5) of the Treaty, it promotes co-operation on issues of common interest to banking supervisors from the EU countries and the Eurosystem;

2. in accordance with Article 105 (4) of the Treaty, it assists in the preparation of ECB Opinions on draft Community and national legislation on banking supervision and financial stability; and

3. pursuant to Article 25.1 of the Statute of the ESCB, it assists in the preparation of ECB advice on the scope and implementation of Community legislation relating to banking supervision and financial stability.

In addition, the BSC has a mandate to act as a forum for consultation among EU banking supervisors on issues not relating to the tasks of the Eurosystem.

In order to accomplish its tasks, the Committee has established four working groups, in charge of addressing issues related to: (i) structural developments affecting the banking industry; (ii) the soundness of banking and financial structures ("macro-prudential" analysis); (iii) supervisory risk assessment systems; and (iv) credit registers. In the conduct of these tasks, a number of reports and documents have been prepared so as to offer an EU/euro area perspective on a wide range of issues. The issues addressed include, inter alia, the impact of EMU on banking structures, the effects of technology on banking activity, the income structure of EU banks, mergers and acquisitions, the exposure of EU banking systems to emerging market countries, the effects of asset prices on banking stability, the operation of supervisory risk assessment systems and the use of information from credit registers. The BSC also serves as a channel for conveying to the supervisory authorities any useful information on credit institutions which the ECB and the NCBs might gain from the performance of their basic tasks in the field of monetary policy and payment and securities settlement systems. At the same time, it allows the reverse flow of information from supervisory authorities to the Eurosystem to be managed. For a description of the activities carried out by the BSC during 1999, see Chapter VI of the ECB's Annual Report 1999.

content to the provision of Article 105 (5) of the Treaty, in accordance with which the Eurosystem is assigned the task of "contributing to the smooth conduct of national policies pursued by competent authorities relating to the prudential supervision of credit institutions and the stability of the financial system". In doing so, it contributes to the formation of an area-wide perspective on a variety of issues, in such a way as to complement national views on stability issues and to foster the emergence of common stances vis-à-vis the challenges posed by an increasingly integrated banking system. Analytical efforts are mainly concentrated on the structural changes affecting the banking business and on the soundness of banking and financial structures ("macro-prudential" analysis). Within this framework, any development in the market-place raising potential concerns is jointly analysed; the focus is on possible threats to stability and, if necessary, on remedial measures. In addition, the BSC serves as a channel for bilateral flows of information between the Eurosystem and national supervisory authorities.

The second responsibility of the BSC is to foster co-operation between supervisors, beyond the interests of the Eurosystem. Hence, it is also in a position to enable EU supervisors to take co-ordinated positions and measures in response to market developments. The BSC aims to strengthen co-operation with regard to supervisory instruments, to a large extent alleviating the potential repercussions of differences in national arrangements and favouring the development of commonly agreed supervisory practices.

In addition, the Groupe de Contact, a committee of EEA banking supervisory authorities, established as a forum for multilateral co-operation in 1972, addresses issues relating to the implementation of banking regulation and supervisory practices, including the discussion of individual cases.

The overall framework for co-operation within the euro area essentially aims at reinforcing preventive measures against bank fragility. However, in cases of instability, the same framework can be used to deal with any cross-border implications of such a crisis and to limit contagion effects. Supervisors stand ready to inform the Eurosystem as soon as a banking crisis arises, and the BSC is in a position to address the relevant issues. The need for a timely exchange of information is essential in order to enable competent national authorities to deal with any cross-border implications.

Euro area statistics

Contents

I Monetary policy statistics

Table 1.1

Consolidated financial statement of the Eurosystem [1)]

(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 financial sector counterparties in the euro area in euro			
						Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
	1	2	3	4	5	6	7	8
1999 12 Nov.	114,988	238,617	13,749	5,336	196,193	140,111	54,995	0
19	114,988	240,349	13,229	5,313	198,821	143,029	54,995	0
26	114,987	239,561	12,846	5,340	208,995	143,046	64,999	0
3 Dec.	114,986	239,060	13,111	5,254	212,237	146,067	64,999	0
10	114,955	240,344	13,728	4,395	230,117	164,018	64,999	0
17	114,745	242,368	13,795	4,998	225,423	148,972	74,996	0
24	114,745	242,368	13,795	4,998	225,423	148,972	74,996	0
31	116,612	254,880	14,383	4,822	250,079	161,988	74,996	0
2000 7 Jan.	116,612	255,118	14,739	4,834	238,670	161,988	74,996	0
14	116,512	255,640	14,086	4,993	181,388	105,036	74,996	0
21	116,304	256,607	13,091	5,101	191,454	112,009	74,998	0
28	116,295	256,333	14,754	4,772	216,714	146,035	69,996	0
4 Feb.	116,248	257,465	15,278	4,505	202,290	131,113	69,996	0
11	116,071	257,133	15,969	4,602	199,257	128,096	69,996	0
18	116,000	256,516	15,419	4,801	196,077	125,052	69,996	0
25	115,946	255,627	15,454	4,716	193,309	121,956	69,996	0
3 Mar.	115,945	254,584	16,076	4,658	218,321	152,003	64,998	0
10	115,945	254,985	15,547	4,466	201,929	136,101	64,998	0
17	115,945	256,714	15,276	4,632	197,820	132,022	64,996	0
24	115,945	255,508	15,455	4,149	202,874	137,008	64,996	0
31	115,676	267,136	16,938	4,131	201,733	140,871	60,000	0
7 Apr.	115,677	267,192	16,746	4,616	197,546	136,770	60,000	0

2. Liabilities

	Banknotes in circulation	Liabilities to financial sector counterparties in the euro area in euro						Debt certificates issued
			Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	
	1	2	3	4	5	6	7	8
1999 12 Nov.	344,556	98,280	98,208	21	0	0	51	7,876
19	342,495	107,072	106,253	748	0	0	71	7,876
26	343,342	106,785	106,570	57	0	0	158	7,876
3 Dec.	353,009	114,651	114,352	143	0	0	156	7,876
10	357,245	103,584	101,621	1,815	0	0	148	7,876
17	370,789	105,444	105,317	111	0	0	16	7,876
24	370,789	105,127	105,000	111	0	0	16	7,876
31	374,953	117,427	114,799	2,618	0	0	10	7,876
2000 7 Jan.	364,659	137,689	123,060	135	14,420	0	74	7,876
14	355,655	92,476	92,272	137	0	0	67	7,876
21	349,981	102,388	101,964	406	0	0	18	7,876
28	347,953	115,650	115,525	105	0	0	20	7,876
4 Feb.	349,983	108,021	107,970	32	0	0	19	7,876
11	348,690	107,672	107,624	29	0	0	19	7,876
18	346,113	109,479	109,386	68	0	0	25	7,876
25	345,046	95,549	95,429	97	0	0	23	7,876
3 Mar.	349,733	122,882	122,828	39	0	0	15	7,876
10	349,984	105,429	105,367	46	0	0	16	7,876
17	347,725	106,159	105,799	343	0	0	17	7,876
24	345,861	103,195	102,997	182	0	0	16	7,876
31	347,917	111,151	110,076	1,075	0	0	0	6,265
7 Apr.	351,026	112,258	112,229	29	0	0	0	6,265

Source: ECB.

1) Data have been revised in the light of new information.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims	Securities of euro area residents in euro	General government debt in euro	Other assets	Total	
9	10	11	12	13	14	15	16	
0	302	95	690	23,856	60,121	80,988	733,848	1999 12 Nov.
0	72	43	682	24,123	60,121	78,054	734,998	19
0	44	206	700	23,896	60,121	77,749	743,495	26
0	523	58	590	23,931	60,121	78,464	747,164	3 Dec.
0	78	224	798	24,055	60,153	76,990	764,737	10
0	96	401	958	23,991	59,649	76,019	760,988	17
0	96	401	958	23,991	59,649	75,700	760,669	24
0	11,429	404	1,262	23,521	59,180	80,150	803,627	31
0	105	400	1,181	23,701	59,236	79,070	791,980	2000 7 Jan.
0	102	63	1,191	23,797	59,236	80,833	736,485	14
0	3,526	44	877	23,993	59,236	79,505	745,291	21
0	27	82	574	24,037	59,251	80,593	772,749	28
0	18	110	1,053	24,363	59,255	83,072	762,476	4 Feb.
0	135	76	954	24,205	59,255	82,933	759,425	11
0	48	30	951	24,071	59,255	83,715	755,854	18
0	21	84	1,252	24,576	59,255	83,324	752,207	25
0	402	96	822	24,850	59,021	84,194	777,649	3 Mar.
0	67	97	666	24,916	59,021	83,180	759,989	10
0	30	92	680	24,695	59,021	83,085	757,188	17
0	24	114	732	25,208	59,021	83,018	761,178	24
0	62	69	731	25,309	59,021	84,477	774,421	31
0	132	67	577	24,954	59,021	84,676	770,428	7 Apr.

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	
9	10	11	12	13	14	15	16	17	
61,257	7,143	986	8,363	6,229	56,092	89,835	53,231	733,848	1999 12 Nov.
56,974	7,339	874	9,504	6,229	53,568	89,835	53,232	734,998	19
65,713	7,269	965	8,653	6,229	53,592	89,835	53,236	743,495	26
54,635	6,874	914	8,279	6,229	51,625	89,835	53,237	747,164	3 Dec.
76,886	6,053	1,261	9,794	6,229	52,733	89,835	53,241	764,737	10
52,373	7,343	1,027	12,008	6,229	54,821	89,835	53,243	760,988	17
52,373	7,343	1,027	12,008	6,229	54,819	89,835	53,243	760,669	24
60,614	7,834	926	11,901	6,531	54,714	107,477	53,374	803,627	31
40,227	7,674	927	11,822	6,531	53,689	107,477	53,409	791,980	2000 7 Jan.
38,341	6,922	1,028	11,689	6,531	55,084	107,470	53,413	736,485	14
42,016	7,306	820	11,767	6,531	55,730	107,469	53,407	745,291	21
56,784	7,043	1,177	13,279	6,531	55,583	107,469	53,404	772,749	28
50,717	7,030	999	14,477	6,531	55,919	107,483	53,440	762,476	4 Feb.
50,813	6,912	1,046	13,138	6,531	55,150	107,379	54,218	759,425	11
48,627	7,062	823	11,923	6,531	55,822	107,379	54,219	755,854	18
60,837	7,792	770	10,520	6,531	55,663	107,379	54,244	752,207	25
55,238	6,998	807	10,082	6,531	55,879	107,379	54,244	777,649	3 Mar.
54,599	7,076	805	9,877	6,531	56,159	107,379	54,274	759,989	10
51,599	6,899	882	11,340	6,531	56,554	107,357	54,266	757,188	17
61,001	7,135	884	9,624	6,532	57,476	107,357	54,237	761,178	24
52,334	7,001	933	9,924	6,762	59,864	118,011	54,259	774,421	31
46,811	7,545	900	11,285	6,762	54,965	118,008	54,603	770,428	7 Apr.

Table 1.2

ECB interest rates

(levels in percentages per annum; changes in percentage points)

With effect from	Deposit facility		Main refinancing operations [1]		Marginal lending facility	
	Level 1	Change 2	Level 3	Change 4	Level 5	Change 6
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

Source: ECB.

1) The rate for main refinancing operations is the rate applicable to fixed rate tenders. Changes in the rate are effective from the date of settlement of the first main refinancing operation following announcement of the change. Dates of settlement and amounts are shown below in Table 1.3.

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.

Table 1.3

Eurosystem monetary policy operations allotted through tenders [1]

(EUR millions; interest rates in percentages per annum)

1. Main refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		
			Fixed rate	Marginal rate	Weighted average rate	Running for (...) days
	1	2	3	4	5	6
1999 6 Oct.	1,655,341	90,000	2.50	-	-	14
13	1,289,972	50,000	2.50	-	-	15
20	1,107,860	75,000	2.50	-	-	14
28	1,937,221	74,000	2.50	-	-	13
3 Nov.	2,344,082	66,000	2.50	-	-	14
10	404,857	74,000	3.00	-	-	14
17	484,348	69,000	3.00	-	-	14
24	687,973	74,000	3.00	-	-	14
1 Dec.	1,018,950	72,000	3.00	-	-	14
8	1,141,163	92,000	3.00	-	-	14
15	286,824	57,000	3.00	-	-	15
22	1,505,405	92,000	3.00	-	-	21
30	485,825	70,000	3.00	-	-	20
2000 12 Jan.	914,566	35,000	3.00	-	-	14
19	1,145,548	77,000	3.00	-	-	14
26	1,520,993	69,000	3.00	-	-	14
2 Feb.	3,012,630	62,000	3.00	-	-	14
9	1,036,648	66,000	3.25	-	-	14
16	1,022,832	59,000	3.25	-	-	14
23	2,126,309	63,000	3.25	-	-	14
1 Mar.	2,901,133	89,000	3.25	-	-	14
8	1,627,522	47,000	3.25	-	-	14
15	4,165,993	85,000	3.25	-	-	14
22	1,661,995	52,000	3.50	-	-	14
29	3,022,435	89,000	3.50	-	-	14
5 Apr.	2,869,408	48,000	3.50	-	-	14
12	4,290,278	82,000	3.50	-	-	15

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 executed.

2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		
			Fixed rate	Marginal rate	Weighted average rate	Running for (...) days
	1	2	3	4	5	6
1999 14 Jan.	79,846	15,000	-	3.13	-	42
14	39,343	15,000	-	3.10	-	70
14	46,152	15,000	-	3.08	-	105
25 Feb.	77,300	15,000	-	3.04	-	91
25 Mar.	53,659	15,000	-	2.96	2.97	98
29 Apr.	66,911	15,000	-	2.53	2.54	91
27 May	72,294	15,000	-	2.53	2.54	91
1 July	76,284	15,000	-	2.63	2.64	91
29	64,973	15,000	-	2.65	2.66	91
26 Aug.	52,416	15,000	-	2.65	2.66	91
30 Sep.	41,443	15,000	-	2.66	2.67	84
28 Oct.	74,430	25,000	-	3.19	3.42	91
25 Nov.	74,988	25,000	-	3.18	3.27	98
23 Dec.	91,088	25,000	-	3.26	3.29	98
2000 27 Jan.	87,052	20,000	-	3.28	3.30	91
2 Mar.	72,960	20,000	-	3.60	3.61	91
30	74,929	20,000	-	3.78	3.80	91

3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		
				Fixed rate	Marginal rate	Weighted average rate	Running for (...) days
	1	2	3	4	5	6	7
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7

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	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 Feb.	8,638.8	4,801.1	86.9	148.9	1,111.6	543.9	1,946.5
Mar.	8,684.9	4,803.1	88.8	151.2	1,125.6	549.8	1,966.4
Apr.	8,741.1	4,827.6	93.3	160.3	1,129.3	542.0	1,988.6
May	8,797.6	4,867.1	101.1	158.7	1,130.8	541.0	1,999.0
June	8,857.3	4,916.6	106.3	152.0	1,145.5	517.6	2,019.3
July	8,848.9	4,895.7	109.2	155.5	1,153.5	513.8	2,021.2
Aug.	8,856.3	4,893.0	113.2	165.4	1,164.9	484.8	2,035.0
Sep.	8,969.1	4,912.7	120.6	170.0	1,166.5	537.2	2,062.1
Oct.	9,083.7	4,967.3	129.0	178.5	1,180.3	554.2	2,074.5
Nov.	9,295.2	5,079.6	135.9	202.9	1,193.3	562.6	2,121.0
Dec.	9,187.4	5,123.4	113.5	169.3	1,204.9	503.5	2,072.8
2000 Jan.	9,265.7	5,164.6	108.0	156.8	1,210.3	547.9	2,078.2
Feb. (p)	9,337.9	5,189.6	114.5	164.5	1,220.6	552.6	2,096.1

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

2. Reserve maintenance [1)]

(EUR billions; interest rates as annual percentages)

Maintenance period ending in:	Required reserves [2)]	Actual reserves [3)]	Excess reserves [4)]	Deficiencies [5)]	Interest rate on minimum reserves [6)]
	1	2	3	4	5
1999 Apr.	100.1	100.7	0.6	0.0	2.84
May	100.2	101.0	0.8	0.0	2.50
June	100.9	101.5	0.6	0.0	2.50
July	102.0	102.7	0.8	0.0	2.50
Aug.	102.8	103.5	0.6	0.0	2.50
Sep.	102.6	103.0	0.5	0.0	2.50
Oct.	102.8	103.3	0.6	0.0	2.50
Nov.	103.4	104.0	0.5	0.0	2.73
Dec.	104.9	105.4	0.5	0.0	3.00
2000 Jan.	107.7	108.5	0.8	0.0	3.00
Feb.	107.5	107.9	0.4	0.0	3.12
Mar.	108.0	108.4	0.5	0.0	3.27
Apr. (p)	108.7	-	-	-	-

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										
	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)]	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) [3)]		
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Feb.	328.2	104.6	34.2	3.8	30.2	1.3	0.2	329.3	41.0	28.9	100.3	430.9
Mar.	323.6	136.4	45.0	0.4	0.0	1.4	0.0	326.9	49.8	25.0	102.2	430.5
Apr.	338.4	130.1	45.0	0.7	0.0	0.3	0.0	331.0	42.9	39.0	101.1	432.3
May	342.5	121.6	45.0	0.8	0.0	0.4	0.0	333.9	36.3	38.0	101.2	435.5
June	339.8	132.0	45.0	0.4	0.0	0.6	0.0	337.0	40.4	37.2	101.9	439.6
July	342.4	143.1	45.0	0.4	0.0	0.5	0.0	342.1	45.7	39.5	102.9	445.6
Aug.	343.2	150.1	45.0	0.5	0.0	1.0	0.0	344.8	47.3	42.1	103.6	449.4
Sep.	343.5	150.4	45.0	0.2	0.0	0.7	0.0	342.1	51.4	41.6	103.2	446.0
Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4

Source: ECB.

1) *The banking system's liquidity position is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. Amounts are derived from the consolidated financial statement of the Eurosystem.*
2) *Includes monetary policy operations initiated by national central banks in Stage Two and outstanding at the start of Stage Three (excluding outright operations and the issuance of debt certificates).*
3) *Remaining items in the consolidated financial statement of the Eurosystem.*
4) *Equal to the difference between the sum of liquidity-providing factors (items 1 to 5) and the sum of liquidity-absorbing factors (items 6 to 10).*
5) *Calculated as the sum of the deposit facility (item 6), banknotes in circulation (item 8) and credit institutions' current account holdings (item 11).*

2 Monetary developments in the euro area

Table 2.1

Aggregated balance sheet of the Eurosystem [1)]

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

1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Holdings of shares/ other equity issued by euro area residents			External assets [2)]	Fixed assets	Re-maining assets	Total
		MFIs	General govern-ment	Other euro area residents		MFIs	General govern-ment	Other euro area residents		MFIs	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	237.2	215.5	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	324.1	7.0	51.6	736.7
1998 Q1	230.2	208.8	21.2	0.2	106.6	1.2	104.2	1.3	3.0	0.4	2.6	323.5	7.5	39.5	710.3
Q2	293.4	272.1	21.1	0.2	105.4	4.8	99.7	0.8	3.2	0.6	2.6	337.2	7.8	47.9	794.9
Q3	302.8	281.5	21.1	0.2	82.7	1.0	81.0	0.7	4.8	2.0	2.8	329.4	8.0	50.0	777.6
Q4	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0
1999 Feb.	647.3	626.7	20.4	0.2	90.7	1.5	88.6	0.5	8.3	4.2	4.1	365.2	9.3	56.8	1,177.7
Mar.	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	426.0	9.3	52.2	1,198.3
Apr.	540.7	520.1	20.4	0.2	93.2	1.2	91.3	0.7	8.1	4.0	4.1	435.7	9.6	52.8	1,140.2
May	481.1	460.5	20.4	0.2	93.1	1.6	90.8	0.7	8.2	4.0	4.2	387.6	9.6	51.1	1,030.9
June	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	499.4	9.7	47.1	1,446.1
July	755.2	734.7	20.4	0.2	92.3	1.5	89.9	0.9	8.7	4.4	4.3	452.0	9.8	51.6	1,369.8
Aug.	530.8	510.2	20.4	0.2	91.9	1.1	90.0	0.7	8.8	4.4	4.4	423.0	9.9	52.8	1,117.1
Sep.	456.9	436.3	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.9	1,043.7
Oct.	567.0	546.4	20.4	0.2	92.4	1.9	89.4	1.2	8.6	4.3	4.3	432.6	9.9	53.9	1,164.2
Nov.	508.4	487.8	20.4	0.2	92.6	2.1	89.4	1.1	8.8	4.2	4.6	410.3	9.9	56.0	1,086.1
Dec.	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.8	1,011.9
2000 Jan.	463.6	443.3	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.1	1,054.4
Feb. [p)]	382.2	361.8	19.8	0.6	93.2	1.8	90.4	1.0	14.2	4.3	9.8	417.5	9.8	52.2	969.0

2. Liabilities

	Currency in circulation	Deposits of euro area residents				Money market paper	Debt securities issued	Capital and reserves	External liabilities [2)]	Remaining liabilities	Total
			MFIs	Central government	Other general government/ other euro area residents						
	1	2	3	4	5	6	7	8	9	10	11
1997	354.9	147.0	91.9	52.2	2.9	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q1	340.5	137.9	88.4	46.8	2.7	14.0	14.5	107.4	31.7	64.3	710.3
Q2	345.5	217.8	159.1	54.2	4.5	14.4	13.3	114.3	27.2	62.5	794.9
Q3	341.5	211.8	140.2	67.1	4.5	11.9	12.0	109.6	23.2	67.6	777.6
Q4	359.1	152.0	94.2	55.0	2.9	8.5	5.3	97.1	18.6	57.4	698.0
1999 Feb.	342.4	594.2	532.5	55.0	6.7	6.3	5.3	122.9	50.5	56.0	1,177.7
Mar.	348.3	549.5	486.6	55.1	7.9	4.9	5.3	138.0	97.9	54.5	1,198.3
Apr.	349.6	486.1	440.9	38.8	6.3	4.9	5.3	139.0	105.0	50.4	1,140.2
May	353.0	419.7	369.5	42.7	7.4	4.9	5.3	137.4	61.5	49.2	1,030.9
June	355.8	724.3	672.3	44.1	7.8	4.9	5.3	140.7	171.4	43.8	1,446.1
July	363.6	682.7	620.6	56.4	5.7	4.9	5.3	139.9	124.3	49.2	1,369.8
Aug.	358.6	463.7	403.2	54.5	5.9	4.9	5.3	139.9	93.9	50.9	1,117.1
Sep.	359.4	390.5	332.9	50.7	6.9	3.3	5.3	146.3	88.8	50.1	1,043.7
Oct.	361.2	500.6	440.8	50.9	8.8	3.3	5.3	150.6	93.8	49.4	1,164.2
Nov.	362.9	443.0	368.3	65.0	9.7	3.3	4.6	150.3	69.5	52.4	1,086.1
Dec.	393.0	339.3	277.1	54.3	7.9	3.3	4.6	175.1	49.8	46.9	1,011.9
2000 Jan.	365.9	387.5	332.0	48.0	7.5	3.3	4.6	174.6	72.6	45.9	1,054.4
Feb. [p)]	363.5	311.8	246.7	57.8	7.3	3.3	4.6	173.9	64.4	47.5	969.0

Source: ECB.

1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area. Data have been revised in the light of new information.

2) From January 1999 including temporary gross positions of the Eurosystem with the national central banks of Member States not participating in the euro area related to the operation of the TARGET system. These positions amounted to approximately EUR 46 billion at end-January 2000 and EUR 40 billion at end-February. For positions at end-months in 1999 see the corresponding footnote in the February 2000 issue.

Table 2.2

Aggregated balance sheet of the euro area MFIs, excluding the Eurosystem [1)]

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

1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market paper	Holdings of shares/ other equity issued by euro area residents			External assets	Fixed assets	Remaining assets	Total
		MFIs	General government	Other euro area residents		MFIs	General government	Other euro area residents			MFIs	Other euro area residents				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1997	8,436.1	2,905.6	821.4	4,709.1	1,868.4	635.5	1,050.6	182.3	99.7	329.8	94.2	235.6	1,594.8	238.9	796.9	13,364.7
1998 Q1	8,561.6	2,979.8	806.0	4,775.8	1,954.5	652.3	1,103.7	198.6	107.8	384.4	110.9	273.5	1,676.7	238.0	811.3	13,734.3
Q2	8,750.4	3,064.6	808.4	4,877.4	2,007.8	678.1	1,139.4	190.3	104.9	401.5	118.5	283.0	1,668.4	240.3	737.5	13,910.8
Q3	8,844.1	3,073.7	809.8	4,960.5	2,040.0	705.5	1,137.2	197.3	105.8	381.2	109.8	271.4	1,650.8	237.0	785.8	14,044.4
Q4	9,098.4	3,181.5	821.2	5,095.8	2,012.3	721.3	1,102.3	188.7	107.1	424.2	123.3	300.8	1,579.9	243.9	777.4	14,243.2
1999 Feb.	9,210.9	3,280.6	819.2	5,111.1	2,065.4	744.5	1,117.6	203.3	112.2	441.5	118.8	322.6	1,593.6	243.4	952.4	14,619.3
Mar.	9,252.2	3,277.3	816.8	5,158.1	2,087.4	760.8	1,130.0	196.6	99.1	469.0	126.1	342.9	1,627.6	244.6	877.0	14,656.9
Apr.	9,293.7	3,304.8	809.6	5,179.3	2,103.6	773.7	1,128.1	201.8	104.8	482.3	126.5	355.8	1,622.7	246.4	841.7	14,695.2
May	9,312.1	3,290.6	809.8	5,211.7	2,140.8	787.4	1,145.2	208.2	102.8	497.2	128.1	369.1	1,621.8	247.5	831.1	14,753.1
June	9,452.1	3,330.5	816.5	5,305.1	2,138.3	800.3	1,125.4	212.6	101.9	484.7	124.4	360.3	1,646.0	250.0	865.8	14,938.7
July	9,461.6	3,313.2	808.4	5,340.0	2,131.8	801.7	1,114.1	216.0	108.2	483.3	125.9	357.3	1,630.2	254.5	849.0	14,918.5
Aug.	9,489.5	3,350.1	804.4	5,335.1	2,152.8	810.4	1,118.2	224.3	110.5	482.7	126.7	356.1	1,632.9	255.3	828.6	14,952.4
Sep.	9,568.5	3,384.2	809.4	5,374.9	2,179.9	828.0	1,134.5	217.4	111.1	481.5	129.6	351.9	1,653.3	258.9	816.9	15,070.2
Oct.	9,697.4	3,457.5	818.7	5,421.2	2,202.9	840.3	1,147.2	215.4	115.1	484.4	130.9	353.5	1,686.5	261.1	842.6	15,290.0
Nov.	9,859.3	3,541.9	831.7	5,485.8	2,217.7	850.0	1,144.6	223.1	128.1	497.9	129.7	368.1	1,764.9	265.3	902.5	15,635.7
Dec.	9,791.3	3,447.3	822.4	5,521.5	2,180.7	831.8	1,128.0	220.9	129.9	520.7	138.7	382.0	1,702.9	283.0	937.5	15,546.1
2000 Jan.	9,856.8	3,477.3	814.6	5,564.9	2,196.9	839.2	1,135.2	222.5	121.3	527.3	141.4	385.9	1,722.3	284.4	950.7	15,659.7
Feb. [p]	9,862.1	3,451.2	809.8	5,601.1	2,221.8	850.2	1,143.8	227.8	130.6	545.5	144.8	400.7	1,768.3	284.0	973.8	15,786.0

2. Liabilities

	Currency in circulation	Deposits of euro area residents								Money market fund shares/ units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
			MFIs	Central government	Other general government/ other euro area residents	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1997	0.4	7,773.9	3,009.3	102.1	4,662.5	1,229.6	1,901.2	1,326.3	205.4	252.0	1,924.8	138.8	687.5	1,373.5	1,213.9	13,364.7
1998 Q1	0.4	7,845.7	3,086.2	92.8	4,666.7	1,210.8	1,897.2	1,346.4	212.2	255.5	1,987.2	149.5	710.3	1,512.0	1,273.7	13,734.3
Q2	0.4	8,010.8	3,176.1	93.9	4,740.8	1,292.8	1,899.7	1,346.4	201.9	259.8	2,041.2	145.9	723.4	1,480.1	1,249.1	13,910.8
Q3	0.4	8,043.6	3,227.5	90.0	4,726.2	1,268.8	1,901.0	1,345.4	211.0	260.4	2,093.2	154.1	725.9	1,482.8	1,284.0	14,044.4
Q4	0.4	8,279.3	3,311.7	95.3	4,872.3	1,382.7	1,924.1	1,388.8	176.7	241.2	2,116.0	160.8	742.4	1,500.4	1,202.7	14,243.2
1999 Feb.	0.4	8,313.4	3,367.5	86.7	4,859.2	1,381.6	1,980.1	1,313.6	183.9	286.6	2,174.6	174.7	753.7	1,592.3	1,323.5	14,619.3
Mar.	0.5	8,330.1	3,390.4	78.9	4,860.8	1,387.1	1,984.9	1,310.5	178.3	279.8	2,193.9	180.5	759.3	1,618.1	1,294.7	14,656.9
Apr.	0.5	8,338.8	3,384.6	77.8	4,876.4	1,404.0	1,986.8	1,314.0	171.7	297.5	2,223.0	190.1	769.5	1,626.0	1,249.7	14,695.2
May	0.5	8,372.2	3,397.1	78.9	4,896.3	1,434.5	1,974.7	1,314.7	172.4	296.8	2,247.5	190.3	777.6	1,659.2	1,209.0	14,753.1
June	0.5	8,447.1	3,438.9	81.9	4,926.3	1,479.6	1,961.1	1,319.1	166.4	305.3	2,269.0	183.2	781.9	1,666.6	1,285.0	14,938.7
July	0.5	8,452.7	3,441.0	79.5	4,932.3	1,468.2	1,979.2	1,321.3	163.6	302.3	2,274.8	184.3	788.2	1,646.1	1,269.5	14,918.5
Aug.	0.6	8,452.0	3,458.0	84.0	4,910.0	1,439.1	1,988.1	1,320.2	162.6	307.3	2,291.0	195.0	787.9	1,683.1	1,235.5	14,952.4
Sep.	0.6	8,508.2	3,503.8	83.1	4,921.3	1,466.9	1,976.3	1,317.5	160.6	307.1	2,329.3	204.1	795.0	1,688.5	1,237.4	15,070.2
Oct.	0.6	8,605.0	3,584.7	84.8	4,935.5	1,467.4	1,996.7	1,314.0	157.4	307.6	2,355.7	214.6	801.2	1,753.8	1,251.4	15,290.0
Nov.	0.7	8,735.1	3,679.8	81.9	4,973.5	1,501.1	2,005.0	1,308.7	158.6	310.2	2,376.9	243.5	805.2	1,839.5	1,324.6	15,635.7
Dec.	0.7	8,733.4	3,603.8	89.8	5,039.8	1,529.7	2,037.8	1,327.0	145.3	308.9	2,364.0	252.5	832.9	1,776.7	1,277.0	15,546.1
2000 Jan.	0.7	8,729.1	3,580.1	87.4	5,061.6	1,558.2	2,022.7	1,324.7	156.0	325.9	2,368.2	232.0	853.9	1,838.5	1,311.4	15,659.7
Feb. [p]	0.7	8,731.0	3,570.9	89.0	5,071.2	1,551.6	2,040.8	1,318.3	160.4	342.7	2,395.8	243.4	860.9	1,876.8	1,334.7	15,786.0

Source: ECB.

1) Data have been revised in the light of new information.

Table 2.3

Consolidated balance sheet of the euro area MFIs, including the Eurosystem [1)]

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

1. Assets: levels outstanding

	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets [3)]	Fixed assets	Remaining assets	Total
		General government	Other euro area residents		General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11
1998 July	5,743.0	824.1	4,918.9	1,422.1	1,226.8	195.3	278.1	1,955.6	243.4	802.7	10,444.9
Aug.	5,747.3	826.4	4,920.9	1,422.4	1,226.9	195.6	271.7	1,973.9	244.3	794.3	10,453.9
Sep.	5,791.6	830.9	4,960.7	1,416.1	1,218.1	198.0	274.2	1,980.1	244.9	805.6	10,512.7
Oct.	5,829.0	835.2	4,993.8	1,429.7	1,226.7	203.0	274.3	1,968.6	247.1	799.5	10,548.1
Nov.	5,882.8	841.5	5,041.3	1,418.3	1,221.6	196.7	288.8	2,008.4	249.3	821.1	10,668.7
Dec.	5,937.5	841.6	5,095.9	1,377.8	1,188.5	189.2	304.5	1,902.2	251.8	790.6	10,564.4
1999 Jan.	5,949.6	839.4	5,110.1	1,400.2	1,190.4	209.8	320.0	2,047.8	254.1	962.3	10,933.9
Feb.	5,950.9	839.6	5,111.3	1,410.1	1,206.2	203.9	326.8	1,958.8	252.7	979.1	10,878.4
Mar.	5,995.5	837.2	5,158.3	1,419.1	1,221.9	197.2	347.0	2,053.6	253.9	897.9	10,967.0
Apr.	6,009.5	830.0	5,179.5	1,421.9	1,219.4	202.6	359.9	2,058.4	255.9	864.0	10,969.7
May	6,042.1	830.2	5,211.8	1,444.9	1,236.0	208.9	373.3	2,009.4	257.1	850.0	10,976.7
June	6,142.1	836.9	5,305.2	1,429.0	1,215.5	213.5	364.5	2,145.4	259.6	880.2	11,220.8
July	6,168.9	828.8	5,340.2	1,421.0	1,204.0	216.9	361.7	2,082.2	264.4	868.2	11,166.3
Aug.	6,160.0	824.8	5,335.2	1,433.2	1,208.2	225.0	360.4	2,056.0	265.2	848.4	11,123.1
Sep.	6,204.9	829.8	5,375.1	1,442.9	1,224.4	218.5	356.3	2,081.2	268.7	832.0	11,186.1
Oct.	6,260.4	839.1	5,421.3	1,453.1	1,236.5	216.6	357.8	2,119.1	271.0	864.0	11,325.4
Nov.	6,338.0	852.1	5,486.0	1,458.2	1,234.0	224.2	372.7	2,175.2	275.3	924.8	11,544.2
Dec.	6,364.2	842.1	5,522.1	1,436.1	1,214.1	222.0	391.8	2,103.5	293.0	949.4	11,538.0
2000 Jan.	6,399.9	834.4	5,565.5	1,446.2	1,222.8	223.5	395.6	2,146.6	294.3	968.9	11,651.6
Feb. [p]	6,431.3	829.6	5,601.7	1,463.0	1,234.2	228.8	410.5	2,185.8	293.7	992.6	11,777.1

2. Liabilities: levels outstanding

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents					Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities [3)]	Remaining liabilities	Excess of inter-MFI liabilities	Total
				Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998 July	320.7	156.6	4,721.8	1,255.2	1,907.1	1,345.4	214.1	322.5	1,380.5	717.3	1,479.3	1,338.3	7.8	10,444.9
Aug.	315.0	165.2	4,716.9	1,247.5	1,915.8	1,346.4	207.2	326.4	1,385.4	716.6	1,490.2	1,336.2	2.1	10,453.9
Sep.	311.8	157.0	4,730.7	1,273.3	1,901.0	1,345.4	211.0	320.7	1,398.8	723.7	1,505.9	1,351.6	12.4	10,512.7
Oct.	313.3	155.7	4,750.4	1,275.4	1,904.4	1,348.9	221.8	325.4	1,391.4	720.0	1,552.2	1,343.8	-4.0	10,548.1
Nov.	314.2	148.8	4,771.5	1,322.8	1,897.2	1,349.8	201.8	328.8	1,402.8	717.3	1,606.9	1,355.0	23.4	10,668.7
Dec.	323.4	150.3	4,875.2	1,385.6	1,924.1	1,388.8	176.7	303.5	1,398.9	714.3	1,518.9	1,260.1	19.7	10,564.4
1999 Jan.	313.2	133.0	4,882.0	1,414.7	1,983.5	1,312.6	171.2	340.0	1,417.8	755.2	1,682.6	1,429.7	-19.7	10,933.9
Feb.	312.8	141.7	4,866.0	1,388.4	1,980.2	1,313.6	183.9	355.4	1,433.9	753.5	1,642.9	1,379.5	-7.3	10,878.4
Mar.	317.4	134.0	4,868.6	1,394.9	1,984.9	1,310.5	178.3	366.1	1,436.9	767.1	1,716.0	1,349.2	11.7	10,967.0
Apr.	319.5	116.6	4,882.8	1,410.3	1,986.8	1,314.0	171.7	387.6	1,453.5	778.0	1,731.0	1,300.2	0.6	10,969.7
May	321.2	121.6	4,903.7	1,441.9	1,974.7	1,314.7	172.4	389.1	1,463.8	783.0	1,720.7	1,258.1	15.4	10,976.7
June	323.7	126.0	4,934.1	1,487.4	1,961.1	1,319.1	166.4	391.5	1,472.5	793.6	1,838.0	1,328.8	12.5	11,220.8
July	331.7	135.8	4,938.0	1,473.9	1,979.2	1,321.3	163.6	383.3	1,477.0	797.8	1,770.4	1,318.6	13.7	11,166.3
Aug.	326.2	138.5	4,916.0	1,445.1	1,988.1	1,320.2	162.6	396.6	1,484.8	796.7	1,776.9	1,286.5	0.9	11,123.1
Sep.	327.1	133.9	4,928.2	1,473.8	1,976.3	1,317.5	160.6	403.5	1,505.2	807.3	1,777.3	1,287.4	16.2	11,186.1
Oct.	329.4	135.7	4,944.3	1,476.2	1,996.7	1,314.0	157.4	410.5	1,518.8	816.6	1,847.6	1,300.8	21.6	11,325.4
Nov.	329.9	146.8	4,983.2	1,510.8	2,005.0	1,308.7	158.6	428.9	1,529.3	821.6	1,909.0	1,377.1	18.4	11,544.2
Dec.	349.7	144.1	5,047.7	1,537.6	2,037.8	1,327.0	145.3	434.8	1,534.8	865.1	1,826.4	1,323.9	11.5	11,538.0
2000 Jan.	332.8	135.4	5,069.1	1,565.7	2,022.7	1,324.7	156.0	439.9	1,531.8	882.6	1,911.2	1,357.3	-8.5	11,651.6
Feb. [p]	330.9	146.7	5,078.5	1,558.9	2,040.8	1,318.3	160.4	458.8	1,548.3	885.8	1,941.1	1,382.3	4.6	11,777.1

Source: ECB

1) The ECB was established on 1 June 1998. The data shown for the Eurosystem relate to the ECB (as from June 1998) and the national central banks of Member States in the euro area. Data have been revised in the light of new information.

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

3) See Table 2.1, footnote 2.

3. Assets: flows [2)]

	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets [3)]	Fixed assets	Remaining assets	Total
		General government	Other euro area residents		General government	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11
1998 Aug.	3.8	2.2	1.6	0.1	-0.1	0.1	-6.3	11.5	0.9	-8.5	1.4
Sep.	51.1	4.8	46.3	-5.9	-8.8	2.9	2.7	55.7	0.6	-2.7	101.4
Oct.	37.3	4.2	33.1	12.2	7.5	4.7	0.1	-18.1	2.3	-6.1	27.7
Nov.	55.8	6.2	49.6	-11.7	-5.3	-6.4	14.5	20.8	2.3	21.4	103.2
Dec.	64.4	0.2	64.3	-39.6	-32.1	-7.6	15.6	-100.9	2.7	-30.1	-87.9
1999 Jan.	75.4	-1.3	76.7	17.7	12.6	5.1	9.4	120.7	-0.1	158.5	381.6
Feb.	-1.1	0.0	-1.2	9.5	15.7	-6.2	6.7	-114.2	-1.3	16.8	-83.7
Mar.	39.3	-3.2	42.4	25.2	24.1	1.1	19.9	52.9	1.2	-91.5	47.1
Apr.	12.5	-8.7	21.2	3.7	-1.6	5.3	12.9	-6.8	2.0	-33.9	-9.6
May	31.6	0.1	31.5	22.8	16.6	6.2	13.3	-58.0	1.2	-14.1	-3.2
June	101.2	6.6	94.6	-16.9	-21.4	4.4	-9.4	125.7	2.4	29.8	232.7
July	29.8	-8.0	37.8	-7.6	-11.2	3.6	-2.9	-35.3	4.7	-12.0	-23.2
Aug.	-9.8	-4.1	-5.7	11.6	3.8	7.8	-1.4	-42.1	0.8	-19.8	-60.7
Sep.	46.5	5.1	41.5	9.2	15.8	-6.5	-4.1	23.1	3.6	-9.6	68.8
Oct.	52.1	9.1	43.0	9.5	11.7	-2.2	1.5	19.0	2.0	32.1	116.2
Nov.	73.5	12.7	60.8	3.9	-3.2	7.1	14.8	20.6	4.3	60.8	178.0
Dec.	30.1	-9.7	39.8	-27.6	-25.1	-2.6	14.0	-76.8	17.9	21.0	-21.5
2000 Jan.	34.4	-7.8	42.3	13.2	11.4	1.9	3.6	23.9	1.4	19.6	96.1
Feb. [p]	31.4	-4.9	36.3	19.7	14.5	5.1	12.1	29.7	-0.5	23.6	116.1

4. Liabilities: flows [2)]

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents					Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities [3)]	Remaining liabilities	Excess of inter-MFI liabilities	Total
				Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998 Aug.	-5.6	8.5	-6.0	-8.0	7.9	1.0	-7.0	3.8	3.3	0.2	5.3	-2.3	-5.7	1.4
Sep.	-3.3	-8.1	20.4	28.0	-10.7	-0.9	3.9	-5.0	6.2	8.2	53.0	20.0	10.2	101.4
Oct.	1.5	-1.3	18.9	1.7	3.0	3.5	10.8	4.7	-10.7	-3.3	43.8	-9.4	-16.6	27.7
Nov.	0.9	-6.9	18.7	46.5	-8.6	0.9	-20.0	3.1	9.9	-1.9	38.9	13.1	27.4	103.2
Dec.	9.2	1.5	106.1	63.4	28.9	39.0	-25.1	-24.7	-4.3	-3.5	-80.3	-88.8	-3.1	-87.9
1999 Jan.	-9.2	-5.3	40.5	29.8	-2.2	14.2	-1.4	13.6	20.3	10.3	156.5	178.7	-23.6	381.6
Feb.	-0.4	8.8	-26.1	-27.5	-12.2	0.9	12.6	15.1	12.2	-0.8	-61.5	-50.1	19.2	-83.7
Mar.	4.7	-7.6	-0.5	5.2	3.0	-3.1	-5.6	6.4	5.0	12.5	55.6	-41.7	12.8	47.1
Apr.	2.1	-17.4	12.9	15.0	1.1	3.4	-6.6	20.9	15.4	11.2	6.6	-50.5	-10.8	-9.6
May	1.7	5.0	19.7	31.2	-12.8	0.6	0.8	1.4	8.9	5.9	-18.3	-42.2	14.8	-3.2
June	2.4	4.4	28.9	45.0	-14.5	4.5	-6.0	1.3	7.0	13.1	107.9	71.4	-3.8	232.7
July	8.0	9.8	7.0	-12.4	20.0	2.2	-2.8	-7.8	7.4	5.0	-45.5	-7.8	0.6	-23.2
Aug.	-5.5	2.7	-24.1	-29.6	7.7	-1.1	-1.1	13.1	5.0	-0.3	-5.0	-34.6	-12.2	-60.7
Sep.	0.9	-4.7	13.0	29.2	-11.6	-2.7	-2.0	6.5	20.4	5.4	4.3	7.8	15.3	68.8
Oct.	2.2	1.8	13.7	1.6	19.0	-3.6	-3.2	6.6	10.8	6.9	54.5	15.5	4.1	116.2
Nov.	0.5	11.2	34.3	32.9	5.7	-5.3	1.1	17.8	7.0	4.0	32.2	74.2	-3.3	178.0
Dec.	19.6	-2.7	64.4	26.7	32.8	18.3	-13.4	-5.1	5.7	27.1	-85.9	-41.7	-2.8	-21.5
2000 Jan.	-16.9	-8.8	19.6	27.3	-16.1	-2.3	10.7	1.0	-4.2	20.0	70.9	34.8	-20.4	96.1
Feb. [p]	-1.9	11.3	8.4	-7.1	17.5	-6.4	4.4	18.8	16.2	3.4	21.7	24.9	13.1	116.1

Table 2.4

Monetary aggregates [1)]

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

1. Levels outstanding at the end of the period

	M1				M2				Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
							Total	Index Dec. 98=100 [2)]			
	Currency in circulation	Overnight deposits	Total	Index Dec. 98=100 [2)]	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months					
	1	2	3	4	5	6	7	8	9	10	11
1998 July	320.7	1,323.0	1,643.7	92.47	883.2	1,189.1	3,716.1	95.06	214.1	322.5	91.2
Aug.	315.0	1,314.8	1,629.8	91.67	886.1	1,191.6	3,707.6	94.82	207.2	326.4	90.4
Sep.	311.8	1,339.2	1,651.0	92.98	871.4	1,191.5	3,713.9	95.13	211.0	320.7	82.0
Oct.	313.3	1,340.1	1,653.4	93.10	878.8	1,195.3	3,727.4	95.46	221.8	325.4	82.7
Nov.	314.2	1,387.3	1,701.5	95.76	877.1	1,196.1	3,774.7	96.61	201.8	328.8	79.7
Dec.	323.4	1,452.9	1,776.3	100.00	894.5	1,234.4	3,905.2	100.00	176.7	303.5	69.7
1999 Jan.	313.2	1,482.5	1,795.7	101.18	887.9	1,249.8	3,933.4	100.85	171.2	340.0	54.5
Feb.	312.8	1,452.5	1,765.3	99.40	873.1	1,252.5	3,890.9	99.69	183.9	355.4	56.1
Mar.	317.4	1,468.4	1,785.9	100.49	872.7	1,250.1	3,908.7	100.07	178.3	366.1	49.1
Apr.	319.5	1,480.6	1,800.1	101.26	872.9	1,255.1	3,928.2	100.54	171.7	387.6	53.0
May	321.2	1,509.7	1,830.9	102.97	863.3	1,259.9	3,954.1	101.18	172.4	389.1	57.6
June	323.7	1,550.1	1,873.8	105.35	840.2	1,265.7	3,979.7	101.80	166.4	391.5	59.2
July	331.7	1,542.7	1,874.4	105.45	853.3	1,270.4	3,998.1	102.34	163.6	383.3	61.7
Aug.	326.2	1,512.9	1,839.1	103.42	856.1	1,270.3	3,965.6	101.46	162.6	396.6	63.0
Sep.	327.1	1,536.9	1,864.0	104.85	842.1	1,267.8	3,973.9	101.69	160.6	403.5	75.5
Oct.	329.4	1,541.3	1,870.6	105.17	857.4	1,265.5	3,993.5	102.11	157.4	410.5	74.0
Nov.	329.9	1,575.1	1,904.9	107.01	856.8	1,260.4	4,022.1	102.74	158.6	428.9	75.6
Dec.	349.7	1,605.5	1,955.1	109.81	876.3	1,282.8	4,114.2	105.09	145.3	434.8	84.4
2000 Jan.	332.8	1,632.6	1,965.4	110.34	859.2	1,281.5	4,106.0	104.84	156.0	439.9	82.4
Feb. [p)]	330.9	1,623.5	1,954.3	109.70	874.8	1,274.0	4,103.1	104.79	160.4	458.8	86.5

2. Flows [4)]

	M1				M2				Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
							Total	Annual percentage change [4)]			
	Currency in circulation	Overnight deposits	Total	Annual percentage change [4)]	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months					
	1	2	3	4	5	6	7	8	9	10	11
1998 Aug.	-5.6	-8.6	-14.2	-	2.4	2.4	-9.4	-	-7.0	3.8	-1.0
Sep.	-3.3	26.6	23.3	8.0	-11.6	0.1	11.9	4.6	3.9	-5.0	-7.6
Oct.	1.5	0.6	2.1	7.8	7.1	3.8	12.9	4.5	10.8	4.7	0.5
Nov.	0.9	46.3	47.2	8.5	-2.8	0.7	45.1	4.9	-20.0	3.1	-3.2
Dec.	9.2	66.2	75.4	9.2	19.0	38.0	132.4	6.0	-25.1	-24.7	-10.2
1999 Jan.	-9.2	30.3	21.0	14.7	-3.2	15.3	33.1	7.8	-1.4	13.6	-5.5
Feb.	-0.4	-31.2	-31.6	12.6	-16.3	2.6	-45.3	6.5	12.6	15.1	1.1
Mar.	4.7	14.5	19.2	11.7	-1.7	-2.6	14.9	6.8	-5.6	6.4	-0.4
Apr.	2.1	11.7	13.8	11.5	-0.4	5.0	18.5	6.3	-6.6	20.9	1.1
May	1.7	28.7	30.4	12.1	-10.2	4.7	25.0	6.4	0.8	1.4	4.4
June	2.4	39.8	42.3	11.5	-23.8	5.8	24.3	6.3	-6.0	1.3	1.4
July	8.0	-6.3	1.7	14.0	14.4	4.8	21.0	7.7	-2.8	-7.8	2.9
Aug.	-5.5	-30.6	-36.1	12.8	2.0	-0.1	-34.3	7.0	-1.1	13.1	1.0
Sep.	0.9	24.5	25.4	12.8	-13.9	-2.5	9.0	6.9	-2.0	6.5	0.8
Oct.	2.2	3.5	5.8	13.0	12.7	-2.4	16.1	7.0	-3.2	6.6	-1.8
Nov.	0.5	32.1	32.6	11.7	-2.5	-5.2	24.9	6.3	1.1	17.8	0.8
Dec.	19.6	30.3	49.9	9.8	19.6	22.4	91.9	5.1	-13.4	-5.1	9.1
2000 Jan.	-16.9	26.4	9.4	9.0	-17.8	-1.4	-9.7	4.0	10.7	1.0	-2.2
Feb. [p)]	-1.9	-9.4	-11.3	10.4	16.8	-7.5	-2.0	5.1	4.4	18.8	4.0

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. Data have been revised in the light of new information.*

2) *Taking the December 1998 outstanding level (not seasonally adjusted) as 100, the index shows the cumulative product of changes from that date calculated from flows as described in footnote 3. The percentage change in the index between any two dates corresponds to the change in the aggregate excluding such reclassifications, etc.*

M3			Main counterparts of M3									
Total	Index, Dec. 98=100 [2]		Longer-term MFI liabilities				Credit [3]				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 [2]		
12	13	14	15	16	17	18	19	20	21	22	23	
4,343.9	97.40		1,024.4	210.9	1,289.3	717.3	2,050.9	5,392.3	4,918.9	96.19	476.3	1998 July
4,331.5	97.10		1,030.1	210.1	1,295.0	716.6	2,053.3	5,388.1	4,920.9	96.22	483.7	Aug.
4,327.6	97.17		1,030.0	209.5	1,316.8	723.7	2,049.1	5,432.9	4,960.7	97.12	474.2	Sep.
4,357.3	97.82		1,026.1	209.3	1,308.7	720.0	2,061.9	5,471.1	4,993.8	97.77	416.4	Oct.
4,384.9	98.38		1,020.5	209.6	1,323.1	717.3	2,063.1	5,526.9	5,041.3	98.74	401.5	Nov.
4,455.1	100.00		1,030.2	214.8	1,329.2	714.3	2,030.1	5,589.6	5,095.9	100.00	383.3	Dec.
4,499.2	100.90		1,096.3	123.1	1,363.3	755.2	2,029.8	5,640.0	5,110.1	101.50	365.1	1999 Jan.
4,486.4	100.53		1,107.8	121.8	1,377.7	753.5	2,045.8	5,641.9	5,111.3	101.48	315.9	Feb.
4,502.2	100.87		1,112.9	120.9	1,387.8	767.1	2,059.1	5,702.5	5,158.3	102.32	337.6	Mar.
4,540.5	101.63		1,114.8	118.7	1,400.4	778.0	2,049.4	5,741.9	5,179.5	102.74	327.4	Apr.
4,573.2	102.33		1,112.3	115.1	1,406.3	783.0	2,066.2	5,794.0	5,211.8	103.37	288.7	May
4,596.8	102.80		1,121.9	114.2	1,413.3	793.6	2,052.3	5,883.3	5,305.2	105.25	307.4	June
4,606.7	103.10		1,126.6	111.9	1,415.3	797.8	2,032.8	5,918.8	5,340.2	106.00	311.8	July
4,587.8	102.63		1,132.6	111.0	1,421.8	796.7	2,033.0	5,920.7	5,335.2	105.88	279.0	Aug.
4,613.4	102.95		1,134.9	111.2	1,429.7	807.3	2,054.2	5,949.9	5,375.1	106.71	304.0	Sep.
4,635.5	103.34		1,139.7	110.6	1,444.7	816.6	2,075.6	5,995.7	5,421.3	107.56	271.5	Oct.
4,685.2	104.33		1,148.7	110.6	1,453.8	821.6	2,086.1	6,082.8	5,486.0	108.76	266.2	Nov.
4,778.6	106.17		1,162.0	112.8	1,450.4	865.1	2,056.2	6,135.9	5,522.1	109.55	277.1	Dec.
4,784.3	106.17		1,163.9	111.8	1,449.4	882.6	2,057.2	6,184.6	5,565.5	110.39	235.5	2000 Jan.
4,808.9	106.73		1,167.0	112.8	1,461.8	885.8	2,063.8	6,241.0	5,601.7	111.11	244.7	Feb. [p]

M3			Main counterparts of M3									
Total	Annual percentage change [4]	3-month moving average (centred)	Longer-term MFI liabilities				Credit [3]				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual percentage change [4]		
12	13	14	15	16	17	18	19	20	21	22	23	
-13.5	-	-	5.5	-0.8	4.3	0.2	2.2	-4.6	1.6	-	6.1	1998 Aug.
3.2	4.7	-	0.9	-0.6	13.8	8.2	-4.0	51.8	46.3	9.0	2.7	Sep.
28.8	5.0	4.8	-4.1	-0.2	-11.1	-3.3	11.7	37.9	33.1	8.9	-61.9	Oct.
25.0	4.7	4.8	-5.9	0.4	13.1	-1.9	1.0	57.7	49.6	9.3	-18.1	Nov.
72.3	4.7	5.1	9.9	5.5	6.0	-3.5	-31.9	72.3	64.3	9.0	-20.6	Dec.
39.9	5.8	5.3	1.3	-1.1	25.7	10.3	11.3	91.1	76.7	10.4	-35.8	1999 Jan.
-16.5	5.2	5.5	4.1	-1.3	11.0	-0.8	15.7	-0.6	-1.2	9.8	-52.7	Feb.
15.3	5.4	5.3	4.7	-0.8	5.3	12.5	20.9	63.5	42.4	10.0	-2.6	Mar.
33.8	5.2	5.4	1.7	-2.2	14.3	11.2	-10.3	39.4	21.2	9.6	-13.3	Apr.
31.5	5.4	5.4	-2.7	-3.6	4.5	5.9	16.7	51.1	31.5	9.9	-39.7	May
21.0	5.5	5.6	9.3	-1.0	5.6	13.1	-14.8	89.7	94.6	10.4	17.7	June
13.3	5.8	5.7	5.2	-2.3	4.5	5.0	-19.2	38.6	37.8	10.2	10.2	July
-21.2	5.7	5.8	5.7	-0.9	4.0	-0.3	-0.3	0.7	-5.7	10.0	-37.1	Aug.
14.3	5.9	5.8	2.3	0.2	19.6	5.4	20.9	30.8	41.5	9.9	18.8	Sep.
17.6	5.6	5.9	6.1	-0.6	12.6	6.9	20.8	42.3	43.0	10.0	-35.5	Oct.
44.6	6.1	6.0	8.1	0.1	6.2	4.0	9.5	82.8	60.8	10.2	-11.7	Nov.
82.5	6.2	5.8	13.2	2.1	-3.4	27.1	-34.8	51.2	39.8	9.6	9.1	Dec.
-0.2	5.2	5.9	1.7	-0.9	-2.1	20.0	3.6	47.7	42.3	8.8	-47.1	2000 Jan.
25.3	6.2	-	1.2	1.0	12.2	3.4	9.7	53.6	36.3	9.5	8.0	Feb. [p]

3) Credit comprises loans and holdings of securities other than shares issued by euro area residents.
4) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions. For the calculation of growth rates, see the technical notes on page 57.*

Table 2.4 (cont'd)

Monetary aggregates [1]

(EUR billions and percentage changes, unless otherwise indicated)

3. Seasonally adjusted levels

	M3										Loans to other euro area residents (excluding government)	
					M2				Total	Index [2]		
							Marketable instruments [4]					
	M1		Other short-term deposits [3]		Total	Index [2]	Total	Index [2]			Total	Index [2]
	Total	Index [2]	Total	Index [2]								
	1	2	3	4	5	6	7	8	9	10	11	12
1998 July	1,642.9	92.42	2,077.9	97.48	3,720.8	95.18	627.2	113.90	4,347.9	97.49	4,902.8	95.87
Aug.	1,655.0	93.08	2,085.7	97.83	3,740.7	95.67	617.9	112.17	4,358.6	97.71	4,938.9	96.57
Sep.	1,666.3	93.85	2,082.3	97.82	3,748.6	96.02	613.1	111.58	4,361.7	97.94	4,973.3	97.37
Oct.	1,675.9	94.37	2,088.6	98.10	3,764.5	96.41	634.2	115.37	4,398.7	98.75	5,006.8	98.02
Nov.	1,694.4	95.36	2,099.2	98.54	3,793.6	97.09	610.6	110.98	4,404.2	98.81	5,048.9	98.89
Dec.	1,719.3	96.79	2,110.7	99.15	3,830.0	98.07	572.9	104.20	4,403.0	98.83	5,066.2	99.42
1999 Jan.	1,784.3	100.54	2,110.1	99.27	3,894.4	99.85	578.0	103.42	4,472.4	100.30	5,090.3	101.11
Feb.	1,781.7	100.33	2,102.7	98.85	3,884.4	99.52	591.4	105.67	4,475.8	100.29	5,114.2	101.54
Mar.	1,802.6	101.43	2,114.2	99.32	3,916.9	100.28	588.8	105.62	4,505.7	100.95	5,161.5	102.39
Apr.	1,815.3	102.12	2,118.3	99.48	3,933.6	100.68	602.1	107.41	4,535.7	101.52	5,190.0	102.95
May	1,829.0	102.86	2,122.7	99.67	3,951.7	101.12	605.6	107.97	4,557.4	101.98	5,230.8	103.75
June	1,842.7	103.61	2,117.3	99.38	3,960.0	101.30	614.4	109.29	4,574.4	102.30	5,285.0	104.85
July	1,863.3	104.82	2,129.7	100.03	3,993.0	102.21	609.2	108.53	4,602.2	103.00	5,321.2	105.62
Aug.	1,870.0	105.16	2,132.6	100.12	4,002.6	102.41	616.3	109.70	4,619.0	103.32	5,355.1	106.28
Sep.	1,880.2	105.76	2,132.5	100.12	4,012.7	102.69	638.5	111.51	4,651.2	103.79	5,390.2	107.01
Oct.	1,889.8	106.25	2,139.2	100.31	4,029.0	103.01	647.5	112.94	4,676.6	104.25	5,435.4	107.84
Nov.	1,901.7	106.83	2,141.5	100.33	4,043.3	103.28	663.2	115.42	4,706.4	104.81	5,492.6	108.90
Dec.	1,903.5	106.91	2,138.3	100.18	4,041.8	103.24	689.2	118.01	4,731.0	105.11	5,491.3	108.94
2000 Jan.	1,945.2	109.21	2,118.9	99.24	4,064.1	103.77	694.7	118.21	4,758.9	105.60	5,540.5	109.90
Feb. (p)	1,971.2	110.65	2,129.5	99.79	4,100.6	104.73	701.1	119.26	4,801.8	106.57	5,605.4	111.18

4. Seasonally adjusted flows [5]

	M3										Loans to other euro area residents (excluding government)	
					M2				Total	Change on previous month (%)		
							Marketable instruments [4]					
	M1		Other short-term deposits [3]		Total	Change on previous month (%)	Total	Change on previous month (%)			Total	Change on previous month (%)
	Total	Change on previous month (%)	Total	Change on previous month (%)								
	1	2	3	4	5	6	7	8	9	10	11	12
1998 July	-4.0	-0.2	-0.1	0.0	-4.2	-0.1	28.0	4.7	23.8	0.6	47.3	1.0
Aug.	11.8	0.7	7.3	0.4	19.1	0.5	-9.5	-1.5	9.5	0.2	35.7	0.7
Sep.	13.6	0.8	-0.1	0.0	13.5	0.4	-3.3	-0.5	10.2	0.2	40.9	0.8
Oct.	9.3	0.6	6.0	0.3	15.2	0.4	20.9	3.4	36.1	0.8	33.4	0.7
Nov.	17.5	1.0	9.4	0.4	26.9	0.7	-24.1	-3.8	2.8	0.1	44.2	0.9
Dec.	25.5	1.5	12.8	0.6	38.3	1.0	-37.3	-6.1	1.0	0.0	26.9	0.5
1999 Jan.	66.6	3.9	2.7	0.1	69.3	1.8	-4.3	-0.8	65.0	1.5	86.3	1.7
Feb.	-3.8	-0.2	-9.0	-0.4	-12.8	-0.3	12.6	2.2	-0.2	0.0	21.5	0.4
Mar.	19.6	1.1	10.0	0.5	29.6	0.8	-0.2	0.0	29.4	0.7	42.8	0.8
Apr.	12.2	0.7	3.5	0.2	15.7	0.4	9.9	1.7	25.6	0.6	28.6	0.6
May	13.3	0.7	3.9	0.2	17.2	0.4	3.1	0.5	20.3	0.4	39.9	0.8
June	13.2	0.7	-6.2	-0.3	7.1	0.2	7.4	1.2	14.5	0.3	55.5	1.1
July	21.6	1.2	13.8	0.7	35.5	0.9	-4.3	-0.7	31.2	0.7	39.0	0.7
Aug.	6.0	0.3	2.0	0.1	7.9	0.2	6.6	1.1	14.5	0.3	33.2	0.6
Sep.	10.7	0.6	0.0	0.0	10.8	0.3	10.2	1.6	20.9	0.5	36.7	0.7
Oct.	8.6	0.5	4.0	0.2	12.7	0.3	8.2	1.3	20.9	0.4	41.9	0.8
Nov.	10.2	0.5	0.3	0.0	10.6	0.3	14.2	2.2	24.8	0.5	53.3	1.0
Dec.	1.4	0.1	-3.1	-0.1	-1.7	0.0	14.9	2.2	13.2	0.3	2.4	0.0
2000 Jan.	41.0	2.2	-20.2	-0.9	20.8	0.5	1.2	0.2	22.0	0.5	48.1	0.9
Feb. (p)	25.7	1.3	11.8	0.6	37.5	0.9	6.2	0.9	43.6	0.9	64.9	1.2

Source: ECB.

1) See page 14, footnote 1.*

2) See page 14, footnote 2. For the calculation of growth rates, see the technical notes on page 57*.*

3) Other short-term deposits comprise deposits with an agreed maturity of up to two years and deposits redeemable at notice of up to three months.

4) Marketable instruments comprise repurchase agreements, money market fund shares/units and money market paper together with debt securities issued with an original maturity of up to two years.

5) See page 15, footnote 3.*

Table 2.5

Outstanding MFI loans by counterpart, type and original maturity [1)]

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

1. Loans to non-financial sectors other than government

	Non-financial corporations [2)]				Households [2)]										Non-profit institutions serving households [2)]
						Consumer credit [3)]			Lending for house purchase [3)]			Other lending			
		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	Up to 1 year	Over 1 and up to 5 years	Over 5 years	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998 Q1	2,163.1	770.9	319.8	1,072.5	2,318.2	75.0	119.0	185.9	28.0	49.0	1,320.7	108.2	76.6	355.8	37.7
Q2	2,200.5	785.1	320.8	1,094.6	2,373.6	78.2	121.8	190.2	28.4	49.3	1,345.1	113.9	79.2	367.6	37.5
Q3	2,223.8	775.0	324.4	1,124.4	2,420.3	80.2	126.0	195.1	28.9	48.6	1,379.2	111.8	86.6	364.0	36.8
Q4	2,287.1	813.0	316.3	1,157.8	2,479.4	84.7	128.2	199.8	28.2	42.0	1,419.6	114.2	82.0	380.6	36.8
1999 Q1	2,257.5	818.2	338.1	1,101.3	2,525.9	86.4	147.3	187.2	15.4	66.9	1,463.1	135.4	99.2	324.9	35.8
Q2	2,330.1	844.0	352.6	1,133.5	2,593.0	84.6	152.8	192.9	18.7	63.7	1,513.6	138.3	99.2	329.1	35.8
Q3	2,344.9	831.5	362.3	1,151.2	2,653.5	86.2	155.6	195.3	19.5	64.3	1,561.4	136.2	97.8	337.3	36.2
Q4 [p]	2,416.6	860.8	372.6	1,183.2	2,713.4	87.4	153.0	192.8	19.9	61.4	1,616.2	141.8	98.9	342.0	37.2

2. Loans to non-monetary financial corporations

	Other financial intermediaries [2)]				Insurance corporations and pension funds [2)]			
		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
	16	17	18	19	20	21	22	23
1998 Q1	240.4	146.1	50.0	44.3	23.5	17.5	2.0	4.0
Q2	246.3	148.1	51.4	46.8	23.4	16.4	2.1	4.8
Q3	247.5	143.3	54.2	50.0	35.2	27.2	2.4	5.6
Q4	263.9	157.9	52.9	53.0	27.9	19.1	2.5	6.3
1999 Q1	302.0	185.3	54.9	61.9	37.0	28.0	3.1	6.0
Q2	306.0	192.0	52.3	61.7	40.3	28.8	2.7	8.8
Q3	298.7	181.1	53.3	64.3	41.7	32.9	2.8	6.0
Q4 [p]	316.0	191.4	54.5	70.0	38.4	29.8	2.8	5.8

3. Loans to government

	General government [2)]										
		Central government [4)]	Other general government								
			State government				Local government				Social security funds
				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	
	24	25	26	27	28	29	30	31	32	33	34
1998 Q1	828.0	221.2	269.2	9.9	14.6	244.6	327.0	19.9	52.4	254.7	10.6
Q2	830.1	219.1	271.8	8.6	15.6	247.6	333.5	19.8	55.6	258.1	5.6
Q3	831.5	216.5	273.7	7.8	14.2	251.7	326.1	17.7	50.7	257.7	15.3
Q4	841.7	201.7	291.2	11.4	13.5	266.3	334.9	19.1	51.0	264.8	14.0
1999 Q1	837.2	221.2	276.7	12.1	20.9	243.7	325.8	19.3	12.5	294.0	13.6
Q2	836.9	212.0	279.2	11.5	20.5	247.1	328.4	20.0	10.9	297.5	17.3
Q3	829.8	206.2	278.4	10.1	21.3	247.0	328.4	19.8	10.4	298.2	16.8
Q4 [p]	838.9	197.6	289.9	15.0	22.1	252.7	335.1	21.0	10.9	303.3	16.2

Source: ECB.

1) Data have been revised in the light of new information. Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.

2) Correponding ESA 95 sector codes: non-financial corporations, S11; households, S14; non-profit institutions serving households, S15; other financial intermediaries, S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.

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

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

Table 2.6

Outstanding deposits held with MFIs, by counterpart and instrument [1)]

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

1. Deposits held by non-financial sectors other than government

	Non-financial corporations [2)]					Households [2)]				
		Overnight	With agreed maturity	Redeemable at notice	Repos		Overnight	With agreed maturity	Redeemable at notice	Repos
	1	2	3	4	5	6	7	8	9	10
1998 Q1	684.6	363.7	243.3	27.1	50.5	3,233.2	726.5	1,128.6	1,312.9	65.2
Q2	704.9	390.1	245.4	26.5	42.9	3,256.4	768.4	1,120.7	1,311.8	55.6
Q3	705.6	392.2	250.5	25.4	37.5	3,225.1	745.6	1,111.0	1,311.6	56.8
Q4	743.0	435.4	252.5	25.6	29.5	3,313.3	794.2	1,116.5	1,355.0	47.7
1999 Q1	726.4	393.2	286.0	23.5	23.7	3,222.4	797.3	1,110.5	1,275.0	39.5
Q2	739.0	425.9	263.6	25.7	23.7	3,237.2	841.3	1,082.5	1,280.7	32.6
Q3	743.3	427.3	268.4	25.4	22.1	3,232.1	843.5	1,075.4	1,279.2	33.9
Q4 [p]	769.3	442.1	280.5	24.1	22.7	3,293.4	866.1	1,097.2	1,290.7	39.4

2. Deposits held by non-monetary financial corporations

	Other financial intermediaries [2)]					Insurance corporations and pension funds [2)]				
		Overnight	With agreed maturity	Redeemable at notice	Repos		Overnight	With agreed maturity	Redeemable at notice	Repos
	1	2	3	4	5	6	7	8	9	10
1998 Q1	229.8	60.2	77.7	10.2	81.8	395.4	24.1	354.7	4.6	12.0
Q2	248.8	70.3	79.5	10.7	88.2	402.7	26.6	358.8	4.7	12.6
Q3	254.2	68.6	77.8	10.3	97.4	408.2	24.8	363.0	4.4	16.0
Q4	259.4	79.1	83.5	9.3	87.5	410.6	28.7	367.4	4.6	10.0
1999 Q1	375.5	127.4	142.1	4.7	101.3	424.7	32.0	378.9	3.0	10.8
Q2	400.0	132.9	164.9	4.7	97.6	429.9	36.4	379.5	3.3	10.7
Q3	390.1	122.0	172.4	5.2	90.4	435.2	31.8	388.6	3.3	11.5
Q4 [p]	398.9	142.6	182.5	4.7	69.1	448.2	34.2	398.7	3.3	12.0

3. Deposits held by government

	General government [2)]																
		Central government	Other general government														
			State government					Local government					Social security funds				
				Overnight	With agreed maturity	Redeemable at notice	Repos		Overnight	With agreed maturity	Redeemable at notice	Repos		Overnight	With agreed maturity	Redeemable at notice	Repos
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17
1998 Q1	273.6	139.6	51.9	8.2	43.4	0.1	0.2	45.4	21.7	18.8	3.4	1.4	36.8	11.3	23.5	1.1	0.9
Q2	285.5	148.1	51.1	7.4	43.5	0.1	0.1	45.7	21.8	19.3	3.4	1.2	40.6	14.2	23.8	1.3	1.2
Q3	297.0	157.0	52.7	7.8	44.6	0.1	0.2	47.2	21.7	20.3	3.5	1.6	40.1	13.7	23.7	1.3	1.5
Q4	299.4	150.3	53.7	10.1	43.5	0.1	0.1	52.8	25.7	22.3	3.5	1.2	42.6	12.3	28.3	1.1	0.8
1999 Q1	253.8	134.0	25.6	7.4	17.9	0.1	0.2	53.0	24.1	23.9	3.2	1.8	41.2	13.7	25.6	1.0	1.0
Q2	254.5	126.0	27.3	8.1	18.9	0.2	0.1	54.3	26.1	24.1	3.4	0.7	46.8	17.2	27.6	1.1	1.0
Q3	262.0	133.9	27.8	8.7	18.7	0.1	0.2	54.4	24.5	25.4	3.3	1.1	46.0	16.4	27.2	0.9	1.5
Q4 [p]	282.5	144.1	31.6	10.2	21.1	0.1	0.2	58.6	26.9	27.3	3.4	1.0	48.1	15.8	30.6	0.7	1.0

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.

2) Corresponding ESA 95 sector codes: non-financial corporations, S11; households, S14 (including non-profit institutions serving households, S15); other financial intermediaries, S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.

Table 2.7

Main outstanding MFI claims on and liabilities to non-residents of the euro area [1)]

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

1. Eurosystem [2)]

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
		Banks [3) 4)]	Non-banks			Banks [3)]	Non-banks			Banks [3)]	Other		Banks [3)]	Non-banks	
			General government	Other			General government	Other						General government	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998 Q1	139.4	81.1	54.1	4.3	77.6	8.4	65.0	4.2	1.3	0.2	1.0	25.7	8.9	16.4	0.4
Q2	93.7	77.3	12.9	3.4	91.6	9.3	80.9	1.5	1.0	0.3	0.8	14.4	9.1	5.0	0.3
Q3	78.7	70.4	4.4	3.9	94.0	3.0	89.8	1.2	0.6	0.1	0.5	10.3	9.5	0.4	0.4
Q4	84.4	71.6	11.6	1.1	120.8	2.3	116.2	2.3	0.6	0.1	0.5	12.8	12.1	0.4	0.4
1999 Q1	108.4	97.1	8.4	2.9	185.4	3.9	178.7	2.9	0.4	0.1	0.3	91.9	89.6	0.4	1.8
Q2	191.4	174.7	13.1	3.7	175.2	4.5	166.9	3.8	0.4	0.1	0.3	165.2	162.8	0.2	2.2
Q3	108.1	99.0	6.8	2.3	176.2	4.0	168.1	4.1	0.4	0.1	0.3	82.6	80.6	0.4	1.5
Q4 [(p)]	59.6	45.6	7.4	6.6	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2

2. MFIs excluding the Eurosystem

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
		Banks [3) 4)]	Non-banks			Banks [3)]	Non-banks			Banks [3)]	Other		Banks [3)]	Non-banks	
			General government	Other			General government	Other						General government	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998 Q1	1,365.8	1,000.1	68.2	297.5	262.0	63.1	95.2	103.7	58.7	18.6	40.0	1,521.5	1,153.0	49.4	319.0
Q2	1,336.5	963.3	65.9	307.4	282.0	81.2	92.0	108.8	56.6	16.9	39.7	1,487.2	1,123.2	61.6	302.4
Q3	1,323.6	949.8	81.8	292.0	279.7	75.2	84.1	120.4	57.6	23.0	34.7	1,485.9	1,159.3	34.0	292.7
Q4	1,253.0	889.8	70.7	292.5	272.4	64.5	89.5	118.4	55.2	21.9	33.3	1,501.9	1,139.6	39.2	323.0
1999 Q1	1,267.2	896.0	61.1	310.0	300.1	71.5	108.4	120.2	58.5	22.4	36.1	1,618.1	1,204.4	70.8	342.9
Q2	1,248.2	849.8	63.9	334.4	320.7	78.3	104.1	138.3	75.2	32.5	42.7	1,666.6	1,215.6	63.1	387.9
Q3	1,254.4	850.5	64.5	339.4	319.6	87.6	90.0	142.0	77.6	37.7	39.9	1,688.5	1,230.2	62.6	395.7
Q4 [(p)]	1,277.8	863.3	64.0	350.5	340.2	94.0	89.8	156.4	79.3	37.4	41.9	1,775.5	1,280.0	72.3	423.2

3. MFIs including the Eurosystem

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents			
		Banks [3) 4)]	Non-banks			Banks [3)]	Non-banks			Banks [3)]	Other		Banks [3)]	Non-banks	
			General government	Other			General government	Other						General government	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998 Q1	1,505.2	1,081.2	122.3	301.8	339.6	71.5	160.2	107.9	59.9	18.8	41.1	1,547.1	1,161.9	65.8	319.4
Q2	1,430.2	1,040.6	78.8	310.8	373.6	90.4	172.9	110.3	57.7	17.2	40.5	1,501.6	1,132.3	66.5	302.8
Q3	1,402.3	1,020.2	86.2	295.9	373.6	78.2	173.8	121.6	58.2	23.0	35.1	1,496.2	1,168.8	34.3	293.1
Q4	1,337.4	961.5	82.3	293.6	393.2	66.8	205.7	120.7	55.8	22.0	33.8	1,514.7	1,151.7	39.6	323.4
1999 Q1	1,375.6	993.1	69.5	313.0	485.5	75.4	287.0	123.1	58.8	22.4	36.4	1,710.0	1,294.0	71.3	344.7
Q2	1,439.6	1,024.5	77.0	338.1	495.9	82.7	271.0	142.1	75.6	32.5	43.0	1,831.8	1,378.4	63.3	390.1
Q3	1,362.5	949.5	71.3	341.7	495.8	91.6	258.1	146.1	78.0	37.8	40.2	1,771.0	1,310.8	63.0	397.2
Q4 [(p)]	1,337.4	908.9	71.4	357.1	534.1	99.7	274.2	160.2	79.9	37.5	42.4	1,818.7	1,319.8	72.6	426.3

Source: ECB.

1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.

2) New reporting rules as from January 1999 caused significant breaks in the first quarter of 1999.

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

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

Table 2.8

Currency analysis of certain liabilities and assets of the euro area MFIs [1)]

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

Liabilities outstanding

1. Deposits placed by euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro [2)]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2)]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	3,178.4	2,807.2	43.5	327.7	234.5	27.0	44.9	21.3	4,816.8	4,658.3	21.1	137.3	103.3	15.1	10.3	8.6
Q2	3,280.8	2,937.1	39.2	304.5	213.9	20.9	42.9	26.9	4,897.6	4,742.9	18.7	135.9	99.5	15.8	10.2	10.5
Q3	3,310.6	2,932.0	41.1	337.4	234.1	27.1	44.2	32.0	4,889.2	4,736.7	19.7	132.7	95.2	12.7	13.7	11.2
Q4	3,405.4	3,024.3	41.3	339.8	237.7	27.3	50.3	24.5	5,025.5	4,878.3	19.9	127.2	91.2	13.2	13.2	9.7
1999 Q1	3,877.0	3,453.2	49.1	374.6	263.6	27.1	54.5	29.4	5,002.5	4,850.6	23.7	128.1	89.2	14.2	14.5	10.2
Q2	4,111.3	3,712.2	44.0	355.0	252.8	27.0	51.5	23.6	5,059.6	4,899.3	25.7	134.6	96.6	15.0	12.5	10.5
Q3	3,836.7	3,430.1	46.0	360.6	253.4	30.0	56.1	21.0	5,061.5	4,901.1	25.8	134.6	95.9	16.3	11.9	10.4
Q4 [p]	3,880.9	3,467.3	42.4	371.2	262.5	34.2	54.1	20.4	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5

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

	Banks [3)]								Non-banks							
	All currencies	Euro [2)]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2)]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	1,161.9	470.3	121.0	570.6	448.6	44.0	52.5	25.6	388.7	150.1	39.0	199.6	145.7	22.4	13.9	17.7
Q2	1,132.3	460.7	121.4	550.3	425.7	40.9	49.9	33.7	372.7	147.8	32.6	192.3	140.3	18.9	11.6	21.5
Q3	1,168.8	464.3	127.3	577.2	443.6	47.5	54.1	32.0	330.8	143.1	28.8	158.9	122.3	13.8	11.2	11.6
Q4	1,151.7	455.3	123.5	572.9	438.1	56.1	52.6	26.1	366.4	154.5	33.2	178.6	131.3	22.8	12.1	12.5
1999 Q1	1,294.0	556.5	128.4	609.2	470.4	52.9	53.1	32.7	415.2	178.1	36.8	200.3	149.2	24.2	12.9	13.9
Q2	1,378.4	613.9	135.3	629.2	501.2	39.2	52.3	36.5	453.2	193.3	40.9	219.0	168.0	24.5	11.7	14.8
Q3	1,310.8	553.8	130.1	626.9	495.6	43.9	53.5	33.9	458.8	199.8	43.4	215.7	161.9	27.5	11.4	14.8
Q4 [p]	1,319.8	539.5	121.1	659.2	526.7	49.0	50.7	32.8	498.9	214.1	46.7	238.1	183.5	27.3	13.0	14.2

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

	Debt securities								Money market paper							
	All currencies	Euro [2)]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2)]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	2,001.2	1,784.0	20.7	196.6	110.7	38.9	31.2	15.8	163.5	151.0	0.3	12.2	10.6	0.9	0.4	0.4
Q2	2,053.9	1,833.8	22.5	197.6	112.7	37.6	30.6	16.7	160.2	144.2	0.7	15.3	10.9	1.8	1.2	1.3
Q3	2,105.7	1,891.4	26.0	188.3	105.3	33.9	33.4	15.8	166.1	147.9	0.6	17.6	15.5	1.0	0.7	0.3
Q4	2,121.3	1,903.5	27.7	190.1	106.6	35.4	33.2	15.0	169.4	155.4	0.6	13.4	11.3	0.9	1.1	0.1
1999 Q1	2,199.2	1,967.3	25.3	206.7	111.5	32.8	31.7	30.7	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.3	2,026.8	30.1	217.3	114.4	31.8	32.2	39.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.5	2,079.9	31.2	223.5	113.4	33.8	31.2	45.0	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4 [p]	2,368.3	2,107.9	32.5	228.0	113.2	37.6	30.8	46.5	255.8	230.5	1.5	23.8	17.5	3.6	2.3	0.4

Source: ECB.

1) Data have been revised in the light of new information. Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.

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.

Assets outstanding

4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	3,188.6	-	-	-	-	-	-	-	5,604.5	5,437.2	26.5	140.8	86.0	15.3	36.9	2.6
Q2	3,336.7	-	-	-	-	-	-	-	5,707.9	5,545.5	25.3	137.0	80.8	13.5	38.4	4.4
Q3	3,355.3	-	-	-	-	-	-	-	5,792.7	5,630.4	26.3	136.0	77.7	12.7	42.8	2.9
Q4	3,386.1	-	-	-	-	-	-	-	5,937.5	5,764.0	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,865.2	-	-	-	-	-	-	-	5,995.5	5,798.9	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,098.8	-	-	-	-	-	-	-	6,142.1	5,931.2	21.3	189.6	108.9	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.9	5,985.0	23.3	196.6	106.9	23.9	61.6	4.2
Q4 [p]	3,869.4	-	-	-	-	-	-	-	6,364.2	6,131.1	22.4	210.7	115.5	28.4	62.6	4.2

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

	MFIs								Non-MFIs							
	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	654.7	625.7	6.7	22.2	14.6	2.7	1.2	3.8	1,407.7	1,366.7	8.2	32.8	16.8	6.9	2.6	6.5
Q2	683.9	656.0	5.9	22.0	13.8	2.5	1.1	4.6	1,430.3	1,389.7	8.6	32.0	15.6	6.4	2.5	7.6
Q3	706.8	679.7	7.2	20.0	12.9	2.9	1.4	2.9	1,416.1	1,380.3	10.2	25.6	14.0	7.0	2.3	2.3
Q4	722.4	680.9	17.8	23.6	15.8	3.6	1.8	2.5	1,377.8	1,340.9	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	762.3	726.7	7.8	27.9	18.3	5.6	1.3	2.7	1,419.1	1,386.6	3.9	28.5	15.4	10.2	2.0	0.9
Q2	801.7	767.6	6.5	27.6	18.3	5.2	1.1	3.0	1,429.0	1,398.8	3.2	26.9	13.6	10.2	2.1	1.1
Q3	829.4	795.4	6.8	27.2	17.8	5.1	1.7	2.6	1,442.9	1,412.7	3.1	27.1	13.0	10.4	2.2	1.6
Q4 [p]	833.7	799.4	7.3	27.1	18.2	4.8	2.3	1.8	1,436.1	1,403.2	5.4	27.5	14.3	10.1	2.0	1.1

6. Loans to non-residents of the euro area

	Banks [3]								Non-banks							
	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	1,081.2	441.5	83.8	555.9	426.6	63.7	29.8	35.8	420.7	190.9	25.5	204.3	171.7	5.7	11.0	15.9
Q2	1,040.6	417.6	84.9	538.1	409.3	62.8	28.7	37.3	386.3	181.5	20.9	183.9	162.9	4.6	11.1	5.3
Q3	1,020.2	419.3	98.3	502.6	365.2	67.5	26.7	43.2	378.8	174.7	24.5	179.6	156.5	5.3	11.9	5.9
Q4	961.5	371.7	74.1	515.7	375.8	74.7	27.0	38.1	372.6	148.1	26.8	197.8	171.6	8.3	13.3	4.5
1999 Q1	993.5	458.2	76.3	459.0	325.1	62.3	27.2	44.4	384.0	133.7	29.0	221.4	193.7	7.7	14.4	5.6
Q2	1,024.8	474.7	80.5	469.6	349.1	52.9	26.2	41.4	416.9	139.6	35.0	242.3	211.7	8.0	16.3	6.3
Q3	949.8	428.5	78.4	442.9	320.3	54.1	28.3	40.2	413.2	143.0	36.9	233.3	198.7	10.8	18.0	5.8
Q4 [p]	909.0	389.1	75.0	444.9	323.6	53.9	30.0	37.4	431.9	138.6	39.6	253.6	217.1	11.1	18.8	6.7

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

	Banks [3]								Non-banks							
	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro [2]	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998 Q1	71.5	15.9	4.5	51.1	38.2	3.7	0.6	8.6	262.9	38.8	29.6	194.6	148.1	23.9	3.9	18.8
Q2	90.4	18.1	5.3	67.1	38.6	4.5	0.7	23.3	278.0	49.3	25.9	202.7	141.3	20.4	3.8	37.3
Q3	78.2	20.3	4.2	53.7	39.7	5.2	1.0	7.8	290.2	41.5	31.5	217.2	161.1	30.1	4.4	21.6
Q4	66.8	19.6	5.6	41.6	28.1	4.9	0.8	7.7	321.2	48.1	31.0	242.2	182.1	35.7	4.2	19.8
1999 Q1	75.4	19.5	5.6	50.3	35.0	5.3	0.9	9.1	409.8	52.4	31.0	326.4	255.1	37.2	4.3	29.8
Q2	82.7	21.7	6.4	54.7	39.2	5.6	1.2	8.8	412.9	66.7	33.8	312.4	247.8	37.1	4.9	22.6
Q3	91.6	33.9	6.1	51.5	38.1	5.9	1.0	6.5	403.6	80.5	30.9	292.3	237.4	33.5	4.5	16.9
Q4 [p]	99.7	37.9	7.2	54.6	39.6	6.9	1.0	7.1	433.2	91.2	31.5	310.6	253.3	34.5	4.7	18.1

3 Financial markets and interest rates in the euro area

Table 3.1

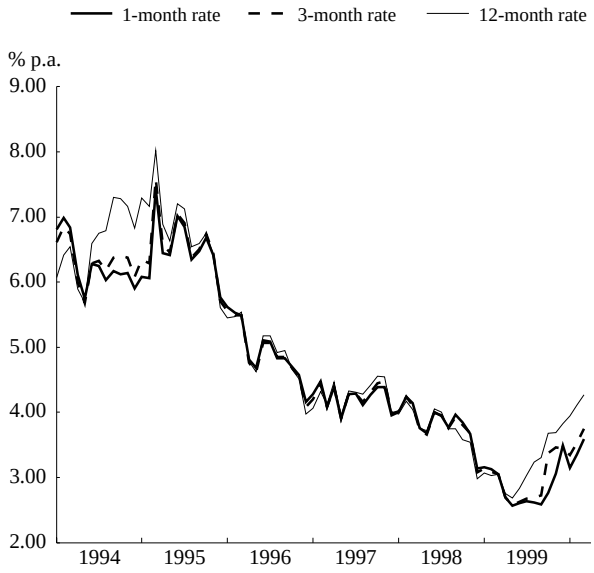
Money market interest rates [1]

(percentages per annum)

	Euro area [4]					United States [6]	Japan [6]
	Overnight deposits [2] [3]	1-month deposits [5]	3-month deposits [5]	6-month deposits [5]	12-month deposits [5]	3-month deposits	3-month deposits
	1	2	3	4	5	6	7
1995	5.62	6.51	6.59	6.68	6.86	6.04	1.23
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
1999 Mar.	2.93	3.05	3.05	3.02	3.05	5.01	0.20
Apr.	2.71	2.69	2.70	2.70	2.76	5.00	0.15
May	2.55	2.57	2.58	2.60	2.68	5.02	0.11
June	2.56	2.61	2.63	2.68	2.84	5.18	0.10
July	2.52	2.63	2.68	2.90	3.03	5.31	0.11
Aug.	2.44	2.61	2.70	3.05	3.24	5.45	0.09
Sep.	2.43	2.58	2.73	3.11	3.30	5.57	0.10
Oct.	2.50	2.76	3.38	3.46	3.68	6.18	0.25
Nov.	2.94	3.06	3.47	3.48	3.69	6.10	0.30
Dec.	3.04	3.49	3.44	3.51	3.83	6.13	0.33
2000 Jan.	3.04	3.15	3.34	3.56	3.95	6.04	0.15
Feb.	3.28	3.36	3.54	3.73	4.11	6.10	0.13
Mar.	3.51	3.59	3.75	3.94	4.27	6.20	0.14
2000 3 Mar.	3.28	3.43	3.63	3.83	4.20	6.12	0.13
10	3.52	3.55	3.74	3.92	4.26	6.14	0.13
17	3.49	3.63	3.77	3.97	4.29	6.21	0.15
24	3.59	3.64	3.77	3.95	4.26	6.26	0.17
31	3.75	3.69	3.83	4.00	4.30	6.29	0.12
7 Apr.	3.58	3.73	3.86	4.02	4.30	6.28	0.12

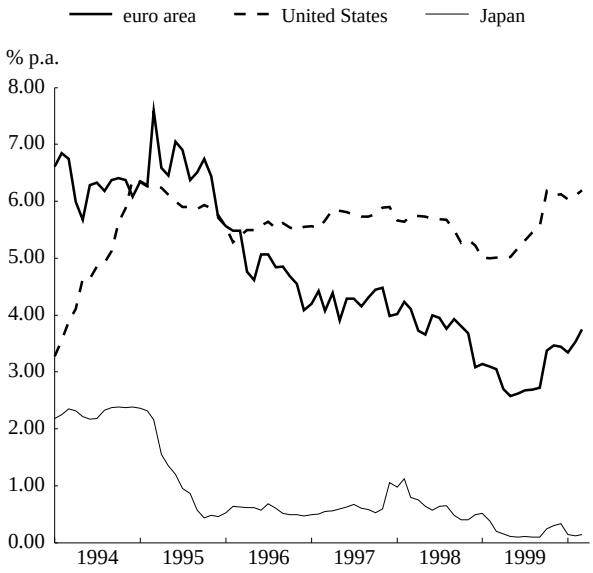
Euro area money market rates

(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

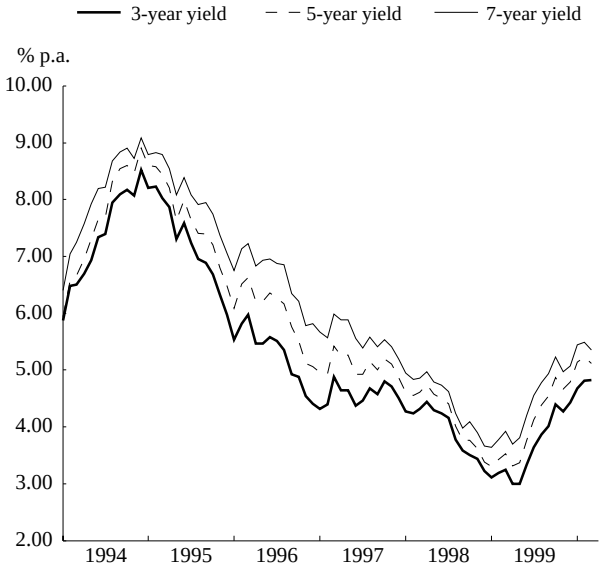
Government bond yields [1]

(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
1995	5.69	5.97	6.48	7.06	8.73	6.69	3.32
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.39	3.63	4.01	4.38	4.66	5.64	1.75
1999 Mar.	3.08	3.25	3.53	3.92	4.18	5.23	1.72
Apr.	2.83	3.00	3.31	3.70	4.04	5.18	1.55
May	2.82	3.00	3.37	3.81	4.21	5.54	1.36
June	3.09	3.34	3.77	4.20	4.53	5.90	1.60
July	3.30	3.64	4.13	4.55	4.86	5.80	1.69
Aug.	3.56	3.87	4.39	4.78	5.06	5.94	1.89
Sep.	3.68	4.02	4.55	4.94	5.24	5.91	1.75
Oct.	4.07	4.40	4.87	5.23	5.47	6.10	1.78
Nov.	3.99	4.27	4.67	4.97	5.18	6.03	1.81
Dec.	4.18	4.43	4.79	5.07	5.30	6.26	1.73
2000 Jan.	4.38	4.68	5.14	5.44	5.70	6.66	1.71
Feb.	4.55	4.82	5.23	5.49	5.66	6.52	1.83
Mar.	4.59	4.83	5.12	5.35	5.49	6.26	1.81
2000 3 Mar.	4.61	4.89	5.22	5.46	5.62	6.39	1.78
10	4.63	4.86	5.16	5.38	5.52	6.38	1.82
17	4.55	4.78	5.07	5.28	5.40	6.21	1.83
24	4.57	4.79	5.06	5.29	5.41	6.16	1.87
31	4.54	4.75	5.02	5.25	5.38	6.03	1.77
7 Apr.	4.50	4.72	4.99	5.22	5.34	5.89	1.72

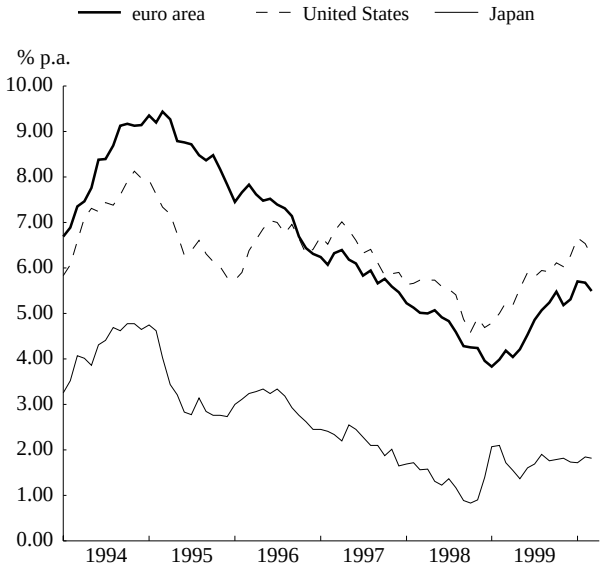
Euro area government bond yields

(monthly)



10-year government bond yields

(monthly)



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

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

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

Table 3.3

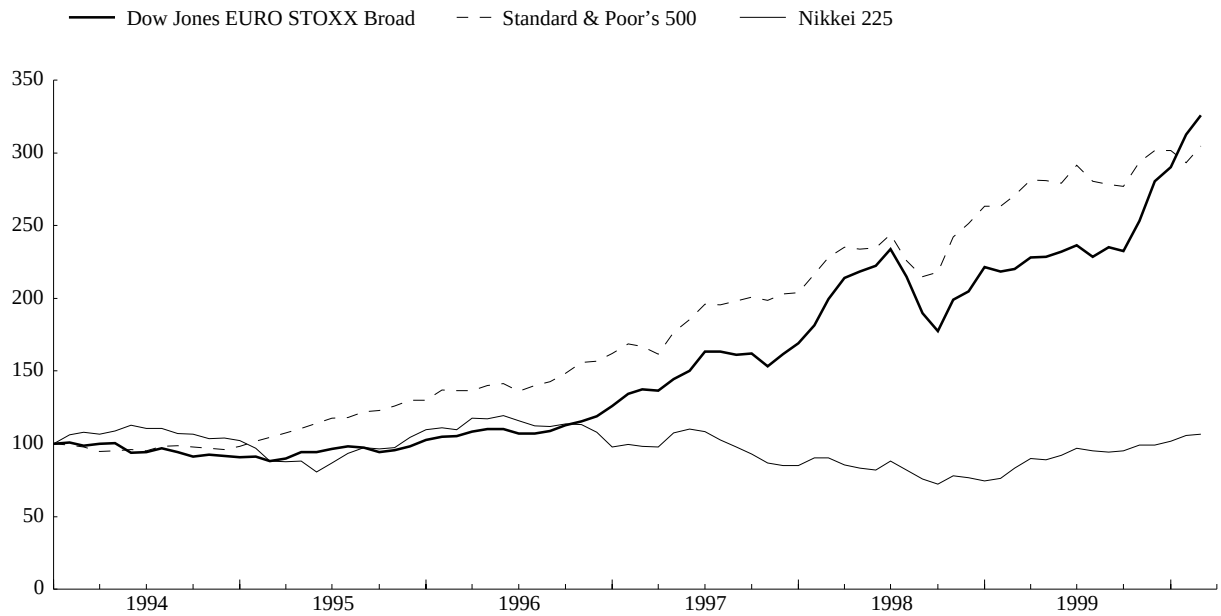
Stock market indices

(index levels, in points) [1]

	Dow Jones EURO STOXX indices											United States	Japan
	Benchmark		Main economic sector indices [2]										
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Conglo-merates [3]	Industrial	Techno-logy	Utilities [4]	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13
1995	130.54	1,388.06	150.65	127.86	141.06	131.15	116.97	126.01	124.51	145.99	132.29	542.18	17,363.36
1996	151.62	1,657.48	181.08	146.78	180.62	159.49	129.89	146.11	134.66	150.01	166.32	671.22	21,061.69
1997	207.62	2,319.61	233.35	191.87	231.88	227.26	184.42	181.00	167.97	227.74	205.51	873.86	18,373.41
1998	280.49	3,076.25	257.88	244.99	295.52	249.33	281.31	220.55	218.43	333.64	282.11	1,085.34	15,338.37
1999	325.78	3,787.35	279.23	262.90	327.73	286.05	295.66	260.28	285.07	470.38	306.03	1,327.79	16,829.89
1999 Mar.	305.52	3,524.19	241.60	250.68	324.63	254.48	293.55	230.03	248.83	374.95	318.57	1,281.66	15,459.81
Apr.	316.39	3,671.80	272.40	266.31	326.99	276.69	299.91	238.46	264.26	404.01	305.94	1,332.56	16,689.65
May	317.05	3,669.07	275.94	267.89	323.27	291.29	293.23	257.12	271.64	413.34	300.03	1,329.66	16,533.26
June	321.66	3,749.45	279.81	265.94	327.34	299.00	288.48	268.06	284.44	440.22	300.26	1,322.55	17,135.96
July	328.07	3,846.24	294.65	265.52	330.38	316.01	289.64	277.97	294.47	481.62	302.28	1,380.99	18,008.63
Aug.	316.78	3,691.33	302.07	251.22	319.26	314.74	279.25	278.08	288.77	455.23	289.80	1,327.49	17,670.31
Sep.	325.88	3,772.79	294.33	257.51	328.66	312.33	289.78	273.47	297.78	480.77	296.06	1,318.21	17,532.78
Oct.	322.44	3,742.62	282.74	253.19	321.54	295.41	290.89	262.05	294.41	488.96	281.85	1,312.60	17,697.85
Nov.	351.17	4,159.97	294.91	264.98	333.23	305.69	310.34	275.80	314.73	589.93	297.38	1,391.61	18,440.35
Dec.	389.11	4,590.11	334.55	288.43	327.66	307.40	318.64	297.82	366.04	755.74	311.68	1,428.96	18,430.57
2000 Jan.	402.38	4,714.71	338.22	296.88	319.81	300.57	318.93	320.65	379.82	836.44	310.07	1,427.47	18,905.63
Feb.	433.82	5,090.59	309.26	308.15	307.57	299.65	313.58	314.55	396.45	989.39	346.36	1,388.44	19,700.88
Mar.	452.09	5,317.08	302.45	316.14	305.44	310.53	325.43	-	402.65	1,070.10	374.61	1,442.21	19,823.05
2000 3 Mar.	462.94	5,450.22	293.31	316.64	305.19	298.22	316.17	323.76	417.62	1,120.81	378.09	1,409.17	19,927.54
10	461.97	5,416.81	285.87	323.41	291.05	313.14	322.02	314.49	399.47	1,143.84	380.52	1,395.07	19,750.40
17	448.32	5,231.35	314.07	318.11	312.90	313.54	328.81	329.98	405.21	1,010.48	376.76	1,464.47	19,566.32
24	453.72	5,379.75	310.65	314.90	314.36	309.89	334.88	-	400.54	1,080.55	372.12	1,527.46	19,958.08
31	441.07	5,249.55	315.08	302.26	312.71	331.52	331.16	-	393.92	1,001.90	367.74	1,498.58	20,337.32
7 Apr.	440.06	5,259.52	306.26	302.21	313.08	327.86	339.30	-	388.67	1,019.48	360.60	1,516.35	20,252.81

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. In previous issues, end-of-period values have been shown to December 1998.*
2) *More comprehensive and representative economic sector indices are shown than in previous issues, with different base periods.*
3) *Dow Jones STOXX has discontinued this index with effect from 20 March 2000.*
4) *Dow Jones STOXX has redesigned this index in order to reflect recent trends in the European equity markets. These changes are in line with recent changes to the Dow Jones Global Indices sector structure, and will ensure full compatibility and integration. It should be noted that the Utilities time series has been revised backwards.*

Table 3.4

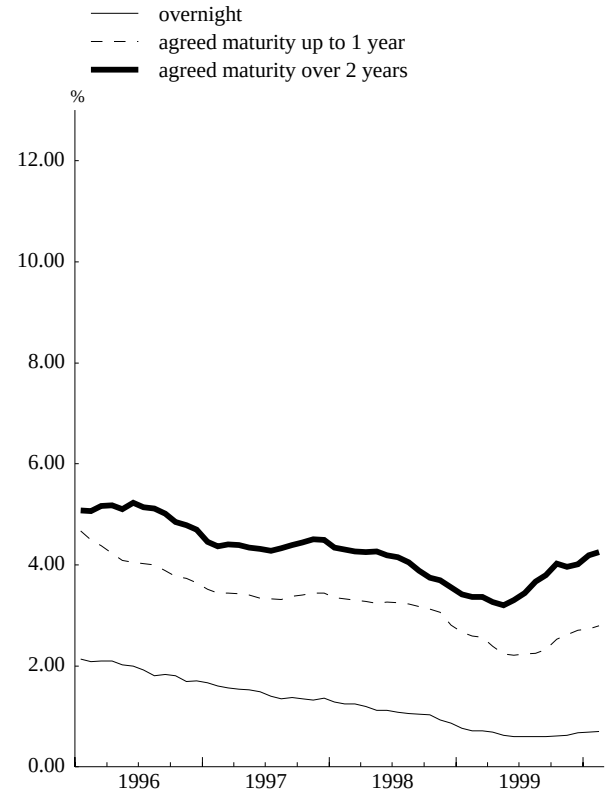
Retail bank interest rates

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year	Up to 2 years	Over 2 years	Up to 3 months	Over 3 months	Up to 1 year	Over 1 year	Consumer lending	For house purchase
	1	2	3	4	5	6	7	8	9	10
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.58	6.64	10.61	6.63
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.74	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.66	5.10	9.38	5.29
1999 Feb.	0.72	2.60	2.59	3.37	2.34	2.78	5.97	5.00	9.55	5.02
Mar.	0.71	2.57	2.56	3.37	2.31	2.79	5.83	4.98	9.50	5.05
Apr.	0.68	2.38	2.39	3.26	2.27	2.61	5.66	4.81	9.37	4.91
May	0.63	2.24	2.24	3.21	2.16	2.48	5.55	4.72	9.31	4.84
June	0.60	2.22	2.22	3.30	2.15	2.45	5.49	4.78	9.29	4.96
July	0.60	2.24	2.24	3.45	2.14	2.63	5.40	4.96	9.21	5.18
Aug.	0.60	2.25	2.26	3.67	2.00	2.73	5.42	5.16	9.31	5.47
Sep.	0.60	2.32	2.32	3.79	1.99	2.80	5.38	5.19	9.29	5.53
Oct.	0.61	2.52	2.52	4.03	2.00	2.93	5.58	5.55	9.36	5.79
Nov.	0.63	2.62	2.62	3.96	2.02	3.01	5.75	5.54	9.36	5.77
Dec.	0.67	2.70	2.70	4.02	2.04	3.05	5.81	5.51	9.38	5.79
2000 Jan.	0.69	2.74	2.74	4.19	2.04	3.18	5.92	5.74	9.51	6.03
Feb.	0.70	2.79	2.80	4.25	2.06	3.18	6.01	5.85	9.52	6.13

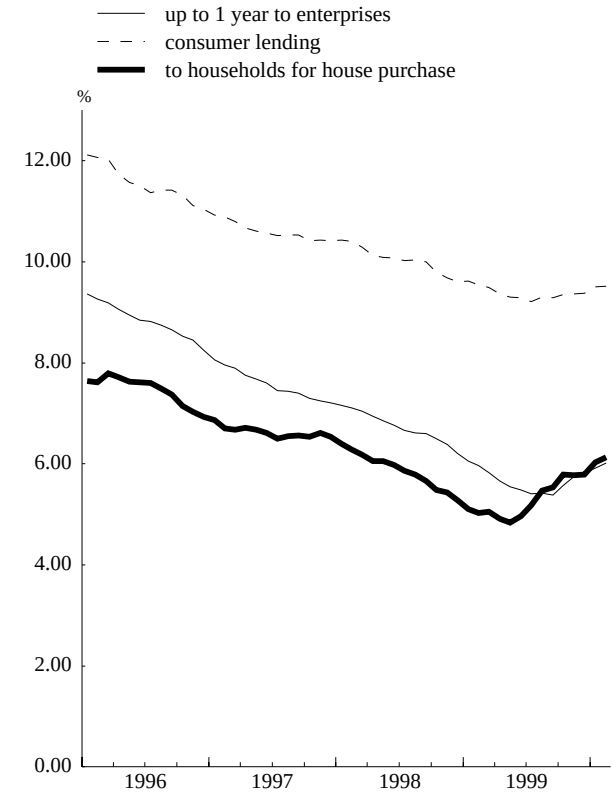
Deposit interest rates

(monthly)



Lending interest rates

(monthly)



Source: ECB.

These euro area retail bank interest rates should be used with caution and for statistical purposes only, primarily to analyse their development over time rather than their level. They are calculated as the weighted average of national interest rates provided by the national central banks. The national rates represent those rates that are currently available from national sources and which are judged to fit the standard categories. These national rates have been aggregated to derive information for the euro area, in some cases relying on proxies and working assumptions due to the heterogeneity observed in the national financial instruments across MU Member States. Furthermore, the national interest rates are not harmonised in terms of their coverage (new business and/or outstanding amounts), the nature of the data (nominal or effective) or the compilation method. The country weights for the euro area retail bank interest rates are derived from MFI balance sheet statistics or close proxies. The weights reflect the country-specific proportions of the relevant instruments within the euro area, measured as outstanding amounts. The weights are adjusted monthly, so that interest rates and weights always refer to the same month.

Table 3.5

Securities issues other than shares by original maturity, residency of the issuer and currency denomination[1) 2)]

(EUR billions; transactions during the period and end-of-period stocks; nominal values)

1. Short-term [3)]

	By euro area residents									
					In euro [4)]				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
1999 Jan.	205.0	195.4	9.7	560.0	198.3	189.9	8.4	539.5	6.7	5.5
Feb.	174.9	175.5	-0.6	559.2	170.4	172.7	-2.3	536.8	4.5	2.8
Mar.	184.3	180.5	3.8	562.4	179.6	177.1	2.5	539.8	4.7	3.4
Apr.	217.0	200.1	16.8	579.0	212.0	196.1	15.9	554.8	5.0	4.1
May	172.0	172.5	-0.5	579.0	165.5	167.7	-2.2	552.7	6.5	4.8
June	175.6	187.1	-11.5	567.3	169.7	182.4	-12.6	540.3	5.9	4.7
July	209.7	212.0	-2.3	563.4	203.3	205.8	-2.5	536.1	6.3	6.1
Aug.	181.7	164.7	17.1	581.6	175.0	159.0	16.0	552.3	6.7	5.6
Sep.	192.1	188.1	4.0	585.3	185.0	183.3	1.7	553.3	7.0	4.8
Oct.	198.3	189.9	8.4	596.0	192.3	182.9	9.4	563.3	6.0	7.0
Nov.	195.0	176.6	18.4	614.9	187.6	170.0	17.6	580.8	7.4	6.6
Dec.	171.3	169.2	2.1	618.0	162.6	163.5	-0.9	580.1	8.7	5.7
2000 Jan.	249.2	266.1	-16.9	597.5	237.8	255.8	-18.0	560.6	11.3	10.3

2. Long-term [3)]

	By euro area residents									
					In euro [4)]				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
1999 Jan.	153.5	92.4	61.2	5,508.4	140.3	84.9	55.4	5,143.9	13.2	7.4
Feb.	128.6	76.3	52.3	5,570.3	116.0	73.8	42.2	5,191.7	12.6	2.6
Mar.	126.0	93.1	32.8	5,604.2	118.1	84.3	33.7	5,221.9	7.9	8.8
Apr.	123.7	87.4	36.3	5,628.1	116.2	81.9	34.3	5,241.6	7.4	5.4
May	140.4	101.8	38.6	5,681.0	122.3	86.1	36.2	5,290.4	18.1	15.7
June	127.7	71.6	56.2	5,747.1	116.9	66.4	50.5	5,348.8	10.8	5.2
July	126.0	89.8	36.2	5,782.8	117.6	79.8	37.7	5,389.1	8.4	10.0
Aug.	80.2	60.3	19.8	5,799.5	69.7	52.9	16.8	5,399.1	10.5	7.4
Sep.	161.9	102.0	59.9	5,864.3	125.6	69.1	56.5	5,459.6	36.2	32.9
Oct.	106.5	70.7	35.8	5,909.7	98.0	67.1	30.9	5,497.2	8.5	3.6
Nov.	106.0	73.9	32.1	5,934.4	98.1	64.8	33.3	5,518.4	7.9	9.1
Dec.	75.7	102.8	-27.1	5,906.7	72.0	94.4	-22.4	5,489.7	3.7	8.4
2000 Jan.	105.3	91.4	13.9	5,919.1	100.4	87.1	13.3	5,499.3	4.9	4.3

3. Total

	By euro area residents									
					In euro [4)]				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
1999 Jan.	358.6	287.7	70.8	6,068.4	338.6	274.8	63.8	5,683.4	19.9	12.9
Feb.	303.5	251.8	51.6	6,129.6	286.4	246.5	39.9	5,728.5	17.1	5.4
Mar.	310.3	273.7	36.6	6,166.6	297.7	261.5	36.2	5,761.7	12.6	12.2
Apr.	340.7	287.5	53.2	6,207.1	328.2	278.0	50.3	5,796.4	12.4	9.5
May	312.4	274.3	38.1	6,260.0	287.7	253.7	34.0	5,843.1	24.6	20.6
June	303.3	258.6	44.7	6,314.5	286.7	248.8	37.9	5,889.2	16.7	9.8
July	335.7	301.8	33.9	6,346.2	320.9	285.7	35.2	5,925.2	14.8	16.1
Aug.	261.9	225.0	36.9	6,381.1	244.7	212.0	32.7	5,951.3	17.2	13.0
Sep.	353.9	290.1	63.9	6,449.6	310.6	252.4	58.2	6,012.9	43.3	37.6
Oct.	304.8	260.6	44.2	6,505.7	290.4	250.0	40.3	6,060.4	14.5	10.6
Nov.	301.0	250.4	50.5	6,549.3	285.7	234.7	50.9	6,099.1	15.3	15.7
Dec.	247.0	272.0	-25.0	6,524.7	234.6	257.9	-23.2	6,069.8	12.4	14.1
2000 Jan.	354.5	357.5	-3.0	6,516.6	338.2	342.9	-4.7	6,059.8	16.3	14.6

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

1) Data coverage for euro area residents is estimated at around 95% of total issues. Data will be revised as new information becomes available.

2) Net issues differ from the change in amounts outstanding because of valuation changes, reclassifications and other adjustments.

		By non-residents of the euro area in euro [4]				Total in euro [4]				
currencies										
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
1.3	20.5	.	.	.	.	.	.	.	.	1999 Jan.
1.6	22.4	.	.	.	.	.	.	.	.	Feb.
1.3	22.6	23.3	11.1	12.2	25.4	571.6	550.8	20.8	565.3	Mar.
0.9	24.2	.	.	.	.	.	.	.	.	Apr.
1.7	26.3	.	.	.	.	.	.	.	.	May
1.2	27.0	19.2	22.7	-3.5	22.8	566.4	568.8	-2.4	563.2	June
0.2	27.3	.	.	.	.	.	.	.	.	July
1.1	29.3	.	.	.	.	.	.	.	.	Aug.
2.3	32.0	27.8	18.4	9.4	31.7	591.2	566.6	24.6	585.0	Sep.
-1.0	32.7	.	.	.	.	.	.	.	.	Oct.
0.8	34.1	.	.	.	.	.	.	.	.	Nov.
3.0	37.9	21.7	19.9	1.8	34.6	564.2	536.3	28.0	614.7	Dec.
1.1	36.9	.	.	.	.	.	.	.	.	2000 Jan.

		By non-residents of the euro area in euro [4]				Total in euro [4]				
currencies										
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
5.8	364.5	.	.	.	.	.	.	.	.	1999 Jan.
10.1	378.6	.	.	.	.	.	.	.	.	Feb.
-0.9	382.2	53.4	16.8	36.5	462.6	427.7	259.9	167.9	5,684.5	Mar.
2.0	386.5	.	.	.	.	.	.	.	.	Apr.
2.4	390.6	.	.	.	.	.	.	.	.	May
5.6	398.3	56.1	11.4	44.7	506.9	411.5	245.8	165.7	5,855.7	June
-1.5	393.6	.	.	.	.	.	.	.	.	July
3.1	400.4	.	.	.	.	.	.	.	.	Aug.
3.4	404.6	62.5	8.3	54.2	561.5	375.4	210.2	165.2	6,021.2	Sep.
4.9	412.5	.	.	.	.	.	.	.	.	Oct.
-1.2	416.1	.	.	.	.	.	.	.	.	Nov.
-4.7	417.0	51.7	19.0	32.7	594.7	319.8	245.2	74.5	6,084.4	Dec.
0.6	419.9	.	.	.	.	.	.	.	.	2000 Jan.

		By non-residents of the euro area in euro [4]				Total in euro [4]				
currencies										
Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	
11	12	13	14	15	16	17	18	19	20	
7.0	385.0	.	.	.	.	.	.	.	.	1999 Jan.
11.7	401.1	.	.	.	.	.	.	.	.	Feb.
0.4	404.8	76.7	27.9	48.7	488.0	999.4	810.7	188.7	6,249.8	Mar.
2.9	410.7	.	.	.	.	.	.	.	.	Apr.
4.1	416.9	.	.	.	.	.	.	.	.	May
6.8	425.3	75.2	34.0	41.2	529.7	977.9	814.5	163.4	6,418.9	June
-1.3	421.0	.	.	.	.	.	.	.	.	July
4.2	429.7	.	.	.	.	.	.	.	.	Aug.
5.6	436.7	90.3	26.7	63.6	593.2	966.6	776.8	189.7	6,606.1	Sep.
3.9	445.2	.	.	.	.	.	.	.	.	Oct.
-0.4	450.2	.	.	.	.	.	.	.	.	Nov.
-1.8	454.9	73.4	38.9	34.4	629.3	884.0	781.5	102.5	6,699.1	Dec.
1.7	456.8	.	.	.	.	.	.	.	.	2000 Jan.

3) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with longer original 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.

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

Table 3.6

Euro-denominated securities other than shares by original maturity, residency and sector of the issuer [1) 2) 3)]

(EUR billions; end of period; nominal values)

Amounts outstanding

1. Short-term [4)]

	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) [5)]	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Jan.	539.5	170.5	8.7	51.6	305.3	3.4	.	.	.	.
Feb.	536.8	173.9	8.7	54.6	295.9	3.7	.	.	.	.
Mar.	539.8	173.1	8.7	58.1	296.7	3.2	25.4	12.5	7.7	4.2
Apr.	554.8	181.4	8.6	61.1	300.7	3.1	.	.	.	.
May	552.7	179.8	8.3	59.9	301.7	3.0	.	.	.	.
June	540.3	173.9	8.2	58.7	296.5	3.0	22.8	8.3	8.7	5.0
July	536.1	178.8	6.7	61.0	286.5	3.2	.	.	.	.
Aug.	552.3	191.3	6.9	62.4	288.7	2.9	.	.	.	.
Sep.	553.3	200.6	6.6	64.8	278.6	2.6	31.7	11.2	12.0	7.3
Oct.	563.3	213.9	6.5	66.2	273.6	3.1	.	.	.	.
Nov.	580.8	237.3	6.2	67.6	266.0	3.6	.	.	.	.
Dec.	580.1	248.6	5.6	66.6	254.4	4.9	34.6	14.4	12.1	6.3
2000 Jan.	560.6	227.7	6.1	66.3	257.1	3.5	.	.	.	.

2. Long-term [4)]

	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) [5)]	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Jan.	5,143.9	1,878.9	125.9	188.4	2,847.1	103.6	.	.	.	.
Feb.	5,191.7	1,890.6	128.6	193.4	2,874.3	104.8	.	.	.	.
Mar.	5,221.9	1,896.0	129.5	199.9	2,890.3	106.2	462.6	123.7	55.4	65.8
Apr.	5,241.6	1,911.4	133.1	204.2	2,884.2	108.8	.	.	.	.
May	5,290.4	1,934.9	138.5	203.5	2,904.3	109.2	.	.	.	.
June	5,348.8	1,957.1	157.8	206.1	2,918.6	109.2	506.9	134.6	66.2	82.3
July	5,389.1	1,960.6	163.9	209.4	2,945.5	109.7	.	.	.	.
Aug.	5,399.1	1,959.9	165.3	206.7	2,957.6	109.6	.	.	.	.
Sep.	5,459.6	1,992.6	173.0	205.1	2,978.4	110.5	561.5	153.0	75.1	102.6
Oct.	5,497.2	2,011.1	175.7	207.9	2,993.3	109.3	.	.	.	.
Nov.	5,518.4	2,020.2	182.6	207.3	2,998.0	110.3	.	.	.	.
Dec.	5,489.7	2,002.3	184.9	206.2	2,986.0	110.3	594.7	160.4	81.2	117.7
2000 Jan.	5,499.3	2,005.0	184.9	200.4	2,998.6	110.4	.	.	.	.

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) [5)]	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Jan.	5,683.4	2,049.4	134.6	240.0	3,152.4	107.0	.	.	.	.
Feb.	5,728.5	2,064.5	137.3	248.0	3,170.2	108.5	.	.	.	.
Mar.	5,761.7	2,069.1	138.2	258.0	3,187.0	109.5	488.0	136.2	63.2	70.0
Apr.	5,796.4	2,092.8	141.6	265.3	3,184.9	111.8	.	.	.	.
May	5,843.1	2,114.7	146.8	263.4	3,206.1	112.1	.	.	.	.
June	5,889.2	2,131.0	166.0	264.8	3,215.1	112.2	529.7	143.0	74.9	87.3
July	5,925.2	2,139.4	170.7	270.4	3,232.0	112.8	.	.	.	.
Aug.	5,951.3	2,151.2	172.1	269.1	3,246.4	112.5	.	.	.	.
Sep.	6,012.9	2,193.2	179.6	269.9	3,257.0	113.2	593.2	164.2	87.1	109.9
Oct.	6,060.4	2,224.9	182.2	274.1	3,266.9	112.4	.	.	.	.
Nov.	6,099.1	2,257.5	188.8	274.9	3,264.0	113.9	.	.	.	.
Dec.	6,069.8	2,251.0	190.5	272.8	3,240.4	115.1	629.3	174.8	93.3	124.0
2000 Jan.	6,059.8	2,232.7	191.0	266.7	3,255.7	113.8	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues. Data will be revised as new information becomes available.

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

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations [6]	Total	Banks (including central banks) [5]	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations [6]	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
0.4	0.4	0.2	565.3	185.5	16.4	62.3	297.1	3.6	0.2	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
0.3	0.3	0.1	563.2	182.2	16.9	63.7	296.9	3.3	0.1	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.3	0.6	0.3	585.0	211.8	18.6	72.1	279.0	3.3	0.3	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
0.3	0.6	0.8	614.7	263.0	17.7	72.9	254.7	5.5	0.8	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.

of the euro area			Total							
Central government	Other general government	International organisations [6]	Total	Banks (including central banks) [5]	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations [6]	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
69.7	25.8	122.2	5,684.5	2,019.7	184.9	265.7	2,960.0	132.0	122.2	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
73.9	27.3	122.6	5,855.7	2,091.8	224.0	288.4	2,992.4	136.5	122.6	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
78.6	29.1	123.1	6,021.2	2,145.6	248.1	307.8	3,057.0	139.6	123.1	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
82.6	29.1	123.7	6,084.4	2,162.7	266.1	323.9	3,068.6	139.3	123.7	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.

of the euro area			Total							
Central government	Other general government	International organisations [6]	Total	Banks (including central banks) [5]	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations [6]	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
70.1	26.1	122.5	6,249.8	2,205.2	201.3	328.0	3,257.1	135.6	122.5	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
74.2	27.6	122.8	6,418.9	2,274.0	240.9	352.1	3,289.3	139.8	122.8	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
78.9	29.7	123.4	6,606.1	2,357.4	266.7	379.8	3,336.0	142.9	123.4	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
82.9	29.7	124.6	6,699.1	2,425.8	283.8	396.7	3,323.4	144.8	124.6	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original 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.

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

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

Table 3.6 (cont'd)

Euro-denominated securities other than shares by original maturity, residency and sector of the issuer [1) 2) 3)]

(EUR billions; transactions during the month or quarter; nominal values)

Gross issues

1. Short-term [4)]

	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) [5)]	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Jan.	198.3	105.4	1.7	35.2	54.7	1.3	.	.	.	.
Feb.	170.4	96.5	1.2	31.6	39.8	1.3	.	.	.	.
Mar.	179.6	92.2	1.4	38.7	46.2	1.1	23.3	12.2	6.6	3.7
Apr.	212.0	112.4	1.5	40.8	56.0	1.3	.	.	.	.
May	165.5	87.6	1.5	34.1	40.4	1.8	.	.	.	.
June	169.7	95.6	1.9	34.8	36.4	0.9	19.2	6.8	7.2	4.5
July	203.3	110.9	1.7	42.5	46.9	1.4	.	.	.	.
Aug.	175.0	92.3	1.9	35.9	43.8	1.1	.	.	.	.
Sep.	185.0	105.1	1.2	37.9	40.0	0.9	27.8	9.5	10.5	6.7
Oct.	192.3	107.3	1.5	41.3	40.7	1.5	.	.	.	.
Nov.	187.6	117.7	1.2	33.7	33.0	2.0	.	.	.	.
Dec.	162.6	117.9	0.9	23.0	18.5	2.3	21.7	9.6	6.8	4.2
2000 Jan.	237.8	153.3	2.0	40.0	41.2	1.3	.	.	.	.

2. Long-term [4)]

	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) [5)]	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Jan.	140.3	56.9	5.3	5.4	72.3	0.6	.	.	.	.
Feb.	116.0	46.8	3.6	8.5	56.8	2.3	.	.	.	.
Mar.	118.1	48.9	3.0	8.3	53.9	2.1	53.4	16.3	9.9	14.3
Apr.	116.2	52.1	4.6	7.8	49.7	3.7	.	.	.	.
May	122.3	45.2	6.8	5.4	62.7	1.1	.	.	.	.
June	116.9	50.0	20.6	3.9	41.4	0.9	56.1	15.5	11.9	17.7
July	117.6	36.2	7.6	6.7	66.6	1.0	.	.	.	.
Aug.	69.7	29.2	2.0	5.8	31.7	0.2	.	.	.	.
Sep.	125.6	60.9	9.1	2.6	51.6	1.4	62.5	21.0	11.2	21.2
Oct.	98.0	46.0	3.7	3.5	44.0	1.0	.	.	.	.
Nov.	98.1	45.2	7.0	4.5	39.9	1.8	.	.	.	.
Dec.	72.0	44.0	4.9	2.2	18.9	1.5	51.7	14.3	7.9	17.2
2000 Jan.	100.4	40.2	0.7	0.5	58.1	0.7	.	.	.	.

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) [5)]	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Jan.	338.6	162.4	6.9	40.6	127.0	1.8	.	.	.	.
Feb.	286.4	143.3	4.8	40.1	96.6	3.6	.	.	.	.
Mar.	297.7	141.1	4.4	47.0	100.1	3.1	76.7	28.6	16.5	18.0
Apr.	328.2	164.5	6.0	48.6	105.7	5.0	.	.	.	.
May	287.7	132.9	8.2	39.5	103.1	2.9	.	.	.	.
June	286.7	145.7	22.5	38.7	77.7	1.9	75.2	22.3	19.1	22.3
July	320.9	147.1	9.3	49.2	113.5	2.4	.	.	.	.
Aug.	244.7	121.5	3.9	41.6	75.5	1.4	.	.	.	.
Sep.	310.6	166.0	10.3	40.5	91.6	2.2	90.3	30.6	21.8	27.9
Oct.	290.4	153.4	5.2	44.8	84.7	2.5	.	.	.	.
Nov.	285.7	162.9	8.2	38.2	73.0	3.8	.	.	.	.
Dec.	234.6	162.0	5.9	25.2	37.4	3.8	73.4	23.9	14.7	21.4
2000 Jan.	338.2	193.5	2.7	40.6	99.3	2.1	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues. Data will be revised as new information becomes available.

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

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S1311); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations [6]	Total	Banks (including central banks) [5]	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations [6]	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
0.3	0.3	0.2	571.6	306.4	10.8	109.2	141.0	4.0	0.2	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
0.3	0.2	0.1	566.4	302.5	12.1	114.3	133.1	4.3	0.1	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.3	0.5	0.2	591.2	317.8	15.3	123.0	131.0	3.8	0.2	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
0.2	0.2	0.7	564.2	352.6	10.5	102.2	92.4	5.8	0.7	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.

of the euro area			Total							
Central government	Other general government	International organisations [6]	Total	Banks (including central banks) [5]	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations [6]	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
5.3	1.6	5.9	427.7	169.0	21.7	36.4	188.3	6.4	5.9	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
5.9	2.1	3.1	411.5	162.8	43.7	34.8	159.6	7.8	3.1	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
4.1	2.1	2.9	375.4	147.4	30.0	36.2	154.0	4.7	2.9	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
6.5	1.0	4.8	319.8	149.5	23.5	27.4	109.3	5.3	4.8	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.

of the euro area			Total							
Central government	Other general government	International organisations [6]	Total	Banks (including central banks) [5]	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations [6]	
11	12	13	14	15	16	17	18	19	20	
.	.	.	.	.	.	.	.	.	.	1999 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
5.6	1.9	6.1	999.4	475.4	32.6	145.6	329.3	10.4	6.1	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
.	.	.	.	.	.	.	.	.	.	May
6.2	2.2	3.2	977.9	465.3	55.9	149.1	292.7	12.1	3.2	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
4.4	2.5	3.2	966.6	465.2	45.3	159.1	285.0	8.5	3.2	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
6.7	1.1	5.6	884.0	502.1	33.9	129.6	201.7	11.2	5.6	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original 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.

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

6) Including the European Investment Bank. The ECB is included in the Eurosystem.

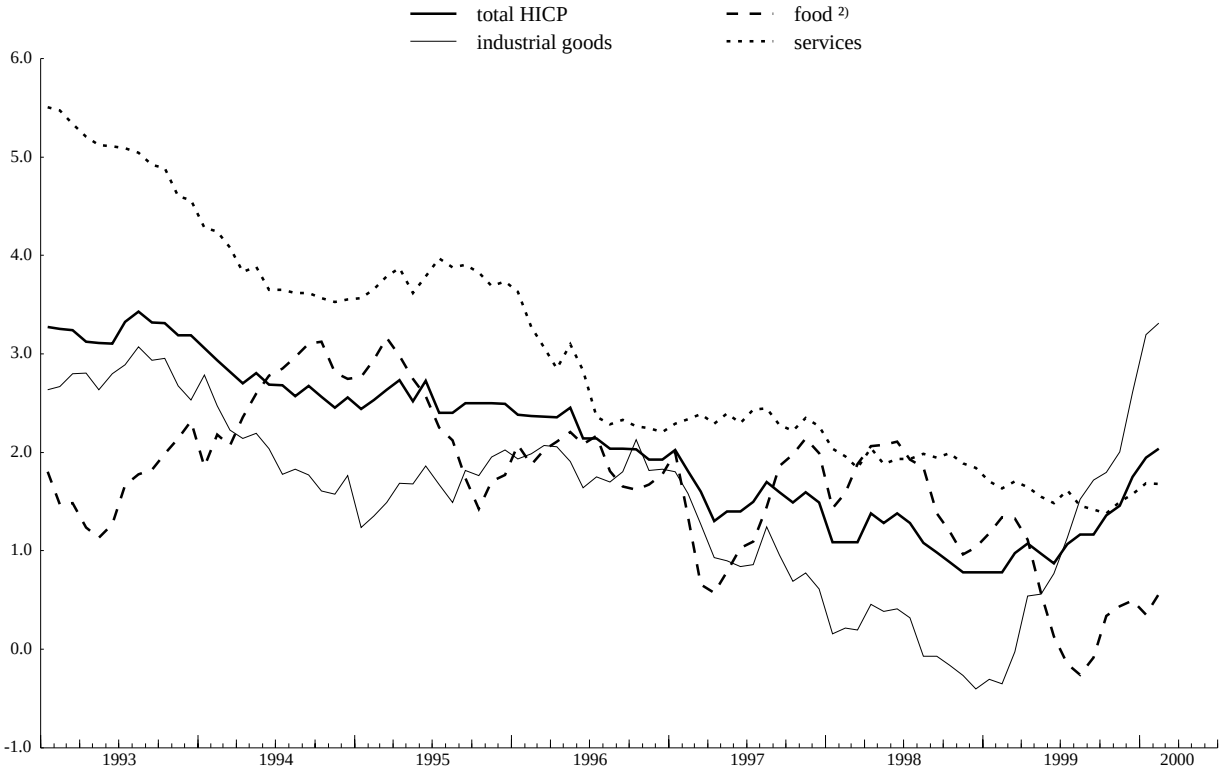
4 HICP and other prices in the euro area

Table 4.1

Harmonised Index of Consumer Prices [1]

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total	Goods							Services
				Food [2]			Industrial goods			
					Processed food [2]	Unprocessed food		Non-energy industrial goods	Energy	
Weight in the total (%) [3]	100.0	100.0	62.5	20.9	12.6	8.2	41.6	32.7	9.0	37.5
	1	2	3	4	5	6	7	8	9	10
1995	97.9	2.5	2.0	2.3	2.5	2.1	1.7	1.6	1.9	3.8
1996	100.0	2.2	1.9	1.9	2.0	1.9	1.9	1.7	2.4	2.7
1997	101.6	1.6	1.2	1.4	1.4	1.4	1.0	0.5	2.8	2.3
1998	102.7	1.1	0.6	1.6	1.4	1.9	0.1	0.9	-2.6	1.9
1999	103.8	1.1	0.8	0.5	0.9	0.0	1.0	0.7	2.2	1.6
1998 Q4	102.8	0.8	0.2	1.1	1.2	0.8	-0.3	1.0	-4.5	1.9
1999 Q1	103.1	0.8	0.3	1.3	1.2	1.4	-0.2	0.8	-3.9	1.7
Q2	103.8	1.0	0.6	0.6	0.8	0.3	0.6	0.7	0.5	1.6
Q3	104.1	1.1	0.9	-0.2	0.6	-1.4	1.5	0.6	4.6	1.5
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.6	7.8	1.5
1999 Feb.	103.1	0.8	0.2	1.3	1.3	1.5	-0.3	0.8	-4.4	1.6
Mar.	103.4	1.0	0.4	1.3	1.1	1.7	0.0	0.8	-2.9	1.7
Apr.	103.7	1.1	0.7	1.1	1.1	1.1	0.5	0.7	0.1	1.6
May	103.8	1.0	0.6	0.6	0.7	0.4	0.6	0.6	0.3	1.5
June	103.8	0.9	0.5	0.1	0.7	-0.7	0.8	0.6	1.2	1.5
July	104.0	1.1	0.7	-0.1	0.7	-1.4	1.1	0.6	2.9	1.6
Aug.	104.1	1.2	0.9	-0.3	0.6	-1.6	1.5	0.6	4.7	1.5
Sep.	104.1	1.2	1.1	-0.1	0.6	-1.1	1.7	0.5	6.2	1.4
Oct.	104.2	1.4	1.3	0.3	0.8	-0.4	1.8	0.5	6.3	1.4
Nov.	104.3	1.5	1.5	0.4	0.9	-0.3	2.0	0.6	7.1	1.5
Dec.	104.7	1.7	1.9	0.5	1.0	-0.2	2.6	0.6	10.0	1.6
2000 Jan.	104.8	1.9	2.2	0.4	1.0	-0.5	3.2	0.8	12.0	1.7
Feb.	105.2	2.0	2.4	0.6	1.0	-0.1	3.3	0.5	13.5	1.7



Source: Eurostat. Data before 1995 are estimates based on national definitions and are not fully comparable with HICPs starting in 1995.

1) Extended coverage from January 2000. The change affects annual percentage changes during 2000. See the general notes for a brief explanation.

2) Including alcoholic beverages and tobacco.

3) Referring to the index period 2000.

Table 4.2

Selected other price indicators

(annual percentage changes, unless otherwise indicated)

1. Industry and commodity prices

	Industrial producer prices									World market prices of raw materials [2]		Oil prices [3] (EUR per barrel)
	Total excluding construction		Manufacturing						Construction [1]	Total	Total excluding energy	
	Index, 1995 = 100			Intermediate goods	Capital goods	Consumer goods						
							Durable consumer goods	Non-durable consumer goods				
	1	2	3	4	5	6	7	8	9	10	11	12
1995	100.0	3.6	3.9	5.0	1.8	-	-	3.0	-	0.2	2.1	13.0
1996	100.4	0.4	1.0	-1.2	1.2	1.9	1.7	2.1	1.3	6.5	-6.9	15.9
1997	101.4	1.1	0.6	1.2	0.3	0.9	0.1	1.2	1.3	10.0	12.9	17.1
1998	100.6	-0.8	-0.6	-2.2	0.5	0.5	0.1	0.7	0.2	-21.2	-12.5	12.0
1999	100.5	0.0	0.1	-0.6	0.1	0.2	0.2	0.2	1.0	17.8	-3.1	17.1
1999 Q1	98.8	-2.6	-2.1	-4.8	0.3	0.1	0.2	0.0	0.8	-17.6	-16.0	10.3
Q2	99.7	-1.3	-1.1	-2.7	0.0	-0.1	0.1	-0.1	0.8	5.9	-8.2	15.0
Q3	101.1	0.7	0.8	0.6	-0.1	0.2	0.2	0.2	1.2	31.0	1.1	19.7
Q4	102.6	3.2	2.8	4.7	0.1	0.5	0.4	0.6	1.3	61.5	14.0	23.0
2000 Q1	.	.	.	.	.	.	.	.	.	78.3	19.9	27.1
1999 Mar.	99.0	-2.3	-1.8	-4.3	0.2	0.1	0.2	0.0	-	-8.4	-14.6	11.8
Apr.	99.6	-1.6	-1.2	-3.3	0.2	0.0	0.2	-0.1	-	0.3	-12.5	14.4
May	99.7	-1.3	-1.0	-2.8	-0.1	-0.1	0.1	-0.2	-	5.1	-7.8	14.9
June	99.9	-1.0	-1.0	-2.1	0.0	0.0	0.0	0.0	-	12.8	-4.2	15.6
July	100.6	0.0	0.1	-0.5	-0.1	0.1	0.1	0.1	-	22.7	-2.3	18.1
Aug.	101.0	0.7	0.9	0.7	-0.1	0.1	0.1	0.2	-	29.2	-0.5	19.2
Sep.	101.6	1.4	1.5	1.8	-0.1	0.4	0.4	0.4	-	41.4	6.6	21.8
Oct.	102.0	2.2	2.0	3.2	0.0	0.5	0.4	0.6	-	44.3	10.7	20.8
Nov.	102.6	3.1	2.8	4.7	0.1	0.6	0.4	0.6	-	60.4	11.9	23.5
Dec.	103.2	4.1	3.5	6.4	0.1	0.6	0.5	0.6	-	81.3	19.3	24.8
2000 Jan.	103.8	5.1	4.4	8.1	0.3	0.6	0.6	0.6	-	76.2	19.4	24.9
Feb.	104.3	5.7	4.9	9.2	0.4	0.7	0.7	0.7	-	87.6	20.0	27.6
Mar.	.	.	.	.	.	.	.	.	-	72.0	20.2	28.4

2. Deflators of gross domestic product

	Deflators of GDP [4] (s.a.)							
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports [5]	Imports [5]
	Index, 1995 = 100							
	13	14	15	16	17	18	19	20
1995	100.0	2.6	2.5	2.7	2.9	1.5	2.8	2.5
1996	102.0	2.1	2.0	2.5	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.7	1.8	1.6	1.0	2.0	2.6
1998	105.2	1.6	1.2	1.3	1.4	0.7	0.0	-1.4
1999	106.4	1.1	1.3	1.4	2.3	0.7	-0.4	0.1
1997 Q4	104.3	1.6	1.6	1.8	1.8	1.1	2.5	2.6
1998 Q1	104.7	1.7	1.5	1.5	1.3	0.9	1.5	0.9
Q2	105.1	1.6	1.3	1.5	1.3	1.0	0.9	-0.2
Q3	105.5	1.6	1.0	1.2	1.7	0.7	-0.4	-2.3
Q4	105.8	1.4	0.8	1.0	1.4	0.4	-1.8	-3.7
1999 Q1	106.1	1.4	0.9	1.1	1.9	0.2	-2.0	-3.7
Q2	106.3	1.2	1.1	1.4	2.3	0.4	-1.4	-1.4
Q3	106.6	1.0	1.5	1.5	2.4	0.9	-0.1	1.3
Q4	106.8	1.0	1.8	1.7	2.5	1.4	1.8	4.5

Sources: Eurostat, except columns 10 and 11 (HWWA, Institut für Wirtschaftsforschung, Hamburg), column 12 (International Petroleum Exchange), and columns 13 to 20 (ECB calculations based on Eurostat data).

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

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

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

4) Based mainly on the ESA 95; data to end-1998 are based on national deflators in domestic currency.

5) Deflators for exports and imports refer to goods and services and include cross-border trade within the euro area.

5 Real economy indicators in the euro area

Table 5.1

National accounts [1]

1. Current prices

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

	GDP	Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Exports [3]	Imports [3]
	1	2	3	4	5	6	7	8
1995	5,307.9	5,209.4	2,995.9	1,093.6	1,094.1	25.8	1,568.0	1,469.6
1996	5,530.9	5,405.0	3,140.3	1,143.3	1,122.3	-0.9	1,656.8	1,530.8
1997	5,646.4	5,496.6	3,192.1	1,149.7	1,137.8	17.0	1,825.8	1,676.0
1998	5,869.1	5,724.8	3,317.2	1,175.5	1,192.8	39.4	1,938.7	1,794.4
1999	6,107.7	6,000.8	3,469.1	1,223.1	1,266.1	42.4	2,020.2	1,913.3
1998 Q3	1,474.1	1,434.7	833.8	294.3	300.2	6.4	488.1	448.7
Q4	1,490.0	1,459.0	844.7	297.9	304.1	12.4	479.5	448.5
1999 Q1	1,505.6	1,476.4	854.4	302.8	309.6	9.5	481.1	451.8
Q2	1,515.5	1,488.6	862.2	304.6	313.3	8.5	495.8	469.0
Q3	1,535.0	1,507.3	871.6	306.9	319.9	8.9	515.9	488.2
Q4	1,551.6	1,528.5	880.9	308.8	323.4	15.4	527.4	504.3

2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP	Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories [2]	Exports [3]	Imports [3]
	9	10	11	12	13	14	15	16
1995	5,307.9	5,209.4	2,995.9	1,093.6	1,094.1	25.8	1,568.0	1,469.6
1996	5,380.9	5,261.3	3,040.5	1,113.0	1,106.3	1.6	1,636.1	1,516.4
1997	5,503.8	5,351.5	3,085.1	1,121.0	1,130.2	15.1	1,800.9	1,648.5
1998	5,656.8	5,532.4	3,178.3	1,133.8	1,180.4	40.0	1,922.6	1,798.2
1999	5,785.3	5,688.1	3,259.2	1,146.9	1,235.8	46.2	2,000.7	1,903.5
1998 Q3	1,417.8	1,384.7	797.5	283.4	297.0	6.8	484.2	451.1
Q4	1,421.6	1,398.4	802.4	284.0	299.1	12.9	478.5	455.3
1999 Q1	1,430.2	1,409.8	808.6	286.6	304.2	10.4	481.1	460.7
Q2	1,438.1	1,416.0	811.0	286.2	306.8	12.1	493.3	471.2
Q3	1,452.3	1,424.8	817.0	286.8	311.5	9.5	509.2	481.7
Q4	1,464.7	1,437.5	822.5	287.3	313.4	14.3	517.0	489.8
(annual percentage changes)								
1995	2.2	2.0	1.8	0.6	2.5	_	7.8	7.4
1996	1.4	1.0	1.5	1.8	1.1	_	4.3	3.2
1997	2.3	1.7	1.5	0.7	2.2	_	10.1	8.7
1998	2.8	3.4	3.0	1.1	4.4	_	6.8	9.1
1999	2.3	2.8	2.5	1.2	4.7	_	4.1	5.9
1998 Q3	2.6	3.4	3.4	0.9	4.6	_	5.0	7.9
Q4	2.0	3.2	3.1	1.1	3.8	_	2.1	5.8
1999 Q1	1.8	2.8	2.8	1.3	3.8	_	0.7	3.8
Q2	1.9	2.8	2.4	0.9	5.3	_	2.3	5.2
Q3	2.4	2.9	2.4	1.2	4.9	_	5.2	6.8
Q4	3.0	2.8	2.5	1.2	4.8	_	8.1	7.6

Source: Eurostat.

1) Based mainly on the ESA 95. 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.

Table 5.2

Selected other real economy indicators [1)]

1. Industrial production

(annual percentage changes, unless otherwise indicated)

	Total including construction		Total excluding construction		Manufacturing						Construction
						Intermediate goods	Capital goods	Consumer goods	Durable consumer goods	Non-durable consumer goods	
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100								
	1	2	3	4	5	6	7	8	9	10	11
1995	100.1	2.8	100.1	3.4	3.5	2.6	7.3	0.8	-1.2	1.8	-0.4
1996	100.0	-0.1	100.4	0.3	0.0	-0.2	1.5	-0.2	0.0	-0.4	-2.1
1997	103.9	3.8	104.8	4.4	5.0	5.4	4.8	2.8	3.0	2.7	-0.1
1998	107.7	3.6	109.2	4.2	4.6	3.8	7.1	3.3	6.2	1.8	0.2
1999	109.7	1.9	111.2	1.8	1.8	2.1	1.8	2.2	3.3	1.7	2.6
1998 Q4	107.5	1.2	109.0	1.6	1.4	0.5	4.5	1.7	4.6	0.3	-1.3
1999 Q1	107.9	0.4	109.5	0.5	0.2	0.0	1.3	1.4	2.6	0.9	0.1
Q2	108.6	0.9	110.2	0.6	0.4	0.5	0.6	1.0	2.3	0.2	3.0
Q3	110.5	2.4	111.8	2.4	2.3	3.0	1.7	2.5	3.8	2.4	3.0
Q4	111.7	4.0	113.3	3.9	4.4	4.8	3.5	3.6	4.7	3.1	4.1
1999 Feb.	107.9	-0.7	108.9	-0.2	-0.9	-0.7	0.8	0.3	1.9	-0.4	-3.7
Mar.	108.0	0.5	110.0	0.5	0.2	0.4	0.0	1.7	1.6	1.9	1.3
Apr.	108.0	0.2	109.4	-0.1	-0.2	-0.3	1.0	-0.2	0.5	-0.3	2.9
May	108.5	0.5	110.2	0.2	0.0	0.1	-0.3	1.2	2.8	-0.1	2.5
June	109.2	1.9	111.0	1.7	1.5	1.7	1.2	2.0	3.5	1.0	3.6
July	110.1	1.5	111.3	1.3	1.1	2.0	-0.1	1.4	1.0	1.9	3.2
Aug.	110.7	3.5	111.8	3.6	3.5	3.7	3.2	4.7	10.3	3.7	3.0
Sep.	110.8	2.5	112.2	2.5	2.5	3.3	2.4	2.0	2.9	1.8	2.9
Oct.	111.1	2.8	112.7	2.7	3.0	3.3	2.4	2.6	2.4	2.7	2.2
Nov.	111.8	4.1	113.6	4.0	4.6	4.8	3.6	4.2	4.8	3.7	3.1
Dec.	112.2	5.2	113.5	5.0	5.7	6.7	4.6	4.2	7.6	3.0	7.5
2000 Jan.	.	.	113.4	3.6	3.6	4.2	6.0	1.4	7.4	-0.9	.
Feb.	.	.	.	.	.	.	.	.	.	.	.

2. Retail sales and car registrations

(annual percentage changes, unless otherwise indicated)

	Retail sales (s.a.)								New passenger car registrations	
	Current prices		Constant prices							
	Total		Total		Food, beverages, tobacco	Non-food				
	Index 1995 = 100		Index 1995 = 100				Textiles, clothing, footwear	Household equipment	Thousands [2)] (s.a.)	
	12	13	14	15	16	17	18	19	20	21
1995	100.0	.	100.0	.	.	.	.	.	777	0.8
1996	102.1	2.1	100.5	0.5	0.6	.	-0.9	-0.1	826	6.2
1997	104.4	2.3	101.7	1.2	1.2	0.9	0.6	1.1	861	4.2
1998	108.1	3.5	104.4	2.6	1.9	2.7	1.8	3.9	923	7.2
1999	111.6	3.3	107.0	2.5	3.0	1.8	1.1	2.7	973	5.4
1998 Q4	109.1	3.2	105.3	2.7	2.6	2.5	0.6	3.1	951	6.3
1999 Q1	110.2	3.3	106.0	2.6	2.7	2.3	1.8	1.4	970	6.3
Q2	110.9	2.9	106.5	2.4	3.0	1.9	1.7	2.6	979	8.3
Q3	111.9	2.8	107.2	2.1	3.0	1.2	-1.2	3.6	990	6.4
Q4	113.5	4.0	108.3	2.9	3.3	1.9	2.3	3.2	952	0.0
1999 Feb.	109.9	2.9	105.8	2.3	2.7	1.7	-0.7	0.5	950	4.3
Mar.	111.0	4.1	106.5	3.0	3.1	3.3	4.3	0.9	986	7.2
Apr.	110.4	2.9	106.1	2.3	2.4	2.3	2.4	3.5	991	11.2
May	110.6	2.2	106.4	1.8	2.2	1.2	-0.1	1.2	968	5.7
June	111.7	3.8	107.1	3.1	4.5	2.3	2.8	3.1	978	7.9
July	111.7	2.7	107.1	2.1	2.7	1.4	0.0	3.5	1,044	10.4
Aug.	112.1	3.1	107.4	2.3	3.0	1.7	0.2	4.3	962	5.1
Sep.	111.9	2.8	107.2	2.0	3.3	0.4	-3.9	3.1	965	2.1
Oct.	113.3	4.6	108.4	3.6	4.3	2.1	3.5	3.3	970	2.8
Nov.	113.6	3.6	108.3	2.3	2.8	1.6	1.4	3.1	958	-1.1
Dec.	113.5	3.9	108.3	2.7	2.7	1.9	1.9	3.2	929	-2.4
2000 Jan.	113.6	3.5	108.6	2.6	3.0	1.1	-0.8	2.3	977	0.6
Feb.	.	.	.	.	.	.	.	.	1,001	5.5

Sources: Eurostat, except columns 20 and 21 (ECB calculation based on data from the ACEA/A.A.A., European Automobile Manufacturers' Association).

1) Adjusted for variations in the number of working days.

2) Monthly averages.

Table 5.3

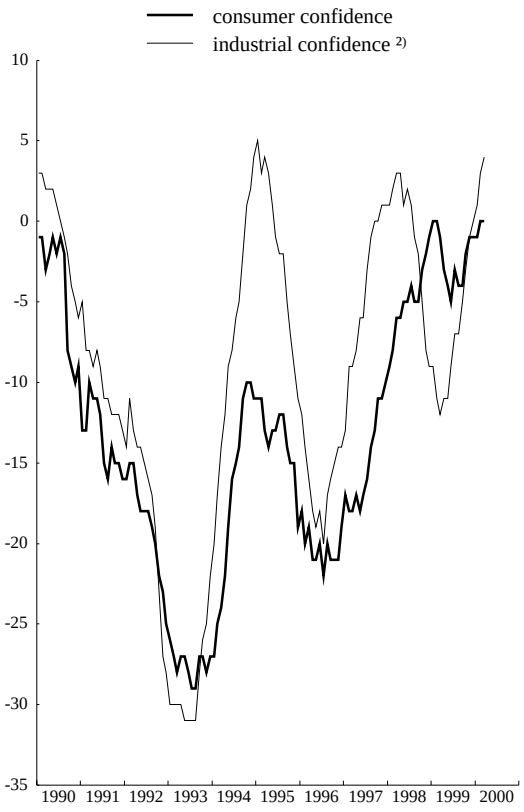
Business and consumer surveys

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator	Retail trade confidence indicator	Consumer confidence indicator
	Confidence indicator	Production expectations	Assessment of order books	Capacity utilisation [1] (percentages)			
	1	2	3	4	5	6	7
1995	-2	10	-8	82.6	-27	-12	-14
1996	-16	-1	-30	80.6	-36	-11	-20
1997	-4	11	-15	81.0	-33	-9	-15
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-2
1999 Q1	-11	1	-20	82.0	-9	-3	0
Q2	-10	3	-21	81.8	-7	-4	-4
Q3	-6	8	-17	81.6	-7	-7	-4
Q4	-1	14	-9	81.9	-3	-7	-1
2000 Q1	3	15	-2	82.9	0	0	0
1999 Mar.	-12	0	-23	-	-9	-6	-1
Apr.	-11	2	-20	-	-7	-1	-3
May	-11	3	-22	-	-8	-3	-4
June	-9	5	-22	-	-6	-9	-5
July	-7	7	-18	-	-5	-6	-3
Aug.	-7	7	-17	-	-9	-7	-4
Sep.	-5	10	-15	-	-8	-7	-4
Oct.	-3	13	-11	-	-6	-9	-2
Nov.	-1	15	-9	-	0	-9	-1
Dec.	0	13	-6	-	-4	-2	-1
2000 Jan.	1	13	-4	-	2	-2	-1
Feb.	3	16	-2	-	-2	-3	0
Mar.	4	15	0	-	0	5	0

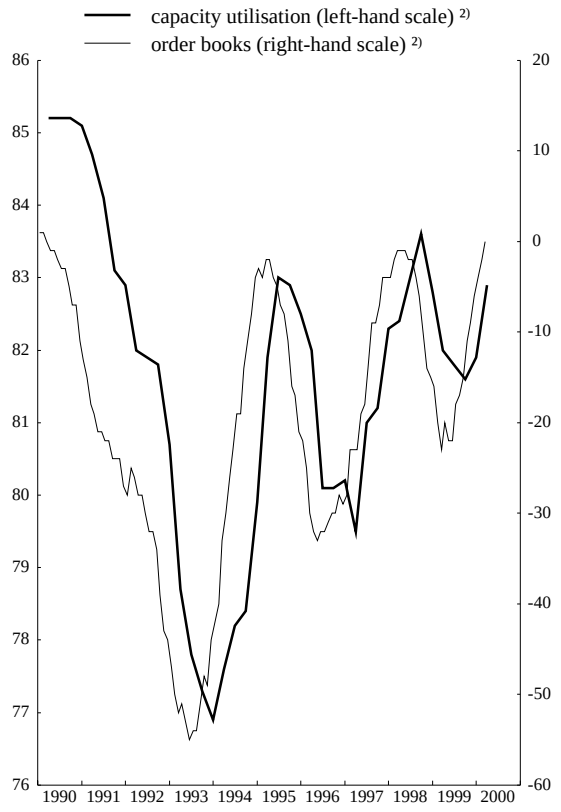
Consumer and industrial confidence indicators

(percentage balances; monthly, seasonally adjusted)



Capacity utilisation and order books

(capacity utilisation, percentages, quarterly; order books, percentage balances, monthly; seasonally adjusted)



Source: European Commission Business and Consumer Surveys.

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

2) Manufacturing.

Table 5.4
Labour market indicators

1. Employment and unemployment [1]
(annual percentage changes, unless otherwise indicated)

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult [2]	Youth [2]
	Index, 1995 = 100		Employees	Self-employed			Millions	% of labour force	% of labour force	% of labour force
	1	2	3	4	5	6	7	8	9	10
1995	100.0	.	.	.	.	.	14.277	11.3	9.5	23.2
1996	100.3	0.3	0.3	0.4	-1.2	1.3	14.685	11.5	9.8	23.9
1997	100.8	0.5	0.7	0.0	-0.4	1.1	14.788	11.5	9.9	23.2
1998	102.1	1.3	1.4	0.6	0.9	1.7	14.075	10.9	9.4	21.3
1999	.	.	.	.	.	.	12.991	10.0	8.7	19.0
1998 Q4	102.1	1.4	1.6	0.5	0.9	1.9	13.699	10.6	9.1	20.7
1999 Q1	102.4	1.5	1.7	0.6	0.7	2.2	13.369	10.3	8.9	20.0
Q2	102.7	1.5	1.7	0.0	0.1	2.1	13.078	10.0	8.8	19.2
Q3	103.0	1.3	1.6	-0.4	-0.1	1.9	12.906	9.9	8.7	18.8
Q4	.	.	.	.	.	.	12.610	9.7	8.5	18.1
1999 Feb.	-	-	-	-	-	-	13.390	10.3	8.9	20.0
Mar.	-	-	-	-	-	-	13.249	10.2	8.9	19.7
Apr.	-	-	-	-	-	-	13.142	10.1	8.8	19.4
May	-	-	-	-	-	-	13.073	10.0	8.8	19.1
June	-	-	-	-	-	-	13.019	10.0	8.7	19.0
July	-	-	-	-	-	-	12.977	9.9	8.7	19.0
Aug.	-	-	-	-	-	-	12.921	9.9	8.7	18.9
Sep.	-	-	-	-	-	-	12.821	9.8	8.6	18.6
Oct.	-	-	-	-	-	-	12.673	9.7	8.5	18.3
Nov.	-	-	-	-	-	-	12.623	9.7	8.5	18.2
Dec.	-	-	-	-	-	-	12.533	9.6	8.5	18.0
2000 Jan.	-	-	-	-	-	-	12.430	9.5	8.4	18.0
Feb.	-	-	-	-	-	-	12.351	9.5	8.3	17.9

2. Labour costs and productivity
(annual percentage changes)

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices [3] and components					Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry	Services	
							Total	Total	
	11	12	13	14	15	16	17	18	19
1995	1.5	3.4	1.9	-	-	-	-	-	3.8
1996	2.0	3.2	1.2	3.4	3.1	4.5	3.6	3.9	3.8
1997	0.7	2.4	1.8	2.5	2.4	2.8	2.3	2.6	2.6
1998	0.0	1.5	1.5	1.7	1.8	1.3	1.8	1.2	2.4
1999	.	.	.	2.1	2.2	1.6	2.1	1.7	.
1997 Q4	0.0	2.0	2.1	2.4	2.3	2.5	2.4	2.1	2.4
1998 Q1	-1.5	1.3	2.8	1.7	1.9	1.1	1.5	1.3	2.0
Q2	-0.1	1.4	1.4	1.8	1.9	1.3	2.0	1.3	2.6
Q3	0.3	1.5	1.1	1.6	1.6	1.6	1.9	1.1	2.4
Q4	0.8	1.4	0.5	1.8	1.8	1.4	2.0	1.2	2.7
1999 Q1	1.6	1.7	0.1	1.9	2.0	1.6	2.1	1.3	2.4
Q2	1.5	2.0	0.5	1.9	2.1	1.5	1.9	1.8	2.2
Q3	0.7	1.7	1.1	2.2	2.3	1.7	2.2	1.8	2.1
Q4	.	.	.	2.2	2.4	1.7	2.2	1.7	.

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

1) *Data for employment are based on the ESA 95. Due to differences in coverage, quarterly data are not fully consistent with annual data. Data for unemployment follow ILO recommendations.*
2) *Adult, 25 years and over; youth, below 25 years; expressed as a percentage of the labour force for the relevant age group.*
3) *Hourly labour costs for the whole economy, excluding the agriculture, public administration, education and health sectors. Owing to differences in coverage, components are not consistent with the total.*

6 Saving, investment and financing in the euro area

Table 6

Saving, investment and financing

(as a percentage of GDP, unless otherwise indicated)

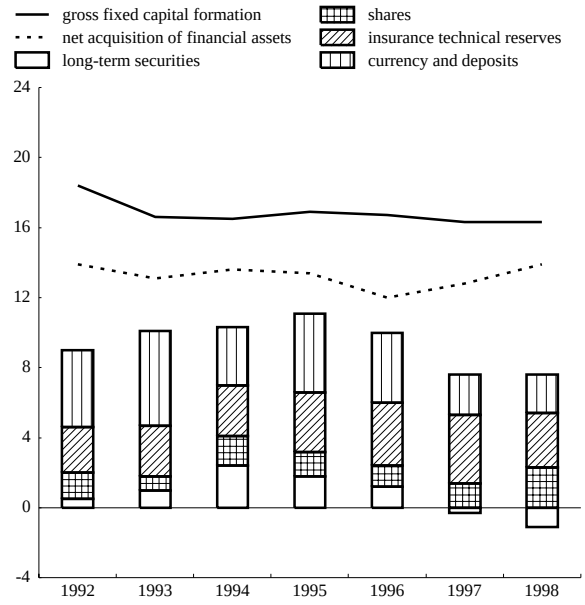
	Euro area saving and investment [1]			Investment of private non-financial sectors [1] [2]								
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation		Net acquisition of financial assets				Shares	Insurance technical reserves
					Non-financial corporations		Currency and deposits	Securities other than shares	Long-term securities		
	1	2	3	4	5	6	7	8	9	10	11
1991	22.0	23.0	-1.3	19.1	14.3	16.6	3.9	3.0	2.5	1.7	2.5
1992	20.9	22.2	-1.0	18.4	13.7	13.9	4.4	1.7	0.5	1.5	2.6
1993	20.0	20.2	0.5	16.6	12.3	13.1	5.4	0.5	1.0	0.8	2.9
1994	20.4	19.8	0.3	16.5	12.3	13.6	3.3	2.2	2.4	1.7	2.9
1995	21.5	20.2	0.5	16.9	12.7	13.4	4.5	2.0	1.8	1.4	3.4
1996	21.0	19.9	0.9	16.7	12.3	12.0	4.0	0.1	1.2	1.2	3.6
1997	21.7	19.4	1.5	16.3	12.1	12.8	2.3	-0.8	-0.3	1.4	3.9
1998	22.0	19.4	1.1	16.3	12.1	13.9	2.2	-1.9	-1.1	2.3	3.1

	Financing of private non-financial sectors [1] [2]								Net financial investment [3]	Financial investment as a % of gross investment [4]	Net incurrence of liabilities as a % of financing [5]
	Gross saving		Net incurrence of liabilities			Shares	Loans				
		Households		Securities other than shares	Long-term securities			Long-term loans			
	12	13	14	15	16	17	18	19	20	21	22
1991	21.0	12.1	13.2	0.4	0.4	1.6	9.1	5.0	3.4	46.5	38.6
1992	20.7	12.1	10.3	0.7	0.6	1.4	6.8	4.7	3.6	43.0	33.2
1993	20.4	11.5	7.6	1.3	1.4	1.6	3.6	4.3	5.5	44.1	27.1
1994	20.4	10.6	9.5	1.0	1.1	1.8	3.6	3.5	4.1	45.2	31.8
1995	21.2	10.8	7.1	-1.8	-1.8	1.4	5.4	3.6	6.3	44.2	25.1
1996	20.4	10.7	8.2	0.2	0.0	1.7	5.4	4.4	3.8	41.8	28.7
1997	19.8	9.4	9.4	0.1	0.0	1.5	6.6	4.8	3.4	44.0	32.2
1998	18.9	8.8	12.0	0.5	0.2	2.6	7.6	5.6	1.9	46.0	38.8

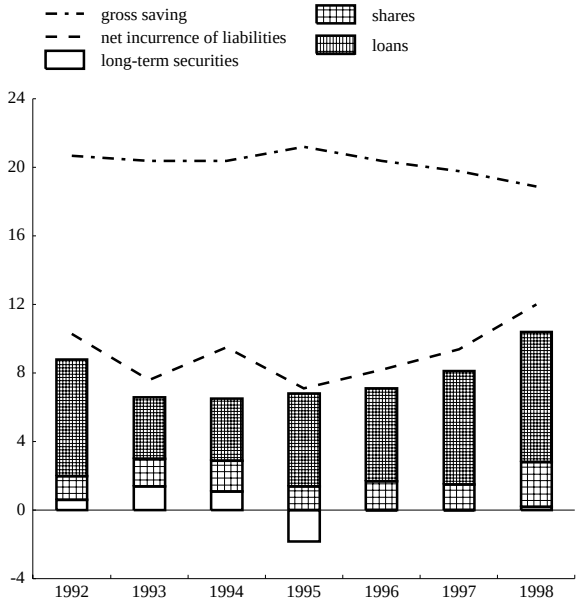
Investment and financing of private non-financial sectors [1] [2]

(as a percentage of GDP)

Investment



Financing



Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6:(column 4 + column 6).

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

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

Table 7

General government fiscal position

(as a percentage of GDP)

1. Euro area [1] – receipts and expenditure

	Receipts							Expenditure							
	Total	Current receipts					Capital receipts	Total	Current expenditure					Capital expenditure	
			Direct taxes	Indirect taxes	Social contri-butions	Sales				Compen-sation of employees	Inter-mediate consump-tion	Interest	Transfers to households		Investment
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1991	46.4	46.1	11.9	13.0	16.7	2.3	0.3	50.8	46.0	11.2	5.4	5.1	20.4	4.8	3.3
1992	47.6	46.9	11.9	13.0	17.1	2.4	0.7	52.2	47.5	11.4	5.5	5.5	21.4	4.7	3.3
1993	48.3	47.8	12.1	13.3	17.5	2.5	0.5	53.8	49.1	11.6	5.7	5.8	22.3	4.7	3.1
1994	47.7	47.3	11.6	13.5	17.5	2.4	0.4	52.7	48.3	11.3	5.4	5.5	22.4	4.4	2.9
1995	47.2	46.7	11.6	13.3	17.3	2.5	0.5	52.2	47.7	11.2	5.3	5.7	22.3	4.5	2.7
1996	48.0	47.5	12.0	13.4	17.6	2.5	0.5	52.3	48.3	11.2	5.3	5.7	22.8	4.0	2.6
1997	48.3	47.6	12.2	13.6	17.6	2.5	0.7	50.9	47.1	11.0	5.3	5.1	22.6	3.7	2.4
1998	47.9	47.4	12.4	14.2	16.5	2.4	0.5	49.9	46.0	10.7	5.2	4.7	22.1	3.9	2.4
1999	48.5	48.0	12.9	14.4	16.5	2.4	0.5	49.7	45.7	10.7	5.2	4.3	22.1	4.0	2.5

2. Euro area [1] – saving, deficit and debt

	Gross saving	Deficit (-) / surplus (+)				Primary deficit/ surplus	Deficit/ debt adjust-ment [2]	Change in debt [3]				Gross nominal consolidated debt			
		Total	Central govern-ment	State and local govern-ment	Social security			Total	Currency, deposits and loans	Short-term securities	Medium/ long-term securities	Total	Currency, deposits and loans	Short-term securities	Medium/ long-term securities
	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30
1991	0.1	-4.4	-4.2	-0.4	0.3	0.7	0.5	4.9	1.3	0.3	3.4	57.3	18.4	9.5	29.4
1992	-0.6	-4.6	-4.0	-0.5	-0.1	0.9	2.0	6.6	1.7	1.1	3.8	60.8	19.1	10.2	31.6
1993	-1.3	-5.6	-4.8	-0.6	-0.1	0.3	2.4	7.9	1.5	0.0	6.4	67.2	20.1	9.9	37.2
1994	-1.0	-5.0	-4.3	-0.6	0.0	0.5	0.8	5.8	0.2	0.9	4.7	69.9	19.4	10.3	40.2
1995	-1.0	-5.0	-4.1	-0.5	-0.3	0.7	2.7	7.7	2.6	0.1	5.1	74.0	21.0	9.9	43.2
1996	-0.8	-4.3	-3.6	-0.4	-0.2	1.4	-0.6	3.7	0.2	0.4	3.1	75.2	20.5	9.9	44.9
1997	0.5	-2.6	-2.3	-0.3	0.0	2.5	-0.4	2.2	-0.1	-0.6	2.9	74.6	19.6	8.9	46.1
1998	1.3	-2.0	-2.2	0.0	0.1	2.6	-0.5	1.5	-0.4	-0.6	2.5	73.0	18.4	7.9	46.7
1999	2.3	-1.2	-1.6	0.1	0.3	3.1	0.4	1.6	-0.2	-0.8	2.7	72.1	17.6	6.8	47.7

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

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11
1996	-3.7	-3.4	-5.0	-4.2	-0.6	-7.1	2.7	-1.8	-3.8	-3.8	-3.2
1997	-2.0	-2.6	-3.2	-3.0	0.8	-2.7	3.6	-1.2	-1.9	-2.6	-1.5
1998	-1.0	-1.7	-2.6	-2.7	2.1	-2.8	3.2	-0.8	-2.5	-2.1	1.3
1999	-0.9	-1.1	-1.1	-1.8	2.0	-1.9	2.4	0.5	-2.0	-2.0	2.3
2000	-0.5	-1.0	-0.7	-1.5	1.7	-1.5	2.6	1.0	-1.7	-1.5	4.1

4. Euro area countries – gross nominal consolidated debt

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	12	13	14	15	16	17	18	19	20	21	22
1996	128.3	59.8	68.0	57.1	74.1	122.1	6.2	75.3	68.3	63.6	57.1
1997	123.0	60.9	66.7	59.0	65.3	119.8	6.0	70.3	63.9	60.3	54.1
1998	117.4	60.7	64.9	59.3	55.6	116.3	6.4	67.0	63.5	56.5	49.0
1999	114.4	61.0	63.5	58.6	52.4	114.9	6.2	63.6	64.5	56.7	47.1
2000	110.0	60.7	62.3	58.2	45.2	110.8	5.8	58.7	64.0	56.9	42.6

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

1) Receipts, expenditure and deficit aggregates based on the ESA 95. Transactions among countries are not consolidated.

2) Difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.

3) Annual change in gross nominal consolidated debt expressed as a percentage of GDP [debt(t) - debt(t-1)] ÷ GDP(t).

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

Table 8.1

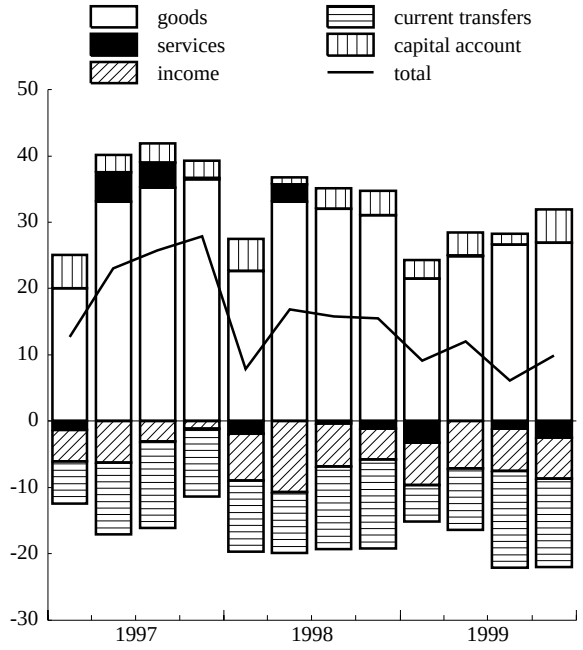
Summary balance of payments

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

	Current account					Capital account	Financial account [1]						Errors and omissions
	Total	Goods	Services [2]	Income [2]	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment [3]	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	76.2	124.8	7.1	-15.2	-40.5	13.1	.	-48.1	-22.8	.	.	.	.
1998 [4]	43.3	118.8	-0.9	-28.8	-45.8	12.7	-69.1	-102.6	-85.3	-8.2	118.5	8.5	13.1
1999	24.3	99.9	-6.6	-26.2	-42.8	12.8	-62.7	-147.2	-21.3	-0.8	93.2	13.4	25.5
1998 Q4	11.8	31.0	-1.2	-4.6	-13.4	3.7	-36.2	-56.5	-39.7	-5.3	58.7	6.7	20.7
1999 Q1	6.4	21.5	-3.2	-6.4	-5.5	2.8	-33.1	-15.6	-54.7	-1.4	33.0	5.5	24.0
Q2	8.6	24.8	0.2	-7.1	-9.3	3.4	-28.3	-52.6	-7.0	-0.6	25.3	6.6	16.2
Q3	4.5	26.6	-1.1	-6.4	-14.6	1.6	-6.7	-23.3	29.8	1.5	-16.1	1.4	0.5
Q4	4.9	26.9	-2.5	-6.2	-13.3	5.0	5.4	-55.8	10.6	-0.2	50.9	-0.1	-15.3
1998 Nov.	3.6	10.2	-0.3	-1.8	-4.6	0.9	7.4	-35.3	3.1	-2.3	47.8	-5.8	-11.8
Dec.	5.3	10.3	0.1	-1.1	-3.9	2.0	-33.8	-3.2	-12.0	-0.1	-33.9	15.4	26.4
1999 Jan.	-2.4	4.8	-2.9	-2.3	-2.0	2.7	0.4	-4.7	8.8	-1.9	0.3	-2.1	-0.7
Feb.	2.3	6.9	0.0	-2.5	-2.2	-0.1	6.8	-6.2	-26.4	-0.4	34.8	5.0	-9.0
Mar.	6.4	9.8	-0.4	-1.6	-1.4	0.2	-40.3	-4.6	-37.1	0.9	-2.1	2.7	33.7
Apr.	4.8	8.0	-0.4	0.1	-2.9	0.5	-5.1	-14.6	13.6	3.5	-9.3	1.8	-0.2
May	-1.5	5.9	0.7	-4.9	-3.2	1.4	-11.0	-19.1	-28.5	-3.9	37.0	3.5	11.1
June	5.4	11.0	-0.1	-2.3	-3.2	1.4	-12.2	-18.9	7.9	-0.1	-2.3	1.3	5.4
July	6.4	14.6	-0.1	-3.6	-4.5	0.7	-24.4	-9.8	-3.2	0.8	-11.5	-0.8	17.3
Aug.	1.3	6.5	-0.5	0.1	-4.8	0.6	27.2	-7.2	12.0	1.9	20.0	0.5	-29.0
Sep.	-3.2	5.6	-0.6	-2.9	-5.2	0.4	-9.5	-6.3	20.9	-1.2	-24.6	1.7	12.3
Oct.	1.0	10.2	-0.6	-4.5	-4.0	1.6	12.0	-11.6	-14.4	-1.4	39.4	0.1	-14.6
Nov.	2.2	8.3	-1.1	-0.5	-4.5	0.8	-0.6	-17.5	18.0	1.6	-3.2	0.6	-2.5
Dec.	1.6	8.4	-0.7	-1.3	-4.8	2.6	-6.1	-26.6	7.0	-0.4	14.7	-0.8	1.8
2000 Jan.	-6.6	0.9	-1.9	-4.3	-1.3	1.4	17.1	2.0	-17.5	-1.3	35.5	-1.6	-11.9

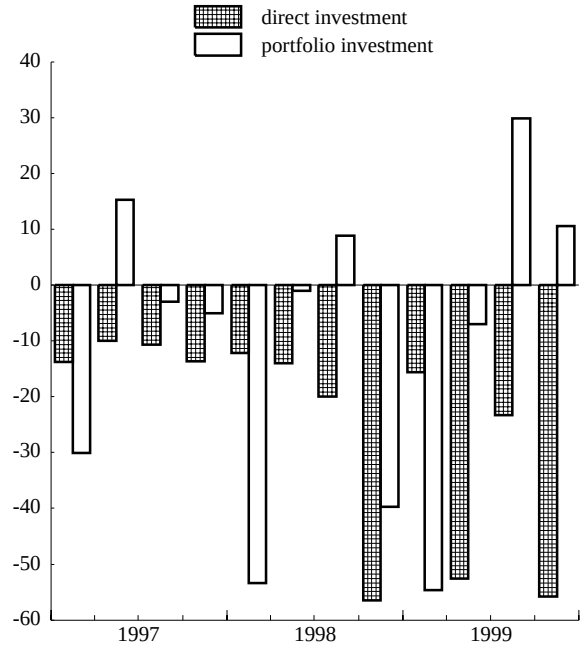
Current and capital accounts

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



Direct and portfolio investment

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



Source: ECB.

1) *Inflows (+); outflows (-). Reserve assets: increase (-); decrease (+).*
2) *Data on services (for 1997) and monthly figures on income (for 1997-99) are not closely comparable with later observations.*
3) *Flows before January 1999 include estimates.*
4) *Data before end-1998 on portfolio investment, financial derivatives, other investment and reserve assets are not closely comparable with later observations.*

Table 8.2

Balance of payments: current and capital accounts

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

	Current account										Capital account	
	Total		Goods		Services [1]		Income [1]		Current transfers			
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1997	1,212.2	1,136.0	744.1	619.3	217.9	210.8	189.5	204.7	60.7	101.1	18.9	5.8
1998	1,264.0	1,220.6	772.4	653.6	232.0	232.8	198.5	227.3	61.1	106.9	17.8	5.1
1999	1,291.5	1,267.2	791.3	691.4	232.4	239.0	202.4	228.6	65.4	108.2	19.1	6.3
1998 Q4	316.6	304.8	195.7	164.7	58.1	59.3	50.3	54.9	12.4	25.9	5.2	1.6
1999 Q1	300.8	294.4	179.7	158.2	50.7	53.9	46.6	53.0	23.8	29.3	4.4	1.7
Q2	325.2	316.6	193.1	168.2	59.3	59.1	58.0	65.1	14.8	24.2	4.6	1.2
Q3	323.2	318.7	199.9	173.2	62.5	63.6	47.9	54.4	12.9	27.5	3.1	1.5
Q4	342.4	337.5	218.7	191.8	59.9	62.4	49.9	56.1	13.9	27.2	6.9	2.0
1998 Nov.	101.5	97.9	64.4	54.2	17.9	18.1	15.3	17.0	4.0	8.5	1.3	0.5
Dec.	109.4	104.1	64.3	54.0	20.8	20.8	19.3	20.4	5.0	9.0	2.7	0.6
1999 Jan.	95.4	97.7	53.5	48.7	14.9	17.8	14.8	17.0	12.3	14.3	3.1	0.4
Feb.	95.1	92.8	57.4	50.5	17.2	17.2	14.2	16.7	6.2	8.4	0.7	0.8
Mar.	110.4	103.9	68.8	59.0	18.7	19.0	17.7	19.3	5.3	6.6	0.6	0.5
Apr.	105.8	101.0	63.3	55.3	18.5	18.9	19.1	19.1	4.9	7.8	1.0	0.4
May	102.6	104.2	60.7	54.9	19.2	18.5	17.3	22.2	5.4	8.6	1.8	0.3
June	116.8	111.4	69.1	58.1	21.6	21.7	21.6	23.8	4.6	7.8	1.9	0.5
July	115.9	109.4	72.8	58.2	22.7	22.8	15.7	19.3	4.6	9.1	1.3	0.6
Aug.	98.3	97.0	58.8	52.3	19.1	19.6	16.2	16.1	4.2	9.0	1.0	0.4
Sep.	109.0	112.2	68.2	62.7	20.6	21.2	16.1	19.0	4.1	9.4	0.8	0.5
Oct.	111.2	110.2	71.7	61.6	19.7	20.4	15.1	19.6	4.6	8.6	2.1	0.5
Nov.	112.9	110.7	73.6	65.2	19.1	20.3	16.3	16.8	4.0	8.5	1.5	0.6
Dec.	118.3	116.7	73.4	65.0	21.1	21.8	18.5	19.7	5.3	10.2	3.4	0.8
2000 Jan.	110.8	117.4	63.7	62.8	17.8	19.7	16.4	20.6	13.0	14.3	1.8	0.4

Source: ECB.

1) Data on services (for 1997) and monthly figures on income (for 1997-99) are not closely comparable with later observations.

Table 8.3

Balance of payments: income account

(EUR billions; gross flows)

	Total		Compensation of employees		Investment income							
					Total		Direct investment		Portfolio investment		Other investment	
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999 Q1	46.6	53.0	2.3	0.9	44.4	52.1	7.8	8.8	13.6	21.7	23.0	21.6
Q2	58.0	65.1	2.3	1.3	55.7	63.8	12.7	8.1	17.4	31.4	25.5	24.3
Q3	47.9	54.4	2.3	1.4	45.6	53.0	9.5	9.8	15.7	22.4	20.4	20.7

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
							Total		Bonds and notes		Money market instruments	
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999 Q1	6.9	8.0	0.9	0.9	1.6	3.7	12.0	18.0	11.6	17.3	0.5	0.7
Q2	11.5	7.0	1.2	1.1	3.3	12.8	14.1	18.6	13.5	18.1	0.6	0.5
Q3	8.2	8.6	1.3	1.2	2.4	4.9	13.3	17.5	12.7	17.7	0.6	-0.2

Source: ECB.

Table 8.4

Balance of payments: direct and portfolio investment accounts [1)]

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

1. Direct investment; portfolio investment by instrument

	Direct investment		Portfolio investment [2)]									
			Total		Equity		Debt instruments					
							Assets			Liabilities		
	Abroad	In the euro area	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	11	12
1997	-93.4	45.3	.	.	.	.	.	.	.	.	.	.
1998	-183.0	80.4	-302.1	216.8	-98.7	98.3	-203.3	-187.1	-16.3	118.5	102.7	15.8
1999	-212.5	65.2	-280.5	259.2	-150.0	93.9	-130.5	-120.5	-10.0	165.3	82.9	82.4
1998 Q4	-70.0	13.5	-61.4	21.7	-20.1	41.6	-41.2	-29.2	-12.0	-19.9	-18.0	-1.9
1999 Q1	-36.3	20.8	-65.3	10.7	-21.7	-5.4	-43.6	-43.8	0.1	16.1	2.9	13.2
Q2	-76.9	24.3	-85.6	78.6	-40.9	31.3	-44.7	-52.5	7.8	47.3	33.7	13.7
Q3	-26.9	3.6	-64.3	94.1	-37.2	27.1	-27.0	-21.0	-6.1	67.0	42.3	24.7
Q4	-72.3	16.6	-65.3	75.9	-50.2	41.0	-15.1	-3.2	-11.9	34.9	4.1	30.9
1998 Nov.	-42.7	7.4	-32.0	35.0	-10.0	36.4	-21.9	-13.8	-8.2	-1.4	-0.8	-0.6
Dec.	-14.2	11.0	-19.8	7.7	-8.1	7.1	-11.7	-8.8	-2.9	0.6	7.5	-6.9
1999 Jan.	-11.8	7.1	-19.1	27.9	-6.4	9.5	-12.7	-9.3	-3.4	18.4	15.7	2.7
Feb.	-12.0	5.8	-16.2	-10.2	-4.3	1.9	-11.9	-13.2	1.3	-12.1	-18.0	6.0
Mar.	-12.5	7.9	-30.0	-7.1	-11.0	-16.9	-19.0	-21.2	2.3	9.7	5.2	4.5
Apr.	-23.3	8.7	-22.2	35.8	-11.7	8.2	-10.5	-14.8	4.3	27.6	27.7	-0.1
May	-28.3	9.1	-37.9	9.4	-15.7	10.8	-22.2	-23.3	1.1	-1.4	-9.2	7.8
June	-25.3	6.4	-25.5	33.4	-13.5	12.3	-12.0	-14.4	2.4	21.1	15.2	5.9
July	-3.6	-6.2	-22.0	18.8	-9.8	11.0	-12.2	-11.8	-0.3	7.8	0.4	7.4
Aug.	-12.8	5.6	-22.8	34.8	-14.8	5.5	-8.0	-6.5	-1.5	29.3	21.8	7.5
Sep.	-10.5	4.3	-19.5	40.4	-12.6	10.5	-6.9	-2.7	-4.2	29.9	20.1	9.8
Oct.	-18.5	6.9	-15.3	0.8	-12.2	9.2	-3.0	2.7	-5.7	-8.4	-13.3	4.9
Nov.	-19.9	2.4	-31.1	49.1	-17.5	14.9	-13.7	-9.2	-4.5	34.3	15.7	18.6
Dec.	-33.8	7.2	-18.9	25.9	-20.5	16.9	1.6	3.2	-1.6	9.0	1.6	7.4
2000 Jan.	-5.4	7.4	-25.1	7.6	-22.0	4.0	-3.1	-6.1	2.9	3.6	0.1	3.5

2. Portfolio investment assets by instrument and sector of holder

	Equity				Debt instruments							
					Bonds and notes				Money market instruments			
	Euro-system	General govern-ment	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General govern-ment	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General govern-ment	MFIs (excl. the Euro-system)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Q1	0.1	-0.4	1.1	-22.5	0.1	-0.4	5.1	-48.6	1.4	-0.2	-1.1	0.0
Q2	0.0	-0.3	-3.0	-37.7	0.8	-0.3	-10.5	-42.5	0.5	-0.5	1.1	6.6
Q3	0.0	-0.5	6.1	-42.9	0.1	-0.6	-4.4	-16.1	-1.0	0.4	-1.0	-4.4

Source: ECB.

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

2) Data before end-1998 are not closely comparable with later observations and include estimates.

Table 8.5

Balance of payments: other investment account and reserve assets [1)]

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

1. Other investment by sector [2)]

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
							Total		Long-term		Short-term			
	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities	Assets	Liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998	-67.5	186.0	-0.7	3.5	-1.4	-7.7	-22.6	178.1	-34.2	34.8	11.6	143.3	-42.8	12.1
1999	-63.3	156.5	12.0	0.0	-1.2	-12.2	-27.9	138.8	-51.2	40.9	23.3	97.9	-46.3	29.9
1998 Q4	59.1	-0.4	-0.5	2.9	3.0	-2.5	53.7	-4.1	-3.7	14.2	57.4	-18.3	2.9	3.2
1999 Q1	-34.6	67.7	2.9	0.0	-3.3	-4.2	-13.4	58.6	-13.9	7.1	0.6	51.5	-20.9	13.3
Q2	1.0	24.4	4.4	0.0	3.9	-2.9	8.2	19.4	-15.6	13.2	23.9	6.2	-15.6	7.8
Q3	-28.1	12.0	-0.3	0.0	-1.6	-2.4	-8.6	10.3	-14.3	8.1	5.7	2.2	-17.7	4.1
Q4	-1.6	52.5	4.9	0.0	-0.1	-2.7	-14.2	50.5	-7.4	12.6	-6.8	37.9	7.8	4.7
1998 Nov.	6.7	41.1	-0.1	-2.6	1.2	2.2	1.6	39.8	-0.8	1.8	2.4	38.0	4.1	1.7
Dec.	49.0	-82.8	-0.4	5.2	1.9	-4.9	38.6	-82.4	-1.6	9.6	40.3	-92.0	8.9	-0.7
1999 Jan.	-64.7	65.1	8.4	0.0	0.0	-4.8	-65.0	65.2	-6.2	3.4	-58.8	61.7	-8.2	4.6
Feb.	30.9	3.9	-4.5	0.0	-2.2	-0.6	48.5	1.5	-0.6	-3.2	49.1	4.6	-10.9	3.1
Mar.	-0.8	-1.3	-1.0	0.0	-1.1	1.2	3.2	-8.1	-7.1	6.8	10.3	-14.9	-1.8	5.6
Apr.	10.5	-19.8	0.4	0.0	-0.2	0.3	15.0	-20.8	-4.7	2.7	19.7	-23.5	-4.8	0.7
May	-10.7	47.6	3.1	0.0	1.0	-0.9	-13.4	50.4	-3.9	6.1	-9.5	44.3	-1.4	-1.9
June	1.1	-3.5	0.9	0.0	3.0	-2.3	6.6	-10.1	-7.1	4.5	13.7	-14.6	-9.4	9.0
July	-14.2	2.7	0.8	0.0	-1.7	-1.2	-8.2	0.4	-2.1	3.7	-6.0	-3.2	-5.1	3.5
Aug.	-5.1	25.1	-1.5	0.0	0.2	-0.1	-2.6	26.3	-5.4	0.1	2.8	26.2	-1.2	-1.1
Sep.	-8.8	-15.8	0.5	0.0	-0.1	-1.1	2.2	-16.4	-6.8	4.3	9.0	-20.7	-11.4	1.7
Oct.	-20.0	59.4	-0.1	0.0	-1.1	-0.6	-22.9	54.7	-4.7	4.2	-18.1	50.4	4.1	5.4
Nov.	-66.1	62.9	2.6	0.0	1.0	-1.8	-66.3	61.8	2.4	-1.1	-68.7	62.9	-3.5	2.8
Dec.	84.5	-69.8	2.4	0.0	0.0	-0.4	74.9	-66.0	-5.0	9.4	79.9	-75.4	7.3	-3.5
2000 Jan.	-4.1	39.6	-0.3	0.0	-2.2	-1.2	8.3	41.3	-3.4	7.8	11.7	33.5	-9.9	-0.5

2. Other investment by sector and instrument

2.1. Eurosystem

	Loans/currency and deposits			Other assets/liabilities		
	Assets	Liabilities	Balance	Assets	Liabilities	Balance
	1	2	3	4	5	6
1999 Q1	3.6	0.0	3.6	-0.7	0.0	-0.7
Q2	4.3	0.0	4.3	0.1	0.0	0.1
Q3	-0.3	0.0	-0.3	0.0	0.0	0.0

Source: ECB.

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

2) Data for 1998 are not closely comparable with later observations and include estimates.

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 Q1	-0.2	0.0	-0.2	-2.9	-4.1	-7.0	-0.3	-0.1	-0.4
Q2	-0.1	0.0	-0.1	5.7	-2.7	3.0	-1.8	-0.2	-2.0
Q3	-0.1	0.0	-0.1	-1.2	-2.5	-3.7	-0.3	0.1	-0.2

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 Q1	-17.1	61.3	44.2	3.7	-2.7	1.0
Q2	9.1	18.4	27.4	-0.8	1.1	0.2
Q3	-6.8	9.8	3.0	-1.8	0.5	-1.3

2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999 Q1	-3.5	4.1	0.6	-11.8	3.4	-8.4	-5.5	5.8	0.2
Q2	-6.2	-2.9	-9.1	1.4	9.6	11.1	-10.8	1.0	-9.7
Q3	-2.9	-0.1	-3.0	-11.9	2.7	-9.2	-2.9	1.5	-1.4

3. Reserve assets [1)]

	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims
					Total	Currency and deposits		Securities			Financial derivatives	
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments		
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Q1	5.5	0.0	2.5	0.0	3.3	1.5	3.0	0.0	1.3	-2.5	0.0	-0.3
Q2	6.6	0.0	-1.1	0.8	6.8	-4.6	-2.4	0.0	11.0	2.8	0.0	0.1
Q3	1.4	0.0	0.2	1.9	-0.9	5.3	-2.7	0.2	-3.2	-0.5	0.0	0.2

Source: ECB.

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

Table 8.6

International investment position and reserve assets outstanding

1. Net international investment position [1]

(EUR billions (ECU billions in 1997); assets minus liabilities; end-of-period positions)

	Total	Direct investment			Portfolio investment					Financial derivatives [2]	Other investment				Reserve assets [2]
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments [2]				Total	Trade credits	Loans/ currency and deposits [2]	Other assets/ liabilities	
							Total	Bonds and notes	Money market instruments						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	42.2	114.4	129.9	-15.5	-599.6	-361.8	-237.8	-210.7	-27.0	-5.7	169.8	80.0	0.4	89.3	363.3
1998	-132.4	164.6	175.4	-10.8	-609.1	-475.5	-133.6	-125.5	-8.2	-3.6	-13.8	86.5	-172.2	71.9	329.4

Source: ECB.

1) Obtained by aggregating national data.

2) Data for end-1997 are not closely comparable with those for end-1998.

2. Reserves and related assets of the Eurosystem [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	
						Total	Currency and deposits		Securities			Financial derivatives		Claims on euro area residents denominated in foreign currency
			In fine troy ounces (millions)				With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1998 Dec. [2]	329.4	99.6	404.131	5.1	23.4	199.8	12.5	18.3	0.0	116.7	52.4	0.0	1.5	7.6
1999 Dec.	372.6	116.5	402.754	5.7	23.1	225.2	-	-	-	-	-	0.0	2.1	14.3
2000 Jan. [3]	379.2	116.2	401.635	5.4	23.1	232.5	-	-	-	-	-	0.2	1.9	14.6
Feb [3]	378.9	118.0	400.499	5.5	22.7	230.6	-	-	-	-	-	0.2	2.1	15.8

3. Reserves and related assets of the European Central Bank [4]

(EUR billions; end-of-period positions)

	Reserve assets													Memo: related assets
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	
						Total	Currency and deposits		Securities			Financial derivatives		Claims on euro area residents denominated in foreign currency
			In fine troy ounces (millions)				With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments			
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 Dec.	49.3	6.9	24.030	0.0	0.0	41.0	-	-	-	-	-	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	-	-	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	-	-	-	-	-	0.0	1.3	4.2

Source: ECB.

1) The figures are not fully comparable with those in Table 1.1 owing to differences in coverage and valuation.
2) Position as at 1 January 1999.
3) Changes in the gold holdings of the Eurosystem are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999.
4) Part of the Eurosystem's reserves.

9 External trade in goods of the euro area

Table 9

1. Exports [1)]

(EUR billions (ECU billions to end-1998); f.o.b. value)

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manu-factured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value [2)]	Volume [2)]	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	669.7	49.2	14.2	13.1	85.5	195.5	295.9	16.3	107.6	104.7	102.8
1997	762.8	52.8	16.3	14.4	99.0	216.6	342.8	20.9	122.5	115.9	105.7
1998	796.3	56.1	15.8	12.6	104.4	221.7	371.1	14.7	127.9	120.0	106.6
1999	826.7	55.0	16.3	13.4	113.7	223.3	381.3	23.7	132.8	121.6	109.2
1997 Q1	170.7	12.0	3.8	3.7	22.6	48.9	74.7	5.0	109.7	104.2	105.3
Q2	191.8	13.4	4.1	3.6	25.1	53.9	86.4	5.3	123.3	117.3	105.1
Q3	193.5	13.0	4.2	3.4	25.6	55.6	86.5	5.1	124.3	116.6	106.6
Q4	206.8	14.4	4.2	3.7	25.6	58.2	95.1	5.5	132.9	125.7	105.7
1998 Q1	194.5	13.8	4.2	3.4	26.7	54.7	88.0	3.7	125.0	115.9	107.8
Q2	204.5	14.6	3.9	3.3	27.0	56.6	95.5	3.7	131.4	123.1	106.8
Q3	195.9	13.5	3.9	3.0	25.8	55.3	91.0	3.6	125.9	118.2	106.5
Q4	201.4	14.2	3.8	2.9	25.0	55.1	96.7	3.7	129.4	122.8	105.4
1999 Q1	187.9	12.3	3.8	2.6	25.8	51.0	86.6	5.7	120.7	112.5	107.3
Q2	202.9	13.4	4.0	3.1	27.9	54.8	93.9	5.8	130.4	119.7	108.9
Q3	209.2	13.8	4.1	3.8	29.6	56.5	95.4	6.0	134.4	122.8	109.5
Q4	226.8	15.4	4.5	4.0	30.4	60.9	105.5	6.2	145.7	131.4	110.9
1998 Jan.	58.6	4.3	1.3	1.2	8.4	16.3	26.0	1.2	112.9	104.8	107.7
Feb.	63.8	4.5	1.4	1.0	8.6	18.1	28.9	1.2	123.0	114.1	107.8
Mar.	72.1	5.0	1.5	1.2	9.6	20.3	33.1	1.3	139.0	128.7	108.0
Apr.	68.2	4.9	1.3	1.1	9.2	19.0	31.3	1.3	131.4	122.9	106.9
May	65.9	4.8	1.3	1.1	8.7	18.3	30.7	1.2	127.1	118.9	106.9
June	70.5	4.9	1.3	1.1	9.1	19.3	33.5	1.2	135.9	127.3	106.7
July	73.0	4.8	1.3	1.1	9.3	21.1	34.2	1.2	140.8	131.7	106.9
Aug.	56.7	4.2	1.2	1.0	7.7	15.6	25.9	1.1	109.3	103.2	105.9
Sep.	66.2	4.5	1.3	0.9	8.8	18.5	30.9	1.3	127.6	119.7	106.6
Oct.	69.0	4.8	1.3	1.0	8.6	19.6	32.5	1.2	133.1	125.8	105.8
Nov.	67.1	4.8	1.3	1.0	8.1	18.2	32.5	1.3	129.3	123.3	104.8
Dec.	65.3	4.6	1.2	0.9	8.2	17.3	31.7	1.2	125.8	119.3	105.5
1999 Jan.	54.6	3.7	1.1	0.8	7.8	14.7	25.0	1.5	105.3	98.6	106.8
Feb.	60.2	4.0	1.2	0.8	8.2	16.5	27.4	2.1	116.0	108.5	106.9
Mar.	73.1	4.7	1.4	1.0	9.8	19.9	34.2	2.1	140.9	130.6	107.9
Apr.	65.9	4.3	1.3	1.0	9.1	17.7	30.6	1.8	127.0	116.6	108.9
May	63.7	4.5	1.3	1.0	9.0	17.3	28.8	1.8	122.7	113.1	108.5
June	73.3	4.6	1.3	1.1	9.8	19.8	34.4	2.2	141.4	129.4	109.3
July	76.2	4.6	1.4	1.2	10.3	20.8	35.7	2.4	147.0	132.8	110.7
Aug.	61.0	4.2	1.3	1.1	9.1	16.0	27.4	1.8	117.5	106.8	110.0
Sep.	72.0	5.1	1.4	1.5	10.1	19.7	32.4	1.9	138.8	128.5	108.0
Oct.	75.6	5.2	1.5	1.4	10.1	20.6	34.9	2.0	145.8	132.5	110.0
Nov.	76.5	5.3	1.5	1.2	10.6	20.4	35.6	1.9	147.4	133.6	110.3
Dec.	74.7	5.0	1.6	1.4	9.7	19.9	35.0	2.2	144.1	128.2	112.4
2000 Jan.	65.9	.	.	.	.	.	.	.	127.0	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

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) ECB calculations based on Eurostat data.

Table 9

2. Imports [1)]

(EUR billions (ECU billions to end-1998); c.i.f. value)

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manu-factured articles	Machinery, transport equipment	Other	Import trade indices 1995 = 100		
									Value [2)]	Volume [2)]	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	593.9	46.6	36.5	71.6	54.1	167.0	193.6	24.6	105.5	102.9	102.6
1997	674.2	49.7	41.3	81.2	62.0	188.1	228.8	23.1	119.8	110.3	108.6
1998	711.0	55.1	41.3	58.5	68.0	202.0	270.1	16.1	126.3	123.0	102.7
1999	770.6	51.0	38.8	77.2	70.8	208.3	301.2	23.4	136.9	128.8	106.3
1997 Q1	159.1	11.4	9.7	21.2	14.7	44.6	51.8	5.8	113.1	106.0	106.7
Q2	168.0	12.6	11.0	18.6	16.0	46.5	57.5	5.7	119.4	111.4	107.2
Q3	166.6	12.2	10.0	20.0	15.2	48.9	55.6	4.7	118.5	106.9	110.8
Q4	180.4	13.5	10.6	21.4	16.1	48.2	63.8	6.8	128.2	117.0	109.6
1998 Q1	179.9	13.7	10.9	16.4	17.7	51.6	65.3	4.3	127.9	119.2	107.3
Q2	179.2	13.7	11.1	15.1	17.3	50.4	67.2	4.3	127.4	121.6	104.7
Q3	171.1	13.4	9.7	13.8	16.4	50.8	63.4	3.6	121.6	119.5	101.8
Q4	180.8	14.3	9.6	13.2	16.5	49.2	74.1	3.9	128.5	131.9	97.4
1999 Q1	177.2	12.0	9.1	13.4	17.0	49.8	70.5	5.5	126.0	127.5	98.8
Q2	187.9	12.6	10.0	16.8	17.6	50.4	74.9	5.6	133.6	128.7	103.8
Q3	192.4	12.6	9.4	21.2	17.1	54.0	72.4	5.7	136.8	125.0	109.4
Q4	213.1	13.8	10.2	25.8	19.1	54.2	83.4	6.6	151.5	134.4	112.7
1998 Jan.	57.7	4.5	3.5	5.7	5.6	16.6	20.4	1.4	123.0	114.3	107.6
Feb.	57.9	4.3	3.5	5.4	5.6	16.7	20.8	1.6	123.4	114.4	107.9
Mar.	64.3	4.9	3.8	5.3	6.5	18.3	24.1	1.3	137.1	128.6	106.6
Apr.	60.1	4.8	3.7	5.2	5.8	16.8	22.6	1.3	128.2	121.5	105.5
May	56.9	4.4	3.5	5.2	5.6	15.8	21.2	1.2	121.4	115.7	104.9
June	62.1	4.6	3.9	4.7	6.0	17.8	23.4	1.8	132.5	127.8	103.7
July	59.3	4.7	3.6	4.7	6.0	17.8	21.2	1.3	126.4	123.6	102.2
Aug.	50.1	4.1	2.8	4.4	4.7	15.0	18.1	1.0	106.9	105.7	101.1
Sep.	61.8	4.6	3.3	4.7	5.8	17.9	24.1	1.4	131.7	129.2	101.9
Oct.	62.5	4.8	3.3	4.7	5.8	17.4	25.1	1.4	133.2	133.9	99.5
Nov.	59.7	4.6	3.1	4.2	5.4	16.2	24.9	1.3	127.3	131.8	96.6
Dec.	58.6	5.0	3.1	4.3	5.3	15.7	24.2	1.2	125.0	130.2	96.0
1999 Jan.	54.5	3.7	2.9	4.5	5.1	15.3	21.2	1.7	116.2	118.6	98.0
Feb.	55.8	3.7	2.9	4.1	5.5	16.0	21.8	1.9	119.1	121.1	98.3
Mar.	66.9	4.5	3.3	4.9	6.4	18.4	27.5	1.9	142.6	142.9	99.8
Apr.	61.0	4.1	3.3	5.6	5.7	15.9	24.5	1.9	130.2	127.1	102.4
May	61.9	4.2	3.3	5.7	5.7	16.4	24.9	1.7	132.0	126.2	104.6
June	65.0	4.4	3.5	5.4	6.1	18.0	25.5	2.0	138.6	132.5	104.6
July	64.1	4.3	3.3	6.7	5.7	18.3	23.9	1.9	136.6	126.6	107.9
Aug.	57.9	4.0	2.6	7.0	5.2	16.2	21.3	1.7	123.5	112.3	110.0
Sep.	70.4	4.4	3.4	7.6	6.3	19.4	27.2	2.1	150.1	136.2	110.2
Oct.	69.0	4.4	3.3	7.7	6.3	18.0	26.9	2.3	147.1	131.8	111.6
Nov.	72.2	4.7	3.5	8.4	6.6	18.4	28.4	2.2	154.0	138.0	111.6
Dec.	71.9	4.7	3.4	9.7	6.2	17.8	28.1	2.1	153.3	133.2	115.1
2000 Jan.	69.7	.	.	.	.	.	.	.	148.5	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

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). 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.

2) ECB calculations based on Eurostat data.

Table 9

3. Trade balance [1)]

(EUR billions (ECU billions to end-1998); exports (f.o.b.) - imports (c.i.f.))

	Total 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manufactured articles 6	Machinery, transport equipment 7	Other 8
1996	75.8	2.7	-22.3	-58.5	31.4	28.5	102.3	-8.3
1997	88.6	3.2	-25.0	-66.8	37.0	28.5	114.0	-2.2
1998	85.3	1.0	-25.5	-45.9	36.4	19.7	101.0	-1.4
1999	56.1	4.0	-22.4	-63.8	42.9	15.0	80.2	0.3
1997 Q1	11.6	0.6	-5.8	-17.5	7.9	4.3	22.8	-0.8
Q2	23.8	0.7	-6.9	-15.0	9.1	7.4	28.9	-0.4
Q3	26.8	0.9	-5.9	-16.6	10.4	6.8	30.9	0.3
Q4	26.3	1.0	-6.4	-17.7	9.5	10.0	31.3	-1.3
1998 Q1	14.6	0.1	-6.7	-13.0	9.0	3.2	22.7	-0.7
Q2	25.4	0.9	-7.2	-11.7	9.6	6.1	28.2	-0.6
Q3	24.8	0.1	-5.8	-10.9	9.3	4.5	27.6	0.0
Q4	20.6	-0.1	-5.7	-10.3	8.5	5.9	22.6	-0.2
1999 Q1	10.6	0.4	-5.3	-10.8	8.9	1.2	16.1	0.2
Q2	14.9	0.8	-6.1	-13.7	10.3	4.5	19.0	0.2
Q3	16.8	1.2	-5.3	-17.4	12.5	2.5	23.0	0.3
Q4	13.7	1.6	-5.7	-21.8	11.3	6.7	22.0	-0.4
1998 Jan.	0.9	-0.2	-2.2	-4.6	2.8	-0.3	5.6	-0.2
Feb.	5.9	0.3	-2.2	-4.3	3.1	1.4	8.1	-0.4
Mar.	7.8	0.1	-2.3	-4.1	3.1	2.0	9.0	0.0
Apr.	8.0	0.1	-2.4	-4.1	3.4	2.2	8.7	0.0
May	9.0	0.4	-2.3	-4.1	3.1	2.4	9.5	-0.1
June	8.3	0.3	-2.6	-3.5	3.1	1.5	10.1	-0.5
July	13.8	0.0	-2.2	-3.6	3.3	3.3	13.0	0.0
Aug.	6.6	0.1	-1.6	-3.5	3.0	0.6	7.7	0.1
Sep.	4.4	-0.1	-2.0	-3.8	3.0	0.5	6.8	-0.1
Oct.	6.6	0.0	-2.0	-3.7	2.8	2.2	7.4	-0.2
Nov.	7.4	0.2	-1.9	-3.3	2.7	2.0	7.7	0.0
Dec.	6.6	-0.3	-1.9	-3.3	2.9	1.7	7.5	0.1
1999 Jan.	0.1	0.0	-1.8	-3.7	2.7	-0.7	3.8	-0.2
Feb.	4.3	0.2	-1.7	-3.2	2.8	0.5	5.6	0.2
Mar.	6.2	0.1	-1.8	-3.9	3.4	1.4	6.8	0.2
Apr.	4.8	0.2	-1.9	-4.6	3.4	1.8	6.2	-0.2
May	1.8	0.3	-2.0	-4.8	3.2	1.0	3.9	0.1
June	8.4	0.3	-2.1	-4.3	3.7	1.8	8.9	0.2
July	12.2	0.3	-2.0	-5.5	4.7	2.5	11.7	0.5
Aug.	3.0	0.3	-1.3	-5.8	4.0	-0.2	6.1	0.1
Sep.	1.6	0.7	-2.0	-6.1	3.8	0.3	5.1	-0.2
Oct.	6.6	0.7	-1.8	-6.4	3.8	2.6	8.0	-0.2
Nov.	4.2	0.6	-2.1	-7.2	4.0	2.0	7.1	-0.3
Dec.	2.8	0.3	-1.8	-8.3	3.5	2.1	6.9	0.1
2000 Jan.	-3.8	.	.	.	.	.	.	.

Source: Eurostat; the commodity breakdown is in accordance with the SITC Rev. 3.

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 8.1). 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.

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	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
	1	2	3	4	5	6	7	8	9	10
1996	107.9	108.8	108.1	114.2	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.5	102.2	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.8	99.8	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.8	95.9	96.6	95.8	1.066	121.3	1.600	0.659
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.2	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.7	94.5	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.5	92.8	94.2	92.5	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.4	90.0	88.9	91.1	88.9	0.986	105.5	1.607	0.614
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.0	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.1	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.5	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.6	94.3	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	94.9	-	95.0	94.4	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.5	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.6	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.4	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.3	-	94.0	92.3	1.034	108.2	1.605	0.637
Dec.	90.1	90.3	90.6	-	92.2	90.5	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.7	91.2	-	92.4	90.4	1.014	106.5	1.610	0.618
Feb.	89.2	89.6	90.1	-	91.2	89.0	0.983	107.6	1.607	0.615
Mar.	87.7	88.0	88.7	-	89.7	87.3	0.964	102.6	1.604	0.611
% ch. vs. [4] prev. month										
2000 Mar.	-1.7	-1.8	-1.5	-	-1.6	-2.0	-1.9	-4.7	-0.2	-0.7
% ch. vs. [4] prev. year										
2000 Mar.	-10.8	-10.5	-9.8	-	-9.1	-11.5	-11.4	-21.2	0.6	-9.0

Source: ECB.

1) *ECB calculations; 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. The narrow group is composed of the countries whose currencies are shown in the table. 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 Zeland, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used.*

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

3) *As the ECB does not provide official reference rates for these currencies, indicative rates are shown.*

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.*

Bilateral ECU or euro exchange rates [2]										
Swedish krona	Danish krone	Greek drachma	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar [3]	Korean won [3]	Singapore dollar [3]	
11	12	13	14	15	16	17	18	19	
8.51	7.36	305.5	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	309.3	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	330.7	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	325.8	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.98	7.44	322.7	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	325.0	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	326.1	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	329.2	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	332.7	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
9.08	7.44	323.6	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	322.0	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	322.5	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	325.5	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	325.2	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	324.2	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	325.0	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	326.4	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	327.0	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	329.2	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	328.7	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	329.7	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	331.1	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	333.2	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	333.9	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
								% ch. vs. [4] prev. month	
-1.4	0.0	0.2	0.1	-1.3	1.2	-1.9	-3.1	-1.2	2000 Mar.
								% ch. vs. [4] prev. year	
-6.2	0.2	3.5	-4.6	-14.7	-8.3	-11.0	-19.5	-12.1	2000 Mar.

I I 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 ECU or euro	Current and new capital account [3] as a % of GDP	Unit labour costs [4]	Real GDP	Industrial production index [5]	Standardised unemployment rate as a % of labour force (s.a.)	Broad money [6]	3-month interest rate [1] as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.5	61.3	6.25	7.48	0.6	1.4	3.1	5.6	5.6	4.7	3.73
1998	1.3	1.2	55.6	4.94	7.50	-1.1	2.6	2.5	2.2	5.2	4.6	4.27
1999	2.1	3.0	52.6	4.91	7.44	.	3.5	.	2.5	5.2	4.2	3.44
1999 Q1	1.4	-	-	4.22	7.44	1.7	6.2	0.6	-0.6	5.4	4.5	3.65
Q2	1.8	-	-	4.50	7.43	1.4	3.9	2.2	6.0	5.3	4.9	3.13
Q3	2.3	-	-	5.35	7.44	1.6	3.1	1.5	-0.3	5.1	3.4	3.19
Q4	2.8	-	-	5.57	7.44	0.2	0.9	2.0	5.2	4.9	4.1	3.78
2000 Q1	.	-	-	5.79	7.45	.	.	.	.	.	.	3.95
1999 Sep.	2.4	-	-	5.56	7.43	-	-	-	4.6	5.0	2.1	3.18
Oct.	2.6	-	-	5.76	7.43	-	-	-	1.8	4.9	2.0	3.69
Nov.	2.7	-	-	5.45	7.44	-	-	-	5.4	4.8	6.3	3.85
Dec.	3.1	-	-	5.50	7.44	-	-	-	8.4	4.9	4.1	3.80
2000 Jan.	2.8	-	-	5.87	7.44	-	-	-	5.5	5.0	0.7	3.72
Feb.	2.8	-	-	5.85	7.45	-	-	-	4.5	4.9	2.0	3.93
Mar.	.	-	-	5.65	7.45	-	-	-	.	.	.	4.18
Greece												
1997	5.4	-4.6	108.5	9.92	309.3	-3.9	8.4	3.4	1.0	7.9	11.8	12.48
1998	4.5	-3.1	105.4	8.48	330.7	-3.1	5.5	3.7	3.4	10.0	10.2	13.53
1999	2.1	-1.6	104.4	6.30	325.8	.	2.5	.	0.5	.	7.6	10.08
1999 Q1	3.1	-	-	6.08	322.7	-	-	-	-0.8	.	10.4	10.56
Q2	2.0	-	-	5.87	325.0	-	-	-	0.5	.	7.3	9.80
Q3	1.4	-	-	6.56	326.1	-	-	-	1.5	.	6.8	9.86
Q4	2.0	-	-	6.68	329.2	-	-	-	0.6	.	6.3	10.13
2000 Q1	.	-	-	6.44	332.7	-	-	-	.	.	.	8.71
1999 Sep.	1.3	-	-	6.64	327.0	-	-	-	0.2	.	6.9	9.85
Oct.	1.7	-	-	7.03	329.2	-	-	-	1.9	.	5.3	10.11
Nov.	2.0	-	-	6.61	328.7	-	-	-	-1.8	.	8.0	10.71
Dec.	2.3	-	-	6.39	329.7	-	-	-	1.6	.	5.6	9.57
2000 Jan.	2.4	-	-	6.60	331.1	-	-	-	.	.	5.9	8.92
Feb.	2.6	-	-	6.48	333.2	-	-	-	.	.	4.7	8.51
Mar.	.	-	-	6.24	333.9	-	-	-	.	.	.	8.69
Sweden												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.4	2.0	7.2	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.4	1.8	3.0	4.2	8.3	3.5	4.36
1999	0.6	1.9	65.5	4.98	8.81	1.9	.	3.8	1.4	7.2	6.8	3.32
1999 Q1	0.2	-	-	4.21	8.98	2.5	0.4	3.9	1.4	7.7	5.4	3.31
Q2	0.3	-	-	4.54	8.90	1.1	0.1	3.7	1.0	7.2	6.5	3.07
Q3	0.7	-	-	5.48	8.71	3.3	0.0	3.8	-0.5	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.7	.	3.8	3.3	6.8	9.1	3.69
2000 Q1	.	-	-	5.79	8.50	.	.	.	.	.	.	3.99
1999 Sep.	1.1	-	-	5.69	8.63	-	-	-	4.4	7.0	7.3	3.20
Oct.	1.0	-	-	5.92	8.73	-	-	-	4.5	6.7	10.0	3.74
Nov.	0.8	-	-	5.56	8.63	-	-	-	4.2	6.8	7.4	3.72
Dec.	1.2	-	-	5.59	8.59	-	-	-	1.4	6.8	9.9	3.63
2000 Jan.	1.0	-	-	5.95	8.60	-	-	-	4.0	6.6	8.6	3.70
Feb.	1.4	-	-	5.90	8.51	-	-	-	.	6.6	9.1	4.10
Mar.	.	-	-	5.51	8.39	-	-	-	.	.	.	4.16
United Kingdom												
1997	1.8	-2.0	50.8	7.13	0.692	0.9	2.9	3.5	1.6	7.0	11.2	6.92
1998	1.6	0.3	48.4	5.60	0.676	0.0	3.8	2.2	0.3	6.3	9.7	7.42
1999	1.3	1.2	46.0	5.01	0.659	.	.	2.1	0.1	6.1	5.2	5.54
1999 Q1	1.6	3.9	46.6	4.39	0.687	-1.9	4.3	1.5	-1.6	6.3	7.4	5.61
Q2	1.4	-2.4	46.7	4.82	0.658	-1.0	4.0	1.6	-1.8	6.1	6.7	5.30
Q3	1.2	1.5	45.8	5.39	0.655	-1.5	3.4	2.2	1.3	5.9	3.5	5.28
Q4	1.2	1.5	45.6	5.46	0.636	.	.	3.0	2.4	5.9	3.3	5.98
2000 Q1	.	.	.	5.60	0.614	.	.	.	.	.	.	6.20
1999 Sep.	1.2	1.2	45.8	5.60	0.647	-	-	-	2.4	5.9	2.7	5.41
Oct.	1.2	9.6	44.6	5.78	0.646	-	-	-	1.2	5.9	3.0	6.02
Nov.	1.3	-3.1	44.7	5.23	0.637	-	-	-	2.5	5.9	3.2	5.87
Dec.	1.2	-2.0	45.6	5.36	0.627	-	-	-	3.8	6.0	3.7	6.06
2000 Jan.	0.8	17.2	43.7	5.83	0.618	-	-	-	-1.7	.	2.7	6.14
Feb.	1.0	0.9	43.2	5.63	0.615	-	-	-	-1.1	.	.	6.24
Mar.	.	.	.	5.34	0.611	-	-	-	.	.	.	6.23

Sources: Eurostat (columns 1, 8, 9 (the United Kingdom) and 10 (except Greece)); 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), 9 (except the United Kingdom), 10 (Greece) and 11); ECB calculation (column 6 and 7 (Sweden)).

1) *Average-of-period values.*
2) *For more information, see Table 10.*
3) *BPM5; BPM4 for Greece.*
4) *Whole economy; data for the United Kingdom exclude employers' contribution to social security.*
5) *Manufacturing; adjusted for working days.*
6) *Average of end-month values; M3; M4 for Greece and the United Kingdom.*

12 Economic and financial developments outside the EU

Table 12.1

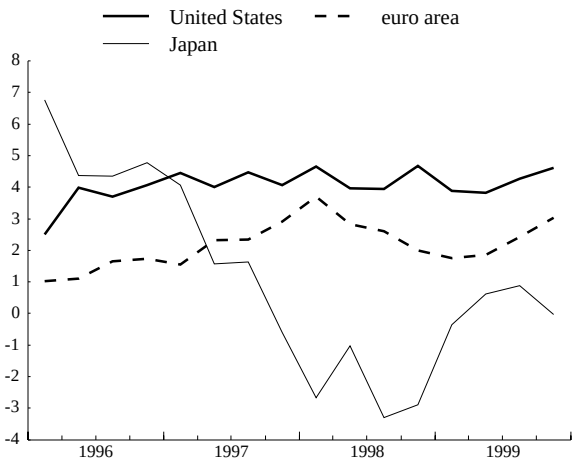
Economic and financial developments

(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.)	M2 [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 ECU or 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						
1996	2.9	-2.3	3.6	4.7	5.4	4.8	5.51	6.54	1.270	-2.2	58.8
1997	2.3	0.0	4.2	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.5
1998	1.6	0.7	4.3	4.9	4.5	7.4	5.57	5.33	1.121	0.4	53.5
1999	2.2	-1.7	4.2	4.2	4.2	7.5	5.42	5.63	1.066	1.0	50.5
1998 Q4	1.5	-0.8	4.7	3.7	4.4	8.5	5.27	4.72	1.177	0.7	53.5
1999 Q1	1.7	-1.6	3.9	3.5	4.3	8.5	5.00	4.98	1.122	0.8	53.1
Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	1.0	51.4
Q3	2.3	-0.8	4.3	4.4	4.2	7.5	5.44	5.88	1.049	1.2	50.6
Q4	2.6	-3.1	4.6	4.8	4.1	6.1	6.14	6.13	1.038	1.0	50.5
2000 Q1	.	.	.	.	4.1	.	6.11	6.48	0.986	.	.
1999 Oct.	2.6	-	-	4.3	4.1	6.5	6.18	6.10	1.071	-	-
Nov.	2.6	-	-	4.8	4.1	5.9	6.10	6.03	1.034	-	-
Dec.	2.7	-	-	5.2	4.1	5.8	6.13	6.26	1.011	-	-
2000 Jan.	2.7	-	-	6.1	4.0	5.7	6.04	6.66	1.014	-	-
Feb.	3.2	-	-	5.9	4.1	5.4	6.10	6.52	0.983	-	-
Mar.	.	-	-	.	4.1	.	6.20	6.26	0.964	-	-
					Japan						
1996	0.1	-1.9	5.1	2.3	3.4	3.3	0.57	3.03	138.1	-2.9	-
1997	1.7	-2.2	1.6	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	-
1998	0.6	6.3	-2.5	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	-
1999	-0.3	-2.1	0.3	0.4	4.7	3.7	0.22	1.76	121.3	-10.4	-
1998 Q4	0.5	5.1	-2.9	-6.8	4.4	4.5	0.43	1.03	140.6	-	-
1999 Q1	-0.1	3.5	-0.4	-4.2	4.6	4.0	0.36	1.97	130.7	-	-
Q2	-0.3	-1.2	0.6	-1.0	4.7	4.1	0.12	1.53	127.7	-	-
Q3	0.0	-4.6	0.9	2.6	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-5.7	0.0	4.4	4.6	3.0	0.29	1.77	108.4	-	-
2000 Q1	.	.	.	.	.	.	0.14	1.79	105.5	-	-
1999 Oct.	-0.7	-3.2	-	1.3	4.6	3.6	0.25	1.78	113.5	-	-
Nov.	-1.2	-7.4	-	6.7	4.6	2.9	0.30	1.81	108.2	-	-
Dec.	-1.1	-6.4	-	5.3	4.7	2.6	0.33	1.73	103.7	-	-
2000 Jan.	-0.9	.	-	6.4	4.7	2.6	0.15	1.71	106.5	-	-
Feb.	-0.6	.	-	8.5	4.9	2.1	0.13	1.83	107.6	-	-
Mar.	.	.	-	.	.	.	0.14	1.81	102.6	-	-

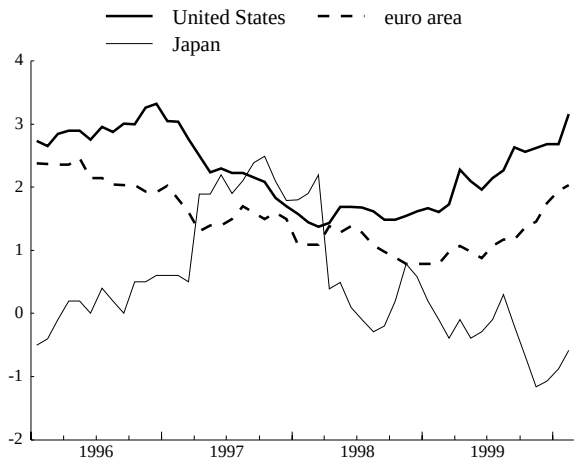
Real gross domestic product

(annual percentage changes; quarterly)



Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.
2) Average-of-period values, M2 and CDs for Japan.
3) For more information, see Tables 3.1 and 3.2.
4) For more information, see Table 10.
5) Japan: the 1998 deficit includes a large debt assumption; financial accounts sources for 1999.
6) Gross consolidated debt for the general government (end of period).

Table 12.2

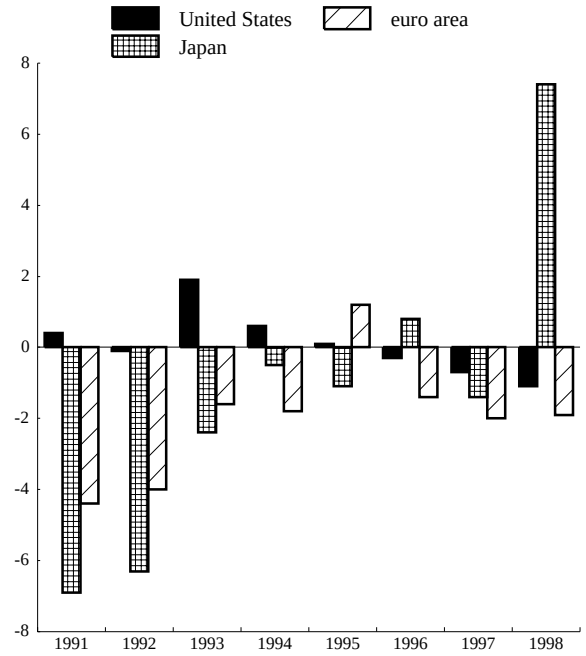
Saving, investment and financing

(as a percentage of GDP)

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households [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							
1996	17.3	19.1	-1.4	8.7	8.3	4.8	8.7	5.1	1.1	11.8	5.2	12.9	4.9
1997	18.3	19.8	-1.5	9.1	8.3	3.5	8.8	4.2	2.1	11.6	3.9	12.5	4.5
1998	18.8	20.5	-2.3	9.5	8.7	3.0	8.7	4.0	1.6	12.1	5.2	12.1	5.7
1999	18.7	20.8	-3.4	9.6	9.1	6.6	8.7	7.6	3.3	12.6	5.5	11.4	7.0
1998 Q1	18.9	20.6	-1.8	9.8	8.6	4.1	8.8	5.8	3.2	11.9	3.7	12.3	5.8
Q2	18.6	20.3	-2.2	9.3	8.7	3.3	8.7	4.0	3.8	12.1	8.0	12.1	5.6
Q3	18.9	20.6	-2.6	9.4	8.5	3.8	8.7	4.0	0.5	12.0	4.3	12.0	5.3
Q4	18.8	20.7	-2.6	9.5	8.9	0.8	8.6	2.4	-1.1	12.3	4.6	12.2	6.0
1999 Q1	19.0	20.8	-2.8	9.4	8.9	7.4	8.7	8.1	6.0	12.5	3.4	11.8	6.6
Q2	18.7	20.5	-3.3	9.6	9.4	6.1	8.7	7.1	-0.3	12.8	6.6	11.6	6.8
Q3	18.7	20.8	-3.6	9.6	9.2	6.6	8.6	7.6	3.3	12.6	4.6	11.1	6.7
Q4	18.5	20.9	-3.8	9.8	9.1	6.4	8.8	7.6	3.9	12.6	7.1	10.9	7.3
						Japan							
1996	31.3	29.8	1.4	16.1	15.6	1.7	15.1	0.3	1.0	6.7	6.4	13.3	1.1
1997	31.2	28.7	2.6	16.6	16.1	3.3	13.7	1.2	0.1	5.4	7.1	13.4	0.7
1998	29.3	26.4	3.1	14.5	14.6	-7.2	15.1	-8.8	-1.3	5.0	5.9	13.7	-0.2
1999	.	28.1	.	.	.	3.5	.	-4.3	1.6	.	5.4	.	1.9
1998 Q1	33.2	28.4	2.4	.	.	-7.1	.	-14.0	0.0	.	-4.5	.	4.6
Q2	.	24.8	.	.	.	-33.5	.	-13.8	0.4	.	11.7	.	-7.0
Q3	.	26.9	.	.	.	2.6	.	-1.9	1.5	.	3.9	.	1.6
Q4	.	26.9	.	.	.	7.3	.	-5.8	-6.5	.	12.0	.	-0.2
1999 Q1	.	26.9	.	.	.	4.4	.	-19.6	-4.8	.	-3.6	.	16.0
Q2	.	24.2	.	.	.	-18.7	.	-14.5	2.0	.	9.2	.	-7.9
Q3	.	26.4	.	.	.	8.5	.	-2.6	1.4	.	5.1	.	3.4
Q4	.	27.0	.	.	.	18.2	.	17.6	7.3	.	10.4	.	-3.7

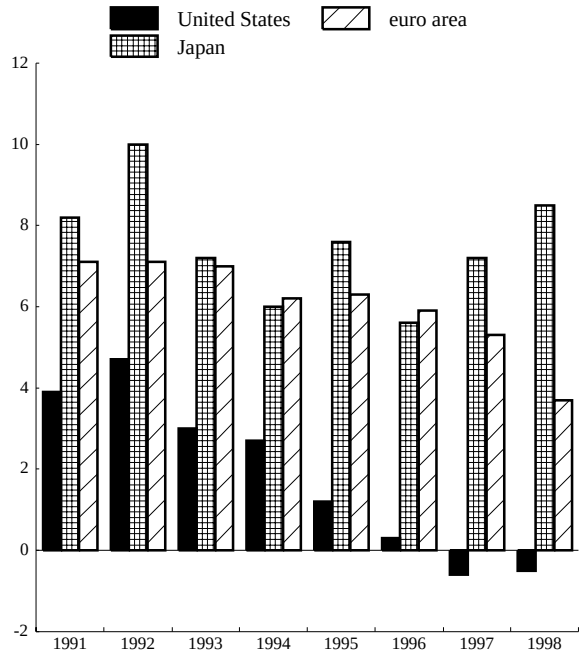
Net lending of non-financial corporations

(as a percentage of GDP)



Net lending of households [1]

(as a percentage of GDP)



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

1) Households including non-profit institutions serving households.

Technical notes

Relating to Table 2.4

Seasonal adjustment of the euro area monetary aggregates

Multiplicative versions of X-12-ARIMA (version 0.2.2[1]) and TRAMO/SEATS[2] (beta version, July 1998) are used. For technical reasons, the results of X-12-ARIMA are published as the official figures. Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

Seasonal factors are estimated for the index of adjusted stocks (Table 2.4.1). They are then applied to the levels expressed in EUR billions and to the adjustments due to reclassifications, other revaluations, etc., yielding seasonally adjusted values for the levels, the adjustments, and thus for the flows.

Calculation of growth rates

Growth rates may be calculated (a) from flows, or (b) from the index of adjusted stocks.

If F_t represents the flow in month t, L_t the level outstanding at the end of month t, X_t the rate of change in month t defined as $X_t = (F_t \div L_{t-1} + 1)$, and I_t the index of adjusted stocks in month t, the annual percentage change a_t – i.e. the change in the latest 12 months – may be calculated as follows:

(a) $a_t = ((X_t * X_{t-1} * X_{t-2} * X_{t-3} * X_{t-4} * X_{t-5} * X_{t-6} * X_{t-7} * X_{t-8} * X_{t-9} * X_{t-10} * X_{t-11}) - 1)*100$

(b) $a_t = (I_t \div I_{t-12} - 1) * 100$

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

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

2 *For details see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.*

General notes

The basis for the statistics compiled and published by the European Central Bank (ECB) was laid down in the document entitled the "Statistical requirements for Stage Three of Monetary Union (Implementation package)" which was made available to banking associations and others involved in statistical preparations for Stage Three by the European Monetary Institute (EMI) and the national central banks (NCBs) in July 1996. The "Implementation package" covers money and banking statistics, balance of payments statistics, international investment position statistics, financial accounts statistics, price and cost and other economic statistics.[1]

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

Because the composition of the ECU does not coincide with the currencies of the Member States which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of Member States which have not adopted the euro. To avoid this effect in the monetary statistics, the pre-1999 data in Tables 2.1 to 2.6 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

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

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 12 April 2000.

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

Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system's liquidity position. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 (new in this issue of the ECB Monthly Bulletin) shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 (also new) provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 (previously Table 2.6) shows a quarterly currency analysis of certain 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 "Money and Banking Statistics Compilation Guide" (EMI, April 1998) explains recommended practices to be followed by the NCBs. From 1 January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16).

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

Statistics on money market interest rates, long-term government bond yields and stock market indices (Tables 3.1 to 3.3) are produced by the ECB using data from wire services. For details concerning the statistics on retail bank interest rates (Table 3.4), see the footnote at the bottom of the relevant page.

Statistics on securities issues, redemptions and amounts outstanding are shown in Table 3.5, with a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere, in Table 3.6. The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20) and gross issues (columns 5, 13 and 17) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of the securities issues statistics is at present somewhat narrower. Pages 17-18 of the November 1999 issue of the ECB Monthly Bulletin give more detail on these statistics.

Prices and real economy indicators

The data presented in the ECB Monthly Bulletin are, with a few exceptions, produced by the European Commission (mainly Eurostat) and national statistical authorities. Euro area results are obtained by aggregating data for individual countries. As far as possible, the data are harmonised and comparable. However, the availability of comparable data is, as a general rule, better for the more recent periods than for earlier periods.

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. Estimates for periods before 1995 based on national consumer price indices are not fully comparable. The index is based on national HICPs that follow the same methodology in all euro area countries. Data from January 2000 include the cost of health and educational services; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States.

With regard to statistics on national accounts (Tables 4.2 and 5.1), the implementation of the European System of Accounts 1995 (ESA 95) during 1999 and thereafter has begun to pave the way for fully comparable data, including quarterly summary accounts, across the euro area. Before 1999 the deflators of GDP in Table 4.2.2 are derived from national data in domestic currency. National accounts in this issue are based mainly 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.

Opinion survey data (Table/Chart 5.3) draw on the business and consumer surveys of the European Commission.

Employment data (Table 5.4) are based on the ESA 95. Since coverage of the euro area was not complete in time for this issue, some data are ECB estimates based on the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

Financial accounts statistics

The "Implementation package" foresaw a need for detailed information covering the financial transactions and balance sheets for the euro area in order to complement monetary analysis and policy research. The aim is to provide a fairly full, though not complete, set of financial accounts for the euro area based on money and banking, balance of payments, capital market, non-MFI financial corporation and government

finance statistics, and drawing also on the ESA 95 national accounts. Table 6 shows euro area aggregates based on national capital and financial accounts.

A more detailed and further harmonised set of statistics presenting financial accounts for the euro area is expected to appear in the ECB Monthly Bulletin later this year.

General government fiscal position

The general government fiscal position in the euro area is presented in Table 7 by reference to general government receipts, expenditure, saving, deficit and debt as a percentage of GDP. These data are aggregated by the ECB from harmonised data provided by the NCBs.

In addition, general government deficit and debt data are shown for individual euro area countries owing to their importance in the framework of the Stability and Growth Pact.

Balance of payments and international investment position of the euro area (including reserves), trade in goods and exchange rates

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.5) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of 1 December 1998 (ECB/1998/17) on the statistical reporting requirements of the European Central Bank, and to Eurostat's documentation. The common methodology agreed between the ECB and the European Commission (Eurostat) and the aggregation method used for the euro area balance of payments statistics were explained on pages 26-27 of the May 1999 issue of the ECB Monthly Bulletin.

The euro area balance of payments is compiled by the ECB. Data up to December 1998 are expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. These data are revised with the publication of the detailed quarterly balance of payments data. Exceptionally, data for the income account in 1997-99 have been revised in this issue of the ECB Monthly Bulletin, reflecting a change in methodology (Tables 8.1, 8.2 and 8.3). The new methodology is explained in Box 4 on page 37. Quarterly and annual figures for the years 1997-99 follow the new method. The monthly pattern of income has been partially estimated and may not be fully comparable with the results for 2000.

The euro area i.i.p. (Table 8.6) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent. The methodology used for the compilation of the i.i.p. was explained on page 56 of the December 1999 issue of the ECB Monthly Bulletin.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.6.2. The corresponding reserves and related assets held by the ECB are shown separately in Table 8.6.3. The data in Tables 8.6.2 and 8.6.3 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Reserve assets data before end-1999 are not fully comparable with later observations.

Table 9 gives data on euro area external trade in goods, and indices – value, volume and unit value – for total exports and imports. The value index is calculated by the ECB. The volume index is derived from the unit value index provided by Eurostat and the value index. 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).

Table 10 shows nominal and real effective exchange rate indices for the euro. The bilateral rates shown are those against the 13 currencies used in the ECB's calculation of the effective exchange rate of the euro published since October 1999. For all except the Hong Kong and Singapore dollars and the Korean won the bilateral rates are daily reference rates published by the ECB. Additional effective exchange rates are included for the first time in this issue of the ECB Monthly Bulletin: two further real indices (deflated by producer prices and unit labour costs in manufacturing, respectively) for the group of 13 currencies, and one nominal and one real index (deflated by consumer prices) for a broader group of 39 currencies. The article entitled "The nominal and real effective exchange rates of the euro" in this issue of the ECB Monthly Bulletin gives more information about the effective exchange rate indices.

Detailed methodological notes on euro area balance of payments and i.i.p. statistics, external trade in goods of the euro area and exchange rates are available on the ECB's website. In addition, a complete set of balance of payments, external trade in goods and exchange rate statistics, including the historical data at the highest frequencies available – which are not shown in the ECB Monthly Bulletin – are available in a downloadable format (csv files) on the ECB's website.

Other statistics

Statistics on other EU Member States (Table 11) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Tables/Charts 12.1 and 12.2 are obtained from national sources. Saving, investment and financing data for the United States and Japan (Table/Chart 12.2) are structured in the same way as the capital and financial flows data shown for the euro area in Table/Chart 6.

Conventions used in the tables

"-"	Data do not exist.
"."	Data are not yet available.
"…"	nil or negligible
"billion"	10^9
(p)	provisional
s.a.	seasonally adjusted

Chronology of monetary policy measures of the Eurosystem[1]

4 January 2000

The ECB announces that on 5 January 2000 the Eurosystem will conduct a liquidity-absorbing fine-tuning operation with same-day settlement. This measure aims at restoring normal liquidity conditions in the money market after the successful transition to the year 2000.

5 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

15 January 2000

At the request of the Greek authorities, the ministers of the euro area Member States, the ECB and the ministers and central bank governors of Denmark and Greece decide, following a common procedure, to revalue the central rate of the Greek drachma in the exchange rate mechanism (ERM II) by 3½%, with effect from 17 January 2000.

20 January 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.0%, 4.0% and 2.0% respectively.

It also announces that the Eurosystem intends to allot an amount of €20 billion for each of the longer-term refinancing operations to be conducted in the first half of 2000. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the first half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

3 February 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.25%, starting from the operation to be settled on 9 February 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.25% and 2.25% respectively, both with effect from 4 February 2000.

17 February, 2 March 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.25%, 4.25% and 2.25% respectively.

16 March 2000

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.5%, starting from the operation to be settled on 22 March 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.5% and 2.5% respectively, with effect from 17 March 2000.

30 March, 13 April 2000

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.5%, 4.5% and 2.5% respectively.

1 *The chronology of monetary policy measures of the Eurosystem taken in 1999 can be found on pages 176 to 179 of the ECB Annual Report 1999.*

Documents published by the European Central Bank (ECB)

This list is designed to inform readers about selected documents published by the European Central Bank. The publications are available to interested parties free of charge from the Press Division. Please submit orders in writing to the postal address given on the back of the title page.

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Annual Report

"Annual Report 1998", April 1999.

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2 "What does the single monetary policy do? A SVAR benchmark for the European Central Bank" by C. Monticelli and O. Tristani, May 1999.

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18 "House prices and the macroeconomy in Europe: results from a structural VAR analysis" by M. Iacoviello, April 2000.

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