



EUROPEAN CENTRAL BANK

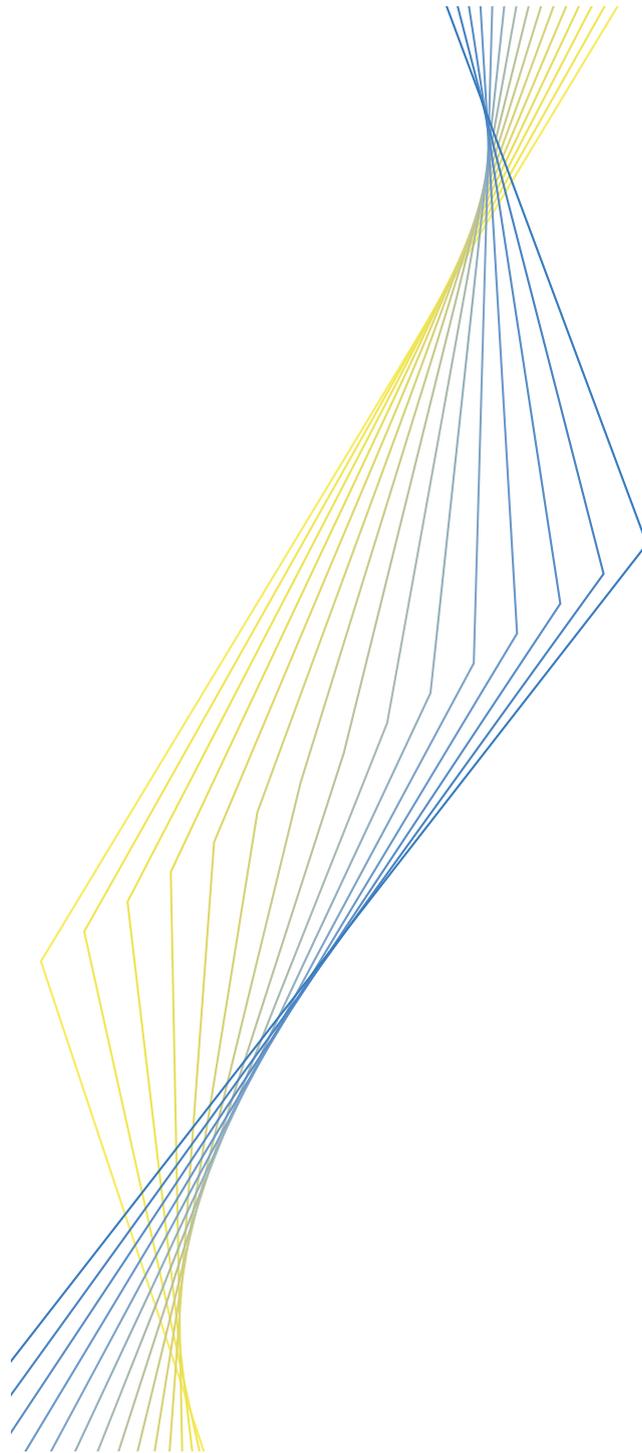
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**M O N T H L Y  
B U L L E T I N**

December 2000



EUROPEAN CENTRAL BANK



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B U L L E T I N**

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*The cut-off date for the statistics included in this issue was 13 December 2000 (with the exception of the "Staff economic projections for the euro area" section, the cut-off date for which was 9 November 2000).*

ISSN 1561-0136

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## Abbreviations

### Countries

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

### Others

BIS	Bank for International Settlements
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

At its meeting on 14 December 2000 the Governing Council of the ECB confirmed the existing reference value for monetary growth of 4½% for the broad aggregate M3. This followed the annual review of the assumptions underlying the derivation of the reference value, namely those with regard to the trend decline in M3 income velocity and trend potential output growth. On the basis of both the experience gained with the reference value and the additional information which has become available since last year's review, it was decided that the assumptions for the ranges for the trend decline in M3 income velocity of ½% to 1%, and for trend potential output growth of 2% to 2½%, should be maintained. The Governing Council noted that there is still no decisive evidence that measurable and lasting increases in productivity growth in the euro area would warrant a significant upward revision in the assumption for trend potential GDP growth. This notwithstanding, the uncertainties surrounding estimates of the medium-term development of potential output growth in the euro area have become skewed to the upside. Against this background, the Governing Council will carefully monitor further evidence of an acceleration in productivity growth in the euro area. Naturally, the ECB's monetary policy would take appropriate account of such changes. The decision on the reference value is explained in more detail in Box 1 of the section entitled "Economic developments in the euro area" in this issue of the ECB Monthly Bulletin.

Since the last issue of the ECB Monthly Bulletin, the Governing Council has held three meetings, on 16 November, 30 November and 14 December 2000. At each of these meetings, having taken into consideration the information available on monetary and economic developments, the Governing Council decided to leave the ECB interest rates unchanged. The minimum bid rate on the main refinancing operations of the Eurosystem thus remained at 4.75%. The interest rates on the marginal lending facility and on the deposit facility were

left unchanged, at 5.75% and 3.75% respectively.

As for the regular examination of monetary and economic developments, under the first pillar, the three-month average of the annual growth rates of M3 was 5.5% in the period from August to October 2000. This was broadly unchanged from the three-month rate of 5.4% in the period from July to September 2000, and implies that M3 growth was still around 1 percentage point above the reference value of 4½%. However, there has been some moderation in M3 growth over recent months, mainly as a result of a slowdown in the expansion of its most liquid components, included in M1. Some slowdown in growth was also observed for total credit. Underlying this was a significant decline in credit extended to general government and a continued high rate of growth in credit to the private sector, both partly reflecting the payments for UMTS licences by the companies concerned. In view of the protracted upward deviation of M3 growth from the reference value and the still high rate of growth in credit to the private sector, caution continues to be warranted with regard to the upside risks to price stability stemming from the monetary side.

The assessment of key indicators and information relating to the second pillar is currently complicated by increased uncertainty. With regard to global trends in growth and inflation, this uncertainty largely relates to the unfolding slowdown in economic activity in the United States and to developments in oil prices. Nevertheless, according to forecasts currently available, world GDP growth in the year ahead will remain robust.

With regard to euro area real GDP, the short-term outlook points to some moderation in growth, as documented by Eurostat's first estimate for the third quarter of 2000. However, the underlying dynamism of growth continues to prevail. The declining trend in unemployment has continued and capacity utilisation has risen further. Against

this background, the confidence of households and businesses has remained strong up to the final quarter of this year.

As is usual at this time of year, several forecasts and projections have become available, including the projections by Eurosystem staff. The Eurosystem staff economic projections for the euro area are presented here for the first time (see Section 5 of this issue of the ECB Monthly Bulletin). They are prepared twice a year as a technical input into the deliberations of the Governing Council. The staff projections are based upon a set of technical assumptions, including, inter alia, an assumption of unchanged short-term interest rates and exchange rates. Both staff projections and external forecasts show that real GDP growth will decline from around 3.5% in 2000, while remaining strong in 2001 and 2002. This is based upon projections of continued strong growth in domestic demand, with a positive though diminishing contribution from net exports.

Developments in euro area bond markets in November and early December 2000 show that markets expect a similar pattern of growth; they also indicate that markets expect price stability to be maintained in the medium term. These assessments of the fundamentals of the euro area, together with evidence of declining economic growth in the United States, contributed to the appreciation of the euro towards the end of November 2000, the exchange rate having fluctuated within a relatively narrow range in the first weeks of that month. On 13 December 2000 the euro traded almost 4% higher in nominal effective terms than at the end of October 2000.

Turning to consumer price developments, the annual rate of increase in the euro area-wide Harmonised Index of Consumer Prices (HICP) was 2.7% in October 2000, having been 2.8% in the previous month. The pattern of inflation continues to mainly reflect developments in oil prices and in the exchange rate of the euro. At the same time, the rate of increase in prices for non-energy

industrial goods and services has been edging upwards slightly over recent months, reflecting, in part, a gradual pass-through of past rises in oil prices to consumer prices.

The upward pressures from energy prices on overall HICP inflation are likely to gradually disappear, but it may take some time before HICP inflation comes back to a rate of below 2%. Both the staff projections and forecasts currently available see the annual average rate of increase in consumer prices as being slightly below 2.5% in 2000. The staff projections show HICP inflation to be between 1.8 and 2.8% in 2001 and between 1.3 and 2.5% in 2002, these ranges highlighting the uncertainties implied in the projections. This pattern reflects an assumed downward profile of oil prices, which is, however, projected to be offset by a gradual increase in domestic price pressures.

As in the past, the staff projections served as an input into the deliberations of the Governing Council. It is normal that data for key technical assumptions should have changed in the meantime. Since the assumptions for the exogenous variables were made in early November 2000, the euro effective exchange rate has strengthened and oil prices have declined. This experience illustrates one of the main limitations of macroeconomic projections, namely their sensitivity to key technical assumptions. Moreover, macroeconomic projections do not cover all the information pertaining to the second pillar and do not take into account the information relating to the analysis under the first pillar of the ECB's monetary policy strategy. From this perspective, the staff projections play a useful but limited role in the strategy.

On the basis of all the information available at its meeting on 14 December 2000, the Governing Council judges the risks to price stability in the medium term under both pillars of the strategy still to be on the upside. The Governing Council is determined to counteract any risk to price stability in the medium term by responding in a timely

manner. Current expectations of a continuation of economic expansion and of the maintenance of price stability over the medium term reflect the progress which has been made over recent years in terms of stability-oriented policies and economic reforms. This progress needs to be strengthened further by structural reform in labour and product markets, by continued wage moderation and by fiscal consolidation in line with the Stability and Growth Pact.

Against this background, the Governing Council emphasised the importance of all economic actors responding appropriately to the temporary increase in consumer price inflation. In particular, the social partners can rely on the commitment of monetary policy to maintaining price stability, and they should not deviate from the path of wage moderation observed in recent years. This will contribute to maintaining a favourable outlook for price stability, but will also support the ongoing process of strong job creation and of a gradual reduction in unemployment.

Fiscal authorities should adequately control expenditure growth, as it would otherwise additionally fuel upward pressures on prices. In this respect, the expansionary bias of fiscal policies implied in the budget plans for 2001 of several euro area countries threatens to add to demand-induced inflationary pressures in the euro area. This is inappropriate in the current macroeconomic environment, especially in countries where growth is dynamic and inflation high. The tax reductions implemented or planned in many euro area countries are welcome, but they are not fully compensated by primary expenditure cuts, while they should be accompanied, if not preceded, by reforms of expenditure policies. There is an ongoing need to strengthen further the sustainability of public finances, and governments should therefore aim for more ambitious targets in updating their stability programmes. Renewed efforts are particularly warranted in countries with still considerable fiscal imbalances, high levels of public debt and significant ageing-related challenges.



# Economic developments in the euro area

## I Monetary and financial developments

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

At its meetings on 16 and 30 November 2000, and on 14 December 2000, the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations (conducted as variable rate tenders) at 4.75%. The interest rates on the deposit facility and the marginal lending facility were also kept unchanged, at 3.75% and 5.75% respectively (see Chart 1).

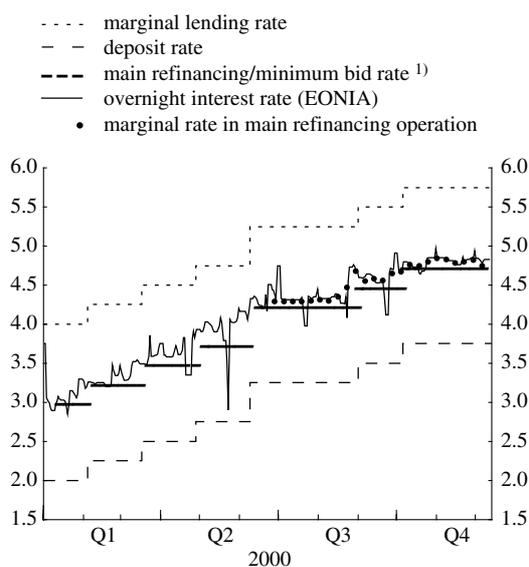
### Slowdown of M3 growth in recent months

M3 growth has undergone some moderation in recent months. The annual rate of growth of M3 stood at 5.3% in October 2000, compared with 5.4% in the previous month and a peak of 6.6% in April 2000. The three-month average of the annual growth rates of

**Chart 1**

### ECB interest rates and money market rates

(percentages per annum; daily data)



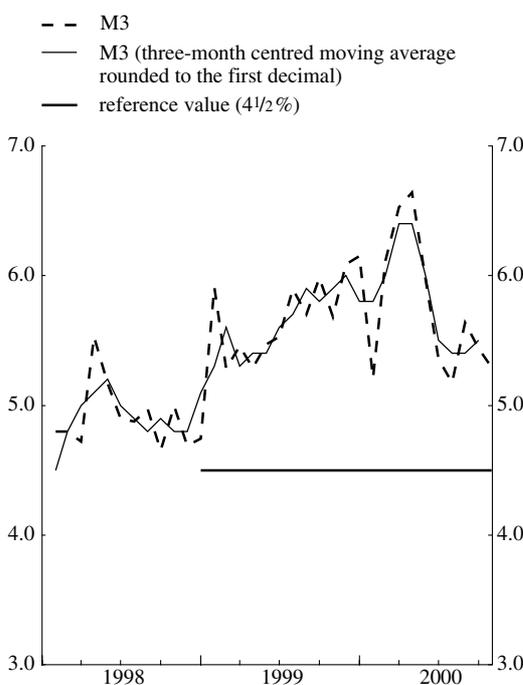
Sources: ECB and Reuters.

1) Starting from the operation settled on 28 June 2000, the main refinancing rate refers to the minimum bid rate applied to variable rate tenders.

**Chart 2**

### M3 growth and the reference value

(annual percentage changes)



Source: ECB.

M3, covering the period from August to October 2000, was 5.5%. This was broadly unchanged from 5.4% in the period from July to September 2000 and implied a deviation of M3 growth by around 1 percentage point from the reference value of 4½% (see Chart 2 and Box 1 entitled “Annual review of the reference value for monetary growth”). The assessment of some slowdown in M3 growth is also confirmed by the analysis of seasonally adjusted data. The seasonally adjusted and annualised six-month rate of growth of M3 was 3.8% in October 2000, which was slightly higher than in September (3.4%), but significantly lower than in April (7.0%).

The moderation in M3 growth seen from the second quarter of 2000 onwards probably reflects the progressive tightening of monetary policy in the euro area since November 1999. This is confirmed by the observation that the slowdown in M3 growth was mainly determined

## **Box I**

### **Annual review of the reference value for monetary growth**

At its meeting on 14 December 2000 the Governing Council of the ECB reviewed the reference value for monetary growth. On the basis of a thorough review of the assumptions underlying its derivation, the Governing Council decided to reconfirm the existing reference value for monetary growth, namely an annual growth rate of 4½% for the broad aggregate M3. This decision was taken on the grounds that the available evidence continues to support the assumptions underlying the derivation of the first reference value in December 1998 (and its confirmation in December 1999), namely those for trend potential output growth and the trend decline in M3 income velocity in the euro area. This box provides some background information on this decision.

The monetary policy strategy of the ECB uses a two-pillar framework in order to organise the assessment of risks to future price stability (see the article entitled “The two pillars of the ECB’s monetary policy strategy” in the November 2000 issue of the ECB Monthly Bulletin). The first pillar of the strategy is a prominent role for money. This prominent role is signalled to the public by the announcement of a quantitative reference value for the growth rate of M3. Several studies have provided empirical evidence in support of this prominent role for M3 and confirm that the conditions for announcing a reference value, in particular a stable money demand relationship and satisfactory leading indicator properties of M3 for future inflation, are satisfied for the euro area.

The reference value for M3 growth is derived using the identity embodied in the relationship between money, on the one hand, and prices, real GDP and the velocity of circulation of money, on the other. Reflecting the medium-term orientation of the single monetary policy, the derivation is based on the ECB’s definition of price stability and estimates of medium-term developments in potential output growth and M3 income velocity.

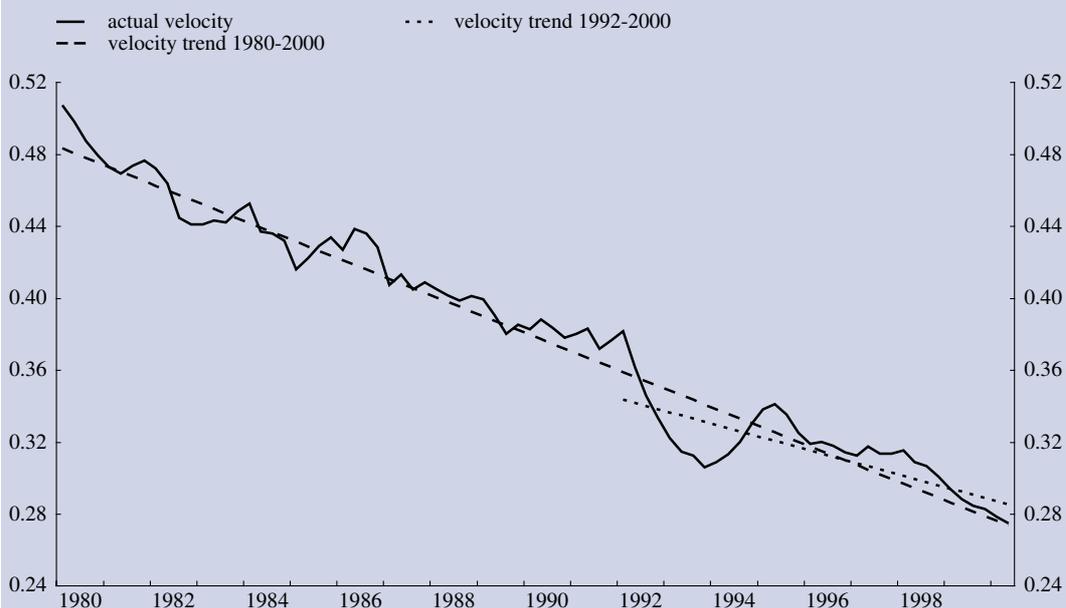
The Governing Council reviewed the medium-term assumptions for potential output growth and income velocity on the basis of experience with the reference value and the additional data that have become available since last year’s review.

The decline in M3 income velocity estimated over the sample from 1980 to 2000 is relatively close to 1% per annum on average (see the chart below). However, the simple trend measure may not be the best estimate of future medium-term trends, since it takes no account of the fact that the decline in velocity over the past two decades was partly caused by the fall in nominal interest rates and inflation rates over this period. In fact, these factors should have contributed to making the holding of liquid assets more attractive. However, as inflation rates and nominal interest rates have fallen to a level compatible with price stability over recent years, in the future there will no longer be a significant downward trend in these variables. Available money demand models take into account the effects on velocity stemming from past changes in inflation and interest rates. These studies, which are therefore preferable measures of the true velocity trend, support a range of between ½% and 1% for the annual decline in income velocity over the medium term. (See, for example, the studies by Coenen and Vega, 1999, “The demand for M3 in the euro area”, ECB Working Paper No. 6, and Brand and Cassola, 2000, “A money demand system for euro area M3”, ECB Working Paper No. 39.) On the basis of these considerations the Governing Council reconfirmed the assumption used in the derivation of the reference value in December 1998 (and confirmed in 1999) that M3 income velocity declines at a trend rate in the range from ½% to 1% per annum.

In addition, the Governing Council decided not to change the assumption used in the derivation of the reference value that the trend potential output growth rate lies in a range of between 2% and 2½%. The Governing Council acknowledged the progress that has been made in the euro area on structural reform.

### M3 velocity trends for the euro area

(log levels)



Sources: Eurostat, national data, ECB.

Note: Velocity is measured as the ratio of nominal GDP to M3. The underlying quarterly series include data for Greece (in a preliminary manner), are seasonally adjusted and constructed by aggregating national data converted into euro at the irrevocable exchange rates announced on 31 December 1998 and in the case of Greece determined on 19 June 2000. The M3 series is based on an index of adjusted stocks (for further details, see the technical notes in the "Euro area statistics" section of the ECB Monthly Bulletin). Quarterly monetary data are averages of end-month observations.

However, there is still no decisive evidence that a measurable and lasting increase in productivity growth in the euro area would warrant a significant upward revision in the assumption for trend potential output growth.

This notwithstanding, the Governing Council noted that the uncertainties surrounding estimates of medium-term development of potential output growth in the euro area have become skewed towards the upside. Against this background, the Governing Council has announced that it will carefully monitor further evidence on the possible acceleration of productivity growth in the euro area. The Governing Council also emphasised that potential output growth could be strengthened by further structural reforms in the labour and goods market. Naturally, the ECB's monetary policy would take such changes appropriately into account.

The Governing Council will continue to analyse monetary developments in relation to the reference value and will explain the implications of this analysis for monetary policy decisions to the public. As before, since monthly data are sometimes volatile, monetary developments relative to the reference value will be assessed on the basis of three-month moving averages of the annual growth rate of M3.

The Governing Council also noted that reconfirmation of the reference value implies continuity with the monetary policy strategy conducted in the past. The next annual review of the reference value is scheduled for December 2001.

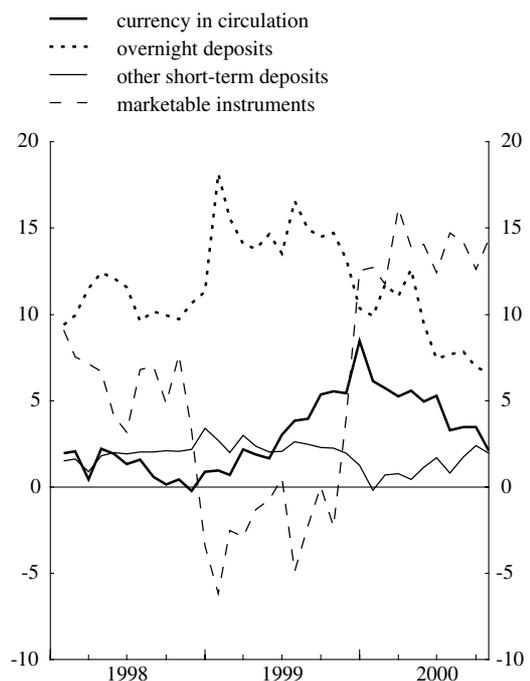
Finally, it should be emphasised that monetary analysis under the first pillar always has to be seen in conjunction with the analyses of other economic and financial indicators under the second pillar of the ECB's monetary policy strategy. The announcement of a reference value does not entail a commitment on the part of the Eurosystem to correct mechanically deviations of monetary growth from the reference value. Rather, monetary developments are always thoroughly analysed in conjunction with other indicators in order to ascertain their implications for the risks to price stability over the medium term.

by the slowdown in its most liquid components included in M1. Short-term interest rates represent an opportunity cost for these liquid instruments which pay little or no interest.

The speed of the slowdown in M1 growth in the last two quarters has been very pronounced. In seasonally adjusted and annualised terms, M1 remained practically unchanged between May and October 2000, after having increased by 11.4% in the six-month period ending in April. Moreover, the annual growth rate of M1 fell significantly, to 5.8% in October 2000, from 11.4% in April 2000.

Overall, over recent months the dampening effect on total M3 growth of the rise in short-term interest rates on the liquid components of M3 appears to have been stronger than the stimulating influence of this rise on the demand for instruments, the remuneration on which tends to match market developments more closely (in particular deposits with an agreed maturity of up to two years and marketable instruments).

**Chart 3**  
**Components of M3**  
(annual percentage changes)



Source: ECB.

With regard to the individual components of M3 (see Chart 3), the annual rate of growth of currency in circulation declined significantly in October 2000, to 2.1%, from 3.5% in the previous month. This slowdown is partly related to calendar effects, but also confirms a downward trend in the demand for currency visible from the second quarter of 2000. The annual growth rate of overnight deposits declined to 6.6% in October 2000, from 6.9% in September. As noted above, the moderation in the pace of growth of these instruments from the peaks in 1999 and early 2000 in all probability reflected the increase in short-term interest rates in the euro area.

The annual growth rate of short-term deposits other than overnight deposits declined to 1.9% in October 2000, from 2.4% in the previous month. The low pace of growth of this item seen since the beginning of the year conceals contrasting developments in its two sub-components. The demand for deposits with an agreed maturity of up to two years has recovered strongly in the course of the year. The annual rate of growth of this item was 11.8% in October, having risen from negative values in the period up to February 2000. Conversely, deposits redeemable at a period of notice of up to three months have declined considerably since the beginning of the year. The annual rate of change was -4.8% in October 2000.

The divergent developments in the demand for the two instruments can be explained by the behaviour of the retail rates paid on them. In fact, the decrease in deposits redeemable at a period of notice of up to three months reflected the gradual rise in the spread between short-term market interest rates and the retail rate paid on these instruments, ongoing since mid-1999 (see Chart 6). By contrast, the buoyant demand for deposits with an agreed maturity of up to two years reflected the fact that retail rates paid on these instruments have matched the rise in short-term market interest rates more closely. Reflecting the slowdown in the annual rate of increase in M1 and in short-term

**Table I****M3 and its main components***(end-of-month levels and seasonally adjusted month-on-month changes)*

	Oct. 2000 levels	Aug. 2000 change		Sep. 2000 change		Oct. 2000 change		Aug. 2000 to Oct. 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
<b>M3</b>	4,970.2	30.6	0.6	7.2	0.1	26.2	0.5	21.4	0.4
Currency in circulation and overnight deposits (= M1)	1,988.9	16.1	0.8	-6.6	-0.3	1.1	0.1	3.5	0.2
Other short-term deposits (= M2 - M1)	2,175.5	10.7	0.5	12.1	0.6	3.1	0.1	8.6	0.4
Marketable instruments (= M3 - M2)	805.7	3.8	0.5	1.8	0.2	22.1	2.8	9.2	1.2

*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.*

deposits other than overnight deposits, the annual rate of growth of the aggregate M2 fell to 3.8% in October, from 4.2% in the previous month.

In October 2000 the demand for the marketable instruments included in M3 remained buoyant (the annual rate of growth rose to 14.3%, from 12.6% in the previous month). This may have reflected the increase in short-term interest rates in the euro area as from the autumn of 1999 and the corresponding flattening of the term structure. The continuing high pace of growth of this item over recent months mainly reflects the strong demand for money market fund shares and money market paper issued by euro area MFIs. In addition, the demand for debt securities issued with a maturity of up to two years and for repurchase agreements was relatively strong. In October, the demand for marketable instruments may also have been bolstered by a cautious attitude on the part of investors, given the pronounced volatility in stock markets worldwide. The behaviour of marketable instruments issued by euro area MFIs should be interpreted with caution as it is not possible, within the current statistical framework of the Eurosystem, to identify the part which is held by non-euro area residents. The distortion of overall M3 growth stemming from such purchases by non-euro

area residents is likely to have been positive in 2000.

#### **Slowdown in the growth of credit to general government, but continued high growth of credit to the private sector**

A certain moderation in total credit growth has also been observed over the past few months. The annual growth rate of total credit granted to euro area residents stood at 6.4% in October 2000, compared with 7.0% in September and around 8% at the beginning of the year.

This slowdown was mainly attributable to the reduction in credit extended to general government (the annual rate of change fell to -6.5% in October, having stood at -4.4% in September 2000 and 4.6% in November 1999). MFI lending to the general government has been declining continuously since November 1999, in line with current budgetary developments in most euro area countries, including, more recently, the revenues from the sale of UMTS licences which have to a large extent been used to redeem debt.

At the same time, the annual rate of growth of credit extended to the private sector, which fell from 11.3% in April 2000 to 9.8%

in July 2000, has risen again in recent months, to 10.8% in October 2000. The financing of the UMTS licences by the telecom enterprises concerned seems to be the main factor underlying the recent increase in the annual rate of growth of credit granted to the private sector.

Among the components of credit to the private sector, the annual growth rate of loans was 9.7% in October, having stood at 9.9% in September and 9.1% in July. The provisional quarterly data on the breakdown of loans by sector, type and maturity for the third quarter of 2000 shows that this continuing high pace of growth reflects a marked increase in loans to non-financial corporations (see Table 2). The latter's annual rate of growth was 12.0% in the third quarter, up from 9.7% in the second quarter of 2000. It is likely that this pronounced rise is attributable to the above-mentioned financing of UMTS auctions. In addition, robust investment growth and the positive prospects for future economic activity are probably fostering the demand for loans to non-financial corporations. Merger and acquisition transactions inside the euro area and foreign direct investment abroad may have been additional factors.

The annual growth rate of loans to households declined to 7.8% in the third quarter, compared with 8.4% in the second and 9.1% in the first quarter of 2000. Underlying this moderation was a sizeable decline in lending for house purchases. The annual growth rate was 8.8% in the third quarter, having stood at 10.1% in the second and 11.0% in first quarter of 2000. It is likely that this deceleration in the demand for house financing reflects the gradual increase in the corresponding lending rates since the summer of 1999 (see Chart 7). The annual rate of growth of consumer credit rose to 7.9% in the third quarter, having stood at 7.1% in the two previous quarters. However, this increase was at least in part attributable to a base effect.

Turning to other counterparts of M3, the annual rate of increase in longer-term financial liabilities of the MFI sector has decreased slightly over recent months. In October 2000 it stood at 6.7%, down from 7.1% in September and July. This decline conceals diverging developments in the individual components. The annual rate of growth of deposits with an agreed maturity of over two years has been decreasing since May 2000. This decline may be linked to the effects of substitution with deposits with an agreed maturity of up to two years, as the interest

**Table 2**

**Loans to non-financial corporations and households<sup>1)</sup>**

(end-of-period levels in EUR billions, not seasonally adjusted, and annual percentage changes)

	Non-financial corporations	Households	Households		
			Consumer credit <sup>2)</sup>	Lending for house purchase <sup>2)</sup>	Other lending
<b>Outstanding amounts</b>					
2000 Q2	2,552.2	2,815.6	456.4	1,771.5	587.5
Q3	2,628.2	2,870.9	469.1	1,812.2	589.6
<b>Annual growth rates</b>					
1999 Q2	7.7	10.4	10.4	11.4	8.1
Q3	7.3	10.7	9.0	12.0	8.3
Q4	7.4	10.4	7.7	12.1	8.1
2000 Q1	10.3	9.1	7.1	11.0	5.4
Q2	9.7	8.4	7.1	10.1	4.7
Q3	12.0	7.8	7.9	8.8	4.8

Source: ECB.

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

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

**Table 3****M3 and its main counterparts***(end-of-month levels and 12-month flows; EUR billions)*

	Amounts outstanding	12-month flows					
		2000 Oct.	2000 May	2000 June	2000 July	2000 Aug.	2000 Sep.
1. Credit to the private sector	6,715.9	648.7	584.0	582.7	601.5	646.3	653.1
2. Credit to general government	1,927.7	-14.7	-21.6	-25.6	-49.3	-88.6	-133.2
3. Net external assets	242.6	-181.7	-112.3	-134.3	-96.6	-137.6	-115.6
4. Longer-term financial liabilities	3,813.6	254.0	236.9	244.1	253.9	247.1	237.4
5. Other counterparts (net liabilities)	102.4	-76.6	-34.5	-61.6	-58.4	-79.0	-79.5
<b>M3 (=1+2+3-4-5)</b>	<b>4,970.2</b>	<b>275.0</b>	<b>247.7</b>	<b>240.2</b>	<b>260.2</b>	<b>252.0</b>	<b>246.4</b>

Source: ECB.

Note: Due to rounding, the sum of the counterparts of M3 may not add up to the total reported for M3.

rate differential between these two items has narrowed.

The annual rate of change in debt securities issued with a maturity of over two years, the most important item in longer-term financial liabilities, also declined. By contrast, the annual rate of increase in deposits redeemable with a period of notice of over three months rose strongly. Apparently, these deposits, which are nearly all held by private households, have regained some attractiveness recently, after having shown negative annual rates of growth for the whole of 1999 and up to May 2000. This relative attractiveness of deposits redeemable at notice of over three months reflects the developments in its retail interest rates relative to its shorter-term counterpart, i.e. deposits redeemable at notice of up to three months. The interest rate differential between these two types of deposits was around 1.8 percentage points in October 2000, increasing continuously from 0.5 percentage point in April 1999. However, it should be borne in mind that the share of deposits redeemable at notice of over three months in total MFI longer-term financial liabilities in October 2000 was less than 5%.

During October 2000, the net external asset position of the euro area MFI sector decreased by €12 billion in absolute and non-seasonally adjusted terms. Over the 12 months up to October 2000, the net external assets of the MFI sector declined by

€116 billion (see Table 3). In recent months, this decline has been less pronounced than at the beginning of the year. Over the 12 months up to January 2000, the net external assets of the MFI sector declined by €190 billion, and over the 12 months up to April 2000 it declined by €208 billion. Balance of payments data suggest that this reduced decline in net external assets may have been linked to lower combined direct and portfolio investments outside the euro area since the start of the year.

#### **Overall assessment of risks to price stability stemming from the first pillar**

Taking all the information stemming from monetary variables into account, the conclusion can be drawn that the risks to price stability stemming from the monetary side have become more balanced. M3 growth has moderated considerably over recent months. Moreover, the slowdown in the most liquid components of M3 included in M1 may signal that possible upward pressures on spending have partly subsided.

At the same time, it must be taken into account that the accumulated difference between M3 growth and the reference value since the start of Stage Three of Economic and Monetary Union (EMU) – sometimes also called the “money gap” – has remained

positive. However, various points must be kept in mind when interpreting this information. For example, it cannot be ruled out that special factors have affected the increase in M3, in particular, at the start of Stage Three of EMU. In addition, it has to be taken into account that part of the past growth of M3 above the reference value can be explained by the inflation caused by the oil price shock in 2000. For these reasons, the information content for future inflation signalled by the “money gap” should not be overrated. This notwithstanding, both this indicator and the continuing buoyant growth of credit to the private sector constitute a reason for continued caution with regard to upside risks to price stability.

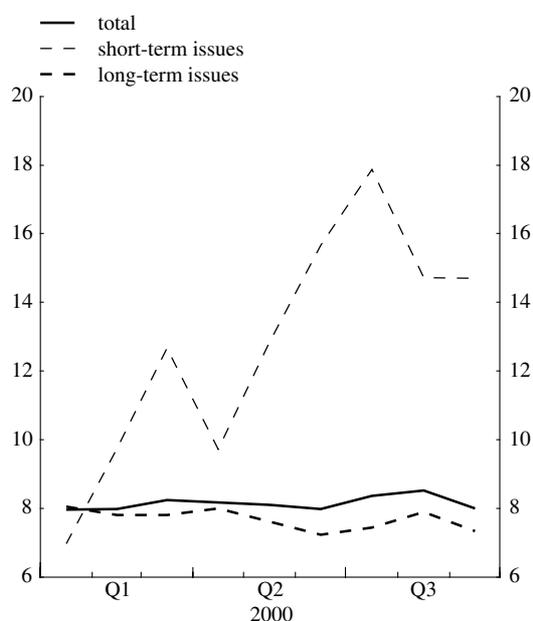
Looking ahead, the favourable outlook for economic growth in the euro area is expected to foster the demand for M1 and M3 for transaction purposes. In addition, the expected strong growth in business investment and household consumption should continue to stimulate the demand for credit from the private sector. At the same time, the unfolding of the impact of past increases in short-term interest rates is still far from complete, so that a further dampening effect on the expansion of both money and credit can still be expected from this source.

#### Debt securities issuance activity somewhat subdued in September

In September 2000, net issuance of debt securities by euro area residents was markedly lower than in September 1999 and the average monthly net issuance over the previous 12 months. As a result, the annual growth rate of the amount outstanding of debt securities issued by euro area residents decreased from 8.5% in August 2000 to 8.0% in September, thus returning close to the growth rates seen for much of 2000 (see Chart 4). Underlying this development was a decline in the annual growth rate at long-term maturities (i.e. of above one year), from 7.9% in August 2000 to 7.3% in September. At the same time, the annual growth rate of the amounts outstanding of short-term debt

**Chart 4**  
Amounts outstanding of debt securities issued by euro area residents

(annual percentage changes)

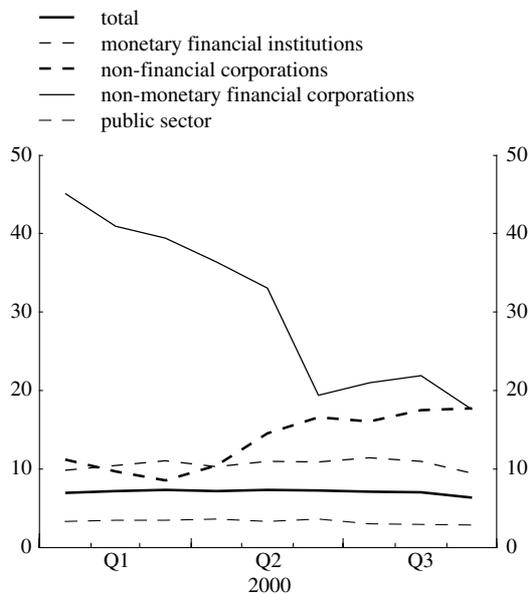


Source: ECB.

securities remained unchanged at 14.7% in September 2000.

Turning to the currency breakdown, the annual growth rate of the amount outstanding of debt securities issued by euro area residents and denominated in euro declined from 7.1% in August 2000 to 6.4% in September, which was the lowest growth rate of the year so far. At the same time, the annual growth rate of the amount outstanding of debt securities issued by euro area residents in currencies other than the euro increased from 27.0% in August 2000 to 28.4% in September, continuing the strong upward trend which began in the third quarter of 2000.

The sectoral breakdown reveals that the decline in the overall growth rate of the amounts outstanding of debt securities issued by euro area residents in euro was largely attributable to a decline in net issuance activity by the private sector in September 2000 (see Chart 5). The annual growth rate in the amounts outstanding of euro-

**Chart 5****Amounts outstanding of euro-denominated debt securities issued by euro area residents***(annual percentage changes)*

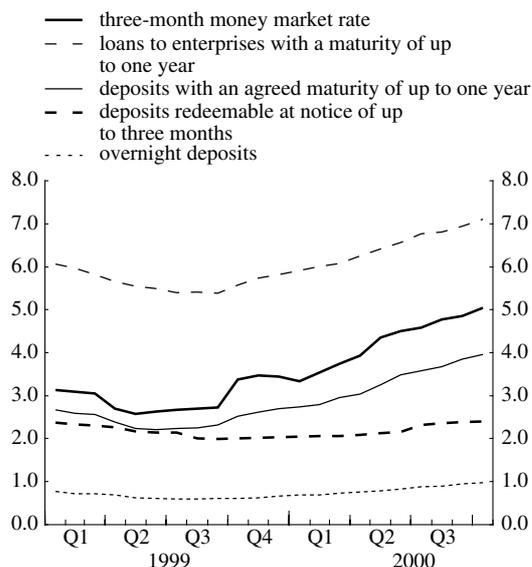
Source: ECB.

denominated debt securities issued by MFIs in September 2000 was 9.5%, the lowest growth rate recorded so far in 2000. At the same time, the annual growth rate of the amount outstanding of debt securities issued by the non-MFI private sector, which has been declining from very high levels more or less continuously since the start of the year, declined further in September. Underlying this development was a decline in the annual rate of growth of the amount outstanding of debt securities issued by non-monetary financial corporations, from 21.9% in August 2000 to 17.6% in September. By contrast, the annual growth rate of the amount outstanding of debt securities issued by non-financial corporations increased slightly from 17.5% in August 2000 to 17.8% in September. The continued high growth rates in this sector can be partly explained by ongoing corporate restructuring in the euro area. Furthermore, a growing awareness of security-based financing as an alternative to financing by traditional bank loans may be a driving force.

The annual growth rate of the amounts outstanding of debt securities issued by the public sector continued its downward trend in September 2000, declining to 2.8% from 2.9% in the previous month. This fairly low rate of growth reflects the continued reduction in euro area public sector borrowing requirements. The annual growth rate of the amount outstanding of debt securities issued by other parts of the general government remained unchanged in September 2000 as compared with the previous month, at 6.0%.

**Retail bank interest rates increased at short maturities but remained stable at longer maturities in October**

Short-term retail bank interest rates in the euro area generally continued to edge upwards in October 2000 (see Chart 6). This reflected increases in money market interest rates in previous months, associated with increases in ECB interest rates. The increases in short-term retail bank interest rates in

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

Sources: ECB aggregation of individual country data and Reuters.

October 2000 as compared with the levels prevailing in September 2000 varied between 2 basis points for the interest rate on deposits redeemable at notice of up to three months and 17 basis points for the interest rate on loans to enterprises of up to one year. Looking at longer-term developments in the period from August 1999 (at which point money market rates commenced their upward trend) to October 2000, the average rates on deposits with an agreed maturity of up to one year and on loans to enterprises with a maturity of up to one year increased by about 170 basis points. By contrast, during the same period, the average rates on deposits redeemable at notice of up to three months and on overnight deposits rose by around 40 basis points. All of these changes in short-term retail bank rates have been smaller than the increase of around 230 basis points seen in the average three-month money market rate between August 1999 and October 2000, which may partly reflect some sluggishness in the pass-through of market rates to bank interest rates.

As compared with September 2000, long-term retail bank rates were more or less

unchanged in October 2000, reflecting the stability of government bond yields in previous months (see Chart 7). In particular, the interest rates on loans to households for house purchase and on deposits with an agreed maturity of over two years both remained unchanged, at 6.6% and 4.8% respectively. By slight contrast, the interest rate on loans to enterprises of over one year increased by 8 basis points to 6.5% in October 2000. Looking at longer-term trends in long-term retail bank interest rates on the basis of an analysis of the period following May 1999, when long-term interest rates in the euro area began to rise, the increases in long-term retail rates have varied between 156 basis points for the average rate on deposits with an agreed maturity of over two years and around 175 basis points for both the average rate on loans to enterprises with a maturity of over one year and the rate on loans to households for house purchase. During the same period, the average five-year government bond yield increased by 187 basis points.

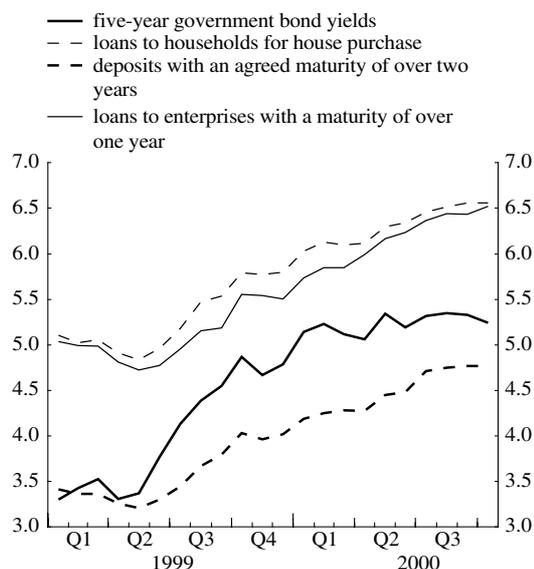
### Money market interest rates declining in November

While money market interest rates followed a rising trend during most of this year, this was reversed around the end of October and money market interest rates started to decline. The slope of the money market yield curve (defined as the spread between the twelve-month and the one-month EURIBOR), which gradually declined as from early August 2000, turned negative in early December. The three-month EURIBOR futures rates for delivery in 2001 have likewise shown a downward trend since the end of August 2000, with the decline having been particularly pronounced towards the end of November and in early December.

The overnight interest rate, as measured by the EONIA, remained fairly stable at levels of around 4.80% during the reserve maintenance period ending on 23 November. This stable pattern continued at the start of the

**Chart 7**  
**Long-term retail bank interest rates and a comparable market rate**

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

**Box 2****Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 November 2000****Allotments in monetary policy operations**

During the reserve maintenance period which lasted from 24 October to 23 November 2000, the Eurosystem settled five main refinancing operations and one longer-term refinancing operation.

The main refinancing operations were carried out as variable rate tenders with a minimum bid rate. In all five operations the minimum bid rate was 4.75%. The allotted volumes ranged between €90 billion and €108 billion. The ratio of the amounts of bids submitted to the allotted volumes varied between 1.38 and 1.77, with an average of 1.56. The marginal rate varied between 4.78% and 4.84%. The weighted average rate was either 1 or 2 basis points higher than the marginal rate in all of these operations. The number of bidders participating in the tenders varied between 565 and 614.

On 25 October 2000 the Eurosystem conducted a longer-term refinancing operation through a variable rate tender with a pre-announced allotment volume of €15 billion. A total of 241 bidders participated in this operation, submitting bids totalling €43.1 billion. The marginal rate of the operation was 5.06%, while the weighted average rate was 1 basis point higher, at 5.07%.

The EONIA started the reserve maintenance period at 4.84% and maintained a level of 4.85% until 31 October, when it climbed to 4.97%, reflecting the usual end-of-month effects. It then declined gradually, reaching a temporary low of 4.76% on 17 November, presumably reflecting to a large extent a market perception of comfortable liquidity conditions. Towards the end of the maintenance period, on 21 November, the EONIA rose to 4.86% amid temporarily tighter liquidity conditions. However, following the last tender allotment decision the EONIA fell again, and ended the reserve maintenance period at 4.81%.

**Use of standing facilities**

Compared with the previous reserve maintenance period, the average daily use of the marginal lending facility decreased from €0.5 billion to €0.2 billion, while the average use of the deposit facility remained unchanged at €0.2 billion.

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

(EUR billions)

Daily average during the reserve maintenance period from 24 October to 23 November 2000

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>228.9</b>	<b>0.2</b>	<b>+ 228.7</b>
Main refinancing operations	183.7	-	+ 183.7
Longer-term refinancing operations	45.0	-	+ 45.0
Standing facilities	0.2	0.2	+ 0.0
Other operations	0.0	0.0	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>398.6</b>	<b>511.6</b>	<b>- 113.0</b>
Banknotes in circulation	-	352.7	- 352.7
Government deposits with the Eurosystem	-	49.8	- 49.8
Net foreign assets (including gold)	398.6	-	+ 398.6
Other factors (net)	-	109.1	- 109.1
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>115.7</b>
<b>(d) Required reserves</b>			<b>115.1</b>

Source: ECB.

Totals may not add up due to rounding.

### 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 €113.0 billion on average, i.e. €5.0 billion more than in the previous maintenance period. This was mainly caused by a slight increase in government deposits as well as by the liquidity absorption resulting from the foreign exchange interventions conducted by the Eurosystem. The daily sum of autonomous factors fluctuated between €105.2 billion and €129.6 billion.

The liquidity impact of the foreign exchange interventions that were conducted on 3, 6 and 9 November and settled on 7, 8 and 13 November respectively was taken into account in the allotment decisions of the subsequent main refinancing operations.

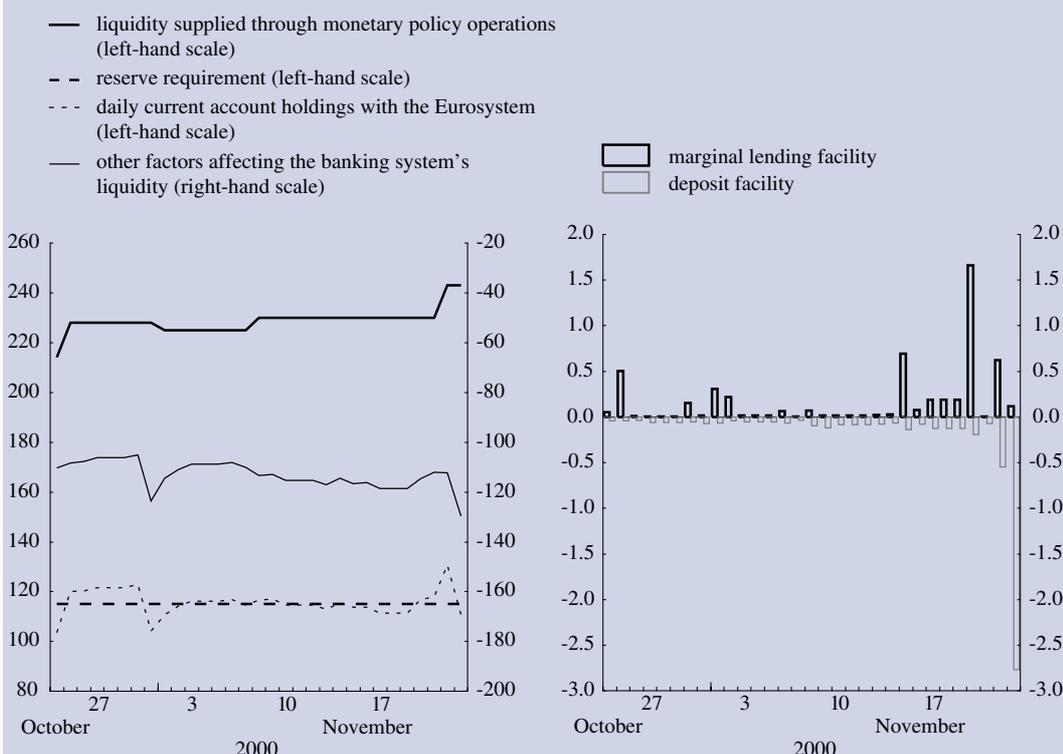
The published estimates of average liquidity needs, stemming from autonomous factors, ranged between €110.4 billion and €117.2 billion. They differed from the ex post figures by an amount ranging from minus €0.8 billion to plus €1.6 billion.

### Current account holdings of counterparties

The average current account holdings amounted to €115.7 billion, and reserve requirements to €115.1 billion. The difference between the two amounted to €0.6 billion, which was €0.2 billion less than in the previous maintenance period. This decrease was caused by a decrease in the excess reserves from €0.6 billion to €0.4 billion. As in the previous maintenance period, an amount of €0.2 billion of the current account holdings did not contribute to the fulfilment of reserve requirements.

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

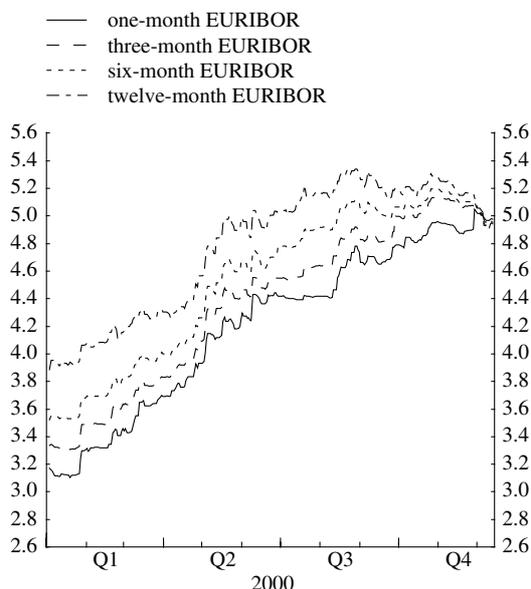
(EUR billions; daily data)



Source: ECB.

**Chart 8**  
**Short-term interest rates in the euro area**

(percentages per annum; daily data)



Source: Reuters.

subsequent reserve maintenance period. On 13 December, the EONIA stood at 4.81%. In the ECB's main refinancing operations settled in November and early December, the marginal rate of allotment remained in a range of between 4.75% and 4.84%. In the operation settled on 13 December the marginal and average rates stood at 4.76% and 4.78% respectively.

The one-month EURIBOR declined for most of November. However, on 29 November the "end-of-year effect" lifted this rate by around 15 basis points (see Chart 8). This end-of-year effect is attributable to the desire of financial institutions to adjust their balance sheets at the year-end. Following the increase recorded on 29 November, the one-month EURIBOR resumed its decline and stood at 4.98% on 13 December, which was 2 basis points higher than at end-October.

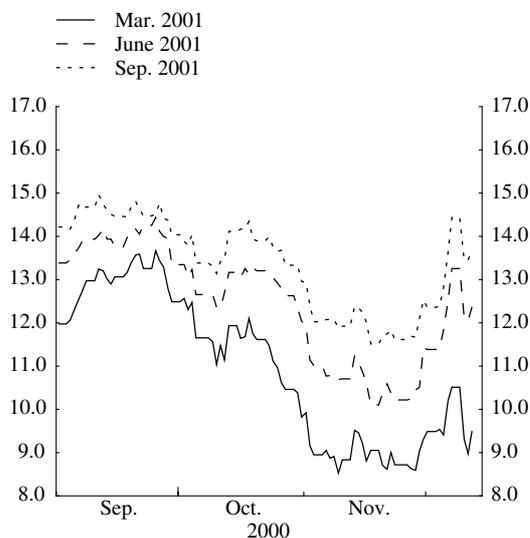
The three-month EURIBOR fell by 17 basis points between the end of October and 13 December. In the longer-term refinancing operation of the Eurosystem settled on 30 November 2000, the marginal and average

interest rates of allotment were equal to 5.03% and 5.05% respectively. This was 4 and 2 basis points respectively below the three-month EURIBOR prevailing on the day on which the operation was conducted.

At the longer end of the money market yield curve, the decline in interest rates over the same period was more pronounced. The six-month and twelve-month EURIBOR decreased by 24 and 35 basis points respectively between end-October and 13 December. On 13 December all EURIBOR interest rates between the one-month and twelve-month maturities stood within a range from 4.98% to 4.94%.

The path of the three-month EURIBOR in 2001 expected by financial markets, as implied in futures prices on contracts with delivery dates next year, fell significantly between the end of October and 13 December. The three-month EURIBOR implied in contracts maturing in March, June and September 2001 were 4.86%, 4.74% and 4.66% respectively on 13 December. This was, respectively, 36, 46 and 52 basis points lower than the levels prevailing at the end of October, signalling that a significant downward adjustment of

**Chart 9**  
**Implied volatilities from options on three-month EURIBOR futures**



Source: Bloomberg.

the expected path of future short-term interest rates took place in November and early December.

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in March, June and September 2001 fell slightly through most of November, thus continuing a trend seen since late September 2000 (see Chart 9). However, the fall was reversed in late November and early December, when volatility increased markedly, especially at longer maturities, in parallel with the pronounced downward adjustment in interest rate expectations. This indicates that uncertainty about the future levels of short-term interest rates rose in early December.

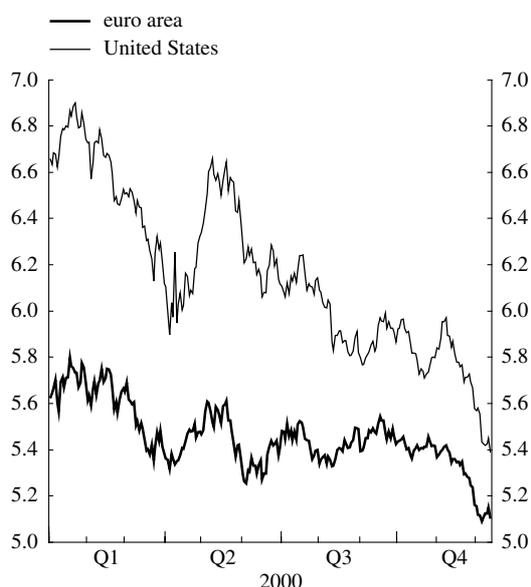
#### Long-term bond yields declined in November and early December

Following a pattern of broad stability which prevailed in euro area bond markets throughout the summer and autumn of 2000, long-term government bond yields declined markedly in November and early December 2000 (see Chart 10). While the average euro area ten-year bond yield fluctuated within a narrow range from 5.35% to 5.55% during the period between end-June and end-October, thereafter the yield declined by around 30 basis points to 5.1% by 13 December, thereby reaching its lowest value in over a year.

Similarly, in US bond markets ten-year government bond yields declined by around 40 basis points between end-October and 13 December. The somewhat more pronounced decline in US bond yields compared with the euro area during November and early December meant that the differential between US ten-year bond yields and comparable yields in the euro area narrowed by approximately 10 basis points, to around 30 basis points, during this period. This differential has remained relatively close to this level since late summer 2000, following the rapid narrowing which took place throughout the summer months.

**Chart 10**  
**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.

In the United States ten-year government bond yields stood at around 5.4% on 13 December, following a significant drop in the period after the end of October 2000. In the course of November and early December emerging signs of a gradual dissipation of the Federal Reserve's "tightening bias" led investors to believe that the likelihood of a cut in US interest rates in the not-too-distant future could not be ruled out, thereby leading to a decline in long-term bond yields. Uncertainty about economic prospects also seemed to prompt portfolio shifts from the stock market, where conditions continued to be volatile, to the bond market, thus placing additional downward pressure on US bond yields. The slowdown in US economic growth and the market's interpretation of recent signals from the Federal Reserve also appeared to be associated with declining long-term inflation expectations, as evidenced by a significant decline in the US ten-year break-even inflation rate, i.e. the yield differential between a ten-year nominal bond and an index-linked bond of similar time to maturity.

Compared with the peak reached in January 2000, the overall decline in US ten-year bond yields by 13 December 2000 had exceeded 150 basis points, bringing them to their lowest point since May 1999. Two main factors, which have played a varying degree of importance throughout the year, may account for this decline. First, the incorporation of a “scarcity premium” arising from bond buybacks played a particularly important role in the early months of the year. Second, as the year progressed, mounting expectations among investors that the US economy would display a gradual slowdown became the dominant factor in accounting for bond market trends. This gradual shift in investors’ assessment of growth prospects seemed to come about as a result of an increasing flow of data releases which pointed to a softer pace of economic activity than had been previously expected.

After a period of broad stability at relatively low levels throughout much of 2000, Japanese government bond yields have displayed a higher degree of volatility in recent months. While long-term bond yields increased markedly in the early part of autumn 2000, reflecting mounting expectations of an increase in official interest rates and expectations prevailing at that time of a rapid recovery in economic activity, a turnaround took place after end-November, with yields declining substantially. This downward pressure seemed to arise from a combination of factors, including a downward revision by market participants of the expected future pace of economic activity, as well as political uncertainty in Japan. In the light of this, Japanese ten-year government bond yields fell by approximately 15 basis points between end-October and 13 December, to stand at around 1.7% on the latter date.

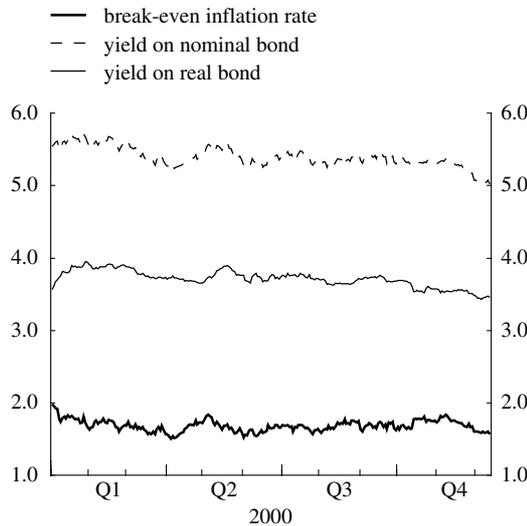
In the euro area, as noted above, long-term bond yields followed a downward path throughout much of November and early December. Although this decline seemed to be partly attributable to developments in global bond markets during this period, domestic factors also played an important

role. In particular, a gradual shift in market expectations towards a slightly slower pace of economic activity in the euro area in the short term appeared to place some downward pressure on bond yields in the euro area. This reassessment by investors may have reflected both economic data published during November and early December in the euro area, as well as diminishing export expectations linked to the aforementioned downward revisions of international growth expectations, particularly in the United States. Furthermore, somewhat reduced inflation expectations, possibly linked to a decline in oil prices and an appreciation of the exchange rate of the euro, seemed to contribute further to the decline in euro area nominal bond yields. Related to the markets’ reassessment of growth and inflation expectations, expectations for further euro area short-term interest rate increases in the near future seemed to recede among investors, thereby contributing to the downward pressure on bond yields. Furthermore, recent turbulence in euro area stock prices pushed government yields lower as a result of portfolio flows.

Similar to developments in nominal government bond yields, real yields on French index-linked bonds were characterised by a high degree of stability throughout much of this year, before declining somewhat in November and early December. Specifically, the yield on the ten-year French index-linked bond declined by around 10 basis points between end-October and 13 December, to around 3.5%. At the same time, the ten-year break-even inflation rate obtained from French nominal and real bond yields declined by around 20 basis points during the period, to stand at around 1.6% on 13 December (see Chart 11). As always, developments in index-linked bond yields and break-even inflation rates should be interpreted with caution, as a number of caveats – including the possibility of the existence of time-varying premia – may complicate the interpretation with regard to underlying fundamentals. However, considering changes in inflation expectations over a somewhat longer period,

**Chart 11**  
**Break-even inflation rate calculated for the French CPI**

(in percentages; daily data)



Sources: French Treasury, ISMA and Reuters.  
 Note: The real bond yields are derived from the market prices of French bonds which are indexed to the French CPI (excluding tobacco prices) and which mature in 2009. The nominal bond yields are derived from the market prices of French fixed income bonds which also mature in 2009.

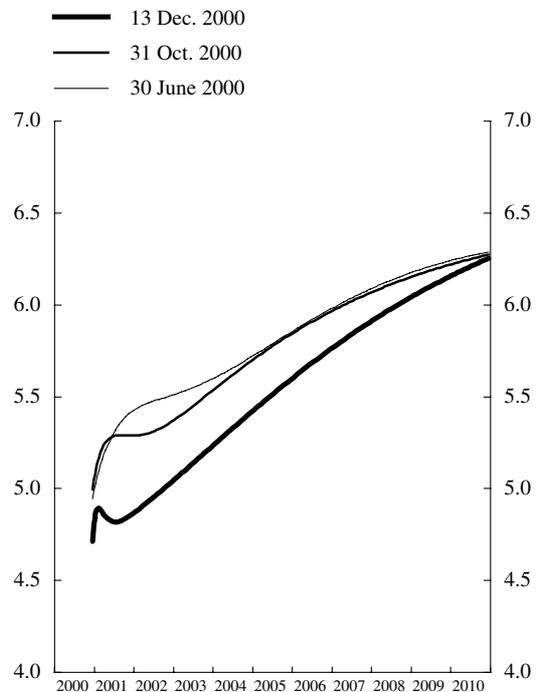
the fact that the ten-year break-even inflation rate has mostly fluctuated within a relatively narrow range of between 1.5% and 2.0% since mid-1999, despite very volatile oil price and exchange rate developments, would tend to indicate that market participants have a high degree of confidence that the ECB will maintain price stability over the medium term.

During November and early December the slope of the euro area yield curve, as measured by the difference between euro area ten-year government bond yields and the three-month EURIBOR, continued the flattening tendency which has been evident since the beginning of 2000. Specifically, this measure of the yield curve slope declined by around 15 basis points between the end of October and 13 December, leaving it at around 10 basis points on the latter date. While during the first ten months of the year the flattening of the yield curve was almost entirely due to rising short-term interest rates, the decline in the slope which took

place in November and early December resulted from declining yields on bonds. The decline in yields was most pronounced at medium-term horizons, which caused this segment of the yield curve to invert. Taken together, these developments may suggest that investors have revised downwards their growth expectations over the short term, while over longer horizons growth is expected to stabilise at levels close to the current level. A similar message appears to be conveyed by developments in the implied forward euro area overnight interest rate curve; by 13 December the short end of the curve had shifted downwards significantly and inverted, while the long end remained little changed compared with end-October (see Chart 12).

**Chart 12**  
**Implied forward euro area overnight interest rates**

(percentages per annum; daily data)

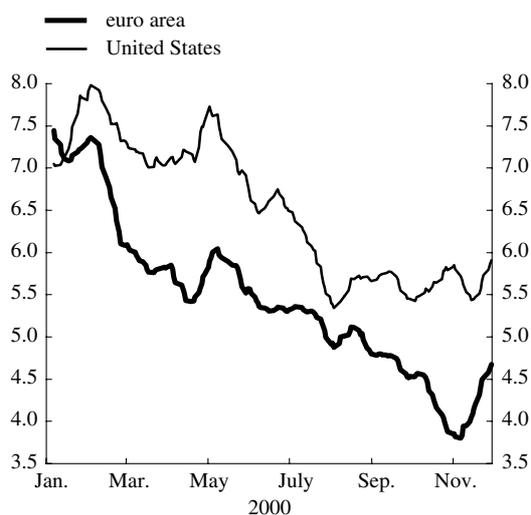


Source: ECB estimation. The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to compute these implied forward yield curves was outlined on page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

### Chart 13

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

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



Source: Bloomberg.

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

Developments in the implied volatility of long-term government bonds can provide an indication of the degree of uncertainty which exists in financial markets with regard to the underlying fundamentals of government bond yields, including long-term growth and inflation expectations. By contrast with the persistent downward trend observed during the first ten months of 2000, the implied volatility on ten-year German Bund futures contracts increased by around 60 basis points between end-October and 13 December, to reach a level above 4.5% on the latter date (see Chart 13). While this is still relatively low by historical standards, the pronounced upward jump in implied volatility signals an increase in the perceived degree of uncertainty regarding the short-term outlook for long-term government bond yields in the euro area. This, in turn, could be seen as indicating that the degree of uncertainty attached by investors to future developments in underlying fundamentals has increased slightly in recent weeks.

#### Stock prices declined in November in a volatile environment

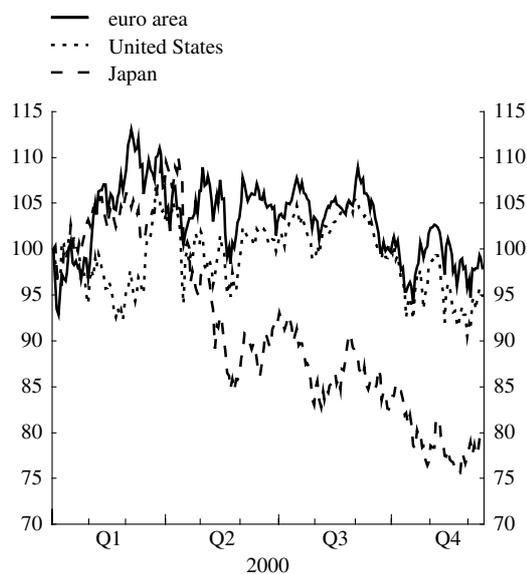
Continuing a pattern which has been evident for much of this year, conditions in the major stock markets were volatile in the course of November and early December. This mainly reflected heightened uncertainty on the part of market participants about the prospects for corporate profitability amid indications of a slowdown in the pace of global economic activity.

In this environment, stock prices in the euro area, as measured by the Dow Jones EURO STOXX index and the Standard and Poor's 500 index in the United States, declined by 4% and 5%, respectively, between end-October and 13 December. By contrast, stock prices in Japan, as measured by the Nikkei 225 index, increased by 4% (see Chart 14) over the same period. Looking at the period since end-1999, stock prices in the euro area and the United States had declined by 3% and 7% respectively by 13 December. In Japan a decline of 19% took place over the same period.

Looking first at the international environment, the decline in stock prices in November and early December in the United States was driven by a confluence of factors. During this period, short-term market expectations for earnings growth of firms included in the broad Standard and Poor's 500 Index were again revised downwards. These downward revisions of earnings expectations were attributable to the adverse implications of earlier increases in oil prices for both costs and aggregate demand, to the strength of the US dollar and to growing indications of a slowdown in the pace of US economic activity. Since the downward revisions of earnings expectations were most pronounced for high-technology firms, a significant divergence occurred in the evolution of stock prices in the so-called "old economy" and "new economy" segments of the market respectively. The Dow Jones Industrial Average index – which is based on "blue-chip" traditional stocks – ultimately declined

**Chart 14**  
**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.

by 2% between end-October and 13 December. Reflecting highly volatile conditions in the market, the Nasdaq Composite index, which is laden with high-technology stocks, temporarily dropped by as much as 23% in early December relative to end-October, although the overall decline was 16% between end-October and 13 December. This brought the Nasdaq Composite index down to a level which was 31% below end-1999 levels and to 44% below the all-time high which it reached in March 2000.

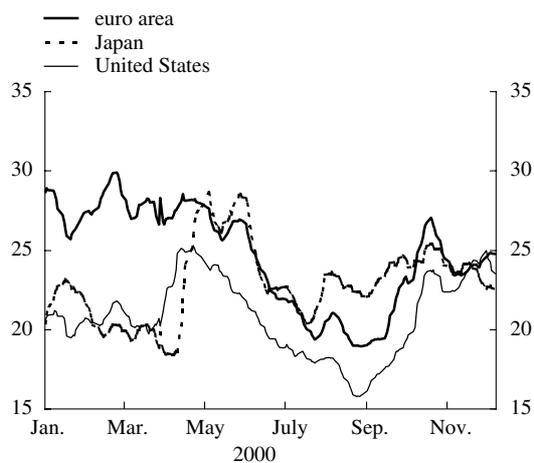
Although the increase in stock prices in Japan between end-October and early December contrasted with developments elsewhere, stock prices in Japan were nevertheless also subject to pronounced oscillations during this period. This seemed to be driven mainly by stock price swings in the United States, with the volatility of the high-technology segment of the US market, in particular, spilling over to broader market indices in Japan. Nevertheless, the overall resilience of the

Nikkei 225 index level seemed to be the result of a structural increase in stock purchases by Japanese investment funds.

Following the noticeable increases which took place in the second half of October, stock prices in the euro area declined again between end-October and early December continuing an overall downward tendency that had been apparent from March 2000 onwards. This further decrease brought the Dow Jones EURO STOXX index on 13 December down to a level which was 13% below the peak level of 7 March 2000. The recent price declines in euro area stock markets mainly reflected spillovers from the high-technology segment of the US stock market and repeated reports of lower than expected earnings growth for high-technology stocks (telecommunications and technology sectors) in the euro area. At the same time, reflecting an apparently heightened degree of sensitivity of market participants to incoming news with regard to the earnings prospects of firms in the euro

**Chart 15**  
**Implied stock market volatility in the euro area, United States and Japan**

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



Source: Bloomberg.

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

area, the general decline in stock prices was accompanied by large price fluctuations. This was evidenced by a marked pick-up in historical stock price volatility from 13% in the third quarter of 2000 to 22% thereafter (see Table 4). At the same time, implied volatility, which provides an indication of the degree of uncertainty which market participants attach to the likely future evolution of the stock market, increased slightly between end-October and early December (see Chart 15).

The telecommunications sector of the Dow Jones EURO STOXX index was most affected by perceptions of weakened earnings prospects and thus experienced the largest price decline of 12% between end-October and 13 December. This left the prices of telecommunications stocks by 13 December 34% lower than those which prevailed at end-1999. Large price declines were also observed

in the cyclical consumer goods sector of the Dow Jones EURO STOXX index, which dropped by 7% between end-October and 13 December, bringing the overall decline since end-1999 to 15%. The recent price declines in this sector may have been reinforced by the strengthened indications of a levelling-off of the pace of economic activity in the euro area.

Looking at the pattern of historical volatility across individual sectors of the euro area stock market in recent months, a notable feature has been the broadly based increase after end-September as compared with the third quarter. The main contribution to the overall increase again stemmed from the technology and telecommunications sectors, thus reflecting heightened uncertainties on the part of market participants as to the business prospects for these sectors.

**Table 4**  
**Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices**

(price changes in percentages; historical volatility in percent per annum)

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Health-care	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price changes</b>											
Q2 2000	-13.3	-5.3	6.0	5.0	6.9	21.4	-6.5	-0.8	-21.5	-8.2	-3.7
Q3 2000	-1.2	-0.2	0.6	3.0	5.0	17.5	-3.9	-8.8	-21.7	-1.4	-3.1
End-September to 13 December 2000	15.6	-6.9	-1.8	-5.7	-0.4	-1.6	1.2	1.8	-9.3	-3.0	-1.9
<b>Volatilities</b>											
Q2 2000	20.1	24.6	13.9	20.4	17.0	23.7	21.8	59.1	52.8	17.7	24.4
Q3 2000	14.4	13.8	14.2	22.1	10.3	21.3	13.2	38.1	34.2	10.1	13.4
End-September to 13 December 2000	22.5	24.5	13.8	24.3	18.2	22.2	18.4	57.7	42.0	16.1	22.2

Sources: STOXX and ECB calculations.

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

## 2 Price developments

### **HICP inflation declined slightly to 2.7% in October 2000**

In October 2000 the annual rate of increase in the overall Harmonised Index of Consumer Prices (HICP) in the euro area fell slightly from the high level of 2.8% reached in September to stand at 2.7%, thereby continuing to reflect oil price and exchange rate developments in the course of this year. While the year-on-year rate of increase in energy prices and, to a lesser extent, food prices declined between September and

October 2000, that in non-energy industrial goods prices and in services prices rose slightly. Consequently, the year-on-year rate of change in the HICP excluding seasonal food and energy rose further to 1.5% in October 2000 (see Box 3 for an analysis of price developments based on the breakdown of the HICP in the euro area by components).

The decrease in overall HICP inflation in October 2000 can mainly be explained by a fall in the annual rate of increase in energy prices from 15.5% in September (which was

#### **Box 3**

#### **An analysis of price developments: the breakdown of the overall HICP into its main components**

The Governing Council of the ECB has defined price stability in terms of the overall Harmonised Index of Consumer Prices (HICP) for the euro area. In the context of the implementation of the ECB's monetary policy strategy, a careful analysis of past and current developments in the HICP is undertaken as part of the analysis of a wide range of indicators conducted under the second pillar. Developments in the overall HICP are a reflection of movements in the various items contained in the HICP, weighted according to their share in consumer expenditure. At present, 94 different sub-components of the HICP are published by Eurostat. In order to facilitate the analysis of consumer price developments, more aggregated sub-indices have been built (see, in particular, Box 1 on "The Harmonised Index of Consumer Prices" in the article entitled "The role of short-term economic indicators in the analysis of price developments in the euro area" in the April 1999 issue of the ECB Monthly Bulletin). In its regular analysis of price developments presented in the Monthly Bulletin, the ECB usually focuses on data for the overall HICP and a breakdown into five main components (unprocessed food, processed food, energy, non-energy industrial goods and services).

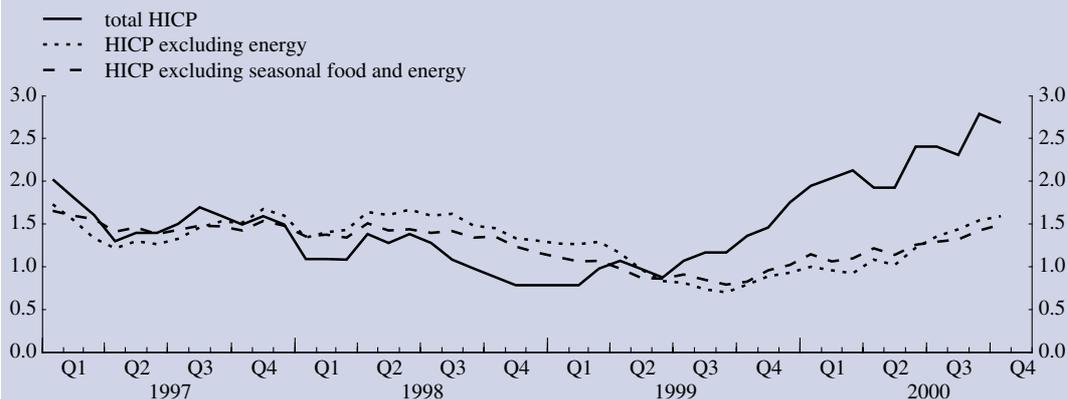
Broadly speaking, the grouping of individual price series into the five main components mentioned above is based on economic considerations. In particular, each component tends to comprise items which are related to either their use or their production and, thus, to the factors affecting their developments. For example, prices of unprocessed food items (i.e. meat, fish, fruit and vegetables) are strongly influenced by seasonal factors and weather conditions, whereas energy prices are for a large part closely related to developments in the world market price of oil. Hence, the sub-indices contained in these two main components are generally more dependent on exogenous or external factors than on domestic factors and their prices can fluctuate significantly in the short term. By contrast, the relatively less volatile prices of the items contained in the other main components are usually influenced more by developments in domestic factors such as wages and profit margins. However, they are also dependent on intermediate input costs and can, therefore, be influenced by a pass-through of changes in import prices along the domestic chain of production.

A detailed analysis of these components can help to identify and illustrate the forces behind developments in overall inflation. In addition, for analytical purposes, it can also be useful to look at aggregations of some of these components. This is identical to looking at measures of the HICP which exclude certain components, for example the HICP excluding energy or the HICP excluding energy and seasonal food (together with meat prices, seasonal food forms the unprocessed food component). In this respect, these narrower measures of consumer price inflation are useful in order to reveal the nature of "shocks" affecting price movements when

analysing current developments and assist in the assessment of risks to price stability over the medium term. However, which component should most usefully be excluded at any point in time depends on the nature of the shock in question.

### The HICP and the HICP excluding certain components in the euro area

(annual percentage changes; monthly data)



Source: Eurostat.

In the current situation, for example, it is insightful from an analytical point of view to exclude energy prices from the overall HICP. The tripling of the world market price of oil since January 1999 has led to a significant rise in the year-on-year rate of the HICP energy component over the past two years. When this component is excluded, the rate of increase in the HICP stood at 1.6% in October 2000, while overall HICP inflation was 2.7% in the same month (see the chart above). Comparing these two measures reveals that the rise in overall inflation rates over recent months has been largely a result of the direct impact of the increase in energy prices. At the same time, it shows that the increase in consumer prices excluding energy has also been on the rise since late 1999.

The exclusion of seasonal food prices (i.e. prices of fish, fruit and vegetables) or unprocessed food prices from the HICP can occasionally also be helpful. While favourable weather conditions, for example, led to a stronger than usual decline in the prices of fruit and vegetables in mid-1999, weather conditions were rather unfavourable in the middle of this year and led to a rise in those prices. Both factors are reflected in the significant increase in the annual rate of change in seasonal food prices over the summer months of 2000. Hence, the year-on-year rate of change in the HICP excluding seasonal food and energy stood at 1.5% in October 2000 and was therefore somewhat lower than HICP inflation excluding energy alone. As for meat prices, although they are not very much affected by seasonal or weather factors, they have also displayed a high degree of volatility recently, reflecting, for instance, demand shocks linked to concerns about meat safety. In October 2000 the year-on-year rate of increase in the HICP excluding unprocessed food and energy was 1.4%.

It should be noted that excluding certain items from the overall HICP does not imply that their movements can be disregarded from a monetary policy point of view. Households in the euro area ultimately have to rely on the maintenance of price stability for the whole basket of goods and services purchased by consumers. The primary objective of price stability in the euro area has therefore, for good reason, been defined in terms of the overall HICP. Moreover, in the case of energy prices, for example, there may be subsequent indirect and second-round effects on developments in the remaining components of the HICP. This is especially the case if the shock is a rather persistent phenomenon. In this respect, the narrower measures of HICP inflation are useful tools to facilitate the analysis and the illustration of developments in overall inflation, but they are not an objective for monetary policy.

**Table 5**  
**Price and cost developments in the euro area**

(annual percentage changes, unless otherwise indicated)

	1997	1998	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000
				Q4	Q1	Q2	Q3	June	July	Aug.	Sep.	Oct.	Nov.
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.6	1.1	1.1	1.5	2.0	2.1	2.5	2.4	2.4	2.3	2.8	2.7	.
<i>of which:</i>													
Goods	1.1	0.7	0.9	1.5	2.3	2.3	2.9	2.7	2.8	2.7	3.3	3.2	.
Food	1.4	1.6	0.6	0.4	0.4	0.9	1.9	1.2	1.6	2.0	2.1	2.0	.
Processed food	1.4	1.4	0.9	0.9	1.0	1.0	1.1	1.0	1.0	1.1	1.3	1.2	.
Unprocessed food	1.4	1.9	0.0	-0.3	-0.4	0.7	3.1	1.5	2.6	3.3	3.3	3.2	.
Industrial goods	1.0	0.1	1.0	2.1	3.3	3.0	3.4	3.5	3.3	3.0	4.0	3.8	.
Non-energy industrial goods	0.5	0.9	0.6	0.6	0.6	0.6	0.7	0.6	0.6	0.6	0.8	0.9	.
Energy	2.7	-2.6	2.4	7.9	13.7	12.3	13.6	14.5	13.4	11.9	15.5	14.5	.
Services	2.4	1.9	1.5	1.4	1.6	1.7	1.8	1.7	1.7	1.8	1.8	1.9	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	1.1	-0.7	-0.4	2.1	4.3	5.2	5.7	5.6	5.6	5.5	6.1	6.3	.
Unit labour costs <sup>2)</sup>	0.7	0.2	1.3	0.3	0.6	0.5	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.6	1.2	0.7	1.4	1.7	1.3	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	2.3	1.4	1.9	1.7	2.3	1.8	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	2.5	1.8	2.2	2.4	3.6	3.7	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	17.1	12.0	17.1	23.0	27.1	29.1	33.9	31.5	30.6	33.6	37.4	36.8	38.0
Commodity prices <sup>5)</sup>	12.9	-12.5	-3.1	14.0	19.9	18.3	18.0	12.9	14.3	18.3	21.4	23.1	18.2

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.

revised downwards by 0.5 percentage point)<sup>1</sup> to 14.5% in October which, in turn, is attributable to the fall in oil prices from €37.4 per barrel in September to €36.8 per barrel in October (see Table 5). A smaller contribution to the decline in overall HICP inflation in October 2000 came from developments in food prices. The year-on-year increase in both unprocessed and processed food prices fell by 0.1 percentage point to 3.2% and 1.2% respectively in October 2000. It would therefore appear that the strong upward movement of the annual rate of change in unprocessed food prices in the recent past, owing to poor weather conditions in mid-2000 and a base effect associated with the significant fall in these prices in mid-1999, has come to a halt.

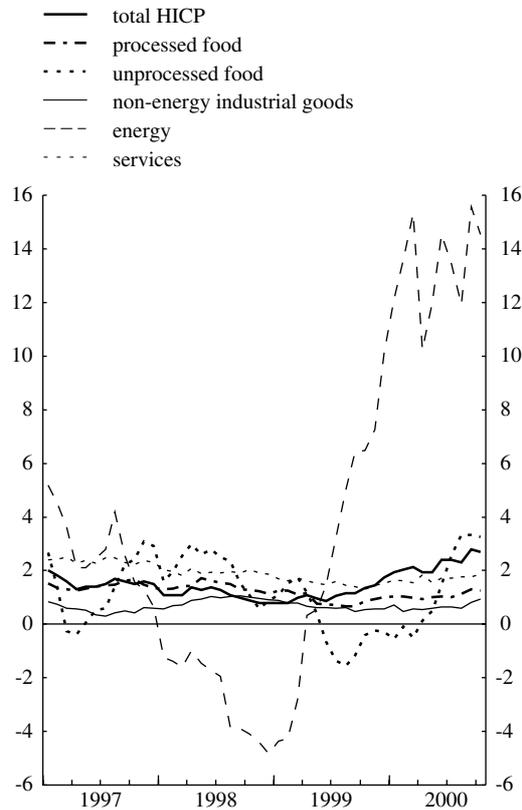
By contrast with developments in energy and food prices, the year-on-year increase in non-

energy industrial goods prices and in services prices rose slightly to 0.9% and 1.9% respectively in October 2000, up by 0.1 percentage point compared with September (see Chart 16). This increase in the year-on-year rate for non-energy industrial goods prices – combined with the 0.2 percentage point rise in September 2000 – is likely to be partly a result of the transmission of recent price increases at earlier stages in the production process, as reflected in industrial producer prices. The annual rate of change in services prices has gradually risen since the end of 1999 reflecting, inter alia, an increase in their

1 Although revisions to HICP data are quite rare, Eurostat recently revised indices, weights and inflation rates for some countries, as well as some aggregates for the euro area. These mainly small revisions were made in the context of a current review by Eurostat of the procedures for compiling these statistics.

**Chart 16**  
**Breakdown of HICP inflation in the euro area by components**

(annual percentage changes; monthly data)



Source: Eurostat.

energy sensitive components, such as transportation. This is another indication of the gradual pass-through of past oil price rises to consumer prices.

Against this background, there is some indication that the divergence in inflation rates across the euro area countries has increased somewhat. In this context, Box 4 analyses the inflation differentials within the euro area.

**Higher producer price increases in October 2000**

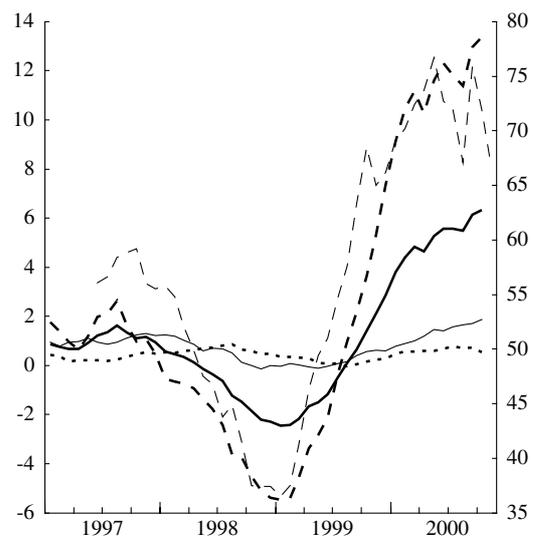
The year-on-year increase in industrial producer prices in the euro area rose from 6.1% in September to 6.3% in October 2000, continuing the upward movement observed

since last year. The rise in the annual rate of change in overall producer prices was attributable to developments in intermediate goods and consumer goods prices (see Chart 17). Despite the slight decline in the euro price of oil between September and October 2000, the year-on-year rate of change in intermediate goods prices increased from 13.0% in September to 13.4% in October 2000. The most recent increase was probably a result of the lagged effects of the strong rise in oil prices from August to September 2000. On account of the past depreciation of the euro, there is also likely to have been some further upward pressure from non-energy commodity prices, which recorded an annual rate of growth in euro terms of 23.1% in October 2000.

**Chart 17**  
**Producer prices and manufacturing input prices for the euro area**

(monthly data)

- PPI (left-hand scale) <sup>1)</sup>
- - - intermediate goods (left-hand scale)
- ..... capital goods (left-hand scale)
- consumer goods (left-hand scale)
- - - EPI (right-hand scale) <sup>2)</sup>



Sources: Eurostat and Reuters.

1) Producer Price Index; annual percentage changes; excluding construction.

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

## Box 4

### Inflation differentials within the euro area

Within the euro area, inflation rates can generally be expected to differ between countries for a number of reasons.<sup>1</sup> First, country-specific events may cause inflation rates in one country to deviate from those in the others. Second, common shocks may affect inflation at the national level in different ways, given that underlying trade and consumption patterns, production structures, tax systems, as well as financial and institutional structures vary across the euro area countries. Third, differences in inflation may also reflect, to some extent, the ongoing convergence of price levels among the euro area countries. The single monetary policy, the existence of a Single Market and cross-border price transparency have reduced the scope for substantial price differentials for tradable products. With regard to goods and services which are less easily tradable, the long-term convergence in productivity and living standards across the euro area should also lead to price level convergence, with inflation differentials arising during the transition period.

#### Statistical measures suggest that inflation differentials within the euro area have widened

The euro area economies have experienced a considerable degree of inflation rate convergence during the past decade.<sup>2</sup> Indeed, the criteria set out in the “Maastricht Treaty” played a key role in the successful convergence towards a high degree of price stability in the participating countries. However, it appears that inflation dispersion among the euro area countries has increased since mid-1997.

There are various ways to measure inflation divergence within the euro area and the chart below presents some of the most commonly used measures of inflation dispersion. The simplest measure is the spread between the highest and lowest HICP inflation rate observed among the euro area countries, which declined from the beginning of the observation period up to mid-1997 and then showed a tendency to increase. Because this spread concentrates on the extreme values of the distribution, it arguably gives excessive weight to the two countries which differ most in terms of inflation performance at any given point in time. Another simple measure of divergence is the spread between the (unweighted) average of the three countries with the highest and lowest HICP inflation rates respectively. This provides a more representative picture by reducing the impact of outliers.

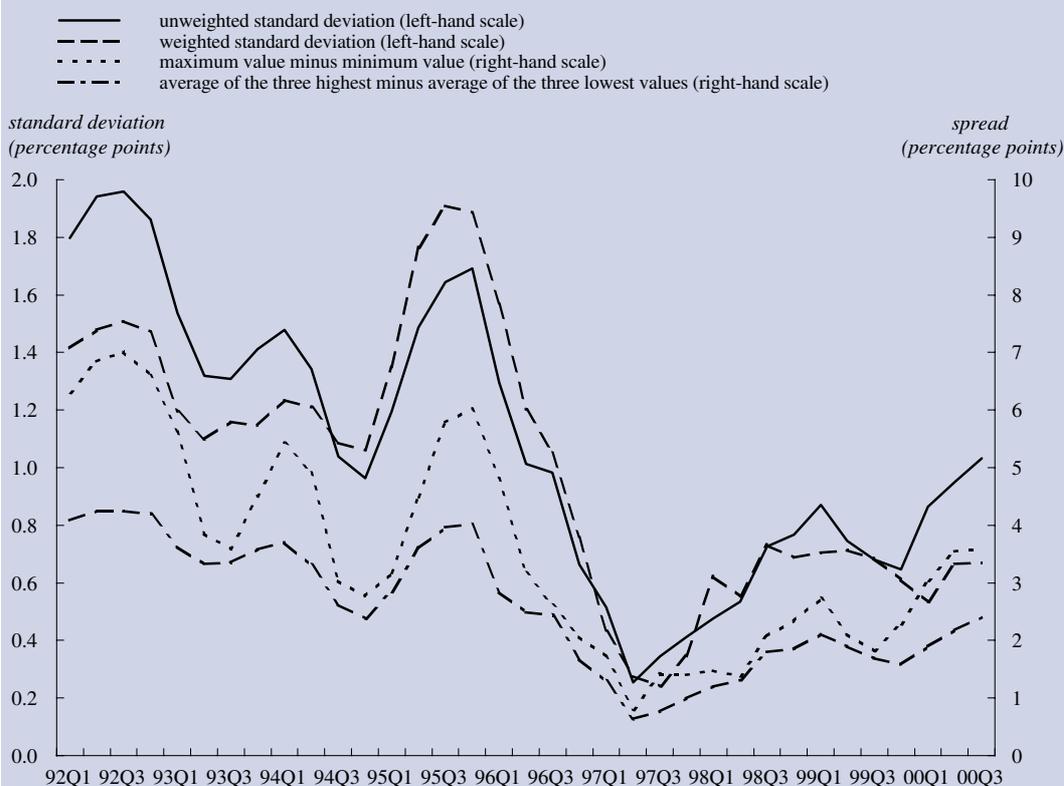
The standard deviation of inflation rates across countries may be used as another measure of inflation divergence in the euro area. The chart shows the weighted and unweighted standard deviations of HICP inflation from the euro area average. The weighted standard deviation takes into account the size of the countries in the calculation of dispersion, while the unweighted measure gives equal importance to all countries. As with the maximum-minimum spreads, the dispersion as measured by the standard deviations tended to fall up to mid-1997 and to rise thereafter, although the weighted standard deviation has been broadly stable since mid-1998. Thus, all selected measures seem to suggest that HICP inflation converged up to mid-1997, clearly supported by the process of convergence towards price stability as required by the Maastricht Treaty. The degree of inflation dispersion seems to have increased somewhat thereafter.

In order to understand better the factors behind the increase in inflation divergence over the past few years, it may be worth focusing on the various components of the HICP starting in the third quarter of 1997 (see the table below). A number of patterns can be observed. First, the widest and most volatile inflation differentials have emerged in product groups such as *food* and *energy*. Food prices have traditionally been the most vulnerable to specific shocks linked to differences in weather conditions and seasonal patterns. During the observation period, dispersion measures point to relatively large differences in unprocessed food price

<sup>1</sup> For an overview of the factors underlying inflation differentials within a monetary union, see the article entitled “Inflation differentials in a monetary union” in the October 1999 issue of the ECB Monthly Bulletin.

<sup>2</sup> For an overview of longer-term differentials in consumer price inflation, see the article entitled “Longer-term developments and cyclical variations in key economic indicators across euro area countries” in the July 1999 issue of the ECB Monthly Bulletin.

## Statistical measures of HICP inflation dispersion within the euro area



Sources: Eurostat and ECB calculations.

increases, but there is no clear trend in the dispersion. The higher dispersion in price increases for processed food in the course of 2000 is partly due to indirect tax rate hikes in one member country. With regard to energy price inflation, a clear upward trend in divergence is noticeable. This appears to have been caused by the recent steep rise in oil prices and the protracted depreciation of the euro, against a background of differing trade structures and energy consumption patterns among the euro area countries. Different national policy responses to the oil price shock may also have added to the divergence. Second, *non-energy industrial goods* included in the HICP not only show the smallest, but also the least volatile inflation differentials. For non-energy industrial goods the degree of inflation divergence has not increased recently, despite varying degrees of national exposure to higher import and energy prices – although only a partial pass-through of these factors has been seen so far. This seems to reflect the effect of competition in the tradable goods sector, especially in the context of a single market with a single currency. Third, in respect of *services* price inflation, all dispersion measures show a clear upward trend. Widening services price inflation differentials may be explained by increasing differences in national unit labour cost developments and different national cyclical movements, both of which affect profit margins. Partly, they also reflect the differential price effects of uneven progress in labour market reform and deregulating telecommunications and utilities markets across the euro area countries. Moreover, higher oil prices may have been passed on to prices for transport services to varying degrees.

Overall, the recent widening of inflation spreads within the euro area can be associated, firstly, with differences in exposure to, and the pass-through of, oil price developments, reinforced by various changes in administered prices and indirect taxation at the national level and, secondly, with an increase in services price inflation differentials, which seems to reflect differences in domestic cost and price pressures. Provided that oil prices stabilise or fall in the next few quarters as indicated by futures markets, that part of the recent widening of inflation differentials which is associated with the steep rise in energy prices is likely to prove temporary.

## Dispersion of HICP inflation and its components within the euro area<sup>1)</sup>

(statistical measures of dispersion in percentage points)

	1997 Q3	1998 Q3	1999 Q3	2000 Q3
<b>HICP</b>				
Maximum value minus minimum value	1.4	2.1	1.9	3.7
Average of the three highest minus average of the three lowest values	0.8	1.8	1.7	2.4
Unweighted standard deviation	0.3	0.7	0.7	1.0
Weighted standard deviation	0.2	0.7	0.7	0.6
<b>Unprocessed food</b>				
Maximum value minus minimum value	6.2	6.6	5.6	4.7
Average of the three highest minus average of the three lowest values	4.4	4.6	4.6	3.3
Unweighted standard deviation	1.8	1.9	1.9	1.4
Weighted standard deviation	1.9	1.3	1.5	1.6
<b>Processed food</b>				
Maximum value minus minimum value	4.7	3.9	3.9	7.2
Average of the three highest minus average of the three lowest values	3.5	2.1	3.0	3.9
Unweighted standard deviation	1.5	1.0	1.2	1.9
Weighted standard deviation	1.2	0.3	1.3	1.0
<b>Energy</b>				
Maximum value minus minimum value	8.1	6.6	9.6	13.3
Average of the three highest minus average of the three lowest values	3.8	4.4	6.0	8.5
Unweighted standard deviation	2.1	1.8	2.6	3.4
Weighted standard deviation	1.7	1.1	2.4	1.7
<b>Non-energy industrial goods</b>				
Maximum value minus minimum value	3.1	2.3	2.7	2.6
Average of the three highest minus average of the three lowest values	2.1	1.6	2.2	1.9
Unweighted standard deviation	0.9	0.7	0.9	0.8
Weighted standard deviation	0.6	0.7	0.6	0.8
<b>Services</b>				
Maximum value minus minimum value	2.5	2.7	3.2	5.6
Average of the three highest minus average of the three lowest values	2.1	2.4	2.4	3.7
Unweighted standard deviation	0.8	0.9	1.0	1.5
Weighted standard deviation	0.7	0.9	1.0	1.1

Sources: Eurostat and ECB calculations.

1) The table compares the latest available quarterly information with the same period in previous years.

### The role of the single monetary policy and national economic policies

Differences in inflation developments between euro area countries do not necessarily warrant concern, as long as they remain relatively small and temporary or they reflect a catching-up of productivity and living standards in certain euro area countries. By contrast, if one country were to show a sizeable, growing and unsustainable divergence in inflation from the level in other euro area countries, this would be a cause for concern to national policy-makers. The single monetary policy of the ECB has to be geared towards the objective of price stability for the euro area as a whole and cannot influence the dispersion of inflation rates across the euro area. Should action be required, national policy-makers would need to respond. In this context, national fiscal policies would have to be able to play their part. Sound public finances would provide scope for the automatic stabilisers to play their role. In an environment of strong output growth, national fiscal policy should avoid giving any unwarranted expansionary impulse to the economy. A key contribution may also be expected from the social partners, as they need to ensure that wage developments remain conducive to domestic price stability and a high level of employment. In addition, it is of vital importance to continue to implement reforms in product, labour and capital markets aimed at increasing the overall flexibility of the economy. This would also enhance individual economies' capacity to absorb and respond to shocks, whether country-specific or euro area-wide.

With regard to the other components of producer prices, the year-on-year rate of change in consumer goods prices also increased and stood at 1.9% in October 2000, 0.2 percentage point higher than in September. This rise reflected higher price increases in durable as well as non-durable consumer goods. The annual rates of change in consumer goods prices have followed a modest upward trend since mid-1999. The latest 0.2 percentage point increase lends further support to the view that higher raw material and intermediate input prices are having some upward effect on producer prices further along the chain of production. By contrast, the annual rate of change in capital goods prices decreased by 0.1 percentage point to 0.6% between September and October 2000. Price developments in this component have remained rather subdued since the start of this year.

Looking towards the likely developments in producer prices in November 2000, the rise in the price of a barrel of oil from €36.8 in October to €38.0 in November is expected to have exerted further upward pressure on producer prices. In addition, with regard to the final goods components, in particular consumer goods prices, a continuation of the gradual pass-through of the past rise in intermediate goods prices can be expected. Moreover, in November 2000, the Eurozone Price Index (EPI), which surveys manufacturing input prices in the euro area, remained – despite its recent decline – at a relatively high level and thus continues to point to ongoing producer price increases in the euro area.

### **Wage developments remained moderate in the first half of 2000**

While overall wage developments remained moderate in the first half of 2000, growth in total hourly labour costs was strong. As already reported in the November issue of the ECB Monthly Bulletin, growth in total hourly labour costs in the euro area stood at

3.6% and 3.7% respectively in the first and second quarters of 2000. This represents a considerable increase in measured hourly labour cost growth compared with developments in 1999. However, a number of factors which appear to be one-off in nature have to some extent contributed to this increase. For example, bonus and other one-off payments in several euro area countries had an upward impact on the rate of growth in the first quarter of 2000. In addition, the implementation of the 35-hour working week in France also made a significant contribution to the sustained rise in the first half of 2000. Hence, the figures on hourly labour cost growth in recent quarters should be interpreted with caution.

Information from other sources provides evidence of more moderate wage growth. The annual rate of change in compensation per employee fell by 0.5 percentage point to 1.8% between the first and second quarters of 2000. This was reflected in an only small decline in unit labour cost growth from 0.6% in the first quarter to 0.5% in the second, as labour productivity growth also declined by 0.4 percentage point over the same period. Overall, growth in unit labour costs in the first half of 2000 was considerably below that recorded in 1999.

### **Overall HICP inflation is likely to remain above 2% for some time**

The short-term outlook for overall consumer price developments in the euro area will crucially depend on external factors, particularly developments in oil prices and the exchange rate of the euro. Since the middle of November 2000, world market prices of oil have fallen considerably, and the exchange rate of the euro strengthened in late November and early December. If these developments continue, the annual rate of change in energy prices is likely to decrease more quickly than previously expected, reflecting the immediate impact of lower oil prices and also base effects as earlier energy price increases will drop out of the year-on-

year changes. Therefore, the contribution from energy prices to overall HICP inflation may decline further in the coming months. However, mainly depending on the exchange rate of the euro and the uncertain future developments in commodity prices, it may take some time for HICP inflation to come back to a rate below 2%.

Counteracting this possible downward direct impact from energy prices, indirect effects associated with past increases in import and producer prices could be expected to exert further upward pressure on the non-energy components of the HICP for some time to come. More generally, price developments

will also depend on domestic factors. In this respect, continued strong economic growth, high capacity utilisation rates and a tightening of the labour market may put upward pressure on profit margins and wages over the next two years (see the "Staff economic projections for the euro area" section). With regard to wages, in most euro area countries, existing wage agreements broadly point to a continuation of moderate wage developments in 2000 and also partly in 2001. Beyond this, the outlook for price developments will depend to a large extent on the outcome of new wage agreements which are due to be negotiated in the course of 2001 and 2002.

### **3 Output, demand and labour market developments**

#### **Slightly lower GDP growth in the third quarter of 2000**

Eurostat's first estimate of real GDP growth for the euro area in the third quarter of 2000 shows a slight slowdown, to 0.7% quarter-on-quarter (see Table 6). This follows rates of 1% in the last two quarters of 1999, and 0.9% and 0.8% in the first and second quarters of 2000 respectively. In view of the rapid and prolonged increase in oil prices over the past months, the slowdown in growth in the third quarter of this year has been moderate. Year-on-year growth declined from 3.7% in the second quarter of 2000 to 3.4% in the third quarter.

The slight decline in growth up to the third quarter of 2000 was accounted for by smaller contributions to GDP growth from net exports. After having been positive for four quarters from the second quarter of 1999 to the first quarter of 2000, the contribution from net trade to GDP growth turned negative, falling to -0.1 percentage point in the second quarter of this year, and declining further to -0.2 percentage point in the third quarter. Export volumes increased strongly in the third quarter of this year, by 3% quarter-on-quarter, which is faster than the growth rates seen in the first half of 2000.

However, this was offset by an even more rapid increase in imports, which stood at 3.7% quarter-on-quarter in the third quarter, after 2.5% on average over the first half of 2000.

Turning to the components of domestic demand, slower growth in private consumption reduced the contribution to growth from final domestic demand (i.e. excluding changes in inventories). Private consumption rose by 0.4% quarter-on-quarter in the third quarter of this year, compared with an average growth rate of 0.8% in the first half of 2000. This slowdown in growth of private consumption is somewhat more pronounced than would have been suggested by the level of consumer confidence and the expected continued strong growth in employment in the third quarter of this year. Government consumption increased by 0.2% quarter-on-quarter, also slightly lower than the average growth rate over the first half of 2000. Meanwhile, growth in investment, at 1.3% quarter-on-quarter in the third quarter, remained as strong as that seen on average in the first half of this year. Lastly, changes in inventories contributed 0.3 percentage point to euro area GDP growth in the third quarter of 2000, offsetting the slowdown in growth of private consumption. As a result, the contribution to GDP growth from domestic

demand including changes in inventories remained broadly stable over the past four quarters, at around 0.8 percentage point.

### Robust growth in manufacturing production in the third quarter of 2000

Data for the euro area manufacturing sector in the third quarter of this year indicate continued strong activity, despite higher oil prices. Production in the manufacturing sector rose by 1.8% quarter-on-quarter and 6.3% year-on-year in the third quarter of 2000, both rates being unchanged from those recorded in the previous quarter (see Table 7). In particular, the capital goods and durable consumer goods sectors contributed to a high rate of growth in manufacturing output in the third quarter of this year, with output rising quarter-on-quarter by 2.7% and 2.1% respectively. A lower growth rate was observed in the intermediate goods sector at 0.9% quarter-on-quarter. Increases in oil prices have led to rapid rises in prices of intermediate goods, which may have depressed demand for products of this sector.

While growth rates in industrial production excluding construction and in manufacturing have been very similar since the beginning of 1999, they differed markedly in the third quarter of this year: by contrast with robust growth in manufacturing production, growth in industry excluding construction slowed down significantly. In the third quarter of 2000, euro area industrial production excluding construction increased by 1.0% quarter-on-quarter, following a 1.7% rise in the second quarter. Manufacturing accounts for nearly 90% of industry excluding construction and differences in developments in the two sectors should be explained by the production of extraction industries (i.e. mining and quarrying). Monthly data imply volatile levels of activity in extraction industries since the beginning of 2000, which may have been accentuated by uncertainty regarding oil prices. Data on the manufacturing sector may, therefore, currently provide a better insight into underlying trends in industry excluding construction. With regard to the construction sector, after having declined moderately for two consecutive quarters, output increased slightly in the third quarter

**Table 6**  
**Composition of real GDP growth in the euro area**

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates <sup>1)</sup>								Quarterly rates <sup>2)</sup>				
	1997	1998	1999	1999	1999	2000	2000	2000	1999	1999	2000	2000	2000
				Q3	Q4	Q1	Q2	Q3	Q3	Q4	Q1	Q2	Q3
Real gross domestic product of which:	2.3	2.7	2.5	2.6	3.3	3.5	3.7	3.4	1.0	1.0	0.9	0.8	0.7
Domestic demand	1.7	3.4	3.0	3.0	2.9	2.6	3.1	3.4	0.6	0.8	0.8	0.9	0.9
Private consumption	1.5	3.0	2.7	2.6	2.6	2.5	2.9	2.6	0.7	0.6	0.9	0.7	0.4
Government consumption	0.9	1.1	1.5	1.6	1.5	1.7	1.6	1.4	0.4	0.4	0.7	0.2	0.2
Gross fixed capital formation	2.2	4.8	5.3	5.8	5.4	5.4	4.9	4.3	1.9	0.2	1.8	0.9	1.3
Changes in inventories <sup>3) 4)</sup>	0.1	0.4	0.0	-0.1	-0.1	-0.3	0.0	0.6	-0.3	0.3	-0.2	0.3	0.3
Net exports <sup>3)</sup>	0.6	-0.6	-0.5	-0.3	0.5	0.8	0.7	0.1	0.4	0.2	0.1	-0.1	-0.2
Exports <sup>5)</sup>	10.4	7.0	4.7	5.7	10.2	12.8	12.1	11.7	3.3	3.4	2.6	2.2	3.0
Imports <sup>5)</sup>	9.0	9.5	6.4	7.1	9.2	10.8	10.7	12.0	2.4	2.9	2.4	2.6	3.7

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.

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

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000			2000			2000			2000				
			July	Aug.	Sep.	July	Aug.	Sep.	July	Aug.	Sep.	Apr.	May	June	July	Aug.
			month-on-month						three-month moving averages							
Total industry excl. construct.	4.2	1.9	5.4	6.5	5.7	0.6	0.5	0.8	2.1	1.7	1.2	0.6	1.0			
Manufacturing	4.7	1.9	5.7	7.2	6.1	1.4	1.7	-0.6	2.1	1.8	1.4	1.1	1.8			
by main industrial groupings:																
Intermediate goods	4.0	2.3	5.0	6.2	4.8	1.0	0.3	0.6	1.9	1.4	1.2	0.2	0.9			
Capital goods	6.5	1.5	8.1	11.9	10.1	0.8	1.9	0.7	3.1	2.8	2.3	2.2	2.7			
Consumer goods	5.6	3.0	6.8	8.7	5.7	1.9	2.2	-1.8	2.4	2.1	1.5	1.4	1.9			
Durable consumer goods	6.3	3.2	7.8	10.5	6.2	2.2	2.5	-2.1	2.5	2.0	1.4	1.4	2.1			
Non-durable consumer goods	1.9	1.5	1.6	1.4	2.3	0.1	0.3	0.3	1.6	2.9	2.0	1.4	0.9			

Sources: Eurostat and ECB calculations.

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

of 2000. After very strong growth rates in 1999, output in the construction sector has remained broadly unchanged so far this year.

#### Survey evidence may indicate slightly slower growth in industry in late 2000

Recent survey evidence points to a possible slowdown in industrial activity in the final months of 2000. In November 2000, industrial

confidence according to the European Commission Business Survey declined slightly (see Table 8). However, this indicator has remained at a high level and, in November 2000, was close to its peak recorded in June 2000. The picture of a slight slowdown in growth compared with rates seen mid-year is also conveyed by the business climate indicator, which the European Commission has started to publish and is based on the European Commission Business Survey. This

**Table 8**  
**Results from the European Commission Business and Consumer Surveys for the euro area**

(seasonally adjusted data)

	1997	1998	1999	2000				2000				2000			
				Q4	Q1	Q2	Q3	June	July	Aug.	Sep.	Oct.	Nov.		
Economic sentiment index <sup>1)</sup>	2.4	2.9	0.0	1.0	1.1	0.2	-0.4	0.0	0.0	0.0	-1.0	-0.1	-0.1		
Consumer confidence indicator <sup>2)</sup>	-4	6	8	10	11	11	10	10	11	12	8	8	8		
Industrial confidence indicator <sup>2)</sup>	3	6	0	6	10	13	13	15	14	13	13	13	12		
Construction confidence indicator <sup>2)</sup>	-12	2	14	18	21	23	23	24	23	26	20	23	20		
Retail confidence indicator <sup>2)</sup>	-4	2	0	-2	5	8	3	12	2	2	4	4	2		
Business climate indicator <sup>3)</sup>	0.3	0.7	-0.1	0.5	1.1	1.4	1.4	1.7	1.4	1.4	1.4	1.4	1.2		
Capacity utilisation (%) <sup>4)</sup>	81.4	82.9	82.0	82.5	83.4	83.8	84.3	-	83.9	-	-	84.7	-		

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

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) Units defined as points of standard deviation.

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

indicator steadily increased throughout 1999 and in the first half of 2000. It reached a record high in June 2000, remained unchanged at a slightly lower level from July to October and declined further in November 2000. The Purchasing Managers' Index (PMI) also declined in November 2000, although it continued to indicate growth in manufacturing production (see Chart 18). The PMI has decreased markedly since May 2000, pointing to a substantial slowdown in growth of industrial production, which has not been supported by actual data. By contrast, data on industrial production have followed a pattern similar to that of industrial confidence. With regard to the construction sector, the level of confidence indicated by

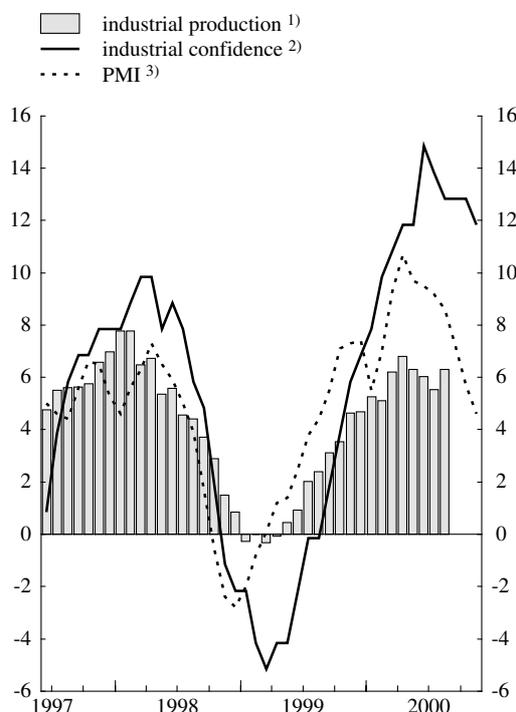
the European Commission Business and Consumer Surveys was lower in November 2000 than in the previous month, although it remained close to the high levels seen throughout this year and well above longer-term averages.

### Consumer confidence remained stable from September to November 2000

Consumer confidence remained unchanged between September and November 2000, albeit at a level somewhat below its August 2000 peak and the high levels that had been seen since the beginning of this year. Lower consumer confidence in recent months is mainly attributable to a slightly less favourable assessment by households of the general economic situation. Uncertainty surrounding the impact of high oil prices is likely to have adversely affected households' optimism about economic prospects. However, the assessment by households of both their present and future personal financial situations has remained broadly unchanged throughout the year. In particular, continuous growth in employment and the steady decline in unemployment may have supported the positive assessment by households of their own financial situation and underpinned growth in private consumption.

The negative impact of higher oil prices on private consumption may, therefore, remain moderate. In line with this analysis, volumes of retail sales continued to grow in the third quarter of 2000, albeit at slightly lower rates. In the third quarter of 2000, retail sales volumes increased by 2.8% year-on-year and 0.5% quarter-on-quarter (see Chart 19). In particular, sales of household equipment increased by 4.4% year-on-year and 0.9% quarter-on-quarter. In November 2000, new passenger car registrations increased by 1.9% month-on-month. From January to November 2000, new passenger car registrations fell by 2.5% compared with the same period in 1999. However, caution is warranted when interpreting these data in terms of

**Chart 18**  
Industrial production, industrial confidence and the PMI for the euro area  
(monthly data)



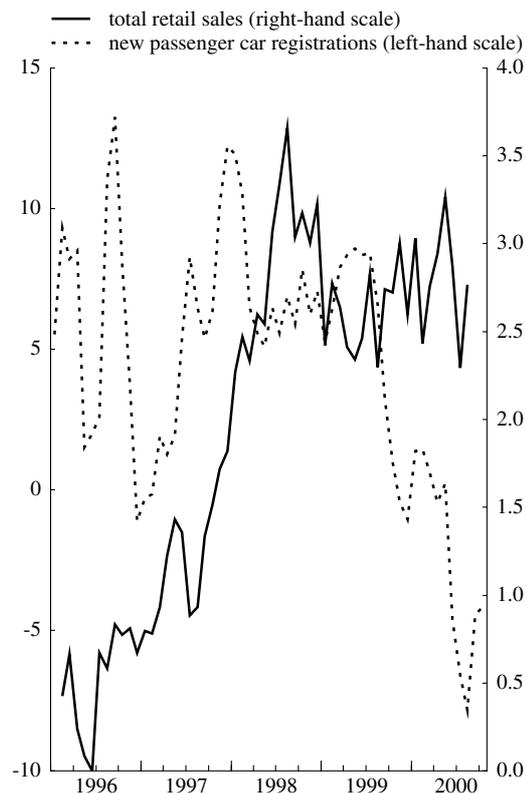
Sources: Eurostat, European Commission Business and Consumer Surveys, Reuters and ECB calculations.

- 1) Manufacturing; 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.

## Chart 19

### New passenger car registrations and retail sales in the euro area

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



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

developments in overall consumer spending, as new passenger car registrations tend to be affected by factors specific to this market.

#### Outlook for growth remains positive

Overall, survey evidence suggests that activity may have slowed slightly in the second half of this year. High oil prices over a prolonged period are likely to have dampened real income and profit growth and to have increased uncertainty about future developments, with a negative impact on private consumption and output. However, available information relating to activity up to the third quarter of this year supports the view that the resilience of the euro area economy to such shocks has much improved

since the 1970s and that the impact on the real economy may remain moderate. In particular, sustained strong increases in investment and high industrial confidence in the third quarter of this year suggest that businesses are confident about future growth prospects. The analysis that the impact of oil prices on the real economy will remain moderate is common to the forecasts from various institutions and the economic projections by Eurosystem staff (see the "Staff economic projections for the euro area" section). Moreover, other factors are expected to support growth in the euro area over the coming years. Private consumption will notably be underpinned by cuts in direct taxes and further improvements in the labour markets. High profitability and capacity utilisation levels should sustain investment. Prospects for domestic demand are, therefore, positive. On the external side, euro area exports should be boosted by strong growth of the global economy and past gains in competitiveness.

Uncertainty surrounding the outlook for euro area growth mainly stems from external factors. In particular, world growth may slow down more rapidly than currently envisaged with a potential negative impact on euro area exports. Furthermore, although recent developments in oil prices have been rather favourable, their prospective future levels remain uncertain. In this connection, while households and firms may reduce their savings ratio or increase borrowing in response to what is perceived as a temporary increase in oil prices, sustained high levels of oil prices may lead them to revise their expectations and may hence reduce growth in consumption and investment.

#### Early estimates point to continued strong employment growth in the third quarter of 2000

An early estimate of employment growth in the euro area in the third quarter of 2000, based on available national information, points to a quarter-on-quarter growth rate slightly

**Table 9****Employment growth in the euro area***(annual percentage changes, unless otherwise indicated; seasonally adjusted)*

	1998	1999	1999				2000				2000 May	2000 June	2000 July
			Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2			
			Quarterly rates <sup>1)</sup>										
Whole economy <sup>2)</sup>	1.6	1.8	1.8	1.8	1.8	2.1	0.5	0.4	0.6	0.6	-	-	-
Total industry excl. construct.	0.2	-0.7	-0.9	-0.7	-0.3	-0.1	-0.2	0.0	0.2	0.0	-0.1	0.0	0.2
Manufacturing	0.5	-0.5	-0.8	-0.5	0.0	0.4	-0.1	0.1	0.3	0.1	0.4	0.5	0.6

Sources: National data and Eurostat (Short-term Business Statistics).

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

2) Excluding Belgium and Ireland.

below the 0.6% that was recorded in the first two quarters of the year. This would be close to the average growth rate observed during the current phase of employment growth which began in 1997. It would also imply a slightly lower rate of net job creation year-on-year in the third quarter of 2000 compared with the previous quarter, in line with recent developments in economic activity.

Up to the second quarter, employment growth in industry excluding construction continued to be supported by the recovery in the manufacturing sector (see Table 9). Indeed, the positive rates of growth posted by the manufacturing sector since the last quarter of 1999 have recently caused the quarter-on-quarter growth rates recorded in total industry excluding construction to turn positive. Despite a slight slowing down in the construction sector, these developments continue to portray a broadly positive picture of employment growth in the industrial sector as a whole. At the same time, employment growth in the services sector continued to be strong up to the second quarter of 2000, in line with continued robust growth in domestic demand.

**Employment expectations remain positive**

Employment expectations for the euro area continue to point to ongoing strong employment growth in the second half of

2000. Employment expectations in the manufacturing sector, which in the past have been a reliable indicator of employment

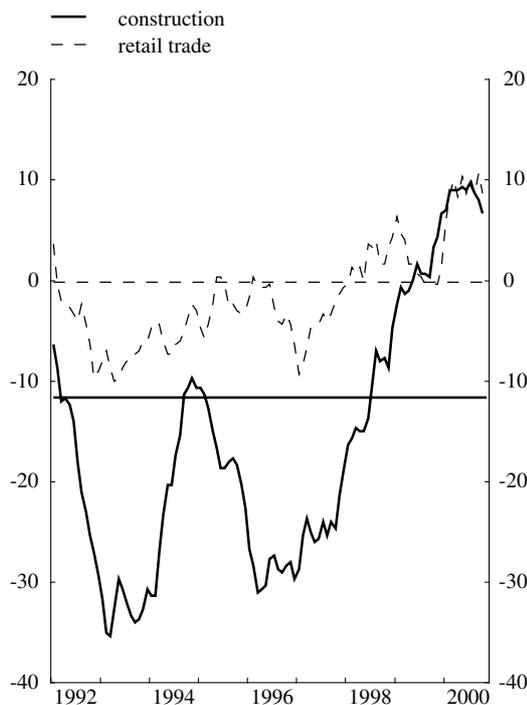
**Chart 20****Employment growth and employment expectations in manufacturing in the euro area***(annual percentage changes; percentage balances for employment expectations)*

Sources: Eurostat and European Commission Business and Consumer Surveys.

Note: The horizontal line is the average of employment expectations over the period from 1985.

## Chart 21 Employment expectations in the euro area

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



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

growth in manufacturing, suggest a further increase in net job creation in the second half of 2000. Indeed, the data released in the European Commission Business and Consumer Surveys for the third and fourth quarters of 2000 continue to indicate a positive development in employment expectations (see Chart 20). The results for the construction and retail trade sectors also signal a positive outlook. Employment expectations in both sectors up to October 2000 have remained at historically high levels (see Chart 21), supporting the indications discussed above of a sustained pace of employment growth in both sectors in the third quarter of 2000. The results of the Purchasing Managers' Surveys for employment in the manufacturing and the services sectors also suggest continued employment growth in the third quarter of the year.

## The unemployment rate resumed its decline in October 2000

In October 2000, the standardised rate of unemployment in the euro area fell to 8.9% of the labour force, after having remained stable in the previous three months at 9.0% (see Chart 22). The stabilisation of the rate of unemployment during the summer months, as already seen in 1999, could be attributed to a change in the seasonal pattern in recent years. In October 2000 the number of unemployed decreased by more than 140,000 compared with September, clearly above the average for the first half of the year, leading to a reduction compared with the same month in 1999 of over 1.1 million unemployed persons.

The fall in the unemployment rate in October was, with few exceptions, broadly based at the national level. It is worth noting that during 2000 the most significant reductions have continued to be concentrated in those countries with the highest unemployment rates, partly reflecting strong economic growth, but also some progress in labour market reform. As a result, the dispersion of unemployment rates has continued to diminish during the course of the year.

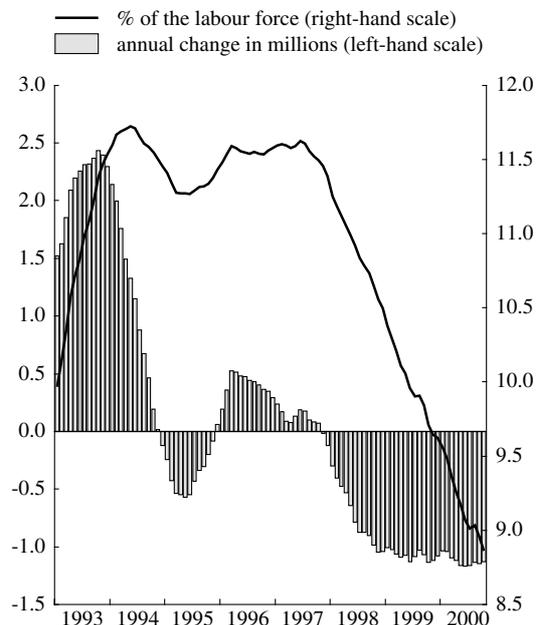
In terms of the breakdown by age, the unemployment rate for those aged 25 and above remained unchanged in October compared with September 2000 at 7.8% (see Table 10). The latter rate was revised downwards by 0.1 percentage point. At the same time, the unemployment rate for young people (those below 25 years of age) fell from 17.3% in September to 17.1% in October 2000. The September figure was revised downwards by 0.2 percentage point. Both age groups recorded month-on-month reductions in October 2000 in line with those of the first half of the year and higher than in the past few months. However, developments in annual terms show a slight slowdown in the rate of decline in unemployment for young people since the beginning of the year, while for those aged 25 years and above the rate of decline has been increasing. This could

**Table 10****Unemployment in the euro area***(as a percentage of the labour force; seasonally adjusted)*

	1997	1998	1999	1999	2000	2000	2000	2000	2000	2000	2000	2000	2000
				Q4	Q1	Q2	Q3	May	June	July	Aug.	Sep.	Oct.
Total	11.6	10.9	10.0	9.7	9.5	9.2	9.0	9.2	9.1	9.0	9.0	9.0	8.9
Under 25 years <sup>1)</sup>	23.2	21.3	19.1	18.2	18.0	17.5	17.4	17.5	17.3	17.3	17.5	17.3	17.1
25 years and over <sup>2)</sup>	9.9	9.4	8.7	8.5	8.3	8.0	7.9	8.0	8.0	7.9	7.9	7.8	7.8

*Source: Eurostat.**Note: According to ILO recommendations.**1) In 1999 this category represented 23.3% of total unemployment.**2) In 1999 this category represented 76.7% of total unemployment.*

reflect an increase in participation rates among those below 25 years of age, as already observed in 1998 and 1999.

**Chart 22****Unemployment in the euro area***(monthly data; seasonally adjusted)**Source: Eurostat.***The labour market situation is expected to continue to improve**

The signs of continued employment growth, together with the further reduction in the unemployment rate, point to additional improvements in the labour market in the short term. This progress mainly reflects the expansion of economic activity in the euro area and the implementation of labour market policies (such as incentives for part-time contracts and reductions in social security contributions), but also moderate wage developments.

In the medium term, sustained growth in employment is expected, leading to a continued fall in unemployment. Nevertheless, structural reform efforts in labour and product markets should be pursued in order to reduce structural unemployment in the euro area and to foster labour market participation. These efforts should help to mitigate the emergence of labour shortages as the expansion continues, thereby reducing the risk of significant upward pressures on wages.

## 4 Fiscal developments

### Modest budgetary improvements in 2000 and 2001, despite strong economic growth

Current estimates of fiscal developments in 2000 broadly confirm the overall view held in early summer this year. The average general government deficit-to-GDP ratio in the euro area, net of the proceeds from the sales of UMTS licences, will amount to some 0.8%, i.e. half a percentage point lower than in 1999, according to the most recent economic forecasts by the European Commission (see Table 11). This is marginally better than the deficit ratio of 0.9% forecast in the spring by the same institution (see the June 2000 issue of the ECB Monthly Bulletin). The euro area primary surplus ratio is also expected to improve slightly from 3.0% to 3.3%, instead of the 3.1% projected in the spring. Including the one-off proceeds from the sale of UMTS licences, the general government deficit ratio will turn into a surplus ratio of 0.3% as projected by the European Commission and the OECD.

According to the latest Commission forecasts, the budget targets envisaged for 2000 in Member States' updated stability programmes would be surpassed on average in the euro area, although this may not necessarily be the case for each individual country. The more positive picture relative to the stability programmes is mainly the result of revenues that exceeded expectations by some 1% of GDP. This is related to the favourable macroeconomic environment and, in some countries, also to the adoption of fairly cautious initial growth assumptions. Oil and asset price developments may also have temporarily boosted revenues from value added tax and capital gain-related taxes. The revenue-to-GDP ratio in 2000 will therefore remain near the all-time high reached in 1999. However, much of the revenue increase is not being used to accelerate deficit reduction, but rather to finance additional expenditure. Compared with the spring forecast of the Commission, expenditure has been revised upwards by almost the same magnitude as revenue, in spite of reduced pressure from unemployment-related outlays.

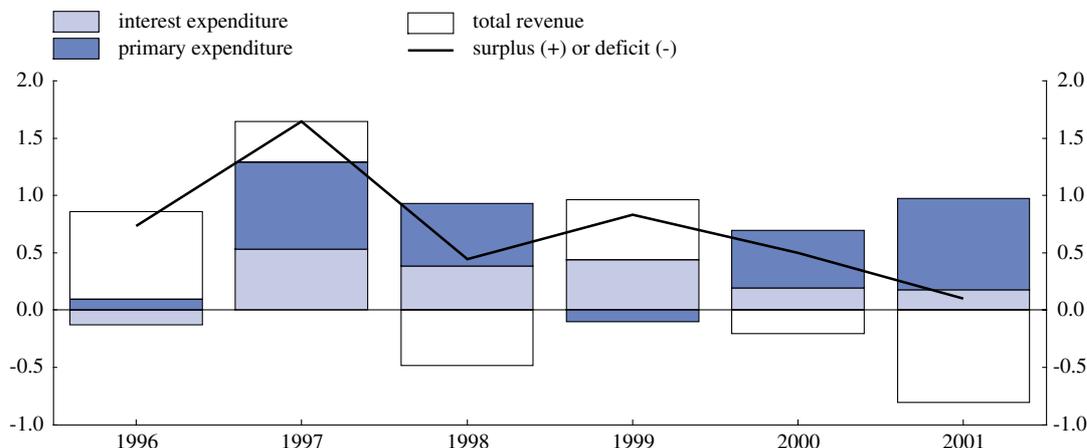
**Table 11**  
**Projection of fiscal developments in the euro area**  
(as a percentage of GDP)

		1999	2000	2001
<b>Budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	-1.3	-0.8	-0.7
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	-1.4	-1.1	-1.0
<b>Budget balance</b> (including UMTS revenue)	European Commission <sup>1)</sup>	-1.3	+0.3	-0.5
	OECD <sup>2)</sup>	-1.3	+0.3	-0.5
	Stability programmes <sup>3)</sup>	-	-	-
<b>Cyclically adjusted budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	-0.8	-0.7	-0.8
	OECD <sup>2)</sup>	-0.6	-0.6	-0.8
	Stability programmes <sup>3)</sup>	-	-	-
<b>Primary budget balance</b> (excluding UMTS revenue)	European Commission <sup>1)</sup>	+3.0	+3.3	+3.2
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	+3.0	+3.1	+3.1
<b>Gross debt</b>	European Commission <sup>1)</sup>	72.1	69.8	67.5
	OECD <sup>2)</sup>	-	-	-
	Stability programmes <sup>3)</sup>	72.4	71.1	69.7

1) Economic forecasts, autumn 2000.

2) Economic Outlook, preliminary edition, November 2000, excluding Luxembourg and including Greece for all years.

3) European Commission figures on the basis of governments' updated stability programmes, late 1999 and early 2000.

**Chart 23****Annual changes in the average euro area budgetary position: contributions of revenue, primary expenditure and interest expenditure***(in percentage points of GDP)**Sources: European Commission and ECB calculations.**Note: Positive values indicate a contribution to a decrease in deficits, while negative values indicate a contribution to their increase. Data exclude proceeds from the sale of UMTS licences.*

Estimates of euro area government debt-to-GDP ratios for 2000 are on average slightly lower than anticipated by the Commission's spring forecasts and below the average of the debt ratio targets set in the updated stability programmes. The euro area debt ratio is forecast to decline by more than 2 percentage points to below 70%. This reduction also reflects the proceeds from UMTS licence sales, amounting to approximately 1.1% of euro area GDP, which countries will use in large part to reduce government debt.

For 2001, the Commission predicts only a marginal further improvement in the area-wide budgetary position net of UMTS proceeds. The average deficit-to-GDP ratio would decrease to 0.7%, as both revenue and expenditure ratios are expected to decline by about 1 percentage point of GDP. Including the effect of the UMTS proceeds (0.2% of GDP in 2001), the deficit would be 0.5% of GDP. The euro area average government debt ratio would decrease further by more than 2 percentage points to 67.5% of GDP.

About half of the current euro area countries are projected to record a surplus in 2001,

while four countries should report a budget deficit ratio higher than 1%. Regarding debt developments, two countries will still have a debt ratio much higher than 60% and one country is expected to have a debt ratio higher than in 1999.

Over the period 2000-01, the decline in the (UMTS-adjusted) deficit is explained by the fact that the expenditure ratio falls somewhat faster than the revenue ratio in both years (see Chart 23, in which a reduction in expenditure as a percentage of GDP and an increase in the revenue ratio are depicted as making positive contributions to the budget balance ratio). The revenue-to-GDP ratio is expected to decrease by 1.1 percentage points over the two-year period, mostly in 2001. The total expenditure ratio is expected to decline by 1.7 percentage points. This improvement is largely attributable to the beneficial effect of strong economic growth on primary expenditure. A declining interest burden is also likely to continue playing a significant role in bringing down expenditure and the deficit ratio in both years.

### Expansionary fiscal policies reflect insufficient expenditure restraint

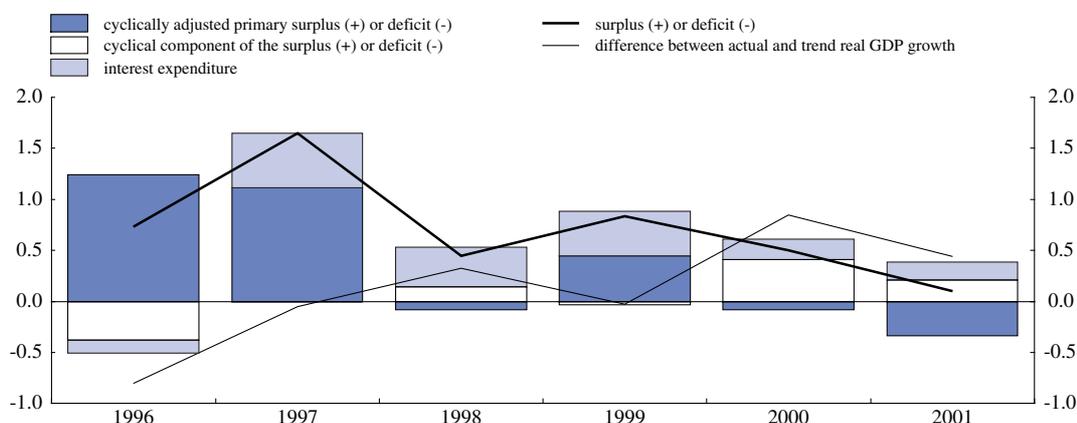
The Commission's forecasts suggest that improvements in deficits for 2000-01 do not result from structural factors. Rather, the fiscal stance of the euro area is projected to be somewhat expansionary, especially in 2001. The lack of progress in fiscal consolidation is reflected in the (UMTS-adjusted) primary balance. This is expected to improve only marginally in 2000 and to show its first deterioration since the early 1990s in 2001. The Commission's estimates of the cyclically adjusted primary balance also indicate an expansionary fiscal stance. The cyclically adjusted primary balance is expected to deteriorate slightly in 2000, and then more noticeably in 2001 (see Chart 24). In fact, Chart 24 clearly illustrates that there has been little progress in fiscal consolidation since 1998 and that, at the end of 2001, the cyclically adjusted primary surplus will be at approximately the same level as in 1997.

The expected expansionary stance stems from the reform strategy adopted by most Member States. Countries are currently implementing or planning to implement tax reforms that imply significant reductions in personal and corporate income taxation and

social security contributions (see Box 5). However, these major tax reforms are not complemented by structural adjustments of expenditure and, in the short term, sufficient spending restraint. Rather, tax cuts are partly financed out of higher cyclical and temporary tax revenues.

Expenditure growth continues to show a relatively high degree of inertia, which does not create the necessary leeway to finance such ambitious tax reform plans fully in the short term. Expenditure targets in Member States' budget plans for 2001 are not ambitious enough and the underlying structural measures to achieve those targets are hardly specified, reflecting little progress in the reform of expenditure policies, including that of benefit systems. The absence of clear reform plans also raises the prospect of expenditure overruns in 2000 and 2001. Further risks arise from the projection of future tax revenues, as the actual costs of tax reforms could turn out to be higher than envisaged in governments' plans and as UMTS licence sales might affect corporate profitability adversely. Not only are countries therefore approaching sound budgetary positions too slowly, but they may also jeopardise previous progress in fiscal consolidation.

**Chart 24**  
Annual changes in the average euro area budgetary position and underlying factors  
(in percentage points of GDP)



Source: European Commission.

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

## **Box 5**

### **Tax reforms in the euro area**

#### **Important tax reforms are under way in the euro area**

Most euro area countries are currently implementing or planning significant reductions in labour and corporate income taxation and social security contributions. The objectives, which are broadly shared by all countries, are (i) to promote employment and investment via lower marginal taxation and contribution rates, (ii) to increase tax neutrality with respect to savings and financing instruments, (iii) to improve the efficiency of tax administration, and (iv) to simplify tax codes. This is expected to raise aggregate supply and the non-inflationary growth potential in the euro area.

Tax reforms are also needed from an international perspective. Most euro area countries have an average tax burden far in excess of the main industrialised countries outside the euro area. Relative to the tax plans announced at the beginning of 2000, tax reforms have gained momentum in all euro area countries: future plans have been brought forward and, in some cases, the announced measures have been frontloaded. The quantitative effect of tax and social security cuts is quite significant, reflecting the large scale of reforms in many of these countries. At the same time, some increases in indirect taxes, the widening of tax bases and efficiency gains in tax collection will compensate for a small share of the revenue loss. In the euro area, the cumulative total of tax cuts in 2000 and 2001 will average some 1 percentage point of GDP. Further tax cuts are planned in a number of countries in 2002 and beyond.

#### **Reforms are following a common pattern and are moving in the right direction**

The tax reforms are following a common pattern, although they differ across countries in terms of their size and composition. About half of the euro area countries are expected to cut taxes by more than 1 percentage point of GDP over 2000-01, whereas one country is expected to raise taxes. In most countries, tax cuts will benefit the household sector more than the corporate sector.

Most euro area countries have introduced or plan to introduce significant corporate and personal income tax cuts. The latter will typically benefit all income groups, although many countries favour low-income earners. A number of countries explicitly state the objectives of alleviating poverty and unemployment traps, promoting "fairness" in the tax system and stimulating labour demand and supply. The objective of promoting employment is also behind the social security contribution cuts pursued in roughly half of the euro area countries.

Most countries have also implemented or are planning corporate tax rate reductions. The related costs are partly being offset by broadening the tax base via less generous tax allowances for depreciation. A number of countries have reorganised and rationalised capital income taxation, aiming at a more neutral taxation of income from various sources (i.e. dividends, interest income and capital gains) in order to reduce distortions in investment and financing decisions. Some countries have also implemented tax measures to promote corporate reorganisation and restructuring. A number of countries have passed legislation or reinforced existing legislation favouring small and medium-sized firms.

Tax and social security contribution cuts are being partly compensated for by increases in indirect and environmental taxes in a minority of countries. All countries expect a positive fiscal contribution from more efficient tax systems and tax fraud prevention, and three of them have set explicit targets in this direction. A number of countries are also seeking to simplify different parts of their tax systems.

### **Further efforts needed towards fiscal consolidation and comprehensive structural reform**

An expansionary bias in the fiscal policy stance is undesirable in the current macroeconomic environment. Against the background of strong economic growth in 2000 and 2001, a relaxation of fiscal policies may fuel demand-induced inflationary pressures. The expansionary bias at the euro area level reflects the fact that half of the euro area countries have relaxed their fiscal stance in 2000 and most of them are planning to do so in 2001. More worryingly, this is largely the case in countries at risk from economic overheating and those with significant remaining fiscal imbalances or with very high public debt.

The structural reform agenda remains focused on tax reform in most countries. Ongoing and planned tax reforms are certainly welcome and even urgent, as they will have a positive supply-side effect in the medium term. However, it would be appropriate to adopt a more cautious approach to expenditure growth, both from a macroeconomic and a structural perspective. Ambitious expenditure targets based on well-designed expenditure measures with permanent effects should coincide with (if not precede) tax reform. This will avoid an erosion of the consolidation achieved in recent years and help remove remaining

imbalances. Furthermore, such a strategy could enhance the positive supply-side effects of tax reform. More should be done as regards prioritisation and rationalisation of spending and the reform of benefit systems in particular. Such reforms, if integrated into a comprehensive strategy, would raise incentives to participate in labour markets and strengthen economic dynamism in the euro area.

Governments should take full account of these considerations in the updates of their stability programmes. The 2000 Broad Economic Policy Guidelines request Member States to speed up fiscal consolidation efforts and prevent an expansionary bias in the prevailing macroeconomic environment. Countries should reach budgetary positions close to balance or in surplus as soon as possible and even more rapidly than envisaged in their previous updated stability programmes (see Box 3 in the July 2000 issue of the ECB Monthly Bulletin). Governments would need to maintain tight control over primary expenditure growth and implement expenditure cuts compensating for revenue losses resulting from tax reform. Moreover, structural reform of public finances is also discussed in the Broad Economic Policy Guidelines. A re-focusing on core government activities and a restructuring of public expenditure in favour of areas more conducive to boosting the economies' growth potential and creating employment are warranted.

## 5 Staff economic projections for the euro area

On the basis of information available up to early November 2000, Eurosystem staff have prepared projections for economic developments in the euro area (including Greece) up to 2002.<sup>1</sup> These projections have been produced jointly by experts from the ECB and the euro area national central banks (see Box 6 on “Procedures and techniques used in Eurosystem staff economic projections”). Such projections are an input twice a year into the Governing Council’s assessment of price developments and the risks to price stability under the second pillar of the ECB’s monetary policy strategy. The final cut-off date for data and assumptions was 9 November 2000.

The staff economic projections are based on a series of “conditioning assumptions” with regard to, inter alia, interest rates, exchange rates, oil prices, and world trade outside the euro area. In particular, a technical assumption is made that short-term interest

rates will remain unchanged over the projection horizon. This assumption is made in order to facilitate Governing Council discussions by identifying the possible consequences of leaving monetary policy unchanged over the projection horizon. However, for this reason the staff economic projections will not necessarily be the best predictor of future outcomes, particularly over longer horizons, since monetary policy will always act to contain any threats to price stability.

To express the high degree of uncertainty surrounding projections, ranges are used to present each variable. The width of the ranges is twice the average absolute value of the differences between actual outcomes and previous macroeconomic projections carried

<sup>1</sup> As it will adopt the euro on 1 January 2001, Greece has been included in the euro area statistics contained in this forward-looking assessment.

### Box 6

#### Procedures and techniques used in Eurosystem staff economic projections

The results of the Eurosystem staff economic projection exercise presented here are part of the material prepared for the Governing Council of the ECB. The exercises are conducted by the Working Group on Forecasting, a working group of ECB and national central bank experts operating under the responsibility and guidance of the Monetary Policy Committee (which is composed of senior staff representatives of the ECB and national central banks). Eurosystem staff economic projection exercises are carried out twice a year, in the spring and in the autumn, and the results are presented to the Governing Council for its meetings at the beginning of June and December.

The projections cover both growth and inflation prospects. They are conditioned on the set of assumptions described in the main text. The exercises ensure that the euro area projections are obtained in a way which is consistent with individual country assessments, incorporating the full range of expertise available and reflecting a consensus among Eurosystem staff.

The staff economic projections combine the use of econometric models with non-model-based judgemental inputs, as econometric models cannot always fully track the most recent developments, reflect sector-specific behaviour, or capture exceptional factors or structural changes. A variety of econometric models are employed to generate, and provide analytical support for, the projections. They provide a detailed structure for the projections, ensuring that they are internally consistent and that the relationships between projected variables are in line with economic theory and econometric evidence. Euro area, country and sectoral assessments also make use of reduced-form equation systems, time series models, leading indicators and judgemental methods. Detailed knowledge of the institutional context and other specific information are therefore also integrated into the projections.

out over a number of years by euro area central banks. In general, the ranges differ depending on the variables and the time horizons involved. They reflect both the different degrees of difficulty in projecting individual variables at different horizons and the effects of discrepancies between the assumptions made for conditioning variables and their subsequent actual values. It should be noted that the tendency of most ranges to widen over the projection horizon reflects the increased uncertainty surrounding projections for the later years.

#### **Technical assumptions with regard to interest rates and exchange rates**

The staff economic projections are based on *technical assumptions* concerning euro area short-term interest rates and the euro exchange rate. It is assumed that short-term interest rates will remain unchanged over the projection horizon. Likewise, the technical assumption is made that there will be no change in euro bilateral exchange rates. Assumptions with regard to long-term interest rates are based on market expectations and present a broadly unchanged profile over the projection horizon.

#### **Assumptions with regard to the international environment**

In line with forecasts from other international institutions, the assumptions made with regard to the international environment reflect a broadly favourable outlook. It is assumed that *world real GDP growth outside the euro area* will reach 5% in 2000 and be a little over 4% in 2001 and 2002. Although the rise in oil prices will exert some upward pressure on global inflation, it is assumed that its downward impact on world economic growth will be relatively small. A slowdown in domestic demand is assumed for the US economy, with real GDP growth slowing in 2001. While there are signs of a strengthening in economic activity in Japan, the assumption is made that economic growth in that country

will remain relatively slow over the projection horizon. It is assumed that growth in other industrialised economies will moderate somewhat, while remaining strong. For most emerging market economies, the information available suggests that robust growth will continue. On the basis of the assumptions, economic activity in Asia excluding Japan will remain strong, although with some deceleration owing to the persistence of high oil prices. The Latin American economies should continue to expand. In the case of the transition economies of central and eastern Europe and the former Soviet Union, the assumption made is that economic growth will be supported by the favourable global outlook and – in the case of Russia – by high energy prices. Finally, it is assumed that high oil prices and continued global growth will lead to a rise in GDP growth rates in oil exporting countries.

Reflecting the assumptions with regard to world real GDP growth, the *external export markets of the euro area* are projected to expand at a rate of 10% this year, slowing to 8% in 2001 and 7½% in 2002.

The *oil price* assumptions used in the staff economic projections are based on the path of prices implied by futures markets. Thus it is assumed that world oil prices will fall back somewhat over the projection horizon. In US dollar terms, it is assumed that they will average at around the same price in both 2000 and 2001, falling by some 15% on average in 2002. It is assumed that there will be a modest increase in *non-energy commodity prices* over the projection horizon.

Combined with strong world economic growth, higher oil prices have led to a rise in *world inflation*. However, the increase in inflation experienced by the euro area's main trading partners is assumed to be temporary. In particular, the slower growth assumed for the US economy should result in lower inflation. Thus it is assumed that world inflation rates will fall back over the projection horizon.

**Table 12****Macroeconomic projections\****(average annual percentage change)*

	1999	2000	2001	2002
HICP	1.1	2.3 - 2.5	1.8 - 2.8	1.3 - 2.5
Real GDP	2.5	3.2 - 3.6	2.6 - 3.6	2.5 - 3.5
of which:				
Private consumption	2.8	2.3 - 2.7	2.2 - 3.2	1.7 - 3.3
Government consumption	1.4	0.8 - 2.0	0.6 - 1.6	0.9 - 1.9
Gross fixed capital formation	5.3	4.7 - 5.7	3.3 - 6.3	3.1 - 6.3
Exports (goods and services)	4.6	9.8 - 12.6	6.5 - 9.7	5.6 - 8.8
Imports (goods and services)	6.2	8.8 - 11.4	6.0 - 9.4	5.3 - 8.7

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

**Real GDP growth projections**

It is estimated that *real GDP* growth in the euro area will clearly exceed 3% in 2000 (in a range from 3.2 to 3.6%). It is projected to decline slightly in subsequent years but to remain strong, at 2.6-3.6% in 2001 and 2.5-3.5% in 2002. The projected robust expansion over the projection horizon is based upon continued strong domestic demand growth, supported by financing conditions which are assumed to be favourable and by significant planned reductions in direct taxes in 2001. It is estimated that the increase in oil prices will have a small negative effect on real private consumption growth over the projection horizon. Owing to the effects of strong economic activity worldwide and a high level of export competitiveness, euro area net exports are estimated to have made a significant contribution to real GDP growth this year. Over the projection horizon, however, the contribution of net exports to real GDP growth is expected to moderate gradually, although it will remain positive.

Among the expenditure counterparts of real GDP, *private consumption* is expected to follow a pattern similar to but far less pronounced than that of household real disposable income, and to be influenced by the recent strong growth in some countries of the financial and property wealth of households. Despite the adverse effects of

higher oil prices on real disposable income, private consumption is projected to grow by 2.3-2.7% in 2000, and may accelerate temporarily in 2001 before falling back slightly in 2002. Real disposable income is estimated to have grown slowly this year, despite strong real GDP growth, as a result of the rise in energy prices. In 2001 it is projected that the growth of household real disposable income will strengthen as a result of continued strong employment growth and substantial reductions in direct taxation in a number of countries. In 2002 it is projected to decelerate in spite of slightly stronger real labour income growth, since no further substantial tax reductions are currently planned. It is estimated that the savings ratio will have fallen in 2000, cushioning the effects of relatively low real disposable income growth and reflecting favourable wealth effects. It is expected to increase in 2001, owing to a smoothing of consumption in reaction to strong real disposable income growth, before stabilising in 2002.

On the basis of current budget plans it is assumed that *real government consumption* in the euro area will increase moderately in each of the three years of the economic projection. The net increase in euro area real public spending will occur mainly in the purchase of goods and services, particularly in healthcare, while the number of government sector employees is expected to remain broadly unchanged.

According to the economic projections, *total investment* will have grown strongly in 2000, possibly by more than 5% in real terms, and it is projected to remain robust over the rest of the projection horizon. In particular, business investment growth is projected to ease from this year onwards but to remain dynamic, stimulated by strong demand, high capacity utilisation and profitability, and the assumed favourable financing conditions. By contrast, growth in housing investment is projected to weaken in 2000 and 2001, reflecting excess capacity in some countries, before recovering slightly in 2002.

It is estimated that *net exports* will have made a significant contribution to growth this year and that, although declining gradually, this contribution will remain positive over the projection horizon. Competitiveness gains, strong export market growth – both within and outside the euro area – and a carry-over effect from the buoyant economic growth recorded in the second half of 1999 are estimated to result in an acceleration in *total exports* (including intra-euro area trade) in 2000, with a growth rate of 9.8-12.6%. Export growth is projected to weaken significantly, to ranges of 6.5-9.7% in 2001 and 5.6-8.8% in 2002, in line with assumed slower world trade growth. *Imports* (including intra-euro area trade) are estimated to have grown sharply in 2000, by between 8.8 and 11.4%. Imports should slow down over the projection horizon (6.0-9.4% in 2001 and 5.3-8.7% in 2002) in line with the projected pattern of euro area final demand and, in particular, the deceleration in exports outside the euro area.

Reflecting the projected expansion of economic activity, an assumption of continued wage moderation, and ongoing increases in the proportion of part-time jobs, the outlook for *employment* remains favourable. In addition, reductions in taxes on earned income and social security contribution rates in several countries are encouraging growth in private sector employment. However, the supply of labour is also expected to continue to grow strongly as a result of increasing participation rates. On the basis of continued

wage moderation, it is projected that *unemployment* will fall over the projection horizon, but – owing to the increase in labour supply – by considerably less than the expansion of employment.

### **Price and cost prospects**

On the basis of the assumptions described above, the average rate of increase in the *overall Harmonised Index of Consumer Prices (HICP)* is projected to be slightly less than 2.5% in 2000 (in a range from 2.3 to 2.5%). It would remain relatively high in 2001 in a range of 1.8-2.8%, before falling back to 1.3-2.5% in 2002. The behaviour of overall HICP inflation reflects the downward profile of the oil price assumptions, offset by a gradual increase in domestic price pressures.

Based on the projection assumptions, *euro area import prices* are expected to increase strongly this year and in 2001, largely owing to past increases in oil prices and the lagged impact of the lower external value of the euro. In 2002 moderate world inflation, together with the technical assumptions of an unchanged euro exchange rate and falling oil prices, is expected to result in subdued import price inflation.

The projected pattern of overall HICP inflation is heavily influenced by developments in *energy prices*. Oil prices in euro have risen sharply over the past year as a result of the depreciation of the euro and the increase in world US dollar oil prices. However, it has been assumed that the euro exchange rate will remain unchanged, while oil prices will fall over the projection horizon as implied by futures prices. On the basis of these assumptions, it is estimated that energy prices will have contributed some 1¼ percentage points to the increase in the HICP inflation rate in 2000, while they are projected to continue to make a significant but smaller contribution to overall inflation in 2001. Since it is assumed that oil prices will fall further in 2002, a small negative contribution to HICP inflation is projected in that year.

*Domestic inflation*, as measured by the GDP deflator at market prices, is projected to increase from above 1% (1.2-1.4%) in 2000 to 1.7-2.5% in 2001, staying within a similar range of 1.5-2.5% in 2002. By contrast with the weakening profile of import and energy price inflation, labour costs and domestic goods market pressures are both projected to contribute to gradual upward pressure on domestic prices over the projection horizon. Output growth rates are projected to exceed conventional estimates of the growth of potential output throughout the projection horizon. Moreover, it is projected that labour markets will tighten and the unemployment rate will continue to fall. Associated with these developments, a limited rise in both labour costs and profit margins is projected. Although, as explained above, the direct effects of import prices are projected to weaken over the horizon, a gradual transmission of earlier import price increases through the domestic chain of production is projected to exert further upward pressure on domestic prices. Planned reductions in social security contributions and direct taxes should dampen domestic costs, but the effects on prices will to some degree be offset by higher indirect taxes planned in some countries.

It has been assumed that the general wage moderation observed over recent years will continue over the projection horizon, albeit to a lesser extent. On the basis of negotiated contracts and moderate wage drift developments, *wage growth* this year has shown little sign of increasing. A crucial assumption underlying the projections is that the response of wage growth to the temporary rise in overall inflation in late 2000 will be very limited. Nevertheless, some moderate increase in wage growth is projected in 2001 and 2002, owing to a prospective further tightening of labour

markets. By contrast, fiscal factors, in particular both implemented and planned cuts in social security contributions, are expected to have a small moderating effect on labour costs.

*Unit labour costs* are expected to rise along with wages over the projection horizon, since only a slight further strengthening in productivity growth is projected. The largely cyclical acceleration in productivity recorded this year is not expected to be repeated over the projection horizon. *Profit margins* are also projected to increase over the period as a result of an increase in capacity utilisation and weak price competition from extra-euro area exporters. Deregulation effects should, however, have a small restraining effect on prices and profit margins in some sectors, notably electricity and telecommunications. *Indirect taxes* should have a broadly neutral impact on inflation in 2000 and 2001, while in 2002 planned new measures will have a small positive impact.

The behaviour of the main non-energy components of the HICP can be expected to broadly reflect the rise in domestic price pressures. Among these components, *services prices* have started to rise gradually in 2000 and are expected to strengthen in 2001 along with labour costs. By contrast, *non-energy industrial goods prices* have been relatively subdued in 2000, as they have benefited most from globalisation and internal market competition effects. Nevertheless, some acceleration in these prices is expected in 2001 as a result both of a transmission of increased import and oil prices and of rising labour costs and capacity utilisation. *Food price inflation* has risen over the course of 2000 owing to adverse supply conditions and base effects in unprocessed food prices, but is expected to fall back somewhat over the course of 2001.

## Box 7

### Forecasts by other institutions

A number of recent forecasts for the euro area up to 2002 are available from various institutions, both international and private sector organisations, including the results of the ECB's own Survey of Professional Forecasters. The forecasts are not, however, strictly comparable with one another or with the staff economic projections, since they are based on different assumptions and were completed at various points in time with different cut-off dates for the inclusion of data. Unlike the staff economic projections, forecasts are typically not based on unchanged short-term interest rates and therefore allow for monetary policy responses to the forecast. The OECD, for example, explicitly states that it makes the assumption that euro area short-term interest rates will increase. Moreover, the different external forecasts vary in their assumptions with regard to exchange rates, oil prices and the world economy. A variety of unspecified assumptions are used in the Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

Despite their differing assumptions, there is a broad consensus among the available forecasts that real GDP growth in the euro area will have risen to well above 3% in 2000 and will decelerate, although remaining strong, in 2001 and 2002 (see the table below). The moderate slowdown expected over the forecast horizon is mainly the result of developments in net exports, the contribution of which most forecasters expect to decrease steadily. At the same time, domestic demand is expected to remain dynamic, with an annual contribution to growth of between 2.5 and 3.0 percentage points. The favourable developments in activity are expected to translate into further job creation; as a result, all forecasters expect the unemployment rate to diminish.

### Comparison of forecasts for euro area real GDP growth

(annual percentage changes)

	Date of release	1999	2000	2001	2002
European Commission	November 2000	2.5	3.5	3.2	3.0
IMF	October 2000	2.4	3.5	3.4	.
OECD	November 2000	2.5	3.5	3.1	2.8
Consensus Economics Forecasts	November 2000	2.4	3.3	3.1	.
Survey of Professional Forecasters	November 2000	2.5	3.5	3.1	2.8

Sources: European Commission Autumn Economic Forecast; IMF World Economic Outlook; OECD Economic Outlook; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

With regard to prices, there is also a broad consensus that the rise in headline consumer price inflation in the euro area in 2000 will be transitory and that headline inflation will decline slightly in 2001 and 2002 (see the table below). However, prices are still expected to increase by around 2% in each of the three forecast years.

### Comparison of forecasts for euro area consumer price inflation <sup>1)</sup>

(annual percentage changes)

	Date of release	1999	2000	2001	2002
European Commission	November 2000	1.1	2.3	2.2	1.9
IMF	October 2000	1.2	2.1	1.7	.
OECD	November 2000	1.2	2.2	2.3	2.0
Consensus Economics Forecasts	November 2000	1.0	2.2	2.0	.
Survey of Professional Forecasters	November 2000	1.1	2.3	2.0	1.8

Sources: European Commission Autumn Economic Forecast; IMF World Economic Outlook; OECD Economic Outlook; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

1) HICP; for the IMF and the Consensus Economics Forecasts: the CPI; for the OECD: a private consumption deflator.

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

### Global outlook remains positive

Since the last quarterly issue of the ECB Monthly Bulletin was published in September 2000, uncertainty related to the global economic outlook has increased somewhat. Nonetheless, for 2000 as a whole, the global economy will record its strongest performance for at least ten years, and economic activity in 2001 is still widely expected to remain vigorous. After growing at full speed during the first half of the current year, the world economy slowed down during the third quarter of 2000. Particularly notable was the slowdown in economic activity in the United States, which, although widely anticipated, turned out to be slightly more pronounced than markets had expected. An important source of uncertainty was the potential impact of persistently high oil prices. Against this background, growth prospects for emerging market economies have become slightly more uncertain, and have also been affected by isolated episodes of financial distress in Argentina and Turkey.

In the United States the third quarter of 2000 saw a visible deceleration in the eight-year expansion. The latest data show real GDP growth declining from an annualised rate of 5.6% in the second quarter to 2.4% in the third quarter of 2000, reflecting lower inventory accumulation, a deceleration of non-residential fixed investment growth and a contraction of public expenditure. Furthermore, private consumption growth remained below the average growth level recorded from 1999 until the first half of 2000. While lower inventory accumulation and negative growth of public expenditure can be partly attributed to a correction following particularly strong results in the second quarter, the significant decline in private investment growth should be seen as the most relevant indication of the gradual slowdown in the US economy. At the current juncture, the only major segment of the US economy that appears to be reasonably

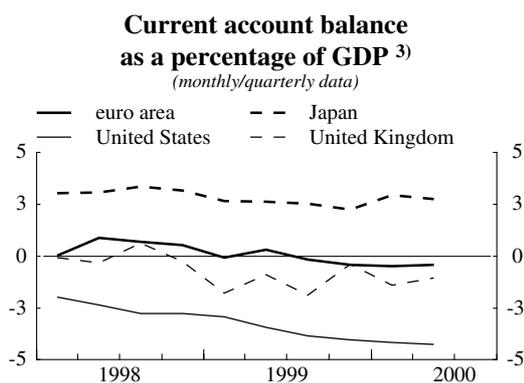
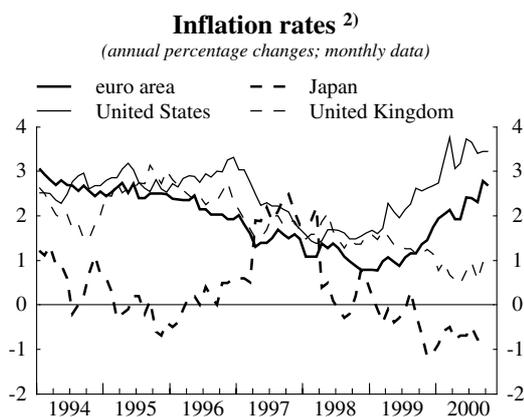
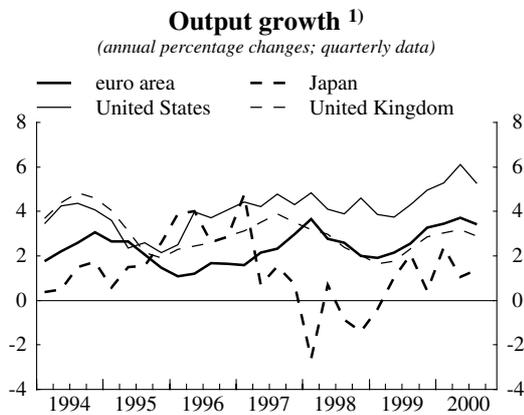
strong is the property sector, which has been reinforced by a decline in mortgage interest rates. The annual interest rate for 30-year mortgages declined from 8.5% in May 2000 to 7.7% in November 2000, partly caused by the re-allocation of investors' portfolios from equities to fixed income assets.

Looking forward, the general expectation is that growth will be more moderate than previously anticipated. The main source of future weakness is likely to be private business investment, as indicated by the combination of low levels of manufacturing orders and shipments of non-defence capital goods for October (-12.1% and -1.2% respectively, month-on-month) with the decline in both the composite index of leading indicators for October and the NAPM (National Association of Purchasing Management) index for November towards levels recorded in early 1996.

Inflation increased in the third quarter of 2000 – with the monthly average of year-on-year CPI inflation up to 3.5%, from 3.3% in the second quarter of 2000, mostly as a result of the oil price increase – and mixed signals are emerging with regard to future inflationary developments. On the one hand, the current moderation in oil prices combined with preliminary signs of easing in the labour market may point towards a decrease in inflationary pressures. On the other hand, the slowdown in productivity growth in the third quarter of 2000 (to 3.2%, from 6% in the second quarter of 2000, on a quarter-on-quarter annualised basis) and the sharp rise in unit labour costs (which have increased by 3.0% on a quarter-on-quarter annualised basis, after declining by 0.4% in the second quarter of 2000) may signal the emergence of higher inflation dynamics.

On 15 November 2000 the Federal Open Market Committee (FOMC) of the Federal Reserve left its target for the federal funds

**Chart 25**  
**Main developments in major industrialised economies**



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

- 1) Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used.
- 2) Data for the euro area up to 1995 are estimates for the HICP based on national CPI data; after 1995 HICP data are used.
- 3) ECB and Eurostat data are used for the euro area and the United Kingdom; for the United States and Japan national data are used. For the United States, United Kingdom and Japan figures refer to seasonally adjusted data for both GDP and the current account, for the euro area GDP data are seasonally adjusted, while the current account balance data are not seasonally adjusted.

rate unchanged at 6.5%, which was the level established at its meeting on 16 May 2000. In its press release, the FOMC cited the possibility that in the near future real GDP might grow below potential, in a context of still present inflationary pressures.

In Japan the slow path to economic recovery continues, with some uncertainties and imbalances remaining. In the third quarter of 2000 real GDP grew at an annualised rate of 1.0%, which, combined with a substantial downward revision of second quarter growth to 0.9% brought about by a general update in the compilation of the national accounts, underlines the still fragile nature of the Japanese recovery. Private business investment remains the main growth factor, increasing by 35.1% on a quarter-on-quarter annualised basis, after a temporary decline of -9.6% in the previous quarter. Public investment, on the other hand, contracted markedly (-36.5%) as the effects of last year's supplementary budget started to fade. Private consumption – which increased at an annualised rate of 0.1% in the third quarter, after a 0.5% increase in the second quarter – still failed to show signs of a revival.

Looking ahead, against a background of favourable profit conditions, fairly strong business fixed investment – as indicated by machinery orders and capital spending plans – is expected to sustain the economic recovery. Persistent structural weaknesses in the financial and corporate sector, however, continue to have a negative impact on the outlook. Moreover, as external demand is expected to weaken somewhat, the longer-term sustainability of activity in the corporate sector depends on private consumption, the prospects for which remain mixed. While real spending still fails to reflect the recent increase in real household income, more positive signs come from labour market indicators, such as overtime hours worked, the job-offers-to-applicants ratio and real wages. Against the background of continued negative year-on-year changes in consumer prices, the Bank of Japan left its target for the uncollateralised overnight call rate unchanged

at 0.25% at its meeting on 30 November 2000.

In the United Kingdom real GDP growth decelerated in the third quarter of 2000 to an annual rate of 2.8%, down from 3.2% in the second quarter. This deceleration was mainly attributable to a fall in net exports, with import growth remaining high and export growth slowing in the third quarter. Household consumption and, to a lesser degree, government consumption remained the main contributors to output growth. The former rose by an annual rate of 4.0% in the third quarter, up from 3.7% in the previous three months, while the latter increased by an annual rate of 2.3% in the third quarter, up from 1.7% in the second quarter. By contrast, investment growth decelerated further to an annual rate of 1.3% in the third quarter, down from 1.9% in the previous three months.

Unemployment continued to fall, reaching 5.4% in the third quarter of 2000. Pay increases remained moderate, particularly considering the tightness of the labour market. In the three months to September annual earnings growth averaged 4.1%, unchanged from the three months to June. Consumer price inflation, as measured by the Retail Price Index excluding mortgage interest payments (RPIX), remained well below the official target of 2½%. In October 2000 RPIX inflation stood at 2.0%.

The Asian emerging economies will record a very strong performance in 2000, with GDP growth rates of 8% and above in Hong Kong, Singapore, South Korea, Malaysia and China, while growth in Indonesia and Thailand, although slower, is still expected to achieve a quite robust figure of 4-5%. In the second half of 2000, however, the export sector – the main engine of growth amid subdued domestic consumption – has shown signs of weakening, somewhat containing the prospects for economic expansion. This reflects the impact of higher oil prices, as well as the falling demand for technology, media and telecommunication (TMT)

components, which has affected the performance of equity markets across the region.

Looking forward, economic growth in the Asian emerging economies is expected to continue to be affected by a decline in export growth, while household expenditure is expected to offset this decline only partially. Key factors which are likely to influence growth in the region in 2001 include the global economic environment – with particular emphasis on the United States – and, for a number of countries, the ability to maintain a co-ordinated balance between monetary and fiscal policies.

The overall growth outlook in the largest EU accession countries remains positive, partly as a result of the close links with the economic prospects for the euro area, despite a recent small deterioration in the region's financial markets conditions. Growth is expected to remain strong in Poland, although at a slightly decelerating pace. In Hungary the growth outlook remains positive, although there is some uncertainty surrounding the future pace of disinflation. In the Czech Republic the recovery continues to unfold as expected, although concerns resulting from the recent fiscal deterioration have intensified.

In Russia the latest data releases confirm the strong recovery of the economy, with output projected to grow by over 6% in 2000 against the background of an improved external and fiscal position. While this strength bodes well for the forthcoming year, the recent noticeable increase in bond spreads underlines again the risks the country is exposed to and the urgency of structural reforms.

Overall, recent indicators suggest that the outlook for Latin America remains positive, although recent financial turmoil in Argentina, political uncertainties in several countries and concerns over the extent of the slowdown in the United States represent downward risks to the region's growth performance. In Brazil

output growth is projected to moderate following the rapid increase (over 4%, year-on-year) registered in the third quarter of 2000 on the back of strong exports and investment demand. In Mexico, following an expected rate of real GDP growth of about 7% in 2000, concerns about a possible economic overheating are expected to ease next year amid a slower US expansion, lower oil prices and a relatively austere budget. In Argentina economic performance remains weak (with output growth expected to be below 1% in 2000), although the likely conclusion of negotiations for an IMF-led financial support programme may lead to a rebound in activity next year.

### Euro strengthened towards the end of November

In early November, developments in foreign exchange markets were characterised by the

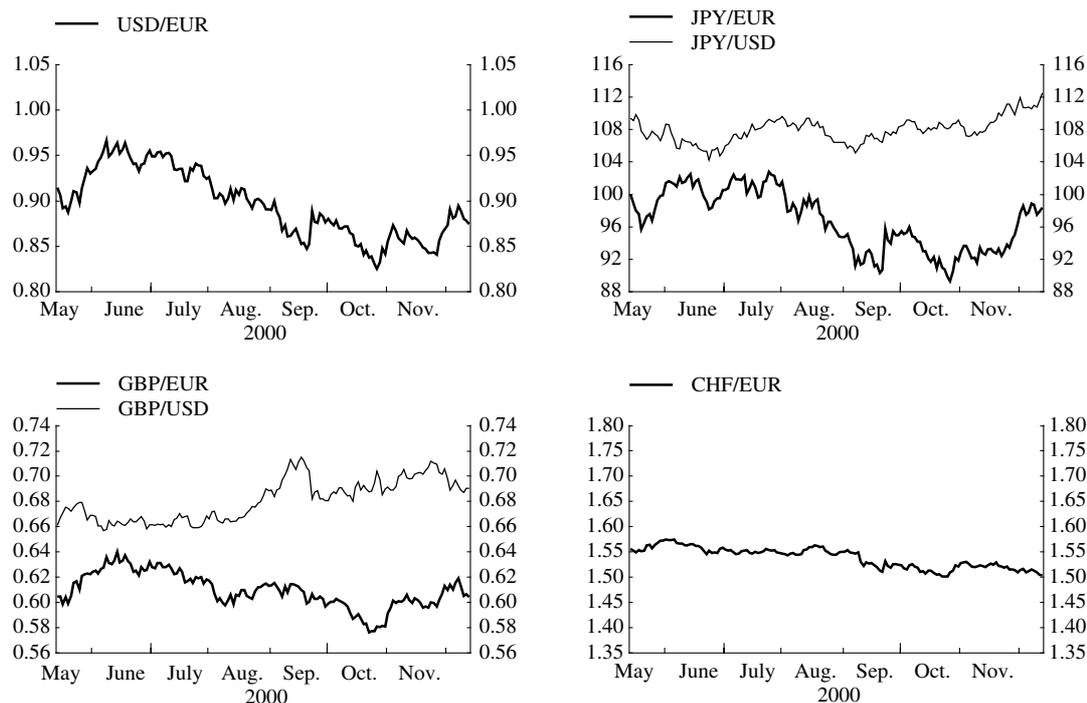
unilateral ECB interventions in support of the euro, amid concerns about the global and domestic repercussions of the exchange rate of the euro. During the second and third weeks of the month, the euro stabilised and traded within fairly narrow ranges against all major currencies. Since the end of November, further evidence of slowing economic growth in the United States triggered a depreciation of the US dollar against the euro. By 13 December the euro had appreciated against most major currencies compared with the end-October levels and, in nominal effective terms, had returned to the levels recorded in early September 2000.

Against the US dollar, the euro rebounded in the wake of data releases confirming that the pace of the long US expansion was moderating, thereby suggesting a narrowing of the growth gap between the two economic areas. After trading between USD 0.84 and USD 0.87 during the first weeks of

## Chart 26

### Patterns in exchange rates

(daily data)



Source: ECB.

November, the euro appreciated towards the end of the month as revised third quarter US GDP figures were released. This initial rebound of the single currency was subsequently reinforced in early December by weakening business sentiment and declining stock market valuations, particularly in the technology sector, in the United States. On 13 December the euro was quoted at USD 0.87, almost 4% higher than at the end of October, but more than 13% lower than on 3 January 2000.

Against the Japanese yen, the euro initially traded in November within a rather tight range (JPY 92 – JPY 94). Subsequently, starting in the last week of November, the euro rebounded against the Japanese currency amid somewhat mixed signs regarding the strength of the economic recovery in Japan. At the same time, the yen declined against the US dollar to its lowest level for more than a year. On 13 December the euro was quoted at JPY 98.4, which is more than 7% higher than at the end of October and more than 4% lower than on 3 January 2000.

Vis-à-vis the pound sterling, the euro recorded a fairly similar pattern in November as against the other major currencies, i.e. in mid-November the single currency remained relatively stable at around GBP 0.60 before strengthening in late November and early December, amid signs that the economy of the United Kingdom may be slowing down. Since the end of October the exchange rate of the euro has strengthened against the pound sterling by 4% to stand at GBP 0.60 on 13 December, but almost 3½% below its level on 3 January 2000.

Within ERM II, the Danish krone remained broadly stable in November. On 13 December the euro was recorded at DKK 7.46, close to its central parity. The Greek drachma maintained its smooth and gradual depreciating trend towards its central parity, in line with the decision by the Bank of Greece on 14 November 2000 and on 12 December 2000 to reduce its key policy rates. On 13 December the drachma was

trading at GRD 340.7 to the euro, less than 0.1% above its central parity.

With regard to other major European currencies, the euro was relatively stable against the Swiss franc in November and early December – trading between CHF 1.50 and CHF 1.53 – as well as against the Swedish krona.

In nominal effective terms, after fluctuating within a relatively narrow range in the first weeks of November, the euro strengthened towards the end of the month to broadly stabilise in the first part of December. On 13 December the nominal effective exchange rate of the euro – as measured against the currencies of the euro area's 13 main trading partners – had appreciated by 3.7% compared with the end of October, and was about 6½% lower than at the start of the year. Movements in the CPI, the PPI and the ULCM-deflated effective exchange rate indices continued to track fairly closely those of the nominal index.

### **Smaller current account deficit in September**

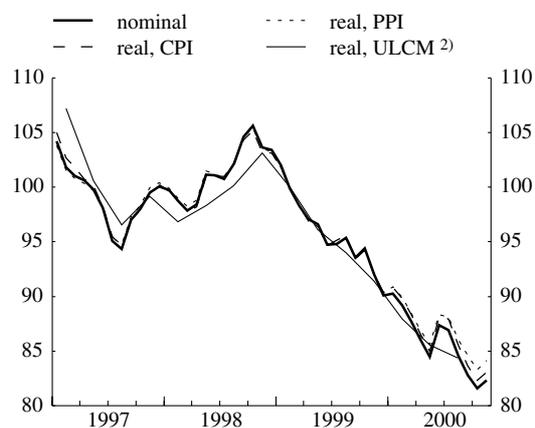
In September 2000 the current account deficit of the euro area narrowed to €1.5 billion, from €3.3 billion for the same month last year. This development was primarily due to lower deficits for current transfers (from €5.4 billion to €3.4 billion) and, to a lesser extent, for income, which more than offset a marginal increase in the deficit for services and a minor reduction in the goods surplus.

During the first three quarters of 2000 the current account of the euro area recorded a cumulative deficit of €20.4 billion, compared with a surplus of €0.7 billion for the same period last year. This was mainly due to a reduction in the cumulated goods surplus of €21.0 billion (from €62.5 billion to €41.5 billion). Although the goods export value grew by 20% during the first three quarters of 2000 compared with the same period last year, the value of imports

increased more rapidly (26.4%). The strong increase in import values was due to rising import prices related to higher oil prices and the depreciation of the euro, as well as to strong economic activity and import demand in the euro area. By contrast, the growth in export values mainly reflects an increase in export volume, which is primarily due to price competitiveness gains resulting from the depreciation of the euro as well as robust foreign demand. On a sectoral basis, data available for the eight months to August 2000 show that the decline in the goods balance resulted primarily from a doubling of the energy deficit, together with an increasing deficit for raw materials, when compared with the same period in 1999. By contrast, the non-energy sectors seem to have been responding to the gains in price competitiveness as illustrated, for instance, by the increase in the trade surplus for chemicals (by around 26% compared with the corresponding period of last year) and

**Chart 28**  
Nominal and real effective exchange rates <sup>1)</sup>

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



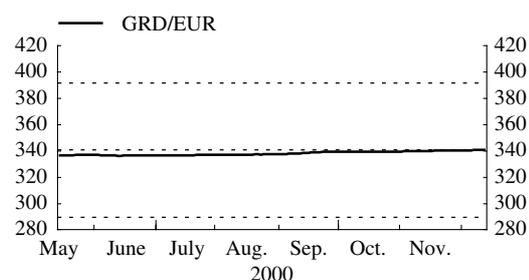
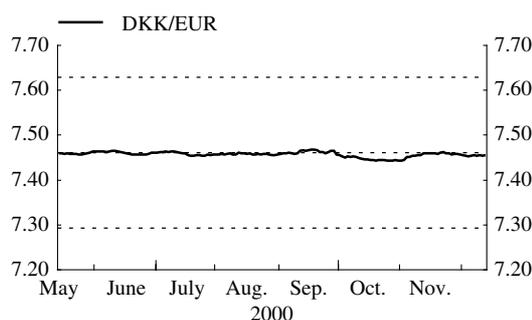
Source: ECB.

1) Data are ECB calculations (see the article in the April 2000 issue of the ECB Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations are for November 2000 and for the ULCM-based REER for Q3 2000.

2) Unit Labour Costs in Manufacturing.

**Chart 27**  
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 ( $\pm 2.25\%$  for DKK and  $\pm 15\%$  for GRD).

machinery and transport equipment (by about 17%).

In the first three quarters the cumulated deficit for services declined marginally to €7.3 billion. At the same time, the cumulated deficit for the income account fell by €2.0 billion (to €21.0 billion), thereby roughly offsetting the rise in the deficit for current transfers from €31.3 billion to €33.5 billion.

#### Direct investment net outflows continued in September

In September direct investment recorded net outflows of €34.3 billion, reflecting direct investment abroad by euro area residents of €47.2 billion and inward direct investment of €13.0 billion. About one third of the net outflows were related to the item "other capital" which was primarily a reflection of intercompany loans. By contrast, the portfolio investment account recorded net inflows of €3.9 billion, resulting from net inflows in debt

instruments (€8.7 billion) which more than offset the net outflows in equities (€4.8 billion).

Turning to the cumulated developments in the first nine months of 2000, combined direct and portfolio investment recorded net outflows amounting to €89.0 billion, lower than over the corresponding period in 1999 (€113.0 billion). The decline in these combined net outflows was related to the fact that the swing from net outflows to net inflows in interest-bearing assets – i.e. in portfolio investment/debt instruments – more than offset the increase in net outflows related to investment in foreign firms, i.e. the sum of net direct and portfolio equity investment.

Taking a more detailed view of individual items, between January and September 2000 debt instruments recorded net inflows of €116.2 billion, as compared with a nearly balanced flow, of -€0.8 billion, in the corresponding period in 1999, which was related mainly to substantial foreign investment in euro area bonds and notes. The decline in the interest rate differential between the euro area and the United States since January 2000 may have been one of the factors motivating foreign investment in euro area bonds and notes. Over the same period direct investment transactions also shifted to net inflows (€38.5 billion) from net outflows of €73.9 billion in the first nine months of 1999, relating mainly to a large merger and acquisition transaction in early 2000. On the other hand, equity net outflows strongly increased in the first nine months of 2000 to €243.8 billion (from €38.3 billion in the same period in 1999), partly as a result of the settlement of direct investment transactions in shares.

#### **Euro area international investment position as at end-1999: net liabilities declined**

The international investment position of the euro area vis-à-vis the rest of the world –

the balance sheet of the stock of external financial assets and liabilities that is published once a year by the ECB – reports the net external position of stocks in direct and portfolio investment, financial derivatives, other investment and reserve assets (see Table 8.7 in the “Euro area statistics” section). Such statistics are, therefore, complementary to the balance of payment (b.o.p.) statistics, which record flows of assets and liabilities in the financial account.

The euro area international investment position at the end of 1999 recorded net liabilities of €131.0 billion (2.1% of GDP), as compared with €175.3 billion (3% of GDP) at the end of 1998.

The reduction of €44.3 billion in the stocks of external net liabilities between 1998 and 1999 is mainly the result, on the one hand, of an increase in the stocks of net assets in both direct investment (by €237.0 billion) and reserves (by €43.1 billion). On the other hand, it reflects an increase in the stocks of net liabilities in portfolio investment (by €26.3 billion) and a change (by €209.3 billion) from net assets to net liabilities in “other investment”.

The changes in the international investment position between year-ends are explained by the b.o.p. flows of the intervening year as well as by valuation effects arising primarily from changes in asset prices and exchange rates. As in 1998, changes in financial asset prices and the exchange rate underlie most of the change in the valuation of stocks.

Looking at the individual accounts in more detail, approximately one-half of the change in net direct investment assets between end-1998 and end-1999 (€237 billion) is related to b.o.p. transactions (€121 billion in 1999), while different kinds of revaluations added approximately €117 billion to net assets. A similar effect was registered for the net position in long-term debt securities (only €45 billion of a €133 billion change in the net position is explained by b.o.p. flows) and reserve assets (€10 billion b.o.p. flows

**Table 13****Balance of payments of the euro area***(EUR billions; not seasonally adjusted)*

	1999 Jan. - Sep.	1999 Sep.	2000 Jan. - Sep.	2000 July	2000 Aug.	2000 Sep.
<b>Current account balance</b>	0.7	-3.3	-20.4	-2.2	-2.2	-1.5
Credits	978.0	112.5	1133.5	132.2	120.8	133.2
Debits	977.3	115.8	1153.8	134.4	123.0	134.7
Goods balance	62.5	5.0	41.5	8.4	4.6	4.5
Exports	587.3	70.7	704.9	83.9	75.5	85.3
Imports	524.8	65.8	663.4	75.5	70.9	80.9
Services balance	-7.6	-1.1	-7.3	0.6	0.3	-1.5
Exports	178.4	20.9	195.8	24.8	23.4	22.3
Imports	186.0	22.0	203.1	24.2	23.1	23.7
Income balance	-23.0	-1.8	-21.0	-5.7	-1.6	-1.1
Current transfers balance	-31.3	-5.4	-33.5	-5.5	-5.6	-3.4
<b>Capital account balance</b>	7.8	0.3	6.4	0.5	0.1	0.7
<b>Financial account balance</b>	16.5	-18.8	44.5	7.0	-3.9	-3.5
Direct investment	-73.9	0.1	38.5	-11.3	-45.7	-34.3
Abroad	-147.2	-11.9	-246.0	-9.9	-53.7	-47.2
Equity capital and reinvested earnings	-87.5	-9.7	-180.6	-21.2	-55.3	-26.2
Other capital, mostly intercompany loans	-59.6	-2.2	-65.4	11.3	1.6	-21.1
In the euro area	73.2	12.0	284.6	-1.5	8.0	13.0
Equity capital and reinvested earnings	36.7	6.4	228.0	9.2	3.6	4.7
Other capital, mostly intercompany loans	36.5	5.6	56.6	-10.7	4.4	8.3
Portfolio investment	-39.1	12.0	-127.6	-5.9	15.3	3.9
Equity	-38.3	0.1	-243.8	-14.5	-0.0	-4.8
Assets	-100.0	-10.6	-219.0	-22.2	-17.5	-8.1
Liabilities	61.7	10.7	-24.8	7.7	17.5	3.3
Debt instruments	-0.8	11.9	116.2	8.6	15.3	8.7
Assets	-123.1	-5.8	-99.2	-8.6	-4.2	-18.5
Liabilities	122.4	17.8	215.4	17.2	19.4	27.2
Memo item:						
Combined net direct and portfolio investment	-113.0	12.1	-89.0	-17.3	-30.4	-30.4
Financial derivatives	8.5	1.5	5.5	-3.2	-0.6	2.0
Other investment	110.3	-33.1	120.7	28.0	25.9	20.6
Reserve assets	10.8	0.7	7.3	-0.5	1.2	4.2
<b>Errors and omissions</b>	-24.9	21.8	-30.5	-5.3	6.1	4.3

*Source: ECB.*

*Note: Figures may not add up due to rounding. For the financial account, a positive sign indicates an inflow, a negative sign an outflow; for reserve assets, a negative sign indicates an increase, a positive sign a decrease. A more detailed set of tables can be found in Section 8 of the "Euro area statistics" part of this issue of the ECB Monthly Bulletin.*

compared with a €43 billion increase in the net position). The impact of revaluation on the total change in stocks is even more pronounced in portfolio investment equity. While b.o.p. figures indicate an accumulation of net assets of around €49 billion during 1999, the international investment position

actually reports an increase in net liabilities (by around €121 billion), primarily reflecting the impact of the revaluation of euro area equities owned by non-residents which was related to the strong performance of euro area equity markets.



## **Euro area statistics**



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**Conventions used in the tables**

“-”	Data do not exist.
“.”	Data are not yet available.
“...”	nil or negligible
“billion”	10 <sup>9</sup>
<sup>(p)</sup>	provisional
s.a.	seasonally adjusted

# Euro area overview table

## Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates

	M1 <sup>1)</sup>	M2 <sup>1)</sup>	M3 <sup>1)</sup>		MFI loans to euro area residents excluding MFIs and general government <sup>1)</sup>	Securities issued by non-financial and non-monetary financial corporations <sup>1)</sup>	3-month interest rate (EURIBOR, % per annum, period averages) <sup>7)</sup>	10-year government bond yield (% per annum, period averages) <sup>8)</sup>
	1	2	3	3-month moving average (centred) <sup>4)</sup>				
1999	12.3	6.8	5.6	-	10.0	30.9	2.96	4.66
2000	.	.	.	-	.	.	.	.
1999 Q4	12.0	6.5	5.9	-	10.0	37.3	3.43	5.32
2000 Q1	10.0	4.8	5.9	-	9.3	23.3	3.55	5.61
Q2	9.5	4.9	6.2	-	10.1	20.3	4.27	5.43
Q3	6.9	4.0	5.4	-	9.4	18.4	4.74	5.44
Q4	.	.	.	-	.	.	.	.
2000 June	7.1	4.2	5.4	5.5	9.4	17.8	4.50	5.35
July	6.9	3.7	5.2	5.4	9.1	18.1	4.58	5.45
Aug.	7.1	4.2	5.6	5.4	9.5	19.4	4.78	5.40
Sep.	6.3	4.2	5.4	5.5	9.9	17.7	4.85	5.47
Oct.	5.8	3.8	5.3	.	9.7	.	5.04	5.42
Nov.	.	.	.	.	.	.	5.09	5.34

### 2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy) <sup>11)</sup>	Real GDP	Industrial production (excluding construction) <sup>13)</sup>	Capacity utilisation in manufacturing (percentages) <sup>14)</sup>	Employment (whole economy) <sup>15)</sup>	Unemployment (% of labour force) <sup>16)</sup>
	9	10	11	12	13	14	15	16
1999	1.1	-0.4	2.2	2.5	1.9	81.8	1.7	10.0
2000	.	.	.	.	.	83.8	.	.
1999 Q4	1.5	2.1	2.4	3.3	4.2	81.9	1.7	9.7
2000 Q1	2.0	4.3	3.6	3.5	4.8	83.0	1.9	9.5
Q2	2.1	5.2	3.7	3.7	6.0	83.7	2.2	9.2
Q3	2.5	5.7	.	3.4	5.8	83.9	.	9.0
Q4	.	.	.	.	.	84.7	.	.
2000 June	2.4	5.6	-	-	3.8	-	-	9.1
July	2.4	5.6	-	-	5.4	-	-	9.0
Aug.	2.3	5.5	-	-	6.5	-	-	9.0
Sep.	2.8	6.1	-	-	5.7	-	-	9.0
Oct.	2.7	6.3	-	-	.	-	-	8.9
Nov.	.	.	-	-	.	-	-	.

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

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions) <sup>21)</sup>	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		US dollar/euro exchange rate <sup>24)</sup>
	Current and capital accounts <sup>17)</sup>	Of which goods <sup>18)</sup>	Direct investment <sup>19)</sup>	Portfolio investment <sup>20)</sup>		Nominal <sup>22)</sup>	Real (CPI) <sup>23)</sup>	
					21			22
1999	7.7	83.4	-120.6	-41.7	372.3	96.6	95.8	1.066
2000	.	.	.	.	.	.	.	.
1999 Q4	-0.7	20.9	-46.6	-2.7	372.3	94.2	92.6	1.038
2000 Q1	-5.0	9.3	148.0	-192.6	385.4	91.1	89.5	0.986
Q2	-4.3	14.7	-18.2	51.9	385.8	88.4	86.6	0.933
Q3	-4.7	17.6	-91.3	13.2	408.1	87.3	85.3	0.905
Q4	.	.	.	.	.	.	.	.
2000 June	-0.4	5.9	-10.6	55.8	385.8	89.9	88.1	0.949
July	-1.7	8.4	-11.3	-5.9	391.4	89.4	87.6	0.940
Aug.	-2.2	4.6	-45.7	15.3	402.6	87.0	85.1	0.904
Sep.	-0.8	4.5	-34.3	3.9	408.1	85.3	83.3	0.872
Oct.	.	.	.	.	416.2	84.4	82.1	0.855
Nov.	.	.	.	.	.	85.1	82.6	0.856

Sources: ECB, European Commission (Eurostat and Economic and Financial Affairs DG) and Reuters.

For more information on the data see the relevant tables in the "Euro area statistics" section.

1) Monthly growth rates refer to the end of the period, whereas quarterly and annual growth rates are calculated as period averages.

# I Monetary policy statistics

**Table 1.1**  
**Consolidated financial statement of the Eurosystem**

(EUR millions)

## 1. Assets

	Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to 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
2000 14 July	120,911	261,515	18,115	4,425	217,434	157,002	59,907	0
21	120,911	262,887	17,539	4,020	212,425	152,004	59,907	0
28	120,911	264,105	16,676	3,776	226,277	170,999	54,911	0
4 Aug.	120,911	263,524	16,329	3,708	218,337	163,001	54,911	0
11	120,911	262,539	15,693	4,065	211,125	156,002	54,911	0
18	120,911	264,354	15,066	4,442	220,131	165,002	54,911	0
25	120,911	263,684	15,254	4,214	222,715	166,999	54,911	0
1 Sep.	120,911	263,927	15,735	4,392	231,172	180,999	49,999	0
8	120,911	265,579	14,347	4,094	226,322	176,001	49,999	0
15	120,911	264,117	15,566	4,211	221,510	171,002	49,999	0
22	120,911	262,962	14,775	3,904	219,766	167,000	49,999	0
29	124,948	281,673	16,566	4,017	230,305	185,002	44,998	0
6 Oct.	124,948	283,395	16,403	3,949	225,352	180,000	44,998	0
13	124,948	283,318	15,993	4,154	220,315	175,001	44,998	0
20	124,947	283,352	15,003	3,896	214,625	168,998	44,998	0
27	124,947	282,393	14,219	3,651	228,509	182,998	45,001	0
3 Nov.	124,947	281,110	15,515	3,553	225,430	180,003	45,001	0
10	124,947	276,420	15,423	3,518	230,418	185,000	45,001	0
17	124,947	272,580	16,032	3,535	230,467	185,000	45,001	0
24	124,947	271,963	16,321	4,000	243,319	197,998	45,001	0
1 Dec.	124,947	271,907	16,655	3,514	245,234	200,000	45,000	0
8	124,947	273,559	16,393	3,564	265,329	220,000	45,000	0

## 2. Liabilities

	Banknotes in circulation	Liabilities to financial sector counterparties in the euro area in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Debt certificates issued
	1	2	3	4	5	6	7	8
2000 14 July	359,514	109,930	109,883	45	0	0	2	6,265
21	357,627	114,910	111,113	3,794	0	0	3	6,265
28	358,533	113,458	113,406	49	0	0	3	6,265
4 Aug.	362,200	115,833	115,797	34	0	0	2	6,265
11	361,546	106,584	106,343	240	0	0	1	6,265
18	357,961	116,105	115,983	122	0	0	0	6,265
25	353,848	106,518	106,487	29	0	0	2	6,265
1 Sep.	355,876	119,054	119,021	27	0	0	6	6,265
8	357,489	113,148	112,951	197	0	0	0	6,265
15	355,314	110,780	110,689	91	0	0	0	6,265
22	352,633	114,194	112,587	1,607	0	0	0	6,265
29	354,797	115,333	114,892	441	0	0	0	4,574
6 Oct.	357,485	116,723	116,645	67	0	0	11	4,574
13	355,766	112,074	111,962	110	0	0	2	4,574
20	352,508	116,184	115,944	238	0	0	2	4,574
27	352,108	121,748	121,687	61	0	0	0	4,574
3 Nov.	355,687	116,263	116,209	54	0	0	0	3,784
10	354,127	114,790	114,706	84	0	0	0	3,784
17	351,946	111,494	111,366	128	0	0	0	3,784
24	350,140	113,697	113,581	116	0	0	0	3,784
1 Dec.	356,421	125,647	125,539	108	0	0	0	3,784
8	363,755	116,443	116,335	108	0	0	0	3,784

Source: ECB.

								Total	
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			
9	10	11	12	13	14	15	16		
0	61	15	449	25,083	58,986	84,710	791,179	2000 14 July	
0	156	9	349	25,310	58,986	84,613	786,691	21	
0	1	25	341	25,435	58,986	84,559	800,725	28	
0	62	24	339	25,382	58,986	84,909	792,086	4 Aug.	
0	48	17	147	25,487	58,986	84,972	783,778	11	
0	5	65	148	25,539	58,986	84,860	794,289	18	
0	614	45	146	25,474	58,986	85,730	796,968	25	
0	17	16	141	25,271	58,986	82,024	802,418	1 Sep.	
0	68	114	140	25,400	58,986	82,127	797,766	8	
0	166	90	253	25,324	58,986	82,158	792,783	15	
0	2,392	118	257	25,594	58,994	81,604	788,510	22	
0	29	141	135	25,623	58,867	84,311	826,310	29	
0	182	47	125	25,678	58,867	83,029	821,621	6 Oct.	
0	101	23	192	25,497	58,867	83,230	816,322	13	
0	297	27	305	25,639	58,867	83,467	809,796	20	
0	7	48	455	25,826	58,867	83,674	822,086	27	
0	15	44	367	25,869	58,762	86,095	821,281	3 Nov.	
0	18	34	365	26,069	58,762	86,361	821,918	10	
0	186	17	263	25,941	58,762	86,692	818,956	17	
0	12	45	263	26,033	58,762	87,758	833,103	24	
0	39	77	118	26,077	58,762	87,488	834,584	1 Dec.	
0	89	77	163	25,936	58,772	87,468	855,968	8	

								Total	
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		
9	10	11	12	13	14	15	16	17	
54,117	7,206	812	11,300	6,691	59,319	120,895	55,130	791,179	2000 14 July
45,923	7,364	812	11,181	6,691	59,892	120,895	55,131	786,691	21
60,120	7,296	814	11,784	6,691	59,738	120,895	55,131	800,725	28
45,761	7,149	840	11,199	6,691	60,121	120,895	55,132	792,086	4 Aug.
48,055	7,299	841	10,108	6,691	60,361	120,895	55,133	783,778	11
50,689	7,549	800	10,821	6,691	61,380	120,895	55,133	794,289	18
65,464	8,120	800	10,727	6,691	62,506	120,895	55,134	796,968	25
60,743	7,427	827	11,057	6,691	58,448	120,895	55,135	802,418	1 Sep.
60,261	7,195	827	11,493	6,691	58,366	120,895	55,136	797,766	8
58,973	7,460	827	11,244	6,692	59,196	120,895	55,137	792,783	15
54,225	7,187	854	11,541	6,692	58,886	120,895	55,138	788,510	22
58,097	9,167	927	11,667	7,077	65,376	144,156	55,139	826,310	29
48,795	9,072	912	13,173	7,077	64,521	144,152	55,137	821,621	6 Oct.
49,355	9,502	900	13,277	7,077	64,507	144,152	55,138	816,322	13
41,782	9,429	896	12,734	7,077	65,320	144,152	55,140	809,796	20
49,420	9,291	866	11,838	7,077	65,870	144,152	55,142	822,086	27
51,113	9,501	864	12,216	7,077	65,481	144,152	55,143	821,281	3 Nov.
54,257	9,888	864	11,988	7,077	65,846	144,152	55,145	821,918	10
56,484	10,870	865	9,998	7,077	67,139	144,152	55,147	818,956	17
67,442	11,394	860	10,335	7,077	69,071	144,152	55,151	833,103	24
51,678	10,733	861	10,701	7,077	68,376	144,152	55,154	834,584	1 Dec.
73,400	10,656	860	12,169	7,077	68,515	144,152	55,157	855,968	8

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

With effect from <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
	Level 1	Change 2	Fixed rate	Minimum bid rate	Change 5	Level 6	Change 7
			Level 3	Level 4			
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 <sup>2)</sup>	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 <sup>3)</sup>	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25

Source: ECB.

- 1) The date refers to the deposit and marginal lending facilities. For main refinancing operations, unless otherwise indicated, changes in the rate are effective from the first operation following the date indicated.
- 2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.
- 3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

**Table 1.3****Eurosystem monetary policy operations allotted through tenders <sup>1)</sup>***(EUR millions; interest rates in percentages per annum)***1. Main refinancing operations**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate	Weighted average rate	
	1	2	3	4	5	6	7
2000 7 June	8,491,195	75,000	3.75	-	-	-	14
15	3,544,808	68,000	4.25	-	-	-	13
21	1,867,673	74,000	4.25	-	-	-	14
28 <sup>2)</sup>	201,612	99,000	-	4.25	4.29	4.32	14
5 July	171,848	58,000	-	4.25	4.29	4.30	14
12	192,977	99,000	-	4.25	4.29	4.30	14
19	160,519	53,000	-	4.25	4.29	4.30	14
26	211,485	118,000	-	4.25	4.30	4.31	14
2 Aug.	172,252	45,000	-	4.25	4.31	4.31	14
9	199,922	111,000	-	4.25	4.30	4.31	14
16	173,995	54,000	-	4.25	4.35	4.37	14
23	218,102	113,000	-	4.25	4.47	4.50	14
30	149,939	68,000	-	4.25	4.68	4.71	14
6 Sep.	190,506	108,000	-	4.50	4.55	4.57	14
13	158,302	63,000	-	4.50	4.58	4.59	14
20	168,230	104,000	-	4.50	4.56	4.58	14
27	159,098	81,000	-	4.50	4.65	4.68	14
4 Oct.	174,302	99,000	-	4.50	4.67	4.68	14
11	128,731	76,000	-	4.75	4.76	4.78	14
18	107,602	93,000	-	4.75	4.75	4.76	14
25	159,063	90,000	-	4.75	4.80	4.82	14
1 Nov.	150,445	90,000	-	4.75	4.84	4.85	14
8	147,173	95,000	-	4.75	4.83	4.84	14
15	130,251	90,000	-	4.75	4.78	4.80	14
22	148,887	108,000	-	4.75	4.80	4.82	14
29	147,060	92,000	-	4.75	4.82	4.83	14
6 Dec.	129,916	128,000	-	4.75	4.75	4.79	14
13	116,112	91,000	-	4.75	4.76	4.78	14

Source: ECB.

- 1) The amounts shown may differ slightly from those in Table 1.1, columns 6 to 8, due to operations allotted but not settled.
- 2) See footnote 3 to Table 1.2. The marginal rate refers to the lowest rate at which funds were allotted.

## 2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate	
	1	2	3	4	5	6
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
27 Apr.	64,094	20,000	-	4.00	4.01	91
1 June	64,317	20,000	-	4.40	4.42	91
29	41,833	20,000	-	4.49	4.52	91
27 July	40,799	15,000	-	4.59	4.60	91
31 Aug.	35,417	15,000	-	4.84	4.87	91
28 Sep.	34,043	15,000	-	4.84	4.86	92
26 Oct.	43,085	15,000	-	5.06	5.07	91
30 Nov.	31,999	15,000	-	5.03	5.05	91

## 3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
				Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate	
	1	2	3	4	5	6	7
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7
21 June	Reverse transaction	18,845	7,000	-	4.26	4.28	1

3) See footnote 2.

**Table 1.4****Minimum reserve statistics****1. Reserve base of credit institutions subject to reserve requirements <sup>1) 2)</sup>***(EUR billions; end of period)*

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 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.	9,338.9	5,189.6	114.5	164.5	1,220.7	553.1	2,096.4
Mar.	9,490.8	5,306.7	117.1	174.9	1,231.3	543.8	2,116.9
Apr.	9,629.4	5,411.5	116.7	174.7	1,243.2	537.5	2,145.9
May	9,641.5	5,390.3	118.4	188.4	1,241.3	541.4	2,161.7
June	9,539.4	5,316.9	120.4	184.7	1,250.6	506.7	2,160.1
July	9,590.1	5,348.0	119.8	192.3	1,258.0	489.9	2,182.2
Aug.	9,686.5	5,393.8	122.9	197.1	1,269.0	502.5	2,201.3
Sep.	9,773.3	5,465.7	123.6	193.6	1,270.2	502.1	2,218.2
Oct. <sup>(p)</sup>	9,922.3	5,532.8	127.0	199.7	1,282.6	531.9	2,248.3

Source: ECB.

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

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

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
1999 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.	108.7	109.5	0.8	0.0	3.50
May	111.3	111.8	0.5	0.0	3.67
June	113.4	113.9	0.5	0.0	3.90
July	113.3	114.0	0.7	0.0	4.28
Aug.	111.8	112.3	0.5	0.0	4.32
Sep.	112.6	113.1	0.5	0.0	4.57
Oct.	113.7	114.2	0.5	0.0	4.69
Nov.	115.1	115.5	0.4	0.0	4.81
Dec. <sup>(p)</sup>	116.6	-	-	-	-

Source: ECB.

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

**Table 1.5**
**Banking system's liquidity position <sup>1)</sup>**
*(EUR billions; period averages of daily positions)*

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 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
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.2	471.7
Aug.	382.0	163.1	55.4	0.1	0.0	0.3	0.0	359.2	48.8	80.0	112.4	471.9
Sep.	381.6	173.1	51.1	0.3	0.0	0.2	0.0	354.8	56.6	81.2	113.3	468.3
Oct.	396.3	176.5	45.7	0.5	0.0	0.2	0.0	354.5	47.4	102.5	114.4	469.1
Nov.	398.6	183.7	45.0	0.2	0.0	0.2	0.0	352.7	49.8	109.2	115.7	468.6

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 <sup>1)</sup>

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

#### 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Holdings of shares/ other equity issued by euro area residents			External assets <sup>2)</sup>	Fixed assets	Re-remaining assets	Total
	1	2	3	4	5	6	7	8	9	10	11				
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 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 Q1	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	427.3	9.3	52.5	1,199.9
Q2	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	498.6	9.7	47.4	1,445.6
Q3	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	48.2	1,044.0
1999 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	54.2	1,164.6
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	56.3	1,086.4
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	56.2	1,012.2
2000 Jan.	465.0	444.6	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.4	1,056.1
Feb.	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	52.5	969.3
Mar.	443.2	424.3	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	49.0	1,051.7
Apr.	465.5	446.6	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	438.0	9.9	51.4	1,075.9
May	469.2	450.3	18.4	0.5	97.1	2.7	93.2	1.2	14.4	4.4	10.1	441.9	10.0	51.9	1,084.5
June	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	453.5	10.0	52.2	1,208.5
July	501.4	482.6	18.4	0.5	98.2	2.5	94.5	1.2	14.7	4.4	10.3	449.7	10.1	51.6	1,125.7
Aug.	482.5	463.7	18.4	0.5	98.5	2.8	94.4	1.3	14.7	4.4	10.3	435.4	10.2	52.4	1,093.5
Sep.	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.4	1,129.8
Oct. <sup>(p)</sup>	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9	1,111.7

#### 2. Liabilities

	Currency in circulation	Deposits of euro area residents	Other general government/ other euro area residents			Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Remaining liabilities	Total
			MFI	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	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q4	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q1	348.6	549.5	486.6	54.4	8.5	4.9	5.3	138.0	97.9	55.8	1,199.9
Q2	356.1	724.3	672.3	43.1	8.9	4.9	5.3	140.7	171.4	43.0	1,445.6
Q3	359.7	390.5	332.9	50.1	7.6	3.3	5.3	146.3	88.8	50.1	1,044.0
1999 Oct.	361.5	500.6	440.8	50.2	9.5	3.3	5.3	150.6	93.8	49.4	1,164.6
Nov.	363.2	443.0	368.3	64.1	10.6	3.3	4.6	150.3	69.5	52.4	1,086.4
Dec.	393.3	339.3	277.1	53.4	8.8	3.3	4.6	175.1	49.8	46.9	1,012.2
2000 Jan.	366.2	388.9	333.4	47.1	8.4	3.3	4.6	175.7	72.6	44.7	1,056.1
Feb.	363.8	311.8	246.7	56.7	8.4	3.3	4.6	175.1	64.4	46.3	969.3
Mar.	366.2	372.0	319.6	43.3	9.1	1.7	4.6	186.9	75.1	45.3	1,051.7
Apr.	372.7	388.3	334.5	43.4	10.3	1.7	4.6	189.7	75.2	43.8	1,075.9
May	371.8	390.7	345.1	34.1	11.5	1.7	4.6	188.7	82.4	44.6	1,084.5
June	374.3	498.4	432.8	53.1	12.5	1.7	4.6	193.8	92.0	43.6	1,208.5
July	377.7	414.9	354.7	49.7	10.5	1.7	4.6	196.6	84.6	45.6	1,125.7
Aug.	373.2	401.0	336.1	53.8	11.2	1.7	4.6	200.1	66.6	46.3	1,093.5
Sep.	373.5	404.2	346.1	45.6	12.5	0.0	4.6	222.1	75.0	50.6	1,129.8
Oct. <sup>(p)</sup>	372.6	388.1	323.3	51.1	13.7	0.0	4.6	226.3	69.5	50.6	1,111.7

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.
- 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, EUR 40 billion at end-February, EUR 51 billion at end-March, EUR 47 billion at end-April, EUR 53 billion at end-May, EUR 65 billion at end-June, EUR 59 billion at end-July, EUR 41 billion at end-August, EUR 47 billion at end-September and EUR 41 billion at end-October. 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**
*(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 securities other than shares issued by euro area residents			Money market paper	Holdings of shares/other equity issued by euro area residents	Other euro area residents		External assets	Fixed assets	Remaining assets	Total
	1	2	3	4		5	6	7			8	9				
1997	8,436.1	2,905.6	821.4	4,709.1	1,868.5	635.5	1,050.8	182.3	99.8	329.8	94.2	235.6	1,594.8	238.9	796.9	13,365.0
1998 Q4	9,098.4	3,181.5	821.2	5,095.8	2,012.4	721.3	1,102.4	188.7	107.2	424.2	123.3	300.8	1,579.9	243.9	777.4	14,243.4
1999 Q1	9,252.2	3,277.4	816.8	5,158.0	2,087.9	761.4	1,131.9	194.7	99.2	469.2	126.0	343.2	1,627.5	244.6	876.2	14,656.8
Q2	9,450.5	3,328.7	816.5	5,305.3	2,138.9	800.6	1,125.9	212.3	102.1	484.6	124.7	359.8	1,646.0	250.0	866.2	14,938.2
Q3	9,568.3	3,384.1	809.4	5,374.7	2,180.2	828.3	1,134.6	217.3	111.3	481.7	129.8	352.0	1,653.3	258.9	813.1	15,066.8
1999 Oct.	9,697.3	3,457.5	818.7	5,421.2	2,203.1	840.9	1,147.2	215.1	115.0	484.6	131.2	353.4	1,686.1	261.1	850.9	15,298.2
Nov.	9,859.3	3,541.9	831.7	5,485.8	2,218.0	850.0	1,145.0	223.0	128.1	497.6	129.9	367.7	1,764.4	265.3	898.9	15,631.6
Dec.	9,764.2	3,420.2	827.5	5,516.6	2,175.6	827.5	1,121.6	226.5	129.9	521.4	138.0	383.4	1,702.2	281.2	917.7	15,492.3
2000 Jan.	9,832.8	3,450.8	819.5	5,562.5	2,193.4	834.8	1,131.1	227.5	121.1	528.7	141.5	387.1	1,723.7	282.5	935.9	15,618.1
Feb.	9,836.7	3,425.3	814.9	5,596.5	2,216.1	845.4	1,137.2	233.5	130.8	546.2	144.7	401.5	1,768.3	282.1	952.1	15,732.4
Mar.	10,002.5	3,515.2	820.3	5,667.0	2,221.3	868.9	1,124.8	227.6	131.9	594.3	155.1	439.2	1,804.3	287.5	976.1	16,017.6
Apr.	10,049.6	3,499.6	822.4	5,727.6	2,216.0	877.8	1,102.5	235.7	149.1	609.4	157.1	452.3	1,904.4	288.9	1,017.1	16,234.4
May	10,126.8	3,554.7	816.0	5,756.1	2,228.4	894.5	1,091.2	242.7	157.4	628.6	162.1	466.5	1,888.5	288.8	1,016.5	16,334.9
June	10,107.6	3,468.6	816.3	5,822.7	2,206.8	894.3	1,069.7	242.8	155.2	588.1	157.4	430.7	1,868.5	270.9	1,019.3	16,216.4
July	10,061.0	3,395.8	813.9	5,851.2	2,213.7	920.0	1,042.8	250.8	152.7	586.2	149.7	436.4	1,897.8	272.7	1,068.2	16,252.1
Aug.	10,120.4	3,447.4	802.2	5,870.8	2,212.5	926.6	1,031.0	255.0	152.9	586.8	150.3	436.5	1,958.5	275.2	1,106.3	16,412.5
Sep.	10,209.6	3,463.9	795.3	5,950.3	2,228.4	939.7	1,030.7	258.1	145.1	589.9	150.9	439.0	1,971.7	276.5	1,051.2	16,472.2
Oct. <sup>(a)</sup>	10,282.8	3,487.3	797.2	5,998.3	2,220.6	936.5	1,017.4	266.7	151.1	591.0	152.5	438.5	2,029.2	278.5	1,121.8	16,675.1

**2. Liabilities**

	Currency in circulation	Deposits of euro area residents				Other general government/other euro area residents	Overnight			Repurchase agreements	Money market fund shares/units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
		1	2	3	4		5	6	7								
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	252.2	1,924.8	138.8	687.5	1,373.5	1,213.9	13,365.0	
1998 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	241.4	2,116.0	160.8	742.4	1,500.4	1,202.7	14,243.4	
1999 Q1	0.5	8,330.3	3,390.5	78.9	4,860.8	1,387.1	1,984.9	1,310.6	178.3	280.1	2,194.0	180.5	759.3	1,618.0	1,294.1	14,656.8	
Q2	0.5	8,445.6	3,437.3	81.9	4,926.5	1,479.6	1,961.2	1,319.1	166.4	305.7	2,268.9	183.2	781.9	1,666.6	1,285.7	14,938.2	
Q3	0.6	8,508.2	3,503.8	83.1	4,921.3	1,466.9	1,976.7	1,317.1	160.6	307.5	2,329.3	204.1	795.0	1,688.5	1,233.6	15,066.8	
1999 Oct.	0.6	8,605.0	3,584.7	84.8	4,935.5	1,467.4	1,996.7	1,314.0	157.5	307.6	2,355.7	214.6	801.2	1,753.8	1,259.7	15,298.2	
Nov.	0.7	8,735.1	3,679.7	81.9	4,973.5	1,501.1	2,005.0	1,308.7	158.6	310.2	2,376.8	243.5	805.2	1,839.5	1,320.7	15,631.6	
Dec.	0.7	8,709.1	3,579.4	88.6	5,041.0	1,532.3	2,037.4	1,327.1	144.2	309.8	2,364.7	242.1	836.3	1,774.7	1,255.0	15,492.3	
2000 Jan.	0.7	8,708.7	3,555.5	86.5	5,066.7	1,561.7	2,023.0	1,327.1	154.9	326.3	2,370.7	221.6	856.6	1,837.0	1,296.5	15,618.1	
Feb.	0.7	8,706.9	3,548.0	87.7	5,071.2	1,554.6	2,040.3	1,316.9	159.4	343.6	2,396.3	233.0	864.2	1,874.7	1,313.0	15,732.4	
Mar.	0.7	8,785.1	3,604.4	86.9	5,093.8	1,562.7	2,047.0	1,307.0	177.1	343.1	2,423.3	248.8	878.9	1,991.2	1,346.6	16,017.6	
Apr.	0.7	8,797.8	3,578.4	88.2	5,131.2	1,597.1	2,055.3	1,299.4	179.5	409.7	2,452.2	248.1	888.0	2,068.3	1,369.7	16,234.4	
May	0.6	8,847.7	3,640.7	79.8	5,127.2	1,580.6	2,074.6	1,291.3	180.8	412.7	2,470.7	260.0	895.2	2,066.4	1,381.5	16,334.9	
June	0.6	8,824.2	3,615.1	93.3	5,115.8	1,590.5	2,072.0	1,285.9	167.3	410.3	2,479.6	261.1	886.9	1,956.7	1,397.0	16,216.4	
July	0.6	8,744.1	3,536.7	84.9	5,122.5	1,588.8	2,082.3	1,279.3	172.0	408.9	2,503.6	272.6	892.2	1,998.4	1,431.7	16,252.1	
Aug.	0.0	8,776.3	3,570.6	86.6	5,119.0	1,561.2	2,113.8	1,274.6	169.4	419.1	2,530.8	276.1	895.3	2,059.1	1,455.7	16,412.5	
Sep.	0.0	8,827.9	3,584.9	107.5	5,135.5	1,573.0	2,123.4	1,267.0	172.0	409.1	2,551.5	272.5	901.3	2,104.2	1,405.8	16,472.2	
Oct. <sup>(a)</sup>	0.0	8,878.8	3,618.2	118.4	5,142.2	1,573.7	2,135.8	1,258.9	173.8	412.5	2,574.3	280.8	905.9	2,171.9	1,451.0	16,675.1	

*Source: ECB.*

Table 2.3

Consolidated balance sheet of the euro area MFIs, including the Eurosystem <sup>1)</sup>

(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 <sup>3)</sup>	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6					
1999 Mar.	5,995.4	837.2	5,158.2	1,419.0	1,223.8	195.2	347.3	2,054.8	253.9	897.3	10,967.8
Apr.	6,009.5	830.0	5,179.5	1,421.9	1,219.5	202.4	359.9	2,058.4	255.9	864.0	10,969.7
May	6,042.1	830.2	5,211.9	1,445.0	1,236.2	208.7	372.9	2,009.2	257.1	850.0	10,976.3
June	6,142.3	836.9	5,305.5	1,429.1	1,216.0	213.2	364.1	2,144.6	259.7	880.9	11,220.7
July	6,169.0	828.8	5,340.2	1,420.8	1,204.2	216.6	361.6	2,081.9	264.4	863.2	11,160.9
Aug.	6,160.1	824.8	5,335.3	1,433.3	1,208.5	224.8	360.4	2,055.8	265.2	844.5	11,119.3
Sep.	6,204.8	829.8	5,374.9	1,442.9	1,224.5	218.4	356.4	2,081.2	268.7	828.4	11,182.4
Oct.	6,260.4	839.1	5,421.3	1,452.8	1,236.5	216.2	357.7	2,118.7	271.0	872.6	11,333.1
Nov.	6,338.0	852.1	5,486.0	1,458.5	1,234.4	224.1	372.2	2,174.8	275.3	921.5	11,540.3
Dec.	6,364.3	847.2	5,517.1	1,435.3	1,207.7	227.6	393.3	2,102.8	291.1	929.8	11,516.6
2000 Jan.	6,402.4	839.3	5,563.1	1,447.2	1,218.7	228.5	396.9	2,148.0	292.4	954.4	11,641.3
Feb.	6,431.8	834.7	5,597.1	1,462.1	1,227.5	234.6	411.4	2,185.9	291.9	971.3	11,754.3
Mar.	6,506.2	838.7	5,667.5	1,446.2	1,217.5	228.6	449.3	2,243.3	297.3	992.8	11,935.1
Apr.	6,568.9	840.8	5,728.1	1,432.2	1,195.4	236.8	462.4	2,342.4	298.8	1,033.0	12,137.6
May	6,591.0	834.4	5,756.6	1,428.2	1,184.3	243.9	476.5	2,330.3	298.7	1,033.6	12,158.4
June	6,657.8	834.7	5,823.1	1,407.3	1,163.3	244.0	441.1	2,321.9	280.8	1,037.8	12,146.8
July	6,683.9	832.2	5,851.7	1,389.3	1,137.3	252.0	446.7	2,347.4	282.8	1,084.6	12,234.8
Aug.	6,691.8	820.6	5,871.3	1,381.7	1,125.4	256.3	446.8	2,393.8	285.3	1,123.4	12,322.9
Sep.	6,764.3	813.6	5,950.8	1,384.3	1,125.3	259.1	449.2	2,430.7	286.6	1,071.0	12,386.2
Oct. <sup>(p)</sup>	6,814.2	815.4	5,998.8	1,380.2	1,112.3	267.9	449.2	2,483.9	289.1	1,139.9	12,556.5

## 2. Liabilities: levels outstanding

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Re-remaining liabilities	Excess of inter-MFI liabilities	Total
1999 Mar.	317.7	133.4	4,869.3	1,395.6	1,984.9	1,310.6	178.3	366.2	1,436.4	767.2	1,715.9	1,350.0	11.7	10,967.8
Apr.	319.8	115.8	4,883.7	1,411.1	1,986.9	1,314.0	171.7	387.7	1,453.1	778.0	1,731.0	1,300.1	0.4	10,969.7
May	321.5	120.7	4,904.6	1,442.8	1,974.7	1,314.7	172.4	389.3	1,463.5	782.6	1,720.7	1,257.8	15.5	10,976.3
June	324.0	125.0	4,935.3	1,488.5	1,961.2	1,319.1	166.4	391.7	1,472.1	793.3	1,837.9	1,328.7	12.6	11,220.7
July	332.0	134.9	4,938.7	1,474.7	1,979.1	1,321.3	163.7	383.5	1,476.5	797.9	1,770.4	1,313.2	13.7	11,160.9
Aug.	326.5	137.8	4,916.7	1,445.7	1,988.1	1,320.2	162.6	396.8	1,484.5	796.6	1,776.9	1,282.4	1.0	11,119.3
Sep.	327.4	133.2	4,928.8	1,474.4	1,976.7	1,317.1	160.6	403.6	1,504.9	807.1	1,777.3	1,283.7	16.2	11,182.4
Oct.	329.7	135.0	4,945.1	1,476.9	1,996.7	1,314.0	157.5	410.5	1,518.2	816.3	1,847.6	1,309.1	21.7	11,333.1
Nov.	330.2	146.0	4,984.1	1,511.7	2,005.0	1,308.7	158.6	428.9	1,529.3	821.4	1,909.0	1,373.1	18.3	11,540.3
Dec.	350.0	142.0	5,049.8	1,541.1	2,037.4	1,327.1	144.2	425.2	1,539.8	869.2	1,824.5	1,301.9	14.3	11,516.6
2000 Jan.	333.0	133.6	5,075.1	1,570.1	2,023.0	1,327.1	154.9	430.1	1,538.7	886.4	1,909.6	1,341.2	-6.5	11,641.3
Feb.	331.2	144.4	5,079.6	1,563.0	2,040.3	1,316.9	159.4	449.1	1,553.7	890.3	1,939.1	1,359.3	7.6	11,754.3
Mar.	334.6	130.2	5,102.9	1,571.8	2,047.0	1,307.0	177.1	461.7	1,556.6	906.3	2,066.3	1,391.9	-15.5	11,935.1
Apr.	337.8	131.6	5,141.6	1,607.4	2,055.3	1,299.4	179.5	510.4	1,576.3	916.3	2,143.6	1,413.4	-33.3	12,137.6
May	337.6	113.9	5,138.8	1,592.1	2,074.6	1,291.3	180.8	517.1	1,578.0	917.4	2,148.8	1,426.2	-19.3	12,158.4
June	341.2	146.4	5,128.3	1,603.0	2,072.0	1,285.9	167.3	517.9	1,587.2	918.9	2,048.7	1,440.7	17.5	12,146.8
July	343.1	134.6	5,132.9	1,599.3	2,082.3	1,279.3	172.0	530.4	1,585.7	934.7	2,083.0	1,477.3	13.0	12,234.8
Aug.	338.0	140.4	5,130.2	1,572.4	2,113.8	1,274.6	169.4	544.1	1,606.1	940.8	2,125.6	1,502.0	-4.4	12,322.9
Sep.	339.0	153.0	5,148.0	1,585.5	2,123.4	1,267.0	172.0	536.4	1,613.6	968.1	2,179.2	1,456.3	-7.3	12,386.2
Oct. <sup>(p)</sup>	336.7	169.5	5,155.9	1,587.4	2,135.8	1,258.9	173.8	542.2	1,639.7	975.3	2,241.3	1,501.6	-5.8	12,556.5

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.

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 <sup>2)</sup>

											Total
	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets <sup>3)</sup>	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11
1999 Apr.	12.7	-8.7	21.4	2.8	-4.4	7.2	11.9	-8.9	2.0	-33.4	-12.8
May	31.6	0.1	31.5	21.1	14.7	6.4	11.8	-60.3	1.1	-14.0	-8.7
June	101.3	6.6	94.8	-13.1	-17.6	4.5	-9.0	126.2	2.4	30.4	238.3
July	29.5	-8.0	37.5	-13.6	-16.7	3.1	-3.3	-35.3	4.7	-17.7	-35.7
Aug.	-9.9	-4.1	-5.8	17.8	9.8	7.9	-0.1	-43.9	0.8	-18.8	-54.1
Sep.	46.2	5.1	41.1	16.8	24.1	-7.3	-5.4	19.9	3.5	-9.3	71.7
Oct.	54.2	9.1	45.1	19.6	22.3	-2.7	1.2	20.9	2.2	44.3	142.5
Nov.	74.0	12.7	61.2	11.6	4.1	7.5	9.0	20.9	4.3	48.8	168.6
Dec.	30.0	-5.2	35.1	-28.5	-31.7	3.2	15.8	-77.5	16.0	5.2	-39.0
2000 Jan.	33.8	-8.0	41.8	15.1	13.9	1.2	3.4	23.0	1.4	24.6	101.3
Feb.	30.1	-4.6	34.7	15.3	9.1	6.2	12.9	32.8	-0.5	16.8	107.3
Mar.	71.5	5.0	66.6	-13.6	-6.9	-6.8	36.3	30.9	5.4	22.1	152.7
Apr.	55.6	1.7	53.9	-16.4	-21.4	5.0	12.3	12.7	1.5	33.3	99.0
May	21.0	-6.2	27.2	-0.4	-7.8	7.4	13.1	11.1	-0.1	0.5	45.2
June	60.2	0.1	60.2	-17.0	-18.0	1.0	-35.6	7.7	-17.6	4.6	2.3
July	21.9	-2.0	23.9	-19.2	-26.7	7.5	4.6	-4.2	2.0	46.5	51.6
Aug.	8.3	-8.4	16.7	-5.8	-9.5	3.6	0.4	4.3	2.5	38.6	48.4
Sep.	59.1	-7.2	66.3	1.6	-3.0	4.6	2.5	13.7	1.3	-53.1	25.0
Oct. <sup>(p)</sup>	42.9	1.6	41.3	-6.4	-14.8	8.4	0.7	9.9	2.4	68.8	118.3

### 4. Liabilities: flows <sup>2)</sup>

														Total
	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Re-remaining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 Apr.	2.1	-17.6	13.2	15.1	1.3	3.4	-6.6	20.9	15.6	11.5	6.7	-54.3	-11.0	-12.8
May	1.7	4.9	19.6	31.2	-13.0	0.6	0.8	1.3	9.0	5.2	-19.3	-46.3	15.1	-8.7
June	2.4	4.2	29.3	45.2	-14.3	4.5	-6.0	1.4	7.4	13.9	109.4	74.4	-4.2	238.3
July	8.0	10.0	6.6	-12.6	19.7	2.2	-2.7	-7.8	7.3	5.0	-45.6	-19.7	0.5	-35.7
Aug.	-5.5	2.9	-24.2	-29.8	7.8	-1.1	-1.1	13.1	4.7	0.8	-4.9	-28.9	-12.1	-54.1
Sep.	0.9	-4.7	13.0	29.2	-11.1	-3.1	-2.0	6.5	21.8	5.8	4.2	8.9	15.2	71.7
Oct.	2.3	1.8	13.9	1.7	18.6	-3.2	-3.2	6.4	10.9	7.7	54.8	39.4	5.5	142.5
Nov.	0.5	11.0	34.5	33.1	5.7	-5.3	1.1	17.8	6.3	4.1	32.4	65.5	-3.3	168.6
Dec.	19.5	-4.0	65.7	29.4	32.3	18.5	-14.4	-14.7	10.6	31.2	-87.8	-59.5	0.0	-39.0
2000 Jan.	-16.9	-8.4	22.9	28.1	-15.7	-0.2	10.7	0.8	-3.0	18.8	67.8	42.8	-23.5	101.3
Feb.	-1.8	10.8	4.1	-7.2	17.0	-10.2	4.5	19.0	14.8	5.3	25.1	16.1	14.1	107.3
Mar.	3.4	-14.3	20.2	7.5	5.0	-9.9	17.6	12.0	1.3	14.6	106.5	31.9	-22.9	152.7
Apr.	3.3	1.4	33.0	33.4	4.9	-7.7	2.3	2.3	14.6	9.6	35.2	14.8	-15.1	99.0
May	-0.2	-17.7	0.1	-11.9	19.9	-9.2	1.4	9.8	5.6	3.2	26.2	12.0	6.2	45.2
June	3.7	32.6	-7.4	12.2	-0.8	-5.3	-13.5	-3.7	15.7	-3.2	-78.5	17.5	25.5	2.3
July	1.9	-11.8	1.0	-5.1	7.4	-6.0	4.7	12.0	-7.4	15.6	7.7	39.7	-7.1	51.6
Aug.	-5.1	5.8	-7.1	-28.8	29.2	-4.8	-2.7	12.6	12.1	6.9	5.5	33.0	-15.4	48.4
Sep.	1.0	12.6	11.9	12.1	4.8	-7.6	2.6	-8.0	3.6	20.6	39.1	-50.7	-5.1	25.0
Oct. <sup>(p)</sup>	-2.2	16.5	2.5	-0.1	9.1	-8.3	1.8	4.7	17.4	6.4	21.8	49.7	1.6	118.3

Table 2.4

Monetary aggregates <sup>1)</sup> and counterparts

(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
	Currency in circulation		Overnight deposits		Total	Index Dec. 98=100 <sup>2)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>2)</sup>			
	1	2	3	4									
1999 Mar.	317.7	1,469.1	1,786.8	100.51	874.0	1,250.1	3,910.9	100.11	178.3	366.2	48.9		
Apr.	319.8	1,481.4	1,801.2	101.29	874.3	1,255.1	3,930.7	100.59	171.7	387.7	52.8		
May	321.5	1,510.6	1,832.2	103.01	864.5	1,259.9	3,956.5	101.23	172.4	389.3	57.6		
June	324.0	1,551.2	1,875.1	105.40	841.5	1,265.7	3,982.4	101.86	166.4	391.7	59.2		
July	332.0	1,543.6	1,875.6	105.48	854.3	1,270.4	4,000.3	102.38	163.7	383.5	61.7		
Aug.	326.5	1,513.6	1,840.1	103.44	857.3	1,270.3	3,967.7	101.50	162.6	396.8	63.0		
Sep.	327.4	1,537.5	1,864.9	104.87	843.8	1,267.3	3,976.1	101.74	160.6	403.6	75.5		
Oct.	329.7	1,542.0	1,871.7	105.20	858.6	1,265.5	3,995.7	102.15	157.5	410.5	74.0		
Nov.	330.2	1,575.9	1,906.1	107.04	857.9	1,260.4	4,024.4	102.79	158.6	428.9	75.6		
Dec.	350.0	1,609.4	1,959.3	110.01	878.5	1,282.9	4,120.8	105.24	144.2	425.2	88.4		
2000 Jan.	333.0	1,637.7	1,970.7	110.60	862.0	1,283.8	4,116.5	105.09	154.9	430.1	86.6		
Feb.	331.2	1,629.2	1,960.4	110.01	876.8	1,272.5	4,109.7	104.95	159.4	449.1	90.1		
Mar.	334.6	1,637.5	1,972.2	110.60	885.0	1,262.1	4,119.3	105.13	177.1	461.7	89.9		
Apr.	337.8	1,675.6	2,013.4	112.80	893.0	1,254.6	4,161.1	106.08	179.5	510.4	89.0		
May	337.6	1,657.0	1,994.5	111.93	910.7	1,246.1	4,151.4	105.92	180.8	517.1	86.7		
June	341.2	1,668.5	2,009.7	112.85	909.4	1,238.8	4,157.9	106.16	167.3	517.9	86.2		
July	343.1	1,666.5	2,009.6	112.77	919.4	1,231.1	4,160.1	106.15	172.0	530.4	75.9		
Aug.	338.0	1,637.8	1,975.8	110.76	948.5	1,225.0	4,149.3	105.78	169.4	544.1	80.3		
Sep.	339.0	1,651.1	1,990.1	111.51	957.4	1,214.7	4,162.2	106.05	172.0	536.4	81.6		
Oct. <sup>3)</sup>	336.7	1,652.1	1,988.9	111.33	969.5	1,206.1	4,164.4	106.00	173.8	542.2	89.6		

2. Flows <sup>4)</sup>

	M1								M2		Repurchase agreements	Money market fund shares/units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Annual percentage change <sup>4)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual percentage change <sup>4)</sup>			
	1	2	3	4									
1999 Apr.	2.1	11.9	14.0	11.5	-0.3	5.0	18.7	6.4	-6.6	20.9	1.1		
May	1.7	28.8	30.5	12.1	-10.3	4.7	24.9	6.5	0.8	1.3	4.5		
June	2.4	40.0	42.5	11.5	-23.6	5.8	24.7	6.3	-6.0	1.4	1.4		
July	8.0	-6.5	1.6	14.1	14.1	4.8	20.5	7.7	-2.7	-7.8	2.9		
Aug.	-5.5	-30.8	-36.3	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	-13.3	-3.0	9.1	6.9	-2.0	6.5	0.8		
Oct.	2.3	3.6	5.9	13.0	12.2	-1.9	16.1	7.0	-3.2	6.4	-1.9		
Nov.	0.5	32.2	32.8	11.8	-2.5	-5.2	25.1	6.4	1.1	17.8	0.7		
Dec.	19.5	33.4	52.9	10.0	20.6	22.6	96.1	5.2	-14.4	-14.7	13.1		
2000 Jan.	-16.9	27.4	10.4	9.3	-17.4	0.8	-6.2	4.1	10.7	0.8	-2.1		
Feb.	-1.8	-8.7	-10.5	10.7	16.3	-11.3	-5.5	5.2	4.5	19.0	3.5		
Mar.	3.4	7.0	10.5	10.0	7.1	-10.5	7.0	5.0	17.6	12.0	-1.0		
Apr.	3.3	36.0	39.3	11.4	5.7	-7.6	37.3	5.5	2.3	2.3	-0.1		
May	-0.2	-15.3	-15.5	8.7	18.9	-9.6	-6.2	4.6	1.4	9.8	-1.7		
June	3.7	12.8	16.5	7.1	0.3	-7.3	9.4	4.2	-13.5	-3.7	1.9		
July	1.9	-3.3	-1.4	6.9	8.2	-7.4	-0.6	3.7	4.7	12.0	-10.8		
Aug.	-5.1	-30.6	-35.7	7.1	27.5	-6.2	-14.4	4.2	-2.7	12.6	3.3		
Sep.	1.0	12.3	13.3	6.3	7.8	-10.4	10.7	4.2	2.6	-8.0	0.9		
Oct. <sup>3)</sup>	-2.2	-1.0	-3.2	5.8	9.8	-8.7	-2.1	3.8	1.8	4.7	7.5		

Source: ECB.

- 1) Monetary aggregates comprise monetary liabilities of MFIs and central government (Post Office, Treasury) vis-à-vis non-MFI euro area residents excluding central government.
- 2) 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 4. 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 <sup>2)</sup>		Longer-term MFI liabilities				Credit <sup>3)</sup>				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 <sup>2)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
4,504.3	100.90		1,111.6	120.9	1,387.5	767.2	2,061.0	5,700.7	5,158.2	102.32	338.9	1999 Mar.
4,542.9	101.67		1,113.6	118.7	1,400.3	778.0	2,049.5	5,741.9	5,179.5	102.75	327.4	Apr.
4,575.8	102.37		1,111.2	115.1	1,405.9	782.6	2,066.4	5,793.5	5,211.9	103.37	288.6	May
4,599.7	102.85		1,120.7	114.2	1,412.9	793.3	2,052.8	5,882.7	5,305.5	105.25	306.6	June
4,609.1	103.14		1,125.4	111.9	1,414.9	797.9	2,032.9	5,918.4	5,340.2	105.99	311.5	July
4,590.1	102.66		1,131.5	111.0	1,421.5	796.6	2,033.3	5,920.5	5,335.3	105.88	278.9	Aug.
4,615.8	102.98		1,133.6	111.2	1,429.5	807.1	2,054.4	5,949.7	5,374.9	106.70	303.9	Sep.
4,637.7	103.37		1,138.6	110.6	1,444.2	816.3	2,075.6	5,995.2	5,421.3	107.59	271.1	Oct.
4,687.5	104.37		1,147.6	110.6	1,453.7	821.4	2,086.4	6,082.3	5,486.0	108.81	265.8	Nov.
4,778.5	106.15		1,159.3	112.8	1,451.5	869.2	2,054.9	6,138.0	5,517.1	109.50	278.3	Dec.
4,788.1	106.22		1,161.4	111.8	1,452.1	886.4	2,058.0	6,188.4	5,563.1	110.33	238.4	2000 Jan.
4,808.4	106.70		1,164.0	112.8	1,463.5	890.3	2,062.2	6,243.1	5,597.1	111.02	246.8	Feb.
4,848.0	107.49		1,162.4	113.6	1,466.7	906.3	2,056.3	6,345.4	5,667.5	112.34	177.1	Mar.
4,939.9	108.42		1,162.7	113.2	1,487.3	916.3	2,036.2	6,427.2	5,728.1	113.41	198.8	Apr.
4,935.9	108.49		1,164.3	114.4	1,491.4	917.4	2,018.7	6,477.0	5,756.6	113.95	181.6	May
4,929.2	108.36		1,163.1	115.9	1,501.1	918.9	1,998.0	6,508.2	5,823.1	115.14	273.3	June
4,938.5	108.48		1,163.4	117.0	1,509.8	934.7	1,969.5	6,550.5	5,851.7	115.61	264.4	July
4,943.1	108.45		1,165.7	118.6	1,525.8	940.8	1,946.0	6,574.3	5,871.3	115.94	268.2	Aug.
4,952.3	108.59		1,166.4	120.8	1,532.0	968.1	1,938.8	6,659.0	5,950.8	117.25	251.5	Sep.
4,970.2	108.84		1,166.6	121.6	1,550.1	975.3	1,927.7	6,715.9	5,998.8	118.06	242.6	Oct. <sup>(p)</sup>

M3			Main counterparts of M3									
Total	Annual percentage change <sup>4)</sup>	3-month moving average (centred)	Longer-term MFI liabilities				Credit <sup>3)</sup>				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 <sup>4)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
34.1	5.3	5.4	1.8	-2.2	14.5	11.5	-13.1	40.5	21.4	9.6	-15.6	1999 Apr.
31.5	5.5	5.4	-2.7	-3.6	4.5	5.2	14.8	49.7	31.5	9.9	-41.0	May
21.5	5.5	5.6	9.3	-1.0	6.0	13.9	-11.0	90.3	94.8	10.4	16.8	June
12.8	5.9	5.7	5.3	-2.3	4.4	5.0	-24.7	37.3	37.5	10.2	10.2	July
-21.3	5.7	5.9	5.8	-0.9	3.7	0.8	5.8	2.0	-5.8	10.0	-39.0	Aug.
14.4	6.0	5.8	2.2	0.2	21.0	5.8	29.2	28.5	41.1	9.9	15.6	Sep.
17.4	5.7	5.9	6.2	-0.6	12.8	7.7	31.4	43.6	45.1	10.0	-33.9	Oct.
44.7	6.1	6.0	8.2	0.1	5.5	4.1	16.8	77.8	61.2	10.2	-11.4	Nov.
80.1	6.2	5.8	11.7	2.1	-2.5	31.2	-36.9	54.1	35.1	9.5	10.4	Dec.
3.2	5.2	5.8	1.7	-0.9	-0.9	18.8	5.9	46.4	41.8	8.7	-44.9	2000 Jan.
21.5	6.1	6.0	0.8	1.0	11.2	5.3	4.4	53.8	34.7	9.4	7.7	Feb.
35.7	6.5	6.4	-2.1	0.8	2.3	14.6	-1.9	96.1	66.6	9.8	-75.6	Mar.
41.8	6.6	6.4	-0.8	-0.4	14.7	9.6	-19.6	71.1	53.9	10.4	-22.4	Apr.
3.2	6.0	6.0	1.0	1.2	7.4	3.2	-14.1	47.8	27.2	10.2	-15.2	May
-5.8	5.4	5.5	-1.1	1.5	13.8	-3.2	-18.0	25.6	60.2	9.4	86.2	June
5.3	5.2	5.4	-0.9	1.4	3.4	15.6	-28.7	36.0	23.9	9.1	-11.9	July
-1.3	5.6	5.4	1.6	1.7	8.9	6.9	-17.9	20.7	16.7	9.5	-1.2	Aug.
6.2	5.4	5.5	-3.0	2.2	2.7	20.6	-10.1	73.3	66.3	9.9	-25.4	Sep.
11.8	5.3	-	-0.7	0.8	9.9	6.4	-13.2	50.3	41.3	9.7	-11.9	Oct. <sup>(p)</sup>

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

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.

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions and percentage changes, unless otherwise indicated)*
**3. Seasonally adjusted levels**

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments <sup>4)</sup>				Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>
	M1		Other short-term deposits <sup>3)</sup>		Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>				
	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>					Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Mar.	1,798.7	101.18	2,118.0	99.50	3,916.7	100.26	587.7	105.41	4,504.5	100.91	5,160.0	102.36
Apr.	1,810.0	101.79	2,122.3	99.67	3,932.2	100.63	602.1	107.38	4,534.3	101.48	5,187.3	102.90
May	1,829.3	102.85	2,124.0	99.72	3,953.3	101.14	605.9	107.97	4,559.2	102.00	5,227.3	103.68
June	1,846.1	103.76	2,118.1	99.42	3,964.2	101.40	614.0	109.19	4,578.2	102.37	5,284.7	104.84
July	1,871.3	105.24	2,130.5	100.07	4,001.8	102.42	608.6	108.39	4,610.4	103.17	5,318.9	105.57
Aug.	1,873.0	105.30	2,131.4	100.06	4,004.4	102.44	615.7	109.55	4,620.1	103.33	5,355.0	106.27
Sep.	1,883.8	105.93	2,131.1	100.06	4,014.8	102.73	637.9	111.37	4,652.7	103.81	5,389.1	106.98
Oct.	1,893.7	106.44	2,139.3	100.32	4,033.0	103.10	646.5	112.72	4,679.5	104.30	5,434.7	107.86
Nov.	1,906.1	107.04	2,141.5	100.33	4,047.7	103.38	662.2	115.19	4,709.8	104.87	5,489.6	108.88
Dec.	1,907.4	107.10	2,140.3	100.27	4,047.7	103.38	685.0	117.22	4,732.7	105.13	5,480.7	108.78
2000 Jan.	1,949.3	109.39	2,123.9	99.46	4,073.1	103.98	690.5	117.37	4,763.6	105.68	5,556.5	110.20
Feb.	1,974.5	110.80	2,133.0	99.96	4,107.5	104.89	696.3	118.34	4,803.7	106.60	5,607.5	111.23
Mar.	1,989.0	111.54	2,138.8	100.17	4,127.8	105.34	721.7	122.43	4,849.5	107.52	5,668.7	112.36
Apr.	2,005.6	112.36	2,144.0	100.30	4,149.6	105.79	765.5	122.25	4,915.1	107.87	5,736.9	113.58
May	1,999.3	112.20	2,152.6	100.70	4,151.9	105.93	767.5	123.15	4,919.4	108.13	5,774.5	114.30
June	1,984.3	111.42	2,156.4	100.96	4,140.7	105.72	766.7	122.70	4,907.3	107.88	5,799.4	114.67
July	1,998.3	112.14	2,162.9	101.20	4,161.2	106.17	779.0	124.49	4,940.2	108.52	5,825.7	115.10
Aug.	2,016.4	113.04	2,175.3	101.70	4,191.7	106.86	785.0	125.09	4,976.8	109.19	5,893.5	116.38
Sep.	2,010.9	112.67	2,188.6	102.26	4,199.4	107.00	787.6	125.37	4,987.0	109.35	5,967.3	117.58
Oct. <sup>4)</sup>	2,013.9	112.73	2,194.0	102.40	4,208.0	107.10	811.4	128.89	5,019.4	109.92	6,013.6	118.36

**4. Seasonally adjusted flows <sup>5)</sup>**

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments <sup>4)</sup>				Total	Change on previous month (%)	Total	Change on previous month (%)
	M1		Other short-term deposits <sup>3)</sup>		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 (%)	Total	Change on previous month (%)
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Mar.	18.5	1.0	8.8	0.4	27.3	0.7	-2.2	-0.4	25.1	0.6	35.7	0.7
Apr.	10.8	0.6	3.7	0.2	14.5	0.4	11.0	1.9	25.5	0.6	27.5	0.5
May	18.9	1.0	1.1	0.1	20.0	0.5	3.3	0.6	23.3	0.5	39.1	0.8
June	16.3	0.9	-6.5	-0.3	9.8	0.2	6.8	1.1	16.7	0.4	58.6	1.1
July	26.3	1.4	13.8	0.7	40.1	1.0	-4.5	-0.7	35.6	0.8	36.9	0.7
Aug.	1.0	0.1	-0.1	0.0	0.9	0.0	6.5	1.1	7.4	0.2	35.2	0.7
Sep.	11.3	0.6	-0.1	0.0	11.1	0.3	10.2	1.7	21.3	0.5	35.6	0.7
Oct.	9.0	0.5	5.6	0.3	14.6	0.4	7.7	1.2	22.3	0.5	44.2	0.8
Nov.	10.8	0.6	0.2	0.0	11.0	0.3	14.2	2.2	25.2	0.5	51.5	0.9
Dec.	1.0	0.1	-1.1	-0.1	-0.1	0.0	11.7	1.8	11.5	0.2	-5.0	-0.1
2000 Jan.	40.9	2.1	-17.4	-0.8	23.5	0.6	0.9	0.1	24.4	0.5	71.7	1.3
Feb.	25.1	1.3	10.6	0.5	35.7	0.9	5.7	0.8	41.4	0.9	51.6	0.9
Mar.	13.2	0.7	4.5	0.2	17.7	0.4	24.1	3.5	41.8	0.9	57.4	1.0
Apr.	14.6	0.7	2.8	0.1	17.4	0.4	-1.1	-0.1	16.3	0.3	61.5	1.1
May	-2.9	-0.1	8.7	0.4	5.8	0.1	5.6	0.7	11.4	0.2	36.2	0.6
June	-13.8	-0.7	5.5	0.3	-8.3	-0.2	-2.8	-0.4	-11.1	-0.2	18.6	0.3
July	12.7	0.6	5.0	0.2	17.7	0.4	11.2	1.5	28.9	0.6	21.6	0.4
Aug.	16.1	0.8	10.7	0.5	26.8	0.6	3.8	0.5	30.6	0.6	65.0	1.1
Sep.	-6.6	-0.3	12.1	0.6	5.5	0.1	1.8	0.2	7.2	0.1	60.5	1.0
Oct. <sup>4)</sup>	1.1	0.1	3.1	0.1	4.2	0.1	22.1	2.8	26.2	0.5	39.6	0.7

Source: ECB.

1) See page 16\*, footnote 1.

2) See page 16\*, footnote 2. For the calculation of growth rates, see the technical notes.

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 17\*, footnote 4.

**Table 2.5**
**Outstanding MFI loans by counterpart, type and original maturity <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**1. Loans to non-financial sectors other than government**

	Non-financial corporations <sup>2) 3)</sup>				Households <sup>2) 3)</sup>	Consumer credit <sup>4)</sup>			Lending for house purchase <sup>4)</sup>			Other lending			Non-profit institutions serving households <sup>2)</sup>			
	1	Up to 1 year	Over 1 and up to 5 years	Over 5 years		6	Up to 1 year	Over 1 and up to 5 years	Over 5 years	9	Up to 1 year	Over 1 and up to 5 years	Over 5 years	12		Up to 1 year	Over 1 and up to 5 years	Over 5 years <sup>3)</sup>
		2	3	4			7	8	10		11	13	14			15		
1998 Q4	2,286.8	813.3	316.2	1,157.3	2,479.6	84.6	128.4	199.8	28.2	42.0	1,419.6	114.3	82.0	380.7	36.9			
1999 Q1	2,259.9	817.1	338.4	1,104.3	2,527.8	86.0	149.0	188.4	15.4	66.9	1,464.0	135.0	98.0	325.1	35.8			
Q2	2,330.0	842.4	351.3	1,136.4	2,594.4	84.1	154.4	194.0	18.7	63.7	1,513.7	138.3	98.4	329.1	35.7			
Q3	2,346.2	829.9	362.3	1,154.1	2,653.3	85.6	157.2	196.5	19.5	64.3	1,561.7	135.7	96.1	336.8	36.2			
Q4	2,418.5	856.2	372.2	1,190.1	2,718.1	88.1	156.3	195.5	19.9	60.4	1,619.2	141.4	98.4	338.9	37.4			
2000 Q1	2,495.7	899.9	392.2	1,203.6	2,761.3	88.4	160.2	199.6	20.2	58.8	1,650.2	140.8	100.3	342.8	39.1			
Q2	2,552.2	916.2	405.3	1,230.6	2,815.6	93.3	161.5	201.6	21.2	60.6	1,689.7	144.6	102.0	340.9	37.6			
Q3 <sup>5)</sup>	2,628.2	943.0	423.7	1,261.5	2,870.9	96.8	165.0	207.3	22.6	63.1	1,726.5	142.9	101.6	345.1	37.6			

**2. Loans to non-monetary financial corporations**

	Non-monetary financial intermediaries except insurance corporations and pension funds <sup>2)</sup>				Insurance corporations and pension funds <sup>2)</sup>			
	16	Up to 1 year	Over 1 and up to 5 years	Over 5 years	20	Up to 1 year	Over 1 and up to 5 years	Over 5 years
1998 Q4	264.0	158.0	52.9	53.0	27.8	19.0	2.5	6.3
1999 Q1	298.7	183.4	54.8	60.5	35.9	27.0	3.0	5.9
Q2	304.9	192.2	51.7	61.0	40.2	28.7	2.7	8.8
Q3	297.4	181.1	53.3	62.9	41.7	32.9	2.8	6.0
Q4	313.4	190.5	54.6	68.3	29.2	20.6	2.7	5.9
2000 Q1	333.8	206.6	55.8	71.4	37.0	25.6	4.0	7.4
Q2	378.8	244.7	60.3	73.8	38.6	29.0	3.8	5.8
Q3 <sup>5)</sup>	380.6	244.7	64.3	71.6	33.0	25.5	2.8	4.7

**3. Loans to government**

	General government <sup>2)</sup>										
	24	Central government <sup>5)</sup>	Other general government							Social security funds	
			State government			Local government					
25	26	Up to 1 year	Over 1 and up to 5 years	Over 5 years	30	Up to 1 year	Over 1 and up to 5 years	Over 5 years	34		
1998 Q4	841.7	201.6	291.2	11.4	13.5	266.3	334.9	18.9	10.9	305.2	14.0
1999 Q1	837.2	220.7	276.7	12.1	20.9	243.7	327.4	19.4	12.5	295.5	12.4
Q2	836.9	212.1	279.2	11.5	20.5	247.1	328.2	19.9	10.9	297.4	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	847.2	199.8	292.9	15.0	25.1	252.7	338.9	20.5	11.6	306.8	15.6
2000 Q1	838.7	193.9	291.9	13.2	27.4	251.3	337.0	21.2	10.8	305.1	15.9
Q2	834.6	187.1	290.0	9.9	28.1	252.1	337.8	21.5	11.4	304.9	19.7
Q3 <sup>5)</sup>	813.6	172.8	288.4	8.9	27.2	252.4	334.9	21.1	11.1	302.8	17.4

Source: ECB.

- 1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
- 2) Corresponding ESA 95 sector codes: non-financial corporations, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.
- 3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.
- 4) The definitions of consumer credit and lending for house purchase are not fully consistent across the euro area.
- 5) A maturity breakdown is not available for loans to central government.

**Table 2.6**
**Outstanding deposits held with MFIs, by counterpart and instrument <sup>1)</sup>**
*(EUR billions (not seasonally adjusted; end of period))*
**1. Deposits held by non-financial sectors other than government**

	Non-financial corporations <sup>2) 3)</sup>					Households <sup>2) 3)</sup>				
	1	Overnight 2	With agreed maturity 3	Redeemable at notice 4	Repos 5	6	Overnight 7	With agreed maturity 8	Redeemable at notice 9	Repos 10
1998 Q4	743.2	435.6	252.4	25.6	29.5	3,313.1	794.1	1,116.4	1,355.0	47.7
1999 Q1	726.1	393.2	285.9	23.5	23.5	3,222.6	797.3	1,110.7	1,275.1	39.5
Q2	738.9	425.7	263.6	25.8	23.8	3,236.2	840.2	1,082.5	1,280.8	32.7
Q3	743.3	427.3	268.4	25.4	22.1	3,232.1	843.5	1,075.9	1,278.7	33.9
Q4	768.2	443.6	279.3	23.8	21.5	3,299.3	870.1	1,098.7	1,291.1	39.4
2000 Q1	783.7	438.2	290.1	24.3	31.1	3,289.1	884.8	1,092.1	1,269.8	42.4
Q2	813.6	457.0	305.7	24.0	26.9	3,278.6	886.4	1,096.2	1,249.4	46.6
Q3 <sup>(p)</sup>	845.2	463.9	330.7	24.3	26.3	3,272.0	876.9	1,113.0	1,230.4	51.7

**2. Deposits held by non-monetary financial corporations**

	Non-monetary financial intermediaries except insurance corporations and pension funds <sup>2) 3)</sup>					Insurance corporations and pension funds <sup>2)</sup>				
	1	Overnight 2	With agreed maturity 3	Redeemable at notice 4	Repos 5	6	Overnight 7	With agreed maturity 8	Redeemable at notice 9	Repos 10
1998 Q4	259.2	79.1	83.4	9.3	87.3	410.9	28.6	367.5	4.6	10.2
1999 Q1	375.5	127.4	141.9	4.7	101.5	424.9	32.0	379.1	3.0	10.8
Q2	401.5	134.4	165.0	4.7	97.4	429.6	36.2	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	397.8	142.6	181.2	4.7	69.3	446.3	32.0	399.2	3.3	11.9
2000 Q1	433.7	161.6	179.4	5.6	87.2	457.3	35.1	405.9	3.2	13.1
Q2	423.8	163.8	177.9	5.3	76.8	459.1	34.3	409.7	3.5	11.6
Q3 <sup>(p)</sup>	417.3	152.0	184.1	5.1	76.2	462.4	34.3	411.9	3.7	12.5

**3. Deposits held by government**

	General government <sup>2)</sup>																
	Central government		Other general government														
	1	2	State government					Local government					Social security funds				
			Over- night 3	With agreed maturity 4	Redeem- able at notice 5	Repos 6	7	Over- night 8	With agreed maturity 9	Redeem- able at notice 10	Repos 11	12	Over- night 13	With agreed maturity 14	Redeem- able at notice 15	Repos 16	17
1998 Q4	299.4	149.7	53.7	10.1	43.5	0.1	0.1	52.8	25.7	22.3	3.5	1.2	43.1	12.9	28.3	1.1	0.8
1999 Q1	253.8	133.4	25.6	7.4	17.9	0.1	0.2	52.9	24.1	23.9	3.2	1.7	41.9	14.3	25.6	1.0	1.0
Q2	254.5	125.0	27.3	8.1	18.9	0.2	0.1	54.4	26.1	24.1	3.4	0.7	47.9	18.2	27.6	1.1	1.0
Q3	262.0	133.2	27.8	8.7	18.7	0.1	0.2	54.4	24.5	25.4	3.3	1.1	46.6	17.1	27.2	0.9	1.5
Q4	280.7	142.0	31.6	10.2	21.1	0.1	0.2	59.0	27.1	27.2	3.4	1.2	48.1	16.0	30.6	0.7	0.7
2000 Q1	269.8	130.2	28.7	8.3	20.2	0.1	0.1	58.3	25.7	27.5	3.3	1.8	52.6	18.7	31.9	0.7	1.4
Q2	300.2	146.4	32.2	10.5	21.5	0.1	0.1	62.4	28.6	28.4	3.1	2.3	59.2	23.0	32.7	0.5	3.0
Q3 <sup>(p)</sup>	304.6	153.0	30.9	10.0	20.7	0.1	0.1	63.0	27.1	30.4	2.9	2.6	57.7	21.9	32.7	0.5	2.6

Source: ECB.

- 1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated. For further details, see the technical notes.
- 2) Corresponding ESA 95 sector codes: non-financial corporations, S11; households, S14; non-profit institutions serving households, S15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S123 (including financial auxiliaries, S124); insurance corporations and pension funds, S125; general government, S13.
- 3) As a result of the implementation of a new reporting scheme in January 1999, data prior to the first quarter of 1999 are not directly comparable with those referring to later periods.

**Table 2.7****Main outstanding MFI claims on and liabilities to non-residents of the euro area <sup>1)</sup>***(EUR billions (not seasonally adjusted; end of period))***1. Eurosystem <sup>2)</sup>**

	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							
	1	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>	Other	12	Banks <sup>3)</sup>		Non-banks		
		2	General government <sup>3)</sup>	Other	6		General government <sup>3)</sup>	Other	7	8					10	11	13	General government <sup>3)</sup>	Other
1998 Q4	84.4	70.0	13.1	1.2	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	59.6	45.6	10.5	3.5	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2				
2000 Q1	92.9	81.8	8.9	2.2	199.7	4.8	189.2	5.7	0.5	0.1	0.4	68.3	66.7	0.2	1.4				
Q2	101.0	87.9	10.3	2.7	205.5	4.5	197.0	4.0	0.4	0.1	0.3	85.3	82.8	0.5	2.0				
Q3 <sup>4)</sup>	83.7	72.7	8.2	2.7	221.9	5.3	211.2	5.5	1.0	0.1	0.9	67.9	64.6	1.0	2.4				

**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							
	1	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>	Other	12	Banks <sup>3)</sup>		Non-banks		
		2	General government <sup>3)</sup>	Other	6		General government <sup>3)</sup>	Other	7	8					10	11	13	General government <sup>3)</sup>	Other
1998 Q4	1,253.0	890.4	70.1	292.5	272.4	64.5	89.4	118.5	55.2	21.9	33.3	1,501.9	1,139.6	39.2	323.0				
1999 Q1	1,267.7	895.7	63.9	308.1	299.8	72.5	104.1	123.2	58.2	22.1	36.1	1,618.0	1,204.4	70.7	342.9				
Q2	1,248.3	847.2	67.0	334.1	320.6	78.7	103.5	138.4	75.2	32.5	42.7	1,666.6	1,214.9	62.7	388.9				
Q3	1,254.4	850.4	67.1	336.9	319.5	88.0	88.8	142.7	77.7	39.0	38.7	1,688.5	1,231.6	62.2	394.8				
Q4	1,280.3	862.9	68.2	349.2	338.7	93.8	88.4	156.4	81.5	37.4	44.1	1,774.7	1,279.6	72.0	423.1				
2000 Q1	1,333.3	889.2	70.4	373.6	369.7	108.3	98.6	162.9	99.5	46.0	53.6	1,991.2	1,442.4	71.2	477.7				
Q2	1,346.2	913.3	70.5	362.4	414.3	133.8	109.1	171.4	105.8	49.6	56.2	1,956.7	1,404.6	74.3	477.8				
Q3 <sup>4)</sup>	1,406.0	935.5	71.7	398.8	441.1	146.4	109.1	185.6	122.5	55.4	67.1	2,104.2	1,490.1	80.3	533.7				

**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							
	1	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>	Other	12	Banks <sup>3)</sup>		Non-banks		
		2	General government <sup>3)</sup>	Other	6		General government <sup>3)</sup>	Other	7	8					10	11	13	General government <sup>3)</sup>	Other
1998 Q4	1,337.4	960.4	83.3	293.7	393.2	66.8	205.6	120.8	55.8	22.0	33.8	1,514.7	1,151.7	39.6	323.4				
1999 Q1	1,376.0	992.7	72.3	311.0	485.2	76.4	282.8	126.0	58.6	22.2	36.4	1,709.9	1,294.0	71.2	344.7				
Q2	1,439.7	1,021.9	80.1	337.8	495.8	83.2	270.4	142.2	75.6	32.6	43.0	1,831.8	1,377.7	62.9	391.2				
Q3	1,362.5	949.4	73.9	339.2	495.7	92.0	256.9	146.8	78.1	39.1	39.0	1,771.1	1,312.2	62.6	396.3				
Q4	1,339.9	908.5	78.6	352.8	532.6	99.5	272.8	160.3	82.0	37.5	44.6	1,818.0	1,319.4	72.3	426.3				
2000 Q1	1,426.2	971.0	79.2	375.9	569.4	113.1	287.8	168.6	100.0	46.1	54.0	2,059.5	1,509.0	71.3	479.1				
Q2	1,447.1	1,001.2	80.8	365.2	619.9	138.4	306.1	175.4	106.2	49.7	56.6	2,042.0	1,487.5	74.8	479.8				
Q3 <sup>4)</sup>	1,489.7	1,008.2	79.9	401.5	663.0	151.7	320.2	191.1	123.5	55.6	68.0	2,172.1	1,554.7	81.3	536.1				

Source: ECB.

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

2) 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 <sup>1)</sup>***(EUR billions (not seasonally adjusted; end of period))***Liabilities outstanding****1. Deposits placed by euro area residents**

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 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	3,877.1	3,453.3	49.1	374.7	263.6	27.1	54.5	29.5	5,002.6	4,850.6	23.8	128.1	89.2	14.2	14.5	10.2
Q2	4,109.6	3,710.4	44.7	354.5	252.9	26.8	51.5	23.3	5,059.8	4,898.9	25.7	135.1	97.1	15.0	12.5	10.6
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	3,856.5	3,447.8	42.4	366.3	258.1	33.9	54.1	20.2	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5
2000 Q1	3,924.0	3,488.6	56.3	379.0	261.9	35.0	60.2	21.9	5,232.5	5,058.8	30.1	143.7	103.9	17.2	11.9	10.7
Q2	4,047.9	3,613.2	53.2	381.6	263.9	37.8	60.2	19.6	5,274.1	5,094.9	27.5	151.7	111.8	17.0	13.2	9.8
Q3 <sup>3)</sup>	3,931.0	3,472.6	56.8	401.6	280.8	39.6	60.8	20.5	5,300.4	5,111.7	28.8	159.9	120.2	17.0	12.6	10.1

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 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	609.1	470.4	52.9	53.1	32.7	415.8	178.1	37.5	200.3	149.2	24.2	12.9	13.9
Q2	1,377.7	614.8	134.2	628.7	500.8	39.2	52.3	36.5	454.1	193.5	40.8	219.8	168.8	24.5	11.7	14.8
Q3	1,312.2	553.8	131.5	626.9	495.6	43.9	53.5	33.9	458.8	199.8	43.4	215.7	162.0	27.5	11.4	14.8
Q4	1,319.4	539.0	122.1	658.3	526.0	48.8	50.7	32.7	498.5	214.0	46.7	237.8	183.4	27.3	13.0	14.2
2000 Q1	1,509.0	598.5	157.2	753.3	589.9	64.1	64.5	34.9	550.5	237.0	54.3	259.2	198.5	32.8	12.5	15.4
Q2	1,487.5	587.9	143.0	756.6	592.1	66.2	61.1	37.2	554.5	234.4	52.0	268.1	204.5	32.3	15.8	15.5
Q3 <sup>3)</sup>	1,554.7	606.0	139.1	809.6	652.1	61.9	63.5	32.2	617.4	253.1	64.9	299.3	248.4	23.5	15.0	12.4

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

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 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	2,199.3	1,967.4	26.7	205.3	119.5	35.4	35.2	15.1	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.3	2,026.7	32.2	215.4	125.8	35.4	37.1	17.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.6	2,079.9	33.9	220.9	127.7	38.5	37.2	17.4	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4	2,369.2	2,108.8	35.4	225.0	128.0	42.4	36.9	17.6	245.4	220.5	1.5	23.4	17.2	3.6	2.3	0.4
2000 Q1	2,427.8	2,147.0	42.6	238.2	133.1	52.9	33.6	18.6	250.5	226.0	1.7	22.8	14.5	4.6	2.0	1.7
Q2	2,484.2	2,192.3	40.1	251.8	142.2	57.8	33.5	18.3	262.8	234.9	1.4	26.5	17.2	5.4	2.5	1.4
Q3 <sup>3)</sup>	2,556.1	2,233.8	47.6	274.7	154.1	63.6	38.1	18.9	272.5	233.9	2.4	36.2	25.8	6.1	2.8	1.6

Source: ECB.

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

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

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

## Assets outstanding

### 4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q4	3,386.1	-	-	-	-	-	-	-	5,937.5	5,764.0	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,865.3	-	-	-	-	-	-	-	5,995.4	5,798.8	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,097.0	-	-	-	-	-	-	-	6,142.3	5,931.4	21.3	189.6	109.0	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.7	5,984.9	23.3	196.6	106.9	23.9	61.6	4.2
Q4	3,842.3	-	-	-	-	-	-	-	6,364.3	6,132.0	22.3	210.0	114.7	28.3	62.4	4.6
2000 Q1	3,939.5	-	-	-	-	-	-	-	6,506.2	6,239.9	33.7	232.6	126.4	35.7	63.9	6.7
Q2	4,030.4	-	-	-	-	-	-	-	6,657.8	6,365.2	35.5	257.1	145.2	38.8	68.2	5.0
Q3 <sup>(p)</sup>	3,938.4	-	-	-	-	-	-	-	6,764.3	6,454.6	33.2	276.5	159.3	44.2	69.3	3.7

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q4	722.4	680.9	17.8	23.6	15.8	3.6	1.8	2.5	1,377.9	1,341.0	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	762.9	727.3	7.8	27.9	18.3	5.6	1.3	2.7	1,419.0	1,386.6	3.9	28.5	15.4	10.2	2.0	0.9
Q2	802.1	768.0	6.1	28.0	18.9	5.2	1.1	2.9	1,429.1	1,399.0	3.2	27.0	13.6	10.2	2.1	1.1
Q3	829.7	795.7	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	829.4	794.8	7.3	27.3	18.2	4.8	2.3	2.0	1,435.3	1,402.8	5.4	27.1	12.7	10.3	1.9	2.2
2000 Q1	871.2	834.2	11.8	25.3	15.9	5.4	2.4	1.6	1,446.2	1,413.8	4.5	27.9	13.1	10.2	1.5	3.1
Q2	896.9	857.6	12.7	26.6	17.6	4.8	2.5	1.6	1,407.3	1,373.7	6.0	27.6	14.4	10.3	2.1	0.9
Q3 <sup>(p)</sup>	942.5	897.9	10.6	34.1	24.3	5.3	2.7	1.8	1,384.3	1,350.9	3.8	29.7	16.4	11.1	1.2	0.9

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q4	960.4	371.8	74.5	514.1	374.7	74.7	26.6	38.1	373.6	147.5	26.9	199.3	172.7	8.3	13.7	4.5
1999 Q1	992.7	457.8	75.9	459.0	325.1	62.3	27.2	44.4	383.3	134.1	27.9	221.4	193.7	7.7	14.4	5.6
Q2	1,021.9	477.0	74.5	470.4	349.8	52.9	26.2	41.6	417.8	139.3	35.4	243.1	212.6	8.0	16.3	6.3
Q3	949.4	428.1	78.3	442.9	320.3	54.1	28.3	40.2	413.1	143.4	36.4	233.3	198.8	10.8	18.0	5.8
Q4	908.5	388.8	75.2	444.5	323.3	53.9	30.0	37.4	431.4	138.3	39.6	253.5	217.0	11.1	18.8	6.7
2000 Q1	971.0	426.3	90.7	454.0	322.2	58.0	33.2	40.6	455.1	145.6	40.0	269.6	229.6	13.7	20.0	6.3
Q2	1,001.2	462.8	93.3	445.2	315.0	58.9	32.4	38.8	446.0	137.9	39.8	268.3	226.8	13.8	20.8	6.8
Q3 <sup>(p)</sup>	1,008.2	451.3	93.9	463.1	347.3	43.9	35.4	36.4	481.5	148.0	43.1	290.4	248.0	13.9	22.0	6.4

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

	Issued by banks <sup>3)</sup>								Issued by non-banks							
	All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies					All currencies	Euro <sup>2)</sup>	Other EU currencies	Other currencies				
					USD	JPY	CHF	Other					USD	JPY	CHF	Other
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
1998 Q4	66.8	19.6	5.6	41.5	28.1	4.9	0.8	7.6	321.2	48.1	31.0	242.1	182.2	35.7	4.2	19.8
1999 Q1	76.4	19.4	6.7	50.3	35.0	5.3	0.9	9.1	408.8	52.4	30.0	326.4	255.1	37.2	4.3	29.7
Q2	83.2	21.5	7.0	54.6	39.1	5.6	1.2	8.8	412.6	66.9	32.5	313.2	248.7	37.1	4.9	22.5
Q3	92.0	33.8	6.7	51.5	38.1	5.9	1.0	6.5	403.7	80.6	30.9	292.2	237.4	33.5	4.5	16.8
Q4	99.5	37.8	7.2	54.5	39.5	6.9	1.0	7.1	433.0	91.2	31.4	310.4	253.3	34.4	4.7	18.1
2000 Q1	113.1	43.3	7.0	62.8	49.0	6.6	1.4	5.8	456.4	94.4	28.5	333.4	278.8	34.3	6.1	14.2
Q2	138.4	50.0	12.3	76.0	61.8	6.3	1.6	6.3	481.5	98.4	27.9	355.2	304.7	31.8	5.0	13.7
Q3 <sup>(p)</sup>	151.7	50.5	16.4	84.8	71.8	6.9	2.4	3.7	511.3	119.2	34.1	358.0	314.5	30.2	4.3	9.0

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

**Table 3.1**

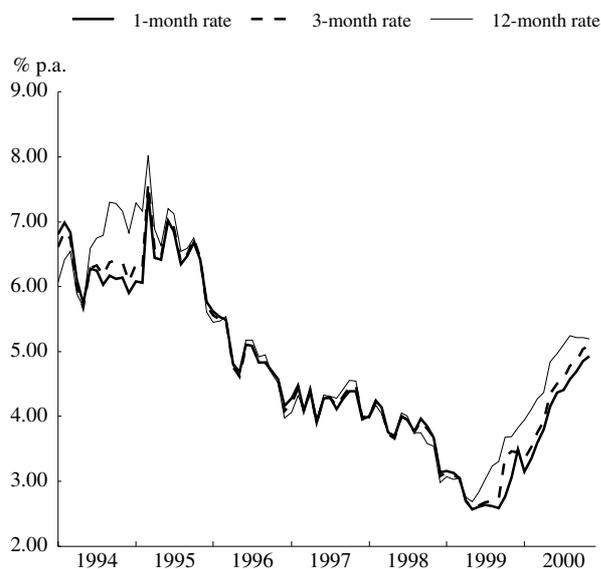
**Money market interest rates <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2) 3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>5)</sup> 6	3-month deposits <sup>5)</sup> 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 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
Apr.	3.69	3.80	3.93	4.09	4.37	6.31	0.12
May	3.92	4.15	4.35	4.53	4.84	6.75	0.10
June	4.29	4.37	4.50	4.68	4.96	6.79	0.13
July	4.31	4.41	4.58	4.84	5.11	6.73	0.22
Aug.	4.42	4.57	4.78	5.01	5.25	6.69	0.32
Sep.	4.59	4.70	4.85	5.04	5.22	6.67	0.41
Oct.	4.76	4.85	5.04	5.10	5.22	6.78	0.52
Nov.	4.83	4.92	5.09	5.13	5.19	6.75	0.55
2000 3 Nov.	4.85	4.95	5.13	5.18	5.25	6.75	0.53
10	4.81	4.93	5.11	5.16	5.22	6.76	0.56
17	4.76	4.87	5.06	5.10	5.15	6.75	0.56
24	4.83	4.90	5.07	5.10	5.17	6.75	0.56
1 Dec.	4.84	5.02	5.02	5.03	5.05	6.69	0.57
8	4.83	4.97	4.96	4.93	4.91	6.57	0.63

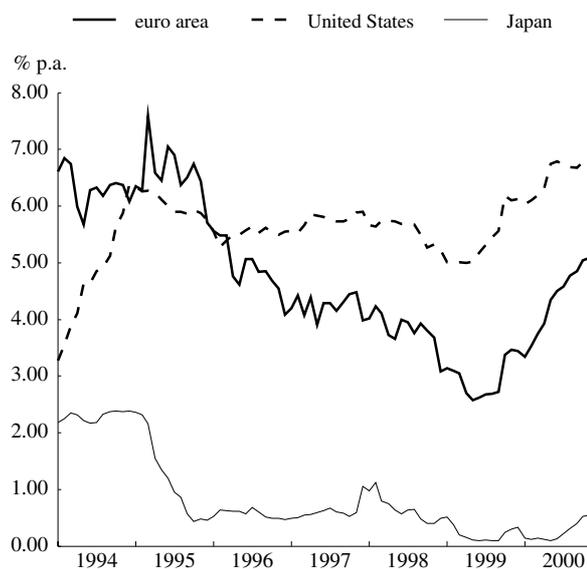
**Euro area money market rates**

(monthly)



**3-month money market rates**

(monthly)



Sources: Reuters and ECB.

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

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

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

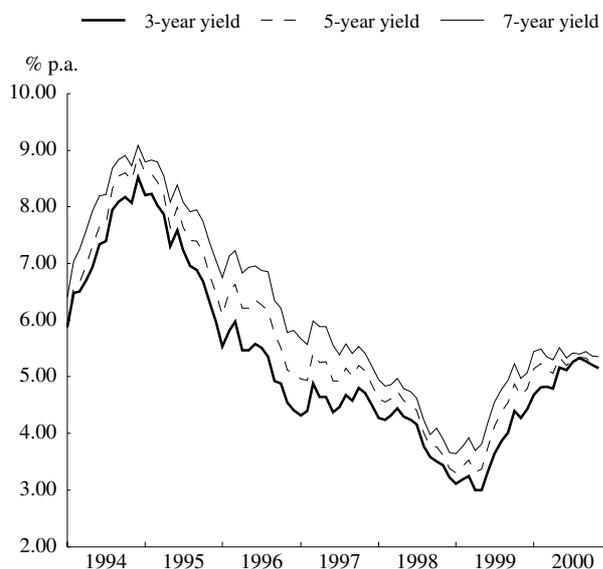
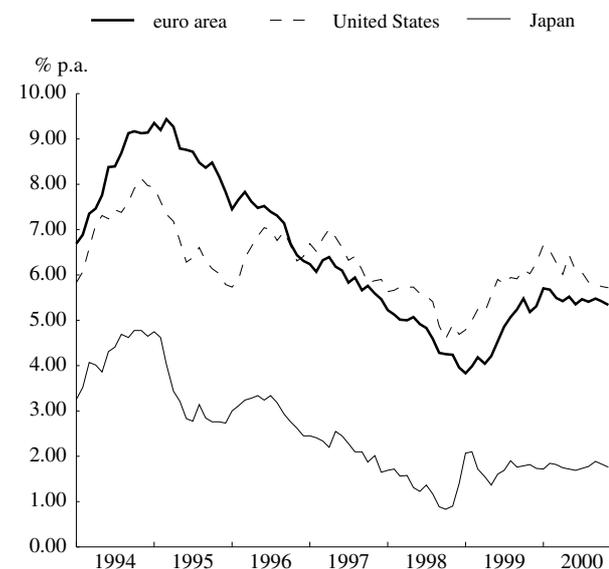
4) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP.

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

6) London interbank offered rates (LIBOR).

**Table 3.2****Government bond yields <sup>1)</sup>***(percentages per annum)*

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
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	3.38	3.63	4.01	4.38	4.66	5.64	1.75
1999 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
Apr.	4.58	4.79	5.06	5.30	5.41	6.00	1.75
May	5.00	5.16	5.34	5.51	5.52	6.42	1.71
June	5.02	5.12	5.19	5.33	5.35	6.10	1.69
July	5.19	5.27	5.32	5.43	5.45	6.04	1.72
Aug.	5.28	5.34	5.35	5.40	5.40	5.83	1.77
Sep.	5.22	5.28	5.33	5.44	5.47	5.80	1.88
Oct.	5.17	5.20	5.24	5.37	5.42	5.74	1.83
Nov.	5.12	5.15	5.19	5.35	5.34	5.72	1.75
2000 3 Nov.	5.18	5.21	5.26	5.41	5.39	5.80	1.83
10	5.14	5.17	5.24	5.41	5.39	5.81	1.81
17	5.10	5.14	5.17	5.36	5.35	5.70	1.76
24	5.11	5.14	5.16	5.30	5.28	5.63	1.68
1 Dec.	4.95	4.97	4.99	5.17	5.15	5.49	1.63
8	4.84	4.86	4.90	5.12	5.12	5.35	1.59

**Euro area government bond yields***(monthly)***10-year government bond yields***(monthly)*

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

- 1) To December 1998, 2, 3, 5 and 7-year euro area yields are end-of-period values and 10-year yields are period averages. Thereafter, all yields are period averages.
- 2) To December 1998, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

**Table 3.3**

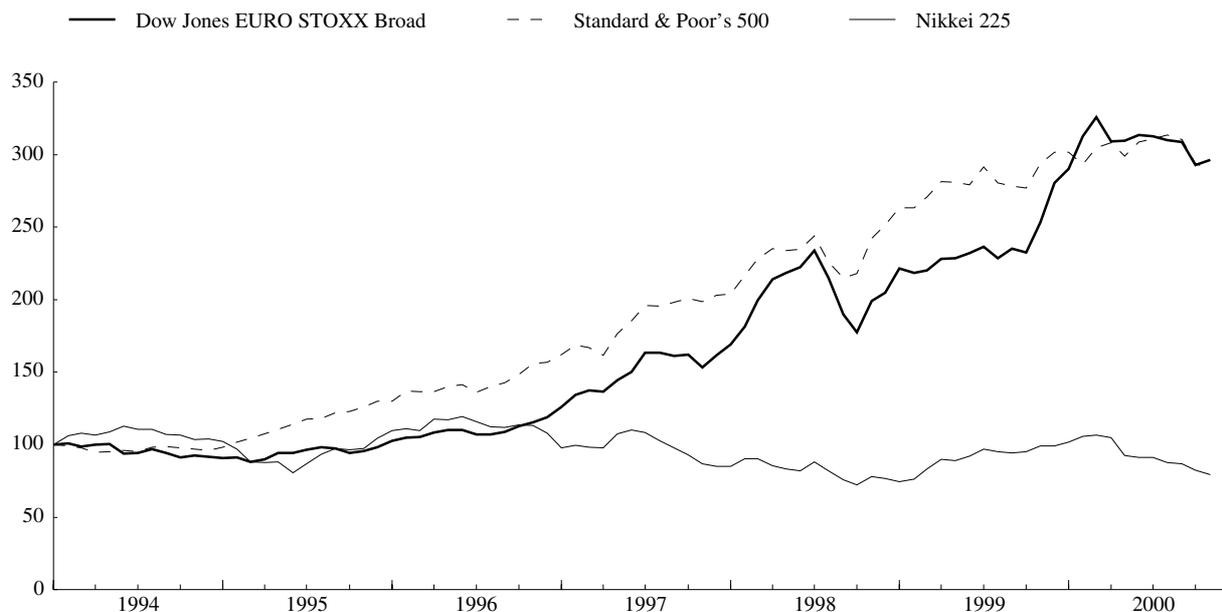
**Stock market indices**

(index levels, in points)<sup>1)</sup>

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1995	130.5	1,388.1	150.6	127.9	141.1	131.2	117.0	124.5	146.0	132.3	161.9	166.4	542.2	17,363.4
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.4	230.2	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.4	301.8	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.1	487.7	348.6	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.0	718.8	392.8	1,327.8	16,829.9
1999 Nov.	351.2	4,160.0	294.9	265.0	333.2	305.7	310.3	314.7	589.9	297.4	836.2	427.1	1,391.6	18,440.4
1999 Dec.	389.1	4,590.1	334.6	288.4	327.7	307.4	318.6	366.0	755.7	311.7	1,051.7	398.2	1,429.0	18,430.6
2000 Jan.	402.4	4,714.7	338.2	296.9	319.8	300.6	318.9	379.8	836.4	310.1	1,143.2	366.6	1,427.5	18,905.6
2000 Feb.	433.8	5,090.6	309.3	308.1	307.6	299.7	313.6	396.4	989.4	346.4	1,423.7	371.3	1,388.4	19,700.9
2000 Mar.	452.1	5,317.1	302.5	316.1	305.4	310.5	325.4	402.7	1,070.1	374.6	1,496.0	377.8	1,442.2	19,823.1
2000 Apr.	428.6	5,149.1	306.8	293.7	313.3	329.1	339.0	382.2	957.4	353.9	1,236.7	411.1	1,459.7	19,517.7
2000 May	429.4	5,174.7	304.2	294.5	322.3	353.1	340.0	388.0	1,004.4	356.4	1,135.1	435.5	1,416.7	17,222.5
2000 June	434.7	5,274.2	274.6	294.8	326.1	349.8	350.0	385.4	1,052.1	349.7	1,149.7	456.4	1,462.0	16,969.3
2000 July	433.8	5,227.8	283.1	297.8	328.2	345.7	360.4	384.3	1,044.6	333.9	1,083.0	502.2	1,472.1	16,961.1
2000 Aug.	429.9	5,152.0	290.0	301.3	331.1	363.1	375.9	380.3	982.6	334.1	951.6	545.8	1,485.5	16,329.9
2000 Sep.	428.1	5,132.9	280.3	298.7	329.5	376.4	371.4	371.8	1,015.4	335.1	910.2	553.4	1,470.6	16,170.4
2000 Oct.	406.4	4,893.2	281.2	278.4	331.5	373.7	366.3	349.4	864.6	336.3	824.3	561.2	1,390.1	15,342.7
2000 Nov.	410.8	4,962.5	302.9	274.9	346.0	365.0	379.7	359.6	864.7	339.6	796.2	571.6	1,373.8	14,743.5
2000 3 Nov.	423.5	5,101.4	309.6	290.4	347.7	352.5	386.9	367.5	944.5	339.8	856.1	555.2	1,426.7	14,837.8
2000 10	409.3	4,934.5	298.8	275.1	352.4	358.3	383.3	357.7	837.2	344.0	787.0	574.0	1,366.0	14,988.5
2000 17	410.5	4,961.5	299.9	273.4	347.3	367.3	384.8	360.0	844.2	337.2	783.0	591.0	1,367.7	14,544.3
2000 24	407.2	4,940.2	300.1	267.8	342.0	374.7	373.3	355.7	858.5	340.3	781.2	578.8	1,341.8	14,315.4
2000 1 Dec.	398.9	4,839.3	305.4	260.7	343.9	353.8	369.5	354.1	841.2	336.4	736.8	575.2	1,315.2	14,835.3
2000 8	404.1	4,889.7	326.3	264.1	327.7	329.5	370.0	364.7	948.2	327.5	742.7	551.7	1,369.9	14,696.5

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

(base month: January 1994 = 100; monthly)



Source: Reuters.

1) Monthly and yearly values are period averages.

**Table 3.4**

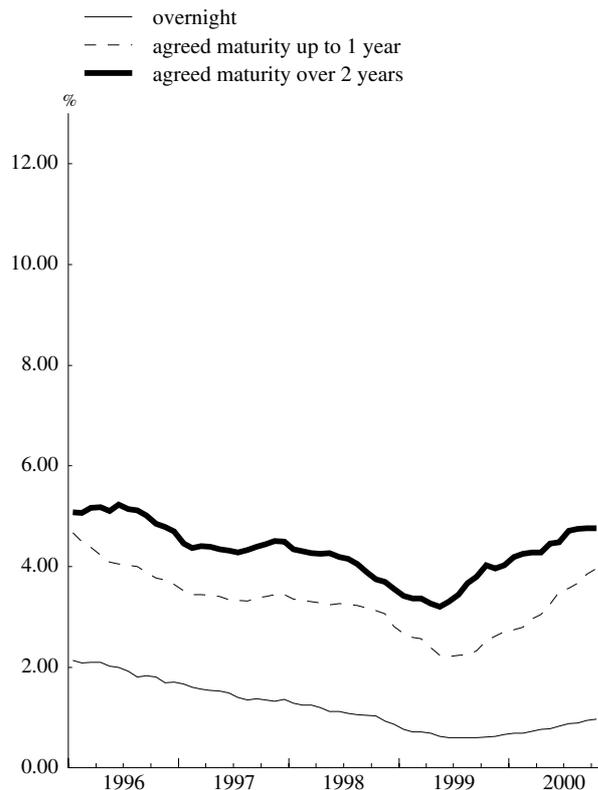
**Retail bank interest rates**

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.59	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 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	3.97	2.02	3.01	5.74	5.54	9.36	5.77
Dec.	0.67	2.70	2.71	4.02	2.04	3.05	5.82	5.51	9.38	5.80
2000 Jan.	0.69	2.74	2.74	4.19	2.05	3.18	5.92	5.74	9.51	6.03
Feb.	0.70	2.80	2.81	4.25	2.06	3.18	6.01	5.85	9.52	6.13
Mar.	0.73	2.96	2.96	4.28	2.07	3.33	6.08	5.85	9.55	6.10
Apr.	0.76	3.04	3.05	4.28	2.09	3.44	6.25	5.99	9.62	6.12
May	0.78	3.26	3.26	4.45	2.12	3.65	6.41	6.16	9.70	6.30
June	0.83	3.49	3.49	4.48	2.15	3.87	6.57	6.23	9.81	6.34
July	0.87	3.57	3.58	4.71	2.32	3.94	6.77	6.37	9.92	6.46
Aug.	0.90	3.67	3.67	4.75	2.35	4.06	6.81	6.44	9.97	6.51
Sep.	0.94	3.85	3.83	4.77	2.38	4.20	6.94	6.44	10.00	6.56
Oct.	0.98	3.97	3.96	4.77	2.40	4.14	7.11	6.52	10.06	6.56

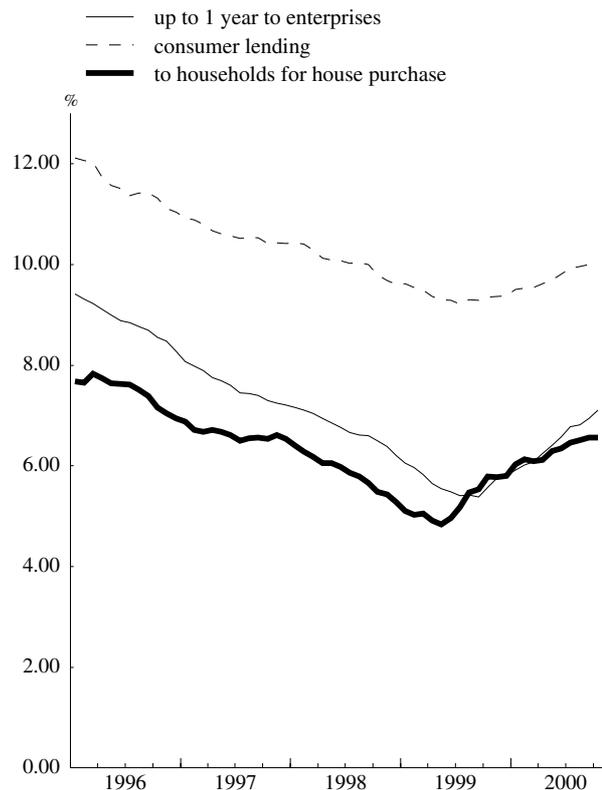
**Deposit interest rates**

(monthly)



**Lending interest rates**

(monthly)



Source: ECB.

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

**Table 3.5****Securities issues other than shares by original maturity, residency of the issuer and currency denomination***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term <sup>1)</sup>**

	By euro area residents									
					In euro <sup>2)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	192.1	188.4	3.7	585.3	185.0	183.6	1.5	553.0	7.1	4.8
Oct.	199.0	190.3	8.7	595.8	193.0	183.2	9.8	562.8	6.0	7.1
Nov.	194.8	176.7	18.1	615.0	187.3	169.9	17.5	580.6	7.5	6.8
Dec.	171.7	169.2	2.6	618.6	163.0	163.4	-0.4	580.4	8.7	5.8
2000 Jan.	251.1	266.3	-15.2	599.5	239.6	255.9	-16.3	562.4	11.4	10.4
Feb.	253.0	239.6	13.4	613.7	240.4	230.6	9.8	572.1	12.6	9.1
Mar.	270.0	249.1	20.8	633.7	257.8	239.8	18.0	590.9	12.2	9.3
Apr.	252.0	250.4	1.5	635.4	239.9	239.1	0.9	590.7	12.0	11.4
May	277.5	261.2	16.3	653.3	266.5	250.8	15.7	608.9	11.1	10.4
June	258.8	257.1	1.6	656.2	242.6	246.7	-4.1	605.0	16.2	10.4
July	286.3	281.1	5.1	664.0	269.4	265.4	4.0	610.1	16.9	15.7
Aug.	276.1	275.8	0.3	667.4	261.0	258.6	2.4	613.0	15.2	17.3
Sep.	311.3	314.6	-3.2	671.3	293.4	298.3	-4.9	611.3	17.9	16.3

**2. Long-term <sup>1)</sup>**

	By euro area residents									
					In euro <sup>2)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	138.4	75.0	63.4	5,870.7	123.4	67.0	56.3	5,433.7	15.0	8.0
Oct.	115.9	75.3	40.6	5,917.7	107.3	69.4	37.9	5,472.7	8.6	5.9
Nov.	103.4	78.6	24.7	5,950.3	94.8	71.9	22.9	5,495.7	8.5	6.7
Dec.	77.3	111.9	-34.6	5,922.3	70.6	97.7	-27.1	5,466.5	6.7	14.2
2000 Jan.	109.9	97.7	12.2	5,942.7	101.8	89.7	12.1	5,482.4	8.1	8.0
Feb.	121.8	70.1	51.7	5,994.6	109.6	62.1	47.5	5,530.5	12.2	8.0
Mar.	127.3	94.1	33.2	6,042.0	114.8	83.8	31.0	5,563.4	12.5	10.2
Apr.	111.2	76.7	34.5	6,088.2	101.7	67.1	34.7	5,597.8	9.5	9.6
May	124.8	84.4	40.5	6,123.1	112.5	75.1	37.5	5,638.8	12.3	9.3
June	103.3	63.8	39.5	6,160.1	90.5	53.4	37.0	5,678.2	12.8	10.4
July	123.9	75.9	47.9	6,211.6	101.0	68.3	32.7	5,707.2	22.9	7.6
Aug.	98.5	57.3	41.2	6,267.1	78.8	50.5	28.3	5,735.9	19.7	6.7
Sep.	105.4	72.3	33.1	6,301.3	90.0	66.8	23.2	5,758.6	15.3	5.4

**3. Total**

	By euro area residents									
					In euro <sup>2)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	330.5	263.4	67.1	6,456.0	308.3	250.6	57.8	5,986.7	22.2	12.8
Oct.	314.9	265.6	49.3	6,513.5	300.3	252.6	47.7	6,035.5	14.6	13.0
Nov.	298.2	255.4	42.8	6,565.3	282.1	241.8	40.4	6,076.3	16.0	13.5
Dec.	249.0	281.1	-32.0	6,540.9	233.6	261.1	-27.5	6,046.9	15.5	20.0
2000 Jan.	360.9	364.0	-3.0	6,542.2	341.4	345.6	-4.2	6,044.8	19.5	18.4
Feb.	374.8	309.8	65.1	6,608.3	350.0	292.7	57.3	6,102.6	24.9	17.1
Mar.	397.3	343.2	54.1	6,675.7	372.6	323.6	49.0	6,154.4	24.7	19.6
Apr.	363.2	327.1	36.0	6,723.6	341.7	306.1	35.5	6,188.5	21.5	21.0
May	402.4	345.6	56.8	6,776.4	379.0	325.9	53.1	6,247.7	23.4	19.7
June	362.1	320.9	41.1	6,816.3	333.1	300.2	32.9	6,283.2	29.0	20.8
July	410.2	357.1	53.1	6,875.6	370.4	333.7	36.7	6,317.3	39.7	23.4
Aug.	374.6	333.1	41.5	6,934.4	339.8	309.1	30.7	6,349.0	34.8	24.0
Sep.	416.7	386.9	29.9	6,972.7	383.5	365.1	18.3	6,369.9	33.3	21.7

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

1) "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.

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

currencies		By non-residents of the euro area in euro <sup>2)</sup>				Total in euro <sup>2)</sup>				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	
11	12	13	14	15	16	17	18	19	20	
2.3	32.3	28.0	18.6	9.4	31.7	591.7	567.4	24.3	584.7	1999 Sep.
-1.1	33.0	.	.	.	.	.	.	.	.	Oct.
0.6	34.4	.	.	.	.	.	.	.	.	Nov.
3.0	38.2	21.8	20.0	1.8	34.6	565.1	536.5	28.6	615.0	Dec.
1.1	37.3	.	.	.	.	.	.	.	.	2000 Jan.
3.6	41.6	.	.	.	.	.	.	.	.	Feb.
2.9	42.8	32.6	32.0	0.6	36.8	770.5	758.3	12.2	627.7	Mar.
0.7	44.7	.	.	.	.	.	.	.	.	Apr.
0.7	44.5	.	.	.	.	.	.	.	.	May
5.8	51.2	37.5	31.0	6.5	43.2	786.5	767.7	18.8	648.3	June
1.1	53.9	.	.	.	.	.	.	.	.	July
-2.1	54.3	.	.	.	.	.	.	.	.	Aug.
1.6	60.1	38.1	39.5	-1.4	45.2	862.0	861.8	0.2	656.4	Sep.

currencies		By non-residents of the euro area in euro <sup>2)</sup>				Total in euro <sup>2)</sup>				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	
11	12	13	14	15	16	17	18	19	20	
7.1	437.0	63.7	12.5	51.1	566.0	370.8	202.4	168.4	5,999.7	1999 Sep.
2.7	444.9	.	.	.	.	.	.	.	.	Oct.
1.8	454.6	.	.	.	.	.	.	.	.	Nov.
-7.5	455.8	48.8	21.4	27.4	593.8	321.6	260.4	61.2	6,060.3	Dec.
0.1	460.1	.	.	.	.	.	.	.	.	2000 Jan.
4.2	464.1	.	.	.	.	.	.	.	.	Feb.
2.2	478.5	65.7	21.5	44.2	638.1	391.8	257.1	134.8	6,201.5	Mar.
-0.2	490.4	.	.	.	.	.	.	.	.	Apr.
3.0	484.3	.	.	.	.	.	.	.	.	May
2.4	481.7	45.5	23.7	21.8	660.0	350.3	219.3	131.0	6,338.4	June
15.2	504.4	.	.	.	.	.	.	.	.	July
13.0	531.1	.	.	.	.	.	.	.	.	Aug.
9.9	542.7	58.5	39.2	19.2	682.5	328.4	224.9	103.4	6,441.2	Sep.

currencies		By non-residents of the euro area in euro <sup>2)</sup>				Total in euro <sup>2)</sup>				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	
11	12	13	14	15	16	17	18	19	20	
9.4	469.3	91.7	31.1	60.6	597.7	962.5	769.8	192.7	6,584.4	1999 Sep.
1.6	477.9	.	.	.	.	.	.	.	.	Oct.
2.5	489.0	.	.	.	.	.	.	.	.	Nov.
-4.6	494.1	70.6	41.5	29.2	628.4	886.7	796.9	89.8	6,675.3	Dec.
1.1	497.5	.	.	.	.	.	.	.	.	2000 Jan.
7.8	505.7	.	.	.	.	.	.	.	.	Feb.
5.1	521.3	98.3	53.5	44.8	674.9	1,162.3	1,015.3	146.9	6,829.2	Mar.
0.5	535.1	.	.	.	.	.	.	.	.	Apr.
3.7	528.7	.	.	.	.	.	.	.	.	May
8.2	532.9	83.0	54.7	28.3	703.3	1,136.8	986.9	149.8	6,986.7	June
16.4	558.3	.	.	.	.	.	.	.	.	July
10.8	585.4	.	.	.	.	.	.	.	.	Aug.
11.5	602.8	96.6	78.8	17.9	727.7	1,190.3	1,086.7	103.6	7,097.6	Sep.

**Table 3.6****Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)</sup>***(EUR billions; end of period; nominal values)***Amounts outstanding****1. Short-term <sup>2)</sup>**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	553.0	200.6	6.7	64.6	278.6	2.5	31.7	11.2	12.0	7.3
Oct.	562.8	213.8	6.2	66.2	273.6	3.0	.	.	.	.
Nov.	580.6	237.2	6.4	67.5	266.0	3.5	.	.	.	.
Dec.	580.4	248.9	5.7	66.5	254.4	4.8	34.6	14.4	12.1	6.3
2000 Jan.	562.4	230.0	5.7	66.1	257.1	3.4	.	.	.	.
Feb.	572.1	240.5	6.1	65.8	256.7	3.0	.	.	.	.
Mar.	590.9	251.2	5.9	66.7	264.6	2.6	36.8	15.5	11.9	8.1
Apr.	590.7	245.8	5.8	72.2	264.1	2.8	.	.	.	.
May	608.9	259.8	5.1	76.1	265.7	2.2	.	.	.	.
June	605.0	259.1	3.5	76.1	264.1	2.2	43.2	18.9	11.7	10.8
July	610.1	264.8	3.8	78.0	260.6	2.9	.	.	.	.
Aug.	613.0	263.8	3.8	79.7	263.5	2.3	.	.	.	.
Sep.	611.3	256.2	3.7	81.5	267.1	2.8	45.2	15.0	12.9	15.7

**2. Long-term <sup>2)</sup>**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	5,433.7	1,964.2	184.6	195.7	2,994.3	94.9	566.0	153.0	75.9	101.1
Oct.	5,472.7	1,983.7	187.3	199.0	3,009.1	93.7	.	.	.	.
Nov.	5,495.7	1,993.9	194.9	198.4	3,014.3	94.2	.	.	.	.
Dec.	5,466.5	1,976.7	196.2	197.0	3,002.4	94.1	593.8	158.4	81.8	113.9
2000 Jan.	5,482.4	1,985.9	195.4	191.9	3,014.9	94.3	.	.	.	.
Feb.	5,530.5	2,003.8	197.4	192.3	3,041.8	95.1	.	.	.	.
Mar.	5,563.4	2,021.9	198.6	195.7	3,051.3	95.9	638.1	176.1	89.1	128.1
Apr.	5,597.8	2,042.5	201.3	201.9	3,055.2	96.9	.	.	.	.
May	5,638.8	2,066.5	204.6	204.7	3,065.0	98.1	.	.	.	.
June	5,678.2	2,073.2	208.7	211.2	3,087.3	97.8	660.0	185.6	93.0	136.3
July	5,707.2	2,088.3	216.8	218.2	3,084.9	98.9	.	.	.	.
Aug.	5,735.9	2,100.4	220.6	221.9	3,092.8	100.3	.	.	.	.
Sep.	5,758.6	2,114.7	221.3	225.0	3,097.1	100.5	682.5	191.3	101.4	145.1

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	5,986.7	2,164.8	191.3	260.3	3,272.9	97.4	597.7	164.2	87.9	108.4
Oct.	6,035.5	2,197.5	193.5	265.2	3,282.7	96.6	.	.	.	.
Nov.	6,076.3	2,231.1	201.2	265.8	3,280.4	97.7	.	.	.	.
Dec.	6,046.9	2,225.7	202.0	263.5	3,256.8	98.9	628.4	172.8	93.9	120.2
2000 Jan.	6,044.8	2,215.9	201.1	258.1	3,272.1	97.7	.	.	.	.
Feb.	6,102.6	2,244.4	203.5	258.1	3,298.5	98.1	.	.	.	.
Mar.	6,154.4	2,273.1	204.5	262.4	3,315.8	98.6	674.9	191.7	101.0	136.2
Apr.	6,188.5	2,288.3	207.1	274.1	3,319.4	99.6	.	.	.	.
May	6,247.7	2,326.2	209.7	280.7	3,330.7	100.3	.	.	.	.
June	6,283.2	2,332.2	212.2	287.3	3,351.4	100.0	703.3	204.5	104.7	147.1
July	6,317.3	2,353.1	220.6	296.2	3,345.5	101.9	.	.	.	.
Aug.	6,349.0	2,364.2	224.3	301.6	3,356.3	102.6	.	.	.	.
Sep.	6,369.9	2,370.9	225.0	306.5	3,364.2	103.3	727.7	206.3	114.4	160.8

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

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

2) "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.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.3	0.6	0.3	584.7	211.8	18.7	71.9	279.0	3.1	0.3	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.3	0.6	0.8	615.0	263.3	17.8	72.8	254.7	5.5	0.8	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
0.2	0.3	0.7	627.7	266.7	17.8	74.8	264.8	3.0	0.7	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
0.2	0.4	1.2	648.3	278.0	15.2	86.9	264.2	2.6	1.2	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.2	0.5	0.8	656.4	271.2	16.7	97.2	267.3	3.2	0.8	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
82.7	29.2	124.1	5,999.7	2,117.2	260.5	296.8	3,077.0	124.1	124.1	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
86.6	29.1	124.0	6,060.3	2,135.1	278.0	310.9	3,089.0	123.3	124.0	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
93.5	30.0	121.3	6,201.5	2,198.0	287.7	323.8	3,144.8	125.9	121.3	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
96.6	29.9	118.7	6,338.4	2,258.7	301.7	347.5	3,184.0	127.7	118.7	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
97.4	30.6	116.8	6,441.2	2,306.0	322.7	370.1	3,194.5	131.1	116.8	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
83.1	29.8	124.3	6,584.4	2,329.0	279.2	368.7	3,356.0	127.2	124.3	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
86.9	29.8	124.8	6,675.3	2,398.5	295.9	383.7	3,343.7	128.7	124.8	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
93.7	30.3	122.0	6,829.2	2,464.7	305.5	398.6	3,409.5	128.9	122.0	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
96.8	30.3	119.9	6,986.7	2,536.7	316.9	434.5	3,448.2	130.3	119.9	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
97.6	31.1	117.6	7,097.6	2,577.2	339.4	467.3	3,461.8	134.4	117.6	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

**Table 3.6 (cont'd)****Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)</sup>***(EUR billions; transactions during the month or quarter; nominal values)***Gross issues****1. Short-term <sup>2)</sup>**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	185.0	105.1	1.2	37.9	40.0	0.8	28.0	9.7	10.6	6.7
Oct.	193.0	107.3	1.6	41.4	41.2	1.5	.	.	.	.
Nov.	187.3	117.7	1.5	33.6	32.5	2.0	.	.	.	.
Dec.	163.0	118.1	1.2	23.0	18.5	2.3	21.8	9.6	6.9	4.2
2000 Jan.	239.6	155.1	2.0	40.0	41.2	1.4	.	.	.	.
Feb.	240.4	155.4	2.3	44.3	37.0	1.5	.	.	.	.
Mar.	257.8	169.9	1.8	45.1	40.0	0.9	32.6	14.0	10.2	7.5
Apr.	239.9	141.3	2.4	51.4	43.4	1.4	.	.	.	.
May	266.5	175.7	1.8	53.0	34.6	1.4	.	.	.	.
June	242.6	159.7	2.6	46.6	32.8	1.0	37.5	16.6	9.3	10.0
July	269.4	167.6	2.1	56.6	41.4	1.8	.	.	.	.
Aug.	261.0	168.1	1.8	51.4	38.1	1.6	.	.	.	.
Sep.	293.4	196.7	2.5	56.0	36.3	2.0	38.1	12.1	10.6	14.5

**2. Long-term <sup>2)</sup>**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	123.4	55.7	9.3	3.9	53.0	1.4	63.7	21.3	9.8	22.2
Oct.	107.3	49.8	4.4	5.5	46.5	1.0	.	.	.	.
Nov.	94.8	45.3	9.1	3.0	36.1	1.3	.	.	.	.
Dec.	70.6	39.3	4.7	1.6	23.5	1.5	48.8	13.2	7.8	15.9
2000 Jan.	101.8	41.5	2.0	0.1	57.3	0.8	.	.	.	.
Feb.	109.6	48.4	3.6	3.9	51.7	2.0	.	.	.	.
Mar.	114.8	51.5	3.3	4.6	53.7	1.7	65.7	24.0	9.7	17.9
Apr.	101.7	45.7	5.1	7.4	41.6	1.9	.	.	.	.
May	112.5	53.8	5.2	4.4	47.6	1.5	.	.	.	.
June	90.5	36.6	9.1	7.8	36.6	0.4	45.5	16.8	6.3	15.1
July	101.0	44.6	10.6	8.6	35.1	2.1	.	.	.	.
Aug.	78.8	36.7	5.0	3.9	31.5	1.7	.	.	.	.
Sep.	90.0	42.8	1.8	3.7	40.7	1.0	58.5	19.6	10.7	20.9

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	308.3	160.8	10.6	41.8	93.0	2.2	91.7	31.0	20.4	28.9
Oct.	300.3	157.1	6.0	46.9	87.7	2.5	.	.	.	.
Nov.	282.1	163.0	10.7	36.6	68.6	3.3	.	.	.	.
Dec.	233.6	157.4	5.9	24.6	42.0	3.8	70.6	22.8	14.8	20.1
2000 Jan.	341.4	196.7	4.1	40.1	98.4	2.2	.	.	.	.
Feb.	350.0	203.8	5.9	48.2	88.6	3.4	.	.	.	.
Mar.	372.6	221.4	5.1	49.7	93.7	2.7	98.3	38.0	19.9	25.4
Apr.	341.7	187.1	7.5	58.8	85.0	3.4	.	.	.	.
May	379.0	229.5	6.9	57.4	82.3	2.9	.	.	.	.
June	333.1	196.3	11.7	54.4	69.3	1.4	83.0	33.4	15.6	25.1
July	370.4	212.2	12.7	65.1	76.5	3.9	.	.	.	.
Aug.	339.8	204.7	6.8	55.3	69.6	3.3	.	.	.	.
Sep.	383.5	239.5	4.3	59.6	77.0	3.0	96.6	31.7	21.3	35.5

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

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

2) "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.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.3	0.5	0.2	591.7	318.0	15.6	123.1	131.0	3.8	0.2	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.2	0.2	0.7	565.1	352.7	11.2	102.1	92.4	5.9	0.7	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
0.2	0.2	0.6	770.5	494.4	16.3	136.9	118.3	3.9	0.6	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
0.1	0.3	1.1	786.5	493.3	16.1	160.9	110.9	4.1	1.1	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.2	0.4	0.4	862.0	544.4	17.1	178.4	115.9	5.8	0.4	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
5.0	2.1	3.2	370.8	140.1	30.3	36.7	155.8	4.8	3.2	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
6.6	1.0	4.3	321.6	147.6	26.1	26.0	112.8	4.8	4.3	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
9.5	1.9	2.6	391.8	165.5	18.7	26.6	172.1	6.4	2.6	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
4.5	1.5	1.4	350.3	152.9	25.6	34.8	130.3	5.3	1.4	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
3.0	2.9	1.3	328.4	143.7	28.1	37.1	110.4	7.7	1.3	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
5.4	2.6	3.5	962.5	458.1	45.9	159.7	286.8	8.5	3.5	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
6.8	1.1	5.0	886.7	500.3	37.3	128.2	205.2	10.7	5.0	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
9.7	2.1	3.1	1,162.3	659.9	35.0	163.5	290.4	10.4	3.1	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
4.7	1.8	2.5	1,136.8	646.2	41.7	195.7	241.2	9.5	2.5	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
3.2	3.2	1.7	1,190.3	688.1	45.2	215.5	226.3	13.5	1.7	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer <sup>1)</sup>**
*(EUR billions; transactions during the month or quarter; nominal values)*
**Net issues**
**1. Short-term <sup>2)</sup>**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	1.5	9.9	-0.2	2.2	-10.1	-0.4	9.4	3.1	3.5	2.4
Oct.	9.8	12.7	-0.5	1.6	-4.5	0.5	.	.	.	.
Nov.	17.5	23.5	0.2	1.3	-8.1	0.6	.	.	.	.
Dec.	-0.4	11.2	-0.4	-0.9	-11.6	1.3	1.8	2.8	-0.3	-1.3
2000 Jan.	-16.3	-17.7	0.1	-0.4	2.0	-0.2	.	.	.	.
Feb.	9.8	10.7	0.4	-0.4	-0.5	-0.4	.	.	.	.
Mar.	18.0	9.9	-0.2	0.8	7.9	-0.4	0.6	0.5	-0.7	1.5
Apr.	0.9	-4.3	0.0	5.4	-0.4	0.1	.	.	.	.
May	15.7	12.6	-0.7	3.8	0.5	-0.6	.	.	.	.
June	-4.1	-3.0	0.5	0.1	-1.7	0.0	6.5	3.4	-0.2	2.7
July	4.0	4.6	0.3	1.9	-3.5	0.7	.	.	.	.
Aug.	2.4	-1.4	-0.1	1.6	2.9	-0.6	.	.	.	.
Sep.	-4.9	-7.9	0.0	1.9	0.7	0.4	-1.4	-5.4	0.4	4.0

**2. Long-term <sup>2)</sup>**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	56.3	25.9	7.5	1.3	20.7	0.9	51.1	17.1	7.1	20.1
Oct.	37.9	18.2	2.8	3.4	14.8	-1.3	.	.	.	.
Nov.	22.9	9.6	7.6	0.0	5.3	0.5	.	.	.	.
Dec.	-27.1	-15.4	1.4	-1.1	-11.9	0.0	27.4	5.1	6.0	12.8
2000 Jan.	12.1	5.8	-0.9	-5.5	12.6	0.2	.	.	.	.
Feb.	47.5	17.2	2.0	0.4	27.0	0.8	.	.	.	.
Mar.	31.0	16.8	0.9	3.0	9.5	0.9	44.2	17.6	7.3	14.3
Apr.	34.7	20.4	2.6	6.2	4.6	0.9	.	.	.	.
May	37.5	22.8	3.5	2.8	7.2	1.3	.	.	.	.
June	37.0	8.3	6.6	6.0	16.5	-0.3	21.8	9.4	3.8	8.2
July	32.7	19.0	8.1	7.0	-2.4	1.2	.	.	.	.
Aug.	28.3	12.0	3.5	3.5	7.9	1.3	.	.	.	.
Sep.	23.2	12.1	0.7	3.0	7.2	0.2	19.2	4.4	8.3	7.7

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Sep.	57.8	35.8	7.3	3.6	10.6	0.6	60.6	20.2	10.6	22.5
Oct.	47.7	31.0	2.2	5.0	10.3	-0.8	.	.	.	.
Nov.	40.4	33.1	7.7	1.3	-2.9	1.1	.	.	.	.
Dec.	-27.5	-4.2	1.0	-2.0	-23.6	1.2	29.2	7.9	5.7	11.5
2000 Jan.	-4.2	-12.0	-0.8	-5.9	14.6	-0.1	.	.	.	.
Feb.	57.3	27.9	2.4	0.1	26.6	0.4	.	.	.	.
Mar.	49.0	26.7	0.7	3.8	17.3	0.5	44.8	18.1	6.6	15.8
Apr.	35.5	16.1	2.6	11.6	4.2	1.1	.	.	.	.
May	53.1	35.4	2.8	6.6	7.6	0.7	.	.	.	.
June	32.9	5.3	7.1	6.0	14.8	-0.3	28.3	12.8	3.6	10.9
July	36.7	23.6	8.4	8.8	-5.9	1.9	.	.	.	.
Aug.	30.7	10.6	3.5	5.1	10.8	0.7	.	.	.	.
Sep.	18.3	4.2	0.7	4.8	7.9	0.7	17.9	-0.9	8.7	11.8

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

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

2) "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.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.3	0.1	24.3	30.5	3.4	8.4	-17.9	-0.2	0.1	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.0	0.0	0.6	28.6	50.2	-1.0	0.7	-24.2	2.4	0.6	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
-0.1	-0.3	-0.2	12.2	3.3	-0.4	1.6	9.3	-1.4	-0.2	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
0.0	0.1	0.5	18.8	8.7	-0.4	12.0	-1.7	-0.3	0.5	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.0	0.1	-0.5	0.2	-10.1	0.6	9.4	0.2	0.6	-0.5	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
4.6	1.8	0.4	168.4	53.3	20.8	28.0	62.9	3.1	0.4	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
3.9	-0.1	-0.3	61.2	17.6	17.7	15.1	12.0	-0.9	-0.3	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
7.0	0.9	-2.9	134.8	57.4	9.3	12.1	56.1	2.7	-2.9	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
3.1	-0.1	-2.6	131.0	60.8	16.5	23.2	31.4	1.8	-2.6	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.6	0.5	-2.3	103.4	47.5	20.6	21.2	13.2	3.2	-2.3	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
4.6	2.1	0.6	192.7	83.7	24.1	36.4	45.1	2.9	0.6	1999 Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
3.9	-0.1	0.2	89.8	67.8	16.7	15.8	-12.2	1.5	0.2	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
6.9	0.6	-3.1	146.9	60.7	8.9	13.8	65.4	1.3	-3.1	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
3.1	0.0	-2.1	149.8	69.5	16.1	35.2	29.7	1.5	-2.1	Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.7	0.6	-2.9	103.6	37.4	21.2	30.5	13.5	3.8	-2.9	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.

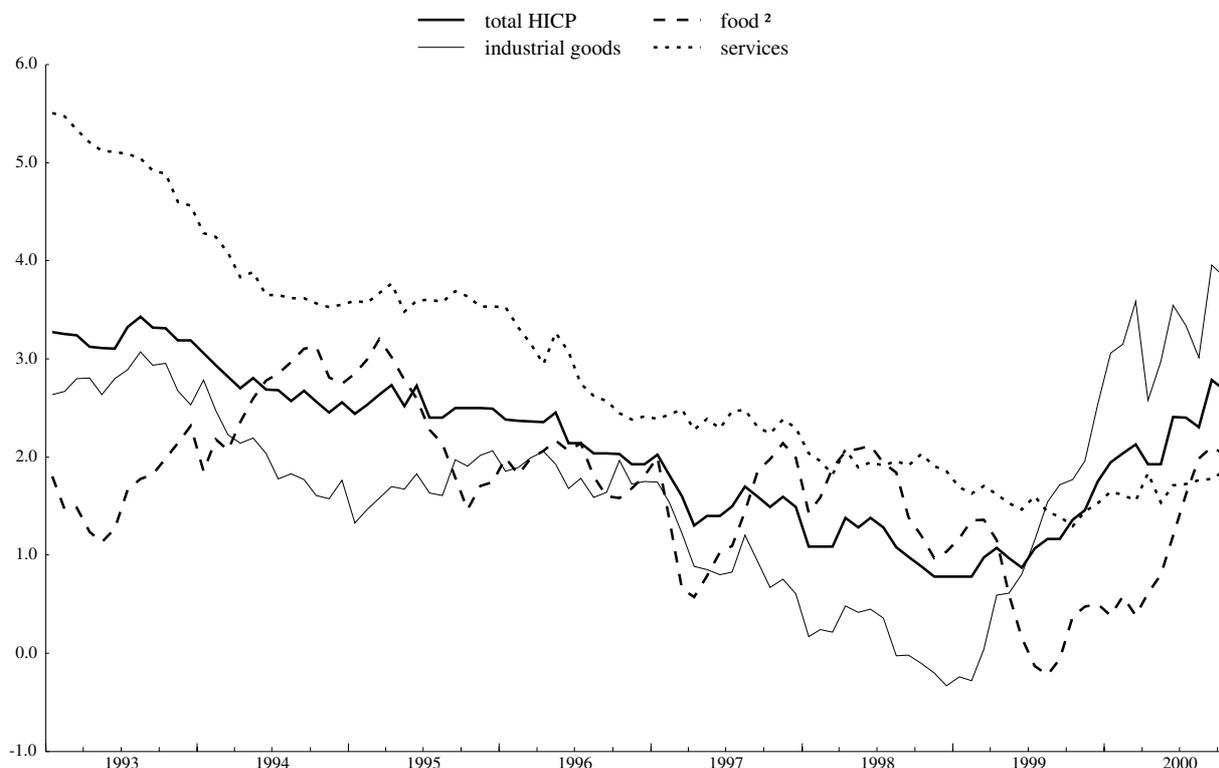
## 4 HICP and other prices in the euro area

**Table 4.1**

### Harmonised Index of Consumer Prices <sup>1)</sup>

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total	Goods							Services
			Goods	Food <sup>2)</sup>		Industrial goods	Non-energy industrial goods	Energy		
				Processed food <sup>2)</sup>	Unprocessed food					
Weight in the total (%) <sup>3)</sup>	100.0	100.0	62.4	20.8	12.6	8.2	41.6	32.6	9.0	37.6
	1	2	3	4	5	6	7	8	9	10
1995	97.9	2.5	2.0	2.4	2.5	2.2	1.7	1.8	1.4	3.6
1996	100.0	2.2	1.9	1.9	1.9	1.7	1.8	1.5	3.0	2.9
1997	101.6	1.6	1.1	1.4	1.4	1.4	1.0	0.5	2.7	2.4
1998	102.7	1.1	0.7	1.6	1.4	1.9	0.1	0.9	-2.6	1.9
1999	103.8	1.1	0.9	0.6	0.9	0.0	1.0	0.6	2.4	1.5
1999 Q3	104.1	1.1	0.9	-0.1	0.7	-1.4	1.5	0.6	4.9	1.5
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.6	7.9	1.4
2000 Q1	105.2	2.0	2.3	0.4	1.0	-0.4	3.3	0.6	13.7	1.6
Q2	105.9	2.1	2.3	0.9	1.0	0.7	3.0	0.6	12.3	1.7
Q3	106.7	2.5	2.9	1.9	1.1	3.1	3.4	0.7	13.6	1.8
1999 Oct.	104.2	1.4	1.3	0.4	0.9	-0.4	1.8	0.5	6.5	1.3
Nov.	104.3	1.5	1.4	0.5	0.9	-0.2	2.0	0.6	7.3	1.4
Dec.	104.7	1.7	1.8	0.5	1.0	-0.3	2.5	0.6	10.1	1.5
2000 Jan.	104.8	1.9	2.1	0.4	1.0	-0.6	3.1	0.7	12.1	1.6
Feb.	105.2	2.0	2.2	0.6	1.0	-0.1	3.1	0.5	13.6	1.6
Mar.	105.6	2.1	2.5	0.4	1.0	-0.5	3.6	0.6	15.3	1.6
Apr.	105.7	1.9	1.9	0.6	0.9	0.1	2.6	0.5	10.2	1.8
May	105.8	1.9	2.2	0.8	1.0	0.5	3.0	0.6	12.0	1.5
June	106.3	2.4	2.7	1.2	1.0	1.5	3.5	0.6	14.5	1.7
July	106.5	2.4	2.8	1.6	1.0	2.6	3.3	0.6	13.4	1.7
Aug.	106.5	2.3	2.7	2.0	1.1	3.3	3.0	0.6	11.9	1.8
Sep.	107.0	2.8	3.3	2.1	1.3	3.3	4.0	0.8	15.5	1.8
Oct.	107.0	2.7	3.2	2.0	1.2	3.2	3.8	0.9	14.5	1.9



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 <sup>2)</sup>		Oil prices <sup>3)</sup> (EUR per barrel)		
	Total excluding construction		Manufacturing						Construction <sup>1)</sup>	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	3.7	4.1	.	.	-	-	3.2	-	0.2	2.1	13.0		
1996	100.3	0.3	0.9	-0.6	1.3	2.1	2.1	2.2	1.2	6.5	-6.9	15.9		
1997	101.4	1.1	0.8	1.4	0.3	1.0	0.4	1.4	1.0	10.0	12.9	17.1		
1998	100.6	-0.7	-0.6	-2.6	0.6	0.6	0.3	0.7	0.2	-21.2	-12.5	12.0		
1999	100.2	-0.4	0.2	-0.5	0.2	0.2	0.5	0.1	0.6	17.8	-3.1	17.1		
1999 Q3	100.6	0.1	0.8	0.9	0.0	0.2	0.4	0.1	0.8	31.0	1.1	19.7		
Q4	101.7	2.1	2.7	5.4	0.2	0.6	0.6	0.6	0.6	61.5	14.0	23.0		
2000 Q1	103.3	4.3	4.6	10.3	0.5	0.9	1.0	0.9	1.7	78.3	19.9	27.1		
Q2	104.8	5.2	5.2	11.4	0.6	1.4	1.1	1.5	1.9	53.7	18.3	29.1		
Q3	106.4	5.7	5.4	12.1	0.7	1.6	1.3	1.8	.	46.7	18.0	33.9		
1999 Nov.	101.7	2.1	2.6	5.3	0.2	0.6	0.6	0.7	-	60.4	11.9	23.5		
Dec.	102.2	2.9	3.4	7.3	0.3	0.6	0.7	0.6	-	81.3	19.3	24.8		
2000 Jan.	102.8	3.8	4.0	9.1	0.5	0.8	0.9	0.7	-	76.2	19.4	24.9		
Feb.	103.3	4.4	4.7	10.5	0.6	0.9	1.0	0.9	-	87.6	20.0	27.6		
Mar.	103.8	4.8	5.1	11.2	0.6	1.0	1.0	1.0	-	72.0	20.2	28.4		
Apr.	104.1	4.6	4.7	10.3	0.6	1.2	1.0	1.3	-	43.9	19.4	24.6		
May	104.8	5.3	5.3	11.6	0.6	1.5	1.0	1.7	-	61.9	22.8	30.4		
June	105.3	5.6	5.5	12.3	0.7	1.4	1.2	1.5	-	55.2	12.9	31.5		
July	105.8	5.6	5.3	11.8	0.8	1.6	1.3	1.7	-	42.0	14.3	30.6		
Aug.	106.1	5.5	5.1	11.4	0.7	1.6	1.3	1.8	-	47.5	18.3	33.6		
Sep.	107.2	6.1	5.9	13.0	0.7	1.7	1.3	1.9	-	50.3	21.4	37.4		
Oct.	107.8	6.3	5.8	13.4	0.6	1.9	1.4	2.1	-	56.6	23.1	36.8		
Nov.	.	.	.	.	.	.	.	.	-	45.6	18.2	38.0		

**2. Deflators of gross domestic product**

	Deflators of GDP <sup>4)</sup> (s.a.)							
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>5)</sup>	Imports <sup>5)</sup>
	Index, 1995 = 100							
	13	14	15	16	17	18	19	20
1995	100.0	2.7	2.6	2.9	2.9	1.7	2.9	2.7
1996	102.1	2.1	2.1	2.4	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.7	1.9	1.6	0.9	1.8	2.5
1998	105.3	1.6	1.2	1.4	1.5	0.7	0.0	-1.4
1999	106.5	1.1	1.3	1.2	2.3	0.7	-0.3	0.2
1998 Q2	105.2	1.7	1.4	1.7	1.6	1.0	0.8	-0.4
Q3	105.6	1.7	1.1	1.2	1.6	0.7	-0.4	-2.4
Q4	105.8	1.4	0.8	0.9	1.4	0.4	-1.7	-3.8
1999 Q1	106.2	1.4	0.8	0.9	2.0	0.4	-1.9	-3.8
Q2	106.4	1.2	1.2	1.1	2.3	0.4	-1.3	-1.4
Q3	106.6	1.0	1.4	1.2	2.4	0.8	0.2	1.4
Q4	106.8	1.0	1.9	1.5	2.4	1.3	2.0	4.8
2000 Q1	107.2	1.0	2.3	1.9	1.9	2.0	3.9	8.1
Q2	107.3	0.8	2.2	1.7	1.4	2.4	4.5	8.8

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) 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 <sup>1)</sup>

#### GDP and expenditure components

##### 1. Current prices

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

	GDP						External balance <sup>3)</sup>		
	1	Domestic demand 2	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	7	Exports <sup>3)</sup>	Imports <sup>3)</sup>
3			4	5	6	8		9	
1995	5,308.9	5,210.8	2,998.6	1,093.8	1,092.3	26.2	98.1	1,569.6	1,471.5
1996	5,534.4	5,408.7	3,143.7	1,142.4	1,121.2	1.4	125.7	1,658.0	1,532.3
1997	5,648.0	5,498.7	3,198.5	1,150.7	1,136.9	12.6	149.2	1,828.8	1,679.5
1998	5,874.5	5,733.4	3,324.8	1,177.0	1,197.3	34.2	141.1	1,944.7	1,803.6
1999	6,127.4	6,019.6	3,475.5	1,229.6	1,278.0	36.4	107.8	2,038.7	1,930.9
1999 Q2	1,521.8	1,495.2	863.9	306.4	316.3	8.6	26.6	497.4	470.8
Q3	1,539.4	1,513.1	873.1	308.8	324.0	7.3	26.2	518.9	492.7
Q4	1,557.1	1,531.5	881.9	310.9	326.1	12.6	25.6	541.4	515.7
2000 Q1	1,576.8	1,553.6	894.5	314.4	335.0	9.7	23.2	564.2	541.0
Q2	1,591.3	1,575.3	904.3	315.9	339.9	15.1	15.9	582.9	567.0
Q3	.	.	.	.	.	.	.	.	.

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP						External balance <sup>3)</sup>		
	10	Domestic demand 11	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	16	Exports <sup>3)</sup>	Imports <sup>3)</sup>
12			13	14	15	17		18	
1995	5,308.9	5,210.8	2,998.6	1,093.8	1,092.3	26.2	98.1	1,569.6	1,471.5
1996	5,383.4	5,262.9	3,046.0	1,111.4	1,105.5	0.0	120.5	1,637.7	1,517.2
1997	5,505.1	5,350.6	3,092.5	1,121.7	1,130.0	6.4	154.5	1,807.7	1,653.3
1998	5,656.3	5,532.4	3,184.1	1,134.0	1,184.1	30.3	123.8	1,933.8	1,809.9
1999	5,796.5	5,698.3	3,270.5	1,151.3	1,246.3	30.2	98.2	2,024.0	1,925.8
1999 Q2	1,440.7	1,419.2	814.1	287.2	309.4	8.4	21.6	496.9	475.3
Q3	1,454.5	1,427.7	819.8	288.3	315.4	4.1	26.9	513.5	486.6
Q4	1,468.6	1,438.7	824.8	289.4	316.2	8.4	29.9	530.8	500.9
2000 Q1	1,482.1	1,450.1	832.0	291.3	321.7	5.0	32.0	544.8	512.8
Q2	1,494.3	1,463.3	837.9	291.9	324.7	8.8	31.0	557.0	526.0
Q3	1,504.4	1,475.8	841.2	292.4	328.9	13.3	28.6	573.8	545.2

(annual percentage changes)

1995	2.2	2.0	1.8	0.7	2.3	—	—	7.9	7.5
1996	1.4	1.0	1.6	1.6	1.2	—	—	4.3	3.1
1997	2.3	1.7	1.5	0.9	2.2	—	—	10.4	9.0
1998	2.7	3.4	3.0	1.1	4.8	—	—	7.0	9.5
1999	2.5	3.0	2.7	1.5	5.3	—	—	4.7	6.4
1999 Q2	2.1	3.0	2.7	1.5	5.6	—	—	2.4	5.1
Q3	2.6	3.0	2.6	1.6	5.8	—	—	5.7	7.1
Q4	3.3	2.9	2.6	1.5	5.4	—	—	10.2	9.2
2000 Q1	3.5	2.6	2.5	1.7	5.4	—	—	12.8	10.8
Q2	3.7	3.1	2.9	1.6	4.9	—	—	12.1	10.7
Q3	3.4	3.4	2.6	1.4	4.3	—	—	11.7	12.0

Source: Eurostat.

1) See the first section of the general notes for a brief explanation of features of current price data expressed in ECU up to end-1998.

2) Including acquisitions less disposals of valuables.

3) Exports and imports cover goods and services and include cross-border trade within the euro area. They are not fully consistent with Tables 8 and 9.

## Value added by activity <sup>1)</sup>

### 3. Current prices

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>2)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) <sup>3)</sup>	100	2.6	23.7	6.0	20.7	25.3	21.7		
	1	2	3	4	5	6	7	8	9
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	104.1	105.9	102.2	99.7	102.7	107.3	104.8	102.7	105.0
1997	106.0	105.2	103.8	96.6	105.3	110.9	105.9	102.1	108.7
1998	109.8	105.6	106.9	97.2	110.3	116.2	109.3	102.2	115.2
1999	114.1	104.1	108.5	101.5	114.5	123.2	113.7	103.8	124.0
1999 Q1	112.5	106.3	107.2	99.7	113.1	120.9	112.4	103.1	120.9
Q2	113.4	103.6	107.6	100.8	113.7	122.3	113.6	103.6	122.9
Q3	114.6	102.2	109.2	102.1	114.8	124.0	114.2	103.8	124.8
Q4	115.8	104.1	110.3	103.5	116.2	125.6	114.8	104.6	127.2
2000 Q1	117.4	106.6	111.9	105.6	117.3	127.6	116.3	105.6	127.2
Q2	118.4	103.5	113.7	105.5	118.9	128.5	116.9	106.5	128.7

### 4. Constant prices <sup>4)</sup>

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>2)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) <sup>3)</sup>	100	2.6	23.7	6.0	20.7	25.3	21.7		
	10	11	12	13	14	15	16	17	18
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	101.5	105.8	99.7	98.1	100.8	103.7	101.8	102.6	101.4
1997	103.8	106.9	102.8	96.3	104.0	107.0	102.8	106.1	103.5
1998	106.7	109.4	105.1	96.2	107.9	111.3	104.4	109.9	106.5
1999	109.2	112.0	106.8	97.9	111.3	115.3	105.6	113.8	110.5
1999 Q1	108.0	110.6	105.1	96.9	110.2	113.6	105.1	111.8	109.1
Q2	108.6	111.4	106.1	97.6	110.6	114.7	105.4	112.7	109.3
Q3	109.7	112.7	107.4	98.2	111.6	115.9	105.8	114.7	110.7
Q4	110.6	113.3	108.5	98.9	112.8	117.2	106.2	116.0	112.8
2000 Q1	111.9	111.7	110.3	100.1	114.3	118.8	106.7	117.1	111.4
Q2	112.7	111.6	111.3	99.2	115.5	119.7	107.3	118.4	113.7

(annual percentage changes)

1995	2.3	0.9	3.0	-0.3	2.3	3.1	1.6	-0.3	0.6
1996	1.5	5.8	-0.3	-1.9	0.8	3.7	1.8	2.6	1.4
1997	2.3	1.0	3.1	-1.9	3.2	3.2	0.9	3.5	2.1
1998	2.8	2.3	2.2	0.0	3.8	4.0	1.6	3.5	2.9
1999	2.4	2.4	1.6	1.7	3.1	3.6	1.2	3.6	3.7
1999 Q1	1.8	1.2	-0.1	-0.4	3.0	3.3	1.5	3.1	3.2
Q2	2.1	1.5	0.8	2.1	2.9	3.4	1.1	3.5	3.1
Q3	2.5	3.4	1.9	2.1	2.9	3.8	1.1	3.8	3.7
Q4	3.2	3.5	3.8	3.0	3.6	3.9	1.1	3.8	4.8
2000 Q1	3.7	1.0	4.9	3.3	3.7	4.6	1.5	4.8	2.1
Q2	3.7	0.1	5.0	1.7	4.5	4.4	1.8	5.0	4.0

Source: ECB calculations based on Eurostat data.

1) Estimates based on incomplete national data and therefore presented as indices.

2) The use of financial intermediation services indirectly measured (FISIM) is treated as intermediate consumption which is not allocated among branches.

3) Share of each branch of activity in total value added in 1995.

4) Value added at 1995 prices.

**Table 5.2**
**Selected other real economy indicators <sup>1)</sup>**
**1. Industrial production**
*(annual percentage changes, unless otherwise indicated)*

	Total including construction		Total excluding construction		Manufacturing							Construction
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100		Intermediate goods	Capital goods	Consumer goods		Durable consumer goods	Non-durable consumer goods		
	1	2	3	4			5	6			7	
1995	100.1	2.8	100.1	3.5	3.7	2.6	7.3	-0.7	-1.2	1.8	0.5	
1996	100.1	-0.1	100.4	0.3	0.0	-0.2	1.5	-0.1	0.0	-0.4	-2.3	
1997	103.7	3.7	104.6	4.2	4.8	5.3	4.8	3.3	3.4	2.6	0.0	
1998	107.6	3.7	109.0	4.2	4.7	4.0	6.5	5.6	6.3	1.9	0.3	
1999	109.8	2.0	111.0	1.9	1.9	2.3	1.5	3.0	3.2	1.5	2.8	
1999 Q3	110.6	2.6	111.8	2.5	2.4	3.3	1.6	3.3	3.6	2.0	2.7	
Q4	112.0	4.2	113.4	4.2	4.6	5.5	2.7	5.4	5.7	3.5	4.5	
2000 Q1	113.4	5.1	114.6	4.8	5.1	5.7	6.7	6.6	7.7	0.1	4.9	
Q2	114.6	5.5	116.6	6.0	6.3	6.3	8.5	7.6	8.3	2.7	-0.1	
Q3	.	.	117.8	5.8	6.3	5.3	9.9	6.8	7.7	1.8	0.5	
1999 Nov.	112.1	4.2	113.6	4.3	4.8	5.3	3.0	5.3	5.6	3.8	3.7	
Dec.	112.7	5.7	113.7	5.5	6.0	7.6	3.2	7.8	8.5	4.1	7.4	
2000 Jan.	111.9	3.0	113.7	3.2	3.2	4.4	4.7	3.7	4.8	-2.1	1.7	
Feb.	114.3	6.9	114.6	5.8	6.5	6.6	7.2	8.7	9.9	1.5	13.5	
Mar.	114.0	5.2	115.6	5.4	5.5	6.0	7.9	7.1	8.2	0.7	0.7	
Apr.	113.9	5.6	116.3	6.2	6.6	6.0	8.1	9.0	9.9	3.5	-1.0	
May	116.5	7.8	117.0	8.2	8.4	8.9	11.6	9.7	10.8	3.2	2.7	
June	113.5	3.4	116.5	3.8	4.1	4.2	6.2	4.1	4.6	1.5	-2.0	
July	.	.	117.1	5.4	5.7	5.0	8.1	6.8	7.8	1.6	.	
Aug.	.	.	117.6	6.5	7.2	6.2	11.9	8.7	10.5	1.4	.	
Sep.	.	.	118.6	5.7	6.1	4.8	10.1	5.7	6.2	2.3	.	
Oct.	.	.	.	.	.	.	.	.	.	.	.	
Nov.	.	.	.	.	.	.	.	.	.	.	.	

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

	Retail sales (s.a.)								New passenger car registrations	
	Current prices				Constant prices				Thousands <sup>2)</sup>	(s.a.)
	Total		Total		Food, beverages, tobacco	Non-food	Textiles, clothing, footwear	Household equipment		
	Index 1995 = 100		Index 1995 = 100							
12	13	14	15	16	17	18	19	20	21	
1995	100.0	.	100.0	.	.	.	.	.	777	0.8
1996	101.9	1.9	100.5	0.5	0.6	.	-1.0	0.1	826	6.2
1997	104.1	2.2	101.7	1.2	1.1	1.3	0.6	1.5	861	4.2
1998	107.8	3.6	104.7	2.9	2.1	3.5	2.1	4.5	923	7.2
1999	111.4	3.4	107.4	2.6	3.2	2.3	1.4	3.1	973	5.4
1999 Q3	111.8	2.9	107.7	2.3	3.2	1.8	-1.1	4.0	995	6.6
Q4	113.4	4.2	108.8	3.0	3.5	2.6	2.8	3.7	953	-0.4
2000 Q1	114.0	3.7	109.0	2.4	3.1	1.7	1.2	5.4	981	1.5
Q2	115.7	4.7	110.2	3.3	3.3	2.8	1.5	5.1	978	0.2
Q3	116.7	4.4	110.7	2.8	2.4	2.4	3.1	4.4	922	-7.8
1999 Nov.	113.6	3.7	108.9	2.4	3.0	2.1	1.6	3.7	957	-1.8
Dec.	113.4	4.1	108.6	2.8	2.6	2.8	2.7	3.7	923	-2.7
2000 Jan.	113.6	3.9	108.8	2.6	3.6	1.7	-0.3	4.6	976	0.8
Feb.	114.8	5.1	109.6	3.7	3.3	3.8	6.8	6.8	994	5.3
Mar.	113.8	2.2	108.6	1.0	2.5	-0.5	-2.7	4.6	972	-0.9
Apr.	115.1	4.7	109.9	3.6	3.3	3.5	1.8	5.9	971	-1.7
May	116.3	5.9	110.6	4.2	5.0	3.9	3.3	5.9	977	1.4
June	115.7	3.6	109.9	2.0	1.7	1.1	-0.6	3.4	984	1.1
July	116.0	3.7	110.4	2.4	2.1	1.5	0.7	5.2	883	-14.4
Aug.	116.7	4.3	110.7	2.5	2.5	2.1	1.5	2.8	936	-4.3
Sep.	117.4	5.3	111.1	3.4	2.6	3.4	7.3	5.2	946	-1.6
Oct.	.	.	.	.	.	.	.	.	912	-7.1
Nov.	.	.	.	.	.	.	.	.	929	-3.4

*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**

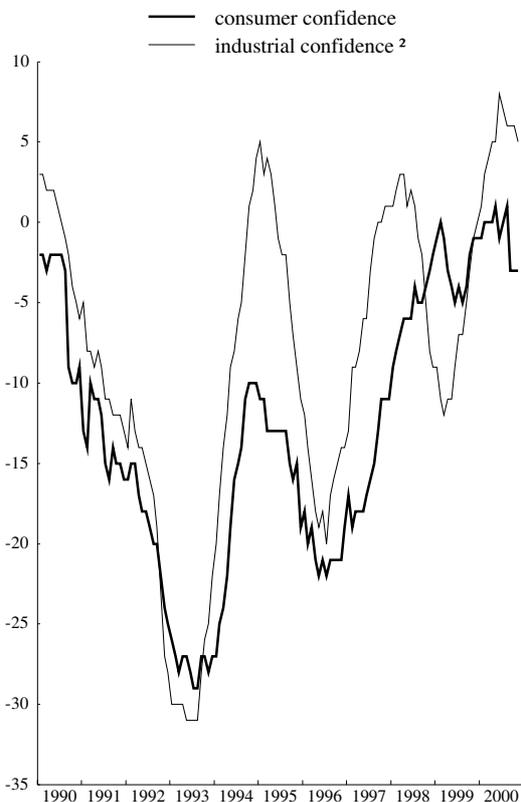
**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator 5	Retail trade confidence indicator 6	Consumer confidence indicator 7
	Confidence indicator 1	Production expectations 2	Assessment of order books 3	Capacity utilisation <sup>b</sup> (percentages) 4			
1996	-16	-1	-30	80.6	-36	-11	-21
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	-3
2000	.	.	.	83.8	.	.	.
1999 Q4	-1	14	-9	81.9	-3	-7	-1
2000 Q1	3	15	-2	83.0	0	0	0
Q2	6	17	5	83.7	2	3	0
Q3	6	18	5	83.9	2	-2	-1
Q4	.	.	.	84.7	.	.	.
1999 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	1	-	0	5	0
Apr.	5	15	3	-	3	-3	0
May	5	16	4	-	1	4	1
June	8	19	8	-	3	7	-1
July	7	19	5	-	2	-3	0
Aug.	6	18	4	-	5	-3	1
Sep.	6	18	5	-	-1	-1	-3
Oct.	6	19	5	-	2	-1	-3
Nov.	5	17	4	-	-1	-3	-3

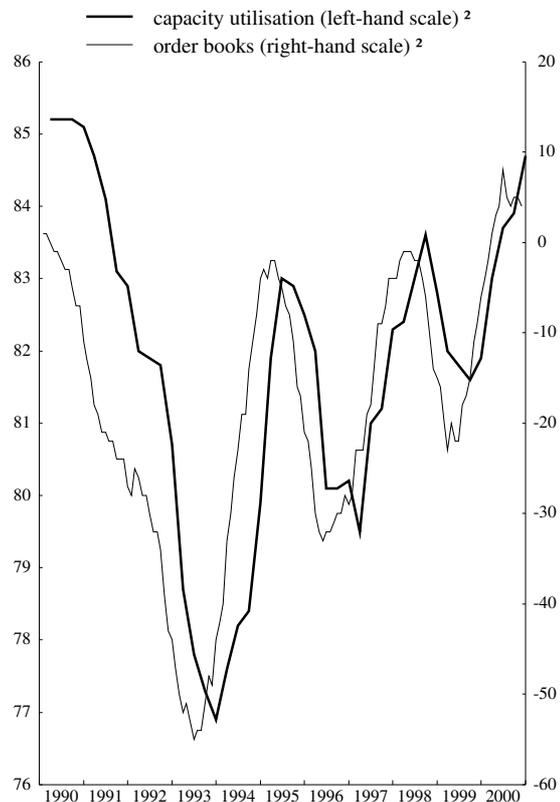
**Consumer and industrial confidence indicators**

(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 <sup>1)</sup>**
*(annual percentage changes, unless otherwise indicated)*

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	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	.	.	.	.	.	14.321	11.3	9.5	23.3
1996	100.1	0.1	0.5	0.5	-1.2	1.2	14.724	11.5	9.8	23.9
1997	100.9	0.8	0.9	0.2	-0.4	1.4	14.822	11.6	9.9	23.2
1998	102.5	1.6	1.8	0.8	1.1	2.1	14.082	10.9	9.4	21.3
1999	104.3	1.7	2.1	-0.4	0.1	2.5	13.008	10.0	8.7	19.1
1999 Q3	104.9	1.7	2.2	-0.8	-0.1	2.6	12.902	9.9	8.6	18.9
Q4	105.4	1.7	2.2	-0.5	0.1	2.5	12.609	9.7	8.5	18.2
2000 Q1	105.9	1.9	2.3	-0.1	0.2	2.6	12.356	9.5	8.3	18.0
Q2	106.6	2.2	2.5	0.4	0.8	2.9	11.956	9.2	8.0	17.5
Q3	.	.	.	.	.	.	11.753	9.0	7.9	17.4
1999 Oct.	-	-	-	-	-	-	12.680	9.7	8.5	18.4
Nov.	-	-	-	-	-	-	12.589	9.6	8.5	18.2
Dec.	-	-	-	-	-	-	12.557	9.6	8.5	18.1
2000 Jan.	-	-	-	-	-	-	12.490	9.6	8.4	18.1
Feb.	-	-	-	-	-	-	12.375	9.5	8.3	18.1
Mar.	-	-	-	-	-	-	12.203	9.4	8.2	17.9
Apr.	-	-	-	-	-	-	12.088	9.3	8.1	17.7
May	-	-	-	-	-	-	11.964	9.2	8.0	17.5
June	-	-	-	-	-	-	11.815	9.1	8.0	17.3
July	-	-	-	-	-	-	11.767	9.0	7.9	17.3
Aug.	-	-	-	-	-	-	11.799	9.0	7.9	17.5
Sep.	-	-	-	-	-	-	11.693	9.0	7.8	17.3
Oct.	-	-	-	-	-	-	11.553	8.9	7.8	17.1

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup> and components					Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry excluding construction	Services	
							Total	Total	
11	12	13	14	15	16	17	18	19	
1995	1.5	3.2	1.7	-	-	-	-	-	3.8
1996	1.9	3.0	1.1	3.4	3.0	4.6	3.7	4.0	3.7
1997	0.7	2.3	1.6	2.5	2.4	2.8	2.4	2.6	2.6
1998	0.2	1.4	1.2	1.8	2.0	1.2	1.9	1.4	2.9
1999	1.3	1.9	0.7	2.2	2.4	1.7	2.3	1.9	2.4
1998 Q2	0.2	1.1	1.0	1.9	2.1	1.1	2.9	1.5	3.1
Q3	0.5	1.2	0.8	1.7	1.8	1.2	1.5	1.2	2.9
Q4	1.0	1.2	0.2	1.8	1.9	1.4	2.1	1.3	3.2
1999 Q1	1.6	1.6	0.0	2.1	2.2	1.4	2.3	1.7	2.7
Q2	1.6	2.1	0.5	2.1	2.2	1.5	1.7	2.1	2.5
Q3	1.1	1.7	0.7	2.3	2.4	1.9	2.6	2.1	2.4
Q4	0.3	1.7	1.4	2.4	2.6	1.9	2.6	1.8	1.9
2000 Q1	0.6	2.3	1.7	3.6	3.7	3.1	3.7	3.0	2.8
Q2	0.5	1.8	1.3	3.7	3.8	3.2	3.5	3.0	2.7

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 <sup>1)</sup>			Investment of private non-financial sectors <sup>1)2)</sup>							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
	1	2	3	4	5	6	7	8	9	10	11
1992	21.3	22.5	-0.9	18.8	11.8	13.5	4.0	1.6	0.4	1.4	2.9
1993	20.4	20.7	0.6	17.2	10.4	13.3	5.6	0.5	0.9	0.7	3.1
1994	20.8	20.3	0.3	17.1	10.2	13.8	3.4	2.5	2.7	1.7	3.3
1995	22.5	21.2	0.5	17.9	11.3	14.2	4.3	1.8	1.5	1.3	3.7
1996	22.0	20.7	1.0	17.6	11.1	12.7	3.6	0.3	1.3	2.1	3.9
1997	22.1	20.1	1.6	17.1	10.9	13.1	1.6	-0.5	-0.1	3.1	4.1
1998	22.1	20.1	1.2	17.2	11.1	14.2	1.9	-2.1	-1.3	6.0	3.4
1999	21.6	20.5	0.3	17.5	11.4	16.1	2.1	0.2	0.6	5.6	3.7

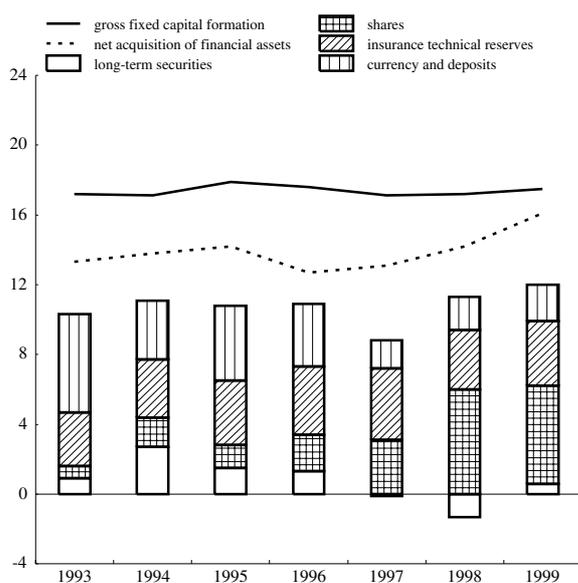
  

	Financing of private non-financial sectors <sup>1)2)</sup>									Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
	12	13	14	15	16	17	18	19	20	21	22	
1992	21.0	13.1	10.2	0.7	0.6	1.4	6.7	4.7	3.3	41.8	32.7	
1993	20.7	12.7	7.9	1.3	1.4	1.5	3.6	4.4	5.4	43.6	27.6	
1994	20.7	11.9	9.6	1.0	1.1	1.8	3.9	4.0	4.2	44.7	31.7	
1995	22.2	11.9	7.7	-1.8	-1.8	1.3	5.0	3.7	6.5	44.2	25.8	
1996	21.7	11.4	8.8	0.2	0.0	1.7	5.8	4.9	3.9	41.9	28.9	
1997	20.4	10.8	9.2	0.1	0.1	1.3	5.8	4.6	3.9	43.4	31.1	
1998	19.2	10.1	11.6	0.3	0.2	2.3	6.9	5.4	2.6	45.2	37.7	
1999	18.0	9.7	13.9	0.6	0.3	2.0	8.7	7.0	2.2	47.9	43.6	

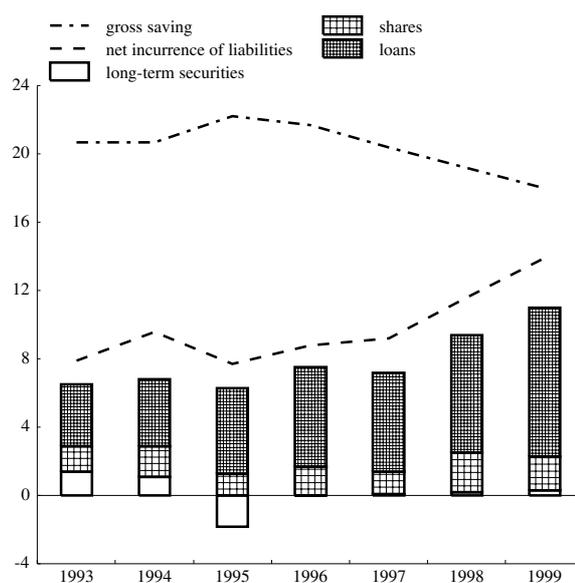
### Investment and financing of private non-financial sectors <sup>1)2)</sup>

(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 7.1**

## Revenue, expenditure and deficit / surplus <sup>1)</sup>

(as a percentage of GDP)

### 1. Euro area – revenue

	Total	Current revenue	Direct taxes			Indirect taxes	Received by EU institutions	Social contributions	Employers		Employees	Sales	Capital revenue		Memo: fiscal burden <sup>2)</sup>
			Households	Corporations	Employers				Employees	Capital taxes					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1991	46.4	46.0	11.9	9.6	2.3	13.0	0.9	16.7	8.5	5.3	2.3	0.3	0.2	41.8	
1992	47.6	46.9	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.5	2.4	0.7	0.6	42.6	
1993	48.3	47.8	12.1	10.0	2.1	13.3	0.8	17.5	8.7	5.7	2.5	0.5	0.3	43.2	
1994	47.7	47.3	11.6	9.6	2.0	13.5	0.8	17.5	8.5	5.7	2.4	0.4	0.2	42.8	
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.7	2.5	0.5	0.3	42.6	
1996	48.0	47.5	12.0	9.6	2.3	13.4	0.8	17.6	8.7	5.7	2.5	0.5	0.3	43.3	
1997	48.3	47.6	12.2	9.6	2.6	13.6	0.7	17.6	8.7	5.7	2.5	0.7	0.4	43.7	
1998	47.8	47.3	12.4	9.9	2.4	14.2	0.7	16.5	8.5	5.0	2.4	0.5	0.3	43.4	
1999	48.4	47.8	12.8	10.1	2.6	14.4	0.6	16.4	8.5	5.0	2.4	0.6	0.3	44.0	

### 2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure <sup>4)</sup>
		Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>	Subsidies	Paid by EU institutions					
1991	50.8	46.0	11.2	5.3	5.1	24.4	20.5	2.5	0.6	4.8	3.3	1.6	0.0	45.7
1992	52.2	47.4	11.4	5.4	5.6	25.1	21.5	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.8	49.1	11.6	5.5	5.8	26.1	22.4	2.5	0.6	4.7	3.1	1.7	0.1	48.0
1994	52.7	48.3	11.3	5.3	5.5	26.1	22.5	2.4	0.6	4.4	2.9	1.5	0.0	47.2
1995	52.2	47.7	11.2	5.2	5.7	25.7	22.4	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.2	48.2	11.2	5.2	5.7	26.2	22.9	2.2	0.6	4.0	2.6	1.4	0.0	46.5
1997	50.8	47.1	11.0	5.1	5.1	25.9	22.8	2.1	0.5	3.7	2.4	1.3	0.1	45.8
1998	49.9	46.0	10.7	5.0	4.7	25.6	22.3	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.7	45.6	10.7	5.1	4.3	25.5	22.3	2.0	0.5	4.1	2.5	1.6	0.1	45.4

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+) <sup>5)</sup>	Government consumption <sup>6)</sup>							
	Total	Central government	State government	Local government	Social security funds		Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
1991	-4.4	-4.2	-0.3	-0.1	0.3	0.7	20.2	11.2	5.3	4.6	1.7	-2.3	8.8	11.5
1992	-4.6	-4.0	-0.3	-0.2	-0.1	1.0	20.7	11.4	5.4	4.8	1.7	-2.4	8.9	11.8
1993	-5.5	-4.9	-0.5	-0.2	-0.1	0.3	21.1	11.6	5.5	4.9	1.8	-2.5	9.1	12.1
1994	-5.0	-4.3	-0.5	-0.2	0.0	0.5	20.8	11.3	5.3	5.0	1.7	-2.4	8.8	12.0
1995	-5.0	-4.1	-0.5	-0.1	-0.3	0.7	20.5	11.2	5.2	5.1	1.8	-2.5	8.6	11.9
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	5.2	5.1	1.8	-2.5	8.6	12.0
1997	-2.6	-2.3	-0.4	0.1	0.1	2.5	20.3	11.0	5.1	5.1	1.8	-2.5	8.4	11.9
1998	-2.1	-2.1	-0.3	0.2	0.1	2.6	20.0	10.7	5.0	5.1	1.7	-2.4	8.3	11.8
1999	-1.3	-1.6	-0.1	0.2	0.3	3.0	20.1	10.7	5.1	5.1	1.7	-2.4	8.3	11.8

### 4. 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	-3.8	-3.4	-5.0	-4.1	-0.2	-7.1	2.6	-1.8	-3.8	-4.0	-3.2
1997	-1.9	-2.7	-3.2	-3.0	0.7	-2.7	3.4	-1.1	-1.7	-2.6	-1.5
1998	-0.9	-2.1	-2.6	-2.7	2.1	-2.8	3.7	-0.7	-2.3	-2.3	1.3
1999	-0.7	-1.4	-1.1	-1.8	1.9	-1.9	4.4	1.0	-2.1	-2.0	1.9

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

1) Revenue, expenditure and deficit / surplus based on the ESA 95. Data for years up to 1995 are not directly comparable with data for recent years. Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.

2) The fiscal burden comprises taxes and social contributions.

3) Comprises social benefits, social transfers in kind via market producers and transfers to non-profit institutions serving households.

4) Comprises total expenditure minus interest expenditure.

5) Comprises total deficit / surplus excluding interest expenditure.

6) Corresponds to final consumption expenditure (P.3) of the general government in the ESA 95.

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

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>2)</sup>				Other creditors <sup>3)</sup>
						Total	MFI	Other financial corporations	Other sectors	
1	2	3	4	5	6	7	8	9	10	
1991	57.4	2.6	16.1	8.3	30.4	48.1	24.9	7.2	16.0	9.3
1992	60.9	2.6	16.7	8.7	32.9	50.3	26.7	7.5	16.1	10.7
1993	67.3	2.7	17.6	8.2	38.9	52.6	27.9	8.6	16.0	14.7
1994	70.0	2.9	16.6	8.3	42.1	56.1	29.9	9.7	16.5	13.8
1995	74.1	2.9	18.2	7.7	45.3	58.5	30.5	10.9	17.1	15.6
1996	75.3	2.9	17.7	7.6	47.1	59.1	30.3	13.1	15.7	16.2
1997	74.7	2.9	16.9	6.4	48.5	57.1	29.0	14.4	13.6	17.6
1998	73.0	2.8	15.7	5.5	49.0	53.5	27.0	16.2	10.4	19.5
1999	72.1	2.9	14.7	4.5	50.0	50.4	25.3	15.1	10.0	21.7

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

	Total	Issued by <sup>4)</sup>				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency <sup>5)</sup>	Non-domestic currency	Other currencies
1991	57.4	46.3	4.5	6.3	0.3	11.7	45.7	4.5	17.6	18.5	21.4	56.3	1.7	1.1
1992	60.9	49.4	4.7	6.3	0.4	12.1	48.8	6.0	17.8	21.0	22.1	59.7	2.1	1.3
1993	67.3	54.9	5.2	6.6	0.6	12.0	55.3	6.4	18.5	24.3	24.4	65.6	2.7	1.7
1994	70.0	57.5	5.4	6.4	0.7	11.2	58.7	7.1	16.6	26.5	26.9	68.0	2.7	1.9
1995	74.1	61.3	5.7	6.3	0.8	10.6	63.5	6.5	17.6	26.2	30.3	72.2	2.7	2.0
1996	75.3	62.5	6.1	6.2	0.5	10.2	65.1	6.0	19.2	25.2	30.9	73.3	2.5	2.0
1997	74.7	61.9	6.3	5.9	0.6	8.8	65.9	5.6	18.6	25.1	31.0	72.6	2.5	2.1
1998	73.0	60.7	6.3	5.7	0.3	7.7	65.3	5.2	16.3	25.8	30.9	71.2	2.8	1.8
1999	72.1	60.0	6.2	5.6	0.3	7.0	65.2	4.7	14.5	26.7	30.9	70.3	-	1.8

**3. Euro area countries – government debt**

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11
1996	130.9	59.8	68.2	57.1	74.3	122.1	6.2	75.2	69.1	62.7	57.1
1997	125.4	60.9	66.9	59.3	65.1	119.8	6.0	70.0	64.5	59.4	54.1
1998	119.6	60.7	65.1	59.7	55.0	116.2	6.4	66.6	64.0	55.7	48.7
1999	116.1	61.1	63.7	58.9	50.1	115.1	6.0	62.9	65.2	55.8	46.6

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

1) Data are partially estimated. Data for years up to 1995 are not directly comparable with data for recent years. General government gross consolidated debt at nominal value at the end of the year. Holdings by other governments are not consolidated.

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

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

4) Excludes debt held by general government in the country whose government has issued it.

5) Before 1999, comprises debt in ECU, in domestic currency and in the currencies of other Member States which have adopted the euro.

**Table 7.3****Change in debt <sup>1)</sup>***(as a percentage of GDP)***1. Euro area – change in government debt by source, financial instrument and sector of the holder**

	Total	Source of change				Financial instrument				Holder			
		Borrowing requirement <sup>2)</sup>	Valuation effects <sup>3)</sup>	Other changes in volume <sup>4)</sup>	Aggregation effect <sup>5)</sup>	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>6)</sup>	MFIs	Other financial corporations	Other creditors <sup>7)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	5.0	5.1	0.0	0.2	-0.2	0.1	1.1	-0.1	3.8	.	.	.	.
1992	6.6	5.6	0.3	0.7	0.0	0.1	1.5	0.8	4.1	4.8	3.1	0.7	1.8
1993	7.9	7.5	0.3	0.1	0.0	0.2	1.2	-0.3	6.8	3.5	2.0	1.3	4.3
1994	5.9	5.1	0.2	0.7	-0.1	0.4	-0.1	0.6	5.1	6.1	3.3	1.5	-0.2
1995	7.7	5.6	0.2	2.2	-0.3	0.2	2.4	-0.2	5.3	5.2	2.2	1.7	2.5
1996	3.7	4.2	-0.2	0.1	-0.4	0.1	0.1	0.2	3.3	2.6	0.8	2.6	1.1
1997	2.2	2.3	0.2	-0.2	-0.1	0.0	-0.1	-0.9	3.2	0.1	-0.1	1.8	2.1
1998	1.5	1.8	-0.2	0.0	-0.1	0.1	-0.5	-0.7	2.6	-1.1	-0.8	2.4	2.6
1999	1.7	1.3	0.3	0.0	0.0	0.2	-0.4	-0.8	2.7	-1.2	-0.7	-0.5	2.9

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

	Change in debt	Deficit (-) / surplus (+)	Deficit-debt adjustment <sup>8)</sup>											
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	Other <sup>10)</sup>
				Total	Currency and deposits	Securities <sup>9)</sup>	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	5.0	-4.4	0.6	1.1	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.6
1992	6.6	-4.6	2.0	0.8	0.2	0.1	0.3	0.1	-0.1	0.2	0.3	0.3	0.7	0.2
1993	7.9	-5.5	2.4	1.4	1.0	0.2	0.4	-0.2	-0.3	0.2	0.3	0.3	0.1	0.6
1994	5.9	-5.0	0.9	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	-0.2
1995	7.7	-5.0	2.7	0.6	0.0	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.7	-4.3	-0.6	-0.1	-0.1	0.0	0.0	0.0	-0.3	0.2	-0.2	-0.1	0.1	-0.4
1997	2.2	-2.6	-0.4	-0.5	0.1	-0.1	-0.1	-0.4	-0.8	0.3	0.2	0.2	-0.2	0.1
1998	1.5	-2.1	-0.6	-0.3	0.2	0.0	0.0	-0.6	-0.8	0.3	-0.2	0.0	0.0	-0.1
1999	1.7	-1.3	0.4	-0.1	0.5	0.0	0.1	-0.6	-1.0	0.2	0.3	0.2	0.0	0.2

Source: ECB.

- 1) Data are partially estimated. Data for years up to 1995 are not directly comparable with data for recent years. Annual change in gross nominal consolidated debt expressed as a percentage of GDP [ $debt(t) - debt(t-1)] \div GDP(t)$ .
- 2) The borrowing requirement is by definition equal to transactions in government debt.
- 3) Includes, in addition to the impact of foreign exchange movements, effects arising from measurement at nominal value (e.g. premia or discounts on securities issued).
- 4) Comprises, in particular, the impact of the reclassification of units and certain types of debt assumption.
- 5) The difference between the changes in the aggregated debt, resulting from the aggregation of countries' debt, and the aggregation of countries' change in debt, due to variations in the exchange rates used for aggregation before 1999.
- 6) Holders resident in the country whose government has issued the debt.
- 7) Includes residents of euro area countries other than the country whose government has issued the debt.
- 8) The difference between the annual change in gross nominal consolidated debt and the deficit as a percentage of GDP.
- 9) Excluding financial derivatives.
- 10) Comprises mainly transactions in other assets and liabilities (trade credit, other receivables/payables and financial derivatives).

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

**Table 8.1**

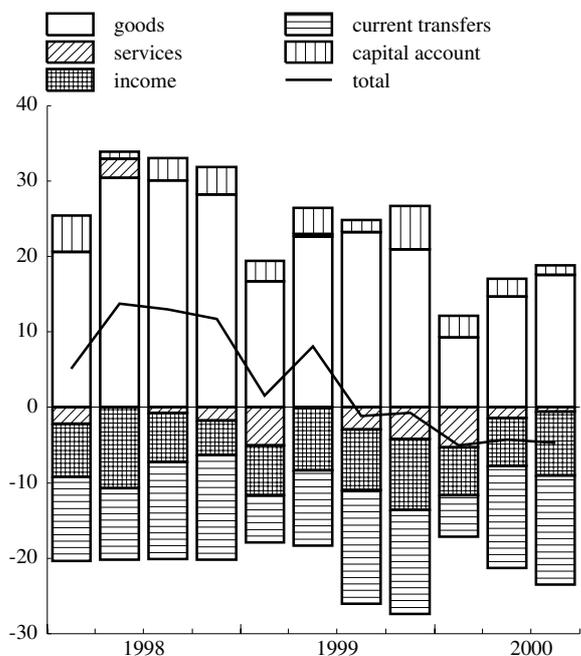
### Summary balance of payments <sup>1) 2)</sup>

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	61.5	115.7	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.1	109.3	-2.0	-28.8	-47.4	12.4	-61.2	-83.2	-99.7	-7.5	120.9	8.2	17.8
1999	-5.8	83.4	-11.8	-32.4	-45.0	13.5	19.1	-120.6	-41.7	8.1	163.1	10.2	-26.8
1999 Q3	-2.8	23.2	-2.9	-8.1	-15.0	1.6	-1.4	-12.2	21.7	6.5	-17.4	0.0	2.6
Q4	-6.5	20.9	-4.2	-9.4	-13.8	5.7	2.6	-46.6	-2.7	-0.4	52.8	-0.5	-1.9
2000 Q1	-7.9	9.3	-5.3	-6.3	-5.5	2.8	47.8	148.0	-192.6	2.5	91.3	-1.4	-42.7
Q2	-6.6	14.7	-1.4	-6.3	-13.5	2.4	-2.9	-18.2	51.9	4.8	-45.3	3.8	7.2
Q3	-5.9	17.6	-0.6	-8.5	-14.4	1.2	-0.4	-91.3	13.2	-1.8	74.6	4.9	5.0
1999 July	2.3	13.6	-1.1	-5.5	-4.6	0.7	1.6	-3.1	6.6	2.0	-2.9	-1.0	-4.6
Aug.	-1.8	4.6	-0.7	-0.8	-5.0	0.6	15.8	-9.2	3.1	3.0	18.6	0.4	-14.6
Sep.	-3.3	5.0	-1.1	-1.8	-5.4	0.3	-18.8	0.1	12.0	1.5	-33.1	0.7	21.8
Oct.	-0.5	9.1	-0.4	-5.0	-4.1	1.6	8.4	-9.3	-14.6	-2.2	34.2	0.3	-9.5
Nov.	-2.1	6.3	-2.3	-1.7	-4.4	1.2	1.5	-17.0	11.2	1.9	5.4	0.0	-0.6
Dec.	-3.9	5.5	-1.5	-2.7	-5.2	3.0	-7.3	-20.3	0.7	-0.2	13.3	-0.8	8.2
2000 Jan.	-9.0	-0.5	-2.1	-5.0	-1.3	1.4	19.2	0.8	-5.3	-0.8	26.7	-2.2	-11.6
Feb.	0.0	4.2	-2.1	-1.0	-1.2	0.1	-1.9	146.0	-152.9	1.9	2.8	0.3	1.8
Mar.	1.2	5.6	-1.1	-0.3	-3.0	1.3	30.5	1.1	-34.4	1.4	61.8	0.5	-32.9
Apr.	-5.9	4.3	-1.3	-3.8	-5.1	1.5	2.7	1.1	-5.9	2.1	5.1	0.2	1.6
May	-0.1	4.4	-0.3	-1.0	-3.1	0.6	10.5	-8.7	1.9	0.3	15.7	1.3	-11.0
June	-0.6	5.9	0.2	-1.5	-5.3	0.2	-16.2	-10.6	55.8	2.3	-66.1	2.3	16.5
July	-2.2	8.4	0.6	-5.7	-5.5	0.5	7.0	-11.3	-5.9	-3.2	28.0	-0.5	-5.3
Aug.	-2.2	4.6	0.3	-1.6	-5.6	0.1	-3.9	-45.7	15.3	-0.6	25.9	1.2	6.1
Sep.	-1.5	4.5	-1.5	-1.1	-3.4	0.7	-3.5	-34.3	3.9	2.0	20.6	4.2	4.3

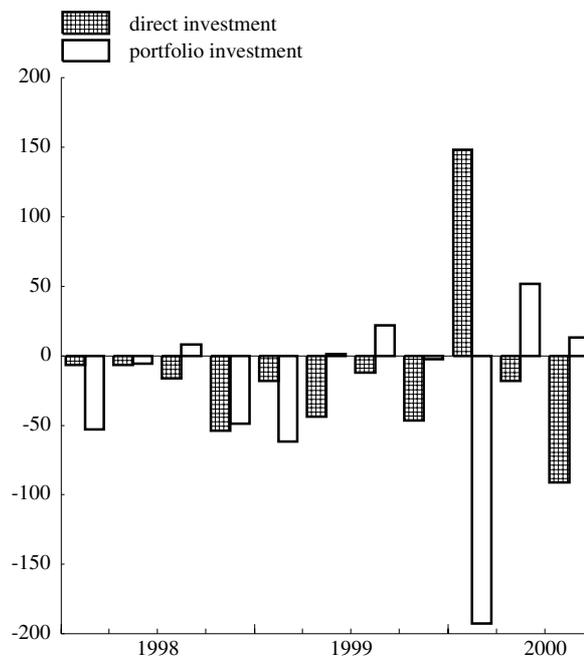
### Current and capital accounts

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



### Direct and portfolio investment

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



Source: ECB.

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

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

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

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit 11	Debit 12
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1997	1,212.9	1,151.4	749.1	633.4	214.2	211.0	189.5	204.7	60.1	102.3	18.9	5.9
1998	1,270.2	1,239.2	779.2	669.9	229.8	231.9	198.5	227.3	62.7	110.0	17.7	5.3
1999	1,335.6	1,341.4	814.5	731.1	241.5	253.3	213.2	245.6	66.4	111.5	19.7	6.2
1999 Q3	331.0	333.8	205.4	182.2	64.3	67.2	48.6	56.7	12.8	27.8	3.2	1.6
Q4	357.7	364.1	227.1	206.2	63.0	67.3	52.5	61.9	15.0	28.8	7.8	2.0
2000 Q1	359.5	367.4	221.2	211.9	58.5	63.8	54.7	61.0	25.2	30.7	4.3	1.4
Q2	387.7	394.3	239.0	224.3	66.8	68.3	66.9	73.2	14.9	28.4	4.7	2.4
Q3	386.2	392.1	244.8	227.2	70.4	71.0	59.9	68.4	11.1	25.5	3.2	2.0
1999 July	117.9	115.6	74.3	60.7	22.5	23.6	16.6	22.1	4.6	9.3	1.3	0.6
Aug.	100.6	102.4	60.4	55.7	20.8	21.5	15.3	16.1	4.1	9.1	1.0	0.4
Sep.	112.5	115.8	70.7	65.8	20.9	22.0	16.7	18.5	4.1	9.5	0.9	0.5
Oct.	116.7	117.1	75.2	66.1	20.8	21.3	15.8	20.8	4.9	9.0	2.1	0.5
Nov.	117.9	120.0	76.2	70.0	20.1	22.5	16.9	18.6	4.6	9.0	1.9	0.7
Dec.	123.2	127.0	75.7	70.2	22.1	23.6	19.8	22.5	5.6	10.8	3.8	0.9
2000 Jan.	111.9	121.0	64.5	65.0	18.2	20.4	16.4	21.4	12.9	14.2	1.9	0.5
Feb.	115.8	115.8	72.9	68.7	18.6	20.7	17.4	18.4	6.8	8.0	0.5	0.4
Mar.	131.8	130.6	83.8	78.2	21.7	22.8	20.9	21.1	5.5	8.5	1.8	0.5
Apr.	116.1	121.9	72.2	67.9	20.4	21.7	18.9	22.7	4.5	9.6	2.1	0.5
May	137.7	137.8	84.8	80.4	23.0	23.3	23.9	24.9	6.1	9.2	1.7	1.1
June	133.9	134.5	82.0	76.1	23.5	23.2	24.2	25.6	4.3	9.6	1.0	0.8
July	132.2	134.4	83.9	75.5	24.8	24.2	19.7	25.4	3.9	9.4	1.1	0.6
Aug.	120.8	123.0	75.5	70.9	23.4	23.1	18.5	20.1	3.4	9.0	0.9	0.8
Sep.	133.2	134.7	85.3	80.9	22.3	23.7	21.8	22.9	3.8	7.2	1.2	0.6

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	213.2	245.6	12.4	5.0	200.8	240.6	44.1	45.4	64.1	105.9	92.6	89.4
1999 Q2	60.9	69.2	3.0	1.3	57.9	67.9	14.4	11.7	18.4	32.9	25.2	23.3
Q3	48.6	56.7	3.1	1.4	45.5	55.2	8.9	10.1	15.5	24.5	21.2	20.6
Q4	52.5	61.9	3.3	1.4	49.1	60.5	11.7	13.0	15.1	23.8	22.4	23.7
2000 Q1	54.7	61.0	3.1	1.1	51.5	59.9	13.3	13.5	13.5	21.7	24.8	24.7
Q2	66.9	73.2	3.0	1.4	64.0	71.9	19.2	13.8	17.2	30.8	27.6	27.3

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16			Total		Bonds and notes		Money market instruments	
					Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24		
1999	37.7	41.5	6.4	3.8	9.6	32.5	54.5	73.4	51.7	71.7	2.9	1.7
1999 Q2	13.0	10.7	1.4	1.0	3.3	15.0	15.0	17.9	14.2	17.2	0.9	0.7
Q3	7.4	9.2	1.5	1.0	2.4	6.4	13.1	18.0	12.6	17.6	0.5	0.4
Q4	9.7	11.9	2.0	1.1	2.3	5.9	12.8	17.9	12.1	17.9	0.7	0.0
2000 Q1	11.0	12.0	2.3	1.5	1.9	5.8	11.6	15.9	.	.	.	.
Q2	16.9	12.2	2.3	1.6	3.5	17.2	13.7	13.5	.	.	.	.

*Source: ECB.*

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

	Abroad			In the euro area		
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6
1997	-93.1	.	.	48.6	.	.
1998	-175.0	.	.	91.8	.	.
1999	-286.8	-212.2	-74.6	166.2	126.8	39.5
1999 Q3	-30.5	-33.2	2.8	18.2	12.5	5.7
Q4	-139.6	-124.7	-14.9	93.0	90.1	2.9
2000 Q1	-63.3	-33.2	-30.1	211.3	191.3	20.0
Q2	-71.9	-44.8	-27.1	53.7	19.3	34.5
Q3	-110.8	-102.7	-8.2	19.5	17.5	2.1
1999 July	-4.9	-11.7	6.7	1.9	2.9	-1.0
Aug.	-13.6	-11.8	-1.8	4.4	3.3	1.1
Sep.	-11.9	-9.7	-2.2	12.0	6.4	5.6
Oct.	-16.5	-14.8	-1.7	7.1	1.2	5.9
Nov.	-26.6	-15.9	-10.7	9.6	8.4	1.2
Dec.	-96.6	-94.0	-2.6	76.3	80.5	-4.2
2000 Jan.	-7.0	-6.4	-0.5	7.8	7.4	0.4
Feb.	-20.1	-13.6	-6.5	166.1	159.1	7.1
Mar.	-36.2	-13.1	-23.1	37.3	24.8	12.6
Apr.	-16.0	-7.4	-8.6	17.1	5.1	12.0
May	-33.8	-15.2	-18.6	25.1	11.4	13.7
June	-22.1	-22.2	0.2	11.5	2.7	8.8
July	-9.9	-21.2	11.3	-1.5	9.2	-10.7
Aug.	-53.7	-55.3	1.6	8.0	3.6	4.4
Sep.	-47.2	-26.2	-21.1	13.0	4.7	8.3

Source: ECB.

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

**Table 8.5**
**Balance of payments: portfolio investment account <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); net flows)*
**1. By instrument <sup>2)</sup>**

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
1	2	3	4	5	6	7	8	9	10	
1998	-327.6	227.9	-105.5	105.9	-222.1	-203.8	-18.2	122.0	108.3	13.7
1999	-309.6	267.8	-155.4	106.0	-154.1	-153.6	-0.5	161.8	109.0	52.8
1999 Q3	-60.1	81.8	-34.6	29.4	-25.4	-25.8	0.4	52.5	42.1	10.4
Q4	-86.4	83.7	-55.4	44.3	-31.0	-15.4	-15.5	39.5	17.4	22.1
2000 Q1	-153.9	-38.8	-116.9	-105.7	-37.0	-38.6	1.6	67.0	46.8	20.2
Q2	-85.2	137.0	-54.3	52.4	-30.9	-24.6	-6.3	84.6	50.7	33.9
Q3	-79.1	92.3	-47.8	28.5	-31.3	-30.2	-1.2	63.8	74.4	-10.5
1999 July	-19.4	25.9	-9.7	13.4	-9.7	-13.0	3.3	12.6	9.9	2.7
Aug.	-24.2	27.4	-14.3	5.3	-9.9	-9.9	0.0	22.1	15.1	7.0
Sep.	-16.5	28.5	-10.6	10.7	-5.8	-2.9	-2.9	17.8	17.1	0.7
Oct.	-21.4	6.8	-13.3	9.7	-8.1	-2.7	-5.4	-2.9	2.4	-5.3
Nov.	-31.3	42.4	-18.6	15.8	-12.7	-7.7	-4.9	26.6	17.6	9.0
Dec.	-33.7	34.5	-23.5	18.7	-10.2	-5.0	-5.2	15.7	-2.6	18.4
2000 Jan.	-23.5	18.2	-21.8	7.2	-1.7	-8.8	7.1	11.0	11.8	-0.9
Feb.	-87.2	-65.7	-68.7	-92.5	-18.6	-15.7	-2.8	26.9	12.8	14.1
Mar.	-43.2	8.7	-26.5	-20.4	-16.7	-14.1	-2.6	29.1	22.2	6.9
Apr.	-28.0	22.2	-17.5	-2.9	-10.5	-9.1	-1.4	25.1	13.0	12.1
May	-28.1	29.9	-18.6	8.4	-9.5	-6.1	-3.4	21.5	18.4	3.1
June	-29.1	84.9	-18.2	47.0	-10.9	-9.4	-1.5	38.0	19.3	18.7
July	-30.8	24.9	-22.2	7.7	-8.6	-7.1	-1.6	17.2	25.6	-8.4
Aug.	-21.6	36.9	-17.5	17.5	-4.2	-4.0	-0.2	19.4	15.5	4.0
Sep.	-26.6	30.5	-8.1	3.3	-18.5	-19.1	0.6	27.2	33.3	-6.1

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

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
1	2	3	4	5	6	7	8	9	10	11	12	
1999	0.1	-2.1	-1.7	-151.8	0.1	-1.7	-15.2	-136.8	0.9	-0.1	-7.5	6.2
1999 Q2	0.0	-0.3	-3.3	-38.7	-0.2	-0.3	-11.6	-51.4	0.5	0.0	1.1	8.0
Q3	0.0	-0.5	0.5	-34.6	-0.3	-0.6	-0.7	-24.3	-1.0	-0.2	-0.9	2.5
Q4	0.0	-0.9	-1.0	-53.5	-0.4	-0.3	-4.3	-10.4	-0.4	0.1	-4.7	-10.6
2000 Q1	0.0	-0.7	1.7	-117.9	-1.2	-0.1	-15.5	-21.7	1.2	0.1	3.2	-2.8
Q2	0.0	-0.7	1.5	-55.1	0.6	-0.7	-7.7	-16.8	0.0	0.0	1.3	-7.5

*Source: ECB.*
*1) Inflows (+); outflows (-).*
*2) For the comparability of recent and some earlier data, see the general notes.*

**Table 8.6****Balance of payments: other investment account and reserve assets***(EUR billions (ECU billions to end-1998); net flows)***1. Other investment by sector <sup>1) 2)</sup>**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-82.3	203.2	-0.7	3.5	-1.0	-7.6	-22.6	192.5	-37.6	40.5	15.0	152.0	-58.0	14.9
1999	-25.0	188.0	-4.0	8.6	2.8	-12.5	18.2	159.6	-46.4	54.4	64.6	105.2	-41.9	32.3
1999 Q3	-27.5	10.0	-3.3	0.4	1.2	-2.1	-7.6	12.1	-12.3	13.8	4.8	-1.7	-17.7	-0.4
Q4	11.7	41.1	0.2	2.1	0.5	-3.9	-0.2	39.0	-5.0	7.6	4.7	31.3	11.2	4.0
2000 Q1	-86.6	177.9	-7.7	2.6	-6.0	-2.7	-30.0	163.1	-11.2	20.0	-18.8	143.1	-42.8	14.9
Q2	-29.6	-15.7	-0.3	3.3	1.0	-0.3	-21.1	-20.7	-4.9	7.6	-16.2	-28.3	-9.3	2.0
Q3	-26.8	101.4	-0.3	-2.8	-4.1	-1.0	-12.5	76.2	-8.1	8.1	-4.4	68.1	-10.0	28.9
1999 July	-11.5	8.6	3.2	1.2	-0.7	-1.1	-8.3	5.9	-4.1	7.8	-4.2	-1.9	-5.6	2.6
Aug.	-12.2	30.8	-5.1	-1.8	1.1	0.3	-6.8	31.8	-5.7	1.5	-1.1	30.3	-1.5	0.5
Sep.	-3.7	-29.4	-1.4	0.9	0.8	-1.3	7.5	-25.5	-2.5	4.6	10.1	-30.1	-10.6	-3.5
Oct.	-22.0	56.1	-1.6	0.5	-1.1	-1.1	-21.9	51.8	-3.7	3.6	-18.2	48.2	2.6	4.9
Nov.	-58.7	64.1	1.5	-1.3	1.2	-2.0	-56.6	63.2	1.7	1.4	-58.3	61.8	-4.8	4.2
Dec.	92.4	-79.1	0.3	2.9	0.4	-0.8	78.3	-76.0	-3.0	2.6	81.3	-78.7	13.4	-5.2
2000 Jan.	-24.1	50.8	-3.0	3.1	-2.9	-1.0	-2.6	43.4	-3.9	6.2	1.4	37.2	-15.6	5.3
Feb.	-32.4	35.2	-2.3	0.5	-2.7	-0.3	-17.4	26.4	-4.9	7.7	-12.5	18.7	-10.0	8.6
Mar.	-30.1	91.9	-2.5	-1.0	-0.4	-1.4	-10.0	93.3	-2.3	6.1	-7.7	87.2	-17.2	1.0
Apr.	-35.3	40.4	-0.3	3.4	0.4	-0.5	-30.8	37.1	-5.4	5.7	-25.5	31.4	-4.5	0.4
May	-16.6	32.3	-2.7	0.3	0.5	0.6	-9.1	27.8	-0.5	-0.8	-8.5	28.7	-5.4	3.6
June	22.3	-88.4	2.7	-0.4	0.2	-0.4	18.8	-85.7	1.0	2.6	17.8	-88.3	0.6	-2.0
July	10.4	17.6	-0.1	-1.3	3.5	0.1	9.8	19.2	-1.9	6.8	11.7	12.4	-2.8	-0.5
Aug.	-32.6	58.5	-0.2	-1.5	-1.5	0.1	-22.0	26.6	-3.8	-1.0	-18.2	27.6	-8.9	33.3
Sep.	-4.7	25.3	0.0	0.0	-6.2	-1.2	-0.3	30.4	-2.4	2.3	2.1	28.1	1.8	-4.0

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

	Loans/currency and deposits			Other assets/liabilities			
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6	
1999		-2.6	8.1	5.5	-1.4	0.5	-0.9
1999 Q2		-0.5	2.1	1.6	0.0	0.0	0.0
Q3		-3.2	0.3	-2.9	-0.1	0.1	0.0
Q4		0.2	2.1	2.4	0.0	0.0	0.0
2000 Q1		-7.7	2.6	-5.1	-0.1	0.0	0.0
Q2		0.0	3.1	3.0	-0.2	0.2	0.0

Source: ECB.

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

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

## 2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	0.0	0.0	0.0	3.9	-12.6	-8.7	-1.2	0.2	-1.0
1999 Q2	0.0	0.0	0.0	2.4	-1.9	0.4	-1.3	-0.2	-1.6
Q3	0.0	0.0	0.0	1.2	-2.1	-0.8	-0.1	0.0	-0.1
Q4	0.0	0.0	0.0	0.0	-3.9	-3.9	0.4	0.0	0.4
2000 Q1	0.0	0.0	0.0	-5.9	-2.3	-8.2	-0.1	-0.4	-0.5
Q2	0.0	0.0	0.0	1.2	-0.5	0.7	-0.2	0.2	0.0

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.7	158.9	176.6	0.5	0.7	1.2
1999 Q2	19.9	35.5	55.5	-1.5	1.2	-0.3
Q3	-6.7	11.3	4.6	-0.9	0.9	0.0
Q4	0.5	37.5	37.9	-0.7	1.5	0.8
2000 Q1	-27.7	163.0	135.3	-2.2	0.1	-2.1
Q2	-22.3	-21.5	-43.8	1.2	0.8	2.0

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-6.4	3.4	-3.0	-13.2	17.5	4.3	-22.4	11.4	-11.0
1999 Q2	-1.8	-1.8	-3.6	-7.6	14.0	6.4	-7.9	1.8	-6.1
Q3	-1.6	-0.1	-1.7	-12.6	-2.0	-14.6	-3.5	1.7	-1.8
Q4	-1.3	2.1	0.8	16.6	0.2	16.8	-4.0	1.7	-2.3
2000 Q1	-4.3	2.9	-1.4	-38.1	18.4	-19.8	-0.4	-6.4	-6.8
Q2	-3.9	0.3	-3.6	-5.3	2.8	-2.5	-0.1	-1.0	-1.1

## 3. Reserve assets <sup>1)</sup>

	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	10.2	0.3	1.0	2.0	7.1	2.3	-1.0	0.2	3.6	2.1	-0.1	0.0
1999 Q2	5.4	0.0	-1.1	-0.1	6.5	-4.7	-2.6	0.0	10.0	3.8	0.0	0.1
Q3	0.0	0.0	0.2	1.9	-2.4	4.2	-2.8	0.2	-3.4	-0.6	0.0	0.3
Q4	-0.5	0.3	-0.7	0.2	-0.3	1.0	3.0	0.0	-1.9	-2.3	-0.1	-0.1
2000 Q1	-1.4	0.7	0.2	0.2	-2.8	2.3	-4.5	0.0	2.6	-3.1	0.0	0.2
Q2	3.8	0.0	-0.1	3.3	0.7	-0.9	0.2	0.0	-3.7	5.3	-0.2	-0.1

Source: ECB.

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

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

	Total	Direct investment			Portfolio investment					Financial derivatives	Other investment				Reserve assets
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments				Total	Trade credits	Loans/currency and deposits	Other assets/liabilities	
							Total	Bonds and notes	Money market instruments						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1997	32.7	177.6	148.6	29.1	-724.7	-358.7	-366.0	-339.8	-26.2	-5.9	222.4	79.8	51.3	91.4	363.3
1998	-175.3	136.4	112.7	23.7	-704.6	-476.0	-228.6	-205.4	-23.2	2.2	61.5	99.7	-102.1	63.9	329.2
1999	-131.0	373.4	290.8	82.6	-730.9	-596.8	-134.1	-72.7	-61.4	1.9	-147.8	112.6	-340.4	80.0	372.3

Source: ECB.

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

## 2. Reserves and related assets of the Eurosystem <sup>1) 2)</sup>

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

	Reserve assets													Memo: related assets	
	Total	Monetary gold		Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims		Claims on euro area residents denominated in foreign currency
		In fine troy ounces (millions)	Total			Currency and deposits		Securities			Financial derivatives				
						With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes		Money market instruments			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1998 Dec. <sup>3)</sup>	329.2	99.6	404.131	5.2	23.2	199.9	12.6	18.3	169.0	0.0	116.6	52.4	0.0	1.3	7.6
1999 Dec.	372.3	116.4	402.762	4.5	24.3	225.1	12.8	21.7	190.5	0.0	134.0	56.5	0.0	2.1	14.4
2000 Jan. <sup>4)</sup>	378.1	116.2	401.639	4.3	24.4	231.4	14.4	28.4	188.5	-	-	-	0.2	1.9	14.7
Feb. <sup>4)</sup>	383.2	121.1	400.503	4.4	23.9	231.9	12.0	26.2	193.5	-	-	-	0.2	2.0	16.1
Mar.	385.4	116.0	400.503	4.4	24.8	238.9	12.7	26.0	200.1	-	-	-	0.2	1.2	17.0
Apr.	399.7	121.3	400.503	4.3	22.7	249.8	18.2	28.4	203.0	-	-	-	0.2	1.7	18.1
May	388.9	117.2	400.503	4.5	21.1	244.6	16.2	29.0	199.2	-	-	-	0.2	1.4	19.1
June	385.8	120.8	400.503	4.5	20.5	238.3	14.4	25.8	198.0	-	-	-	0.1	1.7	18.6
July <sup>4)</sup>	391.4	119.6	399.539	4.5	20.9	244.4	10.5	27.1	206.7	-	-	-	0.2	1.9	17.5
Aug.	402.6	124.3	399.539	4.8	20.9	251.9	10.9	25.5	215.3	-	-	-	0.2	0.8	17.3
Sep.	408.1	124.7	399.539	4.9	21.3	255.9	11.2	24.3	220.1	-	-	-	0.3	1.3	16.6
Oct. <sup>4)</sup>	416.2	125.6	399.538	4.7	21.5	263.1	10.3	24.4	228.1	-	-	-	0.3	1.4	16.3

## 3. Reserves and related assets of the European Central Bank <sup>1) 5)</sup>

(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		Claims on euro area residents denominated in foreign currency
		In fine troy ounces (millions)	Total			Currency and deposits		Securities			Financial derivatives				
						With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes		Money market instruments			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1999 Dec.	49.3	7.0	24.030	0.0	0.0	40.9	0.3	6.4	34.3	0.0	28.0	6.3	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	0.4	7.6	33.7	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	0.4	6.5	32.6	-	-	-	0.0	1.3	4.2
Mar.	49.8	7.0	24.030	0.0	0.0	42.0	0.4	7.4	34.1	-	-	-	0.0	0.9	4.3
Apr.	52.8	7.3	24.030	0.0	0.0	44.3	1.1	8.1	35.1	-	-	-	0.0	1.2	4.3
May	50.1	7.0	24.030	0.0	0.0	42.1	1.7	6.2	34.3	-	-	-	0.0	0.9	4.5
June	50.6	7.2	24.030	0.0	0.0	42.2	1.0	7.7	33.5	-	-	-	0.0	1.2	4.1
July	51.0	7.2	24.030	0.0	0.0	42.9	0.5	5.5	36.8	-	-	-	0.0	1.0	4.1
Aug.	55.0	7.5	24.030	0.0	0.0	46.8	0.6	7.8	38.3	-	-	-	0.0	0.8	4.1
Sep.	52.4	7.5	24.030	0.0	0.0	43.7	0.7	6.1	36.9	-	-	-	0.0	1.2	3.7
Oct.	53.8	7.6	24.030	0.0	0.0	44.9	0.7	6.4	37.7	-	-	-	0.0	1.4	4.0

Source: ECB.

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

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

3) Position as at 1 January 1999.

4) 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.

5) Part of the Eurosystem's reserves.

## 9 External trade in goods of the euro area

**Table 9**

### 1. Exports <sup>1)</sup>

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

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value <sup>2)</sup>	Volume <sup>2)</sup>	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	831.6	55.6	16.4	13.6	114.0	225.4	384.7	21.9	133.6	122.6	109.0
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	187.8	12.4	3.8	2.6	25.8	51.3	86.7	5.1	120.7	112.6	107.2
Q2	203.2	13.5	4.0	3.1	27.9	55.1	94.4	5.2	130.6	119.9	108.9
Q3	209.5	14.0	4.1	3.9	29.7	56.9	95.5	5.5	134.6	122.9	109.5
Q4	231.1	15.7	4.5	4.1	30.6	62.1	108.1	6.0	148.5	134.9	110.1
2000 Q1	229.7	13.6	4.8	4.8	32.5	62.2	105.3	6.5	147.6	128.6	114.8
Q2	247.4	14.9	5.1	5.2	34.1	64.9	116.5	6.8	159.0	136.7	116.3
Q3	249.3	.	.	.	.	.	.	.	160.2	134.1	119.5
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.	54.3	3.7	1.1	0.8	7.7	14.7	24.9	1.3	104.8	98.1	106.8
Feb.	60.2	4.0	1.2	0.8	8.3	16.5	27.4	1.9	116.1	108.6	106.9
Mar.	73.2	4.7	1.5	1.0	9.8	20.0	34.4	1.9	141.2	130.9	107.9
Apr.	65.9	4.4	1.3	1.0	9.1	17.8	30.7	1.5	127.0	116.6	108.9
May	63.7	4.5	1.3	1.0	9.0	17.4	29.0	1.7	122.9	113.2	108.5
June	73.6	4.7	1.3	1.1	9.8	19.9	34.7	2.0	141.9	129.8	109.3
July	76.2	4.6	1.4	1.2	10.3	20.9	35.6	2.2	146.8	132.8	110.6
Aug.	61.1	4.3	1.3	1.2	9.2	16.2	27.4	1.6	117.7	107.0	110.0
Sep.	72.3	5.1	1.4	1.5	10.1	19.8	32.5	1.7	139.3	129.0	108.0
Oct.	77.4	5.3	1.5	1.4	10.1	21.0	36.2	2.0	149.1	135.7	109.9
Nov.	77.6	5.4	1.5	1.2	10.7	20.9	36.0	1.9	149.5	137.3	108.9
Dec.	76.2	5.1	1.6	1.5	9.8	20.2	35.9	2.2	146.9	131.8	111.4
2000 Jan.	66.0	4.0	1.4	1.5	9.4	17.6	30.1	2.1	127.3	111.8	113.9
Feb.	75.2	4.4	1.6	1.6	10.8	20.9	33.9	2.1	145.1	125.5	115.6
Mar.	88.4	5.2	1.8	1.7	12.3	23.7	41.2	2.4	170.4	148.7	114.6
Apr.	73.4	4.4	1.6	1.6	10.3	19.5	34.1	2.0	141.5	122.2	115.8
May	89.1	5.4	1.9	1.8	12.0	23.2	42.3	2.4	171.8	147.7	116.3
June	85.0	5.0	1.6	1.7	11.8	22.2	40.1	2.4	163.8	140.1	116.9
July	84.0	4.8	1.5	1.7	11.5	23.2	39.2	2.1	162.0	136.1	119.0
Aug.	77.7	4.9	1.5	1.9	11.6	20.4	35.1	2.2	149.7	126.2	118.6
Sep.	87.7	.	.	.	.	.	.	.	169.0	139.9	120.8

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 8.2).

2) ECB calculations based on Eurostat data.

**Table 9****2. Imports <sup>1)</sup>***(EUR billions (ECU billions to end-1998); c.i.f. value)*

	Total 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manu- factured articles 6	Machinery, transport equipment 7	Other 8	Import trade indices 1995 = 100		
									Value <sup>2)</sup> 9	Volume <sup>2)</sup> 10	Unit value 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	780.3	52.4	39.4	77.7	71.4	211.2	307.5	20.8	138.7	130.4	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	179.2	12.4	9.2	13.8	17.0	50.3	71.6	5.0	127.4	128.8	98.9
Q2	189.5	12.9	10.2	16.8	17.7	50.8	76.0	5.1	134.7	129.8	103.8
Q3	193.9	12.9	9.5	21.2	17.3	54.4	73.7	4.9	137.8	126.0	109.4
Q4	217.6	14.2	10.4	25.9	19.4	55.7	86.1	5.9	154.7	137.5	112.5
2000 Q1	231.1	12.5	11.3	31.7	20.1	60.6	87.4	7.5	164.2	136.1	120.7
Q2	242.9	13.8	12.5	32.3	21.3	62.1	93.1	7.8	172.6	137.1	125.9
Q3	241.4	.	.	.	.	.	.	.	171.6	131.1	130.9
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.	55.0	3.9	3.0	4.6	5.1	15.5	21.4	1.5	117.4	119.5	98.2
Feb.	56.4	3.9	2.9	4.2	5.4	16.1	22.1	1.7	120.3	122.1	98.5
Mar.	67.8	4.7	3.3	5.0	6.4	18.6	28.0	1.7	144.6	144.7	99.9
Apr.	61.6	4.2	3.3	5.6	5.8	16.1	24.9	1.7	131.4	128.3	102.4
May	62.4	4.3	3.3	5.7	5.8	16.5	25.2	1.6	133.1	127.2	104.6
June	65.5	4.4	3.5	5.4	6.2	18.2	25.9	1.8	139.7	133.5	104.6
July	64.5	4.4	3.4	6.7	5.7	18.4	24.3	1.6	137.4	127.3	108.0
Aug.	58.5	4.0	2.7	7.0	5.2	16.3	21.9	1.5	124.8	113.5	110.0
Sep.	70.9	4.4	3.5	7.6	6.4	19.6	27.6	1.8	151.3	137.3	110.2
Oct.	70.4	4.5	3.4	7.9	6.5	18.9	27.3	2.1	150.2	134.9	111.3
Nov.	74.3	4.8	3.6	8.5	6.7	18.8	29.8	2.1	158.4	142.9	110.8
Dec.	72.9	4.9	3.5	9.5	6.2	18.0	29.1	1.7	155.6	134.8	115.4
2000 Jan.	71.0	4.0	3.5	10.3	5.8	18.5	26.5	2.4	151.4	128.0	118.3
Feb.	75.4	4.0	3.6	10.2	6.8	20.1	28.2	2.5	160.9	133.6	120.4
Mar.	84.6	4.5	4.2	11.1	7.5	22.0	32.7	2.6	180.5	146.7	123.0
Apr.	73.0	4.2	3.7	9.6	6.5	18.3	28.3	2.4	155.7	127.1	122.5
May	87.9	5.0	4.7	11.3	7.5	22.7	33.8	2.8	187.4	147.9	126.7
June	82.0	4.6	4.1	11.3	7.3	21.1	31.0	2.6	174.9	136.4	128.2
July	78.9	4.4	4.0	11.9	6.7	20.9	28.2	2.8	168.2	131.6	127.8
Aug.	78.2	4.4	3.6	12.4	6.7	20.5	28.4	2.2	166.7	127.9	130.4
Sep.	84.3	.	.	.	.	.	.	.	179.8	133.9	134.3

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 <sup>1)</sup>***(EUR billions (ECU billions to end-1998); exports (f.o.b.) - imports (c.i.f.))*

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other
	1	2	3	4	5	6	7	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	51.3	3.2	-23.0	-64.1	42.6	14.2	77.2	1.0
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	8.5	0.0	-5.4	-11.2	8.8	1.0	15.1	0.2
Q2	13.7	0.6	-6.2	-13.7	10.2	4.3	18.3	0.1
Q3	15.6	1.1	-5.4	-17.4	12.4	2.5	21.8	0.6
Q4	13.5	1.5	-5.9	-21.8	11.2	6.4	21.9	0.1
2000 Q1	-1.4	1.1	-6.6	-26.9	12.4	1.6	17.9	-0.9
Q2	4.6	1.1	-7.4	-27.1	12.8	2.8	23.4	-1.0
Q3	7.9	.	.	.	.	.	.	.
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.	-0.7	-0.2	-1.8	-3.8	2.6	-0.8	3.5	-0.2
Feb.	3.8	0.1	-1.7	-3.3	2.9	0.4	5.3	0.2
Mar.	5.4	0.0	-1.9	-4.0	3.4	1.4	6.4	0.2
Apr.	4.2	0.1	-2.0	-4.6	3.4	1.8	5.7	-0.2
May	1.3	0.2	-2.1	-4.8	3.2	0.8	3.8	0.1
June	8.1	0.2	-2.2	-4.3	3.6	1.7	8.8	0.3
July	11.7	0.2	-2.0	-5.5	4.6	2.5	11.3	0.6
Aug.	2.5	0.2	-1.4	-5.8	4.0	-0.2	5.5	0.1
Sep.	1.3	0.7	-2.1	-6.1	3.8	0.2	4.9	-0.1
Oct.	6.9	0.8	-1.9	-6.5	3.6	2.1	8.9	-0.1
Nov.	3.3	0.6	-2.1	-7.2	4.0	2.1	6.2	-0.2
Dec.	3.2	0.2	-1.9	-8.1	3.6	2.2	6.8	0.4
2000 Jan.	-5.0	0.0	-2.2	-8.8	3.6	-0.9	3.6	-0.3
Feb.	-0.2	0.4	-2.0	-8.6	4.0	0.7	5.7	-0.4
Mar.	3.8	0.6	-2.4	-9.4	4.8	1.7	8.6	-0.2
Apr.	0.4	0.2	-2.1	-8.0	3.7	1.1	5.8	-0.4
May	1.2	0.4	-2.8	-9.5	4.6	0.4	8.5	-0.3
June	3.0	0.5	-2.5	-9.6	4.5	1.2	9.1	-0.2
July	5.2	0.4	-2.5	-10.1	4.8	2.3	11.0	-0.7
Aug.	-0.5	0.5	-2.0	-10.5	4.9	0.0	6.7	-0.1
Sep.	3.3	.	.	.	.	.	.	.

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 <sup>1)</sup>						Bilateral ECU or euro exchange rates <sup>2)</sup>			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1996	107.9	108.8	107.5	112.3	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.2	100.9	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.6	99.6	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	95.4	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	96.1	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.5	94.0	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	91.4	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.6	89.7	87.9	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	85.6	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.2	84.4	87.3	85.3	0.905	97.4	1.544	0.612
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	97.0	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.4	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.7	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	94.8	-	95.0	94.5	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.4	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.4	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.3	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.1	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	90.3	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.9	-	92.4	90.8	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	89.9	-	91.2	89.5	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.4	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	86.9	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.6	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	88.0	88.1	-	89.4	87.6	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	86.0	-	87.0	85.1	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.6	-	85.3	83.3	0.872	93.1	1.531	0.608
Oct.	81.6	82.3	83.3	-	84.4	82.1	0.855	92.7	1.513	0.589
Nov.	82.3	83.1	84.1	-	85.1	82.6	0.856	93.3	1.522	0.600
% ch. vs. <sup>4)</sup> prev. month										
2000 Nov.	0.9	0.9	1.0	-	0.8	0.6	0.1	0.6	0.6	1.9
% ch. vs. <sup>4)</sup> prev. year										
2000 Nov.	-10.6	-9.7	-8.7	-	-9.5	-10.6	-17.2	-13.8	-5.2	-5.8

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 Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used.

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

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

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 <sup>2)</sup>									
Swedish krona	Danish krone	Greek drachma	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>5)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
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
8.28	7.46	336.2	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	337.6	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
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.
8.27	7.45	335.2	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	336.6	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	336.6	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	336.9	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	337.3	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	338.6	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
8.52	7.45	339.5	8.00	1.292	1.618	6.67	965.1	1.498	Oct.
8.63	7.46	340.2	8.00	1.320	1.639	6.68	990.6	1.497	Nov.
1.2	0.1	0.2	-0.1	2.2	1.3	0.2	2.6	-0.1	% ch. vs. <sup>4)</sup> prev. month 2000 Nov.
0.0	0.3	3.5	-2.4	-12.9	1.3	-16.9	-18.5	-13.3	% ch. vs. <sup>4)</sup> prev. year 2000 Nov.

## II Economic and financial developments in the other EU Member States

**Table 11**

### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECÚ or euro	Current and new capital account as a % of GDP	Unit labour costs <sup>3)</sup>	Real GDP	Industrial production index <sup>4)</sup>	Standardised unemployment rate as a % of labour force (s.a.)	Broad money <sup>5)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Denmark</b>												
1997	1.9	0.5	61.4	6.25	7.48	0.6	1.4	3.1	5.3	5.6	4.7	3.73
1998	1.3	1.2	55.8	4.94	7.50	-0.9	2.6	2.5	2.2	5.2	4.6	4.27
1999	2.1	2.8	52.6	4.91	7.44	2.3	3.4	1.7	1.8	5.2	4.2	3.44
1999 Q3	2.3	-	-	5.35	7.44	2.4	3.2	1.4	-0.3	5.2	3.4	3.19
Q4	2.8	-	-	5.57	7.44	2.2	0.2	2.5	4.4	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	1.4	2.5	2.6	3.2	4.9	2.2	3.95
Q2	2.9	-	-	5.67	7.46	1.5	2.3	3.6	7.7	4.8	1.3	4.73
Q3	2.6	-	-	5.69	7.46	.	.	.	8.1	4.9	2.3	5.84
2000 May	2.8	-	-	5.77	7.46	-	-	-	11.4	4.8	1.5	4.70
June	2.9	-	-	5.67	7.46	-	-	-	0.4	4.9	3.3	5.14
July	2.8	-	-	5.76	7.46	-	-	-	6.2	4.9	0.5	5.78
Aug.	2.2	-	-	5.64	7.46	-	-	-	8.7	4.9	2.5	5.66
Sep.	2.7	-	-	5.66	7.46	-	-	-	9.0	5.0	4.0	6.10
Oct.	2.8	-	-	5.57	7.45	-	-	-	4.9	.	2.5	5.55
Nov.	2.7	-	-	5.49	7.46	-	-	-	.	.	.	5.50
<b>Greece</b>												
1997	5.4	-4.6	108.3	9.92	309.3	-4.1	8.4	3.5	1.8	7.9	11.8	12.48
1998	4.5	-3.2	105.5	8.48	330.7	-3.1	5.5	3.1	8.3	10.0	10.2	13.53
1999	2.1	-1.8	104.6	6.30	325.8	-4.1	2.5	3.4	3.4	.	7.6	10.08
1999 Q3	1.4	-	-	6.56	326.1	-	-	-	4.7	.	6.6	9.86
Q4	2.0	-	-	6.68	329.2	-	-	-	0.0	.	6.3	10.13
2000 Q1	2.6	-	-	6.44	332.7	-	-	-	7.8	.	5.1	8.71
Q2	2.3	-	-	6.12	336.2	-	-	-	5.8	.	8.9	8.33
Q3	2.8	-	-	6.06	337.6	-	-	-	0.1	.	10.4	7.79
2000 May	2.6	-	-	6.19	336.6	-	-	-	6.0	.	8.0	8.30
June	2.2	-	-	6.06	336.6	-	-	-	3.6	.	9.3	8.22
July	2.6	-	-	6.08	336.9	-	-	-	0.6	.	9.7	8.02
Aug.	2.9	-	-	6.04	337.3	-	-	-	-0.4	.	9.7	7.92
Sep.	3.0	-	-	6.05	338.6	-	-	-	0.0	.	12.0	7.42
Oct.	3.8	-	-	5.97	339.5	-	-	-	.	.	13.5	6.88
Nov.	4.0	-	-	5.87	340.2	-	-	-	.	.	.	6.13
<b>Sweden</b>												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.4	2.0	7.0	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.3	1.6	3.0	3.8	8.3	3.5	4.36
1999	0.6	1.9	65.7	4.98	8.81	1.6	0.1	3.8	2.0	7.2	6.8	3.32
1999 Q3	0.7	-	-	5.48	8.71	2.8	0.3	3.8	1.5	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.8	-0.8	3.8	2.7	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	3.0	6.7	4.0	6.0	6.5	8.7	3.99
Q2	1.2	-	-	5.30	8.28	1.5	5.2	3.9	11.2	6.0	8.9	4.09
Q3	1.3	-	-	5.30	8.40	.	.	.	9.3	5.7	5.1	4.14
2000 May	1.3	-	-	5.34	8.24	-	-	-	7.1	6.0	11.0	4.10
June	1.4	-	-	5.13	8.32	-	-	-	12.6	6.0	6.1	4.05
July	1.3	-	-	5.31	8.41	-	-	-	8.0	5.6	5.9	4.21
Aug.	1.4	-	-	5.31	8.39	-	-	-	9.4	5.9	4.4	4.13
Sep.	1.3	-	-	5.27	8.41	-	-	-	10.0	5.5	5.1	4.08
Oct.	1.3	-	-	5.23	8.52	-	-	-	.	5.4	1.2	4.03
Nov.	.	-	-	5.13	8.63	-	-	-	.	.	.	4.02
<b>United Kingdom</b>												
1997	1.8	-2.0	51.1	7.13	0.692	0.9	2.9	3.5	1.3	7.0	11.2	6.92
1998	1.6	0.4	48.0	5.60	0.676	0.0	2.9	2.6	0.8	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-1.1	3.6	2.2	0.6	6.1	5.3	5.54
1999 Q3	1.2	1.3	45.6	5.39	0.655	-1.8	3.3	2.3	1.8	6.0	3.5	5.28
Q4	1.2	1.5	45.4	5.46	0.636	-0.3	3.0	2.9	2.1	5.9	3.6	5.98
2000 Q1	0.8	6.6	43.6	5.60	0.614	-1.3	2.7	3.0	1.9	5.8	3.8	6.20
Q2	0.6	-0.3	43.9	5.31	0.610	-0.8	1.1	3.2	2.5	5.5	5.6	6.28
Q3	0.8	2.3	42.6	5.31	0.612	.	.	2.9	0.6	.	8.2	6.21
2000 May	0.5	-1.3	43.2	5.41	0.602	-	-	-	2.4	5.5	5.1	6.30
June	0.8	-1.4	43.9	5.21	0.629	-	-	-	3.3	5.4	6.6	6.23
July	1.0	7.7	43.5	5.24	0.623	-	-	-	0.4	5.3	6.8	6.19
Aug.	0.6	-1.9	44.0	5.32	0.607	-	-	-	1.2	5.4	8.7	6.22
Sep.	1.0	0.9	42.6	5.38	0.608	-	-	-	0.1	.	9.1	6.21
Oct.	1.0	7.4	42.2	5.20	0.589	-	-	-	0.7	.	.	6.16
Nov.	.	.	.	5.11	0.600	-	-	-	.	.	.	6.09

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

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom

4) Total excluding construction; adjusted for working days.

5) Average of end-month values; M3; M4 for Greece and United Kingdom.

# 12 Economic and financial developments outside the EU

**Table 12.1**

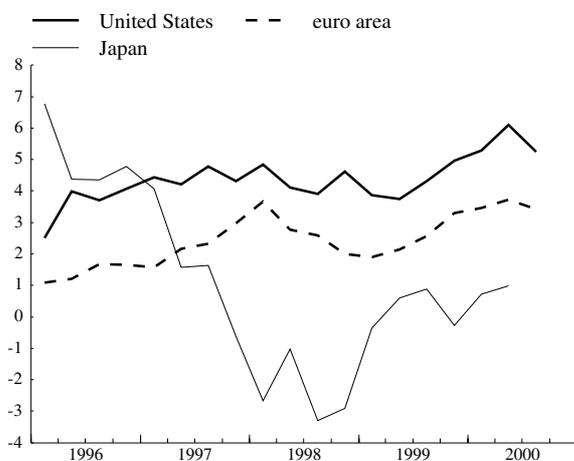
## Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>4)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP	Gross public debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
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	4.4	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.4	4.9	4.5	7.4	5.57	5.33	1.121	0.3	53.3
1999	2.2	-1.7	4.2	4.2	4.2	7.4	5.42	5.64	1.066	1.0	50.3
1999 Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	0.9	51.2
Q3	2.3	-0.8	4.3	4.4	4.2	7.4	5.44	5.88	1.049	1.3	50.4
Q4	2.6	-3.1	5.0	4.8	4.1	5.9	6.14	6.13	1.038	1.3	50.3
2000 Q1	3.2	-3.7	5.3	5.9	4.1	5.6	6.11	6.48	0.986	2.0	49.2
Q2	3.3	-4.4	6.1	6.6	4.0	5.7	6.63	6.18	0.933	2.2	46.4
Q3	3.5	-5.4	5.3	6.5	4.0	5.6	6.70	5.89	0.905	2.3	45.1
2000 June	3.7	-	-	6.8	4.0	5.4	6.79	6.10	0.949	-	-
July	3.7	-	-	6.4	4.0	5.2	6.73	6.04	0.940	-	-
Aug.	3.4	-	-	6.5	4.1	5.4	6.69	5.83	0.904	-	-
Sep.	3.5	-	-	6.6	3.9	6.2	6.67	5.80	0.872	-	-
Oct.	3.4	-	-	5.6	3.9	6.1	6.78	5.74	0.855	-	-
Nov.	.	-	-	.	4.0	.	6.75	5.72	0.856	-	-
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	-2.5	0.2	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	-
1999 Q2	-0.3	-1.6	0.6	-0.6	4.7	4.1	0.12	1.53	127.7	-	-
Q3	0.0	-5.0	0.9	3.1	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-6.0	-0.3	4.8	4.6	3.0	0.29	1.77	108.4	-	-
2000 Q1	-0.7	-7.0	0.7	6.2	4.8	2.2	0.14	1.79	105.5	-	-
Q2	-0.7	-7.3	1.0	7.1	4.7	2.3	0.12	1.72	99.6	-	-
Q3	-0.7	.	.	5.4	4.6	1.9	0.32	1.79	97.4	-	-
2000 June	-0.7	-7.5	-	7.3	4.7	1.9	0.13	1.69	100.7	-	-
July	-0.5	-4.5	-	4.2	4.7	2.0	0.22	1.72	101.4	-	-
Aug.	-0.8	.	-	8.3	4.6	1.8	0.32	1.77	97.8	-	-
Sep.	-0.8	.	-	3.9	4.7	2.0	0.41	1.88	93.1	-	-
Oct.	-0.9	.	-	6.7	4.7	2.1	0.52	1.83	92.7	-	-
Nov.	.	.	-	.	.	2.1	0.55	1.75	93.3	-	-

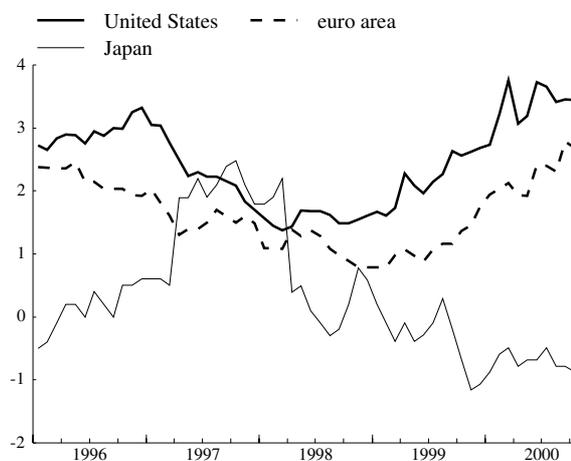
### Real gross domestic product

(annual percentage changes; quarterly)



### Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.

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

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

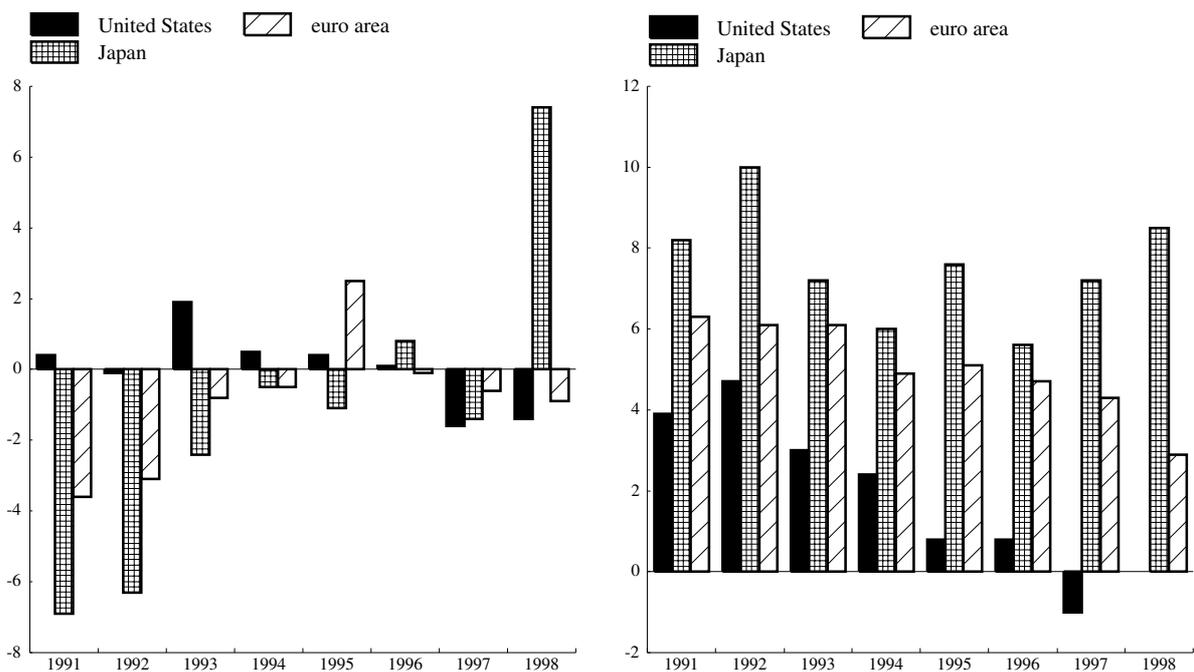
4) For more information, see Table 10.

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

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

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

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1996	17.3	19.1	-1.4	8.8	8.4	5.2	8.7	5.1	1.0	11.5	5.7	12.8	4.9
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	1.8	11.7	3.7	12.4	4.7
1998	18.8	20.8	-2.3	9.6	8.8	3.9	8.5	5.4	1.7	12.3	5.8	12.7	5.8
1999	18.5	21.1	-3.4	9.8	9.3	7.3	8.7	8.8	3.6	12.6	5.2	11.4	6.7
1998 Q4	18.6	20.9	-2.6	9.7	9.0	1.6	8.4	3.3	-1.0	12.6	4.4	12.6	6.1
1999 Q1	18.8	21.0	-2.7	9.6	9.1	8.3	8.7	9.7	6.3	12.4	4.6	11.9	6.6
Q2	18.4	20.8	-3.2	9.6	9.5	7.9	8.7	9.6	0.4	12.7	5.0	11.6	6.9
Q3	18.4	21.1	-3.6	9.8	9.3	7.2	8.6	8.6	3.6	12.6	4.8	11.1	6.4
Q4	18.3	21.4	-3.9	10.0	9.3	5.9	8.7	7.4	4.2	12.6	6.5	10.9	7.1
2000 Q1	18.2	21.4	-4.0	9.9	9.6	7.7	8.8	9.0	5.8	12.8	4.4	10.1	8.2
Q2	18.5	22.0	-4.1	10.3	9.6	5.8	9.0	7.4	3.3	12.5	4.4	10.0	5.9
Q3	18.4	21.9	-4.5	10.4	9.8	5.7	9.1	7.3	2.0	12.4	2.3	9.6	5.7
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	-6.6	15.1	-9.4	-1.5	5.0	5.6	13.7	-0.4
1999	.	26.0	.	.	.	2.6	.	-2.4	1.4	.	6.8	.	-0.5
1998 Q4	.	26.9	.	.	.	13.4	.	-6.9	-7.0	.	11.3	.	-0.8
1999 Q1	.	26.9	.	.	.	0.8	.	-14.9	-2.2	.	-3.6	.	6.3
Q2	.	24.2	.	.	.	-16.5	.	-17.7	1.9	.	14.4	.	-7.2
Q3	.	26.4	.	.	.	9.9	.	-1.4	1.5	.	4.3	.	1.4
Q4	.	26.9	.	.	.	15.0	.	21.1	4.1	.	11.8	.	-2.2
2000 Q1	.	26.3	.	.	.	7.2	.	-6.1	-4.4	.	2.9	.	8.4
Q2	.	24.8	.	.	.	-23.7	.	-18.8	0.3	.	3.9	.	-8.8
Q3	.	27.1	.	.	.	.	.	.	.	.	.	.	.

**Net lending of non-financial corporations**
*(as a percentage of GDP)*
**Net lending of households <sup>1)</sup>**
*(as a percentage of GDP)*


Sources: ECB, Federal Reserve Board, Bank of Japan and Economic 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<sup>1</sup>) and TRAMO/SEATS<sup>2</sup> (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:

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

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

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.

## Relating to Tables 2.5 to 2.8

As far as possible, the data are harmonised and comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, data for Tables 2.5 to 2.8 prior to the first quarter of 1999 are not directly comparable with those referring to later periods. In addition, quarterly flows cannot be calculated for any of the periods as, for the time being, reclassification and revaluation adjustments are not compiled. Tables 2.5 to 2.8 can be used for a structural analysis, while it is not advisable to perform a detailed analysis of the growth rates.

- 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 by the European Central Bank (ECB) is presented in the document entitled "Statistical information collected and compiled by the ESCB", dated May 2000. This document is an update of the report entitled "Statistical requirements for Stage Three of Monetary Union (Implementation Package)" of July 1996, and describes the provision of statistics as it stands today. The document covers money and banking and related statistics, balance of payments statistics, international investment position statistics and financial accounts. The requirements of the ECB for statistics on prices and costs, national accounts, the labour market, government receipts and expenditure, short-term indicators of output and demand, and the European Commission Business and Consumer Surveys are set out in the document entitled "Requirements in the field of general economic statistics" of August 2000.<sup>1</sup>

The focus of these statistics is the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in a downloadable format (csv files) 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 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

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

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 13 December 2000.

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

## Overview

Key developments in the euro area are summarised in an overview table.

## Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system's liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. A complete list of MFIs is published on the ECB's website. Details of the sector definitions are set out in the

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

“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).

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

Statistics on securities issues are presented in Tables 3.5 and 3.6. Table 3.5 shows securities issued, redemptions and amounts outstanding, broken down into short-term securities and long-term securities. Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments. Table 3.6 contains a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere. For euro area residents, the sectoral breakdown is in line with the ESA 95.<sup>2</sup> The statistics on securities issues are estimated to cover approximately 95% of total issues by euro area residents. For non-euro area residents, the term “banks (including central banks)” is used to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area. The term “international organisations” includes the European Investment Bank. (The ECB is included in the Eurosystem.)

The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs

(column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of securities issues statistics is at present somewhat narrower.

### 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

<sup>2</sup> The sectoral analysis conforms to the ESA 95. The code numbers for the sectors shown in the tables in the Monthly Bulletin are: 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).

begun to pave the way for fully comparable data, including quarterly summary accounts, across the euro area. Before 1999 the deflators of GDP in Table 4.2.2 are derived from national data in domestic currency. National accounts in this issue are based on the ESA 95.

Table 5.2 shows selected other real economy indicators. The implementation of Council Regulation (EC) No. 1165/98 of 19 May 1998 concerning short-term statistics will enlarge the range of available euro area data.

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**

A need was foreseen 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 early in 2001.

### **General government fiscal position**

Tables 7.1 to 7.3 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The euro area aggregates are compiled by the ECB from harmonised data provided by the NCBs, which are regularly updated. Data on deficit and debt for the euro area countries may therefore differ from those used by the European Commission in the context of the excessive deficit procedure.

Table 7.1 shows general government revenue and expenditure on the basis of definitions laid down in Commission Regulation No. 1500/2000 of 10 July 2000 amending the ESA 95. Table 7.2 shows details of general government gross consolidated debt at nominal value in accordance with the Treaty provisions on the excessive deficit procedure. Tables 7.1 and 7.2 include summary data for individual euro area countries owing to their importance in the framework of the Stability and Growth Pact. Table 7.3 analyses changes in general government debt. The difference between the change in government debt and government deficit, the deficit-debt adjustment, is mainly explained by government transactions in financial assets and by foreign exchange valuation effects.

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

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.6) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of May 2000 (ECB/2000/4) on the statistical reporting requirements of the European Central Bank, and to Eurostat's documentation.

The euro area balance of payments is compiled by the ECB. Data up to December 1998 are expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. Data are revised with the publication of the detailed quarterly balance of payments data. Earlier data are revised periodically.

Some earlier data have been partially estimated and may not be fully comparable with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1998 and the i.i.p. at end-1997. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

The euro area i.i.p. (Table 8.7.1) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent.

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2. The corresponding reserves and related assets held by the ECB are shown in Table 8.7.3. The data in Tables 8.7.2 and 8.7.3 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. A publication on the statistical treatment of the Eurosystem's international reserves is available on the ECB's website.

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. Real indices (deflated by consumer prices, producer prices and unit labour costs in manufacturing respectively) for the group of 13 currencies are shown, together with one nominal and one real index (deflated by consumer prices) for a broader group of 39 currencies. The bilateral rates shown are those against the 13 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

### **Other statistics**

Statistics on other EU Member States (Table 11) follow the same principles as those for data relating to the euro area. Data for the United States and Japan contained in Tables/Charts 12.1 and 12.2 are obtained from national sources. 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.

# Chronology of monetary policy measures of the Eurosystem<sup>1</sup>

## 4 January 2000

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

## 5 January 2000

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

## 15 January 2000

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

## 20 January 2000

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

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

## 3 February 2000

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

## 17 February, 2 March 2000

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

## 16 March 2000

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

## 30 March, 13 April 2000

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

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

### **27 April 2000**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 3.75%, starting from the operation to be settled on 4 May 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 4.75% and 2.75% respectively, both with effect from 28 April 2000.

### **11 May 2000**

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### **25 May 2000**

The Governing Council of the ECB decides that the interest rates on the main refinancing operations, the marginal lending facility and the deposit facility will remain unchanged at 3.75%, 4.75% and 2.75% respectively.

### **8 June 2000**

The Governing Council of the ECB decides to raise the interest rate on the main refinancing operations of the Eurosystem by 0.50 percentage point to 4.25% and to apply this in the two operations (which will be conducted as fixed rate tenders) to be settled on 15 and 21 June 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 5.25% and 3.25% respectively, both with effect from 9 June 2000.

It also announces that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem

will be conducted as variable rate tenders, applying the multiple rate auction procedure. The Governing Council decides to set a minimum bid rate for these operations equal to 4.25%. The switch to variable rate tenders in the main refinancing operations is not intended as a further change in the monetary policy stance of the Eurosystem, but as a response to the severe overbidding which has developed in the context of the current fixed rate tender procedure.

### **19 June 2000**

In accordance with Article 122 (2) of the Treaty establishing the European Community, the ECOFIN Council decides that Greece fulfils the necessary conditions on the basis of the criteria set out in Article 121 (1) and abrogates the derogation of Greece with effect from 1 January 2001. The ECOFIN Council took its decision, taking account of the reports of the European Commission and the ECB on the progress made in the fulfilment by Sweden and Greece of their obligations regarding the achievement of Economic and Monetary Union, after consulting the European Parliament, and after a discussion in the EU Council meeting in the composition of Heads of State or Government.

The ECOFIN Council, acting with the unanimity of the Member States of the European Community without a derogation and the Member State concerned, upon a proposal from the European Commission and after consultation of the ECB, also adopts the irrevocable conversion rate between the Greek drachma and the euro, with effect from 1 January 2001. Following the determination of the euro conversion rate of the Greek drachma (which is equal to its prevailing central rate against the euro in the exchange rate mechanism, ERM II), the ECB and the Bank of Greece announce that they will monitor the convergence of the market exchange rate of the Greek drachma against the euro towards its euro conversion rate, which should be completed at the latest by 29 December 2000.

## **21 June 2000**

The Governing Council of the ECB decides that the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 5.25% and 3.25% respectively. It reiterates that, as announced on 8 June 2000, the forthcoming main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiple rate auction procedure, with a minimum bid rate of 4.25%.

The Governing Council also announces that, for the longer-term refinancing operations to be conducted in the second half of 2000, the Eurosystem intends to allot an amount of €15 billion per operation. This amount takes into consideration the expected liquidity needs of the banking system of the euro area in the second half of 2000 and the desire of the Eurosystem to continue to provide the bulk of its refinancing of the financial sector through its main refinancing operations.

## **6 July, 20 July, 3 August 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.25%, 5.25% and 3.25% respectively.

## **31 August 2000**

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 6 September 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 1 September.

## **14 September 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.50%, 5.50% and 3.50% respectively.

## **5 October 2000**

The Governing Council of the ECB decides to raise the minimum bid rate on the main refinancing operations of the Eurosystem by 0.25 percentage point to 4.75%, with effect from the operation to be settled on 11 October 2000. In addition, it decides to increase the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.75% and 3.75% respectively, both with effect from 6 October.

## **19 October, 2 November, 16 November, 30 November 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

## **14 December 2000**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 4.75%, 5.75% and 3.75% respectively.

In addition, it decides to reconfirm the existing reference value for monetary growth, namely an annual growth rate of 4½% for the broad aggregate M3. This decision is taken on the grounds that the available evidence continues to support the assumptions underlying the initial derivation of the reference value in December

1998 (and its confirmation in December 1999), namely that, over the medium term, M3 income velocity declines at a trend rate in the range from ½% to 1% per annum and potential output grows at a trend rate between 2% and 2½% per annum. The Governing Council will undertake the next review of the reference value in December 2001.

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

## The TARGET Information System

The TARGET Information System (TIS) was implemented on 23 October 2000. The TIS is a common information tool allowing all TARGET participants to simultaneously access standardised information on the status of the TARGET system via Reuters, Telerate/Bridge and Bloomberg. It provides up-to-date information on the national TARGET components, showing users whether TARGET is fully functioning and, if not, which component has failed and the estimated duration of this failure. The TIS does not replace the communication channels that already exist at the domestic level.

## TARGET reimbursement scheme

A TARGET reimbursement scheme will come into force on 1 January 2001 and will be

applicable whenever the same-day processing of payment orders within TARGET cannot be completed. The reimbursement scheme is intended to compensate participants for the higher costs they may incur as a result of having recourse to the standing facilities of the Eurosystem should TARGET malfunction. In order to ensure a level playing-field, the scheme also applies to participants in the euro real-time gross settlement (RTGS) systems of the EU national central banks not participating in EMU. The legal framework for the reimbursement scheme is included in the TARGET Guideline, which will be published in the Official Journal of the European Communities and made available on the ECB's website. The reimbursement scheme will also be reflected in the national legal documentation of the RTGS systems participating in or connected to TARGET.

**Table 1**

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

(number of payments)

	1999 Q2	1999 Q3	1999 Total	2000 Q2	2000 Q3
<b>TARGET</b>					
All TARGET payments					
Total volume	10,289,259	10,759,496	42,257,784	11,889,208	11,876,872
Daily average	158,296	163,023	163,014	191,761	182,721
Cross-border TARGET payments					
Total volume	1,837,435	1,980,267	7,453,326	2,551,112	2,561,044
Daily average	28,268	30,004	28,702	41,147	39,401
Domestic TARGET payments					
Total volume	8,451,824	8,779,229	34,804,458	9,338,096	9,315,828
Daily average	130,028	133,019	134,312	150,614	143,320
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	4,250,282	4,726,750	17,646,284	6,241,239	6,123,837
Daily average	65,389	71,617	67,895	100,665	94,213
Euro Access Frankfurt (EAF)					
Total volume	2,948,742	3,037,469	12,096,875	3,204,424	3,208,671
Daily average	45,365	46,022	46,705	51,684	49,364
Paris Net Settlement (PNS) <sup>1)</sup>					
Total volume	1,318,159	1,248,698	5,197,215	1,254,662	1,258,003
Daily average	20,279	18,920	20,083	20,236	19,354
Servicio Español de Pagos Interbancarios (SEPI)					
Total volume	289,174	260,327	1,101,742	241,952	238,434
Daily average	4,449	3,944	4,260	3,902	3,668

1) The PNS replaced the *Système Net Protégé* (SNP) on 19 April 1999.

## Payment flows in TARGET

In the third quarter of 2000 TARGET payment flows were affected by the summer period. Compared with the second quarter of 2000, the number of payments processed in TARGET as a whole, i.e. cross-border and domestic payments taken together, decreased by 5% and the value of these payments decreased by 6%. The total number of these transactions reached 182,721 (daily average), representing a value of around €1 trillion. The number of cross-border payments declined by 4% and their value by 6% during this period (averaging 39,401 payments, which represented a daily value of €425 billion). The peak day for TARGET cross-border activity in the third quarter was 29 September 2000 when 60,770 payments, representing a value of €580 billion, were processed. Customer payments accounted for 34.9% of

cross-border payments and 3.7% of the value of cross-border payments in the third quarter. The average value of customer payments stood at €1.2 million; for interbank payments the average value was €16 million.

A comparison of the third quarter of 2000 with the third quarter of 1999, however, shows a pronounced upward trend in the use of TARGET. The average number of payments processed daily by TARGET as a whole increased by 12%, while the daily value of payments rose by 13%. The increase in the use of TARGET for cross-border payments is even higher. The average number of daily cross-border payments was up 31% and their average value was up 20%.

Further information on the TARGET system is available in the TARGET section of the ECB's website (<http://www.ecb.int>).

**Table 2**

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

(EUR billions)

	1999 Q2	1999 Q3	1999 Total	2000 Q2	2000 Q3
<b>TARGET</b>					
All TARGET payments					
Total value	58,861	58,346	239,472	66,245	65,015
Daily average	906	884	926	1,068	1,000
Cross-border TARGET payments					
Total value	22,838	23,365	93,236	28,121	27,635
Daily average	351	354	360	454	425
Domestic TARGET payments					
Total value	36,023	34,981	146,236	38,124	37,380
Daily average	554	530	566	615	575
<b>Other systems</b>					
Euro 1 (EBA)					
Total value	10,777	11,056	44,215	12,758	12,421
Daily average	166	168	171	206	191
Euro Access Frankfurt (EAF)					
Total value	9,587	9,331	39,041	10,786	9,918
Daily average	147	141	151	174	152
Paris Net Settlement (PNS) <sup>1)</sup>					
Total value	6,125	5,869	24,041	5,309	5,111
Daily average	94	89	93	86	78
Servicio Español de Pagos Interbancarios (SEPI)					
Total value	226	204	941	124	92
Daily average	3	3	4	2	1

1) The PNS replaced the *Système Net Protégé* (SNP) on 19 April 1999.

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"Annual Report 1998", April 1999.

"Annual Report 1999", April 2000.

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## Convergence Report

"Convergence Report 2000", May 2000.

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