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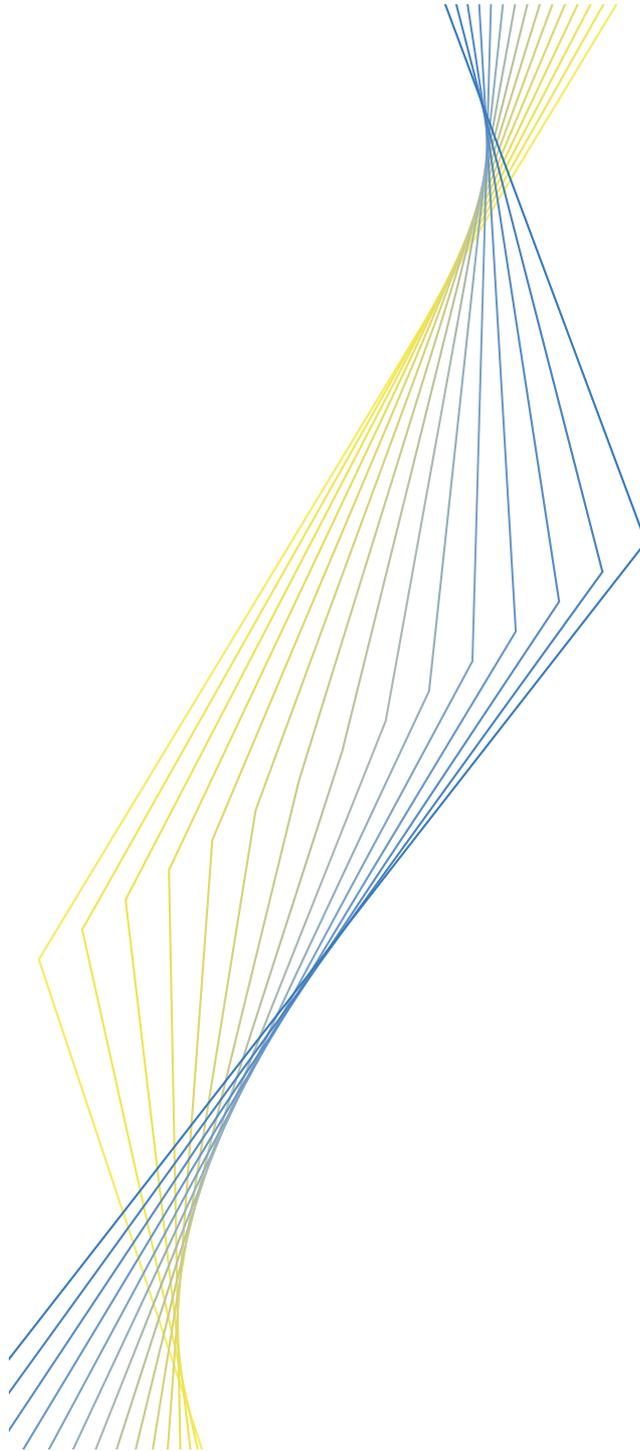
MONTHLY BULLETIN June 2002

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

June 2002



EUROPEAN CENTRAL BANK



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B U L L E T I N**

June 2002

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# Contents

Editorial	5
Economic developments in the euro area	7
Monetary and financial developments	7
Price developments	31
Output, demand and labour market developments	37
Fiscal developments	46
Eurosysteem staff macroeconomic projections for the euro area	52
The global macroeconomic environment, exchange rates and the balance of payments	58
Boxes:	
1 Financing and financial investment of the non-financial sectors in the euro area up to the end of 2001	12
2 Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 May 2002	21
3 Issues related to Monetary Conditions Indices	23
4 The clustering of shocks to HICP inflation since the start of Stage Three of EMU	34
5 A comparison of the 1998 and 2001 slowdowns in the euro area	41
6 Fiscal transparency in the context of the multilateral surveillance of budgetary positions	51
7 Comparison with December 2001 Projections	56
8 Forecasts by other institutions	57
Euro area statistics	1*
Chronology of monetary policy measures of the Eurosystem	81*
The TARGET (Trans-European Automated Real-time Gross settlement Express Transfer) system	87*
Documents published by the European Central Bank	91*

## Abbreviations

### Countries

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

### Others

BIS	Bank for International Settlements
BPM5	IMF Balance of Payments Manual (5th edition)
CDs	certificates of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
ECU	European Currency Unit
EER	effective exchange rate
EMI	European Monetary Institute
ESA 95	European System of Accounts 1995
ESCB	European System of Central Banks
EU	European Union
EUR	euro
f.o.b.	free on board at the exporter's border
GDP	gross domestic product
HICP	Harmonised Index of Consumer Prices
ILO	International Labour Organization
IMF	International Monetary Fund
MFIs	Monetary Financial Institutions
NACE Rev. 1	Statistical classification of economic activities in the European Community
NCBs	national central banks
PPI	Producer Price Index
repos	repurchase agreements
SITC Rev. 3	Standard International Trade Classification (revision 3)
ULCM	Unit Labour Costs in Manufacturing

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

## Editorial

At its meeting on 6 June 2002, the Governing Council of the ECB decided to leave the minimum bid rate on the main refinancing operations of the Eurosystem unchanged at 3.25%. The interest rates on the marginal lending facility and the deposit facility were also left unchanged at 4.25% and 2.25% respectively.

This decision was based on a comprehensive analysis of monetary, financial and economic developments in the euro area. Notwithstanding the recent decline in inflation, it was felt that the outlook for price stability in the medium term remained less satisfactory than a few months ago. However, the economic outlook was considered as being still subject to uncertainty. Further evidence is needed before the upward risks to price stability over the medium term can be fully assessed. At this juncture it is therefore particularly important for monetary policy to remain vigilant with regard to the further evolution of the key factors determining the outlook for prices.

Starting with the analysis under the first pillar of the ECB's monetary policy strategy, the three-month average of the annual growth rates of M3 decreased to 7.4% in the period from February to April 2002, from 7.6% in the period from January to March 2002. The high level of annual M3 growth still partly reflects the portfolio shifts to M3 instruments in the autumn of 2001, when economic and financial market uncertainty led to a strong rise in the demand for short-term liquid assets. While M3 growth has moderated somewhat in early 2002, suggesting some reversal of the portfolio shifts, this moderation has recently been interrupted, with a strengthening in demand for M1. In addition, annual growth rates of loans to the private sector have stabilised over recent months.

As regards the second pillar, a first estimate of real GDP growth in the first quarter of 2002 released by Eurostat has confirmed earlier expectations for a gradual recovery in the euro area. This preliminary estimate

shows an improvement of the quarter-on-quarter growth rate in real GDP from -0.3% in the last quarter of 2001 to a moderately positive rate in the first quarter of this year. This increase was ascribed to a positive net trade contribution which more than offset a negative contribution from domestic demand. Moreover, business and consumer confidence has strengthened again in May 2002, as reflected in the data published by the European Commission. This assessment of an ongoing recovery is broadly confirmed by other surveys.

Looking ahead, all available forecasts of international organisations and the projections produced by Eurosystem staff (which are published in this issue of the Monthly Bulletin) point to a strengthening in both domestic and foreign demand, owing to favourable financing conditions, sound domestic fundamentals and the absence of major imbalances within the euro area, as well as a more favourable external environment. Overall, they suggest that real GDP growth in the euro area should again be in line with potential growth later this year. The staff projections point to average real GDP growth in 2002 in the range of 0.9% to 1.5%. It should be noted that the average annual growth rate of euro area real GDP in 2002 is (mechanically) reduced by the sluggish economic developments seen in the second half of 2001. For 2003, real GDP growth is generally expected to strengthen further and the staff projections show a range of 2.1% to 3.1%. Despite this rather positive outlook, the assessment of the short-term dynamics of real economic activity is still surrounded by uncertainty. Moreover, future oil price developments and economic imbalances elsewhere in the world economy remain elements of risk.

Turning to price developments, Eurostat's flash estimate indicates that annual HICP inflation fell from 2.4% in April to 2.0% in May 2002. However, this decline is mainly due to a base effect relating to the strong increases in unprocessed food and energy prices observed in May 2001. Moreover, in

the first months of this year HICP inflation excluding the more volatile energy and unprocessed food components has been persistently high, reflecting in particular developments in services prices. While a further decline in the annual rate of overall HICP inflation is possible in the short run, barring unexpected developments, inflation rates are likely to hover around 2% in the second half of 2002. Staff projections put average HICP inflation in 2002 in a range of 2.1% to 2.5%, while HICP inflation is projected to be between 1.3% and 2.5% on average in 2003. These projections are notably higher than those produced in late 2001. A persistent appreciation of the exchange rate of the euro would contribute to containing inflationary pressures, but it is too early to assess the impact of recent developments on the outlook for prices.

The less satisfactory inflation picture is due partly to a sequence of adverse but rather specific shocks to consumer prices, including oil price increases earlier this year. In principle, such shocks should unwind over time and therefore not affect the medium-term perspective for price stability as long as past upward tendencies in prices do not become entrenched in inflation expectations. However, the outcome of recent wage negotiations in some regions of the euro area is a cause for concern, especially in view of the negative impact this could have on continued employment creation. To avoid inflationary pressure, which would have unfavourable consequences for competitiveness, employment growth and consumption, high wage increases must not spread across sectors and countries in the euro area.

Regarding fiscal policies in the euro area, it is vital that all member countries maintain a medium-term perspective in compliance with the framework of the Stability and Growth Pact. Maintaining such a perspective will lead to a successful transition to budgetary positions close to balance or in surplus and to a smooth functioning of automatic stabilisers in all member countries. The Governing Council therefore reiterated that the countries concerned must honour the commitments made to achieve budget positions close to balance by 2003-04. Moreover, governments are encouraged to push ahead with reforms relating to the size and structure of public expenditure, which will facilitate fiscal consolidation, create room for further tax cuts and alleviate the fiscal costs of population ageing.

This reform agenda, as well as the urgent structural reforms relating to product, labour and financial markets, will be addressed in the forthcoming Broad Economic Policy Guidelines. Overall, such reforms reflect the key challenge for the euro area to expand its potential for non-inflationary growth and to reduce its still high level of unemployment. The Governing Council calls upon member countries to make faster progress in accelerating and deepening structural reforms in order to provide economic agents with the proper incentives to enhance efficiency and entrepreneurship and to progress towards a knowledge-based economy as proclaimed in the Lisbon agenda and confirmed at the summit in Barcelona.

# Economic developments in the euro area

## I Monetary and financial developments

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

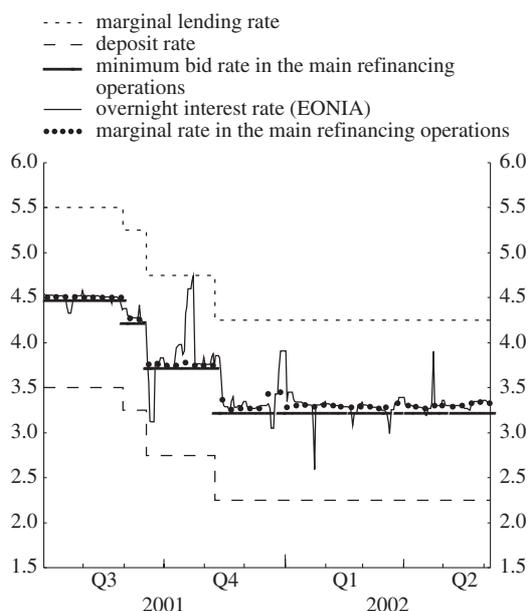
At its meeting on 6 June, the Governing Council of the ECB decided to leave the minimum bid rate in the main refinancing operations, conducted as variable rate tenders, unchanged at 3.25%. The interest rates on the marginal lending facility and the deposit facility were also kept unchanged, at 4.25% and 2.25% respectively (see Chart 1).

### M3 growth remained high in April

In April 2002, the annual rate of growth of M3 rose to 7.5%, from 7.3% in the previous month. This increase has interrupted the slowdown in annual M3 growth seen in the first three months of the year. At the same time, the three-month average of the annual growth rates of M3 declined to 7.4% in the period from February to April 2002, from 7.6% in the period from January to March

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

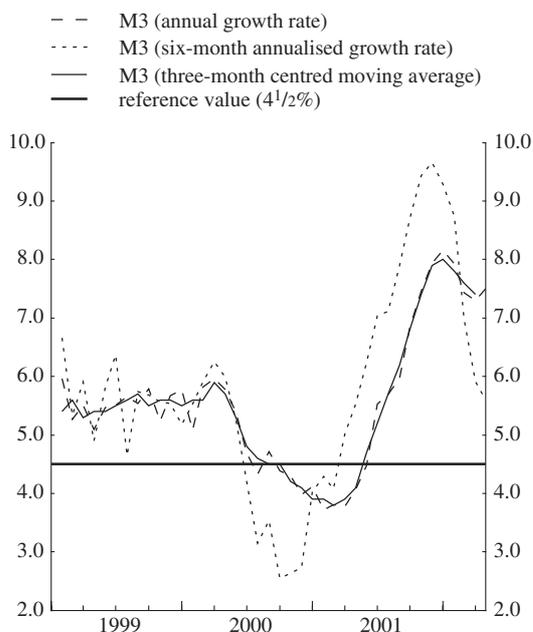
(percentages per annum; daily data)



Sources: ECB and Reuters.

### Chart 2 M3 growth and the reference value

(adjusted for seasonal and calendar effects)



Source: ECB.

(see Chart 2). The high level of annual M3 growth still partly reflects the portfolio shifts to M3 instruments in the autumn of 2001 when economic and financial market uncertainty led to a strong rise in the demand for short-term liquid assets.

Despite the increase in April, M3 growth has, all in all, moderated somewhat in the first four months of 2002. This is evidenced by the continuous decline in the six-month annualised growth rate of M3 from its peak of 9.7% in November 2001, to 5.6% in April 2002, for instance. The normalisation in financial market uncertainty, as indicated by the decline in stock market volatility, and the steepening of the yield curve should have induced economic agents not only to stop shifting speculative funds to M3 instruments, but also to reverse past portfolio reallocations. However, the reversal of past portfolio shifts seems to be proceeding at a rather sluggish pace, and there has recently been some increase in the demand for M1

instruments. This may reflect the fact that M3 growth has been increasingly supported by the low level of the opportunity costs of its most liquid components and by the strengthening in economic activity.

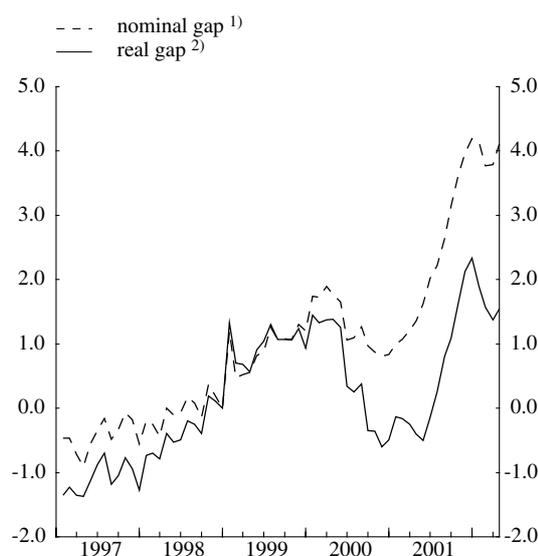
Continued high M3 growth has led to the persistence of a situation of excess liquidity in the euro area, as indicated by the evolution of measures of the money gap constructed on the basis of the reference value for M3. The nominal money gap shown in Chart 3 refers to the difference between the actual level of M3 and the level of M3 which would have resulted from growth at the reference value (4½% p.a.) since December 1998 (chosen arbitrarily as the base period). The real money gap shows the difference between the actual level of M3 deflated by the HICP and the level of M3 in real terms which would have resulted from nominal M3 growth at the reference value and HICP inflation in line with the definition of price stability – again using December 1998 as the base period.

In the first four months of the year, both the nominal and the real money gaps continued to point to a situation of ample liquidity in the euro area. In this respect, the decline in the real money gap since the end of last year needs to be interpreted carefully as it mainly reflects the fact that HICP inflation in early 2002 was above rates consistent with price stability.

As a result of the strong portfolio shifts in late 2001, and their only slow reversion to date, annual M3 growth in the first quarter of 2002 continued to be considerably above what would have been in line with its fundamental determinants. This is particularly evident in the significant widening of the gap between the growth of real M3 and that of real GDP, which cannot be accounted for by the decline in the opportunity costs of M3 in recent months (see Chart 4, in particular the bottom panel).

### Chart 3 Estimates of the nominal and real money gaps

(as a percentage of the stock of M3)



Source: ECB.

- 1) Deviation of the actual stock of M3 from the level consistent with monetary growth at the reference value, taking December 1998 as the base period.
- 2) Nominal money gap minus the deviation of consumer prices from the definition of price stability, taking December 1998 as the base period.

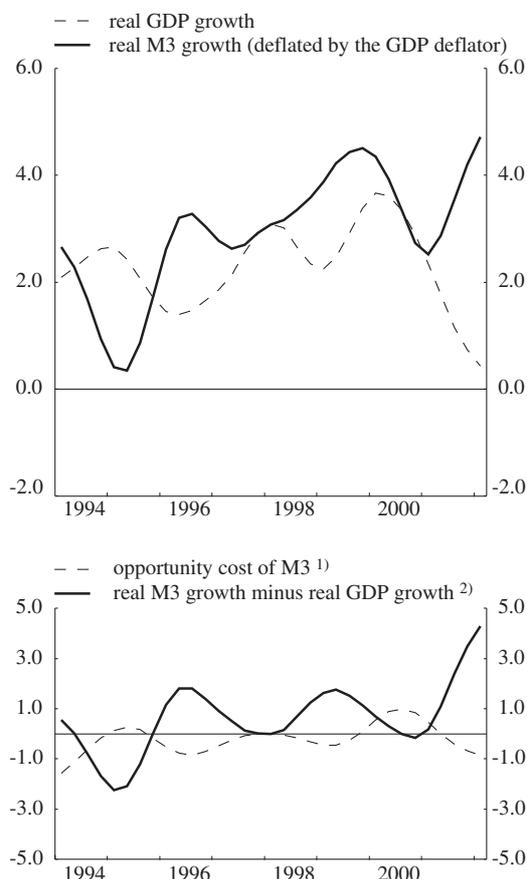
### Stronger growth of the narrow monetary aggregate M1

The stronger annual growth of M3 in April 2002 was mainly due to the more dynamic pace of increase in the narrow monetary aggregate M1 (the annual growth rate of M1 rose to 6.9% in April, from 5.9% in March 2002 and 5.5% in December 2001). The low level of short-term interest rates, and the resulting low opportunity cost of M1, probably contributed to the continued high annual growth of overnight deposits. In addition, the recovery in economic activity may also have led to a stronger demand for M1 components for transaction purposes.

The increase in M1 growth in April reflects, in particular, a recovery in the growth of currency in circulation. After the substantial reduction in currency in circulation in 2001, in the run-up to the euro cash changeover, economic agents started to rebuild their currency holdings in the first four months of 2002. The (seasonally adjusted) monthly inflow to currency in circulation was €10.5 billion in April 2002, having been €9.2 billion

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

(four-quarter moving averages of annual percentage changes; seasonally adjusted)



Source: ECB.

Notes: The annual growth rate of GDP deflator in the first quarter of 2002 is assumed to be equal to that in the fourth quarter of 2001.

1) The opportunity cost of M3 is defined as the difference between the three-month money market rate and the own rate of return on M3.

2) Calculated as the difference between M3 growth deflated by the GDP deflator and real GDP growth.

in March. The expansion of currency in circulation in the first four months of the year is to a large extent likely to be the result of a reversal of previous shifts from currency to short-term deposits included in M3. Therefore these shifts should have little effect on overall M3 growth.

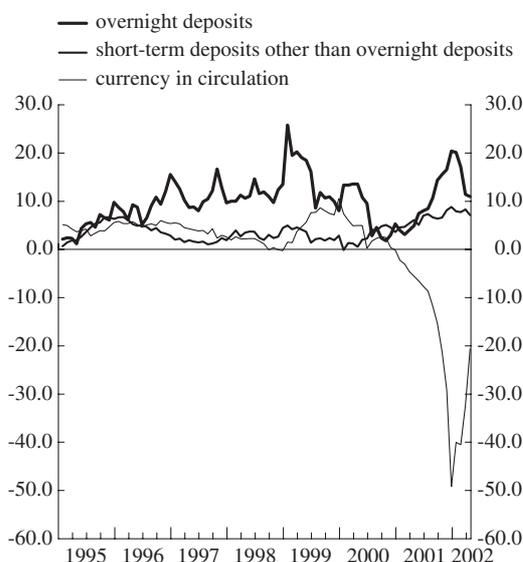
The annual growth of overnight deposits stood at 12.4% in April 2002, compared with 12.1% in March and 13.2% in December 2001. At the same time, the shorter-term dynamics of overnight deposits slowed down considerably during the first four months of

2002, although they still point to a strong growth. This is indicated by the decline in the six-month seasonally adjusted and annualised growth rate (see Chart 5). This development is likely to reflect the above-mentioned shifts back to currency.

The annual rate of growth of short-term deposits other than overnight deposits declined to 6.0% in April 2002, from 6.5% in the previous month. As can be seen in Chart 6, in recent months there appears to have been a change in the trend of short-term savings deposits (deposits redeemable at a period of notice of up to three months) and short-term time deposits (i.e. deposits with an agreed maturity of up to two years). The annual growth of savings deposits appears to have peaked in the first few months of 2002 and seems to have inverted its rising trend. By contrast, the annual growth of short-term time deposits stopped declining in the first few months of 2002 and appears to have bottomed out in April. The divergent behaviour of these deposits could be due to the interruption of the decline in the interest spread between the two types of deposit, which is likely to have been a major driving

**Chart 5**  
**Short-term trends in currency in circulation and short-term deposits**

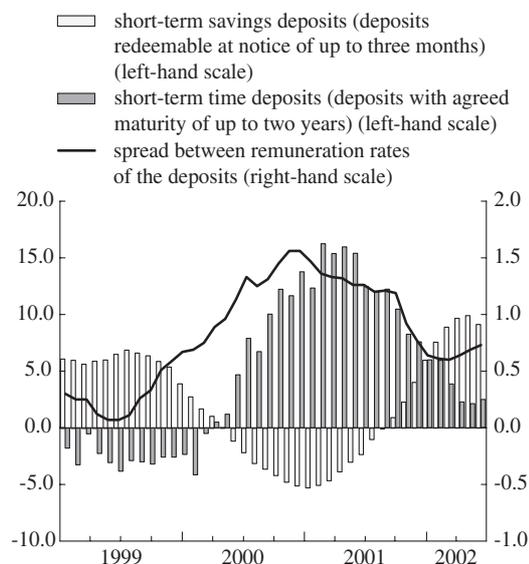
(six-month annualised growth rates in percentages)



Source: ECB.

**Chart 6**  
**Short-term savings and time deposits**  
**and their retail interest rate spread**

(annual percentage changes and differences in percentage points; not seasonally adjusted)



Source: ECB.

force behind their divergent dynamics in 2001.

The annual rate of growth of marketable instruments rose slightly in April 2002, to 14.3%, from 14.1% in March, but this was

mainly due to a base effect. In fact, these growth rates were considerably lower than the average for the last quarter of 2001 (20.9%), when demand for these instruments was fuelled by portfolio shifts towards liquid short-term assets. In addition, there has been a significant slowdown in the short-term dynamics of these instruments, as indicated, for example, by the decline in the six-month annualised growth rate from 26.0% in October 2001 to 3.8% in April 2002, confirming that some reversal of portfolio shifts has taken place in early 2002.

**Decline in growth in loans to the private sector appears to have bottomed out**

The annual rate of growth of total credit granted by MFIs to euro area residents was 4.4% in April 2002, which compares with an annual growth rate of 4.9% in the previous month. This reflects a decline in both the annual growth of credit to general government and that of credit to the private sector.

Although the annual growth of credit to general government was lower in April than in March (2.2%, compared with 3.0% in the

**Table I**  
**Components of M3**

(annual percentage changes; quarterly averages)

	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Apr.
<i>Seasonally and calendar effect adjusted</i>						
<b>M1</b>	2.5	2.5	3.8	5.5	6.2	6.9
of which: currency in circulation	-1.2	-3.2	-7.5	-18.5	-28.0	-21.7
of which: overnight deposits	3.3	3.7	6.1	10.4	13.0	12.4
M2 - M1 (= other short-term deposits)	3.4	4.4	4.9	5.8	6.7	6.0
<b>M2</b>	3.0	3.5	4.4	5.7	6.4	6.4
M3 - M2 (= marketable instruments)	9.4	10.5	16.4	20.9	15.8	14.3
<b>M3</b>	3.8	4.4	5.9	7.6	7.7	7.5
<i>Not adjusted for seasonal and calendar effects</i>						
Currency in circulation	-1.3	-3.3	-7.4	-18.4	-27.8	-21.9
Overnight deposits	3.3	3.9	6.2	10.1	13.0	12.5
Deposits with an agreed maturity of up to 2 years	15.3	13.9	10.9	6.9	3.4	2.5
Deposits redeemable at notice of up to 3 months	-4.7	-2.6	0.5	5.0	9.1	9.1
Repurchase agreements	20.7	15.5	20.5	19.8	4.9	2.6
Money market fund shares/units	5.4	11.2	20.5	30.1	33.3	31.0
Money market paper and debt securities issued with a maturity of up to 2 years	6.2	1.8	1.9	2.7	-5.6	-7.0

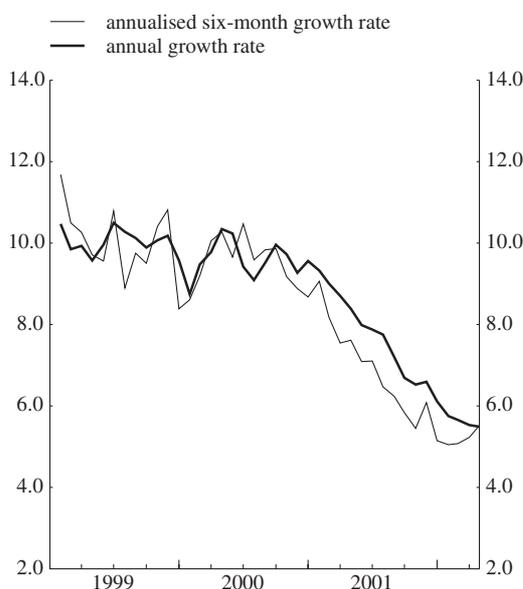
Source: ECB.

month before), the development of credit to general government in the first four months of 2002 implies a recovery from the negative rates of change in this counterpart of M3 observed in 2001 (see Table 2). Within credit to general government, the recovery was due to a strong increase in MFI holdings of debt securities issued by the general government. By contrast, loans to general government continued to show a negative rate of change in April 2002. The recovery in credit to general government in 2002 probably reflects higher financing needs of this sector in the context of worsening budget balances. This is also visible in the increase in the issuance of debt securities by the general government in the first quarter of 2002 (see the section on debt securities issuance below).

The annual growth of credit to the private sector dropped to 5.1% in April, from 5.4% in the preceding month. This was entirely due to a decline in the annual growth of MFI holdings of securities issued by the private sector. At the same time, the annual growth of loans stabilised at 5.5%. Apparently, the

**Chart 7**  
**Loans to the private sector**

(seasonally and calendar effect adjusted)



Source: ECB.

declining trend in the growth of loans to the private sector has come to a halt. This is supported by measures of the short-term

**Table 2**  
**Counterparts of M3**

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

	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2002 Apr.
<b>Longer-term financial liabilities (excluding capital and reserves)</b>	3.8	3.1	2.2	2.9	3.2	3.7
Deposits with an agreed maturity of over 2 years	-0.1	-0.1	-0.4	-0.2	0.2	0.8
Deposits redeemable at notice of over 3 months	12.2	8.2	1.2	-5.7	-11.5	-13.3
Debt securities issued with a maturity of over 2 years	6.3	5.2	4.4	5.9	6.6	7.2
<b>Credit to euro area residents</b>	5.6	5.4	5.6	5.2	5.1	4.4
<b>Credit to general government</b>	-7.4	-5.3	-1.9	-0.5	1.8	2.2
Securities other than shares	-12.3	-8.2	-2.3	-0.5	3.7	4.7
Loans	-0.1	-1.3	-1.4	-0.7	-0.9	-1.3
<b>Credit to other euro area residents</b>	9.8	8.8	7.8	6.9	6.1	5.1
Securities other than shares	18.7	23.5	24.5	24.0	22.4	15.2
Shares and other equities	13.7	8.0	4.5	3.1	2.1	-4.7
Loans	9.1	8.2	7.4	6.5	5.7	5.5
<i>Memo item: Sectoral breakdown for loans (end of quarter)<sup>1)</sup></i>						
To non-financial corporations	10.1	9.0	7.5	6.2	4.9	.
To households	6.5	6.2	5.9	5.4	5.4	.
Consumer credit <sup>2)</sup>	4.5	5.2	3.6	3.5	4.5	.
Lending for house purchase <sup>2)</sup>	8.2	7.6	7.7	6.8	6.9	.
Other lending	3.1	2.7	2.1	2.1	1.2	.

Source: ECB.

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

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

## Box I

### Financing and financial investment of the non-financial sectors in the euro area up to the end of 2001

The release of quarterly financial accounts for the non-financial sectors in the euro area for the fourth quarter of 2001 makes it possible to analyse the financing and financial investment decisions of these sectors up to the end of 2001. An overview of the developments is presented in Tables A and B. For more details, see Table 6.1 of the "Euro area statistics" section of this issue of the Monthly Bulletin.

Overall, these data show a reduction in the annual growth rate of financing and financial investment of the non-financial sector in the fourth quarter of 2001, in line with the weak economic growth recorded at the time. The decrease in the annual growth of financing, to 4.7% in the fourth quarter of 2001, followed a period of relatively high and stable growth rates of around 6% between 1998 and the second quarter of 2001 (see Table A). In particular, the annual growth rate of short-term debt financing by non-financial corporations, which had been boosted by mergers and acquisitions as well as economic activity in 2000, declined substantially. The annual rate of growth of the issuance of quoted shares also went down significantly in the second half of 2001. Households reduced their short-term loans on a year-on-year basis, while the growth of long-term loans receded only moderately. Regarding financial investment of the euro area non-financial sectors, the annual rate of growth came down from a peak of nearly 8% in the first quarter of 2001 to 5.4% in the fourth quarter of 2001 (see Table B). Economic agents exhibited a marked preference for investment in liquid assets over equity in an environment of financial market uncertainty and concerns over corporate earnings and accounting practices. Significant holding losses over the past two years might also have contributed to such more cautious investment behaviour.

**Table A: Financing of the non-financial sectors in the euro area <sup>1)</sup>**

	Financing												
	Financing of general government						Financing of non-financial corporations					Financing of households <sup>3)</sup>	
	Loans		Securities other than shares		Held by euro area MFIs		Loans		Securities other than shares	Quoted shares		Loans taken from euro area MFIs <sup>3)</sup>	
			Taken from euro area MFIs				Taken from euro area MFIs						
<b>Annual growth rates (end of period) <sup>2)</sup></b>													
1998 Q4	6.0	3.2	-1.2	-0.4	4.4	3.2	7.1	9.0	8.5	8.5	4.9	8.9	9.1
1999 Q4	6.0	2.3	-1.2	0.4	3.0	2.4	6.8	8.3	7.0	14.3	4.7	10.7	10.7
2000 Q4	6.3	1.8	-1.5	-0.9	2.6	-10.6	8.9	15.0	10.9	15.6	4.2	7.2	7.4
2001 Q1	6.1	1.5	-1.1	-0.4	2.0	-11.9	8.7	13.4	10.1	25.2	4.6	6.3	6.5
Q2	6.2	2.0	-2.3	-1.8	3.0	-4.0	8.6	11.3	9.0	27.4	5.3	6.2	6.2
Q3	5.5	2.4	-1.2	-0.7	3.1	-1.6	7.2	9.5	7.5	24.7	4.1	5.7	5.9
Q4	4.7	2.5	-1.3	-1.0	3.3	1.0	5.7	6.7	6.2	23.8	3.1	5.6	5.4
<b>Contribution to total annual financing (four-quarter flows)</b>													
1998 Q4	100%	20%	-2%	0%	21%	5%	49%	30%	25%	4%	14%	31%	29%
1999 Q4	100%	13%	-1%	0%	14%	4%	50%	27%	20%	6%	16%	37%	33%
2000 Q4	100%	9%	-1%	-1%	10%	-14%	69%	44%	28%	6%	18%	23%	21%
2001 Q4	100%	16%	-2%	-1%	16%	2%	60%	29%	23%	14%	16%	24%	21%
<b>Ratio to total financial liabilities as at Q4 2001 (amounts outstanding)</b>													
	100%	31%	6%	5%	25%	7%	48%	22%	18%	3%	21%	21%	20%

Source: ECB.

- 1) The non-financial sectors comprise general government, non-financial corporations and households including non-profit institutions serving households. Financing consists of loans, securities other than shares, quoted shares, pension fund reserves of non-financial corporations and deposit liabilities of central government.
- 2) Quarterly average annual growth rates are based on non-seasonally adjusted transactions and therefore do not include valuation effects and reclassifications.
- 3) Including non-profit institutions serving households.

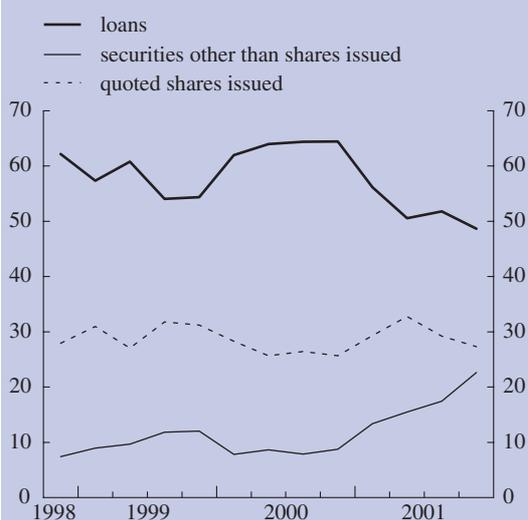
## Financing of the non-financial sectors

For non-financial corporations, the annual growth of financing continued to fall in the fourth quarter of 2001, to 5.7%, from 7.2% in the third quarter. This sizeable decline was mainly related to the drop in the annual growth of loans, which declined to 6.7%, from 9.5% in the previous quarter. This reflects cyclical developments as well as a base effect, as the exceptionally high extension of loans in the fourth quarter of 2000, partly taken up for the financing of mergers and acquisitions and the UMTS licences, dropped from the calculation of the annual growth rate. The annual rate of growth of short-term loans (i.e. loans with an original maturity of up to one year) taken up by non-financial corporations decreased sharply to 2.2% in the fourth quarter of 2001, from 5.5% in the third quarter, while the annual rate of growth of long-term loans (i.e. loans with an original maturity of over one year) taken up by non-financial corporations fell to 9.3% in the fourth quarter of 2001, from 11.8% in the third quarter.

Issuance of quoted shares also contributed to slower growth in the financing of non-financial corporations. The annual growth of quoted shares issued fell to 3.1% in the fourth quarter of 2001, which was the lowest since the start of 1999. By contrast, the annual rate of growth of debt securities issued by non-financial corporations remained at a high level in the fourth quarter of 2001 (23.8%). In particular, the annual growth of long-term debt securities issued by non-financial corporations increased in the fourth quarter of 2001, to 20.5%, from 18.9% in the third quarter, in part probably reflecting a substitution of previous bridging loans taken up in the context of the financing of mergers and acquisitions and the UMTS licences. The annual growth of short-term debt securities issued by non-financial corporations also remained high in the fourth quarter of 2001 (34.5%), despite declining from 43.0% in the third quarter.

### Chart A: Financing of non-financial corporations in the euro area

(share in annual financing of non-financial corporations, in percentages)



Source: ECB.

Note: Annual financing is defined as the sum of the four-quarter flows. Financing includes loans, securities other than shares, quoted shares and pension fund reserves of non-financial corporations.

Debt securities form a small part of total liabilities of non-financial corporations (only 6.9% at the end of 2001, compared with a share of loans of 46.1%). However, the annual financing (i.e. the sum of the four-quarter flows) of non-financial corporations via debt securities amounted to 22.6% of their total financing in 2001, compared with 8.7% in 2000 (see Chart A). By contrast, the share of annual financing via loans was 48.7%, compared with 64.5% in 2000. Quoted shares decreased only moderately as a proportion of total annual financing by non-financial corporations, to 27.3% in 2001. This mainly reflected the high issuance in the first half of the year, while issuance was exceptionally low in the second half. For 2001 as a whole, it was thus only slightly below its average proportion in total annual financing of non-financial corporations between 1998 and 2001 (28.7%). A noticeable feature observed over the past few years has been the continuously stronger growth of loans granted by financial intermediaries other than MFIs as compared with MFI loans. However, these diverging paths narrowed significantly in the last quarter of 2001.

The annual growth of loans extended by MFIs and other financial institutions to the household sector declined further in the fourth quarter of 2001 (to 5.6%). Since the third quarter of 1999, the rate of annual growth has declined uninterruptedly. Households even reduced their short-term loans, which mainly serve consumption

purposes, in the fourth quarter of 2001 (-0.5%). By contrast, the annual growth of long-term loans, which accounted for 91.6% of the amount outstanding of loans to households in the fourth quarter of 2001 and which are to a large extent loans for house purchase, remained stable compared with the previous quarter (6.2%). While the sharp decline of the annual rate of growth of short-term loans to households is largely linked to the weakening of economic activity in 2001, the developments in long-term loans reflect partly the decline in lending rates for house purchase in the course of 2001 and relatively steady housing markets in the euro area.

While loans to general government continued to decrease in the fourth quarter of 2001 (-1.3%), the annual growth of debt securities issued by general government increased further, to 3.3%. With regard to the maturity structure of financing, the annual growth of short-term financing of general government increased considerably in the fourth quarter of 2001 (to 8.1%), whereas the annual growth of long-term financing remained relatively low (1.7%). This reflects the increased financing needs of general government in the context of weak economic activity in 2001 and, presumably, a response to the steepening yield curve. The proportion of the outstanding amount of short-term debt of general government in total general government debt thus increased slightly to 13.1% at the end of 2001, from 12.7% one year earlier.

#### Financial investment of the non-financial sectors

The annual growth of financial investment of the euro area non-financial sectors continued to decrease in the fourth quarter of 2001, to 5.4%, from 6.8% in the third quarter (see Table B). Overall, there was a strong preference for liquid financial assets (except currency which was adversely affected by the cash changeover)

**Table B: Financial investment of the non-financial sectors in the euro area<sup>1)</sup>**

	Financial investment										Memo item: M3
	Currency, deposits and short-term marketable instruments	Currency and deposits <sup>3)</sup>	Short-term securities other than shares	Money market fund shares	Long-term marketable instruments and insurance technical reserves	Long-term securities other than shares	Quoted shares	Mutual fund shares other than money market fund shares	Insurance technical reserves		
<b>Annual growth rates (end of period)<sup>2)</sup></b>											
1998 Q4	5.6	1.8	3.2	-24.0	-4.3	8.6	-5.0	6.1	31.3	8.7	4.9
1999 Q4	5.9	2.5	2.8	-10.1	7.3	8.2	2.5	7.2	13.5	9.4	5.6
2000 Q4	6.8	3.3	2.9	23.2	-1.2	8.8	6.3	11.3	7.1	8.4	4.2
2001 Q1	7.8	4.8	3.2	56.3	4.3	9.5	10.8	13.3	5.4	7.5	3.8
Q2	7.7	5.5	4.0	41.6	12.1	8.9	9.8	13.2	3.7	7.4	4.4
Q3	6.8	6.3	4.7	30.0	22.7	7.0	7.7	8.7	3.3	7.1	6.0
Q4	5.4	6.5	5.0	20.5	28.6	4.8	7.4	2.1	2.2	7.4	7.6
<b>Contribution to total annual financial investment (four-quarter flows)</b>											
1998 Q4	100%	14%	23%	-8%	-1%	86%	-11%	15%	49%	33%	3%
1999 Q4	100%	17%	18%	-2%	2%	83%	5%	20%	25%	34%	3%
2000 Q4	100%	18%	15%	4%	0%	82%	10%	34%	12%	26%	2%
2001 Q4	100%	43%	31%	5%	7%	57%	15%	8%	5%	30%	5%
<b>Ratio to total financial assets as at Q4 2001 (amounts outstanding)</b>											
	100%	38%	35%	1%	2%	62%	11%	18%	11%	23%	36%

Source: ECB.

- 1) The non-financial sectors comprise general government, non-financial corporations and households including non-profit institutions serving households.
- 2) Growth rates of financial investment are based on non-seasonally adjusted transactions, and therefore do not include valuation effects and reclassifications. The growth rate of M3 is a quarterly average annual growth rate adjusted for seasonal and calendar effects.
- 3) Excluding central government deposits with MFIs.

and a declining demand for quoted shares, in both cases clearly related to the uncertainty prevailing in financial markets following the terrorist attacks in the United States on 11 September 2001. These developments support the assessment of a temporary strengthening of M3 growth as a result of considerable portfolio shifts at that time.<sup>1</sup>

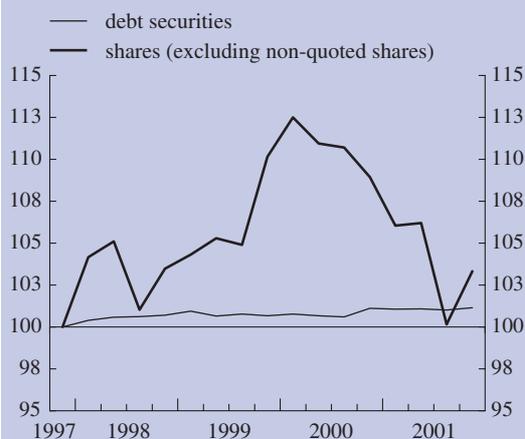
Overnight deposits and deposits redeemable at notice expanded strongly. In addition, the annual rate of growth of investment by the non-financial sectors in money market fund shares increased further, to 28.6% in the fourth quarter of 2001.

By contrast, the annual rate of growth of investment in quoted shares declined sharply to 2.1% in the fourth quarter of 2001, from 8.7% in the third quarter, partly owing to a base effect. Non-financial sectors even disinvested in quoted shares in the fourth quarter of 2001, reflecting a clear preference for short-term liquid assets. Investors' concerns with regard to prospects for corporate earnings and uncertainty about accounting practices have probably played a role. The annual growth of investment in mutual fund shares excluding money market fund shares also decreased in the fourth quarter of 2001, to 2.2%, from 3.3% in the third

quarter. The decline in the valuation of shares over the last two years (despite some recovery in the fourth quarter of 2001) has probably contributed to this more cautious behaviour of investors (see Chart B). In fact, most of the valuation gains on quoted shares and mutual fund shares since the end of 1997 were lost between the first quarter of 2000 and the end of 2001.

**Chart B: Holdings gains of the euro area non-financial sectors –per instrument**

(accumulated quarterly valuation changes, stock of financial assets in 1997 Q4 = 100)



Source: ECB.

Note: Holding gains (+) and losses (-) are calculated as the difference between the change in amounts outstanding and transactions. They may, however, in some cases, include other flows, in particular resulting from reclassifications.

The annual growth of investment in securities other than shares also decreased in the fourth quarter of 2001, to 8.8%, from 10.0% in the third quarter of 2001, although this decline was moderate by comparison with shares. The annual rate of growth of investment in short-term debt securities declined somewhat, but remained at high levels (20.5% in the fourth quarter of 2001). Despite the general preference for short-term assets by investors, investment in long-term debt securities also remained pronounced. The annual rate of growth of investment in long-term debt securities by the non-financial sectors was 7.4% in the fourth quarter of 2001, after 7.7% in the third quarter. This may reflect the higher issuance of debt securities by general government as

well as some impact of a steepening of the yield curve. Investment in insurance (included in the item “insurance technical reserves”) also remained strong, reflecting long-term investment decisions.

<sup>1</sup> This is in line with what has been observed in the monetary analysis of the non-MFI sector. The non-MFI sector encompasses euro area residents who do not belong to the Monetary Financial Institutions (MFIs, i.e. the Eurosystem, credit institutions and money market funds located in the euro area). Accordingly, the non-MFI sector includes non-monetary financial institutions (in particular, insurance corporations). By contrast, the non-financial sector only consists of households, non-financial corporations and general government.

dynamics of loans to the private sector, which show that the six-month annualised growth rate rose to 5.5% in April, from 5.2% in the preceding month (see Chart 7). Thus, there are indications of the end of the slowdown in loans to the private sector, which is probably related to the upturn in real economic activity and the rather low level of bank lending interest rates in the euro area in recent months.

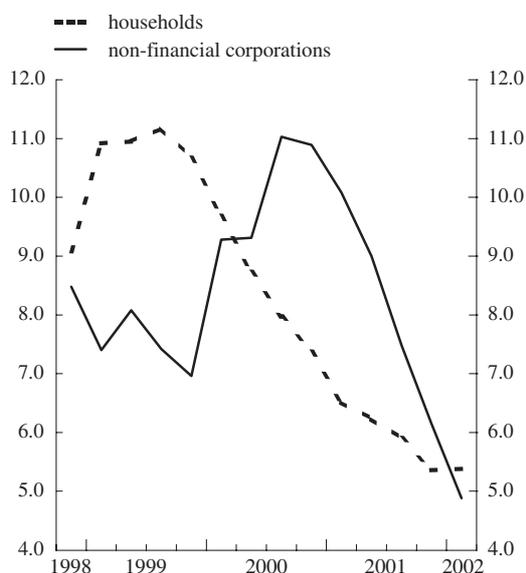
The quarterly breakdown of loans to the non-financial private sector is now available for the first quarter of 2002 (see Table 2 and Chart 8). It shows that the annual rate of growth of loans granted by MFIs to households remained unchanged in the first quarter of 2002, at 5.4%, while the growth of loans to non-financial corporations continued to decline (to 4.9% in the first quarter of 2002, from 6.2% in the fourth quarter of 2001).

Within loans to households, there was a slight increase in the first quarter of 2002 in the annual growth of lending for house purchase and a more significant one in the annual growth of consumer credit. The recovery in consumer credit followed a period of subdued growth in the second half of 2001. These increases in lending for house purchase and consumer credit were, however, offset by a decline in the annual growth of other lending to households (this residual item mainly includes loans for business or educational purposes, or to consolidate household debt). As regards non-financial corporations, the decline in the growth of loans granted to this sector was entirely due to a further sharp decrease in the annual rate of change in loans with a maturity of up to one year. See Box 1 for further information on recent trends in the financing of the non-financial sector.

The annual growth of longer-term financial liabilities (excluding capital and reserves) of MFIs has continued to recover, although at a relatively slow pace. The annual rate of

**Chart 8**  
Sectoral breakdown of loans to the non-financial private sector

(annual percentage changes)



Source: ECB.

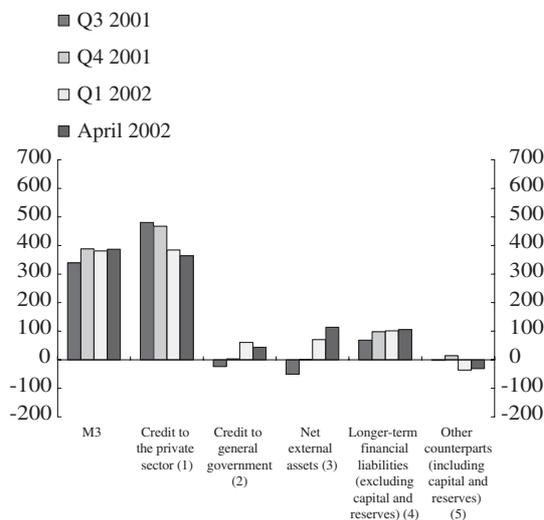
growth of longer-term financial liabilities (excluding capital and reserves) rose to 3.7% in April, from 3.2% and 2.9%, on average, in the first quarter of 2002 and the last quarter of 2001 respectively. The strengthening of the growth of this counterpart of M3 probably reflects the steepening of the yield curve in recent months.

Finally, net external assets of euro area MFIs increased by €6.8 billion in non-seasonally adjusted terms in April 2002. This contrasts with the negative monthly flows seen in the first three months of 2002. In terms of annual flows, over the 12 months up to April, the net external assets of the euro area MFI sector increased by €113.5 billion, compared with €70.2 billion in the 12 months up to March (see Chart 9). It should be noted that the strong rise in the annual flow into net external assets in the first months of 2002 mainly reflects base effects, due to the strong decline of this counterpart during the same period of 2001.

## Chart 9

### Movements in M3 and its counterparts

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



Source: ECB.

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

### Monetary developments suggest a slower reversal of portfolio shifts than previously expected

In summary, recent monetary developments show that there has been a moderation in monetary dynamics in the first four months of 2002, which might indicate a certain reversal of past portfolio shifts to M3. However, the normalisation of M3 growth is proceeding at a very slow pace. In this respect, as also suggested by the rising growth in M1, the low opportunity costs of holding, in particular, the most liquid components of M3 may have fostered the demand for money. The recent evolution of loans to the private sector indicates a stabilisation. This may reflect the recovery in economic activity, as well as favourable financing conditions in the euro area.

Overall, the information from the first pillar is starting to point to upward risks to price stability. The excess amount of liquidity in the euro area is still large, and this is of concern as regards future inflation, in particular in a situation when economic activity is picking up.

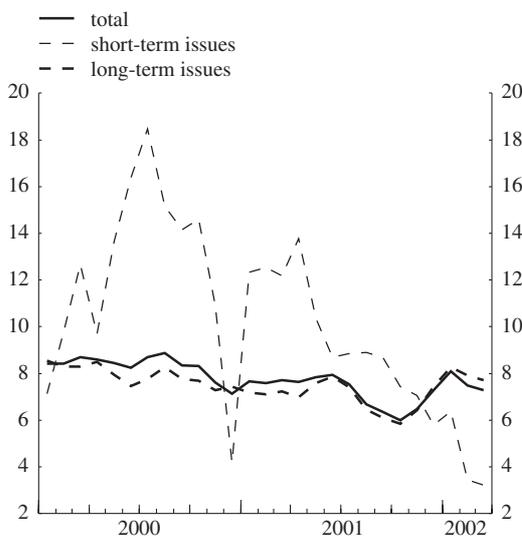
### Increase in the growth of debt securities issuance in the first quarter

The average annual growth of the amount outstanding of debt securities issued by euro area residents in the first quarter of 2002 was 7.6%, after 6.6% in the last quarter of 2001 (see Chart 10). At the sector level, this increase was due to strongly rising issuance activity by the government sector. At the maturity level, it reflected robust issuance of long-term debt securities which saw an increase in the average annual growth rate of the amount outstanding of long-term debt securities from 6.6% in the last quarter of 2001 to 8.0% in the first quarter of 2002. The robust issuance of long-term debt securities was fairly uniform across sectors. By contrast, the average annual growth rate of the amount outstanding of short-term debt securities continued to decline for the fourth consecutive quarter, reaching an average rate of 4.2% in the first quarter of 2002. Underlying this decline were quite pronounced sectoral differences between the

## Chart 10

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

(annual percentage changes)



Source: ECB.

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

public sector, where short-term debt security issuance strengthened, and the private non-MFI sector, where issuance activity shifted almost entirely towards longer-term issues.

The currency breakdown shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents increased to 7.0% in the first quarter of 2002, from 6.3% in the previous quarter. At the same time, the share of euro-denominated debt securities in total gross issuance by euro area residents increased from 92.6% in the last quarter of 2001 to 93.9% in the first quarter of 2002.

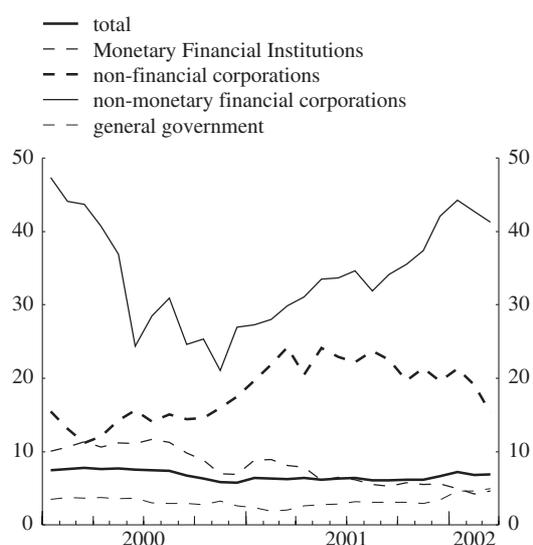
As regards the sectoral breakdown of euro-denominated debt securities issuance, the first quarter of 2002 saw a reversal of some of the trends prevailing in 2001 (see Chart 11). The annual growth of the amount outstanding of debt securities issued by non-financial corporations, which had been relatively stable throughout 2001, declined in the first quarter of 2002. Similarly, the annual growth of the amount outstanding of debt securities issued by non-monetary financial corporations, which had increased throughout 2001, started to decline. This decline was attributable to a notable decrease in the growth of amounts outstanding of shorter-term debt securities. The growth of amounts outstanding of long-term debt securities issued by the corporate sector continued to increase, not least because of strong growth among companies which had not, in the past, been so active in the euro area corporate bond markets. The apparent shift from short to longer-term debt security issuance may, in part, reflect the fact that the short-term market has typically been confined to highly rated issuers. The recent downgrading of some companies in the telecommunications and automotive industries, which had driven the high growth in the corporate bond market over the past three years, may thus partially explain the decrease in short-term issuance. Additionally, the slower growth in the total amounts outstanding of corporate debt securities may have reflected the effect of the slowdown

in the pace of mergers and acquisition activity in the euro area during 2001 and early 2002.

Turning to the MFI sector, the average annual growth of the amount outstanding of debt securities declined further in the first quarter of 2002, to 4.6%, compared with 5.6% in the previous quarter. This may have reflected the continued decrease in the funding needs of MFIs resulting from the robust growth of short-term deposits together with subdued loan demand (see also the above section on monetary developments).

In the general government sector, the average annual growth of the amount outstanding of debt securities increased from 3.1% in the last quarter of 2001 to 4.8% in the first quarter of 2002. This rise was due to increased issuance activity by both the central government sector and the other government sector. The latter sector, primarily comprising local and regional governments, reached an

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



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

average annual rate of growth of 24.2% in the amount of debt securities outstanding in the first quarter of 2002. The continued overall increase in issuance activity by the public sector reflects the less favourable budgetary developments in the euro area.

### Retail bank interest rates edging upwards in early 2002

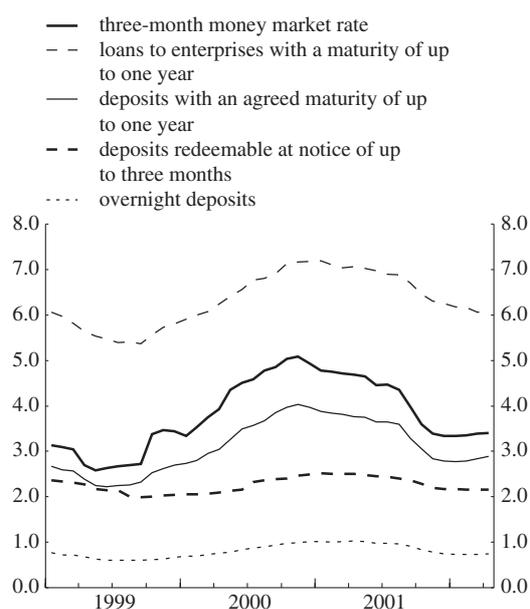
Having declined through most of 2001, many short-term retail bank interest rates started to increase in the first four months of 2002, although the turning points of the various rates varied somewhat. Three-month money market rates started increasing after January 2002 and were 7 basis points higher in April 2002 than in December 2001. This was followed most closely by the average retail bank interest rate for deposits with an agreed maturity of up to one year, which also increased after January 2002 and was 10 basis points higher in April 2002

than at the end of 2001. In line with past developments, the average retail bank interest rate for overnight deposits and the rate for deposits redeemable at a period of notice of up to three months showed a more sticky response. These rates were stable between December 2001 and April 2002.

The average interest rate on loans to enterprises for up to one year showed a different pattern, declining by 20 basis points between the end of 2001 and March 2002 and then only rising by 2 basis points between March and April 2002. This somewhat slower response is not unusual, as is shown, inter alia, by the fact that over the past decade, the turning point for the average interest rates on loans to enterprises for up to one year has consistently lagged the turning point of the three-month money market rate by one to four months. An additional factor may have been that in the first quarter of 2002, creditworthiness concerns seem to have been easing, as suggested by declining corporate bond spreads (see Chart 21). This could have contributed to the decline in average interest rates on loans to enterprises for up to one year despite the fact that the money market rate had started to increase.

**Chart 12**  
Short-term retail bank interest rates and a comparable market rate

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

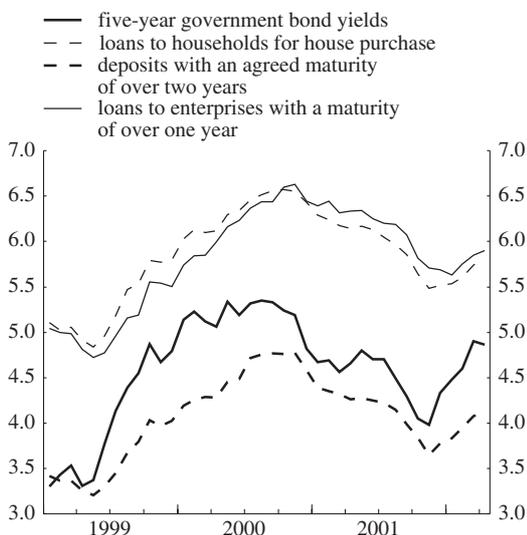
Note: From 1 January 2001, data include Greece.

Longer-term retail bank interest rates increased significantly between the end of 2001 and April 2002. Between December 2001 and April 2002, the average retail bank interest rate for deposits with an agreed maturity of over two years increased by 35 basis points, while that of housing loans to households rose by 29 basis points. This suggests a fairly high degree of pass-through of market developments in terms of both the speed and size to these two rates, as five-year government bond yields rose by 53 basis points over the same period. The average retail bank interest rate for loans to enterprises dropped slightly between December 2001 and January 2002, but then still recorded an increase of 27 basis points between January and April 2002. The overall high degree of pass-through in the longer-term rates seems to suggest a high degree of competition in these markets.

### Chart 13

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

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001, data include Greece.

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

The increase in money market rates that started in late 2001 continued in the spring of 2002, except for a temporary decline in April (see Chart 14). This evolution reflected expectations of a higher future path of short-term interest rates in the euro area. The increase was most pronounced in the case of the longer maturities. Consequently, the slope of the money market yield curve, which turned positive around the turn of the year, has become significantly steeper over the past few months.

The overnight interest rate, as measured by the EONIA, has fluctuated around levels slightly above the minimum bid rate of 3.25% in the Eurosystem's main refinancing operations for most of 2002 thus far. At the beginning of the reserve maintenance period which started on 24 May, the EONIA hovered at around 3.34%, in line with markets' expectations of gradually rising money market

rates. Two-week money market rates also remained broadly stable and marginally above the minimum bid rate over the past few months, although they also increased slightly in the second half of May.

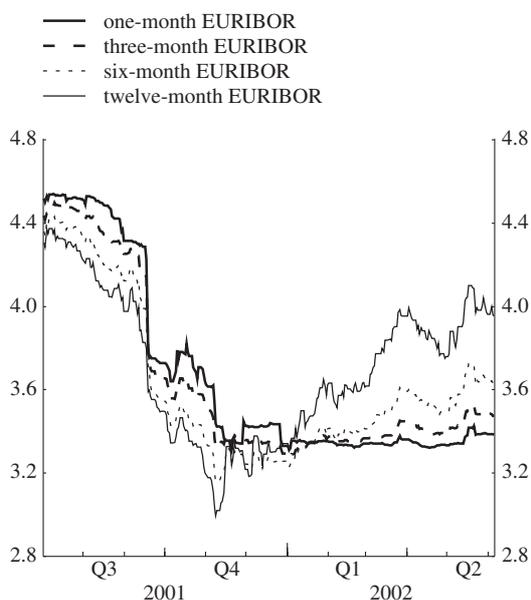
The marginal and average rates of allotment in the Eurosystem's main refinancing operations reflected these developments (see Box 2). In almost all of the main refinancing operations settled between early March and mid-May 2002, the rates exceeded the minimum bid rate by no more than 6 basis points. Later on, in the operations settled in the period between 22 May and 5 June, these rates then varied between 3.33% and 3.35%.

The one-month and three-month EURIBOR increased slightly over the three months up to early June, continuing the trend from late 2001 (see Box 3). On 5 June the rates were 3.38% and 3.47% respectively, implying a relatively steep money market yield curve at the very short end. These levels were 5 and 8 basis points higher respectively than at end-April.

### Chart 14

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

(percentages per annum; daily data)



Source: Reuters.

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

During the reserve maintenance period under review, the Eurosystem settled five main refinancing operations (MROs), and one longer-term refinancing operation (LTRO).

**Regular monetary policy operations**

(EUR billions; interest rates in percentages per annum)

Operation	Date of settlement	Date of maturity	Bids (amount)	Allotment (amount)	Bid-cover ratio	Number of participants	Minimum bid rate	Marginal rate	Weighted average rate
MRO	24/04/2002	08/05/2002	115.6	60.0	1.9	371	3.25	3.30	3.31
MRO	30/04/2002	15/05/2002	106.2	49.0	2.2	352	3.25	3.30	3.31
MRO	08/05/2002	22/05/2002	108.5	66.0	1.6	330	3.25	3.29	3.30
MRO	15/05/2002	29/05/2002	108.7	43.0	2.5	339	3.25	3.30	3.30
MRO	22/05/2002	05/06/2002	112.4	70.0	1.6	351	3.25	3.33	3.34
LTRO	25/04/2002	25/07/2002	40.6	20.0	2.0	227	-	3.35	3.36

Source: ECB.

In the first four MROs, both the marginal and the weighted average rates were stable at around 3.30%, while in the last MRO they increased by 3 and 4 basis points respectively. The bid amounts and number of bidders remained relatively steady.

The EONIA was mostly stable between 3.30% and 3.31% in the first three weeks of the maintenance period. However, it increased temporarily to 3.36% on 30 April because of the end-of-month effect. On 16 May the EONIA started to decline gradually, reaching 3.25% on 21 May, while on the last two days of the period it increased slightly to 3.33% and 3.32%. This increase was nevertheless rather modest, reflecting a fairly neutral ending of the maintenance period with only a €0.2 billion net recourse to the deposit facility on the last day. Average daily excess reserves amounted to €0.69 billion (i.e. the difference between average current accounts of €131.7 billion and average minimum reserve requirements of €131.0 billion).

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

(EUR billions)

Daily average during the reserve maintenance period from 24 April to 23 May 2002

	Liquidity providing	Liquidity absorbing	Net contribution
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>170.7</b>	<b>0.3</b>	<b>+ 170.4</b>
Main refinancing operations	110.6	-	+ 110.6
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.1	0.3	- 0.2
Other operations	-	-	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>397.7</b>	<b>436.4</b>	<b>- 38.7</b>
Banknotes in circulation	-	293.7	- 293.7
Government deposits with the Eurosystem	-	49.2	- 49.2
Net foreign assets (including gold)	397.7	-	+ 397.7
Other factors (net)	-	93.5	- 93.5
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>131.7</b>
<b>(d) Required reserves</b>			<b>131.0</b>

Source: ECB.

Note: Totals may not add up because of rounding.

The net liquidity-absorbing impact of the autonomous factors, i.e. factors not related to monetary policy operations (see Item (b) of the table above) was, on average, €38.8 billion. The published estimates of the average liquidity needs stemming from autonomous factors ranged between €33.6 billion and €38.0 billion. The largest deviation of €4.4 billion between the published estimate and the actual figure occurred in the second week of the maintenance period owing to a larger than expected increase in the amount of banknotes in circulation.

The evolution of the interest rates of allotments in the longer-term refinancing operations of the Eurosystem over the past few months have largely reflected the developments of the three-month EURIBOR. In the operation settled on 30 May, the marginal and average rates of allotment were 3.45% and 3.47% respectively. These levels were 10 and 11 basis points higher than the corresponding rates on the longer-term refinancing operation settled on 25 April.

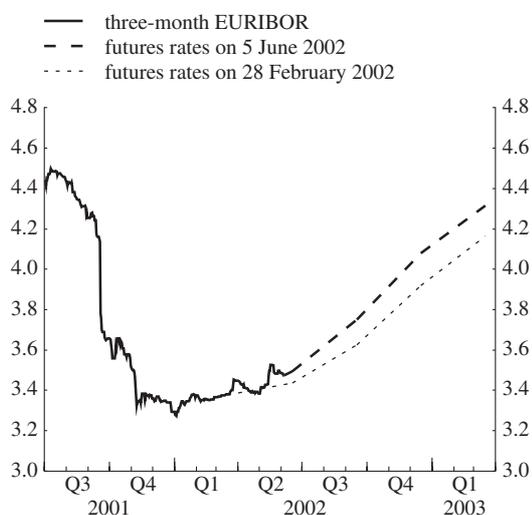
At the longer end of the money market yield curve, rates have increased more significantly over recent months. The increases occurred mainly in March and May, while these rates declined in April. In the period between end-April and 5 June, the six-month and the twelve-month EURIBOR rose by 14 and

19 basis points respectively, to stand at 3.63% and 3.95% on the latter date. The slope of the money market yield curve, as measured by the difference between the twelve-month and the one-month EURIBOR, thus became steeper, rising from 43 to 57 basis points in this period.

The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in 2002, has also steepened over the past few months, continuing the trend seen since late 2001 (see Chart 15). Implied futures rates increased substantially in March but then declined in April, before rising again in May. In the period between end-April and 5 June, the rates implied in futures prices on contracts with delivery dates in June,

**Chart 15**  
Three-month interest rates and futures rates in the euro area

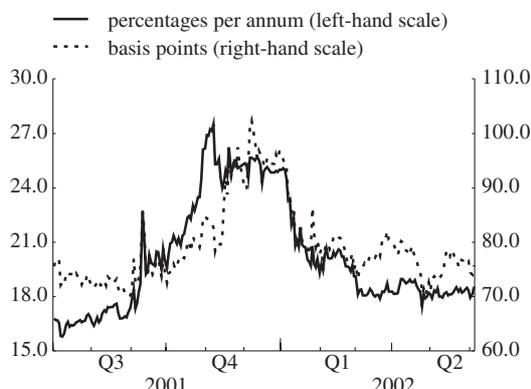
(percentages per annum; daily data)



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

**Chart 16**  
Implied volatilities from options on three-month EURIBOR futures maturing in December 2002

(percentages per annum; basis points; daily data)



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

September and December 2002 increased by 3, 7 and 9 basis points respectively, to stand at 3.50%, 3.75% and 4.08% on 5 June.

The volatility of the three-month EURIBOR implied in options on futures contracts maturing in 2002 can be deemed to reflect market participants' uncertainty with respect

to the expected future path of the three-month EURIBOR over the period up to the delivery date. Having declined markedly around the turn of the year to levels broadly in line with those prevailing before the terrorist attacks in September 2001, implied volatility remained relatively stable in the first months of 2002 (see Chart 16).

### Box 3

#### Issues related to Monetary Conditions Indices

Monetary Conditions Indices (MCIs) attempt to provide an aggregate measure of changes in short-term interest rates and exchange rates weighted by their relative impact on macroeconomic variables such as real GDP or prices. Until a few years ago, MCIs played an important role in the conduct of monetary policy in some countries.<sup>1</sup> The use of MCIs by both central banks and commentators on monetary policy has decreased over the past few years. This box provides some background to this issue.

#### Methodology of calculating Monetary Conditions Indices

MCIs are normally computed as in the equation below,<sup>2</sup> where  $R_t$  represents the level of a short-term interest rate and  $e_t$  is the logarithm of an indicator of the exchange rate (usually the effective exchange rate). The subscript  $t$  indicates the current date, while the asterisk indicates the level of the variables in a base year/period. The weights  $\Theta_1$  and  $\Theta_2$ , which add up to one, usually represent the relative impact that changes in the short-term interest rate and the exchange rate have on aggregate demand or inflation. The "MCI ratio",  $\Theta_1/\Theta_2$ , represents the depreciation of the exchange rate that is needed to offset a 100 basis point increase in the short-term interest rate (or vice versa) on the macroeconomic variable concerned.

$$MCI_t = -[\Theta_1(R_t - R^*) + \Theta_2(e_t - e^*)]$$

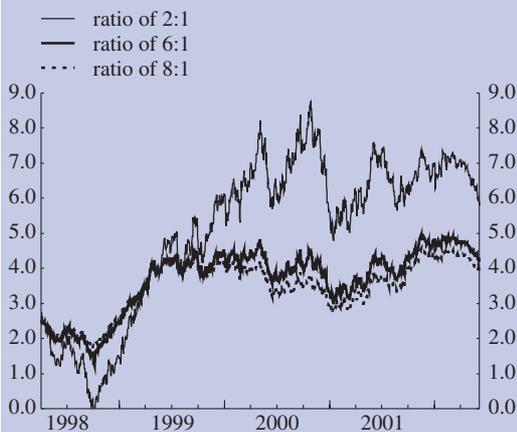
In constructing the MCI, an initial "technical problem" is to determine the appropriate weights, or the size of, the MCI ratio  $\Theta_1/\Theta_2$ . The weights used for constructing MCIs are normally model-dependent and derived using a *ceteris paribus* approach. Consequently, the weights are subject to estimation uncertainty, which may imply large confidence intervals for the parameters. In addition, different models can result in quite different MCI weight outcomes. Moreover, the appropriate relative weights may vary over time, while the parameters used in the calculation of the MCI are normally held constant. For the euro area or euro area countries, a wide range of plausible MCI ratios has been found, from around 2:1 to 12:1. Chart A illustrates that the message conveyed by the index is highly sensitive to the selection of weights. The index that attaches most weight to the exchange rate, indicated as 2:1 in Chart A, has, since the end of 1999, been at a significantly higher level and more volatile than the indices which attach more weight to interest rates.

A further issue is that MCIs can be calculated in terms of both real or nominal variables. Theoretically, real MCIs seem to be the more relevant ones for analytical purposes. However, for the analysis of short-term trends in a context of low inflation, the real and the nominal MCIs are usually highly correlated and,

<sup>1</sup> For instance, MCIs played an important role in the conduct of monetary policy by the Reserve Bank of New Zealand and the Bank of Canada in part of the 1990s.

<sup>2</sup> A Financial Conditions Index (FCI) is a broader concept, including long-term interest rates and asset prices, in addition to the variables in MCIs. This box only discusses issues related to the use of MCIs. However, most of the issues and arguments discussed in this box are also relevant for FCIs.

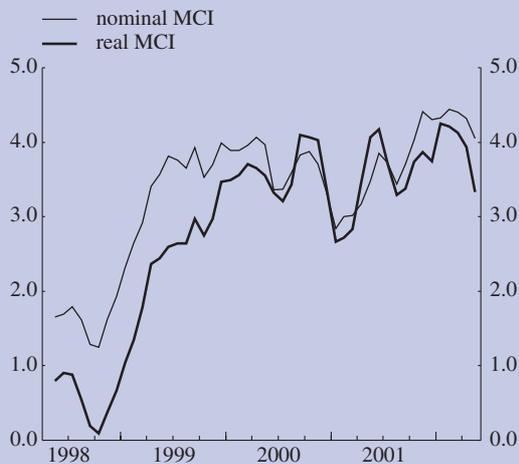
**Chart A: Nominal MCI: alternative weights**  
(daily data)



Source: ECB.

Note: A weighted average of the three-month interest rates in the euro area is used for 1998; thereafter the three-month EURIBOR. The reference period is the average from January 1991 to May 2002. A higher level of the indices indicates “looser” monetary conditions.

**Chart B: MCI: nominal and real versions**  
(ratio of 6:1; monthly data)



Source: ECB.

Note: In calculating the real MCI, interest rates are deflated by euro area HICP inflation and the effective exchange rate by the relative CPIs. The reference period is the average from January 1991 to May 2002. A higher level of the indices indicates “looser” monetary conditions.

consequently, the nominal indicator will not differ significantly from the real indicator. Chart B provides an example of this (in Chart B,  $e_t$  is the effective exchange rate, and – arbitrarily – an “MCI ratio” of 6:1 is chosen).

A further point to note is that the level of the MCI is not relevant by itself, but should always be seen in conjunction with a base/reference period. This base period should ideally reflect “neutral” economic conditions.

### Difficulties related to the use of Monetary Conditions Indices

Simplicity and timeliness are the most attractive features of MCIs. Once the weights of interest rates and exchange rates are obtained, MCIs can be calculated easily. Nominal MCIs can be calculated on a daily basis, thus providing timely information, while the real version provides information with a lag, depending on which deflator is being used. However, there are significant difficulties related to the use of MCIs, both from a technical point of view (i.e. the construction of the index) and from a more conceptual one (i.e. interpreting movements in the index).

An initial issue was touched upon above: the choice of the MCI ratio is model-specific and surrounded by high uncertainty. The weights also depend, of course, on whether the effects on GDP or prices are measured; furthermore, it is not obvious whether they should be determined as a result of the complete (long-term) impact of changes in interest rates/exchange rates or as the impact on a specific horizon – say, two years ahead. Another (technical) issue relates to the identification of a “neutral” period. Given the difficulties in determining such a reference period, the analysis of MCIs usually focuses on any changes in the index as compared with previous periods. However, even this is problematic, since “neutral” conditions may vary over time. In addition, in the case of the MCI in real terms, shocks to inflation may temporarily distort the information content of the interest rates and the exchange rate if they are deflated with current inflation.

In addition to the technical caveats involved in the construction of these indicators, there are also serious difficulties regarding their interpretation. MCIs are very often used as a tool to assess the stance of monetary

policy. However, in order to assess the stance of the monetary policy, the level of the instruments available to the central bank should be assessed against the objective of the central bank. In the case of the ECB, the exchange rate is not a policy instrument. Therefore, in the case of the euro area, MCIs mix variables which are not of the same nature. Aggregating the nominal short-term interest rate, which is controlled by the central bank, and the exchange rate, which may respond to many influences other than monetary policy decisions, does not result in a meaningful indicator of the monetary policy stance of the ECB. In line with the monetary policy strategy of the ECB, the appropriate level of interest rates depends on an overall assessment of all information which may be relevant for price developments, as derived from the analysis of the information under the two pillars of the strategy.

A further point to note is that, with regard to assessing the information content of exchange rate changes, it is generally very important to determine the nature of the shock affecting these changes. For instance, in a situation where an appreciation of the euro exchange rate is related to expectations of stronger economic growth in the euro area, developments in the MCI would, *ceteris paribus*, indicate that a “tightening” of monetary conditions has taken place. If the central bank were to aim at maintaining the MCI unchanged, its key interest rates would have to be reduced, which, in such a situation, would not be the appropriate response. This is a good example of the principle that monetary policy should look at the nature of the shocks hitting the economy and not mechanically follow movements in individual indicators.

The above-mentioned issues imply that using an MCI as a simple indicator of the monetary policy stance is problematic. The simplicity of MCIs implies a loss of information when the effects of the component variables are aggregated. It is not clear why such an aggregation is needed, as a more detailed analysis can be made of the information contained in the individual variables included in the index, thereby avoiding the pitfalls of these indicators. In addition, there are no obvious advantages, in terms of timeliness, over the analyses of the underlying variables, which are obviously available at the same time as MCIs.

All this shows that MCIs have a misleading focus and cannot summarise the stance of monetary policy in the euro area. The simplicity of an MCI neither provides a substitute for a thorough analysis of underlying developments nor does it give valuable complementary information, meaning that its usefulness is doubtful. This also explains why the attractiveness of such indicators has decreased over time.

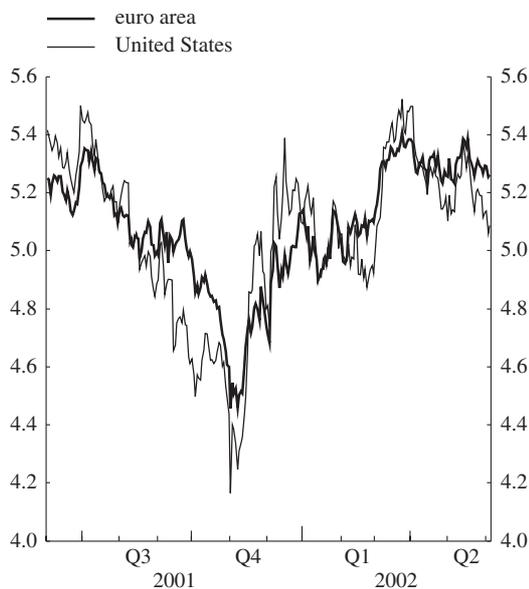
### **Long-term government bond yields showed little discernible trend after March 2002**

Following a marked upturn in the first quarter of 2002, long-term government bond yields in both the euro area and the United States exhibited little discernible trend until early June. The main factor influencing bond markets since the first quarter of the year appears to have been uncertainty among market participants about the strength of the global economic recovery underway. In this environment, the differential between benchmark ten-year government yields in the United States and those in the euro area oscillated within a relatively narrow range (see Chart 17).

Following the sharp rise in US long-term government bond yields in March 2002, which reflected better than expected economic data coupled with market concerns about the risks to future inflation related to oil price developments, US long-term bond yields did not follow a clear trend in April and May. This seemed to reflect conflicting signals emerging from economic data releases and mixed corporate profit results, which led to uncertainties among market participants about the strength of the recovery underway in the United States. In addition, yields were, at times, also influenced by safe-haven flows into bond markets prompted by continuing tensions in the Middle East, renewed terrorist threats to the United States and concerns about the political situation between India

**Chart 17**  
**Long-term government bond yields in the euro area and the United States**

(percentages per annum; daily data)



Source: Reuters.

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

and Pakistan. Overall, these factors left US ten-year bond yields 10 basis points lower than the end-April levels on 5 June 2002, at about 5.1%. In this environment, uncertainty about future US long-term bond yields, as indicated by the implied volatility of options on futures contracts on ten-year US government bonds, rose slightly during the month of May (see Chart 18).

In Japan, continuing the pattern of relative stability seen since the start of 2002, long-term government bond yields remained stable at around 1.4% from the beginning of April onwards. Bond yields were little influenced by data releases that seemed to point to a bottoming out of the economy.

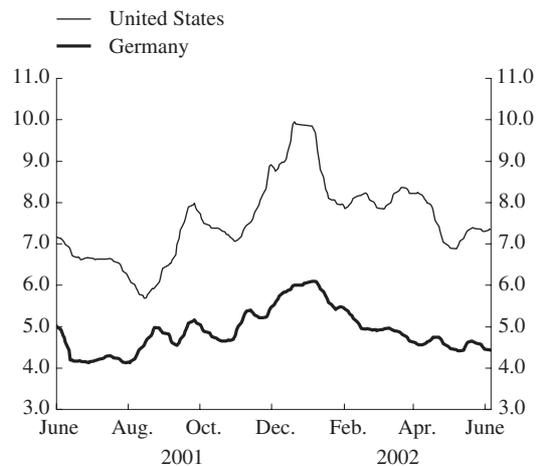
Following the more or less continuous rise in long-term government bond yields in the euro area during the first quarter of 2002, partly reflecting market perceptions of improving growth prospects, government bond yields exhibited little discernible trend thereafter. This seemed to reflect mixed signals from

economic data releases and, as in the United States, the effects of safe-haven portfolio flows. In this environment, the ten-year nominal bond yield, having fluctuated somewhat during May, stood at about 5.2% on 5 June 2002, almost unchanged compared with end-April levels. Underlying this, the real yields on French index-linked bonds changed little during April and May (see Chart 19).

Moreover, the break-even inflation rate – derived from the difference between ten-year nominal bond yields and ten-year index-linked bond yields (indexed on the euro area HICP excluding tobacco) changed little between end-April and 5 June. However, in the period following the launch of the French ten-year index-linked bond in November 2001 and 5 June 2002, the break-even inflation rate had increased by almost 60 basis points. While part of this increase may be related to liquidity factors, the movements in break-even inflation may also suggest that both long-term inflation expectations and

**Chart 18**  
**Implied volatility of futures contracts on the ten-year German Bund and the ten-year US Treasury note**

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



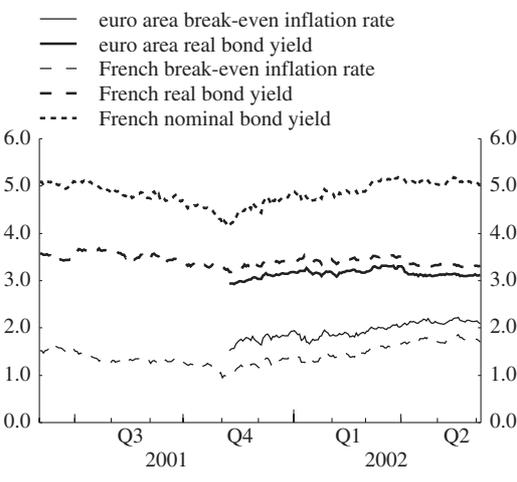
Source: Bloomberg.

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

**Chart 19**

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

(in percentages; daily data)



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

inflation uncertainty have increased in the euro area in recent months. However, changes in break-even inflation rates need to be interpreted with some caution due to the existence of a number of time-varying premia.

The shape of the euro area yield curve did not change significantly between end-April and 5 June as bond yield movements were limited during this period. The significantly positive slope of the euro area forward yield curve continued to indicate market expectations of an improvement in the pace of economic activity over the medium to long term (see Chart 20).

The perceived degree of uncertainty among market participants about future euro area long-term government bond yields, as measured by the implied volatility of options on futures contracts on German government bonds, after having declined in the first few months of 2002, was broadly stable in April and May. During this period, this measure of

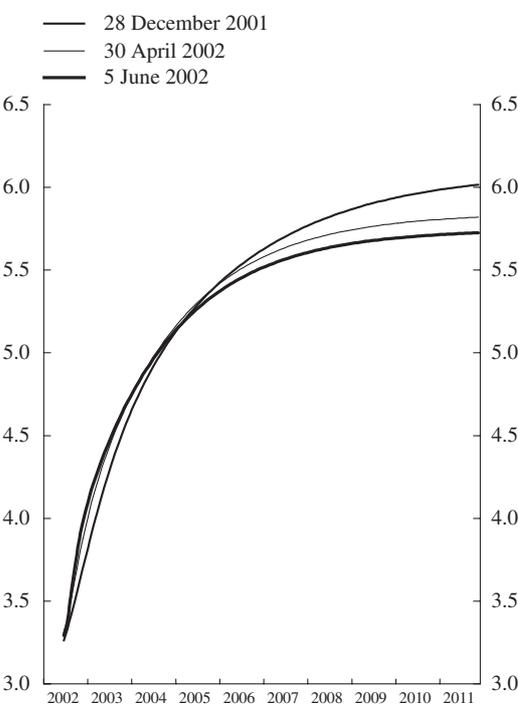
bond market uncertainty remained below its two-year average.

After having declined in the first quarter of 2002, the differential between corporate and government bond yields in the euro area started to increase again after mid-April. Between mid-April and 5 June, euro area BBB-rated corporate bond spreads had widened by around 40 basis points (see Chart 21). By contrast, in the United States, BBB-rated corporate spreads did not follow a clear trend. Having increased by up to 30 basis points between mid-April and end-May, these spreads declined sharply in early June, so that, by 5 June, they were 10 basis points below their mid-April levels (see Chart 21). This sudden drop in US BBB-rated spreads arose

**Chart 20**

**Implied forward euro area overnight interest rates**

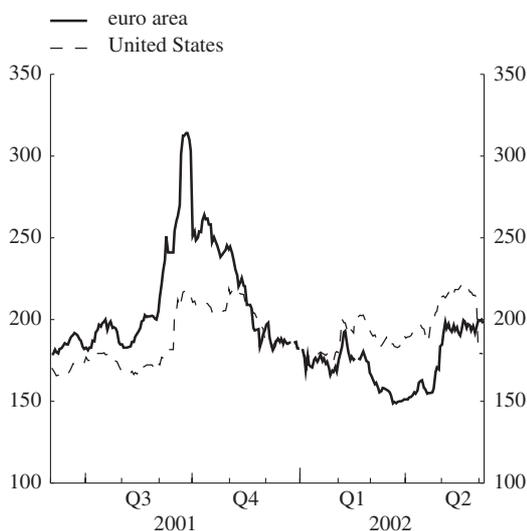
(percentages per annum; daily data)



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

**Chart 21**  
**Corporate bond spreads in the euro area and the United States**

(in basis points; daily data; BBB rating)



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

because several US telecommunication company debt issues dropped out of the Merrill Lynch BBB-rated index in early June as they were downgraded to non-investment grade status.

On a sectoral basis, the largest increases in spreads, in both the United States and the euro area, during April and May occurred in the technology and telecommunications sectors, where stock prices also declined sharply following recent weak earnings reports from some firms in these sectors. These adverse market developments seemed to reflect concern among market participants about the future profitability and, in light of the high company debt levels in these sectors, the future creditworthiness of companies in these sectors.

**Euro area stock prices declined in May and early June**

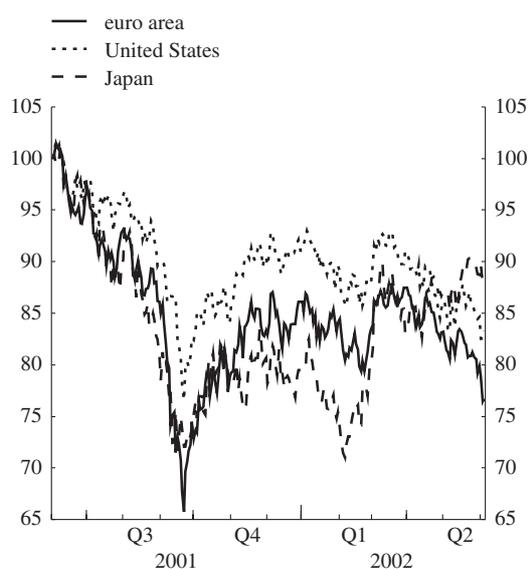
A waning of optimism regarding the outlook for the global economy and renewed

concerns about corporate profits tended to adversely influence stock prices in both the euro area and the United States in May and early June (see Chart 22). All in all, between end-April and 5 June 2002, US stock prices, as measured by the Standard & Poor's 500 index, dropped by around 2%, while those in the euro area, as measured by the Dow Jones EURO STOXX, fell by 8%. In Japan, the Nikkei 225 index rose by 2% during the same period.

In the United States, the declining trend in broad stock price indices, which had started in mid-March, continued in the month of May. Despite some positive economic data releases, market participants remained uncertain about the strength of the economic recovery and, hence, the longer-term sustainability of the recent improvement in corporate profitability. Reflecting these concerns, the Nasdaq Composite index, which includes a large number of companies in the technology sector, declined by around 6% between end-April and 5 June 2002. The implied volatility derived from options on the

**Chart 22**  
**Stock price indices in the euro area, the United States and Japan**

(index: 1 June 2001 = 100; daily data)



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

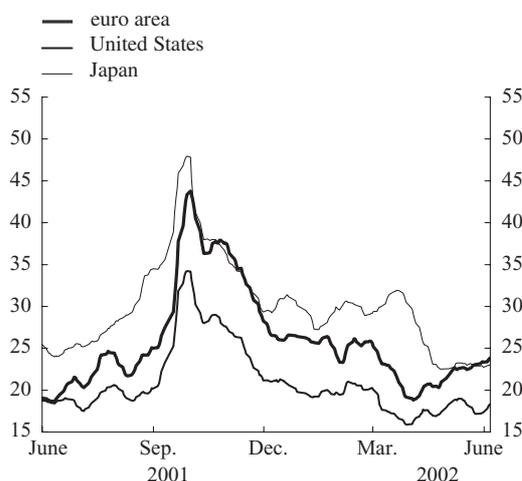
Standard & Poor's 500 index increased by around 1 percentage point between end-April and 5 June 2002, thereby continuing the pattern seen in the previous month (see Chart 23).

In Japan, stock prices were subject to wide swings during the first months of 2002. In particular, the Nikkei 225 index had reached its lowest level for 18 years in February 2002, reflecting pessimism among market participants about the likelihood of a quick and lasting recovery for the Japanese economy. Later on, stock prices began to increase again, mainly reflecting growing optimism among market participants about the prospects for an economic recovery in Japan. In this environment, the implied stock price volatility remained at a level slightly below the average over the past two years (see Chart 23).

In the euro area, as in the United States, stock price developments over recent months seem to have been largely driven by uncertainties among market participants that the recovery in economic activity could prove to be somewhat fragile. This view was

**Chart 23**  
**Implied stock market volatility in the euro area, United States and Japan**

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



Source: Bloomberg.

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

underpinned by macroeconomic data released over the period, which were perceived to be sending mixed signals. Consistent with this

**Table 3**  
**Price changes and historical volatility in the Dow Jones EURO STOXX economic sector indices**

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

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Healthcare	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price changes (end-of-period data)</b>											
2001 Q1	-8.8	-7.5	-8.3	-0.4	-9.4	-6.7	-7.4	-32.7	-9.5	-8.3	-11.2
2001 Q2	2.2	1.0	6.2	5.9	1.5	11.7	-3.5	-5.0	-11.5	6.7	0.9
2001 Q3	-19.2	-29.0	-13.3	-14.2	-22.7	-12.0	-23.5	-37.9	-26.5	-7.4	-22.4
2001 Q4	15.4	26.8	6.0	5.5	9.7	1.9	17.5	58.0	21.7	-1.4	15.4
2002 Q1	8.5	2.1	1.6	10.4	4.1	-10.1	7.8	-3.2	-10.0	-0.4	1.6
April	-2.8	-6.6	2.8	-4.5	-1.3	-2.3	-2.5	-18.4	-11.2	0.5	-4.9
May	1.2	-1.7	-5.1	-2.9	-4.0	-5.9	-1.6	-14.8	-10.4	-4.1	-4.9
End-March to 5 June 2002	-4.0	-10.5	-4.6	-9.4	-8.8	-13.5	-6.3	-31.9	-24.2	-5.2	-12.3
<b>Volatilities (period averages)</b>											
2001 Q1	58.1	43.0	38.6	55.4	50.3	43.2	47.9	71.5	65.1	51.8	21.9
2001 Q2	17.3	22.2	12.5	18.8	15.6	18.3	19.3	56.6	29.5	12.2	18.3
2001 Q3	31.3	34.3	22.0	33.3	35.5	29.1	25.5	53.6	40.0	24.6	29.7
2001 Q4	21.2	32.6	17.3	34.8	26.8	20.9	23.4	54.8	37.6	17.0	26.3
2002 Q1	13.0	20.7	10.3	18.3	18.8	20.2	14.1	38.7	26.7	12.8	17.6
April	15.4	18.5	10.9	16.3	16.3	19.0	10.6	38.5	28.3	10.7	15.3
May	8.8	19.2	9.0	19.2	13.8	17.0	10.4	43.9	38.2	10.5	16.1
End-March to 5 June 2002	13.5	19.6	11.7	18.9	16.3	21.3	11.0	40.2	33.0	11.7	16.7

Sources: STOXX and ECB calculations.

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

view, the implied volatility, derived from options on the Dow Jones EURO STOXX 50 index, increased slightly to stand at a level on 5 June 2002 that was around 2 percentage points higher than the average of the past two years (see Chart 23).

The overall change in the broad Dow Jones EURO STOXX index concealed significant variations at a sectoral level. In particular, the stock prices of technology and telecommunications sector companies displayed significant declines, of 32% and 24% respectively, between end-March and 5 June 2002 (see Table 3). These developments seemed to reflect spillovers arising from

market participants' uncertainties about the quality of earnings disclosed by companies in the technology sector in the United States, while similar uncertainties also arose in the euro area. Moreover, the weakness in telecommunications stock prices seemed to reflect the deterioration in the profitability of some corporations as well as ongoing pessimism about the longer-term profitability of investments in third-generation mobile telephone licences and growing concern about the ability of highly indebted companies to raise funds in a more difficult funding environment in the corporate bond and commercial paper markets.

## 2 Price developments

### HICP inflation in May 2002 expected to decline mainly due to base effects

HICP inflation is expected to decrease in May 2002 and, according to the flash estimate published by Eurostat, it could fall to 2.0% (see Table 4). The main reason for this decrease is likely to be lower year-on-year rates of change in energy and unprocessed food prices as a result of strong price increases in the same month of the previous year. A further unwinding of the earlier rise in food prices following adverse weather conditions at the beginning of the year, as well as the slight moderation in oil prices experienced in May, are also expected

to have contributed to the decline. However, no detailed information about the breakdown of HICP developments in May is available yet.

In April 2002, i.e. the latest month for which detailed information is available, the annual rate of HICP inflation in the euro area was 2.4%, higher than that originally estimated by Eurostat on the basis of an incomplete country coverage, but 0.1 percentage point lower than in the previous month. This outcome was mainly a result of declines in the annual rates of change in unprocessed food prices and, to a lesser extent, services prices, which were partially offset by

**Table 4**  
**Price and cost developments in the euro area**

(annual percentage changes, unless otherwise indicated)

	1999	2000	2001	2001	2001	2001	2002	2001	2002	2002	2002	2002	2002
				Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.	May
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index <sup>1)</sup>	1.1	2.3	2.5	3.1	2.4	2.1	2.6	2.0	2.7	2.5	2.5	2.4	2.0
<i>of which:</i>													
Goods	0.9	2.7	2.5	3.4	2.3	1.7	2.2	1.6	2.4	2.1	2.0	2.0	.
Food	0.6	1.4	4.5	4.9	5.1	4.7	4.9	4.6	5.6	4.8	4.2	3.6	.
Processed food	0.9	1.1	2.8	2.7	3.3	3.5	3.5	3.5	3.8	3.3	3.3	3.2	.
Unprocessed food	0.0	1.7	7.0	8.3	7.9	6.7	7.0	6.3	8.4	7.1	5.5	4.1	.
Industrial goods	1.0	3.4	1.5	2.7	1.0	0.2	0.9	0.2	0.9	0.8	1.0	1.2	.
Non-energy industrial goods	0.7	0.7	1.1	1.4	0.9	1.6	1.8	1.6	1.7	1.9	1.8	1.8	.
Energy	2.4	13.3	2.7	7.2	1.1	-4.1	-2.0	-4.6	-1.8	-2.8	-1.5	-0.5	.
Services	1.5	1.7	2.5	2.4	2.5	2.8	3.1	2.8	3.0	3.0	3.2	3.0	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>2)</sup>	-0.4	5.5	2.1	3.6	1.4	-1.0	-0.9	-1.0	-0.8	-1.1	-0.8	-0.7	.
Unit labour costs <sup>3)</sup>	1.4	1.0	2.6	2.6	2.5	3.4	.	-	-	-	-	-	-
Labour productivity <sup>3)</sup>	0.9	1.5	0.1	0.2	0.2	-0.5	.	-	-	-	-	-	-
Compensation per employee <sup>3)</sup>	2.3	2.6	2.7	2.8	2.7	2.9	.	-	-	-	-	-	-
Total hourly labour costs <sup>4)</sup>	2.2	3.4	3.2	2.9	3.5	3.0	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>5)</sup>	17.1	31.0	27.8	31.7	29.0	22.4	24.6	21.5	22.6	23.5	27.9	29.3	28.1
Commodity prices <sup>6)</sup>	-5.9	16.7	-7.6	-3.0	-10.4	-15.6	-3.3	-12.3	-6.2	-3.7	0.0	-1.1	-6.5

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

Note: For periods prior to 2001, HICP data do not include Greece. The other price and cost indicators include Greece for periods prior to 2001.

1) HICP inflation in May 2002 refers to Eurostat's flash estimate.

2) Excluding construction.

3) Whole economy.

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

5) Brent Blend (for one-month forward delivery).

6) Excluding energy. In euro; in ECU up to December 1998. Weighted according to extra-euro area commodity imports.

developments in energy prices. The annual rate of change in the HICP excluding unprocessed food and energy remained at 2.6% for the fourth consecutive month.

The annual rate of decline in energy prices slowed by 1 percentage point to 0.5% in April 2002 (see Chart 24). This slower rate of decline reflects an increase in energy prices in April 2002, mainly in liquid fuels and in fuels and lubricants for personal transport equipment, in line with the increase in oil prices.

Unprocessed food prices were 4.1% higher in April 2002 than in April 2001, down from a

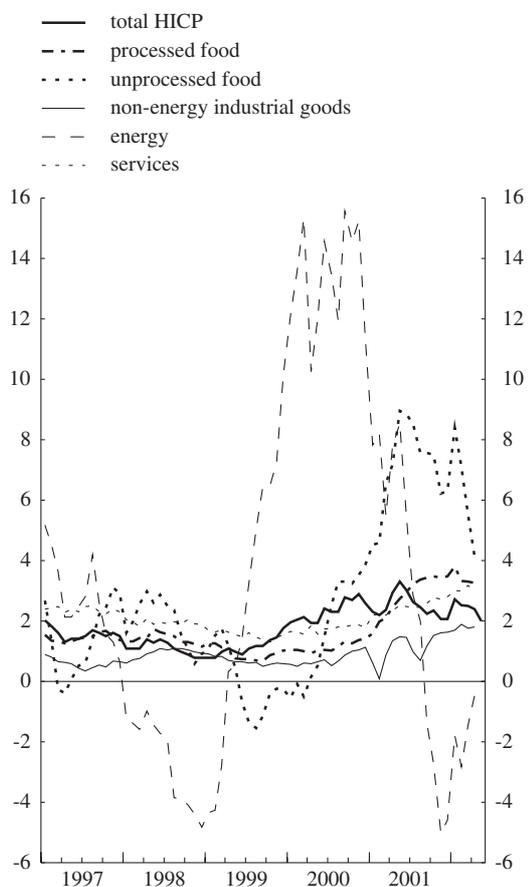
year-on-year increase of 5.5% in the previous month. This decline can mainly be associated with a base effect (i.e. the strong pick-up in meat prices in April 2001 as a result of the food-related health concerns). In addition, it reflects the gradual unwinding of earlier upward pressure on vegetable prices resulting from adverse weather conditions in several euro area countries at the beginning of the year. Furthermore, the year-on-year rate of change in processed food prices also decreased, from 3.3% in March to 3.2% in April 2002.

The annual rate of change in non-energy industrial goods prices was 1.8% in April, unchanged from the previous month. The annual rate of change in services prices fell by 0.2 percentage point to 3.0% in April, its first decrease this year. This development is partially explained by a reversal of the rise in the annual rate of change in package holiday prices in March 2002 as a result of the timing of the Easter holidays. By contrast, the rise in the year-on-year rate of change in restaurant and café prices in March was not reversed, which suggests that it might be partially related to the introduction of euro banknotes and coins.

### Chart 24

#### Breakdown of HICP inflation in the euro area by component

(annual percentage changes; monthly data)



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

#### The year-on-year rate of decline in producer prices slowed in April 2002

In April, the year-on-year rate of decline in euro area industrial producer prices slowed by 0.1 percentage point to 0.7%. This mainly reflected developments in intermediate goods prices, which fell by 1.2% year-on-year in April compared with a fall of 1.7% in the previous month. Although energy prices were up by 0.8% with respect to March, the annual rate of decline in energy prices remained unchanged at 3.9% (see Chart 25).

The year-on-year rate of increase in consumer goods prices declined somewhat further in April with both durable and non-durable consumer goods prices growing at lower annual rates of 1.5% and 1.0% respectively. The annual rate of growth in

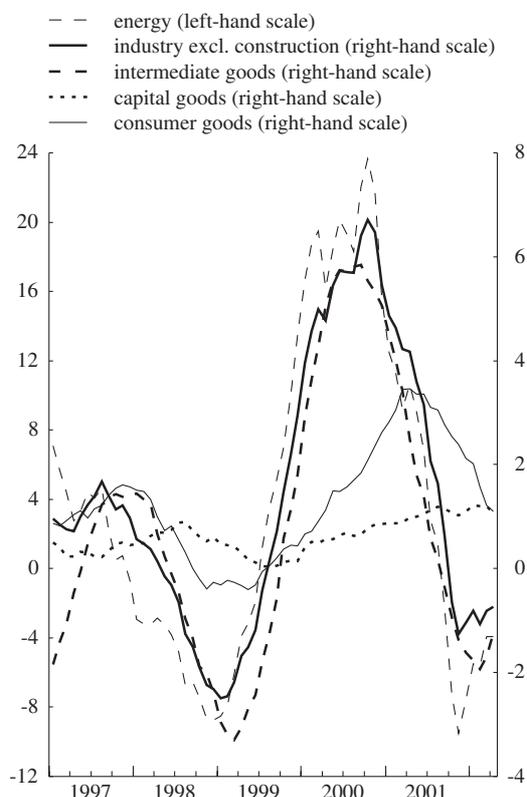
capital goods prices also decreased slightly by 0.1 percentage point to stand at 1.1%.

The developments in consumer and capital goods prices indicate that the unwinding of indirect effects of previous import price increases has continued. However, the latest data seem to confirm that the decline in the annual rate of the overall Producer Price Index came to an end in early 2002 as a result of the renewed direct upward pressure from commodity prices, particularly oil prices.

With regard to survey indicators of developments in producer prices, the Eurozone Price Index (EPI) from the Reuters Purchasing Managers' Survey also indicated higher average input prices, as it again rose in May 2002 (see Chart 26). According to survey

**Chart 25**  
Breakdown of industrial producer prices for the euro area

(annual percentage changes; monthly data)

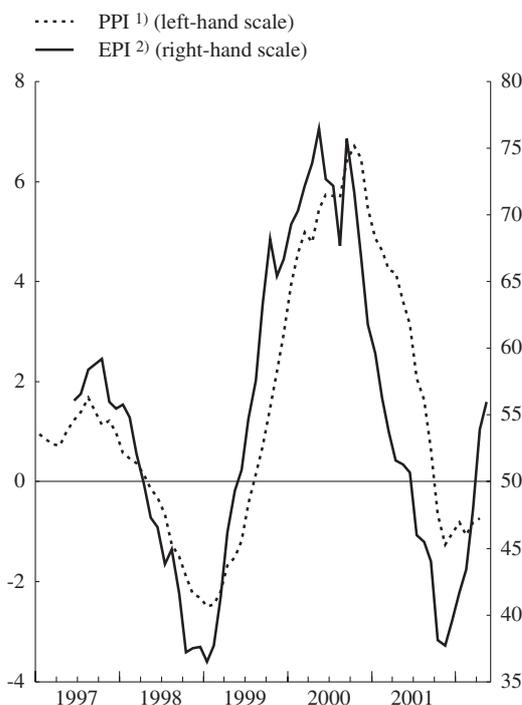


Source: Eurostat.

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

**Chart 26**  
Overall producer prices and manufacturing input prices for the euro area

(monthly data)



Sources: Eurostat and Reuters.

Note: When available, data refer to the Euro 12 (including periods prior to 2001).

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

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

participants, the latest increase largely reflects higher oil prices and a general upward trend in commodity prices.

### Higher unit labour costs in 2001 as a result of cyclical developments in productivity and higher wage increases

The annual rate of change in compensation per employee increased to 2.9% in the fourth quarter of 2001, up from 2.7% in the third quarter. Combined with a strong decline in labour productivity reflecting the weak economic activity in the fourth quarter of 2001, this development led to a

0.9 percentage point rise in the annual rate of change in unit labour costs to 3.4%. The annual rate of growth of compensation per employee averaged 2.7% in 2001, which is 0.1 percentage point above the average in the previous year. As a result, unit labour cost growth averaged 2.6% in 2001, which is substantially higher than its average of 1.0% for the year 2000.

#### **Inflation rates projected to hover around 2% in the second half of 2002**

Looking ahead, the short-term outlook for inflation very much depends on the developments in oil prices and, in part, on the euro exchange rate. As regards other factors, unprocessed food prices could

contribute to lower rates of inflation if there is a further unwinding of the earlier rises following food-related health concerns in 2001 and the adverse weather conditions at the beginning of 2002.

Apart from the short-term developments of these more volatile items, domestic price pressures will play a key role in the inflation outlook, particularly wage developments. In this respect it will be important to recognise the temporary nature of the shocks to HICP inflation and to ensure that this does not lead to an entrenchment of inflation expectations feeding into wage agreements (see Box 4). For a further discussion on the outlook for future price developments, see the section entitled "Eurosysteem staff macroeconomic projections for the euro area".

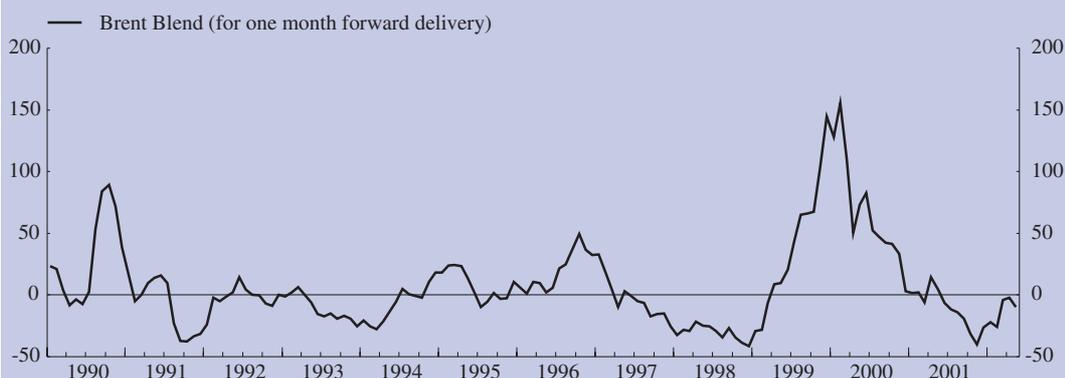
### **Box 4**

#### **The clustering of shocks to HICP inflation since the start of Stage Three of EMU**

Although consumer price inflation is in the long run a monetary phenomenon, in the short run there may be shocks which are outside the control of monetary policy but which may have a considerable and protracted effect on inflation. In the period from the start of Stage Three of EMU (i.e. January 1999) to April 2002, the average year-on-year inflation rate in the euro area was 2.0%; equal to the upper limit specified in the ECB's definition of price stability. This record on inflation should be viewed in light of the fact that price developments in the euro area have been subject to a sequence of adverse temporary shocks that have exerted considerable upward pressure on inflation. However, it is hard to assess the extent to which this sequence of shocks constitutes an exceptional development. This box therefore reviews the main shocks that have affected HICP inflation since January 1999 and places them in context by reviewing price and cost developments for the entire period from the beginning of 1990 to early 2002.

#### **Chart A: Oil prices**

(US dollar, annual percentage change)



Source: Thomson Financial Datastream.

### Chart B: Non-energy import unit value index

(annual percentage change)



Source: ECB calculation.

The factors that have had the strongest impact on inflation rates since January 1999 are movements in oil prices and changes in import prices (which reflect changes both in the euro exchange rate and in external price developments). Furthermore, two additional factors, namely weather fluctuations and, more prominently, animal diseases, have exerted considerable upward pressure on prices in recent times. Charts A and B show the year-on-year percentage rate of change of oil prices (in USD) and of the non-energy import unit value index respectively.<sup>1</sup>

Charts A and B point to two quite exceptional developments characterising the period from mid-1999 to the end of 2000. First, during this period, oil prices and non-energy import unit value indices reached their highest year-on-year rate of growth for the entire length of time under consideration. In particular, the year-on-year increase in oil prices in the period from December 1999 to February 2000 was close to 150%, considerably higher than in any other month since 1990. Second, the increase in oil prices and the non-energy import unit value index that began in late 1999 was relatively protracted. For instance, the year-on-year rate of increase in oil prices remained above 20% for the entire period from June 1999 to November 2000, i.e. for 18 consecutive months. Meanwhile, the same rate of increase in the non-energy import value index remained close to 10% in the period from January 2000 to January 2001. Such a protracted spell of high rates of increase in these cost indicators is unprecedented for the entire sample period, particularly so in the case of oil prices.

Furthermore, as reflected by recent developments, Charts A and B suggest that since 2001 the impact of oil and non-energy import prices on inflation has declined considerably. However, such moderation in the upward pressure on prices from oil prices and non-energy import unit values has coincided with a considerable impact on unprocessed food prices stemming from concerns over animal diseases in 2001. The importance of the shock to HICP inflation caused by animal diseases (most prominently BSE) in 2001 can be gauged from the observed unprocessed food price<sup>2</sup> developments, set in a broader perspective. Chart C shows the annual rate of increase in unprocessed food prices and the contribution of the increase in unprocessed food prices to overall HICP inflation. The year-on-year rate of growth in unprocessed food prices was exceptionally high in the months from April to October 2001, remaining close to 8% during this period. Here again, the high rates of growth in unprocessed food prices, the duration of the shock and its contribution to headline inflation in the year 2001 (see Chart C) are unprecedented in the broader context considered.

<sup>1</sup> These data are described in the Article entitled "Price and cost indicators for the euro area: an overview" in the August 2000 issue of the ECB's Monthly Bulletin.

<sup>2</sup> This covers prices of meat, fish, fresh fruit and vegetables.

### Chart C: Unprocessed food prices and contribution to the overall HICP inflation

(annual percentage changes and percentage points)



Sources: Eurostat and ECB calculations.

Note: HICP data for unprocessed food price level are available from 1990.

Taken together, Charts A, B and C confirm that the adverse shocks that have affected HICP inflation in the recent past were both large and unprecedented in terms of their degree of coincidence in a relatively short period of time (i.e. from mid-1999 to late 2001). This highlights the exceptional nature of the period following the start of Stage Three of EMU in terms of the clustering of shocks exerting upward pressure on prices.

Overall, price developments since January 1999 have been shaped by a sequence of adverse but rather specific shocks. These shocks could not have been anticipated by monetary policy and they could not be corrected in the short-term. The effects of these shocks, which should unwind sooner or later, are taken into account by monetary policy with a medium-term orientation. Therefore, in principle, they should not affect the outlook for price stability over the longer term. However, the clustering of shocks all acting in one direction makes the situation rather more difficult to assess than the typical textbook case of a one-off shock. It would be a cause for concern for the ECB if past upward tendencies in prices, even though they resulted from an exceptional combination of specific factors, were to become entrenched. Recently published forecasts on price developments in the euro area, developments in indicators of inflation expectations, and wage settlements neither clearly confirm nor entirely contradict such concerns. It is, at this juncture, therefore particularly important to remain vigilant with regard to the further evolution of these main factors determining the outlook for prices.

### 3 Output, demand and labour market developments

#### Real GDP rose in the first quarter of 2002

The first estimate of real GDP for the euro area released by Eurostat confirms that growth resumed in early 2002. Real GDP is estimated to have increased by 0.2% quarter-on-quarter in the first quarter of 2002, after having fallen by 0.3% quarter-on-quarter during the previous quarter (see Table 5). Moreover, the revised estimates now point to quarter-on-quarter growth being 0.1 percentage point lower in each of the last three quarters of 2001 than had previously been estimated. However, the euro area real GDP quarter-on-quarter increase in the first quarter of 2002 would have been 0.3%, if data for Belgium and Spain, which were not available at the time of the computation of

the euro area aggregate by Eurostat, had been included.

The increase in real GDP in the first quarter of 2002 was ascribed to a positive net trade contribution which more than offset negative contributions from changes in inventories and domestic demand excluding changes in inventories. Net exports contributed positively to real GDP growth in the first quarter of 2002, by 0.7 percentage point. This was the result of a significant increase in export growth (0.9% quarter-on-quarter), consistent with the ongoing recovery in the world economy, combined with a strong fall in import growth (-1.1% quarter-on-quarter), partly related to the fall in fixed investment and stockbuilding over the same period. At

**Table 5**  
**Composition of real GDP growth in the euro area**

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates <sup>1)</sup>								Quarterly rates <sup>2)</sup>				
	1999	2000	2001	2001	2001	2001	2001	2002	2001	2001	2001	2001	2002
				Q1	Q2	Q3	Q4	Q1	Q1	Q2	Q3	Q4	Q1
Real gross domestic product	2.7	3.5	1.5	2.5	1.6	1.3	0.3	0.1	0.5	0.0	0.1	-0.3	0.2
<i>of which:</i>													
Domestic demand	3.4	3.0	0.8	1.8	1.1	0.7	-0.4	-0.8	-0.1	0.2	-0.2	-0.3	-0.5
Private consumption	3.3	2.5	1.7	1.9	1.7	1.8	1.5	0.3	1.0	0.4	0.1	-0.1	-0.2
Government consumption	2.1	1.9	2.2	2.3	2.4	2.3	1.9	1.3	0.8	0.4	0.2	0.5	0.2
Gross fixed capital formation	5.9	4.7	-0.5	1.6	0.2	-1.7	-2.2	-2.4	-0.4	-0.7	-0.6	-0.5	-0.7
Changes in inventories <sup>3), 4)</sup>	-0.2	0.1	-0.5	-0.1	-0.4	-0.4	-1.1	-0.7	-0.7	0.1	-0.2	-0.2	-0.3
Net exports <sup>3)</sup>	-0.6	0.6	0.7	0.7	0.5	0.7	0.7	0.8	0.6	-0.2	0.3	0.0	0.7
Exports <sup>5)</sup>	5.3	12.2	2.5	7.7	4.5	0.9	-2.8	-1.7	-0.2	-0.8	-0.5	-1.3	0.9
<i>of which: goods</i>	5.0	12.3	2.5	8.3	4.1	1.1	-2.8	.	0.1	-1.3	-0.2	-1.4	.
Imports <sup>5)</sup>	7.4	10.9	0.8	6.1	3.2	-1.0	-4.8	-4.1	-1.9	-0.3	-1.4	-1.3	-1.1
<i>of which: goods</i>	7.3	11.3	0.5	6.4	3.1	-1.5	-5.4	.	-2.6	-0.3	-1.5	-1.2	.
Real gross value added:													
Agriculture and fishing <sup>6)</sup>	2.3	-0.3	-0.7	-0.6	-0.7	-0.8	-0.6	0.8	-1.4	0.1	1.1	-0.4	0.0
Industry	1.4	4.1	0.5	2.7	1.0	0.2	-1.9	-2.1	0.9	-1.0	-0.2	-1.5	0.7
Services	3.1	3.8	2.3	2.9	2.5	2.2	1.7	1.5	0.6	0.4	0.4	0.3	0.4

Sources: Eurostat and ECB calculations.

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

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

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

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

4) Including acquisitions less disposals of valuables.

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

6) Also includes hunting and forestry.

-0.2 percentage point, the contribution from domestic demand (excluding changes in inventories) to real GDP growth was negative in the first quarter of 2002 for the third consecutive quarter. The slowdown in domestic demand observed in recent quarters was due to gradual declines in the growth of both private consumption and fixed capital formation. Real consumption declined further in the first quarter of 2002 by -0.2% quarter-on-quarter. This was due in part to the impact of higher inflation on real disposable income and to weak labour market conditions. Investment growth was negative again in the first quarter of 2002, at -0.7% quarter-on-quarter, as it had been in all four quarters of 2001. Finally, the contribution of changes in inventories to real GDP growth was also negative, at -0.3 percentage point, in the first quarter of 2002. (See Box 5 for a comparison of the contributions to growth from individual expenditure components in the 1998 and 2001 slowdowns.)

The latest data for the industrial sector indicate that, in line with the strong improvement in manufacturing confidence

recorded for the first quarter, there was a significant upturn in industrial production in the first quarter of 2002. In March 2002, euro area industrial production (excluding construction) increased by 0.8% month-on-month, having risen by 0.1% in February and by 0.3% in both January 2002 and December 2001 (see Table 6). On a quarter-on-quarter basis, production increased in the first quarter of 2002 by 0.6%, after having fallen throughout 2001 and particularly strongly in the fourth quarter (-1.7%). As regards the main industrial groupings, the upturn of recent months does not yet appear to be broadly based. In particular, while production in the intermediate goods sector showed further signs of an upturn in March 2002, this was accompanied by declines in production in the capital and consumer goods sector. Nevertheless, the decline in capital goods output of 1.7% quarter-on-quarter in the first quarter of 2002 can be viewed against the -2.4% change recorded in the fourth quarter of 2001. This would therefore suggest that the decline in this sector may be starting to bottom out. A similar picture holds for consumer goods production.

**Table 6**  
**Industrial production in the euro area**

(annual percentage changes, unless otherwise indicated)

	2000	2001	2002			2002			2001			2002	
			Jan.	Feb.	Mar.	Jan.	Feb.	Mar.	Oct.	Nov.	Dec.	Jan.	Feb.
			month-on-month			three-month moving averages							
Total industry excluding construction by main industrial groupings:	5.5	0.2	-2.9	-3.4	-2.4	0.3	0.1	0.8	-1.4	-1.7	-1.5	-0.4	0.6
Total indus. excl. construction and energy <sup>1)</sup>	6.0	0.0	-3.8	-4.1	-3.0	0.6	0.3	0.3	-2.1	-2.5	-2.3	-0.6	0.6
Intermediate goods	6.0	-0.9	-3.6	-3.1	-1.1	1.6	1.5	0.9	-2.0	-2.5	-2.3	-0.2	2.1
Capital goods	9.3	1.2	-6.6	-7.8	-6.9	-0.4	-0.8	-0.2	-2.0	-2.4	-2.8	-2.2	-1.7
Consumer goods	2.3	0.1	-0.8	-1.3	-1.5	-1.0	0.7	-0.6	-1.3	-1.7	-1.6	-0.7	-0.6
Durable consumer goods	6.2	-2.8	-7.4	-7.2	-8.3	-1.8	-0.8	-2.6	-3.8	-2.9	-1.8	0.2	-1.5
Non-durable consumer goods	1.6	0.7	0.5	-0.1	0.0	-0.8	1.0	-0.2	-0.8	-1.5	-1.6	-0.9	-0.4
Energy	1.6	0.9	2.3	1.3	1.9	-2.1	-0.7	2.1	-0.5	0.7	2.1	2.0	0.6
Manufacturing	5.9	0.1	-4.0	-4.0	-3.5	0.4	0.5	0.1	-1.7	-2.3	-2.2	-0.9	0.4

Sources: Eurostat and ECB calculations.

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

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

## Industrial confidence increased further in May, but services confidence remained broadly unchanged

The latest euro area confidence indicators for the manufacturing sector indicate that the upturn continued in the second quarter of 2002, while they also point to some remaining uncertainty about the strength of this upturn. In May 2002 the Purchasing Managers' Index (PMI) for the euro area manufacturing sector rose again, to 51.5 (see Chart 27). This was the seventh consecutive monthly increase in the PMI and since April 2002 the figure has indicated an expansion of manufacturing output. However, as in April, the PMI increased at a slower rate in May than during the first quarter of 2002. According to the European Commission Business Survey, euro area industrial confidence increased significantly in May, having been unchanged in April (see Table 7). However, the rate of increase thus far in the second quarter is lower than it was in the first quarter of 2002, when industrial confidence rose strongly. Consequently, the

latest results may also point to a degree of uncertainty as to the strength of the recovery in the industrial sector. This is confirmed by the component on production expectations, which remained unchanged in May while the other two components, relating to orders and stocks of finished products, both improved.

Capacity utilisation in manufacturing was 80.7% in April 2002, slightly lower than in January 2002 (see Table 7). Utilisation rates are therefore still on the downward path that began in early 2001, although the rate of decline was less in the first quarter of this year.

The latest data on services confidence also add to the uncertainty on the strength of the recovery. The European Commission confidence indicator in the services sector was unchanged in May, after a slight decline in April. The clear and steady improvement between November 2001 and March 2002 thus appears to have stalled.

**Table 7**  
**Results from European Commission Business and Consumer Surveys for the euro area**  
(seasonally adjusted data)

	1999	2000	2001	2001 Q2	2001 Q3	2001 Q4	2002 Q1	2001 Dec.	2002 Jan.	2002 Feb.	2002 Mar.	2002 Apr.	2002 May
Economic sentiment index <sup>1)</sup>	-0.2	2.6	-2.7	-1.4	-1.3	-1.4	0.4	0.3	0.2	0.1	0.3	-0.1	0.4
Consumer confidence indicator <sup>2)</sup>	7	12	6	9	3	0	1	1	0	2	2	1	3
Industrial confidence indicator <sup>2)</sup>	0	12	-1	2	-3	-10	-6	-10	-7	-7	-4	-4	-2
Construction confidence indicator <sup>2)</sup>	14	21	15	17	13	11	9	11	8	10	9	8	11
Retail trade confidence indicator <sup>2)</sup>	0	5	-1	-1	-1	-4	-9	-5	-6	-10	-10	-10	-10
Services confidence indicator <sup>2)</sup>	4	8	-7	2	-9	-27	-19	-28	-22	-20	-14	-15	-15
Business climate indicator <sup>3)</sup>	-0.1	1.3	-0.1	0.2	-0.4	-1.2	-0.8	-1.2	-1.0	-0.9	-0.6	-0.6	-0.2
Capacity utilisation (%) <sup>4)</sup>	81.9	83.9	82.8	83.3	82.4	81.3	80.8	-	80.8	-	-	80.7	-

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

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

1) Percentage changes compared with the previous period.

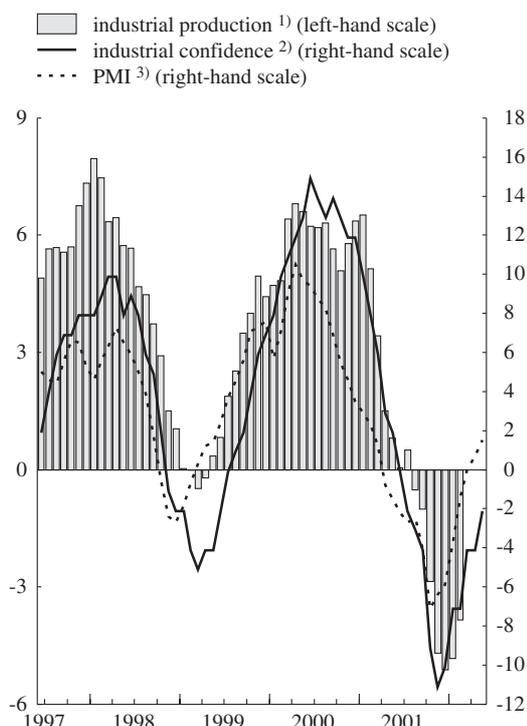
2) Percentage balances; data shown are calculated as deviations from the average over the period since April 1995 for the services confidence indicator, since July 1986 for the retail trade confidence indicator, and since January 1985 for the other confidence indicators.

3) Units are defined as points of standard deviation.

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

**Chart 27**  
**Industrial production, industrial confidence and the PMI for the euro area**

(monthly data)



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

Note: Where available, data refer to the Euro 12 (including periods prior to 2001).

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

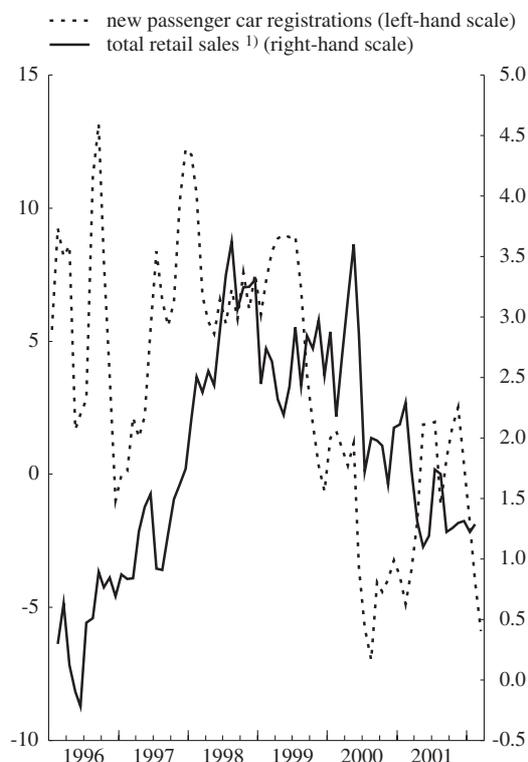
**Evidence from household spending indicators remains mixed**

The evidence provided by indicators of private consumption regarding developments in the first half of 2002 is still mixed (see Chart 28). Quarter-on-quarter growth in retail sales was 0.5% in the first quarter of 2002 compared with 0.3% on average in 2001. By contrast, in the first quarter of the year, new passenger car registrations fell strongly quarter-on-quarter, down by 5.5% after having increased by 1.4% in the last quarter of 2001. The decline continued in April 2002.

The latest European Commission Business and Consumer Survey data indicate that consumer confidence increased significantly in May 2002. This took the indicator back to above its September 2001 level. Thus, after displaying a somewhat volatile pattern since November 2001, when consumer sentiment reached its lowest point, there are now clearer signs of an upturn. All components of the consumer confidence indicator improved in May with, in particular, a more positive assessment of the future general economic situation. However, the expected financial situation of consumers increased only slightly in May, after two months of decline, and there is still no clear turnaround detectable in this component. Confidence in the retail trade sector was unchanged in May 2002, for the fourth consecutive month. There is therefore

**Chart 28**  
**New passenger car registrations and retail sales in the euro area**

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



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

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

1) Calculated using seasonally adjusted data.

no sign as yet of a turnaround in confidence in this sector.

### **Indications of a gradual strengthening of growth in 2002, but also of some remaining uncertainty**

Overall, the latest data tend to confirm the picture of a gradual strengthening of growth over the course of the year to levels around potential growth in the second half of 2002. However, domestic demand is now expected to play a somewhat smaller role in the first half of the year, while exports could be more supportive in the initial stages of the recovery. Although the contribution from changes in inventories to real GDP growth was negative in the first quarter of 2002, it is expected to contribute positively to growth in the near future, against the background of a continued upturn in industrial production and an improvement in retail sales.

The latest information, however, also points to some remaining uncertainty regarding the strength of the upturn, especially in consumption and investment growth for which the available evidence is still mixed. In the medium term there are also some risks, related to future oil price developments and the possibility of a correction of existing imbalances elsewhere in the world economy. For a further discussion on the outlook for growth, see the section entitled “Eurosystème staff macroeconomic projections for the euro area”.

### **Employment growth expected to have slowed in the first quarter of 2002**

According to available national information, employment growth in the euro area is expected to have slowed in the first quarter of 2002, compared with the fourth quarter of 2001 when a quarter-on-quarter growth rate

#### **Box 5**

#### **A comparison of the 1998 and 2001 slowdowns in the euro area**

The latest euro area data suggest that economic activity returned to a positive growth path around the turn of the year. The pronounced slowdown in euro area growth in 2001 turned out to be rather different from the slowdown in 1998. This box briefly describes the features of the slowdown in 2001, and highlights the differences with the slowdown in 1998 by comparing the different patterns of the contributions to growth made by the main components on both the expenditure side and the value-added side of real GDP.

#### **The slowdown of 1998: weak foreign demand but resilient domestic demand**

The 1998 slowdown in euro area growth was more limited than the 2001 slowdown. The dynamics of the 1998 downturn were largely determined by weak foreign demand. The contribution of net exports to growth declined markedly while that of domestic demand remained broadly stable (see left-hand chart below). The crisis in the emerging market economies that underpinned weaker world economic growth had some adverse impact on euro area export growth in 1998. However, growth in imports was much less affected thanks to the resilience of growth in domestic demand, and did not therefore mirror the decline in export growth. Falling inflation in 1998, inter alia due to positive price shocks resulting from wage moderation, declining oil prices and deregulation, supported real disposable income growth and consumer confidence, more than offsetting the negative impact of external developments on industrial confidence. Thus the contribution of domestic demand to growth increased markedly in 1998 compared with 1997, whereas the contribution of net exports turned negative in 1998.

These developments were reflected in the robust contribution to growth of real value added in market-related services and the declining contribution to growth of real value added in industry, reflecting the high sensitivity of the latter sector to changes in the external environment (see the right-hand chart below).

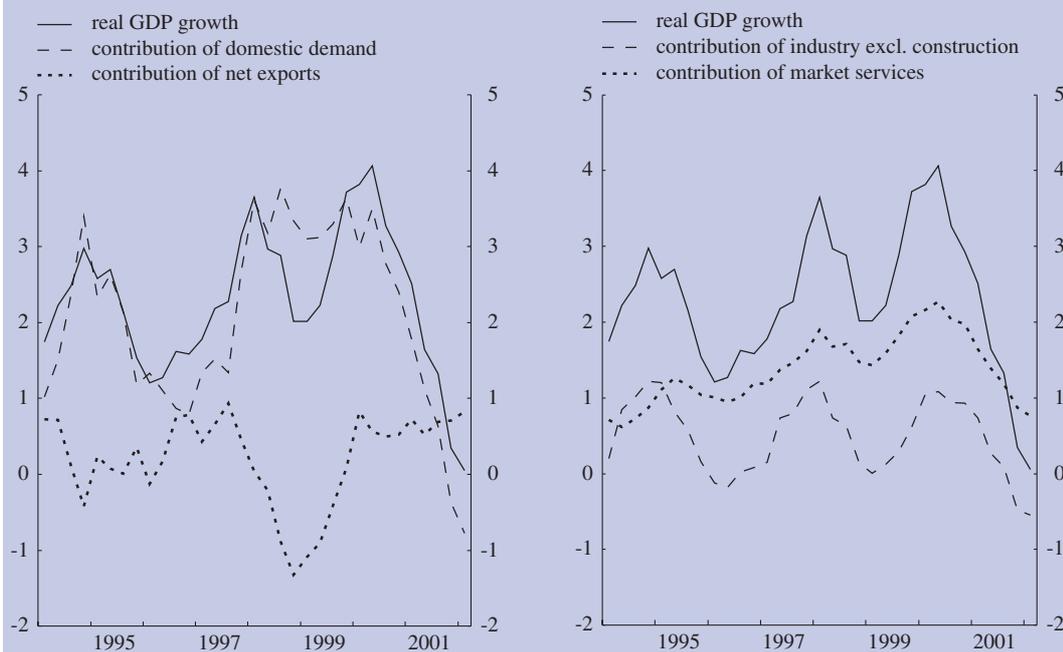
### The slowdown of 2001: the result of weak domestic demand and exports

In 2001, real GDP increased by 1.5%, less than half that recorded in the previous year. The slowdown was characterised by a marked decline in the contribution to growth of domestic demand. This was the result of several adverse developments. First, relatively high inflation, caused by surging energy and food prices, dampened growth in real disposable income, leading to lower consumption growth. Second, the deterioration in the external environment that began in the United States towards the end of 2000, and subsequently the terrorist attacks of 11 September 2001, saw a marked increase in uncertainty on the part of both consumers and investors. By contrast, the contribution of net exports remained broadly unchanged in 2001 compared with 2000. However, this was not due to continued export growth. Instead, the significant decline in export growth resulting from the weaker world economic situation was counterbalanced by a similar decline in import growth, due to the weak growth in domestic demand.

On the value-added side of real GDP these developments led to a significant decline in the contributions to growth from both industry and market-related services in 2001. The decline in domestic and foreign demand resulted in a lower contribution to growth from real value added in industry (excluding construction). Moreover, the contribution to growth made by real value added in market-related services fell sharply in 2001, largely as a result of weak domestic demand.

### Euro area real GDP growth and contribution to growth

(annual percentage changes, percentage point contributions)



Sources: Eurostat and ECB calculations.

Note: All data are seasonally adjusted.

Overall, three main differences can be identified between the two slowdowns of 1998 and 2001 explaining why the former was more limited than the latter. First, in 2001 growth in domestic demand declined significantly compared with the previous year, whereas in 1998 it had remained robust. Second, while weak external demand played a role in both slowdowns, the adverse impact was stronger in 2001 when the deterioration of the external environment originated in the United States and then spilled over to other areas, whereas in 1998 it had been confined to emerging market economies. As a result, the decline in the growth of foreign demand was much more pronounced in 2001 than it had been in 1998. Third, in contrast to 1998, the

2001 slowdown was also affected by a number of specific shocks, such as strong food and energy price rises, a sharp downturn in America's high-productivity information and communication technology sector (which had significant international spillovers due to the highly global nature of this industry), and the events of 11 September.

From a sectoral perspective these differences are mirrored in a different pattern in the contributions to growth made by industry (excluding construction) and market-related services. In both the 1998 and 2001 slowdowns the decrease in export growth led to a declining contribution to growth from real value added in industry, a sector more vulnerable to changes in the external environment. However, while in 1998 the contribution to growth from real value added in market-related services remained robust, this contribution declined significantly in 2001.

of 0.3% was recorded (see Table 8). Year-on-year, employment growth decreased to 0.9% in the last quarter of 2001, down by 0.3 percentage point from the previous quarter. The lagged reaction of net job creation to the cycle is such that the recent recovery in economic activity should become visible in labour market developments by the end of the year.

National accounts data on employment at the sectoral level are not yet available for the euro area in the first quarter of 2002. As mentioned in the previous issue of the ECB's

Monthly Bulletin, all sectors except industry excluding construction showed higher quarterly rates of employment growth in the last quarter of 2001 compared with the previous quarter. In line with the decline in industrial activity in the last quarter of the year, employment in the industrial sector fell for the third consecutive quarter, whereas employment in the construction sector showed a marked increase. Moreover, continued strong activity in the finance and business sub-sector led to an increase in services sector employment growth in the last quarter of 2001.

**Table 8**  
**Employment growth in the euro area**

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

	1999	2000	2001	2000	2001	2001	2001	2001	2000	2001	2001	2001	2001
				Q4	Q1	Q2	Q3	Q4	Q4	Q1	Q2	Q3	Q4
	Quarterly rates <sup>1)</sup>												
Whole economy	1.7	2.1	1.4	2.1	2.0	1.5	1.2	0.9	0.5	0.3	0.2	0.2	0.3
<i>of which:</i>													
Agriculture and fishing <sup>2)</sup>	-3.0	-1.4	-0.8	-0.6	0.3	-0.3	-1.3	-2.0	0.1	0.3	-0.7	-1.0	-0.6
Industry	0.3	1.0	0.5	1.2	1.2	0.7	0.3	-0.1	0.4	0.2	-0.1	-0.2	-0.1
Excluding construction	-0.1	0.7	0.5	1.3	1.3	0.7	0.2	-0.3	0.4	0.1	-0.1	-0.1	-0.2
Construction	1.3	1.8	0.7	1.1	1.0	0.9	0.5	0.4	0.4	0.4	-0.1	-0.2	0.2
Services	2.6	2.8	1.9	2.8	2.3	1.9	1.7	1.6	0.6	0.3	0.4	0.4	0.5
Trade and transport <sup>3)</sup>	2.4	2.8	1.3	2.5	1.7	1.2	1.2	1.1	0.5	-0.1	0.3	0.6	0.4
Finance and business <sup>4)</sup>	5.6	6.0	3.8	5.6	5.1	4.1	3.3	3.0	1.1	1.0	0.6	0.6	0.8
Public administration <sup>5)</sup>	1.4	1.3	1.5	1.7	1.6	1.5	1.4	1.3	0.5	0.3	0.4	0.3	0.3

Sources: Eurostat and ECB calculations.

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

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

2) Also includes hunting and forestry.

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

4) Also includes real estate and renting services.

5) Also includes education, health and other services.

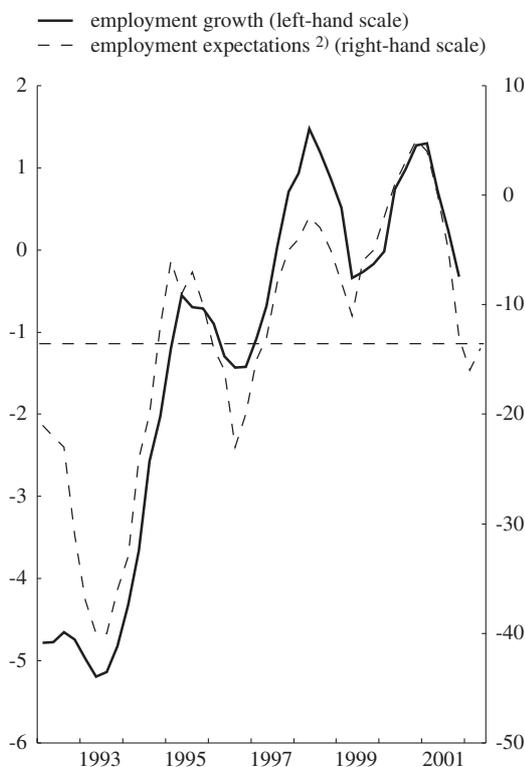
## Employment expectations suggest that employment growth will remain moderate in the second quarter of 2002

Employment expectations for the euro area, according to the European Commission Business and Consumer Surveys, point to continued modest employment growth in the second quarter of 2002. However, the picture varies between sectors. In the manufacturing sector, employment expectations improved in the second quarter of 2002 (see Chart 29). Given the close relationship between employment and employment expectations in this sector in the past, this may imply less negative employment developments in manufacturing in the second quarter. By contrast, employment expectations in the

**Chart 29**

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

(annual percentage changes; percentage balances)



Sources: Eurostat and European Commission Business and Consumer Surveys.

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

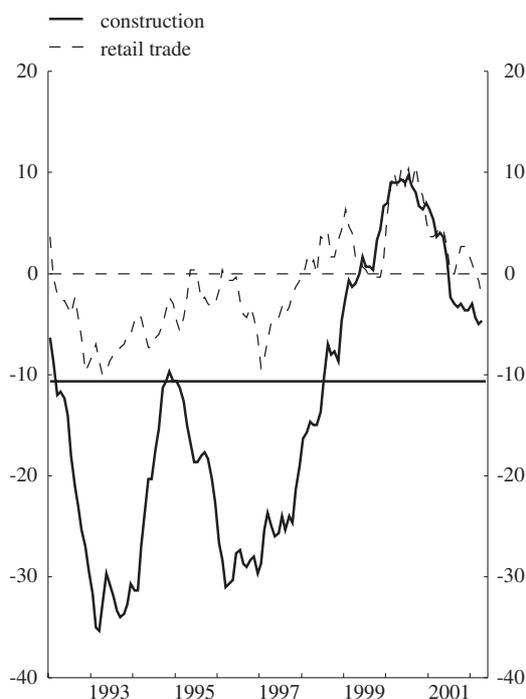
1) Excluding construction.

2) Employment expectations refer to manufacturing only.

**Chart 30**

### Employment expectations in the euro area construction and retail trade sectors

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



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

construction sector for April and May do not confirm the stabilisation in this indicator observed in previous months and instead point to some deterioration in employment developments (see Chart 30). With regard to the services sector, while employment expectations in retail trade to May still point to only moderate employment developments, expectations for the services sector as a whole are more positive in the first few months of 2002. The recent data from the Purchasing Managers' Survey for employment in the manufacturing and services sectors tend to confirm this picture.

## Unemployment rate increased in April 2002

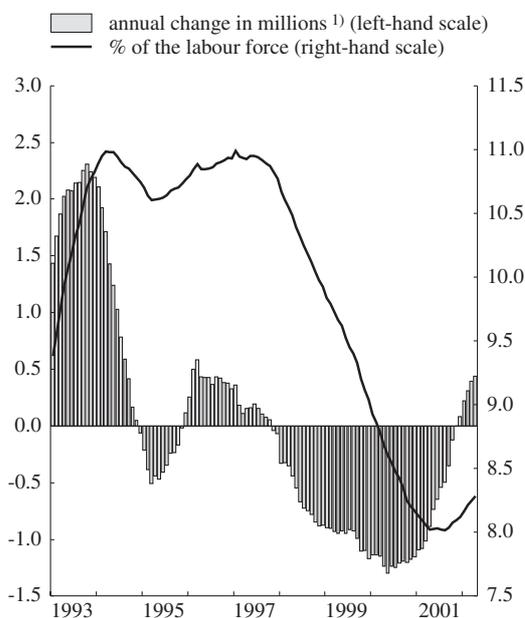
In April 2002 the standardised rate of unemployment in the euro area increased to

8.3%, i.e. by 0.1 percentage point on the previous month (see Chart 31). The number of unemployed increased in April by around 52,000 compared with the previous month, a rise similar to that recorded in March. In the latest Eurostat release, however, euro area unemployment estimates have been revised significantly downwards with the introduction of a number of statistical improvements, the most significant of which has been the implementation of the new definition of unemployment in Spain (for more details on the new definition of unemployment, see Box 4 of the March issue of the ECB's Monthly Bulletin). This explains most of the revision at the euro area level (i.e. between 0.2 and 0.3 percentage point), and most of the change in the pattern in the first quarter of 2002, which now shows a slight increase instead of remaining unchanged as had been previously estimated. Recent developments therefore point to a continued slight increase in the euro area unemployment rate at the start of this year.

In terms of the breakdown by age, the unemployment rate among the under-25s increased in April by 0.1 percentage point to 16.6%, while it remained unchanged for people aged 25 and above, at 7.2% (see Table 9). Both age groups have been affected by the downward revision of the unemployment rate. However, while for the under-25 age group the pattern of unemployment developments has remained broadly unchanged, for those aged 25 and above the revisions increased the

**Chart 31**  
**Unemployment in the euro area**

(monthly data; seasonally adjusted)



Source: Eurostat.

Note: Data refer to the Euro 12 (including periods prior to 2001).  
1) Annual changes are not seasonally adjusted.

unemployment rate in the first quarter of 2002 compared with mid-2001 levels. This increase had not previously been apparent from the data.

**Labour market expected to have remained subdued in the first half of 2002**

In the short term, employment expectations and all the information available at the

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

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

	1999	2000	2001	2001	2001	2001	2002	2001	2001	2002	2002	2002	2002
				Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Total	9.5	8.5	8.1	8.0	8.0	8.1	8.2	8.1	8.1	8.2	8.2	8.2	8.3
Under 25 years <sup>1)</sup>	18.6	16.8	16.1	16.0	16.0	16.2	16.4	16.2	16.2	16.3	16.4	16.5	16.6
25 years and over	8.2	7.4	7.0	7.0	7.0	7.0	7.1	7.0	7.1	7.1	7.1	7.2	7.2

Source: Eurostat.

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

1) In 2001 this category represented 23.3% of total unemployment.

national level point to more moderate employment growth in the first half of 2002 compared with 2001. Assuming continued albeit lower growth in the labour force, these developments could lead to a slight increase in the rate of unemployment in the first half of the year compared with 2001.

In the medium term (see also the section entitled “Eurosystème staff macroeconomic projections for the euro area”) total employment growth is projected to weaken in 2002 compared with 2001 but then to show a moderate rebound in 2003, reflecting the recovery in economic activity.

## 4 Fiscal developments

### Budget balances set to improve only from 2003

According to the latest forecasts published by the European Commission, the average general government budget deficit ratio of the euro area is expected to continue to deteriorate, although only slightly, from 1.3% of GDP in 2001 to 1.4% of GDP in 2002 (see Table 10). In 2003, it is forecast to improve somewhat to 1.2% of GDP. The primary surplus ratio is expected to decline by 0.2 percentage point to 2.4% of GDP between 2001 and 2003, with the fall in 2002 being only partly reversed in 2003. These figures are broadly in line with OECD forecasts but do not yet include any possible carry-over effects from the revision of 2001 fiscal balance

figures, which are currently under discussion in Eurostat.

As regards the euro area average, there is a significant deviation between the Commission’s budget balance ratio forecasts and the more optimistic targets set in countries’ updated stability programmes, as submitted at the end of 2001. This deviation amounts to 0.5 and 0.7 percentage point of GDP in 2002 and 2003 respectively. It concerns most Member States but, in particular, the four countries (France, Germany, Italy and Portugal) with significant fiscal imbalances. This is due in part to the operation of automatic stabilisers. However, in some countries, it is also due to a lack of well-specified and credible measures for

**Table 10**  
**Forecasts of fiscal developments in the euro area**

(as a percentage of GDP)

		2001	2002	2003
<b>Budget balance</b>	European Commission <sup>1)</sup>	-1.3	-1.4	-1.2
	OECD <sup>2)</sup>	-1.3	-1.5	-1.2
	Stability programmes <sup>3)</sup>	-1.1	-0.9	-0.5
<b>Cyclically adjusted budget balance</b>	European Commission <sup>1)</sup>	-1.5	-1.2	-1.2
	OECD <sup>2) 4)</sup>	-1.1	-0.7	-0.7
	Stability programmes <sup>3)</sup>	-1.2	-0.7	-0.4
<b>Primary budget balance</b>	European Commission <sup>1)</sup>	2.6	2.3	2.4
	Stability programmes <sup>3)</sup>	2.7	2.8	3.1
<b>Gross debt</b>	European Commission <sup>1)</sup>	69.1	68.6	67.2
	Stability programmes <sup>3)</sup>	68.7	67.2	65.5

Note: In 2001 and 2002 the proceeds from the sale of UMTS licences in the euro area as a whole are included. However, such proceeds are very limited and do not affect the figures reported in the table.

1) *European Economy 2/2002, Economic Forecasts, spring 2002.*

2) *Economic Outlook, preliminary edition, April 2002.*

3) *European Commission figures on the basis of Member States’ updated stability programmes, January 2002.*

4) *Excluding Luxembourg.*

achieving the consolidation objectives which underlie the targets of the updated stability programmes.

When adjusted for the effects of the macroeconomic environment and interest expenditure on budget balances, the Commission forecasts suggest a broadly neutral fiscal stance for the euro area average over 2002-2003. The cyclically adjusted budget balance ratio shows an improvement of 0.3 percentage point to -1.2% of GDP in 2002 and is expected to remain at this level in 2003. When changes in interest expenditure are excluded, however, the Commission forecasts show a broadly stable, cyclically adjusted primary surplus ratio. Chart 32 confirms this picture by disentangling consolidation efforts from cyclical factors and changes in interest

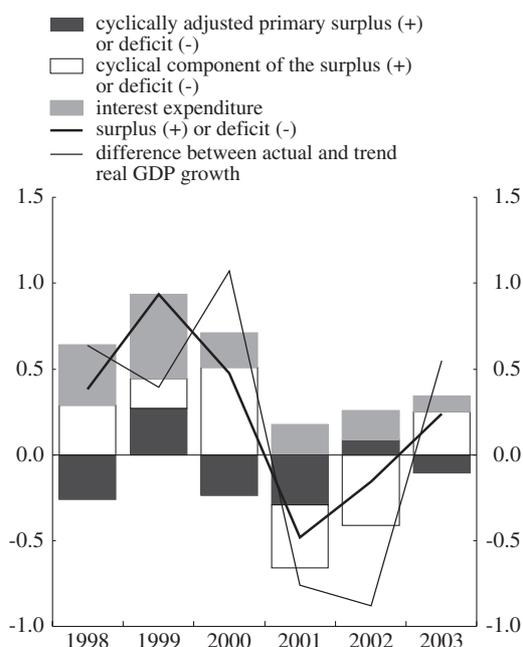
expenditure. In 2002, adverse cyclical factors on the budget will not be fully offset by falling interest expenditure and a marginally restrictive stance; hence, there will be a small increase in the deficit ratio. In 2003, cyclical factors will largely drive the budgetary improvement, while the fiscal stance will loosen marginally. However, compared with the most recent updated stability programmes, where the cyclically adjusted primary balance ratio was projected to improve significantly in 2002-2003, this reflects a looser fiscal stance for the euro area as a whole.

The decline in the euro area government debt ratio is expected to be smaller than projected in the latest updated stability programmes. The euro area debt ratio is expected to fall slowly from 69.1% of GDP in 2001 to 68.6% of GDP in 2002, and then further to 67.2% of GDP by 2003, according to the Commission forecasts. For 2003, this is 1.7 percentage points higher than the ratio anticipated in the latest updated stability programmes. As has been the case previously, the main driving force behind the decline of the debt ratio will be the primary surplus. Debt-deficit adjustments, including equity injections to public enterprises, will continue to adversely affect the speed of debt reduction, particularly in one of the three countries where the debt ratio is near to or above 100% of GDP. One additional country will report a debt ratio above the 60% threshold both in 2002 and 2003, while in another country the debt ratio will fall below the reference value in 2003.

### Chart 32

#### Annual changes in the average euro area budgetary position and underlying factors

(in percentage points of GDP)



Sources: European Commission, spring 2002, 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.

#### Budget balance developments reflect the economic environment, moderate tax cuts and some expenditure restraint

The decomposition of budget developments into changes in the revenue, primary and interest expenditure ratios shows cyclical influence, moderate tax cuts and some expenditure restraint over the period 2002-2003 (see Chart 33). In 2002, some negative carry-over effects from the slowdown in 2001 and small tax cuts are responsible for a

slightly declining revenue ratio, while the macroeconomic environment contributes to the rise of the expenditure ratio. These factors which are responsible for an increase in the deficit are partly offset by a decline in interest expenditure. In 2003, additional and somewhat larger tax cuts will lead to a decline in the revenue ratio. However, this negative effect on fiscal balances will be more than compensated for by a further marginal fall in interest expenditure and a significant decline in the primary expenditure ratio. The latter reflects both stronger economic growth in 2003 and tighter expenditure plans. It is important to note, however, that temporary factors and one-off measures (especially in one country) are expected to overstate expenditure restraint somewhat in 2002 and 2003.

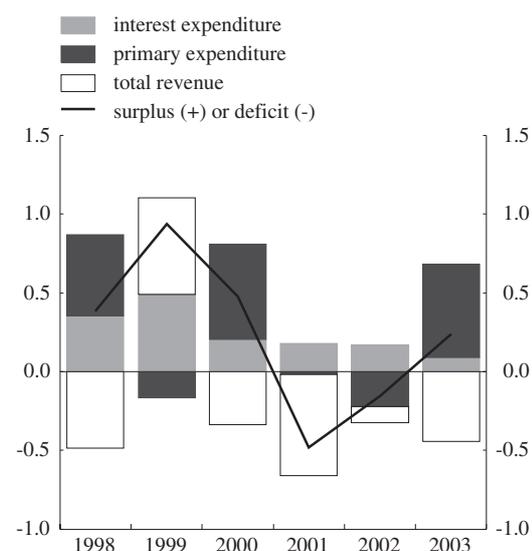
Revenue and expenditure developments, however, are not uniform across countries.

While most countries will adopt tax cuts in 2002 and 2003 (albeit less than in 2001), three countries will raise taxes in 2002, including two countries with fiscal imbalances. In most countries, tax cuts mainly focus on reducing statutory household income tax rates and increasing tax allowances and tax credits. Given that several countries have already alleviated taxation markedly in previous years, the cumulative tax cuts between 2000 and 2003 will amount to more than 1.5% of GDP in the euro area. As regards primary expenditure, spending growth restraint is expected to reduce the ratio to GDP in 2003 in most countries. Nevertheless, half of the decline in the expenditure ratio from 2000 to 2003 (some 0.4 of 0.8 percentage point of GDP) is due to falling interest expenditure whereas, in a few countries, the primary expenditure ratio will have even increased.

### Chart 33

#### 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, spring 2002, 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.

#### Further efforts are urgently needed to achieve medium-term targets in countries with remaining imbalances

The Commission forecasts portray a rather divergent picture of public finances within the euro area. On the one hand, most countries have attained and will maintain safe (close to balance or in surplus) budgetary positions. They will post surpluses or, at worst, small deficits over the period 2002-2003. On the other hand, the expected persistence of significant imbalances until the end of the forecasting period in four countries contrasts with those countries' commitment to completing the transition to safe budgetary positions by 2003/04. According to the Commission forecasts, these four countries are expected to miss their updated stability programme targets and report sizeable deficit ratios in 2003; in three of them deficits are expected to be near to or above 2% of GDP.

It is appropriate in the current macroeconomic environment to reach close to balance budget positions by 2003/04. This is required by the Council opinions on the

updated stability programmes and was reconfirmed by the Member States at the Barcelona European Council. Therefore, Member States must step up their efforts to meet their commitments as planned since they have not yet implemented or announced all the necessary adjustment measures. Moreover, any fiscal benefits from better than expected economic growth should be used to accelerate the achievement of targets. As the attainment of safe budgetary positions has already been postponed, any further slippage in the timetable due to discretionary fiscal loosening would entail a serious loss of credibility for the Stability and Growth Pact framework. The full and timely implementation of medium-term commitments alone will ensure that the risk of excessive deficits dissipates sufficiently and that the full confidence effects of credible consolidation programmes can be reaped.

The most efficient way of achieving the medium-term targets seems to be structural expenditure reforms and restraint, rather than increases in the tax burden. This will avoid undermining governments' credibility with regard to their willingness to reform as renewed tax increases could be perceived as a policy reversal. In countries with fiscal imbalances, structural changes to the tax system leading to lower public revenue need to be fully compensated for by expenditure restraint, as it is more prudent not to rely on the uncertain self-financing effects of tax cuts. Moreover, temporary and one-off measures can only yield a short-term presentational enhancement of budgetary accounts, but do not contribute as such to achieving and preserving the soundness of public finances.

Further consolidation is a priority not only in countries with fiscal imbalances, but also in countries with high public debt ratios. These countries should set sufficiently ambitious targets to attain significant surpluses so as to accelerate debt reduction.

Countries that have already achieved budgetary positions close to balance or in surplus should avoid fiscal activism and

maintain a neutral fiscal stance in order to prevent a resurgence of budgetary imbalances and excess demand pressures. It is reassuring to note that current plans are broadly consistent with this policy line.

### **Risks to public finances and the stability-oriented fiscal framework**

There are several risks to the public finances of the euro area relating to the achievement of fiscal targets and to the fiscal institutional framework. First, the implementation of tax reforms, asset price adjustments and the decline in corporate profits in 2001 may have greater negative impacts on direct taxes in 2002-2003 than expected. Second, a recurrence of expenditure overruns is possible over the next few years. Expenditure ceilings (especially at local government level and in the area of healthcare) were already exceeded in a number of countries in 1999-2001. A third risk is that, with elections being held in several countries in 2002-2003, governments may introduce further tax cuts and show less expenditure restraint than has been assumed in the Commission forecasts. In particular, countries with remaining imbalances would have to make every effort to avoid such a loosening. Furthermore, the degree of uncertainty is heightened for some countries owing to pending accounting decisions. As for the budgetary effects of economic fluctuations, countries should let automatic stabilisers operate symmetrically in principle, although excessive deficits and departure from a sufficiently ambitious, underlying consolidation path must be avoided.

The experience of deteriorating budget balances in 2001 has clearly shown that Member States which have not yet reached budgetary positions close to balance or in surplus risk conflicting with the requirements of the Stability and Growth Pact in periods of economic slowdown. This confirms the need for a rigorous and timely implementation of all elements of the Stability and Growth Pact. In this regard, the

Commission's announcement that it will not hesitate to act again as guardian of the Treaty is welcome.

It is reassuring to note that recent informal suggestions to postpone the medium-term consolidation targets were widely rejected. Such a postponement would undermine the credibility of the Stability and Growth Pact as it would signal that targets are always renegotiable and commitments non-binding. Moreover, it would raise the risk of excessive deficits and could thereby lead to further attempts to weaken the fiscal framework in the future.

Finally, the credibility of the Stability and Growth Pact could also suffer from a growing use of flexibility and loopholes in the accounting framework. Eurostat's ongoing review of the budget balance data of some countries illustrates its efforts to secure fully transparent public accounts. Only if the state of public finances is transparent (see Box 6) can the credibility of fiscal plans be assessed and peer pressure exercised, thereby ensuring the appropriate functioning of the framework of budgetary surveillance.

### **More rapid progress in structural reform paramount**

There is now a broad consensus that the key policy objectives in the euro area must be to attain and maintain sound public finances, to strengthen growth prospects and to prepare for the fiscal challenges related to population

ageing. Given the potential loss of welfare from reform delays and the shrinking window of opportunity before ageing-related costs start growing rapidly, the Barcelona European Council has rightly called for an acceleration of structural reforms, especially of pension systems, as part of a comprehensive reform strategy.

Fiscal and, in particular, public expenditure reforms must be an integral part of such a strategy. Spending restraint and reform will not only facilitate consolidation; they could also contribute to increasing employment and economic growth by creating more incentives to work, and by promoting human capital formation and a more efficient allocation of resources. Improved institutional mechanisms to support the attainment of expenditure commitments would be complementary to courageous reforms of expenditure policies. Expenditure restraint is also required to finance further tax cuts. Given that most euro area countries still have very high tax burdens, further tax cuts would reduce distortions and strengthen incentives to take up work.

As regards population ageing, a comprehensive pension reform could help to establish a closer link between contributions and benefits, to limit early retirement incentives and to reduce the reliance on government for old-age support. However, reforms of existing systems and moves towards funded systems continue to be largely unambitious in most countries.

## **Box 6**

### **Fiscal transparency in the context of the multilateral surveillance of budgetary positions**

The multilateral surveillance of budgetary positions in the EU Member States, as established by the Maastricht Treaty, is an essential component in the co-ordination of economic policies among Member States. To be effective in assessing fiscal policies and exercising pressure for the full implementation of the fiscal framework, this surveillance requires a transparent and regular flow of information between the actors involved, namely the national governments and the EU institutions, and to the public. The Community's economic policy framework includes several instruments and procedures that contribute to fiscal transparency.

#### **Stability programmes and notifications by Member States provide primary fiscal information**

The stability programmes (and the convergence programmes in the case of Member States that are not participating in the euro) are the main channels through which information on the national medium-term plans is transmitted. As stipulated by the Stability and Growth Pact, the programmes should contain the medium-term objective of a fiscal position "close to balance or in surplus", the adjustment path towards this target, the main macroeconomic assumptions that support the programme's targets and the planned budget measures. Each country should submit a yearly update of its programme to the ECOFIN Council and the Commission between mid-October and the beginning of December, and make it public. For most countries, this is shortly after governments have submitted their budget plans to national parliaments, thus ensuring that data and assumptions are up to date.

Regarding fiscal outcomes, the main instrument is the reporting of fiscal data by all Member States to the Commission, in the context of the excessive deficit procedure. The reported data include the official fiscal projections of government deficit/surplus and debt for the current year, the fiscal figures for the previous four years and information on government spending on interest and investment. These data are provided by the Member States to the Commission, twice a year, by 1 March and by 1 September.

#### **The Commission produces biannual forecasts and Eurostat scrutinises data quality**

Each spring and autumn, information on recent developments and short-term economic prospects is processed and published by the Commission in the context of its forecasts. In addition, the Commission publishes yearly reports on the European economy and on public finances.

The data used for multilateral surveillance need to be comparable and of high quality. Hence, Eurostat scrutinises the reported fiscal data to ensure compliance with the accounting rules of the European System of Accounts (ESA 95), and publishes the data after validation. These validated figures form the basis for the Council's decision as to whether an excessive deficit exists. Should the reported figures not be validated by Eurostat, because of doubts about whether the accounting rules were fully adhered to, this is also made public. Following subsequent investigations, Eurostat then publishes its decision on the case in question.

#### **Stability programmes and Broad Economic Policy Guidelines set fiscal policy objectives**

Fiscal targets and outcomes need to be assessed against a framework of objectives. These objectives are provided by the stability programmes and by the recommendations on the Broad Economic Policy Guidelines (BEPGs). The BEPGs are the principal instrument for the co-ordination of economic policies at the Community level. They are the main tools for the ECOFIN Council to give policy recommendations to Member States on the different economic policy areas, including fiscal policies. The BEPGs are adopted yearly at the beginning of the summer, which allows Member States to take them into account when preparing their budgets for the

following year and when drafting the update of the stability and convergence programmes. The Commission's Implementation Report, which is made public in the spring of each year, reviews compliance with the BEPGs.

The information contained in the stability programmes forms the basis of their subsequent assessment by the EU institutions. The assessment focuses on the medium-term targets in the programmes, on the measures that are being taken or proposed to achieve these targets and on the main macroeconomic assumptions. Assessment of the programmes also provides an opportunity to review the implementation of fiscal policy in the previous year and for comparing the outcome with the targets set in the previous year's programme. The assessment is made public through the ECOFIN Council's opinion on each programme.

#### **A framework of instruments and procedures is key to securing transparency**

Despite being formally different, each of the above-described procedures is linked to the others, and only together can they create a sufficiently tight and credible surveillance procedure. For example, the biannual reporting of government data and the Commission forecasts are the basis for checking whether countries complied with the targets in their stability programmes and with the recommendations contained in the BEPGs. The reporting also contains important information for the Commission when it is preparing its forecasts. Moreover, the BEPGs' recommendations on fiscal policy draw on the Council's opinions on the stability and convergence programmes, and take into account the fiscal prospects as presented in the Commission forecasts.

## **5 Eurosystem staff macroeconomic projections for the euro area**

On the basis of the information available up to mid-May 2002, Eurosystem staff have prepared projections for macroeconomic developments in the euro area. These projections were produced jointly by experts from both the ECB and the euro area national central banks in line with the established procedures.<sup>1</sup> They are a biannual input into the Governing Council's assessment of economic developments and the risks to price stability under the second pillar of the ECB's monetary policy strategy.

The staff projections are based on a series of assumptions with regard to, inter alia, interest rates, exchange rates, oil prices and world trade outside the euro area. In particular, the technical assumption is made that short-term market interest rates will remain unchanged over the projection horizon. This assumption is made in order to facilitate discussion in the Governing Council by identifying the possible consequences for future price developments of leaving the key ECB interest rates unchanged over the projection horizon. For this reason, the staff

economic projections will not in general be the best unconditional predictor of future outcomes, particularly over longer horizons, since monetary policy will always act to maintain price stability. In addition to the assumption for short-term interest rates, the technical assumption is made that bilateral euro exchange rates will remain unchanged. The technical assumptions with regard to long-term interest rates are based on market expectations, which present a slightly rising profile over the projection horizon. Fiscal assumptions are based on the 2002 budget plans, the stability programme updates that were submitted to the EU Council and to the European Commission at the end of 2001 and other available information concerning budgetary developments in the individual euro area member countries.

To express the uncertainty surrounding projections, ranges are used to present the results for each variable. The ranges are

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

based upon the differences between actual outcomes and previous projections carried out by euro area central banks over a number of years. The width of the ranges is twice the average absolute value of these differences. In general, the ranges differ depending on the variable and the time horizon involved. They reflect both the different degrees of difficulty in projecting individual variables at different horizons and the discrepancies between the assumptions made for interest rates and exchange rates, etc. and the actual outturns. The tendency of most ranges to widen over the projection horizon reflects the increased uncertainty surrounding projections for the later years.

### Assumptions with regard to the international environment

The assumptions made with regard to the international environment imply that, after weak world economic growth in 2001, the recovery, which started around the beginning of 2002, will gradually develop in the course of the year, leading to a resumption of stronger annual growth rates in 2003. The impact of the terrorist attacks of 11 September 2001 on consumption and investment behaviour has generally turned out to be milder and more short-lived than had been feared. Moreover, there is evidence that the production slowdown in the United States and various other world regions has

come to an end, while the contribution of inventories to growth has turned positive.

The projections are therefore based on the assumption that *world real GDP growth outside the euro area* will recover in the course of 2002. As a result of weak growth in the second half of 2001, world real GDP growth for the year is projected to remain at about 2.5% on average, close to the growth rate reached in 2001, before rebounding to 3.8% in 2003. In the United States, growth is expected to strengthen in both 2002 and 2003, albeit remaining at rates below those observed in the late 1990s. In Japan, growth is assumed to resume in the course of this year, primarily supported by stronger exports. In the United Kingdom, economic growth is assumed to be stronger from the second quarter onwards. Economic activity in other parts of the world should also recover in the course of 2002, with a particularly strong rebound in the Asian emerging market economies, while growth in Latin America is assumed to remain more muted, mainly due to the recession in Argentina.

The low average annual growth rate for world real GDP in 2002 masks the assumption of a marked increase in quarterly growth rates in the course of the year. This is largely a consequence of the dynamics of world economic activity in 2001, as the low quarterly growth rates experienced in that

**Table I I**

### Macroeconomic projections

(average annual percentage changes)

	2001	2002	2003
HICP <sup>1)</sup>	2.5	2.1 – 2.5	1.3 – 2.5
Real GDP	1.5	0.9 – 1.5	2.1 – 3.1
Private consumption	1.8	1.0 – 1.4	1.7 – 3.0
Government consumption	2.2	1.0 – 1.9	1.0 – 2.0
Gross fixed capital formation	- 0.3	- 1.2 – 1.0	1.0 – 4.2
Exports (goods and services)	2.7	0.0 – 2.9	4.5 – 7.7
Imports (goods and services)	0.9	- 1.1 – 2.3	4.4 – 7.8

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

1) The annual rate of increase in the overall HICP in 2001 was subject to a downward revision of 0.2 percentage point due to statistical changes (see Box 7).

year mechanically reduce the average annual growth rate for 2002. Such very small “carry-over” effects will also mechanically reduce average annual growth in euro area real GDP and its demand components in 2002.<sup>2</sup>

Growth in world trade is assumed to follow a similar pattern as world real GDP growth. Growth in *the euro area’s external export markets* is projected to pick up relatively quickly in the course of 2002. However, weak export market growth in the second half of 2001 will still result in an average annual growth rate for external export markets of around 2.5% in 2002. Export market growth is expected to increase to 7.0% in 2003.

Based on the path implied by futures markets, *world oil prices* are assumed to decline modestly over the projection horizon. In US dollar terms, the average oil price for 2002 is assumed to be broadly the same as the average for 2001 but then to decline by some 5% in 2003. The assumptions for oil prices are now significantly higher than those underlying the Eurosystem staff macroeconomic projections reported in the December 2001 issue of the Monthly Bulletin. It is assumed, in addition, that *non-energy commodity prices* will increase in both 2002 and 2003 as world demand picks up, thereby largely reversing the decline seen in 2001.

*Inflation rates* declined in most industrialised countries during the course of 2001, reflecting the weakness of economic activity and the unwinding of the impacts of earlier oil price increases. Inflation rates outside the euro area are assumed to remain broadly unchanged on average in 2002, but to increase in 2003 as the recovery in economic activity advances.

### **Real GDP growth projections**

*Real GDP growth* in the euro area declined to 1.5% in 2001 and quarterly growth rates remained weak until the end of the year, reflecting predominantly the significant slowdown in export and investment growth.

However, growth is estimated to have resumed in the first quarter of 2002 and is projected to strengthen gradually over the course of this year. Average annual real GDP growth is projected to remain in a range from 0.9 to 1.5% in 2002, and to increase to between 2.1 and 3.1% in 2003. Supported by the improvement in the external environment, the recovery is expected to be reflected in all components of domestic demand. Euro area domestic demand growth is therefore projected to have resumed in early 2002, gradually strengthening later in the year. Inventory investment is also projected to contribute to the recovery from the second half of 2002 onwards, thereby partly reversing its negative contribution to growth in 2001. It should be noted that the average annual growth rates for euro area real GDP and its demand components in 2002 are mechanically reduced by the low growth rates experienced in the second half of 2001.

Among the domestic expenditure components, *private consumption* growth is projected to be in a range from 1.0 to 1.4% in 2002 after 1.8% in 2001, and to recover in 2003, to a range of 1.7 to 3.0%. Consumption expenditure is projected to develop broadly in line with relatively robust growth in real disposable income. The savings ratio is expected to increase slightly in 2002 in connection with the cyclical recovery before stabilising in 2003. On the basis of current budget plans it is assumed that the contribution to real GDP growth from *government consumption* will decline over the projection horizon.

After slightly negative growth in 2001, *total fixed investment* is projected to recover in the course of 2002. The average annual rate of change is projected to remain at -1.2 to 1.0% in 2002, but to rebound to a range of 1.0 to 4.2% in 2003. The recovery in total investment results mainly from business fixed investment, which is supported by the improvement in the global and domestic

<sup>2</sup> Carry-over effects are explained in Box 6 of the December 2001 issue of the Monthly Bulletin.

economic environment. Housing investment growth is projected to remain weak until 2003, as a result of reductions in fiscal incentives and an excess supply of dwellings in some countries. Public investment growth is projected to remain moderate over the horizon.

Both exports and imports – including intra-euro area trade – are estimated to have returned to positive quarterly rates of growth in early 2002. The average rate of growth in exports is projected to remain at 0.0 to 2.9% in 2002 and to increase in 2003 to a range of 4.5 to 7.7%. This projection reflects the assumption of an increase in external export market growth, with the euro area's market share being projected to decline slightly due to limited losses in competitiveness. After reaching only 0.9% in 2001 due to low domestic demand growth, the annual rate of change in imports is projected to remain in a range of -1.1 to 2.3% in 2002 and to increase in 2003 to a range of 4.4 to 7.8%, broadly reflecting the profile of total final expenditure in the euro area. As a result of the projections for export and import growth, the net trade contribution, which was strongly positive in 2001, will remain slightly positive in both 2002 and 2003.

*Total employment growth* in the euro area remained relatively strong in 2001, at 1.3%. However, it is projected to weaken in 2002, with a moderate rebound in 2003. This pattern mostly reflects, with a lag, the projected cyclical developments in economic activity. Labour supply is projected to rise as a result of increasing participation rates, although at a slower pace than in recent years. The unemployment rate is projected to remain broadly unchanged in 2002, but to resume its decline in the course of 2003, with an increase in both employment and labour supply growth.

### **Price and cost prospects**

On the basis of the projection assumptions and other available information, the average

rate of increase in the overall *Harmonised Index of Consumer Prices (HICP)* is projected to remain in a range from 2.1 to 2.5% in 2002, after an increase of 2.5% in 2001.<sup>3</sup> In 2003, it is projected to be in a range from 1.3 to 2.5%. The ranges projected for the annual rate of increase in the overall HICP have been shifted notably upwards compared with the Eurosystem staff macroeconomic projections published in December 2001 (see Box 7).

Having declined markedly in the course of 2001 as a result of the unwinding of previous oil price increases and weak world trade, the annual rate of change in import prices is projected to gradually increase in the course of 2002. The average annual rate of change in import prices is projected to remain low in 2002, but to increase somewhat in 2003. The higher projection as compared with the December 2001 staff projections reflects in particular the higher assumption for oil prices.

The projection for the rate of increase in the overall HICP reflects less moderate domestic cost pressures, in particular over the latter part of the horizon, and a still broadly neutral contribution from import prices. The evolution of domestic costs is dampened by the projected cyclical recovery in labour productivity growth over the horizon, which counterbalances higher wage growth. Profit margins, in turn, are projected to remain restrained in 2002, but to widen over the latter part of the horizon. The contribution of import prices to the rate of increase in the overall HICP remains broadly neutral, as the gradual pick-up over the horizon is counteracted by the lagged impact of the declines observed in 2001, with price reductions passing through the supply chain. The rates of increase in the processed and unprocessed food components of the HICP were exceptionally strong in 2001. Their projected decline in 2002 constitutes a major factor in the projected rate of increase in the overall HICP in 2002.

<sup>3</sup> The annual rate of increase in the overall HICP in 2001 was subject to a downward revision of 0.2 percentage point due to statistical changes.

Despite the weakening in economic activity, wage growth increased in the course of 2001, resulting in an average growth rate of 2.9% for the year as a whole. The projection assumes somewhat higher wage growth for both 2002 and 2003.

The projections for *unit labour costs* and *profit margins* largely reflect the cyclical recovery in labour productivity and the higher wage increases. Unit labour costs rose sharply in 2001, due to the combination of a cyclical weakening in labour productivity growth and

## Box 7

### Comparison with December 2001 Projections

The major change to the projection assumptions compared with the Eurosystem staff macroeconomic projections published in the Monthly Bulletin in December 2001 is the upward revision of oil price assumptions. The December 2001 staff projections were based on the assumption of a significant decline in oil prices of more than 20% in 2002, as embodied in futures prices at the time the projections were finalised. With oil prices now substantially higher than assumed in the December 2001 projections, the current assumptions entail a small decline in oil prices of 5% over the horizon. Further important changes in assumptions are an upward revision of euro area export market growth in 2002 by about 2 percentage points and an upward shift of market expectations for long-term interest rates by some 80 basis points.

The ranges projected for the annual rate of increase in the overall HICP have now been shifted notably upwards for both 2002 and, to a lesser extent, 2003. The nature of the revisions differs for the two years. For 2002, the upward revision is largely explained by the energy component of the HICP, reflecting the direct impact of higher oil price assumptions. As regards non-energy components of the HICP, unprocessed food and services prices have also been subject to small upward revisions due to developments observed in early 2002. For 2003, the upward revision affects predominantly the non-energy components of the overall HICP and is explained by various domestic factors, including higher nominal wage growth and the lagged indirect impacts of the higher oil price assumptions.

The outcome for the annual rate of increase in the overall HICP in 2001 of 2.5%, which is the official Eurostat figure, lies outside the range projected in December 2001. This is due to a subsequent revision of official HICP data for 2001 related to the implementation of additional harmonisation rules for two major countries and the inclusion of Greece in the base period (see Box 4 in the March 2002 issue of the Monthly Bulletin). These changes imply a break in the overall HICP series and have resulted in a downward revision of the annual rate of increase in the overall HICP in 2001 by 0.2 percentage point.

Revisions to the ranges projected for real GDP growth are small, with a minor upward revision in 2003. Revisions to the components of demand, however, have been somewhat larger. The contribution of net exports to GDP growth is now projected to be somewhat higher, while that of domestic demand is somewhat lower owing to a downward revision of investment growth.

#### Comparison of macroeconomic projections

(average annual percentage changes)

	2001	2002	2003
HICP – June 2002	2.5	2.1 – 2.5	1.3 – 2.5
HICP – December 2001	2.6 – 2.8	1.1 – 2.1	0.9 – 2.1
Real GDP – June 2002	1.5	0.9 – 1.5	2.1 – 3.1
Real GDP – December 2001	1.3 – 1.7	0.7 – 1.7	2.0 – 3.0

Note: The annual rate of increase in the overall HICP in 2001 was subject to a downward revision of 0.2 percentage point due to statistical changes.

stronger wage growth. Looking ahead, labour productivity is projected to recover in both 2002 and 2003, moving back towards its long-term average as economic activity picks up. As a result – despite the increases in wage growth – unit labour cost growth is projected to decline. Profit margins were squeezed in 2001 as a result of higher input costs and weak economic activity. They are projected to remain restrained in the course of 2002, but to widen in the latter part of the horizon as the recovery gathers momentum, thereby reversing the narrowing in 2001 and 2002.

As a result of the factors mentioned above, the rate of increase in the *GDP deflator at market prices* – which by definition reflects the behaviour of unit labour costs, profit margins and indirect taxes – is projected to remain in a range of 2.0 to 2.3% in 2002 after

2.3% in 2001. For 2003, it is projected to be in a range of 1.4 to 2.3%. *Indirect taxes* will have some small upward impact on prices both in 2002 and 2003.

Developments in the non-energy and non-food components of the HICP are projected to broadly reflect the overall pattern of the GDP deflator. Inflation in non-energy industrial goods prices rose gradually in 2001 and is projected to decline slightly over the horizon, as the impacts of earlier import price increases continue to unwind and the rate of capacity utilisation remains relatively low in 2002. Inflation in services prices increased in 2001, owing to a rise in administered prices and indirect taxes, and higher unit labour cost growth. Over the horizon, as unit labour costs start to decelerate, some limited decline in service price inflation is projected.

## Box 8

### Forecasts by other institutions

A number of forecasts for the euro area up to 2003 are available from various institutions, both international organisations and those in the private sector, including the results of the ECB's own Survey of Professional Forecasters. However, these forecasts are not strictly comparable with one another or with the Eurosystem staff macroeconomic projections, as they are based on different assumptions and were finished at different points in time (resulting in different cut-off dates for the inclusion of the latest available information). In contrast to the Eurosystem staff macroeconomic projections, other forecasts are typically not conditioned on the assumption that short-term interest rates will be unchanged over the projection horizon. Moreover, the forecasts differ with respect to their assumptions for financial and external variables. Finally, it should also be noted that the forecasts covered by the Consensus Economics Forecasts and the Survey of Professional Forecasters use a variety of unspecified assumptions.

Despite different assumptions, there is a clear consensus among the forecasts currently available from other institutions that economic activity is likely to pick up in the course of 2002, although annual GDP growth is expected to remain somewhat below the rate of 1.5% estimated for 2001. As to the factors underpinning the

**Table A: Comparison of forecasts for euro area real GDP growth**

(annual percentage changes)

	Date of release	2002	2003
European Commission	April 2002	1.4	2.9
IMF	April 2002	1.4	2.9
OECD	April 2002	1.3	2.9
Consensus Economics Forecasts	May 2002	1.3	2.8
Survey of Professional Forecasters	May 2002	1.4	2.6

Sources: European Commission Economic Forecasts Spring 2002; IMF World Economic Outlook April 2002; OECD Economic Outlook No. 71 – Preliminary Edition; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

upswing, there is a broad consensus that inventories and an improvement in world prospects will trigger the upturn, while resilient household consumption will sustain the recovery. For 2003, real GDP growth is expected to gain further momentum. The European Commission, the IMF and the OECD all forecast real GDP growth of 2.9% for that year, while according to the Survey of Professional Forecasters and the Consensus Economic Forecasts, growth in 2003 could be somewhat lower at 2.6 to 2.8%.

As regards inflation prospects, all forecasts show a gradual decrease this year, with average annual inflation falling to 2.0% according to the IMF and the OECD and 2.2% according to the European Commission. In 2003, inflation is expected to decline slightly, with the IMF forecasting a rate of 1.8%, the OECD, the Consensus Economics Forecasts and the Survey of Professional Forecasters predicting a rate of 1.9%, and the European Commission forecasting a rate of 2.0%.

**Table B: Comparison of forecasts for euro area consumer price inflation<sup>1)</sup>**  
(annual percentage changes)

	Date of release	2002	2003
European Commission	April 2002	2.2	2.0
IMF	April 2002	2.0	1.8
OECD	April 2002	2.0	1.9
Consensus Economics Forecasts	May 2002	2.0	1.9
Survey of Professional Forecasters	May 2002	2.1	1.9

Sources: European Commission Economic Forecasts Spring 2002; IMF World Economic Outlook April 2002; OECD Economic Outlook No. 71 – Preliminary Edition; Consensus Economics Forecasts and the ECB's Survey of Professional Forecasters.

1) Private consumption deflator for IMF and OECD, HICP otherwise.

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

### Clear signs of recovery in the world economy

In the last few months, clear signs of a recovery have begun to emerge in most regions of the world. In the United States in particular, private inventory investment together with personal consumption expenditure contributed to relatively strong growth in the first quarter of 2002. Over the same period, growth impulses from external trade also increased, benefiting in particular Asia and, most notably, Japan, for which recent data releases indicate a bottoming-out of the economic decline. However, recent signals from the US economy appear to confirm that the exceptional pace of the upturn, as observed in the first quarter of 2002, may not continue in the remainder of the year, as growth in domestic demand appears to be moderating. While the overall uncertainty has diminished since the end of

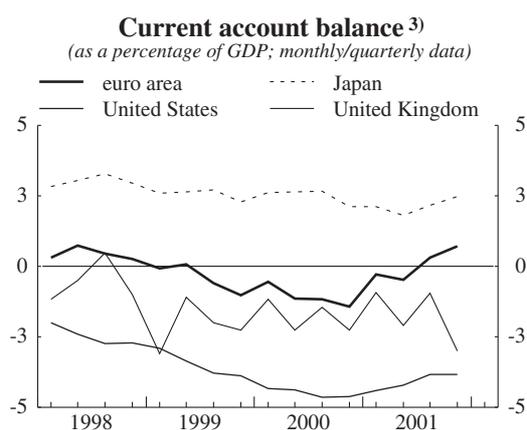
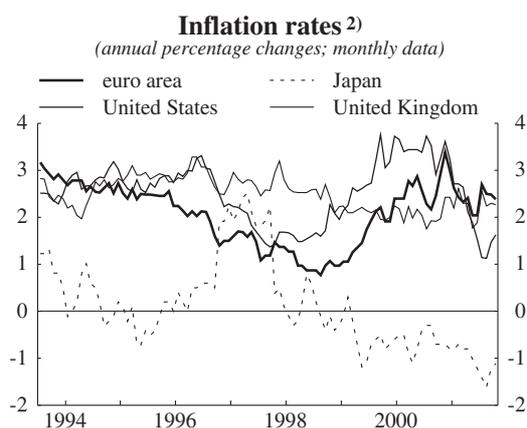
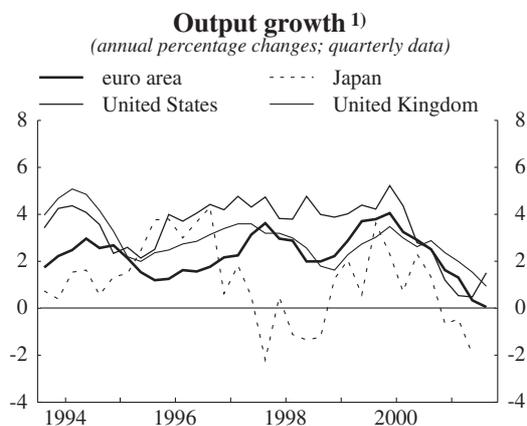
last year, risks to the global outlook remain and are primarily associated with persistent imbalances in the world economy, oil price developments and a potential for increased trade disputes.

In the United States, strong economic growth in the first quarter of 2002 confirms that the economy has entered the recovery stage. Preliminary estimates show that real GDP grew by 5.6% (quarter on quarter, annualised) in the first quarter of 2002, following an increase of 1.7% in the last quarter of 2001 (see Chart 34). The main contributor to this exceptional increase in growth in the first quarter of this year was a marked slowdown in the inventory liquidation process, indicating that the inventory correction in the United States may be coming to an end. Robust growth in private consumption also contributed to the strong GDP growth in the first quarter of 2002, while private non-

### Chart 34

## Main developments in major industrialised economies

(daily data)



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

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

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

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

residential fixed investment and net exports remained a drag on GDP growth. The continued resilience of private consumption reflected growth in non-durable goods and services, while the strong consumption of durable goods witnessed at the end of 2001 receded somewhat from its very high level. Residential investment grew at a rapid pace, following a dip in the last quarter of 2001. In contrast, non-residential fixed investment continued to decline in the first quarter of 2002. Government spending and, in particular, defence spending, also contributed to growth. The negative contribution to growth of net exports was mainly related to strong growth in imports.

The ongoing economic recovery is expected to continue in the short term, albeit at a more modest rate. In particular, a redressing of financial imbalances in the household sector may contribute to a moderation of the growth in private consumption. In contrast, the weakness in private investment is expected to abate somewhat as profitability improves and overcapacity declines. On the whole, there still appears to be considerable uncertainty as to the strength and robustness of the ongoing economic recovery, as illustrated by the mixed signals emerging from confidence indicators.

Concerning fiscal developments, there has been a significant deterioration in the budgetary outlook given the impact of both discretionary measures and economic weakness. In January 2002, the US Congressional Budget Office estimated that legislation, primarily in the form of the tax cuts enacted in June 2001 and additional discretionary spending, had been responsible for a USD 2.4 trillion decline since a year earlier in the cumulative budgetary surplus outlook through 2011. While the fiscal stimulus package enacted on 9 March is expected to further negatively impact the budgetary position over the next few years, much of the deterioration of the fiscal position since the beginning of 2002 appears to be related to the weakness in tax receipts reflecting economic developments in 2001.

Inflation developments have remained relatively subdued, with an annual increase in the headline consumer price index of 1.6% in April 2002, compared with 1.5% in March (see Chart 34). Similarly, the headline producer price index fell by 2.0% year on year in April, after a decline of 1.4% in March. With capacity utilisation still moderate by recent historical standards and with favourable productivity developments, inflationary pressures are generally not expected to intensify in the short term.

Against this background, the Federal Open Market Committee (FOMC), at its meeting of 7 May 2002, left its target for the federal funds rate unchanged at 1.75%, the level at which it has remained since 11 December 2001. In addition, the FOMC identified the risks as being balanced with respect to the prospects for price stability and sustainable economic growth.

In Japan, recent data releases confirm a bottoming-out of the economy, largely as a result of an improvement in the external sector. Reflecting the improving trend in export growth, the deterioration of industrial production appears to have come to an end, with a 0.2% month-on-month increase in April – the third consecutive month of increase. The rise in production was also accompanied by a significant further improvement in the inventory-shipment ratio, thereby paving the way for an eventual more robust pick-up in activity if the export sector continues to improve as expected.

A possible halt in the deterioration of the Japanese economy was also indicated by the Bank of Japan's March Tankan survey, as overall business conditions for large enterprises remained unchanged from the December Tankan survey. However, the situation for small enterprises continued to deteriorate and survey respondents expect a further decline at least until the middle of the year. Consequently, private investment spending is likely to remain weak for some time, in particular among small companies,

thereby once again underlining the unbalanced nature of the current recovery.

Regarding price developments, deflationary pressures still persist, although the rate of price decline may be slowing down. The domestic Wholesale Price Index declined by 1.2% year on year in April, following a 1.3% decline in March, and the annual rate of decline of the Consumer Price Index stood at -1.1% in April, up from -1.2% in March (see Chart 34). Turning to monetary policy, on 21 May the Bank of Japan decided to conduct money market operations aimed at maintaining the outstanding balance of the current accounts at the Bank of Japan in an unchanged range of JPY 10 trillion to JPY 15 trillion, while emphasising that it will provide more liquidity in the event of risks to financial market stability.

Recent official data for the United Kingdom show that in the first quarter of 2002 the economy was stagnant for the second quarter in a row. In annual terms, the real GDP growth rate declined from 1.6% in the fourth quarter of 2001 to 1.0% in the first quarter of this year (see Chart 34). However, forward-looking survey indicators point to stronger GDP growth for the second quarter of this year.

The imbalances in the sectoral composition of output growth, which have existed for several years, have grown. In the first quarter of 2002, output in the manufacturing sector stood at 6.5% below its level of the previous year, whereas in the services sector it was 2.1% higher. The demand side of the economy also reflects this imbalance. Private consumption growth remained strong, albeit slowing somewhat to an annual increase of 3.7% in the first quarter of this year, down from 4.0% in the previous quarter. Wealth effects from strong house price increases and continued borrowing by households suggest that private consumption remains buoyant. By contrast, weakened corporate balance sheets and uncertainty about demand prospects are likely to have restrained gross

fixed investment, which fell by 1.4% in the year to the first quarter of 2002. Over the same period exports recorded a decline of 6.8%. Inflationary pressures were broadly constant in recent months. The Retail Price Index, excluding mortgage interest payments (RPIX), rose at an annual rate of 2.3% in April, down from 2.4% in the first quarter of 2002.

Looking ahead, short-term growth prospects depend on the strength of private consumption growth, while the improvement in the world economy is likely to support exports and investment. The short-term outlook for inflation is relatively benign, although some moderate upward price pressures may build up in the more medium term as the cyclical recovery gathers pace.

In non-Japan Asia, recent data point to increasing signs of a gradual economic recovery. Production and exports have rebounded since late 2001, driven primarily by the inventory adjustment in the United States and a rise in world market prices for electronic goods and computer equipment. According to the latest monthly data, year-on-year merchandise export growth has now moved into positive territory in Korea, Malaysia, Singapore and Taiwan, in some cases following a rather long period of negative export growth. The better outlook in the region has contributed to improved consumer sentiment and retail sales have increased in China, Korea and Taiwan. However, over the remainder of the year, the region's exports and, more generally, economic activity are likely to continue to depend on the global recovery and, in particular, on the recovery of business fixed investment in the United States. In China, year-on-year GDP growth in the first quarter of 2002 was very strong, reflecting the robust growth of fixed asset investment and industrial production. Signs of deflationary pressures are expected to be temporary and the economic outlook for China remains favourable.

The larger EU accession countries continue to grow at a relatively sustained pace. Confirming previous trends, domestic

demand has remained relatively robust, thus partly offsetting the persistent weakness in external demand. In some cases, however, domestic demand has been propped up by increased fiscal deficits, which are not fully explained by cyclical factors alone.

At the country level, there have been signs of an improvement in the economic outlook in the Czech Republic, as indicated by buoyant growth in retail sales in March and better than expected industrial production figures. In Hungary, relatively strong consumption and public investment spending partly offset the negative impact of the world slowdown, while inflation has continued to decline from 6.8% in December 2001 to 6.1% in April. In Poland output growth decelerated further in the first quarter of this year, while there is little indication of a rapid rebound of the economy in the months ahead. Against this background of low growth, consumer price inflation reached 3.0% in April 2002, thus continuing its decline since the beginning of the year. In Turkey, a number of positive signs suggest that, following the severe economic contraction of last year, the economy may have bottomed out in the first quarter of this year. In addition, inflation fell from over 5% month on month in January of this year to less than 1% in May.

In Russia, following strong but declining growth in 2001, economic activity is expected to moderate further this year. By the end of 2001, the deceleration of external demand combined with relatively low oil prices started having noticeable second-round effects on the domestic economy. However, the subsequent increases in oil prices, together with the prospect of a recovery of external demand, as well as the continued progress made in terms of structural reforms, are expected to support growth.

In Latin America, the largest countries are currently exhibiting diverging economic performances. In Brazil, the latest data releases point to an increase in economic activity, supported by a rise in exports and the end of the energy rationing programme,

although the nascent recovery remains subdued. By contrast, having entered its fourth year of recession, Argentina is facing a particularly difficult situation as economic activity is weakening in a context of deep crisis in the banking system. The Mexican economy contracted by 2% year on year in the first quarter, indicating that, despite its strong links to the United States, the economy has not yet clearly recovered. However, more recent information seems to indicate a strengthening of economic activity.

### **Euro appreciated in May and early June 2002**

In May and early June 2002, foreign exchange markets were characterised by a depreciation of the US dollar against all major currencies. The rather broad weakness of the US dollar seems to have been primarily associated with the economic recovery in the United States turning out to be less strong than markets anticipated earlier this year. During the same period, the euro appreciated against the pound sterling, remained broadly stable against the Japanese yen and the Swiss franc but depreciated somewhat against the Swedish krona. These developments translated into a nominal effective appreciation of the euro which amounted to about 2% since the end of April.

In May and early June 2002, the US dollar remained on the declining trend already established in the second half of April, not only against the euro but also against the Japanese yen and the Swiss franc (see Chart 35). A stream of data releases in the United States indicated that economic activity continued to grow but at a slower pace than initially anticipated by the markets. The expected re-emergence of a fiscal deficit in the United States in 2002, coupled with the presence of a large US current account deficit, seems to have also weighed on the dollar. On 5 June, the euro was quoted at USD 0.94, 4% higher than at the end of April and more than 4.5% higher than its 2001 average.

The Japanese yen remained broadly stable against the euro, trading in a range of JPY 115-117 during the reporting period (see Chart 35). Recent data releases, suggesting that the decline of the economy is bottoming out, sustained the Japanese yen against the US dollar. In the second half of May and in early June the significant appreciating pressure on the Japanese yen against the dollar – amid the general climate of the rather broad dollar weakness – triggered interventions by the Bank of Japan in the foreign exchange market with the aim of preventing a further strengthening of the yen. On 5 June the euro was quoted at JPY 116.55, i.e. almost the same level as at the end of April and about 7% above its 2001 average.

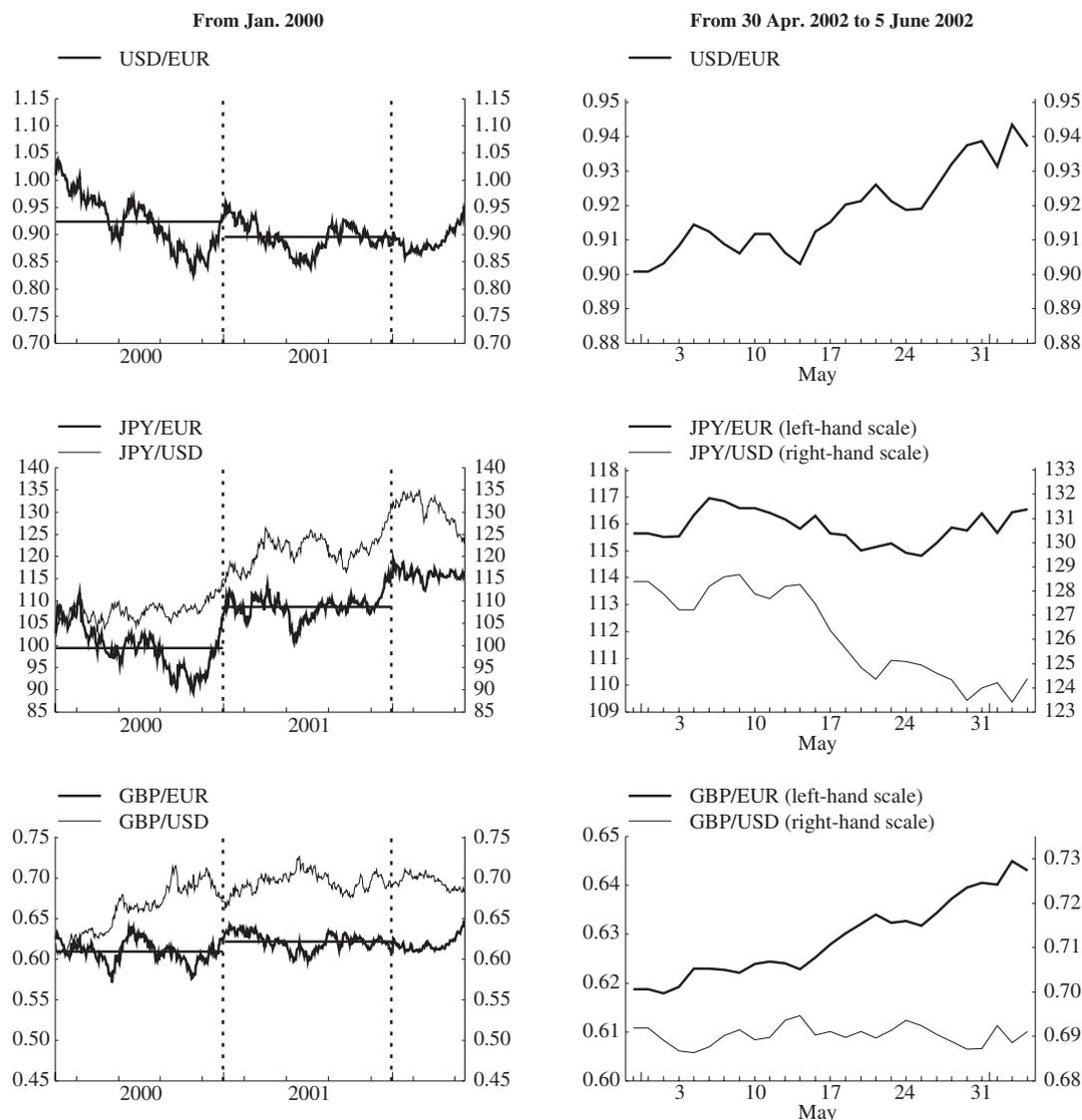
The pound sterling depreciated rather strongly against the euro, while it remained relatively stable against the US dollar during the reference period (see Chart 35). One ongoing factor influencing market perceptions is the issue of the timing of a referendum in the United Kingdom on euro area membership. On 9 May the Bank of England's Monetary Policy Committee voted to keep the Bank's repo rate at 4%. On 5 June, the euro traded against the pound sterling at GBP 0.64, about 4% higher than at the end of April and 3.4% higher than its 2001 average.

As far as other European currencies are concerned, the Danish krone remained stable, fluctuating slightly below its central parity within ERM II (see Chart 36). The Swedish krona appreciated against the euro, continuing a trend recovery that started back in September 2001. In view of upside risks for domestic inflation, the repo rate in Sweden was raised by 25 basis points to 4.25% on 2 May, following the decision of the Executive Board of Sveriges Riksbank on 25 April. The Swiss franc was stable against the euro in May and early June, though remaining 2.7% above its average value in 2001. In addition, on 2 May, the Swiss National Bank announced the decrease of its interest rate target range by 50 basis points to 0.75-1.75%.

## Chart 35

### Patterns in exchange rates

(daily data)



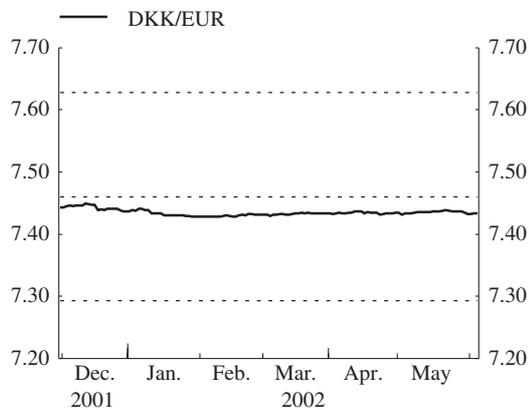
Source: ECB.

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

In view of the above-mentioned movements in the main bilateral exchange rates of the euro, on 5 June the nominal effective exchange rate (EER) of the euro, as measured against the currencies of the 12 most important trading partners of the euro area, was 2.2% higher than at the end of April and almost 3% above its average level in 2001 (see Chart 37). Turning to the real effective euro exchange rates for the same group of trading partners, i.e. the measures of the euro area's international price and cost

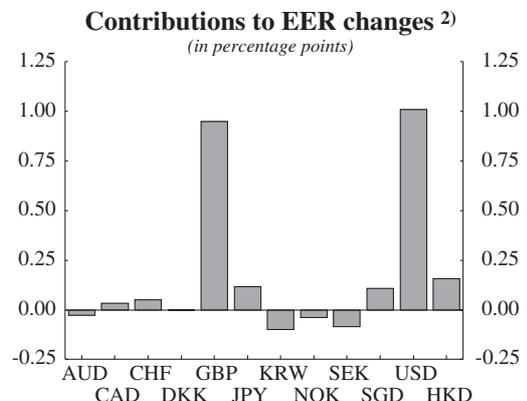
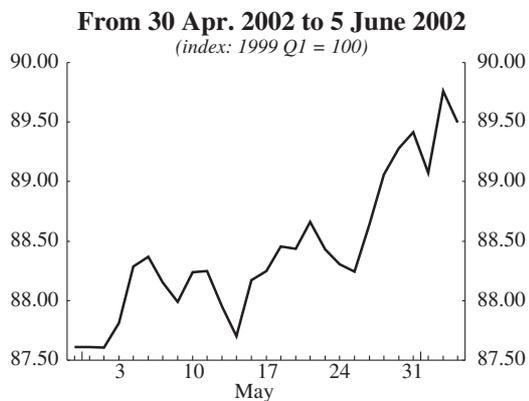
competitiveness, the CPI and PPI-deflated EER indices followed the evolution of the nominal EER index very closely until about the end of 2000. Thereafter these indices point to a somewhat smaller increase in price competitiveness relative to the base period (i.e. the first quarter of 1999) as compared with that suggested by the nominal EER of the euro (see Chart 38). By contrast the Unit Labour Costs in Manufacturing (ULCM)-based EER index has continued to track developments in the nominal index fairly

**Chart 36**  
**Patterns of exchange rates within ERM II**  
 (daily data)



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

**Chart 37**  
**The effective euro exchange rate and its decomposition<sup>1)</sup>**  
 (daily data)



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

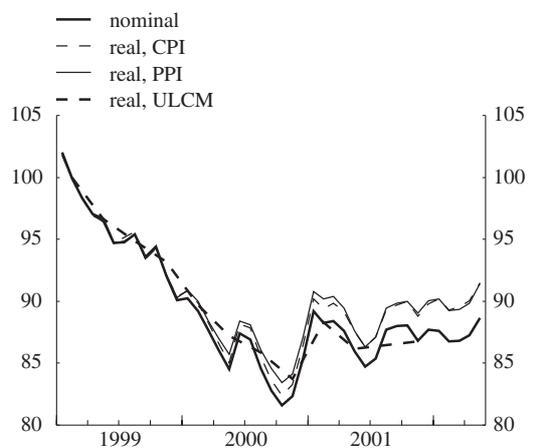
closely since the launch of the single currency. The difference in behaviour between the CPI, PPI and the ULCM-based indices compared with the nominal index relates to differing price and unit labour cost developments between the euro area and some of its main trading partners in the period since about the end of 2000.

**Current account surplus increased in March 2002**

The euro area current account recorded a surplus of €3.7 billion in March 2002 compared with a deficit of €0.6 billion in March 2001 (see Table 12). This surplus resulted largely from an increase in the goods surplus from €6.0 billion in March 2001 to €10.8 billion in March 2002, as the services and income deficits remained virtually unchanged and the current transfers deficit recorded a marginal increase in the same period.

Regarding developments in the first quarter of 2002, the current account surplus stood

**Chart 38**  
**Nominal and real effective euro exchange rates<sup>1)</sup>**  
 (monthly/quarterly data; index: 1999 Q1 = 100)



Source: ECB.  
 1) An upward movement of the index represents an appreciation of the euro. The latest observations for monthly data are May 2002. In the case of the ULCM-based real EER, the latest observation is for Q4 2001 and is partly based on estimates.

at €4.3 billion, compared with a deficit of €10.5 billion in the first quarter of 2001. This shift from a deficit to a surplus in the euro area current account stemmed from a rise in the goods surplus (from €5.5 billion in the first quarter of 2001 to €21.1 billion in the first quarter of 2002), and a fall in the income deficit (from €9.1 billion to €7.9

billion in the same period). The increase in the deficits for services and current transfers between the first quarter of 2001 and the first quarter of 2002 (by €1.3 billion and €0.7 billion respectively) only partly offset the developments in the goods and income accounts. The increase in the goods surplus was due to imports of goods decreasing more

**Table 12**  
**Balance of payments of the euro area**

(EUR billions; not seasonally adjusted)

	2001 Jan. - Mar.	2001 Mar.	2002 Jan. - Mar.	2002 Jan.	2002 Feb.	2002 Mar.
<b>Current account balance</b>	-10.5	-0.6	4.3	-1.5	2.1	3.7
Credits	423.3	147.8	403.4	137.7	128.3	137.3
Debits	433.9	148.5	399.0	139.2	126.2	133.6
Goods balance	5.5	6.0	21.1	2.1	8.2	10.8
Exports	254.5	92.4	246.0	76.3	80.6	89.1
Imports	249.0	86.4	224.9	74.2	72.4	78.3
Services balance	-5.0	-1.5	-6.3	-2.7	-2.4	-1.2
Exports	68.7	23.9	69.2	23.6	21.6	24.0
Imports	73.7	25.4	75.5	26.3	24.0	25.3
Income balance	-9.1	-1.0	-7.9	-6.7	-0.1	-1.1
Current transfers balance	-1.9	-4.0	-2.6	5.8	-3.6	-4.8
<b>Capital account balance</b>	2.9	0.1	2.9	2.5	0.2	0.2
<b>Financial account balance</b>	30.6	20.6	-12.3	-37.6	5.8	19.6
Direct investment	-40.6	-33.2	-11.5	4.3	-9.9	-5.9
Abroad	-65.4	-33.0	-38.0	-4.8	-20.0	-13.2
Equity capital and reinvested earnings	-26.5	-13.0	-26.1	-6.3	-4.9	-14.9
Other capital, mostly inter-company loans	-38.9	-20.0	-11.9	1.5	-15.1	1.7
In the euro area	24.7	-0.2	26.5	9.2	10.1	7.3
Equity capital and reinvested earnings	28.7	8.4	16.4	6.5	3.1	6.7
Other capital, mostly inter-company loans	-4.0	-8.5	10.1	2.6	6.9	0.5
Portfolio investment	-38.5	6.6	-43.0	-41.3	-9.9	8.1
Equities	-10.4	10.8	-0.3	-5.2	0.7	4.2
Assets	-29.1	4.3	-28.4	-14.0	-6.1	-8.3
Liabilities	18.7	6.5	28.1	8.9	6.8	12.5
Debt instruments	-28.1	-4.2	-42.8	-36.1	-10.5	3.9
Assets	-53.8	-21.0	-33.9	-15.0	-5.1	-13.8
Liabilities	25.7	16.8	-8.9	-21.2	-5.4	17.7
Memo item:						
Combined net direct and portfolio investment	-79.1	-26.6	-54.5	-36.9	-19.8	2.2
Financial derivatives	-2.0	3.3	-3.4	0.6	1.3	-5.4
Other investment	102.2	41.2	48.7	4.0	21.7	22.9
Reserve assets	9.5	2.7	-3.0	-5.3	2.5	-0.2
<b>Errors and omissions</b>	-23.0	-20.1	5.0	36.5	-8.1	-23.5

Source: ECB.

Notes: Figures may not add up due to rounding. For the financial account, a positive sign indicates an inflow, a negative sign an outflow; for reserve assets, a negative sign indicates an increase, a positive sign a decrease. Revisions to data for the third and fourth quarters of 2001 are reported in the February 2002 Balance of Payments press release. A detailed set of tables on Euro 12 balance of payments data can be found on the ECB's website.

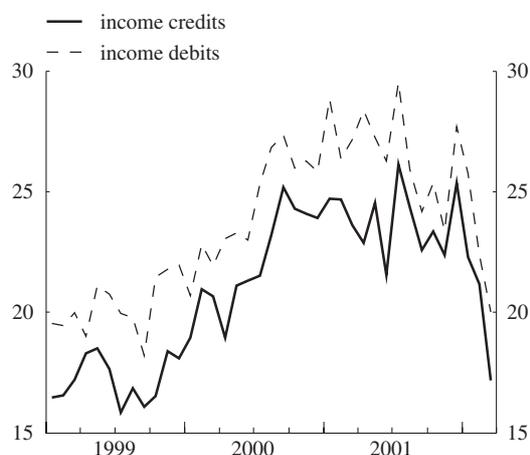
sharply than exports in the first quarter of 2002 as compared with the same period the year before (by 9.7% and 3.3% respectively). To a large extent, the sharper decline of goods imports seems to be associated with the significant decline in oil prices over this period.

Looking at the seasonally adjusted month-on-month developments, exports and imports of goods (in value terms) rose in March of this year compared with February. This was the second month in succession that exports and imports of goods increased (see Chart 39). This development could possibly reflect an incipient recovery in foreign and domestic demand in the first quarter of this year. The increase was greater for imports than for exports of goods, mainly owing to an increase in oil prices (in euro) by 18.9% in March as compared with February.

A further notable feature of the data in March is the decline in both income credits and debits compared with the month before (see Chart 40). This decline, which appears to

**Chart 40**  
**Euro area income credits and debits**

(EUR billions, seasonally adjusted)



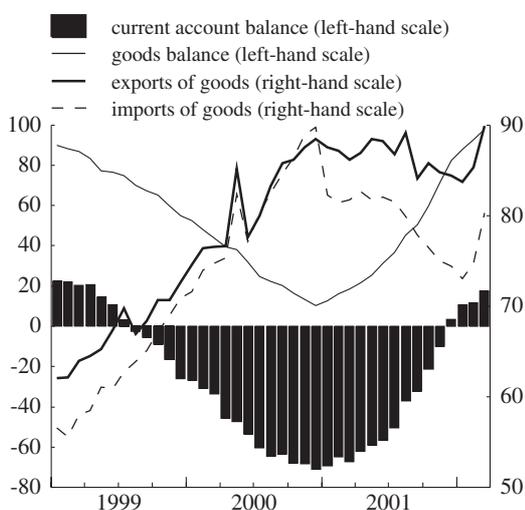
Source: ECB.

have started in December 2001, could be related to lower interest rates and might also reflect lower profitability as a result of weaker euro area and world GDP growth last year.

Turning to the volumes data from the external trade statistics (see Table 9 in the “Euro area statistics” section), available up to December 2001, the decline in export volumes to the United States and Asia seems to have bottomed out in the last month of last year owing to strengthening demand. However, import volumes of the euro area continued to decline.

**Chart 39**  
**The euro area current account balance, the goods balance and exports and imports of goods**

(EUR billions, seasonally adjusted)



Source: ECB.

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

### Direct and portfolio investment broadly balanced in March 2002

Combined direct and portfolio investment in the euro area was broadly balanced in March 2002, as it recorded a small net inflow of €2.2 billion. Direct investment in the euro area experienced modest net outflows of €5.9 billion, whereas portfolio investment registered net inflows of €8.1 billion (see Table 12).

The most salient feature of direct investment in March 2002 was the significant net equity

investment by euro area residents abroad (€14.9 billion), whereas equity investment of non-residents in the euro area recorded net inflows of €6.7 billion.

Net inflows in portfolio equity investment (€4.2 billion) and in debt instruments (€3.9 billion) both contributed to the overall net inflows in the portfolio investment account. A noteworthy development in portfolio investment in March 2002 was the substantial net inflows of investment in bonds and notes by non-residents (€17.4 billion). A further notable development in March was that other sectors' liabilities under other investment experienced large net inflows of €15.0 billion.

Overall, net outflows of combined direct and portfolio investment from the euro area

decreased in the first quarter of 2002 (€54.5 billion) compared with the same period in 2001 (€79.1 billion). These reduced net outflows are mainly explained by the decline in net outflows of direct investment from €40.6 billion in the first quarter of 2001 to €11.5 billion in the first quarter of 2002. By contrast, the overall net outflows of portfolio investment were similar in the first quarters of 2001 and 2002. However, the composition of the net portfolio investment outflows changed as net outflows of portfolio equity investment slowed (from €10.4 billion to €0.3 billion) and net outflows under debt instruments increased (from €38.5 billion to €43.0 billion) when comparing the first quarter of 2001 and the first quarter of 2002.





## **Euro area statistics**



# Contents

	Euro area overview table	5*
I	Monetary policy statistics	
	1.1 Consolidated financial statement of the Eurosystem	6*
	1.2 Key ECB interest rates	8*
	1.3 Eurosystem monetary policy operations allotted through tenders	8*
	1.4 Minimum reserve statistics	10*
	1.5 Banking system's liquidity position	11*
2	Monetary developments in the euro area	
	2.1 Aggregated balance sheet of the Eurosystem	12*
	2.2 Aggregated balance sheet of the euro area MFIs, excluding the Eurosystem	13*
	2.3 Consolidated balance sheet of the euro area MFIs, including the Eurosystem	14*
	2.4 Monetary aggregates and counterparts	16*
	2.5 MFI loans by counterpart, type and original maturity	21*
	2.6 Deposits held with MFIs, by counterpart and instrument	24*
	2.7 Main MFI claims on and liabilities to non-residents of the euro area	26*
	2.8 Currency analysis of certain liabilities and assets of the euro area MFIs	28*
3	Financial markets and interest rates in the euro area	
	3.1 Money market interest rates	30*
	3.2 Government bond yields	31*
	3.3 Stock market indices	32*
	3.4 Retail bank interest rates	33*
	3.5 Securities issues other than shares by original maturity, residency of the issuer and currency denomination	34*
	3.6 Euro-denominated securities other than shares by original maturity, residency and sector of the issuer	36*
4	HICP and other prices in the euro area	
	4.1 Harmonised Index of Consumer Prices	42*
	4.2 Selected other price indicators	43*
5	Real economy indicators in the euro area	
	5.1 National accounts	44*
	5.2 Selected other real economy indicators	46*
	5.3 European Commission Business and Consumer Surveys	47*
	5.4 Labour market indicators	48*
6	Saving, investment and financing in the euro area	
	6.1 Financial investment and financing of non-financial sectors	49*
	6.2 Saving, investment and financing	53*
7	General government fiscal position in the euro area and in the euro area countries	
	7.1 Revenue, expenditure and deficit / surplus	54*
	7.2 Debt	55*
	7.3 Change in debt	56*

8	Balance of payments and international investment position of the euro area (including reserves)	
8.1	Summary balance of payments	57*
8.2	Balance of payments: current and capital accounts	58*
8.3	Balance of payments: income account	59*
8.4	Balance of payments: direct investment account	60*
8.5	Balance of payments: portfolio investment account	61*
8.6	Balance of payments: other investment account and reserve assets	62*
8.7	International investment position and reserve assets outstanding	64*
9	External trade in goods of the euro area	66*
10	Exchange rates	68*
11	Economic and financial developments in the other EU Member States	70*
12	Economic and financial developments outside the EU	
12.1	Economic and financial developments	71*
12.2	Saving, investment and financing	72*
	<b>Technical notes</b>	73*
	<b>General notes</b>	75*

### Enlargement of the euro area on 1 January 2001 to include Greece

In the “Euro area statistics” section of the Monthly Bulletin, reference statistical series relating to the euro area cover the Member States comprising the euro area at the time to which the statistics relate. Thus euro area data up to end-2000 cover the Euro 11; from the beginning of 2001 they cover the Euro 12. Exceptions to this rule are indicated where appropriate.

In the tables, the break is shown by means of a line denoting the enlargement of the euro area. In the charts, the break is indicated by a dotted line. Absolute and percentage changes for 2001 calculated from a base in 2000 use, as far as possible, a series which takes into account the impact of the entry of Greece.

Data for the euro area plus Greece up to end-2000 are available in a downloadable format (csv files) on the ECB’s website ([www.ecb.int](http://www.ecb.int)).

#### Conventions used in the tables

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

# Euro area overview table

## Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

### 1. Monetary developments and interest rates

	M1 <sup>1)</sup>	M2 <sup>1)</sup>	M3 <sup>1)2)</sup>		MFI loans to euro area residents excluding MFIs and general government <sup>1)</sup>	Securities issued by non-financial and non-monetary financial corporations <sup>1)</sup>	3-month interest rate (EURIBOR, % per annum, period averages) <sup>7)</sup>	10-year government bond yield (% per annum, period averages) <sup>8)</sup>
	1	2	3	3-month moving average (centred) <sup>4)</sup>				
2000	8.0	4.5	4.9	-	9.6	21.1	4.40	5.44
<i>Euro area enlargement</i>								
2001	3.6	4.1	5.5	-	7.8	26.2	4.26	5.03
2001 Q3	3.8	4.4	5.9	-	7.4	27.1	4.28	5.12
2001 Q4	5.5	5.7	7.6	-	6.5	27.3	3.45	4.81
2002 Q1	6.2	6.4	7.7	-	5.7	28.9	3.36	5.13
2002 Q2	.	.	.	-	.	.	.	.
2002 Jan.	6.6	6.7	7.9	7.8	5.8	30.7	3.34	5.02
2002 Feb.	6.2	6.3	7.4	7.6	5.6	28.8	3.36	5.07
2002 Mar.	5.9	6.2	7.3	7.4	5.5	25.9	3.39	5.32
2002 Apr.	6.9	6.4	7.5	.	5.5	.	3.41	5.30
2002 May	.	.	.	.	.	.	3.46	5.30

### 2. Price and real economy developments

	HICP <sup>9)</sup>	Industrial producer prices <sup>10)</sup>	Hourly labour costs (whole economy) <sup>11)</sup>	Real GDP <sup>12)</sup>	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>
2000	2.3	5.5	3.4	3.5	5.5	83.8	2.1	8.4
<i>Euro area enlargement</i>								
2001	2.5	2.1	3.2	1.5	0.2	83.2	1.4	8.1
2001 Q3	2.4	1.4	3.5	1.3	-0.4	83.0	1.2	8.0
2001 Q4	2.1	-1.0	3.0	0.3	-3.8	81.8	0.9	8.1
2002 Q1	2.6	-0.9	.	0.1	-2.9	80.8	.	8.2
2002 Q2	.	.	.	.	.	80.7	.	.
2002 Jan.	2.7	-0.8	-	-	-2.9	-	-	8.2
2002 Feb.	2.5	-1.1	-	-	-3.4	-	-	8.2
2002 Mar.	2.5	-0.8	-	-	-2.4	-	-	8.2
2002 Apr.	2.4	-0.7	-	-	.	-	-	8.3
2002 May	2.0	.	-	-	.	-	-	.

### 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)		USD/EUR exchange rate <sup>24)</sup>
	Current and capital accounts <sup>17)</sup>	Goods <sup>18)</sup>	Direct investment <sup>19)</sup>	Portfolio investment <sup>20)</sup>		Nominal <sup>22)</sup>	Real (CPI) <sup>23)</sup>	
							21	
2000	-50.2	35.6	17.6	-111.5	378.0	88.2	86.3	0.924
<i>Euro area enlargement</i>								
2001	10.4	81.8	-104.6	36.5	392.4	91.0	88.0	0.896
2001 Q3	8.4	24.8	-22.4	49.6	393.4	91.2	88.0	0.890
2001 Q4	15.9	35.6	10.1	-0.3	392.4	92.0	88.6	0.896
2002 Q1	7.3	21.1	-11.5	-43.0	409.0	91.3	87.9	0.877
2002 Q2	.	.	.	.	.	.	.	.
2002 Jan.	1.1	2.1	4.3	-41.3	407.8	91.6	88.2	0.883
2002 Feb.	2.3	8.2	-9.9	-9.9	411.4	91.1	87.6	0.870
2002 Mar.	3.9	10.8	-5.9	8.1	409.0	91.2	87.9	0.876
2002 Apr.	.	.	.	.	394.2	91.7	88.1	0.886
2002 May	.	.	.	.	.	93.7	89.9	0.917

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

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

1) Monthly growth rates refer to the end of the period, whereas quarterly and annual growth rates are calculated as period averages. Growth rates for M1, M2, M3 and loans are calculated on the basis of seasonally adjusted monthly stocks and flows.

2) M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities up to 2 years.

# I Monetary policy statistics

**Table 1.1**

## Consolidated financial statement of the Eurosystem

(EUR millions)

### 1. Assets

		Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to euro area credit institutions in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2002	4 Jan.	126,801	265,809	23,862	6,280	201,109	116,000	60,000	25,000
	11	126,801	266,160	23,154	6,413	174,073	114,000	60,000	0
	18	126,801	270,820	20,624	6,224	165,037	105,000	60,000	0
	25	126,801	269,475	22,236	6,312	185,053	125,000	60,000	0
	1 Feb.	126,801	267,766	21,901	6,498	201,055	141,000	60,000	0
	8	126,801	267,929	20,878	6,150	189,033	128,998	60,000	0
	15	126,801	269,623	21,550	5,948	186,017	126,000	60,000	0
	22	126,801	267,712	21,037	5,330	169,730	107,000	60,000	0
	1 Mar.	126,801	266,023	21,985	5,448	183,030	123,001	60,001	0
	8	126,766	267,945	21,210	5,133	178,014	117,999	60,001	0
	15	126,869	269,552	22,201	5,229	168,094	108,085	60,001	0
	22	126,814	269,425	22,411	5,050	170,646	110,087	60,001	0
	29	139,808	267,653	21,845	5,198	192,716	132,000	60,000	0
	5 Apr.	139,808	269,459	20,703	5,322	178,008	117,999	60,000	0
	12	139,808	266,663	21,218	5,162	163,109	103,000	60,000	0
	19	139,808	267,964	21,492	5,053	157,009	96,999	60,000	0
	26	139,502	264,366	23,330	4,854	169,028	108,999	59,999	0
	3 May	139,502	260,581	23,971	5,223	169,031	109,001	59,999	0
	10	139,502	261,627	23,914	4,970	174,946	114,923	59,999	0
	17	139,502	262,163	22,923	5,043	169,022	108,999	59,999	0
	24	139,458	261,125	23,086	4,983	173,028	113,000	59,999	0
	31	139,419	259,372	24,085	5,087	178,381	118,002	60,000	0

### 2. Liabilities

		Banknotes in circulation	Liabilities to euro area credit institutions in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Other liabilities to euro area credit institutions in euro	Debt certificates issued
		1	2	3	4	5	6	7	8	9
2002	4 Jan.	394,627	131,467	131,338	121	0	0	8	23,657	2,939
	11	375,052	129,061	128,927	130	0	0	4	23,771	2,939
	18	349,219	139,161	139,001	155	0	0	5	23,811	2,939
	25	325,771	130,845	130,804	37	0	0	4	12,379	2,939
	1 Feb.	312,923	134,033	133,974	59	0	0	0	2,116	2,939
	8	305,434	128,443	128,397	46	0	0	0	2,172	2,939
	15	296,361	138,276	138,204	72	0	0	0	2,269	2,939
	22	287,727	132,339	131,839	500	0	0	0	2,119	2,939
	1 Mar.	285,800	134,936	134,872	52	0	0	12	2,636	2,939
	8	284,562	132,856	132,795	46	0	0	15	2,610	2,939
	15	281,713	134,298	134,226	55	0	0	17	2,443	2,939
	22	280,237	133,942	133,081	844	0	0	17	2,188	2,939
	29	287,483	131,372	131,315	53	0	0	4	2,221	2,939
	5 Apr.	287,729	132,421	132,396	24	0	0	1	2,264	2,939
	12	285,822	134,011	133,008	1,002	0	0	1	2,306	2,939
	19	284,884	134,321	134,307	13	0	0	1	2,166	2,939
	26	286,516	132,223	132,104	119	0	0	0	2,250	2,939
	3 May	294,502	129,859	128,775	1,083	0	0	1	2,185	2,939
	10	297,335	134,275	134,083	191	0	0	1	2,304	2,939
	17	297,223	133,262	133,231	29	0	0	2	2,195	2,939
	24	295,202	128,581	128,540	41	0	0	0	2,189	2,939
	31	299,030	130,158	130,091	55	0	0	12	2,351	2,939

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims on euro area credit institutions in euro	Securities of euro area residents in euro	General government debt in euro	Other assets	Total	
							9	10
0	30	79	88,488	27,924	68,603	90,355	899,232	2002 4 Jan.
0	65	8	88,487	27,847	68,611	90,554	872,101	11
0	30	7	88,490	27,917	68,616	90,323	864,853	18
0	28	25	44,363	27,927	68,616	88,903	839,687	25
0	11	44	531	27,601	68,575	89,397	810,126	1 Feb.
0	15	20	526	27,922	68,577	89,107	796,924	8
0	16	1	346	28,163	68,576	89,769	796,794	15
0	2,727	3	233	29,048	68,572	88,938	777,402	22
0	23	5	391	29,172	68,577	88,743	790,171	1 Mar.
0	11	3	374	29,479	68,580	88,823	786,325	8
0	5	3	375	29,367	68,590	88,696	778,974	15
0	547	11	256	29,312	68,622	89,303	781,840	22
0	704	12	296	29,153	68,639	89,592	814,901	29
0	1	8	253	29,100	68,611	88,877	800,142	5 Apr.
0	105	4	230	30,051	67,733	88,941	782,916	12
0	6	4	238	30,288	67,702	89,249	778,804	19
0	21	9	237	30,463	67,706	89,348	788,835	26
0	14	17	259	30,135	67,708	87,422	783,833	3 May
0	14	10	253	30,330	67,708	88,366	791,617	10
0	20	4	287	29,933	67,710	88,926	785,510	17
0	17	12	235	30,161	67,705	89,030	788,812	24
0	366	13	209	29,930	67,701	89,148	793,333	31

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total	
								10	11
39,193	10,860	2,670	20,807	6,967	77,594	125,288	63,164	899,232	2002 4 Jan.
36,511	8,471	2,716	20,675	6,967	77,448	125,318	63,173	872,101	11
42,861	8,451	2,605	22,998	6,967	77,375	125,318	63,149	864,853	18
61,347	8,538	2,584	23,432	6,967	76,451	125,318	63,117	839,687	25
54,483	8,738	2,713	21,300	6,967	75,480	125,316	63,119	810,126	1 Feb.
55,608	8,508	2,589	20,545	6,967	75,324	125,316	63,080	796,924	8
52,811	8,524	2,623	21,454	6,967	76,198	125,316	63,057	796,794	15
49,650	8,633	2,599	18,987	6,967	77,016	125,316	63,111	777,402	22
62,731	8,365	2,847	17,926	6,967	76,560	125,320	63,145	790,171	1 Mar.
61,818	8,294	2,616	19,587	6,967	75,625	125,320	63,132	786,325	8
52,802	8,691	2,684	22,407	6,967	75,588	125,320	63,123	778,974	15
57,084	8,489	2,558	22,938	6,967	75,886	125,320	63,293	781,840	22
74,560	8,675	1,833	22,061	6,990	76,515	136,887	63,365	814,901	29
59,263	8,500	1,477	22,153	6,990	75,797	136,887	63,722	800,142	5 Apr.
55,955	8,518	1,489	20,024	6,990	64,246	136,887	63,729	782,916	12
50,964	8,302	1,441	21,003	6,990	65,173	136,887	63,734	778,804	19
63,552	8,430	1,398	19,124	6,990	64,792	136,887	63,734	788,835	26
53,269	9,597	1,428	17,841	6,990	64,561	136,887	63,775	783,833	3 May
53,628	8,515	1,405	18,929	6,990	64,635	136,887	63,775	791,617	10
47,272	8,649	1,479	19,441	6,990	65,398	136,887	63,775	785,510	17
60,721	8,433	1,405	18,757	6,990	62,611	136,887	64,097	788,812	24
59,922	8,476	1,376	18,216	6,990	62,886	136,887	64,102	793,333	31

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

With effect from <sup>1)</sup>	Deposit facility		Main refinancing operations			Marginal lending facility	
			Fixed rate tenders	Variable rate tenders			
	Level 1	Change 2	Fixed rate Level 3	Minimum bid rate Level 4	Change 5	Level 6	Change 7
1999 1 Jan.	2.00	-	3.00	-	-	4.50	-
4 <sup>2)</sup>	2.75	0.75	3.00	-	...	3.25	-1.25
22	2.00	-0.75	3.00	-	...	4.50	1.25
9 Apr.	1.50	-0.50	2.50	-	-0.50	3.50	-1.00
5 Nov.	2.00	0.50	3.00	-	0.50	4.00	0.50
2000 4 Feb.	2.25	0.25	3.25	-	0.25	4.25	0.25
17 Mar.	2.50	0.25	3.50	-	0.25	4.50	0.25
28 Apr.	2.75	0.25	3.75	-	0.25	4.75	0.25
9 June	3.25	0.50	4.25	-	0.50	5.25	0.50
28 <sup>3)</sup>	3.25	...	-	4.25	...	5.25	...
1 Sep.	3.50	0.25	-	4.50	0.25	5.50	0.25
6 Oct.	3.75	0.25	-	4.75	0.25	5.75	0.25
<i>Euro area enlargement</i>							
2001 11 May	3.50	-0.25	-	4.50	-0.25	5.50	-0.25
31 Aug.	3.25	-0.25	-	4.25	-0.25	5.25	-0.25
18 Sep.	2.75	-0.50	-	3.75	-0.50	4.75	-0.50
9 Nov.	2.25	-0.50	-	3.25	-0.50	4.25	-0.50

Source: ECB.

- 1) The date refers to the deposit and marginal lending facilities. For main refinancing operations, unless otherwise indicated, changes in the rate are effective from the first operation following the date indicated. The change on 18 September 2001 was effective on that same day.
- 2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.
- 3) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

**Table 1.3****Eurosystem monetary policy operations allotted through tenders <sup>1)</sup>***(EUR millions; interest rates in percentages per annum)***1. Main refinancing operations <sup>2)</sup>**

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate <sup>3)</sup>	Weighted average rate	
	1	2	3	4	5	6	7
2001 5 Dec.	106,643	68,000	-	3.25	3.27	3.27	14
12	109,662	66,000	-	3.25	3.27	3.27	16
19	140,810	57,000	-	3.25	3.43	3.46	14
28	105,649	85,000	-	3.25	3.45	3.52	12
2002 2 Jan.	88,696	31,000	-	3.25	3.28	3.29	14
9	155,890	83,000	-	3.25	3.30	3.32	14
16	116,846	22,000	-	3.25	3.31	3.32	14
23	146,286	103,000	-	3.25	3.29	3.30	14
30	108,013	38,000	-	3.25	3.31	3.32	13
6 Feb.	156,977	91,000	-	3.25	3.30	3.31	14
12	90,332	35,000	-	3.25	3.29	3.30	15
20	135,530	72,000	-	3.25	3.28	3.29	14
27	127,024	51,000	-	3.25	3.29	3.30	14
6 Mar.	127,212	67,000	-	3.25	3.29	3.30	12
13	90,424	41,000	-	3.25	3.27	3.28	14
18	107,575	69,000	-	3.25	3.28	3.29	17
27	121,842	63,000	-	3.25	3.33	3.34	14
4 Apr.	112,796	55,000	-	3.25	3.30	3.31	13
10	112,847	48,000	-	3.25	3.29	3.29	14
17	102,694	49,000	-	3.25	3.27	3.28	13
24	115,604	60,000	-	3.25	3.30	3.31	14
30	106,166	49,000	-	3.25	3.30	3.31	15
8 May	108,472	66,000	-	3.25	3.29	3.30	14
15	108,733	43,000	-	3.25	3.30	3.30	14
22	112,438	70,000	-	3.25	3.33	3.34	14
29	114,221	48,000	-	3.25	3.34	3.35	14
5 June	114,258	65,000	-	3.25	3.33	3.34	14

## 2. Longer-term refinancing operations

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days
			Fixed rate	Marginal rate <sup>3)</sup>	Weighted average rate		
	1	2	3	4	5	6	
2000 29 June	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	
29 Dec.	15,869	15,000	-	4.75	4.81	90	
<i>Euro area enlargement</i>							
2001 25 Jan.	31,905	20,000	-	4.66	4.69	90	
1 Mar.	45,755	20,000	-	4.69	4.72	91	
29	38,169	19,101	-	4.47	4.50	91	
25 Apr.	43,416	20,000	-	4.67	4.70	92	
31 May	46,448	20,000	-	4.49	4.51	91	
28 June	44,243	20,000	-	4.36	4.39	91	
26 July	39,369	20,000	-	4.39	4.42	91	
30 Aug.	37,855	20,000	-	4.20	4.23	91	
27 Sep.	28,269	20,000	-	3.55	3.58	85	
25 Oct.	42,308	20,000	-	3.50	3.52	98	
29 Nov.	49,135	20,000	-	3.32	3.34	91	
21 Dec.	38,178	20,000	-	3.29	3.31	97	
2002 31 Jan.	44,547	20,000	-	3.31	3.33	84	
28 Feb.	47,001	20,000	-	3.32	3.33	91	
28 Mar.	39,976	20,000	-	3.40	3.42	91	
25 Apr.	40,580	20,000	-	3.35	3.36	91	
30 May	37,602	20,000	-	3.45	3.47	91	

## 3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders			Running for (...) days
				Fixed rate	Minimum bid rate	Marginal rate <sup>3)</sup>	Weighted average rate		
	1	2	3	4	5	6	7	8	
2000 5 Jan. <sup>4)</sup>	Collection of fixed-term deposits	14,420	14,420	-	-	3.00	3.00	7	
21 June	Reverse transaction	18,845	7,000	-	-	4.26	4.28	1	
<i>Euro area enlargement</i>									
2001 30 Apr.	Reverse transaction	105,377	73,000	-	4.75	4.77	4.79	7	
12 Sep.	Reverse transaction	69,281	69,281	4.25	-	-	-	1	
13	Reverse transaction	40,495	40,495	4.25	-	-	-	1	
28 Nov.	Reverse transaction	73,096	53,000	-	3.25	3.28	3.29	7	
2002 4 Jan.	Reverse transaction	57,644	25,000	-	3.25	3.30	3.32	3	
10	Reverse transaction	59,377	40,000	-	3.25	3.28	3.30	1	

Source: ECB.

1) The amounts shown may differ slightly from those in Table 1.1, columns 6 to 8, due to operations allotted but not settled.

2) On 8 June 2000 the ECB announced that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem would be conducted as variable rate tenders. The minimum bid rate refers to the minimum interest rate at which counterparties may place their bids.

3) In liquidity providing (absorbing) operations, the marginal rate refers to the lowest (highest) rate at which bids were accepted.

4) This operation was conducted with a maximum rate of 3.00%.

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

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
2001 Apr.	10,554.6	5,924.3	154.5	202.8	1,292.1	657.7	2,323.2
May	10,687.3	5,984.7	166.6	198.9	1,307.5	693.2	2,336.4
June	10,705.3	6,015.6	175.7	198.7	1,314.2	656.6	2,344.5
July	10,590.4	5,912.2	183.4	199.1	1,312.5	636.2	2,346.9
Aug.	10,551.6	5,872.7	187.8	190.2	1,309.3	654.1	2,337.6
Sep.	10,627.3	5,956.0	188.2	191.3	1,315.7	631.6	2,344.6
Oct.	10,687.8	5,962.3	190.8	196.5	1,313.7	672.4	2,352.2
Nov.	10,798.1	6,073.4	199.0	191.3	1,300.9	656.5	2,376.9
Dec.	10,910.1	6,226.1	204.7	185.0	1,315.2	605.1	2,374.0
2002 Jan.	10,952.8	6,195.2	194.7	202.2	1,350.7	610.8	2,399.0
Feb.	10,964.1	6,164.7	196.8	196.0	1,337.1	653.2	2,416.3
Mar.	11,031.8	6,178.0	202.2	198.4	1,349.9	663.1	2,440.1
Apr. <sup>(a)</sup>	11,078.0	6,177.5	205.2	200.0	1,354.9	699.0	2,441.4

*Source: ECB.*

- 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.
- Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.

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

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
2001 June	125.0	125.6	0.6	0.0	4.52
July	126.4	127.0	0.6	0.0	4.51
Aug.	127.2	127.7	0.5	0.0	4.50
Sep.	125.3	126.0	0.7	0.0	4.27
Oct.	124.4	125.0	0.6	0.0	3.76
Nov.	126.1	126.6	0.5	0.0	3.62
Dec.	126.4	127.3	0.9	0.0	3.30
2002 Jan.	128.7	130.1	1.4	0.0	3.34
Feb.	131.7	132.4	0.7	0.0	3.30
Mar.	131.3	132.0	0.7	0.0	3.28
Apr.	130.6	131.1	0.5	0.0	3.30
May	131.0	131.5	0.5	0.0	3.30
June <sup>(a)</sup>	131.1	.	.	.	.

*Source: ECB.*

- This table contains full data for completed maintenance periods and required reserves for the current maintenance period.
- 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.
- Aggregate average daily holdings of credit institutions required to hold a positive amount of reserves on their reserve accounts over the maintenance period.
- 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.
- 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.
- 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						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>	Deposit facility				Other liquidity-absorbing operations <sup>2)</sup>			
1	2	3	4	5	6	7	8	9	10	11	12		
2001 Apr.	382.1	172.4	58.4	2.2	0.0	0.5	0.0	354.6	49.5	89.1	121.4	476.4	
May	384.4	144.0	59.1	0.4	17.0	0.6	0.0	352.7	39.4	87.5	124.8	478.1	
June	385.0	161.7	59.1	0.2	0.0	0.4	0.0	351.1	41.3	87.5	125.7	477.3	
July	397.6	161.9	59.9	0.2	0.0	0.4	0.0	350.8	42.5	98.8	127.1	478.3	
Aug.	402.1	164.0	60.0	0.1	0.0	0.2	0.0	347.6	48.8	101.8	127.8	475.6	
Sep.	401.3	147.1	60.0	0.5	3.5	0.4	0.0	335.4	45.2	105.4	126.1	461.9	
Oct.	389.9	136.7	60.0	1.1	0.0	0.1	0.0	325.2	43.6	93.6	125.1	450.4	
Nov.	385.0	132.3	60.0	0.2	0.0	0.3	0.0	311.3	46.1	93.1	126.7	438.3	
Dec.	383.7	122.5	60.0	0.5	12.4	0.8	0.0	298.0	43.5	109.3	127.4	426.2	
2002 Jan.	385.2	118.5	60.0	0.4	3.7	0.6	0.0	344.3	38.3	54.2	130.4	475.2	
Feb.	386.0	127.3	60.0	0.2	0.0	0.1	0.0	306.2	49.6	85.2	132.6	438.8	
Mar.	386.7	114.6	60.0	0.2	0.0	0.1	0.0	283.3	54.2	91.8	132.1	415.6	
Apr.	395.4	112.7	60.0	0.4	0.0	0.2	0.0	285.9	55.9	95.3	131.2	417.3	
May <sup>6)</sup>	397.7	110.6	60.0	0.1	0.0	0.3	0.0	293.7	49.2	93.5	131.7	425.6	

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) Excludes the issuance of debt certificates initiated by national central banks in Stage Two.

3) Remaining items in the consolidated financial statement of the Eurosystem.

4) Equal to the difference between the sum of liquidity-providing factors (items 1 to 5) and the sum of liquidity-absorbing factors (items 6 to 10).

5) Calculated as the sum of the deposit facility (item 6), banknotes in circulation (item 8) and credit institutions' current account holdings (item 11).

## 2 Monetary developments in the euro area

**Table 2.1**

### Aggregated balance sheet of the Eurosystem

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

#### 1. Assets

	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by euro area residents			External assets <sup>1)</sup>	Fixed assets	Re-remaining assets	Total		
	MFI <sup>1)</sup>	General government	Other euro area residents	MFI <sup>1)</sup>	General government	Other euro area residents	MFI <sup>1)</sup>	Other euro area residents							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1999	444.6	424.3	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	56.2	1,014.5
2000 Q2	580.7	561.8	18.4	0.5	97.4	2.6	93.6	1.2	14.7	4.4	10.4	454.8	10.0	51.8	1,209.3
Q3	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.4	1,129.8
Q4	445.0	427.4	17.1	0.5	97.4	2.5	93.6	1.3	15.3	4.3	11.0	380.7	11.2	56.1	1,005.8
<i>Euro area enlargement</i>															
2001 Q1	401.7	373.9	27.2	0.6	105.0	2.7	101.2	1.1	14.7	4.6	10.1	396.8	11.3	54.4	983.9
2001 Apr.	376.1	348.3	27.2	0.6	106.5	2.6	102.7	1.3	14.7	4.6	10.1	390.3	11.7	53.6	953.0
May	398.5	370.7	27.2	0.6	106.4	2.9	102.3	1.3	14.3	4.6	9.7	398.9	11.8	53.2	983.2
June	426.0	398.2	27.2	0.6	105.8	3.1	101.5	1.2	14.2	4.6	9.6	414.7	11.9	54.5	1,027.2
July	424.4	396.6	27.2	0.6	106.9	3.3	102.4	1.2	14.3	4.7	9.7	404.9	12.0	57.3	1,019.9
Aug.	391.1	363.3	27.2	0.6	107.6	3.5	102.9	1.2	14.0	4.6	9.4	396.9	12.0	54.6	976.0
Sep.	388.2	360.4	27.2	0.6	106.6	3.7	101.9	1.1	13.1	4.8	8.3	397.1	11.9	54.9	971.8
Oct.	356.7	328.9	27.2	0.6	107.8	3.9	102.8	1.2	13.4	4.8	8.7	400.0	12.0	55.6	945.6
Nov.	370.0	342.4	27.1	0.6	107.3	3.8	102.2	1.2	13.6	4.7	8.9	400.5	12.1	55.1	958.6
Dec.	412.7	386.4	25.7	0.6	107.0	3.8	101.8	1.3	13.8	4.6	9.2	399.0	11.9	54.4	998.7
2002 Jan.	398.1	371.8	25.7	0.6	104.1	3.8	99.0	1.3	13.8	4.7	9.1	409.0	12.0	102.7	1,039.8
Feb.	371.3	345.0	25.7	0.6	105.9	4.1	100.6	1.2	13.7	4.7	9.0	413.4	12.0	103.8	1,020.2
Mar.	379.8	353.3	25.8	0.6	106.5	4.2	101.0	1.4	13.8	4.7	9.1	414.3	11.9	106.2	1,032.5
Apr. <sup>(p)</sup>	343.4	317.0	25.8	0.6	107.5	5.0	101.4	1.1	13.5	4.7	8.8	401.3	12.0	107.5	985.2

#### 2. Liabilities

	Currency in circulation		Deposits of euro area residents		Central government	Other general government/other euro area residents	Money market paper and debt securities issued	Capital and reserves	External liabilities <sup>1)</sup>	Remaining liabilities	Total
	1	2	MFI <sup>1)</sup>	3							
	1	2	3	4	5	6	7	8	9	10	
1999	393.4	341.5	279.3	53.4	8.8	7.9	174.3	49.8	47.6	1,014.5	
2000 Q2	374.4	497.9	432.8	52.6	12.5	6.3	193.4	92.0	45.4	1,209.3	
Q3	373.5	404.2	346.1	45.6	12.5	4.6	221.2	75.0	51.4	1,129.8	
Q4	390.3	327.3	270.4	47.1	9.8	3.8	197.5	29.9	57.0	1,005.8	
<i>Euro area enlargement</i>											
2001 Q1	370.6	312.6	253.4	46.8	12.4	5.5	204.6	26.8	63.8	983.9	
2001 Apr.	372.6	289.9	234.8	41.2	13.8	5.5	205.6	25.3	54.1	953.0	
May	369.6	317.5	266.5	36.0	15.1	5.5	212.1	27.6	50.9	983.2	
June	368.9	342.2	274.1	51.8	16.3	5.6	223.7	32.6	54.2	1,027.2	
July	366.9	343.5	282.7	46.9	14.0	5.6	214.7	31.9	57.3	1,019.9	
Aug.	356.1	320.4	259.2	46.6	14.7	5.6	211.6	28.4	53.9	976.0	
Sep.	346.2	323.6	269.4	37.6	16.6	5.5	209.2	30.0	57.3	971.8	
Oct.	333.9	302.8	244.7	40.0	18.1	5.5	210.6	34.3	58.5	945.6	
Nov.	317.5	330.4	277.5	35.2	17.6	4.7	210.1	35.3	60.6	958.6	
Dec.	285.9	391.9	342.4	35.1	14.4	4.6	209.8	35.6	70.8	998.7	
2002 Jan.	340.0	344.2	284.0	44.9	15.2	4.6	214.5	37.4	99.2	1,039.8	
Feb.	308.8	347.7	280.9	52.1	14.7	4.6	219.8	33.9	105.4	1,020.2	
Mar.	309.9	352.9	280.3	56.3	16.4	4.6	217.8	36.8	110.5	1,032.5	
Apr. <sup>(p)</sup>	312.2	321.4	252.7	50.8	17.9	4.6	212.8	32.4	101.9	985.2	

Source: ECB.

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

Table 2.2

## Aggregated balance sheet of the euro area MFIs, excluding the Eurosystem

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

## 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market paper	Holdings of shares/other equity issued by euro area residents			External assets	Fixed assets	Remaining assets	Total
	MFI	General government	Other euro area residents		MFI	General government	Other euro area residents			MFI	Other euro area residents					
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999	9,779.9	3,414.1	828.3	5,537.5	2,179.4	828.8	1,123.8	226.7	129.9	650.6	211.5	439.1	1,719.6	154.0	919.4	15,532.8
2000 Q2	10,126.0	3,462.2	817.3	5,846.5	2,211.2	894.9	1,073.3	243.0	151.4	704.0	210.0	494.0	1,892.4	154.2	1,023.3	16,262.6
Q3	10,235.9	3,456.4	799.9	5,979.7	2,231.7	940.5	1,033.9	257.2	142.0	707.6	204.1	503.5	2,003.7	155.9	1,034.6	16,511.4
Q4	10,419.8	3,510.4	818.8	6,090.6	2,192.5	932.7	995.9	263.9	142.8	750.9	240.2	510.8	2,025.8	158.7	1,015.4	16,705.8
<i>Euro area enlargement</i>																
2001 Q1	10,805.5	3,707.3	825.4	6,272.8	2,319.0	968.4	1,064.0	286.5	158.1	812.2	255.3	556.9	2,240.2	160.8	1,097.2	17,592.9
2001 Apr.	10,775.9	3,646.7	817.2	6,312.1	2,338.8	977.4	1,068.7	292.7	160.4	836.1	259.3	576.7	2,224.0	161.5	1,110.8	17,607.6
May	10,800.1	3,655.4	812.1	6,332.6	2,381.0	992.3	1,089.1	299.5	160.8	835.9	258.4	577.5	2,276.7	162.8	1,131.8	17,749.1
June	10,886.9	3,691.1	809.4	6,386.3	2,395.5	991.3	1,103.8	300.5	164.7	799.2	251.3	547.9	2,288.2	163.5	1,128.3	17,826.3
July	10,846.3	3,647.2	806.6	6,392.5	2,416.3	1,005.0	1,098.0	313.3	169.2	795.0	252.4	542.6	2,214.1	164.6	1,073.8	17,679.2
Aug.	10,821.3	3,651.1	802.5	6,367.7	2,414.8	1,003.7	1,089.0	322.1	163.4	783.2	247.5	535.7	2,226.0	164.9	1,064.9	17,638.6
Sep.	10,946.1	3,722.5	803.6	6,420.0	2,413.9	995.5	1,092.4	325.9	163.8	771.5	245.1	526.4	2,298.9	165.7	1,115.8	17,875.7
Oct.	10,969.9	3,719.2	801.0	6,449.7	2,415.5	1,004.2	1,083.1	328.2	167.1	779.0	244.0	535.0	2,341.0	166.3	1,147.0	17,985.8
Nov.	11,110.7	3,793.6	816.2	6,500.9	2,428.9	1,009.6	1,087.9	331.4	158.8	782.5	246.8	535.7	2,426.9	167.1	1,136.3	18,211.1
Dec.	11,128.5	3,788.1	822.0	6,518.4	2,420.1	1,008.0	1,076.6	335.5	153.7	810.3	251.8	558.5	2,406.8	168.1	1,129.2	18,216.6
2002 Jan.	11,058.4	3,705.9	819.0	6,533.5	2,465.4	1,018.6	1,106.7	340.2	169.4	810.9	252.3	558.6	2,420.2	165.4	1,159.7	18,249.4
Feb.	11,042.1	3,672.6	821.7	6,547.8	2,485.2	1,030.4	1,106.5	348.4	167.6	811.5	254.2	557.3	2,419.4	164.6	1,095.8	18,186.2
Mar.	11,189.8	3,759.4	828.7	6,601.7	2,519.5	1,045.3	1,128.9	345.4	173.5	809.0	259.2	549.8	2,431.2	164.4	1,026.2	18,313.5
Apr. <sup>(p)</sup>	11,244.7	3,799.8	808.5	6,636.4	2,523.9	1,051.9	1,129.2	342.8	177.8	821.5	266.7	554.8	2,428.4	164.0	1,007.1	18,367.4

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents					Money market fund shares/units <sup>1)</sup>	Money market paper and debt securities issued <sup>1)</sup>	Capital and reserves	External liabilities	Remaining liabilities	Total
					Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements							
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1999	0.7	8,735.7	3,590.9	88.6	5,056.2	1,537.6	2,043.2	1,331.5	143.9	293.4	2,531.1	849.1	1,870.4	1,252.4	15,532.8
2000 Q2	0.6	8,850.2	3,621.0	93.3	5,135.9	1,596.3	2,080.9	1,291.4	167.3	344.7	2,652.3	898.6	2,120.5	1,395.6	16,262.6
Q3	0.0	8,859.4	3,595.4	113.7	5,150.4	1,577.2	2,129.3	1,272.4	171.4	334.8	2,720.5	913.6	2,295.1	1,388.0	16,511.4
Q4	0.0	9,057.2	3,679.4	117.4	5,260.5	1,648.9	2,159.8	1,276.9	174.9	323.3	2,712.9	941.5	2,299.5	1,371.3	16,705.8
<i>Euro area enlargement</i>															
2001 Q1	0.0	9,325.2	3,806.2	103.6	5,415.4	1,624.0	2,242.6	1,322.8	225.9	358.8	2,817.4	982.4	2,636.2	1,472.9	17,592.9
2001 Apr.	0.0	9,302.7	3,747.9	111.3	5,443.5	1,653.5	2,241.3	1,323.9	224.9	367.0	2,829.9	986.4	2,651.0	1,470.4	17,607.6
May	0.0	9,337.3	3,746.5	110.9	5,479.9	1,677.1	2,243.0	1,322.5	237.4	378.2	2,845.6	991.0	2,727.4	1,469.6	17,749.1
June	0.0	9,424.1	3,798.4	113.7	5,511.9	1,715.9	2,240.7	1,330.8	224.5	382.2	2,861.3	998.2	2,710.6	1,449.9	17,826.3
July	0.0	9,365.3	3,755.5	108.7	5,501.1	1,699.1	2,242.0	1,333.6	226.4	393.6	2,874.0	997.7	2,611.1	1,437.4	17,679.2
Aug.	0.0	9,344.8	3,746.6	105.8	5,492.4	1,667.0	2,254.3	1,337.3	233.9	405.1	2,861.1	1,000.5	2,591.7	1,435.4	17,638.6
Sep.	0.0	9,484.5	3,832.2	110.2	5,542.1	1,733.7	2,237.6	1,342.6	228.2	410.4	2,875.5	1,011.3	2,609.9	1,483.9	17,875.7
Oct.	0.0	9,484.7	3,808.9	113.2	5,562.5	1,732.5	2,241.2	1,351.9	236.9	423.6	2,900.6	1,019.5	2,627.3	1,530.1	17,985.8
Nov.	0.0	9,601.3	3,868.7	115.1	5,617.4	1,780.8	2,242.1	1,365.0	229.5	434.6	2,888.6	1,024.2	2,690.9	1,571.6	18,211.1
Dec.	0.0	9,696.4	3,823.7	103.9	5,768.8	1,882.2	2,261.3	1,405.0	220.4	430.9	2,882.9	1,043.2	2,683.4	1,479.8	18,216.6
2002 Jan.	0.0	9,630.1	3,796.9	104.0	5,729.3	1,833.0	2,259.1	1,417.4	219.7	452.5	2,921.5	1,050.1	2,717.8	1,477.5	18,249.4
Feb.	0.0	9,571.2	3,738.4	103.7	5,729.2	1,829.1	2,256.2	1,419.3	224.5	464.7	2,933.1	1,050.6	2,729.4	1,437.2	18,186.2
Mar.	0.0	9,675.3	3,819.2	101.2	5,755.0	1,827.7	2,273.3	1,421.1	232.9	474.0	2,968.9	1,054.2	2,747.1	1,394.0	18,313.5
Apr. <sup>(p)</sup>	0.0	9,724.8	3,842.9	106.8	5,775.1	1,856.8	2,275.1	1,412.5	230.7	487.2	2,971.2	1,061.2	2,727.6	1,395.3	18,367.4

Source: ECB.

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

Table 2.3

## Consolidated balance sheet of the euro area MFIs, including the Eurosystem

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

## 1. Assets: levels

	Assets						Liabilities				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>2)</sup>	Fixed assets	Remaining assets	
	1	2	3	4	5	6	7	8	9	10	11
2000 Oct.	6,842.3	820.1	6,022.3	1,379.9	1,115.6	264.3	514.0	2,515.3	168.0	1,119.9	12,539.5
Nov.	6,884.1	827.1	6,057.0	1,376.0	1,112.2	263.7	515.8	2,488.0	167.7	1,068.9	12,500.6
Dec.	6,927.0	835.9	6,091.1	1,354.6	1,089.5	265.2	521.7	2,406.5	169.9	1,029.6	12,409.3
<i>Euro area enlargement</i>											
2001 1 Jan.	7,007.9	853.9	6,154.0	1,423.6	1,156.0	267.6	530.4	2,402.7	172.9	1,008.9	12,533.7
2001 Jan.	7,043.5	858.1	6,185.4	1,416.2	1,145.7	270.6	542.9	2,463.0	171.8	1,083.8	12,721.2
Feb.	7,056.4	849.9	6,206.5	1,435.7	1,156.2	279.6	549.8	2,483.6	172.3	1,072.8	12,770.5
Mar.	7,126.0	852.6	6,273.4	1,452.8	1,165.2	287.6	567.0	2,637.0	172.0	1,117.3	13,072.1
Apr.	7,157.1	844.4	6,312.7	1,465.3	1,171.4	293.9	586.8	2,614.3	173.3	1,128.1	13,124.9
May	7,172.5	839.3	6,333.2	1,492.2	1,191.4	300.8	587.2	2,675.6	174.6	1,148.3	13,250.4
June	7,223.5	836.6	6,386.9	1,507.0	1,205.3	301.7	557.5	2,702.9	175.4	1,147.0	13,313.3
July	7,226.9	833.8	6,393.1	1,514.9	1,200.4	314.5	552.2	2,619.0	176.5	1,092.2	13,181.7
Aug.	7,198.0	829.7	6,368.3	1,515.1	1,191.9	323.3	545.1	2,622.9	176.9	1,082.6	13,140.6
Sep.	7,251.4	830.8	6,420.6	1,521.3	1,194.3	327.0	534.7	2,696.0	177.6	1,134.1	13,315.1
Oct.	7,278.5	828.2	6,450.3	1,515.2	1,185.8	329.4	543.7	2,741.0	178.3	1,164.2	13,420.8
Nov.	7,344.8	843.3	6,501.5	1,522.8	1,190.1	332.7	544.6	2,827.3	179.1	1,153.6	13,572.3
Dec.	7,366.7	847.7	6,519.0	1,515.2	1,178.4	336.8	567.7	2,805.8	180.0	1,137.3	13,572.7
2002 Jan.	7,378.8	844.7	6,534.1	1,547.2	1,205.7	341.5	567.7	2,829.3	177.5	1,168.8	13,669.2
Feb.	7,395.9	847.4	6,548.5	1,556.6	1,207.1	349.6	566.3	2,832.8	176.6	1,131.3	13,659.4
Mar.	7,456.9	854.5	6,602.4	1,576.6	1,229.9	346.7	558.8	2,845.6	176.3	1,077.3	13,691.4
Apr. <sup>(p)</sup>	7,471.2	834.2	6,637.0	1,574.5	1,230.6	343.9	563.7	2,829.7	176.0	1,065.1	13,680.1

## 2. Liabilities: levels

	Assets							Liabilities						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 <sup>3)</sup>	Money market paper and debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Oct.	337.6	172.4	5,166.5	1,590.9	2,141.4	1,263.7	170.6	313.5	1,684.6	932.9	2,437.6	1,481.8	12.5	12,539.5
Nov.	337.7	168.8	5,187.4	1,609.0	2,148.7	1,256.3	173.5	319.8	1,668.6	920.8	2,420.0	1,477.1	0.4	12,500.6
Dec.	348.4	164.5	5,270.3	1,658.7	2,159.8	1,276.9	174.9	300.1	1,662.0	894.6	2,329.4	1,428.2	11.9	12,409.3
<i>Euro area enlargement</i>														
2001 1 Jan.	355.3	166.2	5,395.1	1,673.3	2,198.4	1,328.2	195.2	300.1	1,663.7	912.1	2,219.4	1,455.2	12.1	12,533.7
2001 Jan.	336.1	147.1	5,379.6	1,623.8	2,212.2	1,329.8	213.8	313.2	1,695.7	909.0	2,445.7	1,473.7	21.1	12,721.2
Feb.	335.1	155.6	5,388.4	1,625.6	2,223.6	1,323.5	215.8	322.3	1,710.5	911.4	2,475.2	1,491.3	-19.2	12,770.5
Mar.	336.3	150.3	5,427.9	1,636.1	2,243.0	1,322.8	225.9	333.2	1,719.2	927.1	2,663.0	1,536.7	-21.6	13,072.1
Apr.	336.2	152.5	5,457.3	1,666.9	2,241.6	1,323.9	224.9	341.8	1,720.3	928.1	2,676.4	1,524.5	-12.2	13,124.9
May	332.9	146.9	5,495.0	1,691.8	2,243.3	1,322.5	237.4	351.3	1,722.1	940.1	2,754.9	1,520.5	-13.2	13,250.4
June	333.0	165.5	5,528.2	1,731.8	2,241.1	1,330.8	224.5	349.3	1,740.7	966.0	2,743.2	1,504.1	-16.8	13,313.3
July	328.0	155.5	5,515.1	1,712.7	2,242.4	1,333.6	226.4	358.4	1,737.3	955.3	2,643.0	1,494.6	-5.7	13,181.7
Aug.	319.2	152.4	5,507.1	1,681.2	2,254.7	1,337.3	233.9	369.9	1,731.3	960.0	2,620.0	1,489.2	-8.6	13,140.6
Sep.	309.6	147.8	5,558.8	1,749.9	2,238.0	1,342.6	228.2	374.4	1,754.1	970.7	2,639.9	1,541.2	18.7	13,315.1
Oct.	295.5	153.3	5,580.6	1,750.3	2,241.6	1,351.9	236.9	386.4	1,768.1	981.4	2,661.6	1,588.6	5.4	13,420.8
Nov.	279.7	150.2	5,635.1	1,798.1	2,242.5	1,365.0	229.5	395.2	1,760.4	982.9	2,726.2	1,632.2	10.3	13,572.3
Dec.	239.7	139.0	5,783.3	1,896.3	2,261.6	1,405.0	220.4	391.9	1,761.0	996.5	2,719.1	1,550.7	-8.5	13,572.7
2002 Jan.	246.4	148.9	5,744.5	1,847.9	2,259.4	1,417.4	219.7	410.8	1,776.1	1,007.6	2,755.2	1,576.6	3.2	13,669.2
Feb.	240.4	155.7	5,743.9	1,843.5	2,256.5	1,419.3	224.5	422.0	1,778.4	1,011.4	2,763.2	1,542.6	1.7	13,659.4
Mar.	254.8	157.5	5,771.3	1,843.7	2,273.6	1,421.1	232.9	427.5	1,797.1	1,008.0	2,784.0	1,504.4	-13.3	13,691.4
Apr. <sup>(p)</sup>	262.6	157.6	5,793.0	1,874.3	2,275.4	1,412.5	230.7	438.2	1,790.1	1,002.6	2,760.0	1,497.2	-21.2	13,680.1

Source: ECB.

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

2) See Table 2.1, footnote 1.

3) Amounts held by residents of the euro area. Amounts held by non-residents of the euro area are included in external liabilities.

### 3. Assets: flows <sup>1)</sup>

	Loans to euro area residents		Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government		Holdings of shares/ other equity issued by other euro area residents	External assets <sup>2)</sup>	Fixed assets	Remaining assets	Total
	1	2			3	4					
2000 Nov.	50.4	7.2	43.2	-6.2	-5.3	-0.9	0.5	15.5	-0.3	-51.1	8.8
Dec.	61.4	9.8	51.6	-15.5	-19.0	3.5	4.8	9.5	1.2	-29.5	32.0
<i>Euro area enlargement</i>											
2001 Jan.	35.1	2.9	32.1	-12.1	-15.6	3.5	12.5	63.4	-1.0	29.5	127.4
Feb.	14.0	-8.2	22.2	13.4	4.5	8.9	7.4	16.7	0.5	-11.9	40.2
Mar.	60.8	2.3	58.5	11.8	4.2	7.6	17.2	98.0	0.1	46.0	233.8
Apr.	33.2	-8.2	41.4	12.6	6.7	5.9	18.4	-18.0	1.2	10.0	57.4
May	4.1	-5.6	9.7	26.3	21.3	5.0	1.0	-1.1	1.4	18.7	50.3
June	57.3	-2.6	59.9	14.3	13.7	0.6	-32.4	27.5	0.9	-1.4	66.2
July	12.7	-2.5	15.1	9.6	-3.1	12.6	-8.4	-39.6	1.1	-50.5	-75.2
Aug.	-18.9	-3.7	-15.2	5.0	-4.2	9.3	-6.0	55.6	0.3	-10.6	25.4
Sep.	48.6	1.0	47.5	-1.2	-4.2	2.9	-5.0	49.2	0.7	51.9	144.1
Oct.	25.7	-2.7	28.4	-7.0	-9.5	2.5	5.7	43.9	0.7	30.1	99.1
Nov.	65.7	15.0	50.7	10.0	7.9	2.1	-3.2	67.3	1.1	5.7	146.8
Dec.	27.8	3.6	24.2	-8.0	-10.2	2.1	22.2	-28.0	1.1	-17.2	-2.1
2002 Jan.	9.5	-3.1	12.7	26.9	22.0	5.0	-0.2	1.7	-2.5	30.9	66.3
Feb.	19.3	2.7	16.5	9.3	1.3	8.0	0.6	0.3	-0.9	-38.9	-10.3
Mar.	62.9	7.1	55.8	15.8	18.2	-2.4	-8.8	20.5	-0.3	-54.1	35.8
Apr. <sup>6)</sup>	21.4	-20.0	41.4	-1.5	1.4	-2.9	6.8	20.8	-0.2	-13.3	34.0

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

	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 <sup>3)</sup>	Money market paper and debt securities issued <sup>3)</sup>	Capital and reserves	External liabilities <sup>2)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
2000 Nov.	0.1	-3.6	26.8	20.3	10.8	-7.3	3.0	6.1	-7.2	-11.9	27.9	-16.1	-13.2	8.8
Dec.	10.7	-4.3	96.3	53.7	20.3	20.9	1.5	-9.4	-2.9	-21.9	-8.1	-33.9	5.4	32.0
<i>Euro area enlargement</i>														
2001 Jan.	-20.0	-19.0	-14.8	-49.2	14.2	1.6	18.6	14.6	28.1	-4.3	119.3	16.9	6.6	127.4
Feb.	-1.0	8.7	8.3	1.5	11.2	-6.3	1.9	9.3	14.2	2.8	26.5	11.1	-39.8	40.2
Mar.	1.3	-5.2	32.5	8.3	14.9	-0.8	10.1	12.4	3.5	16.6	133.7	47.3	-8.2	233.8
Apr.	-0.1	2.2	29.8	30.8	-1.0	1.1	-1.1	9.3	-2.1	1.3	18.5	-11.7	10.3	57.4
May	-3.3	-5.6	28.9	21.7	-3.5	-1.7	12.4	10.4	-11.6	8.4	11.8	12.7	-1.4	50.3
June	0.1	18.6	34.6	40.4	-1.4	8.3	-12.8	-0.9	20.6	19.1	-5.3	-18.3	-2.3	66.2
July	-5.0	-10.0	-8.2	-17.4	4.4	3.0	1.9	9.5	3.0	-6.5	-58.0	-11.6	11.5	-75.2
Aug.	-8.8	-3.1	-2.0	-29.6	16.3	3.9	7.5	10.8	1.4	7.3	30.1	-7.4	-2.9	25.4
Sep.	-9.6	-4.6	50.8	68.4	-17.3	5.3	-5.6	4.1	15.8	9.2	18.0	41.3	19.1	144.1
Oct.	-14.2	5.4	21.9	0.9	2.9	9.2	8.9	12.4	13.0	7.9	18.4	46.0	-11.8	99.1
Nov.	-15.7	-3.0	52.5	47.2	-0.3	13.1	-7.4	10.1	23.8	2.9	38.6	33.0	4.6	146.8
Dec.	-40.0	-11.2	148.1	98.5	18.8	40.0	-9.2	-1.4	-0.5	14.7	-17.8	-74.5	-19.5	-2.1
2002 Jan.	6.7	10.4	-40.6	-49.4	-2.9	12.4	-0.6	19.8	10.4	13.3	13.8	20.1	12.5	66.3
Feb.	-6.0	6.9	-0.1	-4.3	-2.6	1.9	4.8	11.3	4.8	-0.6	10.7	-35.9	-1.4	-10.3
Mar.	14.4	1.8	28.4	0.5	17.9	1.8	8.2	4.5	21.4	-0.4	30.1	-49.3	-15.0	35.8
Apr. <sup>6)</sup>	7.7	0.0	25.9	32.1	4.4	-8.5	-2.1	14.5	-1.2	-4.4	14.0	-14.6	-8.0	34.0

Table 2.4

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

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

## 1. Monetary aggregates: levels at the end of the period

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>3)</sup>
	Currency in circulation <sup>1)</sup>	Overnight deposits <sup>2)</sup>	Total	Index Dec. 98=100 <sup>3)</sup>				
					1	2	3	4
2000 Oct.	337.6	1,657.0	1,994.6	111.22	973.2	1,211.2	4,179.0	105.94
Nov.	337.7	1,675.3	2,013.0	112.37	986.4	1,202.1	4,201.4	106.63
Dec.	348.4	1,728.8	2,077.1	116.18	991.8	1,221.1	4,290.1	109.13
<i>Euro area enlargement</i>								
2001 1 Jan.	355.3	1,743.4	2,098.7	-	1,028.6	1,271.1	4,398.5	-
2001 Jan.	336.1	1,692.8	2,028.8	112.28	1,042.2	1,275.1	4,346.1	107.83
Feb.	335.1	1,692.9	2,028.0	112.22	1,054.7	1,269.7	4,352.4	107.97
Mar.	336.3	1,703.2	2,039.5	112.74	1,070.7	1,269.8	4,380.0	108.53
Apr.	336.2	1,735.9	2,072.1	114.54	1,072.1	1,273.4	4,417.6	109.47
May	332.9	1,759.2	2,092.1	115.47	1,072.9	1,273.2	4,438.3	109.79
June	333.0	1,798.4	2,131.4	117.66	1,070.4	1,283.0	4,484.8	110.97
July	328.0	1,780.3	2,108.3	116.48	1,077.2	1,287.2	4,472.8	110.77
Aug.	319.2	1,747.5	2,066.7	114.28	1,092.8	1,292.9	4,452.4	110.38
Sep.	309.6	1,815.1	2,124.7	117.48	1,075.2	1,299.7	4,499.7	111.54
Oct.	295.5	1,816.1	2,111.6	116.78	1,078.9	1,311.6	4,502.1	111.60
Nov.	279.7	1,864.6	2,144.3	118.55	1,081.0	1,326.4	4,551.8	112.79
Dec.	239.7	1,967.1	2,206.8	122.02	1,092.7	1,367.9	4,667.4	115.66
2002 Jan.	246.4	1,921.2	2,167.6	119.80	1,086.2	1,389.0	4,642.8	115.02
Feb.	240.4	1,917.2	2,157.6	119.25	1,081.8	1,393.0	4,632.4	114.77
Mar.	254.8	1,916.8	2,171.6	120.05	1,093.4	1,396.0	4,661.0	115.50
Apr. <sup>(p)</sup>	262.6	1,950.7	2,213.2	122.43	1,097.3	1,389.8	4,700.2	116.56

2. Monetary aggregates: flows <sup>4)</sup>

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual growth rate <sup>3)</sup> (%)
	Currency in circulation <sup>1)</sup>	Overnight deposits <sup>2)</sup>	Total	Annual growth rate <sup>3)</sup> (%)				
					1	2	3	4
2000 Nov.	0.1	20.5	20.6	5.0	15.6	-9.0	27.2	3.7
Dec.	10.7	57.5	68.2	5.7	11.2	19.3	98.6	3.7
<i>Euro area enlargement</i>								
2001 Jan.	-20.0	-50.4	-70.4	1.6	14.0	3.9	-52.5	2.6
Feb.	-1.0	-0.1	-1.1	2.1	12.3	-5.4	5.8	2.9
Mar.	1.3	8.1	9.3	2.0	13.4	-0.1	22.7	3.2
Apr.	-0.1	32.6	32.5	1.6	1.6	3.7	37.8	3.2
May	-3.3	20.1	16.8	3.2	-3.7	-0.5	12.7	3.6
June	0.1	39.6	39.7	4.3	-1.8	9.8	47.7	4.4
July	-5.0	-16.4	-21.4	3.3	9.0	4.4	-7.9	4.3
Aug.	-8.8	-30.9	-39.7	3.2	18.3	5.9	-15.5	4.2
Sep.	-9.6	67.4	57.7	5.5	-17.9	6.8	46.6	5.2
Oct.	-14.2	1.6	-12.6	5.0	3.2	11.8	2.4	5.3
Nov.	-15.7	47.8	32.1	5.5	1.2	14.8	48.1	5.8
Dec.	-40.0	102.7	62.7	5.0	11.6	41.5	115.8	6.0
2002 Jan.	6.7	-46.9	-40.3	6.7	-6.8	21.1	-25.9	6.7
Feb.	-6.0	-3.8	-9.8	6.3	-4.2	4.0	-10.0	6.3
Mar.	14.4	-0.1	14.3	6.5	12.2	3.1	29.6	6.4
Apr. <sup>(p)</sup>	7.7	35.4	43.1	6.9	5.7	-6.1	42.7	6.5

Source: ECB.

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

2) M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities up to 2 years.

M3 <sup>2)</sup>						
Repurchase agreements	Money market fund shares/units	Money market paper and debt securities up to 2 years	Total	Index Dec. 98=100 <sup>3)</sup>		
9	10	11	12	13		
170.6	313.5	131.7	4,794.9	107.18		2000 Oct.
173.5	319.8	126.6	4,821.5	107.88		Nov.
174.9	300.1	134.9	4,899.9	109.99		Dec.
<i>Euro area enlargement</i>						
195.2	300.1	135.0	5,028.8	-		2001 1 Jan.
213.8	313.2	137.9	5,011.1	109.63		2001 Jan.
215.8	322.3	144.3	5,034.8	110.14		Feb.
225.9	333.2	139.0	5,078.2	110.99		Mar.
224.9	341.8	139.9	5,124.2	111.97		Apr.
237.4	351.3	134.9	5,161.8	112.60		May
224.5	349.3	145.2	5,203.8	113.54		June
226.4	358.4	140.8	5,198.5	113.52		July
233.9	369.9	142.4	5,198.6	113.63		Aug.
228.2	374.4	147.5	5,249.8	114.60		Sep.
236.9	386.4	149.8	5,275.2	115.14		Oct.
229.5	395.2	152.1	5,328.6	116.34		Nov.
220.4	391.9	145.8	5,425.5	118.47		Dec.
219.7	410.8	141.7	5,415.0	118.31		2002 Jan.
224.5	422.0	138.6	5,417.5	118.36		Feb.
232.9	427.5	139.7	5,461.2	119.31		Mar.
230.7	438.2	136.6	5,505.8	120.42		Apr. <sup>(4)</sup>
<i>Euro area enlargement</i>						
18.6	14.6	2.8	-16.4	3.6		2001 Jan.
1.9	9.3	6.2	23.2	3.8		Feb.
10.1	12.4	-6.4	38.8	4.0		Mar.
-1.1	9.3	-1.3	44.8	4.0		Apr.
12.4	10.4	-6.5	28.9	4.5		May
-12.8	-0.9	9.2	43.2	5.6		June
1.9	9.5	-4.5	-1.0	5.7		July
7.5	10.8	2.3	5.1	6.0		Aug.
-5.6	4.1	-0.9	44.2	7.0		Sep.
8.9	12.4	0.9	24.7	7.4		Oct.
-7.4	10.1	4.6	55.3	7.8		Nov.
-9.2	-1.4	-8.0	97.2	7.7		Dec.
-0.6	19.8	-0.5	-7.3	7.9		2002 Jan.
4.8	11.3	-4.0	2.1	7.5		Feb.
8.2	4.5	1.6	43.8	7.5		Mar.
-2.1	14.5	-4.3	50.8	7.6		Apr. <sup>(4)</sup>

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

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

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions and percentage growth rates, unless otherwise indicated)*
**3. Seasonally adjusted levels at the end of the period**

	M2								Index Dec. 98=100 <sup>4)</sup>
	M1				Other short-term deposits <sup>5)</sup>			Total	
	Currency in circulation 1	Overnight deposits 2	Total 3	Index Dec. 98=100 <sup>4)</sup>	Total 5	Index Dec. 98=100 <sup>4)</sup>	Total 7		
								4	
2000 Oct.	340.7	1,678.9	2,019.5	112.61	2,200.5	102.27	4,220.1	106.98	
Nov.	338.6	1,678.4	2,017.0	112.60	2,210.1	102.84	4,227.1	107.28	
Dec.	337.9	1,684.1	2,022.0	113.09	2,199.0	102.60	4,221.0	107.37	
<i>Euro area enlargement</i>									
2001 1 Jan.	342.3	1,692.5	2,034.8	-	2,285.6	-	4,320.3	-	
2001 Jan.	341.8	1,700.5	2,042.3	113.03	2,295.9	103.09	4,338.2	107.63	
Feb.	340.9	1,706.0	2,046.9	113.27	2,310.7	103.75	4,357.5	108.10	
Mar.	338.3	1,710.6	2,048.9	113.26	2,329.8	104.48	4,378.8	108.50	
Apr.	337.0	1,723.4	2,060.3	113.89	2,340.1	104.95	4,400.4	109.04	
May	333.2	1,749.3	2,082.5	114.94	2,345.8	104.99	4,428.3	109.54	
June	330.5	1,763.5	2,093.9	115.59	2,361.6	105.73	4,455.5	110.24	
July	325.2	1,767.8	2,093.0	115.63	2,374.3	106.41	4,467.3	110.63	
Aug.	318.8	1,789.8	2,108.6	116.60	2,378.7	106.74	4,487.4	111.25	
Sep.	309.8	1,822.1	2,131.9	117.87	2,392.3	107.34	4,524.2	112.15	
Oct.	297.6	1,845.0	2,142.6	118.49	2,406.3	107.94	4,548.9	112.76	
Nov.	279.0	1,878.0	2,157.0	119.25	2,425.8	108.77	4,582.8	113.56	
Dec.	233.5	1,924.9	2,158.4	119.34	2,450.6	109.88	4,609.0	114.21	
2002 Jan.	250.2	1,930.1	2,180.3	120.50	2,456.0	110.11	4,636.3	114.86	
Feb.	244.1	1,931.4	2,175.5	120.25	2,461.8	110.38	4,637.3	114.89	
Mar.	253.4	1,916.7	2,170.1	119.96	2,481.1	111.27	4,651.1	115.26	
Apr. <sup>(p)</sup>	263.9	1,936.0	2,199.9	121.69	2,479.6	111.29	4,679.5	116.05	

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

	M2										
	M1					Other short-term deposits <sup>5)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)
	Currency in circulation 1	Overnight deposits 2	Total 3	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	Total 6	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)			
									4	5	7
2000 Nov.	-2.1	1.7	-0.3	0.0	5.3	12.1	0.6	2.5	11.8	0.3	3.8
Dec.	-0.7	9.7	8.9	0.4	5.3	-5.1	-0.2	2.1	3.8	0.1	3.6
<i>Euro area enlargement</i>											
2001 Jan.	-3.9	2.0	-1.9	-0.1	1.9	11.2	0.5	3.5	9.3	0.2	2.8
Feb.	-1.0	5.2	4.3	0.2	2.3	14.6	0.6	3.5	18.9	0.4	2.9
Mar.	-2.5	2.4	-0.1	0.0	1.7	16.4	0.7	4.3	16.3	0.4	3.0
Apr.	-1.4	12.7	11.3	0.6	1.7	10.5	0.4	4.8	21.8	0.5	3.3
May	-3.8	22.8	19.1	0.9	3.0	0.9	0.0	4.0	20.0	0.5	3.5
June	-2.7	14.6	11.8	0.6	4.0	16.6	0.7	4.5	28.4	0.6	4.3
July	-5.3	6.0	0.7	0.0	3.3	15.1	0.6	5.1	15.8	0.4	4.3
Aug.	-6.4	23.9	17.5	0.8	3.6	7.5	0.3	4.9	25.0	0.6	4.3
Sep.	-9.0	32.0	23.0	1.1	5.0	13.2	0.6	5.1	36.2	0.8	5.0
Oct.	-12.2	23.5	11.3	0.5	5.2	13.5	0.6	5.5	24.7	0.5	5.4
Nov.	-18.6	32.4	13.7	0.6	5.9	18.5	0.8	5.8	32.2	0.7	5.9
Dec.	-45.4	47.1	1.6	0.1	5.5	24.8	1.0	7.1	26.4	0.6	6.4
2002 Jan.	16.7	4.2	20.9	1.0	6.6	5.1	0.2	6.8	25.9	0.6	6.7
Feb.	-6.1	1.5	-4.6	-0.2	6.2	6.0	0.2	6.4	1.4	0.0	6.3
Mar.	9.2	-14.4	-5.1	-0.2	5.9	19.9	0.8	6.5	14.8	0.3	6.2
Apr. <sup>(p)</sup>	10.5	20.8	31.3	1.4	6.9	0.6	0.0	6.0	31.8	0.7	6.4

Source: ECB.

- 1) Monetary aggregates comprise monetary liabilities of MFIs and central government (Post Office, Treasury) vis-à-vis non-MFI euro area residents excluding central government.
- 2) M3 and its components exclude holdings by non-residents of the euro area of money market fund shares/units, money market paper and debt securities up to 2 years.
- 3) Loans, with other components of credit, are shown without seasonal adjustment on page 20\*.
- 4) For the calculations of the index and the growth rates, see the technical notes.

M3 <sup>2)</sup>				Loans to other euro area residents (excluding government) <sup>3)</sup>		
Marketable instruments <sup>6)</sup>		Total	Index Dec. 98=100 <sup>4)</sup>	Total	Index Dec. 98=100 <sup>4)</sup>	
Total	Index Dec. 98=100 <sup>4)</sup>					
9	10	11	12	13	14	
624.2	118.24	4,844.3	108.28	6,036.5	118.31	2000 Oct.
626.8	118.79	4,853.9	108.61	6,067.9	119.09	Nov.
636.4	121.72	4,857.4	109.03	6,075.6	119.59	Dec.
<i>Euro area enlargement</i>						
657.8	-	4,978.1	-	6,130.0	-	2001 1 Jan.
672.1	124.66	5,010.3	109.61	6,180.0	120.42	2001 Jan.
675.2	125.22	5,032.7	110.09	6,212.9	121.08	Feb.
684.5	127.01	5,063.2	110.66	6,263.8	121.91	Mar.
690.3	127.82	5,090.6	111.23	6,304.1	122.73	Apr.
703.5	130.14	5,131.8	111.94	6,341.2	123.24	May
714.6	132.20	5,170.1	112.80	6,361.6	123.76	June
727.7	134.70	5,195.1	113.44	6,377.5	124.24	July
744.3	137.79	5,231.7	114.36	6,396.1	124.79	Aug.
761.1	139.70	5,285.3	115.37	6,432.5	125.41	Sep.
782.4	143.46	5,331.3	116.36	6,465.4	126.03	Oct.
786.2	144.83	5,369.0	117.23	6,512.4	126.93	Nov.
791.8	145.90	5,400.8	117.93	6,504.0	126.90	Dec.
778.3	144.26	5,414.6	118.30	6,529.0	127.34	2002 Jan.
776.8	143.84	5,414.1	118.28	6,556.2	127.91	Feb.
783.6	144.95	5,434.7	118.73	6,591.9	128.65	Mar.
787.5	146.15	5,466.9	119.57	6,626.8	129.46	Apr. <sup>6)</sup>

M3 <sup>2)</sup>							Loans to other euro area residents (excluding government) <sup>3)</sup>			
Marketable instruments <sup>6)</sup>			Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	3-month moving average (centred) (%)	Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)	
Total	Monthly growth rate <sup>4)</sup> (%)	Annual growth rate <sup>4)</sup> (%)								
12	13	14	15	16	17	18	19	20	21	
2.9	0.5	5.2	14.7	0.3	4.0	4.1	31.4	0.7	9.3	2000 Nov.
15.5	2.5	7.6	19.3	0.4	4.1	3.9	7.9	0.4	9.6	Dec.
<i>Euro area enlargement</i>										
16.5	2.4	10.3	25.8	0.5	3.7	3.9	104.5	0.7	9.3	2001 Jan.
3.0	0.4	9.9	21.9	0.4	3.8	3.8	32.9	0.6	9.0	Feb.
9.7	1.4	8.7	26.0	0.5	3.8	3.9	50.7	0.7	8.7	Mar.
4.4	0.6	9.2	26.2	0.5	4.1	4.1	40.4	0.7	8.4	Apr.
12.5	1.8	10.8	32.5	0.6	4.5	4.7	36.8	0.4	8.0	May
11.1	1.6	14.0	39.5	0.8	5.5	5.2	20.5	0.4	7.9	June
13.5	1.9	15.1	29.3	0.6	5.7	5.7	16.0	0.4	7.8	July
16.7	2.3	17.6	41.7	0.8	6.0	6.2	18.6	0.4	7.2	Aug.
10.3	1.4	19.1	46.5	0.9	6.8	6.8	36.4	0.5	6.7	Sep.
20.5	2.7	21.3	45.2	0.9	7.5	7.4	32.9	0.5	6.5	Oct.
7.5	1.0	21.9	39.7	0.7	7.9	7.9	47.0	0.7	6.6	Nov.
5.8	0.7	19.9	32.2	0.6	8.2	8.0	-8.4	0.0	6.1	Dec.
-8.9	-1.1	15.7	17.1	0.3	7.9	7.8	25.0	0.3	5.8	2002 Jan.
-2.3	-0.3	14.9	-0.9	0.0	7.4	7.6	27.2	0.5	5.6	Feb.
6.0	0.8	14.1	20.8	0.4	7.3	7.4	35.7	0.6	5.5	Mar.
6.5	0.8	14.3	38.3	0.7	7.5	.	35.0	0.6	5.5	Apr. <sup>6)</sup>

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

6) Marketable instruments comprise repurchase agreements, money market fund shares/units, money market paper and debt securities up to two years.

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

**Table 2.4 (cont'd)**
**Monetary aggregates <sup>1)</sup> and counterparts**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**5. Main counterparts of M3: levels at the end of the period**

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 <sup>3)</sup>		
	1	2	3	4	5	6	7	8	9	10
2000 Oct.	1,168.5	121.3	1,548.8	932.9	1,935.7	6,800.6	6,022.3	118.03	77.7	168.0
Nov.	1,162.6	122.9	1,537.2	920.8	1,939.3	6,836.6	6,057.0	118.88	68.0	167.7
Dec.	1,168.3	125.4	1,525.3	894.6	1,925.4	6,878.0	6,091.1	119.89	77.1	169.9
<i>Euro area enlargement</i>										
2001 1 Jan.	1,170.0	126.7	1,526.9	912.1	2,009.9	6,952.0	6,154.0	-	183.3	172.9
2001 Jan.	1,170.2	126.8	1,555.4	909.0	2,003.8	6,998.8	6,185.4	120.52	17.3	171.8
Feb.	1,169.2	126.9	1,564.2	911.4	2,006.1	7,035.8	6,206.5	120.95	8.3	172.3
Mar.	1,172.5	126.4	1,576.9	927.1	2,017.8	7,128.0	6,273.4	122.09	-26.0	172.0
Apr.	1,169.7	124.6	1,577.9	928.1	2,015.8	7,193.4	6,312.7	122.90	-62.0	173.3
May	1,170.6	123.2	1,584.7	940.1	2,030.7	7,221.2	6,333.2	123.09	-79.4	174.6
June	1,170.8	122.0	1,593.3	966.0	2,041.9	7,246.1	6,386.9	124.25	-40.3	175.4
July	1,165.2	120.7	1,593.9	955.3	2,034.2	7,259.8	6,393.1	124.55	-24.0	176.5
Aug.	1,161.9	119.5	1,586.4	960.0	2,021.6	7,236.7	6,368.3	124.25	2.8	176.9
Sep.	1,162.8	118.6	1,604.9	970.7	2,025.1	7,282.3	6,420.6	125.18	56.1	177.6
Oct.	1,162.7	116.9	1,616.9	981.4	2,014.0	7,323.3	6,450.3	125.73	79.4	178.3
Nov.	1,161.5	115.8	1,606.8	982.9	2,033.5	7,378.8	6,501.5	126.72	101.2	179.1
Dec.	1,168.9	115.8	1,613.8	996.5	2,026.1	7,423.6	6,519.0	127.19	86.7	180.0
2002 Jan.	1,173.2	112.3	1,633.2	1,007.6	2,050.4	7,443.3	6,534.1	127.44	74.1	177.5
Feb.	1,174.7	111.2	1,639.2	1,011.4	2,054.5	7,464.3	6,548.5	127.76	69.6	176.6
Mar.	1,180.2	109.9	1,657.3	1,008.0	2,084.4	7,507.9	6,602.4	128.85	61.6	176.3
Apr. <sup>(p)</sup>	1,178.2	108.0	1,653.1	1,002.6	2,064.8	7,544.5	6,637.0	129.66	69.7	176.0

**6. Main counterparts of M3: flows <sup>4)</sup>**

	Longer-term MFI liabilities				Credit <sup>2)</sup>				Net external assets	Fixed assets
	Deposits with agreed maturity over 2 years	Deposits redeemable at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to government	Credit to other euro area residents	Of which loans	Annual growth rate <sup>3)</sup> (%)		
	1	2	3	4	5	6	7	8	9	10
2000 Nov.	-4.8	1.6	-3.2	-11.9	1.9	42.8	43.2	9.3	-12.4	-0.3
Dec.	9.1	2.5	-3.4	-21.9	-9.1	59.9	51.6	9.5	17.6	1.2
<i>Euro area enlargement</i>										
2001 Jan.	0.2	0.1	24.7	-4.3	-12.7	48.2	32.1	9.3	-55.9	-1.0
Feb.	-1.1	0.1	8.6	2.8	-3.7	38.5	22.2	9.0	-9.7	0.5
Mar.	1.4	-0.5	8.5	16.6	6.5	83.4	58.5	8.7	-35.7	0.1
Apr.	-2.6	-1.9	-0.1	1.3	-1.4	65.7	41.4	8.4	-36.4	1.2
May	0.1	-1.4	-5.0	8.4	15.7	15.7	9.7	8.0	-12.9	1.4
June	0.4	-1.1	11.6	19.1	11.1	28.1	59.9	7.9	32.7	0.9
July	-4.7	-1.4	7.1	-6.5	-5.5	19.3	15.1	7.7	18.4	1.1
Aug.	-2.1	-1.2	-0.8	7.3	-7.9	-11.9	-15.2	7.2	25.4	0.3
Sep.	0.6	-0.9	17.5	9.2	-3.2	45.5	47.5	6.7	31.2	0.7
Oct.	-0.3	-1.7	12.3	7.9	-12.2	36.7	28.4	6.5	25.4	0.7
Nov.	-1.5	-1.1	19.0	2.9	22.9	49.6	50.7	6.6	28.8	1.1
Dec.	7.3	0.1	7.7	14.7	-6.6	48.6	24.2	6.1	-10.3	1.1
2002 Jan.	3.8	-3.6	11.0	13.3	18.8	17.4	12.7	5.7	-12.1	-2.5
Feb.	1.6	-1.0	9.4	-0.6	4.0	25.2	16.5	5.6	-10.4	-0.9
Mar.	5.6	-1.3	20.4	-0.4	25.3	44.5	55.8	5.5	-9.6	-0.3
Apr. <sup>(p)</sup>	-1.3	-1.9	2.6	-4.4	-18.6	45.3	41.4	5.5	6.8	-0.2

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

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

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

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

**Table 2.5**

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

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

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

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total	Up to 1 year	Index Dec.98 =100 <sup>2)</sup>	Total	Up to 1 year	Index Dec.98 =100 <sup>2)</sup>	Central government <sup>3)</sup>	Other general government					Total	Index Dec.98 =100 <sup>2)</sup>
								State government		Local government		Social security funds		
	1	2	3	4	5	6	7	8	Over 5 years	10	Over 5 years		11	12
2000 Q3	385.6	247.2	138.8	33.1	25.3	120.4	173.3	288.4	252.4	337.9	305.3	18.5	818.1	97.3
Q4	394.8	252.9	142.8	31.5	21.8	114.8	173.1	297.3	255.4	350.9	315.8	14.6	835.9	99.5
<i>Euro area enlargement</i>														
2001 1 Jan.	395.4	253.4	-	31.6	21.8	-	185.6	297.3	255.4	351.5	316.4	15.2	849.6	-
2001 Q1	418.0	273.0	153.0	35.9	26.8	130.6	189.3	295.3	255.3	352.4	314.0	15.6	852.6	99.1
Q2	425.3	280.7	155.7	35.8	26.7	130.2	175.1	294.0	254.9	350.4	312.4	17.2	836.6	97.2
Q3	408.4	256.3	149.4	36.6	26.9	133.9	168.2	293.9	254.1	349.7	312.0	18.9	830.8	96.6
Q4	433.8	275.7	159.6	34.1	24.8	124.8	170.1	298.3	252.0	362.9	322.3	16.4	847.7	98.5
2002 Q1 <sup>4)</sup>	459.4	301.6	169.3	39.5	28.0	144.7	180.1	294.0	248.2	364.4	322.0	15.9	854.5	99.3

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

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total	Up to 1 year	Annual growth rate <sup>2)</sup> (%)	Total	Up to 1 year	Annual growth rate <sup>2)</sup> (%)	Central government <sup>3)</sup>	Other general government					Total	Annual growth rate <sup>2)</sup> (%)
								State government		Local government		Social security funds		
	1	2	3	4	5	6	7	8	Over 5 years	10	Over 5 years		11	12
2000 Q4	11.1	6.8	18.2	-1.6	-3.5	6.6	0.3	8.8	3.0	12.8	10.3	-3.9	18.0	-0.9
<i>Euro area enlargement</i>														
2001 Q1	28.0	22.7	19.6	4.3	5.0	-3.4	-0.6	-2.0	-0.1	-0.7	-3.7	0.4	-2.9	-0.4
Q2	7.5	7.6	14.7	-0.1	-0.1	-7.9	-14.7	-1.3	-0.4	-2.0	-1.7	1.6	-16.4	-1.8
Q3	-17.2	-24.4	7.6	1.0	0.2	11.2	-6.2	0.0	-0.7	-0.7	-0.4	1.7	-5.2	-0.7
Q4	27.9	21.5	11.8	-2.5	-2.1	8.7	0.9	4.3	-2.1	13.2	10.3	-2.5	15.9	-1.0
2002 Q1 <sup>4)</sup>	26.2	26.5	10.7	5.4	3.2	10.8	9.9	-4.2	-3.8	1.5	-0.3	-0.4	6.7	0.1

Source: ECB.

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

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

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

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

**Table 2.5 (cont'd)**
**MFI loans by counterpart, type and original maturity <sup>1)</sup>**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**3. Loans to non-financial sectors other than government: levels at the end of the period**

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>
	1	2	3	4	5	6	7	8	9	10
2000 Q3	953.5	423.5	1,256.9	2,633.9	115.6	96.4	164.9	208.3	469.6	114.4
Q4	968.0	429.3	1,287.9	2,685.1	118.6	97.5	165.2	212.9	475.7	115.9
<i>Euro area enlargement</i>										
2001 1 Jan.	996.6	436.6	1,293.6	2,726.9	-	102.1	166.1	213.0	481.2	-
2001 Q1	1,034.2	445.4	1,313.6	2,793.2	120.9	98.7	168.4	212.7	479.8	115.0
Q2	1,051.7	455.8	1,343.4	2,851.0	123.1	100.1	171.1	217.6	488.7	117.5
Q3	1,027.6	466.8	1,371.8	2,866.2	124.3	100.6	170.7	221.7	493.1	118.6
Q4	1,018.4	489.7	1,394.6	2,902.8	125.9	102.6	170.4	226.7	499.6	120.0
2002 Q1 <sup>(p)</sup>	1,008.1	499.4	1,421.2	2,928.7	126.8	100.3	170.8	229.0	500.1	120.1

**4. Loans to non-financial sectors other than government: flows <sup>4)</sup>**

	Non-financial corporations					Consumer credit <sup>3)</sup>				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)
	1	2	3	4	5	6	7	8	9	10
2000 Q4	20.5	10.0	36.9	67.4	10.9	1.1	0.4	4.6	6.1	7.8
<i>Euro area enlargement</i>										
2001 Q1	32.7	5.4	13.2	51.3	10.1	-4.4	0.1	0.4	-3.9	4.5
Q2	13.6	12.1	25.7	51.4	9.0	1.3	3.9	5.2	10.4	5.2
Q3	-18.8	14.3	32.2	27.7	7.5	0.9	-0.5	4.1	4.5	3.6
Q4	-10.0	24.4	22.9	37.2	6.2	1.9	-0.7	4.9	6.1	3.5
2002 Q1 <sup>(p)</sup>	-12.3	9.6	22.6	19.9	4.9	-2.3	0.5	2.3	0.5	4.5

Source: ECB.

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

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

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Index Dec.98 =100 <sup>2)</sup>	Total	Index Dec.98 =100 <sup>2)</sup>	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 <sup>2)</sup>					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
21.9	62.9	1,749.3	1,834.1	119.0	143.3	101.0	342.1	586.4	111.6	2,890.1	116.7	37.6	107.7	2000 Q3
22.2	62.4	1,792.7	1,877.3	121.7	147.4	101.0	340.0	588.4	112.7	2,941.4	118.8	38.2	109.3	Q4
<i>Euro area enlargement</i>														
22.2	62.9	1,803.4	1,888.5	-	147.6	101.0	340.0	588.5	-	2,958.2	-	38.2	-	2001 1 Jan.
21.8	61.9	1,832.2	1,916.0	123.6	146.9	104.2	342.1	593.2	113.7	2,989.0	120.0	37.3	106.5	2001 Q1
22.3	62.4	1,868.5	1,953.3	125.7	148.8	100.6	342.7	592.1	114.8	3,034.2	122.0	40.7	116.5	Q2
22.5	61.0	1,906.9	1,990.5	128.2	144.3	100.5	342.1	586.9	113.9	3,070.4	123.5	39.0	111.6	Q3
22.7	61.0	1,936.1	2,019.7	130.0	144.6	101.9	343.6	590.0	115.1	3,109.3	125.2	39.0	111.7	Q4
24.0	62.0	1,966.0	2,052.0	132.1	142.9	101.7	339.5	584.0	115.1	3,136.0	126.5	38.7	110.8	2002 Q1 <sup>4)</sup>

Households											Non-profit institutions serving households			
Lending for house purchase <sup>3)</sup>					Other lending					Total	Annual growth rate <sup>2)</sup> (%)	Total	Annual growth rate <sup>2)</sup> (%)	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate <sup>2)</sup> (%)					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
0.3	-0.5	42.1	41.9	8.5	4.4	1.1	0.3	5.8	3.5	53.9	7.4	0.6	2.0	2000 Q4
<i>Euro area enlargement</i>														
-0.5	-0.9	30.1	28.7	8.2	0.4	3.1	2.0	5.5	3.1	30.3	6.5	-1.0	-4.8	2001 Q1
0.5	0.5	32.1	33.1	7.6	2.0	-1.8	5.1	5.3	2.7	48.9	6.2	3.5	8.1	Q2
0.2	-1.4	38.9	37.7	7.7	-4.5	0.0	0.1	-4.4	2.1	37.8	5.9	-1.7	3.7	Q3
0.1	-0.1	28.9	28.9	6.8	0.3	3.8	2.1	6.2	2.1	41.2	5.4	0.0	2.2	Q4
1.4	1.0	30.1	32.4	6.9	-1.3	0.4	0.7	-0.2	1.2	32.7	5.4	-0.3	4.0	2002 Q1 <sup>4)</sup>

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

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

**Table 2.6**
**Deposits held with MFIs, by counterpart and instrument <sup>1)</sup>**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**1. Deposits held by non-monetary financial corporations and by government: levels at the end of the period**

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total <sup>2)</sup>				Index Dec.98 =100 <sup>3)</sup>	Total <sup>2)</sup>				Index Dec.98 =100 <sup>3)</sup>	Central government	Other general government			Total	Index Dec.98 =100 <sup>3)</sup>
	Over-night	With agreed maturity	Repos			Over-night	With agreed maturity	Repos				State government	Local government	Social security funds		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q3	431.7	158.6	191.4	76.6	131.1	464.6	34.1	413.8	12.9	111.7	159.2	30.3	63.2	57.9	310.6	117.8
Q4	431.1	153.6	198.9	74.0	130.9	477.6	40.6	418.5	15.3	114.8	164.5	30.6	68.2	53.2	316.5	120.1
<i>Euro area enlargement</i>																
2001 1 Jan.	434.1	154.1	200.2	75.2	-	479.9	40.7	418.5	17.5	-	166.2	30.6	69.1	55.1	321.0	-
2001 Q1	441.9	151.8	194.2	91.2	133.3	483.6	38.2	423.1	18.8	115.7	150.3	30.9	65.0	57.2	303.5	113.4
Q2	455.4	164.3	195.9	89.3	136.2	486.1	41.4	424.0	16.9	116.4	165.5	31.4	66.8	60.8	324.6	121.3
Q3	455.2	162.7	201.7	85.6	133.7	487.6	39.3	426.7	17.9	116.7	147.8	33.3	67.4	60.4	308.9	115.5
Q4	467.8	157.9	217.9	86.7	136.2	495.3	48.0	427.4	16.4	118.5	139.0	30.0	68.9	61.0	299.0	111.7
2002 Q1 <sup>4)</sup>	492.5	162.2	233.1	91.2	142.8	497.9	43.1	433.1	17.7	119.1	157.5	30.9	64.6	61.2	314.3	117.7

**2. Deposits held by non-monetary financial corporations and by government: flows <sup>4)</sup>**

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total <sup>2)</sup>				Annual growth rate <sup>3)</sup> (%)	Total <sup>2)</sup>				Annual growth rate <sup>3)</sup> (%)	Central government	Other general government			Total	Annual growth rate <sup>3)</sup> (%)
	Over-night	With agreed maturity	Repos			Over-night	With agreed maturity	Repos				State government	Local government	Social security funds		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q4	-0.5	-4.9	7.5	-2.6	8.9	13.0	6.5	4.6	2.4	6.1	5.3	0.3	5.0	-4.7	5.9	12.5
<i>Euro area enlargement</i>																
2001 Q1	7.7	-2.5	-5.9	16.0	1.7	3.7	-2.5	4.5	1.3	4.3	-15.6	0.1	-4.1	2.1	-17.5	10.6
Q2	9.6	12.4	-2.1	-1.8	4.2	2.8	3.4	1.0	-1.9	4.5	15.1	0.5	1.9	3.6	21.1	6.5
Q3	-8.2	-1.6	-2.2	-3.7	2.0	1.5	-2.1	2.7	1.0	4.5	-17.7	1.9	0.5	-0.5	-15.7	-2.0
Q4	8.2	-4.6	11.5	1.2	4.0	7.6	8.8	0.6	-1.4	3.3	-8.8	-3.4	1.5	0.7	-10.0	-6.9
2002 Q1 <sup>4)</sup>	22.7	4.3	13.2	4.4	7.1	2.5	-4.9	5.6	1.2	3.0	19.1	1.0	-4.3	0.1	15.9	3.7

Source: ECB.

- 1) Corresponding ESA 95 sector codes: non-financial corporations, S.11; households, S.14; non-profit institutions serving households, S.15; non-monetary financial intermediaries except insurance corporations and pension funds (corresponding to other financial intermediaries in the ESA 95), S.123 (including financial auxiliaries, S.124); insurance corporations and pension funds, S.125; general government, S.13.
- 2) Including deposits redeemable at notice.
- 3) For the calculation of the index and the growth rates, see the technical notes.
- 4) Calculated from quarterly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions.

**Table 2.6 (cont'd)****Deposits held with MFIs, by counterpart and instrument <sup>1)</sup>***(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)***3. Deposits held by non-financial sectors other than government: levels at the end of the period**

	Non-financial corporations						Households <sup>2)</sup>					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 <sup>3)</sup>	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 <sup>3)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12
2000 Q3	464.3	331.9	24.7	25.0	845.8	106.4	874.4	1,107.8	1,235.5	51.6	3,269.3	101.4
Q4	497.5	324.7	24.1	26.3	872.5	111.3	906.9	1,131.5	1,241.5	57.1	3,337.0	103.5
<i>Euro area enlargement</i>												
2001 1 Jan.	504.5	337.9	24.2	30.5	897.2	-	910.4	1,154.0	1,292.3	69.6	3,426.4	-
2001 Q1	479.0	349.3	24.1	32.4	884.7	108.7	906.1	1,192.4	1,287.1	78.9	3,464.5	104.6
Q2	514.6	335.7	24.4	32.1	906.8	111.0	947.2	1,198.8	1,293.5	81.3	3,520.8	106.3
Q3	514.8	322.8	25.4	34.5	897.5	112.1	963.6	1,203.8	1,305.3	84.6	3,557.3	107.5
Q4	577.1	337.3	27.5	36.5	978.4	121.8	1,042.8	1,195.8	1,365.7	76.8	3,681.2	111.4
2002 Q1 <sup>4)</sup>	530.4	346.3	27.5	35.3	939.6	116.9	1,038.8	1,183.5	1,380.7	81.7	3,684.6	111.5

**4. Deposits held by non-financial sectors other than government: flows <sup>4)</sup>**

	Non-financial corporations						Households <sup>2)</sup>					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate <sup>3)</sup> (%)	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate <sup>3)</sup> (%)
	1	2	3	4	5	6	7	8	9	10	11	12
2000 Q4	37.1	1.1	-0.6	1.3	38.9	11.1	32.6	24.4	6.3	5.5	68.7	1.0
<i>Euro area enlargement</i>												
2001 Q1	-28.5	6.8	-0.1	1.8	-20.0	7.5	-4.6	37.8	-5.8	9.3	36.7	2.4
Q2	32.7	-13.8	0.3	-0.4	18.8	6.3	41.1	6.4	6.3	2.3	56.2	4.4
Q3	3.9	1.6	0.4	2.5	8.4	5.3	16.2	5.2	12.7	3.4	37.4	6.0
Q4	62.1	11.9	2.0	2.0	78.1	9.5	79.4	-2.9	60.3	-7.8	129.1	7.6
2002 Q1 <sup>4)</sup>	-47.2	8.7	0.1	-1.2	-39.6	7.5	-4.1	-9.7	14.9	4.8	6.0	6.6

Source: ECB.

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

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

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

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

**Table 2.7**
**Main MFI claims on and liabilities to non-residents of the euro area**
*(EUR billions (not seasonally adjusted) and percentage growth rates, unless otherwise indicated)*
**1. Levels at the end of the period**

	Loans to non-residents							Holdings of securities other than shares issued by non-residents								
	Banks <sup>1)2)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>	Banks <sup>1)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>
	Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>			Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q3	979.5	93.6	79.3	441.4	520.7	122.0	1,500.3	101.7	168.2	159.7	321.5	175.4	496.9	109.7	665.1	119.0
Q4	945.4	92.9	78.9	445.6	524.5	127.0	1,469.9	102.7	171.1	171.7	290.6	183.7	474.3	108.8	645.4	120.5
<i>Euro area enlargement</i>																
2001 1 Jan.	964.1	-	78.9	449.3	528.2	-	1,492.3	-	171.3	-	296.2	184.0	480.2	-	651.5	-
2001 Q1	1,051.6	99.8	76.3	518.0	594.2	142.1	1,645.8	111.9	188.8	187.1	285.9	204.5	490.4	112.6	679.3	126.4
Q2	1,071.4	99.9	78.9	519.3	598.2	139.7	1,669.6	111.3	210.5	204.2	294.6	208.7	503.2	113.5	713.7	130.4
Q3	1,081.7	103.0	74.9	527.8	602.6	145.9	1,684.4	115.3	206.6	207.0	273.8	213.0	486.8	113.4	693.4	130.8
Q4	1,116.0	105.8	75.2	543.7	618.8	147.4	1,734.9	117.7	236.4	233.0	290.2	217.6	507.8	116.8	744.2	138.4
2002 Q1 <sup>4)</sup>	1,114.1	105.3	76.4	546.1	622.5	148.5	1,736.6	117.7	259.4	254.9	276.9	218.7	495.7	114.1	755.1	140.4

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

	Loans to non-residents							Holdings of securities other than shares issued by non-residents								
	Banks <sup>1)2)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)
	Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
2000 Q4	-7.6	3.7	-0.7	22.2	21.5	10.5	13.9	6.0	12.7	26.8	-32.3	28.1	-4.2	6.9	8.5	11.5
<i>Euro area enlargement</i>																
2001 Q1	70.3	7.0	3.7	58.4	62.1	20.5	132.5	11.6	15.3	27.8	4.9	11.6	16.5	6.1	31.8	11.3
Q2	1.3	3.4	2.6	-12.6	-10.0	18.3	-8.7	8.3	17.3	34.1	9.2	-5.2	4.0	5.4	21.3	12.5
Q3	33.5	10.1	-4.0	30.5	26.5	19.6	60.1	13.4	2.9	29.7	-22.3	21.9	-0.4	3.4	2.6	10.0
Q4	28.5	13.9	0.3	6.0	6.3	16.0	34.8	14.7	25.9	35.7	16.7	-2.4	14.3	7.3	40.2	14.9
2002 Q1 <sup>4)</sup>	-4.4	5.6	3.2	1.5	4.8	4.5	0.3	5.2	22.2	36.3	-9.9	-1.5	-11.4	1.4	10.8	11.1

*Source: ECB.*
*1) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.*
*2) Deposits placed by MFIs with banks located outside the euro area are included.*

**Table 2.7 (cont'd)**

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Index Dec.98 =100 <sup>3)</sup>	Banks <sup>1)</sup>		Non-banks				Total	Index Dec.98 =100 <sup>3)</sup>	
Total	Index Dec.98 =100 <sup>3)</sup>	Total	Index Dec.98 =100 <sup>3)</sup>			Total	Index Dec.98 =100 <sup>3)</sup>	General government	Other	Total	Index Dec.98 =100 <sup>3)</sup>			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
58.1	226.4	81.4	190.0	139.5	202.8	1,578.5	122.1	81.6	526.5	608.1	138.6	2,186.6	126.3	2000 Q3
61.6	241.9	80.0	192.7	141.6	210.2	1,550.9	124.1	84.6	504.0	588.7	138.0	2,139.6	127.6	Q4
<i>Euro area enlargement</i>														
62.3	-	80.2	-	142.5	-	1,560.8	-	85.6	507.9	593.4	-	2,154.3	-	2001 1 Jan.
65.1	252.2	94.3	227.3	159.4	235.4	1,781.7	139.6	89.3	577.1	666.4	152.7	2,448.2	143.0	2001 Q1
61.1	236.4	97.2	233.7	158.3	233.3	1,817.5	139.3	94.9	587.1	681.9	153.4	2,499.4	142.9	Q2
63.6	245.8	89.9	215.6	153.5	225.8	1,710.8	135.8	93.0	588.5	681.5	158.0	2,392.3	141.5	Q3
73.0	269.9	89.8	217.4	162.8	236.1	1,718.4	134.9	95.3	615.0	710.3	162.6	2,428.8	142.0	Q4
76.2	279.0	100.6	245.9	176.7	256.7	1,739.4	136.0	99.2	635.4	734.6	167.6	2,474.0	144.0	2002 Q1 <sup>4)</sup>

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks <sup>1)</sup>		Other		Total	Annual growth rate <sup>3)</sup> (%)	Banks <sup>1)</sup>		Non-banks				Total	Annual growth rate <sup>3)</sup> (%)	
Total	Annual growth rate <sup>3)</sup> (%)	Total	Annual growth rate <sup>3)</sup> (%)			Total	Annual growth rate <sup>3)</sup> (%)	General government	Other	Total	Annual growth rate <sup>3)</sup> (%)			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
4.0	47.8	1.1	46.2	5.1	46.8	26.1	12.5	3.0	-6.0	-3.0	17.8	23.1	13.9	2000 Q4
<i>Euro area enlargement</i>														
2.6	27.0	14.4	46.7	17.0	38.1	193.5	13.3	3.5	59.6	63.1	21.1	256.6	15.3	2001 Q1
-4.1	15.3	2.7	45.4	-1.4	32.2	-3.6	14.6	5.6	-2.7	2.8	18.2	-0.8	15.6	Q2
2.4	8.5	-7.5	13.5	-5.1	11.4	-45.2	11.3	-1.9	22.4	20.6	14.0	-24.6	12.0	Q3
6.2	11.6	0.7	12.8	7.0	12.3	-12.0	8.7	2.3	17.5	19.8	17.9	7.8	11.2	Q4
2.5	10.6	11.8	8.2	14.3	9.1	13.6	-2.6	4.3	17.6	21.9	9.8	35.6	0.8	2002 Q1 <sup>4)</sup>

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

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

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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	3,941.6	3,481.5	57.9	402.2	279.2	38.1	64.9	19.9	5,322.1	5,133.0	29.1	160.0	121.0	16.5	12.5	10.1
Q4	3,949.7	3,526.3	47.5	376.0	265.0	34.4	61.0	15.6	5,434.7	5,256.5	27.3	150.9	115.1	14.6	11.3	10.0
<i>Euro area enlargement</i>																
2001 Q1	4,059.6	3,558.9	55.4	445.3	316.6	40.2	67.8	20.7	5,578.2	5,367.8	31.2	179.2	130.8	23.8	12.3	12.2
Q2	4,072.5	3,586.1	52.8	433.6	309.0	40.3	65.4	19.0	5,693.7	5,480.7	30.7	182.3	133.5	24.0	11.6	13.2
Q3	4,101.5	3,624.2	48.9	428.5	300.6	38.9	71.0	17.9	5,706.6	5,507.6	28.2	170.9	125.7	22.1	10.8	12.2
Q4	4,166.0	3,694.1	46.6	425.4	307.6	33.0	67.2	17.6	5,921.6	5,720.3	26.0	175.4	127.4	24.5	10.5	13.0
2002 Q1 <sup>3)</sup>	4,099.4	3,612.0	49.2	438.3	311.4	39.4	66.6	20.9	5,928.9	5,725.3	28.6	175.0	127.6	22.8	10.4	14.2

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	1,578.5	611.7	145.6	821.2	662.0	63.3	63.5	32.4	608.1	252.8	61.1	294.3	245.6	23.1	13.8	11.8
Q4	1,550.9	590.9	126.8	833.2	684.3	53.1	65.8	30.1	588.7	254.1	64.1	270.5	225.6	20.5	12.3	12.2
<i>Euro area enlargement</i>																
2001 Q1	1,781.7	698.6	142.6	940.6	776.8	66.4	65.8	31.5	666.4	295.7	70.6	300.2	255.9	17.6	14.2	12.4
Q2	1,817.5	690.1	133.8	993.6	815.4	72.9	73.2	32.2	681.9	286.7	73.2	322.0	274.2	19.3	13.6	14.9
Q3	1,710.8	664.3	140.3	906.2	745.2	53.5	76.3	31.2	681.5	297.7	69.2	314.5	263.0	18.4	17.1	16.0
Q4	1,718.4	631.1	132.3	955.1	799.1	48.5	75.3	32.1	710.3	308.1	60.8	341.4	293.9	16.8	18.1	12.6
2002 Q1 <sup>3)</sup>	1,739.4	660.5	137.2	941.7	787.5	48.2	72.8	33.2	734.6	314.1	66.8	353.7	298.9	20.2	19.9	14.8

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

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	2,555.0	2,226.7	47.7	280.6	158.2	65.3	37.4	19.7	272.2	233.6	2.2	36.4	26.6	5.7	2.8	1.3
Q4	2,567.1	2,246.1	46.5	274.5	157.3	62.1	35.4	19.7	262.2	215.8	2.4	44.1	34.0	5.6	2.9	1.5
<i>Euro area enlargement</i>																
2001 Q1	2,667.7	2,327.9	48.3	291.4	172.0	61.5	37.5	20.5	278.5	227.8	2.1	48.6	41.6	3.0	2.6	1.5
Q2	2,731.3	2,358.3	53.9	319.1	189.3	69.4	39.6	20.8	275.5	227.0	4.3	44.2	35.8	4.7	2.5	1.1
Q3	2,751.1	2,384.7	52.8	313.6	187.1	68.6	38.4	19.5	265.0	217.9	4.0	43.2	36.0	3.1	2.8	1.2
Q4	2,779.1	2,377.9	67.8	333.3	208.7	63.8	40.6	20.2	254.7	204.8	6.0	43.9	37.9	2.8	2.1	1.1
2002 Q1 <sup>3)</sup>	2,845.1	2,429.7	69.7	345.7	219.5	60.5	42.7	22.9	275.8	227.2	6.1	42.5	36.4	2.2	2.7	1.1

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

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

**Table 2.8 (cont'd)**

**Currency analysis of certain liabilities and assets of the euro area MFIs <sup>1)</sup>**

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

**Assets outstanding**

**4. Loans to euro area residents**

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	3,930.8	-	-	-	-	-	-	-	6,798.3	6,487.1	34.8	276.3	155.8	44.4	72.1	4.0
Q4	3,937.8	-	-	-	-	-	-	-	6,927.0	6,622.8	32.4	271.8	151.6	41.2	74.3	4.7
<i>Euro area enlargement</i>																
2001 Q1	4,081.2	-	-	-	-	-	-	-	7,126.0	6,782.7	35.1	308.1	182.3	45.4	74.9	5.6
Q2	4,089.4	-	-	-	-	-	-	-	7,223.5	6,857.3	29.4	336.9	204.7	51.7	74.0	6.5
Q3	4,082.8	-	-	-	-	-	-	-	7,251.4	6,907.3	30.9	313.1	177.9	52.1	77.3	5.8
Q4	4,174.5	-	-	-	-	-	-	-	7,366.7	7,025.3	29.8	311.7	181.3	47.8	77.5	5.1
2002 Q1 <sup>1)</sup>	4,112.7	-	-	-	-	-	-	-	7,456.9	7,106.8	30.5	319.6	187.7	48.4	77.4	6.1

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	943.4	898.7	10.6	34.1	24.5	5.3	2.5	1.9	1,386.7	1,353.4	3.6	29.7	16.6	11.0	1.2	0.9
Q4	935.3	895.0	10.8	29.5	19.7	5.9	2.1	1.7	1,354.6	1,320.8	5.6	28.2	16.7	9.7	1.0	0.9
<i>Euro area enlargement</i>																
2001 Q1	971.2	931.2	9.5	30.4	20.6	6.3	1.7	1.8	1,452.8	1,413.1	3.6	36.0	21.2	13.1	1.1	0.6
Q2	994.4	951.3	11.0	32.1	22.1	6.5	1.6	1.8	1,507.0	1,465.2	4.9	36.9	21.7	13.3	1.1	0.8
Q3	999.2	959.7	9.6	29.9	21.0	5.9	1.5	1.5	1,521.3	1,482.3	4.2	34.8	20.4	12.6	1.2	0.6
Q4	1,011.8	966.8	12.4	32.6	23.1	6.3	1.4	1.8	1,515.2	1,477.4	3.7	34.1	20.3	12.1	1.1	0.6
2002 Q1 <sup>1)</sup>	1,049.5	1,000.9	14.3	34.4	24.3	6.5	1.7	1.8	1,576.6	1,540.3	3.9	32.4	19.1	11.7	1.0	0.6

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	979.5	445.9	90.9	442.7	332.0	42.1	33.8	34.8	520.7	156.1	46.1	318.6	273.9	14.5	23.3	6.9
Q4	945.4	410.0	89.2	446.2	337.8	44.2	32.6	31.7	524.5	163.3	45.3	315.8	271.2	11.5	25.9	7.2
<i>Euro area enlargement</i>																
2001 Q1	1,051.6	468.4	98.7	484.6	365.8	46.3	34.5	37.0	594.2	198.2	48.6	347.4	301.2	11.9	26.2	8.0
Q2	1,071.4	473.5	103.0	494.9	375.9	47.3	36.7	35.0	598.2	184.4	47.7	366.1	318.5	12.1	26.9	8.6
Q3	1,081.7	486.5	101.5	493.7	378.3	41.2	40.3	33.9	602.6	201.3	46.8	354.5	307.9	12.7	24.9	9.0
Q4	1,116.0	449.5	114.7	551.9	434.9	45.2	37.9	33.8	618.8	202.5	46.8	369.6	323.5	12.0	25.7	8.4
2002 Q1 <sup>1)</sup>	1,114.1	432.3	131.4	550.3	435.9	44.8	35.4	34.2	622.5	197.7	49.3	375.5	323.0	16.5	26.8	9.1

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

	Issued by banks <sup>3)</sup>								Issued by non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
2000 Q3	168.2	62.4	15.3	90.4	75.1	8.2	2.7	4.4	496.9	109.1	32.2	355.6	312.1	30.3	4.2	9.0
Q4	171.1	61.1	19.7	90.3	75.6	7.7	2.4	4.6	474.3	111.5	31.7	331.0	290.6	27.1	3.6	9.7
<i>Euro area enlargement</i>																
2001 Q1	188.8	64.8	22.7	101.3	87.1	7.3	2.3	4.6	490.4	120.8	24.4	345.3	306.8	25.7	2.7	10.1
Q2	210.5	72.4	25.5	112.6	98.4	6.8	2.6	4.8	503.2	121.3	25.8	356.1	316.2	26.9	3.0	9.9
Q3	206.6	76.4	27.0	103.2	93.1	4.7	2.1	3.4	486.8	129.0	27.1	330.7	292.7	27.1	3.9	7.1
Q4	236.4	80.5	27.6	128.3	118.1	4.2	2.7	3.3	507.8	131.4	27.0	349.4	306.2	30.3	4.2	8.7
2002 Q1 <sup>1)</sup>	259.4	84.8	33.9	140.6	130.1	4.3	2.7	3.5	495.7	129.2	26.6	339.9	299.4	25.5	5.0	10.0

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

**Table 3.1**

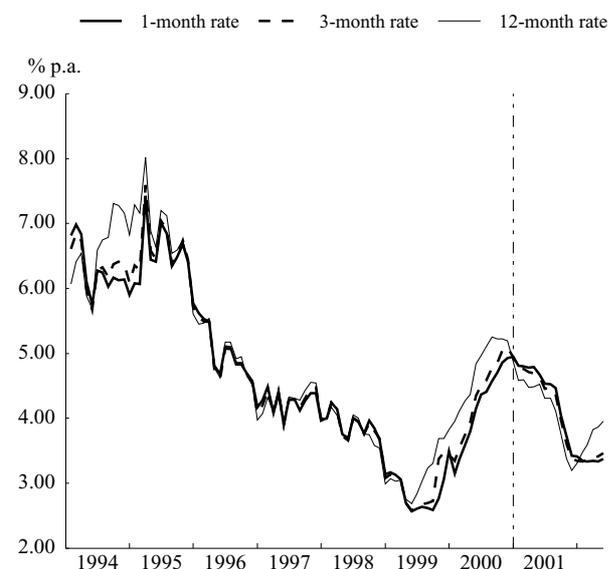
### Money market interest rates <sup>1)</sup>

(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>6)</sup> 6	3-month deposits <sup>7)</sup> 7
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
2000	4.12	4.24	4.40	4.55	4.78	6.53	0.28
<i>Euro area enlargement</i>							
2001	4.39	4.33	4.26	4.16	4.09	3.78	0.15
2001 May	4.65	4.67	4.64	4.57	4.53	4.11	0.07
June	4.54	4.53	4.45	4.35	4.31	3.83	0.07
July	4.51	4.52	4.47	4.39	4.31	3.75	0.08
Aug.	4.49	4.46	4.35	4.22	4.11	3.56	0.08
Sep.	3.99	4.05	3.98	3.88	3.77	3.03	0.06
Oct.	3.97	3.72	3.60	3.46	3.37	2.40	0.08
Nov.	3.51	3.43	3.39	3.26	3.20	2.10	0.08
Dec.	3.34	3.42	3.34	3.26	3.30	1.92	0.08
2002 Jan.	3.29	3.35	3.34	3.34	3.48	1.82	0.09
Feb.	3.28	3.34	3.36	3.40	3.59	1.90	0.10
Mar.	3.26	3.35	3.39	3.50	3.82	1.99	0.10
Apr.	3.32	3.34	3.41	3.54	3.86	1.97	0.08
May	3.31	3.37	3.46	3.62	3.95	1.91	0.08
2002 3 May	3.30	3.34	3.42	3.56	3.88	1.92	0.08
10	3.30	3.34	3.43	3.58	3.90	1.90	0.08
17	3.27	3.42	3.53	3.72	4.10	1.90	0.08
24	3.35	3.39	3.48	3.64	3.98	1.90	0.07
31	3.36	3.39	3.49	3.64	3.96	1.90	0.07

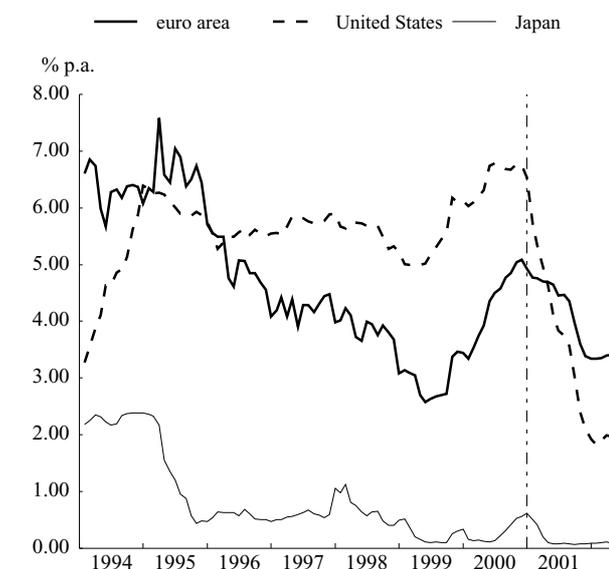
### Euro area money market rates

(monthly)



### 3-month money market rates

(monthly)



Sources: Reuters and ECB.

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

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

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

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

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

6) London interbank offered rates (LIBOR).

**Table 3.2**

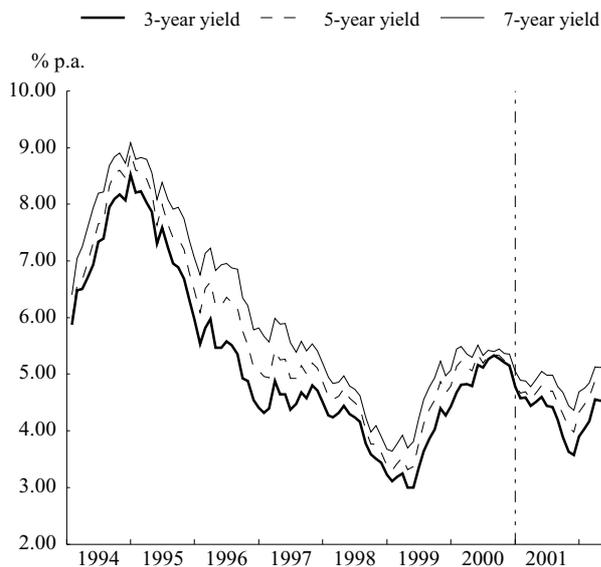
**Government bond yields <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
2000	4.90	5.03	5.19	5.37	5.44	6.03	1.76
<i>Euro area enlargement</i>							
2001	4.11	4.23	4.49	4.79	5.03	5.01	1.34
2001 May	4.56	4.60	4.80	5.05	5.26	5.37	1.28
June	4.39	4.44	4.70	4.99	5.21	5.26	1.19
July	4.33	4.42	4.70	4.99	5.25	5.23	1.33
Aug.	4.11	4.19	4.49	4.78	5.06	4.97	1.36
Sep.	3.77	3.89	4.29	4.67	5.04	4.76	1.40
Oct.	3.44	3.63	4.05	4.44	4.82	4.55	1.36
Nov.	3.36	3.58	3.98	4.37	4.67	4.61	1.33
Dec.	3.66	3.90	4.33	4.68	4.96	5.07	1.35
2002 Jan.	3.84	4.04	4.48	4.76	5.02	5.00	1.42
Feb.	3.96	4.17	4.60	4.85	5.07	4.90	1.52
Mar.	4.25	4.55	4.90	5.13	5.32	5.28	1.45
Apr.	4.21	4.53	4.86	5.12	5.30	5.21	1.39
May	4.25	4.55	4.89	5.16	5.30	5.15	1.38
2002 3 May	4.13	4.46	4.81	5.07	5.25	5.06	1.37
10	4.24	4.56	4.90	5.18	5.32	5.18	1.36
17	4.40	4.66	4.99	5.26	5.39	5.26	1.36
24	4.28	4.56	4.88	5.15	5.29	5.14	1.42
31	4.27	4.56	4.88	5.15	5.29	5.07	1.39

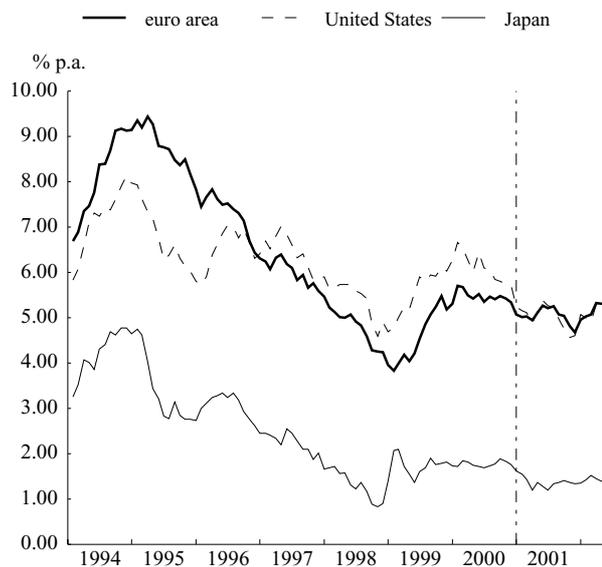
**Euro area government bond yields**

(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**

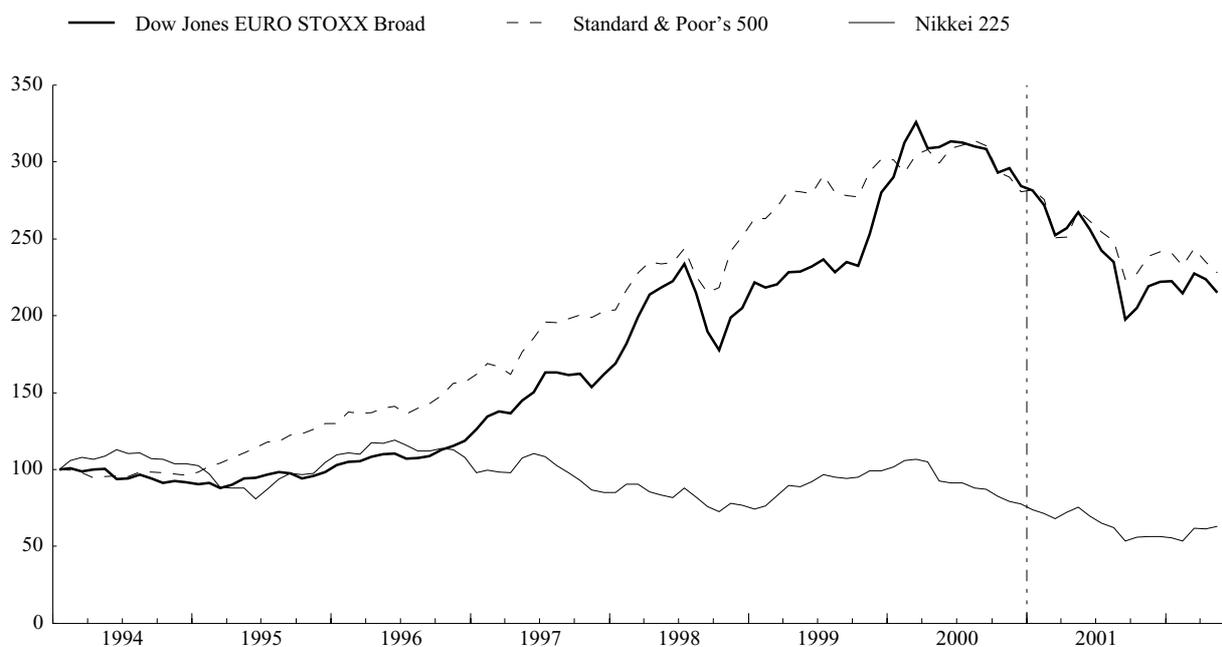
**Stock market indices**

(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	Standard & Poor's 500	Nikkei 225
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.1	301.7	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.4	488.1	348.9	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.2	717.7	392.6	1,327.8	16,829.9
2000	423.9	5,075.5	299.1	292.9	324.3	342.3	350.7	378.0	963.1	341.7	1,072.5	476.0	1,426.7	17,162.7
<i>Euro area enlargement</i>														
2001	336.3	4,049.4	296.0	228.2	303.3	341.4	321.6	310.0	530.5	309.6	541.2	540.1	1,193.8	12,114.8
2001 May	370.8	4,481.8	316.5	258.9	312.0	371.8	345.9	345.9	662.4	311.0	623.9	553.2	1,270.7	14,014.3
2001 June	355.1	4,289.7	306.4	241.8	316.9	379.2	341.0	328.6	553.5	320.9	538.3	580.1	1,238.7	12,974.9
2001 July	336.2	4,037.8	302.7	233.8	316.6	349.9	328.2	306.5	449.5	324.2	512.0	565.7	1,205.9	12,140.1
2001 Aug.	325.8	3,884.7	287.9	226.3	309.0	346.6	322.4	303.6	426.5	324.2	453.6	549.3	1,178.3	11,576.2
2001 Sep.	274.3	3,277.0	253.2	176.7	284.2	315.8	265.9	253.2	325.4	298.7	366.5	509.2	1,058.7	9,974.7
2001 Oct.	284.4	3,440.9	260.5	180.4	281.1	322.5	269.9	253.7	373.4	302.7	418.9	539.7	1,076.6	10,428.8
2001 Nov.	304.2	3,674.4	281.3	202.1	286.7	313.7	287.5	270.6	464.5	297.0	473.2	528.8	1,130.3	10,519.7
2001 Dec.	308.0	3,708.4	286.2	209.9	288.8	313.0	285.6	282.2	496.4	286.4	480.9	520.9	1,144.9	10,490.8
2002 Jan.	308.5	3,690.1	293.2	210.8	287.8	320.2	286.3	281.8	494.5	291.1	459.7	524.8	1,140.5	10,338.5
2002 Feb.	297.9	3,537.6	294.9	198.6	288.5	334.0	275.1	279.3	463.7	291.1	406.3	490.1	1,101.5	9,966.9
2002 Mar.	315.4	3,739.6	312.9	215.5	296.5	355.0	294.8	299.0	494.4	291.2	429.3	486.3	1,153.3	11,452.5
2002 Apr.	310.2	3,657.0	308.6	210.2	302.8	351.5	299.5	299.0	438.6	296.9	409.7	472.1	1,112.0	11,391.6
2002 May	298.2	3,503.5	306.9	204.3	300.7	347.3	293.7	296.7	378.3	290.6	355.9	460.8	1,079.9	11,695.8
2002 3 May	297.6	3,496.4	303.2	199.4	305.6	350.8	295.7	293.5	374.0	292.3	347.1	465.3	1,073.4	11,551.0
10	295.9	3,465.1	304.5	201.6	299.9	344.9	293.0	295.4	376.0	289.6	343.7	457.8	1,055.0	11,531.1
17	302.7	3,554.8	310.0	208.6	299.0	347.9	297.2	301.0	397.2	290.4	368.6	464.5	1,106.6	11,847.3
24	295.5	3,477.1	308.3	206.1	297.5	349.6	289.9	296.8	361.2	288.3	350.1	450.0	1,097.1	11,976.3
31	291.8	3,425.8	309.2	204.0	293.3	344.4	286.3	293.5	351.8	283.5	347.8	445.7	1,067.1	11,763.7

**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**

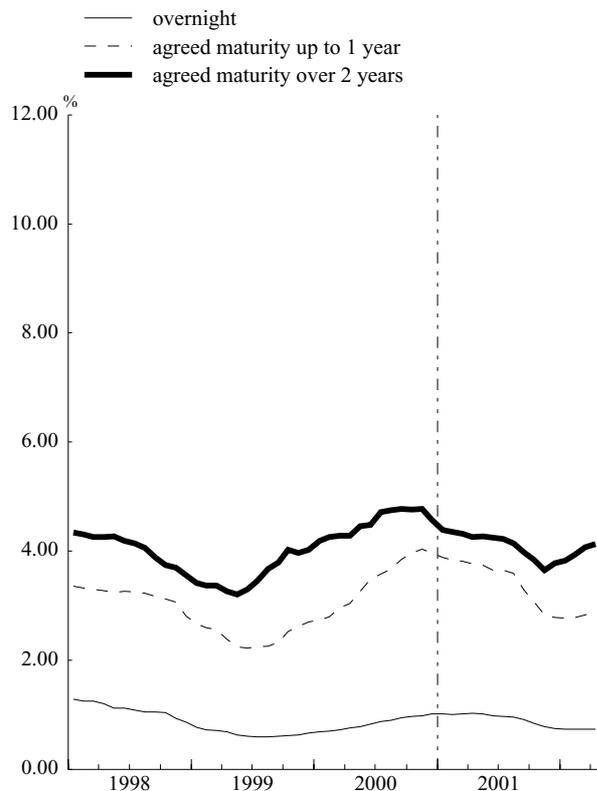
**Retail bank interest rates**

(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
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.40	5.29
2000	0.85	3.45	3.45	4.52	2.25	3.79	6.60	6.23	9.87	6.34
<i>Euro area enlargement</i>										
2001	0.94	3.49	3.49	4.12	2.40	3.59	6.83	6.15	10.12	5.97
2001 Apr.	1.03	3.76	3.76	4.26	2.50	3.91	7.07	6.34	10.25	6.14
May	1.01	3.75	3.74	4.27	2.48	3.91	7.03	6.34	10.22	6.17
June	0.98	3.65	3.65	4.25	2.45	3.85	6.97	6.25	10.17	6.13
July	0.97	3.65	3.65	4.22	2.44	3.80	6.90	6.20	10.11	6.05
Aug.	0.96	3.59	3.59	4.14	2.40	3.68	6.89	6.19	10.16	5.96
Sep.	0.91	3.28	3.28	3.98	2.36	3.33	6.70	6.07	10.08	5.86
Oct.	0.84	3.06	3.06	3.84	2.29	3.01	6.46	5.82	9.99	5.65
Nov.	0.78	2.84	2.83	3.65	2.19	2.75	6.31	5.71	9.87	5.48
Dec.	0.74	2.79	2.78	3.77	2.17	2.79	6.26	5.69	9.81	5.52
2002 Jan.	0.73	2.77	2.77	3.83	2.17	2.80	6.18	5.63	9.78	5.53
Feb.	0.74	2.78	2.79	3.95	2.15	2.91	6.16	5.75	9.81	5.61
Mar.	0.74	2.83	2.84	4.07	2.15	3.00	6.06	5.85	9.76	5.74
Apr.	0.74	2.88	2.89	4.13	2.16	3.07	6.08	5.90	9.77	5.81

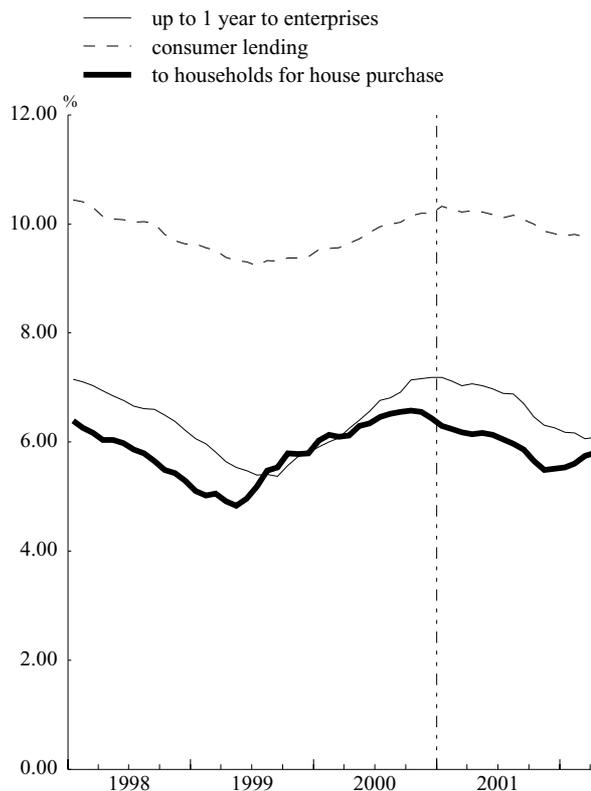
**Deposit interest rates**

(monthly)



**Lending interest rates**

(monthly)



Source: ECB.

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

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

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	452.7	436.4	16.3	722.3	432.6	417.7	14.9	642.7	20.1	18.7
Apr.	441.8	431.7	10.1	733.2	424.1	412.7	11.4	653.9	17.7	19.0
May	478.0	480.6	-2.7	735.1	456.8	460.1	-3.3	651.8	21.2	20.5
June	410.6	418.6	-8.1	726.3	387.9	395.5	-7.6	642.7	22.7	23.2
July	393.7	385.6	8.0	734.7	370.5	365.2	5.3	649.4	23.2	20.4
Aug.	422.8	418.2	4.6	737.9	404.7	400.1	4.6	654.9	18.1	18.1
Sep.	396.3	399.7	-3.4	734.7	374.0	376.2	-2.1	653.2	22.3	23.6
Oct.	498.3	494.0	4.2	742.1	480.2	470.8	9.4	662.9	18.1	23.2
Nov.	486.1	489.8	-3.7	740.0	459.6	466.7	-7.0	655.7	26.5	23.2
Dec.	331.9	375.8	-43.9	696.0	307.6	353.5	-45.8	610.9	24.3	22.3
2002 Jan.	484.6	453.1	31.5	730.7	464.0	432.6	31.4	643.6	20.6	20.5
Feb.	405.6	407.9	-2.3	726.3	386.4	387.2	-0.8	644.1	19.2	20.7
Mar.	420.0	402.7	17.3	745.6	399.6	383.0	16.6	662.4	20.4	19.7

**2. Long-term**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	153.4	102.0	51.4	6,656.9	128.0	86.8	41.1	6,083.9	25.4	15.2
Apr.	114.4	74.0	40.4	6,696.2	97.7	64.4	33.3	6,116.7	16.7	9.6
May	132.4	81.9	50.5	6,768.7	118.3	67.9	50.3	6,167.2	14.1	14.0
June	138.9	78.9	60.0	6,823.6	116.9	59.2	57.7	6,223.4	22.0	19.7
July	144.1	98.4	45.7	6,856.9	125.0	85.4	39.5	6,263.2	19.1	13.0
Aug.	92.2	73.8	18.4	6,860.2	76.8	63.4	13.3	6,275.3	15.4	10.4
Sep.	124.2	106.4	17.8	6,880.6	108.8	88.2	20.6	6,296.3	15.4	18.2
Oct.	144.4	108.4	36.0	6,919.2	123.4	91.6	31.8	6,328.4	21.0	16.8
Nov.	141.7	92.0	49.7	6,973.4	115.5	86.6	28.9	6,357.0	26.3	5.4
Dec.	122.2	83.8	38.4	7,010.8	112.1	73.5	38.6	6,394.8	10.1	10.3
2002 Jan.	173.5	111.2	62.4	7,077.9	155.9	105.2	50.7	6,443.7	17.7	6.0
Feb.	140.5	106.4	34.1	7,113.3	129.2	97.1	32.1	6,477.0	11.3	9.3
Mar.	163.5	105.5	58.0	7,170.2	144.0	91.6	52.4	6,528.8	19.5	13.8

**3. Total**

	By euro area residents									
					In euro <sup>1)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	606.1	538.4	67.7	7,379.2	560.5	504.5	56.0	6,726.6	45.5	33.9
Apr.	556.2	505.7	50.5	7,429.3	521.8	477.1	44.7	6,770.6	34.4	28.6
May	610.3	562.5	47.8	7,503.9	575.1	528.0	47.0	6,819.1	35.3	34.5
June	549.5	497.5	52.0	7,549.9	504.8	454.7	50.1	6,866.1	44.7	42.8
July	537.8	484.0	53.7	7,591.6	495.5	450.7	44.8	6,912.5	42.3	33.4
Aug.	515.0	492.0	23.1	7,598.1	481.5	463.5	18.0	6,930.2	33.5	28.4
Sep.	520.5	506.1	14.4	7,615.3	482.8	464.3	18.5	6,949.5	37.7	41.8
Oct.	642.7	602.4	40.2	7,661.3	603.5	562.4	41.2	6,991.2	39.1	40.1
Nov.	627.8	581.8	46.0	7,713.3	575.1	553.2	21.9	7,012.7	52.7	28.6
Dec.	454.1	459.5	-5.5	7,706.8	419.7	426.9	-7.2	7,005.6	34.3	32.6
2002 Jan.	658.1	564.3	93.9	7,808.6	619.9	537.8	82.1	7,087.3	38.3	26.5
Feb.	546.0	514.3	31.8	7,839.6	515.6	484.3	31.3	7,121.1	30.5	30.0
Mar.	583.5	508.1	75.4	7,915.8	543.6	474.6	69.0	7,191.1	39.9	33.5

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

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

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
1.4	79.6	26.3	6.3	20.0	78.0	458.9	424.0	34.9	720.7	2001 Mar.
-1.4	79.3	7.2	29.2	-22.0	55.9	431.3	441.9	-10.6	709.8	Apr.
0.7	83.3	11.8	13.5	-1.7	54.2	468.6	473.6	-5.0	706.1	May
-0.5	83.6	25.1	9.8	15.2	69.5	413.0	405.3	7.7	712.1	June
2.8	85.3	6.2	25.5	-19.3	50.2	376.7	390.7	-14.0	699.6	July
0.0	83.1	9.9	14.7	-4.8	45.4	414.6	414.8	-0.2	700.3	Aug.
-1.3	81.5	22.0	12.0	10.0	55.4	396.1	388.1	7.9	708.7	Sep.
-5.1	79.2	8.8	20.0	-11.1	44.3	489.0	490.8	-1.8	707.2	Oct.
3.3	84.2	16.2	12.9	3.3	47.6	475.8	479.5	-3.7	703.3	Nov.
1.9	85.2	17.1	10.2	6.9	54.5	324.8	363.7	-38.9	665.4	Dec.
0.1	87.1	11.3	24.2	-12.9	41.6	475.3	456.8	18.5	685.3	2002 Jan.
-1.5	82.3	13.4	11.8	1.7	43.3	399.8	399.0	0.9	687.3	Feb.
0.7	83.2	24.3	7.9	16.4	59.7	423.9	390.9	33.1	722.1	Mar.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
10.3	573.1	37.0	8.1	29.0	764.8	165.0	94.9	70.1	6,848.7	2001 Mar.
7.1	579.4	20.0	6.7	13.3	777.9	117.7	71.1	46.6	6,894.7	Apr.
0.1	601.5	27.0	10.4	16.6	794.4	145.2	78.3	66.9	6,961.6	May
2.3	600.2	33.6	8.7	24.9	819.5	150.5	68.0	82.5	7,042.9	June
6.1	593.7	15.1	5.8	9.3	829.0	140.1	91.2	48.9	7,092.2	July
5.1	584.9	12.9	6.0	6.9	836.1	89.7	69.4	20.3	7,111.4	Aug.
-2.8	584.3	8.4	9.0	-0.6	835.5	117.2	97.2	20.0	7,131.8	Sep.
4.2	590.9	19.6	4.6	15.0	850.5	143.0	96.1	46.8	7,178.8	Oct.
20.9	616.4	30.1	7.4	22.7	873.2	145.5	94.0	51.6	7,230.1	Nov.
-0.2	616.0	13.6	13.4	0.2	873.4	125.7	86.9	38.8	7,268.1	Dec.
11.7	634.2	20.4	6.8	13.6	886.9	176.2	112.0	64.3	7,330.5	2002 Jan.
2.0	636.2	19.7	13.9	5.8	892.8	148.9	111.0	37.9	7,369.8	Feb.
5.7	641.5	25.4	12.0	13.4	906.2	169.4	103.6	65.8	7,435.0	Mar.

currencies		By non-residents of the euro area in euro <sup>1)</sup>				Total in euro <sup>1)</sup>				
Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
11	12	13	14	15	16	17	18	19	20	
11.7	652.6	63.4	14.4	49.0	842.8	623.9	518.9	105.0	7,569.3	2001 Mar.
5.8	658.7	27.2	35.9	-8.7	833.9	549.0	513.0	36.0	7,604.5	Apr.
0.8	684.8	38.8	23.9	14.9	848.6	613.8	551.9	61.9	7,667.7	May
1.9	683.8	58.7	18.6	40.1	889.0	563.5	473.3	90.2	7,755.0	June
8.9	679.1	21.3	31.3	-9.9	879.3	516.8	481.9	34.9	7,791.8	July
5.1	668.0	22.8	20.7	2.1	881.5	504.3	484.3	20.1	7,811.7	Aug.
-4.1	665.8	30.4	21.0	9.4	891.0	513.3	485.3	27.9	7,840.5	Sep.
-1.0	670.1	28.4	24.6	3.9	894.8	632.0	586.9	45.0	7,886.0	Oct.
24.1	700.6	46.2	20.2	26.0	920.8	621.3	573.5	47.8	7,933.5	Nov.
1.7	701.2	30.7	23.7	7.1	927.9	450.5	450.6	-0.1	7,933.5	Dec.
11.8	721.4	31.7	31.0	0.7	928.5	651.6	568.8	82.8	8,015.8	2002 Jan.
0.5	718.5	33.1	25.6	7.5	936.0	548.7	509.9	38.7	8,057.2	Feb.
6.4	724.7	49.7	19.9	29.8	965.9	593.3	494.5	98.8	8,157.0	Mar.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	642.7	264.5	5.1	94.5	276.5	2.2	78.0	37.9	25.8	12.6
Apr.	653.9	268.6	5.5	92.4	285.3	2.2	55.9	26.8	18.5	9.7
May	651.8	260.3	5.5	99.4	284.1	2.4	54.2	26.5	18.0	8.8
June	642.7	261.0	5.3	97.5	276.9	2.0	69.5	32.1	24.7	11.5
July	649.4	258.7	5.1	101.2	280.8	3.6	50.2	25.3	17.3	6.7
Aug.	654.9	254.3	4.4	106.7	285.9	3.6	45.4	23.1	15.7	5.8
Sep.	653.2	251.6	4.1	106.3	287.5	3.7	55.4	27.1	22.2	5.5
Oct.	662.9	261.3	3.8	110.3	284.0	3.4	44.3	23.3	16.4	4.0
Nov.	655.7	250.7	3.9	106.4	291.2	3.6	47.6	23.6	19.4	3.4
Dec.	610.9	240.3	3.4	95.7	267.3	4.1	54.5	23.8	24.4	4.4
2002 Jan.	643.6	257.4	3.7	100.3	278.8	3.5	41.6	18.8	18.9	3.1
Feb.	644.1	251.8	3.9	98.3	286.6	3.5	43.3	19.9	19.0	3.6
Mar.	662.4	258.8	4.3	97.1	298.9	3.2	59.7	26.4	26.2	6.4

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	6,083.9	2,240.7	266.3	298.3	3,168.1	110.4	764.8	199.8	236.8	80.2
Apr.	6,116.7	2,247.9	272.4	301.4	3,182.6	112.5	777.9	202.5	244.4	82.7
May	6,167.2	2,255.4	282.6	311.4	3,204.5	113.3	794.4	208.1	250.5	88.0
June	6,223.4	2,270.4	290.2	318.8	3,230.7	113.3	819.5	216.5	256.2	91.2
July	6,263.2	2,290.0	307.7	321.4	3,228.7	115.4	829.0	219.1	261.9	93.2
Aug.	6,275.3	2,290.0	309.4	328.0	3,229.6	118.3	836.1	220.2	268.9	93.9
Sep.	6,296.3	2,296.5	313.7	326.5	3,237.2	122.4	835.5	221.0	269.7	93.3
Oct.	6,328.4	2,312.0	324.1	324.1	3,240.8	127.5	850.5	223.0	276.1	95.3
Nov.	6,357.0	2,314.3	332.0	340.4	3,240.9	129.3	873.2	227.2	287.5	99.7
Dec.	6,394.8	2,316.8	362.6	346.6	3,238.3	130.4	873.4	229.4	287.0	100.3
2002 Jan.	6,443.7	2,321.6	367.7	351.9	3,269.0	133.4	886.9	229.6	291.4	103.7
Feb.	6,477.0	2,342.5	372.2	354.8	3,274.4	133.0	892.8	233.0	294.3	104.5
Mar.	6,528.8	2,363.3	379.1	355.7	3,293.2	137.5	906.2	235.4	305.0	106.2

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	6,726.6	2,505.2	271.4	392.7	3,444.6	112.6	842.8	237.7	262.5	92.8
Apr.	6,770.6	2,516.4	277.8	393.8	3,467.9	114.7	833.9	229.3	262.8	92.3
May	6,819.1	2,515.8	288.2	410.9	3,488.6	115.6	848.6	234.6	268.5	96.8
June	6,866.1	2,531.5	295.5	416.3	3,507.6	115.3	889.0	248.6	280.8	102.7
July	6,912.5	2,548.6	312.7	422.6	3,509.6	119.0	879.3	244.4	279.2	99.9
Aug.	6,930.2	2,544.4	313.8	434.7	3,515.5	121.9	881.5	243.3	284.5	99.7
Sep.	6,949.5	2,548.0	317.9	432.8	3,524.7	126.1	891.0	248.1	291.8	98.8
Oct.	6,991.2	2,573.3	327.8	434.4	3,524.8	130.9	894.8	246.3	292.5	99.3
Nov.	7,012.7	2,565.0	336.0	446.8	3,532.1	132.9	920.8	250.7	307.0	103.0
Dec.	7,005.6	2,557.1	366.0	442.3	3,505.6	134.6	927.9	253.3	311.4	104.7
2002 Jan.	7,087.3	2,579.0	371.4	452.2	3,547.8	136.9	928.5	248.4	310.4	106.8
Feb.	7,121.1	2,594.3	376.1	453.1	3,561.0	136.5	936.0	252.9	313.4	108.1
Mar.	7,191.1	2,622.1	383.4	452.8	3,592.1	140.7	965.9	261.8	331.2	112.6

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

<sup>1)</sup> Including items expressed in the national denominations of the euro.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	1.0	0.4	720.7	302.4	30.9	107.1	276.7	3.2	0.4	2001 Mar.
0.1	0.8	0.1	709.8	295.4	23.9	102.1	285.3	2.9	0.1	Apr.
0.1	0.8	0.1	706.1	286.8	23.5	108.2	284.2	3.2	0.1	May
0.2	0.8	0.2	712.1	293.1	29.9	109.0	277.1	2.8	0.2	June
0.2	0.7	0.0	699.6	284.0	22.3	107.9	281.0	4.3	0.0	July
0.1	0.6	0.0	700.3	277.4	20.1	112.5	286.0	4.2	0.0	Aug.
0.1	0.5	0.1	708.7	278.6	26.3	111.8	287.7	4.2	0.1	Sep.
0.1	0.3	0.2	707.2	284.6	20.2	114.3	284.2	3.7	0.2	Oct.
0.1	0.4	0.6	703.3	274.3	23.3	109.8	291.3	4.0	0.6	Nov.
0.1	0.5	1.3	665.4	264.1	27.8	100.1	267.4	4.7	1.3	Dec.
0.1	0.4	0.2	685.3	276.2	22.6	103.4	278.9	4.0	0.2	2002 Jan.
0.1	0.3	0.4	687.3	271.7	22.9	101.9	286.8	3.8	0.4	Feb.
0.1	0.2	0.4	722.1	285.2	30.5	103.5	299.1	3.5	0.4	Mar.

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	
90.7	39.9	117.5	6,848.7	2,440.5	503.1	378.5	3,258.8	150.3	117.5	2001 Mar.
91.5	40.0	116.9	6,894.7	2,450.4	516.7	384.1	3,274.1	152.5	116.9	Apr.
92.5	39.6	115.7	6,961.6	2,463.6	533.1	399.4	3,296.9	152.8	115.7	May
94.4	46.1	115.1	7,042.9	2,486.9	546.4	410.0	3,325.1	159.4	115.1	June
94.0	46.1	114.7	7,092.2	2,509.0	569.6	414.6	3,322.7	161.5	114.7	July
93.8	46.0	113.4	7,111.4	2,510.2	578.2	421.8	3,323.4	164.3	113.4	Aug.
92.0	46.0	113.6	7,131.8	2,517.5	583.4	419.8	3,329.1	168.4	113.6	Sep.
91.8	51.3	113.0	7,178.8	2,534.9	600.2	419.3	3,332.6	178.8	113.0	Oct.
91.5	51.7	115.7	7,230.1	2,541.5	619.6	440.0	3,332.4	180.9	115.7	Nov.
92.1	51.7	112.9	7,268.1	2,546.3	649.6	446.8	3,330.4	182.1	112.9	Dec.
91.3	56.5	114.4	7,330.5	2,551.2	659.2	455.6	3,360.3	189.9	114.4	2002 Jan.
92.0	56.3	112.5	7,369.8	2,575.6	666.6	459.4	3,366.5	189.3	112.5	Feb.
92.2	56.3	111.1	7,435.0	2,598.7	684.1	461.9	3,385.3	193.8	111.1	Mar.

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	
90.9	41.0	117.9	7,569.3	2,742.9	534.0	485.6	3,535.5	153.5	117.9	2001 Mar.
91.6	40.8	117.0	7,604.5	2,745.8	540.7	486.1	3,559.5	155.5	117.0	Apr.
92.6	40.4	115.8	7,667.7	2,750.4	556.7	507.7	3,581.2	156.0	115.8	May
94.6	46.9	115.3	7,755.0	2,780.0	576.3	519.0	3,602.2	162.2	115.3	June
94.2	46.9	114.8	7,791.8	2,793.0	591.9	522.5	3,603.8	165.9	114.8	July
93.9	46.6	113.5	7,811.7	2,787.7	598.3	534.4	3,609.4	168.5	113.5	Aug.
92.1	46.5	113.7	7,840.5	2,796.1	609.7	531.6	3,616.8	172.6	113.7	Sep.
92.0	51.6	113.2	7,886.0	2,819.6	620.3	533.7	3,616.8	182.4	113.2	Oct.
91.6	52.1	116.3	7,933.5	2,815.8	642.9	549.8	3,623.7	185.0	116.3	Nov.
92.2	52.2	114.1	7,933.5	2,810.3	677.5	546.9	3,597.9	186.8	114.1	Dec.
91.4	56.9	114.6	8,015.8	2,827.4	681.8	559.0	3,639.2	193.8	114.6	2002 Jan.
92.2	56.6	112.9	8,057.2	2,847.2	689.5	561.2	3,653.2	193.1	112.9	Feb.
92.3	56.5	111.5	8,157.0	2,883.9	714.6	565.4	3,684.4	197.2	111.5	Mar.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	432.6	312.7	3.1	67.0	48.1	1.6	26.3	10.1	12.3	3.5
Apr.	424.1	301.6	3.2	69.4	48.5	1.4	7.2	2.7	3.3	1.1
May	456.8	341.5	2.8	71.3	39.2	1.9	11.8	5.7	5.0	0.8
June	387.9	282.0	2.7	64.7	37.4	1.1	25.1	9.8	11.5	3.3
July	370.5	245.1	2.3	75.6	44.9	2.6	6.2	2.8	2.8	0.6
Aug.	404.7	287.4	1.6	68.9	45.3	1.5	9.9	4.8	4.1	0.9
Sep.	374.0	269.5	2.2	66.3	34.3	1.8	22.0	8.0	11.4	2.2
Oct.	480.2	345.9	2.0	86.0	45.1	1.1	8.8	3.0	4.7	0.9
Nov.	459.6	347.2	2.3	66.6	42.2	1.3	16.2	6.4	7.9	1.1
Dec.	307.6	228.5	1.3	52.6	23.4	1.9	17.1	6.6	8.4	1.3
2002 Jan.	464.0	327.5	2.1	71.2	61.3	2.0	11.3	5.0	5.0	1.1
Feb.	386.4	268.0	2.6	66.0	47.9	1.9	13.4	5.0	6.5	1.5
Mar.	399.6	286.5	2.2	60.1	49.0	1.8	24.3	10.7	10.1	3.3

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	128.0	45.3	12.0	14.4	53.3	2.8	37.0	14.3	7.3	5.6
Apr.	97.7	41.0	8.7	6.2	39.1	2.6	20.0	5.3	9.1	2.7
May	118.3	38.9	13.6	11.9	52.9	0.9	27.0	8.9	9.7	6.5
June	116.9	44.9	11.0	10.9	49.6	0.5	33.6	11.8	7.7	4.7
July	125.0	52.7	20.9	6.1	42.6	2.7	15.1	4.8	7.3	2.3
Aug.	76.8	29.9	6.5	7.7	29.6	3.1	12.9	3.4	8.5	0.9
Sep.	108.8	35.9	7.2	2.3	58.8	4.6	8.4	4.8	3.0	0.2
Oct.	123.4	58.7	13.6	4.5	40.8	5.8	19.6	3.4	7.9	2.3
Nov.	115.5	48.0	11.5	17.5	35.8	2.7	30.1	6.0	12.7	4.6
Dec.	112.1	43.0	34.9	9.1	23.0	2.1	13.6	6.4	3.9	1.7
2002 Jan.	155.9	47.5	10.7	6.5	88.0	3.2	20.4	4.1	5.3	3.7
Feb.	129.2	54.0	8.3	8.2	57.5	1.1	19.7	8.1	8.2	1.3
Mar.	144.0	56.0	10.0	3.3	69.4	5.2	25.4	8.6	12.1	3.3

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	560.5	358.1	15.1	81.4	101.5	4.4	63.4	24.4	19.6	9.1
Apr.	521.8	342.6	12.0	75.6	87.6	4.0	27.2	7.9	12.4	3.8
May	575.1	380.4	16.4	83.2	92.1	2.9	38.8	14.7	14.8	7.3
June	504.8	326.9	13.7	75.6	87.0	1.6	58.7	21.6	19.2	8.0
July	495.5	297.7	23.2	81.8	87.5	5.2	21.3	7.6	10.1	2.9
Aug.	481.5	317.3	8.1	76.5	74.9	4.6	22.8	8.2	12.6	1.7
Sep.	482.8	305.4	9.4	68.6	93.1	6.4	30.4	12.7	14.3	2.4
Oct.	603.5	404.6	15.6	90.4	86.0	6.9	28.4	6.5	12.6	3.2
Nov.	575.1	395.3	13.8	84.1	78.0	4.0	46.2	12.5	20.6	5.7
Dec.	419.7	271.5	36.1	61.6	46.4	4.0	30.7	13.0	12.3	3.1
2002 Jan.	619.9	375.0	12.8	77.6	149.3	5.1	31.7	9.1	10.3	4.8
Feb.	515.6	322.1	10.9	74.2	105.4	2.9	33.1	13.2	14.7	2.9
Mar.	543.6	342.6	12.3	63.4	118.4	7.0	49.7	19.3	22.2	6.6

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	0.1	0.3	458.9	322.8	15.4	70.5	48.2	1.7	0.3	2001 Mar.
0.0	0.1	0.0	431.3	304.2	6.5	70.5	48.5	1.5	0.0	Apr.
0.0	0.2	0.0	468.6	347.2	7.9	72.1	39.3	2.1	0.0	May
0.1	0.1	0.2	413.0	291.8	14.3	67.9	37.5	1.2	0.2	June
0.0	0.0	0.0	376.7	247.8	5.1	76.3	44.9	2.6	0.0	July
0.1	0.0	0.0	414.6	292.2	5.7	69.8	45.4	1.5	0.0	Aug.
0.1	0.4	0.0	396.1	277.5	13.5	68.6	34.3	2.1	0.0	Sep.
0.0	0.0	0.2	489.0	349.0	6.7	86.9	45.1	1.2	0.2	Oct.
0.1	0.2	0.4	475.8	353.7	10.2	67.7	42.3	1.5	0.4	Nov.
0.0	0.1	0.7	324.8	235.0	9.7	53.9	23.4	2.0	0.7	Dec.
0.1	0.0	0.1	475.3	332.5	7.1	72.2	61.5	2.0	0.1	2002 Jan.
0.0	0.1	0.2	399.8	273.1	9.1	67.6	47.9	1.9	0.2	Feb.
0.0	0.1	0.1	423.9	297.2	12.4	63.4	49.0	1.9	0.1	Mar.

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	
3.2	5.5	1.1	165.0	59.6	19.3	20.0	56.6	8.3	1.1	2001 Mar.
1.3	0.4	1.2	117.7	46.3	17.9	8.9	40.4	3.0	1.2	Apr.
1.7	0.0	0.1	145.2	47.8	23.3	18.4	54.6	1.0	0.1	May
2.0	6.7	0.8	150.5	56.7	18.7	15.6	51.6	7.2	0.8	June
0.5	0.1	0.0	140.1	57.5	28.2	8.4	43.2	2.7	0.0	July
0.1	0.0	0.0	89.7	33.3	15.0	8.5	29.7	3.2	0.0	Aug.
0.1	0.0	0.4	117.2	40.7	10.2	2.5	58.9	4.6	0.4	Sep.
0.2	5.4	0.4	143.0	62.1	21.4	6.8	41.1	11.2	0.4	Oct.
1.0	0.5	5.1	145.5	54.1	24.2	22.1	36.8	3.2	5.1	Nov.
1.3	0.1	0.1	125.7	49.4	38.8	10.8	24.3	2.2	0.1	Dec.
0.0	5.1	2.1	176.2	51.7	16.0	10.2	88.0	8.3	2.1	2002 Jan.
1.5	0.3	0.3	148.9	62.2	16.5	9.5	59.0	1.4	0.3	Feb.
0.8	0.5	0.3	169.4	64.6	22.1	6.6	70.2	5.6	0.3	Mar.

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	
3.3	5.6	1.5	623.9	382.4	34.7	90.5	104.8	10.0	1.5	2001 Mar.
1.3	0.5	1.2	549.0	350.6	24.4	79.5	88.9	4.5	1.2	Apr.
1.7	0.2	0.1	613.8	395.1	31.2	90.6	93.9	3.1	0.1	May
2.1	6.8	1.0	563.5	348.5	32.9	83.6	89.1	8.4	1.0	June
0.6	0.1	0.1	516.8	305.4	33.3	84.7	88.1	5.3	0.1	July
0.2	0.0	0.1	504.3	325.5	20.7	78.3	75.1	4.7	0.1	Aug.
0.2	0.4	0.4	513.3	318.1	23.7	71.0	93.2	6.7	0.4	Sep.
0.2	5.4	0.5	632.0	411.1	28.2	93.7	86.2	12.3	0.5	Oct.
1.1	0.8	5.6	621.3	407.7	34.4	89.8	79.1	4.7	5.6	Nov.
1.3	0.3	0.8	450.5	284.5	48.5	64.7	47.8	4.3	0.8	Dec.
0.1	5.1	2.2	651.6	384.1	23.1	82.4	149.5	10.3	2.2	2002 Jan.
1.5	0.4	0.5	548.7	335.3	25.6	77.1	106.9	3.3	0.5	Feb.
0.8	0.5	0.4	593.3	361.8	34.4	70.0	119.2	7.5	0.4	Mar.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	14.9	2.7	0.2	1.0	11.1	-0.1	20.0	7.3	9.8	2.6
Apr.	11.4	4.3	0.4	-2.0	8.8	0.0	-22.0	-11.1	-7.3	-3.0
May	-3.3	-9.5	0.1	7.0	-1.1	0.2	-1.7	-0.4	-0.5	-0.9
June	-7.6	2.2	-0.3	-1.8	-7.3	-0.4	15.2	5.6	6.7	2.7
July	5.3	-3.7	-0.2	3.6	4.0	1.6	-19.3	-6.7	-7.4	-4.8
Aug.	4.6	-5.2	-0.7	5.5	5.0	0.0	-4.8	-2.2	-1.6	-0.9
Sep.	-2.1	-3.2	-0.3	-0.4	1.7	0.1	10.0	4.0	6.5	-0.3
Oct.	9.4	9.6	-0.4	3.9	-3.5	-0.3	-11.1	-3.8	-5.8	-1.5
Nov.	-7.0	-10.7	0.1	-3.8	7.1	0.2	3.3	0.3	3.0	-0.6
Dec.	-45.8	-11.4	-0.5	-10.6	-23.8	0.6	6.9	0.2	5.0	1.0
2002 Jan.	31.4	15.7	0.2	4.6	11.4	-0.6	-12.9	-5.0	-5.5	-1.3
Feb.	-0.8	-6.6	0.2	-2.2	7.8	0.0	1.7	1.1	0.1	0.5
Mar.	16.6	5.3	0.4	-1.2	12.3	-0.2	16.4	6.5	7.2	2.8

**2. Long-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	41.1	9.4	7.2	11.1	11.7	1.8	29.0	12.4	5.3	5.1
Apr.	33.3	7.8	5.7	3.1	14.5	2.1	13.3	2.8	7.7	2.5
May	50.3	7.4	10.3	10.1	21.9	0.7	16.6	5.6	6.2	5.4
June	57.7	16.5	7.6	7.4	26.2	0.0	24.9	8.4	5.6	3.1
July	39.5	19.6	17.4	2.6	-2.2	2.1	9.3	2.5	5.6	2.0
Aug.	13.3	1.3	1.7	6.6	0.9	2.9	6.9	1.1	6.8	0.7
Sep.	20.6	6.0	4.3	-1.5	7.5	4.1	-0.6	0.8	0.8	-0.6
Oct.	31.8	15.2	10.3	-2.4	3.7	5.1	15.0	2.0	6.5	2.0
Nov.	28.9	2.1	8.1	16.9	0.1	1.8	22.7	4.2	11.4	4.4
Dec.	38.6	3.3	30.6	6.1	-2.6	1.2	0.2	2.3	-0.5	0.6
2002 Jan.	50.7	6.5	5.1	5.5	30.7	3.0	13.6	0.1	4.4	3.4
Feb.	32.1	19.6	4.5	2.9	5.4	-0.4	5.8	3.5	2.8	0.8
Mar.	52.4	21.4	6.9	0.9	18.8	4.4	13.4	2.4	10.7	1.7

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2001 Mar.	56.0	12.1	7.3	12.1	22.8	1.7	49.0	19.6	15.1	7.7
Apr.	44.7	12.1	6.1	1.1	23.2	2.1	-8.7	-8.3	0.4	-0.5
May	47.0	-2.1	10.3	17.0	20.7	1.0	14.9	5.3	5.7	4.5
June	50.1	18.6	7.3	5.6	19.0	-0.4	40.1	14.0	12.2	5.9
July	44.8	15.9	17.2	6.2	1.7	3.7	-9.9	-4.2	-1.8	-2.8
Aug.	18.0	-3.9	1.1	12.1	5.9	2.8	2.1	-1.1	5.2	-0.2
Sep.	18.5	2.8	4.1	-1.9	9.2	4.3	9.4	4.7	7.3	-0.9
Oct.	41.2	24.8	10.0	1.5	0.2	4.7	3.9	-1.8	0.7	0.5
Nov.	21.9	-8.6	8.2	13.1	7.2	2.1	26.0	4.5	14.5	3.7
Dec.	-7.2	-8.1	30.1	-4.5	-26.4	1.7	7.1	2.5	4.5	1.6
2002 Jan.	82.1	22.2	5.3	10.1	42.1	2.3	0.7	-4.9	-1.0	2.2
Feb.	31.3	13.0	4.7	0.7	13.2	-0.4	7.5	4.5	2.9	1.3
Mar.	69.0	26.7	7.3	-0.3	31.1	4.2	29.8	8.9	17.9	4.5

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	-0.1	0.3	34.9	10.0	10.0	3.6	11.2	-0.1	0.3	2001 Mar.
-0.1	-0.2	-0.3	-10.6	-6.8	-7.0	-5.0	8.6	-0.2	-0.3	Apr.
0.0	0.0	0.0	-5.0	-9.8	-0.4	6.1	-1.1	0.2	0.0	May
0.1	0.0	0.1	7.7	7.8	6.4	0.9	-7.2	-0.3	0.1	June
0.0	-0.1	-0.2	-14.0	-10.4	-7.6	-1.2	3.9	1.5	-0.2	July
0.0	-0.1	0.0	-0.2	-7.4	-2.2	4.6	5.0	-0.2	0.0	Aug.
0.0	-0.1	0.0	7.9	0.8	6.2	-0.7	1.7	0.0	0.0	Sep.
0.0	-0.2	0.1	-1.8	5.8	-6.1	2.4	-3.5	-0.5	0.1	Oct.
0.0	0.1	0.4	-3.7	-10.4	3.2	-4.4	7.1	0.4	0.4	Nov.
0.0	0.1	0.7	-38.9	-11.2	4.5	-9.6	-23.9	0.6	0.7	Dec.
0.0	-0.1	-1.1	18.5	10.7	-5.2	3.3	11.5	-0.7	-1.1	2002 Jan.
0.0	-0.2	0.2	0.9	-5.5	0.3	-1.7	7.8	-0.2	0.2	Feb.
0.0	0.0	0.0	33.1	11.8	7.6	1.6	12.3	-0.3	0.0	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
2.5	5.2	-1.5	70.1	21.8	12.4	16.2	14.2	7.0	-1.5	2001 Mar.
0.9	0.1	-0.6	46.6	10.6	13.4	5.6	15.3	2.2	-0.6	Apr.
1.0	-0.4	-1.1	66.9	13.0	16.5	15.5	22.8	0.3	-1.1	May
1.9	6.5	-0.6	82.5	24.8	13.2	10.5	28.2	6.5	-0.6	June
-0.5	0.0	-0.4	48.9	22.1	23.0	4.6	-2.7	2.1	-0.4	July
-0.2	-0.1	-1.3	20.3	2.4	8.5	7.2	0.6	2.8	-1.3	Aug.
-1.8	0.0	0.2	20.0	6.8	5.2	-2.0	5.7	4.2	0.2	Sep.
-0.1	5.3	-0.6	46.8	17.1	16.9	-0.4	3.5	10.3	-0.6	Oct.
-0.4	0.4	2.7	51.6	6.2	19.5	21.2	-0.3	2.2	2.7	Nov.
0.6	0.0	-2.8	38.8	5.6	30.1	6.8	-2.0	1.2	-2.8	Dec.
-0.8	4.8	1.5	64.3	6.6	9.5	8.9	29.9	7.8	1.5	2002 Jan.
0.7	-0.2	-1.9	37.9	23.1	7.2	3.8	6.1	-0.5	-1.9	Feb.
0.1	0.0	-1.4	65.8	23.8	17.6	2.5	18.9	4.4	-1.4	Mar.

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
2.6	5.2	-1.1	105.0	31.8	22.4	19.8	25.4	6.9	-1.1	2001 Mar.
0.7	-0.1	-0.9	36.0	3.8	6.5	0.6	24.0	2.0	-0.9	Apr.
1.0	-0.5	-1.1	61.9	3.2	16.1	21.6	21.7	0.5	-1.1	May
2.0	6.5	-0.5	90.2	32.6	19.5	11.4	21.0	6.1	-0.5	June
-0.5	0.0	-0.6	34.9	11.7	15.4	3.4	1.3	3.7	-0.6	July
-0.3	-0.2	-1.3	20.1	-5.0	6.3	11.9	5.6	2.6	-1.3	Aug.
-1.8	-0.1	0.2	27.9	7.6	11.4	-2.8	7.4	4.2	0.2	Sep.
-0.2	5.1	-0.5	45.0	23.0	10.7	2.0	0.0	9.8	-0.5	Oct.
-0.3	0.5	3.1	47.8	-4.2	22.7	16.8	6.9	2.6	3.1	Nov.
0.6	0.0	-2.2	-0.1	-5.6	34.5	-2.8	-25.9	1.8	-2.2	Dec.
-0.8	4.7	0.5	82.8	17.3	4.3	12.2	41.4	7.1	0.5	2002 Jan.
0.7	-0.3	-1.7	38.7	17.6	7.5	2.1	14.0	-0.7	-1.7	Feb.
0.1	-0.1	-1.4	98.8	35.6	25.1	4.1	31.2	4.1	-1.4	Mar.

## 4 HICP and other prices in the euro area

**Table 4.1**

### Harmonised Index of Consumer Prices

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

#### 1. Total index and goods and services

	Total		Goods		Services		Total (s.a.)		Goods (s.a.)	Services (s.a.)
	Index 1996 = 100		Index 1996 = 100		Index 1996 = 100		Index 1996 = 100	% change on previous period	Index 1996 = 100	Index 1996 = 100
Weight in the total (%) <sup>1)</sup>	100.0	100.0	61.1	61.1	38.9	38.9	100.0	100.0	61.1	38.9
	1	2	3	4	5	6	7	8	9	10
1998	102.7	1.1	101.8	0.7	104.4	1.9	-	-	-	-
1999	103.8	1.1	102.7	0.9	106.0	1.5	-	-	-	-
2000	106.3	2.3	105.5	2.7	107.8	1.7	-	-	-	-
<i>Euro area enlargement</i>										
2001	108.9	2.5	108.1	2.5	110.4	2.5	-	-	-	-
2001 Q2	109.2	3.1	108.8	3.4	110.1	2.4	108.9	1.1	108.4	110.1
Q3	109.2	2.4	108.2	2.3	111.2	2.5	109.2	0.3	108.5	110.8
Q4	109.5	2.1	108.6	1.7	111.2	2.8	109.6	0.3	108.6	111.6
2002 Q1	110.4	2.6	109.1	2.2	112.6	3.1	110.5	0.8	109.3	112.6
2001 June	109.5	3.0	109.1	3.3	110.4	2.5	109.2	0.2	108.7	110.3
July	109.2	2.6	108.1	2.7	111.2	2.5	109.1	-0.1	108.4	110.5
Aug.	109.1	2.4	107.9	2.3	111.3	2.4	109.1	0.0	108.3	110.8
Sep.	109.4	2.2	108.6	2.0	111.0	2.6	109.5	0.4	108.8	111.0
Oct.	109.5	2.3	108.7	2.0	111.1	2.8	109.6	0.1	108.7	111.4
Nov.	109.5	2.1	108.5	1.5	111.1	2.7	109.6	0.0	108.5	111.6
Dec.	109.6	2.0	108.6	1.6	111.5	2.8	109.7	0.1	108.6	111.9
2002 Jan.	110.1	2.7	108.9	2.4	112.2	3.0	110.3	0.5	109.2	112.3
Feb.	110.2	2.5	108.8	2.1	112.7	3.0	110.4	0.1	109.2	112.6
Mar.	110.8	2.5	109.7	2.0	113.0	3.2	110.7	0.3	109.5	113.0
Apr.	111.4	2.4	110.4	2.0	113.2	3.0	111.0	0.3	110.0	113.1
May <sup>2)</sup>	.	2.0	.	.	.	.	.	.	.	.

#### 2. Breakdown of goods and services

	Goods						Services				
	Food <sup>3)</sup>			Industrial goods			Housing	Transport	Communi- cation	Recreation and personal	Miscellan- eous
	Total	Processed food <sup>3)</sup>	Unprocessed food	Total	Non-energy industrial goods	Energy					
Weight in the total (%) <sup>1)</sup>	20.4	12.3	8.1	40.7	32.0	8.7	9.7	6.3	2.5	14.3	6.1
	11	12	13	14	15	16	17	18	19	20	21
1998	1.6	1.4	2.0	0.2	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.7	2.4	1.8	2.1	-4.4	2.0	1.8
2000	1.4	1.1	1.7	3.4	0.7	13.3	1.6	2.6	-4.2	2.3	2.4
<i>Euro area enlargement</i>											
2001	4.5	2.8	7.0	1.5	1.1	2.7	1.9	3.5	-2.8	3.3	2.6
2001 Q2	4.9	2.7	8.3	2.7	1.4	7.2	1.8	3.5	-2.8	3.3	2.5
Q3	5.1	3.3	7.9	1.0	0.9	1.1	1.9	3.7	-2.5	3.2	2.7
Q4	4.7	3.5	6.7	0.2	1.6	-4.1	2.0	3.8	-1.8	3.6	2.9
2002 Q1	4.9	3.5	7.0	0.9	1.8	-2.0	2.3	3.6	-1.2	4.0	3.2
2001 June	5.3	3.0	8.9	2.4	1.4	5.4	1.8	3.4	-2.7	3.3	2.6
July	5.3	3.2	8.5	1.4	1.0	2.9	1.8	3.8	-2.5	3.1	2.6
Aug.	5.0	3.4	7.6	1.0	0.7	2.0	1.9	3.7	-2.7	3.1	2.7
Sep.	5.0	3.4	7.6	0.6	1.2	-1.4	1.9	3.6	-2.2	3.4	2.8
Oct.	5.0	3.5	7.5	0.5	1.5	-2.7	2.0	3.8	-1.7	3.6	2.9
Nov.	4.5	3.4	6.2	0.0	1.6	-5.0	2.0	3.7	-2.0	3.5	2.9
Dec.	4.6	3.5	6.3	0.2	1.6	-4.6	2.0	4.0	-1.7	3.6	2.9
2002 Jan.	5.6	3.8	8.4	0.9	1.7	-1.8	2.2	3.6	-1.2	3.9	3.1
Feb.	4.8	3.3	7.1	0.8	1.9	-2.8	2.2	3.5	-1.2	4.0	3.2
Mar.	4.2	3.3	5.5	1.0	1.8	-1.5	2.3	3.7	-1.0	4.2	3.2
Apr.	3.6	3.2	4.1	1.2	1.8	-0.5	2.5	3.2	-0.9	3.8	3.3
May	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

1) Referring to the index period 2002.

2) Estimate based on first releases by Germany and Italy (and, when available, by other Member States), as well as on early information on energy prices.

3) Including alcoholic beverages and tobacco.

**Table 4.2**
**Selected other price indicators**
**1. Industry and commodity prices**
*(annual percentage changes, unless otherwise indicated)*

	Industrial producer prices											World market prices of raw materials <sup>1)</sup>		Oil prices <sup>2)</sup> (EUR per barrel)
	Industry excluding construction <sup>3)</sup>									Construction <sup>4)</sup>	Manufacturing	Total excluding energy		
	Total		Industry excluding construction and energy						Energy					
	Index 1995 = 100		Total	Intermediate goods	Capital goods	Consumer goods								
						Total	Durable consumer goods	Non-durable consumer goods						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1996	100.3	0.3	0.3	-1.8	1.4	1.7	2.0	1.7	0.9	1.4	0.9	6.0	-7.5	16.0
1997	101.4	1.1	0.6	0.2	0.3	1.1	0.6	1.2	3.2	1.3	0.8	10.7	14.6	17.0
1998	100.6	-0.8	0.2	-0.4	0.6	0.5	0.7	0.5	-5.2	0.3	-0.6	-21.0	-12.5	12.0
1999	100.2	-0.4	-0.6	-1.5	0.2	-0.1	0.7	-0.2	0.5	1.2	0.2	15.8	-5.9	17.1
2000	105.7	5.5	2.6	5.0	0.6	1.5	1.4	1.6	19.0	2.4	5.2	50.8	16.7	31.0
<i>Euro area enlargement</i>														
2001	108.1	2.1	1.8	1.1	1.0	3.0	2.1	3.1	2.7	2.2	1.2	-8.8	-7.6	27.8
2001 Q1	108.3	4.6	2.9	4.0	0.9	3.1	2.1	3.2	11.0	2.5	3.2	4.1	-0.8	28.4
Q2	108.8	3.6	2.3	1.9	1.0	3.4	2.2	3.5	8.8	2.7	2.5	4.6	-3.0	31.7
Q3	108.3	1.4	1.5	0.1	1.2	3.0	2.1	3.1	0.6	2.4	0.6	-11.3	-10.4	29.0
Q4	107.2	-1.0	0.7	-1.3	1.1	2.4	1.9	2.4	-8.1	1.3	-1.5	-28.8	-15.6	22.4
2002 Q1	107.3	-0.9	0.2	-1.8	1.2	1.6	1.8	1.6	-5.0	.	-0.7	-10.4	-3.3	24.6
2001 May	108.9	3.6	2.2	1.8	1.0	3.4	2.2	3.5	9.1	-	2.6	1.4	-5.9	32.7
June	108.9	3.1	2.1	1.4	1.0	3.4	2.3	3.5	6.8	-	2.0	3.0	0.9	32.5
July	108.3	2.1	1.7	0.6	1.1	3.1	2.2	3.2	2.8	-	1.2	-1.3	-1.8	29.4
Aug.	108.2	1.6	1.5	0.2	1.2	3.1	2.2	3.2	1.4	-	0.8	-10.4	-10.7	28.7
Sep.	108.3	0.6	1.2	-0.4	1.2	2.8	2.0	2.9	-2.3	-	-0.2	-20.7	-18.1	28.8
Oct.	107.6	-0.6	0.9	-0.9	1.1	2.5	1.9	2.6	-7.3	-	-1.3	-30.2	-19.3	23.8
Nov.	107.1	-1.3	0.6	-1.4	1.0	2.4	1.9	2.5	-9.5	-	-1.8	-34.1	-15.1	21.7
Dec.	106.8	-1.0	0.4	-1.6	1.1	2.1	1.9	2.1	-7.6	-	-1.5	-20.6	-12.3	21.5
2002 Jan.	107.2	-0.8	0.4	-1.8	1.2	2.0	1.9	2.0	-5.5	-	-0.7	-14.3	-6.2	22.6
Feb.	107.2	-1.1	0.1	-1.9	1.2	1.6	1.7	1.6	-5.6	-	-0.9	-15.1	-3.7	23.5
Mar.	107.6	-0.8	0.1	-1.7	1.2	1.2	1.7	1.2	-3.9	-	-0.6	-1.5	0.0	27.9
Apr.	107.9	-0.7	0.2	-1.3	1.1	1.1	1.5	1.0	-3.9	-	-0.3	-1.1	-1.1	29.3
May	.	.	.	.	.	.	.	.	.	-	.	-9.4	-6.5	28.1

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

	Total		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>6)</sup>	Imports <sup>6)</sup>
	Index 1995 = 100							
1996	102.0	2.0	2.1	2.4	2.2	0.9	0.8	0.8
1997	103.6	1.5	1.7	2.0	1.3	1.0	1.8	2.6
1998	105.3	1.7	1.3	1.4	1.4	0.9	-0.1	-1.5
1999	106.5	1.1	1.2	1.1	1.7	0.8	-0.5	-0.3
2000	107.8	1.3	2.4	2.1	2.4	2.6	4.7	8.3
2000 Q1	107.3	1.1	2.4	1.9	2.4	2.3	3.7	7.7
Q2	107.6	1.1	2.3	1.8	2.2	2.7	4.6	8.2
Q3	108.1	1.4	2.5	2.3	2.5	2.6	5.0	8.4
Q4	108.4	1.4	2.6	2.5	2.5	2.9	5.3	8.8
<i>Euro area enlargement</i>								
2001	110.6	2.3	2.1	2.4	2.1	1.9	1.5	1.0
2001 Q1	109.8	2.0	2.4	2.4	2.1	2.1	3.2	4.0
Q2	110.4	2.3	2.4	2.7	2.1	1.8	2.6	2.8
Q3	110.8	2.2	2.0	2.3	2.1	2.1	0.8	0.3
Q4	111.7	2.7	1.8	2.2	2.2	1.7	-0.5	-2.8

Sources: Eurostat, except columns 12 and 13 (HWWA - Hamburg Institute of International Economics), column 14 (Thomson Financial Datastream) and columns 15 to 22 (ECB calculations based on Eurostat data).

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

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

3) Breakdown in accordance with the harmonised definition of Main Industrial Groupings.

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

5) Data to end-1998 are based on national data expressed in domestic currency.

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

## 5 Real economy indicators in the euro area

**Table 5.1**

### National accounts <sup>1)</sup>

#### GDP and expenditure components

##### 1. Current prices

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

	GDP								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
1	2	3	4	5	6	7	8	9	
1997	5,649.0	5,500.5	3,201.3	1,150.7	1,138.2	10.3	148.6	1,827.2	1,678.7
1998	5,882.6	5,743.4	3,331.5	1,176.6	1,201.9	33.3	139.3	1,948.5	1,809.3
1999	6,144.9	6,043.3	3,499.7	1,229.8	1,291.4	22.3	101.6	2,052.7	1,951.1
2000	6,440.4	6,372.5	3,664.4	1,283.2	1,387.0	37.9	67.9	2,410.3	2,342.4
2000 Q4	1,632.9	1,621.6	928.0	326.3	352.5	14.9	11.3	637.2	625.9
	<i>Euro area enlargement</i>								
2001	6,810.5	6,696.3	3,905.3	1,359.3	1,434.1	-2.4	114.2	2,538.1	2,423.9
2001 Q1	1,689.5	1,663.1	964.1	335.2	359.2	4.6	26.4	641.0	614.5
Q2	1,699.0	1,676.2	975.9	338.2	358.2	3.9	22.9	639.7	616.8
Q3	1,706.6	1,677.3	980.3	340.9	358.6	-2.5	29.3	633.2	603.9
Q4	1,715.3	1,679.7	985.0	344.9	358.1	-8.4	35.6	624.3	588.7
2002 Q1	.	.	.	.	.	.	.	.	.

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP								
	Total	Domestic demand					External balance <sup>3)</sup>		
		Total	Private consumption	Government consumption	Gross fixed capital formation	Changes in inventories <sup>2)</sup>	Total	Exports <sup>3)</sup>	Imports <sup>3)</sup>
10	11	12	13	14	15	16	17	18	
1997	5,509.1	5,354.1	3,093.4	1,126.1	1,131.9	2.7	155.0	1,806.3	1,651.2
1998	5,666.9	5,543.9	3,187.2	1,139.8	1,189.7	27.2	122.9	1,938.4	1,815.4
1999	5,819.7	5,730.5	3,292.3	1,164.2	1,260.4	13.6	89.2	2,040.7	1,951.4
2000	6,023.7	5,898.5	3,375.0	1,186.3	1,319.1	18.1	125.2	2,288.9	2,163.6
2000 Q4	1,519.9	1,487.8	846.6	299.2	332.3	9.7	32.1	594.5	562.4
	<i>Euro area enlargement</i>								
2001	6,219.0	6,062.2	3,510.8	1,228.0	1,336.6	-13.2	156.8	2,372.8	2,215.9
2001 Q1	1,554.8	1,515.8	874.6	305.4	337.4	-1.5	39.0	600.0	561.0
Q2	1,555.2	1,519.3	878.2	306.7	335.0	-0.7	35.9	595.5	559.5
Q3	1,556.8	1,515.6	879.3	307.2	332.9	-3.9	41.2	592.6	551.4
Q4	1,552.2	1,511.5	878.6	308.7	331.3	-7.2	40.7	584.8	544.0
2002 Q1	1,555.6	1,503.7	877.0	309.5	329.1	-11.9	51.9	590.0	538.2
	<i>(annual percentage changes)</i>								
1997	2.3	1.7	1.6	1.3	2.3	-	-	10.4	9.0
1998	2.9	3.5	3.0	1.2	5.1	-	-	7.3	9.9
1999	2.7	3.4	3.3	2.1	5.9	-	-	5.3	7.5
2000	3.5	2.9	2.5	1.9	4.7	-	-	12.2	10.9
2000 Q4	2.9	2.4	1.8	1.8	3.5	-	-	11.6	10.6
	<i>Euro area enlargement</i>								
2001	1.5	0.8	1.7	2.2	-0.5	-	-	2.5	0.8
2001 Q1	2.5	1.8	1.9	2.3	1.6	-	-	7.7	6.1
Q2	1.6	1.1	1.7	2.4	0.2	-	-	4.5	3.2
Q3	1.3	0.7	1.8	2.3	-1.7	-	-	0.9	-1.0
Q4	0.3	-0.4	1.5	1.9	-2.2	-	-	-2.8	-4.8
2002 Q1	0.1	-0.8	0.3	1.3	-2.4	-	-	-1.7	-4.1

Source: Eurostat.

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

2) Including acquisitions less disposals of valuables.

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

## Value added by activity

### 3. Current prices

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

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	1	2	3	4	5	6	7	8	9
1997	5,269.5	138.6	1,227.8	291.7	1,086.1	1,381.4	1,144.0	202.7	582.2
1998	5,469.0	138.8	1,276.1	294.9	1,140.2	1,440.4	1,178.6	201.4	615.0
1999	5,682.6	135.6	1,298.0	310.9	1,186.3	1,524.9	1,226.9	200.2	662.5
2000	5,964.4	136.4	1,367.7	325.7	1,247.7	1,615.9	1,271.1	212.9	688.8
2000 Q4	1,512.9	34.6	347.6	82.0	317.9	410.0	320.7	53.9	174.0
<i>Euro area enlargement</i>									
2001	6,321.0	151.0	1,425.9	345.5	1,341.2	1,716.0	1,341.5	229.4	718.9
2001 Q1	1,567.0	36.8	359.7	85.5	331.1	422.6	331.2	56.4	179.0
Q2	1,576.4	37.4	357.6	85.8	334.7	427.4	333.5	57.3	179.9
Q3	1,586.0	38.4	357.5	86.6	337.2	429.3	337.0	57.8	178.4
Q4	1,591.6	38.4	351.1	87.5	338.1	436.6	339.9	57.9	181.6
2002 Q1	.	.	.	.	.	.	.	.	.

### 4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>1)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
1997	5,167.0	140.2	1,217.5	290.1	1,071.2	1,338.3	1,109.7	213.8	556.0
1998	5,317.2	142.2	1,254.8	292.0	1,114.0	1,388.3	1,125.9	221.1	570.8
1999	5,454.0	145.4	1,269.9	298.9	1,161.7	1,438.0	1,140.1	229.5	595.3
2000	5,659.9	144.9	1,328.2	305.2	1,215.5	1,505.8	1,160.3	244.8	608.6
2000 Q4	1,429.6	36.3	335.7	76.2	308.7	381.3	291.5	62.4	152.7
<i>Euro area enlargement</i>									
2001	5,856.2	152.3	1,352.4	310.5	1,277.2	1,573.0	1,190.8	260.8	623.6
2001 Q1	1,463.3	37.9	342.8	78.2	318.4	389.5	296.5	64.2	155.7
Q2	1,463.4	37.9	339.1	77.6	319.2	392.3	297.3	64.8	156.6
Q3	1,466.4	38.3	338.3	77.4	319.6	394.6	298.2	65.6	156.0
Q4	1,463.0	38.2	332.2	77.3	320.0	396.6	298.8	66.2	155.4
2002 Q1	1,469.7	38.2	334.3	77.9	320.4	399.3	299.7	66.3	152.2
<i>(annual percentage changes)</i>									
1997	2.4	0.4	3.3	-1.8	3.1	3.3	1.0	3.7	2.4
1998	2.9	1.4	3.1	0.7	4.0	3.7	1.5	3.4	2.7
1999	2.6	2.2	1.2	2.3	4.3	3.6	1.3	3.8	4.3
2000	3.8	-0.4	4.6	2.1	4.6	4.7	1.8	6.7	2.2
2000 Q4	3.4	-1.3	4.3	1.0	4.5	4.2	1.5	6.6	-0.3
<i>Euro area enlargement</i>									
2001	1.7	-0.7	0.7	-0.5	2.6	3.0	1.1	4.9	0.5
2001 Q1	2.8	-0.6	3.4	-0.4	3.9	3.5	1.3	5.8	1.5
Q2	2.0	-0.7	1.2	-0.2	2.9	3.2	1.0	4.8	0.1
Q3	1.5	-0.8	0.4	-0.7	2.4	2.8	1.2	4.7	0.7
Q4	0.6	-0.6	-2.2	-0.7	1.1	2.6	1.0	4.5	-0.2
2002 Q1	0.4	0.8	-2.5	-0.4	0.6	2.5	1.1	3.3	-2.2

Source: Eurostat.

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

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

	Total	Industry excluding construction <sup>2)</sup>									Construction	Manufacturing
		Total		Industry excluding construction and energy						Energy		
		Index (s.a.) 1995 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods					
							Total	Durable consumer goods	Non-durable consumer goods			
1	2	3	4	5	6	7	8	9	10	11	12	
1998	3.7	109.3	4.3	4.8	4.0	7.7	2.7	4.5	2.4	1.1	1.3	4.7
1999	2.1	111.4	2.0	2.1	1.9	2.5	1.7	1.3	1.7	1.4	4.2	2.0
2000	5.0	117.5	5.5	6.0	6.0	9.3	2.3	6.2	1.5	1.8	2.0	5.9
<i>Euro area enlargement</i>												
2001	-0.1	117.8	0.2	0.0	-0.9	1.2	0.1	-2.8	0.7	0.9	-0.7	0.1
2001 Q1	3.3	119.6	4.4	5.1	3.7	8.7	2.9	2.8	3.0	-0.7	-1.7	5.1
Q2	0.4	118.2	0.8	0.8	0.3	1.8	0.4	-2.0	0.9	0.9	-0.9	0.8
Q3	-0.4	117.7	-0.4	-0.5	-1.4	0.1	0.2	-4.0	1.0	0.5	-0.5	-0.5
Q4	-3.2	115.7	-3.8	-4.8	-6.0	-4.9	-2.8	-7.5	-1.9	2.7	0.1	-4.7
2002 Q1	-3.1	116.4	-2.9	-3.6	-2.6	-7.1	-1.2	-7.7	0.1	1.8	5.5	-3.8
2001 June	1.4	118.7	1.8	1.9	1.3	3.1	1.5	0.0	1.8	0.4	0.8	2.0
July	-1.1	116.9	-1.4	-1.6	-1.8	-1.8	-0.7	-6.6	0.5	0.0	0.1	-1.6
Aug.	0.8	118.5	1.1	1.1	-0.5	2.8	1.8	0.3	2.0	0.7	-0.6	1.1
Sep.	-0.8	117.8	-0.5	-0.8	-1.8	0.0	-0.2	-4.2	0.6	0.9	-0.8	-0.7
Oct.	-2.1	116.0	-2.6	-2.9	-3.5	-2.7	-2.1	-7.1	-1.1	-1.1	1.0	-2.9
Nov.	-3.6	115.4	-4.1	-5.0	-6.2	-5.2	-2.8	-7.3	-1.9	1.7	-1.0	-4.9
Dec.	-4.1	115.7	-4.7	-6.6	-8.7	-6.7	-3.6	-8.1	-2.7	7.2	0.5	-6.4
2002 Jan.	-3.5	116.0	-2.9	-3.8	-3.6	-6.6	-0.8	-7.4	0.5	2.3	5.4	-4.0
Feb.	-3.2	116.1	-3.4	-4.1	-3.1	-7.8	-1.3	-7.2	-0.1	1.3	4.8	-4.0
Mar.	-2.8	117.1	-2.4	-3.0	-1.1	-6.9	-1.5	-8.3	0.0	1.9	6.1	-3.5
Apr.	.	.	.	.	.	.	.	.	.	.	.	.

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

	Retail sales (s.a.)									New passenger car registrations	
	Current prices			Constant prices						Thousands <sup>3)</sup> (s.a.)	
	Total		Index 1995 = 100	Total		Food, beverages, tobacco	Non-food				
	Index 1995 = 100			Index 1995 = 100				Textiles, clothing, footwear	Household equipment		
13	14	15	16	17	18	19	20	21	22		
1998	107.9	3.7	104.5	3.0	2.1	3.6	2.1	4.5	923	7.2	
1999	111.5	3.3	107.2	2.6	3.1	2.5	1.4	3.0	972	5.4	
2000	116.1	4.1	109.7	2.3	1.9	2.3	1.7	4.9	952	-2.1	
<i>Euro area enlargement</i>											
2001	121.3	4.1	111.4	1.6	1.3	1.7	1.6	0.0	970	-0.6	
2001 Q1	119.7	4.6	111.0	2.3	1.8	2.7	2.6	1.1	954	-4.9	
Q2	121.1	4.1	111.2	1.1	0.7	1.2	0.9	-0.4	1,009	1.9	
Q3	122.0	4.3	111.6	1.7	1.6	1.6	2.5	-0.5	953	-1.2	
Q4	122.5	3.5	111.9	1.3	1.1	1.2	0.3	-0.2	966	2.5	
2002 Q1	123.1	2.8	112.4	1.3	1.3	0.3	0.5	-1.5	912	-4.0	
2001 June	121.7	5.1	111.3	1.8	1.1	2.0	1.6	0.6	1,054	7.3	
July	121.7	4.5	111.4	1.7	2.0	1.6	0.8	-1.7	939	-1.5	
Aug.	122.0	4.6	111.6	1.8	1.8	1.4	0.3	1.0	961	-0.5	
Sep.	122.2	3.8	111.8	1.6	1.0	1.8	6.4	-0.8	958	-1.3	
Oct.	121.4	2.6	111.0	0.2	0.6	0.5	-3.4	0.1	962	3.2	
Nov.	123.2	4.0	112.3	1.9	1.4	2.0	3.4	-0.4	969	3.3	
Dec.	122.9	3.7	112.3	1.8	1.4	1.3	1.0	-0.4	965	0.8	
2002 Jan.	122.4	1.9	111.9	0.3	0.4	-0.1	-0.9	-2.5	925	-2.4	
Feb.	123.3	3.4	112.6	1.6	1.4	0.6	0.7	-0.6	920	-3.2	
Mar.	123.7	3.3	112.9	1.9	2.2	0.4	1.8	-1.6	892	-6.1	
Apr.	.	.	.	.	.	.	.	.	891	-8.0	

*Sources: Eurostat, except columns 21 and 22 (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) Breakdown in accordance with the harmonised definition of Main Industrial Groupings.*
*3) Monthly averages.*

Table 5.3

## European Commission Business and Consumer Surveys

## 1. Economic sentiment indicator, manufacturing industry and consumer surveys

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Economic sentiment indicator <sup>1) 2)</sup> (index 1995 = 100)	Manufacturing industry					Consumer confidence indicator <sup>1)</sup>				
		Industrial confidence indicator				Capacity utilisation <sup>3)</sup> (percentages)	Total	Financial situation over next 12 months	Economic situation over next 12 months	Unemployment situation over next 12 months	Savings over next 12 months
		Total	Order books	Stocks of finished products	Production expectations						
	1	2	3	4	5	6	7	8	9	10	11
1998	101.4	-1	-5	9	11	83.0	-5	2	-4	16	-2
1999	101.2	-7	-17	11	7	81.8	-4	3	-4	12	-1
2000	103.8	5	3	5	17	83.8	1	4	1	1	0
<i>Euro area enlargement</i>											
2001	101.0	-8	-13	13	3	83.2	-5	2	-9	13	0
2001 Q2	101.6	-5	-8	13	5	83.6	-2	3	-5	6	1
Q3	100.3	-10	-17	15	2	83.0	-8	1	-12	18	-2
Q4	98.9	-17	-27	17	-8	81.8	-11	1	-16	29	0
2002 Q1	99.3	-13	-26	14	0	80.8	-10	0	-11	26	-1
Q2	.	.	.	.	.	80.7	.	.	.	.	.
2001 May	101.6	-5	-9	13	6	-	-2	3	-4	8	1
June	101.1	-7	-10	14	3	-	-3	2	-7	8	1
July	100.7	-9	-16	15	5	-	-6	2	-10	14	-1
Aug.	100.1	-10	-16	15	2	-	-8	1	-12	19	-3
Sep.	100.1	-11	-18	15	-1	-	-9	1	-13	21	-1
Oct.	99.2	-16	-25	16	-8	-	-10	2	-17	27	1
Nov.	98.6	-18	-28	18	-9	-	-12	1	-17	31	-1
Dec.	98.9	-17	-28	16	-7	-	-10	1	-14	28	0
2002 Jan.	99.1	-14	-28	14	-1	-	-11	0	-13	28	-1
Feb.	99.2	-14	-25	14	-2	-	-9	1	-10	26	-1
Mar.	99.5	-11	-24	13	4	-	-9	0	-9	25	-1
Apr.	99.4	-11	-25	12	5	-	-10	-1	-10	22	-5
May	99.8	-9	-22	11	5	-	-8	0	-7	21	-4

## 2. Construction industry, retail trade and services surveys

(percentage balances, seasonally adjusted)

	Construction confidence indicator			Retail trade confidence indicator				Services confidence indicator <sup>1)</sup>			
	Total	Order books	Employment expectations	Total	Present business situation	Volume of stocks	Expected business situation	Total	Business climate	Demand in recent months	Demand in the months ahead
	12	13	14	15	16	17	18	19	20	21	22
1998	-19	-25	-12	-3	-3	13	8	32	33	30	32
1999	-7	-14	1	-5	-5	15	4	26	25	24	31
2000	1	-6	8	-1	4	16	9	30	37	22	32
<i>Euro area enlargement</i>											
2001	-5	-10	1	-6	-4	16	3	15	16	8	21
2001 Q2	-3	-9	4	-6	-5	16	3	24	24	16	31
Q3	-7	-10	-3	-6	-5	16	3	14	18	6	19
Q4	-9	-14	-4	-9	-11	15	-2	-4	-5	-8	0
2002 Q1	-11	-17	-4	-14	-19	18	-4	4	4	-13	22
Q2	.	.	.	.	.	.	.	.	.	.	.
2001 May	-2	-9	5	-7	-9	15	3	23	24	15	30
June	-5	-11	2	-7	-6	17	3	23	24	16	29
July	-7	-10	-3	-4	0	16	3	17	21	10	21
Aug.	-8	-10	-6	-8	-7	16	0	14	16	4	21
Sep.	-5	-9	0	-6	-8	15	6	12	16	5	15
Oct.	-8	-12	-4	-9	-11	14	-1	-2	-4	-6	3
Nov.	-10	-14	-5	-9	-10	14	-3	-6	-7	-7	-4
Dec.	-9	-16	-2	-10	-12	17	-1	-5	-5	-11	1
2002 Jan.	-12	-19	-4	-11	-15	15	-4	1	1	-15	18
Feb.	-10	-17	-3	-15	-24	17	-3	3	2	-13	21
Mar.	-11	-16	-6	-15	-19	21	-6	9	9	-10	27
Apr.	-12	-17	-6	-15	-22	19	-5	8	5	1	19
May	-9	-16	-2	-15	-21	19	-6	8	5	2	16

Source: European Commission Business and Consumer Surveys.

1) Data for all periods refer to the Euro 12.

2) The economic sentiment indicator is composed of the industrial, consumer, construction and retail trade confidence indicators; the industrial confidence indicator has a weight of 40% and the three other indicators have a weight of 20% each.

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

**Table 5.4**
**Labour market indicators**
**1. Employment and unemployment in the whole economy <sup>1)</sup>**
*(annual percentage changes, seasonally adjusted, unless otherwise indicated)*

	Employment						Unemployment			
	Total		By employment status		By selected sector		Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	Index 1995 = 100		Employees	Self- employed	Industry excluding construction	Services	Millions	% of labour force	% of labour force	% of labour force
	1	2	3	4	5	6	7	8	9	10
1997	101.3	0.8	0.9	0.1	-0.3	1.4	14.071	10.9	9.4	22.0
1998	103.0	1.7	1.9	0.3	1.1	2.2	13.337	10.3	8.9	20.1
1999	104.7	1.7	2.2	-0.4	-0.1	2.6	12.322	9.4	8.2	18.1
2000	106.9	2.1	2.4	0.3	0.7	2.8	11.174	8.4	7.4	16.4
<i>Euro area enlargement</i>										
2001	108.3	1.4	1.6	0.1	0.5	1.9	11.101	8.1	7.0	16.1
2001 Q1	108.0	2.0	2.2	0.7	1.3	2.3	11.122	8.1	7.0	16.1
Q2	108.2	1.5	1.7	0.3	0.7	1.9	11.042	8.0	7.0	16.0
Q3	108.4	1.2	1.4	-0.2	0.2	1.7	11.057	8.0	7.0	16.0
Q4	108.7	0.9	1.2	-0.4	-0.3	1.6	11.183	8.1	7.0	16.2
2002 Q1	.	.	.	.	.	.	11.360	8.2	7.1	16.4
2001 Apr.	-	-	-	-	-	-	11.031	8.0	7.0	16.0
May	-	-	-	-	-	-	11.041	8.0	7.0	16.0
June	-	-	-	-	-	-	11.052	8.0	7.0	16.1
July	-	-	-	-	-	-	11.051	8.0	7.0	16.0
Aug.	-	-	-	-	-	-	11.045	8.0	7.0	16.0
Sep.	-	-	-	-	-	-	11.076	8.0	7.0	16.0
Oct.	-	-	-	-	-	-	11.145	8.1	7.0	16.1
Nov.	-	-	-	-	-	-	11.183	8.1	7.0	16.2
Dec.	-	-	-	-	-	-	11.220	8.1	7.1	16.2
2002 Jan.	-	-	-	-	-	-	11.295	8.2	7.1	16.3
Feb.	-	-	-	-	-	-	11.365	8.2	7.1	16.4
Mar.	-	-	-	-	-	-	11.418	8.2	7.2	16.5
Apr.	-	-	-	-	-	-	11.470	8.3	7.2	16.6

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup>					Earnings per employee in manufacturing	
	Unit labour cost	Compensation per employee	Labour productivity	Total	By component		By selected sector			
					Wages and salaries	Employers' social contributions and other costs	Industry excluding construction	Services		
	11	12	13	14	15	16	17	18	19	
1997	0.7	2.2	1.6	2.5	2.6	2.5	2.2	2.7	2.2	
1998	0.1	1.3	1.2	1.7	2.1	0.8	1.5	1.5	2.2	
1999	1.3	2.3	0.9	2.2	2.4	1.4	2.5	1.9	2.4	
2000	1.0	2.6	1.5	3.4	3.7	2.4	3.3	3.0	2.7	
1999 Q4	0.3	2.2	1.9	2.5	2.7	1.6	2.8	1.8	2.1	
2000 Q1	0.3	2.5	2.2	3.6	3.9	2.8	3.8	3.4	2.8	
Q2	0.3	2.1	1.8	3.5	3.8	2.6	3.4	2.9	2.8	
Q3	1.3	2.5	1.1	3.4	3.8	2.4	3.2	2.6	2.5	
Q4	1.7	2.3	0.6	3.1	3.5	1.9	2.8	3.0	2.5	
<i>Euro area enlargement</i>										
2001	2.6	2.7	0.1	3.2	3.5	2.1	3.0	3.1	3.1	
2001 Q1	2.1	2.5	0.5	3.2	3.6	1.8	3.0	3.1	3.4	
Q2	2.6	2.8	0.2	2.9	3.3	1.8	3.2	2.2	3.1	
Q3	2.5	2.7	0.2	3.5	3.7	2.6	3.3	3.6	3.2	
Q4	3.4	2.9	-0.5	3.0	3.3	2.2	2.6	3.4	2.8	

Sources: ECB calculations based on Eurostat data (columns 1 to 6 and 18), Eurostat (columns 7 to 10 and 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 6.1**

### Financial investment and financing of non-financial sectors <sup>1)</sup>

(EUR billions (ECU billions to end-1998); not seasonally adjusted; end of period)

#### Amounts outstanding

#### 1. Main financial assets <sup>2)</sup>

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area <sup>3)</sup>
	Total	Currency	Deposits of non-financial sectors other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1998 Q1	4,642.4	311.8	4,050.9	1,133.2	1,457.0	1,342.7	118.0	139.4	140.2	247.2
Q2	4,699.1	315.5	4,100.3	1,204.9	1,452.7	1,341.9	100.8	147.4	135.8	239.7
Q3	4,677.5	311.8	4,074.2	1,184.2	1,451.1	1,341.4	97.4	156.4	135.1	237.6
Q4	4,826.0	323.4	4,211.2	1,282.9	1,463.3	1,386.3	78.6	149.8	141.6	215.3
1999 Q1	4,676.2	318.6	4,075.8	1,239.1	1,464.6	1,306.2	66.0	133.4	148.4	243.9
Q2	4,702.5	324.8	4,114.2	1,321.8	1,418.3	1,315.7	58.4	125.0	138.4	242.7
Q3	4,713.8	328.3	4,112.8	1,324.6	1,416.5	1,313.1	58.7	133.3	139.4	238.6
Q4	4,860.0	350.8	4,215.1	1,370.9	1,457.7	1,323.5	63.0	142.0	152.1	229.7
2000 Q1	4,837.9	335.5	4,222.3	1,379.6	1,462.5	1,303.3	76.8	130.2	150.0	260.6
Q2	4,895.0	342.0	4,256.9	1,409.7	1,485.7	1,282.6	78.9	146.0	150.1	247.2
Q3	4,915.2	339.8	4,266.5	1,396.9	1,524.0	1,263.7	81.9	159.2	149.7	254.1
Q4	5,030.4	348.4	4,361.6	1,464.4	1,542.4	1,269.1	85.6	164.5	156.0	230.3
<i>Euro area enlargement</i>										
2001 Q1	5,146.2	336.3	4,502.3	1,446.1	1,625.7	1,314.6	115.9	150.3	157.2	259.8
Q2	5,243.2	333.0	4,586.7	1,526.1	1,621.2	1,321.1	118.3	165.5	158.0	268.9
Q3	5,233.7	309.6	4,615.9	1,547.9	1,609.5	1,333.7	124.7	147.8	160.3	264.4
Q4	5,364.6	239.7	4,819.5	1,689.7	1,616.3	1,396.3	117.2	139.0	166.3	.
2002 Q1	.	254.8	4,780.9	1,638.3	1,609.8	1,411.1	121.7	157.5	.	.

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1998 Q1	1,598.7	192.7	1,406.0	3,303.0	1,978.8	1,324.3	186.5	2,482.4	2,217.2	265.1
Q2	1,555.5	167.6	1,387.9	3,529.6	2,099.6	1,429.9	186.7	2,532.1	2,264.8	267.3
Q3	1,546.3	156.5	1,389.9	3,165.5	1,725.1	1,440.4	187.9	2,527.5	2,257.5	270.1
Q4	1,542.8	155.5	1,387.3	3,527.9	2,006.8	1,521.1	172.7	2,625.8	2,355.8	270.0
1999 Q1	1,587.4	137.1	1,450.4	3,746.7	2,116.4	1,630.3	194.8	2,690.6	2,411.0	279.6
Q2	1,508.0	127.6	1,380.5	4,005.9	2,273.8	1,732.2	211.6	2,760.8	2,479.2	281.6
Q3	1,514.5	116.9	1,397.6	4,055.4	2,315.3	1,740.1	210.8	2,803.4	2,519.1	284.3
Q4	1,556.3	143.2	1,413.1	4,646.0	2,811.8	1,834.1	203.9	2,950.1	2,662.4	287.7
2000 Q1	1,558.3	149.1	1,409.1	4,899.5	2,966.8	1,932.7	218.3	3,074.5	2,773.3	301.2
Q2	1,589.5	149.9	1,439.5	4,793.7	2,887.2	1,906.5	208.9	3,118.0	2,814.0	303.9
Q3	1,656.4	164.4	1,491.9	4,918.4	2,996.6	1,921.8	207.3	3,168.4	2,861.2	307.2
Q4	1,730.6	180.1	1,550.5	4,939.8	3,065.8	1,874.0	203.4	3,198.0	2,888.3	309.7
<i>Euro area enlargement</i>										
2001 Q1	1,827.5	239.1	1,588.4	4,662.5	2,818.5	1,844.0	228.5	3,248.1	2,925.1	323.0
Q2	1,838.4	219.4	1,619.0	4,725.3	2,861.7	1,863.6	235.3	3,301.7	2,976.4	325.3
Q3	1,867.7	224.7	1,643.0	4,084.2	2,336.2	1,747.9	256.0	3,275.7	2,947.2	328.5
Q4	1,885.4	221.3	1,664.1	4,461.7	2,618.9	1,842.8	263.5	3,372.7	3,038.7	333.9
2002 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.

3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.

4) Covering deposits with euro area central government (S.1311), other financial intermediaries (S.123) and insurance corporations and pension funds (S.125).

5) Excluding unquoted shares.

**Table 6.1 (cont'd)**
**Financial investment and financing of non-financial sectors <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); not seasonally adjusted; end of period)*
**Amounts outstanding**
**2. Main liabilities <sup>2)</sup>**

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks <sup>3)</sup>
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>			
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
1	2	3	4	5	6	7	8	9	10	11	12	
1998 Q1	5,897.6	5,357.3	906.9	35.6	871.3	2,452.4	855.4	1,597.1	2,538.2	223.4	2,314.8	146.9
Q2	6,006.2	5,453.0	901.1	31.9	869.2	2,505.1	878.9	1,626.2	2,599.9	232.5	2,367.4	151.3
Q3	6,081.8	5,524.1	903.5	33.3	870.2	2,528.7	866.2	1,662.5	2,649.6	233.8	2,415.9	147.4
Q4	6,227.4	5,663.4	911.3	36.0	875.2	2,600.6	902.9	1,697.7	2,715.5	240.8	2,474.8	151.3
1999 Q1	6,267.5	5,682.7	903.5	36.3	867.2	2,597.4	921.4	1,676.1	2,766.5	251.8	2,514.8	156.8
Q2	6,432.3	5,817.5	900.8	39.0	861.8	2,689.5	964.2	1,725.3	2,842.0	255.6	2,586.4	183.3
Q3	6,498.4	5,886.6	885.9	37.9	848.0	2,704.7	943.7	1,761.0	2,907.8	255.4	2,652.4	191.4
Q4	6,669.0	6,039.5	900.8	42.1	858.7	2,795.7	979.8	1,815.9	2,972.5	264.1	2,708.4	201.4
2000 Q1	6,814.1	6,156.4	891.4	41.1	850.3	2,894.7	1,037.7	1,857.0	3,028.0	265.6	2,762.4	221.1
Q2	6,962.3	6,262.2	885.6	42.0	843.7	2,996.9	1,090.8	1,906.2	3,079.7	274.4	2,805.3	219.7
Q3	7,099.3	6,379.6	865.8	39.9	825.9	3,099.2	1,145.7	1,953.5	3,134.3	275.9	2,858.4	252.3
Q4	7,269.6	6,500.6	883.0	42.0	841.0	3,197.8	1,160.5	2,037.3	3,188.8	280.9	2,907.9	245.2
<i>Euro area enlargement</i>												
2001 Q1	7,452.1	6,672.1	897.2	41.7	855.5	3,318.7	1,237.3	2,081.4	3,236.2	279.2	2,957.0	257.3
Q2	7,552.7	6,762.5	880.4	42.3	838.1	3,388.7	1,259.8	2,129.0	3,283.5	285.0	2,998.5	279.0
Q3	7,622.3	6,806.4	873.6	45.3	828.4	3,427.8	1,238.5	2,189.3	3,320.9	280.5	3,040.3	249.1
Q4	7,725.8	6,898.8	890.7	50.1	840.6	3,469.2	1,219.4	2,249.8	3,365.9	282.5	3,083.4	.
2002 Q1	.	6,957.9	.	.	.	.	.	.	.	.	.	.

	Securities other than shares issued by							Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations					
		Total	Short-term	Long-term	Total	Short-term	Long-term			
13	14	15	16	17	18	19	20	21	22	
1998 Q1	3,767.7	3,448.7	498.0	2,950.7	319.0	55.7	263.3	2,535.8	136.3	218.5
Q2	3,833.5	3,511.5	496.6	3,014.9	322.0	53.9	268.1	2,762.9	134.2	221.2
Q3	3,924.3	3,592.3	498.6	3,093.8	332.0	55.3	276.7	2,362.0	133.8	224.1
Q4	3,926.8	3,593.2	468.2	3,125.1	333.6	55.1	278.5	2,659.1	140.3	227.0
1999 Q1	3,971.5	3,636.0	466.9	3,169.2	335.5	66.0	269.5	2,734.3	146.9	229.7
Q2	3,954.5	3,613.2	459.3	3,153.9	341.2	66.6	274.6	2,955.3	136.6	232.6
Q3	3,933.5	3,579.1	449.7	3,129.5	354.4	74.9	279.5	2,948.2	137.6	235.5
Q4	3,893.8	3,530.1	421.1	3,109.0	363.7	78.2	285.5	3,959.9	149.8	238.7
2000 Q1	3,964.4	3,597.4	425.3	3,172.1	367.1	79.1	287.9	4,428.2	147.6	241.0
Q2	3,997.9	3,618.5	425.8	3,192.7	379.4	88.9	290.5	4,179.9	147.6	243.4
Q3	4,035.0	3,634.7	421.8	3,212.9	400.4	95.7	304.6	4,058.7	147.2	245.3
Q4	4,078.9	3,661.4	400.8	3,260.6	417.5	100.8	316.7	3,838.4	153.7	247.1
<i>Euro area enlargement</i>										
2001 Q1	4,252.9	3,796.7	429.5	3,367.2	456.1	113.0	343.1	3,568.9	154.7	249.3
Q2	4,310.7	3,829.8	440.9	3,388.9	480.9	124.2	356.7	3,577.4	155.2	251.5
Q3	4,387.7	3,891.2	450.1	3,441.1	496.5	138.2	358.3	2,826.5	155.4	253.7
Q4	4,396.3	3,881.0	434.5	3,446.4	515.4	137.0	378.3	3,281.0	164.3	253.1
2002 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

- 1) Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- 2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- 3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.
- 4) Including non-profit institutions serving households.
- 5) Including all loans taken by central government from MFIs in the euro area.

## Transactions

### 1. Main financial assets <sup>1)</sup>

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area <sup>2)</sup>
	Total	Currency	Deposits of non-financial sectors <sup>3)</sup> other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs <sup>4)</sup>	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1998 Q1	-45.9	-8.8	-24.3	-25.9	-11.2	20.1	-7.4	-14.5	1.6	29.5
Q2	52.2	3.6	45.0	68.1	-5.9	-0.5	-16.7	8.0	-4.4	-4.9
Q3	-14.6	-3.7	-19.1	-17.8	2.3	-0.4	-3.3	9.0	-0.7	2.8
Q4	148.6	11.6	137.1	98.1	13.0	44.9	-18.8	-6.6	6.5	-24.4
1999 Q1	-39.6	-5.2	-37.0	-19.4	-15.1	10.3	-12.7	-4.2	6.8	22.0
Q2	22.1	6.3	34.2	81.3	-48.9	9.4	-7.6	-8.4	-9.9	-4.4
Q3	12.9	3.4	0.2	3.5	-1.1	-2.6	0.3	8.3	1.0	-2.7
Q4	138.7	22.3	95.1	44.2	36.4	10.3	4.2	8.7	12.7	-14.5
2000 Q1	-28.9	-15.3	0.4	6.1	0.9	-20.4	13.7	-11.9	-2.1	26.0
Q2	52.6	6.7	30.0	31.9	17.8	-21.8	2.1	15.8	0.1	-12.8
Q3	6.4	-2.2	-4.2	-17.3	28.8	-18.5	2.9	13.3	-0.4	-2.1
Q4	128.4	8.6	108.3	71.4	27.3	5.7	3.8	5.3	6.3	-16.5
<i>Euro area enlargement</i>										
2001 Q1	-19.3	-19.8	14.8	-34.4	41.9	-6.1	13.4	-15.6	1.2	13.3
Q2	93.6	-3.3	81.0	77.1	-4.8	6.3	2.3	15.1	0.8	4.5
Q3	9.1	-23.4	47.8	25.4	3.0	13.0	6.5	-17.7	2.3	2.6
Q4	133.3	-69.9	206.0	141.7	9.3	62.5	-7.5	-8.8	6.0	.
2002 Q1	.	15.1	-36.9	-51.9	-4.2	14.8	4.4	19.1	.	.

	Securities other than shares			Shares <sup>5)</sup>				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
1998 Q1	-25.4	-10.3	-15.1	93.8	-5.3	99.1	7.3	68.0	55.6	12.4
Q2	-66.2	-24.9	-41.3	118.4	24.4	94.0	0.0	46.5	44.5	2.0
Q3	-12.7	-11.2	-1.5	100.1	14.3	85.8	1.0	42.9	40.2	2.6
Q4	-13.6	-2.2	-11.4	82.6	63.2	19.4	-16.1	49.5	47.5	2.0
1999 Q1	18.4	-12.8	31.2	103.8	2.3	101.6	2.9	64.2	58.1	6.0
Q2	-46.1	-11.1	-35.0	148.6	64.0	84.7	16.8	54.1	49.6	4.5
Q3	-7.3	-13.1	5.9	94.1	53.4	40.7	-0.4	56.9	52.2	4.7
Q4	53.4	21.4	32.0	-8.3	24.1	-32.4	-6.8	71.0	68.9	2.1
2000 Q1	-9.5	12.4	-21.9	-14.0	-61.0	47.0	12.9	76.6	70.6	6.0
Q2	41.6	0.3	41.3	71.7	52.6	19.0	-9.7	56.6	52.2	4.3
Q3	74.5	15.2	59.3	151.2	142.8	8.4	-1.8	56.4	51.9	4.5
Q4	16.0	5.3	10.6	222.1	184.0	38.1	-3.9	58.3	59.3	-0.9
<i>Euro area enlargement</i>										
2001 Q1	103.5	63.1	40.4	51.2	14.4	36.8	24.8	58.7	52.0	6.7
Q2	9.7	-21.3	31.1	45.6	41.2	4.4	6.3	55.8	51.6	4.2
Q3	35.7	2.3	33.4	46.5	22.5	24.0	20.0	52.0	46.0	6.0
Q4	3.0	-7.1	10.1	15.7	-14.0	29.7	7.1	70.7	65.2	5.4
2002 Q1	.	.	.	.	.	.	.	.	.	.

Source: ECB.

- Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.
- BIS international banking statistics. The BIS definition of banks is close to that of MFIs.
- Non-financial sectors comprise general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15).
- Covering deposits with euro area central government (S.1311), other financial intermediaries (S.123) and insurance corporations and pension funds (S.125).
- Excluding unquoted shares.

**Table 6.1 (cont'd)**
**Financial investment and financing of non-financial sectors <sup>1)</sup>**
*(EUR billions (ECU billions to end-1998); not seasonally adjusted)*
**Transactions**
**2. Main liabilities <sup>2)</sup>**

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks <sup>5)</sup>
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households <sup>4)</sup>			
			Total	Short-term	Long-term <sup>5)</sup>	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1998 Q1	70.9	43.7	-16.1	-18.6	2.5	57.6	28.6	28.9	29.4	-0.2	29.6	3.9
Q2	117.7	110.8	-6.0	-3.7	-2.4	56.2	22.3	33.9	67.5	9.1	58.5	6.4
Q3	80.1	81.3	2.5	1.4	1.2	26.9	-15.3	42.3	50.6	1.2	49.4	-0.7
Q4	160.4	151.2	8.5	2.8	5.8	75.9	37.3	38.5	76.0	7.1	68.9	3.5
1999 Q1	90.1	76.6	-7.5	0.3	-7.8	22.2	23.6	-1.4	75.4	9.2	66.2	0.8
Q2	164.5	133.1	-4.1	2.7	-6.8	89.7	41.2	48.5	78.9	3.9	75.0	23.9
Q3	68.8	71.5	-14.7	-1.1	-13.6	17.7	-16.7	34.4	65.8	-0.3	66.1	8.5
Q4	170.8	146.6	15.1	4.2	10.9	85.6	34.0	51.7	70.1	8.8	61.3	-7.1
2000 Q1	143.7	108.8	-7.9	-1.0	-7.0	93.5	54.9	38.7	58.1	1.6	56.5	15.0
Q2	162.5	118.4	-6.0	0.9	-6.9	113.8	61.2	52.6	54.7	8.8	46.0	-0.8
Q3	131.1	91.6	-16.3	-2.1	-14.2	97.0	53.3	43.7	50.4	-0.1	50.5	23.0
Q4	182.4	139.9	16.5	2.1	14.4	115.8	19.2	96.7	50.0	5.3	44.7	2.1
<i>Euro area enlargement</i>												
2001 Q1	92.8	77.7	-3.8	-0.5	-3.3	62.1	39.0	23.0	34.5	-5.2	39.7	9.1
Q2	102.9	87.4	-17.1	0.6	-17.7	64.3	20.8	43.5	55.7	5.8	49.9	16.5
Q3	83.3	58.7	-6.0	2.9	-8.9	50.6	-15.7	66.4	38.6	-4.2	42.8	-21.7
Q4	101.3	94.4	15.7	4.8	10.9	37.0	-18.8	55.8	48.6	2.1	46.5	.
2002 Q1	.	59.0	.	.	.	.	.	.	.	.	.	.

	Securities other than shares issued by								Quoted shares issued by non-financial corporations	Deposit liabilities of central government	Pension fund reserves of non- financial corporations
	Total	General government			Non-financial corporations						
		Total	Short-term	Long-term	Total	Short-term	Long-term				
	13	14	15	16	17	18	19	20	21	22	
1998 Q1	69.6	58.7	-6.1	64.8	10.9	10.0	0.9	10.4	1.1	2.2	
Q2	53.3	50.6	-1.3	51.9	2.7	-1.8	4.4	36.8	-2.1	2.2	
Q3	61.3	54.0	2.1	52.0	7.3	1.6	5.7	10.1	-0.4	2.2	
Q4	-10.5	-15.4	-31.0	15.6	4.8	0.5	4.4	40.1	6.4	1.9	
1999 Q1	73.8	60.4	1.0	59.4	13.4	10.4	3.0	10.8	6.6	2.3	
Q2	37.7	29.2	-7.5	36.7	8.5	0.6	7.9	34.4	-10.3	2.3	
Q3	56.1	38.0	-10.7	48.7	18.2	8.3	9.8	35.4	1.0	2.3	
Q4	-11.8	-19.5	-27.6	8.1	7.6	3.3	4.3	43.0	12.1	2.3	
2000 Q1	61.4	59.5	10.0	49.5	1.9	0.6	1.3	18.0	-2.2	1.9	
Q2	37.9	23.6	-1.0	24.6	14.3	10.3	4.0	28.3	0.0	1.9	
Q3	50.0	26.0	-2.7	28.8	23.9	7.3	16.7	70.8	-0.4	1.9	
Q4	-0.8	-17.6	-27.0	9.4	16.8	5.2	11.6	50.2	6.4	1.8	
<i>Euro area enlargement</i>											
2001 Q1	76.6	39.1	32.4	6.8	37.5	10.9	26.5	53.7	1.1	2.2	
Q2	86.0	60.2	10.7	49.6	25.7	11.1	14.7	45.1	0.4	2.2	
Q3	49.1	30.4	8.8	21.7	18.7	14.0	4.7	16.3	0.2	2.2	
Q4	8.2	-9.5	-22.1	12.5	17.7	-1.2	18.9	5.2	8.9	-0.5	
2002 Q1	.	.	.	.	.	.	.	.	.	.	

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. These are currency and deposits, securities other than shares, loans (except those granted by general government and non-financial corporations), quoted shares, mutual fund shares and insurance technical reserves. Other financial instruments (financial derivatives, unquoted shares, other (than share) equity and other receivables and payables) are not included.

3) BIS international banking statistics. The BIS definition of banks is close to that of MFIs.

4) Including non-profit institutions serving households.

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

**Table 6.2**

**Saving, investment and financing**

(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
1993	20.2	20.3	0.5	16.8	10.6	13.0	5.5	0.4	0.9	0.5	3.0	
1994	20.6	20.1	0.2	16.9	10.3	13.8	3.3	2.4	2.6	1.6	3.2	
1995	21.1	20.1	0.5	16.9	10.3	13.9	4.2	1.8	1.5	1.2	3.6	
1996	20.9	20.0	1.0	16.9	10.3	12.9	3.7	0.2	1.3	1.9	3.7	
1997	21.8	20.2	1.6	17.1	10.5	13.3	1.7	-0.5	0.1	3.4	4.0	
1998	21.8	20.4	0.9	17.3	10.8	15.6	2.4	-2.0	-1.2	6.0	3.7	
1999	21.8	20.6	0.0	17.5	10.9	20.3	2.4	0.9	0.7	5.8	4.2	
2000	22.0	21.1	-0.3	18.3	11.7	21.1	2.0	1.7	1.0	6.2	4.2	

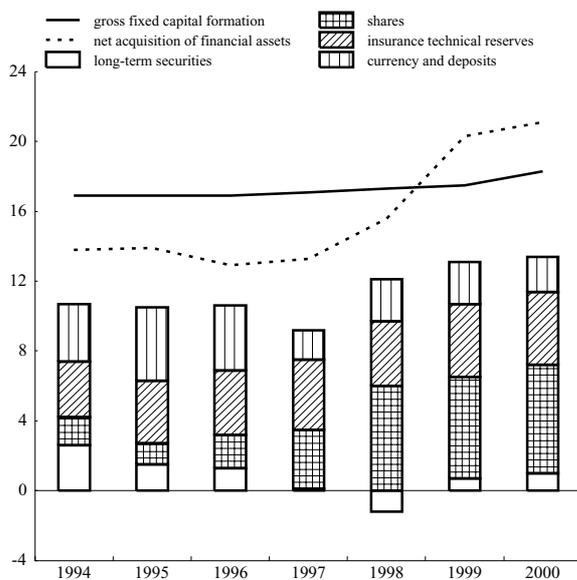
  

	Financing of private non-financial sectors <sup>1)2)</sup>									Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
									12			
1993	20.8	12.8	7.7	1.2	1.4	1.4	3.7	4.5	5.3	43.6	27.0	
1994	20.7	11.8	9.6	1.0	1.1	1.6	3.7	3.8	4.2	45.0	31.7	
1995	21.4	11.8	7.4	-1.8	-1.7	1.5	4.8	3.6	6.5	45.1	25.7	
1996	21.1	11.6	8.8	0.2	0.0	1.7	5.7	4.8	4.1	43.3	29.4	
1997	20.6	11.3	9.5	0.1	0.1	1.4	5.9	4.7	3.8	43.8	31.6	
1998	20.3	10.5	12.4	0.4	0.3	2.5	7.6	5.8	3.2	47.4	37.9	
1999	19.3	9.9	17.6	0.9	0.4	3.3	9.9	7.6	2.7	53.7	47.7	
2000	18.9	9.5	21.2	1.3	0.8	4.0	10.8	7.0	-0.1	53.6	52.9	

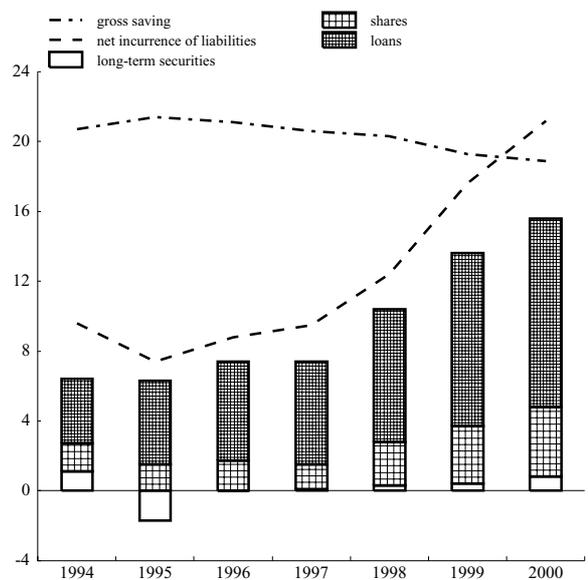
**Investment and financing of private non-financial sectors <sup>1)2)</sup>**

(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	Capital taxes	Memo: fiscal burden <sup>2)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1992	47.4	46.7	11.9	9.8	2.0	13.0	0.9	17.1	8.6	5.2	2.4	0.7	0.6	42.5
1993	48.0	47.5	12.1	10.0	2.1	13.2	0.8	17.4	8.6	5.3	2.5	0.5	0.3	43.0
1994	47.6	47.1	11.6	9.5	2.0	13.5	0.8	17.5	8.5	5.4	2.5	0.5	0.2	42.7
1995	47.2	46.6	11.6	9.5	2.0	13.3	0.9	17.3	8.4	5.6	2.5	0.5	0.3	42.6
1996	48.0	47.5	12.0	9.6	2.3	13.4	0.8	17.6	8.7	5.6	2.5	0.5	0.3	43.3
1997	48.3	47.6	12.2	9.6	2.6	13.6	0.7	17.6	8.8	5.5	2.5	0.7	0.4	43.7
1998	47.7	47.2	12.4	9.9	2.5	14.1	0.7	16.5	8.5	4.9	2.5	0.5	0.3	43.3
1999	48.3	47.7	12.8	10.1	2.6	14.3	0.6	16.4	8.5	4.9	2.4	0.6	0.3	43.9
2000	47.9	47.4	13.0	10.1	2.7	14.2	0.6	16.2	8.5	4.9	2.4	0.5	0.3	43.7
<i>Euro area enlargement</i>														
2001	47.4	46.8	12.7	9.9	2.5	14.0	0.6	16.1	8.4	4.8	2.3	0.6	0.3	43.0

### 2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure <sup>4)</sup>
	1	2	Compensation of employees	Inter-mediate consumption	Interest	Current transfers	Social payments <sup>3)</sup>	Subsidies	Paid by EU institutions	10	11	12	13	14
1992	52.3	47.6	11.4	5.0	5.7	25.6	21.9	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.7	49.2	11.6	5.2	5.9	26.6	22.8	2.4	0.6	4.6	3.1	1.5	0.0	47.9
1994	52.7	48.3	11.3	5.0	5.5	26.5	22.9	2.3	0.6	4.3	2.9	1.4	0.0	47.1
1995	52.2	47.7	11.2	4.8	5.7	26.1	22.8	2.2	0.6	4.5	2.7	1.8	0.1	46.5
1996	52.2	48.3	11.2	4.8	5.7	26.6	23.2	2.2	0.6	4.0	2.6	1.4	0.0	46.6
1997	50.9	47.1	11.0	4.8	5.1	26.2	23.1	2.1	0.6	3.7	2.4	1.3	0.1	45.8
1998	50.0	46.1	10.7	4.7	4.7	25.9	22.6	2.0	0.5	3.9	2.4	1.5	0.1	45.2
1999	49.6	45.5	10.7	4.7	4.2	25.8	22.6	2.0	0.5	4.1	2.5	1.6	0.1	45.3
2000	48.8	44.8	10.5	4.7	4.0	25.5	22.3	1.9	0.5	4.0	2.5	1.5	0.0	44.7
<i>Euro area enlargement</i>														
2001	48.7	44.5	10.5	4.7	3.9	25.4	22.3	1.9	0.5	4.1	2.5	1.6	0.0	44.7

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+)	Government consumption <sup>5)</sup>							
	Total	Central government	State government	Local government	Social security funds		7	Compensation of employees	Inter-mediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
1992	-4.9	-4.3	-0.3	-0.2	0.0	0.8	20.8	11.4	5.0	4.9	1.8	-2.4	8.7	12.0
1993	-5.7	-5.0	-0.4	-0.2	-0.1	0.1	21.2	11.6	5.2	5.0	1.9	-2.5	8.9	12.2
1994	-5.1	-4.4	-0.5	-0.2	0.0	0.4	20.8	11.3	5.0	5.0	1.8	-2.5	8.6	12.1
1995	-5.0	-4.2	-0.5	-0.1	-0.3	0.7	20.5	11.2	4.8	5.1	1.8	-2.5	8.4	12.1
1996	-4.3	-3.6	-0.4	-0.1	-0.2	1.4	20.6	11.2	4.8	5.1	1.8	-2.5	8.5	12.1
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.4	11.0	4.8	5.1	1.8	-2.5	8.4	12.0
1998	-2.2	-2.2	-0.2	0.1	0.1	2.5	20.0	10.7	4.7	5.1	1.7	-2.5	8.1	11.9
1999	-1.3	-1.6	-0.1	0.0	0.4	2.9	20.0	10.7	4.7	5.1	1.7	-2.4	8.2	11.9
2000	-0.8	-1.3	-0.1	0.1	0.4	3.2	19.9	10.5	4.7	5.1	1.7	-2.4	8.1	11.8
<i>Euro area enlargement</i>														
2001	-1.3	-1.5	-0.4	0.1	0.4	2.6	19.9	10.5	4.7	5.1	1.7	-2.3	8.1	11.9

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1998	-0.8	-2.2	-2.4	-2.6	-2.7	2.3	-2.8	3.2	-0.8	-2.4	-2.3	1.3
1999	-0.6	-1.6	-1.7	-1.1	-1.6	2.3	-1.8	3.8	0.4	-2.2	-2.2	1.9
2000	0.1	1.2	-0.8	-0.3	-1.3	4.5	-0.5	5.8	2.2	-1.5	-1.5	7.0
2001	0.2	-2.7	0.1	0.0	-1.4	1.7	-1.4	5.0	0.2	0.1	-2.2	4.9

Sources: ECB for euro area aggregated data; European Commission for data relating to countries' deficit / surplus (including proceeds from sales of UMTS licences).

- Revenue, expenditure and deficit / surplus based on the ESA 95, but the figures exclude proceeds from sales of UMTS licences in 2000 (the euro area deficit / surplus including those proceeds is equal to 0.2). Data before 1995 are partially estimated. Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.
- The fiscal burden comprises taxes and social contributions.
- Comprises social benefits, social transfers in kind via market producers and transfers to non-profit institutions serving households.
- Comprises total expenditure minus interest expenditure.
- 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	
1992	61.0	2.6	16.2	10.1	32.0	50.3	26.4	7.6	16.3	10.7
1993	67.3	2.7	17.0	10.0	37.6	52.6	27.6	8.7	16.3	14.8
1994	70.0	2.9	16.1	10.3	40.6	55.8	29.8	9.9	16.1	14.2
1995	74.2	2.9	17.7	9.9	43.8	58.3	30.5	11.0	16.9	15.9
1996	75.5	2.9	17.2	9.9	45.5	58.9	30.3	13.2	15.5	16.5
1997	74.9	2.8	16.3	8.9	46.8	56.9	29.0	14.4	13.5	17.9
1998	73.1	2.8	15.2	7.9	47.3	53.3	27.0	16.2	10.2	19.8
1999	72.0	2.9	14.2	6.9	48.1	49.7	25.3	14.8	9.6	22.3
2000	69.5	2.7	13.0	6.2	47.6	46.0	22.9	13.4	9.7	23.6
<i>Euro area enlargement</i>										
2001	69.1	2.6	12.5	6.3	47.7	45.0	22.3	12.2	10.5	24.1

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

	Total	Issued by <sup>4)</sup>				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency <sup>5)</sup>	Non-domestic currency	Other currencies
1992	61.0	49.8	4.7	6.1	0.4	12.3	48.7	6.4	17.8	21.1	22.1	59.7	2.2	1.3
1993	67.3	55.3	5.2	6.3	0.6	12.0	55.3	6.7	18.5	24.4	24.4	65.6	2.9	1.7
1994	70.0	57.9	5.4	6.1	0.5	11.2	58.8	7.4	16.6	26.7	26.7	68.1	3.0	1.9
1995	74.2	61.7	5.7	6.0	0.8	10.6	63.6	6.9	17.6	26.4	30.2	72.4	2.9	1.9
1996	75.5	63.0	6.1	5.9	0.5	10.2	65.2	6.3	19.3	25.5	30.8	73.5	2.7	1.9
1997	74.9	62.4	6.3	5.6	0.6	8.8	66.1	6.0	18.6	25.4	30.8	72.9	2.8	2.0
1998	73.1	61.1	6.3	5.4	0.4	7.7	65.5	5.5	16.4	26.1	30.7	71.4	3.2	1.7
1999	72.0	60.1	6.2	5.3	0.3	6.3	65.7	5.1	14.5	26.8	30.6	70.1	-	1.8
2000	69.5	58.0	6.1	5.1	0.3	5.5	64.0	4.5	14.5	27.5	27.6	67.7	-	1.8
<i>Euro area enlargement</i>														
2001	69.1	57.6	6.2	5.0	0.3	5.7	63.4	3.3	.	.	.	67.4	-	1.7

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

	BE	DE	GR	ES	FR	IE	IT	LU	NL	AT	PT	FI
	1	2	3	4	5	6	7	8	9	10	11	12
1998	119.3	60.9	105.0	64.6	59.5	55.1	116.4	6.3	66.8	63.9	54.8	48.8
1999	115.0	61.3	103.8	63.1	58.5	49.6	114.5	6.0	63.1	64.9	54.2	46.8
2000	109.3	60.3	102.8	60.4	57.4	39.0	110.6	5.6	56.0	63.6	53.4	44.0
2001	107.5	59.8	99.7	57.2	57.2	36.6	109.4	5.5	53.2	61.7	55.6	43.6

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

1) Data are partially estimated. General government gross consolidated debt at nominal value at the end of the year. Holdings by other governments are not consolidated.

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

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

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

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

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

	Total	Source of change				Financial instrument				Holder			
		Borrowing requirement <sup>2)</sup>	Valuation effects <sup>3)</sup>	Other changes in volume <sup>4)</sup>	Aggregation effect <sup>5)</sup>	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors <sup>6)</sup>	MFLs	Other financial corporations	Other creditors <sup>7)</sup>
	1	2	3	4	5	6	7	8	9	10	11	12	13
1992	6.7	5.6	0.4	0.7	0.1	0.1	1.1	1.0	4.5	4.8	3.1	0.7	1.9
1993	8.0	7.5	0.3	0.1	0.1	0.2	1.2	0.1	6.5	3.6	2.0	1.3	4.4
1994	6.0	5.2	0.2	0.7	0.0	0.4	-0.1	0.9	4.9	5.9	3.6	1.7	0.2
1995	7.8	5.5	0.2	2.2	-0.2	0.2	2.3	0.0	5.2	5.3	2.2	1.5	2.4
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.1	0.4	3.2	2.6	0.8	2.6	1.2
1997	2.3	2.4	0.2	-0.2	0.0	0.0	-0.2	-0.6	3.1	0.2	-0.1	1.8	2.0
1998	1.6	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.0	-0.8	2.4	2.7
1999	1.6	1.3	0.3	0.0	0.0	0.2	-0.4	-0.7	2.5	-1.7	-0.7	-0.7	3.2
2000	0.8	0.8	0.1	-0.1	0.0	0.0	-0.5	-0.3	1.7	-1.5	-1.2	-0.8	2.3
<i>Euro area enlargement</i>													
2001	1.5	1.5	0.0	0.0	0.0	0.0	-0.2	0.4	1.3	0.5	0.0	-0.4	1.0

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

	Change in debt	Deficit (-) / surplus (+) <sup>8)</sup>	Deficit-debt adjustment <sup>9)</sup>											Other <sup>11)</sup>
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	
				Total	Currency and deposits	Securities <sup>10)</sup>	Loans	Shares and other equity	Privatisations	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1992	6.7	-4.9	1.8	0.7	0.1	0.1	0.3	0.2	-0.1	0.2	0.4	0.3	0.7	0.0
1993	8.0	-5.7	2.3	1.5	1.3	0.2	0.3	-0.2	-0.3	0.1	0.3	0.3	0.1	0.3
1994	6.0	-5.1	0.9	0.0	-0.2	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	0.1
1995	7.8	-5.0	2.7	0.6	0.1	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.8	-4.3	-0.5	-0.1	-0.1	0.0	0.0	-0.1	-0.3	0.2	-0.2	-0.2	0.1	-0.2
1997	2.3	-2.6	-0.3	-0.5	0.2	-0.1	-0.1	-0.5	-0.8	0.3	0.2	0.2	-0.2	0.3
1998	1.6	-2.2	-0.6	-0.5	0.2	0.0	0.0	-0.7	-0.8	0.3	-0.2	0.0	0.0	0.1
1999	1.6	-1.3	0.3	-0.2	0.3	0.1	0.1	-0.7	-0.9	0.2	0.3	0.2	0.0	0.1
2000	0.8	0.2	1.1	1.0	0.7	0.2	0.1	-0.1	-0.4	0.2	0.1	0.0	-0.1	0.0
<i>Euro area enlargement</i>														
2001	1.5	-1.3	0.3	-0.3	-0.6	0.1	0.1	0.0	-0.3	0.2	0.0	0.0	0.0	0.6

Source: ECB.

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

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

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

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

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

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

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

8) Including proceeds from sales of UMTS licences.

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

10) Excluding financial derivatives.

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

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

Table 8.1

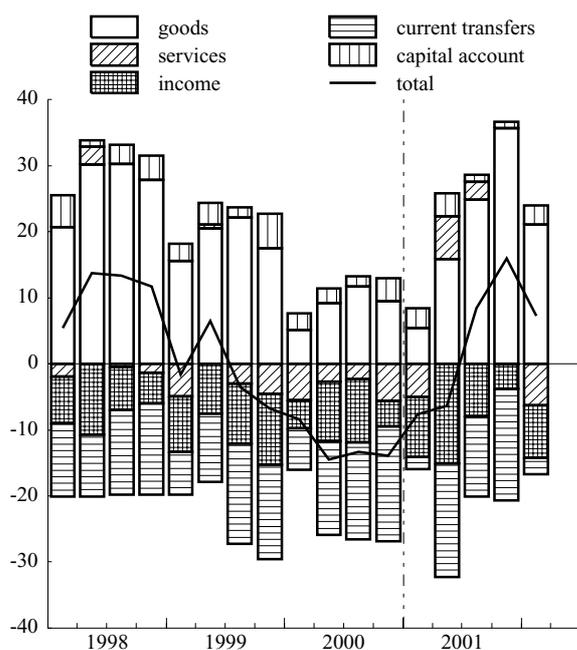
### Summary balance of payments <sup>1) 2)</sup>

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	62.1	116.4	3.1	-15.2	-42.2	13.0	.	-44.5	-24.3	.	.	.	.
1998	31.9	109.0	-1.1	-28.8	-47.2	12.4	-68.4	-81.3	-110.0	-8.2	123.0	8.2	24.1
1999	-18.3	75.6	-11.9	-35.7	-46.3	12.9	10.9	-118.1	-45.7	4.5	160.1	10.1	-5.5
2000	-59.9	35.6	-16.1	-26.7	-52.6	9.7	93.4	17.6	-111.5	-1.7	171.5	17.6	-43.2
<i>Euro area enlargement</i>													
2001	2.0	81.8	4.1	-35.8	-48.2	8.5	-69.9	-104.6	36.5	-20.7	1.1	17.8	59.5
2001 Q1	-10.5	5.5	-5.0	-9.1	-1.9	2.9	30.6	-40.6	-38.5	-2.0	102.2	9.5	-23.0
Q2	-9.9	15.9	6.5	-15.1	-17.2	3.5	-12.0	-51.7	25.7	0.7	10.8	2.5	18.4
Q3	7.4	24.8	2.7	-7.9	-12.2	1.0	-55.2	-22.4	49.6	-12.0	-72.8	2.5	46.7
Q4	15.0	35.6	-0.1	-3.7	-16.9	1.0	-33.3	10.1	-0.3	-7.3	-39.1	3.3	17.4
2002 Q1	4.3	21.1	-6.3	-7.9	-2.6	2.9	-12.3	-11.5	-43.0	-3.4	48.7	-3.0	5.0
2001 Jan.	-11.1	-3.9	-2.4	-7.5	2.7	1.3	2.3	-9.9	-42.8	-4.6	57.2	2.4	7.5
Feb.	1.2	3.3	-1.1	-0.6	-0.5	1.5	7.7	2.4	-2.3	-0.7	3.8	4.5	-10.4
Mar.	-0.6	6.0	-1.5	-1.0	-4.0	0.1	20.6	-33.2	6.6	3.3	41.2	2.7	-20.1
Apr.	-6.7	3.1	1.6	-7.0	-4.5	2.2	11.7	0.8	-19.2	1.7	21.4	7.0	-7.1
May	-2.2	4.4	2.8	-3.9	-5.4	0.5	-9.6	-41.5	15.1	3.6	16.8	-3.6	11.3
June	-1.0	8.4	2.1	-4.2	-7.3	0.8	-14.0	-11.0	29.8	-4.6	-27.4	-0.8	14.2
July	-0.2	10.9	1.5	-7.1	-5.4	0.4	-20.3	-1.5	3.2	-7.4	-14.5	0.0	20.0
Aug.	6.0	7.8	0.9	0.3	-3.0	0.6	-11.3	-7.0	2.4	-3.6	-7.2	4.1	4.7
Sep.	1.6	6.1	0.4	-1.1	-3.8	0.1	-23.6	-13.9	44.0	-1.0	-51.1	-1.6	22.0
Oct.	5.4	12.5	0.6	-2.4	-5.4	0.3	-24.8	1.9	-2.0	-2.7	-19.3	-2.6	19.2
Nov.	5.2	11.1	-0.8	0.2	-5.3	0.1	-12.5	6.3	17.1	-3.0	-32.9	0.0	7.2
Dec.	4.4	12.0	0.1	-1.5	-6.2	0.6	4.0	2.0	-15.4	-1.6	13.1	5.9	-9.0
2002 Jan.	-1.5	2.1	-2.7	-6.7	5.8	2.5	-37.6	4.3	-41.3	0.6	4.0	-5.3	36.5
Feb.	2.1	8.2	-2.4	-0.1	-3.6	0.2	5.8	-9.9	-9.9	1.3	21.7	2.5	-8.1
Mar.	3.7	10.8	-1.2	-1.1	-4.8	0.2	19.6	-5.9	8.1	-5.4	22.9	-0.2	-23.5

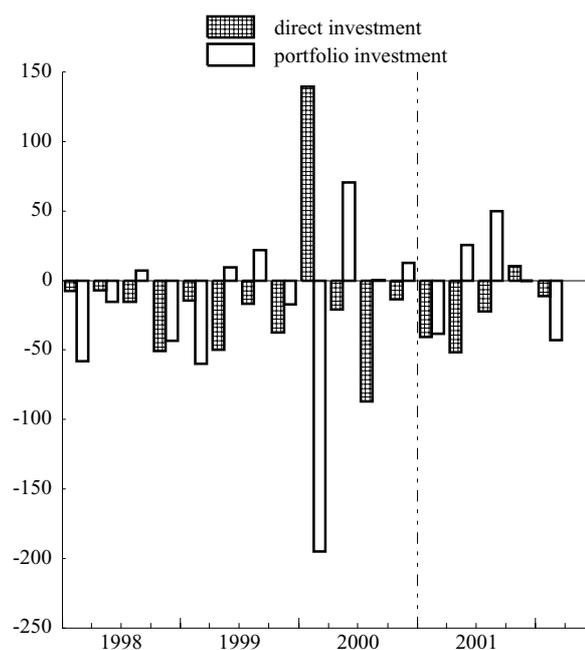
### Current and capital accounts

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



### Direct and portfolio investment

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



Source: ECB.

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

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

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

	Current account											Capital account	
	Total			Goods		Services		Income		Current transfers		Credit 12	Debit 13
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11		
1997	1,218.5	1,156.3	62.1	754.6	638.3	214.2	211.0	189.5	204.7	60.1	102.3	18.9	5.9
1998	1,277.7	1,245.8	31.9	784.4	675.4	231.9	233.0	198.5	227.3	63.0	110.1	17.7	5.3
1999	1,334.5	1,352.7	-18.3	818.1	742.5	244.5	256.4	207.0	242.7	64.8	111.1	19.1	6.3
2000	1,597.6	1,657.5	-59.9	986.8	951.3	279.5	295.7	264.0	290.7	67.2	119.9	18.3	8.7
<i>Euro area enlargement</i>													
2001	1,718.1	1,716.2	2.0	1,039.8	957.9	317.8	313.7	286.0	321.8	74.6	122.7	16.4	7.9
2001 Q1	423.3	433.9	-10.5	254.5	249.0	68.7	73.7	70.6	79.6	29.6	31.5	4.4	1.5
Q2	435.1	444.9	-9.9	262.7	246.8	83.0	76.5	74.4	89.5	15.0	32.2	5.3	1.8
Q3	424.7	417.3	7.4	255.1	230.3	86.0	83.2	69.0	76.9	14.7	26.9	2.7	1.7
Q4	435.0	420.1	15.0	267.5	231.9	80.2	80.3	72.0	75.7	15.3	32.2	4.0	3.0
2002 Q1	403.4	399.0	4.3	246.0	224.9	69.2	75.5	58.2	66.1	29.9	32.5	4.4	1.5
2001 Jan.	140.4	151.5	-11.1	79.8	83.7	22.4	24.8	22.6	30.1	15.6	12.9	1.8	0.5
Feb.	135.1	133.9	1.2	82.3	78.9	22.4	23.5	22.5	23.1	7.9	8.4	1.9	0.4
Mar.	147.8	148.5	-0.6	92.4	86.4	23.9	25.4	25.4	26.4	6.1	10.2	0.7	0.5
Apr.	138.7	145.4	-6.7	83.6	80.5	26.3	24.6	23.0	30.0	5.8	10.3	2.6	0.4
May	148.3	150.5	-2.2	89.0	84.7	28.3	25.6	26.0	29.9	4.9	10.3	1.4	1.0
June	148.1	149.1	-1.0	90.0	81.6	28.4	26.3	25.4	29.6	4.3	11.6	1.3	0.4
July	153.2	153.4	-0.2	91.7	80.8	30.8	29.3	25.7	32.8	5.1	10.5	1.0	0.6
Aug.	136.8	130.8	6.0	82.1	74.3	29.1	28.2	21.3	21.0	4.4	7.4	1.1	0.5
Sep.	134.7	133.1	1.6	81.3	75.2	26.1	25.8	22.0	23.1	5.2	9.0	0.6	0.5
Oct.	149.9	144.5	5.4	95.6	83.1	27.7	27.1	22.0	24.4	4.6	10.0	0.9	0.7
Nov.	139.5	134.3	5.2	89.9	78.8	24.5	25.3	20.3	20.1	4.8	10.1	0.8	0.6
Dec.	145.6	141.3	4.4	82.0	70.0	28.0	27.9	29.7	31.3	5.9	12.1	2.2	1.6
2002 Jan.	137.7	139.2	-1.5	76.3	74.2	23.6	26.3	20.5	27.2	17.3	11.5	3.0	0.5
Feb.	128.3	126.2	2.1	80.6	72.4	21.6	24.0	19.2	19.3	6.9	10.5	0.8	0.5
Mar.	137.3	133.6	3.7	89.1	78.3	24.0	25.3	18.5	19.6	5.7	10.5	0.6	0.5

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

	Current account										
	Total			Goods		Services		Income		Current transfers	
	Credit 1	Debit 2	Net 3	Credit 4	Debit 5	Credit 6	Debit 7	Credit 8	Debit 9	Credit 10	Debit 11
2000 Q1	371.1	378.7	-7.6	229.3	217.2	65.6	68.7	59.8	65.4	16.4	27.4
Q2	387.3	407.2	-19.8	241.5	231.8	67.3	72.6	60.9	70.0	17.7	32.7
Q3	410.5	426.4	-16.0	252.9	245.0	71.6	74.2	70.2	79.0	15.8	28.2
Q4	431.7	449.5	-17.8	264.8	259.8	75.5	80.9	73.8	76.8	17.5	32.1
<i>Euro area enlargement</i>											
2001 Q1	429.5	434.6	-5.1	260.8	245.4	76.4	77.0	73.0	82.4	19.2	29.7
Q2	431.0	439.5	-8.4	263.5	246.4	80.7	78.1	69.0	81.9	17.9	33.1
Q3	432.2	427.2	5.0	260.0	239.2	80.4	80.1	73.1	79.6	18.8	28.3
Q4	423.8	411.9	11.9	254.9	225.9	79.6	78.2	71.1	76.4	18.2	31.4
2002 Q1	415.9	406.9	9.0	258.9	228.1	77.7	79.5	60.6	68.1	18.8	31.2
2001 Jan.	144.1	146.3	-2.2	87.5	82.3	25.4	25.4	24.7	28.9	6.5	9.8
Feb.	144.3	142.4	1.9	87.2	81.5	26.0	25.8	24.7	26.4	6.5	8.7
Mar.	141.0	145.9	-4.8	86.1	81.7	25.0	25.8	23.6	27.2	6.3	11.2
Apr.	143.8	147.8	-4.0	86.9	82.6	27.3	25.9	22.9	28.4	6.7	10.9
May	145.6	145.6	0.0	88.4	81.7	27.1	25.8	24.5	27.2	5.6	10.8
June	141.7	146.1	-4.4	88.2	82.0	26.4	26.3	21.5	26.3	5.6	11.5
July	146.3	148.8	-2.6	86.7	81.5	27.3	27.2	26.1	29.5	6.1	10.7
Aug.	146.5	140.7	5.8	89.1	79.9	27.0	27.1	24.3	25.9	6.1	7.8
Sep.	139.4	137.6	1.8	84.1	77.8	26.1	25.8	22.6	24.2	6.6	9.8
Oct.	141.8	137.9	3.9	85.7	76.5	26.3	25.7	23.4	25.4	6.4	10.4
Nov.	138.7	134.8	3.8	84.8	75.0	25.6	26.1	22.4	23.4	6.0	10.4
Dec.	143.3	139.2	4.1	84.4	74.4	27.7	26.4	25.3	27.7	5.8	10.6
2002 Jan.	139.9	134.8	5.2	83.7	73.0	26.8	26.9	22.3	25.7	7.1	9.0
Feb.	137.2	134.5	2.7	85.3	74.7	25.1	26.4	21.2	22.4	5.7	11.0
Mar.	138.8	137.7	1.1	89.9	80.3	25.8	26.2	17.2	20.0	5.9	11.2

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	207.0	242.7	12.6	5.0	194.4	237.7	42.7	50.3	64.1	101.5	87.7	85.9
2000	264.0	290.7	13.2	5.4	250.8	285.2	57.4	59.3	74.6	106.9	118.7	119.0
2000 Q4	72.7	76.6	3.4	1.3	69.3	75.3	16.7	17.0	18.9	24.2	33.7	34.1
<i>Euro area enlargement</i>												
2001	286.0	321.8	13.7	5.8	272.3	316.0	68.8	66.3	83.8	118.0	119.8	131.7
2001 Q1	70.6	79.6	3.3	1.1	67.2	78.5	15.6	15.4	17.8	26.3	33.8	36.8
Q2	74.4	89.5	3.4	1.5	71.0	88.0	18.8	15.4	21.5	39.4	30.7	33.3
Q3	69.0	76.9	3.3	1.7	65.6	75.2	15.1	15.1	22.4	29.1	28.1	31.0
Q4	72.0	75.7	3.6	1.5	68.4	74.2	19.3	20.3	22.0	23.2	27.2	30.6

	Income on direct investment				Income on portfolio investment			
	Equity		Debt		Equity		Debt	
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Credit 19	Debit 20
1999	36.2	46.1	6.4	4.2	9.5	34.0	54.6	67.5
2000	47.4	52.2	10.0	7.1	14.2	30.6	60.5	76.3
2000 Q4	13.3	14.8	3.3	2.3	3.0	5.5	16.0	18.7
<i>Euro area enlargement</i>								
2001	58.6	58.0	10.2	8.2	16.3	38.6	67.5	79.5
2001 Q1	13.1	13.0	2.5	2.4	2.4	7.0	15.4	19.4
Q2	16.2	13.0	2.6	2.4	5.3	17.1	16.2	22.3
Q3	12.9	13.5	2.2	1.7	3.9	8.6	18.5	20.5
Q4	16.3	18.5	3.0	1.8	4.7	5.9	17.3	17.3

*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 inter-company loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly inter-company loans 6
1997	-93.1	.	.	48.6	.	.
1998	-172.8	.	.	91.5	.	.
1999	-315.6	-234.7	-81.0	197.5	144.2	53.3
2000	-382.4	-283.6	-98.7	400.0	296.4	103.6
<i>Euro area enlargement</i>						
2001	-227.8	-142.3	-85.5	123.1	77.4	45.7
2001 Q1	-65.4	-26.5	-38.9	24.7	28.7	-4.0
Q2	-80.6	-59.2	-21.4	28.9	16.4	12.4
Q3	-46.6	-28.0	-18.5	24.1	15.7	8.5
Q4	-35.2	-28.6	-6.7	45.4	16.5	28.9
2002 Q1	-38.0	-26.1	-11.9	26.5	16.4	10.1
2001 Jan.	-17.4	-11.6	-5.8	7.5	5.1	2.4
Feb.	-15.0	-1.9	-13.1	17.4	15.3	2.1
Mar.	-33.0	-13.0	-20.0	-0.2	8.4	-8.5
Apr.	-6.8	-9.4	2.6	7.6	2.8	4.9
May	-51.8	-41.3	-10.5	10.3	10.2	0.1
June	-21.9	-8.5	-13.4	10.9	3.4	7.5
July	-15.8	-16.3	0.5	14.2	10.7	3.6
Aug.	-10.7	-5.9	-4.8	3.7	-1.9	5.6
Sep.	-20.1	-5.8	-14.2	6.2	6.9	-0.8
Oct.	4.4	-11.8	16.2	-2.5	-8.7	6.1
Nov.	-17.6	-6.8	-10.8	23.9	10.6	13.3
Dec.	-22.0	-10.0	-12.1	24.0	14.6	9.4
2002 Jan.	-4.8	-6.3	1.5	9.2	6.5	2.6
Feb.	-20.0	-4.9	-15.1	10.1	3.1	6.9
Mar.	-13.2	-14.9	1.7	7.3	6.7	0.5

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
1998	-363.3	253.3	-116.2	104.0	-247.1	-238.9	-8.2	149.3	121.6	27.7
1999	-311.4	265.7	-156.3	92.4	-155.1	-154.4	-0.7	173.4	117.4	55.9
2000	-412.8	301.2	-288.5	44.9	-124.3	-102.7	-21.6	256.3	229.6	26.7
<i>Euro area enlargement</i>										
2001	-266.7	303.3	-95.4	238.3	-171.3	-152.8	-18.5	65.0	78.0	-13.0
2001 Q1	-82.9	44.4	-29.1	18.7	-53.8	-37.2	-16.6	25.7	24.5	1.2
Q2	-75.5	101.3	-42.5	108.7	-33.0	-46.6	13.6	-7.5	-1.6	-5.9
Q3	-24.0	73.7	-1.0	53.4	-23.0	-18.2	-4.8	20.2	29.8	-9.5
Q4	-84.3	84.0	-22.8	57.4	-61.5	-50.8	-10.7	26.5	25.3	1.2
2002 Q1	-62.3	19.3	-28.4	28.1	-33.9	-15.9	-18.0	-8.9	8.3	-17.1
2001 Jan.	-36.9	-5.9	-20.7	-0.4	-16.2	-6.9	-9.3	-5.5	-9.1	3.6
Feb.	-29.2	26.9	-12.6	12.5	-16.6	-16.4	-0.2	14.4	16.2	-1.8
Mar.	-16.7	23.3	4.3	6.5	-21.0	-13.9	-7.1	16.8	17.4	-0.6
Apr.	-20.7	1.5	-16.4	11.0	-4.3	-11.8	7.5	-9.5	-3.1	-6.4
May	-28.1	43.2	-14.5	58.8	-13.6	-17.0	3.5	-15.7	-12.8	-2.8
June	-26.8	56.6	-11.6	38.9	-15.2	-17.8	2.6	17.7	14.3	3.3
July	-14.9	18.2	-10.2	15.4	-4.7	-9.1	4.4	2.8	2.4	0.4
Aug.	-23.0	25.4	-4.7	13.6	-18.3	-16.9	-1.5	11.8	18.7	-6.9
Sep.	13.9	30.1	13.9	24.4	0.1	7.7	-7.6	5.6	8.6	-2.9
Oct.	-35.2	33.2	-7.9	22.5	-27.2	-19.3	-7.9	10.7	8.1	2.6
Nov.	-38.4	55.5	-8.6	22.4	-29.8	-17.1	-12.7	33.1	36.6	-3.6
Dec.	-10.7	-4.7	-6.3	12.5	-4.4	-14.3	9.9	-17.2	-19.4	2.2
2002 Jan.	-29.0	-12.3	-14.0	8.9	-15.0	-5.7	-9.2	-21.2	-7.8	-13.4
Feb.	-11.3	1.4	-6.1	6.8	-5.1	0.3	-5.5	-5.4	-1.3	-4.1
Mar.	-22.1	30.2	-8.3	12.5	-13.8	-10.4	-3.3	17.7	17.4	0.3

**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
1999	0.1	-2.1	-1.5	-152.8	0.1	-1.7	-15.4	-137.4	0.9	-0.1	-8.1	6.7
2000	0.0	-2.5	-4.4	-281.6	-1.7	-1.2	-72.7	-27.2	2.2	-0.7	-11.5	-11.5
2000 Q4	0.0	-0.6	-5.0	-54.3	0.9	0.0	2.7	-19.2	0.6	0.9	0.8	-5.1
<i>Euro area enlargement</i>												
2001	-0.4	-2.1	3.3	-96.3	1.9	-0.9	-68.6	-85.2	-2.3	0.1	-33.0	16.8
2001 Q1	-0.1	-0.4	-11.0	-17.6	1.0	-0.6	-16.3	-21.4	-1.3	-1.2	-18.0	4.0
Q2	0.0	-0.7	6.3	-48.0	0.7	0.0	-22.3	-25.0	-0.7	-0.1	2.1	12.3
Q3	-0.1	-0.4	3.3	-3.9	1.0	-0.1	4.2	-23.3	0.1	-0.5	-13.4	9.1
Q4	-0.2	-0.5	4.7	-26.8	-0.7	-0.3	-34.3	-15.6	-0.3	1.9	-3.7	-8.7

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	-81.9	204.9	-0.7	3.5	-1.0	-6.1	-22.6	192.4	-37.6	40.4	15.0	152.0	-57.6	15.2
1999	-32.5	192.6	-2.0	6.6	3.3	-13.0	18.1	161.1	-47.2	53.8	65.3	107.3	-51.8	37.8
2000	-178.9	350.5	-1.1	0.9	-2.5	1.0	-131.3	289.6	-49.3	53.0	-82.0	236.6	-44.0	58.9
<i>Euro area enlargement</i>														
2001	-239.1	240.2	0.6	4.4	3.8	-1.2	-219.4	229.2	-41.2	20.3	-178.2	208.9	-24.1	7.8
2001 Q1	-136.1	238.3	0.8	-2.6	2.4	-8.2	-135.0	261.7	-7.4	1.8	-127.6	259.9	-4.3	-12.6
Q2	8.1	2.6	-0.8	4.3	-0.3	2.8	12.0	-9.1	-10.2	17.0	22.2	-26.1	-2.7	4.7
Q3	-55.1	-17.7	1.0	-0.9	-0.1	0.0	-53.0	-30.1	-7.8	11.2	-45.2	-41.3	-3.0	13.3
Q4	-56.0	16.9	-0.4	3.7	1.8	4.2	-43.4	6.6	-15.7	-9.8	-27.7	16.4	-14.1	2.4
2002 Q1	26.1	22.6	-0.4	1.2	0.1	-7.4	20.8	24.6	0.5	9.6	20.3	14.9	5.5	4.3
2001 Jan.	-45.2	102.4	0.5	1.3	3.6	-6.4	-51.4	108.2	-3.9	-1.9	-47.5	110.1	2.1	-0.7
Feb.	-6.6	10.4	0.3	-2.1	0.1	-3.8	-4.8	16.8	-2.8	4.7	-2.0	12.1	-2.2	-0.5
Mar.	-84.3	125.5	0.0	-1.8	-1.3	2.0	-78.7	136.7	-0.7	-1.0	-78.0	137.7	-4.3	-11.3
Apr.	7.1	14.3	-0.3	-1.6	-0.2	-0.8	14.4	16.2	-0.4	5.4	14.8	10.8	-6.9	0.5
May	2.3	14.5	-0.3	1.6	1.2	2.4	4.7	4.9	-7.3	4.2	12.0	0.7	-3.4	5.6
June	-1.2	-26.2	-0.3	4.2	-1.3	1.2	-7.2	-30.2	-2.6	7.4	-4.6	-37.6	7.5	-1.4
July	46.3	-60.9	0.7	-0.4	-1.6	0.8	46.0	-67.3	-2.0	1.9	48.0	-69.2	1.2	6.0
Aug.	-30.7	23.5	0.1	-2.4	1.7	-2.6	-31.6	24.9	-5.9	3.7	-25.7	21.2	-0.9	3.6
Sep.	-70.8	19.7	0.1	1.9	-0.1	1.7	-67.4	12.4	0.1	5.6	-67.5	6.7	-3.4	3.8
Oct.	-33.3	14.0	-0.5	4.5	-0.4	2.1	-22.1	5.6	-3.4	1.6	-18.7	4.1	-10.3	1.7
Nov.	-59.4	26.4	0.0	2.0	2.0	2.5	-52.3	22.6	-9.2	-13.9	-43.1	36.5	-9.1	-0.6
Dec.	36.6	-23.5	0.1	-2.8	0.3	-0.4	31.0	-21.6	-3.2	2.6	34.1	-24.2	5.3	1.3
2002 Jan.	9.6	-5.5	-0.7	2.6	-1.2	-8.4	15.9	0.4	-0.5	5.7	16.4	-5.3	-4.4	-0.1
Feb.	25.4	-3.7	-0.1	-3.8	1.2	-1.4	5.3	12.1	-6.0	1.4	11.3	10.7	19.0	-10.6
Mar.	-8.9	31.8	0.4	2.4	0.1	2.3	-0.4	12.0	7.0	2.5	-7.4	9.6	-9.0	15.0

**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	-1.2	6.7	5.5	-0.8	-0.1	-0.9
2000	-1.1	0.9	-0.2	0.0	0.0	0.0
2000 Q4	-0.9	2.9	2.0	0.0	0.0	0.0
<i>Euro area enlargement</i>						
2001	0.6	4.8	5.4	0.0	-0.3	-0.3
2001 Q1	0.8	-2.7	-1.9	0.0	0.0	0.0
Q2	-0.8	4.3	3.5	0.0	0.0	0.0
Q3	1.0	-0.9	0.0	0.0	0.0	0.0
Q4	-0.4	4.1	3.7	0.0	-0.4	-0.4

Source: ECB.

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

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

## 2.2. General government

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 7	Liabilities 8	Balance 9	Assets 10	Liabilities 11	Balance 12	Assets 13	Liabilities 14	Balance 15
1999	0.0	0.0	0.0	4.4	-13.1	-8.7	-1.2	0.2	-1.0
2000	0.1	0.0	0.1	-1.8	1.0	-0.8	-0.8	0.0	-0.8
2000 Q4	0.1	0.0	0.1	5.3	3.2	8.6	0.3	0.2	0.4
<i>Euro area enlargement</i>									
2001	-0.1	0.0	-0.1	5.2	-1.2	4.0	-1.3	0.0	-1.3
2001 Q1	0.0	0.0	0.0	2.9	-8.0	-5.1	-0.5	-0.2	-0.7
Q2	0.0	0.0	0.0	0.1	2.7	2.8	-0.4	0.1	-0.3
Q3	0.0	0.0	0.0	0.2	0.0	0.2	-0.3	0.0	-0.3
Q4	0.0	0.0	0.0	2.0	4.1	6.1	-0.2	0.1	-0.1

## 2.3. MFIs (excluding the Eurosystem)

	Loans/currency and deposits			Other assets/liabilities		
	Assets 16	Liabilities 17	Balance 18	Assets 19	Liabilities 20	Balance 21
1999	17.3	160.4	177.7	0.8	0.7	1.5
2000	-127.3	284.3	157.0	-4.1	5.3	1.3
2000 Q4	-62.4	55.1	-7.4	-1.4	4.4	2.9
<i>Euro area enlargement</i>						
2001	-205.6	219.4	13.7	-13.8	9.8	-4.0
2001 Q1	-130.5	257.8	127.3	-4.5	3.9	-0.6
Q2	15.4	-11.9	3.5	-3.4	2.8	-0.6
Q3	-51.9	-31.9	-83.8	-1.1	1.8	0.7
Q4	-38.7	5.3	-33.3	-4.7	1.3	-3.5

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-7.5	4.8	-2.7	-21.3	20.4	-1.0	-23.0	12.7	-10.3
2000	-14.9	10.4	-4.5	-23.8	53.6	29.8	-5.4	-5.0	-10.4
2000 Q4	-4.3	1.3	-2.9	17.7	4.5	22.3	-3.9	2.4	-1.5
<i>Euro area enlargement</i>									
2001	-8.3	6.3	-2.0	-9.7	1.2	-8.5	-6.2	0.3	-5.8
2001 Q1	-4.8	4.2	-0.6	3.0	-16.3	-13.3	-2.5	-0.4	-3.0
Q2	-3.7	1.8	-1.9	2.1	3.9	6.0	-1.2	-1.0	-2.1
Q3	-1.7	-1.5	-3.2	0.3	13.6	13.9	-1.7	1.3	-0.4
Q4	1.8	1.8	3.6	-15.1	0.1	-15.0	-0.8	0.4	-0.4

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

	Total 1	Monetary gold 2	Special drawing rights 3	Reserve position in the IMF 4	Foreign exchange							Other claims <sup>2)</sup> 12
					Total 5	Currency and deposits		Securities			Financial derivatives 11	
						With monetary authorities and the BIS 6	With banks <sup>2)</sup> 7	Equity 8	Bonds and notes 9	Money market instruments 10		
1999	10.1	0.3	1.0	2.0	6.9	12.5	-11.3	0.2	3.5	2.0	-0.1	0.0
2000	17.6	1.0	0.3	2.9	13.3	4.3	4.7	0.0	-5.6	10.1	-0.1	0.0
2000 Q4	10.7	0.0	0.3	-0.6	11.0	1.1	4.3	0.0	0.8	4.7	0.0	0.0
<i>Euro area enlargement</i>												
2001	17.8	0.6	-1.1	-4.2	22.5	10.0	-5.3	-1.1	20.4	-1.6	0.0	0.0
2001 Q1	9.5	0.3	-0.4	0.2	9.5	7.8	-8.2	-1.1	5.2	5.7	0.0	0.0
Q2	2.5	-0.1	-0.6	-0.7	4.0	0.2	-1.8	0.0	5.5	0.0	0.0	0.0
Q3	2.5	0.2	0.0	-4.5	6.7	-0.9	3.1	0.0	4.9	-0.4	0.0	0.0
Q4	3.3	0.1	-0.1	0.9	2.4	2.7	1.7	0.0	4.8	-6.9	0.0	0.0

Source: ECB.

1) Increase (-); decrease (+)

2) Due to a change in methodology, data have been revised

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

	Total	Direct investment			Portfolio investment					Financial derivatives	Other investment				Reserve assets
		Total	Equity (including reinvested earnings)	Other capital	Total	Equity securities	Debt instruments				Total	Trade credits	Loans/currency and deposits	Other assets/liabilities	
							Total	Bonds and notes	Money market instruments						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1997	32.7	177.6	148.6	29.1	-724.7	-358.7	-366.0	-339.8	-26.2	-5.9	222.4	79.8	51.3	91.4	363.3
1998	-147.9	152.2	124.2	28.0	-713.5	-462.0	-251.5	-229.0	-22.5	2.3	81.7	100.0	-107.1	88.8	329.4
1999	-75.0	402.4	318.9	83.5	-752.8	-591.3	-161.4	-108.4	-53.0	10.1	-107.3	111.9	-338.2	119.0	372.6
2000	-101.4	466.6	395.0	71.6	-666.8	-366.9	-299.9	-263.1	-36.7	7.0	-286.2	115.7	-530.4	128.5	378.0
<i>Euro area enlargement</i>															
2001 1 Jan.	-152.1	459.3	388.5	70.8	-721.5	-375.8	-345.7	-308.6	-37.1	7.0	-288.2	114.9	-531.6	128.5	391.2

Source: ECB.

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

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

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

	Reserve assets													Memo: related assets	
	Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims <sup>5)</sup>	Claims on euro area residents denomi- nated in foreign currency	
						Total	Currency and deposits		Securities						Financial deriva- tives
							With monetary authorities and the BIS <sup>7)</sup>	With banks <sup>8)</sup>	Total	Equities	Bonds and notes	Money market instru- ments			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
<b>Eurosystem <sup>2)</sup></b>															
1998 Dec. <sup>3)</sup>	329.4	99.6	404.131	5.2	23.4	201.2	12.6	19.6	169.0	0.0	116.6	52.4	0.0	0.0	7.6
1999 Dec.	372.6	116.4	402.762	4.5	24.3	227.5	12.8	23.8	191.1	0.0	134.3	56.7	-0.2	0.0	14.6
2000 Dec.	378.0	117.8	399.537	4.3	20.8	235.0	9.2	20.9	204.2	0.0	153.9	50.3	0.7	0.0	15.8
<i>Euro area enlargement</i>															
2001 1 Jan.	391.2	119.2	404.119	4.3	21.2	246.5	9.2	28.3	208.2	0.0	157.9	50.3	0.7	0.0	16.3
2001 Jan.	385.7	115.0	404.119	4.5	22.3	244.0	11.8	20.8	210.7	-	-	-	0.7	0.0	20.9
Feb.	383.9	116.5	404.119	4.8	21.3	241.3	10.4	22.3	207.8	-	-	-	0.8	0.0	21.2
Mar. <sup>4)</sup>	392.9	117.6	403.153	4.9	21.4	249.0	9.7	29.4	209.5	-	-	-	0.5	0.0	20.2
Apr.	386.3	119.5	403.153	4.9	21.1	240.8	11.5	24.3	204.6	-	-	-	0.4	0.0	23.4
May	408.5	127.2	403.153	5.6	22.3	253.4	10.6	27.6	215.0	-	-	-	0.2	0.0	22.9
June <sup>4)</sup>	410.0	128.6	403.089	5.7	22.9	252.8	9.8	31.6	211.2	-	-	-	0.2	0.0	22.7
July <sup>4)</sup>	397.1	122.3	402.639	5.5	22.7	246.6	8.5	36.5	201.2	-	-	-	0.4	0.0	23.8
Aug. <sup>4)</sup>	381.8	120.0	402.430	5.5	21.9	234.4	8.3	28.3	197.3	-	-	-	0.5	0.0	23.7
Sep. <sup>4)</sup>	393.4	129.0	401.904	5.4	25.8	233.2	10.2	25.9	196.7	-	-	-	0.4	0.0	21.9
Oct. <sup>4)</sup>	393.6	123.9	401.902	5.4	24.9	239.5	8.6	33.3	197.1	-	-	-	0.5	0.0	21.9
Nov. <sup>4)</sup>	396.5	124.4	401.903	5.4	24.7	241.9	7.9	33.7	199.9	-	-	-	0.4	0.0	22.2
Dec. <sup>4)</sup>	392.4	126.1	401.876	5.5	25.3	235.6	8.0	25.9	201.2	-	-	-	0.4	0.0	24.9
2002 Jan. <sup>4)</sup>	407.8	131.4	401.877	5.5	25.7	245.2	8.3	38.2	198.4	-	-	-	0.3	0.0	22.3
Feb. <sup>4)</sup>	411.4	137.9	401.798	5.6	26.0	242.0	9.0	35.6	197.2	-	-	-	0.2	0.0	22.6
Mar. <sup>4)</sup>	409.0	138.7	401.527	5.5	25.8	238.9	9.6	39.0	190.1	-	-	-	0.2	0.0	21.8
Apr. <sup>4)</sup>	394.2	137.0	400.564	5.3	24.2	227.7	10.3	34.2	182.9	-	-	-	0.3	0.0	23.8
<b>European Central Bank <sup>6)</sup></b>															
1999 Dec.	49.3	7.0	24.030	0.0	0.0	42.3	0.3	7.8	34.3	0.0	27.7	6.5	0.0	0.0	2.6
2000 Dec.	44.7	7.0	24.030	0.0	0.0	37.7	0.6	6.8	30.0	0.0	19.8	10.2	0.3	0.0	3.8
<i>Euro area enlargement</i>															
2001 Jan.	45.6	7.0	24.656	0.0	0.0	38.6	0.7	3.4	34.3	-	-	-	0.3	0.0	3.5
Feb.	46.3	7.1	24.656	0.0	0.0	39.2	0.6	4.5	33.9	-	-	-	0.3	0.0	3.0
Mar.	46.3	7.2	24.656	0.0	0.0	39.1	0.6	7.3	31.1	-	-	-	0.0	0.0	3.9
Apr.	44.8	7.3	24.656	0.0	0.0	37.5	0.8	5.7	31.0	-	-	-	0.0	0.0	3.6
May	49.6	7.8	24.656	0.0	0.0	41.9	0.8	7.1	34.0	-	-	-	0.0	0.0	2.7
June	50.7	7.9	24.656	0.1	0.0	42.8	0.9	9.6	32.3	-	-	-	0.0	0.0	3.1
July	49.8	7.5	24.656	0.1	0.0	42.3	1.0	11.7	29.6	-	-	-	0.0	0.0	2.9
Aug.	45.5	7.3	24.656	0.1	0.0	38.1	1.1	6.1	30.8	-	-	-	0.0	0.0	3.5
Sep.	44.5	7.9	24.656	0.1	0.0	36.5	1.4	4.4	30.6	-	-	-	0.0	0.0	3.9
Oct.	47.9	7.6	24.656	0.1	0.0	40.2	0.9	7.2	32.1	-	-	-	0.0	0.0	2.8
Nov.	48.3	7.6	24.656	0.1	0.0	40.6	0.9	6.1	33.6	-	-	-	0.0	0.0	3.2
Dec.	49.0	7.7	24.656	0.1	0.0	41.2	0.8	7.0	33.3	-	-	-	0.0	0.0	3.6
2002 Jan.	51.8	8.1	24.656	0.1	0.0	43.6	1.1	9.0	33.5	-	-	-	0.0	0.0	3.5
Feb.	51.1	8.5	24.656	0.1	0.0	42.6	1.1	9.5	32.0	-	-	-	0.0	0.0	3.7
Mar.	50.9	8.5	24.656	0.1	0.0	42.3	1.2	9.0	32.1	-	-	-	0.0	0.0	3.6
Apr.	48.7	8.4	24.656	0.1	0.0	40.2	1.8	7.8	30.6	-	-	-	0.0	0.0	3.7

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) Due to a change in methodology, data have been revised.

6) Part of the Eurosystem's reserves.

## 9 External trade in goods of the euro area

Table 9

### 1. Values, volumes and unit values by commodity <sup>1) 2)</sup>

(not seasonally adjusted, unless otherwise indicated)

	Exports of goods (f.o.b.)					Imports of goods (c.i.f.)						Total (s.a.) (1995=100)	
	Total				Memo: Manufac- tures 5	Total				Memo:		Exports 12	Imports 13
	1	Inter- mediate 2	Capital 3	Consump- tion 4		6	Inter- mediate 7	Capital 8	Consump- tion 9	Manufac- tures 10	Oil 11		
Values (EUR billions (ECU billions to end-1998); 1995=100 for columns 12 and 13)													
1998	797.1	369.9	179.9	214.0	697.8	711.4	393.5	123.0	175.9	540.3	41.6	128.1	126.4
1999	832.8	386.5	183.2	224.2	725.0	781.2	423.2	143.6	192.1	590.6	61.5	133.8	138.8
2000	1,013.7	482.6	221.7	265.4	883.2	1,008.4	579.8	179.4	218.1	730.2	118.9	162.9	179.2
<i>Euro area enlargement</i>													
2001	1,049.4	479.9	232.1	280.2	916.7	1,000.2	560.9	173.9	220.3	724.8	105.8	170.7	176.6
2001 Q1	259.0	121.7	56.2	68.0	226.7	260.9	148.8	47.3	54.4	190.4	27.3	173.4	182.8
Q2	266.0	121.8	58.6	68.4	232.6	258.2	145.4	44.3	54.1	186.7	28.0	172.6	182.5
Q3	255.6	117.1	55.1	70.5	223.2	237.3	133.2	38.4	55.7	170.2	27.8	171.8	176.8
Q4	268.9	119.2	62.2	73.3	234.2	243.9	133.5	43.9	56.1	177.6	22.7	168.5	168.1
2002 Q1	254.1	.	.	.	.	237.9	.	.	.	.	.	172.8	.
2001 Oct.	96.9	43.4	21.9	26.9	84.7	87.2	48.2	15.1	20.2	63.8	8.4	170.7	170.9
Nov.	90.3	40.4	20.2	25.0	78.3	83.4	45.7	15.3	19.1	61.0	7.4	167.8	167.8
Dec.	81.6	35.4	20.1	21.4	71.2	73.3	39.6	13.4	16.8	52.8	7.0	167.1	165.7
2002 Jan.	80.4	31.6	16.2	21.5	70.2	78.8	39.2	12.5	17.8	57.3	7.3	172.9	166.9
Feb.	82.6	32.7	16.7	22.7	72.1	77.1	38.2	11.9	17.7	56.4	7.1	171.2	170.8
Mar.	91.1	.	.	.	.	82.0	.	.	.	.	.	174.5	.
Volumes (annual percentage changes; 1995=100 for columns 12 and 13) <sup>3)</sup>													
1998	3.6	4.2	6.0	3.8	4.0	11.4	8.2	21.8	7.7	13.4	-4.5	120.1	123.1
1999	2.2	2.8	-0.8	3.3	1.4	6.1	3.5	12.9	7.7	7.1	6.0	122.7	130.6
2000	12.4	12.5	12.7	12.7	13.6	5.9	6.8	11.7	4.5	8.9	4.7	138.1	138.3
<i>Euro area enlargement</i>													
2001	1.0	-2.9	3.3	2.1	1.2	-2.4	-4.1	-7.5	-4.6	-4.5	-2.6	139.5	135.6
2001 Q1	6.1	4.0	11.3	5.5	6.9	1.2	0.5	4.6	-4.7	0.4	-1.8	143.0	138.7
Q2	2.5	-1.7	4.0	2.1	3.1	-2.0	-4.4	-6.0	-5.5	-3.0	-3.2	140.3	136.6
Q3	-0.4	-3.5	1.5	2.1	0.0	-5.1	-6.4	-12.5	-4.1	-7.4	-3.2	139.8	135.7
Q4	-3.8	-9.3	-2.1	-0.9	-4.5	-3.7	-5.8	-14.7	-4.4	-7.6	-1.9	137.7	134.3
2002 Q1	.	.	.	.	.	.	.	.	.	.	.	.	.
2001 Oct.	0.2	-4.5	3.2	2.7	-0.1	1.0	-1.2	-9.8	-1.4	-3.0	3.3	140.1	137.5
Nov.	-6.2	-11.3	-5.6	-3.7	-7.5	-4.2	-6.7	-13.3	-3.8	-7.6	-5.2	136.4	133.7
Dec.	-5.7	-12.4	-4.4	-1.7	-6.3	-8.3	-9.6	-21.2	-8.5	-12.7	-3.3	136.4	131.7
2002 Jan.	.	.	.	.	.	.	.	.	.	.	.	.	.
Feb.	.	.	.	.	.	.	.	.	.	.	.	.	.
Mar.	.	.	.	.	.	.	.	.	.	.	.	.	.
Unit values (annual percentage changes; 1995=100 for columns 12 and 13) <sup>3)</sup>													
1998	0.9	-0.7	0.8	2.0	1.5	-5.4	-6.5	-3.6	1.2	-1.1	-30.4	106.6	102.8
1999	2.3	1.7	2.7	1.4	2.4	3.5	3.9	3.4	1.4	2.0	39.4	108.9	106.2
2000	8.3	11.0	7.4	5.1	7.2	21.9	28.3	11.8	8.7	13.5	84.8	117.8	129.4
<i>Euro area enlargement</i>													
2001	3.7	3.0	3.0	5.2	3.9	0.5	-0.3	3.1	5.0	2.8	-11.5	122.4	130.2
2001 Q1	6.6	6.4	5.6	5.5	6.5	8.8	9.2	8.6	8.0	9.3	3.2	121.3	131.8
Q2	5.8	5.1	4.2	7.0	5.7	6.0	6.3	5.3	7.5	6.1	4.3	123.0	133.6
Q3	3.1	0.8	2.3	6.6	3.0	-0.4	-2.3	2.4	5.3	2.2	-12.7	122.9	130.3
Q4	0.2	0.2	0.5	2.0	1.1	-10.5	-12.6	-2.9	-0.2	-5.2	-34.0	122.4	125.2
2002 Q1	.	.	.	.	.	.	.	.	.	.	.	.	.
2001 Oct.	0.2	-0.8	0.1	2.9	1.0	-10.5	-12.7	-3.3	0.5	-5.6	-33.0	121.8	124.2
Nov.	0.5	0.8	1.8	1.3	1.5	-11.2	-13.2	-2.4	-1.2	-5.6	-36.8	123.0	125.5
Dec.	0.2	0.5	0.0	1.9	1.0	-9.9	-12.1	-2.7	0.3	-4.2	-32.6	122.5	125.7
2002 Jan.	.	.	.	.	.	.	.	.	.	.	.	.	.
Feb.	.	.	.	.	.	.	.	.	.	.	.	.	.
Mar.	.	.	.	.	.	.	.	.	.	.	.	.	.

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

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

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

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



# 10 Exchange rates

**Table 10**

## Exchange rates

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

	Effective exchange rate of the euro <sup>1)</sup>						Bilateral ECU or euro exchange rates <sup>2)</sup>			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1997	99.1	99.4	99.3	100.1	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.6	99.7	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.7	96.2	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	87.0	86.6	88.2	86.3	0.924	99.5	1.558	0.609
2000 Q1	89.0	89.6	89.8	89.7	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	87.2	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.3	85.9	87.3	85.3	0.905	97.4	1.544	0.612
Q4	83.0	84.0	84.9	83.7	85.9	83.6	0.868	95.3	1.516	0.600
2000 Jan.	90.2	90.8	90.9	-	92.4	90.7	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	90.0	-	91.2	89.6	0.983	107.6	1.607	0.615
Mar.	87.7	88.3	88.5	-	89.7	88.1	0.964	102.6	1.604	0.611
Apr.	86.1	86.6	87.0	-	88.4	86.7	0.947	99.9	1.574	0.598
May	84.5	85.0	85.7	-	86.9	85.1	0.906	98.1	1.556	0.602
June	87.4	88.1	88.4	-	89.9	88.1	0.949	100.7	1.561	0.629
July	86.9	87.9	88.1	-	89.4	87.5	0.940	101.4	1.551	0.623
Aug.	84.6	85.5	86.1	-	87.0	85.1	0.904	97.8	1.551	0.607
Sep.	82.8	83.6	84.6	-	85.3	83.3	0.872	93.1	1.531	0.608
Oct.	81.6	82.4	83.4	-	84.4	82.2	0.855	92.7	1.513	0.589
Nov.	82.3	83.3	84.1	-	85.1	82.9	0.856	93.3	1.522	0.600
Dec.	85.4	86.4	87.1	-	88.1	85.8	0.897	100.6	1.514	0.613
<i>Euro area enlargement</i>										
2001	87.3	88.9	89.2	86.9	91.0	88.0	0.896	108.7	1.511	0.622
2001 Q1	88.6	89.8	90.5	88.3	91.4	88.7	0.923	109.1	1.533	0.633
Q2	86.0	87.7	87.8	86.2	89.5	86.8	0.873	106.9	1.528	0.614
Q3	87.0	88.7	88.8	86.4	91.2	88.0	0.890	108.3	1.507	0.619
Q4	87.5	89.5	89.7	86.7	92.0	88.6	0.896	110.5	1.473	0.621
2002 Q1	87.1	89.6	89.6	-	91.3	87.9	0.877	116.1	1.473	0.615
2001 Jan.	89.2	90.2	90.8	-	91.7	89.0	0.938	109.6	1.529	0.635
Feb.	88.3	89.4	90.2	-	91.0	88.3	0.922	107.1	1.536	0.634
Mar.	88.4	89.8	90.4	-	91.4	88.9	0.910	110.3	1.535	0.629
Apr.	87.6	89.1	89.4	-	91.0	88.4	0.892	110.4	1.529	0.622
May	85.9	87.6	87.6	-	89.3	86.7	0.874	106.5	1.533	0.613
June	84.7	86.3	86.3	-	88.1	85.3	0.853	104.3	1.522	0.609
July	85.4	87.1	87.1	-	89.1	86.2	0.861	107.2	1.514	0.609
Aug.	87.7	89.3	89.5	-	91.8	88.5	0.900	109.3	1.514	0.627
Sep.	88.0	89.7	89.8	-	92.6	89.3	0.911	108.2	1.491	0.623
Oct.	88.0	90.0	90.0	-	92.8	89.5	0.906	109.9	1.479	0.624
Nov.	86.8	88.8	89.0	-	91.3	87.9	0.888	108.7	1.466	0.618
Dec.	87.7	89.8	90.0	-	91.9	88.4	0.892	113.4	1.475	0.620
2002 Jan.	87.6	90.2	90.2	-	91.6	88.2	0.883	117.1	1.475	0.617
Feb.	86.8	89.3	89.2	-	91.1	87.6	0.870	116.2	1.477	0.612
Mar.	86.8	89.5	89.3	-	91.2	87.9	0.876	114.7	1.468	0.616
Apr.	87.2	90.0	89.8	-	91.7	88.1	0.886	115.8	1.466	0.614
May	88.6	91.5	91.4	-	93.7	89.9	0.917	115.9	1.457	0.628
% ch. vs. <sup>4)</sup> prev. month										
2002 May	1.6	1.6	1.8	-	2.2	1.9	3.5	0.0	-0.6	2.3
% ch. vs. <sup>4)</sup> prev. year										
2002 May	3.1	4.5	4.4	-	4.9	3.6	4.9	8.8	-5.0	2.4

Source: ECB.

1) More details of the calculation are given in the general notes.

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

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

Bilateral ECU or euro exchange rates <sup>2)</sup>								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>3)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	
8.65	7.48	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.45	7.45	8.11	1.371	1.589	7.20	1,043.5	1.592	2000
8.50	7.45	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
8.28	7.46	8.20	1.381	1.585	7.27	1,042.0	1.608	Q2
8.40	7.46	8.10	1.341	1.576	7.06	1,009.5	1.569	Q3
8.60	7.45	8.04	1.325	1.632	6.77	1,011.6	1.516	Q4
8.60	7.44	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	8.20	1.355	1.570	7.06	1,015.3	1.566	May
8.32	7.46	8.25	1.402	1.597	7.40	1,061.1	1.641	June
8.41	7.46	8.18	1.389	1.598	7.33	1,047.9	1.636	July
8.39	7.46	8.10	1.341	1.557	7.05	1,007.6	1.556	Aug.
8.41	7.46	8.03	1.295	1.575	6.80	973.2	1.517	Sep.
8.52	7.45	8.00	1.292	1.618	6.67	965.1	1.498	Oct.
8.63	7.46	8.00	1.320	1.639	6.68	990.6	1.497	Nov.
8.66	7.46	8.13	1.368	1.642	7.00	1,089.6	1.558	Dec.
<i>Euro area enlargement</i>								
9.26	7.45	8.05	1.386	1.732	6.99	1,154.8	1.604	2001
9.00	7.46	8.20	1.410	1.741	7.20	1,174.7	1.616	2001 Q1
9.13	7.46	8.01	1.345	1.701	6.81	1,138.9	1.583	Q2
9.41	7.44	8.01	1.374	1.734	6.94	1,150.1	1.582	Q3
9.48	7.44	7.97	1.416	1.751	6.99	1,155.2	1.634	Q4
9.16	7.43	7.81	1.398	1.692	6.84	1,155.3	1.607	2002 Q1
8.91	7.46	8.24	1.410	1.689	7.32	1,194.9	1.630	2001 Jan.
8.98	7.46	8.21	1.403	1.724	7.19	1,153.8	1.607	Feb.
9.13	7.46	8.16	1.417	1.807	7.09	1,173.4	1.611	Mar.
9.11	7.46	8.11	1.390	1.785	6.96	1,183.5	1.617	Apr.
9.06	7.46	7.99	1.347	1.681	6.82	1,133.7	1.586	May
9.21	7.45	7.94	1.302	1.647	6.65	1,104.1	1.550	June
9.26	7.44	7.97	1.315	1.689	6.71	1,120.3	1.569	July
9.31	7.45	8.06	1.386	1.717	7.02	1,154.0	1.586	Aug.
9.67	7.44	8.00	1.426	1.804	7.11	1,178.3	1.593	Sep.
9.58	7.44	8.00	1.422	1.796	7.07	1,178.6	1.640	Oct.
9.42	7.45	7.92	1.415	1.717	6.93	1,137.5	1.625	Nov.
9.44	7.44	7.99	1.408	1.735	6.96	1,147.0	1.639	Dec.
9.23	7.43	7.92	1.413	1.709	6.89	1,160.8	1.625	2002 Jan.
9.18	7.43	7.79	1.388	1.696	6.79	1,147.2	1.594	Feb.
9.06	7.43	7.72	1.390	1.669	6.83	1,157.3	1.602	Mar.
9.14	7.43	7.62	1.401	1.654	6.91	1,163.2	1.619	Apr.
9.22	7.44	7.52	1.421	1.666	7.15	1,150.1	1.651	May
0.9	0.0	-1.3	1.4	0.8	3.5	-1.1	1.9	% ch. vs. <sup>4)</sup> prev. month 2002 May
1.8	-0.3	-5.9	5.5	-0.9	4.9	1.4	4.1	% ch. vs. <sup>4)</sup> prev. year 2002 May

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

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

**Table 11**

### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU 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
Denmark												
1998	1.3	1.1	56.2	4.94	7.50	-0.9	3.0	2.5	2.2	4.9	5.4	4.27
1999	2.1	3.1	52.7	4.91	7.44	1.7	2.2	2.3	1.8	4.8	-0.2	3.44
2000	2.7	2.5	46.8	5.64	7.45	1.6	1.5	3.0	6.2	4.4	1.2	5.00
2001	2.3	2.5	44.5	5.08	7.45	2.6	3.7	0.9	1.7	4.3	5.6	4.70
2000 Q4	2.6	-	-	5.42	7.45	1.4	1.6	2.7	6.2	4.5	-1.3	5.48
2001 Q1	2.3	-	-	5.03	7.46	4.7	2.8	1.9	5.4	4.4	1.9	5.26
Q2	2.5	-	-	5.27	7.46	1.8	4.0	0.7	0.9	4.4	3.3	5.06
Q3	2.3	-	-	5.18	7.44	3.7	4.4	0.9	1.9	4.3	7.9	4.73
Q4	2.0	-	-	4.83	7.44	0.3	3.7	0.4	-1.3	4.2	9.5	3.77
2002 Q1	2.5	-	-	5.21	7.43	2.7	2.8	1.1	-2.9	4.2	2.4	3.63
2001 Dec.	2.1	-	-	4.97	7.44	-	-	-	-6.2	4.2	7.9	3.63
2002 Jan.	2.5	-	-	5.08	7.43	-	-	-	-0.2	4.2	4.0	3.63
Feb.	2.4	-	-	5.14	7.43	-	-	-	-0.3	4.2	2.2	3.60
Mar.	2.5	-	-	5.40	7.43	-	-	-	-7.5	4.1	1.1	3.64
Apr.	2.3	-	-	5.40	7.43	-	-	-	.	.	.	3.67
May	.	-	-	5.42	7.44	-	-	-	.	.	.	3.73
Sweden												
1998	1.0	1.9	70.5	4.99	8.92	3.7	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.5	65.0	4.98	8.81	2.7	-1.0	4.5	1.9	7.2	6.8	3.32
2000	1.3	3.7	55.3	5.37	8.45	3.5	5.8	3.6	7.9	5.9	6.2	4.07
2001	2.7	4.7	56.0	5.11	9.26	3.4	4.4	1.2	-0.8	5.1	.	4.11
2000 Q4	1.5	-	-	5.09	8.60	4.5	6.8	2.4	8.1	5.3	2.2	4.06
2001 Q1	1.6	-	-	4.83	9.00	3.4	2.9	2.7	5.6	5.2	0.2	4.10
Q2	3.0	-	-	5.20	9.13	2.2	5.5	1.0	-2.5	5.0	1.1	4.15
Q3	3.1	-	-	5.28	9.41	4.2	4.9	0.4	-2.5	4.9	2.6	4.34
Q4	3.0	-	-	5.12	9.48	3.8	4.5	0.7	-3.3	5.1	.	3.85
2002 Q1	2.9	-	-	5.42	9.16	.	.	.	-2.0	5.2	.	4.00
2001 Dec.	3.2	-	-	5.24	9.44	-	-	-	0.9	5.2	.	3.88
2002 Jan.	2.9	-	-	5.27	9.23	-	-	-	-5.0	5.2	.	3.87
Feb.	2.7	-	-	5.37	9.18	-	-	-	-2.5	5.2	.	3.94
Mar.	3.0	-	-	5.63	9.06	-	-	-	1.0	5.3	.	4.20
Apr.	2.2	-	-	5.69	9.14	-	-	-	.	5.3	.	4.38
May	.	-	-	5.70	9.22	-	-	-	.	.	.	4.46
United Kingdom												
1998	1.6	0.4	47.6	5.60	0.676	-0.5	2.8	3.0	0.9	6.1	9.7	7.42
1999	1.3	1.1	45.2	5.01	0.659	-2.0	3.8	2.1	0.8	5.8	5.5	5.54
2000	0.8	4.1	42.4	5.33	0.609	-1.6	1.9	3.0	1.6	5.3	6.6	6.19
2001	1.2	0.9	39.0	5.01	0.622	-1.6	3.4	2.2	-2.1	5.0	8.0	5.04
2000 Q4	0.9	0.0	42.1	5.09	0.600	-2.1	2.2	2.6	1.1	5.1	8.5	6.07
2001 Q1	0.9	6.3	39.8	4.90	0.633	-1.3	3.0	2.9	1.3	5.0	9.0	5.72
Q2	1.5	-1.9	39.8	5.18	0.614	-1.3	3.9	2.4	-1.5	4.9	7.5	5.30
Q3	1.5	1.6	38.8	5.13	0.619	-1.1	3.6	2.0	-2.6	5.0	7.7	5.00
Q4	1.0	-1.9	38.8	4.82	0.621	-2.8	3.3	1.6	-5.5	5.1	7.7	4.16
2002 Q1	1.5	1.5	37.8	5.14	0.615	.	.	1.0	-5.7	.	5.9	4.08
2001 Dec.	1.0	-5.7	38.8	4.94	0.620	-	-	-	-7.1	5.1	6.5	4.05
2002 Jan.	1.6	9.1	38.3	5.02	0.617	-	-	-	-5.7	5.0	6.0	4.05
Feb.	1.5	0.3	37.8	5.06	0.612	-	-	-	-4.6	5.1	6.4	4.05
Mar.	1.5	-4.8	37.8	5.34	0.616	-	-	-	-6.6	.	5.5	4.13
Apr.	1.3	0.0	37.6	5.33	0.614	-	-	-	.	.	.	4.17
May	.	.	.	5.35	0.628	-	-	-	.	.	.	4.15

Sources: Eurostat (columns 1, 8, 9 and 10); European Commission (Economic and Financial Affairs DG and Eurostat) (columns 2 (annual) and 3 (annual)); Reuters (column 12); national data (columns 2 (quarterly and monthly), 3 (quarterly and monthly), 4, 5, 7 (except Sweden) and 11); ECB calculations (columns 6 and 7 (Sweden)).

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom exclude employers' contributions to social security.

4) Total excluding construction; adjusted for working days.

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

## 12 Economic and financial developments outside the EU

**Table 12.1**

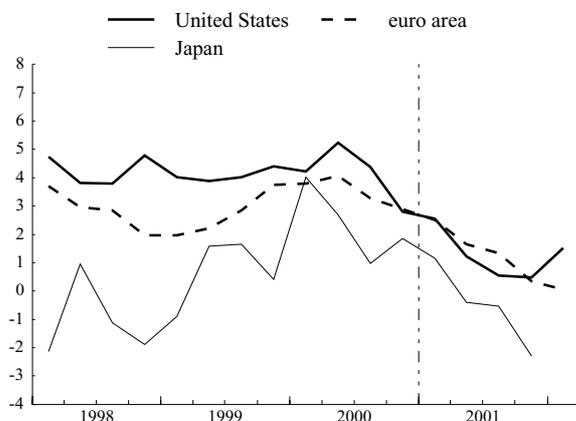
### Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>4)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP	Gross public debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1998	1.6	0.1	4.3	5.9	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-0.5	4.1	4.2	4.2	7.6	5.42	5.64	1.066	0.8	50.5
2000	3.4	0.8	4.1	4.7	4.0	6.1	6.53	6.03	0.924	1.7	45.0
2001	2.8	6.1	1.2	-4.2	4.8	8.8	3.78	5.01	0.896	0.5	44.8
2000 Q4	3.4	4.1	2.8	2.3	4.0	6.1	6.69	5.56	0.868	1.7	45.0
2001 Q1	3.4	6.7	2.5	-1.0	4.2	7.1	5.35	5.04	0.923	1.5	45.0
Q2	3.4	8.0	1.2	-4.2	4.5	8.1	4.19	5.25	0.873	1.1	43.4
Q3	2.7	6.4	0.5	-5.6	4.8	9.5	3.46	4.98	0.890	-0.9	44.0
Q4	1.9	3.5	0.5	-6.1	5.6	10.4	2.15	4.74	0.896	0.1	44.8
2002 Q1	1.3	-0.4	1.5	-3.7	5.6	9.2	1.90	5.06	0.877	-1.6	.
2001 Dec.	1.6	-	-	-5.7	5.8	10.5	1.92	5.07	0.892	-	-
2002 Jan.	1.1	-	-	-4.2	5.6	9.7	1.82	5.00	0.883	-	-
Feb.	1.1	-	-	-3.8	5.5	9.4	1.90	4.90	0.870	-	-
Mar.	1.5	-	-	-3.0	5.7	8.5	1.99	5.28	0.876	-	-
Apr.	1.6	-	-	-1.9	6.0	7.2	1.97	5.21	0.886	-	-
May	.	-	-	.	.	.	1.91	5.15	0.917	-	-
Japan											
1998	0.7	6.3	-1.1	-7.1	4.1	4.4	0.66	1.30	146.4	-10.7	.
1999	-0.3	-2.5	0.7	0.8	4.7	3.7	0.22	1.75	121.3	-7.1	.
2000	-0.7	-6.5	2.4	5.9	4.7	2.1	0.28	1.76	99.5	-7.4	.
2001	-0.7	5.9	-0.5	-7.8	5.0	2.8	0.15	1.34	108.7	.	.
2000 Q4	-0.8	-5.3	1.9	4.8	4.8	2.0	0.56	1.73	95.3	.	.
2001 Q1	-0.4	-0.2	1.2	-1.0	4.7	2.4	0.37	1.38	109.1	.	.
Q2	-0.7	3.7	-0.4	-5.6	4.9	2.7	0.08	1.28	106.9	.	.
Q3	-0.8	9.4	-0.5	-10.8	5.1	3.1	0.07	1.36	108.3	.	.
Q4	-1.0	11.0	-2.3	-13.5	5.4	3.2	0.08	1.35	110.5	.	.
2002 Q1	-1.4	.	.	-10.9	5.3	3.6	0.10	1.46	116.1	.	.
2001 Dec.	-1.2	12.7	-	-15.5	5.5	3.4	0.08	1.35	113.4	-	-
2002 Jan.	-1.4	.	-	-11.4	5.3	3.5	0.09	1.42	117.1	-	-
Feb.	-1.6	.	-	-11.5	5.3	3.6	0.10	1.52	116.2	-	-
Mar.	-1.2	.	-	-9.9	5.2	3.7	0.10	1.45	114.7	-	-
Apr.	-1.1	.	-	-6.1	.	3.6	0.08	1.39	115.8	-	-
May	.	.	-	.	.	.	0.08	1.38	115.9	-	-

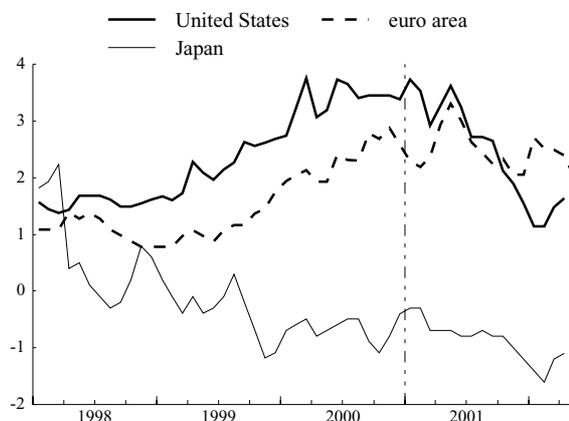
#### Real gross domestic product

(annual percentage changes; quarterly)



#### Consumer price indices

(annual percentage changes; monthly)



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

1) Manufacturing.

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

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

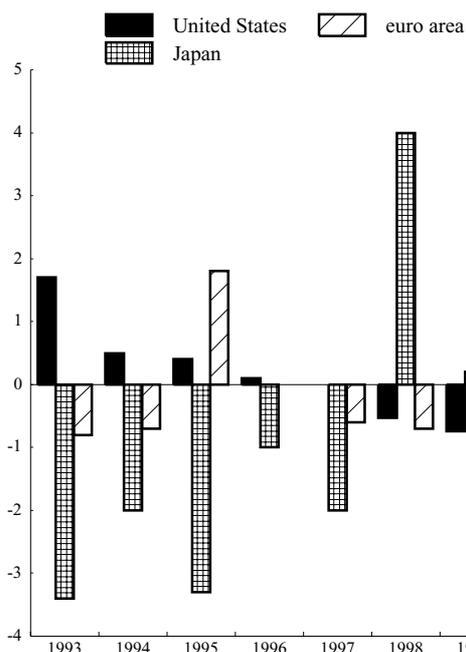
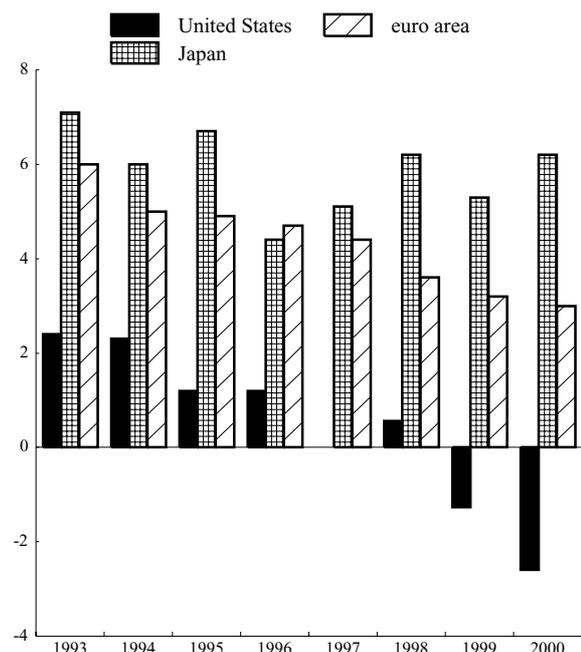
4) For more information, see Table 10.

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

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

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

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1998	18.8	20.7	-2.3	9.4	8.6	6.5	8.2	7.0	1.6	12.3	6.2	12.8	5.6
1999	18.4	20.9	-3.3	9.6	9.0	7.2	8.1	7.9	3.2	12.5	5.2	11.1	6.5
2000	18.1	21.1	-4.4	9.7	9.2	6.1	8.1	7.2	2.7	12.6	3.2	10.3	5.8
2001	16.9	19.4	-3.8	8.2	8.7	2.6	7.5	2.8	2.1	12.7	4.7	11.0	5.6
2000 Q1	17.8	21.0	-4.1	9.6	9.2	7.7	7.9	8.8	5.6	12.9	5.0	10.3	7.7
Q2	18.3	21.4	-4.2	9.8	9.1	6.6	8.2	7.6	3.1	12.6	4.2	10.4	5.8
Q3	18.2	21.2	-4.5	9.9	9.4	6.8	8.2	8.0	2.2	12.5	2.4	10.1	6.0
Q4	18.0	21.0	-4.5	9.6	9.2	3.3	8.0	4.3	0.2	12.4	1.2	10.2	3.6
2001 Q1	17.3	20.2	-4.1	8.9	9.1	1.9	7.5	3.0	2.0	12.6	4.1	10.3	3.7
Q2	17.2	19.7	-4.0	8.4	8.8	1.8	7.5	2.0	2.5	12.6	4.5	10.5	6.6
Q3	17.1	19.1	-3.5	8.1	8.6	4.1	7.7	3.9	1.3	12.6	9.0	12.5	8.7
Q4	15.9	18.3	-3.7	7.3	8.3	2.6	7.2	2.3	2.5	13.2	1.2	10.5	3.5
Japan													
1998	29.1	26.9	2.6	15.6	15.6	-6.0	13.3	-8.3	-0.3	5.3	6.1	11.7	-1.0
1999	27.6	25.8	2.2	14.4	14.8	3.3	13.5	-2.0	1.8	5.2	5.9	11.1	-0.3
2000	27.7	25.9	2.3	15.2	15.5	2.6	13.8	1.0	1.0	5.2	4.3	10.9	-0.4
2001	.	25.5	.	.	.	-3.7	.	-7.6	1.5	.	3.9	.	0.2
2000 Q1	.	26.3	.	.	.	15.5	.	4.4	-1.2	.	-0.7	.	5.3
Q2	.	24.8	.	.	.	-25.0	.	-17.2	2.5	.	8.8	.	-7.5
Q3	.	27.1	.	.	.	12.7	.	1.8	-0.2	.	0.6	.	1.4
Q4	.	27.1	.	.	.	6.8	.	13.7	2.7	.	7.9	.	-0.5
2001 Q1	.	27.5	.	.	.	8.9	.	-3.3	0.2	.	-4.8	.	2.7
Q2	.	23.5	.	.	.	-30.8	.	-18.5	4.4	.	14.0	.	-5.3
Q3	.	26.1	.	.	.	5.1	.	-8.6	-1.1	.	-3.2	.	3.5
Q4	.	25.1	.	.	.	1.0	.	-1.2	2.6	.	9.7	.	-0.2

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

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


Sources: ECB, Federal Reserve Board, Bank of Japan and Economic and Social Research Institute.

1) Households including non-profit institutions serving households.

# Technical notes

## Relating to Table 2.4<sup>1</sup>

### Seasonal adjustment of the euro area monetary aggregates

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2).<sup>2</sup> Seasonal adjustment for monetary aggregates includes a day-of-the-week adjustment for some components of M2. The seasonal adjustment of M3 is carried out indirectly by aggregating the seasonally adjusted series of M1, M2 less M1, and M3 less M2 to fulfil the additivity constraint.

Seasonal factors are estimated for the index of adjusted stocks. They are then applied to the levels expressed in EUR billions and to the adjustments due to reclassifications, other revaluations, etc., yielding seasonally adjusted values for the levels, the adjustments and thus for the flows. Seasonal factors are revised at annual intervals or as required.

### Calculation of growth rates

Growth rates may be calculated from flows or the index of adjusted stocks.

If  $F_t^M$  represents the flow in month  $t$ ,  $L_t$  the level outstanding at the end of the month  $t$ ,  $X_t^M$  the rate of change in month  $t$  (augmented by one) defined as

$$(a) \quad X_t^M = \left( \frac{F_t^M}{L_{t-1}} + 1 \right)$$

and  $I_t$  the index of adjusted stocks in month  $t$ , defined as

$$I_t = I_{t-1} \times \left( 1 + \frac{F_t}{L_{t-1}} \right)$$

where the base  $I_{\text{DEC}1998} = 100$  is used, the annual percentage change  $a_t$  for month  $t$  – i.e. the change in the 12 months ending in month  $t$  – may be calculated as follows:

$$(b) \quad a_t = \left( \prod_{i=0}^{11} X_{t-i}^M - 1 \right) \times 100$$

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

Similarly, the monthly change, as shown in Table 2.4.4, may be calculated as  $(I_t/I_{t-1} - 1) \times 100$ . Finally, the three-month moving average for M3 is obtained as  $(a_t + a_{t-1} + a_{t-2})/3$ .

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

## Relating to Tables 2.5 to 2.8

As far as possible, the data have been harmonised and are comparable. Nevertheless, as a result of the implementation of a new reporting scheme in January 1999, outstanding levels for Tables 2.5 to 2.8 prior to the first quarter of 1999 are not directly comparable with those referring to later periods, although they are sufficiently comparable for structural analysis. A detailed analysis of the growth rates can be performed for Tables 2.5 to 2.7 where quarterly flows are shown.

Finally, since the values reported for Tables 2.5 to 2.8 are revised on a quarterly basis (in the March, June, September and December issues), minor discrepancies may occur between these tables and those reporting monthly data.

### Calculation of growth rates

Growth rates may be calculated from flows or the index of adjusted stocks.

<sup>1</sup> For details see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000).

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

For internal purposes, multiplicative models of TRAMO-SEATS also are used. For details on TRAMO-SEATS, see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.

If  $F_t^Q$  represents the flow in the quarter ending in month  $t$ ,  $X_t^Q$  the rate of change (augmented by one) in the quarter ending in month  $t$  defined as

$$(d) \quad X_t^Q = \left( \frac{F_t^Q}{L_{t-3}} + 1 \right)$$

and  $I_t$  and  $L_t$  are defined as above, the annual percentage change  $a_t$  referring to the quarter ending in month  $t$  may be calculated as follows:

$$(e) \quad a_t = \left( \prod_{i=0}^3 X_{t-3i}^Q - 1 \right) \times 100$$

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

Similarly, the quarterly change may be calculated as  $(I_t/I_{t-3} - 1) \times 100$ .

Roundings may give rise to differences from the annual percentage changes shown in Tables 2.5 to 2.7. The index of adjusted stocks is available with a higher level of precision on the ECB's website ([www.ecb.int](http://www.ecb.int)) on the "Euro area statistics – download" page (in csv file format), from which the exact percentage changes in Tables 2.5 to 2.7 may be calculated.

## Relating to Table 4.1

### Seasonal adjustment of the HICP<sup>1</sup>

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2) (see footnote 2 on the previous page). The seasonal adjustment of the total HICP for the euro area is carried out indirectly by aggregating the seasonally adjusted euro area series for processed food, unprocessed food, industrial goods excluding energy and services. Energy is added without adjustment since there is no statistical evidence of seasonality. Seasonal factors are revised at annual intervals or as required.

## Relating to Table 8.2

### Seasonal adjustment of the balance of payments current account

The approach relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2) (see footnote 2 on the previous page). The seasonal adjustment for goods includes a working day and an Easter adjustment, whereas that for services includes only a working day adjustment. The seasonal adjustment of the total current account is carried out by aggregating the seasonally adjusted euro area series for goods, services, income and current transfers. Seasonal factors are revised at annual intervals or as required.

<sup>1</sup> See footnote 1 on the previous page.

# General notes

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

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

Owing to the fact that the composition of the ECU does not coincide with the currencies of the Member States which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of Member States which have not adopted the euro. To avoid this effect in the monetary statistics, the pre-1999 data in Tables 2.1 to 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

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

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 5 June 2002.

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

## Overview

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

## Monetary policy and financial statistics

Tables 1.1 to 1.5 show the consolidated financial statement of the Eurosystem, data on Eurosystem operations, statistics relating to minimum reserves, and the banking system's liquidity position. Tables 1.2 and 1.3 reflect the switch to variable rate tenders in June 2000. Monetary data relating to Monetary Financial Institutions (MFIs), including the Eurosystem, are shown in Tables 2.1 to 2.3. Table 2.3 is consolidated; inter-MFI positions within the euro area are not shown, but any difference between the sum total of such claims and liabilities as recorded is shown in column 13. Table 2.4 sets out monetary aggregates drawn from the consolidated MFI balance sheet; they also include some (monetary) liabilities of central government. The M3 data shown in Table 2.4 exclude holdings by non-residents of the euro area of i) shares/units issued by money market funds located in the euro area, and ii) money market paper and debt securities issued with a maturity up to two years by MFIs located in the euro area. Accordingly, these holdings are included in the item external liabilities shown in Table 2.3, and as a result have an

<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).

impact on the item net external assets shown in Table 2.4. Table 2.5 shows a quarterly sectoral and maturity analysis of loans by MFIs to euro area residents. Table 2.6 shows a quarterly analysis of deposits held by euro area residents with MFIs. Table 2.7 provides a quarterly analysis of MFI claims on and liabilities to non-residents of the euro area. Table 2.8 shows a quarterly currency analysis of certain MFI balance sheet items. Tables 2.5 to 2.7 show flows adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions, and annual percentage changes. A complete list of MFIs is published on the ECB's website. Details of the sector definitions are set out in the "Money and Banking Statistics Sector Manual: Guidance for the statistical classification of customers" (ECB, November 1999). The "Money and Banking Statistics Compilation Guide" (EMI, April 1998) explains recommended practices to be followed by the NCBs. From 1 January 1999 the statistical information is collected and compiled on the basis of the ECB Regulation concerning the consolidated balance sheet of the Monetary Financial Institutions sector (ECB/1998/16, as replaced from January 2002 by ECB/2001/13).

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

Statistics on securities issues are presented in Tables 3.5 and 3.6. They are broken down into short-term and long-term securities. "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term. The statistics on securities issues are estimated to cover

approximately 95% of total issues by euro area residents. Table 3.5 shows securities issued, redemptions and amounts outstanding, broken down into short-term securities and long-term securities. Net issues differ from the change in amounts outstanding owing to valuation changes, reclassifications and other adjustments. Table 3.6 contains a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere. For euro area residents, the sectoral breakdown is in line with the European System of Accounts 1995 (ESA 95).<sup>2</sup> For non-euro area residents, the term "banks (including central banks)" is used to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area. The term "international organisations" includes the European Investment Bank. (The ECB is included in the Eurosystem.)

The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of securities issues statistics is at present somewhat narrower.

### Prices and real economy indicators

The data presented in the ECB's Monthly Bulletin are, with a few exceptions, produced

<sup>2</sup> The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including the Eurosystem), which comprises the ECB and the national central banks of Member States in the euro area (S.121) and other monetary financial institutions (S.122); non-monetary financial corporations, which comprises other financial intermediaries (S.123), financial auxiliaries (S.124) and insurance corporations and pension funds (S.125); non-financial corporations (S.11); central government (S.1311); and other general government, which comprises state government (S.1312), local government (S.1313) and social security funds (S.1314).

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. The index is based on national HICPs that follow the same methodology in all euro area countries. The breakdown by goods and services components is derived from the Classification of individual consumption by purpose (Coicop) used for the HICP. The HICP covers monetary expenditure on final consumption by households on the economic territory of the euro area. The table includes seasonally adjusted HICP data which are compiled by the ECB.

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

Table 5.2 shows selected other real economy indicators. The implementation of Council Regulation (EC) No. 1165/98 of 19 May 1998 concerning short-term statistics will enlarge the range of available euro area data. The breakdown by end-use of the products applied in Tables 4.2.1 and 5.2.1 represents the harmonised sub-division of industry excluding construction (NACE sections C to E) into Main Industrial Groupings as defined in Commission Regulation (EC) No. 586/2001 of 26 March 2001.

Opinion survey data (Table 5.3) draw on the Business and Consumer Surveys of the European Commission.

Employment data (Table 5.4) are based on the ESA 95. Whenever coverage of the euro area is incomplete, some data are estimated by the ECB on the basis of the information available. Unemployment rates conform to International Labour Organization (ILO) guidelines.

### **Financial accounts statistics**

Table 6.1 shows quarterly data on financial accounts for non-financial sectors in the euro area, comprising general government (S.13), non-financial corporations (S.11), and households (S.14) including non-profit institutions serving households (S.15). The data (not seasonally adjusted) cover levels outstanding and financial transactions classified according to the ESA 95 and show the main financial investment and financing activities of the non-financial sectors. On the financing side (liabilities) the data are presented by ESA 95 sector and original maturity. Whenever possible the financing taken from MFIs is presented separately. The information on financial investment (assets) is currently less detailed than that on financing, especially since a breakdown by sector is not possible. While both levels and transactions may throw light on economic developments, the latter are more likely to be the focus of attention.

The quarterly data are based on euro area MFI and securities issues statistics, government finance statistics, quarterly national financial accounts, and BIS international banking statistics. While all euro area countries contribute to the euro area statistics, Ireland and Luxembourg, as yet, do not provide quarterly national financial accounts data.

Table 6.2 shows annual data on saving, (financial and non-financial) investment and financing in the euro area. These data cannot yet be reconciled with the quarterly data presented in Table 6.1.

## General government fiscal position

Tables 7.1 to 7.3 show the general government fiscal position in the euro area. The data are mainly consolidated and are based on the ESA 95 methodology. The euro area aggregates are compiled by the ECB from harmonised data provided by the NCBs, which are regularly updated. Data on deficit and debt for the euro area countries may 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/2000/04) on the statistical reporting requirements of the ECB, and to Eurostat's documentation.

The euro area balance of payments is compiled by the ECB. Data up to December

1998 are expressed in ECU. The recent monthly figures for balance of payments statistics should be regarded as provisional. Data are revised with the publication of the detailed quarterly balance of payments data. Earlier data are revised periodically.

Some earlier data have been partially estimated and may not be fully comparable with more recent observations. That is the case for the b.o.p. financial account before end-1998, the services account before end-1997, the monthly pattern of income for the years 1997 to 1999 and the i.i.p. at end-1997. Table 8.5.2 provides a sectoral breakdown of euro area purchasers of securities issued by non-residents of the euro area. It is not possible to show a sectoral breakdown of euro area issuers of securities acquired by non-residents.

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

The outstanding amounts of the Eurosystem's international reserves and related assets are shown in Table 8.7.2 with the corresponding reserves and related assets held by the ECB. The data in Table 8.7.2 are in line with the recommendations for the IMF/BIS template on international reserves and foreign currency liquidity. Earlier data are revised on an ongoing basis. Reserve assets data before end-1999 are not fully comparable with later observations. A publication on the statistical treatment of the Eurosystem's international reserves is available on the ECB's website.

Table 9 shows data on euro area external trade in goods. The main source for the data is Eurostat. The ECB derives volume indices from Eurostat value and unit value indices, and performs seasonal adjustment of unit value indices, while value data are seasonally and working day adjusted by Eurostat.

The commodity breakdown is in accordance with the classification by Broad Economic Categories (based on the SITC Rev. 3 definition) for intermediate, capital and consumption goods, and with the SITC Rev. 3 for manufactured goods and oil. The geographical breakdown shows main trading partners, individually or in regional groups. The 13 EU candidate countries are Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia, Slovenia and Turkey.

Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998 (ECB estimates).

Table 10 shows ECB calculations of nominal and real effective exchange rate indices for the euro based on weighted averages of bilateral euro exchange rates. Weights are based on 1995-97 manufactured goods trade with the trading partners and capture third-market effects. Up to December 2000, the narrow group is composed of the countries whose currencies are shown in the table plus Greece. On adopting the euro in January 2001, Greece ceased to be a partner country

in the effective exchange rate of the euro and the weighting scheme has been adjusted accordingly. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used. The bilateral rates shown are those against the 12 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the euro. The ECB publishes daily reference rates for these and some other currencies.

#### **Other statistics**

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

## **2 January 2001**

On 1 January 2001 the euro was introduced in Greece. Greece thus became the twelfth EU Member State to adopt the single currency and the first to do so since the start of Stage Three of Economic and Monetary Union (EMU) on 1 January 1999. As a result, the Bank of Greece is now a full member of the Eurosystem, with the same rights and obligations as the 11 national central banks of the EU Member States which previously adopted the euro. In accordance with Article 49 of the Statute of the European System of Central Banks and of the European Central Bank, the Bank of Greece pays up the remainder of its contribution to the capital of the ECB, as well as its share of the ECB's reserves, and also transfers to the ECB its contribution to the foreign reserve assets of the ECB.

Further to the announcement on 29 December 2000, the first main refinancing operation of 2001, in which the Greek counterparties of the Eurosystem participate for the first time, is successfully conducted. The allotment volume of €101 billion takes into account the additional liquidity needs of the euro area banking system resulting from the integration of the Greek Monetary Financial Institutions.

## **4 January 2001**

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

In addition, it decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2001. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2001 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

## **18 January, 1 February, 15 February, 1 March, 15 March, 29 March, 11 April, 26 April 2001**

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

## **10 May 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage point to 4.50%, with effect from the operation to be settled on 15 May 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.50% and 3.50% respectively, both with effect from 11 May 2001.

## **23 May, 7 June, 21 June, 5 July, 19 July, 2 August 2001**

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

### **30 August 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.25 percentage point to 4.25%, with effect from the operation to be settled on 5 September 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.25 percentage point, to 5.25% and 3.25% respectively, both with effect from 31 August 2001.

### **13 September 2001**

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

### **17 September 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 3.75%, with effect from the operation to be settled on 19 September 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 4.75% and 2.75% respectively, both with effect from 18 September 2001.

### **27 September, 11 October, 25 October 2001**

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

### **8 November 2001**

The Governing Council of the ECB decides to lower the minimum bid rate on the main refinancing operations by 0.50 percentage point to 3.25%, starting from the operation to be settled on 14 November 2001. In addition, it decides to lower the interest rates on both the marginal lending facility and the deposit facility by 0.50 percentage point, to 4.25% and 2.25% respectively, both with effect from 9 November 2001.

### **6 December 2001**

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

In addition, it decides that the reference value for the annual growth rate of the broad monetary aggregate M3 will remain at 4½%.

### **3 January 2002**

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

The Governing Council also decides on an allotment amount of €20 billion per operation for the longer-term refinancing operations to be conducted in 2002. This amount takes into consideration the expected liquidity needs of the euro area banking system in 2002 and the desire of the Eurosystem to continue to provide the bulk of refinancing of the financial sector through its main refinancing operations. The Governing Council may adjust the allotment amount in the course of the year in the event of unexpected developments in liquidity needs.

**7 February, 7 March, 4 April,  
2 May, 6 June 2002**

The Governing Council of the ECB decides that the minimum bid rate on the main refinancing

operations and the interest rates on the marginal lending facility and the deposit facility will remain unchanged at 3.25%, 4.25% and 2.25% respectively.

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

## Payment flows in TARGET

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

The average daily number of payments processed in the first quarter of 2002 in TARGET as a whole, i.e. cross-border and domestic payments taken together, increased by 4% compared with the fourth quarter of 2001, while the value of such payments increased by 5%. The total number of TARGET payments

in the first quarter of 2002 reached a daily average of 247,811, representing a value of around €1.5 trillion.

At the domestic level, TARGET processed a daily average of 196,387 payments with a value of €1,060 billion, representing an increase of 4% and 10% respectively compared with the fourth quarter of 2001. Domestic payments in TARGET accounted for 68.9% and 79.2% respectively of the total value and volume of TARGET payments. The highest value on a single day in TARGET domestic was recorded on 2 January 2002 (following the introduction of the euro banknotes and coins), when a total of €1,273 billion were processed. In volume terms, the peak day was 28 March, with a total of 248,001 payments. Analysing these payments

*1 Euro Access Frankfurt.*

**Table 1**

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

(number of payments)

	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1
<b>TARGET</b>					
All TARGET payments					
Total volume	12,699,321	12,957,667	12,992,738	14,990,244	15,364,299
Daily average	198,427	208,995	199,888	237,940	247,811
Cross-border TARGET payments					
Total volume	2,810,046	2,789,449	2,854,823	3,045,061	3,188,285
Daily average	43,907	44,991	43,920	48,334	51,424
Domestic TARGET payments					
Total volume	9,889,275	10,168,218	10,137,915	11,945,183	12,176,014
Daily average	154,520	164,004	155,968	189,606	196,387
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	6,959,929	7,074,610	6,990,816	7,607,298	7,790,799
Daily average	108,749	114,107	107,551	120,751	125,658
Euro Access Frankfurt (EAF) <sup>1)</sup>					
Total volume	3,329,975	3,243,631	3,230,911	1,209,501	-
Daily average	52,031	52,317	49,706	48,380	-
Paris Net Settlement (PNS)					
Total volume	2,021,258	2,025,034	1,959,480	1,998,239	1,900,298
Daily average	31,582	32,662	30,146	31,718	30,650
Servicio Español de Pagos Interbancarios (SPI)					
Total volume	253,240	329,963	360,296	421,685	409,483
Daily average	3,957	5,322	5,543	6,693	6,605

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

in terms of value bands, 64% of the total number of domestic payments had a value less than or equal to €50,000, while for higher-value payments, ranging from €1 million to €1 billion, the share was 12%. The share of domestic TARGET payments with a value above €1 billion was less than 0.1%.

Compared with the fourth quarter of 2001, the number of cross-border payments increased by 6% (averaging 51,424 payments a day), while their value decreased by 6% (an average daily value of €479 billion).

During the first quarter of 2002 the peak day for TARGET cross-border in terms of value was 22 February, when a total of €635 billion were processed, and the peak day in terms of volume was 28 March 2002, with a total of 70,660 payments. The ratio of customer

payments to the average number of daily TARGET cross-border payments increased to 45% in terms of volume and 4% in terms of value. The average value of customer payments remained stable at €1 million; the average value of interbank payments decreased to €17 million.

The continued increase in customer payments, most significantly in volume terms (+10% compared with the fourth quarter of 2001, +49% compared with the first quarter of 2001), remains one of the most notable trends in TARGET cross-border flows. In terms of value bands, 53% of the total cross-border payments had a value less than or equal to €50,000, while the share for higher-value payments, ranging from €1 million to €1 billion, was 20%. The share of TARGET cross-border payments with a value above €1 billion was less than 0.1%.

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

(EUR billions)

	2001 Q1	2001 Q2	2001 Q3	2001 Q4	2002 Q1
<b>TARGET</b>					
All TARGET payments					
Total value	79,180	80,019	78,040	92,627	95,440
Daily average	1,237	1,291	1,201	1,470	1,539
Cross-border TARGET payments					
Total value	33,170	31,439	31,818	32,176	29,720
Daily average	518	507	490	511	479
Domestic TARGET payments					
Total value	46,010	48,580	46,222	60,451	65,720
Daily average	719	784	711	960	1,060
<b>Other systems</b>					
Euro 1 (EBA)					
Total value	13,892	13,164	12,533	12,445	11,961
Daily average	217	212	193	198	193
Euro Access Frankfurt (EAF) <sup>1)</sup>					
Total value	10,904	10,380	10,082	3,660	-
Daily average	170	167	155	146	-
Paris Net Settlement (PNS)					
Total value	5,832	5,700	5,393	5,399	5,061
Daily average	91	92	83	86	82
Servicio Español de Pagos Interbancarios (SPI)					
Total value	96	94	98	73	74
Daily average	2	2	2	1	1

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

## **TARGET 2002 release**

Preparations have started for a new TARGET release, which will go live in November 2002. This release will consist in the introduction of SWIFT standards focusing on new message validation rules to be added to the MT103 and MT103+. Additional straight-through processing (STP) features will also be introduced for the MT103+, such as the validation of the IBAN<sup>2</sup> (International Bank Account Number).

## **TARGET Contingency End-to-End Live Trials**

In the first quarter of 2002 the second round of TARGET Contingency End-to-End Live Trials took place in preparation for Continuous Linked Settlement (CLS) operations. 13 NCBs and

36 credit institutions participated (compared with 9 NCBs and 29 credit institutions in the 2001 TARGET Live Trials). Co-operation between the participants was very positive and productive. From a business point of view, the second round of TARGET Live Trials confirmed that the TARGET system's contingency measures are able to cope with the volume and time requirements of CLS operations.

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

<sup>2</sup> *The IBAN is an international standard account identifier for identifying an account held by a financial institution in order to facilitate automated processing of transactions.*



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