



EUROPEAN CENTRAL BANK

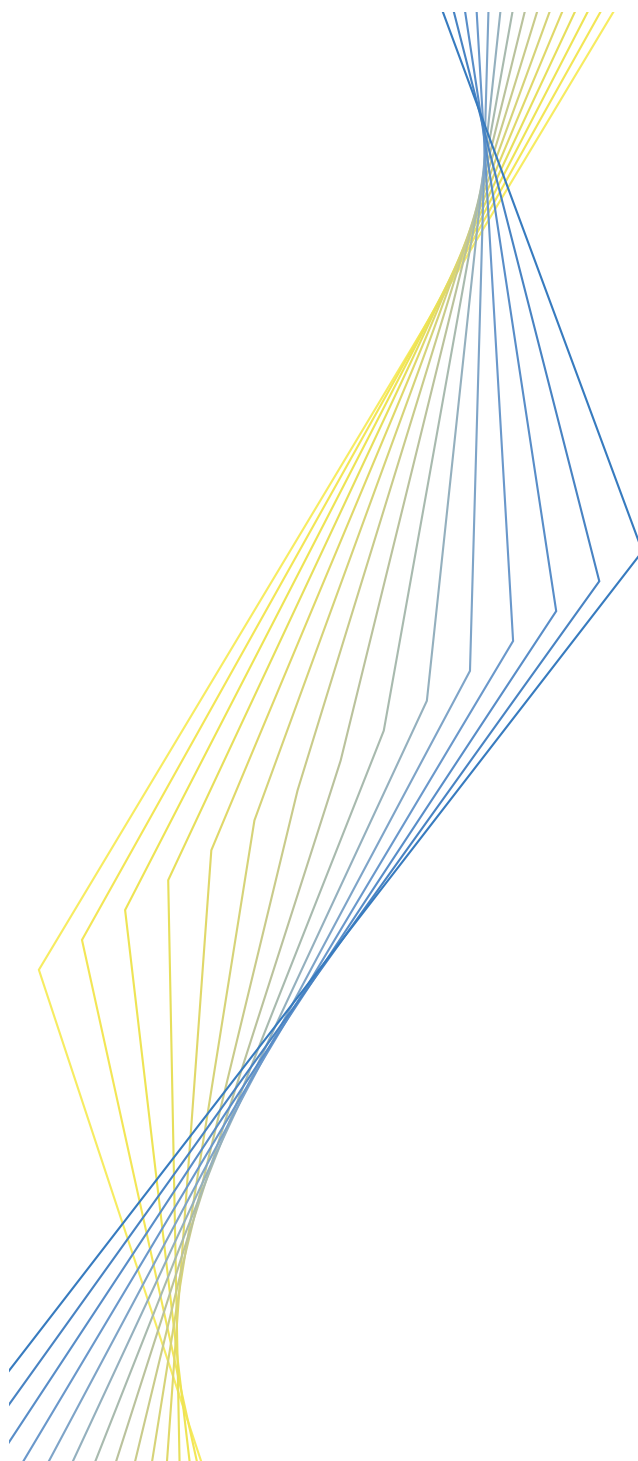
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**M O N T H L Y
B U L L E T I N**

November 2001



EUROPEAN CENTRAL BANK



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Address	Kaiserstrasse 29 D-60311 Frankfurt am Main Germany
Postal address	Postfach 16 03 19 D-60066 Frankfurt am Main Germany
Telephone	+49 69 1344 0
Internet	http://www.ecb.int
Fax	+49 69 1344 6000
Telex	411 144 ecb d

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Abbreviations

Countries

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

Others

BIS	Bank for International Settlements
BPM5	IMF Balance of Payments Manual (5th edition)
CDs	certificates of deposit
c.i.f.	cost, insurance and freight at the importer's border
CPI	Consumer Price Index
ECB	European Central Bank
ECU	European Currency Unit
EER	effective exchange rate
EMI	European Monetary Institute
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.

At its meeting on 8 November 2001 the Governing Council of the ECB decided to reduce the minimum bid rate on the main refinancing operations of the Eurosystem by 50 basis points to 3.25%. The interest rates on the marginal lending facility and the deposit facility were also reduced by 50 basis points, to 4.25% and 2.25% respectively.

This decision reflected the Governing Council's assessment that inflationary pressures have further diminished over recent weeks. This was particularly apparent from the information under the second pillar of the ECB's monetary policy strategy, while information relating to the first pillar was also judged consistent with the decision.

Starting with the first pillar, M3 accelerated further in September after having already grown at a strong pace over the previous few months. The three-month average of the annual growth rates of M3 increased to 6.9% in the period from July to September, from 6.5% in the period from June to August. As noted in the past, the figures for M3 growth are distorted upwards by holdings by non-residents of the euro area of money market paper and debt securities with an initial maturity of up to two years. This distortion has remained around three-quarters of a percentage point over recent months. The ECB will provide official series for M3 growth adjusted for this distortion starting with the release of M3 data for October 2001. A detailed analysis of this distortion is provided in Box 1 of the "Economic developments in the euro area" section of this issue of the Monthly Bulletin.

The particularly pronounced increase in M3 in September reflected the surge in financial market uncertainty after the terrorist attacks of 11 September. This followed strong growth of M3 in previous months, which was closely related to a relatively flat yield curve and stock market developments. The strong growth in M3 thus seems to reflect mainly portfolio shifts of private investors from shares and other longer-term financial assets into more liquid short-term assets included

in M3. These shifts should only have a temporary effect on M3 growth. Taking into account also the continuing decline in the growth of credit to the private sector, current monetary developments do not signal risks to price stability in the medium term. The underlying dynamics of monetary growth will continue to be closely monitored.

Regarding the second pillar, clear signals of a further reduction of inflationary pressures from the demand side have accumulated over recent weeks. Several economic indicators which have become available for the euro area and beyond point to weakening demand of both domestic and external origin. In line with this, and taking into account expectations of further weak data in the period ahead, forecasts and projections will in all likelihood show downward revisions. The current environment of high uncertainty is likely to lead to delays in investment and, to some extent, also to negatively affect private consumption in the euro area. This has led to expectations of weak data for euro area real GDP growth in the second half of 2001. Real GDP growth is now also expected to remain below potential for part of next year.

As regards the outlook for prices in the euro area, recent developments have confirmed expectations of a gradual decline in annual inflation rates, resulting from, inter alia, the unwinding of the previous increase in energy prices and the absence of further shocks to food prices. Data on producer prices also show a continuing moderation in all industrial sectors, which should pave the way for further declines in consumer price inflation. In addition, and crucial for the medium term, two factors support the view that wage developments are less of a risk than was previously the case. First, the slowdown in economic activity should contribute to containing inflationary pressures stemming from the labour market. Second, there is now sufficient evidence that the increase in consumer price inflation was temporary, and this will help to keep inflation expectations low. Over the next few months, annual

inflation rates will probably show some volatility, on account of base effects resulting from previous price movements. However, such short-term fluctuations should not distract from the medium-term trend. It is now expected that price stability will be safely restored in 2002.

The conditions exist for a recovery to take place in the course of 2002 and economic growth to return to a more satisfactory path. The economic fundamentals of the euro area are sound and there are no major imbalances which would require a prolonged adjustment. The uncertainty currently overshadowing the world economy should diminish over time. Further positive effects on economic growth should stem from the increase in real disposable income caused by the substantial decline in inflation and the impact of tax reductions in several euro area countries. In addition, interest rates across the entire yield curve are now low, meaning that current financing conditions are clearly supportive to economic growth.

Against the background of the further abatement of inflationary pressures, the Governing Council decided to reduce the key ECB interest rates. This followed three previous interest rate reductions this year, bringing the total decrease to 150 basis points. The new level of interest rates is appropriate to maintain price stability over the medium term. This, in turn, will favour an environment conducive to restoring higher economic growth in the euro area.

Turning to fiscal policy, the Governing Council reconfirmed its position as regards the impact of slower economic growth on the euro area countries' fiscal positions. While it is natural for an economic slowdown to have adverse effects on national budgets, it is important that especially those countries with a budget position still not close to balance or in surplus and/or with high public debt-to-GDP ratios adhere to their medium-term consolidation plans. The current slowdown should not significantly change the

scope for reaching the medium-term commitments made in the context of national stability programmes within the framework of the Stability and Growth Pact. A medium-term perspective and continuous consolidation are essential for the conduct of fiscal policy in all euro area countries in order to give a firm signal to investors and consumers, thereby supporting confidence and contributing to a recovery.

In their efforts to further expand the production potential of the euro area, governments should also give greater impetus to the implementation of structural reforms. Fiscal reforms, including those related to pension systems as well as to the level and composition of public revenue and expenditure, will provide stronger incentives for investment and job creation. Labour and product market reforms will be beneficial to employment growth in the euro area and will improve the resilience of the euro area economy to adverse shocks in the future. In an environment of weaker economic activity, the need to properly address structural rigidities should be even more obvious now than at times of buoyant growth. This will mean stepping up reforms sooner rather than later.

At its meeting on 8 November 2001 the Governing Council also decided that it would – as a rule – henceforth assess the stance of the ECB's monetary policy only at its first meeting of the month. Accordingly, interest rate decisions will normally be taken during that meeting. At the second meeting of the month, the Governing Council will focus on issues related to the other tasks and responsibilities of the ECB and the Eurosystem.

This issue of the Monthly Bulletin contains two articles. The first analyses the information content of composite indicators of the euro area business cycle. The second provides an overview of the economic policy framework in EMU.

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 8 November the Governing Council decided to reduce the minimum bid rate in the main refinancing operations by 50 basis points, to 3.25%, starting from the operation to be settled on 14 November 2001. The interest rates on the deposit facility and the marginal lending facility were also reduced by 50 basis points, to 2.25% and 4.25% respectively, in both cases with effect from 9 November 2001 (see Chart 1).

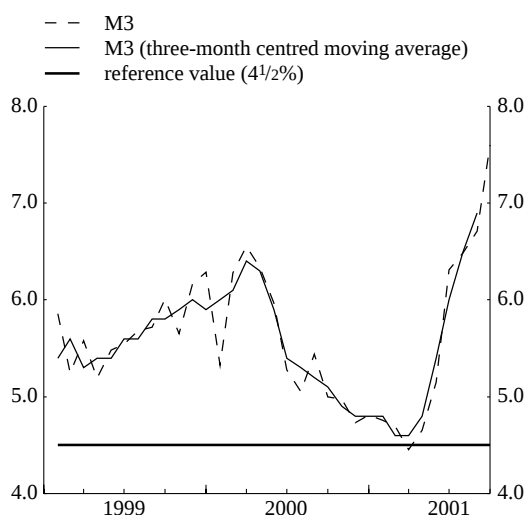
Strong short-term dynamics of M3 reflect heightened financial market uncertainty

In the period from July to September 2001 the three-month average of the annual growth rates of M3 increased further to 6.9%, from 6.5% in the period from June to August

Chart 2

M3 growth and the reference value

(annual percentage changes; seasonally and calendar effect adjusted)



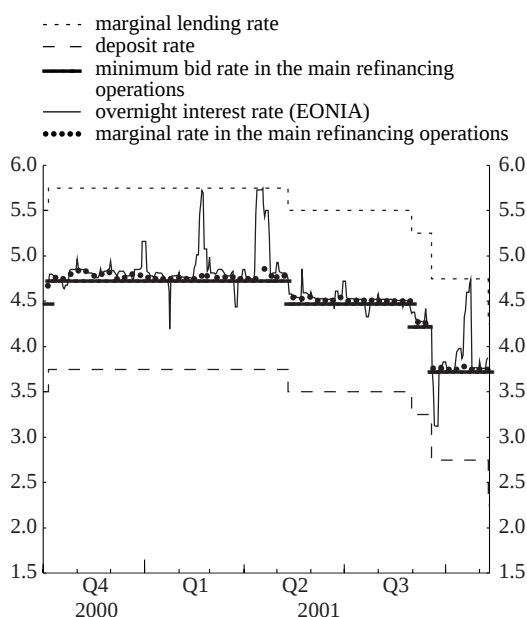
Source: ECB.

Note: Series not adjusted for non-euro area resident holdings of money market paper and debt securities with an initial maturity of up to two years. The adjustment for these holdings would have reduced the annual growth rate of M3 by around three-quarters of a percentage point in recent months.

Chart 1

ECB interest rates and money market rates

(percentages per annum; daily data)



Sources: ECB and Reuters.

(see Chart 2). The annual growth rate of M3 rose considerably in September, to 7.6%, from 6.7% in August. When interpreting recent M3 growth figures, it must be taken into account that the impact of the holdings by non-residents of the euro area of money market paper and debt securities with an initial maturity of up to two years on the annual growth rate of M3 remained at around three-quarters of a percentage point. The ECB will provide a new series for M3, adjusted for this distortion, starting with the release of monetary developments in the euro area for October 2001, scheduled for 28 November 2001. Box I explains this adjustment.

On a month-on-month basis, M3 expanded by 1.0% in September, which was the highest monthly increase since January 1999. This rise seems to be associated with the heightened financial market uncertainty after the terrorist attacks on 11 September. This followed strong growth of M3 in previous

Table I
Summary table of monetary variables for the euro area

(annual percentage changes; quarterly averages)

	2001 Q1	2001 Q2	2001 Q3	2001 June	2001 July	2001 Aug.	2001 Sep.
<i>Seasonally and calendar effect adjusted</i>							
M1	2.6	2.4	3.9	4.0	3.5	3.7	5.2
Currency in circulation	-1.3	-3.2	-7.5	-4.7	-6.4	-8.3	-11.0
Overnight deposits	3.5	3.5	6.3	5.8	5.5	6.1	8.5
M2 - M1 (= other short-term deposits)	3.4	4.5	5.1	4.7	5.2	5.0	5.3
M2	3.1	3.5	4.5	4.3	4.4	4.4	5.3
M3 - M2 (= marketable instruments)	14.7	14.5	19.6	18.0	18.6	20.4	21.3
M3	4.7	5.1	6.7	6.3	6.5	6.7	7.6
<i>Unadjusted for seasonal and calendar effects</i>							
Longer-term financial liabilities (excluding capital and reserves)	3.7	3.1	2.1	2.5	2.3	1.8	2.1
Credit to euro area residents	5.6	5.4	5.5	5.7	5.8	5.5	5.1
Credit to general government	-7.4	-5.3	-1.9	-3.1	-2.0	-1.5	-1.2
of which: Loans to general government	-0.1	-1.3	-1.4	-1.7	-1.8	-1.3	-0.8
Credit to other euro area residents	9.8	8.8	7.8	8.4	8.1	7.6	6.9
of which: Loans to the private sector	9.1	8.3	7.4	7.9	7.7	7.2	6.7

Source: ECB.

months, which was closely related to a relatively flat yield curve and ongoing stock market weakness. The recent strong growth in M3 thus seems to reflect mainly portfolio shifts of private investors from shares and other longer-term financial assets into more liquid short-term assets included in M3. This suggests that the strong monetary dynamics over the recent past should not be overemphasised. At the same time, developments in M3 need to be monitored carefully in order to see whether the present strong dynamics of M3 remain temporary. At this juncture, the assessment holds that current monetary developments do not signal risks to price stability in the medium term.

The narrow monetary aggregate M1 showed a significant increase in September. The annual rate of growth went up to 5.2% in September, from 3.7% in the previous month (see Table I), which was exclusively due to a strong rise in overnight deposits. The pronounced preference of investors for these most liquid bank deposits has to be seen against the background of the exceptionally high financial market uncertainty in the weeks following the terrorist attacks on 11 September. By contrast, the annual rate of change in currency in circulation declined

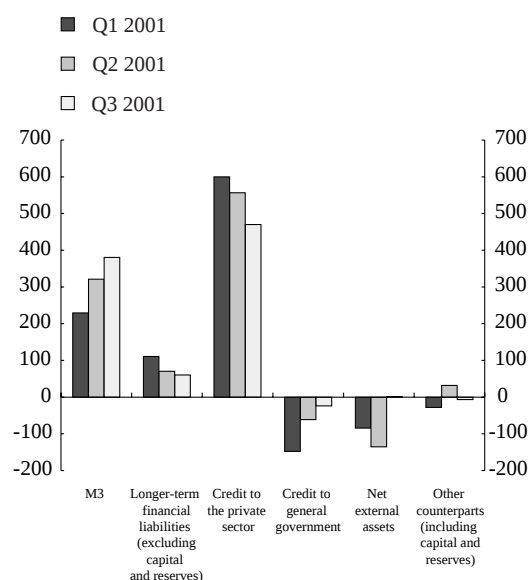
further to -11.0%, from -8.3% in August. According to most recent information, the impact of the cash changeover on currency in circulation might have become more widespread since August. In some euro area countries there are indications that the decrease in currency in circulation is no longer restricted to the large denomination banknotes and that the flowback of banknotes from abroad could have become more relevant. The overall impact of the fall in demand for currency on broader monetary aggregates, however, remains rather small, in particular because euro area residents appear to be shifting currency mainly into short-term deposits included in M3. In addition, currency in circulation only represents about 6% of M3.

With regard to the other components of M3, the demand of non-MFIs remained strong for those instruments which are liquid and at the same time remunerated close to market rates, such as deposits with an agreed maturity of up to two years and marketable instruments. The annual growth rate of deposits with an agreed maturity of up to two years remained at a high level, although it declined to 8.8% in September, from 10.8% in August. The annual growth rate

Chart 3

Movements in M3 and its counterparts

(annual flows; EUR billions; not adjusted for seasonal and calendar effects)



Source: ECB.

Note: Series not adjusted for non-euro area residents' holdings of money market paper and debt securities with an initial maturity of up to two years.

of marketable instruments continued to increase, to 21.3% in September, compared with 20.4% in August.

These developments coincide with a persisting weakness in the growth of longer-term financial liabilities (excluding capital and reserves) of MFIs (2.1% year-on-year in September, compared with 1.8% in August), the stock outstanding of which corresponds to slightly over 50% of M3. The very weak demand for long-term assets supports the hypothesis of portfolio shifts currently fuelling M3 developments.

Growth of credit to the private sector continues to moderate

With regard to the assets side of the MFI balance sheet, the annual rate of growth of credit granted to euro area residents declined further, to 5.1% in September, from 5.5% in

the previous month (see Table I and Chart 3). This reflected a fall in the annual rate of growth of credit to the private sector (to 6.9%, from 7.6% in August), while the annual rate of change in credit to general government continued to rise (to -1.2%, compared with -1.5% in August).

The ongoing moderation of the annual rate of growth of credit, and notably loans, to the private sector is likely to be related to current weak economic growth. In addition, the lower annual growth rate partly reflects a base effect stemming from the strong demand for corporate loans in September 2000 caused by the financing of UMTS licences. Moreover, the impact of some special factors that have fuelled loans over the past two years has weakened. In this respect, merger and acquisition activity, which was particularly intense in the second half of 2000, has decreased significantly since then. Recent developments in housing markets in some euro area countries are also dampening the demand for loans. Overall, the ongoing moderation in the annual growth rate of loans to the private sector can be seen as a further indication that current monetary developments should not be interpreted as signalling upward risks to price stability.

In September, the net external asset position of the MFI sector increased for the fourth month in a row, by €44.3 billion in non-seasonally adjusted terms. As a consequence, the accumulated flows over the preceding 12 months became positive and stood at €1.8 billion, compared with -€67.3 billion in August. This is in line with balance of payments developments, which show combined net direct and portfolio investment inflows to the euro area from June to August (data for September are not yet available), mainly resulting from net equity inflows. The considerable increase in net external assets in September may reflect portfolio shifts from abroad into the euro area in the aftermath of the events of 11 September.

Box I**Adjustment of M3 for holdings of negotiable instruments by non-residents of the euro area**

The broad monetary aggregate M3 includes negotiable instruments, such as money market fund shares/units, money market paper and debt securities with an initial maturity of up to two years. Prior to the start of Stage Three of Economic and Monetary Union (EMU), there was little evidence of significant holdings by non-residents of the euro area of such instruments issued by MFIs located in the euro area. Therefore, and because of the difficulty of identifying holders of negotiable instruments, the decision was taken to include in M3 all short-term negotiable instruments issued by euro area MFIs, excluding those instruments held by euro area MFIs themselves. From the start of Stage Three, however, non-resident purchases of negotiable instruments issued by euro area MFIs and included in M3 have expanded rapidly, giving rise to a sizeable upward distortion of M3 (see the box on “Measurement issues related to the inclusion of negotiable instruments in euro area M3” on page 9 of the May 2001 issue of the ECB Monthly Bulletin).

Accordingly, the Eurosystem has established a reporting system for non-resident holdings of negotiable instruments. Holdings of money market fund shares/units by investors resident outside the euro area have been excluded from M3 since May 2001. In a second step, starting from the release of monetary statistics for October 2001, M3 will exclude holdings by non-residents of the euro area of short-term debt instruments (i.e. money market paper and debt securities issued with an initial maturity of up to two years) which have accounted for an upward distortion of the annual growth rate of M3 of around three-quarters of a percentage point in recent months. M3 will then exclude all non-euro area holdings of negotiable instruments, with a back series for the adjustments available from January 1999.

This box aims at providing additional information on the economic background to the adjustment for non-resident holdings of negotiable instruments and on the data sources used.

Non-resident holdings of shares and units issued by money market funds

The issuance of shares and units by money market funds is mainly concentrated in France, followed by Ireland, Luxembourg and Spain (see the table below). In France and Spain, the market for shares and units of money market funds can be described as primarily domestic. By contrast, in Ireland and, to a lesser extent, in Luxembourg, foreign investors play a considerable role in this market.

Share of amounts outstanding of shares and units of money market funds issued by MFIs resident in country x in the euro area total in September 2001

(as a percentage of amount outstanding)

Country	Share in %
Belgium	0
Germany	6
Greece	0
Spain	8
France	50
Ireland	18
Italy	4
Luxembourg	13
The Netherlands	0
Austria	0
Portugal	0
Finland	1

Source: ECB.

The substantial holdings by non-residents of the euro area of shares and units issued by money market funds in Ireland can be explained by the special conditions for mutual funds that are located in the International Financial Services Centre. The Irish authorities grant tax advantages when mutual funds deal with non-resident customers. US and British mutual funds in particular conduct business from Ireland, probably to a large extent with their domestic customers.

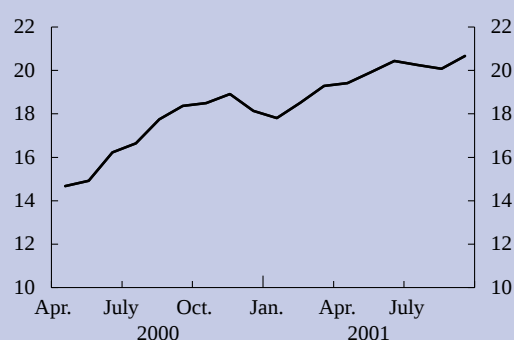
Following the implementation of national legislation on the identification of money market funds, the Central Bank of Ireland started to collect data on money market funds in April 2000. In the course of 2000 and especially in the first quarter of 2001, holdings of shares and units of money market funds

in Ireland by non-residents of the euro area increased substantially. This development might have been linked to the uncertainties surrounding the developments in the international stock markets and the flattening yield curve in the euro area in 2000.

A large number of financial institutions based outside the euro area have established mutual funds also in Luxembourg. This explains the relatively high share of holdings by non-residents of the euro area of shares

Chart A: Share of non-resident holdings in total amounts outstanding of shares and units of money market funds

(percentages)



Source: ECB.

and units issued by Luxembourg money market funds. However, by contrast with Ireland, such holdings of shares and units in Luxembourg money market funds did not increase substantially between mid-2000 and mid-2001.

Reflecting the structure of their markets, national central banks use different data sources to estimate holdings of shares and units in money market funds by non-residents of the euro area. Information on the final holder is directly available from the management companies of the money market funds (in most cases credit institutions) in several euro area countries, including Ireland. For a few euro area countries, custodian surveys or balance of payments data are used to identify holdings of non-residents of the euro area.

The growing importance of non-resident holdings of short term MFI debt instruments

Issuance of the short-term debt instruments issued by euro area MFIs has increased strongly since the start of Stage Three of EMU. To a considerable extent, this expansion has been driven by the demand of non-residents of the euro area. During 1999 and in the first half of 2000, purchases by non-residents were mainly of short-term debt instruments issued by German MFIs. Issues of short-term securities by MFIs in France, Ireland, Luxembourg, the Netherlands and Austria subsequently also grew strongly, matched to a large extent by demand from outside the euro area.

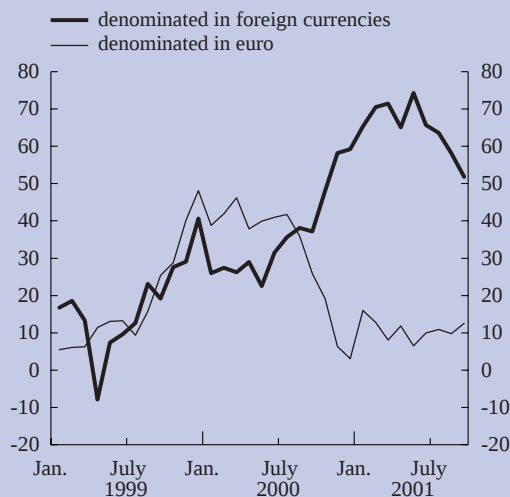
According to the available information, investors outside the euro area bought in particular instruments denominated in foreign currency, which have grown rapidly especially since the second half of 2000 (see Chart B), possibly linked to the increase in international debt issuance programmes of euro area credit institutions with high investor grades. These issuance programmes of “high quality debt” are clearly targeted at an international investor base that includes not only euro area investors but also investors resident outside the euro area and currently cover most of the issuance of short-term debt instruments denominated in foreign currencies. There is some evidence that in particular investors located in East Asia have a strong interest in these securities.

Acquiring reliable information on the residency of the final investor in short-term debt instruments is a complex undertaking, as debt instruments are often marketed via institutions located outside the euro area (e.g. in London) and may be traded on secondary markets.

For countries in which such instruments are aimed at international investors, the ESCB collects information on the residency of the holder (euro area or non-euro area) from international security settlement systems (institutions that hold and administer securities and enable securities transactions to be processed by book entry). These international securities settlement systems provide aggregated information on the residency of

Chart B: Annual rate of growth of amounts outstanding of short-term debt instruments broken down by currency of denomination

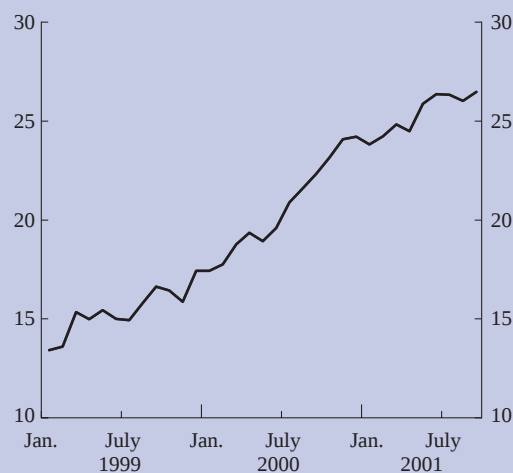
(annual percentage changes)



Source: ECB.

Chart C: Share of non-resident holdings in total amounts outstanding of short-term debt instruments

(percentages)



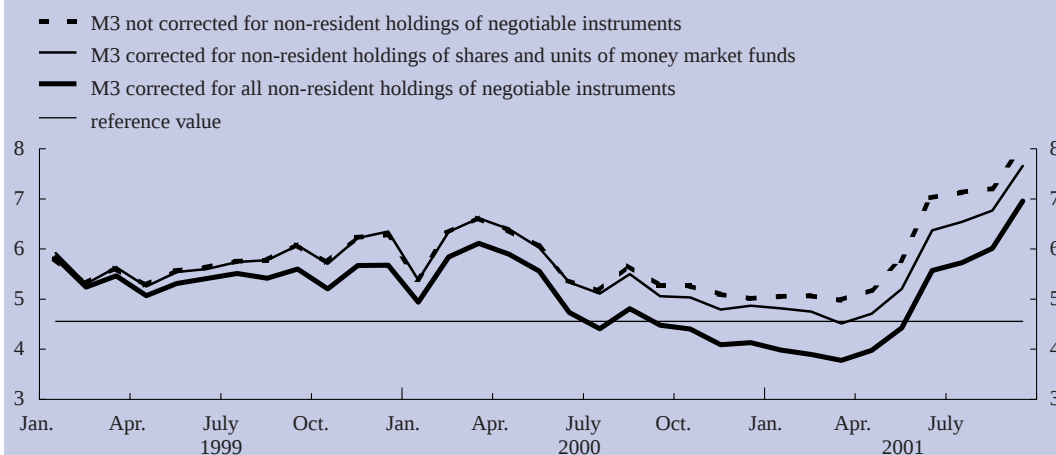
Source: ECB.

account holders of securities on a monthly basis. The largest part of non-resident holdings of short-term debt instruments is compiled on the basis of this information. Quality checks performed on these data in collaboration with credit institutions have confirmed the high quality of the data. For euro area countries with a mainly domestic market for short-term debt instruments issued by MFIs, residency information on holders is collected via sources such as custodian surveys or balance of payments data. Overall, the data on non-resident holdings of negotiable instruments are now considered to be of a quality comparable to that of the MFI balance sheet statistics. Chart C shows how non-resident holdings of short-term debt instruments have grown in relation to total amounts outstanding of these instruments since January 1999.

With regard to the impact of non-resident holdings on monetary developments, Chart D illustrates that the annual growth of M3 adjusted for all non-resident holdings of negotiable instruments showed a significantly

Chart D: Annual rates of growth of M3

(annual percentage changes)



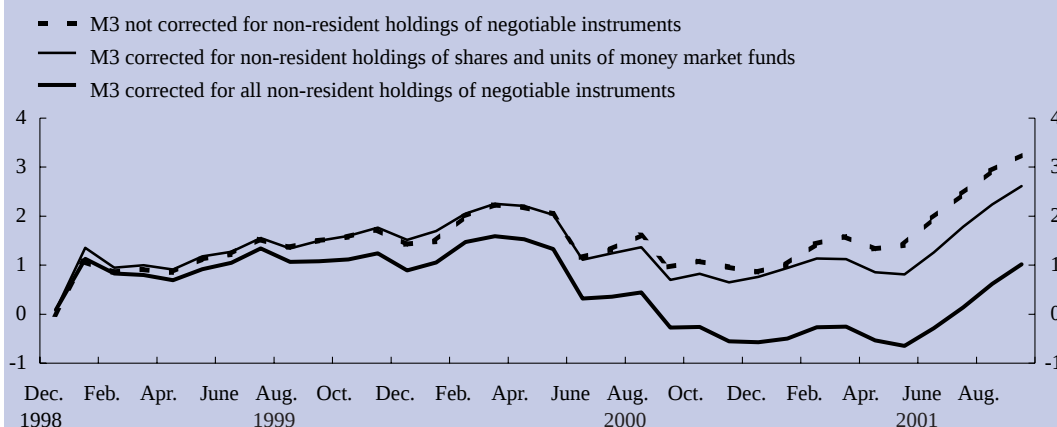
Source: ECB.

more pronounced slowdown between the spring of 2000 and early 2001 than the unadjusted or partly adjusted series and stood below the reference value for several months. Since then the fully adjusted M3 has accelerated much like the other measures (reflecting the effect of higher prices for energy and food on the demand for transaction balances and portfolio shifts triggered by the lasting weakness in stock markets, the comparatively flat yield curve up to August and, most recently, the increased financial market uncertainty following the events of 11 September).

The impact of the adjustment for non-euro area holdings of negotiable instruments is much stronger when measures that take into account the accumulation of strong or weak monetary growth in the past are analysed. Chart E illustrates these differences by showing a measure of the real money gap. The real money gap is constructed as the difference between the actual stock of real M3 (nominal M3 deflated by HICP) and the stock of real M3 implied by monetary growth at the reference value and HICP inflation in line with the definition of price stability from December 1998 onwards. When interpreting the chart, the caveats of this measure, like the somewhat arbitrary choice of the base period, should be borne in mind. The real money gap for M3, adjusted for the non-resident holdings of negotiable instruments, decreased substantially up to late 2000, remained slightly negative thereafter and has increased recently, reflecting the portfolio shifts mentioned above.

Chart E: Measures of the real money gap

(as a percentage of the stock of M3)



Source: ECB.

The ECB has assigned monetary aggregates a prominent role in its monetary policy strategy. With the implementation of the adjustments described in this box, the measurement of M3 will be more in line with the ECB's originally intended definition of this aggregate, which was to include only monetary holdings of euro area residents (see the article in the February 1999 issue of the ECB Monthly Bulletin entitled "Euro area monetary aggregates and their role in the Eurosystem's monetary policy strategy"). This definition, focusing on the monetary holdings of euro area residents, was chosen because it can be assumed that the holdings of non-residents of the euro area of short-term assets with euro-area MFIs bear little relation with the transaction balances needed for consumption in the euro area. The definition is backed by empirical studies which confirm that the exclusion of these non-resident holdings safeguards the stability of the demand for M3 and the leading indicator properties of M3 for future inflation. The adjustments now undertaken will therefore improve the information content of M3 for monetary policy.

Further deceleration in debt securities issuance in August

The average annual growth of the amount outstanding of debt securities issued by euro area residents declined from 7.4% in July 2001 to 6.6% in August. Underlying this was a decrease in the annual growth of the amount outstanding of long-term debt securities from 7.3% in July to 6.4% in August, while the annual growth of the amount outstanding of short-term debt securities remained unchanged at 8.8% in August (see Chart 4).

The currency breakdown shows that the annual growth of the amount outstanding of euro-denominated debt securities issued by euro area residents decreased to 6.0% in August 2001, from 6.3% in the previous month. The share of euro-denominated debt securities issued by euro area residents in total gross issuance rose from 92.9% in July to 93.7% in August.

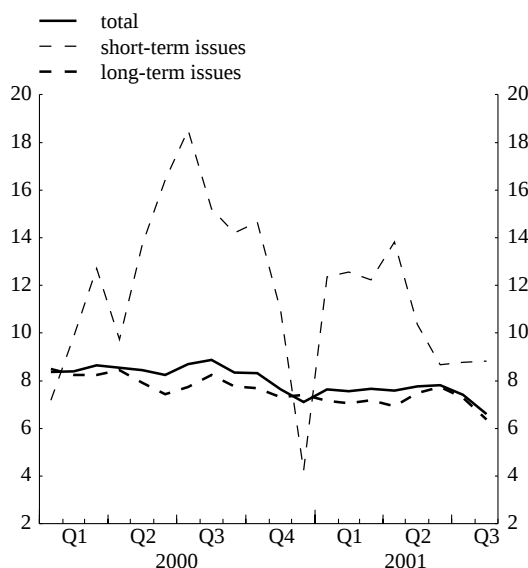
As regards the sectoral breakdown, the annual growth of the amount outstanding of euro-denominated debt securities issued by MFIs fell from 6.2% in July to 5.4% in August. The weaker issuance activity of MFIs may be partly explained by lower demand from the corporate sector for credits and loans. The annual growth of the amount outstanding of debt securities issued by non-monetary financial corporations decreased to 31.5% in August, from 33.7% in July, while that of debt securities issued by non-financial corporations increased from 20.8% in July to 21.5% in August.

Turning to the general government sector, the annual growth of the amount outstanding of debt securities issued by central government decreased slightly, from 2.8% in July 2001 to 2.6% in August, interrupting the slight upward trend seen so far in 2001. The annual growth rate of amounts outstanding of debt securities issued by other general government increased from 15.4% in July to 17.2% in August.

Chart 4

Amounts outstanding of debt securities issued by euro area residents

(annual percentage changes)



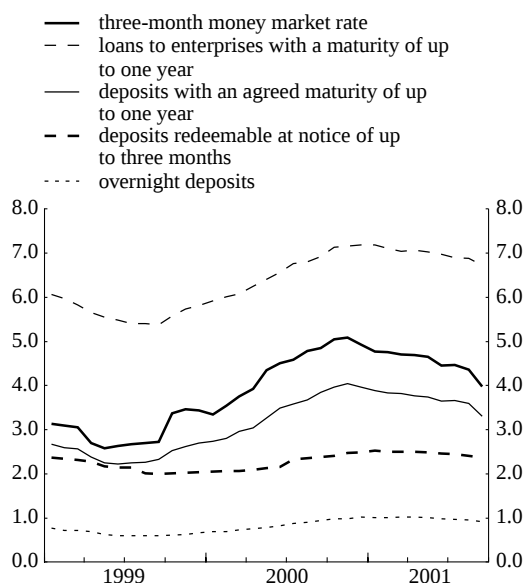
Source: ECB.

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.

Chart 5

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

(percentages per annum; monthly averages)



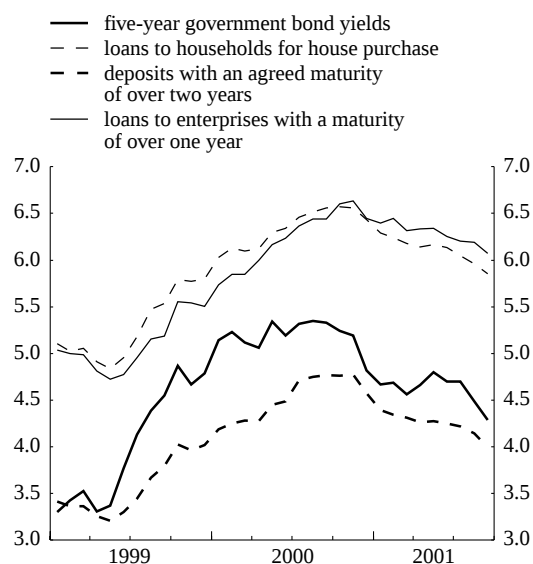
Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001 onwards, Greek data are also included.

Chart 6

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

(percentages per annum; monthly averages)



Sources: ECB aggregation of individual country data and Reuters.

Note: From 1 January 2001 onwards, Greek data are also included.

Retail bank interest rates declined further in September

Short-term retail bank interest rates continued their decline in September 2001, in line with developments in the money market over recent months (see Chart 5). The average interest rates on deposits with an agreed maturity of up to one year fell by 29 basis points from August to September, while the average rate on deposits redeemable at notice of up to three months and the average overnight deposit rate declined by 5 basis points over the same

period. The average interest rate on loans to enterprises with a maturity of up to one year fell by 16 basis points from August to September. This compared with a 37 basis point fall in the average three-month money market interest rate over the same period.

Long-term retail bank interest rates also declined further in September 2001 (see Chart 6), reflecting the declining trend in government bond yields. The average interest rates on deposits with an agreed maturity over two years fell by 16 basis points. The interest rates on loans to enterprises with a maturity of over one year and loans to households for house purchase both declined by around 10 basis points between August and September.

Money market interest rates at most maturities declined further in October and early November

Most money market interest rates declined in October and at the beginning of November. The declines were most pronounced at the longer end of the money market yield curve. As a consequence, the downward slope of the EURIBOR yield curve became more pronounced.

At the very short end of the curve money market rates remained broadly stable for most of the period between end-September and 7 November. The EONIA fluctuated around the minimum bid rate of 3.75% in the Eurosystem's main refinancing operations at the beginning of October, but rose significantly on 9 October following insufficient

Box 2

Monetary policy operations and liquidity conditions in the reserve maintenance period ending on 23 October 2001

During the reserve maintenance period from 24 September to 23 October, the Eurosystem settled four main refinancing operations (MROs) and one longer-term refinancing operation (LTRO), the outcomes of which are summarised in the table below.

In the third operation, the ECB satisfied all the bids submitted, totalling €60.5 billion. This was still, however, significantly below the level needed for the smooth fulfilment of reserve requirements. The liquidity deficit

Regular monetary policy operations

(EUR billions; interest rates in percentages per annum)

Operation	Date of settlement	Date of maturity	Bid amount	Allotment amount	Bid-cover ratio	Number of participants	Minimum bid rate	Marginal rate	Weighted average rate
MRO	26/09/2001	10/10/2001	111.9	81.0	1.38	347	3.75	3.76	3.77
MRO	03/10/2001	17/10/2001	76.4	56.0	1.36	266	3.75	3.75	3.76
MRO	10/10/2001	24/10/2001	60.5	60.5	1.00	248	3.75	3.75	3.75
MRO	17/10/2001	31/10/2001	143.8	82.0	1.76	372	3.75	3.78	3.79
LTRO	27/09/2001	21/12/2001	28.3	20.0	1.42	195	-	3.55	3.58

Source: ECB.

that consequently accumulated in the following week was only partially offset by the relatively high allotment in the fourth MRO, and counterparties eventually had to have recourse to the marginal lending facility. This negatively affected bank revenue from treasury operations, so that underbidding proved once again to be a non-profit-making strategy for the banking community.

During the first days of the reserve maintenance period under review, the EONIA remained stable, slightly above the minimum bid rate, while it increased temporarily to 3.83% on 28 September, on account of the end-of-quarter effect. In the first week of October, the EONIA remained close to the minimum bid rate, deviating by at most 3 basis points, with a slight downward trend. With money market liquidity tightening on account of the underbidding on 9 October, the EONIA started to increase gradually in the following week. As market participants took the view that liquidity conditions would remain tight until the end of the reserve maintenance period, the EONIA increased towards the rate of the marginal lending facility in the last week of the maintenance period. On the last business day of the period, the EONIA stood at 4.74%, i.e. only 1 basis point below the rate of the marginal lending facility, and there was a net recourse to the latter of €19 billion.

The net liquidity-absorbing impact of the autonomous factors, i.e. the factors not related to monetary policy, on the banking system's liquidity (item (b)) was €72.5 billion on average. The daily sum of autonomous factors fluctuated between €56.9 billion and €84.6 billion. The estimates of average liquidity needs, stemming from autonomous factors, published for the maintenance period under review, ranged between €62.3 billion and €82.3 billion. The published estimates deviated from the actual outcome by an amount ranging from -€0.1 billion to €2.0 billion.

Contributions to the banking system's liquidity

(EUR billions)

Daily average during the reserve maintenance period from 24 September to 23 October 2001

	Liquidity providing	Liquidity absorbing	Net contribution
(a) Monetary policy operations of the Eurosystem	197.7	0.1	+ 197.6
Main refinancing operations	136.7	-	+ 136.7
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	1.1	0.1	+ 0.9
Other operations	-	-	-
(b) Other factors affecting the banking system's liquidity	389.9	462.4	- 72.5
Banknotes in circulation	-	325.2	- 325.2
Government deposits with the Eurosystem	-	43.6	- 43.6
Net foreign assets (including gold)	389.9	-	+ 389.9
Other factors (net)	-	93.6	- 93.6
(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)			125.1
(d) Required reserves			124.4

Source: ECB.

Totals may not add up due to rounding.

Temporary swap line established with the Federal Reserve on 12 September 2001

In order to facilitate the functioning of financial markets and provide liquidity in US dollars in the aftermath of the tragic events of 11 September 2001, the US Federal Reserve and the ECB agreed on a swap arrangement on 12 September 2001. Under the agreement, the ECB was eligible to draw up to USD 50 billion on a swap line that expired on 13 October, receiving dollar deposits at the Federal Reserve Bank of New York. In exchange, the Federal Reserve Bank of New York would receive euro deposits of an equivalent amount at the ECB.

The ECB drew on the swap facility on three occasions, on 12, 13 and 14 September. The first amount drawn totalled USD 5.4 billion on 12 September and matured on 17 September. The swap line was again drawn upon on the following two days for overnight swaps totalling USD 14.1 billion on 13 September and USD 3.9 billion on 14 September.

The dollar deposits were made available to national central banks of the Eurosystem and were used by the latter to help to meet the dollar liquidity needs of euro area banks, the operations of which were affected by events in the United States.

bidding of the Eurosystem's counterparties in the main refinancing operation conducted on that day. The high levels of the EONIA prevailed until the end of the reserve maintenance period on 23 October (see Box 2), reflecting relatively tight liquidity conditions. Thereafter the EONIA broadly stabilised again around the minimum bid rate. In the main refinancing operations settled in October and early November, the marginal and average rates exceeded the minimum bid rate by no more than 4 basis points.

The one-month and three-month EURIBOR declined by 18 and 28 basis points respectively between end-September and 7 November and were 3.54% and 3.37% on 7 November (see Chart 7). The marginal and average interest rates in the longer-term refinancing operation of the Eurosystem settled on 25 October were close to the then prevailing three-month EURIBOR, at 3.50% and 3.52% respectively (which was 5 and 6 basis points lower than the corresponding rates on the longer-term refinancing operation settled on 27 September).

At the longer end of the curve, the six-month and twelve-month EURIBOR decreased by 34 and 45 basis points respectively between end-September and 7 November, to stand at 3.21% and 3.04% respectively. The downward slope of the yield curve, as measured by the

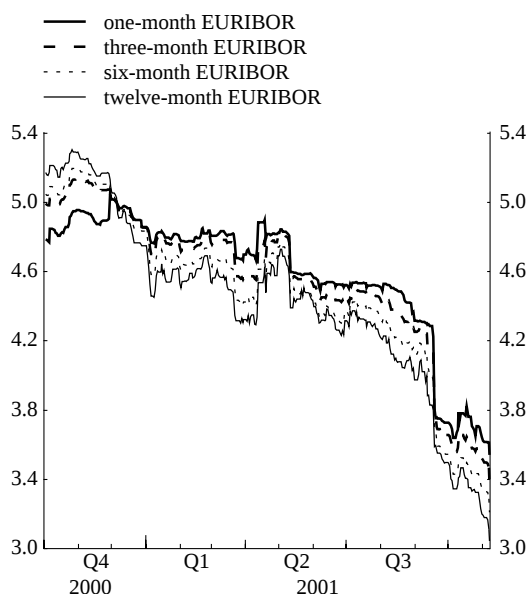
difference between the twelve-month and the one-month EURIBOR, became steeper in the period under review, to stand at -50 basis points on 7 November.

The expected path of the three-month EURIBOR, as implied in the futures prices on contracts with delivery dates in December

Chart 7

Short-term interest rates in the euro area

(percentages per annum; daily data)



Source: Reuters.

2001, March 2002 and June 2002, shifted downwards between end-September and 7 November. The movement was most pronounced at the longer maturities. On 7 November the three-month EURIBOR implied in futures contracts with delivery dates in December 2001, March 2002 and June 2002 were 3.18%, 2.81% and 2.72% respectively, which was 24, 50 and 64 basis points lower than end-September levels.

Long-term government bond yields declined in October

Ten-year government bond yields in the euro area declined by almost 55 basis points between end-September and 7 November to stand at close to 4.5% on the latter date (see Chart 8). In the United States, long-term government bond yields fell by around 35 basis points over this period. As a result, the differential between ten-year government bond yields in the United States and in the euro area narrowed from around -40 basis

points at the end of September to around -20 basis points on 7 November.

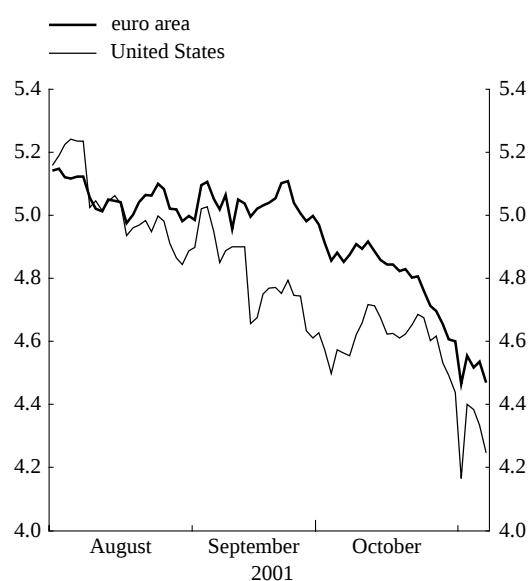
The decline in ten-year government bond yields in the United States appeared to stem from expectations of both lower long-term inflation expectations and weaker economic growth. These perceptions may have been bolstered by the release of the Beige Book by the Federal Reserve in late October. The break-even inflation rate derived as the difference between ten-year nominal yields and ten-year index-linked yields declined by almost 30 basis points between end-September and 7 November, while the ten-year index-linked bond yield declined by around 10 basis points over this period. The announcement by the US Treasury in late October to discontinue issuance of 30-year bonds, which contributed to a decline of 60 basis points in 30-year bond yields between end-September and 7 November, may also have put downward pressure on ten-year nominal yields.

Two-year government bond yields in the US declined by 50 basis points between end-September and 7 November, implying a steepening of the yield curve between two-year and ten-year maturities. The decline in short-term yields seemed to reflect expectations among market participants that short-term interest rates in the United States would be maintained at low levels for a longer period than previously anticipated.

In Japan, ten-year government bond yields declined by 10 basis points between end-September and 7 November, to stand at around 1.3% on the latter date. Expectations of continued falling price levels seemed to put downward pressure on long-term government bond yields. This perception seemed to receive support from the release of projections for the Japanese economy by the Bank of Japan in late October, as these suggested that prices would probably continue to decline into the fiscal year 2002.

In the euro area, medium-term and long-term government bond yields declined by more

Chart 8
Long-term government bond yields in the euro area and the United States
(percentages per annum; daily data)



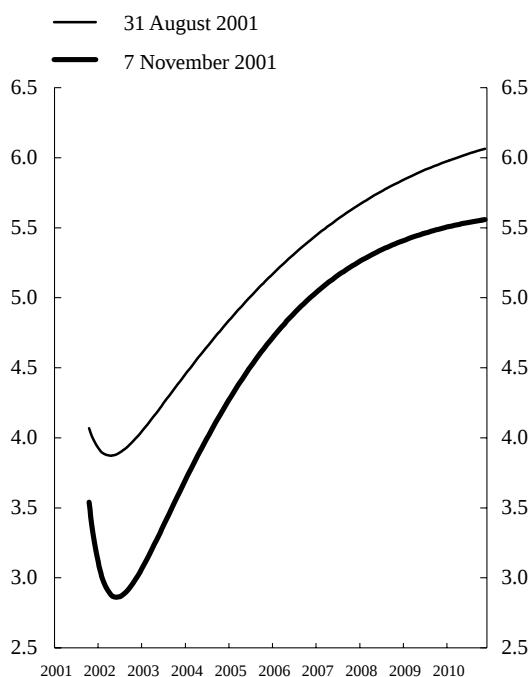
Source: Reuters.

Notes: Long-term government bond yields refer to ten-year bonds or to the closest available bond maturity. From 1 January 2001 onwards, euro area data include Greek data.

Chart 9

Implied forward euro area overnight interest rates

(percentages per annum; daily data)



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

than money market interest rates between end-September and 7 November. Reflecting this, the difference between ten-year government bond yields and three-month interest rates declined by 20 basis points. At the same time, the difference between ten-year and two-year government bond yields

remained broadly constant at 140 basis points. As a consequence, the shape of the implied forward overnight interest rate curve at the short end became more inverted between end-September and 7 November, and the curve also shifted down at longer horizons. Developments at the short end of the curve suggest that market participants expected low short-term interest rates to prevail for a more protracted period than previously expected (see Chart 9).

These developments in bond markets appeared to be partly related to a downward adjustment of expected economic growth in the euro area on the part of investors. Macroeconomic data, such as confidence indicators, seemed, overall, to point towards weak economic activity. The 20 basis point decline of the real yield on ten-year French index-linked bonds between end-September and 7 November was consistent with lower growth expectations. In addition, the break-even inflation rate declined by 30 basis points over this period, to stand at 1.0% on 7 November, suggesting that a downward adjustment of long-term inflation expectations contributed to the decline in nominal yields. It should be noted, however, that particular caution should be exercised when interpreting recent developments in French index-linked bond yields, as the French Treasury issued a new bond linked to euro area HICP inflation excluding tobacco. Part of the new issuance was an exchange for existing bonds, which are linked to a French price index excluding tobacco, which may have altered the liquidity of the latter instrument.

Box 3

Longer-term developments in nominal and real interest rates in the euro area

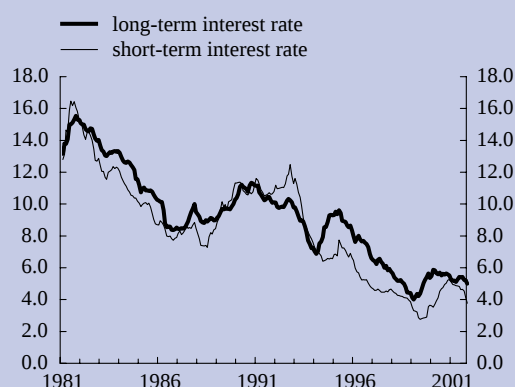
Nominal and real interest rates in the euro area have remained, since the start of Stage Three of EMU, at very low levels when compared to their averages over the two previous decades. Such structurally low levels of nominal and real interest rates reflect the respective effects of monetary and fiscal policies geared towards a stable macroeconomic environment. The low level of current interest rates indicates that financing conditions in the euro area are among the most favorable in decades.

Measures of short and long-term nominal interest rates are presented below. Short-term rates are based on a measure of the average three-month interbank rates in the euro area. The measure of long-term nominal rates relies on the average nominal ten-year government bond yield.

The level of nominal interest rates for the euro area that has prevailed since the start of Stage Three of EMU is significantly lower than in the 1980s and the 1990s (see the chart below). From 1981 to 1998, the euro area average for short-term nominal rates stood at 9%, compared to 3.9% on average since the start of Stage Three. The pattern for long-term nominal interest rates has been similar. Their average between 1991 and 1998 stood at 7.9%, compared to 5.1% on average since the start of Stage Three of EMU.

Nominal interest rates

(percentages per annum; monthly data)



Source: ECB.

Note: Before January 1999, short-term rates are computed as a weighted average of nominal three-month interbank rates from countries that now form the euro area and on the three-month EURIBOR rate thereafter. The long-term rate is a weighted average of ten-year nominal bond yields for countries that now form the euro area.

The computation of real interest rates should in principle involve adjusting the nominal rates by measures that reflect inflation expectations. In this respect, when looking at long-runs of back series of data, realized HICP inflation is likely to be a good proxy of past inflation expectations, as shocks to inflation typically tend to cancel each other out over longer periods of time. By contrast, for the purpose of assessing current levels of real interest rates, taking the current inflation rate may not be reflecting current inflation expectations. For this reason, in order to assess the current situation, a direct measure of inflation expectations is also provided in the table below.¹

Germany these premia were small during this period, historical German averages should be more comparable with euro area levels after the start of Stage Three.

Over the entire period from 1981 to 1998, the euro area average for short-term real interest rates was 4.6%, while it was 3.9% for Germany. Since the start of Stage Three of EMU, the average for the euro area has been much lower, at 1.9%. The evolution of long-term real interest rates has been similar. In Germany, the average rate stood at 5.2% between 1981 and 1990, and at 4.5% between 1991 and 1998. In the euro area, it was 5.2% in the latter period. This compares with an average of 3% for the euro area since the start of Stage Three.

Measures of real interest rates

(percentages per annum; monthly data)

Period	Short-term real interest rate		Long-term real interest rate	
	euro area	Germany	euro area	Germany
1981-1998 ¹⁾	4.6	3.9	-	4.9
1981-1990 ¹⁾	4.7	4.2	-	5.2
1991-1998 ¹⁾	4.6	3.5	5.2	4.5
1999-October 2001 ¹⁾	1.9	-	3.0	-
Current value (range) ²⁾	1.1-1.8	-	2.3-3.0	-

Source: ECB.

1) Deflated by average annual consumer price inflation over the period.

2) The range takes into account two deflators (September 2001 annual HICP inflation rate and expected annual HICP inflation in 2002 according to September Consensus Forecasts); see the box on "Recent developments in real interest rates in the euro area" in the April 2001 issue of the Monthly Bulletin for a more detailed discussion.

1 See the box on "Recent developments in real interest rates in the euro area" in the April 2001 issue of the Monthly Bulletin for a more detailed discussion.

Current levels of short and long-term real interest rates in the euro area range from 1.1% to 1.8% and from 2.3% to 3% respectively.

The low levels of long-term nominal interest rates prevailing in Stage Three of EMU primarily reflect the progress made in reducing inflation in the euro area. They indicate that a monetary policy focused on maintaining price stability has resulted in low inflation expectations and reduced inflation uncertainty. Furthermore, the currently low levels of long-term interest rates reflect the progress made in fiscal consolidation since the early 1990s. Such low levels of long-term interest rates should be an important factor supporting economic growth in the euro area. In fact, investment decisions of the private sector in the euro area are, in large part, linked to long-term interest rates.

For the maintenance of favourable longer-term financing conditions in the euro area, it is thus important to preserve the credibility of the current policy framework. In this respect, fiscal policy has to play its role by adhering to its medium-term objectives as laid down in the Stability and Growth Pact. Any deviation from this medium-term orientation could be detrimental to maintaining the current favourable financing conditions.

At the same time, the best contribution which monetary policy can make to preserving favourable financing conditions is to safeguard its credibility in maintaining price stability. Monetary policy not only has an effect on inflation expectations (and thereby on nominal interest rates) but also on risk premia, and thus also on real interest rates. From the point of view of the functioning of the economy, high risk premia impose additional costs on the private sector in raising finance, thus hampering economic growth. In order to contribute efficiently to the long-term growth prospects of the euro area, the best monetary policy can do is to preserve a stance clearly focusing on the maintenance of price stability, thereby also ensuring the low degree of policy-induced uncertainty that has been achieved so far.

Spreads between BBB-rated long-term corporate bonds and comparable government bonds declined by around 80 basis points between end-September and 7 November, to levels similar to those prevailing in the days before the terrorist attacks on 11 September. However, this spread remained at higher levels than typically observed in recent years.

Stock markets recovered in October

Stock market developments in October and early November were characterised by a continued recovery of stock prices and a decline in uncertainty across all major markets following the strong price drops and surges in uncertainty in the wake of the terrorist attacks on 11 September. Between the end of September and 7 November stock prices in the euro area, the United States and Japan, as measured by the Dow Jones EURO STOXX, the Standard & Poor's 500 and the Nikkei 225 indices, all rebounded (see

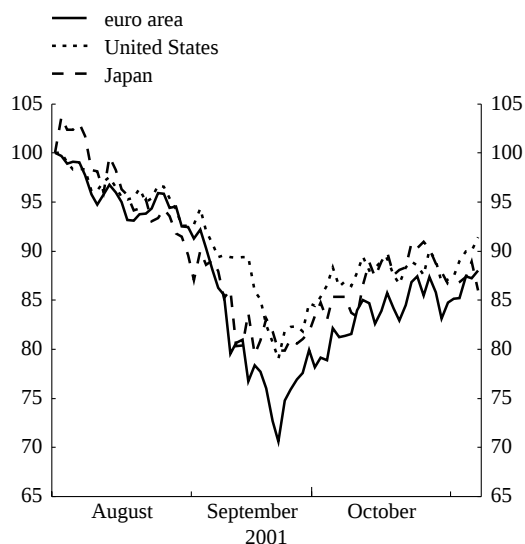
Chart 10). Implied volatilities in all the aforementioned indices – which measure market participants' uncertainty about short-term stock price developments – declined further in October and early November compared with end-September levels. Although these declines brought implied volatilities to levels close to those prevailing prior to the terrorist attacks, they were still rather high by historical standards (see Chart 11).

In the United States, the Standard & Poor's 500 index increased by 8% between the end of September and 7 November. By the latter date, this index was 2% above its pre-attack level of 10 September and 16% below the level that prevailed at the end of 2000. The implied volatility of the Standard & Poor's 500 index stood at around 25% on 7 November, which was 15 percentage points lower than the temporary high reached on 20 September. The fact that the stock price recovery occurred in spite of the emergence

Chart 10

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

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



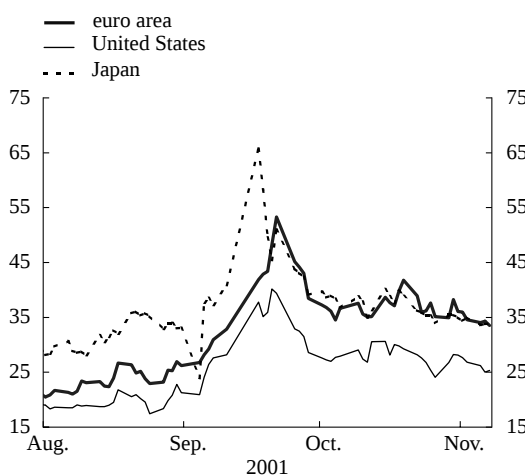
Source: Reuters.

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. From 1 January 2001 onwards, euro area data include Greek data.

Chart 11

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

(percentages per annum; 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.

of further negative news on the state of the US economy may suggest that market participants initially “overreacted” to the tragic events. In addition, the downward pressure on stock prices of lower expected short-term earnings may have been outweighed by the declines in US interest rates, which may have lowered the rates by which future earnings are discounted.

The Nasdaq Composite index, which has a large share of companies in the technology sector, increased by 23% between the end of September and 7 November. The stronger increase of Nasdaq stocks may have reflected two factors. First, high-technology stocks suffered most from the immediate stock market impact of the terrorist attacks, thus offering more room for a recovery when stock markets returned to more normal conditions. Second, in the light of the gloomier short-run outlook for economic activity in the United States, investors may have shifted their attention back to firms for which they seem to perceive a higher growth potential in the more distant future. By 7 November, the Nasdaq Composite index was 9% higher than on 10 September.

In Japan, stock prices as measured by the Nikkei 225 index increased by 5% between the end of September and 7 November. On the latter date, this index stood 1% above pre-attacks levels, but 25% below its end-2000 levels. The implied volatility of the Nikkei 225 index declined by 5 percentage points to 34% between the end of September and 7 November. Apparently, the Japanese stock market benefited from the worldwide recovery in stock prices during October, as the Nikkei 225 index withstood downward pressures emanating from a further substantial deterioration in the growth outlook for the Japanese economy and signs of stronger deflationary tendencies. The Nikkei 225 index received additional support from the declines in Japanese long-term interest rates during October and early November.

In the euro area, the Dow Jones EURO STOXX index increased by 10% between the end of September and 7 November. At the

end of this period, this index was 3% higher than on 10 September; the cumulative decline since the end of 2000 amounted to 24%. Between the end of September and 7 November, the implied volatility derived from options on the Dow Jones EURO STOXX 50 index declined by around 5 percentage points to 34%. Although this level of the implied volatility was about 20 percentage points lower than its temporary high reached on 11 September, it was still about 10 percentage points higher than the average level that has prevailed since the start of Stage Three. The decline in implied volatility in October and early November seems to indicate that market participants became less concerned about the inherent risks in stock market investments. This, in turn, may have reduced the equity risk premium that investors demand for holding stocks.

Apart from supporting spillover effects from US stock markets and the apparent declines in market participants' risk aversion and perceived risks, in October stock prices in the euro area seemed to benefit from the marked declines in euro area bond yields

across the entire maturity spectrum. As in the United States, the effect of declining interest rates seemed to outweigh the effects on stock prices of increasing signs of a more pronounced downturn in the euro area economy which typically tends to depress market participants' short-term expectations of corporate earnings.

The increase in euro area stock prices in October and early November was broadly based; only 2 out of 18 market sector stock price indices of the Dow Jones EURO STOXX index recorded price declines. The technology sector experienced by far the largest price increase (+38%) between the end of September and 7 November, in concert with developments in the US market, as mentioned above. The insurance sector – which experienced extraordinarily large price drops immediately after the terrorist attacks – rebounded strongly in October and early November. The overall 13% stock price increase between the end of September and 7 November brought the price index of this sector to 4% above the level prevailing on 10 September.

2 Price developments

Energy price base effects brought down inflation in September 2001

The annual HICP inflation rate in the euro area as reported by Eurostat, excluding Greece from the base period over which the year-on-year rate of change is calculated, fell to 2.5% in September 2001, down from 2.7% in August. With Greece included in the base period, the fall observed in the inflation rate was slightly larger, from 2.8% in August to 2.5% in September (see Table 2), continuing the downward movement observed since May. Almost the entire 0.9 percentage point decline in the inflation rate since the peak of 3.4% in May 2001 was due to a declining contribution from energy prices. By contrast,

the year-on-year rate of change in the HICP excluding the volatile unprocessed food and energy components, with Greece included in the base period, edged further upwards to 2.4% in September, from 2.3% in August, reflecting the delayed indirect effects still at work from earlier oil and food price increases.

Energy prices in the HICP fell 1.3% year-on-year in September 2001. This represented the first year-on-year decrease in the price level since March 1999 and compared with an annual rate of increase of 2.1% in August (see Chart 12). Month-on-month, however, the level of energy prices rose by 0.8% in September, reflecting a temporary rise in oil

Table 2
Price and cost developments in the euro area
(annual percentage changes, unless otherwise indicated)

	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 May	2001 June	2001 July	2001 Aug.	2001 Sep.	2001 Oct.
Harmonised Index of Consumer Prices (HICP) and its components													
Overall index of which:	1.2	1.1	2.4	2.7	2.6	3.2	2.7	3.4	3.1	2.8	2.8	2.5	.
Goods	0.7	0.9	2.7	3.3	2.8	3.5	2.8	3.8	3.4	3.1	2.9	2.4	.
Food	1.7	0.6	1.4	2.2	3.2	5.0	5.3	5.2	5.4	5.5	5.2	5.2	.
Processed food	1.5	1.0	1.2	1.4	2.0	2.8	3.4	2.8	3.1	3.3	3.4	3.5	.
Unprocessed food	2.1	0.1	1.7	3.4	5.2	8.4	8.1	8.9	9.1	8.8	7.8	7.8	.
Industrial goods	0.2	1.0	3.4	3.8	2.6	2.8	1.5	3.2	2.4	1.9	1.7	1.0	.
Non-energy industrial goods	1.0	0.7	0.7	1.1	1.3	1.6	1.6	1.6	1.6	1.6	1.6	1.7	.
Energy	-2.6	2.3	13.4	13.8	7.3	7.3	1.2	8.6	5.4	2.9	2.1	-1.3	.
Services	2.0	1.6	1.7	1.9	2.3	2.5	2.6	2.6	2.6	2.6	2.6	2.7	.
Other price and cost indicators													
Industrial producer prices ¹⁾	-0.7	-0.4	5.4	6.2	4.5	3.7	1.5	3.7	3.2	2.1	1.7	0.7	.
Unit labour costs ²⁾	0.3	1.3	1.1	1.7	2.0	2.3	.	-	-	-	-	-	-
Labour productivity ²⁾	1.2	0.9	1.4	0.4	0.2	0.1	.	-	-	-	-	-	-
Compensation per employee ²⁾	1.5	2.3	2.5	2.1	2.2	2.4	.	-	-	-	-	-	-
Total hourly labour costs ³⁾	1.7	2.2	3.4	3.1	3.1	2.8	.	-	-	-	-	-	-
Oil prices (EUR per barrel) ⁴⁾	12.0	17.1	31.0	34.5	28.4	31.7	29.0	32.7	32.5	29.4	28.7	28.8	23.8
Commodity prices ⁵⁾	-12.5	-3.1	18.1	16.4	1.4	-0.9	-9.4	-4.0	2.5	-1.0	-10.1	-16.7	-17.8

Sources: Eurostat, national data, International Petroleum Exchange, HWWA (Hamburg Institute of International Economics) and ECB calculations.

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

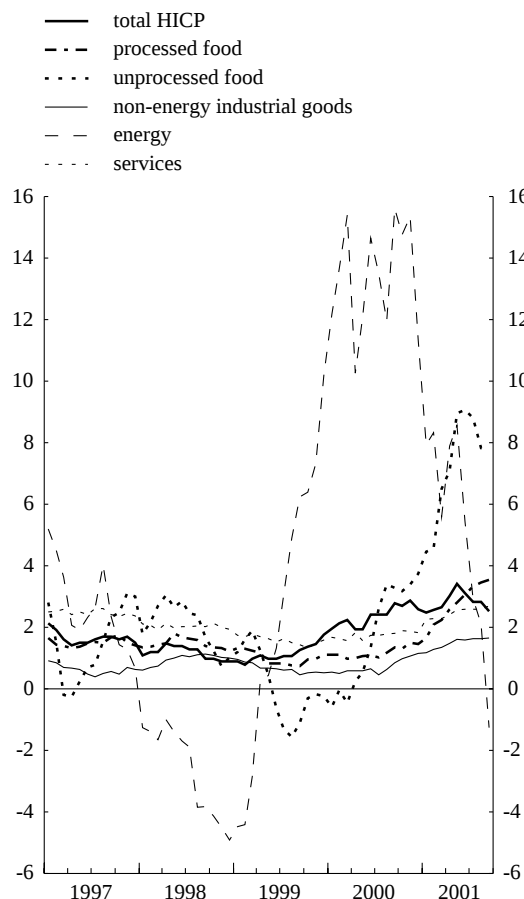
1) Excluding construction.

2) Whole economy.

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

4) Brent Blend (for one-month forward delivery). In ECU up to December 1998.

5) Excluding energy. In euro; in ECU up to December 1998.

Chart 12**Breakdown of HICP inflation in the euro area by component***(annual percentage changes; monthly data)*

Source: Eurostat.

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

prices following the terrorist attacks in the United States. Thus, the decline in the annual rate of change in energy prices in September was due entirely to base effects.

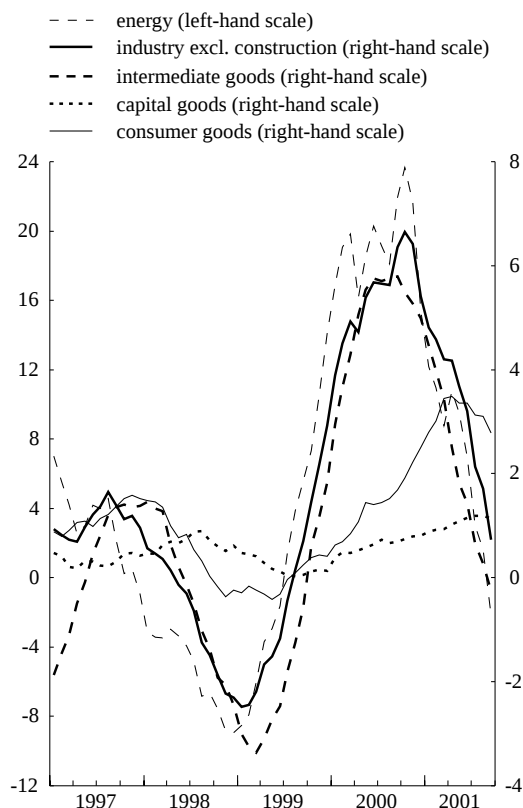
Developments in unprocessed food prices suggest that, whilst the upward impact from BSE and foot-and-mouth disease may have come to an end, there is no evidence as yet that the impact is reversing. The year-on-year rate of change in unprocessed food prices remained unchanged at 7.8% in September 2001. By contrast, the annual rate of change in processed food prices continued to increase, to stand at 3.5% in September, up from 3.4% in August, reflecting the delayed

indirect effects from earlier price increases in unprocessed food.

The year-on-year rates of change in both non-energy industrial goods and services prices edged up slightly in September 2001. The annual rate of change in non-energy industrial goods prices stood at 1.7% in September, up from 1.6% in August. Following a similar profile, the year-on-year rate of change in services prices was 2.7% in September, up from 2.6% in August. The gradual upward movement in the year-on-year rates of change in non-energy industrial goods and services prices mainly reflects the indirect effects of previous oil price and exchange rate movements, which should start to ease over the coming months.

Examining the short-run dynamics, the three-month annualised rate of change between June and September 2001 in the seasonally adjusted HICP was 1.3%, which is substantially below the year-on-year rate of 2.5% recorded in September, reflecting the unwinding of previous movements in energy prices and the diminishing upward impact from unprocessed food prices in the wake of BSE and foot-and-mouth disease. The three-month annualised rate of change in the seasonally adjusted HICP excluding unprocessed food and energy was 2.2% in September, slightly below the year-on-year rate of 2.4%, indicating that the indirect effects of the above-mentioned shocks are beginning to abate only slowly. (The use of seasonally adjusted data to analyse the most recent price developments was discussed in Box 2 of the January 2001 issue of the Monthly Bulletin).

In terms of energy price developments since September 2001, the fall in euro-denominated oil prices to €23.8 per barrel in October 2001, from €28.8 in September, if it persists, should give rise to further falls in the contribution to overall HICP inflation from energy prices. This conclusion is supported by a preliminary or flash estimate for the annual HICP inflation rate in October 2001, published by Eurostat, which suggests a slight decline to 2.4%, from 2.5% in September. Looking ahead, further reductions

Chart 13**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).

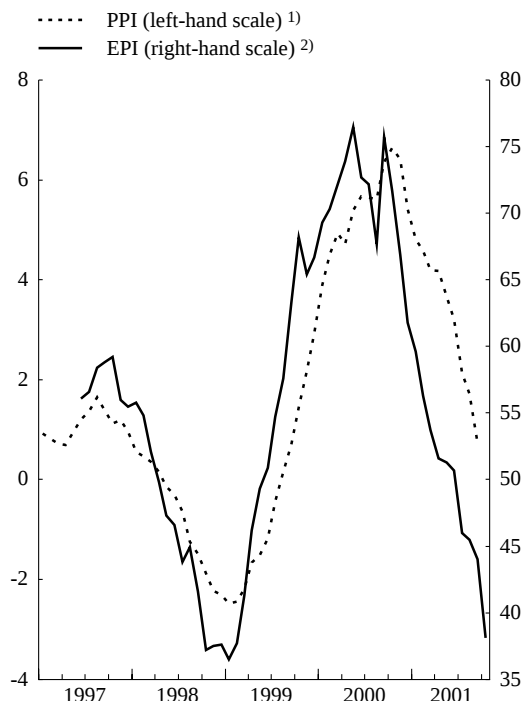
in inflation rates are expected, although the profile of year-on-year inflation over the coming months may be somewhat erratic owing to base effects from previous price movements and announced indirect tax changes.

Producer price pressures eased further in September 2001

The year-on-year rate of change in euro area industrial producer prices continued to decline to 0.7% in September 2001, down from 1.7% in August. The annual rate of change in producer prices has declined continuously since October 2000, when it stood at 6.7%.

The latest decline in the year-on-year rate was brought about by a decline in the annual

rate of change in all of the sub-components of producer prices (see Chart 13). The annual rate of change in capital goods producer prices declined in September 2001, for the first time since December 1999, to 1.1%, down from 1.2% in August. Thus, it would appear that the rise in capital goods prices, which has tended to lag behind other sub-components in response to price shocks, has started to unwind following the past oil price increases. The decline in the year-on-year rates of change in the various sub-components of producer prices, particularly in the intermediate goods and consumer goods sectors, should ease consumer price pressures further along the price chain.

Chart 14**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.

With regard to survey indicators of developments in producer prices, the latest information from the Eurozone Price Index, which measures input costs in the manufacturing sector, suggests, on the basis of October data, that further downward movements in producer prices may be expected (see Chart 14). The latest results for selling price expectations from the European Commission's Business Surveys (October data) support this evidence. The decreases observed since mid-September 2001 in euro-denominated oil and other raw materials prices would, if sustained, reinforce the downward pattern of producer price movements.

Wage developments remained moderate, but lower output growth put upward pressure on unit labour costs

First estimates of the annual rate of change in unit labour costs in the second quarter of 2001 show that they have continued their recent upward movement, to 2.3%, up from 2.0% in the first quarter, and that they are significantly higher than the average rate of growth of 1.1% in 2000. This upward

development is driven largely by cyclical labour productivity developments rather than by changes in compensation per employee. The annual rate of change in labour productivity declined to 0.1% in the second quarter of 2001, from 0.2% in the first quarter, as compared with an average of 1.4% in 2000. By contrast, the growth rate in compensation per employee was 2.4% in the second quarter, up from 2.2% in the first quarter, but below the average of 2.5% in 2000.

The most recent information on negotiated wages appears to point towards continuing wage moderation, although a slight upward movement is noticeable. The anticipated decline in overall inflation should, however, support ongoing wage moderation.

In summary, it appears that the direct impact from previous price shocks is continuing to unwind. Looking ahead, inflation rates over the next few months will probably show some volatility, owing mainly to base effects. Nonetheless, the information available at the current juncture suggests that inflation rates should return to a level consistent with price stability some time in the first half of 2002.

3 Output, demand and labour market developments

Economic activity weak up to the summer months

According to Eurostat's second estimate, euro area real GDP rose by an unrevised 0.1% quarter-on-quarter in the second quarter of 2001, down from 0.5% in the first quarter (see Table 3). The year-on-year growth rate also declined from 2.4% in the first quarter to 1.7% in the second. The profile of the components of GDP is broadly comparable with that of the first release. Overall, growth in final domestic demand weakened in the second quarter, at 0.2% quarter-on-quarter, compared with 0.6% in the first quarter. The deterioration was more marked on the external trade side, with net exports contributing -0.2 percentage point to real GDP growth in the second quarter

of 2001 following a positive contribution of 0.5 percentage point in the first quarter.

Euro area industrial production (excluding construction) increased in August 2001 by 1.2% month-on-month, after decreasing by 1.4% in July (see Table 4). However, both the August and July figures are in part distorted, in opposite directions, by calendar effects. On a three-month moving average basis, compared with the preceding three-month period, industrial production fell by 0.2% in the period up to August compared with a decrease of 0.9% in the second quarter of 2001. This suggests that industrial production, while still contracting, may nevertheless have been close to reaching a trough prior to the terrorist attacks in the United States.

Table 3**Composition of real GDP growth in the euro area**

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates ¹⁾								Quarterly rates ²⁾				
	1998	1999	2000	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2
Real gross domestic product of which:	2.9	2.6	3.4	3.9	3.2	2.9	2.4	1.7	0.8	0.5	0.6	0.5	0.1
Domestic demand	3.6	3.2	2.8	3.5	2.8	2.3	1.6	1.0	0.9	0.2	0.5	0.0	0.3
Private consumption	3.0	3.2	2.6	3.3	2.5	1.9	2.0	1.6	0.8	0.1	0.2	0.8	0.4
Government consumption	1.2	2.1	1.9	2.2	1.6	1.6	1.7	1.5	0.3	0.1	0.7	0.6	0.2
Gross fixed capital formation	5.2	5.5	4.5	5.0	4.3	3.2	1.8	0.4	1.0	1.0	-0.3	0.1	-0.4
Changes in inventories ^{3) 4)}	0.5	-0.2	0.0	0.0	0.1	0.2	-0.3	-0.4	0.2	-0.2	0.2	-0.6	0.2
Net exports ³⁾	-0.6	-0.5	0.6	0.5	0.5	0.6	0.9	0.7	-0.1	0.3	0.2	0.5	-0.2
Exports ⁵⁾	7.2	5.2	12.1	12.2	12.1	11.6	8.7	5.1	2.7	3.1	2.6	0.2	-0.8
Imports ⁵⁾	9.9	7.2	10.8	11.3	11.2	10.5	6.6	3.2	3.0	2.4	2.3	-1.2	-0.2
Real gross value added:													
Agriculture and fishing ⁶⁾	1.4	2.2	0.2	0.0	0.7	-0.4	0.3	0.0	0.1	1.4	0.0	-1.2	-0.3
Industry	2.6	1.1	4.1	4.5	3.9	3.5	2.6	0.7	0.6	0.6	0.5	0.9	-1.3
Services	3.1	3.1	3.5	3.8	3.3	3.3	2.9	2.5	0.9	0.6	0.8	0.6	0.5

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.

Table 4**Industrial production in the euro area**

(annual percentage changes, unless otherwise indicated)

	1999	2000	2001 June	2001 July	2001 Aug.	2001 June	2001 July	2001 Aug.	2001 Mar.	2001 Apr.	2001 May	2001 June	2001 July
						month-on-month			three-month moving averages				
Total industry excl. construction by main industrial groupings:	2.0	5.4	1.8	-1.3	0.4	0.8	-1.4	1.2	-0.5	-1.0	-0.9	-0.9	-0.2
Total indus. excl. construction and energy ¹⁾	1.8	5.6	1.5	-2.0	0.2	0.8	-1.4	2.7	-0.9	-1.8	-1.3	-1.2	0.2
Intermediate goods	1.5	5.8	0.3	-2.5	-2.2	0.6	-1.1	0.5	-1.6	-2.2	-1.6	-1.2	-0.4
Capital goods	2.4	8.4	3.1	-2.2	2.5	0.8	-1.7	2.4	-0.3	-1.2	-1.1	-0.8	0.2
Consumer goods	1.7	2.3	1.4	-1.0	1.3	0.2	-0.6	0.7	-0.1	-0.5	-0.3	-0.5	-0.1
Durable consumer goods	1.4	5.8	0.4	-6.5	1.3	0.2	-2.8	3.6	-1.4	-1.8	-1.3	-2.0	-1.2
Non-durable consumer goods	1.7	1.6	1.6	0.1	1.3	0.3	-0.1	0.1	0.1	-0.2	-0.1	-0.1	0.1
Energy	1.6	1.5	2.4	1.4	2.4	-0.1	-0.1	-0.3	0.9	0.8	1.6	1.1	0.7
Manufacturing	2.0	5.8	1.8	-2.0	0.3	1.1	-1.8	1.3	-0.5	-1.3	-1.1	-1.2	-0.3

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.

Indeed, the same pattern can be seen in manufacturing production, which decreased by 0.3% in the three-month period up to August, compared with a decline of 1.1% in the second quarter. As for developments in the main sectors of manufacturing, in comparison with the preceding three-month period, production growth in the capital goods sector turned positive (0.2%) in the three-month period up to August for the first time since February this year. In the same period, production was still declining in the intermediate and consumer goods sectors by 0.4% and 0.1% respectively, but at a slower rate than in the second quarter when production in these two sectors declined by 1.6% and 0.3% respectively.

Decline in confidence reflected the impact of the terrorist attacks in the United States

Confidence indicators for the manufacturing industry declined sharply after the terrorist attacks in the United States. Euro area industrial confidence, as reported in the European Commission's Business Survey, fell sharply in October 2001, adding further to the decline recorded in September (see

Table 5). These results must be interpreted with particular caution given the difficulties businesses face in terms of assessing the impact of the terrorist attacks in the United States on the euro area economy, so shortly after the event. Referring to the questions of the survey which relate to actual developments rather than expectations, in particular the decline in the assessment of order books, industrial activity in the euro area would seem to have been affected in recent weeks. This is also indicated by the strong decline recorded in the Purchasing Managers' Index (PMI) for the euro area manufacturing sector in October 2001, which came after an already sharp decline in September (see Chart 15). The questions in this survey refer to a comparison of the actual situation in the current month with that in the previous month and not to expected developments. The survey results should therefore be less affected by the high uncertainty in the aftermath of the attacks. It remains to be seen whether a reduction of the high uncertainty will lead to an unwinding of the sharp reactions in business confidence or whether actual activity will indeed be negatively affected over a more prolonged period.

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

	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 May	2001 June	2001 July	2001 Aug.	2001 Sep.	2001 Oct.
Economic sentiment index ¹⁾	2.3	-0.2	2.6	0.0	-0.5	-1.3	-1.3	-0.5	-0.5	-0.5	-0.5	-0.1	-1.0
Consumer confidence indicator ²⁾	6	7	12	12	12	9	3	9	8	5	3	2	1
Industrial confidence indicator ²⁾	6	-1	11	12	8	2	-2	2	0	-1	-2	-4	-9
Construction confidence indicator ²⁾	0	12	18	20	19	17	14	18	16	14	13	15	12
Retail confidence indicator ²⁾	3	0	5	2	3	-1	-1	-2	-2	1	-3	-1	-4
Business climate indicator ³⁾	0.7	-0.1	1.3	1.3	0.9	0.1	-0.5	0.1	0.0	-0.4	-0.5	-0.6	-1.1
Capacity utilisation (%) ⁴⁾	83.4	82.5	84.3	84.5	84.1	83.3	82.5	-	-	83.0	-	-	81.9

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

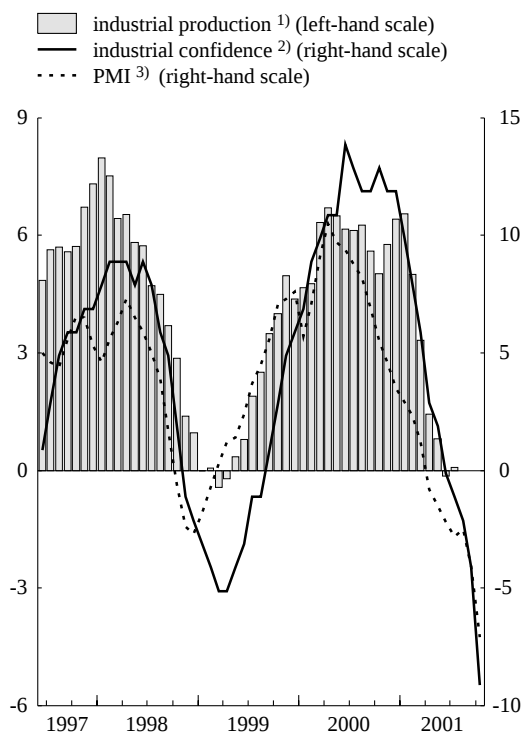
Note: Data refer to the Euro 12 (including periods prior to 2001).

1) Percentage changes compared with the previous period.

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

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

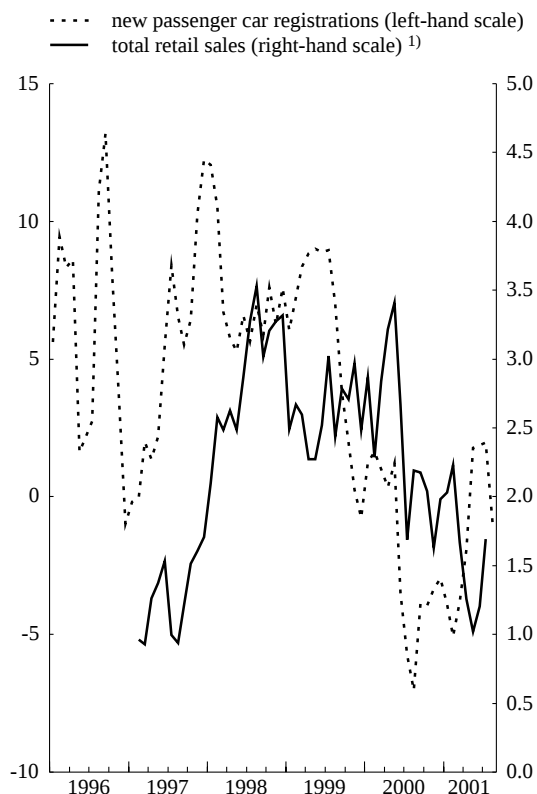
1) Manufacturing; annual percentage changes in three-month moving averages; working day adjusted data.

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.

As regards the more volatile construction and retail confidence indicators, developments may best be observed on a three-month average basis. Confidence in the construction sector was lower in the three-month period up to October 2001 than in the third quarter, mainly reflecting a deterioration in the assessment of order books and current activity. In the retail trade sector confidence was slightly lower in the three-month period up to October compared with the third quarter, mainly on account of business expectations for activity in the sector. However, this was partly offset by an improvement in employment expectations in the retail trade sector.

Consumer confidence as measured by the European Commission decreased further in October, although to a limited extent compared with business confidence. The decline is accounted for entirely by the indicators relating to the general situation, i.e. expectations about the general economic situation and the level of unemployment. By contrast, households' expectations with regard to their financial situation and their ability to save increased slightly. In the past, the questions relating to consumers' own financial situation have generally shown a higher correlation with consumption growth than the questions relating to the general economic situation.

Chart 16**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.

The data on retail sales and new passenger car registrations suggest some resilience in real private consumption growth during the summer. The volume of retail sales increased by 0.3% month-on-month in August, unchanged compared with the corresponding increase in July. In the three-month period up to August, retail sales increased by 0.4% against the three-month period up to May, compared with a quarter-on-quarter growth rate of 0.1% in the second quarter. In year-on-year terms the volume of retail sales increased by 1.6% in the three-month period up to August, compared with 1.0% in the second quarter and 2.3% in the first quarter (see Chart 16). In September 2001 new passenger car registrations were almost unchanged from the previous month, thereby giving no indication so far of an impact of the terrorist attacks in the United States on euro area consumption. In the third quarter euro area new passenger car registrations weakened, decreasing by 5.9% quarter-on-quarter, after an increase of 6.5% in the second quarter. Year-on-year, new passenger car registrations decreased by 1.2% in the third quarter.

High uncertainty as regards short-term prospects

At the current stage the impact of the terrorist attacks of September and the ensuing international developments have considerably heightened the degree of uncertainty. This entails a clear risk that activity, at least in the fourth quarter of 2001, will be affected negatively, thereby delaying

the recovery in GDP growth. However, the expected further decline in inflation, the impact of tax reductions in several euro area countries and favourable financing conditions all suggest that a recovery should take place in the euro area in the course of next year. The economic fundamentals of the euro area are sound and there are no major imbalances which would require a more prolonged period of adjustment.

Unemployment remained unchanged at 8.3% in September 2001

The standardised rate of unemployment for the euro area remained unchanged at 8.3% in September (see Table 6). The number of unemployed increased slightly by just under 4,000. Following the recent slowdown in GDP growth, the unemployment rate stabilised during the first three quarters of 2001, after the steady decline observed since 1997 (see Chart 17). While the average decline in the number of unemployed reached 124,000 per month in the second quarter of 2000, the decline has continued to decrease since then (to an average of 11,000 per month in the third quarter of 2001).

The breakdown by age shows no change in the unemployment rates for September. The rate for those under the age of 25 stood at 16.4% and for those aged 25 and above at 7.3%. In absolute terms, the number of unemployed under the age of 25 continued to decline in September, while the number of unemployed aged 25 and above rose by 12,000.

Table 6
Unemployment in the euro area
(as a percentage of the labour force; seasonally adjusted)

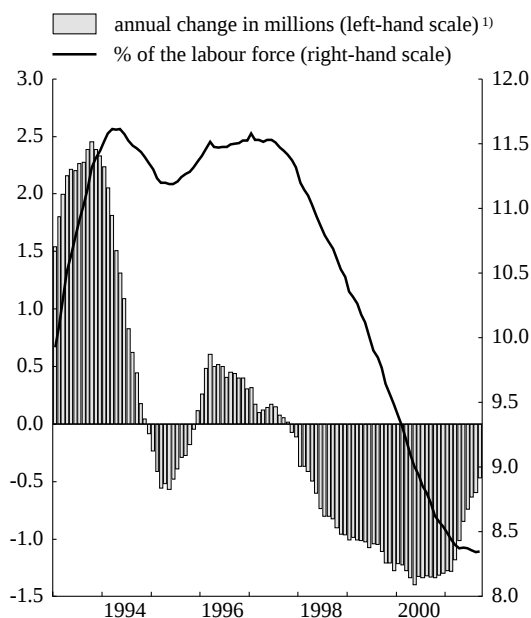
	1998	1999	2000	2000 Q4	2001 Q1	2001 Q2	2001 Q3	2001 Apr.	2001 May	2001 June	2001 July	2001 Aug.	2001 Sep.
Total	10.8	10.0	8.9	8.6	8.4	8.4	8.3	8.4	8.4	8.4	8.4	8.3	8.3
Under 25 years ¹⁾	21.5	19.5	17.5	16.8	16.5	16.5	16.4	16.5	16.5	16.5	16.5	16.4	16.4
25 years and over	9.3	8.6	7.8	7.5	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3	7.3

Source: Eurostat.

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

1) In 2000 this category represented 23.6% of total unemployment.

Chart 17
Unemployment in the euro area
(monthly data)



Source: Eurostat.

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

1) Annual changes are not seasonally adjusted.

Clear slowdown in employment growth in the services sector during the first half of 2001

National accounts employment data confirm previous expectations of a slowdown in euro area total employment growth, from 0.4% quarter-on-quarter in the first quarter of 2001 to 0.2% in the second quarter (see Table 7). This is the lowest growth rate since the first quarter of 1997. The decline in employment growth is also reflected in the annual growth rates, which fell from an average of 2.1% in the period from the first quarter of 2000 to the first quarter of 2001 to 1.5% in the second quarter of 2001.

The slowdown in total employment growth over the first half of 2001 appears somewhat stronger than that observed in the course of 1999. This is mainly explained by a rather sharp reduction in employment growth in the services sector, which experienced a continued strong expansion in employment between 1998 and 2000. In line with the resilience of private consumption growth, growth in services sector employment was

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

	1998	1999	2000	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2	2000 Q2	2000 Q3	2000 Q4	2001 Q1	2001 Q2
									Quarterly rates ¹⁾				
Whole economy	1.6	1.7	2.1	2.1	2.1	2.2	2.0	1.5	0.6	0.4	0.6	0.4	0.2
of which:													
Agriculture and fishing ²⁾	-1.4	-3.0	-1.4	-1.7	-1.6	-0.7	0.0	-0.6	-0.2	-0.4	0.2	0.4	-0.8
Industry	1.0	0.3	1.0	1.1	1.0	1.3	1.3	0.8	0.4	0.3	0.4	0.2	-0.1
Excluding construction	1.1	0.0	0.8	0.8	1.0	1.3	1.3	0.6	0.5	0.3	0.4	0.2	-0.2
Construction	0.3	1.0	1.5	1.4	0.9	1.4	1.1	1.3	0.0	0.2	0.8	0.1	0.2
Services	2.2	2.6	2.8	2.9	2.8	2.8	2.5	2.0	0.8	0.6	0.6	0.4	0.3
Trade and transport ³⁾	1.7	2.3	2.8	3.1	2.7	2.7	2.1	1.5	0.6	0.6	0.6	0.2	0.1
Finance and business ⁴⁾	5.0	5.5	5.9	6.1	6.1	5.5	5.0	4.1	1.6	1.2	1.0	1.1	0.8
Public administration ⁵⁾	1.3	1.4	1.3	1.2	1.3	1.6	1.7	1.4	0.6	0.2	0.5	0.4	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.

only marginally affected by the economic slowdown in 1998 and 1999; reacting with some lag, it remained above 0.6% quarter-on-quarter on average in 1999. During the first half of 2001, however, employment growth in services fell from an average of 0.7% recorded in 2000 to 0.3% in the second quarter of this year. This decline suggests that employment growth in the first half of 2001 reflected the weak growth in private consumption, in particular in the second half of 2000.

Within the services sector, the sub-sector including trade, transport and communication appears to have contributed most to the reduction in employment growth over the first half of 2001. Employment growth in the sub-sector including financial and business services, while experiencing a significant slowdown during the same period, remained substantially higher than the average growth rates in the services sector.

Turning to the industrial sector, employment growth in total industry became slightly negative in quarter-on-quarter terms in the second quarter of 2001 for the first time in two years, mainly reflecting a decline in employment recorded in industry excluding construction. This development confirms the picture provided by deteriorating employment expectations from business surveys in manufacturing and is consistent with the expected delayed reaction of manufacturing employment growth to developments in economic activity. Employment growth in construction, however, maintained a positive quarter-on-quarter growth rate, partly offsetting the negative developments in manufacturing employment. The results of the latest surveys point, on average, to a continuation of the decline in total employment growth in the coming months.

4 Exchange rate and balance of payments developments

Foreign exchange markets were calm in October and early November

In October and early November, the foreign exchange markets were only partially affected by data releases indicating a deterioration of economic conditions in all major economic regions. While uncertainty remained as to the relative extent to which individual areas would be affected, there were signs that the rise in risk aversion that had weighed on the US dollar in the aftermath of the terrorist attacks in the United States had subsided.

In the first three weeks of October, the US dollar strengthened amid decreasing market uncertainty. Later in the month, though, it began to depreciate again – following the release of data – which may have undermined market confidence in the possibility of a rapid recovery in the US economy. Overall, the euro declined against the US dollar for most of October. It strengthened somewhat and stabilised at the end of the month and in

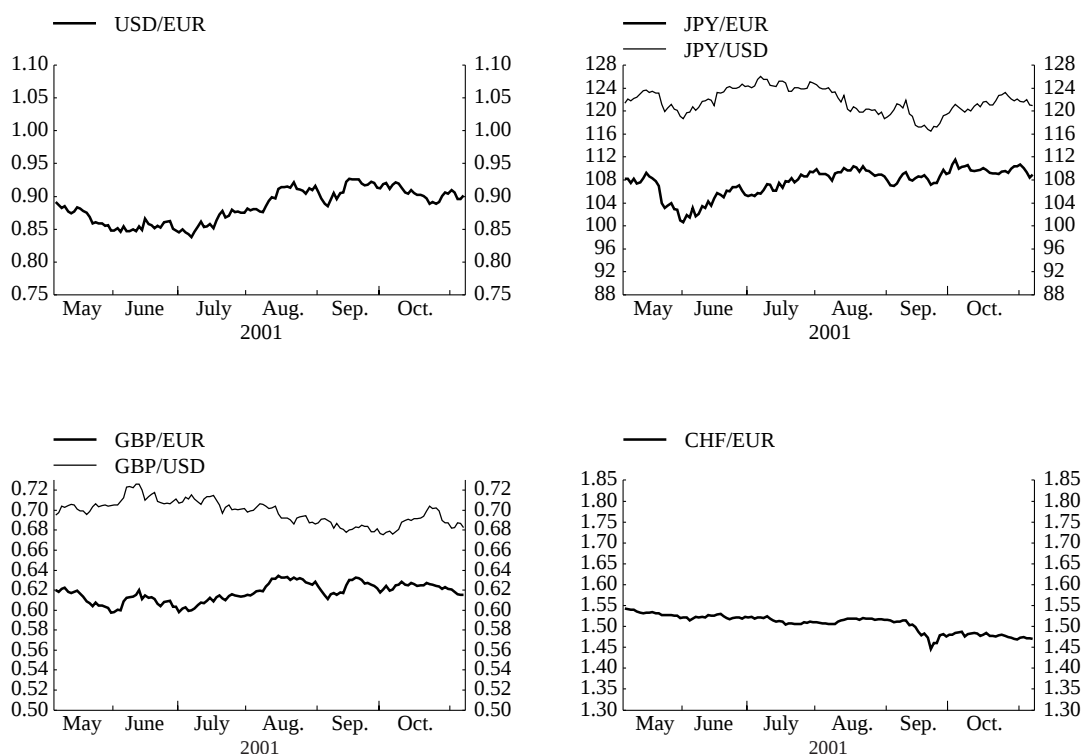
early November following negative readings on consumer and business confidence and a contraction of real GDP in the third quarter of 2001 in the United States. Against the background of further signs of an economic downturn in the United States, the Federal Reserve System decided at its regular Federal Open Market Committee (FOMC) meeting on 6 November to lower its target for the federal funds rate by 50 basis points to 2%. This decision, which was widely expected, had no significant impact on the foreign exchange markets. On 7 November, the euro was quoted at USD 0.90 (see Chart 18), more than 1% lower than at the end of September and almost 2½% below its average value in 2000.

Against the background of deteriorating business conditions in Japan, as evidenced by a rise in unemployment and the release of pessimistic projections for GDP growth, the Japanese yen depreciated vis-à-vis the US dollar for most of October. However, it remained

Chart 18

Patterns in exchange rates

(daily data)



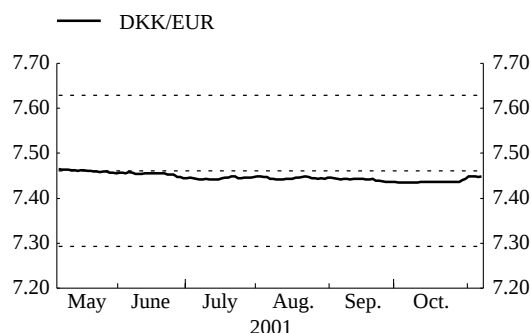
Source: ECB.

broadly stable against the euro and other major currencies. On 7 November, the yen was quoted at JPY 120.9 against the US dollar, more than 1% below its level at the end of September. The exchange rate of the euro vis-à-vis the yen was roughly unchanged compared with the end of September, standing on 7 November at JPY 109, which is more than 9½% above its average level in 2000.

The pound sterling remained broadly stable vis-à-vis the euro, while it initially depreciated against the US dollar before rebounding in the last week of October. The overall stability of the pound sterling was supported mainly by data releases showing more resilient growth in the United Kingdom than in other G7 countries. These were interpreted as a sign that the UK economy might be less affected than other major economies by the global slowdown, despite declining business confidence and deteriorating employment

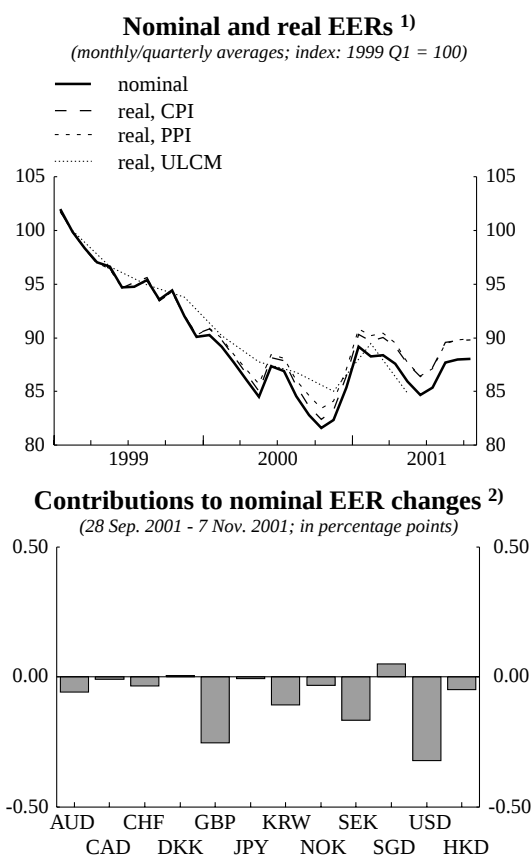
conditions in the export sector. On 7 November, the euro was quoted against the pound sterling at roughly 1% lower than at the end of September, trading at GBP 0.62, i.e. about 1% above its 2000 average.

As regards other European currencies, the Danish krone continued to fluctuate in a narrow range below its central parity in ERM II (see Chart 19). The euro has depreciated by more than 2½% vis-à-vis the Swedish krona since the end of September, but on 7 November it was still trading against the Swedish currency at a level about 12% above its average in 2000. The Swiss franc lost part of the gains it had accumulated in September, amid the easing global risk aversion and a consequent decline in “safe haven” inflows. On 7 November, the euro traded against the Swiss franc at CHF 1.47, roughly the same level as at the end of September.

Chart 19**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 20**Effective euro exchange rates**

Source: ECB.

1) An upward movement of the index represents an appreciation of the euro. The latest observations are for October 2001 or, in the case of the ULCM-based real EERs, Q2 2001.

2) Changes are calculated using trade weights against 12 major partner currencies.

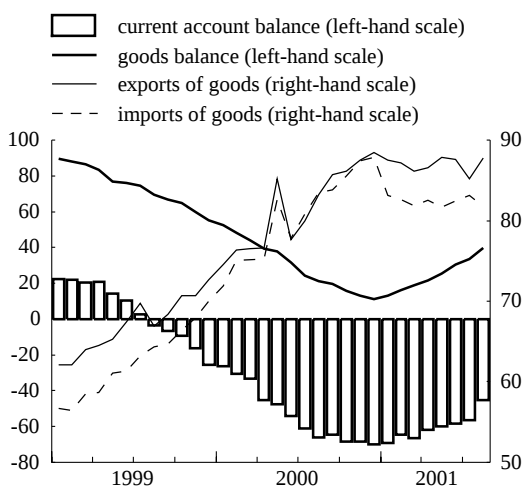
The nominal effective exchange rate of the euro, as measured against the currencies of the 12 most important trading partners of the euro area, was on 7 November 1% lower than at the end of September, and almost 2% above its average level in 2000. In real terms, movements in CPI, PPI and ULCM-deflated effective exchange rates continued to follow the trend of the nominal index fairly closely (see Chart 20).

Current account surplus in August 2001

The euro area current account recorded a surplus of €4.2 billion in August 2001, compared with a deficit of €6.3 billion in the same month of last year. This was mainly due to an increase in the goods surplus (from €0.2 billion to €6.0 billion), combined with a shift in the income account from a deficit of €1.5 billion to a surplus of €0.3 billion and a decrease in the deficit for current transfers (from €5.5 billion to €2.9 billion). Meanwhile, the surplus on services remained virtually unchanged. In the first eight months of 2001, the cumulated current account deficit declined to €21.8 billion from a deficit of €45.6 billion for the same period last year.

Seasonally adjusted data show that the 12-month cumulated current account balance had turned from a surplus into a deficit by the end of 1999 and has since remained in negative territory (see Chart 21). In early 2001, however, the current account deficit began to decline in line with the increase in the cumulated goods surplus. The latter has resulted mainly from the decline in import values since the end of last year, given that export values have remained relatively flat over the same period. A significant increase in the income deficit – largely due to a deceleration in the growth of income receipts from the beginning of this year (in turn seemingly associated with the downturn in world activity) – only partially offset the rise in the goods surplus.

Seasonally adjusted import unit value and volume indices (see Table 9 in the “Euro area

Chart 2 I**Euro area current account, goods balance and exports and imports of goods¹⁾***(EUR billions; seasonally adjusted)*

Source: ECB.

1) Data refer to Euro 12. Balances are cumulated over 12 months.

statistics” section) show that the decline in import values compared with the end of 2000 is due to both lower import unit values and a decline in import volumes. The former development is mostly accounted for by the decline in oil prices, while the latter stems from lower euro area demand in the course of this year.

Continued net inflows of combined direct and portfolio investment in August 2001

For the third consecutive month, the euro area registered a combined net inflow of direct and portfolio investment in August 2001, totalling €11.9 billion. This is attributable to net portfolio investment inflows of €17.8 billion, more than offsetting net direct investment outflows of €6.0 billion.

The net inflows in the portfolio investment account mainly reflected net inflows of €12.7 billion in equity portfolio investment. However, debt instruments also registered

net inflows of €5.1 billion, which are in turn reflected in net inflows both in bonds and notes and in money market instruments. The net outflows in the direct investment account are largely due to net outflows of €4.9 billion in “other capital, mostly inter-company loans”, while equity direct investment recorded net outflows of €1.1 billion.

In more detail, the combined net inflows in the financial account in August are a result of direct and portfolio investment by non-residents. This account recorded net inflows of €6.2 billion and €35.9 billion respectively. In parallel, euro area residents’ investment abroad was limited compared with previous months. Direct and portfolio investment of euro area residents still registered net outflows of €12.2 billion and €18.0 billion respectively.

In the first eight months of 2001, the euro area recorded a combined net outflow of €81.2 billion in direct and portfolio investment, which is higher than the net outflow of €51.9 billion recorded during the same period in 2000. The data for August 2001 confirm the change in the pattern of capital flows in 2001. Net direct investment inflows of €61.8 billion between January and August 2000 turned into net outflows of €89.9 billion in the corresponding period in 2001. By contrast, net portfolio investment outflows of €113.7 billion in the first eight months of 2000 became net inflows of €8.7 billion in the same period in 2001. It may be worth recalling, however, that the significant net inflows in direct investment and the large net outflows in portfolio investment in the first eight months of 2000 were influenced substantially by a company merger, settled via an exchange of shares. This transaction was recorded as direct investment in the euro area and as a portfolio equity outflow from the euro area. A further relevant development in the financial account data for the first eight months of 2001 is that equity portfolio investment has been recording net inflows since May 2001 after registering net outflows for most of 2000.

Revised data for the euro area balance of payments for 1997-2000 and the first half of 2001

Owing to some improvements in the compilation methods and the receipt of additional information from reporting agents, euro area balance of payments statistics were

revised for the 1997-2000 period and for the first half of 2001.

Data revisions increased the reported current account deficit by €12.5 billion for 1999, €25.1 billion for 2000 and €10.7 billion for the first half of 2001. This larger current account deficit resulted primarily from a

Table 8
Balance of payments of the euro area
(EUR billions; not seasonally adjusted)

	2000 Jan. - Aug.	2000 Aug.	2001 Jan. - Aug.	2001 June	2001 July	2001 Aug.
Current account balance	-45.6	-6.3	-21.8	-1.6	-4.1	4.2
Credits	1024.8	127.6	1137.4	147.3	147.9	133.4
Debits	1070.4	133.9	1159.2	148.9	152.0	129.2
Goods balance	7.8	0.2	35.0	8.1	8.5	6.0
Exports	619.1	76.7	686.6	89.5	90.0	80.9
Imports	611.3	76.5	651.6	81.4	81.6	74.9
Services balance	-2.1	0.5	2.9	1.9	0.9	0.8
Exports	188.7	26.6	207.2	28.1	28.6	27.7
Imports	190.8	26.1	204.4	26.2	27.7	26.9
Income balance	-21.7	-1.5	-32.5	-4.4	-8.1	0.3
Current transfers balance	-29.6	-5.5	-27.2	-7.3	-5.4	-2.9
Capital account balance	7.3	0.3	7.5	0.9	0.4	0.6
Financial account balance	79.8	6.2	8.6	-14.0	-12.0	0.3
Direct investment	61.8	-37.1	-89.9	-10.4	7.2	-6.0
Abroad	-244.0	-52.2	-161.8	-20.3	-6.0	-12.2
Equity capital and reinvested earnings	-191.3	-57.9	-103.8	-9.3	-11.8	-5.6
Other capital, mostly inter-company loans	-52.6	5.7	-58.0	-11.1	5.8	-6.6
In the euro area	305.8	15.0	71.9	10.0	13.2	6.2
Equity capital and reinvested earnings	258.2	4.8	56.0	3.4	5.4	4.5
Other capital, mostly inter-company loans	47.6	10.2	15.9	6.5	7.8	1.7
Portfolio investment	-113.7	17.4	8.7	32.2	1.6	17.8
Equities	-217.9	4.2	78.8	30.1	4.4	12.7
Assets	-217.9	-20.7	-76.9	-10.8	-8.4	-2.6
Liabilities	0.0	24.8	155.8	40.9	12.8	15.3
Debt instruments	104.2	13.3	-70.1	2.1	-2.8	5.1
Assets	-72.6	-5.1	-107.9	-15.0	-4.0	-15.4
Liabilities	176.7	18.3	37.8	17.1	1.2	20.5
Memo item:						
Combined net direct and portfolio investment	-51.9	-19.7	-81.2	21.8	8.8	11.9
Financial derivatives	5.2	-0.4	-9.9	-5.0	-4.8	-3.1
Other investment	123.2	25.4	83.6	-29.9	-16.0	-12.6
Reserve assets	3.3	0.9	16.1	-0.8	-0.0	4.1
Errors and omissions	-41.5	-0.1	5.7	14.8	15.7	-5.1

Source: ECB.

Notes: Figures may not add up due to rounding. For the financial account, a positive sign indicates an inflow, a negative sign an outflow; for reserve assets, a negative sign indicates an increase, a positive sign a decrease. A detailed set of tables on Euro 12 balance of payments data can be found in the "Past data for selected economic indicators for the euro area plus Greece" part of the "Euro area statistics" section of this issue of the ECB Monthly Bulletin and on the ECB's website.

lower goods surplus and a higher income deficit than previously reported. The goods surplus was revised downwards by €7.8 billion for 1999, €16.6 billion for 2000 and €5.7 billion for the first half of 2001, while the income deficit was revised upwards by €3.3 billion for 1999, €6.5 billion for 2000 and €7.4 billion for the first half of 2001. Overall, after revisions, the current account deficits for 1999, 2000 and the first half of 2001 are now €26.3 billion, €70.1 billion and €21.8 billion respectively. There were also some minor revisions to the current account for 1997 and 1998.

Data revisions in the euro area financial account resulted in some substantial adjustments to the direct investment account for 2000. Instead of net outflows of €25.2 billion, as reported previously, the euro area recorded net inflows of €15.2 billion in this account in 2000. For the last quarter of that year, net direct investment outflows were revised downwards from €58.9 billion to €14.1 billion. For the first and second quarters of 2001, by contrast, there were no major revisions to the financial account data, except for May 2001 for which net portfolio investment inflows were revised downwards from €24.9 billion to €16.0 billion.

The information content of composite indicators of the euro area business cycle

A number of public and private institutions have constructed composite indicators of the euro area business cycle. Composite indicators combine a variety of individual economic variables into a single indicator. The institutions use such indicators to summarise information on general developments in economic activity that stem from different sources, to identify turning points in the business cycle and, sometimes, to make short-term forecasts of growth in economic activity. This article briefly illustrates the techniques commonly used for constructing composite indicators and, in particular, assesses the information content of such indicators with regard to the euro area business cycle. The article concludes that, although composite indicators might be used as an additional tool for conjunctural analysis, they cannot replace a thorough assessment of individual indicators of cyclical developments. In particular, composite indicators, by construction, hide the pattern of individual variables which provide essential information as regards the driving factors behind developments in activity. A detailed analysis of individual indicators is therefore necessary for an in-depth assessment of current developments in, and short-term prospects of, economic activity.

I Introduction

Under its monetary policy strategy, the ECB analyses a broad range of indicators to assess the outlook for future price developments. Analysis of conjunctural developments plays an important role in this assessment. In this context, it might also be useful to consider composite indicators of the euro area business cycle as one additional input to the analysis. A number of public and private institutions have developed such indicators. These institutions use composite indicators for three different purposes: first, as a summary indicator of the general development in economic activity; second, as a tool for identifying turning points in the business cycle; and, third, as a device for making short-term forecasts of economic growth.

However, by construction, composite indicators are not a substitute for a more thorough analysis of individual indicators of

developments in economic activity. In contrast to macro-econometric models, they do not appeal strongly to theoretical relationships and are therefore not suitable for scenario analysis and the assessment of medium to long-term prospects. Moreover, being summary indicators, composite indicators conceal the specific pattern of individual variables which must be analysed in order to obtain a more complete insight into the driving factors behind current and short-term changes in economic activity and thereby into likely developments in a more medium-term perspective.

In the light of these considerations, this article first describes the methods commonly used by public and private institutions for constructing composite indicators. Thereafter, the potential information content of composite indicators with regard to the euro area business cycle is examined.

2 Defining the business cycle

Composite indicators refer to developments in the business cycle. Commonly, a reference business cycle is used to assess the properties of a particular composite indicator. However, no general agreement exists with respect to which series should be chosen as representative of the business cycle. The first

question to be addressed is thus: what could be defined as the reference business cycle?

Business cycles may be defined as broad-based recurrent medium-term fluctuations in economic activity. In principle, a range of indicators can be taken into account when

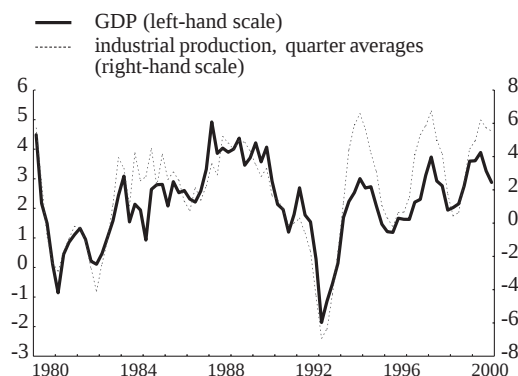
identifying the business cycle, including variables such as employment, income and trade as well as output. However, within the framework of composite indicator analysis, attention is usually limited to the volume of industrial production or to real GDP as reference series. Industrial production data have the advantage of being available on a monthly rather than a quarterly basis. Industrial production, however, accounts for only about a quarter of the total economy in the euro area. GDP, on the other hand, is a more comprehensive variable and therefore ultimately more relevant for analysing economy-wide fluctuations. As is shown below, the choice between euro area industrial production and GDP may not be decisive, as the cyclical patterns of the two series have been very similar. For the purpose of this article, data on both GDP and industrial production excluding construction (henceforth referred to as “industrial production”) for the euro area as a whole have been used. The sample is limited to the period from 1980 to 2000, as statistics are not generally available for earlier years.

In practice, in the context of composite indicators, actual year-on-year growth rates in the reference series rather than estimates of the business cycle derived from statistical or econometric methods are most often used for making inferences about recent cyclical developments. Quarter-on-quarter growth rates normally signal cyclical changes in a more timely manner than year-on-year growth rates. However, the larger volatility

Chart I

Euro area GDP and industrial production

(year-on-year growth)



Sources: Eurostat and ECB calculations.

of quarter-on-quarter growth rates makes them more difficult to track by composite indicators, which might explain the focus on year-on-year growth rates. This implies that a more detailed analysis is warranted for assessing cyclical changes in a more timely manner. For the dating of (historical) turning points, more rigorous methods are normally applied to determine the cycle (see also Box I “Determination of the reference business cycle”). Chart I shows that developments in the growth of GDP and industrial production in the euro area appear highly synchronised. However, the relative sizes of peaks and troughs in GDP and those in industrial production have varied in the past, depending in particular on the nature of the shock at the origin of the cyclical developments.

Box I

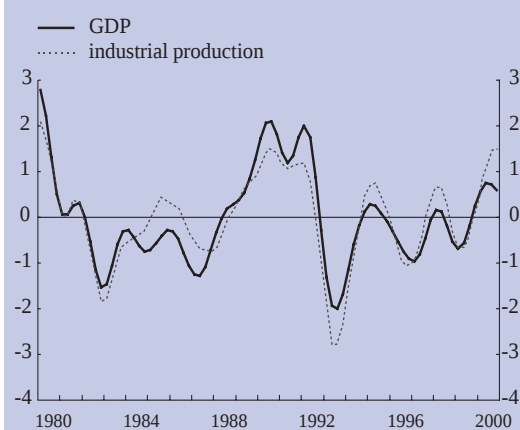
Determination of the reference business cycle

‘The’ business cycle is a theoretical concept, with no commonly agreed upon empirical identification method. Time series of aggregate economic activity may be decomposed into four components: a trend, a cycle, seasonal fluctuations, and an irregular term. The cycle is found by elimination of the seasonal component, the trend, and the irregular term. As these different components are not directly observable, they will vary with the method of decomposition used. Often, however, it is found that the results of composite indicator analysis do not depend decisively on the method chosen to determine the cycle in the reference series.

Among the different possible decomposition methods, the “band-pass filter”, as proposed by Baxter and King¹, has been applied in this box. The band-pass filter eliminates a very slow-moving trend component and very high-frequency (irregular and seasonal) components, i.e. only fluctuations within a specific frequency band are retained and are considered as corresponding to the cyclical developments. Following the standard approach, the band is defined as follows: the minimum duration of the business cycle is imposed as 18 months (6 quarters), so as to eliminate irregular and seasonal components, while fluctuations longer than 96 months (32 quarters) are attributed to long-term trend changes. The turning points in the cyclical pattern of the reference index are determined with the commonly applied method developed by Bry and Boschan.² This method was initially devised for monthly data and has been adapted for the quarterly series on GDP. It essentially smoothes the cyclical component of a series and discards spurious cycles on the basis of rules regarding the minimum duration of the cycle. The chart and table below show the business fluctuations and the associated turning points determined using the above-mentioned methods.

Euro area business cycle fluctuations

(de-trended series, normalised data)



Sources: Eurostat and ECB calculations.

Turning points

(determined by Bry and Boschan algorithm)

	Industrial production	GDP
Trough:	December 1982	1982 Q4
Peak:	-	1984 Q1
Trough:	-	1984 Q4
Peak:	August 1985	1985 Q4
Trough:	October 1987	1987 Q2
Peak:	August 1990	1990 Q3
Trough:	-	1991 Q2
Peak:	-	1992 Q1
Trough:	June 1993	1993 Q3
Peak:	April 1995	1995 Q1
Trough:	November 1996	1997 Q1
Peak:	February 1998	1998 Q1
Trough:	November 1999	1999 Q1
Peak:	August 2000	2000 Q2

There is, however, one major drawback to using de-trended series as reference series. Whatever the technical method chosen, the estimation of the cyclical component is less reliable towards the end of the sample period. Data both before and after a given date are needed to estimate the components at this particular date. This poses problems at the beginning and at the end of a series. One possible solution is to discard estimates of the business cycles at the beginning and the end of the sample. However, analysts are usually interested in the most recent developments. The common way of dealing with this problem is to extend the original series backwards and forwards by way of estimation and forecasting. This, however, implies that the estimated cycle at the end of the series is subject to revisions as new information becomes available which may differ from the forecast values, a major drawback for practical purposes. Therefore, de-trending methods are best suited for analysis of historical cyclical developments. For composite indicators, where the focus is on the most recent developments, actual growth rates are often used to remove the upward trend movement and extract cyclical variations. The implicit underlying assumption is then that the trend component grows at a constant pace.

¹ Baxter, M. and R. G. King (1999), “Measuring business cycles: approximate band-pass filters for economic time series”, *The Review of Economics and Statistics*, 81(4), pp. 575-93.

² Bry, G. and C. Boschan (1971), “Cyclical analysis of time series: selected procedures and computer programs”, NBER, Technical Paper No. 20.

3 Constructing composite indicators

Composite indicators are constructed by combining a number of series into a single indicator. Composite indicators are said to be “leading” when they provide information about future cyclical developments. When indicators reflect the current situation, they are labelled “coincident” indicators. Several arguments are commonly put forward to defend the use of composite indicators in addition to the analysis of the individual constituents. First, different economic variables sometimes provide different signals as regards current or future growth developments. Different kinds of shocks may cause these divergent patterns as they affect the various sectors of the economy to differing degrees and at different moments in time. Several individual series covering different aspects of the economy might therefore be combined into a composite indicator to provide a summary indicator. A second argument relates to the fact that, statistical effects, such as measurement errors, calendar effects or base effects, may account for the latest readings of various series pointing towards different developments, thereby making an overall assessment more difficult. To the extent that these variations and errors are independent, they would cancel one another out in a composite index, the pattern of which would thus be less erratic and easier to read. Composite indicators might therefore appear a convenient tool at first sight. However, it should be borne in mind that composite indicators, once constructed, aggregate information in a predefined manner. This impairs their usefulness in practice and may be misleading, as specific developments of different economic variables at different moments in time drive overall economic developments. Therefore, summary indicators cannot replace a thorough examination of underlying developments and the analysis of individual indicators remains essential for a reliable assessment of the current and near-future developments.

To compile their composite indicators, public and private institutions generally select a small number of constituent series on the basis of criteria of both a statistical and an economic nature.³ As regards statistical criteria, first, in order to be confident about the relationship between a particular variable and the business cycle, sufficiently long time series are needed. Second, time series should be subject to as small revisions as possible. Large revisions are detrimental to indicators, as early estimates cannot be relied upon. Third, limited volatility is important, so as to avoid false signals from the latest readings. Fourth, timeliness is essential in view of the provision of early information. Candidate indicators must “lead” the reference series, taking into account both econometric lead times and publication schedules. Some series are published well in advance of the reference series, and therefore gain in terms of timeliness.

As regards criteria of an economic nature, it should be noted that constituent series of composite indicators are chosen mainly on empirical grounds, i.e. on the basis of their observed behaviour vis-à-vis the reference series, rather than on the basis of economic theory. However, usually it is required that the leading properties of variables are economically plausible, i.e. only those variables whose observed relationship with the business cycle is in line with economic theory are selected. Constituent series might have leading properties for several reasons. First, candidate series may report developments in factors which have caused

3 In two recent contributions to academic literature on composite indicators, Forni et al. (2000, 2001) propose a new way of computing coincident and leading indicators of economic activity, using a large number of constituent series. However, this method has thus far not been applied by public and private institutions for their published indicators. Forni, M., M. Hallin, M. Lippi and L. Reichlin (2000), “The generalised factor model: identification and estimation”, *The Review of Economics and Statistics* 82(4), pp. 540-554, and (2001), “The generalised factor model: one-sided estimation and forecast”, mimeo.

or influenced upturns and downturns in the past. For instance, large and protracted movements in oil prices have tended, in the past, to have a significant impact on economic activity. In that sense, the indicator approach reflects some of the relationships between economic series which are embedded in macro-economic models. Second, some economic series, such as production orders, refer to the situation at an early stage of the production process of the relevant sector of activity. Third, other variables may reflect expectations about developments in activity. For instance, stock prices are thought to reflect expectations about future profits and to some extent about future economic activity.

When constructing composite indicators, public and private sector institutions typically draw from data sets including survey data of business and consumer confidence, indicators of domestic and foreign economic activity, and monetary and financial variables.

Usually, the selected constituent series are normalised and synchronised. Normalisation adjusts for the fact that not all the basic indicators exhibit cyclical fluctuations of the same amplitude. It thus prevents the selected constituents with stronger fluctuations from unduly dominating the composite indicator. Synchronisation then adjusts for the different leads of the constituents. This causes the indicators to coincide on average, making the cyclical pattern of the composite indicator clearer than it would be without synchronisation. The lead of the composite indicator is restricted to the lead of the constituent series with the shortest lead. Different possibilities may be envisaged to measure the relative leads of the constituent series, and none is invariably superior to the others. Moreover, measured lead times may not be stable over time. Therefore, the choice made on how to synchronise the constituent series is to some extent arbitrary.

The determination of the weights attributed to constituent series in composite indicators does not appeal to economic theory. The

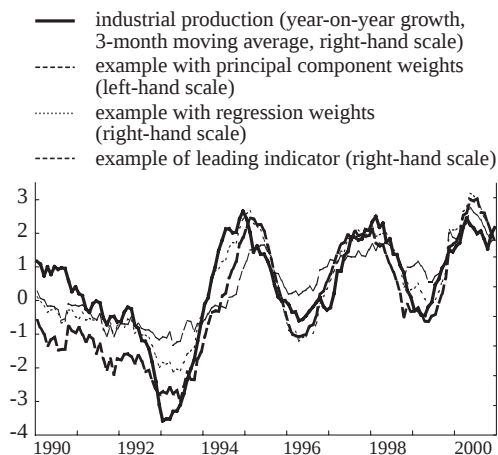
weights can be defined either arbitrarily or on a statistical basis. Two frequently used statistical methods are illustrated here. One method named “principal component analysis” relies on the idea that the fluctuations of each series reflect two elements, namely fluctuations common to the group of variables, on the one hand, and variable-specific developments, on the other. The first part, the so-called first “principal component” can be deemed to represent developments in the business cycle. The smaller the variable-specific component, the higher the weight attributed to one constituent. In this method, weights are attributed on the basis of the behaviour of each individual variable vis-à-vis the group of constituent series, independently of the chosen reference series. By contrast, a second method, “regression analysis”, exploits the behaviour of a single variable vis-à-vis both the group of constituent series and the chosen reference series. With this method, an individual series is given a higher weight if its development more closely reflects those of the reference business cycle. In that sense, regression analysis may be seen as appealing to economic relationships between the reference business cycles and the constituent series, reflecting these to the extent that they are borne out by the data, while principal component analysis is a purely statistical method.

In order to shed some light on the contribution available composite indicators might be able to make to analysing the euro area business cycle, examples of various composite indicators are constructed here, using the standard methodologies described above. The composite indicators draw from a set of constituent series such as those frequently used by public and private institutions. Although data for individual euro area countries are often used as well, since they cover a wider range of variables, the data used here relate to the euro area as a whole. Here, the constituent series comprise: euro area industrial confidence as published in the EC Business Surveys, industrial production in the non-euro area

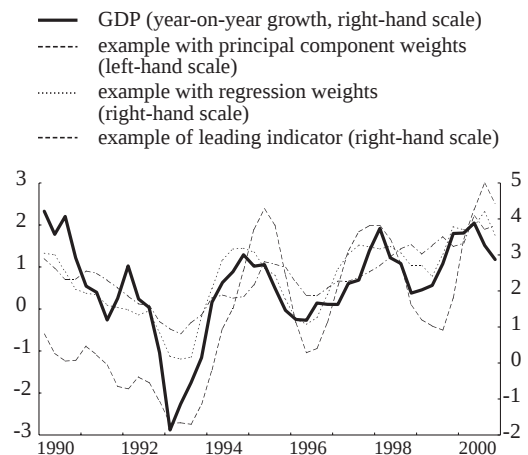
Chart 2

Illustrative composite indicators

Vis-à-vis year-on-year growth in industrial production



Vis-à-vis year-on-year growth in GDP



Sources: Eurostat, OECD and ECB calculations.

OECD countries, the leading indicator published by the OECD for OECD countries outside the euro area, a euro area monetary aggregate in real terms, and a measure of the euro area yield curve. Industrial confidence has a shorter lead than the other series and is thus restricting the lead of any indicator using it. Therefore, some composite indicators which do not include industrial

confidence are also constructed. These combinations are labelled leading indicators, while the composite indicators which include industrial confidence are referred to as examples of coincident indicators. Some examples, after synchronisation with the respective reference series, are shown in Chart 2.

4 Usefulness as a summary indicator

Commonly, the first purpose of a composite indicator is to summarise the information of individual indicators so as to reflect the general development in economic activity. The extent to which a variable reflects the cyclical pattern of the reference series is examined in two ways here, using so-called maximum correlations and Granger causality tests. The results are shown in Table I.

The maximum correlation coefficient refers to the correlation between the reference series and the composite indicator over the whole sample period, with the composite indicator lagged by a number of months or quarters so as to maximise the correlation coefficient. The magnitude of the correlation coefficient indicates how closely the composite indicator concerned follows the

cyclical pattern of the reference index. The indicators constructed with regression weights perform better than the indicators with principal component weights in this test, especially in the case of GDP as a reference cycle. The lead refers to the “effective lead”, i.e. taking into account publication schedules as well as results of correlation analysis. Indeed, constituent series are generally released in a more timely manner than industrial production and GDP data. The value of composite indicators in a given month or quarter can therefore be computed before industrial production and GDP data for this period become available. The examples illustrated here are at least coincident. The results show that the coincident indicators dominate the leading indicators in terms of maximum correlation

Table 1
Correlations and Granger causality

	Maximum correlation over the whole sample	Effective lead	Granger causality
<i>Vis-à-vis year-on-year growth in industrial production</i>			
Coincident	0.8	1-3 months	One way
Leading	0.7	8 months	One way
<i>Vis-à-vis year-on-year growth in GDP</i>			
Coincident	0.6 -0.8	0-1 quarter	One way or not significant
Leading	0.7	5 quarters	One way

Source: ECB calculations.

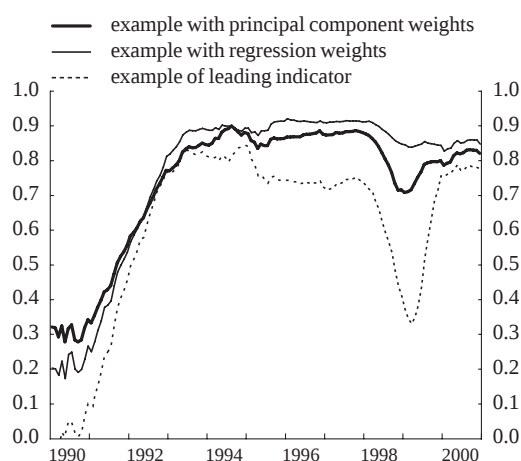
coefficients. This points to the importance of looking at coincident indicators to receive confirmation (or not) of signals given by leading indicators.

Not only is the performance over the entire sample period important, but also the stability of the relationship. In order to test for stability, a rolling correlation may be performed, i.e. a correlation is calculated over a window of specific length (here, a five-year period), rather than over the whole sample, and with the starting date of the window moved by one month or one quarter at a

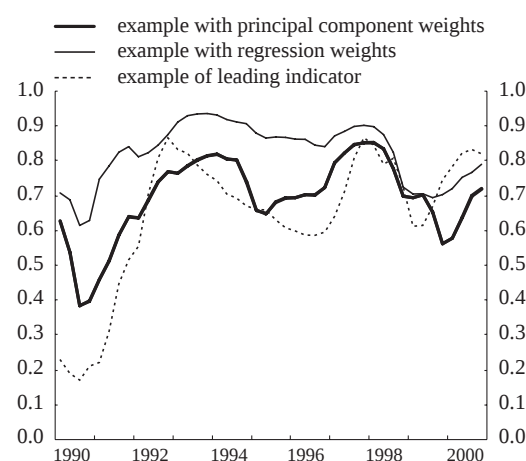
time. The stability in the correlation computed over these five-year time spans is an indication of the stability of the relationship between the composite indicator and the reference series. The results for the example composite indicators used here are shown in Chart 3. There is a clear dip in the moving correlations around 1990. However, during the 1990s as a whole, most indicators appeared to be relatively well behaved, although more so for industrial production than for GDP. Moreover, moving correlations of the coincident indicators are dominating those of the leading indicators, thus

Chart 3
Moving correlation of the composite indicators over five-year windows

Vis-à-vis year-on-year growth in industrial production



Vis-à-vis year-on-year growth in GDP



reinforcing the point made above about the importance of looking at coincident indicators.

A large number of economic variables generally move relatively slowly. This implies that the current and short-term developments in a series can be at least partially inferred from recent developments in the series itself. The Granger causality test assesses whether, in addition to the past values of a reference series, the past values of a composite indicator help to improve predicting the current value of the reference series. This test is performed in two directions, i.e. it is also calculated whether the reference series would help to explain the behaviour of the composite indicators. Ideally, a composite indicator would have predictive power for the reference series and not vice versa. If this is the case, it can be said that changes in a composite indicator precede the

changes in the reference series. Two-way relationships are frequent, however. It should be noted that Granger causality is no real proof of causality. Co-movements are often accounted for by common factors affecting both the reference and the indicator series. It appears that most composite indicators used here help to explain the behaviour of the reference series, whereas the reference series cannot help to explain current developments in the composite indicators.

Overall, it appears that composite indicators may reflect the past general developments in the business cycle. However, the stability of the relationship of the example indicators with the reference cycles has fluctuated strongly over time, casting some doubt on the usefulness of such indicators in actual practice.

5 Detection of turning points

The second objective generally aimed at by composite indicators is the (advance) signalling of turning points in business cycle developments. In order to assess the information value of composite indicators in this respect, it should therefore be examined, first, whether, in the past, turning points were detected in advance of their actual occurrence in the reference series, and, second, whether composite indicators reflected all the turning points in the reference series and did not show extra cycles. In the example composite indicators illustrated here, turning points were determined by the same method as applied to the reference series. It should be noted that, although this method is useful for identifying historical turning points, there is some uncertainty towards the end of the sample. This implies that, in real-time analysis, the technique cannot be primarily relied upon to infer whether the latest data indicate that a turning point has just been reached. For this purpose, while composite indicators potentially provide a first indicative piece of information, thorough further economic

analysis and judgement remain essential. This caveat implies that turning points in economic activity can generally be identified confidently only quite some time after they have actually occurred.

As regards the determination of the leads at turning points, one approach could be to look at the average lead at peaks and troughs. However, given the limited number of turning points and the generally large variance of the lead at different turning points, the observed average lead is not normally a reliable estimate. Alternatively, therefore, a lead profile test⁴ may be used. This test computes the probability that an indicator leads the business cycle at turning points by at least a given number of months or quarters. The method can be applied separately to peaks and troughs, to determine any differences in leads at these points. The leads of the example indicators shown in Table 2 are all

⁴ Banerji, A., "The lead profile and other non-parametric tools to evaluate survey series as leading indicators", 1999 CIRET Conference.

Table 2
Signalling of turning points

	Effective lead at turning points (in months/quarters)	Extra/missed turning points	
	Troughs	Peaks	
<i>Vis-à-vis industrial production</i>			
Coincident	0-4	2-5	Generally none
Leading	10	8	None
<i>Vis-à-vis GDP</i>			
Coincident	0-1	0-1	Some missed and some false signals
Leading	5	5	in the mid-1980s and early 1990s

Source: ECB calculations.

at the 10% significance level, i.e. based on past observations, there is a 90% chance that the indicator signals turning points with a lead at least as large as the number of months or quarters indicated.

The composite indicators presented here for illustrative purposes have signalled quite a number of historical turning points ahead of those of the reference series. The composite indicators based on principal component weights appeared to perform somewhat better in this respect. However, there are also missed and extra signals of turning points of the indicators of GDP in the mid-1980s and early 1990s. This illustrates that composite indicators may also give misleading signals, underpinning the need for additional and more detailed analysis.

For both industrial production and GDP, the examples of leading indicators have turned earlier than the other indicators. However, the point made in Section 4 about the risk of

false signals from leading indicators is also illustrated by the fact that the example of a leading indicator of GDP has given more false signals. Also, the indicators of industrial production show significantly longer leads in the 1980s than in the 1990s.

Although composite indicators might thus provide a tool for examining the emergence of turning points, their usefulness is limited in actual practice. First, the lead times of the composite indicators have varied largely in the past so that they cannot be relied upon to infer the exact timing of turning points. Moreover, as explained above, the determination of turning points becomes less reliable at the end of the sample, which impairs the practical use of indicators in this regard. Rather than substituting other means of analysis, composite indicators may therefore be seen as providing, at best, complementary information with regard to turning points.

6 Performance in short-term forecasting

Composite indicators are also often interpreted with regard to the magnitude of business cycle fluctuations, i.e. the strength of upturns and the depth of downturns. In this respect, a number of tests can be carried

out to examine their information content. First, the change in the indicator in the periods preceding the turning points was calculated and compared with the change in the reference series. It appears that the

intensity of a turning point in the reference series is only broadly reflected in the amount of change in the composite indicators, so that no reliable quantitative assessments can be made. A second test is similar, except that the speed of change, rather than the change in the level of the indicators, and the reference series are measured. However, again, the patterns described by the indicators do not faithfully reflect those of the reference series. Therefore, it cannot be concluded, for instance, that if a composite indicator accelerates sharply upwards, the forthcoming peak in activity will be particularly high. Finally, the “turning point significance” of the composite indicators can be computed. This measure assesses the speed of change in the indicator and is therefore similar to the previous test. The change is computed over a given horizon (e.g. six months and two or three quarters), rather than from the previous turning point. The results are consistent with those of the second test in that the turning point significance of the composite indicators does not seem to be strongly related to that of the reference series. These tests appear to suggest that composite indicators cannot be used to derive precise measures of the magnitude of a forthcoming peak or trough.

More generally, composite indicators are sometimes used to derive forecasts of growth in economic activity in the short term. The usefulness of composite indicators for this purpose can be examined by using the estimated relation between GDP or industrial production growth and the composite indicator over a given sample period to make forecasts beyond this period, i.e. to make “out-of-sample forecasts”. As only data from before the forecasting period are used, taking into account publication delays, this approach can be regarded as a simulation of “real-time” forecasts. There is one important difference between this experiment and actual practice, however, in that only final estimates of the constituent series are used in this simulation whereas in “real time” the forecaster has to work with data which can subsequently be revised. The models used

for forecasting have been estimated recursively. For instance, GDP growth is regressed on the composite indicator and lagged values of GDP growth over the period from 1980 to 1996 and this estimated relationship is used to derive forecasts of GDP growth in the first three quarters of 1997. The model is then re-estimated including data up to the first quarter of 1997 to derive forecasts over the second to the fourth quarter, and so on until the end of the sample period. The forecasts made in the simulation are compared with the actual outcomes and the average error (the root mean square error) is computed. The root mean square error (RMSE) is a measure of the quality of the forecasts. The lower the error, the better the forecast. The quality of the forecasts is further assessed in comparison with the forecasts of a benchmark model, usually taken as a “naïve” model. Here, as is commonly done in literature, forecasts of industrial production and GDP with a model based solely on their respective own lagged values are used as a benchmark.

Table 3 shows the results obtained for forecasts of industrial production and GDP growth in the current month/quarter (before official data are released), and for one and two periods ahead. The RMSE is compared with the average growth rate of the reference series in the out-of-sample test period. For example, in the case of the benchmark model for industrial production, it appears that the error is 1.1 percentage points, which compares to the observed average rate of growth of industrial production of 2.9%. This error is then reported in Table 3 in relative terms as a forecast error of 28%. Comparing the relative errors is, however, not sufficient to assess whether composite indicators bring valuable additional information. Given the limited number of forecasts performed, differences in the forecast error may not be representative and their actual significance should be assessed by statistical tests.⁵ Table 3

5 The test performed here is one proposed in Diebold, F. X. and R. S. Mariano (1995), *Journal of Business and Economic Statistics*, vol. 13, pp. 253-265. This test is commonly used for this purpose.

Table 3**Out-of-sample forecast performance of composite indicators***Average root mean square errors as a percentage of the average growth rate of the reference series.*

	Current period	Forecast horizon One period ahead	Two periods ahead
<i>Vis-à-vis year-on-year growth in industrial production</i>			
Benchmark model: forecasts based on past values of industrial production	28	31	36
Forecasts using composite indicators			
Coincident	26*	26-28**	26-28***
Leading	28	28	31
<i>Vis-à-vis year-on-year growth in GDP</i>			
Benchmark model: forecasts based on past values of GDP	13	20	27
Forecasts using composite indicators			
Coincident	10-15	15	20
Leading	12	17	20

*, **, *** significant at the 10%, 5%, and 1% confidence level respectively.

Source: ECB calculations.

indicates whether the differences with the naïve benchmark model are significant. Significance at the 5% confidence level means that there is a 95% chance that errors from forecasts using composite indicators are smaller than those from forecasts based on the benchmark model, i.e. inferred from past values of industrial production or GDP only.

In the case of industrial production, the example composite indicators improve the forecasting qualities of the benchmark model, by reducing the out-of-sample forecast errors – in most cases significantly. However, this notwithstanding, the errors remain relatively large when compared with the mean rate of growth in industrial production. In the case of GDP, including one of the example composite indicators also generally reduces

the out-of-sample average forecast error, but not significantly so. Nonetheless, the forecast errors for GDP growth, at between 10% and 20% of the observed average growth rate of GDP, are smaller than the forecast errors for industrial production growth. This is due to the relatively low volatility in GDP growth, which makes it easier to forecast than industrial production growth. This is also reflected in the fact that the naïve benchmark model already performs relatively well in the case of GDP growth.

Overall, it can be concluded that the addition of composite indicators to a naïve benchmark model does not seem particularly useful for making reliable estimates of the rate of growth of either industrial production or GDP.

7 Concluding remarks

Composite indicators are typically constructed with the aim of obtaining a summary indicator of the information stemming from different sources and aspects of the economy as regards current developments in, and the short-term outlook for, economic activity. They also frequently

aim at capturing turning points in the business cycle, as well as, in some instances, at deriving short-term forecasts of growth in economic activity. Against the background of these three potential uses, some example composite indicators, constructed in line with common practices, were examined with

regard to their information content on the euro area business cycle. The analysis suggested that composite indicators may, with hindsight, appear to have followed developments broadly similar to those of the business cycle. However, as also illustrated by the example indicators, the relationship between composite indicators and the business cycle may be not very stable over time, which obviously hampers the interpretation of the latest readings of such indicators. As regards turning points, the example composite indicators have shown similar peaks and troughs in advance of the historical ones observed in the reference business cycle. However, this does not imply that the exact timing and intensity of a forthcoming turning point in activity can be inferred from the latest readings of such indicators. Rather, the lead times have largely varied in the past and, generally, in real time,

turning points in indicators can only be identified confidently quite some time after they have occurred. Moreover, the information content of composite indicators in terms of accurate short-term growth forecasts appears limited. Furthermore, and most importantly in the context of policy-making, composite indicators, by construction, hide the driving factors behind current and short-term changes in economic activity. In order to determine the nature of the shocks affecting the economy, individual economic indicators, rather than composite indicators, are necessary for thorough economic analysis, assessment and judgement. All in all, while careful monitoring of ongoing work in the construction of composite indicators by public and private institutions is warranted, such indicators cannot replace comprehensive coverage in economic analysis.

The economic policy framework in EMU

The introduction of the euro and the conduct of the single monetary policy by the independent European Central Bank (ECB) have fundamentally changed the framework within which the European Community and its Member States conduct their economic policies. Building on the existing framework of the Single Market, the specific design of Economic and Monetary Union (EMU), as laid down by the Maastricht Treaty, transfers the competence for monetary and exchange rate policies to the Community level, while leaving the responsibilities for fiscal policies, labour market and employment policies and for many microeconomic and structural policies in the hands of the national, or subnational, authorities. This article reviews the allocation of policy responsibilities within the Community's multi-levelled system of economic governance and its performance thus far. In so doing, it places specific emphasis on the existing arrangements for a structured interaction among policy-makers, ranging from more or less constraining forms of policy co-ordination to the free play of competing policy designs. Overall, the economic policy framework in EMU – despite its sui generis nature and appreciable complexity – is viable and capable of producing coherent policy outcomes for the euro area as a whole, provided that all policy-makers fully assume their responsibilities, respect existing rules and the commitments entered into and come to “internalise” the requirements of EMU in their policy actions.

I Introduction

The introduction of the euro and the transfer of the competence for the conduct of the single monetary policy and related tasks to the Eurosystem have added an entirely new dimension to policy-making in the European Community. They have also complemented an already comprehensive policy framework that was set up by the Treaty establishing the European Community. The policy-making structures at the European level cover almost all fields of public policy, even though a predominant focus of Community activity is on economic policy in a broad sense, ranging from market regulation to competition, regional development, agriculture or international trade. In this respect, the degree of involvement of Community institutions and bodies in policy-making may vary from exclusive competency (e.g. in the field of agriculture) to supplementary activities (e.g. in the area of social protection). The economic policy framework in EMU – which, for the purposes of this article, is understood as relating to macroeconomic and structural policies – is a core element of the Community's multi-levelled system of governance. Whereas monetary and exchange rate policies, as well as rule-making for the Single Market, are the responsibility of Community authorities, fiscal and employment policies, as well as most

structural policies in the area of national product, labour and capital markets, remain the competence of the Member States or, where applicable, of subnational authorities and other actors.

This article focuses on the allocation of responsibilities for economic policies within the existing framework and reviews the interaction between the different actors at the various levels of governance. It follows up on the description of the ECB's relations with institutions and bodies of the European Community that was presented in the October 2000 issue of the ECB Monthly Bulletin by placing those relations in the wider perspective of the Community's policy-making framework.

The ECB – notwithstanding its independent status – is embedded in the institutional and policy context of the European Community and has to take into account the economic policy framework within which it operates. The functioning of this framework is one of the determinants of general economic conditions, and thus also of the price formation mechanism in the euro area, and therefore has an impact on the outlook for price stability. Moreover, in political and institutional terms, an effective and

transparent framework for economic governance matters for the outside perception of the euro area as an entity in its own right, and thus may help to foster public confidence in the single currency. For these

reasons, the ECB has a genuine interest in a coherent framework for economic policy-making in the euro area and closely follows the debate about its future evolution.

2 The Treaty foundations

The Maastricht Treaty established a novel framework for the conduct of economic policy. The constitutional foundations of this framework include a clear allocation of policy responsibilities, a set of shared objectives, guiding principles for the conduct of policies and an institutional set-up with adequate policy instruments.

The Treaty unambiguously assigned responsibility for the single monetary policy and related tasks to the Eurosystem, while the competence for other economic policies, such as fiscal, structural or labour market policies remained with the Member States, even though they are subject to more or less binding rules regarding multilateral surveillance and policy co-ordination. Unlike the first blueprint for EMU, the 1970 Werner Report ("Report to the Council and the Commission on the realisation by stages of economic and monetary union in the Community"), which foresaw a "centre of decision for economic policy" with a "decisive influence over the general economic policy of the Community", the Maastricht Treaty explicitly left economic policies in the hands of the Member States and stipulated that the economic policy of the Community be "based on the close coordination of Member States' economic policies" (Article 4(1), see Box 1). The clear assignment of responsibilities, together with the respect for the independence of the different policy actors, represents a fundamental feature of the relationships among European economic policy-makers. This not only implies that the individual responsibilities of each policy actor have to be respected by the others, it also means that, within its field of competence, each policy actor is clearly responsible for the successful implementation of policies in line with the established rules and objectives.

The Maastricht Treaty also made clear that the establishment of EMU (together with the creation of a Single Market and the pursuit of common policies) is not an end in itself, but rather an instrument to further the fundamental objectives of the Community, which include "a harmonious, balanced and sustainable development of economic activities, a high level of employment [...], sustainable and non-inflationary growth [and] a high degree of competitiveness and convergence of economic performance [...]" (Article 2 of the Treaty, see also Box 1).

Significantly, the Maastricht Treaty also laid down guiding principles for the conduct of economic policies, thereby elevating the goals of "stable prices, sound public finances and monetary conditions and a sustainable balance of payments", as well as the "principle of an open market economy with free competition" (Article 4 of the Treaty, see also Box 1) to constitutional status.

The Treaty chapters entitled "Economic policy" (Title VII, Chapter 1), "Monetary policy" (Title VII, Chapter 2), and "Employment" (Title VIII) flesh out these general principles and provisions and lay down the legal basis for the specific institutional arrangements and the respective policy instruments at Community level. The constitutional foundation of the economic policy framework in EMU, and specifically of the allocation of policy responsibilities, objectives and prerogatives, could – but should not – lead to a static perception of the practical arrangements for policy-making and co-ordination that derive from the Treaty. The latter are continuously being refined in the light of experience. Thus, while the foundations of the economic policy

Box I

The Treaty foundations of the economic policy framework

Excerpts from the Treaty establishing the European Community

Article 2

[Objectives of the Community]

The Community shall have as its task, by establishing a common market and an economic and monetary union and by implementing common policies or activities referred to in Articles 3 and 4, to promote throughout the Community a harmonious, balanced and sustainable development of economic activities, a high level of employment and of social protection, equality between men and women, sustainable and non-inflationary growth, a high degree of competitiveness and convergence of economic performance, a high level of protection and improvement of the quality of the environment, the raising of the standard of living and quality of life, and economic and social cohesion and solidarity among Member States.

Article 4

[General economic policies]

1. For the purposes set out in Article 2, the activities of the Member States and the Community shall include, as provided in this Treaty and in accordance with the timetable set out therein, the adoption of an economic policy which is based on the close coordination of Member States' economic policies, on the internal market and on the definition of common objectives, and conducted in accordance with the principle of an open market economy with free competition.

[Monetary and exchange rate policies]

2. Concurrently with the foregoing, and as provided in this Treaty and in accordance with the timetable and the procedures set out therein, these activities shall include the irrevocable fixing of exchange rates leading to the introduction of a single currency, the ECU, and the definition and conduct of a single monetary policy and exchange-rate policy the primary objective of both of which shall be to maintain price stability and, without prejudice to this objective, to support the general economic policies in the Community, in accordance with the principle of an open market economy with free competition.

[Guiding principles]

3. These activities of the Member States and the Community shall entail compliance with the following guiding principles: stable prices, sound public finances and monetary conditions and a sustainable balance of payments.

framework are anchored in the Treaty, it would be premature to consider the resulting practical arrangements for policy-making as final.

In Section 3 below, a number of basic structural and organisational features of the

economic policy framework are explored. Section 4 then reviews the various arrangements for the conduct of individual economic policies, while Section 5 illustrates how economic policy-making is integrated into a coherent overall structure.

3 The policy framework

Even though the set-up for economic policy-making in the European Union (EU) in general, and in the euro area in particular, provides its constituent units, the Member States, with a considerable degree of autonomy in important policy fields, it clearly should not be likened to a loosely-based international co-operation framework (such as the G7). Rather, the economic policy framework applicable to the euro area displays a number of core features that are usually attributed to a domestic system. Comparable to the textbook model of the domestic economy, the euro area economy rests on a Single Market, in which goods, services, capital and labour can circulate freely, with established procedures and institutions for common rule-making and effective enforcement mechanisms. In addition, a single currency has been introduced – which also means a single exchange rate – and a single central bank conducts a single monetary policy. Furthermore, a binding constitution for economic policies has been established by the Treaty which obliges Member States to “regard their economic policies as a matter of common concern” and subjects national economic policies to a dense network of multilateral surveillance and co-ordination.

The novel and *sui generis* nature of the economic policy framework in EMU has sometimes led to premature conclusions about a lack of clarity and even its viability. The complex arrangements for international representation and the absence of an easily recognisable “public face” might also have reinforced this perception. However, allowing the Member States a large degree of autonomy with regard to decision-making in important fields of economic policy, such as taxation, expenditure or social welfare provision, is by no means specific to the euro area. In the United States, for example, the various states are free to set important tax rates and decide on the level of provision of certain public services without being subject to binding common rules or extensive and constraining co-ordination mechanisms. The

complexity inherent in the multi-levelled US system of governance, and even a degree of policy competition among the states, do not undermine the proper functioning and outside perception of the United States as an integrated economy with a coherent framework for policy-making. In the same vein, the decentralised nature of economic policy-making in EMU should not be seen as a “design flaw” – as is sometimes the case. It should be regarded as a strength, for the following reasons.

The balance between centralised and decentralised elements in the economic policy framework of the euro area reflects the application of the principle of subsidiarity. While constitutional in its status and formulation, the subsidiarity principle also reflects the economic rationale that the allocation of policy responsibilities to a higher (i.e. the Community) level is only justified if the Member States cannot achieve the set objectives by themselves, or if the Community for reasons of scale or effects is better placed to achieve them (i.e. if a centralised policy decision produces an added value). Applied to economic policy-making in the euro area, the subsidiarity principle therefore implies that monetary policy, by nature of its singleness and indivisibility, cannot suitably remain decentralised, and hence has been unified in the Eurosystem. The same logic of centralisation also holds for the regulatory framework of the Single Market, since a common market requires a set of common rules together with credible enforcement or at least a joint agreement on the mutual recognition of national norms and standards.

By contrast, fiscal policies, microeconomic and structural policies, as well as labour market and employment policies, have remained national competences, since there are – for the time being – no compelling arguments that could justify a full transfer of these policy responsibilities to the Community level. The flexibility that derives from policy decentralisation provides national

authorities with vital room for manoeuvre. In addition, decentralisation offers scope for the beneficial effects of healthy policy competition. These two fundamental benefits should be considered in turn.

Decentralisation offers flexibility and scope for policy competition

Despite the advanced degree of integration among the euro area Member States, domestic economic structures and preferences have not fully converged, and are unlikely to do so in the near future. These variations in economic structures and preferences call for policy-making structures which provide sufficient flexibility to accommodate such differences and offer a substantial margin of manoeuvre to national policy-makers to adjust to country-specific developments (such as economic shocks) under the conditions of Monetary Union.

The decentralised character of the economic policy framework in EMU also offers scope for healthy policy competition among the Member States. The insight that open competition provides the most appropriate incentives for optimisation and stimulates continuous innovation is applicable not only to firms and industries, but also to the realm of public policies. In the international arena, which often lacks commonly accepted “market rules”, policy competition may accentuate elements of rivalry, with potentially negative effects for all involved. By contrast, the Community represents a fundamentally co-operative and rule-based policy framework in which free competition among differing policy designs is accepted as a normal and efficient element of domestic economic governance within a decentralised system. In this way, an element of competition has been introduced into domestic policy-making, while fully respecting particular national conditions and preferences. Already, national economic policy decisions are subject to critical cross-border comparisons, since policy-makers, businesses, and the public at large are increasingly aware of economic

developments and policy performance in other countries of the Community.

In order to reap the full benefits of constructive policy competition, the Member States have agreed to exchange experiences in order to identify “best practices” and to jointly draw the lessons from flawed or failed policies. The decentralised framework for economic policies in the euro area thus creates a pool of valuable information to the benefit of the Member States and may generate synergy effects which do not exist under a fully centralised policy regime. At the same time, the co-operative nature of the Community also means that policy competition is subject to certain limits in order to avoid a damaging “race to the bottom”, or “harmful competition”, in certain fields of economic policy, such as labour standards, the granting of state subsidies or certain tax measures.

Potential spillovers call for policy co-ordination

However, autonomous decision-making at different levels of government by otherwise interdependent policy-makers can create externalities (i.e. spillover effects). Available estimates of such spillovers point to small, but not negligible, effects. In addition, decentralised and unco-ordinated responses to new market developments (e.g. the emergence of cross-border financial conglomerates) might prove sub-optimal. Entirely autonomous decision-making may also be insufficient to cope with economic shocks that affect all policy-makers alike (such as an oil price surge).

With regard to the specific allocation of policy responsibilities in EMU, two types of spillovers can be identified. First, spillovers can occur *across countries*. In the highly interdependent context of Monetary Union, fiscal laxity in one country might, for example, produce negative effects on other countries, by affecting capital market conditions and generating upward pressure on long-term

interest rates in the euro area as a whole. Second, spillovers can also occur *across policies*. Decisions in, say, the area of tax and benefit systems, may affect the functioning of the labour market and thus have an impact on the effectiveness of measures in another policy field, in this example, employment policy.

Appropriate forms of policy co-ordination, such as agreements on common rules and objectives that serve as an orientation for individual policies, can limit the negative effects of potential externalities. Positive welfare effects can reasonably be expected if there is an opportunity to modify the policy choices of individual policy-makers before their implementation. In such a case, a co-ordination of otherwise autonomous policies, if properly designed, represents a move towards optimal outcomes. Further benefits of co-ordination derive from the provision of valuable first-hand information, which improves the mutual understanding of individual policy decisions and contributes to a climate of trust and reputation, in which “peer pressure” comes into play. By sharing both good and bad experiences, the cost of designing appropriate policies can be reduced and policy errors avoided.

However, a number of preconditions need to be satisfied for policy co-ordination to be desirable and indeed feasible. First, the gains that can reasonably be expected from policy co-ordination have to be weighed against the associated costs. Such costs may arise from the bargaining process itself, which is part of any co-ordination. Second, policy co-ordination also faces operational difficulties. General economic theories of policy co-ordination point to the need for all participants to pursue common policy goals and to agree on a common model, i.e. to share an understanding of how different policy

instruments impact on economic variables and the trade-offs between them. The feasibility of co-ordination also hinges on the ability to aggregate and process the information supplied by the participants and to provide adequate incentives to ensure individual policy-makers’ continued commitment to the regime.

In spite of these caveats, close co-ordination among the Member States has been enshrined in the Treaty as a fundamental principle of the economic policy framework (see Box I). The actual design of the various co-ordination processes has had to be sufficiently flexible to reap the full benefits of co-ordination while also addressing the aforementioned costs and operational drawbacks. Among the various modes of policy co-ordination, the most constraining form involves agreements on “joint rules” for the conduct of otherwise autonomous policies so as to reduce, or eliminate, the potential negative effects of policy spillovers. The binding quality of the common rules derives from the existence of credible enforcement mechanisms. Less binding forms of co-ordination include the establishment of “joint fora” that allow close and regular interaction between policy-makers, so as to raise their awareness of the interdependence of their decisions. Such interaction takes the form of policy dialogue, exchange of information or shared analysis. Despite its non-binding character, this form of “soft” co-ordination does not prevent policy-makers from agreeing, occasionally, on joint courses of action. However, by relying exclusively on “peer pressure”, persuasion and the issuing of policy recommendations, soft co-ordination lacks the disciplining instruments that might be needed to guarantee that the policy measures considered necessary or desirable are actually implemented.

4 The conduct of individual economic policies

Complementing the thus far systemic approach, this section outlines in more detail how the different economic policies are conducted within the overall economic policy framework. Each policy field is addressed individually (i.e. monetary policy; exchange rate policy; fiscal policy; labour market and employment policies; microeconomic and structural policies), and specific emphasis is placed on the allocation of the respective policy responsibilities and the reasoning behind it, on the actual formulation of policies and, where applicable, on the co-ordination *across countries* for the specific policy fields. Section 5 will illustrate how these specific arrangements for individual policies are integrated into a coherent overall framework for economic policy co-ordination among the Member States and discuss existing practices for co-ordination *across policies*.

Monetary policy

The importance of price stability for the efficient functioning of the market mechanism implies that, within a single market, a stability-oriented monetary policy is a common public good which should be provided in a uniform manner by an independent and central institution. The institutional framework for monetary policy in EMU clearly reflects this need. The Treaty has established the Eurosystem with the ECB at its core, which has been endowed with the necessary independence from political interference and has been given a clear mandate to maintain price stability within the euro area. In this way, the institutional framework serves to ensure that monetary policy contributes in the best way it can to the achievement of the overall objectives of the economic policies of the Community.

In order to support the smooth operation of the single monetary policy and to further underscore the ECB's independence, the Treaty also prohibits monetary financing of public deficits by the central bank (Article 101)

and privileged access for public authorities to financial institutions (Article 102).

Exchange rate policy

A single currency necessarily means a single exchange rate. Hence, exchange rate policy is also conducted at the Community level. It should be noted that there is no "active" exchange rate policy in the euro area. Given the size of the euro area economy, the ECB does not have an exchange rate target. The Treaty lays down that any exchange rate policy should be consistent with the primary objective of the ECB's monetary policy, which is to maintain price stability. With regard to the implementation of exchange rate policy, the Treaty foresees a close interaction between the EU Council and the ECB. In cases where this were to be deemed necessary, Article 111 of the Treaty allows the EU Council, following specific and stringent procedures, to conclude formal agreements on an exchange rate system for the euro in relation to non-Community currencies or to formulate general orientations for exchange rate policy. However, any agreement or general orientations must be consistent with the objective of the ECB to maintain price stability.

The provisions of the Treaty and the Statute of the European System of Central Banks and of the European Central Bank, as well as current institutional arrangements, ensure that regular exchanges of information and views take place between the EU Council and the ECB. This is consistent with the fact that exchange rate developments are a matter of common interest for both authorities. However, the ECB is solely competent for deciding whether and when to use the instrument of foreign exchange intervention, in keeping with its independence, the tasks entrusted to it by the Treaty and Statute and its primary objective of maintaining price stability. Thus, the institutional and practical

arrangements of the euro area in the field of exchange rate policy – in spite of their peculiarities (such as the autonomous role of the central bank and the absence of a “euro area finance ministry”) – establish a capacity for coherent policy-making which facilitates communication and permits, if deemed appropriate, effective co-operation with the euro area’s main international partners.

Fiscal policy

Fiscal policy is conducted at the level of the Member States in accordance with the rules of the Treaty and the Stability and Growth Pact (SGP), which leave substantial room for manoeuvre regarding the composition of public spending and revenues in line with national political preferences. The individual responsibility of the Member States in the field of budgetary policy is explicitly underscored by the Treaty’s “no bail-out” clause (Article 103), which stipulates that neither the Community nor any Member State shall be liable for the commitments of another Member State. There are a number of arguments in support of this decentralised approach to fiscal policy.

First, national policy preferences, with regard to both revenue and spending, still predominate within the euro area. The size of budgets as well as tax and spending priorities vary, in some cases considerably, among Member States. This is a reflection of the fact that important “public goods” such as social security, education, health care or defence are provided at the national level. Since the underlying political debates about these major components of public spending still maintain a country-specific focus, the respective policy decisions have to remain – not least for reasons of political legitimacy – at the national level.

Second, despite considerable progress on the path to cyclical convergence among euro area Member States, certain differences with regard to cyclical positions remain. Since the Eurosystem conducts its monetary policy for

the euro area as a whole and hence cannot respond to the specific needs of individual economies, Member States have to take the euro area monetary policy stance as exogenously given. Consequently, national governments must be able to respond to the particular cyclical position of their domestic economies in a differentiated and flexible manner, with the policy instruments at their disposal – notably fiscal policy. By keeping national budgets close to balance or in surplus over the medium term, national governments should be in a position to smoothen the economic effects of cyclical fluctuations through the operation of automatic stabilisers and, if need be, further action within the limits of the SGP. In addition, structural reforms may increase the capacity of economies to adapt to economic shocks in a self-stabilising manner.

As referred to in Section 3, decentralised fiscal policies within EMU must take into account the potential for spillover effects which policy decisions in one Member State can have on the others. Already before EMU, the need to avoid distortions of the Single Market had entailed a limitation of the Member States’ room for discretion with regard to certain kinds of taxation (e.g. minimum rates of value added tax). Beyond that, the present framework for the conduct of fiscal policies has been designed to minimise the risk of negative spillovers from inappropriate fiscal policies. It establishes, on the basis of Treaty provisions and secondary legislation, a regime which is best described as “constrained flexibility”. First and foremost, “sound public finances” are a guiding principle of economic policy-making in the Community (Article 4 (3), see Box 1). Moreover, the aforementioned prohibition of monetary financing of public deficits by the central bank and of privileged access for public authorities to financial institutions represents further fundamental and binding restrictions on the conduct of national fiscal policies. By enhancing the disciplining effects of the market mechanism on fiscal policies, they contribute to the proper functioning of EMU.

Most importantly, the Treaty contains an obligation to avoid “excessive deficits” (Article 104). This constraint, together with procedures for a multilateral review of national fiscal policies, has been further specified by the SGP. The SGP stipulates quantifiable debt and deficit rules which provide a clear policy orientation for the budgetary authorities in the Member States (see also the article entitled “The implementation of the Stability and Growth Pact” in the May 1999 issue of the Monthly Bulletin). In accordance with the SGP, euro area Member States are required to submit annual stability programmes outlining their budgetary plans in conformity with the medium-term objective of budgetary positions close to balance or in surplus. The considerable progress that has been made in reducing budget deficit and debt levels since the mid-1990s is evidence that the overall framework for fiscal policies has worked well.

This does not mean that practical improvements will not be possible as experience is gained. In fact, useful improvements to the existing framework have already been made. For instance, the finance ministers of the euro area have agreed to share prior information and, where necessary, discuss any projected major changes to future tax and spending plans within the Eurogroup (for a detailed presentation of the role and functioning of the Eurogroup, see the ECB Annual Report 2000). Moreover, a joint exercise to assess the “quality” of public finances, i.e. the structural features of national budgets, has recently been started. This allows a reciprocal learning process which helps to address longer-term challenges for fiscal policies, such as the budgetary impact of ageing populations. These forms of fiscal policy co-ordination which go beyond the SGP are of an informal and non-binding nature. Their credibility and effectiveness will therefore depend on policy-makers’ resolve to honour the commitments entered into.

Over time, co-ordination practices might evolve further. An agreed overall stance of fiscal policy may gradually emerge, influencing

the conduct of national budgetary policies, on the basis of voluntary agreements among euro area finance ministers. As part of such an evolution, domestic fiscal policy could come to be defined also with reference to the aggregate effects for the euro area, and thus foster the internalisation of the specific conditions of Monetary Union on the part of the national policy-makers.

Labour market and employment policies

Labour market and employment policies refer to the actions of governments, employers and trade unions in setting the framework for functioning labour markets and in negotiating wage settlements. In order to contribute to achieving the economic objectives of the Community, wage developments should be conducive to a high level of employment and consistent with price stability. To this end, wage levels should, as far as possible, reflect and adjust to the demand for and supply of labour across different industries, sectors and regions as determined by overall demand and supply conditions, as well as differences in labour productivity.

Wage negotiations are conducted at national, subnational, industry or firm level, and they are generally in the hands of the social partners. Responsibility for the general framework parameters for the national labour markets lies with the governments of the Member States. This degree of decentralisation of labour market and employment policies is widely seen as warranted since there exist substantial differences within the euro area in industrial and labour market structures and productivity levels across different industries, sectors and regions. In fact, greater labour market flexibility and, where appropriate, reform of wage formation systems so that these better reflect local productivity and labour market conditions would be important steps to tackle the high rates of structural unemployment which still persist in a number of Member States. While progress has certainly been made in these areas, the introduction of the

single currency has given greater urgency to the task of removing rigidities and perverse incentives in labour markets, not least since labour mobility remains very limited, not only between, but also within individual countries.

However, since all Member States are committed to the common goal of a “high level of employment” (Article 2 of the Treaty, see Box 1) and share concern over the current high levels of unemployment, a consultation and co-ordination process among the Member States has been established at the Community level. Title VIII of the Treaty, which is entitled “Employment” and was introduced with the Amsterdam Treaty of 1997, makes the hitherto purely national employment policies subject to a formal co-ordination procedure, commonly referred to as the “Luxembourg process”. The main policy instrument for this is the annual Employment Guidelines, whose endorsement by the Heads of State or Government underscores their political relevance. These guidelines set out recommendations and priority areas of action, especially with regard to training and education and labour market reform. National Employment Action Plans transpose these orientations into policy proposals operational at national level, taking into account the specific conditions in the Member States. As pointed out above, the full benefits of Community-level co-ordination and consultation processes can only be reaped if the guidelines and recommendations are actually followed up at the national level and the detailed policy measures contained in the National Action Plans are duly implemented.

Microeconomic and structural policies

Microeconomic and structural policies are understood as encompassing public policy measures that affect the functioning of markets and the allocation of resources within them. The respective policy responsibilities are divided between the Community and the national level. As referred to above, a fundamental pillar of the economic policy

framework in EMU is a functioning Single Market. In the pursuit of the Treaty objective of establishing a Single Market “characterised by the abolition, as between Member States, of obstacles to the free movement of goods, persons, services and capital” (Article 3.1(c)), the Community has enacted a substantial body of legislation governing the functioning of markets. This comprehensive set of rules in the form of Community legal acts, in particular regulations and directives, which derive their binding force from the existence of functioning enforcement mechanisms (competition policy, rulings of Community courts), covers many aspects of economic life and affects a wide range of the decisions taken by economic agents and policy-makers. Progress towards the common goal of establishing a level playing-field across the entire Single Market has, over the years, already led to significant structural changes in European economies: as competitive pressures have increased and previously protected and monopolistic sectors of the economy have been opened up to competition, the Community’s growth, competitiveness and employment performance has improved.

However, within the framework of the Single Market, national governments retain the responsibility for a number of important structural policies (e.g. regulations concerning labour markets, network industries, research and development, etc.). This decentralisation is not only justified on the grounds of differing economic structures and political priorities in the Member States. In accordance with the principle of subsidiarity, policy action with regard to microeconomic and structural issues, for instance on modalities for worker co-determination in the workplace or social welfare and benefit systems, should normally be taken at the national – or even subnational – level. Common rules at Community level can only be justified if they provide added value due to scale effects or become necessary to support the proper functioning of the Single Market. In this respect, differing framework conditions and regulatory environments, e.g. in the field of financial markets or access to network

industries, might call for common approaches if they hamper the operation of the Single Market.

Measures to enhance competition in product and services markets and further steps to open up those sectors of the economy that were previously sheltered from competition will benefit, first and foremost, the country that adopts them. Increasing competition is likely to lead to cost reductions, lower profit margins and productivity gains, which, in turn, can be expected to produce a temporary downward effect on consumer price inflation. Lower prices and better quality will, over time, lead to increased demand for goods and services. Moreover, structural reform can improve the competitiveness as well as the flexibility of the national economy to respond to shocks, which is particularly important for a country that is part of a monetary union where country-specific interest and exchange rates are – by definition – not available as instruments for economic adjustment (see also the article entitled “Product market reforms in the euro area” in the August 2001 issue of the ECB Monthly Bulletin).

Beyond these domestic benefits of structural reform, euro area countries also have a mutual interest in the progress of structural reforms in other Member States sharing the common currency. This interest derives from the aforementioned beneficial impact of structural reforms on a number of key variables of the euro area as a whole. Progress of structural reforms throughout the euro area, with the resulting improvements in competitiveness and flexibility, can increase the euro area’s growth potential and employment prospects. This, in turn, may significantly enhance the outside perception of the euro area as a vibrant and dynamic economy. Moreover, a reduction of structural rigidities in euro area economies can support the conduct of the single monetary policy, since greater flexibility helps to lower price pressures at a given level of growth, which, in turn, may lead to an increase in the potential level of output and employment growth that is compatible with price stability.

In recognition of the euro area-wide relevance of structural reforms, the Member States have agreed to institutionalise a system of reinforced monitoring and “peer review” in what is known as the “Cardiff process”. In the framework of this procedure, Member States and the European Commission report, on an annual basis, on the functioning of product and capital markets and on the progress of economic reform. This exercise derives additional force from a more in-depth “multilateral review of economic reforms” conducted by the Economic Policy Committee of the European Community. By way of a country-specific examination of intended and implemented structural reforms, the exercise creates significant “peer pressure”. The fact that the Eurogroup now also devotes part of its discussions to structural reforms bears witness to the perceived benefits of this reciprocal learning process. Regular interaction among policy-makers, joint appraisals of past experiences and frank discussions about the merits and drawbacks of competing policy designs may also further the “philosophical convergence” on the necessary policy responses. Once a basic consensus has emerged with regard to a common approach, common policy measures can be adopted, if deemed desirable. To that end, the Community legislative process might be used, which allows the making of rules that are binding and applicable throughout the Community.

An additional political impetus from the Community level for further progress of structural reform came from the 2000 Lisbon European Council. The “Lisbon Strategy” established a comprehensive reform agenda which aims, *inter alia*, to enhance the functioning of the Single Market and overcome existing fragmentation and inefficiencies in areas as varied as securities markets, access to risk capital or air traffic control (for a more detailed description of the Lisbon Strategy, see the ECB Annual Report 2000). As shown by the first review of progress at the Stockholm European Council in 2001, adherence to the jointly established timetables and an effective

implementation of the agreed measures are likely to be the real test of the Member States' commitment to reach the strategic

goal set at Lisbon, namely to transform the EU into "the most competitive and dynamic knowledge-based economy in the world".

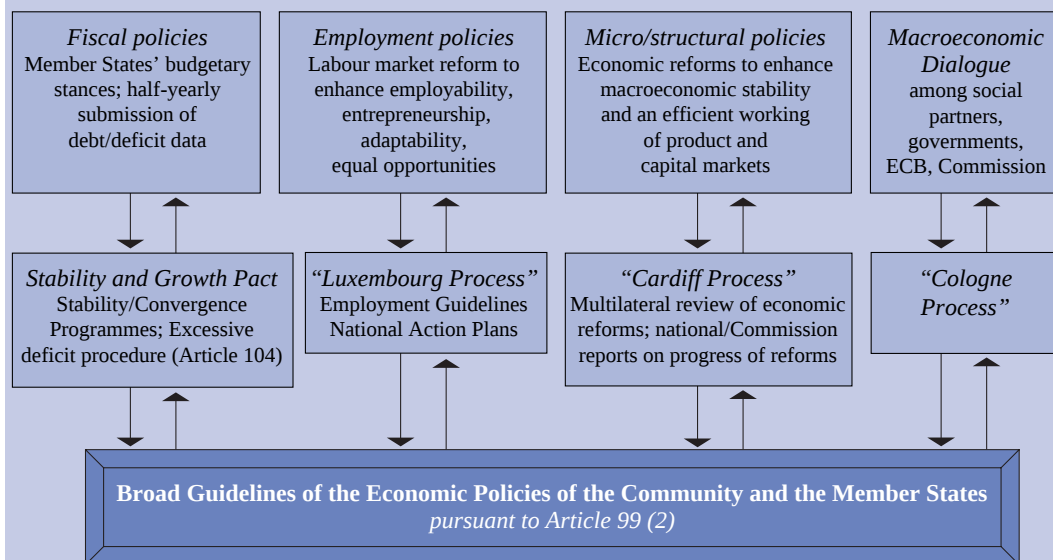
5 Co-ordination across countries and interaction across policies

As the previous section illustrated, the decentralised nature of policy-making in the fields of fiscal, employment and structural policies rests on sound economic reasoning and reflects the rationale of the subsidiarity principle. This notwithstanding, and in full recognition of the benefits and difficulties of policy co-ordination, the Member States have developed a dense network of multilateral procedures and the joint use of a number of important policy instruments. In order to give coherence to the overall economic policy framework, the Treaty establishes the annual Broad Economic Policy Guidelines (BEPG) as the principal and overarching policy instrument for the co-ordination of economic policies at Community level. These guidelines, which – with due respect for the independence and statutory mandate of the ECB – do not apply to monetary policy, render operational the fundamental principle of close co-ordination (Article 4(1), see Box 1). They contain orientations for the general conduct of economic policy and make specific recommendations to each Member State and to the Community. By outlining the necessary measures in different policy fields, e.g. public finances, structural reform, taxation, labour market regulation, or training and education, the BEPG set the standard against which subsequent policy decisions – both at national and Community level – have to be measured and justified. The BEPG represent an instrument of "soft" co-ordination – in that they are not backed up by strong enforcement mechanisms – and instead rely on persuasion, such as the issuing of recommendations and opinions, and "peer pressure" to galvanise governments into appropriate policy action. However, their endorsement by the Heads of State or Government endows them with substantial political weight.

By virtue of their overarching character, the BEPG also help to foster consistency across

policies in the euro area. As outlined in Section 3, autonomous decisions by interdependent policy-makers can create spillovers across policies, regardless of the number of levels of governance. In the textbook model of the domestic economy, however, any externalities that might arise in this context can be fully internalised, since the decisions of the finance minister (e.g. on tax and benefit systems) and the labour minister (e.g. on employment measures) are usually fully integrated in a coherent policy programme of the national government. In the same vein, the BEPG aim to avoid contradictions between the different policy areas by drawing on input from the various compositions of the EU Council (for example Economic and Financial Affairs, Labour and Social Affairs, Internal Market) and other specialised European bodies.

The BEPG are thus the pivot of the more specialised co-ordination and consultation processes (for fiscal policy, employment policy, structural reforms), uniting them under a single overarching structure and gearing them towards a single timetable (see Box 2). While the basic orientations of the BEPG provide the principal policy messages which also feed into the more specialised co-ordination processes, the latter allow a more thorough treatment and analysis of specific topics and an effective monitoring of Member States' implementation of the respective policy recommendations. The lessons learnt from the specialised processes, in turn, feed as input into a new set of BEPG for the following year. In addition, the Commission presents an annual report on the implementation of the recommendations made in the BEPG, so as to add an effective "stock-taking" assessment to what would otherwise be purely forward-looking policy orientations.

Box 2**Co-ordination of economic policies among the Member States – Broad Economic Policy Guidelines (Article 99)**

Source: European Commission, DG-ECFIN.

Building on the Treaty-based economic policy instruments, and with a view to enhancing their efficiency, the Member States adopted, at the Lisbon European Council of March 2000, a new "open method of co-ordination" in order to support the propagation of best practices in economic policy and to make further progress towards achieving the main objectives of the Community. Manifesting a new commitment to press ahead with further economic reform, the open method of co-ordination includes (i) agreements on policy guidelines together with specific timetables for their implementation; (ii) the establishment, where appropriate, of global indicators and benchmarks to measure progress; (iii) the setting of targets for the translation of these guidelines into national and regional policies; and (iv) the periodic monitoring and evaluation of results. In applying the open method of co-ordination to policy issues as varied as pension systems or social inclusion measures, variable forms of partnership are to be developed, involving not only Community institutions and national governments, but also regional and local authorities, social partners and representatives of civil society.

The Member States have thus put in place a method of economic governance which combines the benefits of partial centralisation – i.e. agreements on common guidelines, timetables, benchmarks and indicators – with the degree of decentralisation which is required by the differing economic structures and preferences of the Member States. Moreover, the decision to dedicate the annual spring meeting of the European Council to economic reform has added the necessary political impetus for an effective review of the progress made and for possible additions to the common reform agenda.

The role of monetary policy in the overall economic policy framework

As already noted, the single monetary policy represents a fundamental pillar of the system of economic governance in the euro area. Since the ECB is part of the overall economic policy framework, appropriate channels for a structured exchange of information and views with other policy-makers have been established. This is in line with the established practice in modern domestic frameworks

where an independent central bank and the finance ministry maintain informal contacts to exchange information about economic developments and prospects, and offer insight into each other's analysis and perception of the policy challenges ahead. These connections are in no way misunderstood as an ex ante co-ordination of monetary and fiscal policy stances. In the same vein, the regular and structured dialogue between the ECB and national governments clearly excludes any ex ante policy co-ordination or joint agreements aimed at achieving a pre-determined policy-mix. In full respect of the

independence of the ECB, these contacts take the form of a non-binding policy dialogue, organised within the Community institutions and bodies (see article entitled "The ECB's relations with institutions and bodies of the European Community" in the October 2000 issue of the Monthly Bulletin). The ECB's involvement in the Eurogroup, the Economic and Financial Committee or the Macroeconomic Dialogue, for example, allows an open dialogue, exchanges of views and shared analysis, in full respect of the responsibilities and prerogatives of all the participants.

6 Conclusion

The Maastricht Treaty has established a comprehensive constitution for economic policies in the European Community, which, together with a functioning Single Market and the successful introduction of a common currency, endow the Community with a complete economic policy framework. In order to account for the diversity of economic structures and preferences among euro area Member States, the framework exhibits a considerable degree of decentralisation for important fields of economic policy-making. However, it provides for consistent policy-making for the euro area as a whole, since it rests on a clear allocation of policy responsibilities, the definition of the policy objectives and guiding principles – notably stable prices, sound public finances and open competition – and a network of interaction among policy-makers, ranging from more or less constraining forms of policy co-ordination to the free play of competing policy designs. In spite of its specific features, it shares a number of important elements with the textbook model of a domestic economy and is not so dissimilar to existing frameworks of federal entities such as the United States.

Experiences from the first three years of EMU suggest that the existing framework is properly adapted to the specific conditions of the current stage of development of the

Community. Based on the soundness of its underlying economic reasoning, the framework has thus proven to be a viable arrangement. The multiple channels of communication between policy-makers also foster an increasing awareness of the interdependencies created by Monetary Union, and, in this way, contribute to the internalisation of the requirements of EMU by policy-makers. The recent "philosophical convergence" on the need for structural reform and the new political momentum behind a swift implementation of the Lisbon reform agenda also shows that the current framework is capable of addressing important policy challenges.

Notwithstanding the above, certain operational adaptations of the existing framework – in full respect of its constitutional foundations – may be called for in the future, once the implications of EMU have fully materialised and further experience has been gained with regard to the use of multilateral procedures and common policy instruments. Existing practices and procedures will need to remain under constant scrutiny and a continued reflection on improving the architecture and efficiency of the framework is therefore warranted. However, the overall viability and credibility of the euro area's economic policy framework rests, above all, on the effectiveness of the

existing processes for co-ordination among governments. By focusing their political energies on their own responsibilities and on honouring the commitments made within current mechanisms, the Member States can make an important contribution to the success of EMU and to an improvement of

the outside perception of the euro area's system of economic governance. In the medium and longer term, however, the future constitutional development of the European Union as a whole will also influence the further evolution of the economic policy framework of EMU.



Euro area statistics



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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.

For analytical purposes, data for the euro area plus Greece up to end-2000 are shown in the additional tables starting on page 73* (for details, see the general notes).

Conventions used in the tables

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

Euro area overview table

Summary table of economic indicators for the euro area

(annual percentage changes, unless otherwise indicated)

1. Monetary developments and interest rates

	M1 ¹⁾	M2 ¹⁾	M3 ^{1) 2)}		MFI loans to euro area residents excluding MFIs and general government ¹⁾	Securities issued by non-financial and non-monetary financial corporations ¹⁾	3-month interest rate (EURIBOR, % per annum, period averages) ⁷⁾	10-year government bond yield (% per annum, period averages) ⁸⁾
	1	2	3	3-month moving average (centred) ⁴⁾	5	6	7	8
2000	8.0	4.4	5.5	-	9.6	21.0	4.40	5.44
<i>Euro area enlargement</i>								
2001	.	.	.	-	.	.	.	.
2001 Q1	2.6	3.1	4.7	-	9.2	23.6	4.75	4.99
Q2	2.4	3.5	5.1	-	8.2	25.7	4.60	5.19
Q3	3.9	4.5	6.7	-	7.4	.	4.28	5.12
Q4	.	.	.	-	.	.	.	.
2001 May	2.9	3.5	5.1	5.4	8.0	26.7	4.64	5.26
June	4.0	4.3	6.3	6.0	7.9	26.0	4.45	5.21
July	3.5	4.4	6.5	6.5	7.7	26.0	4.47	5.25
Aug.	3.7	4.4	6.7	6.9	7.2	25.5	4.35	5.06
Sep.	5.2	5.3	7.6	.	6.6	.	3.98	5.04
Oct.	.	.	.	.	.	.	3.60	4.82

2. Price and real economy developments

	HICP	Industrial producer prices	Hourly labour costs (whole economy)	Real GDP	Industrial production (excluding construction)	Capacity utilisation in manufacturing (percentages)	Employment (whole economy)	Unemployment (% of labour force)
	9	10	11	12	13	14	15	16
2000	2.3	5.4	3.4	3.4	5.4	83.8	2.1	8.9
<i>Euro area enlargement</i>								
2001	.	.	.	.	.	83.3	.	.
2001 Q1	2.5	4.5	3.0	2.4	4.1	84.5	2.0	8.4
Q2	3.1	3.7	2.8	1.7	0.8	83.6	1.5	8.4
Q3	2.7	1.5	.	.	.	83.0	.	8.3
Q4	.	.	.	.	.	81.9	.	.
2001 May	3.4	3.7	-	-	-0.5	-	-	8.4
June	3.0	3.2	-	-	1.8	-	-	8.4
July	2.8	2.1	-	-	-1.3	-	-	8.4
Aug.	2.7	1.7	-	-	0.4	-	-	8.3
Sep.	2.5	0.7	-	-	.	-	-	8.3
Oct.	2.4	.	-	-	.	-	-	.

3. Balance of payments, reserve assets and exchange rates

(EUR billions, unless otherwise indicated)

	Balance of payments (net flows)				Reserve assets (end-of-period positions)	Effective exchange rate of the euro: broad group (1999 Q1 = 100)		USD/EUR exchange rate
	Current and capital accounts 17	Goods 18	Direct investment 19	Portfolio investment 20		Nominal 22	Real (CPI) 23	
								24
2000	-50.2	35.6	17.6	-111.5	377.7	88.2	86.3	0.924
Euro area enlargement								
2001	.	.	.	.	.	.	.	.
2001 Q1	-7.6	5.5	-40.6	-38.5	393.4	91.4	89.0	0.923
Q2	-7.8	15.1	-50.5	27.8	410.2	89.5	86.9	0.873
Q3	.	.	.	.	394.2	91.2	88.1	0.890
Q4	.	.	.	.	.	.	.	.
2001 May	-2.5	4.1	-40.9	16.0	409.0	89.3	86.8	0.874
June	-0.8	8.1	-10.4	32.2	410.2	88.1	85.5	0.853
July	-3.7	8.5	7.2	1.6	397.5	89.1	86.3	0.861
Aug.	4.8	6.0	-6.0	17.8	382.2	91.8	88.8	0.900
Sep.	.	.	.	.	394.2	92.6	89.3	0.911
Oct.	.	.	.	.	.	92.8	89.2	0.906

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) Excluding holdings of money market fund shares/units by non-residents of the euro area.

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
2001	8 June	118,464	269,037	22,207	5,225	224,204	165,001	59,100	0
	15	118,464	269,055	22,943	5,322	214,433	155,000	59,100	0
	22	118,454	270,437	23,176	5,303	217,891	158,001	59,100	0
	29	128,512	279,018	22,540	5,654	236,201	176,000	59,999	0
	6 July	128,512	280,463	22,357	5,362	226,190	166,000	59,999	0
	13	128,512	280,417	23,247	5,687	214,057	154,000	59,999	0
	20	128,492	280,794	23,804	5,688	212,051	152,000	59,999	0
	27	128,405	279,768	24,046	5,626	233,033	172,999	60,001	0
	3 Aug.	128,381	278,055	23,792	5,618	225,035	164,998	60,001	0
	10	128,352	275,989	23,543	5,547	222,363	162,001	60,001	0
	17	128,312	277,745	22,700	5,401	221,065	160,998	60,001	0
	24	128,312	277,546	21,909	5,369	213,062	153,001	60,001	0
	31	128,302	275,419	24,783	5,289	213,483	152,999	60,001	0
	7 Sep.	128,268	274,275	24,166	5,419	212,066	152,000	60,001	0
	14	128,229	274,508	21,487	5,316	206,078	142,999	60,001	0
	21	128,229	272,731	22,101	5,264	192,542	132,000	60,001	0
	28	128,236	262,282	22,121	5,171	213,410	151,999	60,002	0
	5 Oct.	128,236	260,738	21,750	5,134	197,093	136,999	60,002	0
	12	128,235	263,821	21,573	5,353	176,542	116,509	60,004	0
	19	128,235	264,640	22,147	5,539	203,189	142,510	60,004	0
	26	128,234	264,955	21,503	5,582	203,107	143,000	60,001	0
	2 Nov.	128,233	264,162	21,770	5,728	187,030	127,001	60,001	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
2001	8 June	353,479	127,240	127,184	50	0	0	6	6,197	3,784
	15	351,772	122,114	122,005	109	0	0	0	6,195	3,784
	22	348,463	131,206	130,178	1,023	0	0	5	6,097	3,784
	29	350,199	117,841	117,569	272	0	0	0	6,097	3,784
	6 July	353,648	132,775	132,595	126	0	0	54	4,324	3,784
	13	352,516	127,995	127,199	791	0	0	5	4,393	3,784
	20	349,789	131,736	130,396	1,337	0	0	3	4,219	3,784
	27	348,282	128,542	128,516	24	0	0	2	4,116	3,784
	3 Aug.	351,627	125,212	125,179	31	0	0	2	4,164	3,784
	10	349,258	127,305	126,241	1,062	0	0	2	4,343	3,784
	17	345,581	129,735	129,687	46	0	0	2	4,162	3,784
	24	338,873	125,018	124,998	18	0	0	2	4,119	3,784
	31	337,682	118,781	118,722	55	0	0	4	4,164	3,784
	7 Sep.	338,188	127,999	127,948	34	0	0	17	4,843	3,784
	14	334,283	114,049	113,892	143	0	0	14	4,922	3,784
	21	329,229	118,922	115,501	3,405	0	0	16	4,934	3,784
	28	327,899	131,745	131,705	39	0	0	1	4,802	3,784
	5 Oct.	329,095	120,574	120,452	109	0	0	13	5,160	3,784
	12	325,194	104,993	104,828	153	0	0	12	5,470	3,784
	19	319,984	143,582	143,444	126	0	0	12	5,512	3,784
	26	315,159	129,632	129,591	29	0	0	12	5,680	3,784
	2 Nov.	316,956	124,952	124,830	110	0	0	12	5,829	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	11	12	13	14	15	16	
0	57	46	241	28,128	70,168	89,766	827,440	2001 8 June
0	292	41	241	28,110	70,168	90,313	819,049	15
0	760	30	242	28,024	70,168	90,749	824,444	22
0	175	27	538	27,665	70,168	92,471	862,767	29
0	173	18	339	28,085	70,158	91,424	852,890	6 July
0	25	33	412	27,967	70,157	91,914	842,370	13
0	11	41	374	28,040	70,157	92,545	841,946	20
0	11	22	252	28,100	70,157	92,673	862,061	27
0	8	28	305	28,136	70,157	92,625	852,105	3 Aug.
0	305	56	281	28,141	70,157	86,614	840,988	10
0	9	57	249	28,280	70,157	86,693	840,603	17
0	25	35	260	28,325	70,157	87,419	832,360	24
0	437	46	252	28,371	70,160	87,329	833,389	31
0	43	22	320	28,286	70,160	85,090	828,051	7 Sep.
0	3,060	18	380	28,349	70,160	86,182	820,690	14
0	519	22	387	28,303	70,160	86,387	806,105	21
0	1,373	36	446	28,715	70,163	86,819	817,364	28
0	10	82	294	28,734	70,163	86,708	798,851	5 Oct.
0	12	17	793	28,293	70,166	87,307	782,084	12
0	632	43	830	28,123	70,166	87,569	810,439	19
0	72	34	418	28,371	70,171	87,654	809,996	26
0	3	25	397	28,498	70,171	89,664	795,654	2 Nov.

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total	
10	11	12	13	14	15	16	17	18	
46,793	8,529	3,915	13,854	6,984	69,943	126,258	60,464	827,440	2001 8 June
43,787	8,754	3,833	14,548	6,984	70,556	126,258	60,464	819,049	15
41,828	8,685	3,887	15,897	6,984	70,890	126,258	60,465	824,444	22
69,722	10,226	3,902	16,977	7,183	75,031	141,340	60,465	862,767	29
44,537	8,692	3,928	18,044	7,183	74,177	141,340	60,458	852,890	6 July
38,900	8,722	4,099	18,460	7,183	74,520	141,340	60,458	842,370	13
37,574	8,530	4,221	18,534	7,183	74,578	141,340	60,458	841,946	20
62,784	8,570	3,995	18,575	7,183	74,432	141,340	60,458	862,061	27
53,989	8,523	3,966	17,014	7,183	74,845	141,340	60,458	852,105	3 Aug.
51,402	8,727	4,011	15,204	7,183	67,972	141,340	60,459	840,988	10
51,485	8,466	4,138	15,369	7,183	68,901	141,340	60,459	840,603	17
54,847	8,543	3,986	14,679	7,183	69,528	141,340	60,460	832,360	24
62,840	8,459	3,982	15,649	7,183	69,065	141,340	60,460	833,389	31
47,863	8,489	3,978	14,669	7,183	69,255	141,340	60,460	828,051	7 Sep.
49,858	18,713	3,904	12,407	7,183	69,787	141,340	60,460	820,690	14
45,858	9,040	3,941	11,289	7,183	70,123	141,340	60,462	806,105	21
55,876	8,507	2,485	16,349	6,889	73,585	124,991	60,452	817,364	28
49,116	8,225	2,497	14,560	6,889	73,508	124,991	60,452	798,851	5 Oct.
48,132	8,835	2,440	17,391	6,889	73,513	124,991	60,452	782,084	12
40,613	8,495	2,444	19,392	6,889	74,301	124,991	60,452	810,439	19
58,830	8,642	2,475	19,623	6,889	73,839	124,991	60,452	809,996	26
48,019	8,651	2,432	19,477	6,889	74,067	124,991	60,452	795,654	2 Nov.

Table 1.2**Key ECB interest rates**

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

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

2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.

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

Table 1.3**Eurosystem monetary policy operations allotted through tenders ¹⁾**

(EUR millions; interest rates in percentages per annum)

1. Main refinancing operations ²⁾

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders			Running for (...) days
			Fixed rate	Minimum bid rate	Marginal rate ³⁾	Weighted average rate	
	1	2	3	4	5	6	7
2001 7 May	164,985	79,000	-	4.75	4.78	4.78	16
15	160,715	72,000	-	4.50	4.54	4.56	15
23	157,987	90,000	-	4.50	4.53	4.54	14
30	159,877	77,000	-	4.50	4.55	4.55	14
6 June	120,631	88,000	-	4.50	4.51	4.53	14
13	135,442	67,000	-	4.50	4.51	4.52	14
20	148,877	91,000	-	4.50	4.51	4.52	14
27	155,894	85,000	-	4.50	4.54	4.55	14
4 July	104,399	81,000	-	4.50	4.50	4.51	14
11	141,842	73,000	-	4.50	4.51	4.52	14
18	136,104	79,000	-	4.50	4.51	4.52	14
25	126,040	94,000	-	4.50	4.51	4.52	14
1 Aug.	100,746	71,000	-	4.50	4.50	4.51	14
8	132,809	91,000	-	4.50	4.50	4.51	14
15	111,157	70,000	-	4.50	4.50	4.51	14
22	142,012	83,000	-	4.50	4.50	4.51	14
29	72,907	70,000	-	4.50	4.50	4.50	14
5 Sep.	132,696	82,000	-	4.25	4.27	4.28	14
12	118,708	61,000	-	4.25	4.26	4.27	14
19	110,778	71,000	-	3.75	3.76	3.77	14
26	111,927	81,000	-	3.75	3.76	3.77	14
3 Oct.	76,444	56,000	-	3.75	3.75	3.76	14
10	60,510	60,510	-	3.75	3.75	3.75	14
17	143,828	82,000	-	3.75	3.78	3.79	14
24	73,932	61,000	-	3.75	3.75	3.76	14
31	99,611	66,000	-	3.75	3.75	3.76	14
7 Nov.	38,368	38,368	-	3.75	3.75	3.75	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 ³⁾	Weighted average rate	
1	2	3	4	5	6	
1999 14 Jan.	79,846	15,000	-	3.13	-	42
14	39,343	15,000	-	3.10	-	70
14	46,152	15,000	-	3.08	-	105
25 Feb.	77,300	15,000	-	3.04	-	91
25 Mar.	53,659	15,000	-	2.96	2.97	98
29 Apr.	66,911	15,000	-	2.53	2.54	91
27 May	72,294	15,000	-	2.53	2.54	91
1 July	76,284	15,000	-	2.63	2.64	91
29	64,973	15,000	-	2.65	2.66	91
26 Aug.	52,416	15,000	-	2.65	2.66	91
30 Sep.	41,443	15,000	-	2.66	2.67	84
28 Oct.	74,430	25,000	-	3.19	3.42	91
25 Nov.	74,988	25,000	-	3.18	3.27	98
23 Dec.	91,088	25,000	-	3.26	3.29	98
2000 27 Jan.	87,052	20,000	-	3.28	3.30	91
2 Mar.	72,960	20,000	-	3.60	3.61	91
30	74,929	20,000	-	3.78	3.80	91
27 Apr.	64,094	20,000	-	4.00	4.01	91
1 June	64,317	20,000	-	4.40	4.42	91
29	41,833	20,000	-	4.49	4.52	91
27 July	40,799	15,000	-	4.59	4.60	91
31 Aug.	35,417	15,000	-	4.84	4.87	91
28 Sep.	34,043	15,000	-	4.84	4.86	92
26 Oct.	43,085	15,000	-	5.06	5.07	91
30 Nov.	31,999	15,000	-	5.03	5.05	91
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

3. Other tender operations

Date of settlement	Type of operation	Bids (amount)	Allotment (amount)	Fixed rate tenders	Variable rate tenders		Running for (...) days
				Fixed rate	Marginal rate ³⁾	Weighted average rate	
1		2	3	4	5	6	7
2000 5 Jan.	Collection of fixed-term deposits	14,420	14,420	-	3.00	3.00	7
21 June	Reverse transaction	18,845	7,000	-	4.26	4.28	1
<i>Euro area enlargement</i>							
2001 30 Apr.	Reverse transaction	105,377	73,000	-	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

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) The marginal rate refers to the lowest rate at which funds were allotted.

Table 1.4**Minimum reserve statistics****1. Reserve base of credit institutions subject to reserve requirements ^{1) 2)}**

(EUR billions; end of period)

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
2000 Sep.	9,773.3	5,465.7	123.6	193.6	1,270.2	502.1	2,218.2
Oct.	9,931.2	5,531.9	127.6	201.1	1,283.2	534.2	2,253.2
Nov. ³⁾	10,074.5	5,653.4	130.0	199.9	1,282.2	561.5	2,247.6
Dec. ³⁾	10,071.5	5,711.3	136.7	187.2	1,273.6	528.3	2,234.3
<i>Euro area enlargement</i>							
2001 Jan.	10,164.2	5,712.6	139.2	196.7	1,275.6	574.6	2,265.6
Feb.	10,247.4	5,724.4	145.3	201.2	1,284.7	597.8	2,294.0
Mar.	10,503.6	5,883.5	151.1	203.4	1,292.6	654.7	2,318.3
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. ^(p)	10,667.7	5,955.1	188.1	190.6	1,314.7	645.6	2,373.6

Source: ECB.

- 1) Liabilities vis-à-vis other credit institutions subject to the ESCB's minimum reserve system, the ECB and participating national central banks, are excluded from the reserve base. If a credit institution cannot provide evidence of the amount of its issues of debt securities with a maturity of up to two years and of money market paper held by the institutions mentioned above, it may deduct a certain percentage of these liabilities from its reserve base. This percentage was 10% for calculating the reserve base until November 1999, and 30% thereafter.
- 2) Maintenance periods start on the 24th of the month and run to the 23rd of the following month; the required reserve is calculated from the reserve base as at the end of the preceding month.
- 3) Includes the reserve base of credit institutions in Greece (EUR 134.4 billion in November and 134.6 billion in December 2000, EUR 107.3 billion and EUR 110.3 billion of which qualify for the 2% coefficient respectively). On a transitional basis, credit institutions located in participating Member States could choose to deduct from their own reserve base liabilities to credit institutions in Greece. Starting from the reserve base as at end-January 2001 the standard treatment applies.

2. Reserve maintenance ¹⁾

(EUR billions; interest rates as annual percentages)

Maintenance period ending in:	Required reserves ²⁾	Actual reserves ³⁾	Excess reserves ⁴⁾	Deficiencies ⁵⁾	Interest rate on minimum reserves ⁶⁾
	1	2	3	4	5
2000 Nov.	115.1	115.5	0.4	0.0	4.81
Dec.	116.6	117.2	0.6	0.0	4.78
<i>Euro area enlargement</i>					
2001 Jan. ⁷⁾	118.5	119.0	0.5	0.0	4.77
Feb.	120.1	120.6	0.5	0.0	4.76
Mar.	120.4	120.9	0.5	0.0	4.77
Apr.	120.8	121.3	0.5	0.0	4.77
May	124.2	124.8	0.7	0.0	4.71
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. ^(p)	126.1	-	-	-	-

Source: ECB.

- 1) This table contains full data for completed maintenance periods and required reserves for the current maintenance period.
- 2) The amount of reserve requirement of each individual credit institution is first calculated by applying the reserve ratio for the corresponding categories of liabilities to the eligible liabilities, using the balance sheet data as at the end of each calendar month; subsequently, each credit institution deducts from this figure a lump-sum allowance of EUR 100,000. The resulting reserve requirements are then aggregated at the euro area level.
- 3) Aggregate average daily holdings of credit institutions required to hold a positive amount of reserves on their reserve accounts over the maintenance period.
- 4) Average actual reserve holdings over the maintenance period in excess of the required reserves, computed on the basis of those credit institutions that have fulfilled the reserve requirement.
- 5) Average shortfalls of actual reserve holdings from required reserves over the maintenance period, computed on the basis of those credit institutions that have not fulfilled the reserve requirement.
- 6) This rate equals the average, over the maintenance period, of the ECB's rate (weighted according to the number of calendar days) on the Eurosystem's main refinancing operations (see Table 1.3).
- 7) Owing to the adoption of the euro by Greece on 1 January 2001, the reserve requirement is an average, weighted by the number of calendar days, of the reserve requirements for the Euro 11 from 24 to 31 December 2000 and the reserve requirements for the Euro 12 from 1 to 23 January 2001 (i.e. 8/31 * EUR 116.9 billion + 23/31 * EUR 119.1 billion).

Table 1.5

Banking system's liquidity position ¹⁾

(EUR billions; period averages of daily positions)

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts ⁴⁾	Base money ⁵⁾
	Monetary policy operations of the Eurosystem							Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) ³⁾		
	Eurosystem's net assets in gold and foreign currency ¹	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations ²⁾	Deposit facility	Other liquidity-absorbing operations ²⁾					
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
Apr.	377.1	136.7	61.0	0.2	0.0	0.9	0.0	349.7	45.6	69.1	109.7	460.3
May	378.8	142.6	60.0	0.4	0.0	2.3	0.0	353.8	41.9	71.8	112.0	468.2
June	378.1	140.9	59.9	0.3	0.2	0.8	0.0	354.1	38.3	72.1	114.2	469.1
July	380.8	157.9	59.9	0.4	0.0	0.5	0.0	357.0	50.4	76.8	114.1	471.7
Aug.	382.0	163.1	55.4	0.1	0.0	0.3	0.0	359.2	48.8	80.0	112.4	471.9
Sep.	381.6	173.1	51.1	0.3	0.0	0.2	0.0	354.8	56.6	81.2	113.3	468.3
Oct.	396.3	176.5	45.7	0.5	0.0	0.2	0.0	354.5	47.4	102.5	114.4	469.1
Nov.	398.6	183.7	45.0	0.2	0.0	0.2	0.0	352.7	49.8	109.2	115.7	468.6
Dec.	394.4	210.4	45.0	0.4	0.0	0.2	0.0	360.4	61.1	111.1	117.4	478.0
<i>Euro area enlargement</i>												
2001 Jan.	383.7	205.3	45.0	0.5	0.0	0.6	0.0	368.3	52.2	94.2	119.1	488.0
Feb.	377.9	188.9	49.8	2.6	0.0	0.4	0.0	354.8	57.0	86.3	120.7	476.0
Mar.	375.6	185.2	54.1	0.4	0.0	0.5	0.0	353.0	53.0	87.7	121.0	474.5
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

Source: ECB.

1) The banking system's liquidity position is defined as the current account holdings in euro of credit institutions in the euro area with the Eurosystem. Amounts are derived from the consolidated financial statement of the Eurosystem.

2) Includes monetary policy operations initiated by national central banks in Stage Two and outstanding at the start of Stage Three (excluding outright operations and the issuance of debt certificates).

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

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

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

2 Monetary developments in the euro area

Table 2.1

Aggregated balance sheet of the Eurosystem

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

1. Assets

	Loans to euro area residents	MFIs ¹⁾	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	MFIs	General government	Other euro area residents	Holdings of shares/ other equity issued by euro area residents	MFIs	Other euro area residents	External assets ¹⁾	Fixed assets	Re- main- ing assets	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1998	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0
1999 Q3	471.7	451.1	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.5	1,058.0
Q4	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 Q1	443.4	424.5	18.4	0.5	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.9	1,051.8
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	51.7	1,209.3
2000 Sep.	493.1	474.4	18.2	0.5	98.5	2.9	94.6	1.0	14.6	4.4	10.2	459.1	10.2	54.3	1,129.8
Oct.	478.8	460.1	18.2	0.5	98.7	2.6	94.9	1.2	15.0	4.4	10.7	454.7	10.5	53.9	1,111.6
Nov.	431.5	412.8	18.2	0.5	98.8	2.6	94.9	1.4	15.4	4.4	11.1	402.8	10.3	54.2	1,013.0
Dec.	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	1,005.7
<i>Euro area enlargement</i>															
2001 1 Jan.	457.0	429.3	27.1	0.6	105.3	2.5	101.4	1.3	15.3	4.3	11.0	394.2	11.3	57.4	1,040.4
2001 Jan.	401.5	373.7	27.2	0.6	104.5	2.6	100.8	1.0	15.5	4.7	10.8	390.4	11.4	54.0	977.3
Feb.	398.8	371.0	27.2	0.6	105.2	2.5	101.5	1.2	14.9	4.6	10.3	386.2	11.3	53.6	970.1
Mar.	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	983.8
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	952.9
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	983.1
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	14.1	4.6	9.4	396.8	12.0	54.5	976.0
Sep. ^(p)	388.2	360.4	27.2	0.6	106.6	3.7	101.9	1.1	13.2	4.8	8.4	397.1	11.9	54.9	971.8

2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs ¹⁾	Central government	Other general government/ other euro area residents	Money market paper	Debt securities issued	Capital and reserves	External liabilities ¹⁾	Remaining liabilities	Total
	1	2	3	4	5	6	7	8	9	10	11
1998	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q3	359.7	405.3	347.7	50.1	7.6	3.3	5.3	145.5	88.8	50.1	1,058.0
Q4	393.3	341.5	279.3	53.4	8.8	3.3	4.6	174.3	49.8	47.6	1,014.5
2000 Q1	366.2	372.1	319.8	43.1	9.1	1.7	4.6	186.5	75.1	45.7	1,051.8
Q2	374.3	497.9	432.8	52.6	12.5	1.7	4.6	193.4	92.0	45.4	1,209.3
2000 Sep.	373.5	404.2	346.1	45.6	12.5	0.0	4.6	221.2	75.0	51.4	1,129.8
Oct.	372.6	388.1	323.3	51.1	13.7	0.0	4.6	225.3	69.5	51.6	1,111.6
Nov.	372.2	334.6	265.6	54.9	14.0	0.0	3.8	221.4	29.3	51.7	1,013.0
Dec.	390.2	327.3	270.4	47.1	9.8	0.0	3.8	197.5	29.9	57.0	1,005.7
<i>Euro area enlargement</i>											
2001 1 Jan.	399.3	346.2	288.0	47.9	10.4	0.0	5.6	199.2	30.9	59.1	1,040.4
2001 Jan.	373.1	313.3	250.9	51.5	10.9	0.0	5.5	196.8	30.6	58.0	977.3
Feb.	370.6	313.1	249.7	52.0	11.4	0.0	5.5	194.8	27.9	58.3	970.1
Mar.	370.5	312.6	253.4	46.8	12.4	0.0	5.5	204.6	26.8	63.8	983.8
Apr.	372.5	289.9	234.8	41.2	13.8	0.0	5.5	205.6	25.3	54.1	952.9
May	369.5	317.5	266.5	36.0	15.1	0.0	5.5	212.1	27.6	50.9	983.1
June	368.8	342.2	274.1	51.8	16.3	0.0	5.6	223.7	32.6	54.2	1,027.2
July	366.9	343.5	282.7	46.9	14.0	0.0	5.6	214.7	31.9	57.3	1,019.9
Aug.	356.1	320.4	259.2	46.6	14.7	0.0	5.6	211.6	28.4	53.9	976.0
Sep. ^(p)	346.2	323.6	269.4	37.6	16.6	0.0	5.5	209.2	30.0	57.3	971.8

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	MFIs	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	MFIs	General government	Other euro area residents	Money market paper	Holdings of shares/ other equity issued by euro area residents	MFIs	Other euro area residents	External assets	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998	9,088.4	3,154.6	822.0	5,111.8	2,021.0	720.8	1,112.0	188.1	107.3	521.0	168.5	352.6	1,591.7	150.6	776.8	14,256.7
1999 Q3	9,580.5	3,377.2	810.7	5,392.6	2,183.8	828.8	1,137.5	217.5	112.1	587.9	180.5	407.3	1,668.8	153.4	814.2	15,100.8
Q4	9,779.4	3,414.1	828.3	5,537.0	2,179.3	828.8	1,123.7	226.7	129.9	650.6	211.5	439.1	1,719.4	154.0	919.5	15,532.1
2000 Q1	10,020.0	3,510.6	821.3	5,688.1	2,225.3	869.5	1,128.0	227.8	131.9	729.6	230.2	499.4	1,823.0	152.0	977.6	16,059.2
Q2	10,126.9	3,463.8	817.2	5,845.8	2,211.1	894.9	1,073.2	243.0	155.2	704.0	210.0	494.0	1,888.5	154.2	1,021.1	16,261.0
2000 Sep.	10,239.1	3,461.2	799.8	5,978.1	2,231.5	940.5	1,033.8	257.2	145.6	707.6	204.1	503.6	1,999.6	155.8	1,030.0	16,509.3
Oct.	10,304.1	3,481.4	801.7	6,021.0	2,222.9	939.1	1,020.6	263.1	151.7	709.4	206.0	503.3	2,056.6	157.5	1,100.7	16,702.8
Nov.	10,387.8	3,522.7	808.8	6,056.3	2,216.7	937.0	1,017.3	262.3	157.8	732.0	227.2	504.8	2,081.5	157.5	1,048.9	16,782.1
Dec.	10,419.8	3,510.6	818.7	6,090.5	2,192.4	932.7	995.8	263.8	146.0	750.9	240.3	510.5	2,022.2	158.7	1,022.2	16,712.2
<i>Euro area enlargement</i>																
2001 1 Jan.	10,527.9	3,547.5	826.8	6,153.6	2,254.9	934.1	1,054.6	266.3	146.0	762.2	243.0	519.3	2,005.0	161.6	1,046.4	16,904.1
2001 Jan.	10,599.0	3,583.7	830.9	6,184.4	2,249.7	935.3	1,044.8	269.5	156.0	779.2	247.4	531.8	2,068.9	160.4	1,066.6	17,079.7
Feb.	10,668.5	3,640.2	822.7	6,205.6	2,287.3	954.3	1,054.7	278.4	158.3	788.0	248.7	539.3	2,093.5	161.0	1,054.3	17,210.9
Mar.	10,805.4	3,707.5	825.3	6,272.5	2,318.9	968.4	1,064.0	286.5	162.1	812.5	255.4	557.0	2,235.7	160.8	1,096.8	17,592.2
Apr.	10,775.8	3,646.9	817.2	6,311.8	2,336.6	975.4	1,068.7	292.6	168.1	836.3	259.5	576.9	2,218.0	161.5	1,110.5	17,607.0
May	10,799.7	3,655.5	812.1	6,332.1	2,379.0	991.2	1,089.0	298.8	169.0	836.2	258.5	577.6	2,269.8	162.8	1,131.5	17,748.1
June	10,886.3	3,691.1	809.1	6,386.1	2,393.8	990.3	1,103.7	299.8	172.5	799.1	253.2	545.9	2,281.8	163.6	1,127.9	17,825.2
July	10,845.9	3,647.4	806.3	6,392.2	2,414.7	1,003.8	1,098.0	312.9	176.8	794.9	254.4	540.5	2,205.5	164.6	1,073.5	17,676.0
Aug.	10,821.1	3,651.3	802.2	6,367.6	2,413.2	1,004.5	1,087.3	321.4	170.7	783.1	249.5	533.7	2,218.2	165.0	1,064.5	17,635.9
Sep. ^(p)	10,943.3	3,726.4	802.2	6,414.7	2,412.1	997.3	1,091.0	323.8	169.8	769.4	247.7	521.6	2,294.1	165.3	1,121.5	17,875.4

2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/ other euro area residents	Over- night	With agreed maturity	Redeem- able at notice	Repur- chase agree- ments	Money market fund shares/ units	Debt securities issued	Money market paper	Capital and reserves	External liabil- ities	Remaining liabilities	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1998	0.4	8,286.4	3,305.2	95.4	4,885.8	1,387.1	1,929.0	1,393.2	176.5	241.4	2,099.8	161.6	754.6	1,507.0	1,205.5	14,256.7
1999 Q3	0.6	8,529.0	3,510.4	83.2	4,935.4	1,471.5	1,981.7	1,321.5	160.6	293.2	2,325.7	204.1	806.4	1,710.3	1,231.4	15,100.8
Q4	0.7	8,734.7	3,590.3	88.6	5,055.8	1,537.3	2,043.2	1,331.4	143.9	293.4	2,361.3	242.1	849.6	1,797.7	1,252.6	15,532.1
2000 Q1	0.7	8,809.6	3,612.5	87.1	5,110.0	1,568.0	2,052.7	1,312.0	177.3	325.1	2,421.0	248.8	890.7	2,018.8	1,344.6	16,059.2
Q2	0.6	8,849.9	3,623.7	93.4	5,132.8	1,596.1	2,078.1	1,291.3	167.3	344.7	2,478.1	261.1	898.5	2,032.6	1,395.4	16,261.0
2000 Sep.	0.0	8,858.5	3,599.9	113.7	5,144.9	1,577.0	2,124.2	1,272.3	171.4	334.8	2,550.2	272.2	913.5	2,192.0	1,388.0	16,509.3
Oct.	0.0	8,903.8	3,630.1	121.3	5,152.4	1,577.0	2,141.3	1,263.5	170.6	336.9	2,574.0	281.3	917.9	2,258.8	1,430.1	16,702.8
Nov.	0.0	8,957.1	3,669.8	113.9	5,173.4	1,594.9	2,148.8	1,256.2	173.5	342.9	2,570.2	278.5	930.8	2,277.2	1,425.3	16,782.1
Dec.	0.0	9,057.0	3,679.1	117.4	5,260.4	1,648.9	2,159.7	1,276.8	174.9	323.3	2,563.2	262.2	940.0	2,186.8	1,379.7	16,712.2
<i>Euro area enlargement</i>																
2001 1 Jan.	0.0	9,203.6	3,700.4	118.4	5,384.9	1,663.4	2,198.0	1,328.2	195.2	323.3	2,563.4	262.2	958.5	2,188.1	1,404.6	16,904.1
2001 Jan.	0.0	9,191.4	3,727.3	95.6	5,368.4	1,613.2	2,211.7	1,329.7	213.8	337.2	2,594.7	274.9	964.1	2,301.9	1,415.6	17,079.7
Feb.	0.0	9,222.5	3,742.1	103.6	5,376.8	1,614.5	2,223.1	1,323.4	215.8	347.0	2,630.5	280.2	969.7	2,328.1	1,432.9	17,210.9
Mar.	0.0	9,325.0	3,806.1	103.6	5,415.4	1,624.1	2,242.6	1,322.8	225.9	358.8	2,662.1	278.5	982.2	2,512.7	1,472.8	17,592.2
Apr.	0.0	9,302.4	3,747.8	111.3	5,443.3	1,653.5	2,241.2	1,323.8	224.9	367.1	2,675.5	277.9	986.4	2,527.3	1,470.4	17,607.0
May	0.0	9,336.8	3,746.3	110.9	5,479.7	1,677.0	2,242.9	1,322.4	237.3	378.2	2,706.9	271.0	990.9	2,594.7	1,469.6	17,748.1
June	0.0	9,423.5	3,798.2	112.5	5,512.8	1,716.0	2,240.4	1,330.7	225.8	382.2	2,725.6	275.5	998.0	2,570.5	1,449.9	17,825.2
July	0.0	9,364.8	3,755.3	108.6	5,500.8	1,699.0	2,241.9	1,333.5	226.4	393.7	2,737.3	276.5	997.7	2,468.7	1,437.3	17,676.0
Aug.	0.0	9,344.5	3,746.4	105.8	5,492.2	1,666.9	2,254.2	1,337.2	233.9	405.1	2,733.7	264.7	1,000.4	2,452.2	1,435.3	17,635.9
Sep. ^(p)	0.0	9,482.6	3,823.0	116.0	5,543.5	1,735.2	2,237.2	1,341.9	229.3	408.3	2,741.0	265.1	1,005.1	2,474.6	1,498.8	17,875.4

Source: ECB.

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

	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ²⁾	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6	7	8	9	10	11
2000 Mar.	6,528.3	839.7	5,688.6	1,449.6	1,220.7	228.9	509.5	2,262.0	161.8	994.1	11,905.4
Apr.	6,591.4	842.4	5,749.0	1,435.6	1,198.6	237.0	522.2	2,362.9	162.6	1,034.3	12,109.1
May	6,614.9	835.8	5,779.1	1,432.0	1,187.9	244.2	535.9	2,351.4	163.0	1,035.3	12,132.6
June	6,681.9	835.6	5,846.3	1,411.0	1,166.8	244.2	504.3	2,343.3	164.2	1,039.0	12,143.7
July	6,708.5	833.8	5,874.6	1,393.1	1,140.7	252.4	509.0	2,370.5	164.9	1,086.3	12,232.3
Aug.	6,715.1	822.0	5,893.1	1,385.2	1,128.6	256.6	510.7	2,415.8	165.2	1,124.9	12,316.9
Sep.	6,796.6	818.0	5,978.5	1,386.6	1,128.4	258.2	513.8	2,458.7	166.0	1,049.9	12,371.5
Oct.	6,841.4	819.9	6,021.5	1,379.8	1,115.5	264.3	514.0	2,511.3	168.0	1,118.7	12,533.2
Nov.	6,883.8	827.0	6,056.8	1,375.9	1,112.2	263.7	515.8	2,484.3	167.7	1,067.7	12,495.2
Dec.	6,926.8	835.9	6,090.9	1,354.6	1,089.4	265.1	521.5	2,402.9	169.9	1,035.7	12,411.3
<i>Euro area enlargement</i>											
2001 1 Jan.	7,008.1	853.9	6,154.2	1,423.6	1,156.0	267.6	530.2	2,399.3	172.9	1,015.7	12,593.8
2001 Jan.	7,043.1	858.1	6,185.0	1,416.2	1,145.6	270.6	542.7	2,459.3	171.8	1,082.6	12,715.7
Feb.	7,056.1	849.9	6,206.2	1,435.7	1,156.1	279.6	549.6	2,479.7	172.3	1,071.6	12,765.0
Mar.	7,125.7	852.6	6,273.1	1,452.7	1,165.2	287.6	567.1	2,632.5	172.0	1,116.1	13,066.2
Apr.	7,156.8	844.4	6,312.4	1,465.2	1,171.4	293.8	586.9	2,608.3	173.3	1,126.9	13,117.3
May	7,172.0	839.3	6,332.7	1,491.4	1,191.3	300.1	587.3	2,668.7	174.6	1,147.2	13,241.3
June	7,223.0	836.3	6,386.7	1,506.3	1,205.2	301.0	555.5	2,696.5	175.5	1,145.7	13,302.5
July	7,226.4	833.5	6,392.9	1,514.5	1,200.4	314.1	550.1	2,610.5	176.6	1,091.1	13,169.1
Aug.	7,197.6	829.4	6,368.2	1,512.7	1,190.2	322.6	543.1	2,615.0	176.9	1,081.4	13,126.7
Sep. ^(a)	7,244.7	829.4	6,415.3	1,517.7	1,192.9	324.9	530.1	2,691.1	177.3	1,138.8	13,299.7

2. Liabilities: levels

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over- night	With agreed maturity	Redeem- able at notice	Repur- chase agree- ments	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities ²⁾	Re- main- ing liabilities	Excess of inter- MFI liabilities	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Mar.	334.6	130.2	5,119.1	1,577.1	2,052.7	1,312.0	177.3	443.7	1,553.7	842.6	2,093.9	1,390.3	-2.7	11,905.4
Apr.	337.7	131.8	5,157.8	1,612.6	2,061.0	1,304.4	179.8	451.2	1,573.6	852.4	2,213.1	1,411.7	-20.4	12,109.1
May	337.5	113.9	5,156.4	1,598.0	2,080.6	1,296.6	181.2	456.7	1,575.9	853.5	2,220.3	1,424.8	-6.5	12,132.6
June	341.2	146.0	5,145.3	1,608.7	2,078.2	1,291.3	167.3	452.3	1,585.1	877.5	2,124.7	1,440.9	30.8	12,143.7
July	343.0	134.7	5,150.2	1,605.1	2,088.5	1,284.6	172.0	463.3	1,584.0	893.9	2,160.9	1,475.8	26.4	12,232.3
Aug.	337.9	140.6	5,146.7	1,577.6	2,120.2	1,279.6	169.4	470.6	1,604.1	898.2	2,209.6	1,500.2	9.1	12,316.9
Sep.	338.9	159.3	5,157.4	1,589.5	2,124.2	1,272.3	171.4	461.5	1,611.4	926.3	2,267.0	1,439.4	10.4	12,371.5
Oct.	336.7	172.3	5,166.1	1,590.7	2,141.3	1,263.5	170.6	466.5	1,636.8	932.8	2,328.2	1,481.6	12.0	12,533.2
Nov.	336.8	168.8	5,187.5	1,608.9	2,148.8	1,256.2	173.5	463.6	1,634.4	920.7	2,306.5	1,477.0	-0.1	12,495.2
Dec.	347.5	164.6	5,270.2	1,658.7	2,159.7	1,276.8	174.9	439.6	1,631.7	892.9	2,216.7	1,436.7	11.5	12,411.3
<i>Euro area enlargement</i>														
2001 1 Jan.	355.3	166.2	5,395.3	1,673.4	2,198.4	1,328.2	195.2	439.6	1,632.4	910.4	2,219.4	1,463.7	11.6	12,593.8
2001 Jan.	335.2	147.1	5,379.3	1,623.7	2,212.0	1,329.7	213.8	456.1	1,662.3	908.8	2,332.5	1,473.6	20.8	12,715.7
Feb.	334.2	155.6	5,388.2	1,625.5	2,223.5	1,323.4	215.8	468.8	1,679.2	911.2	2,356.0	1,491.2	-19.4	12,765.0
Mar.	335.4	150.3	5,427.8	1,636.2	2,242.9	1,322.8	225.9	475.2	1,696.5	926.7	2,539.5	1,536.7	-21.9	13,066.2
Apr.	335.3	152.5	5,457.1	1,666.9	2,241.6	1,323.8	224.9	476.8	1,703.1	927.9	2,552.6	1,524.4	-12.5	13,117.3
May	332.0	146.9	5,494.8	1,691.7	2,243.3	1,322.4	237.3	480.2	1,718.4	939.9	2,622.3	1,520.4	-13.5	13,241.3
June	332.1	164.3	5,529.1	1,731.9	2,240.8	1,330.7	225.8	485.2	1,737.8	963.9	2,603.1	1,504.1	-17.0	13,302.5
July	327.2	155.5	5,514.8	1,712.6	2,242.3	1,333.5	226.4	493.3	1,735.8	953.3	2,500.6	1,494.6	-6.0	13,169.1
Aug.	318.4	152.4	5,506.9	1,681.2	2,254.6	1,337.2	233.9	499.1	1,731.3	957.9	2,480.6	1,489.2	-9.0	13,126.7
Sep. ^(a)	308.6	153.6	5,560.2	1,751.5	2,237.6	1,341.9	229.3	503.6	1,745.5	961.8	2,504.6	1,556.0	5.6	13,299.7

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. Assets: flows ¹⁾

	Loans to euro area residents	General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents	General government	Other euro area residents	Holdings of shares/ other equity issued by other euro area residents	External assets ²⁾	Fixed assets	Remaining assets	Total
	1	2	3	4	5	6	7	8	9	10	11
2000 Apr.	55.9	2.3	53.6	-19.4	-25.8	6.4	12.2	13.0	0.8	32.9	95.4
May	22.4	-6.3	28.8	-1.3	-8.5	7.2	12.4	11.8	0.5	1.0	46.7
June	60.6	-0.5	61.1	-21.5	-22.4	0.9	-31.8	7.9	1.4	4.5	21.1
July	22.3	-1.3	23.5	-18.9	-26.2	7.3	3.2	-3.5	0.7	47.0	50.7
Aug.	7.0	-8.6	15.6	-7.1	-10.5	3.4	1.0	4.0	0.3	38.5	43.7
Sep.	66.9	-4.1	71.1	-0.2	-3.5	3.3	2.4	17.6	0.7	-75.9	11.6
Oct.	40.6	1.9	38.6	-10.2	-17.0	6.8	1.6	10.3	3.2	68.9	114.3
Nov.	49.2	7.2	42.1	-6.3	-5.3	-1.0	0.5	8.0	-0.3	-51.0	0.2
Dec.	61.1	9.9	51.2	-15.6	-19.0	3.4	4.6	6.9	1.2	-22.3	36.0
<i>Euro area enlargement</i>											
2001 Jan.	34.3	2.9	31.3	-12.2	-15.7	3.4	12.6	60.5	-1.0	22.3	116.4
Feb.	14.0	-8.2	22.2	13.4	4.5	8.9	7.4	16.1	0.5	-11.9	39.5
Mar.	61.8	2.3	59.4	11.9	4.2	7.7	17.5	102.2	0.1	45.9	239.4
Apr.	33.1	-8.2	41.3	12.5	6.7	5.8	18.5	-19.4	1.2	9.9	55.9
May	5.1	-5.6	10.7	25.8	21.4	4.5	1.2	4.4	1.4	18.8	56.7
June	56.1	-2.9	59.0	14.4	13.7	0.7	-34.2	26.4	0.9	-1.5	62.1
July	12.0	-2.5	14.5	9.7	-3.2	12.9	-8.6	-44.7	1.1	-50.4	-80.9
Aug.	-19.6	-3.7	-15.9	2.8	-6.1	8.9	-5.9	52.2	0.3	-10.8	19.1
Sep. ^(a)	45.5	-0.1	45.5	1.2	-1.5	2.7	-9.8	63.5	0.3	55.0	155.7

4. Liabilities: flows ¹⁾

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over- night	With agreed maturity	Redeem- able at notice	Repur- chase agree- ments	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities ²⁾	Re- main- ing liabilities	Excess of inter- MFI liabilities	Total
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Apr.	3.3	1.6	33.0	33.4	4.9	-7.7	2.4	-0.7	18.9	9.2	36.1	10.6	-16.5	95.4
May	-0.2	-17.9	1.6	-11.3	20.3	-8.9	1.4	8.6	6.5	2.6	28.5	11.0	6.0	46.7
June	3.6	32.1	-7.9	12.0	-0.7	-5.3	-13.9	-4.4	15.6	18.9	-78.0	15.1	26.1	21.1
July	1.9	-11.3	1.1	-5.0	7.4	-6.1	4.7	10.7	-6.8	15.4	8.9	37.9	-7.0	50.7
Aug.	-5.1	5.9	-7.9	-29.3	29.3	-5.1	-2.7	6.1	11.4	4.9	12.0	31.9	-15.4	43.7
Sep.	1.0	18.7	4.6	10.8	-0.9	-7.4	2.0	-10.0	3.3	18.8	42.4	-66.2	-1.0	11.6
Oct.	-2.2	13.1	3.3	-0.8	13.8	-8.8	-0.8	3.8	16.3	5.0	20.7	45.0	9.4	114.3
Nov.	0.1	-3.6	26.0	20.0	10.2	-7.2	3.0	-1.8	5.5	-11.9	11.2	-12.2	-13.2	0.2
Dec.	10.7	-4.2	95.9	53.8	19.8	20.9	1.5	-13.4	5.2	-23.5	-15.7	-24.4	5.4	36.0
<i>Euro area enlargement</i>														
2001 Jan.	-20.1	-19.1	-15.5	-49.5	13.8	1.5	18.6	18.2	24.2	-2.8	115.1	9.5	6.8	116.4
Feb.	-1.0	8.7	8.3	1.5	11.2	-6.3	1.9	12.7	16.6	2.8	19.9	11.3	-39.8	39.5
Mar.	1.3	-5.2	33.4	8.7	15.3	-0.8	10.1	4.9	13.5	16.5	138.0	45.4	-8.2	239.4
Apr.	-0.1	2.2	29.6	30.6	-1.0	1.1	-1.1	0.7	5.4	1.7	17.9	-11.7	10.3	55.9
May	-3.3	-5.6	29.7	21.9	-2.9	-1.7	12.4	1.6	2.1	9.1	14.1	10.3	-1.3	56.7
June	0.1	17.4	35.5	40.5	-1.8	8.3	-11.6	5.0	22.5	17.5	-15.4	-17.2	-3.4	62.1
July	-5.0	-8.8	-9.8	-17.7	4.3	3.0	0.7	9.1	5.6	-6.5	-66.4	-10.6	11.4	-80.9
Aug.	-8.8	-3.1	-2.4	-29.7	16.0	3.9	7.5	6.9	2.9	6.9	26.0	-6.4	-2.9	19.1
Sep. ^(a)	-9.7	1.2	52.7	70.1	-17.5	4.7	-4.6	3.7	13.1	2.2	19.2	58.8	14.6	155.7

Table 2.4

Monetary aggregates ¹⁾ 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 ³⁾
	Currency in circulation 1	Overnight deposits 2	Total 3	Index Dec. 98=100 ³⁾ 4				
2000 Mar.	334.6	1,642.8	1,977.4	110.58	888.2	1,267.5	4,133.1	105.14
Apr.	337.7	1,680.9	2,018.6	112.78	896.3	1,260.1	4,174.9	106.09
May	337.5	1,662.8	2,000.3	111.94	914.1	1,251.9	4,166.3	105.96
June	341.2	1,674.1	2,015.3	112.85	912.7	1,244.6	4,172.5	106.20
July	343.0	1,672.3	2,015.3	112.78	922.8	1,236.8	4,174.9	106.18
Aug.	337.9	1,643.1	1,981.0	110.75	953.3	1,230.4	4,164.6	105.83
Sep.	338.9	1,654.4	1,993.4	111.38	956.1	1,220.3	4,169.8	105.90
Oct.	336.7	1,656.8	1,993.6	111.28	972.2	1,211.1	4,176.8	105.97
Nov.	336.8	1,675.2	2,012.1	112.42	985.4	1,202.0	4,199.5	106.64
Dec.	347.5	1,728.8	2,076.4	116.23	990.8	1,221.0	4,288.2	109.14
Euro area enlargement								
2001 1 Jan.	355.3	1,743.5	2,098.8	-	1,027.6	1,271.1	4,397.6	-
2001 Jan.	335.2	1,692.7	2,027.9	112.31	1,042.1	1,275.0	4,344.9	107.85
Feb.	334.2	1,692.9	2,027.1	112.25	1,054.6	1,269.6	4,351.3	107.99
Mar.	335.4	1,703.3	2,038.7	112.79	1,070.7	1,269.7	4,379.1	108.57
Apr.	335.3	1,735.8	2,071.2	114.58	1,072.0	1,273.3	4,416.5	109.50
May	332.0	1,759.1	2,091.1	115.52	1,072.9	1,273.1	4,437.2	109.84
June	332.1	1,798.4	2,130.6	117.72	1,070.3	1,282.9	4,483.8	111.01
July	327.2	1,780.2	2,107.4	116.53	1,077.2	1,287.1	4,471.7	110.81
Aug.	318.4	1,747.4	2,065.8	114.32	1,092.7	1,292.8	4,451.3	110.41
Sep. ^(p)	308.6	1,817.4	2,126.1	117.65	1,074.9	1,299.0	4,499.9	111.61

2. Monetary aggregates: flows ⁴⁾

	M2							
	M1				Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual growth rate ³⁾ (%)
	Currency in circulation 1	Overnight deposits 2	Total 3	Annual growth rate ³⁾ (%) 4				
2000 Apr.	3.3	36.0	39.2	11.4	5.7	-7.6	37.3	5.5
May	-0.2	-14.7	-14.9	8.7	19.0	-9.2	-5.1	4.7
June	3.6	12.6	16.2	7.1	0.3	-7.3	9.2	4.3
July	1.9	-3.2	-1.3	6.9	8.3	-7.5	-0.5	3.7
Aug.	-5.1	-31.1	-36.3	7.1	28.9	-6.5	-13.9	4.3
Sep.	1.0	10.3	11.3	6.2	1.7	-10.1	2.9	4.1
Oct.	-2.2	0.4	-1.8	5.8	13.8	-9.3	2.7	3.7
Nov.	0.1	20.3	20.4	5.1	15.1	-9.0	26.5	3.8
Dec.	10.7	57.5	68.2	5.7	11.0	19.3	98.5	3.7
Euro area enlargement								
2001 Jan.	-20.1	-50.6	-70.7	1.6	14.6	3.9	-52.2	2.6
Feb.	-1.0	-0.1	-1.1	2.1	12.3	-5.4	5.9	2.9
Mar.	1.3	8.4	9.7	2.0	13.7	-0.1	23.4	3.3
Apr.	-0.1	32.5	32.4	1.6	1.6	3.7	37.6	3.2
May	-3.3	20.4	17.1	3.2	-3.2	-0.5	13.4	3.7
June	0.1	39.7	39.8	4.3	-2.0	9.8	47.6	4.5
July	-5.0	-16.7	-21.7	3.3	8.9	4.4	-8.4	4.4
Aug.	-8.8	-31.0	-39.9	3.2	18.1	5.9	-15.9	4.3
Sep. ^(p)	-9.7	69.8	60.1	5.6	-18.1	6.1	48.1	5.4

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) Excluding holdings of money market fund shares/units by non-residents of the euro area.

M3 ²⁾					
Repurchase agreements	Money market fund shares/ units and money market paper ²⁾	Debt securities up to 2 years	Total	Index Dec. 98=100 ³⁾	
9	10	11	12	13	
177.3	443.7	90.7	4,844.8	107.38	2000 Mar.
179.8	451.2	89.7	4,895.7	108.28	Apr.
181.2	456.7	87.5	4,891.6	108.35	May
167.3	452.3	86.8	4,878.9	108.19	June
172.0	463.3	76.7	4,886.9	108.28	July
169.4	470.6	81.0	4,885.6	108.12	Aug.
171.4	461.5	81.5	4,884.2	108.02	Sep.
170.6	466.5	88.2	4,902.2	108.26	Oct.
173.5	463.6	97.3	4,933.9	109.10	Nov.
174.9	439.6	106.4	5,009.1	111.22	Dec.
<i>Euro area enlargement</i>					
195.2	439.6	106.6	5,138.9	-	2001 1 Jan.
213.8	456.1	106.9	5,121.8	110.89	2001 Jan.
215.8	468.8	115.1	5,150.9	111.51	Feb.
225.9	475.2	119.6	5,199.8	112.42	Mar.
224.9	476.8	125.3	5,243.6	113.35	Apr.
237.3	480.2	133.9	5,288.6	114.07	May
225.8	485.2	144.6	5,339.3	115.19	June
226.4	493.3	143.2	5,334.7	115.23	July
233.9	499.1	146.6	5,330.8	115.31	Aug.
229.3	503.6	146.4	5,379.2	116.32	Sep. ⁴⁾

M3 ²⁾					
Repurchase agreements	Money market fund shares/ units and money market paper ²⁾	Debt securities up to 2 years	Total	Annual growth rate ³⁾ (%)	
9	10	11	12	13	
2.4	-0.7	1.4	40.4	6.7	2000 Apr.
1.4	8.6	-1.7	3.2	5.9	May
-13.9	-4.4	1.7	-7.4	5.3	June
4.7	10.7	-10.7	4.2	5.1	July
-2.7	6.1	3.2	-7.4	5.4	Aug.
2.0	-10.0	0.7	-4.4	5.0	Sep.
-0.8	3.8	5.4	11.1	4.9	Oct.
3.0	-1.8	10.3	37.9	4.7	Nov.
1.5	-13.4	9.1	95.7	4.9	Dec.
<i>Euro area enlargement</i>					
18.6	18.2	0.1	-15.3	4.5	2001 Jan.
1.9	12.7	8.1	28.5	4.6	Feb.
10.1	4.9	4.0	42.4	4.7	Mar.
-1.1	0.7	5.5	42.7	4.7	Apr.
12.4	1.6	6.0	33.4	5.3	May
-11.6	5.0	11.2	52.3	6.5	June
0.7	9.1	0.4	1.8	6.4	July
7.5	6.9	4.8	3.4	6.6	Aug.
-4.6	3.7	-0.4	46.8	7.7	Sep. ⁴⁾

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 ¹⁾ and counterparts

(EUR billions and percentage growth rates, unless otherwise indicated)

3. Seasonally adjusted levels at the end of the period

	M2							
	M1				Other short-term deposits ⁵⁾		Total	Index Dec. 98=100 ⁴⁾
	Currency in circulation 1	Overnight deposits 2	Total	Index Dec. 98=100 ⁴⁾	Total	Index Dec. 98=100 ⁴⁾		
			3	4	5	6	7	8
2000 Mar.	336.4	1,661.3	1,997.7	111.72	2,145.7	100.14	4,143.5	105.41
Apr.	337.1	1,675.4	2,012.4	112.43	2,150.4	100.24	4,162.9	105.79
May	338.7	1,661.6	2,000.3	111.94	2,162.8	100.82	4,163.1	105.88
June	339.6	1,646.1	1,985.7	111.20	2,163.2	100.92	4,148.9	105.59
July	338.8	1,658.2	1,997.0	111.75	2,170.5	101.19	4,167.5	105.99
Aug.	339.0	1,675.3	2,014.3	112.61	2,183.2	101.70	4,197.5	106.67
Sep.	339.3	1,674.5	2,013.8	112.52	2,191.2	102.02	4,204.9	106.80
Oct.	339.8	1,678.6	2,018.4	112.67	2,200.9	102.36	4,219.3	107.05
Nov.	338.4	1,679.7	2,018.1	112.76	2,208.1	102.79	4,226.2	107.32
Dec.	338.0	1,676.9	2,014.8	112.79	2,198.4	102.61	4,213.3	107.24
<i>Euro area enlargement</i>								
2001 1 Jan.	341.9	1,694.5	2,036.4	-	2,285.6	-	4,321.9	-
2001 Jan.	338.9	1,690.2	2,029.1	112.38	2,296.5	103.14	4,325.6	107.37
Feb.	339.0	1,710.6	2,049.6	113.50	2,308.9	103.69	4,358.5	108.17
Mar.	337.3	1,715.0	2,052.3	113.54	2,328.5	104.45	4,380.8	108.61
Apr.	336.1	1,725.1	2,061.3	114.03	2,341.0	105.03	4,402.3	109.15
May	332.8	1,752.0	2,084.9	115.18	2,344.3	104.98	4,429.2	109.64
June	330.7	1,761.6	2,092.3	115.61	2,358.1	105.63	4,450.3	110.19
July	324.2	1,767.2	2,091.5	115.65	2,375.2	106.49	4,466.7	110.68
Aug.	317.9	1,791.9	2,109.8	116.75	2,379.4	106.80	4,489.1	111.35
Sep. ^(p)	308.6	1,830.1	2,138.7	118.35	2,394.1	107.45	4,532.9	112.42

4. Seasonally adjusted flows ⁷⁾

	M2										
	M1					Other short-term deposits ⁵⁾			Total	Monthly growth rate ⁴⁾ (%)	Annual growth rate ⁴⁾ (%)
	Currency in circulation 1	Overnight deposits 2	Total 3	Monthly growth rate ⁴⁾ (%) 4	Annual growth rate ⁴⁾ (%) 5	Total 6	Monthly growth rate ⁴⁾ (%) 7	Annual growth rate ⁴⁾ (%) 8			
									9	10	11
2000 Apr.	0.8	11.9	12.7	0.6	10.5	2.2	0.1	0.7	14.9	0.4	5.2
May	1.7	-10.4	-8.7	-0.4	9.0	12.5	0.6	1.1	3.8	0.1	4.8
June	0.8	-14.2	-13.4	-0.7	7.3	2.1	0.1	1.6	-11.3	-0.3	4.2
July	-0.8	10.7	10.0	0.5	6.4	5.8	0.3	1.2	15.7	0.4	3.6
Aug.	0.2	15.1	15.4	0.8	7.2	11.0	0.5	1.7	26.4	0.6	4.3
Sep.	0.3	-1.9	-1.6	-0.1	6.4	6.7	0.3	2.0	5.1	0.1	4.0
Oct.	0.5	2.1	2.6	0.1	5.9	7.3	0.3	2.0	9.9	0.2	3.9
Nov.	-1.4	3.0	1.6	0.1	5.3	9.2	0.4	2.5	10.8	0.3	3.8
Dec.	-0.4	0.9	0.5	0.0	5.2	-3.9	-0.2	2.1	-3.3	-0.1	3.6
Euro area enlargement											
2001 Jan.	-6.9	-1.0	-8.0	-0.4	2.2	12.1	0.5	3.5	4.2	0.1	2.9
Feb.	0.1	20.0	20.2	1.0	2.3	12.2	0.5	3.5	32.4	0.7	3.0
Mar.	-1.7	2.5	0.8	0.0	1.6	17.1	0.7	4.3	17.9	0.4	3.0
Apr.	-1.2	10.0	8.8	0.4	1.4	12.8	0.5	4.8	21.6	0.5	3.2
May	-3.3	24.0	20.7	1.0	2.9	-1.2	0.0	4.1	19.6	0.4	3.5
June	-2.1	9.8	7.7	0.4	4.0	14.5	0.6	4.7	22.2	0.5	4.3
July	-6.5	7.2	0.7	0.0	3.5	19.3	0.8	5.2	20.0	0.4	4.4
Aug.	-6.4	26.4	20.0	1.0	3.7	7.0	0.3	5.0	27.0	0.6	4.4
Sep. ^(p)	-9.2	38.0	28.8	1.4	5.2	14.5	0.6	5.3	43.3	1.0	5.3

Source: ECB.

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

2) Excluding holdings of money market fund shares/units by non-residents of the euro area.

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 ²⁾				Loans to other euro area residents (excluding government) ³⁾		
Marketable instruments ⁶⁾		Total	Index Dec. 98=100 ⁴⁾	Total	Index Dec. 98=100 ⁴⁾	
Total	Index Dec. 98=100 ⁴⁾					
9	10	11	12	13	14	
700.3	120.97	4,843.8	107.36	5,686.1	112.33	2000 Mar.
706.3	121.01	4,869.2	107.69	5,743.6	113.32	Apr.
706.8	121.72	4,869.9	107.87	5,789.0	114.20	May
701.9	121.29	4,850.8	107.56	5,825.4	114.79	June
712.3	122.93	4,879.8	108.12	5,855.3	115.29	July
716.5	123.22	4,914.0	108.74	5,916.6	116.44	Aug.
718.6	123.46	4,923.6	108.89	5,989.4	117.59	Sep.
734.3	125.72	4,953.6	109.40	6,032.1	118.34	Oct.
737.9	126.73	4,964.0	109.77	6,062.8	119.08	Nov.
749.1	130.58	4,962.3	110.18	6,072.6	119.60	Dec.
<i>Euro area enlargement</i>						
769.1	-	5,091.0	-	6,135.3	-	2001 1 Jan.
791.6	134.45	5,117.2	110.79	6,182.7	120.53	2001 Jan.
796.2	135.20	5,154.7	111.59	6,219.1	121.26	Feb.
806.1	136.54	5,186.9	112.14	6,269.3	122.09	Mar.
811.6	137.28	5,213.9	112.71	6,304.0	122.81	Apr.
829.5	139.58	5,258.7	113.42	6,341.9	123.36	May
850.0	143.12	5,300.4	114.35	6,363.8	123.88	June
863.3	145.83	5,330.0	115.13	6,372.2	124.21	July
875.7	148.37	5,364.9	116.04	6,394.5	124.81	Aug.
885.3	149.81	5,418.1	117.16	6,426.1	125.40	Sep. ^(p)

M3 ²⁾							Loans to other euro area residents (excluding government) ³⁾			
Marketable instruments ⁶⁾			Total	Monthly growth rate ⁴⁾ (%)	Annual growth rate ⁴⁾ (%)	3-month moving average (centred) (%)	Total	Monthly growth rate ⁴⁾ (%)	Annual growth rate ⁴⁾ (%)	
Total	Monthly growth rate ⁴⁾ (%)	Annual growth rate ⁴⁾ (%)								
12	13	14	15	16	17	18	19	20	21	
0.3	0.0	13.9	15.1	0.3	6.3	6.3	50.6	0.9	10.4	2000 Apr.
4.1	0.6	13.9	7.9	0.2	6.0	5.9	44.1	0.8	10.2	May
-2.5	-0.4	11.9	-13.8	-0.3	5.3	5.4	30.3	0.5	9.4	June
9.5	1.3	14.4	25.2	0.5	5.1	5.3	25.1	0.4	9.1	July
1.7	0.2	13.0	28.1	0.6	5.4	5.2	58.5	1.0	9.5	Aug.
1.4	0.2	11.0	6.5	0.1	5.0	5.1	58.3	1.0	10.0	Sep.
13.1	1.8	11.9	23.1	0.5	5.0	4.9	38.4	0.6	9.8	Oct.
6.0	0.8	10.2	16.7	0.3	4.7	4.8	37.5	0.6	9.3	Nov.
22.4	3.0	12.5	19.0	0.4	4.8	4.8	26.9	0.4	9.6	Dec.
<i>Euro area enlargement</i>										
23.3	3.0	16.1	27.4	0.6	4.8	4.8	47.3	0.8	9.3	2001 Jan.
4.4	0.6	15.2	36.8	0.7	4.7	4.6	37.4	0.6	9.0	Feb.
7.9	1.0	12.9	25.8	0.5	4.5	4.6	42.7	0.7	8.7	Mar.
4.3	0.5	13.4	26.0	0.5	4.7	4.8	36.7	0.6	8.4	Apr.
13.6	1.7	14.7	33.2	0.6	5.1	5.4	28.2	0.4	8.0	May
21.0	2.5	18.0	43.2	0.8	6.3	6.0	26.9	0.4	7.9	June
16.1	1.9	18.6	36.1	0.7	6.5	6.5	16.7	0.3	7.7	July
15.0	1.7	20.4	42.0	0.8	6.7	6.9	31.2	0.5	7.2	Aug.
8.5	1.0	21.3	51.7	1.0	7.6	-	30.0	0.5	6.6	Sep. ^(p)

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 (excluding holdings by non-residents of the euro area) and money market paper together with debt securities issued with an original maturity of 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 ¹⁾ 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 ²⁾				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 ³⁾		
	1	2	3	4	5	6	7	8	9	10
2000 Mar.	1,164.9	113.2	1,463.0	842.6	2,060.4	6,427.0	5,688.6	112.37	168.2	161.8
Apr.	1,165.1	112.8	1,483.9	852.4	2,041.0	6,508.3	5,749.0	113.43	149.7	162.6
May	1,167.0	114.0	1,488.5	853.5	2,023.7	6,559.1	5,779.1	114.00	131.1	163.0
June	1,165.8	115.5	1,498.3	877.5	2,002.3	6,594.9	5,846.3	115.21	218.6	164.2
July	1,166.2	116.6	1,507.2	893.9	1,974.5	6,636.0	5,874.6	115.67	209.6	164.9
Aug.	1,167.3	118.2	1,523.1	898.2	1,950.6	6,660.4	5,893.1	115.98	206.2	165.2
Sep.	1,168.5	120.5	1,529.9	926.3	1,946.4	6,750.6	5,978.5	117.37	191.7	166.0
Oct.	1,169.4	121.3	1,548.6	932.8	1,935.4	6,799.8	6,021.5	118.13	183.1	168.0
Nov.	1,163.7	122.9	1,537.2	920.7	1,939.2	6,836.3	6,056.8	118.96	177.8	167.7
Dec.	1,169.3	125.4	1,525.2	892.9	1,925.3	6,877.6	6,090.9	119.96	186.2	169.9
<i>Euro area enlargement</i>										
2001 1 Jan.	1,171.1	126.7	1,525.8	910.4	2,009.9	6,952.0	6,154.2	-	142.7	172.9
2001 Jan.	1,170.3	126.8	1,555.3	908.8	2,003.7	6,998.3	6,185.0	120.58	126.8	171.8
Feb.	1,169.2	126.9	1,564.2	911.2	2,006.0	7,035.4	6,206.2	121.01	123.7	172.3
Mar.	1,172.5	126.4	1,576.9	926.7	2,017.7	7,127.8	6,273.1	122.17	93.0	172.0
Apr.	1,169.7	124.6	1,577.8	927.9	2,015.7	7,193.1	6,312.4	122.97	55.7	173.3
May	1,170.5	123.2	1,584.5	939.9	2,030.6	7,220.1	6,332.7	123.18	46.4	174.6
June	1,170.6	122.0	1,593.2	963.9	2,041.5	7,243.2	6,386.7	124.33	93.4	175.5
July	1,165.2	120.7	1,592.5	953.3	2,033.9	7,257.1	6,392.9	124.61	109.9	176.6
Aug.	1,161.9	119.5	1,584.7	957.9	2,019.6	7,233.9	6,368.2	124.30	134.4	176.9
Sep. ^(a)	1,162.7	118.6	1,599.1	961.8	2,022.3	7,270.2	6,415.3	125.19	186.5	177.3

6. Main counterparts of M3: flows ⁴⁾

	Longer-term MFI liabilities				Credit ²⁾				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 ³⁾ (%)		
	1	2	3	4	5	6	7	8	9	10
2000 Apr.	-0.8	-0.4	17.5	9.2	-23.5	72.2	53.6	10.5	-23.1	0.8
May	1.3	1.2	8.2	2.6	-14.8	48.3	28.8	10.3	-16.7	0.5
June	-1.0	1.5	13.9	18.9	-22.8	30.1	61.1	9.4	85.9	1.4
July	-0.8	1.4	3.9	15.4	-27.4	33.9	23.5	9.1	-12.4	0.7
Aug.	0.4	1.7	8.2	4.9	-19.1	20.0	15.6	9.5	-8.0	0.3
Sep.	-2.5	2.2	2.6	18.8	-7.6	76.7	71.1	10.0	-24.8	0.7
Oct.	0.0	0.8	10.8	5.0	-15.0	47.0	38.6	9.8	-10.4	3.2
Nov.	-4.9	1.6	-4.7	-11.9	1.8	41.6	42.1	9.3	-3.1	-0.3
Dec.	8.8	2.5	-3.9	-23.5	-9.2	59.2	51.2	9.5	22.6	1.2
<i>Euro area enlargement</i>										
2001 Jan.	-0.8	0.2	24.1	-2.8	-12.8	47.4	31.3	9.3	-54.6	-1.0
Feb.	-1.1	0.1	8.5	2.8	-3.7	38.5	22.2	9.0	-3.9	0.5
Mar.	1.6	-0.5	9.5	16.5	6.6	84.6	59.4	8.7	-35.8	0.1
Apr.	-2.6	-1.9	-0.1	1.7	-1.4	65.6	41.3	8.4	-37.3	1.2
May	0.3	-1.4	-3.9	9.1	15.8	16.4	10.7	8.1	-9.7	1.4
June	0.2	-1.1	11.3	17.5	10.8	25.5	59.0	7.9	41.8	0.9
July	-4.6	-1.4	5.2	-6.5	-5.7	18.7	14.5	7.7	21.7	1.1
Aug.	-2.2	-1.2	-1.9	6.9	-9.8	-12.9	-15.9	7.2	26.2	0.3
Sep. ^(a)	0.6	-0.9	13.5	2.2	-1.6	38.5	45.5	6.7	44.3	0.3

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 ¹⁾

(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		Index Dec.98 =100 ²⁾	Total		Index Dec.98 =100 ²⁾	Central govern- ment ³⁾	Other general government					Total	Index Dec.98 =100 ²⁾
	1	Up to 1 year 2		4	Up to 1 year 5			State government	Local government		Social security funds 12			
									Over 5 years 9	Over 5 years 10		11		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1999 Q4	315.7	191.4	120.4	29.4	20.7	107.1	199.5	292.9	252.7	339.9	307.7	15.6	847.9	100.4
2000 Q1	335.7	207.1	128.0	37.1	25.7	135.1	193.8	291.9	251.3	338.1	306.0	16.0	839.7	99.5
Q2	381.7	246.0	135.8	38.8	29.1	141.3	186.8	290.0	252.1	339.0	305.9	19.7	835.6	99.0
Q3	385.6	247.0	138.9	33.0	25.3	120.4	173.3	288.4	252.4	337.8	305.2	18.5	818.0	97.3
Q4	394.9	252.6	142.9	31.5	21.8	114.7	173.1	297.3	255.4	350.9	315.7	14.6	835.9	99.5
Euro area enlargement														
2001 1 Jan.	395.5	253.1	-	31.5	21.8	-	185.6	297.3	255.4	351.5	316.3	15.2	849.6	-
2001 Q1	417.7	272.7	152.9	35.9	26.8	130.7	189.3	295.3	255.3	352.4	314.0	15.6	852.5	99.1
Q2 ^(p)	424.4	281.2	155.4	36.0	26.7	131.1	175.0	294.0	254.9	349.3	310.8	19.2	837.5	97.3

2. Loans to non-monetary financial corporations and to government: flows ⁴⁾

	Non-monetary financial intermediaries except insurance corporations and pension funds			Insurance corporations and pension funds			General government							
	Total		Annual growth rate ²⁾ (%)	Total		Annual growth rate ²⁾ (%)	Central government ³⁾	Other general government					Total	Annual growth rate ²⁾ (%)
	1	Up to 1 year		4	Up to 1 year			State government	Local government		Social security funds			
									Over 5 years	Over 5 years				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
2000 Q1	19.8	15.7	13.1	7.7	4.9	2.7	-4.9	-1.0	-1.5	-1.8	-1.7	0.3	-7.4	0.0
Q2	20.5	13.8	17.4	1.7	3.5	-4.1	-7.3	-1.8	1.3	0.9	-0.1	3.7	-4.6	-0.3
Q3	8.5	1.1	23.0	-5.7	-3.8	-21.2	-10.0	-2.3	-0.3	-0.5	0.0	-1.2	-13.9	-1.2
Q4	11.2	6.7	18.6	-1.5	-3.5	7.1	0.3	8.8	3.0	12.8	10.3	-3.9	18.0	-0.9
Euro area enlargement														
2001 Q1	27.7	22.6	19.4	4.4	5.0	-3.3	-0.6	-2.0	-0.1	-0.7	-3.6	0.4	-2.9	-0.4
Q2 ^(p)	6.9	8.5	14.4	0.1	-0.1	-7.2	-14.7	-1.3	-0.4	-3.0	-3.2	3.6	-15.4	-1.7

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) 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 ¹⁾

(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 ³⁾				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 ²⁾	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 ²⁾
	1	2	3	4	5	6	7	8	9	10
1999 Q4	858.8	372.9	1,195.8	2,427.5	107.0	88.4	156.4	195.6	440.4	107.6
2000 Q1	902.0	392.3	1,207.0	2,501.3	109.9	89.1	162.5	200.5	452.1	110.0
Q2	919.1	406.0	1,236.7	2,561.7	113.0	93.6	161.7	201.8	457.1	111.7
Q3	954.6	422.5	1,256.8	2,633.9	115.8	96.5	165.1	208.2	469.8	114.4
Q4	968.4	428.6	1,287.8	2,684.8	118.7	98.2	165.5	212.8	476.6	116.1
<i>Euro area enlargement</i>										
2001 1 Jan.	997.1	436.0	1,293.6	2,726.6	-	102.8	166.5	212.8	482.1	-
2001 Q1	1,034.3	444.7	1,313.7	2,792.6	120.9	99.4	168.6	212.6	480.6	115.2
Q2 ^(p)	1,057.3	449.3	1,340.7	2,847.3	123.0	101.1	172.3	216.7	490.1	117.4

4. Loans to non-financial sectors other than government: flows ⁴⁾

	Non-financial corporations					Consumer credit ³⁾				
	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate ²⁾ (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate ²⁾ (%)
	1	2	3	4	5	6	7	8	9	10
2000 Q1	40.4	18.1	8.0	66.6	9.8	0.7	4.7	4.6	10.0	7.9
Q2	21.7	15.8	31.7	69.3	9.5	4.5	-0.3	2.8	7.0	7.1
Q3	29.0	16.3	18.2	63.5	11.3	2.1	3.1	5.8	11.0	8.0
Q4	19.3	10.1	36.4	65.8	10.9	1.7	0.5	4.6	6.9	7.9
<i>Euro area enlargement</i>										
2001 Q1	32.5	5.3	13.5	51.3	10.0	-4.4	0.0	0.5	-4.0	4.7
Q2 ^(p)	19.5	6.5	23.1	49.1	8.9	1.6	3.7	4.1	9.4	5.1

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.

Households											Non-profit institutions serving households			
Lending for house purchase ³⁾					Other lending					Total	Index Dec.98 =100 ²⁾	Total	Index Dec.98 =100 ²⁾	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 ²⁾	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Index Dec.98 =100 ²⁾					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
19.9	60.4	1,627.0	1,707.3	112.0	141.7	98.5	339.3	579.5	109.6	2,727.2	110.8	37.4	107.1	1999 Q4
20.2	58.9	1,660.2	1,739.3	114.1	141.0	100.4	342.8	584.2	110.7	2,775.6	112.7	39.0	111.7	2000 Q1
21.3	60.7	1,698.9	1,780.9	116.7	144.9	102.2	341.4	588.5	111.9	2,826.5	114.9	37.6	107.7	Q2
22.8	63.1	1,747.4	1,833.3	118.9	142.5	100.9	342.1	585.5	111.8	2,888.6	116.6	37.5	107.5	Q3
23.1	62.5	1,791.2	1,876.7	121.6	146.4	101.7	340.1	588.2	113.0	2,941.6	118.9	38.2	109.3	Q4
<i>Euro area enlargement</i>														
23.1	62.9	1,802.0	1,888.0	-	146.6	101.7	340.1	588.4	-	2,958.6	-	38.2	-	2001 1 Jan.
22.8	61.9	1,831.9	1,916.6	123.5	146.0	104.4	341.9	592.2	113.9	2,989.4	120.1	37.3	106.5	2001 Q1
23.4	62.4	1,863.7	1,949.6	125.4	147.7	101.5	345.1	594.3	115.6	3,033.9	122.0	40.6	116.0	Q2 ^(p)

Households												Non-profit institutions serving households		
Lending for house purchase ³⁾					Other lending					Total	Annual growth rate ²⁾ (%)	Total	Annual growth rate ²⁾ (%)	
Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate ²⁾ (%)	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Total	Annual growth rate ²⁾ (%)					
11	12	13	14	15	16	17	18	19	20	21	22	23	24	
0.4	-1.1	32.5	31.8	11.3	-0.7	1.8	4.7	5.8	6.5	47.7	9.7	1.6	9.1	2000 Q1
1.1	1.6	37.2	40.0	10.2	3.9	2.6	-0.2	6.3	5.8	53.3	8.7	-1.4	5.1	Q2
-0.1	0.7	32.9	33.5	9.0	-1.7	-0.8	2.0	-0.6	5.0	43.9	8.0	0.0	3.8	Q3
0.2	-0.6	42.4	42.1	8.6	4.2	2.0	0.4	6.6	3.1	55.6	7.3	0.6	2.1	Q4
<i>Euro area enlargement</i>														
-0.4	-1.0	30.8	29.5	8.3	0.4	2.6	1.6	4.6	2.9	30.1	6.6	-1.0	-4.7	2001 Q1
0.6	0.6	27.8	28.9	7.4	1.8	-1.1	7.8	8.5	3.3	46.9	6.2	3.3	7.7	Q2 ^(p)

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 ¹⁾
(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 ²⁾				Index Dec.98 =100 ³⁾	Total ²⁾				Index Dec.98 =100 ³⁾	Central government	Other general government			Total	Index Dec.98 =100 ³⁾
	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
1999 Q4	398.9	143.1	181.7	69.3	119.8	447.7	32.2	400.4	11.9	108.2	142.0	31.2	59.2	48.2	280.5	106.7
2000 Q1	435.3	162.2	180.1	87.4	130.8	458.8	35.4	407.0	13.1	110.9	130.2	28.1	58.6	52.7	269.7	102.6
Q2	425.3	164.5	178.7	76.8	129.7	460.7	34.6	411.0	11.6	111.4	146.0	31.6	62.7	59.3	299.6	114.0
Q3	424.4	158.6	184.2	76.6	129.6	464.4	34.1	413.7	12.9	111.6	159.3	30.3	63.2	57.8	310.5	117.8
Q4	428.4	153.7	194.8	74.0	130.9	477.6	40.6	418.4	15.3	114.8	164.6	30.6	68.2	53.2	316.5	120.1
Euro area enlargement																
2001 1 Jan.	431.4	154.2	196.1	75.2	-	479.8	40.7	418.5	17.5	-	166.2	30.6	69.1	55.1	321.0	-
2001 Q1	441.7	151.8	192.9	91.2	134.0	483.5	38.2	423.0	18.8	115.7	150.3	30.9	65.0	57.2	303.5	113.5
Q2 ^(p)	455.1	163.5	195.1	89.4	136.9	485.1	40.2	424.0	17.0	116.1	164.6	31.7	66.8	60.9	323.9	121.2

2. Deposits held by non-monetary financial corporations and by government: flows ⁴⁾

	Non-monetary financial intermediaries except insurance corporations and pension funds					Insurance corporations and pension funds					General government					
	Total ²⁾				Annual growth rate ³⁾ (%)	Total ²⁾				Annual growth rate ³⁾ (%)	Central government	Other general government			Total	Annual growth rate ³⁾ (%)
	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 Q1	36.4	19.0	-1.6	18.1	15.4	11.1	3.2	6.7	1.2	7.6	-11.9	-2.1	-0.6	3.7	-10.9	6.1
Q2	-3.7	2.3	4.9	-10.6	7.1	1.9	0.3	2.8	-1.5	6.8	15.8	3.5	4.1	6.5	29.9	17.7
Q3	0.0	-5.8	6.2	-0.2	10.1	1.1	-0.7	0.3	1.3	5.7	13.3	-1.4	-0.4	-1.4	10.1	18.2
Q4	4.0	-4.8	10.6	-2.6	9.2	13.2	6.5	4.8	2.4	6.1	5.3	0.3	5.0	-4.6	6.0	12.5
Euro area enlargement																
2001 Q1	10.2	-2.5	-3.2	16.0	2.4	3.7	-2.5	4.6	1.3	4.3	-15.6	0.1	-4.1	2.1	-17.5	10.7
Q2 ^(p)	9.6	11.6	-1.5	-1.7	5.6	1.8	2.3	1.0	-1.8	4.3	14.3	0.7	1.8	3.6	20.4	6.3

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 ¹⁾
(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 ²⁾					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 ³⁾	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Index Dec.98 =100 ³⁾
	1	2	3	4	5	6	7	8	9	10	11	12
1999 Q4	446.0	281.3	23.9	21.5	772.7	100.2	871.6	1,100.2	1,295.3	39.4	3,306.4	102.5
2000 Q1	440.2	292.2	24.4	31.1	787.9	101.5	887.2	1,093.5	1,274.7	42.4	3,297.7	102.2
Q2	459.7	307.9	24.1	26.9	818.6	104.7	888.3	1,097.7	1,254.6	46.6	3,287.2	101.9
Q3	464.2	329.9	24.7	25.0	843.7	106.4	874.4	1,112.3	1,235.3	51.6	3,273.6	101.5
Q4	497.4	324.9	24.1	26.3	872.7	111.5	907.1	1,133.9	1,241.6	57.1	3,339.6	103.5
<i>Euro area enlargement</i>												
2001 1 Jan.	504.4	338.2	24.3	30.5	897.5	-	910.6	1,156.4	1,292.5	69.6	3,429.1	-
2001 Q1	480.5	351.5	24.1	32.4	888.5	109.5	904.7	1,189.9	1,287.2	78.9	3,460.7	104.4
Q2 ⁴⁾	515.0	334.9	24.4	33.3	907.6	111.5	944.7	1,198.1	1,293.4	82.5	3,518.7	106.2

4. Deposits held by non-financial sectors other than government: flows ⁴⁾

	Non-financial corporations						Households ²⁾					
	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate ³⁾ (%)	Overnight	With agreed maturity	Redeemable at notice	Repos	Total	Annual growth rate ³⁾ (%)
	1	2	3	4	5	6	7	8	9	10	11	12
2000 Q1	-7.7	7.4	0.5	9.6	9.7	6.1	15.1	-6.7	-20.8	3.0	-9.3	2.1
Q2	19.9	9.5	-0.3	-4.3	24.8	8.3	2.2	4.3	-21.2	4.2	-10.4	1.3
Q3	0.3	14.2	1.3	-2.0	13.8	8.9	-13.8	14.6	-19.6	5.0	-13.8	1.0
Q4	36.8	2.7	-0.5	1.3	40.3	11.3	32.8	22.2	6.5	5.5	67.0	1.0
<i>Euro area enlargement</i>												
2001 Q1	-26.7	8.9	-0.2	1.8	-16.2	7.9	-6.2	33.0	-5.8	9.3	30.3	2.2
Q2 ⁴⁾	31.8	-16.6	0.3	0.9	16.4	6.5	40.0	8.2	6.1	3.6	57.9	4.2

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 ¹⁾²⁾		Non-banks				Total	Index Dec.98 =100 ³⁾	Banks ¹⁾		Non-banks				Total	Index Dec.98 =100 ³⁾
	Total	Index Dec.98 =100 ³⁾	General government	Other	Total	Index Dec.98 =100 ³⁾			Total	Index Dec.98 =100 ³⁾	General government	Other	Total	Index Dec.98 =100 ³⁾		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	888.1	90.3	78.8	380.0	458.7	115.6	1,346.8	97.6	117.5	137.1	273.1	142.6	415.8	102.7	533.3	109.1
2000 Q1	944.3	94.1	79.4	405.7	485.1	119.2	1,429.3	101.3	129.4	148.1	291.7	152.1	443.7	107.2	573.2	114.8
Q2	977.9	97.2	81.0	399.0	480.0	118.7	1,457.9	103.3	153.0	153.4	302.8	161.3	464.1	108.5	617.1	116.8
Q3	979.1	94.4	79.3	441.4	520.6	123.3	1,499.7	102.7	168.2	161.6	321.5	175.4	496.9	110.8	665.1	120.2
Q4	945.2	93.4	78.8	445.5	524.3	127.8	1,469.5	103.3	171.1	173.2	290.6	183.7	474.3	109.9	645.4	121.6
<i>Euro area enlargement</i>																
2001 1 Jan.	963.9	-	78.8	449.2	528.0	-	1,491.9	-	171.3	-	296.2	184.0	480.2	-	651.5	-
2001 Q1	1,051.5	100.3	76.3	517.9	594.2	143.0	1,645.7	112.6	188.8	188.6	285.7	204.8	490.4	113.8	679.3	127.7
Q2 ⁴⁾	1,065.3	100.1	79.2	519.5	598.7	141.1	1,664.0	111.8	205.5	201.3	294.8	208.9	503.7	114.5	709.2	130.6

2. Flows ⁴⁾

	Loans to non-residents								Holdings of securities other than shares issued by non-residents							
	Banks ¹⁾²⁾		Non-banks				Total	Annual growth rate ³⁾ (%)	Banks ¹⁾		Non-banks				Total	Annual growth rate ³⁾ (%)
	Total	Annual growth rate ³⁾ (%)	General government	Other	Total	Annual growth rate ³⁾ (%)			Total	Annual growth rate ³⁾ (%)	General government	Other	Total	Annual growth rate ³⁾ (%)		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
2000 Q1	37.2	-7.4	0.6	13.5	14.1	10.5	51.3	-2.0	9.4	14.9	19.1	-0.7	18.4	10.2	27.8	11.2
Q2	30.7	-6.4	2.2	-4.2	-2.0	4.3	28.7	-3.1	4.7	9.9	9.9	-4.4	5.4	13.3	10.1	12.7
Q3	-27.9	-2.6	-1.7	20.5	18.8	8.3	-9.1	0.9	8.1	23.4	16.8	-6.9	9.9	13.1	18.0	15.4
Q4	-9.8	3.5	-0.7	19.9	19.1	10.6	9.3	5.9	12.1	26.3	-31.6	27.2	-4.4	7.0	7.7	11.5
<i>Euro area enlargement</i>																
2001 Q1	71.2	6.6	3.8	59.0	62.7	20.0	133.9	11.2	15.3	27.4	5.4	11.9	17.2	6.1	32.5	11.2
Q2 ⁴⁾	-3.0	3.0	2.9	-10.9	-8.0	18.9	-11.0	8.2	12.6	31.2	9.3	-6.3	3.0	5.5	15.6	11.8

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 ¹⁾		Other		Total	Index Dec.98 =100 ³⁾	Banks ¹⁾		Non-banks				Total	Index Dec.98 =100 ³⁾		
Total	Index Dec.98 =100 ³⁾	Total	Index Dec.98 =100 ³⁾			Total	Index Dec.98 =100 ³⁾	General government	Other	Total	Index Dec.98 =100 ³⁾				
17	18	19	20	21	22	23	24	25	26	27	28	29	30		
38.4	164.3	54.5	131.9	92.8	143.4	1,342.5	111.6	72.4	410.9	483.3	117.5	1,825.8	113.1	1999 Q4	
47.4	199.1	64.4	155.0	111.8	170.7	1,534.7	124.8	71.4	463.0	534.4	127.5	2,069.1	125.5	2000 Q1	
50.8	205.6	67.5	160.8	118.3	176.8	1,505.4	122.4	77.2	469.8	547.0	130.6	2,052.4	124.5	Q2	
58.0	227.1	81.4	191.3	139.4	203.9	1,577.8	123.5	81.7	526.2	607.9	140.2	2,185.7	127.8	Q3	
61.6	242.6	80.0	194.1	141.6	211.4	1,550.5	125.1	84.6	503.9	588.5	139.1	2,139.1	128.7	Q4	
						<i>Euro area enlargement</i>									
62.3	-	80.2	-	142.5	-	1,560.5	-	85.6	507.8	593.3	-	2,153.8	-	2001 1 Jan.	
65.1	252.7	93.9	228.0	159.1	236.0	1,781.6	140.8	89.3	577.1	666.4	154.0	2,448.0	144.1	2001 Q1	
61.4	237.6	95.2	230.7	156.5	231.8	1,808.0	140.1	94.1	590.0	684.1	155.4	2,492.1	144.0	Q2 ^(p)	

Holdings of shares and other equity issued by non-residents						Deposits held by non-residents								
Banks ¹⁾		Other		Total	Annual growth rate ³⁾ (%)	Banks ¹⁾		Non-banks				Total	Annual growth rate ³⁾ (%)	
Total	Annual growth rate ³⁾ (%)	Total	Annual growth rate ³⁾ (%)			Total	Annual growth rate ³⁾ (%)	General government	Other	Total	Annual growth rate ³⁾ (%)			
17	18	19	20	21	22	23	24	25	26	27	28	29	30	
8.1	97.8	9.6	43.9	17.7	62.3	158.7	12.3	-1.0	41.8	40.8	20.9	199.5	14.3	2000 Q1
1.6	42.3	2.4	29.4	4.0	34.4	-29.5	4.3	5.8	7.3	13.1	16.6	-16.4	7.3	Q2
5.3	31.7	12.8	64.6	18.1	49.5	14.3	9.7	4.4	35.8	40.2	22.2	54.5	12.9	Q3
4.0	47.7	1.2	47.2	5.1	47.4	20.3	12.1	3.0	-7.9	-4.9	18.3	15.4	13.8	Q4
						<i>Euro area enlargement</i>								
2.6	26.9	14.0	47.1	16.6	38.2	195.2	12.8	3.5	60.2	63.6	20.8	258.8	14.9	2001 Q1
-3.9	15.5	1.1	43.4	-2.8	31.1	-9.1	14.4	4.8	1.4	6.2	19.0	-2.9	15.7	Q2 ^(p)

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 ¹⁾

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

Liabilities outstanding

1. Deposits placed by euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	3,868.4	3,456.8	46.6	364.9	261.7	29.5	54.7	19.0	5,206.2	5,041.1	25.8	139.3	101.4	17.3	11.7	8.9
2000 Q1	3,932.4	3,496.3	55.0	381.1	265.8	32.5	60.5	22.3	5,249.3	5,074.7	30.5	144.1	105.1	17.6	11.9	9.5
Q2	4,056.4	3,620.9	52.8	382.7	265.3	34.8	62.3	20.2	5,291.3	5,111.2	27.9	152.2	113.0	17.1	13.2	9.0
Q3	3,946.0	3,485.3	58.1	402.7	279.6	38.3	64.9	20.0	5,316.7	5,127.5	29.1	160.1	121.0	16.5	12.5	10.1
Q4	3,949.8	3,526.6	47.5	375.8	264.9	34.4	61.0	15.6	5,434.8	5,256.5	27.3	150.9	115.1	14.6	11.3	10.0
<i>Euro area enlargement</i>																
2001 Q1	4,059.5	3,558.8	55.4	445.3	316.6	40.1	67.8	20.7	5,577.9	5,367.5	31.2	179.2	130.8	23.8	12.3	12.2
Q2 ³⁾	4,064.1	3,579.0	51.7	433.4	308.7	41.3	64.5	19.0	5,690.5	5,478.0	30.3	182.2	133.6	23.6	11.9	13.2

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

	Banks ³⁾								Non-banks							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	1,342.5	532.7	114.2	695.7	570.4	45.9	51.0	28.4	483.3	218.9	44.2	220.1	180.8	17.4	12.1	9.8
2000 Q1	1,534.7	605.5	151.1	778.1	615.3	66.4	65.8	30.6	534.4	244.1	51.4	238.9	195.3	21.6	11.4	10.8
Q2	1,505.4	598.7	134.0	772.7	613.8	60.9	63.2	34.8	547.0	243.3	52.1	251.6	203.7	22.0	15.1	10.7
Q3	1,577.8	612.0	145.4	820.4	661.5	63.1	63.4	32.4	607.9	252.7	61.0	294.2	245.5	23.1	13.8	11.8
Q4	1,550.5	590.3	126.8	833.5	684.6	53.1	65.7	30.1	588.5	254.0	64.0	270.5	225.5	20.5	12.3	12.2
<i>Euro area enlargement</i>																
2001 Q1	1,781.6	698.5	142.6	940.5	776.8	66.4	65.8	31.5	666.4	295.7	70.6	300.1	255.9	17.6	14.2	12.4
Q2 ³⁾	1,808.0	685.4	136.9	985.6	811.4	68.4	73.3	32.6	684.1	287.2	73.2	323.7	276.2	19.3	13.3	14.9

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

	Debt securities								Money market paper							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	2,365.9	2,101.0	40.0	224.8	128.6	48.2	30.7	17.3	245.4	220.5	1.8	23.1	15.4	4.2	2.3	1.2
2000 Q1	2,425.5	2,139.7	43.1	242.8	136.3	53.8	33.8	18.8	250.5	226.0	1.8	22.7	14.5	4.6	2.0	1.7
Q2	2,482.6	2,185.5	40.6	256.6	145.5	58.9	33.6	18.6	262.8	234.9	1.4	26.4	17.2	5.4	2.5	1.4
Q3	2,554.8	2,226.6	47.7	280.5	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	2,566.9	2,246.0	46.5	274.4	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	2,667.6	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 ³⁾	2,733.0	2,359.8	54.7	318.4	188.4	70.3	39.3	20.5	266.9	219.5	3.8	43.7	36.5	3.3	2.6	1.3

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 ¹⁾

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

Assets outstanding

4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	3,837.4	-	-	-	-	-	-	-	6,385.1	6,151.9	23.4	209.9	115.8	28.3	62.0	3.8
2000 Q1	3,935.1	-	-	-	-	-	-	-	6,528.3	6,261.2	34.0	233.1	128.3	35.1	65.9	3.7
Q2	4,025.6	-	-	-	-	-	-	-	6,681.9	6,388.3	35.4	258.1	144.9	38.4	70.5	4.3
Q3	3,935.6	-	-	-	-	-	-	-	6,796.5	6,485.4	34.8	276.3	155.8	44.4	72.2	4.0
Q4	3,938.0	-	-	-	-	-	-	-	6,926.8	6,622.6	32.4	271.7	151.5	41.2	74.3	4.7
<i>Euro area enlargement</i>																
2001 Q1	4,081.4	-	-	-	-	-	-	-	7,125.4	6,782.2	35.1	308.1	182.3	45.4	74.9	5.6
Q2 ^(p)	4,079.9	-	-	-	-	-	-	-	7,219.7	6,853.7	34.7	331.4	198.8	51.8	74.5	6.3

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	830.3	795.7	8.1	26.5	17.4	5.0	2.5	1.6	1,438.5	1,406.0	5.6	27.0	13.5	11.0	1.2	1.3
2000 Q1	871.9	834.7	11.6	25.5	16.4	5.0	2.4	1.7	1,449.6	1,417.1	4.8	27.6	14.2	11.3	1.2	0.8
Q2	897.5	858.2	12.5	26.9	17.8	4.9	2.6	1.7	1,411.0	1,377.3	6.0	27.7	14.7	10.5	1.6	0.9
Q3	943.4	898.7	10.6	34.1	24.5	5.3	2.5	1.9	1,386.6	1,353.3	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	1,320.7	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 ^(p)	998.7	956.0	10.6	32.1	22.0	6.7	1.7	1.6	1,499.6	1,457.9	4.6	37.1	22.0	13.2	1.1	0.7

6. Loans to non-residents of the euro area

	Banks ³⁾								Non-banks							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	888.1	384.3	74.9	428.9	317.3	49.2	30.0	32.5	458.7	146.6	41.4	270.7	234.0	11.1	19.4	6.2
2000 Q1	944.3	423.4	95.5	425.4	306.9	49.3	33.0	36.2	485.1	154.7	40.8	289.6	248.9	13.9	20.4	6.3
Q2	977.9	462.9	92.1	422.9	308.4	44.9	33.2	36.4	480.0	149.6	42.0	288.4	246.1	14.1	21.4	6.8
Q3	979.1	445.8	90.9	442.4	331.8	42.1	33.8	34.7	520.6	156.0	46.1	318.5	273.9	14.5	23.3	6.9
Q4	945.2	409.7	89.2	446.3	337.9	44.1	32.6	31.7	524.3	163.3	45.3	315.8	271.2	11.5	25.9	7.2
<i>Euro area enlargement</i>																
2001 Q1	1,051.5	468.3	98.6	484.5	365.8	46.3	34.5	38.3	594.2	198.2	48.6	347.4	301.2	11.9	26.2	8.0
Q2 ^(p)	1,065.3	468.2	99.6	497.5	375.6	47.8	38.5	31.4	598.7	185.2	48.2	365.2	317.6	12.1	26.8	7.4

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

	Issued by banks ³⁾								Issued by non-banks							
	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other	All currencies	Euro ²⁾	Other EU currencies	Other currencies	USD	JPY	CHF	Other
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
1999 Q4	117.5	50.0	8.6	58.9	44.1	8.0	3.0	3.8	415.8	98.9	23.6	293.3	258.2	23.0	4.2	8.0
2000 Q1	129.4	52.8	9.0	67.6	51.7	7.8	3.0	5.1	443.7	94.9	27.8	321.1	279.3	27.1	5.6	9.1
Q2	153.0	59.4	13.7	79.8	63.7	7.9	2.7	5.5	464.1	95.7	28.3	340.1	299.4	26.9	4.5	9.3
Q3	168.2	60.6	17.1	90.4	75.1	8.2	2.7	4.4	496.9	109.1	32.2	355.6	312.0	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	4.8	490.4	120.8	24.4	345.3	306.8	25.7	2.7	10.2
Q2 ^(p)	205.5	70.7	25.2	109.6	95.2	7.2	2.2	4.5	503.7	122.9	25.7	355.1	314.7	27.3	3.0	9.3

3 Financial markets and interest rates in the euro area

Table 3.1

Money market interest rates ¹⁾

(percentages per annum)

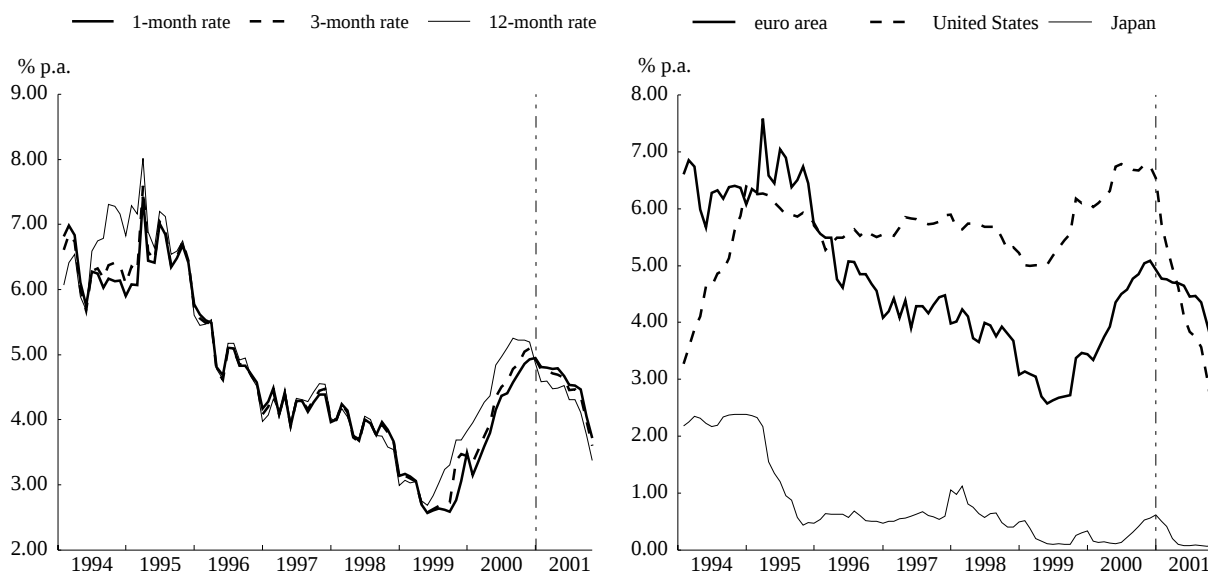
	Euro area ⁴⁾					United States ⁵⁾	Japan ⁶⁾
	Overnight deposits ^{2) 3)} 1	1-month deposits ⁵⁾ 2	3-month deposits ⁵⁾ 3	6-month deposits ⁵⁾ 4	12-month deposits ⁵⁾ 5	3-month deposits ⁶⁾ 6	3-month deposits ⁷⁾ 7
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
2000	4.12	4.24	4.40	4.55	4.78	6.53	0.28
2000 Oct.	4.76	4.85	5.04	5.10	5.22	6.78	0.52
Nov.	4.83	4.92	5.09	5.13	5.19	6.75	0.55
Dec.	4.83	4.94	4.93	4.91	4.87	6.54	0.62
<i>Euro area enlargement</i>							
2001 Jan.	4.75	4.81	4.77	4.68	4.58	5.73	0.50
Feb.	4.99	4.80	4.76	4.67	4.59	5.35	0.41
Mar.	4.78	4.78	4.71	4.58	4.47	4.96	0.19
Apr.	5.06	4.79	4.69	4.57	4.49	4.63	0.10
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
2001 5 Oct.	3.72	3.64	3.56	3.43	3.35	2.48	0.08
12	3.98	3.78	3.66	3.53	3.47	2.46	0.08
19	4.60	3.76	3.61	3.45	3.35	2.37	0.08
26	3.77	3.71	3.58	3.43	3.32	2.28	0.08
2 Nov.	3.76	3.62	3.50	3.33	3.18	2.20	0.08

Euro area money market rates

(monthly)

3-month money market rates

(monthly)



Sources: Reuters and ECB.

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

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

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

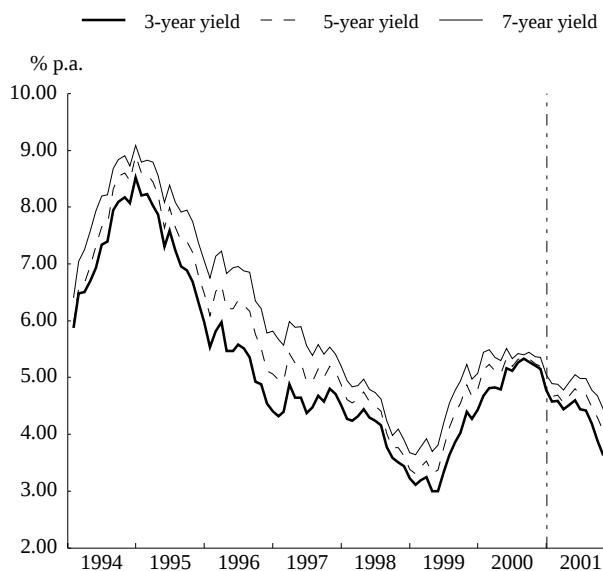
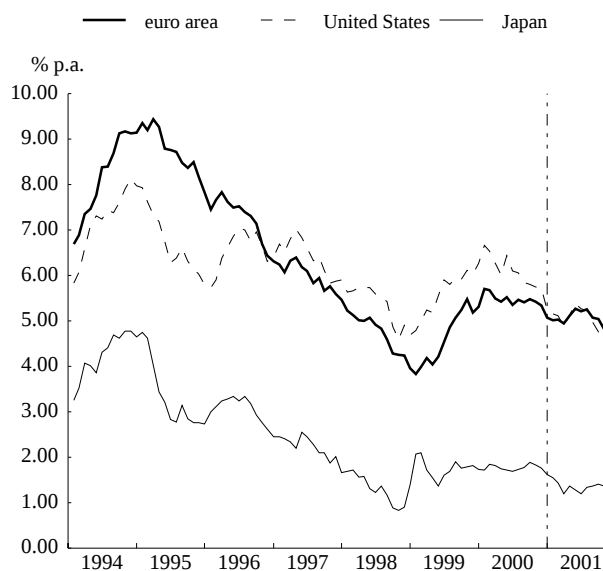
4) Before January 1999 synthetic euro area rates were calculated on the basis of national rates weighted by GDP.

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

6) London interbank offered rates (LIBOR).

Table 3.2
Government bond yields ¹⁾
(percentages per annum)

	Euro area ²⁾					United States	Japan
	2 years 1	3 years 2	5 years 3	7 years 4	10 years 5	10 years 6	10 years 7
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
2000	4.90	5.03	5.19	5.37	5.44	6.03	1.76
2000 Oct.	5.17	5.20	5.24	5.37	5.42	5.74	1.83
Nov.	5.12	5.15	5.19	5.35	5.34	5.72	1.75
Dec.	4.74	4.77	4.82	5.05	5.07	5.23	1.62
<i>Euro area enlargement</i>							
2001 Jan.	4.55	4.57	4.67	4.90	5.01	5.14	1.54
Feb.	4.56	4.59	4.69	4.88	5.02	5.10	1.43
Mar.	4.44	4.44	4.56	4.78	4.94	4.89	1.19
Apr.	4.49	4.51	4.66	4.90	5.10	5.13	1.36
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.	3.40	3.63	4.05	4.44	4.82	4.55	1.36
2001 5 Oct.	3.41	3.62	4.07	4.45	4.85	4.51	1.39
12	3.48	3.70	4.11	4.51	4.89	4.66	1.38
19	3.38	3.65	4.07	4.46	4.83	4.57	1.36
26	3.35	3.54	3.96	4.34	4.70	4.56	1.33
2 Nov.	3.16	3.37	3.79	4.19	4.55	4.35	1.31

Euro area government bond yields
(monthly)

10-year government bond yields
(monthly)


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

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

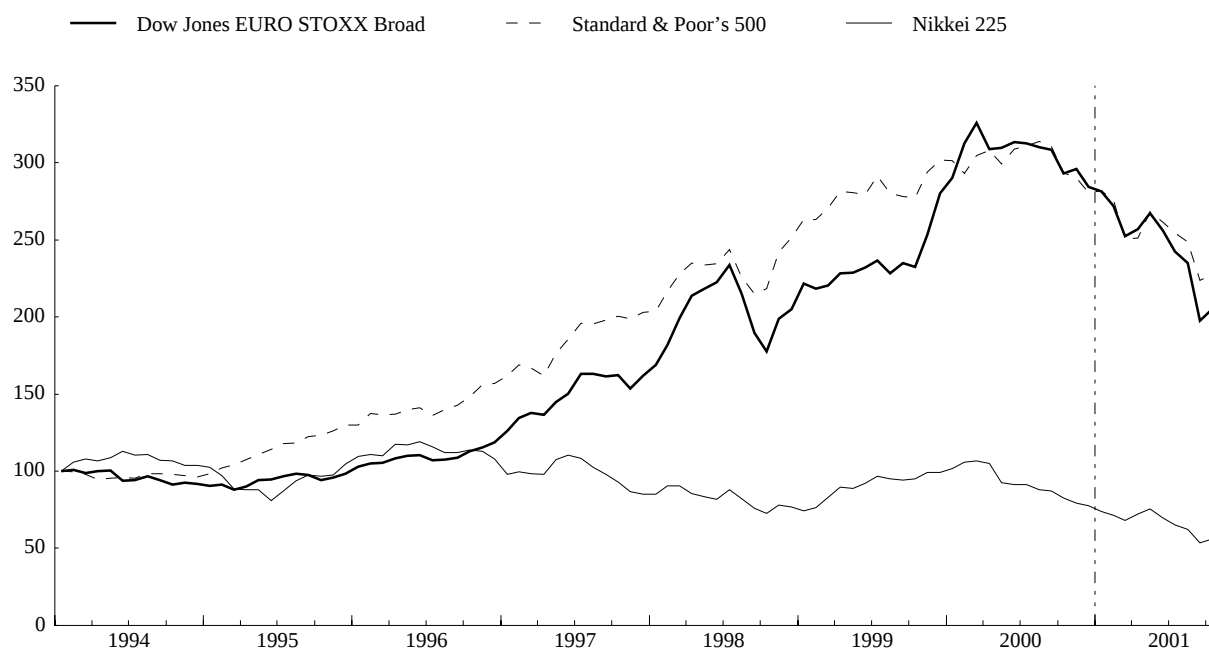
2) To December 1998, euro area yields are calculated on the basis of harmonised national government bond yields weighted by GDP. Thereafter, the weights are the nominal outstanding amounts of government bonds in each maturity band.

Table 3.3**Stock market indices**(index levels, in points)¹⁾

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices										Standard & Poor's 500	Nikkei 225
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Health-care		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.3	230.1	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.1	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
2000 Oct.	406.4	4,893.2	281.2	278.4	313.5	373.7	366.3	349.4	864.6	336.3	824.3	561.2	1,390.1	15,342.7
Nov.	410.8	4,962.5	302.9	274.9	346.0	365.0	379.7	359.6	864.7	339.6	796.2	571.6	1,373.8	14,743.5
Dec.	394.5	4,787.1	319.1	257.4	330.2	337.9	365.9	354.3	865.0	326.7	715.4	554.6	1,329.7	14,409.7
<i>Euro area enlargement</i>														
2001 Jan.	390.2	4,729.7	317.3	261.6	314.4	339.7	371.9	354.0	792.1	318.7	727.8	524.3	1,334.2	13,739.7
Feb.	377.1	4,525.9	320.2	260.4	319.0	349.5	364.5	355.7	656.6	317.8	654.4	549.5	1,305.5	13,274.1
Mar.	349.9	4,199.2	311.0	241.7	305.7	340.6	334.5	334.5	567.8	300.6	602.9	524.7	1,186.8	12,684.9
Apr.	356.3	4,305.2	308.4	242.6	304.8	352.5	339.4	329.9	587.4	311.5	635.0	534.6	1,189.2	13,436.7
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
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
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
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
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
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 5 Oct.	276.6	3,348.0	253.2	172.1	286.3	315.1	266.6	245.6	334.4	307.0	394.4	536.3	1,071.4	10,205.9
12	288.4	3,498.7	271.6	182.6	285.1	335.8	274.4	257.1	378.4	301.1	407.8	544.1	1,091.7	10,632.4
19	282.5	3,406.9	261.5	182.2	278.4	313.4	264.9	254.7	381.9	299.7	414.7	544.0	1,073.5	10,538.8
26	297.7	3,611.9	267.6	192.1	280.3	331.6	282.0	265.5	424.2	296.9	456.5	543.8	1,104.6	10,795.2
2 Nov.	289.8	3,503.3	262.0	186.7	278.2	320.8	275.0	256.6	413.2	297.0	429.0	532.6	1,087.2	10,383.8

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

(base month: January 1994 = 100; monthly)



Source: Reuters.

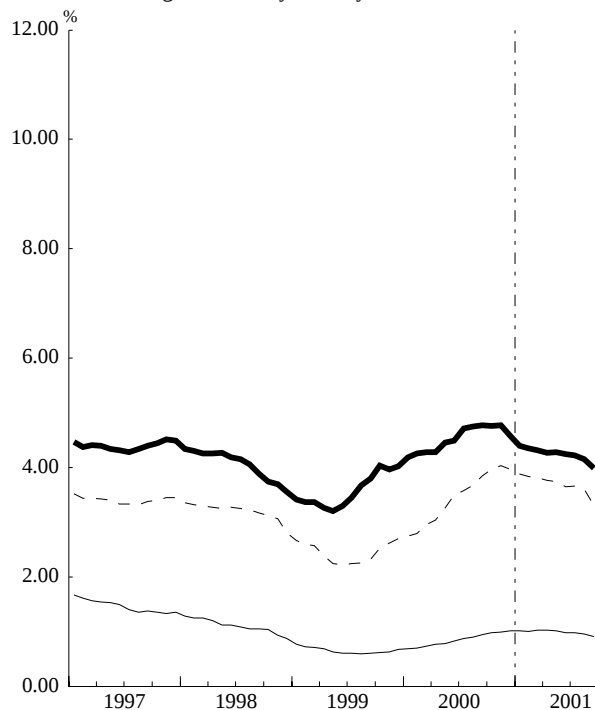
1) Monthly and yearly values are period averages.

Table 3.4**Retail bank interest rates***(percentages per annum; period averages)*

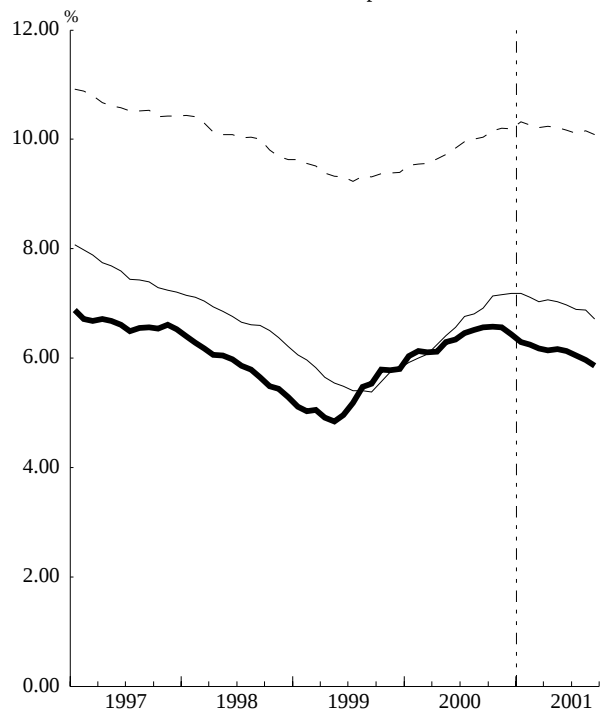
	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.73	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.65	5.10	9.39	5.29
2000	0.85	3.45	3.44	4.52	2.25	3.79	6.60	6.23	9.86	6.34
2000 Sep.	0.94	3.85	3.83	4.77	2.38	4.20	6.92	6.44	10.03	6.56
Oct.	0.97	3.96	3.96	4.76	2.40	4.14	7.13	6.60	10.15	6.57
Nov.	0.99	4.04	4.03	4.77	2.47	4.25	7.16	6.63	10.20	6.56
Dec.	1.01	3.96	3.96	4.58	2.49	4.21	7.18	6.45	10.19	6.43
<i>Euro area enlargement</i>										
2001 Jan.	1.01	3.88	3.88	4.39	2.52	4.01	7.19	6.40	10.32	6.29
Feb.	1.01	3.84	3.83	4.35	2.50	3.99	7.11	6.44	10.26	6.24
Mar.	1.02	3.81	3.81	4.32	2.50	3.99	7.04	6.32	10.22	6.18
Apr.	1.03	3.76	3.76	4.26	2.50	3.91	7.07	6.34	10.24	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	2.46	3.85	6.97	6.25	10.17	6.13
July	0.97	3.66	3.65	4.22	2.44	3.80	6.89	6.21	10.10	6.05
Aug.	0.96	3.60	3.59	4.15	2.41	3.68	6.88	6.19	10.16	5.96
Sep.	0.91	3.31	3.31	3.99	2.36	3.33	6.72	6.07	10.08	5.86

Deposit interest rates*(monthly)*

— overnight
- - - agreed maturity up to 1 year
— agreed maturity over 2 years

**Lending interest rates***(monthly)*

— up to 1 year to enterprises
- - - consumer lending
— to households for house purchase



Source: ECB.

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

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

	By euro area residents									
	In euro ¹⁾				In other					
					Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	276.1	276.2	-0.2	672.1	261.0	258.6	2.4	616.1	15.0	17.6
Sep.	311.5	315.2	-3.7	670.8	293.4	298.7	-5.3	611.4	18.1	16.5
Oct.	355.2	342.5	12.7	685.9	338.2	330.3	7.9	618.8	17.0	12.1
Nov.	302.1	302.4	-0.3	686.4	283.7	290.1	-6.4	612.7	18.4	12.2
Dec.	246.0	278.6	-32.6	653.5	229.7	264.5	-34.8	578.7	16.3	14.1
<i>Euro area enlargement</i>										
2001 Jan.	376.3	346.8	29.5	687.4	358.6	326.2	32.4	615.9	17.7	20.6
Feb.	404.8	390.8	13.9	702.6	384.1	373.7	10.4	626.0	20.7	17.2
Mar.	452.7	436.4	16.3	722.8	432.6	417.7	14.9	643.3	20.1	18.7
Apr.	441.9	431.8	10.1	733.8	424.2	412.7	11.5	654.5	17.6	19.0
May	477.8	480.8	-3.1	735.4	456.6	460.3	-3.7	652.1	21.2	20.5
June	410.7	418.7	-8.1	726.5	388.0	395.6	-7.5	642.9	22.6	23.2
July	393.0	385.6	7.4	734.5	370.0	365.2	4.8	649.2	23.1	20.5
Aug.	423.0	418.1	4.9	737.8	404.5	400.0	4.6	654.6	18.4	18.1

2. Long-term

	By euro area residents									
	In euro ¹⁾				In other					
					Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	108.3	61.3	46.9	6,358.4	83.7	52.6	31.1	5,821.8	24.6	8.7
Sep.	111.9	77.0	35.0	6,398.4	91.3	66.7	24.5	5,847.2	20.7	10.2
Oct.	126.9	89.3	37.5	6,449.0	102.4	77.0	25.4	5,873.8	24.4	12.3
Nov.	106.8	78.2	28.6	6,465.4	92.4	66.0	26.4	5,899.5	14.4	12.2
Dec.	100.6	103.0	-2.3	6,441.1	88.2	87.4	0.7	5,902.9	12.5	15.5
<i>Euro area enlargement</i>										
2001 Jan.	153.4	145.7	7.6	6,538.9	136.1	133.4	2.7	5,996.6	17.2	12.3
Feb.	138.3	85.1	53.2	6,593.0	116.3	70.3	46.1	6,044.8	21.9	14.8
Mar.	155.2	101.6	53.6	6,657.2	127.1	86.6	40.5	6,087.3	28.0	15.0
Apr.	115.0	74.1	40.9	6,696.6	98.3	64.6	33.7	6,120.6	16.7	9.5
May	132.2	79.3	52.8	6,766.6	115.8	67.6	48.2	6,169.0	16.4	11.7
June	135.0	76.6	58.4	6,820.6	115.6	58.3	57.2	6,224.7	19.4	18.3
July	138.7	96.4	42.2	6,853.6	123.8	84.8	39.1	6,264.2	14.9	11.7
Aug.	85.3	66.7	18.6	6,860.7	71.6	60.4	11.2	6,273.9	13.7	6.3

3. Total

	By euro area residents									
	In euro ¹⁾				In other					
					Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	384.3	337.6	46.8	7,030.6	344.7	311.3	33.5	6,437.9	39.6	26.3
Sep.	423.4	392.2	31.2	7,069.3	384.7	365.5	19.2	6,458.6	38.8	26.7
Oct.	482.0	431.8	50.2	7,134.9	440.6	407.4	33.3	6,492.6	41.4	24.4
Nov.	408.9	380.6	28.3	7,151.8	376.1	356.1	20.0	6,512.1	32.8	24.5
Dec.	346.6	381.6	-35.0	7,094.5	317.8	351.9	-34.1	6,481.6	28.8	29.7
<i>Euro area enlargement</i>										
2001 Jan.	529.7	492.5	37.2	7,226.3	494.7	459.6	35.1	6,612.5	35.0	32.9
Feb.	543.0	475.9	67.1	7,295.6	500.4	443.9	56.5	6,670.7	42.6	32.0
Mar.	607.9	538.0	69.9	7,380.0	559.8	504.4	55.4	6,730.6	48.1	33.7
Apr.	556.8	505.9	51.0	7,430.4	522.5	477.3	45.2	6,775.1	34.3	28.5
May	609.9	560.2	49.8	7,502.0	572.4	528.0	44.4	6,821.0	37.5	32.2
June	545.6	495.3	50.3	7,547.1	503.6	453.9	49.7	6,867.6	42.0	41.4
July	531.7	482.1	49.7	7,588.1	493.8	449.9	43.9	6,913.4	37.9	32.1
Aug.	508.3	484.8	23.5	7,598.4	476.1	460.4	15.7	6,928.5	32.2	24.4

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

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

currencies		By non-residents of the euro area in euro ¹⁾				Total in euro ¹⁾				
		Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
Net issues	Amounts outstanding									
11	12	13	14	15	16	17	18	19	20	
-2.6	56.1	8.0	10.6	-2.6	27.8	269.1	269.3	-0.2	643.9	2000 Aug.
1.6	59.4	24.7	7.3	17.4	45.2	318.1	306.0	12.0	656.6	Sep.
4.8	67.1	9.6	20.8	-11.2	33.9	347.8	351.2	-3.4	652.7	Oct.
6.1	73.7	15.0	8.0	7.0	40.9	298.7	298.1	0.6	653.6	Nov.
2.2	74.8	18.8	6.1	12.7	53.6	248.5	270.6	-22.1	632.3	Dec.
<i>Euro area enlargement</i>										
-2.8	71.5	11.4	27.3	-15.9	37.7	369.9	353.5	16.4	653.6	2001 Jan.
3.5	76.7	11.1	11.5	-0.4	37.3	395.1	385.1	10.0	663.2	Feb.
1.4	79.6	25.4	5.4	20.0	57.3	458.0	423.1	34.9	700.5	Mar.
-1.4	79.3	6.8	26.1	-19.2	38.0	431.1	438.8	-7.7	692.5	Apr.
0.7	83.3	11.2	11.9	-0.7	37.4	467.9	472.2	-4.4	689.4	May
-0.5	83.6	24.9	8.9	16.0	53.4	413.0	404.5	8.5	696.3	June
2.6	85.3	.	.	.	.	.	.	.	.	July
0.3	83.2	.	.	.	.	.	.	.	.	Aug.

currencies		By non-residents of the euro area in euro ¹⁾				Total in euro ¹⁾				
		Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
Net issues	Amounts outstanding									
11	12	13	14	15	16	17	18	19	20	
15.9	536.6	13.2	7.5	5.7	679.7	96.9	60.2	36.7	6,501.5	2000 Aug.
10.4	551.3	31.1	14.4	16.7	697.5	122.4	81.1	41.3	6,544.6	Sep.
12.1	575.2	26.7	6.7	20.0	716.4	129.1	83.7	45.4	6,590.2	Oct.
2.2	566.0	19.5	7.3	12.1	727.9	111.9	73.3	38.6	6,627.4	Nov.
-3.1	538.1	20.4	7.8	12.7	739.4	108.6	95.2	13.4	6,642.3	Dec.
<i>Euro area enlargement</i>										
4.9	542.3	17.4	10.2	7.2	734.4	153.6	143.6	10.0	6,731.0	2001 Jan.
7.1	548.2	36.8	14.7	22.1	757.1	153.2	85.0	68.2	6,801.9	Feb.
13.1	569.8	36.6	9.0	27.6	786.0	163.7	95.6	68.1	6,873.4	Mar.
7.2	576.0	20.0	9.9	10.1	796.5	118.2	74.5	43.8	6,917.1	Apr.
4.6	597.6	26.9	12.0	14.9	811.9	142.7	79.6	63.1	6,980.9	May
1.1	595.9	32.8	9.7	23.2	835.9	148.4	68.0	80.4	7,060.6	June
3.2	589.4	.	.	.	.	.	.	.	.	July
7.4	586.8	.	.	.	.	.	.	.	.	Aug.

currencies		By non-residents of the euro area in euro ¹⁾				Total in euro ¹⁾				
		Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	
Net issues	Amounts outstanding									
11	12	13	14	15	16	17	18	19	20	
13.3	592.7	21.2	18.1	3.1	707.5	365.9	329.4	36.5	7,145.4	2000 Aug.
12.1	610.7	55.8	21.7	34.1	742.6	440.5	387.2	53.3	7,201.2	Sep.
17.0	642.3	36.3	27.5	8.7	750.3	476.9	434.9	42.0	7,242.9	Oct.
8.3	639.7	34.4	15.3	19.2	768.8	410.6	371.4	39.2	7,281.0	Nov.
-0.9	612.9	39.3	13.9	25.4	793.0	357.1	365.8	-8.7	7,274.7	Dec.
<i>Euro area enlargement</i>										
2.1	613.8	28.8	37.5	-8.7	772.0	523.5	497.1	26.4	7,384.6	2001 Jan.
10.6	624.9	47.9	26.2	21.7	794.4	548.3	470.1	78.2	7,465.1	Feb.
14.4	649.4	62.0	14.4	47.6	843.3	621.8	518.7	103.0	7,573.9	Mar.
5.8	655.3	26.8	35.9	-9.1	834.6	549.3	513.3	36.0	7,609.6	Apr.
5.3	680.9	38.2	23.9	14.3	849.3	610.6	551.9	58.7	7,670.3	May
0.6	679.5	57.8	18.6	39.2	889.3	561.4	472.5	88.9	7,756.9	June
5.8	674.7	.	.	.	.	.	.	.	.	July
7.8	670.0	.	.	.	.	.	.	.	.	Aug.

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

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	616.1	263.7	4.3	79.4	266.4	2.3	27.8	11.8	7.0	7.8
Sep.	611.4	256.4	4.1	81.1	267.1	2.8	45.2	15.1	11.9	16.7
Oct.	618.8	259.7	4.5	86.3	265.6	2.7	33.9	13.0	9.5	10.2
Nov.	612.7	254.4	4.6	86.9	263.9	3.0	40.9	15.4	12.4	12.4
Dec.	578.7	244.0	4.5	86.0	241.4	2.9	53.6	20.8	13.6	18.0
<i>Euro area enlargement</i>										
2001 Jan.	615.9	257.1	5.0	89.4	261.5	2.9	37.7	15.0	10.8	11.2
Feb.	626.0	260.3	4.9	93.1	265.4	2.2	37.3	15.0	11.4	10.2
Mar.	643.3	265.0	5.1	94.5	276.5	2.2	57.3	20.8	17.5	18.0
Apr.	654.5	269.2	5.5	92.4	285.3	2.2	38.0	13.1	13.7	10.7
May	652.1	260.9	5.5	99.1	284.1	2.4	37.4	13.6	14.2	9.0
June	642.9	261.6	5.2	97.2	276.9	2.0	53.4	19.2	19.7	13.7
July	649.2	259.3	5.0	100.4	280.8	3.6	.	.	.	.
Aug.	654.6	254.8	4.4	106.0	285.8	3.5	.	.	.	.

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
2000 Aug.	5,821.8	2,147.0	235.0	276.0	3,062.3	101.6	679.7	198.3	88.7	146.0
Sep.	5,847.2	2,162.4	234.6	276.4	3,072.0	101.8	697.5	200.0	94.1	152.3
Oct.	5,873.8	2,173.3	239.8	280.7	3,076.1	103.9	716.4	212.1	96.7	153.0
Nov.	5,899.5	2,175.3	243.5	285.3	3,089.7	105.5	727.9	216.2	102.2	156.0
Dec.	5,902.9	2,175.6	256.8	288.2	3,075.8	106.5	739.4	219.6	102.2	160.6
<i>Euro area enlargement</i>										
2001 Jan.	5,996.6	2,199.8	254.3	285.1	3,150.3	107.1	734.4	220.9	104.5	162.2
Feb.	6,044.8	2,229.8	260.0	289.1	3,157.1	108.8	757.1	231.3	105.4	177.1
Mar.	6,087.3	2,240.9	267.5	299.7	3,168.7	110.5	786.0	243.7	108.2	184.5
Apr.	6,120.6	2,247.7	273.3	303.7	3,183.2	112.7	796.5	244.7	114.1	187.8
May	6,169.0	2,255.7	282.2	312.7	3,205.0	113.3	811.9	249.6	116.1	197.5
June	6,224.7	2,270.7	289.8	319.6	3,231.2	113.4	835.9	259.1	117.2	203.1
July	6,264.2	2,289.6	307.7	322.2	3,229.2	115.4	.	.	.	.
Aug.	6,273.9	2,289.4	310.4	325.7	3,230.1	118.2	.	.	.	.

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
2000 Aug.	6,437.9	2,410.7	239.4	355.3	3,328.6	103.9	707.5	210.1	95.8	153.8
Sep.	6,458.6	2,418.8	238.7	357.4	3,339.1	104.6	742.6	215.1	106.0	169.0
Oct.	6,492.6	2,433.0	244.3	367.0	3,341.7	106.6	750.3	225.1	106.1	163.2
Nov.	6,512.1	2,429.7	248.1	372.2	3,353.6	108.5	768.8	231.6	114.6	168.4
Dec.	6,481.6	2,419.6	261.2	374.2	3,317.2	109.4	793.0	240.4	115.8	178.5
<i>Euro area enlargement</i>										
2001 Jan.	6,612.5	2,456.9	259.3	374.5	3,411.8	110.0	772.0	235.9	115.3	173.4
Feb.	6,670.7	2,490.1	264.9	382.2	3,422.5	111.0	794.4	246.3	116.7	187.3
Mar.	6,730.6	2,506.0	272.6	394.2	3,445.2	112.7	843.3	264.5	125.7	202.5
Apr.	6,775.1	2,516.9	278.8	396.1	3,468.4	114.9	834.6	257.8	127.8	198.4
May	6,821.0	2,516.6	287.8	411.8	3,489.2	115.7	849.3	263.2	130.3	206.5
June	6,867.6	2,532.3	295.0	416.9	3,508.1	115.4	889.3	278.2	136.9	216.8
July	6,913.4	2,548.9	312.7	422.7	3,510.1	119.0	.	.	.	.
Aug.	6,928.5	2,544.2	314.8	431.7	3,516.0	121.8	.	.	.	.

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.5	0.6	643.9	275.5	11.4	87.1	266.5	2.8	0.6	2000 Aug. Sep. Oct. Nov. Dec.
0.2	0.5	0.8	656.6	271.5	16.0	97.8	267.3	3.2	0.8	
0.2	0.4	0.6	652.7	272.7	13.9	96.5	265.9	3.1	0.6	
0.2	0.2	0.3	653.6	269.8	17.0	99.2	264.1	3.2	0.3	
0.1	0.4	0.8	632.3	264.7	18.0	103.9	241.5	3.3	0.8	
Euro area enlargement										
0.1	0.3	0.2	653.6	272.2	15.8	100.6	261.6	3.2	0.2	2001 Jan. Feb. Mar. Apr. May June July Aug.
0.1	0.4	0.1	663.2	275.3	16.3	103.3	265.5	2.6	0.1	
0.2	0.3	0.4	700.5	285.8	22.6	112.5	276.7	2.5	0.4	
0.1	0.3	0.1	692.5	282.3	19.2	103.1	285.3	2.5	0.1	
0.1	0.4	0.1	689.4	274.5	19.8	108.0	284.2	2.8	0.1	
0.2	0.4	0.2	696.3	280.8	24.9	110.9	277.1	2.4	0.2	
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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	
99.9	28.9	117.9	6,501.5	2,345.3	323.8	422.0	3,162.2	130.4	117.9	2000 Aug. Sep. Oct. Nov. Dec.
100.5	33.4	117.3	6,544.6	2,362.3	328.7	428.6	3,172.4	135.2	117.3	
101.1	34.0	119.5	6,590.2	2,385.4	336.5	433.7	3,177.2	138.0	119.5	
101.5	33.7	118.3	6,627.4	2,391.5	345.7	441.3	3,191.2	139.3	118.3	
101.1	38.8	117.2	6,642.3	2,395.2	358.9	448.8	3,176.9	145.2	117.2	
Euro area enlargement										
89.3	36.5	121.1	6,731.0	2,420.7	358.8	447.3	3,239.6	143.6	121.1	2001 Jan. Feb. Mar. Apr. May June July Aug.
87.2	37.2	118.9	6,801.9	2,461.1	365.3	466.2	3,244.3	146.0	118.9	
89.7	42.5	117.5	6,873.4	2,484.6	375.7	484.2	3,258.4	153.0	117.5	
90.6	42.4	117.0	6,917.1	2,492.3	387.4	491.5	3,273.7	155.1	117.0	
91.5	41.4	115.8	6,980.9	2,505.3	398.3	510.2	3,296.6	154.7	115.8	
93.5	47.8	115.2	7,060.6	2,529.7	407.0	522.8	3,324.7	161.2	115.2	
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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	
100.1	29.4	118.5	7,145.4	2,620.8	335.1	509.1	3,428.7	133.2	118.5	2000 Aug. Sep. Oct. Nov. Dec.
100.7	33.8	118.1	7,201.2	2,633.8	344.7	526.4	3,439.8	138.4	118.1	
101.4	34.5	120.1	7,242.9	2,658.0	350.4	530.2	3,443.1	141.1	120.1	
101.7	34.0	118.6	7,281.0	2,661.3	362.7	540.6	3,455.3	142.5	118.6	
101.2	39.2	118.0	7,274.7	2,660.0	377.0	552.7	3,418.4	148.6	118.0	
Euro area enlargement										
89.4	36.8	121.3	7,384.6	2,692.8	374.6	547.9	3,501.2	146.8	121.3	2001 Jan. Feb. Mar. Apr. May June July Aug.
87.4	37.6	119.1	7,465.1	2,736.4	381.6	569.6	3,509.9	148.6	119.1	
89.9	42.8	117.9	7,573.9	2,770.5	398.3	596.7	3,535.1	155.5	117.9	
90.7	42.8	117.1	7,609.6	2,774.7	406.6	594.6	3,559.1	157.6	117.1	
91.6	41.7	115.9	7,670.3	2,779.8	418.1	618.2	3,580.8	157.5	115.9	
93.7	48.2	115.4	7,756.9	2,810.5	431.9	633.7	3,601.8	163.6	115.4	
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Table 3.6 (cont'd)
Euro-denominated securities other than shares by original maturity, residency and sector of the issuer ¹⁾
(EUR billions; transactions during the month; nominal values)
Gross issues
1. Short-term

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	261.0	168.2	2.0	51.2	38.1	1.6	8.0	3.5	1.5	2.9
Sep.	293.4	196.7	2.8	55.6	36.3	2.0	24.7	6.7	6.8	10.8
Oct.	338.2	237.8	2.6	60.3	35.5	1.9	9.6	3.7	2.7	2.8
Nov.	283.7	189.7	3.0	55.9	33.6	1.5	15.0	5.5	4.7	4.7
Dec.	229.7	162.1	2.1	45.9	18.0	1.6	18.8	7.1	2.9	8.1
<i>Euro area enlargement</i>										
2001 Jan.	358.6	238.7	3.4	66.9	47.7	1.9	11.4	4.5	3.6	3.1
Feb.	384.1	275.9	2.2	63.1	41.4	1.5	11.1	4.3	3.4	3.2
Mar.	432.6	312.8	3.1	67.0	48.1	1.6	25.4	8.2	7.1	9.7
Apr.	424.2	301.7	3.2	69.4	48.5	1.4	6.8	1.9	2.4	2.4
May	456.6	341.6	2.8	71.1	39.2	1.9	11.2	5.0	4.0	2.0
June	388.0	282.1	2.7	64.6	37.4	1.1	24.9	8.6	8.6	7.3
July	370.0	245.0	2.3	75.2	44.9	2.6	.	.	.	.
Aug.	404.5	287.5	1.6	68.6	45.3	1.5	.	.	.	.

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
2000 Aug.	83.7	38.1	8.3	4.0	31.5	1.8	13.2	8.1	1.7	3.2
Sep.	91.3	40.8	5.0	3.6	40.8	1.0	31.1	8.1	5.9	9.8
Oct.	102.4	43.3	7.6	5.7	43.3	2.5	26.7	14.4	3.3	3.0
Nov.	92.4	34.2	8.1	8.1	39.0	3.0	19.5	7.0	5.7	4.3
Dec.	88.2	38.7	19.7	4.5	23.1	2.0	20.4	7.8	0.8	6.1
<i>Euro area enlargement</i>										
2001 Jan.	136.1	56.4	4.0	0.8	72.1	2.8	17.4	5.6	3.3	3.9
Feb.	116.3	57.6	9.2	5.0	42.1	2.4	36.8	13.6	2.2	16.3
Mar.	127.1	45.2	11.3	14.4	53.3	2.8	36.6	14.4	4.0	8.7
Apr.	98.3	41.0	8.5	7.1	39.1	2.6	20.0	6.4	6.4	4.2
May	115.8	38.7	11.8	11.7	52.9	0.7	26.9	8.5	4.8	11.8
June	115.6	44.5	10.5	10.5	49.6	0.5	32.8	13.2	2.5	7.9
July	123.8	51.9	20.7	6.0	42.6	2.5	.	.	.	.
Aug.	71.6	29.4	4.9	4.6	29.6	3.1	.	.	.	.

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	344.7	206.2	10.3	55.2	69.6	3.4	21.2	11.6	3.2	6.1
Sep.	384.7	237.6	7.8	59.2	77.0	3.1	55.8	14.7	12.7	20.6
Oct.	440.6	281.1	10.2	66.0	78.8	4.5	36.3	18.2	6.1	5.8
Nov.	376.1	223.9	11.1	64.0	72.6	4.5	34.4	12.5	10.4	9.0
Dec.	317.8	200.8	21.8	50.4	41.1	3.7	39.3	14.9	3.7	14.2
<i>Euro area enlargement</i>										
2001 Jan.	494.7	295.0	7.4	67.7	119.8	4.7	28.8	10.1	6.9	7.0
Feb.	500.4	333.5	11.4	68.1	83.5	3.9	47.9	17.9	5.6	19.5
Mar.	559.8	358.0	14.5	81.4	101.5	4.4	62.0	22.5	11.1	18.4
Apr.	522.5	342.6	11.7	76.5	87.6	4.0	26.8	8.2	8.8	6.6
May	572.4	380.3	14.6	82.7	92.1	2.6	38.2	13.5	8.8	13.9
June	503.6	326.6	13.2	75.1	87.0	1.6	57.8	21.8	11.1	15.2
July	493.8	296.9	23.1	81.2	87.5	5.1	.	.	.	.
Aug.	476.1	316.9	6.5	73.2	74.9	4.6	.	.	.	.

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	
0.0	0.2	0.0	269.1	171.7	3.5	54.1	38.1	1.8	0.0	2000 Aug. Sep. Oct. Nov. Dec.
0.1	0.1	0.2	318.1	203.4	9.6	66.4	36.4	2.1	0.2	
0.0	0.1	0.2	347.8	241.6	5.3	63.1	35.5	2.0	0.2	
0.1	0.0	0.0	298.7	195.2	7.7	60.6	33.6	1.5	0.0	
0.0	0.2	0.4	248.5	169.2	5.0	54.0	18.0	1.8	0.4	
Euro area enlargement										
0.1	0.0	0.1	369.9	243.1	7.0	70.0	47.8	1.9	0.1	2001 Jan. Feb. Mar. Apr. May June July Aug.
0.0	0.1	0.0	395.1	280.2	5.6	66.2	41.4	1.6	0.0	
0.1	0.1	0.3	458.0	321.0	10.2	76.7	48.2	1.7	0.3	
0.0	0.1	0.0	431.1	303.5	5.7	71.8	48.5	1.5	0.0	
0.1	0.1	0.0	467.9	346.6	6.8	73.1	39.3	2.1	0.0	
0.1	0.1	0.2	413.0	290.7	11.4	71.9	37.5	1.2	0.2	
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.1	0.0	0.1	96.9	46.1	10.0	7.2	31.7	1.8	0.1	2000 Aug. Sep. Oct. Nov. Dec.
1.8	5.4	0.3	122.4	48.9	10.9	13.4	42.5	6.4	0.3	
1.3	1.0	3.6	129.1	57.7	11.0	8.7	44.6	3.5	3.6	
1.7	0.1	0.6	111.9	41.1	13.8	12.4	40.8	3.1	0.6	
0.2	5.4	0.1	108.6	46.6	20.5	10.6	23.3	7.4	0.1	
Euro area enlargement										
1.2	0.3	3.0	153.6	62.0	7.4	4.7	73.4	3.1	3.0	2001 Jan. Feb. Mar. Apr. May June July Aug.
2.7	1.7	0.2	153.2	71.3	11.5	21.3	44.8	4.0	0.2	
3.1	5.3	1.1	163.7	59.6	15.3	23.1	56.5	8.1	1.1	
1.3	0.5	1.2	118.2	47.3	14.9	11.3	40.4	3.1	1.2	
1.7	0.0	0.1	142.7	47.2	16.6	23.5	54.6	0.8	0.1	
2.0	6.5	0.7	148.4	57.7	13.0	18.4	51.6	7.0	0.7	
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.2	0.2	0.1	365.9	217.8	13.5	61.3	69.8	3.5	0.1	2000 Aug. Sep. Oct. Nov. Dec.
1.9	5.5	0.5	440.5	252.3	20.5	79.8	78.9	8.5	0.5	
1.3	1.0	3.8	476.9	299.3	16.3	71.9	80.2	5.5	3.8	
1.8	0.1	0.6	410.6	236.3	21.6	73.0	74.4	4.6	0.6	
0.2	5.6	0.6	357.1	215.8	25.5	64.6	41.3	9.3	0.6	
Euro area enlargement										
1.3	0.3	3.1	523.5	305.1	14.3	74.7	121.1	5.1	3.1	2001 Jan. Feb. Mar. Apr. May June July Aug.
2.8	1.8	0.2	548.3	351.5	17.1	87.5	86.3	5.7	0.2	
3.2	5.3	1.5	621.8	380.5	25.6	99.8	104.7	9.7	1.5	
1.3	0.6	1.2	549.3	350.9	20.5	83.2	88.9	4.6	1.2	
1.7	0.2	0.1	610.6	393.8	23.4	96.6	93.8	2.8	0.1	
2.1	6.6	1.0	561.4	348.4	24.3	90.3	89.1	8.2	1.0	
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.

Table 3.6 (cont'd)

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

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

Net issues**1. Short-term**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	2.4	-1.4	-0.3	2.1	2.6	-0.6	-2.6	-1.1	-1.1	-0.1
Sep.	-5.3	-8.0	-0.3	1.7	0.7	0.4	17.4	3.3	4.9	8.9
Oct.	7.9	3.8	0.4	5.2	-1.5	-0.1	-11.2	-2.2	-2.4	-6.5
Nov.	-6.4	-5.6	0.1	0.6	-1.8	0.3	7.0	2.5	2.9	2.1
Dec.	-34.8	-11.1	-0.1	-1.1	-22.5	0.0	12.7	5.4	1.2	5.6
<i>Euro area enlargement</i>										
2001 Jan.	32.4	13.1	0.6	3.4	14.9	0.5	-15.9	-5.7	-2.8	-6.8
Feb.	10.4	3.6	-0.1	3.6	3.9	-0.7	-0.4	0.0	0.6	-1.0
Mar.	14.9	2.7	0.2	1.0	11.1	-0.1	20.0	5.8	6.1	7.8
Apr.	11.5	4.3	0.4	-2.0	8.8	0.0	-19.2	-7.6	-3.8	-7.3
May	-3.7	-9.5	0.1	6.6	-1.1	0.2	-0.7	0.4	0.5	-1.7
June	-7.5	2.1	-0.3	-1.7	-7.3	-0.4	16.0	5.6	5.5	4.7
July	4.8	-3.7	-0.2	3.1	4.0	1.6	.	.	.	.
Aug.	4.6	-5.3	-0.7	5.6	5.0	0.0	.	.	.	.

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
2000 Aug.	31.1	12.6	5.4	3.5	8.1	1.4	5.7	4.7	1.3	2.1
Sep.	24.5	11.4	2.8	0.4	9.7	0.3	16.7	1.4	5.2	5.9
Oct.	25.4	9.5	5.4	4.4	4.1	2.1	20.0	12.7	2.6	0.9
Nov.	26.4	2.8	3.8	4.6	13.6	1.6	12.1	4.6	5.5	3.3
Dec.	0.7	-2.5	13.2	2.9	-13.9	0.9	12.7	3.8	0.0	4.8
<i>Euro area enlargement</i>										
2001 Jan.	2.7	22.4	-2.4	-3.2	-14.8	0.8	7.2	1.1	2.4	2.9
Feb.	46.1	28.1	5.6	3.9	6.8	1.7	22.1	9.9	0.8	14.9
Mar.	40.5	9.5	7.0	10.6	11.7	1.8	27.6	11.9	2.7	7.1
Apr.	33.7	7.5	5.5	4.0	14.5	2.2	10.1	0.8	5.9	3.2
May	48.2	7.8	8.9	8.9	21.9	0.6	14.9	4.7	1.9	9.5
June	57.2	16.5	7.6	7.0	26.2	0.0	23.2	9.1	1.0	5.5
July	39.1	18.9	17.9	2.5	-2.3	2.0	.	.	.	.
Aug.	11.2	1.3	2.7	3.5	0.9	2.8	.	.	.	.

3. Total

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
2000 Aug.	33.5	11.2	5.2	5.6	10.8	0.7	3.1	3.6	0.2	2.0
Sep.	19.2	3.4	2.6	2.1	10.4	0.7	34.1	4.8	10.1	14.9
Oct.	33.3	13.3	5.7	9.6	2.6	2.0	8.7	10.5	0.2	-5.6
Nov.	20.0	-2.8	3.9	5.2	11.9	1.9	19.2	7.0	8.4	5.4
Dec.	-34.1	-13.6	13.1	1.9	-36.4	0.9	25.4	9.2	1.2	10.4
<i>Euro area enlargement</i>										
2001 Jan.	35.1	35.4	-1.9	0.2	0.1	1.2	-8.7	-4.6	-0.4	-3.9
Feb.	56.5	31.7	5.6	7.4	10.7	1.0	21.7	9.9	1.4	13.9
Mar.	55.4	12.2	7.2	11.6	22.8	1.7	47.6	17.7	8.8	14.8
Apr.	45.2	11.8	5.9	2.1	23.2	2.2	-9.1	-6.8	2.1	-4.2
May	44.4	-1.6	8.9	15.5	20.7	0.9	14.3	5.2	2.4	7.9
June	49.7	18.6	7.3	5.2	18.9	-0.4	39.2	14.7	6.5	10.2
July	43.9	15.2	17.7	5.7	1.7	3.6	.	.	.	.
Aug.	15.7	-4.0	2.0	9.1	5.9	2.8	.	.	.	.

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

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

of the euro area			Total							
Central government	Other general government	International organisations	Total	Banks (including central banks)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations	
11	12	13	14	15	16	17	18	19	20	
0.0	0.1	-0.4	-0.2	-2.5	-1.3	2.0	2.6	-0.5	-0.4	
0.0	0.0	0.2	12.0	-4.6	4.6	10.6	0.8	0.4	0.2	
0.0	0.0	-0.2	-3.4	1.7	-2.1	-1.3	-1.5	-0.1	-0.2	
0.0	-0.2	-0.3	0.6	-3.2	3.1	2.7	-1.8	0.1	-0.3	
-0.1	0.2	0.4	-22.1	-5.8	1.1	4.5	-22.6	0.1	0.4	
Euro area enlargement										
0.0	-0.1	-0.6	16.4	7.3	-2.2	-3.4	14.9	0.3	-0.6	2001 Jan. Feb. Mar. Apr. May June July Aug.
0.0	0.1	-0.1	10.0	3.6	0.5	2.6	3.9	-0.5	-0.1	
0.1	-0.1	0.3	34.9	8.5	6.3	8.8	11.2	-0.1	0.3	
-0.1	0.0	-0.3	-7.7	-3.3	-3.4	-9.3	8.6	0.0	-0.3	
0.0	0.1	0.0	-4.4	-9.0	0.6	4.9	-1.1	0.3	0.0	
0.1	0.0	0.1	8.5	7.7	5.2	3.0	-7.2	-0.4	0.1	
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
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	
-0.4	-1.0	-1.0	36.7	17.3	6.7	5.6	7.7	0.4	-1.0	
0.5	4.3	-0.6	41.3	12.8	8.0	6.3	10.2	4.6	-0.6	
0.7	0.7	2.4	45.4	22.1	8.0	5.3	4.8	2.8	2.4	
0.4	-0.3	-1.2	38.6	7.4	9.3	7.9	14.0	1.3	-1.2	
-0.4	5.4	-1.0	13.4	1.4	13.3	7.8	-14.3	6.3	-1.0	
Euro area enlargement										
-0.5	0.0	1.3	10.0	23.5	0.0	-0.3	-15.3	0.8	1.3	2001 Jan. Feb. Mar. Apr. May June July Aug.
-2.1	0.7	-2.2	68.2	38.1	6.5	18.7	4.7	2.4	-2.2	
2.4	5.0	-1.5	68.1	21.4	9.7	17.7	14.1	6.8	-1.5	
0.8	0.0	-0.6	43.8	8.3	11.4	7.2	15.3	2.1	-0.6	
1.0	-1.1	-1.1	63.1	12.5	10.8	18.5	22.8	-0.4	-1.1	
1.9	6.3	-0.6	80.4	25.6	8.6	12.4	28.1	6.3	-0.6	
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.
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	
-0.4	-0.9	-1.4	36.5	14.8	5.4	7.6	10.4	-0.2	-1.4	
0.5	4.3	-0.4	53.3	8.2	12.6	16.9	11.0	5.0	-0.4	
0.7	0.7	2.3	42.0	23.8	5.9	4.0	3.3	2.7	2.3	
0.3	-0.5	-1.5	39.2	4.2	12.3	10.5	12.2	1.4	-1.5	
-0.5	5.5	-0.6	-8.7	-4.4	14.4	12.3	-36.9	6.4	-0.6	
Euro area enlargement										
-0.5	-0.1	0.7	26.4	30.8	-2.2	-3.7	-0.4	1.2	0.7	2001 Jan. Feb. Mar. Apr. May June July Aug.
-2.1	0.8	-2.2	78.2	41.6	6.9	21.3	8.7	1.9	-2.2	
2.5	4.9	-1.1	103.0	29.8	16.0	26.4	25.2	6.6	-1.1	
0.7	-0.1	-0.9	36.0	5.0	8.0	-2.1	24.0	2.1	-0.9	
1.0	-1.0	-1.1	58.7	3.5	11.4	23.4	21.7	-0.2	-1.1	
2.0	6.3	-0.5	88.9	33.3	13.8	15.4	20.9	5.9	-0.5	
.	.	.	.	.	.	.	.	.	.	July
.	.	.	.	.	.	.	.	.	.	Aug.

4 HICP and other prices in the euro area

Table 4.1

Harmonised Index of Consumer Prices ¹⁾

(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 (%) ²⁾	100.0	100.0	61.9	61.9	38.1	38.1	100.0	100.0	61.9	38.1
	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	105.4	2.7	107.8	1.7	-	-	-	-
2000 Q3	106.6	2.5	105.7	2.9	108.5	1.8	106.6	0.8	105.8	108.0
Q4	107.2	2.7	106.7	3.2	108.2	1.8	107.3	0.7	106.8	108.5
2000 Nov.	107.3	2.9	106.8	3.4	108.2	1.8	107.4	0.3	106.9	108.6
Dec.	107.4	2.6	106.8	3.0	108.5	1.8	107.4	0.0	106.8	108.7
<i>Euro area enlargement</i>										
2001 Q1	107.8	2.5	107.1	2.7	109.3	2.2	107.9	0.5	107.1	109.4
Q2	109.2	3.1	108.8	3.5	110.1	2.5	109.1	1.1	108.6	110.2
Q3	109.5	2.7	108.5	2.7	111.3	2.6	109.4	0.3	108.7	110.8
2001 Jan.	107.3	2.4	106.5	2.6	109.0	2.2	107.6	0.1	106.7	109.3
Feb.	107.9	2.6	107.1	2.8	109.5	2.2	107.9	0.3	107.1	109.3
Mar.	108.3	2.6	107.7	2.8	109.5	2.2	108.1	0.3	107.5	109.5
Apr.	108.8	2.9	108.3	3.4	109.9	2.4	108.7	0.5	108.0	110.2
May	109.4	3.4	109.1	3.8	110.0	2.6	109.2	0.4	108.8	110.2
June	109.5	3.0	109.1	3.4	110.4	2.5	109.3	0.1	108.9	110.4
July	109.4	2.8	108.4	3.0	111.3	2.5	109.2	-0.1	108.5	110.6
Aug.	109.4	2.7	108.3	2.8	111.4	2.5	109.3	0.1	108.6	110.8
Sep.	109.7	2.5	108.8	2.3	111.1	2.6	109.6	0.3	109.0	111.0
Oct. ³⁾	.	2.4	.	.	.	.	.	.	.	.

2. Breakdown of goods and services

	Goods						Services				
	Food ⁴⁾			Industrial goods			Housing	Transport	Communi- cation	Recreation and personal	Miscellan- eous
	Total	Processed food ⁴⁾	Unprocessed food	Total	Non-energy industrial goods	Energy					
Weight in the total (%) ²⁾	20.3	12.3	8.0	41.6	32.1	9.5	10.0	6.2	2.4	13.9	5.6
	11	12	13	14	15	16	17	18	19	20	21
1998	1.6	1.4	2.0	0.1	0.9	-2.6	2.3	1.7	-1.0	2.2	1.8
1999	0.6	0.9	0.0	1.0	0.6	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
2000 Q3	1.9	1.2	3.0	3.4	0.6	13.7	1.6	2.6	-4.2	2.5	2.5
Q4	2.2	1.3	3.5	3.7	1.0	13.7	1.8	2.8	-4.6	2.4	2.1
2000 Nov.	2.2	1.4	3.5	4.1	1.0	15.2	1.8	2.8	-4.4	2.4	2.0
Dec.	2.4	1.4	3.9	3.3	1.1	11.3	1.8	2.9	-4.5	2.2	2.1
<i>Euro area enlargement</i>											
2001 Q1	3.2	1.9	5.3	2.5	1.2	7.2	1.9	3.2	-4.2	3.1	2.5
Q2	5.0	2.8	8.5	2.8	1.5	7.3	1.8	3.6	-2.8	3.3	2.7
Q3	5.2	3.4	8.1	1.5	1.6	1.2	1.8	3.7	-2.5	3.3	2.9
2001 Jan.	2.7	1.6	4.5	2.6	1.1	7.8	1.9	3.3	-4.5	3.0	2.4
Feb.	3.1	2.0	4.7	2.7	1.1	8.2	1.9	3.2	-4.2	3.1	2.5
Mar.	3.9	2.2	6.7	2.3	1.3	5.6	1.8	3.1	-4.0	3.1	2.5
Apr.	4.4	2.5	7.3	2.9	1.5	7.8	1.8	3.6	-2.8	3.1	2.6
May	5.3	2.8	9.2	3.1	1.6	8.6	1.8	3.6	-2.8	3.5	2.6
June	5.4	3.0	9.0	2.4	1.6	5.5	1.8	3.5	-2.7	3.4	2.8
July	5.4	3.3	8.7	1.8	1.5	2.9	1.8	3.8	-2.4	3.2	2.8
Aug.	5.1	3.4	7.7	1.6	1.5	2.1	1.8	3.7	-2.7	3.3	2.8
Sep.	5.2	3.5	7.7	1.0	1.6	-1.3	1.8	3.7	-2.3	3.5	3.0
Oct.	.	.	.	.	.	.	.	.	.	.	.

Sources: Eurostat and ECB calculations.

1) Extended coverage from January 2000 and January 2001. The change affects annual percentage changes during 2000 and 2001, in particular services (miscellaneous). See the general notes for a brief explanation.

2) Referring to the index period 2001.

3) 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.

4) Including alcoholic beverages and tobacco.

Table 4.2

Selected other price indicators

1. Industry and commodity prices

(annual percentage changes, unless otherwise indicated)

	Industrial producer prices										World market prices of raw materials ¹⁾		Oil prices ²⁾ (EUR per barrel)	
	Industry excluding construction ³⁾								Construc- tion ⁴⁾	Manu- facturing				
	Total		Industry excluding construction and energy								Energy			
	Index, 1995 = 100		Total	Inter- mediate goods	Capital goods	Consumer goods								
	1	2	3	4	5	Total	Durable consumer goods	Non-durable consumer goods				Total excluding energy		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1996	100.3	0.3	0.3	-1.8	1.3	1.7	2.0	1.7	0.9	1.4	0.9	6.5	-6.9	16.0
1997	101.4	1.1	0.6	0.2	0.3	1.1	0.6	1.2	3.0	1.2	0.8	10.0	12.9	17.0
1998	100.6	-0.8	0.2	-0.4	0.6	0.5	0.7	0.5	-5.3	0.3	-0.6	-21.2	-12.5	12.0
1999	100.2	-0.4	-0.6	-1.5	0.2	-0.1	0.7	-0.2	0.7	1.1	0.2	17.8	-3.1	17.1
2000	105.6	5.4	2.5	5.0	0.6	1.4	1.4	1.4	19.1	2.3	5.2	51.7	18.1	31.0
2000 Q3	106.4	5.9	2.9	5.8	0.7	1.5	1.5	1.6	19.6	2.0	5.5	46.7	18.0	33.7
Q4	107.9	6.1	3.0	5.2	0.8	2.2	1.7	2.3	20.1	3.0	5.4	37.7	16.4	34.5
2000 Oct.	108.0	6.6	2.9	5.5	0.7	1.9	1.6	1.9	23.5	-	6.0	56.6	23.1	36.8
Nov.	108.2	6.4	3.0	5.3	0.8	2.2	1.7	2.3	21.5	-	5.6	45.6	18.2	37.7
Dec.	107.6	5.4	3.0	5.0	0.8	2.5	1.6	2.6	15.4	-	4.5	13.7	8.6	28.8
Euro area enlargement														
2001 Q1	108.2	4.5	2.9	4.0	0.9	3.1	2.0	3.2	10.6	2.2	3.2	4.8	1.4	28.4
Q2	108.8	3.7	2.3	1.9	1.1	3.4	2.2	3.6	9.0	1.8	2.6	5.2	-0.9	31.7
Q3	108.3	1.5	1.6	0.2	1.2	3.0	2.0	3.1	0.8	.	0.7	-11.1	-9.4	29.0
2001 Jan.	107.9	4.8	3.0	4.5	0.9	2.8	1.9	2.9	12.2	-	3.6	8.4	3.3	27.3
Feb.	108.2	4.6	2.9	4.0	0.9	3.0	2.0	3.2	11.0	-	3.3	6.5	1.7	29.9
Mar.	108.4	4.2	2.9	3.4	0.9	3.4	2.2	3.6	8.8	-	2.8	-0.2	-0.8	28.1
Apr.	108.7	4.2	2.6	2.5	1.0	3.5	2.2	3.7	10.8	-	3.0	11.1	-1.1	29.8
May	108.9	3.7	2.3	1.8	1.1	3.4	2.2	3.5	9.5	-	2.7	1.9	-4.0	32.7
June	108.9	3.2	2.1	1.4	1.2	3.4	2.2	3.5	7.0	-	2.1	3.4	2.5	32.5
July	108.3	2.1	1.8	0.7	1.2	3.1	2.1	3.3	3.0	-	1.3	-1.1	-1.0	29.4
Aug.	108.2	1.7	1.6	0.3	1.2	3.1	2.1	3.2	1.6	-	0.9	-10.3	-10.1	28.7
Sep.	108.3	0.7	1.3	-0.2	1.1	2.8	1.9	2.9	-2.2	-	0.0	-20.4	-16.7	28.8
Oct.	.	.	.	.	.	.	.	.	.	-	.	-29.8	-17.8	23.8

2. Deflators of gross domestic product ⁵⁾

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

	Total		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports ⁶⁾	Imports ⁶⁾
	Index, 1995 = 100							
	15	16	17	18	19	20	21	22
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	106.4	1.1	1.2	1.1	1.8	1.0	-0.5	-0.1
2000	107.8	1.3	2.5	2.1	1.9	2.6	4.8	8.3
1999 Q2	106.4	1.1	1.0	1.0	1.7	0.8	-1.4	-1.7
Q3	106.5	1.0	1.3	1.1	1.9	1.0	-0.2	1.0
Q4	106.8	0.9	1.6	1.5	2.1	1.5	1.8	4.3
2000 Q1	107.3	1.1	2.4	2.0	1.9	2.2	3.8	8.0
Q2	107.6	1.2	2.3	1.8	1.8	2.5	4.7	8.2
Q3	108.1	1.5	2.6	2.3	1.9	2.7	5.2	8.5
Q4	108.5	1.6	2.7	2.4	2.1	3.0	5.3	8.5
<i>Euro area enlargement</i>								
2001 Q1	109.8	2.0	2.5	2.3	1.9	2.4	3.5	4.6
Q2	110.6	2.4	2.7	2.8	2.2	2.3	2.5	3.2

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

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

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

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

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

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

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

5 Real economy indicators in the euro area

Table 5.1

National accounts ¹⁾

GDP and expenditure components

1. Current prices

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

	GDP								
	Total	Domestic demand					External balance ³⁾		
		Total	Private consumption	Government consumption	Gross fixed capital formation ⁵⁾	Changes in inventories ²⁾	Total	Exports ³⁾	Imports ³⁾
	1	2	3	4	5	6	7	8	9
1996	5,534.1	5,408.7	3,142.7	1,142.5	1,121.8	1.6	125.5	1,655.7	1,530.2
1997	5,648.0	5,499.3	3,200.0	1,150.7	1,138.4	10.2	148.7	1,828.8	1,680.0
1998	5,881.1	5,742.4	3,330.3	1,176.8	1,201.9	33.4	138.6	1,949.3	1,810.6
1999	6,136.5	6,033.9	3,494.9	1,230.6	1,286.3	22.1	102.5	2,053.4	1,950.9
2000	6,426.8	6,355.0	3,660.8	1,278.1	1,375.5	40.6	71.8	2,409.9	2,338.1
2000 Q1	1,582.3	1,561.2	901.2	315.7	336.7	7.6	21.1	567.4	546.3
Q2	1,599.7	1,583.2	911.9	318.2	342.3	10.8	16.5	589.1	572.6
Q3	1,614.7	1,596.8	920.0	320.3	347.6	8.9	17.9	615.3	597.4
Q4	1,630.1	1,613.9	927.6	323.9	349.0	13.4	16.2	638.1	621.8
<i>Euro area enlargement</i>									
2001 Q1	1,684.1	1,657.3	961.7	332.2	358.3	5.0	26.8	645.3	618.5
Q2	1,695.4	1,672.8	974.4	334.7	358.4	5.3	22.6	642.6	620.1

2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP								
	Total	Domestic demand					External balance ³⁾		
		Total	Private consumption	Government consumption	Gross fixed capital formation ⁵⁾	Changes in inventories ²⁾	Total	Exports ³⁾	Imports ³⁾
	10	11	12	13	14	15	16	17	18
1996	5,383.5	5,263.3	3,044.9	1,112.1	1,106.1	0.2	120.2	1,635.0	1,514.8
1997	5,508.2	5,353.8	3,092.1	1,126.1	1,132.1	3.5	154.4	1,806.4	1,652.0
1998	5,665.8	5,544.5	3,186.4	1,139.9	1,190.0	28.2	121.3	1,936.0	1,814.7
1999	5,814.1	5,723.7	3,288.1	1,164.5	1,254.7	16.3	90.5	2,037.1	1,946.6
2000	6,009.8	5,883.3	3,371.5	1,186.4	1,309.6	15.8	126.5	2,283.4	2,156.9
2000 Q1	1,487.4	1,457.8	837.0	295.2	323.7	2.0	29.6	547.6	518.0
Q2	1,499.7	1,471.4	843.4	296.2	326.8	5.1	28.4	562.2	533.8
Q3	1,506.7	1,473.7	844.6	296.6	330.0	2.6	33.0	579.4	546.4
Q4	1,516.0	1,480.4	846.5	298.5	329.2	6.2	35.6	594.2	558.7
<i>Euro area enlargement</i>									
2001 Q1	1,550.3	1,509.7	872.6	303.9	336.1	-2.8	40.6	601.4	560.8
Q2	1,551.7	1,514.7	876.1	304.4	334.7	-0.5	37.0	596.8	559.8
<i>(annual percentage changes)</i>									
1996	1.4	1.0	1.6	1.7	1.2	-	-	4.3	3.1
1997	2.3	1.7	1.6	1.3	2.3	-	-	10.5	9.1
1998	2.9	3.6	3.0	1.2	5.1	-	-	7.2	9.9
1999	2.6	3.2	3.2	2.2	5.4	-	-	5.2	7.3
2000	3.4	2.8	2.5	1.9	4.4	-	-	12.1	10.8
2000 Q1	3.6	2.7	2.5	2.1	5.3	-	-	12.3	10.1
Q2	3.9	3.4	3.3	2.2	4.9	-	-	12.2	11.4
Q3	3.2	2.7	2.4	1.6	4.2	-	-	12.2	11.3
Q4	2.8	2.3	1.9	1.6	3.1	-	-	11.7	10.5
<i>Euro area enlargement</i>									
2001 Q1	2.4	1.6	2.0	1.7	1.8	-	-	8.7	6.6
Q2	1.7	1.0	1.6	1.5	0.4	-	-	5.1	3.2

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 ¹⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	1	2	3	4	5	6	7	8	9
1996	5,172.5	139.7	1,207.1	300.7	1,059.5	1,333.2	1,132.3	200.7	562.3
1997	5,265.1	138.6	1,226.9	291.8	1,087.1	1,376.4	1,144.3	199.5	582.4
1998	5,465.5	138.8	1,273.5	294.8	1,139.1	1,440.2	1,179.1	199.9	615.5
1999	5,674.1	135.6	1,294.1	311.0	1,183.1	1,525.9	1,224.3	202.3	664.7
2000	5,948.8	137.1	1,371.8	326.0	1,236.0	1,612.6	1,265.3	213.3	691.3
2000 Q1	1,464.0	33.6	336.2	81.3	303.9	396.0	312.9	52.8	171.0
Q2	1,480.0	34.0	341.6	81.1	307.4	400.5	315.4	53.8	173.5
Q3	1,496.2	34.7	345.6	81.4	310.3	406.2	317.9	53.5	172.0
Q4	1,508.6	34.8	348.3	82.2	314.4	409.8	319.1	53.3	174.8
<i>Euro area enlargement</i>									
2001 Q1	1,560.3	37.3	360.0	85.8	326.8	421.6	328.9	54.6	178.3
Q2	1,569.4	38.0	357.3	84.8	330.4	427.4	331.5	54.9	180.9

4. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM ¹⁾	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
	10	11	12	13	14	15	16	17	18
1996	5,040.3	139.6	1,178.1	295.6	1,039.7	1,288.0	1,099.4	200.2	543.3
1997	5,159.2	140.2	1,216.5	290.3	1,072.3	1,329.7	1,110.2	207.3	556.2
1998	5,308.1	142.1	1,253.1	292.1	1,113.6	1,381.0	1,126.2	214.0	571.6
1999	5,442.4	145.3	1,263.0	299.0	1,161.7	1,433.1	1,140.4	223.1	594.8
2000	5,637.0	145.4	1,321.4	304.5	1,210.2	1,496.5	1,159.1	234.0	606.7
2000 Q1	1,394.5	36.1	326.1	76.8	298.1	369.2	288.1	57.3	150.2
Q2	1,405.2	36.1	329.5	75.9	301.4	372.5	289.7	58.2	152.8
Q3	1,414.0	36.6	332.0	75.9	303.4	376.0	290.1	58.9	151.6
Q4	1,423.4	36.6	333.9	75.9	307.2	378.8	291.2	59.6	152.1
<i>Euro area enlargement</i>									
2001 Q1	1,456.9	38.3	341.5	77.7	316.2	386.8	296.3	60.8	154.2
Q2	1,456.5	38.2	337.4	76.4	317.1	390.2	297.1	61.3	156.4
<i>(annual percentage changes)</i>									
1996	1.4	5.5	-0.3	-1.8	0.9	3.6	1.7	2.5	1.4
1997	2.4	0.5	3.3	-1.8	3.1	3.2	1.0	3.6	2.4
1998	2.9	1.3	3.0	0.6	3.9	3.9	1.4	3.2	2.8
1999	2.5	2.2	0.8	2.4	4.3	3.8	1.3	4.3	4.1
2000	3.6	0.1	4.6	1.8	4.2	4.4	1.6	4.9	2.0
2000 Q1	3.8	0.4	4.7	3.5	4.0	4.8	1.5	4.8	2.5
Q2	3.9	-0.1	5.0	2.4	4.6	4.6	1.9	5.4	4.3
Q3	3.4	0.6	4.5	1.0	3.8	4.3	1.6	4.4	1.6
Q4	3.3	-0.5	4.3	0.5	4.3	4.0	1.5	4.9	-0.3
<i>Euro area enlargement</i>									
2001 Q1	2.7	0.3	3.5	-1.2	3.7	3.4	1.3	4.8	0.6
Q2	1.9	0.0	1.3	-1.8	2.9	3.4	1.0	3.9	0.3

Source: Eurostat.

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

Table 5.2

Selected other real economy indicators ¹⁾

1. Industrial production

(annual percentage changes, unless otherwise indicated)

	Total	Industry excluding construction ²⁾									Construction	Manufacturing
		Total			Industry excluding construction and energy					Energy		
		Index (s.a.) 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
1997	3.6	104.8	4.3	4.6	6.2	4.9	2.5	1.8	2.6	0.1	0.2	4.9
1998	3.5	109.3	4.3	4.4	3.6	7.5	2.8	5.0	2.3	1.2	0.3	4.7
1999	1.9	111.4	2.0	1.8	1.5	2.4	1.7	1.4	1.7	1.4	2.9	2.0
2000	4.9	117.5	5.4	5.6	5.8	8.4	2.2	5.8	1.5	1.7	2.1	5.8
2000 Q3	5.0	118.4	5.7	6.1	6.0	9.5	2.5	5.1	2.0	2.6	0.9	6.3
Q4	4.4	119.5	5.1	5.4	5.1	8.7	2.2	4.2	1.7	-0.4	1.0	5.8
2000 Nov.	4.2	119.7	4.9	4.6	4.5	8.0	1.3	1.9	1.1	-0.2	0.6	5.1
Dec.	5.4	120.2	6.1	8.2	7.1	12.2	4.8	9.0	3.9	-2.7	3.2	8.2
<i>Euro area enlargement</i>												
2001 Q1	3.0	119.4	4.1	4.4	2.7	8.1	3.0	2.8	3.0	-1.5	-2.0	5.0
Q2	0.2	118.4	0.8	0.5	-0.5	2.0	0.4	-1.6	0.8	2.2	-2.7	0.8
Q3	.	.	.	.	.	.	.	.	.	.	.	.
2001 Jan.	4.7	119.2	5.4	5.4	4.0	10.0	2.8	3.6	2.6	-1.3	-0.6	6.1
Feb.	3.0	119.7	4.2	4.7	2.9	8.5	3.5	1.8	3.9	-1.0	-0.8	5.4
Mar.	1.4	119.3	2.8	3.2	1.4	6.3	2.7	3.0	2.7	-2.2	-4.3	3.7
Apr.	0.3	118.3	1.1	0.4	-0.4	1.6	0.2	-1.8	0.6	1.0	-4.1	0.9
May	-1.1	117.9	-0.5	-0.4	-1.4	1.2	-0.5	-3.5	0.2	3.2	-3.5	-0.4
June	1.4	118.9	1.8	1.5	0.3	3.1	1.4	0.4	1.6	2.4	-0.4	1.8
July	-1.1	117.2	-1.3	-2.0	-2.5	-2.2	-1.0	-6.5	0.1	1.4	-0.7	-2.0
Aug.	-1.7	118.7	0.4	0.2	-2.2	2.5	1.3	1.3	1.3	2.4	-2.5	0.3
Sep.	.	.	.	.	.	.	.	.	.	.	.	.

2. Retail sales and car registrations

(annual percentage changes, unless otherwise indicated)

	Retail sales (s.a.)									New passenger car registrations	
	Current prices			Constant prices							
	Total		Total		Food, beverages, tobacco	Non-food			Thousands ³⁾ (s.a.)		
	Index 1995 = 100		Index 1995 = 100				Textiles, clothing, footwear	Household equipment			
	13	14	15	16	17	18	19	20	21	22	
1997	104.1	2.2	101.5	1.2	1.1	1.3	0.7	1.4	861	4.2	
1998	107.9	3.6	104.5	3.0	2.1	3.6	2.1	4.5	923	7.2	
1999	111.5	3.4	107.2	2.6	3.1	2.5	1.3	3.0	973	5.4	
2000	116.1	4.1	109.7	2.3	2.0	2.2	1.6	4.7	954	-2.2	
2000 Q3	116.6	4.3	109.9	2.1	1.3	2.2	3.1	3.9	934	-7.7	
Q4	117.8	3.7	110.3	1.6	1.3	1.4	0.4	3.5	926	-3.2	
2000 Nov.	117.8	3.4	110.3	1.4	1.0	1.5	-0.1	4.3	929	-3.2	
Dec.	117.9	3.8	110.4	1.8	1.6	1.5	0.6	3.5	936	1.8	
Euro area enlargement											
2001 Q1	119.5	4.4	111.1		2.2	1.7	2.6	2.4	0.9	951	-5.1
Q2	120.8	3.9	111.2		1.0	0.8	1.0	0.7	-0.7	1,012	1.8
Q3	.	.	.	.	.	.	.	.	.	952	-1.2
2001 Jan.	119.5	5.1	111.2	2.8	2.2	3.3	4.9	3.1	943	-5.6	
Feb.	119.3	3.4	111.1	1.5	1.5	1.4	0.0	-0.1	955	-6.2	
Mar.	119.6	4.8	110.9	2.4	1.5	2.9	2.3	-0.1	954	-3.7	
Apr.	120.5	3.9	111.2	1.1	0.9	1.2	0.9	-0.6	972	-1.8	
May	120.7	2.8	111.1	0.3	0.1	0.1	-0.2	-1.7	998	0.0	
June	121.3	5.1	111.2	1.7	1.4	1.8	1.4	0.4	1,065	7.3	
July	121.8	4.4	111.6	1.6	2.4	1.4	0.6	-2.1	929	-1.5	
Aug.	122.6	5.0	111.9	1.8	1.7	1.5	0.4	1.0	964	-0.5	
Sep.	.	.	.	.	.	.	.	.	962	-1.2	

Sources: Eurostat, except columns 21 and 22 (ECB calculation based on data from the ACEA/A.A.A., European Automobile Manufacturers' Association).

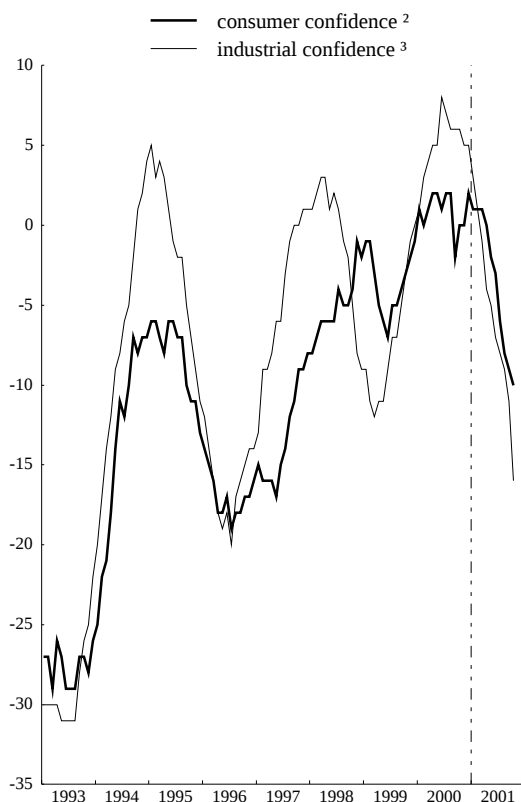
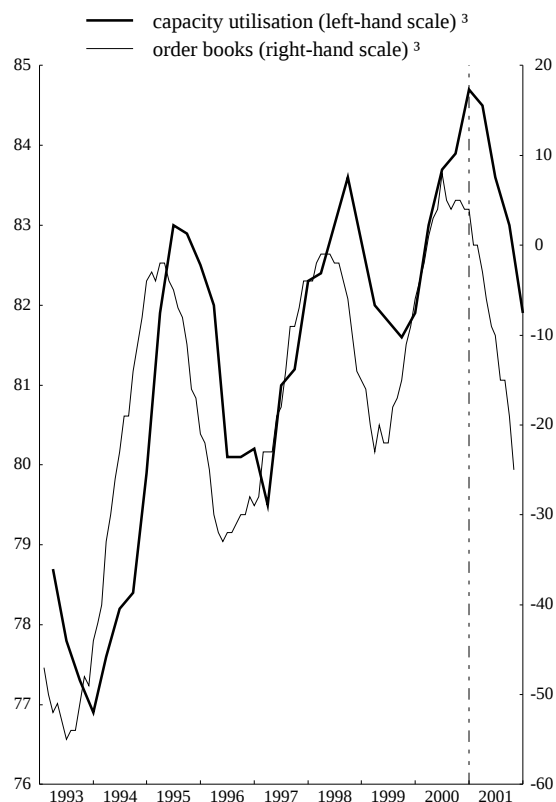
1) Adjusted for variations in the number of working days.

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

3) Monthly averages.

Table 5.3**Business and consumer surveys***(percentage balances, seasonally adjusted, unless otherwise indicated)*

	Manufacturing industry				Construction confidence indicator	Retail trade confidence indicator	Consumer confidence indicator ²⁾
	Confidence indicator	Production expectations	Assessment of order books	Capacity utilisation ¹⁾ (percentages)			
	1	2	3	4	5	6	7
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-4
2000	5	17	3	83.8	1	-1	1
2000 Q4	5	18	4	84.7	0	-3	1
2000 Nov.	5	17	4	-	-1	-3	0
Dec.	5	18	4	-	-2	-4	2
<i>Euro area enlargement</i>							
2001	.	.	.	83.3	.	.	.
2001 Q1	1	12	-1	84.5	-1	-2	1
Q2	-5	6	-8	83.6	-3	-6	-2
Q3	-9	2	-16	83.0	-6	-6	-8
Q4	.	.	.	81.9	.	.	.
2001 Jan.	3	14	0	-	1	0	1
Feb.	1	12	0	-	-2	0	1
Mar.	-1	9	-3	-	-3	-5	1
Apr.	-4	7	-6	-	-2	-4	0
May	-5	6	-9	-	-2	-7	-2
June	-7	4	-10	-	-4	-7	-3
July	-8	5	-15	-	-6	-4	-6
Aug.	-9	2	-15	-	-7	-8	-8
Sep.	-11	0	-19	-	-5	-6	-9
Oct.	-16	-8	-25	-	-8	-9	-10

Consumer and industrial confidence indicators*(percentage balances; monthly, seasonally adjusted)***Capacity utilisation and order books***(capacity utilisation, percentages, quarterly; order books, percentage balances, monthly; seasonally adjusted)*

Source: European Commission Business and Consumer Surveys.

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

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

3) Manufacturing.

Table 5.4

Labour market indicators

1. Employment and unemployment in the whole economy ¹⁾

(annual percentage changes, unless otherwise indicated)

	Employment						Unemployment (s.a.)			
	Total		By employment status		By selected sector		Total		Adult ²⁾	Youth ²⁾
	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
1996	100.5	0.5	0.4	0.3	-1.3	1.6	14.729	11.5	9.8	23.9
1997	101.3	0.8	0.9	0.1	-0.4	1.5	14.817	11.5	9.9	23.2
1998	102.9	1.6	1.8	0.4	1.1	2.2	14.064	10.8	9.4	21.2
1999	104.6	1.7	2.2	-0.5	0.0	2.6	12.965	9.9	8.6	19.1
2000	106.8	2.1	2.4	0.3	0.8	2.8	11.661	8.9	7.7	17.1
2000 Q3	107.0	2.1	2.4	0.3	1.0	2.8	11.484	8.7	7.6	16.8
Q4	107.6	2.2	2.4	1.2	1.3	2.8	11.207	8.5	7.4	16.3
2000 Sep.	-	-	-	-	-	-	11.376	8.6	7.5	16.7
Oct.	-	-	-	-	-	-	11.272	8.5	7.5	16.4
Nov.	-	-	-	-	-	-	11.202	8.5	7.4	16.3
Dec.	-	-	-	-	-	-	11.147	8.5	7.4	16.3
<i>Euro area enlargement</i>										
2001 Q1	108.1	2.0	2.2	0.8	1.3	2.5	11.502	8.4	7.3	16.5
Q2	108.2	1.5	1.7	0.6	0.6	2.0	11.407	8.4	7.3	16.5
Q3	.	.	.	.	.	.	11.374	8.3	7.3	16.4
2001 Jan.	-	-	-	-	-	-	11.574	8.5	7.4	16.6
Feb.	-	-	-	-	-	-	11.494	8.4	7.3	16.5
Mar.	-	-	-	-	-	-	11.437	8.4	7.3	16.5
Apr.	-	-	-	-	-	-	11.406	8.4	7.3	16.5
May	-	-	-	-	-	-	11.412	8.4	7.3	16.5
June	-	-	-	-	-	-	11.404	8.4	7.3	16.5
July	-	-	-	-	-	-	11.387	8.4	7.3	16.5
Aug.	-	-	-	-	-	-	11.366	8.3	7.3	16.4
Sep.	-	-	-	-	-	-	11.370	8.3	7.3	16.4

2. Labour costs and productivity

(annual percentage changes)

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices ³⁾					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
1996	1.9	3.0	1.1	3.4	3.0	4.4	3.6	4.0	3.6
1997	0.7	2.2	1.6	2.6	2.6	2.6	2.1	2.8	2.3
1998	0.2	1.4	1.2	1.7	2.1	0.9	1.6	1.5	2.2
1999	1.3	2.2	0.9	2.3	2.5	1.5	2.6	1.9	2.7
2000	1.1	2.5	1.4	3.4	3.7	2.4	3.3	3.0	2.6
1999 Q2	1.8	2.3	0.5	2.1	2.4	1.4	2.4	2.1	2.9
Q3	1.2	2.1	0.9	2.5	2.7	1.7	2.8	2.2	2.9
Q4	0.4	2.2	1.8	2.7	3.0	1.8	3.0	1.9	2.5
2000 Q1	0.5	2.5	2.1	3.3	3.5	2.5	3.5	3.2	2.9
Q2	0.6	2.2	1.6	3.4	3.6	2.5	3.3	3.0	2.8
Q3	1.4	2.4	1.0	3.4	3.8	2.3	3.3	2.9	2.5
Q4	1.7	2.1	0.4	3.3	3.7	2.1	3.0	3.0	2.3
<i>Euro area enlargement</i>									
2001 Q1	2.0	2.2	0.2	3.0	3.5	1.7	2.9	2.8	3.2
Q2	2.3	2.4	0.1	2.8	3.3	1.5	2.9	2.1	2.5

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 ¹⁾

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

Amounts outstanding

1. Main financial assets ²⁾

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area ³⁾
	Total	Currency	Deposits of non-financial sectors other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs ⁴⁾	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	4,685.2	320.5	4,072.2	1,158.1	1,466.3	1,322.5	125.3	153.9	138.7	215.8
1998 Q1	4,642.3	311.7	4,050.9	1,133.2	1,457.0	1,342.7	118.0	139.4	140.2	247.2
Q2	4,699.0	315.4	4,100.3	1,204.9	1,452.7	1,341.9	100.8	147.4	135.8	239.7
Q3	4,677.4	311.7	4,074.2	1,184.2	1,451.1	1,341.4	97.4	156.4	135.1	237.6
Q4	4,827.6	323.3	4,212.9	1,282.9	1,465.0	1,386.3	78.6	149.8	141.6	213.0
1999 Q1	4,677.3	317.7	4,077.8	1,239.1	1,466.3	1,306.5	66.0	133.4	148.4	243.9
Q2	4,703.6	323.9	4,116.3	1,321.8	1,420.2	1,315.9	58.4	125.0	138.4	242.7
Q3	4,715.2	327.3	4,115.1	1,324.5	1,418.6	1,313.3	58.7	133.3	139.4	238.6
Q4	4,861.6	349.9	4,217.6	1,370.5	1,460.7	1,323.4	63.0	142.0	152.1	229.7
2000 Q1	4,839.8	334.6	4,225.0	1,379.6	1,465.5	1,303.2	76.8	130.2	150.0	260.6
Q2	4,896.6	341.2	4,259.4	1,409.6	1,488.5	1,282.5	78.9	146.0	150.1	247.2
Q3	4,916.4	338.9	4,268.6	1,396.8	1,526.4	1,263.5	81.9	159.3	149.7	254.1
Q4	5,033.0	347.5	4,364.3	1,464.4	1,545.0	1,269.2	85.6	164.6	156.6	230.9
Euro area enlargement										
2001 Q1	-	335.4	4,502.4	1,446.2	1,625.5	1,314.7	115.9	150.3	-	259.1
Q2	-	332.1	4,585.5	1,524.0	1,619.7	1,321.0	120.8	164.6	-	-

	Securities other than shares			Shares ⁵⁾				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
	11	12	13	14	15	16	17	18	19	20
1997 Q4	1,572.4	204.6	1,367.7	2,692.0	1,529.7	1,162.4	184.9	2,384.1	2,129.4	254.7
1998 Q1	1,589.7	196.4	1,393.3	3,204.5	1,881.1	1,323.4	186.5	2,463.8	2,199.6	264.2
Q2	1,538.5	172.2	1,366.2	3,421.4	1,992.2	1,429.2	186.7	2,522.3	2,255.9	266.4
Q3	1,532.6	161.2	1,371.3	3,130.2	1,686.9	1,443.3	187.9	2,567.8	2,298.7	269.1
Q4	1,524.1	157.6	1,366.5	3,446.3	1,924.1	1,522.2	172.8	2,631.5	2,362.4	269.1
1999 Q1	1,564.3	136.9	1,427.4	3,670.9	2,032.9	1,638.1	194.8	2,706.9	2,428.2	278.7
Q2	1,504.6	130.4	1,374.2	3,917.0	2,176.1	1,741.0	211.4	2,774.8	2,494.1	280.7
Q3	1,506.9	119.3	1,387.6	4,000.0	2,249.1	1,750.9	208.7	2,841.0	2,557.5	283.4
Q4	1,538.9	147.2	1,391.7	4,507.0	2,669.4	1,837.6	199.1	2,956.0	2,669.1	286.9
2000 Q1	1,533.6	146.0	1,387.6	4,810.0	2,873.1	1,936.9	208.4	3,042.7	2,742.2	300.5
Q2	1,586.0	145.5	1,440.5	4,760.5	2,840.5	1,920.0	197.2	3,096.9	2,793.8	303.1
Q3	1,645.6	162.2	1,483.4	4,898.8	2,964.8	1,934.0	201.6	3,148.8	2,842.3	306.4
Q4	1,702.7	177.2	1,525.5	5,051.8	3,123.3	1,928.5	203.7	3,215.4	2,906.5	308.8
Euro area enlargement										
2001 Q1	-	-	-	-	-	-	-	-	-	-
Q2	-	-	-	-	-	-	-	-	-	-

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. 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 ¹⁾
(EUR billions (ECU billions to end-1998); not seasonally adjusted; end of period)
Amounts outstanding
2. Main liabilities ²⁾

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks ³⁾
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households ⁴⁾			
			Total	Short-term	Long-term ⁵⁾	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1997 Q4	5,840.6	5,321.0	923.7	54.2	869.5	2,405.9	837.7	1,568.1	2,511.1	225.0	2,286.1	141.6
1998 Q1	5,896.5	5,360.2	907.3	35.5	871.8	2,449.7	853.7	1,596.0	2,539.5	224.0	2,315.4	146.9
Q2	6,005.7	5,453.3	902.1	31.7	870.4	2,502.7	877.2	1,625.5	2,600.8	233.4	2,367.4	151.3
Q3	6,079.9	5,523.9	903.2	33.2	870.1	2,526.7	864.3	1,662.4	2,650.0	233.9	2,416.2	147.4
Q4	6,223.5	5,660.2	911.2	35.9	875.3	2,598.2	902.1	1,696.1	2,714.1	240.3	2,473.8	150.8
1999 Q1	6,252.9	5,673.9	903.0	36.1	866.9	2,585.5	917.9	1,667.5	2,764.4	251.3	2,513.1	156.8
Q2	6,421.6	5,814.2	900.5	38.7	861.7	2,683.4	960.0	1,723.4	2,837.7	255.3	2,582.4	183.3
Q3	6,487.1	5,882.6	885.9	37.7	848.1	2,697.4	938.9	1,758.5	2,903.8	255.1	2,648.7	191.4
Q4	6,669.1	6,040.0	900.6	42.1	858.5	2,795.0	979.6	1,815.4	2,973.5	264.2	2,709.3	201.4
2000 Q1	6,811.5	6,155.5	890.4	41.1	849.3	2,894.2	1,039.0	1,855.2	3,026.8	265.5	2,761.3	221.1
Q2	6,959.5	6,261.4	884.1	42.0	842.1	2,996.3	1,091.1	1,905.2	3,079.1	274.1	2,805.0	219.7
Q3	7,100.9	6,378.0	863.5	39.9	823.6	3,105.1	1,146.9	1,958.2	3,132.3	275.9	2,856.4	252.2
Q4	7,273.0	6,500.4	880.2	42.0	838.2	3,203.9	1,161.2	2,042.6	3,189.0	281.6	2,907.3	257.5
Euro area enlargement												
2001 Q1	-	6,671.9	-	-	-	-	-	-	-	-	-	282.4
Q2	-	6,759.4	-	-	-	-	-	-	-	-	-	-
	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		
1997 Q4	3,636.8	3,333.9	504.3	2,829.5	302.9	45.8	257.1	1,972.6	135.2	236.2		
1998 Q1	3,754.0	3,434.4	491.3	2,943.1	319.6	55.7	263.9	2,428.8	136.3	239.1		
Q2	3,817.0	3,495.0	489.7	3,005.2	322.1	53.9	268.1	2,643.9	134.2	242.1		
Q3	3,909.0	3,576.1	491.4	3,084.7	332.9	55.5	277.4	2,275.2	133.8	245.1		
Q4	3,915.0	3,581.5	462.8	3,118.6	333.5	54.9	278.5	2,590.3	140.3	248.2		
1999 Q1	3,972.5	3,624.7	463.5	3,161.2	347.8	66.2	281.7	2,686.6	146.9	251.2		
Q2	3,956.4	3,601.3	452.9	3,148.4	355.1	67.2	287.9	2,929.4	136.6	254.3		
Q3	3,942.9	3,573.6	446.1	3,127.5	369.4	75.4	294.0	3,037.5	137.6	257.4		
Q4	3,907.2	3,527.0	421.5	3,105.5	380.2	78.6	301.6	3,896.1	149.8	260.8		
2000 Q1	3,959.4	3,573.1	417.9	3,155.2	386.4	80.7	305.7	4,319.8	147.6	263.6		
Q2	4,005.1	3,599.9	421.8	3,178.1	405.1	90.6	314.6	4,074.7	147.6	266.6		
Q3	4,043.2	3,618.0	416.7	3,201.3	425.2	97.5	327.7	3,975.6	147.2	269.0		
Q4	4,082.4	3,634.5	401.4	3,233.1	447.9	103.1	344.7	3,791.3	153.7	271.4		
Euro area enlargement												
2001 Q1	-	-	-	-	-	-	-	-	-	-		
Q2	-	-	-	-	-	-	-	-	-	-		

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. 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 ¹⁾

	Currency and deposits									Memo: deposits of non-banks with banks outside the euro area ²⁾
	Total	Currency	Deposits of non-financial sectors ³⁾ other than central government with euro area MFIs					Deposits of central government with euro area MFIs	Deposits with non-MFIs ⁴⁾	
			Total	Overnight	With agreed maturity	Redeemable at notice	Repurchase agreements			
	1	2	3	4	5	6	7	8	9	10
1997 Q4	130.4	9.4	111.5	73.9	5.1	37.6	-5.1	3.2	6.3	-13.3
1998 Q1	-45.8	-8.8	-24.1	-25.8	-11.1	20.1	-7.3	-14.5	1.6	29.0
Q2	52.1	3.6	44.8	68.0	-5.9	-0.5	-16.7	8.0	-4.4	-4.9
Q3	-14.6	-3.7	-19.2	-18.0	2.3	-0.3	-3.3	9.0	-0.7	4.0
Q4	149.8	11.6	138.3	98.0	14.4	44.8	-18.9	-6.6	6.5	-23.6
1999 Q1	-39.0	-5.2	-36.4	-19.2	-15.1	10.5	-12.7	-4.2	6.8	21.5
Q2	22.4	6.2	34.5	81.3	-48.5	9.3	-7.6	-8.4	-9.9	-4.4
Q3	13.4	3.4	0.7	3.6	-0.6	-2.6	0.3	8.3	1.0	-1.9
Q4	139.8	22.3	96.1	44.1	37.8	9.9	4.2	8.7	12.7	-14.1
2000 Q1	-27.8	-15.3	1.5	6.7	1.4	-20.4	13.7	-11.9	-2.1	25.4
Q2	51.0	6.7	28.5	31.5	16.8	-21.8	2.1	15.8	0.0	-13.1
Q3	7.4	-2.2	-3.2	-17.0	29.3	-18.5	2.9	13.3	-0.4	-2.0
Q4	128.8	8.6	108.0	71.3	27.0	6.0	3.8	5.3	6.9	-17.4
<i>Euro area enlargement</i>										
2001 Q1	-	-19.8	12.2	-34.2	39.1	-6.1	13.4	-15.6	-	11.4
Q2	-	-3.3	80.2	75.1	-5.8	6.1	4.8	14.3	-	-
	Securities other than shares			Shares ⁵⁾				Insurance technical reserves		
	Total	Short-term	Long-term	Total	Quoted shares	Mutual fund shares	Money market fund shares	Total	Net equity of households in life insurance reserves and pension fund reserves	Prepayments of insurance premiums and reserves for outstanding claims
	11	12	13	14	15	16	17	18	19	20
1997 Q4	5.2	-7.7	12.8	64.1	47.3	16.7	-12.4	53.6	51.8	1.8
1998 Q1	-27.3	-8.4	-19.0	78.9	-20.2	99.1	7.1	66.9	54.6	12.4
Q2	-71.1	-25.0	-46.1	114.6	21.3	93.3	-0.2	46.9	44.9	2.0
Q3	-6.0	-11.0	5.0	115.1	29.3	85.8	0.8	43.2	40.6	2.6
Q4	-11.8	-1.6	-10.1	73.2	54.5	18.7	-16.2	50.2	48.2	1.9
1999 Q1	22.5	-12.9	35.4	109.3	8.0	101.3	0.0	70.5	58.1	12.5
Q2	-35.3	-11.1	-24.1	147.5	59.2	88.4	16.5	54.3	51.7	2.7
Q3	-5.2	-9.8	4.6	93.7	55.6	38.1	-2.5	56.6	53.4	3.2
Q4	52.0	24.4	27.6	-3.5	29.6	-33.1	-9.6	74.1	71.8	2.4
2000 Q1	-24.7	3.5	-28.2	-4.7	-39.1	34.4	5.0	83.9	71.0	12.9
Q2	46.8	-0.6	47.4	93.4	80.3	13.1	-14.3	56.1	53.3	2.8
Q3	68.9	17.2	51.7	156.3	144.2	12.0	1.1	55.3	52.0	3.3
Q4	7.5	7.3	0.3	267.1	200.0	67.1	-0.9	63.7	61.3	2.4
<i>Euro area enlargement</i>										
2001 Q1	-	-	-	-	-	-	-	-	-	-
Q2	-	-	-	-	-	-	-	-	-	-

Source: ECB.

1) 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.

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

3) 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).

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 ¹⁾
(EUR billions (ECU billions to end-1998); not seasonally adjusted)
Transactions
2. Main liabilities ²⁾

	Loans taken from euro area MFIs and other financial corporations by											Memo: loans taken from banks outside the euro area by non-banks ³⁾
	Total	Taken from euro area MFIs	General government			Non-financial corporations			Households ⁴⁾			
			Total	Short-term	Long-term ⁵⁾	Total	Short-term	Long-term	Total	Short-term	Long-term	
	1	2	3	4	5	6	7	8	9	10	11	12
1997 Q4	154.6	146.2	21.1	4.4	16.7	67.4	27.7	39.7	66.2	6.6	59.5	-16.4
1998 Q1	68.0	43.9	-15.7	-18.5	2.8	55.8	27.1	28.6	28.0	-0.7	28.7	3.9
Q2	116.7	110.6	-5.5	-3.7	-1.9	54.4	22.1	32.3	67.8	9.4	58.4	6.4
Q3	78.3	81.0	2.6	1.4	1.2	25.7	-15.9	41.6	50.0	0.5	49.5	-0.4
Q4	161.9	150.8	8.8	2.8	6.1	76.8	37.6	39.2	76.3	6.7	69.5	-2.1
1999 Q1	76.2	68.2	-6.9	0.1	-7.0	10.6	20.1	-9.5	72.5	8.9	63.6	1.0
Q2	164.4	138.9	-4.3	2.6	-6.9	93.9	40.1	53.8	74.7	3.9	70.9	23.6
Q3	70.7	71.2	-14.7	-1.0	-13.7	18.5	-17.3	35.7	67.0	-0.3	67.3	8.5
Q4	171.8	151.9	15.0	4.3	10.7	88.3	38.2	50.1	68.5	8.9	59.6	-6.8
2000 Q1	139.0	108.4	-8.9	-0.9	-8.1	93.1	56.7	36.4	54.8	1.4	53.3	14.8
Q2	156.7	116.6	-6.9	0.8	-7.7	109.5	57.1	52.5	54.1	8.4	45.6	-0.9
Q3	122.9	93.4	-16.9	-2.1	-14.8	91.6	48.4	43.2	48.3	0.3	48.0	22.3
Q4	187.1	140.0	17.0	2.1	14.9	110.9	18.9	92.0	59.2	6.0	53.2	11.7
Euro area enlargement												
2001 Q1	-	77.5	-	-	-	-	-	-	-	-	-	8.7
Q2	-	83.9	-	-	-	-	-	-	-	-	-	-

	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
1997 Q4	-7.9	-3.7	-31.9	28.2	-4.2	-7.5	3.3	44.1	6.9	2.3
1998 Q1	63.8	53.4	-11.4	64.9	10.4	9.6	0.9	11.3	1.1	2.4
Q2	52.8	49.9	-1.3	51.2	2.9	-1.8	4.7	37.6	-2.1	2.4
Q3	61.0	53.7	2.0	51.7	7.3	1.4	5.9	10.9	-0.4	2.4
Q4	-10.7	-16.2	-31.0	14.9	5.4	0.8	4.7	40.8	6.4	2.2
1999 Q1	76.5	61.7	5.5	56.2	14.7	11.0	3.8	10.9	6.6	2.5
Q2	42.2	33.0	-8.5	41.5	9.1	0.9	8.3	36.1	-10.3	2.5
Q3	53.5	34.9	-8.4	43.4	18.5	8.1	10.4	34.4	1.0	2.5
Q4	-8.4	-15.3	-27.8	12.5	6.9	3.1	3.8	42.0	12.1	2.6
2000 Q1	62.6	62.2	10.7	51.5	0.4	1.7	-1.3	22.3	-2.2	2.4
Q2	43.9	24.1	-0.9	25.1	19.7	10.0	9.7	31.5	0.0	2.4
Q3	51.9	25.6	-2.7	28.3	26.2	7.7	18.5	72.8	-0.4	2.4
Q4	2.9	-25.2	-27.0	1.8	28.1	5.6	22.4	51.9	6.4	2.4
Euro area enlargement										
2001 Q1	-	-	-	-	-	-	-	-	-	-
Q2	-	-	-	-	-	-	-	-	-	-

Source: ECB.

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

2) Most of the financial asset and liability categories defined in the ESA 95 are covered. 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.

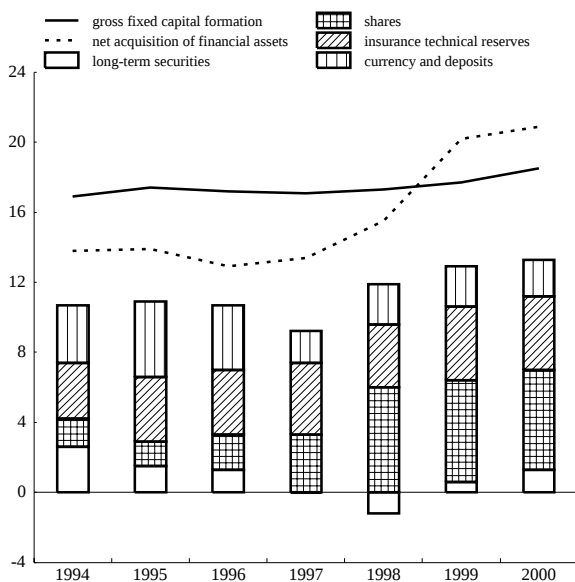
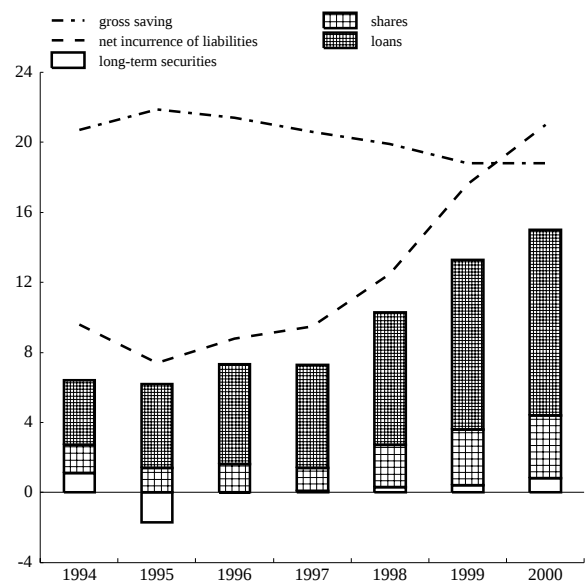
4) Including non-profit institutions serving households.

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 ¹⁾			Investment of private non-financial sectors ^{1) 2)}							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
	1	2	3	4	5	6	7	8	9	10	11
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	21.6	20.6	0.2	17.4	10.6	13.9	4.3	1.8	1.5	1.4	3.7
1996	21.2	20.3	0.6	17.2	10.5	12.9	3.7	0.2	1.3	2.0	3.7
1997	21.8	20.2	1.2	17.1	10.5	13.4	1.8	-0.6	0.0	3.3	4.1
1998	21.8	20.3	0.6	17.3	10.8	15.5	2.3	-2.0	-1.2	6.0	3.6
1999	21.7	20.8	-0.1	17.7	11.1	20.2	2.3	0.8	0.6	5.8	4.2
2000	21.7	21.3	-0.5	18.5	11.8	20.9	2.1	2.0	1.3	5.7	4.2

	Financing of private non-financial sectors ^{1) 2)}								Net financial investment ³⁾	Financial investment as a % of gross investment ⁴⁾	Net incurrence of liabilities as a % of financing ⁵⁾
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans			
	12	13	14	15	16	17	18	19	20	21	22
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	21.9	12.1	7.4	-1.8	-1.7	1.4	4.8	3.6	6.5	44.4	25.3
1996	21.4	11.8	8.8	0.2	0.0	1.6	5.7	4.8	4.1	42.9	29.1
1997	20.6	11.3	9.5	0.1	0.1	1.3	5.9	4.7	3.9	43.9	31.6
1998	19.9	10.5	12.5	0.4	0.3	2.4	7.6	5.9	3.0	47.3	38.6
1999	18.8	9.8	17.6	0.8	0.4	3.2	9.7	7.6	2.6	53.3	48.4
2000	18.8	9.6	21.0	1.3	0.8	3.6	10.6	7.1	-0.1	53.0	52.8

Investment and financing of private non-financial sectors ^{1) 2)}
(as a percentage of GDP)
Investment

Financing


Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

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

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

Table 7.1

Revenue, expenditure and deficit / surplus ¹⁾

(as a percentage of GDP)

1. Euro area – revenue

	Total	Current revenue	Direct taxes	Households	Corporations	Indirect taxes	Received by EU institutions	Social contributions	Employers	Employees	Sales	Capital revenue	Capital taxes	Memo: fiscal burden ²⁾
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	46.4	46.0	11.8	9.5	2.2	13.0	0.9	16.7	8.5	5.1	2.3	0.4	0.2	41.6
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	47.5	47.1	11.6	9.5	2.0	13.5	0.8	17.5	8.5	5.4	2.5	0.4	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	48.2	47.6	12.2	9.6	2.6	13.5	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	14.4	0.6	16.5	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

2. Euro area – expenditure

	Total	Current expenditure								Capital expenditure	Investment	Capital transfers	Paid by EU institutions	Memo: primary expenditure ⁴⁾
	Total	Compensation of employees	Intermediate consumption	Interest	Current transfers	Social payments ³⁾	Subsidies	Paid by EU institutions						
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	51.1	46.3	11.2	5.0	5.3	24.9	21.0	2.4	0.6	4.8	3.2	1.6	0.0	45.8
1992	52.2	47.5	11.4	5.0	5.6	25.5	21.9	2.3	0.5	4.7	3.2	1.5	0.0	46.6
1993	53.6	49.0	11.6	5.2	5.8	26.5	22.8	2.4	0.6	4.6	3.1	1.6	0.1	47.8
1994	52.6	48.3	11.3	5.0	5.5	26.5	22.9	2.3	0.5	4.4	2.9	1.5	0.1	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	50.8	47.1	11.0	4.8	5.1	26.2	23.1	2.1	0.5	3.7	2.4	1.3	0.1	45.8
1998	49.9	46.0	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	25.9	22.6	2.0	0.5	4.1	2.5	1.6	0.1	45.4
2000	48.7	44.7	10.5	4.7	4.0	25.5	22.2	1.9	0.5	3.9	2.5	1.4	0.1	44.6

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

	Deficit (-) / surplus (+)					Primary deficit (-) / surplus (+)	Government consumption ⁵⁾							
	Total	Central government	State government	Local government	Social security funds	6	Total	Compensation of employees	Intermediate consumption	Transfers in kind via market producers	Consumption of fixed capital	Sales (minus)	Government collective consumption	Government individual consumption
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	-4.7	-4.6	-0.3	-0.1	0.3	0.6	20.3	11.2	5.0	4.8	1.8	-2.3	8.6	11.7
1992	-4.8	-4.2	-0.3	-0.2	0.0	0.8	20.7	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	0.2	21.1	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	5.1	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	12.0
1996	-4.3	-3.6	-0.4	0.0	-0.2	1.4	20.6	11.2	4.8	5.2	1.8	-2.5	8.5	12.1
1997	-2.6	-2.3	-0.4	0.1	0.0	2.5	20.3	11.0	4.8	5.1	1.8	-2.5	8.4	12.0
1998	-2.2	-2.2	-0.2	0.2	0.1	2.5	20.0	10.7	4.7	5.1	1.7	-2.5	8.1	11.8
1999	-1.3	-1.6	-0.1	0.1	0.4	2.9	20.0	10.7	4.7	5.1	1.7	-2.4	8.2	11.8
2000	-0.8	-1.3	-0.1	0.2	0.5	3.2	19.8	10.5	4.7	5.1	1.7	-2.4	8.1	11.8

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
1997	-2.0	-2.7	-4.0	-3.2	-3.0	1.2	-2.7	3.4	-1.1	-1.9	-2.7	-1.5
1998	-0.8	-2.2	-2.4	-2.6	-2.7	2.3	-2.8	3.5	-0.8	-2.4	-2.4	1.3
1999	-0.6	-1.6	-1.8	-1.1	-1.6	2.3	-1.8	3.7	0.4	-2.2	-2.1	1.9
2000	0.1	1.2	-1.1	-0.3	-1.3	4.5	-0.3	6.1	2.2	-1.1	-1.5	6.9

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

1) 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 0.4). Data before 1995 are partially estimated. Transactions between countries and EU institutions are included and consolidated. Transactions among governments are not consolidated.

2) The fiscal burden comprises taxes and social contributions.

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

4) Comprises total expenditure minus interest expenditure.

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

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

	Total	Financial instrument				Holder				
		Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ²⁾				Other creditors ³⁾
						Total	MFIs	Other financial corporations	Other sectors	
	1	2	3	4	5	6	7	8	9	10
1991	57.4	2.6	16.1	9.6	29.1	48.1	24.7	7.4	16.0	9.2
1992	60.9	2.6	16.8	10.1	31.5	50.2	26.4	7.6	16.2	10.7
1993	67.2	2.7	17.6	9.9	37.0	52.5	27.6	8.7	16.2	14.8
1994	69.9	2.9	16.8	10.3	40.0	56.2	29.8	9.9	16.4	13.8
1995	74.2	2.9	18.3	9.8	43.1	58.6	30.5	10.9	17.1	15.6
1996	75.4	2.9	17.8	9.9	44.8	59.2	30.3	13.2	15.8	16.2
1997	74.8	2.8	17.0	8.9	46.1	57.2	29.1	14.4	13.7	17.7
1998	73.1	2.8	15.8	7.9	46.6	53.5	27.0	16.2	10.4	19.6
1999	72.0	2.9	14.8	6.9	47.5	50.1	25.3	14.9	9.9	22.0
2000	69.5	2.7	13.6	6.3	47.0	46.3	22.9	13.4	10.0	23.2

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

	Total	Issued by ⁴⁾				Original maturity			Residual maturity			Currency		
		Central government	State government	Local government	Social security funds	Up to 1 year	Over 1 year	Variable interest rate	Up to 1 year	Over 1 and up to 5 years	Over 5 years	Euro or participating currency ⁵⁾	Non-domestic currency	Other currencies
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	57.4	46.6	4.5	6.0	0.3	11.8	45.6	4.8	17.7	18.8	20.9	56.2	1.7	1.1
1992	60.9	49.7	4.7	6.1	0.4	12.2	48.7	6.3	17.8	20.9	22.1	59.6	2.1	1.3
1993	67.2	55.2	5.2	6.3	0.6	11.9	55.3	6.7	18.5	24.3	24.5	65.5	2.7	1.7
1994	69.9	57.9	5.4	6.1	0.5	11.2	58.7	7.4	16.6	26.6	26.8	68.1	2.8	1.9
1995	74.2	61.7	5.7	6.0	0.8	10.6	63.6	6.9	17.6	26.2	30.3	72.3	2.7	1.9
1996	75.4	62.9	6.1	5.9	0.5	10.2	65.2	6.3	19.2	25.3	30.9	73.5	2.5	1.9
1997	74.8	62.3	6.3	5.6	0.6	8.8	66.0	6.0	18.6	25.2	31.0	72.8	2.6	2.0
1998	73.1	61.0	6.3	5.4	0.3	7.7	65.4	5.5	16.3	25.9	30.9	71.4	2.9	1.7
1999	72.0	60.2	6.2	5.3	0.3	7.0	65.1	5.0	14.4	26.8	30.8	70.2	-	1.8
2000	69.5	58.0	6.1	5.1	0.3	5.6	63.9	4.4	14.5	27.4	27.7	67.7	-	1.8

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
1997	125.3	61.0	108.2	66.7	59.3	65.1	120.2	6.1	69.9	64.7	58.9	54.1
1998	119.7	60.9	105.0	64.7	59.5	54.8	116.4	6.4	66.8	63.9	54.7	48.8
1999	115.9	61.3	103.9	63.4	58.5	49.3	114.6	6.0	63.1	64.7	54.5	47.3
2000	110.3	60.3	102.7	60.7	57.6	38.6	110.5	5.3	56.1	63.1	53.7	44.0

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

1) Data are partially estimated. General government gross consolidated debt at nominal value at the end of the year.

Holdings by other governments are not consolidated.

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

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

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

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

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

	Total	Source of change				Financial instrument				Holder			
		Borrowing requirement ²⁾	Valuation effects ³⁾	Other changes in volume ⁴⁾	Aggregation effect ⁵⁾	Coins and deposits	Loans	Short-term securities	Long-term securities	Domestic creditors ⁶⁾	MFIs	Other financial corporations	Other creditors ⁷⁾
	1	2	3	4	5	6	7	8	9	10	11	12	13
1991	5.2	5.1	0.0	0.2	-0.1	0.2	1.2	0.0	3.9	.	.	.	.
1992	6.8	5.6	0.4	0.7	0.1	0.1	1.6	1.0	4.0	4.8	3.1	0.7	1.9
1993	8.1	7.5	0.3	0.1	0.1	0.2	1.3	0.1	6.4	3.7	2.0	1.3	4.4
1994	6.1	5.2	0.2	0.7	0.0	0.4	0.0	0.9	4.8	6.3	3.6	1.7	-0.3
1995	7.7	5.5	0.2	2.2	-0.2	0.2	2.4	0.0	5.2	5.2	2.2	1.5	2.5
1996	3.8	4.2	-0.2	0.1	-0.3	0.1	0.2	0.4	3.2	2.7	0.8	2.6	1.1
1997	2.3	2.4	0.2	-0.2	0.0	0.0	-0.1	-0.6	3.0	0.2	-0.1	1.8	2.1
1998	1.6	1.9	-0.2	0.0	0.0	0.1	-0.4	-0.6	2.6	-1.1	-0.8	2.4	2.7
1999	1.6	1.3	0.3	0.0	0.0	0.2	-0.5	-0.7	2.6	-1.5	-0.7	-0.7	3.1
2000	0.8	0.8	0.1	-0.1	0.0	-0.1	-0.5	-0.3	1.7	-1.5	-1.3	-0.7	2.3

2. Euro area – deficit-debt adjustment

	Change in debt	Deficit (-) / surplus (+) ⁸⁾	Deficit-debt adjustment ⁹⁾											
			Total	Transactions in main financial assets held by general government							Valuation effects	Exchange rate effects	Other changes in volume	Other ¹¹⁾
				Total	Currency and deposits	Securities ¹⁰⁾	Loans	Shares and other equity	Privatisa- tions	Equity injections				
	1	2	3	4	5	6	7	8	9	10	11	12	13	14
1991	5.2	-4.7	0.5	1.1	0.3	0.1	0.4	0.2	-0.1	0.2	0.0	0.1	0.2	-0.8
1992	6.8	-4.8	2.0	0.8	0.2	0.1	0.3	0.2	-0.1	0.2	0.4	0.3	0.7	0.1
1993	8.1	-5.7	2.4	1.3	1.0	0.2	0.3	-0.2	-0.3	0.1	0.3	0.3	0.1	0.6
1994	6.1	-5.1	1.0	0.2	0.0	0.1	0.3	-0.1	-0.4	0.2	0.2	0.0	0.7	-0.1
1995	7.7	-5.0	2.7	0.6	0.0	-0.1	0.5	0.1	-0.4	0.2	0.2	0.0	2.2	-0.3
1996	3.8	-4.3	-0.4	-0.1	-0.1	0.0	0.0	-0.1	-0.3	0.2	-0.2	-0.1	0.1	-0.3
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	-0.6	0.2	0.0	-0.2	-0.6	-0.8	0.1	-0.2	0.0	0.0	0.3
1999	1.6	-1.3	0.3	0.0	0.4	0.2	0.1	-0.7	-0.8	0.1	0.3	0.2	0.0	0.0
2000	0.8	0.3	1.1	1.0	0.9	0.2	0.1	-0.2	-0.4	0.1	0.1	0.0	-0.1	0.1

Source: ECB.

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

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

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

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

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

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

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

8) Including proceeds from sales of UMTS licences.

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

10) Excluding financial derivatives.

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

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

Table 8.1

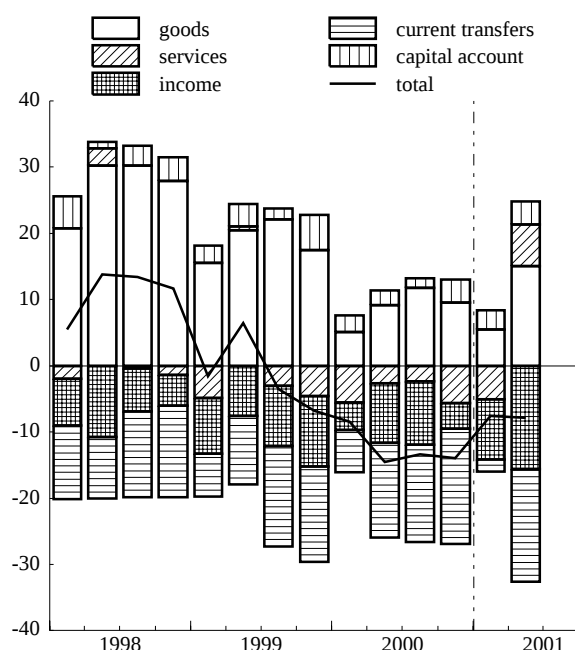
Summary balance of payments ^{1) 2)}

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	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
2000 Q2	-16.7	9.2	-2.7	-9.0	-14.3	2.2	20.2	-21.0	70.6	3.1	-35.7	3.3	-5.7
Q3	-14.8	11.8	-2.3	-9.6	-14.6	1.5	-5.3	-87.2	0.3	-0.3	77.2	4.7	18.6
Q4	-17.4	9.5	-5.6	-3.9	-17.4	3.5	25.7	-13.5	12.7	-8.5	24.4	10.7	-11.8
2000 June	-2.6	4.2	-0.3	-0.9	-5.6	0.0	-6.9	-8.6	65.3	1.8	-67.8	2.4	9.5
July	-5.1	7.1	0.1	-6.4	-5.8	0.4	-4.7	-19.1	-9.7	-1.8	26.4	-0.4	9.3
Aug.	-6.7	1.8	-1.2	-1.4	-6.0	0.2	7.0	-35.4	14.0	-0.4	27.9	1.1	-0.6
Sep.	-3.0	2.8	-1.2	-1.8	-2.8	0.8	-7.6	-32.6	-4.0	1.9	23.0	4.0	9.8
Oct.	-5.4	4.3	-1.6	-2.0	-6.2	0.3	0.8	-18.4	0.5	-2.1	19.9	0.7	4.4
Nov.	-5.0	1.9	-0.8	-0.8	-5.2	1.4	3.7	1.4	2.2	-2.5	-5.1	7.7	-0.2
Dec.	-7.0	3.3	-3.2	-1.1	-5.9	1.8	21.2	3.4	9.9	-4.0	9.6	2.3	-16.0
<i>Euro area enlargement</i>													
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	-11.3	15.1	6.2	-15.6	-17.0	3.5	-10.2	-50.5	27.8	0.0	10.0	2.5	18.0
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	2.9	1.6	-6.8	-4.5	2.2	12.5	0.7	-20.5	1.6	23.7	7.0	-8.0
May	-3.0	4.1	2.7	-4.4	-5.3	0.5	-8.7	-40.9	16.0	3.4	16.3	-3.6	11.2
June	-1.6	8.1	1.9	-4.4	-7.3	0.9	-14.0	-10.4	32.2	-5.0	-29.9	-0.8	14.8
July	-4.1	8.5	0.9	-8.1	-5.4	0.4	-12.0	7.2	1.6	-4.8	-16.0	0.0	15.7
Aug.	4.2	6.0	0.8	0.3	-2.9	0.6	0.3	-6.0	17.8	-3.1	-12.6	4.1	-5.1

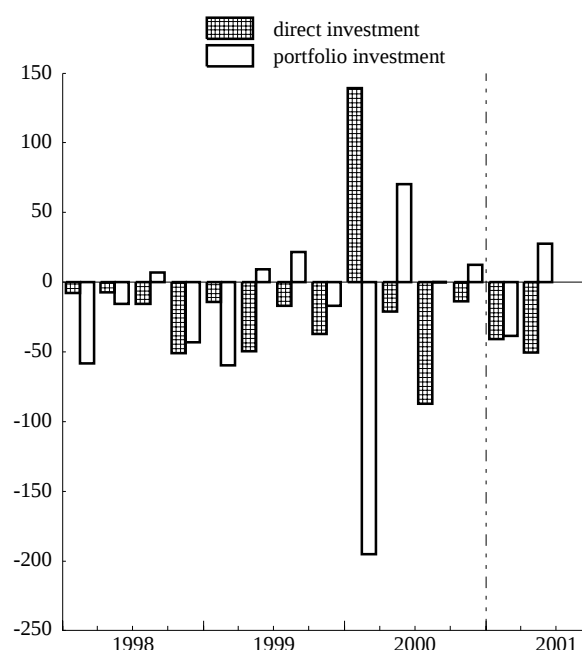
Current and capital accounts

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



Direct and portfolio investment

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



Source: ECB.

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

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

Table 8.2**Balance of payments: current and capital accounts ¹⁾***(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
2000 Q2	391.9	408.6	-16.7	241.5	232.3	68.5	71.1	66.7	75.7	15.2	29.5	4.0	1.9
Q3	400.2	415.0	-14.8	246.6	234.8	75.5	77.9	65.7	75.3	12.3	27.0	4.4	2.9
Q4	437.4	454.8	-17.4	274.6	265.1	75.1	80.8	72.7	76.6	14.9	32.3	5.9	2.5
2000 June	136.3	138.9	-2.6	82.5	78.3	24.1	24.4	25.3	26.2	4.4	10.0	0.8	0.8
July	133.9	139.0	-5.1	83.0	75.9	25.6	25.6	21.2	27.6	4.1	9.9	1.1	0.6
Aug.	126.1	132.8	-6.7	77.4	75.6	24.9	26.1	20.0	21.4	3.8	9.8	1.5	1.3
Sep.	140.1	143.1	-3.0	86.1	83.3	25.0	26.2	24.5	26.2	4.5	7.3	1.7	0.9
Oct.	146.0	151.5	-5.4	94.2	89.8	25.3	26.9	22.9	24.9	3.6	9.8	0.9	0.6
Nov.	145.2	150.2	-5.0	93.9	92.0	24.3	25.1	21.9	22.7	5.1	10.3	2.2	0.8
Dec.	146.2	153.1	-7.0	86.6	83.3	25.5	28.7	27.9	29.0	6.2	12.2	2.9	1.1
<i>Euro area enlargement</i>													
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	432.8	444.1	-11.3	261.2	246.1	82.2	76.0	74.4	90.0	14.9	31.9	5.3	1.8
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.	138.4	145.1	-6.7	83.2	80.3	26.1	24.5	23.3	30.1	5.8	10.3	2.6	0.4
May	147.1	150.1	-3.0	88.5	84.4	28.1	25.4	25.7	30.1	4.9	10.2	1.4	1.0
June	147.3	148.9	-1.6	89.5	81.4	28.1	26.2	25.5	29.8	4.2	11.5	1.3	0.4
July	147.9	152.0	-4.1	90.0	81.6	28.6	27.7	24.5	32.6	4.8	10.1	1.0	0.6
Aug.	133.4	129.2	4.2	80.9	74.9	27.7	26.9	20.4	20.1	4.4	7.3	1.1	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
1999 Q2	331.3	330.5	0.7	198.7	178.5	61.3	63.0	54.5	61.9	16.6	27.2
Q3	334.8	340.7	-6.0	209.0	190.0	61.1	64.3	48.7	57.6	15.9	28.8
Q4	353.1	365.0	-11.9	217.5	203.7	64.0	68.3	53.9	64.1	17.8	28.9
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
2000 June	127.3	134.1	-6.7	78.8	76.5	21.9	24.1	21.2	22.4	5.4	11.1
July	131.1	140.3	-9.3	80.9	80.1	23.4	24.0	21.8	25.8	5.0	10.4
Aug.	137.2	142.8	-5.6	85.1	81.6	23.4	24.3	23.4	26.8	5.2	10.0
Sep.	142.2	143.3	-1.1	86.9	83.3	24.8	25.9	24.9	26.4	5.6	7.7
Oct.	141.8	146.8	-5.0	87.1	84.8	24.7	26.3	24.7	25.4	5.3	10.3
Nov.	144.6	149.7	-5.0	88.4	86.8	25.4	26.3	24.7	25.8	6.1	10.8
Dec.	145.3	153.1	-7.8	89.4	88.2	25.4	28.3	24.5	25.6	6.1	11.0
<i>Euro area enlargement</i>											
2001 Q1	428.6	436.1	-7.5	260.8	247.6	76.4	77.0	72.1	82.0	19.2	29.4
Q2	429.0	440.6	-11.6	262.1	246.7	80.1	77.6	69.1	82.5	17.7	33.7
2001 Jan.	144.1	147.1	-3.0	87.5	83.1	25.4	25.4	24.6	29.6	6.5	9.0
Feb.	143.4	143.5	0.0	87.2	82.7	26.0	25.8	24.0	25.4	6.3	9.5
Mar.	141.1	145.6	-4.5	86.1	81.9	25.0	25.8	23.6	26.9	6.3	10.9
Apr.	143.4	147.7	-4.3	86.5	82.6	27.1	25.8	23.1	28.4	6.7	11.0
May	144.4	145.8	-1.5	87.9	81.7	26.8	25.6	24.1	27.5	5.6	11.0
June	141.2	147.0	-5.8	87.7	82.5	26.1	26.2	22.0	26.6	5.5	11.7
July	141.5	149.4	-7.9	85.2	83.1	25.4	25.7	25.0	30.0	5.9	10.5
Aug.	143.5	141.1	2.4	87.8	81.7	25.7	25.9	24.1	25.5	5.9	7.9

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							
					Total		Direct investment		Portfolio investment		Other investment	
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	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 Q2	66.7	75.7	3.3	1.5	63.4	74.2	16.2	13.8	19.7	32.2	27.5	28.2
Q3	65.7	75.3	3.3	1.5	62.4	73.8	14.3	15.2	18.9	28.7	29.3	29.8
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 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	90.0	3.6	1.5	70.9	88.5	19.3	15.5	20.8	39.4	30.8	33.7

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
							Total		Bonds and notes		Money market instruments	
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999	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 Q2	13.5	12.1	2.7	1.7	5.9	12.8	13.8	19.4	.	.	.	.
Q3	11.9	13.2	2.4	2.0	3.4	7.6	15.5	21.1	.	.	.	.
Q4	13.3	14.8	3.3	2.3	3.0	5.5	16.0	18.7	.	.	.	.
<i>Euro area enlargement</i>												
2001 Q1	13.1	13.0	2.5	2.4	2.4	7.0	15.4	19.4	.	.	.	.
Q2	16.7	13.1	2.6	2.4	4.2	16.8	16.6	22.6	.	.	.	.

Source: ECB.

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

	Abroad			In the euro area		
	Total 1	Equity capital and reinvested earnings 2	Other capital, mostly intercompany loans 3	Total 4	Equity capital and reinvested earnings 5	Other capital, mostly intercompany loans 6
1997	-93.1	.	.	48.6	.	.
1998	-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
2000 Q2	-88.7	-56.2	-32.5	67.7	34.0	33.7
Q3	-124.8	-117.8	-7.0	37.6	28.6	9.0
Q4	-93.3	-67.9	-25.4	79.7	32.7	47.1
2000 June	-27.2	-25.2	-2.0	18.6	9.5	9.1
July	-27.3	-35.3	7.9	8.2	18.3	-10.1
Aug.	-50.4	-56.1	5.7	15.0	4.8	10.2
Sep.	-47.1	-26.4	-20.6	14.4	5.5	8.9
Oct.	-35.9	-31.7	-4.2	17.5	11.1	6.4
Nov.	-35.6	-25.7	-9.9	37.0	24.4	12.6
Dec.	-21.8	-10.5	-11.3	25.2	-2.8	28.0
<i>Euro area enlargement</i>						
2001 Q1	-65.4	-26.5	-38.9	24.7	28.7	-4.0
Q2	-78.2	-59.9	-18.3	27.7	17.3	10.4
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.	-6.7	-9.6	2.9	7.5	3.6	3.9
May	-51.2	-41.1	-10.1	10.3	10.3	0.0
June	-20.3	-9.3	-11.1	10.0	3.4	6.5
July	-6.0	-11.8	5.8	13.2	5.4	7.8
Aug.	-12.2	-5.6	-6.6	6.2	4.5	1.7

Source: ECB.

¹⁾ Inflows (+); outflows (-).

Table 8.5

Balance of payments: portfolio investment account ¹⁾

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

1. By instrument ²⁾

	Total		Equity		Debt instruments					
	Assets	Liabilities	Assets	Liabilities	Assets			Liabilities		
					Total	Bonds and notes	Money market instruments	Total	Bonds and notes	Money market instruments
	1	2	3	4	5	6	7	8	9	10
1998	-363.3	253.3	-116.2	104.0	-247.1	-238.9	-8.2	149.3	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
2000 Q2	-86.9	157.4	-56.2	70.4	-30.6	-24.8	-5.8	87.0	59.4	27.6
Q3	-98.4	98.7	-56.9	37.3	-41.4	-34.8	-6.6	61.4	71.8	-10.4
Q4	-78.4	91.1	-59.9	38.4	-18.5	-15.6	-2.9	52.7	59.4	-6.7
2000 June	-30.8	96.1	-18.2	54.8	-12.6	-9.8	-2.8	41.3	23.6	17.7
July	-36.5	26.8	-25.2	7.0	-11.3	-7.9	-3.4	19.8	26.2	-6.4
Aug.	-26.0	39.9	-20.7	22.4	-5.3	-4.0	-1.4	17.6	18.5	-0.9
Sep.	-35.9	31.9	-11.1	7.9	-24.8	-23.0	-1.8	24.0	27.1	-3.1
Oct.	-19.5	20.0	-9.1	2.7	-10.4	-10.4	0.0	17.4	25.0	-7.6
Nov.	-25.9	28.1	-16.4	7.6	-9.5	-7.5	-2.0	20.6	23.8	-3.2
Dec.	-33.0	42.9	-34.4	28.2	1.4	2.3	-0.9	14.7	10.6	4.1
<i>Euro area enlargement</i>										
2001 Q1	-82.9	44.4	-29.1	18.7	-53.8	-37.2	-16.6	25.7	24.5	1.2
Q2	-71.6	99.3	-36.8	108.9	-34.7	-44.6	9.9	-9.6	-0.4	-9.2
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.	-19.9	-0.6	-14.0	9.9	-5.9	-11.8	5.9	-10.5	-3.2	-7.2
May	-25.9	41.9	-12.0	58.1	-13.9	-15.8	1.9	-16.2	-12.5	-3.7
June	-25.8	58.0	-10.8	40.9	-15.0	-17.0	2.1	17.1	15.4	1.7
July	-12.4	14.0	-8.4	12.8	-4.0	-7.9	3.9	1.2	3.0	-1.8
Aug.	-18.0	35.9	-2.6	15.3	-15.4	-16.3	0.9	20.5	19.4	1.1

2. Assets by instrument and sector of holder

	Equity				Debt instruments							
	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Bonds and notes				Money market instruments			
					Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors	Euro-system	General government	MFIs (excl. the Euro-system)	Other sectors
	1	2	3	4	5	6	7	8	9	10	11	12
1999	0.1	-2.1	-1.5	-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 Q2	0.0	-0.7	1.4	-57.0	0.6	-0.7	-11.5	-13.3	0.0	-0.1	-5.5	-0.3
Q3	-0.1	-0.4	-2.4	-54.1	-2.3	-0.4	-14.8	-17.4	0.5	-1.4	-7.5	1.8
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 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	6.2	-42.3	0.6	0.0	-22.4	-22.9	-0.7	0.0	2.1	8.5

Source: ECB.

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

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

Table 8.6**Balance of payments: other investment account and reserve assets**

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

1. Other investment by sector ^{1) 2)}

	Total		Eurosysteem		General government		MFIs (excluding the Eurosysteem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-81.9	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
2000 Q2	-26.3	-9.4	-0.3	2.9	1.0	0.8	-23.9	-16.5	-5.1	9.4	-18.8	-25.9	-3.0	3.4
Q3	-31.7	108.9	0.2	-2.0	-5.4	2.7	-17.2	74.9	-12.0	8.4	-5.2	66.5	-9.3	33.3
Q4	-49.5	74.0	-0.9	2.9	5.7	3.4	-63.9	59.5	-22.7	11.8	-41.1	47.6	9.6	8.3
2000 June	16.5	-84.3	0.0	2.1	-0.3	0.7	15.6	-83.3	0.8	5.0	14.8	-88.3	1.2	-3.7
July	5.2	21.2	-0.2	-1.4	2.4	1.4	10.6	16.3	-7.3	7.0	17.9	9.3	-7.7	5.0
Aug.	-29.9	57.7	0.4	-2.2	-2.1	1.9	-22.5	25.6	-2.0	-1.0	-20.6	26.6	-5.6	32.4
Sep.	-7.0	30.0	0.0	1.7	-5.6	-0.7	-5.3	33.0	-2.8	2.4	-2.5	30.6	3.9	-4.0
Oct.	-8.5	28.4	-0.4	0.7	8.1	1.7	-18.4	25.0	-3.2	6.3	-15.2	18.7	2.1	1.1
Nov.	-51.0	45.9	-0.3	0.9	-2.9	0.6	-50.6	48.0	-6.4	8.1	-44.2	39.9	2.8	-3.7
Dec.	10.0	-0.4	-0.2	1.2	0.4	1.2	5.1	-13.5	-13.2	-2.5	18.3	-11.0	4.6	10.8
<i>Euro area enlargement</i>														
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	6.6	3.4	-0.8	4.3	-0.3	2.7	12.4	-8.5	-10.1	16.9	22.6	-25.4	-4.7	4.9
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.	9.6	14.1	-0.3	-1.6	-0.2	-0.8	14.6	16.3	-0.3	5.5	14.9	10.8	-4.5	0.1
May	1.7	14.6	-0.3	1.6	1.2	2.4	4.8	4.8	-7.3	3.9	12.1	0.9	-4.1	5.8
June	-4.6	-25.3	-0.3	4.2	-1.3	1.2	-7.0	-29.5	-2.5	7.5	-4.4	-37.0	3.9	-1.1
July	45.2	-61.2	0.7	-0.4	-1.5	0.9	48.7	-63.8	-0.6	0.1	49.3	-63.9	-2.7	2.1
Aug.	-35.2	22.6	0.1	-2.4	0.7	-2.6	-34.0	26.6	-3.8	2.9	-30.2	23.7	-2.0	1.0

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

	Loans/currency and deposits			Other assets/liabilities		
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6
1999	-1.2	6.7	5.5	-0.8	-0.1	-0.9
2000	-1.1	0.9	-0.2	0.0	0.0	0.0
2000 Q2	-0.3	2.9	2.6	0.0	0.0	0.0
Q3	0.2	-2.0	-1.8	0.0	0.0	0.0
Q4	-0.9	2.9	2.0	0.0	0.0	0.0
<i>Euro area enlargement</i>						
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

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 Q2	0.0	0.0	0.0	1.4	0.6	2.0	-0.5	0.1	-0.3
Q3	0.0	0.0	0.0	-5.1	2.6	-2.5	-0.3	0.1	-0.2
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 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	2.6	2.7	-0.4	0.1	-0.3

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 Q2	-24.8	-17.3	-42.1	0.9	0.8	1.7
Q3	-15.8	74.9	59.1	-1.4	0.0	-1.4
Q4	-62.4	55.1	-7.4	-1.4	4.4	2.9
<i>Euro area enlargement</i>						
2001 Q1	-130.5	257.8	127.3	-4.5	3.9	-0.6
Q2	15.9	-11.3	4.6	-3.4	2.8	-0.6

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 Q2	-3.1	1.9	-1.2	0.1	2.7	2.8	-0.1	-1.1	-1.2
Q3	-4.3	3.0	-1.3	-4.0	30.3	26.3	-1.0	0.0	-1.0
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 Q1	-4.8	4.2	-0.6	3.0	-16.3	-13.3	-2.5	-0.4	-3.0
Q2	-3.6	1.8	-1.8	0.2	3.8	4.0	-1.3	-0.8	-2.1

3. Reserve assets ¹⁾

	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange						Other claims	
					Total	Currency and deposits		Securities				Financial derivatives
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments		
	1	2	3	4	5	6	7	8	9	10	11	12
1999	10.1	0.3	1.0	2.0	6.7	12.5	-11.4	0.2	3.5	2.0	-0.1	0.2
2000	17.6	1.0	0.3	2.9	11.6	4.3	2.9	0.0	-5.6	10.1	-0.1	1.7
2000 Q2	3.3	0.0	-0.1	3.3	0.8	-1.7	1.7	0.0	-4.5	5.4	0.0	-0.7
Q3	4.7	0.3	-0.1	0.0	3.6	2.4	3.2	0.0	-5.5	3.5	-0.1	0.8
Q4	10.7	0.0	0.3	-0.6	10.5	1.1	3.8	0.0	0.8	4.7	0.0	0.5
Euro area enlargement												
2001 Q1	9.5	0.3	-0.4	0.2	10.8	7.8	-6.9	-1.1	5.2	5.7	0.0	-1.3
Q2	2.5	-0.1	-0.6	-0.7	5.0	0.2	-0.8	0.0	5.5	0.0	0.0	-1.1

Source: ECB.

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

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

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

Source: ECB.

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

2. Reserves and related assets of the Eurosystem and of the European Central Bank ¹⁾

(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	
						Total	Currency and deposits		Securities			Financial derivatives			
							With monetary authorities and the BIS	With banks	Total	Equities	Bonds and notes		Money market instruments		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
Eurosystem ²⁾															
1998 Dec. ³⁾	329.2	99.6	404.131	5.2	23.2	199.9	12.6	18.3	169.0	0.0	116.6	52.4	0.0	1.3	7.6
1999 Dec.	372.3	116.4	402.762	4.5	24.3	225.1	12.8	21.7	190.5	0.0	134.0	56.5	0.0	2.1	14.4
2000 Feb. ⁴⁾	383.2	121.1	400.503	4.4	23.9	231.4	12.0	25.8	193.4	-	-	-	0.2	2.4	16.1
Mar.	385.3	116.0	400.503	4.4	24.8	238.8	12.7	25.9	200.1	-	-	-	0.2	1.3	17.0
Apr.	399.7	121.3	400.503	4.3	22.7	249.6	18.2	28.3	202.9	-	-	-	0.2	1.9	18.1
May	388.8	117.2	400.503	4.5	21.1	244.4	16.2	28.8	199.2	-	-	-	0.2	1.6	19.1
June	385.8	120.8	400.503	4.5	20.5	238.3	14.3	24.4	199.4	-	-	-	0.1	1.8	18.3
July ⁴⁾	391.3	119.6	399.539	4.5	20.9	244.4	10.5	27.1	206.6	-	-	-	0.2	1.9	17.5
Aug.	402.6	124.3	399.539	4.8	20.9	251.5	10.9	25.2	215.3	-	-	-	0.2	1.2	17.3
Sep.	408.0	124.7	399.539	4.9	21.3	255.9	11.2	24.3	220.1	-	-	-	0.3	1.2	16.6
Oct. ⁴⁾	416.2	125.6	399.538	4.7	21.5	263.1	10.3	24.3	228.2	-	-	-	0.3	1.4	16.3
Nov. ⁴⁾	400.1	123.8	399.537	4.8	20.8	249.8	9.0	22.6	217.8	-	-	-	0.3	0.9	16.7
Dec.	377.7	117.8	399.537	4.3	20.8	234.1	9.7	19.5	204.4	-	-	-	0.5	0.6	15.8
Euro area enlargement															
2001 1 Jan.	390.9	119.2	404.119	4.4	21.2	245.5	16.8	19.8	208.4	-	-	-	0.5	0.7	16.3
2001 Jan.	386.0	115.0	404.119	4.5	22.3	243.4	11.8	19.9	211.2	-	-	-	0.5	0.8	20.9
Feb.	384.3	116.5	404.119	4.8	21.3	241.0	10.4	21.7	208.4	-	-	-	0.5	0.6	21.2
Mar. ⁴⁾	393.4	117.6	403.153	4.9	21.4	247.5	9.8	27.3	210.0	-	-	-	0.5	2.0	20.2
Apr.	386.7	119.5	403.153	4.9	21.1	240.7	11.5	23.7	205.1	-	-	-	0.4	0.6	23.4
May	409.0	127.2	403.153	5.6	22.3	252.0	10.6	25.7	215.5	-	-	-	0.2	1.8	22.9
June ⁴⁾	410.2	128.6	403.089	5.7	22.9	249.8	9.8	28.4	211.3	-	-	-	0.2	3.2	22.7
July ⁴⁾	397.5	122.3	402.639	5.5	22.7	243.1	8.5	32.7	201.6	-	-	-	0.4	3.9	23.8
Aug. ⁴⁾	382.2	120.0	402.430	5.5	21.9	232.8	8.3	26.3	197.8	-	-	-	0.5	2.0	23.7
Sep. ⁴⁾	394.2	129.0	401.904	5.4	25.8	232.7	10.2	24.7	197.4	-	-	-	0.4	1.2	21.9
European Central Bank ⁵⁾															
1999 Dec.	49.3	7.0	24.030	0.0	0.0	40.9	0.3	6.4	34.3	0.0	28.0	6.3	0.0	1.4	2.6
2000 Feb.	48.0	7.3	24.030	0.0	0.0	39.0	0.4	6.1	32.5	-	-	-	0.0	1.7	4.2
Mar.	49.7	7.0	24.030	0.0	0.0	41.9	0.4	7.4	34.1	-	-	-	0.0	0.9	4.3
Apr.	52.7	7.3	24.030	0.0	0.0	44.1	1.1	7.9	35.1	-	-	-	0.0	1.4	4.3
May	50.0	7.0	24.030	0.0	0.0	42.0	1.7	6.0	34.2	-	-	-	0.0	1.0	4.5
June	50.5	7.2	24.030	0.0	0.0	42.1	0.9	6.3	34.9	-	-	-	0.0	1.2	3.7
July	51.0	7.2	24.030	0.0	0.0	42.8	0.5	5.5	36.8	-	-	-	0.0	1.0	4.1
Aug.	55.0	7.5	24.030	0.0	0.0	46.4	0.6	7.5	38.3	-	-	-	0.0	1.2	4.1
Sep.	52.4	7.5	24.030	0.0	0.0	43.7	0.7	6.1	36.9	-	-	-	0.0	1.2	3.7
Oct.	53.8	7.6	24.030	0.0	0.0	44.9	0.7	6.4	37.7	-	-	-	0.0	1.4	4.0
Nov.	47.2	7.4	24.030	0.0	0.0	38.8	0.7	5.0	33.1	-	-	-	0.0	0.9	3.0
Dec.	45.1	7.1	24.030	0.0	0.0	37.3	0.6	6.1	30.6	-	-	-	0.0	0.6	3.8
Euro area enlargement															
2001 Jan.	45.9	7.0	24.656	0.0	0.0	38.2	0.7	2.6	34.9	-	-	-	0.0	0.7	3.5
Feb.	46.7	7.1	24.656	0.0	0.0	38.9	0.6	3.9	34.4	-	-	-	0.0	0.6	3.0
Mar.	46.7	7.2	24.656	0.0	0.0	37.5	0.7	5.2	31.6	-	-	-	0.0	2.0	3.9
Apr.	45.3	7.3	24.656	0.0	0.0	37.5	0.8	5.2	31.5	-	-	-	0.0	0.5	3.6
May	50.1	7.8	24.656	0.0	0.0	40.5	0.8	5.2	34.5	-	-	-	0.0	1.8	2.7
June	50.9	7.9	24.656	0.1	0.0	40.1	0.9	6.8	32.5	-	-	-	0.0	2.8	3.1
July	50.2	7.5	24.656	0.1	0.0	38.8	1.0	7.8	30.0	-	-	-	0.0	3.9	2.9
Aug.	45.9	7.3	24.656	0.1	0.0	36.5	1.1	4.2	31.3	-	-	-	0.0	2.0	3.5
Sep.	45.2	7.9	24.656	0.1	0.0	36.2	1.4	3.4	31.4	-	-	-	0.0	1.1	3.9

Source: ECB.

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

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

3) Position as at 1 January 1999.

4) Changes in the gold holdings of the Eurosystem are due to transactions in gold within the terms of the Central Bank Gold Agreement of 26 September 1999.

5) Part of the Eurosystem's reserves.

9 External trade in goods of the euro area

Table 9

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

(not seasonally adjusted, unless otherwise indicated)

	Exports of goods (f.o.b.)					Imports of goods (c.i.f.)						Total (s.a.) (1995=100)	
	Total				Memo: Manufac- tures 5	Total				Memo:			
	1	Inter- mediate 2	Capital 3	Consump- tion 4		6	Inter- mediate 7	Capital 8	Consump- tion 9	Manufac- tures 10	Oil 11	Exports 12	Imports 13
Values (EUR billions (ECU billions to end-1998); 1995=100 for columns 12 and 13)													
1997	762.8	357.3	168.3	202.3	661.0	674.2	389.3	104.8	161.4	481.9	62.6	122.5	119.8
1998	797.1	369.6	179.8	213.6	697.8	711.4	393.3	122.9	175.8	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	1,010.0	479.9	220.5	264.2	878.1	1,003.0	575.7	177.8	216.2	723.7	118.5	162.3	178.2
2000 Q1	231.0	110.4	48.4	61.9	201.2	233.2	133.5	40.7	52.2	170.8	26.1	151.6	161.7
Q2	248.4	118.7	55.2	63.7	216.4	244.5	140.5	43.9	52.7	178.9	26.3	157.7	172.8
Q3	251.0	120.3	53.4	65.5	217.6	246.5	142.3	41.5	53.8	175.4	31.8	165.8	184.2
Q4	279.7	130.6	63.5	73.2	242.9	278.8	159.4	51.7	57.5	198.6	34.3	173.8	195.5
Euro area enlargement													
2001 Q1	258.6	121.3	56.1	67.8	226.5	260.6	146.8	47.5	54.4	190.6	26.9	172.1	181.4
Q2	265.3	121.5	58.4	68.1	232.2	257.2	143.7	43.8	53.8	186.2	27.6	172.6	181.6
2001 Mar.	93.9	43.7	20.8	24.5	82.6	91.3	50.5	18.0	18.7	67.7	9.0	170.0	180.1
Apr.	83.3	37.9	18.7	20.9	72.6	83.7	46.0	14.9	17.3	60.6	8.7	169.6	181.0
May	90.7	41.9	19.7	23.4	79.3	87.9	49.4	14.7	18.1	63.6	9.4	172.6	180.1
June	91.3	41.7	20.1	23.9	80.3	85.6	48.2	14.2	18.5	61.9	9.5	175.5	183.7
July	92.2	41.8	20.3	24.5	81.4	83.0	46.2	12.9	18.8	59.4	9.4	171.4	179.5
Aug.	80.7	.	.	.	.	75.2	.	.	.	.	.	176.7	178.6
Volumes (annual percentage changes; 1995=100 for columns 12 and 13) ³⁾													
1997	10.8	9.1	12.0	10.6	12.0	7.2	8.3	13.1	6.7	10.7	2.4	115.9	110.3
1998	3.6	4.2	5.9	3.6	4.0	11.6	8.1	21.8	7.6	13.4	-4.5	120.1	123.1
1999	2.2	2.9	-0.8	3.5	1.4	6.1	3.5	13.0	7.8	7.1	6.0	122.7	130.6
2000	12.0	11.9	12.1	12.2	13.0	5.3	6.0	10.7	3.5	7.9	4.3	137.6	137.6
2000 Q1	14.9	14.9	12.4	16.0	15.9	6.1	7.0	10.9	7.4	10.6	-0.7	133.4	133.8
Q2	14.5	13.8	13.4	14.2	15.5	6.2	6.8	12.9	4.4	10.0	0.2	135.6	137.3
Q3	9.8	8.9	9.5	11.5	10.3	6.0	6.6	9.6	2.3	7.3	5.5	139.1	140.9
Q4	9.7	10.7	13.3	7.9	10.8	3.1	3.6	9.9	0.3	4.0	6.3	142.3	139.7
Euro area enlargement													
2001 Q1	5.9	4.1	11.6	5.9	6.8	1.2	-0.5	6.4	-4.1	0.6	-2.9	141.5	137.0
Q2	1.8	-2.4	3.7	1.8	2.4	-2.6	-5.5	-6.8	-6.1	-3.6	-4.4	139.5	135.3
2001 Mar.	-1.1	-2.5	1.9	-0.8	-0.5	-1.2	-3.3	8.2	-10.4	-2.3	0.3	138.5	136.1
Apr.	7.8	2.0	12.7	4.8	8.2	4.9	1.0	5.9	-2.4	3.0	6.1	137.7	136.3
May	-3.6	-6.6	-5.3	-2.1	-3.2	-7.7	-10.0	-14.6	-11.1	-8.4	-10.6	139.6	134.1
June	2.6	-1.5	5.4	3.3	3.5	-3.8	-6.4	-9.9	-4.3	-4.4	-6.9	141.3	135.4
July	5.1	2.0	5.1	3.9	6.9	-2.4	-4.1	-9.5	-1.3	-2.7	-3.9	139.0	132.0
Aug.	.	.	.	.	.	.	.	.	.	.	.	.	.
Unit values (annual percentage changes; 1995=100 for columns 12 and 13) ³⁾													
1997	2.8	2.6	3.5	3.5	2.7	5.8	5.4	5.5	4.8	4.9	4.2	105.7	108.6
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
2000 Q1	6.7	9.9	5.6	4.3	5.7	22.4	30.6	10.0	6.3	11.1	171.3	113.6	120.8
Q2	6.8	9.5	8.3	3.9	5.7	21.5	28.7	10.9	8.1	12.5	101.4	116.3	125.9
Q3	9.1	12.7	7.5	4.4	8.5	20.0	26.6	10.4	7.9	12.5	71.0	119.2	130.8
Q4	10.0	11.4	7.7	7.4	8.8	23.9	28.3	15.1	12.6	18.1	53.1	122.1	140.0
Euro area enlargement													
2001 Q1	7.0	6.5	5.8	5.6	6.8	9.3	9.5	9.1	8.3	10.0	3.1	121.6	132.5
Q2	6.4	5.7	4.5	7.0	6.4	6.6	6.6	6.0	7.7	6.9	4.2	123.7	134.3
2001 Mar.	7.9	7.7	6.7	5.9	8.0	7.1	6.3	8.1	8.5	8.6	-4.8	122.7	132.3
Apr.	6.4	6.7	5.4	5.3	6.1	7.8	8.0	6.2	8.5	8.4	5.8	123.1	132.8
May	6.2	4.9	5.0	7.1	6.3	6.3	6.4	5.3	7.1	6.0	6.9	123.6	134.3
June	6.4	5.4	3.2	8.6	6.6	5.9	5.6	6.8	7.6	6.5	1.0	124.3	135.7
July	4.4	1.9	7.0	7.4	3.7	5.8	3.9	8.6	7.9	7.6	-3.2	123.3	136.0
Aug.	.	.	.	.	.	.	.	.	.	.	.	.	.

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.

2. Geographical breakdown ¹⁾

(EUR billions (ECU billions to end-1998); not seasonally adjusted, unless otherwise indicated)

	Total	Total (s.a.)	United Kingdom	Sweden	Denmark	Candidate countries	Switzer- land	United States	Japan	Asia excl. Japan	Africa	Latin America	Other countries
	1	2	3	4	5	6	7	8	9	10	11	12	13
Exports (f.o.b.)													
1997	762.8	-	141.7	29.2	19.4	90.2	46.8	102.6	26.5	132.7	43.1	38.1	92.4
1998	797.1	-	150.2	31.5	20.5	101.5	51.1	119.9	23.9	114.9	49.7	42.4	91.5
1999	832.8	-	161.4	33.1	21.1	102.9	56.1	135.1	26.8	119.2	48.4	39.1	89.6
2000	1,010.0	-	189.0	38.6	23.0	130.7	63.2	171.0	34.1	150.8	55.9	46.5	107.2
2000 Q1	231.0	235.2	45.3	9.4	5.6	28.7	15.2	38.9	8.2	32.9	12.4	10.2	24.3
Q2	248.4	244.7	46.7	9.7	5.7	32.4	15.5	41.0	7.9	36.8	14.6	11.0	27.1
Q3	251.0	257.2	46.3	9.1	5.4	32.7	15.5	43.1	8.7	37.8	13.6	12.1	26.8
Q4	279.7	269.6	50.8	10.5	6.2	36.9	17.0	48.0	9.3	43.3	15.4	13.4	29.0
Euro area enlargement													
2001 Q1	258.6	264.3	49.2	9.7	6.1	33.3	17.0	45.1	9.2	39.8	14.3	12.1	22.9
Q2	265.3	265.0	50.6	9.0	7.2	33.7	16.5	45.0	8.3	40.3	15.2	12.7	.
2001 Mar.	93.9	87.0	17.8	3.4	2.2	12.0	6.3	15.9	3.3	14.7	5.2	4.4	8.8
Apr.	83.3	86.8	15.9	3.0	2.0	10.3	5.3	14.4	2.6	12.5	4.9	4.0	8.4
May	90.7	88.4	16.8	3.0	3.2	11.9	5.8	15.2	2.8	13.9	5.2	4.3	8.7
June	91.3	89.8	17.9	3.0	2.0	11.5	5.4	15.4	3.0	13.9	5.1	4.4	.
July	92.2	87.7	18.2	2.4	1.9	11.2	5.6	16.5	2.8	14.4	5.0	4.7	.
Aug.	80.7	90.5	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2001 Aug.	4.0	-	.	.	.	.	.	.	.	.	.	.	.
Imports (c.i.f.)													
1997	674.2	-	117.7	27.1	16.9	60.2	36.9	94.3	43.3	124.8	49.7	28.4	74.8
1998	711.4	-	122.3	30.8	17.3	71.6	40.9	104.8	48.5	132.0	45.8	29.3	68.0
1999	781.2	-	131.0	33.2	18.6	80.4	43.2	113.2	53.9	151.8	49.0	30.4	76.5
2000	1,003.0	-	155.8	37.6	21.5	100.8	49.8	139.7	64.6	211.0	72.1	39.5	110.8
2000 Q1	233.2	226.5	37.7	9.1	5.2	23.4	12.5	31.9	15.8	47.1	16.7	8.7	25.1
Q2	244.5	242.0	37.5	9.6	5.2	24.6	12.2	35.2	16.7	49.9	16.7	10.6	26.4
Q3	246.5	257.9	36.8	8.7	5.1	25.0	11.9	33.8	15.1	54.6	17.8	10.0	27.9
Q4	278.8	273.8	43.9	10.2	6.0	27.7	13.2	38.8	17.0	59.4	20.9	10.2	31.5
Euro area enlargement													
2001 Q1	260.6	256.6	38.6	8.9	5.2	29.0	13.5	37.5	16.1	53.9	19.8	9.8	28.3
Q2	257.2	256.8	38.8	8.5	5.1	29.0	13.1	35.8	15.6	51.1	18.8	11.1	.
2001 Mar.	91.3	84.9	13.4	3.1	1.8	10.4	4.9	13.9	5.7	18.4	6.8	3.4	9.4
Apr.	83.7	85.3	12.6	2.8	1.7	9.3	4.3	11.8	5.5	16.8	6.1	3.4	9.4
May	87.9	84.9	13.3	2.9	1.7	9.9	4.5	12.1	5.4	17.6	6.3	3.9	10.2
June	85.6	86.6	12.9	2.8	1.7	9.9	4.2	12.0	4.7	16.7	6.3	3.7	.
July	83.0	84.6	11.5	2.3	1.7	9.8	4.5	10.7	4.6	16.8	6.4	3.5	.
Aug.	75.2	84.2	.	.	.	.	.	.	.	.	.	.	.
% change versus previous year													
2001 Aug.	-5.5	-	.	.	.	.	.	.	.	.	.	.	.
Balance													
1997	88.6	-	23.9	2.1	2.5	30.0	9.9	8.3	-16.9	8.0	-6.5	9.7	17.5
1998	85.7	-	27.8	0.7	3.2	29.9	10.2	15.1	-24.6	-17.2	3.9	13.1	23.5
1999	51.6	-	30.4	-0.1	2.6	22.5	12.9	21.9	-27.1	-32.6	-0.6	8.7	13.1
2000	7.0	-	33.2	1.1	1.5	29.9	13.4	31.3	-30.5	-60.1	-16.1	7.1	-3.7
2000 Q1	-2.3	8.7	7.6	0.2	0.4	5.3	2.8	6.9	-7.7	-14.2	-4.3	1.4	-0.8
Q2	3.9	2.7	9.2	0.1	0.5	7.8	3.3	5.9	-8.8	-13.1	-2.1	0.4	0.7
Q3	4.5	-0.7	9.5	0.4	0.3	7.7	3.5	9.3	-6.3	-16.8	-4.2	2.1	-1.1
Q4	0.9	-4.2	6.9	0.3	0.3	9.1	3.8	9.2	-7.7	-16.1	-5.5	3.1	-2.5
Euro area enlargement													
2001 Q1	-2.0	7.7	10.5	0.8	0.9	4.4	3.5	7.6	-7.0	-14.1	-5.5	2.3	-5.4
Q2	8.2	8.2	11.7	0.5	2.1	4.7	3.5	9.2	-7.2	-10.8	-3.5	1.6	.
2001 Mar.	2.5	2.1	4.4	0.3	0.3	1.5	1.4	2.0	-2.4	-3.7	-1.6	1.0	-0.7
Apr.	-0.4	1.5	3.3	0.2	0.3	1.1	1.0	2.6	-2.9	-4.3	-1.2	0.6	-1.0
May	2.9	3.5	3.4	0.2	1.5	2.0	1.3	3.1	-2.6	-3.7	-1.1	0.4	-1.5
June	5.7	3.2	5.0	0.1	0.4	1.6	1.2	3.4	-1.7	-2.8	-1.2	0.7	.
July	9.2	3.1	6.7	0.1	0.2	1.4	1.1	5.8	-1.8	-2.4	-1.3	1.2	.
Aug.	5.4	6.3	.	.	.	.	.	.	.	.	.	.	.

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

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

10 Exchange rates

Table 10

Exchange rates

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

	Effective exchange rate of the euro ¹⁾						Bilateral ECU or euro exchange rates ²⁾			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
	1	2	3	4	5	6	7	8	9	10
1996	107.9	108.8	107.5	111.4	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.3	100.4	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	96.3	96.6	95.8	1.066	121.3	1.600	0.659
2000	85.7	86.5	87.0	87.4	88.2	86.3	0.924	99.5	1.558	0.609
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.7	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.5	94.9	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.2	93.8	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.6	89.8	90.2	91.1	89.5	0.986	105.5	1.607	0.614
Q2	86.0	86.6	87.0	87.7	88.4	86.6	0.933	99.6	1.563	0.610
Q3	84.7	85.7	86.3	86.8	87.3	85.3	0.905	97.4	1.544	0.612
Q4	83.0	84.0	84.9	85.0	85.9	83.6	0.868	95.3	1.516	0.600
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.1	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.0	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.4	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.7	94.7	-	95.1	94.5	1.038	125.3	1.595	0.650
July	94.8	95.2	94.8	-	95.0	94.4	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.4	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.4	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.3	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.1	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.4	90.3	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	90.9	-	92.4	90.7	1.014	106.5	1.610	0.618
Feb.	89.2	89.8	89.9	-	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 Q1	88.6	90.0	90.5	89.5	91.4	89.0	0.923	109.1	1.533	0.633
Q2	86.0	87.7	87.9	84.8	89.5	86.9	0.873	106.9	1.528	0.614
Q3	87.0	88.9	88.8	85.0	91.2	88.1	0.890	108.3	1.507	0.619
2001 Jan.	89.2	90.3	90.8	-	91.7	89.2	0.938	109.6	1.529	0.635
Feb.	88.3	89.7	90.2	-	91.0	88.7	0.922	107.1	1.536	0.634
Mar.	88.4	90.0	90.4	-	91.4	89.1	0.910	110.3	1.535	0.629
Apr.	87.6	89.2	89.5	-	91.0	88.6	0.892	110.4	1.529	0.622
May	85.9	87.6	87.7	-	89.3	86.8	0.874	106.5	1.533	0.613
June	84.7	86.4	86.4	-	88.1	85.5	0.853	104.3	1.522	0.609
July	85.4	87.3	87.1	-	89.1	86.3	0.861	107.2	1.514	0.609
Aug.	87.7	89.6	89.5	-	91.8	88.8	0.900	109.3	1.514	0.627
Sep.	88.0	89.8	89.8	-	92.6	89.3	0.911	108.2	1.491	0.623
Oct.	88.0	89.8	89.9	-	92.8	89.2	0.906	109.9	1.479	0.624
% ch. vs. ⁴⁾ prev. month										
2001 Oct.	0.1	0.1	0.1	-	0.2	0.0	-0.6	1.5	-0.8	0.2
% ch. vs. ⁴⁾ prev. year										
2001 Oct.	-	-	-	-	-	-	5.9	18.4	-2.2	5.9

Source: ECB.

1) More details of the calculation are given in the general notes.

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

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 ²⁾								
Swedish krona	Danish krone	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar ³⁾	Korean won ³⁾	Singapore dollar ³⁾	
11	12	13	14	15	16	17	18	
8.51	7.36	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
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
8.98	7.44	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
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
9.08	7.44	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
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>								
9.00	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
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.
-1.0	-0.1	0.0	-0.3	-0.4	-0.6	0.0	2.9	% ch. vs. ⁴⁾ prev. month 2001 Oct.
12.4	-0.1	-0.1	10.1	11.0	6.0	22.1	9.4	% ch. vs. ⁴⁾ prev. year 2001 Oct.

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

II Economic and financial developments in the other EU Member States

Table 11

Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield ¹⁾ as a % per annum	Exchange rate ²⁾ as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs ³⁾	Real GDP	Industrial production index ⁴⁾	Standardised unemployment rate as a % of labour force (s.a.)	Broad money ⁵⁾	3-month interest rate ¹⁾ as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
Denmark												
1997	1.9	0.3	61.2	6.25	7.48	0.6	1.9	3.0	5.3	5.6	8.3	3.73
1998	1.3	1.1	55.6	4.94	7.50	-0.9	2.3	2.8	2.2	5.2	6.2	4.27
1999	2.1	3.1	52.0	4.91	7.44	1.8	3.0	2.1	1.8	5.2	3.8	3.44
2000	2.7	2.8	46.1	5.64	7.45	2.2	1.4	3.2	6.2	4.7	2.1	5.00
2000 Q2	2.9	-	-	5.67	7.46	1.4	2.1	3.7	7.8	4.7	2.3	4.73
Q3	2.6	-	-	5.69	7.46	4.1	0.4	3.5	8.1	4.7	1.8	5.84
Q4	2.6	-	-	5.42	7.45	1.8	1.1	2.9	6.1	4.8	0.6	5.48
2001 Q1	2.3	-	-	5.03	7.46	4.8	2.4	1.8	5.2	4.7	4.6	5.26
Q2	2.5	-	-	5.27	7.46	2.5	3.1	1.3	0.9	4.5	5.0	5.06
Q3	2.3	-	-	5.18	7.44	.	.	.	.	.	6.5	4.73
2001 May	2.8	-	-	5.35	7.46	-	-	-	-3.8	4.5	3.5	5.11
June	2.2	-	-	5.33	7.45	-	-	-	5.2	4.5	3.5	4.96
July	2.3	-	-	5.32	7.44	-	-	-	5.1	4.4	6.2	4.93
Aug.	2.5	-	-	5.12	7.45	-	-	-	0.3	4.3	5.7	4.81
Sep.	2.1	-	-	5.11	7.44	-	-	-	.	.	7.7	4.43
Oct.	.	-	-	4.86	7.44	-	-	-	.	.	.	3.96
Sweden												
1997	1.8	-1.5	73.1	6.62	8.65	-	0.6	2.1	6.5	9.9	4.2	4.43
1998	1.0	1.9	71.8	4.99	8.92	3.7	0.9	3.6	3.8	8.3	3.5	4.36
1999	0.6	1.8	65.2	4.98	8.81	2.8	-0.4	4.1	1.8	7.2	6.8	3.32
2000	1.3	4.1	55.6	5.37	8.45	3.1	5.6	3.6	7.8	5.9	6.2	4.07
2000 Q2	1.2	-	-	5.30	8.28	2.0	4.5	4.1	9.1	6.1	8.9	4.09
Q3	1.3	-	-	5.30	8.40	2.6	5.3	3.7	9.2	5.7	5.1	4.14
Q4	1.5	-	-	5.09	8.60	4.3	6.7	2.3	8.1	5.4	2.2	4.06
2001 Q1	1.6	-	-	4.83	9.00	3.6	2.4	2.3	5.5	5.2	0.2	4.10
Q2	3.0	-	-	5.20	9.13	1.2	4.4	1.0	-2.4	5.0	1.1	4.15
Q3	3.1	-	-	5.28	9.41	.	.	.	.	4.9	.	4.34
2001 May	3.1	-	-	5.27	9.06	-	-	-	0.1	5.0	-1.4	4.09
June	3.0	-	-	5.39	9.21	-	-	-	-3.3	4.9	5.0	4.32
July	2.9	-	-	5.42	9.26	-	-	-	-2.4	4.9	2.2	4.44
Aug.	3.0	-	-	5.16	9.31	-	-	-	-1.3	4.8	2.5	4.40
Sep.	3.3	-	-	5.26	9.67	-	-	-	.	4.9	.	4.14
Oct.	.	-	-	5.17	9.58	-	-	-	.	.	.	3.86
United Kingdom												
1997	1.8	-2.0	51.1	7.13	0.692	-0.1	3.1	3.4	1.4	7.0	11.2	6.92
1998	1.6	0.4	48.1	5.60	0.676	-0.5	2.8	3.0	0.9	6.3	9.7	7.42
1999	1.3	1.3	45.7	5.01	0.659	-2.0	3.8	2.1	0.8	6.1	5.4	5.54
2000	0.8	1.9	42.8	5.33	0.609	-1.7	1.9	2.9	1.7	5.5	6.6	6.19
2000 Q2	0.6	-0.9	43.3	5.31	0.610	-2.3	1.2	3.3	2.8	5.6	5.8	6.28
Q3	0.8	2.1	42.0	5.31	0.612	-1.7	1.6	2.7	1.0	5.4	8.3	6.21
Q4	0.9	0.3	42.1	5.09	0.600	-1.6	2.0	2.4	1.3	5.3	8.5	6.07
2001 Q1	0.9	6.5	39.9	4.90	0.633	-0.5	2.6	2.7	1.3	5.1	9.0	5.72
Q2	1.5	-2.1	39.9	5.18	0.614	-1.0	3.5	2.3	-1.9	5.0	7.4	5.30
Q3	1.5	1.8	38.9	5.13	0.619	.	.	.	.	.	.	5.00
2001 May	1.7	-4.4	39.5	5.21	0.613	-	-	-	-2.9	5.1	7.1	5.25
June	1.7	-3.2	39.9	5.30	0.609	-	-	-	-2.1	5.1	7.4	5.26
July	1.4	5.7	39.3	5.30	0.609	-	-	-	-3.2	5.1	7.5	5.25
Aug.	1.8	-0.5	39.2	5.07	0.627	-	-	-	-2.3	.	7.0	5.00
Sep.	1.3	0.3	38.9	5.02	0.623	-	-	-	.	.	.	4.73
Oct.	.	.	.	4.86	0.624	-	-	-	.	.	.	4.43

Sources: Eurostat (columns 1, 8, 9 and 10); European Commission (Economic and Financial Affairs DG and Eurostat) (columns 2 (annual) and 3 (annual)); Reuters (column 12); national data (columns 2 (quarterly and monthly), 3 (quarterly and monthly), 4, 5, 7 (except Sweden) and 11); ECB calculations (columns 6 and 7 (Sweden)).

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom exclude employers' contributions to social security.

4) Total excluding construction; adjusted for working days.

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

12 Economic and financial developments outside the EU

Table 12.1

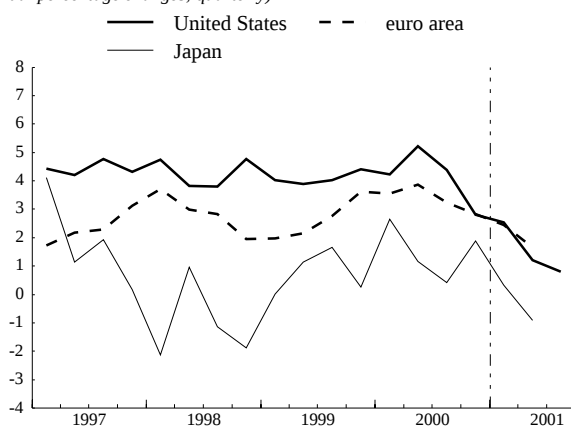
Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs ¹⁾	Real GDP	Industrial production index ¹⁾	Unemployment rate as a % of labour force (s.a.)	M2 ²⁾	3-month interbank deposit rate ³⁾ as a % per annum	10-year government bond yield ³⁾ as a % per annum	Exchange rate ⁴⁾ as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) ⁵⁾ as a % of GDP	Gross public debt ⁶⁾ as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1997	2.3	0.0	4.4	7.6	5.0	4.9	5.76	6.45	1.134	-0.9	56.4
1998	1.6	0.7	4.3	5.5	4.5	7.3	5.57	5.33	1.121	0.3	53.4
1999	2.2	-1.7	4.1	4.8	4.2	7.6	5.42	5.64	1.066	0.8	50.5
2000	3.4	-3.8	4.1	6.0	4.0	6.1	6.53	6.03	0.924	1.7	44.9
2000 Q2	3.3	-4.4	5.2	7.0	4.0	6.2	6.63	6.18	0.933	1.7	46.8
Q3	3.5	-5.4	4.4	6.4	4.0	6.1	6.70	5.89	0.905	1.9	45.6
Q4	3.4	-1.5	2.8	4.3	4.0	6.2	6.69	5.56	0.868	1.7	45.0
2001 Q1	3.4	1.8	2.5	0.4	4.2	7.5	5.35	5.04	0.923	1.5	45.1
Q2	3.4	8.3	1.2	-2.8	4.5	8.5	4.19	5.25	0.873	1.1	43.6
Q3	2.7	.	0.8	-5.4	4.8	9.8	3.46	4.98	0.890	.	.
2001 May	3.6	-	-	-2.5	4.4	8.5	4.11	5.37	0.874	-	-
June	3.2	-	-	-4.1	4.5	9.0	3.83	5.26	0.853	-	-
July	2.7	-	-	-4.0	4.5	9.2	3.75	5.23	0.861	-	-
Aug.	2.7	-	-	-5.4	4.9	9.3	3.56	4.97	0.900	-	-
Sep.	2.6	-	-	-6.7	4.9	10.9	3.03	4.76	0.911	-	-
Oct.	.	-	-	.	5.4	.	2.40	4.55	0.906	-	-
Japan											
1997	1.7	-2.2	1.8	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	.
1998	0.7	6.3	-1.1	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	.
1999	-0.3	-2.5	0.8	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	.
2000	-0.7	-6.5	1.5	5.9	4.7	2.1	0.28	1.76	99.5	.	.
2000 Q2	-0.7	-7.3	1.2	7.1	4.7	2.3	0.12	1.72	99.6	.	.
Q3	-0.6	-6.1	0.4	5.5	4.6	1.9	0.32	1.79	97.4	.	.
Q4	-0.8	-5.3	1.9	4.9	4.8	2.1	0.56	1.73	95.3	.	.
2001 Q1	-0.4	-0.2	0.3	-1.1	4.8	2.6	0.37	1.38	109.1	.	.
Q2	-0.7	3.7	-0.9	-5.7	4.9	2.8	0.08	1.28	106.9	.	.
Q3	-0.8	.	.	-11.1	5.1	3.5	0.07	1.36	108.3	.	.
2001 May	-0.7	2.3	-	-3.9	4.9	2.9	0.07	1.28	106.5	-	-
June	-0.8	7.2	-	-8.8	4.9	3.2	0.07	1.19	104.3	-	-
July	-0.8	6.8	-	-8.8	5.0	3.3	0.08	1.33	107.2	-	-
Aug.	-0.7	.	-	-11.7	5.0	3.4	0.08	1.36	109.3	-	-
Sep.	-0.8	.	-	-12.8	5.3	3.7	0.06	1.40	108.2	-	-
Oct.	.	.	-	.	.	.	0.08	1.36	109.9	-	-

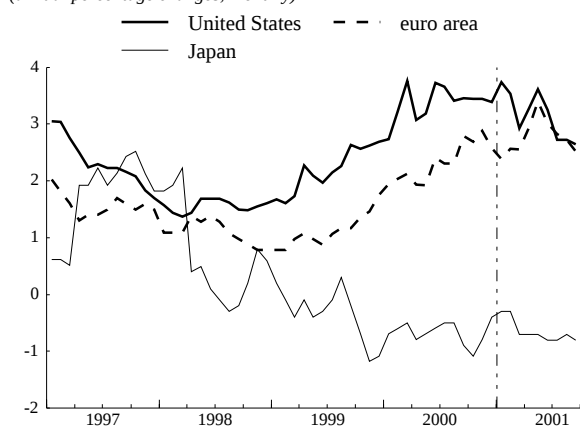
Real gross domestic product

(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.

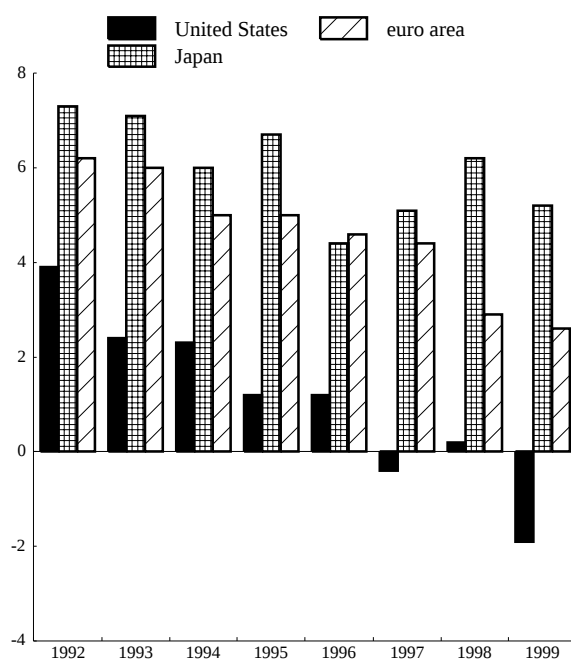
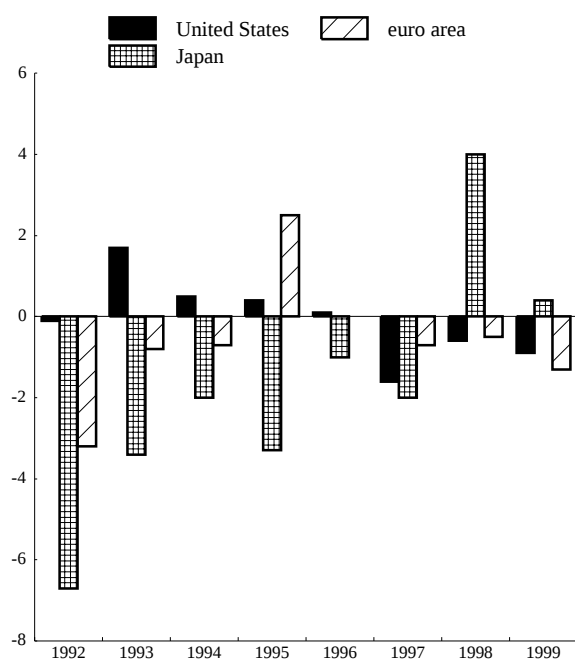
4) For more information, see Table 10.

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 ¹⁾			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1997	18.1	19.9	-1.5	9.4	8.6	1.8	8.7	3.4	2.2	11.8	4.0	12.1	4.4
1998	18.8	20.7	-2.3	9.6	8.8	6.5	8.1	7.1	1.5	12.3	5.7	12.8	5.5
1999	18.4	20.9	-3.3	10.1	9.4	6.9	8.1	7.8	3.3	12.6	4.5	11.2	6.4
2000	18.1	21.1	-4.4	10.2	9.7	5.8	8.0	7.1	2.7	12.7	3.1	10.3	5.6
1999 Q3	18.2	20.8	-3.6	10.0	9.5	7.6	7.9	8.5	3.8	12.6	4.1	11.0	6.1
Q4	18.0	21.2	-3.7	10.2	9.4	5.6	8.1	7.0	3.5	12.6	4.6	10.5	6.5
2000 Q1	18.0	21.0	-4.1	10.0	9.6	8.8	8.0	9.8	5.7	13.0	3.4	10.3	7.6
Q2	18.3	21.4	-4.2	10.3	9.5	6.8	8.1	8.0	3.1	12.7	4.0	10.4	5.7
Q3	18.2	21.2	-4.5	10.4	9.8	5.4	8.2	6.9	2.4	12.6	3.7	10.1	5.7
Q4	17.9	21.0	-4.5	10.0	9.6	2.4	7.9	3.8	-0.1	12.5	1.3	10.2	3.5
2001 Q1	17.3	20.2	-4.1	9.3	9.6	2.0	7.5	3.5	1.9	12.7	3.9	10.3	4.0
Q2	17.1	19.7	-4.1	8.8	9.1	1.7	7.3	2.9	3.1	12.8	5.6	10.5	6.5
Japan													
1997	30.2	28.7	2.2	16.6	16.1	3.2	13.8	1.2	0.1	6.0	6.9	11.3	0.7
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	27.8	26.0	2.2	14.5	14.7	3.3	13.7	-2.0	1.8	5.3	5.9	11.3	-0.3
2000	.	26.0	.	.	.	2.6	.	1.0	1.0	.	4.3	.	-0.4
1999 Q3	.	26.4	.	.	.	9.4	.	0.1	2.7	.	4.2	.	2.3
Q4	.	26.9	.	.	.	19.1	.	13.7	4.0	.	12.7	.	1.4
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	.	23.4	.	.	.	-29.5	.	-17.3	4.8	.	14.3	.	-6.4

Net lending of non-financial corporations
(as a percentage of GDP)
Net lending of households ¹⁾
(as a percentage of GDP)


Sources: ECB, Federal Reserve Board, Bank of Japan and Economic and Social Research Institute.

1) Households including non-profit institutions serving households.

Past data for selected economic indicators for the euro area plus Greece

A. Main monetary and financial markets statistics

A.1 Monetary aggregates and counterparts

(EUR billions (not seasonally adjusted; end of period) and annual percentage changes ¹⁾)

	M1		M2		M3 ²⁾		Credit ³⁾		MFI loans to residents of the euro area plus Greece excluding MFIs and general government	
	Amount 1	% change 2	Amount 3	% change 4	Amount 5	% change 6	Amount 7	% change 8	Amount 9	% change 10
1999 Jan.	1,818.0	.	4,046.6	.	4,608.4	.	7,856.9	.	5,169.0	.
Feb.	1,787.3	.	4,005.3	.	4,592.9	.	7,877.0	.	5,171.3	.
Mar.	1,809.4	.	4,023.9	.	4,611.0	.	7,952.1	.	5,219.0	.
Apr.	1,823.9	.	4,044.4	.	4,649.7	.	7,985.0	.	5,240.7	.
May	1,856.1	.	4,073.2	.	4,686.1	.	8,062.1	.	5,278.0	.
June	1,900.1	.	4,100.5	.	4,710.9	.	8,141.4	.	5,371.5	.
July	1,901.0	.	4,117.9	.	4,720.1	.	8,161.5	.	5,407.9	.
Aug.	1,865.8	.	4,084.7	.	4,701.5	.	8,164.4	.	5,402.9	.
Sep.	1,892.0	.	4,094.0	.	4,728.3	.	8,215.6	.	5,442.7	.
Oct.	1,897.4	.	4,110.5	.	4,747.8	.	8,286.6	.	5,490.4	.
Nov.	1,933.6	.	4,140.5	.	4,801.3	.	8,387.8	.	5,556.3	.
Dec.	1,988.8	.	4,240.3	.	4,894.1	.	8,409.2	.	5,589.3	.
2000 Jan.	1,997.1	9.4	4,233.6	4.2	4,900.2	5.3	8,467.5	7.6	5,633.8	8.8
Feb.	1,986.7	10.8	4,226.9	5.2	4,920.9	6.2	8,529.0	8.1	5,670.0	9.5
Mar.	1,998.1	10.1	4,236.7	4.9	4,961.3	6.5	8,627.2	8.0	5,741.4	9.9
Apr.	2,039.8	11.4	4,280.5	5.4	5,015.6	6.7	8,693.1	8.3	5,803.8	10.5
May	2,021.0	8.7	4,271.8	4.6	5,011.3	6.0	8,728.6	7.8	5,834.5	10.3
June	2,038.0	7.1	4,282.0	4.2	5,004.2	5.4	8,745.2	6.8	5,902.4	9.5
July	2,037.8	6.9	4,281.0	3.6	5,010.6	5.2	8,760.1	6.8	5,931.9	9.2
Aug.	2,002.5	7.0	4,269.5	4.1	5,010.8	5.5	8,763.2	6.8	5,951.9	9.6
Sep.	2,014.5	6.1	4,275.4	4.0	5,011.0	5.1	8,852.2	7.0	6,038.9	10.1
Oct.	2,013.7	5.7	4,282.7	3.7	5,030.4	5.1	8,892.8	6.4	6,082.9	9.9
Nov.	2,032.4	4.9	4,305.0	3.7	5,062.7	4.8	8,934.3	5.7	6,119.0	9.4
Dec.	2,098.8	5.5	4,397.6	3.7	5,138.9	5.0	8,961.9	6.2	6,154.2	9.6

A.2 Financial market interest rates and statistics on securities other than shares

(percentages per annum and EUR billions)

	Money market rates		Government bond yields		Euro-denominated securities issued by residents of the euro area plus Greece					
	3-month deposits 11	12-month deposits 12	2 years 13	10 years 14	Gross issues				Net issues 19	Amounts outstanding 20
					Total 15	By MFIs ⁴⁾ 16	By general government ⁴⁾ 17	By non-financial and non-monetary financial corporations ⁴⁾ 18		
1999 Jan.	3.33	3.24	3.11	3.87	348.2	47.1	39.4	13.5	64.0	5,786.9
Feb.	3.27	3.19	3.17	4.02	292.0	49.1	35.6	15.3	49.4	5,835.6
Mar.	3.21	3.19	3.19	4.22	297.2	47.8	35.4	16.8	43.7	5,879.7
Apr.	2.87	2.91	2.93	4.09	333.8	48.8	34.4	16.9	42.3	5,921.8
May	2.75	2.83	2.89	4.24	290.9	46.4	37.7	15.9	51.0	5,973.9
June	2.80	2.98	3.16	4.56	279.3	48.6	28.7	22.7	38.1	6,012.3
July	2.84	3.17	3.38	4.89	328.1	44.5	36.4	19.1	42.1	6,052.9
Aug.	2.86	3.37	3.65	5.10	239.1	50.2	32.3	17.5	35.4	6,088.8
Sep.	2.89	3.43	3.75	5.27	311.6	51.7	31.2	17.1	59.8	6,147.1
Oct.	3.53	3.81	4.16	5.51	305.5	51.6	30.2	18.3	52.9	6,201.3
Nov.	3.64	3.82	4.07	5.22	286.2	56.9	26.1	17.0	43.5	6,246.0
Dec.	3.58	3.94	4.24	5.32	236.0	66.7	20.1	13.2	-32.8	6,218.1
2000 Jan.	3.47	4.04	4.43	5.72	347.8	56.6	30.5	12.9	1.9	6,214.1
Feb.	3.65	4.18	4.59	5.68	355.1	57.7	26.4	15.9	61.5	6,274.3
Mar.	3.86	4.33	4.62	5.51	380.4	58.4	26.3	15.3	55.4	6,331.6
Apr.	4.03	4.42	4.61	5.43	346.0	54.1	26.2	19.7	38.5	6,368.2
May	4.44	4.88	5.04	5.53	384.1	59.9	22.7	17.4	52.1	6,429.0
June	4.59	5.01	5.05	5.36	335.4	57.8	21.7	20.5	32.2	6,462.9
July	4.66	5.14	5.21	5.47	377.3	56.3	21.8	21.9	38.0	6,501.2
Aug.	4.85	5.28	5.30	5.41	346.3	59.6	21.5	18.9	34.5	6,537.3
Sep.	4.91	5.24	5.24	5.48	386.9	61.4	21.3	17.3	20.1	6,558.4
Oct.	5.08	5.23	5.16	5.42	442.8	63.5	19.3	17.2	34.3	6,593.3
Nov.	5.12	5.20	5.12	5.34	378.0	59.2	20.9	19.9	20.9	6,613.6
Dec.	4.94	4.87	4.75	5.07	319.6	62.8	14.6	22.6	-39.9	6,577.2

Sources: ECB, Reuters for columns 11 and 12.

- 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. For the calculation of growth rates, see the technical notes.
- 2) Excluding holdings of money market fund shares/units by non-residents of the euro area.
- 3) Credit comprises loans granted to non-MFIs resident in the euro area plus Greece and holdings of securities issued by non-MFIs resident in the euro area plus Greece.
- 4) As a percentage of the total.

B. Price, real economy and fiscal developments

B.1 Price developments

(annual percentage changes)

	HICP					Industrial producer prices (excluding construction)	Deflators of GDP				
	Total	Goods			Services		GDP	Private consumption	Government consumption	Gross fixed capital formation	
		Total	Food	Non-energy industrial goods							Energy
	1	2	3	4	5	6	7	8	9	10	11
1996	2.3	1.9	2.0	1.6	3.1	2.9	0.4	2.1	2.5	2.2	1.0
1997	1.7	1.2	1.5	0.6	2.6	2.5	1.1	1.6	2.1	1.4	1.1
1998	1.2	0.7	1.7	1.0	-2.6	2.0	-0.7	1.7	1.5	1.5	1.0
1999	1.1	0.9	0.6	0.7	2.3	1.6	-0.4	1.1	1.1	1.8	1.0
2000	2.4	2.7	1.4	0.7	13.4	1.7	5.4	1.4	2.2	2.0	2.6
1999 Q4	1.5	1.5	0.5	0.5	8.0	1.5	2.2	0.9	1.5	2.1	1.4
2000 Q1	2.1	2.3	0.5	0.5	13.7	1.6	4.4	1.2	2.0	2.1	2.1
Q2	2.1	2.3	0.9	0.6	12.3	1.7	5.3	1.2	1.9	1.9	2.4
Q3	2.5	2.9	1.9	0.6	13.7	1.8	5.9	1.5	2.3	2.1	2.6
Q4	2.7	3.3	2.2	1.1	13.8	1.9	6.2	1.6	2.5	2.1	2.9
1999 Dec.	1.7	1.8	0.6	0.5	10.2	1.6	2.9	-	-	-	-
2000 Jan.	1.9	2.0	0.4	0.5	12.2	1.7	3.9	-	-	-	-
Feb.	2.1	2.3	0.6	0.5	13.7	1.6	4.5	-	-	-	-
Mar.	2.2	2.5	0.4	0.6	15.4	1.6	4.9	-	-	-	-
Apr.	1.9	1.9	0.7	0.6	10.3	1.8	4.7	-	-	-	-
May	1.9	2.2	0.8	0.6	12.1	1.6	5.4	-	-	-	-
June	2.4	2.7	1.2	0.7	14.6	1.7	5.7	-	-	-	-
July	2.4	2.7	1.6	0.5	13.5	1.7	5.7	-	-	-	-
Aug.	2.4	2.7	2.0	0.6	12.0	1.8	5.6	-	-	-	-
Sep.	2.8	3.4	2.1	0.8	15.6	1.8	6.4	-	-	-	-
Oct.	2.7	3.3	2.0	1.0	14.8	1.9	6.7	-	-	-	-
Nov.	2.9	3.5	2.2	1.1	15.4	1.9	6.4	-	-	-	-
Dec.	2.6	3.0	2.3	1.1	11.4	1.8	5.4	-	-	-	-

B.2 Real economy and fiscal developments

(annual percentage changes, unless otherwise indicated)

	Real GDP				Industrial production (excluding construction)	Retail sales (constant prices)	Employment (whole economy)	Unemployment (% of labour force)	Trade balance (EUR billions; to end-1998)	Government deficit (-) / surplus (+) (% of GDP)	Government debt (% of GDP)
	Private consumption	Government consumption	Gross fixed capital formation								
	12	13	14	15	16	17	18	19	20	21	22
1996	1.4	1.6	1.7	1.3	0.4	0.5	0.5	11.5	62.4	-4.3	76.0
1997	2.3	1.6	1.3	2.5	4.2	1.2	0.8	11.5	74.5	-2.6	75.4
1998	2.9	3.0	1.2	5.2	4.3	3.0	1.6	10.8	68.7	-2.2	73.7
1999	2.6	3.2	2.1	5.5	2.0	2.6	1.7	10.0	33.4	-1.3	72.6
2000	3.4	2.6	1.9	4.5	5.4	2.4	2.1	8.9	-14.9	-0.8	70.1
1999 Q4	3.6	3.0	2.4	6.0	4.4	3.0	1.6	9.6	8.2	-	-
2000 Q1	3.6	2.5	2.1	5.4	4.9	2.3	1.9	9.3	-7.2	-	-
Q2	3.9	3.3	2.2	5.0	6.0	3.4	2.1	9.0	-2.7	-	-
Q3	3.2	2.5	1.6	4.3	5.7	2.2	2.1	8.8	-0.8	-	-
Q4	2.9	1.9	1.6	3.2	5.1	1.6	2.2	8.6	-4.3	-	-
1999 Dec.	-	-	-	-	5.3	2.7	-	9.5	1.4	-	-
2000 Jan.	-	-	-	-	2.8	2.3	-	9.4	-6.9	-	-
Feb.	-	-	-	-	5.8	3.6	-	9.3	-2.0	-	-
Mar.	-	-	-	-	6.1	1.0	-	9.2	1.7	-	-
Apr.	-	-	-	-	5.9	3.9	-	9.1	-1.4	-	-
May	-	-	-	-	7.9	4.8	-	9.0	-0.9	-	-
June	-	-	-	-	4.3	1.5	-	8.9	-0.4	-	-
July	-	-	-	-	5.3	1.7	-	8.9	3.8	-	-
Aug.	-	-	-	-	6.8	1.8	-	8.8	-2.0	-	-
Sep.	-	-	-	-	5.1	3.1	-	8.7	-2.5	-	-
Oct.	-	-	-	-	4.3	1.7	-	8.6	0.0	-	-
Nov.	-	-	-	-	4.9	1.4	-	8.6	-2.2	-	-
Dec.	-	-	-	-	6.1	1.8	-	8.5	-2.2	-	-

Sources: European Commission (Eurostat) and ECB calculations.

C. Summary balance of payments ¹⁾

(EUR billions; 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	55.2	100.6	9.4	-16.8	-38.0	15.0	.	.	.	.	.	.	.
1998	24.4	92.5	5.3	-30.1	-43.4	14.9	.	.	.	.	.	.	.
1999	-26.3	56.3	-3.6	-36.2	-42.7	14.9	15.7	-118.2	-40.3	4.9	161.5	7.9	-4.3
2000	-70.1	11.7	-5.2	-27.5	-49.0	11.9	98.0	15.2	-102.8	-1.4	172.5	14.5	-39.8
1999 Q4	-15.2	11.7	-2.8	-10.9	-13.2	5.8	-0.5	-37.5	-16.9	-2.4	57.0	-0.7	9.9
2000 Q1	-14.6	-1.1	-4.1	-4.5	-5.0	3.6	55.8	138.9	-192.8	4.3	105.8	-0.3	-44.8
Q2	-19.2	3.4	0.1	-9.2	-13.5	3.0	21.9	-20.8	71.6	3.1	-35.9	3.9	-5.7
Q3	-15.2	6.2	2.2	-9.8	-13.7	1.5	-6.2	-88.8	4.5	-0.3	75.0	3.4	19.8
Q4	-21.1	3.2	-3.4	-4.0	-16.8	3.7	26.5	-14.1	13.9	-8.5	27.6	7.5	-9.1
1999 Dec.	-6.3	3.3	-1.2	-3.6	-4.9	2.9	-8.3	-17.8	-5.5	-1.8	17.8	-1.0	11.7
2000 Jan.	-11.6	-4.1	-2.3	-4.0	-1.1	1.3	26.8	-1.3	-2.5	0.2	32.3	-1.9	-16.5
Feb.	-3.5	0.3	-1.8	-1.2	-0.9	0.8	2.3	142.2	-152.7	2.5	9.3	0.9	0.4
Mar.	0.5	2.7	0.0	0.7	-2.9	1.4	26.7	-2.0	-37.6	1.6	64.1	0.7	-28.7
Apr.	-10.4	0.6	-1.1	-4.9	-5.0	2.3	20.3	0.9	3.3	1.5	15.3	-0.8	-12.2
May	-5.6	0.4	0.4	-3.3	-3.1	0.6	8.3	-13.3	1.4	-0.1	18.8	1.5	-3.4
June	-3.3	2.3	0.7	-1.0	-5.4	0.0	-6.7	-8.5	66.9	1.8	-70.0	3.3	9.9
July	-5.4	5.3	1.5	-6.6	-5.6	0.4	-4.1	-19.2	-9.9	-1.8	27.8	-1.1	9.1
Aug.	-6.3	0.2	0.5	-1.5	-5.5	0.3	6.2	-37.1	17.4	-0.4	25.4	0.9	-0.1
Sep.	-3.4	0.7	0.3	-1.8	-2.6	0.8	-8.2	-32.5	-3.1	1.9	21.8	3.7	10.8
Oct.	-6.4	2.3	-0.6	-2.1	-6.0	0.4	2.4	-18.4	1.0	-2.1	21.2	0.7	3.6
Nov.	-6.5	-0.5	-0.1	-0.8	-5.0	1.5	3.9	1.5	3.3	-2.4	-6.3	7.8	1.1
Dec.	-8.2	1.4	-2.7	-1.1	-5.8	1.9	20.2	2.8	9.6	-4.0	12.7	-1.0	-13.9

D. Effective exchange rates

(period averages; index 1999 Q1=100)

	Narrow group				Broad group	
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI
	1	2	3	4	5	6
1996	108.1	108.7	107.5	111.5	95.4	105.8
1997	99.1	99.4	99.2	100.4	90.3	96.5
1998	101.5	101.3	101.5	99.6	96.5	99.1
1999	95.6	95.7	95.7	96.3	96.5	95.8
2000	85.4	86.3	86.8	87.3	88.0	86.1
1999 Q4	92.0	92.1	92.2	93.7	94.1	92.6
2000 Q1	88.8	89.5	89.6	90.1	90.9	89.3
Q2	85.7	86.4	86.8	87.6	88.2	86.5
Q3	84.5	85.4	86.1	86.7	87.1	85.1
Q4	82.7	83.8	84.6	84.9	85.7	83.4
1999 Dec.	89.9	90.3	90.2	-	92.1	90.7
2000 Jan.	90.1	90.7	90.8	-	92.3	90.6
Feb.	89.0	89.7	89.8	-	91.0	89.4
Mar.	87.4	88.1	88.3	-	89.5	88.0
Apr.	85.8	86.4	86.8	-	88.2	86.6
May	84.2	84.8	85.5	-	86.7	84.9
June	87.1	87.9	88.2	-	89.8	88.0
July	86.7	87.6	87.9	-	89.2	87.3
Aug.	84.3	85.3	85.9	-	86.8	84.9
Sep.	82.5	83.4	84.4	-	85.1	83.1
Oct.	81.3	82.1	83.2	-	84.2	82.0
Nov.	82.0	83.0	83.9	-	84.9	82.7
Dec.	85.1	86.2	86.9	-	87.9	85.7

Source: ECB.

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



Technical notes

Relating to Table 2.4¹

Seasonal adjustment of the euro area monetary aggregates

The approach used relies on multiplicative decomposition through X-12-ARIMA (version 0.2.2).² 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 , 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) 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.

If F_t^Q represents the flow in the quarter ending in month t , X_t^Q the rate of change in the quarter ending in month t (augmented by one) defined as

$$(d) \quad X_t^Q = \left(\frac{F_t^Q}{L_{t-3}} + 1 \right)$$

¹ For details see "Seasonal adjustment of monetary aggregates and HICP for the euro area", ECB (August 2000).

² For details see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B. C. (1998), "New Capabilities and Methods of the X-12-Arima Seasonal Adjustment Program", *Journal of Business and Economic Statistics*, 16, 2, 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.

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) 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 ¹

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.

¹ 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 2000.¹

The focus of these statistics is the euro area as a whole. More detailed and longer runs of data, with further explanatory notes, are available in a downloadable format (csv files) on the ECB’s website (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 7 November 2001.

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 shares/units issued by

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

money market funds 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 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).

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).² For non-euro area residents, the term "banks (including central banks)" is used to indicate institutions of a similar type to MFIs (including the Eurosystem) resident outside the euro area. The term "international organisations" includes the European Investment Bank. (The ECB is included in the Eurosystem.)

The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), gross issues (columns 5, 13 and 17) and net issues (columns 7, 15 and 19) of euro-denominated securities in Table 3.5. The amounts outstanding of securities issued by MFIs (column 2) in Table 3.6 are broadly comparable with money market paper and debt securities issued as shown on the liabilities side of the aggregated MFI balance sheet in Table 2.8.3 (columns 2 and 10), although the coverage of securities issues statistics is at present somewhat narrower.

2 The code numbers in the ESA 95 for the sectors shown in tables in the Monthly Bulletin are: MFIs (including Eurosystem) 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 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); other general government comprises state government (S.1312), local government (S.1313) and social security funds (S.1314).

Prices and real economy indicators

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. 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. Data from January 2000 include the cost of health and educational services; data from January 2001 also cover hospital services and social services provided to people living at home, in retirement homes and in residences for the disabled; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States. 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 the Commission Regulation (EC) No. 586/2001 of 26 March 2001.

Opinion survey data (Table/Chart 5.3) draw on the Business and Consumer Surveys of the European Commission.

Employment data (Table 5.4) are based on the ESA 95. 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 separately presented. 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, the Slovak Republic, 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 the Greek drachma. 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, the Slovak Republic, 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.

Past data for selected economic indicators for the euro area plus Greece

Data for the euro area plus Greece up to end-2000 are shown in an additional table at the end of the "Euro area statistics" section. This table provides past data for the euro area plus Greece for a selected number of indicators. Detailed information on the different parts of the table is provided below.

Table A.1 presents monetary aggregates and the main counterparts of M3, as drawn from

the consolidated MFI balance sheet. For the consolidation of the data referring to the “Euro 11 plus Greece”, balance sheet positions of MFIs in the first 11 countries participating in the euro area vis-à-vis those resident in Greece have been taken into account. Business denominated in Greek drachmas has also been identified and treated as if it had been in euro.

Table A.2 shows financial market interest rates and securities other than shares statistics. Before January 1999 synthetic euro area money market rates were calculated on the basis of national rates weighted by GDP. From January 1999 to December 2000 euro interbank offered rates (EURIBOR) and ATHIBOR are weighted by GDP. Up to August 2000, 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.

For securities issues statistics (also shown in Table A.2), the fact that residents of Greece will become residents of the euro area has given rise to two structural modifications. The first change involves the inclusion of all securities issued by Greek residents in euro and Greek drachmas. The second effect is caused by the inclusion of all securities issued by euro area residents – in addition to those in Greece – and denominated in Greek drachmas. Securities issues statistics including Greece are compiled for both stocks and flows.

Aggregated data for the euro area plus Greece on price and real economy developments (Table B) are provided by the European Commission (Eurostat). Data on fiscal developments have been aggregated by the ECB.

Table C presents selected balance of payments past data for the euro area plus Greece. The methodology applied is generally the same as that used in Section 8. All available information for the past data is shown on the ECB’s web site (in the “Statistics, Latest monetary, financial and balance of payments statistics – release schedules” section).

Table D shows past nominal and real effective exchange rate indices for the euro plus the Greek drachma. The methodology applied for the calculation is the same as that described in the article in the April 2000 issue of the ECB Monthly Bulletin entitled “The nominal and real effective exchange rates of the euro”. New weights for the euro area partner countries have been calculated, excluding Greece from the partners but including it in the euro area (for the countries included in the calculations, see the general notes for Table 10). A “theoretical” euro exchange rate, in which account is taken of Greek drachma-related developments as well as deflators for the euro area plus Greece, has been constructed prior to January 2001. The full set of data, starting from 1990 (1993 for the broad group), can be downloaded in csv format from the ECB’s website.

Chronology of monetary policy measures of the Eurosystem¹

4 January 2000

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

5 January 2000

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

15 January 2000

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

20 January 2000

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

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

3 February 2000

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

17 February, 2 March 2000

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

16 March 2000

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

30 March, 13 April 2000

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

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

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.

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