



EUROPEAN CENTRAL BANK

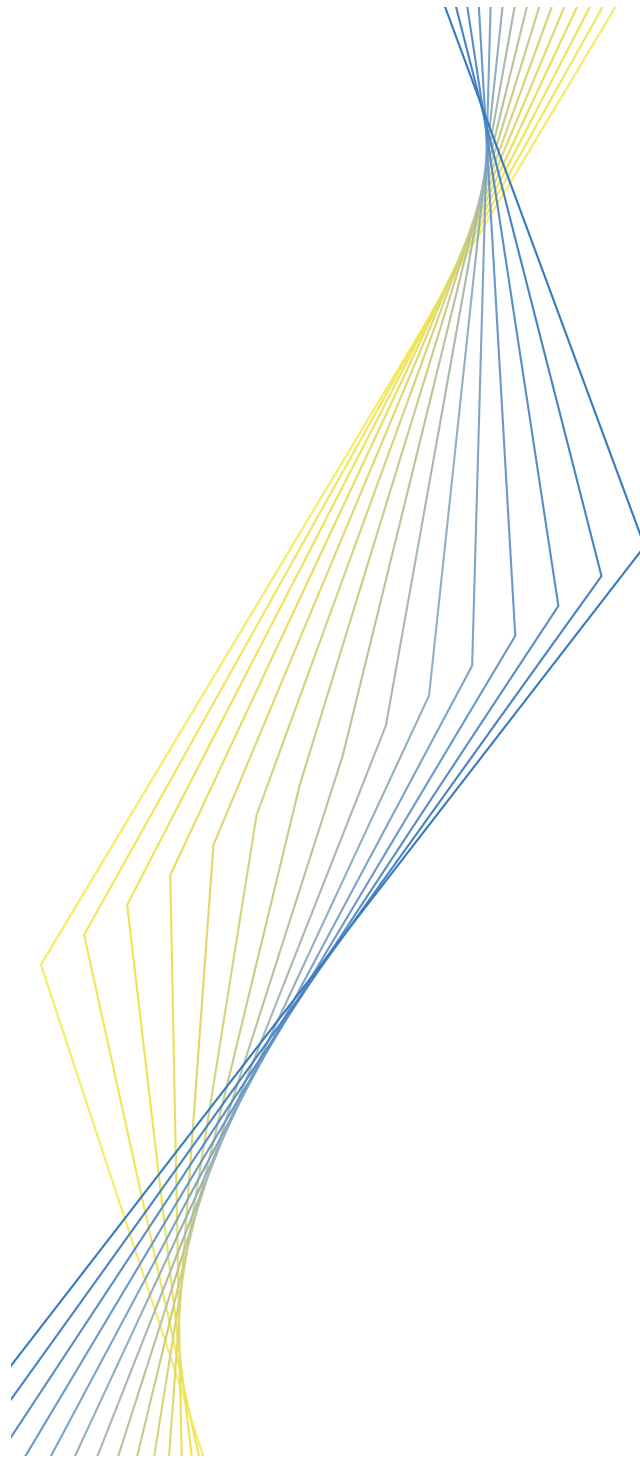
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**M O N T H L Y  
B U L L E T I N**

June 2000



EUROPEAN CENTRAL BANK



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B U L L E T I N**

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## Abbreviations

### Countries

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

### Others

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

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

## Editorial

At its meeting on 8 June 2000 the Governing Council decided to raise the ECB interest rates by 50 basis points. The interest rate on the Eurosystem's main refinancing operations was raised from 3.75% to 4.25%. This rate will be applied in the two operations (which will be conducted as fixed rate tenders) to be settled on 15 and 21 June 2000 respectively. The interest rates applicable to the deposit and marginal lending facilities were raised to 3.25% and 5.25% respectively, with effect from 9 June 2000.

The Governing Council also decided at its meeting on 8 June 2000 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, applying the multiple rate auction procedure. The Governing Council has decided to set a minimum bid rate for these operations equal to 4.25% (i.e. the same rate as that prevailing for fixed rate tenders following the rise in interest rates on 8 June 2000).

By its decision to raise ECB interest rates the Governing Council acted in a forward-looking manner, in order to contribute to the maintenance of favourable conditions for a lasting, non-inflationary economic expansion. In the months prior to the move, the upside risks to price stability in the medium term had clearly been increasing. This assessment was supported by the information from both pillars of the Eurosystem's monetary policy strategy. With regard to the first pillar, strong growth of monetary and credit aggregates throughout 1999 and the pronounced further expansion over the first four months of 2000 strengthened the view that liquidity is ample. As for the second pillar, in a phase of strong growth upward pressures on consumer prices stem mainly from rising import prices which, in turn, reflect the lagged effects of the depreciation of the exchange rate of the euro and higher oil prices. In fact, most inflation forecasts were revised upwards in early 2000.

Considering, in the context of the first pillar, the most recent information on monetary

developments in more detail, the three-month average of the annual growth rates of M3 (covering the period from February to April 2000) was 6.3%, compared with 5.9% in the period from January to March 2000. There has thus been a further deviation of M3 growth from the reference value of 4½%. The rather strong increase in recent months was consistent with the available indicators on the strength of economic activity. The annual rate of increase in credit to the private sector has also remained high, rising in April to 11.4%, from 10.9% in the previous month. Overall, the latest monetary and credit data confirmed that liquidity in the euro area continued to be very generous. Such developments would point to upside risks to price stability over the medium term if not counteracted in time.

Information from the second pillar, including economic and financial market developments, and developments in the Harmonised Index of Consumer Prices (HICP), is consistent with this assessment stemming from the monetary analysis. Recent news on the economic situation in the euro area, such as that available from industrial production and various surveys, provides further confirmation of the strength of the economic expansion under way and indicates that the outlook for growth in the euro area has improved markedly in the past few months, following the upturn in real GDP growth since the second half of 1999. The results of Business and Consumer Surveys from the European Commission, for example, support this assessment, with both indicators rising in May to record high levels. Consistent with this picture of a further improvement in economic conditions, major international and private sector institutions have tended to revise upwards their forecasts for economic growth in 2000 and 2001. Real GDP growth is now widely projected to rise from just below 2½% in 1999 to over 3% both this year and in 2001. Labour market conditions have also improved in recent months. Employment growth continued to be positive around the turn of the year, and the rate of unemployment fell to 9.2% in April 2000.

The improved outlook for economic growth in the euro area reflects favourable conditions for both domestic and external demand. Domestic demand is expected to benefit, inter alia, from ongoing employment growth and higher rates of capacity utilisation. In addition, net exports are expected to be strong, as the external environment has continued to strengthen in the past few months, and the global economic upswing currently under way now appears more robust and broadly based than expected at the end of last year.

Considering recent developments in financial markets, long-term bond yields declined in May and early June. Given the pronounced rise in money market rates there was some flattening in the yield curve in the course of May. However, the slope of the yield curve remained positive, consistent with market expectations of continued robust growth in the euro area.

The exchange rate of the euro appreciated towards the end of May and in early June. This seemed to be mainly due to the market perception that the declining trend in the external value of the euro did not reflect the improved economic situation and prospects for the euro area and was not consistent with international balance of payments positions. Nevertheless, given the extent and duration of the earlier depreciation, further upward pressure on consumer prices is to be expected.

The annual increase in the HICP was 1.9% in April 2000, compared with 2.1% in the previous month. Given the significant increase in import prices which has occurred, mainly on account of the lower exchange rate of the euro and higher oil prices, the rate of increase in the HICP is not expected to fall back significantly in the near future. In an environment of strong growth and increasing capacity utilisation, the pass-through of exchange rate changes via import prices to consumer prices is facilitated.

Against this background, the decision to raise ECB interest rates has been a firm and forward-looking step, taken to counter the increasing upward risks to price stability which had emerged in the months prior to the move. This should help economic agents to rely firmly on the maintenance of price stability, which is the most important contribution that the Eurosystem can make towards sustaining non-inflationary growth in the euro area in the medium term.

The prospects for sustaining non-inflationary growth in the euro area also depend to a large extent on labour market developments. It remains a major challenge to reduce the level of unemployment in the euro area which, despite some decline, remains too high. In this respect, both appropriate wage settlements and structural reforms are important contributions to continued employment growth and to maintaining low inflation.

The euro area outlook also very much depends on the course of fiscal policy. The pace of the reduction in fiscal deficits is expected to slow down in both 2000 and 2001. Moreover, the only slight reduction in fiscal deficits over this period masks some deterioration in cyclically adjusted fiscal positions for the euro area as a whole. This deterioration in the structural budget balance indicates a pro-cyclical loosening of the stance of fiscal policy, largely resulting from planned tax reforms in conjunction with insufficient control of discretionary government expenditure. While tax reforms are welcome, more emphasis should be given to structural reform on the expenditure side of budgets leading to strict expenditure restraint. At the current juncture, a pro-cyclical bias in fiscal policies should be avoided as it would give rise to an inappropriate stimulus to aggregate demand raising the risk of inflationary pressures. This is particularly important in those countries where there is a risk of overheating. Furthermore, the high level of public sector debt in many euro area countries remains a cause for concern, especially against the background of long-term

challenges to public finances, such as that arising from the ageing of populations. The opportunity presented by the current economic environment to set public finances on a sounder footing must not be missed.

With regard to the switch to variable rate tenders in the main refinancing operations, this is not intended to be a change in the monetary policy stance of the Eurosystem. The new tender mechanism is a response to

the severe overbidding which has developed in the context of the fixed rate tender procedure applied so far. For the purpose of signalling the monetary policy stance, the minimum bid rate is designed to play the role performed, until now, by the rate in fixed rate tenders. This change to a variable rate tender does not in any way rule out the option that, in the future, the main refinancing operations of the Eurosystem may be conducted as fixed rate tenders.





# 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 June 2000 the Governing Council of the ECB decided to increase the ECB interest rates by 50 basis points. The Governing Council announced that the main refinancing operations to be settled on 15 and 21 June 2000 would be conducted as fixed rate tenders at an interest rate of 4.25% (the previous level of the main refinancing rate was 3.75%). The interest rates on the deposit facility and on the marginal lending facility were also raised, from 2.75% to 3.25% and from 4.75% to 5.25% respectively (see Chart 1).

At the same meeting the Governing Council also decided 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, applying the multiple rate auction procedure. The Governing Council decided to set a minimum bid rate for these operations equal to 4.25%. This is the same rate as that

announced to apply in the two fixed rate tenders with settlement on 15 and 21 June 2000.

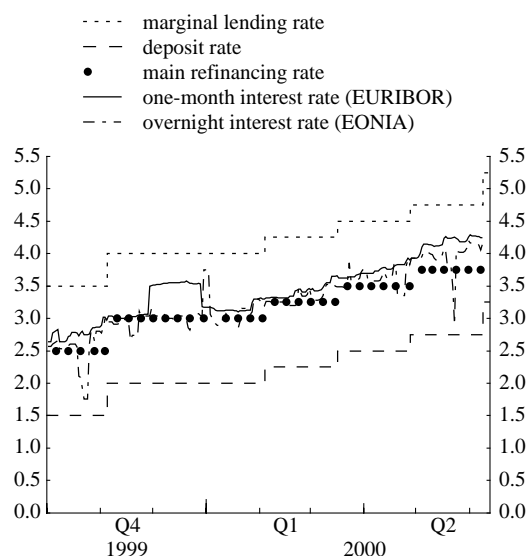
The switch to variable rate tenders in the main refinancing operations is not intended as a further change in the monetary policy stance of the Eurosystem, but rather as a technical move. In fact, the new tender mechanism is a response to the severe overbidding which affected the main refinancing operations of the Eurosystem, as conducted on the basis of the fixed rate tender procedure. Since early 2000 the bids submitted had been following a steady upward trend, leading to a situation in which in tender allotments in late May and early June less than 1% of the bids could be satisfied by the Eurosystem.

With the new procedure the Eurosystem's counterparties which participate in the auction for the allotment of liquidity will submit their bids indicating not only the amount of liquidity they are requesting, but also the rate of interest they would be prepared to pay for it. In this context, counterparties will need to submit bids at rates at or above the minimum bid rate of 4.25% set by the Eurosystem. The Eurosystem will determine the amount of liquidity it will provide to the market. It will satisfy the bids with the highest interest rate with priority and will successively accept bids with lower interest rates until the total liquidity to be allotted is exhausted. This tender procedure, which foresees that the allotment of liquidity to individual counterparties will depend on the level of the interest rate at which bids are submitted, implies that counterparties' bidding behaviour will be constrained by interest rate cost considerations.

In designing the new tender procedure, emphasis has been placed on maintaining the possibility for the Governing Council to send a clear signal about the monetary policy stance through the rates applied to the main refinancing operations. This has been done

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

(percentages per annum; daily data)



Sources: ECB and Reuters.

by announcing a minimum bid rate. For the purpose of signalling the monetary policy stance, the minimum bid rate is designed to play the role performed, until now, by the rate in fixed rate tenders.

The Governing Council has deliberately chosen to start with the new procedure only as from the first main refinancing operation to be settled in the reserve maintenance period starting on 24 June 2000. This should facilitate counterparties' preparations for the change.

Finally, the Governing Council stressed that the switch to variable rate tenders does not in any way rule out the possibility that, in the future, the main refinancing operations of the Eurosystem may be conducted again as fixed rate tenders.

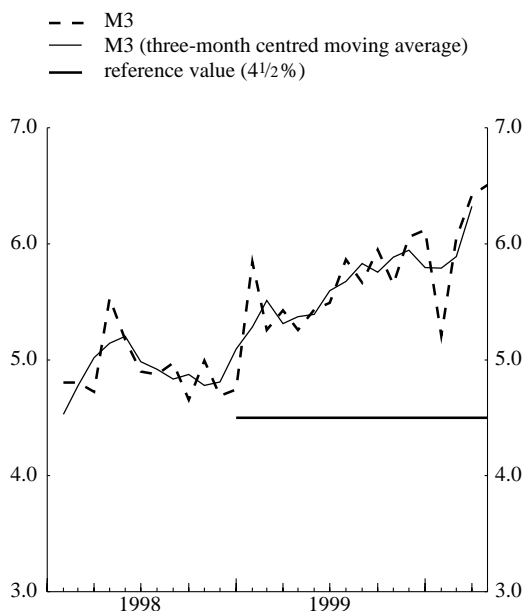
#### Increasing deviation of M3 growth from the reference value in April 2000

In April 2000 the annual rate of increase of the broad monetary aggregate M3 stood at 6.5%, compared with 6.4% in March 2000 (the latter figure was revised downwards from 6.5%). The three-month average of the annual growth rates of M3 increased to 6.3% over the period from February to April 2000, up from 5.9% in the period from January to March (the latter figure was revised downwards from 6.0%). As a consequence, the deviation of M3 growth from the reference value of 4½% rose to almost 2 percentage points (see Chart 2).

The month-on-month rise in M3 in April 2000 was €41 billion. This increase was partly attributable to seasonal influences. It is estimated that, in seasonally adjusted terms, M3 grew by €19 billion, or 0.4%, in April 2000 (see Table 1). The expansion in M3 in April was, therefore, relatively moderate, and less pronounced than in the previous three months. However, this does not change the assessment that the short-term dynamics of M3 have been rather strong over recent months. Indeed, the seasonally adjusted and

**Chart 2**  
**M3 growth and the reference value**

(annual percentage changes)



Source: ECB.

annualised six-month growth rate of M3 remained high, standing at 7.1% in April, compared with 7.3% in the previous month. Although the pronounced increase in M3 may have been influenced by the flattening of the yield curve since the end of January, the main factor contributing to this development seems to have been the robust economic growth in the euro area, both in nominal and in real terms.

With regard to its components, M3 growth in early 2000 was very much driven by its most liquid elements (see Chart 3). The annual rate of growth of the narrow monetary aggregate M1 rose to 11.4% in April, compared with 10.2% in March. The seasonally adjusted and annualised six-month growth rate of M1 increased to 13.0% in April. With regard to the components of M1, the annual rate of growth of currency in circulation increased to 5.5% in April 2000, from 5.2% in the previous month. At the same time, the very pronounced pace of growth of overnight deposits observed since the beginning of the year continued in April.

**Table 1****M3 and its main components***(end-of-month levels and seasonally adjusted month-on-month changes)*

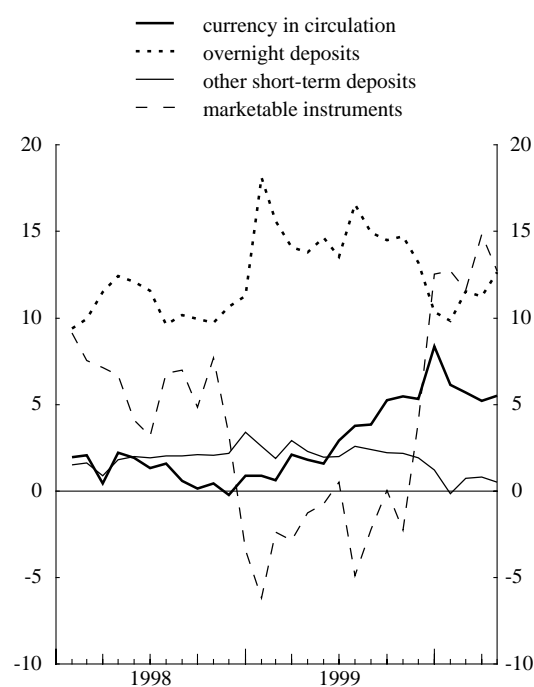
	Apr. 2000 levels	Feb. 2000 change		Mar. 2000 change		Apr. 2000 change		Feb. 2000 to Apr. 2000 average change	
	EUR billions	EUR billions	%	EUR billions	%	EUR billions	%	EUR billions	%
<b>M3</b>	4,901.2	40.8	0.9	41.6	0.9	18.6	0.4	33.7	0.7
Currency in circulation and overnight deposits (= M1)	2,013.7	25.2	1.3	21.5	1.1	17.3	0.9	21.3	1.1
Other short-term deposits (= M2 - M1)	2,147.5	9.7	0.5	3.9	0.2	1.9	0.1	5.2	0.2
Marketable instruments (= M3 - M2)	740.1	5.9	0.8	16.2	2.3	-0.5	-0.1	7.2	1.0

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

As a consequence, the annual rate of growth of this component rose significantly (to 12.6%, from 11.2% in March 2000). The strong growth in overnight deposits, which occurred in spite of the recent widening of the spread between short-term market interest rates and retail bank interest rates on overnight deposits, may indicate continuing robust economic growth in the euro area. In addition, the heightened preference for liquidity may, in part, have mirrored a precautionary motive, given the relatively high uncertainty in the euro area stock markets during the first four months of 2000 (see Table 3 at the end of the stock market section). Finally, the pronounced expansion of overnight deposits might also, to a certain extent, be the counterpart of some frontloading of loans in expectation of rising short-term interest rates (see below).

The annual growth rate of short-term deposits other than overnight deposits decreased in April 2000, to 0.5%, from 0.8% in March. This reflected the fact that the annual rate of change in deposits redeemable at a period of notice of up to three months turned negative (it stood at -0.1%, compared with 0.9% in the previous month). The continuing downward trend in the demand for these instruments, which started in the last few months of 1999, is presumably a result of their currently low attractiveness in

terms of yields. Since the summer of last year the spread between short-term market rates and retail interest rates on deposits with an agreed maturity of up to two years, on the one hand, and retail rates on deposits redeemable at a period of notice of up to three months, on the other, has increased

**Chart 3****Components of M3***(annual percentage changes)**Source: ECB.*

significantly. At the same time, these interest rate developments may also partly explain the recovery in the demand for deposits with an agreed maturity of up to two years in recent months. The annual rate of growth of these deposits rose in April 2000 (to 1.3%, from 0.6% in the previous month). The demand for deposits with an agreed maturity of up to two years might also have been encouraged by the flattening of the yield curve and by precautionary motives. As a consequence of the increase in the annual growth rate of M1, and despite the decline in that of short-term deposits other than overnight deposits, the annual rate of increase in the intermediate aggregate M2 rose to 5.5% in April 2000, compared with 5.1% in March.

The annual rate of growth of the marketable instruments included in M3 declined in April 2000, to 12.7%, from 14.8% in the previous month. With regard to the individual items, the annual growth rate of money market fund shares and money market paper fell to 13.6%, from 19.5% in March. The annual rate of increase in debt securities issued with a maturity of up to two years declined to 37.7%, compared with 40.0% in the previous month. The annual rate of change in repurchase agreements turned positive for the first time since October 1998 (to 2.7% in April 2000, following -2.3% in the previous month).

#### **Continued strong growth of credit to the private sector**

Turning to the counterparts of M3, the annual rate of increase in long-term financial liabilities remained virtually constant in April 2000, standing at 6.9% (compared with 7.0% in March). Among the sub-components of longer-term financial liabilities, the annual rate of growth of deposits with an agreed maturity of over two years declined slightly to 4.0%, from 4.2% in the previous month. The annual growth rate of debt securities issued with a maturity of over two years was 5.6%, following 5.7% in the previous month.

Deposits redeemable at a period of notice of over three months continued to decline, albeit at a slower annual pace (4.6% in April, compared with 6.0% in March). Finally, the annual growth rate of capital and reserves remained broadly unchanged at 15.2%.

On the assets side of the consolidated balance sheet of the MFI sector, the annual growth rate of total credit granted to euro area residents increased from 7.8% in March to 8.1% in April. This rise was exclusively due to stronger growth of credit to the private sector (the annual growth rate of which reached 11.4%, up from 10.9% in the previous month). By contrast, the annual rate of change in credit to general government declined further (to -1.3%, from -0.8% in March).

The sustained growth of credit to the private sector reflected an increase in the annual growth rate of loans (to 10.3%, from 9.7% in March). The strong dynamics of loans over recent months is also confirmed by the evolution of the seasonally adjusted and annualised six-month growth rate, which stood at 11.0% in April, compared with 10.1% in the previous month. Robust economic growth both in real and in nominal terms has contributed to sustaining the demand for loans from the private sector in recent months. Moreover, the strong merger and acquisition activity and the interaction between mortgage loans and the rise in real estate prices in some euro area countries have also fostered the strong increase in loans. In addition, despite the continuous rise in nominal lending rates, real retail lending rates (as measured on the basis of current HICP inflation) are currently below the level they reached at the end of 1998. Hence financing conditions in the euro area are very favourable at the current juncture. Finally, the possibility of some frontloading of loans motivated by expectations of rising short-term interest rates cannot be ruled out. Quarterly data available up to March 2000 provide a breakdown by sector of loans to euro area residents (see Box 1). These data indicate that the increase in the growth of loans to the private sector in the first quarter

## Box I

### Developments in the sectoral breakdown of MFI loans in the first quarter of 2000

Quarterly data on the breakdown of MFI loans granted to euro area residents by counterpart sector, type and original maturity are released in this issue of the ECB Monthly Bulletin up to the first quarter of 2000. While these data provide a reliable picture of the structure of the MFI loans at a certain point in time, it has to be taken into account that these data only allow annual growth rates to be calculated on the basis of changes in stocks outstanding. These annual growth rates are not directly comparable with those reported for the total of MFI loans in the main text, since the latter are corrected for reclassifications, revaluations and write-offs/write-downs of loans. Nonetheless, the analysis of changes in stocks should be seen as providing the best possible estimation of the sectoral dynamics of loans available.

The annual rate of growth of total loans to euro area residents calculated on the basis of changes in stocks reached 8.4% in the first quarter of 2000, following 8.1% in the final quarter of 1999. As shown in the table below, this increase masked differences in trends across sectors. On the one hand, there was a rise in the annual growth rate of loans to non-financial corporations (to 10.3% in the first quarter of 2000, up from 8.4% in the last quarter of 1999). On the other hand, the growth rate of loans to households fell slightly, from 10.0% in the last quarter of 1999 to 9.5% in the first quarter of 2000, while remaining at a very high level. The growth rate of loans to non-monetary financial corporations (insurance corporations and pension funds and other financial intermediaries) also fell, to 8.5% in the first quarter of 2000, down from 10.3% in the last quarter of 1999. Finally, the annual growth rate of loans to general government became negative in the first quarter of 2000, at -0.5%, following 0.7% in the fourth quarter of 1999.

As noted above, loans to non-financial corporations increased significantly in the first quarter of 2000. This development may be associated with the improvement in industrial confidence indicators and the strengthening of economic activity in the euro area. Moreover, it is likely that merger and acquisition transactions have continued to stimulate the demand for loans from non-financial corporations. The strong expansion in the first quarter of this year concerned both loans with an original maturity of up to one year (which increased on an annual basis by 9% in the first quarter of 2000, up from 7.2% in the fourth quarter of 1999) and loans with an original maturity of over five years (9.9% in the first quarter of 2000, compared with 8.1% in the last quarter of 1999). By contrast, loans with intermediate maturity (the share of which is small in relation to the total) showed stable annual growth rates at a high level (around 15%) over the same period. It is to be stressed that real lending rates were low by historical standards in the first quarter of 2000, especially for short-term loans. In the first quarter of 2000 the real lending rate for loans with a maturity of less than one year, calculated as the difference between the nominal interest rate and the HICP inflation rate, was 3 percentage points below the average real lending rates observed from January 1990 to March 2000. The corresponding real lending rate for loans with a maturity of more than one year was, in the first quarter of 2000, 0.7 percentage point below the average observed from January 1990 to March 2000.

Regarding loans to the household sector, while the overall growth rate declined slightly, the growth rate of consumer loans increased from 5.7% in the fourth quarter of 1999 to 6.5% in the first quarter of 2000. This increase could be linked to the further improvement in economic activity and consumer confidence observed since the last quarter of 1999. At the same time, the retail rates on consumer credit have risen only slightly over the past few quarters in nominal terms and have remained low in real terms. The annual growth rate of loans for house purchase remained unchanged at a high level (12.1%), in spite of the continuous rise in nominal lending rates between May 1999 and March 2000 (+130 basis points). This can partly be explained by the fact that the lending rates for house purchase remained, in real terms, relatively low by historical standards (the real lending rate on loans for house purchase in the first quarter of 2000, calculated using the HICP inflation rate, was about 1.5 percentage points below the average real lending rate observed from January 1990 to March 2000). Moreover, the dynamic pace of growth in loans for house purchase also seems to interact with buoyant housing markets in some countries.

Finally, the sectoral data show that the decline in the annual rate of change in loans to general government in the first quarter of 2000 was mainly related to a substantial fall in the rate of change in loans to central government (to -10.7%, from -0.8% in the fourth quarter of 1999). By contrast, the annual growth rates of loans to state government rose from 0.2% in the fourth quarter of 1999 to 4.3% in the first quarter of 2000 and the annual rate of change in loans to local government remained broadly unchanged, at slightly above 1%. The overall reduction in loans to general government reflects both lower borrowing requirements and also a continuation of the observed trend of a longer-term decrease in the share of loans in the total financing of general government.

### MFI loans to the non-monetary sector by counterpart, type and original maturity <sup>1)</sup>

(amounts in EUR billions, not seasonally adjusted, end of period; annual growth rates in percentages)

#### Loans to households and non-profit institutions serving households

	Households												Non-profit institutions serving households	
	Consumer credit <sup>2)</sup>			Lending for house purchase <sup>2)</sup>			Other lending							
		Up to 1 year	Over 1 and up to 5 years	Over 5 years		Up to 1 year	Over 1 and up to 5 years	Over 5 years		Up to 1 year	Over 1 and up to 5 years	Over 5 years		
<b>Amounts outstanding<sup>3)</sup></b> 2000 Q1	2,768.0	449.0	90.2	160.9	197.9	1,733.7	20.2	59.5	1,654.0	585.4	140.6	100.8	344.0	39.1
<b>Annual growth rates</b> 1999 Q4	10.0	5.7	4.3	9.5	3.9	12.1	18.4	-4.5	12.5	8.0	8.7	10.2	7.3	8.0
2000 Q1	9.5	6.5	4.3	9.0	5.7	12.1	31.2	-11.1	13.0	4.6	3.8	1.5	5.8	4.6

#### Loans to non-monetary corporations

	Non-financial corporations				Financial corporations										
	Up to 1 year	Over 1 and up to 5 years	Over 5 years		Insurance corporations and pension funds			Other financial corporations			Up to 1 year	Over 1 and up to 5 years	Over 5 years		
					Up to 1 year	Over 1 and up to 5 years	Over 5 years		Up to 1 year	Over 1 and up to 5 years	Over 5 years		Up to 1 year	Over 1 and up to 5 years	Over 5 years
<b>Amounts outstanding<sup>3)</sup></b> 2000 Q1	2,492.3	892.6	389.8	1209.9	364.8	32.8	21.6	3.9	7.3	332.0	203.4	55.9	72.7		
<b>Annual growth rates</b> 1999 Q4	8.4	7.2	15.1	8.1	10.3	7.2	10.0	12.0	-4.8	10.7	15.3	-0.4	8.1		
2000 Q1	10.3	9.0	15.2	9.9	8.5	-8.6	-20.0	30.0	23.7	10.6	10.8	2.0	17.6		

#### Loans to general government

	General government										
	Central government	Other general government									Social security funds
State government			Local government								
		Up to 1 year	Over 1 and up to 5 years	Over 5 years		Up to 1 year	Over 1 and up to 5 years	Over 5 years			
<b>Amounts outstanding<sup>3)</sup></b> 2000 Q1	833.0	197.0	288.5	13.2	24.0	251.3	332.1	19.9	10.7	301.5	15.5
<b>Annual growth rates</b> 1999 Q4	0.7	-0.8	0.2	22.8	16.3	-1.7	1.3	5.3	8.3	14.0	20.0
2000 Q1	-0.5	-10.7	4.3	9.1	14.8	3.1	1.4	2.6	-14.4	2.0	25.0

Source: ECB.

1) Growth rates are calculated on the basis of changes in amounts outstanding, with the exception of one reclassification in Germany. Sectors correspond to ESA 95 definitions.

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

3) Differences between some sub-totals and their components are due to rounding.

**Table 2****M3 and its main counterparts***(end-of-month levels and 12-months flows; EUR billions)*

	Amounts outstanding	12-month flows					
	2000 Apr.	1999 Nov.	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar.	2000 Apr.
1. Credit to the private sector	6,427.3	601.1	584.2	538.1	592.5	623.2	657.9
2. Credit to general government	2,026.2	39.3	34.7	29.0	17.8	-16.5	-27.1
3. Net external assets	162.7	-199.8	-167.6	-177.2	-116.6	-182.5	-201.9
4. Longer-term financial liabilities	3,674.4	234.6	260.8	244.3	249.5	236.4	237.1
5. Other counterparts (net liabilities)	40.6	-59.9	-83.0	-89.4	-27.9	-102.1	-104.6
<b>M3 (=1+2+3-4-5)</b>	<b>4,901.2</b>	<b>266.2</b>	<b>273.8</b>	<b>235.4</b>	<b>272.4</b>	<b>290.2</b>	<b>296.9</b>

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

of 2000 was mainly driven by the evolution of loans to enterprises. These data also show that the growth rates of loans for house purchase remained at the high level reached at the end of 1999.

By contrast with the rise in the growth of loans, the annual growth rate of MFI holdings of securities issued by the private sector declined slightly, although it remained at a high level. The annual growth rate of MFI holdings of debt securities was 16.4% in April 2000, down from 17.5% in March 2000, while that of holdings of shares and other equity amounted to 24.7%, compared with 25.8% in March 2000.

As for credit to general government, the annual rate of change was negative in April 2000, at -1.3%, following -0.8% in March. This reflected offsetting moves of MFI holdings of government debt securities – which declined by 2.9% compared with a year earlier, following a fall of 1.2% in March – and loans to general government (which increased by 1.0%, compared with -0.3% in the previous month).

In April 2000 the net external asset position of the euro area MFI sector decreased by €32 billion, following a decrease of €68 billion a month earlier, in absolute and non-seasonally adjusted terms.

Overall, credit to the private sector rose by €658 billion over the 12 months to April

2000. By contrast, credit to the public sector declined by €27 billion and net external assets by €202 billion. The resulting net increase on the assets side of the consolidated balance sheet of the MFI sector was associated, on the liabilities side, with growth of M3 amounting to €297 billion and an increase in longer-term MFI liabilities of €237 billion. The other developments in the remaining items of the MFI balance sheet resulted in a decline in net liabilities of €105 billion (see Table 2).

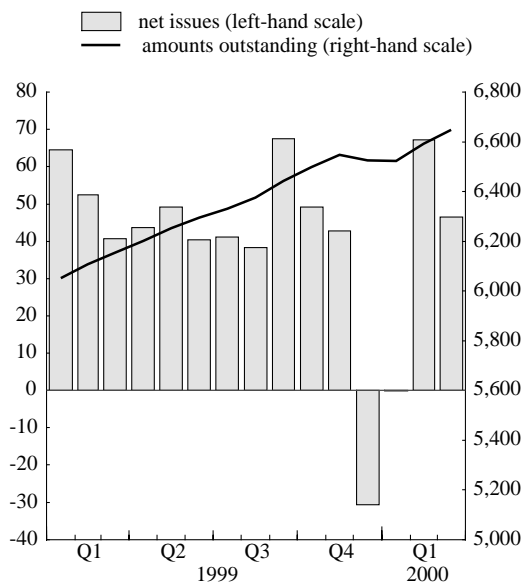
### Debt securities issuance remained high in March

In March 2000 the gross issuance of debt securities by euro area residents totalled €389.6 billion, compared with an amount of €306.6 billion in March 1999 and average monthly gross issuance of €313.0 billion over the previous 12 months. Redemptions in March 2000 amounted to €343.1 billion. As a result, net issues in March totalled €46.5 billion (see Chart 4). This was higher than the net issuance of €40.7 billion in March 1999 and the average monthly issuance of €37.5 billion over the previous 12 months. Reflecting these developments, the amount outstanding of debt securities issued by euro area residents had increased to €6,648.3 billion by the end of March 2000. This was 8.0% higher than a year earlier and compared with an annual rate of increase of 7.9% in February.



**Chart 4**  
**Debt securities issued by euro area residents**

(EUR billions)



Source: ECB.

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

The relatively high net issuance of debt securities by euro area residents in March mainly reflected significant issuance of short-term debt securities (maturities of less than one year). Reflecting this, the annual growth rate of the amount outstanding of short-term debt securities increased from 9.7% in February to 12.5% in March. At the same time, since net issuance of long-term securities was somewhat lower than the average of the previous 12 months, the annual growth rate of the amount outstanding of long-term debt securities declined to 7.6% in March, from 7.8% a month earlier.

Data on the sectoral breakdown reveal that issuance activity by the MFI sector, which has been rising more or less continuously since August 1999, was particularly strong in March. Reflecting this, the annual rate of increase in the amount outstanding of euro denominated debt securities issued by the MFI sector increased from 10.4% in February 2000 to 10.8% in March. This increasing issuance activity by MFIs might reflect

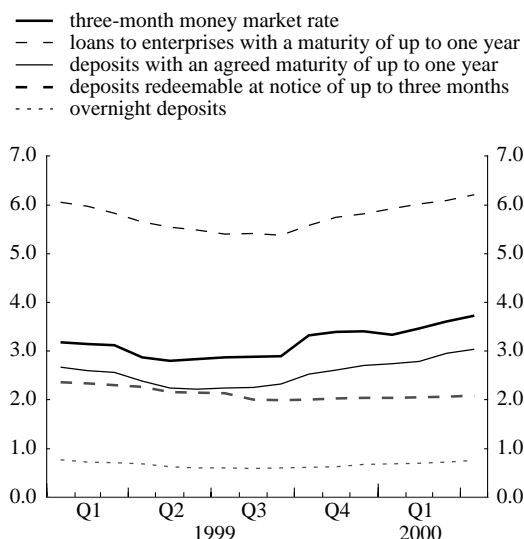
increasing recourse by MFIs to market sources of finance, in the face of a more rapid increase in credit demand than in deposits. At the same time, the annual rate of increase in the amount outstanding of euro denominated debt securities issued by central government declined slightly in March, to 3.5%, from 3.6% in the previous month. In other sectors, the annual growth rate of the amount outstanding of debt securities issued by non-monetary financial corporations continued at a high rate of 41.3% in March, compared with 41.2% one month earlier. The annual growth rate of the amount outstanding of euro denominated debt securities issued by non-financial corporations declined from 9.2% to 7.8% in March 2000.

**Short-term retail bank interest rates increased further in April**

Short-term retail bank interest rates in the euro area continued to increase in April 2000 against the background of increases in money market interest rates and in ECB interest rates on 16 March and 27 April (see Chart 5). The average interest rate on

**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.

deposits with an agreed maturity of up to one year increased by 9 basis points in April to over 3.0%. Somewhat smaller increases were observed in the average rates on overnight deposits and deposits redeemable at a period of notice of up to three months. The average rate on loans to enterprises with a maturity of up to one year increased by 13 basis points to reach 6.2% in April 2000. Seen over a longer period, since September 1999 short-term retail bank interest rates have increased by considerably less than comparable market interest rates, reflecting the lagged and gradual pattern in the adjustment of retail bank interest rates to changes in market interest rates. However, overall, all short-term retail bank interest rates in April 2000 were above the levels prevailing a year earlier, with the exception of the average interest rate on deposits redeemable at a period of notice of up to three months.

At longer maturities, average retail bank interest rates have remained broadly unchanged since February 2000. This broad stability of long-term retail bank interest rates

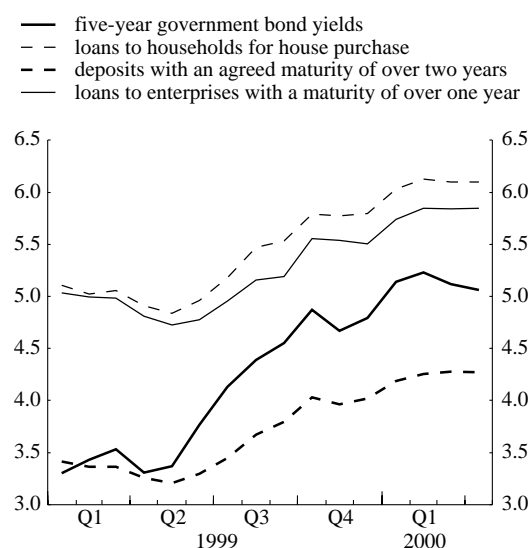
in the euro area is notable against the background of a slightly declining trend in bond yields since January 2000. The average interest rate on deposits with an agreed maturity of more than two years stood at below 4.3% in April. At the same time, the average interest rate on loans to households for house purchase remained at 6.1%. In addition, the average rate on loans to enterprises was little changed in April, remaining below 5.9%. Despite their recent stability, all longer-term retail bank interest rates increased substantially after May 1999, and by April 2000 they stood at levels which were well above those prevailing one year ago (see Chart 6).

#### Money market interest rates continued to rise in May

Money market interest rates rose further in May 2000, continuing the upward trend which had been observed in March and April 2000. Between the end of February and the end of April short-term interest rates in the euro area rose, partly in anticipation of the increases in ECB interest rates which occurred on 16 March and 27 April 2000. While, during March and April, the main refinancing rate of the ECB was increased in two steps, by 50 basis points in total, the one-month and three-month EURIBOR rose by 47 and 46 basis points respectively during the same period (see Chart 7).

In the first few weeks of May 2000 the overnight interest rate, as measured by the EONIA, was quoted in a range of between 3.9% and 4.1%, i.e. somewhat higher than the then prevailing main refinancing rate of 3.75%, signalling some market expectations of an increase in ECB interest rates. This pattern was temporarily interrupted only towards the last few days of the reserve maintenance period ending on 23 May, when the EONIA fell to a level of 2.9%, as a consequence of abundant liquidity (see Box 2). At the start of the reserve maintenance period ending on 23 June 2000, the EONIA fluctuated again at levels above 4.0%, reflecting renewed

**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.

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

During the fifth reserve maintenance period of this year, which ran from 24 April to 23 May 2000, the Eurosystem settled four main refinancing operations and one longer-term refinancing operation. The first main refinancing operation was carried out at a fixed interest rate of 3.50%, while the other three were carried out at a fixed interest rate of 3.75%, following the decision of the Governing Council on 27 April 2000 to raise ECB interest rates. The allotted volumes ranged between €64 billion and €89 billion. The amounts of bids submitted for the main refinancing operations varied between €4,625 billion and €6,574 billion, with an average of €5,761 billion, compared with an average bid amount of €3,615 billion in the previous reserve maintenance period. The further increase in the bid amounts submitted can be explained by strong interest rate expectations, as reflected, for example, in the spread between the two-week interbank deposit rate and the main refinancing rate. The allotment ratios in the main refinancing operations varied between 1.00% and 1.62%, compared with a range of between 1.36% and 2.94% in the preceding reserve maintenance period.

The Eurosystem settled a longer-term refinancing operation on 27 April through a variable rate tender with a pre-announced allotment volume of €20 billion. A total number of 326 bidders participated in this operation and the total amount of bids was €64 billion. The marginal rate was determined at 4.00%, while the average rate was 4.01%.

The EONIA remained above the main refinancing rate throughout the entire reserve maintenance period, with the exception of the last two days. For most of the reserve maintenance period the liquidity situation was relatively ample; however, on Friday 28 April one bank had to have recourse to the deposit facility for €10 billion over the long weekend including 1 May, resulting in an unexpected liquidity withdrawal of more than €40 billion in total. Although this incident tightened liquidity conditions around the end of the month, it is difficult to assess whether it had any impact on the EONIA. The main reason for the persistently high positive spread between the EONIA and the main refinancing rate, which was 18 basis points on average, was rate hike expectations. On both the penultimate and the last day of the reserve maintenance period the EONIA dropped, to 3.49% and 2.90% respectively, reflecting abundant liquidity.

**Contributions to the banking system's liquidity***(EUR billions)*

Daily average during the reserve maintenance period from 24 April to 23 May 2000

	<i>Liquidity providing</i>	<i>Liquidity absorbing</i>	<i>Net contribution</i>
<b>(a) Monetary policy operations of the Eurosystem</b>	<b>203.0</b>	<b>2.3</b>	<b>+ 200.7</b>
Main refinancing operations	142.6	-	+ 142.6
Longer-term refinancing operations	60.0	-	+ 60.0
Standing facilities	0.4	2.3	- 1.9
Other operations	0.0	0.0	0.0
<b>(b) Other factors affecting the banking system's liquidity</b>	<b>378.8</b>	<b>467.5</b>	<b>- 88.7</b>
Banknotes in circulation	-	353.8	- 353.8
Government deposits with the Eurosystem	-	41.9	- 41.9
Net foreign assets (including gold)	378.8	-	+ 378.8
Other factors (net)	-	71.8	- 71.8
<b>(c) Credit institutions' holdings on current accounts with the Eurosystem (a) + (b)</b>			<b>112.0</b>
<b>(d) Required reserves</b>			<b>111.3</b>

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

### Use of standing facilities

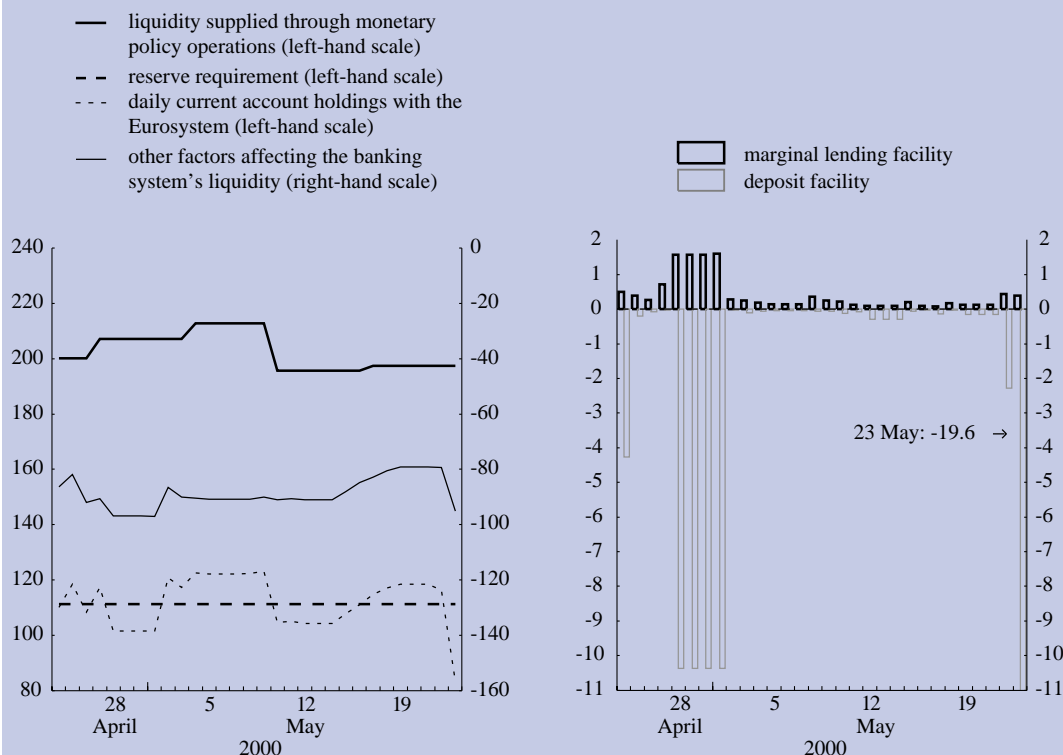
Compared with the previous reserve maintenance period, the average use of the marginal lending facility increased by €0.2 billion to €0.4 billion, while the average use of the deposit facility increased from €0.9 billion to €2.3 billion. The large increase in the use of the deposit facility was due to two factors: first, as mentioned above, there was exceptional recourse to the deposit facility by one bank because of technical problems and, second, recourse to the deposit facility was €19.6 billion on 23 May, the last day of the reserve maintenance period.

### Liquidity factors not related to monetary policy

The net liquidity-absorbing impact of the autonomous factors (i.e. the factors not related to monetary policy) on the banking system's liquidity (item (b) in the table above) was €88.7 billion on average, i.e. €1.4 billion more than in the previous reserve maintenance period. This was mainly due to an increase in the amount of banknotes in circulation, the liquidity-absorbing impact of which was compensated in part by a decrease in net government deposits. On a daily basis, the sum of autonomous factors fluctuated between €79.1 billion and €96.9 billion.

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

(EUR billions; daily data)



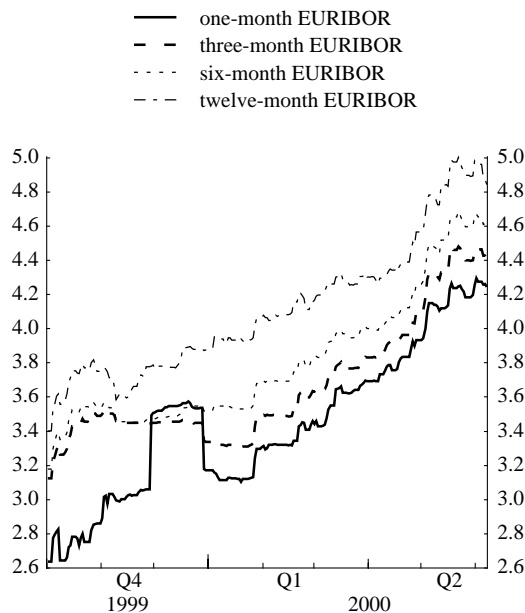
Source: ECB.

### Current account holdings of counterparties

The average current account holdings amounted to €112.0 billion, and reserve requirements to €111.3 billion. The difference between the two therefore amounted to €0.7 billion. Around €0.2 billion of this amount was linked to current account holdings not contributing to the fulfilment of reserve requirements, and €0.5 billion was related to excess reserves. The latter were €0.3 billion lower than in the previous period, thus returning to their earlier level.

**Chart 7**  
**Short-term interest rates in the euro area**

(percentages per annum; daily data)



Source: Reuters.

expectations of higher ECB interest rates in the course of this maintenance period.

Other money market rates also rose between the end of April and 7 June, reflecting upward revisions of market expectations of the short-term evolution of ECB interest rates. On 7 June the one-month and three-month EURIBOR were equal to 4.24% and 4.41% respectively, approximately 30 basis points higher than their levels at the end of April. After increasing markedly during the first three weeks of May, short-term money market interest rates remained relatively stable. A broadly similar pattern was evident for the three-month EURIBOR implied in futures contracts maturing in June, September and December 2000. On 7 June the three-month EURIBOR implied in the futures contracts maturing in June, September and December 2000 were equal to 4.43%, 4.70% and 4.97% respectively, which for all three rates was around 20 basis points higher than the levels recorded at the end of April. The six-month and 12-month EURIBOR were equal to 4.60% and 4.84% respectively on

7 June, which was around 30 basis points higher than at the end of April.

In the longer-term refinancing operation of the Eurosystem settled on 1 June 2000, the marginal and average interest rates of allotment were equal to 4.40% and 4.42% respectively. This was a few basis points below the three-month EURIBOR prevailing on the day on which the operation was conducted.

**Long-term bond yields declined in May**

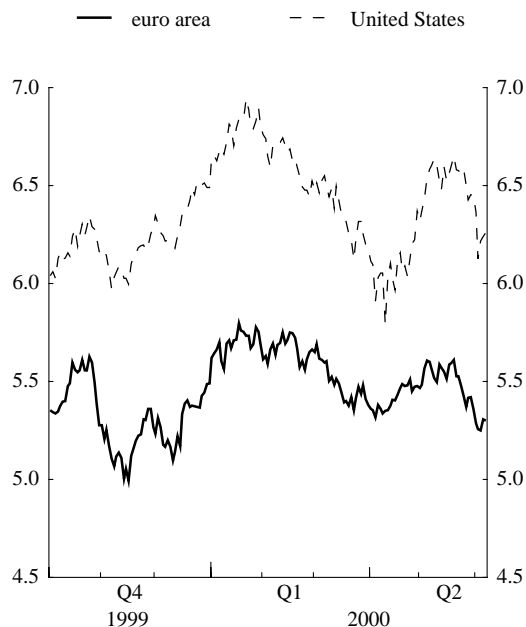
By contrast with developments in April, euro area long-term government bond yields declined in May and early June 2000 (see Chart 8). Between the end of April and 7 June 2000 the average level of ten-year bond yields in the euro area fell by approximately 20 basis points, to around 5.30%. Taking a somewhat longer perspective, euro area long-term bond yields have declined by almost 50 basis points compared with the peak levels reached in January 2000, thereby returning to the levels prevailing in mid-December 1999. The spread between US and euro area ten-year bond yields increased slightly between the end of April and 7 June, when it stood at around 95 basis points, reflecting somewhat less pronounced declines in US bond yields than in the euro area during that period. During the first five months of 2000 the US-euro area yield spread displayed a high degree of variability, but the overall cumulative change was relatively minor, with the spread standing around 5 basis points lower on 7 June 2000 than at the end of 1999.

Considering the international environment for euro area bond markets, ten-year government bond yields in the United States were volatile between the end of April and 7 June 2000, with sharp increases in the first half of May being followed by similarly sharp decreases in the latter half of the month and in early June. Overall, US ten-year bond yields declined by approximately 10 basis points, to around 6.25%, between end-April and 7 June.

### Chart 8

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

(percentages per annum; daily data)



Source: Reuters.

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

The increases in US bond yields which took place in the first half of May were a continuation of the upward trend that began in early April. This increase appeared to have been mainly linked to the continued strength of US economic activity and indications of upward price pressures, as well as to upward revisions on the part of market participants regarding the likely path of future short-term interest rates. This upward revision, in turn, was primarily triggered by data releases at that time, which indicated continued tightness in labour markets and signs of accelerating employment costs. In line with these expectations, the Federal Open Market Committee decided on 16 May to raise its target for the federal funds rate by 50 basis points. The accompanying statement, which concluded that risks remained “weighted mainly toward conditions that may generate heightened inflation pressures in the foreseeable future”, may have contributed to placing additional upward pressure on long-

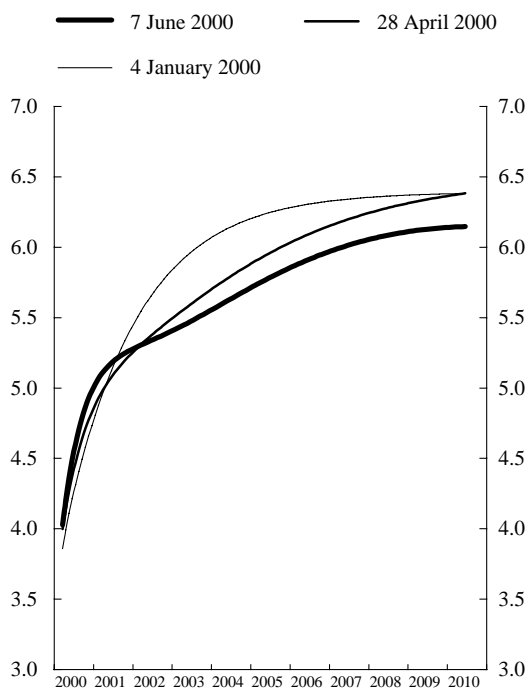
term interest rates. Later on, new data releases, which appeared to indicate a possible slowdown in US economic activity, resulted in sharply lower long-term bond yields, as investors revised downwards both their inflation expectations and their expectations for the path of future short-term interest rates.

In Japan ten-year bond yields declined by around 5 basis points between the end of April and 7 June, to somewhat above 1.7%, in an environment where sharp declines in Japanese stock prices seemed to have placed downward pressure on Japanese long-term bond yields, as investors sought safer investment opportunities.

While international factors seemed to have influenced short-term movements of euro area bond yields to some extent throughout much of May and early June, other factors also appear to have played an important role in explaining euro area bond yield developments during this period. During the month of May changes in euro area bond yields appeared to some extent to have been correlated with movements in the exchange rate of the euro, with euro exchange rate appreciation on average being associated with declining bond yields and vice versa. Furthermore, expectations that governments in some countries would use the proceeds from auctions of mobile telecommunications licences to reduce the level of outstanding public debt seemed to place downward pressure on bond yields in those countries. In addition to these factors, similar to a pattern seen in other major bond markets, long-term bond yields in the euro area were at times subject to downward pressure as a result of safe-haven-related flows from persistently volatile equity markets to bond markets. Furthermore, a possible reduction in long-term inflation expectations among market participants following increases in short-term interest rates which took place after the end of April may have contributed to the decline in euro area bond yields in May and early June.

**Chart 9**  
**Implied forward euro area overnight interest rates**

(percentages per annum; daily data)



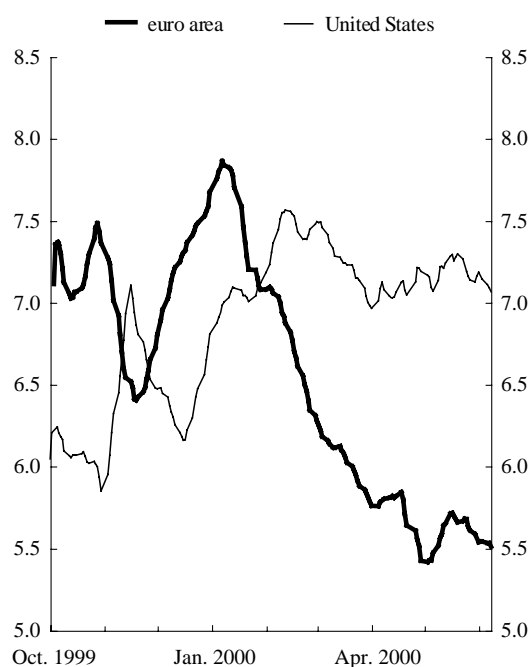
Source: ECB estimation. The implied forward yield curve, which is derived from the term structure of interest rates observed in the market, reflects the market expectation of future levels for short-term interest rates. The method used to compute these implied forward yield curves was outlined on page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

As a result of declining long-term bond yields and pronounced increases in short-term money market rates, the euro area yield curve flattened markedly in the course of May, continuing a trend that had been evident since mid-January 2000. Between the end of April and 7 June the slope of the yield curve, as measured by the difference between euro area ten-year bond yields and the three-month EURIBOR, declined by almost 50 basis points, to around 90 basis points. This brought this measure of the yield curve slope to a level that was around 125 basis points below that observed at the end of 1999, and to the lowest level seen since February 1999. At the same time, developments in the implied forward euro area overnight interest rate curve showed that the overall flattening of the yield curve was due to a pronounced steepening of the short end of the forward

yield curve, and a significant flattening of this curve at medium and long horizons (see Chart 9). It is particularly notable that long-horizon implied forward overnight rates have declined significantly, since this development is frequently seen as indicating a reduction in the long-term inflation expectations of market participants. All in all, the shape of the implied forward euro area overnight interest rate curve on 7 June suggested that short-term interest rates were expected by the market to increase at a more rapid pace than had been anticipated a month earlier, which, in turn, appears to have reduced long-term inflation expectations somewhat.

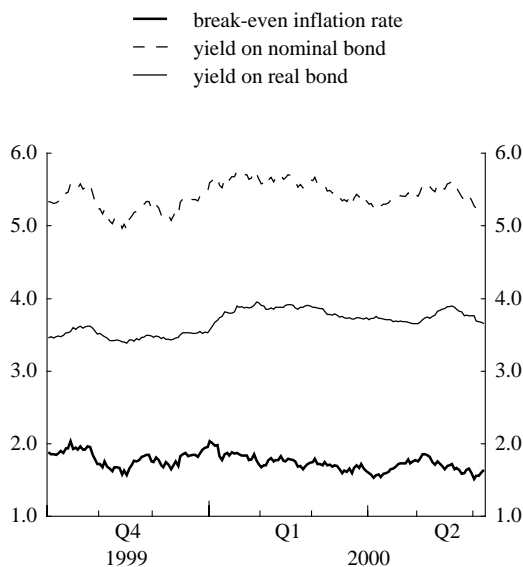
The relatively major changes in the shape of the yield curve which took place in May 2000 did not appear to have any significant impact on the market's perceived uncertainty regarding future movements in long-term bond yields. In fact, the implied volatility of the ten-year Bund futures contract, which provides a measure of the overall uncertainty associated with future price movements in the ten-year Bund, remained at a relatively low level, following a sizeable downward movement throughout the first few months of 2000 (see Chart 10). This may be seen as an indication that uncertainties regarding future real interest rates, future price pressures and inflation risk premia in the euro area are currently at a relatively low level, possibly reflecting a high degree of confidence among market participants about the growth prospects of the euro area economy and that appropriate monetary policy measures will be taken to ensure that price stability is maintained.

A similar picture emerges from the analysis of index-linked bonds in the euro area. Between the end of April and 7 June the "break-even" inflation rate, which can be calculated using French ten-year nominal and index-linked bonds, and which can provide indications of inflation expectations in the market, declined by around 15 basis points, while the real yield on the ten-year index-linked bond was unchanged (see Chart 11).

**Chart 10****Implied volatility for futures contracts on the ten-year German Bund and the ten-year US Treasury note***(percentages per annum; ten-day moving average of daily data)**Source: Bloomberg.*

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

This would seem to indicate that, while long-term real interest rates have remained stable at levels which seem to reflect optimistic growth expectations, inflation expectations over the long term appear to have declined somewhat. Hence the information derived from this indicator is consistent with developments in the euro area yield curve, which could be seen as pointing to market expectations of lower inflation in the long run, as a result of expectations of more pronounced short-term interest rate increases over the short horizon. As always, it should be borne in mind that any inference relating to euro area inflation expectations based on French index-linked bond yields warrants some degree of caution, since a number of caveats apply.

**Chart 11****Break-even inflation rate calculated for the French CPI***(in percentages; daily data)**Sources: French Treasury, ISMA and Reuters.*

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

**Stock prices showed no discernible trend in May**

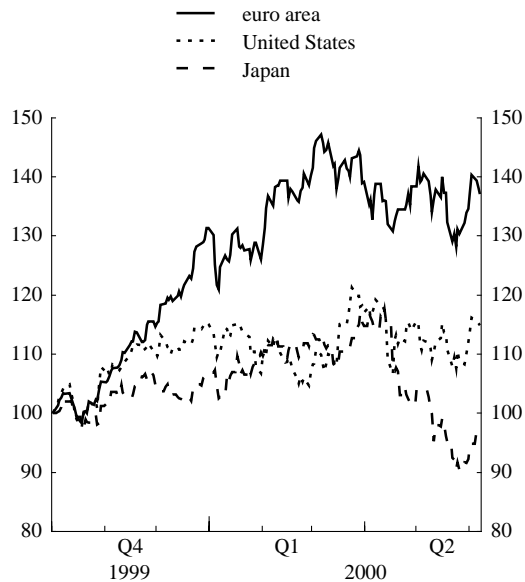
The high degree of volatility which had prevailed in global stock markets in April 2000 persisted in May and at the beginning of June. In this environment stock prices in the euro area and the United States showed no discernible trend between the end of April and 7 June. By contrast, in Japan stock prices continued to decline in May and early June (see Chart 12). All in all, when viewed over the five-month period since the end of 1999, stock price indices in both the euro area and the United States have shown little overall change, while in Japan they have fallen significantly.

Considering the international environment for stock markets, in the United States stock prices continued to be subject to large swings in May and at the beginning of June. Between the end of April and 7 June the Standard and



**Chart 12**  
**Stock price indices in the euro area, the United States and Japan**

(index: 1 October 1999 = 100; daily data)



Source: Reuters.

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

Poor's 500 index increased by slightly more than 1%, reaching a level that was just above the levels seen at the end of 1999. Despite the release of corporate earnings data for the first quarter of 2000 which were slightly in excess of market expectations, in the first three weeks of May US stock prices seemed to be subject to mainly downward pressures, which were brought about by expectations of more rapid increases in US official interest rates in the remainder of 2000. In the last week of May and at the beginning of June, however, US stock prices recovered strongly following the release of economic indicators interpreted by market participants as indicating that the US economy was showing signs of slowing down.

Turning to sectoral developments in the US stock market, the high degree of volatility which had characterised the US technology sector earlier this year persisted in May and early June. In particular, the Nasdaq Composite index, which is laden with

technology stocks, underwent considerable fluctuations throughout this period. Looking at developments over a longer period, on 7 June the Nasdaq Composite index reached a level which was some 24% below the peak level reached on 10 March and around 6% below the levels seen at the end of 1999. Furthermore, from a forward-looking perspective, the degree of stock market uncertainty in the US technology sector, as measured by implied volatility derived from stock option prices, increased further between the end of April and 7 June. Implied volatility on the Nasdaq 100 index reached a level of 66% per annum on 7 June, compared with a level of 36% per annum, on average, in the second half of 1999.

In Japan stock prices declined considerably in May and at the beginning of June. When measured according to the Nikkei 225 index, Japanese stock prices fell by close to 8% between the end of April and 7 June, reaching a level which was 11% below that seen at the end of 1999. This development occurred despite the release of positive indications about future economic prospects. Over this period downward pressures on Japanese stock prices mainly affected the stocks of large Japanese firms active in the technology and telecommunications sectors. When considering developments since the end of 1999, however, Japanese stock price declines were rather broadly based across the consumer cyclical, industrial, technology and telecommunications sectors.

In the euro area, in May and at the beginning of June stock prices were subject to a relatively high degree of volatility, which seemed to spill over from the technology and telecommunications sectors, continuing a pattern that had already been seen in April. Overall, when measured by the Dow Jones EURO STOXX index, euro area stock prices declined by 1% between the end of April and 7 June. This left euro area stock prices at a level which was around 4% above the levels at the end of 1999.

The high volatility seen in broad measures of euro area stock prices over recent months arose mainly from a high degree of volatility in the stock prices of firms in the technology and telecommunications sectors (see Table 3). Between the end of 1999 and 7 June 2000 historical volatility reached a level of 54% per annum in both of these sectors, compared with a level of 31% per annum and 27% per annum respectively, in the fourth quarter of 1999. Despite this high volatility, stock prices in the euro area technology sector showed an increase of 24% between the end of 1999 and 7 June 2000, while stock prices in the telecommunications sector showed a slight decline of about 1% over the same period. Hence, stock prices in the euro area technology and telecommunications sectors showed some resilience to the high

level of volatility which, particularly after March 2000, had become apparent in these sectors in global stock markets. Furthermore, stock prices in the euro area healthcare sector have increased steadily over recent months, against the background of high earnings growth expectations in these sectors. By contrast, between the end of 1999 and 7 June 2000 stock price developments in other economic sectors, such as the basic materials, industrial and consumer cyclical and non-cyclical sectors, were relatively weak in the euro area. At the same time, the volatility of stock price developments in these sectors was much lower than in the euro area technology and telecommunications sectors, although higher than in the fourth quarter of 1999.

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

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

	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Health-care	Industrial	Technology	Telecommunications	Utility	EURO STOXX
<b>Price change</b>											
Q4 1999	25.6	25.3	4.9	5.4	16.9	-1.5	32.9	76.2	72.5	12.8	30.6
Q1 2000	-10.7	-2.9	-7.3	5.5	-1.5	4.4	-0.1	20.6	17.6	14.7	6.0
end-March to 7 June 2000	-9.9	-1.8	3.4	5.7	5.3	8.2	-1.1	2.7	-15.7	-2.3	-1.5
<b>Volatility</b>											
Q4 1999	18.8	14.0	13.9	22.1	14.6	27.0	20.1	30.7	26.9	16.0	13.9
Q1 2000	25.2	26.0	22.4	29.7	17.5	29.6	23.6	46.8	50.1	21.6	24.4
end-March to 7 June 2000	20.5	27.9	15.3	21.4	19.0	24.7	24.0	63.7	59.0	19.2	27.1

Sources: STOXX and ECB calculations.

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

## 2 Price developments

### Energy prices led to a decrease in consumer price inflation in April

The overall rate of HICP inflation in the euro area fell from 2.1% in March to 1.9% in April 2000. This was a result of developments in energy and, to a lesser extent, processed food prices.

The annual rate of increase in the energy component stood at 10.5% in April 2000, substantially lower than the rate of 15.3% reached in March 2000 (see Table 4). This was mainly attributable to the base effect of the strong increase in energy prices from March to April 1999 and the increase in energy taxation in a larger country in April

1999. These developments exerted upward pressure on the energy index in April 1999 and hence had a downward effect on the year-on-year increase in April 2000. However, the fall in the energy price level from March to April 2000 also contributed to this, albeit to a lesser extent (i.e. only one-quarter of the total fall in the annual rate of increase from March to April 2000 of 4.8 percentage points). This is linked to the fall in oil prices from on average €28.4 per barrel in March to €24.6 per barrel in April 2000. No further strong downward impact on euro area HICP inflation from energy price developments can be expected for May 2000. First, base effects will have a slight upward effect on the annual rate of increase in the HICP energy

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

(annual percentage changes, unless otherwise indicated)

	1997	1998	1999	1999	1999	1999	2000	1999	2000	2000	2000	2000	2000
				Q2	Q3	Q4	Q1	Dec.	Jan.	Feb.	Mar.	Apr.	May
<b>Harmonised Index of Consumer Prices (HICP) and its components</b>													
Overall index	1.6	1.1	1.1	1.0	1.1	1.5	2.0	1.7	1.9	2.0	2.1	1.9	.
<i>of which:</i>													
Goods	1.2	0.6	0.8	0.6	0.9	1.5	2.3	1.9	2.2	2.3	2.6	2.0	.
Food	1.4	1.6	0.5	0.6	-0.2	0.4	0.4	0.5	0.4	0.6	0.4	0.6	.
Processed food	1.4	1.4	0.9	0.8	0.6	0.9	1.0	1.0	1.0	1.0	1.0	0.9	.
Unprocessed food	1.4	1.9	0.0	0.3	-1.4	-0.3	-0.3	-0.2	-0.5	0.0	-0.5	0.2	.
Industrial goods	1.0	0.1	1.0	0.6	1.5	2.1	3.4	2.6	3.1	3.2	3.7	2.7	.
Non-energy industrial goods	0.5	0.9	0.7	0.6	0.6	0.6	0.6	0.6	0.7	0.5	0.6	0.6	.
Energy	2.8	-2.6	2.2	0.5	4.6	7.8	13.6	10.0	12.0	13.5	15.3	10.5	.
Services	2.4	2.0	1.5	1.5	1.5	1.4	1.6	1.5	1.7	1.6	1.6	1.9	.
<b>Other price and cost indicators</b>													
Industrial producer prices <sup>1)</sup>	1.1	-0.8	0.0	-1.3	0.7	3.2	5.8	4.1	5.1	5.9	6.3	.	.
Unit labour costs <sup>2)</sup>	0.7	0.0	1.1	1.6	0.9	0.4	.	-	-	-	-	-	-
Labour productivity <sup>2)</sup>	1.7	1.4	0.8	0.5	1.1	1.7	.	-	-	-	-	-	-
Compensation per employee <sup>2)</sup>	2.4	1.4	1.9	2.1	2.0	2.1	.	-	-	-	-	-	-
Total hourly labour costs <sup>3)</sup>	2.5	1.6	2.1	1.9	2.2	2.4	.	-	-	-	-	-	-
Oil prices (EUR per barrel) <sup>4)</sup>	17.1	12.0	17.1	15.0	19.7	23.0	27.1	24.8	24.9	27.6	28.4	24.6	30.4
Commodity prices <sup>5)</sup>	12.9	-12.5	-3.1	-8.2	1.1	14.0	19.9	19.3	19.4	20.0	20.2	19.4	22.8

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

1) Excluding construction.

2) Whole economy.

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

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

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

### Box 3

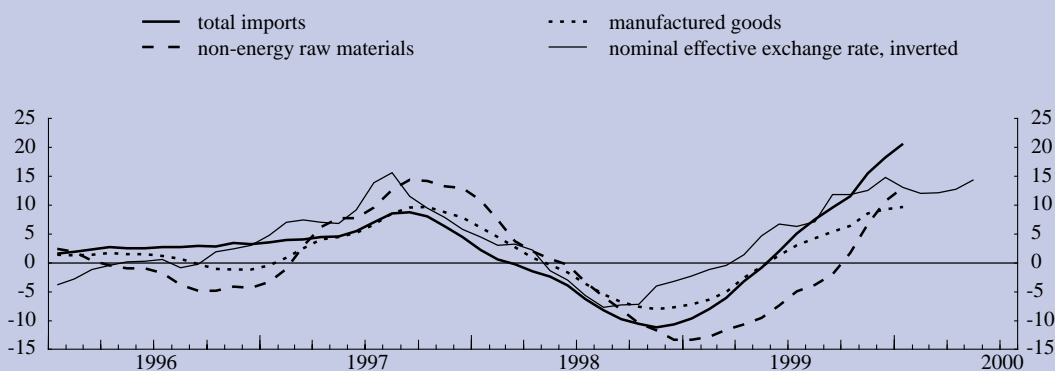
#### Impact of import price developments on euro area consumer prices

By contrast with the individual Member States, the euro area as a whole is a relatively closed economy. Imports of goods and services from the rest of the world correspond to 15% of euro area GDP, significantly less than for the individual euro area countries. This is the result of extensive trade within the euro area. However, even though the degree of openness in the euro area is smaller than for individual countries, import prices remain a factor which can potentially have a significant impact on euro area consumer price developments. This box explains three channels through which import price developments feed into euro area consumer prices and describes the risks to price stability associated with recent import price developments.

A study of these channels is important because of recent developments in the prices of goods imported by the euro area from the rest of the world, which, as measured by import unit values, have risen significantly since late 1998, with an annual rate of increase of above 20% in early 2000.<sup>1</sup> On the one hand, this increase is attributable to developments in energy prices, which have risen strongly owing to developments in world market oil prices. On the other, the depreciation of the effective exchange rate of the euro has also contributed to the rise in import prices in general, as reflected in the developments in the import prices for non-energy raw materials and manufactured goods (see the chart below).

#### Import unit value indices and nominal effective exchange rate of the euro

(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

Note: Unit value indices refer to transactions between the euro area and the rest of the world; calculations are based on three-month centred moving averages.

Three channels can be identified through which euro area import price developments are likely to affect the euro area HICP. These channels are (i) direct effects which occur almost immediately or, in other cases, with a short time-lag; (ii) indirect effects which arise as import price changes are gradually passed along the production chain; and (iii) possible second-round effects on wages and underlying inflation. It should be noted that the estimates of the impact on consumer prices via these three channels presented in this box are of a mechanical nature and, while being useful as an illustration of these effects, they should, therefore, be interpreted with caution.

The most prominent example of the *direct effects* on euro area consumer prices has recently been the impact of developments in the price of oil imports on the energy component of the HICP. As a reflection of oil price increases since the beginning of 1999, the annual rate of increase in the energy component of the HICP peaked

<sup>1</sup> Unit value indices are calculated by dividing the value by the volume of foreign trade and are not price indices based on data for the same basket of goods throughout the year (as is the case for consumer price indices). Nevertheless, in the absence of an alternative, import unit values are a useful indicator for developments in actual import prices.

at 15.3% in March 2000. The direct effects of higher prices for imported oil were most evident in the price of liquid fuels for households and fuels and lubricants for transportation. With regard to a quantitative impression of the direct effect of oil price changes on the HICP, a common rule of thumb is that a 10% increase in oil prices (measured in euro) is associated with an almost immediate 1% increase in the energy component of the HICP. Since energy has a weight of 9% in the HICP, such an increase in oil prices would tend to raise the overall HICP level by around 0.1%. In addition to energy prices, changes in the price of imported consumer goods may also have a direct effect on other individual items in the HICP. For example, imported passenger cars or photographic equipment (non-energy industrial goods) feed directly into private consumption without entering the domestic manufacturing process. However, foreign producers of these goods compete with domestic producers, and a price increase which fully reflects the exchange rate depreciation of the euro could lead to substantial losses in the market share on the part of foreign producers. This leads to the phenomenon known as “pricing to the market”, according to which foreign producers charge different prices for their products depending on the price level in different countries. Therefore, in particular, short-term fluctuations in the exchange rate may not be reflected in the consumer price of these imported goods, while more sustained exchange rate changes are likely to be partially transmitted to consumer prices with a time-lag. While difficult to quantify, given the substantial and sustained depreciation of the euro over the past year, the direct effect of import prices of final goods is expected to materialise.

With regard to the *indirect effects* of changes in the price of imported goods, the prices of imported raw materials and also of imported intermediate goods affect the intermediate goods component of the euro area industrial producer price index. Such effects are likely to be particularly significant in the case of price increases for imported goods (such as oil), for which there are only limited possibilities available for substituting them for other inputs, and when the price of the domestic production of inputs closely follows world market price developments. Indeed, reflecting higher import prices, in the year to March 2000, intermediate goods prices in the euro area increased by 10.2%. Changes in intermediate goods prices are expected subsequently to affect industrial producer prices of final goods in the euro area (consumer and capital goods). Indeed, a rise in the annual rate of increase in the latter two components has occurred over recent months, albeit still at a moderate level. Finally, such effects on producer prices are, in turn, likely to have an impact on retail prices for consumer goods or services, as measured in the HICP. It will probably take some time before the above-mentioned indirect effects are fully incorporated into consumer prices at the retail level. A rough estimate based on historical experience suggests that the recent 20% increase in import prices, if sustained, is likely to contribute around 1 percentage point to the cumulative increase in euro area consumer prices via indirect effects over a two to three-year period. It should be noted that this comes in addition to the direct impact of import price developments as discussed above.

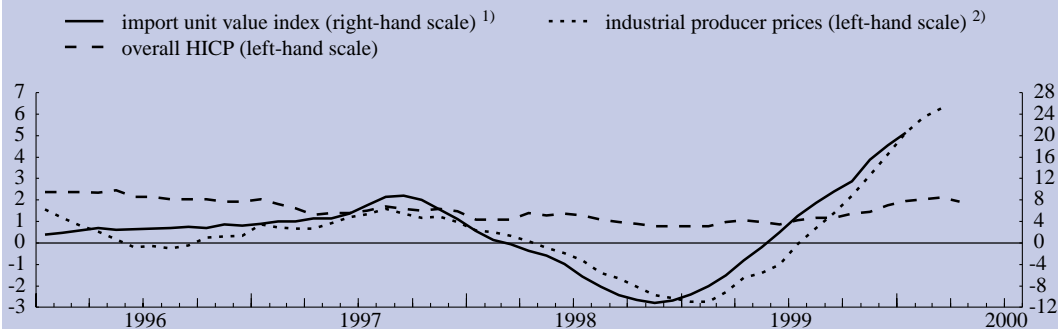
Finally, the occurrence and scale of possible *second-round effects* caused by changes in import prices is likely to depend on the complex interaction between wages, inflation expectations, the business cycle and the macroeconomic policy reaction. In addition to potential wage-price spirals, an exchange rate depreciation can lead to price pressures owing to an increase in economic activity as a result of the ensuing increase in competitiveness, which leads to growth in exports and a dampening effect on imports. Past experience suggests that second-round effects on inflation resulting from earlier oil price and exchange rate developments have, on occasion, been significant. In terms of inflation, the second-round effect will be smaller the less accommodating the monetary policy reaction. Both the current situation of strong economic growth in the euro area and the prospect that growth will be clearly above trend in the coming years point to substantial risks that recent import price increases may lead to second-round effects on euro area consumer price inflation. For further information on prospects for the euro area economy, see Box 4, which is entitled “A review of economic prospects for the euro area up to 2001” in the “Output, demand and labour market developments” section.

Overall, import prices have had a substantial upward impact on euro area consumer price inflation over the past year and are likely to continue to exert upward pressure on consumer prices (see the chart below). This is

a result of the time-lag with which import prices work through to consumer prices. In addition, there is a risk of second-round effects arising from developments in labour costs.

### Consumer, producer and import prices in the euro area

(annual percentage changes; monthly data)



Sources: Eurostat and ECB calculations.

- 1) Unit value indices refer to transactions between the euro area and the rest of the world; calculations are based on three-month centred moving averages.
- 2) Excluding construction.

component in May 2000. Indeed, substantial negative base effects will not be seen again until the third quarter of 2000. Second, in May 2000 the oil price rose markedly again to an average of €30.4 per barrel, on account of both a rise in the world market price of oil and a further depreciation of the exchange rate of the euro. Exchange rate developments have also put upward pressure on import prices in general. For further information on the risks to price stability arising from developments in euro area import prices, see Box 3, which is entitled “Impact of import price developments on euro area consumer prices”.

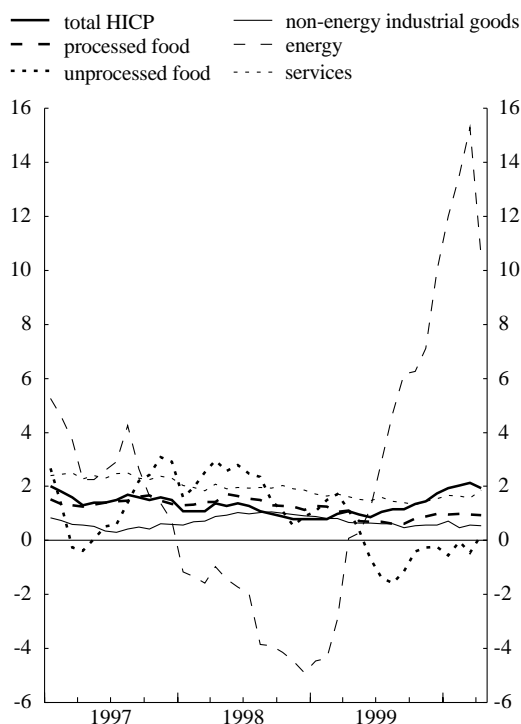
In addition to energy prices, processed food prices contributed, albeit marginally, to the fall in HICP inflation in April 2000. The year-on-year rate of increase in processed food prices fell from 1.0% in March to 0.9% in April, mainly as a result of developments in some food and alcoholic beverage prices.

By contrast, the annual rate of change in services and unprocessed food prices rose noticeably from March to April 2000 (see Chart 13). The annual rate of increase in services prices rose from 1.6% in March to 1.9% in April. This mainly reflects developments in package holiday prices and,

to a lesser extent, passenger transport by air and accommodation services prices. While developments in these sub-indices tend to be

### Chart 13 Breakdown of HICP inflation in the euro area by components

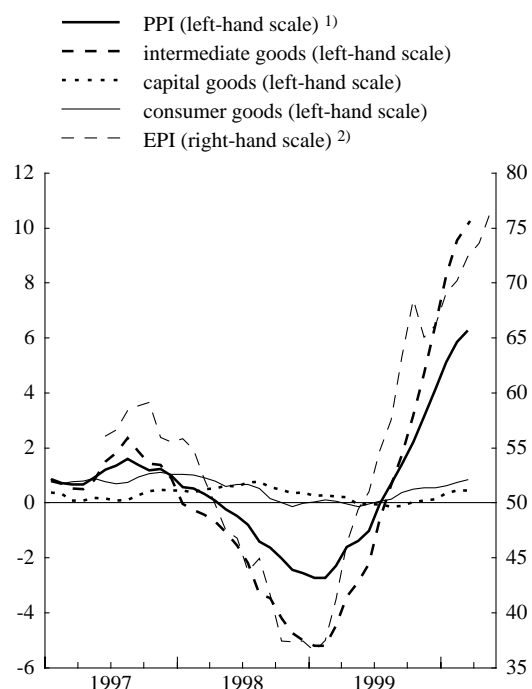
(annual percentage changes; monthly data)



Source: Eurostat.

volatile, the annual rate of increase in most passenger transport services price items has risen in recent months, possibly indicating a pass-through of the substantial rise in energy prices since early 1999. The year-on-year rate of change in unprocessed food prices rose from -0.5% in March 2000 to 0.2% in April 2000, a pattern which is seen in all unprocessed food price sub-items. Finally, the annual rate of increase in non-energy industrial goods prices remained unchanged from March to April 2000 at 0.6%. As a result of developments in services prices, the year-on-year increase in the HICP excluding seasonal food and energy rose from 1.1% in March to 1.2% in April 2000.

**Chart 14**  
**Producer prices and manufacturing input prices for the euro area**  
*(monthly data)*



Sources: Eurostat and Reuters.

- 1) Industrial producer prices; annual percentage changes; excluding construction.
- 2) Eurozone Price Index, manufacturing input prices from the Purchasing Managers' Survey. An index value above 50 indicates an increase in manufacturing input prices, whereas a value below 50 indicates a decrease.

### Producer prices reflect exchange rate and oil price developments

The annual rate of increase in euro area industrial producer prices rose from 5.9% in February 2000 to 6.3% in March 2000, thus continuing the steady upward trend in euro area producer prices, which reflects the strong increase in oil prices as well as the depreciation of the euro. As in previous months, the increase in March was mainly attributable to developments in intermediate goods prices. The annual rate of increase in intermediate goods prices rose from 9.6% in February to 10.2% in March, representing a new record high since the beginning of the 1990s. By contrast with the very high annual increase in intermediate goods prices, the annual rate of increase in capital and consumer goods prices has remained relatively low (at 0.5% and 0.8% respectively), even though they have followed a slight upward trend over recent months (see Chart 14). This provides some support for the view that higher intermediate goods prices are having an upward impact on final industrial goods prices further along the production chain.

### Unit labour cost growth remained modest in 1999

The annual rate of increase in total hourly labour costs in the whole economy in the fourth quarter of 1999 has been revised upwards to 2.4% from a previous estimate of 2.2%. However, unit labour cost growth slowed to 0.4% year-on-year in the fourth quarter of 1999, from 0.9% in the third quarter, owing to a cyclical increase in productivity growth. Available information on wage bargaining suggests that negotiated wages in the euro area will increase moderately in 2000. For further information on the prospects for price and wage developments, see Box 4, which is entitled "A review of economic prospects for the euro area up to 2001", in the "Output, demand and labour market developments" section.

### 3 Output, demand and labour market developments

#### Available evidence suggests continued strong output growth in early 2000

For the euro area as a whole, the first estimate of real GDP growth for the first quarter of 2000 was scheduled for release by Eurostat after the cut-off date for this issue of the ECB Monthly Bulletin. However, available national data suggest that output growth continued in the first quarter, albeit at a slightly slower pace than that recorded in the latter part of 1999. Quarter-on-quarter growth in real GDP in the final quarter of 1999 is currently estimated to have been 0.8%, following an increase of 1.0% in the previous quarter (see Table 5). Output growth in the second half of last year was thus around  $\frac{1}{4}$  percentage point stronger (quarter-on-quarter) than in the first half of the year. This higher rate of growth was largely attributable to the improvement in net exports, while the other main component of expenditure which supported growth was private consumption. Owing to the stronger performance in the second half of 1999, real

GDP growth for the year as a whole stood at 2.4%, i.e. only slightly below the rate recorded in the previous year (at 2.7%).

Looking ahead, net exports appear to be set to continue to provide a stimulus to growth, owing to a combination of robust world growth and the lagged effect of the lower effective exchange rate of the euro. However, domestic demand is also expected to maintain or even increase its pace. The prospects for the euro area over the next one to two years are considered in further detail in Box 4.

#### Industrial production growth moderated in the first quarter of 2000

The latest estimates of industrial production in the euro area, which now extend to March 2000 and thus cover the first quarter of 2000, indicate a somewhat lower rate of growth than that observed in the autumn of last year. Excluding construction, industrial production

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

(percentage changes, unless otherwise indicated; seasonally adjusted)

	Annual rates <sup>1)</sup>								Quarterly rates <sup>2)</sup>				
	1997	1998	1999	1998	1999	1999	1999	1999	1998	1999	1999	1999	1999
				Q4	Q1	Q2	Q3	Q4	Q4	Q1	Q2	Q3	Q4
Real gross domestic product of which:	2.3	2.7	2.4	2.0	1.9	2.0	2.5	3.1	0.3	0.7	0.6	1.0	0.8
Domestic demand	1.7	3.4	2.9	3.3	2.9	2.9	3.0	2.6	1.0	0.8	0.4	0.6	0.7
Private consumption	1.5	3.0	2.5	3.1	2.8	2.4	2.4	2.5	0.6	0.8	0.3	0.7	0.7
Government consumption	0.8	0.9	1.4	1.0	1.5	1.3	1.6	1.4	0.3	1.1	-0.1	0.3	0.2
Gross fixed capital formation	2.1	4.5	4.9	3.9	4.0	5.5	5.1	4.9	0.7	1.8	0.9	1.6	0.5
Changes in inventories <sup>3) 4)</sup>	0.2	0.5	0.1	0.4	0.2	0.1	0.1	-0.2	0.5	-0.2	0.1	-0.2	0.2
Net exports <sup>3)</sup>	0.6	-0.6	-0.4	-1.1	-1.0	-0.9	-0.4	0.5	-0.7	-0.2	0.1	0.4	0.1
Exports <sup>5)</sup>	10.3	6.9	4.4	2.2	0.6	2.3	5.5	9.1	-1.3	0.6	2.6	3.5	2.1
Imports <sup>5)</sup>	8.8	9.4	6.0	6.1	3.8	5.2	7.0	8.0	0.9	1.1	2.4	2.4	1.8

Sources: Eurostat and ECB calculations.

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

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

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

4) Including acquisitions less disposals of valuables.

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



## Box 4

### A review of economic prospects for the euro area up to 2001

Over the past few months new and revised forecasts concerning the economic prospects for the euro area up to 2001 have been made available by the European Commission, the IMF and the OECD. To these can be added the latest results from the Consensus Economics forecasts and the Survey of Professional Forecasters compiled by the ECB. The currently available forecasts generally incorporate an upward revision of expected economic growth in 2000 and 2001, compared with the projections made at the end of last year and earlier this year (see Box 6 and Box 5 in the December 1999 and March 2000 issues of the ECB Monthly Bulletin respectively). At the same time, average consumer price inflation is now forecast to be higher this year and next year than previously anticipated. This box discusses the projections for euro area growth and inflation in more detail. It should be borne in mind that the forecasts referred to in this box are “central projections” surrounded by a certain degree of uncertainty. Moreover, they have been prepared and finalised at specific points in time, and they are conditional upon the precise assumptions made, for example, for interest rates and exchange rates. This applies both to the starting values prevailing at the time of preparing the respective forecasts and to the assumed path of these variables over the forecast horizon. In a number of cases, the forecast results are derived on the assumption of rising short-term interest rates and of an euro exchange rate higher than recent market values. Oil price assumptions used also vary greatly between forecasts.

#### Comparison of growth and inflation forecasts for the euro area

(annual percentage changes)

	Finalised in	Real GDP		Consumer prices	
		2000	2001	2000	2001
European Commission <sup>1)</sup>	Apr. 2000	3.4	3.1	1.8	1.7
IMF <sup>2)</sup>	Apr. 2000	3.2	3.2	1.7	1.6
OECD <sup>2)</sup>	May 2000	3.5	3.3	2.0	2.0
Consensus Economics <sup>3)</sup>	May 2000	3.3	3.1	1.7	1.7
Survey of Professional Forecasters <sup>1)</sup>	May 2000	3.3	3.1	1.9	1.8

Sources: European Commission; IMF World Economic Outlook; OECD preliminary Economic Outlook; Consensus Economics and Survey of Professional Forecasters.

1) Inflation forecast based on HICP.

2) Inflation forecast based on the private consumption deflator.

3) Inflation forecast based on CPI (excluding data for Luxembourg, which are unavailable).

#### Real GDP growth forecast to be above 3% in 2000 and 2001

The currently available forecasts point to a broad consensus that real GDP growth in the euro area will be well above 3% in 2000 and still somewhat above 3% in 2001 (see the table above), rather than slightly below 3%, as was expected at the end of last year. On average, forecasts have been revised upwards by around ½ percentage point since then. With regard to the pattern of growth over the forecast period, the projections imply continued expansion, following the strengthening of growth in the second half of 1999.

The improved outlook for euro area growth emerging from the available forecasts can be seen as reflecting favourable conditions on both the domestic and the external side. First, in broad terms, the prospects for sustained strong growth in domestic demand are supported by the fact that confidence indicators are currently at their record highs and that credit growth has remained strong. Profitability can be expected to benefit from the current upturn as wage growth is expected to remain relatively moderate, while capacity utilisation rates will increase. Consistent with this, household incomes would benefit from ongoing strong employment growth and from increased non-wage incomes related to higher profitability. These factors should underpin

growth in private consumption and investment over the forecast horizon. Second, the stronger expansion of the global economy than was previously expected, combined with the low level of the euro's effective exchange rate in recent months, should contribute to rapid growth in exports.

The uncertainties surrounding the projections for real GDP growth in the euro area are seen by most international forecasters as coming mainly from the external environment. The biggest downside risk to growth still appears to be linked to the possibility of a pronounced slowdown in the US economy and the ensuing negative effects on the growth of the world economy. This risk might be considered as being mitigated by the possibility that growth in other areas of the world could turn out to be stronger than currently expected. More generally, some uncertainty about the external demand effects of world growth on euro area growth is related to forthcoming developments in the exchange rate of the euro in relation to the specific assumptions in the respective forecasts. On the domestic side, the latest forecasts tend to point to upside risks to growth.

#### **Consumer price inflation forecast to be close to 2% in 2000 and 2001**

According to the forecasts currently available, euro area inflation in 2000 and 2001 will be higher than expected at the end of last year. More specifically, following the low out-turn in 1999 of just above 1%, consumer prices are now expected to increase by close to 2% on average in each of the two forecast years (see the table above), compared with the rate of increase of around 1.5% projected at the end of last year. Part of the expected rise in inflation in 2000 is attributable to developments in oil prices in recent months. However, inflation excluding energy prices is also expected to rise steadily throughout the forecast period, essentially reflecting increasing demand pressures.

The pattern of overall consumer price inflation in 2000 and 2001 emerging from the available forecasts reflects both external and domestic influences. In the past few months import prices have accelerated rapidly on account of increasing oil prices and a depreciating exchange rate of the euro and they are expected to put further upward pressure on consumer prices as importers gradually pass through these effects. There is a certain degree of uncertainty in the forecasts for consumer price inflation related to the behaviour of oil prices and the exchange rate of the euro. In recent weeks oil prices are likely to have been stronger than had been assumed in many of the published forecasts, and the euro's exchange rate has been somewhat lower, despite its appreciation in late May and early June. If maintained, these factors will result in further upward pressures on consumer prices compared with the projections shown in the table. Deregulation and increased competition are noted as possible sources of downward pressure on consumer prices, but the strength of these effects is generally difficult to assess in quantitative terms.

In the context of the prospects for strong economic growth in the euro area, the more lasting effects of higher import price inflation on the rate of increase in consumer prices come via domestic factors. Reflecting the outcome of recent negotiations, currently available forecasts expect wages to grow relatively moderately over most of the forecast period up to 2001. Together with planned reductions in social security contributions and strong cyclical growth in productivity, this should result in modest increases in unit labour costs, particularly in 2000. Under these conditions, the forecasts imply that the main upward pressure on consumer prices will come from firms raising or restoring profit margins as a result of tighter demand conditions or higher cost pressures from import prices.

Overall, the consensus view regarding the economic prospects for the euro area in 2000 and 2001 emerging from currently available forecasts is that of strong economic growth in an environment in which inflation is expected to be close to 2%. However, it is important to recall that the forecast results are mostly derived on the assumption of a rise in short-term interest rates compared with the levels prevailing at the time of preparing the respective forecasts and of an euro exchange rate higher than current market values. Without these assumptions, forecasts for inflation would most likely have been higher.

Reflecting the strong economic growth and expectations of moderate wage growth anticipated by most forecasts, employment growth in 2000 and 2001 is mostly projected to remain strong and the unemployment rate to fall further over the two forecast years. The government budget deficit ratio is generally expected to decline slightly over the forecast period. However, the forecasts also imply that at the end of the period the unemployment rate will still be higher than at the beginning of the 1990s and that the fiscal stance is expansionary. Hence, while the outlook for the euro area economy is indeed favourable, the available forecasts point to a need for further efforts, notably in the area of structural reforms and fiscal consolidation. If accompanied by appropriate policies, this favourable outlook could extend into a period of sustained strong growth and stable prices.

is estimated to have risen by 1.1% in the first quarter of this year, compared with a quarter-on-quarter increase of 1.5% in the fourth quarter of 1999 (see Table 6). Manufacturing production also rose by just over 1% in the first quarter of 2000. There has thus been a gradual slowdown in the rate of increase in manufacturing production since late 1999.

Underlying developments in total manufacturing production, there has been some divergence among the main components. In particular, while production in the capital goods sectors is estimated to have increased in the first quarter of 2000 by 2.3%, production in the intermediate and consumer goods sectors has risen by 1.1% and 0.3% respectively. In the non-durable

goods sector production has declined by 2.2%. While there may be further revisions, the latest data appear to be broadly consistent with the pattern of recent increases in activity in the industrial sector over the past few months.

#### Further increase in industrial and consumer confidence

Both industrial and consumer confidence have risen to record high levels over the past few months (see Table 7). Industrial confidence has increased significantly from below its long-term average at the start of 1999 to reach a level in May 2000 equal to that seen in mid-1989, the highest level recorded since the start of the series in 1985. The further

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

(annual percentage changes, unless otherwise indicated)

	1998	1999	2000			2000			1999			2000	
			Jan.	Feb.	Mar.	Jan.	Feb.	Mar.	Oct.	Nov.	Dec.	Jan.	Feb.
	month-on-month						three-month moving averages						
Total industry excl. construct.	4.3	1.8	3.2	5.6	5.0	0.1	0.8	0.6	1.5	1.5	1.2	1.0	1.1
Manufacturing	4.8	1.8	3.3	6.5	5.3	-0.5	1.6	0.1	1.2	1.3	1.1	1.2	1.1
<i>by main industrial groupings:</i>													
Intermediate goods	4.0	2.2	4.3	6.5	5.4	-0.4	1.4	0.3	1.7	1.8	1.6	1.3	1.1
Capital goods	7.0	1.6	5.9	7.6	8.1	0.9	0.6	0.7	1.6	1.6	1.8	2.0	2.3
Consumer goods	3.3	2.1	0.7	5.0	3.8	-1.4	2.7	0.0	0.8	0.9	0.2	0.3	0.3
Durable consumer goods	6.2	3.4	7.1	10.9	9.8	1.1	2.5	0.1	0.5	0.9	1.1	3.4	3.8
Non-durable consumer goods	1.8	1.7	-1.5	1.5	0.5	-3.9	1.7	1.2	0.9	0.9	-0.5	-1.5	-2.2

Sources: Eurostat and ECB calculations.

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

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

	1997	1998	1999	1999 Q2	1999 Q3	1999 Q4	2000 Q1	1999 Dec.	2000 Jan.	2000 Feb.	2000 Mar.	2000 Apr.	2000 May
Economic sentiment index <sup>1)</sup>	2.4	2.7	-0.2	-0.6	0.1	0.9	1.0	0.1	0.4	0.4	0.1	0.0	0.0
Consumer confidence indicator <sup>2)</sup>	-4	6	9	7	7	10	11	10	10	11	11	11	12
Industrial confidence indicator <sup>2)</sup>	3	6	0	-3	1	6	10	7	8	10	11	12	13
Construction confidence indicator <sup>2)</sup>	-11	3	15	15	15	19	22	18	24	20	22	24	23
Retail confidence indicator <sup>2)</sup>	-4	2	0	1	-2	-2	5	3	3	2	10	2	8
Capacity utilisation (%) <sup>3)</sup>	81.4	82.9	82.0	81.7	81.8	82.5	83.4	-	83.0	-	-	83.7	-

Source: European Commission Business and Consumer Surveys.

1) Percentage changes compared with the previous period.

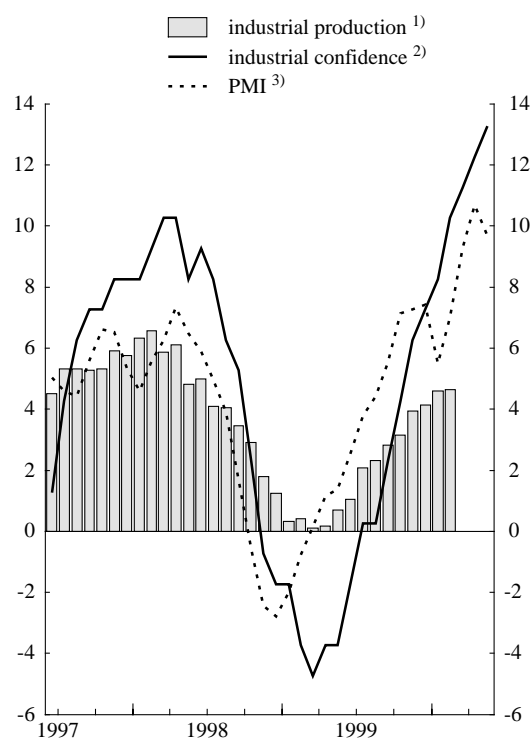
2) Percentage balances; data shown are calculated as deviations from the average over the period since January 1985.

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

increase in industrial confidence in May 2000 was broadly based, being reflected in all three components (i.e. a more positive assessment of order books and production expectations and a decline in stocks of finished products).

The strong recovery evident in industrial confidence has also been reflected in the results of the Purchasing Managers' Index (PMI) for the euro area manufacturing sector. In May 2000 the PMI fell only slightly (to 59.7), after reaching a record high in the previous month. With the exception of suppliers' delivery times, which lengthened slightly for the fourth consecutive month, all other components (i.e. changes in output, new orders, employment and stocks of purchased goods) fell back somewhat. However, given that the PMI remains well above 50 (the value at which no change in the variable is signalled), these latest results point to further industrial production growth (see Chart 15).

Consumer confidence also rose in May 2000 to a new record high level, after having remained unchanged for the previous three consecutive months. Movements in the components of the overall consumer confidence indicator partly offset one another; those relating to the financial situation of households and the general

**Chart 15****Industrial production, industrial confidence and the PMI for the euro area**

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

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

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

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

economic situation over the past 12 months, taken together, were slightly more positive, as was the willingness to make major purchases at present, while those relating to the assessment of the financial situation and the general economic situation over the next 12 months, combined, were slightly less positive.

### Slower rate of growth in retail sales

Since the May issue of the ECB Monthly Bulletin, Eurostat has released data on retail trade turnover in the euro area for February and March 2000. According to the latest information, total retail trade rose by 1.6% in the first quarter of 2000 compared with the first quarter of 1999, a lower rate of growth than in the previous quarter (at 3.1%). In the latest three-month period the rate of increase in sales of food, beverages and tobacco continued to outstrip that of non-food products (see Chart 16). The former is estimated to have risen by 2.8%, compared with a decline of 0.1% in the latter. The latest data should, however, be treated with some caution. The fall in retail sales recorded in March is likely to be at least partly attributable to the late timing of Easter this year. Moreover, it should also be noted that the latest estimates of area-wide retail sales are based on a limited set of data at the national level (covering only around 70% of retail trade in the euro area).

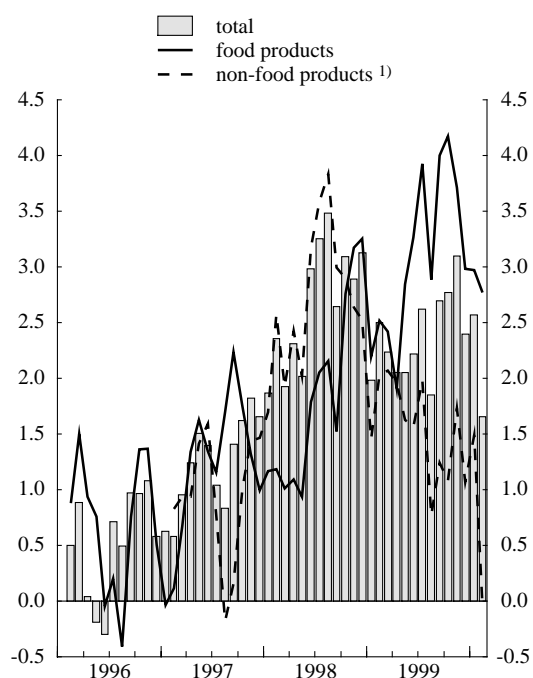
While the rate of growth in retail sales trade appears to have been lower in recent months, retail confidence has improved, according to the data released by the European Commission. Although volatile, both the assessment of the present business situation and production expectations have risen markedly since mid-1999, and there has also been a modest reduction in the volume of stocks.

A further indication of recent developments in consumption in the euro area is given by passenger car registrations (see the data presented in Table 5.2 in the "Euro area

**Chart 16**

### Retail sales in the euro area

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



Source: Eurostat.

Note: Total retail trade turnover at constant prices; excluding motor vehicles, motorcycles and the repair of personal and household goods. Annual percentage changes are calculated by using data adjusted for variations in the number of working days.

1) Owing to the unavailability of some national components, the series only starts from January 1996.

statistics" section of the ECB Monthly Bulletin). Data up to April 2000 indicate some recovery since last year, with the average rate of increase in the latest three-month period, at 3.5%, significantly above that recorded at the end of last year.

Overall, the pace of growth in economic activity in the euro area in the early part of 2000 appears to have been broadly sustained. A further increase has been recorded in production in the industrial sector and both business and consumer confidence have been maintained at high levels. Taken together, the latest available evidence suggests a continuation of the present economic expansion, supported by both domestic and external demand.

### Preliminary indications of slightly higher employment growth

Employment figures in the euro area were revised upwards slightly in the last quarter of 1999 owing to a small revision of national components. Quarter-on-quarter employment growth is now estimated to have stood at 0.4% in the fourth quarter of 1999, compared with the previous estimate of 0.3%. This revision reflects an increase in the pace of net job creation in the last quarter of 1999, compared with the previous two quarters (see Table 8). Furthermore, preliminary estimates based on national data already available suggest a similar quarterly rate of growth in the first quarter of 2000. This appears to be consistent with a lagged effect of the strengthening of economic activity on employment growth and lends support to the positive employment outlook for the current year.

At the sectoral level, a recent Eurostat release for the first quarter of 2000 shows 0.1% growth in industry excluding construction, confirming the signs of improvement in total industry observed in the last quarter of 1999. The improvement in the fourth quarter is largely explained by a recovery in the manufacturing sector, together with a continuing positive contribution from the construction sector. In the last quarter of 1999 net job creation in

the manufacturing sector was slightly positive for the first time that year. At the same time, employment in construction grew by 0.5%, i.e. slightly below the rate recorded in the previous quarter. According to available national accounts data, in the fourth quarter of 1999 the services sector is estimated to have created as many net jobs, in annual terms, as in the previous quarter.

### Favourable employment expectations in industry and services

Employment expectations as seen in the European Commission Business Surveys support the overall positive outlook for employment developments in the first half of 2000. Across all sectors for which they are available, employment expectations were above their historical average in the second half of 1999 and have further increased since then. In the manufacturing sector, where employment expectations have shown some leading indicator properties vis-à-vis actual employment, they have improved continuously since the turning-point in mid-1999 (see Chart 17). In May 2000 employment expectations in the construction sector also reached a level well above their average for the 1990s. Finally, employment expectations for retail trade up to May 2000 compared positively with those of previous months (see Chart 18). Similarly, results for the first

**Table 8**  
**Employment growth in the euro area**  
(annual percentage changes, unless otherwise indicated)

	1998	1999	1999	1999	1999	2000	1999	1999	1999	2000	2000	2000	2000
			Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Jan.	Feb.	Mar.
	Quarterly rates <sup>1)</sup>												
Whole economy <sup>2)</sup>	1.4	1.5	1.6	1.4	1.3	.	0.3	0.3	0.4	.	-	-	-
Total industry	0.3	0.2	0.3	0.1	0.0	.	0.0	0.0	0.1	.	.	.	.
Construction	0.3	3.0	3.4	3.6	2.1	.	0.1	0.6	0.5	.	2.1	2.3	.
Total industry excl. construct.	0.4	-0.5	-0.5	-0.7	-0.5	-0.2	-0.2	-0.1	0.0	0.1	-0.3	-0.1	-0.2
Manufacturing	0.8	-0.3	-0.4	-0.5	-0.3	.	-0.3	0.0	0.1	.	-0.1	0.0	.

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

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

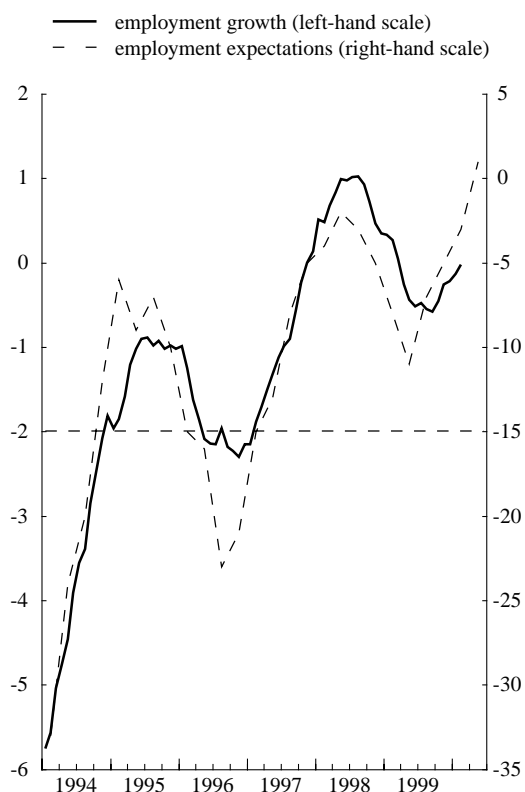
2) Excluding Belgium and Ireland; seasonally adjusted.

quarter of 2000 from the Purchasing Managers' Survey also suggest a favourable outlook for employment in the services sector.

It is worth noting that the strengthening of actual employment growth and the favourable employment expectations described above occur against a background of sustained growth in the labour force. Female participation rates have continued to rise in line with a longer-term upward trend, while male participation rates have also substantially increased over the past few years, reversing an earlier trend decline. (For a more detailed analysis, see Box 5.)

### Chart 17 Employment growth and employment expectations in manufacturing in the euro area

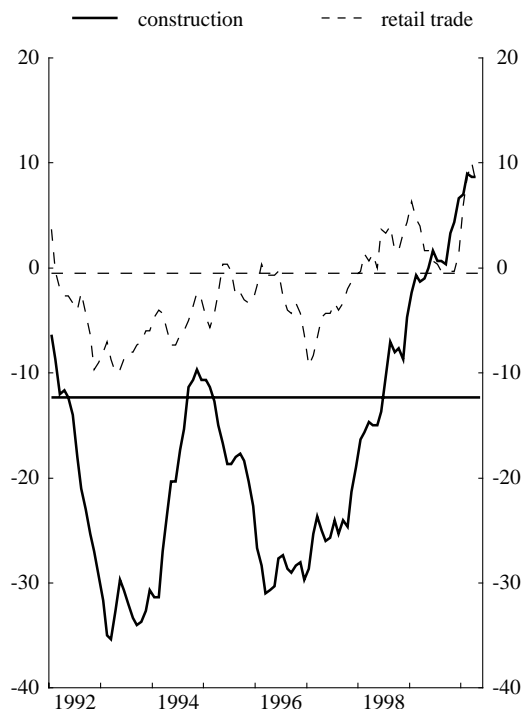
(annual percentage changes; percentage balances for employment expectations)



Sources: Eurostat and European Commission Business and Consumer Surveys.  
Note: The horizontal line is the average of employment expectations over the period from 1985.

### Chart 18 Employment expectations in the euro area

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



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

### The unemployment rate continued to fall in April 2000

In parallel with employment growth, unemployment has continued to decline (see Chart 19). In April 2000 the standardised rate of unemployment in the euro area stood at 9.2%, i.e. 0.1 percentage point below the rate recorded in March 2000 (see Table 9). The decline in the unemployment rate for the euro area has continued at a regular pace since the beginning of the year. This continuous downward trend in unemployment also points to an improvement in labour market conditions in the early part of 2000, which is expected to continue over the coming months.

The breakdown by age shows that the unemployment rate of both those under 25 years of age and those over 25 years fell in

**Table 9****Unemployment in the euro area***(as a percentage of the labour force; seasonally adjusted)*

	1997	1998	1999	1999	1999	1999	2000	1999	1999	2000	2000	2000	2000
				Q2	Q3	Q4	Q1	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.
Total	11.6	10.9	9.9	10.0	9.9	9.6	9.4	9.6	9.6	9.5	9.4	9.3	9.2
Under 25 years <sup>1)</sup>	23.2	21.3	19.0	19.2	18.8	18.0	17.7	18.0	17.8	17.8	17.7	17.5	17.2
25 years and over <sup>2)</sup>	9.9	9.4	8.7	8.8	8.7	8.5	8.3	8.5	8.4	8.4	8.3	8.2	8.2

Source: Eurostat.

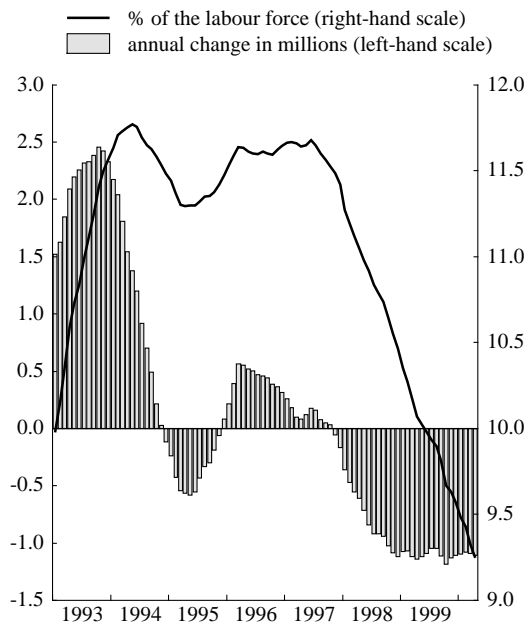
Note: According to ILO recommendations.

1) In 1999 this category represented 23.1% of total unemployment.

2) In 1999 this category represented 76.9% of total unemployment.

April 2000. The unemployment rate of the former stood at 17.2% in April 2000, which corresponds to a fall of 0.3 percentage point compared with the previous month and 0.6 percentage point since the beginning of the year. This recent development contrasts with the relative slowdown in the decline of unemployment recorded between November

1999 and February 2000 for the same age group. The unemployment rate for those over 25 years of age stood at 8.2% in April 2000, almost 0.1 percentage point below the rate recorded in March 2000 and a fall of 0.2 percentage point since the beginning of the year. Despite a weaker improvement in April 2000, which was not noticeable as a result of rounding effects, the unemployment rate for those over 25 years of age continues to be on a slightly downward trend. At the national level, unemployment has declined in almost all euro area countries, especially in those in which the rate of unemployment has been highest.

**Chart 19****Unemployment in the euro area***(monthly data; seasonally adjusted)*

Source: Eurostat.

In summary, the overall labour market outlook for the year 2000 appears to be positive for the euro area, with a continuously declining unemployment rate and improving employment prospects, together with a growing labour force. The moderate negotiated wage increases for this year should contribute towards supporting these favourable developments, as long as actual wage developments remain in line with wage settlements. In the longer term, sustained efforts towards achieving structural reforms and appropriate wage developments will be two key factors in consolidating the gains in employment and in continuing to reduce unemployment.



## Box 5

### Labour force developments in the euro area <sup>1</sup>

According to the recently released Eurostat Labour Force Survey, which covers all European Union Member States, labour force growth in the euro area is estimated to have been 0.8% in 1999. This is the same figure, as that for labour force growth on average in recent years, i.e. 1996-99, and it is expected to continue to grow at a similar rate this year.

In order to put labour force growth and its determinants in the relevant analytical context, the top part of the table shows developments in the labour force in the euro area as determined by working-age population growth and the participation rate, on the one hand, and as reflected in developments in employment and unemployment, on the other. Three recent periods have been considered: 1986-90, 1992-95 and 1996-99. 1991 has been excluded on account of a break in the series owing to German unification. While the first and third periods were ones of economic expansion, the second was characterised by a recession. Over the whole period population growth, which can be considered as exogenous, was on a downward trend. The participation rate fell slightly in the early 1990s; however, it shows an upward trend for the period as a whole and has been positively related to the economic situation. In response to these driving forces, labour force growth slowed down to 0.1% on average between 1992 and 1995, after having recorded an average rate of 1.3% in the previous period, only to resume its growth again in recent years. At the same time, from the point of view of labour force components, i.e. employment and unemployment, they moved in opposite directions over the three periods. Employment growth, in response to economic strengthening, absorbed the increasing labour force in the expansionary periods, leading to unemployment reductions. During the recession the fall in employment, together with the slight increase in the labour force, implied a significant increase in unemployment.

There is evidence that labour force growth responds to the situation of the economy through the participation rate. The argument is that strong economic growth leads to a fall in the unemployment rate, which gives a positive signal to those not participating in the labour market, i.e. not working and not seeking a job, while an economic slowdown tends to discourage potential workers from participating at all. However, changes in the population also play a role, both in terms of growth and composition. Furthermore, it is also important to look at developments by gender, owing to the different trends in participation rates.

#### Changes in participation rates have dominated demographic changes in recent years

Changes in the labour force can be categorised according to two effects: effects of population growth, which take into consideration changes in population for a given participation rate, and those of changes in labour force participation, via changes in the activity rate for a given population. The results indicate that over the past few years (1996-99) the effect of changes in the participation rate has dominated the growth of the population, contributing by 0.6 and 0.2 percentage point respectively to the change in the labour force (see the table below). This contrasts with the end of the 1980s, when the two effects were more similar (i.e. a contribution of 0.8 and 0.5 percentage point respectively). Finally, during the period of recession, i.e. the first part of the 1990s, the small increase in the labour force was fully explained by population growth, which counterbalanced the slightly negative contribution from the fall in the participation rate.

Apart from population growth, in order to explain labour force developments it is also important to focus on changes in the composition of population. From 1986 to 1999 both changes in the composition of the population and changes in participation rates among age groups seem to have been relevant in terms of labour force developments. Middle age categories, which have the highest rates of participation, increased their

<sup>1</sup> Only data for Germany, France, Italy, Spain and the Netherlands are available for the reference period. These countries added up to 86% of the euro area labour force in 1999.

## Population, participation rate and labour force in the euro area

(average percentage change of the reference period)

	1986-90	1992-95	1996-99
<b>Total</b>			
Population growth	0.6	0.3	0.2
Participation rate	63.8	65.0	65.9
Change in the participation rate	0.4	-0.1	0.4
Employment growth	1.7	-0.8	1.1
Unemployment growth	-2.0	7.9	-1.2
Labour force growth	1.3	0.1	0.8
Population growth effect <sup>1)</sup>	0.5	0.1	0.2
Participation rate change effect <sup>1)</sup>	0.8	0.0	0.6
<b>Males</b>			
Labour force growth	0.6	-0.2	0.4
Population growth effect <sup>1)</sup>	0.7	0.2	0.1
Participation rate change effect <sup>1)</sup>	-0.1	-0.4	0.3
Participation rate	78.8	76.7	76.5
Change in the participation rate	-0.1	-0.6	0.2
<b>Females</b>			
Labour force growth	2.4	0.9	1.3
Population growth effect <sup>1)</sup>	0.4	0.2	0.1
Participation rate change effect <sup>1)</sup>	2.0	0.7	1.2
Participation rate	49.0	53.3	55.4
Change in the participation rate	0.9	0.3	0.7

Sources: Eurostat and ECB calculations.

Note: Results for 1991 are not included owing to a break in the German data.

1) Contributions to labour force growth.

relative weight in the population. At the same time, all age categories experienced an increase in labour force participation, with the exception of the youngest and the oldest. One possibility for examining the importance of population composition in relation to changes in participation is to calculate the participation rate of the whole economy using 1986 population weights and the observed participation rates in 1999 using a breakdown by age and gender. The results indicate that the current participation rates alone cannot explain the increase in the labour force, although these again appear to be more important than changes in population. Moreover, the effect of participation rates is comparatively more significant in the second half of the 1990s than in the second half of the 1980s.

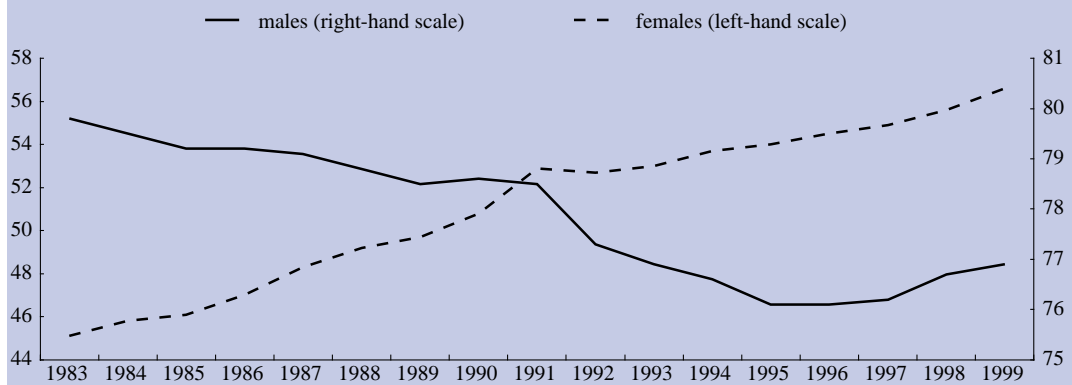
### Male participation rates have increased over the past few years

The decomposition of labour force growth showing the effect of population growth and participation rate changes for a breakdown by gender reveals two different forms of behaviour. On the one hand, the female labour force has grown over all three periods, basically as a result of the effect of growing participation rates, which contribute by between 0.7 and 2.0 percentage point to labour force growth, while population growth effects are much less significant. On the other hand, the male labour force grew in the previous 1986-90 period owing to population growth effects. However, as shown in the chart below, male participation behaviour in the recent past (1996-99) has changed and the increasing participation rate has mainly been responsible for the growth of the labour force. Indeed, since the early 1980s male participation had been decreasing constantly, falling more strongly during the recession, while in recent years it has started to increase

(rising by 0.2 percentage point on average). By contrast, female participation has increased throughout all three periods. The breakdown by gender and age group indicates that changes in male participation rates between the two expansionary periods are mainly identified in the youngest and oldest population groups, while the increase in female participation rates is broadly based among age groups in both periods, although it was less intense in the second period.

### Participation rates by gender in the euro area

(as a percentage of the total population by gender; annual data)



Sources: Eurostat and ECB calculations.

In summary, in terms of explaining labour force developments, changes in participation have been more significant in recent years than changes in population, by contrast with the end of the 1980s. In addition, although females continue to be the main contributors to the labour force increase, it is important to note that over the past few years males have gained some weight in explaining this increase, owing to a rise in male participation rates after some years of a continuous downward trend.

## 4 Fiscal developments

### Budgetary balances improve further, however a pro-cyclical bias in fiscal policies is envisaged in 2000 and 2001

Government balances are expected to improve in 2000 and 2001, however at a slow-moving pace. According to the latest forecasts published by international organisations, the euro area deficit in 2000 is projected to be, on average, 1% of GDP, down from 1.2% in 1999 (see Table 10). A further marginal improvement is envisaged for 2001, although budgetary prospects in a number of countries are likely to worsen. The euro area primary surplus is forecast by the European Commission to remain stable at 3.1% of GDP over the period from 1999 to 2001. Budgetary projections are somewhat more optimistic than the targets set by Member States' updated stability programmes, as the cyclical upswing has been more buoyant than expected.

However, the outlook for improving overall balances masks a slight deterioration in underlying budgetary positions (see Chart 20). European Commission estimates suggest that the structural budget deficit will deteriorate from 0.7% in 1999 to 1.0% in 2001. This

outlook would imply that no further fiscal consolidation at the aggregate level is expected over this period, in which only two countries envisage active fiscal tightening. Furthermore, the deterioration in the structural budget balance of the euro area indicates both a pause in the process of achieving budgetary positions close to balance or in surplus and a pro-cyclical loosening of the fiscal policy stance.

In 2000 and 2001 the revenues ratio is expected to fall by 1.5 percentage points from the historical high recorded in 1999 as a result of cuts in direct taxes and social security contribution rates in most euro area countries (see Chart 21, in which a reduction in expenditure as a percentage of GDP or an increase in the receipts ratio are depicted as a positive contribution to changes in the budget balance ratio). Expanding tax bases (owing to strong growth and institutional changes), increasing efficiency in tax collection and rising indirect taxes will partially compensate for the revenue loss arising from lower tax rates on households and corporations. Direct taxes and social security contributions are forecast to decrease as a percentage of GDP, while indirect taxes are

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

(as a percentage of GDP)

		1999	2000	2001
<b>Budget balance</b>	European Commission <sup>1)</sup>	-1.2	-0.9	-0.8
	OECD <sup>2)</sup>	-1.2	-1.0	-0.9
	Updated stability programmes <sup>3)</sup>	-1.4	-1.1	-1.0
<b>Structural budget balance</b>	European Commission <sup>1)</sup>	-0.7	-0.9	-1.0
	OECD <sup>2)</sup>	-0.7	-0.9	-1.3
	Updated stability programmes <sup>3)</sup>	-	-	-
<b>Primary budget balance</b>	European Commission <sup>1)</sup>	+3.1	+3.1	+3.1
	OECD <sup>2)</sup>	-	-	-
	Updated stability programmes <sup>3)</sup>	+3.0	+3.1	+3.1
<b>Gross debt</b>	European Commission <sup>1)</sup>	72.3	70.5	68.2
	OECD <sup>2)</sup>	-	-	69.2
	Updated stability programmes <sup>3)</sup>	72.4	71.1	69.7

1) *Economic forecasts, spring 2000.*

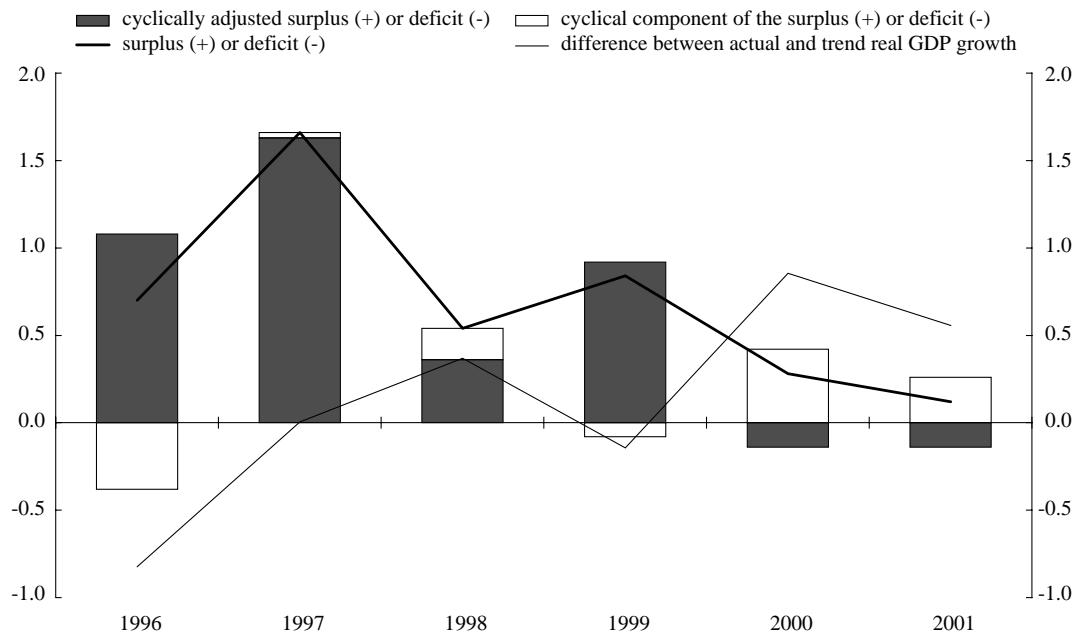
2) *Economic Outlook, preliminary edition, May 2000.*

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

## Chart 20

### Annual changes in the average euro area budgetary position: structural and cyclical components

(in percentage points of GDP)



Source: European Commission.

expected to remain practically stable. The timing, nature and size of tax reductions differ considerably across countries. Tax reforms, however, could result in unexpected revenue shortfalls and recent increases in receipts related to strong oil and asset prices may be transitory.

The ratio of total expenditure to GDP is forecast to decline in the euro area by nearly 2 percentage points in 2000 and 2001. A slow decline in the size of the debt and lower interest rates on refinanced obligations will make a positive contribution, albeit less than in previous years, towards reducing the aggregate expenditure ratio. Both current transfers to households (including unemployment-related outlays) and public consumption are forecast to decline significantly in respect of GDP. Achieving expenditure targets will require tighter control of public spending in the future, especially in the light of the 1999 expenditure overruns experienced in almost half of the euro area countries. Overruns were

concentrated in the social security sector and particularly in the provision of health care. The ability to control spending outside the central government has also proven to be difficult in some countries.

Improving budget balances in Member States together with planned tax and expenditure reforms are clearly a step in the right direction. However, against the background of the current upswing and the planned tax cuts, member countries are not putting enough emphasis on containing discretionary expenditure. This introduces a pro-cyclical bias into their fiscal policies. This bias is inconsistent with the policy framework of the Stability and Growth Pact, which calls for the automatic stabilisers to operate fully over the cycle. Moreover, it comes into conflict with the objective of achieving, as soon as possible, medium-term budgetary positions which are close to balance or in surplus, as laid down by the Stability and Growth Pact. There are also risks of countries achieving only the budgetary targets laid down in their

updated stability programmes, instead of using the cyclical gains to improve on these targets. In this respect, it is worth reiterating the fact that the current opportunity to put public finances on a sounder footing should not be missed. Finally, in a number of countries announced fiscal policies will boost aggregate demand, thus increasing the risks of economic overheating and inflationary pressures.

### Long-term challenges in public finances remain

In addressing impending challenges to public finances, fiscal policy strategies should take due account of the level of public debt and, more generally, the long-term sustainability of public finances before embarking on ambitious tax cutting measures. The public debt ratio is projected by the European Commission to decline at a slow pace in the euro area from 72% in 1999 to 68% by 2001. The ratio still remains high or even very high

in a number of Member States. Moreover, recent reforms in social security systems are only now starting to address the challenges related to the ageing of the population.

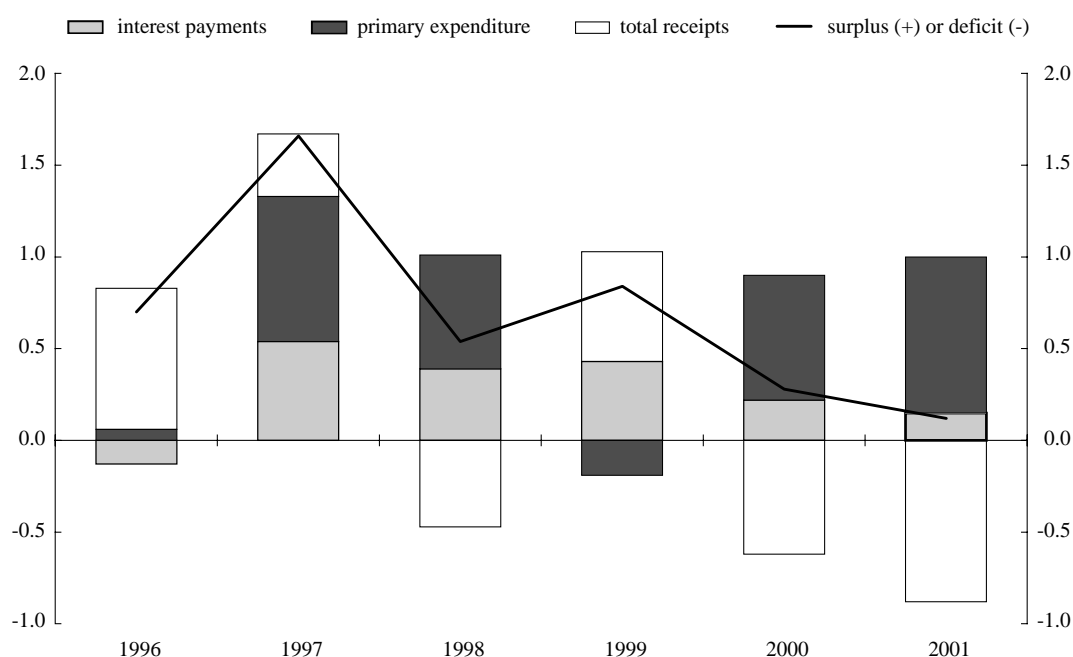
The need both to make further progress in fiscal consolidation and to strengthen the sustainability of public finances is closely linked to the issue of growth-enhancing fiscal structural reform, for the successful introduction of the latter can make a significant contribution to sounder public finances. The current structure and size of government sectors in the euro area is still regarded as having detrimental effects on competitiveness, economic dynamism and growth, and the announced plans will only mitigate some of these effects.

Growth-enhancing tax and expenditure reforms should be high on government agendas. With regard to taxation, high social security contributions, labour income taxes and marginal tax rates are detrimental

## Chart 2 I

### Annual changes in the average euro area budgetary position: contributions of receipts, primary expenditure and interest payments

(in percentage points of GDP)



Source: European Commission.

to work incentives, participation and employment rates, particularly – but not exclusively – at the lower end of the wage scale. The large fiscal burden together with various regulations is also seen as undermining entrepreneurial activity. In terms of public spending, reforms in transfer systems could help to finance tax reforms while encouraging labour force participation. Reductions in public employment could also create room for tax cuts, while at the same time reducing labour market bottlenecks and wage pressures in some countries. A re-prioritisation of existing public spending programmes from less productive to greater growth-enhancing items is also needed to boost both physical and human capital formation.

Such reforms have their greatest effect when a comprehensive rather than a piece-meal approach is followed. They mutually reinforce

one another and create a virtuous circle of incentives promoting growth which, in turn, permits further fiscal consolidation and tax reductions. Structural reform in the public sector, including tax cuts, and fiscal consolidation are complementary objectives. If merely marginal changes were introduced in limited areas, this would give rise to the risk of the beneficial supply side and consolidation effects only being minimal.

Finally, the sequencing of structural fiscal reform is very important. Supply side effects of such reforms are likely to take some time before materialising and risks to fiscal consolidation could arise if countries expect tax cuts to finance themselves fully and immediately through higher growth. Therefore, tax reductions should be accompanied by sufficient compensatory expenditure restraints, particularly at the beginning of the reform process.

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

### **The strong global upswing continues**

Since the March 2000 issue of the ECB Monthly Bulletin was published, the outlook for the global economy has continued to strengthen, as has the euro area's external demand. Developments in major industrialised countries as well as in emerging market economies suggest that the global economy is experiencing a strong upswing likely to carry over into 2001, albeit at a more moderate pace. With regard to the major non-euro area industrialised countries, the record US expansion continued unabated in the first quarter of 2000, although there are some early signs that output growth may moderate over the medium term. In the United Kingdom output growth remained robust in the first quarter driven mainly by buoyant consumer spending. In Japan output recorded slightly positive growth in 1999 and there are indications that the recovery may strengthen gradually in the course of 2000.

With regard to emerging market economies, Asian economies have showed the strongest growth supported by buoyant exports and rising domestic demand. In the largest EU accession countries the outlook is positive, although there are still concerns with regard to sizeable current account deficits in some countries. In Russia the short-term perspectives have improved, yet pending structural reforms are generating uncertainty as to whether the growth may be sustained. In Latin America economic activity is also recovering fully from last year's standstill, although recent volatility in domestic financial markets emphasises the fact that the recovery remains fragile.

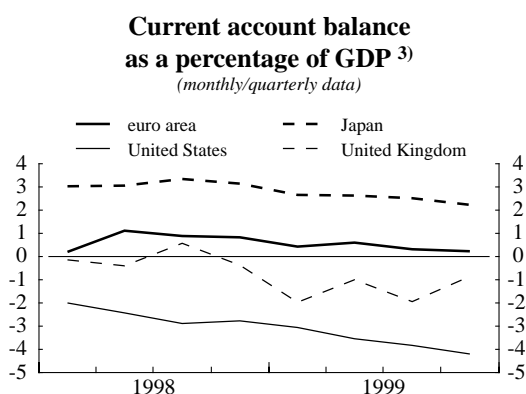
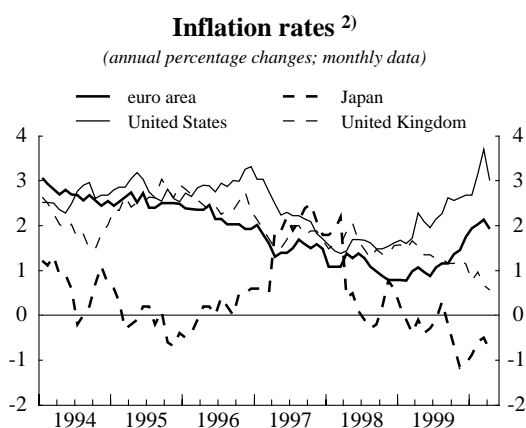
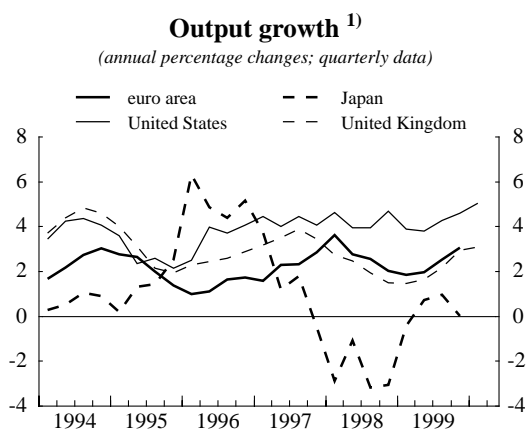
Global inflation has risen and inflationary risks have increased in the context of higher global demand and uncertainty about oil price developments.

In the United States the economy continued to expand strongly as real GDP is estimated to have grown by 1.3% (quarter-on-quarter) in the first quarter of 2000. Personal consumption and business fixed investment expenditure contributed the most to GDP growth in the first quarter, while net exports and inventories made a negative contribution to growth. The remarkable strength of domestic demand during the present expansionary period has led to the widening of the current account deficit to 3.8% of GDP in 1999, from 2.5% in 1998. The external imbalance may widen further in 2000 as the trade deficit increased to USD 86.3 billion in the first quarter of the year compared with USD 51.0 billion in the same quarter a year ago.

Recent coincident and leading indicators provide mixed signals regarding the economy's medium-term outlook. Although growth in retail sales declined somewhat in April 2000, real personal consumption expenditure expanded at a robust rate of 5.5% (year-on-year) in that month, consumer confidence rebounded strongly in May, almost reaching its record high of January 2000, and industrial production recorded its largest monthly gain in almost two years in April 2000. By contrast, the composite index of leading indicators, as computed by the Conference Board, remained almost flat in April 2000 and business confidence weakened to some extent in May 2000, while new orders for durable goods and sales of new homes declined significantly in April. The strongest, yet still tentative, signal of a possible slowdown in economic activity came from unexpectedly weak employment growth in the non-farm business sector in May 2000 and a rise in the unemployment rate to 4.1% in May 2000, from 3.9% in April. Finally, inflation subsided somewhat in April 2000 mainly as a result of lower energy prices – CPI inflation fell from 3.8% (year-on-year) in March to 3.0% in April (see Chart 22).

On 16 May 2000 the Federal Open Market Committee (FOMC) raised its target for the federal funds rate by 50 basis points to 6.5%, stating that “increases in demand have remained in excess of even the rapid pace of

**Chart 22**  
Main developments in major industrialised economies



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

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



productivity-driven gains in potential supply, exerting continued pressure on resources". Against the background of its long-term goals of price stability and sustainable economic growth, and in the light of the information available at the time of the meeting, the FOMC also communicated that the risks were weighted mainly towards conditions that may generate heightened inflation pressures in the foreseeable future.

In Japan the outlook still appears somewhat mixed. Real GDP contracted in the last quarter of 1999, bringing annual average growth to 0.3% for the whole of 1999. However, in the first months of 2000 encouraging economic indicators suggested that the economy is gradually recovering. In the first quarter of the year industrial production increased by 0.8% (quarter-on-quarter), fuelled by higher domestic and external demand for investment goods, such as general and electrical machinery products. Given that the global economic outlook remains positive and business confidence in Japan is improving, as demonstrated by the results of the Tankan survey of March 2000, demand for investment goods is likely to help to sustain the recovery. The fiscal package approved late last year has also helped to boost manufacturing activity, raising public works contracts sharply in the first three months of the year. Nevertheless, caution is warranted when assessing the medium-term outlook, as private consumption growth, despite some discernible signs of improvement, remains a legitimate concern for the sustainability of the Japanese recovery.

Deflationary pressures in Japan as measured by the wholesale price index may have bottomed out after two years of steady decline. Against the background of signs of a recovery in domestic demand, the Bank of Japan is reassessing the conditions under which its 15-month-old "zero interest rate" policy might be abandoned.

In the United Kingdom real GDP expanded by 0.5% (quarter-on-quarter) in the first quarter of 2000 compared with a rise of 0.8%

in the previous quarter. The divergence between output trends in manufacturing and in the services sector re-emerged in early 2000. While the strength of the pound sterling against the euro adversely affected manufacturing output, strong domestic demand buoyed production in the services sector. Robust consumer spending – supported by positive developments in disposable income, housing and financial asset prices – remained the mainstay of domestic demand. Business investment grew by 1.9% (quarter-on-quarter) in the first quarter of the year, led by growth of investment in the services sector which amounted to 2.7% (quarter-on-quarter).

The UK labour market tightened further. Unemployment continued to fall during the first quarter of 2000, as the employment rate and the number of new vacancies continued to increase. Inflation, as measured by the Retail Price Index excluding mortgage interest payments (RPIX), continued to stand below the official target of 2½%. In April 2000 RPIX inflation slowed to 1.9% (year-on-year) compared with 2.0% in March and 2.2% in the final quarter of 1999.

In the Asian emerging market economies, the recovery is continuing at a fast pace driven by buoyant exports and domestic demand. Export revenues are rising in particular in the electronic sector – benefiting South Korea, Singapore, Malaysia and Taiwan – and in the oil sector following the rise in crude oil prices – benefiting oil-producing countries such as Malaysia and Indonesia. The recovery in domestic demand is taking place in the context of accommodating macroeconomic policies, high current account surpluses and subdued inflation. Overall, the main concern regarding Asian emerging market economies is that the rapid recovery might lead to complacency and a slowdown in structural reforms, especially in the financial sector.

In the largest EU accession countries, output has continued to grow at a rapid pace. In Poland sustained investment and consumer demand have fuelled economic growth, while

**Box 6****World trade, GDP and inflation outlook according to OECD, European Commission and IMF forecasts**

Reflecting the positive developments in the global outlook, the OECD, the European Commission and the IMF have revised upwards their forecasts for world GDP. All three institutions expect world output to grow by between 4.0% and 4.3% this year, and to slow down to around 3.8% to 3.9% in 2001. The aforementioned institutions forecast that world trade growth will also accelerate to between 7.9% and 10.4% in 2000 and moderate to between 7.2% and 8.3% in 2001. Despite closing or already positive output gaps, they also forecast that inflation will remain moderate over the forecasting horizon (2000-01). The moderate global inflation reflects anticipated tightening of monetary policy as well as the assumption that both oil and non-oil commodity prices will not continue to rise significantly during the forecasting period.

All three institutions agree that most of the risks to the outlook remain unchanged from previous forecasting rounds but their balance may be changing, while a number of new risks appear to be arising. The bulk of the risks relate to a disorderly correction in equity markets in the United States resulting from the imbalances that have emerged during the long expansion of the US economy. To this the OECD adds two downside risks. One refers to a halt of the ongoing recovery in Japan arising from either a sharp appreciation of the yen or a stalling of structural reform. The second risk, at a global level, is related to the fact that the strength of the world expansion may lead to an overheating of the global economy.

**OECD, European Commission and IMF forecasts**

(annual percentage changes)

	Latest OECD, EC and IMF forecasts						Differences between current and previous forecasts <sup>1)</sup>		
	OECD	EC	IMF	OECD	EC	IMF	OECD	EC	IMF
	2000			2001					
<b>Real GDP growth</b>									
World	4.3	4.0	4.2	3.8	3.9	3.9	0.8	0.4	0.7
United States	4.9	3.6	4.4	3.0	3.0	3.0	1.8	0.8	1.8
Japan	1.7	1.1	0.9	2.2	1.8	1.8	0.3	-0.5	-0.6
Euro area	3.5	3.4	3.2	3.3	3.1	3.2	0.7	0.5	0.4
<b>GDP deflator</b>									
United States	2.1	2.1	2.0	2.3	1.5	2.3	0.2	0.3	-0.2
Japan	-0.8	0.1	-0.8	-0.1	0.8	0.9	0.4	-0.3	-0.4
Euro area	1.5	1.4	1.5	1.9	1.9	1.7	-	-0.3	0.1
<b>Imports of goods and services</b>									
World	10.4	8.1	7.9	8.3	7.2	7.2	2.3	1.2	1.7

Sources: OECD, European Commission and IMF.

1) For the OECD the comparison is between May 2000 and December 1999 forecasts; for the EC it is between April 2000 and November 1999 forecasts; while for the IMF April 2000 forecasts are compared with those of October 1999.

the widening of the current account deficit remains the primary concern. In Hungary growth has accelerated since the second half of 1999, supported by strong export growth and an accommodating monetary policy. In

the Czech Republic the economy is continuing to recover gradually, while prospects for a strengthening of demand have improved recently, mainly on account of the improved outlook for the euro area.

In Russia, although the short-term prospects remain positive in terms of output, inflation and the current account, uncertainty about the pace of structural reforms could become the main stumbling block for growth in the medium term.

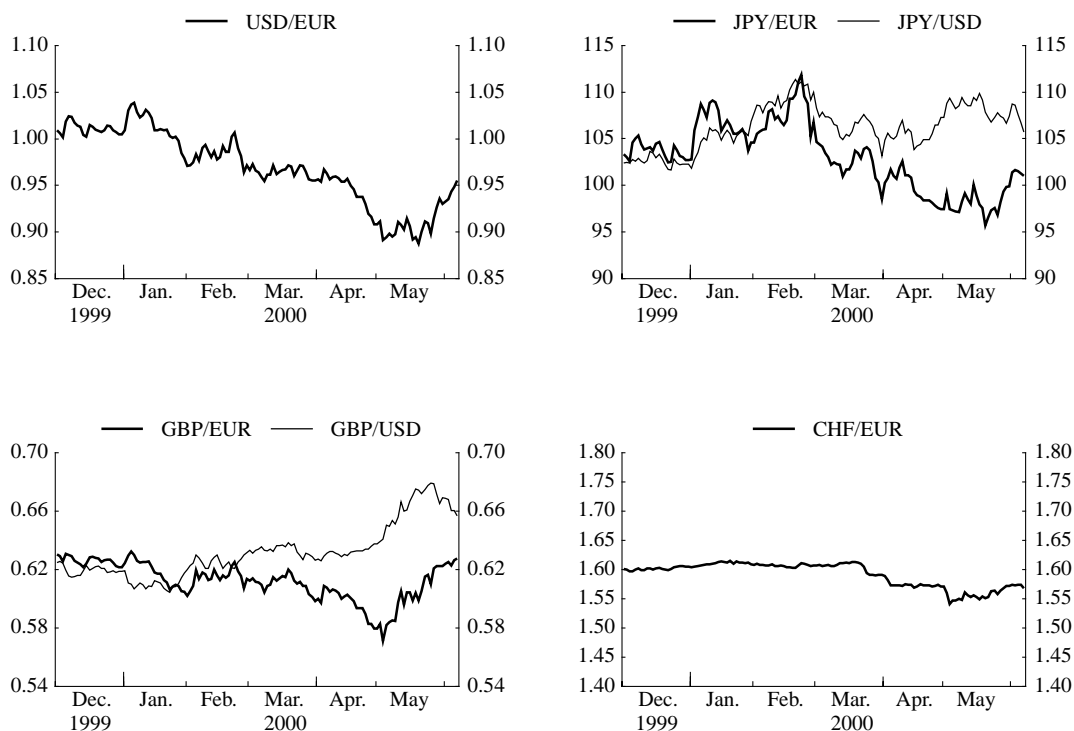
The overall economic outlook for Latin America remains positive and the region is expected to rebound strongly this year. Mexico and Brazil, in particular, continue to show robust growth, and Argentina is also recovering, albeit more slowly. Most of the smaller economies are also catching up with the major economies in the region. However, the region's recovery continues to be fragile as it depends to a large extent on external demand and capital inflows. This has been underlined by the recent volatility in domestic financial markets.

### The euro recovered from late May to early June

Overall, the period from early May to 7 June 2000 was characterised by a rebound of the euro against all major currencies. The euro initially began to appreciate against the pound sterling in early May, while, from mid-May onwards, it also strengthened against the US dollar and the Japanese yen (see Chart 23). The latter strengthening of the euro appeared to be predominantly attributable to a positive change in general market sentiment towards the euro. This change in sentiment has been mostly associated with a wider realisation that the external value of the euro might be out of line with improved economic developments and prospects in the euro area. In nominal effective terms, the euro appreciated by 3.4%

**Chart 23**  
Patterns in exchange rates

(daily data)



Source: ECB.

from 11 May to 7 June 2000, reaching levels seen in late March 2000. Nevertheless, in spite of the recent strengthening of the euro, the impact of its earlier sizeable depreciation remains a cause for concern in the context of the medium-term inflation outlook.

Considering developments in some more detail, the euro depreciated slightly against the US dollar in the aftermath of the decision by the US Federal Reserve System to raise the policy rates by 50 basis points on 16 May 2000, before strengthening during the second half of May for the reasons mentioned above. By late May the appreciation of the euro was further supported by data releases in the United States which were interpreted as early signs that the US expansion might moderate its pace, indicating that the growth differential between the euro area and the United States could narrow over the medium term. The significant volatility in US equity markets, particularly in the technology sector, might also have contributed to the euro's rebound. On 7 June 2000 the euro stood at USD 0.955.

Turning to the Japanese yen, during the first weeks of May 2000 it remained mostly unchanged against the euro, but depreciated during the last weeks of May and the first week of June. Overall the strengthening of the euro against the yen reflected the generally positive market perception in respect of the euro. The strong decline in the Nikkei 225 index as well as the still somewhat mixed Japanese economic outlook, as depicted in May data releases, could be seen as additional contributory factors. The yen remained in a relatively narrow range vis-à-vis the US dollar during the second half of May. In early June, however, it strengthened against the dollar following the announcement of weaker than expected data in the United States. On 7 June the euro stood at JPY 101.0.

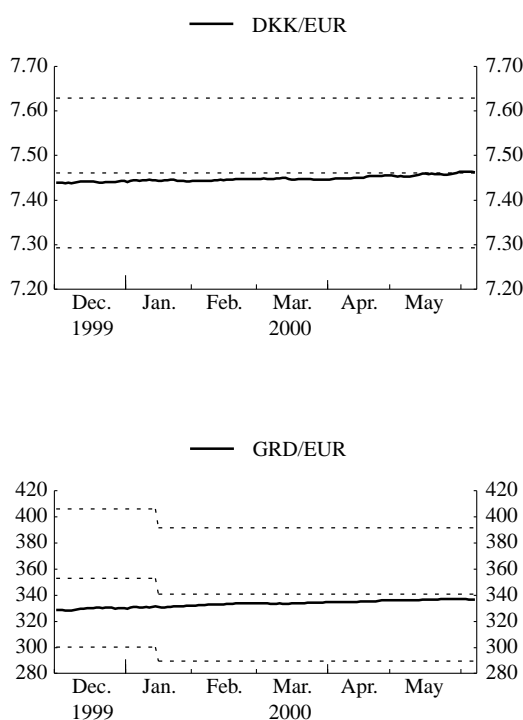
Throughout May and early June the pound sterling first depreciated and later on broadly stabilised against both the euro and the US dollar, after having posted record high levels in nominal effective terms in April. The

depreciation of the pound sterling occurred in parallel to the decision taken by the Bank of England to leave interest rates unchanged at its meeting on 5 May 2000 amid a subdued inflation outlook. At the meeting of 7 June 2000, the policy rates were also left unchanged. On 7 June the euro was quoted at GBP 0.628.

Within ERM II, in the course of May and early June 2000, the Greek drachma fluctuated within a narrow range vis-à-vis the euro. On 7 June the drachma was quoted around 1.2% above its central parity of GRD 341 vis-à-vis the euro. The Danish krone remained virtually unchanged at around DKK 7.46 against the euro (see Chart 24).

After having appreciated strongly against the euro in March and April 2000, the Swiss franc first stabilised and thereafter slightly

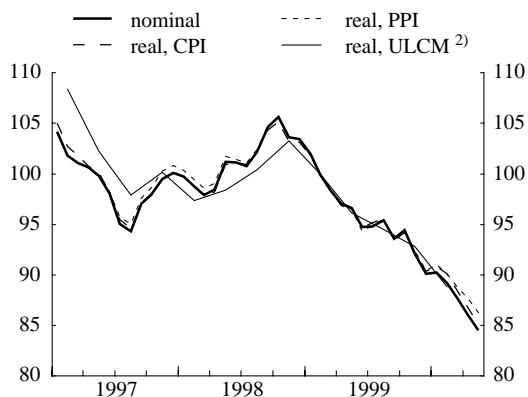
**Chart 24**  
**Patterns of exchange rates within ERM II**  
*(daily data)*



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

**Chart 25**  
**Nominal and real effective exchange rates<sup>1)</sup>**

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



Source: ECB.

1) Data are ECB calculations (see the article in the April 2000 issue of the ECB Monthly Bulletin). An upward movement of the index represents an appreciation of the euro. The latest observations are for May 2000 and for the ULCM-based REER for Q1 2000.

2) Unit Labour Costs in Manufacturing.

depreciated against the euro in May and in early June. In May 2000 the euro also appreciated against the Swedish krona mostly as a result of high volatility in the Swedish stock markets.

The recovery of the euro against all major currencies from late May to early June 2000 was also reflected in the nominal effective exchange rate index, which summarises the evolution of the external value of the euro against the currencies of the 13 major trading partners of the euro area. The euro appreciated in effective terms by almost 3.4% between 11 May and 7 June. On 7 June the euro stood at around 12.4% below the level recorded in the first quarter of 1999, while the nominal effective depreciation of the euro amounted to 1.5% when compared with the first quarter of 2000. Movements in the CPI, PPI and ULCM-deflated effective exchange rate indices continued to track fairly closely those of the nominal index, so that in May 2000 these indicators were pointing to a real effective depreciation of a similar size to the one suggested by the nominal index (see Chart 25).

**Current account continued to decline during the first quarter of 2000**

During the first quarter of 2000 the current account of the euro area recorded a deficit of €1.2 billion, compared with a surplus of €6.4 billion for the same period last year (see Table 11). The greater part of this decline is explained by the fall in the goods surplus (from €21.5 billion to €15.3 billion). Increases in the deficits on services and current transfers, only partially offset by a smaller deficit on the income account, also contributed to the decline in the current account over this period.

When compared with the same period last year, the value of exports of goods grew by €39.3 billion (or around 22%) in the first quarter of 2000, while imports increased by €45.5 billion (or around 29%) over the same period. According to the most recent information, the rise in export values seems primarily to reflect strong growth in export volumes owing to robust foreign demand and improvements in euro area competitiveness. By contrast, the value of imports has risen primarily due to the strong increase in import prices – by over 20% in the 12-month period up to February 2000 – owing to higher oil prices and the decline in the euro.

The current account surplus declined to €3.0 billion in March 2000 (from €6.4 billion in the corresponding month of 1999). Half of the decline was a result of a fall in the goods surplus (to €8.1 billion, from €9.8 billion in 1999), but the deficit on current transfers also increased significantly, while the balance for services registered a slight deterioration. By contrast, the deficit on the income account decreased by €1.0 billion.

**Large takeover operation dominates financial flows figures in the first quarter**

In the financial account the acquisition of a euro area company by a non-resident firm, which was settled through an exchange of shares and had already had an impact on

February figures, also dominated direct and portfolio equity investment flows in March 2000. To some extent as a result of this takeover operation, direct investment in the euro area in that month (€35.4 billion) more than compensated for direct investment abroad by euro area residents (€33.0 billion), while there were substantial net equity outflows (€46.0 billion), resulting in net portfolio investment outflows of €24.7 billion.

Combined net direct and portfolio investment outflows amounted to €31.7 billion in the

first quarter of 2000, lower than in the first quarter of 1999. This was largely attributable to substantial net inflows in money market instruments, which reached €22.6 billion in the first quarter of 2000, the highest quarterly figure yet reported for the euro area.

In the first quarter of 2000 direct investment in the euro area reached €206.9 billion, i.e. almost three times the amount of total inflows for 1999 as a whole. This was to a large extent related to the sizeable takeover operation referred to above. However, even

**Table 11**  
**Balance of payments of the euro area**

(EUR billions; not seasonally adjusted)

	1999 Jan. - Mar.	1999 Mar.	2000 Jan. - Mar.	2000 Jan.	2000 Feb.	2000 Mar.
<b>Current account balance</b>	6.4	6.4	-1.2	-6.6	2.4	3.0
Credits	300.8	110.4	355.3	110.8	114.4	130.0
Debits	294.4	103.9	356.5	117.4	112.0	127.1
Goods balance	21.5	9.8	15.3	0.9	6.3	8.1
Exports	179.7	68.8	219.0	63.7	71.8	83.5
Imports	158.2	59.0	203.7	62.8	65.6	75.4
Services balance	-3.2	-0.4	-4.8	-1.9	-2.0	-0.9
Exports	50.7	18.7	56.3	17.8	17.9	20.7
Imports	53.9	19.0	61.2	19.7	19.9	21.6
Income balance <sup>1)</sup>	-6.4	-1.6	-5.7	-4.3	-0.8	-0.6
Current transfers balance	-5.5	-1.4	-6.0	-1.3	-1.0	-3.7
<b>Capital account balance</b>	2.8	0.2	3.1	1.4	0.2	1.4
<b>Financial account balance</b>	-33.1	-40.3	60.2	17.1	9.7	33.3
Direct investment	-15.6	-4.6	149.2	2.0	144.7	2.4
Abroad	-36.3	-12.5	-57.7	-5.4	-19.4	-33.0
In the euro area	20.8	7.9	206.9	7.4	164.2	35.4
Portfolio investment	-54.7	-37.1	-180.9	-17.5	-138.7	-24.7
Assets	-65.3	-30.0	-130.8	-25.1	-68.1	-37.6
Liabilities	10.7	-7.1	-50.0	7.6	-70.6	12.9
Financial derivatives	-1.4	0.9	-1.9	-1.3	2.6	-3.2
Other investment	33.0	-2.1	94.0	35.5	0.2	58.2
Reserve assets	5.5	2.7	-0.2	-1.6	0.8	0.6
<b>Errors and omissions</b>	24.0	33.7	-62.0	-11.9	-12.3	-37.8

Source: ECB.

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

1) Monthly figures for 1999 are not closely comparable with later observations.

excluding that large merger and acquisition transaction, direct investment in the euro area in the first quarter of 2000 would show a significant increase compared with the first quarter of last year. At the same time, direct investment abroad by euro area residents increased to €57.7 billion in the first quarter of 2000, from €36.3 billion in the first quarter of 1999.

Net portfolio investment outflows reached €180.9 billion in the first quarter of 2000, mainly reflecting net equity outflows of €208.6 billion, a significant part of which was related to the above-mentioned transaction. This was only partially offset by net inflows in other securities, mainly money market instruments.



## **Euro area statistics**





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# I Monetary policy statistics

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

(EUR millions)

## 1. Assets

		Gold and gold receivables	Claims on non-euro area residents in foreign currency	Claims on euro area residents in foreign currency	Claims on non-euro area residents in euro	Lending to financial sector counterparties in the euro area in euro	Main refinancing operations	Longer-term refinancing operations	Fine-tuning reverse operations
		1	2	3	4	5	6	7	8
2000	7 Jan.	116,612	255,118	14,739	4,834	238,670	161,988	74,996	0
	14	116,512	255,640	14,086	4,993	181,388	105,036	74,996	0
	21	116,304	256,607	13,091	5,101	191,454	112,009	74,998	0
	28	116,295	256,333	14,754	4,772	216,714	146,035	69,996	0
	4 Feb.	116,248	257,465	15,278	4,505	202,290	131,113	69,996	0
	11	116,071	257,133	15,969	4,602	199,257	128,096	69,996	0
	18	116,000	256,516	15,419	4,801	196,077	125,052	69,996	0
	25	115,946	255,627	15,454	4,716	193,309	121,956	69,996	0
	3 Mar.	115,945	254,584	16,076	4,658	218,321	152,003	64,998	0
	10	115,945	254,985	15,547	4,466	201,929	136,101	64,998	0
	17	115,945	256,714	15,276	4,632	197,820	132,022	64,996	0
	24	115,945	255,508	15,455	4,149	202,874	137,008	64,996	0
	31	115,676	267,136	16,938	4,131	201,733	140,871	60,000	0
	7 Apr.	115,677	267,192	16,746	4,616	197,546	136,770	60,000	0
	14	115,677	267,972	16,706	4,564	190,999	129,864	60,000	0
	21	115,677	267,366	17,335	4,829	201,782	140,115	60,000	0
	28	115,677	267,406	17,349	4,833	209,911	147,156	59,999	0
	5 May	115,677	266,475	17,500	4,834	214,169	152,812	59,999	0
	12	115,677	264,161	18,202	4,680	196,865	135,608	59,999	0
	19	115,677	270,555	17,825	4,988	198,601	137,533	59,999	0
	26	115,677	267,485	17,556	4,988	205,413	144,080	59,995	0
	2 June	115,677	265,353	19,344	4,850	201,957	140,340	59,905	0

## 2. Liabilities

		Banknotes in circulation	Liabilities to financial sector counterparties in the euro area in euro	Current accounts (covering the minimum reserve system)	Deposit facility	Fixed-term deposits	Fine-tuning reverse operations	Deposits related to margin calls	Debt certificates issued
		1	2	3	4	5	6	7	8
2000	7 Jan.	364,659	137,689	123,060	135	14,420	0	74	7,876
	14	355,655	92,476	92,272	137	0	0	67	7,876
	21	349,981	102,388	101,964	406	0	0	18	7,876
	28	347,953	115,650	115,525	105	0	0	20	7,876
	4 Feb.	349,983	108,021	107,970	32	0	0	19	7,876
	11	348,690	107,672	107,624	29	0	0	19	7,876
	18	346,113	109,479	109,386	68	0	0	25	7,876
	25	345,046	95,549	95,429	97	0	0	23	7,876
	3 Mar.	349,733	122,882	122,828	39	0	0	15	7,876
	10	349,984	105,429	105,367	46	0	0	16	7,876
	17	347,725	106,159	105,799	343	0	0	17	7,876
	24	345,861	103,195	102,997	182	0	0	16	7,876
	31	347,917	111,151	110,076	1,075	0	0	0	6,265
	7 Apr.	351,026	112,258	112,229	29	0	0	0	6,265
	14	351,012	101,179	101,157	22	0	0	0	6,265
	21	355,714	113,857	109,440	4,416	0	0	1	6,265
	28	354,266	111,871	101,478	10,371	0	0	22	6,265
	5 May	355,893	122,195	122,129	41	0	0	25	6,265
	12	354,655	104,640	104,335	291	0	0	14	6,265
	19	352,117	118,570	118,401	150	0	0	19	6,265
	26	350,858	115,949	115,908	26	0	0	15	6,265
	2 June	355,498	114,669	114,637	25	0	0	7	6,265

Source: ECB.

Structural reverse operations	Marginal lending facility	Credits related to margin calls	Other claims	Securities of euro area residents in euro	General government debt in euro	Other assets	Total		
							9	10	11
0	105	400	1,181	23,701	59,236	79,070	791,980	2000	7 Jan.
0	102	63	1,191	23,797	59,236	80,833	736,485		14
0	3,526	44	877	23,993	59,236	79,505	745,291		21
0	27	82	574	24,037	59,251	80,593	772,749		28
0	18	110	1,053	24,363	59,255	83,072	762,476		4 Feb.
0	135	76	954	24,205	59,255	82,933	759,425		11
0	48	30	951	24,071	59,255	83,715	755,854		18
0	21	84	1,252	24,576	59,255	83,324	752,207		25
0	402	96	822	24,850	59,021	84,194	777,649		3 Mar.
0	67	97	666	24,916	59,021	83,180	759,989		10
0	30	92	680	24,695	59,021	83,085	757,188		17
0	24	114	732	25,208	59,021	83,018	761,178		24
0	62	69	731	25,309	59,021	84,477	774,421		31
0	132	67	577	24,954	59,021	84,676	770,428		7 Apr.
0	289	76	770	25,034	59,021	85,629	765,602		14
0	430	60	1,177	24,944	59,021	86,251	777,205		21
0	1,573	29	1,154	24,937	59,021	83,828	782,962		28
0	144	32	1,182	25,347	59,032	83,446	786,480		5 May
0	92	35	1,131	25,225	59,032	84,232	768,074		12
0	135	30	904	25,103	59,026	84,128	775,903		19
0	193	41	1,104	25,191	59,026	83,886	779,222		26
0	330	81	1,301	25,030	59,026	83,657	774,894		2 June

Liabilities to other euro area residents in euro	Liabilities to non-euro area residents in euro	Liabilities to euro area residents in foreign currency	Liabilities to non-euro area residents in foreign currency	Counterpart of special drawing rights allocated by the IMF	Other liabilities	Revaluation accounts	Capital and reserves	Total		
								9	10	11
40,227	7,674	927	11,822	6,531	53,689	107,477	53,409	791,980	2000	7 Jan.
38,341	6,922	1,028	11,689	6,531	55,084	107,470	53,413	736,485		14
42,016	7,306	820	11,767	6,531	55,730	107,469	53,407	745,291		21
56,784	7,043	1,177	13,279	6,531	55,583	107,469	53,404	772,749		28
50,717	7,030	999	14,477	6,531	55,919	107,483	53,440	762,476		4 Feb.
50,813	6,912	1,046	13,138	6,531	55,150	107,379	54,218	759,425		11
48,627	7,062	823	11,923	6,531	55,822	107,379	54,219	755,854		18
60,837	7,792	770	10,520	6,531	55,663	107,379	54,244	752,207		25
55,238	6,998	807	10,082	6,531	55,879	107,379	54,244	777,649		3 Mar.
54,599	7,076	805	9,877	6,531	56,159	107,379	54,274	759,989		10
51,599	6,899	882	11,340	6,531	56,554	107,357	54,266	757,188		17
61,001	7,135	884	9,624	6,532	57,476	107,357	54,237	761,178		24
52,334	7,001	933	9,924	6,762	59,864	118,011	54,259	774,421		31
46,811	7,545	900	11,285	6,762	54,965	118,008	54,603	770,428		7 Apr.
51,133	7,086	884	13,039	6,763	55,630	118,007	54,604	765,602		14
45,684	7,323	958	13,035	6,763	54,995	118,007	54,604	777,205		21
53,831	7,694	816	13,523	6,763	55,321	118,007	54,605	782,962		28
45,523	7,357	805	13,271	6,763	55,739	118,007	54,662	786,480		5 May
46,144	7,120	915	12,361	6,763	56,541	118,007	54,663	768,074		12
37,673	7,158	921	17,910	6,763	55,540	118,007	54,979	775,903		19
47,699	7,269	840	14,723	6,763	55,869	118,007	54,980	779,222		26
40,153	7,242	842	14,362	6,763	56,112	118,007	54,981	774,894		2 June

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

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

Source: ECB.

- 1) The rate for main refinancing operations is the rate applicable to fixed rate tenders. Changes in the rate are effective from the date of settlement of the first main refinancing operation following announcement of the change. Dates of settlement and amounts are shown below in Table 1.3.
- 2) On 22 December 1998 the ECB announced that, as an exceptional measure between 4 and 21 January 1999, a narrow corridor of 50 basis points would be applied between the interest rates for the marginal lending facility and the deposit facility, aimed at facilitating the transition to the new regime by market participants.

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

Date of settlement	Bids (amount)	Allotment (amount)	Fixed rate tenders		Variable rate tenders		Running for (...) days 6
			Fixed rate	Marginal rate	Weighted average rate	5	
	1	2	3	4	5	6	
1999 1 Dec.	1,018,950	72,000	3.00	-	-	-	14
8	1,141,163	92,000	3.00	-	-	-	14
15	286,824	57,000	3.00	-	-	-	15
22	1,505,405	92,000	3.00	-	-	-	21
30	485,825	70,000	3.00	-	-	-	20
2000 12 Jan.	914,566	35,000	3.00	-	-	-	14
19	1,145,548	77,000	3.00	-	-	-	14
26	1,520,993	69,000	3.00	-	-	-	14
2 Feb.	3,012,630	62,000	3.00	-	-	-	14
9	1,036,648	66,000	3.25	-	-	-	14
16	1,022,832	59,000	3.25	-	-	-	14
23	2,126,309	63,000	3.25	-	-	-	14
1 Mar.	2,901,133	89,000	3.25	-	-	-	14
8	1,627,522	47,000	3.25	-	-	-	14
15	4,165,993	85,000	3.25	-	-	-	14
22	1,661,995	52,000	3.50	-	-	-	14
29	3,022,435	89,000	3.50	-	-	-	14
5 Apr.	2,869,408	48,000	3.50	-	-	-	14
12	4,290,278	82,000	3.50	-	-	-	15
19	4,277,306	58,000	3.50	-	-	-	15
27	5,492,939	89,000	3.50	-	-	-	13
4 May	4,624,944	64,000	3.75	-	-	-	13
10	6,352,776	72,000	3.75	-	-	-	14
17	6,574,441	66,000	3.75	-	-	-	14
24	7,057,234	78,000	3.75	-	-	-	14
31	7,127,001	62,000	3.75	-	-	-	15
7 June	8,491,195	75,000	3.75	-	-	-	14

Source: ECB.

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

## 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	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

## 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	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

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

Reserve base as at:	Total	Liabilities to which a 2% reserve coefficient is applied			Liabilities to which a 0% reserve coefficient is applied		
		Deposits (overnight, up to 2 years' agreed maturity and notice period)	Debt securities up to 2 years' agreed maturity	Money market paper	Deposits (over 2 years' agreed maturity and notice period)	Repos	Debt securities over 2 years' agreed maturity
	1	2	3	4	5	6	7
1999 Apr.	8,741.1	4,827.6	93.3	160.3	1,129.3	542.0	1,988.6
May	8,797.6	4,867.1	101.1	158.7	1,130.8	541.0	1,999.0
June	8,857.3	4,916.6	106.3	152.0	1,145.5	517.6	2,019.3
July	8,848.9	4,895.7	109.2	155.5	1,153.5	513.8	2,021.2
Aug.	8,856.3	4,893.0	113.2	165.4	1,164.9	484.8	2,035.0
Sep.	8,969.1	4,912.7	120.6	170.0	1,166.5	537.2	2,062.1
Oct.	9,083.7	4,967.3	129.0	178.5	1,180.3	554.2	2,074.5
Nov.	9,295.2	5,079.6	135.9	202.9	1,193.3	562.6	2,121.0
Dec.	9,187.4	5,123.4	113.5	169.3	1,204.9	503.5	2,072.8
2000 Jan.	9,265.7	5,164.6	108.0	156.8	1,210.3	547.9	2,078.2
Feb.	9,338.9	5,189.6	114.5	164.5	1,220.7	553.1	2,096.4
Mar.	9,490.8	5,306.7	117.1	174.9	1,231.3	543.8	2,116.9
Apr. <sup>(p)</sup>	9,628.8	5,411.4	116.7	174.7	1,243.1	537.4	2,145.6

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.

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

Maintenance period ending in:	Required reserves <sup>2)</sup>	Actual reserves <sup>3)</sup>	Excess reserves <sup>4)</sup>	Deficiencies <sup>5)</sup>	Interest rate on minimum reserves <sup>6)</sup>
	1	2	3	4	5
1999 June	100.9	101.5	0.6	0.0	2.50
July	102.0	102.7	0.8	0.0	2.50
Aug.	102.8	103.5	0.6	0.0	2.50
Sep.	102.6	103.0	0.5	0.0	2.50
Oct.	102.8	103.3	0.6	0.0	2.50
Nov.	103.4	104.0	0.5	0.0	2.73
Dec.	104.9	105.4	0.5	0.0	3.00
2000 Jan.	107.7	108.5	0.8	0.0	3.00
Feb.	107.5	107.9	0.4	0.0	3.12
Mar.	108.0	108.4	0.5	0.0	3.27
Apr.	108.7	109.5	0.8	0.0	3.50
May	111.3	111.8	0.5	0.0	3.67
June <sup>(p)</sup>	113.4	-	-	-	-

Source: ECB.

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

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

Maintenance period ending in:	Liquidity-providing factors					Liquidity-absorbing factors					Credit institutions' current accounts <sup>4)</sup>	Base money <sup>5)</sup>
	Monetary policy operations of the Eurosystem					Deposit facility	Other liquidity-absorbing operations <sup>2)</sup>	Banknotes in circulation	Central government deposits with the Eurosystem	Other factors (net) <sup>3)</sup>		
	Eurosystem's net assets in gold and foreign currency <sup>1)</sup>	Main refinancing operations	Longer-term refinancing operations	Marginal lending facility	Other liquidity-providing operations <sup>2)</sup>							
1	2	3	4	5	6	7	8	9	10	11	12	
1999 Feb.	328.2	104.6	34.2	3.8	30.2	1.3	0.2	329.3	41.0	28.9	100.3	430.9
Mar.	323.6	136.4	45.0	0.4	0.0	1.4	0.0	326.9	49.8	25.0	102.2	430.5
Apr.	338.4	130.1	45.0	0.7	0.0	0.3	0.0	331.0	42.9	39.0	101.1	432.3
May	342.5	121.6	45.0	0.8	0.0	0.4	0.0	333.9	36.3	38.0	101.2	435.5
June	339.8	132.0	45.0	0.4	0.0	0.6	0.0	337.0	40.4	37.2	101.9	439.6
July	342.4	143.1	45.0	0.4	0.0	0.5	0.0	342.1	45.7	39.5	102.9	445.6
Aug.	343.2	150.1	45.0	0.5	0.0	1.0	0.0	344.8	47.3	42.1	103.6	449.4
Sep.	343.5	150.4	45.0	0.2	0.0	0.7	0.0	342.1	51.4	41.6	103.2	446.0
Oct.	349.7	143.0	45.0	0.3	0.0	0.6	0.0	342.5	45.4	45.9	103.5	446.7
Nov.	351.8	140.5	53.7	0.3	0.0	0.4	0.0	343.1	51.5	47.3	104.2	447.6
Dec.	351.7	150.4	65.0	0.3	0.0	1.0	0.0	354.3	59.0	47.5	105.6	460.8
2000 Jan.	362.3	138.5	75.0	1.9	0.0	0.5	3.3	363.0	41.0	61.2	108.7	472.3
Feb.	367.8	130.9	70.5	0.1	0.0	0.2	0.0	347.6	49.2	64.2	108.1	455.9
Mar.	369.2	136.1	66.2	0.2	0.0	0.3	0.0	347.6	51.7	63.5	108.6	456.4
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

Source: ECB.

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



## 2 Monetary developments in the euro area

**Table 2.1**

### Aggregated balance sheet of the Eurosystem <sup>1)</sup>

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

#### 1. Assets

	Loans to euro area residents		General government	Other euro area residents	Holdings of securities other than shares issued by euro area residents			Holdings of shares/other equity issued by euro area residents			External assets <sup>2)</sup>	Fixed assets	Re-maining assets	Total	
	1	2			3	4	5	6	7	8					9
1997	237.2	215.5	21.1	0.6	114.0	0.7	111.8	1.5	2.9	0.5	2.4	324.1	7.0	51.6	736.7
1998 Q2	293.4	272.1	21.1	0.2	105.4	4.8	99.7	0.8	3.2	0.6	2.6	337.2	7.8	47.9	794.9
Q3	302.8	281.5	21.1	0.2	82.7	1.0	81.0	0.7	4.8	2.0	2.8	329.4	8.0	50.0	777.6
Q4	225.2	204.6	20.4	0.1	87.8	1.1	86.2	0.5	5.5	1.8	3.7	322.3	7.9	49.3	698.0
1999 Q1	608.5	587.9	20.4	0.2	94.0	1.5	91.9	0.6	8.1	4.0	4.1	426.0	9.3	52.2	1,198.3
1999 Apr.	540.7	520.1	20.4	0.2	93.2	1.2	91.3	0.7	8.1	4.0	4.1	435.7	9.6	52.8	1,140.2
May	481.1	460.5	20.4	0.2	93.1	1.6	90.8	0.7	8.2	4.0	4.2	387.6	9.6	51.1	1,030.9
June	788.8	768.3	20.4	0.2	92.4	1.5	90.0	0.9	8.7	4.4	4.3	499.4	9.7	47.1	1,446.1
July	755.2	734.7	20.4	0.2	92.3	1.5	89.9	0.9	8.7	4.4	4.3	452.0	9.8	51.6	1,369.8
Aug.	530.8	510.2	20.4	0.2	91.9	1.1	90.0	0.7	8.8	4.4	4.4	423.0	9.9	52.8	1,117.1
Sep.	456.9	436.3	20.4	0.2	92.4	1.4	89.9	1.1	8.7	4.3	4.4	427.9	9.8	47.9	1,043.7
Oct.	567.0	546.4	20.4	0.2	92.4	1.9	89.4	1.2	8.6	4.3	4.3	432.6	9.9	53.9	1,164.3
Nov.	508.4	487.8	20.4	0.2	92.6	2.1	89.4	1.1	8.8	4.2	4.6	410.3	9.9	56.0	1,086.1
Dec.	442.3	422.1	19.7	0.5	89.1	1.9	86.1	1.1	14.1	4.3	9.8	400.6	9.9	55.8	1,011.9
2000 Jan.	463.6	443.3	19.8	0.6	90.3	1.7	87.6	1.0	14.2	4.4	9.8	424.3	9.9	52.1	1,054.4
Feb.	382.2	361.8	19.8	0.6	93.2	1.8	90.4	1.0	14.2	4.3	9.8	417.5	9.8	52.2	969.0
Mar.	443.2	424.2	18.4	0.6	96.2	2.4	92.7	1.1	14.4	4.3	10.1	439.1	9.8	48.6	1,051.3
Apr. <sup>(p)</sup>	464.5	445.6	18.4	0.5	96.7	2.6	93.0	1.1	14.4	4.3	10.1	437.9	9.9	51.1	1,074.4

#### 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs	Central government	Other general government/other euro area residents	Money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>2)</sup>	Remaining liabilities	Total
1997	354.9	147.0	91.9	51.7	3.4	13.4	14.8	106.0	33.4	67.2	736.7
1998 Q2	345.5	217.8	159.1	53.4	5.3	14.4	13.3	114.3	27.2	62.5	794.9
Q3	341.5	211.8	140.2	66.4	5.2	11.9	12.0	109.6	23.2	67.6	777.6
Q4	359.1	152.0	94.2	54.4	3.5	8.5	5.3	97.1	18.6	57.4	698.0
1999 Q1	348.3	549.5	486.6	54.4	8.5	4.9	5.3	138.0	97.9	54.5	1,198.3
1999 Apr.	349.6	486.1	440.9	38.0	7.1	4.9	5.3	139.0	105.0	50.4	1,140.2
May	353.0	419.7	369.5	41.8	8.3	4.9	5.3	137.4	61.5	49.2	1,030.9
June	355.8	724.3	672.3	43.1	8.9	4.9	5.3	140.7	171.4	43.8	1,446.1
July	363.6	682.7	620.6	55.5	6.6	4.9	5.3	139.9	124.3	49.2	1,369.8
Aug.	358.6	463.7	403.2	53.8	6.6	4.9	5.3	139.9	93.9	50.9	1,117.1
Sep.	359.4	390.5	332.9	50.1	7.6	3.3	5.3	146.3	88.8	50.1	1,043.7
Oct.	361.2	500.6	440.8	50.2	9.5	3.3	5.3	150.6	93.8	49.4	1,164.3
Nov.	362.9	443.0	368.3	64.1	10.6	3.3	4.6	150.3	69.5	52.4	1,086.1
Dec.	393.0	339.3	277.1	53.4	8.8	3.3	4.6	175.1	49.8	46.9	1,011.9
2000 Jan.	365.9	387.5	332.0	47.1	8.4	3.3	4.6	174.6	72.6	45.9	1,054.4
Feb.	363.5	311.8	246.7	56.7	8.4	3.3	4.6	173.9	64.4	47.5	969.0
Mar.	365.9	372.0	319.6	43.3	9.1	1.7	4.6	185.7	75.1	46.5	1,051.3
Apr. <sup>(p)</sup>	372.3	380.4	326.6	43.4	10.3	1.7	4.6	188.4	82.1	45.0	1,074.4

Source: ECB.

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

2) From January 1999 including temporary gross positions of the Eurosystem with the national central banks of Member States not participating in the euro area related to the operation of the TARGET system. These positions amounted to approximately EUR 46 billion at end-January 2000, EUR 40 billion at end-February, EUR 51 billion at end-March, EUR 47 billion at end-April and EUR 53 billion at end-May. For positions at end-months in 1999 see the corresponding footnote in the February 2000 issue.

Table 2.2

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

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

## 1. Assets

	Loans to euro area residents				Holdings of securities other than shares issued by euro area residents				Money market paper	Holdings of shares/ other equity issued by euro area residents		External assets	Fixed assets	Remaining assets	Total	
	1	2	3	4	5	6	7	8		9	10					11
1997	8,436.1	2,905.6	821.4	4,709.1	1,868.4	635.5	1,050.6	182.3	99.7	329.8	94.2	235.6	1,594.8	238.9	796.9	13,364.7
1998 Q2	8,750.4	3,064.6	808.4	4,877.4	2,007.8	678.1	1,139.4	190.3	104.9	401.5	118.5	283.0	1,668.4	240.3	737.5	13,910.8
Q3	8,844.1	3,073.7	809.8	4,960.5	2,040.0	705.5	1,137.2	197.3	105.8	381.2	109.8	271.4	1,650.8	237.0	785.8	14,044.4
Q4	9,098.4	3,181.5	821.2	5,095.8	2,012.3	721.3	1,102.3	188.7	107.1	424.2	123.3	300.8	1,579.9	243.9	777.4	14,243.2
1999 Q1	9,252.2	3,277.3	816.8	5,158.1	2,087.4	760.8	1,130.0	196.6	99.1	469.0	126.1	342.9	1,627.6	244.6	877.0	14,656.9
1999 Apr.	9,293.7	3,304.8	809.6	5,179.3	2,103.6	773.7	1,128.1	201.8	104.8	482.3	126.5	355.8	1,622.7	246.4	841.7	14,695.2
May	9,312.1	3,290.6	809.8	5,211.7	2,140.8	787.4	1,145.2	208.2	102.8	497.2	128.1	369.1	1,621.8	247.5	831.1	14,753.1
June	9,452.1	3,330.5	816.5	5,305.1	2,138.3	800.3	1,125.4	212.6	101.9	484.7	124.4	360.3	1,646.0	250.0	865.8	14,938.7
July	9,461.6	3,313.2	808.4	5,340.0	2,131.8	801.7	1,114.1	216.0	108.2	483.3	125.9	357.3	1,630.2	254.5	849.0	14,918.5
Aug.	9,489.5	3,350.1	804.4	5,335.1	2,152.8	810.4	1,118.2	224.3	110.5	482.7	126.7	356.1	1,632.9	255.3	828.6	14,952.4
Sep.	9,568.5	3,384.2	809.4	5,374.9	2,179.9	828.0	1,134.5	217.4	111.1	481.5	129.6	351.9	1,653.3	258.9	816.9	15,070.2
Oct.	9,697.4	3,457.5	818.7	5,421.2	2,202.9	840.3	1,147.2	215.4	115.1	484.4	130.9	353.5	1,686.5	261.1	842.6	15,290.0
Nov.	9,859.3	3,541.9	831.7	5,485.8	2,217.7	850.0	1,144.6	223.1	128.1	497.9	129.7	368.1	1,764.9	265.3	902.5	15,635.7
Dec.	9,764.7	3,420.0	827.5	5,517.1	2,175.5	826.6	1,121.7	227.2	129.9	520.9	137.5	383.4	1,703.0	281.2	922.6	15,497.8
2000 Jan.	9,832.8	3,450.8	819.5	5,562.5	2,193.2	834.5	1,131.1	227.6	121.1	526.6	139.4	387.1	1,723.9	282.5	938.0	15,618.1
Feb.	9,836.7	3,425.3	814.9	5,596.5	2,215.9	845.1	1,137.2	233.7	130.8	544.1	142.6	401.5	1,768.5	282.1	954.2	15,732.4
Mar.	9,979.5	3,499.6	818.2	5,661.7	2,218.4	870.2	1,115.7	232.6	131.8	589.3	152.6	436.7	1,805.8	285.7	960.9	15,971.5
Apr. <sup>(p)</sup>	10,039.7	3,493.2	820.1	5,726.3	2,211.6	877.2	1,094.7	239.7	140.3	604.2	154.7	449.6	1,881.7	287.6	1,001.1	16,166.2

## 2. Liabilities

	Currency in circulation	Deposits of euro area residents	MFIs				Other general government/ other euro area residents				Money market fund shares/ units	Debt securities issued	Money market paper	Capital and reserves	External liabilities	Remaining liabilities	Total
			1	2	3	4	5	6	7	8							
1997	0.4	7,773.9	3,009.3	102.1	4,662.5	1,229.6	1,901.2	1,326.3	205.4	252.0	1,924.8	138.8	687.5	1,373.5	1,213.9	13,364.7	
1998 Q2	0.4	8,010.8	3,176.1	93.9	4,740.8	1,292.8	1,899.7	1,346.4	201.9	259.8	2,041.2	145.9	723.4	1,480.1	1,249.1	13,910.8	
Q3	0.4	8,043.6	3,227.5	90.0	4,726.2	1,268.8	1,901.0	1,345.4	211.0	260.4	2,093.2	154.1	725.9	1,482.8	1,284.0	14,044.4	
Q4	0.4	8,279.3	3,311.7	95.3	4,872.3	1,382.7	1,924.1	1,388.8	176.7	241.2	2,116.0	160.8	742.4	1,500.4	1,202.7	14,243.2	
1999 Q1	0.5	8,330.1	3,390.4	78.9	4,860.8	1,387.1	1,984.9	1,310.5	178.3	279.8	2,193.9	180.5	759.3	1,618.1	1,294.7	14,656.9	
1999 Apr.	0.5	8,338.8	3,384.6	77.8	4,876.4	1,404.0	1,986.8	1,314.0	171.7	297.5	2,223.0	190.1	769.5	1,626.0	1,249.7	14,695.2	
May	0.5	8,372.2	3,397.1	78.9	4,896.3	1,434.5	1,974.7	1,314.7	172.4	296.8	2,247.5	190.3	777.6	1,659.2	1,209.0	14,753.1	
June	0.5	8,447.1	3,438.9	81.9	4,926.3	1,479.6	1,961.1	1,319.1	166.4	305.3	2,269.0	183.2	781.9	1,666.6	1,285.0	14,938.7	
July	0.5	8,452.7	3,441.0	79.5	4,932.3	1,468.2	1,979.2	1,321.3	163.6	302.3	2,274.8	184.3	788.2	1,646.1	1,269.5	14,918.5	
Aug.	0.6	8,452.0	3,458.0	84.0	4,910.0	1,439.1	1,988.1	1,320.2	162.6	307.3	2,291.0	195.0	787.9	1,683.1	1,235.5	14,952.4	
Sep.	0.6	8,508.2	3,503.8	83.1	4,921.3	1,466.9	1,976.3	1,317.5	160.6	307.1	2,329.3	204.1	795.0	1,688.5	1,237.4	15,070.2	
Oct.	0.6	8,605.0	3,584.7	84.8	4,935.5	1,467.4	1,996.7	1,314.0	157.4	307.6	2,355.7	214.6	801.2	1,753.8	1,251.4	15,290.0	
Nov.	0.7	8,735.1	3,679.8	81.9	4,973.5	1,501.1	2,005.0	1,308.7	158.6	310.2	2,376.9	243.5	805.2	1,839.5	1,324.6	15,635.7	
Dec.	0.7	8,709.4	3,579.8	88.6	5,041.0	1,532.3	2,037.4	1,327.1	144.2	309.8	2,364.2	242.1	836.4	1,774.7	1,260.5	15,497.8	
2000 Jan.	0.7	8,709.0	3,555.9	86.5	5,066.6	1,561.7	2,023.0	1,327.1	154.9	326.3	2,370.2	221.6	856.6	1,837.0	1,296.6	15,618.1	
Feb.	0.7	8,707.1	3,548.2	87.7	5,071.1	1,554.6	2,040.3	1,316.9	159.4	343.6	2,396.1	233.0	864.1	1,874.7	1,313.1	15,732.4	
Mar.	0.7	8,774.3	3,596.0	85.4	5,092.9	1,564.6	2,047.0	1,307.1	174.3	343.0	2,421.7	244.6	871.3	1,987.5	1,328.5	15,971.5	
Apr. <sup>(p)</sup>	0.7	8,796.7	3,579.9	85.8	5,131.1	1,599.2	2,055.8	1,299.5	176.5	367.9	2,450.1	244.2	883.4	2,074.9	1,348.3	16,166.2	

Source: ECB.

Table 2.3

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

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

## 1. Assets: levels outstanding

	Loans to euro area residents		Holdings of securities other than shares issued by euro area residents		Holdings of shares/ other equity issued by other euro area residents		External assets <sup>3)</sup>	Fixed assets	Remaining assets	Total	
	1	2	3	4	5	6					7
1998 Sep.	5,791.6	830.9	4,960.7	1,416.1	1,218.1	198.0	274.2	1,980.1	244.9	805.6	10,512.7
Oct.	5,829.0	835.2	4,993.8	1,429.7	1,226.7	203.0	274.3	1,968.6	247.1	799.5	10,548.1
Nov.	5,882.8	841.5	5,041.3	1,418.3	1,221.6	196.7	288.8	2,008.4	249.3	821.1	10,668.7
Dec.	5,937.5	841.6	5,095.9	1,377.8	1,188.5	189.2	304.5	1,902.2	251.8	790.6	10,564.4
1999 Jan.	5,949.6	839.4	5,110.1	1,400.2	1,190.4	209.8	320.0	2,047.8	254.1	962.3	10,933.9
Feb.	5,950.9	839.6	5,111.3	1,410.1	1,206.2	203.9	326.8	1,958.8	252.7	979.1	10,878.4
Mar.	5,995.5	837.2	5,158.3	1,419.1	1,221.9	197.2	347.0	2,053.6	253.9	897.9	10,967.0
Apr.	6,009.5	830.0	5,179.5	1,421.9	1,219.4	202.6	359.9	2,058.4	255.9	864.0	10,969.7
May	6,042.1	830.2	5,211.8	1,444.9	1,236.0	208.9	373.3	2,009.4	257.1	850.0	10,976.7
June	6,142.1	836.9	5,305.2	1,429.0	1,215.5	213.5	364.5	2,145.4	259.6	880.2	11,220.8
July	6,168.9	828.8	5,340.2	1,421.0	1,204.0	216.9	361.7	2,082.2	264.4	868.2	11,166.3
Aug.	6,160.0	824.8	5,335.2	1,433.2	1,208.2	225.0	360.4	2,056.0	265.2	848.4	11,123.1
Sep.	6,204.9	829.8	5,375.1	1,442.9	1,224.4	218.5	356.3	2,081.2	268.7	832.0	11,186.1
Oct.	6,260.4	839.1	5,421.3	1,453.1	1,236.5	216.6	357.8	2,119.1	271.0	864.0	11,325.4
Nov.	6,338.0	852.1	5,486.0	1,458.2	1,234.0	224.2	372.7	2,175.2	275.3	924.8	11,544.2
Dec.	6,364.9	847.3	5,517.7	1,436.1	1,207.8	228.3	393.3	2,103.6	291.2	934.4	11,523.4
2000 Jan.	6,402.4	839.3	5,563.1	1,447.3	1,218.7	228.6	396.9	2,148.2	292.4	956.2	11,643.4
Feb.	6,431.8	834.7	5,597.1	1,462.2	1,227.5	234.7	411.3	2,186.1	291.9	973.1	11,756.4
Mar.	6,498.9	836.6	5,662.3	1,442.0	1,208.4	233.6	446.8	2,244.9	295.5	977.3	11,905.4
Apr. <sup>(p)</sup>	6,565.4	838.5	5,726.9	1,428.4	1,187.7	240.7	459.6	2,319.6	297.5	1,016.7	12,087.2

## 2. Liabilities: levels outstanding

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
1998 Sep.	311.8	156.4	4,731.3	1,274.0	1,901.0	1,345.4	211.0	320.7	1,398.8	723.7	1,505.9	1,351.6	12.4	10,512.7
Oct.	313.3	155.1	4,751.0	1,276.0	1,904.4	1,348.9	221.8	325.4	1,391.4	720.0	1,552.2	1,343.8	-4.0	10,548.1
Nov.	314.2	148.2	4,772.1	1,323.4	1,897.2	1,349.8	201.8	328.8	1,402.8	717.3	1,606.9	1,355.0	23.4	10,668.7
Dec.	323.4	149.7	4,875.8	1,386.2	1,924.1	1,388.8	176.7	303.5	1,398.9	714.3	1,518.9	1,260.1	19.7	10,564.4
1999 Jan.	313.2	132.3	4,882.6	1,415.3	1,983.5	1,312.6	171.2	340.0	1,417.8	755.2	1,682.6	1,429.7	-19.7	10,933.9
Feb.	312.8	141.1	4,866.6	1,388.9	1,980.2	1,313.6	183.9	355.4	1,433.9	753.5	1,642.9	1,379.5	-7.3	10,878.4
Mar.	317.4	133.4	4,869.3	1,395.6	1,984.9	1,310.5	178.3	366.1	1,436.9	767.1	1,716.0	1,349.2	11.7	10,967.0
Apr.	319.5	115.8	4,883.6	1,411.1	1,986.8	1,314.0	171.7	387.6	1,453.5	778.0	1,731.0	1,300.2	0.6	10,969.7
May	321.2	120.7	4,904.6	1,442.8	1,974.7	1,314.7	172.4	389.1	1,463.8	783.0	1,720.7	1,258.1	15.4	10,976.7
June	323.7	124.9	4,935.2	1,488.5	1,961.1	1,319.1	166.4	391.5	1,472.5	793.6	1,838.0	1,328.8	12.5	11,220.8
July	331.7	134.9	4,938.9	1,474.8	1,979.2	1,321.3	163.6	383.3	1,477.0	797.8	1,770.4	1,318.6	13.7	11,166.3
Aug.	326.2	137.8	4,916.7	1,445.7	1,988.1	1,320.2	162.6	396.6	1,484.8	796.7	1,776.9	1,286.5	0.9	11,123.1
Sep.	327.1	133.2	4,928.8	1,474.4	1,976.3	1,317.5	160.6	403.5	1,505.2	807.3	1,777.3	1,287.4	16.2	11,186.1
Oct.	329.4	135.0	4,945.1	1,476.9	1,996.7	1,314.0	157.4	410.5	1,518.8	816.6	1,847.6	1,300.8	21.6	11,325.4
Nov.	329.9	146.0	4,984.1	1,511.7	2,005.0	1,308.7	158.6	428.9	1,529.3	821.6	1,909.0	1,377.1	18.4	11,544.2
Dec.	349.6	142.0	5,049.8	1,541.1	2,037.4	1,327.1	144.2	425.2	1,540.3	869.8	1,824.5	1,307.4	14.7	11,523.4
2000 Jan.	332.7	133.6	5,075.0	1,570.1	2,023.0	1,327.1	154.9	430.1	1,538.6	887.3	1,909.6	1,342.5	-6.1	11,643.4
Feb.	330.9	144.4	5,079.5	1,563.0	2,040.3	1,316.9	159.4	449.1	1,553.7	891.2	1,939.1	1,360.6	7.8	11,756.4
Mar.	334.2	128.7	5,102.0	1,573.7	2,047.0	1,307.1	174.3	457.5	1,553.7	900.1	2,062.5	1,375.0	-8.2	11,905.4
Apr. <sup>(p)</sup>	337.5	129.2	5,141.4	1,609.5	2,055.9	1,299.5	176.5	473.5	1,574.9	912.8	2,157.0	1,393.3	-32.3	12,087.2

Source: ECB.

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

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

3) See Table 2.1, footnote 2.

### 3. Assets: flows <sup>2)</sup>

	Loans to euro area residents			Holdings of securities other than shares issued by euro area residents			Holdings of shares/ other equity issued by other euro area residents	External assets <sup>3)</sup>	Fixed assets	Remaining assets	Total
	1	General government	Other euro area residents	4	General government	Other euro area residents					
1998 Oct.	37.3	4.2	33.1	12.2	7.5	4.7	0.1	-18.2	2.3	-6.1	27.7
Nov.	56.0	6.2	49.7	-11.6	-5.2	-6.4	14.5	22.3	2.3	21.4	104.9
Dec.	64.3	0.2	64.1	-39.7	-32.1	-7.6	15.6	-102.5	2.7	-29.9	-89.5
1999 Jan.	75.4	-1.3	76.7	17.7	12.6	5.1	9.4	120.7	-0.1	158.5	381.6
Feb.	-1.1	0.0	-1.2	9.5	15.7	-6.2	6.7	-114.2	-1.3	16.8	-83.7
Mar.	39.3	-3.2	42.4	25.2	24.1	1.1	19.9	53.4	1.2	-91.5	47.6
Apr.	12.5	-8.7	21.2	3.7	-1.6	5.3	12.9	-6.3	2.0	-33.9	-9.1
May	31.5	0.1	31.3	22.9	16.6	6.2	13.3	-59.0	1.2	-14.1	-4.2
June	101.3	6.6	94.8	-17.0	-21.4	4.4	-9.4	127.4	2.4	29.8	234.6
July	29.7	-8.0	37.6	-7.6	-11.2	3.6	-2.9	-36.5	4.7	-12.0	-24.5
Aug.	-9.9	-4.1	-5.8	11.5	3.7	7.8	-1.4	-41.6	0.8	-19.8	-60.3
Sep.	46.4	5.1	41.3	9.2	15.8	-6.5	-4.1	22.9	3.6	-9.6	68.4
Oct.	52.1	9.1	43.0	9.5	11.7	-2.2	1.5	19.9	2.0	32.1	117.1
Nov.	73.6	12.7	60.9	3.9	-3.2	7.1	14.8	22.0	4.3	60.8	179.5
Dec.	31.0	-5.1	36.0	-27.6	-31.4	3.8	15.4	-76.6	16.1	6.0	-35.7
2000 Jan.	32.9	-8.1	41.0	14.4	13.7	0.7	3.4	22.4	1.4	21.8	96.3
Feb.	30.0	-4.6	34.7	15.3	9.1	6.2	12.9	32.9	-0.5	16.8	107.4
Mar.	64.9	2.8	62.0	-18.2	-16.2	-1.9	34.1	34.6	3.7	4.5	123.7
Apr. <sup>(p)</sup>	59.2	1.6	57.6	-18.4	-22.5	4.1	12.4	19.8	1.9	38.7	113.7

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

	Currency in circulation	Deposits of central government	Deposits of other general government/ other euro area residents	Over-night	With agreed maturity	Redeemable at notice	Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities issued	Capital and reserves	External liabilities <sup>3)</sup>	Re-maining liabilities	Excess of inter-MFI liabilities	Total
1998 Oct.	1.5	-1.3	18.9	1.7	3.0	3.5	10.8	4.7	-10.7	-3.3	43.8	-9.4	-16.6	27.7
Nov.	0.9	-6.8	18.9	46.5	-8.5	0.9	-20.0	3.1	10.2	-1.9	40.1	13.1	27.4	104.9
Dec.	9.2	1.5	105.9	63.3	28.7	39.0	-25.1	-24.6	-4.5	-3.5	-81.6	-88.9	-3.1	-89.5
1999 Jan.	-9.2	-5.4	40.5	29.8	-2.2	14.2	-1.4	13.6	20.3	10.3	156.5	178.7	-23.6	381.6
Feb.	-0.4	8.8	-26.2	-27.6	-12.2	0.9	12.6	15.1	12.2	-0.8	-61.5	-50.1	19.2	-83.7
Mar.	4.7	-7.6	-0.5	5.3	3.0	-3.1	-5.6	6.4	4.8	12.5	55.6	-41.0	12.8	47.6
Apr.	2.1	-17.6	13.1	15.1	1.1	3.4	-6.6	20.9	15.3	11.2	6.6	-50.0	-10.8	-9.1
May	1.7	4.9	19.7	31.2	-12.9	0.6	0.8	1.3	8.6	5.9	-19.3	-41.8	14.8	-4.2
June	2.4	4.2	29.2	45.2	-14.4	4.5	-6.0	1.3	7.0	13.1	109.1	72.0	-3.8	234.6
July	8.0	10.0	6.8	-12.6	20.0	2.2	-2.8	-7.8	7.7	4.9	-45.7	-9.2	0.6	-24.5
Aug.	-5.5	2.9	-24.3	-29.8	7.7	-1.1	-1.1	13.1	4.7	-0.4	-4.9	-33.7	-12.2	-60.3
Sep.	0.9	-4.7	13.0	29.2	-11.6	-2.7	-2.0	6.5	20.4	5.2	4.2	7.5	15.3	68.4
Oct.	2.2	1.8	13.8	1.6	19.0	-3.6	-3.2	6.6	10.4	7.0	54.6	16.7	4.1	117.1
Nov.	0.5	11.0	34.5	33.1	5.7	-5.3	1.1	17.8	6.2	4.1	32.3	76.4	-3.3	179.5
Dec.	19.5	-4.0	65.7	29.4	32.3	18.5	-14.4	-14.7	11.1	31.9	-87.8	-57.8	0.4	-35.7
2000 Jan.	-16.9	-8.4	22.8	28.1	-15.7	-0.2	10.7	0.8	-3.6	19.9	67.8	37.4	-23.6	96.3
Feb.	-1.8	10.8	4.1	-7.2	17.0	-10.2	4.5	19.0	14.9	5.4	25.1	16.1	13.9	107.4
Mar.	3.4	-15.8	19.3	9.4	4.9	-9.9	14.9	7.8	-1.5	10.0	102.7	14.0	-16.1	123.7
Apr. <sup>(p)</sup>	3.2	0.5	33.7	33.7	5.5	-7.7	2.1	2.5	14.0	12.7	52.2	16.3	-21.4	113.7

Table 2.4

Monetary aggregates <sup>1)</sup>

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

## 1. Levels outstanding at the end of the period

	M1								M2		Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Index Dec. 98=100 <sup>2)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Index Dec. 98=100 <sup>2)</sup>			
	1	2	3	4									
1998 Sep.	311.8	1,339.9	1,651.6	92.99	871.4	1,191.5	3,714.6	95.13	211.0	320.7	82.0		
Oct.	313.3	1,340.8	1,654.0	93.11	878.8	1,195.3	3,728.1	95.46	221.8	325.4	82.7		
Nov.	314.2	1,387.9	1,702.0	95.76	877.1	1,196.1	3,775.2	96.62	201.8	328.8	79.7		
Dec.	323.4	1,453.5	1,776.9	100.00	894.5	1,234.4	3,905.8	100.00	176.7	303.5	69.7		
1999 Jan.	313.2	1,483.1	1,796.3	101.19	887.9	1,249.8	3,934.1	100.85	171.2	340.0	54.5		
Feb.	312.8	1,453.1	1,765.9	99.41	873.1	1,252.5	3,891.5	99.69	183.9	355.4	56.1		
Mar.	317.4	1,469.1	1,786.5	100.49	872.7	1,250.1	3,909.3	100.07	178.3	366.1	49.1		
Apr.	319.5	1,481.4	1,800.9	101.28	872.9	1,255.1	3,929.0	100.55	171.7	387.6	53.0		
May	321.2	1,510.6	1,831.9	102.99	863.3	1,259.9	3,955.0	101.19	172.4	389.1	57.6		
June	323.7	1,551.2	1,874.8	105.38	840.2	1,265.7	3,980.7	101.82	166.4	391.5	59.2		
July	331.7	1,543.6	1,875.3	105.47	853.3	1,270.4	3,999.0	102.35	163.6	383.3	61.7		
Aug.	326.2	1,513.6	1,839.8	103.43	856.1	1,270.3	3,966.2	101.47	162.6	396.6	63.0		
Sep.	327.1	1,537.5	1,864.6	104.85	842.1	1,267.8	3,974.5	101.70	160.6	403.5	75.5		
Oct.	329.4	1,542.0	1,871.4	105.18	857.4	1,265.5	3,994.3	102.11	157.4	410.5	74.0		
Nov.	329.9	1,575.9	1,905.8	107.02	856.8	1,260.4	4,023.0	102.75	158.6	428.9	75.6		
Dec.	349.6	1,609.4	1,959.0	109.99	877.5	1,282.9	4,119.5	105.21	144.2	425.2	88.0		
2000 Jan.	332.7	1,636.4	1,969.1	110.51	860.7	1,283.8	4,113.7	105.01	154.9	430.1	86.2		
Feb.	330.9	1,626.6	1,957.5	109.84	875.6	1,272.5	4,105.7	104.84	159.4	449.1	89.9		
Mar.	334.2	1,639.8	1,974.1	110.70	884.5	1,262.2	4,120.7	105.16	174.3	457.5	88.6		
Apr. <sup>(p)</sup>	337.5	1,676.2	2,013.7	112.80	892.7	1,254.7	4,161.1	106.07	176.5	473.5	90.0		

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

	M1								M2		Repurchase agreements	Money market fund shares/ units and money market paper	Debt securities up to 2 years
	Currency in circulation		Overnight deposits		Total	Annual percentage change <sup>3)</sup>	Deposits with agreed maturity up to 2 years	Deposits redeemable at notice up to 3 months	Total	Annual percentage change <sup>3)</sup>			
	1	2	3	4									
1998 Oct.	1.5	0.5	2.0	7.8	7.1	3.8	12.8	4.5	10.8	4.7	0.5		
Nov.	0.9	46.3	47.2	8.5	-2.7	0.7	45.2	4.9	-20.0	3.1	-3.2		
Dec.	9.2	66.1	75.3	9.2	18.9	38.0	132.2	6.0	-25.1	-24.6	-10.3		
1999 Jan.	-9.2	30.3	21.1	14.7	-3.2	15.3	33.2	7.8	-1.4	13.6	-5.5		
Feb.	-0.4	-31.2	-31.6	12.6	-16.3	2.6	-45.3	6.5	12.6	15.1	1.1		
Mar.	4.7	14.6	19.3	11.7	-1.7	-2.6	15.0	6.8	-5.6	6.4	-0.4		
Apr.	2.1	11.9	14.0	11.5	-0.4	5.0	18.6	6.3	-6.6	20.9	1.0		
May	1.7	28.8	30.5	12.1	-10.2	4.7	24.9	6.4	0.8	1.3	4.4		
June	2.4	40.0	42.5	11.5	-23.7	5.8	24.6	6.3	-6.0	1.3	1.4		
July	8.0	-6.4	1.6	14.1	14.4	4.8	20.8	7.7	-2.8	-7.8	2.9		
Aug.	-5.5	-30.8	-36.3	12.8	2.0	-0.1	-34.5	7.0	-1.1	13.1	1.0		
Sep.	0.9	24.5	25.4	12.8	-13.9	-2.5	9.0	6.9	-2.0	6.5	0.8		
Oct.	2.2	3.6	5.8	13.0	12.7	-2.4	16.1	7.0	-3.2	6.6	-1.9		
Nov.	0.5	32.2	32.7	11.8	-2.5	-5.2	25.1	6.3	1.1	17.8	0.7		
Dec.	19.5	33.4	52.9	10.0	20.8	22.6	96.3	5.2	-14.4	-14.7	12.8		
2000 Jan.	-16.9	26.1	9.2	9.2	-17.7	0.8	-7.7	4.1	10.7	0.8	-2.2		
Feb.	-1.8	-10.0	-11.8	10.5	16.4	-11.3	-6.7	5.2	4.5	19.0	3.7		
Mar.	3.4	11.9	15.3	10.2	7.6	-10.4	12.5	5.1	14.9	7.8	-2.0		
Apr. <sup>(p)</sup>	3.2	34.2	37.4	11.4	5.9	-7.6	35.7	5.5	2.1	2.5	0.4		

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) Taking the December 1998 outstanding level (not seasonally adjusted) as 100, the index shows the cumulative product of changes from that date calculated from flows as described in footnote 4. The percentage change in the index between any two dates corresponds to the change in the aggregate excluding such reclassifications, etc.

M3			Main counterparts of M3									
Total	Index, Dec. 98=100 <sup>2)</sup>		Longer-term MFI liabilities				Credit <sup>3)</sup>				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeem- able at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to govern- ment	Credit to other euro area residents	Of which loans	Index Dec. 98 =100 <sup>2)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
4,328.2	97.17		1,030.0	209.5	1,316.8	723.7	2,049.1	5,432.9	4,960.7	97.12	474.2	1998 Sep.
4,357.9	97.81		1,026.1	209.3	1,308.7	720.0	2,061.9	5,471.1	4,993.8	97.77	416.4	Oct.
4,385.5	98.38		1,020.5	209.6	1,323.1	717.3	2,063.1	5,526.9	5,041.3	98.74	401.5	Nov.
4,455.6	100.00		1,030.2	214.8	1,329.2	714.3	2,030.1	5,589.6	5,095.9	100.00	383.3	Dec.
4,499.8	100.90		1,096.3	123.1	1,363.3	755.2	2,029.8	5,640.0	5,110.1	101.50	365.1	1999 Jan.
4,486.9	100.53		1,107.8	121.8	1,377.7	753.5	2,045.8	5,641.9	5,111.3	101.48	315.9	Feb.
4,502.8	100.87		1,112.9	120.9	1,387.8	767.1	2,059.1	5,702.5	5,158.3	102.32	337.6	Mar.
4,541.3	101.63		1,114.8	118.7	1,400.4	778.0	2,049.4	5,741.9	5,179.5	102.74	327.4	Apr.
4,574.2	102.34		1,112.3	115.1	1,406.3	783.0	2,066.2	5,794.0	5,211.8	103.37	288.7	May
4,597.9	102.81		1,121.9	114.2	1,413.3	793.6	2,052.3	5,883.3	5,305.2	105.25	307.4	June
4,607.6	103.11		1,126.6	111.9	1,415.3	797.8	2,032.8	5,918.8	5,340.2	105.99	311.8	July
4,588.5	102.63		1,132.6	111.0	1,421.8	796.7	2,033.0	5,920.7	5,335.2	105.88	279.0	Aug.
4,614.1	102.95		1,134.9	111.2	1,429.7	807.3	2,054.2	5,949.9	5,375.1	106.70	304.0	Sep.
4,636.2	103.34		1,139.7	110.6	1,444.7	816.6	2,075.6	5,995.7	5,421.3	107.55	271.5	Oct.
4,686.1	104.34		1,148.7	110.6	1,453.8	821.6	2,086.1	6,082.8	5,486.0	108.76	266.2	Nov.
4,776.9	106.12		1,160.3	112.8	1,452.3	869.8	2,055.0	6,139.2	5,517.7	109.47	279.1	Dec.
4,784.8	106.15		1,162.6	111.8	1,452.5	887.3	2,058.0	6,188.5	5,563.1	110.29	238.6	2000 Jan.
4,804.1	106.61		1,165.1	112.8	1,463.9	891.2	2,062.2	6,243.1	5,597.1	110.97	247.0	Feb.
4,841.1	107.34		1,162.9	113.6	1,465.0	900.1	2,045.0	6,342.7	5,662.3	112.20	182.3	Mar.
4,901.2	108.24		1,163.6	113.2	1,484.8	912.8	2,026.2	6,427.3	5,726.9	113.35	162.7	Apr. <sup>(p)</sup>

M3			Main counterparts of M3									
Total	Annual percentage change <sup>4)</sup>	3-month moving average (centred)	Longer-term MFI liabilities				Credit <sup>3)</sup>				Net external assets	
			Deposits with agreed maturity over 2 years	Deposits redeem- able at notice over 3 months	Debt securities over 2 years	Capital and reserves	Credit to govern- ment	Credit to other euro area residents	Of which loans	Annual percen- tage change <sup>4)</sup>		
12	13	14	15	16	17	18	19	20	21	22	23	
28.8	5.0	4.8	-4.1	-0.2	-11.1	-3.3	11.7	37.9	33.1	8.9	-62.0	1998 Oct.
25.1	4.7	4.8	-5.8	0.4	13.4	-1.9	1.0	57.9	49.7	9.3	-17.8	Nov.
72.3	4.7	5.1	9.9	5.5	5.7	-3.5	-31.9	72.1	64.1	9.0	-21.0	Dec.
40.0	5.8	5.3	1.3	-1.1	25.7	10.3	11.3	91.1	76.7	10.4	-35.8	1999 Jan.
-16.5	5.3	5.5	4.1	-1.3	11.0	-0.8	15.7	-0.6	-1.2	9.8	-52.8	Feb.
15.4	5.4	5.3	4.7	-0.8	5.2	12.5	20.9	63.5	42.4	10.0	-2.2	Mar.
34.0	5.3	5.4	1.7	-2.2	14.2	11.2	-10.3	39.4	21.2	9.6	-12.9	Apr.
31.4	5.4	5.4	-2.7	-3.6	4.3	5.9	16.7	50.9	31.3	9.9	-39.6	May
21.3	5.5	5.6	9.3	-1.0	5.6	13.1	-14.8	89.8	94.8	10.4	18.3	June
13.2	5.9	5.7	5.2	-2.3	4.8	4.9	-19.2	38.4	37.6	10.2	9.2	July
-21.4	5.7	5.8	5.7	-0.9	3.7	-0.4	-0.3	0.6	-5.8	10.0	-36.6	Aug.
14.3	5.9	5.8	2.3	0.2	19.6	5.2	20.8	30.7	41.3	9.9	18.6	Sep.
17.6	5.7	5.9	6.1	-0.6	12.2	7.0	20.8	42.3	43.0	10.0	-34.7	Oct.
44.7	6.1	5.9	8.1	0.1	5.4	4.1	9.5	82.8	60.9	10.1	-10.3	Nov.
79.9	6.1	5.8	11.5	2.1	-1.7	31.9	-36.5	55.3	36.0	9.5	11.3	Dec.
1.5	5.2	5.8	2.0	-0.9	-1.4	19.9	5.6	45.0	41.0	8.7	-45.4	2000 Jan.
20.5	6.0	5.9	0.7	1.0	11.2	5.4	4.5	53.8	34.7	9.4	7.8	Feb.
33.2	6.4	6.3	-2.8	0.8	0.4	10.0	-13.4	94.2	62.0	9.7	-68.1	Mar.
40.7	6.5	-	-0.3	-0.4	13.7	12.7	-20.9	74.1	57.6	10.3	-32.4	Apr. <sup>(p)</sup>

3) Credit comprises loans and holdings of securities other than shares issued by euro area residents.

4) Calculated from monthly differences in levels adjusted for reclassifications, other revaluations, exchange rate variations and any other changes which do not arise from transactions. For the calculation of growth rates, see the technical notes.

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

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments <sup>4)</sup>				Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>
	M1		Other short-term deposits <sup>3)</sup>		Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>				
	Total	Index <sup>2)</sup>	Total	Index <sup>2)</sup>					5	6	7	8
1998 Sep.	1,667.0	93.85	2,082.2	97.82	3,749.2	96.01	612.5	111.42	4,361.6	97.92	4,973.3	97.37
Oct.	1,676.6	94.37	2,087.9	98.07	3,764.5	96.39	633.4	115.20	4,397.9	98.71	5,006.8	98.02
Nov.	1,694.9	95.36	2,098.4	98.51	3,793.3	97.08	609.9	110.82	4,403.2	98.77	5,048.9	98.89
Dec.	1,719.9	96.79	2,110.2	99.12	3,830.1	98.06	574.6	104.51	4,404.8	98.86	5,066.2	99.42
1999 Jan.	1,784.9	100.55	2,110.6	99.29	3,895.5	99.86	579.6	103.70	4,475.1	100.34	5,090.3	101.11
Feb.	1,782.2	100.33	2,104.7	98.94	3,886.9	99.57	593.0	105.94	4,479.9	100.37	5,114.2	101.54
Mar.	1,803.3	101.43	2,114.6	99.34	3,917.9	100.29	587.8	105.44	4,505.7	100.94	5,161.5	102.39
Apr.	1,816.1	102.13	2,118.7	99.50	3,934.8	100.70	602.1	107.40	4,536.9	101.54	5,190.0	102.95
May	1,829.9	102.88	2,122.8	99.66	3,952.7	101.13	605.7	107.97	4,558.4	101.98	5,230.8	103.74
June	1,843.8	103.63	2,117.4	99.38	3,961.2	101.32	613.8	109.18	4,575.0	102.30	5,285.0	104.85
July	1,864.2	104.84	2,129.8	100.03	3,993.9	102.22	608.3	108.37	4,602.3	102.99	5,321.2	105.62
Aug.	1,870.7	105.16	2,132.4	100.11	4,003.1	102.41	615.5	109.55	4,618.6	103.30	5,355.1	106.27
Sep.	1,880.9	105.77	2,131.5	100.08	4,012.4	102.66	637.7	111.36	4,650.1	103.75	5,390.2	107.00
Oct.	1,890.5	106.26	2,139.4	100.32	4,030.0	103.02	646.5	112.75	4,676.5	104.24	5,435.4	107.83
Nov.	1,902.6	106.84	2,141.3	100.32	4,043.9	103.28	662.2	115.22	4,706.1	104.78	5,492.6	108.89
Dec.	1,907.2	107.08	2,139.0	100.21	4,046.2	103.34	684.7	117.19	4,730.9	105.09	5,486.9	108.86
2000 Jan.	1,949.0	109.37	2,122.2	99.38	4,071.2	103.93	690.0	117.32	4,761.2	105.63	5,538.1	109.79
Feb.	1,974.3	110.79	2,130.4	99.84	4,104.8	104.82	696.0	118.32	4,800.8	106.53	5,600.8	111.05
Mar.	1,997.2	112.00	2,135.6	100.02	4,132.8	105.47	713.5	121.07	4,846.3	107.45	5,665.5	112.27
Apr. <sup>4)</sup>	2,016.6	112.97	2,140.0	100.11	4,156.6	105.96	727.4	120.98	4,884.0	107.86	5,739.0	113.59

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

	M3										Loans to other euro area residents (excluding government)	
	M2				Marketable instruments <sup>4)</sup>				Total	Change on previous month (%)	Total	Change on previous month (%)
	M1		Other short-term deposits <sup>3)</sup>		Total	Change on previous month (%)	Total	Change on previous month (%)				
	Total	Change on previous month (%)	Total	Change on previous month (%)					5	6	7	8
1998 Sep.	13.2	0.8	-0.1	0.0	13.1	0.3	-3.5	-0.6	9.6	0.2	40.2	0.8
Oct.	9.2	0.6	5.4	0.3	14.7	0.4	20.7	3.4	35.4	0.8	33.4	0.7
Nov.	17.5	1.0	9.3	0.4	26.9	0.7	-24.1	-3.8	2.8	0.1	44.4	0.9
Dec.	25.4	1.5	13.1	0.6	38.5	1.0	-34.7	-5.7	3.8	0.1	26.8	0.5
1999 Jan.	66.7	3.9	3.5	0.2	70.2	1.8	-4.4	-0.8	65.8	1.5	86.3	1.7
Feb.	-3.9	-0.2	-7.5	-0.4	-11.3	-0.3	12.5	2.2	1.2	0.0	21.5	0.4
Mar.	19.7	1.1	8.4	0.4	28.1	0.7	-2.8	-0.5	25.3	0.6	42.8	0.8
Apr.	12.4	0.7	3.5	0.2	15.9	0.4	10.9	1.9	26.8	0.6	28.6	0.6
May	13.3	0.7	3.5	0.2	16.8	0.4	3.2	0.5	20.0	0.4	39.8	0.8
June	13.4	0.7	-6.0	-0.3	7.4	0.2	6.8	1.1	14.2	0.3	55.6	1.1
July	21.5	1.2	13.7	0.6	35.2	0.9	-4.6	-0.7	30.7	0.7	38.8	0.7
Aug.	5.8	0.3	1.7	0.1	7.5	0.2	6.6	1.1	14.0	0.3	33.1	0.6
Sep.	10.7	0.6	-0.7	0.0	10.0	0.2	10.2	1.7	20.2	0.4	36.6	0.7
Oct.	8.7	0.5	5.2	0.2	14.0	0.3	7.9	1.2	21.9	0.5	42.0	0.8
Nov.	10.4	0.5	-0.1	0.0	10.3	0.3	14.2	2.2	24.5	0.5	53.4	1.0
Dec.	4.4	0.2	-2.2	-0.1	2.1	0.1	11.3	1.7	13.5	0.3	-1.3	0.0
2000 Jan.	40.8	2.1	-17.8	-0.8	23.0	0.6	0.8	0.1	23.8	0.5	46.8	0.9
Feb.	25.2	1.3	9.7	0.5	35.0	0.9	5.9	0.8	40.8	0.9	63.3	1.1
Mar.	21.5	1.1	3.9	0.2	25.4	0.6	16.2	2.3	41.6	0.9	61.5	1.1
Apr. <sup>4)</sup>	17.3	0.9	1.9	0.1	19.1	0.5	-0.5	-0.1	18.6	0.4	66.5	1.2

Source: ECB.

1) See page 14\*, footnote 1.

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

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

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

5) See page 15\*, footnote 4.

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

	Non-financial corporations <sup>2)</sup>				Households <sup>2)</sup>	Consumer credit <sup>3)</sup>			Lending for house purchase <sup>3)</sup>			Other lending			Non-profit institutions serving households <sup>2)</sup>		
	1	Up to 1 year	Over 1 and up to 5 years	Over 5 years		6	Up to 1 year	Over 1 and up to 5 years	Over 5 years	9	Up to 1 year	Over 1 and up to 5 years	Over 5 years	12		Over 1 and up to 5 years	Over 5 years
1998 Q2	2,200.5	785.1	320.8	1,094.6	2,373.6	78.2	121.8	190.2	28.4	49.7	1,344.7	113.9	79.2	367.6	37.5		
Q3	2,223.6	775.1	324.3	1,124.3	2,420.4	80.2	126.0	195.1	28.9	48.6	1,379.3	111.8	86.6	364.0	36.8		
Q4	2,286.8	813.3	316.2	1,157.3	2,479.6	84.6	128.4	199.8	28.2	42.0	1,419.6	114.3	82.0	380.7	36.9		
1999 Q1	2,258.7	818.7	338.5	1,101.4	2,527.5	86.5	147.6	187.3	15.4	66.9	1,464.0	135.5	99.3	325.1	35.8		
Q2	2,330.1	844.0	352.6	1,133.5	2,593.0	84.6	152.8	192.9	18.7	63.7	1,513.6	138.3	99.2	329.1	35.8		
Q3	2,344.9	831.5	362.3	1,151.2	2,653.5	86.2	155.6	195.3	19.5	64.3	1,561.4	136.2	97.8	337.3	36.2		
Q4	2,417.7	857.9	372.8	1,186.9	2,718.2	88.7	154.5	194.2	19.9	60.4	1,619.2	142.1	100.2	339.0	37.4		
2000 Q1 <sup>4)</sup>	2,491.1	892.3	389.6	1,209.2	2,768.0	90.2	160.9	197.9	20.2	59.5	1,654.0	140.6	100.8	344.0	39.1		

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

	Non-monetary financial intermediaries except insurance corporations and pension funds <sup>2)</sup>				Insurance corporations and pension funds <sup>2)</sup>			
	16	Up to 1 year	Over 1 and up to 5 years	Over 5 years	20	Up to 1 year	Over 1 and up to 5 years	Over 5 years
1998 Q2	246.3	148.1	51.4	46.8	23.4	16.4	2.1	4.8
Q3	247.5	143.3	54.2	50.0	35.2	27.2	2.4	5.6
Q4	264.0	158.0	52.9	53.0	27.8	19.0	2.5	6.3
1999 Q1	300.3	183.6	54.8	61.8	35.9	27.0	3.0	5.9
Q2	306.0	192.0	52.3	61.7	40.3	28.8	2.7	8.8
Q3	298.7	181.1	53.3	64.3	41.7	32.9	2.8	6.0
Q4	314.8	190.4	54.6	69.7	29.2	20.6	2.7	5.9
2000 Q1 <sup>4)</sup>	331.9	203.4	55.9	72.7	32.8	21.6	3.9	7.3

**3. Loans to government**

	General government <sup>2)</sup>										
	24	Central government <sup>4)</sup>	Other general government							Social security funds	
			State government			Local government					
			26	Up to 1 year	Over 1 and up to 5 years	Over 5 years	30	Up to 1 year	Over 1 and up to 5 years		Over 5 years
25	27	28	29	31	32	33	34				
1998 Q2	830.1	219.1	271.8	8.6	15.6	247.6	333.5	19.9	13.0	300.6	5.6
Q3	831.5	216.5	273.7	7.8	14.2	251.7	326.1	18.3	11.2	296.7	15.3
Q4	841.7	201.6	291.2	11.4	13.5	266.3	334.9	18.9	10.9	305.2	14.0
1999 Q1	837.2	220.7	276.7	12.1	20.9	243.7	327.4	19.4	12.5	295.5	12.4
Q2	836.9	212.0	279.2	11.5	20.5	247.1	328.4	20.0	10.9	297.5	17.3
Q3	829.8	206.2	278.4	10.1	21.3	247.0	328.4	19.8	10.4	298.2	16.8
Q4	844.0	199.9	289.9	15.0	22.1	252.7	338.7	20.5	11.8	306.4	15.6
2000 Q1 <sup>4)</sup>	833.0	197.0	288.5	13.2	24.0	251.3	332.1	19.9	10.7	301.5	15.5

Source: ECB.

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

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

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

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



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

	Non-financial corporations <sup>2)</sup>					Households <sup>2)</sup>				
	1	Overnight	With agreed maturity	Redeemable at notice	Repos	6	Overnight	With agreed maturity	Redeemable at notice	Repos
		2	3	4	5		7	8	9	10
1998 Q2	704.9	390.1	245.4	26.5	42.9	3,256.4	768.4	1,120.7	1,311.8	55.6
Q3	705.6	392.2	250.5	25.4	37.5	3,225.1	745.6	1,111.0	1,311.6	56.8
Q4	743.2	435.6	252.4	25.6	29.5	3,313.1	794.1	1,116.4	1,355.0	47.7
1999 Q1	726.1	393.2	285.9	23.5	23.5	3,222.5	797.3	1,110.7	1,275.0	39.5
Q2	739.0	425.9	263.7	25.7	23.7	3,237.1	841.3	1,082.5	1,280.7	32.6
Q3	743.3	427.3	268.4	25.4	22.1	3,232.1	843.5	1,075.4	1,279.2	33.9
Q4	768.2	443.6	279.3	23.8	21.5	3,299.3	870.1	1,098.7	1,291.1	39.4
2000 Q1 <sup>4)</sup>	781.0	444.0	288.9	24.5	23.6	3,292.3	886.3	1,093.9	1,269.6	42.5

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

	Non-monetary financial intermediaries except insurance corporations and pension funds <sup>2)</sup>					Insurance corporations and pension funds <sup>2)</sup>				
	1	Overnight	With agreed maturity	Redeemable at notice	Repos	6	Overnight	With agreed maturity	Redeemable at notice	Repos
		2	3	4	5		7	8	9	10
1998 Q2	248.8	70.3	79.5	10.7	88.2	402.7	26.6	358.8	4.7	12.6
Q3	254.1	68.6	77.8	10.3	97.4	408.3	24.8	363.1	4.4	16.0
Q4	259.2	79.1	83.4	9.3	87.3	410.9	28.6	367.5	4.6	10.2
1999 Q1	375.5	127.4	141.9	4.7	101.5	424.9	32.0	379.1	3.0	10.8
Q2	400.1	132.9	164.9	4.7	97.6	429.9	36.4	379.5	3.3	10.7
Q3	390.1	122.0	172.4	5.2	90.4	435.2	31.8	388.6	3.3	11.5
Q4	397.8	142.6	181.2	4.7	69.3	446.3	32.0	399.2	3.3	11.9
2000 Q1 <sup>4)</sup>	433.7	157.6	178.7	5.6	91.8	456.5	34.2	405.9	3.2	13.1

**3. Deposits held by government**

	General government <sup>2)</sup>																
	1	Central government		Other general government													
		2	State government				Local government				Social security funds						
			3	Overnight	With agreed maturity	Redeemable at notice	Repos	8	Overnight	With agreed maturity	Redeemable at notice	Repos	13	Overnight	With agreed maturity	Redeemable at notice	Repos
		4	5	6	7		9	10	11	12		14	15	16	17		
1998 Q2	285.5	147.3	51.1	7.4	43.5	0.1	0.1	45.7	21.8	19.3	3.4	1.2	41.3	15.0	23.8	1.3	1.2
Q3	297.0	156.4	52.7	7.8	44.6	0.1	0.2	47.2	21.7	20.3	3.5	1.6	40.8	14.3	23.7	1.3	1.5
Q4	299.4	149.7	53.7	10.1	43.5	0.1	0.1	52.8	25.7	22.3	3.5	1.2	43.1	12.9	28.3	1.1	0.8
1999 Q1	253.8	133.4	25.6	7.4	17.9	0.1	0.2	52.9	24.1	23.9	3.2	1.7	41.9	14.3	25.6	1.0	1.0
Q2	254.5	124.9	27.3	8.1	18.9	0.2	0.1	54.3	26.1	24.1	3.4	0.7	47.9	18.2	27.6	1.1	1.0
Q3	262.0	133.2	27.8	8.7	18.7	0.1	0.2	54.4	24.5	25.4	3.3	1.1	46.6	17.1	27.2	0.9	1.5
Q4	280.7	142.0	31.6	10.2	21.1	0.1	0.2	59.0	27.1	27.2	3.4	1.2	48.1	16.0	30.6	0.7	0.7
2000 Q1 <sup>4)</sup>	267.8	128.7	28.7	8.3	20.2	0.1	0.1	58.5	25.6	27.5	3.3	2.1	51.9	18.3	31.9	0.7	1.1

Source: ECB.

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

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

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

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents								
	1	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>		Other		12	Banks <sup>3)</sup>		Non-banks	
		2	3	4	6		7	8	10	11		13	14	15						
															General government		Other	General government	Other	
1998 Q2	93.7	77.3	12.9	3.4	91.6	9.3	80.9	1.5	1.0	0.3	0.8	14.4	9.1	5.0	0.3					
Q3	78.7	70.4	4.4	3.9	94.0	3.0	89.8	1.2	0.6	0.1	0.5	10.3	9.5	0.4	0.4					
Q4	84.4	71.6	11.6	1.1	120.8	2.3	116.2	2.3	0.6	0.1	0.5	12.8	12.1	0.4	0.4					
1999 Q1	108.4	97.1	8.4	2.9	185.4	3.9	178.7	2.9	0.4	0.1	0.3	91.9	89.6	0.4	1.8					
Q2	191.4	174.7	13.1	3.7	175.2	4.5	166.9	3.8	0.4	0.1	0.3	165.2	162.8	0.2	2.2					
Q3	108.1	99.0	6.8	2.3	176.2	4.0	168.1	4.1	0.4	0.1	0.3	82.6	80.6	0.4	1.5					
Q4	59.6	45.6	7.4	6.6	193.9	5.7	184.4	3.8	0.6	0.1	0.5	43.2	39.8	0.3	3.2					
2000 Q1 <sup>4)</sup>	74.4	63.3	8.9	2.2	199.7	4.8	189.2	5.7	0.5	0.1	0.4	64.9	63.3	0.2	1.4					

**2. MFIs excluding the Eurosystem**

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents								
	1	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>		Other		12	Banks <sup>3)</sup>		Non-banks	
		2	3	4	6		7	8	10	11		13	14	15						
															General government		Other	General government	Other	
1998 Q2	1,336.5	963.3	65.9	307.4	282.0	81.2	92.0	108.8	56.6	16.9	39.7	1,487.2	1,123.2	61.6	302.4					
Q3	1,323.6	949.8	68.7	305.1	271.1	66.6	84.1	120.4	57.6	23.0	34.7	1,485.9	1,159.3	34.0	292.7					
Q4	1,253.0	889.8	70.7	292.5	272.4	64.5	89.4	118.5	55.2	21.9	33.3	1,501.9	1,139.6	39.2	323.0					
1999 Q1	1,267.2	896.0	61.1	310.1	300.1	71.5	105.6	123.0	58.5	22.3	36.1	1,618.1	1,204.4	70.8	342.9					
Q2	1,248.2	849.8	63.9	334.4	320.7	78.3	104.1	138.3	75.2	32.5	42.7	1,666.6	1,215.6	63.1	387.9					
Q3	1,254.4	850.5	64.5	339.4	319.6	87.6	90.0	142.0	77.6	37.7	39.9	1,688.5	1,230.2	62.6	395.7					
Q4	1,277.2	862.8	64.8	349.6	340.1	94.0	89.6	156.5	80.1	37.4	42.7	1,773.5	1,278.4	72.0	423.1					
2000 Q1 <sup>4)</sup>	1,330.7	890.2	66.2	374.2	370.6	103.4	98.9	168.3	99.1	45.4	53.7	1,986.1	1,437.9	71.1	477.1					

**3. MFIs including the Eurosystem**

	Loans to non-residents				Holdings of securities other than shares issued by non-residents				Holdings of shares and other equity issued by non-residents			Deposits held by non-residents								
	1	Banks <sup>3)4)</sup>		Non-banks		5	Banks <sup>3)</sup>		Non-banks		9	Banks <sup>3)</sup>		Other		12	Banks <sup>3)</sup>		Non-banks	
		2	3	4	6		7	8	10	11		13	14	15						
															General government		Other	General government	Other	
1998 Q2	1,430.2	1,040.6	78.8	310.8	373.6	90.4	172.9	110.3	57.7	17.2	40.5	1,501.6	1,132.3	66.5	302.8					
Q3	1,402.3	1,020.2	73.1	309.0	365.1	69.7	173.8	121.6	58.2	23.0	35.1	1,496.2	1,168.8	34.3	293.1					
Q4	1,337.4	961.5	82.3	293.6	393.2	66.8	205.6	120.8	55.8	22.0	33.8	1,514.7	1,151.7	39.6	323.4					
1999 Q1	1,375.6	993.1	69.5	313.0	485.5	75.4	284.3	125.9	58.8	22.4	36.4	1,710.0	1,294.0	71.3	344.7					
Q2	1,439.6	1,024.5	77.0	338.1	495.9	82.7	271.0	142.1	75.6	32.5	43.0	1,831.8	1,378.4	63.3	390.1					
Q3	1,362.5	949.5	71.3	341.7	495.8	91.6	258.1	146.1	78.0	37.8	40.2	1,771.0	1,310.8	63.0	397.2					
Q4	1,336.9	908.5	72.2	356.2	534.0	99.7	273.9	160.3	80.7	37.5	43.2	1,816.8	1,318.2	72.3	426.3					
2000 Q1 <sup>4)</sup>	1,405.0	953.5	75.1	376.4	570.3	108.2	288.1	174.0	99.6	45.4	54.1	2,051.0	1,501.2	71.3	478.5					

*Source: ECB.*
*1) Outstanding amounts are not adjusted for reclassifications, other revaluations or exchange rate variations. Data are partially estimated.*
*2) New reporting rules as from January 1999 caused significant breaks in the first quarter of 1999.*
*3) The term "banks" is used in this table to indicate institutions of a similar type to MFIs resident outside the euro area.*
*4) Deposits placed by MFIs with banks located outside the euro area are included.*

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

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	3,280.8	2,937.1	39.2	304.5	213.9	20.9	42.9	26.9	4,897.6	4,742.9	18.7	135.9	99.5	15.8	10.2	10.5
Q3	3,310.6	2,932.0	41.1	337.4	234.1	27.1	44.2	32.0	4,889.2	4,736.7	19.7	132.7	95.2	12.7	13.7	11.2
Q4	3,405.4	3,024.3	41.3	339.8	237.7	27.3	50.3	24.5	5,025.5	4,878.3	19.9	127.2	91.2	13.2	13.2	9.7
1999 Q1	3,877.0	3,453.2	49.1	374.6	263.6	27.1	54.5	29.4	5,002.5	4,850.6	23.7	128.1	89.2	14.2	14.5	10.2
Q2	4,111.3	3,712.2	44.0	355.0	252.8	27.0	51.5	23.6	5,059.6	4,899.3	25.7	134.6	96.6	15.0	12.5	10.5
Q3	3,836.7	3,430.1	46.0	360.6	253.4	30.0	56.1	21.0	5,061.5	4,901.1	25.8	134.6	95.9	16.3	11.9	10.4
Q4	3,856.9	3,448.1	42.4	366.4	258.1	33.9	54.1	20.2	5,191.3	5,027.2	24.0	140.1	100.8	17.3	11.5	10.5
2000 Q1 <sup>3)</sup>	3,915.6	3,482.9	51.3	381.4	307.4	82.1	102.8	63.1	5,229.1	5,055.6	28.4	145.1	105.5	17.2	11.7	11.7

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	1,132.3	460.7	121.4	550.3	425.7	40.9	49.9	33.7	372.7	147.8	32.6	192.3	140.3	18.9	11.6	21.5
Q3	1,168.8	464.3	127.3	577.2	443.6	47.5	54.1	32.0	330.8	143.1	28.8	158.9	122.3	13.8	11.2	11.6
Q4	1,151.7	455.3	123.5	572.9	438.1	56.1	52.6	26.1	366.4	154.5	33.2	178.6	131.3	22.8	12.1	12.5
1999 Q1	1,294.0	556.5	128.4	609.2	470.4	52.9	53.1	32.7	415.2	178.1	36.8	200.3	149.2	24.2	12.9	13.9
Q2	1,378.4	613.9	135.3	629.2	501.2	39.2	52.3	36.5	453.2	193.3	40.9	219.0	168.0	24.5	11.7	14.8
Q3	1,310.8	553.8	130.1	626.9	495.6	43.9	53.5	33.9	458.8	199.8	43.4	215.7	161.9	27.5	11.4	14.8
Q4	1,318.2	539.0	120.9	658.3	526.0	48.8	50.7	32.8	498.5	214.0	46.7	237.9	183.4	27.3	13.0	14.2
2000 Q1 <sup>3)</sup>	1,501.2	597.4	155.5	748.2	585.3	63.8	64.4	34.7	549.0	242.1	44.5	262.3	201.9	33.7	12.5	18.7

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

	Debt securities								Money market paper							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	2,053.9	1,833.8	22.5	197.6	112.7	37.6	30.6	16.7	160.2	144.2	0.7	15.3	10.9	1.8	1.2	1.3
Q3	2,105.7	1,891.4	26.0	188.3	105.3	33.9	33.4	15.8	166.1	147.9	0.6	17.6	15.5	1.0	0.7	0.3
Q4	2,121.3	1,903.5	27.7	190.1	106.6	35.4	33.2	15.0	169.4	155.4	0.6	13.4	11.3	0.9	1.1	0.1
1999 Q1	2,199.2	1,967.3	26.7	205.3	119.5	35.4	35.2	15.1	185.4	169.8	0.8	14.9	12.6	0.8	1.3	0.2
Q2	2,274.3	2,026.8	32.2	215.3	125.7	35.4	37.1	17.0	188.1	170.3	1.4	16.5	13.8	1.1	1.5	0.2
Q3	2,334.5	2,079.9	33.8	220.9	127.7	38.5	37.2	17.4	207.4	187.8	1.2	18.4	13.3	2.7	2.2	0.2
Q4	2,368.6	2,108.4	35.2	225.0	128.0	42.4	36.9	17.6	245.4	220.5	1.5	23.4	17.2	3.6	2.3	0.4
2000 Q1 <sup>3)</sup>	2,426.2	2,144.6	37.5	244.1	136.1	49.2	36.7	22.2	246.2	221.8	1.7	22.7	15.8	4.2	2.0	0.7

Source: ECB.

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

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

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

## Assets outstanding

### 4. Loans to euro area residents

	MFIs								Non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	3,336.7	-	-	-	-	-	-	-	5,707.9	5,545.5	25.3	137.0	80.8	13.5	38.4	4.4
Q3	3,355.3	-	-	-	-	-	-	-	5,792.7	5,630.4	26.3	136.0	77.7	12.7	42.8	2.9
Q4	3,386.1	-	-	-	-	-	-	-	5,937.5	5,764.0	26.6	147.0	79.0	15.4	48.8	3.8
1999 Q1	3,865.2	-	-	-	-	-	-	-	5,995.5	5,798.9	20.2	176.4	99.9	18.3	53.7	4.5
Q2	4,098.8	-	-	-	-	-	-	-	6,142.1	5,931.2	21.3	189.6	108.9	19.5	57.9	3.2
Q3	3,820.5	-	-	-	-	-	-	-	6,204.9	5,985.0	23.3	196.6	106.9	23.9	61.6	4.2
Q4	3,842.1	-	-	-	-	-	-	-	6,364.9	6,132.6	22.3	210.0	114.7	28.3	62.4	4.6
2000 Q1 <sup>4)</sup>	3,923.8	-	-	-	-	-	-	-	6,502.2	6,232.9	35.4	234.0	129.0	35.5	67.8	5.0

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

	Issued by MFIs								Issued by non-MFIs							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	683.9	656.0	5.9	22.0	13.8	2.5	1.1	4.6	1,430.3	1,389.7	8.6	32.0	15.6	6.4	2.5	7.6
Q3	706.8	679.7	7.2	20.0	12.9	2.9	1.4	2.9	1,416.1	1,380.3	10.2	25.6	14.0	7.0	2.3	2.3
Q4	722.4	680.9	17.8	23.6	15.8	3.6	1.8	2.5	1,377.8	1,340.9	10.6	26.3	14.7	8.2	2.3	1.1
1999 Q1	762.3	726.7	7.8	27.9	18.3	5.6	1.3	2.7	1,419.1	1,386.6	3.9	28.5	15.4	10.2	2.0	0.9
Q2	801.7	767.6	6.5	27.6	18.3	5.2	1.1	3.0	1,429.0	1,398.8	3.2	26.9	13.6	10.2	2.1	1.1
Q3	829.4	795.4	6.8	27.2	17.8	5.1	1.7	2.6	1,442.9	1,412.7	3.1	27.1	13.0	10.4	2.2	1.6
Q4	828.5	793.9	7.3	27.3	18.2	4.8	2.3	2.0	1,436.1	1,403.6	5.4	27.1	12.7	10.3	1.9	2.2
2000 Q1 <sup>4)</sup>	872.6	835.0	10.7	26.9	17.4	4.9	2.0	2.7	1,442.0	1,410.1	20.0	30.2	15.4	10.9	2.0	77.1

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

	Banks <sup>3)</sup>								Non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	1,040.6	417.6	84.9	538.1	409.3	62.8	28.7	37.3	386.3	181.5	20.9	183.9	162.9	4.6	11.1	5.3
Q3	1,020.2	419.3	98.3	502.6	365.2	67.5	26.7	43.2	378.8	174.7	24.5	179.6	156.5	5.3	11.9	5.9
Q4	961.5	371.7	74.1	515.7	375.8	74.7	27.0	38.1	372.6	148.1	26.8	197.8	171.6	8.3	13.3	4.5
1999 Q1	993.1	457.8	76.3	459.0	325.1	62.3	27.2	44.4	384.4	134.1	29.0	221.4	193.7	7.7	14.4	5.6
Q2	1,024.5	474.4	80.5	469.6	349.1	52.9	26.2	41.4	417.2	139.9	35.0	242.3	211.7	8.0	16.3	6.3
Q3	949.5	428.1	78.4	442.9	320.3	54.1	28.3	40.2	413.6	143.4	36.9	233.3	198.7	10.8	18.0	5.8
Q4	908.5	388.9	74.9	444.6	323.4	53.9	30.0	37.4	431.8	138.6	39.6	253.5	217.0	11.1	18.8	6.7
2000 Q1 <sup>4)</sup>	953.5	416.0	90.5	447.0	315.4	57.8	33.2	40.7	454.0	145.3	40.0	268.7	228.7	13.7	20.0	6.3

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

	Issued by banks <sup>3)</sup>								Issued by non-banks							
	All currencies 1	Euro <sup>2)</sup> 2	Other EU currencies 3	Other currencies 4	Other currencies				All currencies 9	Euro <sup>2)</sup> 10	Other EU currencies 11	Other currencies 12	Other currencies			
					USD 5	JPY 6	CHF 7	Other 8					USD 13	JPY 14	CHF 15	Other 16
1998 Q2	90.4	18.1	5.3	67.1	38.6	4.5	0.7	23.3	278.0	49.3	25.9	202.7	141.3	20.4	3.8	37.3
Q3	69.7	20.3	-4.3	53.7	39.7	5.2	1.0	7.8	290.2	41.5	31.5	217.2	161.1	30.1	4.4	21.6
Q4	66.8	19.6	5.6	41.5	28.1	4.9	0.8	7.6	321.2	48.1	31.0	242.1	182.2	35.7	4.2	19.8
1999 Q1	75.4	19.5	5.6	50.3	35.0	5.3	0.9	9.1	409.8	52.4	31.0	326.4	255.1	37.2	4.3	29.7
Q2	82.7	21.7	6.4	54.7	39.2	5.6	1.2	8.8	412.9	66.7	33.8	312.3	247.8	37.1	4.9	22.5
Q3	91.6	33.9	6.1	51.5	38.1	5.9	1.0	6.5	403.6	80.5	30.9	292.2	237.4	33.5	4.5	16.8
Q4	99.7	38.0	7.2	54.5	39.5	6.9	1.0	7.1	433.0	91.3	31.4	310.4	253.2	34.4	4.7	18.1
2000 Q1 <sup>4)</sup>	108.2	39.7	7.0	61.6	45.8	6.5	1.0	17.0	435.3	94.5	34.5	306.4	244.0	35.5	6.1	20.7

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

**Table 3.1**

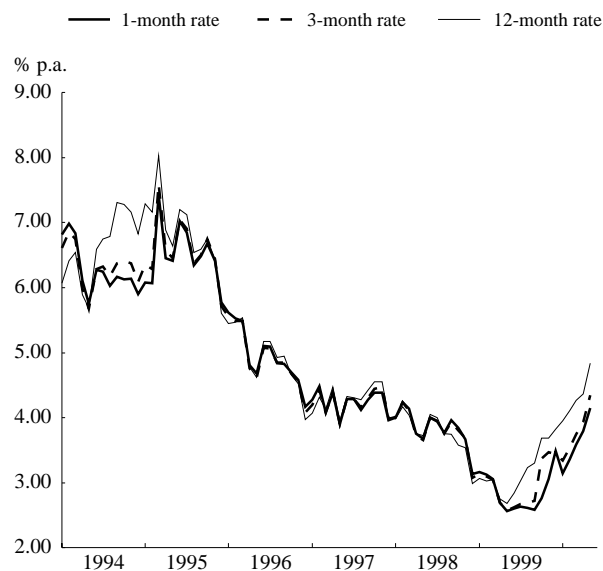
**Money market interest rates <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>4)</sup>					United States <sup>6)</sup>	Japan <sup>6)</sup>
	Overnight deposits <sup>2) 3)</sup> 1	1-month deposits <sup>5)</sup> 2	3-month deposits <sup>5)</sup> 3	6-month deposits <sup>5)</sup> 4	12-month deposits <sup>5)</sup> 5	3-month deposits <sup>6)</sup> 6	3-month deposits <sup>7)</sup> 7
1995	5.62	6.51	6.59	6.68	6.86	6.04	1.23
1996	4.04	4.95	4.92	4.89	4.93	5.51	0.57
1997	3.98	4.23	4.24	4.25	4.28	5.76	0.62
1998	3.09	3.84	3.83	3.78	3.77	5.57	0.66
1999	2.74	2.86	2.96	3.06	3.19	5.42	0.22
1999 May	2.55	2.57	2.58	2.60	2.68	5.02	0.11
June	2.56	2.61	2.63	2.68	2.84	5.18	0.10
July	2.52	2.63	2.68	2.90	3.03	5.31	0.11
Aug.	2.44	2.61	2.70	3.05	3.24	5.45	0.09
Sep.	2.43	2.58	2.73	3.11	3.30	5.57	0.10
Oct.	2.50	2.76	3.38	3.46	3.68	6.18	0.25
Nov.	2.94	3.06	3.47	3.48	3.69	6.10	0.30
Dec.	3.04	3.49	3.44	3.51	3.83	6.13	0.33
2000 Jan.	3.04	3.15	3.34	3.56	3.95	6.04	0.15
Feb.	3.28	3.36	3.54	3.73	4.11	6.10	0.13
Mar.	3.51	3.59	3.75	3.94	4.27	6.20	0.14
Apr.	3.69	3.80	3.93	4.09	4.37	6.31	0.12
May	3.92	4.15	4.35	4.53	4.84	6.75	0.10
2000 5 May	4.03	4.15	4.32	4.49	4.78	6.67	0.10
12	3.90	4.12	4.33	4.52	4.84	6.73	0.10
19	3.79	4.24	4.46	4.65	4.97	6.82	0.10
26	4.02	4.18	4.40	4.60	4.90	6.83	0.10
2 June	4.16	4.28	4.47	4.65	4.96	6.85	0.10

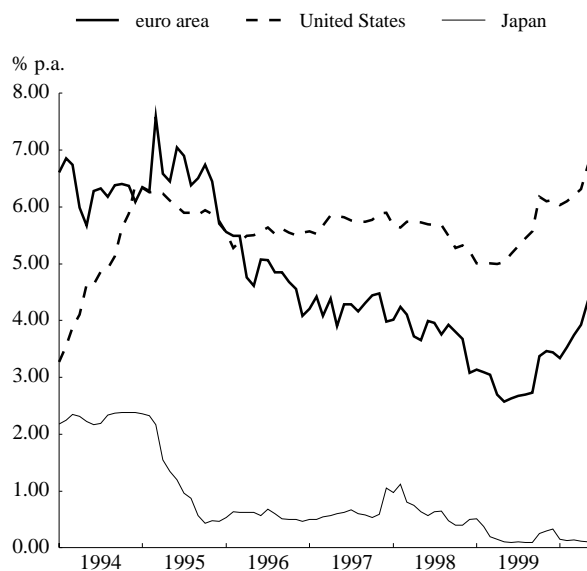
**Euro area money market rates**

(monthly)



**3-month money market rates**

(monthly)



Sources: Reuters and ECB.

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

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

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

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

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

6) London interbank offered rates (LIBOR).

**Table 3.2**

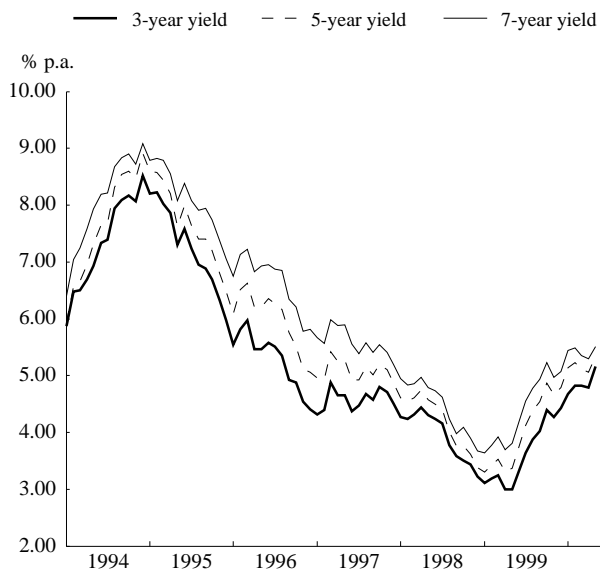
**Government bond yields <sup>1)</sup>**

(percentages per annum)

	Euro area <sup>2)</sup>					United States	Japan
	2 years <sup>1</sup>	3 years <sup>2</sup>	5 years <sup>3</sup>	7 years <sup>4</sup>	10 years <sup>5</sup>	10 years <sup>6</sup>	10 years <sup>7</sup>
1995	5.69	5.97	6.48	7.06	8.73	6.69	3.32
1996	4.17	4.41	5.06	5.82	7.23	6.54	3.03
1997	4.33	4.51	4.87	5.20	5.99	6.45	2.15
1998	3.16	3.22	3.38	3.67	4.71	5.33	1.30
1999	3.38	3.63	4.01	4.38	4.66	5.64	1.75
1999 May	2.82	3.00	3.37	3.81	4.21	5.54	1.36
June	3.09	3.34	3.77	4.20	4.53	5.90	1.60
July	3.30	3.64	4.13	4.55	4.86	5.80	1.69
Aug.	3.56	3.87	4.39	4.78	5.06	5.94	1.89
Sep.	3.66	4.02	4.55	4.94	5.24	5.91	1.75
Oct.	4.07	4.40	4.87	5.23	5.47	6.10	1.78
Nov.	3.99	4.27	4.67	4.97	5.18	6.03	1.81
Dec.	4.18	4.43	4.79	5.07	5.30	6.26	1.73
2000 Jan.	4.38	4.68	5.14	5.44	5.70	6.66	1.71
Feb.	4.55	4.82	5.23	5.49	5.66	6.52	1.83
Mar.	4.59	4.83	5.12	5.35	5.49	6.26	1.81
Apr.	4.58	4.79	5.06	5.30	5.41	6.00	1.75
May	5.00	5.16	5.34	5.51	5.52	6.42	1.71
2000 5 May	4.96	5.16	5.39	5.56	5.60	6.50	1.73
12	5.02	5.22	5.41	5.57	5.57	6.49	1.71
19	5.20	5.34	5.49	5.65	5.61	6.54	1.72
26	4.98	5.08	5.19	5.37	5.37	6.33	1.68
2 June	4.94	5.03	5.09	5.26	5.26	6.12	1.68

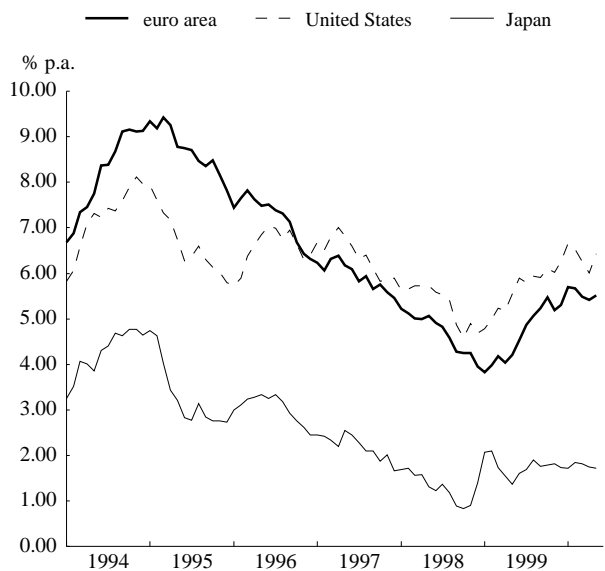
**Euro area government bond yields**

(monthly)



**10-year government bond yields**

(monthly)



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

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

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

**Table 3.3**

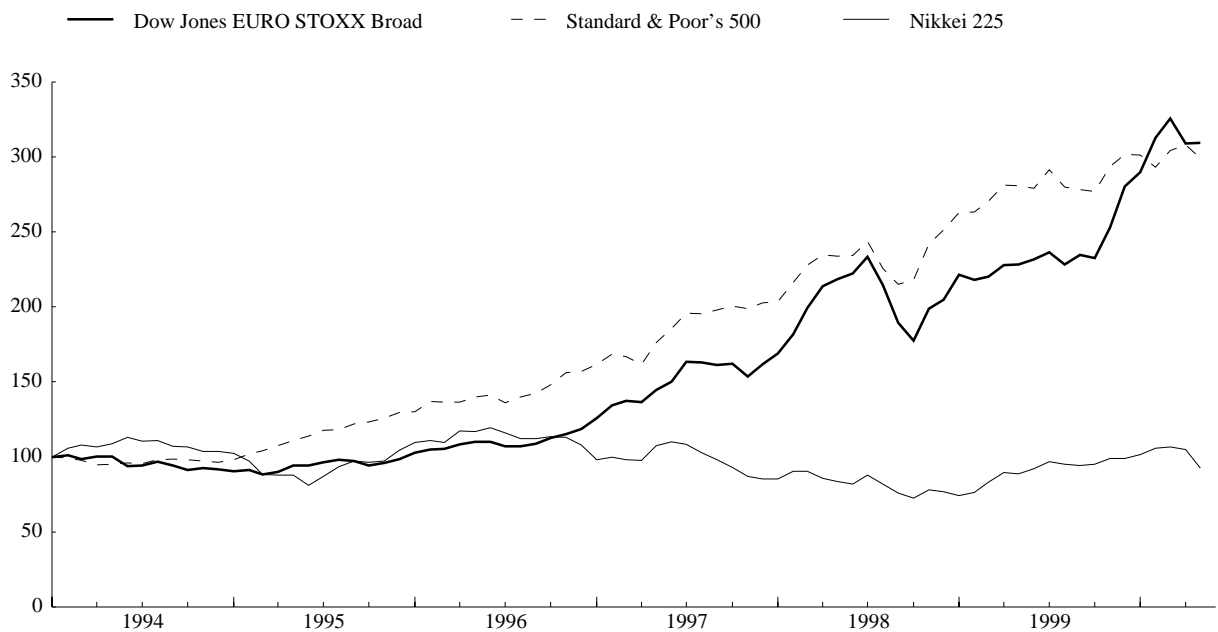
**Stock market indices**

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

	Dow Jones EURO STOXX indices												United States	Japan
	Benchmark		Main economic sector indices <sup>2)</sup>											
	Broad	50	Basic materials	Consumer cyclical	Consumer non-cyclical	Energy	Financial	Industrial	Technology	Utilities	Telecommunications	Healthcare		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1995	130.5	1,388.1	150.6	127.9	141.1	131.2	117.0	124.5	146.0	132.3	161.9	166.4	542.2	17,363.4
1996	151.6	1,657.5	181.1	146.8	180.6	159.5	129.9	134.7	150.0	166.3	202.4	230.2	671.2	21,061.7
1997	207.6	2,319.6	233.4	191.9	231.9	227.3	184.4	168.0	227.7	205.5	324.4	301.8	873.9	18,373.4
1998	280.5	3,076.3	257.9	245.0	295.5	249.3	281.3	218.4	333.6	282.1	487.7	348.6	1,085.3	15,338.4
1999	325.8	3,787.3	279.2	262.9	327.7	286.0	295.7	285.1	470.4	306.0	718.8	392.8	1,327.8	16,829.9
1999 May	317.0	3,669.1	275.9	267.9	323.3	291.3	293.2	271.6	413.3	300.0	653.8	385.4	1,329.7	16,533.3
June	321.7	3,749.5	279.8	265.9	327.3	299.0	288.5	284.4	440.2	300.3	694.1	377.6	1,322.6	17,136.0
July	328.1	3,846.2	294.7	265.5	330.4	316.0	289.6	294.5	481.6	302.3	687.0	392.9	1,381.0	18,008.6
Aug.	316.8	3,691.3	302.1	251.2	319.3	314.7	279.2	288.8	455.2	289.8	649.7	380.3	1,327.5	17,670.3
Sep.	325.9	3,772.8	294.3	257.5	328.7	312.3	289.8	297.8	480.8	296.1	683.3	383.3	1,318.2	17,532.8
Oct.	322.4	3,742.6	282.7	253.2	321.5	295.4	290.9	294.4	489.0	281.9	695.7	395.5	1,312.6	17,697.9
Nov.	351.2	4,160.0	294.9	265.0	333.2	305.7	310.3	314.7	589.9	297.4	836.2	427.1	1,391.6	18,440.3
Dec.	389.1	4,590.1	334.6	288.4	327.7	307.4	318.6	366.0	755.7	311.7	1,051.7	398.2	1,429.0	18,430.6
2000 Jan.	402.4	4,714.7	338.2	296.9	319.8	300.6	318.9	379.8	836.4	310.1	1,143.2	366.6	1,427.5	18,905.6
Feb.	433.8	5,090.6	309.3	308.1	307.6	299.7	313.6	396.4	989.4	346.4	1,423.7	371.3	1,388.4	19,700.9
Mar.	452.1	5,317.1	302.5	316.1	305.4	310.5	325.4	402.7	1,070.1	374.6	1,496.0	377.8	1,442.2	19,823.0
Apr.	428.6	5,149.1	306.8	293.7	313.3	329.1	339.0	382.2	957.4	353.9	1,236.7	411.1	1,459.7	19,517.7
May	429.4	5,174.7	304.2	294.5	322.3	353.1	340.0	388.0	1,004.4	356.4	1,135.1	435.5	1,416.7	17,222.5
2000 5 May <sup>3)</sup>	445.5	5,351.7	311.5	307.0	320.3	346.0	340.3	403.3	1,085.3	361.3	1,258.3	431.3	1,432.6	18,439.4
12	437.0	5,238.4	312.8	299.8	328.6	357.8	342.2	396.0	1,040.5	355.2	1,168.7	428.2	1,421.0	17,357.9
19	419.2	5,063.5	306.7	286.2	325.8	366.3	341.9	375.6	966.8	351.5	1,019.7	435.7	1,406.9	16,858.2
26	413.2	5,008.0	284.8	282.6	320.6	348.0	336.3	371.9	922.0	352.2	1,055.1	440.9	1,378.0	16,008.1
2 June	444.7	5,428.3	285.1	301.8	320.3	352.8	349.3	395.1	1,082.5	369.8	1,223.4	450.3	1,477.3	16,800.1

**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.

2) Indices covering telecommunications and healthcare are published in this issue for the first time.

3) Data in column 14 relate to 2 May 2000.

**Table 3.4**

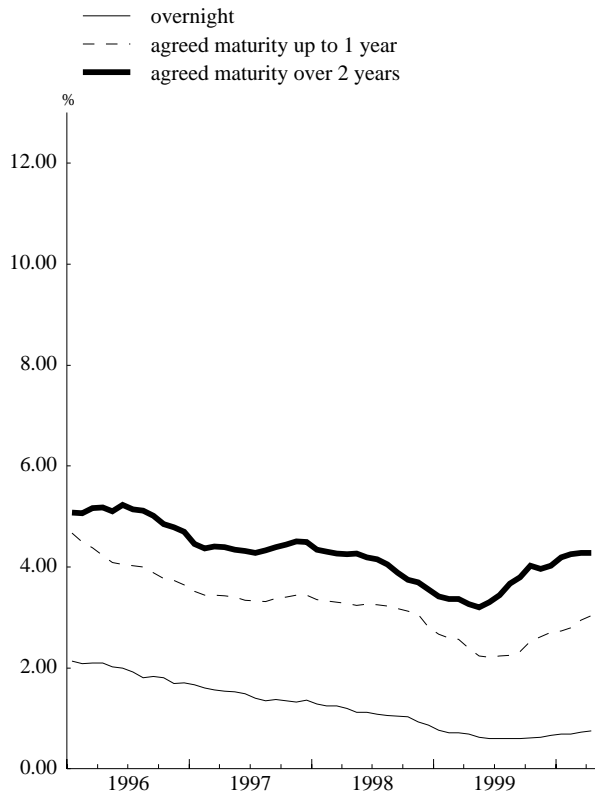
**Retail bank interest rates**

(percentages per annum; period averages)

	Deposit interest rates						Lending interest rates			
	Overnight 1	With agreed maturity			Redeemable at notice		To enterprises		To households	
		Up to 1 year 2	Up to 2 years 3	Over 2 years 4	Up to 3 months 5	Over 3 months 6	Up to 1 year 7	Over 1 year 8	Consumer lending 9	For house purchase 10
1997	1.46	3.41	3.63	4.40	2.80	3.09	7.58	6.64	10.61	6.63
1998	1.10	3.20	3.22	4.06	2.61	3.25	6.74	5.80	10.05	5.87
1999	0.65	2.44	2.45	3.57	2.15	2.76	5.66	5.10	9.38	5.29
1999 Apr.	0.68	2.38	2.39	3.26	2.27	2.61	5.65	4.81	9.37	4.91
May	0.63	2.24	2.24	3.21	2.16	2.48	5.55	4.72	9.31	4.84
June	0.60	2.22	2.22	3.30	2.15	2.45	5.49	4.78	9.29	4.96
July	0.60	2.24	2.24	3.45	2.14	2.63	5.40	4.96	9.21	5.18
Aug.	0.60	2.25	2.26	3.67	2.00	2.73	5.42	5.16	9.31	5.47
Sep.	0.60	2.32	2.32	3.79	1.99	2.80	5.38	5.19	9.29	5.53
Oct.	0.61	2.52	2.52	4.03	2.00	2.93	5.58	5.55	9.36	5.79
Nov.	0.63	2.62	2.62	3.96	2.02	3.01	5.74	5.54	9.36	5.77
Dec.	0.67	2.70	2.71	4.02	2.04	3.05	5.82	5.51	9.37	5.80
2000 Jan.	0.69	2.74	2.74	4.19	2.05	3.18	5.92	5.74	9.51	6.03
Feb.	0.70	2.79	2.80	4.25	2.06	3.18	6.01	5.84	9.52	6.13
Mar.	0.72	2.95	2.95	4.28	2.07	3.33	6.08	5.84	9.54	6.10
Apr.	0.76	3.04	3.04	4.27	2.09	3.44	6.21	5.85	9.58	6.10

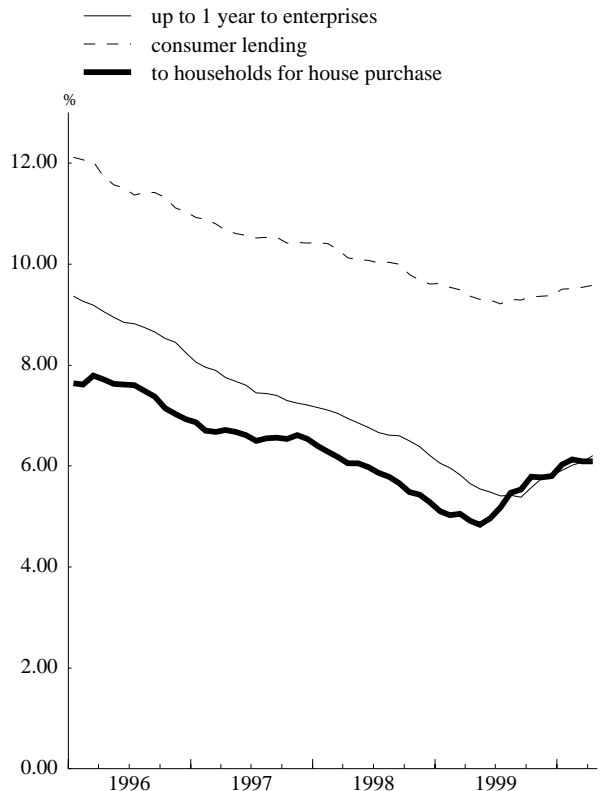
**Deposit interest rates**

(monthly)



**Lending interest rates**

(monthly)



Source: ECB.

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



**Table 3.5****Securities issues other than shares by original maturity, residency of the issuer and currency denomination <sup>1) 2)</sup>***(EUR billions; transactions during the period and end-of-period stocks; nominal values)***1. Short-term <sup>3)</sup>**

	By euro area residents									
					In euro <sup>4)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	184.3	180.6	3.8	562.4	179.6	177.1	2.5	539.7	4.7	3.5
Apr.	217.0	200.1	16.8	579.0	212.0	196.0	16.0	554.8	5.0	4.1
May	172.0	172.5	-0.5	579.0	165.4	167.7	-2.2	552.6	6.6	4.8
June	175.7	187.1	-11.5	567.3	169.7	182.4	-12.7	540.2	5.9	4.7
July	209.8	212.1	-2.3	563.5	203.3	205.9	-2.5	536.0	6.4	6.2
Aug.	181.8	164.7	17.2	581.7	175.0	159.0	16.0	552.1	6.8	5.6
Sep.	192.1	188.2	4.0	585.5	185.0	183.3	1.7	553.2	7.1	4.9
Oct.	198.3	189.9	8.4	596.1	192.3	182.9	9.4	563.1	6.0	7.0
Nov.	195.0	176.6	18.4	615.0	187.6	169.9	17.7	580.7	7.5	6.7
Dec.	171.4	169.2	2.2	618.2	162.6	163.5	-0.8	580.0	8.7	5.7
2000 Jan.	250.9	266.1	-15.2	599.4	239.4	255.8	-16.3	562.1	11.5	10.4
Feb.	252.7	239.3	13.4	613.7	240.1	230.2	9.9	572.1	12.6	9.1
Mar.	269.6	249.4	20.2	632.9	257.4	240.2	17.2	590.1	12.2	9.2

**2. Long-term <sup>3)</sup>**

	By euro area residents									
					In euro <sup>4)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	122.3	85.4	36.9	5,592.3	112.5	76.5	36.0	5,183.8	9.8	8.8
Apr.	124.8	98.0	26.8	5,622.7	115.3	93.6	21.7	5,206.2	9.5	4.4
May	127.5	77.8	49.7	5,674.9	118.2	70.9	47.3	5,254.2	9.3	6.9
June	117.1	65.2	51.9	5,728.6	106.9	59.3	47.6	5,301.7	10.2	5.9
July	129.6	86.2	43.5	5,767.6	120.5	76.3	44.3	5,347.1	9.1	9.9
Aug.	70.2	49.0	21.1	5,794.7	61.7	43.3	18.4	5,366.3	8.4	5.7
Sep.	137.8	74.3	63.5	5,856.7	122.8	66.6	56.1	5,422.6	15.0	7.6
Oct.	115.1	74.3	40.8	5,903.2	106.5	68.6	37.9	5,461.7	8.5	5.6
Nov.	102.1	77.7	24.4	5,934.0	93.5	71.3	22.2	5,483.9	8.6	6.4
Dec.	75.7	108.6	-32.8	5,907.6	69.3	95.4	-26.1	5,455.7	6.4	13.1
2000 Jan.	109.0	93.9	15.1	5,924.4	101.5	86.7	14.8	5,468.9	7.6	7.2
Feb.	123.5	69.7	53.8	5,979.2	111.4	62.0	49.4	5,518.9	12.1	7.7
Mar.	120.0	93.7	26.3	6,015.5	113.1	87.3	25.7	5,546.6	7.0	6.4

**3. Total**

	By euro area residents									
					In euro <sup>4)</sup>				In other	
	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions	Net issues	Amounts outstanding	Issues	Redemptions
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	306.6	266.0	40.7	6,154.7	292.2	253.7	38.5	5,723.5	14.4	12.3
Apr.	341.8	298.1	43.7	6,201.7	327.3	289.6	37.7	5,761.0	14.5	8.5
May	299.5	250.3	49.2	6,253.9	283.7	238.6	45.1	5,806.8	15.9	11.7
June	292.8	252.3	40.4	6,296.0	276.6	241.7	34.9	5,842.0	16.1	10.6
July	339.4	298.2	41.2	6,331.1	323.9	282.1	41.7	5,883.0	15.5	16.1
Aug.	252.0	213.7	38.3	6,376.4	236.7	202.3	34.4	5,918.4	15.3	11.4
Sep.	329.9	262.5	67.5	6,442.2	307.8	250.0	57.8	5,975.8	22.1	12.5
Oct.	313.4	264.2	49.2	6,499.3	298.9	251.5	47.3	6,024.8	14.6	12.7
Nov.	297.2	254.3	42.9	6,549.1	281.1	241.2	39.9	6,064.6	16.1	13.1
Dec.	247.1	277.8	-30.7	6,525.8	232.0	258.9	-26.9	6,035.7	15.1	18.9
2000 Jan.	359.9	360.1	-0.2	6,523.8	340.9	342.5	-1.6	6,031.1	19.1	17.6
Feb.	376.2	309.0	67.3	6,592.9	351.5	292.2	59.3	6,091.1	24.7	16.7
Mar.	389.6	343.1	46.5	6,648.3	370.5	327.5	42.9	6,136.8	19.2	15.5

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

currencies		By non-residents of the euro area <sup>4)</sup>				Total in euro <sup>4)</sup>				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	
11	12	13	14	15	16	17	18	19	20	
1.2	22.7	23.3	11.1	12.2	25.4	571.6	550.9	20.7	565.1	1999 Mar.
0.8	24.2	.	.	.	.	.	.	.	.	Apr.
1.7	26.4	.	.	.	.	.	.	.	.	May
1.2	27.1	19.2	22.7	-3.5	22.8	566.4	568.7	-2.4	563.1	June
0.3	27.5	.	.	.	.	.	.	.	.	July
1.2	29.5	.	.	.	.	.	.	.	.	Aug.
2.3	32.3	27.8	18.4	9.4	31.7	591.1	566.6	24.5	584.8	Sep.
-1.0	33.0	.	.	.	.	.	.	.	.	Oct.
0.8	34.4	.	.	.	.	.	.	.	.	Nov.
3.0	38.2	21.7	19.9	1.8	34.6	564.2	536.2	28.0	614.6	Dec.
1.1	37.3	.	.	.	.	.	.	.	.	2000 Jan.
3.6	41.6	.	.	.	.	.	.	.	.	Feb.
3.0	42.7	.	.	.	.	.	.	.	.	Mar.

currencies		By non-residents of the euro area <sup>4)</sup>				Total in euro <sup>4)</sup>				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	
11	12	13	14	15	16	17	18	19	20	
0.9	408.5	53.4	16.8	36.5	462.6	420.0	253.6	166.4	5,646.3	1999 Mar.
5.1	416.5	.	.	.	.	.	.	.	.	Apr.
2.4	420.7	.	.	.	.	.	.	.	.	May
4.3	426.9	56.1	11.4	44.7	506.9	396.5	235.2	161.3	5,808.7	June
-0.8	420.6	.	.	.	.	.	.	.	.	July
2.7	428.4	.	.	.	.	.	.	.	.	Aug.
7.3	434.1	62.5	8.3	54.2	561.5	367.5	194.5	173.0	5,984.1	Sep.
2.9	441.5	.	.	.	.	.	.	.	.	Oct.
2.2	450.1	.	.	.	.	.	.	.	.	Nov.
-6.7	451.9	51.7	19.0	32.7	594.7	321.1	254.4	66.7	6,050.4	Dec.
0.3	455.5	.	.	.	.	.	.	.	.	2000 Jan.
4.4	460.3	.	.	.	.	.	.	.	.	Feb.
0.6	468.8	.	.	.	.	.	.	.	.	Mar.

currencies		By non-residents of the euro area <sup>4)</sup>				Total in euro <sup>4)</sup>				
		Net issues	Amounts outstanding	Issues (during quarter)	Redemptions (during quarter)	Net issues (during quarter)	Amounts outstanding (end-quarter)	Issues (during quarter)	Redemptions (during quarter)	
11	12	13	14	15	16	17	18	19	20	
2.2	431.2	76.7	27.9	48.7	488.0	991.7	804.5	187.2	6,211.5	1999 Mar.
5.9	440.7	.	.	.	.	.	.	.	.	Apr.
4.2	447.1	.	.	.	.	.	.	.	.	May
5.5	454.0	75.2	34.0	41.2	529.7	962.9	804.0	158.9	6,371.7	June
-0.5	448.1	.	.	.	.	.	.	.	.	July
3.9	458.0	.	.	.	.	.	.	.	.	Aug.
9.6	466.4	90.3	26.7	63.6	593.2	958.7	761.1	197.5	6,569.0	Sep.
1.9	474.5	.	.	.	.	.	.	.	.	Oct.
3.0	484.5	.	.	.	.	.	.	.	.	Nov.
-3.7	490.0	73.4	38.9	34.4	629.3	885.3	790.6	94.7	6,665.0	Dec.
1.4	492.7	.	.	.	.	.	.	.	.	2000 Jan.
8.0	501.9	.	.	.	.	.	.	.	.	Feb.
3.6	511.5	.	.	.	.	.	.	.	.	Mar.

3) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

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

**Table 3.6****Euro-denominated securities other than shares by original maturity, residency and sector of the issuer** <sup>1) 2) 3)</sup>*(EUR billions; end of period; nominal values)***Amounts outstanding****1. Short-term** <sup>4)</sup>

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	539.7	173.1	8.8	58.0	296.7	3.1	25.4	12.5	7.7	4.2
Apr.	554.8	181.4	8.7	61.0	300.7	3.0	.	.	.	.
May	552.6	179.8	8.5	59.7	301.7	2.9	.	.	.	.
June	540.2	173.9	8.3	58.6	296.5	2.9	22.8	8.3	8.7	5.0
July	536.0	178.8	6.8	60.9	286.5	3.0	.	.	.	.
Aug.	552.1	191.3	7.0	62.3	288.7	2.8	.	.	.	.
Sep.	553.2	200.6	6.8	64.6	278.6	2.5	31.7	11.2	12.0	7.3
Oct.	563.1	213.9	6.6	66.1	273.6	3.0	.	.	.	.
Nov.	580.7	237.3	6.4	67.5	266.0	3.5	.	.	.	.
Dec.	580.0	248.6	5.7	66.5	254.4	4.8	34.6	14.4	12.1	6.3
2000 Jan.	562.1	229.2	6.2	66.1	257.1	3.5	.	.	.	.
Feb.	572.1	240.4	6.2	65.8	256.7	3.0	.	.	.	.
Mar.	590.1	250.8	5.9	66.8	264.1	2.6	.	.	.	.

**2. Long-term** <sup>4)</sup>

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	5,183.8	1,873.4	130.2	183.5	2,904.5	92.2	462.6	123.7	55.4	65.8
Apr.	5,206.2	1,892.4	133.8	187.0	2,899.9	93.2	.	.	.	.
May	5,254.2	1,916.2	139.2	185.1	2,920.0	93.6	.	.	.	.
June	5,301.7	1,927.7	158.6	187.6	2,934.2	93.7	506.9	134.6	66.2	82.3
July	5,347.1	1,932.4	165.2	194.1	2,961.2	94.1	.	.	.	.
Aug.	5,366.3	1,938.2	166.5	194.2	2,973.3	94.0	.	.	.	.
Sep.	5,422.6	1,964.1	174.2	195.3	2,994.1	94.9	561.5	153.0	75.1	102.6
Oct.	5,461.7	1,983.6	176.9	198.6	3,008.9	93.7	.	.	.	.
Nov.	5,483.9	1,993.8	183.8	197.9	3,014.2	94.2	.	.	.	.
Dec.	5,455.7	1,976.6	186.1	196.6	3,002.2	94.1	594.7	160.4	81.2	117.7
2000 Jan.	5,468.9	1,982.6	186.4	190.9	3,014.8	94.3	.	.	.	.
Feb.	5,518.9	2,002.7	188.6	190.8	3,041.8	95.0	.	.	.	.
Mar.	5,546.6	2,016.5	190.5	193.6	3,050.1	95.9	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	5,723.5	2,046.4	139.1	241.5	3,201.2	95.3	488.0	136.2	63.2	70.0
Apr.	5,761.0	2,073.8	142.5	247.9	3,200.5	96.3	.	.	.	.
May	5,806.8	2,096.0	147.7	244.9	3,221.7	96.5	.	.	.	.
June	5,842.0	2,101.6	166.9	246.2	3,230.7	96.6	529.7	143.0	74.9	87.3
July	5,883.0	2,111.2	172.0	255.0	3,247.6	97.2	.	.	.	.
Aug.	5,918.4	2,129.6	173.5	256.5	3,262.0	96.8	.	.	.	.
Sep.	5,975.8	2,164.7	181.0	260.0	3,272.7	97.4	593.2	164.2	87.1	109.9
Oct.	6,024.8	2,197.4	183.5	264.7	3,282.5	96.6	.	.	.	.
Nov.	6,064.6	2,231.1	190.2	265.4	3,280.2	97.7	.	.	.	.
Dec.	6,035.7	2,225.3	191.8	263.1	3,256.6	99.0	629.3	174.8	93.3	124.0
2000 Jan.	6,031.1	2,211.8	192.6	257.1	3,271.9	97.7	.	.	.	.
Feb.	6,091.1	2,243.1	194.9	256.6	3,298.5	98.1	.	.	.	.
Mar.	6,136.8	2,267.3	196.5	260.4	3,314.1	98.5	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S131); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
0.4	0.4	0.2	565.1	185.5	16.6	62.2	297.1	3.5	0.2	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.3	0.3	0.1	563.1	182.2	17.0	63.6	296.9	3.2	0.1	May
.	.	.	.	.	.	.	.	.	.	June
0.3	0.6	0.3	584.8	211.8	18.8	71.9	279.0	3.1	0.3	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.3	0.6	0.8	614.6	263.0	17.8	72.8	254.7	5.5	0.8	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
69.7	25.8	122.2	5,646.3	1,997.0	185.7	249.3	2,974.2	118.0	122.2	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
73.9	27.3	122.6	5,808.7	2,062.3	224.7	269.9	3,008.1	120.9	122.6	May
.	.	.	.	.	.	.	.	.	.	June
78.6	29.1	123.1	5,984.1	2,117.1	249.3	298.0	3,072.7	124.0	123.1	July
.	.	.	.	.	.	.	.	.	.	Aug.
82.6	29.1	123.7	6,050.4	2,137.0	267.4	314.3	3,084.9	123.2	123.7	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
70.1	26.1	122.5	6,211.5	2,182.6	202.2	311.5	3,271.3	121.5	122.5	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
74.2	27.6	122.8	6,371.7	2,244.6	241.8	333.5	3,304.9	124.2	122.8	May
.	.	.	.	.	.	.	.	.	.	June
78.9	29.7	123.4	6,569.0	2,328.9	268.0	369.9	3,351.6	127.2	123.4	July
.	.	.	.	.	.	.	.	.	.	Aug.
82.9	29.7	124.6	6,665.0	2,400.1	285.1	387.0	3,339.6	128.7	124.6	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

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

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

**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer** <sup>1) 2) 3)</sup>
*(EUR billions; transactions during the month or quarter; nominal values)*
**Gross issues**
**1. Short-term** <sup>4)</sup>

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	179.6	92.2	1.4	38.7	46.2	1.1	23.3	12.2	6.6	3.7
Apr.	212.0	112.4	1.5	40.8	56.0	1.3	.	.	.	.
May	165.4	87.6	1.5	34.1	40.4	1.8	.	.	.	.
June	169.7	95.6	1.9	34.8	36.4	0.9	19.2	6.8	7.2	4.5
July	203.3	110.9	1.7	42.5	46.9	1.4	.	.	.	.
Aug.	175.0	92.3	2.0	35.8	43.8	1.1	.	.	.	.
Sep.	185.0	105.1	1.2	37.8	40.0	0.8	27.8	9.5	10.5	6.7
Oct.	192.3	107.3	1.5	41.3	40.7	1.5	.	.	.	.
Nov.	187.6	117.7	1.2	33.7	33.0	2.0	.	.	.	.
Dec.	162.6	117.9	0.9	23.0	18.5	2.3	21.7	9.6	6.8	4.2
2000 Jan.	239.4	154.8	2.1	40.0	41.2	1.3	.	.	.	.
Feb.	240.1	155.6	1.9	44.2	37.0	1.4	.	.	.	.
Mar.	257.4	169.8	1.7	45.0	40.0	0.9	.	.	.	.

**2. Long-term** <sup>4)</sup>

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	112.5	49.7	2.7	5.4	52.6	2.1	53.4	16.3	9.9	14.3
Apr.	115.3	50.4	5.1	6.5	51.2	2.2	.	.	.	.
May	118.2	46.5	7.0	0.9	62.8	1.1	.	.	.	.
June	106.9	39.9	20.1	5.3	40.6	0.9	56.1	15.5	11.9	17.7
July	120.5	35.5	8.1	8.8	67.1	1.0	.	.	.	.
Aug.	61.7	27.6	1.7	1.7	30.5	0.2	.	.	.	.
Sep.	122.8	55.7	9.0	3.7	53.0	1.4	62.5	21.0	11.2	21.2
Oct.	106.5	49.8	3.7	5.5	46.5	1.0	.	.	.	.
Nov.	93.5	45.3	8.1	2.9	35.9	1.3	.	.	.	.
Dec.	69.3	39.3	3.9	1.6	23.0	1.5	51.7	14.3	7.9	17.2
2000 Jan.	101.5	42.0	1.3	0.1	57.3	0.7	.	.	.	.
Feb.	111.4	50.6	3.8	3.4	51.7	2.0	.	.	.	.
Mar.	113.1	52.4	2.3	4.1	52.5	1.7	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	292.2	141.9	4.1	44.2	98.9	3.2	76.7	28.6	16.5	18.0
Apr.	327.3	162.8	6.5	47.3	107.2	3.5	.	.	.	.
May	283.7	134.1	8.5	35.0	103.2	2.9	.	.	.	.
June	276.6	135.6	22.1	40.2	77.0	1.9	75.2	22.3	19.1	22.3
July	323.9	146.4	9.8	51.3	114.0	2.4	.	.	.	.
Aug.	236.7	119.9	3.7	37.5	74.3	1.4	.	.	.	.
Sep.	307.8	160.8	10.2	41.6	92.9	2.2	90.3	30.6	21.8	27.9
Oct.	298.9	157.1	5.2	46.9	87.1	2.5	.	.	.	.
Nov.	281.1	163.0	9.3	36.6	68.9	3.3	.	.	.	.
Dec.	232.0	157.2	4.8	24.6	41.6	3.8	73.4	23.9	14.7	21.4
2000 Jan.	340.9	196.8	3.4	40.1	98.4	2.1	.	.	.	.
Feb.	351.5	206.2	5.7	47.6	88.6	3.4	.	.	.	.
Mar.	370.5	222.2	3.9	49.1	92.5	2.7	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S131); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
0.3	0.3	0.2	571.6	306.4	11.0	109.1	141.0	4.0	0.2	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
0.3	0.2	0.1	566.4	302.5	12.1	114.2	133.1	4.3	0.1	May
.	.	.	.	.	.	.	.	.	.	June
0.3	0.5	0.2	591.1	317.8	15.4	122.9	131.0	3.8	0.2	July
.	.	.	.	.	.	.	.	.	.	Aug.
0.2	0.2	0.7	564.2	352.6	10.5	102.2	92.4	5.8	0.7	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
5.3	1.6	5.9	420.0	169.2	21.4	30.2	191.4	4.4	5.9	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
5.9	2.1	3.1	396.5	152.2	44.1	30.5	160.4	6.3	3.1	May
.	.	.	.	.	.	.	.	.	.	June
4.1	2.1	2.9	367.5	139.8	30.1	35.4	154.6	4.7	2.9	July
.	.	.	.	.	.	.	.	.	.	Aug.
6.5	1.0	4.8	321.1	148.7	23.6	27.3	111.9	4.8	4.8	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
5.6	1.9	6.1	991.7	475.6	32.4	139.2	332.4	8.4	6.1	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
6.2	2.2	3.2	962.9	454.7	56.2	144.7	293.5	10.5	3.2	May
.	.	.	.	.	.	.	.	.	.	June
4.4	2.5	3.2	958.7	457.7	45.5	158.3	285.6	8.5	3.2	July
.	.	.	.	.	.	.	.	.	.	Aug.
6.7	1.1	5.6	885.3	501.2	34.1	129.5	204.3	10.7	5.6	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
.	.	.	.	.	.	.	.	.	.	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

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

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

**Table 3.6 (cont'd)**
**Euro-denominated securities other than shares by original maturity, residency and sector of the issuer** <sup>1) 2) 3)</sup>
*(EUR billions; transactions during the month or quarter; nominal values)*
**Net issues**
**1. Short-term** <sup>4)</sup>

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	2.5	-1.4	0.0	3.6	0.8	-0.4	12.2	9.5	1.1	1.5
Apr.	16.0	9.2	-0.1	3.0	4.0	-0.1	.	.	.	.
May	-2.2	-1.7	-0.2	-1.2	1.0	-0.1	.	.	.	.
June	-12.7	-6.3	-0.1	-1.2	-5.2	0.0	-3.5	-4.6	0.8	0.7
July	-2.5	5.3	-0.1	2.3	-10.1	0.1	.	.	.	.
Aug.	16.0	12.3	0.2	1.4	2.3	-0.3	.	.	.	.
Sep.	1.7	9.9	-0.1	2.3	-10.1	-0.3	9.4	3.1	3.5	2.4
Oct.	9.4	12.7	-0.2	1.5	-5.0	0.4	.	.	.	.
Nov.	17.7	23.5	-0.3	1.4	-7.6	0.6	.	.	.	.
Dec.	-0.8	10.9	-0.4	-0.9	-11.6	1.3	1.8	2.8	-0.3	-1.3
2000 Jan.	-16.3	-18.0	0.6	-0.4	2.7	-1.4	.	.	.	.
Feb.	9.9	11.0	0.0	-0.3	-0.5	-0.4	.	.	.	.
Mar.	17.2	9.6	-0.3	0.8	7.4	-0.4	.	.	.	.

**2. Long-term** <sup>4)</sup>

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	36.0	14.5	0.9	2.9	16.2	1.5	36.5	8.7	8.5	12.4
Apr.	21.7	18.2	3.6	3.5	-4.6	1.0	.	.	.	.
May	47.3	23.2	5.4	-1.8	20.1	0.4	.	.	.	.
June	47.6	11.7	19.2	2.5	14.2	0.0	44.7	10.9	10.9	16.7
July	44.3	5.0	5.3	6.6	26.9	0.5	.	.	.	.
Aug.	18.4	5.2	1.3	0.0	12.0	-0.1	.	.	.	.
Sep.	56.1	25.9	7.5	1.1	20.7	0.9	54.2	18.1	8.9	20.2
Oct.	37.9	18.2	2.7	3.4	14.8	-1.3	.	.	.	.
Nov.	22.2	9.6	6.9	-0.1	5.3	0.5	.	.	.	.
Dec.	-26.1	-15.4	2.4	-1.1	-11.9	0.0	32.7	7.1	6.2	15.1
2000 Jan.	14.8	6.6	0.3	-5.4	13.2	0.1	.	.	.	.
Feb.	49.4	19.5	2.2	-0.1	27.0	0.8	.	.	.	.
Mar.	25.7	12.5	1.6	2.4	8.3	0.9	.	.	.	.

**3. Total**

	By euro area residents						By non-residents			
	Total	MFIs (including Eurosystem)	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations
	1	2	3	4	5	6	7	8	9	10
1999 Mar.	38.5	13.0	0.9	6.4	17.0	1.1	48.7	18.3	9.6	13.9
Apr.	37.7	27.5	3.5	6.5	-0.6	0.9	.	.	.	.
May	45.1	21.5	5.2	-3.0	21.1	0.3	.	.	.	.
June	34.9	5.4	19.2	1.4	9.0	0.0	41.2	6.3	11.7	17.3
July	41.7	10.3	5.1	8.8	16.9	0.6	.	.	.	.
Aug.	34.4	17.5	1.5	1.4	14.3	-0.4	.	.	.	.
Sep.	57.8	35.8	7.4	3.4	10.6	0.6	63.6	21.2	12.3	22.6
Oct.	47.3	31.0	2.6	4.8	9.8	-0.8	.	.	.	.
Nov.	39.9	33.1	6.7	1.3	-2.3	1.1	.	.	.	.
Dec.	-26.9	-4.5	1.9	-2.0	-23.6	1.2	34.4	9.9	5.9	13.8
2000 Jan.	-1.6	-11.5	0.9	-5.8	16.0	-1.2	.	.	.	.
Feb.	59.3	30.6	2.2	-0.4	26.6	0.4	.	.	.	.
Mar.	42.9	22.2	1.3	3.3	15.7	0.5	.	.	.	.

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

1) Data coverage for euro area residents is estimated at around 95% of total issues.

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

3) Corresponding ESA 95 sector codes: MFIs (including Eurosystem) comprises the ECB and the national central banks of Member States in the euro area (S121) and other monetary financial institutions (S122); non-monetary financial corporations comprises other financial intermediaries (S123), financial auxiliaries (S124) and insurance corporations and pension funds (S125); non-financial corporations (S11); central government (S131); other general government comprises state government (S1312), local government (S1313) and social security funds (S1314).

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
0.0	-0.2	0.2	20.7	19.0	1.2	13.2	-12.2	-0.6	0.2	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
-0.1	-0.1	-0.1	-2.4	-3.3	0.4	1.3	-0.3	-0.3	-0.1	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
0.0	0.3	0.1	24.5	30.5	3.4	8.4	-17.9	-0.1	0.1	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
0.0	0.0	0.6	28.0	49.9	-1.2	0.6	-24.2	2.3	0.6	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
4.3	0.9	1.7	166.4	62.7	15.7	15.4	72.0	1.4	1.7	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
4.2	1.5	0.4	161.3	64.0	39.1	20.8	34.0	3.0	0.4	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
4.6	1.8	0.5	173.0	54.3	22.9	27.9	64.3	3.1	0.5	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
4.1	-0.1	0.3	66.7	19.6	18.2	17.3	12.2	-0.9	0.3	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

of the euro area			Total							
Central government	Other general government	International organisations <sup>6)</sup>	Total	Banks (including central banks) <sup>5)</sup>	Non-monetary financial corporations	Non-financial corporations	Central government	Other general government	International organisations <sup>6)</sup>	
11	12	13	14	15	16	17	18	19	20	
4.3	0.7	1.9	187.2	81.7	16.9	28.5	59.8	0.8	1.9	1999 Mar.
.	.	.	.	.	.	.	.	.	.	Apr.
4.1	1.4	0.3	158.9	60.7	39.5	22.1	33.7	2.7	0.3	May
.	.	.	.	.	.	.	.	.	.	June
.	.	.	.	.	.	.	.	.	.	July
4.6	2.1	0.6	197.5	84.8	26.4	36.3	46.4	3.0	0.6	Aug.
.	.	.	.	.	.	.	.	.	.	Sep.
.	.	.	.	.	.	.	.	.	.	Oct.
4.0	-0.1	0.9	94.7	69.5	17.0	18.0	-12.1	1.4	0.9	Nov.
.	.	.	.	.	.	.	.	.	.	Dec.
.	.	.	.	.	.	.	.	.	.	2000 Jan.
.	.	.	.	.	.	.	.	.	.	Feb.
.	.	.	.	.	.	.	.	.	.	Mar.

4) "Short-term" means securities with an original maturity of one year or less (in accordance with the ESA 95, in exceptional cases two years or less). Securities with a longer original maturity, or with optional maturity dates, the latest of which is more than one year away, or with indefinite maturity dates, are classified as long-term.

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

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



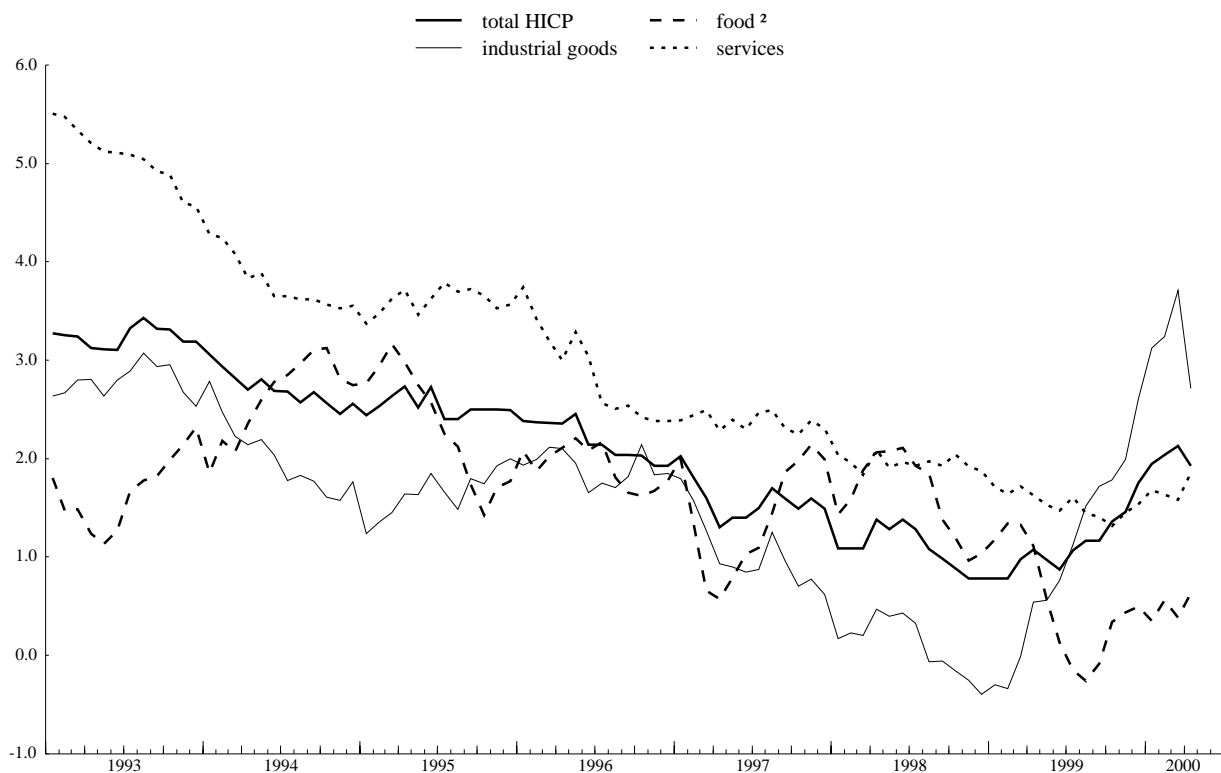
## 4 HICP and other prices in the euro area

**Table 4.1**

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

(annual percentage changes, unless otherwise indicated)

	Total (index, 1996 = 100)	Total								Services
		Goods	Food <sup>2)</sup>			Industrial goods	Non-energy industrial goods		Energy	
			Processed food <sup>2)</sup>	Unprocessed food	Non-energy industrial goods		Energy			
Weight in the total (%) <sup>3)</sup>	100.0	62.7	20.9	12.6	8.2	41.8	32.8	9.0	37.3	
	1	2	3	4	5	6	7	8	9	10
1995	97.9	2.5	2.0	2.3	2.5	2.1	1.6	1.6	1.9	3.6
1996	100.0	2.2	1.9	1.9	2.0	1.9	1.9	1.8	2.4	2.9
1997	101.6	1.6	1.2	1.4	1.4	1.4	1.0	0.5	2.8	2.4
1998	102.7	1.1	0.6	1.6	1.4	1.9	0.1	0.9	-2.6	2.0
1999	103.8	1.1	0.8	0.5	0.9	0.0	1.0	0.7	2.2	1.5
1999 Q1	103.1	0.8	0.3	1.3	1.2	1.4	-0.2	0.8	-3.9	1.7
Q2	103.8	1.0	0.6	0.6	0.8	0.3	0.6	0.6	0.5	1.5
Q3	104.1	1.1	0.9	-0.2	0.6	-1.4	1.5	0.6	4.6	1.5
Q4	104.4	1.5	1.5	0.4	0.9	-0.3	2.1	0.6	7.8	1.4
2000 Q1	105.2	2.0	2.3	0.4	1.0	-0.3	3.4	0.6	13.6	1.6
1999 Apr.	103.7	1.1	0.7	1.1	1.1	1.1	0.5	0.7	0.1	1.6
May	103.8	1.0	0.6	0.6	0.7	0.4	0.6	0.6	0.3	1.5
June	103.8	0.9	0.5	0.1	0.7	-0.7	0.8	0.6	1.2	1.5
July	104.0	1.1	0.7	-0.1	0.7	-1.4	1.1	0.6	2.9	1.6
Aug.	104.1	1.2	0.9	-0.3	0.6	-1.6	1.5	0.6	4.7	1.4
Sep.	104.1	1.2	1.1	-0.1	0.6	-1.1	1.7	0.5	6.2	1.4
Oct.	104.2	1.4	1.3	0.3	0.8	-0.4	1.8	0.5	6.3	1.3
Nov.	104.3	1.5	1.5	0.4	0.9	-0.3	2.0	0.6	7.1	1.5
Dec.	104.7	1.7	1.9	0.5	1.0	-0.2	2.6	0.6	10.0	1.5
2000 Jan.	104.8	1.9	2.2	0.4	1.0	-0.5	3.1	0.7	12.0	1.7
Feb.	105.2	2.0	2.3	0.6	1.0	0.0	3.2	0.5	13.5	1.6
Mar.	105.6	2.1	2.6	0.4	1.0	-0.5	3.7	0.6	15.3	1.6
Apr.	105.7	1.9	2.0	0.6	0.9	0.2	2.7	0.6	10.5	1.9



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

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

2) Including alcoholic beverages and tobacco.

3) Referring to the index period 2000.

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

	Industrial producer prices									World market prices of raw materials <sup>2)</sup>		Oil prices <sup>3)</sup> (EUR per barrel)
	Total excluding construction		Manufacturing						Construction <sup>1)</sup>	Total	Total excluding energy	
	Index, 1995 = 100			Intermediate goods	Capital goods	Consumer goods						
						Durable consumer goods	Non-durable consumer goods					
1	2	3	4	5	6	7	8	9	10	11	12	
1995	100.0	3.6	3.9	5.0	1.8	-	-	3.0	-	0.2	2.1	13.0
1996	100.4	0.4	1.0	-1.2	1.2	1.9	1.7	2.1	1.3	6.5	-6.9	15.9
1997	101.4	1.1	0.6	1.2	0.3	0.9	0.1	1.2	1.3	10.0	12.9	17.1
1998	100.6	-0.8	-0.6	-2.3	0.5	0.5	0.1	0.7	0.2	-21.2	-12.5	12.0
1999	100.5	0.0	0.1	-0.7	0.1	0.2	0.2	0.2	0.9	17.8	-3.1	17.1
1999 Q1	98.8	-2.6	-2.1	-5.0	0.3	0.1	0.2	0.0	0.8	-17.6	-16.0	10.3
Q2	99.7	-1.3	-1.1	-2.8	0.0	-0.1	0.1	-0.1	0.8	5.9	-8.2	15.0
Q3	101.1	0.7	0.8	0.6	-0.1	0.2	0.2	0.2	1.2	31.0	1.1	19.7
Q4	102.6	3.2	2.8	4.8	0.1	0.5	0.4	0.6	0.9	61.5	14.0	23.0
2000 Q1	104.5	5.8	5.0	9.3	0.4	0.7	0.7	0.8	.	78.3	19.9	27.1
1999 May	99.7	-1.4	-1.0	-2.9	-0.1	-0.1	0.1	-0.2	-	5.1	-7.8	14.9
June	99.8	-1.0	-1.0	-2.2	0.0	0.0	0.0	-0.1	-	12.8	-4.2	15.6
July	100.6	0.0	0.1	-0.6	-0.1	0.1	0.1	0.1	-	22.7	-2.3	18.1
Aug.	101.0	0.7	0.9	0.6	-0.1	0.1	0.1	0.2	-	29.2	-0.5	19.2
Sep.	101.6	1.4	1.5	1.7	-0.1	0.4	0.4	0.4	-	41.4	6.6	21.8
Oct.	102.0	2.2	2.0	3.2	0.0	0.5	0.4	0.5	-	44.3	10.7	20.8
Nov.	102.6	3.1	2.8	4.7	0.1	0.5	0.4	0.6	-	60.4	11.9	23.5
Dec.	103.2	4.1	3.5	6.5	0.1	0.5	0.5	0.6	-	81.3	19.3	24.8
2000 Jan.	103.9	5.1	4.4	8.3	0.3	0.6	0.6	0.6	-	76.2	19.4	24.9
Feb.	104.5	5.9	5.1	9.6	0.4	0.7	0.7	0.7	-	87.6	20.0	27.6
Mar.	105.2	6.3	5.5	10.2	0.5	0.8	0.8	0.9	-	72.0	20.2	28.4
Apr.	.	.	.	.	.	.	.	.	-	43.9	19.4	24.6
May	.	.	.	.	.	.	.	.	-	61.9	22.8	30.4

**2. Deflators of gross domestic product**

	Deflators of GDP <sup>4)</sup> (s.a.)							
	GDP		Domestic demand	Private consumption	Government consumption	Gross fixed capital formation	Exports <sup>5)</sup>	Imports <sup>5)</sup>
	Index, 1995 = 100							
	13	14	15	16	17	18	19	20
1995	100.0	2.6	2.5	2.7	2.9	1.5	2.8	2.5
1996	102.0	2.0	2.0	2.5	2.2	0.9	0.9	0.8
1997	103.6	1.5	1.7	1.8	1.6	0.9	1.8	2.5
1998	105.2	1.6	1.1	1.3	1.4	0.8	-0.1	-1.5
1999	106.4	1.2	1.4	1.4	2.2	0.7	-0.4	0.2
1997 Q4	104.3	1.6	1.6	1.8	1.8	1.0	2.4	2.4
1998 Q1	104.6	1.7	1.4	1.5	1.3	0.9	1.4	0.7
Q2	105.0	1.7	1.3	1.5	1.3	1.0	0.8	-0.4
Q3	105.5	1.6	1.0	1.2	1.7	0.8	-0.5	-2.5
Q4	105.7	1.4	0.8	1.0	1.4	0.4	-1.8	-3.9
1999 Q1	106.2	1.5	0.9	1.1	1.8	0.3	-1.9	-3.8
Q2	106.3	1.2	1.1	1.4	2.2	0.4	-1.3	-1.5
Q3	106.6	1.1	1.5	1.4	2.4	1.0	0.0	1.4
Q4	106.7	0.9	1.8	1.7	2.4	1.3	1.8	4.7

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

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

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

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

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

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

## 5 Real economy indicators in the euro area

**Table 5.1**

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

#### GDP and expenditure components

##### 1. Current prices

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

	GDP						External balance <sup>3)</sup>		
	1	Domestic demand		Private consumption 3	Government consumption 4	Gross fixed capital formation 5	Changes in inventories <sup>2)</sup> 6	7	Exports <sup>3)</sup> 8
1995		5,307.9	5,209.4						
1996	5,530.9	5,405.0	3,140.3	1,143.3	1,122.3	-0.9	126.0	1,656.8	1,530.8
1997	5,643.7	5,493.4	3,192.1	1,151.1	1,135.7	14.6	150.3	1,825.7	1,675.4
1998	5,865.4	5,720.9	3,317.2	1,174.3	1,191.8	37.5	144.6	1,939.6	1,795.0
1999	6,110.0	5,999.5	3,469.1	1,225.2	1,266.5	38.7	110.5	2,025.3	1,914.7
1998 Q3	1,473.3	1,434.2	833.8	294.0	300.3	6.2	39.1	488.3	449.1
Q4	1,489.8	1,458.7	844.7	297.8	303.7	12.6	31.1	479.2	448.2
1999 Q1	1,506.6	1,476.6	854.4	303.1	309.9	9.3	30.0	480.9	451.0
Q2	1,516.4	1,489.0	862.2	305.1	313.3	8.4	27.4	495.6	468.2
Q3	1,536.2	1,508.5	871.6	307.7	320.5	8.7	27.7	516.9	489.2
Q4	1,550.8	1,525.3	880.9	309.3	322.8	12.3	25.5	531.9	506.4

##### 2. Constant prices

(ECU billions at 1995 prices, seasonally adjusted)

	GDP						External balance <sup>3)</sup>		
	10	Domestic demand		Private consumption 12	Government consumption 13	Gross fixed capital formation 14	Changes in inventories <sup>2)</sup> 15	16	Exports <sup>3)</sup> 17
1995		5,307.9	5,209.4						
1996	5,380.9	5,261.3	3,040.5	1,113.0	1,106.3	1.6	119.7	1,636.1	1,516.4
1997	5,503.1	5,349.1	3,085.1	1,122.3	1,129.0	12.6	154.0	1,804.2	1,650.2
1998	5,654.3	5,530.6	3,178.3	1,133.0	1,180.0	39.4	123.6	1,928.3	1,804.7
1999	5,787.7	5,688.6	3,259.2	1,149.2	1,237.3	43.0	99.0	2,012.6	1,913.6
1998 Q3	1,417.2	1,384.6	797.5	283.1	297.0	6.9	32.7	485.7	453.1
Q4	1,421.3	1,398.9	802.4	283.9	299.0	13.6	22.4	479.4	457.0
1999 Q1	1,430.8	1,410.6	808.6	286.9	304.4	10.6	20.2	482.3	462.1
Q2	1,438.7	1,416.9	811.0	286.7	307.1	12.0	21.8	495.0	473.2
Q3	1,453.2	1,425.6	817.0	287.5	312.1	8.9	27.6	512.3	484.7
Q4	1,465.0	1,435.5	822.5	288.0	313.6	11.4	29.4	523.0	493.6

(annual percentage changes)

1995	2.2	2.0	1.8	0.6	2.5	-	-	7.8	7.4
1996	1.4	1.0	1.5	1.8	1.1	-	-	4.3	3.2
1997	2.3	1.7	1.5	0.8	2.1	-	-	10.3	8.8
1998	2.7	3.4	3.0	0.9	4.5	-	-	6.9	9.4
1999	2.4	2.9	2.5	1.4	4.9	-	-	4.4	6.0
1998 Q3	2.6	3.5	3.4	0.7	4.7	-	-	5.2	8.2
Q4	2.0	3.3	3.1	1.0	3.9	-	-	2.2	6.1
1999 Q1	1.9	2.9	2.8	1.5	4.0	-	-	0.6	3.8
Q2	2.0	2.9	2.4	1.3	5.5	-	-	2.3	5.2
Q3	2.5	3.0	2.4	1.6	5.1	-	-	5.5	7.0
Q4	3.1	2.6	2.5	1.4	4.9	-	-	9.1	8.0

Source: Eurostat.

1) Based mainly on the ESA 95. See the first section of the general notes for a brief explanation of features of current price data expressed in ECU up to end-1998.

2) Including acquisitions less disposals of valuables.

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

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

### 3. Current prices

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>2)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) <sup>3)</sup>	100	2.6	23.7	6.0	20.7	25.4	21.6		
	1	2	3	4	5	6	7	8	9
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	104.0	105.6	102.2	99.7	102.9	106.9	104.7	101.4	104.9
1997	105.8	104.9	104.0	96.2	105.4	110.3	105.6	99.3	108.7
1998	109.6	105.7	107.6	96.1	110.2	115.2	108.8	99.1	115.0
1999	113.6	104.8	109.4	100.5	114.7	121.2	113.0	100.4	123.5
1998 Q3	110.0	105.9	108.0	95.8	110.8	115.7	109.2	98.4	115.7
Q4	111.1	105.1	107.6	97.4	112.1	117.9	110.6	100.0	118.2
1999 Q1	112.3	105.4	107.9	99.3	113.4	119.6	111.8	100.4	120.5
Q2	112.9	104.3	108.2	99.6	113.9	120.4	112.9	100.5	122.3
Q3	114.2	104.3	109.9	101.0	115.3	121.9	113.5	100.2	124.8
Q4	115.1	105.2	111.5	102.0	116.2	123.0	113.8	100.3	126.6

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

(index: 1995 = 100, seasonally adjusted)

	Gross value added							Intermediate consumption of FISIM <sup>2)</sup>	Taxes less subsidies on products
	Total	Agriculture, hunting, forestry and fishing activities	Manufacturing, energy and mining	Construction	Trade, repairs, hotels and restaurants, transport and communication	Financial, real estate, renting and business activities	Public administration, education, health and other services		
Share in the total (%) <sup>3)</sup>	100	2.6	23.7	6.0	20.7	25.4	21.6		
	10	11	12	13	14	15	16	17	18
1995	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
1996	101.4	106.1	100.0	98.3	100.6	103.7	101.4	102.9	101.4
1997	103.8	107.1	103.3	96.0	104.1	107.0	102.0	106.3	103.6
1998	106.7	109.5	106.6	94.9	108.5	110.7	103.5	110.9	106.5
1999	109.2	112.0	108.4	97.0	112.1	113.9	104.7	115.6	110.3
1998 Q3	107.0	109.2	106.8	94.6	108.9	111.1	103.7	111.6	107.0
Q4	107.3	109.8	106.2	94.9	109.5	112.0	104.1	113.3	107.8
1999 Q1	107.9	110.9	106.6	96.2	110.9	112.5	104.2	113.2	108.7
Q2	108.6	111.2	107.6	96.5	111.4	113.4	104.4	114.5	109.2
Q3	109.7	112.8	109.0	97.3	112.8	114.4	104.9	116.8	110.7
Q4	110.5	112.9	110.3	98.1	113.5	115.4	105.1	118.0	112.7

(annual percentage changes)

1995	2.3	3.4	2.8	0.4	3.3	2.3	1.5	1.3	0.4
1996	1.4	6.1	0.0	-1.7	0.6	3.7	1.4	2.9	1.4
1997	2.3	1.0	3.3	-2.3	3.5	3.1	0.6	3.3	2.2
1998	2.8	2.3	3.1	-1.1	4.2	3.5	1.4	4.4	2.8
1999	2.3	2.2	1.7	2.2	3.4	3.0	1.2	4.2	3.6
1998 Q3	2.7	2.6	2.8	-1.3	4.1	3.3	1.5	4.4	2.3
Q4	2.0	1.0	0.8	-1.4	3.4	3.2	1.6	5.0	3.4
1999 Q1	1.8	1.5	0.2	0.0	3.1	3.0	1.4	3.9	3.1
Q2	1.9	1.2	0.7	2.6	3.1	2.7	1.1	4.2	3.1
Q3	2.5	3.3	2.0	2.9	3.6	3.1	1.1	4.6	3.4
Q4	3.0	2.8	3.9	3.4	3.6	3.1	1.0	4.2	4.5

Source: ECB calculations based on Eurostat data.

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

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

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

4) Value added at 1995 prices.

Table 5.2

Selected other real economy indicators <sup>1)</sup>

## 1. Industrial production

(annual percentage changes, unless otherwise indicated)

	Total including construction		Total excluding construction		Manufacturing						Construction
	Index (s.a.) 1995 = 100		Index (s.a.) 1995 = 100		Intermediate goods	Capital goods	Consumer goods		Non-durable consumer goods		
	1	2	3	4			8	9		10	
1995	100.1	2.8	100.1	3.5	3.6	2.6	7.3	.	-1.2	1.8	0.5
1996	100.2	0.1	100.6	0.4	0.1	-0.1	1.8	-0.1	0.1	-0.4	-1.6
1997	104.0	3.8	104.9	4.3	5.0	5.5	4.5	2.9	3.3	2.5	0.4
1998	107.9	3.8	109.4	4.3	4.8	4.0	7.0	3.3	6.2	1.8	0.6
1999	110.1	2.0	111.3	1.8	1.8	2.2	1.6	2.1	3.4	1.7	3.1
1999 Q1	108.4	0.3	109.5	0.4	0.1	0.1	0.7	1.2	2.5	0.9	0.3
Q2	108.9	1.1	110.4	0.7	0.5	0.5	0.6	1.0	2.3	0.1	3.4
Q3	110.9	2.5	111.9	2.3	2.2	3.0	1.6	2.5	3.9	2.1	3.3
Q4	112.3	4.1	113.6	3.9	4.4	5.1	3.4	3.8	4.6	3.5	4.8
2000 Q1	113.9	5.1	114.8	4.6	5.1	5.4	7.3	3.2	9.4	0.2	6.9
1999 Apr.	108.0	0.5	109.8	0.1	0.0	-0.3	1.2	-0.2	0.7	-0.9	3.3
May	108.9	0.5	110.3	0.0	0.0	0.0	-1.0	1.1	2.8	-0.1	3.0
June	109.6	2.2	111.0	1.9	1.6	1.9	1.5	2.1	3.5	1.2	3.9
July	110.2	1.5	111.5	1.2	1.0	2.0	-0.3	1.3	1.2	1.3	3.6
Aug.	111.5	3.3	111.9	3.4	3.3	3.7	2.9	4.6	10.1	3.6	3.0
Sep.	111.0	2.7	112.4	2.5	2.5	3.4	2.3	2.0	3.1	1.6	3.4
Oct.	111.4	2.9	113.1	2.7	3.0	3.5	2.1	2.5	2.4	2.8	3.0
Nov.	112.6	4.3	113.8	4.3	4.7	4.9	3.8	4.7	4.6	4.2	3.9
Dec.	112.8	5.2	113.8	5.0	5.7	7.2	4.1	4.3	7.5	3.6	8.3
2000 Jan.	112.3	3.0	113.9	3.2	3.3	4.3	5.9	0.7	7.1	-1.5	4.3
Feb.	115.0	7.0	114.9	5.6	6.5	6.5	7.6	5.0	10.9	1.5	13.9
Mar.	114.4	5.2	115.5	5.0	5.3	5.4	8.1	3.8	9.8	0.5	3.2
Apr.	.	.	.	.	.	.	.	.	.	.	.

## 2. Retail sales and car registrations

(annual percentage changes, unless otherwise indicated)

	Retail sales (s.a.)								New passenger car registrations	
	Current prices				Constant prices				Thousands <sup>2)</sup> (s.a.)	
	Total		Total		Food, beverages, tobacco	Non-food	Textiles, clothing, footwear	Household equipment		
	Index 1995 = 100		Index 1995 = 100							
12	13	14	15	16	17	18	19	20	21	
1995	100.0	.	100.0	.	.	.	.	.	777	0.8
1996	102.0	2.1	100.5	0.5	0.6	.	-1.0	-0.1	826	6.2
1997	104.4	2.3	101.7	1.2	1.2	0.9	0.6	1.1	861	4.2
1998	108.1	3.6	104.4	2.7	1.9	2.7	1.9	3.9	923	7.2
1999	111.6	3.4	106.9	2.4	3.0	1.6	1.2	2.6	974	5.5
1999 Q1	110.1	3.3	106.1	2.6	2.7	2.1	1.7	1.3	973	6.7
Q2	111.0	3.0	106.5	2.3	3.0	1.8	2.0	2.5	981	8.5
Q3	111.9	2.8	107.1	2.0	3.0	0.9	-1.2	3.5	990	6.4
Q4	113.3	3.9	108.1	2.7	3.4	1.5	2.4	3.0	952	-0.1
2000 Q1	113.4	3.0	108.1	1.9	3.0	0.1	-0.5	3.1	984	1.2
1999 Apr.	110.4	2.9	106.0	2.2	2.2	1.9	2.8	3.5	997	11.8
May	110.7	2.1	106.3	1.7	1.9	0.9	0.1	1.2	968	5.7
June	111.7	3.9	107.0	3.1	5.0	2.4	3.3	2.9	978	7.9
July	111.8	2.7	107.0	2.0	2.7	1.1	0.1	3.4	1,045	10.4
Aug.	112.2	3.1	107.3	2.1	3.0	1.6	0.4	4.0	962	5.1
Sep.	111.8	2.7	107.0	1.8	3.4	-0.1	-4.1	2.9	965	2.1
Oct.	113.3	4.6	108.2	3.5	4.7	2.2	3.7	3.1	970	2.9
Nov.	113.5	3.4	108.1	2.0	2.8	1.0	1.4	2.9	958	-1.1
Dec.	113.2	3.6	107.9	2.4	2.7	1.3	1.9	3.1	927	-2.6
2000 Jan.	113.2	3.3	108.1	2.2	3.6	0.5	-1.3	2.7	977	0.7
Feb.	114.0	4.1	108.5	2.9	3.3	2.3	4.2	4.4	998	4.6
Mar.	113.0	1.6	107.7	0.7	2.1	-2.4	-4.2	2.2	978	-1.0
Apr.	.	.	.	.	.	.	.	.	988	-0.8

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

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

2) Monthly averages.

**Table 5.3**

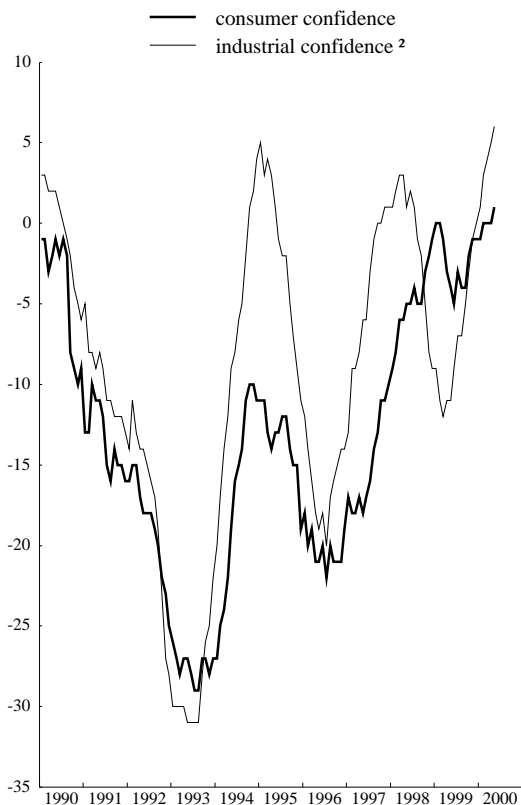
**Business and consumer surveys**

(percentage balances, seasonally adjusted, unless otherwise indicated)

	Manufacturing industry				Construction confidence indicator 5	Retail trade confidence indicator 6	Consumer confidence indicator 7
	Confidence indicator 1	Production expectations 2	Assessment of order books 3	Capacity utilisation <sup>b)</sup> (percentages) 4			
1995	-2	10	-8	82.6	-27	-12	-14
1996	-16	-1	-30	80.6	-36	-11	-20
1997	-4	11	-15	81.0	-33	-9	-15
1998	-1	11	-5	83.0	-19	-3	-5
1999	-7	7	-17	81.8	-7	-5	-2
1999 Q2	-10	3	-21	81.8	-7	-4	-4
Q3	-6	8	-17	81.6	-7	-7	-4
Q4	-1	14	-9	81.9	-3	-7	-1
2000 Q1	3	15	-2	83.0	0	0	0
Q2	.	.	.	83.7	.	.	.
1999 May	-11	3	-22	-	-8	-3	-4
June	-9	5	-22	-	-6	-9	-5
July	-7	7	-18	-	-5	-6	-3
Aug.	-7	7	-17	-	-9	-7	-4
Sep.	-5	10	-15	-	-8	-7	-4
Oct.	-3	13	-11	-	-6	-9	-2
Nov.	-1	15	-9	-	0	-9	-1
Dec.	0	13	-6	-	-4	-2	-1
2000 Jan.	1	13	-4	-	2	-2	-1
Feb.	3	16	-2	-	-2	-3	0
Mar.	4	15	1	-	0	5	0
Apr.	5	15	3	-	2	-3	0
May	6	17	4	-	1	3	1

**Consumer and industrial confidence indicators**

(percentage balances; monthly, seasonally adjusted)



**Capacity utilisation and order books**

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



Source: European Commission Business and Consumer Surveys.

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

2) Manufacturing.

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

	Employment						Unemployment (s.a.)			
	Whole economy				Industry (excluding construction)	Services	Total		Adult <sup>2)</sup>	Youth <sup>2)</sup>
	Index, 1995 = 100		Employees	Self- employed			Millions	% of labour force	% of labour force	% of labour force
1	2	3	4	5	6	7	8	9	10	
1995	100.0	.	.	.	.	.	14.358	11.4	9.6	23.3
1996	100.3	0.3	0.3	0.5	-1.4	1.4	14.790	11.6	9.8	23.9
1997	100.9	0.6	0.7	0.2	-0.4	1.2	14.875	11.6	9.9	23.2
1998	102.2	1.3	1.5	0.8	1.0	1.8	14.079	10.9	9.4	21.3
1999	103.7	1.4	1.7	-0.1	0.2	2.0	12.975	9.9	8.7	19.0
1999 Q1	102.7	1.5	1.7	0.6	0.8	2.2	13.365	10.3	8.9	19.9
Q2	103.1	1.5	1.8	-0.1	0.1	2.1	13.079	10.0	8.8	19.2
Q3	103.3	1.3	1.7	-0.6	0.0	1.9	12.899	9.9	8.7	18.8
Q4	103.6	1.3	1.6	-0.4	0.0	1.8	12.558	9.6	8.5	18.0
2000 Q1	.	.	.	.	.	.	12.276	9.4	8.3	17.7
1999 Apr.	-	-	-	-	-	-	13.145	10.1	8.8	19.4
May	-	-	-	-	-	-	13.075	10.0	8.8	19.2
June	-	-	-	-	-	-	13.017	10.0	8.7	19.0
July	-	-	-	-	-	-	12.975	9.9	8.7	19.0
Aug.	-	-	-	-	-	-	12.922	9.9	8.7	18.9
Sep.	-	-	-	-	-	-	12.799	9.8	8.6	18.5
Oct.	-	-	-	-	-	-	12.625	9.7	8.5	18.1
Nov.	-	-	-	-	-	-	12.569	9.6	8.5	18.0
Dec.	-	-	-	-	-	-	12.480	9.6	8.4	17.8
2000 Jan.	-	-	-	-	-	-	12.378	9.5	8.4	17.8
Feb.	-	-	-	-	-	-	12.298	9.4	8.3	17.7
Mar.	-	-	-	-	-	-	12.153	9.3	8.2	17.5
Apr.	-	-	-	-	-	-	12.036	9.2	8.2	17.2

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

	Unit labour cost in the whole economy, and components (s.a.)			Labour cost indices <sup>3)</sup> and components					Earnings per employee in manufacturing
	Unit labour cost	Compensation per employee	Labour productivity	Total	Wages and salaries	Other	Industry	Services	
							Total	Total	
11	12	13	14	15	16	17	18	19	
1995	1.5	3.4	1.9	-	-	-	-	-	3.9
1996	1.9	3.1	1.2	3.4	3.0	4.3	3.5	3.9	3.7
1997	0.7	2.4	1.7	2.5	2.4	2.8	2.3	2.6	2.6
1998	0.0	1.4	1.4	1.6	1.8	1.1	1.7	1.2	2.9
1999	1.1	1.9	0.8	2.1	2.2	1.6	2.2	1.7	2.4
1997 Q4	0.0	2.0	2.1	2.4	2.4	2.5	2.3	2.1	2.6
1998 Q1	-1.5	1.1	2.7	1.6	1.9	0.9	1.4	1.3	2.4
Q2	-0.1	1.3	1.3	1.7	2.0	1.0	1.8	1.3	3.2
Q3	0.3	1.3	0.9	1.6	1.7	1.3	1.8	1.1	3.0
Q4	0.7	1.2	0.4	1.7	1.9	1.2	1.9	1.2	3.2
1999 Q1	1.6	1.7	0.1	1.9	2.0	1.5	2.1	1.3	2.8
Q2	1.6	2.1	0.5	1.9	2.1	1.5	1.9	1.8	2.5
Q3	0.9	2.0	1.1	2.2	2.3	1.7	2.3	1.8	2.2
Q4	0.4	2.1	1.7	2.4	2.5	1.7	2.5	1.7	1.9

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

1) Data for employment are based on the ESA 95. Due to differences in coverage, quarterly data are not fully consistent with annual data. Data for unemployment follow ILO recommendations.

2) Adult, 25 years and over; youth, below 25 years; expressed as a percentage of the labour force for the relevant age group.

3) Hourly labour costs for the whole economy, excluding the agriculture, public administration, education and health sectors. Owing to differences in coverage, components are not consistent with the total.

## 6 Saving, investment and financing in the euro area

**Table 6**

### Saving, investment and financing

(as a percentage of GDP, unless otherwise indicated)

	Euro area saving and investment <sup>1)</sup>			Investment of private non-financial sectors <sup>1)2)</sup>							
	Gross saving	Gross fixed capital formation	Net lending to the rest of the world	Gross fixed capital formation	Non-financial corporations	Net acquisition of financial assets	Currency and deposits	Securities other than shares	Long-term securities	Shares	Insurance technical reserves
1991	22.0	23.0	-1.3	19.1	14.3	16.6	3.9	3.0	2.5	1.7	2.5
1992	20.9	22.2	-1.0	18.4	13.7	13.9	4.4	1.7	0.5	1.5	2.6
1993	20.0	20.2	0.5	16.6	12.3	13.1	5.4	0.5	1.0	0.8	2.9
1994	20.4	19.8	0.3	16.5	12.3	13.6	3.3	2.2	2.4	1.7	2.9
1995	21.4	20.2	0.5	16.9	12.7	13.4	4.5	2.0	1.8	1.4	3.4
1996	21.0	19.9	0.9	16.7	12.3	12.0	4.0	0.1	1.2	1.2	3.6
1997	21.7	19.3	1.5	16.2	12.1	12.2	2.3	-0.7	-0.3	1.4	3.9
1998	22.0	19.3	1.2	16.3	12.1	13.0	2.2	-2.2	-1.5	2.1	3.1

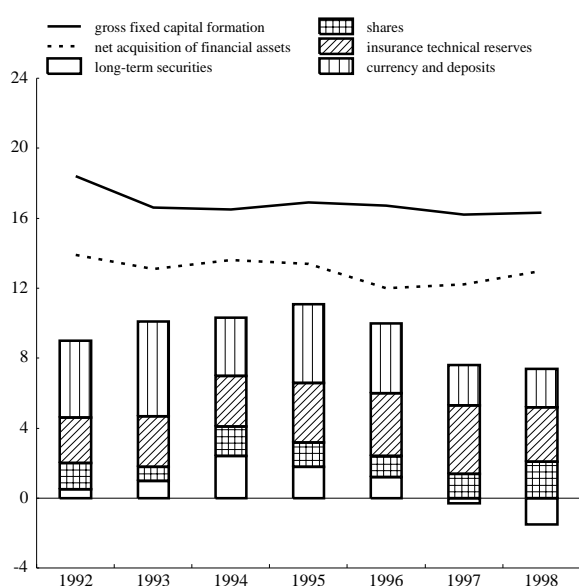
  

	Financing of private non-financial sectors <sup>1)2)</sup>									Net financial investment <sup>3)</sup>	Financial investment as a % of gross investment <sup>4)</sup>	Net incurrence of liabilities as a % of financing <sup>5)</sup>
	Gross saving	Households	Net incurrence of liabilities	Securities other than shares	Long-term securities	Shares	Loans	Long-term loans				
									12			
1991	21.0	12.1	13.2	0.4	0.4	1.6	9.1	5.0	3.4	46.5	38.6	
1992	20.7	12.1	10.3	0.7	0.6	1.4	6.8	4.7	3.6	43.0	33.2	
1993	20.4	11.5	7.6	1.3	1.4	1.6	3.6	4.3	5.5	44.1	27.1	
1994	20.4	10.6	9.5	1.0	1.1	1.8	3.6	3.5	4.1	45.2	31.8	
1995	21.1	10.8	7.1	-1.8	-1.8	1.4	5.4	3.6	6.3	44.2	25.2	
1996	20.4	10.7	8.2	0.2	0.0	1.7	5.4	4.4	3.8	41.8	28.7	
1997	19.8	9.3	8.7	0.1	0.0	1.4	6.4	4.6	3.5	43.0	30.5	
1998	18.9	8.8	10.9	0.4	0.2	2.4	7.6	5.3	2.1	44.4	36.6	

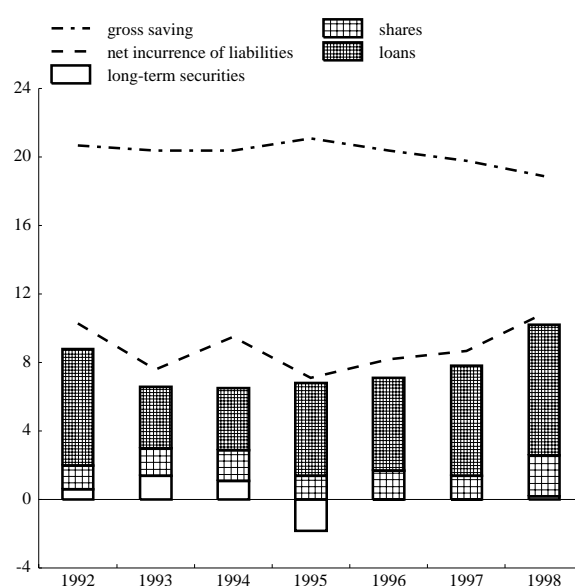
### Investment and financing of private non-financial sectors <sup>1)2)</sup>

(as a percentage of GDP)

#### Investment



#### Financing



Source: ECB.

1) Selected items of investment and financing.

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

3) Column 6 - column 14.

4) Column 6 ÷ (column 4 + column 6).

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



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

**Table 7**

## General government fiscal position

(as a percentage of GDP)

### 1. Euro area <sup>1)</sup> – receipts and expenditure

	Receipts							Expenditure							
	Total	Current receipts					Capital receipts	Total	Current expenditure					Capital expenditure	
		Direct taxes	Indirect taxes	Social contributions	Sales	Compensation of employees			Intermediate consumption	Interest	Transfers to households	Investment			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
1991	46.4	46.0	11.8	13.0	16.7	2.3	0.3	50.8	45.9	11.2	5.4	5.1	20.4	4.8	3.3
1992	47.5	46.8	11.9	13.0	17.1	2.4	0.7	52.1	47.4	11.4	5.5	5.5	21.4	4.7	3.2
1993	48.3	47.8	12.1	13.3	17.5	2.4	0.5	53.8	49.1	11.6	5.7	5.8	22.3	4.7	3.1
1994	47.7	47.3	11.6	13.5	17.5	2.4	0.4	52.7	48.3	11.3	5.4	5.5	22.3	4.4	2.9
1995	47.2	46.7	11.6	13.3	17.3	2.5	0.5	52.2	47.7	11.2	5.3	5.7	22.3	4.5	2.7
1996	48.0	47.5	12.0	13.4	17.6	2.5	0.5	52.3	48.3	11.2	5.3	5.7	22.8	4.0	2.6
1997	48.3	47.6	12.2	13.6	17.5	2.5	0.7	50.9	47.1	11.0	5.3	5.1	22.6	3.7	2.4
1998	47.8	47.3	12.4	14.2	16.5	2.4	0.5	49.9	46.0	10.7	5.2	4.7	22.1	3.9	2.4
1999	48.5	47.9	12.9	14.4	16.4	2.4	0.5	49.7	45.7	10.7	5.2	4.2	22.1	4.0	2.5

### 2. Euro area <sup>1)</sup> – saving, deficit and debt

	Gross saving	Deficit (-) / surplus (+)				Primary deficit/surplus	Deficit/debt adjustment <sup>2)</sup>	Change in debt <sup>3)</sup>				Gross nominal consolidated debt			
		Total	Central government	State and local government	Social security			Total	Currency, deposits and loans	Short-term securities	Medium/long-term securities	Total	Currency, deposits and loans	Short-term securities	Medium/long-term securities
1991	0.1	-4.4	-4.2	-0.5	0.3	0.7	0.6	5.0	1.3	0.3	3.3	57.3	18.4	9.5	29.3
1992	-0.6	-4.6	-4.0	-0.5	-0.1	1.0	2.0	6.6	1.7	1.1	3.8	60.8	19.1	10.2	31.5
1993	-1.3	-5.5	-4.9	-0.6	-0.1	0.3	2.4	7.9	1.5	0.0	6.4	67.2	20.1	9.9	37.2
1994	-1.0	-5.0	-4.3	-0.7	0.0	0.5	0.8	5.8	0.2	0.9	4.7	69.8	19.4	10.3	40.1
1995	-1.0	-5.0	-4.1	-0.5	-0.3	0.7	2.7	7.6	2.6	0.0	5.0	74.0	21.0	9.8	43.2
1996	-0.8	-4.3	-3.6	-0.5	-0.2	1.4	-0.6	3.7	0.2	0.4	3.1	75.2	20.5	9.9	44.9
1997	0.5	-2.6	-2.3	-0.3	0.1	2.5	-0.4	2.2	-0.1	-0.6	2.9	74.6	19.6	8.9	46.1
1998	1.3	-2.0	-2.2	0.1	0.1	2.6	-0.5	1.5	-0.4	-0.6	2.5	72.9	18.4	7.9	46.7
1999	2.3	-1.2	-1.6	0.1	0.3	3.1	0.5	1.6	-0.2	-0.8	2.7	72.1	17.5	6.8	47.7

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

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

### 4. Euro area countries – gross nominal consolidated debt

	BE	DE	ES	FR	IE	IT	LU	NL	AT	PT	FI
	12	13	14	15	16	17	18	19	20	21	22
1996	128.3	59.8	68.0	57.1	74.1	122.1	6.2	75.3	68.3	63.6	57.1
1997	123.0	60.9	66.7	59.0	65.3	119.8	6.0	70.3	63.9	60.3	54.1
1998	117.4	60.7	64.9	59.3	55.6	116.3	6.4	67.0	63.5	56.5	49.0
1999	114.4	61.0	63.5	58.6	52.4	114.9	6.2	63.6	64.5	56.7	47.1
2000 <sup>4)</sup>	110.0	60.7	62.3	58.2	45.2	110.8	5.8	58.7	64.0	57.0	42.6

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

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

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

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

4) European Commission forecasts.



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

**Table 8.1**

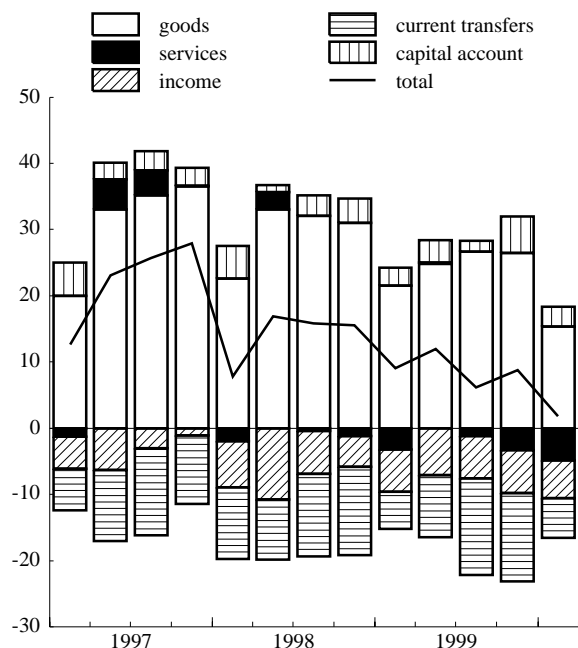
**Summary balance of payments <sup>1) 2)</sup>**

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

	Current account					Capital account	Financial account						Errors and omissions
	Total	Goods	Services	Income	Current transfers		Total	Direct investment	Portfolio investment	Financial derivatives	Other investment	Reserve assets	
	1	2	3	4	5	6	7	8	9	10	11	12	13
1997	76.2	124.8	7.1	-15.2	-40.5	13.1	.	-48.1	-22.8	.	.	.	.
1998	43.3	118.8	-0.9	-28.8	-45.8	12.7	-69.1	-102.6	-85.3	-8.2	118.5	8.5	13.1
1999	22.8	99.5	-7.5	-26.4	-42.8	13.3	-64.3	-138.8	-28.9	-1.0	90.8	13.7	28.2
1999 Q1	6.4	21.5	-3.2	-6.4	-5.5	2.8	-33.1	-15.6	-54.7	-1.4	33.0	5.5	24.0
Q2	8.6	24.8	0.2	-7.1	-9.3	3.4	-28.3	-52.6	-7.0	-0.6	25.3	6.6	16.2
Q3	4.5	26.6	-1.1	-6.4	-14.6	1.7	-6.7	-23.3	29.8	1.5	-16.1	1.4	0.5
Q4	3.4	26.5	-3.3	-6.5	-13.4	5.5	3.8	-47.3	3.0	-0.5	48.5	0.2	-12.6
2000 Q1	-1.2	15.3	-4.8	-5.7	-6.0	3.1	60.2	149.2	-180.9	-1.9	94.0	-0.2	-62.0
1999 Jan.	-2.4	4.8	-2.9	-2.3	-2.0	2.7	0.4	-4.7	8.8	-1.9	0.3	-2.1	-0.7
Feb.	2.3	6.9	0.0	-2.5	-2.2	-0.1	6.8	-6.2	-26.4	-0.4	34.8	5.0	-9.0
Mar.	6.4	9.8	-0.4	-1.6	-1.4	0.2	-40.3	-4.6	-37.1	0.9	-2.1	2.7	33.7
Apr.	4.8	8.0	-0.4	0.1	-2.9	0.5	-5.1	-14.6	13.6	3.5	-9.3	1.8	-0.2
May	-1.5	5.9	0.7	-4.9	-3.2	1.4	-11.0	-19.1	-28.5	-3.9	37.0	3.5	11.1
June	5.4	11.0	-0.1	-2.3	-3.2	1.4	-12.2	-18.9	7.9	-0.1	-2.3	1.3	5.4
July	6.4	14.6	-0.1	-3.6	-4.5	0.7	-24.4	-9.8	-3.2	0.8	-11.5	-0.8	17.3
Aug.	1.3	6.5	-0.5	0.1	-4.8	0.6	27.2	-7.2	12.0	1.9	20.0	0.5	-29.0
Sep.	-3.2	5.6	-0.6	-2.9	-5.2	0.4	-9.5	-6.3	20.9	-1.2	-24.6	1.7	12.3
Oct.	2.2	10.5	-0.2	-3.9	-4.1	1.5	14.7	-7.3	-13.5	-1.8	37.2	0.1	-18.4
Nov.	1.6	8.4	-1.8	-0.7	-4.3	1.1	-4.5	-19.4	13.6	1.6	-1.0	0.6	1.8
Dec.	-0.5	7.7	-1.3	-1.9	-5.0	2.8	-6.4	-20.6	2.9	-0.3	12.2	-0.5	4.0
2000 Jan.	-6.6	0.9	-1.9	-4.3	-1.3	1.4	17.1	2.0	-17.5	-1.3	35.5	-1.6	-11.9
Feb.	2.4	6.3	-2.0	-0.8	-1.0	0.2	9.7	144.7	-138.7	2.6	0.2	0.8	-12.3
Mar.	3.0	8.1	-0.9	-0.6	-3.7	1.4	33.3	2.4	-24.7	-3.2	58.2	0.6	-37.8

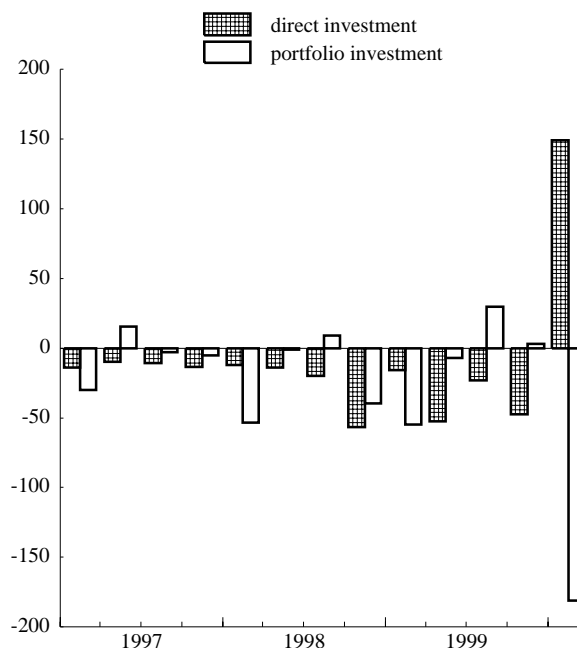
**Current and capital accounts**

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



**Direct and portfolio investment**

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



Source: ECB.

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

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

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

	Current account										Capital account	
	Total		Goods		Services		Income		Current transfers		Credit 11	Debit 12
	Credit 1	Debit 2	Credit 3	Debit 4	Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10		
1997	1,212.2	1,136.0	744.1	619.3	217.9	210.8	189.5	204.7	60.7	101.1	18.9	5.8
1998	1,264.0	1,220.6	772.4	653.6	232.0	232.8	198.5	227.3	61.1	106.9	17.8	5.1
1999	1,303.8	1,280.9	796.0	696.5	236.0	243.5	205.0	231.4	66.8	109.6	19.6	6.3
1999 Q1	300.8	294.4	179.7	158.2	50.7	53.9	46.6	53.0	23.8	29.3	4.4	1.7
Q2	325.2	316.6	193.1	168.2	59.3	59.1	58.0	65.1	14.8	24.2	4.6	1.2
Q3	323.2	318.7	199.9	173.2	62.5	63.6	47.9	54.4	12.9	27.5	3.1	1.5
Q4	354.7	351.3	223.4	196.9	63.6	66.8	52.5	59.0	15.3	28.6	7.5	2.0
2000 Q1	355.3	356.5	219.0	203.7	56.3	61.2	54.4	60.2	25.5	31.4	4.3	1.2
1999 Jan.	95.4	97.7	53.5	48.7	14.9	17.8	14.8	17.0	12.3	14.3	3.1	0.4
Feb.	95.1	92.8	57.4	50.5	17.2	17.2	14.2	16.7	6.2	8.4	0.7	0.8
Mar.	110.4	103.9	68.8	59.0	18.7	19.0	17.7	19.3	5.3	6.6	0.6	0.5
Apr.	105.8	101.0	63.3	55.3	18.5	18.9	19.1	19.1	4.9	7.8	1.0	0.4
May	102.6	104.2	60.7	54.9	19.2	18.5	17.3	22.2	5.4	8.6	1.8	0.3
June	116.8	111.4	69.1	58.1	21.6	21.7	21.6	23.8	4.6	7.8	1.9	0.5
July	115.9	109.4	72.8	58.2	22.7	22.8	15.7	19.3	4.6	9.1	1.3	0.6
Aug.	98.3	97.0	58.8	52.3	19.1	19.6	16.2	16.1	4.2	9.0	1.0	0.4
Sep.	109.0	112.2	68.2	62.7	20.6	21.2	16.1	19.0	4.1	9.4	0.8	0.5
Oct.	115.7	113.5	74.0	63.5	20.9	21.1	15.9	19.8	4.9	9.1	2.0	0.5
Nov.	117.6	116.0	75.3	66.9	20.5	22.3	17.1	17.8	4.7	9.0	1.8	0.7
Dec.	121.3	121.8	74.1	66.4	22.2	23.4	19.5	21.4	5.6	10.6	3.7	0.8
2000 Jan.	110.8	117.4	63.7	62.8	17.8	19.7	16.4	20.6	13.0	14.3	1.8	0.4
Feb.	114.4	112.0	71.8	65.6	17.9	19.9	17.8	18.6	6.9	7.9	0.6	0.4
Mar.	130.0	127.1	83.5	75.4	20.7	21.6	20.3	20.9	5.6	9.2	1.9	0.4

Source: ECB.

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

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

	Total		Compensation of employees		Investment income							
	Credit 1	Debit 2	Credit 3	Debit 4	Total		Direct investment		Portfolio investment		Other investment	
					Credit 5	Debit 6	Credit 7	Debit 8	Credit 9	Debit 10	Credit 11	Debit 12
1999	205.0	231.4	9.6	4.9	195.4	226.5	42.4	38.4	61.9	98.5	91.1	89.7
1999 Q1	46.6	53.0	2.3	0.9	44.4	52.1	7.8	8.8	13.6	21.7	23.0	21.6
Q2	58.0	65.1	2.3	1.3	55.7	63.8	12.7	8.1	17.4	31.4	25.5	24.3
Q3	47.9	54.4	2.3	1.4	45.6	53.0	9.5	9.8	15.7	22.4	20.4	20.7
Q4	52.5	59.0	2.7	1.3	49.7	57.6	12.4	11.6	15.2	23.0	22.2	23.0

	Income on direct investment				Income on portfolio investment							
	Equity		Debt		Equity		Debt instruments					
	Credit 13	Debit 14	Credit 15	Debit 16	Credit 17	Debit 18	Total		Bonds and notes		Money market instruments	
							Credit 19	Debit 20	Credit 21	Debit 22	Credit 23	Debit 24
1999	37.4	33.8	5.0	4.6	9.7	27.3	52.2	71.2	49.9	70.2	2.3	1.0
1999 Q1	6.9	8.0	0.9	0.9	1.6	3.7	12.0	18.0	11.6	17.3	0.5	0.7
Q2	11.5	7.0	1.2	1.1	3.3	12.8	14.1	18.6	13.5	18.1	0.6	0.5
Q3	8.2	8.6	1.3	1.2	2.4	4.9	13.3	17.5	12.7	17.7	0.6	-0.2
Q4	10.7	10.2	1.7	1.4	2.4	5.8	12.8	17.2	12.1	17.2	0.7	0.0

*Source: ECB.*

**Table 8.4****Balance of payments: direct and portfolio investment accounts <sup>1)</sup>***(EUR billions (ECU billions to end-1998); net flows)***1. Direct investment; portfolio investment by instrument <sup>2)</sup>**

	Direct investment		Portfolio investment										
	Abroad	In the euro area	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	11	12		
1997	-93.4	45.3	.	.	.	.	.	.	.	.	.	.	.
1998	-183.0	80.4	-302.1	216.8	-98.7	98.3	-203.3	-187.1	-16.3	118.5	102.7	15.8	
1999	-212.9	74.1	-316.5	287.5	-153.7	97.7	-162.7	-149.0	-13.8	189.8	119.2	70.6	
1999 Q1	-36.3	20.8	-65.3	10.7	-21.7	-5.4	-43.6	-43.8	0.1	16.1	2.9	13.2	
Q2	-76.9	24.3	-85.6	78.6	-40.9	31.3	-44.7	-52.5	7.8	47.3	33.7	13.7	
Q3	-26.9	3.6	-64.3	94.1	-37.2	27.1	-27.0	-21.0	-6.1	67.0	42.3	24.7	
Q4	-72.7	25.4	-101.2	104.2	-53.9	44.8	-47.3	-31.7	-15.7	59.4	40.4	19.1	
2000 Q1	-57.7	206.9	-130.8	-50.0	-102.2	-106.4	-28.7	-25.5	-3.1	56.4	30.6	25.8	
1999 Jan.	-11.8	7.1	-19.1	27.9	-6.4	9.5	-12.7	-9.3	-3.4	18.4	15.7	2.7	
Feb.	-12.0	5.8	-16.2	-10.2	-4.3	1.9	-11.9	-13.2	1.3	-12.1	-18.0	6.0	
Mar.	-12.5	7.9	-30.0	-7.1	-11.0	-16.9	-19.0	-21.2	2.3	9.7	5.2	4.5	
Apr.	-23.3	8.7	-22.2	35.8	-11.7	8.2	-10.5	-14.8	4.3	27.6	27.7	-0.1	
May	-28.3	9.1	-37.9	9.4	-15.7	10.8	-22.2	-23.3	1.1	-1.4	-9.2	7.8	
June	-25.3	6.4	-25.5	33.4	-13.5	12.3	-12.0	-14.4	2.4	21.1	15.2	5.9	
July	-3.6	-6.2	-22.0	18.8	-9.8	11.0	-12.2	-11.8	-0.3	7.8	0.4	7.4	
Aug.	-12.8	5.6	-22.8	34.8	-14.8	5.5	-8.0	-6.5	-1.5	29.3	21.8	7.5	
Sep.	-10.5	4.3	-19.5	40.4	-12.6	10.5	-6.9	-2.7	-4.2	29.9	20.1	9.8	
Oct.	-15.2	7.9	-24.2	10.8	-13.2	10.2	-11.1	-5.4	-5.6	0.6	1.5	-0.9	
Nov.	-22.4	3.0	-35.4	49.0	-18.3	16.1	-17.1	-12.2	-4.9	32.9	32.7	0.2	
Dec.	-35.2	14.5	-41.5	44.4	-22.4	18.5	-19.1	-14.0	-5.1	25.9	6.2	19.7	
2000 Jan.	-5.4	7.4	-25.1	7.6	-22.0	4.0	-3.1	-6.1	2.9	3.6	0.1	3.5	
Feb.	-19.4	164.2	-68.1	-70.6	-52.6	-92.0	-15.5	-12.6	-2.9	21.4	5.6	15.8	
Mar.	-33.0	35.4	-37.6	12.9	-27.6	-18.4	-10.0	-6.9	-3.2	31.4	24.9	6.5	

**2. Portfolio investment assets by instrument and sector of holder**

	Equity				Debt instruments							
					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	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	-2.0	3.3	-155.1	0.7	-1.6	-17.7	-130.4	0.6	-0.1	-8.0	-6.2
1999 Q1	0.1	-0.4	1.1	-22.5	0.1	-0.4	5.1	-48.6	1.4	-0.2	-1.1	0.0
Q2	0.0	-0.3	-3.0	-37.7	0.8	-0.3	-10.5	-42.5	0.5	-0.5	1.1	6.6
Q3	0.0	-0.5	6.1	-42.9	0.1	-0.6	-4.4	-16.1	-1.0	0.4	-1.0	-4.4
Q4	-0.1	-0.9	-1.0	-51.9	-0.3	-0.3	-7.8	-23.3	-0.3	0.1	-7.0	-8.4

Source: ECB.

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

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

**Table 8.5****Balance of payments: other investment account and reserve assets***(EUR billions (ECU billions to end-1998); net flows)***1. Other investment by sector <sup>1) 2)</sup>**

	Total		Eurosystem		General government		MFIs (excluding the Eurosystem)						Other sectors	
	Assets 1	Liabilities 2	Assets 3	Liabilities 4	Assets 5	Liabilities 6	Total		Long-term		Short-term		Assets 13	Liabilities 14
							Assets 7	Liabilities 8	Assets 9	Liabilities 10	Assets 11	Liabilities 12		
1998	-67.5	186.0	-0.7	3.5	-1.4	-7.7	-22.6	178.1	-34.2	34.8	11.6	143.3	-42.8	12.1
1999	-58.0	148.8	9.4	0.0	-0.7	-13.4	-24.8	137.4	-50.4	39.7	25.6	97.7	-41.9	24.7
1999 Q1	-34.6	67.7	2.9	0.0	-3.3	-4.2	-13.4	58.6	-13.9	7.1	0.6	51.5	-20.9	13.3
Q2	1.0	24.4	4.4	0.0	3.9	-2.9	8.2	19.4	-15.6	13.2	23.9	6.2	-15.6	7.8
Q3	-28.1	12.0	-0.3	0.0	-1.6	-2.4	-8.6	10.3	-14.3	8.1	5.7	2.2	-17.7	4.1
Q4	3.8	44.7	2.3	0.0	0.3	-3.9	-11.1	49.1	-6.5	11.3	-4.5	37.8	12.2	-0.5
2000 Q1	-69.5	163.5	-3.5	0.0	-6.4	-3.2	-29.5	169.1	-11.0	24.7	-18.5	144.4	-30.2	-2.4
1999 Jan.	-64.7	65.1	8.4	0.0	0.0	-4.8	-65.0	65.2	-6.2	3.4	-58.8	61.7	-8.2	4.6
Feb.	30.9	3.9	-4.5	0.0	-2.2	-0.6	48.5	1.5	-0.6	-3.2	49.1	4.6	-10.9	3.1
Mar.	-0.8	-1.3	-1.0	0.0	-1.1	1.2	3.2	-8.1	-7.1	6.8	10.3	-14.9	-1.8	5.6
Apr.	10.5	-19.8	0.4	0.0	-0.2	0.3	15.0	-20.8	-4.7	2.7	19.7	-23.5	-4.8	0.7
May	-10.7	47.6	3.1	0.0	1.0	-0.9	-13.4	50.4	-3.9	6.1	-9.5	44.3	-1.4	-1.9
June	1.1	-3.5	0.9	0.0	3.0	-2.3	6.6	-10.1	-7.1	4.5	13.7	-14.6	-9.4	9.0
July	-14.2	2.7	0.8	0.0	-1.7	-1.2	-8.2	0.4	-2.1	3.7	-6.0	-3.2	-5.1	3.5
Aug.	-5.1	25.1	-1.5	0.0	0.2	-0.1	-2.6	26.3	-5.4	0.1	2.8	26.2	-1.2	-1.1
Sep.	-8.8	-15.8	0.5	0.0	-0.1	-1.1	2.2	-16.4	-6.8	4.3	9.0	-20.7	-11.4	1.7
Oct.	-16.8	53.9	0.3	0.0	-1.1	-1.1	-20.8	51.1	-3.1	3.5	-17.7	47.5	4.9	4.0
Nov.	-71.8	70.8	-1.7	0.0	1.1	-1.8	-68.5	71.6	1.0	-0.4	-69.4	72.0	-2.7	1.0
Dec.	92.3	-80.1	3.8	0.0	0.3	-1.0	78.2	-73.6	-4.4	8.2	82.5	-81.8	10.0	-5.5
2000 Jan.	-4.1	39.6	-0.3	0.0	-2.2	-1.2	8.3	41.3	-3.4	7.8	11.7	33.5	-9.9	-0.5
Feb.	-32.6	32.9	-1.8	0.0	-4.1	-0.5	-22.4	30.3	-2.9	8.3	-19.5	22.1	-4.4	3.1
Mar.	-32.8	91.0	-1.3	0.0	-0.1	-1.5	-15.4	97.5	-4.7	8.7	-10.7	88.8	-16.0	-5.0

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

	Loans/currency and deposits			Other assets/liabilities			
	Assets 1	Liabilities 2	Balance 3	Assets 4	Liabilities 5	Balance 6	
1999		10.0	0.0	10.0	-0.7	0.0	-0.7
1999 Q1		3.6	0.0	3.6	-0.7	0.0	-0.7
Q2		4.3	0.0	4.3	0.1	0.0	0.1
Q3		-0.3	0.0	-0.3	0.0	0.0	0.0
Q4		2.4	0.0	2.4	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	-0.3	0.0	-0.4	1.5	-13.1	-11.6	-1.9	-0.2	-2.1
1999 Q1	-0.2	0.0	-0.2	-2.9	-4.1	-7.0	-0.3	-0.1	-0.4
Q2	-0.1	0.0	-0.1	5.7	-2.7	3.0	-1.8	-0.2	-2.0
Q3	-0.1	0.0	-0.1	-1.2	-2.5	-3.7	-0.3	0.1	-0.2
Q4	-0.1	0.0	-0.1	-0.1	-3.9	-3.9	0.4	0.0	0.4

## 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	-25.9	137.0	111.2	1.1	0.4	1.5
1999 Q1	-17.1	61.3	44.2	3.7	-2.7	1.0
Q2	9.1	18.4	27.4	-0.8	1.1	0.2
Q3	-6.8	9.8	3.0	-1.8	0.5	-1.3
Q4	-11.1	47.6	36.6	0.0	1.5	1.5

## 2.4. Other sectors

	Trade credits			Loans/currency and deposits			Other assets/liabilities		
	Assets 22	Liabilities 23	Balance 24	Assets 25	Liabilities 26	Balance 27	Assets 28	Liabilities 29	Balance 30
1999	-13.4	2.7	-10.8	-5.7	14.5	8.8	-22.8	7.5	-15.3
1999 Q1	-3.5	4.1	0.6	-11.8	3.4	-8.4	-5.5	5.8	0.2
Q2	-6.2	-2.9	-9.1	1.4	9.6	11.1	-10.8	1.0	-9.7
Q3	-2.9	-0.1	-3.0	-11.9	2.7	-9.2	-2.9	1.5	-1.4
Q4	-0.7	1.5	0.8	16.6	-1.2	15.4	-3.7	-0.8	-4.4

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

	Total	Monetary gold	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims
					Total	Currency and deposits		Securities			Financial derivatives	
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instruments		
1	2	3	4	5	6	7	8	9	10	11	12	
1999	13.7	0.3	1.0	3.0	9.5	3.2	0.8	0.2	7.8	-2.4	-0.1	0.0
1999 Q1	5.5	0.0	2.5	0.0	3.3	1.5	3.0	0.0	1.3	-2.5	0.0	-0.3
Q2	6.6	0.0	-1.1	0.8	6.8	-4.6	-2.4	0.0	11.0	2.8	0.0	0.1
Q3	1.4	0.0	0.2	1.9	-0.9	5.3	-2.7	0.2	-3.2	-0.5	0.0	0.2
Q4	0.2	0.3	-0.7	0.3	0.4	0.9	3.0	0.0	-1.3	-2.2	-0.1	-0.1

Source: ECB.

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



**Table 8.6****International investment position and reserve assets outstanding****1. Net international investment position <sup>1)</sup>***(EUR billions (ECU billions in 1997); assets minus liabilities; end-of-period positions)*

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

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

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

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

Reserve assets													Memo: related assets	
Total	Monetary gold	In fine troy ounces (millions)	Special drawing rights	Reserve position in the IMF	Foreign exchange							Other claims	Claims on euro area residents denom- inated in foreign currency	
					Total	Currency and deposits		Securities			Financial deriva- tives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1998 Dec. <sup>2)</sup>	329.4	99.6	404.131	5.1	23.4	199.8	12.5	18.3	0.0	116.7	52.4	0.0	1.5	7.6
1999 Dec.	372.5	116.4	402.758	4.5	24.2	225.2	-	-	-	-	-	0.0	2.0	14.4
2000 Jan. <sup>3)</sup>	381.5	116.2	401.639	4.3	24.4	231.4	-	-	-	-	-	0.2	1.9	14.7
Feb. <sup>3)</sup>	383.8	121.1	400.503	4.4	23.9	231.9	-	-	-	-	-	0.2	2.0	16.1
Mar.	384.1	116.0	400.503	4.4	24.8	238.9	-	-	-	-	-	0.2	1.2	17.0
Apr.	397.7	121.3	400.503	4.3	22.7	249.1	-	-	-	-	-	0.2	2.3	18.1

## 3. Reserves and related assets of the European Central Bank <sup>4)</sup>

(EUR billions; end-of-period positions)

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	Claims on euro area residents denom- inated in foreign currency	
					Total	Currency and deposits		Securities			Financial deriva- tives			
						With monetary authorities and the BIS	With banks	Equity	Bonds and notes	Money market instru- ments				
1	2	3	4	5	6	7	8	9	10	11	12	13	14	
1999 Dec.	49.3	6.9	24.030	0.0	0.0	41.0	-	-	-	-	-	0.0	1.4	2.6
2000 Jan.	50.0	7.0	24.030	0.0	0.0	41.7	-	-	-	-	-	0.0	1.3	3.2
Feb.	48.1	7.3	24.030	0.0	0.0	39.5	-	-	-	-	-	0.0	1.3	4.2
Mar.	49.8	7.0	24.030	0.0	0.0	42.0	-	-	-	-	-	0.0	0.9	4.3
Apr.	52.8	7.3	24.030	0.0	0.0	44.3	-	-	-	-	-	0.0	1.2	4.3

Source: ECB.

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

2) Position as at 1 January 1999.

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

4) Part of the Eurosystem's reserves.

## 9 External trade in goods of the euro area

**Table 9**

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

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

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other	Export trade indices 1995 = 100		
									Value <sup>2)</sup>	Volume <sup>2)</sup>	Unit value
	1	2	3	4	5	6	7	8	9	10	11
1996	669.7	49.2	14.2	13.1	85.5	195.5	295.9	16.3	107.6	104.7	102.8
1997	762.8	52.8	16.3	14.4	99.0	216.6	342.8	20.9	122.5	115.9	105.7
1998	796.3	56.1	15.8	12.6	104.4	221.7	371.1	14.7	127.9	120.0	106.6
1999	829.1	55.1	16.3	13.4	113.6	223.5	383.4	23.8	133.2	122.2	109.0
1997 Q1	170.7	12.0	3.8	3.7	22.6	48.9	74.7	5.0	109.7	104.2	105.3
Q2	191.8	13.4	4.1	3.6	25.1	53.9	86.4	5.3	123.3	117.3	105.1
Q3	193.5	13.0	4.2	3.4	25.6	55.6	86.5	5.1	124.3	116.6	106.6
Q4	206.8	14.4	4.2	3.7	25.6	58.2	95.1	5.5	132.9	125.7	105.7
1998 Q1	194.5	13.8	4.2	3.4	26.7	54.7	88.0	3.7	125.0	115.9	107.8
Q2	204.5	14.6	3.9	3.3	27.0	56.6	95.5	3.7	131.4	123.1	106.8
Q3	195.9	13.5	3.9	3.0	25.8	55.3	91.0	3.6	125.9	118.2	106.5
Q4	201.4	14.2	3.8	2.9	25.0	55.1	96.7	3.7	129.4	122.8	105.4
1999 Q1	187.9	12.3	3.8	2.6	25.8	51.0	86.6	5.7	120.7	112.6	107.2
Q2	202.9	13.4	4.0	3.1	27.9	54.8	93.9	5.8	130.4	119.8	108.9
Q3	209.2	13.8	4.1	3.8	29.6	56.5	95.4	6.0	134.4	122.8	109.5
Q4	229.1	15.5	4.4	4.0	30.3	61.1	107.5	6.3	147.2	133.7	110.1
2000 Q1	227.1	.	.	.	.	.	.	.	145.9	.	.
1998 Jan.	58.6	4.3	1.3	1.2	8.4	16.3	26.0	1.2	112.9	104.8	107.7
Feb.	63.8	4.5	1.4	1.0	8.6	18.1	28.9	1.2	123.0	114.1	107.8
Mar.	72.1	5.0	1.5	1.2	9.6	20.3	33.1	1.3	139.0	128.7	108.0
Apr.	68.2	4.9	1.3	1.1	9.2	19.0	31.3	1.3	131.4	122.9	106.9
May	65.9	4.8	1.3	1.1	8.7	18.3	30.7	1.2	127.1	118.9	106.9
June	70.5	4.9	1.3	1.1	9.1	19.3	33.5	1.2	135.9	127.3	106.7
July	73.0	4.8	1.3	1.1	9.3	21.1	34.2	1.2	140.8	131.7	106.9
Aug.	56.7	4.2	1.2	1.0	7.7	15.6	25.9	1.1	109.3	103.2	105.9
Sep.	66.2	4.5	1.3	0.9	8.8	18.5	30.9	1.3	127.6	119.7	106.6
Oct.	69.0	4.8	1.3	1.0	8.6	19.6	32.5	1.2	133.1	125.8	105.8
Nov.	67.1	4.8	1.3	1.0	8.1	18.2	32.5	1.3	129.3	123.3	104.8
Dec.	65.3	4.6	1.2	0.9	8.2	17.3	31.7	1.2	125.8	119.3	105.5
1999 Jan.	54.6	3.7	1.1	0.8	7.8	14.7	25.0	1.5	105.3	98.6	106.8
Feb.	60.2	4.0	1.2	0.8	8.2	16.5	27.4	2.1	116.0	108.5	106.9
Mar.	73.1	4.7	1.4	1.0	9.8	19.9	34.2	2.1	140.9	130.6	107.9
Apr.	65.8	4.3	1.3	1.0	9.1	17.7	30.6	1.7	126.9	116.6	108.9
May	63.7	4.5	1.3	1.0	9.0	17.3	28.8	1.8	122.8	113.1	108.5
June	73.4	4.6	1.3	1.1	9.8	19.8	34.5	2.2	141.6	129.5	109.3
July	76.2	4.6	1.4	1.2	10.3	20.8	35.7	2.4	147.0	132.9	110.6
Aug.	61.0	4.2	1.3	1.1	9.2	16.0	27.4	1.8	117.5	106.9	109.9
Sep.	72.0	5.0	1.4	1.5	10.1	19.7	32.4	1.9	138.8	128.5	108.0
Oct.	76.7	5.2	1.4	1.3	10.1	20.7	35.9	2.1	147.8	134.5	109.9
Nov.	76.7	5.3	1.4	1.2	10.6	20.5	35.6	2.0	147.8	135.7	108.9
Dec.	75.8	5.0	1.6	1.4	9.6	20.0	36.0	2.2	146.1	131.1	111.4
2000 Jan.	65.6	3.9	1.4	1.4	9.2	17.4	30.3	2.0	126.5	111.7	113.3
Feb.	75.1	4.4	1.6	1.6	10.6	20.6	34.4	2.0	144.7	126.1	114.8
Mar.	86.4	.	.	.	.	.	.	.	166.5	.	.

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

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

2) ECB calculations based on Eurostat data.

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

	Total 1	Food, drink, tobacco 2	Raw materials 3	Energy 4	Chemicals 5	Other manu- factured articles 6	Machinery, transport equipment 7	Other 8	Import trade indices 1995 = 100		
									Value <sup>2)</sup> 9	Volume <sup>2)</sup> 10	Unit value 11
1996	593.9	46.6	36.5	71.6	54.1	167.0	193.6	24.6	105.5	102.9	102.6
1997	674.2	49.7	41.3	81.2	62.0	188.1	228.8	23.1	119.8	110.3	108.6
1998	711.0	55.1	41.3	58.5	68.0	202.0	270.1	16.1	126.3	123.0	102.7
1999	771.8	51.1	38.7	76.4	70.7	208.9	302.5	23.5	137.1	129.1	106.2
1997 Q1	159.1	11.4	9.7	21.2	14.7	44.6	51.8	5.8	113.1	106.0	106.7
Q2	168.0	12.6	11.0	18.6	16.0	46.5	57.5	5.7	119.4	111.4	107.2
Q3	166.6	12.2	10.0	20.0	15.2	48.9	55.6	4.7	118.5	106.9	110.8
Q4	180.4	13.5	10.6	21.4	16.1	48.2	63.8	6.8	128.2	117.0	109.6
1998 Q1	179.9	13.7	10.9	16.4	17.7	51.6	65.3	4.3	127.9	119.2	107.3
Q2	179.2	13.7	11.1	15.1	17.3	50.4	67.2	4.3	127.4	121.6	104.7
Q3	171.1	13.4	9.7	13.8	16.4	50.8	63.4	3.6	121.6	119.5	101.8
Q4	180.8	14.3	9.6	13.2	16.5	49.2	74.1	3.9	128.5	131.9	97.4
1999 Q1	176.2	12.0	9.1	12.4	17.0	49.8	70.5	5.5	125.2	126.8	98.8
Q2	188.1	12.7	10.0	16.8	17.6	50.4	74.9	5.8	133.7	128.8	103.8
Q3	192.4	12.6	9.4	21.2	17.1	54.0	72.5	5.7	136.8	125.0	109.4
Q4	215.0	13.9	10.2	26.0	19.0	54.7	84.6	6.6	152.9	135.9	112.5
2000 Q1	228.2	.	.	.	.	.	.	.	162.2	.	.
1998 Jan.	57.7	4.5	3.5	5.7	5.6	16.6	20.4	1.4	123.0	114.3	107.6
Feb.	57.9	4.3	3.5	5.4	5.6	16.7	20.8	1.6	123.4	114.4	107.9
Mar.	64.3	4.9	3.8	5.3	6.5	18.3	24.1	1.3	137.1	128.6	106.6
Apr.	60.1	4.8	3.7	5.2	5.8	16.8	22.6	1.3	128.2	121.5	105.5
May	56.9	4.4	3.5	5.2	5.6	15.8	21.2	1.2	121.4	115.7	104.9
June	62.1	4.6	3.9	4.7	6.0	17.8	23.4	1.8	132.5	127.8	103.7
July	59.3	4.7	3.6	4.7	6.0	17.8	21.2	1.3	126.4	123.6	102.2
Aug.	50.1	4.1	2.8	4.4	4.7	15.0	18.1	1.0	106.9	105.7	101.1
Sep.	61.8	4.6	3.3	4.7	5.8	17.9	24.1	1.4	131.7	129.2	101.9
Oct.	62.5	4.8	3.3	4.7	5.8	17.4	25.1	1.4	133.2	133.9	99.5
Nov.	59.7	4.6	3.1	4.2	5.4	16.2	24.9	1.3	127.3	131.8	96.6
Dec.	58.6	5.0	3.1	4.3	5.3	15.7	24.2	1.2	125.0	130.2	96.0
1999 Jan.	54.1	3.7	2.9	4.1	5.1	15.3	21.2	1.7	115.4	117.7	98.1
Feb.	55.6	3.7	2.9	3.8	5.5	16.0	21.8	1.9	118.5	120.6	98.3
Mar.	66.5	4.5	3.3	4.5	6.4	18.4	27.5	1.9	141.8	142.1	99.8
Apr.	61.0	4.1	3.3	5.6	5.7	15.9	24.5	1.9	130.2	127.1	102.4
May	62.1	4.2	3.3	5.7	5.7	16.4	24.9	1.8	132.4	126.5	104.6
June	65.0	4.4	3.5	5.4	6.1	18.0	25.6	2.0	138.7	132.6	104.6
July	64.1	4.3	3.3	6.7	5.7	18.3	24.0	1.8	136.6	126.6	107.9
Aug.	57.9	4.0	2.6	7.0	5.2	16.2	21.3	1.7	123.5	112.3	110.0
Sep.	70.4	4.3	3.4	7.6	6.3	19.4	27.2	2.1	150.1	136.2	110.2
Oct.	69.5	4.4	3.3	7.8	6.3	18.4	26.9	2.3	148.2	133.2	111.3
Nov.	73.2	4.7	3.5	8.4	6.6	18.5	29.3	2.3	156.1	140.9	110.8
Dec.	72.3	4.7	3.4	9.8	6.1	17.8	28.4	2.1	154.2	133.6	115.4
2000 Jan.	70.4	3.9	3.5	10.5	5.7	18.3	26.1	2.3	150.0	127.7	117.5
Feb.	73.9	4.0	3.6	10.4	6.7	20.1	26.8	2.4	157.7	131.7	119.7
Mar.	83.9	.	.	.	.	.	.	.	178.9	.	.

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

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.2). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998.

2) ECB calculations based on Eurostat data.

**Table 9****3. Trade balance <sup>1)</sup>***(EUR billions (ECU billions to end-1998); exports (f.o.b.) - imports (c.i.f.))*

	Total	Food, drink, tobacco	Raw materials	Energy	Chemicals	Other manufactured articles	Machinery, transport equipment	Other
	1	2	3	4	5	6	7	8
1996	75.8	2.7	-22.3	-58.5	31.4	28.5	102.3	-8.3
1997	88.6	3.2	-25.0	-66.8	37.0	28.5	114.0	-2.2
1998	85.3	1.0	-25.5	-45.9	36.4	19.7	101.0	-1.4
1999	57.4	4.0	-22.4	-63.0	42.9	14.7	81.0	0.3
1997 Q1	11.6	0.6	-5.8	-17.5	7.9	4.3	22.8	-0.8
Q2	23.8	0.7	-6.9	-15.0	9.1	7.4	28.9	-0.4
Q3	26.8	0.9	-5.9	-16.6	10.4	6.8	30.9	0.3
Q4	26.3	1.0	-6.4	-17.7	9.5	10.0	31.3	-1.3
1998 Q1	14.6	0.1	-6.7	-13.0	9.0	3.2	22.7	-0.7
Q2	25.4	0.9	-7.2	-11.7	9.6	6.1	28.2	-0.6
Q3	24.8	0.1	-5.8	-10.9	9.3	4.5	27.6	0.0
Q4	20.6	-0.1	-5.7	-10.3	8.5	5.9	22.6	-0.2
1999 Q1	11.7	0.4	-5.3	-9.8	8.9	1.2	16.1	0.2
Q2	14.8	0.8	-6.1	-13.7	10.3	4.5	19.1	0.0
Q3	16.8	1.2	-5.3	-17.4	12.5	2.5	22.9	0.4
Q4	14.1	1.6	-5.8	-22.1	11.3	6.4	22.9	-0.3
2000 Q1	-1.1	.	.	.	.	.	.	.
1998 Jan.	0.9	-0.2	-2.2	-4.6	2.8	-0.3	5.6	-0.2
Feb.	5.9	0.3	-2.2	-4.3	3.1	1.4	8.1	-0.4
Mar.	7.8	0.1	-2.3	-4.1	3.1	2.0	9.0	0.0
Apr.	8.0	0.1	-2.4	-4.1	3.4	2.2	8.7	0.0
May	9.0	0.4	-2.3	-4.1	3.1	2.4	9.5	-0.1
June	8.3	0.3	-2.6	-3.5	3.1	1.5	10.1	-0.5
July	13.8	0.0	-2.2	-3.6	3.3	3.3	13.0	0.0
Aug.	6.6	0.1	-1.6	-3.5	3.0	0.6	7.7	0.1
Sep.	4.4	-0.1	-2.0	-3.8	3.0	0.5	6.8	-0.1
Oct.	6.6	0.0	-2.0	-3.7	2.8	2.2	7.4	-0.2
Nov.	7.4	0.2	-1.9	-3.3	2.7	2.0	7.7	0.0
Dec.	6.6	-0.3	-1.9	-3.3	2.9	1.7	7.5	0.1
1999 Jan.	0.5	0.0	-1.8	-3.4	2.7	-0.7	3.8	-0.2
Feb.	4.6	0.2	-1.7	-3.0	2.8	0.5	5.6	0.2
Mar.	6.6	0.1	-1.8	-3.5	3.4	1.4	6.8	0.2
Apr.	4.8	0.2	-1.9	-4.6	3.4	1.8	6.2	-0.2
May	1.6	0.3	-2.0	-4.8	3.2	1.0	3.9	0.0
June	8.4	0.3	-2.1	-4.3	3.7	1.8	9.0	0.2
July	12.2	0.3	-2.0	-5.5	4.7	2.5	11.7	0.5
Aug.	3.0	0.3	-1.3	-5.8	4.0	-0.2	6.1	0.1
Sep.	1.6	0.7	-2.0	-6.1	3.8	0.3	5.1	-0.2
Oct.	7.2	0.7	-1.9	-6.5	3.7	2.2	9.0	-0.1
Nov.	3.5	0.6	-2.1	-7.2	4.0	2.0	6.4	-0.2
Dec.	3.4	0.3	-1.8	-8.4	3.5	2.2	7.5	0.1
2000 Jan.	-4.7	0.0	-2.1	-9.1	3.5	-0.8	4.3	-0.4
Feb.	1.1	0.4	-2.0	-8.8	3.9	0.5	7.6	-0.4
Mar.	2.5	.	.	.	.	.	.	.

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

1) Owing to differences in definitions, coverage and time of recording, trade data (as compiled by Eurostat) are not fully comparable with the goods item in the balance of payments statistics compiled by the ECB (Table 8.1). Part of the difference arises from the inclusion of insurance and freight services in the recording of goods imported, which accounted for about 3.8% of the value of imports (c.i.f.) in 1998.



# 10 Exchange rates

**Table 10**

## Exchange rates

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

	Effective exchange rate of the euro <sup>1)</sup>						Bilateral ECU or euro exchange rates <sup>2)</sup>			
	Narrow group				Broad group		US dollar	Japanese yen	Swiss franc	Pound sterling
	Nominal	Real CPI	Real PPI	Real ULCM	Nominal	Real CPI				
1	2	3	4	5	6	7	8	9	10	
1996	107.9	108.8	108.1	114.2	95.4	105.9	1.270	138.1	1.568	0.814
1997	99.1	99.4	99.5	102.2	90.4	96.6	1.134	137.1	1.644	0.692
1998	101.5	101.3	101.8	99.8	96.6	99.1	1.121	146.4	1.622	0.676
1999	95.7	95.7	95.8	95.9	96.6	95.8	1.066	121.3	1.600	0.659
1999 Q1	100.0	100.0	100.0	100.0	100.0	100.0	1.122	130.7	1.599	0.687
Q2	96.1	96.0	96.0	96.2	96.5	96.0	1.057	127.7	1.600	0.658
Q3	94.6	94.7	94.7	94.5	95.5	94.6	1.049	118.7	1.602	0.655
Q4	92.2	92.2	92.4	92.8	94.2	92.6	1.038	108.4	1.600	0.636
2000 Q1	89.0	89.8	90.0	88.9	91.1	89.5	0.986	105.5	1.607	0.614
1999 Jan.	102.0	101.8	101.8	-	101.4	101.4	1.161	131.3	1.605	0.703
Feb.	99.9	99.9	99.8	-	100.0	100.0	1.121	130.8	1.598	0.689
Mar.	98.3	98.3	98.4	-	98.7	98.6	1.088	130.2	1.595	0.671
Apr.	97.1	96.9	97.1	-	97.5	97.2	1.070	128.2	1.602	0.665
May	96.6	96.5	96.5	-	96.9	96.4	1.063	129.7	1.603	0.658
June	94.7	94.6	94.3	-	95.1	94.4	1.038	125.3	1.595	0.650
July	94.8	95.2	94.9	-	95.0	94.5	1.035	123.7	1.604	0.658
Aug.	95.4	95.6	95.5	-	96.3	95.5	1.060	120.1	1.600	0.660
Sep.	93.6	93.4	93.6	-	95.2	93.8	1.050	112.4	1.602	0.647
Oct.	94.4	94.2	94.4	-	96.3	94.7	1.071	113.5	1.594	0.646
Nov.	92.0	92.0	92.4	-	94.0	92.4	1.034	108.2	1.605	0.637
Dec.	90.1	90.3	90.4	-	92.2	90.7	1.011	103.7	1.601	0.627
2000 Jan.	90.2	90.8	91.0	-	92.4	90.7	1.014	106.5	1.610	0.618
Feb.	89.2	90.1	90.1	-	91.2	89.6	0.983	107.6	1.607	0.615
Mar.	87.7	88.4	88.8	-	89.7	88.0	0.964	102.6	1.604	0.611
Apr.	86.1	86.8	87.7	-	88.4	86.5	0.947	99.9	1.574	0.598
May	84.5	85.1	86.3	-	86.9	84.7	0.906	98.1	1.556	0.602
% ch. vs. <sup>4)</sup> prev. month										
2000 May	-1.8	-1.9	-1.6	-	-1.7	-2.0	-4.3	-1.8	-1.1	0.6
% ch. vs. <sup>4)</sup> prev. year										
2000 May	-12.6	-11.8	-10.6	-	-10.3	-12.1	-14.8	-24.4	-2.9	-8.6

Source: ECB.

- 1) ECB calculations; based on weighted averages of bilateral euro exchange rates. Weights are based on 1995-97 manufactured goods trade with the trading partners and capture third-market effects. The narrow group is composed of the countries whose currencies are shown in the table. In addition, the broad group includes the following countries: Algeria, Argentina, Brazil, China, Croatia, Cyprus, the Czech Republic, Estonia, Hungary, India, Indonesia, Israel, Malaysia, Mexico, Morocco, New Zealand, the Philippines, Poland, Romania, Russia, Slovakia, Slovenia, South Africa, Taiwan, Thailand and Turkey. Real rates are calculated using consumer prices (CPI), producer prices in manufacturing (PPI) and unit labour costs in manufacturing (ULCM). Where deflators are not yet available, estimates are used.
- 2) To December 1998, rates for the ECU (source BIS); from January 1999, rates for the euro.
- 3) As the ECB does not provide official reference rates for these currencies, indicative rates are shown.
- 4) The table shows the percentage change in the latest monthly observation vis-à-vis the previous month, and vis-à-vis the same month of the previous year. A positive change denotes an appreciation of the euro.

Bilateral ECU or euro exchange rates <sup>2)</sup>									
Swedish krona	Danish krone	Greek drachma	Norwegian krone	Canadian dollar	Australian dollar	Hong Kong dollar <sup>3)</sup>	Korean won <sup>3)</sup>	Singapore dollar <sup>3)</sup>	
11	12	13	14	15	16	17	18	19	
8.51	7.36	305.5	8.20	1.731	1.623	9.68	1,007.9	1.765	1996
8.65	7.48	309.3	8.02	1.569	1.528	8.75	1,069.8	1.678	1997
8.92	7.50	330.7	8.47	1.665	1.787	8.69	1,568.9	1.876	1998
8.81	7.44	325.8	8.31	1.584	1.652	8.27	1,267.3	1.806	1999
8.98	7.44	322.7	8.60	1.696	1.770	8.69	1,342.6	1.911	1999 Q1
8.90	7.43	325.0	8.24	1.557	1.618	8.19	1,258.8	1.810	Q2
8.71	7.44	326.1	8.22	1.558	1.613	8.14	1,252.8	1.772	Q3
8.65	7.44	329.2	8.19	1.528	1.613	8.07	1,217.4	1.737	Q4
8.50	7.45	332.7	8.11	1.434	1.564	7.68	1,109.8	1.674	2000 Q1
9.08	7.44	323.6	8.65	1.765	1.839	8.99	1,362.4	1.950	1999 Jan.
8.91	7.44	322.0	8.65	1.679	1.751	8.68	1,330.2	1.905	Feb.
8.94	7.43	322.5	8.51	1.651	1.726	8.43	1,336.2	1.881	Mar.
8.91	7.43	325.5	8.32	1.594	1.668	8.30	1,292.2	1.834	Apr.
8.97	7.43	325.2	8.23	1.553	1.605	8.24	1,272.1	1.820	May
8.83	7.43	324.2	8.17	1.524	1.580	8.05	1,212.6	1.775	June
8.74	7.44	325.0	8.18	1.540	1.576	8.03	1,229.4	1.756	July
8.75	7.44	326.4	8.26	1.583	1.645	8.23	1,269.1	1.779	Aug.
8.63	7.43	327.0	8.23	1.552	1.619	8.15	1,260.1	1.781	Sep.
8.73	7.43	329.2	8.29	1.581	1.641	8.32	1,289.9	1.793	Oct.
8.63	7.44	328.7	8.19	1.516	1.618	8.04	1,215.9	1.727	Nov.
8.59	7.44	329.7	8.10	1.491	1.580	7.86	1,149.6	1.694	Dec.
8.60	7.44	331.1	8.12	1.469	1.542	7.89	1,145.9	1.697	2000 Jan.
8.51	7.45	333.2	8.10	1.427	1.564	7.65	1,110.8	1.674	Feb.
8.39	7.45	333.9	8.11	1.408	1.583	7.51	1,076.1	1.654	Mar.
8.27	7.45	335.2	8.15	1.389	1.588	7.38	1,051.4	1.620	Apr.
8.24	7.46	336.6	8.20	1.355	1.570	7.06	1,015.3	1.566	May
-0.3	0.1	0.4	0.5	-2.5	-1.1	-4.3	-3.4	-3.3	% ch. vs. <sup>4)</sup> prev. month 2000 May
-8.1	0.3	3.5	-0.4	-12.7	-2.1	-14.3	-20.2	-13.9	% ch. vs. <sup>4)</sup> prev. year 2000 May



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

**Table 11**

## Economic and financial developments

(annual percentage changes, unless otherwise indicated)

	HICP	General government deficit (-)/ surplus (+) as a % of GDP	General government gross debt as a % of GDP	Long-term government bond yield <sup>1)</sup> as a % per annum	Exchange rate <sup>2)</sup> as national currency per ECU or euro	Current and new capital account as a % of GDP	Unit labour costs <sup>3)</sup>	Real GDP	Industrial production index <sup>4)</sup>	Standardised unemployment rate as a % of labour force (s.a.)	Broad money <sup>5)</sup>	3-month interest rate <sup>1)</sup> as a % per annum
	1	2	3	4	5	6	7	8	9	10	11	12
<b>Denmark</b>												
1997	1.9	0.5	61.3	6.25	7.48	0.6	1.4	3.1	5.6	5.6	4.7	3.73
1998	1.3	1.2	55.6	4.94	7.50	-1.1	2.6	2.5	2.2	5.2	4.6	4.27
1999	2.1	3.0	52.6	4.91	7.44	1.3	3.5	1.6	2.5	5.2	4.2	3.44
1999 Q1	1.4	-	-	4.22	7.44	1.7	6.2	0.6	-0.6	5.4	4.5	3.65
Q2	1.8	-	-	4.50	7.43	1.6	3.9	2.2	6.0	5.3	4.9	3.13
Q3	2.3	-	-	5.35	7.44	1.6	3.1	1.5	-0.3	5.1	3.4	3.19
Q4	2.8	-	-	5.57	7.44	0.4	0.9	2.0	5.2	4.9	4.1	3.78
2000 Q1	2.8	-	-	5.79	7.45	.	.	.	4.2	4.9	2.2	3.95
1999 Nov.	2.7	-	-	5.45	7.44	-	-	-	5.4	4.8	6.3	3.85
Dec.	3.1	-	-	5.50	7.44	-	-	-	8.4	4.9	4.1	3.80
2000 Jan.	2.8	-	-	5.87	7.44	-	-	-	5.5	5.0	0.8	3.72
Feb.	2.8	-	-	5.85	7.45	-	-	-	4.5	4.8	2.1	3.93
Mar.	3.0	-	-	5.65	7.45	-	-	-	2.7	4.8	3.9	4.18
Apr.	2.9	-	-	5.57	7.45	-	-	-	.	.	-0.9	4.32
May	.	-	-	5.77	7.46	-	-	-	.	.	.	4.70
<b>Greece</b>												
1997	5.4	-4.6	108.5	9.92	309.3	-4.1	8.4	3.4	1.0	7.9	11.8	12.48
1998	4.5	-3.1	105.4	8.48	330.7	-3.1	5.5	3.7	3.4	10.0	10.2	13.53
1999	2.1	-1.6	104.4	6.30	325.8	-4.1	2.5	3.5	0.5	.	7.6	10.08
1999 Q1	3.1	-	-	6.08	322.7	-	-	-	-0.8	.	10.4	10.56
Q2	2.0	-	-	5.87	325.0	-	-	-	0.5	.	7.3	9.80
Q3	1.4	-	-	6.56	326.1	-	-	-	1.5	.	6.6	9.86
Q4	2.0	-	-	6.68	329.2	-	-	-	0.6	.	6.4	10.13
2000 Q1	2.6	-	-	6.44	332.7	-	-	-	.	.	5.3	8.71
1999 Nov.	2.0	-	-	6.61	328.7	-	-	-	-1.8	.	8.1	10.71
Dec.	2.3	-	-	6.39	329.7	-	-	-	1.6	.	5.6	9.57
2000 Jan.	2.4	-	-	6.60	331.1	-	-	-	.	.	5.9	8.92
Feb.	2.6	-	-	6.48	333.2	-	-	-	.	.	4.7	8.51
Mar.	2.8	-	-	6.24	333.9	-	-	-	.	.	5.4	8.69
Apr.	2.1	-	-	6.09	335.2	-	-	-	.	.	9.8	8.48
May	.	-	-	6.32	336.6	-	-	-	.	.	.	8.30
<b>Sweden</b>												
1997	1.8	-2.0	75.0	6.62	8.65	-	0.4	2.0	7.2	9.9	4.2	4.43
1998	1.0	1.9	72.4	4.99	8.92	3.3	1.8	3.0	4.2	8.3	3.5	4.36
1999	0.6	1.9	65.5	4.98	8.81	1.6	.	3.8	1.1	7.2	6.8	3.32
1999 Q1	0.2	-	-	4.21	8.98	2.1	0.4	3.9	0.7	7.7	5.4	3.31
Q2	0.3	-	-	4.54	8.90	0.9	0.1	3.7	0.9	7.2	6.5	3.07
Q3	0.7	-	-	5.48	8.71	2.8	0.0	3.8	-0.7	7.1	6.1	3.22
Q4	1.0	-	-	5.69	8.65	0.8	.	3.8	3.1	6.8	9.1	3.69
2000 Q1	1.2	-	-	5.79	8.50	.	.	.	.	6.5	8.7	3.99
1999 Nov.	0.8	-	-	5.56	8.63	-	-	-	4.1	6.8	7.4	3.72
Dec.	1.2	-	-	5.59	8.59	-	-	-	1.1	6.8	9.9	3.63
2000 Jan.	1.0	-	-	5.95	8.60	-	-	-	5.6	6.6	8.6	3.70
Feb.	1.4	-	-	5.90	8.51	-	-	-	5.9	6.6	9.1	4.10
Mar.	1.4	-	-	5.51	8.39	-	-	-	.	6.5	8.4	4.16
Apr.	1.0	-	-	5.42	8.27	-	-	-	.	6.1	9.9	4.14
May	.	-	-	.	8.24	-	-	-	.	.	.	4.10
<b>United Kingdom</b>												
1997	1.8	-2.0	50.8	7.13	0.692	0.9	2.9	3.5	1.6	7.0	11.2	6.92
1998	1.6	0.3	48.4	5.60	0.676	0.0	3.7	2.2	0.3	6.4	9.7	7.42
1999	1.3	1.2	46.0	5.01	0.659	-1.3	4.0	2.1	0.1	6.2	5.2	5.54
1999 Q1	1.6	3.9	46.6	4.39	0.687	-2.0	4.4	1.5	-1.6	6.3	7.4	5.61
Q2	1.4	-2.4	46.7	4.82	0.658	-0.9	4.7	1.6	-1.7	6.2	6.7	5.30
Q3	1.2	1.5	45.8	5.39	0.655	-1.8	3.8	2.2	1.3	6.1	3.5	5.28
Q4	1.2	1.5	45.6	5.46	0.636	-0.7	3.1	3.0	2.4	6.0	3.5	5.98
2000 Q1	0.8	6.2	43.4	5.60	0.614	.	.	3.1	1.9	.	3.7	6.20
1999 Nov.	1.3	-3.1	44.7	5.23	0.637	-	-	-	2.5	6.0	3.4	5.87
Dec.	1.2	-2.0	45.6	5.36	0.627	-	-	-	3.7	6.1	4.0	6.06
2000 Jan.	0.8	17.2	43.7	5.83	0.618	-	-	-	0.1	6.0	3.0	6.14
Feb.	1.0	0.9	43.2	5.63	0.615	-	-	-	2.5	6.0	2.9	6.24
Mar.	0.7	0.9	43.6	5.34	0.611	-	-	-	2.8	.	5.2	6.23
Apr.	0.6	.	.	5.30	0.598	-	-	-	.	.	.	6.30
May	.	.	.	5.16	0.602	-	-	-	.	.	.	6.30

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

1) Average-of-period values.

2) For more information, see Table 10.

3) Whole economy; data for the United Kingdom

4) Manufacturing; adjusted for working days.

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

# 12 Economic and financial developments outside the EU

**Table 12.1**

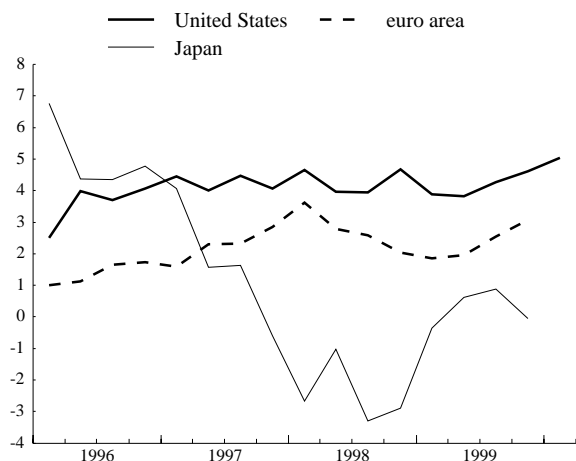
**Economic and financial developments**

(annual percentage changes, unless otherwise indicated)

	Consumer price index	Unit labour costs <sup>1)</sup>	Real GDP	Industrial production index <sup>1)</sup>	Unemployment rate as a % of labour force (s.a.)	M2 <sup>2)</sup>	3-month interbank deposit rate <sup>3)</sup> as a % per annum	10-year government bond yield <sup>3)</sup> as a % per annum	Exchange rate <sup>4)</sup> as national currency per ECU or euro	Fiscal deficit (-)/surplus (+) <sup>5)</sup> as a % of GDP	Gross public debt <sup>6)</sup> as a % of GDP
	1	2	3	4	5	6	7	8	9	10	11
United States											
1996	2.9	-2.3	3.6	4.7	5.4	4.8	5.51	6.54	1.270	-2.2	58.8
1997	2.3	0.0	4.2	7.0	4.9	4.9	5.76	6.45	1.134	-0.9	56.5
1998	1.6	0.7	4.3	4.9	4.5	7.4	5.57	5.33	1.121	0.4	53.5
1999	2.2	-1.7	4.2	4.2	4.2	7.5	5.42	5.64	1.066	1.0	50.5
1998 Q4	1.5	-0.8	4.7	3.7	4.4	8.5	5.27	4.72	1.177	0.7	53.5
1999 Q1	1.7	-1.6	3.9	3.5	4.3	8.5	5.00	4.98	1.122	0.8	53.1
Q2	2.1	-1.4	3.8	4.1	4.3	8.0	5.07	5.54	1.057	1.0	51.4
Q3	2.3	-0.8	4.3	4.4	4.2	7.5	5.44	5.88	1.049	1.2	50.6
Q4	2.6	-3.1	4.6	4.8	4.1	6.1	6.14	6.13	1.038	1.0	50.5
2000 Q1	3.2	-3.7	5.0	5.8	4.1	5.6	6.11	6.48	0.986	1.6	.
1999 Dec.	2.7	-	-	5.2	4.1	5.8	6.13	6.26	1.011	-	-
2000 Jan.	2.7	-	-	5.8	4.0	5.7	6.04	6.66	1.014	-	-
Feb.	3.2	-	-	5.5	4.1	5.4	6.10	6.52	0.983	-	-
Mar.	3.7	-	-	6.2	4.1	5.8	6.20	6.26	0.964	-	-
Apr.	3.0	-	-	6.6	3.9	6.1	6.31	6.00	0.947	-	-
May	.	-	-	.	4.1	.	6.75	6.42	0.906	-	-
Japan											
1996	0.1	-1.9	5.1	2.3	3.4	3.3	0.57	3.03	138.1	-2.9	-
1997	1.7	-2.2	1.6	3.6	3.4	3.1	0.62	2.15	137.1	-2.7	-
1998	0.6	6.3	-2.5	-7.1	4.1	4.4	0.66	1.30	146.4	-10.3	-
1999	-0.3	-2.1	0.3	0.8	4.7	3.7	0.22	1.75	121.3	-10.4	-
1998 Q4	0.5	5.1	-2.9	-6.8	4.4	4.5	0.43	1.03	140.6	-	-
1999 Q1	-0.1	3.5	-0.4	-3.8	4.6	4.0	0.36	1.97	130.7	-	-
Q2	-0.3	-1.2	0.6	-0.6	4.7	4.1	0.12	1.53	127.7	-	-
Q3	0.0	-4.6	0.9	3.1	4.7	3.6	0.10	1.78	118.7	-	-
Q4	-1.0	-5.7	0.0	4.8	4.6	3.0	0.29	1.77	108.4	-	-
2000 Q1	-0.7	.	.	6.2	4.8	2.2	0.14	1.79	105.5	-	-
1999 Dec.	-1.1	-6.4	-	6.0	4.7	2.6	0.33	1.73	103.7	-	-
2000 Jan.	-0.9	-6.9	-	6.1	4.7	2.6	0.15	1.71	106.5	-	-
Feb.	-0.6	-9.1	-	8.2	4.9	2.1	0.13	1.83	107.6	-	-
Mar.	-0.5	.	-	4.6	4.9	1.9	0.14	1.81	102.6	-	-
Apr.	-0.8	.	-	6.6	4.8	2.9	0.12	1.75	99.9	-	-
May	.	.	-	.	.	.	0.10	1.71	98.1	-	-

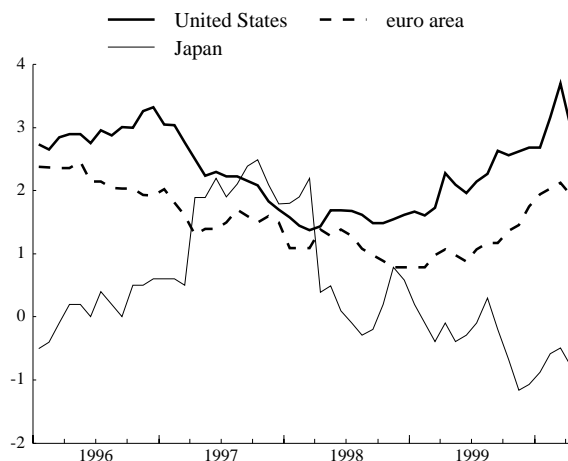
**Real gross domestic product**

(annual percentage changes; quarterly)



**Consumer price indices**

(annual percentage changes; monthly)

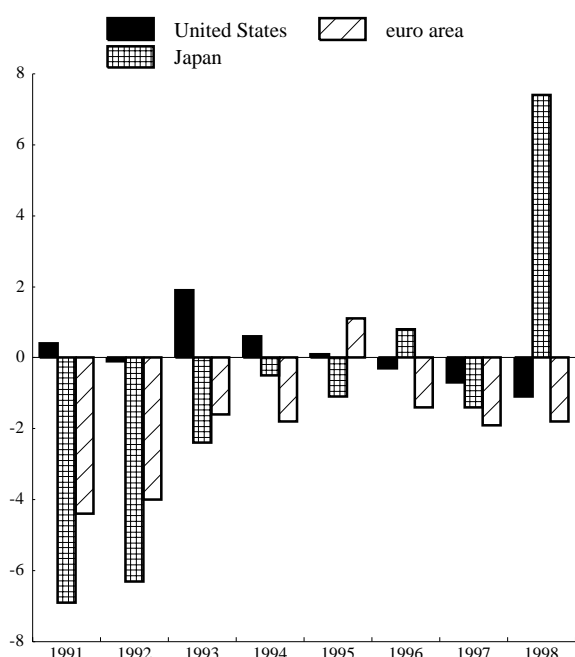
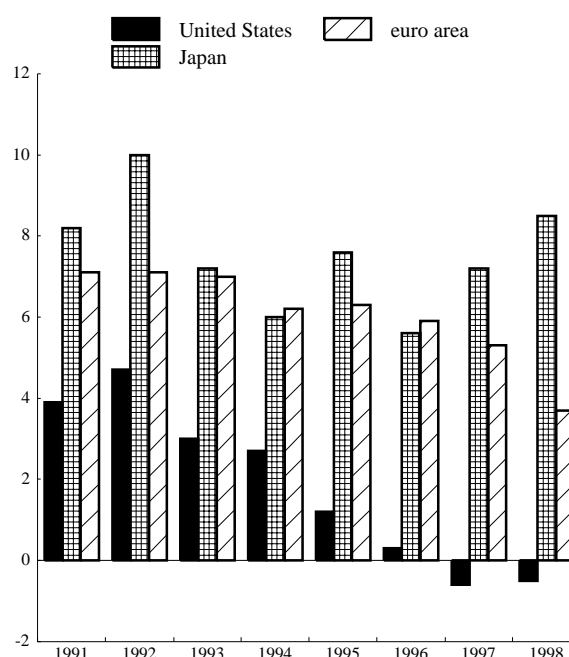


Sources: National data (columns 1, 2 (United States), 3, 4, 5, 6, 8 (to December 1998), 9 and 10); OECD (column 2 (Japan)); Eurostat (euro area chart data); Reuters (column 7 and 8 (from January 1999)); ECB calculation (column 11).

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

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

	National saving and investment			Investment and financing of non-financial corporations						Investment and financing of households <sup>1)</sup>			
	Gross saving	Gross capital formation	Net lending to the rest of the world	Gross capital formation	Gross fixed capital formation	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities	Securities and shares	Capital expenditure	Net acquisition of financial assets	Gross saving	Net incurrence of liabilities
	1	2	3	4	5	6	7	8	9	10	11	12	13
United States													
1996	17.3	19.1	-1.4	8.7	8.3	4.8	8.7	5.1	1.1	11.8	5.2	12.9	4.9
1997	18.3	19.8	-1.5	9.1	8.3	3.5	8.8	4.2	2.1	11.6	3.9	12.5	4.5
1998	18.8	20.5	-2.3	9.5	8.7	3.0	8.7	4.0	1.6	12.1	5.2	12.1	5.7
1999	18.7	20.8	-3.4	9.6	9.1	6.6	8.7	7.6	3.3	12.6	5.5	11.4	7.0
1998 Q1	18.9	20.6	-1.8	9.8	8.6	4.1	8.8	5.8	3.2	11.9	3.7	12.3	5.8
Q2	18.6	20.3	-2.2	9.3	8.7	3.3	8.7	4.0	3.8	12.1	8.0	12.1	5.6
Q3	18.9	20.6	-2.6	9.4	8.5	3.8	8.7	4.0	0.5	12.0	4.3	12.0	5.3
Q4	18.8	20.7	-2.6	9.5	8.9	0.8	8.6	2.4	-1.1	12.3	4.6	12.2	6.0
1999 Q1	19.0	20.8	-2.8	9.4	8.9	7.4	8.7	8.1	6.0	12.5	3.4	11.8	6.6
Q2	18.7	20.5	-3.3	9.6	9.4	6.1	8.7	7.1	-0.3	12.8	6.6	11.6	6.8
Q3	18.7	20.8	-3.6	9.6	9.2	6.6	8.6	7.6	3.3	12.6	4.6	11.1	6.7
Q4	18.5	20.9	-3.8	9.8	9.1	6.4	8.8	7.6	3.9	12.6	7.1	10.9	7.3
Japan													
1996	31.3	29.8	1.4	16.1	15.6	1.7	15.1	0.3	1.0	6.7	6.4	13.3	1.1
1997	31.2	28.7	2.6	16.6	16.1	3.3	13.7	1.2	0.1	5.4	7.1	13.4	0.7
1998	29.3	26.4	3.1	14.5	14.6	-7.2	15.1	-8.8	-1.3	5.0	5.9	13.7	-0.2
1999	.	28.1	.	.	.	3.5	.	-4.3	1.6	.	5.4	.	1.9
1998 Q1	33.2	28.4	2.4	.	.	-7.1	.	-14.0	0.0	.	-4.5	.	4.6
Q2	.	24.8	.	.	.	-33.5	.	-13.8	0.4	.	11.7	.	-7.0
Q3	.	26.9	.	.	.	2.6	.	-1.9	1.5	.	3.9	.	1.6
Q4	.	26.9	.	.	.	7.3	.	-5.8	-6.5	.	12.0	.	-0.2
1999 Q1	.	26.9	.	.	.	4.4	.	-19.6	-4.8	.	-3.6	.	16.0
Q2	.	24.2	.	.	.	-18.7	.	-14.5	2.0	.	9.2	.	-7.9
Q3	.	26.4	.	.	.	8.5	.	-2.6	1.4	.	5.1	.	3.4
Q4	.	27.0	.	.	.	18.2	.	17.6	7.3	.	10.4	.	-3.7

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

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


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

1) Households including non-profit institutions serving households.

# Technical notes

## Relating to Table 2.4

### Seasonal adjustment of the euro area monetary aggregates

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

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

### Calculation of growth rates

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

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

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

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

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

- <sup>1</sup> For details see Findley, D., Monsell, B., Bell, W., Otto, M., and Chen, B.C. (1998), "New Capabilities and Methods of the X-12-ARIMA Seasonal Adjustment Program", *Journal of Business and Economic Statistics*, 16, 2, 127-152, or "X-12-ARIMA Reference Manual Version 0.2.2", (December 1998), Time Series Staff, Bureau of the Census, Washington, D.C.
- <sup>2</sup> For details see Gomez, V. and Maravall, A. (1996), "Programs TRAMO and SEATS: Instructions for the User", Bank of Spain, Working Paper No. 9628, Madrid.



## General notes

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

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

Because the composition of the ECU does not coincide with the currencies of the Member States which have adopted the single currency, pre-1999 amounts converted from the participating currencies into ECU at current ECU exchange rates are affected by movements in the currencies of Member States which have not adopted the euro. To avoid this effect in the monetary statistics, the pre-1999 data in Tables 2.1 to 2.8 are expressed in units converted from national currencies at the irrevocable euro exchange rates established on 31 December 1998. Unless indicated otherwise, price and cost statistics before 1999 are based on the data expressed in national currency terms.

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

As a general rule, the cut-off date for the statistics included in the ECB Monthly Bulletin is the day preceding the first meeting in the month of the Governing Council of the ECB. For this issue, it was 7 June 2000.

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

### Monetary policy and financial statistics

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

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

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

Statistics on securities issues, redemptions and amounts outstanding are shown in Table 3.5, with a sectoral breakdown of issuers of euro-denominated securities, whether resident in the euro area or elsewhere, in Table 3.6. The totals (columns 1, 7 and 14) in Table 3.6 are identical to the data on amounts outstanding (columns 8, 16 and 20), 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 the securities issues statistics is at present somewhat narrower. Pages 17-18 of the November 1999 issue of the ECB Monthly Bulletin give more detail on these statistics.

### **Prices and real economy indicators**

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

The Harmonised Index of Consumer Prices (HICP) for the euro area (Table 4.1) is available from 1995 onwards. Estimates for periods before 1995 based on national consumer price indices are not fully comparable. The index is

based on national HICPs that follow the same methodology in all euro area countries. Data from January 2000 include the cost of health and educational services; earlier data on the extended basis are, in general, not available. The HICP from January 2000 also covers spending by non-residents which had previously been excluded from the HICP in certain Member States.

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

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

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

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

### **Financial accounts statistics**

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

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

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

### **General government fiscal position**

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

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

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

The concepts and definitions used in balance of payments statistics (Tables 8.1 to 8.5) and international investment position (i.i.p.) statistics generally conform to the 5th edition of the IMF Balance of Payments Manual (October 1993), to the ECB Guideline of 1 December 1998 (ECB/1998/17) on the statistical reporting requirements of the European Central Bank, and to Eurostat's documentation.

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

Some earlier data have been partly 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 8.4.2 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 8.6) is compiled on a net basis by aggregating national data. The i.i.p. is valued at current market prices with the exception of direct investment stocks, where book values are used to a large extent.

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

Table 9 gives data on euro area external trade in goods, and indices – value, volume and unit value – for total exports and imports. The value index is calculated by the ECB. The volume index is derived from the unit value index provided by Eurostat and the value index. Owing to differences in definitions, classification, coverage and time of recording, external trade data, in particular imports, are not fully comparable with the goods item in the balance of payments statistics (Tables 8.1 and 8.2).

Table 10 shows nominal and real effective exchange rate indices for the euro. The bilateral rates shown are those against the 13 currencies used in the ECB's calculation of the "narrow" effective exchange rate of the



euro. For all except the Hong Kong and Singapore dollars and the Korean won the bilateral rates are daily reference rates published by the ECB. Real indices (deflated by producer prices and unit labour costs in manufacturing respectively) for the group of 13 currencies are shown, together with one nominal and one real index (deflated by consumer prices) for a broader group of 39 currencies.

### **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.

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### **Conventions used in the tables**

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

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

## 4 January 2000

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

## 5 January 2000

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

## 15 January 2000

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

## 20 January 2000

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

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

## 3 February 2000

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

## 17 February, 2 March 2000

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

## 16 March 2000

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

## 30 March, 13 April 2000

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

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

### **27 April 2000**

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

### **11 May 2000**

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

### **25 May 2000**

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

### **8 June 2000**

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

It also announces that, starting from the operation to be settled on 28 June 2000, the main refinancing operations of the Eurosystem will be conducted as variable rate tenders, applying the multiple rate auction procedure. The Governing Council decides to set a minimum bid rate for these operations equal to 4.25%. The switch to variable rate tenders in the main refinancing operations is not intended as a further change in the monetary policy stance of the Eurosystem, but as a response to the severe overbidding which has developed in the context of the current fixed rate tender procedure.

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

## TARGET closing days in 2001

In 2001, in addition to Saturdays and Sundays, TARGET will be closed on New Year's Day, Good Friday, Easter Monday, 1 May (Labour Day), Christmas Day, 26 December and 31 December. This is the same as the calendar adopted for 2000, with the exception of one additional closing day on 31 December in order to safeguard the smooth conversion of retail payment systems and internal bank systems to the euro. On 31 December 2001 TARGET as a whole, including all the national real-time gross settlement (RTGS) systems, will be closed. However, this day will not necessarily be a bank holiday as a consequence of this decision.

The Governing Council will allow national central banks to keep their RTGS systems open

for limited domestic operations as follows: the Banca d'Italia and the Nationale Bank van België/Banque Nationale de Belgique on Good Friday (13 April 2001), the Banco de España on Easter Monday (16 April 2001) and on 26 December 2001, the Central Bank of Ireland and De Nederlandsche Bank on Labour Day (1 May 2001). However, no cross-border payments will be processed on TARGET closing days.

TARGET closing days will not be settlement days for the euro money market or for foreign exchange transactions involving the euro. The EONIA (euro overnight index average) will not be published on the TARGET closing days. Furthermore, the correspondent central banking model (CCBM) for the cross-border use of collateral will be closed.

**Table I**

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

(number of payments)

	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1
<b>TARGET</b>					
All TARGET payments					
Total volume	9,756,845	10,289,259	10,759,496	11,452,184	11,677,570
Daily average	154,871	158,296	163,023	176,187	179,655
Cross-border TARGET payments					
Total volume	1,562,233	1,837,435	1,980,267	2,073,391	2,426,206
Daily average	24,797	28,268	30,004	31,898	37,326
Domestic TARGET payments					
Total volume	8,194,612	8,451,824	8,779,229	9,378,793	9,251,364
Daily average	130,073	130,028	133,019	144,289	142,329
<b>Other systems</b>					
Euro 1 (EBA)					
Total volume	3,306,689	4,250,282	4,726,750	5,362,563	5,823,942
Daily average	52,487	65,389	71,617	82,501	89,599
Euro Access Frankfurt (EAF)					
Total volume	2,996,555	2,948,742	3,037,469	3,114,109	3,272,746
Daily average	47,564	45,365	46,022	47,909	50,350
Paris Net Settlement (PNS) <sup>1)</sup>					
Total volume	1,370,755	1,318,159	1,248,698	1,259,603	1,244,435
Daily average	21,758	20,279	18,920	19,379	19,145
Servicio Español de Pagos Interbancarios (SEPI)					
Total volume	299,860	289,174	260,327	252,381	262,828
Daily average	4,760	4,449	3,944	3,883	4,044

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

By the end of 2000 the Eurosystem intends to establish a long-term calendar of TARGET operating days to apply as from 2002 until further notice.

## Payment flows in TARGET

The positive trend, in particular with regard to cross-border TARGET payments, continued in the first quarter of 2000. Compared with the fourth quarter of 1999, in this period the number of cross-border payments increased by 17% (37,326 payments as a daily average) and the value increased by around 7% (€413 billion as a daily average). The peak day for TARGET cross-border activity was 31 March 2000. On this day 53,563 payments, representing a value

of €552 billion, were processed. The share of customer payments in total cross-border TARGET payments increased slightly and now stands at around 31% in terms of volume and 3.1% in terms of value. In the first three months of 2000 the average value of customer payments stood at €1.1 million; for interbank payments the average value was €15.6 million.

In the first quarter of 2000 the number of payments processed in TARGET as a whole, i.e. cross-border and domestic payments taken together, was nearly 180,000 as a daily average, representing a value of around €1 trillion.

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

**Table 2**

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

(EUR billions)

	1999 Q1	1999 Q2	1999 Q3	1999 Q4	2000 Q1
<b>TARGET</b>					
All TARGET payments					
Total value	60,704	58,861	58,346	61,563	65,189
Daily average	964	906	884	947	1,003
Cross-border TARGET payments					
Total value	21,970	22,838	23,365	25,065	26,828
Daily average	349	351	354	386	413
Domestic TARGET payments					
Total value	38,734	36,023	34,981	36,498	38,361
Daily average	615	554	530	562	590
<b>Other systems</b>					
Euro 1 (EBA)					
Total value	11,000	10,777	11,056	11,382	12,160
Daily average	175	166	168	175	187
Euro Access Frankfurt (EAF)					
Total value	10,823	9,587	9,331	9,300	10,576
Daily average	172	147	141	143	163
Paris Net Settlement (PNS) <sup>1)</sup>					
Total value	5,767	6,125	5,869	6,280	5,689
Daily average	92	94	89	97	88
Servicio Español de Pagos Interbancarios (SEPI)					
Total value	340	226	204	171	149
Daily average	5	3	3	3	2

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

# Documents published by the European Central Bank (ECB)

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

For a complete list of documents published by the European Monetary Institute, please visit the ECB's website (<http://www.ecb.int>).

## Annual Report

"Annual Report 1998", April 1999.

"Annual Report 1999", April 2000.

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## Convergence Report

"Convergence Report 2000", May 2000.

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## Monthly Bulletin

Articles published from January 1999 onwards:

"The euro area at the start of Stage Three", January 1999.

"The stability-oriented monetary policy strategy of the Eurosystem", January 1999.

"Euro area monetary aggregates and their role in the Eurosystem's monetary policy strategy", February 1999.

"The role of short-term economic indicators in the analysis of price developments in the euro area", April 1999.

"Banking in the euro area: structural features and trends", April 1999.

"The operational framework of the Eurosystem: description and first assessment", May 1999.

"The implementation of the Stability and Growth Pact", May 1999.

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"The institutional framework of the European System of Central Banks", July 1999.

"The international role of the euro", August 1999.

"The balance sheets of the Monetary Financial Institutions of the euro area in early 1999", August 1999.

"Inflation differentials in a monetary union", October 1999.

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“Foreign exchange reserves and operations of the Eurosystem”, January 2000.

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“The nominal and real effective exchange rates of the euro”, April 2000.

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- “The TARGET service level”, July 1998.
- “Report on electronic money”, August 1998.
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- “Money and banking statistics compilation guide”, September 1998.
- “The single monetary policy in Stage Three: General documentation on ESCB monetary policy instruments and procedures”, September 1998.
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“Money and Banking Statistics Sector Manual”, second edition, November 1999.

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“Correspondent central banking model (CCBM)”, November 1999.

“Cross-border payments in TARGET: A users’ survey”, November 1999.

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“Money and Banking Statistics: Handbook for the compilation of flow statistics”, December 1999.

“Payment systems in the European Union: Addendum incorporating 1998 figures”, February 2000.

“Interlinking: Data dictionary”, Version 2.02, March 2000.

“Asset prices and banking stability”, April 2000.

“EU banks’ income structure”, April 2000.

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### **Information brochures**

“TARGET”, July 1998.

“The euro banknotes and coins”, July 1999.

“TARGET: facts, figures, future”, September 1999.

